

**39**

**STANDING COMMITTEE ON  
COMMUNICATIONS AND  
INFORMATION TECHNOLOGY  
(2022-23)**

**SEVENTEENTH LOK SABHA**

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

**[Action Taken by the Government on the Observations/Recommendations  
of the Committee contained in their Thirty-second Report (Seventeenth Lok  
Sabha) on 'Demands for Grants (2022-23)']**

**THIRTY NINTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*February, 2023/Magha, 1944 (Saka)*

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**Presented to Lok Sabha on 9-2-2023**

**Laid in Rajya Sabha on 9-2-2023**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*February, 2023/Magha, 1944 (Saka)*

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**Composition of the Standing Committee on Communications and  
Information Technology (2022-23)**

**Shri Prataprao Jadhav - Chairperson**

**Lok Sabha**

2. Smt. Sumalatha Ambareesh
3. Shri Karti P. Chidambaram
4. Dr. Nishikant Dubey
5. Smt. Sunita Duggal
6. Shri Jayadev Galla
7. Smt. Raksha Nikhil Khadse
8. Dr. Sukanta Majumdar
9. Smt. Mahua Moitra
10. Shri P. R. Natarajan
11. Shri Santosh Pandey
12. Col. Rajyavardhan Singh Rathore
13. Dr. Gaddam Ranjith Reddy
14. Shri Sanjay Seth
15. Shri Ganesh Singh
16. Shri Parvesh Sahib Singh
17. Shri Shatrughan Prasad Sinha
18. Shri L.S. Tejasvi Surya
19. Dr. T. Sumathy (A) Thamizhachi Thangapandian
20. Dr. M. K. Vishnu Prasad<sup>@</sup>
21. Shri S. Jagathrakshakan

**Rajya Sabha**

22. Dr. Anil Agrawal
23. Dr. Laxmikant Bajpayee
24. Dr. John Brittas
25. Shri Syed Nasir Hussain
26. Shri Ilaiyaraaja
27. Shri Jaggesh
28. Shri Praful Patel
29. Shri Kartikeya Sharma
30. Shri Jawhar Sircar
31. Shri Lahar Singh Siroya

**Secretariat**

- |                        |   |                     |
|------------------------|---|---------------------|
| 1. Shri Satpal Gulati  | - | Joint Secretary     |
| 2. Smt. A. Jyothirmayi | - | Additional Director |
| 3. Shri Nishant Mehra  | - | Deputy Secretary    |

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Committee constituted w.e.f. 13<sup>th</sup> September, 2022 *vide* Para No.5288 of Bulletin Part-II dated 4<sup>th</sup> October, 2022.

## **INTRODUCTION**

I, the Chairperson, Standing Committee on Communications and Information Technology (2022-23), having been authorised by the Committee, present this Thirty-Ninth Report on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Thirty-second Report (Seventeenth Lok Sabha) on 'Demands for Grants (2022-23)' of the Ministry of Communications (Department of Telecommunications).

2. The Thirty-second Report was presented to Lok Sabha and also laid on the Table of Rajya Sabha on 21<sup>st</sup> March, 2022. The Department of Telecommunications furnished their Action Taken Notes on the Observations/Recommendations contained in the Thirty Second Report on 7 June, 2022.

3. The Report was considered and adopted by the Committee at their sitting held on 07<sup>th</sup> Feb, 2023.

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 Thirty-second Report of the Committee is given at Annexure-II.

**New Delhi;  
8 February, 2023  
19 Magha, 1944 (Saka)**

**PRATAPRAO JADHAV,  
Chairperson,  
Standing Committee on  
Communications and Information  
Technology.**

## CHAPTER I

### REPORT

This Report of the Standing Committee on Communications and Information Technology deals with the action taken by the Government on the Observations/Recommendations of the Committee contained in their Thirty-second Report (Seventeenth Lok Sabha) on 'Demands for Grants (2022-23)' relating to the Ministry of Communications (Department of Telecommunications).

2. The Thirty-second Report was presented to Lok Sabha/laid in Rajya Sabha on 21<sup>st</sup> March, 2022. It contained 14 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.: 1,2,4,6,7,9,11,13 and 14

Total - 9  
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.: 3,8, 10 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.: 5

Total - 01  
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.

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

#### **(Recommendation Sl. No.3)**

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

“The Committee note that BharatNet is one of the biggest rural telecom projects of the world and is being implemented in a phased manner to provide broadband connectivity to all Gram Panchayats (GPs) (approx 2.6 lakh) in the country. Phase-I was completed in December, 2017 with the implementation of over 1 lakh GPs. Phase-II is under implementation. From the information provided by the Department, the Committee note that as on 31<sup>st</sup> January, 2022, an amount of Rs.30885.31 crore has been utilized, 5,61,357 km. of OFC has been laid, 1,70,031 GPs have been made service ready, Wi-Fi hotspots have been provided in 1,04,259 GPs, 1,89,050 FTTH connections have been provided, 34,514 km. of dark fibre has been leased, etc. The Committee have also been informed that 5030 TB of data consumption has also been recorded and is expected to increase in the coming days. With regard to revenue sharing, so far 54 revenue sharing agreements have been signed with TSPs and it is expected that provision of FTTH connection will increase in near future. The Committee note that Wi-Fi hotspots are yet to be provided at 65,772 GPs which are service ready. The Committee also note that the provisioning of Wi-Fi services in about 1.10 lakh GPs under Phase-I has been assigned to CSC e-Governance Service India Limited and in about 10,000 GPs to Government of Rajasthan. CSC-SPV has also been provided VGF for provisioning of FTTH connections to 5 Government institutes in 77,115 GPs of Phase-I. In addition, CSC has also been assigned to provide one Wi-Fi and 5 FTTH connections in 2,692 GPs and 36,744 villages of Bihar in Phase-II. About 94,800 Government institutes in rural areas viz. School, Anganwadi, Ration shops, Health and Wellness Centres, Post Offices, etc. have already been connected by CSC-SPV. Under Phase-II, utilization of BharatNet in State-led model is entrusted to the States. BharatNet is being used by the State Governments to extend their SWAN to Gram Panchayats in 16424 GPs of 8 States/UTs.

From the above observations, the Committee note that CSC-SPV has been entrusted with enormous task to provide Wi-Fi access points in Gram Panchayats and FTTH connections to Government institutions in GPs. The Committee are of the view that there is a need to properly monitor the performance of CSC-SPV so that it will be able to properly achieve provisioning of Wi-Fi services and FTTH connections to all the GPs assigned to them. The Committee have already emphasized the need for effective utilization of funds under USOF of which the BharatNet project constitutes the core schemes for which significant amount of budget is earmarked. The Committee, therefore, recommend that special efforts must be made by the Department to increase utilization of funds under the schemes as well as optimum utilization of network created under Phase-II. The Committee also recommend the Department/BBNL to make sincere efforts to provide Wi-Fi hotspots to all the service ready GPs. The detailed status of progress under the project may be furnished to the Committee.”

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

“Regarding optimum utilization of BharatNet Phase-II, following steps have been taken:

- The work for utilization of BharatNet under Phase-II, has been entrusted to the agencies detailed as below:

S. No.	State	Implementation Agency
1.	UP	BSNL
2.	MP	BSNL
3.	Sikkim	BSNL
4.	Punjab	BSNL
5.	Bihar	BSNL
6.	AP	APSFL
7.	Telangana	T-Fiber
8.	Odisha	OPTCL
9.	Jharkhand	JCNL
10.	Gujrat	GFGNL
11.	Maharashtra	Maha-IT
12.	Chhattisgarh	CHIPS
13.	Tamil Nadu	TANFINET

In addition to above, the work of utilization in 5520 Satellite GPs spread across 27 States/UTs is being carried out by BBNL/BSNL.



Regular review meetings with above-mentioned implementing agencies are being done by BBNL/USOF to increase the pace of implementation of BharatNet Network under Phase-II.

Present Status of utilization of BharatNet is as under:-

- No. of Wi-Fi hotspots installed (GPs): 1,04,302
- No. of FTTH connections commissioned: 2,27,781
- Dark Fibre leased : - 38519.4 Km
- Data consumed monthly : - 4199 TB
- Utilization by SWAN: 16830 GPs
  
- Further, Revenue sharing agreements are also being signed with ISPs for provision of FTTH connections to increase the utilization of BharatNet network. As on date 92 Revenue sharing agreements have been signed.
- Tender for installation of Wi-Fi access points at GP sites where VSAT has been installed is to be floated by BBNL.
- Marketing events/ meets for creating awareness among ISPs/ TSPs & MSOs (Mobile Service Operator) about BharatNet are being planned.
- Tariff of BBNL services is kept low for enhancing affordability.”

#### **Comments of the Committee**

8. **Having noted that CSC-SPV has been entrusted with enormous task to provide Wi-Fi access points in Gram Panchayats and FTTH connections to Government institutions, the Committee had expressed the need to properly monitor the performance of CSC-SPV. The Committee had also recommended the Department/BBNL to make sincere efforts to provide Wi-Fi hotspots to all the service ready GPs. From the Action Taken Notes furnished by the Department, the Committee note that efforts are being made by the Department for utilization of network created under BharatNet Phase-II. With regard to utilization of BharatNet, the Committee are glad to note that number of FTTH connections have increased from 1,89,050 to 2,27,781 connections and 92 revenue sharing agreements have been signed. However, there has been only marginal increase in the number of Wi-Fi hotspots installed, dark fibre leased, utilization of SWAN, etc. This reflects that the Department/BBNL are not able to make significant progress to increase the utilization of network created under BharatNet as more than 70,000 GPs which have been made service ready are not yet provided with Wi-Fi hotspots. The Committee would like to know the reasons for not**

providing Wi-Fi hotspots or last mile connectivity to all these service ready GPs. The Committee also find that no reply has been furnished by the Department on the recommendation of the Committee to monitor the performance of CSC-SPV. The Committee feel that monitoring the performance of CSC-SPV is very important considering the enormous task assigned to it for provisioning of Wi-Fi services and FTTH connections under Phase-I and II of BharatNet project. The Committee, therefore, reiterate their earlier recommendation to monitor the performance of CSC-SPV so that it will be able to achieve provisioning Wi-Fi services and FTTH connections to all GPs assigned to them. Status of implementation of this recommendation may be furnished to the Committee while furnishing the final replies.

### **Mandatory Testing of Telecom Equipment**

#### **(Recommendation Sl. No.8)**

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

“The Committee note that Mandatory Testing and Certification of Telecom Equipment (MTCTE) is applicable to Domestic Original Equipment Manufacturers (OEMs), foreign OEMs and Authorized Indian Representative (AIR) of foreign OEM. No telegraph/telecom equipment, in respect of which mandatory certification is required, is to be used by the Telecom License, whether PSU or Private, in its network, unless it is certified. However, with regard to security lab for testing of telecom equipment, the Committee have been informed that no security test lab has been designated/accredited in the country so far. On being asked the reasons, the Department have simply replied that National Centre for Communication Security has been holding deliberations with prospective Telecom Security Test Laboratories (TSTL) in Public/Private sector in the country. Some of the TSTLs are likely to be designated during the second quarter of 2022-23. The Department have further informed the Committee that the Communication Security (ComSec) scheme for security testing of telecom equipment is yet to be launched. The Committee have also been informed that one security test lab is planned at Telecom Engineering Wing of the Department and the tender for procuring security tools was opened on 20.12.2021 which is under evaluation.

