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**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2020-21)**

SEVENTEENTH LOK SABHA

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

**[Action Taken by the Government on the Observations/Recommendations of
the Committee contained in their First Report (Seventeenth Lok Sabha) on
„Demands for Grants (2019-20)]**

THIRTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

February, 2021/Magha, 1942 (Saka)

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of the Committee contained in their First Report (Seventeenth Lok Sabha)
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**Presented to Lok Sabha on 08.02.2021
Laid in Rajya Sabha on 08.02.2021**



**LOK SABHA SECRETARIAT
NEW DELHI**

February, 2021/Magha, 1942 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY
(2020-21)

Dr. Shashi Tharoor - Chairperson

Lok Sabha

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

Rajya Sabha

22. Dr. Anil Agrawal
23. Dr. Subhash Chandra
24. Shri Y. S. Chowdary
25. Shri Shaktisinh Gohil
26. Shri Suresh Gopi
27. Shri Md. Nadimul Haque
28. Shri Syed Nasir Hussain
29. Shri Syed Zafar Islam
30. Dr. Narendra Jadhav
31. Shri Nabam Rebia

Secretariat

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

*Nominated to the Committee w.e.f. 15.10.2020 vide Bulletin Part-II dated 15.10.2020

#Nominated to the Committee w.e.f. 28.12.2020 vide Bulletin Part-II dated 28.12.2020

(ii)

INTRODUCTION

I, the Chairperson, Standing Committee on Information Technology (2020-21), having been authorised by the Committee, present this Thirteenth Report on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their First Report (Seventeenth Lok Sabha) on „Demands for Grants (2019-20)“ of the Ministry of Communications (Department of Telecommunications).

2. The First Report was presented to Lok Sabha and also laid on the Table of Rajya Sabha on 10th December, 2019. The Department of Telecommunications furnished their Action Taken Notes on the Observations/Recommendations contained in the First Report on 5th May, 2020.

3. The Report was considered and adopted by the Committee at their sitting held on 16 October, 2020.

4. For facility of reference and convenience, Observations/Recommendations of the Committee have been printed in bold in Chapter-I of the Report.

5. An analysis of Action Taken by the Government on the Observations/Recommendations contained in the First Report of the Committee is given at Annexure-II.

**New Delhi;
04 February, 2021
15 Magha, 1942 (Saka)**

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

CHAPTER I REPORT

This Report of the Standing Committee on Information Technology deals with the action taken by the Government on the Observations/Recommendations of the Committee contained in their First Report (Seventeenth Lok Sabha) on „Demands for Grants (2019-20)“ relating to the Ministry of Communications (Department of Telecommunications).

2. The First Report was presented to Lok Sabha/laid in Rajya Sabha on 10th December, 2019. It contained 15 Observations/Recommendations.

3. Action Taken Notes in respect of all the Observations/Recommendations contained in the Report have been received from the Department of Telecommunications and are categorized as under:-

- | | |
|---|----------------------------|
| (i) Observations/Recommendations which have been accepted by the Government
Rec. Sl. Nos.: 1, 2, 3, 6, 8, 11 and 15 | Total - 7
Chapter-II |
| (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government
Rec. Sl. No.: Nil | Total - Nil
Chapter-III |
| (iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and require reiteration
Rec. Sl. Nos.: 4, 5, 7 and 12 | Total - 04
Chapter-IV |
| (iv) Observations/Recommendations in respect of which the replies of the Government are of interim in nature
Rec. Sl. Nos.: 9, 10, 13 and 14 | Total - 04
Chapter-V |

4. **The Committee trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by the Government. The Committee further desire that Action Taken Statement on the Observations/Recommendations contained in Chapter-I and final action taken replies to the Observations/Recommendations contained in Chapter-V of this Report should be furnished to them at an early date.**

5. The Committee will now deal with action taken by the Government on some of their Observations/Recommendations.

BharatNet

(Recommendation No.4)

6. The Committee, in their original Report, had recommended as under:-

“The Committee note that Bharat Net is being implemented to provide broadband connectivity to all Gram Panchayats (approx 2.5 lakh GPs) in the country. Once completed it is proposed to provide non-discriminatory, affordable broadband services to citizens and institutions in rural areas, in partnership with States and the private sector. The Committee note that the initial target for connecting all the 2.50 lakh GPs was March, 2019. However, as against the above target, only 1.18 lakh GPs could be connected by March, 2019. The status of utilization of the infrastructure created so far is equally discouraging as out of 1,26,223 GPs which have been made service ready, Wi-Fi hot spots have been made functional in only 15,500 GPs, 5179 GPs integrated to SWAN and FTTH connections provided to only 27,856, etc. The Committee have been informed that the network architecture, the connectivity to old BSNL fiber in part of the network operation and maintenance through BSNL, etc. are some of the reasons which had held back optimal utilization of the network. The Committee are given to understand that in order to address these issues Operation and Maintenance of the OFC network along with first line maintenance and custodianship of the equipment at GP level and 2 Wi-Fi Access Points in each GP has been entrusted to Community Service Centre-Special Purpose Vehicle (CSC-SPV), an agency under Ministry of Electronics and Information Technology w.e.f. 1st July, 2019. Under Phase-II, the State implementing agency has been given the responsibility of O&M of the network for 7 years under State led Model. Discussions are also underway with BSNL to provide a Service Level Agreement (SLA) for the fiber network. The Department are hopeful that all these are expected to improve the uptime of the network which, in turn, will increase network utilization. The Committee feel that increasing the utilization of the network created is urgently needed, the network should not be a waste of

national resources. Considering the fact that huge amount of Rs.19,516.37 crore has been invested, the Committee feel that there ought to be some return on the investment made through increased utilization of the network infrastructure. To improve the uptime and increase the network utilization, operation and maintenance of the OFC network at the GP level should be properly allocated, monitored and responsibilities fixed. The Committee urge the Department to make sincere efforts to increase utilization of the network created under BharatNet and wish to be apprised of the achievements made in this regard.”

7. The Department of Telecommunications, in the Action Taken Note, have stated as under:-

“In view of the concerns of the Committee regarding poor utilization of the network under BharatNet, the Department has decided to award the work of utilization of the created network under Phase-I for provision of Last Mile connectivity through Government of Rajasthan and CSC e-Governance Services Ltd. (an SPV under MeitY).

Steps taken by Government to promote utilization of BharatNet are as follows:

- i) As part of BharatNet project, the Last Mile connectivity, through Wi-Fi or any other suitable broadband technology to access broadband /internet services is being provided at all the 2.5 lakh GPs in the country through Viability Gap Funding by USOF, DoT. Work has already been awarded to the Govt. of Rajasthan for Wi-Fi provisioning in all the 10,000 GPs of Rajasthan and to CSC-SPV for 25,000 GPs in Uttar Pradesh, 3,243 GPs in Himachal Pradesh. Besides CSC-SPV is providing Wi-Fi services in 5,000 GPs in various states under a USOF pilot.
- ii) For the remaining GPs (about 78, 000 GPs) of Phase-I, keeping in view the GP-level presence of CSC e-Governance Services Ltd. (an SPV under MeitY), it has been assigned the provision of 1 Wi-Fi Access Point and 5 FTTH connections to Government institutions by the DCC in its meetings of 13.06.2019 and 20.12.2019. This approval has been taken in order to get maximum utilization of the network for provision of e-Governance services that will hugely benefit the general public. This work is in an advanced stage and is expected to substantially increase the utilization of the network in the next 6-9 months.
- iii) The BharatNet Tariff has been made highly attractive & affordable to reduce the entry barrier for Service Providers.
- iv) Field level surveys have been facilitated for the service providers.

- v) TSPs and ISPs have finalised 354 and 5461 locations respectively, out of which provisioning has been done at 341 and 2,155 locations respectively.
- vi) Wi-Fi have been installed in 45,769 GPs, out of which services are being provided in 20,816 GPs. The No. of users is 12.9 lakh, using 1,36,319 GB data per month.
- vii) Fibre to the Home (FTTH) connections on BharatNet have been provided to 35,296 GPs and SWAN connections to 5325 GPs. Leasing of dark Fiber is of 9579 km and Bandwidth provisioning is 529 Gbps.
- viii) BBNL is replacing the lossy fibre of BSNL with new fibre so that better optical power is available at Gram Panchayats as well as dark fibres from OLT location in a Block to GPs become available for the service providers.
- ix) BharatNet Phase-II provides for end to end fibre laying by BBNL from Block to GPs so that dark fibre is available to Service Providers from Block to GP for delivery of their services.
- x) Meetings and discussions are being held with the State Governments for utilization of the network for SWAN, e-governance and other services. Some States, such as Maharashtra, have issued instructions to all the District Collectors for getting broadband connections installed, say through BSNL, at the GPs
- xi) Conferences are being organized with TSPs/ISPs/Cable TV Operators in order to sensitize them about the availability of BBNL bandwidth and dark fibre and further to encourage them for providing services in the rural areas using BharatNet.
- xii) Other steps:
 - In Phase – II, under State-Led Model; SIAs (State Implementation Agencies), at their own cost, are to provide at least one FTTH connection in each GP. They are also supposed to submit a business model for utilization of the network from which part of the OPEX shall be met.
 - All stakeholders – TSPs/ISPs/Content providers/Cable TV providers/State Government Agencies, etc. are encouraged to utilize the BharatNet network.
 - To encourage utilization of BharatNet, Bandwidth and fibre lease charges have been kept at low rates by BBNL.
 - Apart from the above, the Department has also taken the approval of the DCC on 20.12.2019 for a strategy (State-wise) to be implemented under the PPP model and hired a consultant, who has carried out market consultation, and the preparation of RFP for PPP model is in an advanced stage."

Comments of the Committee

8. Poor utilization of network is one of the main concerns of the Committee so far as implementation of BharatNet is concerned. The

Committee have been consistently recommending for increase in utilization of the network created so that it should not be a waste of national resources with maximum return on the investment made. The Committee express satisfaction that the Department have taken note of the concerns expressed by the Committee and decided to award the work of utilization of the network created under Phase-I through State Government of Rajasthan and CSC e-Governance Services Ltd., an SPV under Ministry of Electronics and Information Technology. Work has already been awarded to the Govt. of Rajasthan for Wi-Fi provisioning in all the 10,000 GPs in the state and to CSC-SPV for 25,000 GPs in Uttar Pradesh, 3,243 GPs in Himachal Pradesh. For the remaining GPs (about 78, 000 GPs) of Phase-I, approval has been given by Digital Communications Commission to assign CSC-SPV for provision of 1 Wi-Fi Access Point and 5 FTTH connections to Government institutions. The Committee further note that the Department have also taken various steps, such as making BharatNet tariff highly attractive and affordable, holding meetings and discussions with State Governments, organizing conference with TSPs/ISPs/Cable TV operators, etc. The Committee are, however, disheartened to note that in spite of the above initiatives, the status of implementation of the project reveals a gloomy picture as services are being provided in only 20,816 GPs, FTTH connections have been provided to only 35,296 GPs and SWAN connections to only 5325 GPs. With regard to leasing of dark fiber, 9579 km has been leased out and bandwidth provisioning is 529 Gbps. This reaffirms Committee's apprehension that there is inadequate utilization of BharatNet network which needs to be upgraded at once. As more and more GPs are being provided with OFC connectivity, the Committee are of the view that more GPs should be brought under the fold of the network and provided with last mile connectivity for broadband service. There is an urgent need for extension of broadband services in rural areas which will enable various service providers to provide e-health, e-education, e-governance, e-banking, internet and other services. The Committee

therefore, reiterate their earlier recommendation and impress upon the Department to make sincere efforts to increase utilization of the network created under BharatNet. The Committee may be apprised of the achievements made in BharatNet including the achievements made by the State Govt. of Rajasthan and CSC-SPV and the status/outcome of preparation of RFP for PPP model.

