CHAPTER-IV
DEPARTMENT OF ELECTRONICS AND INFORMATION TECHNOLOGY

4.1 Creation of Infrastructure for National e-Governance Plan (NeGP) and Delivery of Services to common citizens through Common Service Centres (CSCs)

4.1.1 Introduction

In order to bring about 'Simple, Moral, Accountable, Responsive and Transparent' (SMART) governance[1], Union Cabinet approved (May 2006) an integrated approach for implementation of e-Governance programme with the primary vision to "make all Government services accessible to the common man in his locality, through common service delivery outlets and ensure efficiency, transparency and reliability of such services at affordable costs to realize the basic needs of the common man".

NeGP was conceptualized as a centralized initiative with decentralized implementation. Department of Electronics and Information Technology (DeitY) (erstwhile Department of Information Technology - DIT) was to be the facilitator and catalyst for its implementation and for providing technical assistance to various Ministries and State Governments. DeitY was assigned the pivotal role of providing guidance to the States/ UTs (Union Territories) for implementation of the component schemes of NeGP. The States/UTs were vested with the responsibility of actual implementation of the plan.

Implementation

According to Cabinet note on approach and key components of National e-Governance Plan (NeGP) for effective implementation of NeGP, there was a need to create the right governance and institutional mechanisms, set up core infrastructure, formulate key policies, standards and legal framework for adaptation and channelize private sector technical and financial resources into NeGP efforts. For this purpose, eight[2] key components were identified for implementation.

[1] Report of the Working Group on Convergence and e-Governance for the 10th Plan, Planning Commission

[2] Core Policies, Core Infrastructure (SWAN, SDC etc.), Support Infrastructure (CSCs etc.), Technical Assistance, Research and Development, Human Resource Development and Training, Awareness and Assessment, and Organization Structures.

NeGP infrastructure

The e-governance scheme broadly consists of the following major components:

- Core infrastructure - State Wide Area Net Work (SWAN) and State Data Centre (SDC) and State Service Delivery Gateway (SSDG) –Middleware
- Common Service Centers (CSCs) – Front end

4.1.2 Audit Scope & Methodology

In order to review the progress of infrastructure preparedness for rolling out various e-Governance services to the citizen, the planning and implementation of the four infrastructure schemes viz. SWAN, SDC, SSDG and CSC, provision of technical assistance to these schemes and tracking of utilization of the financial outlays in the light of the role assigned to DeitY as the facilitator and pilot for the implementation of the plan for the period from 2006-07 to 2012-13 was seen in Audit. At the State level, Audit also covered the efficiency in the implementation of the infrastructure schemes, their effective utilization and the performance of CSCs to deliver government services to citizens (G2C). Audit methodology included examination of records at DeitY Headquarters at the centre and at the IT Departments/Implementing agencies in the selected States. The audit methodology was also guided by interaction with stakeholders. The focus of audit was to see whether the Planning, coordination and programme formulation for creation of common/support infrastructure for NeGP were in line with the Government's approach to e-governance and the core infrastructure (SWAN, SDC, SSDG, and CSC) was planned and created in a coordinated manner to facilitate effective implementation of NeGP.

Entry conference was held with top management of DeitY (October 2012) to appraise them of important audit objectives and the audit methodology. The views of the Management were also considered to fine tune the audit approach. Field audit at the State level was carried out during the period from September 2012 to March 2013 and audit findings were communicated to the respective State Governments. Exit conference was held with top management of DeitY (April 2014) and responses of the Management has also been included in the Report.

Audit sample

We selected ten States viz. Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Rajasthan and Tamil Nadu based on the progress achieved in implementation of core infrastructure under NeGP. The States were identified in consultation with DeitY.

Implementation, utilization of resources and monitoring of all the four infrastructure projects in the above ten selected States were covered in Audit. 40 CSCs in each of the above States were visited by the Audit teams for assessing their operations and service delivery.

Financial outlay

The expenditure under the NeGP was to be shared between Central and State Government with a ratio of 60 *per cent* as DeitY share in the form of Grants-in-aids (GIA) and 40 *per cent* as State share through Planning Commission as Additional Central Assistance (ACA) for SWAN. In respect of State Data Centre Scheme, the ratio was 36 *per cent* as GIA and 64 *per cent* as ACA whereas for the CSC and SSDG the share was in equal ratio.

Financial outlay in respect of the infrastructure schemes and its utilization as of March 2013 is indicated below:

Table-1
Financial outlay of four infrastructures

(₹ in crore)

Component	Fund sanctioned		Funds released		Utilization	
	Grant in Aid (GIA) GOI Share	Additional Central Assistance (ACA) State Share	Grant in Aid (GIA) GOI Share	Additional Central Assistance (ACA) State Share	Grant in Aid (GIA) GOI Share	Additional Central Assistance (ACA) State Share
SWAN	2128.50	775.22	904.97	574.64	877.69	552.23
SDC	455.64	922.86	159.15	195.69	129.95	45.12
SSDG	180.69	180.69	120.49	85.6	50.84	23.04
CSC	517.48	517.48	251.79	216.60	72.82	25.26
TOTAL	**3282.31**	**2396.25**	**1436.4**	**1072.53**	**1131.30**	**645.65**

(Source: DeitY records)

4.1.3 Audit findings

4.1.3.1 State Wide Area Network (SWAN)

SWAN is envisaged as the converged backbone network for data, voice and video communications across a state that would cater to the information communication requirements of all departments functioning in the State. The scheme proposed to connect the State Head Quarter (SHQ) with all District Head Quarters (DHQ) and all Block Head Quarters (BHQ) with minimum 2 Mbps[3] leased line. The objective of the Scheme was to create a secure close user group (CUG) government network for the purpose of delivering

[3] Mega Byte per second

government to government (G2G) services and government to citizens (G2C) services. The scheme was approved by Cabinet Committee on Economic Affairs (CCEA) in March 2005 for period of five years with an outlay of ₹ 3,334 crore of which ₹ 2,005 crore[4] was to be borne by DeitY as Grants-in-aid to States/UTs and the balance ₹ 1,329 crore[5] was to be borne by the States/UTs through Planning Commission as ACA. The Empowered Committee (EC) constituted (March 2005) by CCEA was to examine and sanction individual SWAN project proposals of the States. The EC had sanctioned ₹ 2,903.72 crore, released ₹ 1,479.61 crore and utilised ₹ 1,429.92 crore as of March 2013 as indicated in para on financial outlay.

