सत्यमेव जयते

Report of the
Comptroller and Auditor General of India
for the Year ended 31 March 2022

ROLI SHUKLA MALGE

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SUPREME AUDIT INSTITUTION OF INDIA

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

Union Government
Finance and Communication
Report No. 16 of 2023
(Compliance Audit)

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Comptroller and Auditor General of India

for the Year ended 31 March 2022

Union Government

Finance and Communication

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Contents

PREFACE

This Report of the Comptroller and Auditor General of India for the year ended March 2022 has been prepared for submission to the President under Article 151 of the Constitution of India.

This Report contains significant results of Compliance Audit of the Ministry of Communications, Ministry of Electronics & Information Technology and the Departments / Public Sector Undertakings under Ministry of Communications and Ministry of Finance. The instances mentioned in this Report are those that came to notice in the course of test audit during the period 2021-22 as well as those that came to notice in earlier years, but could not be reported in the previous Audit Reports.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Introduction

This Report of the Comptroller and Auditor General of India contains significant Audit findings, which arose from the compliance audit of the Ministry of Communications, Ministry of Electronics and Information Technology and Ministry of Finance. It contains five chapters. **Chapter I** gives a brief introduction of the activities of the Ministries / Departments under the audit jurisdiction viz. Department of Telecommunications (DoT) and Department of Posts (DoP) under Ministry of Communications (MoC), Ministry of Electronics and Information Technology (MeitY), Department of Expenditure (DoE) and Department of Economic Affairs (DEA) under Ministry of Finance (MoF) and Ministry of Statistics and Programme Implementation (MoSPI) including Autonomous Bodies (ABs) / Public Sector Undertakings (PSUs) under them. **Chapters II** to **V** are divided into two sections. While **Section A,** containing **Chapters II** and **III,** relates to findings / observations arising out of the compliance audit of Department of Posts (DoP) under Ministry of Communications and Ministry of Electronics and Information Technology respectively, **Section B** containing **Chapters IV** and **V** relates to audit findings of Public Sector Undertakings (PSUs) under the Ministry of Communications and Ministry of Finance respectively.

Highlights of paragraphs included in the Report are as follows:

Section - A

Ministries / Departments

Chapter II: Department of Posts (DoP)

Conservation of Heritage Buildings of Department of Posts

Absence of a Conservation policy and a dedicated organisational structure hampered any concerted efforts at conservation. The delay in identification and completion of documentation of its Heritage Buildings by the DoP led to their deterioration over time. The Department did not always involve specialised agencies for conservation of its Heritage Buildings and violated the extant rules and regulations whilst carrying out the civil works. The funds allocated to the Department for its mandated activities were inadequate. Inadequate planning and poor management, coupled with the absence of periodical physical verification further aggravated the dilapidated condition of the Heritage Buildings. Thus, the Department lacked the required sense of purpose and an appropriate strategy for the conservation and protection of its Heritage Buildings.

The Department of Posts may consider:

- To develop a Comprehensive Conservation Policy to bring in the requisite clarity in identification and conservation / maintenance of Heritage Structures across Circles including the allocation of adequate resources.
- The powers and scope of work of the Heritage Branch (created in September 2020) need to be clearly defined to ensure quick decision making. It should be

made the nodal department / dedicated cell within the DoP to handle all the Heritage Buildings related matters dedicatedly.

(Paragraph 2.1)

Non / Short-payment of Goods and Services Tax

Department of Posts (DoP) failed to issue instructions to its subordinate offices to pay the GST on reverse charge basis on the commission paid to its sales force for procurement of Postal Life Insurance / Rural Postal Life Insurance policies which resulted in non / short-payment of GST amounting to ₹42.48 crore during the period from 2018-19 to 2021-22. Further, DoP also failed to segregate the financial assistance received from UIDAI on Aadhaar related services between its own revenue and Goods and Services Tax (GST) component which resulted in non / short-payment of GST amounting to ₹9.00 crore for the period from May 2018 to July 2022.

(Paragraph 2.2)

Chapter-III: Ministry of Electronics and Information Technology (MeitY)

Wasteful expenditure on setting up of Centre of Excellence at Ajmer

Standardization Testing and Quality Certification (STQC) as well as Ministry of Electronics and Information Technology (MeitY) failed to survey the industrial growth in and near Ajmer before establishing of the lab for test and calibration of large area solar photo voltaic panel and telecom equipment. Poor / inefficient planning coupled with ineffective monitoring led to wasteful expenditure of ₹21.83 crore on establishment of Electronics Test and Development Centre (ETDC) Ajmer.

(Paragraph 3.1)

Delay in implementation of "Indigenous Magnetic Resonance Imaging (IMRI)" Project

Progress with regard to manufacturing of the magnet was greatly delayed due to delay in appointment of the Consultant for design validation of the proposed magnet. Consequently, project objective of providing low-cost MRI scans was not yet achieved due to gaps in project planning and execution.

(Paragraph 3.2)

Section - B

Public Sector Undertakings under the Ministries

Chapter IV: Public Sector Undertakings under the Ministry of Communications (MoC)

Estate Management in Bharat Sanchar Nigam Limited

BSNL is in possession of substantial land and real estate holdings, but has not instituted a comprehensive Estate Management Policy. Even a Land Management Policy, as assured to PAC, has not been comprehensively formulated. The Company does not have a reconciled and validated centralised record of its real estate assets till date.

Despite assurances to the PAC, BSNL has incomplete records of ownership of its real estate, hindering utilization of its assets through sale or rental. Even in cases where the Company has clear title of ownership, it was unable to commercially exploit its vacant land and built-up spaces to leverage the same to generate additional revenue. Though the issue was flagged by the PAC, the Company is still grappling with the menace of encroachments and has not taken effective steps to safeguard its property. Targeted monetisation was severely hampered due to lack of due diligence in selecting and proposing the properties for monetisation.

Audit recommends that BSNL may reconcile the different data sets and ensure availability of accurate data of the estate holdings. BSNL may also put in place a time bound plan with clearly delineated action points to enforce legal rights and agreements with agencies that have taken the Company's land on lease or are in adverse possession.

(Paragraph 4.1)

Setting up of 25,000 Wi-Fi Hotspots in BSNL Rural Telephone Exchanges

Telecom Commission approved DoT's proposal in December 2016 for setting up 25,000 Wi-Fi Hotspots using the infrastructure of BSNL's telephone exchanges in rural areas to provide services on payment basis. This Project was to be funded from Universal Service Obligation Fund (USOF).

BSNL did not carry out the required due diligence whilst formulating and submitting its proposal to Telecom Commission for installation of Wi-Fi Hotspots in the rural exchanges. Consequently, 13.77 *per cent* of the sites were closed or relocated and the expenditure incurred on installing Hotspots in these exchanges was unfruitful. Further, there were delays in commissioning of 700 Wi-Fi Hotspots ranging up to 790 days (up to 26 months) in ten Telecom Circles. Further, downtime penalty also increased with rising number of Wi-Fi Hotspots installed. Due to this, BSNL paid a hefty penalty to the tune of 9.45 *per cent* of the revised project cost during 2017-18 to 2021-22.

Audit recommends that BSNL needs to set up a mechanism to comprehensively evaluate the implementation issues of any scheme so as to ensure gainful use of public monies while formulating proposals for implementing government schemes; BSNL should devise a steady revenue generation model to make identified Wi-Fi Hotspots self-sustaining, if need be, by upgrading them to the newest technology and also look towards effective performance and maintenance of the installed Wi-Fi Hotspots; conduct effective impact assessment and thereby reducing downtime penalty.

(Paragraph 4.2)

Idling of Aadhaar Enrolment Kits in Aadhaar Enrolment Centres in BSNL

BSNL procured 6,000 Aadhaar Enrolment Kits during 2018-19 worth ₹77.88 crore. Out of them, 3,941 kits remained non-operational till December 2022. This resulted in blockade of Government funds of ₹51.15 crore. Further, UIDAI imposed disincentive of ₹0.65 crore on BSNL.

(Paragraph 4.3)

Loss of revenue due to not applying revised tariff rates

Audit observed that Calcutta Telephones District continued to issue bills for Intermediate Data Rate (IDR) Satellite links at normal leased line rates applicable for OFC / Copper media instead of applying the prescribed charges for IDR links. Likewise, Odisha Telecom Circle did not revise the annual rental bills after revision of the same by BSNL Corporate Office from time to time. The total amount of short billing worked out to ₹4.26 crore (excluding tax of ₹0.77 crore).

(Paragraph 4.4)

Chapter V: Public Sector Undertakings under the Ministry of Finance (MoF)

Wasteful expenditure on procurement of Security Thread (Magnetic)

SPM Hoshangabad procured 7.5 MT excess Security Thread (Magnetic) valuing ₹7.82 crore which was lying idle in the store for more than five years and subsequently declared non-moving item at net realisable value of ₹1 in the stock register indicating that the raw material could no longer be put to use.

(Paragraph 5.1)

Chapter I Introduction

1.1 About this Report

Office of Finance & Communication (F&C) Audit has a vast audit jurisdiction which consists of Ministry of Communications (MoC) (Department of Telecommunications (DoT) and Department of Posts (DoP)), Ministry of Electronics and Information Technology (MeitY), Ministry of Statistics and Programme Implementation (MoSPI) and Ministry of Finance (Department of Economic Affairs(DEA) and Department of Expenditure(DoE)) including 21 PSUs and four Autonomous Bodies under these Ministries during the year 2021-22.

This Report contains the significant results of the Compliance Audit of transactions of above Ministries / Departments under the Government of India including Public Sector Undertakings (PSUs) / Autonomous Bodies (ABs) under the administrative control of these Ministries / Departments for the financial year (FY) 2021-22.

The Report has two sections, Section A and Section B. Section A contains compliance audit issues relating to Ministries / Departments while Section B contains issues relating to Public Sector Undertakings (PSUs) / Autonomous Bodies (ABs) under the Ministries / Departments. Chapters of this Report are as under:

Chapter I provides a profile of the Ministries / Departments under the audit jurisdiction including major PSUs / ABs under these Ministries and a brief analysis of their receipt and expenditure.

Chapters II and **III** under **Section A** contain findings / observations arising out of the Audit of Department of Posts under Ministry of Communications and Ministry of Electronics & Information Technology respectively.

Chapters IV and **V** under **Section B** contain significant observations arising from the audit of PSUs under the administrative control of Ministry of Communications and Ministry of Finance respectively.

1.2 Types of Audit conducted by CAG

CAG broadly carries out three types of audit, viz. Financial Audit, Compliance Audit and Performance Audit. Financial Audit is an expression of audit opinion on the set of financial statements, whereas Performance Audit seek to examine as to how programmes and projects were implemented with regard to economy, efficiency and effectiveness. Compliance audit refers to the examination of transactions relating to expenditure, receipts as well as assets and liabilities of audited entities to examine and report on their compliance to the provisions of the Constitution of India as well as other applicable laws, rules, regulations and various orders and instructions issued by competent authorities. Compliance audit also includes an examination of the rules, regulations, orders and instructions for their legality, adequacy, transparency, propriety, and prudence.

Audits are conducted on the basis of CAG's Auditing Standards. These standards prescribe the norms which the auditors are expected to follow in conduct of audit and require reporting on individual cases of non-compliance as well as on weaknesses that exist in systems of financial management and internal control of the entities audited. The audit findings are expected to enable the Executive to take corrective action and frame such policies and procedures which will lead to improved financial management of the organisations and contribute to better governance.

1.3 Authority for Audit

The authority for audit by the CAG and reporting to Parliament is derived from Articles 149 and 151 of the Constitution of India respectively and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (the Act). The CAG conducts audit of expenditure of Ministries / Departments of the Government of India under Sections 13 and 17 of the CAG's (DPC) Act. Bodies established by or under law made by the Parliament and containing specific provisions for audit by the CAG are statutorily taken up for audit under Section 19(2) of the Act. Audit of other organisations (Corporations or Societies) is entrusted to the CAG in public interest under Section 20(1) of the Act. In addition, Central Autonomous Bodies (CABs), which are substantially financed by grants / loans from the Consolidated Fund of India, are audited by the CAG under Section 14(1) of the Act.

1.4 Planning and conduct of Audit

As per the Annual Audit Planning process, units for Compliance Audit are selected on the basis of risk assessment besides topicality, materiality, social relevance etc. Risk assessment includes appraisal of internal control systems of the units, past instances of defalcation, misappropriation, embezzlement, etc. as well as-findings of previous Audit Reports. Inspection Reports are issued to the heads of units after completion of audit. Based on the replies received, audit observations are settled with action for compliance advised, where necessary.

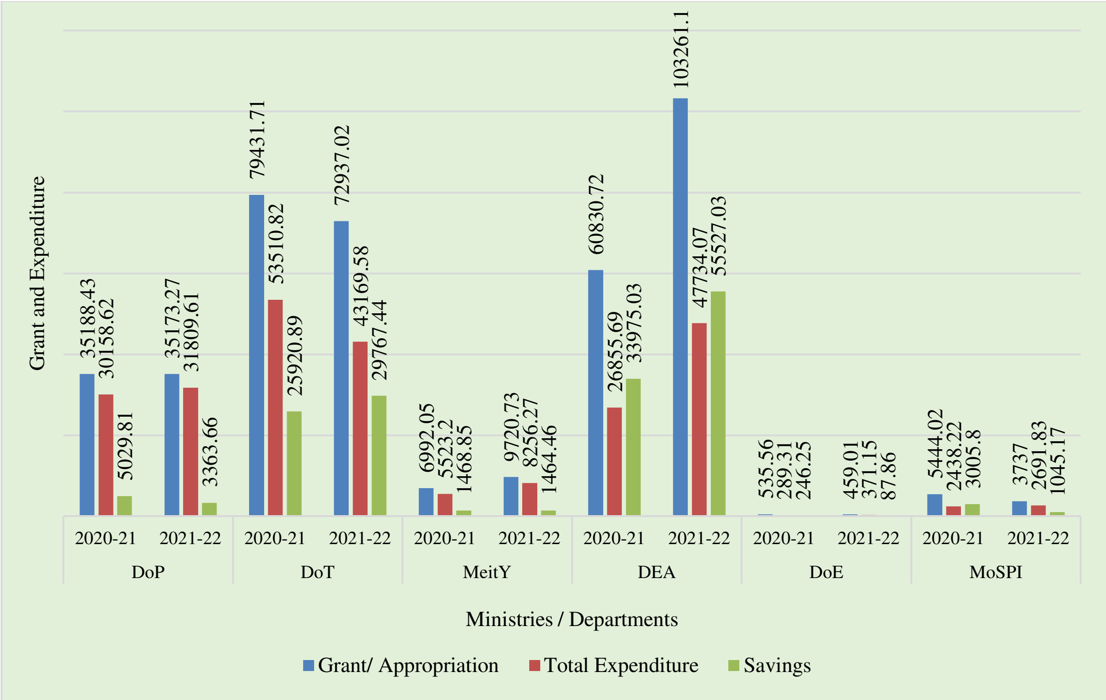
Important audit findings are processed further as draft paragraphs for inclusion in the Audit Report after seeking responses from the Secretary of the Ministry / Department concerned. Audit Reports are laid before the Parliament / respective State Legislature under Article 151 of the Constitution of India. The office of the Principal Director of Audit (Finance and Communication), Delhi is the field office of the CAG which plans and conducts the audit of Ministries / Departments of its audit jurisdiction, under the overall supervision of the C&AG's office.

1.5 Grant and expenditure of Ministries / Departments under audit jurisdiction

The appropriation and expenditure of major Grants of Ministries / Departments under audit jurisdiction of office of the Principal Director of Audit (Finance & Communication), during Financial Years 2020-21 and 2021-22 are given in **Figure 1.1**.

Figure 1.1: Ministry / Department wise Grant and Expenditure

(₹ in crore)



Source: Appropriation Accounts of the respective Grants for the years 2020-21 and 2021-22

Brief profile of auditee entities is discussed in succeeding paragraphs.

1.6 Ministry of Communications (MoC)

Ministry of Communications under the Government of India consists of two departments viz. Department of Telecommunications (DoT) and the Department of Posts (DoP). DoP is responsible for providing Postal services while DoT responsible for providing Telecommunication services in India. It was carved out of Ministry of Communications and Information Technology on 19 July 2016.

1.6.1 Department of Telecommunications (DoT)

DoT is responsible for policy formulation, performance review, monitoring, international cooperation and Research & Development in telecommunication sector. The Department also allocates frequency and manages radio communications in close coordination with international bodies. It is also responsible for enforcing wireless regulatory measures and monitoring the wireless transmission of all users in the country. The Department is also responsible for grant of licenses to operators for providing basic and value-added services in various Telecom Circles as per the approved policy of the Government.

1.6.1.1 Important DoT Units

Major wings of the Department of Telecommunications includes field offices like Licensed Service Area (LSA) units, Controller of Communications Accounts (CCAs), subordinate and attached offices such as Wireless Planning and Coordination Wings (WPC), Telecom Engineering Centre (TEC), Universal Service Obligation Fund (USOF), Controller General of Communication Accounts, Training Institutes like

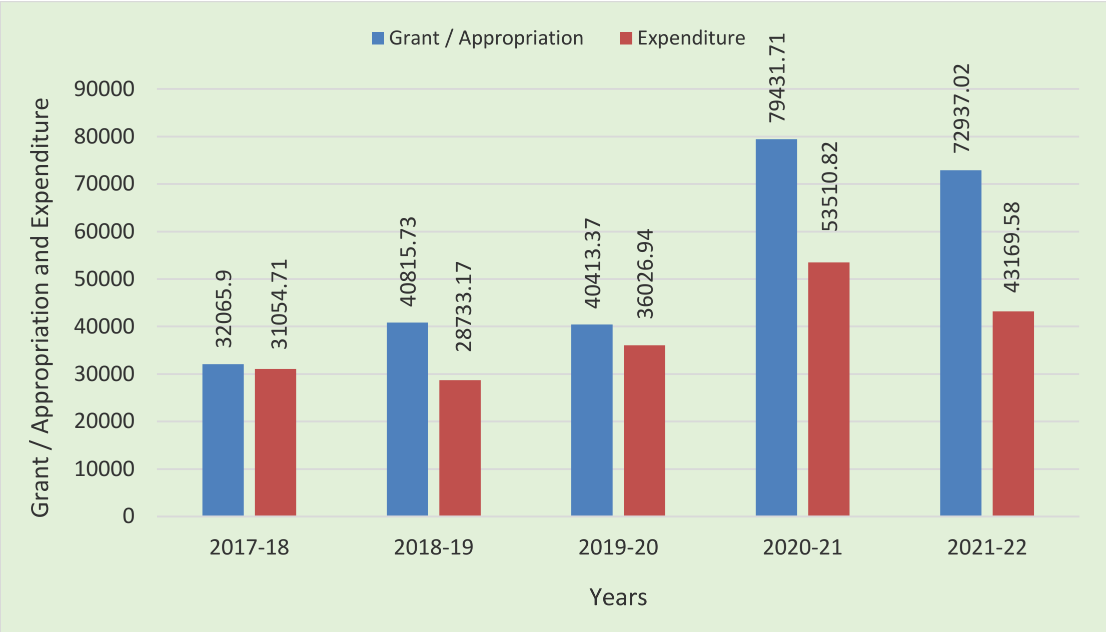
National Telecommunications Institute for Policy Research, Innovation and Training (NTIPRIT), National Institute of Communication Finance (NICF) and Centre for Development of Telematics (C-DoT) which is a Research and Development Unit. Further, DoT has important PSUs like Bharat Sanchar Nigam Limited (BSNL), Mahanagar Telephone Nigam Limited (MTNL), Telecommunications Consultants India Limited (TCIL) and ITI Limited under its administrative control.

1.6.1.2 Grant and Expenditure of DoT

The Grant and expenditure of DoT during FY 2017-18 to 2021-22 are given in **Figure 1.2**.

Figure 1.2: Grant / Appropriation and Expenditure of DoT

(₹ in crore)



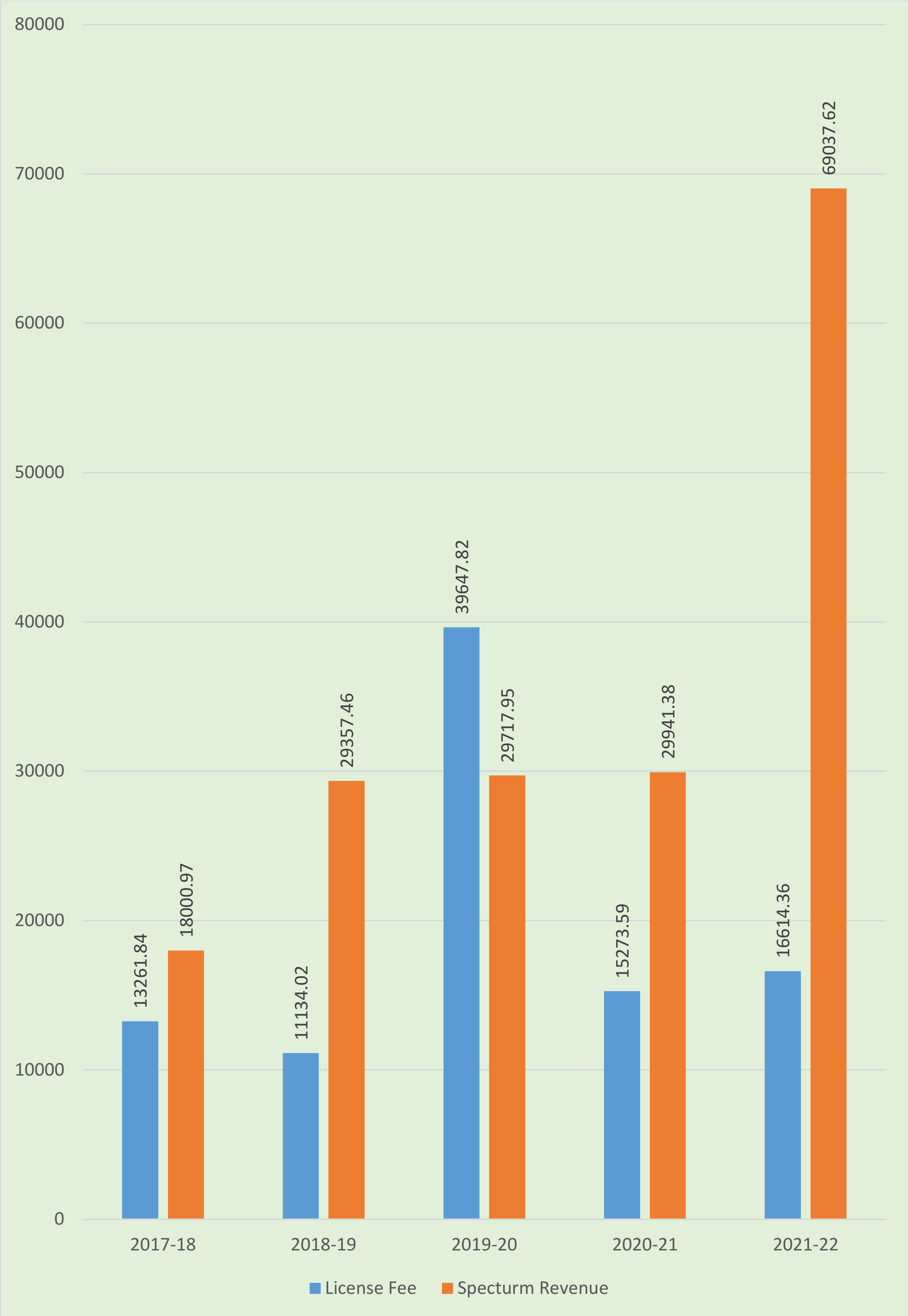
Source: Appropriation Accounts of DoT for the years 2017-18 to 2021-22

In 2021-22, the total Grant of DoT was ₹72,937.02 crore which was approximately eight *per cent* less than the previous year. Expenditure of DoT in 2021-22 was ₹43,169.58 crore which was approximately 19 *per cent* less than the previous year.

Major sources of revenue of the Department are license fee and spectrum usage charges received from Telecom Service Providers (TSPs). Licence fees paid by the telecom operators is calculated as prescribed *per cent* of revenue earned from telecom services by the license holders of different types of licenses granted by DoT. The main components of spectrum revenue are the amount collected from auction of spectrum and the spectrum usage charges paid by the Telecom Service Providers. The details of license fee and spectrum usage charges received during the last five years are given in **Figure 1.3**.

Figure 1.3: Details of License Fee and Spectrum Revenue during 2017-18 to 2021-22

(₹ in crore)



Source: Statement of Central Transaction (SCT) of DoT for the year 2017-18 to 2021-22

As it can be seen in the above figure, there was increase of nine *per cent* in the collection of Licence Fee. However, the collection of spectrum revenue significantly increased by 131 *per cent* (₹39,096.24 crore) during FY 2021-22 compared to FY 2020-21.

1.6.1.3 Regulatory Framework of the Sector

a. Telecom Regulatory Authority of India (TRAI)

Telecom Regulatory Authority of India (TRAI) was established with effect from 20 February 1997 by an Act of the Parliament to regulate telecom services including fixing / revision of tariffs for telecom services which was earlier vested in the Central Government. The main objective of TRAI is to provide an environment, which is fair and transparent, encourages competition, promotes a level-playing field for all service providers, protects the interest of consumers and enables outreach of technological benefits to one and all. Under the Act, TRAI is mandated to:

- **a.** ensure compliance of the terms and conditions of telecom licenses;
- **b.** lay down the standards of quality of service to be provided by the service providers and ensure the quality of service;
- **c.** specify tariff policy and recommend conditions for entry of new service providers as well as terms and conditions of license to a service provider;
- **d.** considerations and decisions on issues relating to monitoring of tariff policy, commercial and technical aspects of interconnection;
- **e.** principles of call routing and call handover;
- **f.** free choice and equal ease of access for the public to different service providers;
- **g.** resolution of conflicts that may arise due to market developments and diverse network structures for various telecom services;
- **h.** need for up-gradation of the existing network and systems; and
- **i.** development of forums for interaction amongst service providers and interaction of the Authority with consumer organisations.

TRAI also makes recommendations either *suo-motu* or on a reference from the licensor i.e. DoT, MoC or Ministry of Information and Broadcasting (I&B) in the case of Broadcasting and Cable Services and the Telecom Service Providers. It publishes consultation papers on the related subjects for discussion with the stakeholders before issuing directions to them.

TRAI has utilized a sum of ₹91.43 crore out of the Grant-in-Aid of ₹113.06 crore received during the year. During the year 2021-22, TRAI has released 13 consultation papers and four recommendations.

b. Telecom Disputes Settlement and Appellate Tribunal (TDSAT)

Telecommunications Dispute Settlement and Appellate Tribunal (TDSAT) was set up on 24 January 2000 by way of an amendment to the TRAI Act to adjudicate any dispute between a licensor and a licensee, between two or more service providers, between a service provider and a group of consumers and to hear and dispose of appeals against any direction, decision or order of TRAI.

1.6.1.4 Universal Service Obligation Fund (USOF)

To give impetus to rural telephony, Government of India (GoI) constituted Universal Service Obligation Fund (USOF) by an Act of Parliament with effect from 01 April 2002. The resources for meeting Universal Service Obligation (USO) were to be raised through a Universal Access Levy (UAL) as a percentage of revenue earned by all telecom operators under various licenses. As per Para 9B of the Indian Telegraph Act, 2003, the sums of money received towards USOF shall be first credited to Consolidated Fund of India and the Central Government may, if the Parliament by appropriation on this behalf so provides, credit such proceeds to the fund from time to time for being utilized exclusively for meeting USO. Important schemes under implementation through USOF are the BharatNet project, Setting up of 25,000 wi-fi hotspots in rural exchanges of BSNL, Comprehensive Telecom Development Plan (CTDP) for North Eastern Region (NER) and Islands, LWE Phase II, etc.

Details of receipts and expenditure incurred out of the Fund for the last five years are as per **Table 1.1**.

Table 1.1: Details of receipts and expenditure incurred out of the USOF

(₹ in crore)

Year	Receipt (Universal Access Levy)	Transfer to the USO Fund		Actual Transfer to the Fund	Short Transfer with reference to Actual Receipts	Actual disburse ment from the Fund	Balance in the Fund as per UGFA
		BE	RE				
(1)	(2)	(3)	(4)	(5)	(6) = (2)-(5)	(7)	(8)
2017-18	7,019.26	11,636.18	7,000.00	7,000.00	19.26	7,000.00	0.00
2018-19	6,911.50	10,000.00	5,000.00	4,788.22	2,123.28	4,788.22	0.00
2019-20	7,961.53	8,350.00	3,000.00	2,926.00	5,035.53	2,926.00	0.00
2020-21	9,471.23	8,000.00	7,200.00	7,200.00	2,271.23	7,200.00	0.00
2021-22	10,376.23	9,000.00	8,300.00	8,300.00	2,076.23	8,300.00	0.00

Source: Union Government Finance Accounts (UGFA) and Expenditure Profile of Budget Documents from 2017-18 to 2021-22

Table 1.1 shows that transfer of Universal Access Levy (UAL) to the designated fund was on lower side with reference to the actual receipts and short transfer of UAL was on higher side during 2021-22.

