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

**SEVENTEENTH LOK SABHA**

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

**DEMANDS FOR GRANTS  
(2020-21)**

**SIXTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*March, 2020/ Phalguna, 1941 (Saka)*

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(2020-21)**

***Presented to Lok Sabha on 13.03.2020***

***Laid in Rajya Sabha on 13.03.2020***



**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 Shangreiso Zimik | - | Deputy Secretary     |

### **Abbreviations**

AGR	Adjusted Gross Revenue
APs	Access Points
ARPU	Average Revenue Per User
BE	Budget Estimate
BSNL	Bharat Sanchar Nigam Limited
CAPEX	Capital Expenditure
CCEA	Cabinet Committee on Economic Affairs
CEIR	Central Equipment Identity Register
CoS	Committee of Secretaries
CSC	Common service Centre
CSC-SPV	Community Service Centre – Special Purpose Vehicle
DCC	Digital Communications Commission
DoT	Department of Telecommunications
GDP	Gross Domestic Product
GP	Gram Panchayat
GSMA	Global System for Mobile Communications
HP	Himachal Pradesh
IEBR	Internal and Extra Budgetary Resources
IMT	International Mobile Telecommunication
LSA	Licensed Service Area
LWE	Left Wing Extremism
MHA	Ministry of Home Affair
MHA	Ministry of Home Affair
MNP	Mobile Number Portability
MTNL	Mahanagar Telephone Nigam Limited
NER	North-Eastern Region
NITI	National Institution for Transforming India
NPS	Network For Spectrum
O&M	Operation and Maintenance
OFC	Optical Fiber Cable
OLT	Optical Line Terminal
ONT	Optical Network Terminal
OPEX	Optical Expenditure
PPP	Public Private Partnership
PSPs	Private Sector Partners
PSU	Public Sector Undertaking
R&D	Research and Development
RE	Revised Estimate
SC	Supreme Court
T-Cert	Telecom Computer Emergency Response Team
TEC	Telecommunication Engineering Centre
TSPs	Telecom Service Providers
UAL	Universal Access Levy
UKD	Uttarakhand
USOF	Universal Service Obligation Fund
VGf	Viability Gap Funding
VRS	Voluntary Retirement Scheme

## 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 Sixth Report on Demands for Grants (2020-21) of the Ministry of Communications (Department of Telecommunications).

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

3. The Committee considered the Demands for Grants pertaining to the Ministry of Communications (Department of Telecommunications) for the year 2020-21 which were laid on the Table of the House on 5<sup>th</sup> February, 2020. The Committee took evidence of the representatives of the Ministry of Communications (Department of Telecommunications) on 25<sup>th</sup> February, 2020.

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

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

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

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

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

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

## **REPORT**

### **PART-I**

#### **I. Introductory**

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

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

3. The Government has placed considerable emphasis on growth of internet and broadband in the country as part its Digital India campaign. Mobile has now emerged as the main platform for internet access in India, bringing connectivity to many previously unconnected populations. Efforts are being made to address the digital divide by

extending inclusive internet access to every Indian, as mobile technology looks to empower the masses and become the critical means of accessing a broad range of public services.

**II. Implementation status of recommendations of the Committee contained in the First Report on Demands for Grants (2019-20) of the Ministry of Communications (Department of Telecommunications)**

4. The First Report of the Standing Committee on Information Technology on Demands for Grants (2019-20) of the Ministry of Communications (Department of Telecommunications) was presented to Parliament on 10<sup>th</sup> December, 2019. The Department of Telecommunications have been requested to furnish their Action Taken Notes on the observations/recommendations contained in the First Report by 09<sup>th</sup> March, 2020.

**III. DoT Budget**

5. The Department of Telecommunications (DoT) presented Demand No. 13 for the Financial Year 2020-21 on 5<sup>th</sup> February, 2020. The Actuals under Revenue and Capital Section for the year 2016-17, 2017-18 and 2018-19, Budget Estimate (BE), Revised Estimate (RE) and Actual 2019-20, proposed and BE during 2020-21 are as under:-

**(Rs. In crore)**

Major Head	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Budget Estimates	2019-20 Revised Estimates	2019-20 Actual (up to 31.01.2020)	2020-21 Proposed	2020-21 BE
Revenue Section	27740.18	26848.39	24691.73	30693.64	21435.10	18159.95	33952.89	48756.63
Capital Section	3327.60	4206.32	4041.44	9719.72	9640.39	6735.62	14679.94	30675.06
<b>Grand Total</b>	<b>31067.78</b>	<b>31054.71</b>	<b>28733.17</b>	<b>40413.36</b>	<b>31075.49</b>	<b>24895.57</b>	<b>48632.83</b>	<b>79431.69</b>

Note:- The proposed BE 2020-21 is exclusive of the amount pertaining to Implementation of VRS Scheme for BSNL and MTNL Employees viz., Incremental pension:- Rs 3588.00 cr, VRS Exgratia - Rs. 8585Cr., \*Capital Infusion for allotment of 4G



Spectrum:- Rs 20410 crore and Grant in aid (GST) on 4G Spectrum:- Rs 3674 crore  
(\*Funds proposed in RE 2019-20 but allotted in BE 2020-21)

**(i) Revenue Section**

6. During 2019-20, the amount allocated at RE is Rs.9258.54 crore less than the amount allocated at BE. With regard to the reduced allocation made at RE during 2019-20, the Department have stated that it was mainly on account of reduction of funds under USOF to the tune of Rs 5350 Cr.

7. With regard to the activities affected due to reduced allocation, the Department have stated that schemes like Compensation to Service Providers for USOF i.e. BharatNet and USOF other than Bharat Net, Centre for Development of Telematics, Wireless Monitoring Organisation, Wireless Planning Co-ordination, Telecom Development and Investment Promotion and Training have been affected due to less allocation of Fund at RE 2019-20 stage. Only unavoidable expenditure is being incurred and the remaining liabilities have been carried over to the next Financial Year.

**(ii) Capital Section**

8. The Department have submitted the BE, RE and Actual for various schemes under Capital Section during 2019-20 as under:-

**(Rs. In crore)**

Major Head	Head Name	BE 2019-20	RE 2019-20	Expenditure upto Jan' 2020
4552	<b>Capital Outlay on NE Area **</b>	480.00	472.50	0.00
4859	ITI Revival (Equity Investment)	105.00	105.00	105.00
5275	<b>Direction &amp; Administration</b>			
	Major Work Building	0.05	0.00	0.00
	<b>Other Communication Services</b>			
	Major Work Building	15.50	4.50	4.29
	WPC	1.00	0.00	0.00
	Monitoring Services	9.17	0.50	0.04
	Provision for Schedule Cast Sub Plan(OFC)	414.56	0.00	0.00
	Provision for Tribal Area Sub Plan(OFC)	214.77	0.00	0.00

	OFC Based network for Defence Service (NFS)	3615.67	4252.50	3277.40
	Transferred to CRIF for NFS	4725.00	4725.00	3277.40
	Wireless Sets and equipments	20.11	5.00	0.58
	Training Institute for Communication Finance (NICF)	50.20	30.00	32.22
	Telecom Testing and Security Certification Centre	0.10	5.39	0.10
	Telecom Computer Emergency Response Team (T-Cert)	15.00	0.00	0.00
	Central Equipment Identity Register (CEIR)	15.00	0.00	0.00
	Indigenous 5G Test Bed	38.59	40.00	38.59
	<b>Total Capital Section (Gross)</b>	<b>9719.72</b>	<b>9640.39</b>	<b>6735.22</b>

9. A comparative statement of allocation of funds under BE for the year 2019-20 and BE for the year 2020-21 for various Schemes under Capital Section are as under:-

(Rs. In crore)

	CAPITAL SECTION					
Sl. No.	Head Name	Major Head	BE 2019-20	BE 2020-21	Variation	Reasons for variation
1	ITI Revival (Equity Investment)	4859	105.00	105.00	0.00	nil
2	Capital Infusion for 4G Spectrum for BSNL and MTNL	5275	0	20410.00	20410.00	Provision allocated for the first time in 2020-21
	<b>Direction &amp; Administration</b>					
3	Major Work Building		0.05	0.05	0.00	No. variation
	<b>Other Communication Services</b>					
4	Major Work Building		15.50	21.00	5.50	To clear the pending bills
5	WPC		1.00	0.05	-0.95	Based on trend of actual expenditure in 19-20
6	Monitoring Services		9.17	3.95	-5.22	Based on trend of actual expenditure in 19-20
7	OFC Based Network for DS (NFS)		4725.00	5000.00	275.00	Nominal variation
7A	Transferred to CRIF for NFS		4725.00	5000.00	275.00	Nominal variation
8	Wireless Sets and Equipments (TEC)		20.11	20.00	-0.11	Nominal variation
9	Training Institute for Communication Finance (NICF)		50.20	30.01	-20.19	Due to curtailment of funds by the Ministry of Finance

10	Telecom Testing and Security Certification Centre		0.10	10.00	9.90	To complete the activities which could not be executed in 2019-20 due to less allotment of funds
11	Telecom Computer Emergency Response Team (T-Cert)		15.00	10.00	-5.00	Based on trend of actual expenditure in 19-20
12	Central Equipment Identity Register (CEIR)		15.00	10.00	-5.00	Based on trend of actual expenditure in 19-20
13	Indigenous 5G Test Bed		38.59	45.00	6.41	Ensuring early pervasive and inclusive 5 G deployment across the country and providing a strong fillip to Make In India for telecom equipment manufacturing.
14	Establishment of Satellite Gateway Assistance to BSNL		0.00	10.00	10.00	Due to reimbursement to BSNL for Satellite equipment cost for setting up of gateway
	<b>Total Capital Section</b>		<b>9719.72</b>	<b>30675.06</b>	<b>20955.34</b>	

10. During 2020-21, an amount of Rs.30675.06 crore has been allocated at BE under Capital Section. Considering that the BE allocation during 2020-21 is Rs.20955.34 crore more than the amount allocated at BE of the previous year, the Committee asked the Department to elaborate the measures being taken to achieve full utilization of funds. The Department have stated that out of the allotted BE (20-21) amounting Rs 30675.06 crore under capital section, Rs 20410 crore has been allocated for capital infusion for 4G spectrum for BSNL and MTNL and the same will be adjusted in April, 2020. Remaining increase of Rs 555.34 crore is for OFC Based Network for Defence Services and funds transferred to CRIF (Rs 275 crores each).

#### **IV. Revenue Receipts of the Department**

11. Section 4 of Indian Telegraph Act empowers the Government of India to grant license to establish, maintain or work a telegraph, on such conditions and in consideration of such payments as it deems fit. Department of Telecom issues various types of licenses under the above mentioned authority as per the payments mentioned under the terms of Licence Agreement. Accordingly, the licensees make payments of

Entry Fee, License Fee, Spectrum Usage Charges etc. Along with that Department of Telecom also grant right to use Spectrum Airways to the Licensees, administratively and through open Auction in consideration of payments. Therefore, Spectrum Auction related payments, License Fees and Spectrum Usage Charges form the Major sources of Revenue of the Department of Telecom.