SWAN was to be implemented in 29 States and six Union Territories (UTs). As of March 2013, 27 States and three UTs had implemented the project completely and in one State and three UTs implementation was in advanced stage. Goa had opted out of the scheme as they had established their own Broadband Network for e-Governance. Despite passage of eight years since the approval (March 2005) of SWAN scheme by CCEA, SWAN could not be rolled out in pan India. Haryana was the first State to commission SWAN (August 2007) under NeGP after a delay of eight months from the scheduled timeline. Though the 30 States/UTs had completed SWAN and four States/UTs are in advance stage of implementation, delay ranging from eight months to seventy four months was noticed in all the States/UT.

SWAN is a vital element of the core infrastructure for supporting the e-Governance initiatives of the Government and was designed to cater to the governance, information and communication requirements of all the State Departments. Delayed completion of SWAN schemes in the States resulted in postponement of the achievements of the vision of the e-governance programme as commented in the succeeding paragraph:

(i) Delay in implementation of SWAN

As per the CCEA approval (March 2005), estimated time frame for completion of SWAN project in a State, was 15(fifteen) months from the date of approval of the Detailed Project Report (DPR). The Empowered Committee on SWAN approved the DPRs for 20[6] States in 2005 and approval for the remaining States and UTs were accorded during the period from 2006 to 2008. Government of India share of the financial support for SWAN scheme was also released to the States on approval of the DPR. We observed, however, that in none of the States covered in Audit, SWAN scheme was completed within the stipulated time schedule. The time overrun ranged from 8 (eight) months (Haryana) to 74 (seventy four) months (Rajasthan) in the selected States for Audit. State wise position is given in

[4] ₹ 1,146 crore was earmarked for Capital cost for basic hardware and ₹ 859 crore towards Operational cost (Consultancy Fee, AMC on capital equipment, Interest on capital, TPA and cost of Manpower and other incidentals).

[5] ₹ 307 crore towards Site preparation-Civil works and ₹ 1,022 crore towards SWAN Bandwidth

[6] Andhra Pradesh, Assam, Chhattisgarh, Delhi , Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala , Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Sikkim Tamil Nadu, Tripura, Uttar Pradesh, and West Bengal.

Annexure –XV. Reasons for the delay, as explained by the States selected in Audit are indicated below:

Table-2
State-wise reasons for delay

State	Reasons	Reply of the State Governments
Assam	Delay in finalization of RFP and appointment of network operator Delay in site preparation and commissioning	No reason provided for the delay Delay in handing over of sites by district administrations which were beyond the control of SDA
Himachal Pradesh	Delay in appointment of consultant	No reason given by the State for the delay in the appointment of Consultant
Karnataka	Delays on the part of the vendor in various aspects including submission of network design, formulation of test procedures for components and services	Penalty imposed on the vendor
Kerala	Delay in appointment of network operator	No reasons given by the State
Rajasthan	Delay in constitution of Project Implementation Committee Delays in finalization of RFP Delay in appointment of consultant	No comments offered by the State RFP required modifications on account of issues like change in the number of offices, changes in the status of offices being connected, inclusion of new equipment, integration with other projects, changes in the mode of connectivity, changes in the technical specifications and non-agreement by lowest bidder, change in payment schedule and changes in RFP criteria Shortcomings in the readiness of the vertical PoPs, delay in appointment of Horizontal Offices and time taken to resolve OEM change request delayed signing of agreement
Tamil Nadu	Delay in appointment of consultant and finalization of operating and implementing agencies	Delays in making available site for PoPs at Districts by local agencies appointed by District Administration

The reasons attributed for delay as indicated in the table above is a pointer to the fact that the State preparedness in completing SWAN scheme as scheduled was not sufficient which resulted in delayed achievement of the benefits as envisaged in the scheme.

(ii) SWAN Project approved without approval of Empowered committee

SWAN project of the Union Territory (UT) of Lakshadweep was approved by the Secretary, DeitY for an estimated outlay of ₹ 15.53 crore[7] on 23 March 2009. A sum of ₹ 4.58 crore was released as Grants-in-Aid (GIA) i.e., DeitY share to the UT on 27 March 2009. However, it was observed that no approval or post facto approval of the EC was obtained for the scheme.

[7] DeitY share of ₹ 7.40 crore and UT share of ₹ 8.13 crore

In reply to the audit observation, DeitY stated (February 2014) that the omission was inadvertent and proposal for post facto approval of Lakshadweep SWAN would be placed in the next Empowered Committee meeting.

(iii) Non approval of Additional Central Assistance (ACA) component of SWAN by EC.

The Empowered Committee (EC) on SWAN in its first meeting (March 2005) approved projects of fourteen States[8]. However we observed that none of the fourteen State projects contained approval for State Share of ACA on account of cost against Site preparation and Bandwidth operation. However EC subsequently granted approval of revised projects of five States[9] taking into account the ACA components. ACA component of SWAN, in respect of the projects NCT-Delhi, was neither revised for nor funds released against it. Further an amount of ₹ 218.64[10] crore on account of ACA were released by Department of Expenditure (DOE) directly to the States without the formal approval of EC to remaining eight States[11] . The details are furnished in **Annexure-XVI.**

DeitY informed (April 2014) Audit that the total outlay on SWAN projects including GIA and ACA based on actual price discovery would be placed before next EC meeting for approval. Approval is still awaited.