1.6.1.5 Public Sector Undertakings under the administrative control of DoT

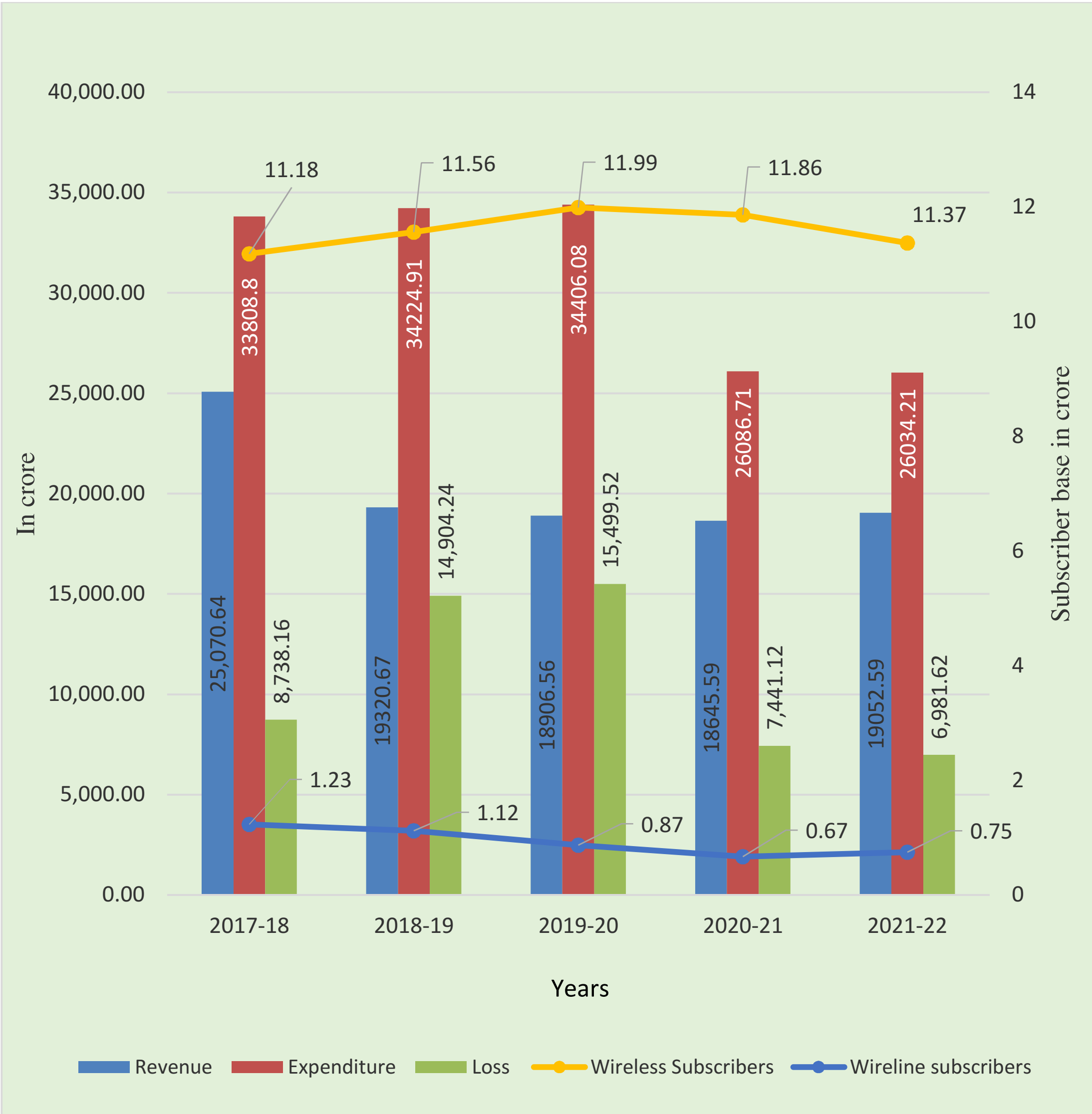
There are 11 PSUs under DoT. Total Capital Investment in these PSUs was ₹14,178.03 crore at the end of 31 March 2022 (Details as per **Appendix I**). Brief profile of important PSUs under administrative control of the Department is given below:

a. Bharat Sanchar Nigam Limited (BSNL)

Bharat Sanchar Nigam Limited (BSNL), fully owned by GoI, formed in October 2000, provides telecom services across the length and breadth of the country excluding Delhi and Mumbai. BSNL is a technology-oriented company and provides various types of telecom services namely telephone services on landline, Wireless in Local Loop (WLL) and Global System for Mobile Communications (GSM), Broadband, Internet, Leased Circuits and Long-Distance Telecom Service. The Government Investment in the Company was ₹12,500 crore at the end of March 2022 and the total revenue and loss incurred during the year 2021-22 were ₹19,052.59 crore and ₹6,981.62 crore respectively.

The overall performance of the company in the past five years is given in **Figure 1.4**.

Figure 1.4: Performance of BSNL during last five years



(Source: Annual Reports of BSNL for the years 2017-18 to 2021-22 and Performance indicators by TRAI)

As is evident from **Figure 1.4**, there is a steady increase in the wireless subscriber base from the year 2017-18 to 2019-20 but subscriber base has decreased during the years 2020-21 and 2021-22, however, revenue of the Company has increased during 2021-22 over previous year. The main sources of revenue of the company were Cellular, Broadband and Enterprise operations. BSNL is implementing various USOF schemes such as BharatNet project, provisioning of mobile services in Left Wing Extremism Areas, Comprehensive Telecom Development Plan (CTDP) for the North-Eastern

Region, Hiring of international bandwidth for internet connectivity, Augmentation of bandwidth in Andaman and Nicobar Islands, etc.

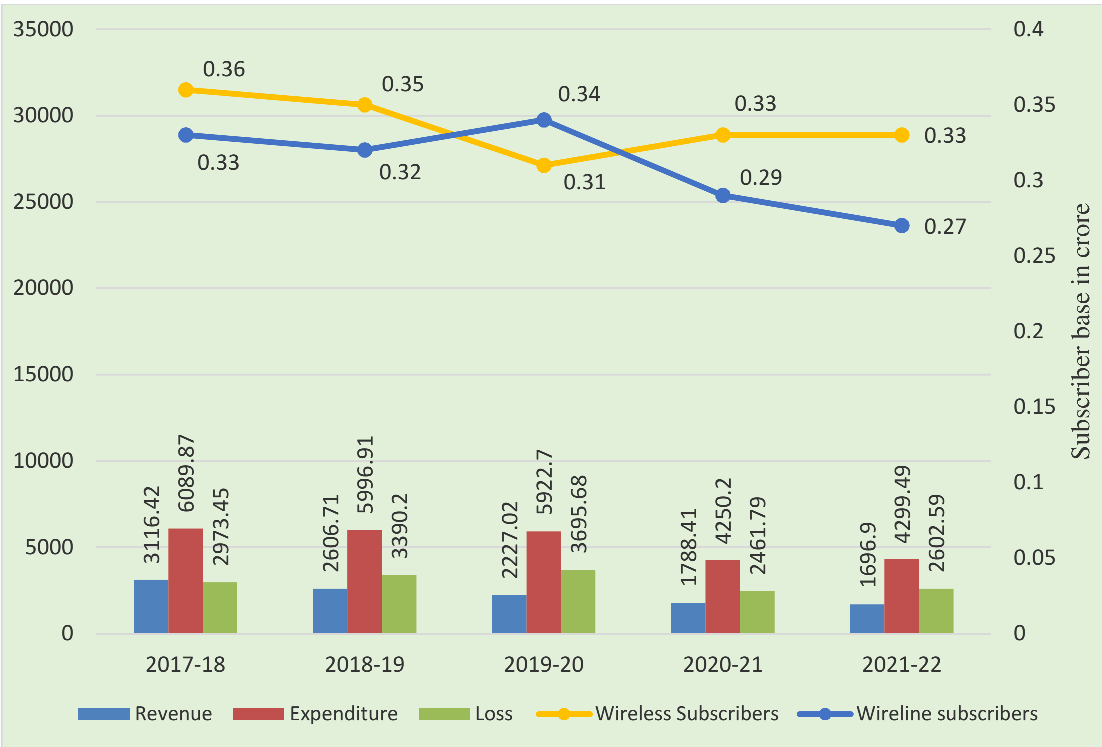
b. Mahanagar Telephone Nigam Limited (MTNL)

Mahanagar Telephone Nigam Limited (MTNL) was set up in 1986, under the Companies Act, 1956 as a wholly owned Government Company and is responsible for the control, management, and operation of telecommunications networks in Delhi and Mumbai. MTNL is the principal provider of fixed line telecommunication services and GSM mobile services in these two metropolitan cities. MTNL also provides dial up internet services in Delhi and Mumbai under separate non-exclusive license agreement. It also provides broadband and 3G services. MTNL is a listed Company and at the end of March 2022, 56.25 *per cent* shares valuing ₹354.38 crore are with Government and rest with private shareholders. The Company's total revenue during the year 2021-22 was ₹1,696.90 crore and it incurred a loss of ₹2,602.59 crore.

The overall performance of the Company in the last five years is given in **Figure 1.5**.

Figure 1.5: Performance of MTNL during last five years

(₹ in crore)



Source: Annual Reports of MTNL and Performance indicators by TRAI for the years 2017-18 to 2021-22

It is evident from the above figure that there is a stagnant wireless subscriber base and decline in the number of wireline subscribers, resulting in continuous decline in revenue of the Company.

c. Millennium Telecom Limited (MTL)

Millennium Telecom Limited (MTL) was formed as wholly owned subsidiary company of Mahanagar Telephone Nigam Limited (MTNL) in the year 2000 for setting up submarine cable project and to provide IT solutions. The Company's total revenue was ₹0.31 crore and it earned a profit of ₹0.20 crore during the year 2021-22.

d. ITI Limited

ITI is India's pioneering venture in the field of telecommunications. ITI started its operations in Bengaluru in 1948, which was further extended to other areas by setting up manufacturing plants at Srinagar in Jammu and Kashmir, Naini, Rae Bareli and Mankapur in Uttar Pradesh and Palakkad in Kerala. Government held 97.80 *per cent* shares of the Company as on 31 March 2022 valuing ₹ 1,204.45 crore. Total revenue and profit during the year 2021-22 was ₹ 2,115.30 crore and ₹ 121.06 crore respectively.

e. Telecommunications Consultants India Limited (TCIL)

Telecommunications Consultants India Limited (TCIL), fully owned by GoI, was set-up in 1978 with the main objective of providing world class technology in all the fields of telecommunications and information technology, to excel in its operations in the overseas and domestic markets by developing proper marketing strategies and to acquire state-of-the-art technology. Government's investment in the Company at the end of March 2022 was ₹ 59.20 crore. Company's total revenue and profit during the year 2021-22 was ₹ 1,595.70 crore and ₹30.33 crore respectively.

f. Bharat Broadband Network Limited (BBNL)

Bharat Broadband Network Limited (BBNL), a special purpose vehicle (SPV), fully owned by GoI was incorporated in 2012 under the Companies Act, 1956 to execute National Optical Fibre Network Project (NOFN). BBNL has been given the responsibility to connect approximately 2.50 lakh Gram Panchayats (GPs) of the country through Optical Fibre utilizing existing fibres and laying incremental fibre wherever necessary to bridge the connectivity gap between Gram Panchayats and Blocks, which would ensure broadband connectivity with adequate bandwidth. Government's total investment in the Company as on 31 March 2022 was ₹ 60.00 crore. The revenue earned was ₹ 1,515.31 crore and loss was ₹ 2.49 crore during the year 2021-22.

1.6.2 Department of Posts (DoP)

The Postal network of India is one of the largest networks in the world having more than 1.56 lakh post offices, of which 90 *per cent* of the post offices are in rural areas. It extends its services to the remotest corners of the country. While the core activity of the Department is processing, transmission, and delivery of mail, it also undertakes a diverse range of retail services including money remittance, banking as well as insurance. It is also engaged in disbursement of Pension and Family Pension to Military and Railway pensioners, Family Pension to families of coal mine employees and industries covered by the Employees Provident Fund Scheme. The Postal Department has also been given the responsibility for disbursement of social benefit payments under Central Government's programmes such as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and Social Security Pension Schemes.

The Department has tied up with Ministry of External Affairs for leveraging the network of Post Office as Post Office Passport Seva Kendras in order to provide passport services to citizens on a larger scale and to ensure wide area coverage for the benefit of citizens. Department has also been mandated by the Government to set up Aadhaar Enrolment cum Updation Centres in Post Offices.

To provide greater impetus to the business activities and with focus on specific customer requirements, the Department has launched several premium services such as Speed Post, Express Parcel Post, Business Post, Retail Post, Logistics Post etc. and a whole gamut of e-Products such as e-post, e-payment, e-post office etc.

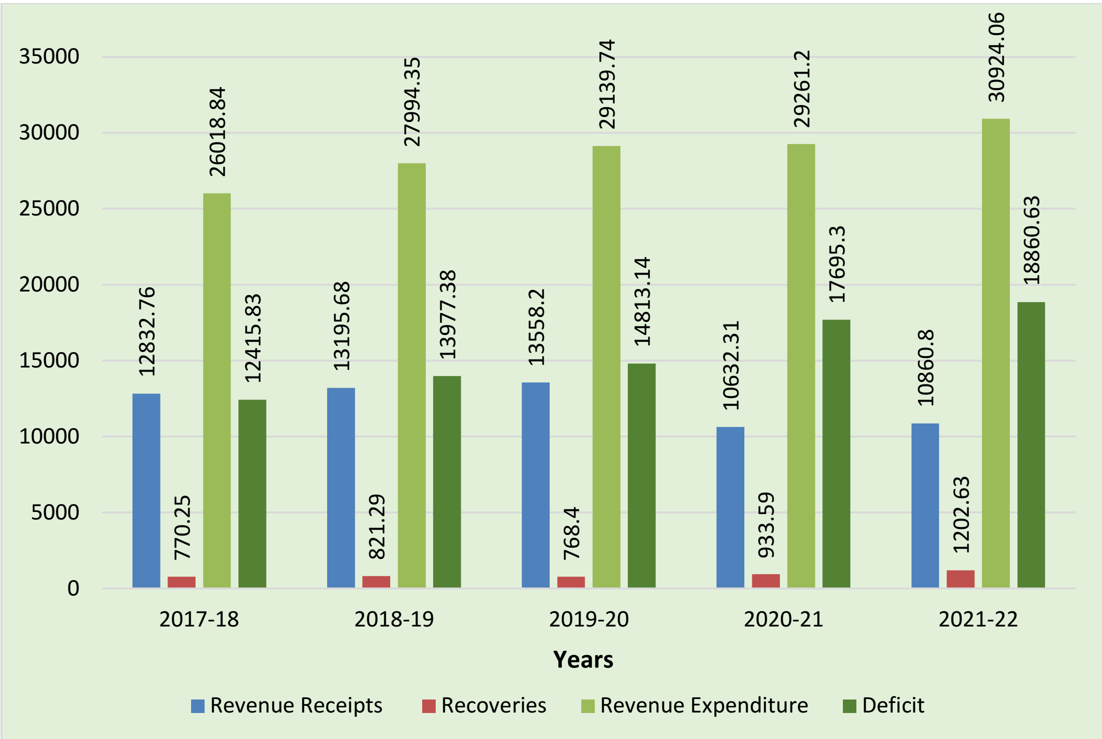
The Department has implemented IT Modernisation Project with the aim of transforming operational efficiency and improving service delivery of Postal units through upgraded technology and connectivity. It has connected more than 1.56 lakh post offices of which 90 *per cent* are in rural areas of the country thus enabling tracking and tracing of all kinds of accountable mails, parcels, and other operations / services of the Department.

1.6.2.1 Financial Performance

The earnings of the Department are in the form of 'Revenue Receipts' and 'Recoveries[1]'. The revenue receipts, recoveries, and revenue expenditure of DoP for the years 2017-18 to 2021-22 are shown in **Figure 1.6**.

Figure 1.6: Revenue Receipts and Revenue Expenditure of DoP

(₹ in crore)



Source: Appropriation Accounts of DoP for the years 2017-18 to 2021-22

The revenue receipts decreased from ₹12,832.76 crore in 2017-18 to ₹10,860.80 crore in 2021-22. Although there has been a steady increase in Recoveries during the last three years, the Deficit continued to grow due to rise in Revenue Expenditure which increased from ₹29,261.20 crore in 2020-21 to ₹30,924.06 crore in 2021-22. The

[1] Represents recoveries on account of Services rendered to other Governments and Departments of Union Government

increase in Revenue Expenditure has been attributed to the increase in working expenses such as Pay and allowances, Contingencies, Bonus, Dearness Allowances, Pensionary Charges and other charges.

1.6.2.2 Postal Life Insurance and Rural Postal Life Insurance

Postal Life Insurance (PLI), the oldest life insurer in the Country, was introduced on 01 February 1884 as a welfare scheme for the benefit of postal employees and later extended to the employees of Telegraph Department in the year 1888. In 1894, PLI extended insurance cover to female employees of P&T Department when no other insurance company covered female life.

It now covers employees of Central and State Governments, Central and State Public Sector Undertakings, Universities, Government aided Educational Institutions, Nationalized Banks, Local bodies, autonomous bodies, joint ventures having a minimum of 10 *per cent* Government / PSU stake, credit cooperative societies etc. PLI also extends insurance cover to the officers and staff of the Defence services and Paramilitary forces.

Rural Postal Life Insurance (RPLI) was introduced on 24 March 1995 for rural people of India on recommendations of the Official Committee for reforms in the Insurance Sector headed by Shri R N Malhotra, former Governor, Reserve Bank of India. The prime objective of the scheme is to provide insurance cover to the rural public in general and to benefit weaker sections and women workers of rural areas in particular and also to spread insurance awareness among the rural population.

The trend of PLI and RPLI Business for the last five years is given in **Table 1.2**.

Table 1.2: Business of PLI and RPLI

Year	Postal Life Insurance		Rural Postal Life Insurance	
	Number of Policies in Force	Sum Assured (₹ in crore)	Number of Policies in Force	Sum Assured (₹ in crore)
2017-18	43,59,855	1,16,499.40	1,36,61,694	80,811.39
2018-19	39,33,973	1,17,045.90	1,30,80,337	80,568.72
2019-20	Statistical data pertaining to breakup of new businesses / lapses etc. is not provided			
2020-21	45,45,642	Total sum insured not provided.	51,10,828	Total sum insured not provided.
2021-22	47,50,301	2,02,709.24	57,81,732	73,068.25

Source: Appropriation accounts of DoP (Financial Review) for the year 2021-22

Number of new policies issued during last five years are shown in **Table 1.3**.

Table 1.3: New Policies Issued

Year	Postal Life Insurance		Rural Postal Life Insurance	
	Number of Policies Issued during the year	Sum Assured (₹ in crore)	Number of Policies Issued during the year	Sum Assured (₹ in crore)
2017-18	2,43,654	13,305.73	5,23,899	7,298.29
2018-19	2,89,908	17,094.44	7,72,650	9,875.79
2019-20	Statistical data not provided			
2020-21	2,85,032	18,707.04	7,09,344	10,673.34
2021-22	4,84,224	30,082.29	10,56,445	18,368.69

Source: Appropriation accounts of DoP (Financial Review) for the years 2017-18 to 2021-22

The number of policies issued during the year & sum assured have increased during FY 2021-22, which was the highest during last five years for both PLI and RPLI.

1.6.2.3 Public Sector Undertakings under the Administrative Control of the Department of Posts

Department of Posts has only one PSU namely, India Post Payments Bank Limited, incorporated in August 2016.

A. India Post Payments Bank (IPPB)

India Post Payments Bank (IPPB) was incorporated as a Public Limited Company on 17 August 2016, under the DoP, with 100 *per cent* equity from Government of India with the vision to promote financial inclusion and to increase access of the people to the formal financial system. Two pilot branches of the Bank were launched on 30 January 2017 at Ranchi in Jharkhand and Raipur in Chhattisgarh and pan India operations were launched on 01 September 2018. IPPB offers demand deposits such as savings and current accounts up to a balance of ₹1 Lakh, digitally enabled payments and remittance services between entities and individuals and also provides access to third-party financial services, such as insurance, mutual funds, pension, credit products and forex in partnership with insurance companies, mutual fund houses, pension providers, banks, international money transfer organizations, etc.

The total Capital Investment of Government was ₹1,455.00 crore as at the end of 31 March 2022 including the Capital Investment of ₹200 crore made during the year 2021-22. The Company's total revenue was ₹461.20 crore, and it incurred a loss of ₹982.49 crore during the period ending 31 March 2022.

1.7 Ministry of Electronics and Information Technology (MeitY)

Ministry of Electronics and Information Technology (MeitY) is responsible for formulation, implementation and review of national policies in Information Technology, Electronics and Internet (all matters other than licensing of Internet Service Providers).

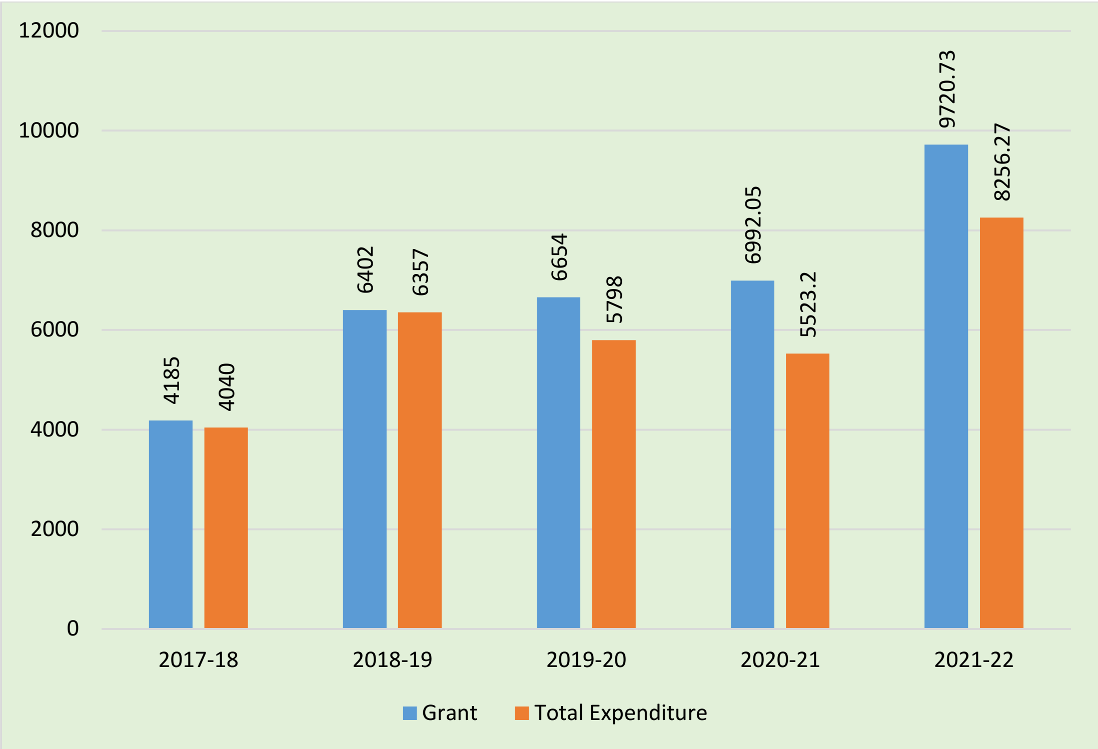
To operationalize the objectives of MeitY, schemes are formulated and implemented, either directly or through the Responsibility Centres (Organisations / Institutions) under its jurisdiction. To make the technology robust and state-of-the-art, collaborations with the academia and the private / public sector are also sought.

MeitY is the nodal Ministry for implementation of Digital India Programme of the Government of India. The Digital India programme is designed to transform India into a knowledge-based economy and a digitally empowered society by ensuring digital services, digital access, bridging the digital divide, digital inclusion and digital empowerment.

Some of the major Schemes / Programmes being implemented by MeitY are Promotion of Electronics &IT Hardware Manufacturing, Promotion of Digital Payments and National Knowledge Network. The Grants received vis-à-vis Expenditure incurred by MeitY during the period from 2017-18 to 2021-22 is given in **Figure 1.7**.

Figure 1.7: Grants and Expenditure

(₹ in crore)



Source: Appropriation Accounts of MeitY for the years 2017-18 to 2021-22

In 2021-22, the total grant of MeitY was ₹9,720.73 crore which increased by 39 *per cent* from the previous year. Similarly, expenditure of MeitY in 2021-22 was ₹8,256.27 crore showing increase by 49 *per cent* from the previous year.

MeitY has two Attached Offices (viz., NIC, STQC), six Autonomous Societies (viz., CDAC, C-MET, NIELIT, SAMEER, STPI, and ERNET-India), three Section 8 Companies [viz., NICSI, NIXI and Digital India Corporation (DIC)], three Statutory Organisations (viz., CCA, ICERT and UIDAI) and three Companies (viz., CSC e-Governance Services India Ltd., CSC Wi-Fi Choupal Services India Pvt. Ltd. & CSC Gramin E-store Services India Pvt. Ltd) under its charge to carry out the business allocated to the Ministry.

1.7.1 Profile of Attached Offices of MeitY

a. National Informatics Centre (NIC)

National Informatics Centre (NIC) provides network backbone and e-Governance support to Central Government, State Governments, UT Administrations, Districts and other Government bodies. It offers a wide range of Information and Communication Technology (ICT) services in close collaboration with Central and State Governments in the areas of (a) Centrally sponsored schemes and Central Sector schemes, (b) State sector and State sponsored projects, and (c) District Administration sponsored projects.

b. Standardization, Testing and Quality Certification Directorate (STQC)

STQC, established in year 1980, is an internationally recognized Assurance Service Provider to both Hardware and Software sectors to provide state of art technology-based quality assurance services to its clients and to align with MeitY's mandate to focus on IT sector.

1.7.2 Unique Identification Authority of India (UIDAI)

The Unique Identification Authority of India (UIDAI) is a statutory authority established under the provisions of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 ("Aadhaar Act 2016") on 12 July 2016 by the Government of India, under MeitY.

Prior to its establishment as a statutory authority, UIDAI was functioning as an attached office of the then Planning Commission (now NITI Aayog) vide its Gazette Notification dated 28 January 2009. Later, on 12 September 2015, the Government revised the Allocation of Business Rules to attach the UIDAI to the Department of Electronics & Information Technology (DeitY) of the then Ministry of Communications and Information Technology.

UIDAI was created with the objective of issuing Unique Identification numbers (UID), a unique identity named as "Aadhaar", to all residents of India that is (a) robust enough to eliminate duplicate and fake identities, and (b) can be verified and authenticated in an easy, cost-effective way.

UIDAI received Grant-in-aid of ₹1,578 crore during 2021-22 and it spent ₹1,564.54 crore. UIDAI also earns revenue by way of fees received for rendering Authentication and Enrolment services. All receipts are credited to the UIDAI Fund created by the Government with effect from March 2019.

1.7.3 Public Sector Undertakings (PSUs) under administrative control of the MeitY

There are five PSUs under MeitY. The total Capital Investment in these PSUs was ₹2.00 crore at the end of 31 March 2022 (Detail as per **Appendix I**). Brief profile of important PSUs under administrative control of the Department is given below:

a. Digital India Corporation (DIC)

Digital India Corporation is a 'not for profit' company set up under Section 8 of the Companies Act, 2013 with an objective to bring the benefits of ICT to the common man. The application areas of the company include use of ICT for Healthcare, Education, Livelihood and Empowerment of Disabled. The company is limited by guarantee and does not have any share capital. The audit of this company was entrusted to CAG under the provisions of Sections 143(5) and 143(6) of Companies Act, 2013. The company works with leading institutions for undertaking development work. It had total income of ₹143.06 crore (mainly on account of Grant-in-Aid) during the year ended 31 March 2022.

b. National Informatics Centre Services Inc. (NICSI)

National Informatics Centre Services Inc. (NICSI) was set up in 1995 under Section 8 of the Companies Act, 2013 under National Informatics Centre to provide total IT solutions to the Government organizations. The main objectives of NICSI are to provide economic, scientific, technological, social and cultural development of India by promoting utilization of Information Technology. The Company's total revenue during the year 2021-22 was ₹1,477.64 crore and it earned a profit of ₹46.17 crore.

c. CSC e-Governance Services India Limited

Common Service Centers (CSC) scheme is one of the mission mode projects under the Digital India Programme. CSC e-Governance Services India Limited, a Special Purpose Vehicle, has been set up by the MeitY under the Companies Act, 2013 to oversee implementation of the CSC scheme. CSC SPV provides a centralized collaborative framework for delivery of services to citizens through CSCs, besides ensuring systemic viability and sustainability of the Scheme. Paid up Capital of the company was ₹58.26 crore; total revenue during the year 2021-22 was ₹1,804.92crore and it earned a profit of ₹141.02 crore.

d. CSC Wi-Fi Choupal Services India Private Limited

In early 2016, CSC Wi-Fi Choupal Service India Pvt. Ltd was setup for development of affordable and reliable ICT solution in the rural areas.

Wi-Fi Choupal facilitates the delivery of the following services:

- ❖ Broadband Connectivity for all across Gram Panchayats & villages.
- ❖ Fibre maintenance, GPON infrastructure with professional teams.
- ❖ Wi-Fi audio / video calling solutions.
- ❖ Offline content streaming that includes regional and multilingual content.
- ❖ Application development & support to various government institutions.

