

## OVERVIEW

This Report contains significant audit findings which arose from the compliance audit of the financial transactions of the Ministry of Communications and Information Technology. It contains six chapters. Chapter I gives a brief introduction of the Ministry of Communication and Information Technology while Chapter II to V present detailed audit observations. Chapter VI presents a summarised position of the Action Taken Notes furnished by the Departments under the Ministry.

Some of the important findings included in this Report are given below:

### Department of Telecommunications (DoT)

#### Subscriber verification by Telecom Service Providers

The Telecommunications Sector registered an impressive growth of 216 *per cent* during the last five years i.e. 2007-08 to 2011-12. Despite seven years of initiating the process for verification of subscribers, the concern of national security i.e. 100 *per cent* subscriber verification could not be achieved by the service providers due to ineffective monitoring and weak control by DoT Hqrs and the TERM Cells. Further, as DoT had restricted its audit checks to 0.1 *per cent* of the total subscribers of each service provider, large number of the non-compliant CAFs went undetected and the penalty amounting to ₹2116.95 crore remained unpaid by seven Telecom Service Providers.

*Paragraph 2.1*

#### Shared Mobile Infrastructure Scheme

The main objective of the Shared Mobile Infrastructure Scheme of DoT is to provide wireless or mobile services to uncovered areas including rural, remote, hilly and tribal areas under Universal Service Obligation Fund. This objective was only achieved to the extent of 72 *per cent* as services from 6026 sites created by IPs were not rolled out by the USPs till October, 2012. Further, ₹9.76 crore was paid by DoT as subsidy to the IPs (for managing 290 sites where services were not started by any USP and 474 sites where services were provided with abnormal delays) during non radiation period.

*Paragraph 2.2*

### **Violation of terms and conditions of USOF/UAS Licence Agreement by Reliance Group Companies**

Unilateral switch off of mobile services by M/s RCL and M/s RTL in violation of terms and conditions of USOF/UASL Agreement resulted in depriving affordable mobile services to the specified rural and remote areas of the Country allotted to them.

*Paragraph 2.3*

### **Department of Posts (DoP)**

#### **Internal Control in Postal Accounts Offices of Department of Posts (DoP)**

Despite having an extensive, exhaustive and detailed mechanism for preparation and maintenance of accounts as also prescribed checks and balances to ensure that the controls are effective and that accounts are prepared properly and submitted to the various authorized channels well in time, the Department of Posts has not given due importance to the existing control mechanism. As a result, Bank Reconciliation work was in arrears since 2009 resulting in items remaining unlinked both in the Bank Scrolls and Post Office Schedules in respect of drawings/remittances from/to Bank amounting to ₹19354.89 crore and ₹26637.83 crore respectively. The work of posting of issue and discharge of 2790228 Cash Certificates valuing ₹1420.90 crore in 13 PAOs was in arrears from April 1999. There was an outstanding amount of ₹19433.97 crore in the Objection Books of Cash Certificates which remained unadjusted at the end of March 2012. Further, out of ₹367.40 crore towards non-adjustment of Contingent Expenses, an amount of ₹70.57 crore was reconciled/adjusted after being pointed out by audit in 15 PAOs. An amount of ₹38.04 crore toward Pension (including Commission) was recoverable from other departments for payment of Pension made on their behalf.

*Paragraph 3.1*

#### **Irregular claim of remuneration from Ministry of Finance**

Department of Posts irregularly claimed remuneration of ₹18.60 crore for the period from 2009-10 to 2012-13 from Ministry of Finance (MoF) on technically revived silent accounts without corresponding efforts by Gujarat, Tamil Nadu and Rajasthan Postal Circles.

*Paragraph 3.2*

### **Loss of Revenue**

In violation of Departmental instructions, the Newspapers which were not registered with RNI, were allowed to avail of concessional tariff which resulted in short realization of revenue of ₹8.91 crore in Tamil Nadu Postal Circle.

*Paragraph 3.3*

### **Wasteful expenditure**

DoP failed to take effective action for utilization of Bogies purchased in 2004 resulting in wasteful expenditure to the extent of ₹5.46 crore.

