5

STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2019-20)

SEVENTEENTH LOK SABHA

MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY

DEMANDS FOR GRANTS (2020-21)

FIFTH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

March, 2020/ Phalguna, 1941 (Saka)

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(SEVENTEENTH LOK SABHA)

MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY

DEMANDS FOR GRANTS
(2020-21)

Presented to Lok Sabha on 13.03.2020
Laid in Rajya Sabha on 13.03.2020

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

March, 2020/ Phalguna, 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 Abhishek Sharma	-	Assistant Executive Officer

Abbreviations

AE	-	Actual Expenditure
ASEAN	-	Association of Southeast Asian Nations
BE	-	Budget Estimate
CAGR	-	Compound Annual Growth Rate
CAS	-	Conditional Access System
CAT	-	Cyber Appellate Tribunal
CCA	-	Controller of Certifying Authority
CCBT	-	Convergence Communications & Broadband technologies
C-DAC	-	Centre for Development of Advanced Computing
CERT-In	-	Indian Computer Emergency Response Team
CFC	-	Common Facility Centre
C-MET	-	Centre for Materials for Electronics Technology
CSC	-	Common Service Centres
DBT	-	Direct Benefit Transfer
DCO	-	Data Centre Operator
DeitY	-	Department of Electronics and Information Technology
DHQ	-	District Head Quarter
DIC	-	Digital India Corporation
DPR	-	Detailed Project Report
DRDO	-	Defence Research and Development Organization
EDF	-	Electronics Development Fund
EFC	-	Expenditure Finance Committee
EMC	-	Electronics Manufacturing Clusters
EMDC	-	Electronic Materials Developments Council
EoI	-	Expression of Interest
ERNET	-	Education and Research Network
ESDM	-	Electronics Systems Design and Manufacturing
FAB	-	Semiconductor Wafer Fabrication
G2B	-	Government to Business
G2C	-	Government to Citizen
G2G	-	Government to Government
GIMS	-	Government Instant Messaging Service
HQ	-	Head Quarter
IBPS	-	India BPO Promotion Scheme
ICT	-	Information and Communication Technology
IEBR	-	Internal and Extra Budgetary Resource
ITA	-	Information Technology Agreement
ITeS	-	Information Technology enabled Services
MeitY	-	Ministry of Electronics and Information Technology
MLA	-	Media Lab Asia
MMPs	-	Mission Mode Projects
MoF	-	Ministry of Finance
MoU	-	Memorandum of Understanding
M-SIPS	-	Modified Special Incentive Package Scheme
MSME	-	Micro Small and Medium Enterprise
NAD	-	National Academic Depository
NASSCOM	-	National Association of Software and Services Companies
NCCC	-	National Cyber Co-ordination Centre
NCRB	-	National Crime Records Bureau
NEBPS	-	North East BPO Promotion Scheme
NeGD	-	National e-Governance Division
NeGP	-	National e-Governance Plan
NER	-	North Eastern Region
NIC	-	National Informatics Centre
NIELIT	-	National Institute of Electronic and Information Technology
NIXI	-	National Internet Exchange of India
NKN	-	National Knowledge Network

NLP	-	Natural Language Processing
NSM	-	National Supercomputing Mission
PC	-	Personal Computer
PLI	-	Production Linked Incentive
PMGDISHA	-	Pradhan Mantri Gramin Digital Saksharta Abhiyaan
PoP	-	Point of Presence
R&D	-	Research and Development
RAS	-	Rapid Assessment System
RE	-	Revised Estimate
RFP	-	Request for Proposal
SAMEER -	-	Society for Applied Microwave Electronics Engineering and Research
SDAs	-	State Designated Agencies
SDC	-	State Data Centre
SHQ	-	State Head Quarter
SIPS	-	Special Inventive Package Scheme
SMEs	-	Small and Medium Enterprise
SPECS	-	Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors
SPV	-	Special Purpose Vehicle
STPI	-	Software Technology Park of India
STQC	-	Standardisation, Testing and Quality Certification
SWAN	-	State Wide Area Network
TDIL	-	Technology Development for Indian Languages
ToT	-	Transfer of Technology
UCs	-	Utilisation Certificates
UT	-	Union Territory
VGF	-	Viability Gap Funding
VLE	-	Village Level Entrepreneur

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 Fifth Report on Demands for Grants (2020-21) of the Ministry of Electronics and Information Technology.

2. The Standing Committee on Information Technology (2019-20) was constituted on 13th 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 Electronics and Information Technology for the year 2020-21 which were laid on the Table of the House on 5th February, 2020. The Committee took evidence of the representatives of the Ministry of Electronics and Information Technology on 10th February, 2020.

4. The Report was considered and adopted by the Committee at their sitting held on 11th March, 2020.

5. The Committee wish to express their thanks to the officers of the Ministry of Electronics and Information Technology for appearing before the Committee and furnishing the information that the Committee desired in connection with the examination of the Demands for Grants.

6. The Committee would also like to place on record their appreciation 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;
11 March, 2020
21 Phalguna, 1941 (Saka)

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

Part-I
Report

1. Introductory

The Ministry of Electronics and Information Technology (MeitY) is responsible for formulation, implementation and review of national policies in the field of Information Technology, Electronics and Internet (all matters other than licensing of Internet Service Provider). The vision of the Ministry is e-Development of India as the engine for transition into a developed nation and an empowered society. The Mission is to promote e-Governance for empowering citizens, promoting the Inclusive and sustainable growth of the Electronics, IT & ITeS industries, enhancing India's role in Internet Governance, adopting a multipronged approach that includes development of human resources, promoting R&D and innovation, enhancing efficiency through digital services and ensuring a secure cyber space.

2. In order to operationalise the objectives of MeitY, schemes are formulated and implemented, either directly or through its Responsibility Centers (Organizations/ Institutions) under its jurisdiction. To make the technology robust and state-of-the-art, collaborations with the academia and the private / public sector is also sought.

3. MeitY has two Attached Offices (viz., NIC and STQC), six Autonomous Societies (viz., CDAC, CMET, NIELIT, SAMEER, STPI and ERNET India), three Section-8 companies (*viz.*, NICSI, NIXI and Digital India Corporation (DIC)), three Statutory Organizations (viz. CCA, ICERT and UIDAI) and One Company registered under Companies Act, 1956 (viz. CSC e-Governance Services India Ltd.) under its charge to carry out the business allocated to the Ministry.

2. Implementation status of the recommendations contained in the Fourth Report of the Committee on Demands for Grants (2019-20) of MeitY

4. The Fourth Report of the Standing Committee on Information Technology on the 'Demands for Grants' of MeitY for the year 2019-20 was presented to the Lok Sabha/laid in the Rajya Sabha on 10th December, 2019. Under Rule 34(1) of 'Rules of Procedure of Departmentally Related Standing Committees (DRSCs)', the Ministry/Department

concerned is required to furnish a statement showing the action taken by them on the Observations/Recommendations contained in the Report of the Committee within three months from the date of the presentation of the Report. The statement showing action taken by the Ministry on the Observations/Recommendations contained in the Fourth Report of the Committee is awaited.

3. Budget Analysis

3.1 Demands for Grants No.24 of MeitY for the year 2020-21

5. The budgetary allocation of the Ministry for implementation of different Schemes for last two years and for 2020-21 is as under:-

(Rs. in crore)

	Actuals (2018-19)	BE(2019-20)	RE(2019-20)	BE(2020-21)
Revenue	6049.82	6306.00	5561.46	6524.03
Capital	307.60	348.00	278.00	375.00
Total	**6357.42**	**6654.00**	**5839.46**	**6899.03**

6. When asked to explain the variation in Actuals (2018-19), BE & RE for 2019-20 & BE for 2020-21, the Ministry informed that:-

> "The actual expenditure in FY 2018-19 was Rs.6357.42 crore. The earmarked budget in BE 2019-20 is Rs.6654.00 crore. Hence, there was an increase of about Rs.297 crore which was 4.7% of actual expenditure of FY 2018-19. The increase was mainly due to additional allocation in respect of Promotion of Digital Payments, PMGDISHA and Promotion of Electronics and Hardware Manufacturing. However, the difference between BE and RE of FY 2019-20 is due to imposition of a budgetary cut of Rs.814.54 crore by Ministry of Finance. Further, there is an increase of about 4% amounting to Rs.245 crore over BE 2019-20 in the budget allocation for the FY 2020-21. This Ministry would be able to utilize the allocation of Rs.6899.03 crore fully during 2020-21 in view of ongoing/operational expenses especially in respect of National Knowledge Network, R&D in Electronics/IT/CCBT, PMGDISHA, Promotion of Electronics and IT Hardware programmes."

7. Plan allocations and utilization of the Ministry during last two years are as under:-

(Rs. in crore)

Financial Year	Proposed	BE	RE	Actual Utilization	%age Utilization w.r.t. RE	%age Utilization w.r.t. BE
2018-19	9959.00	6000.00	6381.00	6357.41	99.63	105.96
2019-20	12059.39	6654.00	5839.46	4610.95 (as on 31.01.2020)	78.96	69.30
2020-21	11023.00	6899.03				

8. Asked about the reasons for steep reduction in allocation from the proposed Rs. 11023.00 crore to Rs. 6899.03 crore at BE stage and the schemes/activities which are likely to be affected by this steep reduction, the Ministry stated that although there is a gap of Rs.4124 crore between projections made by MeitY and funds allocated by M/o Finance (MoF), yet there is an increase of about 3.7% over and above BE 2019-20 provision and about 18% over RE 2019-20 provision. It is stated that MeitY had projected Rs.11023 crore for FY 2020-21 for both Schemes (ongoing) and Non-Schemes (establishment-related exp). However, Ministry of Finance (MoF) allocates funds to various Ministries/Departments after considering various factors involving budgetary exercise. MoF usually sticks to the policy of increasing the budgetary provision of ongoing schemes by 5-7%. The scheme provision which was Rs.3750.76 crore in BE 2019-20 has been increased by approx. 5.5% to Rs.3958 cr in BE 2020-21. However, the allocation gets increased in case of approval of new schemes/projects, implementation of new policies of the government, improvisation of some schemes for public benefit, etc.

It is also a fact that there is usually a gap between proposed and approved expenditure estimates. At the Ministry level, it is ensured that funds are allocated first to meet the committed/operational expenditure that may not be avoided and then the balance funds are distributed among the schemes/projects based on prioritization, specific instruction from MoF, etc. MeitY always tries to distribute funds amongst the schemes in such a manner that the schemes/projects are continued to be implemented with least adversary effects. Further, MoF is also requested at Revised Estimates (RE) stage to allocate additional funds for better implementation of schemes, if required.

9. When the Committee desired to know the reasons for shortfall in utilisation which stands at 78.96 percent with respect to RE and whether the Ministry are hopeful of achieving full utilization of allocated funds during 2019-20 by the end of March 2020, the Ministry replied that the pace of expenditure was slowed down in view of anticipated budgetary cut at RE stage and as per the discussions held in the Pre-Budget meeting. However, there is no shortfall in utilization of funds w.r.t. RE 2019-20. It is

because about 79% of the final provision has already been spent and the balance 21% of the RE allocation would be utilized by the end of March 2020.

10. Scheme-wise details of BE, RE and Actual Expenditure from 2017-18 to 2019-20 and BE for 2020-21 are as under:-

S. No.	Scheme/Non-Schemes	2017-18			2018-19			2019-20			2020-21
		BE	RE	Actual	BE	RE	Actual	BE	RE	Actual*	BE
1	**Secretariat (MeitY)**	105.00	86.50	85.15	100.00	100.00	105.31	110.24	110.00	82.73	116.03
2	**National Informatic Centre (NIC)**	1040.00	1040.00	1076.16	1100.00	1207.36	1209.11	1150.00	1257.91	1040.29	1285.00
3	**Regulatory Authorities**	**167.48**	**133.11**	**122.07**	**157.00**	**148.83**	**142.47**	**170.00**	**163.00**	**119.35**	**274.00**
3.1	STQC Programme	120.00	100.63	93.21	110.00	110.00	107.47	120.00	120.00	90.76	125.00
3.2	Cyber Security (CERT-In & NCCC)	40.48	26.48	22.92	40.00	31.83	29.90	42.00	35.00	23.55	140.00
3.3	Controller of Certifying Authority (CCA)	7.00	6.00	5.94	7.00	7.00	5.10	8.00	8.00	5.04	9.00
4	**Assistance to Autonomous and Other Bodies**	**1053.76**	**1353.76**	**1303.55**	**1570.00**	**1572.00**	**1571.99**	**1473.00**	**1096.03**	**914.90**	**1266.00**
4.1	Centre for Dev. of Advanced Computing (C-DAC)	92.00	92.00	92.00	100.00	100.00	100.00	120.00	120.00	120.00	127.00
4.2	Society for Applied Microwave Electronics Engg & Research (SAMEER)	42.00	42.00	42.00	70.00	97.29	97.29	90.00	100.00	90.00	98.00
4.3	Centre for Materials for Electronics Technology (C-MET)	14.00	14.00	13.95	20.00	24.71	24.71	30.00	33.25	30.00	50.00
4.4	National Institute of Electronics and Information Technology (NIELIT)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.5	Software Technology Parks of India (STPI) & EHTP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.6	ERNET	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.7	Digital India Corporation (erstwhile MLA)	5.76	5.76	5.60	5.00	5.00	5.00	6.00	6.00	4.50	6.00
4.8	Unique Identification Authority of India (UIDAI)	900.00	1200.00	1150.00	1375.00	1345.00	1344.99	1227.00	836.78	670.40	985.00
	SCHEMES										
4	**Digital India Programme**	**1672.76**	**1425.63**	**1451.59**	**3073.00**	**3352.81**	**3328.54**	**3750.76**	**3212.52**	**2453.68**	**3958.00**
4.1	Manpower Development	306.76	256.76	256.58	300.00	300.00	300.00	400.75	338.00	232.47	430.00
4.2	Electronic Governance	240.00	240.00	260.53	400.00	400.00	396.66	400.00	392.87	335.78	400.00
4.3	Externally Aided Project (e-Governance)	21.00	17.00	16.75	25.00	25.00	24.99	50.00	10.00	5.27	25.00
4.4	National Knowledge Network	150.00	135.00	135.00	150.00	320.00	320.00	160.00	274.64	160.00	400.00
4.5	Promotion of Electronics & IT Hardware mfg. (MSIPS, EDF and Manufacturing Clusters)	745.00	484.87	460.37	864.22	844.22	727.35	986.00	690.00	501.54	980.00
4.6	Promotion of IT & ITeS Industries (incl. Foreign Trade & Export Promotion)	9.00	6.00	42.66	50.00	43.81	64.77	100.00	90.00	34.22	170.00
4.7	R&D in IT/Electronics/CCBT	101.00	101.00	100.93	178.00	180.00	179.00	416.00	435.00	326.67	762.99

