

The addresses of above units are being collected and will be laid on the table of the House.

There are five operational Electronic Hardware Technology Park (EHTP) units in Andhra Pradesh and the addresses of these units are:-

1. Biogenex Life Sciences Pvt. Ltd. Plot No.7, Gunrock Enclave, Secunderabad;
2. Danlaw Technologies India Limited, 2nd Floor, Plot No. 1271 Road No.63, Jubilee Hills, Hyderabad;
3. Keerthi Industries Limited, Plot No. 40 IDA, Balanagar, Hyderabad;
4. Mackel Components, Plot No. 63, C.I.E., Gandhinagar, Balanagar Hyderabad;
5. Quad Electronic Solutions Private Limited, 12-50/4/A, next to Industrial Estate, Medchal, R.R. District, Andhra Pradesh, Hyderabad, Rangareddy District.

The details of software and electronic training industries located in Andhra Pradesh are not available with the Department of Electronics and Information Technology (DeitY).

(b) Electronic Hardware Policy 2012-2017 of Government of Andhra Pradesh was issued *vide* G.O.Ms. No.27 dated 24.07.2012. A copy of the said G.O. is available on website <http://www.apit.gov.in>.

CAG report on Telecom Licences

2222. SHRI JAI PRAKASH NARAYAN SINGH: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether it is a fact that the CAG in its report of the year 2000 on Telecom Licences had severely criticised the migration package offered to the operators in 1999 which caused a loss of about ₹ 50,000 crore to Government;

(b) if so, the details thereof;

(c) whether Action Taken Report (ATR) has been submitted by Government to the CAG, if so, the details thereof; and

(d) if not, the reasons for not submitting the ATR?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI MILIND DEORA): (a) and (b) A copy of

the Highlights of Comptroller and Auditor General (C&AG) Audit Para No. 14 on "Package of concessions to existing Cellular and Basic telephone service operators" of C&AG Report No.6 of 2000 is given in Statement (*See* below).

(c) and (d) Action Taken Notes (ATNs) on all the sub-paras of Audit Para No. 14 of the aforesaid C&AG Report No.6 of 2000 have been furnished to and vetted by C&AG and the paras closed except for 14.6.3 and 14.6.5 which are under modification for submission of reply in accordance with the vetting remarks of Audit.

Statement

Report No.6 of 2000 (Post and Telecommunications)

14.4 Highlights

- Licensees of cellular mobile and basic telephone services did not honour their contractual obligations and DoT also showed laxity towards them in taking action as per licence conditions resulting in mounting of licence fee dues to the extent of Rs 3779.45 crore against the licensees as of 31 May 1999.
- Licensees did not submit full financial bank guarantees as required under the agreement. DoT was in possession of financial bank guarantees of only Rs 1581.56 crore as against the outstanding dues of Rs 3779.45 crore as of May 1999.
- DoT did not ensure opening of mandatory escrow accounts by the licensees. None of the licensees opened escrow accounts even after 1-5 years of commissioning/signing of the licence agreements against the admissible time limit of only one month. This helped the licensees to flout licence conditions as DoT had no other effective mechanism for recovery of dues.
- DoT granted a comprehensive package of concessions and offer of migration from fixed licence fee regime to revenue sharing regime under NTP-99 to the existing licensees of cellular mobile and basic services by accepting their pleas that their projections of market size had gone wrong. The above presumption was not correct to the extent that subscriber base of cellular licensees in metros was several times higher than their projections; in telecom circles, incorrect comparisons were used to show that actual demand for cellular services was very low vis-a-vis expectations of the licensees. Further, no detailed study about the financial viability of the projects of basic service licensees was made.

- ICICI and BICP reports did not cover projects of basic service licensees. These licensees are in first or second year of licence and have not commissioned services in the circles except for starting services in a few cities. Thus, grant of concessions and offer of migration to revenue sharing regime to the licensees of basic telephone services is grossly unjustified and premature.
- Government had already taken action and granted concessions on the basis of ICICI and BICP reports on the financial viability of cellular projects. Thus, using these reports again as basis for granting concessions and justifying migration to revenue sharing regime without any fresh studies by any independent agency amounts to undue favour to licensees and grant of double concessions.
- As a part of package of concessions, government granted across the board extension of six months in effective date to all the existing licensees of basic and cellular mobile services in telecom circles without individual examination of cases on merit. This resulted in irregular waiver of outstanding licence fee of Rs 1153 crore and resultant loss of revenue to the Government.
- DoT did not charge any one-time entry fee from the existing licensees for migration to NTP-99. Outstanding licence fee has been treated as one time entry fee though NTP-99 provides for charging of one time entry fee in addition to licence fee. This led to huge revenue loss to the government. It is difficult to assess the loss at this stage in the absence of TRAI's guidelines.
- Cellular licensees did not pay Wireless Planning and Co-ordination (WPC) licence fee and royalty as per Government of India orders and an amount of Rs 162 crore was outstanding against them as on 31 May 1999. No separate WPC licence has been obtained by any cellular licensees which is a serious violation of Indian Telegraph Act.
- Government issued offers of migration to NTP-99 in a prematurely manner without i) finally deciding the quantum of revenue share chargeable as licence fee, ii) defining the gross revenue and iii) finalising modalities of verification of gross revenue of licensees and prescribing records to be maintained by each licensee for assessment of government share. The undue haste shown in issuing offers of migration without finalising necessary modalities is fraught with the serious risk of frauds and may also lead to demand for more concessions to licensees in future on similar grounds.

- Government granted across the board extension in the licence period by 5-10 years to the existing licensees of cellular and basic services without linking such extension with their performance. Thus, government lost the option of not granting extension to defaulting licensees after initial period of licence, for not properly discharging their contractual obligations or failing to provide services/coverage as required.
- The decision for migration of existing licensees from fixed licence fee regime to revenue sharing regime has been taken on the basis of the advice of Attorney General that continuance of these licensees under the existing regime though legally possible, would create serious financial problems. No such apprehensions were expressed by expert Group on Telecommunications (GoT) headed by Deputy Chairman Planning Commission, who was in a better position to make such assessment. GoT did not recommend switchover by existing licensees to NTP-99 after study of financial conditions of the projects of the existing licensees prepared by BICP.

Allocation for Information Technology for Twelfth Five Year Plan

2223. SHRI A. ELAVARASAN: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether the Ministry has sought an allocation of ₹ 81.378 crore in the Twelfth Plan to boost Electronics Systems and Designs Manufacturing;
- (b) if so, details thereof;
- (c) whether the target is part of the draft National Policy of Electronics, 2011 which calls for investment of 100 billion US dollars in this sector and create 28 million jobs by 2020;
- (d) if so, details thereof;
- (e) whether the move is important as Indian electronic hardware production constitutes only around 1.31 per cent of the global production and the country's imports are expected to raise from 50 per cent to 75 per cent; and
- (f) if so, details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI SACHIN PILOT): (a) No, Sir. The Department of Electronics and Information Technology (DeitY) has sought an allocation of Rs.33,400 crore in the Twelfth Five Year (2012-17) Plan for the programme "Promotion of Electronics Hardware Manufacturing".

- (b) The break-up of the proposed allocation for the programme is as under: