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**STANDING COMMITTEE ON COMMUNICATIONS
AND INFORMATION TECHNOLOGY
(2024-25)**

EIGHTEENTH LOK SABHA

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

**[Action Taken by the Government on the Observations/Recommendations of the
Committee contained in their Fifth Report (Eighteenth Lok Sabha) on 'Demands for
Grants (2024-25)']**

FIFTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

July, 2025/ Sravana, 1947 (Saka)

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(2024-25)**

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Committee contained in their Fifth Report (Eighteenth Lok Sabha) on 'Demands for
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Presented to Lok Sabha on 24.07.2025

Laid in Rajya Sabha on 24.07.2025



**LOK SABHA SECRETARIAT
NEW DELHI**

July 2025/ Sravana, 1947 (Saka)

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**Composition of the Standing Committee on Communications and
Information Technology (2024-25)****

**Dr. Nishikant Dubey - Chairperson
Lok Sabha**

2. Shri C.N. Annadurai
3. Shri Anil Baluni
4. Dr. Rabindra Narayan Behera
5. Shri Anup Sanjay Dhotre
6. Shri Gurmeet Singh Meet Hayer
7. Shri Sanjay Haribhau Jadhav
8. Shri S. Supongmeren Jamir
9. Shri Appalanaidu Kalisetti
10. Smt. Poonamben Hematbhai Maadam
11. Ms. Mahua Moitra
12. Shri G. Kumar Naik
13. Shri Shafi Parambil
14. Dr. M.K. Vishnu Prasad
15. Ms. Kangna Ranaut
16. Shri Radheshyam Rathiya
17. Shri Ramasahayam Raghuram Reddy
18. Shri Arun Kumar Sagar
19. Shri Devesh Shakya
20. Shri Vishnu Datt Sharma
21. Shri Rajesh Verma

Rajya Sabha

22. Shri Saket Gokhale*
23. Smt. Priyanka Chaturvedi
24. Shri Ilaiyaraaja
25. Shri Amar Pal Maurya
26. Dr. Sasmit Patra
27. Shri V. Vijayendra Prasad
28. Shri S. Niranjan Reddy
29. Shri Kartikeya Sharma
30. Shri Lahar Singh Siroya
31. Shri K.T.S. Tulsi

SECRETARIAT

- | | | | |
|----|---------------------|---|----------------------|
| 1. | Shri Y.M. Kandpal | — | Additional Secretary |
| 2. | Smt. A. Jyothirmayi | — | Director |
| 3. | Shri Rajesh Mohan | — | Deputy Secretary |

****Committee constituted w.e.f. 26th September, 2024 vide Para No.833 of Bulletin Part-II dated 26th September, 2024.**

*** Shri Saket Gokhale has been nominated vide Para No. 853 of Bulletin Part –II dated 03rd October, 2024.**

INTRODUCTION

I, the Chairperson, Standing Committee on Communications and Information Technology (2024-25), having been authorized by the Committee, present this Fifteenth Report on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Fifth Report (Eighteenth Lok Sabha) on 'Demands for Grants (2024-25)' relating to the Ministry of Communications (Department of Telecommunications).

2. The Fifth Report was presented to Lok Sabha and also laid on the Table of Rajya Sabha on 18th December, 2024. The Ministry of Communications (Department of Telecommunications) furnished their Action Taken Notes on the Observations/Recommendations contained in the Fifth Report on 18th March, 2025.

3. The Report was considered and adopted by the Committee at their Sitting held on 26th June, 2025.

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 Fifth Report of the Committee is given at Annexure-II.

**NEW DELHI;
21 July, 2025**

30 Asadha, 1947 (Saka)

DR. NISHIKANT DUBEY,
Chairperson,
Standing Committee on
Communications and Information Technology.

CHAPTER I

REPORT

This Report of the Standing Committee on Communications and Information Technology deals with the action taken by the Government on the Observations/Recommendations of the Committee contained in their Fifth Report (Eighteenth Lok Sabha) on 'Demand for Grants (2024-25)' relating to the Ministry of Communications (Department of Telecommunications).

2. The Fifth Report was presented to Lok Sabha/laid in Rajya Sabha on 18th December, 2024. It contained 24 Observations/Recommendations. Replies of the Government in respect of all the Observations/Recommendations have been received from the Ministry of Communications (Department of Telecommunications). All the 24 Recommendations have been categorized as accepted and have been placed under Chapter-II. However, in view of the Action Taken Reply of the Department, some of the Recommendations (Nos. 5,7,8,9,13,18,24) have been commented upon in Chapter-I of the Report. Categorization of all the Observations/Recommendations is as under.

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

Rec. Sl. Nos.:— 1,2,3,5,6,7,8,9,10,11,13,15,17,18,19,20,21,22,23 and 24

Total-20
Chapter-II

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government

Rec. Sl. No.:— 4, 12, 14

Total — 03
Chapter-III

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

Rec. Sl. No.:— NIL

Total – NIL
Chapter-IV

- (iv) Observations/Recommendations in respect of which replies of the Government are of interim in nature

Rec. Sl. No.:— 16

Total – 01
Chapter-V

3. **The Committee trust that utmost importance would be given to**

implementation of the Observations/Recommendations accepted by the Government. The Committee further desire that Action Taken Statement on the Observations/Recommendations contained in Chapter-I of this Report may be furnished to them at an early date.

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

(Recommendation Sl. No. 5)

5. The Committee, in their Fifth Report, had recommended as under:

Regarding Budget Estimates 2024-25 and expenditure incurred under various heads from 01.04.24 to 15.10.24 it is seen that only 6 percent of BE has been spent under the head Revival Plan of BSNL / MTNL, 23 percent under DBN(Bharat Net), 8 percent expenditure incurred on Prevention of Spoofing International Calls System (CIOR) , and zero percent on OFC Network for Defence Services. Further under the Revenue Expenditure , the Committee find that only 23 percent of BE 2024-25 has been spent during the period from 01.04.24 to 15.10.24 under the head DBN(Other than Bharat Net) , 1 percent on Production Linked Incentive Scheme and only 2 percent on Champion Service Sector Scheme . The Committee observe that the percentage of expenditure under these heads of Capital and Revenue Section is not commensurate with the expenditure projected under the BE 2024-25. In view of the foregoing, the Committee would like that the Department of Telecommunications (DOT) should take necessary measures to expedite the utilization of allocated funds under key capital and revenue expenditure heads. Taking note that the current spending patterns are significantly lower than projected in the Budget Estimates for F.Y. 2024-25, the Committee desire the Department to prioritize timely execution of projects like the Revival Plan for BSNL/MTNL, Bharat Net and the Prevention of Spoofing International Calls System (CIOR) and also ensuring that delays in execution do not lead to underutilization of funds. A detailed review and action plan should be put in place to address the low expenditure under the OFC Network for Defence Services and Production Linked Incentive Scheme. Furthermore, DOT should strengthen monitoring mechanisms, track progress closely, and ensure that expenditure is aligned with set timelines and deliverables. The Committee may be apprised of the measures taken to achieve the targets and completion status of these projects.

6. In their Action Taken Reply, the Department of Telecommunications has submitted as under:–

Revival Plan for BSNL/MTNL

As per DOT OM dated 02.08.2022 BSNL was supposed to be allotted Rs. 1851.2 Cr fund for CAPEX for FY 2022-23 to FY 2024-25 for MTNL. The placement of POs is being done by BSNL for the requirement of MTNL. The total value of the PO's placed by BSNL for MTNL's requirement is Rs. 101 Cr. The details of the PO's placed by BSNL for MTNL's requirement are as follows:

1	Upgradation of MPLS Network Core routers: 6, Edge-I : 30, Edge-II : 48 L-3 Switches: 150	PO No. MMP/CT/PO/03/2022-23 dated 21.03.23 Value Rs. 64.6 Cr*
2	Firewall 3 Firewalls (DLI : 2 MBI: 1)	PO No. MMP/CT/PO/03/2022-23 dated 21.03.23 Value Rs. 3.58 Cr*
3	Procurement of BNGs in BB network (DLI : 4 MBI: 4)	PO No. 4201285901 dated 04.01.23 Value: Rs.7.72 Cr
4	Urgent requirement of batteries of MTNL (1500 AH, 2000 AH, 4000 AH, 5000 AH) Delhi : 14 and Mumbai 10	Various POs placed in April and May 2023 Value Rs.2.83 Cr
5	Battery Banks requirement, in addition to urgent set of battery banks (200 AH, 400 AH, 1000 AH ,1500 AH) Delhi : 94 and Mumbai 289	Various POs placed in July 2023 Value Rs.9.82 Cr
6	Power Plants(159 in Mumbai and 136 in Delhi of various capacities)	POs placed in Oct / Nov 2023 and Jan 2024 with value of Rs. 8.1 Cr
7	24 F OFC (Delhi: 250 KM Mumbai: 400 KM)	PO dated 20.01.23 Value Rs. 2.5 Cr
8	48 F OFC (Delhi: 200 KM Mumbai: 200 KM)	PO dated 31.01.23 Value Rs 1.84 Cr

BSNL

Utilization of allocated funds under key capital and revenue expenditure heads

The major projection of the capex infusion of DoT is in spectrum allocation. The same is proposed in the last month of the current FY. As such 100% Capex will be utilized.

Status of NFS projects

Out of allotted amount of Rs. 22437.84 Cr, an amount of Rs. 22253.66 Cr. was utilized which was 99.17 % of the allotted amount.

Updated Status -

1. Expenditure of FY 2023-24 was Rs 2159.45 Cr.
2. Expenditure from 01-04-2024 to 30-11-2024 in FY 2024-25 was Rs 497.56 Cr.

It is submitted that in NFS Project, expenditure is based on 'Payment Milestones' as per tender terms and conditions.

DBN (Bharat Net)

BharatNet project is being implemented in a phased manner to provide broadband connectivity to all the Gram Panchayats (GPs) and villages, including tribal areas. The infrastructure created under BharatNet project is a national asset, accessible on a non-discriminatory basis to the Service Providers, and the same can be utilized to provide broadband services through FTTH connections, leased lines, dark fibre, backhaul to mobile towers, etc.

Status of BharatNet: Regarding the overall progress of BharatNet (Phase-I + Phase-II), 2,09,291 GPs have been made Service Ready on OFC media by laying 6,92,749 km of Optical Fibre Cable (OFC) as on 27.01.2025. Further, 5,032 GPs have been made Service Ready on Satellite media. Total 2,14,323 GPs have been made Service Ready under the BharatNet project in the country.

The Union Cabinet accorded its approval on 04.08.2023 regarding Amended BharatNet Program to provide high speed broadband connectivity to all inhabited villages in the country. The salient features are:

- a) The Project will be fully funded through DBN, Department of Telecommunications (DoT) at an estimated cost of INR 1,39,579 crore. BSNL has been appointed as Project Management Agency (PMA) for Amended BharatNet Program.
- b) Under the Amended BharatNet Program an estimated 2.65 lakh GPs are proposed to be connected in ring network. The remaining 3.8 lakh villages are proposed to be connected on demand basis.
- c) Under Amended Bharat Net Program, Multiprotocol label Switching System (MPLS) based solution is opted over Optical Passive Ring solution (commonly known as GPON-Gigabit Passive Optical Network) considering later has offers superior traffic engineering, scalability, protocol support, fast failover, QoS prioritization, and efficient any-to- any connectivity.
- d) The network shall be maintained by Professional Implementation Agencies (PIAs) specialized in optical fiber networks, selected through open bidding process by BSNL. These agencies will maintain network for a period of 10 years to high defined standards of availability. Vendor shall be responsible for setting up of S-NOC which is planned for monitoring of optical fibre laying work, adherence of SLAs by the agency. Independent Engineers (IE) will use data generated at S-NOC for monitoring purpose.
- e) Amended BharatNet Program has provision of engaging a professional partner for the Network Operations Center (NOC) of BharatNet at central level C-NOC-which will be responsible to design, build, operate and maintain the C-NOC for 10 years.
- f) The last mile network will be managed through BharatNet Udyamis (BNU) who could be a village level entrepreneur, Internet Service Provider, Self Help Group etc. BNUs will be given a one-time financial incentive for activating new home fiber connections. To incentivize continuity of services, BNUs will also receive a share of the monthly revenue (on established market practice). It is proposed to provide 1.50 crore rural home fiber connections using the BNU model over the next five years.

g) BSNL will provide Internet Leased line (ILL) to all 7,269 blocks with sufficient bandwidth to ensure minimum 25 Mbps download speed to every home fibre subscriber. Under Amended BharatNet Program, following steps have been taken:

- i. RFP was floated by BSNL for selection of Project Implementation Agencies (PIAs) for 16 packages (excluding Eight State led Model states) on 15.02.2024 and opened on 07.08.2024. Advance Orders have been issued in 6 packages, and evaluation of balance packages is ongoing.
- ii. RFP for selection of Independent Engineer (04 packages) for overseeing work of PIAs in 16 packages was opened on 15.10.2024 and RFP for Independent Engineer (02 packages) for overseeing work of PIAs in Eight packages (under State led model) was opened on 18.10.2024. Technical bids are under evaluation
- iii. RFP for selection of PIA for C-NoC floated on 01.01.2025 and the last date of submission of RFP is 28.02.2025.

In current FY 2024-25, RE of Rs. 13,685 crores have been allotted includes Rs. 6,500 crores for BharatNet (CAPEX) and Rs. 7,185 crores for Other DBN's Schemes (Revenue) against which as on 31.01.2024, Rs. 6,921 crores have been disbursed which includes Rs. 3,142 crores for BharatNet and Rs. 3,781 crores for other DBN's Schemes.

Prevention of Spoofing International Calls System (CIOR)

CIOR project was approved on 12.06.2024 and has been commissioned on 17.10.2024. The allocated budget in Revised Estimate (RE) 2024-25 stage is Rs. 16 crore and out of this, Rs. 11.53 crore has been released till 28th February, 2025 which is 72 percent of the allocated budget for the project. Some payments like cloud services are raised towards the end of the quarter and the implementing agency of the CIOR project i.e. Centre for Development of Telematics (C-DoT) has been directed to submit the fund requirements for such activities. The remaining budget of Rs. 4.47 crore is likely to be utilized in Q4 of FY 2024-25.

Production Linked Incentive Scheme

Under the Production Linked Incentive (PLI) Scheme for telecom and networking products and Champion Service Sector Scheme (CSSS), the status of BE, RE and utilization for the FY2024-2025 is as below:

(in Rs. Crore)

Scheme	BE 24-25	RE 24-25	Utilization as on 28.02.2025
PLI Scheme for telecom	1806.34	1450.97	180.12
CSSS	70	33.02	7.47

PLI Scheme for Telecom:

During the current financial year (FY), the utilization under the PLI Scheme has remained low, as the disbursement of incentive is made on yearly basis usually in the last quarter

of the financial year. As per the scheme's guidelines, companies are required to submit the claim for incentive based on their audited financial statements and usually they submit their claim application in the month of December of the subsequent Financial Year.

Steps taken to address utilisation of fund and monitoring mechanism:

- i. The Department has amended scheme guidelines to allow beneficiaries to apply for claiming incentive on quarterly basis instead of once in a year.
- ii. To avoid any delay in disbursement of incentive, the Department has developed Standard Operating Procedures (SOPs) for processing of claims made by companies.
- iii. The process for disbursement of incentive is done through an online system ensuring monitoring of claims by the Ministry/Department. The scheme, including the disbursement of incentives, is also subjected to regular oversight at higher levels within this Department, the Department for Promotion of Industry and Internal Trade and the Empowered Group of Secretaries.

Champion Service Sector Scheme (CSSS):

At the BE stage the funds were sought in anticipation that the scheme will continue for the whole year and Department will be able to invite fresh applications under the scheme. However, the Department of Expenditure (DoE) has allowed for extension of the Champion Service Sector Scheme (CSSS) (an umbrella scheme of Department of Commerce) till 31st July, 2024 only. Further, DoE has allowed release of funds only against the committed liabilities under the Digital Communication Innovation Square (DCIS) scheme and the department is not allowed to create any fresh liability by inviting applications. Accordingly, the allocation for FY2024-2025 was revised at the RE stage.

OFC Network for Defence Services

For the FY 2024-25 there was no fund allocation in B.E. (hence utilization of fund till December 2024 was zero) while in RE Rs 1315.96 Crore has been allocated. Accordingly, efforts are now being made to utilize the fund with periodic review being held at the level of Secretary (T) and Hon'ble Minister of Communications. The payments for the NFS Project are released based on milestone achieved in the project and upon demand raised by BSNL. As informed by BSNL, there is delay in achieving milestones for certain projects

The reasons for slow progress in project are given below:

- The project is of highly complex in nature involving multiple stakeholders.
- Difficulties/delays were faced in receiving thousands of Right of Way (RoW) permissions from various agencies like National Highways Authority of India (NHAI), Border Roads Organisation (BRO), Railways, various agencies of State Governments (PWD, Forest, Wildlife, Municipal Bodies etc.
- Limited working season in Ladakh/Kashmir/Arunachal Pradesh/Sikkim.
- Further, due to restrictions in movement because of COVID-19 lockdowns, the project suffered lot of delays.

- Global chip shortage during COVID and even afterwards badly impacted the supply of equipment.
- Army has placed additional requirements like extra OFC laying to connect new buildings, Fibre Distribution Module (FDMS), RAMAN amplifier etc. These last-minute additional requirements have also added to the delay of the project.
- Various road-widening activities have delayed the OFC laying and subsequent operationalization of the Network. ”

7. The Standing Committee on Communications and Information Technology (2024-25) in their Fifth Report, had taken serious note of unspent funds under various key heads as per the Budget Estimates (BE) 2024–25. The Committee had observed that only 6% of the allocated funds had been spent under the Revival Plan for BSNL/MTNL, 23% under Digital Bharat Net (DBN - BharatNet), 8% under the Prevention of Spoofing International Calls System (CIOR), and no expenditure had been incurred on the OFC Network for Defence Services. Additionally, under revenue expenditure, only 23% of the BE was utilized for DBN (Other than BharatNet), 1% for the Production Linked Incentive (PLI) Scheme, and 2% for the Champion Service Sector Scheme (CSSS). The Committee expressed concern that this trend of underutilization indicated a lack of synchronization between project execution and fund allocation. The Department of Telecommunications (DoT) were urged to take immediate corrective steps to accelerate fund utilization. Priority was to be accorded to critical projects such as the Revival of BSNL/MTNL, BharatNet rollout, CIOR, and the OFC Network for Defence. The Committee had also stressed the need for DoT to review these delays comprehensively, prepare actionable timelines, and strengthen monitoring mechanisms to ensure alignment of fund utilization with project deliverables. The Committee desired to be informed of concrete steps taken to achieve the intended targets and the status of implementation in a time-bound manner.

In their Action Taken Reply, the DoT have provided a comprehensive status update across various projects. Regarding the BSNL/MTNL Revival Plan, BSNL, acting on behalf of MTNL, placed Purchase Orders worth ₹101 crore for upgrading critical telecom infrastructure including MPLS routers, BNGs, power plants, batteries, firewalls, and OFC cables. While capex for spectrum allocation will be utilized towards the end of the fiscal year, DoT assured that full utilization would be done. For the BharatNet project, significant progress has been made, with over 214323 lakh Gram Panchayats being made service-ready through over 692749 km

of OFC. The Amended BharatNet Program aims to connect 2.65 lakh GPs in ring network mode and extend services to 3.8 lakh villages on a demand basis. RFPs have been floated for selection of Project Implementation Agencies (PIAs), Independent Engineers, and Central Network Operations Centre (C-NoC) operators. Out of ₹13,685 crore allocated under DBN in FY 2024–25, ₹6,921 crore had already been disbursed by January 2025. CIOR, aimed at curbing spoofed international calls, has been successfully commissioned, and 72% of its allocated RE funds utilized. Further, remaining Rs. 4.47 Crores is expected to be used in Q4 of FY 2024-25.

Regarding the PLI Scheme and CSSS, the Department have clarified that the disbursements under the PLI Scheme typically occur in the last quarter, upon submission of audited financial statements by participating firms. As a corrective measure, the scheme guidelines have been amended to allow quarterly claims. Standard Operating Procedures have been developed to streamline disbursements through an online system under close monitoring at higher level within the Department. For the Champion Service Sector Scheme, low utilization was due to its limited extension only until July 2024 and restriction on fresh liability creation. On the OFC Network for Defence Services, the Department explained that zero expenditure till December 2024 was due to lack of allocation in BE, though ₹1,315.96 crore has since been allocated under RE. The complexity of the project, involving multiple stakeholders and regions with adverse terrain and climatic conditions, has caused execution delays. Factors such as COVID-19 restrictions, global chip shortages, RoW issues, and additional requirements from the Army have contributed to slower progress. The Committee taking cognizance of the submissions of the Department would like to reiterate that proactive planning, strict adherence to project milestones, and regular reviews of the outcome etc. ought to be institutionalized. The Committee would like to be apprised of the utilization of remaining funds and also of the status of implementation of the projects.

(Recommendation Sl. No. 7)

8. Revenue Receipts

According to the Department, the primary sources of revenue include the Annual License Fee, which is calculated as 8% of the Adjusted Gross Revenue (AGR) of Telecom Service Providers (TSPs), and includes the Universal Service Obligation (USO) Levy, currently set at 5% of AGR. Other significant sources of revenue include receipts from Spectrum Auctions, Spectrum Usage Charges (SUC), which are levied as a

percentage of AGR earned by TSPs from their use of spectrum. Additionally, the Department generates revenue through other mechanisms such as payments made during spectrum liberalization, mergers and acquisitions, spectrum assignments to captive users, and from broadcasting services.

The Committee during the detailed examination of the subject had observed that the Spectrum Usage Charges (SUC) revenue initially rose from Rs. 5,859.31 crores in 2020-21 to Rs. 13,065.18 crores in 2023-24 but then dropped significantly in the 2024-25 projections to Rs. 3,000 crores (Proposed) and Rs. 3,000 crores (BE).

With regards to Spectrum Auction/Administratively Allotted Spectrum, it has been found that Spectrum auction revenue fluctuated dramatically with a major spike from Rs. 21,918.48 crores in 2020-21 to Rs. 60,814.06 crores in FY 2021-22. This was followed by a decline in 2022-23 (Rs. 37,816 crores) and 2023-24 (Rs. 42,617.89 crores). In FY 2024-25, the revenue from spectrum auctions is expected to be Rs. 80,766.31 Crores.

The Committee further understand that when the revenue from other sources has remained relatively stable, ranging from Rs 2449.27 crores in 2020-21 to -Rs. 1386.98 crores in 2023-24, projections for FY 2024-25 show Rs. 1000 Crores only.

As regards total revenue receipts, it increased sharply from Rs. 45500.65 crores in 2020-21 to Rs. 90659.26 crores in 2023-24. However, the projections for 2024-25 is Rs. 110267.31 crores (proposed), with BE estimates being Rs. 110267.31 crores.

The decline in revenue receipts estimates for the year 2024-25 attributed to several factors, including market saturation, which limits the growth potential for Telecom Service Providers (TSPs) in terms of new customer acquisition and service expansion. Additionally, the implementation of new regulatory reforms, such as the reduction of Spectrum Usage Charges (SUC) for spectrum acquired through recent auctions, may reduce the financial burden on TSPs but also decrease the revenue generated from these charges. Furthermore, the ongoing financial challenges faced by certain operators, including deferred AGR payments and debt restructuring, could impact the overall revenue inflows from license fees and spectrum-related charges. The Committee had observed that these factors suggest a more cautious outlook for revenue growth in the coming year.

The Committee understand that the Department is taking steps to achieve the targets during 2024-25 by regular Telecom meets with licensees to improve financial compliance, settlement of representations and disputes and by conducting Spectrum auctions and monitoring Receipt of spectrum deferred installment & SUC. The Committee observed that fluctuating Spectrum Revenue make the revenue receipts unpredictable. The Department may face challenges in managing its finances and planning long-term policies if the trend of unpredictable spectrum revenues continue. The Committee desire to be apprised of the steps taken by the Department to deal with the issue.

9. In their Action Taken Reply, the Department of Telecommunications submitted as under:-

The Revenue trend in respect of License Fee (LF) and Spectrum/Usage charges are noted below:-

The revenue trend in respect of License fee (LF) receipts from FY 2020-21 to FY 2023-24 is as given in the table below:-.

FY	LF Receipts (in crores)
2020-21	15274
2021-22	16614
2022-23	20316
2023-24	36363

It has been noted that while there is an increasing trend in the LF receipts, there is no fluctuation in the revenue trend. Further the Department monitors the LF payments regularly through the SARAS PORTAL.

(i) Spectrum Usage Charges :

The following is the comparison table on Spectrum Usage Charges :

Rs. in cr

SUC	2020-21	2021-22	2022-23	2023-24	2024-25 (till Feb 2025)
SUC of TSPs	5859	7512	5744	4224.4	3169.66
SUC of BSNL	0	0	0	8842.21	126.58
Total	5859	7512	5744	13066.61*	3296.24

* The spectrum usage charges for FY 2023-24 is Rs.13065.18 Cr which is high when compared to FY 2020-21 (Rs.5859.31 Cr) & FY 2024-25 projections (Rs.3000 Cr). The huge increase in SUC in FY 2023-24 is due to payment of Rs.8842.21 Cr made by BSNL against SUC for the period 2006-07 to 2022-23.

(ii) Spectrum Auction/Administratively allotted spectrum :

The following is the comparison table on Spectrum Auction/Administratively allotted spectrum :

Rs. in cr

Auction Revenue	2020-21	2021-22	2022-23	2023-24	2024-25 (till Feb 2025)
Instalment	0	0	9695.86	15954.86	10448.49
Upfront/Pro/trading	21949.8	5715.99	8312.39	59.53	1066.13
Prepayment	0	55125.20	0	16350.20	19996.16
BSNL	0	0	19808	10253.30	10697.17
Total	21949.8	60841.19*	37816.25	42617.89	42207.95

* In FY 2021-22, out of total Spectrum Revenue of Rs.69037.62 Cr, Rs.55125.20 Cr is from the spectrum auction pre payments/Trading and Rs.5715.99 Cr is from upfront Payment of Spectrum Auction 2021 and RJIL-spectrum trading transaction charges. The breakup of Rs.55125.20 Cr & Rs.5715.99 Cr paid by TSPs is also provided.

Name of the TSP	Auction Year	Amount paid In Rs. (Cr)	Date of Payment In Rs.
BAL	2015	8814.54	24.03.2022
	2014	15519.14	17.12.2021
RJIO	Trading	0.54	15.02.2022
	2014	5059.87	18.01.2022
	2014 & 2015	15007.92	07.01.2022 2014-3521.85 Cr 2015-10625.87 Cr Partial-372.19 Cr Trading Mumbai LSA-488.01 Cr
	2016	10723.19	20.10.2021
	2021	663.57	
BAL	(upfront Payment)	4918.98	
RJIO		103.5	
VIL			
RJIL-Spectrum trading transaction charges		29.94	
TOTAL		60841.19	

From the above table, it can be seen that majority of the spectrum auction payment in year 2021-22 was pre-payment of instalments of earlier conducted auctions which was not scheduled to be paid in that year.

Steps taken by the Department

The figures noted in the table below shows the sincere efforts taken by the Department in revenue related issues.

The RE 2024-25 of NTR is Rs. 1,30,070.21 out of which Rs. 65,399.55 Cr has already been received till 28-02-2025.

Particulars	Rs. In Crores	
	RE 2024-25	As on 28/02/2025
License Fee	25501	19932.87
SUC	3500	3296.24
Spectrum Auction	36997.74	31510.78
Receipt from BSNL on administratively allotted spectrum	63069.90	10697.17
Other sources	1001.57	-37.51
Total	130070.21	65399.55

In this regard, this is submitted that an amount of Rs. 63069.90 Cr has been proposed in respect of receipt from BSNL on account of cost of administratively allotted spectrum out of which an amount of Rs.10697.17 Cr has been realized and the rest of the amount will be realized after utilization of funds proposed for spectrum allocation by BSNL.

10. The Committee, during the course of examination, analyzed the trends in revenue receipts of the Department of Telecommunications and noted that their primary revenue streams comprise License Fees (LF)—8% of the Adjusted Gross Revenue (AGR) of Telecom Service Providers (TSPs)—which includes the Universal Service Obligation (USO) levy (5% of AGR), Spectrum Usage Charges (SUC), receipts from spectrum auctions, and other charges such as payments for spectrum liberalization, spectrum trading, mergers/acquisitions, and from broadcasting services. The Committee observed that while overall revenue receipts rose steadily from ₹45,500.65 crore in 2020–21 to ₹90,659.26 crore in 2023–24, fluctuations in individual components—particularly Spectrum Auction revenue and SUC—have introduced uncertainty in revenue forecasts. Of particular concern is the drastic projected decline in SUC, which has reduced from ₹13,065.18 crore in 2023–24 to ₹3,000 crore in 2024–25 (BE), largely due to reduced charges on spectrum acquired via auctions and the one-time BSNL payment during 2023–24. Similarly, although Spectrum Auction revenues are estimated at ₹80,766.31 crore for 2024–25, the past trend indicates volatility due to prepayments, and a dip again in subsequent years.

The Department, in their Action Taken Reply, have provided explanation to the

observed fluctuations. The rise in SUC in FY 2023–24 was primarily due to one-time retrospective payment of ₹8,842.21 crore by BSNL against SUC from FY 2006–07 to FY 2022–23. SUC collections from TSPs show a declining trend, standing at ₹3,169.66 crore as of February 2025 for FY 2024–25. In terms of Spectrum Auction revenues, FY 2021–22 witnessed significant pre-payments of older dues, amounting to ₹55,125.20 crore, in addition to upfront auction payments and spectrum trading receipts. The Department submitted that an amount of Rs. 63069.90 Cr has been proposed in respect of receipt from BSNL on account of cost of administratively allotted spectrum out of which an amount of Rs.10697.17 Cr has been realized and the rest of the amount will be realized after utilization of funds proposed for spectrum allocation by BSNL. The Department highlighted measures such as the SARAS portal for monitoring of LF compliance.