4.8	Cyber Security Projects (NCCC & Others)	100.00	60.00	55.69	110.00	110.00	107.48	120.00	102.00	58.60	170.00
4.9	Promotion of Digital Payments	0.00	25.00	23.08	595.78	691.78	770.29	600.00	480.00	399.13	220.00
4.10	PMGDISHA	0.00	100.00	100.00	400.00	438.00	438.00	518.00	400.00	400.00	400.00
4.11	Champion Service Sector Scheme	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.01
	Grand Total	**4039.00**	**4039.00**	**4038.52**	**6000.00**	**6381.00**	**6357.42**	**6654.00**	**5839.46**	**4610.95**	**6899.03**

*As on 31.01.2020

11. Regarding budgetary allocation, the representative of MeitY submitted as under:-

"The next year, the Budget was Rs. 6654 crore, which was almost the same as that of 2018-19, there was a very little increase but we were in a position to spend that. But in the Revised Estimates, our Budget allocation was cut down by Rs. 518 crore. So, it was a dip of around 8 per cent. As of now, as on 31st January, we have been able to spend 80 per cent of it. There is an embargo that by December of the year, you can spend not more than 75 per cent. Therefore, we have been able to spend 80 per cent of it by January, and we are more than 100 per cent sure that we will be able to spend all that we have got."

12. The representative further added:

"….xxxx…. we made a slide in the presentation where we showed that in case we do not get this money, some of the flagship schemes like training of manpower, about which one of the Members raised his concern, especially the future skill programme and our electronics manufacturing programme, will suffer. That money is around Rs. 11,000 crore. Let me assure the Committee that we have the capacity to spend. In case we do not get this money, all the programmes get extended and they cannot have that kind of an impact."

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

13. The Ministry submitted the status of pending UCs as on 1.4.2019, 31.12.2019 and 03.02.2020 as under:-

	As on 01.04.2019	**As on 31.12.2019**	**As on 03.02.2020**
Number of pending UCs	305	150	141
Pending Amount	Rs. 987.55 cr	Rs. 398.62 cr	Rs.319.85 cr

14. The Ministry further submitted that the number of pending UCs has been reduced from 305 to 141 and corresponding amount also has been substantially reduced. i.e. 68% during the last ten months. Hence, the measures taken by MeitY to

liquidate the pending UCs are proving to be fruitful as the unspent balance with grantee institutions for any particular period is continuously reducing. MeitY is monitoring/reviewing implementation status of schemes/projects from time to time to ensure smooth implementation of various projects which further ensures that the grants released by MeitY are being utilised. Besides, Secretary (MeitY)/AS&FA review the UC status from time to time to ascertain utilization status of released grant to various agencies. In this way, MeitY are making efforts towards zero pending UC and minimum unspent balance with the grantee institutions.

15. When asked about the exact number of UCs which will become due in March, 2020, the Ministry stated that since liquidation of UCs is a continuous process, the exact number of UCs which would become due in March 2020 may be ascertained only on 1st April 2020. However, the exact number of UCs that have already been due and the unspent balance with grantee institutions as on 03.02.2020 are given below:-

As on 03.02.2020	**Amount (Rs. in crore)**	**No. of UCs**
Utilisation Certificates due	319.85	141
Unspent Balances for which UCs are not due	3114.46	514
Total Unspent Balance with States/implementing Agencies	**3434.32**	**655**

3.3 Internal and Extra Budgetary Resources (IEBR)

16. The Ministry have furnished the position of IEBR in respect of societies/offices under their jurisdiction for the years 2018-19 and 2019-20 along with the proposed IEBR, IEBR at BE and RE stage and the position of actual utilization as under:-

(Rupees in crore)

Name of the Society	**2018-19**			**2019-20**		
	Proposed/ BE	**RE**	**Achievement**	**Proposed/ BE**	**RE**	**Achievement (As on 31.12.2019)**
NIELIT	328.04	353.21	355.62	373.14	384.60	237.46
ERNET	90.00	82.00	95.75	90.00	70.00	38.33
STPI/EHTP	186.83	186.96	179.22	194.50	214.57	169.20
C-DAC	415.00	450.00	570.00	500.00	500.00	996.89
SAMEER	58.00	58.00	75.11	60.00	60.00	14.96
C-MET	30.60	30.60	16.08	31.25	31.25	28.91
Total	**1108.47**	**1160.77**	**1291.78**	**1248.89**	**1260.42**	**1485.75**

The IEBR achievements w.r.t. Target in RE for the FY 2018-19 and 2019-20 (till Dec 2019) are 111% and 118%, respectively. Hence, there is no shortfall in both the years.

17. When the Committee desired to know the reasons for C-DAC achieving almost double of its IEBR target set for the year 2019-20, the Ministry stated that in the financial year 2019-20 under National Supercomputing Mission, C-DAC has received Rs 586 crs from Meity and DST. In addition to this, CDAC has also received projects from National Atmospheric Research Laboratory, National Health Authority, Election Commission of India, Indian Agricultural Statistics Research Institute, Employees Provident Fund Organization, National Security Council Secretariat, ECGC, departments of Central and State Govt. and PSU. Hence, the remarkable achievement in IEBR during FY 2019-20.

4. <u>National Informatics Centre (NIC)- Government Instant Messaging Service (GIMS)</u>

18. GIMS is an Open source, Secure, Cloud enabled and Indigenous platform developed by NIC for instant messaging within Government. It comprises of a mobile app and a portal. The App is for Inter and Intra Govt. communication at various levels and can be configured to manage messaging & integration with other Government apps. The management portal is for Organization and employee on boarding, official group management, dashboard and analytics. GIMS is hosted at NDC Sastry Park and the Android and iOS version are available at https://gims.nic.in. Highlights of GIMS include One to One and Group Messaging, Single sign-on with LDAP, end to end encryption, API based integration with eGov applications like Nice mail, Digi locker. GIMS is the official communication channel for Alerts and notifications from e-office, Application Security, NIC CERT, NIC HRMS, Duty Portal etc. It has Encrypted Backup facility and Chatbot enabled instant Dashboard services along with Instant Feedback System.

19. When the Committee desired to know whether there is any proposal to create an Indian equivalent of popular instant messaging platform such as WhatsApp which can cater to official communication needs of Government officials without any security concerns attached with apps hosted abroad or owned by foreign entities, the Ministry informed that NIC is working on Govt. Instant Messaging System (GIMS) which is open

source, cloud enabled, End to End encrypted open source platform and hosted on Govt. of India Data Centre.

20. Asked as to whether any timeline has been fixed for roll out of operational version of Government Instant Messaging System (GIMS), the Ministry have stated that GIMS is in Beta testing phase and many Departments are participating in its POC. The feedback is being received from them and being incorporated for the improvisation.

5. Cyber Security (CERT-In), NCCC & Data Governance

21. The BE provided for the year 2020-21 for this Scheme is Rs. 140 crore. The details of BE, RE and AE in respect of the Regulatory authority is as under:-

(Rs. in crore)

Financial Year	BE	RE	AE
2018-19	40.00	31.83	29.90
2019-20	42.00	35.00	23.55 (as on 31.01.2020)
2020-21	140.00		

22. When asked about the reasons for steep increase in BE from Rs. 42.00 crore in 2019-20 to Rs. 140.00 crore in 2020-21 and where the increased allocation is likely to be utilized, the Ministry stated that the increase in allocation is due to requirement of allocation of funds for recurring expenditure (Non-scheme) for NCCC project in addition to CERT-In operational expenditure. Further, the allocated funds also now include expenditure towards capital (Machinery & equipment) cost which was earlier a separate budget head and now merged in this single head. Hence the increase actually is from Rs. 90 crores (2019-20) to Rs. 140 crores (2020-21). The increased allocation will be utilized towards positioning of trained manpower and augmentation of ICT infrastructure of CERT-In.

23. Regarding the activities proposed to be undertaken under the head ‘cyber security’ during 2020-21 and the updated status of setting up of NCCC, the Ministry informed as under:-

i. “ 24x7 operations of Incident Response Help Desk
ii. Augmentation and maintenance of ICT infrastructure of CERT-In

iii. Augmentation and maintenance of ICT infrastructure of Cyber Swachhta Kendra (Botnet Cleaning & Malware Analysis Centre)

iv. Augmentation and maintenance of ICT infrastructure of Cyber Forensic facility

Phase-I of NCCC was operationalized in July, 2017. In this phase metadata from 20 sites involving ISPs and a no. of organisations is being collected and analysed. Implementation of next phase of NCCC has also commenced.

The Phase-II Stage-1 is targeted to be operationalised during the year 2019-2020 aimed for collection and analysis of metadata from additional 15 sites.

During the year 2020-21, the activities planned are procurement of capital IT equipment (including hardware and software) for adding 40 sites for metadata collection, operations & maintenance of phase-I equipment, hiring of co-location services for Primary and Disaster Recovery (DR) datacentre sites and renovation of office space."

24. Giving further details about NCCC and Data Governance components which have been added under the head in 2020-21, the Ministry submitted that Government has taken steps to set up the National Cyber Coordination Centre (NCCC) to generate macroscopic views of the cyber security breaches and cyber security threats in the country. The centre will scan the cyberspace in the country at meta data level and will generate near real time situational awareness. NCCC is a multi-stakeholder body and is being implemented by Indian Computer Emergency Response Team (CERT-In). The centre will facilitate various organizations and entities in the country to mitigate cyber attacks and cyber incidents on a near real time basis.

25. In the F.Y. 2019-20 budget of MeitY heads for revenue expenditure, viz. Travel Expenses, Office Expenses, Rent, Rates and Taxes etc. were created to take care of the office and administrative expenses of the NCCC. A budget of Rs. 8.5 Cr. was allocated. In the F.Y. 2020-21, all the establishment expenditure components except for the 'Grants-in-Aid General' has been provided under 'Cyber Security (CERT-In & NCCC)' budget head. Total allocation under this head for the FY 2020-21 is Rs. 67 Crores.

26. The increase in allocation is due to requirement of allocation of funds for establishment expenditure (Non-scheme) for NCCC project in addition to CERT-In operational expenditure.

6. Digital India Programme

27. Digital India Programme is an umbrella programme which amalgamates all the ongoing schemes/programmes/projects being implemented by MeitY. It weaves together a large number of ideas and thoughts into a single, comprehensive vision so that each of them can be implemented as part of a larger goal. Each individual element stands on its own, but is also part of the entire Government. The vision of Digital India is centred on three key areas, viz., (i) Digital Infrastructure as a Utility to Every Citizen (ii) Governance and Services on Demand and (iii) Digital Empowerment of Citizens. Digital India aims to provide the much needed thrust to the nine pillars of growth areas, viz., (i) Broadband Highways (ii) Universal Access to Mobile Connectivity (iii) Public Internet Access Programme (iv) e-Governance – Reforming Government through Technology (v) e-Kranti - Electronic Delivery of Services (vi) Information for All (vii) Electronics Manufacturing – Target NET ZERO imports (viii) IT for Jobs and (ix) Early Harvest Programmes.