The Committee are surprised to learn that in the burgeoning telecom market with easy availability of telecom equipment security threats are looming large, yet no serious attempt has been made by the Department for establishment of a robust mechanism for mandatory testing of telecom equipment especially relating to security testing and

certification. The Committee are equally concerned to note that in spite of their insistence on this issue in previous Reports no security test lab has been designated/accredited in the country so far. Telecom equipment and network used for provisioning of telecom services are prone to spyware/malware and security issues cannot be taken too lightly. In such a situation, the Committee would like to know how security testing/certification of telecom equipment is being done in the country. The Department may also inform the Committee since when the proposal for setting up of security test lab at Telecom Engineering Wing of the Department has been pending and the reasons for not setting up the security lab till now. The Committee recommend that the initial roadmap for setting up of Security Test Lab is drawn up at the earliest. The Committee also desire that efforts be made by the Department for setting up of state of the art telecom testing facilities including security test labs in the country. The Committee desire that details of Communication Security (ComSec) scheme being prepared may be furnished to the Committee. Till such time institutional arrangements are put in place, the Committee recommend the Department to ensure that safety standards in telecom equipment are strictly adhered to and all telecom operators both public and private strictly deploy only those equipment which have undergone mandatory testing and certification.”

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

“1. Department of Telecommunications, Ministry of Communications has notified “Indian Telegraph (Amendment) Rules” in Gazette of India vide G.S.R. 1131(E) PART XI” on 5th September 2017 which prescribes for Mandatory Testing and Certification of Telecommunication Equipment. Any telegraph which is used or capable of being used with any telegraph established, maintained or worked under the licence granted by the Central Government in accordance with the provisions of section 4 of the Indian Telegraph Act, 1885 (hereinafter referred to as the said Act), shall have to undergo prior mandatory testing and certification in respect of parameters as determined by the telegraph authority from time to time. Mandatory testing includes testing against the following essential requirements: -

- i. Technical Requirements.
- ii. Safety Requirements.
- iii. EMI/EMC Requirements.
- iv. Security Requirements .
- v. Other Requirements as notified by TEC/DoT/any Government Agency from time to time e.g. SAR for mobile handsets, Environmental requirements etc.

2. Telecom Engineering Centre (TEC) is responsible for development of Essential requirements and procedures for the testing of telecom equipment other than the security testing. Security testing part has been entrusted to National Centre for Communication Security (NCCS), Bengaluru.

3. The Communication Security (ComSec) scheme has been approved and the details are as under:

**i. SCOPE:**

- a. The scope of certification shall cover all types of telecom equipment to be sold in India and to be connected to Indian telecom network after the date of effect of this scheme for which ITSAR is available and is in force.
- b. NCCS shall be responsible for developing and for release of (Indian Telecom Security Assurance Requirements (ITSARs) for the various equipment in a phased manner. On release of ITSAR for an equipment, that equipment shall get included in this Scheme for enforcement. The ITSAR for that equipment comes into force from the date notified separately. Any amendment in ITSAR, caused to address newer threats and requirements, will result in release of new version of ITSAR and same shall be applicable from the date of applicability indicated in the new version of the ITSAR. The new version will indicate, for the equipment certified against the earlier version of ITSAR, whether the equipment requires to undergo full or incremental testing for certification against the new version of the ITSAR.
- c. The use of certified equipment, unless specifically exempted, shall be governed by extant guidelines and rules.
- d. If the equipment is being imported for Research and Development or for demonstration purpose in India or as a sample for mandatory testing, prior security certification may be exempted for limited numbers of equipment.

**ii. SCHEME**

- a. Department of Telecommunications aims to meet the following objectives in developing, operating and maintaining the ComSec scheme:

- To develop country specific standards, processes and specifications.
  - To develop testing and certification eco-system.
  - To ensure that telecom network elements meet security assurance requirements.
  - To ensure compliance of regulatory requirements pertaining to security testing.
- b. The Scheme provides for the activities relating to development of Indian Telecom Security Assurance Requirements (ITSAR), Designation of Telecom Security Test Labs (TSTL), and Security evaluations and Certification of the Telecom Equipment against ITSAR.
  - c. The ITSAR shall be prepared based on country specific security requirements, International Standards and consultations with stakeholders such as OEMs, TSTLs, TSPs, Academic institutes, Industry and Government bodies.
  - d. The security testing against ITSAR shall be carried out by the designated TSTL. The labs from private and public sector meeting the specified requirements shall be designated. The prospective TSTL makes an application in prescribed proforma. After satisfactory evaluation of the application, competency of the lab to perform the security testing as per ITSAR shall be assessed. On successful assessment, the TSTL will be issued with Designation certificate.
  - e. Applicants intending to get their equipment certified will register on MTCTE portal. After successful evaluation of the application, the applicant can choose a designated TSTL for security testing of its equipment against the applicable ITSAR. TSTL will conduct the requisite testing under the supervision of a validator. After completion of the testing, test reports will be submitted by the TSTL. These reports will be evaluated for security certification. On successful evaluation, security certificate will be issued.

4. Regarding the preparation of Indian Telecom Security Assurance Requirements (ITSARs), ITSARs have been prepared for 4G Core Network Elements (i.e. S-Gateway, PCRF, HSS, MME, E-Node-B, P-Gateway), IP Router, Wifi (CPE) Modem, Mobile Device, Pluggable UICC & Cryptographic Controls for ITSARs. NCCS has partnered with IIT-H in preparing ITSARs for 5G Core Network Elements/Network Functions. NCCS is in the process of preparing 5G ITSARs for 11 Network Functions (NFs) viz. AMF, UPF, SMF, UDM, AuSF, NRF, NEF, NWDAF, N3IWF, SEPP and SCP in association with IIT Hyderabad, likely to be completed by October, 2022 progressively.

5. NCCS has initiated dialogue with IIT-M and IIT-Kanpur for collaborating in telecom security testing and certification, as they have evinced interest to work with NCCS. Recently, IIT-Kanpur has submitted a proposal for research on mobile device and hardware security and to establish a test environment which is under examination.

6. NCCS has conducted open house session with prospective Telecom Security Test Laboratories (TSTLs) to inform them about the scheme. Proposal for development of Security Testing and Certification Portal of NCCS and its integration with MTCTE Portal of TEC, by C-DoT is under consideration in the Department. Once Telecom security testing and certification ecosystem (which involves availability of ITSARs & corresponding Test Schedules & Test Procedures (TSTPs), Telecom Security Testing and Certification Portal, Accreditation / Designation process for TSTLs and availability of accredited/designated TSTL) is ready, operationalization of ComSec scheme would enable security testing and certification of telecom equipment (including 5G) under MTCTE in a phased manner.

7. The Government launched the Trusted Telecom Portal [www.trustedtelecom.gov.in](http://www.trustedtelecom.gov.in) on 15th June, 2021 under National Security Directive on Telecommunication Sector (NSDTS), therefore, mandating Telecom Service Providers (TSPs) to connect in their networks only those new devices which are designated as 'Trusted Products' from 'Trusted Sources'. Necessary amendment has been made by the Government in this regard to the licence conditions for the provision of telecommunication services by the TSPs.

8. In addition, following important clauses under the license mandate telecom service providers (TSPs) to ensure security of the networks.

- i. Vide Clause 39.5, as under, service providers have to have a robust organisational security policy.

*"The LICENSEE shall be completely and totally responsible for security of their networks. The LICENSEE shall have organizational policy on security and security management of their networks including Network forensics, Network Hardening, Network penetration test, Risk assessment. Actions to fix problems and to prevent such problems from recurring should be part of the policy."*

- ii. In order to maintain a certain degree of uniformity in the security policy of the licensees, DoT has issued an advisory on Minimum Requirement for Security Policy (MRSP) by DoT licensees Vide letter dated 26.9.2018.
- iii. Vide clause 39.6, as under, the service providers are mandated to carry out audit of their networks once in a financial year by certified auditors as per ISO 15408 and ISO 27001 standards.

*“In furtherance of organizational security policy, the LICENSEE shall audit its network or get the network audited from security point of view once in a financial year from a network audit and certification agency. The first audit may be carried out in the financial year succeeding the financial year of the signing of the LICENSE/ Service authorization. The LICENSEE is free to engage the service of any agency for this purpose, which is certified to carry out the audit as per relevant ISO standards. Presently ISO 15408 and ISO 27001 standards are applicable.”*

- iv. Vide clause 39.9 (v), as under, the risk of supply chain is mitigated by keeping a record of the chain of suppliers by the service providers. The service providers are sensitized on the same.

*“Keep a record of supply chain of the products (hardware/software). This should be taken from the manufacturer/ vendor/ supplier at the time of procurement of the products.”*

- v. Service providers are also informed of the vulnerabilities and threats for taking corrective action as per the advisories from different agencies.”

#### **Comments of the Committee**

**11. The Committee note from the Action Taken Notes that no Security Lab for testing of telecom equipment has been set up in the country. The Department have also not furnished any reply to the queries of the Committee, with respect to the pendency of the proposal for setting up of Security Test Lab at Telecom Engineering Wing of the Department and the reasons for not setting up the Security Lab till date. The Committee have now been informed that the Communication Security (ComSec) Scheme has been approved. The Scheme provides for the activities relating to development of Indian Telecom Security Assurance Requirements (ITSAR), designation of Telecom Security Test Labs (TSTL) and Security evaluations**

and certification of the telecom equipment against ITSAR. Once Telecom Security Testing and Certification ecosystem is ready, operationalization of ComSec Scheme would enable Security testing and certification of telecom equipment including 5G under Mandatory Testing and Certification of Telecommunication Equipment (MTCTE) in a phased manner. The Committee feel that development of a full fledged Telecom Security Testing and Certification ecosystem is still far away. It requires availability of ITSARs and corresponding Test Schedules and Test Procedures (TSTPs), Telecom Security and Testing and Certification Portal, Accreditation/designation process for TSTLs and availability of accredited/designated TSTL. The Committee note that the Department are still in the process of developing the above procedures. They are also unable to understand the reasons for such a long delay in developing telecom Security Testing and Certification ecosystem in the country, without which, the Committee feel MTCTE could not be meaningfully implemented. The Committee desire the Department to take all necessary measures so that ComSec Scheme can be made fully functional. The Committee also desire to know the present status of setting up of Security Test Lab at TEC and further recommend that this Security Lab may be set up at the earliest.

#### **Monetization of assets of BSNL and MTNL**

##### **(Recommendation Sl. No.10)**

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

“The Committee have been informed that BSNL has a large number of land assets as well as buildings. MTNL has an asset worth about Rs.30,000 crore. The Union Cabinet Note has envisioned asset monetization as core plan for repayment of loan/overdraft/bond. With regard to codified procedure, the Committee note that for asset worth Rs.100 crore and above, the approval is with DIPAM, Ministry of Finance. The assets which are worth between Rs.10-100 crore will be done by the BSNL through the Department of Telecommunications and will be approved by Group of Ministers. For assets, less than Rs.10 crore, the competent authority is with the Board of Directors of BSNL. The Department have informed the Committee that for monetization of land/building, DIPAM had approved monetization of assets of BSNL (tentative value Rs.18,200 crore) and 6 assets of MTNL (tentative value Rs.5158 crore) in Phase-I, wherein 4 properties



(reserved price of Rs.670 crore) of BSNL and 2 properties (reserved price of Rs.290 crore) of MTNL have been taken for e-auction. The Committee have further been informed that there are challenges/hurdles in other properties due to conditional assignments made long time ago and permissions required from State Governments or local bodies, which are being pursued by the Department along with BSNL and MTNL. With regard to MTNL, the Committee note that most of the assets in Mumbai are having issues of Reservation/Designation and this is hampering the monetization prospect of these properties. MTNL is pursuing with the Maharashtra Government for removal of reservation/designation. The Committee have also been informed in unambiguous terms during the sitting that significant assets in Mumbai are having reservation and designation issues resulting in dropping of valuation of the property due to unsustainable conditions and this will not be possible without tweaking the policy.

