

## Chapter 5 Conclusions

The report on the hybrid satellite digital multimedia broadcasting service agreement with Devas is a classic case of public investment for private profit. The Department of Space, in its eagerness, went beyond its remit as laid down in the Allocation of Business Rules, concealed facts from the Union Cabinet and violated numerous rules, policies and procedures. Public interest and those of the Government were sacrificed to favour a private consultancy firm which was promoted by Sh. D. Venugopal and Sh. M.G. Chandrashekar, retired employees of ISRO.

The breach of existing rules, policies and procedures finds resonance throughout the Report. The Department of Space took upon itself the task of approving the new hybrid S-DMB service which as in the case of DTH services, was the prerogative of the Union Cabinet. Valuable spectrum frequencies, including 10 MHz were to be reserved for strategic purpose, were earmarked for Devas without obtaining approval of the Wireless Planning and Coordination (WPC) wing of DoT.

The Department of Space, while seeking approval of the Union Cabinet for the launch of the GSAT-6 satellite in November 2005, suppressed the crucial fact that it had signed an agreement with only one user i.e., Devas and not with different users as mentioned in the Cabinet note. The agreement with Devas was, in fact, signed well in advance of seeking approval of the Cabinet (January 2005). The Department of Space also failed to inform the Cabinet that GSAT-6 and 6A satellites, proposed to be funded by the Government budget, were almost entirely (only 10 per cent was set apart) to be used by the private commercial entity. Further, to avoid the obtaining of approval of the Union Cabinet, DoS estimated the cost of GSAT-6A, the subsequent satellite of a similar configuration after GSAT-6 at ₹ 147 crore so that it fell within the financial competence of the Space Commission. The first satellite GSAT-6, had been costed at ₹ 269 crore.

To promote the interest of the private consultancy firm, M/s. Forge Advisors, USA, the Department of Space extended to it a host of benefits. Seventy MHz of S-band spectrum was earmarked for an indefinite period to Devas ignoring its revenue potential to the Government. Subsequent events like the auction of 3G in which the Government received ₹67,719 crore and auction of Broadband Wireless Access where Government received

₹38,543 crore revealed that the possibility of obtaining commensurate amounts for providing this commercial service was never explored. The special treatment accorded to Devas is also reflected in the fact that in the case of Devas, DoS decided to use the country-specific scarce orbital slot at 83° East, for two co-located satellites, to be used exclusively by the private customer.

The Antrix - Devas agreement cherry-picked from two different models<sup>15</sup> in a way that extended maximum benefits to Devas. DoS further went on to even revise the contract to 'reassure the investors' so that even before engaging in any trading, manufacturing, ground segment development activity and rolling out of any services, it could raise an amount of ₹ 575.76 crore from foreign investors.

There is an expectation that the Government should deliver a high standard of integrity in the civil services, public institutions and public services. There is a need to recognise and deal with conflict of interest issues so that the fundamental integrity of decisions, departments and the Government is not undermined. This conflict is evident in the multiple roles exercised by Dr. G. Madhavan Nair. As Chairman ISRO, he appointed the Shankara Committee to examine the proposals of M/s. Forge Advisors. As Secretary, Department of Space, he submitted a note to the Union Cabinet in which critical facts were concealed. As Chairman, Space Commission, he chaired meetings where approval to GSAT- 6 and 6A satellites were accorded. He failed to convene INSAT Coordination Committee meetings as its Chairman, as a result of which, concerns of key stakeholders, represented through respective Secretaries of Ministries/Departments, were effectively blocked off in the decision-making process.

Thus, having the same person holding multiple posts of Chairman ICC, Chairman Space Commission, Secretary DoS, Chairman ISRO and Chairman-cum-Managing Director, Antrix clearly led to a conflict of interest. Since the damage that this could do has been very clearly brought out, among others, by the High-Powered Review Committee, it is evident that the Government would have to ensure that the same person does not hold all the crucial posts and different functionaries are appointed to ensure checks and balances.

The Antrix-Devas deal is a classic instance of failure of the governance structure in which selected individuals, some serving and some retired public servants, were able to

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<sup>15</sup> Customer specific satellite agreements and transponder lease agreements

successfully propel the agenda of a private entity by arrogating unto themselves, powers which they were not legitimately authorized to exercise. In the parliamentary system of Government, the Cabinet has a role of centrality in the exercise of executive power. The fact that a group of individuals was able to conceal facts and side-step the Cabinet is a testimony of the extent of abuse of the trust reposed in them. This needs to be addressed.

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