The Committee do note the proactive initiatives taken by the Department and appreciate the transparency provided through granular financial reporting. However, the Committee reiterate their concern that continued volatility in SUC and Spectrum Auction revenues pose a significant risk to stable revenue forecasting and long-term financial planning. The over-reliance on one-time payments, pre-payments, and unpredictable auction behavior could affect fiscal discipline and hinder the ability of the Department to design sustainable telecom policies. While revenue from License Fees remains robust, the Committee reiterate that the Department should further strengthen, diversify and stabilize their revenue streams and institutionalize forecasting tools aided by scenario-based planning to anticipate revenue shifts due to policy changes or market dynamics. The Committee reiterate that the Department strive to strengthen their financial compliance framework, optimize their spectrum monetization strategy, and explore alternative revenue models to offset declining SUC collections. The Committee desire to be apprised of any new policy interventions or corrective measures contemplated being implemented to ensure predictable and sustainable revenue inflows in the Telecom Sector.

(Recommendation SI. No. 8)

11. The Committee, in their Original Report, had made the following Observation/Recommendation:—

“As regards over dependence on One-time Auction of Spectrum, for generating large amounts of revenue the Committee learn it to be irregular. The Committee

feel that heavy reliance on one time Spectrum auctions for financial need could lead to revenue gaps in years when auctions are not held or when the spectrum supply decreases.

The Committee further observe that owing to Limited Diversification in Revenue Streams, revenue from "Other Sources" remains relatively low. This could pose grave risks in case telecom revenues face a downturn or if external factors results in reducing license fee or spectrum revenue streams. In view of the above, the Committee strongly desire that the Department should focus on Diversification of Revenue Streams on the following points:

(i) The Committee recommend that the Department should explore new and innovative sources of revenue beyond the traditional spectrum auctions and license fees. For instance, monetizing data services, expanding into satellite broadband, and capitalizing on emerging technologies like 5G and IoT could provide consistent and diverse income streams. Similarly, expanding the rollout of 5G services across urban and rural markets could significantly boost revenue through increased demand for new spectrum and data services. Supporting Public / Private Sector telecom operators in upgrading to 5G infrastructure could also lead to higher SUC revenues as the market expands.

(ii) The Committee recommend that the Department should focus on strategic planning of spectrum auctions to avoid large fluctuations in auction revenues. This may involve adjusting auction timelines based on market demand, introducing auctions for newer bands, or leveraging secondary market mechanisms to ensure a steady flow of spectrum-related income.

(iii) The Committee recommend that the Enhanced Monetization of Telecom Infrastructure should be looked into leveraging the telecom infrastructure (such as towers, fiber, and other assets) so as to explore additional revenue. Privatizing certain assets or enabling commercial leasing and sharing arrangements of Department's infrastructure could provide a sustainable revenue source, reducing reliance on spectrum auctions.

(iv) As regards Regulatory and Policy Adjustments, the Committee recommend that Department should consider reviewing and possibly revising the structure of SUC to make it more predictable and less volatile. Introducing measures such as multi-year spectrum charges or adjustable rates linked to the inflation index could stabilize the revenue inflow from SUC. This may involve revising the SUC structure, particularly to align it with future spectrum demand and market realities.

(v) So far as Strategic Spectrum Auctions are concerned, the Committee recommend that the Department should carefully manage the timing and frequency of spectrum auctions to ensure a stable revenue stream. It could explore advanced planning for auctions and provide incentives to bidders in certain areas to ensure consistent bidding activity.

(vi) Regarding Long-term Diversification of revenue, the Committee recommend that the Department should prioritize revenue diversification, particularly by exploring new avenues like satellite broadband, IoT services, and digital infrastructure leasing. A clear roadmap for early capitalizing on 5G and other future technologies could open up new revenue channels.”

12. In their Action Taken Reply, the Department of Telecommunications submitted as under:–

“8(i) Observations/recommendations noted.

8(ii) As per Telecom reforms 2021, it has been decided that there will be regular spectrum auctions. Different bands which become available due to refarming, new band identification for IMT, development of device eco system, expiry of spectrum auctioned earlier etc is put to auction. Government puts all the Spectrum available with it for auction. TSPs purchase spectrum based on their network requirement and other techno-commercial decisions. TSP has option to pay for such spectrum outrightly or in instalments. Also, these instalments may be pre-paid by TSP at any time as well (protecting NPV of bid amount) based on their business decisions. These have impact on GOI revenues accordingly.

Based on the decisions taken during the World Radiocommunication Conferences, normally held once in every 4 years, new Radio Frequency bands are identified worldwide for the roll out of International Mobile Telecommunication based services. In India, based on the above decisions and also considering the availability of device ecosystem, decision to conduct auctions are taken after seeking the recommendations of the Telecom Regulatory Authority of India. Moreover, as part of the Telecom Reforms the Government has decided the following:

“Spectrum auctions will be held normally in the last quarter of every financial year. Whenever necessary, auctions can be held at shorter intervals also.”

8(iii) Enhanced Monetization of Telecom Infrastructure

The action taken by the PSUs are summarized below:-

Action Taken by BSNL:

- a. Presently OMT-PPP model was being processed based on the recommendations of NITI Aayog.
- b. However, market consolidation in the telecom sector, significant changes in tower business and valuation dynamics, emerging 2 player dominance has led to decline in tenancies, margins; pressure on listed tower company and in M&A valuations. Further these two dominant players

are sponsoring their own group entities for tower renting such as Indus by Airtel and Summit Digital Infrastructure by JIO. Vodafone-Idea is struggling financially and not able to expand their network footprint.

- c. Recent M&A transaction, namely, finalization of Brookfield ATC deal on an EV of Rs. 21-25 lakh per tower as per market information.
 - Unclear visibility of continuation of BSNL's anchor tower tenants could dampen investor interest and impact valuation relative to BSNL's IECV expectation.
- d. BSNL is generating a revenue of Rs. 637 crores per annum through the leasing of its towers to various operators and reduction of IECV value will not keep the transaction attractive to BSNL.
- e. In view of the above, the appetite in the market for the proposed RFP for OMT transaction may not be there. In the present circumstances, securitization will help in generating resources.
- f. Further, through the leasing of its Core Assets (Towers & Fiber) to various operators, BSNL generated a revenue of Rs. 1,073 Cr in FY 2023-24 and Rs. 763 Cr. for FY 2024-25 (09 Months).

2. Action Taken by MTNL:

a) Apart from monetization of its land and building assets in Delhi and Mumbai by outright sale as per government guidelines & monetization policy in MTNL, MTNL is exploring various methods to leverage the existing infrastructure for earning additional revenue by renting of Building & Tower and redevelopment model on sparable assets.

b) MTNL has been making continuous effort to maximize revenue from renting of its vacant office space /quarters to various organizations and has generated revenue of Rs 373.39 Cr (approx.) from rental of properties in the Financial Year 2023-24. Revenue of Rs 286.26 Cr (Provisional) has been generated from April-2024 to Dec-2024 from rental of properties.

c) MTNL is also renting its towers and revenue of Rs. 54.74 Cr has been generated in Financial Year 2023-24 and revenue of Rs. 45.23 Cr (Provisional) has been generated from April-2024 to Dec-2024.

d) In MTNL, a pilot project of Rooftop Solar plant of 80 KWp capacity on RESCO model has been installed and annual electricity generated is 111146 units approximately with annual savings of Rs.8.30 lakhs. Now, MTNL has already initiated the process of installation of Solar roof top plants on RESCO model in 5 more buildings.

8(iv) As per Telecom Reform of September, 2021 SUC has been made zero for spectrum acquired through Auction 2022 and thereafter. This will lead to gradual reduction of revenue from SUC as and when operators acquire new spectrum.

8(v) As per Telecom reforms 2021, it has been decided that there will be regular spectrum auctions. Different bands which become available due to refarming, new band identification for IMT, development of device eco system, expiry of spectrum auctioned earlier etc is put to auction. Government puts all the Spectrum available with it for auction. TSPs purchase spectrum based on their network requirement and other techno-commercial decisions. TSP has option to pay for such spectrum outrightly or in instalments. Also, these instalments may be pre-paid by TSP at any time as well (protecting NPV of bid amount) based on their business decisions. These have impact on GOI revenues accordingly.

As part of the Telecom Reforms the Government has decided the following:

“Spectrum auctions will be held normally in the last quarter of every financial year. Whenever necessary, auctions can be held at shorter intervals also.”

13. The Committee, in their Recommendation, had expressed concern over the heavy reliance on one-time spectrum auctions as a primary source of revenue. They had observed that such dependence is irregular and could lead to significant revenue gaps during years when auctions are not held or spectrum availability is limited. The Committee had recommended a comprehensive diversification of revenue streams, suggesting exploration of emerging areas such as 5G, IoT, satellite broadband, digital infrastructure leasing, and monetization of telecom assets. They also emphasized the need for strategic planning of auctions, enhanced monetization of infrastructure, predictable SUC structure, and long-term policies to stabilize and sustain telecom revenues.

In response, the Department of Telecommunications (DoT) have stated that, as per the 2021 Telecom Reforms, spectrum auctions will be held regularly—usually in the last quarter of each financial year—with flexibility to hold them more frequently, if needed. The Department also highlighted ongoing steps taken by BSNL and MTNL for monetizing telecom infrastructure, including leasing towers and buildings and installing solar projects. Further, they have stated that the declining market appetite for BSNL’s tower assets is due to consolidation in the sector and dominance of a few players. Additionally, the Department have stated that SUC (Spectrum Usage Charges) has been made zero for spectrum acquired post-2022 auctions, which may gradually reduce SUC-based revenues in the future. Taking note of the steps taken by the Department, the Committee continue to be concerned about the reliance on spectrum auctions, even if held regularly as it may not provide a sustainable or stable long-term revenue stream—especially

when SUC revenue diminishes. The Committee reiterate the importance of aggressive diversification into new revenue avenues such as digital infrastructure sharing, 5G applications, IoT services, and satellite-based broadband. The Committee further urge the Department to lay down a clear roadmap with measurable targets for infrastructure monetization and explore innovative models such as asset leasing, infrastructure investment trusts (InvITs), and commercial partnerships. The Committee would like to be apprised of the establishment of a revenue stability mechanism through periodic review of revenue inflows and implementation of policy adjustments aligned with technological and market developments.

(Recommendation SI. No. 9)

14. The Committee, in their Original Report, made the following observations/recommendations:—

“Further the Committee understand that the factors affecting revenue receipts for the Department of Telecom (DoT) are Corporate Insolvency of Telecom Service Providers (TSPs), Moratorium for Spectrum Auction Dues (Vodafone Idea, Bharti Airtel & Reliance Jio): Moratorium for AGR Dues (Vodafone Idea, Airtel, Tata Teleservices, etc.), Reduction of Spectrum Usage Charges (SUC) to Zero, and Variability in AGR of Telecom Service Providers(TSPs). The Committee believe that Telecom Reforms introduced in 2021 were designed to make it easier for Telecom Companies to operate and attract foreign investments. These reforms aim to reduce the financial burden on telecom companies, which in turn helps them become more profitable. As telecom companies become more profitable and self reliant, they are expected to generate higher revenues. This increase in their revenue should also lead to an increase in the revenue the Government collects from them, benefiting overall Government receipts.

The Committee believe that while the temporary moratorium on spectrum and AGR dues is a necessary relief for struggling TSPs, the Department should develop a clear strategy to gradually phase out these moratoriums. This could involve setting clear timelines for when payments will resume and a more stringent monitoring mechanism to ensure that deferred payments (including interest conversions into equity) do not negatively affect future revenue receipts. The Department could also explore alternative methods to secure future payments, such as setting aside a portion of spectrum or revenue earnings to guarantee repayment. With the reduction of Spectrum Usage Charges (SUC) for spectrum acquired through auctions, the Department should consider diversifying revenue streams from the telecom sector. Additionally, the Committee recommend that the DoT could imbibe best global practices for telecom taxation to identify new opportunities for raising Government revenue without burdening the industry excessively.

Hence, in order to tackle the Challenges in Revenue Receipts, the Committee recommend strategic monitoring and accelerated recovery from Insolvency-afflicted TSPs. The Department should implement a proactive monitoring mechanism to track and support telecom companies currently undergoing Corporate Insolvency Resolution Process (CIRP), especially where recovery of dues is delayed. The Committee may be apprised of the steps taken in the matter.”

15. In their Action Taken Reply, the Department of Telecommunications submitted as under:—

“Regarding Moratorium on AGR dues and Spectrum auction installments:

1. The Telecom Reforms, 2021 provided for a four-year moratorium on AGR dues which are part of the Supreme Court Judgment and Spectrum auction instalments with applicable interest of 8% for TSPs not covered under insolvency or liquidation, along with an option to convert interest into equity.
2. M/s Bharti Airtel limited, M/s Bharti Hexacom Limited, M/s Vodafone Idea Limited have opted for moratorium on AGR dues and Spectrum auction installments. M/s Tata Teleservices Limited, M/s Tata Teleservices Maharashtra Limited and M/s Quadrant Televentures Limited have opted for moratoriums on AGR payments.
3. The four-year moratorium is ending in March 2025 and payment of both AGR dues installments and spectrum auction installments are due from FY 2025-26 onwards.

Regarding Insolvency cases:

Currently Court cases are in progress in Honorable TDSAT for the matter related to the recovery of Liquidated Damages for non-fulfilment of minimum rollout obligation for the assigned Spectrum from insolvency-afflicted TSPs. To effectively and proactively monitor these cases in Hon’ble TDSAT, the cases are being periodically updated on monthly basis on LIMBS (Legal Information Management & Briefing System) Portal.

The status of companies undergoing Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code, 2016 (IBC 2016) is as below:

Sl. No.	Name of the company	Present Status
1	Aircel Group of companies	Whether Spectrum (Right to use of spectrum granted by DoT) can be treated as an asset of the company under IBC 2016 is subjudice in Hon’ble Supreme Court vide DoT Civil Appeal 6546/2021. Appeals of SBI, Resolution professional on the issue are also pending. Matter is subjudice.
2	Reliance Communication Limited/ Reliance	These companies also have got themselves impleaded in Hon’ble SC in Aircel case. Resolution plan not yet approved by NCLT due to above matter pending in Hon’ble SC. Matter is subjudice.

	Telecom Limited	
3	Videocon Telecommunication Limited	Resolution plan approved by NCLT vide order dated 08.06.2021 has been set aside by NCLAT vide its order dated 11.01.2022. The resolution applicant has challenged the NCLAT order in Supreme Court. Hon'ble SC has remarked that CIRP should not be proceeded and status quo maintained. Matter is subjudice.

1. It may also be noted that the dues of Department of Telecommunications are classified as operational dues and as per Section 53 of IBC, 2016, insolvency resolution costs, workmen's dues, financial creditors have higher priority than dues of operational creditors during distribution of assets.
2. Further the process of CIRP happens as per the provisions under IBC, 2016 and this involves NCLT and other legal fora. Multiple stake holders like financial creditors, operational creditors are involved in the process.
3. In order to streamline the process of handling insolvency /liquidation cases, the Department of Telecommunications (DoT) has already issued a detailed Standard Operating Procedure (SoP) on 28.06.2023. The SoP includes the following aspects
 - Constant monitoring of the insolvency status of Telecom licensees.
 - Timely filing of dues of DoT to the Resolution Professional (RP).
 - Holding meetings with the RP to address any issues arising out of claims.
 - Timely Challenge at appropriate forums, including the National Company Law Tribunal (NCLT) and the National Company Law Appellate Tribunal (NCLAT), in case of any rejection of DoT's claims by the RP.

This process is being constantly monitored at different levels.

4. In the case of M/s Etisalat DB Telecom Pvt Ltd, which is undergoing liquidation under Companies Act 1956, the official liquidator has so far made multiple payments amounting to ₹ 254.6 Crores (against total DoT dues of ₹ 1089.69 Crores), based on interim reports of the liquidator approved by Hon'ble High Court of Bombay, as per provisions of liquidation provided in Companies Act, 1956. The matter is being followed up with the liquidator for earlier settlement of the remaining proceeds due to DoT as per Companies act. Further, liquidation matters of M/s Loop Mobile (India) and M/s S Tel Pvt. Ltd. is pending in Hon'ble High Court of Mumbai and Hon'ble High Court of Punjab & Haryana respectively."

16. The Committee, in their Report, noted several critical factors affecting the revenue receipts of the Department of Telecommunications (DoT), such as the ongoing Corporate Insolvency of certain Telecom Service Providers (TSPs), moratoriums granted on payment of Spectrum Auction dues and Adjusted Gross Revenue (AGR) liabilities, reduction in Spectrum Usage Charges (SUC) to zero for auction-acquired spectrum, pendency of court cases and variability in AGR across TSPs. The Committee noted that the Telecom Reforms introduced in 2021 were

aimed at easing financial stress in the sector, encouraging foreign investment, and enhancing operational viability of telecom operators. These reforms, while providing necessary relief, were expected to ultimately increase profitability and, in turn, Government revenue. However, the Committee stressed the importance of a structured plan for the gradual withdrawal of such moratoriums and a robust framework for recovery from financially stressed or insolvent TSPs.

The Committee had recommended that the Department formulate clear timelines and mechanisms for the resumption of deferred payments and consider safeguards such as partial revenue escrows or earmarked spectrum reserves so as to ensure that future dues are recovered as early as possible. Further, recognizing the implications of zero SUC on spectrum acquired through auction, the Committee emphasized the need for diversification of revenue streams, and exploring adoption of global best practices in telecom taxation to broaden the fiscal base. The Committee also underlined the necessity for a proactive monitoring mechanism to track developments in insolvency-afflicted TSPs and ensure recovery of dues through timely legal and regulatory interventions.

In response, the Department of Telecommunications have submitted that under the Telecom Reforms, 2021, a four-year moratorium had been granted on AGR dues and Spectrum Auction installments, with an 8% interest rate, and an option for TSPs to convert interest into Government equity. TSPs like M/s Bharti Airtel Limited, M/s Bharti Hexacom, M/s Vodafone Idea have opted for moratorium on AGR dues and spectrum option instalments. M/s Tata Teleservices Limited, and M/s Quadrant Televentures have opted for moratorium on AGR payments. These moratoriums are due to conclude by March 2025, with payments scheduled to resume from FY 2025–26 onwards.

Regarding insolvency proceedings, the Department outlined that multiple court cases involving spectrum-related dues are currently sub judice, particularly those concerning whether spectrum usage rights could be treated as “assets” under the Insolvency and Bankruptcy Code (IBC), 2016. Key cases involving Aircel Group, Reliance Communications, and Videocon Telecommunication are pending before the Hon’ble Supreme Court. The Department have stated that their dues, being classified as operational dues, rank lower in the priority of claims under

Section 53 of IBC, 2016—behind insolvency resolution costs, workmen’s dues, and financial creditors.

To strengthen oversight and timely legal recourse, the DoT have issued a comprehensive Standard Operating Procedure (SoP) on 28.06.2023. This SoP includes regular monitoring of insolvency status of licensees, timely filing and follow-up of claims with Resolution Professionals (RPs), regular coordination meetings with RPs, and prompt legal challenges in case of rejections of DoT’s claims. The DoT also actively monitors these cases via the Legal Information Management & Briefing System (LIMBS) portal.

In specific cases like M/s Etisalat DB Telecom Pvt. Ltd., which is undergoing liquidation under the Companies Act, 1956, the Department have so far recovered ₹254.6 crore against their total dues of ₹1,089.69 crore. The remaining proceeds are being pursued through the official liquidator under the jurisdiction of the Hon’ble Bombay High Court. Similar cases involving M/s Loop Mobile (India) and M/s S Tel Pvt. Ltd. are currently pending in various High Courts.

While the Committee do note the Department’s structured legal follow-up and issuance of the SoP to manage insolvency proceedings, they emphasise the need to expedite recoveries and strengthen legal preparedness in CIRP and liquidation cases. Given the increasing financial exposure of the Government due to telecom defaults and insolvency, the Committee reiterate that DoT work in close coordination with legal and financial regulators and engage professional legal experts to ensure prioritization of Government dues. The Committee reiterate that DoT explore alternative mechanisms—such as spectrum value banking, performance-based financial guarantees and diversified revenue stream to ensure sustainable and predictable revenue flow in the event of such defaults. The Committee desire to be informed of further progress on pending legal matters and the actual recovery status vis-à-vis projected receivables from insolvent TSPs.

(Recommendation Sl. No. 13)

17. Revised Implementation Strategy of Amended Bharat Net Programme to connect villages

The Committee note that Amended BharatNet Programme intends to provide high speed broadband connectivity to all inhabited villages in the country and BSNL has put Notice Inviting Tender (NIT) for selection of Project Implementing Agency (PIA) for Development (creation, upgradation, operation & maintenance) of middle mile network of BharatNet on Design, Build, Operate and Maintain (DBOM) model for sixteen packages on 15.02.2024. As informed by the Department, under the current scope of the BharatNet, the Gram Panchayats (GPs) are primarily connected in linear structure because of which the reliability of the network is low. However, under the amended programme an estimated 2.65 lakh GPs are proposed to be connected in ring network. The remaining 3.8 lakh villages are proposed to be connected on demand basis. The network shall be maintained by professional agencies specialized in optical fibre network, selected through bidding process by BSNL. These agencies will maintain network for a period of 10 years at high defined standards of availability. It is also proposed to engage a professional private sector partner for the Network Operations Center (NOC) to design, build, operate and maintain the NOC for 10 years. The last mile network will be managed through BharatNet Udyamis (BNU) who would be a village level entrepreneur, Internet Service Provider, Self Help Group etc. BNUs will be given a one-time financial incentive for activating new home fibre connections. To incentivize continuity of services, BNUs will also receive a share of the monthly revenue (on established market practice). It is proposed to eventually provide 1.50 crore rural home fibre connections using the BNU model over the next five years. In order to fast track last mile connectivity, about 100 districts are identified for prioritizing expenditure on upgradation of infrastructure and subsidy to home fibre connections. BSNL will provide Internet Leased line (ILL) to all 7,269 blocks with sufficient bandwidth to ensure minimum 25 Mbps download speed to every home fibre subscriber.

In this context, the Committee, expect the Department to take necessary measures to address the concerns faced during previous phases of Bharat Net Project. Further, the development and targets achieved under the amended Bharat Net Project be submitted to the Committee within 6 months of presentation of this Report. The Department may also, if need be, consider to conduct the performance audit of the BharatNet Udyamis (BNU) and the Amended Bharat Net Project.

18. In their Action Taken Reply, the Department of Telecommunications submitted as under:—

Details of the Amended BharatNet Program is as follows:

1. BharatNet project is being implemented in a phased manner to provide broadband connectivity to all the Gram Panchayats (GPs) and villages, including tribal areas. The

infrastructure created under BharatNet project is a national asset, accessible on a non-discriminatory basis to the Service Providers, and the same can be utilized to provide broadband services through FTTH connections, leased lines, dark fibre, backhaul to mobile towers, etc.

2. The ABP to provide high speed broadband connectivity to all inhabited villages in the country. The Project will be fully funded through Digital Bharat Nidhi (DBN), Department of Telecommunications (DoT) at an estimated cost of INR 1,39,579 crore. The amount is Rs 1.88 lakh crores including the outlay for Phase-I and Phase-II. BSNL has been appointed as Project Management Agency (PMA) for Amended BharatNet Project. BSNL has put notice inviting tender (NIT) for selection of Project Implementing Agency (PIA) for Development (creation, upgradation, operation & maintenance) of middle mile network of BharatNet on Design Build Operate and Maintain (DBOM) model for sixteen packages on 15.02.2024

3. Under the current scope of the BharatNet, the Gram Panchayats (GPs) are primarily connected in linear structure because of which the reliability of the network is low. However, under the amended program an estimated 2.65 lakh GPs are proposed to be connected in ring network. The remaining 3.8 lakh villages are proposed to be connected on demand basis.

4. The network shall be maintained by professional agencies specialized in optical fiber networks, selected through bidding process by BSNL. These agencies will maintain network for a period of 10 years to high defined standards of availability. It is also proposed to engage a professional private sector partner for the Network Operations Center (NOC) to design, build, operate and maintain the NOC for 10 years.

5. The last mile network will be managed through BharatNet Udyamis (BNU) who could be a village level entrepreneur, Internet Service Provider, Self Help Group etc. BNUs will be given a one-time financial incentive for activating new home fiber connections. To incentivize continuity of services, BNUs will also receive a share of the monthly revenue (on established market practice). It is proposed to eventually provide 1.50 crore rural home fiber connections using the BNU model over the next five years. In order to fast track last mile connectivity, about 100 districts are identified for prioritizing expenditure on upgradation of infrastructure and subsidy to home fibre connections.

6. BSNL will provide Internet Leased line (ILL) to all 7,269 blocks with sufficient bandwidth to ensure minimum 25 Mbps download speed to every home fibre subscriber.

7. BSNL sign Agreement with BNUs for providing Last Mile connectivity using BNU model, as per techno-commercial arrangement between BSNL and BNU. Thus, BSNL monitor BNU performance as per the Agreement from time to time.

8. The status of implementation of Amended BharatNet Program:

- i. RFP was floated by BSNL for selection of Project Implementation Agencies (PIAs) for 16 packages (excluding Eight State led Model states) on 15.02.2024 and

opened on 07.08.2024. Advance Orders have been issued in 6 packages, and evaluation of balance packages is ongoing.

- ii. RFP for selection of Independent Engineer (04 packages) for overseeing work of PIAs in 16 packages was opened on 15.10.2024 and RFP for Independent Engineer (02 packages) for overseeing work of PIAs in Eight packages (under State led model) was opened on 18.10.2024. Technical bids are under evaluation
- iii. RFP for selection of PIA for C-NoC floated on 01.01.2025 and the last date of submission of RFP is 28.02.2025.

19. **The Committee had recommended that the Department take necessary measures to address the concerns faced during previous phases of the BharatNet Project. Under the Amended BharatNet Programme, the Committee noted that while earlier the Gram Panchayats (GPs) were connected in a linear structure, which made the network less reliable, the revised plan proposed to connect an estimated 2.65 lakh GPs in a ring architecture to improve network redundancy and stability. Additionally, around 3.8 lakh villages are proposed to be connected on demand basis. The Committee also took note of the initiative to involve BharatNet Udyamis (BNUs)—village-level entrepreneurs, ISPs, SHGs, etc.—for managing the last-mile network. BNUs were to be given a one-time financial incentive for activating new home fibre connections and would receive a monthly revenue share to encourage service continuity. The target is to provide 1.5 crore rural home fibre connections over the next five years. The Committee had sought development updates and targets achieved within six months of the presentation of the report and also recommended that, if necessary, a performance audit of the BNUs and the Amended BharatNet Project be undertaken.**

In their Action Taken Reply, the Department have stated that the Amended BharatNet Programme (ABP) is being implemented to provide high-speed broadband connectivity to all inhabited villages in India. The project is fully funded through the Digital Bharat Nidhi (DBN) at an estimated cost of ₹1,39,579 crore (₹1.88 lakh crore including Phases I and II). BSNL has been appointed as the Project Management Agency (PMA) and a Notice Inviting Tender (NIT) was issued on 15.02.2024 for selection of Project Implementing Agencies (PIAs) for the creation, upgradation, operation, and maintenance of the middle-mile network across 16 packages under a Design, Build, Operate, and Maintain (DBOM) model. Advance work orders have already been issued for 6 packages; evaluation is ongoing for the rest. The remaining 3.8 lakh villages will be connected based on

demand. The last-mile will be managed by BharatNet Udyamis (BNUs), with BSNL entering into techno-commercial agreements with them. These BNUs will receive a one-time incentive for new connections and a monthly revenue share. BSNL will also provide Internet Leased Line (ILL) connectivity to all 7,269 blocks to ensure a minimum download speed of 25 Mbps per rural home connection. For monitoring, BSNL will sign performance agreements with BNUs. RFPs for Independent Engineers to oversee the work of PIAs were opened in October 2024 and are under technical evaluation. Furthermore, RFP for selection of PIA for Central Network Operations Center (C-NoC) was floated on 01.01.2025, with a submission deadline of 28.02.2025.

The Committee note the significant structural and operational enhancements introduced in the Amended BharatNet Programme, particularly the shift to ring topology, incentivized last-mile management through BNUs, and the high-level institutional and financial planning being undertaken. Taking cognisance of the timely issuance of tenders and award of advance work orders, the Committee would like to stress upon the importance of effective ground-level execution. In view of the scale and critical nature of the programme, especially its focus on rural digital inclusion, the Committee reiterate their recommendation for timely submission of progress reports and strongly urge the Department to actively consider conducting a performance audit of the BNUs and the overall Amended BharatNet Programme to ensure transparency, accountability, and sustainability of outcomes.

Bharat Sanchar Nigam Limited: Roadmap to roll-out its 4G services

(Recommendation Sl. No. 18)

20. The Committee, in their Original Report, made the following observation/recommendation:—

“A critical component of the revival of BSNL and MTNL is continued capital infusion. The Government has already committed substantial funds through various sovereign guarantee bonds, but the challenge remains in ensuring that these funds are deployed efficiently and effectively. The current focus on debt restructuring through the issuance of bonds and equity infusions must be complemented by targeted efforts to improve cash flow management and reduce financial strain. The Department should ensure that the funds raised are prioritized for upgrading the telecom infrastructure and implementing 4G/5G technologies.

Further, the ongoing land monetization and the sale of tower and fibre assets must be strategically managed to maximize returns. This can include leveraging public-private partnerships or collaborations with real estate developers for land development, as well as exploring joint ventures for tower infrastructure. The merger of BSNL and MTNL, a critical long-term objective, should be expedited with clear timelines to ensure synergies and cost savings are realized quickly. A thorough review of the existing debt portfolio, along with measures to restructure or defer high-interest debt, would provide short-term relief and long-term financial stability. The Committee urge the Department to take proactive and concrete actions to advance in this direction. It is essential that these steps are implemented systematically, and the Committee would appreciate being kept informed of the developments, with a clear timeline for their execution and progress report.“

21. In their Action Taken Reply, the Department of Telecommunications submitted as under:—

“BSNL

Debt Restructuring of BSNL. Details are as under:-

The outstanding Bank term loans at the beginning of September, 2020 (before raising SG bonds) was Rs. 24,377 Cr. (Approx.) As allowed by Revival 1.0, BSNL raised Rs. 8,500 Cr from open market through Sovereign Guarantee Bonds in September, 2020.

Further, in 2022 through Revival package 2.0 BSNL was allowed to raise Rs. 22,828 Cr. from open market through Sovereign Guarantee Bonds to repay high cost bank debts. BSNL raised only Rs. 6,243.70 Cr (FY 2022-23 – Rs. 4,184.70 Cr & FY 2023-24 – RS. 2,059 Cr.)