The Committee are of the view that huge properties are lying with BSNL and MTNL and gainful utilization of these assets and income generated from monetization of assets can in fact be used to service their debt, capex and other requirements. The Committee feel that successful monetization of assets will also help the cause of revival process of the two companies without burning the Government exchequer or the public sector banks. The Committee note that the Department/BSNL have taken up the issue of reservation and designation with the concerned State Governments and local bodies for amicable resolution and successful monetization of the assets. However, no positive results have been achieved so far. The Committee are of the considered view that useful utilization of these assets which otherwise are lying unutilized will be in the larger interest of both BSNL/MTNL and the concerned State Governments/local bodies and hence matter may be taken up at the highest level of Government for policy intervention instead of leaving it to the Department/BSNL alone.”

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

“With reference to above recommendation/observation below mentioned steps / actions have been taken :

(i) For 4 properties of BSNL, no eligible bid was received in the auction. It has been proposed by BSNL to review the Terms & Conditions of auction and recall the bids.

(ii) For properties valuing less than Rs.10 crore each, the Board of Directors of BSNL has approved indicative values for 9 properties. Transaction advisors have also been appointed for all properties. The total indicative value of these 9 properties is Rs.49.73 cr.

(iii) For properties valuing between Rs.10-100 crores, the Board of Directors of BSNL has approved indicative values for 14 properties and case is in process for in-principle approval of Group of Ministers. The total indicative value of these 14 properties is Rs.599.78 cr.

(iv) Secretary, DIPAM was requested vide this office D.O. No. 8-1/202-Asset Mgmt. (Vol.II) dated 31.03.2022 to convene the meeting of IMG for decision on e-auction and for way forward for the monetization process. DIPAM informed that the responsibility of monetization has been transferred to DPE vide their DO No. 8/8/2022-DIPAM-II(AMC) dated 13.04.2022. In response to D.O. from DIPAM, DPE was requested to arrange the meeting of IMG at the earliest vide this office D.O. No. 8-1/20202-Asset Mgmt. (Vol.II) dated 25.04.2022 and U.O. No. 8-5/2019-Asset. Mgmt. dated 02.06.2022.”

### **Comments of the Committee**

14. **The Committee are concerned to note that no significant headway has been achieved till now with regard to monetization of assets of BSNL and MTNL inspite of the fact that asset monetization has been envisioned by the Government as core plan for repayment of loan/overdraft/bond. The Committee note from the Action Taken Notes that the Department are making efforts for monetization of different categories of properties belonging to BSNL with no concrete results so far. However, the Department have not furnished any reply on the present status to address the issue of reservation/designation of land with the State Governments which was hampering the monetization prospects of BSNL/MTNL. The Committee were given to understand that significant assets in Mumbai are having reservation and designation issues resulting in dropping of valuation of the property due to unsustainable conditions and this will not be possible without tweaking the policy. In view of the above, the Committee reiterate their earlier recommendation that the matter of reservation/designation of land may be taken up at the highest level of Government for policy intervention so as to address the issue at the earliest and expedite the monetization of assets of BSNL/MTNL. The Department may keep the Committee apprise of the progress made in this regard.**

## Capital Infusion for BSNL

### **(Recommendation Sl. No.12)**

15. The Committee, in their Original Report, had recommended as under:

“The Committee note that an amount of Rs.44720 crore has been allocated at BE 2022-23 for implementation of various revival measures during 2022-23. The Committee have been informed that an amount of Rs.23,270 crore (inclusive of GST) is allotted for cost of 4G spectrum in the financial year 2022-23. The Department have informed the Committee that in line with the ‘AtmaNirbhar Bharat’ initiatives of the Government of India, BSNL had invited Expression of Interest (Eoi) on 1<sup>st</sup> January, 2021. Eoi has been issued to five bidders namely M/s HFCL, M/s L&T, M/s Tech Mahindra, M/s TCS and M/s ITI. Only M/s TCS and M/s ITI have deployed their equipment for testing under Proof of Concept (PoC) as part of Eoi. The Committee have been informed that the testing of the offered equipment is in progress and PoC would be completed by March. Thereafter, the commercial roll out is expected in about six months to one year. The Committee have also been informed that the Government while approving the revival package has also given incentive for 5G related investment and 4G equipment which is in the final proof of concept is also 5G enabled.

The Committee are of the view that rolling out of 4G services by BSNL will greatly help the BSNL not only in strengthening its foothold in the telecom sector in the country but also in increasing its revenue earning. It is unfortunate to note that BSNL has already missed the bus in launching 4G services and has suffered in terms of capability to provide good wireless broadband services and increase its revenue. The Committee are also constrained to observe that BSNL is not permitted to get equipment from private or foreign companies whereas private telecom service providers have been permitted to do so. Thus BSNL has been denied a level-playing field when compared with the private operators. The Committee strongly recommend that Proof of Concept should be completed as per schedule *i.e.* by March, 2022 and all necessary measures are taken by the Department for successful roll out of 4G services by BSNL in about sixth month to one year as informed to the Committee. Any delay in this will only damage the prospects of the company further in its struggle for survival and thriving in the industry. The Committee also recommend that BSNL should also be allocated 5G spectrum in all the bands so that BSNL can roll out 5G services along with private telecom service providers. It is essential that BSNL is provided with a level playing field in rolling out of 5G services and purchase of equipment like private telecom service providers. The Committee desire that earnest efforts will be made in this regard and hope that the Department will fulfill the assurance given to the Committee during the evidence in letter and spirit.”

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

“(a) In Oct, 2019 revival package, the Union Cabinet had approved administrative allocation of 4G spectrum to BSNL. To keep this item cash neutral for Government, the Cabinet had also approved capital infusion of ₹ 24,084 Cr (including GST) for spectrum allocation. Since BSNL would use this capital infusion to pay the spectrum charges to Central Government, so it was designed to be a cash neutral mechanism. However, due to delay in development of Atmanirbhar 4G technology stack, the spectrum allocation was deferred to FY 2022-23.

(b) Since Central Government is supporting BSNL, it was imperative that BSNL uses the funds received to develop an Atmanirbhar technology stack for 4G services. In line with this vision, BSNL was directed to deploy Indian Core for 4G. Accordingly, BSNL floated the Expression of Interest (EOI) on 1st Jan, 2021 for registration-cum-Proof of Concept (PoC) from Indian Companies interested in participating in BSNL’s upcoming 4G tender. 6 bidders responded.

BSNL issued the Letter of Intent (LoI) on 1st July, 2021 to M/s TCS (Tata Consultancy Services), M/s Tech Mahindra Ltd, M/s L&T (Larsen & Tubro), M/s HFCL (Himachal Futuristic Communications Limited) and M/s ITI (Indian Telephone Industries). BSNL is currently conducting a Proof of Concept (PoC) with TCS (with core from Center for Development of Telematics; C-DoT) and ITI (with TCS at backend). The PoC has been provisionally completed by M/s TCS with few pending points, which are likely to be completed by 30th Jun, 2022. PoC of other three vendors have been closed as they could not develop technology.

Since, some more time was required to develop the Atmanirbhar 4G technology stack, BSNL management decided to defer the spectrum allocation to FY 2022-23. Now post provisional completion of PoC, BSNL has placed its first Purchase Order for 4G network on M/s TCS on 31st Mar, 2022 for supply of equipment for deployment of 6000 sites, with which BSNL expects to roll out 4G services in 2022. Complete order for 100,000 eNodeBs will be placed on completion of commercial negotiations with M/s TCS in view of single vendor scenario and completion of pending points of PoC.

(c) As is evident from the above development, the allotment of spectrum to BSNL may happen in FY 2022-23.”

## Comments of the Committee

17. The Committee had recommended that all necessary measures be taken by the Department for successful roll out of 4G services by BSNL. The Committee had also recommended that BSNL should also be allocated 5G spectrum in all bands so that BSNL can roll out 5G services along with private telecom service providers. The Department have now informed the Committee that with regard to roll out of 4G by BSNL the Proof of Concept (PoC) has been provisionally completed by M/s TCS with a few pending points, which are likely to be completed by 30<sup>th</sup> June, 2022. The Committee hope that all pending points of PoC must have been completed by now. The Committee further note that post provisional completion of PoC, BSNL has placed its first purchase order for 4G network on M/s TCS on 31<sup>st</sup> March, 2022 for supply of equipment for development of 6000 sites, with which BSNL expects to roll out 4G services in 2022. Complete order for 1,00,000 eNodeBs will be placed on completion of commercial negotiations with M/s TCS in view of single vendor services and completion of pending points of PoC. The Committee desire that all necessary measures be taken by the Department for successful roll out of 4G services by BSNL. The Department have, however, not furnished reply to the recommendation of the Committee for allocation of 5G spectrum in all bands to BSNL. This is significant, considering the fact that BSNL has been denied a level playing field when compared to the private telecom service providers with regard to rolling out of 4G services. As a result BSNL could not roll out 4G services. To ensure that BSNL can operate on equal footing with the private TSPs, the Committee are of the view that 5G spectrum in all bands should be allocated to BSNL at the same time with the private telecom service providers. The Committee reiterate their earlier recommendation that BSNL should be allocated 5G spectrum in all the bands and provide a level playing field vis-a-vis private TSPs with regard to purchase of equipment. The Committee hope the Department would make sincere efforts to implement the above recommendations of the Committee.

## CHAPTER II

### OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### DoT Budget

##### **(Recommendation Sl. No. 1)**

The Committee note that the Department of Telecommunications have laid the Detailed Demands for Grants (2022-23) of the Department on 9<sup>th</sup> February, 2022 for a total amount of Rs.95547.80 crore, consisting of Rs.32436.38 crore under Revenue Section and Rs.63111.42 crore under Capital Section. The amount is Rs.22,610.8 crore more than the allocation made at BE for the year 2021-22. The Committee note that there is a decrease of Rs.9367.06 crore under Revenue Section, whereas under Capital Section there is an increase of Rs.31,977.86 crore when compared with the previous year. The increase under Capital Section has been mainly under the Head 'Capital Infusion in BSNL'. So far as utilization is concerned, the Committee note that an amount of Rs.41803.44 crore had been allocated at BE 2021-22 under Revenue Section which was reduced to Rs.38,380.04 crore at RE stage and actual expenditure till 28.02.2022 has been Rs.31,547.03 crore only. The reduction in allocation of funds at RE under Revenue Section has been mainly under USOF and Grant of GST in 4G spectrum. In fact, under Grant of GST in 4G spectrum, funds have been reduced to 'Nil' at RE from Rs.3674 crore at BE.

Under Capital Section, an amount of Rs.31133.56 crore had been allocated at BE during 2021-22 which was reduced to Rs.10670.17 crore at RE and actual utilization as on 28<sup>th</sup> February, 2022 has been only Rs.6312.63 which is 59.16 per cent of the allocation made at RE. Downsizing and 'Nil' utilization of funds have been noted in respect of some important schemes like Capital Infusion for BSNL/MTNL from Rs.20410 crore at BE to 'Nil' at RE, Equity Infusion for ITI Revival, Wireless sets and Equipment (TEC), Telecom Testing and Security Certification Centre (TTSCC), etc.