**Spectrum Auction Receipts:** Since 2010, Access Spectrum in IMT (International Mobile Telecommunication) bands for providing commercial mobile services is being auctioned to Telecom Service Providers. Auctions have been held as the method of assigning spectrum in the wake of spectrum (2G) judgement of 2012. The reserved prices of spectrum in the spectrum auctions are decided by the Government after considering TRAI's recommendations. Since 2012, successful bidders in the auction are given the option of making 25% to 33% upfront payment, from auction 2016 onwards 25% and 50% upfront payments and the balance amount in 10 (now 16) equated annual instalments after a moratorium period of two years.

**Spectrum Usage Charges (SUC):** This is levied as a percentage of Adjusted Gross Revenue (AGR) earned by the spectrum holders. Such charges are payable on a quarterly basis by TSPs i.e., they share with the Government, a percentage of the revenue they earn from the spectrum being used. SUC is assessed on the basis of a weighted average formula based on the spectrum holding of TSPs.

**Other sources** are amounts paid at the time of spectrum liberalisation, M&A, WPC spectrum licenses (other than mobile service providers). These are receipts of intermittent nature.

12. Details of Revenue Receipts of the Department during the period from 2016-17 to 2020-21 are as under:-

(Figures in Crores Rupees)						
Items	2016-17 Actual	2017-18 Actual	2018-19 Actuals	2019-20 Actual Dec'20	2020-21 Proposed	2020-21 BE
License Fee	15615.00	13262.00	11131.99	5460.22	10665.00	10665.00
Spectrum Usages Charges	7048.00	4983.75	4028.94	2083.41	4500.00	4500.00
One Time Spectrum Charges	33.00	33.02	0.00	0.00	0.00	0.00
Liberalised Spectrum/Trading	1786.00	186.85	51.53	0.00	0.00	0.00

Auction Upfront	33197.00	Nil	3926.34	0.00	36331.82	36331.82
Auction Instalments (Deferred payments)	11637.00	11639.25	20914.18	18337.27	0.00	0.00
Receipt of Spectrum auction price at the time of merger of companies	Nil	Nil	Nil	Nil	Nil	Nil
WPC receipt (DDs/e- receipts through NEFT, RTGS/Bharatkosh)	NA	NA	521.28	510.36	500.00	500.00
<b>Total-II</b>	<b>53701.00</b>	<b>16842.87</b>	29390.74	20931.04	<b>41331.82</b>	<b>41331.82</b>
Receipt from BSNL on account of Cost of administratively allotted 4G Spectrum	<b>0.00</b>	<b>0.00</b>	0.00	0.00	<b>0.00</b>	<b>0.00</b>
Other Receipts			246.74	404.98	<b>400.00</b>	<b>400.00</b>
<b>GRAND TOTAL</b>	<b>69316.00</b>	<b>30104.87</b>	<b>40821.00</b>	<b>26796.24</b>	<b>52396.82</b>	<b>52396.82</b>

13. When asked to elaborate on the steps taken by Department to improve the financial health of the industry so as to achieve the target, the Department have stated that a Committee of Secretaries led by the Cabinet Secretary held meetings on 08.11.2019 regarding the Stress in Telecom sector. This was in continuation of two meetings of the CoS on the same subject held on 31.10.2019 and 05.11.2019. Based on the CoS recommendation, the Union Cabinet has approved the deferment of Spectrum Auction payment installments for the next two years, in order to provide relief to the Telecom Industry. Further, the CoS recommended that DoT may work proactively with TRAI to bring about suitable increase in ARPU. Also, it recommended that DoT may expeditiously examine the implications of the SC order on AGR matter on PSUs like Railtel, DMRC, GAIL, Powergrid etc. The implementation of these recommendations is likely to boost financial health of the industry, leading to higher industry and Government revenues in the medium term.

14. When asked about the AGR issue, Secretary, DoT stated as under:-

“You talked about the AGR issue and some company not being able to pay, etc. In a nutshell what the AGR issue is all about is that in telecom, we charge a licence fee which is eight per cent at present since 2013. Five per cent out of this eight per cent goes as USOF. It is not a tax. It is part of the licence fee. Out of the eight per cent, five per cent is USOF and three per cent is pure licence fee, so to say. Then, we have spectrum usage charge. That ranges from 3-4.5 per cent. Whatever spectrum is acquired by a telecom service provider in the bid process, when the TSP uses that spectrum, it pays a user charge. So, this is the second levy. The third is, the spectrum payment itself happens when auction takes place. Now the licence fee and the spectrum usage charge are based on the Adjusted Gross Revenue or AGR. That is the denominator. How do we get the AGR? We have a gross revenue. In that, we have certain deductions. One is roaming charges. Second is the inter-user connect charges. If, I am an Airtel customer, I make a call to Vodafone. Then Airtel has to pay Vodafone because the call is put through by Vodafone. Right now, it is six paise per minute. So, these charges are on actual basis, the GST and other taxes like service tax, are also deducted.

In 1999 we moved from a fixed regime to a revenue-sharing regime. Agreement was signed in 2003. In the licence agreement, the Government was to decide what all will be included in AGR. This was decided and communicated. Litigation is going on since that time. It went to TDSAT. The TDSAT gave a judgement. It went to the Supreme Court. In 2011, the Supreme Court held that all non-telecom revenue is part of the AGR. This was held in 2011 itself. The reason was that the telecom companies have signed the licence agreements and this is a licence condition. At that time, the Supreme Court said if there are specific disputes on calculation, go to the TDSAT. So, the telecom service providers went to the TDSAT. The entire case got opened again. The TDSAT ruled on 23 items. Some of them in favour of the DoT and some of them were against the DoT. The DoT as well as TSPs went again to the Supreme Court, I think, in 2016. Finally, the judgement came on 24th October 2019 where Supreme Court upheld what they had already said in 2011. So, it is not contrary.”

**V. Universal Service Obligation Fund (USOF)**

15. In accordance with the Indian Telegraph Act, 1885, License fee includes Universal Access Levy, which is charged @ 5% of the Adjusted Gross Revenue (AGR) of the telecom licensees. The transfer of entire collection under Universal Access Levy (UAL) to the USO Fund does not happen automatically. Instead, credit to the USO Fund is the amount as received through Parliamentary approvals as per the provisions of the Indian

Telegraph (Amendment) Act, 2003. Since inception of USOF, i.e.2002-03, UAL amounting to Rs. 1,03,028.47 Crore has been collected. The final allotment amounting to Rs. 51,935,.04 Crore, received through Parliamentary approvals was transferred to Head 8235 General & Reserve Fund-118 USO Fund in the respective years and the entire allocation so made and transferred to USO Fund, has been utilized in the respective years. As on 31.12.2019, the balance of UAL amount available as potential fund under USO is Rs. 51,093.42 Crore.

16. Initially, USOF focus had been service provisioning projects requiring (low capital expenditure) now, the focus is predominantly on capital intensive and infrastructure projects i.e. BharatNet, Left Wing Extremism (LWE), Comprehensive Telecom Development Plans for North East Region & Islands, Provision of Mobile Services in 354 uncovered villages of Laddakh, Provision of Mobile Services in Aspirational District and Border Out Post. The available fund shall be utilized to meet the anticipated disbursement towards ongoing/upcoming schemes and to meet their committed requirement under various schemes of USOF. The USOF prepares the budgetary provisions to meet the expenditure required for fulfillment of the various schemes and forwards the requirement of funds to Ministry of Finance through Budget branch of DoT. The allocation received from the Ministry of Finance through Budget branch of DoT are utilized to meet the expenditure incurred under the projected schemes of USOF. The Ministry of Finance vide their letter No. F-2(35)-B (AC)/2009 dated 28-01-2014 have stated that as and when the scheme takes off, Government is bound to provide funds for the schemes of USO Fund.

**(i) Status of implementation of USOF Schemes**

17. The details of fund allocation for various schemes under USOF during 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21 are as under:-

(Rs. in crore)					
Year	2016-17	2017-18	2018-19	2019-20	2020-21
Proposed	7350.00	13938.00	10450.00	8350.00	8000.00

BE	2755.00	11636.18	10,000.00	8350.00	8000.00
RE	7225.79	7000.00	4788.22	3000.00	-
Actual	7227.03	7000.00	4788.22	2905.33 (upto 31.01.2020)	-
% w.r.t. RE	100%	100%	100%		

18. When the Committee desired to know the reasons for massive reduction of funds from BE to RE under USOF, the Department have stated that BE for 2019-20 of Rs. 8350 crore (including Rs.6000 crore for BharatNet) was received. USOF/DOT proposed RE of Rs. 5000 crore for FY 2019-20. The financial progress is to be commensurate with the physical progress of the project. The implementation pace of BharatNet was slower as compared to the expectation during 2019-20. The Phase-II work was largely dependent on 8 States (around 65000 GPs under State Led Model) and BSNL (23000 GPs in CPSUs led Model). BSNL suffered from capacity constraints because of its precarious financial condition. The State Led Models barring Gujarat could not progress at the anticipated pace due to higher tender discovered rates leading to revision in DPR and their reapproval at DCC level. Due to major delays and for better utilization based on the recommendation of a committee chaired by CEO, NITI Aayog, a PPP Model is being proposed for creation, O&M and Utilization of BharatNet. For other USOF schemes, the RE was proposed taking into account the actual implementation and progress of the schemes. The tender for Submarine OFC connectivity between Chennai and Andaman & Nicobar Islands was unique and took longer time for finalization, thereby pushing the date of completion to June 2020. The project in NER were held up on account of Court case (Arunachal Pradesh and Two Districts of Assam) and higher tender discovered cost in comparison to DPR (Meghalaya). The timeline for NER mobile connectivity (all States except Arunachal Pradesh and Meghalaya) had to be extended owing to force majeure and difficult terrain.



