

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

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**CAG COMPLIANCE AUDIT REPORT ON UNION GOVERNMENT-
FINANCE AND COMMUNICATION TABLED IN PARLIAMENT**

Comptroller and Auditor General of India Report No. 05 of 2026 – Union Government – Finance and Communication (Compliance Audit) – for the period ended March 2024 was tabled in the Parliament here today. This Report contains significant audit findings noticed during the compliance audit of the Ministry of Communications (MoC), Department of Expenditure (DoE) in the Ministry of Finance (MoF) and the Ministry of Electronics and Information Technology (MeitY). The instances mentioned in this Report are those that came to notice in the course of test audit during the period 2023-24 as well as those that came to notice in earlier years but could not be reported in the previous Audit Reports. The Report contains four Subject Specific Compliance Audits and five Audit Paragraphs.

1. Department of Posts

A. Non-levy of Goods and Services Tax amounting to ₹78.92 crore on the late fee collected from Postal Life Insurance (PLI) / Rural Postal Life Insurance (RPLI) policy holders:

Department of Posts could not adhere to the clauses of Central Goods and Services Tax (CGST) Act 2017 which resulted in non-levy and non-collection of GST on the late fee collected alongside the delayed payment of PLI / RPLI premium by policy holders for the period from July 2017 to December 2023, which amounted to ₹78.92 crore.

(Paragraph 2.1)

B. Absence of adequate controls led to excess payment of ₹1.05 crore to e-commerce biller:

The Department of Post [Kolkata Rail Mail Service (RMS Division)] had entered into agreement with M/s Naaptol Online Shopping Private Limited, an e-commerce biller, on 11 July 2016 for booking, transmitting and delivering articles presented by the biller for a period of three years. The agreements also covered Cash on Delivery (CoD) facility. Due to lack of preventive controls in Systems, Applications, and Products in Data Processing (SAP) and non-application of the existing manual checks in processing CoD payments, the department made excess payments amounting to ₹1.05 crore to the biller.

(Paragraph 2.2)

2. Department of Telecommunications

A. Delayed roll-out and non-recovery of penalties worth ₹8.49 crore from Universal Service Provider:

Digital Bharat Nidhi (DBN) entered into an agreement with Bharti Airtel Ltd. in December 2017 to provide mobile coverage in Assam and Sikkim, with all sites to be commissioned by June 2019. The roll-out period was further extended up to October 2020. By April 2021, only 431 of the approved 756 sites were commissioned. Finally, DBN revised the target to 562 sites, but 124 sites still remained uncommissioned (April 2025), attracting Liquidated Damages (LD) and Non-Performance Penalty (NPP) amounting to ₹19.47 crore. Out of this, DBN recovered only ₹10.98 crore, leaving ₹8.49 crore outstanding even four years after expiry of the roll-out period. The prolonged delays and pending recoveries indicate weak contract enforcement. DBN needs to expedite commissioning of pending sites and ensure recovery of outstanding LD and NPP from Bharti Airtel Ltd.

(Paragraph 3.1)

B. Non-recovery of Customer Acquisition Form penalty of ₹107.07 crore by Department of Telecommunications:

Under the Unified License (UL) Agreement, telecom licensees are mandated to thoroughly verify each customer before activation of mobile services. This process is monitored through the Customer Acquisition Form (CAF), with the Licensed Service Area (LSA) offices of Department of Telecommunications (DoT), responsible for conducting monthly audits to ensure adherence to DoT's verification norms. Based on 2008 DoT orders, LSAs are to conduct CAF audit of 0.1 *per cent* of the subscriber base monthly and a financial penalty structure ranging from ₹1,000 to ₹50,000 per non-compliant CAF, is to be applied based on the operator's overall verification compliance rate. Out of the penalties amounting to ₹143.09 crore levied for deficiencies in subscribers' verification during 2022-23 to 2024-25, only ₹36.02 crore (25 *per cent*) was recovered, with ₹107.07 crore (75 *per cent*) still pending (March 2025). The persistence of high unrecovered dues undermines the deterrent effect of the penalty framework and signals enforcement gaps in recovery.