28. Budget Estimates, Revised Estimates and Actual Expenditure for the past three years (2017-18 to 2019-20) and BE allocated for 2020-21 for each scheme under Digital India Programme is as under:-

Schemes/Non-Schemes	**2017-18**			**2018-19**			**2019-20**			**2020-21**	
	BE	**RE**	**Actual Expn**	**BE**	**RE**	**Actual Expn**	**BE**	**RE**	**Actual Expn (as on 31.01.2020)**	**Proposed**	**BE**
Digital India Programme	**1672.76**	**1425.63**	**1451.59**	**3073.00**	**3352.81**	**3328.57**	**3750.76**	**3212.52**	**2453.68**	**6940.00**	**3958.00**
Manpower Development	306.76	256.76	256.58	300.00	300.00	300.00	400.75	338.00	232.47	550.00	430.00
Electronic Governance (incl. EAP)	261.00	257.00	277.28	425.00	425.00	421.66	450.00	402.87	341.05	850.00	425.00
Promotion of Electronics & IT Hardware Manufacturing	745.00	484.87	460.37	864.22	844.22	727.37	986.00	690.00	501.54	1545.00	980.00
Promotion of IT &	9.00	6.00	42.66	50.00	43.81	64.77	100.00	90.00	34.22	200.00	170.00

ITeS Industry											
National Knowledge Network (NKN)	150.00	135.00	135.00	150.00	320.00	320.00	160.00	274.64	160.00	500.00	400.00
R&D in IT/Electronics/CCBT	101.00	101.00	100.93	178.00	180.00	179.00	416.00	435.00	326.67	1300.00	762.99
Cyber Security Projects (NCCC & Others)	100.00	60.00	55.69	110.00	110.00	107.48	120.00	102.00	58.60	400.00	170.00
Promotion of Digital Payments	0.00	25.00	23.08	595.78	691.78	770.29	600.00	480.00	399.13	320.00	220.00
PMGDISHA	0.00	100.00	100.00	400.00	438.00	438.00	518.00	400.00	400.00	1175.00	400.00
Champion Service Sector Scheme							0.01	0.01	0.00	100.00	0.01

29. When asked about schemes with maximum and minimum progress during 2015-16 to 2019-20 and reasons thereof, the Ministry replied as under:-

> "No such evaluation has been undertaken either by NITI Aayog or Economic Planning Division of MeitY. However, a third party evaluation is presently being undertaken in consultation with NITI Aayog. Besides, the Parliamentary Committee on Estimates has taken up a number of subjects pertaining to various Ministries/ Departments for examination during the year 2019-20. The Committee has selected the subject "Review of Digital India Programme" in respect of MeitY."

30. When the Committee desired to know the reasons for low utilization during 2019-20 in schemes such as Promotion of IT & ITeS Industry, Cyber Security Projects (NCCC & Others), Promotion of Digital Payments, Promotion of Electronics & IT Hardware Manufacturing and Manpower Development, the Ministry informed that the India BPO Promotion Scheme (IBPS) and North East BPO Promotion Scheme (NEBPS) provides capital and operational expenditure support up to Rs 1 lakh/seat based on meeting the employment target. As these supports are provided on re-reimbursement basis, mostly companies claim VGF amount at the end of financial year and, therefore, low utilization under Promotion of IT & ITeS Industries during the current FY 2019-20. However, currently, VGF claims of approx. Rs 10 crore are part of agenda for IMC meeting to be held on 21/2/2020.

31. Against the RE provision of Rs.690 crore in FY 2019-20 for 'Promotion of Electronics /IT Hardware Mfg', as on 17.2.2020, financial sanction orders for release of an amount of Rs. 597.73 crore have been issued and expenditure of Rs.558.51 crore had already been made. This division will present sanction orders for spending the balance amount in the remaining period of current FY 2019-20. Under the Scheme of 'Promotion

of Digital Payments', the BE provision of Rs.600 crore was made in the FY 2019-20, which has been reduced to Rs.480 crore at RE stage. Out of Rs.480 Crore, an amount of Rs.400.65 crore has been spent as on 19.02.2020. Therefore, it is evident that significant amount has been utilized and it is likely that balance amount will also be utilized in the current F.Y. 2019-20.

32. When asked about the reasons for drastic decrease at the allocation stage particularly in schemes such as PMGDISHA, Cyber Security Projects, Electronic Governance, R&D in IT/Electronics/CCBT and Promotion of Electronics & IT Hardware etc., the Ministry submitted that there is always a gap between the budgetary projections made by a Ministry/Department and actual allocation made by MoF. In case of ongoing shemes, MoF usually raises the allocation up to 7% of the previous year's allocation. At the Ministry level, it is ensured that funds are allocated first to meet the committed/operational expenditure that may not be avoided and then the balance funds are distributed among the schemes/projects based on prioritization, specific instruction from MoF, etc. MeitY always tries to distribute funds amongst the schemes in such a manner that the schemes/projects are continued to be implemented with least adversary effects. However, in case of urgent requirement of funds under any scheme or project of national interest, there is always a scope for raising demands for additional funds through Supplementary Demands for Grants.

6.1 Electronic Governance (including EAP)

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

34. The BE provided for the year 2020-21 for this Scheme is Rs. 425 crore. The details of BE, RE and AE for the years are as under:-

(Rs. in crore)

Financial Year	BE	RE	AE
2018-19	425.00	425.00	421.65
2019-20	450.00	402.87	341.05 (as on 31.01.2020)
2020-21	425.00		

6.1.1 Digital Locker System

35. Digital Locker System (DigiLocker) is a platform for issuance and verification of documents and certificates in a digital way, thus it is helping in eliminating use of physical documents. DigiLocker aims to provide a digital wallet to every citizen, so that all the documents can be made available electronically at one place and can be accessed from anywhere at any time.

Achievements:

- 3.59 Crore+ Registered Users
- 373 Crore+ Issued Documents available
- 154 Issuers and 45 Requestors Registered
- Over 30 crore certificates from CBSE and ICSE and 21 State Education Boards
- Important Departments and Documents on-boarded such as - UIDAI – Aadhaar, MoRTH - Driving License and Vehicle Registration, MoPNG - LPG Subscription Voucher, CBDT - PAN Verification Record, , e-District Certificates of around 20 states, Land records for 4 States, National/State Skill Certificates, etc.
- In principal approval granted by MHRD for DigiLocker to become as National Academic Depository (NAD)

36. DigiLocker has been able to create a paradigm for accessing and consuming authentic digital documents. DigiLocker has striven to provide critical Identity, educational, transport, financial and municipal documents in digital format to citizens through a digital wallet. This massive exercise in liaising with issuers and helping digitize their documents and finally delivering these digital documents to the citizen has resulted in availability of over 373 crore authentic digital documents. Next step is to make these documents consumed by public and private agencies while delivering services to the citizens.

37. Currently, an average of 2 crore authentic documents are being consumed every month. And, an average of 30,000 citizens is signing up on the platform daily.

38. It needs to be mentioned that paper based service delivery is still prevalent. The acceptance of Digital documents for service delivery requires massive transformations across sectors. It also requires changes in corresponding acts and rules of different regulatory domains.

39. The major reasons impeding the proliferation of the DigiLocker system are - lack of central digitization mandate; lack of provisions in regulatory frameworks for accepting digital document; government departments' low tendency for consumption of digital documents for rendering services; and lack of awareness among government departments and citizens towards use of DigiLocker.

40. To overcome these, various endeavors have been made; some of which are listed below:-

- Digital Locker Rules, 2016 and its Amendment for Rule 9A, 2017 were notified under IT Act 2000 to provide legal sanctity to the documents available from DigiLocker.

- MeitY has worked with following Ministries and Departments to bring regulatory changes to accept digital documents:
  - Ministry of Finance (Department of Revenue)
    Amendment in Prevention of Money-laundering (Maintenance of Records) Rules, 2005 to accept digital KYC document

  - Ministry of Road Transport and Highways
    Amendment has been done in Rule 139 of Central Motor Vehicles Rule 1989. Subsequently, a lot of states have also issued notification for acceptance of driving license and RC in digital format.

  - Ministry of Railways
    Acceptance of digital Aadhaar and Driving License as a proof of identity for train journey

  - Ministry of Civil Aviation
    Notification issued by BCAS (Bureau of Civil Aviation and Security) to accept identity proof produced via DigiLocker for airport entry

- MeitY is in discussion with regulatory authorities like TRAI, IRDA, SEBI, ECI etc. to adopt DigiLocker based Digital document transaction system which will subsequently help in creation of Digital ecosystem.

- MeitY has conducted various digital campaigns for citizen awareness, and advertised about DigiLocker in Print media and radio channel (Red FM).

A number of workshops have been conducted across the States and UTs throughout country to make departments aware and onboard for digital delivery of services via DigiLocker.

6.1.2 State Data Centres (SDC)

41. On the number of State Data Centres (SDCs) operational as on date and the status of the SDCs which have been operationalized in the years 2016-17, 2017-18 and 2018-19, the Committee have been informed as under:-

- "29 SDCs are operational as of date.
- SDCs operational in 2016-17: Himachal Pradesh and Jharkhand
- SDCs operational in 2017-18: Goa and Punjab
- SDCs operational in 2018-19: Data Center Operator selected for Uttarakhand and Assam"

42. Regarding the targets for setting up of SDCs during the year 2020-21, the Ministry stated that the SDC Assam Implementation is in progress. Data Center Operator (DCO) is selected through bid process and is likely to be operationalized in the FY 2020-21. An estimated amount of Rs. 10 Cr. may be released for the SDCs under O& M phase.

43. When asked about the progress during 2019-20 in setting up of SDCs in States/UTs of Assam, Arunachal Pradesh and Dadar & Nagar Haveli and Daman & Diu and whether the Ministry are hopeful of achieving their target for 2019-20, the Ministry informed as under:-

- "Assam SDC: Assam SDC implementation works for Non-IT component had already started by Data Center Operator. The Assam SDC team informed that it is expected to be operational by 31st March 2020.

- Arunachal Pradesh SDC: The Data Centre Operator (DCO) is not selected yet. The SDC bid was floated on GeM portal and it was planned to be opened on 28th August 2019, but it was informed that no vendor participated and it was again cancelled.

- Dadar & Nagar Haveli and Daman & Diu: The DCO was terminated on non-performance issues. They are again coming out with fresh RFP.

  MeitY is hopeful of achieving the target for 2019-20."

6.2 Promotion of Electronics & IT Hardware Manufacturing

44. The Government has been taking several initiatives on continuous basis for promotion of electronics manufacturing in the country to provide an enabling environment for the industry to compete globally. Electronics manufacturing is one of the important pillars of Digital India Programme and target to achieve net zero imports is a striking demonstration of intent. The demand for electronics hardware is expected to rise rapidly and India has the potential to become an electronics hardware manufacturing hub and contribute significantly to the GDP, employment opportunities and exports.

45. When asked to furnish a detailed note on the targets achieved during the year 2019-20 and targets set for the year 2020-21 in MSIPS, EDF and Manufacturing Clusters schemes, the Ministry informed as under:-

(i) Modified Special Incentive Package Scheme (M-SIPS): In order to promote large scale manufacturing in the country, a Modified Special Incentive Package Scheme (M-SIPS) was announced by the Government in July 2012 to offset disability and attract investments in Electronics System Design and Manufacturing (ESDM) Industries. It has been amended in August, 2015 to extend the period of the scheme, enhance scope of the Scheme by including 15 more product verticals, and attract more investment. The scheme was further amended in January, 2017 to expedite the investments. The scheme provides subsidy for capital expenditure - 20% for investments in Special Economic Zones (SEZs) and 25% in non-SEZs. The incentives are available for 44 categories / verticals of electronic products and components covering entire electronics manufacturing value chain.

Under the Scheme, 396 proposals have been received with a proposed investment of Rs. 1,07,964.11 crore. Till date, 259 applications with an investment of Rs.72,649.83 crore have been approved. As on date, incentives of Rs. 900.39 crore have been disbursed to 72 applicants.

(ii) Electronics Manufacturing Clusters (EMC) Scheme: Electronics Manufacturing Cluster Scheme has been notified on 22ndOctober, 2012 to provide support for creation of world-class infrastructure along with common facilities and amenities for attracting investment. Under the Scheme, 20 Greenfield EMCs and 3 Common Facility Centres (CFCs) measuring an area of 3,565 acres with total project cost of Rs 3,898 crore including Government Grant-in-Aid of Rs 1,577 crore have been approved. Rs. 594.72 crore has been released as GIA to EMCs out of total commitment of Rs.1577 crore.185 units have taken around 756 acres of land within EMCs. Out of these, 26 units have started production with an investment of Rs.4741crore generating around12,000 jobs.51 units are under process of establishment with estimated investment of approximately Rs. 15000 crore.

(iii) Electronics Development Fund (EDF): EDF has been set up to provide risk capital to companies developing new technologies in the area of electronics and Information Technology (IT). Rs. 659 crore has been committed through EDF to 11 Daughter Funds, with a targeted corpus of INR 5,500 crore. EDF has invested Rs. 126.81 crore in seven Daughter Funds, which in turn have made investments of Rs 663.96 crore in 78 startups and companies. 177 IPs have been created/acquired by these startups and companies. Total employment in supported startups and companies is around 9,232.EDF has drawn Rs 156.33 crore from its contributors - Rs 150.33 crore from MeitY and Rs 6 crore from Canara Bank & CVCFL.

Indicator Name	**Target achieved 2019-20(**till date)	**Target for 2020-21**
MSIPS - Total amount of incentive given on capital expenditure	Rs. 410 crore	Rs. 500 crore
MSIPS - Total number of investment proposals*	77	-
EMC - Number of clusters to whichgrant is sanctioned	07	17
EDF - Number of venture funds in which investment done	07	08
Amount of money invested in venture funds through EDF	Rs 60 crore	Rs. 60 crore
* A*pproved/ Closed proposals*		

6.2.1 <u>Modified Special Incentive Package Scheme (M-SIPS)</u>

46. To offset disability and attract investments in Electronic manufacturing, Modified Special Incentive Package Scheme (M-SIPS) is under implementation. The scheme mainly provides 20-25% subsidy for investments in capital expenditure for setting up of an electronic manufacturing facility. The scheme was open to receive applications till 31st December 2018 and is in implementation mode. The incentives are available for a period of 5 years from the date of approval of the application.

47. The performance of M-SIPS scheme over the years has been tabulated as under:-

> "M-SIPS scheme was open to receive applications till 31st December 2018. Approval, verification and disbursal are ongoing activities under the scheme at present.