19. The scheme wise details of allocation of funds for FY 2020-21 is as under:

(Rs. in crore)

Sl. No.	Scheme	BE 2020-21
1.	BharatNet	6000.00
2.	Comprehensive Telecom Development Plan for NER	800.00
3.	Provision of Submarine OFC connectivity between Mainland (Chennai) and ANI	300.00
4.	Mobile connectivity (2G+4G) in uncovered villages and seamless coverage on NH-223 in ANI	100.00
5.	Provision of Mobile Services in 354 uncovered villages of Ladakh & J&K, border and their priority areas	100.00
6.	Provision of Mobile Services in Left Wing Extremism Areas (Phase-I)	250.00
7.	Provision of Mobile Services in Left Wing Extremism Areas (Phase-II)	200.00
8.	Provision of 25,000 'Wi-Fi Hotspots' at BSNL Tele Phone Exchanges	100.00
9.	Provisions for mobile services in Aspirational Districts	100.00
10.	Other USOF Schemes	50.00
	<b>Total</b>	<b>8000</b>

20. During 2020-21, an amount of Rs.8000 crore has been allocated at BE for implementation of schemes under USOF which is Rs.350 crore less than the allocation made at BE of the previous year. When the Committee desired to know whether the Department have initiated any measures to ensure that drastic reduction of funds by Ministry of Finance is not repeated during 2020-21, the Department stated that the tendering process for various mobile tower projects is expected to be completed by March 2020 and the agreement signing and award of work is expected immediately after that. It needs to be pointed out that One tender has been finalised (Provision of Mobile Services in 354 villages) and work is under process for award and 3 more tenders have been floated by USOF which are expected to be finalised by March 2020 viz., Provision of Mobile Services in Left Wing Extremism Affected Areas (LWE-II), Andaman & Nicobar Islands and Meghalaya. Further, the Provision of Mobile Services in uncovered villages in NER by Airtel and Hexacom, Submarine OFC connectivity between

Chennai and A & N Island and Setting up of One Access Point (AP) and 5 FTTH connections by CSC-SPV under BharatNet are likely to be completed by June 2020. The 30% of BE is likely to be disbursed in 1st Quarter of FY 2020-21 on account of these schemes. Rs. 350 crores have been reduced as some schemes have been completed and only Operational Expenditure is being anticipated. Apart from that any future requirement will be taken up at R.E. stage.

**(ii) Progress of implementation of BharatNet**

21. BharatNet is being implemented to provide broadband connectivity to all Gram Panchayats (approx. 2.5 lakh GPs) in the country. Under the project, network infrastructure is being established for Broadband Highways accessible on a non-discriminatory basis, to provide affordable broadband services to citizens and institutions in rural areas, in partnership with States and the private sector. The assets created under this project shall be National Assets. Phase-I for 1,00,000 GPs was implemented by three CPSUs: BSNL, RailTel and PGCIL. The work front has been revised to 1,25,000 GPs and is being implemented by the same three CPSUs without revision in strategy of implementation and technology. BharatNet Phase II is planned to connect the remaining approx. 1,50,000 GPs directly to Block Head Quarters (BHQs) by an optimal mix of media, i.e. aerial OFC on existing electricity poles, radio and satellite for speedier deployment and underground OFC, as being done for Phase-I. Initially, 70,000 GPs were planned on underground OFC, 48,000 on aerial OFC, 30,000 GPs on radio and 2,000 GPs on satellite media.

22. The details of allocation of fund under BharatNet from 2016-17 to 2020-21 are as under:-

<b>(Rs. in crore)</b>					
<b>Year</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>Proposed</b>	5000.00	10402.51	8000.00	6000.00	6000.00
<b>BE</b>	1055.93	10000.00	8175.00	6000.00	6000.00
<b>RE</b>	5600.00	6000.00	4145.54	2000.00	-
<b>Actuals</b>	5600.00	6000.00	4145.54	1957.74 (As on 31.01.2020)	-

%w.r.t. RE	100%	100%	100%		
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23. To a query of the Committee regarding the shortfall in achieving the target during 2019-20, the Department have stated that BharatNet is a project of mega nature and the GPs are widely dispersed across the country in rural and remote areas. Under Phase-II, about 65,000 GPs in 8 States are being implemented under State-led model, and delay in their implementation is affecting the completion of the Project. All out efforts are being made to expeditiously implement the project. However, in Telangana (10,787 GPs) the letter of intent have been issued but the actual work is yet to start, whereas in Tamil Nadu (about 12000 GPs) only RFP has been floated and the same is yet to be decided. The BSNL tenders on EPC could not be finalized due to higher rates. Due to precarious financial position of BSNL, the implementation of the project by them was adversely affected.

24. The Department also informed that as per Cabinet approval, the target for BharatNet completion, i.e. connecting all the 2,50,000 GPs, was March 2019. However, since project is of mega nature widely dispersed across the country, only 1.18 lakh GPs could be connected by March 2019. Now based on progress under various models the project is targeted to be completed by August 2021.

25. For Phase-II, the modified implementation strategy was approved by Cabinet in July 2017 in which work was to be executed through three models viz. State-led model, CPSU-led model and Private-sector led model and the target for completion of the entire project was March 2019. The status of the three models is as follows:

**State-led Model:** The DPRs of the states were approved during September 2017 to December 2017. However, the rates received in the tenders were higher than the approved DPR costs and hence revised DPRs for 7 States (Andhra Pradesh, Chhattisgarh, Gujarat, Jharkhand, Maharashtra, Telangana and Odisha) were submitted by the States and it has led to delay. Hence, the work could be awarded in the six States only after October 2018, and some States awarded work by March 2019. These states are expediting the pace and Gujarat has done substantial work. The regular review meetings at the level of Hon'ble MoC, MoSC,

Secretary Telecom, Administrator, USOF are being held to achieve the target at the earliest.

**CPSU –led model – BSNL/PGCIL:** The DPRs were approved in May 2018. However, the rates received through tenders were higher than the approved DPR costs and hence work in only UP (E) and MP for 22864 GPs were approved for execution. Remaining GPs of Phase II in UP(E ), UP(W), Assam, Rajasthan, WB, J&K, MP for which tendered discovered rates were much higher than approved DPR costs, could not be taken up for implementation. These are now likely to be considered under PPP model. UKD and HP were under PGCIL. However, due to delay in getting the DPRs/tenders approved, this work has now been planned to go to PPP model.

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

**(iii) BharatNet through PPP Model**

26. The report on recommendations of the committee under the Chairmanship of CEO, NITI Aayog has been forwarded by PMO to DoT on 17.05.2019. It is mentioned that the first Phase-I of the BharatNet has been completed in December 2017. The committee has suggested an approach, across the Phase-I and Phase-II areas of implementation, which includes to assign the work of creating, maintaining and utilizing the network to a single entity on long term lease basis. The Private Sector Partners (PSPs) to be engaged through implementation of a Public Private Partnership (PPP) model wherein the funding to be provided as concessionaire Fee/Viability Gap Funding (VGF). DCC in its meeting dated 13.06.2019 & 20.12.2019 has given principle approval to move to PPP model of BharatNet. Cabinet draft note is under preparation.

27. When asked whether PPP will lead to speedier implementation, the Department have stated that PPP model anticipates speedier implementation since it is proposed that the network will be leased for a period of 25 years and RoW will be provided free of cost. The prospective PSP is expected to build its own network with higher specifications and integrate with its mainstream network. The role of Government will be limited to

monitoring, verification and facilitation. The implementation modalities will be completely left to the prospective Private Service Partner (PSP).

28. The status of progress of Bharat Phase -II as on 21.02.2020 is as under

S. No.	Model/State	Target	Achievement (Service Ready)
1	State Led	65590	6459
2	CPSU (BSNL Non EPC)	25157	1162
3	Private Sector (By BBNL)	7694	6890
4	Satellite Model (By BBNL/BSNL)	6228	1541
5	Other States (Proposed through PPP Now)	26989	0

**(iv) Provision of Wi-Fi at GPs**

29. The Digital Communications Commission (DCC) on 13.06.2019 has approved to award the work of provisioning of 2 Wi-Fi Access Points (APs) in each of the 90,000 GPs of BharatNet Phase-I in all the States, except where Wi-Fi APs are provided under USOF schemes. So far, Wi-Fi hotspots have been installed at 45,769 GPs and out of them, services are being provided in 18,037 GPs, catering to more than about 12,91,780 subscribers with a data usage of over 89,224 GB per month.

30. On overall status of implementation/achievements of BharatNet, the Department have furnished the information as under:-

Sl. No.	Item	Target (approx.)	Achievement
1	Funds utilized	--	Rs. 22389 Crore
2	OFC laid in Kms	6,23,420	4,08,926
3	No. of Gram Panchayats Connected	2,50,000	1,46,717
4	No. of GPs service ready	2,50,000	1,34,000 (approx..)
5	No. of GPs with Wi-Fi hotspots functional	2,50,000	A. GPs where Wi-Fi hotspots installed : 45,769 B. GPs where Wi-Fi hotspots service provided : 18,041
6	Status of utilization of BharatNet	2,50,000	(a) FTTH Connections –38,489 (b) SWAN connections integration - 5,325 GPs

Sl. No.	Item	Target (approx.)	Achievement
			(c) Dark Fibre: around 6697 Kms (d) Bandwidth provisioning- 454 GB

31. In view of the poor state of affairs and concerns raised at various levels, the Department decided to award the work of utilisation of created network under Phase-I to CSC-SPV in view of its ground level presence. DCC accordingly, in its meeting on 13.06.2019 approved for provision of 2 Wi-Fi APs for immediate utilisation and subsequently modified its approach to One APs and 5 FTTH connections to Government institutions in order to get maximum utilisation of the network in its meeting dated 20.12.2019. The project is in quite an advanced stage and is expected to provide the required utilisation of the network in next 6-9 months.

32. Elaborating on the issue, Administrator, USOF stated as under:-

“Sir, there were problems in the starting because this was a new project. With this, there were a lot of new roads being laid in India so there was a problem of road cutting. Now we have given the work of last mile connectivity and the fibres to CSC for maintenance from July, 2019. From then onwards, our lit gram panchayats are 65000 in number out of 1 lakh 19 thousand and this is continuously increasing. They are being monitored stretch by stretch. BSNL is monitoring their stretches because the OLT is in their blocks. The children in village CSCs are like warriors because they are going into the water and correcting the fibers. The Govt has given 5 FTTH connections per Gram Panchayat for utilization. This has been announced in the budget.”

33. Secretary, DoT further stated as under:-

“In the last six months also, there has been a substantial improvement. We have a Network Operating Centre which tells us how many Gram Panchayats are lit, and this is being monitored. From 25,000, the figure has nearly doubled in six months, and a lot of credit goes to CSC and BSNL. The signal comes through the OLT, that is, Optical Line Terminal, and each OLT then gets connected to ONT, that is, Optical Network Terminal, in the Gram Panchayats. That is what happens. So, there is a remarkable improvement. BSNL, despite

its turmoil, since October, when their annual revival package has come, has been working on a war footing. So, we are very hopeful that a substantial improvement will be achieved in the next two to three months through our agencies including CSC which is responsible for the last mile. The hon. Member had asked a specific question that how much revenue the CSC has earned. We will provide this figure in writing after checking with them.”

**(v) Scheme for Mobile Communication Services in Left Wing Extremism (LWE) affected areas (Phase-I)**

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

34. The details of allocation of funds for LWE Phase –I from 2016-17 to 2020-21 are as under:-

<b>(Rs. in Crore)</b>					
<b>Year</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>Proposed</b>	900.00	434.27	500.00	300.00	250.00
<b>BE</b>	300.00	400.00	524.00	300.00	250.00
<b>RE</b>	280.68	400.00	414.30	450.00	
<b>Actuals</b>	280.68	710.90	414.30	346.28 (as on 31.01.2020)	
<b>%w.r.t. RE</b>	100%	100%	100%	77%	

35. When asked about the latest overall status of the implementation of the project, the Department have stated that out of total 2355 towers, the 2343 towers are radiating. 12 towers are not radiating due to damage by Naxalites, permission for sites not provided by the State Government. The project accordingly has been foreclosed. All the sites are radiating under LWE Project Phase-I. Project has been completed.