The Company's total revenue during the year 2021-22 was ₹219.79 crore and it earned a profit of ₹13.60 crore.

e. CSC Gramin e-Store Services India Private Limited

CSC Grameen e-Store Services India Pvt. Ltd. was incorporated on 31 July 2020 by CSC e-Governance Services India Ltd, the apex enterprise, set up to digitally empower the citizens of India. CSC Grameen e-Store is committed to:

- ❖ Enabling rural e-Commerce through its network of Village Level Entrepreneurs (VLE)
- ❖ Promoting Vocal for Local by partnering with local manufacturers like Self Help Groups (SHG), Farmers, MSMEs, etc.
- ❖ Aiming to bring more than 2 million jobs in logistics, connecting every citizen with world-class quality products and services.

The company's total revenue during the year 2021-22 was ₹7.06 crore and it earned a profit of ₹0.88 crore.

1.8 Ministry of Finance (MoF)

The Ministry of Finance is concerned with taxation, financial legislation, financial institutions, capital markets, Centre and State finances, and the Union Budget. The Ministry comprises six Departments viz. Department of Expenditure, Department of Economic Affairs, Department of Revenue, Department of Financial Services, Department of Public Enterprises and Department of Investment and Public Asset Management.

The O/o Principal Director of Audit (F&C) is entrusted with the audit of Department of Economic Affairs (DEA) and Department of Expenditure (DoE).

1.8.1 Department of Economic Affairs (DEA)

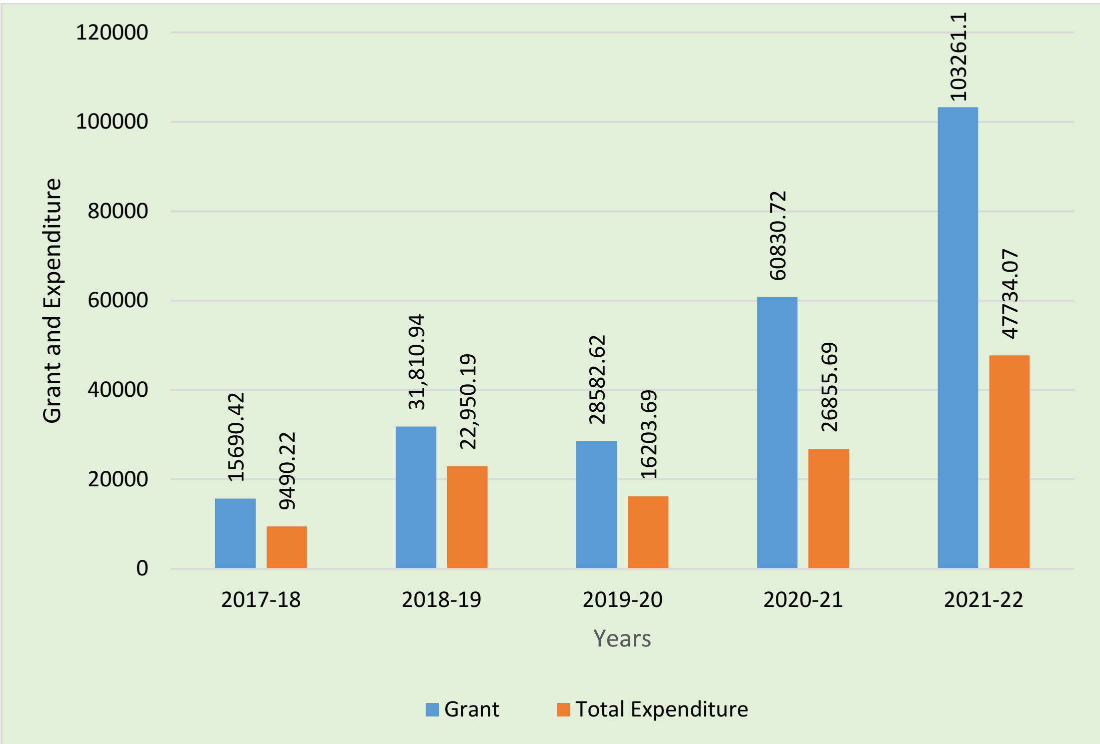
DEA is responsible for advice on economic issues having a bearing on internal and external aspects of Indian Economy including inflation, price control, foreign exchange management, Official Development Assistance and preparation of Union Budget, bilateral and multilateral engagements with international financial institutions and with other countries.

1.8.1.1 Grant and Expenditure of DEA

The comparative position of Grant and expenditure of DEA during FY 2017-18 to 2021-22 is given in **Figure 1.8**.

Figure 1.8: Grant and Expenditure of DEA

(₹ in crore)



Source: Appropriation Accounts of DEA for the years 2017-18 to 2021-22

In 2021-22, the total Grant of DEA was ₹1,03,261.10 crore which was 70 *per cent* more than the previous year. Expenditure of DEA in 2021-22 was ₹47,734.07 crore as against ₹26,855.69 crore in 2020-21, which was 78 *per cent* higher than the previous year. Savings of ₹55,527.03 crore were mainly due to provision for 'Support for Infrastructure Pipeline' of ₹44,714.64 crore which remained unutilized due to allocation of funds to various Departments / Ministries showing good progress in Capital expenditure through regular Supplementary Demands for Grants, instead of centralized provision.

1.8.1.2 Regulatory Framework of the Sector

a. Securities and Exchange Board of India (SEBI)

SEBI is a statutory regulatory body established on 12 April 1992 with an objective of monitoring and regulating the Indian capital and securities market while ensuring to protect the interests of the investors, formulating regulations and guidelines.

The basic functions of SEBI are:

a. The regulation of the stock exchange and capital market.

b. Prohibition of fraudulent and unfair trade.

c. Improving education and training of intermediaries of the securities market.

d. Promoting investors and registering intermediaries.

e. Regulating substantial acquisition of shares and takeovers of companies.

SEBI did not receive any Grant in Aid / Subsidy from the Government of India during 2021-22 and was able to function out of its own resources. Total income of the company for the year 2021-22 was ₹1,236.83 crore and it incurred an expenditure of ₹749.43 crore.

1.8.1.3 Public Sector Undertakings under administrative control of the DEA

There are four PSUs under DEA. The total Capital Investment in these PSUs was ₹3,587.52 crore at the end of 31 March 2022. Brief profile of these PSUs is given below:

a. Security Printing and Minting Corporation of India Limited (SPMCIL)

Security Printing and Minting Corporation of India Limited (SPMCIL), a wholly owned Schedule 'A' Miniratna Category-I Company of Government of India was incorporated on 13 January 2006 for management, control, maintenance, and operations of the erstwhile nine production units under Currency and Coinage division, DEA, Ministry of Finance, Government of India.

SPMCIL is engaged in the manufacturing / production of Currency and Bank Notes, Security Paper, Non-Judicial Stamp Papers, Postal Stamps & Stationary, Travel Documents viz. Passport and Visa, Security certificates, Cheques, Bonds, Warrant, Special Certificates with security features, Security Inks, Circulation & Commemorative Coins, Medallions, Refining of Gold & Silver, and Assay of Precious Metals. Government's total investment in the Company was ₹987.50 crore as on 31 March 2022. Company's total revenue during the year 2021-22 was ₹4,268.12 crore and it earned a profit of ₹689.19 crore.

b. Bharatiya Reserve Bank Note Mudran Pvt. Ltd (BRBNMPL)

Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL) is a specialised division of the Reserve Bank of India established in 1995. It mints Indian bank notes and coins. BRBNMPL supplies a major portion of bank note requirement in the country with the remaining requirements being met through SPMCIL. The present capacity for the presses is 16 billion note pieces per year on a two-shift basis. Government's total investment in the company was ₹1,800 crore as on 31 March 2022 and the Company's total revenue during the year 2021-22 was ₹2,765.48 crore and it earned a profit of ₹436.86 crore.

c. Bank Note Paper Mill India Private Limited (BNPMIPL)

Bank Note Paper Mill India Private Limited (BNPMIPL) has been incorporated and registered on October 13, 2010 as a Joint Venture between SPMCIL and BRBNMPL for production of Bank note papers. Government's total investment in the Company was ₹800 crore as on 31 March 2022. Company's total revenue during the year 2021-22 was ₹1,023.68 crore and it earned a profit of ₹184.4 crore.

d. National Investment Infrastructure Fund Trustee Ltd (NIIFTL)

National Investment and Infrastructure Fund (NIIFTL) is India's first infrastructure specific investment fund or a sovereign wealth fund that was set up by the Government of India in February 2015. The objective behind creating this fund was to maximize economic impact in commercially viable projects, both Greenfield and Brownfield, mainly through infrastructure investment.

NIIFTL manages three funds: Master Fund, Fund of Funds and Strategic Fund. The funds were set up to make infrastructure investments in India by raising capital from domestic and international institutional investors. Government's total investment in the company is ₹0.02 crore and Company's total revenue during the year 2021-22 was ₹0.22 crore and it earned a profit of ₹0.03 crore.

1.8.2 Department of Expenditure (DoE)

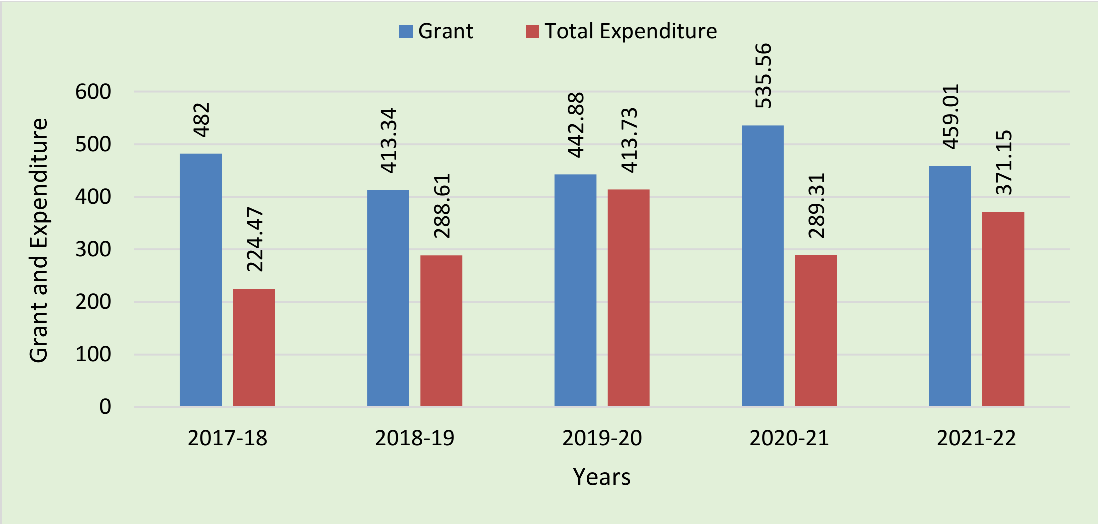
DoE is the nodal Department for overseeing the public financial management system in the Central Government and matters connected with state finances. It is responsible for the implementation of the recommendations of the Finance Commission and Central Pay Commission, monitoring of audit comments / observations, and preparation of Central Government Accounts. It further assists central Ministries / Departments in controlling the costs and prices of public services, reviewing system and procedure to optimize outputs and outcomes of public expenditure. The principal activities of the Department include overseeing the expenditure management in the central Ministries / Departments through the interface with the Financial Advisers and the administration of the Financial Rules / Regulations / Orders, pre-sanction appraisal of major schemes / projects, handling bulk of the central budgetary resources transferred to State.

1.8.2.1 Grant and Expenditure of DoE

The comparative position of Grant and expenditure of DoE during FY 2017-18 to 2021-22 is given in **Figure 1.9**.

Figure 1.9: Grant and Expenditure of DoE

(₹ in crore)



Source: Appropriation Accounts of DoE for the years 2017-18 to 2021-22

Grant for the year 2021-22 was ₹459.01 crore as against ₹535.56 crore for 2020-21 whereas Expenditure for the year 2021-22 was ₹371.15 crore as against ₹289.31 crore during 2020-21. There was slight decrease in Grant of DoE in 2021-22 from the previous year whereas the expenditure had increased by 28 *per cent*. The savings in the year 2021-22 was mainly due to less receipts of LTC Claims, non-fulfilling of vacant posts, less tour undertaken, non-finalization of office accommodation of PFMS(HQ) and State Directorates, less renovation work, non-hiring of space at DMRC, Shastri Park, non-finalization of hiring proposals, conducting less training programmes and non-procurement of IT items / office equipment.

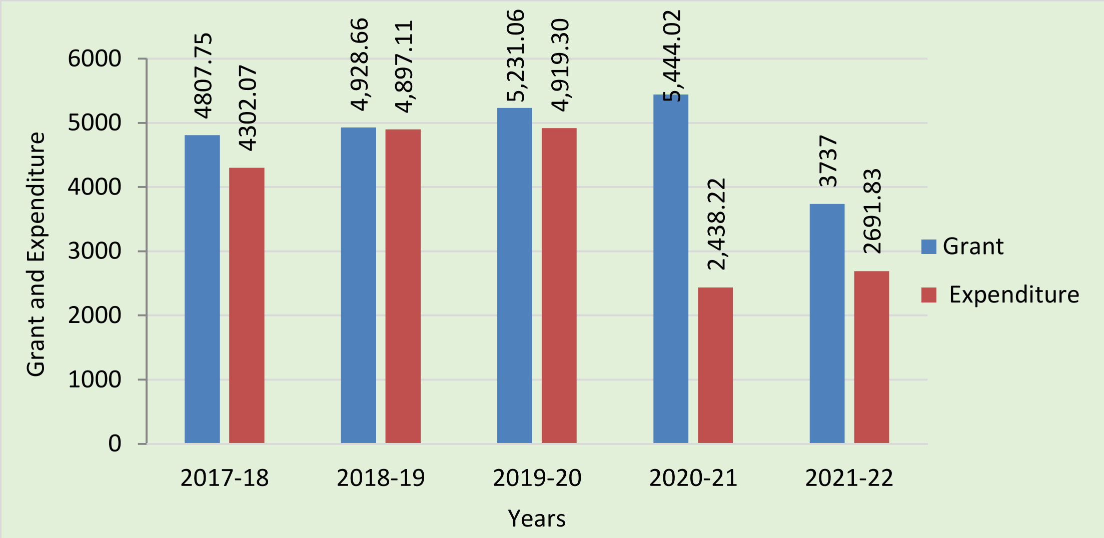
1.9 Ministry of Statistics and Programme Implementation (MoSPI)

The Ministry came into existence as an Independent Ministry on 15 October 1999 after the merger of the Department of Statistics and the Department of Programme Implementation. The surveys conducted by the Ministry are based on scientific sampling methods. The Ministry has two wings, one relating to Statistics and the other Programme Implementation. The Statistics Wing called the National Statistical Office (NSO) consists of the Central Statistical Office (CSO), the Computer Centre and the National Sample Survey Office (NSSO). The Programme Implementation Wing has three Divisions, namely, (i) Twenty Point Programme (ii) Infrastructure Monitoring and Project Monitoring and (iii) Member of Parliament Local Area Development Scheme. Besides these two wings, there is National Statistical Commission created through a Resolution of Government of India (MOSPI) and one autonomous Institute, viz., Indian Statistical Institute declared as an institute of National importance by an Act of Parliament.

The Grant and expenditure of MoSPI during FY 2017-18 to 2021-22 are given in **Figure 1.10**.

Figure 1.10: Grant and Expenditure of MoSPI

(₹ in crore)



Source: Appropriation Accounts of MoSPI for the years 2017-18 to 2021-22

As seen from the above figure, Grant for the year 2021-22 was ₹3,737 crore, which decreased against ₹5,444.02 crore for 2020-21, whereas Expenditure for the year 2021-22 was ₹2,691.83 crore as against ₹2,438.22 crore during 2020-21. Department attributes the main reason of saving to imposition of Model Code of Conduct in various States, non-receipt of complete proposals from District Administration and suspension of MPLADs Scheme (Member of Parliament Local Area Development) by the MoF in view of the COVID-19 pandemic.

1.10 Recoveries at the instance of Audit

During the year 2021-22, recoveries amounting to ₹572.23 crore were pointed by Audit in all the Ministries and the CPSEs under the audit jurisdiction of the O/o Principal Director of Audit (F&C) through Inspection Reports. Out of this, the Departments / Auditee units accepted recoveries of ₹415.17crore and effected recoveries of ₹61.11 crore.

1.11 Response of the Ministries / Departments to Audit Paragraphs

On the recommendation of the Public Accounts Committee (PAC), the Ministry of Finance issued directions to all Ministries in June 1960 to send their responses to the draft paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India within six weeks of receipt of the paragraphs. Accordingly, the draft paragraphs are forwarded to Secretaries of the Ministries / Departments concerned drawing their attention to the audit findings and requesting them to send their response within stipulated time.

Concerned Ministries / Departments did not send replies to two out of nine paragraphs (January 2023) included in Chapters II to V. The response of the concerned Ministries /

Departments received in respect of remaining paragraphs have been considered and suitably incorporated in the Report.

1.12 Follow up on Audit Reports (Civil Departments)

In their Ninth Report (Eleventh Lok Sabha) presented to the Parliament on 22 April 1997, the PAC desired that submission of pending Action Taken Notes (ATNs) pertaining to Audit Reports for the years ended March 1994 and 1995 should be completed within a period of three months and recommended that ATNs on all paragraphs pertaining to the Audit Reports for the year ended March 1996 onwards be submitted to them duly vetted by Audit, within four months from the laying of the Reports in Parliament.

Further, the Committee, in their Eleventh Report (Fifteenth Lok Sabha) presented to the Parliament on 29 April 2010, recommended that the Chief Accounting Authorities should be made personally accountable in all cases of abnormal delays in taking remedial action and submitting ATNs to PAC. Subsequently, a Monitoring Cell was created under the Department of Expenditure which is entrusted with the task of coordination and collection of the ATNs from all Ministries / Departments concerned duly vetted by Audit and sending them to the Public Accounts Committee within the stipulated period of four months from the date of presentation of the Audit Report to the Parliament.

On the recommendation of the Public Accounts Committee, O/o Controller General of Accounts has introduced Audit Para Monitoring System (APMS) Portal in year 2011, a web based computerized monitoring system for effective monitoring of submission of Action Taken Notes (ATN) on C&AG audit paragraphs, Action Taken Reply (ATR) on PAC observations / recommendations and Explanatory Notes (EN) on Excess expenditure or saving ₹100 crores and above.

A review of the position of receipt of ATNs on paragraphs included in Audit Reports, Union Government (Finance & Communication) up to January 2023 revealed that ATNs in respect of 20 paragraphs relating to MoC, MeitY and MoF were pending at various stages. Year wise details are indicated in **Appendix II**.

1.13 Follow up on Audit Reports (PSUs / ABs)

Audit Reports of the CAG represent the culmination of the process of scrutiny of accounts and records maintained in various offices and departments of PSUs. It is, therefore, necessary that appropriate and timely response is elicited from the Executive on the audit findings included in the Audit Reports.

The Lok Sabha Secretariat requested (July 1985) all the Ministries to furnish notes (duly vetted by Audit) indicating remedial / corrective action taken by them on various paragraphs / appraisals contained in the Audit Reports (Commercial) of the CAG as laid on the table of both the Houses of Parliament. Such notes were required to be submitted even in respect of paragraphs / appraisals which were not selected by the Committee on Public Sector Undertakings (COPU) for detailed examination. Unlike, Civil Paras which are being uploaded and vetted on APMS Portal, Commercial Paras are being received and vetted physically. Due to this, there is a huge pendency of ATNs in respect of Commercial Paras and some paras date back to 1999 due to want of replies from Ministries / Departments and lack of proper monitoring mechanism.

In the meeting of the Committee of Secretaries, it was decided (June 2010) to make special efforts to clear the pending ATNs / ATRs on CAG Audit Paras and COPU recommendations within the next three months. While conveying this decision (July 2010), the Ministry of Finance recommended institutional mechanism to expedite action in the future.

A review of the position of receipt of ATNs relating to PSUs under the administrative control of MoC and MeitY included in the Audit Reports up to January 2023 revealed that ATNs in respect of 64 paras were pending as detailed in the **Appendix III**.

1.14 Status of Accounts of Autonomous Bodies / Public Sector Undertakings of MoC / MeitY / MoF

The status of submission of Accounts, Certification and submission to Parliament along with reasons for delay in submission etc., in respect of Autonomous Bodies (ABs) and Public Sector Undertakings (PSUs) under the Administrative control of Ministries / Departments under the Audit Jurisdiction of this office for the year 2021-22 are detailed in the **Appendix IV**.

SECTION – A

MINISTRIES / DEPARTMENTS

Chapter II — Department of Posts

2.1 Conservation of Heritage Buildings of Department of Posts

2.1.1 Introduction

Our heritage is an indispensable part of our identity. World over, heritage conservation is viewed as a subject of utmost importance for national identity and for preserving the knowledge and arts of the past. Typically, a heritage building means a structure that requires preservation because of its historical, architectural, cultural, aesthetic, or ecological value.

Department of Posts (DoP) has been the backbone of the country's communication system since more than 150 years and has played a crucial role in the country's socio-economic development. The origin of this vast postal network can be traced back to the year 1727, when the first Post Office was set up in Kolkata. The core activity of the department is processing, transmission, delivery of mail and money remittance across the country. With more than 1.56 lakh post offices, the DoP has the most widely distributed postal network in the world.

2.1.1.1 Obligation for conservation for Heritage Buildings (HBs)

Article 51 A (f) of the Constitution of India mandates that it shall be the duty of every citizen of India to value and preserve the rich heritage of our composite culture. Further, Central Public Works Department (CPWD) Handbook for Conservation of Heritage Buildings 2013 (chapter -7) stipulates that it shall be the duty of the owners of Heritage buildings and buildings in heritage precincts to carry out regular repairs and maintenance of the buildings**.**

Although, Ministry of Culture through the Archaeological Survey of India (ASI) is engaged in protection of all the centrally protected monuments of national importance and excavations of historical sites, but the DoP being the custodian of many pre-independence historical buildings has an obligation to preserve and conserve those identified and declared historical buildings in accordance with the rules / regulations / guidelines of Archeological Survey of India (ASI), Indian National Trust for Art and Cultural Heritage (INTACH) and Central Public Works Department (CPWD).

2.1.1.2 Methodology for declaration of Heritage Buildings (HBs) by DoP

The Department of Posts identifies the Buildings as Heritage Buildings based upon the Indian National Trust for Art and Cultural Heritage (INTACH) guidelines, a non-profit and non-government charitable organisation formed in 1984 and registered under the Societies Registration Act, 1860 to stimulate awareness for conservation of cultural heritage among the people. According to INTACH Charter (1989), notable buildings constructed before 1939 (the year of commencement of Second World War) which are deemed to be of architectural, historical, archaeological or aesthetic importance, are included as Heritage Building.

The Department's role is to identify and list all the buildings having historical significance. The historical buildings are notified and declared as heritage buildings only by the respective local authorities of the concerned cities. After the said notification by the Local Authority, the building is included in the list of heritage buildings under DoP. As on 31 March 2022, DoP has 4521 Departmental buildings.

2.1.1.3 Audit Scope, Audit Objectives and Audit criteria

Twenty six Heritage Buildings under ten Postal Circles[2] of DoP out of 36 notified Heritage Buildings (as on 31 March 2021) (**Annexure 2.1**) of DoP, were selected[3] and audit was conducted during September 2021 to November 2021. The period of coverage was from 2015-16 to 2020-21 and updated upto 31 March 2022. The objectives of this audit were to examine (i) adequacy of efforts to identify and document the heritage buildings of national importance, (ii) methodology of management, conservation, protection and showcasing of Heritage Buildings, (iii) the institutional and monitoring mechanism to ensure heritage conservation, and (iv) financial management in DoP. The criteria for this audit was derived from INTACH guidelines published in 1989, Conservation Manual by John Marshall published in 1923, Central Public Works Department (CPWD) Manual / Handbook 2013, National Policy for the Conservation of the Ancient Monuments, Archaeological Sites and Remains and General Financial Rules and Rules and regulations of the DoP. Audit also conducted physical inspections along with onsite photography of five[4] selected Heritage Buildings.

2.1.2 Audit Findings

2.1.2.1 Infrastructure for Management of the Heritage Buildings

Whilst the detailed guidelines on preservation and conservation of DoP’s heritage buildings is to be followed in accordance with the rules / regulations / guidelines of Archeological Survey of India (ASI) and Indian National Trust for Art and Cultural Heritage (INTACH) for effective conservation, the Department should have its own conservation policy and detailed guidelines in order to carry out the protection and conservation activities of its Heritage Buildings, with regular and systematic monitoring. During the audit of selected Heritage Buildings of DoP, the following was observed:

2.1.2.1 (a) Absence of Conservation Policy

In India, work on identification and preservation of heritage buildings started in mid nineteenth century much before independence. However, it was only in January 1992 that Department of Posts, based on Indian National Trust for Art and Cultural Heritage (INTACH) guidelines (1989) decided to list the notable Departmental buildings, constructed before 1939, which were surviving in anything like their original condition

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2 Bihar, Delhi, Himachal Pradesh, Karnataka, Kerala, Maharashtra, Punjab, Tamil Nadu, Uttar Pradesh and West Bengal

3 Circles were to select minimum three or actual Heritage Buildings (in case Heritage Buildings less than three). For circles having five or more than five Heritage Buildings, no. of Heritage Buildings were restricted.

4 GPO Delhi, New Delhi GPO, CPMG office Kerala, Thiruvananthapuram, GPO Chennai and HPO Udhagamandalam, Tamil Nadu.

and have significance in Indian history, architecture and archaeology for preservation and protection.

Preservation and Conservation of Heritage Buildings is a multi-disciplinary activity which requires support of researchers, technicians, architects, and historians. A conservation policy should have specified instructions, norms and procedures for various aspects of conservation and preservation of Heritage Buildings to retain their historical / architectural / cultural significance. Further, it should prescribe standards for prioritization of Heritage buildings which would, in turn facilitate decisions relating to fund allocation for repair and maintenance, documentation and monitoring. Conservation of a Heritage Building should not limit itself to structural interventions but should also consider, wherever necessary, restoration of historic interiors.

Audit observed that DoP did not formulate a Conservation Policy of its own to meet the requirements of protection and conservation of the Heritage Buildings. In the absence of this, the actual requirements of maintenance and repair work could not be assessed properly by DoP, which in turn hampered the conservation of Heritage Buildings.

The Ministry in its reply stated (July 2022) that Department follows all the policies framed by CPWD, which was the nodal agency in this regard.

The Ministry's reply was not acceptable as CPWD, a Central Government agency is an executing agency responsible for planning, construction, maintenance, and repair works as authorized by the owners of the Heritage structures under its purview. It does not set policy level goals for specific departments.

Thus, the absence of a dedicated policy resulted in carrying out only an ad-hoc maintenance works and no systematic conservation and restoration of Heritage buildings could be adopted by the DoP.

2.1.2.1 (b) Inadequate Institutional structure for Heritage conservation

The DoP is headed by the Secretary, Department of Posts, Government of India who also chairs the Postal Services Board (PSB) which is the apex management body. It comprises the Chairperson (Director General), Additional Director General (Coordination) and six Members. Estates Division is headed by Additional Director General who reports to Member (Operations). Member (Operations) in turn reports to the Director General (Postal Services).

Audit scrutiny revealed that, while the Department started identifying its heritage buildings in 1992, it was only in September 2020 that a specific branch for conservation of Heritage Buildings was constituted. However, it did not have dedicated trained personnel. Officers and Staff in Material Management (MM) Division of DoP were given additional charge of the work relating to Heritage and Museum Management of DoP. Audit also observed that this branch had not issued any detailed guidelines or proposals for heritage conservation till date.

Besides, Heritage conservation is specialised field which requires technical knowledge and adequately trained and experienced manpower. However, DoP had no specialised wing or technical experts for close supervision / guidance for carrying out the conservation work. Hence, there is a need to associate specialised agencies viz., ASI, INTACH, and State Archeological Department etc, for all matters related to conservation of Heritage Buildings. Postal Directorate also directed (February 1993) that help of above specialised agencies be taken while carrying out conservation works towards the maintenance of these buildings.

Audit observed that except in few cases[5], agencies having expertise on conservation of heritage buildings, were not consulted by the DoP before taking up the conservation and protection work of the Heritage Buildings and the department relied on its Civil Wing to carry out the same.

Ministry stated (July 2022) in its reply that regular maintenance work of Heritage Buildings was done by Postal Civil Wing and when some special construction work was required, help of specialised agencies were taken. In addition, to deal with specialised restoration work, Department had also initiated a process to take the help of expert / specialised agency at national level.

The reply of Ministry was not tenable since all kinds of maintenance work in Heritage Buildings should be undertaken with the help of specialised agencies. An illustrative case is the Udhagamandalam Post Office, Tamil Nadu where modifications were carried out by Postal Civil Wing (Case Study-2 para 2.1.2.2 (c) refers) which were not consistent with its original architecture.

2.1.2.1(c) Budgetary support

The Estates Division of the Directorate allots funds to various Circles under the sub-head of Heritage Buildings**.** Year wise Allotment and Expenditure for conservation of heritage Buildings of DoP for the years 2015-16 to 2021-22 is given below:

Year-wise budget allotment and expenditure on Heritage Buildings by DoP

(₹ in crore)

Year	Allotment (FG)	Expenditure
2015-16	1.11	0.95
2016-17	1.84	1.42
2017-18	3.00	3.00
2018-19	2.55	2.61
2019-20	3.16	3.16
2020-21	1.35	1.69
2021-22	9.79	9.37
Total	**22.80**	**22.20**

It may be seen that ₹22.80 crore was allotted for conservation and maintenance of 36 Heritage Buildings during the last seven years by DoP.

