22

**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2015-16)**

SIXTEENTH LOK SABHA

**MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY
(DEPARTMENT OF ELECTRONICS AND INFORMATION TECHNOLOGY)**

**[Action Taken by the Government on the Observations /Recommendations of the
Committee contained in their Sixth Report (Sixteenth Lok Sabha) on
'Demands for Grants (2015-16)']**

TWENTY-SECOND REPORT

**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2015/Agrahayana, 1937 (Saka)

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**Presented to Lok Sabha on 21.12.2015
Laid in Rajya Sabha on 21.12.2015**

सत्यमेव जयते

**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2015/Agrahayana, 1937 (Saka)

CONTENTS

APPENDICES

COMPOSITION OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2015-16)

Shri Anurag Singh Thakur - Chairperson

Lok Sabha

2.   Shri L. K. Advani
3.   Shri Prasun Banerjee
4.   Dr. Sunil Baliram Gaikwad
5.   Shri Hemant Tukaram Godse
6.   Dr. Anupam Hazra
7.   Dr. Jayakumar Jayavardhan
8.   Shri P. Karunakaran
9.   Shri Virendra Kashyap
10. Shri Harinder Singh Khalsa
11. Shrimati Hema Malini
12. Shri Keshav Prasad Maurya
13. Ms. Mehbooba Mufti
14. Dr. K.C. Patel
15. Shri Raosaheb Danve Patil
16. Shri Paresh Rawal
17. Dr. (Smt.) Bharatiben Dhirubhai Shiyal
18. Shri Abhishek Singh
19. Shri D.K. Suresh
20. Shri Ramdas C. Tadas
21. Shrimati R. Vanaroja

Rajya Sabha

22. Shri Javed Akhtar
23. Shri Salim Ansari
24. Shrimati Jaya Bachchan
25. Shri Vijay Jawaharlal Darda
26. Shri Meghraj Jain
27. Shri Santiuse Kujur
28. Shri Derek O'Brien
29. Dr. K.V.P. Ramachandra Rao
30. Shri Sachin Ramesh Tendulkar
31. Mahant Shambhuprasadji Tundiya

Secretariat

1.   Shri K. Vijayakrishnan   -   Additional Secretary
2.   Shri J.M. Baisakh   -   Director
3.   Dr. Sagarika Dash   -   Deputy Secretary

INTRODUCTION

I, the Chairperson, Standing Committee on Information Technology (2015-2016), having been authorised by the Committee, do present the Twenty-second Report on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Sixth Report (Sixteenth Lok Sabha) on 'Demands for Grants (2015-16)' of the Ministry of Communications and Information Technology (Department of Electronics and Information Technology).

2.   The Sixth Report was presented to Lok Sabha/laid on the Table of Rajya Sabha on 24th April, 2015.   The Department of Electronics and Information Technology furnished their Action Taken Notes on the Observations/Recommendations contained in the Sixth Report on 15th October, 2015.

3.   The Report was considered and adopted by the Committee at their sitting held on 18th December, 2015.

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 Sixth Report of the Committee is given at Appendix-II.

New Delhi;   **ANURAG SINGH THAKUR,**
18 December, 2015   **Chairperson,**
27 Agrahayana, 1937 (Saka)   **Standing Committee on**
                                                            Information Technology.

CHAPTER I

REPORT

This Report of the Standing Committee on Information Technology deals with the action taken by the Government on the Observations/Recommendations of the Committee contained in their Sixth Report (Sixteenth Lok Sabha) on 'Demands for Grants (2015-16)' relating to the Ministry of Communications and Information Technology (Department of Electronics and Information Technology).

2.   The Sixth Report was presented to Lok Sabha/laid in Rajya Sabha on the 24th April, 2015. It contained 20 Observations/ Recommendations.

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

(i)   Observations/Recommendations which have been accepted by the Government
         Rec. Sl. Nos.:- 1,2,3,4,5,6,8,9,10,11,12,13,14,15,16,17 and 19

(ii)   Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government
         Rec. Sl. No.: NIL

(iii)   Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration
         Rec. Sl. No.: 7

(iv)   Observations/Recommendations in respect of which the reply of the Government are of interim nature
         Rec. Sl. No.: 18 and 20

4.   **The Committee, in their Sixth Report (Sixteenth Lok Sabha), had undertaken a comprehensive examination of the Demands for Grants (2015-16) of the Ministry of Communications and Information Technology (Department of Electronics and Information Technology). While appreciating the continuous improvement in utilization of funds by the Department, the Committee had desired that sustained and consolidated steps needed to be taken to achieve the monthly and quarterly expenditure and quantifiable targets set for the current**

fiscal. The Committee had expressed their concern on 33% reduction of allocation at BE stage. While taking note of the impediments faced in the implementation of projects in NER, the Committee had recommended to the Ministry to take urgent steps to provide connectivity through VSAT to Common Service Centres (CSCs), putting in place a mechanism for monitoring of proper functioning of solar power back up units and also early finalization of necessary clearances for setting up of BPOs under the BPO Promotion Scheme in the North East Region. The Committee had also recommended for taking up the matter with the Ministry of Finance for adequate funds at RE stage for the Digital India Programme. The Committee had called upon the Department to take requisite steps for establishment/operationalization of all the components of NeGP. For e-lockers/digital locker scheme under the Digital India Programme, the Committee had urged the Department to conduct study for getting user's request/satisfaction to address the problems associated with the scheme. The Committee had also commented upon the Department's measures/preparedness to tackle cyber threat, promotion of Electronics and IT Hardware Manufacturing, measures for tackling E-waste, awareness generation for E-waste, functioning of C-DAC, etc.

5.   The Action Taken Notes furnished by the Ministry of Communications and Information Technology (Department of Electronics and Information Technology) on each of the Observations/Recommendations of the Committee contained in their Sixth Report have been reproduced in the relevant chapters of this Report. The Committee trust that utmost importance will be given on implementing the Observations/Recommendations accepted by the Government. In cases where it is not possible for the Department to implement the Recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee further desire that Action Taken Notes 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.

6.   The Committee will now deal with action taken by the Government on some of their recommendations.

Electronic Governance (NeGP, 'Programme on enabling all schools with virtual classrooms' and 'Programme on Good Governance and Best Practices')

(Recommendation Sl. No. 7)

7.   The Committee had recommended as under:-

"The Committee note that Electronic Governance include NeGP (approved in May 2006), 'Programme on Good Governance and Best Practices' and 'Programme on enabling all schools with virtual classrooms' (approved in 2014-15 with a corpus of ₹ 100 crore each). During the year 2015-16, as against the proposed allocation of ₹ 994 crore, the BE allocation is ₹ 450 crore, whereas during the year 2014-15, the BE and RE were ₹ 475.00 and ₹ 479.92 crore, respectively and the actual expenditure was ₹ 414.90 crore. With regard to the progress under the 'Programme on enabling all schools with virtual classrooms and 'Good Governance and Best Practices schemes', the Committee are given to understand that the physical and financial targets for the year 2014-15 have been met and ₹ 55.00 crore and ₹ 70.87 crore have been utilized for each project, respectively. In the first phase of the 'Programme on enabling all schools with virtual classrooms', 3500 schools and 50 DIETs having ICT infrastructure are being targeted to enable them with virtual classrooms in five States, namely Himachal Pradesh, Gujarat, Rajasthan, Tamil Nadu and Tripura and this project has been approved by DeitY. Further, with regard to 'Good Governance and Best Practices', letters have been sent to the Ministries/Departments concerned and all States/UTs to formulate suitable project proposals for the development of new applications and for replication of successful e-Governance applications in various domains. The Committee note that in response to this, various proposals have been received of which 8 projects have been approved by the competent authority and administrative approvals have been issued, whereas 4 projects are at various stages of approval in DeitY.

However, with respect to three core components of NeGP scheme (under Electronic Governance), *viz.* State Wide Area Network (SWAN), Common Service Centres (CSCs) and State Data Centres (SDCs) schemes, the Committee observe that presently SWAN has been made operational in 34 States/UTs, of which 25 States/UTs are utilizing around 60% of bandwidth of the existing link capacity. The total number of operational CSCs (as on 28.02.2015) is 1,40,712, of which only 1,25,387 CSCs have connectivity. With regard to SDCs, the Committee find that 23 SDCs have been made operational, out of which 19 SDCs are utilizing around 50% of the SDC Infrastructure (percentage of rack space utilized). The Committee also note that 4 SDCs have been made operational during the year 2013-14 whereas only one SDC, in Mizoram, has been made operational in the year 2014-15 and the target set for the year 2015-16 is to complete 4 SDCs (Himachal Pradesh, Punjab, Dadra Nagar Haveli and Daman & Diu) in the year 2015-16. With regard to establishment/operationalisation of SWAN and CSCs,

there is an increase in their number when compared to the previous years. However, with regard to the SDCs, the number has remained the same. Not only this, the Committee find that the Department during the previous DFG (2014-15) had stated that the timeline for completing the implementation in two Union Territories (i.e. Dadra and Nagar Haveli and Daman and Diu) was March, 2015; however, this appears not to have been achieved in the light of their target for this financial year 2015-16 (to complete 4 SDCs in Himachal Pradesh, Punjab, Dadra Nagar Haveli and Daman & Diu). It is further disquieting to note that the usage of SDC Infrastructure and existing bandwidth have not improved over the last year's performance. The Committee have been recommending repeatedly to the Department to complete the establishment of these components of NeGP as per scheduled targets. While noting the non-completion of these components in all the States/non-functional status of some of the components and non-utilization of infrastructure and the existing bandwidth capacity, the Committee reiterate their stand and call upon the Department to take requisite steps for establishment/operationalisation/roll- out of all the components of NeGP. The Committee also earnestly desire that efforts should be made to ensure that the targets set under the 'Programme on enabling all schools with virtual classrooms' and 'Good Governance and Best Practices schemes' are not deferred. The Committee may be kept apprised of the improvement made in achieving the targets under these schemes."

8.   The Department of Electronics and Information Technology, in their action taken note, have stated as under:-

"The current status of above projects is as follows:

(a)   Good Governance and Best Practices schemes: 2 Working Group meetings have been conducted and 8 projects have been approved. Revised DPRs are awaited for 2 projects.

(b)   Programme on enabling all schools with virtual classrooms: 3500 schools and 50 DIETs having ICT infrastructure are being targeted to make them enabled with virtual classrooms in five states, namely, Himachal Pradesh, Gujarat, Rajasthan, Tamil Nadu and Tripura. The project is approved and first instalment of Rs. 55.00 crores has been released to the implementing agency.