The outstanding term loan of BSNL as on 14.01.2025 is Rs. 10.58 Cr. only.

The outstanding debt (Term Loan - 10.58 Cr. & SG Bonds - 14,743.70 Cr) of BSNL as on 14.01.2025 is Rs. 14,754.28 Cr only.

BSNL is prioritizing to upgrade its major Telecom infrastructures projects utilizing the funds. The details are as under:-

• Super Edge Routers for BSNL Internet Protocol Multi-Protocol Label switching (IPMPLS) network & 4G rollout

BSNL is executing upgradation of its network with 330 Super Edge and Edge Routers for Internet Protocol Multi-protocol Label Switching (IPMPLS) Network & 4G rollout. Supply of equipment & Installation work is completed. All equipment under BSNL has been commissioned. One Node under MTNL area is pending due to space issues at customer premises as on 31.12.2024.

• MPLS-IP based Access and Aggregation Network (MAAN) along with Test & Measuring equipment

BSNL is executing upgradation of its network and augmentation of Broadband services with 13,463 no. of MPLS-IP based Access and Aggregation Network

Nodes + 3095 no. of test & measuring equipment to increase bandwidth/ traffic requirement at last mile. Supply of all MAAN nodes including all accessories completed and supply of 2370 Test & measuring equipment completed. VT (Validation Test) of MAAN node is under way, 4638 out of 4650 MAAN equipment (C1/B4/B3) has been installed by M/s Tejas and are under commissioning. 6891 out of 8813 A3 & A4 nodes have been installed by BSNL and rest A3 /A4 installation is in progress.

• **Augmentation of Broadband Traffic Aggregation nodes (BNG)**

BSNL has started process of replacing its end of life expired Broadband Network Gateways (BNGs) and Regional Point of Presence (RPOP) with new technology CUPS BNG (Control plane User plane Architecture) BNG aggregates traffic from various customers from an access & aggregation network.

In FY 23-24 & FY 24-25, 123 BNGs under Phase-I and 115 BNGs under Phase-II have been installed & commissioned with Capex of 169 Cr.

Augmentation of CUPS BNG has upgraded the BSNL aggregator network with sufficient capacity to cater higher Bandwidth to FTTH customer and also to make up growing demand of Bandwidth. This will further boost the customer satisfaction as well revenue of BSNL.

• **Augmentation & Up gradation of LIM equipment**

LIM Equipment are being used for Lawful Interception Monitoring in order to fulfill the requirement of rapidly growing traffic. PO for High Capacity LIM have been placed for seven (7) locations with total capex cost of 34 Cr. Equipment have been commissioned in all seven (7) locations. This will boost the capacity of Lawful interception for BSNL Network in LEAs (Law Enforcement Agencies).

• **Expansion of Caching DNS solution**

DNS translates domain names and host names into the corresponding numeric Internet Protocol (IP) addresses. The role of DNS is very crucial for a network for connecting and enabling the browsers to load the respective internet resources. Earlier, BSNL has deployed Cache DNS Servers at nine (9) locations and Authoritative DNS Servers at two (2) locations. Vide PO dated 19.02.2024 issued to M/s TCIL, 8 Caching DNS have been supplied & installed in network at Chandigarh, Nagpur, Hyderabad, Vishakhapatnam, Bhopal, Mangalore, Madurai & Varanasi. The equipment has been commissioned.

• **CDR-III Project:**

BSNL project for 'Consolidation of existing 4 CDR Data Centers and 4 NIB-II P3 Data Centers with state-of-the-art Data Centers (at Hyderabad and Pune)' involves setting up of Primary Data Center at Hyderabad and Disaster Recovery Data Center at Pune for provisioning, billing and customer services handling for BSNL's Fixed line services. The work has been awarded to M/s TCIL. West Zone migrated to CDR Project-III system w.e.f. 07.09.2023. & South zone migrated to CDR Project –III

system w.e.f. 08.07.2024. Overall project progress is 81% completed and 19% remaining. West and south zone have been migrated to CDR III project. Other Zones migration preparation is in progress and scheduled to be migrated after all pending migration related issues are addressed.

• **BSNL is also utilizing its fund for implementing 4G technology in its network. The details of Roadmap to roll-out its 4G services & progress is as below:-**

(i) Based on the directions received from DoT & in line with the 'AtmaNirbhar Bharat' initiative of the Government of India, BSNL invited Expression of Interest (EoI) on 1st January, 2021 thereby providing an opportunity to the Indigenous manufacturers to technically prove their product by participation in the PoC (proof of concept). Upon successful completion of PoC, the bidder will become eligible to participate in the 4G tender of BSNL.

(ii) BSNL issued 4G tender on 22.10.2022 for procurement of 1 Lakh eNodeBs & associated core equipment on PAN India basis including Delhi & Mumbai LSA of MTNL on turnkey basis under Phase IX.2 Project.

(iii) PO has been issued to M/s ITI (RQ) on 08.06.2023 for west Zone RAN, M/s TCS for Core Hardware in all zones and RAN in NZ+SZ+EZ & M/s CDOT for software of 4G Core for all zones on 22.06.2023.

(iv) Total 71293 eNodeBs have been installed & 60127 eNodeBs are on –aired upto 05.01.2025. The I & C (Installation & Commissioning) of 1 Lakh eNodeBs is expected to be completed by June-2025. Further, BSNL has planned additional 22000 sites to cater the supply requirement under Phase IX.2 project.

The equipment being procured through BSNL 4G project is upgradable to 5G with software upgrade and minimal change of hardware. Total 38825 sites to be upgraded to 5G after the launch of 4G services

BSNL is earning revenue from leasing out its core assets such as Tower & OFC. Revenue earned from leasing of Tower & fiber assets is as under:-

Revenue Stream	Actual (amount in Cr.)			
	2021-22	2022-23	2023-24	2024-25 up to Nov 24
Tower	1,050.42	1,024.30	1,055.80	652.88
Fiber	400.46	388.49	399.55	263.76
Total	1,450.88	1,412.79	1,455.35	916.64

BSNL is expecting to increase its revenue from its core asset .Revenue projection from leasing of Tower & fiber assets is as under:-

Revenue Stream	Projections (amount in Cr.)					
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Tower	1,088.00	1,121.00	1,155.00	1,190.00	1,226.00	1,263.00
Fiber	412.00	425.00	438.00	452.00	466.00	480.00
Total	1,500.0	1,546.00	1,593.00	1,642.00	1,692.00	1,743.00

BSNL is monetizing its land and buildings through the following routes/modes

Modes of Monetization

1. Sale of land parcels valuing below Rs.10 cr. with the approval of BSNL Board.
2. Sale of land parcels valuing between Rs.10 cr. to Rs.100 cr. with the approval of Group of Ministers.
3. Sale of land parcels valuing above Rs.100 cr. through NLMC
4. Direct sale of land parcels to Govt. organizations/CPSEs.
5. Renting out of its built-up space and facilities.

Land Monetization (LM) status

BSNL has about 15,000 land parcels with a total book value of Rs.67, 837 crores as on 31.12.2020. BSNL has planned to monetize spare land and buildings through outright sale/lease of lands and leasing of vacant built-up space. The Department of Investment and Public Asset Management (DIPAM) had appointed consultants for monetization of 11 properties in Phase-1 and 7 properties in Phase-2. Now DIPAM has transferred the asset monetization work to the NLMC (National Land Monetization Corporation).

BSNL has earned revenue through monetization of land and building assets since the announcement of revival package in October, 2019 to 10.12.2024 is Rs.1057.26 Cr.

Income from Renting of Built-Up Spaces in BSNL

- BSNL has been renting out its spared built-up spaces in Administrative buildings, Technical buildings and staff quarters.
- Priority given to Govt. Departments, PSU's, PSU Banks etc.
- Reputed private organizations are also allowed subject to certain minimum turnover criteria.
- It is targeted to spare minimum 35% space in each building for renting out.
- Non critical offices are being shifted to non-commercial locations paving way for more commercial exploitation of Exchange/Office buildings.
- Rental income from 2010-11 to 31.10.2024 is Rs.1791.90 Cr.

New proposal for Land monetization

A proposal for monetizing 29 BSNL properties on development model for 7 nos. residential, 8 nos. commercial, 2 nos. technology parks, 2 nos. Warehouse & 10 nos.

for Solarisation is under process for approval of appointment of Transaction Advisor, for getting feasibility report, type of model & RFP to be adopted.

Present Status of BSNL & MTNL Merger

Govt. had given in-principle approval for merger in 2019. However, Group of Ministers put on hold the merger in the year 2020.

The Union Cabinet in 2022 has approved an Alternate Mechanism having delegated powers of Union Cabinet for restructuring, transfer of operational activities of MTNL to BSNL, debt reduction and asset monetization of MTNL.

The Alternate Mechanism has approved that BSNL will execute a suitable arrangement between MTNL and BSNL, agreeing in principle to run MTNL's telecom services by undertaking maintenance and running activities of MTNL completely in EBITDA neutral basis including meeting the HR cost.

MCA vetted Service agreement between BSNL and MTNL was signed on 22.11.2024. The MoU signed between the PSUs came in effect from 01.01.2025.”

22. The Committee, in their Report, emphasized that continued and efficient capital infusion is critical to the revival of BSNL and MTNL. While the Government had already provided substantial support through Sovereign Guarantee Bonds and equity infusions, the Committee had recommended that the Department ensure effective utilization of these funds, especially towards infrastructure upgradation and timely implementation of 4G/5G technologies. The Committee had also called for strategic monetization of land, towers, and fiber assets, preferably through public-private partnerships and joint ventures. Furthermore, the merger of BSNL and MTNL was to be expedited with a clearly defined roadmap to unlock synergies and improve operational efficiency. The Committee had sought regular updates and a time-bound implementation strategy for these key revival steps.

In response, the Department of Telecommunications have provided detailed updates on BSNL's debt restructuring, which significantly reduced the company's outstanding term loans and improved financial stability. BSNL has utilized capital for upgradation projects such as Super Edge Routers, Broadband Aggregation Nodes, CDR-III data centers, DNS servers, and Lawful Interception Monitoring systems. The 4G rollout is in progress with over 71,000 eNodeBs installed and over 60,000 on-ai red, with a roadmap for 5G readiness. BSNL is also monetizing its core assets—earning substantial revenue from leasing towers and fiber—and is on track with projected increases in such income. Land monetization efforts are being taken forward through various models, including those involving NLMC and DIPAM. A new proposal involving development-based monetization of 29 land parcels is also under process. Regarding the BSNL-MTNL merger, while full legal merger has not been finalized, operational integration has progressed with the signing of a service agreement effective from January 2025, enabling BSNL to manage MTNL's operations on an EBITDA-neutral basis.

The Committee note the detailed action plan undertaken by the Department and the tangible progress in infrastructure modernization, 4G deployment, and asset

monetization. However, the Committee reiterate that the revival of BSNL and MTNL must not only rely on fund infusion and issuance of Sovereign Guarantee Bonds but also on time-bound execution of strategic reforms and optimal utilization of assets and exploration of other measures coupled with addressing the challenges of service quality technological advancements and systemic inefficiencies. The Committee further reiterate that the Department expedite the full operational and financial integration of MTNL into BSNL, work towards resolving legal and administrative hurdles for a formal merger and undertake land monetization efforts and periodic reports be submitted to the Committee with clear timelines, revenue outcomes, and impact assessments to ensure accountability and transparency in the revival process. The Committee would further like to be apprised of the tangible outcome of various initiatives taken to revive BSNL alongwith profit earned by Company, if any post revival measures.

(Recommendation Sl. No. 24)

23. The Committee, in their Original Report, made the following observation/recommendation:—

Review of functioning of PSUs

Indian Telephone Industries (ITI) Limited

The Committee note that for the financial year 2023-24, ITI reported a total income of Rs 536.01 Crore against a total expenditure of Rs 626.09 crore, resulting in a loss of Rs. 91.08 crore. While the revenue target for the year was Rs 2,244 crore (exclusive of taxes) ITI could achieve only Rs 1,264 crore (exclusive of taxes) as of 31 March 2024, falling short by Rs 980 crore. The Department explained that the shortfall was due to several key factors, including delays in the availability of raw materials owing to long lead times, a shortage of working capital, and delays in completing the Proof of Concept (PoC) for the ASCON-IV project, which impacted the overall execution timeline. Additionally, the high rate of obsolescence in telecom technologies was highlighted as a factor contributing to the delay in meeting the revenue target.

The Committee understand that the company's inability to meet the Intended External Budgetary Resources (IEBR) target reflected broader challenges in performance, particularly stemming from financial constraints, including non-availability of raw materials and delayed customer payments. This combination of factors led to delayed project rollouts and reduced revenues. However, the Department expressed optimism for FY 2024-25, citing that progress in the ASCON-IV PoC and BSNL's order

for 4G infrastructure could significantly improve ITI's performance by the end of the fiscal year.

While ITI faces significant challenges in terms of working capital, procurement delays, and obsolescence of technology, the Department's strategic focus on national projects like the ASCON-IV and BSNL's 4G rollout provides a promising outlook for FY 2024-25. Regarding capital expenditure, ITI was allocated Rs 160 crore for FY 2023-24, with plans to establish a Mono PERC Solar Module Manufacturing plant and expand Optical Fiber Cable (OFC) manufacturing. However, due to company's cash flow issues, including high borrowing costs (11.3% per annum), ITI was unable to utilize the full Capex allocation and revised its requirement to Nil in the Revised Estimates (RE) for 2023-24. For FY 2024-25, a Capex allocation of Rs.168 crore has been made, earmarked for several key projects, including the Mono Crystalline Solar Module Manufacturing Facility, Digital Mobile Radio (DMR) infrastructure, Electric Vehicle chargers, and SD-WAN technologies. However, immediate steps are needed to resolve liquidity issues, improve project execution efficiency, and ensure that Capex allocations are utilized effectively.

The Committee observe that the primary challenge for ITI is the shortage of working capital. The Committee recommend the Department to:

- (i) Explore alternative financing options, including equity infusion, preferential loans, or Government-backed financial support to ensure smooth project execution. Additionally, ITI should implement measures to expedite payment collections from Government and public sector clients to improve cash flow.
- (ii) Raw material procurement: In order to mitigate delays in raw material procurement, the Department should consider developing strategic partnerships with suppliers to ensure a steady supply of critical components. The adoption of just-in-time inventory management and long-term contracts with key suppliers could help reduce lead times and improve project timelines.
- (iii) Phased Capex Implementation: Given the financial constraints, the Committee suggests that ITI may adopt a more proactive and phased approach in the execution of large projects, starting with the most critical components and gradually scaling up based on available resources. By this approach, the

challenges associated with large upfront investments could be mitigated and improve the company's financial health and sustainability.

(iv) Leveraging Technological Advancements: With obsolete telecom technology posing risks, the Department should prioritize Research and Development (R&D) to innovate and introduce next-generation solutions. Further, partnerships with academic institutions or private sector players could be explored to fast-track technological upgrades and mitigate obsolescence risks.

(v) Capex Allocation Strategy for 2024-25: The Committee appreciate the Capex allocation of Rs.168 crore for FY 2024-25 but emphasize that needful attention be paid to utilize allocation optimally and efficiently. The focus should be on timely execution of high-priority projects (such as the Mono Crystalline Solar Module Manufacturing Facility and Electric Vehicle chargers), while aligning with national priorities like renewable energy and infrastructure development.

(vi) Monitoring and Evaluation: The Committee recommend the establishment of a robust monitoring and evaluation mechanism to track the progress of key projects, particularly those funded by the Government. Regular performance reviews be conducted to ensure that milestones are met, and adjustments are made where necessary to avoid time and cost overruns.

24. In their Action Taken Reply, the Department of Telecommunications submitted as under:—

As part of the Revival Plan approved by Cabinet Committee of Economic Affairs (CCEA) for ITI Ltd. in 2014, total capex of Rs. 2264 Cr. is approved for ITI Ltd. As of now Rs 1132.56 Cr. has been sanctioned to ITI Ltd. based on the various Detailed Project Reports (DPRs) submitted by them as per their requirements. Further, to overcome the immediate cash flow issues the monetization of non-core land parcels located at Bengaluru is under process.

Further, wrt. measures to expedite payment collections from Government and public sector clients to improve cash flow, ITI Ltd. has informed that a concerted mechanism is in place to expedite collections from all the customers of the company including public sector units and Defence Customers for which the company is executing various projects. Regular follow up meetings are conducted with the customers with the primary focus on realizations and improving the cash flows for the company.

Also, as per decision of AMRCD, ITI Ltd. will get Rs. 200 Cr. towards the settlement of land dispute with C-DOT in lieu of ITI Ltd.'s land at Electronic City, Bangalore.

(ii)Raw material procurement: In order to mitigate delays in raw material procurement, the Department should consider developing strategic partnerships with suppliers to ensure a steady supply of critical components. The adoption of just-in-time inventory management and long-term contracts with key suppliers could help reduce lead times and improve project timelines.

ITI Ltd. has informed that ITI Ltd. is primarily engaged in manufacturing products and sourcing raw materials/finished goods based on the specific requirements and quantities of secured projects. These projects are typically executed in collaboration with technology and backend partners. While the overall project expectations and requirements are outlined during the issuance of work orders, the precise delivery schedules—often phased—are communicated during the contract period in alignment with customer requirements.

With the involvement of backend partners, proof of concept validations, quality certifications, and inventory maintenance costs, ITI Ltd. adopts a "just-in-time" approach for certain procurements to align with project timelines. Each unit of ITI Ltd. has dedicated Stores and Planning departments responsible for assessing requirements and maintaining inventory. For regular production items, these processes are well-established and functioning efficiently.

However, due to recurring cash flow challenges, delays in vendor payments occasionally disrupt supply cycles. ITI Ltd. is actively addressing these challenges by enhancing vendor engagement, streamlining raw material management, and conducting regular reviews of production and supply requirements. Efforts are also underway to improve procurement transparency, foster vendor development, and ensure timely availability of materials to meet project deadlines.

(iii)Phased Capex Implementation: Given the financial constraints, the Committee suggests that ITI may adopt a more proactive and phased approach in the execution of large projects, starting with the most critical components and gradually scaling up based on available resources. By this approach, the challenges associated with large upfront investments could be mitigated and improve the company's financial health and sustainability.

ITI Ltd. has informed that the company is undertaking large number of strategic projects in the Defence sector as well as BharatNet projects. These projects are huge in size and have a significant bearing on the financials of the company. The company, keeping in view the importance of adhering to the project timelines and availability of physical and financial resources, carry out a meticulous planning in terms of resource deployment by assigning the criticality to various components/sub-sets associated with the project. The various phases and life cycle of the project are broken down and planning is done for each level and arriving at a critical path to meet the challenges associated with upfront investment in the project. Every effort is made to mitigate any kind of stress on the company's financial health and availability/deployment of resources.

(iv)Leveraging Technological Advancements: With obsolete telecom technology posing risks, the Department should prioritize Research and Development (R&D) to innovate and introduce next-generation solutions. Further, partnerships with academic institutions or private sector players could be explored to fast-track technological upgrades and mitigate obsolescence risks.

ITI Ltd. has informed that ITI state-of-the-art Research & Development (R&D) located in Bangalore plant is designing & developing Communication Equipment to support manufacturing and keep abreast of State of the Art Technologies in the field of Electronics & Communications. The R&D at ITI Ltd. has core strength in design & development of Encryption systems to secure Communication Networks and also in development of Network solutions & other diversified products like Electronic Voting Machine (EVM), Digital Mobile Radio (DMR), and Smart Energy Meter (SEM) etc. The necessary infrastructure to aid design & development is available in the form of Test Instruments, Software design tools, CAD design tools, Reliability lab, EMI/EMC test lab and Telecom testing lab.

Start-up India mission: -

With a vision to contribute for Start-up India mission of Govt. of India, ITI Ltd. is in the process of establishing 1000 seater Start-up hub in phased manner at ITI Bangalore plant for encouraging start-ups in the country. ITI Ltd.'s vision for Start-up hub is to help Start-ups convert their Innovations to Pilot Products quickly through Rapid Prototyping facilities under one roof and to Manufacture the Successful products in-house and market them. A 168 seater start-up hub along with amenities like dedicated corporate hub meeting room, demo room, highly secure Wi-Fi connectivity is functional at ITI Ltd. Recently, ITI Ltd. has signed Technology Transfer agreement with Start Ups in ITI Start Up hub for products like ONT, OLT, Router, Wi-Fi Access Point etc.

Manufacturing infrastructure for 4G /5G Radios: -

- ITI Ltd. has entered in technology alliances with leading partners like C-DoT, TCS for 4G upgradable to 5G.
- ITI Ltd. has established manufacturing infrastructure for 4G /5G Radios across its three plants having capacity to manufacture 1,200 RRUs per day.

Partnership with Private sector: -

ITI Ltd. has entered in partnership with several private players for the following purpose: -

Sr. No.	Partnership with	MoU signed date	Technology area	Status of Partnership
1.	Niral Network Lekha Wireless Insta ICT Galore Altima Source Dot Com	15.02.2024 15.02.2024 15.02.2024 28.08.2024 30.08.2024 30.08.2024	5G Private Network Solutions	ITI Ltd. has entered into a partnership with Startups in 5G domain. Implemented 5G Test Lab in ITI R&D, Bangalore with the help of Partners. 5G core and edge products can be integrated with 5G radio for compatibility testing. This will enhance 5G system integration activities in private 5G deployments and also showcase the Private 5G lab to new customers. Similar use cases and test setups may also be deployed for Govt. Institutions as new business opportunities. The 5G lab setup would be utilized for the demonstration of use cases like IOT, Drones, Video Analytics, AR/VR, Robotics configuration, and operations based on 5G technology.
2.	JandK Operations	15.02.2024	Indigenously developed mobile operating	ITI Ltd. has signed MOU with JANDK for developing secure Tablets, PCs and

			system, BharOS	Laptops with Indigenous BharOS Operating system.
3.	Lavelle Networks, Infinity Labs	Empaneled on 16.10.2024 and MoU under process.	SDWAN	Empaneled for manufacturing of SDWAN products and solutions. They will be assisting ITI Ltd. in setting up the production lines design, Manufacture and test the SDWAN solutions for the customers.
4.	Germer Technologies Pvt Ltd Aegis Smart Logix India Private Limited	09.09.2024 14.09.2024	Battery Regeneration Solution	Empaneled for Digital Regeneration of Valve Regulated Lead Acid (VRLA) and Nickel-Cadmium Batteries.
5.	Techonomy Solutions	12.08.2024	ONT, OLT, Router	ToT was signed with M/s Techonomy for manufacturing of ONT, OLT, Routers.

(v) Capex Allocation Strategy for 2024-25: The Committee appreciate the Capex allocation of Rs.168 crore for FY 2024-25 but emphasize that needful attention be paid to utilize allocation optimally and efficiently. The focus should be on timely execution of high-priority projects (such as the Mono Crystalline Solar Module Manufacturing Facility and Electric Vehicle chargers), while aligning with national priorities like renewable energy and infrastructure development.

In the current financial year, CAPEX of Rs. 168 Cr. was budgeted and allocated for ITI Ltd. under revival plan approved by CCEA in 2014. The Apex Committee in its 13th

meeting held on 13.12.2024 reviewed the projects of ITI Ltd. and approved the projects of Rs. 100 Cr. and funds of Rs. 59 Cr. as sought by ITI Ltd. for current financial year (2024-25) as per below:-

(in Rs. Cr.)

Sl. No	Name of project	Approved Project Cost	Fund sought by ITI Ltd in current FY
1.	500 MW fully automatic high efficiency Mono PERC solar module manufacturing line	80	50
2.	DMR (Digital Mobile Radio) manufacturing infra	15	7
3.	SD WAN (Software-Defined Wide Area Network)	5	2
Grand Total (in Rs. Cr.)		100	59

Wrt. Mono Crystalline Solar Module Manufacturing Facility, ITI Ltd has informed that a tender enquiry has already been floated and process started for other two projects also. ITI has also informed that all necessary actions in this regard are being taken by them so as to timely utilize the budgeted CAPEX for the said projects.

(vi)Monitoring and Evaluation: The Committee recommend for the establishment of a robust monitoring and evaluation mechanism to track the steady progress and completion of key projects, particularly those funded by the Government. Regular performance reviews be conducted to ensure that milestones are met, and adjustments are made where necessary to avoid time and cost overruns.

As per CCEA approval , the implementation of revival plan of ITI Ltd. is regularly monitored at DoT by an Apex Committee, chaired by the Secretary(T) and having representation from DPE and DoE. The 13th meeting of the Apex Committee was held on 13.12.2024.

Additionally, monitoring is also done at corporate and unit level in ITI. In this regard, ITI Ltd. has informed that management conducts regular reviews of business operations across its units, with a particular focus on key projects, during weekly progress evaluation meetings. To facilitate this, a dedicated dashboard has been developed to quantify progress and measure the efforts made. Designated officials are assigned to closely monitor and coordinate with project managers, providing necessary assistance and support to expedite tasks and streamline processes. Project timelines are clearly defined and monitored at the corporate level on a daily basis. Additionally, progress at the unit level is regularly assessed to set and track timelines for individual sub-teams, ensuring responsibilities are clearly outlined and adhered to.

25. **The Committee, in their Original Report, observed that during the financial**

year 2023-24, ITI reported a total income of Rs. 536.01 crore against a total expenditure of Rs. 626.09 crore, resulting in a loss of Rs. 91.08 crore. ITI had a revenue target of Rs. 2,244 crore (exclusive of taxes), but it could achieve only Rs. 1,264 crore (exclusive of taxes) as of 31 March 2024, falling short by Rs. 980 crore. The shortfall was attributed to several key factors, including delays in the availability of raw materials, shortage of working capital, and delays in completing the Proof of Concept (PoC) for the ASCON-IV project etc, which severely impacted the overall execution timeline. The high rate of obsolescence in telecom technologies also contributed to the deficit in meeting the revenue target. The Committee recognized that ITI's inability to meet the Intended External Budgetary Resources (IEBR) target reflected broader challenges in performance, particularly stemming from financial constraints, including non-availability of raw materials and delayed customer payments, leading to delayed project rollouts and reduced revenues. The Department expressed optimism for FY 2024-25, citing progress in the ASCON-IV PoC and BSNL's order for 4G infrastructure, which could significantly improve ITI's performance. However, the Committee had recommended that urgent measures be taken including exploring alternative financing options such as equity infusion, preferential loans, or Government-backed financial support to ensure smooth project execution. They had also called for strategic partnerships with suppliers to ensure a steady supply of critical components, and a phased approach to capital expenditure implementation to address financial constraints and ensure optimal resource deployment.

In their action taken reply, the Department have highlighted the Revival Plan approved by the Cabinet Committee on Economic Affairs (CCEA) in 2014, which sanctioned a total capex of Rs. 2,264 crore for ITI Ltd. As on 15.01.2025, Rs. 1,132.56 crore has been sanctioned, with further steps being taken to overcome ITI's immediate cash flow issues, such as monetizing non-core land parcels at Bengaluru. The Department have also submitted that concerted efforts were being made to expedite payment collections from Government and public sector clients, including regular follow-up meetings to improve cash flow. On raw material procurement, the Department confirmed that ITI Ltd. is implementing a "just-in-time" approach and has dedicated departments responsible for assessing requirements and maintaining inventory. Additionally, the company is actively addressing cash flow challenges by enhancing vendor engagement and improving

procurement transparency. The Department also noted that ITI Ltd. is adopting a meticulous planning process for large strategic projects in the Defence sector and BharatNet, with a focus on resource deployment and phased execution. Regarding technological advancements, the Department informed that ITI Ltd. has a robust R&D setup in Bangalore, working on State-of-the-Art communication equipment and collaborating with private sector players for 4G/5G technology advancements. Finally, the Department assured that the capex allocation for FY 2024-25 would be utilized efficiently, with a focus on high-priority projects such as the Mono Crystalline Solar Module Manufacturing Facility and Electric Vehicle chargers.

The Committee, while reviewing the Department's action taken reply, reiterate their concerns regarding the persistent challenges faced by ITI Ltd., particularly in terms of working capital shortage, delay in collection of payments, procurement delays on raw material, and technological obsolescence. While the Department has outlined several measures, the Committee emphasize the urgency of resolving these issues to ensure ITI Ltd.'s long-term financial sustainability and physical growth. The Committee reiterate their recommendations for exploring alternative financing options to address cash flow challenges, including equity infusion, preferential loans, or Government-backed financial support such as bonds etc. Emphasis is also laid on the need for strategic partnerships with suppliers to improve raw material procurement efficiency, adequate collection of inventory and reduce delays in output. The Committee further reiterate the importance of adopting a phased capital expenditure implementation approach to mitigate financial strain and improve project execution. Given the risks posed by obsolete telecom technologies, the Committee once again emphasize the need for ITI Ltd. to accelerate its focus on Research and Development (R&D) besides technical collaboration with industry partners to drive technological innovation and be in the reckoning. With regard to the capex allocation during FY 2024-25, the Committee urge the Department to ensure optimal and efficient utilization of allocated funds, focusing on projects aligned with national priorities such as renewable energy infrastructure and Electric Vehicle chargers. Finally, the Committee stress the importance of establishing a robust monitoring and evaluation mechanism to track the progress of key projects and ensure that milestones are met timely and within budget, with regular performance reviews to avoid time and cost overruns and desire to be informed of steps taken and achievements made in this regard.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

(Recommendation SI. No. 1)

Budgetary Allocations and Utilizations during 2024-2025

The Committee note that the Department of Telecommunications have laid the Detailed Demands for Grants (2024-25) of the Department on 31.07.2024 for a total amount of Rs.131627.98 crores. While the Department had proposed for a total grant of Rs. 127970.72 crores for 2024-25, there has been an increase of 2.86 per cent in total allocation (131627.98 Cr) under BE 2024.25. The Committee note that during 2023-24 the BE was Rs. 108153.25 Crores, which was increased to Rs. 114385.13 crores at RE 2023-24, whereas the actual expenditure had been Rs. 95508.60 crores constituting 83.50 % fund utilization leaving Rs. 18876.53 Crores unutilized. The Committee, while appreciating the significant increase in fund allocations for 2024-25, call upon the Department to expedite implementation of important schemes and projects undertaken by the Department. Given the fact that the availability of requisite funds is critical for effective and smooth implementation of various schemes of the Department, the Committee desire that every effort be made to fully utilize the allocations made during the current financial year. The Committee urge the Department to make earnest efforts to adhere to the expenditure control guidelines issued by the Ministry of Finance and optimally utilize the earmarked amounts. The Committee trust that all prudent measures would be taken by the Department to utilize the amount granted to the Department in 2024-25. The Committee would like to be informed of the measures taken in pursuance of this recommendation.

