CHAPTER-I
INTRODUCTION

1.1 About this Report

This Report of the Comptroller and Auditor General (C&AG) of India relates to matters arising from Compliance Audit of the financial transactions of the Ministry of Communications and Information Technology (MoC & IT) under Government of India including Departments/Public Sector Undertakings (PSUs) under its administrative control for the year ended 31 March 2015.

This Chapter provides profile of the Departments and concerned entities along with planning and extent of audit followed by a brief analysis of the expenditure of the departments under the Ministry of Communications and Information Technology (MoC & IT). This chapter also include follow up on audit observations on these departments and PSUs under the Ministry. Chapters II to V relate to present findings/observations arising out of the compliance audit of Department of Telecommunications (DoT), Department of Posts (DoP), Department of Electronics and Information Technology (DeitY) and Public Sector Undertakings (PSUs) under the Ministry.

1.2 Authority for Audit

The authority for audit by the C&AG and reporting to the Parliament is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. C&AG conducts audit of expenditure of Ministries/Departments of the Government of India under Section 13[1] and 17[2] of the C&AG's (DPC) Act and audit of PSUs is covered under Section 19 of the Act.

1.3 Planning and conduct of Audit

Audit is conducted in accordance with the principles and practices enunciated in the auditing standards and performance audit guidelines promulgated by the C&AG. The audit process starts with the assessment of risk of the Ministry/Department. Based on this risk assessment, the frequency and extent of audit are decided.

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[1] Audit of (i) all expenditure from the Consolidated Fund of India, (ii) all transactions relating to Contingency Funds and Public Accounts and (iii) all trading, manufacturing, profit and loss accounts, balance-sheets and other subsidiary accounts.

[2] Audit and report on the accounts of stores and stock kept in any office or department of the Union or of a State.

1.4 Profile of Audited Entities

1.4.1 Department of Telecommunications (DoT)

The Department of Telecommunications (DoT) is responsible[3] 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 the 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 cities and telecom circles as per the approved policy of the Government.

➢ Analysis of Expenditure

The comparative position of expenditure of the DoT during 2014-15 and in the preceding four years is given in Table-1 below:

Table-1
Revenue and Expenditure of DoT

(₹ in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Revenue	1,20,547.63	17,400.92	18,902.00	40,113.76	30,624.18
Expenditure	10,370.26	8,692.16	9,273.38	10,835.57	13,026.14

(Source: Appropriation and Finance Accounts of DoT)

Major sources of revenue of the department are license fee and spectrum usage charges received from telecom service providers. The details of license fee and spectrum usage charges received during last five years are given in Table-2 below:

Table-2
Details of License Fee and Spectrum Usage Charges received

(₹ in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
License Fee	10,286.43	11,790.93	11,456.48	14,628.47	12,358.29
Spectrum Usage Charges	3,432.47	5,192.30	5,679.19	6,883.67	1,7841.93[4]
Auction Revenue	1,06,264.73	–	1,722.24	18,267.18	-

(Source: Annual Report of DoT for the year 2015-16)

An analysis of the revenue earned by DoT revealed that income of the department surged during 2010-11 and 2013-14 due to proceeds from the auction of spectrum held in these years. Further, expenditure of DoT has grown steadily during last four years.

[3] Annual Report of DoT for the year 2015-16.

[4] The Spectrum Usage Charges of ₹ 17,841.93 crore include Auction Fee also.

➢ Brief Profile of the Telecom Sector

Telecommunications has evolved as one of the critical components of economic growth required for the overall socio economic development of the country. The telecom sector witnessed a phenomenal growth during the past decade. During the period 2010-11 to 2014-15, the number of telephone subscribers increased from 846.32 million to 996.49 million. The status of overall growth for the year 2010-11 to 2014-15 in Telecom Sector is given below in Table-3.