(c)   SDC: Currently, SDCs in 24 States/UTs, out of the 32 States/ UTs in which SDC has to be implemented, are operational. Out of the 8 States/UTs where implementation has not yet been completed, 2 are under implementation, 1 State is soon to start implementation, 4 States are under the bid process and for 1 State, RFP is under preparation. The State/UT wise implementation status and the reasons for delays despite numerous reminders, letters, meetings and other handholding support to States and SIA are given in the table below. As depicted in the table below, for the

States for which SDC implementation has not yet been completed, the reasons are majorly:

- Non-availability or change in the SDC Site
- Construction of building at site for SDC
- Rebidding / retendering due to (a) limited response to the SDC RFP floated or (b) any other reason

S.No	State Name	Status	Non Availability/ Change of Identified Site	Construction of New Site	Rebidding / Retendering
1	Himachal Pradesh	Under Implementation		√	√
2	Dadra & Nagar and Daman & Diu	Under Implementation	√	√	√
3	Jharkhand	Vendor Finalized, Implementation to start	√	√	√
4	Goa	Bids Received	√	√	
5	Uttarakhand	Bid Process under Progress	√	√	
6	Arunachal Pradesh	Bid Process under Progress			√
7	Punjab	Bid Process under Progress	√	√	√
8	Assam	RFP under Preparation		√	√

(d) CSC: 1,41,353 CSCs have been made operational in 36 States/UTs as on 30th April 2015. 127,188 CSCs are reported to be connected, of which, 52,475 CSCs are using BSNL connectivity, 23,114 are using VSATs, 25,400 CSCs are using Data cards and the remaining 26,199 are using other forms of connectivity. Further, some VLEs have reported using multiple types of broadband connections.

(e) SWAN: SWAN has been made operational in 34 States/UTs, of which 25 States/UTs are utilizing around 60% of bandwidth of the existing link capacity."

9.   **The Committee, in their original Report, had *inter alia* reviewed *the progress of core components of NeGP under the e-Governance scheme, viz. SWAN, CSCs and SDCs and observed that while there was an increase in the number of SWAN and CSCs compared to the previous years, in case of SDCs, the number had remained the same.   In spite of the Committee's repeated***

recommendation for completion of the establishment of various components of NeGP as per scheduled targets, the targets for completion of the SDC scheme in the States of Himachal Pradesh, Punjab, Dadra and Nagar Haveli and Daman and Diu had not been achieved. The Committee had, therefore, urged the Department to take requisite steps for establishment/operationalization/roll-out of all the components of NeGP and make efforts to ensure that the targets set under the 'Programme on enabling all schools with virtual classrooms' and 'Good Governance and Best Practices schemes' are not deferred. The Committee note that two Working Groups' meetings have been conducted and eight projects have been approved under the scheme of 'Good Governance and Best Practices'. The Department have also approved the Programme of enabling all schools with virtual classrooms and the first installment of Rs. 53 crore has been released to the implementing agency. The Committee are, however, concerned to note that despite numerous reminders, letters, meetings and handholding support, the SDC implementation has not progressed well, the reasons being non-availability or change in the SDC site, construction of building at site for SDC and rebidding/retendering due to limited response to the SDC RFP floated or any other reason. The Committee re-emphasize that the State Data Centre is one of the core infrastructure components of the National e-Governance Programme (NeGP) which aims at consolidating services, applications and infrastructure to provide efficient electronic delivery of G2G, G2C and G2B services. Keeping in view the fact that SDC would provide some key functionalities such as Central Repository of the State, Secure Data Storage, Online Delivery of Services, Citizen Information/Service Portal, State Intranet Portal, Disaster Recovery, Remote Management and Service Integration, etc., the Committee feel that any delay in completion of State Data Centre will derail the National e-Governance Programme (NeGP) as a whole. The Committee, therefore, recommend to the Department to take necessary steps to address the above deficiencies and ensure that the SDC is implemented in right earnest in these States without any delay. The Committee may be apprised of the progress made in this regard.

Development related to Section 66A of IT Act, 2000

(Recommendation Sl. No. 13)

10.   The Committee had recommended as under:-

"With regard to the Supreme Court judgement on Section 66A of the Information Technology Act, the Committee have been informed that the Government have welcomed the Hon'ble Supreme Court's decision of scrapping Section 66A. The Committee also note that after detailed discussions, the Government had filed an affidavit before the Hon'ble Supreme Court making their stand clear that they respect the freedom of speech and expression on social media and has no intention of curbing it. Besides, the Department, in due course of time, would study and understand the operational implications of the judgment for any possible action in the future. Regarding the future course of action following the Supreme Court judgement, the Committee note that the Department are now focusing extensively on increasing user awareness with regard to responsible user behaviour and acceptable norms and how people should be able to use the cyber space. The Department have also assured the Committee that even after Section 66A has been struck down, the IPC provisions still exist for any serious violation of individual privacy and dignity. The Committee, in their Forty-fourth Report (15th L.S.) on DFG (2013-14), had noted a few controversies related to Section 66A and other Sections of the IT Act, 2008 (as amended) and had asked the Department to take necessary corrective steps for revision of the clauses of the Act and the Committee once again recommend to the Department to be proactive in such situations. The Committee would await Government's response in the matter."

11.   The Department of Electronics and Information Technology, in their action taken note, have stated as under:-

"An Expert Committee under the Chairmanship of Shri T.K. Vishwanathan, former Secretary, Law Commission & Secretary General has been set up by the Government to study and examine the existing domestic cyber laws and International Cyber legislations and recommend a road map with measures and amendments to the present laws for consideration of the Government.

Further, in order to comprehensively address the issues of Cyber Crimes, Ministry of Home Affairs has set up an Expert Group consisting of Academicians and Professionals of repute to prepare a roadmap for effectively tackling the Cyber Crimes in the country and give suitable recommendations on all facets of cyber crime."

12. **Regarding the future course of action following the Supreme Court judgement on scrapping up of Section 66A, the Committee, in their original Report, had noted that the Department are focusing on increasing user awareness about responsible user behaviour on usage of cyber space. The Committee had recommended to the Department to proactively watch the developments with regard to Section 66A and other Sections of IT Act, 2008 (as amended). As a follow up to the above recommendation of the Committee, the Department have constituted an Expert Committee to study and examine the existing domestic cyber laws and international cyber legislations and recommend a roadmap with regard to amendments to the present laws. The Ministry of Home Affairs have also set up an expert Group to prepare a road map for effectively tackling cyber crimes and give suitable recommendations. While appreciating the above initiatives, the Committee desire the Department to apprise them of the strategy chalked out by the above mentioned two Committees and implementation thereof in due course.**

Promotion of IT & ITeS Industries/Electronics & IT Hardware Manufacturing

(Recommendation Sl. No. 14)

13.   The Committee had recommended as under:-

"The Committee note that during the current financial year, promotion of IT & ITeS Industries and promotion of Electronics and IT Hardware Manufacturing have been put under one head. The budgetary allocations during the year 2015-16 are ₹ 5 crore and ₹ 69 crore, respectively, for the two schemes. The Committee also note that as per the assessment of NASSCOM, the Indian IT-ITES industry is growing progressively. However, the fact of the matter is that in spite of several measures taken by the Department over the years, there has been rapid increase in import of electronic items [which has increased from ₹ 187306.38 crore in the year 2013-14 to ₹ 206399.58 crore in the year 2015-16 (till Feb 2015)] and decline in exports of electronic items [which was ₹ 46703.78 crore during the year 2013-14 and ₹ 33634.29 crore during the current year (till Feb 2015)]. Nevertheless, the Committee take note of the steps taken by the Department to promote this sector which *inter-alia* include the Modified Special Incentive Package Scheme (M-SIPS); Electronic Manufacturing Clusters (EMC); Setting up of Semiconductor Wafer Fabs; preference to Domestically Manufactured Electronic Products (DMEP) in Government procurement; Electronic Development Fund (EDF) Policy approved on 10th December, 2014; Compulsory Safety Standards for Electronics; Scheme for

setting up/up-gradation of Labs; Promoting collaborative funding in R&D; Supporting research in Medical Electronics through BIRAC; National Centre of Excellence for Large Area Flexible Electronics (CFLEX); National Centre of Excellence in Technology for Internal Security (NCETIS); Policy for Promotion of Fabless Design Industry; Development of Indian Conditional Access System (CAS); Scheme for supporting MSMEs in the electronics sector; Setting up of Incubation Centre in Delhi-NCR; Setting up of Incubation Centre with focus on Medical Electronics at IIT Patna, etc. The Committee also note that rationalization of tariff and Budget announcement have been made during the year 2014-15 and 2015-16 for boosting indigenous manufacturing of Mobile Handsets, Personal computers (Desktop, Laptop and Tablets), TVs, indigenous manufacturing of ITA Products, LED Lights, Medical Electronic Products, Solar Photovoltaic Cells, smart cards, Microwave Ovens, optical fibre cables, Semiconductor wafer fab, Telecommunication Equipment Manufacturing, Set Top Boxes, etc.

The Committee have been given to understand that some areas which are major hurdles hindering this sector from taking off are zero duty regimes on 217 tariff lines [India being a signatory to the Information Technology Agreement-1(ITA-1) of the World Trade Organization (WTO)], the domestic manufacturing sector facing direct competition from the manufacturers of countries like China, Japan, Taiwan, South Korea, Malaysia, United States of America and European countries, etc. The other identified obstacles relate to the declining domestic manufacturing capabilities and various disabilities like high finance cost, poor infrastructure and logistics, unreliable and poor quality of power, inverted tax duty structure wherein importers get favorable tax regime vis-a-vis domestic manufacturers and high transaction cost due to the large number of regulatory clearances requirements, etc. This has added to the slow growth of Electronics and IT Hardware manufacturing sector.

The Committee, however, note that during the year 2014-15 the Department have taken up the exercise of inviting business consortium to set up two Semiconductor wafer fabs and they have received two proposals. The Committee understand that these proposals have been approved by the Government and the consortia are in the process of finalising their DPR and arranging money for the project. While appreciating this development, the Committee recommend to the Department to take measures to see to it that there is no procedural delay in finalising and setting up the two Semiconductor wafer fabs."

14.   The Department of Electronics and Information Technology, in their action taken note, have stated as under:-

"Letters of Intent dated 19.03.2014 were issued to the consortiums led by M/s. Jaiprakash Associates Ltd. and M/s. HSMC Technologies India Pvt. Ltd. by 28.04.2015. After providing extensions on several occasions, both

the consortia were required to submit the following documents by 31.03.2015:

a) Revised Detailed Project Report (DPR) with detailed costing and implementation plan, after incorporating the deficiencies that were pointed out to them on 05.11.2014.
b) Incorporation of SPV for the project, in accordance with proposed equity structure.
c) At least 25% of equity funding required for Phase I of the project to be injected by the promoters into the SPV.
d) A letter of in-principle approval from Financial Institutions/Banks for at least 10% of debt funding requirement of Phase 1, or INR 1000 Crores, whichever is higher.
e) Agreements between consortium partners specifying inter se performance guarantees.
f) Proof of legal possession of adequate and suitable land as outlined in the proposals.
g) Performance guarantee agreements with GoI.

