

## OVERVIEW

This Report contains significant audit findings which arose from the Compliance Audit of the Ministry of Communications and Information Technology and the Departments/ Public Sector Undertakings under the Ministry. It contains five chapters. Chapter I gives audited entity profile, analysis of expenditure, financial performance of the departments and Follow up on Audit Reports. Chapter II to V relates to the audit findings/observations arising out of compliance audit of Department of Telecommunications, Department of Posts, Department of Electronics and Information Technology and Public Sector Undertakings under the Ministry of Communications and Information Technology respectively.

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

### Chapter- II Department of Telecommunications (DoT)

#### Payment of subsidy on fictitious/duplicate claims

Controller of Communication Accounts (CCA), Rajasthan Telecom Circle allowed front loaded subsidy of ₹ 71.49 crore on the basis of claims submitted by M/s Tata Teleservices Limited (TTSL) during 2008-2010 without conducting any check regarding genuineness of Customer Application Forms (CAFs) before disbursement of subsidy. Further, CsCA at Odisha and Kerala circles paid subsidy on duplicate claims amounting to ₹ 0.82 crore to BSNL and Reliance Communication Limited.

*Paragraph 2.1*

#### Unauthorized telecom service by M/s Sterlite Technologies Limited (STL)

STL, an Infrastructure Provider Category-I (IP-I) registered company, which was authorised only to provide infrastructure support to licensees of telecom service providers was functioning beyond the scope of the IP-I registration. Though the fact was brought to notice of DoT by TERM Cell, Pune, no action was taken against the company even after one year.

*Paragraph 2.3*

## Chapter- III Department of Posts (DoP)

### Management of Investment of fund of Postal Life Insurance (PLI) and Rural Postal Life Insurance (RPLI)

Management of fund of PLI and RPLI suffered from deficiencies like incorrect assessment of investable funds on daily net accretion basis and also monthly investable fund basis. The delay in Investment resulted in loss of potential return to the tune of ₹ 984 crore. Delay in reinvestment of returns from Government of India Special Security Floating rate Bond (GOISSFRB), non-adherence to Insurance Regulatory and Development Authority (Investment) Regulations and instances of non-availing of Cenvat credit were also noticed.

*Paragraph 3.1*

### Management of vacant plots of land in Department of Posts

Department did not assess the actual requirement before acquiring/purchasing the plots of land. It was in possession of 472 vacant freehold plots measuring 6.77 lakh square meters having value of ₹ 209.55 crore as of December 2015. Besides, 100 plots measuring 4.08 lakh sq. meter acquired on lease as far back as in 1978 for construction of post office buildings/staff quarters were still lying vacant and an amount of ₹ 3.37 crore was paid towards lease rent upto 2014. 241 plots of 3.24 lakh square meter acquired at ₹ 13.94 crore were encroached. Failure of the department in taking adequate precautionary measures not only resulted in encroachment but also led to unnecessary litigation which could have been avoided.

*Paragraph 3.2*

### Non-realisation of amount of dishonoured cheques

Lack of effective action at Head Post Offices and Divisional Offices in Andhra Pradesh, Bihar and Jharkhand Postal Circles resulted in non-realisation of 1,364 dishonoured cheques valued ₹ 11.62 crore received from State Government towards payment of wages under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS).

*Paragraph 3.4*

## **Chapter- IV Department of Electronics and Information Technology (DeitY)**

### **Selection of inappropriate agency by Standardization, Testing & Quality Certification Directorate (STQC) for building project**

STQC awarded the building works to Software Technology Parks of India (STPI) without assessing their techno commercial competence. STPI was not having any Civil Engineering Wing and could not handle their contractor and architect properly and abandoned the work without completion. This led to non-completion of the building as of June 2016 even after a lapse of 14 years of allotment of land to STQC. It also resulted in unfruitful expenditure of ₹ 9.33 crore on the project and blockade of ₹ 3.47 crore with STPI.

*Paragraph 4.1*

### **Non-recovery of unutilized grant and interest thereon for e-Bharat -Project from National Institute of Smart Government, Hyderabad**

DeitY gave an advance of ₹ 10.50 crore to National Institute of Smart Government (NISG) for execution of e-Bharat Project Preparation Facility. As NISG failed to execute the project, DeitY diverted an amount of ₹ 3.36 crore for another World Bank assisted project “India e-Delivery of Public Services” again to be executed by the NISG and ₹ 6.36 crore was refunded by NISG to DeitY leaving behind an amount of ₹ 0.78 crore of unutilized grant with the NISG. Interest on unutilized grant amounting to ₹ 7.77 crore upto 31 January 2016 has also not been recovered by DeitY from NISG.

*Paragraph 4.2*

### **Imprudent Bidding and Contracting for Computerization of Post Graduate Institute of Medical Education & Research (PGIMER) Chandigarh**

Imprudent Bidding and Contracting on the part of C-DAC, Noida led to delay in execution of the project “Computerization of PGIMER Chandigarh” at various stages for which PGIMER withheld payment of ₹ 4.28 crore. Besides, C-DAC quoted “lump sum” cost of ₹ 24.20 lakh in the bid for electrical cabling work without properly assessing the quantum of work. This resulted in acceptance of claim by PGIMER for ₹ 24.20 lakh only against the total work done worth ₹ 3.18 crore, which resulted into blocking of funds by ₹ 2.94 crore.

*Paragraph 4.3*

### **Non-carrying out of primary business of hearing and disposal of cases by Cyber Appellate Tribunal**

Non-appointment of the Chairperson of Cyber Appellate Tribunal since July 2011 coupled with lack of provision for vesting the members of Tribunal with powers to

constitute benches and disposal of appeals defeated the very purpose of its creation resulting in unfruitful expenditure of ₹ 27.64 crore on salary and other establishment expenditure for the period from April 2011 to March 2016 during which not a single case was heard or disposed off even though 66 cases of appeals were pending as of March 2016.

*Paragraph 4.5*

## **Chapter- V Public Sector Undertakings under the Ministry**

### **Imprudent procurement of network equipment by Bharat Sanchar Nigam Limited (BSNL)**

Imprudent action on the part of BSNL in procurement of Digital Cross Connect System equipments resulted in idling of interface cards and blocking of funds amounting to ₹ 22.80 crore in two Project circles.

*Paragraph 5.1*

### **Non-Billing of Short Message Service (SMS) Termination charges**

BSNL signed 'Addenda to Interconnect Agreement' for Interconnect Usage Charge (IUC) for SMS with three telecom service providers viz. Bharti Airtel, Idea Cellular and Vodafone without technical arrangement for billing of SMS termination charges. Due to non-preservation of SMS data, non-verification and non-reconciliation of bills (claims) received from Bharti Airtel and Vodafone, BSNL was exposed to one-sided liability.

*Paragraph 5.2*

### **Delay in billing of Multi Protocol Label Switching (MPLS) link**

BSNL Southern Telecom Region (STR) had not raised bill for 1 Gbps E link from MPLS to National Knowledge Network (NKN) Point of Presence (PoP) provided to Ministry of Human Resources Development (MHRD). This resulted into an accumulation of arrears to the extent of ₹ 6.07 crore.

*Paragraph 5.3*