**(b) LWE Phase-II**

36. On 23 May 2018 Cabinet approved the proposal of installing 4072 mobile towers by using 2G+4G technology at location identified by Ministry of Home Affair (MHA) in LWE affected areas with subsidy support of Rs. 7330 crore (Excluding taxes) from USOF. The estimated project cost of the proposal is Rs 7,330 Crore plus applicable taxes, consisting of CAPEX and OPEX for 5 years for 4072 tower locations. Ministry of Home Affair (MHA) provided a list of 4072 locations for provision of mobile services in the LWE

affected areas on 27<sup>th</sup> Oct 2017. A meeting was held on 26.08.2019 under the Chairmanship of Hon'ble Home Minister wherein it was decided to verify the 4G coverage status at MHA identified locations for LTE Phase-II. Accordingly, feedback on 4G coverage status was obtained from respective Licensed Service Area (LSA) units. As per coverage status given by LSAs, 2217 locations were found uncovered. Accordingly, an RFP has been floated on 04.11.2019 for 2217 locations at the estimated cost of 3214.65 crore. The implementing agency is to be selected through competitive bidding process and the implementation period of the project is 18 months from the date of signing of contract with the implementing agency. Tender is under process.

37. State wise revised list of number of mobile towers in LTE areas under Phase-II is as under:-

S No.	State	No of Districts	No. of Mobile Towers
1	Andhra Pradesh	9	346
2	Bihar	7	16
3	Chhattisgarh	15	971
4	Jharkhand	21	450
5	Madhya Pradesh	2	23
6	Maharashtra	3	125
7	Odisha	5	158
8	Telangana	12	53
9	Uttar Pradesh	1	42
10	West Bengal	5	33
<b>Total</b>		<b>80</b>	<b>2217</b>

38. The estimated cost for setting up of towers at 2217 locations is Rs.3214.65 crore. However, an amount of Rs. 200 crore only has been allocated during 2020-21. When asked to explain the reasons for low allocation of funds, the Department have stated that as per tender floated and delivery timelines, the survey shall be completed within a period of 3 months and the installation and commissioning of the mobile services shall be completed within a period of 18 months. After completion of the tender, an agreement will be signed with the selected the USP (implementing agency) and work will be started. As per subsidy payment schedule, the payments are released only after the sites are installed and commissioned in terms of Front Load Subsidy. Accordingly, the anticipated expenditure at B.E. stage has been kept as per tender payment



schedules. In case of early achievement of targets, more funds will be sought at R.E. stage.

39. When enquired about the status of LWE Phase-II tender, Administrator, USOF stated as under:-

“Sir, the tender of LWE Phase 2 has been floated. The pre bidding of 2G and 4G has been done. There were queries in prebid. The reply is pending in Finance. When it will be done, then we will proceed.”

40. On being asked why the project has not been given to BSNL, Secretary, DoT stated as under:-

“I think, BSNL after its revival is in a very delicate stage where our first priority now is to take further action on the revival package which includes 4G in areas where they are already there, and also, with the huge VRS that has happened, to maintain the level of services. Even then, we have talked to him and we are exploring ways. Can they join with somebody? Can they have some other model in which they can bid for the project? We will consider it. But the tender is not yet closed. It is at the pre-bid stage. Whatever the hon. Member has said about BSNL also considering to become the service provider, I am sure CMD will take note of it and an appropriate decision can be taken.”

**(vi) Aspirational District Scheme**

41. The Department informed that their Policy Wing has provided a list of 11876 uncovered villages in 112 Aspirational Districts across the country. The list of 11876 uncovered villages has been compared with other ongoing USOF scheme. Finally, a list of 7789 uncovered villages in Aspirational Districts has been prepared across 68 Aspirational Districts in 9 States. Out of 7789 villages, a scheme for provisioning of 4G based Mobile service in 502 uncovered villages of Aspirational districts of four states namely, Uttar Pradesh, Bihar, Madhya Pradesh & Rajasthan with an estimated cost of Rs. 686.71 crore with Capex Rs. 382.71 crore and Opex Rs. 294.09 crore has been approved by DCC in its meeting on 20.12.2019. The benchmarking of cost and RFP on competitive bidding will be carried.

42. State wise list of uncovered villages is as follows:

Aspirational District Scheme			
S. No	State Name	No. of Aspirational districts	No. of villages to be covered
	Bihar	5	80
	Madhya Pradesh	8	205
	Rajasthan	5	195
	Uttar Pradesh	6	22
	Total	24	502

43. When the Committee enquired about the reasons for seeking approval for only 502 uncovered villages, Secretary, DoT replied as under:-

“Sir, we have started with 502 villages only now; with 502 villages we have started only now in the last DCC or one before that. We are going to take up all of them in phases.”

44. To a query about remaining uncovered villages, Administrator, USOF informed the Committee that rest of the villages are being covered in one DPR as directed by the DCC.

**(vii) Submarine OFC Connectivity between Mainland India (Chennai) and Andaman & Nicobar Islands**

45. Cabinet in its meeting held on 21.09.2016 approved the dedicated submarine OFC link from Mainland India [Chennai] to Port Blair & 5 other Islands. Work order was issued to BSNL on 04.10.16. In-principle approval of the Competent Authority was conveyed to BSNL on 22.08.2017 for Submarine OFC connectivity of Rangat Island via Long Island from Havelock Island in addition to 6 Islands already approved by the Cabinet on 21.09.2016. Tender has been opened on 06.02.2018 and only one bidder i.e. M/s NEC Technologies Pvt. Ltd. has submitted the bid. On 01.05.2018, Telecom Commission approved the cost of Rs. 1224 crore. The timeline for completion of project is June 2020. All statutory clearances have been obtained. The project is under implementation as per schedule. Cable laying work started from 10.01.2020 and is under progress. Testing and A/T shall start in March, 2020.

46. Keeping in view that the project is to be completed by June, 2020 at an estimated cost of Rs.947.28 crore, the Committee enquired whether an amount of Rs.300 crore allocated during 2020-21 will be sufficient for the project. To this, the Department have replied that as per the physical delivery schedule, the project is on schedule and will be completed by June 2020. However, the payment schedule of the project is different from the physical milestones. The project, being first of its kind, implemented by USOF, requires special assistance in terms of Independent Monitoring Agency, which certifies the progress and quality of work. In addition, work like Factory Acceptance testing is done before the cable is deployed at the location. After acceptance of all these reports only, the payments are to be released. Accordingly, it is anticipated that the majority of the funds shall be released in the first quarter of 2020-21 as per the subsidy schedule. Further, it needs to be stated that against the total anticipated project cost of Rs 947 cr; an amount of Rs 252.63 cr. has already been disbursed and another Rs. 200-300 crore is likely to be disbursed by March 2020. Accordingly, an amount of Rs 300 cr has been proposed as progressive expenditure.

**(viii) Comprehensive Telecom Development Plan for NER region**

**(a) Mobile connectivity in Arunachal Pradesh and 2 districts (Karbi Anglong and Dima Hasao) of Assam**

47. Department of Telecommunications had earlier signed an Agreement with BSNL through Universal Service Obligation Fund for provision of 2G based mobile services in 4119 (2805+1314) uncovered villages of Arunachal Pradesh and 2 Districts of Assam, under Comprehensive Telecom Development Plan for NER. In the mean time, State Governments requested to provide mobile services based on latest 4G technology. Also, Telecom Watchdog filed writ petition in Hon'ble Supreme Court to quash the agreement dated 16.01.2018 on 2G technology which is sub-judice. Subsequently, matter was also reviewed on 06.05.2019 in NITI Aayog, wherein it has been decided to prepare DPR for 4G connectivity and submit for the approval of Cabinet. In June 2018, revised list of

2968 (2215+753) uncovered villages of Arunachal Pradesh and 2 Districts of Assam was compiled. In view of the decision taken in NITI Aayog, DCC has approved a proposal for provision of 4G based mobile services for revised number of 2968 (2215+753) uncovered villages of Arunachal Pradesh and 2 Districts of Assam on 19.09.2019. Meanwhile, due to expansion of network, uncovered villages for Arunachal Pradesh & 2 Districts of Assam got reduced to 2374 (1683+691) uncovered villages for which estimated cost is Rs. 2028.80 Cr. Draft Cabinet note is under submission.

#### **VI. Optical Fibre Cable based Network for Defence Services**

48. Project Network For Spectrum (NFS) is to provide a dedicated Optical Fibre Cable (OFC) based network for the Defence Services which is being implemented by Bharat Sanchar Nigam Limited (BSNL). Under this project 60,000 Kms of OFC is being laid and a secure communication OFC based network will be established for Defence Services with deployment of communication equipments. Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 16.05.2018 approved the proposal for enhancement of cost estimate for Network for Spectrum (NFS) project from Rs 13,334 crore to Rs 24,664 crore with the timeliness of 24 months from the date of approval. The Project is targeted to be completed by May 2020. However, considering the complexities involved with various tenders of the project and limited working season in Leh, Sikkim and Arunachal Pradesh, it is expected that project will be completed by Dec 2020.

49. The NFS Project has 03 major components. OFC for Army, OFC for Navy and Equipments for Army and Navy. For OFC Army, out of total scope of 57418 kms, OFC has been laid for 54458 Kms (95%) and out of total 924 links, 840 links have been commissioned till date. For OFC Navy, out of total scope of 2600 Km, OFC ducting has been done for 2036 kms (78%). In Equipments part, out of 8 subcomponents, purchase orders has been issued for 7 components and for the last component, tender is under finalisation stage.

50. The details of percentage achievement of targets for NFS project (in physical terms) during 2015-16 to 2019-20 and Budget estimates, Revised Estimates and Actual Expenditure for the last five years (2015-16 to 2020-21) are as follows:

(All fig in Rs cr)

Year	Budget Estimate	Revised estimate	Actual Exp	Physical achievement
2015-16	1900	1900	1900	Around 10% of OFC laying completed.
2016-17	3100	3100	3100	Around 68% of OFC laying completed.
2017-18	3237	3237	3237	Around 80% of OFC laying completed. Purchase order for One component of equipment (DWDM) was issued.
2018-19	5000	2500	1927	Around 90% of OFC laying completed.  Purchase order for five components of equipment (GOFNMS, MCEU, Satellite, IP-MPLS Navy and Microwave) were issued.
2019-20	4725	4725	3277 (till 31.12.2019) It is expected that full 4725 Cr will be spent by 31.03.20	Around 95% of OFC laying completed. Purchase order for 2nd last components of equipment (UP-MPLS Army) was issued. Purchase order for only last component (UNMS) is pending which is likely to be issued by 31.01.2020.
2020-21	10000			It is targeted to complete the project by Dec 2020.