Comprehensive Telecom Development Plan for North East Region (NER)

(Recommendation Sl. No. 5)

9. The Committee, in their original Report, had recommended as under:-

“The Committee note that a Comprehensive Telecom Development Plan (CTDP) for North East Region (NER) is being implemented to install 6673 mobile towers at 8621 identified uncovered villages, 321 mobile towers along National Highways and strengthening of transmission network in the NER. The Government had approved the project on 10th September, 2014. During 2018-19, an amount of Rs.400 crore had been allotted at BE, however no amount had been allocated at RE and hence the utilization was „Nil“. For the year 2019-20, an amount of Rs. 500 crore has been allocated at BE for Mobile service in uncovered villages of Arunachal Pradesh and 2 Districts of Assam by BSNL and Rs.500 crore for Mobile service in uncovered villages in rest of NER and seamless coverage along National Highway (by USOF) including Meghalaya (Rs.100 crore for Meghalaya). However, at RE no amount has been proposed by the Department for Mobile service in uncovered villages of Arunachal Pradesh and 2 Districts of Assam and Mobile services in Meghalaya. In respect of mobile services in uncovered villages in NER by Airtel, an amount of Rs. 600 crore has been proposed at RE out of which only Rs.60.03 crore has been utilized so far. The Committee are given to understand that total 2004 towers (1694 towers for 2128 uncovered villages + 310 towers for National Highways) are to be set up by Airtel in Assam except 2 Districts, Sikkim, Manipur, Mizoram, Nagaland, Tripura and Arunachal Pradesh (NH only). The project is targeted to be completed by October, 2019. However, as on 22nd October, 2019, only 878 towers have been installed and 732 towers are radiating which substantiates Committee’s apprehension that the project has failed miserably in meeting its target. The Committee note with great concern that even though the project had been approved by the Government in 2014, no headway has been made so far under the Comprehensive Telecom Development Plan

for the North East Region due to Court case in case of Arunachal Pradesh and two Districts of Assam and high tender discovered cost in comparison to DPR in Case of Meghalaya. The only project which is being implemented is also behind schedule. It is surprising to note that this is happening in spite of the project being monitored closely at the highest level and review meetings being convened periodically.

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

From these observations, the Committee are constrained to note that the way USOF Schemes are being implemented by Department in the NER clearly reflects the general apathy and lack of concern for the region waiting for years to get much needed telecom connectivity. The Committee lay their emphasis that the Department need to take their NER Schemes more seriously and expedite the implementation of the Schemes under USOF to improve connectivity in the areas. Keeping in view the fact that the region suffers from difficult conditions peculiar to the region, the Committee are of the view that the Department should explore innovative measures to speed up the work, such as providing incentive for timely completion on the one hand and imposing penalty in case of failure to meet the target on the other. The concrete steps in this direction may be appraised to the Committee within three months of presentation of the Report. ”

10. The Department of Telecommunications, in the action taken note, have stated as under:-

“The Steps taken by the Department is given below:

Comprehensive Telecom Development Plan for NER:

On 10.9.2014, the Government approved a “Comprehensive Telecom Development Plan” to install 6673 mobile towers at 8621 identified uncovered villages, 321 mobile towers along National Highways, and strengthening of transmission network in the NER at an estimated cost of Rs. 5336 crore to be funded from Universal Service Obligation Fund (USOF). Earlier 2 tenders for Meghalaya were not successful. Therefore, on 23.05.2018, the Cabinet approved a proposal for 2G+4G connectivity at an estimated cost of Rs 3911 crore and enhanced estimated cost of CTD Project for NER for Rs 8,120.81 crore. The project consists of the following schemes and their present status is as under: -

A. Mobile connectivity in Arunachal Pradesh and 2 districts (Karbi Anglong and Dima Hasao) of Assam: 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 meantime, State Governments requested to provide mobile services based on latest 4G technology. Also, Telecom Watchdog filed a Writ Petition in the Hon^{ble} Supreme Court to quash the agreement dated 16.01.2018 on 2G technology, which is sub-judice. Subsequently, the matter was 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 the Cabinet. In June 2018, a revised list of 2968 (2215+753) uncovered villages of Arunachal Pradesh and 2 Districts of Assam received was finalized. 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 in Arunachal Pradesh & 2 Districts of Assam have reduced to 2374 (1683+691) uncovered villages for which estimated cost is Rs. 2028.80 crore.

- B. Mobile connectivity in uncovered villages of the States of North-East and along National Highways [Assam (except 2-Districts), Manipur, Mizoram, Nagaland, Tripura, Sikkim, and Arunachal Pradesh (only Highways)]:** Telecom Commission approved to award the project on 08.09.2017 and accordingly, the scheme is being implemented through M/s Bharti Airtel Limited & M/s Bharti Hexacom on open tender basis. The Agreements were signed on 08.12.2017 for covering Assam [except 2 Districts viz. Karbi Anglong & Dima Hasao], Sikkim, Manipur, Mizoram, Nagaland, Tripura and Arunachal Pradesh (National Highways only) for provision of mobile services. Under this project, 2004 mobile towers (1694 towers for 2128 uncovered villages+310 for National Highways) are to be installed. The project Cost is Rs 1655.66 crore.

To expedite the implementation of the scheme and to discuss the issues involved therein, a meeting was taken by Administrator, USOF on 22.10.2019 wherein the officers of the State Governments, LSAs, CCA etc. were invited. It was the unanimous opinion of representative of the States present that NE being a difficult territory, extension of the proposal may be considered up to June, 2020. Accordingly, the extension of time of the Project up to June, 2020 has been given, keeping in view the hardship, terrain, floods, delay in finalization of survey, difficulties in getting the possession of land, apart from many other force majeure conditions prevailing, including protests & restricting the movement of the man and resources etc. As of March 2020, 1405 sites have been acquired and 1218 have been installed, out of which 1181 are radiating. Officers of USOF are visiting the NE states and holding meetings with Chief Secretary & Principal Secretary concerned of the State to resolve the issues for expediting implementation. Meetings are also being held with Sr.

Executives of the implementing agencies /USP for review & speeding up execution. So far, meetings have been held in Agartala, Guwahati and Imphal.

Since end-March 2020, due to various advisories issued by Government and lockdown in view of the outbreak of pandemic Covid-19, the implementation of the projects has been adversely affected.

- C. Mobile connectivity in Meghalaya and along National Highways on Technology:** On 23.05.2018, a revised proposal to install 2173 towers of 2G+4G technology for providing mobile services in 2374 uncovered villages and along National Highways at an estimated cost Rs. 3911 crore was approved by the Cabinet. In June, 2018, a revised list of 2691 number of uncovered villages of Meghalaya was finalized. In view of the decision taken in NITI Aayog, the DCC has approved a proposal for provision of 4G connectivity for 2691 uncovered villages and National Highways of Meghalaya on 19.09.2019. Meanwhile, due to expansion of network, uncovered villages in Meghalaya have reduced to 1164, for which the estimated cost is Rs. 1165.54 crore. A Tender has been floated and subsequently, a pre-bid meeting was held on 18.02.2020. Due to outbreak of pandemic Covid-19, the tender submission date has been extended.”

Comments of the Committee

11. **The Committee feel that the progress of implementation of USOF schemes in North East Region is far from satisfactory and the efforts made by the Department leave a lot to be desired. Considering that the Comprehensive Telecom Development Plan (CTDP) for North East Region had been approved by the Government on 10th September, 2014, it is quite surprising to note that two major components of the Plan, i.e., Mobile connectivity in Arunachal Pradesh and 2 districts (Karbi Anglong and Dima Hasao) of Assam for setting up of towers in 2374 uncovered villages and Mobile connectivity in Meghalaya for setting up of towers in 1164 uncovered villages are yet to be implemented. The Department certainly owe an explanation as to why the projects could not take off even after 5 years of approval given by the Government. It is in the light of such poor performance that the Committee had expressed the view that the way the USOF schemes are being implemented by the Department in NER clearly**

reflects the general apathy and lack of concern for the region. The only project where some headway has been made is the project being implemented by Airtel. Even this project is also behind schedule. Under this project against the target of setting up 2004 towers, as on March, 2020, 1405 sites have been acquired and 1218 have been installed, out of which 1181 are radiating. Keeping in view the various difficulties, the extension of time of the project up to June, 2020 had been given. In view of the Covid pandemic, the Committee hope that the Department will put in their best effort to complete the project and would appreciate a status update on the progress of work done by December, 2020. For speedy implementation of the project in North East, the Committee had recommended that the Department should explore innovative measures such as providing incentives for timely completion and imposing penalty in case of failure to meet the target. The Committee note that no concrete follow up measures have been taken by the Department in this regard. The Committee are of the view that implementation of such innovative measures in NER is inevitable. The fact that there are still 2374 uncovered village in Arunachal Pradesh and 2 Districts of Assam and 1164 uncovered villages in Meghalaya clearly indicates that telecom connectivity is still neglected in the region which calls for urgent and serious measures to address it. The Committee note that the implementation of the projects has further been hampered due to outbreak of Covid-19 pandemic. The Committee desire that all necessary steps would be taken to mitigate the damage due to the above circumstances and efforts be made to fast track the above two projects at the earliest. The Committee may be kept apprised of the status of the projects.

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

(Recommendation SI. No. 7)

12. The Committee, in their original Report, had recommended as under:-

“The Committee are of the strong view that robust communication network is a must for LWE areas so as to bring about greater integration with the mainstream as well as to take various services directly to the citizens living in the areas. To achieve this objective, the Department should think in the line of formulating and implementing separate USOF scheme in LWE areas in the line of scheme being implemented for NER in addition to setting up of towers initiated by MHA. In this regard, the Committee desire that the Department should work closely with the elected representatives of the areas to achieve better coordination and balanced achievements in the area.”

13. The Department of Telecommunications, in the Action Taken Note, have stated as under:-

The Department, keeping in view the special focus on Left Wing Extremism Affected areas, has formulated and already implemented a separate USOF scheme viz. “Provision of Mobile Services in Left Wing Extremism Affected Areas (Phase-I)”. The scheme has already been completed by installation of 2343 towers for providing mobile services. The concept is based on the lines of NER areas, where separate schemes are formulated. Now, the Department has taken up the implementation of another scheme namely “Provision of Mobile Services in Left Wing Extremism Affected Areas (Phase-II)”. This scheme envisages the provision of mobile services by installation of 2217 towers, and a tender for selection of the Implementation Agency has been floated.

Comments of the Committee

14. **The Committee are glad to note that in order to have special focus on Left Wing Extremism Affected areas, the Department have formulated and implemented a separate USOF scheme, “Provision of Mobile Services in Left Wing Extremism Affected Areas (Phase-I)”. Under this scheme 2342 towers had been installed. Another scheme, “Provision of Mobile Services in Left Wing Extremism Affected Areas (Phase-II)” has been taken up by the Department for installation of 2217 towers, and a tender for selection of the implementation Agency has been floated. The Committee hope that with the implementation of LWE Phase-II complete coverage will be made**

available in the LWE affected areas. The Committee had recommended the Department to work closely with the elected representatives for coordination and balanced achievements in the area. This aspect has not been touched upon by the Department in their reply. The Committee are of the view that working at the ground level, elected representatives are more aware of the local issues and needs, including problem of telecom connectivity. In special needs areas like LWE affected areas their involvement will facilitate smooth implementation of projects. While appreciating the Department for successfully implementing the LWE Phase-I, the Committee hope that the Department would work closely with the elected representatives of the areas as they embark on a new venture to implement the LWE Phase-II. The Committee further desire that the Department should take all necessary measures for successful implementation of LWE Phase-II for providing much needed telecom connectivity in the areas. The Department may keep the Committee informed of the progress made in this regard.