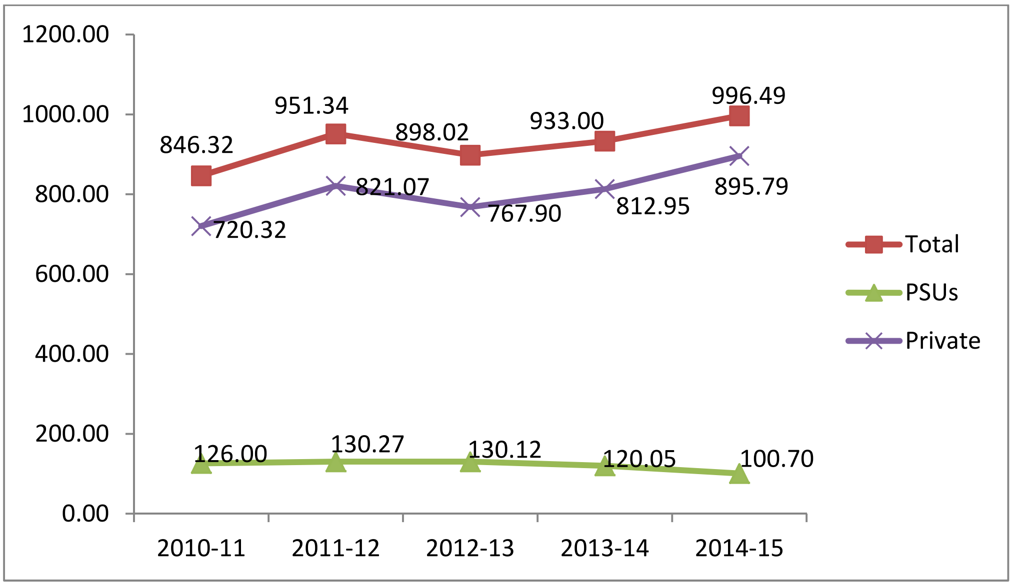
Table-3
Status of Growth in Telecom Sector

Year	Subscribers (In Millions)					Teledensity (In percentage)		
	Total	Rural	Urban	Wireline	Wireless	Overall	Rural	Urban
2010-11	846.32	282.24	564.08	34.73	811.59	70.89	33.79	157.32
2011-12	951.34	330.82	620.52	32.17	919.17	78.66	39.22	169.55
2012-13	898.02	349.22	548.80	30.21	867.81	73.32	41.02	146.96
2013-14	933.00	377.74	555.26	28.49	904.51	75.23	43.96	145.78
2014-15	996.49	419.31	577.18	26.60	969.89	79.38	48.37	148.61

(Source: TRAI Annual Reports 2010-11 to 2014-15)

Growth of the telecom sector during the last five years in terms of subscriber base is depicted in the graph given below:

Growth in subscriber base - Private versus PSUs
Number of Subscribers (in millions)



(Source: TRAI Annual Reports)

As is evident from the above graph, the subscriber base of Private Telecom Companies is significant in comparison to Public Sector Telecom Companies which is showing a declining trend during the last four years.

➢ Regulatory Framework of the sector

Telecom Regulatory Authority of India (TRAI)

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

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

The Government, by notification dated 9 January 2004, defined broadcasting services and cable services as telecommunication services thus bringing these sectors under the ambit of TRAI. TRAI is also required to make recommendations either *suo moto* or on a reference from the licensor i.e. Department of Telecommunications, Ministry of Communications and Information Technology or Ministry of Information and Broadcasting in the case of Broadcasting and Cable Services.

Telecommunications Dispute Settlement and Appellate Tribunal (TDSAT)

TDSAT was set up by way of an amendment to the TRAI Act effective from 24 January 2000 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 off appeals against any direction, decision or order of TRAI.

➢ Important DoT Units

Department of Telecommunications includes Telecom Enforcement and Resource Monitoring (TERM) Cell, Controller of Communications Accounts (CCAs), Wireless Planning and Coordination Wings (WPC), Telecom Engineering Centre (TEC), National Telecommunications Institute for Policy Research (NTI), National Institute of Communication Finance (NICF) and Centre for Development of Telematics (C-DoT) which is a Research and Development Unit.