Year	*Number of fresh/ new proposals received**	*Volume of investment of proposals received (Rs. Crore)*	*Number of proposals approved*	*Volume of investment of approved proposals (Rs. Crore)*	*Number of eligible units to which incentives issued/disbursed under M-SIPS***	*Amount of incentives issued/ disbursed under M-SIPS to eligible units (Rs. Crore)*
2012-13	5	1057.2	0	0	0	0
2013-14	15	4076.70	8	1143.17	0	0
2014-15	26	5834.51	25	6084.20	2	12.05
2015-16	80	19031.88	35	9570.45	3	4.78
2016-17	57	9021.87	26	3143.12	3	16.13
2017-18	43	12871.59	61	11897.15	15	135.89
2018-19	170	56070.36	44	20076.25	53	318.67
2019-20#	0	0.00	60	20735.49	24	412.87
Total	**396**	**107964.11**	**259**	**72649.83**	**100****	**900.39**

*Only active applications are considered.
**An applicant may submit multiple disbursement claims in MSIPS. The details of disbursement claims are provided here in each FY. These 100 claims are submitted by 72 applicants.
Information for 2019-20 is updated till February 18, 2020"

6.2.2 <u>Electronics Manufacturing Clusters (EMC) Scheme</u>

48. To build best in class manufacturing infrastructure, Ministry of Electronics and Information Technology (MeitY) is supporting industry with Electronic Manufacturing Clusters (EMC) scheme providing substantial financial assistance for development of infrastructure and common facilities in both Greenfield and Brownfield Clusters. The assistance for the project in Greenfield EMC is available upto 50% of the project cost subject to a ceiling of Rs. 50 Crore for every 100 acres of land. For Brownfield EMC, 75% of the cost of infrastructure, subjected to a ceiling of Rs. 50 crore is provided as Grant. The scheme was open for receipt of application for a period of 5 years i.e. upto 21st October, 2017. Further period of 5 years (i.e. upto October, 2022) is available for disbursement of funds for the approved projects.

49. Under EMC Scheme, 20 Greenfield EMC and 3 Common Facility Centre (CFC) have been approved in fifteen (15) states across the country over an area of 3565 acres with project cost of Rs.3898 crore including Government Grant-in-aid of Rs. 1577 crore (Andhra Pradesh-3, Assam-1, Chhattisgarh-1, Goa-1, Gujarat-1, Jharkhand-1, Kerala-1, Madhya Pradesh-2, Odisha-1, Rajasthan-2, Telangana-2, Uttar Pradesh-2, West Bengal-2, Maharastra-2(CFC) ; Karnataka-1(CFC) . These EMCs are expected to attract an

investment of Rs. 54836 crore and will generate approx. 6.43 Lakh employment opportunities in coming years once getting operational.

50. The performance of EMC scheme over the years has been tabulated as under:-

"EMC scheme was open to receive applications till 31st October 2017. Grants-in-aid disbursal is an ongoing activity under the scheme.

Year (1)	Number of fresh/new proposals received * (2)	Area of Projects (Acres)** (3)	Cost of Projects (Rs. Crore)** (4)	Government Grant in Aid approved (Rs. Crore) (5)	Government Grant in Aid released (Rs. Crore) (6)
2012-13	4	-	-	-	-
2013-14	18	-	-	-	-
2014-15	12	90	85.76	38.62	4.17
2015-16	12	308.89	336.24	151.75	14.19
2016-17	3	1215.25	1390.86	606.17	23.50
2017-18	1	1950.47	2085.60	780.65	222.00
2018-19	0	-	-		230.00
2019-20 (*As on 17.02.2020)*	0	-	-	-	100.84
Total	**50**	**3565**	**3898**	**1577**	**595**

** Column no. 2 pertains to the total no. of applications (50) received with an area of 7805 acres.*
***Column no. 3 & 4 above contains data w.r.t 23 approved EMCs across 15 states.*

51. On the major impediments in growth of Electronics & IT Hardware manufacturing sector in India, the Committee were informed as under:-

i. ITA and the WTO: Electronics was the first sector to be opened up and which accepted zero duty regime for large number of products. As a signatory to the Information Technology Agreement-1 (ITA-1) of the World Trade Organization (WTO), India has implemented zero duty regime on 217 tariff lines. Under the Free Trade Agreements (FTAs) and Preferential Trade Agreements (PTAs) with various countries, the import of electronics hardware from these countries is allowed at a duty which is lower than the normal duty rate. Thus, there is limited protection to the electronics industry in the country.

ii. India's biggest competition in the sector is from China which has achieved high economies of scale and has highly subsidized operating environment which is largely opaque.

iii. Diversity and velocity of technology change: Electronics is pervasive and spans all sectors. Therefore, the development of the sector involves domain knowledge of each of the sectors which it serves. The half-life of technologies in the sector has been continuously reducing. Currently, it is estimated to be even less than six months in certain verticals. Thus, companies involved in electronics manufacturing have to be driven by innovation and should have focus on R&D in order to optimize their production and become a part of the electronics value chain.

iv. Other miscellaneous factors are as under:
- Inadequate infrastructure and supply chain.
- High Cost of Finance in India (Average lending rate is 9.5%)
- Inability of Domestic Industry to sufficiently collateralize credit"

52. During evidence, the representative of MeitY submitted as under:-

"….xxxx….Around the issue of revisiting global agreements, we have been having discussions with the Department of Commerce and also with the Ministry of Finance. We have highlighted some concerns about significant imports that have come in especially from Vietnam taking advantage from our agreement with ASEAN. Earlier we had an issue with ITA-I where most of the PCs, servers, laptops and all kinds of electronic equipment were allowed to come in without imposing any duty. So, in that also, the Indian brands had suffered. This happened about 15 or 20 years ago. We are taking a relook at some of these agreements in consultation with Ministries concerned."

53. Electronics and IT Hardware is poised to become major import category of products in India. When asked about plans of the Government to reverse this trend and promote domestic manufacturing & the role of Ministry of Electronics and Information Technology in this regard, the Ministry informed that several steps have been taken by the Government for the promotion of domestic electronics manufacturing to reduce dependence on imports which is given at **Annexure-I.**

54. The annual demand of electronics and IT Hardware in India and the percentage of demand met through imports and domestic production is as under:-

Year	Annual demand of Electronics and IT Hardware in India (in INR crore)	Percentage of demand met through imports* (%)	Percentage of demand met through Domestic production** (%)
2015-16	4,26,057	52.1%	47.9%

2016-17	5,10,258	45.6%	54.4%
2017-18	6,21,797	44.2%	55.8%
2018-19	6,95,207	43.0%	57.0%
2019-20 (Estimated)	7,61,550	38.7%	61.3%

* Imports include finished electronic goods

** Domestic production figure excludes exports

Note: Components Import Value has not been considered in the assessment

55. On the major categories of Electronics and IT Hardware being imported into India and steps are being taken to promote domestic manufacturing of such Electronics and IT Hardware in the country, the Ministry informed that:-

- Telecom equipment, Networking equipment,
- Parts of Mobile Phones,
- Parts of Telecom Equipment,
- Personal Computer,
- Semiconductors, ICs, Memories and Electronic components are the major categories of Electronics and It hardware being imported in India.

Government has taken several steps to promote domestic manufacturing of electronics hardware.

56. Despite the various initiatives taken by Ministry of Electronics and Information Technology, India is still meeting a large part of its increasing demand for Electronics and IT Hardware through imports. On the future projections for imports of Electronics and IT Hardware in India and how the Ministry plan to increase/promote domestic production, the Committee were informed as under:-

"In the last few years, production of electronic items has surpassed the import of electronic items due to the various initiatives taken by the Government such as rationalization of tariff structure, Phased Manufacturing Programme (PMP) for mobile handsets and sub-assemblies/ parts thereof, Merchandize Exports from India Scheme (MEIS) incentive to promote export and Modified Special Incentive Package Scheme (M-SIPS).

The Government is taking a number of steps to increase the manufacturing of electronic items in India. Currently, some of the schemes which are under formulation by MeitY are as under:

- Production Linked Incentive Scheme (PLI): Production linked incentive of 4% to 6% on incremental sales of specific categories of electronic goods manufactured in India.

- Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS): Financial incentive of 25% for the identified list of electronics components, semiconductors, displays, specialized sub-assemblies and capital goods used for manufacturing of these items.
- Electronics Manufacturing Clusters Scheme (EMC 2.0): Creating infrastructure and building common facilities including ready to use plug and play infrastructure."

57. Regarding the revenue and employment generated from Electronics & IT Hardware Manufacturing sector during the years 2018-19 and 2019-20 along with the target for the year 2020-21, the Ministry have submitted as under:-

"The details are as under:

(i) India's electronics production increased from INR 3,88,306 crore in 2017-18 to INR 4,58,006 crore in 2018-19 and it is estimated to be INR 5,46,550 crore for year 2019-20. The employment generated as per the industry estimates is given below:

- Direct employment in electronics hardware manufacturing industry is about 20 lakh persons.

- About 6.7 lakh persons are employed (directly and indirectly) by the units manufacturing mobile phones and parts/ components thereof.

58. When asked whether the Corona virus outbreak in China is likely to affect availability of electronics goods in India and what steps can be taken to prevent any possible scarcity of electronics goods in India owing to the manufacturing shutdown in China, the Committee were apprised as under:-

Year	***Total Electronics and IT Hardware imports in India (including components & semi-finished goods) (Rs. Crore)***	***Electronics and IT Hardware imports in India from China (including components & semi-finished goods) (Rs. Crore)***	***Electronics and IT Hardware imports in India from rest of the world (including components & semi-finished goods) (Rs. Crore)***
2015-16	2,68,105	1,48,555	1,19,550
2016-17	2,87,559	1,65,848	1,21,711
2017-18	3,40,901	2,06,086	1,34,815
2018-19	4,01,458	1,59,165	2,42,293
2019-20 (April 19 – Dec 19)	3,03,501	1,11,406	1,92,095

"Presently, out of total electronics goods imports in the country, approximately 37% are from China. These imports are largely in the nature of components that go into manufacturing of sub-assemblies and final products. Due to recent outbreak of Coronavirus in China, there will be a likely impact on supply of such components due to disruption in supply chain. However, the impact will depend upon the severity and persistence of coronavirus. At present, it has been ascertained from the industry associations and major manufacturing companies that sufficient inventory is available for the next few weeks. Steps are being taken to explore sources of import of such components from other countries.

6.3 <u>Cyber Security Projects (NCCC & others)</u>

59. Cyberspace today is the common tool used by citizens, civil society, businesses and Government for communication and dissemination of information. The objective is to adopt a holistic approach towards securing the cyber space of the country by pursuing multiple initiatives like Security Policy, Compliance and Assurance, Security, Incident-Early warning & Response, Security Training, Security specific R&D, Enabling Legal Framework and Collaboration.

(Rs. in crore)

Financial Year	BE	RE	AE
2018-19	110.00	110.00	107.48
2019-20	120.00	102.00	58.60 (as on 31.01.2020)
2020-21	170.00		

60. When asked about the reasons for significant increase in BE from Rs. 120.00 crore in 2019-20 to Rs. 170.00 crore in 2020-21 and where the increased allocation is likely to be utilized, the Committee were informed as under:-

"The total budget approved for NCCC project is Rs. 770 Cr over a period of 05 years. Year wise projections for the required budget as per the approved NCCC Detailed Project Report (DPR) are provided below:

Year 1	Year 2	Year 3	Year 4	Year 5	Total
266	126	117	127	134	770

Budget allocation for NCCC project was done in the F.Y. 2017-18 only. Against the projections mentioned above only Rs. 36 Cr. (F.Y. 2017-18), Rs. 44 Cr. (F.Y.

2018-19) and Rs. 25 Cr. (F.Y. 2019-20) were allocated during the years 2017-18 to 2019-20 for NCCC under the heads Grant-in-aid and revenue.

Phase-I of NCCC has been operationalised in July, 2017. In this phase metadata from 20 sites of ISPs and organisations is being collected and analysed.The Phase-II Stage 1 is targeted to be operationalised during the year 2019-2020 aimed for collection and analysis of metadata from additional 15 sites.

CERT-In is currently undertaking various tasks for the full-fledged implementation of the project. NCCC Phase-II implementation has commenced. Renovation of office space is currently underway. Data Centre co-location services will be hired for Primary as well as Disaster recovery site for NCCC.

Budget in the next year will be required primarily on the procurement of capital IT infrastructure items (hardware, software and networking) and space requirement including Data Centre co-location services as mentioned above to cater to additional 40 sites."

61. When asked to provide an overview of National Cyber Coordination Centre (NCCC) and the current status of establishing NCCC, the Committee were apprised as under:-

"Government has proposed to set up the National Cyber Coordination Centre (NCCC) to generate near real time macroscopic views of the cyber security threats in the country. The centre will scan the cyberspace in the country at metadata level and will generate near real time situational awareness. NCCC will be a multi stakeholder body and will be implemented by Indian Computer Emergency Response Team (CERT-In) at Ministry of Electronics and Information Technology (MeitY). The proposed Centre will provide a structured system and facilitate coordination among different agencies by sharing with them the metadata from cyberspace for taking action to mitigate the cyber security threats.

Phase-I of NCCC has been operationalised in July, 2017. In this phase metadata from 20 sites of ISPs and organisations is being collected and analysed. The Phase-II Stage 1 is targeted to be operationalised during the year 2019-2020 aimed for collection and analysis of metadata from additional 15 remote sites.

A total of 65 posts (60 S&T and 5 non-S&T) were sanctioned in yr. 2016 out of which 26 posts have been filled (23 S&T and 3 non-S&T), recruitment for remaining posts is currently going on."