The Committee note that utilization of funds as on 28<sup>th</sup> February, 2022 under Revenue and Capital during 2021-22 with reference to RE has been 82.20 per cent and 59.16 per cent respectively. It is particularly worrying to note that under Revenue Section as against RE allocation of Rs.8300 crore an amount of Rs.3472.55 crore only has been spent under USOF as on 21<sup>st</sup> February, 2022. It is very unlikely that the amount allocated at RE will be fully utilized by the end of the financial year 2021-22. The Committee are also disturbed to note that there has been underutilization of funds under Capital Section under schemes like OFC Network for Defence Services, TEC projects. What is all the more shocking is Nil utilization of funds under some important schemes such as Capital Infusion to BSNL/MTNL, Equity Infusion for ITI Revival, Telecom Testing and Security Certification under Capital Section during 2021-22 which calls for serious introspection and review of the above schemes by the Department as to what has gone wrong in these schemes. The Committee note that BharatNet project

has been shifted from Revenue to Capital from 2022-23 and an amount of Rs.7000 crore has been allocated at BE 2022-23. A new scheme Digital Intelligence Unit has also been introduced for which an amount of Rs.10 crore has been allocated. Out of the total of Rs.63111.42 crore allocated at BE 2022-23 under Capital Section, an amount of Rs.44720 crore has been allocated for Capital Infusion in BSNL. However, inability to spend the allocation under the above Head remains a cause of concern, considering the fact that the Department have failed to spend even a single penny of Rs.20410 crore allocated at BE 2021-22. The Committee while taking strong objection to under-spending under important schemes like BharatNet, OFC Network for Defence Services, Equity Infusion for ITI Revival, Capital Infusion for BSNL, TEC Projects, Telecom Testing and Security Certification, etc. hope that utilization will improve during 2022-23 and the trend of 'Nil' utilization under some of the above schemes is not repeated during the next fiscal. The Committee also desire that suitable measures are taken well in advance by the Department for adequate allocation of funds under the above schemes so that implementation does not suffer due to lack of sufficient budgetary support.

### **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 FY 2021-22, it is submitted that Ministry of Finance has allotted an amount of Rs 72,937 crore consisting of Rs 41,803.44 crore under revenue head and Rs 31,133.56 crore under capital head which was reduced to Rs 49,050.21 crore consisting of Rs 38,380.04 crore under revenue head and Rs 10,670.17 crore at RE Stage. Expenditure for the Financial year 2021-22 is Rs 36,650.93 crore under revenue section and Rs 6397.75 crore under capital section. The amounts allotted at RE stage to major schemes like USOF, TRAI Building have been fully utilized.

For the current financial year, steps are being taken for proper utilization of allotted funds for various ongoing schemes. Based on the progress of different Schemes and utilization of funds by different units like C-DoT, TRAI, ITI etc, Ministry of Finance will be requested to enhance allocation at RE Stage, if the need arises.

Steps taken by this Department for utilization of funds by BSNL and MTNL

1. The funds allotted under the Revenue Head "Grant of GST on 4G spectrum" and under the Capital Head "Capital Infusion for 4G spectrum for BSNL and MTNL" could not be utilized during FY 2021-22 as BSNL requested to align the allotment of spectrum with the progress of its 4G tender. Adequate funds have been allotted for spectrum for 4G services in FY 2022-23. It is expected that the funds will be utilized during the financial year.
2. In Oct, 2019 revival package, the Union Cabinet had approved administrative allocation of 4G spectrum to BSNL. However, due to delay in development of indigenous 4G technology stack as part of Atmanirbhar Bharat, the spectrum allocation was deferred to FY 2022-23.

3. Now post provisional completion of Proof of Concept, BSNL has placed its first Purchase Order for 4G network on M/s TCS on 31<sup>st</sup> Mar, 2022 for supply of equipment for deployment of 6000 sites, with which BSNL expects to roll out 4G services in 2022. Complete order for 100,000 eNodeBs will be placed on completion of commercial negotiations with M/s TCS in view of single vendor scenario and completion of pending points of PoC.
4. As is evident from the above development, the allotment of spectrum to BSNL may happen in FY 2022-23 based on which the funds meant for 4G Spectrum Allocation may be utilized in FY 22-23.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2022-B(32<sup>nd</sup> Rpt.) dated 20/06/2022)

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

#### **(Recommendation Sl. No.2)**

1. The Committee note that in accordance with the Indian Telegraph Act, 1885, Licence Fee which includes Universal Access Levy (UAL) is charged at 5 per cent of the Adjusted Gross Revenue (AGR) of the telecom licensees. Since its inception, i.e. 2002-2003, UAL amounting to Rs.1,21,827.84 crore has been collected and an amount of Rs.62564.16 crore has been utilized. As on 31.12.2021, the balance of UAL amount available as potential fund under USO is Rs.59,263.68 crore. The Committee have also been informed that the fund collected under UAL goes to the Consolidated Fund of India and it is non-lapsable in nature. The Committee are, however, constrained to note that even though substantial amount is in the reserve under USOF, the Department have not been able to do much in terms of spending so as to make themselves worthy of the resources available under USOF. During the year 2021-22, as against the proposed amount of Rs.13250 crore, an amount of Rs.9000 crore had been allocated at BE 2021-22 which was downsized to Rs.8300 crore at RE and actual utilization till 21.02.2022 has been Rs.3472.55 crore only. This reflects poor status of utilization of funds and it goes without saying that the Department need to work on their strategies to improve utilization. For the year 2022-23, the Department have proposed an amount of Rs.9000 crore and the same amount has been allocated at BE 2022-23. They have several prioritized ongoing schemes lined up which include BharatNet for provision of broadband connectivity to all 6 lakh villages across India, Comprehensive Telecom Development Plan for North Eastern Region, Comprehensive Telecom Development Plan for Islands including laying of submarine cable from Kochi to Lakshadweep and Mobile connectivity in Andaman and Nicobar Islands, scheme for Mobile Services in 354 uncovered villages of border areas, scheme for Mobile services in Aspirational Districts and scheme for Mobile Communication Services in Left Wing Extremism (LWE) affected areas, etc. Needless to say that these are highly capital intensive infrastructure projects, speedier and timely implementation of which will greatly help in improving the telecom connectivity in these pockets and bringing more and more uncovered and inaccessible areas under the fold of telecom revolution. The Committee emphasize that availability of fund should not be a constraint for implementation of various schemes under



USOF, considering that huge balance is already available as potential fund under USOF, the trend of reduction of fund from BE to RE should be strictly avoided. The Department need to get necessary approval of various schemes well in advance, stretch their expenditure threshold and focus on timely execution of projects. The Committee recommend that Department should make sincere efforts for optimum utilization of Rs.9000 crore allocated at BE for implementation of various schemes under USOF during 2022-23.

### **Reply of the Government**

The entire amount of Rs. 8,300 crore received as RE (2021-22) has been fully utilized under various USOF Schemes during the financial year 2021-22. Further, Rs. 9000 Crore has been allotted under BE 2022-23 for implementation of various schemes under USOF during the current financial year. Current status of some of the USOF Schemes which are likely to be funded by USOF from BE 2022-23 allotment are as follows:

- i. Scheme for Provision of Mobile Services in Meghalaya and survey and installation of towers under Scheme for providing mobile services in Arunachal Pradesh and 2 Districts of Assam is under progress.
- ii. Cabinet has approved the upgradation of LTE-I sites (2343 sites) from 2G to 4G and the extension of O&M of these sites. Survey and installation of sites under the LTE Phase-II Project for 2542 sites is also under progress.
- iii. Scheme for Provision of Mobile Services in 354 uncovered villages.
- iv. Scheme for Provision of Mobile Services in 502 Aspirational Districts; signing of Agreement is under process in the Scheme for Provision of Mobile Services in 7287 uncovered villages of Aspirational Districts.
- v. Survey has been completed for Submarine OFC connectivity between Lakshadweep and Kochi and other Islands. Work of Submarine OFC laying has started.
- vi. Under BharatNet, a total of 1,74,753 GPs are Service Ready. A total of 1,04,302 WiFi hotspots and 2,27,781 FTTH have been commissioned under BharatNet.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2022-B(32<sup>nd</sup> Rpt.) dated 20 /06/2022)

### **Revised Implementation Strategy of BharatNet to connect 6 lakh villages**

#### **(Recommendation SI. No.4)**

The Committee note that on 30<sup>th</sup> June, 2021, Union Cabinet had accorded approval for revised implementation strategy of BharatNet through Public Private Partnership mode in 16 States of the country by August, 2023. BharatNet has now been proposed to be extended to all inhabited villages. These 16 States are Kerala, Karnataka, Rajasthan, Himachal Pradesh, Punjab, Haryana, Uttar Pradesh, Madhya Pradesh, West Bengal, Assam, Meghalaya, Manipur, Mizoram,

Tripura, Nagaland, and Arunachal Pradesh. The Request for Proposal (RFP) was opened on 27.01.2022, however, no response has been received to the bids. A revised model is under preparation as part of BharatNet by 2025. The Committee are given to understand that multiple modes, such as PPP, State-led and Public Sector led will be adopted to reach all the villages in the country in phases. The Committee are, however, concerned to note that the pace of implementation of BharatNet Phase-II has been slow due to reasons such as work being largely dependent on 8 States (around 65,000 GPs under State-led Model) and BSNL (23000 GPs in CPSU-led Model) where progress has been tardy. Covid restrictions, delay in receiving relevant clearances and approvals in time, poor execution of projects by States and capacity constraints of BSNL due to its internal issues and financial conditions have also affected the progress under Phase-II. The Committee feel that there is an urgent need to speed up the pace of implementation of the project since the target has now been extended to all inhabited villages, i.e., 6 lakh villages for last mile connectivity. Maintenance of the network created and increased utilization of the network also need to be given focussed attention. The Committee desire that revised model which is under preparation for BharatNet through PPP in 16 States shall be finalized at the earliest so that project implementation may take off without any further delay. The Committee also recommend that various projects which are under consideration for providing broadband to all the inhabited villages may be finalized and approval of the Union Cabinet be taken at the earliest. The detailed progress during 2022-23 may be apprised to the Committee.

### **Reply of the Government**

In the Budget speech of 2022-23, it has been mentioned that the BharatNet project through PPP will be awarded in 2022-23 and the completion is expected in 2025. Further, in view of the factors hampering the participation in the PPP tender, a revised model for BharatNet is under consideration. In addition to that, for maintenance of the BharatNet Phase-I Network a comprehensive SLA-based O&M Tender has been floated by BSNL.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2022-B(32<sup>nd</sup> Rpt.) dated 20/06/2022

### **Scheme for Mobile Communications Services in Left Wing Extremism (LWE) Affected Areas**

#### **(Recommendation Sl. No.6)**

The Committee note that LWE Phase-I had been implemented by BSNL by setting up of 2343 2G towers in 106 districts. The 4G upgradation and extension of the existing LWE Phase-I sites is under consideration at an estimated cost of Rs.2,426 crore. The Committee also note that the Cabinet had approved LWE Phase-II project on 23.05.2018. Under LWE Phase-II, 2,542 4G towers will be set up for which agreements have been signed with Reliance Jio Infocomm Ltd. and Bharti Airtel Ltd. at an estimated cost of Rs.2211.11 crore. The project is targeted to be completed by March, 2023. The Committee have been informed that the project is being monitored to meet the timelines as per schedule. With regard to financial allocation, the Committee note that an amount of Rs.300 crore has been proposed for financial year 2022-23.

The Committee are of the view that the LWE Phase-II project which had been approved by the Cabinet as early as 23.05.2018 has been delayed considerably due to on and of revision in the requirements and reduction in the allocation of the project, etc. The Committee feel that provision of telecom services including 4G services in these areas will greatly help in bringing about various services to the doorsteps of the people and any further delay in execution of the project will only add to the connectivity woes of people in these areas. The Committee recommend that sincere efforts be made by the Department to ensure that the LWE Phase-II project is completed by March, 2023 as scheduled. The Committee also feel that since the estimated cost of project is 2211.11 crore, allocating a meagre amount of Rs.300 crore during 2022-23 will be far too inadequate. The Committee, therefore, recommend that adequate allocation of fund is assured under the scheme. The Committee also recommend that plan for upgradation of 2343 2G towers to 4G under LWE Phase-I which is under consideration may also be finalized at the earliest. The Committee may be informed of the progress and targets achieved under the scheme not only in the LWE affected areas but throughout the country.