(iv) Network Operators

SWAN could be implemented through Public Private Partnership (PPP) Model also. In this model, State/UT identifies a suitable PPP model (BOO, BOOT etc.) and selects an appropriate agency through suitable competitive bidding process for outsourcing the establishment, operation and maintenance of the Network. Total payments to the network operator are apportioned into 20 equal Quarterly Guaranteed Returns (QGRs). All the ten States selected for Audit had opted for PPP implementation model. Following observations are made:

Non-imposition of Penalty on Network Operator

The Agreement with the network operators provide for imposition of penalty for failure on the part of BOOT operator/Network Operator to adhere to conditions of contract viz., delay in commissioning, non-submission of required data/documents etc. The penalty is to be levied while making payments of QGRs. The penalty has to be calculated on the full value of the QGR/contract value. We observed that:

[8] Andhra Pradesh, Assam, Delhi, Gujarat, Jharkhand, Karnataka, Kerala , Madhya Pradesh, Maharashtra, Punjab, Tamil Nadu, Tripura, Uttar Pradesh and West Bengal.

[9] Andhra Pradesh, Jharkhand, Madhya Pradesh, Maharashtra and Tamil Nadu.

[10] ₹ 90.05 crore for Site preparation and ₹ 128.59 for Band-width utilization

[11] Assam, Gujarat, Karnataka, Kerala , Punjab, Tripura, Uttar Pradesh and West Bengal.

- In Kerala State the Network Operator (M/s United Telecoms Limited) failed to carry out Acceptance Test Plan/procedure within the stipulated time of nine months from date of appointment of Network Operator in 3 NOCs, 14 DHQs and 152 BHQs. Acceptance test was pending in 237 remote offices even after a lapse of 263 weeks (December 2012) as against the maximum allowable period of twenty weeks. Thus a maximum penalty of ₹ 5.92 crore was to be levied on the Network operator. Against this only a provisional recovery of ₹ 25.30 lakh, as recommended by the consultant, was made by Kerala State IT Mission (KSITM) resulting in short recovery of ₹ 5.67 crore as penalty.

  The Kerala State IT Mission (KSITM) replied (June 2013) that a decision on imposition of penalty to the BOOT operator would be taken after receiving reports from Centre for Development of Advanced Computing (CDAC), Technical Consultant and M/s KPMG Advisory Services Private Limited who is the Third Party Audit (TPA) agency of SWAN. KSITM, however, based on audit observation withheld ₹ 2.35 crore (February 2014) from the payments to the BOOT operator. The action initiated was not satisfactory because KSITM as the implementing agency should have enforced the conditions of the agreement for the delay in completion of the scheme.

- In Andhra Pradesh, the State Level SWAN Implementation Committee observed (December 2010) that SWAN scheme was delayed by 218 days and concluded that out of the total delay of 218 days, 90 days was attributable to the Network operator. The quantum of penalty was calculated as ₹ 3.49 crore. However, M/s Tata Consultancy Services (M/s TCS), the network operator requested (June 2011) not to levy penalty immediately and offered to maintain the APSWAN project for an additional period of 90 days as extension part of the contract without claiming any charges. The State Level Dispute Resolution Committee after deliberations decided (March 2012) that in lieu of penalty of ₹ 3.49 crore, M/s TCS should extend their contract by six months which was agreed (March 2012) to by M/s TCS. An amendment agreement was also to be signed by all the parties.

Audit comments on the decision of the State Level Dispute Resolution Committee are given below:

- The conversion of penalty amount for free maintenance of APSWAN for the extended period was a deviation of terms of tender;

- Further, the amended agreement which was to be signed by all the involved parties was not signed till March 2013 even though the decision in this regard was taken in March 2012. The rights/remedies available to the Government/Andhra Pradesh Technology Services Limited (APTSL) in case M/s TCS does not meet the Service

Level Agreement (SLA) levels in the extended period of maintenance were also not clearly spelt out.

The actions taken by the State is not acceptable to Audit as there was no provision in the agreement to condone penalty by way of free maintenance. Moreover, the financial support from Government of India was only for the first five years and funding beyond five years was to be borne by the State Government. Hence, extending free maintenance of APSWAN for a period beyond five years instead of imposition of penalty resulted in funding the scheme from Government of India.

(v) Third Party Audit agency not appointed in States

Third Party Audit (TPA) was an integral part of the implementation of SWAN scheme. According to DeitY guidelines and Request for Proposal (RFP) on appointment of TPA agencies, Final Acceptance Test (FAT) certificate was to be issued by the TPA agencies and the date of issue of FAT was deemed as the date of successful commissioning of SWAN. The appointment of TPA was mandatory and needed to be done before the acceptance testing and commissioning of SWAN. TPA was to give an assurance that implementation and performance of the network were within the provisions of the Service Level Agreement (SLA) with the network operator and the bandwidth service provider. Besides, the TPA agency is also responsible for providing quarterly certificates on network availability and would also compute penalty, if any, for the net payment to the network operator as Quarterly Guaranteed Returns (QGRs).

Out of the ten selected States, it was observed that only Andhra Pradesh, Gujarat, Karnataka and Kerala appointed TPAs before the Acceptance Testing of SWAN, in compliance with DeitY guidelines. Six States[12] failed to appoint TPA before commissioning of the network and the delay in appointment ranged from five months (Rajasthan) to 21 months (Haryana).

Thus declaration of SWAN as implemented prior to the appointment of TPA agency showed that the networks were accepted by the States without confirming the fact that the network operator had complied with the provisions of the SLA.