62. On being asked when was the idea for setting up of NCCC first mooted by the Ministry, the timelines for setting up of a fully functional NCCC and how will it be different from CERT-In, the Committee were apprised as under:-

> "The objective of NCCC is to generate necessary situational awareness of existing and potential cyber security threats and enable timely information sharing among stakeholders for proactive, preventive and protective actions by individual entities.
>
> The project for setting up of NCCC has been approved with an outlay of Rs. 770 Crores for a period of 5 years and was initiated in April 2015 after approval of competent authority.
>
> In the Phase 1, the project on Threat and Situational Awareness (NCCC Test bed) is being implemented. The phase I of NCCC has been operationalized in July 2017.
>
> The full scale NCCC is envisaged to become operational by end of 2022 with expected availability of requisite funds and manpower.
>
> CERT-In performs incident response activities and issues advisories and alerts on cyber security threats. NCCC is a multi-stakeholder project to generate necessary situational awareness of existing and potential cyber security threats for actions by the respective stakeholders as per their mandate. CERT-In is one of the stakeholders of NCCC."

63. During oral evidence, a representative of MeitY submitted as under:-

> "….xxxx…. Major component of CERT-In job is NCCC. CERT-In is more like watching out, giving advisory, etc. NCCC is more like actively monitoring what is happening and then sharing info and responding. So, this is our role. There is some big thing like cybercrime which people normally put on MeitY, which is not the right thing. Cybercrime is dealt with by the Home Ministry. On the same lines, I4C is also a Home Ministry's entity but all of us and our team are closely involved with them in their day to day work."

6.4 <u>Pradhan Mantri Gramin Digital Saksharta Abhiyan (PMGDISHA)</u>

64. The Government has approved a scheme titled "Pradhan Mantri Gramin Digital Saksharta Abhiyan (PMGDISHA)" to usher in digital literacy in rural India by covering 6 crore rural households (one person per household). This is in line with the announcement made by Hon'ble Finance Minister in the Union Budget 2016-17. To

ensure equitable geographical reach, each of the 2,50,000 Gram Panchayats would be expected to register an average of 200-300 candidates. Special focus of the said Scheme is on training the beneficiaries on use of Electronic Payment System. The outcome measurement criteria would include undertaking at least 5 electronic payments transactions by each beneficiary using UPI (including BHIM app), USSD, PoS, AEPS, Cards, Internet Banking. The total outlay of the above Scheme is Rs. 2,351.38 Crore (approx.). It is being implemented as a Central Sector Scheme by the Ministry of Electronics & Information Technology through an implementing agency namely CSC e-Governance Services India Limited, with active collaboration of all the State Governments and UT Administrations. As on 31st December, 2019, a total of 3.19 crore beneficiaries have been enrolled, out of which training has been imparted to 2.56 crore beneficiaries, out of this more than 1.88 crore beneficiaries have been certified under the PMGDISHA Scheme.

65. The allocation under PMGDISHA has been reduced from Rs.518 crore in 2019-20 to Rs.400 crore in 2020-21. When asked to furnish the physical targets set and actual achievement under the Scheme during the last two years and details of target set for the year 2020-21, the Ministry furnished as under:-

(Figure in Crore)

2018-19			**2019-20**			**2020-21**
Physical Targets	**Achievement**		**Physical Targets**	**Achievement**		**Physical Targets**
	Trained	**Certified**		**Trained**	**Certified**	
3.00	0.99	0.66	1.75	0.96	0.74	3.00

66. On the reasons for a downward revision in allocation during 2019-20 from Rs. 518 crore at BE stage to Rs. 400 crore at RE stage in PMGDISHA scheme, the Ministry informed that the budget allocation for PMGDISHA scheme has been downward revised at RE stage due to overall downward revision of budgetary allocation of the M/o Electronics and IT at RE stage.

67. Regarding budget cut to PMGDISHA scheme, Secretary, MeitY during evidence stated as under:-

> "….xxxx…. Rs. 1175 crore helps us to cover 3 crore people per year. It helps us to cover about 3 crore families to make them digitally literate. If we get Rs. 400 crore then we confine it to about 1 crore for the year. We have 15 crore families more or less in the rural area and out of that we have kept a target currently of covering 40 per cent or 6 crore families…xxxx…. What we could have done in two years, we will do it in six years. The Cabinet had actually approved the scheme to cover six crore people in two years."

7. Miscellaneous

7.1 National Policy on Software Products

68. The Indian IT Industry has predominantly been a service Industry. However, a need has been felt to move up the value chain through technology oriented products and services. At present, the Global Software Product industry is estimated to be USD 413 billion of which India's share is just USD 7.1 billion including USD 2.3 billion are exports. In addition, import of software products is nearly USD 10 billion. Hence, India is a net importer of software products. Therefore, it is prudent to develop a conducive Software product ecosystem to transform a predominantly service oriented Indian IT/ITeS industry into a technology oriented products and service industry. With changing paradigm of the IT Industry, a need has emerged to focus on Software products to sustain growth and leadership position.

69. For the holistic growth of the IT industry, the Union Cabinet has approved the National Policy on Software Products – 2019 on February 28, 2019 that would synergies the efforts of the Government, Academia and Industry to create a robust Software Product ecosystem, which enables the germinating ground for large number of Software product startups, promotes development of an ecosystem encouraging R&D and innovation, opens up multitude of opportunities of access to capital and helps build and improve the domestic demand so as to develop India as a Software Product Nation. The objectives and Status of various initiatives under the scheme are given at **Annexure-II**. The Ministry has further informed that through this Policy intervention the Software Product industry is estimated to grow at a CAGR of ~40% so as to reach USD 70-80

billion by 2025 through this Policy generating direct and indirect employment for 3.5 million by 2025.

PART-II
OBSERVATIONS/RECOMMENDATIONS

Budget Analysis

1. The Committee note that for the year 2020-21, as against the proposed allocation of Rs.11,023.00 crore, the Budget allocation of MeitY is Rs. 6899.03 crore which includes Rs. 6524.03 Crore under Revenue section and Rs. 375.00 crore under Capital section. During the year 2019-20, as against the proposed allocation of Rs. 12059.39 crore, the budget allocation was Rs. 6654.00 crore which was reduced to Rs. 5839.46 crore at RE stage and the actual utilization was Rs. 4610.95 crore till 31st January, 2020. Both the years have witnessed a wide mismatch between the amount proposed and the amount allocated to the Ministry. During 2019-20, the BE allocation was 55.17% of the proposed amount and during 2020-21, the BE allocation is 62.59% of the proposed amount. When asked about the steep reduction in allocation from the proposed Rs. 11023.00 crore to Rs. 6899.03 crore at BE stage in 2020-21, the Ministry have stated that Ministry of Finance (MoF) usually sticks to the policy of increasing the budgetary provision of ongoing schemes by 5-7%. The scheme provision which was Rs.3750.76 crore in BE 2019-20 has been increased by approx. 5.5% to Rs.3958 cr in BE 2020-21. However, the allocation gets increased in case of approval of new schemes/projects, implementation of new policies of the government etc. There is usually a gap between proposed and approved expenditure estimates and at the Ministry level, it is ensured that funds are allocated first to meet the committed/operational expenditure that may not be avoided and then the balance funds are distributed among the schemes/projects based on prioritization, specific instruction from MoF etc. in such a manner that the schemes/projects are continued to be implemented with least adversary effects and if required, MoF is also requested at Revised Estimates (RE) stage to allocate additional funds for better implementation of schemes.

While the Committee understand that various factors are taken into consideration by the Ministry of Finance during allocation of funds to the different Ministries/Departments and there is usually a gap between the proposed and

approved expenditure, the extent of variation between the proposed expenditure and the approved expenditure is a cause for concern, more so when the Ministry are citing lack of resources as a major limitation/handicap in respect of flagship programmes. When the amount proposed by the Ministry is curtailed by almost half by the MoF, the committed/operational expenditure takes priority over the schemes/projects being implemented by the Ministry necessitating a reallocation amongst the schemes/priority areas by the Ministry resulting in delay in execution of some of the schemes/projects of the Ministry. MeitY are implementing some of the important schemes of the Government such as Digital India and Make in India and such drastic budgetary cuts affect their implementation schedules/timelines which may be avoided through realistic projection and adequate planning. Keeping in view that Ministry are more than hopeful of spending 100 per cent and they have the capacity to spend, the Committee recommend that the demands raised by them under various heads should be taken up seriously by MoF and adequate resources be made available to them for execution/implementation of Schemes/Projects.

Position of Outstanding Utilization Certificates

2. The Committee note that as on 31st December 2019, a total of 150 Utilization certificates amounting to Rs. 398.62 crore were due. The Committee further note that MeitY are monitoring/reviewing implementation status of schemes/projects from time to time to ensure smooth implementation of various projects which further ensures that the grants released by MeitY are being utilised. Besides, Secretary (MeitY)/AS&FA review the UC status from time to time to ascertain utilization status of released grant to various agencies. The number of pending UCs has reduced from 305 amounting to Rs. 987.55 crore as on 01.04.2019 to 141 amounting to Rs. 319.85 crore as on 03.02.2020. It is evident that the number of pending UCs has been reduced from 305 to 141 and corresponding amount also has been substantially reduced. i.e. 68% during the last ten months.

While appreciating the efforts of the Ministry towards liquidating UCs and minimizing unspent balance with the grantee institutions, the Committee recommend

that the aforesaid measures should be continued to avoid any pendency in Utilization Certificates which could adversely impact release of subsequent funds for important Government schemes and the Ministry should regularly follow-up with the grantee institutions.

Internal and Extra Budgetary Resources (IEBR)

3. The Committee note that during the year 2018-19, an IEBR target of Rs. 1108.47 crore had been set by the Ministry at BE stage which increased to Rs. 1160.77 crore at the RE stage. Against this, the Autonomous Societies under MeitY achieved an IEBR target of Rs.1291.00 crore which exceeded the targets set at both BE and RE stages. The Committee note that during the year 2019-20, a target of Rs. 1248.89 crore had been set initially by the Ministry at BE stage for the Societies, this target was slightly increased to Rs. 1260.42 crore at RE stage and the achievement has been Rs. 1485.75 crore as on 31.12.2019. It is a matter of satisfaction that for both the years 2018-19 and 2019-20, the Societies under the Ministry have exceeded the overall targets set at BE stage for their Internal and Extra Budgetary Resources (IEBR). The Committee also note that during 2019-20, IEBR achievement stands at Rs. 1485.75 crore which is approximately 18.80% of the total approved outlay of Rs. 7902.89 crore and the rest 81.20% is met through Government Grants. However, when it comes to individual targets set for each society, the Committee note that except for C-DAC which has impressively exceeded the IEBR target, the achievement in respect of NIELIT, ERNET, STPI/EHTP and SAMEER are not satisfactory. The Committee are given to understand that under National Supercomputing Mission, C-DAC has received Rs 586 crore from the Ministry and DST. In addition to this, CDAC has also received projects from other organizations/institutions and PSUs. The Committee, while hoping that IEBR achievement under the autonomous organization would improve in coming months, recommend that the Ministry should identify new areas of operations with potential for revenue generation by them and strive for increasing the share of IEBR component in the total outlay of the Ministry to reduce their dependence on Government Grants.

__National Informatics Centre (NIC)- Development of Government Instant Messaging Service (GIMS)__

4. The Committee note that GIMS is an Open source, Secure, Cloud enabled and Indigenous platform developed by NIC for instant messaging within Government. It comprises of a mobile app and a portal. The App is for Inter and Intra-Government communication at various levels and can be configured to manage messaging & integration with other Government apps. The management portal is for Organization and employee on boarding, official group management, dashboard and analytics. GIMS is hosted at NDC Sastry Park and the Android and iOS version are available at https://gims.nic.in. Highlights of GIMS include One to One and Group Messaging, Single sign-on with LDAP, end to end encryption, API based integration with eGov applications like Nice mail, Digi locker. GIMS is the official communication channel for Alerts and notifications from e-office, Application Security, NIC CERT, NIC HRMS, Duty Portal etc. It has Encrypted Backup facility and Chatbot enabled instant Dashboard services along with Instant Feedback System. The Ministry further informed that GIMS is in Beta testing phase and many Departments are participating in its POC. The feedback is being received from them and being incorporated for the improvisation. While appreciating the Ministry's initiative in providing an indigenous platform for instant messaging to cater to Inter and Intra-Government communication needs, the Committee recommend the Ministry to take all measures for early rollout of GIMS for providing a safe, secure and convenient alternative to the existing instant messengers such as WhatsApp which are owned and operated by foreign entities and have limited customization options for inter and intra-Government communication. The Committee may be apprised of the likely period of rollout of fully functional GIMS.

__Cyber Security (CERT-In), NCCC & Data Governance- synergy amongst agencies and need for a consolidated fund for cyber security__

5. The Committee note that budgetary allocation to Cyber Security (CERT-In), NCCC & Data Governance has increased from Rs. 42.00 crore in 2019-20 to Rs. 140.00 crore in 2020-21. The increase in allocation is due to requirement of allocation of

funds for recurring expenditure (Non-scheme) for NCCC project in addition to CERT-In operational expenditure. Further, the allocated funds also now include expenditure towards capital (Machinery & equipment) cost which was earlier a separate budget head and now merged in this single head. Hence the actual increase is from Rs. 90 crores (2019-20) to Rs. 140 crores (2020-21). This increased allocation will be utilized towards positioning of trained manpower and augmentation of ICT infrastructure of CERT-In. Government has taken steps to set up the National Cyber Coordination Centre (NCCC) to generate macroscopic views of the cyber security breaches and cyber security threats in the country.