### **Reply of the Government**

The project of LWE Phase-II (2542 Sites) is under implementation & survey work is likely to be completed as per schedule. Implementation of towers has also started. Further, the Cabinet has approved the proposal for upgradation of 2343 sites from 2G to 4G of LWE Phase I and work is to be awarded to BSNL on nomination basis.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2022-B(32<sup>nd</sup> Rpt.) dated 20/06/2022)

### **Defence Spectrum: OFC based Network for Defence Services**

#### **(Recommendation Sl. No.7)**

The Committee note that OFC network for Defence Services is one of the most important schemes being implemented by the Department. The initial sanctioned cost of the project was Rs.13,334 crore, which is now revised to Rs.24,664 crore. The Committee note that the project has two components – Optical Fibre Cable (OFC) and equipment. Under OFC, out of 60,000 km., around 58,300 km. i.e. 97 per cent of OFC has been laid. With regard to equipment, tenders for all eight components have been finalized and purchase orders have been issued. The Committee have also been informed that till date, an amount of Rs.20,545 crore, i.e. 83 per cent has been released to BSNL for execution of this project. The project is expected to be rolled out progressively from March, 2022 without UNMS (Unified Network Management System) which is expected to be completed by June, 2022. The Department have informed the Committee that it is a highly complicated project and it involves laying of optical fibre cable in some of the most difficult terrains. There are many links where the work has not been able to proceed due to absence of Right of Way and other work which is already in progress. Now the Department expect that the work relating to the entire network, except those links which cannot be commissioned because of lack of availability of the work force will be completed by June, 2022.

The Department have also informed the Committee that the project is also suffering due to global chip shortage. The rest of the work relating to UNMS should be able to complete by December. With regard to command wise progress of work, the Committee have been informed that the work of South-Western Region is completely done and it will be handed over to Army by 15<sup>th</sup> of March, 2022. The work in Western Region is also almost completed and the plan is to hand over one command every month.

The Committee note that the project Network For Spectrum (NFS) aims at providing dedicated Optical Fibre Cable (OFC) based network for the Defence Services which is being implemented by BSNL in lieu of release of spectrum. However, the project has not met its target due to reasons, such as delay in receiving RoW permissions, limited working season in hilly areas, restrictions in movement because of Covid-19 lockdown, etc. The Committee also note that the project is suffering due to global chip shortage. While the reasons cited by the Department for the delay of the project seem to be logical and genuine, the urgency in commissioning of the project and dedicating the same to the Defence Services to meet their OFC requirement can hardly be minimized or ignored. Considering the importance of the project and numerous delays being witnessed, the Committee feel that the Department need to address the above issues with strategic intervention and ensure that the project meets its deadline. The Committee, therefore, strongly recommend that all necessary measures must be taken by the Department/BSNL to ensure that the project is completed in a time bound manner without any further delay.

#### **Reply of the Government**

In the recent Secretary level joint review meeting of NFS project by DoT and MoD held on 25.04.2022, it was informed that out of total 924 links of Army OFC, 890 links have been commissioned and pending 16 doable links will be completed by June 2022. Similarly, 96% of work of Navy OFC has been completed with a target to complete the remaining work by June 2022. CMD BSNL further informed that South-West Command (SWC) is operational on 8/4/2022 and Indian Navy Greenfield Network has already been commissioned in Feb 2022. The timelines for operationalization for other Army commands is as given below:

<b>S.no.</b>	<b>Command</b>	<b>Expected time</b>
1	Western	30/6/2022
2	Southern	31/8/2022
3	Northern	30/9/2022
4	Central	31/12/2022
5	Eastern	31/12/2022

The component wise completion timelines given by BSNL are as under.

<b>Sr</b>	<b>Component</b>	<b>% achievement</b>	<b>Timelines</b>
1	Army OFC	98% of Do-able	June, 2022

2	Navy OFC	96%	June, 2022
3	DWDM	97%	June, 2022
4	GOFNMS	99%	June, 2022
5	IP-MPLS(Navy)	99%	June, 2022
6	Satellite	HUB -100% VSAT – 82%	September, 2022
7	Microwave	86%	September, 2022
8	IP-MPLS(Army)	80%	December, 2022
9	MCEU	80%	June, 2022 (for Army)
10	UNMS	40%	December, 2022

As per CCEA 2018 approval, the project completion timeline was May, 2020. The competent authority has further approved that the project may be completed by 31<sup>st</sup> March, 2022.

However, BSNL has informed that project will be completed by December, 2022. The reasons for delay are:

- The project is of highly complex nature of 60,000 km OFC.
- We faced difficulties/delays in receiving hundreds of Right of Way (RoW) permissions from various agencies like National Highways Authority of India (NHAI), Border Roads Organisation (BRO), Railways, various agencies of State Governments (PWD, Forest, Wild Life, Municipal Bodies etc).
- Limited working season in Ladakh/Kashmir/Arunachal Pradesh/Sikkim.
- Further, due to restrictions in movement because of COVID-19 lockdowns, the Project is getting delayed.
- MCEU component is suffering due to global chip shortage.
- Army has placed requirement of additional OFC for termination on FDMS (Fibre Distribution Management System) and additional requirement of FDMS which is delaying the project.
- The progress of MCEU (Encryptors) and Satellite component by M/s BEL is very slow which also affected the Navy and Army NFS at this stage.

NFS project is being jointly reviewed by Secretary (T)/ Secretary (MoD) at regular intervals. CMD BSNL/DDG(PM) also review the project for ascertaining the progress of the project. All the meetings are attended by representatives of Defence Services. NFS project is being reviewed by AS(T) also and it is targeted to complete the project as per given timelines by BSNL.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2022-B(32<sup>nd</sup> Rpt.) dated 20 /06/2022)

## **Review of functioning of PSUs**

### **Bharat Sanchar Nigam Limited**

#### **(Recommendation Sl. No.9)**

The Committee note that the projected net loss of BSNL during 2022-23 is Rs.5986 crore. This is in spite of the Revival Plan of BSNL being implemented by the Department. The Committee have been informed that after the implementation of the Revival Plan, VRS has been successfully implemented in BSNL and MTNL. As a result, salary expenditure has reduced by around 50 per cent in BSNL and around 80 per cent in MTNL. The Department have, however, informed the Committee that the projected net loss of BSNL is primarily attributable to the absence of 4G services. Landline revenue has also been falling lately. The Committee have also been informed that non-availability of funds for Capex has affected the expansion of network and services. Given the fact that BSNL's financial position has been severely hampered due to above factors which are likely to continue in the year 2022-23 also quantum increase in revenue by BSNL in the year 2022-23 seems far cry. BSNL is expected to become PAT positive only by the year 2025-26 with the help of revenues from 4G services and income generated from land monetization. While 4G for BSNL is yet to be rolled out, the Committee note that the company is trying hard to earn revenue from other sources. The projected revenue earning from rental income during 2021-22 is Rs.220 crore from Rs.160 crore in 2019-20. BSNL plans to add more revenue from rental income. 13,500 towers of BSNL have also been put on sharing basis and BSNL is earning nearly Rs.1000 crore per annum. BSNL has also leased out optical fibre for which the company is getting more than Rs.400 crore. The Committee have also been informed that fibre based FTTH connections is a growth and success story of BSNL. As on January, 2021, BSNL has 21 lakh FTTH connections.

The Committee note the implementation of VRS has led to massive decrease in the salary expenditure of the BSNL. However, more efforts still need to be made to decrease the projected loss of BSNL in the coming years. The Committee are given to understand that VRS has been implemented across the board without any critical assessment to identify the skill requirement in the organization. The Committee fear that VRS could have actually led to shortage of skilled human resource in critical areas necessary for revenue earning of the company. The Committee are happy to note that all hope is not lost yet in BSNL, as there are still some areas from where the company are trying to earn revenue. The Committee while appreciating the above measures recommend that the Department/BSNL will continue with their sustained effort to fully explore the revenue earning potential and keep on increasing their revenue earnings from all available savings *i.e.* rental income, sharing of tower assets, leasing of fibre, FTTH connections, etc. The Committee may be kept apprised of the achievement made in this regard including the income from auction of assets, which may take place.

## Reply of the Government

The committee has asked BSNL to increase its efforts to increase the revenue from all available savings i.e. rental income, sharing of tower assets, leasing of fibre, FTTH connections, etc.

The status of revenue in respect these items is as below.

### 1) Revenue position:

The details of revenue are as under:

<b>Total income (Rs. in crore)</b>	2020-21	2021-22 (Est.)
	18595	18600

### 2) Measures to increase the Revenue:

#### (i) Revenue from Rental & Land monetization:

<b>Rental Income (In Rs Crore)</b>	2020-21	2021-22 (Est.)
	165	218

The amount received from monetization of land and buildings since announcement of revival package on 23.10.2019 is Rs 144.32 Crores.

#### (ii) Revenue from sharing of tower assets of BSNL

<b>Revenue from Passive Infra-structure sharing (In Rs Crores)</b>	2020-21	2021-22 (Est.)
	964	1015

#### (iii) Revenue from leased out OFC of BSNL

Revenue from Leased out Optical Fibre of BSNL		
Year	Fibre Lease Out achievement (in FibreKms)(Cumulative)	Revenue earned (In Rs. Cr.)
2020-21	215339	392.49
2021-22	220230	400.46

#### (iv) FTTH Connections, Data Traffic & Revenue

As on	No of connections	Traffic in PB	Revenue in Rs. Cr.
(31.03.2021)	12,83,283	1408	938
(31.03.2022)	21,43,692	3538	1500(Est.)

#### (v) Reduction in operating expenses

Apart from the finance cost, license fee, spectrum usage charges, depreciation which are dependent on borrowings, revenue and asset base respectively, the other major elements of cost are staff expenses and other operating expenses.

BSNL has achieved reduction in its costs largely due to reduction of employee expenses after VRS. Its operational expenditure also stands optimized to large extent. The major reduction is achieved in maintenance expenses, rental expenses, security and vehicle running expenses.

Details of staff cost and other operational expenditure for past few years are given below:

(Amt. in Rs Cr.)

Details	2018-19	2019-20	2020-21	9 Months' end of FY 21-22	2021-22 (Est.)
Other Operational expenditure	12,060	10,573	9,481	5,606	9400
Staff cost	14,316	13,597	6,679	5,263	7091

(vi) **High Finance Cost** to address working capital requirement and capex. BSNL borrows the fund from banks/open market. During the financial year 2021-22, BSNL has borrowed a fund of Rs. 7270 Cr till 31.03.2022 at the rate of interest based on 6 months / 1 year MCLR of the lending bank. Presently, the weighted average cost of borrowing from banks is 7.45% PA.

BSNL has earlier raised a fund of Rs. 8500 Cr through listed NCDs (Bonds) from open market with the coupon rate of 6.79% PA during the financial year 2020-21. The bonds were issued with sovereign guarantee issued by DoT.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2022-B(32<sup>nd</sup>Rpt.) dated 20 /06/2022)

#### **Mahanagar Telephone Nigam Limited**

##### **(Recommendation SI. No.11)**

The Committee note that the projected net loss of MTNL for the year 2022-23 is Rs.3139.60 crore. The Committee also note that as on 28<sup>th</sup> February, 2022, the outstanding debt of MTNL is Rs.26,538 crore. During the sitting, CMD, BSNL & MTNL, categorically informed the Committee that MTNL is not a sustainable company unless and until a very big intervention is brought in to address it. He has expressed the view that if the outstanding debt of MTNL can be parked outside, all issues can be addressed. MTNL in its present state is not sustainable at all, however closing down of MTNL will have huge impact on public sector banks. He has suggested that one possible way out and the pragmatic course of action can be that the debt and asset should be carved out by creating a Special



Purpose Vehicle (SPV) and the operation should be merged with the BSNL. He also informed that BSNL will also gain because of this. The Committee have also been informed that efforts should be in the direction of building synergies between BSNL and MTNL and a lot of synergy has already been created between the two entities where equipment, codes etc. are being shared.