(Paragraph 3.2)

3. Department of Expenditure

Non-compliance with Central Government Employees Group Insurance Scheme (CGEGIS) guidelines:

The CGEGIS was introduced in 1982 for the Central Government employees with the objective to provide, at a low cost and on a wholly contributory and self-financing basis, the twin benefits of an insurance cover to help their families in the event of death in service and a lump-sum payment to augment their resources on retirement.

Audit observed the following non-compliances with the scheme guidelines:

- i. Non-incorporation of interest in Insurance Fund.
- ii. Annual simple interest on Savings Fund balances instead of compounding quarterly.
- iii. Depletion of overall CGEGIS fund balances.
- iv. Non-review of the scheme periodically as prescribed.

Considering non-compliance with the Scheme Guidelines, the Scheme should be reviewed.

(Paragraph 4.1)

4. Ministry of Electronics and Information technology (MeitY)

A. Subject Specific Compliance Audit on Skill Development Initiatives (SDI) in MeitY:

The Ministry of Electronics and Information Technology implements key initiatives to enhance skill development through schemes such as Skill Development in Electronics System Design and Manufacturing sector (ESDM-I & II), Skill Development of Youth in Aspirational Districts (SDYAD) and Future Skills PRIME (FSP). The audit reviewed performance of these schemes from 2018-19 to 2022-23 with focus on implementation, monitoring, fund utilisation and achievement of intended outcomes, particularly in relation to training, certification and employability.

(Paragraph 5.1)

In the ESDM schemes, while overall enrolment and certification numbers were significant, issues were noted in maintaining uniqueness of beneficiaries due to instances of multiple registrations of candidates with similar demographic details. The scheme was operated and managed by Program Management Unit (PMU) through affiliated Training Partners (TPs). It was observed that registration-cum-certification fee was not collected by 33 out of 40 TPs. Delays were observed in conduct of assessments and in issuance of certificates, affecting timely progress of beneficiaries. Placement levels remained modest and delayed implementation of the 'Place and Train' model limited the placement support available to candidates certified previously. In addition, tracking of trainees was carried out for only three months rather than one year and reimbursement claims of Training Partners remained pending for extended periods, indicating delays in processing and settlement. Delays were also observed in fund release and submission of Utilisation Certificates.

(Paragraph 5.1.7)

In the SDYAD scheme, Training Partners could not be engaged in several districts, resulting in no candidates getting registered in these districts. The registration portal lacked provision for uploading supporting documents, which led to data validation gaps, including multiple registrations and invalid entries. Placement outcomes were low compared to the number of trained and certified candidates. Manual processing of invoices by Training Partners, instead of through the online portal prescribed in the guidelines, was observed. Year-end release of funds and subsequent unspent balances highlighted an unrealistic assessment of fund requirement.

(Paragraph 5.1.8)

In the FSP programme, Deep Skilling paid courses experienced low enrolment rate compared to Deep Skilling free courses; however, they achieved significantly higher completion rate. Lack of Industry recognition of certification under this programme was noted as an area affecting learner motivation.

(Paragraph 5.1.9)

Overall, while the schemes achieved considerable outreach and training coverage, certain implementation, monitoring and fund management issues reduced the full realisation of intended benefits, particularly in terms of timely certification and enhanced employability.

(Paragraph 5.1.7, Paragraph 5.1.8 and Paragraph 5.1.9)

We recommended that the Ministry may strengthen Aadhaar authentication / e-KYC process / portal functionality to enforce uniqueness of beneficiaries, ensuring that scheme benefits reach the intended recipients and to monitor the Training Partners and Key Implementing Agency (KIAs) more proactively to address the delays in assessment and certification. We also recommended that Ministry may ensure compliance with the Common Norms with respect to tracking of trainees and compliances with scheme guidelines for generation of invoices towards training charges from online portal by the TP. Furthermore, we recommended that the Ministry may put in place a system to deliver on the employability envisaged by the schemes.