Considering the fact that cyber security is going to be an area of major concern in future which would require allocation of significant resources, the Committee recommend that instead of having multiple/separate budgetary heads for funding cyber security agencies/programs, the Ministry can look at having a consolidated fund covering all aspects related to cyber security. The consolidated fund can be used for schemes such as Cyber Security Projects (NCCC & others) which includes setting up of the proposed NCCC as well as meeting the operational expenditure of the existing organizations such as CERT-In. The Committee also hope that the two institutions viz. the existing CERT-In and the proposed NCCC would be sufficiently integrated to complement each other and provide a seamless security framework for dealing with emerging threats in the Indian cyber space in the most effective manner. The Committee have also expressed alarm over recent well-publicized breaches in cyber security and urged that expeditious measures be taken, including all necessary budgetary allocations, to protect the nation against such threats.

<u>Digital India Programme – Schemes affected due to shortage of funds</u>

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

thrust to the nine pillars of growth areas such as (i) Broadband Highways (ii) Universal Access to Mobile Connectivity (iii) Public Internet Access Programme (iv) e-Governance (v) e-Kranti (vi) Information for All (vii) Electronics Manufacturing (viii) IT for Jobs and (ix) Early Harvest Programmes. It is essential that adequate budgetary provisions are made to meet the targets in each component. The Committee are, however, concerned to note that despite optimum utilization of allocation by the Ministry in the Digital India Programme, the Ministry of Finance have not been considerate to the requirement of funds as proposed by the Ministry. The Committee note that while in 2018-19, the Ministry had proposed Rs. 5880.00 crore, the allocation was only Rs. 3073.00 crore and actual utilization was Rs. 3328.54 crore. Similarly, in 2019-20, against the proposed amount of Rs. 7931.14 crore, the actual allocation was Rs. 3750.76 crore and actual utilization upto 31.01.2020 was Rs. 2453.68 crore. In 2020-21 too, against the proposed amount of Rs.6940.00 crore, the Ministry have been allocated a reduced amount of Rs. 3958.00 crore.

With increasing fund requirement in important schemes such as PMGDISHA and Promotion of Electronics and IT Hardware Manufacturing, the Committee recommend the Ministry to impress upon the Ministry of Finance for higher allocation in Digital India Programme which is a flagship scheme of the Government so as to ensure that scarcity of funds do not affect the implementation of the sub-schemes.

<u>Digital India Programme – Need for regular evaluation/monitoring of Schemes</u>

7. The Committee note that when the Ministry were asked about schemes with maximum and minimum progress during 2015-16 to 2019-20, the Ministry informed that no such evaluation has been undertaken either by NITI Aayog or Economic Planning Division of MeitY. However, a third party evaluation is presently being undertaken in consultation with NITI Aayog. Besides, the Parliamentary Committee on Estimates has taken up a number of subjects pertaining to various Ministries/ Departments for examination during the year 2019-20. The Committee has selected the subject "Review of Digital India Programme" in respect of MeitY.

The Committee are surprised to find that even after four years of implementation of various Schemes under Digital India Programme, the Ministry have not undertaken a comprehensive review of their own schemes and are relying on a third party evaluation and examination of the subject 'Review of Digital India Programme' by Parliamentary Committee on Estimates to gauge the relative performance of their schemes. The Committee therefore recommend timely and comprehensive evaluation of ongoing schemes so as to enable the Ministry to undertake any course correction/remedial measures if a scheme deviates from its intended objectives.

Digital Locker System- Promotion and Use

8. The Committee note that Digital Locker System or DigiLocker is a platform for issuance and verification of documents and certificates in a digital way thereby eliminating use of physical documents. DigiLocker has striven to provide critical Identity, educational, transport, financial and municipal documents in digital format to citizens through a digital wallet. This massive exercise in liaising with issuers and helping digitize their documents and finally delivering these digital documents to the citizen has resulted in availability of over 373 crore authentic digital documents. The next step is to make these documents to be put in use/consumed by public and private agencies while delivering services to the citizens. Digital Locker System has over 3.59 Crore Registered Users and an average of 2 crore authentic documents are being consumed every month with an average of 30,000 citizens signing up on the platform daily. Some Important Documents and issuing Departments which have been on-boarded include Aadhaar issued by UIDAI, Driving License and Vehicle Registration issued by MoRTH, LPG Subscription Voucher issued by MoPNG, PAN Verification Record by CBDT, e-District Certificates of around 20 states, Land records for 4 States etc. Ministry of HRD has also granted in-principle approval for DigiLocker to become National Academic Depository (NAD). However, the acceptance of Digital documents for service delivery requires massive transformations across sectors. It also requires changes in corresponding acts and rules of different regulatory domains. The major reasons impeding the proliferation of the DigiLocker system include lack of central

digitization mandate, lack of provisions in regulatory frameworks for accepting digital document, Government departments' low tendency for consumption of digital documents for rendering services and lack of awareness among Government departments and citizens towards use of DigiLocker. The Committee are given to understand that the Ministry have taken initiatives such as Digital Locker Rules, 2016 and its Amendment for Rule 9A, 2017 notified under IT Act, 2000 to provide legal sanctity to documents available from DigiLocker. MeitY have worked with various Ministries such as Ministry of Finance , Ministry of Railways and Ministry of Civil Aviation etc., for promotion and effective use of the facility. MeitY are also in discussion with regulatory authorities like TRAI, IRDA, SEBI, ECI etc. to adopt DigiLocker based Digital document transaction system which will subsequently help in creation of the Digital ecosystem.

The Committee feel that DigiLocker is a great e-Governance initiative but with only 3.59 crore users till date, it has not been able to realize its true potential. While appreciating the efforts of the Ministry in promoting the adoption of Digital Lockers and do away with carrying original documents everywhere, the Committee feel that promoting consumption of digital documents by public and private agencies while delivering services to citizens is the next big challenge which would require modification/amendment to the relevant Acts/Rules to impart legal sanctity to the electronic documents. This initiative by the Ministry will make storage and consumption of important documents hassle free for all the stakeholders. The Committee recommend creation of a Digital ecosystem which promotes acceptance of digital documents for service delivery across sectors. Due publicity may also be given to DigiLocker for its large scale adoption by the citizens. The Committee be apprised of the initiatives taken in this regard.

<u>State Data Centre (SDC)</u>

9. During the year 2019-20, there was a target of operationalizing three SDCs in Assam, Arunachal Pradesh and Dadar & Nagar Haveli and Daman & Diu which are at various stages of implementation. The Committee were further informed that during

2016-17, SDCs in Himachal Pradesh & Jharkhand were declared operational, during 2017-18, SDCs in Goa and Punjab were declared operational and in 2018-19, the Data Center Operators (DCOs) have been selected for Uttarakhand and Assam. As on date 29 State Data Centres (SDCs) have been declared operational and out of the three pending SDCs (yet to be operational), Assam SDC is expected to become operational by 31st March, 2020. The Committee hope that the SDC in Assam becomes operational soon. The Committee are, however, disappointed to see the progress of establishment of SDCs in Arunanchal Pradesh and Dadar & Nagar Haveli and Daman & Diu. In Arunachal Pradesh, the DCO is not yet selected. While the SDC bid was floated on GeM portal planned to be opened on 28th August 2019, no vendor participated and the bid was again cancelled. In Dadar & Nagar Haveli and Daman & Diu, the DCO was terminated on non-performance issues. They are again coming out with fresh RFP.

While noting that Data Centres are critical to consolidate services, applications and infrastructure, the Committee recommend that steps may be taken to fast-track establishment of State Data Centers in the remaining States/UTs to enable them to deliver electronic services through common service delivery platforms.

<u>Promotion of Electronics and IT Hardware Manufacturing</u>

10. The Committee note that during 2019-20, the BE allocation for the scheme was Rs. 986.00 crore which was reduced to Rs. 690.00 crore at RE stage and the actual expenditure as on 31.01.2020 stood at Rs. 501.54 crore. For the year 2020-21, as against the proposed amount of Rs. 1545 crore, there has been an allocation of Rs. 980.00 crore. The Committee were informed that the demand for electronics items in India is increasing at a fast pace and rose from Rs. 5,10,258 crore during 2016-17 to Rs. 6,21,797 crore during 2017-18 and stood at Rs. 6,95,207 crore during 2018-19. During the year 2018-19, the demand met through domestic production stood at 57% while the remaining 43% was met through imports which translates to total electronics imports in India during 2018-19 at a staggering figure of Rs. 2,98,939.01 crore. The Committee note that the Ministry have taken several steps such as National Policy on

Electronics 2019, 100 percent FDI, Modified Special Incentive Package Scheme(M-SIPS), Electronic Manufacturing Cluster (EMC) scheme and Electronics Development Fund (EDF), Phased Manufacturing Programme (PMP), rationalization of Tariff structure, preference to Make in India, etc. for incentivizing indigenous Electronics and IT Hardware Manufacturing. The Committee express satisfaction that as per the submission of Ministry, domestic production of electronic items has surpassed the import of electronic items due to the above initiatives. India's electronic production increased from Rs. 3,88,306 crore in 2017-18 to Rs. 5,46,550 crore in the year 2019-20.

While taking note of the above statistics which point to progress in the right direction, the Committee recommend the Ministry to continue and sustain the measures so as to further boost domestic production of electronics hardware and reduce our reliance on electronics imports from other countries.

<u>Modified Special Incentive Package Scheme (MSIPS)</u>

11. The Committee note that in order to promote large scale manufacturing in the country, a Modified Special Incentive Package Scheme (M-SIPS) was announced by the Government in July 2012 to offset disability and attract investments in Electronics System Design and Manufacturing (ESDM) Industries. The scheme provides subsidy for capital expenditure - 20% for investments in Special Economic Zones (SEZs) and 25% in non-SEZs. The incentives are available for 44 categories / verticals of electronic products and components covering entire electronics manufacturing value chain. It has been amended in August, 2015 to extend the period of the scheme, enhance scope of the Scheme by including 15 more product verticals, and attract more investment. The scheme was further amended in January, 2017 to expedite the investments. M-SIPS scheme was open to receive applications till 31st December 2018 and is now in implementation mode. The incentives are available under the scheme for a period of 5 years from the date of approval of the application. As on February 2020, 396 active applications with proposed investments of Rs. 1,07,964.11 crore had been received under MSIPS. Out of which, 259 applications with proposed

investments of Rs. 72,649.83 crore have been approved. The process of disbursement of incentives has also been started under MSIPS. As of now, incentives of Rs.900.39 crore have been disbursed to the 72 applicants. The Committee note that from 2012-13 to 2015-16, there was a gradual increase in the number of fresh/new proposals received by the Ministry followed by a decline from 2016-17 to 2017-18. During 2018-19, the last year of receipt of proposals under the scheme, the receipt of fresh/new proposals peaked at 170.

The Committee are constrained to note that the pace of disposal of applications received under the scheme has been quite slow. The scheme was open to applicants till 31st December 2018 and since 2012-13 had received a total of approximately 400 proposals. However, till February, 2020 i.e. 14 months after the cut-off date to submit applications, 137 proposals worth about 35,314.28 crore of investment are yet to be approved by the Ministry. Keeping in view the fact that half-life of technologies in the Electronics hardware manufacturing sector has been continuously reducing and is estimated to be even less than six months in certain verticals, it is imperative that the investment proposals are disposed swiftly. Any delay in granting approval to investment projects in electronics manufacturing sector can render the entire project unviable and force the manufacturer to look elsewhere for setting up the manufacturing facility. The Committee, therefore, recommend that the procedure for disposal of pending applications received under the Modified Special Incentive Package Scheme (MSIPS) be reviewed and it must be ensured that there is faster disbursement of incentives failing which the very intent of the Scheme is defeated. The Committee would also like to be apprised of the current status of pendency, average time taken in approval of a proposal and average time taken in disbursement of incentive.

Electronics Manufacturing Clusters (EMC) Scheme

12. The Committee note that the Electronics Manufacturing Cluster Scheme was notified on 22nd October, 2012 to provide support for creation of world-class infrastructure along with common facilities and amenities for attracting investment in

both Greenfield and Brownfield Clusters. The scheme was open for receipt of application for a period of 5 years i.e. upto 21st October, 2017. Further period of 5 years (i.e. upto October, 2022) is available for disbursement of funds for the approved projects. The assistance for the project in Greenfield EMC is available upto 50% of the project cost subject to a ceiling of Rs. 50 Crore for every 100 acres of land. For Brownfield EMC, 75% of the cost of infrastructure, subjected to a ceiling of Rs. 50 crore is provided as Grant. Under the Scheme, 20 Greenfield EMCs and 3 Common Facility Centres (CFCs) have been approved in 15 states across the country measuring an area of 3,565 acres with total project cost of Rs 3,898 crore including Government Grant-in-Aid (GIA) of Rs 1,577 crore have been approved. Out of the total approved GIA of Rs. 1577 crore, till February 2020 GIA of Rs. 595 crore has been released to approved projects. The remaining GIA of Rs. 982 is to be released by October, 2022.

The Committee find that the number of applications received annually under the scheme from 2012-13 till 2017-18 have been 4, 18, 12, 12, 3 and 1 respectively which is not very encouraging as compared to the huge potential the sector offers. Nonetheless, since the disbursement will continue upto October, 2022, the Committee recommend that adequate allocation of funds to the EMC scheme is ensured and subsequent installments of Grant-in-Aid are released on time so that the projects take off bringing perceptible change in Electronics Manufacturing Sector.