DeitY informed (April 2014) to Audit that TPA selection was not taking place at the same time as network operator selection. DeitY also stated that 27 out of 31 States have appointed TPAs and the remaining four States would be advised again to initiate action in time for TPA selection.

[12] Assam, Chhattisgarh, Haryana, Himachal Pradesh, Rajasthan and Tamil Nadu

(vi) Impact Assessment of SWAN

The Cabinet Committee on Economic Affairs (CCEA) approval for SWAN scheme had envisaged that an impact assessment to measure development outcomes should be undertaken for each SWAN project after three years. The impact assessment report had to be placed before the Expenditure Finance Committee (EFC) after three years and before CCEA after five years. DeitY, while seeking the approval of SWAN Scheme agreed to the observation of Ministry of Finance, saying activity of impact assessment would be included in Terms of Reference of State level project Implementation committee and would do the needful in regard to placing Impact Assessment Report before EFC and CCEA. However, we observed that no Impact Assessment had been undertaken by DeitY until June 2013.

DeitY while admitting (September 2013) that no formal impact assessment to measure development outcome has been undertaken for each SWAN project in the States after three years, also stated that regular reports on SWAN are also being furnished as per requisite formats to the Prime Minister's Office (PMO), Cabinet Secretariat and the Planning Commission. DeitY further informed (February 2014) that it was in the process of empanelment of agencies for impact assessment for all MMPs including SWAN. Expression of Interest had already been invited in this regard.

The reply is not acceptable as the regular reports of status of implementation of decisions/directions of Cabinet/Cabinet Committees submitted to PMO, Cabinet Secretariat and Planning Commission cannot be a substitute for a detailed impact assessment to measure development outcomes as envisaged in SWAN project. The fact remains that DeitY, while agreeing to EFCs' proposal for impact assessment of SWAN, did not recognize its importance and failed to initiate the process of empanelment of agencies for the same.

4.1.3.2 State Data Centres (SDCs)

State Data Centre (SDC) is one of the important core infrastructures for supporting the initiatives of NeGP and for delivering services to the citizens. The aim of SDC scheme is to create common secure IT infrastructure to host state level e-Governance applications/Data to enable seamless delivery of G2G, G2C and G2B services duly supported by SWAN through CSCs. The SDCs consolidate services, applications and infrastructure to provide efficient electronic delivery of services by the States through the core connectivity infrastructure such as SWAN and CSC. Various State departments are to host their services/applications on to SDC to ensure efficient and optimal use of computing resources and connectivity infrastructure. Further, the SDCs of the States are categorized as Large (14 States/UTs), Medium (13 States/UTs) and Small (eight

States/UTs) depending upon the size of the State, which shall also depend upon the number of applications and the data size/requirement.

SDC scheme was approved (January 2008) by the Cabinet Committee on Economic Affairs (CCEA) with a total outlay of ₹ 1,623.20 crore towards the capital and operational expenses over a period of five years. The SDC was to be implemented in 29 States and six Union Territories. The Empowered Committee (EC) had sanctioned ₹ 1,378.50 crore and released ₹ 354.84 crore to the States and UTs and the States and UTs had utilised ₹ 175.07 crore as of March 2013 as indicated in para on financial outlay.

(i) Status of Implementation

As per the approval of CCEA, each SDC project was envisaged to be implemented within 9-12 months from the date of approval of the State/UT's proposal by Empowered Committee (EC) constituted by the CCEA on SDC. As of March 2013, 21[13] States/UTs had implemented the project completely with a delay ranging between 14 months to 48 months from the date of approval of the proposal, in four[14] States/UTs implementation is still in advance stage though the proposals were approved in 2008 and in seven[15] States/UTs implementation is in initial stage despite the fact that SDC scheme was approved in January 2008. Besides, request for proposal (RFP) for SDC in Arunachal Pradesh was not published by State and Delhi and Chandigarh had not committed to the SDC scheme till March 2013.

Out of the ten selected States for Audit, SDC is operational in Andhra Pradesh, Chhattisgarh, Gujarat, Haryana, Karnataka, Kerala, Rajasthan and Tamil Nadu whereas in Assam and Himachal Pradesh, the Bid process for SDC has been initiated. Audit scrutiny of SDC revealed the following deficiencies:

(a) Delay in implementation of SDC

SDC is the key supporting component of e-Governance initiatives and businesses for delivering services to citizens with greater reliability, availability and serviceability. As the two core infrastructure of NeGP viz. SWAN and CSC had already been approved (March 2005 and September 2006 respectively), the Standing Committee of Parliament on Information Technology advised DeitY (January 2008) on early implementation of SDCs so that SWAN and CSCs are effectively and efficiently used.

We, however, observed that in the ten selected States for audit, it took 16 to 55 months for the States to finalize their RFPs. Further, while in Andhra Pradesh and Gujarat where the

[13] Andaman & Nicobar, Andhra Pradesh, Chhattisgarh, Gujarat, Haryana, Jammu & Kashmir, Karnataka, Kerala, Madhya Pradesh, Manipur, Maharashtra, Meghalaya, Nagaland, Odisha, Pudduchery, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, and West Bengal

[14] Bihar, Jharkhand, Lakshadweep and Mizoram

[15] Assam, Dadra & Nagar Haveli, Daman & Diu, Goa, Himachal Pradesh, Punjab and Uttarakhand

SDCs were operational within a year of implementation of SWAN, in all other selected States the time gap between the completion of SWAN and SDC ranged between 23 months to 60 months (except Assam and Himachal Pradesh, where the SDC scheme was in bidding stage). In Rajasthan, however SDC was completed (June 2011) nearly two years earlier to implementation of SWAN (February 2013). Reasons for delay are indicated in paragraph 4.1.3.1 (i) above. These huge time gaps in the implementation of these two schemes indicated sub-optimal utilization of both the core infrastructure components.