Reply of the Government

BE 2023-24 allotted to the Department was Rs. 108153.25 crore which was increased to Rs. 114385.13 crore in RE 2023-24 and the actual expenditure was Rs. 95522.91 crore which is 83.5% of RE 2023-24.

The savings were mainly on account of requirement of less funds towards projects under compensation to Service providers in the revenue section (Rs.5395.04 crores) and under Bharat net(1924.46 crores) and OFC based network for Defence services in the Capital Section (Rs. 2658.30 crores).

Also, out of the allotted RE of 139816.31 crore for FY 2024-25, in which Rs. 57169.79 crore is under Revenue Head and Rs. 82646.52 crore is under Capital Head, Rs.49210.30 crore has already been utilised till 28.02.2025 which is 35.20% of the total RE 2024-25. Regular review meetings are being held at the highest levels to ensure timely and optimal utilisation of Budget allotted to the Department. (in r/o capital infusion for BSNL/MTNL, Bharat Net, OFC based network for DS, Loans to MTNL on invocation of Government Guarantee where expenditure is seen to be less when compared to RE)

Further it is informed that for FY 2024-25 wrt Capital Infusion in BSNL/MTNL out of the allotted Rs.72027.65 crore (RE 2024-25), an amount of Rs.10228.03 crores has been utilised by BSNL as on 28.02.2025. The balance will be utilized by BSNL for 4G rollout. BSNL will roll out 4G/5G network in India including Delhi and Mumbai Circles on behalf of MTNL also. There is a delay in 4G rollout in BSNL as the technology is being developed indigenously. Considering the speed of rollout, the BSNL has been allotted Rs.61799.62 Crore for spectrum in current Financial Year itself. However BSNL plans to take the spectrum in the month of March of the FY 2024-25.

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(Recommendation Sl. No. 2)

Out of the total allocation of Rs.131627.98 crores under BE-2024-25, Revenue section accounts for Rs. 38475.54 crores and Capital section accounts for Rs. 93152.44 Cr. The amount is Rs. 23474.73 crores more than the allocation made at BE for the year 2023-24 which was 108153.25 crores. There is a decrease of Rs 2985.89 crore under Revenue Section and also an increase of Rs. 26460.62 crore under Capital Section when compared with the previous year. The Budget Estimate for 2023-24 under the Capital Head was Rs 66691.82 Crores and for 2024-25 it has been enhanced to Rs 93152.44 Crores, an enhancement of 39.68 percent. The Department have stated that in this, Rs. 82,916 Cr. is for revival of BSNL out of which Rs. 8,609 Cr. is for Capex and Rs. 74,307 Cr. is for spectrum allotment and is cash neutral and Rs. 8,500 Cr. is for Digital Bharat Nidhi (DBN) (BharatNet).

During 2023-24, the total outlay under Capital section in BE was Rs 66691.82 Cr, which has been increased to Rs 75099.43 crore in RE 2023-24. An amount of Rs 52937.00 Cr which was allotted in BE 2023-24 for Capital Infusion in BSNL and MTNL has been increased to Rs. 64787.17 Cr in RE 2023-24 and Rs. 82916.20 Cr is allotted in BE 2024-25. Taking both Revenue and Capital sections together, the overall outlay for BE 2023-24 of the Department was Rs.108153.25 Cr, which has been increased to Rs. 114385.13 Cr at the RE stage. The increase was mainly on account of enhancement under Capital Infusion in BSNL and MTNL.

Reply of the Government

Observations/Recommendations noted.

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(Recommendation Sl. No. 3)

The Committee further examined the revenue expenditure pattern of the Department for FY 2023-24 and observed shortfall in expenditure under Revenue Section in the Budget of the Department for the year 2023-24. The Revenue Expenditure in the year was estimated to be Rs 41461.43 Cr in BE 2023-24 which was reduced to Rs 39285.70 Cr in RE 2023-24. The Department could not spend even reduced budget and actual Revenue Expenditure during FY 2023-24 stood at Rs 33052.88 Cr. When the Committee asked the Department about the reasons for such a shortfall, the Department informed that in the Revenue Section, the decrease in the allocation made at RE stage during 2023-24 was mainly on account of reduction in the allocation in pension which was estimated according to expenditure incurred. Decrease in actual utilization is mainly due to less expenditure in compensation to service providers for USOF on account of less utilization in 4G saturation project. The Department proposed Rs 53832.02 Cr as Revenue Expenditure in the Budget 2024-25. However, the proposed expenditure was scaled down and Rs 38475.54 Cr has been included in the Demands for Grants. Taking into consideration that the Revenue expenditure in 2023-24 was not as anticipated, the Committee would call upon the Department to expend the allocated amount effectively by utilising them and in a time bound manner.

Reply of the Government

The Revenue Budget of the Department was Rs.41461.43 crore in BE 2023-24 and was reduced to Rs.39285.70 crore in RE 2023-24 and the actual Revenue Expenditure during FY 2023-24 stood at Rs.33067.19 crore. Decrease in actual utilization is mainly due to less expenditure in compensation to service providers for USOF under which Head Revised Allotment of Rs. 10,700 crores for FY 2023-24, was received under Revenue Section against which Rs. 5304.96 crore was utilized. The reason of low expenditure under DBN was mainly due to delay in installation and supply of indigenously developed and domestically manufactured equipment by BSNL in 4G Saturation Project. The other mobile projects are delayed due to the pending Forest permission from State/MoEFCC, Access/Local issues etc. As on 31.12.2024, total 15,334 towers have been installed / upgraded under various ongoing projects of DBN.

Out of the total BE of Rs.1,31,627.98 crores allotted in FY2024-25, Rs. 38475.54 is under Revenue Heads and the same has been increased to Rs.57169.79 crores in RE stage. Rs. 34640.87 crore has already been utilized till 28.02.2025 which is 61% of the allotted RE 2024-25 under Revenue Heads. In respect to Compensation to Service Providers for USOF the total expenditure as on 28.02.2025 is Rs.4810.18 crore out of the Total RE Rs.7000 crore. Regular review meetings are being held at the highest levels to ensure timely and optimal utilization of budget allotted to the Department with special attention to Compensation to Service Providers for USOF and PLI scheme.

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(Recommendation Sl. No. 5)

Regarding Budget Estimates 2024-25 and expenditure incurred under various heads from 01.04.24 to 15.10.24 it is seen that only 6 percent of BE has been spent under the head Revival Plan of BSNL / MTNL, 23 percent under DBN(Bharat Net), 8 percent expenditure incurred on Prevention of Spoofing International Calls System (CIOR) , and zero percent on OFC Network for Defence Services. Further under the Revenue Expenditure , the Committee find that only 23 percent of BE 2024-25 has been spent during the period from 01.04.24 to 15.10.24 under the head DBN(Other than Bharat Net) , 1 percent on Production Linked Incentive Scheme and only 2 percent on Champion Service Sector Scheme . The Committee observe that the percentage of expenditure under these heads of Capital and Revenue Section is not commensurate with the expenditure projected under the BE 2024-25. In view of the foregoing, the Committee would like that the Department of Telecommunications (DOT) should take necessary measures to expedite the utilization of allocated funds under key capital and revenue expenditure heads. Taking note that the current spending patterns are significantly lower than projected in the Budget Estimates for F.Y. 2024-25, the Committee desire like the Department to prioritize timely execution of projects like the Revival Plan for BSNL/MTNL, Bharat Net and the Prevention of Spoofing International Calls System (CIOR) and also ensuring that delays in execution do not lead to underutilization of funds. A detailed review and action plan should be put in place to address the low expenditure under the OFC Network for Defence Services and Production Linked Incentive Scheme. Furthermore, DOT should strengthen monitoring mechanisms, track progress closely, and ensure that expenditure is aligned with set timelines and deliverables. The Committee may be apprised of the measures taken to achieve the targets and completion status of these projects.

Reply of the Government

Revival Plan for BSNL/MTNL

As per DOT OM dated 02.08.2022 BSNL was supposed to be allotted Rs. 1851.2 Cr fund for CAPEX for FY 22-23 to FY 24-25 for MTNL. The placement of POs is being done by BSNL for the requirement of MTNL. The total value of the PO's placed by BSNL for MTNL's requirement is Rs. 101 Cr. The details of the PO's placed by BSNL for MTNL's requirement are as follows:

1	Upgradation of MPLS Network Core routers: 6, Edge-I : 30, Edge-II : 48 L-3 Switches: 150	PO No. MMP/CT/PO/03/2022-23 dated 21.03.23 Value Rs. 64.6 Cr*
2	Firewall 3 Firewalls (DLI : 2 MBI: 1)	PO No. MMP/CT/PO/03/2022-23 dated 21.03.23 Value Rs. 3.58 Cr*
3	Procurement of BNGs in BB	PO No. 4201285901 dated 04.01.23

	network (DLI : 4 MBI: 4)	Value: Rs.7.72 Cr
4	Urgent requirement of batteries of MTNL (1500 AH, 2000 AH, 4000 AH, 5000 AH) Delhi : 14 and Mumbai 10	Various POs placed in April and May 2023 Value 2.83 Cr
5	Battery Banks requirement, in addition to urgent set of battery banks (200 AH, 400 AH, 1000 AH ,1500 AH) Delhi : 94 and Mumbai 289	Various POs placed in July 2023 Value 9.82 Cr
6	Power Plants(159 in Mumbai and 136 in Delhi of various capacities)	POs placed in Oct / Nov 2023 and Jan 2024 with value of Rs. 8.1 Cr
7	24 F OFC (Delhi: 250 KM Mumbai: 400 KM)	PO dated 20.01.23 Value 2.5 Cr
8	48 F OFC (Delhi: 200 KM Mumbai: 200 KM)	PO dated 31.01.23 Value Rs 1.84 Cr

BSNL

Utilization of allocated funds under key capital and revenue expenditure heads

The major projection of the capex infusion of DoT is in spectrum allocation. The same is proposed in the last month of the current FY. As such 100% Capex will be utilized.

Status of NFS projects

Out of allotted amount of Rs. 22437.84 Cr, an amount of Rs. 22253.66 Cr. was utilized which was 99.17 % of the allotted amount.

Updated Status -

1. Expenditure of FY 2023-24 was Rs 2159.45 Cr.

2. Expenditure from 01-04-2024 to 30-11-2024 in FY 2024-25 was Rs 497.56 Cr.

It is submitted that in NFS Project, expenditure is based on 'Payment Milestones' as per tender terms and conditions.

DBN (Bharat Net)

BharatNet project is being implemented in a phased manner to provide broadband connectivity to all the Gram Panchayats (GPs) and villages, including tribal areas. The infrastructure created under BharatNet project is a national asset, accessible on a non-discriminatory basis to the Service Providers, and the same can be utilized to provide broadband services through FTTH connections, leased lines, dark fibre, backhaul to mobile towers, etc.

Status of BharatNet: Regarding the overall progress of BharatNet (Phase-I + Phase-II), 2,09,291 GPs have been made Service Ready on OFC media by laying 6,92,749 km of Optical Fibre Cable (OFC) as on 27.01.2025. Further, 5,032 GPs have been made Service Ready on Satellite media. Total 2,14,323 GPs have been made Service Ready under the BharatNet project in the country.

The Union Cabinet accorded its approval on 04.08.2023 regarding Amended BharatNet Program to provide high speed broadband connectivity to all inhabited villages in the country. The salient features are:

- a) The Project will be fully funded through DBN, Department of Telecommunications (DoT) at an estimated cost of INR 1,39,579 crore. BSNL has been appointed as Project Management Agency (PMA) for Amended BharatNet Program.
- b) Under the Amended BharatNet Program an estimated 2.65 lakh GPs are proposed to be connected in ring network. The remaining 3.8 lakh villages are proposed to be connected on demand basis.
- c) Under Amended Bharat Net Program, Multiprotocol label Switching System (MPLS) based solution is opted over Optical Passive Ring solution (commonly known as GPON-Gigabit Passive Optical Network) considering later has offers superior traffic engineering, scalability, protocol support, fast failover, QoS prioritization, and efficient any-to- any connectivity.
- d) The network shall be maintained by Professional Implementation Agencies (PIAs) specialized in optical fiber networks, selected through open bidding process by BSNL. These agencies will maintain network for a period of 10 years to high defined standards of availability. Vendor shall be responsible for setting up of S-NOC which is planned for monitoring of optical fibre laying work, adherence of SLAs by the agency. Independent Engineers (IE) will use data generated at S-NOC for monitoring purpose.
- e) Amended BharatNet Program has provision of engaging a professional partner for the Network Operations Center (NOC) of BharatNet at central level C-NOC-which will be responsible to design, build, operate and maintain the C-NOC for 10 years.
- f) The last mile network will be managed through BharatNet Udyamis (BNU) who could be a village level entrepreneur, Internet Service Provider, Self Help Group etc. BNUs will be given a one-time financial incentive for activating new home fiber connections. To incentivize continuity of services, BNUs will also receive a share of the monthly revenue (on established market practice). It is proposed to provide 1.50 crore rural home fiber connections using the BNU model over the next five years.
- g) BSNL will provide Internet Leased line (ILL) to all 7,269 blocks with sufficient bandwidth to ensure minimum 25 Mbps download speed to every home fibre subscriber. Under Amended BharatNet Program, following steps have been taken:

- i. RFP was floated by BSNL for selection of Project Implementation Agencies (PIAs) for 16 packages (excluding Eight State led Model states) on 15.02.2024 and opened on 07.08.2024. Advance Orders have been issued in 6 packages, and evaluation of balance packages is ongoing.
- ii. RFP for selection of Independent Engineer (04 packages) for overseeing work of PIAs in 16 packages was opened on 15.10.2024 and RFP for Independent Engineer (02 packages) for overseeing work of PIAs in Eight packages (under State led model) was opened on 18.10.2024. Technical bids are under evaluation
- iii. RFP for selection of PIA for C-NoC floated on 01.01.2025 and the last date of submission of RFP is 28.02.2025.

In current FY 2024-25, RE of Rs. 13,685 crores have been allotted includes Rs. 6,500 crores for BharatNet (CAPEX) and Rs. 7,185 crores for Other DBN's Schemes

(Revenue) against which as on 31.01.2024, Rs. 6,921 crores have been disbursed which includes Rs. 3,142 crores for BharatNet and Rs. 3,781 crores for other DBN's Schemes.

Prevention of Spoofing International Calls System (CIOR)

CIOR project was approved on 12.06.2024 and has been commissioned on 17.10.2024. The allocated budget in Revised Estimate (RE) 2024-25 stage is Rs. 16 crore and out of this, Rs. 11.53 crore has been released till 28th February, 2025 which is 72 percent of the allocated budget for the project. Some payments like cloud services are raised towards the end of the quarter and the implementing agency of the CIOR project i.e. Centre for Development of Telematics (C-DoT) has been directed to submit the fund requirements for such activities. The remaining budget of Rs. 4.47 crore is likely to be utilized in Q4 of FY 2024-25.

Production Linked Incentive Scheme

Under the Production Linked Incentive (PLI) Scheme for telecom and networking products and Champion Service Sector Scheme (CSSS), the status of BE, RE and utilization for the FY2024-2025 is as below:

(in Rs. Crore)

Scheme	BE 24-25	RE 24-25	Utilization as on 28.02.2025
PLI Scheme for telecom	1806.34	1450.97	180.12
CSSS	70	33.02	7.47

PLI Scheme for Telecom:

During the current financial year (FY), the utilization under the PLI Scheme has remained low, as the disbursement of incentive is made on yearly basis usually in the last quarter of the financial year. As per the scheme's guidelines, companies are required to submit the claim for incentive based on their audited financial statements and usually they submit their claim application in the month of December of the subsequent Financial Year.

Steps taken to address utilisation of fund and monitoring mechanism:

- iv. The Department has amended scheme guidelines to allow beneficiaries to apply for claiming incentive on quarterly basis instead of once in a year.
- v. To avoid any delay in disbursement of incentive, the Department has developed Standard Operating Procedures (SOPs) for processing of claims made by companies.

- vi. The process for disbursement of incentive is done through an online system ensuring monitoring of claims by the Ministry/Department. The scheme, including the disbursement of incentives, is also subjected to regular oversight at higher levels within this Department, the Department for Promotion of Industry and Internal Trade and the Empowered Group of Secretaries.

Champion Service Sector Scheme (CSSS):

At the BE stage the funds were sought in anticipation that the scheme will continue for the whole year and Department will be able to invite fresh applications under the scheme. However, the Department of Expenditure (DoE) has allowed for extension of the Champion Service Sector Scheme (CSSS) (an umbrella scheme of Department of Commerce) till 31st July, 2024 only. Further, DoE has allowed release of funds only against the committed liabilities under the Digital Communication Innovation Square (DCIS) scheme and the department is not allowed to create any fresh liability by inviting applications. Accordingly, the allocation for FY2024-2025 was revised at the RE stage.

OFC Network for Defence Services

For the FY 2024-25 there was no fund allocation in B.E. (hence utilization of fund till December 2024 was zero) while in RE Rs 1315.96 Crore has been allocated. Accordingly, efforts are now being made to utilize the fund with periodic review being held at the level of Secretary (T) and Hon'ble Minister of Communications. The payments for the NFS Project are released based on milestone achieved in the project and upon demand raised by BSNL. As informed by BSNL, there is delay in achieving milestones for certain projects

The reasons for slow progress in project are given below:

- The project is of highly complex in nature involving multiple stakeholders.
- Difficulties/delays were faced in receiving thousands of Right of Way (RoW) permissions from various agencies like National Highways Authority of India (NHAI), Border Roads Organisation (BRO), Railways, various agencies of State Governments (PWD, Forest, Wildlife, Municipal Bodies etc).
- Limited working season in Ladakh/Kashmir/Arunachal Pradesh/Sikkim.
- Further, due to restrictions in movement because of COVID-19 lockdowns, the project suffered lot of delays.
- Global chip shortage during COVID and even afterwards badly impacted the supply of equipment.
- Army has placed additional requirements like extra OFC laying to connect new buildings, Fibre Distribution Module (FDMS), RAMAN amplifier etc. These last-minute additional requirements have also added to the delay of the project.
- Various road-widening activities have delayed the OFC laying and subsequent operationalization of the Network.

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Comments of the Committee
(Please see Para No. 7 of Chapter I)

(Recommendation Sl. No. 6)

Under-utilization has also been noticed by the Committee under vital Head/schemes viz Secretariat Economic Services and other Heads/ schemes under major Head 34(5), where it is observed that, RE 2023-24 was Rs 1051.89 cr but Expenditure of FY 2023-24 was Rs 911.72 cr only. Similarly, under Wireless and Planning Coordination, RE during F.Y. 2023-24 was Rs 32.65 cr but Expenditure of FY 2023-24 was Rs 18.93 cr only, Compensation to Service Providers for USOF RE 2023-24 was Rs 10600.00 cr whereas Expenditure of FY 2023-24 was Rs 5276.48 cr only, Compensation for Research & Development (R&D) RE 2023-24 was Rs 100.00 cr but Expenditure of FY 2023-24 was Rs. 28.48; Champion Service Sector Scheme RE 2023-24 was Rs. 68.46cr at the same time Expenditure of FY 2023-24 was Rs. 47.82; Production Linked Incentive Scheme RE 2023-24 was Rs. 366.56cr but Expenditure of FY 2023-24 was Rs. 291.63cr .Operational Cost of Mandatory Testing and Certification of Telecom Equipment (MTCTE)RE 2023-24 was Rs 1.20 cr but Expenditure of FY 2023-24 was Rs 0.66cr. Under the Head Capital Infusion for BSNL/MTNL RE during FY 2023-24 was Rs 64787.17 Cr while expenditure in FY 2023-24 was only Rs 56785.04 Cr. OFC Based Network for Defence Services, the figure was Rs 3751.74 Cr and Rs 1093.44 Cr. Though the Department has assured that the utilization of funds is being constantly monitored at the highest level to ensure complete utilization, the Committee would like to impress upon the Department to leverage their spending pattern on those schemes/ Heads where the utilisation percentage are considerably low so as to ensure optimal achievement of the 2024-25 budgetary allocations by 31st March, 2025. The Committee may be enlightened about the efficacious steps taken by the Department in this regard.

Reply of the Government

The reasons for under-utilization of funds under various Heads/Schemes mentioned in the observations are discussed below:-

Secretariat Economic Services and WPC

Expenditure of Rs.911 crore and Rs.18.93 crore (against the RE 2023-24 Rs. 1051.89 crore and 32.65 crore) under Secretariat Economic Services and WPC respectively, was as per the requirement at that time.

WPC

As part of the department's efforts to ensure optimal utilization of the FY 2024-25 budgetary allocations by March 31,2025, it is submitted that the Revised Estimates (RE) for 2024-25 of the WPC Wing are expected to be fully utilized. Regular monitoring of fund utilization is being conducted at the appropriate levels.

DBN

Revised Allotment of Rs. 10,700 crore (10600 USOF+100 R&D) for FY 2023-24, was received under Revenue Section against which Rs. 5304.96 crore (5276.48 USOF + 28.48 R&D) was utilized. The reason of low expenditure under DBN was mainly due to delay in installation and supply of indigenously developed and domestically manufactured equipment by BSNL in 4G Saturation Project. Other mobile projects are delayed due to the pending Forest permission from State/MoEFCC, Access/Local issues etc.

Champion Service Sector Scheme and Productivity Linked Incentive Scheme

Under PLI Scheme for telecom and networking products and CSSS, the status of BE, RE and utilization for the FY2023-2024 is as under:

(In Rs. Crore)

Scheme	BE 23-24	RE 23-24	Utilization 31.03.2024
PLI Scheme for telecom	800	366.56	291.63
CSSS	60	68.46	47.82

Further, reason for underutilization is as below:

- i. **PLI Scheme for Telecom:** Under the PLI Scheme, incentive is allocated to beneficiary companies on the basis of achievement of threshold investment and sales forecasts made by them at the time of initial application. However, payment of incentive to companies is dependent on actual sales achieved by the companies which is dependent on market conditions and many a times beyond the control of these companies.
- ii. **CSSS:** It is an umbrella scheme having two schemes under it namely DCIS and Brand Building. Under the DCIS scheme funds are allocated based on the assumption that companies will be able to achieve certain milestones. The companies could not achieve the required milestones therefore there is a shortfall in the utilization under this scheme. Under the Brand Building scheme, funds are allocated to TEPC for participation in trade events. The shortfall in utilization is due to cancellation of a scheduled event for which the fund was already allocated.

Operational cost of MTCTE

RE fund allotment for FY 2023-24 under MTCTE operational cost was Rs. 1.2 crore whereas the expenditure was .66 crore. The reason for this is that, MTCTE portal AMC bill amounting to Rs. 51,44,800/- for the period 1.4.2023 to 31.3.2024 was generated and paid only on 18.12.2024.

Capital Infusion for BSNL/MTNL

RE during FY 2023-24 was Rs.64787.17 crore while expenditure was Rs.56785.04 crore. Variation in RE and utilization was mainly due to the fact that 900 MHZ spectrum for

Delhi and Mumbai was not utilized due to delay in 4G roll out and due to non-utilization of Rs. 1600 crore towards merger of MTNL and BSNL.

The utilization of funds is being continuously monitored at the highest level to ensure complete utilization of funds allotted for FY 2024-25 under all the Heads /Schemes mentioned above.

OFC Network for Defence Services

Periodic review are being held at the level of Secretary (T) and Hon'ble Minister of Communications to increase utilization of the budget for NFS Project. The payments for the NFS Project are released based on milestone achieved in the project and upon demand raised by BSNL. As informed by BSNL, there is delay in achieving milestones for certain projects.

The reasons for slow progress in project are given below:

- The project is of highly complex in nature involving multiple stakeholders.
- Difficulties/delays were faced in receiving thousands of Right of Way (RoW) permissions from various agencies like National Highways Authority of India (NHAI), Border Roads Organisation (BRO), Railways, various agencies of State Governments (PWD, Forest, Wildlife, Municipal Bodies etc.
- Limited working season in Ladakh/Kashmir/Arunachal Pradesh/Sikkim.
- Further, due to restrictions in movement because of COVID-19 lockdowns, the project suffered lot of delays.
- Global chip shortage during COVID and even afterwards badly impacted the supply of equipment.
- Army has placed additional requirements like extra OFC laying to connect new buildings, Fibre Distribution Module (FDMS), RAMAN amplifier etc. These last-minute additional requirements have also added to the delay of the project.
- Various road-widening activities have delayed the OFC laying and subsequent operationalization of the Network.

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(Recommendation SI. No. 7)

Revenue Receipts

According to the Department, the primary sources of revenue include the Annual License Fee, which is calculated as 8% of the Adjusted Gross Revenue (AGR) of Telecom Service Providers (TSPs), and includes the Universal Service Obligation (USO) Levy, currently set at 5% of AGR. Other significant sources of revenue include receipts from Spectrum Auctions, Spectrum Usage Charges (SUC), which are levied as a percentage of AGR earned by TSPs from their use of spectrum. Additionally, the

Department generates revenue through other mechanisms such as payments made during spectrum liberalization, mergers and acquisitions, spectrum assignments to captive users, and from broadcasting services.

The Committee during the detailed examination of the subject observe that the Spectrum Usage Charges (SUC) revenue initially rose from Rs. 5,859.31 crores in 2020-21 to Rs. 13,065.18 crores in 2023-24 but then drops significantly in the 2024-25 projections to Rs. 3,000 crores (Proposed) and Rs. 3,000 crores (BE).

With regards to Spectrum Auction/Administratively Allotted Spectrum, it has been found that Spectrum auction revenue fluctuated dramatically with a major spike from Rs. 21,918.48 crores in 2020-21 to Rs. 60,814.06 crores in FY 2021-22. This was followed by a decline in 2022-23 (Rs. 37,816 crores) and 2023-24 (Rs. 42,617.89 crores). In 2024-25, the revenue from spectrum auctions is expected to be Rs. 80,766.31 Crores.

The Committee further understand that when the revenue from other sources has remained relatively stable, ranging from Rs 2449.27 crores in 2020-21 to -Rs. 1386.98 crores in 2023-24, projections for FY 2024-25 show to Rs. 1000 Crores.

As regards total revenue receipts, it increased sharply from Rs. 45500.65 crores in 2020-21 to Rs. 90659.26 crores in 2023-24. However, the projections for 2024-25 is Rs. 110267.31 crores (proposed), with BE estimates being Rs. 110267.31 crores.

The decline in revenue receipts estimates for the year 2024-25 attributed to several factors, including market saturation, which limits the growth potential for Telecom Service Providers (TSPs) in terms of new customer acquisition and service expansion. Additionally, the implementation of new regulatory reforms, such as the reduction of Spectrum Usage Charges (SUC) for spectrum acquired through recent auctions, may reduce the financial burden on TSPs but also decrease the revenue generated from these charges. Furthermore, the ongoing financial challenges faced by certain operators, including deferred AGR payments and debt restructuring, could impact the overall revenue inflows from license fees and spectrum-related charges. The Committee observe that these factors suggest a more cautious outlook for revenue growth in the coming year.

The Committee understand that the Department is taking steps to achieve the targets during 2024-25 by regular Telecom meets with licensees to improve financial compliance, settlement of representations and disputes and by conducting Spectrum auctions and monitoring Receipt of spectrum deferred installment & SUC. The Committee observe fluctuating Spectrum Revenue make the revenue receipts unpredictable. The Department may face challenges in managing its finances and planning long-term policies if the trend of unpredictable spectrum revenues continue. The Committee desire to be apprised of the steps taken by the Department to deal with the issue.

Reply of the Government

The Revenue trend in respect of License Fee (LF) and Spectrum/Usage charges are noted below:-

The revenue trend in respect of License fee(LF) receipts from FY 2020-21 to FY 2023-24 is as given in the table below:-.

FY	LF Receipts (in crores)
2020-21	15274
2021-22	16614
2022-23	20316
2023-24	36363

It is seen that there is an increasing trend in the LF receipts and there is no fluctuation in the revenue trend. Further the Department monitors the LF payment regularly through the SARAS PORTAL.

(i) Spectrum Usage Charges :

The following is the comparison table on Spectrum Usage Charges :

Amount in cr

SUC	2020-21	2021-22	2022-23	2023-24	2024-25 (till Feb 2025)
SUC of TSPs	5859	7512	5744	4224.4	3169.66
SUC of BSNL	0	0	0	8842.21	126.58
Total	5859	7512	5744	13066.61*	3296.24

* The spectrum usage charges for FY 2023-24 is Rs.13065.18 Cr which is high when compared to FY 2020-21 (Rs.5859.31 Cr) & FY 2024-25 projections (Rs.3000 Cr). The huge increase in SUC in FY 2023-24 is due to payment of Rs.8842.21 Cr made by BSNL against SUC for the period wef 2006-07 to 2022-23.

(ii) Spectrum Auction/Administratively allotted spectrum :

The following is the comparison table on Spectrum Auction/Administratively allotted spectrum :

Amount in cr

Auction Revenue	2020-21	2021-22	2022-23	2023-24	2024-25 (till Feb 2025)
Instalment	0	0	9695.86	15954.86	10448.49
Upfront/Pro/trading	21949.8	5715.99	8312.39	59.53	1066.13
Prepayment	0	55125.20	0	16350.20	19996.16
BSNL	0	0	19808	10253.30	10697.17
Total	21949.8	60841.19*	37816.25	42617.89	42207.95

* In FY 2021-22, out of Total Spectrum Revenue of Rs.69037.62 Cr, Rs.55125.20 Cr is from the spectrum auction pre payments/Trading and Rs.5715.99 Cr is from upfront Payment of Spectrum Auction 2021 and RJIL-spectrum trading transaction charges. The breakup of Rs.55125.20 Cr & Rs.5715.99 Cr paid by TSPs is also provided.