The Postal Directorate in its letter (January 1992) issued to all the circles had desired to examine alternative sources of funding other than the budget allotment. Moreover, Government of India had already taken an initiative such as formulation of the National Culture Fund (NCF) in 1996, under the Ministry of Culture with a view to augment government efforts and to facilitate public-private partnership in the field of heritage

[5] DRONAH in Delhi, INTACH in Chennai GPO and Mumbai GPO, State Archaeology Department in Thiruvananthapuram, College of Architecture for Nagpur GPO and ASI in case of Shimla GPO.

conservation and promotion, which has enabled the channeling of private investments in the promotion and preservation of the cultural heritage of our country.

However, audit observed that no initiative was found to be taken by the Postal Directorate / Circles towards exploring alternative source of funding for conservation of Heritage Buildings resulting in dilapidated state of most of the buildings.

2.1.2.1(d) Delayed identification of Heritage Buildings

Department of Posts is one of the oldest organisations of Government of India and is also the custodian of some of the most spectacular structures which have now acquired Heritage status. As the visible symbols of our pre-Independence history, it is imperative that these Buildings be identified and documented at the earliest to effectively plan for their conservation.

INTACH Guidelines 1989 and Handbook of Conservation of Heritage Buildings (HBs), (July 2013) by CPWD, stipulate that the criteria for listing Heritage Building should be its historic significance, historical integrity and historical context. In selecting a building, particular attention should be paid to its association with events, activities, patterns or with important persons in addition to the distinctive physical characteristics of design, construction or form representing work of a master craftsman.

A guideline for selection of heritage buildings was sent to the Circles by DoP Directorate in January 1992 and the proposals received from the Circles were examined at the Directorate based on the said Guidelines. Once a Postal Building got notified as a heritage building by the local authorities under their respective building bye-laws, the same was included in the list of heritage buildings of Department of Posts.

Audit however, noticed that despite owning more than 4,000 buildings, DoP, for the first time, got 32 Heritage Buildings (HBs) notified in February 1993. After a lapse of four years, the DoP directed (January 1997) the Circles to update the list of historical buildings to be declared as heritage based on the same criteria after consulting the respective State Committees on Heritage, the ASI etc. As on 31 March 2021, department got notified 36 Heritage Buildings. The DoP prepared a list of additional 327 historical buildings during 2021-22 to be considered for their notification as Heritage Buildings. Out of these eight historical buildings were considered by the concerned authorities and as on March 2022, Department of Posts got notified 44 buildings as Heritage Buildings.

Thus, the Department took more than 25 years to decide that additional 327 historical buildings were fit for selection as Heritage Buildings.

Ministry stated (July 2022) in its reply that based on the INTACH criteria, the buildings were selected. Further, in line with the prescribed criteria, the Department reviewed the list of historical buildings in the year 2021 and studied all the identifiable buildings. Based on this detailed review, the notification of Heritage Buildings had been updated to 44.

The reply substantiates the audit findings that action for timely identification of its Heritage Buildings was not taken up by the Department.

2.1.2.1(e) Lack of documentation

National Policy for The Conservation of the Ancient Monuments, Archaeological Sites and Remains, 2014 (Point No. 4.04) stipulates that documentation should be an essential pre-requisite before initiating any conservation activity for a monument. Further, Para 21 of National Policy for Conservation of the Ancient Monuments 2014, Archaeological Survey of India stipulates that all information related to the past and on-going conservation works should be made available at the site office for the benefit of understanding all past interventions. For this purpose, the practice of maintaining a logbook at sites should be mandatory for all monuments. The Archaeological Work Code prescribes maintenance of work-related records, viz, estimates, measurement books, tenders, contract documents, labour registers etc; for any conservation work being undertaken. Further, digitization of such documents facilitates easy accessibility, generates interest among the potential researchers / visitors and contributes to efficient management of the Heritage Buildings.

Audit scrutiny revealed that in ten Heritage Buildings[6] out of 26 selected for audit, the required documentation was not available. Thus, local management had neither any information on the historical significance (like brief write-ups regarding its heritage value) nor details of the conservation activities undertaken during the past years in the Heritage Buildings at these ten heritage sites visited by audit.

Ministry stated (July 2022) in its reply that since the work is being done by the Civil Wing, the record of work is maintained by them. Besides, a record of work being done in heritage buildings is maintained at Postal Regional Offices also. Ministry further stated that the Circles had been instructed to update the logbooks / works related records of conservation of heritage buildings.

2.1.2.1(f) Insufficient showcasing of the Heritage buildings

Handbook of Conservation of Heritage Buildings (HBs) by CPWD envisages that Commissioner, Municipal Corporation / Vice- Chairman, Development Authority on the advice of the Heritage Conservation Committee shall frame regulations or guidelines to regulate signs, outdoor display structures on heritage sites. Further, National Policy for conservation of Ancient Monuments, Archeological Sites and Remains (AMASR), 2014 (Point No. 9.08) stipulates that signage should be provided at suitable locations in order to explain the history, and significance of the identified Heritage structures.

During the site visits to the 26 selected heritage buildings, Audit noticed that no signages or boards detailing the historical importance, style of architecture, year of construction were installed in heritage buildings under eight circles viz., Bihar, Delhi, Maharashtra (Goa), Himachal Pradesh, Punjab, Kerala, West Bengal, and Uttar Pradesh to create awareness and interest in visitors.

[6] GPO Delhi, GPO New Delhi, CPMG Kerala, GPO Chennai, HPO Udhagamandalam, DAP Nagpur, GPO Nagpur, HPO Panaji, HPO Kolkata and HPO Alipore

Ministry while accepting the audit observation stated (July 2022) that necessary instructions had been issued to all the circles to place proper signage or boards at the heritage building of DoP.

2.1.2.2 Institutional monitoring mechanism

2.1.2.2 (a) Ineffective monitoring mechanism for conservation of Heritage Building by Directorate / Circles

According to Conservation Manual of John Marshal, for effective conservation of the Heritage Buildings, regular and systematic inspections of Heritage Buildings, are to be carried out annually or even more frequently.

Audit observed that there were no norms for regular inspection of heritage buildings at Directorate / Circle level to ensure timely and adequate upkeep of the heritage buildings. It was further observed that the periodical inspection of the Heritage Buildings by the Directorate / Circle was not done in four Circles[7]. Further, no record for preservation work was found to be maintained by the Circles. Completion reports along with photographs after completion of conservation works were also not prepared and were not available on record.

Ministry stated (July 2022) in its reply that there was no specific inspection procedure prescribed for heritage buildings in Department of Post. However, in annual inspection questionnaire for Post Offices or administrative offices, there are questions which deal with maintenance of building and are addressed regularly by the inspecting authority.

The reply of the Ministry confirmed the ad-hoc approach of DoP towards maintenance of heritage buildings. Further, only seeking inputs through questionnaires without physical inspection might not be adequate to assess the real time conservation status of Heritage Buildings.

Audit in this regard, had gathered visual evidence of the status of preservation of some of the sampled Heritage structures. Physical inspection of three Heritage Buildings in two circles revealed many conservation concerns such as cracks in the walls requiring immediate repair, broken balusters, non-clearing of vegetation, seepage and unplanned plumbing and electrical work (Fig.2.1), damaged roof and ceilings, peeling plaster and design changes (Fig. 2.2).

[7] Maharashtra, Bihar, West Bengal and Kerala Circles.

Figure 2.1

CPMG Kerala Office, Thiruvananthapuram

(Source: Photographs taken during the audit.)

Figure 2.2

New Delhi GPO and Delhi GPO (Kashmere Gate)

(Source: Photographs taken during the audit)

Ministry stated (July 2022) in its reply that Department had budgetary constraints, which at times, resulted in delays in taking care of heritage buildings. Department had requested for ₹73 crore specially for preservation and conservation of heritage building in the Memorandum of Standing Finance Committee under the Estate Management Scheme from 2020-21 to 2025-26. However, only ₹20 crore had been approved. Notwithstanding this, the Department was trying its best to preserve its heritage buildings.

Reply of Ministry was not borne out fully by the facts as West Bengal, Himachal Pradesh, Kerala, Tamil Nadu, Maharashtra and Karnataka Postal circles could not utilize the funds of ₹7.09 crore allotted during 2017-18 to 2020-21 for conservation of buildings and subsequently surrendered ₹7.02 crore to the Directorate.

Audit observed that in Kerala circle, the work of preparation of project report and renovation of the CPMG Office Thiruvananthapuram (Heritage Building) was to be carried out in three phases with the assistance of Kerala State Archaeology Department (KSAD). The work was initiated in April 2018 and only phase I could be completed by February 2020 while phase II was yet to be commenced (October 2021). It was only after being pointed out by audit that the expenditure sanction of ₹83.65 lakh was granted by CPMG, Kerala for phase II preservation work in June 2022.

Ministry accepted (July 2022) that there were few procedural delays, but large portion of the restoration work had been completed successfully with the assistance of Archaeology Department, Government of Kerala.

Since the Heritage Buildings are in active use, it is incumbent on the department to ensure proper maintenance, timely repairs and restoration of interiors to create safe working spaces and to discharge its duty of preserving the nation's heritage.

2.1.2.2(b) Irregular construction work in the premises of Heritage Buildings

Central Public Works Department (CPWD) Handbook for conservation of Heritage Buildings 2013 (chapter -7) stipulates that no additions / alterations, repairs or renovations in the Heritage Buildings shall be allowed except with the prior permission of Commissioner, Municipal Corporation / Vice Chairman, Development Authority. Before granting such permission, the agency concerned shall consult the Heritage Conservation Committee to be appointed by the State Government.

Audit, however noticed that the construction activities were carried out within the premises of the Heritage Buildings in seven circles[8] without obtaining the requisite clearances. New construction adjacent to Heritage structures was done in CPMG Offices at Bengaluru, Kolkata and Maharashtra circle. Other Construction activities such as works relating to ATM chamber, canteen, toilet block and lift were undertaken in GPO building Amritsar, GPO Patna, CPMG office Kerala and CPMG office, Uttar Pradesh respectively.

[8] Karnataka, West Bengal, Punjab, Maharashtra, Bihar, Kerala and Uttar Pradesh.

The Ministry stated (July 2022) in its reply that Department of Post is a service organisation where operational activities cannot be stopped inside the heritage building. As such, sometimes such developments are unavoidable.

The reply confirmed the audit contention that construction activities within the premises of heritage buildings were carried out without approval of the Competent Authority.

2.1.2.2(c) Case study on two Heritage Buildings.

Case Study 1: General Post Office (GPO) Chennai, Tamil Nadu.

Source: Photographs taken during the audit.

Brief History

The General Post Office (GPO) Building in Rajaji Salai is one of the prominent Heritage Building. The GPO opened for business on April 26, 1884. The GPO is large and highly embellished structure which is 352 feet long and 162 feet broad. The northern side of the building was occupied by General Post Office of DoP while the southern side was occupied by Telegraph office of Department of Telecommunications (DoT) (This had been transferred to Bharat Sanchar Nigam Limited (BSNL) in 2000). The building is mostly constructed with red bricks and teak wood and is partly tiled and has partly madras terraced tiled roof. The highlight of the structure is Tall pyramidal and hipped roof with dormers. The building was declared as Grade I Heritage building (2010) and is one of the few buildings in the city with high architectural value.

Limited conservation efforts: DoP's conservation / maintenance activities were limited to the GPO portion only. Conservation of this heritage building will not be fruitful unless the conservation process is extended to the DoT / BSNL portion also.

Delay in repair of damaged building: A fire accident happened at Chennai GPO in October 2000 and a considerable portion of the Central Hall and a part of the northern wing of the building came down. Although several petty civil / electrical works were carried out in Chennai GPO utilizing the building maintenance fund, no efforts were taken to renovate the Heritage Building in a comprehensive manner to bring back to its original glory.

INTACH was engaged for restoration of the building which suggested (2012) renovation works at an estimated cost of ₹ 11.87 crore in three phases. The INTACH report was referred to Postal Civil Wing and DoP took nearly four years (2016) just to give an opinion on assigning the work to ASI. ASI had initially expressed their unwillingness but after several correspondences, finally agreed to take up the work in June 2020. Meanwhile there was further dilapidation of the building. However, as of October 2021, the Detailed Project Report (DPR) was under preparation by ASI.

Audit observed that maintenance work of the building by the Postal Civil Wing was not satisfactory with instances of plaster peeling off, missing inlay designs and seepage as captured in the following photographs.


Peeling off plaster

Missing inlay designs

Seepage of water

(Source: Photographs taken during the audit.)

Case Study 2: Udhagamandalam Post Office, Tamil Nadu.

The Post Office was moved to its present building in December 1883 along with the telegraph office. The building was listed as Heritage building by DoP in February 1993.

During the site visit, audit observed that several modifications / alteration had been carried in the building by the Postal Civil Wing which were not aligned with the original architecture of the building.

Changes made to entrance

Creation of a new structure

A portion of the heritage building which housed the telegraph office was demolished and replaced with a modern concrete building, whereas the post office portion retained in its original structure.

(Source: Photographs taken during the audit.)

Ministry stated (July 2022) in its reply that the concerned Postal circles had been instructed to take necessary steps to address the deficiencies found by Audit in the conservation of the Heritage Buildings.

The reply of Ministry substantiates the Audit findings. Moreover, a comprehensive relook at all the Heritage Buildings of the DoP is required in consonance with extant guidelines and instructions for their conservation.

2.1.3 Conclusion

Absence of a Conservation Policy and a dedicated organisational structure hampered any concerted efforts at conservation. The delay in identification and completion of documentation of its Heritage Buildings by the DoP, led to their deterioration over time. The Department did not always involve specialised agencies for conservation of its Heritage Buildings and violated the extant rules and regulations whilst carrying out the civil works. The funds allocated to the Department for its mandated activities were inadequate. Inadequate planning and poor management, coupled with the absence of periodical physical verification further aggravated the dilapidated condition of the

Heritage Buildings. Thus, the Department lacked the required sense of purpose and an appropriate strategy for the conservation and protection of its Heritage Buildings.

The Department of Posts may consider:

- ❖ To develop a Comprehensive Conservation Policy in consonance with the extant guidelines to bring in the requisite clarity in identification and conservation / maintenance of Heritage Structures across Circles including the allocation of adequate resources.
- ❖ The powers and scope of work of the Heritage Branch (created in September 2020) need to be clearly defined to ensure quick decision making. It should be made the nodal department / dedicated cell within the DoP to handle all the Heritage Buildings related matters dedicatedly.

2.2 Non / Short-payment of Goods and Services Tax

Department of Posts (DoP) failed to issue instructions to its subordinate offices to pay the GST on reverse charge basis on the commission paid to its sales force for procurement of Postal Life Insurance / Rural Postal Life Insurance policies which resulted in non / short-payment of GST amounting to ₹42.48 crore during the period from 2018-19 to 2021-22. Further, DoP also failed to segregate the financial assistance received from UIDAI on Aadhaar related services between its own revenue and Goods and Services Tax (GST) component which resulted in non / short-payment of GST amounting to ₹9.00 crore for the period from May 2018 to July 2022.

Department of Posts, Ministry of Communications discharges different types of functions including Postal Life Insurance services and agency services on behalf of Unique Identification Authority of India (UIDAI) through its wide network of Head Post Offices (HOs) / Sub Offices (SOs) and Branch Offices (BOs).

After implementation of Central Goods and Services Tax Act 2017, the Government or a government authority is liable to pay tax on supply of services other than the services notified as exempt or notified as neither a supply of goods nor a supply of services under clause (b) of sub-section (2) of section 7 of the CGST Act, 2017. Accordingly, services by the Department of Posts by way of speed post, express parcel post, life insurance and agency services provided to a person other than Government are not exempt from tax.

Scrutiny of records in Department of Posts (DoP) revealed that consequent upon Government of India's (GoI) notification regarding taxability of services, Postal Life Insurance (PLI) Directorate under DoP was required to issue instructions to its subordinate offices to pay the GST on reverse charge basis on the commission paid to its sales force[9] for procurement of Postal Life Insurance / Rural Postal Life Insurance policies to the GST authority. Further, on financial incentive received on Aadhaar services from UIDAI, Department of Posts (DoP) was required to issue instruction to

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[9] Sales force of PLI / RPLI in DoP comprise Departmental employees, Gramin Dak Sevaks, Field Officers and Direct Agents.

its subordinate offices[10] regarding the procedure for segregating the financial assistance received from UIDAI between its own revenue and Goods and Services Tax (GST) component and depositing it with the GST authority. But, Department of Posts failed to issue any instruction to its subordinate offices regarding payment of GST in both the cases. This resulted in non / short payment of the GST amounting to ₹51.48[11] crore as detailed below:

(a) Non-payment of Goods and Services Tax (GST) on commission paid to its sales force for procurement of Postal Life Insurance / Rural Postal Life Insurance, amounting to ₹42.48 crore.

As per Section 9(3) of Central Goods and Services Tax (CGST) Act 2017, the Central Government may, on the recommendation of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis[12] by the recipient of such goods or services or both. Government, in exercise of the powers conferred by sub-section (3) of Section 9, notified (Notification dated 28 June 2017) that on services supplied by an insurance agent to any person carrying on insurance business, the whole of Central / State tax leviable shall be paid on reverse charge basis by the recipient of such services.

Postal Life Insurance / Rural Postal Life Insurance (PLI / RPLI) policy is a scheme of Department of Posts, Ministry of Communications to provide life insurance cover to Government employees, certain sectors of non-Government employees and to the rural public. Sales force of PLI / RPLI in DoP comprise Departmental employees, Gramin Dak Sevaks, Field Officers and Direct Agents. Field Officers are insurance agents selected from retired Central/State Government Officials including Group A / Group B Officers. Direct Agents are insurance agents engaged from the open market who are paid procurement / renewal commission for PLI / RPLI business procured by him / her at the rate prescribed by the Department of Posts.

Audit scrutiny (April 2022 to November 2022) of records in 16 circles revealed that Postal circles failed to pay the GST at the rate of 18 *per cent* on reverse charge basis on commission paid to sales force correctly, amounting to ₹42.48 crore to the GST authorities (**Annexure 2.2**) during the period from 2018-19 to 2021-22.

On the issue being pointed out in Audit, the Postal Circles in their replies stated (September 2022-November 2022) that no instructions / guidelines were received from the Postal Life Insurance Directorate[13] for levy of GST on commission paid to PLI field officers / direct agent for procurement of policies. Ministry in their reply stated (January 2023) that instructions in respect of applicability of GST on commission paid to direct agents and Field offices for the procurement of Postal Life Insurance / Rural Postal Life Insurance policies had been issued in September 2022. Further, Kerala

[10] Postal Circles Offices

[11] ₹9 crore due to non / short-deduction of GST on financial assistance received from UIDAI and ₹42.48 crore due to non-levy of GST on commission paid to the sales force of PLI/RPLI

[12] Reverse Charge Basis means the liability to pay tax is on the recipient of supply of goods and services instead of the supplier of such goods or services

[13] PLI Directorate under the Department of Posts is the apex body for formulation of all policies, products and administration of the Post Office Insurance Fund.

Circle had paid ₹8.39 crore out of ₹8.75 crore payable to GST. Remaining amount of ₹36.00 lakh would be paid shortly.

Thus, failure on the part of PLI Directorate to issue timely instructions to Circles on remittance of GST as per the clauses of CGST Act, 2017, resulted in non-payment of GST amounting to ₹42.48 crore for the period from 2018-19 to 2021-22 besides attracting penal provisions causing loss to the Government exchequer.

(b) Non-payment / short payment of Goods and Services Tax (GST) by DoP on Aadhar services amounting to ₹9 crore

Department of Posts (DoP) signed a Memorandum of Understanding (MoU) with Unique Identification Authority of India (UIDAI) for implementing the UID project in September 2010 and began to act as a Registrar[14]. From July 2017 onwards, Aadhaar Enrolment and Updation facilities were set up in various Posts Offices under different Postal Circles across the country. UIDAI provides financial assistance to the Registrars[15] at a stipulated rate as amended from time to time for every successful Aadhaar generation and mandatory biometrics updates. The amount of such assistance against the successful generation and update of Aadhaar provided during a month is credited directly to the bank accounts of the respective Registrars by the UIDAI. The financial penalties levied for any deficiencies[16]/ deviations are deducted from the assistance released.

UIDAI clarified (22 March 2018) to the Registrars regarding incidence of Goods and Services Tax (GST) on amount paid towards assistance to Registrars and stated that the financial assistance released by UIDAI to Registrars towards Aadhar generation was inclusive of the GST at the rate of 18 *per cent* effective from 01 July 2017. The same was communicated / clarified to the department / Ministry from time to time by UIDAI and in turn by the Ministry[17] to its Postal Circles.

Audit observed that the Postal Circles failed to segregate the financial assistance released by UIDAI between own revenue and GST component correctly leading to non-payment[18] and short payment[19] of GST amounting to ₹8.71 crore and ₹0.29 crore respectively for the period from May 2018 to July 2022 in respect of 21 circles as detailed in **Annexure 2.3**.

Audit scrutiny, further, revealed that the Ministry instructed the Postal Circles only in February 2020 to ensure that GST at the rate of 18 *per cent* was to be paid with immediate effect in respect of assistance received on successful Aadhaar generation / mandatory biometric update. Regarding payment of GST on the amount received in past

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14 Ministries/Departments of the Central Govt. and other agencies, who, in normal course of implementation of their programs, activities or operations interact with the residents.
15 Postal Circles in case of DoP
16 Para 11.3 of Request for Empanelment of Enrolment Agencies
17 Business Development and Marketing Directorate under the Ministry is the apex body for formulation of all policies and administration of the business development and marketing activities.
18 GST was not segregated and deducted from the financial assistance received from UIDAI.
19 Though GST was segregated and deducted from the financial assistance received from UIDAI, it was computed on the financial assistance released net of financial penalties/disincentives.

from UIDAI in lieu of successful Aadhaar generation / mandatory biometric updates, the circles were asked to wait for further orders.

The Ministry in its reply while accepting the contention of Audit stated (August 2022) that the financial assistance released by UIDAI to Registrars towards Aadhaar generation is inclusive of GST at the rate of 18 *per cent* effective from 01 July 2017 and GST was required to be calculated on gross amount of assistance and not on net amount of assistance. Further, the Ministry issued (September 2022) instructions to all the Heads of the Circle to settle the entire due GST amount at the earliest.

The failure of Department of Posts at Directorate level as well as postal circle level to comply with GST notification and Ministry's orders regarding applicability of GST on financial assistance received from UIDAI, resulted in non / short-payment of GST amounting to ₹9.00 crore in respect of 21 Postal circles which not only inflated the revenue figures of the Circles /Department but it would also make the Department / Circles liable for penalty under the provisions of GST Act and Rules.

It is only after being pointed out by audit, DoP issued instructions in this regard and paid the outstanding GST.

Chapter III — Ministry of Electronics and Information Technology

3.1 Wasteful expenditure on setting up of Centre of Excellence at Ajmer

Standardization Testing and Quality Certification (STQC) as well as Ministry of Electronics and Information Technology (MeitY) failed to survey the industrial growth in and near Ajmer before establishing of the lab for test and calibration of large area solar photo voltaic panel and telecom equipment. Poor / inefficient planning coupled with ineffective monitoring led to wasteful expenditure of ₹21.83 crore on establishment of Electronics Test and Development Centre (ETDC) Ajmer.

The Department of Information Technology (DIT) (now Ministry of Electronics and Information Technology), Government of India accorded administrative approval to Standardization Testing and Quality Certification (STQC), an attached office of Department of Information Technology, in August 2011 for setting up of Centre of Excellence at Ajmer for test and calibration of large area solar photo voltaic panel and telecom equipment at a total estimated outlay of ₹49.80 crore including Capital expenditure of ₹37.50 crore[20] and revenue expenditure of ₹12.30 crore over a period of three years i.e., by August 2014. The Centre was to be named Electronics Test and Development Centre (ETDC), Ajmer.

The main objectives of the project were:

a) Expansion of STQC network to cater to development initiatives in Rajasthan.

b) Serving test / calibration requirements in emerging areas of National importance through the new Centre of Competence.

c) Routine Quality and Reliability services and Development Assistance to industry in Rajasthan.

d) Support to state level regulatory, certification and mandatory compliances activities including quality assurance services for government procurements.

The Planning Commission while accepting the technical part of the proposal (January 2011) had expressed reservations about the location and had stated that as the Jaipur Centre itself did not have enough work for testing, Ajmer would have even lesser demand as it was industrially less developed than Jaipur region. It further suggested that DIT needed to strengthen the Jaipur centre for taking up additional product testing rather than starting a new laboratory in Ajmer and also had advised STQC that it needed to prepare a blueprint for its expansion, rather than proposing piecemeal projects. The proposal after discussion was recommended by Standing Finance Committee (SFC) subject to compliance with the comments of the Planning Commission.

Audit scrutiny of records (October 2021) revealed that the STQC while conveying the (February 2011) justification for the proposed location at Ajmer in response to the

[20] ₹18.00 crore for Land and Building and ₹19.50 crore for Machinery and Equipment

Planning Commission's observations, stated that the laboratory required additional space of 30000 square feet. Rajasthan Industrial Development and Investment Corporation (RIICO), a State Government PSU, had agreed to provide Land measuring 20,000 square metres in Ajaymeru Industrial Area, Palara, Ajmer at a token consideration of ₹1. STQC said that Ajmer was well connected with Jaipur and locations like Delhi, Kota, Udaipur and parts of Gujarat. STQC also stressed the need to have a separate dedicated center at a new location.

Construction work of the building for laboratory was awarded to CPWD, Ajmer and an amount of ₹5 crore was released in September 2012. CPWD handed over the building to STQC in June 2015 after incurring an expenditure of ₹14.23 crore, without completing the work related to false ceiling and central Air Conditioners.

Audit observed that STQC decided to set up ETDC at Ajmer on the basis of the state government's willingness to provide a large tract of land, free of cost. It did not assess the industrial scenario in and around the area where land was offered to be allotted. The majority of industries in Ajayameru were related to marble processing and scrap iron smelting. Further, a Committee constituted by the Director General, STQC for considering re-deployment of manpower at ETDC, Ajmer admitted during its meeting held on 05 September 2018 that the decision to establish ETDC at Ajmer was based on an assumption that the proposed test laboratory at Ajmer would be effectively utilized for the various procurements and programs of Government of Rajasthan as approved testing Agency. Further, audit observed that the land allotted for the Ajmer laboratory was at an inaccessible and remote location with poor connectivity and even lacked sufficient water to meet the operational needs of the Laboratory.

Audit scrutiny further revealed that against the approval of ₹19.50 crore for machinery and equipment, no expenditure, till date, had been incurred towards purchase of machinery and equipment related to testing and calibration of large area solar photo voltaic panel and telecom equipment. Thus, no work related to Testing / Calibration / Certification / IT Services had been undertaken by ETDC Ajmer and therefore, there was 'Nil' revenue generation till 2021-22 from test and calibration activity. Besides, an infructuous expenditure of ₹7.60 crore was incurred on account of salaries and office expenses during the period 2015-16 to 2021-22 for staff deployed at ETDC Ajmer.

The Ministry admitted (October, 2022) that the Ajmer centre could not be started to provide its intended services. The Ministry stated that, considering the need for such a test and calibration facility, it was decided to set up the facility in the existing ETDC Jaipur. However, no assurance of the State Government for allocation of additional land at Jaipur for setting up such a facility could be obtained. The State Government expressed its willingness to allot land of requisite size free of cost at Ajmer District. ETDC Ajmer was set up there with the assumption that there would be growth of Electronic / Solar Panel industries in this area.

The Ministry's contention was not tenable. The objective for setting up the ETDC Ajmer to provide facilities for test and calibration of large area Solar Photo Voltaic Panels (SPV), other SPV based products and Telecom Equipment thus could not be achieved as it was set up purely on the strength of availability of land free of cost at a remote location in Ajmer without carrying out any fact-based analysis of availability of business opportunities in the vicinity of project location.

The Ministry's reply that the staff deployed at ETDC Ajmer had contributed to other services / activities of STQC like on-site Quality Audits, Web-site Testing, Training on laboratory Management system, Internal Audits and digital forensic activities / Audits u/s 79 A of IT Act 2000 and that the centre had earned revenue of ₹9.00 lakh for the year 2020-21 and ₹1.49 lakh for 2021-22 was also not acceptable. The revenue earned by ETDC was not attributable to the Testing and Calibration activities but was consequent on the utilization of the building for training purposes.

The Ministry further replied that a committee on Solar and Telecom equipment testing would be constituted to work out the various requirements in respect of applicable international standards, manpower and training, equipment and estimation of funds requirement for solar and telecom product testing in the present and 'futuristic' scenario. However, in the absence of any equipment for setting up the laboratory, the Ministry's reply appears to be untenable.

Thus, the fact remained that the primary objective of serving test / calibration requirements in emerging areas of National importance through the new Centre of Excellence remained un-fulfilled due to improper planning and execution of the project, resulting in wasteful expenditure of ₹21.83 crore on construction of building / laboratory and establishment of ETDC Ajmer, which includes an expenditure of ₹7.60 crore on account of salaries and office expenses during the period 2015-16 to 2021-22.