The Union Cabinet in its meeting held on 28.01.2015 has reconstituted the Empowered Committee (EC) with the following composition:

  i. Dr. V.K. Saraswat, Member, NITI Aayog   …..   Chairman.
 ii. Dr. K. Radhakrishnan, Former Chairman, Indian Space Research Organisation.
iii. Secretary, Department of Expenditure.
 iv. Secretary, Department of Industrial Policy and Promotion.
  v. Dr. M.J. Zarabi, Former CMD, Semiconductor Complex Ltd. (SCL) - Technical Expert.
 vi. Prof. Narendra Krishna Karmarkar, Distinguished Visiting Professor, IIT-Bombay.
vii. Secretary, Department of Electronics and Information Technology - Member Convener.
viii. Empowered Committee may co-opt any other experts.

The reconstituted EC has been notified vide this Department's O.M. dated 11.02.2015. Subsequently, three meetings of the EC were held on 11.03.2015, 15.05.2015 and 26.05.2015. EC at its meeting held on 11.03.2015 has inter-alia decided to co-opt (a) Dr. K.D. Nayak, DG - Micro Electronic Devices & Computational Systems, DRDO; (b) Shri V. Koteswara Rao, Former Director, Semi-Conductor Laboratory (SCL) as members on the Empowered Committee.

However, both the consortia have not yet submitted the requisite documents required for demonstration of commitment. Subsequently, M/s. HSMC Technologies India Pvt. Ltd. vide their letter dated 31.03.2015 has

requested for extension of last date till 31.07.2015. M/s. Jaiprakash Associates Ltd. vide their letter dated 27.03.2015 has requested for certain amendments in the terms and conditions of the Letter of Intent.

Empowered Committee then met both the consortia in its 23rd meeting held on 26.05.2015 for obtaining updates on the progress made by them in their respective projects, wherein inter-alia EC has decided to extend the last date of submission of all the documents for demonstration of commitment, as per para 3 of the terms and conditions of the LoI dated 19.03.2014, till 30.09.2015 subject to the consortia conveying the date for complying to each of the conditions precedent to Demonstration of Commitment, as per LoI dated 19.03.2014, without any caveat. This would be the final extension and thereafter no further request for extension of time would be entertained."

15. **The Committee had observed that the Department have taken several steps for promotion of IT & ITeS industries/Electronics and IT Hardware Manufacturing sector which, *inter-alia*, included the Modified Special Incentive Package Scheme (M-SIPS), Electronic Manufacturing Clusters (EMC), Setting up of Semiconductor Wafer Fabs, preference to Domestically Manufactured Electronic Products (DMEP) in Government procurement, Electronic Development Fund (EDF) Policy approved on 10th December, 2014, Compulsory Safety Standards for Electronics, Scheme for setting up/upgradation of Labs, Promoting collaborative funding in R&D, Policy for Promotion of Fabless Design Industry, Development of Indian Conditional Access System (CAS), Scheme for supporting MSMEs in the electronics sector, etc. With regard to the specific initiative of the Department on setting up of Semiconductor Wafer Fabs, the Committee had observed that they had received two proposals from two business consortia for setting up of Wafer Fabs which were in the process of finalizing the Detailed Project Report (DPR). The Committee, while emphasizing the need for early setting up of the Semiconductor Wafer Fabs, had recommended to the Department to take measures to ensure that there is no procedural delay in finalization and setting up of the two Semiconductor Wafer Fabs. The Committee are, however, concerned to note that after availing extensions on several occasions, both consortia M/s. Jaiprakash Associates Ltd. and M/s HSMC Technologies India Pvt. Ltd. have not yet submitted the requisite documents though the initial date for submission of DPR was 31.03.2015. The Committee are given to understand that now final extension has been granted to both the consortia till 30.09.2015. The Committee,**

while expressing their concern that the initial process of finalization of DPR is getting delayed, recommend to the Department to ensure that the stalemate in the process be addressed and final DPRs are received from the two consortia so that the setting up of Semiconductor Wafer Fabs takes off without any further delay.

E-waste

(Recommendation Sl. No. 15)

16.   The Committee had recommended as under:-

"With regard to the role of DeitY in managing e-Waste, the Committee note that the Department's primary role is to develop R&D solutions for processing and extraction of precious metals from Printed Circuit Board (PCB) and plastics out of the e-waste. The Committee further note that DeitY have come out with technology where plastics can be taken out, categorized and reused to make car bumpers and switches and they are trying to transfer the technology to manufacturers for manufacturing value added goods. With regard to the Printed Circuit Board as well, the Department have supported technology development for segregating and extraction of metals/components out of the PCB and they, along with another company, have put up a demo plant at Bengaluru for extraction of about one metric tonne of metal from the PCB per day. The Committee are also given to understand that after the successful demo, they will give this technology to any manufacturer who would like to use it and recycle the waste. The Department have got approval to put up the e-waste awareness programme under which they will do an elementary analysis and then will create awareness both at the manufacturer level and at the school/college/RWA levels and help to recycle e-waste. The basic implementation of legal framework for e-waste management is the responsibility of the Ministry of Environment and Forests (M/o E&F). However, to address the primary problem of e-waste being taken by unorganized sectors and channelized and processed in a non-friendly manner, DeitY are working jointly with the M/o E&F by giving technological solutions to them and receiving help from them for identifying areas in which DeitY can set up ecological parks /some plant for recycling. Taking note of another initiative of DeitY of providing 25% cash back on the capital expenditure for e-waste processing plant, the Committee feel that there need to be continuous efforts on the part of the Department to manage e-waste scientifically and more number of scientific and electronic e-waste disposal units should be set up in future. The Committee also recommend to the Department to draft a policy, in co-ordination with Mo E&F, for increasing e-waste awareness in the country and come out with a plan for 'e-waste handling site' in each city."

17.   The Department of Electronics and Information Technology, in their action taken note, have stated as under:-

"(i) Deity has initiated setting up of a demonstration plant at Bengaluru, employing its indigenously developed technology. The stabilization technology would need more time to mature. Once the existing demonstration plant will successfully be operational, DeitY would explore the possibility of initiating more such units.

(ii) DeitY would also encourage formal recyclers/ entrepreneurs to apply through MSIP scheme to avail subsidy for creating PCB recycling plants in India.

(iii) E-waste awareness programme, encompassing few identified states, has recently been initiated at pilot stage for a period of 5 years. The mid-term correction on the current programme would be done based on the learning. More such initiatives would be taken up across the country on successful completion and based on the outcome and deliverables of this pilot project."

18.   **The Committee, in their original Report, had observed that the Department have supported technology development for segregating and extraction of metals/components out of the PCB and have put up a demo plant at Bengaluru for e-waste disposal. Taking note of the initiative of DeitY for providing 25% cash back on capital expenditure for e-waste processing plant, the Committee had desired that continuous efforts should be made to manage e-waste scientifically and more number of e-waste disposal units should be set up. The Department have informed that this stabilization technology would take more time to mature and once the demo plant at Bengaluru is successfully operational, they would explore the possibility of initiating more such units. The Department also plan to encourage formal recyclers/entrepreneurs to apply through MSIP Scheme to avail subsidy for creating recycling plants in India. The Committee feel that e-waste disposal is a serious issue which merits urgent attention, particularly when huge piles of e-waste are generated as a direct offshoot of an IT enabled society. The Committee desire that the success of the Bengaluru demo plant be assessed and more such units for recycling/entrepreneurs be encouraged through the MSIP Scheme.**

(Recommendation Sl. No. 19)

19.   The Committee had recommended as under:-

"With regard to having indigenous Set Top Boxes (STBs), during examination of the previous DFG (2014-15), the Committee were informed that M/s ByDesign India Pvt. Ltd, Bangalore, had been shortlisted for development and implementation of the India CAS in association with C-DAC. The Committee are given to understand that a Tripartite agreement had been executed between DeitY, C-DAC and M/s. ByDesign India Pvt. Ltd., Bangalore, for development and Implementation of Indian CAS on 18.11.2014 and upon expression of satisfaction by a Project Review and Steering Group (PRSG), the first installment of DeitY's support amount has already been released as advance to M/s. ByDesign India Pvt. Ltd. The Committee also note with satisfaction that Indian CAS system is expected to be built, tested and would be ready for integration and deployment by November 2015. The Committee further note that for promoting indigenous manufacturing of STBs, the Government have taken several fiscal initiatives which *inter-alia* include imposition of Basic Customs Duty (BCD) of 10% on import of Set Top Boxes, extending the facility of form 'C' to STBs manufacturers who had to pay CST equivalent to VAT rate (12.5%) and compulsory registration order for compliance to safety standards for curbing the inflow of sub-standard STBs. While appreciating the initiatives of DeitY, the Committee desire the Department to make all possible efforts to ensure that the timeline of November 2015 is adhered to and the roll-out of the Indian CAS system takes place without any further delay."

20.   The Department of Electronics and Information Technology, in their action taken note, have stated as under:-

"Two meetings of Project Review and Steering Group (PRSG), constituted to review the progress of the development and implementation of Indian Conditional Access System (CAS), were held on 18.02.2015 and 30.06.2015, respectively, wherein the progress made by M/s ByDesign India Pvt. Ltd and C-DAC in the project was found to be satisfactory."

21.   **During the examination of the Demands for Grants (2014-15), the Committee had been informed that M/s By Design India Pvt. Ltd., Bangalore, had been shortlisted for development and implementation of Indian version of CAS in association with C-DAC. Having noted that the first installment of Deity's support amount has been released to M/s By Design India Pvt. Ltd., the Committee had desired the Department to make all efforts to ensure that the roll out of the Indian CAS system takes place by the targeted timeline of November, 2015. The Department have informed that the Review and Steering Group constituted to review the progress of CAS has been held on 18.02.2015 and 30.06.2015 and the**

progress made by M/s By Design India Pvt. Ltd. and C-DAC in the project has been found to be satisfactory. However, as the November deadline is already over, the Committee apprehend that the Department have no choice but to defer the scheduled roll out of the Indian variant of CAS to a future date. The Committee once again emphasize and reiterate that time is running out for the Indian version of CAS to be developed and released to the market and any further deferring of deadline for final rolling out is detrimental to indigenization of the system. The Department may apprise the Committee of the fresh deadline for rolling out of the Indian CAS.

CHAPTER-II

OBSERVATIONS/ RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

DEITY BUDGET

(Recommendation Sl. No. 1)

The Committee note that for the year 2015-16, against the proposed Gross Budgetary Support of ₹ 10050.00 crore, an allocation of ₹ 2568.00 crore has been made for DeitY. The budget estimate has been reduced by 33% compared to the BE allocation in the year 2014-15. So far as the budgetary support for the year 2014-15 is concerned, the amount allocated at BE and RE stages were ₹ 3815 crore and ₹ 3600 crore, respectively, and the actual utilization upto March, 2015 was ₹ 3471.71 crore which is 96% of the RE allocation. Significantly, expenditure for the year 2014-15 is 64% higher than that of 2013-14. The Committee note with satisfaction that the expenditure with respect to the BE allocations during the last three years have also improved from 61.99% to 91%. While appreciating the continuous improvement in expenditure, the Committee desire that the momentum gained in this direction be sustained and consolidated steps be taken to achieve the monthly/quarterly expenditure and quantifiable targets set for the current fiscal.   In the face of increased expenditure in 2014-15, a reduction of 33% of allocation at BE for the current fiscal by the Ministry of Finance appears a little unfair to the Department. As such, the concern of the Committee in this regard should be brought to the notice of the Ministry of Finance.