DeitY, in reply to audit observation, stated (February 2013) that timely completion of the scheme was hampered mainly on account of the following:

- Delays in site finalization/handover leading to delay in finalization of SDC site architecture/layout;
- State level administrative delays in Raw Power Provisioning;
- As per SDC scheme, one Government application is required to be used for the Final Acceptance Test (FAT) in every SDC. But, in some States, the FAT application was not ready and in other cases the FAT application was changed by the State during SDC implementation;
- Delays in bid process and issues in Bid evaluation;
- Delayed internal approvals and contract signing at the State level.

It was further stated that the above issues were getting addressed at the State level in the Project Implementation Committee meeting and the State Apex Committee also was involved if needed, to resolve the delays and expedite implementation. The EC was also being apprised of the status in each State.

DeitY further stated (September 2013) that SWAN and SDC are two different schemes under NeGP with project approvals in March 2005 and January 2008 respectively indicating that the time lag in implementation of the scheme was due to their respective proposal approval dates and implementation of the both schemes in the States.

The reply is not acceptable because synchronizing the work of these two components of NeGP should have been an important consideration in the planning of core infrastructures so that the benefits of both SWAN and SDC schemes are optimized effectively in e-delivery of services as envisaged. Moreover, without synchronized development, the infrastructure built earlier remained unutilized for the purpose as in the case of Rajasthan where SDC was completed two years prior to setting up of SWAN and is bound to degrade.

(b) Expenditure on SDC Programme Management Unit (PMU)

The CCEA had approved (January 2008) setting up of a Programme Management Unit (PMU) and a provision of ₹ 90 lakh was created for two years. It was envisaged that DeitY would provide the States/UTs with a template on request for proposal (RFP) and a Consulting Agency for Detailed Project Report (DPR) preparation, overall bid process management and overseeing project implementation and operationalisation of the SDC. DeitY also needed to set up a data centre programme management unit to help/assist the States in all technological and other matters related to State Data Centre and in DPR evaluations, program level monitoring etc.

Accordingly, M/s Price Waterhouse Coopers Private Limited (M/s PwC) was selected (June 2008) by DeitY to function as the PMU for SDC for 24 months with effect from June 2008 for providing 96 man months at ₹ 2.45 lakh per man month for assisting DeitY in programme management at the national level in implementing SDC in 35 States/UTs at a cost of ₹ 235.20 lakh since it was already assisting DeitY in discharging the services as PMU for SWAN scheme. The tenure of the PMU was extended in February 2011 for 18 more months from June 2010 to December 2011 at a cost of ₹ 110.25 lakh for providing another 45 man months and in June 2012 another extension of 18 months from January 2012 to June 2013 was given to M/s PwC at cost of ₹ 88.20 lakh for providing 36 man months. During the entire period, the rate per man month remained unchanged. M/s PwC was paid a total amount of ₹ 431.85 lakh (inclusive of taxes) for the period up to September 2012 with payment for remaining three quarters (as on February 2013) pending.

To a query raised by Audit on grant of extension to M/s PwC, DeitY informed (February 2014) that the extension for M/s PwC as SDC PMU was given after due approval by DeitY owing to delay at various stages of implementation of SDCs in number of states. DeitY also stated that the expenditure was well within the overall approved budget of the SDC scheme and the SDC Empowered Committee, which had approved the aforementioned extensions is empowered for fund re-allocation within the overall approved budget.

The fact, however, remains that the programme management unit of SDC was setup for detailed project report (DPR) preparation, overall bid process management and overseeing project implementation and operationalisation of the SDC with a timeline of two years. However, the delay in completion of SDC scheme as already commented in paragraph 4.1.3.2(i)(a) led to continuation of PMU for five years against the original approval of 2 years by the CCEA besides incurring additional expenditure of ₹ 343.65 lakh over the approved cost of ₹ 90 lakh.

4.1.3.3 Creation of additional Data Centres

The SDCs set up in the four States viz., Karnataka, Kerala, Rajasthan and Tamil Nadu under NeGP were in addition to the data centres already established there as part of the State's e-governance initiative. Important findings on the creation of the additional SDCs are:

(i) Penalty of ₹ 1.12 crore not recovered from Data Centre Operator in Kerala

As per the RFP delivery, installation and testing of SDC was to be completed in 34 weeks from the date of LOI, failing which penalty as 0.5 *per cent* per week for the first two weeks, 1 *per cent* per week for every subsequent week subject to a maximum of 10 *per cent* was to be levied on the implementing agency, which was to be computed on Capital Expenses (CAPEX) value of contract. Further, beyond 10 *per cent* of penalty, the contract would be terminated and compensation paid to Government. Accordingly, M/s Sify Technologies, the implementing agency was liable to pay full penalty of ₹ 1.12 crore. The Technical committee meeting held on 26 December 2011 recommended for deducting the penalty from the 4th instalment (Payment of 30 *per cent* of CAPEX). However, no penalty was recovered from the payments released to M/s Sify till February 2013.

The Kerala State Information Technology Mission (KSITM) (June 2013) responding to the audit observation stated that penalty on account of delay in implementation was being deducted from the 4thinstalment of Capital Expenses (CAPEX).

(ii) Underutilization of SDC in Tamil Nadu

M/s Electronic Corporation of Tamil Nadu (ELCOT), the SDA for Tamil Nadu SDC, had commissioned an Electronic Data Centre (EDC) in December 2007 at a cost of ₹ 10.44 crore with two Enterprise Class IBM Z-9 Series Mainframe Servers with a total Storage Area Network (SAN) of 20 terabyte (TB) to host large scale Application and Data services. This EDC is connected to TNSWAN. Security Policies as applicable to the existing EDC and to the SDC commissioned under NeGP are different and less stringent. Most User departments have preferred to host their applications in EDC rather than in SDC. EDC is hosting more applications than State Data Centre. It was observed (February 2013) that out of twenty eight Departments/applications, six were hosted in both SDC as well as EDC. Only three applications[16] are hosted exclusively in SDC. Thus, the SDC sanctioned at a cost of ₹ 55.80 crore under NeGP remained underutilised.

