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FIFTEENTH PARLIAMENTARY YEAR 2017-2018

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**REPORT OF THE SENATE STANDING COMMITTEE ON
INFORMATION TECHNOLOGY & TELECOMMUNICATIONS**

For the Period from

13th May, 2015 to 28th February, 2018

Presented by

**Senator Shahi Syed
Chairman of the Committee**

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PREFACE

In the contemporary age, governance without telecommunications seems farfetched and cannot be envisioned. The society has made itself so used to the usage of various types of technology that the world would end up collapsing if it was taken away. Telecommunications is a most valuable field and it provides better awareness to the society we are living in.

In today's era, information technology plays a vital role. If a country is not progressing in the field of Information Technology, it is not likely to progress and harness the benefits of the Information Technology in different segments of life. Information and Communication Technology (ICT) has proven to be one of the most important sectors for sustainable economic growth and stable job creation. The youth in different developing countries, including Pakistan, have found jobs and business opportunities in this field more than any other field over the last one decade.

ICT has also revolutionized how business is done by cutting down operating costs and time, increasing a company's competitiveness level across the board and in the industry. Information Technology in Pakistan is a growing industry that has a huge potential. Matters relating to the IT industry are overseen and regulated by the Ministry of Information Technology of the Government of Pakistan. The IT industry is regarded as a successful sector of Pakistan economically, even in financial crisis. The government of Pakistan has given numerous favors to IT investors in the country since the last decade that resulted in the development of the IT sector.

There are 30 million internet users in Pakistan at present; half of those subscribers, according to a report by Ansrio- a mobile survey company, use their mobile phones to browse the internet. Pakistan Telecommunication Authority has issued the statistics for a number of mobile phone users in the country; according to which the figure for mobile phone users in Pakistan has come to 137 million.


To conduct oversight of the working, performance and constitutional responsibilities of the Ministry of Information Technology and its sub-ordinate departments, attached organizations and affiliated corporations, the Senate Standing Committee on IT & Telecommunication was constituted. On 13th May, 2015, I was elected as Chairman of the Committee. Since then, a number of meetings have been conducted wherein various agenda items were discussed and issues of utmost importance pertaining to general public were raised.

As Chairman, Senate Standing Committee on IT & Telecommunication, I am pleased to present the report of the Committee for the Period from May, 2015 to 28th February, 2018.

The Committee in its meetings conducted in the aforementioned period deliberated extensively on multi-dimensional issues of the Ministry of Information Technology and its sub-ordinate departments i.e. Pakistan Software Export Board (PSEB), Pakistan Telecommunication Company Limited (PTCL), Virtual University of Pakistan, National Telecommunication Corporation (NTC), Telephone Industries of Pakistan (TIP), Universal Services Fund and ICT Research and Development Fund etc.

The Committee not just dealt with the issues of the IT related departments but also made workable recommendations for resolving the most daunting problems of those areas on priority basis. The Committee in its meetings focused much on improving the performance of the Ministry of IT and its attached departments.

I would like to express my gratitude to all the Honorable members of the Standing Committee for their contribution in enabling this Committee to play an effective role in improving the IT & Telecommunication industry in the country. The achievement of the committee would not have been possible without their diligent and active cooperation.

Sincerely,

(SHAHI SYED)

Executive Summary

The Senate Standing Committee on IT & Telecommunication held its meetings during the period from 18th June, 2015 to 28th February, 2018, under the Chairmanship of Senator Shahi Syed. During these meetings, the Committee took up numerous issues related to IT and Telecommunication and made a number of important recommendations.

In its first meeting, held on 18th June, 2015, the Committee discussed multiple agendas of the IT related issues such as briefing regarding the Ministry of IT and Telecommunication and its attached department, issues regarding fake degrees and diplomas by the "AXACT", a Pakistani Software Company, The Protection of Cyber Crime Bill 2014 and the Public Petition No.277 regarding non availability of 3.G facility in Gilgit Baltistan.