Name of the TSP	Auction Year	Amount paid (Cr)	Date of Payment
BAL	2015	8814.54	24.03.2022
	2014	15519.14	17.12.2021
RJIO	Trading	0.54	15.02.2022
	2014	5059.87	18.01.2022
	2014 & 2015	15007.92	07.01.2022 2014-3521.85 Cr 2015-10625.87 Cr Partial-372.19 Cr Trading Mumbai LSA-488.01 Cr
	2016	10723.19	20.10.2021
BAL	2021	663.57	
RJIO	(upfront Payment)	4918.98	
VIL		103.5	

RJIL-Spectrum trading transaction charges	29.94	
TOTAL	60841.19	

From the above table, it can be seen that majority of the spectrum auction payment in year 2021-22 was pre-payment of instalments of earlier conducted auctions which was not scheduled to be paid in that year.

Steps taken by the Department

The figures noted in the table below shows the sincere efforts taken by the Department in revenue related issues.

The RE 2024-25 of NTR is Rs. 1,30,070.21 out of which Rs. 65,399.55 Cr has already been received till 28-02-2025.

Rs. In Crores		
Particulars	RE 2024-25	As on 28/02/2025
License Fee	25501	19932.87
SUC	3500	3296.24
Spectrum Auction	36997.74	31510.78
Receipt from BSNL on administratively allotted spectrum	63069.90	10697.17
Other sources	1001.57	-37.51
Total	130070.21	65399.55

In this regard, this is submitted that an amount of Rs. 63069.90 Cr has been proposed in respect of receipt from BSNL on account of cost of administratively allotted spectrum out of which an amount of Rs.10697.17 Cr has been realized and the rest of the amount will be realized after utilization of funds proposed for spectrum allocation by BSNL.

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Comments of the Committee
(Please see Para No. 10 of Chapter I)

(Recommendation Sl. No.8)

As regards over dependence on One-time Auction of Spectrum, for generating large amounts of revenue the Committee learn it to be irregular. The Committee feel that heavy reliance on one time Spectrum auctions for financial need could lead to revenue gaps in years when auctions are not held or when the spectrum supply decreases.

The Committee further observe that owing to Limited Diversification in Revenue Streams, revenue from "Other Sources" remains relatively low. This could pose grave risks in case telecom revenues face a downturn or if external factors results in reducing license fee or spectrum revenue streams. In view of the above, the Committee strongly desire that the Department should focus on Diversification of Revenue Streams on the following points:

(i) The Committee recommend that the Department should explore new and innovative sources of revenue beyond the traditional spectrum auctions and license fees. For instance, monetizing data services, expanding into satellite broadband, and capitalizing on emerging technologies like 5G and IoT could provide consistent and diverse income streams. Similarly, expanding the rollout of 5G services across urban and rural markets could significantly boost revenue through increased demand for new spectrum and data services. Supporting Public / Private Sector telecom operators in upgrading to 5G infrastructure could also lead to higher SUC revenues as the market expands.

(ii) The Committee recommend that the Department should focus on strategic planning of spectrum auctions to avoid large fluctuations in auction revenues. This may involve adjusting auction timelines based on market demand, introducing auctions for newer bands, or leveraging secondary market mechanisms to ensure a steady flow of spectrum-related income.

(iii) The Committee recommend that the Enhanced Monetization of Telecom Infrastructure should be looked into leveraging the telecom infrastructure (such as towers, fiber, and other assets) so as to explore additional revenue. Privatizing certain assets or enabling commercial leasing and sharing arrangements of Department's infrastructure could provide a sustainable revenue source, reducing reliance on spectrum auctions.

(iv) As regards Regulatory and Policy Adjustments, the Committee recommend that Department should consider reviewing and possibly revising the structure of SUC to make it more predictable and less volatile. Introducing measures such as multi-year spectrum charges or adjustable rates linked to the inflation index could stabilize the revenue inflow from SUC. This may involve revising the SUC structure, particularly to align it with future spectrum demand and market realities.

(v) So far as Strategic Spectrum Auctions are concerned, the Committee recommend that the Department should carefully manage the timing and frequency of spectrum auctions to ensure a stable revenue stream. It could explore advanced planning for auctions and provide incentives to bidders in certain areas to ensure consistent bidding activity.

(vi) Regarding Long-term Diversification of revenue, the Committee recommend that the Department should prioritize revenue diversification, particularly by exploring new avenues like satellite broadband, IoT services, and digital infrastructure leasing. A clear roadmap for early capitalizing on 5G and other future technologies could open up new revenue channels.

Reply of the Government

8(i) Observations/recommendations noted.

8(ii) As per Telecom reforms 2021, it has been decided that there will be regular spectrum auctions. Different bands which become available due to refarming, new band identification for IMT, development of device eco system, expiry of spectrum auctioned earlier etc is put to auction. Government puts all the Spectrum available with it for auction. TSPs purchase spectrum based on their network requirement and other techno-commercial decisions. TSP has option to pay for such spectrum outrightly or in instalments. Also, these instalments may be pre-paid by TSP at any time as well (protecting NPV of bid amount) based on their business decisions. These have impact on GOI revenues accordingly.

Based on the decisions taken during the World Radiocommunication Conferences, normally held every 4 years, new Radio Frequency bands are identified worldwide for the roll out of International Mobile Telecommunication based services. In India, based on the above decisions and also considering the availability of device ecosystem, decision to conduct auctions are taken after seeking the recommendations of the Telecom Regulatory Authority of India. Moreover, as part of the Telecom Reforms the Government has decided the following:

“Spectrum auctions will be held normally in the last quarter of every financial year. Whenever necessary, auctions can be held at shorter intervals also.”

8(iii) Enhanced Monetization of Telecom Infrastructure

The action taken by the PSUs are summarized below:-

2. Action Taken by BSNL:

- a. Presently OMT-PPP model was being processed based on the recommendations of Niti Aayog.
- b. However market consolidation in the telecom sector, significant changes in tower business and valuation dynamics, emerging 2 player dominance has led to decline in tenancies, margins; pressure on listed tower company

and in M&A valuations. Further these two dominant players are sponsoring their own group entities for tower renting such as Indus by Airtel and Summit Digitel Infrastructure by JIO. Vodafone-Idea is struggling financially and not able to expand their network footprint.

- c. Recent M&A transaction namely finalization of Brookfield ATC deal on an EV of Rs. 21-25 lakh per tower as per market information.
- d. Unclear visibility of continuation of BSNL's anchor tower tenants could dampen investor interest and impact valuation relative to BSNL's IECV expectation.
- e. BSNL is generating a revenue of Rs. 637 crores per annum through the leasing of its towers to various operators and reduction of IECV value will not keep the transaction attractive to BSNL.
- f. In view of the above, the appetite in the market for the proposed RFP for OMT transaction may not be there. In the present circumstances, securitization will help in generating resources.
- g. Further, through the leasing of its Core Assets (Towers & Fiber) to various operators, BSNL generated a revenue of Rs. 1,073 Cr in FY 2023-24 and Rs. 763 Cr. for FY 2024-25 (09 Months).

3. Action Taken by MTNL:

- a) Apart from monetization of its land and building assets in Delhi and Mumbai by outright sale as per government guidelines & monetization policy in MTNL, MTNL is exploring various methods to leverage the existing infrastructure for earning additional revenue by renting of Building & Tower and redevelopment model on sparable assets.
- b) MTNL has been making continuous effort to maximize revenue from renting of its vacant office space /quarters to various organizations and has generated revenue of Rs 373.39 Cr (approx.) from rental of properties in the Financial Year 2023-24. Revenue of Rs 286.26 Cr (Provisional) has been generated from April-2024 to Dec-2024 from rental of properties.
- c) MTNL is also renting its towers and revenue of Rs. 54.74 Cr has been generated in Financial Year 2023-24 and revenue of Rs. 45.23 Cr (Provisional) has been generated from April-2024 to Dec-2024.
- d) In MTNL, a pilot project of Rooftop Solar plant of 80 KWp capacity on RESCO model has been installed and annual electricity generated is 111146 units approximately with annual savings of Rs.8.30 lakhs. Now, MTNL has already initiated the process of installation of Solar roof top plants on RESCO model in 5 more buildings.

8(iv) As per Telecom Reform of September, 2021 SUC has been made zero for spectrum acquired through Auction 2022 and thereafter. This will lead to gradual

reduction of revenue from SUC as and when operators acquire new spectrum.

8(v) As per Telecom reforms 2021, it has been decided that there will be regular spectrum auctions. Different bands which become available due to refarming, new band identification for IMT, development of device eco system, expiry of spectrum auctioned earlier etc is put to auction. Government puts all the Spectrum available with it for auction. TSPs purchase spectrum based on their network requirement and other techno-commercial decisions. TSP has option to pay for such spectrum outrightly or in instalments. Also, these instalments may be pre-paid by TSP at any time as well (protecting NPV of bid amount) based on their business decisions. These have impact on GOI revenues accordingly.

As part of the Telecom Reforms the Government has decided the following:

“Spectrum auctions will be held normally in the last quarter of every financial year. Whenever necessary, auctions can be held at shorter intervals also.”

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Comments of the Committee
(Please see Para No. 13 of Chapter I)

(Recommendation Sl. No.9)

Further the Committee understand that the factors affecting revenue receipts for the Department of Telecom (DoT) are Corporate Insolvency of Telecom Service Providers (TSPs), Moratorium for Spectrum Auction Dues (Vodafone Idea, Bharti Airtel & Reliance Jio): Moratorium for AGR Dues (Vodafone Idea, Airtel, Tata Teleservices, etc.), Reduction of Spectrum Usage Charges (SUC) to Zero, and Variability in AGR of Telecom Service Providers(TSPs). The Committee believe that Telecom Reforms introduced in 2021 were designed to make it easier for Telecom Companies to operate and attract foreign investments. These reforms aim to reduce the financial burden on telecom companies, which in turn helps them become more profitable. As telecom companies become more profitable and self reliant, they are expected to generate higher revenues. This increase in their revenue should also lead to an increase in the revenue the Government collects from them, benefiting overall Government receipts.

The Committee believe that while the temporary moratorium on spectrum and AGR dues is a necessary relief for struggling TSPs, the Department should develop a clear strategy to gradually phase out these moratoriums. This could involve setting clear timelines for when payments will resume and a more stringent monitoring mechanism to ensure that deferred payments (including interest conversions into equity) do not negatively affect future revenue receipts. The Department could also explore alternative

methods to secure future payments, such as setting aside a portion of spectrum or revenue earnings to guarantee repayment. With the reduction of Spectrum Usage Charges (SUC) for spectrum acquired through auctions, the Department should consider diversifying revenue streams from the telecom sector. Additionally, the Committee recommend that the DoT could imbibe best global practices for telecom taxation to identify new opportunities for raising Government revenue without burdening the industry excessively.

Hence, in order to tackle the Challenges in Revenue Receipts, the Committee recommend strategic monitoring and accelerated recovery from Insolvency-afflicted TSPs. The Department should implement a proactive monitoring mechanism to track and support telecom companies currently undergoing Corporate Insolvency Resolution Process (CIRP), especially where recovery of dues is delayed. The Committee may be apprised of the steps taken in the matter.

Reply of the Government

Regarding Moratorium on AGR dues and Spectrum auction installments:

1. The Telecom Reforms, 2021 provided for a four-year moratorium on AGR dues which are part of the Supreme Court and Spectrum auction instalments with applicable interest of 8% for TSPs not covered under insolvency or liquidation, along with an option to convert interest into equity.
2. M/s Bharti Airtel limited, M/s Bharti Hexacom Limited, M/s Vodafone Idea Limited have opted for moratorium on AGR dues and Spectrum auction installments. M/s Tata Teleservices Limited, M/s Tata Teleservices Maharashtra Limited and M/s Quadrant Televentures Limited have opted for moratoriums on AGR payments.
3. The four-year moratorium is ending in March 2025 and payment of both AGR dues installments and spectrum auction installments are due from FY 2025-26 onwards.

Regarding Insolvency cases:

Currently Court cases are in progress in Honorable TDSAT for the matter related to the recovery of Liquidated Damages for non-fulfilment of minimum rollout obligation for the assigned Spectrum from insolvency-afflicted TSPs. To effectively and proactively monitor these cases in Hon'ble TDSAT, the cases are being periodically updated on monthly basis on LIMBS (Legal Information Management & Briefing System) Portal.

The status of companies undergoing Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code, 2016 (IBC 2016) is as below:

Sl. No.	Name of the company	Present Status
1	Aircel Group of companies	Whether Spectrum (Right to use of spectrum granted by DoT) can be treated as an asset of the company under IBC 2016 is subjudice in Hon'ble Supreme Court vide DoT Civil Appeal 6546/2021. Appeals of SBI, Resolution professional on the issue are also pending. Matter is subjudice.
2	Reliance Communication Limited/ Reliance Telecom Limited	These companies also have got themselves impleaded in Hon'ble SC in Aircel case. Resolution plan not yet approved by NCLT due to above matter pending in Hon'ble SC. Matter is subjudice.
3	Videocon Telecommunication Limited	Resolution plan approved by NCLT vide order dated 08.06.2021 has been set aside by NCLAT vide its order dated 11.01.2022. The resolution applicant has challenged the NCLAT order in Supreme Court. Hon'ble SC has remarked that CIRP should not be proceeded and status quo maintained. Matter is subjudice.

1. It may also be noted that the dues of Department of Telecommunications are classified as operational dues and as per Section 53 of IBC, 2016, insolvency resolution costs, workmen's dues, financial creditors have higher priority than dues of operational creditors during distribution of assets.
2. Further the process of CIRP happens as per the provisions under IBC, 2016 and this involves NCLT and other legal fora. Multiple stake holders like financial creditors, operational creditors are involved in the process.
3. In order to streamline the process of handling insolvency /liquidation cases, the Department of Telecommunications (DoT) has already issued a detailed Standard Operating Procedure (SoP) on 28.06.2023. The SoP includes the following aspects
 - Constant monitoring of the insolvency status of Telecom licensees.
 - Timely filing of dues of DoT to the Resolution Professional (RP).
 - Holding meetings with the RP to address any issues arising out of claims.
 - Timely Challenge at appropriate forums, including the National Company Law Tribunal (NCLT) and the National Company Law Appellate Tribunal (NCLAT), in case of any rejection of DoT's claims by the RP.

This process is being constantly monitored at different levels.
4. In the case of M/s Etisalat DB Telecom Pvt Ltd, which is undergoing liquidation under Companies Act 1956, the official liquidator has so far made multiple payments amounting to ₹ 254.6 Crores (against total DoT dues of ₹ 1089.69 Crores), based on interim reports of the liquidator approved by Hon'ble High Court of Bombay, as per provisions of liquidation provided in Companies Act, 1956. The

matter is being followed up with the liquidator for earlier settlement of the remaining proceeds due to DoT as per Companies act. Further, liquidation matters of M/s Loop Mobile (India) and M/s S Tel Pvt. Ltd. is pending in Hon'ble High Court of Mumbai and Hon'ble High Court of Punjab & Haryana respectively.

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Comments of the Committee
(Please see Para No. 16 of Chapter I)

(Recommendation Sl. No. 10)

**Universal Service Obligation Fund (USOF) renamed as Digital Bharat Nidhi(DBN) -
Fund allocation and utilization**

In accordance with the Indian Telegraph Act, 1885, License fee includes Universal Access Levy, which is charged @ 5% of the Adjusted Gross Revenue (AGR) of the telecom licensees. The fund collected under UAL goes to the Consolidated Fund of India and it is non-lapsable in nature. The outflow from this fund to USOF is through budgetary provision by the Ministry of Finance each year, based on the requirement of USOF.

Since inception of USOF, i.e. 2002-03, UAL amounting to Rs. 1,62,872 crore has been collected upto 31.03.2024. The balance of UAL amount available as on 31.03.2024 is Rs. 83,468 crore against which Government has approved committed expenditure of Rs. 1.39 Lakh Cr. for Amended BharatNet Scheme for next 10 years on 04.08.2023 along with other committed liabilities and other ongoing schemes.

The Committee, note that even though substantial amount is in the reserve under DBN, the Department have not been able to do much in terms of spending. During the year 2023-24, an amount of Rs. 10,400 crore had been allocated at BE 2023-24 which was increased to Rs.15700 crore at RE and actual utilization in 2023-24 has been only Rs. 8380.50 crore. Hence, there is an urgent need to work on their strategies to improve utilization. For the Financial year 2024-25, the Department have proposed an amount of Rs. 25500 crore and an amount of Rs. 19000 cr has been allocated at BE 2024-25, including funds allotted under Research & Development viz. Rs. 400 crore for FY 2023-24. The Committee are pleased to note that there is an enhancement of Rs. 8600 crore over the previous year. The Committee are aware, there are several prioritized ongoing schemes lined up under DBN, which include BharatNet for provision of broadband connectivity to all 6 lakh villages across India, Comprehensive Telecom Development Plan for North Eastern Region, Comprehensive Telecom Development Plan for Islands including laying of submarine cable from Kochi to Lakshadweep and Mobile connectivity in Andaman and Nicobar Islands, scheme for Mobile Services in uncovered villages of Himalayan States, Western border areas, scheme for Mobile services in Aspirational

Districts and scheme for Mobile Communication Services in Left Wing Extremism (LWE) affected areas, etc. These capital intensive infrastructure projects with timely and effective implementation will greatly help improving the telecom connectivity in areas which are uncovered and inaccessible currently. The Committee emphasize that availability of funds should not be a constraint for implementation of various schemes under DBN, considering that sufficient balance is already available as potential fund under DBN. The Committee are of the view that reduction of budgetary amount, year after year at the revised stage reflects improper planning that needs to be avoided. The Committee recommend that the Department ought to make efforts for optimum utilization of funds allocated at BE for implementation of various schemes under DBN during FY 2024-25. The Committee may be apprised of the action taken in the matter.

Reply of the Government

The budgetary estimates for Digital Bharat Nidhi (erstwhile USOF) prepared on the basis of physical targets of Schemes and funds are being disbursed on the basis of physical progress and as per the Terms and Conditions of the Agreement signed with DBN's Implementers. Digital Bharat Nidhi supports schemes in areas where operators on their own commercial incentives do not find it viable due to difficulties in execution and low returns. There are many challenges in implementation of these projects like- widely dispersed locations across remote corners of the country, difficult terrains (including Hilly/Rocky), difficulty in access of locations, Left Wing Extremism (LWE) affected areas, Right of Way (RoW) issues, lack of infrastructure and skilled labor, difficulties in communication and transportation etc. The challenges are being overcome by proper planning, coordination with all stake holders, constant discussions with DoT field units, State/UT Administration and Forest Department. To fast-track approval of RoW issue, the process has been made online. Further, regular review meetings are being carried out with concerned Central/State Agencies and other stake holders to resolve any issues. Additional steps like appointment of Third-Party Audit, setup of Project Monitoring Unit, Online Project Monitoring Information System, has been taken by the DBN.

Revised Allotment of Rs. 10,700 crore for FY 2023-24, was received under Revenue Section against which Rs. 5304.96 crore was utilized. The reason of low expenditure under DBN was mainly due to delay in installation and supply of indigenously developed and domestically manufactured equipment by BSNL in 4G Saturation Project. The other mobile projects are delayed due to the pending Forest permission from State/MoEFCC, Access/Local issues etc.

Amended BharatNet Program (ABP) targets to provide high speed broadband connectivity to all inhabited villages in the country. BSNL has appointed Project Management Agency (PMA) for Amended BharatNet Project. BSNL has put notice inviting tender (NIT) for selection of Project Implementing Agency (PIA) for Development (creation, upgradation, operation & maintenance) of middle mile network of BharatNet on Design Build Operate and Maintain (DBOM) model for sixteen packages on 15.02.2024 and opened on 07.08.2024 which is under finalization. Financial bids for all 16 packages are opened. For 6 packages (UP East, U P West, Bihar, Himachal Pradesh, West Bengal (including A&N) and Punjab) out of 16, advance work order has been issued.

Revised Allotment for 2024-25 is Rs. 13,685 crore has been received which includes Rs. 6,500 cr. for BharatNet and Rs. 7,185 cr. for Other DBN Schemes. Out of this Rs. 6921 cr. has been disbursed under various DBN's Schemes upto 31.01.2025. The expenditure will further enhance during remaining period of current FY 2024-25.

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(Recommendation Sl. No. 11)

Fund allocation and Utilization under BharatNet

The Committee note that the BE and RE under BharatNet for FY 2023-24 was Rs. 5,000 crore. However, the expenditure has been to the tune of 61% only i.e. Rs. 3075.54 crore upto 31.03.2024. While furnishing the reasons for reduction from BE to RE during FY 2023-24, the Department have stated that it was due to slow implementation under State Led Model and non-receipt of responsive bid in PPP tender of BharatNet. However, during the current financial year, the Department have been allocated Rs. 8,500 crore. The Committee are of the considered view that allocations are based on the projections which have been prepared relying on the physical progress of projects that are in the pipeline and the fund would be utilized. Further, the Committee hope that the projects would be completed in a time bound manner as planned. The Committee may be apprised of in this regard.

Reply of the Government

BharatNet project is being implemented in a phased manner to provide broadband connectivity to all the Gram Panchayats (GPs) and villages, including tribal areas. The infrastructure created under BharatNet project is a national asset, accessible on a non-discriminatory basis to the Service Providers, and the same can be utilized to provide broadband services through FTTH connections, leased lines, dark fibre, backhaul to mobile towers, etc.

2. The Amended BharatNet Program targets to provide high speed broadband connectivity to all Gram Panchayats and on demand villages in the country. The Project is funded through Digital Bharat Nidhi (DBN), Department of Telecommunications (DoT) at an estimated cost of INR 1,39,579 crore. The amount of Rs 1.88 lakh crores including the outlay for Phase-I and Phase-II is marked for this project. BSNL has been appointed as Project Management Agency (PMA) for Amended BharatNet Program. BSNL has floated Request For Proposal (RFP) for selection of professional Project Implementing Agency (PIA) for development, creation, upgradation, operation & maintenance of middle mile network of BharatNet under Design Build Operate and Maintain (DBOM) model.

3. Under the current scope of the BharatNet, the Gram Panchayats (GPs) are primarily connected in linear structure because of which the reliability of the network is low. However, under the Amended BharatNet Program all 2.64 lakh GPs are proposed to

be connected in ring network. The remaining 3.8 lakh villages are proposed to be connected on demand basis.

4. The network shall be maintained by professional agencies specialized in optical fiber networks, selected through bidding process by BSNL. These agencies will maintain network for a period of 10 years to high defined standards of availability. It is also proposed to engage a professional partner for the Network Operations Center (NOC) under design, build, operate and maintain model for 10 years.

5. The last mile network will be managed through BharatNet Udyamis (BNU) who could be a village level entrepreneur, Internet Service Provider, Self Help Group etc. BNUs will be given a one-time financial incentive for activating new home fiber connections. To incentivize continuity of services, BNUs will also receive a share of the monthly revenue (on established market practice). It is proposed to eventually provide 1.50 crore rural home fiber connections using the BNU model over the next five years. In order to fast track last mile connectivity, about 100 districts are identified for prioritizing expenditure on upgradation of infrastructure and subsidy to home fibre connections.

6. BSNL will provide Internet Leased line (ILL) to all 7,269 blocks with sufficient bandwidth to ensure minimum 25 Mbps download speed to every home fibre subscriber.

7. The status of implementation of Amended BharatNet Program:

- i. RFP was floated by BSNL for selection of Project Implementation Agencies (PIAs) for 16 packages (excluding Eight State led Model states) on 15.02.2024 and opened on 07.08.2024. Advance Orders have been issued in 6 packages, and evaluation of balance packages is ongoing.
- ii. RFP for selection of Independent Engineer (04 packages) for overseeing work of PIAs in 16 packages was opened on 15.10.2024 and RFP for Independent Engineer (02 packages) for overseeing work of PIAs in Eight packages (under State led model) was opened on 18.10.2024. Technical bids are under evaluation
- iii. RFP for selection of PIA for C-NoC floated on 01.01.2025 and the last date of submission of RFP is 28.02.2025.

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(Recommendation Sl. No. 13)

Revised Implementation Strategy of Amended Bharat Net Programme to connect villages

The Committee note that Amended BharatNet Programme intends to provide high speed broadband connectivity to all inhabited villages in the country and BSNL has put Notice Inviting Tender (NIT) for selection of Project Implementing Agency (PIA) for Development (creation, upgradation, operation & maintenance) of middle mile network of

BharatNet on Design Build Operate and Maintain (DBOM) model for sixteen packages on 15.02.2024. As informed by the Department, under the current scope of the BharatNet, the Gram Panchayats (GPs) are primarily connected in linear structure because of which the reliability of the network is low. However, under the amended programme an estimated 2.65 lakh GPs are proposed to be connected in ring network. The remaining 3.8 lakh villages are proposed to be connected on demand basis. The network shall be maintained by professional agencies specialized in optical fibre network, selected through bidding process by BSNL. These agencies will maintain network for a period of 10 years at high defined standards of availability. It is also proposed to engage a professional private sector partner for the Network Operations Center (NOC) to design, build, operate and maintain the NOC for 10 years. The last mile network will be managed through BharatNet Udyamis (BNU) who would be a village level entrepreneur, Internet Service Provider, Self Help Group etc. BNUs will be given a one-time financial incentive for activating new home fibre connections. To incentivize continuity of services, BNUs will also receive a share of the monthly revenue (on established market practice). It is proposed to eventually provide 1.50 crore rural home fibre connections using the BNU model over the next five years. In order to fast track last mile connectivity, about 100 districts are identified for prioritizing expenditure on upgradation of infrastructure and subsidy to home fibre connections. BSNL will provide Internet Leased line (ILL) to all 7,269 blocks with sufficient bandwidth to ensure minimum 25 Mbps download speed to every home fibre subscriber.

In this context, the Committee, expect the Department to take necessary measures to address the concerns faced during previous phases of Bharat Net Project. Further, the development and targets achieved under the amended Bharat Net Project be submitted to the Committee within 6 months of presentation of this Report. The Department may also, if need be, consider to conduct the performance audit of the BharatNet Udyamis (BNU) and the Amended Bharat Net Project.

Reply of the Government

Details of the Amended BharatNet Program is as follows:

1. BharatNet project is being implemented in a phased manner to provide broadband connectivity to all the Gram Panchayats (GPs) and villages, including tribal areas. The infrastructure created under BharatNet project is a national asset, accessible on a non-discriminatory basis to the Service Providers, and the same can be utilized to provide broadband services through FTTH connections, leased lines, dark fibre, backhaul to mobile towers, etc.
2. The ABP to provide high speed broadband connectivity to all inhabited villages in the country. The Project will be fully funded through Digital Bharat Nidhi (DBN), Department of Telecommunications (DoT) at an estimated cost of INR 1,39,579 crore. The amount is Rs 1.88 lakh crores including the outlay for Phase-I and Phase-II. BSNL has been appointed as Project Management Agency (PMA) for Amended BharatNet Project. BSNL has put notice inviting tender (NIT) for selection of Project Implementing Agency (PIA) for Development (creation, upgradation, operation & maintenance) of

middle mile network of BharatNet on Design Build Operate and Maintain (DBOM) model for sixteen packages on 15.02.2024

3. Under the current scope of the BharatNet, the Gram Panchayats (GPs) are primarily connected in linear structure because of which the reliability of the network is low. However, under the amended program an estimated 2.65 lakh GPs are proposed to be connected in ring network. The remaining 3.8 lakh villages are proposed to be connected on demand basis.

4. The network shall be maintained by professional agencies specialized in optical fiber networks, selected through bidding process by BSNL. These agencies will maintain network for a period of 10 years to high defined standards of availability. It is also proposed to engage a professional private sector partner for the Network Operations Center (NOC) to design, build, operate and maintain the NOC for 10 years.

5. The last mile network will be managed through BharatNet Udyamis (BNU) who could be a village level entrepreneur, Internet Service Provider, Self Help Group etc. BNUs will be given a one-time financial incentive for activating new home fiber connections. To incentivize continuity of services, BNUs will also receive a share of the monthly revenue (on established market practice). It is proposed to eventually provide 1.50 crore rural home fiber connections using the BNU model over the next five years. In order to fast track last mile connectivity, about 100 districts are identified for prioritizing expenditure on upgradation of infrastructure and subsidy to home fibre connections.

6. BSNL will provide Internet Leased line (ILL) to all 7,269 blocks with sufficient bandwidth to ensure minimum 25 Mbps download speed to every home fibre subscriber.

7. BSNL sign Agreement with BNUs for providing Last Mile connectivity using BNU model, as per techno-commercial arrangement between BSNL and BNU. Thus, BSNL monitor BNU performance as per the Agreement from time to time.

8. The status of implementation of Amended BharatNet Program:

- i. RFP was floated by BSNL for selection of Project Implementation Agencies (PIAs) for 16 packages (excluding Eight State led Model states) on 15.02.2024 and opened on 07.08.2024. Advance Orders have been issued in 6 packages, and evaluation of balance packages is ongoing.
- ii. RFP for selection of Independent Engineer (04 packages) for overseeing work of PIAs in 16 packages was opened on 15.10.2024 and RFP for Independent Engineer (02 packages) for overseeing work of PIAs in Eight packages (under State led model) was opened on 18.10.2024. Technical bids are under evaluation
- iii. RFP for selection of PIA for C-NoC floated on 01.01.2025 and the last date of submission of RFP is 28.02.2025.

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Comments of the Committee
(Please see Para No. 19 of Chapter I)

(Recommendation Sl. No. 15)

As regards the Mobile Services in Uncovered villages of Meghalaya and seamless coverage along National Highway, the Department enlightened the Committee that the work has been awarded to M/s Bharti Hexacom Ltd for 1,164 uncovered villages and 11 sites along National Highways in Meghalaya on 04.09.2020 for provisioning of 4G mobile services at a total project cost of Rs. 804.37 Crore. However, 323 sites covering 406 villages & 2 NH sites have been dropped due to pre-existence of mobile coverage. Further, additional 528 sites covering 723 villages have been added on the request of State Government. After physical survey of all the villages and NH locations including additional villages, the revised scope is 443 sites covering 631 villages & 3 NH locations. Survey of all sites (except 03 villages from additional scope) has been completed. Roll out period was Sep 2022 which has been further extended upto Sept 2024 for remaining sites of original scope. Further, 18 months rollout has been provided for 528 additional sites i.e. upto 24.05.2024 and further extension of 06 months is under consideration for remaining sites of additional scope. The Committee desire the targets under the project be completed without any delay and the Department may apprise the Committee about the outcome and completion of targets within specific time limit.