*Paragraph 3.4*

### **Failure to realise service charge against disbursement of Old Age Pension in Jharkhand Postal Circle**

In disregard of Postal Directorate instructions of December 2005, the Chief Postmaster General, Jharkhand Postal Circle failed to realise service charge of ₹1.52 crore during 2008-2013 against disbursement of Old Age Pension under Indira Gandhi National Pension Scheme.

*Paragraph 3.5*

## **Department of Electronics and Information Technology (DeitY)**

### **Idle investment of ₹ 2.43 crore on procurement of defective equipment**

STQC Directorate failed to enforce contractual obligations on the supplier to replace faulty equipment which led to its non-commissioning and idle investment of ₹2.43 crore. Besides, three electronics test laboratories for which the equipment was procured could not render specific testing services to industries.

*Paragraph 4.1*

### **Project Management in Society for Applied Microwave Electronic Engineering and Research (SAMEER)**

Weak financial management, non-formulation of project guidelines, lack of centralised project implementation and monitoring system, deficiencies in costing and pricing as well as lack of well-defined policy on intellectual property rights, transfer of technology and patent rights were observed in test check of projects undertaken by SAMEER. Even after

spending more than ₹200 crore during the last five years, SAMEER was able to get only three patents and one case of transfer of technology which reflect on the inadequate quality of its R&D output.

*Paragraph 4.2*

## **Public Sector Undertakings (PSUs)**

### **Land Management in Bharat Sanchar Nigam Limited**

Even though the Company has been in existence for more than a decade, it still does not have a Land Management Policy. In the absence of this, the Company which possesses huge tracts of freehold land measuring 402.99 lakh square meters has been unable to protect its land from encroachment/cancellation of plots due to abnormal delay in getting the inherited plots transferred/mutated/alienated in the name of the Company. Further the loss making Company was not able to commercially exploit its vacant land and take leverage of the same to generate additional revenue. There was also an abnormal variation in the book value of the inherited land and leasehold land on account of difference between the records of Civil Wing of Corporate Office and the audited accounts of the Company resulting in undervaluation of the assets of the Company.

*Paragraph 5.1*

### **Injudicious procurement of 288F High count Optical Fibre cable**

Injudicious procurement of 288F high count Optical Fibre cable by BSNL without demand from field units resulted in non-utilisation of more than 50 *per cent* of the cable received for more than three years, leading to blocking of funds amounting to ₹41.30 crore.

*Paragraph 5.2*

### **Blocking of funds of ₹21.71 crore on injudicious procurement**

Injudicious procurement of SMPS Power Plants and Air conditioning units by Circles/Electrical Wing of BSNL resulted in their non utilisation for more than one to four years. This led to idling of 1,612 SMPS power plants and 617 AC units and consequent blocking of funds of ₹21.71 crore.

*Paragraph 5.3*

### **Over payment of ₹2.09 crore and excess award of works worth ₹8.12 crore**

Failure of internal control in Mizoram SSA of BSNL led to excess award of works worth ₹8.12 crore and over payment of ₹2.09 crore to a private contractor in execution of cable works.

*Paragraph 5.4*

### **Operation of International Long Distance Service in BSNL**

Failure and delay in joining International Submarine Cable Consortiums led to deficiencies in operation of International Long Distance (ILD) service by BSNL. This further resulted in under-utilization of bandwidth capacity and avoidable expenditure in acquisition of bandwidth for operation of ILD service.

*Paragraph 5.5*

### **Operational Performance of Wireline and Wireless Services in Mahanagar Telephone Nigam Limited**

Operational performance of Mahanagar Telephone Nigam Limited indicated poor quality of services. Audit also noticed that cost of operations had also increased besides lack of maintenance of existing equipment. There was ineffective planning and monitoring by Administrative Ministry which resulted in significant decline in subscriber base of wireline customers. Ineffective planning, delayed expansion of wireless infrastructure equipment, poor quality of service are the contributory factors for poor growth of wireless subscribers. This further impacted market share and consequent reduction of income from services.

*Paragraph 5.6*