Similarly, on 23rd July, 2015, the Committee had taken briefing on the collection of tax by the government from Mobile Network Operators / Telecommunications Companies and details of Universal Service Fund (USF) its utilization and transfer of funds to various heads. *

The Committee in its various meetings, deliberated on the issues regarding PTCL's non-payment of outstanding amount and non implementation of the decisions of the Federal Government regarding increase in pension of retired employees of PTCL by Pakistan Telecommunication Employees Trust (PTET), an entity of M/o IT & Telecom, and Public Petition Nos. 531,585,614,664 & 681 pertaining to Pakistan Telecommunication Company Limited (PTCL), Ministry of IT & Telecom, ICT Scholarships and blockage of YouTube in Pakistan.

The Committee also appreciated hectic efforts made by the Ministry of IT & Telecommunications in preparation of Telecommunication Policy 2015, and has taken briefing regarding the objective of the proposed telecom policy and also focused on the implementation of the Telecom Policy for the sustainable development of the country.

The Senate Standing Committee on IT & Telecommunication besides other issues of utmost public importance also took up the issue of malpractices, irregularities and violation of Rules in the affairs of Cooperative Housing Society, Telephone Industry of Pakistan, Haripur, non-payment of salaries to the contractual employees working in TIP schools and colleges and also non-availability of mobile phone service in the various areas of province of Balochistan. The Committee also unearthed an issue of massive irregularities committed in the 13 different E-services projects of National Information Technology Board. The Committee also deliberated and recommended that Universal Services Fund should provide Information and Communication Technology services in the far furlong less developed areas of the province of Balochistan and various agencies of FATA as well as establishment of Telecenters in the said areas. Furthermore, the Committee also made every possible effort for recovery of 800 Million US\$ from PTCL owned Etisalat Group of Companies. In that scenario, the privatization commission was also suggested to devise a mechanism whereby privatization process of National assets in future should be carried out in fair and transparent manner.

Key recommendations made by the Standing Committee are as under:-

Key Recommendations


1. The Committee recommended that Govt. may form a regulatory body to regulate IT companies in the country.
2. The Committee recommended that mechanism of Tax be evolved to levy the IT companies.
3. The Secretary, Ministry of Information Technology and Telecommunications should take immediate steps to launch new projects in FATA through Universal Service Fund (USF) and complete the same on priority basis.
4. The Ministry of Information Technology and Telecommunications along with all stakeholders including Pakistan Telecommunications Authority (PTA) and Federal Board of Revenue (FBR) should make maximum efforts to implement a

mechanism for the collection of withholding and other related taxes are collected by the Mobile / Cellular Companies from their consumers.

5. The Ministry of Information Technology and Telecommunications should evolve a strategy for revitalization of Telephone Industry of Pakistan (TIP) without any further delay.
6. The Ministry of Information Technology and Telecommunications should take concrete steps on war footing for resolving the issue of outstanding amount of TIP towards Technological Service Corporation (TSC) & National Radio Telecommunications Corporation (NRTC) on account of their contribution share.
7. The Ministry of Information Technology and Telecommunications should take concrete steps to ensure that PTCL, TIP and NRTC to bear all financial expenses being incurred on the schools, colleges and hospitals which have been established on the land allocated to those entities respectively.
8. The Ministry of Information Technology and Telecommunications in coordination with concerned entities should devise a policy for regularization of services of contractual employees serving in the TIP schools, colleges and hospitals established in the TIP colony.
9. The Ministry of Information Technology and Telecommunications should take immediate steps for resolving the issue of outstanding amount of Rs.274 million of TIP towards TSC & NRTC on account of their contribution towards TIP Schools and Hospitals must be resolved on urgent basis so the basic necessities of education and health could be provided to the families residing in the TIP colony.
10. The Committee while observing inordinate delay in process of recovery of outstanding amount of RS. 800 million from Etisalat, recommended that Privatization Commission in collaboration with Ministry of Finance and Ministry

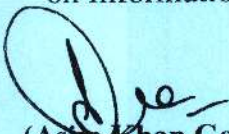
of Information Technology should immediately resolve the issue and report back to the committee on the steps taken in that regard.

