

**Report of the Comptroller and Auditor General of India
on
hybrid satellite digital multimedia
broadcasting service agreement with Devas**

**Union Government
Department of Space
Report No. 4 of the year 2012-13**

Contents

		Page Number
Preface		iii
Chapter 1 Introduction		1
1.1	Role of Department of Space (DoS)	1
1.2	How DoS is structured	1
1.3	The different types of communication services	2
1.4	What are S-DMB services	3
1.5	What was Devas offering	3
1.6	Audit approach	4
1.6.1	Audit objectives	4
1.6.2	Audit scope and methodology	4
1.6.3	Organisation of audit findings	4
1.7	Chronology of events	5
Chapter 2 Violation of policies and procedures		9
2.1	The procedure laid down for introduction of a new communication service was violated	9
2.2	Multiple services (broadcasting and telecommunications) were allowed on the same platform	12
2.3	Approval of the INSAT Coordination Committee was not taken	12
2.4	The SATCOM policy was flouted	14
2.5	DoS guidelines were contravened	16
2.6	Facts were concealed from the Union Cabinet	16
2.7	DoS avoided the financial sanction of Union Cabinet for GSAT-6A satellite	18
2.8	DoS did not bring crucial facts to the notice of the Space Commission	20
2.9	DoS flouted ITU conventions and bypassed DoT	22
2.10	DoS did not get the Antrix-Devas Agreement vetted by Ministry of Law and by Member Finance (Space Commission)	24
2.11	Devas did not possess the requisite permissions to operate the service for which the Antrix-Devas agreement had been signed	25
Chapter 3 Undue favours to Devas		26
3.1	Introduction	26
3.2	DoS negotiated exclusively with Devas	26
3.3	DoS ignored the potential benefits of 2.6 GHz band to Government	27
3.4	Allocation of a valuable orbital slot for an indefinite period to Devas	29
3.5	Devas capitalised on the agreement signed with Antrix	30
3.6	DoS devised the costing of GSAT-6 and GSAT-6A satellites to help Devas	33
3.7	What was unique about the Devas agreement	35
3.8	How did the Antrix-Devas agreement conditions benefit Devas	37

Chapter 4 Governance and Conflict of interest issues		41
4.1	Introduction	41
4.2	Subversion of the governance framework	41
4.3	Concentration of many roles in one official	43
4.3.1	Dr. G. Madhavan Nair performed multiple roles	44
4.3.2	The disparate roles of Director (Contract Management and Legal Services)	46
4.3.3	Shri A. Bhaskaranarayana's role	47
4.4	How ISRO officials abetted Devas	49
4.5	Other acts of commission	50
4.5.1	Failing to circulate minutes of Dr.Shankara Committee	50
4.5.2	Alteration of minutes of Technical Advisory Group to oblige Devas	51
4.6	Current status of action taken by the Government	52
Chapter 5 Conclusions		54
Annexures		57
Annexure-1:	Shareholding pattern of Devas Multimedia Limited, Bangalore	59
Annexure-2:	Comparison of Antrix-Devas contract with other transponder lease agreements	60
Annexure-3:	List of INSAT contracts selected for detailed audit	65
Annexure-4:	Instances of disadvantages to DoS reported in previous Audit Reports	67
Annexure-5:	Note generated by Managing Director of ACL dated 14 April 2009 regarding approval of tour programme of Shri A. Bhaskaranarayana	70
Annexure-6:	A letter from Devas dated 7 August 2009 regarding the Devas system update review	71
Glossary		73