(Recommendation Sl. No. 12)

Promotion of domestic manufacturing of telecom equipment

15. The Committee, in their original Report, had further recommended as under:-

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

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

Considering the fact that electronic manufacturing is an important constituent of Make in India and Digital India which envisages increasing production of electronic goods in order to generate employment and income, the Committee feel that the Department needs to give adequate attention and review the efficacy of the measures being taken by them and come out with prescription of what more need to be done. The Committee are of the view that until and unless concerted efforts are made, it is very unlikely that the trend of increasing import of telecom equipment will be reversed and domestic manufacturing of telecom equipment in the country will grow. The Committee strongly recommend that the Department should clearly identify all the challenges and prepare all the necessary measures to tackle these challenges on a war footing. In this regard, the Committee suggest that the Government should consider incentivizing the domestic equipment manufacturers to promote domestic manufacturing and encouraging telecom service providers to install domestically manufactured equipment, including revisiting the existing tariff obligations under WTO and other international treaties."

16. The Department of Telecommunications, in the Action Taken Note, have stated as under:-

"For promoting domestic manufacturing of telecom products following measures have been taken:

- a) MeitY has notified following schemes for promotion of Electronics products in the country:
 - Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing on 1st April 2020- To promote

manufacturing of mobile phones and specified electronics components. It provides 4-6% incentive on incremental sales for a period of 5 years,

- Scheme for Promotion of manufacturing of Electronic Components and Semiconductors (SPECS) on 1st April 2020- To offset the disability for domestic manufacturing of components and semiconductors. Under this scheme there is subsidy of Capital Expenditure up to 25%, and
 - Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme on 1st April 2020- To make India an Electronics Manufacturing Hub- modification of existing EMC scheme for creation of manufacturing clusters.
 - These schemes will enable creation of ecosystem and attracting large investment in manufacturing thereby promoting Make in India and also exports.
- b) In pursuance of Department for Promotion of Industry and Internal Trade (DPIIT) Public Procurement (Preference to Make in India), Order 2017 dated 28.05.2018, Department of Telecommunications has issued PPP MII Order 2017- Notification for Telecom products, services or works on 29.08.2018 for Government procurement to encourage Make in India and to promote manufacturing and production of telecom goods and services in India with a view to enhance income and employment.
- c) Under BharatNet project, fully designed, developed and domestically manufactured GPON equipments are being deployed.
- d) Government has imposed basic custom duty (ranging from 10-20%) on certain identified non-ITA telecom/electronic items on finished products and 10% on populated PCBs to promote their domestic manufacturing.
- e) DoT along with COAI has been organising India Mobile Congress in New Delhi, an iconic International event for promotion of innovations and showcasing India's prowess in technology domain. DoT subsidised more than 70 start-ups and SMEs in exclusive India Pavilion during October 2019.

Comments of the Committee

17. The Committee had noted that the country is highly dependent on import of telecom equipment and China remains the number one country from where India is making the maximum import. Numerous measures, such as imposition of tariff on non-ITA products, preference to make in India products, setting up of Telecom Equipment and Services Export Promotion Council, etc. have been taken by the Government to promote domestic manufacturing. However, continuance of massive imports have raised doubts on the adequacy of the above initiatives and the Committee had recommended the Department to take necessary measures to address the challenges including revisiting the existing tariff obligations under WTO and other international treaties. The Department have now informed the Committee that on 1st April, 2020, Ministry of Electronics and Information Technology have notified three schemes for promotion of Electronics products in the country viz. Product Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing, Scheme for Promotion of manufacturing of Electronic components and Semiconductors (SPECs) and Modified Electronics Manufacturing Clusters. The Department are hopeful that these schemes will enable creation of ecosystem and attract large investment in manufacturing thereby promoting Make in India and also exports. How far the above schemes will help in promotion of domestic manufacturing of electronic equipment including telecom is yet to be seen. With regard to revisiting the existing tariff obligations under WTO and other international treaties, no reply has been furnished by the Department. Since Information Technology Agreement (ITA) is one of the challenges confronting domestic telecom equipment ecosystem, the Committee had expressed the view that the agreement needed to be revisited. The Committee are of the view that the Department should urgently examine whether its demerits have out weighed against its merits and see to what extent tariff obligations under WTO and other international treaties have acted to the detriments for promotion of domestic electronics/telecom

equipment manufacturing in the country. To the Committee, the status of country's telecom imports is a real concern, more so because the situation has not undergone significant change for the better in spite of the various initiatives taken by the Government. The sector is full of challenges and there is a need to make concerted efforts to promote domestic electronics manufacturing including telecom's equipment. There is excessive dependence on imports which is detrimental to the economy and security of the country. The Committee are also of the view that the ongoing Covid pandemic has provided an opportunity to India to invite global manufacturing giants to set up their manufacturing bases in the country. The Government should seize this opportunity and do their best to attract these units to set up their base in India. The Committee reiterate their earlier recommendation for revisiting various tariff obligations under WTO and other international treaties and apprise the Committee accordingly.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

DoT Budget

(Recommendation Sl. No. 1)

The Department of Telecommunications (DoT) have laid the Detailed Demands for Grants (2019-20) in Lok Sabha on 17th July, 2019 for a total amount of Rs.40413.36 crore, consisting of Rs.30693.64 crore under the Revenue Section and Rs.9719.72 crore under the Capital Section. During the year 2018-19, an amount of Rs. 33052.53 crore had been allocated at the BE stage which was reduced to Rs. 24530.48 crore at RE stage mainly due to reduction of funds under USOF to the tune of Rs. 5000 crore. Out of this, the Department had utilized Rs. 24691.73 crore under Revenue Section. Under Capital Section, an amount of Rs.5002.75 crore had been allocated at BE which was increased to Rs. 5956.75 crore at RE inclusive of Rs. 2500 crore transferred to Central Road and Infrastructure Fund for OFC based network for Defence Services and actual expenditure incurred was Rs. 4041.45 crore. Some of the reasons cited for the underutilization of funds during 2018-19 under Capital Section was due to the surrender of Rs. 572 crore under OFC based network for Defence Services and under utilization and ultimate surrender of Rs. 751 crore under the HPIL Scheme to Ministry of Finance due to the transfer of the scheme to Ministry of Housing and Urban Affairs. For the year 2019-20, the funds allocated under the Revenue Section at BE was Rs. 30693.64 crore which was reduced to Rs. 26554.49 crore as proposed RE and the actual utilization has been Rs. 8173.55 crore till 30th October, 2019. For Capital Section, the allocation at BE was Rs. 9719.72 crore which was increased to Rs. 16387.42 crore at proposed RE and the actual utilization has been Rs. 2802.16 crore only till 30th October, 2019. The Committee do note with concern, the similar underutilization of funds under Capital Section in the year 2017-18 and 2018-19.

The Committee note that while utilization of funds under Revenue Section has exceeded the amount allocated at RE during 2017-18 and 2018-19, the trend

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

Reply of the Government

In this regard it is submitted that the Department is committed to judicious utilization of funds under both Revenue and Capital Heads. For 2019-20, it is submitted that Ministry of Finance has allocated Rs. 21435.10 crore (including Rs 527.71 crore towards implementation of Voluntary Retirement Scheme in BSNL/MTNL) under Revenue Section and Rs 9640.39 crore under Capital Section at the RE stage. An additional amount of Rs 5000.00 crore has been allotted for Ex Gratia payment to BSNL and MTNL employees in the Second and Final batch of Supplementary Demands for Grants 2019-20 under Revenue Section, thus taking the total allocation under this Section to Rs. 26,435.10 crore.

All the nodal branches concerned are being instructed from time to time for effective expenditure monitoring and also utilization of funds judiciously. As of 31st March 2020, Rs. 25,842.93 crore under Revenue Section and Rs. 9634.49 crore under Capital Section have been utilized.

(Ministry of Communications/Department of Telecommunications
O. M. No. 16-3/2019-B/1st Report dated 05/05/2020)

Overall status of implementation of schemes

(Recommendation SI. No. 2)

The Committee note that the Department are implementing several important Schemes under the Revenue and Capital Sections. Compensation to Service Providers for creation and augmentation of Telecom Infrastructure-USOF, C-DoT, TRAI, Wireless Monitoring Service, Financial relief to ITI, Financial support to MTNL for payment of interest on bonds, etc. are being implemented under the Revenue Section. Some important Schemes under Capital Section include OFC based network for Defence Services, ITI Revival (Equity Investment), Physical infrastructure to NICF, Telecom Testing and Security Certification Centre (TTSC), Telecom Computer Emergency Response Team (T-Cert), Indigenous 5G Connectivity Test Bed, etc. During the year 2018-19, as against the proposed amount of Rs.16066.20 crore for implementation of the above Schemes, the Ministry of Finance had allocated an amount of Rs.15862.62 crore at BE stage, which was reduced to Rs.11814.37 crore at RE and the actual utilization has been Rs.9667.29 crore *i.e.* 81.83 per cent of the allocation made at RE. While the Department have stated that there is no substantive Scheme where a major shortfall has been noticed during 2018-19, the Committee note the under-utilization of funds under several Schemes such as Financial relief to ITI, Wireless Monitoring Service, Telecom Engineering Centre, Physical infrastructure for NICF, Loans to HPIL, Investment in Public Sector and other Undertakings – Indian Overseas Communications Corporation Investment, etc. For the year 2019-20, as against Rs.37169.36 crore proposed by the Department, an amount of Rs.13400.59 crore has been allocated at BE. However, at RE stage against the proposed amount of Rs.13450.66 crore, the actual utilization achieved till 30th October, 2019 has been Rs.3541.35 crore only. Considering the fact that it is just 26.33 per cent of the amount proposed at RE, proposing such huge amount at RE is not only unrealistic but highly ambitious. Though there are still few months left during which the Department can increase the expenditure, the Committee are unable to understand the reasons for „Nil“

expenditure under Schemes such as Establishment of Satellite Gateway assistance to BSNL, Telecom Computer Emergency Response Team (T-Cert), Central Equipment Identity Register (CEIR), Champion Service Sector Scheme, etc.

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

Reply of the Government

In this regard it is submitted that the Department is committed to ensure proper utilization of funds for various ongoing schemes. Efforts are made for judicious utilization of funds.

For OFC Based Network for Defence Services

As per RE for FY 2019-20, amount of Rs 4725 crore has been allotted for OFC based Defence project. As of 31st March 2020, an amount of Rs 4705 crore has been utilized. However, there was no significant savings under Capital Section as the overall funds were fully utilized.

For ITI Ltd.

The Cabinet Committee on Economic Affairs (CCEA), during February 2014, approved the Revival plan of ITI by fund infusion of Rs.4156.79 crore. This package consisted of Rs.2264 crore in the form of equity for financial assistance of ITI for implementation of new projects and Rs.1892.79 Cr as financial assistance as grant-in-aid. Out of Rs.2264 crore, The Government has released Rs.769 crore till 30.11.2019. The funds have been utilized for upgrading the

manufacturing infrastructure at various Units of ITI to cater to the need of emerging technologies in Telecom industry.