The Committee are fully aware of the difficult situation MTNL is in. The Committee are of the strong view that there has always been a drifting on the issue as far as MTNL is concerned and there is a need to take urgent decision on future of MTNL. The Committee feel that the continuance of MTNL in the present condition with business as usual will be only at the cost of tax payers' money and this should be stopped at the earliest. The Committee recommend that the Department should consider various options including carving out the debt and assets like in Air India and merging operations with BSNL as suggested by CMD, BSNL & MTNL and come out with some viable proposal regarding future of MTNL. The Committee are also conscious of the fact that any decision on closing MTNL would have a negative impact on the public sector banks.

### **Reply of the Government**

(a) In Oct 2019, Cabinet accorded in-principle approval of merger for MTNL. However, due to high debt of MTNL and adverse financial position of BSNL, it emerged that merger of MTNL was not advisable and therefore, Group of Ministers (GoM) on 21.12.2020 deferred merger till MTNL's debt position improves. GoM also approved allotment of 4G spectrum in Delhi/Mumbai to BSNL to enable it to operate across India. BSNL has taken over wireless services in Delhi since 01.04.2021 and in Mumbai since 01.09.2021.

(b) Department of Public Enterprises has set up National Land Monetization Corporation (NLMC). MTNL is expected to avail the services of NLMC and expedite the process of land asset monetization. However, some delays can't be ruled out in resolution of issues by various authorities which will be addressed through presentation of case by BSNL/MTNL to various authorities.

(c) The action for merger of MTNL with BSNL will be taken post resolution of debt. A proposal is under advanced stage of consideration for extending the Sovereign Guarantee to MTNL for raising the bonds so that it can repay its high cost debt and restructure with new sustainable loan.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2022-B(32<sup>nd</sup> Rpt. dated 20/06/2022)

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

#### **(Recommendation Sl. No.13)**

The Committee note that the total income of ITI during 2019-20 was Rs.2243 crore and the net profit was Rs.147 crore which include Government grant of Rs.85.40 crore. During 2020-21, the total income was Rs.2523 crore and the net profit was Rs.11 crore. During 2021-22 as on 30<sup>th</sup> September, 2021, the total net loss was Rs.144 crore. The Department have cited shortage of working capital, logistic constraints due to Covid-19 pandemic, etc. as the main

reasons for the net loss of ITI during 2021-22. ITI is, however, hopeful to achieve the revenue targets by the end of financial year 2021-22 and best efforts are being made to execute the available orders to maximum extent. Further, in-house manufactured products are being utilized for project requirements giving them additional revenue. The Committee have also been informed that ITI undertook two projects; MahaNet and GujNet. While GujNet has been completed contributing to profit of ITI, MahaNet profit margin has been less and not booked. However, company is still under profit mode. With regard to capital expenditure, the Committee note that an amount of Rs.80 crore has been allocated at BE 2021-22, which was reduced to 'Nil' at RE. The Department have now informed the Committee that Rs. 70 crore has been approved by the competent authority on 3<sup>rd</sup> March, 2022 for release to ITI. For the year 2022-23, against the proposed amount of Rs.400 crore an amount of Rs.200 crore only has been allocated at BE 2022-23.

The Committee are of the view that a telecom PSU like ITI Ltd. can play a pivotal role in the promotion of domestic telecom equipment manufacturing of the country. Considering that of late the Government is giving lot of importance and thrust to indigenous manufacturing of hardware and electronics products including telecom equipment, the Department need to sustain the momentum in turnaround of the company and ITI need to be given all out support so that they can play a crucial role in domestic manufacturing of telecom equipment in the country. The Committee recommend ITI should be provided with adequate capital allocation so that it can not only increase its manufacturing capabilities but will also be able to equip itself with latest state of the art technologies and manufacture latest products including 5G equipment. The Committee find it unfortunate that the approval for capital expenditure of Rs.70 crore during 2021-22 was accorded by the competent authority only on 3<sup>rd</sup> March, 2022. During 2022-23 also, an amount of Rs.200 crore only has been allocated at BE 2022-23 against the proposed amount of Rs.400 crore. This will certainly affect the project execution capacity of the company, unless it is possible to monetize some of the assets of the company to augment its resources. The Committee hope that the Department will extend all possible help and ITI will be able to achieve optimum utilization of funds allocated. Consistent efforts should continue to be made to help the company achieve complete turnaround and increase the revenue earnings in the coming years, with due regard to market viability in a complex telecom environment.

### **Reply of the Government**

The Department of Telecommunication is putting all out efforts and extending support for implementation of the revival plan and keeping ITI Ltd on the growth track.

Full amount of Rs. 1892.79 Crore of financial assistance, in the form of grant-in-aid approved by CCEA for statutory liabilities and other commitments made by ITI, has already been released to ITI Limited. Further, an amount of Rs. 945.56 Crore has been released to ITI against the financial assistance for project implementation (CAPEX) till date and additional amount of Rs. 200 Crore has been allotted for BE 2022-23. This will be released to ITI Ltd. after approval of the Apex Committee to Review Implementation of revival plan of ITI Ltd. Ministry of

Finance will be approached for allotment of adequate fund to ITI Limited for additional CAPEX as per the project implementation plans of ITI.

ITI, through regular monitoring, is being pursued for optimum utilization of funds allocated, so that company achieves complete turnaround and increase the revenue earnings in the coming years.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2022-B(32<sup>nd</sup> Rpt.) dated 20/06/2022)

### **ITI Srinagar Unit**

#### **(Recommendation SI. No.14)**

The Committee have been informed that numerous activities are planned for ITI Unit of Srinagar which include setting up of PLB HDPE duct manufacturing plant to supply for BharatNet project of J&K, etc. The Committee have been informed that this will help in enhancing the revenue of Srinagar Unit. The Committee note that the J&K Pollution Control Board has visited the site of Srinagar Plant and approval from J&K Government for setting up of PLB HDPE manufacturing plant is awaited. The Department have also informed the Committee that the Telecom Commission (now (DCC)) in its meeting held on 31<sup>st</sup> August, 2018 had directed for closure of ITI Srinagar Unit. But since ITI has expressed interest in continuing the Srinagar Unit, ITI has been asked to submit a detailed proposal for consideration and approval of DCC. The Committee desire that the Department may take up the matter with J&K Government with utmost sincerity and they may be requested to give their approval for setting up of PLB HDPE manufacturing plant. The Committee further recommend that detailed proposal for ITI Srinagar Unit may be prepared by ITI and submitted to DCC for consideration and approval by suitably projecting their future roadmap for the Unit.

#### **Reply of the Government**

The Department has directed M/s ITI Ltd to submit a proposal with detailed plan for future roadmap of the Srinagar unit with the approval of M/s ITI Board, for consideration of DCC.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2022-B(32<sup>nd</sup> Rpt. dated 20/06/2022)

**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**

**Progress of Implementation of BharatNet**

**(Recommendation Sl. No.3)**

The Committee note that BharatNet is one of the biggest rural telecom projects of the world and is being implemented in a phased manner to provide broadband connectivity to all Gram Panchayats (GPs) (approx 2.6 lakh) in the country. Phase-I was completed in December, 2017 with the implementation of over 1 lakh GPs. Phase-II is under implementation. From the information provided by the Department, the Committee note that as on 31<sup>st</sup> January, 2022, an amount of Rs.30885.31 crore has been utilized, 5,61,357 km. of OFC has been laid, 1,70,031 GPs have been made service ready, Wi-Fi hotspots have been provided in 1,04,259 GPs, 1,89,050 FTTH connections have been provided, 34,514 km. of dark fibre has been leased, etc. The Committee have also been informed that 5030 TB of data consumption has also been recorded and is expected to increase in the coming days. With regard to revenue sharing, so far 54 revenue sharing agreements have been signed with TSPs and it is expected that provision of FTTH connection will increase in near future. The Committee note that Wi-Fi hotspots are yet to be provided at 65,772 GPs which are service ready. The Committee also note that the provisioning of Wi-Fi services in about 1.10 lakh GPs under Phase-I has been assigned to CSC e-Governance Service India Limited and in about 10,000 GPs to Government of Rajasthan. CSC-SPV has also been provided VGF for provisioning of FTTH connections to 5 Government institutes in 77,115 GPs of Phase-I. In addition, CSC has also been assigned to provide one Wi-Fi and 5 FTTH connections in 2,692 GPs and 36,744 villages of Bihar in Phase-II. About 94,800 Government institutes in rural areas viz. School, Anganwadi, Ration shops, Health and Wellness Centres, Post Offices, etc. have already been connected by CSC-SPV. Under Phase-II, utilization of BharatNet in State-led model is entrusted to the States. BharatNet is being used by the State Governments to extend their SWAN to Gram Panchayats in 16424 GPs of 8 States/UTs.

From the above observations, the Committee note that CSC-SPV has been entrusted with enormous task to provide Wi-Fi access points in Gram Panchayats and FTTH connections to Government institutions in GPs. The Committee are of the view that there is a need to properly monitor the performance of CSC-SPV so that it will be able to properly achieve provisioning of Wi-Fi services and FTTH connections to all the GPs assigned to them. The Committee have already emphasized the need for effective utilization of funds under USOF of which the BharatNet project constitutes the core schemes for which significant amount of budget is earmarked. The Committee, therefore, recommend that special efforts must be made by the Department to increase utilization of funds under the schemes as well as optimum utilization of network created under Phase-II. The Committee also recommend the Department/BBNL to make sincere efforts to provide Wi-Fi hotspots to all the service ready GPs.

The detailed status of progress under the project may be furnished to the Committee.

### **Reply of the Government**

Regarding optimum utilization of BharatNet Phase-II, following steps have been taken:

- The work for utilization of BharatNet under Phase-II, has been entrusted to the agencies detailed as below:

S. No.	State	Implementation Agency
2.	UP	BSNL
3.	MP	BSNL
4.	Sikkim	BSNL
5.	Punjab	BSNL
6.	Bihar	BSNL
7.	AP	APSFL
8.	Telangana	T-Fiber
9.	Odisha	OPTCL
10.	Jharkhand	JCNL
11.	Gujrat	GFGNL
12.	Maharashtra	Maha-IT
13.	Chhattisgarh	CHIPS
14.	Tamil Nadu	TANFINET

In addition to above, the work of utilization in 5520 Satellite GPs spread across 27 States/UTs is being carried out by BBNL/BSNL.

Regular review meetings with above-mentioned implementing agencies are being done by BBNL/USOF to increase the pace of implementation of BharatNet Network under Phase-II.

#### **Present Status of utilization of BharatNet is as under:-**

- No. of Wi-Fi hotspots installed (GPs): 1,04,302
- No. of FTTH connections commissioned: 2,27,781
- Dark Fibre leased : - 38519.4 Km
- Data consumed monthly : - 4199 TB
- Utilization by SWAN: 16830 GPs
  
- Further, Revenue sharing agreements are also being signed with ISPs for provision of FTTH connections to increase the utilization of BharatNet network. As on date 92 Revenue sharing agreements have been signed.

- Tender for installation of Wi-Fi access points at GP sites where VSAT has been installed is to be floated by BBNL.
- Marketing events/ meets for creating awareness among ISPs/ TSPs & MSOs (Mobile Service Operator) about BharatNet are being planned.
- Tariff of BBNL services is kept low for enhancing affordability.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2022-B(32<sup>nd</sup> Rpt.) dated 20/06/2022)

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

**Mandatory Testing of Telecom Equipment**

**(Recommendation Sl. No.8)**

The Committee note that Mandatory Testing and Certification of Telecom Equipment (MTCTE) is applicable to Domestic Original Equipment Manufacturers (OEMs), foreign OEMs and Authorized Indian Representative (AIR) of foreign OEM. No telegraph/telecom equipment, in respect of which mandatory certification is required, is to be used by the Telecom License, whether PSU or Private, in its network, unless it is certified. However, with regard to security lab for testing of telecom equipment, the Committee have been informed that no security test lab has been designated/accredited in the country so far. On being asked the reasons, the Department have simply replied that National Centre for Communication Security has been holding deliberations with prospective Telecom Security Test Laboratories (TSTL) in Public/Private sector in the country. Some of the TSTLs are likely to be designated during the second quarter of 2022-23. The Department have further informed the Committee that the Communication Security (ComSec) scheme for security testing of telecom equipment is yet to be launched. The Committee have also been informed that one security test lab is planned at Telecom Engineering Wing of the Department and the tender for procuring security tools was opened on 20.12.2021 which is under evaluation.

The Committee are surprised to learn that in the burgeoning telecom market with easy availability of telecom equipment security threats are looming large, yet no serious attempt has been made by the Department for establishment of a robust mechanism for mandatory testing of telecom equipment especially relating to security testing and certification. The Committee are equally concerned to note that in spite of their insistence on this issue in previous Reports no security test lab has been designated/accredited in the country so far. Telecom equipment and network used for provisioning of telecom services are prone to spyware/malware and security issues cannot be taken too lightly. In such a situation, the Committee would like to know how security testing/certification of telecom equipment is being done in the country. The Department may also inform the Committee since when the proposal for setting up of security test lab at Telecom Engineering Wing of the Department has been pending and the reasons for not setting up the security lab till now. The Committee recommend that the initial roadmap for setting up of Security Test Lab

is drawn up at the earliest. The Committee also desire that efforts be made by the Department for setting up of state of the art telecom testing facilities including security test labs in the country. The Committee desire that details of Communication Security (ComSec) scheme being prepared may be furnished to the Committee. Till such time institutional arrangements are put in place, the Committee recommend the Department to ensure that safety standards in telecom equipment are strictly adhered to and all telecom operators both public and private strictly deploy only those equipment which have undergone mandatory testing and certification.

### **Reply of the Government**

1. Department of Telecommunications, Ministry of Communications has notified "Indian Telegraph (Amendment) Rules" in Gazette of India vide G.S.R. 1131(E) PART XI on 5th September 2017 which prescribes for Mandatory Testing and Certification of Telecommunication Equipment. Any telegraph which is used or capable of being used with any telegraph established, maintained or worked under the licence granted by the Central Government in accordance with the provisions of section 4 of the Indian Telegraph Act, 1885 (hereinafter referred to as the said Act), shall have to undergo prior mandatory testing and certification in respect of parameters as determined by the telegraph authority from time to time. Mandatory testing includes testing against the following essential requirements: -

- i. Technical Requirements.
- ii. Safety Requirements.
- iii. EMI/EMC Requirements.
- iv. Security Requirements .
- v. Other Requirements as notified by TEC/DoT/any Government Agency from time to time e.g. SAR for mobile handsets, Environmental requirements etc.

2. Telecom Engineering Centre (TEC) is responsible for development of Essential requirements and procedures for the testing of telecom equipment other than the security testing. Security testing part has been entrusted to National Centre for Communication Security (NCCS), Bengaluru.

3. The Communication Security (ComSec) scheme has been approved and the details are as under:

**i. SCOPE:**

- a. The scope of certification shall cover all types of telecom equipment to be sold in India and to be connected to Indian telecom network after the date of effect of this scheme for which ITSAR is available and is in force.
- b. NCCS shall be responsible for developing and for release of (Indian Telecom Security Assurance Requirements (ITSARs) for the various equipment in a phased manner. On release of ITSAR



for an equipment, that equipment shall get included in this Scheme for enforcement. The ITSAR for that equipment comes into force from the date notified separately. Any amendment in ITSAR, caused to address newer threats and requirements, will result in release of new version of ITSAR and same shall be applicable from the date of applicability indicated in the new version of the ITSAR. The new version will indicate, for the equipment certified against the earlier version of ITSAR, whether the equipment requires to undergo full or incremental testing for certification against the new version of the ITSAR.

- c. The use of certified equipment, unless specifically exempted, shall be governed by extant guidelines and rules.
- d. If the equipment is being imported for Research and Development or for demonstration purpose in India or as a sample for mandatory testing, prior security certification may be exempted for limited numbers of equipment.

## ii. **SCHEME**

- a. Department of Telecommunications aims to meet the following objectives in developing, operating and maintaining the ComSec scheme:
  - To develop country specific standards, processes and specifications.
  - To develop testing and certification eco-system.
  - To ensure that telecom network elements meet security assurance requirements.
  - To ensure compliance of regulatory requirements pertaining to security testing.
- b. The Scheme provides for the activities relating to development of Indian Telecom Security Assurance Requirements (ITSAR), Designation of Telecom Security Test Labs (TSTL), and Security evaluations and Certification of the Telecom Equipment against ITSAR.
- c. The ITSAR shall be prepared based on country specific security requirements, International Standards and consultations with stakeholders such as OEMs, TSTLs, TSPs, Academic institutes, Industry and Government bodies.
- d. The security testing against ITSAR shall be carried out by the designated TSTL. The labs from private and public sector meeting the specified requirements shall be designated. The prospective TSTL makes an application in prescribed proforma. After satisfactory evaluation of the application, competency of the lab to perform the security testing as per ITSAR shall be assessed. On successful assessment, the TSTL will be issued with Designation certificate.

- e. Applicants intending to get their equipment certified will register on MTCTE portal. After successful evaluation of the application, the applicant can choose a designated TSTL for security testing of its equipment against the applicable ITSAR. TSTL will conduct the requisite testing under the supervision of a validator. After completion of the testing, test reports will be submitted by the TSTL. These reports will be evaluated for security certification. On successful evaluation, security certificate will be issued.
4. Regarding the preparation of Indian Telecom Security Assurance Requirements (ITSARs), ITSARs have been prepared for 4G Core Network Elements (i.e. S-Gateway, PCRF, HSS, MME, E-Node-B, P-Gateway), IP Router, Wifi (CPE) Modem, Mobile Device, Pluggable UICC & Cryptographic Controls for ITSARs. NCCS has partnered with IIT-H in preparing ITSARs for 5G Core Network Elements/Network Functions. NCCS is in the process of preparing 5G ITSARs for 11 Network Functions (NFs) viz. AMF, UPF, SMF, UDM, AuSF, NRF, NEF, NWDAF, N3IWF, SEPP and SCP in association with IIT Hyderabad, likely to be completed by October, 2022 progressively.
  5. NCCS has initiated dialogue with IIT-M and IIT-Kanpur for collaborating in telecom security testing and certification, as they have evinced interest to work with NCCS. Recently, IIT-Kanpur has submitted a proposal for research on mobile device and hardware security and to establish a test environment which is under examination.
  6. NCCS has conducted open house session with prospective Telecom Security Test Laboratories (TSTLs) to inform them about the scheme. Proposal for development of Security Testing and Certification Portal of NCCS and its integration with MTCTE Portal of TEC, by C-DoT is under consideration in the Department. Once Telecom security testing and certification ecosystem (which involves availability of ITSARs & corresponding Test Schedules & Test Procedures (TSTPs), Telecom Security Testing and Certification Portal, Accreditation / Designation process for TSTLs and availability of accredited/designated TSTL) is ready, operationalization of ComSec scheme would enable security testing and certification of telecom equipment (including 5G) under MTCTE in a phased manner.
  7. The Government launched the Trusted Telecom Portal [www.trustedtelecom.gov.in](http://www.trustedtelecom.gov.in) on 15th June, 2021 under National Security Directive on Telecommunication Sector (NSDTS), therefore, mandating Telecom Service Providers (TSPs) to connect in their networks only those new devices which are designated as 'Trusted Products' from 'Trusted Sources'. Necessary amendment has been made by the Government in this regard to the licence conditions for the provision of telecommunication services by the TSPs.
  8. In addition, following important clauses under the license mandate telecom service providers (TSPs) to ensure security of the networks.

- i. Vide Clause 39.5, as under, service providers have to have a robust organisational security policy.

*“The LICENSEE shall be completely and totally responsible for security of their networks. The LICENSEE shall have organizational policy on security and security management of their networks including Network forensics, Network Hardening, Network penetration test, Risk assessment. Actions to fix problems and to prevent such problems from recurring should be part of the policy.”*

- ii. In order to maintain a certain degree of uniformity in the security policy of the licensees, DoT has issued an advisory on Minimum Requirement for Security Policy (MRSP) by DoT licensees Vide letter dated 26.9.2018.
- iii. Vide clause 39.6, as under, the service providers are mandated to carry out audit of their networks once in a financial year by certified auditors as per ISO 15408 and ISO 27001 standards.

*“In furtherance of organizational security policy, the LICENSEE shall audit its network or get the network audited from security point of view once in a financial year from a network audit and certification agency. The first audit may be carried out in the financial year succeeding the financial year of the signing of the LICENSE/ Service authorization. The LICENSEE is free to engage the service of any agency for this purpose, which is certified to carry out the audit as per relevant ISO standards. Presently ISO 15408 and ISO 27001 standards are applicable.”*

- iv. Vide clause 39.9 (v), as under, the risk of supply chain is mitigated by keeping a record of the chain of suppliers by the service providers. The service providers are sensitized on the same.

*“Keep a record of supply chain of the products (hardware/ software). This should be taken from the manufacturer/ vendor/ supplier at the time of procurement of the products.”*

- v. Service providers are also informed of the vulnerabilities and threats for taking corrective action as per the advisories from different agencies.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2022-B(32<sup>nd</sup> Rpt.) dated 20/06/2022)

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

**Monetization of assets of BSNL and MTNL**

**(Recommendation SI. No.10)**

The Committee have been informed that BSNL has a large number of land assets as well as buildings. MTNL has an asset worth about Rs.30,000 crore. The Union Cabinet Note has envisioned asset monetization as core plan for repayment of loan/overdraft/bond. With regard to codified procedure, the Committee note that for asset worth Rs.100 crore and above, the approval is with DIPAM, Ministry of Finance. The assets which are worth between Rs.10-100

crore will be done by the BSNL through the Department of Telecommunications and will be approved by Group of Ministers. For assets, less than Rs.10 crore, the competent authority is with the Board of Directors of BSNL. The Department have informed the Committee that for monetization of land/building, DIPAM had approved monetization of assets of BSNL (tentative value Rs.18,200 crore) and 6 assets of MTNL (tentative value Rs.5158 crore) in Phase-I, wherein 4 properties (reserved price of Rs.670 crore) of BSNL and 2 properties (reserved price of Rs.290 crore) of MTNL have been taken for e-auction. The Committee have further been informed that there are challenges/hurdles in other properties due to conditional assignments made long time ago and permissions required from State Governments or local bodies, which are being pursued by the Department along with BSNL and MTNL. With regard to MTNL, the Committee note that most of the assets in Mumbai are having issues of Reservation/Designation and this is hampering the monetization prospect of these properties. MTNL is pursuing with the Maharashtra Government for removal of reservation/designation. The Committee have also been informed in unambiguous terms during the sitting that significant assets in Mumbai are having reservation and designation issues resulting in dropping of valuation of the property due to unsustainable conditions and this will not be possible without tweaking the policy.

The Committee are of the view that huge properties are lying with BSNL and MTNL and gainful utilization of these assets and income generated from monetization of assets can in fact be used to service their debt, capex and other requirements. The Committee feel that successful monetization of assets will also help the cause of revival process of the two companies without burning the Government exchequer or the public sector banks. The Committee note that the Department/BSNL have taken up the issue of reservation and designation with the concerned State Governments and local bodies for amicable resolution and successful monetization of the assets. However, no positive results have been achieved so far. The Committee are of the considered view that useful utilization of these assets which otherwise are lying unutilized will be in the larger interest of both BSNL/MTNL and the concerned State Governments/local bodies and hence matter may be taken up at the highest level of Government for policy intervention instead of leaving it to the Department/BSNL alone.