The State Government agreed (July 2013) with the audit observation on underutilization of SDC under NeGP and stated that in view of the procedural constraints for getting/renewal of Vulnerability Assessment and Penetration Testing (VAPT) certification, departments

[16] Document Management System of M/s Chennai Metro Rail Limited, Health Management Information System of TNHSP and Local Bodies Electoral Information System of TNSEC

preferred to host their applications at EDC. However ELCOT was taking steps to insist the customer to get a VAPT certification and migration of the applications hosted at EDC to SDC for having more stability.

4.1.3.4 Disaster Recovery Plan

State Data Centre Guidelines issued by DeitY stipulate that every Data Centre in the State should have well defined Disaster Recovery and Business Continuity plan (DR&BCP) along with appropriate data backup and recovery infrastructure. They also need to conduct regular Disaster Recovery Testing, Drills and Disaster Recovery Plan updating. Audit observed that none of the test checked States except Tamil Nadu and Kerala had taken any initiative for Disaster Recovery Plan. In Tamil Nadu, it was found (February 2013) that the State Designated Agency (SDA) had, however, not identified the location for the DRC despite the decision (July 2011) of the State Government to set up DRC by July 2012. Besides, the fact that DeitY had provided storage space of 25 terabytes (TB) to Tamil Nadu, as a part of storage replication solution in National Informatics Centre's (NIC) Data Centre at Pune (July 2012), no action had been taken by the State (July 2013) to use the same as a disaster recovery solution. The State IT Department in response to the audit observation stated that Government approval was awaited for engaging the consultant for site selection and preparation of RFP. In Kerala it was observed that no DR site was available for the new SDC set up in the State. The State Government stated that action was being taken to set up Disaster Recovery site in NIC, New Delhi.

4.1.3.5 Common Service Centers (CSCs)

The CSCs are the citizen-facing end of the NeGP which are created to act as the primary delivery channel for delivery of Government services to the citizens. Besides being the delivery points for delivery of services to the common citizen at his door step, the Government envisaged the CSCs to be a change instrument that would provide a structured platform for socially inclusive community participation for development. The initial proposal approved in 2006 envisioned setting up of 100,000 rural centers across the country which would ensure one CSC for every six villages. Apart from this 10,000 urban CSCs were also to be set up but without financial support of Government. The CSC scheme was to deliver a variety of services like Government to Citizen (G2C), Business to Citizen (B2C). All CSCs were to be Broadband and internet enabled. The total financial outlay for the project was ₹ 1,649 crore which included ₹ 1,586 crore towards revenue support to be shared equally between Central Government and State Governments.

Transacting CSCs

Number of CSCs planned for establishment in the ten States chosen under audit and the number of CSCs operational and transacting as of March 2013 is given in the table below:

Table-3
Table showing the Low level of transacting CSCs

Sl. No	State	Planned[17]	Operational[18]	Connected[19]	Transacting	Percentage of connectivity (percentage of col. 5 to 4)	Percentage of transacting CSCs (percentage of col 6 to 4)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Andhra Pradesh	4687	3797	3797	2589	100	68
2	Assam	4375	3888	3136	1308	81	34
3	Chhattisgarh	3385	2460	1225	192	50	8
4	Gujarat	13685	13685	13685	13685	100	100
5	Haryana	1159	0	0	0	0	0
6	Himachal Pradesh	3366	2881	2245	1251	78	43
7	Karnataka	5713	800	800	0	100	0
8	Kerala	2200	2235	1908	1831	85	82
9	Rajasthan	8003	6351	5702	2331	90	37
10	Tamil Nadu	5440	2683	2683	2705	100	101
	All India	**150602**	**126574**	**105363**	**60754**	**83**	**48**

It was observed

- The percentage of connected CSCs to operational ranged between 50 to 100 whereas the percentage of transacting CSCs to operational business ranged between 8 to 100. In Chhattisgarh the low level of connectivity (50 *per cent*) and transacting business (8 *per cent*) were due to termination of agreement of State Service Agency.

- CSC scheme in Gujarat termed as e-gram centers are directly under the SDA e-Gram Vishwagram Society (eGVGS). Though e-Grams have been approved by DeitY as CSCs, no grants have been released for the scheme.

- CSC scheme was not operational in the State of Haryana as agreement with all the Service Center Agencies (SCAs) terminated in December 2009 and August 2010. Despite completing its SWAN scheme in 2007 and SDC in 2012, the State could not continue e-delivery of services to its citizens through CSCs.

- Karnataka did not roll out the CSC scheme and instead was delivering e-services through rural tele-centers known as Nemmadi Kendras as part of State Government e-Governance initiative. As a result, the State which should have had more than 5,700

[17] Planned: the number of CSCs to be operationalized by the State/UT with a minimum ratio of 1:6 i.e. 1 CSC per 6 villages.
[18] Operational: number of CSCs which have been rolled out as reported by the States/ UTs.
[19] Connected: number of operational CSC's which have internet connectivity as reported by the State/UT.

CSCs to cover its rural population has only 800 Nemmadi Kendras to deliver e-services.

- In Tamil Nadu, one of the Service Center Agencies (SCAs[20]) was to set up 4,395 centers in 26 districts but did not perform the task as per the time lines prescribed for rolling out of CSCs. Termination proceedings against the SCA were under litigation since the SCA got a ruling from the Madras High Court in February 2011 restraining the SDA from appointing an alternate SCA in respect of 2,100 CSCs already stated to have been rolled out. It was observed that even though the High Court has not restrained rolling out the CSCs in the remaining 2,295 centers, the SDA did not take any action (February 2013) to establish CSCs.