For Central Equipment Identity Register (CEIR)

The project has been undertaken by the Department of Telecommunications (DoT) in financial year 2017-18 and the execution has been entrusted to Centre for Development of Telematics (C-DOT) including R&D and commissioning.

There is no ready to use solution available globally to deal with multiple/duplicate handsets with same IMEI number. Hence, to finalise the technical solution, a Proof of Concept (PoC) of the system was undertaken in Maharashtra LSA with major TSPs i.e. BSNL, RJio, Airtel, Vodafone, Idea. Thereafter, a pilot project has been launched in Maharashtra on 13.09.2019 for blocking and tracing of lost/stolen mobile phones. Subsequently, the project has been launched in Delhi for blocking and tracing of lost/stolen mobile phones.

Presently, preparation and submission of Detail Project Report (DPR) of the project by C-DOT is under progress. Pan India implementation is targeted to be completed in FY 2020-21.

For Telecom Computer Emergency Response Team (T-CERT)

The project has been undertaken by DoT in financial year 2017-18. C-DOT has been entrusted with the work of research, design, development and deployment of the project.

No commercial or off-the-shelf solution of required magnitude was available. Being a large and complex project, the required skill set for development in this area was also not readily available. The project has major challenges to design and develop a network probe with the standard interfaces, having big-data platform and big-data security analytics considering threat landscape to Indian telecom network. This has taken some time. However, a Proof of Concept (POC) has been developed having connectivity with 4 internet gateways.

(Ministry of Communications/Department of Telecommunications
O. M. No. 16-3/2019-B/1st Report dated 05/05/2020)

Implementation of Schemes under USOF

(Recommendation Sl. No.3)

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

which is Rs.3350 crore less than the amount allocated at BE. Till date, the Department has utilized Rs.884.21 crore only or 10.59 per cent of the BE allocation. An amount of Rs.500 crore and Rs.100 crore have been allocated at BE for Mobile services in uncovered villages of Arunachal Pradesh and 2 Districts of Assam (by BSNL) and Mobile services in Meghalaya respectively. However, no amount has been proposed for the two Schemes at RE. In respect of Schemes like LWE Areas (Phase-II), Provisions for special projects, Submarine OFC connectivity to Andaman and Nicobar Islands, Mobile services in 361 uncovered villages of Ladakh and Kargil in Jammu and Kashmir, border areas and other priority areas, the status of utilization till date has been indicated as Nil. The Committee have also been informed that there are about 28000 uncovered villages. The Committee note that there are sufficient funds available for implementation of USOF Schemes and as per the Ministry of Finance, as and when the Scheme takes off, Government is bound to provide funds for the Schemes of USOF. The Committee are pained to see that while on the one hand most of the above Schemes are pending completion for a long time, new Schemes such as mobile coverage in uncovered villages and separate Scheme for aspirational District is proposed.

Taking into account these facts, the Committee believe that the success of implementation of USOF Schemes greatly depends on meticulous planning and a focused approach. Whereas the objectives and goals for implementation of USOF schemes are high and noble, the pace at which the schemes are being implemented lacks the desired momentum. The Committee note that the project for providing OFC connectivity between mainland India and Andaman Nicobar Islands had been approved by the Cabinet on 21.09.2016 and the Hon^{ble} Prime Minister had laid the foundation of the project on 30.12.2018 at Port Blair. Considering that the Prime Minister himself had laid the foundation stone, the Committee feel that there should have been greater progress made towards project implementation. The Committee recommend that the Department should relentlessly pursue timely completion of all USOF Schemes.

Reply of the Government

The implementation pace of BharatNet was slower as compared to the expectation during 2019-20. It is stated that the Phase-II work is 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 Model, barring Gujarat, could not progress at the anticipated pace. One of the major reasons for slow progress is higher tender discovered rates, leading to revision in DPRs and their re-approval at Digital Communications Commission (DCC) level. Now, based on the recommendations of a committee Chaired by CEO, NITI Aayog, a PPP Model has also been proposed for certain areas 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. There was a case in the Hon^{ble} Supreme Court in India regarding the provision of 2G mobile services in Arunachal Pradesh and two Districts of Assam, and in view of the said case, it was decided by USOF to go for a fresh tender with 4G technology. The Meghalaya mobile project could not be awarded due to higher tender discovered cost in comparison to the estimated cost in the approved DPR. The timeline for NER mobile connectivity (all States except Arunachal Pradesh and Meghalaya) had to be extended owing to prevailing of *Force Majeure* conditions and difficult terrain. Since end March 2020, due to various advisories issued by Government and lockdown in view of the outbreak of pandemic Covid-19, the implementation of the projects has been adversely affected.

The following steps have been taken to facilitate improved performance of the USOF Schemes:

1. BharatNet: -

- a) The cash-flow constraints of BSNL have been addressed to facilitate faster progress of the project under Phase-II.
- b) After review of BharatNet and on the recommendations of a Committee, Chaired by CEO, NITI Aayog, DCC in its meeting dated 13.06.2019 & 20.12.2019 has given in-principle approval to migrate to PPP Model of BharatNet, as required.
- c) For better utilization of BharatNet, CSC e-Governance Services India Ltd. (CSC-SPV in short), which is an SPV under the Ministry of Information Technology (Meity), has been assigned the job of providing one Wi-Fi AP and 5 FTTH connections in the GPs of Phase – I of BharatNet.
- d) Further, regular reviews are also being undertaken with the State Implementing Agencies under State led Model to ensure early completion. The Project is being monitored at appropriate levels for early completion.

2. Mobile connectivity in uncovered villages of the States of North-East and along National Highways [Assam (except 2-Districts), Manipur, Mizoram, Nagaland, Tripura, Sikkim, and Arunachal Pradesh (only Highways)]: Out of total 1823 towers approved on the basis of survey reports , 1218 towers have been installed, and of them 1181 sites are radiating/providing mobile services. The NE States experienced massive floods due to heavy monsoon in the year 2019, as a result, installation became slow for about 3 months. Further, installation of 154 towers is pending due to non-receipt of clearances from State Forest Departments, and 294 towers are pending due to village name mismatch/discrepancy in revenue records.

Officers of USOF are visiting the NE states and holding meetings with Chief Secretary & Principal Secretary concerned of the State to resolve the issues for expediting implementation. Meetings are also being held with Sr.

Executives of the Implementing Agencies /USP for review & speeding up execution. So far, meetings have been held in Agartala, Guwahati and Imphal.

Recently, due to various advisories issued by Government and lockdown in view of the outbreak of pandemic Covid-19, there is a huge resistance from the local people for giving the installation teams access to the village sites for implementation of the project that has adversely affected the progress.

3. Submarine OFC Connectivity between Mainland India (Chennai) and Andaman & Nicobar Islands: The Project is under implementation as per schedule. Cable laying work started from 10.01.2020 and submarine cable laying has been completed. However, testing and A/T of equipment has been affected due to Covid-19 lockdown. All efforts are being made to complete the project on time, i.e. by June 2020.

Sufficient funds are available with USOF as per payment schedule.

4. Satellite Bandwidth Augmentation for Andaman & Nicobar Islands: Digital Communications Commission, in its meeting held on 13.06.2019, approved a proposal for augmentation of bandwidth to 4 Gbps. The Bandwidth for Andaman & Nicobar Islands has been augmented to 3.49 Gbps by BSNL.

5. Satellite Bandwidth Augmentation for Lakshadweep: The Digital Communications Commission, in its meeting held on 31.08.2018, approved the proposal for augmentation of bandwidth from 318 Mbps to 1.71 Gbps. Bandwidth for Lakshadweep has been augmented to 1.15 Gbps by BSNL.

6. 4G Mobile Services in Arunachal Pradesh and 2 Districts (Karbi Anglong and Dima Hasao) of Assam: Pursuant to the decision of the DCC meetings held on 13 June 2019 and 19 September 2019, it has been decided to prepare a DPR for 4G connectivity and submit for the approval of the Cabinet. Due to expansion of network, the number of uncovered villages of Arunachal Pradesh & 2 Districts of Assam has reduced to 2374 (1683+691) at an estimated cost of Rs. 2028.80 crore.

7. Various Schemes for Provision of mobile services in uncovered and difficult areas, such as Schemes for border areas as per MHA list, Jammu & Kashmir and priority areas for 354 uncovered villages, LWE Phase-II, Meghalaya, Andaman & Nicobar, Aspirational Districts etc:

The Tender for provision of mobile services at 354 uncovered Villages has been finalized, and the Agreement has been signed. Out of the remaining schemes, tenders for 3 schemes have been floated.

8. Submarine OFC connectivity between Mainland (Kochi) and Lakshadweep: Envisages to provide 2 x 100 Gbps Bandwidth Connectivity from Mainland India (Kochi) to Kavarati and ten other Islands namely Kalpeni, Agatti, Amini, Androth, Minicoy, Bangaram, Bitra, Chetlat, Kiltan and Kadmath. Digital Communications Commission (DCC) in its meeting dated 20.12.2019 approved the proposal with estimated cost of Rs. 1072 crore. The Project is targeted to be completed within 24 months after award of work.

(Ministry of Communications/Department of Telecommunications
O. M. No. 16-3/2019-B/1st Report dated 05 /05/2020)

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

(Recommendation SI. No.6)

The Committee note that under the LWE Project Phase-I out of total of 2355 towers, 2343 towers are radiating and 12 towers are not radiating due to damage by Naxalites. The project had to be foreclosed due to non-grant of permission by the State Government. During 2018-19, 375 VSAT sites have been upgraded to 2Mbps and the project has been declared completed during 2018-19. The Department have also informed the Committee that the Cabinet on 21 December, 2017 has approved LWE Phase-II project proposed for provision of mobile connectivity using 2G and 4G technology at 4072 towers identified by Ministry of Home Affairs (MHA). However, the list has been revised and the revised estimate of Rs.5024 crore for 3465 locations has been approved. The

list is being further revised and as directed by MHA, RFP with revised tower locations is under process. The Department are hopeful that LWE-II project may be completed by March, 2021. With regard to budgetary allocations, the Committee notes that during the year 2018-19, an amount of Rs.524 crore had been allocated at BE, which was reduced to Rs.414.30 crore at RE and this amount had been fully utilized, for the upgradation of VSAT sites. For the year 2019-20, out of an amount of Rs.300 crore allocated at BE for LWE Phase-I, the Department have so far utilized an amount of Rs. 207.95 crore and proposed Rs. 430 crore at RE. With regard to LWE Phase-II, where an amount of Rs.500 crore has been allocated at BE, the utilization so far has been „Nil“. The Department have now proposed a reduced allocation i.e. Rs.150 crore only at RE stage. It is worrisome to note that a scheme which is planned to be completed by March 2021 is yet to take off.

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

Reply of the Government

Best efforts are made by the Department for completion of the project within the targeted deadline. The current status of the issues referred to under Committee’s observations is as follows:

Provision of Mobile Services in Left Wing Extremism Affected areas (Phase II):

On 23 May 2018, the Cabinet approved the proposal for installing 4072 mobile towers by using 2G+4G technology at locations identified by the Ministry of Home Affairs (MHA) in LWE affected areas with subsidy support of Rs. 7330 crore (Excluding taxes) from USOF. The estimated project cost of the proposal was Rs 7,330 Crore plus applicable taxes, consisting of CAPEX and OPEX for 5 years for 4072 tower locations. Ministry of Home Affairs (MHA) provided a list of 4072 locations for provision of mobile services in the LWE affected areas on 27th 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 LWE Phase-II. Accordingly, the 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.

It needs to be stated that as per the tender floated and the 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. As per the subsidy payment schedule, the payments are released only after the sites are installed and commissioned in the form of Front Loaded Subsidy. Due to the delay in finalisation of the list of villages among other things, the tender finalisation has taken longer than anticipated. After completion of the tender, an agreement will be signed with the selected USP and work will be started.

Regarding proposal of R.E. 2019-20 of Rs. 430 crore for LTE Phase-I, the amount of Rs. 346.23 has been disbursed up to 31.01.2020 in FY 2019-20 and the balance amount shall be utilized during this current FY 2019-20.

(Ministry of Communications/Department of Telecommunications
O. M. No. 16-3/2019-B/1st Report dated /05/2020)

OFC based network for Defence Services

(Recommendation Sl. No.8)

The Committee are given to understand that OFC based network for Defence Services was approved by Cabinet Committee on Infrastructure (CCI) on 3rd December, 2009 for providing alternate communication network for Defence Services for release of spectrum. The project is mainly implemented by BSNL and MTNL. As per CCI approval, the Air Force network was to be completed by 30th June, 2010 and for Army and Navy to be completed by 31st December, 2012. While the Air Force network has been dedicated to the nation by Air Force on 14th September, 2010, the network related to Army and Navy is yet to be completed which indicates that it has undergone considerable time overrun. This delay has also resulted in massive cost overrun from the initial estimation of Rs.8098 crore in 2009 to Rs.24,664 crore in 2018. The revised timeline for completion of the project is May, 2020. However, the Committee have now been informed that taking into account the complex nature of the project, limited working season and difficult terrain in Arunachal Pradesh, Sikkim and Leh, the completion of the project may get delayed by few months more and the project is expected to be completed by December, 2020. As far as financial achievement is concerned, the Committee note that an amount of Rs.4500 crore had been allocated at BE which was reduced to Rs.2500 crore at RE and actual utilization has been only Rs.1973 crore resulting in surrender of Rs.527 crore to the Ministry of Finance. As for the reasons for surrender of funds, the Department have informed that there was a delay in Cabinet approval for

enhanced cost and also delay in finalization of tender for complex part of equipment. During the year 2019-20, an amount of Rs.4725 crore has been allocated at BE, out of which the Department have utilized an amount of Rs.2627.40 crore till 30thOctober, 2019 and the Department have now proposed an amount of Rs.8000 crore at RE. So far as the physical progress is concerned, the Committee are given to understand that out of 60,000 km of OFC 94 per cent has been laid. With regard to equipment part, all tenders except one have been finalized and purchase orders have been placed.

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

The Committee further desire that tender for Unified Network Management System (UNMS) which is under finalization should be completed at the earliest. The Committee are hopeful that with adequate budgetary allocation, the project could be completed by December, 2020. The Committee need not emphasize that the project has already witnessed massive cost and time escalation and any further delay in a priority project such as NFS would only jeopardize the national interest and security. The Department should treat this as an urgent priority.

Reply of the Government

Action on the said Recommendation of the committee has already been initiated as detailed below.

NFS project is being implemented by BSNL in close co-ordination and monitoring of Project Implementation Core Group (PICG), consisting of members from Defence services. BSNL has intimated that all the equipments being installed/ commissioned in this project are of latest/ upgraded versions only. During implementation stage itself, obsolete version equipments are being upgraded to latest versions in consultation with PICG and with the approval of competent authorities.

Tender for Unified Network Management System (UNMS) has been finalized and purchase order has been placed on 09.03.2020.

The project is being monitored on regular basis with periodic review meetings at various levels in the Government.

The target date given by the Cabinet is May 2020 but seeing the highly complex nature of the project, pan-India presence, limited working season in Arunachal Pradesh/Sikkim/Ladakh/Kashmir, very large number of Right of Way permissions from NHA/Railways/Forest Deptt/Wildlife/Municipal bodies etc, the project was envisaged to be completed by December 2020. Further, because of lockdowns in the country due to Corona virus spread, the project is likely to be completed by March 2021.

(Ministry of Communications/Department of Telecommunications
O. M. No. 16-3/2019-B/1st Report dated 05/05/2020)

5G Connectivity Test Bed

(Recommendation Sl. No.11)

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

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

Considering that the introduction of new technology like 5G has the potential for ushering in a major transformation across manufacturing, education, healthcare, agriculture, financial, social and other sectors, the Committee recommend that the Department should take all necessary steps for allocation of requisite funds so that progress of the project implementation does not suffer and could be completed as per the schedule. Nonetheless, the Committee will appreciate if they are informed of its environmental and health consequences that have been observed in those countries where 5G has been initially implemented. The Committee are also of the view that proper implementation of the project will enable Institutes in India to gain sufficient expertise that can be leveraged for future gain. Introduction of 5G will not only be limited to major transformation in the economic field, but will also have widespread implications for national security. The Committee wish to be informed whether an assessment has been conducted of all the implications of 5G. The Committee desire that the Department should act in the right earnest for the appropriate implementation of 5G so that Indian industry can reach out to global markets and fruitfully take advantage of the opportunities that will emerge with 5G and also adequately address the security concerns. The Committee wish to be apprised of all the progress made in the implementation of the project.

Reply of the Government

Sufficient funds have been made available in 2019-20.

The progress report on the project is given below:

- (a) The International Commission on Non-Ionizing Radiation Protection (ICNIRP) issues guidelines for Limiting Exposure to Electromagnetic Fields (100 kHz to 300 GHz) which cover many applications such as 5G technologies, WiFi, Bluetooth, mobile phones, and base stations. Department of Telecommunications has adopted stricter norms for safety from Electric and Magnetic Fields (EMF) emission from mobile towers in India which has been fixed to be 10 times more stringent than the safe limits prescribed by International Commission on Non-Ionizing Radiation Protection (ICNIRP) and recommended by World Health Organisation. Further, Government of India has taken adequate steps to ensure that Telecommunications Service Providers strictly adhere to these prescribed norms.
- (b) With regard to assessment conducted with respect to implications of 5G regarding national security, action has been initiated to establish a security test bed at Security Assurance Standards Facility (SASF) at NCCS, Bengaluru. NCCS has been directed to prepare a detailed project estimate for setting up security test bed for 5G.
- (c) DoT has received applications for 5G technology trials at different locations to study 5G India specific use cases and develop applications in different economic verticals. To identify and promote applications relevant to India in the 5G realm, the Department of Telecommunications has launched "5G Hackathon" on 21st February 2020 with support of stakeholders. The Hackathon will be spread across three phases and the winners of the various phases will share a total prize pool of INR 2.5 crore.

(Ministry of Communications/Department of Telecommunications
O. M. No. 16-3/2019-B/1st Report dated 05 /05/2020)

Revival of ITI

(Recommendation SI. No.15)

The Committee note that under the ITI revival plan, ITI was provided Rs.4156 crore consisting of Rs.1892 crore as non-plan funds and Rs.2264 as plan funds for implementation of new projects in ITI. The Committee are happy to note that the implementation of the Revival Plan has brought a new lease of life for ITI and succeeded in changing the fortune of ITI for better. Out of Rs.2264 crore for Capital expenditure, ITI has received Rs.769 crore only as of now. With an investment of Rs.769 crore, ITI has managed to get orders worth Rs.2193.90 crore during 2016-17 to 2019-20 and generate revenue to the tune of Rs.1000 crore. The Committee have been informed that as on 30th September 2019, ITI has booked order for Rs.13821 crore including Advance Purchase Order and is executing major projects like Gujnet, Mahanet, Network for Spectrum (NFS), Smart energy meters to achieve turnover targets of Rs.3300 crore during 2019-20. In the given set of things it is appropriate that ITI continues its strides and achieve a complete turn over. For this, the funds as assured in the revival package needs to be made available to the company so that there is no financial distress. The Committee are, however, disheartened to note that allocation of funds to ITI under Capital has not been in line with the funds requested by ITI. During 2018-19, an amount of Rs.400 crore had been proposed at RE, however, ITI had received only Rs. 55 crore. Similarly, during 2019-20 as against an amount of Rs.405 crore proposed at BE stage, ITI received only Rs.105 crore. The decreased allocation has badly affected the project implementation by ITI under the Revival Plan. The Committee note for RE 2019-20, additional amount of Rs.418 crore and Rs.385 crore for BE 2020-21 have been proposed. The Committee also take note of the submission of ITI that the fulfillment of project at hand are subject to realization of funds.

The Committee are of the view that the future of telecom PSUs like ITI lies in the introduction of new technologies and diversifying its products according to the requirement in market. Therefore, there is a need for continuous flow of fund

to ITI for technological upgradation to keep pace with the changing demands for various electronic or telecom products and stay relevant. Considering the fact that it is already on a revival path and huge orders booked, the Committee find no reasons as to why funds as requested by ITI should not be allocated to ITI. The handholding and support by the Government should not be left midway which may force ITI to go back to its old state. The Committee, therefore, urge the Government that the balance amount under Capital expenditure required as per the revival package for implementation of various revival projects should be released to ITI so that it can invest on newer technologies like 5G. The concern of the Committee in this regard may be communicated to the Ministry of Finance. At the same time, the Committee hope that with increase in revenue, ITI will be able to meet some of the funds towards payment of the statutory dues and other liabilities.

Reply of the Government

Best efforts are being made by the Department for of the issues referred to under the Committee"s observations. The current status of ITI is as follows:

ITI has achieved a profit of Rs. 111 crore (including other comprehensive income of Rs. 18 crore) with a turnover of Rs.1894 crore in FY 2018-19. The profits are without any grants given by Government of India. ITI's turnover is increasing steadily over the recent years from Rs.1253 crore in 2015-16 to Rs. 1894 crore in 2018-19 as given below.

Sl. No.	Year	Turnover (Rs. Cr.)
1	2015-16	1253
2	2016-17	1611
3	2017-18	1703
4	2018-19	1894

ITI is having strong Order Book of about Rs.13759.50 crore as on 30.11.2019. Another Rs. 7700 crore order is in the pipe lines for ASCON-IV

project under Defence. Further ITI is addressing many tenders and business opportunities and will improve order booking further.

Against Rs. 2264 crore approved by CCEA under revival plan for CAPEX, Rs. 769 crore only has been sanctioned to ITI from 2014 till 2019. CAPEX fund provided by Government of India (Rs.769 crore) till date has been invested and the Projects have been implemented in all the Units of ITI.

In BE 2020-21, an amount of Rs. 105 crore has been allotted to ITI for meeting its Capex requirement against the requirement of Rs. 385 crore projected by ITI. Hence, the remaining amount of Rs. 280 crore will be sought in RE 2020-21.

The projects planned for 2020-21 are OFC, HDPE Pipe, ISS (EVM/VVPAT) Assembly, Testing and Mfg. of Space products (VSSC project), Smart Card, Smart Solutions, N-GPON, Non Telecom Defence projects, Data Centre and Solar Cell Manufacturing projects.

ITI has also planned to utilize the balance amount of Rs. 1110.00 crore for the various projects. This amount will be sought progressively. This will help ITI to further augment the manufacturing infrastructure.

As mentioned above, the Company is already in the revival mode, earning profits and the Company will put all out efforts to improve turnover and profits in the years to come.

The concern of the Committee regarding the allocation of less funds to ITI under Capital Section has been intimated to the Ministry of Finance.