B. Implementation of Common Service Centres 2.0 Project:

The Common Service Centre (CSC) scheme was first approved by the Government of India in September 2006 with the vision of creating one lakh service delivery outlets, roughly one centre for every six villages. The purpose was to provide citizens a wide range of e-services at the grassroots level with convenient access, thereby bridging the digital divide and strengthening governance.

(Paragraph 5.2.1)

Building on the initial framework, the Government approved the CSC 2.0 project in August 2015 with an overall outlay of ₹475.11 crore. The project aimed to expand the reach of digital service delivery by establishing at least one CSC in every Gram Panchayat, covering more than 2.5 lakh Gram Panchayats across the country within four years. This expansion strategy also included strengthening and integrating the one lakh CSCs already operational under the first phase, while adding an additional 1.5 lakh centres.

(Paragraph 5.2.1)

The CSC 2.0 project has significantly advanced digital inclusion by expanding the reach of CSCs and transactions across rural India. During 2018-2024, the number of transactions grew by 291 *per cent* and the value of transactions rose by 322 *per cent*. The number of transactions peaked in 2021-22 primarily on account of 16.57 crore e-Shram registrations for the informal workforce. However, its effectiveness is constrained by incomplete integration of State e-services, weak financial sustainability of Village Level Entrepreneurs (VLEs), high incidence of inactive CSCs and imposition of training charges without approval. Limited State / UT participation, gaps in monitoring and physical verification, inconsistent branding, low women participation and delays in grievance redressal further undermine service delivery. Strengthening State involvement, ensuring financial viability of VLEs, improving oversight and streamlining grievance handling are essential for CSCs to deliver on their promise of accessible and sustainable last-mile e-governance.

(Paragraph 5.2.1, 5.2.3 and 5.2.4)

We recommended that Ministry / CSC-SPV may consider learning lessons from the successful 4,913 VLEs and associate these VLEs with the training / awareness programmes in and around their districts. We also recommended that Ministry may review the revenue-sharing model and provide regular training to strengthen VLE sustainability, while promoting successful VLEs as role models. Furthermore, Ministry may ensure compliances on proactively identification and support inactive CSCs to restore functionality, adopt a target-based approach to increase women's participation as VLEs, and ensure integration of all State / UT e-services with the Digital Seva Portal. It was also recommended that complete timely physical verification of CSCs to improve oversight and service delivery may be ensured along

with involvement of District e-Governance Society and local administration in VLE selection, CSC location and infrastructure support. Additionally, it was recommended that Ministry may review and discontinue pre-induction training charges on VLEs and strengthen CSC monitoring through SPECTA and regular oversight of service delivery.

5. Public Sector Undertakings under Ministry of Communications

A. Promotion of Financial Inclusion by India Post Payments Bank (IPPB):

This audit highlights several issues that impact the primary mandate of IPPB to promote financial inclusion in India for unbanked, underbanked and underserved population. Our audit indicates that while IPPB has made strides in expanding its network and acquiring customers, significant operational, regulatory and systemic issues have hindered its effectiveness in promoting financial inclusion.

(Paragraph 6.1.1)

Audit observed that inadequate deployment of Individual Business Correspondents (IBC) hampered rural outreach. There was widespread dormancy and inactivity in IPPB's existing customer accounts. Further, a high volume of declined transactions for IPPB's Unified Payments Interface services was noted, which undermined customers' trust. The data from National Payment Corporation of India revealed that IPPB's technical decline rate for UPI transactions was significantly high - 3.29 *per cent* in FY 2021–22 and 7.82 *per cent* in FY 2022-23, far exceeding RBI's target of less than one *per cent*. In FY 2023–24, IPPB UPI services experienced outages equivalent to 362 hours, significantly higher than Fino (19 hours), Airtel (52 hours) and Paytm Payments Bank (zero hours).