DeitY while explaining the actions initiated in termination of agreements of State service agencies informed (September 2013) that in Chhattisgarh in order to minimize disruption of operating Common Service Centers, it had approved District e-Governance Society (DeGS) as a Service Center Agency (SCA) till a new SCA is selected. DeitY further stated (February 2014) that Tamil Nadu has issued request for proposal (RFP) for SCA selection and is in the process of finalizing the bid. It also intimated that Haryana had not submitted any formal plan for roll out of CSCs; informal discussions indicated that the State planned to operationalise CSCs in each Gram Panchayats. With regard to Karnataka it was informed that the State Cabinet has approved the plan for rollout of CSCs.

Internet/broadband connectivity for CSCs

All CSCs, as per DeitY guidelines for implementation of CSC schemes, were required to have broadband internet enabled connectivity. Accordingly, Deity along with Department of Telecommunications (DoT) prepared (October 2006) a three phase connectivity plan to facilitate availability of reliable connectivity for CSCs through wire line (Broadband) and Wireless (Wi-Max, Data Card). The initial two phases not only intended to provide connectivity to CSCs but also meant to provide effective services to SWAN. By October 2008 M/s Bharat Sanchar Nigam Limited (BSNL) provided Broadband connectivity to 56,000 CSCs. Out of remaining 44,000 CSCs, BSNL agreed to provide connectivity using Wi-Max technology to 41,500 CSC locations at a cost of ₹ 550 crore (₹ 275 crore from DeitY and ₹ 275 crore by States). This cost of ₹ 550 crore was met from the funds available under CSC scheme. The remaining 2,500 CSCs, primarily in the North East and other inaccessible regions of the country were to be covered by using Very Small Aperture Terminal (VSAT) technology through National Informatics Centre (NIC) at a cost of about ₹ 50 crore.

[20] M/s 3i-Infotech Limited

We observed that as on 31 March 2013 out of 1,05,363 connected CSCs only 42,275 CSCs were using BSNL connectivity and BSNL had extended broadband coverage at 64,632 CSC locations only.

DeitY replied (February 2014) that BSNL connectivity was being provided to CSCs and it was actively followed up with both BSNL and States to encourage connectivity.

However, the technology-wise details of connectivity (e.g. Wi-Max, Broadband, VSAT) provided at the CSCs, especially for 41,500 CSC locations where Wi-Max technology connectivity was to be given for which ₹ 550 crore was released to BSNL, were not available with DeitY.

Non Availability of Government to Citizen (G2C) services

The NeGP vision is to "make all Government services accessible to the common man in his locality, through common service delivery outlets and ensure efficiency, transparency and reliability of such services at affordable costs to realize the basic needs of the common man". The CSCs were established with an intention to provide single window points for Government to Citizen (G2C) services and Business to Citizen (B2C) services. It was noted in the audit of ten States that:

- In Assam, although 15 Government to citizen services were mandated to be provided through CSCs, a maximum of nine services were provided (June 2013) in two districts (Goalpara and Sonitpur) only having 442 CSCs. In remaining districts no Government to citizen services were provided till June 2013 to the citizens. Thus, the primary objective of providing G2C services to citizens remained largely unachieved due to delay in creation of related infrastructure.

  In reply the State Designated Agency stated (July 2013) that there was no provision of any online based system in districts other than Goalpara and Sonitpur and was now being undertaken.

- In Haryana, the SDA/Nodal department had not signed Memorandum of Understanding (MoU) till April 2013 with the identified user departments for providing G2C services through CSCs resulting in lack of involvement and accountability of user departments in delivery of G2C services through CSCs in an integrated manner. These user departments were not prepared to deliver G2C services due to lack of backend computerization, digitization of data and availability of relevant software applications in their departments.

  The State Implementing Agency (SIA) replied (May 2013) that the user departments were not prepared to deliver G2C services due to lack of backend computerization,

digitization of data and availability of relevant software applications in their departments. The reply of SIA is not acceptable because MoUs were required to be signed beforehand with user departments to ensure timely delivery of G2C services resulting in lack of involvement and accountability of these departments.

- In Chhattisgarh**,** the request for proposal (RFP) contemplated to provide ten key Government to citizen services. Chhattisgarh Infotech & Biotech Promotion Society (CH*i*PS), the State Designated Agency was the nodal agency to coordinate with department and Service Center Agency to use the infrastructure created under NeGP. Out of 2,460 CSCs established in the State, only five CSCs had provision for facilitating Government to citizen services and as against ten key services to be provided through CSCs, only one service (issue of certificates) was provided in few CSCs.

  CH*i*PS informed (June 2013) that electronic delivery of said services is based on computerization of line departments. All such departments have already been informed about CSC project, with a request to utilize these common infrastructures being created by DeitY for providing G2C services.

- In Rajasthan**,** RFP envisaged that delivery of Government Services namely Land records, Vehicle registration, Issue of certificates, Employment exchange, Ration cards, Electoral services, Pension schemes, Road transport, Public grievance, Utility/Telephone Bills would be mandatory for the CSCs. During joint physical verification (January 2013) of 40 CSCs, it was observed that all CSCs were delivering only two services i.e. issue of certificates (Bonafide & Caste) and depositing the utility bills.

  DeitY intimated (February 2013) that the project started with basic utility services of DISCOM[21] and PHED[22] and today more than 40 services are being provided through CSCs. Some of these services are being provided in few districts on pilot basis whereas most of them have been rolled-out across all districts of the State.

  The reply of DeitY is not acceptable because in 40 CSCs visited by Audit it was found that they provided only two services.