Reply of the Government

Ministry of Finance has been informed about the concerns of the Committee.

Budgetary Provision for the North-Eastern Region (NER) and Sikkim

(Recommendation Sl. No. 2)

The Committee note that the Budgetary allocation for NER and Sikkim for the year 2015-16 is ₹ 257.00 crore. As far as utilization of funds for this region is concerned, the Committee again note with satisfaction that the Department have improved their expenditure during the first three years of the Twelfth Five Year Plan. During the previous DFG (2014-15), the Committee had taken notice of the corrective measures initiated by DeitY to address impediments faced in the implementation of projects in NER. Those mainly related to providing connectivity to remote locations through technologies like Very Small Aperture Terminals (VSAT), initiatives to provide solar back-up to address the power shortage problem at CSCs and a Plan to open a BPO in the region. With regard to the developments in these matters:

(a) The Committee note that till date 1869 CSCs have been provided with connectivity through VSATs. During the previous DFG (2014-15), the Committee had been informed that out of 2,500 VSATs sanctioned for North East and other

difficult areas, 1,705 VSATs had been installed till 30th September, 2014. While noting that in six months an additional 164 CSCs have only been connected through VSATs, the Committee apprehend that at this slow pace of connectivity, the Department may not be able to complete the target of 2500 VSATs within this Plan period. The Committee, therefore, recommend to the Department to take urgent necessary steps to accomplish connectivity to CSCs in the remotest locations of this region through VSATs within the timeline.

(b) The Committee note that with regard to the Solar Power back-up for CSCs, the Ministry of New & Renewable Energy, (MNRE) GoI, have approved Solar Power back-up proposal of Manipur, Meghalaya, Mizoram and Nagaland; 351 and 217 Solar Power back-up units have been installed and commissioned at CSCs in Manipur and Mizoram, respectively; Himachal Pradesh, Assam and J&K have submitted their proposals to MNRE for enabling Solar Power back-up at CSCs which are under consideration; Arunachal Pradesh has to re-submit the proposal as per the revised benchmark set by MNRE; Uttarakhand and Tripura are expected to submit their proposals in this financial year. While appreciating that 568 CSCs have been provided with Solar Power back-up in this region, the Committee observe that the Department have a long way to go to cover every single CSC in this region. The Committee, therefore, recommend to the Department to emulate the success of Solar Power back-up in other States like Meghalaya, Mizoram, Nagaland, Himachal Pradesh, Assam, J&K and Arunachal Pradesh and in the other difficult areas. The Committee also desire that the Department should put in place a mechanism for regular review and monitoring of proper functioning of Solar Power back-up units after their establishment. The Committee be apprised of further progress made in this regard.

(c) A North East BPO Promotion Scheme (NEBPS) has been approved for creating employment opportunities for the youth of the region and for growth of IT-ITES Industry. The Administrative Approval for implementation of the NEBPS to incentivize establishment of 5000 seats with capital support of ₹ 50 crore in the form of Viability Gap Funding (VGF) for the remaining period of the Twelfth Five Year Plan (i.e. till 31.03.2017), has been issued on 30th January 2015. The Committee recommend that the Software Technology Parks of India (STPI), an autonomous society under DeitY, has been designated as the Nodal Agency for implementation of the NEBPS and that the Request For Proposal (RFP) document for open bid of this Scheme is under finalization. While lauding the initiative of NEBPS, the Committee emphasise that the exercise of finalization of the Request For Proposal (RFP) and all the necessary clearance be completed well in time so that the Scheme can be implemented as per the scheduled timelines and the benefit can be availed by the youth of the region at the earliest. The Committee be kept informed about the progress made in this regard.

While appreciating the initiatives of the Department to address the impediments encountered in NER, the Committee stress the need for sustained efforts to implement these initiatives as well as remove other hindrances encountered. The Committee further desire that the Department should also take

initiatives for promoting R&D activities and conduct training programmes for Cyber Security awareness at various North East institutions.

Reply of the Government

As on 16th June 2015, 1915 VSATS have been installed in North-Eastern states and difficult areas. Some of the major reasons for delay in the VSAT installation are as below:

- Non availability of power back-up at CSCs
- Non availability of leveled surface for installation of VSAT antenna
- Non availability of funds with state governments for construction of levelled platforms

The Department is co-ordinating with the State Governments and other stakeholders to meet the target within the plan period.

The Solar Power back-up proposal is still awaited from Arunachal Pradesh, Uttarakhand and Tripura. Regular review and monitoring of proper functioning of Solar power back-up units are being done through the State Designated Agencies (SDAs) of the states.

The **North East BPO Promotion Scheme (NEBPS**) has been approved under **Digital India Programme,** to incentivize BPO Operations in North East Region (NER) for creation of employment opportunities for the youths and growth of IT-ITES Industry. The Administrative Approval for implementation of the NEBPS to incentivize establishment of 5000 seats, with capital support in the form of Viability Gap Funding (VGF), with an outlay of Rs. 50 crore (Rupees fifty crore only) for remaining period of 12th Five Year Plan i.e. up to 31.03.2017 has been issued on 30th January 2015.

The Software Technology Parks of India (STPI), an autonomous society under the Department of Electronics and Information Technology (DeitY), Government of India, has been designated as the Nodal Agency for implementation of the NEBPS.

The RFP (Request for Proposal) inviting open bids has been e-published by STPI on 18th April, 2015 on the following websites: http://eprocure.gov.in, www.deity.gov.in, www.stpi.in and www.guwahati.stpi.in

However, in order to elicit response from industry, certain eligibility criteria(s) & terms and conditions of NEBPS have been relaxed on 12th June, 2015 as under:

☐ Any Indian company (not restricted to BPO operations) with minimum average turnover of Rs.5 crore over the last 3 financial years can participate in the bid.

☐ The BPO Unit would be required to furnish a Performance Bank Guarantee of 5% of the total approved support amount from a Nationalized Bank, valid for a period of 3 years before the release of first instalment under

Capital Support, instead of Financial Bank Guarantee for the full amount of total approved support amount.

Corrigendum incorporating these changes has been e-published by STPI on 19th June, 2015. The last date of bid submission for revised RFP of NEBPS has been extended up to 13th July, 2015.

Under Cyber Security programme of the Department, projects have been supported at various autonomous R&D Organisations and Academic Institutions in North East Region in various thrust areas of Cyber Security including (a) Cryptography and cryptanalysis, (b) Network & System Security, (c) Monitoring & Forensics and (d) Vulnerability Remediation & Assurance. The projects supported so far resulted in R&D Capacity Building, Cyber Forensics Training Infrastructure and R&D Infrastructure, Awareness and Training. Efforts are continued to strengthen the Cyber Security related activities (R&D as well as training and awareness creation activities) in the North East Region by way of formulation of new projects.

SCHEMES/PROJECTS OF DEITY

National Informatics Centre (NIC)

(Recommendation Sl. No. 3)

The Committee note that as against the proposed allocation of ₹ 1300 crore, the BE provided for the year 2015-16 for NIC is ₹ 700 crore. As far as the financial performance of NIC is concerned, the Committee understand that during the last three years, the outlay available at RE stage has almost been fully utilized by them. However, the Committee are given to understand that NIC is witnessing severe constraints relating to manpower, so much so that it has become extremely difficult for it to sustain the number of projects, as per the IT requirements of the States/Districts. The other major constraint faced by NIC is related to the expansion of basic infrastructure across the country. On both the issues, the Committee have been repeatedly expressing their concern. While examining DFG (2014-15), the Committee had recommended expediting the proposal for creating posts to strengthen the technical arm of NIC and to initiate action for upgradation of basic infrastructure at NIC centres across the country. In this regard, a proposal (Cabinet Note) has been mooted by the Department for the creation of 1407 posts at different levels of Scientific and Administrative cadre. The Committee recommend to the Department to take the proposal to the conclusive end and resolve issues relating to manpower constraints at the earliest. The Committee would like to re-emphasize that time-bound resolution of both the issues is very significant because the man power requirement is bound to increase in view of the setting up of the new NIC Cloud at Delhi, new Data Centre at Bhubaneshwar and NIC being an attached office of the Department and providing e-Governance ICT Infrastructure, applications and services for the delivery of citizen-centric services. Needless to say, there is an urgent need for upgrading the basic infrastructure too because the Data Centres of NIC host more than 7000 websites of the Government. Not only this, NIC has the largest e-Mail service of the country with more than 90 million e-Mails per month and the NIC National Cloud is presently hosting a

number of critical applications on over 2500 virtual servers. The Committee desire to be kept apprised of the progress made in resolving the genuine concerns of NIC.

Reply of the Government

The proposal for creating 1407 posts is under consideration for Inter-Ministerial approval. Further, NIC has already created Virtual classrooms at NIC-Bhubneshwar, Pune and Hyderabad for organizing various technical training facilities programmes on technology areas. To facilitate NIC officers to keep them abreast of state of the art technology, NIC officers are sponsored for training programmes at IITs, IIIT, Delhi and IIITM Gwalior. It has been proposed to create State of the art training infrastructure at NIC Hqrs to launch both classroom as well as e-learning programmes.

NIC infrastructure is an ongoing exercise. The need for such upgradation arises due to continuous change in technology. Some of the recent steps taken to upgrade NIC include setting up of the NIC Cloud at Delhi, approval of new Data Centre at Bubneshwar, upgrading NICNET by linking it with NKN, State Informatics Offices and District Informatics Offices in new States and new districts created across the country, support for new Ministries/Departments and Central Government organizations across the country, e-office and e-procurement infrastructure for whole of Government etc. The demands on NIC have increased significantly as technology becomes an integral part of larger number of activities of various e-Governance initiatives. There is increasing demand for expanding the NIC infrastructure, particularly for additional manpower.

Digital India Programme

(Recommendation Sl. No. 4)

The Committee find that under the 'Digital India Programme' - an umbrella programme of the Department for the year 2015-16 - there have been reduced allocations under some of the major schemes, like Technology Development Council Projects, Micro-Electronics and Nano-Tech Programme, R&D in Medical Electronics & Health Informatics, Cyber Security (incl. CERT-In, IT Act), Promotion of IT & ITeS Industries/Electronics & IT Hardware manufacturing, Technology Development for Indian Language and National Knowledge Network. It is a matter of concern that the drastic cut in the budgetary allocations are going to adversely impact on the R&D activities supported under these programmes of DeitY. The Committee are given to understand that the major initiatives in the thrust areas of Medical Electronics and Health Informatics would not be taken up due to the drastic cut in allocation; the reduction will also have an impact on the implementation of the key initiatives under the Cyber Security programme which may hamper the pace of building a safe cyber eco-system in the country; growth of electronics manufacturing will be affected and there will also be delays in implementation of projects under the Technology Development Council Projects and Technology Development for Indian Language. The Committee foresee that these hindrances will have a cumulative adverse effect on the pace of the

overall technology development in the country. The Committee, therefore, recommend that the Department may take up the matter with the Ministry of Finance with a view to getting adequate funds at RE stage so that the momentum of 'Digital India Campaign' does not suffer a setback.