➢ Universal Service Obligation Fund (USOF)

To give impetus to rural telephony, Government of India formed a Universal Service Obligation Fund (USOF) by an Act of Parliament w.e.f. 1 April 2002. The resources for meeting the USO were to be raised through a Universal Access levy (UAL) which is a percentage of revenue earned by all operators under various licences. 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 Universal Service Obligation. An amount for ₹ 66,118.04 crore was collected by Department of Telecommunications (DoT) as USO levy upto 31 March 2015 and credited to Consolidated Fund of India. Out of this amount, only ₹ 26,983.47 crore was received by DoT through appropriation by Parliament and credited to USO Fund as of 31 March 2015. This includes ₹ 6,948.64 crore adjusted in 2008-09 on account of reimbursement to BSNL during the years 2002-06 towards License Fee and Spectrum Charges for fulfilling rural obligation under USOF.

➢ Public Sector Undertakings (PSUs) under administrative control of the Department

Brief profile of important PSUs under administrative control of the Department is given below:

Bharat Sanchar Nigam Limited

Bharat Sanchar Nigam Limited (BSNL), fully owned by Government of India, 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, WLL and GSM mobile, Broadband, Internet, leased circuits and long distance telecom service. The Company's total revenue during the year 2014-15 was ₹ 28,645.20 crore and it incurred a loss of ₹ 8,234.09 crore.

The overall performance of the company in the past three years is detailed in the Table-4 below:

Table-4
Performance of BSNL during last three years

Year	Revenue	Expenditure	Subscriber base		
			Wireline	Wireless	Total
		(₹ in crore)			(In crore)
2012-13	27,127.89	34,900.43	2.04	10.12	12.16
2013-14	27,996.35	34,929.60	1.85	9.47	11.32
2014-15	28,645.20	37,292.10	1.64	7.72	9.36

An analysis of the above data reveals that although both revenue and expenditure of the company have shown an increasing trend during the last three years. Further, the subscriber base of both wireline and wireless consumer has reduced considerably during the period.

Mahanagar Telephone Nigam Limited

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 service and GSM mobile services in these two metropolitan cities. MTNL is also providing dial up internet services in Delhi and Mumbai under separate non-exclusive license agreement. It is also providing broadband and 3G services. The Government disinvested 20 *per cent* shares to banks/ their subsidiaries and financial institutions in 1994. MTNL is a listed Company as on date and 56.25 *per cent* shares are with Government and rest with private shareholders. The Company's total revenue during the year 2014-15 was ₹ 3,821.06 crore and it incurred a loss of ₹ 2,893.39 crore.

The overall performance of the company in the past three years is detailed in the Table-5 below:

Table-5
Performance of MTNL during last three years

Year	Revenue	Expenditure	Subscriber base		
			Wireline	Wireless	Total
		(₹ in crore)			(In crore)
2012-13	3,714.08	9,015.82	0.34	0.50	0.84
2013-14	3,787.37	6,870.41	0.35	0.34	0.69
2014-15	3,821.06	6,723.48	0.36	0.35	0.71

The revenue of the company has shown a marginal increase during the period 2012-13 to 2014-15. The expenditure during the year 2012-13 was higher but in the subsequent years, it has shown a downward trend. The subscriber base of wire line consumer has shown a marginal increase every year from 2012-13 to 2014-15 but in respect of wireless consumer the decrease is considerable in the year 2013-14 from 50 lakh to 34 lakh. There was, however, a marginal increase during 2014-15.

Millennium Telecom Limited (MTL)

Millennium Telecom Limited (MTL) was formed by Mahanagar Telephone Nigam Limited (MTNL) as its wholly owned subsidiary company in the year 2000 for setting up submarine cable project and to provide IT solutions. The Company's total revenue was ₹ 2.95 crore and it earned a profit of ₹ 0.12 crore during the year 2014-15.

Indian Telephone Industries Limited (ITI Ltd.)

ITI Limited is India's pioneering venture in the field of telecommunications. ITI started its operations in Bengaluru in 1948, which were 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. The Company's total revenue during the year 2014-15 was ₹ 659.25 crore and it incurred a loss of ₹ 297.13 crore.