4.1.3.6 Concurrence of CCEA for funding of State Service Delivery Gateways (SSDG) component not approved under NeGP.

Empowered Committee for the Common Service Center scheme in its 5th meeting to consider facilitation of service delivery through CSCs deliberated the fact that the actual

[21] Distribution Companies
[22] Public Health and Engineering Department

delivery of services leveraging the infrastructures (SWAN, SDC and CSC) would be delayed as most of the State mission mode projects (MMPs[23]) were at various stages of design and development and actual implementation of MMPs would take an additional 3-4 years. On account of this delay, it was imperative that an alternative strategy be worked out to use these infrastructures (SWAN, SDC and CSC) for quick delivery of services on the ground. Accordingly it was proposed (December 2008) that a new infrastructure viz. State Service Delivery Gateway (SSDG) be created immediately across the States/UTs which will provide significant benefits to the citizens specially in the form of a single gateway to citizen for service delivery such as downloading of forms and submit their applications electronically through a common gateway.

The proposal for implementation of SSDG scheme was approved (December 2008) by the Empowered Committee for the Common Service Center scheme at a cost of ₹ 400 crore (GIA-₹ 200 crore and ACA-₹ 200 crore). Funding for the State Service Delivery Gateways was to be through the savings in the CSC scheme. It was also decided in the EC that the CCEA should be suitably apprised of the utilisation of the savings for a different scheme.

The Empowered Committee (EC) had sanctioned ₹ 361.38 crore, released ₹ 206.09 crore and utilised ₹ 73.88 crore as of March 2013.Due to paucity of fund in the CSC scheme, the total cost has been reduced to ₹ 300 crore (GIA-₹ 150 crore and ACA-₹ 150 crore) by the EC (July 2012).

It was observed in Audit that the decision of the EC to utilize the savings from one scheme to start a new one was neither intimated to nor approved by the CCEA.

DeitY stated (September 2013) that a monthly statement for the progress made in the project was submitted to the Cabinet Secretariat since February 2009 wherein the approval of the Empowered committee for the proposal for facilitation of service delivery through CSCs by funding implementation of portal, SSDG and electronic form and gap infrastructure at a total cost of ₹ 400 crore was included.

We, however, observed that the monthly statement to the Cabinet Secretariat was in the nature of a status report on implementation of various decisions of Cabinet/Cabinet Committees and hence cannot be considered as approval by CCEA on the utilization of fund. Thus, the funding arrangements done for SSDG scheme has not been ratified by CCEA even after more than four years of the decision of the EC to implement the scheme. Moreover, this alternative strategy introduced to use the common infrastructures (SWAN, SDC and CSC) for quick delivery of services on the ground was also delayed as

[23] A Mission Mode Project (MMP) is an individual project within NeGP with clearly defined objectives, scope and implementation time line and milestones as well as measurable outcomes and service levels e.g. Land records, Police, Agriculture, Health and Education.

commented in paragraph below thus not achieving the intended benefit for which the new component was specifically introduced.

Delay in implementation of SSDG

As per the timeline prescribed for the implementation of the project for State Portal, SSDG and e-forms specified 12 months for the system to 'go-live'. However, the finalization of RFP was delayed in most of the States with Gujarat not signing agreement and Karnataka not finalizing the RFP even after lapse of more than two years of approval of the individual State SSDG. As of March 2013, out of the ten selected States, the SSDG component was under implementation in eight States and was launched in two States (Himachal Pradesh and Tamil Nadu).

DeitY stated (February 2014) that due to various reasons like delays in RFP finalization, bidding, selection of implementing agencies, Departmental approvals on the requirement documents as well as other project documents, STQC (Standardization Testing Quality Certification) audit etc, the date for SSDG implementation was different for States/UTs.

The response of DeitY only validates audit observation. The fact remains that the scheme approved in December 2008 could not be implemented fully and benefits of e-Governance initiative could not be extended to the citizen as envisaged.

4.1.3.7 Monitoring of infrastructure implementation by States

The Programme Management Structure for NeGP approved by CCEA inter alia envisaged State level Apex Committee headed by the Chief Secretaries to allocate resources, set priority amongst projects and resolve inter-departmental issues properly. The Apex Committees, thus, had to perform effective oversight functions for the efficient roll out of e-governance initiatives in a State.

It was observed that the State Apex Committees of Assam and Haryana had not met even once since their formation in June 2009 and February 2010 respectively. In Himachal Pradesh, the Apex Committee had met three times since its formation in March 2006 while in Tamil Nadu, the Apex Committee had met only twice since its inception in April 2005. Similarly, from the details made available to Audit, it was seen that except in the States of Andhra Pradesh and Gujarat, the meetings of the Committees designated for monitoring the implementation of SDC and SSDG schemes were inadequate during the period covered in Audit. Implementation issues in relation to various infrastructure schemes under NeGP, as discussed in the Report like delays in completion of SWAN project, absence of synchronized implementation of core projects like SWAN and SDC, absence of sufficient Government to citizen services pointed to the fact that monitoring of e-governance initiatives at the State level was inadequate.

Conclusion

The National e-Governance Plan approved in 2006 aimed towards making all Government services accessible to the common man in his locality at an affordable cost. The vision of NeGP was to be achieved through creation and implementation of core and support infrastructure in the form of SWAN, SDC, SSDG and CSCs. DeitY, as the nodal department, was assigned the pivotal role of providing guidance to the States/UTs (Union Territories) for implementation of the component schemes of NeGP and closely monitoring the progress.

Audit observed that none of the States could adhere to the time frame proposed for the projects. There was lack of synchronization in the execution of projects leading to delays in e-delivery of services. The pace of utilisation of the infrastructure like SWAN and SDC in furthering e-governance in ten States selected for Audit was found to be slow. Therefore there is a need for close monitoring at DeitY as well as State level for optimum utilization of the infrastructure created under NeGP for delivering services to common citizen.

The shortcomings in the implementation and utilisation of the infrastructure projects as noticed in Audit however does not take away the positives of the NeGP and the efforts of DeitY in taking the initiatives forward.