Further, w.r.t Mobile Services in Uncovered Villages of Arunachal Pradesh and 2 Districts of Assam, the Department have submitted that Executable scope of Towers was 531 and 239 in Arunachal Pradesh and Karbi Anglong & Dima Hasao Districts of Assam but only 392 and 222 towers have been commissioned in the States respectively. The Committee desire the work be expedited and mobile services in uncovered villages be provided as per timelines and apprise of the progress made in this regard. The Committee would also like to be enlightened about the current status of the project in Andaman & Nicobar Islands, wherein it was informed that as per agreement signed between USOF & M/S RJIL on 15.03.2021, 82 towers were to be set up for providing 4G Technology in identified 85 uncovered villages and 42 towers for providing mobile connectivity along uncovered NH-4 by September, 2024.

Reply of the Government

1. **Mobile Services in Meghalaya:** - As on 31.12.2024, w.r.t. mobile services in uncovered villages of Meghalaya and seamless coverage across National Highways, 433 sites covering 625 villages & 3 NH locations have been commissioned out of 443 sites planned to cover 637 villages and 3 NH locations. The rollout period of the project has been extended up to 31.03.2025.
2. **Mobile Services in Arunachal Pradesh and Two District of Assam:** - Further w.r.t. mobile services in uncovered villages of Arunachal Pradesh & 2 District of Assam, till December 2024, in Arunachal Pradesh 449 sites have been installed and commissioned covering 875 villages out of executable scope of 535 towers to

cover 1045 villages. The rollout period of the project has been extended up to 31.03.2025. In two Districts of Assam, 222 sites have been installed and commissioned covering 303 villages.

3. **Mobile Services in ANI:** - After survey, the executable scope of this project is 88 4G towers. 41 of these towers are proposed to cover uncovered villages. 47 of these towers are planned along NH-4. 66 towers are commissioned. 46 towers are working along NH-4. 20 towers have been installed to provide coverage along NH-4. Rollout timeline of the project has been extended to 31.03.2025.

Infrastructure Project in Lakshadweep: - An agreement has been signed with BSNL on 01.10.2024. 13 sites have been commissioned against work scope of 20 sites. 14 sites upgraded from 2G to 4G against work scope of 17 sites.

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(Recommendation Sl. No. 17)

Scheme for Mobile Communications Services in Left Wing Extremism (LWE)

Affected Areas

As regards LWE Phase II, the Department submitted that the project entails provision of 2,542 towers to provide 4G mobile services for its implementation. Tender was floated and agreements have been signed with Reliance Jio Infocomm Ltd and Bharti Airtel Ltd in Sept/Oct 2021 at a cost of Rs. 2211.11 Crores. The revised cost of the Project is Rs. 1578 Crores. Reliance Jio Infocomm Ltd as to implement the project in Chhattisgarh, Madhya Pradesh, Maharashtra and Odisha (1602 towers) and Bharti Airtel Ltd in Andhra Pradesh, Bihar, Jharkhand, Telangana, Uttar Pradesh and West Bengal (940 towers). Target for completion of this project was March, 2023 but extended upto September, 2024. The Committee learn that out of 1279 towers to be installed in 10 states of Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, Telangana, Uttar Pradesh and West Bengal only 1020 towers have been commissioned. Department have submitted that survey in 197 locations is pending owing to security and also villages not being traceable. The Committee would like that survey in pending 197 locations may be completed with the help of State machinery/ MHA, as Mobile Connectivity to these areas is essential for addressing the problems holistically. Further, the Committee would also like to be apprised of the reasons for delay in commissioning of towers State- wise.

Reply of the Government

LWE Phase-II Project: Till December 2024, out of planned 1,285 towers covering 1,349 locations, 1,106 mobile towers have been installed and providing mobile services to 1,162 locations. The roll period of the project was extended upto 27.03.2025

for M/s RJIL and upto 31.03.2025 for M/s BAL respectively. Further, 183 more tower locations have been added in the project against the deleted locations on the request of MHA having rollout period till May 2025.

Tower locations where survey is pending due to Security issue, USP has been directed to conduct survey with the support from State Police Nodal Officer appointed by MHA and till December 2024, survey is pending for 153 locations of Chhattisgarh due to security issue for which tower has not been planned yet.

The project is mainly delayed due to the pending Revenue land allocation, Forest permission from State/MoEFCC, RoW issues, Security, Access issues etc. Most of the issues has been resolved with the support from State Governments.

State- wise status Progress & the pending issues thereon is as under:

S. No.	State	Executable scope		Progress		Pending Issues (Including Repeater sites)
		Towers	Locations	Towers	Locations	
1	Chhattisgarh	480	503	428	448	Survey Pending-153, Revenue Land-4 & Post land allocation-16
2	Madhya Pradesh	26	26	24	24	Forest Permission-2
3	Maharashtra	80	81	74	75	RoW- 1 Route (1 sites)
4	Odisha	401	421	320	336	Forest Permission-1, Revenue Land-1, Local, Access & Alternate land required-7, Post land allocation-04
5	Andhra Pradesh	197	214	188	204	Forest Permission-4, RoW- 1 Route (4 sites)
6	Bihar	3	3	1	1	
7	Jharkhand	82	85	64	67	Forest Permission-2, Local Issue-2, RoW- 1 Route (11 sites)
8	Telangana	16	16	7	7	Forest Permission-5, RoW- 2 Route (3 sites)
	Total	1285	1353	1106	1162	

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(Recommendation Sl. No. 18)

Bharat Sanchar Nigam Limited: Roadmap to roll-out its 4G services

A critical component of the revival of BSNL and MTNL is continued capital infusion. The Government has already committed substantial funds through various sovereign guarantee bonds, but the challenge remains in ensuring that these funds are deployed efficiently and effectively. The current focus on debt restructuring through the issuance of bonds and equity infusions must be complemented by targeted efforts to improve cash flow management and reduce financial strain. The Department should ensure that the funds raised are prioritized for upgrading the telecom infrastructure and implementing 4G/5G technologies. Further, the ongoing land monetization and the sale of tower and fibre assets must be strategically managed to maximize returns. This can include leveraging public-private partnerships or collaborations with real estate developers for land development, as well as exploring joint ventures for tower infrastructure. The merger of BSNL and MTNL, a critical long-term objective, should be expedited with clear timelines to ensure synergies and cost savings are realized quickly. A thorough review of the existing debt portfolio, along with measures to restructure or defer high-interest debt, would provide short-term relief and long-term financial stability. The Committee urge the Department to take proactive and concrete actions to advance in this direction. It is essential that these steps are implemented systematically, and the Committee would appreciate being kept informed of the developments, with a clear timeline for their execution and progress report.

Reply of the Government

BSNL

Debt Restructuring of BSNL. Details are as under.

The outstanding Bank term loans at the beginning of September, 2020 (before raising SG bonds) was Rs. 24,377 Cr. (Approx.) As allowed by Revival 1.0, BSNL raised Rs. 8,500 Cr from open market through Sovereign Guarantee Bonds in September, 2020.

Further, in 2022 through Revival package 2.0 BSNL was allowed to raise Rs. 22,828 Cr. from open market through Sovereign Guarantee Bonds to repay high cost bank debts. BSNL raised only Rs. 6,243.70 Cr (FY 2022-23 – Rs. 4,184.70 Cr & FY 2023-24 – RS. 2,059 Cr.)

The outstanding term loan of BSNL as on 14.01.2025 is Rs. 10.58 Cr. only.

The outstanding debt (Term Loan - 10.58 Cr. & SG Bonds - 14,743.70 Cr) of BSNL as on 14.01.2025 is Rs. 14,754.28 Cr only.

BSNL is prioritizing to upgrade its major Telecom infrastructures projects utilizing the funds. The details are as under.

- **Super Edge Routers for BSNL Internet Protocol Multi-Protocol Label switching (IPMPLS) network & 4G rollout**

BSNL is executing up-gradation of its network with 330 Super Edge and Edge Routers for Internet Protocol Multi-protocol Label Switching (IPMPLS) Network & 4G rollout. Supply of equipment & Installation work is completed. All equipment under BSNL has

been commissioned. One Node under MTNL area is pending due to space issues at customer premises as on 31.12.2024.

- **MPLS-IP based Access and Aggregation Network (MAAN) along with Test & Measuring equipment**

BSNL is executing up gradation of its network and augmentation of Broadband services with 13,463 no. of MPLS-IP based Access and Aggregation Network Nodes + 3095 no. of test & measuring equipment to increase bandwidth/ traffic requirement at last mile. Supply of all MAAN nodes including all accessories completed and supply of 2370 Test & measuring equipment completed. VT (Validation Test) of MAAN node is under way, 4638 out of 4650 MAAN equipment (C1/B4/B3) has been installed by M/s Tejas and are under commissioning. 6891 out of 8813 A3 & A4 nodes have been installed by BSNL and rest A3 /A4 installation is in progress.

- **Augmentation of Broadband Traffic Aggregation nodes (BNG)**

BSNL has started process of replacing its end of life expired Broadband Network Gateways (BNGs) and Regional Point of Presence (RPOP) with new technology CUPS BNG (Control plane User plane Architecture) BNG aggregates traffic from various customers from an access & aggregation network.

In FY 23-24 & FY 24-25, 123 BNGs under Phase-I and 115 BNGs under Phase-II have been installed & commissioned with Capex of 169 Cr.

Augmentation of CUPS BNG has upgraded the BSNL aggregator network with sufficient capacity to cater higher Bandwidth to FTTH customer and also to make up growing demand of Bandwidth. This will further boost the customer satisfaction as well revenue of BSNL.

- **Augmentation & Up gradation of LIM equipment**

LIM Equipment are being used for Lawful Interception Monitoring in order to fulfill the requirement of rapidly growing traffic. PO for High Capacity LIM have been placed for seven (7) locations with total capex cost of 34 Cr. Equipment have been commissioned in all seven (7) locations. This will boost the capacity of Lawful interception for BSNL Network in LEAs (Law Enforcement Agencies).

- **Expansion of Caching DNS solution**

DNS translates domain names and host names into the corresponding numeric Internet Protocol (IP) addresses. The role of DNS is very crucial for a network for connecting and enabling the browsers to load the respective internet resources. Earlier, BSNL has deployed Cache DNS Servers at nine (9) locations and Authoritative DNS Servers at two (2) locations. Vide PO dated 19.02.2024 issued to M/s TCIL, 8 Caching DNS have been supplied & installed in network at Chandigarh, Nagpur, Hyderabad, Vishakhapatnam, Bhopal, Mangalore, Madurai & Varanasi. The equipment has been commissioned.

- **CDR-III Project:**

BSNL project for 'Consolidation of existing 4 CDR Data Centers and 4 NIB-II P3 Data Centers with state-of-the-art Data Centers (at Hyderabad and Pune)' involves setting up of Primary Data Center at Hyderabad and Disaster Recovery Data Center at Pune for provisioning, billing and customer services handling for BSNL's Fixed line services. The work has been awarded to M/s TCIL. West Zone migrated to CDR Project-III system w.e.f. 07.09.2023. & South zone migrated to CDR Project –III system w.e.f. 08.07.2024. Overall project progress is 81% completed and 19% remaining. West and south zone have been migrated to CDR III project. Other Zones migration preparation is in progress and scheduled to be migrated after all pending migration related issues are addressed.

- **BSNL is also utilizing its fund for implementing 4G technology in its network. The details of Roadmap to roll-out its 4G services & progress is as below.**

(i) Based on the directions received from DoT & in line with the 'AtmaNirbhar Bharat' initiative of the Government of India, BSNL invited Expression of Interest (EoI) on 1st January, 2021 thereby providing an opportunity to the Indigenous manufacturers to technically prove their product by participation in the PoC (proof of concept). Upon successful completion of PoC, the bidder will become eligible to participate in the 4G tender of BSNL.

(ii) BSNL issued 4G tender on 22.10.2022 for procurement of 1 Lakh eNodeBs & associated core equipment on PAN India basis including Delhi & Mumbai LSA of MTNL on turnkey basis under Phase IX.2 Project.

(iii) PO has been issued to M/s ITI (RQ) on 08.06.2023 for west Zone RAN, M/s TCS for Core Hardware in all zones and RAN in NZ+SZ+EZ & M/s CDOT for software of 4G Core for all zones on 22.06.2023.

(iv) Total 71293 eNodeBs have been installed & 60127 eNodeBs are on –aired upto 05.01.2025. The I & C (Installation & Commissioning) of 1 Lakh eNodeBs is expected to be completed by June-2025. Further, BSNL has planned additional 22000 sites to cater the supply requirement under Phase IX.2 project.

The equipment being procured through BSNL 4G project is upgradable to 5G with software upgrade and minimal change of hardware. Total 38825 sites to be upgraded to 5G after the launch of 4G services

BSNL is earning revenue from leasing out its core assets such as Tower & OFC. Revenue earned from leasing of Tower & fiber assets is as under

Revenue Stream	Actual (amount in Cr.)			
	2021-22	2022-23	2023-24	2024-25 up to Nov 24
Tower	1,050.42	1,024.30	1,055.80	652.88
Fiber	400.46	388.49	399.55	263.76
Total	1,450.88	1,412.79	1,455.35	916.64

BSNL is expecting to increase its revenue from its core asset .Revenue projection from leasing of Tower & fiber assets is as under

Revenue Stream	Projections (amount in Cr.)					
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Tower	1,088.00	1,121.00	1,155.00	1,190.00	1,226.00	1,263.00
Fiber	412.00	425.00	438.00	452.00	466.00	480.00
Total	1,500.0	1,546.00	1,593.00	1,642.00	1,692.00	1,743.00

BSNL is monetizing its land and buildings through the following routes/modes

Modes of Monetization

1. Sale of land parcels valuing below Rs.10 cr. with the approval of BSNL Board.
2. Sale of land parcels valuing between Rs.10 cr. to Rs.100 cr. with the approval of Group of Ministers.
3. Sale of land parcels valuing above Rs.100 cr. through NLMC
4. Direct sale of land parcels to Govt. organizations/CPSEs.
5. Renting out of its built-up space and facilities.

Land Monetization (LM) status

BSNL has about 15,000 land parcels with a total book value of Rs.67, 837 crores as on 31.12.2020. BSNL has planned to monetize spare land and buildings through outright sale/lease of lands and leasing of vacant built-up space. The Department of Investment and Public Asset Management (DIPAM) had appointed consultants for monetization of 11 properties in Phase-1 and 7 properties in Phase-2. Now DIPAM has transferred the asset monetization work to the NLMC (National Land Monetization Corporation).

BSNL has earned revenue through monetization of land and building assets since the announcement of revival package in October, 2019 to 10.12.2024 is Rs.1057.26 Cr.

Income from Renting of Built-Up Spaces in BSNL

- BSNL has been renting out its spared built-up spaces in Administrative buildings, Technical buildings and staff quarters.
- Priority given to Govt. Departments, PSU's, PSU Banks etc.
- Reputed private organizations are also allowed subject to certain minimum turnover criteria.
- It is targeted to spare minimum 35% space in each building for renting out.
- Non critical offices are being shifted to non-commercial locations paving way for more commercial exploitation of Exchange/Office buildings.

Rental income from 2010-11 to 31.10.2024 is Rs.1791.90 Cr.

New proposal for Land monetization

A proposal for monetizing 29 BSNL properties on development model for 7 nos. residential, 8 nos. commercial, 2 nos. technology parks, 2 nos. Warehouse & 10 nos. for Solarisation is under process for approval of appointment of Transaction Advisor, for getting feasibility report, type of model & RFP to be adopted.

Present Status of BSNL & MTNL Merger

Govt. had given in-principle approval for merger in 2019. However, Group of Ministers put on hold the merger in the year 2020.

The Union Cabinet in 2022 has approved an Alternate Mechanism having delegated powers of Union Cabinet for restructuring, transfer of operational activities of MTNL to BSNL, debt reduction and asset monetization of MTNL.

The Alternate Mechanism has approved that BSNL will execute a suitable arrangement between MTNL and BSNL, agreeing in principle to run MTNL's telecom services by undertaking maintenance and running activities of MTNL completely in EBITDA neutral basis including meeting the HR cost.

MCA vetted Service agreement between BSNL and MTNL is signed on 22.11.2024. The MoU signed between the PSUs will come in effect from 01.01.2025.

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Comments of the Committee

(Please see Para No. 22 of Chapter I)

(Recommendation Sl. No. 19)

The Department have informed the Committee that under 'Atma Nirbhar Bharat' mission, BSNL has planned for deployment of 100K 4G sites in BSNL network on PAN India basis. The Department have also stated that the 5G NSA is a deferred feature and will be implemented after the roll out of 4G services. The project supports the development and deployment of indigenous technology, promoting self-reliance in the telecom sector which aligns with the Government's Atmanirbhar Bharat (self-reliant India) vision supporting indigenous R&D efforts positioning India as a leader in telecom innovation globally. The Department have also informed about the allotment of spectrum in 900 MHz, 700 MHz, 1800MHz and 2500 MHz bands for Rs 56,299 Crores in FY 2023-24, 3300-3700 MHz band for Rs 26,184 Crores in FY 2024-25 and 26 GHz band for Rs 6,565 Crores in FY 2024-25 / FY 2025-26.

In light of the foregoing, the Committee observe that BSNL plans to deploy 100,000 4G sites and move towards 5G is central to its growth strategy, especially in underserved rural areas. The Government's support for the purchase of spectrum and infrastructure funding must be efficiently translated into on-the-ground improvements. The Committee understand that the Department should streamline the process of acquiring spectrum in the required bands (900 MHz, 700 MHz, 1800 MHz, 2500 MHz) to

prevent any further delays in network rollouts. BSNL's ability to successfully deploy 4G and transition to 5G will depend on the speed at which infrastructure is set up and operationalized. This will require not just funding but also a concerted effort to resolve regulatory and logistical hurdles. A fast-tracked clearance process for tower installations, permissions for laying optical fiber, and other network rollout approvals will be essential for meeting timelines. Additionally, BSNL should focus on leveraging indigenous technologies in the development of its 5G infrastructure, promoting self-reliance in line with the Atmanirbhar Bharat initiative. The successful deployment of 4G, followed by an efficient 5G rollout, will open up new revenue streams, particularly through data-driven services such as e-commerce, telemedicine, and e-education. These initiatives would also help position BSNL as a key player in the country's digital transformation. The Committee would desire the Department to take concrete steps in this direction and apprise the outcomes to the Committee of the same.

Reply of the Government

BSNL

Planning of 5G services in BSNL under 'Atma Nirbhar Bharat' mission

The equipment being procured through BSNL 4G project is upgradable to 5G with software upgrade and minimal change of hardware. Total 38825 sites to be upgraded to 5G after the launch of 4G services.

Initially, BSNL 5G network is planned as NSA (Non Stand Alone) with up gradation of existing 4G core. However, considering the maturity of 5G related specifications, BSNL is considering the 5G Standalone (5G SA) also for implementation with radio of 32T32R & 8T8R configuration.

For start of 5G services in Delhi service area, BSNL has issued the tender on 01.11.2024 for provision of 5G as a service (5Gaas) by the Indian companies in Delhi Service area.

Total **71293** eNodeBs have been installed & **60127** eNodeBs are on –aired as on 05.01.2025.

Physical & Financial progress w.r.t spectrum allocation to BSNL

1. Physical progress

a) 700 MHZ Band: DoT has assigned spectrum in 700 MHZ band for following circles. Punjab, Haryana, Himachal Pradesh, UP(East),UP(West),Uttarakhand Gujarat, Madhya Pradesh, Chhattisgarh, Odisha,NE-1,NE-2 Andhra Pradesh and Telangana.

For remaining Circle BSNL is presently using trial spectrum and will be progressively requesting DoT for allocation of spectrum in remaining circles/LSAs.

b) 2100 MHz band: DoT has assigned spectrum in 2100 MHz band for following circles. Punjab, Haryana, Himachal Pradesh, UP (East), UP (West), Uttarakhand, Gujarat, Madhya Pradesh, Chhattisgarh, Odisha, Andhra Pradesh and Telangana.

For remaining Circle BSNL is presently using trial spectrum and will be progressively requesting DoT for allocation spectrum in remaining circles/LSAs.

c) 850 MHz (only in Rajasthan): BSNL is presently using trial spectrum and will be progressively requesting DoT for assignment of regular spectrum.

d) 1800 MHZ (only in Delhi LSA): BSNL is presently using trial spectrum and will be progressively requesting DoT for assignment of regular spectrum.

e) 2500 MHz (in selected LSAS): M/s TCS is yet to supply the 4G equipment based on TDD in 2500 MHz band. BSNL will be progressively requesting DoT for assignment of regular spectrum.

f) As on 23.12.2024, 56192 nos of 4G sites are made on air (commercialized) in BSNL's network.

g) 900 MHz/ 1800 MHz (used for 2G services): In 2022, the spectrum in 900 MHz/1800 MHz was renewed and regularized by DoT. This spectrum is being utilized for offering 2G services, Presently 83672 nos. of BTS are operational in BSNL network.

h) 3300 MHz and 26 GHz: This spectrum is envisaged to be used for 5G services. BSNL has recently issued an RFP for deployment of 5G network in Delhi LSA based on Network as a Service model. BSNL will be progressively requesting DoT for assignment of regular spectrum subsequent to finalization of tender for 5G network.

2. Financial progress

Spectrum band	Cabinet approval	Total cost approved by Cabinet (Rs. Cr)	Cost as per auction 2022 in Rs Cr	Utilised by BSNL (Rs. Cr)			Fund Utilised in FY
				Principal Cost	GST	Total	
2100 MHz, 800 MHz, 1800 MHz (Including Delhi & Mumbai)	1st/ 2019	24084	14538	1492	269	1760	2023-24
				1935	348	2283	2024-25
Total				3427	617	4044	
900/ 1800 MHz	2nd/ 2022	44994	24025	19808	3565	23373	2022-23
Regularization of spectrum in 900/1800 MHz				552	99	652	2023-24
Total				20360	3665	24025	
700 MHz, 3300 MHz, 26 GHz, 2500 MHz	3rd/ 2023	88516	88516	8209	1478	9687	2023-24
				8762	1577	10339	2024-

Spectrum band	Cabinet approval	Total cost approved by Cabinet (Rs. Cr)	Cost as per auction 2022 in Rs Cr	Utilised by BSNL (Rs. Cr)			Fund Utilised in FY
				Principal Cost	GST	Total	
							25
				16971	3055	20026	
Grand total (Rs. Cr.)				40758	7337	48095	

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(Recommendation Sl. No. 20)

One of the ongoing challenges for BSNL and MTNL remains the management of operational costs, particularly given the scale and legacy infrastructure these companies manage. According to the Department, the Voluntary Retirement Scheme (VRS) has significantly reduced employee costs at MTNL since the implementation of the scheme in 2019-20. 14387 employees opted for the same and number of employee were reduced by 80% thereby resulting in savings in employee cost in MTNL accordingly. The Committee believe that staffing levels in BSNL at present and projections of employees in future in both BSNL and MTNL need to be strategically identified keeping in view efficient operation and cost saving. The Department should explore further cost-saving measures, including a more aggressive rationalization of workforce deployment and continued use of automation in operations. BSNL and MTNL must adopt modern tools for network management, customer service, and billing, which can help reduce administrative costs in the long term. Additionally, these companies should revisit their marketing and sales strategies to focus on high-margin services such as enterprise solutions, broadband, and 4G/5G data services. While traditional voice services remain an important part of their portfolio, focusing on newer, value-added services can help offset the decline in basic services. BSNL and MTNL should also work to streamline procurement processes and optimize vendor management to reduce costs in network expansion and maintenance. Lastly, the existing management structure should be re-evaluated to ensure that leadership is aligned with the company's future growth strategy. A streamlined, results-oriented management structure will be vital in driving the company's turnaround. The Committee emphasize the need for the Department to move forward with tangible and well-defined steps in this regard. The Committee look forward to being informed about the specific measures taken and the outcomes achieved as part of this ongoing effort.

Reply of the Government

MTNL

Several measures were taken, some of them are noted below:

(I) **Reduction in expenditure:**

1. MTNL is trying to reduce its operational cost by way of cutting the electricity bills by using solar system and natural cooling system at mobile sites and telephone exchanges.
2. MTNL has adopted strict financial controls on office expenditure, on provision of vehicles to the officers, deployment of security personnel's and purchase of the equipment unless absolutely essential.
3. **Freezing of various allowances of staff:** MTNL has frozen several allowances like LTC for its employees and medical facility.
4. MTNL is able to reduce its interest expenses by better financial management.
5. MTNL is reducing maintenance cost by adopting managed service and revenue sharing model.

(II) Revenue Enhancement measures: To improve its network capabilities and provide better quality of service to customers, following initiative / projects have been taken during the last three years for revenue enhancement.

Wireless Network:

MTNL Synergy with BSNL in Mobile Services:

- a. Operation and Maintenance (O&M) of MTNL Mobile services has been handed over to BSNL w.e.f. 01.04.2021 for Delhi and w.e.f. 01.09.2021 for Mumbai. Mobile Network elements of BSNL such as OMCR, CNMC, EIR, SSTP, MNP gateway, SPAM filter have been integrated with MTNL mobile network and are being utilized on need basis. CIOR implementation is being done by BSNL for BSNL and MTNL network both.
- b. Launching 4G Services in Delhi and Mumbai: DoT vide Office memorandum No.30-04/2019-PSU affairs dated 29th Oct 2019 had informed that GoI in its cabinet meeting held on 23-10-2019 has approved the proposal of administrative allotment of spectrum to BSNL and MTNL for providing 4G services among other things. In a modification to this decision, the Group of Ministers (GoM) constituted on the matter of "Revival of BSNL and MTNL" approved allocation of 4G spectrum to BSNL in Delhi and Mumbai in place of MTNL in its meeting held on dated 21.12.2020. Accordingly, Mobile 4G network is under process of planning & rollout in Delhi and Mumbai by BSNL.

Wireline Network: The following initiative / improvements have been adopted taken for revenue enhancement

1. **FTTH Revenue share Policy:** MTNL has formulated a new policy to engage partners on revenue share basis to extend its FTTx services. Many partners have been roped in to offer the high speed broadband services on fiber. This will help in increasing reach of FTTH customers through the existing infrastructure without incurring any significant extra expenditure and by utilizing the capabilities of these revenue share partners leading to acquisition of more FTTH customers and the revenues.
2. **Wi-Fi Hotspots at tourist places in Delhi and Mumbai:** MTNL has established Wi-Fi Hotspots at various tourist places and important public Areas all over Delhi and Mumbai for digitally connecting the people.
3. **Enterprise Business:** Specific focus on Enterprise Business and to generate enhanced Revenue.
4. **Mumbai City Surveillance (MCS) project:** MCS project was awarded by Govt of Maharashtra to L&T consortium with L&T as lead bidder and MTNL & CMS as consortium partner. MTNL provided its Data Centers at Worli & Belapur for collocation of MCS Servers & Storage along with extending bandwidth on OFC to approx. 6000 Cameras spread across Mumbai City & many other locations for collaborative monitoring. MTNL is pursuing for to increase the count of CCTV cameras by another 6000 under MCS phase-2 project with Govt. of Maharashtra
5. **Participating in Smart City project of Mumbai:** MTNL Mumbai is participating in smart city project where there is a requirement of 5000 Cameras and bandwidth requirement of 250 Gbps traffic.
6. **Revenue through renting of office space and buildings:** MTNL has been making conscious efforts to maximize revenue by effective utilization of its spare assets and has rented out its space to various governments controlled entities.
7. **Renting of Towers:** MTNL is earning revenue from Tower renting business also.
8. **Imparting training through its training centers at Delhi & Mumbai** to college students, other corporate and Indian / foreign nationals to earn the revenue.
9. **Retention of existing customers:** Various preventive measures have been adopted to ensure quality of services to the customers and reducing mean time to repair of faults through effective centralized monitoring.

Also, MTNL has taken following steps to improve the network to be able to provide better services to its subscribers

(i) Up-gradation of the MPLS Network: To cater the growing network requirements MTNL is planning the replacement / up-gradation of the entire MPLS network along with the security solution to meet the generic requirement (as per TEC-GR). The MTNL MPLS expansion plan includes 6 Core routers 30 Edge-I routers, 48 Edge-II routers and 150 L-3 Switches. The equipment is already procured and installed. Migration of services to new network is underway.

(ii) Up-gradation of TDM & BB network: The upgradation of existing TDM and Broadband network has been done by diverting the spare LMG (Line media gateway) equipment from various locations in BSNL's network to MTNL's Delhi and Mumbai

network. This has helped to replace the existing TDM exchanges and DSLAMs in BB network. The work is almost complete.

(iii) FTTH Rollout Plan: The FTTH customers of MTNL Delhi and Mumbai are being migrated to BSNL.

(iv) Up-gradation of optical Fiber network of MTNL: MTNL has procured optical fiber (24 Fiber and 48 Fiber) through BSNL's Tender. The POs for the same were placed on 20.01.23 and 31.01.23 respectively.

(v) Deployment of OTN network: It is planned to procure new OTN equipment of various capacities for Delhi and Mumbai to strengthen MTNL's backbone network. A Tender for the same has already been floated by BSNL. The procurement of the requirement is underway.

(vi) MAAN switches network: It is planned to procure MAAN (MPLS-IP based Access and Aggregation Network) switches to augment the MPLS network of MTNL. A requirement of 870 MAAN switches (470 for MTNL Delhi and 400 for MTNL Mumbai) has been shared with BSNL for procurement.

In addition to above, implementation and security upgrade is a continuous process and MTNL has been undertaking steps to upgrade security related aspects. Some of the measures taken are:

1. **Up gradation of the IT Network:** MTNL has age old obsolete IT infrastructure and billing system which needs to be upgraded on urgent basis. MTNL is in the process of migrating the CDR based billing system with BSNL.

Procurement of Firewall: Three new firewalls have been procured and deployed. Two firewalls have been deployed in Delhi (One in IT Data Centre, Minto road and one at MPLS data centre, Lodhi Road) and one Firewall has been deployed at Mumbai (at MPLS Prabhadevi Data Centre).

BSNL

The organizational re- structuring and the new marketing and sales strategies that have been adopted in BSNL post VRS are discussed below:-

Present Staffing level in BSNL after VRS.