### **Reply of the Government**

With reference to above recommendation/observation below mentioned steps / actions have been taken:

- (i) For 4 properties of BSNL, no eligible bid was received in the auction. It has been proposed by BSNL to review the Terms & Conditions of auction and recall the bids.
- (ii) For properties valuing less than Rs.10 crore each, the Board of Directors of BSNL has approved indicative values for 9 properties. Transaction advisors have also been appointed for all properties. The total indicative value of these 9 properties is Rs.49.73 cr.
- (iii) For properties valuing between Rs.10-100 crores, the Board of Directors of BSNL has approved indicative values for 14 properties and

case is in process for in-principle approval of Group of Ministers. The total indicative value of these 14 properties is Rs.599.78 cr.

(iv) Secretary, DIPAM was requested vide this office D.O. No. 8-1/202-Asset Mgmt. (Vol.II) dated 31.03.2022 to convene the meeting of IMG for decision on e-auction and for way forward for the monetization process. DIPAM informed that the responsibility of monetization has been transferred to DPE vide their DO No. 8/8/2022-DIPAM-II(AMC) dated 13.04.2022. In response to D.O. from DIPAM, DPE was requested to arrange the meeting of IMG at the earliest vide this office D.O. No. 8-1/20202-Asset Mgmt. (Vol.II) dated 25.04.2022 and U.O. No. 8-5/2019-Asset. Mgmt. dated 02.06.2022.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2022-B/(32<sup>nd</sup> Rpt.) dated 20/06/2022)

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

**Capital Infusion for BSNL**

**(Recommendation Sl. No.12)**

The Committee note that an amount of Rs.44720 crore has been allocated at BE 2022-23 for implementation of various revival measures during 2022-23. The Committee have been informed that an amount of Rs.23,270 crore (inclusive of GST) is allotted for cost of 4G spectrum in the financial year 2022-23. The Department have informed the Committee that in line with the 'AtmaNirbhar Bharat' initiatives of the Government of India, BSNL had invited Expression of Interest (EoI) on 1<sup>st</sup> January, 2021. EoI has been issued to five bidders namely M/s HFCL, M/s L&T, M/s Tech Mahindra, M/s TCS and M/s ITI. Only M/s TCS and M/s ITI have deployed their equipment for testing under Proof of Concept (PoC) as part of EoI. The Committee have been informed that the testing of the offered equipment is in progress and PoC would be completed by March. Thereafter, the commercial roll out is expected in about six months to one year. The Committee have also been informed that the Government while approving the revival package has also given incentive for 5G related investment and 4G equipment which is in the final proof of concept is also 5G enabled.

The Committee are of the view that rolling out of 4G services by BSNL will greatly help the BSNL not only in strengthening its foothold in the telecom sector in the country but also in increasing its revenue earning. It is unfortunate to note that BSNL has already missed the bus in launching 4G services and has suffered in terms of capability to provide good wireless broadband services and increase its revenue. The Committee are also constrained to observe that BSNL is not permitted to get equipment from private or foreign companies whereas private telecom service providers have been permitted to do so. Thus BSNL has been denied a level-playing field when compared with the private operators. The Committee strongly recommend that Proof of Concept should be completed as per schedule *i.e.* by March, 2022 and all necessary measures are taken by the Department for successful roll out of 4G services by BSNL in about sixth month to one year as informed to the Committee. Any delay in this will only damage the

prospects of the company further in its struggle for survival and thriving in the industry. The Committee also recommend that BSNL should also be allocated 5G spectrum in all the bands so that BSNL can roll out 5G services along with private telecom service providers. It is essential that BSNL is provided with a level playing field in rolling out of 5G services and purchase of equipment like private telecom service providers. The Committee desire that earnest efforts will be made in this regard and hope that the Department will fulfill the assurance given to the Committee during the evidence in letter and spirit.

### **Reply of the Government**

(a) In Oct, 2019 revival package, the Union Cabinet had approved administrative allocation of 4G spectrum to BSNL. To keep this item cash neutral for Government, the Cabinet had also approved capital infusion of ₹ 24,084 Cr (including GST) for spectrum allocation. Since BSNL would use this capital infusion to pay the spectrum charges to Central Government, so it was designed to be a cash neutral mechanism. However, due to delay in development of Atmanirbhar 4G technology stack, the spectrum allocation was deferred to FY 2022-23.

(b) Since Central Government is supporting BSNL, it was imperative that BSNL uses the funds received to develop an Atmanirbhar technology stack for 4G services. In line with this vision, BSNL was directed to deploy Indian Core for 4G. Accordingly, BSNL floated the Expression of Interest (EOI) on 1<sup>st</sup> Jan, 2021 for registration-cum-Proof of Concept (PoC) from Indian Companies interested in participating in BSNL's upcoming 4G tender. 6 bidders responded.

BSNL issued the Letter of Intent (LoI) on 1<sup>st</sup> July, 2021 to M/s TCS (Tata Consultancy Services), M/s Tech Mahindra Ltd, M/s L&T (Larsen & Tubro), M/s HFCL (Himachal Futuristic Communications Limited) and M/s ITI (Indian Telephone Industries). BSNL is currently conducting a Proof of Concept (PoC) with TCS (with core from Center for Development of Telematics; C-DoT) and ITI (with TCS at backend). The PoC has been provisionally completed by M/s TCS with few pending points, which are likely to be completed by 30<sup>th</sup> Jun, 2022. PoC of other three vendors have been closed as they could not develop technology.

Since, some more time was required to develop the Atmanirbhar 4G technology stack, BSNL management decided to defer the spectrum allocation to FY 2022-23. Now post provisional completion of PoC, BSNL has placed its first Purchase Order for 4G network on M/s TCS on 31<sup>st</sup> Mar, 2022 for supply of equipment for deployment of 6000 sites, with which BSNL expects to roll out 4G services in 2022. Complete order for 100,000 eNodeBs will be placed on completion of commercial negotiations with M/s TCS in view of single vendor scenario and completion of pending points of PoC.

(c) As is evident from the above development, the allotment of spectrum to BSNL may happen in FY 2022-23.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2022-B(32<sup>nd</sup> Rpt.) dated 20 /06/2022)

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

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

**Aspirational District Scheme**

**(Recommendation Sl. No.5)**

The Committee note that a scheme for 502 uncovered villages over four States namely Uttar Pradesh, Bihar, Madhya Pradesh and Rajasthan is targeted to be completed by March, 2022. The Committee hope that the project will be completed by the stipulated time. The Committee also note that a scheme for 7,287 uncovered villages was approved by Cabinet on 17 November, 2021 for provisioning of 4G based mobile services in 44 Aspirational Districts of five States of Andhra Pradesh, Chhattisgarh, Jharkhand, Maharashtra and Odisha at an estimated cost of Rs.6,466 crore. The Committee have been informed that the Request for Proposal (RFP) was opened on 24.02.2022 and two bids have been received and are under evaluation. The project is targeted to be completed in 18 months after signing of agreement likely by April, 2022. The Committee also note that a scheme is being prepared for all uncovered villages in the country and any pending uncovered villages in Aspirational Districts in other States will also be covered.

The Committee are of the view that the Department have still a huge ground/distance to cover with regard to providing mobile services to all the uncovered villages of all Aspirational Districts in the country. It is important that the Department work with a sense of urgency and complete the work in specific timeline. The Committee, therefore, strongly recommend that efforts should be made for early finalization of the agreement and the work for covering 7,287 uncovered villages be completed within 18 months as per schedule *i.e.* by November, 2023. The Committee also desire that the scheme which is being prepared for all uncovered villages including any pending uncovered villages in Aspirational Districts in other States, including Wayanad in Kerala, may also be finalized at the earliest and all necessary approvals may be taken so that all uncovered villages in the country may be provided with much needed telecom connectivity in a time bound manner.

**Reply of the Government**

The scheme for 502 uncovered villages over 4 states is likely to be completed by June, 2022 for which extension has been given. Further, the scheme for 7287 villages as per approval of Cabinet across five states namely Andhra Pradesh, Odisha, Maharashtra, Chhattisgarh and Jharkhand has been

finalized and agreement is being signed. The proposal for remaining uncovered villages in the country is also under consideration.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2022-B(32<sup>nd</sup> Rpt.) dated 20/06/2022)

**New Delhi;**

**February, 2023**

**Magha, 1944 (Saka)**

**PRATAPRAO JADHAV,  
Chairperson,  
Standing Committee on  
Communications and Information  
Technology.**



**STANDING COMMITTEE ON COMMUNICATIONS AND  
INFORMATION TECHNOLOGY  
(2022-23)  
MINUTES OF THE SEVENTH SITTING OF THE COMMITTEE**

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The Committee sat on Tuesday, the 07<sup>th</sup> February, 2023 from 1500 hours to 1520 hours in Main Committee Room, Parliament House Annexe, New Delhi.

**PRESENT**

**Shri Prataprao Jadhav- Chairperson**

**MEMBERS**

***Lok Sabha***

2. Smt. Sumalatha Ambareesh
3. Shri Karti P. Chidambaram
4. Smt. Sunita Duggal
5. Smt. Raksha Nikhil Khadse
6. Shri P. R. Natarajan
7. Shri Santosh Pandey
8. Shri Sanjay Seth
9. Shri Ganesh Singh
10. Dr. T. Sumathy (A) Thamizhachi Thangapandian
11. Dr. M.K. Vishnu Prasad

***Rajya Sabha***

12. Dr. Anil Aggarwal
13. Shri Kartikeya Sharma

***SECRETARIAT***

1. Shri Satpal Gulati - Joint Secretary
2. Smt. Jyothirmayi - Director
3. Shri Nishant Mehra - Deputy Secretary

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened to consider and adopt five Action Taken Reports which included four Draft Action Taken Reports on Demands for Grants (2022-23) relating to the Ministries/Departments under their jurisdiction and one Draft Action Taken Report on Twenty Seventh Report on the subject 'Ethical Standards in Media Coverage' of the Ministry of Information and Broadcasting.

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

- (i) Draft Action Taken Report on Twenty-Seventh Report on the subject 'Ethical Standards in Media Coverage' relating to the Ministry of Information and Broadcasting.
- (ii) Draft Action Taken Report on Thirty Second Report on 'Demands for Grants (2022-23)' relating to the Ministry of Communications (Department of Telecommunications).
- (iii) Draft Action Taken Report on Thirty Third Report on 'Demands for Grants (2022-23)' relating to the Ministry of Communications (Department of Posts).
- (iv) Draft Action Taken Report on Thirty Fourth Report on 'Demands for Grants (2022-23)' relating to the Ministry of Information and Broadcasting.

(v) Draft Action Taken Report on Thirty Fifth Report on 'Demands for Grants (2022-23)' relating to the Ministry of Electronics and Information Technology.

4. After due deliberations, the Committee adopted the Reports without any modifications.

5. The Committee authorized the Chairperson to finalize the draft Action Taken Reports and present the same to the House during the current Session of Parliament.

**The Committee, then, adjourned.**

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

**(SEVENTEENTH LOK SABHA)**

**[Vide Paragraph No. 5 of Introduction]**

(i)	Observations/Recommendations which have been accepted by the Government  Rec. Sl. Nos.: 1,2,4,6,7,9,11,13 and 14	Total - 09
	Percentage	64.28
(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.: 3, 8, 10 and 12	Total - 04
	Percentage	28.57
(iv)	Observations/Recommendations in respect of which the replies of the Government are of interim in nature  Rec. Sl. No.: 5	Total -01
	Percentage	7.14