Reply of the Government

Ministry of Finance has already been informed about the concerns of the Committee. DeitY would further take up the matter with Ministry of Finance at the Revised Estimates stage for providing additional funds to maintain the momentum of 'Digital India Campaign'.

e-Locker/ Digital locker

(Recommendation Sl. No. 5)

The Committee note that the Department have envisaged 'e-Locker' as a part of the Digital India vision, which is an ecosystem with collection of repositories and gateways for issuers to upload the documents in the digital repositories, requesters to access the documents and a digital locker space for each resident to access his/her documents from the repositories or upload legacy documents. The Committee consider it to be a laudable initiative that the Beta release of Digital Locker system is done to provide private space on a public cloud to each citizen where he/she can keep public records and can even exchange it for availing various services. It is, however, essential that the Department should evolve a device to address the apprehensions associated with 'Digital Locker', such as security threats, data hacking, privacy issues, etc. The Committee are of the opinion that there is a need to have a data privacy policy to take care of the apprehensions associated with this praiseworthy concept and in addition the Department should have the requisite tool to deter any attempt to compromise data privacy. The Committee also recommend to the Department to conduct a study of the user's response/satisfaction so that they can specifically address any problem areas that come to their notice.

Reply of the Government

DeitY will create a Terms of Service (ToS) document and share it on the Digital Locker portal. The policy will lay down the salient aspects related to data privacy of the citizen's data hosted with Digital Locker. The security features have been considered in the design of the Digital Locker system so that access to the data within the system is allowed to authorized users only. The system is currently hosted in the State Data Centre which is equipped with security devices such as Intrusion Prevention System, firewall etc. The data centre is also ISO 27001 security complaint. The portal is available via a SSL enabled secure transport layer that encrypts the communication between the user and the system. Additionally, a Symantec/Verisign SSL certificate shall be deployed on the Digital Locker System server which is recognized by all the browser providers. Further, a comprehensive security audit for the Digital Locker System will be completed in due course of time.

The portal currently provides a mechanism for the user to send feedback via the feedback page. Dedicated resources have been deployed to go through the user feedbacks and respond as per need. Any suggestion received to improve the quality of service is being taken into consideration by the product team.

Digital India Programme and Manpower Development

(Recommendation Sl. No. 6)

The 'Digital India Programme and Manpower Development' scheme targets HRD activities to ensure availability of trained human resources for the manufacturing and service sectors of electronics and IT industry and includes Skill Development in IT initiatives. Besides, the Internet Governance component of this programme involves development and application by Governments, the private sector and civil society in their respective roles of shared principles, norms, rules, decision-making procedures and programmes that shape the evolution and use of the Internet. The objective of 'IT for Masses' component of the programme is empowerment of women and development of SCs/STs using ICT.

The Committee note that under this scheme, 371211 persons have been skilled through Autonomous bodies *viz*. NIELIT, CDAC and other implementing agencies (registered/trained/undergoing training) till February 2015. Further, NIELIT has trained 25935 persons in Basic Computer Course (BCC) of 40 hrs duration. The Committee have been apprised that the Department are in the process of formulating some schemes/activities relating to Human Resource Development for Electronics and ICT sector which *inter-alia* include Skill Development in Electronics Hardware (being implemented by NCPUL/NIELIT Chandigarh), Information Security Education and Awareness (ISEA) Project, Capacity building in the areas of Electronic Product Design and Production Technology, special Manpower Development Program for Chips to Systems, creation of skill development facilities in deprived areas through strengthening of National Institute of Electronics and Information Technology (NIELIT), Scheme for 'Digital Saksharta Abhiyan' (दिशा), for Skill Development in ESDM, for Post Graduate and Doctorate Level, Graduate level, for vocational Skill development, for Grass root level, etc. In addition, during the year 2014-15, as against the target of 1800 women beneficiaries, a total of 2103 women have been trained under the 'Digital India Programme and Manpower Development for Skill Development in IT & IT for Masses'.

The Committee also note that under the aegis of 'Digital India' the Department have approved a Scheme for 'Skill Development in ESDM for Digital India' on 09.12.2014 to cover all the States/UTs of the country for facilitating skill development for 3,28,000 persons in ESDM in a period of 4 years with an outlay of ₹ 411 crore (approx.). In fact, this scheme is in continuation of the scheme for financial assistance to select States/UTs for 'Skill Development in Electronics System Design and Manufacturing (ESDM) sector' approved earlier and is being implemented in 8 States, and both the Schemes are to be implemented concurrently. While appreciating the progress made under this Scheme, the Committee recommend to the Department to progressively evaluate and suitably modify the modules/programmes of the Scheme more practically as per the emerging demands of the Electronics and IT Sector. The Committee also

recommend to the Department to set annual targets for the ESDM Scheme and cover all the States/UTs as per the scheduled timeline.

Reply of the Government

The Department has constituted an Expert Committee under the Schemes to recommend new courses from time to time and assess the relevance of the course on a periodic basis as per Industry requirement. It may be kindly noted that so far the Committee has approved 64 courses consisting of 21 Manufacturing sector courses and 43 Service sector courses. As regards the annual targets for the States/UTs, it is indicated that an annual target has been assigned to each State/UT under the Schemes.

Cyber Security (incl. CERT-In and IT Act)

(Recommendation Sl. No. 8)

The Committee observe that the holistic approach of securing Indian Cyber space include the objective of implementing the National Security Policy which mandates the establishment of the National Cyber Co-ordination Centre (NCCC), Botnet Cleaning Centre and Malware Analysis Centre (BCCMAC). The Committee, while examining DFG (2014-15), had observed under-funding and non-utilization of the RE allocation under Cyber Security programme and had called for an improvement in the situation. In this regard, the Committee note that during the year 2015-16, though the allocation at BE stage is reduced around 3.5 times (i.e. ₹ 85 crore) against the proposed sum of ₹ 297 crore, there has been an increase in the allocation when compared to last year's RE allocation of ₹ 62 crore. With regard to the National Cyber Co-ordination Centre, the projected outlay is ₹ 770 crore, for a period of five years, out of which the requirement for the first year is ₹ 266 crore. The Committee note that under NCCC project, the initiative of consultation with all the stakeholders as well as evaluation of all the technological aspects of the project initiative have been completed and have reached the advance stage of approval. During the current year, the first stage of implementation, which includes site preparation, procurement of equipment and creation of manpower resource, have been proposed. The Committee also note that the project for setting up of Botnet Cleaning and Malware Analysis Centre has also been approved with an outlay of ₹ 90 crore for a period of five years and for the current year (2015-16), the estimated financial outlay is ₹ 25.85 crore. The project implementation has already started and procurement of equipment and site preparation are in progress. The Committee desire that these two key initiatives should not be hampered due to want of funds as it would, in turn, hamper the pace of building a safe cyber eco-system in the country.

Reply of the Government

The allocation of Rs. 85 Crores during 2015-16 allows for setting-up of Botnet Cleaning and Malware Analysis Centre in addition to regular operational requirements

of CERT-In & CAT and Cyber Security R&D. More funds are required to meet the requirements of National Cyber Coordination Centre project.

(Recommendation Sl. No. 9)

The Committee, in their Second Report on DFG (2014-15), had noted that though the number of cyber fraud cases during the last three years had come down, yet financial loss due to e-fraud had increased. Further, the data maintained by the Reserve Bank of India (RBI) reveals that a total number of 10048, 8765, 9500 and 9362 cyber fraud cases related to Credit Cards, ATM/Debit Cards and Internet Banking have accounted for losses of ₹ 38 crore, ₹ 67 crore, ₹ 78 crore and ₹ 60 crore during the years 2011-12, 2012-13 and 2013-14 (till December 2014), respectively. Besides, the Central Bureau of Investigation (CBI) has reportedly registered 46 cases (14 PEs and 32 RCs) relating to Cyber Crime in various parts of the country during the last 3 years, i.e. 2012, 2013, 2014 and 2015 (till February). An amount of ₹ 90 crore, ₹ 158 crore and ₹ 6 crore, respectively was involved in these cases. However, the number of cases of Government websites being hacked has come down over the years. The report of the Indian Computer Emergency Response Team (CERT-In) indicates that a total number of 28481, 32323 & 4241 websites were hacked by various hacker groups spread across the world during the years 2013, 2014 and 2015 (till Feb, 2015) and these include a total number of 371, 189, 155 and 19 Government websites hosted under 'gov.in' & 'nic.in' domains during the period.

Mechanism/Resources/Preparedness to tackle Cyber threat

(Recommendation Sl. No. 10)

With regard to the mechanism/preparedness to tackle Cyber threat, the Committee note that apart from the provisions of the Information Technology Act, 2000, initiatives by CERT-In and guidelines/circular by the Reserve Bank of India (RBI), the Department have taken several measures like programme on development of cyber forensics tools and setting up of infrastructure for investigation and training of the users, particularly police and judicial officers. Further, Information Sharing and Analysis Centres (ISACs) have been set up at the Institute for Development and Research in Banking Technology (IDRBT) and a website (secureyourpc.in) for children, home users and elderly is available for safeguarding their computer systems and learning the risks on internet. While acknowledging the Department's submission that their measures have been helpful in creating awareness for dealing with e-frauds, the Committee feel that a lot more has to be done in this field in view of the uniquely challenging nature of cyber space.

The Committee are given to understand that there is no international mechanism to tackle cyber attacks and the Department are working with the United Nations Group of Government Experts to find out a uniform response. Taking note of the absence of uniform global cyber space norms, the Committee recommend to the Department to use the UN platform to come out with global cyber space norms and develop a consensus

for a uniform Cyber Jurisprudence which regulates and facilitates extradition of cross-border cyber criminals.

Reply of the Government to Recommendation Sl. No. 9 and 10

The issue of cyber security is transnational. Accordingly, strengthening international cooperation to effectively deal with cyber security issues has been one of the main focus areas of the Government and has been outlined in the National Cyber Security Policy 2013. In view of the need for international relationships and cooperation issues, the Government is making concerted efforts to determine the ways and means of expanding the international collaboration as well as exploring the possibility of commonality of approach between nations. Strategic cyber security cooperation with the other countries enables creation of a security ring of like-minded and ICT dependent nations around the world that can help safety and security of cyber space.

Accordingly, Indian Computer Emergency Response Team (CERT-In) enters into international cyber security cooperation arrangements with organizations engaged in similar activities, in the form of Memorandum of Understanding (MoU), to enhance its operational readiness. At present such MoUs have been entered into with:

a) Computer Emergency Response Team, US (US-CERT),
b) Japanese Computer Emergency Response Team Coordination Centre (JP-CERT/CC)
c) National Cyber Security Centre (NCSC), South Korea
d) Computer Emergency Response Team, Mauritius (CERT Mauritius)
e) Computer Emergency Response Team, Kazakhstan (CERT Kazakhstan)

Besides the above, Government of Finland, Government of Canada have signed MoU with Government of India on cooperation in the area of cyber security. Further, bilateral consultations have been initiated with Germany, Sweden, Malaysia and Brunei.