(Ministry of Communications/Department of Telecommunications
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CHAPTER- III

**OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT
DESIRE TO PURSUE IN VIEW OF THE REPLIES OF THE GOVERNMENT**

-NIL-

CHAPTER IV
OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE
GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND REQUIRE
REITERATION

BharatNet

(Recommendation Sl. No.4)

Bharat Net is being implemented to provide broadband connectivity to all Gram Panchayats (approx 2.5 lakh GPs) in the country. Once completed it is proposed to provide non-discriminatory, affordable broadband services to citizens and institutions in rural areas, in partnership with States and the private sector. The Committee note that the initial target for connecting all the 2.50 lakh GPs was March, 2019. However, as against the above target, only 1.18 lakh GPs could be connected by March, 2019. The status of utilization of the infrastructure created so far is equally discouraging as out of 1,26,223 GPs which have been made service ready, Wi-Fi hot spots have been made functional in only 15,500 GPs, 5179 GPs integrated to SWAN and FTTH connections provided to only 27,856, etc. The Committee have been informed that the network architecture, the connectivity to old BSNL fiber in part of the network operation and maintenance through BSNL, etc. are some of the reasons which had held back optimal utilization of the network. The Committee are given to understand that in order to address these issues Operation and Maintenance of the OFC network along with first line maintenance and custodianship of the equipment at GP level and 2 Wi-Fi Access Points in each GP has been entrusted to Community Service Centre-Special Purpose Vehicle (CSC-SPV), an agency under Ministry of Electronics and Information Technology w.e.f. 1st July, 2019. Under Phase-II, the State implementing agency has been given the responsibility of O&M of the network for 7 years under State led Model. Discussions are also underway with BSNL to provide a Service Level Agreement (SLA) for the fiber network. The Department are hopeful that all these are expected to improve the uptime of the network which, in turn, will increase network utilization.

The Committee feel that increasing the utilization of the network created is urgently needed, the network should not be a waste of national resources.

Considering the fact that huge amount of Rs.19,516.37 crore has been invested, the Committee feel that there ought to be some return on the investment made through increased utilization of the network infrastructure. To improve the uptime and increase the network utilization, operation and maintenance of the OFC network at the GP level should be properly allocated, monitored and responsibilities fixed. The Committee urge the Department to make sincere efforts to increase utilization of the network created under BharatNet and wish to be apprised of the achievements made in this regard.

Reply of the Government

In view of the concerns of the Committee regarding poor utilization of the network under BharatNet, the Department has decided to award the work of utilization of the created network under Phase-I for provision of Last Mile connectivity through Government of Rajasthan and CSC e-Governance Services Ltd. (an SPV under MeitY).

Steps taken by Government to promote utilization of BharatNet are as follows:

- i) As part of BharatNet project, the Last Mile connectivity, through Wi-Fi or any other suitable broadband technology to access broadband /internet services is being provided at all the 2.5 lakh GPs in the country through Viability Gap Funding by USOF, DoT. Work has already been awarded to the Govt. of Rajasthan for Wi-Fi provisioning in all the 10,000 GPs of Rajasthan and to CSC-SPV for 25,000 GPs in Uttar Pradesh, 3,243 GPs in Himachal Pradesh. Besides CSC-SPV is providing Wi-Fi services in 5,000 GPs in various states under a USOF pilot.
- ii) For the remaining GPs (about 78, 000 GPs) of Phase-I, keeping in view the GP-level presence of CSC e-Governance Services Ltd. (an SPV under MeitY), it has been assigned the provision of 1 Wi-Fi Access Point and 5 FTTH connections to Government institutions by the DCC in its meetings of 13.06.2019 and 20.12.2019. This approval has been taken in order to get maximum utilization of the network for provision of e-Governance services

that will hugely benefit the general public. This work is in an advanced stage and is expected to substantially increase the utilization of the network in the next 6-9 months.

- iii) The BharatNet Tariff has been made highly attractive & affordable to reduce the entry barrier for Service Providers.
- iv) Field level surveys have been facilitated for the service providers.
- v) TSPs and ISPs have finalised 354 and 5461 locations respectively, out of which provisioning has been done at 341 and 2,155 locations respectively.
- vi) **Wi-Fi** have been installed in 45,769 GPs, out of which **services** are being provided in 20,816 GPs. The No. of users is 12.9 lakh, using 1,36,319 GB data per month.
- vii) Fibre to the Home (**FTTH**) connections on BharatNet have been provided to 35,296 GPs and **SWAN** connections to 5325 GPs. Leasing of dark Fiber is of 9579 km and **Bandwidth provisioning** is 529 Gbps.
- viii) BBNL is replacing the lossy fibre of BSNL with new fibre so that better optical power is available at Gram Panchayats as well as dark fibres from OLT location in a Block to GPs become available for the service providers.
- ix) BharatNet Phase-II provides for end to end fibre laying by BBNL from Block to GPs so that dark fibre is available to Service Providers from Block to GP for delivery of their services.
- x) Meetings and discussions are being held with the State Governments for utilization of the network for SWAN, e-governance and other services. Some States, such as Maharashtra, have issued instructions to all the District Collectors for getting broadband connections installed, say through BSNL, at the GPs
- xi) Conferences are being organized with TSPs/ISPs/Cable TV Operators in order to sensitize them about the availability of BBNL bandwidth and dark fibre and further to encourage them for providing services in the rural areas using BharatNet.
- xii). Other steps:

- In Phase – II, under State-Led Model; SIAs (State Implementation Agencies), at their own cost, are to provide at least one FTTH connection in each GP. They are also supposed to submit a business model for utilization of the network from which part of the OPEX shall be met.
- All stakeholders – TSPs/ISPs/Content providers/Cable TV providers/State Government Agencies, etc. are encouraged to utilize the BharatNet network.
- To encourage utilization of BharatNet, Bandwidth and fibre lease charges have been kept at low rates by BBNL.
- Apart from the above, the Department has also taken the approval of the DCC on 20.12.2019 for a strategy (State-wise) to be implemented under the PPP model and hired a consultant, who has carried out market consultation, and the preparation of RFP for PPP model is in an advanced stage.

(Ministry of Communications/Department of Telecommunications
O. M. No. 16-3/2019-B/1st Report dated 05/05/2020)

**Comments of the Committee
(Please see Para No. 8 of Chapter I)**

Comprehensive Telecom Development Plan for North East Region (NER)

(Recommendation Sl. No.5)

The Committee note that a Comprehensive Telecom Development Plan (CTDP) for North East Region (NER) is being implemented to install 6673 mobile towers at 8621 identified uncovered villages, 321 mobile towers along National Highways and strengthening of transmission network in the NER. The Government had approved the project on 10thSeptember, 2014. During 2018-19, an amount of Rs.400 crore had been allotted at BE, however no amount had been allocated at RE and hence the utilization was „Nil“. For the year 2019-20, an amount of Rs. 500 crore has been allocated at BE for Mobile service in uncovered villages of Arunachal Pradesh and 2 Districts of Assam by BSNL and Rs.500 crore for Mobile service in

uncovered villages in rest of NER and seamless coverage along National Highway (by USOF) including Meghalaya (Rs.100 crore for Meghalaya). However, at RE no amount has been proposed by the Department for Mobile service in uncovered villages of Arunachal Pradesh and 2 Districts of Assam and Mobile services in Meghalaya. In respect of mobile services in uncovered villages in NER by Airtel, an amount of Rs. 600 crore has been proposed at RE out of which only Rs.60.03 crore has been utilized so far. The Committee are given to understand that total 2004 towers (1694 towers for 2128 uncovered villages + 310 towers for National Highways) are to be set up by Airtel in Assam except 2 Districts, Sikkim, Manipur, Mizoram, Nagaland, Tripura and Arunachal Pradesh (NH only). The project is targeted to be completed by October, 2019. However, as on 22ndOctober, 2019, only 878 towers have been installed and 732 towers are radiating which substantiates Committee"s apprehension that the project has failed miserably in meeting its target. The Committee note with great concern that even though the project had been approved by the Government in 2014, no headway has been made so far under the Comprehensive Telecom Development Plan for the North East Region due to Court case in case of Arunachal Pradesh and two Districts of Assam and high tender discovered cost in comparison to DPR in Case of Meghalaya. The only project which is being implemented is also behind schedule. It is surprising to note that this is happening in spite of the project being monitored closely at the highest level and review meetings being convened periodically.

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

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

fact that the region suffers from difficult conditions peculiar to the region, the Committee are of the view that the Department should explore innovative measures to speed up the work, such as providing incentive for timely completion on the one hand and imposing penalty in case of failure to meet the target on the other. The concrete steps in this direction may be apprised to the Committee within three months of presentation of the Report.

Reply of the Government

The Steps taken by the Department is given below:

Comprehensive Telecom Development Plan for NER:

On 10.9.2014, the Government approved a “Comprehensive Telecom Development Plan” to install 6673 mobile towers at 8621 identified uncovered villages, 321 mobile towers along National Highways, and strengthening of transmission network in the NER at an estimated cost of Rs. 5336 crore to be funded from Universal Service Obligation Fund (USOF). Earlier 2 tenders for Meghalaya were not successful. Therefore, on 23.05.2018, the Cabinet approved a proposal for 2G+4G connectivity at an estimated cost of Rs 3911 crore and enhanced estimated cost of CTDP Project for NER for Rs 8,120.81 crore. The project consists of the following schemes and their present status is as under: -

A. Mobile connectivity in Arunachal Pradesh and 2 districts (Karbi Anglong and Dima Hasao) of Assam: 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 meantime, State Governments requested to provide mobile services based on latest 4G technology. Also, Telecom Watchdog filed a Writ Petition in the Hon^{ble} Supreme Court to quash the agreement dated 16.01.2018 on 2G technology, which is sub-judice. Subsequently, the matter was 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 the Cabinet. In June

2018, a revised list of 2968 (2215+753) uncovered villages of Arunachal Pradesh and 2 Districts of Assam received was finalized. 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 in Arunachal Pradesh & 2 Districts of Assam have reduced to 2374 (1683+691) uncovered villages for which estimated cost is Rs. 2028.80 crore.

B. Mobile connectivity in uncovered villages of the States of North-East and along National Highways [Assam (except 2-Districts), Manipur, Mizoram, Nagaland, Tripura, Sikkim, and Arunachal Pradesh (only Highways)]:

Telecom Commission approved to award the project on 08.09.2017 and accordingly, the scheme is being implemented through M/s Bharti Airtel Limited & M/s Bharti Hexacom on open tender basis. The Agreements were signed on 08.12.2017 for covering Assam [except 2 Districts viz. Karbi Anglong & Dima Hasao], Sikkim, Manipur, Mizoram, Nagaland, Tripura and Arunachal Pradesh (National Highways only) for provision of mobile services. Under this project, 2004 mobile towers (1694 towers for 2128 uncovered villages+310 for National Highways) are to be installed. The project Cost is Rs 1655.66 crore.

To expedite the implementation of the scheme and to discuss the issues involved therein, a meeting was taken by Administrator, USOF on 22.10.2019 wherein the officers of the State Governments, LSAs, CCA etc. were invited. It was the unanimous opinion of representative of the States present that NE being a difficult territory, extension of the proposal may be considered up to June, 2020. Accordingly, the extension of time of the Project up to June, 2020 has been given, keeping in view the hardship, terrain, floods, delay in finalization of survey, difficulties in getting the possession of land, apart from many other force majeure conditions prevailing, including protests & restricting the movement of the man and resources etc. As of March 2020, 1405 sites have been acquired and 1218 have been installed, out of which 1181 are radiating.

Officers of USOF are visiting the NE states and holding meetings with Chief Secretary & Principal Secretary concerned of the State to resolve the issues for expediting implementation. Meetings are also being held with Sr. Executives of the implementing agencies /USP for review & speeding up execution. So far, meetings have been held in Agartala, Guwahati and Imphal.