(Paragraph 6.1.5)

Additionally, accounts were opened without verified mobile numbers and multiple Customer Information Files were linked to the same mobile number. IPPB's Doorstep Banking services were found with limited uptake, with many requests delayed, cancelled, or unattended. Audit observed failed transactions due to non-linking of IPPB accounts with the post office savings bank accounts and non-utilisation of NABARD assistance for financial literacy camps. Further, weak security checks associated with the use of Micro-ATM devices for performing IPPB operations were noticed.

(Paragraph 6.1.5)

We recommended that IPPB may establish a centralized mechanism for monitoring IBC deployment and introduce suitable incentive structures to attract IBCs in difficult or low-potential areas. We also recommended that Ministry may adopt a proactive dormancy management framework with real-time monitoring of inactive accounts, targeted revival in Aspirational Districts and simplified reactivation without imposing additional financial burden on customers. It was also recommended that IPPB may implement robust monitoring and effective response to meet the prescribed benchmarks related to the UPI transactions consistently to protect customer trust. Further, complete comprehensive data cleansing to eliminate invalid or duplicate linkages and identifying the gaps in validation during account opening to strengthen its IT system may be ensured by IPPB. Furthermore, we recommended that IPPB may improve its tracking mechanism in the Customer Doorstep Request Management system and enhance the service delivery to ensure timely and quality delivery of doorstep banking services. Additionally, we recommended that IPPB may launch targeted campaigns and system prompts to promote proactive Post Office Savings Account linkage,

especially for high-balance and DBT-linked accounts and may strive to strengthen coordination between IPPB circles and NABARD state offices, enhance monitoring of sanctioned vs. conducted camps and remove arbitrary internal caps that restrict fund utilisation.

B.Management of Tower Properties in Bharat Sanchar Nigam Limited (BSNL):

The audit of BSNL's tower infrastructure for the period (2018-19 to 2022-23) found irregularities in asset management, their utilisation and revenue realisation. Title deeds of 36 per cent of land parcels on which telecom towers were erected were not registered in the name of BSNL and 27 per cent of leasehold tower sites are functioning on expired agreements in selected Circles. The continued operation on expired leases exposes BSNL to legal risks and potential financial liabilities. Tower data maintained by circles and Corporate Office shows persistent mismatches. BSNL despite having owned towers in Odisha circle, hired seven towers from the private vendors.

(Paragraph 6.2.2, Paragraph 6.2.3)

Large quantities of tower material worth ₹59.77 crore remained unutilised which resulted in blocking of funds and deterioration of material. 81 erected towers valued at ₹11.13 crore remained idle since installation for a period ranging from three to seven years in three circles. Further, delayed utilisation of towers due to delay between erection and Base Transceiver Stations (BTS) installation for 84 towers in Odisha circle resulted in estimated revenue loss of ₹6.22 crore. BSNL also delayed handing over 1,092 sites to Telecom Service Providers, leading to revenue loss of ₹10.87 crore.

(Paragraph 6.2.3)

Further, 1,740 tower sites remained non-functional for long periods (up to 16 years) resulting in missed opportunity for revenue generation through leasing or redeployment. Weak internal controls led to non-levy of late payment fees (₹7.24 crore), non-billing of land rental charges (₹2.33 crore) and non-billing of Infrastructure Provisioning Fee (₹0.55 crore) to TSPs resulting in under recovery of dues.

(Paragraph 6.2.3)

We recommended that BSNL may develop a robust, real-time Management Information System to monitor, validate and manage all tower-related data, including functionality status, site utilisation, leasing arrangements and billing cycles. We also recommended that BSNL may prioritise and resolve land ownership issues and renew expired lease agreements to avoid legal complications that may hinder operational continuity and optimise utilisation of idle and non-functional towers by ensuring regular review and timely action for reuse and relocation or leasing. Furthermore, implementation of a centralised billing and recovery mechanism to ensure accurate and timely realization of revenue from Telecom Service Providers, as per Master Service Agreements may be ensured by BSNL.

BSC/IK/22-26