Further, India is participating in the UN Group of Governmental Experts (UNGGE) as well as in the Council of Security Cooperation in Asia Pacific (CSCAP) for determining measures to enhance cooperation in the area of cyber security.

Cyber security experts
(Recommendation Sl. No. 11)

With regard to cyber security professionals, the Committee, in their Second Report on DFG (2014-15), had noted that against the growing demand for cyber security experts in the country, which is estimated to be 5 lakh by 2016, India had only 44,000 information security professionals. The Committee note with concern that there is no significant increase in the availability of cyber professionals in the country,

particularly with respect to Cyber auditors in the country numbering just 51. While appreciating the Department's submission that they are moving from security incident prevention to prediction, the Committee urge the Department to meet the estimated requirement of manpower to tackle cyber threats at the earliest.

Reply of the Government

Cyber security experts

Formal and informal methods are used for capacity building of cyber security professionals. The formal mode of capacity building is proposed to be undertaken through the universities and educational institutions by way of offering degrees, the informal method of capacity development is proposed to be through the public private partnership where the private sector will play a lead role.

The technical education in the field of cyber security and information security is being provided in more than 35 AICTE approved institutes. The students can avail technical education under four broad categories i.e. computer networks & information security, e-Security, information security in management assurance & information security.

The Information Security Education and Awareness (ISEA) Project aims at generation of manpower in the area of Information Security at various levels, train government officials and create mass awareness. The first phase of the project was completed on 31.3.2014 under which more than 42,000 students were trained in various formal and non-formal course at various academic institutions, NIELIT and CDAC; and more than 500 awareness workshops were conducted throughout the country. Phase-II of the project has been initiated with an outlay of Rs. 96.08 crore to be implemented over a period of 5 years w.e.f. 01.4.2014. Under the ISEA Phase-II, 1.14 lakh persons are proposed to be trained under formal and non-formal courses, faculty training etc. The project also aims to provide training to more than 13,000 Government officials and creating mass information security awareness targeted towards Academic users, Government users and General users (approximately 3 crore Internet users in five years through direct and indirect mode).

Training centres have been set up at all the state capital of North East, Kerala, CBI, National Police Academy (NPA) and other organisations to facilitate advance training in the area of cyber crime investigations for Law and Enforcement agency. Computer forensic labs and training facilities have been set up in J&K states and all the state capitals of North East. The forensic training centres have also been set up with help of NASSCOM at Mumbai, Bangalore , Kolkata, Pune and Haryana. Virtual training environment, based training modules are also being introduced for training the law enforcement personnel. More than 50 trainings in north eastern States and more than 400 trainings have been conducted in Mumbai, Pune, Bangalore and Kolkata at respective Police headquarters exclusively for Police officers to train them in cybercrime detection, seizing and imaging digital evidence. In addition, about 200 training programmes have been organized in the area of cyber-crime and cyber forensics for

Judicial academies, Law Enforcement agencies and States Police Departments. Activities are continued to train more persons utilizing the cyber forensics training facilities created.

In addition to above, CERT-In conducts awareness and exposure program once in 15 days where the technical professionals from all over the country are exposed to the labs, cyber security threats and the ways and means to mitigate those cyber attacks. Around 5700 participants from 200 organisations attended these programmes. These activities are being conducted on regular basis.

The Ministry of Human Resource Development has created the skill registries involving the programme to establish certification courses in different areas of cyber security in line with the industry and the country.

Further, Government has initiated a public-private partnership program with the active involvement of private sector in the form of a Joint Working Group. The Working Group produced its report and recommendations outlining the means of engagement with the private sector. The report of Working Group has laid a road map for capacity building to meet the demands of cyber security professionals in a mission mode through PPP arrangements.

With these initiatives, Govt. intends to expand its reach and increase the scale for meeting the demand for cyber security professional work force in the country.

Auditors

CERT-In, is empanelling the Cyber Security auditors through a stringent testing mechanism, to help government and critical sector organizations to conduct regular audits. At present there are 51 Cyber Security Auditors/ Auditing Organizations empanelled by the Indian Computer Emergency Response Team (CERT-In) for the purpose of carrying out cyber security audit related activities. The empanelment is a continuous process and new auditors are empanelled after successful completion of test procedures and verification of auditing skills. Government and critical sector organisations are consulting the list for their cyber security audit requirements.

Right to be forgotten online

(Recommendation Sl. No. 12)

With regard to the emergence of the concept of 'Right to be forgotten online', the Committee note that the Department are following the developments in this area so as to enable the Cyber Regulatory Advisory Committee (CRAC) to deal with these issues. The Committee are given to understand that the Department are formulating a privacy legislation (the 'Right to be forgotten online' is connected with the right to privacy) and they have made a reference to the Department of Personnel and Training (DoPT) for incorporation of their view in the new law. The Committee are of the opinion that in view of the increased awareness regarding freedom of expression and privacy, the Department need to remain alert to take cognizance of developments associated with

this concept and act swiftly. The Committee may be kept informed about the progress in formulation of the proposed law.

Reply of the Government

The Department by way of Information Technology Act 2000 has created adequate legal provisions for data security and privacy protection in respect of digital data. For rest of the requirements, the Department is working in close coordination with DoPT.

Development related to Section 66A of IT Act, 2000

(Recommendation Sl. No. 13)

With regard to the Supreme Court judgement on Section 66A of the Information Technology Act, the Committee have been informed that the Government have welcomed the Hon'ble Supreme Court's decision of scrapping Section 66A. The Committee also note that after detailed discussions, the Government had filed an affidavit before the Hon'ble Supreme Court making their stand clear that they respect the freedom of speech and expression on social media and has no intention of curbing it. Besides, the Department, in due course of time, would study and understand the operational implications of the judgment for any possible action in the future. Regarding the future course of action following the Supreme Court judgement, the Committee note that the Department are now focusing extensively on increasing user awareness with regard to responsible user behaviour and acceptable norms and how people should be able to use the cyber space. The Department have also assured the Committee that even after Section 66A has been struck down, the IPC provisions still exist for any serious violation of individual privacy and dignity. The Committee, in their Forty-fourth Report (15th L.S.) on DFG (2013-14), had noted a few controversies related to Section 66A and other Sections of the IT Act, 2008 (as amended) and had asked the Department to take necessary corrective steps for revision of the clauses of the Act and the Committee once again recommend to the Department to be proactive in such situations. The Committee would await Government's response in the matter.

Reply of the Government

An Expert Committee under the Chairmanship of Shri T.K. Vishwanathan, former Secretary, Law Commission & Secretary General has been set up by the Government to study and examine the existing domestic cyber laws and International Cyber legislations and recommend a road map with measures and amendments to the present laws for consideration of the Government.

Further, in order to comprehensively address the issues of Cyber Crimes, Ministry of Home Affairs has set up an Expert Group consisting of Academicians and

Professionals of repute to prepare a roadmap for effectively tackling the Cyber Crimes in the country and give suitable recommendations on all facets of cyber crime.

Comments of the Committee
(Please see Para No. 12 of Chapter I)

Promotion of IT & ITeS Industries/Electronics & IT Hardware Manufacturing

(Recommendation Sl. No. 14)

The Committee note that during the current financial year, promotion of IT & ITeS Industries and promotion of Electronics and IT Hardware Manufacturing have been put under one head. The budgetary allocations during the year 2015-16 are ₹ 5 crore and ₹ 69 crore, respectively, for the two schemes. The Committee also note that as per the assessment of NASSCOM, the Indian IT-ITES industry is growing progressively. However, the fact of the matter is that in spite of several measures taken by the Department over the years, there has been rapid increase in import of electronic items [which has increased from ₹ 187306.38 crore in the year 2013-14 to ₹ 206399.58 crore in the year 2015-16 (till Feb 2015)] and decline in exports of electronic items [which was ₹ 46703.78 crore during the year 2013-14 and ₹ 33634.29 crore during the current year (till Feb 2015)]. Nevertheless, the Committee take note of the steps taken by the Department to promote this sector which *inter-alia* include the Modified Special Incentive Package Scheme (M-SIPS); Electronic Manufacturing Clusters (EMC); Setting up of Semiconductor Wafer Fabs; preference to Domestically Manufactured Electronic Products (DMEP) in Government procurement; Electronic Development Fund (EDF) Policy approved on 10th December, 2014; Compulsory Safety Standards for Electronics; Scheme for setting up/up-gradation of Labs; Promoting collaborative funding in R&D; Supporting research in Medical Electronics through BIRAC; National Centre of Excellence for Large Area Flexible Electronics (CFLEX); National Centre of Excellence in Technology for Internal Security (NCETIS); Policy for Promotion of Fabless Design Industry; Development of Indian Conditional Access System (CAS); Scheme for supporting MSMEs in the electronics sector; Setting up of Incubation Centre in Delhi-NCR; Setting up of Incubation Centre with focus on Medical Electronics at IIT Patna, etc. The Committee also note that rationalization of tariff and Budget announcement have been made during the year 2014-15 and 2015-16 for boosting indigenous manufacturing of Mobile Handsets, Personal computers (Desktop, Laptop and Tablets), TVs, indigenous manufacturing of ITA Products, LED Lights, Medical Electronic Products, Solar Photovoltaic Cells, smart cards, Microwave Ovens, optical fibre cables, Semiconductor wafer fab, Telecommunication Equipment Manufacturing, Set Top Boxes, etc.

The Committee have been given to understand that some areas which are major hurdles hindering this sector from taking off are zero duty regimes on 217 tariff lines [India being a signatory to the Information Technology Agreement-1(ITA-1) of the World Trade Organization (WTO)], the domestic manufacturing sector facing direct

competition from the manufacturers of countries like China, Japan, Taiwan, South Korea, Malaysia, United States of America and European countries, etc. The other identified obstacles relate to the declining domestic manufacturing capabilities and various disabilities like high finance cost, poor infrastructure and logistics, unreliable and poor quality of power, inverted tax duty structure wherein importers get favorable tax regime vis-a-vis domestic manufacturers and high transaction cost due to the large number of regulatory clearances requirements, etc. This has added to the slow growth of Electronics and IT Hardware manufacturing sector.

The Committee, however, note that during the year 2014-15 the Department have taken up the exercise of inviting business consortium to set up two Semiconductor wafer fabs and they have received two proposals. The Committee understand that these proposals have been approved by the Government and the consortia are in the process of finalising their DPR and arranging money for the project. While appreciating this development, the Committee recommend to the Department to take measures to see to it that there is no procedural delay in finalising and setting up the two Semiconductor wafer fabs.