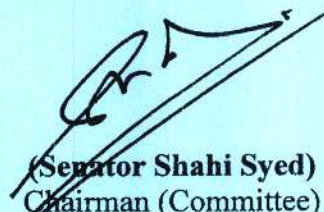
11. The Committee recommended that in order to utilize services and expertise of Telecom Foundation, a national asset, M/O I.T and Telecom should devise a strategy to create more revenue and projects for the Telecom Foundation.
12. The Committee recommended that USF should initiate more ICT based projects in the less developed areas of the country particularly in FATA during the next financial year.
13. Ministry of IT & Telecom must ensure smooth functioning of the Schools/Colleges in the TIP Colony, regularization of the services of the contractual employees working in School, Colleges and payment of salaries to that staff.
14. M/o I.T. & Telecommunications in coordination with USF and PTA should ensure to take immediate steps to provide cellular services in the areas of Awaran, Khuzdar, Lasbela, Kohlu Chaghai, Dalbadin, Jhal Magsi, especially all those areas of the Province of Balochistan, where no security, law & order situation prevails and report the update progress in the matter, to the Committee, at the earliest.
15. In order to enable the residents of Province of Balochistan to avail Information and Communication Technology, the Universal Services Fund (USF) should conduct a survey of the Province of Balochistan particularly un-served and under-served areas of that Province to develop and promote Telecommunications services, at the earliest.
16. The Privatization Commission should devise a mechanism / Policy, TORs whereby Privatization process of national assets in future should be carried out in fair, transparent and proper manner.

17. The Committee recommended that merit oriented system should be adopted by the National ICT R&D Fund in all the developmental projects/initiatives and only capable experts, engineers, software developers, researchers, talented and deserving students should be provided training, support and they should be promoted at national level, especially from the remote / under-developed areas of the country.
18. The Committee recommended that the Ministry of IT&T should ensure to control the replication of IMEI number of imported mobiles, which is a serious security threat to the country and legislation should also be put in place to make it compulsory for the Cellular Companies to avoid such replication.
19. The Standing Committee recommended the FBR that a simplified form for filing tax return for eligible users of pre-paid mobile telephone services should be introduced to enable them to get refund/credit of WHT paid on such services. A progress report in that may be provided to the Committee. 
20. The Committee recommended that PTA should increase its experts manpower in Cyber Crimes, improve its equipment and take concrete steps to actively monitor and block the blasphemous contents from social media.
21. The Committee recommended that the officers / officials and vendors found involved in the gross violations of rules and regulations committed in the embezzlement of funds in NITB E-Services projects which resulted to loss of millions of rupees to national exchequer should be brought to justice.
22. The Committee recommended that since the Supreme Court of Pakistan has already declared PTCL pensioners eligible for increase in pension, the M/o I.T. as well as PTET should comply with the judgment of Supreme Court and earlier

directions of this Committee regarding increase in pension of all the retired employees of PTCL as announced by Government from time to time.

23. The Committee unanimously recommended to the FBR that Sales Tax / WHT levied on Rs.100 scratch card should be withdrawn in order to facilitate non-filer poor citizens of Pakistan who do not have knowledge nor ability to claim re-fund of the same.
24. The Committee recommended that PTA should take concrete steps and there should be a proper mechanism of check and balance over the sale of free SIM cards in the country and strict disciplinary proceedings should also be initiated against those Cellular Operators who may be found selling free SIM cards.
25. The Committee recommended that since Cellular Operator's business was spreading across the country due to investment of Franchisees whereby operators were earning huge profit, the PTA should formulate a SOP in order to monitor and safeguard interests of Franchisees and direct Cellular Operators not to terminate agreements made with Franchisees on the pretext of failure to achieve sale targets.
26. The Committee recommended that CDA should nominate its focal persons for finalization of E-Services Project, and the matter should be follow up by the SSC on Information Technology and Telecommunications.


(Asim Khan Goraya)
Secretary (Committee)


(Senator Shahi Syed)
Chairman (Committee)