3.2 Delay in implementation of "Indigenous Magnetic Resonance Imaging (IMRI)" Project

Project objective of providing low-cost MRI scans was not yet achieved due to gaps in project planning and execution.

Ministry of Electronics and Information Technology (MeitY) [then Department of Electronics and Information Technology (DeitY)] accorded (December 2014) administrative approval for execution of the project "Indigenous Magnetic Resonance Imaging (IMRI)"-A National Mission[21] at a total cost of ₹38.50 crore. The project was to be completed in four and half years *i.e.* by June 2019. The project was to be implemented by the Society for Applied Microwave Electronics Engineering and Research (SAMEER)[22] Mumbai, as nodal agency jointly with four collaborating agencies: (i) Centre for Development of Advanced Computing (C-DAC) Trivandrum, ii) Centre for Development of Advanced Computing (C-DAC) Kolkata, iii) Inter-University Accelerator Centre (IUAC), New Delhi and iv) Dayanand Sagar Institutions-Medical Imaging Research Centre (DSI- MIRC), Bangalore. The project

[21] (Swadeshi Chumbkaiya Anunaad Chitran – Ek Rashtriya Abhiyan SCAN-ERA)

[22] SAMEER is an autonomous R & D institution at Mumbai under the Ministry of Electronics and Information Technology, Government of India with a broad mandate to undertake R & D work in the areas of Microwave Engineering and Electromagnetic Engineering Technology.

was to be steered by the National Steering Committee (NSC) constituted by the Ministry “to steer the project from technical as well as financial aspects”.

The main objective of the project was to design, develop and test an indigenous 1.5 Tesla MRI system for medical imaging. The aim was to provide MRI scanners at a cost of around ₹3 crore to various hospitals as compared to international market price of ₹7 to ₹8 crore and low cost MRI scans.

Audit scrutiny of records revealed the gaps in project planning and execution as detailed below:

For successful implementation of the project, availability of Magnetic Resonance (MR) Expert in each of the implementing agencies was of paramount importance. The National Steering Committee (NSC) in its first meeting (30 April 2015) observed that there was no Magnetic Resonance (MR) Expert available in SAMEER or in any other participating institutions except at DSI-MIRC. They asserted that this might be an impediment for the progress of this project in proper and appropriate direction. Scrutiny of the minutes of the seventh meeting of the NSC held on 17 December 2018 revealed that none of the concerned agencies had MR experts except for DSI-MIRC Bengaluru and no MR expert had been recruited by the collaborating agencies till then (December 2018).

Progress with regard to manufacturing of the magnet was greatly delayed due to delay in appointment of the Consultant for design validation of the proposed magnet. Nearly six years after the approval of the project (December 2014), M/s Scientific Magnetics was awarded the consultancy work in October 2020. This adversely affected the progress of the project, thereby leading to extension (26 September 2019) of the project duration by two years *i.e.* up to June 2021 with consequent enhancement of the project outlay by ₹7.74 crore.

Further since the integration of the subsystems was yet to be achieved due to non-development of the magnet, NSC had recommended (07 June 2021) for extension of the project duration by another two years, i.e., up to June 2023 along with further enhancement of project outlay by an additional ₹6.30 crore. The revised project estimate was ₹52.54 crore.

Expenditure of ₹46.55 crore had been incurred on this project till July 2022. The overall magnet development was at an advanced stage and integration of subsystems with the magnet being developed was yet to begin (August 2022).

The Ministry stated (December 2021 / February 2022) that the Project had MR Physicist / Expert from DSI-MIRC, Bengaluru who was extending the support to all the implementing agencies. There was thus practically no delay on account of non-availability of MR Experts at all the participating agencies. Further an expert for magnet development was onboarded from Variable Energy Cyclotron Centre (VECC).

The reply of the Ministry was not tenable in view of the repeated assertions of the National Steering Committee in every meeting to have MR experts for smooth execution of the project at every participating agency.

The Ministry also stated (December 2021) that the progress of R&D projects cannot be compared with any other project like infrastructure development project where technology, material and manpower are available in abundance and both path and goals are well defined and known. It was also stated (April 2021 / February 2022) that some delay had happened in recruitment of an expert as during design and development of magnet, a need was felt for validating the design by an expert due to change in approach for magnet development and the same was apprised to NSC in 2017. Subsequent to NSC's recommendations, recruitment process for the Consultant was initiated in 2017 and after three unsuccessful attempts, Consultant was appointed during October 2020 through a global tender.

The reply of the Ministry was not acceptable as the validation of magnet design by the Consultant was crucial to prevent the possibility of failure at the time of fabrication and winding of the magnet and the tendering process for recruitment of the Consultant was delayed due to the Ministry's failure to comply with General Financial Rules (GFR) and assess the availability of expertise in India.

The Ministry in April 2021 also replied that enhancement in outlay was due to development of two MRI systems with an additional set of sub-systems against the earlier proposed one system.

The reply of the Ministry was untenable as the major portion i.e., ₹10.52 crore of the total enhancement of ₹14.04 crore was attributable to expenditure on 'Manpower' and 'Consumables' and not to MRI Systems. Further, as observed (June 2018) by NSC in its sixth meeting, a refurbished magnet was procured as a stop-gap arrangement for testing the RF coils and the pulse sequence and acquisition methods developed by the participating agencies.

Thus, the Ministry failed to consider the requirement of MR Experts and Consultants who were crucial for the execution of the project. Consequently, the project objective of providing low-cost MRI scans had not been achieved till date (August 2022) despite time overrun of more than three years and enhancement of estimated project outlay by ₹14.04 crore.

SECTION – B

PUBLIC SECTOR UNDERTAKINGS UNDER MINISTRIES

Chapter IV — Public Sector Undertakings under the Ministry of Communications

4.1 Estate Management in Bharat Sanchar Nigam Limited

Absence of comprehensive Estate Management policy and lack of timely directions from the Administrative Ministry resulted in non-utilisation of land / properties, encroachment of vacant lands, non-recovery of outstanding dues and dismal performance in monetisation of vacant properties of the Company.

4.1.1 Introduction

Bharat Sanchar Nigam Limited (BSNL)[23] commenced its commercial operations to provide telecommunication services[24] in the country except in Delhi and Mumbai with effect from 01 October 2000. Hitherto these services had been managed by the erstwhile Department of Telecom Services (DTS) and the Department of Telecom Operations (DTO).

BSNL has huge tracts of land and buildings, inherited from the DoT as well as acquired subsequently, having book value of ₹63,921.88 crore and ₹3,574.39 crore respectively as per the financial statements of the Company for the year ended 31 March 2022. Property of BSNL in the form of lands and buildings comprises land parcels, telecom factories, telephone exchanges, staff quarters, stores and depots. BSNL is incurring losses since the year 2009-10 and based on its financial performance, the Department of Telecommunications (DoT) classified (September 2017) BSNL as an incipient sick Central Public Sector Enterprise (CPSE).

4.1.1.1 Estate Management in BSNL

Assets inherited / acquired by BSNL are managed by the Civil Wing of BSNL, headed by Chief General Manager-Building Works (CGM-BW) at the Corporate Office, New Delhi. The Land Management Cell was formed in June 2021 to deal with land management related issues. The CGM (BW) at the Corporate Office is supported by two General Managers (GMs) i.e., GM (Land Management-I) and GM (Land Management-II).

The CGM (BW) reports to the Director (HR) at the Corporate Office. At the Circle level, Chief General Managers (CGMs), who are also the heads of Circles, manage lands and buildings under their jurisdiction.

Land management in BSNL featured in the CAG's Report No. 17 of 2014. The issues highlighted pertained to non updation of land data, non-mutation of lands, non-availability of land records, absence of commercial exploitation of vacant plots and encroachment. The Report was discussed by the Public Accounts Committee (PAC)

23 A wholly owned Company of Government of India incorporated on 15 September 2000 under the Companies Act, 1956.

24 The services include Landline, Mobile- 2G, 3G, 4G (limited areas), Internet, Broadband, Wi-Fi, Data Centre, Enterprise Data, National Long Distance and International Long Distance Services.

during 2016-17 (53rd Report-Original Report) and 2017-18 (Action Taken Report in 83rd Report) of 16th Lok Sabha.

BSNL had made commitments to the PAC on various issues in the Action Taken Reports and during the course of discussion of the above Audit Report.

4.1.1.2 Audit Scope, Objectives and Methodology

The Audit was taken up at the Offices of the CGMs of 34 Telecom Circles and Office of the CGM (BW) in BSNL Corporate office covering the period from 2016-17 to 2020-21 (updated upto March 2022). Audit was conducted during the period from August to December 2021 with a view to review the following:

- Whether a comprehensive Estate Management policy was in place.
- Present status of Estate Management.
- Action taken on generic PAC recommendations in CAG's Report No. 17 of 2014.
- Status of monetisation of assets

Audit examined records, files, agenda and minutes of meetings of Board of Directors of the Company relating to Land Management in the Corporate Office, Circles and the Secondary Switching Areas (SSAs). Audit conducted joint verification of assets in different SSAs along with the executives of BSNL. Audit also examined the Orders/directions issued by the DoT and Department of Investment and Public Asset Management (DIPAM) and minutes of meeting of DoT / DIPAM.

4.1.2 Audit findings

4.1.2.1 Mismatch in estate record database

A database of land and buildings owned by a Company is a pre requisite for any meaningful Estate Management. BSNL maintains three databases for assets simultaneously. Initially the database of Assets was maintained in Civil MIS software manually by the respective circles. After introduction of Enterprise Resource Planning (ERP-SAP) for recording details of lands and buildings (November 2015), Real Estate Module (REM) went live in phased manner in different Circles and the Circles started maintaining the database in REM of ERP system. Apart from this, Fixed Asset Register in FICO (Finance and Control) Module is also maintained by the respective Circles for all their tangible and non-tangible assets for accounting purposes.

BSNL uses REM as the primary source for maintaining up to date records of all assets of BSNL by civil wing whereas FICO Module is used for external reporting *i.e.,* for preparation of Financial Statements, Asset Accounting *etc*. Details of Land parcels, both Freehold and Leasehold are available in FICO as well as REM Modules.

Further, as per the requirement of Schedule-III of Companies Act, 2013, the Company must provide details of all Immovable Property (land parcels) whose title deeds are not held in name of the Company. Hence, it becomes necessary that data in FICO as well as in REM modules are authentic and accurate.

As regards data recorded in various database, audit observed inconsistencies in estate records in different database maintained by the BSNL at the same date or same point of time as detailed below-

i. The Statutory Auditors of the Company while certifying the Annual Accounts of various years gave qualified opinion, highlighting absence of regular programme for physical verification of assets and inadequacy of monitoring controls over transition of old balances from legacy systems to SAP (Systems, Applications & Products in Data Processing), which might lead to material misstatement of assets in the financial statements of the Company.

ii. Details of lands available in FICO module consisting count, description, quantity, unit of measurement and location of properties do not match with the details available in REM module and vice-versa. Details of mismatch of records are given in **Annexure 4.1**. As on January 2022, the land parcels as per FICO and REM modules are 15,591 and 16,348 respectively having net difference of 757 land parcels in two sets of records. Maximum difference of 641 was in Madhya Pradesh Circle (FICO Count of 2,358 as compared to REM Count of 1,717); followed by 298 in Telangana Circle (REM Count of 1,025 as compared to FICO Count of 727).

iii. Besides difference of database in two modules, there were several other lapses/discrepancies in recording of data as follows:

   a. In Gujarat Circle, details of lands, purchase price and market values were not entered and showed zero value in REM module of ERP.

   b. In Jharkhand Circle, there was difference in accounting of number of land parcels, its valuation and bifurcation of leasehold and freehold in Civil MIS and REM module.

   c. In Kolhapur Business Area (BA) of Maharashtra circle, non updation of records resulted in overstatement of seven land records. These were already taken back / seized by the concerned authorities and were not in possession of BSNL. However, they still existed in REM and FICO modules.

   d. Regional Training building located at RTTC VKI Area Road No. 14 Jaipur valuing ₹5.63 crore was entered twice in REM Module in Rajasthan circle.

   e. There was difference in area of a plot in Himachal Pradesh circle as entered in database and as per record available in concerned file.

The Management stated (July 2022) that BSNL had inherited the land and building assets from Department of Telecom Services (DTS) and Department of Telecom Operations (DTO). At the time of transfer, there was no central database of land assets and their ownership records. The physical records were incomplete and were lying with individual Secondary Switching Areas (SSAs). For the first 10-12 years of BSNL's formation, it was expected that the land assets would be required for its own services and future expansion. Therefore, the need for monetisation or scrutiny of land records did not arise. Now, after much deliberation, a central database of land and building assets had been created in the Real Estate Module (REM) of ERP system.

Audit also observed inconsistency between figures of land parcels as per PAC Report (2016-17) and as per the reply given by the Ministry in July 2022 as shown in the table below-

Table 4.1: Inconsistency in figures of land parcels

Details	Inherited property	Acquired property	Total (No. of Plots / land parcels)
Land Parcels as per original PAC Report (2016-17)	12,194	2,788	14,982
Land Parcels as per Ministry's reply (July 2022)	12,131	3,345	15,476

Management of BSNL, while accepting the audit observation replied (July 2022) that total number of land parcels in Real Estate Module (REM) module of ERP was 15,476. Buildings were not segregated from land at the time of transfer from DoT to BSNL and were part of the transferred lands. Further, it was stated that figures were provisional and subject to changes as purification of data in REM module by Circles was under progress.

The Ministry, while responding to the audit observation on abnormal variation between different databases[25] as featured in the CAG Report No. 17 of 2014, had stated (February 2013) that purification of the data on MIS site was still in progress. Thus, the issue of estate data mismatch pointed out in Audit Report and by the Statutory Auditors repeatedly, persists and the purification of data was still not complete.

BSNL needs to take urgent steps to rectify the errors and update the figures in database for authenticity of data in order to enable effective monitoring of its prime real estate.

4.1.2.2 Absence of comprehensive Estate Management Policy

An Estate Management Policy is a fundamental requirement for a company in possession of real estate worth ₹67,000 crore including land parcels at prime locations. After the CAG's Report No. 17 of 2014 on Land Management in BSNL, the PAC had expressed (53rd Report of 2016-17, Sixteenth Lok Sabha) its displeasure over the inability of the Company to frame a Land Management Policy until May 2013 despite inheriting huge tracts of land from DoT during 2000.

The PAC had recommended that the company should take urgent steps to formulate a sound Land Management Policy to protect and preserve its invaluable tracts of land. The Company had assured (November 2016) that a Land Management Policy would be crystallised. BSNL issued renting guidelines / methodology in 2012, a policy for renting out in 2016 and a Comprehensive Renting-Out Policy (CROP) was issued in 2020. Further, in the wake of Group of Ministers meeting for revival plan of BSNL held in December 2020, DoT formulated a policy for Monetisation of Land and Building assets (June 2021) to facilitate the process of asset monetisation. However, these guidelines and policies were piecemeal and confined to specific purposes *viz.*, renting out building space including residential accommodation and other built-up facilities of the Company

[25] Maintained by the Civil Wing of BSNL Corporate Office and the audited accounts of the Company.

or monetisation. A comprehensive policy focussing on all aspects of Estate Management is still awaited.

BSNL stated (July 2022) that the permission to Ministries to monetise properties valuing less than ₹100 crore was granted only in October 2020. In June 2021, a Policy for monetisation of land and building assets through outright sale / transfer was implemented which also contained provisions for Estate Management including preservation. Thus, there was no delay or lack of efforts by BSNL to manage its land and building assets after the permission to monetise was granted by the Government.

However, the fact remains that contrary to its commitment to the PAC in November 2016, the Company had no comprehensive Land and Estate Management Policy till May 2021.

The absence of a comprehensive Estate Management Policy for a prolonged period of more than two decades, had significantly affected action for the preservation, optimal utilization and monetisation of land and buildings.

4.1.2.3 Non-mutation of the properties by the Company

BSNL inherited 12,131 land parcels measuring 382.69 lakh square meters from DoT at the time of its formation. DoT authorized (September 2000) BSNL for transfer / mutation / alienation of these assets in its name. DoT directed that the task was to be completed by 31 December 2000. BSNL, however, initiated the process only in September 2011. The task was to be jointly conducted by BSNL and the concerned Controller of Communication Accounts (CCA) on behalf of DoT to ensure early transfer of assets. The work was to be completed by 30 September 2011.

Issues of ownership / non-mutation of lands and non-availability of records were flagged in the CAG Report No. 17 of 2014. PAC recommended (November 2016) streamlining the process of execution of mutation / transfer of land as soon as the same was acquired without delays. The Company assured the PAC that the whole exercise of mutation was targeted to be completed by March 2016.

Audit scrutiny revealed that only 4,734 land parcels (62 *per cent* of the 7,576 land parcels with clear revenue record) out of 12,131 land parcels were mutated in the name of BSNL till March 2022. This was only 39 *per cent* of the total land parcels (12,131) acquired by the BSNL from DoT. The balance was yet to be mutated despite lapse of more than 20 years from the date of formation of the Company. This was primarily due to reasons such as non-availability of property documents, incomplete documents, ineffective follow up with the revenue authorities and restrictive conditions in the allotment letters.

Audit noticed the following issues vis-à-vis mutation:

a. Out of 42 circles, only three circles (having 1-2 land parcels) have completed the mutation of land parcels till March 2019. In three circles namely, Andaman & Nicobar Islands (holding 25 land parcels), Jammu and Kashmir (with 40 land parcels) and Telecom Store Kolkata (with one land parcel) circles, no asset was mutated till this date whereas in 17 Circles[26] progress of mutation was 50 *per cent* approximately. UP (East) circle mutated only six out of 308 land parcels, Orissa mutated 19 out of 165 land parcels and NTR (Northern Telecom Region) mutated 16 out of 97 land parcels.

b. In Core Network Transmission (CNTx) West Circle (erstwhile WTR), all the land parcels were stated as mutated. However, audit observed that a land parcel measuring 1000 sq.mt (at Kandali) acquired in 1989 was not mutated till date as 7/12 Abstract[27] was still in the name of DoT. On being pointed out, Management replied (November 2021) that the case would be forwarded to concerned authority for verification and further progress will be intimated.

c. In Kerala Circle, four land parcels[28] were acquired by State Government / other organisations (NHAI). State Government had asked BSNL to submit ownership records like mutation certificate, registered sale deed, title deed, possession certificate for releasing compensation. However, BSNL failed to provide the requisite ownership records / documents due to reasons like non- mutation of lands, non-registration of sale deed or non- availability of property documents. As a result, BSNL could not realise compensation of ₹1.34 crore from the acquiring authorities.

Management while accepting the audit observations replied (July 2022) that a total of 5,363 land parcels had been mutated in the name of BSNL. The process of mutation was in progress. Circle offices were continuously directed to complete the task and BSNL was making all efforts for transfer / mutation of lands in the name of BSNL in a time bound manner to protect the lands from encroachments and disputes.

It is evident from the reply that despite previous C&AG Report & PAC recommendations, BSNL has not completed mutation of all the inherited lands as yet which is the main reason for non-realization of compensation whenever the properties are acquired by other Government agencies. In absence of title deeds of lands in the name of BSNL, it would not be able to protect its properties from encroachment and legal disputes, if any. DoT, being the administrative ministry also did not monitor the execution of land ownership deeds effectively.

4.1.2.4 Monetisation of assets through sale / transfer of assets

DoT initiated (July 2019) the process for preparation of restructuring / revival plan of BSNL. The Government approved (October 2019) the proposals of DoT for "Revival of BSNL", which *inter-alia*, included the monetisation of land / building following DIPAM guidelines. The proceeds of asset monetisation would be credited to BSNL to

[26] Eastern Telecom Region (four land parcels mutated out of 21), UP (E)(six out of 308), Assam (three out of 14), Chennai Telecom District (20 out of 75), Calcutta Telecom District (six out of 24), Jharkhand (15 out of 43), Karnataka (287 out of 605), NE-II (31 out of 83), Northern Telecom Project (three out of 10), Northern Telecom Region (16 out of 97), Odisha (19 out of 165), Telecom Factory Jabalpur (six out of 14), UP (W) (70 out of 159), Uttarakhand (15 out of 39), West Bengal (10 out of 19), Western Telecom Project (four out of eight), Western Telecom Region (28 out of 69).

[27] 7/12 Extract or Record of Rights is the extract from the land records register held by the Revenue Department of Government of Maharashtra.

[28] Coaxial Repeater Station at Attingal and at Pallichal, Trivandrum, two land parcels at Gandhi Nagar, Kochi and Chavara, Kollam

service its debt, capital expenditure and other requirements. The targets of Asset Monetisation for BSNL as envisaged in the Cabinet Note are detailed in **Table 4.2**.

Table 4.2: Year-wise targets of Monetisation of assets

(₹ in crore)

Year	2019-20	2020-21	2021-22	2022-23	Total
Targets	200	6,000	8,000	6,000	20,200

In October 2020, DIPAM decided that assets having value of ₹100 crore and above would be monetised as per DIPAM framework and assets below ₹100 crore would be monetised by BSNL / DoT.

4.1.2.4(a) Monetisation of assets below the threshold value of ₹100 crore

BSNL Corporate Office directed the Circles in September 2011, November 2017 and in November 2020 to commercially exploit the land parcels as many of them were fully or partly vacant, consuming huge financial resources of the Company in the form of property tax, watch and ward, maintenance and repairs *etc.* Circles were also advised to utilise the vacant lands either through change of land use or by leasing out surplus space to other departments for generating additional revenue.

As per the CAG's Report No. 17 of 2014, the Company had 1,953 plots in 29 circles with freehold rights measuring 32.46 lakh square meters lying fully vacant across the country. The PAC recommended BSNL to be proactive in earning more revenue from their vacant lands by fast tracking submission of proposals for commercial exploitation of its vacant land. Ministry in its reply to 53rd Report of Public Accounts Committee (PAC) 2016-17 stated that commercial exploitation of vacant lands of BSNL and its proposal was in initial stages of consideration.

Audit observed from the records of Company that as of January 2021, out of the total 15,121 land parcels with BSNL each valuing less than ₹100 crore, 2,483 land parcels in 30 circles (16 *per cent* of the total land holding) were lying fully vacant (**Annexure 4.2**). 90 *per cent* land was vacant in Southern Telecom Projects (STP), followed by 48 *per cent* in Southern Telecom Region (STR) and 37 *per cent* in Himachal Pradesh. Against this, the Company identified only 317 land parcels as spare land for the purpose of monetisation. Accordingly, assets of ₹188.50 crore were monetised through sale/transfer during October 2019 to February 2023. It was also observed that despite having four unutilised inherited vacant plots in Berhampur District, Odisha Circle acquired 13 more land parcels (two freehold and 11 leasehold properties) in the same district in 2003 which were also lying vacant since acquisition.

Management replied (July 2022) that the said assets were either inherited from DoT or acquired by BSNL for the purpose of construction of Telephone Exchange / BTS tower or administrative building but due to change in technology and paucity of funds, the purpose for which the lands were acquired, could not be achieved. All efforts were being made to utilize or commercially exploit the land parcels beginning with larger land parcels.

The discrepancy in the Company's own records confirms that due efforts were not made by BSNL to even identify the commercially exploitable land parcels. Some illustrative cases of vacant lands with high monetary value are given as Case Studies as under-

Case Study 1

Vacant plot valuing ₹9.71 crore at Dilshad Garden, CGM TX(N), Delhi

Delhi Development Authority (DDA) allotted (December 1984) a plot of land measuring 920 square meters in Dilshad Garden, Delhi to GM (Telephones) at a cost of ₹1,36,397 for construction of Departmental Telegraph office building. As per Government approved valuer, value of the land was ₹9.71 crore as on July 2019. Conditions of the allotment letter stipulated that Delhi Telephones would not utilize the land so allotted for any other purpose except for which it has been allotted and the Department was required to complete the construction within a period of two years from the date of handing over of possession of land. As per the revenue records, this property is leasehold and is still in the name of the DoT. BSNL would not be able to sell, mortgage or give the land on rent to any other party without prior permission of the DDA. Consequently, the land at prime location remained unexploited over the years and was lying idle.

Case Study 2

Unfruitful investment of ₹2.40 crore in Virar in Maharashtra Circle

BSNL leased 6,596 Square meters (2004) of land in Virar for amenity purpose from Maharashtra Housing and Area Development Authority (MHADA) at a cost of ₹2.40 crore with lease rent of ₹2.11 lakh per annum. As per allotment conditions, the construction was to be completed within three years of possession.

Audit observed that the construction was not started by BSNL. Further, when BSNL requested in 2010 for change of land use for office purpose, the same was not granted due to non-construction within time frame. As replied by the Ministry (July 2022), this property is being considered for revenue generation through monetisation.

Case Study 3

Muvattupuzha Old Telephone Exchange Compound-Kerala

Muvattupuzha Old Telephone Exchange Compound in Kerala Circle with Staff Quarters has a total area of 1,115 square meters. This land is inherited from DoT. The land is in abandoned condition lying vacant with thick vegetation and the Telephone Exchange and Staff Quarters are in ruins. Further no land record was available with BSNL except a sketch.

It was replied (October 2021) that the land has not been mutated in the name of BSNL and action has been taken to collect / identify the land records from Revenue Authorities to avail possession and mutation certificate.

Ministry and Management replied (July 2022) that vacant plots purchased after the formation of the Company were as per the projected / anticipated requirements at that point in time but due to advancement in technology and miniaturisation of the equipment, subsequent corresponding space requirement for installations got reduced. Other factors such as non-availability of funds or financial viability also contributed to non-utilisation of the vacant plot for the purpose they were initially purchased. At present, BSNL has no power to rent or lease out the vacant plots (as per Article 144(3)[29] of Articles of Association). BSNL has submitted a proposal in April 2022 to the Department of Telecommunication for amendment in Article 144(3) for utilisation of the vacant land by way of renting for which approval of Ministry was awaited.

Any limitation on use of land due to restrictions in Article of Association (AoA) of BSNL, should have been addressed at the very outset. The assurance to PAC regarding better utilisation / monetisation of land held by BSNL was thus, made without even examining the issue in its totality as management had only in April 2022 requested DoT for an amendment in concerned Articles of Association.

The lands / buildings lying idle consume already scarce financial and human resources of the Company on upkeep by way of watch and ward, repair and maintenance without any corresponding benefit. Further, financial implications in terms of clearance of dues / local authority taxes, charges for transfer and stamp duties *etc.,* at the time of sale will lay additional financial burden on the Company. It is, thus, essential for BSNL to explore possibilities of generating revenue from its vacant land / building assets by renting / leasing out them or through sale of sparable lands by drawing up a concrete plan for monetisation and attains greater importance in light of depleting financial health of the Company.

4.1.2.4(b) Monetisation of assets through DIPAM framework

DoT conveyed the approvals for monetisation of 14 properties (**Annexure 4.3**) in November 2019 subject to compliance with certain conditions. However, Audit observed that only four assets could be put up for bidding as the remaining properties had issues like encroachment, deficiencies in documentation and restrictions on use of assets. In fact, four properties for which bids were invited in November 2021, could not find any buyer as there were no successful bids received for these assets. Consequently, none of these properties could be monetised till July 2022. Thus, improper selection of properties and lack of efforts to complete documentation for mutation of properties resulted in failure of the monetisation efforts.

Management (July 2022) while mentioning various reasons for non-achievement of targets stated that the targets were being relooked at and efforts were being made to monetise those properties first which have been purchased from private parties and permission from state government was not involved. However, the number and total value of such properties is quite low. Ministry endorsed the reply of the Management. Further, management stated (February 2023) that the probable reasons for not receiving

[29] As per Article 144(3) of the Articles of association of the BSNL, the Company shall obtain prior approval of the President in respect of (a)Sale, Lease or disposal of any Land (b) sale or disposal of any building (c) Lease / rent of sparable capacity of building exceeding 10 years' period or extension thereof.

the successful bids were higher Reserve price, stringent payment terms and outbreak of Covid-19 virus.

Thus, due to lack of due diligence, BSNL failed to achieve the targets of asset monetisation.

4.1.2.5(a) Monetisation of assets through lease

Besides sale, leasing of properties and renting out sparable space were the other ways identified for commercial exploitation of BSNL estates. Letting out policy of 2016 and CROP 2020 were formulated to generate much needed resources through leasing of appropriate properties. The BSNL earned an amount of ₹689.79 crore towards monetisation through leased assets during October 2019 to February 2023.

BSNL issued Comprehensive Renting Out Policy (CROP-2020) in August 2020 for renting out sparable space including residential accommodation and other built-up facilities for a maximum period of ten years replacing earlier existing policies. The objective was to identify and carve out vacant space in all its buildings viz., administrative office building, technical building, staff quarters and training centres and to rent out the same as per the methodology detailed in the policy to maximize the rental revenue.

While reviewing the implementation of BSNL's rental policies, audit observed that as of April 2022, only 43 *per cent* (23,822) of the staff quarters (total 54,984) were occupied leaving 31,162 quarters vacant. Further, of the total vacant quarters, 11,855 (38 *per cent* of vacant quarters) were in unusable condition. By timely renting out, BSNL could have earned ₹10 crore[30] per month on conservative basis as per approved rates in CROP 2020.

Audit observed that while the 2016 and 2020 Policy provided for minimum maintenance regarding water supply and sanitation, the requirement of repair and structural modifications was not considered. The expenditure on maintenance of the quarters was either nil or constantly reducing in almost all the Circles except in NE-I and Odisha Circles. It was observed that the quarters could not be rented out mainly due to their dilapidated condition. Also, the rent fixed in CROP 2020 was higher compared to the prevailing market rates.