Reply of the Government

Letters of Intent dated 19.03.2014 were issued to the consortiums led by M/s. Jaiprakash Associates Ltd. and M/s. HSMC Technologies India Pvt. Ltd. by 28.04.2015. After providing extensions on several occasions, both the consortia were required to submit the following documents by 31.03.2015:

h) Revised Detailed Project Report (DPR) with detailed costing and implementation plan, after incorporating the deficiencies that were pointed out to them on 05.11.2014.
i) Incorporation of SPV for the project, in accordance with proposed equity structure.
j) At least 25% of equity funding required for Phase I of the project to be injected by the promoters into the SPV.
k) A letter of in-principle approval from Financial Institutions/Banks for at least 10% of debt funding requirement of Phase 1, or INR 1000 Crores, whichever is higher.
l) Agreements between consortium partners specifying inter se performance guarantees.
m) Proof of legal possession of adequate and suitable land as outlined in the proposals.
n) Performance guarantee agreements with GoI.

The Union Cabinet in its meeting held on 28.01.2015 has reconstituted the Empowered Committee (EC) with the following composition:

ix. Dr. V.K. Saraswat, Member, NITI Aayog   …..   Chairman.
x. Dr. K. Radhakrishnan, Former Chairman, Indian Space Research Organisation.
xi. Secretary, Department of Expenditure.
xii. Secretary, Department of Industrial Policy and Promotion.
xiii. Dr. M.J. Zarabi, Former CMD, Semiconductor Complex Ltd. (SCL) - Technical Expert.

xiv.   Prof. Narendra Krishna Karmarkar, Distinguished Visiting Professor, IIT-Bombay.

xv.   Secretary, Department of Electronics and Information Technology - Member Convener.

xvi.   Empowered Committee may co-opt any other experts.

The reconstituted EC has been notified vide this Department's O.M. dated 11.02.2015. Subsequently, three meetings of the EC were held on 11.03.2015, 15.05.2015 and 26.05.2015. EC at its meeting held on 11.03.2015 has inter-alia decided to co-opt (a) Dr. K.D. Nayak, DG - Micro Electronic Devices & Computational Systems, DRDO; (b) Shri V. Koteswara Rao, Former Director, Semi-Conductor Laboratory (SCL) as members on the Empowered Committee.

However, both the consortia have not yet submitted the requisite documents required for demonstration of commitment. Subsequently, M/s. HSMC Technologies India Pvt. Ltd. vide their letter dated 31.03.2015 has requested for extension of last date till 31.07.2015. M/s. Jaiprakash Associates Ltd. vide their letter dated 27.03.2015 has requested for certain amendments in the terms and conditions of the Letter of Intent.

Empowered Committee then met both the consortia in its 23rd meeting held on 26.05.2015 for obtaining updates on the progress made by them in their respective projects, wherein inter-alia EC has decided to extend the last date of submission of all the documents for demonstration of commitment, as per para 3 of the terms and conditions of the LoI dated 19.03.2014, till 30.09.2015 subject to the consortia conveying the date for complying to each of the conditions precedent to Demonstration of Commitment, as per LoI dated 19.03.2014, without any caveat. This would be the final extension and thereafter no further request for extension of time would be entertained.

Comments of the Committee
(Please see Para No. 15 of Chapter I)

E-waste

(Recommendation Sl. No. 15)

With regard to the role of DeitY in managing e-Waste, the Committee note that the Department's primary role is to develop R&D solutions for processing and extraction of precious metals from Printed Circuit Board (PCB) and plastics out of the e-waste. The Committee further note that DeitY have come out with technology where plastics can be taken out, categorized and reused to make car bumpers and switches and they are trying to transfer the technology to manufacturers for manufacturing value added goods. With regard to the Printed Circuit Board as well, the Department have supported technology development for segregating and extraction of metals/components out of the PCB and they, along with another company, have put up a demo plant at Bengaluru for extraction of about one metric tonne of metal from the PCB per day. The Committee are also given to understand that after the successful demo, they will give this technology to any manufacturer who would like to use it and recycle the waste. The Department have got approval to put up the e-waste awareness programme under which they will do an elementary analysis and then will create awareness both at the manufacturer level and

at the school/college/RWA levels and help to recycle e-waste. The basic implementation of legal framework for e-waste management is the responsibility of the Ministry of Environment and Forests (M/o E&F). However, to address the primary problem of e-waste being taken by unorganized sectors and channelized and processed in a non-friendly manner, DeitY are working jointly with the M/o E&F by giving technological solutions to them and receiving help from them for identifying areas in which DeitY can set up ecological parks /some plant for recycling. Taking note of another initiative of DeitY of providing 25% cash back on the capital expenditure for e-waste processing plant, the Committee feel that there need to be continuous efforts on the part of the Department to manage e-waste scientifically and more number of scientific and electronic e-waste disposal units should be set up in future. The Committee also recommend to the Department to draft a policy, in co-ordination with Mo E&F, for increasing e-waste awareness in the country and come out with a plan for 'e-waste handling site' in each city.

Reply of the Government

The action taken is as under:

(i) Deity has initiated setting up of a demonstration plant at Bengaluru, employing its indigenously developed technology. The stabilization technology would need more time to mature. Once the existing demonstration plant will successfully be operational, DeitY would explore the possibility of initiating more such units.

(ii) DeitY would also encourage formal recyclers/ entrepreneurs to apply through MSIP scheme to avail subsidy for creating PCB recycling plants in India.

(iii) E-waste awareness programme, encompassing few identified states, has recently been initiated at pilot stage for a period of 5 years. The mid-term correction on the current programme would be done based on the learning. More such initiatives would be taken up across the country on successful completion and based on the outcome and deliverables of this pilot project.

Comments of the Committee
(Please see Para No. 18 of Chapter I)

Technology Development for Indian languages

(Recommendation Sl. No. 16)

The Technology Development for Indian Languages (TDIL) programme is playing an important and catalytic role in promoting development of linguistic resources/tools and for wider proliferation of Indian language technology products and solutions. The Budgetary allocation and utilization under this project reveal that the targets of RE allocation have been met during last two years. Nevertheless, the Committee note with concern that in spite of utilizing almost all the RE allocations during the previous years, the amount allocated for the year 2015-16 (` 20 crore) for this programme has been reduced by 7 times from the proposed sum of ` 140 crore. The Committee would like the

Department to intimate the concern of the Committee to the Ministry of Finance. The implication is accentuated in view of the Department's submission that the targets in several projects in the area of Technology, Language Resource and Standardization, under TDIL, could not be achieved due to shortage of budget and only token amount of Grants-in-Aid have been released to several projects, resulting in delay in achieving the targets. Disquietingly, during the year 2014-15, no new projects for the development of Multilingual computing in future technology area could be initiated. Further, the computer scientists trained under the project have left the project which has resulted in shortfall of the targets; the delay in implementation of projects has a cumulative effect on the pace of overall technology development in this area. Considering the Government's mission of 'Digital India', the Committee are of the opinion that there is an urgent need to have IT facilitates in Indian languages for spread of IT to the masses and hindrances in the projects will hamper the public delivery of services in local languages. The Committee, therefore, recommend to the Department to mitigate the said consequences by enhancing the budget allocation to TDIL Programme and also pursue their case with the Ministry of Finance.

Reply of the Government

Ministry of Finance has already been informed about the concerns of the Committee. DeitY would request Ministry of Finance for additional provisions for the Programme at the Revised Estimates stage.

C-DAC and other Autonomous Societies/Bodies

(Recommendation Sl. No. 17)

The Committee note that during the current fiscal (2015-16) the schemes/projects/councils/societies like Center for Development of Advanced Computing (C-DAC), Society for Applied Microwave Electronics Engineering & Research (SAMEER), Educational Research Network (ERNET), Electronics Materials Development Council (EMDC), Centre for Materials for Electronics Technology (C-MET), NIELIT (erstwhile DOEACC) and Media Lab Asia (MLA) have been included under the head 'C-DAC and other Autonomous Societies/Bodies'. The Committee stress that closed monitoring of the functioning of these bodies will go a long way in the overall performance of DeitY.

Reply of the Government

The esteemed comments of the Committee have been noted and DeitY has been monitoring closely the functioning of the above-cited Societies/Bodies.

(Recommendation Sl. No. 19)

With regard to having indigenous Set Top Boxes (STBs), during examination of the previous DFG (2014-15), the Committee were informed that M/s ByDesign India Pvt. Ltd, Bangalore, had been shortlisted for development and implementation of the India CAS in association with C-DAC. The Committee are given to understand that a Tripartite agreement had been executed between DeitY, C-DAC and M/s. ByDesign

India Pvt. Ltd., Bangalore, for development and Implementation of Indian CAS on 18.11.2014 and upon expression of satisfaction by a Project Review and Steering Group (PRSG), the first installment of DeitY's support amount has already been released as advance to M/s. ByDesign India Pvt. Ltd. The Committee also note with satisfaction that Indian CAS system is expected to be built, tested and would be ready for integration and deployment by November 2015. The Committee further note that for promoting indigenous manufacturing of STBs, the Government have taken several fiscal initiatives which *inter-alia* include imposition of Basic Customs Duty (BCD) of 10% on import of Set Top Boxes, extending the facility of form 'C' to STBs manufacturers who had to pay CST equivalent to VAT rate (12.5%) and compulsory registration order for compliance to safety standards for curbing the inflow of sub-standard STBs. While appreciating the initiatives of DeitY, the Committee desire the Department to make all possible efforts to ensure that the timeline of November 2015 is adhered to and the roll-out of the Indian CAS system takes place without any further delay.

Reply of the Government

Two meetings of Project Review and Steering Group (PRSG), constituted to review the progress of the development and implementation of Indian Conditional Access System (CAS), were held on 18.02.2015 and 30.06.2015, respectively, wherein the progress made by M/s ByDesign India Pvt. Ltd and C-DAC in the project was found to be satisfactory.

Comments of the Committee
(Please see Para No. 21 of Chapter I)

CHAPTER –III

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

-NIL-

CHAPTER –IV

OBSERVATION/ RECOMMENDATION IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Electronic Governance (NeGP, 'Programme on enabling all schools with virtual classrooms' and 'Programme on Good Governance and Best Practices')

(Recommendation Sl. No. 7)

The Committee note that Electronic Governance include NeGP (approved in May 2006), 'Programme on Good Governance and Best Practices' and 'Programme on enabling all schools with virtual classrooms' (approved in 2014-15 with a corpus of ₹ 100 crore each). During the year 2015-16, as against the proposed allocation of ₹ 994 crore, the BE allocation is ₹ 450 crore, whereas during the year 2014-15, the BE and RE were ₹ 475.00 and ₹ 479.92 crore, respectively and the actual expenditure was ₹ 414.90 crore. With regard to the progress under the 'Programme on enabling all schools with virtual classrooms and 'Good Governance and Best Practices schemes', the Committee are given to understand that the physical and financial targets for the year 2014-15 have been met and ₹ 55.00 crore and ₹ 70.87 crore have been utilized for each project, respectively. In the first phase of the 'Programme on enabling all schools with virtual classrooms', 3500 schools and 50 DIETs having ICT infrastructure are being targeted to enable them with virtual classrooms in five States, namely Himachal Pradesh, Gujarat, Rajasthan, Tamil Nadu and Tripura and this project has been approved by DeitY. Further, with regard to 'Good Governance and Best Practices', letters have been sent to the Ministries/Departments concerned and all States/UTs to formulate suitable project proposals for the development of new applications and for replication of successful e-Governance applications in various domains. The Committee note that in response to this, various proposals have been received of which 8 projects have been approved by the competent authority and administrative approvals have been issued, whereas 4 projects are at various stages of approval in DeitY.