51. On the status of allocation of funds and the measures taken by the Department to ensure adequate availability of funds during 2020-21, the Department have stated that the allotment in BE 2019-20 was Rs 4725 Cr which was increased to Rs 5000 Cr for BE 2020-21. The Increase in BE is due to the fact that the project is expected to be completed in 2020-21 and out of sanctioned total project cost of Rs 24664 Cr, Rs 12796 has been spent till now. The rest amount is expected to be utilized during 2020-21. The balance amount after consuming Rs 5000 Cr allotted at BE 2020-21, will be asked during projections at the RE 2020-21 stage.

## **VII. Telecom Computer Engineering Response Team (T-CERT)**

52. This project CERT-T envisages establishment of Telecom Security Operating Centre for proactive monitoring of licensed service operators' internet traffic. This will facilitate security analysis and threat detection in the telecom network by virtue of live monitoring of traffic for Distributed Denial of Service, Black listed IP traffic, Anonymizer traffic i.e. Access through proxies, Unexpected IP addresses not related to India, Private IP addresses, ToR networks, Deep/Dark web traffic, Bogus routes and Route hijacking, Tunnelling protocols etc. Establishment of CERT Telecom system for proactive monitoring of country's internet traffic to ensure smooth operation and maintenance of Telecom Network.

53. Statement showing proposed allocation, budget estimates, revised estimates and actual expenditure for the past five years (2015-16 to 2019-20) and amount proposed and BE allocated for 2020-21 of each scheme.

(All amounts in Rs. Crore)

<b>FY</b>	<b>Funds Proposed</b>	<b>Funds Provided</b>	<b>Revised estimate</b>	<b>Utilization</b>
<b>2017-18</b>	10	10	10	12.5
<b>2018-19</b>	15	15	15	15
<b>2019-20</b>	28	15*(BE)	-	Nil
<b>2020-21</b>	1194.4	10	-	-

**\*Note-** The demonstration of Pilot project has been done and now full-fledged implementation of the project need to be carried out. The provision is to be made broadly for items like 200G IPFIX Probe, Switch cum Router, MPLS Link-1Gbps, 100 Gbps Line card with optics for traffic Generator at ISP Gateways and 100 Gbps Servers for Centralized Big data Platform, DC Networking Core and Access Switch 100 Gbps. Accordingly, Rs119.4 Cr was requested for year 2020-21 in the BE to implement the project for 50 ISP Gateway locations and remaining ISP Gateway locations will be covered subsequently.

54. On the achievement made, the Department have stated that Traffic flow generator at 4 ISP locations i.e. RJio & Vodafone at Mumbai; and Airtel & MTNL at Delhi on Pilot basis have been deployed. CERT Telecom system for proactive monitoring of country's internet traffic in lab setup has been established to secure Telecom Network.

55. With regard to the physical target set during 2020-21, the Department have informed the Committee that big Data analysis platform for the traffic collected from about 50 Gateways of ISPs is to be established. Procurement of equipment for 50 Gateways of ISPs.

56. On massive gap between the amount proposed and allocation made at BE during 2020-21, the Department have stated that against the proposed budget of Rs 119.4 Cr in 2020-21, only Rs 10 Cr is allocated. Sufficient funds could not be allocated due to the paucity of funds allotted by the Ministry of Finance for BE 2020-21. More funds will be sought from Ministry of Finance during the RE stage.

**VIII. Review of Functioning of PSUs: BSNL and MTNL**

**(i) Bharat Sanchar Nigam Limited (BSNL)**

57. Details of revenue and working expenses of BSNL during the year 2016-17 to 2020-21 are as under:-

**(Rs. in crore)**

Year	2016-17	2017-18	2018-19	2019-20		2020-21 Projected
				actuals upto Dec-19	estimated	
<b>Total Income Target (as per MoU-very Good target)</b>	30,020	26,500	25,000		20,000	
<b>Total Income</b>	31,533	25,071	19,321	13,296	17,728	25,204
<b>Total expenses</b>	36,327	33,809	34,225	24,621	32,828	32,217
<b>Net profit/Loss</b>	(4,793)	(7,993)	(14,904)	(11,326)	(15,100)	(7,013)

58. On being asked about the challenges faced to increase Revenue earning, the Department have stated that some of the challenges faced to increase revenue are highly competitive market & low tariff; lack of 4G services; financial crunch impeding expansion of network & services.

59. The Revival plan approved by the Cabinet includes monetization of land assets & there is an anticipated income of Rs 6000 crores from monetization of land assets in F.Y. 2020-21.

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

60. The details of revenue and working expenses of MTNL from 2016-17 to 2020-21 are as follows:

<b>(Rs. in crore)</b>					
<b>Year</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20 (actual up to Sep-19)</b>	<b>2020-21</b>
<b>Total Income Target</b>	3561.86	2812.40	2850.00	2372.00	2317.00
<b>Total Income</b>	3,552.46	3,116.42	2,606.71	1132.08	
<b>Total Expenditure</b>	6,493.53	6,089.87	5,996.91	3134.91	
<b>Net Profit/Loss</b>	-2,941.08	-2,973.45	-3,390.20	-2002.84	

61. When the Committee desired to know the projected revenue and expenditure of MTNL for the year 2020-21, the Department have stated that the Projected Revenue and expenditure of MTNL for the year 2020-21 is Rs 2372 Cr and Rs. 6238.00 Cr respectively.

62. Details of total assets, total liability, net-worth and outstanding debt as on 31.03.2019 in respect of BSNL and MTNL is as under:

<b>Rs. in crore (as on 31.03.2019)</b>		
<b>Details</b>	<b>BSNL</b>	<b>MTNL</b>
Total Asset	1,35,483	14,677
Liabilities	60,749	24,412
Net worth	74,734	(-)9,735
Outstanding Debt	19,236	19,750 (Excluding DoT Bonds of Rs.4533.97 Cr.)

63. The Cabinet in its meeting held on 23-10-2019 approved the revival plan for BSNL and MTNL. The revival plan inter-alia, includes monetisation of assets and debt restructuring by raising of Sovereign Guarantee Bonds for a period of ten years. DoT has requested Ministry of Finance to provide the Sovereign Guarantee at the earliest.



The proceeds of asset monetization will also be credited to BSNL/MTNL to service the Debt.

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

64. The Status of implementation of Revival plan of BSNL are as under:

S. No.	Revival measures	Current status
1	Reduction in employees cost by immediately offering Voluntary Retirement Scheme (VRS) to the employees of age 50 Years and above, with payment of ex-gratia to be supported through budgetary allocation of Government of India.	78569 employees opted for VRS in BSNL. Net employees post VRS is 71219 are presently working in BSNL w.e.f. 01.02.20.
2	Administrative allotment of spectrum for providing 4G services through capital infusion by the Government.	A proposal of Spectrum allotment to BSNL is under process. Following proposal has been submitted to DoT for allotment of 4G spectrum- a) BSNL shall make right share issue amounting to Rs. 14,115 b) The government shall subscribe to the right share issue and allocate Rs. 14,115 Cr to BSNL c) BSNL will pay the Government the same amount simultaneously towards allocation of 4G spectrum. d) DoT may fund GST Cost amounting to 2,540 Cr (18% of Rs. 14,115) as Grant to BSNL on the same day of allotment of spectrum such that BSNL may discharge the applicable GST. This Government grant may be exempted from the liability of License fee.
3	Sovereign Bonds for Rs. 8000 Cr for a tenure of 10 years or more for the purpose of debt restructuring	Approval of sovereign guarantee from MoF is awaited
4	Monetization of Land/Building following DIPAM guidelines, monetization of tower and fiber assets with the aim to maximize the return.	Following actions have been initiated- a) 10 land parcels (non Core assets) has been identified by BSNL for monetization to other govt. agencies. b) 11 properties (Non Core assets) have been selected by DIPAM for monetization and DIPAM is under process to appoint consultant for the same.
5	In principle approval of merger of BSNL and MTNL in 18 months	Matter has been under consideration in DIPAM

**(iv) Status of implementation of revival plan of MTNL**

65. The revival plan has started being implemented. Launch of 4G services, monetization of Land, Tower and Fiber assets, and in-principle merger of BSNL and

MTNL are the major thrust areas of the Revival Plan. It will take some time for revival plan to have an impact on revenue receipts of MTNL. However, the revival plan will have a positive impact on MTNL's revenue owing to following reasons:

- Even with the announcement of the revival package a change has been observed in the perception of the people towards MTNL.
- The launch of 4G services will definitely boost the image of MTNL as a brand as it will come at par with its competitors on technology terms
- Large scale VRS and retirements will pave the way towards achieving efficiency by Outsourcing non core activities with SLAs with infusion of new blood.
- The reduction in debt through monetization of land/buildings will relieve the organization from the interest and debt burden leaving it to focus only on its core activities.
- The debt free company with reduced Staff cost and with the measures adopted for revenue enhancement customer services and organizational restructuring will pave the way for the turnaround of MTNL in the coming years.
- It is expected that with the above projected assumptions MTNL will become EBIDTA positive in FY 2020-21.

**(v) Status of Implementation of VRS**

66. The Department have informed that 78,569 employees of BSNL and 14,387 employees of MTNL have opted for the VRS. The salary up to December 2019 has been paid to all employees by both PSUs. BSNL/MTNL are making efforts to increase revenue and to raise funds/loans from all available channels including monetisation of assets for payment of salary. The pension for the VRS optees is effective from February 2020.

67. An amount of Rs.3294.778 crore and Rs.9889.65 crore have been allocated for incremental pension for voluntary retiring employees and ex-gratia payment to retiring BSNL and MTNL employees respectively. When asked whether the amount allocated during 2020-21 will be sufficient to implement the VRS, the Department have replied that the first installment of ex-gratia will be paid before 31st March during FY 2019-20. The 2nd and final installment of ex-gratia will be paid in first quarter of FY 2020-21. The amount allocated in BE of FY 2020-21 is sufficient for payment of 2nd installment. In

addition to ex-gratia, Rs 3294.778 Cr has been allotted for incremental pension arising due to pre-ponement of pensionary liabilities on account of VRS. This amount is sufficient for this expenditure.

68. Regarding employee strength of BSNL and MTNL after VRS, BSNL and MTNL has strength of 71057 and 4325 employees respectively and likely employee cost will be around 37% and 28% of their revenue respectively. The employees cost of private Telecom Service Providers (TSPs) is 5-10% of their revenue.

**(vi) Roll out of 4G services**

69. An amount of Rs.20410 crore has been allocated for capital infusion for 4G spectrum for BSNL and MTNL. BSNL has started 4G services on its existing spectrum. Around 8000 sites of BSNL are already operating on 4G. Another 40,000 sites are proposed to be upgraded to 4G that may happen by July-Aug 2020. The process for procurement of additional 50,000 4G BTSs is under finalisation. The requirement of 4G equipment for Delhi and Mumbai (MTNL area) is being incorporated in the tender of BSNL.