The Circles felt that BSNL Corporate Office should empower them to be flexible in fixing the rental value based on local market conditions so that the vacant staff quarters could be leased out and revenue earned to at least cover the upkeep and maintenance of staff quarters. Delay in renting out spaces and staff quarters was also attributable to the reason that tenants demanded ready possession whereas the CROP provided for repairs after executing the possession agreement. Hence, most of the quarters were being rejected by the prospective tenants.

Management replied (July 2022) that due to financial crunch in BSNL, regular maintenance, external / internal painting was not carried out since last ten years in most of the buildings and condition of the quarters deteriorated gradually. Also, due to

[30] Estimates made by BSNL on basis of guidelines of CROP policy.

voluntary retirement scheme (VRS) in BSNL in January 2020, a large number of staff quarters were suddenly vacated by the employees followed by Covid-19 uncertain lock-down conditions in the preceding two years. BSNL received rental income of ₹77.43 crore and ₹93.26 crore in the financial year 2020-21 and 2021-22 respectively from leasing of the staff quarters due to continuous efforts of BSNL.

The reply is not tenable as the VRS was effective in BSNL from 31.01.2020. The staff quarters were consistently vacant before this period as BSNL was unable to take effective action in time bound manner to maximize the rental revenue.

4.1.2.5(b) Non-recovery of outstanding rental dues

While BSNL was unable to rent out its spare residential quarters, test check of records in 13 Circles revealed that its office spaces were rented out and were being utilised by various bodies and authorities. However, ₹2,481.21 crore was pending recovery (December 2021) from many departments like MTNL, DoP, DoT, BBNL, ISRO, SBI, PNB, IETE *etc.* on account of rent, property tax and maintenance charges of space occupied by them in BSNL's Buildings and from the occupants of Staff quarters of BSNL. Out of the total outstanding amount, ₹2,413.44 crore is pertaining to MTNL for the period 2013-14 to 2020-21, which constitutes approximately 97 *per cent* of the total dues.

Audit observed that the dues remained outstanding for the reasons like retired BSNL employees occupying the staff quarters beyond the admissible period of stay after retirement, non-renewal and non- execution of lease deeds and delay / non-issue of bills to lessee / various departments and non-recovery of dues before vacating the space by lessee / departments.

Management replied (July 2022) that the rent due from the retired BSNL employees occupying the staff quarters beyond the admissible period after retirement was being recovered as per the extant rules. The necessary directions were issued for renewal of lease deeds. There were standing instructions to the circle offices to raise invoices to the clients and recover pending dues. DoT endorsed the reply of BSNL.

Management issued the instructions for renewal of lease deeds only after this was highlighted by audit. Thus, efforts of BSNL were not adequate to realise the outstanding dues.

4.1.2.6 Encroachment of properties

Audit observed that plots were lying vacant for long periods without any protection exposing plots to the risk of encroachment. BSNL Corporate office also confirmed (April 2022) that there were 137 cases of encroachment all over the country as per ERP-REM module as of March 2022 (**Annexure 4.4**). Though a Nodal officer was appointed by BSNL to ensure early removal of encroachments, the Company failed to protect its land parcels from encroachment.

The issue of encroachment of 101 plots of land was highlighted in C&AG's Report No. 17 of 2014. PAC had observed that root cause of the encroachment of BSNL lands was lack of proper survey / verification of land, non-availability of proper land records, inactivity on the part of BSNL authorities in carrying out timely inspection, absence of barbed wire fencing and timely identification and prevention of encroachment activities. It recommended to the Ministry / BSNL to formulate a comprehensive action plan both for early removal of all these encroachments and prevent future encroachment. Ministry in their Action Taken Report stated that the Company had directed the circles to get their assets demarcated through the Revenue authority and defend the litigations accordingly.

Test check of land records in 39 telecom circles disclosed the following specific cases:

a. There was no barbed wire / fencing / compound wall to protect the plots in 15 cases in Madhya Pradesh (nine land parcels), Cuttack (five land parcels) and Delhi TX North (One land parcel) Circles.

b. Legal proceedings were pending in six cases in Himachal Pradesh, Andhra Pradesh, Gujarat, West Bengal and Punjab Circles in respect of encroached lands, out of which five were filed by Telecom District BSNL against the encroachers and one against the land revenue department in Himachal Pradesh.

Cases of encroachments at Himmat Nagar, Surat and Junagadh SSAs of Gujarat Telecom Circle were reported in C&AG's Report and despite the Hon'ble High Court Judgement (December 2010) in favour of BSNL in respect of land (Himmat Nagar), the Company could not get the encroachments removed. Surat SSA stated that it was because the mutation of land was not complete and required documents / records were under the process of submission.

Despite PAC's recommendations for formulating comprehensive action plan for eviction of encroachment and prevention of fresh encroachment as well as timely inspection of vacant and encroached plots, no action plan was formulated by BSNL except inclusion of two clauses (clause 4.3 and 4.4) regarding encroachment of lands in the operating instructions for Monetisation of Assets in July 2021.

Management replied (July 2022) that there was discrepancy in the figures given by Audit. It showed that there were 98 cases of encroachment as per REM module having an area of 6.62 lakh square meters in 22 Circles valuing approximately ₹7.46 crore. It further added that a nodal officer designated as Custodian of Land Record (CLR) had been assigned the duty to keep a check on future and current encroachments. Necessary instructions to all CGMs had been issued to immediately construct boundary wall on high value vacant lands and encroachment prone land and take immediate steps to remove encroachments. Ministry endorsed the reply of the management.

The reply of the Management is not tenable as the figure of 137 land parcels under encroachment was provided (April 2022) by the Company. This is another illustrative case of lack of reconciled and validated database of land records with the Company. Present market value of the encroached land parcels would be much higher than the purchase value of these properties.

Illustrative cases of encroached lands of high monetary value are discussed below-

Case Study 4

Encroachment due to non-demarcation of land in Mumbai

A plot measuring 1,37,623 square meters at Juhu Taluka, Andheri, Mumbai was taken from Maharashtra Government in 1968 on lease. Since acquisition, demarcation of this land was not done. Scrutiny (2021) revealed that the actual land in possession of BSNL was 84,113 square meters and remaining 53,510 square meters was already under encroachment. The encroached area gradually increased from the year of acquisition till 1998. BSNL paid lease rent on the whole land. Mumbai Land revenue authorities refused to reduce the lease rent in proportion to the encroached area, since they had handed over an encroachment free land. Subsequently in 2010, 11,573 square meters of the land was got vacated from the encroachment. BSNL was instructed to take possession of that part and carry out demarcation of the plot. Audit observed that the demarcation was not yet done (July 2022). Market value of the encroached land is approximately ₹858.28 crore[31] (Circle rate as of March 2021- ₹2,04,660 per square meters). BSNL's circle office intimated the Corporate office (June 2011) that the Deputy Collector had also expressed inability to remove the balance encroachment (53,510 *minus* 11,573 square meters). Thus, in the absence of proper demarcation with fencing / compound wall over several years, the land worth ₹858.28 crore was under encroachment.

Management while accepting the audit observation stated (July 2022) that the matter was taken up with concerned authorities to carry out the demarcation by excluding encroachment.

[31] Calculated for 41,937 Square meters (53,510-11,573)

Case Study 5

Encroachment of inherited land – Hyderabad

Hyderabad Telecom District (HTD) acquired (February 1997) 36,102 square meters of land at Indira Seva Sadan, Saidabad, Hyderabad from the Land Acquisition Officer Hyderabad by paying ₹1.34 crore for construction of Telephone Exchange and support services. Advance possession was given to the Department in May 1995 and Department constructed 123 staff quarters in 12,140 square meters area. Audit observed that out of 36,102 square meters of land, 10,000 square meters was encroached by unauthorized persons. At the time of handing over the land by DoT in 1996, there were few unauthorized hut dwellers at the site. These occupants were issued power / water connections, ration cards by Revenue Department / Municipal Corporation. Present market value of 36,102 square meters was ₹77.72 crore, while the value of encroached land of 10,000 square meters is ₹21.52 crore. Despite encroachment for 25 years, HTD neither lodged any FIRs / complaints with Police authorities nor filed any case in the Court of Law for eviction of unauthorized occupants. Further, ownership / title of the land was also not transferred in the name of BSNL and no reconciliation of land records with Revenue department was conducted.

Management replied (July 2022) that the land was acquired through award passed by the State Government but there were good number of huts in the site even before taking possession. Eviction Notice had been issued to the hut dwellers under Public Premises Act by BSNL's Estate Officer cum DGM (Administration) of Hyderabad and eviction proceedings were taken up according to the course of Law. The fact remains that the encroachments were yet to be removed and ownership / title of the land was also not transferred in the name of BSNL. Also, no reconciliation of land records with Revenue department was ever conducted.

Delay in getting the encroachers evicted and transferring property in the name of the Company not only adversely affects the legal proceedings at the time of getting the encroachers evicted but further hinders the planned monetisation of assets. BSNL should take vigorous steps to remove the encroachments and restrict the fresh encroachments by erecting boundary walls etc.

4.1.3 Conclusion

Review of Estate Management in BSNL revealed that though the Company had substantial land and real estate holdings, it had not formulated a comprehensive Land and Estate Management Policy despite giving assurance to the PAC. The Company does not have a reconciled and validated centralised record of its real estate assets till date. Despite assurances to the PAC, BSNL has incomplete records of ownership of its real estate, hindering utilization of its assets through sales / rentals. Even in cases where the Company has clear titles of ownership, it was unable to commercially exploit its vacant land and built-up spaces to leverage the same to generate additional revenue. Though the issue was flagged by the PAC, the Company is still grappling with the menace of encroachments and has not taken effective steps to safeguard its property. Targeted monetisation was severally hampered due to lack of due diligence in selecting and proposing the properties for monetisation.

4.1.4 Recommendations

- ❖ BSNL may reconcile the different data sets and ensure availability of accurate data of estate holdings.
- ❖ BSNL may put in place a time bound plan with clearly delineated action points to enforce legal rights and agreements with agencies that have taken the Company's land on lease or are in adverse possession.

4.2 Setting up of 25,000 Wi-Fi Hotspots in BSNL Rural Telephone Exchanges

4.2.1 Introduction

The Telecom Commission decided in April 2016 to provide outdoor Public Wi-Fi Access Points (OPAP) in the BharatNet Network to deliver last mile connectivity to consumers in rural areas. The Commission instructed the Department of Telecommunications (DoT) (September 2016) to ensure effective utilization of the fibre laid by BSNL up to the block level as part of BharatNet. This Project was to be funded from Universal Service Obligation Fund (USOF). Since BSNL had around 25,000 Exchanges located in rural areas, Telecom Commission approved DoT's proposal in December 2016 for setting up 25,000 Wi-Fi Hotspots using the infrastructure of BSNL's telephone exchanges in rural areas to provide services on payment basis stating that the facility should not be provided free of cost and there should be a policy for facilitating trial and paid usage after trial. As per the scheme, Operational Expenditure (OPEX) support was net of revenue earned from users.

BSNL, the Universal Service Provider (USP) entered (June 2017) into an Agreement with the Administrator, USOF, to be effective from date of agreement itself, outlining the setting up and maintenance of 25,000 Wi-Fi Hotspots including deliverables, technical, operational and commercial conditions, list of locations of the Hotspots, timelines, schedule of financial support, subsidy claims and impact study of the project. BSNL was to provide broadband internet access over Wi-Fi for targeted end-user devices like smartphones and tablets. As per the Agreement, estimated cost of the project was ₹942.34 crore[32]. Salient clauses of the Agreement were as follows:

i. The Agreement was valid for 42 months i.e., upto December 2020 from the effective date unless revoked earlier for any reasons whatsoever. However, the Administrator, USOF could extend the validity of the Agreement in public interest on mutually agreed terms and conditions. Roll out period for setting up of 25,000 Wi-Fi Hotspots was to be six months from date of signing Agreement i.e., by December 2017.

ii. BSNL was solely responsible for supply, installation, testing, commissioning, operation and maintenance of all the infrastructure created under this Project.

iii. BSNL was to set up one Access Point for each Wi-Fi Hotspot using its own backhaul[33] network with bandwidth of at least 2 Mbps and shall fix a download limit of 4 GB per device per month.

iv. For the Wi-Fi Hotspots not provided within the roll out period, liquidated damages (LD) at the rate of 2.5 *per cent* of the CAPEX subsidy were payable for each Wi-Fi hotspot for every calendar month of delay in commissioning or part thereof, subject to a maximum of 10 *per cent*.

v. CAPEX subsidy was to be funded by USOF on successful installation and commissioning of 25,000 Wi-Fi Hotspots.

vi. 100 *per cent* OPEX incurred by BSNL should be supported by USOF in the first year, 75 *per cent* in the second year and 50 *per cent* in the third year. Thereafter BSNL would provide services without any support from USOF.

vii. The facility should not be provided free of cost and there should be a policy for facilitating trial and paid usage after trial. BSNL should decide tariff for paid usage after a trial period which normally should not exceed six months.

viii. BSNL should maintain the Wi-Fi network uptime of 99.99 *per cent*. USOF reserved the right to impose penalty by deduction in total OPEX subsidy payable in case of non-compliance of network uptime of 99.99 *per cent*.

ix. The evaluation / impact assessment should be carried out by BSNL within 6-12 months from signing of the Agreement and submitted to USOF.

x. BSNL should provide single window interface to the customers for all pre and post connection activities such as booking, provisioning and handling the complaints.

Rollout period was extended up to December 2019 and accordingly validity of the Agreement was also extended upto December 2022. USOF has disbursed ₹524.26 crore to BSNL up to October 2022 (₹371.36 crore as CAPEX and ₹152.90 crore as OPEX).

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[32] CAPEX ₹544.50 crore and OPEX ₹397.84 crore

[33] backhaul refers to the part of a satellite network that serves as an intermediary between the main network and the small networks used for distribution to other smaller channels.

Audit of implementation and performance of the project was conducted from September to December 2021 covering a period of five years from 2017-18 to 2021-22. The audit included examination of data related to the project available at BSNL Corporate Office, its 24 circles out of 25 circles (except North East II circle), DoT Headquarters and offices of the Controller of Communication Accounts (CCA / Pr. CCA) concerned. Audit team physically verified 957 sites in 23[34] Telecom circles also.

4.2.2 Audit findings

4.2.2.1 Selection of 25,000 Wi-Fi Hotspots without due diligence

BSNL had about 25,000 rural telephone exchanges at the time of making proposal. Thus, BSNL proposed to the Telecom Commission (October 2016) for setting up of 25,000 Hotspots. On the basis of this projection, the Commission sanctioned the project of setting up 25,000 Wi-Fi Hotspots in 25,000 Rural Telephone Exchanges by December 2017. The technology should support seamless 2G / 3G / 4G data offload. It is pertinent to mention here that BSNL technology could only support 2G and 3G data offload while 4G had been operational in the country since 2012.

BSNL had issued instructions from time to time, latest in May 2018, to close rural exchanges with less than 20 Direct Exchange Lines (DELs) owing to decrease in landline subscribers in rural areas and consequent non-viability of manning and running these exchanges. While proposing to set up Wi-Fi Hotspots in rural telephone exchanges, BSNL did not examine the continued viability of these exchanges. This is evident from the proposal of BSNL in August 2021 for relocation of 2,000 sites due to reasons such as closing of unviable rural exchanges and shifting of sites to other 2G or BTS (Base Transceiver Station) location, which was agreed by the USOF. Again in November 2022, the USOF issued approval for relocation of 776 sites on the request of BSNL. During physical inspection in all the 548 sites in 15 circles, audit observed that there were less than 20 working DELs in 156 sites. This meant that 28.5 *per cent* of the sites physically verified were fit for closure as per BSNL's own internal norms. Of these 156 sites visited, Wi-Fi Hotspots were not functioning in 88 sites.

Thus, BSNL did not carry out the required due diligence whilst formulating and submitting its proposal to Telecom Commission (October 2016) for installation of Wi-Fi Hotspots in the rural exchanges. Consequently 13.77 *per cent* of the sites were closed or relocated and the expenditure incurred on installing Hotspots in these exchanges was unfruitful.

4.2.2.2 Loss of OPEX subsidy amounting to ₹1.15 crore

The Agreement was valid up to December 2020. Roll out period was extended twice (up to 30 November 2018 and thereafter up to 31 December 2019) at the instance of BSNL and approved by USOF without levy of Liquidated Damages. Accordingly,

[34] Andhra Pradesh, Bihar, Chhattisgarh, Chennai Telecom District, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, North East-I, Odisha, Punjab, Rajasthan, Tamilnadu, Telangana, UP East, UP West, Uttarakhand and West Bengal.

validity of the Agreement was also extended up to 31 December 2022. However, as per clauses 3.4 and 6.1.2 of the Agreement, only the sites commissioned on or before 31 December 2019 would be eligible for full OPEX subsidy for the first year.

While the process of setting up / procurement of 25,000 Wi-Fi Hotspots and associated equipment was in progress, to expedite the rollout as per the Agreement, BSNL decided (June 2017) to utilise 1,500 Wi-Fi hotpots that it had already procured under the existing Wi-Fi Mobile Data Offload (MDO) Project. BSNL assigned (June 2017) the target of commissioning 1,500 Wi-Fi Hotspots to all the circles within a month's time i.e., by the end of July 2017. It was further observed that out of 25,000 Wi-Fi Hotspots, BSNL finally decided (November 2022) to commission 24,333 Hotspots, short closing 667 Hotspots due to shrinking customer base and insufficient revenue generation to support operational expenses of rural telephone exchanges. This was approved by DoT.

As regards, setting up and commissioning of the Wi-Fi Hotspots, audit observed the following:

i. Against the target of 1,500 Wi-Fi Hotspots to be commissioned in one month's time, BSNL could commission only 27 Wi-Fi Hotspots which was 1.8 *per cent* of assigned target, despite the hardware already being available with the Company.

ii. Out of 24,333 Hotspots, 23,625 Wi-Fi Hotspots were set up / commissioned before the rollout period i.e. till 31 December 2019, 700 were commissioned after the rollout period and eight sites were not commissioned till the end of the validity of agreement (December 2022). Thus, as per clause 6.1.2 of the Agreement, for the sites installed / commissioned after the roll-out period, BSNL could claim only proportionate amount of OPEX for the remaining period (upto December 2022). Details of loss of subsidy are as per the table below:

Table 4.3: Detail of loss of OPEX subsidy

Circles	Wi-Fi Hotspots	Loss of OPEX @ ₹38,280[35] per site per year (₹ in lakh)			Total
		@ 100% for the 1st year	@ 75% for the 2nd year	@ 50% for the 3rd year	
10[36]	700 (Delayed commission)	0.11	11.12	97.13	108.36
	8 (Non-commissioned)	3.06	2.29	1.53	6.88
Total					**115.24**

Source: Data collected and compiled from the information collected from the circles of BSNL

35 @₹9,570 per quarter

36 Bihar, Gujarat, Himachal Pradesh, J&K, Jharkhand, Maharashtra, NE-II, Punjab, Rajasthan, West Bengal

BSNL, thus lost OPEX subsidy amounting to ₹1.15 crore (₹108.36 lakh due to delayed commissioning of 700 sites and ₹6.88 Lakh due to non-commissioning of eight Wi-Fi Hotspots) by December 2022.

4.2.2.3 Levy of Liquidated damages of ₹81.84 Lakh due to delay in commissioning of the Wi-Fi Hotspots

There were delays in commissioning of 700 Wi-Fi Hotspots ranging up to 790 days (up to 26 months) in Ten Telecom Circles. This was due to delay in awarding the purchase order of the equipments by almost one year by the Corporate Office of BSNL. USOF levied liquidated damages amounting to ₹81.84 lakh on BSNL for the sites that were commissioned after the roll out period (December 2019) out of which ₹58.38 Lakh was recovered by way of deduction from the CAPEX subsidy payable to the circles. This was despite the fact that the rollout period was extended twice (up to 31 December 2019) and targets were reduced. This was a loss of opportunity for the already cash - deficit organisation to generate business and earn revenue.

Regarding the loss of OPEX subsidy and levy of liquidated damages, the Management replied (May 2022) that on entering into Agreement with DoT in June 2017, tender was floated in June 2017 and the process of awarding Purchase Orders was completed in May 2018. Considering this delay, BSNL proactively diverted materials of its existing MDO project in July 2017 and initial internal target of 1500 sites was set. It attributed the delayed or non-commissioning of Wi-Fi Hotspots to change in technology as well as market scenarios and penetration of mobile services with 4G service by all Telecom Service Providers (TSPs) in 2017 rendering many rural exchanges commercially non-viable. Nationwide lockdown and restrictions on the movement of vehicles also delayed the commissioning of sites. BSNL further stated that the Circles had claimed CAPEX and subsequent OPEX subsidy from USOF for all such delayed sites, after deducting Liquidated Damages (LD) as per Agreement. The management of BSNL while accepting the audit observation further replied that USOF had already accorded the extension of Agreement to cover three year OPEX period from the revised project timeline of 31 December 2019 for installation and commissioning (corresponding validity of Agreement upto 31 December 2022). It further added that BSNL would again request USOF to extend the timelines of the Agreement to cover the Hotspots that were commissioned with delay thus avoiding any OPEX subsidy loss. Ministry endorsed the reply of BSNL.

The Management thus accepted the audit observation that there was procedural delay of around one year in awarding the Purchase Orders which contributed to overall delay in commissioning of Wi-Fi Hotspots. Further, USOF had not granted extension of validity of the Agreement beyond December 2022. Servicing and maintenance of the Hotspots would be adversely hampered if cash-deficit BSNL did not receive the required subsidy. Also, the nationwide lockdown and restriction of movement of vehicles were announced in March 2020 which was after the deadline for rollout period got over in December 2019.

Ministry and the Company did not take cognizance of obsolescence in the technology market during planning of the project to ensure value for money.

4.2.2.4 Poor performance and maintenance of Wi-Fi Hotspots resulted into levy of downtime penalty of ₹60.71 crore

As per clause 4.16 of the Agreement, the USP should maintain Wi-Fi network uptime of 99.99 *per cent*. This was essential for ensuring good telecom services to rural areas. Maintenance of prescribed uptime was an important parameter to measure the performance of the scheme. The USOF reserved the right to impose penalty with site wise pro rata deduction in total OPEX subsidy payable to BSNL for non-compliance with this clause. Further, clause 2.4.1 of the Agreement stated that BSNL was solely responsible for supply, installation, testing, commissioning, operation and maintenance of all the infrastructure created under this Project. The purchase orders placed by BSNL with the vendors of the public Wi-Fi Hotspots were inclusive of provision of AMC for seven years to ensure maintenance of the infrastructure. Payment of AMC charges was to be made to the vendors after successful completion of the AMC period for each quarter after making due adjustment towards penalties, if any. BSNL had paid ₹33.08 crore to the AMC vendors upto March 2022.

Based on the number of Hotspots installed, traffic generated, user access created and penalty levied for non-maintenance of uptime during the period 2017-18 to 2021-22, the performance of the scheme is given in the Table below:

Table 4.4: Performance of Rural Wi-Fi Hotspots

Sl. No.	Year	Wi-Fi Hotspots installed upto (Number)	Traffic Generated (GB)	Revenue Earned (₹)	User Access (Number)	Penalty for downtime (₹)	% Increase / (Decrease) in downtime penalty
1	2017-18	2,653	7,84,47,089	0	25,68,139	25,36,544	-
2	2018-19	10,612	10,23,60,483	6,840	30,11,265	2,16,91,987	755.18
3	2019-20	23,753	17,26,59,947	74,867	73,24,349	20,21,60,848	831.96
4	2020-21	24,318	16,82,20,741	1,76,879	37,56,003	23,20,41,476	14.78
5	2021-22	24,333	4,09,41,926	50,009	20,17,720	14,86,33,349	(35.95)
	TOTAL		**56,26,30,186**	**3,08,595**	**1,86,77,476**	**60,70,64,204**	

Source: Data collected and compiled from the information collected from the circles of BSNL

It can be seen from the above Table that there was a steady increase in the number of Hotspots installed, total traffic generated and the number of users during the period from 2017-18 to 2019-20. However, the performance of the scheme showed declining trend in terms of these parameters from 2020-21 onwards despite the fact that maximum number of Hotspots were installed by that time. Audit observed that BSNL did not create adequate awareness among the target population of the availability of concessional Wi-Fi. Adequate publicity like sign boards at prominent places were not displayed. As a result, people remained unaware of the scheme. This also contributed to decline in the performance of the scheme.

For maintenance of the sites, audit scrutinized records in the circles as well as conducted physical verification of 957 selected sites out of 25,000 sites in 23 Telecom Circles (approximately four *per cent* of total sites) during October 2021. The audit findings are as follows-

a) It was observed from records examined in Maharashtra circle that out of 1,818 non-working Wi-Fi Hotspots, there was no power backup in 1,759 cases. Physical verification of the selected sites also revealed that in ten circles[37] there was insufficient power backup in 232 (24.24 *per cent*) out of 957 Wi-Fi Hotspots.

b) 213 Wi-Fi Hotspots out of 957 (22.25 *per cent*) in 12 circles[38] were not found working during physical verification. Scrutiny (October 2021) of records in 11 Telecom Circles[39] revealed that out of 14,109 Wi-Fi Hotspots commissioned, 6,659 (47.20 *per cent*) Wi-Fi Hotspots were faulty. Year wise analysis revealed that 63.67 *per cent* of sites were faulty for a period upto one year, 22.48 *per cent* were faulty for a period between one and two years and 13.85 *per cent* were faulty for a period of more than two years.

c) Six Telecom Circles[40] had not conducted periodical testing required to be carried out as per Clause 4.8 of the Agreement.

d) Annual Maintenance Contract (AMC)[41] Agreements were not in operation / terminated in four Telecom Circles[42] by BSNL because of high cost-benefit ratio. BSNL was unable to generate adequate revenue to meet the cost of AMCs and thus failed to continue them for maintenance of the Wi-Fi Hotspots.

Audit further observed that as the installation of Wi-Fi Hotspots increased from 2017-18 to 2019-20 (96 *per cent* of the sites were commissioned before 31 December 2019), the downtime penalty also increased manifold. BSNL paid a hefty penalty of ₹60.71 crore (which is approximately 9.45 *per cent* of the revised project cost of ₹642.58 crore till March 2022) during the period from 2017-18 to 2021-22 which is a direct loss of OPEX subsidy as amount of penalty was deducted from the OPEX subsidy paid to BSNL. Decline in the number of users was another consequence of the heavy downtime as mentioned in the Table above.

It is evident from the above that there were lapses on the part of BSNL in executing the AMCs and thereafter monitoring the AMC vendors to ensure timely rectification of faults and restoration of the sites, thereby leading to levy of penalty. Though BSNL recovered ₹3.43 crore from the AMC vendors on account of downtime attributable to them, the fact remains that BSNL failed to maintain the desired uptime. As a result, the Company paid more downtime penalty than the amount recoverable from the AMC vendors.

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[37] Bihar, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Maharashtra, North East-I, Rajasthan, UP West and West Bengal

[38] Bihar, Chhattisgarh, Gujarat, Himachal Pradesh, Jharkhand, Madhya Pradesh, Odisha, Punjab, Rajasthan, UP East, UP West and West Bengal

[39] Gujarat, Karnataka, Tamil Nadu, CTD, Odisha, Telangana, Rajasthan, Haryana, UP East, Maharashtra and Jharkhand

[40] Bihar, J&K, Maharashtra, UP East, UP West and Uttarakhand

[41] AMC Agreement starts on completion of warranty which is one year of commissioning of the site.

[42] Gujarat, Jharkhand, Kerala and UP West

Management replied (May 2022) that USOF had stopped processing CAPEX claims in December 2018 and restored the same in June 2019. During this period, BSNL had faced severe liquidity crunch and thus, could not divert funds for the project. There were damages of UPS (Uninterruptible Power Supply) due to lightning, flooding, high voltage surge at rural exchanges and instances of UPS and battery theft. Such damages were not covered under warranty or AMC. Regarding long-pending faults, BSNL stated that operation and maintenance were primarily affected due to impact of COVID-19 lockdown. Vendors also expressed their inability to carry out operations and maintenance and sought relief by invoking Force Majeure clause. BSNL also requested USOF for waiver of downtime penalty in view of COVID-19 lockdown but the same was not agreed to by the USOF. DoT endorsed the reply of BSNL.