Since end-March 2020, due to various advisories issued by Government and lockdown in view of the outbreak of pandemic Covid-19, the implementation of the projects has been adversely affected.

C. Mobile connectivity in Meghalaya and along National Highways on Technology: On 23.05.2018, a revised proposal to install 2173 towers of 2G+4G technology for providing mobile services in 2374 uncovered villages and along National Highways at an estimated cost Rs. 3911 crore was approved by the Cabinet. In June, 2018, a revised list of 2691 number of uncovered villages of Meghalaya was finalized. In view of the decision taken in NITI Aayog, the DCC has approved a proposal for provision of 4G connectivity for 2691 uncovered villages and National Highways of Meghalaya on 19.09.2019. Meanwhile, due to expansion of network, uncovered villages in Meghalaya have reduced to 1164, for which the estimated cost is Rs. 1165.54 crore. A Tender has been floated and subsequently, a pre-bid meeting was held on 18.02.2020. Due to outbreak of pandemic Covid-19, the tender submission date has been extended.

(Ministry of Communications/Department of Telecommunications
O. M. No. 16-3/2019-B/1st Report dated 05/05/2020)

**Comments of the Committee
(Please see Para No. 11 of Chapter I)**

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

(Recommendation Sl. No.7)

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

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

Reply of the Government

The Department, keeping in view the special focus on Left Wing Extremism Affected areas, has formulated and already implemented a separate USOF scheme viz. "Provision of Mobile Services in Left Wing Extremism Affected Areas (Phase-I)". The scheme has already been completed by installation of 2343 towers for providing mobile services. The concept is based on the lines of NER areas, where separate schemes are formulated.

Now, the Department has taken up the implementation of another scheme namely "Provision of Mobile Services in Left Wing Extremism Affected Areas (Phase-II)". This scheme envisages the provision of mobile services by installation of 2217 towers, and a tender for selection of the Implementation Agency has been floated.

(Ministry of Communications/Department of Telecommunications
O. M. No. 16-3/2019-B/1st Report dated 05/05/2020)

Comments of the Committee (Please see Para No. 14 of Chapter I)

Promotion of domestic manufacturing of telecom equipment

(Recommendation SI. No.12)

The Committee note that India is highly dependent on import of telecom equipment to meet their demands in the country. This indicates that domestic industries are clearly unable to meet the demand and the country lacks the requisite eco-system for the promotion of domestic manufacturing of telecom equipment.

During 2016-17, India had imported telecom equipment worth Rs.1,13,057 crore, Rs.1,41,168 crore in 2017-18 and Rs.1,24,992 crore in 2018-19. China remains the number one country from where India is making the maximum import. The Committee feel that the import of telecom equipment will increase substantially with the introduction of newer technology like 5G and desire to know why the Department have made no plans to develop 5G indigenously. On the challenges in India confronting domestic telecom equipment manufacturing eco-system, the Department have flagged factors, such as Information Technology Agreement which brought most of electronic and telecom equipment at zero duty, low R&D investment and IPR creation, lack of market access for indigenous manufacturers, need for better coordination between academia, research and innovation for leveraging the vast manufacturing potential of our country, etc. The Government have taken several measures to promote domestic manufacturing which include imposition of tariff on non-ITA products, preference to Make in India products, releasing of National Digital Communications Policy 2018 that contains several policy initiatives for promoting domestic manufacturing, setting up of Telecom Equipment and Services Export Promotion Council, mandatory testing and certification of telecom equipment, etc. Undoubtedly, these measures are significant strides in the promotion of domestic manufacturing of telecom equipment. However, at the same time, the continuance of such massive import raises doubts on the adequacy of the above initiatives. The country is yet to take a giant leap in domestic manufacturing of telecom equipment as the extent of import is still very high.

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

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

Reply of the Government

For promoting domestic manufacturing of telecom products following measures have been taken:

- f) MeitY has notified following schemes for promotion of Electronics products in the country:
- Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing on 1st April 2020- To promote manufacturing of mobile phones and specified electronics components. It provides 4-6% incentive on incremental sales for a period of 5 years,
 - Scheme for Promotion of manufacturing of Electronic Components and Semiconductors (SPECS) on 1st April 2020- To offset the disability for domestic manufacturing of components and semiconductors. Under this scheme there is subsidy of Capital Expenditure up to 25%, and
 - Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme on 1st April 2020- To make India an Electronics Manufacturing Hub- modification of existing EMC scheme for creation of manufacturing clusters.

These schemes will enable creation of ecosystem and attracting large investment in manufacturing thereby promoting Make in India and also exports.

- g) In pursuance of Department for Promotion of Industry and Internal Trade (DPIIT) Public Procurement (Preference to Make in India), Order 2017 dated 28.05.2018, Department of Telecommunications has issued PPP MII Order 2017- Notification for Telecom products, services or works on 29.08.2018 for Government procurement to encourage Make in India and to promote manufacturing and production of telecom goods and services in India with a view to enhance income and employment.
- h) Under BharatNet project, fully designed, developed and domestically manufactured GPON equipments are being deployed.

- i) Government has imposed basic custom duty (ranging from 10-20%) on certain identified non-ITA telecom/electronic items on finished products and 10% on populated PCBs to promote their domestic manufacturing.

- j) DoT along with COAI has been organising India Mobile Congress in New Delhi, an iconic International event for promotion of innovations and showcasing India's prowess in technology domain. DoT subsidised more than 70 start-ups and SMEs in exclusive India Pavilion during October 2019.

(Ministry of Communications/Department of Telecommunications
O. M. No. 16-3/2019-B/1st Report dated 05/05/2020)

**Comments of the Committee
(Please see Para No. 17 of Chapter I)**

CHAPTER V
OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF
WHICH REPLIES OF THE GOVERNMENT ARE INTERIM IN NATURE

Telecom Engineering Centre

(Recommendation Sl. No.9)

The Committee note that the Department are implementing various Schemes under Telecom Engineering Centre, such as Setting up of NGN (Transport) Lab, Setting up of SAR Lab at TEC New Delhi/Mumbai, Procurement of EMF measuring Instrument, Setting up of Security Lab, setting up of CPE and TL Lab, Setting up of Access Lab, Setting up of Green Passport Lab (Phase-I), Setting up of Regional Test at RTECs, and Setting up of NGN Control Lab. These Schemes are at various stages of implementation. However, what has disturbed the Committee is the poor utilization of funds in respect of some of the Schemes reflecting their faulty implementation. During the year 2018-19, an amount of Rs. 44.10 crore had been allocated to TEC at BE, which was reduced to Rs.7.20 crore at RE stage and the actual utilization has been Rs.96.9 lakh only which is just 13.45 per cent of the funds allocated at RE. Out of 09 Schemes being implemented by TEC, in respect of 06 Schemes there has been „Nil“ utilization portraying a very sad state of affairs. Some of the reasons cited by the Department viz. pending court cases, cancellation of tenders due to non-responsiveness of bidders, revision of tender document etc. are just not acceptable to the Committee. During the year 2019-20, the Department had proposed an amount of Rs.51.17 crore out of which an amount of Rs. 20.11 crore was allocated at BE. But the Committee are disheartened to note that the Department proposed only Rs.11.79 crore at the RE stage and utilized only Rs.58 lakh till 30thOctober, 2019 i.e. 2.88 percent of the allocation made at BE.

The Committee would like the Department to explain the reasons for the persistent under utilization of funds by TEC. The Committee are of the view that cancellation of tenders in respect of Schemes of TEC due to non-responsiveness of the bidders and inability to finalize tenders only reflects the general incompetence and lack of requisite expertise to formulate practical tenders by TEC. In view of the

persistent failure of TEC to properly implement Schemes for setting up of various Labs for testing of telecom equipment, the Committee strongly recommend the Department to review the whole planning process of TEC and ensure that implementation of Schemes under TEC improve in the current fiscal. The Committee urge the Department to take their concern seriously and do the course correction and apprise them of the corrective measures.

Reply of the Government

Overall status of various schemes is as below

Schemes implemented by TEC:

- Establishment of NGN transport Lab
- Establishment of Specific Absorption Rate (SAR) Lab

NGN Transport lab is partially functional. Cases of NGN Transport lab as well as SAR Lab were under arbitration and arbitration awards were received in both cases. However, awards were not accepted by the competent authority and the matter is sub-judice.

Schemes to be implemented by TEC:

- Establishment of Control Lab – Scheduled for commissioning in 2020-21
- Establishment of Green Passport Lab Phase-I – Will be installed in 2020-21
- Establishment of Security Lab – Scheduled for start of installation in 2020-21
- Establishment of CPE & Terminal Lab *
- Establishment of Access Lab *
- Establishment of Regional Test Labs *

(* Specifications are being finalised and further procurement will start shortly)

NGN Control lab:

The equipment for NGN control lab for which the purchase order was placed in August 2019 has been received and installed.

All sincere efforts are being made to set-up the labs successfully.

(Ministry of Communications/Department of Telecommunications
O. M. No. 16-3/2019-B/1st Report dated 05/05/2020)

Setting up of Security Lab

(Recommendation SI. No.10)

Setting up of Telecommunication Security Testing Lab is one of the important Schemes being implemented by TEC. The purpose of this lab is to cater to the needs of the telecom industry for security testing of various network elements and CPEs. The Committee note that tender was floated on 9th November, 2015 but since no bid was received, tender could not be processed. Subsequently tender was reviewed and refloated in October 2016 but again got cancelled on 12th May, 2016 due to non-responsiveness of bidders. The Committee have been informed that tender was again floated on 12th September, 2018 but has been cancelled due to non-responsiveness of all bidders. Now revised tender document is under preparation. Such casual approach on the part of TEC and the way matter is stuck in tendering and retendering process clearly points to the fact that TEC has failed to handle a highly technical project like this. It has raised serious doubts as to whether TEC really has the technical competence for the setting up of Telecommunications Security Lab. The Committee have now been informed that an open house feedback session has been conducted by TEC in August, 2019 to take inputs on technical specification of tender document and based on feedback, the estimate is being revised. The way the Scheme has been handled since its conception stage gives an impression to the Committee that TEC alone will not be able to execute the project. The Committee are also of the firm view that in the aforesaid scenario the chance of setting up of the lab in the current financial year seems remote. Telecommunication Security Lab has assumed significance in view of the fact that Government of India has mandated that it will be compulsory for the telecom equipment to be tested and certified prior to its import, use or sale into the country. More so as admitted by Secretary, DoT during evidence, security equipment testing in India is not of the world standard.

Keeping in view that Security Test Lab shall be one such lab carrying out the testing of telecom equipment to ensure that the telecom network elements are free from security vulnerabilities, its early set up is the urgent need of the hour. At the

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

Reply of the Government

Telecom test lab is a very specialized setup for which TEC has not been able to solicit sufficient response from vendors. As observed by the Hon^{ble} Committee, efforts for procurement of test lab equipment have not materialized due to either non-receipt of bids or non-eligibility of bidders even though bids were called on three occasions. However, consultations with stakeholders have been held and the process for fresh tender has been initiated, which will be monitored.

Sincere efforts are being made considering lessons learnt from past experience to set-up the labs successfully.