In post VRS scenario, due to significant changes in technology, business model and business processes in the last few years and looking at the current market scenario. Organizational Restructuring was approved by BSNL Board and sanctioned strength post VRS in various streams and grades was conveyed to the field units in Nov-2021. The exercise of restructuring the organization was done where in number of initiatives were taken as under.

- **Reorganization of Business areas:** - Under Organizational restructuring, to utilize manpower in an effective manner, Business areas were consolidated from 198 to 158 by restructuring of business areas.

- **Non-Territorial Circles:** - There were total 20 Non-Territorial circles pre VRS. These 20 circles have been reorganized into 9 circles.
- **Reorganization of Structures:-** The structures for all the Business areas (158 nos), BSNL CO (01 no.), Territorial circles (24 nos), Metro Distt circles (2 nos), Specialized circles (2 nos) Non-Territorial circles (9 no's) in BSNL have been reorganized looking at current business requirement of business areas.
- **Manpower Planning:** - Post VRS, new Positional and Operational norms were framed from organisational Restructuring. Based on which manpower has been aligned & optimized in BSNL.

Marketing & sales strategies adopted in BSNL

Sales Initiative:

- **Direct Selling Agent (DSA):**

Exclusive team on sales process of FTTH is being created. DSA are having wide reach, and door to door sales activity. DSA are expected to significantly boost FTTH sales through Volume & Velocity and provide real time feedback and market insights. There is regular focus of empowering DSAs through periodic training, handholding and motivation to achieve increase sales.

As on date around 5,200 DSA are enrolled and active and getting new FTTH connections and a Pan-India target of 10,000 DSA has been assigned to circles for March'25.

- **Introduction of New Live TV service**

BSNL has started providing Live TV services on BSNL FTTH connection. It is the first of its kind in the country. This innovative service brings real-time streaming of over 500+ TV channels directly to customers through BSNL's robust intranet network, offering a seamless and enhanced television experience like never before. Available to all BSNL's FTTH customer, this service operates entirely within BSNL's network, zero interference with customers' existing internet circuits. 17,000 plus customers have already been on boarded in one month time, across 12 circles. Service shall be rolled out across all circles by end of January 2025. This initiative shall help in improving FTTH sales as well as retention of existing customers.

- **Introduction of Bundled ONT Scheme**

BSNL's Bundled Wi-Fi ONT Scheme offers customers a complimentary Wi-Fi Optical Network Terminal (ONT) device when subscribing to select Bharat Fiber (FTTH) broadband plans

One time incentive (over & above the eligible revenue share) for WiFi ONT supplied by BSNL's partners to Customers (in. Rs.)	Eligibility of FTTH plans having Fixed monthly Charges (FMC) (in Rs.)	
	Existing	Revised
Rs.1200 (excluding of GST) for single Band WiFi ONT	$499 \leq \text{FMC} < 699$	$399 \leq \text{FMC} < 599^*$
Rs.1800 (excluding of GST) for Dual Band WiFi ONT	$\text{FMC} \geq 699$	$\text{FMC} \geq 599^*$
Note: One time incentive is not applicable for bundled OTT plans having FMC ≤ 599 .		

The ONT device is supplied at no additional cost to the customer.

- **Introduction of New Year Offer for FTTH customers**

Plan 499 is given on discounted price of Rs399 for initial three months and will be free on the first month when customer on boarded the plan. This plan is valid till March2025 for New Customers.

- **Introduction of New Quarterly and Half Yearly Plans**

Quarterly plan of Rs. 999/- having download speed Up to 25 Mbps and half yearly Rs1999/- for Half Yearly with download speed Up to 25 Mbps are introduced as entry plans for new and existing customers and also for copper to FTTH conversions.

- **Vidya Mitram Scheme:**

BSNL's Vidya Mitram Scheme is a philanthropic initiative that enables individuals and organizations to sponsor annual FTTH (Fiber to the Home) internet connections for students. The aim is to provide these students with reliable internet access, thereby supporting their educational endeavours in today's digital age.

The scheme offers multiple sponsorship options under the Fibre Entry plan at ₹329. Sponsors can choose to support 3, 6, or 10 students, with annual subscription costs of ₹11,000, ₹21,000, and ₹35,000 respectively.

The offer has been made online and sponsors can visit BSNL Website to sponsor students in this scheme

- BSNL is serving its Wireless subscribers for their queries/complaints through its call centers located at various locations throughout India. Apart from Hindi and English customers are served in 11 local languages. BSNL is also operating its social media call centers at Delhi/NCR location wherein around 200 agents are engaged for addressing the queries and complaints received through social media.
- Customer can book complaints/gets information through BSNL Call centre. IVRS and OBD dialling regarding new services /recharge reminder etc is also done to subscriber.

-

BSNL

Unified App Self-care to customers will be single integrated app for Landline, FTTH and Mobile services. It provides, better customer experience: seamless and convenient way to access multiple services at one place, provides a seamless and feature-rich experience. Also, Customers gets additional benefits for using BSNL self-care APP.

- BSNL is in the process to facilitate the subscriber through Online SIM delivery at doorstep. POC for the same has been done successfully at 3 locations.
- BSNL is in the process of upgrading all SIMs to 4G, free of cost so that customers can utilise maximum benefit of the upcoming 4G launch.
- To improve sales, special events/ Melas are organised in Circles.
- Channel partners have been asked to improve BSNL's Brand Visibility at Retailers / franchisees/ DSA locations etc.
- BSNL is actively working on bundling mobile handsets compatible with services in the 700 MHz band.

For brand visibility of BSNL products & services two types of activities are done.

(A) ATL (above The Line)

(B) BTL (Below The Line)

Corporate Marketing cell focus mainly on ATL (Above the Line) activities whereas circles are directed to execute the BTL (Below the Line) activities.

(A) ATL Activities include-

- Jingles on Radio, L-Band, Aston Band & Laptop Branding on TV.
- Audio visual Ads in Cinema/Theatre
- Ads in Newspapers/ Magazine except NIT & Recruitment Notices.
- Railway, Bus Stand & Airport-Display board Lit/not Lit, LCD Screen, Banners & Hoardings, and TV Screen, Train Wrapping (Exterior/Interior), Pole kiosk, Rail Neer Bottle, Cup Plate, Napkin, and Luggage Trolley etc.
- In-Stadia- BSNL ads in Stadium (Print and Digital Both).
- Sponsorship / Events
- Digital Marketing through Social Media platforms i.e. YouTube, Facebook, X, Instagram, Koo etc.
- Outdoor Billboard/ Hoarding- (Print & Digital Both).
- Name Hiring of any Metro/Rail/ Bus Stand.

(B) BTL Activities include-

- Sign board & BSNL brand visibility through Banner & Flex at retailer/Franchisee/DSA Locations & PCO's.
- Pamphlet, Brochures, Posters, Banners, Tariff card, leaflet, Strickers, Dandlers, Email & SMS.
- Wall Painting with BSNL Ads.
- Banner / Flex on Departmental Hoardings in BSNL Premises.
- Pillar painted with BSNL Logo's and other details.
- Road Show/Melas & Camp in residential & commercial areas.
- Use of BSNL Brand umbrellas at PoS.
- Social Media Meetings with BSNL Staff & families.
- Strip Ad on BSNL Landline/FTTH/ Post-paid Mobile Bills.

Corporate Marketing Cell continuously explore innovative and effective strategies to enhance our brand visibility across the country.

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(Recommendation Sl. No. 21)

The revival of BSNL and MTNL should not be viewed in isolation, but rather as a part of a broader strategic shift towards fostering collaboration with private sector players. For example, BSNL could enter into joint ventures or strategic alliances with leading telecom players to share infrastructure, reduce costs, and expedite the rollout of services. Public-Private Partnerships (PPPs) in infrastructure projects, such as fibre optic networks, can help leverage private sector efficiency and technological expertise, while maintaining public ownership over critical national assets. BSNL and MTNL should also consider partnerships with technology companies for the development of next-generation services such as smart city solutions, Internet of Things (IoT) applications, and cloud-based services. Moreover, the companies should expand their focus on providing telecom services for large public sector projects like BharatNet and other rural broadband initiatives, which are not only essential for national growth but can also provide a steady stream of income for BSNL. These collaborations can enable BSNL and MTNL to access cutting-edge technologies, reduce the time to market, and offer innovative services that appeal to both consumers and businesses. The Committee recommend that the Department should explore option of forming these alliances so that BSNL and MTNL can position themselves as leaders in telecom innovation while leveraging private sector expertise and financial resources.

Reply of the Government

A service agreement has been signed on 22.11.2024 between MTNL and BSNL effective from 01.01.2025 for a period of 10 years unless it is revoked earlier by giving a notice of six months or extended by mutual consent between parties.

Recently MTNL is planning to holistically migrate MTNL's network services including operations, billing process, customer care, call centre and commercial activities etc. to BSNL. As and when BSNL takes over the landline services, a workable procedure may be defined so that instead of migrating individual entity, whole landline services are migrated in one go along with their existing CAF, commercial records, billing details and history for subsequent customer care and legal requirements

BSNL

The major steps undertaken by BSNL to foster collaboration with private sector players are as follows:-

Public – Private Partnership (PPP) model in infrastructure projects

The 5G technology as such has huge potential for variety of use cases comprising of various sectors. In order to harness the potential of BSNL network and spectrum utilization BSNL has envisaged a policy for Captive Non-Public Network (CNPN) network. The CNPN is a terrestrial wireless telecommunication network established for captive use within a specified geographical area. Such networks cannot be used for providing commercial telecommunication services for the internal use of the organization. BSNL has empaneled various CNPN partners in the spirit of Public – Private Partnership (PPP) model which enables a revenue stream for BSNL on revenue sharing model. In this model BSNL is providing the commercial spectrum and other network resources and

CNPN partner is responsible for supply of hardware/ solution, rollout and maintenance of the Captive network. The sectors such as – mining, plants, oil & gas, logistics and manufacturing are promising sectors for the associated use cases. BSNL has already started the deployment of CNPN on PPP model in coal mine area.

Sharing of FTTH services in PPP model

BSNL has already taken policy initiative for engagement of local Telecom Infrastructure Provider (TIPs) to expand high Bandwidth fiber based FTTH Services. After such policy initiative, FTTH segment in BSNL gained pace from 2019.

BSNL has gained progress from approx. 3.35 Lakh connections as on 31.03.2019 to approx.40.64 Lakh connection as on 31.12.2024.

Further BSNL has also engaged partner in Wi-Fi under Public Wi-Fi Partner (PWP) policy to leverage BSNL backhaul capacity to expand W-Fi services in Enterprise Business segment.

Sharing of BSNL infrastructure with Private Operators

BSNL is having commercial agreements with leading Telecom Service Providers like RJIL, Airtel, and VI, Sify etc for sharing of BSNL sites on rent basis. Similarly, BSNL is also having Agreements with major IP-1 provider's e.g. M/s Indus Towers, M/s Elever (Formerly ATCIPL), TVI, Ascend, RIL and SDIL etc. for sharing their passive infrastructure like Tower etc. as per BSNL's requirements.

Smart City Solution

As business development plan/strategy, BSNL has been, participating in Smart City mission of Govt of India as Master System Integrator (MSI), Consortium partner and as Telecom Service Provider (TSP) wherein BSNL has been leveraging & monetizing its internal capabilities, network connectivity and Internet Data Centre (IDC) services etc, for generating revenue for BSNL. These are external projects so Smart City Cell does not need any grant for them.

BSNL initiative in rural broadband services

• Bharat Net Project

BSNL is executing BharatNet Phase-I Project on behalf of BBNL in 17 Circles covering 1,04,173 Gram Panchayats (GPs) for establishment of an optical fibre based network for providing broadband connectivity to Gram Panchayat for universal services to rural population of the country as proposed by Govt. of India.

The objective of the project is to extend the existing optical fibre network to Panchayats by utilizing the Universal Service Obligation Fund (USOF) and creating an institutional mechanism for management and operation of National Optical Fibre Network (NOFN) for Non-discriminatory access to all the service providers. This has facilitated high bandwidth connectivity in the villages.

Status of the project as on 25.11.2024 is as under:

Project Status	Total Work front(Target)	Service Ready (Achievement)
BharatNet-I	1,20,208 (Count of GPs on without BHQ)	1, 20,179 GPs (99.97%)
BharatNet-II (BSNL/BBNL+ State	1,02,133 GPs	94,105 GPs (92.14%)

Led)		
Total	2,22,341	2,14,284

The work of BharatNet Phase –II was assigned to BSNL for M.P, U.P and W.B Circle (now Sikkim Circle) in non–EPC mode 24,589 GP, where BSNL is executing the project by calling separate tenders for supply and execution.

New DPR for covering all the 419 GPs and villages of Sikkim for BharatNet (Phase-I & II) was submitted to USOF on 16.03.2023. Subsequently separate DPR one from DHQ to BHQ and second from BHQ to GP / Village was submitted to USOF on 08.12.2023.

Apart from this, connectivity for 1,407 remote GPs where OFC laying is not feasible, in states of J&K, Arunachal Pradesh, Meghalaya, UP, M.P, Chhattisgarh, Rajasthan and Odisha was planned on VSAT and assigned to BSNL. Out of this 1,393 GPs have been installed and put through.

- **BharatNet Utilization:**

Under BharatNet project Phase-I & Phase-II, the optical fibre network has been developed in rural areas.

The infrastructure created under BharatNet project is being utilized for provisioning of broadband/internet services through Wi-Fi Hotspots, Fibre to the Home (FTTH) connections, leased lines, dark fibre, backhaul to mobile towers, etc.

- **Pilot Scheme for BharatNet Utilization**

To encourage the Utilisation of BharatNet infrastructure to bridge the digital divide between Rural & Urban areas of the country, USOF, DoT on 01.10.2022 started a pilot of 1 lakhs FTTH BharatNet connections under USOF subsidy scheme & after the successful roll-out, the pilot was extended to 5 Lakh connections. The Pilot scheme was completed on 01.05.24

BSNL has successfully rolled-out the Pilot through its partner's i.e. Bharat Net Udyami or Local entrepreneur on revenue sharing model. USOF provides a subsidy of Rs 4500/- per connection in the form of Capex incentive for free ONT, Optical fibre, splitters, installation charges etc. at the time of connection & ILL charges @ Rs 4 lakh for 100 Mbps on each OLT (for one year). In total, USOF will extend a financial support of Rs. 445 Cr for 5 lakh connections under the pilot scheme.

After the successful completion of 5 lakh connections under pilot project on 30.04.2024, the utilisation has been continued by BSNL till 30.09.2024 and, 8,75,742 BharatNet Udyami connections are provided and 6,398 Partners are enrolled as BharatNet Udyami as on 31.12.2024.

Amended Bharat Net Program:-

BSNL has been appointed as the single Project Management Agency (PMA) with overall responsibility inter-alia including bandwidth provisioning at block level, selection of

professional agencies through competitive bidding for construction, up gradation, O&M and utilization of BharatNet network. The cabinet has extended the scope of BharatNet to all 6.4 lakh inhabited GPs/villages including up gradation of existing network of BharatNet phase-I and II to build the network in uncovered GPs and O&M for 10 years.

Launch of Seven Pioneering Initiatives

BSNL has announced seven pioneering initiatives, aimed at revolutionizing how India connects, communicates and enhances its digital security. These launches signal BSNL's continuing commitment in transforming India's telecom landscape, ensuring that secure, affordable and reliable connectivity remains accessible to all. These are as follows

- **Spam! Free Network:** - BSNL's spam-blocking solution automatically filtering out phishing attempts and malicious SMS and creates a safer communication environment for users without the need to issue alerts to customers, ensuring seamless and secure communication for all users.
- **BSNL National Wi-Fi Roaming:-** BSNL is launching a first of its kind seamless Wi Fi roaming service for its FTTH customers, enabling high speed internet access at BSNL hotspots at no extra charge, thus minimizing data costs for users.
- **BSNL IFTV:** - A first for India, BSNL's fiber-based intranet TV service offers 500+ live channels and Pay TV through its FTTH network. This service will be accessible for all BSNL FTTH subscribers without additional charges. The data used for the TV viewing will not be consuming the FTTH Data pack.
- **Any Time SIM (ATS) Kiosks:** A first of its kind Automated SIM kiosks allow users to purchase, upgrade, port or replace SIMs on 24/7 basis , leveraging UPI/QR enabled payments with seamless KYC integration and multi lingual access.
- **Direct-to- Device Services:** - India's first Direct to Device (D2D) connectivity solution converges satellite and terrestrial mobile networks to deliver seamless, reliable connectivity. This ground breaking technology is particularly useful in emergency situations and isolated regions, and can enable UPI payments in such areas.
- **Public Protection & Disaster Relief-as a solution:** - BSNL's scalable, secure network for disaster response is India's first guaranteed encrypted communication for government and relief agencies during crises, enhancing national disaster management capabilities. The robust network design guarantees uninterrupted connectivity and also uses innovative drone-based and balloon-based systems to extend coverage during disasters.
- **First Private 5G in Mines:** - BSNL introduces reliable, low-latency, 5G connectivity for mining operations in partnership with C-DAC, leveraging Made-in-India equipment

and BSNL's technological expertise. This service enables advanced AI and IoT applications, in underground mines and large opencast mine which require high speed low latency connectivity, such as safety analytics, real-time remote control of AGVs, AR enabled remote maintenance, fleet tracking & optimization, etc.

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(Recommendation Sl. No. 22)

To remain competitive in a rapidly changing telecom environment, both BSNL and MTNL must place greater emphasis on improving customer experience. This includes investing in customer support technologies such as chatbots, AI-driven help desks, and automated billing systems that can enhance service quality and reduce churn. Additionally, improving network reliability and coverage, especially in rural and remote areas, will play a critical role in customer retention. BSNL's efforts to provide 4G connectivity to villages and underserved regions will significantly improve the quality of service and help it tap into new customer segments. The companies should also explore bundling telecom services with other digital solutions, such as cloud services, cyber security, and data analytics, to create more value-added offerings. A system of constant improvement in performance customer-centric approach like quick settlement facilities etc will help both BSNL and MTNL strengthen their brand presence and ensure a loyal customer base, particularly as competition from private telecom operators remains intense. The Committee would strongly emphasise the Department to focus on taking measurable and concrete actions to achieve the desired outcomes. In order to ensure effective implementation, the Department should provide a comprehensive plan of action, and evaluate the success of the steps taken in this regard.

Reply of the Government

MTNL

As per Office Memorandum of DoT dated 02.08.2022, it was decided that BSNL will provide all Telecom services in Delhi and Mumbai through leasing of operational assets or other appropriate model. With operations by BSNL in Delhi/Mumbai, MTNL would be left with land/building assets which it will continue to monetize to discharge its loan liabilities.

In this regard, a service agreement has been signed on 22.11.2024 between MTNL and BSNL effective from 01.01.2025 for a period of 10 years unless it is revoked earlier by giving a notice of six months or extended by mutual consent between parties.

BSNL

Improvement of call center with next-generation technology.

BSNL is in the process for revamping the call center approach. The following improvements for Call Center shall be incorporated in the new tender in consultation with M/s BCG viz - Chatbot, AI enabled call quality monitoring &

sentiment analysis. Query tools for agents for faster response, IVR & ACD integration with back end systems and Premium call center to service & retain high value customers. The above recommendations will be implemented in the new tender as per recommendations of the committee formed for the tender framing and evaluation

For remote coverage two special project are underway which are as under

i) LWE Phase-I project:

BSNL has installed 1831 no. of sites under Phase-I LWE project and 156 sites under Add-on LWE project. These sites have been installed at Andhra Pradesh, Telangana, Maharashtra, Chhattisgarh, Madhya Pradesh, Odisha, Jharkhand, Bihar, UP (East), West Bengal circles.

Cabinet approval for Upgrading of 2343 2G LWE Sites to 4G under LWE PH-I Project has been given. BSNL has been signed agreement with the USOF dated 09.05.2024 for the same. This project is underway and expected to be completed by May-2025. 294 No. of Towers are already upgraded with the 4G services at the end of Dec'24.

ii) 4G Saturation Project:

BSNL has been given Union cabinet approval for 4G mobile services in 24,680 uncovered villages (16,464 Mobile towers) along with additional provision of 20% villages (4,936 villages/ 3,258 Mobile Towers) which are left out due to various reasons and upgrading 5461+818 existing 2G/3G sites to 4G to provide saturation of 4G mobile services across length & breadth of PAN India. 12501 No. of towers erected and 4978 No. of Towers are Operationalized with the 4G services. This project is underway and expected to be completed by June-2025.

Value-Added Services in BSNL

1. Anti-Spam Messaging Solution for BSNL Subscribers: Expression of Interest (EOI) has been floated.
2. IFTV Service for FTTH Subscribers: Successfully launched.
3. BiTV Service for Mobile Subscribers: Currently under process.
4. OTT Services: Introduced for both Mobile and FTTH subscribers.
5. Security Operations Center (SOC): EOI for offshore subscribers is under process.
6. WhatsApp and RCS Services: Planning and development are underway.

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(Recommendation Sl. No. 23)

The Committee while examining the Department ascertained whether it had established a clear timeline for reducing the accumulated losses of BSNL and MTNL over the years. In response, the Department replied that BSNL had set a revenue target of Rs. 19,052 crores for the fiscal year 2023-24, and has successfully exceeded this target, achieving Rs. 19,344 crores. However, for MTNL, which had set a revenue target of Rs. 1,750 crores, only Rs. 1,301 crores could be realized.

The Committee understand that success of the BSNL and MTNL revival will depend on the ability to become self-reliant and reduce their dependence on

Government funding. This will require a dedicated and clear, long-term business plan that focusses on sustainable growth, diversification of revenue streams, and innovation. Both companies should invest in next-generation technologies such as 5G, edge computing, and Artificial Intelligence (AI) at the earliest so as to ensure that they remain at the forefront of the telecom industry.

Additionally, fostering a culture of commitment and innovation within the workforce will be key to adapting to rapidly changing market conditions. To support this vision, BSNL and MTNL should continue to align their goals with national priorities, such as digital inclusion, rural connectivity, and the development of smart cities. Over a period of time, as the companies improve their financial performance and technological capabilities, they should work towards achieving operational autonomy and gradually move towards a self-sustaining model. The ultimate goal should be for BSNL and MTNL to thrive as competitive, innovative players in the global telecom market, driven by a strong focus on customer satisfaction and technological advancement. The revival measures for BSNL have brought about encouraging results. The Committee would like to impress upon the Department to analyse the impediments in MTNL revival and take necessary steps which can bring about the desired results. The outcome of such measures may be submitted to the Committee.

The Committee have also been made aware that rapidly evolving technologies in the telecom sector have posed significant challenges, particularly for MTNL. As both Delhi and Mumbai are key commercial hubs, MTNL is encountering intense competition in these markets. The fierce competition in basic services, coupled with the fast pace of technological advancements, has created substantial hurdles for MTNL. Despite these challenges, MTNL continues to make efforts to retain its customer base. The Committee recognize that MTNL have played a crucial role in the telecommunication growth of the financial and capital cities, Mumbai and Delhi, since its inception.

The Committee observe that the difficulties faced by MTNL stem from a combination of factors, including stiff competition from private operators, a legacy of outdated infrastructure, and delayed entry into the GSM market. In both Delhi and Mumbai, MTNL's competitors have already rolled out 4G and 5G networks effectively meeting the growing demand for data services. This has left MTNL at a technological disadvantage, as it could not launch these services till. The Committee highlight the urgent need for MTNL to upgrade its existing network infrastructure and deploy new network elements to offer competitive, market-ready services.

Furthermore, the Committee note that BSNL has been allocated Rs. 1,851.2 crores in Capex funding for MTNL's requirements during FY 2022-23 to FY 2024-25. BSNL is expected to roll out 4G and 5G networks across India, including in its Delhi and Mumbai circles, which could significantly improve the operational capabilities of both BSNL and MTNL. In light of the above, the Committee urge BSNL and MTNL to take concrete steps to address these issues and enhance the financial health of the organizations so that they can tread independently. The Committee desire that they be kept apprised of the creative measures taken in this regard.

Reply of the Government

MTNL

As MTNL's financial condition was not good, MTNL could not invest in upgrading the network. Due to outdated equipment MTNL, the quality of services was affected and MTNL lost customers leading to revenue loss. However, MTNL has taken several measures to enhance its revenue.

Revenue Enhancement measures: To improve its network capabilities and provide better quality of service to customers, following initiative / projects have been taken during the last three years for revenue enhancement.

Wireless Network:

MTNL Synergy with BSNL in Mobile Services:

- a. Operation and Maintenance (O&M) of MTNL Mobile services has been handed over to BSNL w.e.f. 01.04.2021 for Delhi and w.e.f. 01.09.2021 for Mumbai. Mobile Network elements of BSNL such as OMCR, CNMC, EIR, SSTP, MNP gateway, SPAM filter have been integrated with MTNL mobile network and are being utilized on need basis. CIOR implementation is being done by BSNL for BSNL and MTNL network both.
- b. Launching 4G Services in Delhi and Mumbai: DoT vide Office memorandum No.30-04/2019-PSU affairs dated 29th Oct 2019 had informed that Gol in its cabinet meeting held on 23-10-2019 has approved the proposal of administrative allotment of spectrum to BSNL and MTNL for providing 4G services among other things. In a modification to this decision, the Group of Ministers (GoM) constituted on the matter of "Revival of BSNL and MTNL" approved allocation of 4G spectrum to BSNL in Delhi and Mumbai in place of MTNL in its meeting held on dated 21.12.2020. Accordingly, Mobile 4G network is under process of planning & rollout in Delhi and Mumbai by BSNL.

Wireline Network: The following initiative / improvements have been adopted taken for revenue enhancement

1. **FTTH Revenue share Policy:** MTNL has formulated a new policy to engage partners on revenue share basis to extend its FTTx services. Many partners have been roped in to offer the high speed broadband services on fiber. This will help in increasing reach of FTTH customers through the existing infrastructure without incurring any significant extra expenditure and by utilizing the capabilities of these revenue share partners leading to acquisition of more FTTH customers and the revenues.
2. **Wi-Fi Hotspots at tourist places in Delhi and Mumbai:** MTNL has established Wi-Fi Hotspots at various tourist places and important public Areas all over Delhi and Mumbai for digitally connecting the people.
3. **Enterprise Business:** Specific focus on Enterprise Business and to generate enhanced Revenue.
4. **Mumbai City Surveillance (MCS) project:** MCS project was awarded by Govt of Maharashtra to L&T consortium with L&T as lead bidder and MTNL

& CMS as consortium partner. MTNL provided its Data Centers at Worli & Belapur for collocation of MCS Servers & Storage along with extending bandwidth on OFC to approx. 6000 Cameras spread across Mumbai City & many other locations for collaborative monitoring. MTNL is pursuing for to increase the count of CCTV cameras by another 6000 under MCS phase-2 project with Govt. of Maharashtra

5. **Participating in Smart City project of Mumbai:** MTNL Mumbai is participating in smart city project where there is a requirement of 5000 Cameras and bandwidth requirement of 250 Gbps traffic.
6. **Revenue through renting of office space and buildings:** MTNL has been making conscious efforts to maximize revenue by effective utilization of its spare assets and has rented out its space to various government controlled entities.
7. **Renting of Towers:** MTNL is earning revenue from Tower renting business also.
8. **Imparting training through its training centers at Delhi & Mumbai to college students, other corporate and Indian / foreign nationals to earn the revenue.**
9. **Retention of existing customers:** Various preventive measures have been adopted to ensure quality of services to the customers and reducing mean time to repair of faults through effective centralized monitoring.

Also, MTNL has taken following steps to improve the network to be able to provide better services to its subscribers

(i) Up-gradation of the MPLS Network: To cater the growing network requirements MTNL is planning the replacement / up-gradation of the entire MPLS network along with the security solution to meet the generic requirement (as per TEC-GR). The MTNL MPLS expansion plan includes 6 Core routers 30 Edge-I routers, 48 Edge-II routers and 150 L-3 Switches. The equipment is already procured and installed. Migration of services to new network is underway.

(ii) Up-gradation of TDM & BB network: The upgradation of existing TDM and Broadband network has been done by diverting the spare LMG (Line media gateway) equipment from various locations in BSNL's network to MTNL's Delhi and Mumbai network. This has helped to replace the existing TDM exchanges and DSLAMs in BB network. The work is almost complete.

(iii) FTTH Rollout Plan: The FTTH customers of MTNL Delhi and Mumbai are being migrated to BSNL.

(iv) Up-gradation of optical Fiber network of MTNL: MTNL has procured optical fiber (24 Fiber and 48 Fiber) through BSNL's Tender. The POs for the same were placed on 20.01.23 and 31.01.23 respectively.

(v) Deployment of OTN network: It is planned to procure new OTN equipment of various capacities for Delhi and Mumbai to strengthen MTNL's backbone network. A Tender for the same has already been floated by BSNL. The procurement of the requirement is underway.

(vi) MAAN switches network: It is planned to procure MAAN (MPLS-IP based Access and Aggregation Network) switches to augment the MPLS network of MTNL. A

requirement of 870 MAAN switches (470 for MTNL Delhi and 400 for MTNL Mumbai) has been shared with BSNL for procurement.

In addition to above, implementation and security upgrade is a continuous process and MTNL has been undertaking steps to upgrade security related aspects. Some of the measures taken are:

- **Up gradation of the IT Network:** MTNL has age old obsolete IT infrastructure and billing system which needs to be upgraded on urgent basis. MTNL is in the process of migrating the CDR based billing system with BSNL.
- **Procurement of Firewall:** Three new firewalls have been procured and deployed. Two firewalls have been deployed in Delhi (One in IT Data Centre, Minto road and one at MPLS data centre, Lodhi Road) and one Firewall has been deployed at Mumbai (at MPLS Prabhadevi Data Centre).

BSNL

The revival measures for BSNL has brought encouraging results and profit and loss Statement for the period from FY 2018-19 to FY 2023-24 is enclosed as annexure-1. The profit loss statement reveals that

- The company is EBITDA positive since last 4 years and EBITDA has shown increasing trends in last 3 years.
- The loss before tax has decreased post revival packages.
- Despite the lack of 4G services, BSNL has maintained its revenue consistently.

