Chapter-I
Introduction

1.1 About this Report

This Report contains the significant results of the Compliance Audit of financial transactions of the Ministry of Communications (MoC) and Ministry of Electronics & Information Technology (MeitY) under the Government of India including Departments / Public Sector Undertakings (PSUs) under the administrative control of these Ministries for the financial year (FY) 2017-18 and 2018-19. It contains 19 illustrative cases of irregularities covering the Ministries/ Departments/ PSUs including a case relating to recovery at the instance of audit.

The Report has been organised into two sections, **Section A** and **Section B**. **Section A** contains compliance audit issues relating to Department of Telecommunications (DoT), Department of Posts (DoP) and MeitY while **Section B** contains issues relating to PSUs under the Ministries. Chapters of this Report are as under:

Chapter I provides a profile of the Ministry/ Departments/ Entities under these Ministries and a brief analysis of their receipt and expenditure. It also includes follow up on audit observations on these Ministries/ Departments and PSUs under the Ministries.

Chapters II to **IV** under **Section A** contain findings/ observations arising out of the Audit of DoT, DoP under MoC and MeitY.

Chapters V and **VI** under **Section B** contain significant observations arising from the audit of PSUs under the administrative control of MoC and MeitY.

1.2 Types of Audit conducted by CAG

CAG broadly carries out three types of audits, viz. Financial Audit, Compliance Audit and Performance Audit. Financial Audit is an expression of audit opinion on the set of financial statements, whereas Performance Audits 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 approved 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 findings of audit 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.

1.5 Grant and expenditure of Ministries/ Departments under audit jurisdiction

The gross provision and expenditure of Ministries/Departments during FYs 2017-18 and 2018-2019 covering three civil grants are given in **Table 1.1**.

Table 1.1: Grant and Expenditure

(₹ in crore)

Ministry/ Department		2017-18			2018-19		
		Grant/ Appropriation (including supplementary grant)	Total Expenditure	(-) Savings/ (+) Excess	Grant/ Appropriation (including supplementary grant)	Total Expenditure	(-) Savings/ (+) Excess
1.	DoT	40,188.21	31,054.71	(-)9,133.50	38,885.12	28,733.17	(-)10,151.95
2.	DoP	28,131.57	26,782.12	(-)1,349.45	29,941.72	28,805.62	(-)1,136.10
3.	MeitY	4,185.25	4,039.54	(-)145.71	6,401.92	6,357.41	(-)44.51

(Source: Appropriation Accounts of the Departments for the year 2017-18 and 2018-19)

Brief profile of audited entities is discussed in succeeding paragraphs.

1.6 Ministry of Communications

1.6.1 Department of Telecommunications (DoT)

Department of Telecommunications (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 Revenue and Expenditure of DoT

The comparative position of revenue and expenditure of DoT during FY 2018-19 and in the preceding four years is given in **Table 1.2**.

Table 1.2: Revenue and Expenditure of DoT

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Revenue	30,624.18	55,129.10	70,241.14	32,065.90	40,815.73
Expenditure	13,026.14	23,584.81	31,067.78	31,054.71	28,733.17

(Source: Appropriation and Finance Accounts of DoT)

Major components of expenditure are expenses on account of Communication Services (MH: 3275) and Pension and Other Retirement Benefits (MH: 2071). 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 the last five years are given in **Table 1.3.**

Table 1.3: Details of License Fee and Spectrum Usage Charges received

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
License Fee	12,358.29	15,771.27	15,614.44	13,261.84	11,134.02
Spectrum Revenue[1]	17,841.93	36,486.91	53,860.69	18,000.97	29,357.46

(Source: Finance Accounts of the Union Government)

1.6.1.2 Brief Profile of the Telecom Sector

Telecommunications has evolved as one of the critical components of economic growth required for overall socio-economic development of the country. The telecom sector witnessed phenomenal growth during the past decade. During the period from FYs 2014-15 to 2018-19, the number of telephone subscribers increased from 99.61 crore

[1] Includes Spectrum Usage Charges and Auction Fee (both Upfront as well as Deferred Payment).

to 118.34 crore. The status of overall growth for the FYs 2014-15 to 2018-19 in the Telecom Sector is given in **Table 1.4**.

Table 1.4: Status of Growth in the Telecom Sector

Year	Subscribers (in crore)					Tele density (in percentage)		
	Total	Rural	Urban	Wireline	Wireless	Overall	Rural	Urban#
2014-15	99.61	41.61	58.00	2.66	96.95	79.36	48.04	149.04
2015-16	105.93	44.78	61.15	2.52	103.41	83.40	51.26	154.18
2016-17	119.50	50.18	69.32	2.44	117.06	93.01	56.98	171.52
2017-18	121.18	52.59	68.59	2.28	118.90	93.27	59.25	166.64
2018-19	118.34	51.43	66.91	2.17	116.17	90.10	57.50	159.66

(Source: Annual Report of Department of Telecommunications(DoT) for the year 2019-20)

 # Percentage tele density in urban areas is more than 100 percent due to the fact that most of the customers have more than one connection.

Growth of telecom sector during the last five years in terms of subscriber base is depicted in **Chart 1.1**.