Telecommunications Consultants India Limited (TCIL)

Telecommunications Consultants India Limited (TCIL), fully owned by Government of India, 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. The Company's total revenue during the year 2014-15 was ₹ 831.48 crore and it earned a profit of ₹ 21.37 crore.

Tamilnadu Telecommunications Limited (TTL)

Tamilnadu Telecommunications Limited, was incorporated in 1988. It's a three way joint venture of TCIL, TIDCO and Fujikura Limited of Japan. The shareholding pattern of the major shareholders are TCIL (49 *per cent*), Tamilnadu Industrial Development Corporation (14.63 *per cent*) and Fujikura Limited of Japan (7.18 *per cent*). The rest are held by banks and financial institution, private trust, NRIs and Indian public. It manufactures Optical Fibre Cables for Telecommunications. This company has been referred to BIFR and a scheme of restructuring was sanctioned on 21 July 2010. It has also diversified into Tablet PC and FTTH (Fibre to the Home) components. The Company's total revenue was ₹ 20.48 crore and it incurred a loss of ₹ 8.57 crore during the year 2014-15.

Intelligent Communications Systems India Limited (ICSIL)

Intelligent Communications Systems India Limited (ICSIL) was incorporated in 1987. It is a joint venture of TCIL and Delhi State Industrial and Infrastructure Development Corporation (DSIIDC), an undertaking of Delhi Government, where TCIL has 36 *per cent* shareholding and DSIIDC has 40 *per cent* shareholding. The company is engaged in trading of hardware items such as computer/telecom/IT equipment of reputed brands. It also supplies manpower to various organizations and provides education through licensees under individual agreements with each one of them. It also undertakes annual maintenance contracts of hardware items. The Company's total revenue was ₹ 97.80 crore and it earned a profit of ₹ 2.22 crore during the year 2014-15.

TCIL-Bina Toll Road Limited

TCIL-Bina Toll Road Limited is a 100 *per cent* subsidiary of TCIL and was incorporated in 2012. This company was created with the objective of execution of Infrastructural Project on design, built, finance, operate and transfer (DBFOT) basis, namely the Toll Road Project between Bina and Kurwai Town in the State of Madhya Pradesh, India. The company started its commercial operation in April 2014. The financial year 2014-15 is the first year of Commercial operations. The Company's total revenue was ₹ 4.97 crore and it incurred a loss of ₹ 9.42 crore during the year 2014-15.

TCIL-Lakhnadone Toll Road Limited

TCIL-Lakhnadone Toll Road Limited, a 100 *per cent* subsidiary of Telecommunications Consultants India Limited (TCIL) was incorporated in 2013. It's a Special Purpose Vehicle created with an objective of executing the Concessionaire Agreement with Madhya Pradesh Road Development Corporation Limited (MPRDC) for the development of Lakhnadone Toll Road Project. Concessionaire agreement with MPRDC was entered into by TCIL in September 2011 and a tripartite agreement was entered into between TCIL, MPRDC and the Company in August 2014 to substitute the name of TCIL with that of the Company. Further, TCIL would work as a supporting organization till completion of the project and handover it to the Company. The company has not started earning revenue as the construction of toll road is not complete but has incurred a loss of ₹ 0.02 crore.

Bharat Broadband Network Limited (BBNL)

Bharat Broadband Network Limited (BBNL), a special purpose vehicle (SPV) has been incorporated in 2012 under the Companies Act, 1956 to execute National Optical Fibre Network Project (NOFN). BBNL has been given responsibility to connect approximately 2.50 lakh Gram Panchayats (GPs) of the country through Optical Fibre utilizing existing fibers of PSUs viz. BSNL, RailTel and Power Grid and laying incremental fiber wherever necessary to bridge the connectivity gap between Gram Panchayats and Blocks, which would ensure broadband connectivity with adequate bandwidth. The Company's total revenue was ₹ 11.33 crore and it incurred a loss of ₹ 0.29 crore during the year 2014-15.