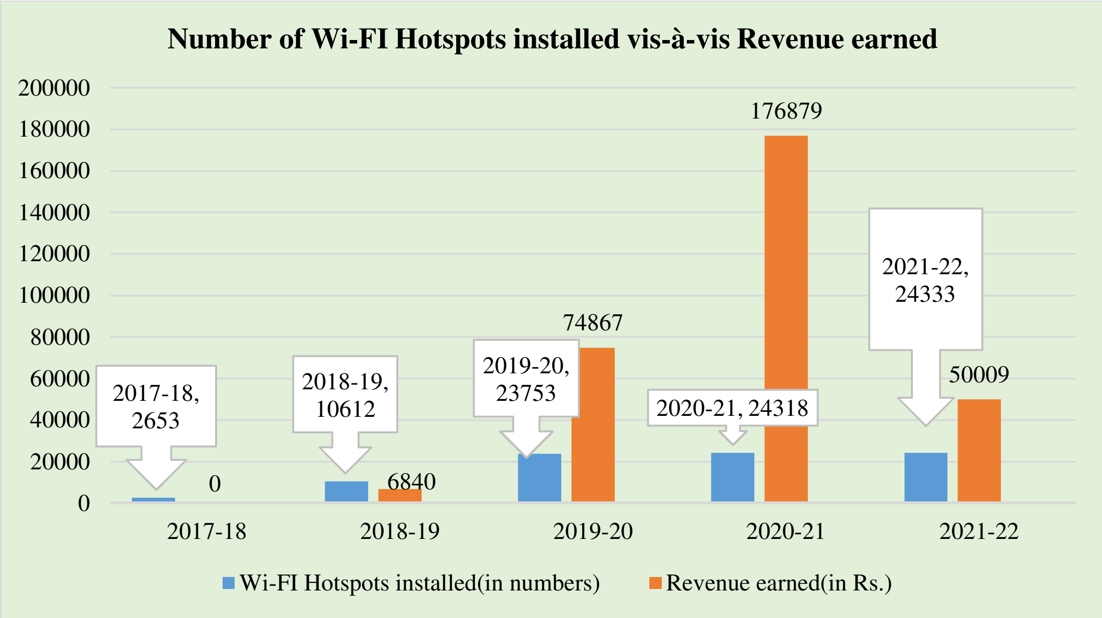
Reply of Management is not acceptable as BSNL had instructed (August 2018) the Circles to augment the backhaul bandwidth from 2 Mbps to 10 Mbps for Wi-Fi users to enhance the data speed. USOF stopped processing of claims of BSNL due to delay in seeking approval of relocation of sites. As discussed in Table 4.4 above, BSNL had paid huge penalty for downtime which increased from 2018-19 to 2020-21. The reply related to nationwide lockdown is not tenable as the lapses noticed during physical verification of sites pertain to October–November 2021 period which was after lifting of the Covid-19 restrictions.

Increase in downtime during the said period, lack of publicity about concessional Wi-Fi, lack of appropriate bandwidth, inadequate power back up and faulty equipment were the major contributing factors for the declining performance of the scheme which culminated in decrease in user access and in revenue.

Thus, despite contracted obligation under the scheme, BSNL did not take adequate measures to improve the uptime and avoid payment of penalty for downtime. Success and commercial viability of the scheme depended directly on continued availability of the Wi-Fi connectivity which was compromised due to non-institution of AMC and inadequate monitoring by BSNL.

4.2.2.5 Revenue generation and sustainability of the Scheme

Revenue generated by BSNL through these Wi-Fi Hotspots during the year 2017-18 to 2021-22 is given in Graph below:



BSNL Corporate Office had fixed circle wise revenue target of ₹75.00 crore for the year 2018-19. Against this BSNL earned revenue of ₹3.09 lakh only during the period from 2017-18 to 2021-22 with a maximum of ₹1.77 lakh during 2020-21. No revenue targets were fixed after 2018-19.

As per the commercial conditions of the Agreement, the facility should not be offered free of cost and there must be a policy for facilitating trial and paid usage after the trial. BSNL should decide tariff for paid usage after a trial period, which normally should not exceed six months.

In compliance, BSNL introduced a tariff structure for the Wi-Fi Hotspots in December 2017, which was revised first in September 2018 and again in January and September 2019. In order to monetise the Wi-Fi Hotspots, BSNL in November 2019 decided to allow walk-in customers a one-time free browsing of one hour. Thereafter the customer would be notified / prompted to buy the vouchers through Paytm or BSNL portal for continued browsing. Four GB free usage was provided to each user per month and after expiry of free usage, the user could login 'premium Wi-Fi mode' using the tariff vouchers. The free usage time was revised to 30 minutes per day from December 2019 onwards.

Audit observed that in contravention of the Agreement, BSNL had continued with free usage till December 2022 for all the Hotspots commissioned without seeking approval from DoT. This adversely affected the revenue of BSNL.

BSNL replied (November 2021) that one-time free browsing of 30 minutes was allowed and thereafter customers were prompted to buy vouchers. The free facility was withdrawn by Wi-Fi Network Operating Centre (NOC) in accordance with the Agreement. After a heavy dip in the utilisation of Wi-Fi, the free facility was restored so that Government objective for popularisation of internet usage can be met. USOF replied (February 2022) that the objective of the scheme was to provide Wi-Fi services to the rural areas and not revenue maximization. The Ministry / BSNL further stated (May 2022) that with changing telecom scenario and of availability of 4G mobile speeds at very cheap price (during 2017-2020), the rural Wi-Fi services with a 2 mbps backhaul to the Hotspots was not a popular paid service for customers.

The Ministry's reply regarding availability of advanced technology at cheaper prices is not acceptable. The Telecom Statistics Report 2019 shows that during the period from 2014 to 2016 there was an increase in usage of internet services (from 233.09 million to 322.21 million users). The impending rollout of higher speed and cheaper services was not an unknown fact to the Ministry and the Company. BSNL should therefore have assessed its capabilities before making proposal to DoT. This would have ensured more efficient utilisation of the funds of USO.

Further, extension of free usage beyond six months was in violation of clause 3.5 of the Agreement. This clause was important to ensure that the Wi-Fi services of BSNL remained self-sustainable and self-financing and not to overburden the BSNL which was already incurring huge losses. Secondly, after the subsidy period is over, BSNL would require funds for meeting operational expenses to fulfil the objective of providing internet services to rural areas. Since negligible revenue was earned from the service during 2017-18 to 2021-22, the sustainability of the scheme beyond the validity period of Agreement is doubtful.

Thus, BSNL needs to actively take measures to ensure that the sunk costs do not go to waste and the intended objectives of the scheme are met.

4.2.2.6 Evaluation / Impact Assessment

As per clause 2.4.8 and 2.5.2 of the Agreement, BSNL had to appoint an independent agency to carry out the evaluation / impact assessment and submit the report to USOF within 6-12 months from signing of the Agreement. In compliance, BSNL Corporate Office issued instructions (January 2020) to its 17 circles[43] for carrying out an impact assessment of a sample of four *per cent* i.e. 1000 rural Wi-Fi Hotspots.

Audit observed that BSNL did not carry out any such impact assessment. USOF and BSNL Corporate Office also accepted this fact (May 2022). After being pointed out by audit, BSNL circles completed the impact assessment in 806 sites till November 2022.

The fact remains that BSNL did not carry out timely evaluation / impact assessment as per the Agreement. As a result, BSNL failed to assess the quality of service, support infrastructure and sustainability of the scheme to determine the revenue potential and the optimum business model for Operations and Maintenance. This resulted in continued under-performance of the scheme and also deprived access of rural populace to network connectivity.

Thus BSNL-

❖ needs to set up a mechanism to comprehensively evaluate the implementation issues of any scheme so as to ensure gainful use of public monies while formulating proposals for implementing government schemes;

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[43] All Telecom Circles except Himachal Pradesh, J&K, North East, UP East and Uttarakhand

- ❖ should devise a steady revenue generation model to make identified Wi-Fi Hotspots self-sustaining, if need be, by upgrading them to the newest technology;
- ❖ should look towards effective performance and maintenance of the installed Wi-Fi Hotspots, conduct effective impact assessment and thereby reducing downtime penalty.

4.3 Idling of Aadhaar Enrolment Kits in Aadhaar Enrolment Centres in BSNL

BSNL procured 6,000 Aadhaar Enrolment Kits during 2018-19 worth ₹77.88 crore. Out of them 3,941 kits remained non-operational till December 2022. This resulted into blockade of Government funds of ₹51.15 crore. Further, UIDAI imposed disincentive of ₹0.65 crore on BSNL.

Unique Identification Authority of India (UIDAI) decided in September 2018 to give financial assistance to State Governments or State Controlled agencies including BSNL to set up Aadhaar Enrolment and Updation facilities in all the Customer Service Centres of BSNL by 15th October 2018. UIDAI's guidelines (September 2018) for assistance towards Information and Communication Technology (ICT) infrastructure for Aadhaar Enrolment Kits (AEKs) stated that capital expenditure (CAPEX) for procurement and deployment of AEKs[44] would be provided by UIDAI. BSNL would meet the operating expenses (OPEX) from the income generated from Aadhaar enrolment and updation. As per clause 6.3 of the guidelines, the Chairman cum Managing Director of the BSNL would be the Nodal officer for BSNL who will monitor the implementation of the project and submit quarterly progress reports and utilization certificates to the concerned UIDAI Regional Offices.

Accordingly, BSNL(Company) offered (October 2018) to deploy 6,000 AEKs, two each in 3,000 Customer Service Centres in 28 Circles by using the existing manpower. Based on BSNL's estimates, UIDAI sanctioned (November 2018) ₹90 crore for procurement of AEKs. BSNL Corporate Office procured 6,000 AEKs in March 2019 through Government e-Marketplace (GeM) at the total cost of ₹77.88 crore and refunded the balance amount (₹12.12 crore) to UIDAI in August 2022.

A scrutiny of records at BSNL revealed that UIDAI had not specified the period within which the installation of the AEKs was to be completed. Out of 6,000 AEKs procured by BSNL in March 2019, only 2,059 Kits (34 *per cent*) were installed in 28 circles. The remaining 3,941 kits were not installed and hence were non-operational as of December 2022. BSNL also lost the warranty benefit of three years on uninstalled kits. Further, it was seen that in 14 circles, out of 483 operational[45] kits in 10 Circles, 209 AEKs (43.27 *per cent*) recorded zero transaction.

While making the business projections, BSNL Corporate Office (September 2018) envisaged potential revenue generation of ₹220 crore per annum. Although BSNL made revenue projections for the Company as a whole, it did not prescribe Circle wise

[44] AEK consists of a set of hardware devices required to carry out successful Aadhaar enrolment and Updations. These are Computer, monitor, multifunctional printer, IRIS scanner, camera, Slap scanner, GPS device, White light, Focus light and Surge protector spike of given specification.

[45] Operational kits are the kits installed on which manpower is also deployed

revenue targets while distributing the kits to the Circles. Against the projections, BSNL could earn gross revenue of ₹14.09 crore only during the years 2019-20, 2020-21 and 2021-22 which is barely two *per cent* of the projected gross earnings.

As per Regulation 26 of Policy for enforcing of Aadhaar (Enrolment and Update) Regulations 2016, in case of violation of any process, standard, guidelines or order by a Registrar / Enrolment Agency / Service Provider, the UIDAI may take steps for imposition of financial disincentives on such Registrar / Enrolment Agency / Service Provider. UIDAI, imposed disincentives of ₹0.65 crore on BSNL for faulty Aadhaar enrolments / updation. Out of total penalty of ₹0.65 crore, Uttar Pradesh (East) Circle alone was levied a penalty of ₹0.24 crore for the period from August 2019 to December 2021.

BSNL did not comply with the requirements of monitoring the project as laid down by the ICT guidelines. It did not prescribe circle wise targets for installation of AEKs for the years 2019-20 and 2020-21 nor did it devise any mechanism for maintaining the data base of revenue earned by the individual circles. There was no centralized mechanism to monitor the progress of work and of the revenue earned. These details were collected from the circles as and when required. In absence of any centralized monitoring mechanism and lack of adequate checks and controls at implementation level, BSNL's work was adversely affected as evident from non-installation of the kits procured and consequent loss of revenue. Targets for revenue generation Circle wise were prescribed only for the year 2022-23 at the instance of audit.

BSNL did not make any attempt to redeploy the uninstalled kits in time to other Aadhaar Sewa Kendras. These kits were therefore lying idle in the CSCs with loss of warranty benefit.

In response to audit observations, the Management accepted (September 2022) that the Company had lost an opportunity of earning substantial revenue. Management attributed this to the Covid-19 pandemic and the mass voluntary retirement (VRS) in BSNL during 2019 which had adversely impacted outsourcing of BSNL's CSCs besides causing less or nil footfalls at already working Aadhaar Sewa Kendras. The Management further stated that they had started to work very aggressively after the VRS phase and Covid Pandemic to earn revenue by opening more Aadhaar Sewa Kendras all across India. It further stated that Aadhaar services were neither being run for revenue or profit nor was this a core business of BSNL. It was a mandatory service of Government of India and earning revenue was only a "byproduct for any organization". Further, Company had fixed revenue targets for all circles for FY 2022-23 and was monitoring the same through the Enterprise Resource Planning (ERP) system. Company had earned revenue of ₹6 crore during April 2022 to June 2022 and was ensuring achievement of the projected targets by end of FY 2022-23.

Reply of the management was not supported by the facts of the case. During the pandemic BSNL's share of the updates / enrolments was very low, evidenced by the revenue generated from the services during the period 2019-20, 2020-21 and 2021-22. UIDAI extended financial assistance to BSNL towards capital cost which was only for purchase of AEKs. Operating expenses were to be borne by the Company from the revenue generated from Aadhaar enrolment activities. In absence of any corresponding revenue generation, it was not clear how BSNL would meet its operating cost for carrying out Aadhaar activities. Audit examination of records show that in June 2021 during pandemic time, UIDAI stated that considering the huge requirement of Aadhaar services, particularly mobile number update in Aadhaar, even if a center conducted at least 40 mobile updates per day, revenue target of ₹30 crore[46] per month and ₹360 crore *per annum* was achievable. On the basis of this projection, the target of revenue generation of ₹220 crore estimated by the Company was attainable. However, as BSNL did not view this service as a revenue source and did not prescribe any Circle wise targets which it could monitor, only ₹14.09 crore revenue was generated upto March 2022. Further, the Company's contention that Aadhaar services were mandatory service of the Government and earning revenue was only a byproduct for any organization, is not tenable as BSNL is a company registered under the Companies Act and has responsibility to earn revenue for its shareholders. The Company should have tried to utilise all business opportunities coming its way especially in view of its deteriorating financial position.

Regarding setback to installation of AEKs due to mass VRS in 2019-20, Audit scrutiny revealed that by October 2019 BSNL was well aware about the implementation of VRS from 31 January 2020. Being fully cognizant of the responsibility for installation of crores worth of AEKs, it did not plan for the shortage of staff and did not initiate outsourcing action in time. As stated by the management, BSNL initiated this process only in January-February 2020. Thus, whereas the AEKs were procured in March 2019 and delivered by June 2019, the inexplicable delay in initiating outsourcing of CSCs resulted in the lack of utilization of AEKs and loss of revenue. Besides lockdown restrictions were imposed only in March 2020. Hence BSNL had one clear year prior to Covid-19 restrictions, for installation and commissioning of the AEKs.

The Company further stated (September 2022) that diversion / surrender of idle AEKs could have been done only at the direction of UIDAI and the Company had diverted 318 AEKs[47] to other registrars on UIDAI's direction. 2,059 AEKs were operational by end of December 2022 as against 1,278 in March 2022. Regarding issue of loss of warranty benefit of three years, it was stated that almost all AEKs were functioning perfectly even after three years of their procurement.

The reply of the management was not acceptable as BSNL's instructions to circles for diverting the idle AEKs and fixation of revenue targets to all circles for FY 2022-23 in August 2022 were both at the instance of audit. Further, the Company could make 2,059 AEKs operational as of December 2022 resulting into blockade of funds amounting to ₹51.15 crore.

Regarding the imposition of penalties, BSNL stated that most of the penalties imposed by the UIDAI were being invariably transferred to BSNL's Outsourced Customer Service Centre (OCSCs) partners. Therefore, revenue loss to BSNL due to penalties

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[46] 40 updates x 25 days x ₹50 per update x 6,000 Kits

[47] 50 idle AEKs diverted in NE-1 circle in December 2021, 36 in Chennai in June 2022, 130 in Karnataka in July 2022 and 102 in Kerala in July 2022

might be less. As regards monitoring of the progress of work and revenue generation, the management replied that Aadhaar enrolment and updation was an online activity and all the activities of AEKs were performed through UIDAI's servers. Regional Offices of UIDAI were able to monitor online the utilization of AEKs and access required reports from their portal. BSNL was doing quarterly monitoring of the Aadhaar activities and the reports of the same were being sent to the concerned UIDAI Regional Offices.

This reply of the management was not acceptable as BSNL had not initiated action till December 2022 to submit the representation to UIDAI authorities for reviewing the penalties. Though BSNL made significant claims regarding revenue potential of AEKs to UIDAI while demanding funds for 6,000 AEKs, its subsequent lack of action as evidenced from the lackadaisical approach to the AEKs utilization, resulted not only in blockage of funds of ₹51.15 crore but also consequential loss of revenue generation opportunity for BSNL.

4.4 Loss of revenue due to not applying revised tariff rates

BSNL did not apply revised tariff rates of Intermediate Data Rate charges which resulted into loss of revenue of ₹5.03 crore**.**

Bharat Sanchar Nigam Limited (BSNL) provides leased line / services to subscribers for a specific period as dedicated telecommunication links for internal communication between their offices at various sites within a city and different cities on point to point basis. The leased lines are active through connective courses or channels, called 'circuits' during the period of lease. These circuits are available on fibre, optic, radio, copper wire and satellite medium or a combination of these media. Despite the revenue on account of these services comprising the bulk of BSNL's resource base, the Company does not have an effective system in place to monitor the correctness of billing process. Observations on non-billing / delayed / short-billing have featured in the CAG's Reports[48] of 2012, 2015, 2016 and 2021.

BSNL introduced tariff for leased circuits provided on Intermediate Data Rate (IDR) Satellite links with effect from 01 June 2012. This replaced the earlier system of charging satellite links using normal leased line charges, applicable for Optical Fibre Cable and Copper media. This was in view of higher Satellite Bandwidth cost involved in providing leased circuits on satellite links by BSNL. Detailed guidelines in this regard were issued by BSNL Corporate Office in June 2012 with instructions that all existing as well as new leased lines provided on IDR satellite links would be charged at the prescribed tariff rate except for special cases for which separate tariff structure was prescribed. BSNL Corporate office revised the rent of above circuits with effect from May 2013 and again in June 2018.

[48] Short-billing of annual escalation charges featured in Report No. 03 of 2021, delay in billing in Multi-Protocol Label Switching (MPLS) link in Report No. 29 of 2016, non / short billing of rental charges for leased circuits / STM system in Report No. 20 of 2015, delay in issuance of bills commented in Report No. 03 of 2011-12

For the purpose of ensuring correct provisioning, billing and collection of leased circuit revenues from the enterprise customers, BSNL followed TVARIT PLUS system (advanced version of earlier TVARIT billing package) from the year 2009-10 onwards. Updating of tariff rates was done manually in this system at the Circle / Secondary Switching Area (SSA) level. BSNL migrated to Call Detail Records (CDR) based billing system in 2016 which was an integrated system for handling commercial operations, customer care and billing operations for Landline, Broadband, and Leased Circuit services.

In this system, for updating the revised rates in the CDR based billing platform, it is the primary responsibility of the respective telecom circles / SSAs to create a docket *inter-alia* filling in particulars of the rate changes, discounts allowed, particulars of work orders issued *etc.,* in a prescribed template. Based on the docket thus created for revision of the tariff rates by the circles / SSAs, the IT Project circles (ITPC) Pune and Chandigarh authorise updating of the revised rates in the CDR based billing platform to generate the bills as per the revised rates. If the docket is not raised for the purpose of revision in the rates of the tariff by the circles / SSAs concerned, the CDR billing platform will generate bills at the pre-existing old rates. It was thus the responsibility of the respective circles / SSAs of BSNL to get the revised rates updated in the system for generation of bills accordingly.

Audit scrutiny of records (March - April 2021) in the Office of the Chief General Manager, BSNL, Calcutta Telephones District and Odisha Telecom Circle revealed that BSNL had short billed five IDR links (satellite links) working between Kolkata and Port Blair and one P2P satellite link circuit working in Port Blair South Andaman due to non-effecting the revised rates in the billing system by the concerned Circles / SSAs. The total amount of short billing worked out to ₹4.26 crore (excluding tax of ₹0.77 crore) for these six circuits as per the details given below-

Table 4.5: Details of Short Billing of IDR Links

Sl. No.	Name of the Customer	Commission date as per CDR	IDR charges Bill period	IDR charges short billed (₹ in crore)
1	Eastern Railways	22-01-1996	01-06-2012 to 31-03-2020	0.44
2	Allahabad Bank	21-06-2009	01-06-2012 to 30-06-2018	0.57
3	General Manager Eastern Railways	17-01-2008	01-06-2012 to 31-03-2020	0.44
4	United Bank of India	20-11-2008	01-06-2012 to 31-03-2017	0.27
5	UCO Bank	08-12-2012	08-12-2012 to 31-03-2019	0.36
6	Chandipur	23-08-2012	01-05-2013 to 31-03-2021	2.18
Total				**4.26**

Audit observed that Calcutta Telephones District continued to issue bills for these circuits at normal leased line rates applicable for OFC / Copper media instead of applying the prescribed charges for IDR links. Similarly, Odisha Telecom Circle did not revise the annual rental bills after revision of the same by BSNL Corporate Office from time to time.

The Management replied that (September 2022) these were government customers who were tied up with BSNL under various PAN India level special projects. Due to increase in competition from private telecom service providers, it was almost impossible to apply card rate tariff in each and every circuit provided to high value customers. The customers also refused to pay IDR charges separately as they were bound with the ongoing agreement. The Ministry endorsed the reply of the Management.

Replies of the Management and the Ministry are not tenable as there was no order from BSNL Corporate Office granting exemption to the Government customers from payment of applicable tariff for the services rendered to them by the BSNL. The respective Circles / SSAs of BSNL were responsible for applying the correct tariff and get the rates updated in the billing system. Thus, the Circles / SSAs failed to discharge their duty. The service agreements signed by the Company with these customers were also not available with the Company.

Although these circles / SSAs had issued revised bills to the customers (as replied in February and June 2022) at the instance of audit, the chances of recovery of this amount is remote due to non-acceptance of the revised bills by the customers and due to inactivation of billing accounts of these customers on account of non-payment of the revised bills. Thus, failure on the part of two BSNL Telecom Circles / SSAs in ensuring application of the correct tariff rate of Intermediate Data Rate (IDR) charges resulted into short billing of ₹4.26 crore. It also led to short levy of tax of ₹0.77 crore.

Persistent lack of monitoring of revenue generation specially from high value customers lead to repeated instances of loss of revenue for BSNL. The Ministry and the Company in the Action Taken Notes to previous CAG reports paras on similar issues had accepted the audit observations and raised demands for the short-billed amounts. However, the above lacuna persists indicating systemic lapses and failure of internal controls on part of the Company.

It is thus, impressed upon that the BSNL, a loss making enterprise, should review on priority, its monitoring mechanism to ensure application of correct tariff rates in order to avoid loss of revenue.

Chapter V — Public Sector Undertakings under the Ministry of Finance

5.1 Wasteful expenditure on procurement of Security Thread (Magnetic)

SPM Hoshangabad procured 7.5 MT excess Security Thread (Magnetic) valuing ₹7.82 crore which was lying idle in the store for more than five years and subsequently declared non-moving item at net realisable value of ₹1.

Security Paper Mill (SPM, Hoshangabad) established in 1968 became a unit of Security Printing and Minting Corporation of India Limited (SPMCIL) at the time of corporatization in 2006. SPM Hoshangabad manufactures high quality Bank Note Paper and other Security Papers used for printing of Currency Notes by Currency Note Press (CNP), Nashik and Bank Note Press (BNP), Dewas.

Para 6.2 of SPMCIL Procurement Manual provides various parameters for finalization of annual requirement at the beginning of the year. Para 6.3 ibid also provides for a mid-year review of the annual procurement plan.

An important security aspect in the Bank Notes is a Magnetic Security Thread (MST) that is inserted into the paper at the cylinder mould during the paper production process and is visible on the surface of the paper. SPM Hoshangabad issued a tender for supply of 15 MT (Metric Ton) of MST on 23 July 2013. Audit scrutiny revealed that a review meeting headed by Director (Technical), SPMCIL was held at SPM Hoshangabad (September 2013) wherein it was decided that only 1200 MT of low denomination paper was to be produced for the next two financial years for which a quantity of 8.4 MT security thread was sufficient.

Audit observed that against this tender, the unit procured six MT and nine MT of MST from two vendors in March 2014 respectively despite knowing of the revised requirement for production of CWBN[49] paper, which was to be used for printing of low denomination bank notes. Further, the procurement was made without ascertaining the shelf life of the security thread. The shelf life of the security thread was not a part of the technical specification of tender document. This resulted in excess procurement of MST which could not be utilized in subsequent production resulting into non-utilization of MST amounting to ₹7.82 crore.

[49] CWBN-Cylinder Mould vat mode Watermarked Bank Note

This stock was lying idle[50] in the store for more than five years and was classified as non-moving item with Net Realizable Value (NRV) of ₹1[51] in the stock register indicating that the raw material could no longer be put to use.

On being pointed out by audit in January 2022, SPM Hoshangabad replied (January 2022) that due to longer lead time for procurement of security items like security thread, there was a directive from the corporate office to procure security features like MST for two years' production plan and accordingly procurement was done as per the initial indent plan for Financial Year 2011-12 and 2012-13. Further change in Reserve Bank of India indent (production target), delay in commissioning of New Paper Machine-5 and long stoppage of machine resulted in accumulation of stock of MST leading to pile up of non-moving stocks and blocked inventory.

Reply of the Management is not tenable as SPM Hoshangabad went ahead with procurement of 15 MT of the MST without considering the revised targets determined in the review meeting held in September 2013. Lower denomination Bank note paper was to be produced on Paper Machine-5 for which New CWBN paper Machine was to be installed and commissioned in October 2013. This could start working commercially only in April 2015 due to delay in commissioning and breakdown of machinery. In such a scenario, the reduced demand worked out by the review committee should have been promptly acted upon. The unit accepted (November 2022) that it was not aware about the shelf life of this item and neither was shelf life a part of the technical specification of tender document.

After this was pointed out by audit, the Corporate Head Office issued directions (January 2022) to take urgent action to incorporate specifications of shelf life of MST in the tender documents for future procurement in consultation with RBI. Subsequently, RBI also advised (June 2022) to specify shelf life of minimum 12 months from the date of shipment, in the tender / contract document.

[50] Unit accepted the fact that shelf life of procured security thread has already expired and it could not be used further.

[51] Sr. No.2264 in the list of slow moving and non-moving items as on 31 March 2020

Thus, SPM Hoshangabad went ahead with excess procurement of MST in March 2014 without considering the reassessed quantity as per the review meeting and also ignoring the fact that new machine for production was yet to be installed. This resulted in piling up of the stock and wasteful expenditure amounting to ₹7.82 crore.

Replies of SPMCIL and the Ministry are awaited (January 2023).