(Ministry of Communications/Department of Telecommunications
O. M. No. 16-3/2019-B/1st Report dated 05/05/2020)

Champion Service Sector Scheme (CSSS)

(Recommendation SI. No.13)

The Committee note that under the Champion Service Sector Scheme (CSSS) of the Department of Commerce, Government have approved two Schemes for promoting development in telecom sector, such as Scheme for brand building of India as telecom manufacturing and services destination at the cost of Rs. 46.2 crore over 3 years, and Scheme for setting up of Digital Communication Innovation square at the cost of Rs.104 crore over 3 years. From the information provided by the Department, the Committee note that an amount of Rs.50.07 crore has been allocated at BE for the Schemes during 2019-20. The Committee are given to understand that the purpose of the two Schemes is to showcase capabilities of

Indian telecom equipment manufacturers and service providers at important international forums that will help in branding India as a technology supplier, and promote innovative ideas and knowledge for viable technology development.

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

Reply of the Government

The updated status of the scheme is furnished below:-

The following two sub-schemes of DOT were proposed under Champion Sector Services Scheme (CSSS):

- a. Brand-building of India as Telecom Manufacturing and Services Destination
- b. Setting up of Digital Communication Innovation Square (DCIS)

The aforementioned 2 sub-schemes of DOT have been approved by Expenditure Finance Committee (EFC) and minutes of EFC meeting conveying the approval has been received by Department of Telecommunications on 21 Oct 2019.

Post receipt of the EFC minutes, Department of Telecommunications is in the process of preparing and finalizing the guidelines of both the sub-schemes. Appropriate framework to ensure effective utilization of funds to achieve the objectives of the sub schemes will be developed and included in these guidelines.

(Ministry of Communications/Department of Telecommunications
O. M. No. 16-3/2019-B/1st Report dated 05 /05/2020)

Revival of BSNL and MTNL

(Recommendation SI. No.14)

The Committee note that both BSNL and MTNL have been incurring losses continuously since the financial year 2009-10. BSNL has incurred total loss of Rs.4794 crore during 2016-17, Rs.8738 crore in 2017-18 and Rs.14904 crore in 2018-19. The projected loss of BSNL during 2019-20 is Rs.25753 crore mainly due to assumption of VRS. In case of MTNL, the loss incurred by the company during 2016-17 was Rs.2941.8 crore, which rose to Rs.2973.45 crore in 2017-18 and Rs.3390.20 crore in 2018-19. The projected Net loss of the company for the year 2019-20 is 4012.5 crore. The Committee have also been informed that the net worth and outstanding debt of BSNL as on 31st March, 2019 were Rs.74734 crore and Rs.(-)15983 crore excluding overdraft respectively. As for MTNL for the same period, the net worth was Rs.(-)9734.94 crore and outstanding debt was Rs.19750.35 crore excluding DoT Bonds of Rs.4533.97 crore. With DoT Bonds, the outstanding debt of MTNL as on 31st March, 2019 was Rs. 24,284.32 crore. The Committee take note of the fact that the financial position of both the companies, especially that of MTNL is very precarious. As per the submission of the Department, the main reasons for the present state of the two companies are due to factors, such as stiff competition in mobile segment, high employee cost which is more than 75 per cent to revenue in case of BSNL and MTNL against the market ratio of 5 to 7 per cent, and absence of 4G services except in few places for BSNL. The Committee are, however, glad to note that a Comprehensive revival plan for BSNL and MTNL has been approved by the Cabinet and with the implementation of the revival plan both the PSUs will be able to register growth and will soon come out of losses. The Committee feel that both PSUs have played a significant role in expansion of telecom connectivity in the country and still have an important role to play. The Committee are in full agreement with the strategic and crucial role of BSNL and MTNL highlighted in NTP-2012 in meeting the strategic and security needs of the nation.

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

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

Reply of the Government

The Cabinet in its meeting held on 23-10-2019 approved the revival plan for BSNL and MTNL. The revival plan *inter-alia*, includes the measures to reduce the Staff cost through a Voluntary Retirement Scheme (VRS) for employees of age above 50 years for the employees of BSNL and MTNL, Administrative allotment of Spectrum to BSNL/MTNL for providing 4G services, Monetisation of Land/Building and Tower/Fibre Assets of BSNL/MTNL, Debt restructuring by raising of Sovereign Guarantee Bonds and in-principle approval for merger of BSNL & MTNL.

The following actions have been taken:

Measure -1: Staff Cost Reduction

- (i) The Voluntary Retirement Scheme (VRS) was offered by both BSNL/MTNL on 4th November, 2019 and was closed on 03.12.2019. The VRS has effected from 31.01.2020. After the closure of the scheme, 78,569 employees of BSNL

and 14,387 employees of MTNL have opted for the VRS. Post VRS, BSNL will have 71057 and MTNL will have 4325 employees.

- (ii) The target for VRS was set as 83000 and 15000 employees respectively for BSNL and MTNL, considering the strength as on 1.10.2019. Since the VRS has been implemented wef 31.01.2020, 5607 and 1408 employees of BSNL and MTNL respectively, retired in natural course. As such, the net reduction in employees is 84239 and 15795 employees in BSNL and MTNL respectively.
- (iii) Fund amounting Rs 5000 Cr for payment of 1st installment of ex-gratia (to be paid by 31.3.2020) was received from MoF, which has been distributed to both PSUs with the direction to utilize the same by 31.03.2020. The 2nd and final installment will be paid in first quarter of 2020-21. Budget of Rs 9889 crore for the 2nd installment has been allotted in FY 2020-21. Due to less allotment during 2019-20, the requirement for 2020-21 is Rs 11206 crore.

Measure – 2 A: Asset Monetisation (Land/Buildings)

- (i) Pursuant to Cabinet decision dated 23.10.2019 on Revival/ Restructuring of BSNL/MTNL for monetisation of Land/Building assets through DIPAM route, 14 assets of BSNL and 16 assets including 494 flats of MTNL were identified for monetisation in the first phase.
- (ii) IMG in its meeting held on 24.12.2019 gave go-ahead for monetisation of 11 assets of BSNL (tentative value Rs. 18,200 Cr.) and 06 assets, including 398 flats, of MTNL (tentative value Rs. 5,158 Cr).
- (iii) IMG deferred monetisation of 03 assets of BSNL, 11 assets, including 96 flats of MTNL in order to obtain requisite clearances from respective land owning Agency/State Govt.
- (iv) Alternate Mechanism (AM) consisting of Group of Ministers has accorded approval for monetisation of assets recommended by IMG constituted by DIPAM.
- (v) Pre-bid meeting of representatives of BSNL/MTNL with empaneled consultants was held on 31.01.2020. Queries of International Property

Consultants (IPC) were replied to by DoT and DIPAM has issued certain amendments in the relevant clauses of RFP on 13.02.2020.

- (vi) The IMG of DIPAM opened financial bids for appointment of IPC on 02.03.2020. DIPAM has issued appointment letters to M/s Cushman and Wakefield India Pvt Ltd, M/s JLL Property Consultants (India) Pvt Ltd, M/s Knight Frank (India) Pvt Ltd and M/s CBRE South Asia Pvt. Ltd. as IPC on 24.03.2020.

Measure – 2 B: Asset Monetisation (Fibre/Towers)

- (i) In the meeting held on 10.01.2020 in NITI Aayog, monetization of core assets, viz. Fiber Network of BBNL, Fiber/Cables/Towers of BSNL/MTNL etc were discussed. Accordingly, M/s SBI Caps and M/s Deloitte are conducting study for MTNL & BSNL respectively.

Measure - 3: Allocation of Spectrum

- (i) Budget for 4G spectrum for Rs 24,084 Cr (BSNL-16,656 Cr, MTNL-7428 Cr) was requested in RE 2019-20. Ministry of Finance has provisioned the funds required for 4G spectrum in BE 2020-21.
- (ii) The process for spectrum allocation for 4G services to BSNL/MTNL has been initiated in DoT.

Measure - 4: Issue of Sovereign Guarantee Bonds

- (i) Request for Sovereign Guarantee for the bonds to be raised by BSNL (Rs 8500 Cr) and MTNL (Rs 6500 Cr) has been sent to Ministry of Finance on 2-12-2019.
- (ii) DEA has intimated that the Sovereign Guarantee will be issued in first Quarter of FY 2020-21.

Measure -5: In-principle approval for merger of MTNL into BSNL

- (i) A letter has been addressed to DIPAM seeking necessary guidance for merger/ making MTNL a subsidiary of BSNL, in view of DIPAM circular no. 7/13/2018-Policy dated December 26, 2018 directing that „..... *All proposals of CPSEs/Administrative Departments that have a bearing on*

capital structure or networth of a CPSE e.g. issue of bonus/rights shares or bonus debentures, merger or demerger, formation of a subsidiary or an associate company, payment of dividend, etc. are required to be referred to DIPAM for prior consultation/consent'

- (ii) DIPAM had convened a preliminary meeting on 14.01.2020. DIPAM has engaged a Legal Advisor and further course of action will be decided as per the report of the Legal Advisor. A reminder to expedite the report of Legal advisor has been issued by this office to DIPAM.

(Ministry of Communications/Department of Telecommunications
O. M. No. 16-3/2019-B/1st Report dated 05 /05/2020)

**New Delhi;
04 February, 2021
15 Magha, 1942 (Saka)**

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

**MINUTES OF THE THIRD SITTING OF THE STANDING COMMITTEE ON
INFORMATION TECHNOLOGY (2020-21) HELD ON 16th OCTOBER, 2020**

The Committee sat on Friday, the 16th October, 2020 from 1100 hours to
1300 hours in Committee Room „B“, Parliament House Annexe, New Delhi.

PRESENT

Dr. Shashi Tharoor – Chairperson

MEMBERS

Lok Sabha

2. Shri Karti P. Chidambaram
3. Shri Santosh Pandey
4. Sanjay Seth
5. Shri L.S. Tejasvi Surya
6. Shri Bhanu Pratap Singh Verma

Rajya Sabha

7. Dr. Anil Agrawal
8. Shri Y.S. Chowdary
9. Shri Syed Zafar Islam
10. Shri Nabam Rebia

Secretariat

- | | | | |
|----|-----------------------|---|---------------------|
| 1. | Shri Y.M. Kandpal | - | Joint Secretary |
| 2. | Dr. Sagarika Dash | - | Additional Director |
| 3. | Smt. Geeta Parmar | - | Additional Director |
| 4. | 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 four Draft Action Taken Reports on Demands for Grants (2019-20).....xxxxx.....xxxxx.....

3. The Committee took up the following draft Reports for consideration:-

(i) Draft Action Taken Report on Demands for Grants (2019-20) of Ministry of Communications (Department of Telecommunications),

(ii)xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....

(iii)xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx....., and

(iv)xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....

4. After due deliberations, the Committee adopted the above Report with slight modifications.

5. The Committee, then, authorized the Chairperson to finalize the Report and present the same to the House during the next session of Parliament.

(...xxxxx.....xxxxx.....)

6.xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....

7.xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....

8.xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....

9.xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....

10.xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....

....xxxxx.....xxxxx.....

Verbatim proceedings of the sitting have been kept on record.

The Committee, then, adjourned.

....xxxxx.....Matters not related to Report.

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE
OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THEIR FIRST REPORT**

(SEVENTEENTH LOK SABHA)

[Vide Paragraph No. 5 of Introduction]

(i)	Observations/Recommendations which have been accepted by the Government Rec. Sl. Nos.: 1, 2, 3, 6, 8, 11 and 15	Total - 7
	Percentage	46.67
(ii)	Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government Rec. Sl. No.: Nil	Total - Nil
	Percentage	0.00
(iii)	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and require reiteration Rec. Sl. Nos.: 4, 5, 7 and 12	Total - 04
	Percentage	26.67
(iv)	Observations/Recommendations in respect of which the replies of the Government are of interim in nature Rec. Sl. Nos.: 9, 10, 13 and 14	Total - 04
	Percentage	26.66