<u>Promotion of Electronics and IT Hardware Manufacturing – Major impediments</u>

13. The Committee note that amongst the major impediments faced by the Electronics hardware manufacturing sector in India include ITA of the WTO. Electronics was the first sector to be opened up and which accepted zero duty regime for large number of products. As a signatory to the Information Technology Agreement-1 (ITA-1) of the World Trade Organization (WTO), India has implemented zero duty regime on 217 tariff lines. Under the Free Trade Agreements (FTAs) and Preferential Trade Agreements (PTAs) with various countries, the import of electronics hardware from these countries is allowed at a duty which is lower than the normal duty rate resulting in limited protection to the electronics industry in the country.

Other impediments include inadequate infrastructure and supply chain and high cost of Finance in India with average lending rate hovering around 9.5% which is too high and inability of Domestic Industry to sufficiently collateralize credit.

While the Government has already taken several initiatives to promote electronics hardware manufacturing in India which *inter-alia* include introduction of National Policy on Electronics - 2019, 100% FDI in electronics manufacturing, exemption from Basic Customs Duty (BCD) on capital goods, rationalized tariff order, Public Procurement Order and schemes such as MSIPS, EMC, EDF and PMP etc., in order to stimulate indigenous electronics production, there is also a need to address factors which remain unaddressed and which may require policy intervention at the Government level. The Committee, therefore, recommend that the Government may look at ways to address the challenges faced by domestic electronics manufacturers such as zero duty regime on electronics imports under Agreements such as ITA-1 wherein all kinds of electronic equipment are allowed to come in without imposing any duty. There is a need to relook at such multilateral agreements in consultation with the respective Ministries to safeguard the interests of domestic electronic equipment manufacturers. The Committee are given to understand that the Ministry have been having discussions with Department of Commerce and Ministry of Finance. They have also taken up the matter with other concerned Ministries. The Committee recommend the Ministry to expedite and complete the consultation process in a time bound manner for a favorable policy in this regard and apprise the Committee of the outcome thereof. Further, development of infrastructure and supply chains for electronics products and schemes aimed at providing low cost/collateral-free credit to domestic electronics hardware manufacturers are other priority areas which the Ministry need to address in order to promote electronics manufacturing in India.

<u>Electronics hardware Imports from China</u>

14. The Committee note that electronic goods imports into India from China stood at 55% in 2015-16, 57% in 2016-17, 60% in 2017-18 and came down to 39% in 2018-19. Presently, out of total electronics goods imports in the country, approximately 37%

are from China. These imports are largely in the nature of components that go into manufacturing of sub-assemblies and final products. The recent outbreak of Corona virus in China is likely to have an impact on supply of such components due to disruption in supply chain. However, the impact will depend upon the severity and persistence of Corona virus. At present, it has been ascertained from the industry associations and major manufacturing companies that sufficient inventory is available for the next few weeks. Steps are also being taken to explore sources of import of such components from other countries. Industry associations have been advised to organize buyer-seller meets to explore such avenues. In a medium and long-term perspective, companies are being encouraged to set up electronic components manufacturing in the country by offering them suitable incentives through schemes such as PLI, SPECS, MCS, etc.

The Committee are of the considered view that the Ministry should undertake a comprehensive evaluation of the likely impact of outbreak of Corona virus on the electronics hardware sector in India and take appropriate measures to mitigate any adverse impact on the electronics hardware sector in India. Even though electronics goods imports as a percentage of total electronics goods demand in India is showing a downward trend, the Committee feel that at current levels also there is too much dependency on electronics goods imports from China. Too much dependency on a single country for sourcing electronics goods is a cause for concern. The Committee, therefore, recommend review of short to medium term impact of Corona virus outbreak in China on electronics hardware sector in India and in the long-term, steps may be taken to broad base the sources of electronics hardware imports in India while promoting indigenous production at the same time in order to reduce dependency on a single market/geographical region so that any sudden/abrupt/unforeseen event such as the Corona virus outbreak in China do not cause any large-scale shortage of inventory in Indian market.

<u>Cyber Security Projects (NCCC & others)</u>

15. The Committee note that cyberspace is the common tool used by citizens, civil society, businesses and Government for communication and dissemination of information. The objective of Cyber Security Projects (NCCC & others) scheme is to adopt a holistic approach towards securing the cyber space of the country. The Committee note that the allocation to the scheme in 2019-20 was Rs. 120 crore at BE stage which was reduced to Rs. 102.00 crore at RE stage and the actual utilization upto 31st January, 2020 was Rs. 58.60 crore. In 2020-21, as against the proposed allocation of Rs. 400.00 crore, Rs. 170 crore has been allocated at BE stage. The Ministry have stated that Government has proposed to set up the National Cyber Coordination Centre (NCCC) to generate near real time macroscopic views of the cyber security threats in the country. The project for setting up of NCCC was approved with an outlay of Rs. 770 Crores for a period of 5 years and was initiated in April 2015 after approval of competent authority. However, budget allocation for NCCC project was done in the F.Y. 2017-18 only. Phase-I of NCCC has been operationalised in July, 2017. In this phase metadata from 20 sites of ISPs and organisations is being collected and analysed. The Phase-II Stage 1 is targeted to be operationalised during the year 2019-2020 aimed for collection and analysis of metadata from additional 15 remote sites. A total of 65 posts (60 S&T and 5 non-S&T) were sanctioned in the year 2016 out of which 26 posts have been filled (23 S&T and 3 non-S&T) and recruitment for remaining posts is currently going on. CERT-In is currently undertaking various tasks for the full-fledged implementation of the project. NCCC Phase-II implementation has commenced. Renovation of office space is currently underway. Data Centre co-location services will be hired for Primary as well as Disaster recovery site for NCCC. Budget in the next year will be required primarily on the procurement of capital IT infrastructure items (hardware, software and networking) and space requirement including Data Centre co-location services as mentioned above to cater to additional 40 sites.

The Committee are perturbed to find that the project for setting up of NCCC which was initiated in April 2015 with an outlay of Rs. 770 Crores spread over a period

of 5 years began to get budget allocation only from FY 2017-18 onwards and during the five year period, the actual allocation to the project has been Rs. 105 crore which is just 13.63% of the approved outlay. Out of the 65 posts sanctioned in 2016, only 26 posts have been filled up till date. Considering the fact that cyber security is an area of major concern and requires allocation of significant resources, the lackadaisical attitude of the Ministry in setting up of NCCC as a pro-active agency in dealing with issues relating to cyber space is quite disappointing. The Committee desire the reason for delay in executing the project be submitted to them and also responsibility be fixed. The Committee strongly recommend that adequate funds may be made available to the scheme and remaining vacancies may be filled up in time so that NCCC can be established without any further delay and the Committee be apprised of the progress in this regard.

The Committee expressed concern about reports in the media and complaints by individuals that their telephones have been hacked using the sophisticated Pegasus software. Despite holding detailed hearings on the subject, the Committee were unable to obtain confirmation from the Government that this was the result of any authorized surveillance. In the circumstances, the Committee urge utmost vigilance to ensure that unauthorized surveillance of Indian users is not permitted to occur.

PMGDISHA

16. The Committee are concerned to note that the Government had approved the scheme titled 'Pradhan Mantri Gramin Digital Saksharta Abhiyan' (PMGDISHA) in February, 2017 to usher in digital literacy in rural India by covering 6 crore rural households (one person per household) by 31st March, 2019. However, as on 31st December, 2019, a total of 3.19 crore beneficiaries have been enrolled, out of which training has been imparted to only 2.56 crore beneficiaries and out of these more than 1.88 crore beneficiaries have been certified under the PMGDISHA Scheme. At the time of approval, the PMGDISHA scheme was expected to cover 6 crore rural households in a span of two years. However, after completion of almost three years, the scheme has managed to impart training to about 2.56 crore individuals which is just 42.66% of the

set target. The outcome measurement criteria include undertaking at least 5 electronic payments transactions by each beneficiary using UPI (including BHIM app), USSD, PoS, AEPS, Cards, Internet Banking. The total outlay of the above Scheme is Rs. 2,351.38 Crore (approx.). It is being implemented as a Central Sector Scheme by the Ministry of Electronics & Information Technology through an implementing agency namely CSC e-Governance Services India Limited, with active collaboration of all the State Governments and UT Administrations.

The Committee note that in spite of Cabinet approval for the scheme to cover 6 crore people over 2 years, the Scheme has faced major setback due to scarcity of resources year-after-year and the targets deferred. During the year 2020-21, once again out of the proposed Rs. 1175.00 crore, it has got a drastically reduced allocation of Rs. 400.00 crore which is a cause for concern. The Committee are at a loss to understand as to how a Scheme which had the approval of the Cabinet has failed to get the requisite allocation. While expressing serious displeasure over non-achievement of targets in the important PMGDISHA scheme, the Committee feel that this important scheme under Digital India Programme should not suffer for want of funds and recommend that urgent measures be taken up to address shortage of funds and other challenges in order to speed up implementation of the scheme. The Committee desire all the correspondence of the Ministry with MoF regarding allocation of funds to PMGDISHA scheme be furnished to the Committee.

<u>National Policy on Software Products</u>

17. The Committee note that at present, the Global Software Product industry is estimated to be USD 413 billion of which India's share is just USD 7.1 billion including USD 2.3 billion are exports. In addition, import of software products is nearly USD 10 billion. Hence, India is a net importer of software products. For the holistic growth of the IT industry, the Union Cabinet has approved the National Policy on Software Products–2019 on February 28, 2019 that would synergies the efforts of the Government, Academia and Industry to create a robust Software Product ecosystem, which enables the germinating ground for large number of Software product startups, promotes development of an ecosystem encouraging R&D and innovation, opens up

multitude of opportunities of access to capital and helps build and improve the domestic demand so as to develop India as a Software Product Nation. The initiatives under the scheme include constitution of National Software Product Mission (NSPM), creation of Indian Software Product Registry (ISPR), Software Product Development Fund (SPDF) and Next Generation Incubation Scheme (NGIS) etc.

Taking note of the fact that contrary to popular perception, India has a miniscule share in the global software product industry and India is also a net importer of software products, the Committee are of the view that in order to move up the software product value chain, it is imperative to develop a conducive Software product ecosystem to transform a predominantly service oriented Indian IT/ITeS industry into a technology oriented products and service industry. For this, the Committee recommend the Ministry to effectively implement the Schemes/Programmes visualized under National Policy on Software products and the tangible progress made under each of the components be apprised to the Committee.

New Delhi;
11 March, 2020
21 Phalguna, 1941 (Saka)

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

Annexure-I

Government Initiatives for Electronics Hardware Manufacturing

Following steps have been taken by Government to promote electronic hardware manufacturing in India:

1. **National Policy on Electronics 2019**: The National Policy on Electronics 2019 (NPE 2019) has been notified on 25.02.2019. The vision of NPE 2019 is to position India as a global hub for Electronics System Design and Manufacturing (ESDM) by encouraging and driving capabilities in the country for developing core components, including chipsets, and creating an enabling environment for the industry to compete globally.
2. **100% FDI:** As per extant Foreign Direct Investment (FDI) policy, FDI up-to 100% under the automatic route is permitted for electronics manufacturing, subject to applicable laws/ regulations; security and other conditions.
3. **Modified Special Incentive Package Scheme (M-SIPS):** The scheme was notified on 27th July, 2012 to provide financial incentives to offset disability and attract investments in the electronics manufacturing sector. It has been amended in August, 2015 to extend the period of the scheme, enhance scope of the Scheme by including 15 more product verticals, and attract more investment. The scheme was further amended in January, 2017 to expedite the investments. The scheme provides subsidy for capital expenditure - 20% for investments in Special Economic Zones (SEZs) and 25% in non-SEZs. The incentives are available for 44 categories / verticals of electronic products and components covering entire electronics manufacturing value chain. The scheme was open to receive applications till 31.12.2018 and is in the implementation mode.
4. **Electronics Manufacturing Clusters (EMC) Scheme**: Electronics Manufacturing Cluster Scheme has been notified on 22nd October, 2012 to provide support for creation of world-class infrastructure along with common facilities and amenities for attracting investment. Under the Scheme, 20 Greenfield EMCs and 3 Common Facility Centres (CFCs) measuring an area of 3,565 acres with total project cost of INR 3,898 crore including Government Grant-in-Aid of INR 1,577 crore have been approved.
5. **Electronics Development Fund (EDF)**: Electronics Development Fund (EDF) has been set up as a “Fund of Funds” to participate in professionally managed “Daughter Funds” which in turn will provide risk capital to startups and companies developing new technologies in the area of electronicsand Information Technology (IT). This fund is expected to foster R&D and innovation in these technology sectors. INR 659 crore has been committed through EDF to 11 Daughter Fundswith a targeted corpus of INR 5,500 crore.
6. **Phased Manufacturing Programme (PMP)** has been notified **to** promote domestic value addition in mobile handsets and their parts/ components manufacturing. As a result, India has rapidly started attracting investments into this sector and significant manufacturing capacities have been set up in the country.The manufacturing of mobile handsets and their parts/ components has been steadily moving from Semi Knocked Down (SKD) to Completely Knocked Down (SKD) level, thereby progressively increasing the domestic value addition.
7. **Tariff Structure** has been rationalized to promote domestic manufacturing of electronic goods, including, *inter-alia,* Cellular mobile handsets, Televisions, Electronic components, Set Top Boxes for TV, LED products and Medical electronics equipment.
8. **Exemption from Basic Customs Duty on capital goods:**Notified capital goods for manufacture of specified electronic goods are permitted for import at “NIL” Basic Customs Duty.