Hemisphere Properties India Limited (HPIL)

Hemisphere Properties India Limited (HPIL), a public limited company incorporated in 2005 and became a Government company from 18 March 2014. The company was incorporated pursuant to clause 7.10 of Share Purchase Agreement and 4.7 of Share Holders Agreement executed on 13 February 2002 between the Government of India and M/s. Panatone Finvest Ltd and other Tata Group companies wherein the surplus land identified at the time of disinvestment of VSNL was to be demerged into the company. Government of India owns 51.12 *per cent* equity shares through Department of Telecommunications and remaining are owned by M/s. Tata Capital Limited and Af-taab Investment Company Limited. The paid up share capital of the company is ₹ 5.00 lakh. The company has not earned any revenue during the year 2014-15 and has an accumulated loss of ₹ 3.73 lakh.

1.4.2 Department of Posts (DoP)

The postal network of India is the largest network in the world having more than 1.54 lakh post offices and extends to the remotest corners of the country. While the core activity of the Department is processing, transmission and delivery of mail, there are also a diverse range of retail services undertaken by the Department which include 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 undertaken responsibility for social benefit payments such as MGNREGS and social security pension schemes.

Financial Performance

The revenue receipts and revenue expenditure of DoP for the years 2010-11 to 2014-15 is shown in the Table-6 below:

Table-6
Revenue receipts and Revenue expenditure of DoP

(₹ in crore)

Year	Revenue Receipts	Recoveries[5]	Revenue Expenditure	Deficit (2)+(3)-(4)
(1)	(2)	(3)	(4)	(5)
2010-11	6,962.33	485.72	13,793.67	6,345.62
2011-12	7,899.35	458.64	14,163.91	5,805.92
2012-13	9,366.50	688.77	15,481.15	5,425.88
2013-14	10,730.42	593.19	16,796.71	5,473.10
2014-15	11,635.98	661.98	18,556.56	6,258.60

(Source: Appropriation Accounts of DoP for the years 2010-11 to 2014-15)

The earnings of the Department are in the form of 'Revenue Receipts' and 'Recoveries'.

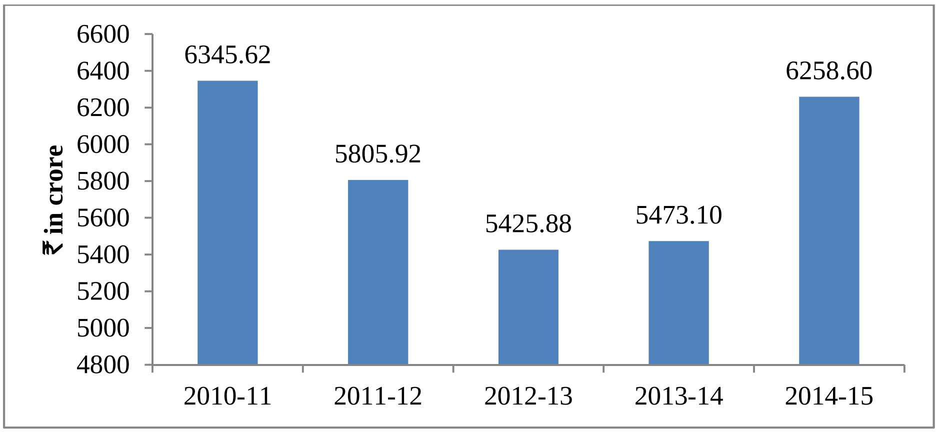
There was a deficit of ₹ 6,258.60 crore on postal services[6] in 2014-15. The main reasons for the deficit as attributed by the Department was increase in Working

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

[6] Deficit was calculated as the difference between revenue receipts *plus* recoveries and revenue expenditure, i.e., {(₹ 11,635.98+ ₹ 661.98) - ₹ 18,556.56}.