However, with respect to three core components of NeGP scheme (under Electronic Governance), *viz.* State Wide Area Network (SWAN), Common Service Centres (CSCs) and State Data Centres (SDCs) schemes, the Committee observe that presently SWAN has been made operational in 34 States/UTs, of which 25 States/UTs are utilizing around 60% of bandwidth of the existing link capacity. The total number of operational CSCs (as on 28.02.2015) is 1,40,712, of which only 1,25,387 CSCs have connectivity. With regard to SDCs, the Committee find that 23 SDCs have been made operational, out of which 19 SDCs are utilizing around 50% of the SDC Infrastructure (percentage of rack space utilized). The Committee also note that 4 SDCs have been made operational during the year 2013-14 whereas only one SDC, in Mizoram, has been made operational in the year 2014-15 and the target set for the year 2015-16 is to complete 4 SDCs (Himachal Pradesh, Punjab, Dadra Nagar Haveli and Daman & Diu) in the year 2015-16. With regard to establishment/operationalisation of SWAN and CSCs, there is an increase in their number when compared to the previous years. However, with regard to the SDCs, the number has remained the same. Not only this,

the Committee find that the Department during the previous DFG (2014-15) had stated that the timeline for completing the implementation in two Union Territories (i.e. Dadra and Nagar Haveli and Daman and Diu) was March, 2015; however, this appears not to have been achieved in the light of their target for this financial year 2015-16 (to complete 4 SDCs in Himachal Pradesh, Punjab, Dadra Nagar Haveli and Daman & Diu). It is further disquieting to note that the usage of SDC Infrastructure and existing bandwidth have not improved over the last year's performance. The Committee have been recommending repeatedly to the Department to complete the establishment of these components of NeGP as per scheduled targets. While noting the non-completion of these components in all the States/non-functional status of some of the components and non-utilization of infrastructure and the existing bandwidth capacity, the Committee reiterate their stand and call upon the Department to take requisite steps for establishment/operationalisation/roll- out of all the components of NeGP. The Committee also earnestly desire that efforts should be made to ensure that the targets set under the 'Programme on enabling all schools with virtual classrooms' and 'Good Governance and Best Practices schemes' are not deferred. The Committee may be kept apprised of the improvement made in achieving the targets under these schemes.

Reply of the Government

The current status of above projects is as follows:

(a)   Good Governance and Best Practices schemes: 2 Working Group meetings have been conducted and 8 projects have been approved. Revised DPRs are awaited for 2 projects.

(b)   Programme on enabling all schools with virtual classrooms: 3500 schools and 50 DIETs having ICT infrastructure are being targeted to make them enabled with virtual classrooms in five states, namely, Himachal Pradesh, Gujarat, Rajasthan, Tamil Nadu and Tripura. The project is approved and first instalment of Rs. 55.00 crores has been released to the implementing agency.

(c)   SDC: Currently, SDCs in 24 States/UTs, out of the 32 States/ UTs in which SDC has to be implemented, are operational. Out of the 8 States/UTs where implementation has not yet been completed, 2 are under implementation, 1 State is soon to start implementation, 4 States are under the bid process and for 1 State, RFP is under preparation. The State/UT wise implementation status and the reasons for delays despite numerous reminders, letters, meetings and other handholding support to States and SIA are given in the table below. As depicted in the table below, for the States for which SDC implementation has not yet been completed, the reasons are majorly:

•   Non-availability or change in the SDC Site
•   Construction of building at site for SDC
•   Rebidding / retendering due to (a) limited response to the SDC RFP floated or (b) any other reason

S.No	State Name	Status	Non Availability/ Change of Identified Site	Construction of New Site	Rebidding / Retendering

Sl.	State	Status			
1	Himachal Pradesh	Under Implementation		√	√
2	Dadra & Nagar and Daman & Diu	Under Implementation	√	√	√
3	Jharkhand	Vendor Finalized, Implementation to start	√	√	√
4	Goa	Bids Received	√	√	
5	Uttarakhand	Bid Process under Progress	√	√	
6	Arunachal Pradesh	Bid Process under Progress			√
7	Punjab	Bid Process under Progress	√	√	√
8	Assam	RFP under Preparation		√	√

(d) CSC: 1,41,353 CSCs have been made operational in 36 States/UTs as on 30th April 2015. 127,188 CSCs are reported to be connected, of which, 52,475 CSCs are using BSNL connectivity, 23,114 are using VSATs, 25,400 CSCs are using Data cards and the remaining 26,199 are using other forms of connectivity. Further, some VLEs have reported using multiple types of broadband connections.

(e) SWAN: SWAN has been made operational in 34 States/UTs, of which 25 States/UTs are utilizing around 60% of bandwidth of the existing link capacity.

Comments of the Committee
(Please see Para No. 9 of Chapter I)

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

Center for Development of Advanced Computing (C-DAC)

(Recommendation Sl. No. 18)

With regard to the allocation for C-DAC, during the year 2015-16, an allocation of ₹ 75.00 crore has been made as against the proposed outlay of ₹ 574.50 crore. They have been able to spend almost hundred per cent fund at RE stage during the past two years, which speaks well of this financial performance. However, the matter of concern is that due to non-allocation of funds on year- to-year basis for R&D activities, C-DAC is unable to focus on the core areas of research and the state of-the-art infrastructure, which is ongoing since 2009, is being extended, resulting in cost escalation. C-DAC is also paying huge money on rentals for hired premises. In addition, there is a requirement of Non-Plan allocation of at least ₹ 200.00 crore for salary and allowances of sanctioned manpower and administrative expenses of 11 centres and the Corporate Office. The Committee, while noting that C-DAC carries out R&D in ICT&E area, the organization need to be extended requisite budget support to enable them to accomplish this mandate.

Reply of the Government

The matter will be taken up with Ministry of Finance at Revised Estimates stage.

Electronic Materials Development Council and Centre for Materials for Electronics Technology (EMDC & C-MET)

(Recommendation Sl. No. 20)

The Committee note that the Electronic Materials Development Council (EMDC) Programme has been conceived to support research in the emerging areas of materials for electronics, Photonics and e-waste. The Centre for Materials for Electronics Technology (C-MET), an autonomous Scientific Society under DeitY, is dedicated to R&D in Electronic Materials, their processing, their know-how and to develop and establish small quantity production base for materials which are crucial for high technology projects for space, defence, atomic energy, IT and communication. The Committee understand that C-MET has three laboratories located in Pune, Hyderabad and Thrissur. For the year 2015-16, as against the proposed GBS of ₹ 60 crore, there has been an allocation of ₹ 10 crore each for both EMDC & C-MET. The Committee have been informed that achievement of the targeted objectives under these two Council/Society is subject to the availability of funds. In view of the fact that Council/Society are dedicated to R&D in the critical and emerging area of electronic material and its knowhow, the Committee recommend to the Department to ensure that the R&D carried out by EMDC & C-MET should not suffer for want of requisite allocation, particularly in view of the Government's policy thrust on the 'Make in India'

campaign. The Committee also recommend to the Department to take up their case with the Ministry of Finance for the required allocations, in the light of the achievements made by EMDC & C-MET.

Reply of the Government

The observations of the Committee has already been sent to Ministry of Finance. The matter would further be taken up at the Revised Estimates stage.

New Delhi;   **ANURAG SINGH THAKUR,**
18 December, 2015   **Chairperson,**
27 Agrahayana, 1937 (Saka)   **Standing Committee on**
                                                    Information Technology.

MINUTES OF THE THIRD SITTING OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2015-16) HELD ON 18TH DECEMBER, 2015

The Committee sat on Friday, the 18th December, 2015, from 1000 hours to 1040 hours in Committee Room '139', First Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Anurag Singh Thakur- Chairperson

MEMBERS

Lok Sabha

2.	Shri L. K. Advani
3.	Shri Prasun Banerjee
4.	Dr. Sunil Baliram Gaikwad
5.	Shri Hemant Tukaram Godse
6.	Shri Virender Kashyap
7.	Shri Harinder Singh Khalsa
8.	Shri Keshav Prasad Maurya
9.	Shri Paresh Rawal
10.	Shri Abhishek Singh
11.	Smt. R. Vanaroja

Rajya Sabha

12.	Shri Salim Ansari
13.	Shri Vijay Jawaharlal Darda
14.	Shri Meghraj Jain

SECRETARIAT

1.	Shri K. Vijayakrishnan	-	Additional Secretary
2.	Shri J.M. Baisakh	-	Director
3.	Dr. Sagarika Dash	-	Deputy Secretary
4.	Shri Shangreiso Zimik	-	Under Secretary

2.   At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened to consider and adopt the following six Draft Action Taken Reports:-

  I.   …..xxxxx………..xxxxx……....xxxxx……….xxxxx……….xxxxx……....xxxxx

  II.   …..xxxxx………..xxxxx……....xxxxx……….xxxxx……….xxxxx……….xxxxx

  III.   …..xxxxx………..xxxxx……....xxxxx……….xxxxx……….xxxxx……....xxxxx

  IV.   …..xxxxx………..xxxxx……....xxxxx……….xxxxx……….xxxxx……....xxxxx

  V.   …..xxxxx………..xxxxx……....xxxxx……….xxxxx……….xxxxx….xxxx…;and

  VI.   Action Taken Report on the Sixth Report on 'Demands for Grants (2015-16)' of the Department of Electronics and Information Technology.

3.   The Committee, thereafter, took up for consideration the above Report and after due deliberation adopted the same without any modification.

4.   The Committee, then, authorised the Chairperson to present the Action Taken Reports to the House during the current session of Parliament.

The Committee, then, adjourned

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…..xxxxx Matter not related to the Report.

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/
RECOMMENDATIONS CONTAINED IN THEIR SIXTH REPORT
(SIXTEENTH LOK SABHA)**

[Vide Paragraph No. 5 of Introduction]

(i)   Observations/Recommendations which have been accepted by the Government

Rec. Sl. Nos.:- 1,2,3,4,5,6,8,9,10,11,12,13,14,15,16,17 and 19

Total	17
Percentage	85

(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	Nil

(iii)   Observations/ Recommendations in respect of which replies of the government have not been accepted by the Committee and require reiteration

Rec. Sl. No.: 7

Total	01
Percentage	05

(iv)   Observations/ Recommendations in respect of the reply which is of interim nature

Rec. Sl. No.: 18 and 20

Total	02
Percentage	10