70. Since private operators have been providing 4G services for a long time, the Committee enquired whether it will be difficult for BSNL and MTNL to break into with established 4G market set up by private operators and to what extent 4G will be a game changer for BSNL and MTNL, the Department stated that the paradigm change, experienced by the telecom industry is evidently reflected in the wireless data usage pattern which has completely tilted towards 4G technology. In this data driven telecom scenario, around 90% of the data usage is through 4G services. The share of 3G services and 2G services are 9.5% and 0.5% respectively for data usage. Major TSPs have already rolled out 4G services in order to retain the existing customers. The absence of 4G services by BSNL/MTNL has eroded their competitive strength in the currently evolving data centric telecom market. BSNL is providing limited 4G services in a few areas.

Therefore, for MTNL/BSNL to retain and expand mobile subscriber base, and to remain competitive in the telecom market, it is imperative to provide 4G services at the earliest. 4G services would enable these PSUs to provide latest services including mobile broadband which would ensure high capacity telecommunication services for the masses.

71. The cabinet has also approved that allotment of spectrum for 5G services will also be made to BSNL and MTNL on the same principle followed for allotment of spectrum for 4G services. With regards to their preparedness, BSNL and MTNL are in discussion with various vendors for equipment and pilot.

## **PART-II**

### **Observations/Recommendations**

#### **DoT Budget**

1. The Department of Telecommunications (DoT) have laid the Detailed Demands for Grants (2020-21) on 5<sup>th</sup> February, 2020 for a total amount of Rs.79431.69 crore, consisting of Rs.48756.63 crore under Revenue Section and Rs.30675.06 crore under Capital Section. The amount is Rs.39018.33 crore more than the allocation made at BE 2019-20. The increase in Revenue Section is mainly due to allocation of funds relating to Revival of BSNL and MTNL under heads, such as Grant of GST for 4G spectrum, implementation of Voluntary Retirement Scheme (VRS), payment of ex-gratia to retiring BSNL and MTNL employees, etc. Under Capital Section, the increase is mainly on account of capital infusion for 4G spectrum for BSNL and MTNL. With regard to expenditure during 2019-20, the Committee note that an amount of Rs.30693.64 crore was allocated at BE under Revenue Section which was reduced to Rs.21435.10 crore at RE stage and actual expenditure till 31<sup>st</sup> January, 2020 was Rs.18159.95 crore. Under Capital Section, an amount of Rs.9719.72 crore had been allocated at BE stage which was reduced to Rs.9640.39 crore at RE stage and the actual expenditure upto January, 2020 has been Rs.6735.62 crore.

The Committee have been informed by the Department that during 2019-20 schemes like Compensation to Service Providers for USOF, Centre for Development of Telematics, Wireless Monitoring Organization, Wireless Planning Coordination, Telecom Development and Investment Promotion and Training have been affected due to less allocation of funds at RE stage under Revenue Section. Only unavoidable expenditure is being incurred and the remaining liabilities have been carried over to the next financial year. Under Capital Section, the Committee have noted poor utilization of funds under schemes like Major Work Building, Wireless

Planning Coordination, Monitoring Service, Wireless Sets and Equipment Telecom Testing and Security Certification Centre, Telecom Computer Emergency Response Team (T-Cert), Central Equipment Identity Register (CEIR), etc.

While taking strong exception to poor performance of various schemes under Revenue and Capital during 2019-20, the Committee desire that the Department should pay greater attention towards implementation of various schemes and ensure that poor utilization of funds is not repeated during 2020-21. The Committee are of the view that telecommunications sector has become the life line of our society and its importance has been experienced and proved in every sphere of life especially in the field of business, education, health care, agriculture, economic growth, governance, etc. The significance of telecommunications is here to stay. The Committee note that as per a Global System for Mobile Communications (GSMA) report, the mobile industry supports about 6.5 per cent of India's Gross Domestic Product (GDP). Telecom industry contribution to GDP is expected to reach 8.5 per cent by 2020. DoT being the nodal Department responsible for the growth of telecom sector in India, it is only through proper implementation of various schemes by them that the country can take full advantage of the development in telecommunications. As such they have to ensure that underutilization is strictly avoided and available resources/funds are utilized productively for successful implementation of various schemes under Revenue and Capital during 2020-21. The Committee may be informed of the concrete measures taken in the above direction.

#### **Revenue Receipts of the Department**

2. The Committee note that spectrum auction related payment, License Fees and spectrum usage charges form major sources of the revenue of the Department of Telecommunications. The present status of telecom sector in the country is an area of concern. The sector has witnessed stiff competition and price cut by TSPs which is creating financial stress in the sector. The recent Supreme Court judgment allowing

the Government to recover total Adjusted Gross Revenue (AGR) from Telecom Service Providers has also come as a massive blow to the TSPs. To improve the financial health of the industry, the Committee have been informed that based on the recommendations of the Committee of Secretaries (CoS) headed by Cabinet Secretary, the Union Cabinet has approved the deferment of spectrum auction payment instalments for the next two years. The CoS has *inter-alia* recommended that DoT may work proactively with TRAI to bring about suitable increase in Average Revenue Per User (ARPU), examine expeditiously the implications of the Supreme Court order on AGR matter on PSUs like RailTel, DMRC, GAIL, PowerGrid, etc. The Committee are given to understand that the implementation of these recommendations is likely to boost health of the industry, leading to higher industry and Government revenues in the medium term. In this regard, the Committee recommend TRAI Report on AGR for attention of the Department.

The Committee are of the view that telecom sector is the backbone for important sectors of economy like finance and banking, business and commerce, education, health, governance, entertainment, etc. This sector because of its critical infrastructure acts as a facilitator for the overall economic growth of the country. It is indeed unfortunate to note that telecom sector in the country is in financial stress and unless there is a timely intervention, this is going to have long term consequences and cascading effects on various key sectors of the country. The Committee desire that there should be healthy competition and at the same time customers should have a variety of choices available to them. In the prevailing circumstances, the Committee urge the Department to formulate and come out with a clear cut policy in which the overriding objectives will be long term consumer benefit and not short term revenue maximization. The Committee further recommend that the Department should examine and take suitable action on the recommendations given by the Committee of Secretaries to boost the health of the industry. The concrete steps taken in the above direction may be apprised to the Committee.

### **Universal Service Obligation Fund (USOF)**

3. The Committee note that as on 31.12.2019, the balance of Universal Access Levy (UAL) amount available as potential fund under USOF is Rs.51,093.42 crore. The available fund will be utilized to meet the anticipated disbursement towards ongoing/upcoming schemes and to meet their committed requirement under various schemes of USOF. The Ministry of Finance have communicated that as and when the scheme takes off, Government is bound to provide funds for the schemes of USOF. The Department are implementing various USOF schemes, like BharatNet, Left Wing Extremism (LWE), Comprehensive Telecom Development Plans for North-East and Islands, Provision for Mobile Services in 354 uncovered villages of Ladakh, Districts and Border Outpost. The Committee are, however, disheartened to note that the status of utilization of funds under the head USOF during the year 2019-20 is far from satisfactory. During 2019-20, an amount of Rs.8350 crore had been allocated at BE which was reduced to Rs.3000 crore at RE and actual utilization till 31<sup>st</sup> January, 2020 was only Rs.2905.33 crore. The Department have stated that the reduction of funds from BE to RE was because implementation pace of BharatNet was slower as compared to the expectation during 2019-20. The Phase-II was largely dependent on 8 States (around 6,50,000 GPs under State Led Model) and BSNL (23,000 GPs in CPSUs Led Model). Under State Led Model barring Gujarat, other States could not progress at the anticipated pace due to higher tender discovered rates leading to revision in DPR and their reapproval at DCC level. With regard to project implemented by BSNL, the project was adversely affected due to precarious financial position of BSNL. The Committee have also been informed that tender for submarine OFC connectivity between Chennai and Andaman and Nicobar Islands was unique and took longer time for finalization, the project for NER was held up due to court case (Arunachal Pradesh and two Districts of Assam) and higher tender discovered cost in comparison to DPR (Meghalaya). The timeline for NER mobile connectivity (all States except Arunachal Pradesh and Meghalaya) had to be extended owing to force majeure



and difficult terrain. The Committee find some of the reasons cited by the Department to be repetitive and non-convincing. With proper planning and tendering process the same could have been avoided. For the year 2020-21, an amount of Rs.8000 crore has been allocated at BE. Tender for provision of mobile services in 354 villages has been finalized and work is under process for award. Tenders for Provision of Mobile Services in Left Wing Extremism Affected Areas (LWE-II), Andaman and Nicobar Islands and Meghalaya have been floated by USOF and were expected to be finalized by March, 2020. The Committee feel strongly that further delays must be avoided. Further, the Provision of Mobile Services in uncovered villages in NER by Airtel and Hexacom, Submarine OFC Connectivity between Chennai and Andaman and Nicobar Islands and setting up of one AP and 5 FTTH connections by CSC-SPV under BharatNet are likely to be completed by June, 2020. The Committee note with concern that BSNL does not feature in the list. The Committee are hopeful that the pace of utilization of funds will drastically increase during 2020-21 which of course to a large extent will depend on the remedial course correction and advance measures taken by the Department.

Considering the fact that the huge UAL balance available as potential fund under USOF and the commitment given by Ministry of Finance to make the fund available as and when the schemes take off, drastic reduction of funds at RE and poor utilization of funds under USOF during 2019-20 is truly uncalled for. Since the focus of USOF is predominantly on Capital intensive and infrastructure projects, the Committee emphasize that adequate attention needs to be given to overcome procedural delays and implementation of the project in a time bound manner. The Committee trust that the Ministry of Finance will keep up their words and make available funds as and when the scheme takes off. In order to sustain the momentum of the schemes, grants allocated at BE 2020-21 should not be curtailed at the RE stage which will possible only if the Department speed up the implementation. The

concern of the Committee in this regard should be communicated to the Ministry of Finance.

#### **Progress of Implementation of BharatNet**

4. The Committee note that under the BharatNet project as against the BE allocation of Rs.6000 crore, which was reduced to Rs.2000 crore at RE stage the actual utilization till 31<sup>st</sup> January, 2020 has been Rs.1957.74 crore. The delay in implementation by States under State Led Model and precarious financial position of BSNL have adversely affected the implementation of the project. This firms up Committee's apprehension that adequate fund has not been allocated at RE stage due to poor performance of the project. The only solace is that under Private Led Model, the tender for Punjab and Bihar was approved in August, 2018 and work of Phase-II in these States is likely to be completed by March, 2020. The Committee note that as per the Cabinet approval, the target for connecting all the 2,50,000 GPs was March, 2019. However, only 1.18 lakh GPs could be connected by March, 2019. The project is now targeted to be completed by August, 2021. The Committee apprehend until and unless the implementation of the project is expedited, it will not be possible to meet the target of August, 2021. The Committee are given to understand that in order to speed up the project, Digital Communications Commission (DCC) in its meeting held on 13<sup>th</sup> June, 2019 and 20<sup>th</sup> December, 2019 had given in principle approval to move to Public Private Partnership (PPP) Model of BharatNet. Cabinet draft note for State Led Model is under preparation. The Committee have been informed that PPP Model anticipates speedier implementation since it is proposed that the network will be leased for a period of 25 years and RoW will be provided free of cost.