Expenses due to increased expenditure under salary, domestic travel expenses, office expenses, professional services and other charges etc. The comparative position of deficit in postal services during the period 2010-11 to 2014-15 is as under:

Deficit in Postal Services



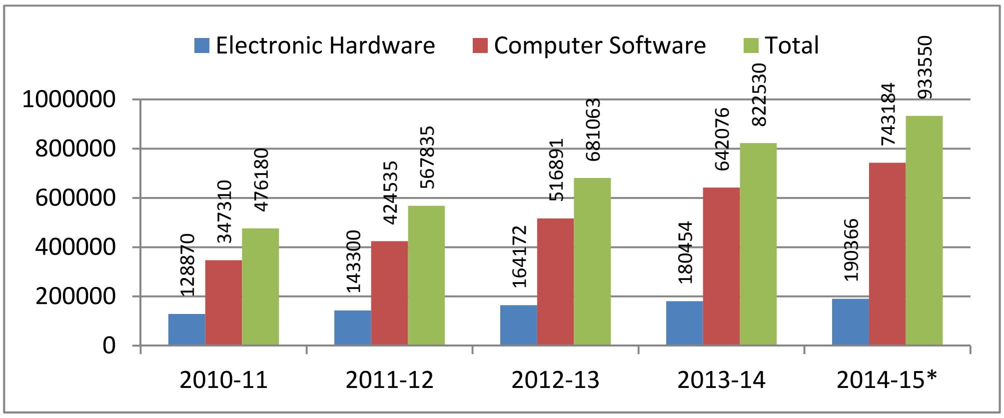
1.4.3 Department of Electronics and Information Technology (DeitY)

DeitY plays an important role in the development of Electronics and IT sector. The vision of DeitY is e-Development of India as the engine for transition into a developed nation and an empowered society.

The Indian IT industry has been contributing substantially to India's GDP, exports and employment. Production and growth of Indian Electronics and IT-ITeS (Information Technology Enabled Services) industry since 2010-11 to 2014-15 is given in the chart below:

Electronic and IT production

(₹ in crore)



(Source: Annual Report of DeitY)

* Estimated figures are based on inputs from Industry Associations, Ministries and other Organizations.

Main reason for sustained overall growth of the Electronics and IT-ITeS industry as considered by the department is relatively higher growth in software and services which are largely export driven and also dominate the electronics and IT sector.

In order to carry out its functions, DeitY is provided with budgetary support in the form of Grants from the Government of India. The Grants received vis-à-vis Expenditure incurred by DeitY during the period 2010-11 to 2014-15 is given in the Table-7.

Table-7
Grants vis-à-vis expenditure relating to DeitY

(₹ in crore)

Year	Amount of Grant	Total Expenditure
2010-11	3,719	3,129
2011-12	3,048	2,074
2012-13	3,051	1,903
2013-14	3,052	2,166
2014-15	3,929	3,583
Total	16,799	12,855

(Source: Appropriation Accounts of DeitY for the year 2010-11 to 2014-15)

There are five organizations[7] and seven Autonomous Societies[8] under DeitY in addition to two attached offices viz. Standardisation, Testing and Quality Certification Directorate (STQC) and National Informatics Centre (NIC).

National Informatics Centre (NIC)

National Informatics Centre (NIC) is providing 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.

Standardisation, 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 valuable clients and to align with DeitY mandate to focus on IT sector.

[7] Controller of Certifying Authorities (CCA), Cyber Appellate Tribunal (CyAT), Semiconductor Integrated Circuits Layout-Design Registry, Indian Computer Emergency Response Team (ICERT) and in Registry.

[8] Education & Research in Computer Networking (ERNET), Centre for Development of Advanced Computing (C-DAC), Centre for Materials for Electronics Technology (C-MET), National Institute of Electronics and Information Technology (NIELIT), Society for Applied Microwave Electronics Engineering and Research (SAMEER), Software Technology Parks of India (STPI) and Electronics and Computer Software Export Promotion Council (ESC).

➢ Public Sector Undertakings (PSUs) under administrative control of the Department

Brief profile of important PSUs under administrative control of the Department is given below:

Media Lab Asia

Media Lab Asia is a 'not for profit' company set up under Section 25 of the Companies Act, 1956 with an objective to bring the benefits of ICT to the common man. The application areas of Media Lab Asia include use of ICT for Healthcare, Education, Livelihood and Empowerment of Disabled. It is Company limited by guarantee, does not have share capital and its Audit is entrusted to C&AG under the provisions of sections 143(5) and 143(6) of Companies Act, 2013. The company works with leading institutions for undertaking development work. The company earned ₹ 67.64 crore during 2014-15 out of which ₹ 67.59 crore was received through Grant-in-aid.