New Delhi
Dated: 19 July 2023

(ROLI SHUKLA MALGE)
Principal Director of Audit
Finance & Communication

Countersigned

New Delhi
Dated: 21 July 2023

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

APPENDICES & ANNEXURES

Appendix-I

(Refer to Paragraph 1.6.1.5, 1.6.2.3, 1.7.3 and 1.8.1.3)

Statement of Central Public Sector Undertakings under Ministry of Communications (MoC), Ministry of Electronics and Information Technology (MeitY), Ministry of Finance and Ministry of Statistics and Programme Implementation (MoSPI)

Sl. No.	Name of the CPSUs	Percentage of Government of India Investment to the paid up capital	Paid up share capital Amount of Investment (₹ in crore)	Revenue (₹ in crores)	Profit / (Loss) (₹ in crore)
Ministry of Communication					
Department of Telecommunications					
1	Bharat Sanchar Nigam Limited	100	12,500	19052.59	(6981.62)
2	BSNL Tower Corporation Ltd	Subsidiary of BSNL		0.85	(0.25)
3	Mahanagar Telephone Nigam Limited	56.25	354.38	1696.90	(2602.50)
4	Millennium Telecom Limited (MTL)	Subsidiary of MTNL		0.31	0.20
5	Bharat Broadband Network Limited (BBNL)	100	60	1515.31	(2.48)
6	Millennium Information System Limited	Under liquidation			
7	ITI Limited	97.80	1204.45	2115.29	121.06
8	Tamilnadu Telecommunications Limited (TTL)	Subsidiary of TCIL		0.02	(10.44)
9	Telecommunications Consultants India Limited (TCIL)	100	59.20	1595.69	30.33
10	Lakhnadone Toll Road Limited	Subsidiary of TCIL		3.44	(5.20)
11	Bina Toll Road Limited	Subsidiary of TCIL		13.64	0.08
Total			14,178.03	25,994.35	(9,450.84)
Department of Posts					
12	Indian Post Payment Bank	100	1455	461.20	(982.49)

Sl. No.	Name of the CPSUs	Percentage of Government of India Investment to the paid up capital	Paid up share capital Amount of Investment (₹ in crore)	Revenue (₹ in crores)	Profit / (Loss) (₹ in crore)
Ministry of Electronics and Information Technology					
13	National Informatics Center Services Inc.	100	2.00	1477.64	46.17
14	CSC e-Governance India Limited			1804.92	141.01
15	CSC WI FI CHOUPAL	Subsidiary of CSC		219.79	13.60
16	SCS Grameen E store	Subsidiary of CSC		7.05	0.88
17	Digital India Corporation	100	-	143.06	1.43
Total			**2.00**	**3,652.46**	**203.09**
Ministry of Finance					
Department of Economic Affairs					
18	Security Printing and Minting Corporation of India Limited (SPMCIL)	99.99	987.50	4268.12	689.19
19	Bank Note Paper Mill India Pvt Ltd. (BNPMIPL)	JV of SPMCIL and BRBNMPL	800	1023.68	184.40
20	Bharatiya Reserve Bank Note Mudran Pvt Ltd. (BRBNMPL)	Subsidiary of RBI	1800	2765.48	436.86
21	National Investment and Infrastructure Fund Trustee Ltd. (NIIFTL)	100	0.02	0.22	0.02
Total			**3,587.52**	**8,057.5**	**1,310.57**

Appendix-II

(Refer to Paragraph 1.12)

Summarised position of Action Taken Notes awaited from Departments under Ministry of Communications (MoC), Ministry of Electronics& Information Technology (MeitY) and Ministry of Finance as of 31 January 2023

Number and year of Audit Report		ATN Due	Not received at all	Under correspondence
Ministry of Communications				
Department of Posts				
1	03 of 2021	1	-	1
2	15 of 2022	5	1	4
	Total	**6**	1	**5**
Department of Telecommunications				
1	21 of 2018	1	-	1
2	03 of 2021	2	-	2
3	02 of 2022	1	-	1
4	15 of 2022	2	-	2
	Total	**6**	**-**	**6**
Ministry of Electronics and Information Technology				
1	03 of 2021	1	-	1
2	24 of 2021	1	-	1
3	15 of 2022	2	-	2
	Total	**4**	**-**	**4**
Department of Expenditure				
1	04 of 2018	1	-	1
Total		**1**	**-**	**1**
Department of Economic Affairs				
1	06 of 2021	1	-	1
2	18 of 2022	1	-	1
3	32 of 2022	1	1	-
Total		**3**	**1**	**2**
Grand Total		**20**	**02**	**18**

Appendix-III

(Refer to Paragraph 1.13)

Summarised position of Action Taken Notes awaited from Public Sector Undertakings under MoC, MeitY and MoF as of 31 January 2021

Number and year of Audit Report		ATN Due	Not received at all	Under correspondence
Ministry of Communications				
Bharat Sanchar Nigam Limited				
1	6 of 2000	2	NIL	2
2	6 of 2001	2	NIL	2
3	6 of 2002	1	NIL	1
4	5 of 2003	5	NIL	5
5	5 of 2004	2	NIL	2
6	5 of 2005	2	NIL	2
7	9 of 2006 (PA)	2	NIL	2
8	13 of 2006	4	NIL	4
9	10 of 2007 (PA)	1	NIL	1
10	12 of 2007	6	NIL	6
11	9 of 2008(PA)	1	NIL	1
12	CA 10 of 2008	1	NIL	1
13	CA 12 of 2008	5	NIL	5
14	09 of 2009-10	1	NIL	1
15	CA 25 of 2009	4	NIL	4
16	3 of 2011-12	3	NIL	3
17	8 of 2012-13	2	NIL	2
18	20 of 2015	1	NIL	1
19	29 of 2016	1	NIL	1
20	21 of 2018	1	NIL	1
21	03 of 2021	1	NIL	1
22	15 of 2022	1	NIL	1
	Total	**49**	**NIL**	**49**
Mahanagar Telephone Nigam Limited				
1	3 of 1999	1	NIL	1
2	5 of 2004	1	NIL	1
3	10 of 2007 (PA)	1	NIL	1
4	12 of 2007	1	NIL	1
5	CA 12 of 2008	1	NIL	1
6	15 of 2022	1	1	NIL
	Total	**6**	**1**	**5**

Number and year of Audit Report		ATN Due	Not received at all	Under correspondence
ITI Limited				
1	10 of 2007	1	NIL	1
2	12 of 2007	1	NIL	1
3	12 of 2008	1	NIL	1
4	03 of 2021	1	NIL	1
	Total	**4**	**NIL**	**4**
Ministry of Electronics and Information Technology				
National Informatics Centre Services Inc.				
1	55 of 2015	1	NIL	1
2	21 of 2017	1	NIL	1
3	03 of 2021	1	1	NIL
4	15 of 2022	1	1	NIL
Total		**4**	**2**	**2**
Ministry of Finance				
Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL)				
1	15 of 2022	1	1	NIL
Total		**1**	**1**	**NIL**
Grand Total		**64**	**4**	**60**

Appendix-IV

(Refer to Paragraph 1.14)

Details of Certification and submission of Accounts in respect of Autonomous Bodies (ABs) for the year 2021-22

Sl. No.	Name of Orgaisation	Administrative Ministry	Due date of submission of A/Cs	Actual Date of submission of A/Cs	Period of Audit	Date of sending comments to Hqrs	Date of Hqrs approval	Due date of Certificate/ SAR	Actual Date of Certificate/ SAR	Total Delay in days	Reason for delay	Date of Placement in Parliament
1	UIDAI	Electronic & IT	30-6-22	7-7-22	04-8-22 to 24-9-22	31-10-22	2-11-22	4-11-22	3-11-22	No delay		17-3-23
2	SEBI	Ministry of Finance	30-6-22	15-7-22	25-7-22 to 26-8-22	22-11-22	6-12-22	12-11-22	6-12-22	24	Procedural delays	Not yet placed
3	TRAI	Communications	30-6-22	11-7-22	18-7-22 to 12-8-22	31-10-22	3-11-22	8-11-22	10-11-22	2	Procedural delays	3-2-23
4	TRAI-CPF	Communications	30-6-22	13-6-22	30-6-22 to 06-7-22	Not sent	Not applicable	11-10-22	20-9-22	No delay		3-2-23
5	IFSCA		30-6-22	24-8-22	27/9/2022 to 14/10/2022	30-12-22	10-01-22	22-12-22	12-11-22	No delay		Not yet placed

Details of Certification and submission of Accounts in respect of Public Sector Undertakings (PSUs) for the year 2021-22

Sl. No.	Name of Orgaisation	Administrative Ministry	Due date of submission of A/Cs	Actual Date of submission of A/Cs	Period of Audit	Date of sending comments to Hqrs	Date of Hqrs approval	Due date of Certificate/ SAR	Actual Date of Certificate/ SAR	Total Delay in days	Reason for delay
1	BSNL	Communications	30-6-22	30-5-2022	6-6-22 to 19-7-22	02-9-22	16-9-22	29-7-22	16-9-22	49	Procedural delays
2	BTCL	Communications	30-6-22	10-6-22	Not audited			9-8-22	19-7-22	No delay	
3	MTNL	Communications	30-6-22	9-6-22	20-6-22 to 15-7-22	1-9-22	9-9-22	8-8-22	9-9-22	32	Procedural delays
4	MTL	Communications	30-6-22	16-6-22	Not audited			15-8-22	26-7-22	No delay	
5	CSC e-Gov Services Ltd.	Electronic & IT	30-6-22	23-9-22	23-9-22 to 10-10-22	20-12-22	27-12-22	22-11-22	30-12-22	38	Procedural delays

Sl. No.	Name of Orgaisation	Administrative Ministry	Due date of submission of A/Cs	Actual Date of submission of A/Cs	Period of Audit	Date of sending comments to Hqrs	Date of Hqrs approval	Due date of Certificate/ SAR	Actual Date of Certificate/ SAR	Total Delay in days	Reason for delay	Date of Placement in Parliament
6	CSC Wi-Fi Choupal	Electronic & IT	30-6-22	21-6-22	Not audited			20-8-22	19-7-22	No delay		
7	ITI	Communications	30-6-22	6-6-22	06-6-22 to 18-6-22	19-7-22	5-8-22	5-8-22	5-8-22	No delay		
8	TCIL	Communications	30-6-22	11-8-22	22-8-22 to 26-8-22, 05-9-22 to 14-9-22, 27-9-22 to 03-10-22	18-10-22	9-11-22	10-10-22	9-11-22	30	Procedural delays	
9	TCIL LTRL	Communications	30-6-22	4-8-22	Not audited			3-10-22	30-8-22	No delay		
10	TCIL BTRL	Communications	30-6-22	27-7-22	Not audited			25-9-22	30-8-22	No delay		
11	TTL	Communications	30-6-22	25-8-22	Not audited			24-10-22	31-8-22	No delay		
12	IPPB	Communications	30-6-22	5-7-22	12-7-22 to 27-7-22	23-8-22	31-8-22	3-9-22	2-9-22	No delay		
13	NICSI	Electronic & IT	30-6-22	29-7-22	10-8-22 to 06-9-22	27-9-22	29-9-22	27-9-22	29-9-22	2	Procedural delays	
14	BBNL	Communications	30-6-22	1-8-22	22-8-22 to 02-9-22	Not sent	Not applicable	30-9-22	16-9-22	No delay		
15	DIC	Electronic & IT	30-6-22	5-12-22	Not audited			3-2-23	28-12-22	No delay		
16	SPMCIL	Finance	30-6-22	1-7-22	14-7-22 to 11-8-22	Not sent	Not applicable	30-8-22	16-9-22	17	Procedural delays	
17	BRBNMPL	Finance	30-6-22	16-9-22	19-9-22 to 07-10-22	31-10-22	9-11-22	15-11-22	10-11-22	No delay		
18	BNPMIPL	Finance	30-6-22	28-7-22	01-8-22 to 05-8-22	Not sent	Not applicable	26-9-22	16-9-22	No delay		
19	NIIFTL	Finance	30-6-22	16-8-22	Not audited			15-10-22	30-8-22	No delay		

Sl. No.	Name of Orgaisation	Administrative Ministry	Due date of submission of A/Cs	Actual Date of submission of A/Cs	Period of Audit	Date of sending comments to Hqrs	Date of Hqrs approval	Due date of Certificate/ SAR	Actual Date of Certificate/ SAR	Total Delay in days	Reason for delay	Date of Placement in Parliament
20	MISL	Electronic & IT		under liquidation								
21	CSC Gramen eStore service Pvt Ltd.	Electronic & IT	30-6-22	21-6-22	27-6-22 to 08-7-22	Not sent	Not applicable	20-8-22	12-8-22	No delay		

Annexure-2.1

(Refer to Paragraph 2.1.1.3)

Details of Heritage Buildings in Department of Posts

Sl. No.	Name of the Circle	Name of the Heritage Building	Year of Construction	Year of Identification by DoP	Remarks
1	Bihar	GPO Patna	1912-13	1993	Taken for Audit
2		Bhagalpur HPO	1919	1993	Taken for Audit
3		PTC-Darbhanga	1934	1993	Taken for Audit
4	Delhi	New Delhi GPO	1930	1993	Taken for Audit
5		Delhi GPO	1885	1993	Taken for Audit
6	Himachal Pradesh	Mandi HPO	1906	1993	Not taken for Audit
7		Chhota Shimla PO	1882	1993	Taken for Audit
8		Ambedkar Chowk PO	1912-13	1993	Not taken for Audit
9		Kasauli PO	1886	1993	Not taken for Audit
10		Shimla GPO	1882	1993	Taken for Audit
11	Karnataka	Beaulieu-circle office Bengaluru	1872	1993	Taken for Audit
12		PTC Mysuru	1914	1993	Taken for Audit
13		Division Office-Bellary	1870	1993	Taken for Audit
14	Kerala	Circle office TVM	1905	1993	Taken for Audit
15	Maharashtra	GPO Nagpur	Before 1939	1993	Taken for Audit
16		DAP Nagpur	Before 1939	1993	Taken for Audit
17		Pune HPO	1928	1993	Not taken for Audit
18		GPO Mumbai	1913	1993	Taken for Audit
19		HPO Panaji	1834	1993	Taken for Audit
20	Punjab	HPO Amritsar	1926-27	1993	Taken for Audit
21	Uttar Pradesh	CPMG office, Lucknow	1916-17	1993	Taken for Audit
22		GPO Lucknow	1932	1993	Taken for Audit
23		Varanasi HPO	1937	1993	Taken for Audit
24		Varanasi City Post Office	1922	1993	Taken for Audit
25		Agra HPO	1913	1993	Not taken for Audit
26	Tamil Nadu	GPO Chennai	1884	1993	Taken for Audit
27		Udhagamandalam HPO	1826	1993	Taken for Audit
28		Nagapattinam HPO	1920	1993	Not taken for Audit
29	West Bengal	Kolkata GPO	1864-68	1993	Taken for Audit
30		RLO, Kolkata	1890	1993	Taken for Audit
31		Berhampore HO	1767	1993	Taken for Audit
32		Baruipur HPO	1860	1993	Taken for Audit
33		Darjeeling HO	1921	1993	Not taken for Audit
34		Cooch Behar HPO	1925	1993	Not taken for Audit
35		Alipore HPO	1915	1993	Not taken for Audit
36		Diamond Harbour HPO	1920	1993	Not taken for Audit

Annexure 2.2

(Reference: Para 2.2(a))

Annexure showing non-payment of GST on commission paid to Direct Agents / Field Officers for the period 2018-19 to 2021-22

Sl. No.	Name of Circle	Commission paid to Field Officer PLI / RPLI	Commission paid to Direct Agents PLI / RPLI	Total Commission paid	CGST@9% due to be paid	SGST@9% due to be paid	Total GST to be paid	Total GST Paid	Total GST Due in ₹
1	Kerala	3048474	48441578	51490052	4634105	4634105	9268209	0	9268209
2	Rajasthan	1613418	11619194	13232612	1190935	1190935	2381870	0	2381870
3	Gujarat	67079952	168940236	236020188	21241817	21241817	42483634	0	42483634
4	Tamil Nadu	13942057	3871620	17813677	1603231	1603231	3206462	0	3206462
5	Karnataka	9398359	814245995	823644354	74127992	74127992	148255984	2830946	145425038
6	J&K	886141	424021	1310162	117915	117915	235829	0	235829
7	Telangana	6122396	122365679	128488075	11563927	11563927	23127854	0	23127854
8	Andhra Pradesh	178696471	136794119	315490590	28394153	28394153	56788306	0	56788306
9	M.P.	65285841	25515705	90801546	8172139	8172139	16344278	0	16344278
10	Chhattisgarh	5551633	20624472	26176105	2355849	2355849	4711699	0	4711699
11	Orissa	1315852	212224073	213539925	19218593	19218593	38437187	0	38437187
12	Bihar Circle	2434240	37648478	40082718	3607445	3607445	7214889	0	7214889
13	Jharkhand	1145478	20655171	21800649	1962058	1962058	3924117	0	3924117
14	West Bengal	356540036	0	356540036	32088603	32088603	64177206	0	64177206
15	H.P	24675805	10738526	35414331	3187290	3187290	6374580	925956	5448624
16	Maharashtra	38784264	43011781	81796045	7361644	7361644	14723288	13125165	1598123
	Total	**776520417**	**1677120648**	**2453641065**	**220827696**	**220827696**	**441655392**	**16882067**	**424773325**

Annexure 2.3

(Reference: Para 2.2(b))

Annexure showing non-deduction / short deduction of Goods and Services Tax (GST)

Sl. No.	Name of Circle	Year	Gross Amount (₹ in cr.)	Non-payment of GST Amount (₹ in cr.)	Short payment of GST Amount (₹ in cr.)	Total Amount (₹ in cr.) due to be paid
1	Assam	June 2018 to April 2022	6.68	0.37	0.06	0.43
2	West Bengal	June 2018 to August 2021	5.6	0.38	0.03	0.41
3	North East	June 2018 to Nov 2021	0.75	0.11	-	0.11
4	Karnataka	June 2018 to Jan'2022	11.7	0.56	0.08	0.64
5	Rajasthan	June 2018 to April 2022	5.8	0.89	-	0.89
6	Gujarat	June 2018 to April 2022	3.63	0.23	0.03	0.26
7	TamilNadu	June 2018 to Nov' 2019	1.2	0.18	-	0.18
8	Maharashtra (Mumbai)	June 2018 to April 2022	9.81	1.5	-	1.5
9	Bihar	May 2018 to March 2022	3.94	0.6	-	0.6
10	Jharkhand	June 2018 to March 2022	1.58	0.24	-	0.24
11	Madhya Pradesh	June 2018 to March 2022	4.2	0.16	0.04	0.2
12	Kerala	June 2018 to April 2022	0.23	0.04	-	0.04
13	Andhra Pradesh	May 2018 to Jan' 2022	14.98	2.28	-	2.28
14	Telangana	June 2018 to March 2022	1.91	0.05	0.01	0.06
15	Odisha	June 2018 to March 2022	2.57	0.39	-	0.39
16	Delhi	May 2018 to Jan 2022	2.65	0.41	-	0.41
17	Jammu & Kashmir	Feb' 2019 to July 2022	0.07	0.01	-	0.01
18	Haryana	July 2019 to April 2022	0.64	0.1	-	0.1
19	Punjab	June 2018 to April 2022	3.18	-	0.04	0.04
20	Uttrakhand	April 2019 to Sep'21	0.55	0.08	-	0.08
21	Himachal Pradesh	June 2018 to July 2022	0.86	0.13	-	0.13
		Total	**82.53**	**8.71**	**0.29**	**9**

Note: Information in respect of U.P and Chattisgarh circle may be treated as 'NIL'

Annexure-4.1

(Refer to Paragraph 4.1.2.1)

Discrepancies of Land Parcels between FICO and REM

Sl. No.	Circles	Land Parcel as per FICO	Lands parcel as per REM	Difference FICO-REM
1	Andaman & Nicobar	49	56	-7
2	ALTTC	6	7	-1
3	Andhra Pradesh	1,044	995	49
4	Assam	274	358	-84
5	Bihar	104	349	-245
6	Chennai Metro District	111	139	-28
7	Chhattisgarh	179	285	-106
8	CORE NETWORK (TX-EAST)	290	210	80
9	CORE NETWORK (TX-NE REGION)	226	110	116
10	CORE NETWORK (TX-NORTH)	149	187	-38
11	CORE NETWORK (TX-SOUTH)	114	113	1
12	CORE NETWORK (TX-WEST)	82	147	-65
13	Gujarat	1,618	1,676	-58
14	Haryana	226	226	0
15	Himachal Pradesh	166	191	-25
16	IC (T&D)	4	6	-2
17	Jammu & Kashmir	65	82	-17
18	Jharkhand	49	159	-110
19	Karnataka	1,209	1,338	-129
20	Kerala	812	740	72
21	Kolkata Metro	70	75	-5
22	Madhya Pradesh	2,358	1,717	641
23	Maharashtra	1,785	1,734	51
24	North East – I	191	241	-50
25	North East –II	181	181	0
26	Odisha	362	455	-93
27	Punjab	346	366	-20
28	Rajasthan	796	895	-99
29	Sikkim	11	14	-3
30	Tamil Nadu	941	925	16
31	Telangana	727	1,025	-298
32	UP (E)	645	749	-104
33	UP (W)	243	299	-56
34	Uttaranchal	81	90	-9
35	West Bengal	77	208	-131
	Total	**15,591**	**16,348**	**-757**

Annexure-4.2

(Reference: Para 4.1.2.4(a))

Details of Vacant Land having value less than ₹ 100 crore

Sl. No.	Circles	No. of Lands	No. of Vacant lands	Percentage of vacant lands	Spare lands identified
1	Maharashtra	1,716	362	21	8
2	Andhra Pradesh +Telangana	1,709	311	18	69
3	Gujarat	1,618	209	13	6
4	Madhya Pradesh	1,362	237	17	32
5	Karnataka	1,309	349	27	0
6	Tamilnadu	947	88	9	1
7	Rajasthan	838	129	15	0
8	Kerala	743	69	9	1
9	Uttar Pradesh (East)	742	146	20	100
10	Orissa	431	76	18	10
11	Punjab	367	28	8	4
12	Bihar	354	43	12	0
13	Uttar Pradesh (West)	293	42	14	34
14	Assam	281	18	6	0
15	STR	256	124	48	0
16	North East-I	243	28	12	0
17	Chhattisgarh	235	12	5	0
18	Haryana	225	16	7	32
19	West Bengal	207	9	4	0
20	North East-II	206	40	19	0
21	ETR	168	11	7	0
22	Himachal Pradesh	157	58	37	4
23	Jharkhand	155	8	5	1
24	NTR	131	10	8	0
25	Chennai Phones	112	22	20	7
26	WTR	91	0	Nil	0
27	Uttaranchal	79	11	14	4
28	Kolkata Phones	72	4	6	4
29	Andaman & Nicobar	49	12	24	0
30	NTP	15	2	13	0
31	STP	10	9	90	0
	Total	**15,121**	**2,483**	**16**	**317**

Annexure-4.3

(Reference: Para 4.1.2.4(b))

Assets identified/ approved for monetisation under Phase-I

Sl. No.	Name of Assets	Tentative market value *(₹ in crore)*
1	Regional Telecom Training Centre, Old Bombay Highway, Telecom Nagar Extension, Gachibowli, Hyderabad	609.02
2	Regional Telecom Training Centre, Rajpura by pass road, Village Neelpur, Rajpura, Punjab	111.39
3	BSNL Staff Colony, Chitra, Rajkot-Bhavnagar Highway, District-Bhavnagar, Gujarat	40.75
4	BSNL Staff Quarters, AA Road, Vyasar Nagar, Chennai	1,651.49
5	Juhu Wireless compound, CTS No. G-168/84-1TPS-II, Linking Road, Santacruz (W), Mumbai	979.04
6	Telephone Exchange Compound, Red Hills Road, Meenambedu, Ambattur, Chennai	132.70
7	BSNL Telecom Factory, Wright Town, Near Ranital Chowk, Jabalpur, Madhya Pradesh	2,336.74
8	BSNL Telecom Factory, Gopalpur, B.B.T.Road, P.S. Maheshtala, P.O. Sarkarpool, Kolkata	439.29
9	BSNL Telephone Exchange, P.O. Meghdoot, P.S. Madhyamgram, District North 24 Parganas, Kolkata	302.87
10	BSNL Wireless Compound, L.T.Road. Gorai, Borivali(W), Mumbai	5,151.55
11	BSNL Telecom Factory Township, CTSNo.386, V.N. Purav Marg, Deonar, Mumbai	6,445.75
12	No. 45, V.M. Street, BSNL Staff Quarters, Royapettah, Chennai	292.87
13	ALTTC, Rajnagar, Ghaziabad, U.P.	1,616.72
14	CTO Building, Neelam Chowk, Faridabad, Haryana	49.81
	Total	**20,159.99**

Annexure-4.4

(Refer to Paragraph 4.1.2.6)

Details of encroached Land parcels

Sl. No.	Circles	Total No. of Lands As per ERP-REM	Encroachment
1.	BSNL, CO, New Delhi	0	0
2.	A &N	56	2
3.	Andhra Pradesh	995	1
4.	Telangana	717	4
5.	Assam	357	5
6.	Bihar	349	0
7.	Chhattisgarh	326	0
8.	Gujarat	1,599	3
9.	Haryana	226	0
10.	Himachal Pradesh	190	1
11.	Jammu & Kashmir	82	1
12.	Jharkhand	159	0
13.	Karnataka	1,244	4
14.	Kerala	740	3
15.	Madhya Pradesh	1,711	31
16.	Maharashtra	1,783	9
17.	NE-l	241	0
18.	NE-ll	181	0
19.	Odisha	455	3
20.	Punjab	365	3
21.	Rajasthan	898	48
22.	Tamilnadu	925	1
23.	UP East	855	8
24.	UP West	302	1
25.	Uttaranchal	90	1
26.	West Bengal & Sikkim	216	1
27.	CTD	76	1
28.	CHTD	139	1
29.	ETR	226	1
30.	WTR	147	0
31.	NTR	187	0
32.	STR	112	1

Sl. No.	Circles	Total No. of Lands As per ERP-REM	Encroachment
33.	STP Bangalore	1	1
34.	NETF	110	2
35.	TF Mumbai	2	0
36.	TF Jabalpur	6	0
37.	TF Kolkata	9	0
38.	ALTTC+BRBRAITT+NATFM	7	0
39.	Inspection Circle, Jabalpur	6	0
	Grand Total	**16,090**	**137**

Glossary of Terms and abbreviations

AoA	Article of Association
ABs	Autonomous Bodies
AEKs	Aadhaar Enrolment Kits
AMASR	Ancient Monuments, Archeological Sites and Remains
AMC	Annual Maintenance Contract
AT	Acceptance Testing
ATN	Action Taken Notes
BBNL	Bharat Broadband Network Limited
BSNL	Bharat Sanchar Nigam Limited
BTS	Base Transceiver Station
BNPMIPL	Bank Note Paper Mill India Private Limited
BRBNMPL	Bharatiya Reserve Bank Note Mudran Pvt. Ltd.
CABs	Central Autonomous Bodies
CAPEX	Capital Expenditure
CCAs	Controller of Communication Accounts
C-DAC	Centre for Development of Advanced Computing
C-DoT	Centre for Development of Telematics
CDR	Call Detail Records
CERT-In	Indian Computer Emergency Response Team
CGA	Controller General of Accounts
CGM-BW	Chief General Manager-Building Works
CI	Composite Indicator
CLR	Custodian of Land Record
C-MET	Centre for Materials for Electronics Technology
CNTx	Core Network Transmission
COPU	Committee on Public Sector Undertakings
CPWD	Central Public Works Department
CROP	Comprehensive Renting-Out Policy
CSC	Common Service Centres
CSR	Corporate Social Responsibility
CTDP	Comprehensive Telecom Development Plan
DDA	Delhi Development Authority
DEA	Department of Economic Affairs
DeGS	District e-Governance Societies
DeitY	Department of Electronics & Information Technology
DIC	Digital India Corporation
DIPAM	Department of Investment and Public Asset Management
DoE	Department of Expenditure

DoP	Department of Posts
DoT	Department of Telecommunications
ERNET	Education & Research in Computer Networking
ERP	Enterprise Resource Planning
ETDC	Electronics Test and Development Centre
FICO	Finance and Control
FY	Financial Year
GFR	General Financial Rules
GPs	Gram Panchayats
GR	Gross Revenue
GSM	Global System for Mobile Communications
GST	Goods and Service Tax
HBs	Heritage Buildings
HTD	Hyderabad Telecom District
I&B	Ministry of Information and Broadcasting
ICT	Information and Communication Technology
IDR	Intermediate Data Rate
IMRI	Indigenous Magnetic Resonance Imaging
INTACH	Indian National Trust for Art and Cultural Heritage
IPPB	India Post Payments Bank
ITI	Indian Telephone Industries Limited
IUAC	Inter-University Accelerator Centre
KSAD	Kerala State Archaeology Department
KYC	Know Your Customer
LAN	Local Area Network
LD	Liquidated Damages
LF	License Fee
LMS	Learning Management System
LSA	Licensed Service Area
LWE	Left Wing Extremism
MDO	Mobile Data Offload
MeitY	Ministry of Electronics & Information Technology
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MHADA	Maharashtra Housing and Area Development Authority
MHz	Mega Hertz
MoC	Ministry of Communications
MoF	Ministry of Finance
MoSPI	Ministry of Statistics and Programme Implementation
MoU	Memorandum of Understanding

MPLADs	Member of Parliament Local Area Development
MSMEs	Ministry of Micro, Small & Medium Enterprises
MST	Magnetic Security Thread
MTL	Millennium Telecom Limited
MTNL	Mahanagar Telephone Nigam Limited
NCF	National Culture Fund
NGOs	Non-governmental organisations
NHAI	National Highways Authority Of India
NIC	National Informatics Centre
NICF	National Institute Of Communication Finance
NICSI	National Informatics Centre Services Inc
NIELIT	National Institute of Electronics & Information Technology
NIIFTL	National Investment and Infrastructure Fund Trustee Limited
NIT	Notice Inviting Tender
NIXI	National Internet Exchange of India
NOC	Network Operating Centre
NSC	National Steering Committee
NTIPRIT	National Telecommunications Institute for Policy Research, Innovation and Training
O&M	Operation And Maintenance
OPAP	outdoor Public Wi-Fi Access Points
OPEX	Operational Expenditure
PAC	Public Accounts Committee
PE	Project Estimate
PFMS	Public Financial Management System
PLI	Postal Life Insurance
PMGDisha	Pradhan Mantri Gramin Digital Saksharta Abhiyan
PMU	Project Monitoring Unit
PRSG	Project Reviewing and Steering Group
PSUs	Public Sector Undertakings
REM	Real Estate Module
RPLI	Rural Postal Life Insurance
SAMEER	Society for Applied Microwave Electronics Engineering and Research
SAP	Systems, Applications & Products
SEBI	Securities and Exchange Board of India
SFC	Standing Finance Committee
SHGs	Self Help Groups
SIAs	State Implementation Agencies
SPMCIL	Security Printing and Minting Corporation of India Limited

SPs	Service Providers
SPV	Special Purpose Vehicle
SSAs	Secondary Switching Areas
STPI	Software Technology Parks of India
STQC	Standardisation, Testing And Quality Certification Directorate
SUC	Spectrum Usage Charges
TCIL	Telecommunications Consultants India Limited
TCL	Tata Communication Limited
TCs	Training Centres
TDSAT	Telecom Dispute Settlement and Appellate Tribunal
TEC	Telecom Engineering Centre
TERM	Telecom Enforcement and Resource Monitoring
TRAI	Telecom Regulatory Authority of India
TSPs	Telecom Service Providers
TTL	Tamil Nadu Telecommunications Limited
UAL	Universal Access Levy
UID	Unique Identification Numbers
UIDAI	Unique Identification Authority of India
USO	Universal Service Obligation
USOF	Universal Service Obligation Fund
USP	Universal Service Provider
UTs	Union Territories
VECC	Variable Energy Cyclotron Centre
VLE	Village Level Entrepreneurs
VRS	Voluntary Retirement Scheme
WLL	Wireless in Local Loop
WPC	Wireless Planning and Coordination Wings