The Committee find it unfortunate that when the project was targeted to be completed by March, 2019, the Department are still grappling with implementation strategy. It is also unfortunate that the recommendations of TRAI Report on BharatNet appear to have been ignored. It may be pointed out here that State Led

Model was brought in with the hope that it will lead to speedier implementation, greater utilization of the network created, etc. However, the experience thus far has proven that it has remained a non-starter. The Committee feel that there is an urgent need to speed up the implementation so as to ensure that OFC is connected to all the GPs and complete the project within the stipulated target. In this regard, the Committee desire that the draft Cabinet Note which is under preparation for State Led Model should be finalized at the earliest so that implementation strategy may be moved to PPP model. Necessary measures for taking the work under PPP Led Model from CPSU Led Model should also be speed up by the Department.

#### Provision of Wi-Fi at GPs

5. The poor status of utilization of BharatNet infrastructure has always been a matter of great concern to the Committee. In their First Report on Demands for Grants (2019-20) of the Department of Telecommunications, the Committee had urged the Department to make sincere efforts to increase utilization of the network created under BharatNet. However, the status of utilization of BharatNet network has not seen any remarkable improvement. The Committee note that 1,46,717 GPs have been connected, service has been made ready at 1,34,000 GPs (approximately), Wi-Fi hotspots have been installed at 45,769 GPs and out of them, services are being provided in 18,041 GPs only. An amount of Rs.22389 crore has been utilized so far. Another major concern of the Committee is the poor maintenance of the network infrastructure created, especially the OFC cable laid. When asked about poor status of utilization, the Department have cited reasons such as frequent damage to cable laid due to theft, natural calamities, frequent digging for expansion of roads, etc. They have further informed that the DCC on 13<sup>th</sup> June, 2019 had approved to award the work of provisioning of 2 Wi-Fi Access Points (APs) in each of the 90,000 GPs of BharatNet Phase-I in all the States, except where Wi-Fi APs are provided under USOF schemes and after the work assigned to CSCs, the utilization and maintenance of network have improved.

Keeping in view the fact that BharatNet infrastructure has been created at a huge cost, the Committee are of the view that proper attention and care need to be taken by the Department/BBNL for maintenance of infrastructure created under BharatNet through proper monitoring and inspections, especially in States like Jharkhand which have witnessed a massive damage to the infrastructure. The Committee express satisfaction that network utilization has increased after assigning the work to CSCs, however, under no circumstances, the responsibility should be left only to CSCs and the Department should ensure proper monitoring to ensure proper health and maintenance of the infrastructure. The Committee also recommend that more concerted efforts need to be made to increase the number of GPs under Wi-Fi hotspots. The Committee further desire that the details of revenue sharing in the case of CSCs, amount of revenue received by the Department and CSCs, etc. should also be furnished to them.

**Scheme for Mobile Communication Services in Left Wing Extremism (LWE) affected areas**

6. The Committee are glad to note that under LWE Phase-I, out of total 2355 towers, 2343 towers are radiating. 12 towers are not radiating due to damage by Naxalites. Since permission for sites had not been provided by the State Governments, the project has been foreclosed. This Committee in their First Report on Demands for Grants (2019-20) had recommended that renewed efforts should be made by the Department with the concerned State Governments to get the necessary site permissions for 12 towers destroyed by the Naxalites so that the towers could be set up in the areas for providing connectivity. The Department have further informed the Committee that an RFP has been floated on 4<sup>th</sup> November, 2019 for 2217 locations at the estimated cost of Rs.3214.65 crore for LWE Phase-II. With regard to allocation of funds an amount of Rs.200 crore only has been allocated at BE 2020-21. The Department have stated that the anticipated expenditure at BE stage has been kept as per tender payment schedules. In case of early achievement of targets, more funds

will be sought at RE stage. At this point one important omission has come to the notice of the Committee. While LWE Phase-I had been successfully implemented by BSNL, LWE Phase-II has not been allocated/awarded to BSNL. When asked about the reasons for this, the Department have informed during evidence that this has been due to the precarious financial position of BSNL. However, the tender is still at pre-bid stage and the tender has not been awarded yet. BSNL can bid if they want.

The Committee are at a loss to understand when the revival of BSNL is priority of Government and the revival package is being worked out for BSNL why BSNL was not considered to participate in the bidding process. In fact, this would have helped the cause of BSNL revival and put them in good stead to improve their financial position. If financial guarantee for bidding was the issue, Department could extend the support and Government could have come forward for the Sovereign Guarantee. Considering the fact that LWE Phase-I had been successfully implemented by BSNL and Secretary's submission that BSNL can bid now also, the Committee desire that the Department should make sincere efforts to ensure that the work of LWE Phase-II is allocated to BSNL. Since the tender is still at pre-bid stage and the tender had not been awarded yet, all necessary help may be given to BSNL so that it can participate in the bidding process. The matter regarding money for Sovereign Guarantee, if required, may also be taken up with the Ministry of Finance. The Committee may apprised of the measures taken in this regard.

#### Aspirational District Scheme

7. The Committee note that Aspirational District Scheme is one of the new USOF schemes introduced by the Department. A list of 7789 uncovered villages in Aspirational districts has been prepared across 68 Aspirational Districts in 9 States. The Committee have been informed that out of 7789 villages, a scheme for provisioning of 4G based mobile services in 502 uncovered villages in Aspirational Districts of four States namely, Uttar Pradesh, Bihar, Madhya Pradesh and Rajasthan

with an estimated cost of Rs.686.71 crore with Rs.382.71 crore Capex and Rs.294.09 crore Opex had been approved by DCC in its meeting held on 20<sup>th</sup> December, 2019. The Committee, however, note that an amount of only Rs.100 crore has been allocated at BE 2020-21. The Committee are given to understand that the remaining uncovered villages will be taken up in phases. The Committee have been particularly assured that the rest of the villages will be covered in one DPR. The Committee note with concern that large number of Aspirational Districts in Jharkhand do not appear to have been taken under the scheme.

The Committee are unhappy to note that in spite of having sufficient funds under Universal Service Obligation, there are still 7789 uncovered villages in the country. The Department should not lose sight of the fact that one of the basic objectives for creating this fund is to provide telecom connectivity to rural and uncovered villages in the country. Leaving such a huge amount of balance fund and not allocating it for providing connectivity to uncovered villages defeats the very purpose for which the fund has been created. The Committee will also like to point out that allocating an amount of Rs.100 crore for the project during 2020-21 against the requirement of Rs.382.71 crore for Capex alone is enough indication that the target of providing 4G coverage to 502 uncovered villages is very unlikely to be achieved. The Committee recommend that the project should not be allowed to suffer due to insufficient funds and adequate funds shall be sought for the implementation of the project. The Committee further desire that the Department should give serious attention to ensure that all the villages are provided with connectivity in the country. In this regard, DPR for the remaining uncovered villages should also be completed at the earliest and the project implemented in a time bound manner.

### **Submarine OFC Connectivity between Mainland India (Chennai) and Andaman and Nicobar Islands**

8. The Committee note that Cabinet in its meeting held on 21<sup>st</sup> September, 2016 had approved the dedicated Submarine OFC link from Mainland India (Chennai) to Port Blair and 5 other Islands. The Committee have been informed that the timeline for completion of project is June, 2020. The Committee are glad to note that the project implementation is as per schedule. With regard to budgetary allocation, the Department have stated that against the total anticipated project cost of Rs.947 crore, an amount of Rs.252.63 crore has already been disbursed and another Rs. 200-300 crore is likely to be disbursed by March, 2020. Accordingly, an amount of Rs. 300 crore has been prepared as progressive expenditure.

Considering that the project has been pending for implementation for a long period of time, the Committee recommend that all efforts must be made by the Department to meet the deadline of June, 2020. With the successful implementation of the project, the Committee hope that high speed internet services and better telecom connectivity will be made available to the inhabitants and tourists visiting the Islands. It will not only help in bridging the digital divide between the Island and the rest of the country, but will also lead to overall progress in the field of e-commerce, education, e-governance, health care, etc. in the Islands. In view of the above, the Committee recommend that all necessary measures must be taken by the Department to ensure that adequate funds are made available for the successful implementation of the project during the current financial year and regular monitoring of project be done.

### **Mobile Connectivity in Arunachal Pradesh and 2 Districts (Karbi Anglong and Dima Hasao) of Assam**

9. The Committee note that the Department of Telecommunications had earlier signed an agreement with BSNL through USOF for provision of 2G based mobile services in 4119 (2805 + 1314) uncovered villages of Arunachal Pradesh and 2 Districts

of Assam under Comprehensive Development Plan for North East Region. In the meantime, State Governments had requested to provide mobile services based on latest 4G technology. Telecom watchdog had also filed writ petition in Hon'ble Supreme Court to quash the agreement dated 16<sup>th</sup> January, 2018 on 2G technology which is sub-judice. The matter was also received in Niti Aayog, wherein it has been decided to prepare DPR for 4G connectivity and submit for the approval of Cabinet. In view of the decision taken in NITI Aayog, DCC has approved a proposal for provision of 4G based mobile services for revised number of 2968 uncovered villages. Meanwhile, due to expansion of network, uncovered villages for Arunachal Pradesh and 2 Districts of Assam Government got reduced to 2374 (1683 + 691) villages for which estimated cost is Rs.2020.80 crore. Draft Cabinet Note is under submission.

The Committee are given to understand that Airtel is implementing similar project in North-East based on the same tender. However, while Airtel has been allowed to continue with the project implementation, BSNL was not allowed to take up the work by filing Special Leave Petition (SLP) in the Hon'ble Supreme Court. The Committee are given to understand that Hon'ble Supreme Court has not issued any stay order. The Committee find the decision of the Department to take away the project from BSNL as gross injustice to BSNL. The Committee would, therefore, like to know the reasons for filing of SLP by telecom watchdog in the case of BSNL. When Hon'ble Supreme Court has not issued any stay order why BSNL was not allowed to continue with the project when on the same tender Airtel has been allowed to continue. Considering that 4G spectrum will be allocated to BSNL as a part of the revival plan, the Committee see no reason as to why the project could not be allocated to BSNL. The Committee desire that the approval of draft Cabinet Note which is under submission should be taken at the earliest and the Department should expedite the process of implementation of this project so as to provide the much needed connectivity to the people living in these areas. The Committee may be apprised of all the progress made in this regard.