National Informatics Centre Services Inc. (NICSI)

National Informatics Centre Services Inc. (NICSI) was set up in 1995 under Section 25 of the Companies Act, 1956 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 was ₹ 902.45 crore and surplus after tax during the year was ₹ 52.55 crore.

1.5 Budget and Expenditure Controls

A summary of Appropriation Accounts for 2014-15 in respect of DoT, DoP and DeitY is given in subsequent Table-8:

Table-8

Details of grants (voted and charged) received and expenditure incurred for the three Departments under Ministry of Communications & Information Technology

(₹ in crore)

Sl. No.	Ministry/Department	Grant/Appropriation (including supplementary grant)	Total Expenditure	(-) Savings/ (+) Excess
1.	Department of Telecommunications	18,319.74	13,026.14	(-) 5,293.60
2.	Department of Posts	19,010.42	18,729.52	(-) 280.90
3.	Department of Electronics and Information Technology	3,929.12	3,583.10	(-) 346.02

(Source: Appropriation Accounts of the Departments for 2014-15)

1.6 Follow up on Audit Reports - (Civil)

The Lok Sabha Secretariat issued instructions in April 1982 to all Ministries to furnish notes to the Ministry of Finance (Department of Expenditure), indicating remedial/corrective action taken on various paragraphs contained in the Audit Reports, soon after these were laid on the Table of the House.

In their Ninth Report (Eleventh Lok Sabha) presented to the Parliament on 22 April 1997, the Public Accounts Committee (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.

A review of the position of receipt of ATNs on paragraphs included in Audit Reports, Union Government (Communications & IT) up to the year 2015 revealed that ATNs in respect of 12 paragraphs relating to three departments viz., DoP, DoT and DeitY under MoC & IT, were pending as of April 2016, as detailed in the ***Appendix-I***.

1.7 Follow up on Audit Reports - (Commercial)

Audit Reports of the Comptroller and Auditor General (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. The COPU in its Second Report (1998-99 Twelfth Lok Sabha), while reiterating the above instructions, recommended:

- Setting up of a monitoring cell in each Ministry for monitoring the submission of Action Taken Notes (ATNs) in respect of Audit Reports (Commercial) on individual Public Sector Undertakings (PSUs);
- Setting up of a monitoring cell in Department of Public Enterprises (DPE) for monitoring the submission of ATNs in respect of Reports containing paras relating to a number of PSUs under different Ministries; and

- Submission to the Committee, within six months from the date of presentation of the relevant Audit Reports, the follow up of ATNs duly vetted by Audit in respect of all Reports of the CAG presented to Parliament.

While reviewing the follow up action taken by the Government on the above recommendations, the COPU in its First Report (1999-2000-Thirteenth Lok Sabha) reiterated its earlier recommendations that the DPE should set up a separate monitoring cell in the DPE itself to monitor the follow-up action taken by various Ministries/Departments on the observations contained in the Audit Reports (Commercial) on individual undertakings. Accordingly, a monitoring cell has been functioning in the DPE since August 2000 to monitor the follow up on submission of ATNs by the concerned administrative Ministries/Departments. Monitoring cells have also been set up within the concerned Ministries for submission of ATNs on various Reports (Commercial) of the CAG.

Further, in the meeting of the Committee of Secretaries (June 2010) it was decided 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 Bharat Sanchar Nigam Limited and M/s Mahanagar Telephone Nigam Limited under the administrative control of Department of Telecommunications, Ministry of Communications and Information Technology (MoC & IT) included in the Audit Reports up to the year 2015 revealed that ATNs in respect of 93 paragraphs were pending as of April 2016 of which ATNs on 11 paragraphs were not received at all, as detailed in the ***Appendix-II***.