Profit & Loss statement						Annexure 1	
						(Figure in Rs Crore)	
Sl.No.	Particular	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
1	Revenue from operation	19,331	19,128	16,809	17,452	17,886	17,761
2	Other Income	1,972	1,571	2,243	1,143	1,020	1,560
3	Total Income	21302	20699	19053	18595	18907	19321
4	Employees Remuneration and Benefits	8,302	7,949	7,169	6,679	13,597	14,316
5	License Fee and spectrum charges	1,435	1,356	1,441	1,258	1,616	1,285
6	Depreciation	5,755	5,659	5,308	6,051	6,629	5,782
7	Administrative, operating and Other Expenses	9,402	9,834	9,499	9,481	10,573	12,060
8	Financial Expenses	1,780	2,562	2,617	2,567	1,991	782
9	Total Expenditure	26673	27361	26034	26036	34406	34225
10	EBITDA	2,164	1,559	944	1,177	(6,879)	(8,341)
11	Profit Before Prior Period Item	(5,371)	(6,662)	(6,982)	(7,441)	(15,500)	(14,904)
12	Prior period Adjustments	-	-	-	-	-	-
13	Profit Before Tax (PBT)	(5,371)	(6,662)	(6,982)	(7,441)	(15,500)	(14,904)
14	Extra ordinary items	-	(1,499)		-	-	-
15	Provision for Tax (including Deferred Tax)				-	-	-
16	Net Profit	(5,371)	(8,161)	(6,982)	(7,441)	(15,500)	(14,904)
17	Total employee count at the end of year	57,657	60,104	62,208	64,536	69,824	1,66,974

Note :- VRS for employees was implemented in the month of January, 2020.

BSNL Plan for 5G services

- The equipment being procured through BSNL 4G project is upgradable to 5G with software upgrade and minimal change of hardware. Total 38825 sites to be upgraded to 5G after the launch of 4G services.

- (ii) Initially, BSNL 5G network is planned as NSA with up gradation of existing 4G core. However, considering the maturity of 5G related specifications, BSNL is considering the 5G Standalone (5G SA) also for implementation with radio of 32T32R & 8T8R configuration.
- (iii) For start of 5G services in Delhi service area, BSNL has issued the tender on 01.11.2024 for provision of 5G as a service (5Gaas) by the Indian companies in Delhi Service area.

Marketing strategies of BSNL in MTNL Area

BSNL is in the process for selling BSNL products in MTNL area of Mumbai and Delhi. Tender/EOI is floated and is in the final stage for making agreements with franchisees in Delhi and Mumbai Area. UPW Circle and MH Circle is coordinating for these works in Delhi and Mumbai MTNL area respectively.

Capex fund allocated to BSNL for strengthening MTNL Network

Cabinet has approved Capex for MTNL for Rs. 1851 Crore is under:

For FY 2022-23	Rs. 513 Crore
For FY 2023-24	Rs. 689 Crore
For FY 2024-25	<u>Rs. 649 Crore</u>
Total	<u>Rs. 1851 Crore</u>

Out of above, the amount released to BSNL is Rs. 1202 Crore. BSNL is utilising the above funds for strengthening of network elements of MTNL.

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(Recommendation Sl. No. 24)

Review of functioning of PSUs

Indian Telephone Industries (ITI) Limited

The Committee note that for the financial year 2023-24, ITI reported a total income of Rs 536.01 Crore against a total expenditure of Rs 626.09 crore, resulting in a loss of Rs. 91.08 crore. While the revenue target for the year was Rs 2,244 crore (exclusive of taxes) ITI could achieve only Rs 1,264 crore (exclusive of taxes) as of 31 March 2024, falling short by Rs 980 crore. The Department explained that the shortfall was due to several key factors, including delays in the availability of raw materials owing to long lead times, a shortage of working capital, and delays in completing the Proof of Concept (PoC) for the ASCON-IV project, which impacted the overall execution timeline. Additionally, the high rate of obsolescence in telecom technologies was highlighted as a factor contributing to the delay in meeting the revenue target.

The Committee understand that the company's inability to meet the Intended External Budgetary Resources (IEBR) target reflected broader challenges in performance, particularly stemming from financial constraints, including non-availability of raw materials and delayed customer payments. This combination of factors led to

delayed project rollouts and reduced revenues. However, the Department expressed optimism for FY 2024-25, citing that progress in the ASCON-IV PoC and BSNL's order for 4G infrastructure could significantly improve ITI's performance by the end of the fiscal year.

While ITI faces significant challenges in terms of working capital, procurement delays, and obsolescence of technology, the Department's strategic focus on national projects like the ASCON-IV and BSNL's 4G rollout provides a promising outlook for FY 2024-25. Regarding capital expenditure, ITI was allocated Rs 160 crore for FY 2023-24, with plans to establish a Mono PERC Solar Module Manufacturing plant and expand Optical Fiber Cable (OFC) manufacturing. However, due to company's cash flow issues, including high borrowing costs (11.3% per annum), ITI was unable to utilize the full Capex allocation and revised its requirement to Nil in the Revised Estimates (RE) for 2023-24. For FY 2024-25, a Capex allocation of Rs.168 crore has been made, earmarked for several key projects, including the Mono Crystalline Solar Module Manufacturing Facility, Digital Mobile Radio (DMR) infrastructure, Electric Vehicle chargers, and SD-WAN technologies. However, immediate steps are needed to resolve liquidity issues, improve project execution efficiency, and ensure that Capex allocations are utilized effectively.

The Committee observe that the primary challenge for ITI is the shortage of working capital. The Committee recommend the Department to:

- (i) Explore alternative financing options, including equity infusion, preferential loans, or Government-backed financial support to ensure smooth project execution. Additionally, ITI should implement measures to expedite payment collections from Government and public sector clients to improve cash flow.
- (ii) Raw material procurement: In order to mitigate delays in raw material procurement, the Department should consider developing strategic partnerships with suppliers to ensure a steady supply of critical components. The adoption of just-in-time inventory management and long-term contracts with key suppliers could help reduce lead times and improve project timelines.
- (iii) Phased Capex Implementation: Given the financial constraints, the Committee suggests that ITI may adopt a more proactive and phased approach in the execution of large projects, starting with the most critical components and gradually scaling up based on available resources. By this approach, the challenges associated with large upfront investments could be mitigated and improve the company's financial health and sustainability.
- (iv) Leveraging Technological Advancements: With obsolete telecom technology posing risks, the Department should prioritize Research and Development (R&D) to innovate and introduce next-generation solutions. Further, partnerships with academic institutions or private sector players could be explored to fast-track technological upgrades and mitigate obsolescence risks.

(v) Capex Allocation Strategy for 2024-25: The Committee appreciate the Capex allocation of Rs.168 crore for FY 2024-25 but emphasize that needful attention be paid to utilize allocation optimally and effeciently. The focus should be on timely execution of high-priority projects (such as the Mono Crystalline Solar Module Manufacturing Facility and Electric Vehicle chargers), while aligning with national priorities like renewable energy and infrastructure development.

(vi) Monitoring and Evaluation: The Committee recommend the establishment of a robust monitoring and evaluation mechanism to track the progress of key projects, particularly those funded by the Government. Regular performance reviews be conducted to ensure that milestones are met, and adjustments are made where necessary to avoid time and cost overruns.

Reply of the Government

As part of the Revival Plan approved by Cabinet Committee of Economic Affairs (CCEA) for ITI Ltd. in 2014, total capex of Rs. 2264 Cr. is approved for ITI Ltd. As of now Rs. Rs 1132.56 Cr. has been sanctioned to ITI Ltd. based on the various Detailed Project Reports (DPRs) submitted by them as per their requirements. Further, to overcome the immediate cash flow issues the monetization of non-core land parcels located at Bengaluru is under process.

Further, wrt. measures to expedite payment collections from Government and public sector clients to improve cash flow, ITI Ltd. has informed that a concerted mechanism is in place to expedite collections from all the customers of the company including public sector units and Defence Customers for which the company is executing various projects. Regular follow up meetings are conducted with the customers with the primary focus on realizations and improving the cash flows for the company.

Also, as per decision of AMRCD, ITI Ltd. will get Rs. 200 Cr. towards the settlement of land dispute with C-DOT in lieu of ITI Ltd.'s land at Electronic City, Bangalore.

(ii)Raw material procurement: In order to mitigate delays in raw material procurement, the Department should consider developing strategic partnerships with suppliers to ensure a steady supply of critical components. The adoption of just-in-time inventory management and long-term contracts with key suppliers could help reduce lead times and improve project timelines.

ITI Ltd. has informed that ITI Ltd. is primarily engaged in manufacturing products and sourcing raw materials/finished goods based on the specific requirements and quantities of secured projects. These projects are typically executed in collaboration with technology and backend partners. While the overall project expectations and requirements are outlined during the issuance of work orders, the precise delivery schedules—often phased—are communicated during the contract period in alignment with customer requirements.

With the involvement of backend partners, proof of concept validations, quality certifications, and inventory maintenance costs, ITI Ltd. adopts a "just-in-time" approach for certain procurements to align with project timelines. Each unit of ITI Ltd. has dedicated Stores and Planning departments responsible for assessing requirements and maintaining inventory. For regular production items, these processes are well-established and functioning efficiently.

However, due to recurring cash flow challenges, delays in vendor payments occasionally disrupt supply cycles. ITI Ltd. is actively addressing these challenges by enhancing vendor engagement, streamlining raw material management, and conducting regular reviews of production and supply requirements. Efforts are also underway to improve procurement transparency, foster vendor development, and ensure timely availability of materials to meet project deadlines.

(iii) Phased Capex Implementation: Given the financial constraints, the Committee suggests that ITI may adopt a more proactive and phased approach in the execution of large projects, starting with the most critical components and gradually scaling up based on available resources. By this approach, the challenges associated with large upfront investments could be mitigated and improve the company's financial health and sustainability.

ITI Ltd. has informed that the company is undertaking large number of strategic projects in the Defence sector as well as BharatNet projects. These projects are huge in size and have a significant bearing on the financials of the company. The company, keeping in view the importance of adhering to the project timelines and availability of physical and financial resources, carry out a meticulous planning in terms of resource deployment by assigning the criticality to various components/sub-sets associated with the project. The various phases and life cycle of the project are broken down and planning is done for each level and arriving at a critical path to meet the challenges associated with upfront investment in the project. Every effort is made to mitigate any kind of stress on the company's financial health and availability/deployment of resources.

(iv) Leveraging Technological Advancements: With obsolete telecom technology posing risks, the Department should prioritize Research and Development (R&D) to innovate and introduce next-generation solutions. Further, partnerships with academic institutions or private sector players could be explored to fast-track technological upgrades and mitigate obsolescence risks.

ITI Ltd. has informed that ITI state-of-the-art Research & Development (R&D) located in Bangalore plant is designing & developing Communication Equipment to support manufacturing and keep abreast of State of the Art Technologies in the field of Electronics & Communications. The R&D at ITI Ltd. has core strength in design & development of Encryption systems to secure Communication Networks and also in development of Network solutions & other diversified products like Electronic Voting Machine (EVM), Digital Mobile Radio (DMR), and Smart Energy Meter (SEM) etc. The necessary infrastructure to aid design & development is available in the form of Test

Instruments, Software design tools, CAD design tools, Reliability lab, EMI/EMC test lab and Telecom testing lab.

Start-up India mission: -

With a vision to contribute for Start-up India mission of Govt. of India, ITI Ltd. is in the process of establishing 1000 seater Start-up hub in phased manner at ITI Bangalore plant for encouraging start-ups in the country. ITI Ltd.'s vision for Start-up hub is to help Start-ups convert their Innovations to Pilot Products quickly through Rapid Prototyping facilities under one roof and to Manufacture the Successful products in-house and market them. A 168 seater start-up hub along with amenities like dedicated corporate hub meeting room, demo room, highly secure Wi-Fi connectivity is functional at ITI Ltd. Recently, ITI Ltd. has signed Technology Transfer agreement with Start Ups in ITI Start Up hub for products like ONT, OLT, Router, Wi-Fi Access Point etc.

Manufacturing infrastructure for 4G /5G Radios: -

- ITI Ltd. has entered in technology alliances with leading partners like C-DoT, TCS for 4G upgradable to 5G.
- ITI Ltd. has established manufacturing infrastructure for 4G /5G Radios across its three plants having capacity to manufacture 1,200 RRUs per day.

Partnership with Private sector: -

ITI Ltd. has entered in partnership with several private players for the following purpose: -

Sr. No.	Partnership with	MoU signed date	Technology area	Status of Partnership
1.	Niral Network Lekha Wireless Insta ICT Galore Altima Source Dot Com	15.02.2024 15.02.2024 15.02.2024 28.08.2024 30.08.2024 30.08.2024	5G Private Network Solutions	ITI Ltd. has entered into a partnership with Startups in 5G domain. Implemented 5G Test Lab in ITI R&D, Bangalore with the help of Partners. 5G core and edge products can be integrated with 5G radio for compatibility testing. This will enhance 5G system integration activities in private 5G deployments and also showcase the Private

				5G lab to new customers. Similar use cases and test setups may also be deployed for Govt. Institutions as new business opportunities. The 5G lab setup would be utilized for the demonstration of use cases like IOT, Drones, Video Analytics, AR/VR, Robotics configuration, and operations based on 5G technology.
2.	JandK Operations	15.02.2024	Indigenously developed mobile operating system, BharOS	ITI Ltd. has signed MOU with JANDK for developing secure Tablets, PCs and Laptops with Indigenous BharOS Operating system.
3.	Lavelle Networks, Infinity Labs	Empaneled on 16.10.2024 and MoU under process.	SDWAN	Empaneled for manufacturing of SDWAN products and solutions. They will be assisting ITI Ltd. in setting up the production lines design, Manufacture and test the SDWAN solutions for the customers.
4.	Germer Technologies Pvt Ltd Aegis Smart Logix India Private Limited	09.09.2024 14.09.2024	Battery Regeneration Solution	Empaneled for Digital Regeneration of Valve Regulated Lead Acid (VRLA) and Nickel-Cadmium Batteries.

5.	Techonomy Solutions	12.08.2024	ONT, Router	OLT,	ToT was signed with M/s Techonomy for manufacturing of ONT, OLT, Routers.
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(v)Capex Allocation Strategy for 2024-25: The Committee appreciate the Capex allocation of Rs.168 crore for FY 2024-25 but emphasize that needful attention be paid to utilize allocation optimally and efficiently. The focus should be on timely execution of high-priority projects (such as the Mono Crystalline Solar Module Manufacturing Facility and Electric Vehicle chargers), while aligning with national priorities like renewable energy and infrastructure development.

In the current financial year, CAPEX of Rs. 168 Cr. was budgeted and allocated for ITI Ltd. under revival plan approved by CCEA in 2014. The Apex Committee in its 13th meeting held on 13.12.2024 reviewed the projects of ITI Ltd. and approved the projects of Rs. 100 Cr. and funds of Rs. 59 Cr. as sought by ITI Ltd. for current financial year (2024-25) as per below:-

(in Rs. Cr.)

Sl. No	Name of project	Approved Project Cost	Fund sought by ITI Ltd in current FY
1.	500 MW fully automatic high efficiency Mono PERC solar module manufacturing line	80	50
2.	DMR (Digital Mobile Radio) manufacturing infra	15	7
3.	SD WAN (Software-Defined Wide Area Network)	5	2
Grand Total (in Rs. Cr.)		100	59

Wrt. Mono Crystalline Solar Module Manufacturing Facility, ITI Ltd has informed that a tender enquiry has already been floated and process started for other two projects also. ITI has also informed that all necessary actions in this regard are being taken by them so as to timely utilize the budgeted CAPEX for the said projects.

(vi) Monitoring and Evaluation: The Committee recommend the establishment of a robust monitoring and evaluation mechanism to track the progress of key projects, particularly those funded by the Government. Regular performance reviews be conducted to ensure that milestones are met, and adjustments are made where necessary to avoid time and cost overruns.

As per CCEA approval , the implementation of revival plan of ITI Ltd. is regularly monitored at DoT by an Apex Committee, chaired by the Secretary(T) and having representation from DPE and DoE. The 13th meeting of the Apex Committee was held on 13.12.2024.

Additionally, monitoring is also done at corporate and unit level in ITI. In this regard, ITI Ltd. has informed that management conducts regular reviews of business operations across its units, with a particular focus on key projects, during weekly progress evaluation meetings. To facilitate this, a dedicated dashboard has been developed to quantify progress and measure the efforts made. Designated officials are assigned to closely monitor and coordinate with project managers, providing necessary assistance and support to expedite tasks and streamline processes. Project timelines are clearly defined and monitored at the corporate level on a daily basis. Additionally, progress at the unit level is regularly assessed to set and track timelines for individual sub-teams, ensuring responsibilities are clearly outlined and adhered to.

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Comments of the Committee
(Please see Para No. 25 of Chapter I)

CHAPTER- III

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

(Recommendation Sl. No. 4)

The Committee have noted that there has been a steep increase in the estimated Capital expenditure in FY 2024-25. According to the Department, the main reason for such an increase was because of the spectrum cost infused into the BSNL. The spectrum cost provided last year was Rs. 22,483 crore which has been increased to Rs. 72,379 crore as the Department anticipates that the 4G roll-out will happen during this year, and BSNL will start using that spectrum. Further, the Department stated that since the technology advanced and domestic R&D got delayed in terms of the development, the spectrum could not be taken. Hence, the money provided could not be utilised effectively. In light of the above, the Committee recommend that the Department of Telecommunications (DOT) should strengthen their R&D Wing to keep pace with the technological advancements and take prudent steps to ensure timely spectrum rollout, optimal use of capital expenditure allocations and avoid non-utilization of funds in future.

Reply of the Government

There is a delay in 4G rollout in BSNL as the technology is being developed indigenously. Considering the speed of rollout, the BSNL has projected the requirement of spectrum for Rs.72379 Cr. in current Financial Year itself subject to approval of Revised Estimate of DoT. However, BSNL plans to take the spectrum in the month of March of the FY 2024-25.

As on 28.02.2025, an amount Rs. 14569.43 Cr out of allotted Rs. 82646.52 cr (70 % except Rs. 61799.62 Cr concerning spectrum allocation to BSNL which will be utilized in the last week of March, 2025) in Capital Section have already been utilized.

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(Recommendation Sl. No. 12)

Progress of Implementation of BharatNet

The Committee note that BharatNet is one of the biggest rural telecom projects of the world and is being implemented in a phased manner to provide broadband connectivity to all Gram Panchayats (GPs) (approx 2.6 lakh) in the country. Phase-I was completed in December, 2017 with the implementation of over 1 lakh GPs Phase-II is under implementation. Regarding utilization of network, the Department have stated that the status of usage of infrastructure created under BharatNet as on 30.09.2024 included provision for 1,04,574 Wi-Fi Hotspots, provision for 11,51,590 FTTH connections, leasing of 94,234 kms of BharatNetfibre, leasing of 2,69,206 Mbps of BharatNet bandwidth and fiberization of 1690 Mobile towers. The Committee view that the pace of implementation

of BharatNet Phase-II during FY 2023-24 was slower as compared to the target. The Gram Panchayats (GPs) are widely dispersed across the country in rural and remote areas. The Committee are pleased to note that 96% GPs planned under BharatNet Phase-I/II has been completed. The balance work of BharatNet Phase-I/II largely pending in Chhattisgarh, Maharashtra, Telangana, Tamil Nadu under State Led Model and UP (East/West) under CPSU Model is likely to be completed shortly. The project is facing challenges on account of covering difficult terrains (including hilly/ rocky), Right of Way (RoW) issues and also difficulty in accessing Left Wing Extremism (LWE) affected areas. Further, BharatNet connectivity in remaining 42,000 GPs has been planned under Amended BharatNet Program for which RFP is under progress in BSNL. (pg 24 budget doc)

Taking into consideration the constraints being faced by the Department, the Committee are of the view that proactive measures be initiated towards removal of bottlenecks, which are hampering the progress of the scheme. The Committee would like to prevail upon the Department to make all out efforts to provide Wi-Fi hotspots to all the service ready GPs.

Reply of the Government

BharatNet project is being implemented in a phased manner to provide broadband connectivity to all Gram Panchayats in the country. The Amended BharatNet Program targets to provide high speed broadband connectivity to all inhabited villages in the country. The Project will be fully funded through Digital Bharat Nidhi (DBN), Department of Telecommunications (DoT) at an estimated cost of INR 1,39,579 crore for 10 years. BSNL has been appointed as Project Management Agency (PMA) for Amended BharatNet Program. BSNL has put RFP for selection of Project Implementing Agency (PIA) for Development (creation, upgradation, operation & maintenance) of middle mile network of BharatNet on Design Build Operate and Maintain (DBOM) model for sixteen packages. For 6 packages (UP East, U P West, Bihar, Himachal Pradesh, West Bengal (including A&N) and Punjab) out of 16, advance work order have been issued.

The status of implementation/ achievement of BharatNet as on 27.01.2025 is as under:

- i. Total length of OFC laid: 6,92,749 Kms
- ii. No. of GPs service ready [excluding BHQs & incl Satellite] : 2,14,323
- iii. No. of GPs provided with Wi-Fi hotspots: 1,04,574
- iv. No. of FTTH connections: 12,24,368
- v. Leasing of Fibre: 1,03,637 Kms
- vi. Leasing of BharatNet Bandwidth: 2,66,131 Mbps
- vii. Data Consumption December month: 1,41,558 TB

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(Recommendation Sl. No. 14)

Implementation status of other ongoing activities under DBN (USOF):

Under USOF, the Department has prioritized to provide access to mobile services, broadband connectivity and creation of infrastructures like OFC to remote and rural areas of the country. The Department has several prioritized ongoing schemes lined up which include Comprehensive Telecom Development Plan for North Eastern Region, Comprehensive Telecom Development Plan for Islands including laying of submarine cable from Kochi to Lakshadweep and Mobile connectivity in Andaman and Nicobar Islands, scheme for Mobile Services in uncovered villages of Himalayan States, Western border areas, scheme for Mobile services in Aspirational Districts and scheme for Mobile Communication Services in Left Wing Extremism (LWE) affected areas, etc.

The Department have informed in detail about Mobile Services in Uncovered villages in Assam, Manipur, Mizoram, Nagaland, Tripura, Sikkim, and Arunachal Pradesh (National Highways only) of NER and seamless coverage along National Highway. As per initial scope, mobile connectivity was to be provided by setting up 2004 towers in the uncovered villages and along National Highways of Assam, Manipur, Mizoram, Nagaland, Tripura, Sikkim, and Arunachal Pradesh (National Highways only) of North-East region. The Agreements were signed with Bharti Airtel Ltd. and Bharti Hexacom Ltd. on 08.12.2017 for implementation of the project at a total project cost of Rs. 1655.56 Crore. As on 10.09.2024, a total of 1,358 sites have been installed and are providing services. The project has completed roll-out and is under operation and maintenance stage.

The Committee upon perusal of State - wise progress of the scheme find that as per the agreement, the total number of towers to be installed was 2004 in the seven states of Assam, Sikkim, Manipur, Mizoram, Nagaland, Tripura, and Arunachal Pradesh but only 1358 towers have been installed and are providing services. The Committee call upon the Department to expedite the progress of work and install all towers and make them fully functional as agreed upon. The Committee may be apprised of the same.

Reply of the Government

Mobile Services in Uncovered villages in Assam, Manipur, Mizoram, Nagaland, Tripura, Sikkim, and Arunachal Pradesh (National Highways only) of NER and seamless coverage along National Highway (NESA): The extended roll out period of the project was October, 2020. All 1,358 feasible sites have been installed covering 1246 villages and 283 National Highways sites in the project. The project construction phase is over and now project is in O&M phase. Remaining villages and National Highway sites could not be covered due to various reasons, such as villages already found covered, pending Forest/Defence clearance, villages not accessible, land record issues, villages washed out, villages not found, etc. It is mentioned that all remaining uncovered villages of NER are planned to provide 4G mobile coverage under DBN funded mobile projects.

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CHAPTER IV

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

-NIL-

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

(Recommendation Sl. No. 16)

Aspirational District villages (MP, UP, Rajasthan, Bihar)

The Committee were informed that a Scheme for 502 uncovered villages across 112 Aspirational Districts over four States (namely Uttar Pradesh, Bihar, Madhya Pradesh and Rajasthan) for provisioning of 4G based Mobile services has been finalized. Agreements have been signed and work has been awarded to M/s Reliance Jio Infocomm Ltd for UP and MP States, M/s Bharti Hexacom Ltd for Rajasthan and M/s Bharti Airtel Ltd for Bihar after tendering process in March, 2021. The Department have informed that the total project cost is Rs. 414 Crores as per the agreement and the revised cost of the Project is Rs. 233 Crores. The Roll out period of the project was March 2022 which has been extended upto June, 2024 and further extension of 6 more months is under consideration.

In addition to above, 27 villages of Madhya Pradesh have been added in the scheme against deleted village vide letter dated 22.08.2022 having Roll out period till 21.08.2023 which has been extended upto 21.08.2024 and further extension of 6 more months is under consideration. The Committee desire that the project be completed within the timelines and enlighten them about completion status of the project.

Further, out of the 250 Towers to be completed, only 192 have been completed and out of the total villages to be covered in Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh only 227 villages have been covered. As regards the remaining 7,287 Aspirational District villages (Andhra Pradesh, Chhattisgarh, Jharkhand, Maharashtra and Odisha) out of 3664 only 1935 towers and only out of 4779 sites only 19 sites have been commissioned. The Department should accelerate the work and inform the Committee about the reasons for delay and ensure timely completion of the project.

Reply of the Government

(a). 502 Aspirational District Project: Till December 2024, out of planned 249 towers, 215 mobile towers have been installed and providing mobile services to 251 villages and only 34 towers are pending for installation. The rollout period of the original project has been extended upto 16.06.2025 for M/s RJIL and 21.06.2025 for M/s BAL and M/s BHL respectively and the rollout period of additional sites have been extended upto 21.02.2025.

The project is mainly delayed due to the pending Forest permission from State/MoEFCC, Access/Local issues etc. Most of the issues have been resolved with the support from State Governments. However, permission from Forest Department is required for 7 sites for which 3 more sites are dependent. The same has been taken up with State Govt

through DoT field unit and Centre State Coordination meeting chaired by Secretary (Coordination) Cabinet Secretariat.

(b). 7287 Aspirational District Project: Till December 2024, out of planned 3,675 towers covering 5,381 villages, 2,497 mobile towers have been installed and providing mobile services to 3,804 villages. The rollout period of the project has been extended upto 19.05.2025 for M/s RJIL and M/s BAL.

The project is mainly delayed due to the pending Revenue land allocation, Forest permission from State/MoEFCC, RoW issues, Security, Access issues etc. Most of the issues has been resolved with the support from State Governments. However, survey is pending for 540 villages (304- Due to security issue & 236- due to Access issue), permission from Forest/Revenue department/RoW is also required for 63 villages (Forest-60, Revenue- 16 & RoW-3) and 253 sites are also facing Access/Security/Local issues.

To sort the issues matters have been taken up with respective State Governments, Centre State Coordination Meeting chaired by Secretary Coordination, MHA, PRAGATI meeting, MoEFCC for faster resolution. Further, regular meetings were also held under the Chairmanship of Secretary/Administrator (DBN) with the USPs, MHA and state Nodal of Police Department to expedite the issues faced by USPs in executing the work.

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**NEW DELHI;
21 July, 2025**

30 Asadha, 1947 (Saka)

DR. NISHIKANT DUBEY,
Chairperson,
Standing Committee on
Communications and Information Technology.

**STANDING COMMITTEE ON COMMUNICATIONS AND
INFORMATION TECHNOLOGY (2024-25)**

MINUTES OF THE TWENTIETH SITTING OF THE COMMITTEE

The Committee sat on Thursday, the 26th June, 2025 from 1100 hours to 1410 hours in Main Committee Room, Parliament House Annexe, New Delhi.

PRESENT

Dr. Nishikant Dubey- Chairperson

MEMBERS

Lok Sabha

2. Shri Anil Baluni
3. Dr. Rabindra Narayan Behera
4. Shri Anup Sanjay Dhotre
5. Shri S. Supongmeren Jamir
6. Shri G. Kumar Naik
7. Shri Radheshyam Rathia
8. Shri Ramasahayam Raghuram Reddy
9. Shri Arun Kumar Sagar
10. Shri Devesh Shakya
11. Shri Vishnu Datt Sharma

Rajya Sabha

12. Shri Saket Gokhale
13. Shri Amar Pal Maurya
14. Dr. Sasmit Patra
15. Shri Kartikeya Sharma
16. Shri Lahar Singh Siroya

Secretariat

- | | | | |
|----|--------------------|---|----------------------|
| 1. | Shri Y. M. Kandpal | - | Additional Secretary |
| 2. | Shri Amrish Kumar | - | Deputy Secretary |

Welcoming members to the sitting of the Committee, the Chairperson drew their attention to the Agenda for the sitting which included consideration and adoption of the 4 Draft Action Taken Reports (ATRs) on DFG (2025-26) and evidence of the representatives of Ministry of Electronics and Information and Technology (MeitY), Ministry of Home Affairs, Ministry of Defence and Ministry of Power on the Subject 'Impact of emergence of Artificial Intelligence and related issues'.

The Committee then considered and adopted the following Draft Action Taken Reports:-

- (i) XXXX....XXXX..... XXXX....XXXX..... XXXX....XXXX..... XXXX....XXXX
- (ii) XXXX....XXXX..... XXXX....XXXX..... XXXX....XXXX..... XXXX....XXXX
- (iii) XXXX....XXXX..... XXXX....XXXX..... XXXX....XXXX..... XXXX....XXXX
- (iv) Draft Report on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Fifth Report (18th Lok Sabha) on “Demands for Grants (2024-25)” relating to the Ministry of Communications (Department of Telecommunications).

2. The Committee also authorized Chairperson to finalize the reports and present/lay them in Lok Sabha/Rajya Sabha during the Monsoon Session of Parliament.

3. XXXX....XXXX..... XXXX....XXXX..... XXXX....XXXX..... XXXX....XXXX

The Committee, then, adjourned.

XXXX....XXXX Matter not related to the Report.

ANNEXURE – II

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

(EIGHTEENTH 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, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23 and 24	
Total	20
Percentage	83.33
(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government	
Rec. Sl. No.: 4, 12, 14	
Total	3
Percentage	12.5
(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and require reiteration Rec. Sl. No.: NIL	
Total	NIL
Percentage	0
(iv) Observations/Recommendations in respect of which the replies of the Government are of interim in nature	
Rec. Sl. Nos.: 16	
Total	1
Percentage	4.17