### **Optical Fibre Cable based Network for Defence Services**

10. The Committee note that OFC based network for Defence Services is one of an important DoT projects being implemented by BSNL. The Committee have been informed that the project is envisaged to provide an optical Fibre Cable (OFC) based network for the dedicated use of Defence Services. The network is on pan-India basis and involves laying of around 60,000 km. of OFC. With regard to the status of the implementation of the project, the Department have stated that around 95 per cent of OFC laying has been completed and Purchase Order for only last component (UNMS) is likely to be issued by 31<sup>st</sup> January, 2020. The Committee hope that Purchase Order must has been issued by now. It is also expected that the project will be completed by December, 2020. On the status of utilization of funds, the Committee note that out of sanctioned total project cost of Rs. 24664 crore, an amount of Rs.12796 crore has been utilized so far. The remaining amount is expected to be utilized during 2020-21. However, the Committee note that an amount of Rs.5000 crore only has been allocated at BE 2020-21. The Committee have been informed that the remaining amount will be asked during RE 2020-21 stage.

This Committee in their First Report on Demands for Grants (2019-20) had already commented that the project has witnessed massive cost and time escalation and any further delay would only jeopardize the national interest and security. Since the project is expected to be completed by December, 2020, the reduced allocation of funds at BE 2020-21 is a worrisome factor. In view of the considerable delay in implementation of the project and its importance for national security, the Committee recommend that the Department should take all necessary measures to ensure that the project is completed within the stipulated deadline. The Committee hope that requisite funds shall be made available at RE stage and project be completed as per schedule.

### **Telecom Computer Emergency Response Team (T-Cert)**

11. The Committee note that this project envisages establishment of Telecom Security Operating Centre for proactive monitoring of licensed service operators' internet traffic. Establishment of CERT-Telecom system will enable proactive monitoring of country's internet traffic to ensure smooth operation and maintenance of telecom network. The Committee have been informed that traffic flow of generator at 4 ISP locations i.e. RJIO and Vodafone at Mumbai and Airtel and MTNL at Delhi on pilot basis have been deployed. CERT Telecom system for proactive monitoring of country's internet traffic in lab set up has been established to secure telecom network. With regard to utilization of funds, an amount of Rs.15 crore had been allocated at BE, however, no amount had been allocated at RE resulting into Nil utilization during 2019-20. The Committee are unhappy for Nil utilization of funds under the scheme during 2019-20. For the year 2020-21, against the proposed amount of Rs.119.4 crore, an amount of Rs.10 crore only has been allocated at BE leaving a gap of Rs.109.4 crore.

The Committee are of the view that new kinds of cyber attacks are taking place and there is a need to adequately equip the Department so as to promptly respond and deal with such attacks. The Committee are also of the view that to ensure proper monitoring of the telecom network and internet traffic, the proper implementation and completion of this project has also assumed great importance. In view of the above, the Committee recommend the Department to make sincere efforts for successful implementation of the project during 2020-21. The Committee are also of the view that the Department should be more realistic while finalizing their budgetary plan. Considering that against the BE allocation of Rs.15 crore, the utilization during 2019-20 was Nil, the Committee are unable to comprehend the reasons for proposing an amount of Rs.119.4 crore during 2020-21. In view of the poor utilization during 2019-20, it is but natural that the Ministry of Finance have drastically reduced the allocation made at BE 2020-21. However, in view of the importance of the project, the

Committee recommend that the Ministry of Finance may be requested for allocation of requisite funds at RE stage so that the Department will be able to achieve all the targets.

12. The Committee are given to understand as part of security related projects in DoT development of advance technologies for social networking and analysis, image processing, quantum safe cryptography, etc. to fulfil the requirement of LEAs are in-progress. Major activities completed during the year include, software development for social networking websites (YouTube, Twitter, Facebook, Linkedin, etc.), basic framework for social website analysis tool, internal validation for face detection & recognition under control environment and validation ongoing for lattice-based Post Quantum Cryptography (PQC) algorithm for phone and IP encryptor.

The Committee expressed concern about reports in the media and complaints by individual that their telephones have been hacked using the sophisticated Pegasus software. Despite holding detailed hearings on the subject, the Committee were unable to obtain conformation 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.

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

13. The Committee have been informed that the estimated total income and total expenses of BSNL during 2019-20 is Rs.17,728 crore and Rs.32,828 crore respectively leaving a negative balance of Rs.15,100 crore. For the year 2020-21, the projected income and expenses are Rs.25,204 crore and Rs.32,317 crore respectively leaving a negative balance of Rs.7013 crore. With regard to MTNL, against the total income target of Rs.2372 crore, the actual upto September, 2019 was Rs.1132.08 crore and the expenditure was Rs.3134.91 crore leaving a negative balance of Rs.2002.84 crore. The projected revenue and expenditure for the year 2020-21 is Rs.2372 crore and Rs.6238 crore respectively. With regard to outstanding debt, as on 31<sup>st</sup> March, 2019, the outstanding debt of BSNL was Rs.19,236 crore. In case of MTNL, it was Rs.19,750

crore excluding DoT bonds of Rs.4533.97 crore. The Committee are glad to note that the Department are implementing BSNL and MTNL Revival Plan by offering VRS to BSNL and MTNL employees, administrative allotment of 4G spectrum, monetisation of land/building, tower and fibre assets of BSNL/MTNL, debt restructuring through sovereign guarantee bonds and in-principle approval of merger of BSNL and MTNL. The Committee are also happy to note that the above components of the Revival Plan are at the various stages of implementation. With regard to status of implementation of VRS, the Committee have been informed that 78,569 employees of BSNL and 14,387 employees of MTNL have opted for the VRS. After this, the likely employee cost for BSNL and MTNL will be around 37 per cent and 28 per cent of their revenue respectively. The Department have also informed the Committee that the first instalment of ex-gratia will be paid before 31<sup>st</sup> March, during 2019-20. The second and final instalment of ex-gratia will be paid in first quarter of financial year 2020-21. In addition to ex-gratia, Rs.3294.77 crore has been allocated for incremental pension due to pre-payment of pensionary liabilities on account of VRS. Relating to roll out of 4G services, the Committee have been informed that an amount of Rs.20410 crore has been allocated for capital infusion for 4G spectrum for BSNL and MTNL. BSNL has started 4G services on its existing spectrum. Around 8000 sites of BSNL are already operating on 4G. Another 40,000 sites are proposed to be upgraded to 4G that may happen by July-Aug 2020. The process for procurement of additional 50,000 4G BTSs is under finalisation. The requirement of 4G equipment for Delhi and Mumbai (MTNL area) is being incorporated in the tender of BSNL. The Committee also suggest that the Department may look into the possibility of applying USOF funds for revival of BSNL, particularly in the rural areas.

The Committee hope that the successful implementation of the above Revival Plan will help BSNL and MTNL to come out of the present financial quagmire and turnaround of the two companies takes place at the earliest. The Committee are positive that Revival Plan will definitely boost the image of BSNL and MTNL and help

them to concentrate on core activities bringing them at par with Telecom Service Providers. The Committee greatly desire that the Revival Plan is implemented successfully and they come to profit making mode at the earliest. The Committee, therefore, strongly recommend that the Department should ensure all payment related to VRS is released and allocation of 4G spectrum are implemented with right earnest.

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

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

**STANDING COMMITTEE ON INFORMATION TECHNOLOGY  
(2019-20)  
MINUTES OF THE SEVENTEENTH SITTING OF THE COMMITTEE**  
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The Committee sat on Tuesday, the 25<sup>th</sup> February, 2020, from 1330 hours to 1515 hours in Committee Room No. '53', First Floor, Parliament House, New Delhi.

**PRESENT**

**Dr. Shashi Tharoor- Chairperson**

**MEMBERS**

**Lok Sabha**

2. Smt. Locket Chatterjee
3. Dr. Nishikant Dubey
4. Shri P. R. Natarajan
5. Shri Bhanu Pratap Singh Verma

**Rajya Sabha**

6. Dr. Anil Agrawal
7. Shri D. Kupendra Reddy
8. Shri Ronald Sapa Tlau

**Secretariat**

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

**List of Witnesses**

**Department of Telecommunications**

Sl. No.	Names	Designation
1.	Shri Anshu Prakash	Secretary, DoT
2.	Shri P.K. Sinha	Member (F)
3.	Shri Subodh Kumar Gupta	Member (T)/Member (S)
4.	Ms. Anshuli Arya	Administrator, USOF

5.	Ms. Anita Parveen	Additional Secretary (T)
6.	Shri Dilip Padhye	Advisor (F)
7.	Shri S. K. Mishra	Principal Adviser, TRAI
8.	Shri P.K. Purwar	CMD, BSNL
9.	Shri Sunil Kumar	CMD, MTNL
10.	Shri Sarvesh Singh	CMD, BBNL
11.	Shri Rakesh Mohan Agrawal	CMD, ITI
12.	Shri Rajiv Gupta	CMD, TCIL
13.	Shri Vipin Tyagi	Executive Director, C-DOT

2. At the outset, the Chairperson welcomed the representatives of the Ministry of Communications (Department of Telecommunications) to the sitting of the Committee convened to hear their views on Demands for Grants (2020-21). The Chairperson in his initial remark drew their attention to status of utilization of funds under Revenue and Capital during 2019-20, massive increase in allocation in BE 2020-21 under Revenue and Capital, status of implementation of various schemes under USOF, progress of implementation of ITI Revival Plan, Revival Plan of BSNL and MTNL, India's preparedness for 5G, status of domestic manufacturing of telecom equipment, financial stress in telecom sector, etc.

3. Thereafter, the representatives of the Department made a power-point presentation highlighting the issues pertaining to DoT, such as functions and responsibilities of the Department, an overview of the telecom sector, subscriber base and market share of Telecom Service Providers, status of allocation and utilization of funds under Revenue and Capital during 2018-19, 2019-20 and 2020-21, Revenue Receipts of the Department, etc. The power-point presentation also included the status of implementation of various flagship schemes of DoT, such as BharatNet project and challenges in implementation, mobile connectivity in Left Wing Extremism affected (LWE) areas, Aspirational District Scheme, Comprehensive Development Plan for North-Eastern Region and Islands, status of implementation of network for spectrum for

Defence Services, National Broadband Mission, revival measures for BSNL and MTNL, performance of ITI Ltd. etc.

4. Members sought clarification on issues arising out of the presentation, such as status of implementation of BharatNet, damage caused to cables laid due to poor maintenance, status of utilization of network, implementation of LWE scheme and need for assigning Phase-II of the project to BSNL, status of setting up of towers in Arunachal Pradesh and two districts of Assam and reasons for not allowing BSNL to take up the work, implementation of Aspirational District Scheme, financial stress in telecom sector such as issues relating to Aggregated Gross Revenue issues, etc. Queries raised by the Members were responded to by the representatives of the Department.

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

The witnesses then withdrew.

Verbatim Proceedings of the sitting have been kept on record.

**The Committee, then, adjourned.**



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

**MINUTES OF THE EIGHTEENTH SITTING OF THE COMMITTEE**

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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) ....xxxx....xxxx....xxxx....xxxx.....xxxx....xxxx....xxxx....xxxx....xxxx....xxxx.....xxxx...

(ii) Draft Report on Demands for Grants (2020-21) of the Ministry of Communications (Department of Telecommunications)

(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 with some modifications.

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.