9. **Simplified import of used plant and machinery:** The import of used plant and machinery having a residual life of at least 5 years for use by the electronics manufacturing industry has been simplified through the amendment of Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, vide Ministry of Environment, Forest and Climate Change Notification dated 11.06.2018.
10. **Relaxing the ageing restriction:** The Department of Revenue vide Notification No.60/2018-Customs dated 11.09.2018 has amended the Notification No.158/95-Customs dated 14.11.1995, relaxing the ageing restriction from 3 years to 7 years for specified electronic goods manufactured in India and re-imported into India for repairs or reconditioning.
11. **Public Procurement (Preference to Make in India) Order**: To encourage 'Make in India' and to promote manufacturing and production of goods and services in India with a view to enhancing income and employment, the Government has issued Public Procurement (Preference to Make in India) Order 2017 vide the Department for Promotion of Industry and Internal Trade (DPIIT) Order dated 15.06.2017 and subsequent revisions vide Order dated 28.05.2018 and 29.05.2019. In furtherance of the aforesaid Order, MeitY has notified 11 Electronic Products viz., Desktop PCs, Laptop PCs, Tablet PCs, Dot Matrix Printers, Contact and Contactless Smart Cards, LED Products, Biometric Access Control/ Authentication Devices, Biometric Finger Print Sensors, Biometric Iris Sensors and Servers vide Notification dated 14.09.2017 and Cellular Mobile Phones vide Notification dated 01.08.2018.
12. **Compulsory Registration Order (CRO)**: MeitY has notified "Electronics and Information Technology Goods (Requirement of Compulsory Registration) Order, 2012" for mandatory compliance to ensure safety of Indian citizens by curbing import of substandard and unsafe electronic goods into India.44 Product Categories have been notified under the CRO.
13. **National Centre of Excellence in Large Area Flexible Electronics (NCFLEX)** has been set up in IIT-Kanpur with the objectives to promote R&D; Manufacturing; Ecosystem; Entrepreneurship; International Partnerships and Human Resources and develop prototypes in collaboration with industry for commercialization.
14. **National Centre of Excellence for Technology on Internal Security (NCETIS)** has been set up at IIT-Bombay with the objective to address the internal security needs of the nation on continuous basis by delivering technology prototypes required for internal security and to promote domestic industry in internal security.
15. **National Centre of Excellence for Next Generation AMOLED Displays, OLED Lighting and OPV Products** has been set up at IIT-Madras with a mandate to collaborate with stakeholders to develop next-generation, state-of-the-art, high-volume and cost effective electronic components based on organic devices to address requirements through joint technology developments, to realize indigenous technologies for manufacturing."

Annexure-II

National Policy on Software Products: Objectives and Status

Objectives

1. To promote creation of a sustainable software product industry leveraging India's strength in IT so as to create disruptive innovations and cutting edge technologies.
2. To strive for a tenfold increase in share of the Global Software product market by 2025 by promoting easy access to local domestic/international market for software product.
3. To build domestic market and leverage the Software Products to increase productivity of Indian SMEs thus raising their competitiveness.
4. To create a software product ecosystem for transforming social sectors like healthcare, education, agriculture, rural and urban infrastructure.
5. To create conducive environment for nurturing 10,000 technology startups to develop globally competitive software products thereby generating a direct and in-direct employment for 3.5 million persons. 1000 of these technology startups shall be targeted to be set up in Tier-II and Tier-III town & cities.
6. To support the software product industry by way of ease of doing business enhanced market access and improved R&D and innovation ecosystem.
7. To create a specialized talent pool of 100,000 professionals by 2025 conversant with nuances of software product development that can support the growth of software product industry.
8. To build 'absorptive capacity' in domestic market (including Government, Public sector and MSMEs) and develop linkages with other sectors including core & social infrastructure and service sector.
9. To setup 20 software product development clusters for providing inclusive ecosystem including ICT infrastructure, marketing and testing facilities and in line with the requirement of software product industry thereby integrating with other industry sectors.

Status

National Software Product Mission (NSPM)

A National Software Product Mission (NSPM) has been constituted under the chairmanship of Joint Secretary (NPSP) to evolve and monitor schemes, programmes and strategy for the implementation of National Policy on Software Products (NPSP 2019).

Status: The 1st meeting of National Software Product mission was held on August 19, 2019 at STPI Bengaluru.

Indian Software Product Registry (ISPR)

Indian Software Product Registry (ISPR) has been created to analyse numbers/ statistics/ database of Indian Software Product Companies (ISPC) and to bring all software products at one single platform.

Status: The ISPR (www.ispr.gov.in) has been launched on 21 October, 2019 during Start-up meet in New Delhi.

Software Product Development Fund (SPDF)

SPDF will provide risk capital to promote scaling up of market ready Software Products. Under the NPSP-2019, it has been mentioned that a dedicated SPDF with a corpus of Rs.5000 crore will be created with a Govt. contribution of Rs. 1000 crore.
Status: As recommended by NSPM, based on the discussions in division and with industry, a Working Group (WG) has been constituted. The draft scheme of Software Product Development Fund encapsulates the principles for investing into Indian Venture Capital Funds for the furtherance of the National Policy on Software Products. The draft proposal contains notes on the proposed structure and functioning of the SPDF, including the legal structure, management, governance, investment criteria and commercials.

Research and Innovation Scheme for Software Products Development

A Research & Innovation Scheme for Software Products Development (RISE4Software Products) has been prepared which is aimed to boost Public - Private - Partnership (PPP) efforts in the country. The backbone of this Scheme is to create an enabling platform for the identified organizations to realize their potential in terms of product and process development and taking them to the market so as to contribute in Indian Economic growth. It will also facilitate research & innovation, risk taking by MSMEs, Startups and bringing together the private industry, public institutions and the government under one roof to promote the research and innovation in the Indian Software Products Sector.

Status: The revised proposal is under process of approvals.

Ease of Doing Business

Status: iSPIRT has been requested to provide a detailed proposal (including present scenario and future impact) to remove bottleneck of Indian Software Product companies. The proposal on Exemption of TDS on Software Products has been received and is being examined.

As recommended by NSPM, based on the discussions in division and with industry, a Committee under the chairmanship of Prof D B Pathak to develop a modal RFP template for software products has been constituted. The above mentioned Committee will formulate a modal RFP template.

For ensuring Ease of Doing Business and to provide an ecosystem for the Software Product companies to thrive, there is a need to standardize and harmonize the IT Software Product Procurement process vides creation of Model RFP Template. In this regard, the 1st meeting of expect group committee was held on November 21, 2019 in New Delhi. As per recommendation, an initial draft of Model RFP template for Software Products and another template for system integrator converging software products and software services are being prepared.
The IT Software (products and services) is defined as one single HS code i.e. 8523 80 20 - Information technology software. Under NPSP 2019, it is envisaged and proposed that a classification system for Indian Software products will be evolved through a model HSN code.

Status: The revised proposal on HSN codes for software products, as per NSPM suggestions, a draft proposal has been forwarded to Joint Secretary, Customs for their consideration.

Next Generation Incubation Scheme (NGIS)

Next Generation Incubation Scheme (NGIS) is proposed to support software product ecosystem and to address a significant portion of NPSP-2019. The objective of Next Generation Incubation Scheme (NGIS)" is to identify start-ups working towards solutions/ outstanding software products for futuristic problems/ emerging ICT technologies/ Societal problems and to promote identified start-ups through technical, financial and mentoring support under STPI's incubation facilities across pan-India and to provide vibrant software product ecosystem to complement the robust IT Industry for continued growth, new employment and to enhance competitiveness.

The Scheme is proposed to be launched from 11 locations i.e. Panchkula, Bhopal, Bhilai, Agartala, Guwahati, Jaipur, Vijayawada, Patna, Bhubaneshwar, Dehradun and Lucknow (with an extension centre in Allahabad). The Scheme has solution oriented architecture and aims to handhold 300 Tech Start-ups.

Status: The Scheme has been approved under Champion Services Sector Scheme.

Start-up Accelerator Programme of MeitY

Startup Accelerator of MeitY for Product Innovation and Development and Growth (SAMRIDH) to take start-ups to the next higher level.
Status: The proposal is under approval.

ICT Grand Challenge

The ICT Grand Challenge programmed has been prepared with an aim to generate innovative technology/solutions in the form of software products so as to address the social economic challenges and have potential for mass market leading to greater access of the products in a cost-effective manner via appreciation of local milieu and language that rural/urban persons can understand and use in effective manner. It will also establish a ground to promote challenge-led disciplinary and interdisciplinary research, including the participation of innovative minds that previously have not been considered due to lack of conducive ecosystem and encouragement.

Status: The revised proposal on ICT grand challenge is under approval.

Appendix-I

MINUTES OF THE FOURTEENTH SITTING OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2019-20) HELD ON 10th FEBRUARY, 2020

The Committee sat on Monday, the 10th February, 2020 from 1500 hours to 1645 hours in Room No. 62, 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 Dhairyasheel Sambhajirao Mane
8. Ms. Mahua Moitra
9. Shri P.R. Natarajan
10. Shri Santosh Pandey
11. Shri Nisith Pramanik
12. Dr. Gaddam Ranjith Reddy
13. Shri L.S. Tejasvi Surya
14. Dr. T. Sumathy (A) Thamizhachi Thangapandian

Rajya Sabha

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

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

List of Witnesses

Ministry of Electronics and Information Technology (MeitY)

	Name	Designation
1.	Shri Ajay Prakash Sawhney	Secretary
2.	Shri Pankaj Kumar	CEO, Aadhaar
3.	Smt. Jyoti Arora	Additional Secretary & Financial Advisor
4.	Shri Gopalakrishnan S.	Additional Secretary
5.	Shri Rajiv Kumar	Joint Secretary
6.	Shri Sanjay Goel	Joint Secretary
7.	Shri Jaideep Kumar Mishra	Joint Secretary & DG, NIELIT
8.	Shri Saurav Gour	Joint Secretary
9.	Shri Rakesh Maheshwari	Scientist 'G'
10.	Shri Arvind Kumar	Scientist 'G'
11.	Smt. Neeta Verma	Director General, NIC
12.	Dr. Sanjay Bahl	Director General, CERT-In
13.	Dr. Hemant Darbari	Director General, C-DAC
14.	Dr. Omkar Rai	Director General, STPI

2. After the welcome address by the Chairperson, the Secretary, Ministry of Electronics and Information Technology in his initial remark emphasized on the point that the allocation made to the Ministry may be considered not much of an expenditure but investment for the future of the country.

3. Thereafter, the representative of the Ministry made a power-point presentation covering the mandate of MeitY, vision for Digital India, Digital services, Digital inclusion, Digital Economy, Digital Infrastructure, highlights of the Budget 2020-21, allocation to schemes under Digital India Programme etc. The presentation also covered achievements in e-Governance, public digital platforms as catalysts, snapshot of electronics manufacturing sector, manpower development, performance of National Informatics Centre (NIC), C-DAC, National Supercomputing Mission and major R&D progress on the anvil, achievements of C-MET and SAMEER etc.

4. Members then sought clarification on reduced allocation *vis-a-vis* amount proposed, allocation to scheme and non-scheme components, classification as expenditure v/s investment, impact of reduced allocation to infrastructure updation & implementation of schemes including NIC and UIDAI, redistribution of allocation between establishment & project heads under cyber security etc. Members raised queries on progress on Government Instant Messaging System (GIMS), availability of

funds for cyber security, establishment of State Data Centres (SDCs) & availability of power/infrastructure for the same, users of NIC email, distinction between manufacturing & assembling of electronics hardware, customs duty on electronics imports in India, number of startup companies supported by EDF etc.

5. Members also raised issues such as need for promotion of hardware manufacturing in India, impact of Free Trade Agreements such as ITA-1 on IT hardware manufacturing & its imports in India, implementation of schemes such as M-SIPS, EMC & EDF to promote indigenous electronics hardware manufacturing, progress in setting up of NCCC, its role in promoting cyber security and the likely impact of Corona virus outbreak in China on electronics and IT sector in India etc. which were responded to by the representatives of the Ministry.

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

The witnesses then withdrew.

Verbatim Proceedings of the sitting have been kept on record.

The Committee, then, adjourned.

<u>Appendix-II</u>

STANDING COMMITTEE ON INFORMATION TECHNOLOGY
(2019-20)

MINUTES OF THE EIGHTEENTH SITTING OF THE COMMITTEE

The Committee sat on Wednesday, the 11 March, 2020 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. Dr. Nishikant Dubey
5. Smt. Raksha Nikhil Khadse
6. Dr. Sukanta Majumdar
7. Ms. Mahua Moitra
8. Shri P. R. Natarajan
9. Shri Santosh Pandey
10. Dr. Gaddam Ranjith Reddy
11. Shri Sanjay Seth
12. Dr. T. Sumathy (A) Thamizhachi Thangapandian
13. Shri Bhanu Pratap Singh Verma

Rajya Sabha

14. Shri Y. S. Chowdary
15. Shri Md. Nadimul Haque
16. Shri Syed Nasir Hussain
17. Shri D. Kupendra Reddy
18. 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 (2020-21) relating to the Ministries/Departments under their jurisdiction.

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

(i) Draft Report on Demands for Grants (2020-21) of the Ministry of Electronics and Information Technology

(ii) ....xxxx....xxxx...xxxx...xxxx.......xxxx....xxxx...xxxx...xxxx... ...xxxx...xxxx... ...xxxx...

(iii) ....xxxx....xxxx...xxxx...xxxx.......xxxx....xxxx...xxxx...xxxx... ...xxxx...xxxx... ...xxxx...

(iv) ....xxxx....xxxx...xxxx...xxxx.......xxxx....xxxx...xxxx...xxxx... ...xxxx...xxxx... ...xxxx...

4. The Committee, thereafter, adopted the above Report without any modification.

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

The Committee, then, adjourned.

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xxxx....Matters not related to Report.