Chart 1.1: Growth in subscriber base - Private versus PSUs

Number of Subscribers (in crore)

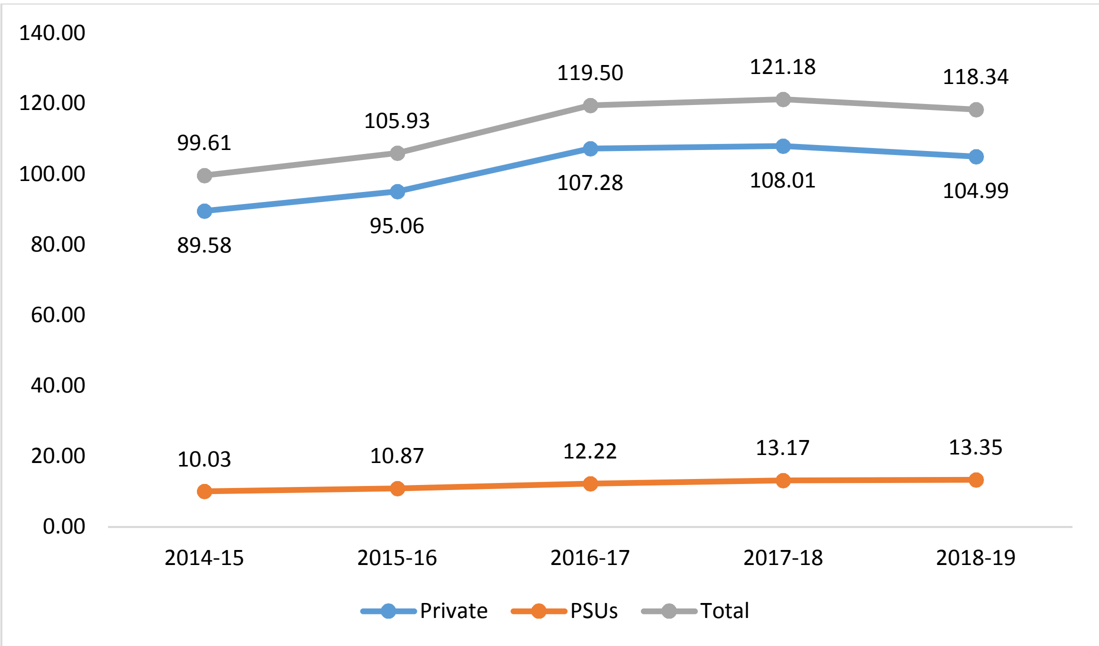


Chart 1.1 reveals that although there is significant growth of around 33 *per cent* in subscriber base of Public Sector during the five-year period ending 31 March 2019 as against only 17 *per cent* in respect of Private Sector; in absolute terms, subscriber base of Private Telecom companies grew by 15.41 crore as against a mere 3.32 crore for Public Sector. Private Telecom companies still hold around 89 *per cent* of market share in the Telecom Sector.

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.

The Government, by notification dated 09 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-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.

b. Telecommunications Dispute Settlement and Appellate Tribunal (TDSAT)

Telecommunications Dispute Settlement and Appellate Tribunal (TDSAT) was set up effective from 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 Important DoT Units

Department of Telecommunications includes Licensed Service Area (LSA) units (earlier known as Telecom Enforcement and Resource Monitoring (TERM) Cells), Controller of Communications Accounts (CCAs), Wireless Planning and Coordination Wings (WPC), Telecom Engineering Centre (TEC), 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.

1.6.1.5 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.

An amount of ₹ 99,637.56 crore was collected by DoT as USO levy upto 31 March 2019 and credited to Consolidated Fund of India. Out of this amount, ₹ 6,911.50 crore was collected during 2018-19. An amount of ₹ 49,047.48 crore has been received by DoT through appropriation by Parliament and credited to USO Fund till 31 March 2019 (₹ 4,788.22 crore was received during 2018-19 out of which ₹ 4,403.25 crore has been transferred to accounting head 3275.00.1203.01 -Compensation to service providers for USOF and ₹ 384.97 crore was transferred to accounting head 3275.00.796.02 - Compensation to service providers for USOF under Tribal Area Sub-Plan). This included ₹ 6,948.64 crore adjusted in 2008-09 on account of reimbursement to Bharat Sanchar Nigam Limited (BSNL) during the years 2002-06 towards License Fee and Spectrum Charges for fulfilling rural obligation under USOF. Thus, an amount of ₹ 50,590.08 crore has still not been transferred to the USOF by GoI (short transfer of ₹ 2,123.28 crore during 2018-19 to DoT).

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

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

a. Bharat Sanchar Nigam Limited

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 Company's total revenue during the year 2018-19 was ₹ 19,320.67 crore and it incurred a loss of ₹ 14,938.08 crore.

The overall performance of the company in the past three years is given in **Table 1.5**.

Table 1.5: Performance of BSNL during last three years

Year	Revenue	Expenditure	Loss	Subscriber base		
				Wireline	Wireless	Total
	(₹ in crore)			(in crore)		
2016-17	31,533.44	36,326.65	4,793.21	1.38	9.62	11.00
2017-18	25,070.64	33,808.80	8,001.82	1.23	11.18	12.41
2018-19	19,320.67	34,224.91	14,938.08	1.12	11.56	12.68

As is evident from **Table 1.5**, there is a steady increase in the subscriber base in the last three years, however, revenue of the Company has shown constant decline. Thus, the Company has not been able to translate the increase in subscriber base into Revenue.

b. BSNL Tower Corporation Limited

BSNL Tower Corporation Limited, a subsidiary of BSNL is an unlisted public company. It was incorporated on 04 January 2018 and is located in Delhi. It is classified as a GoI company. BSNL Tower Corporation Limited operates majorly in Transport, Storage and in Communications business. Its authorized share capital is ₹ 10,000 crore and the total paid-up capital is ₹ 17,000 crore. The company earned Nil revenue during the year 2018-19 and incurred a loss of ₹ 2.77 crore.

c. 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 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. 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 2018-19 was ₹ 2,606.71 crore and it incurred a loss of ₹ 3,397.58 crore.

The overall performance of the company in the past three years is given in **Table 1.6**.

Table1.6: Performance of MTNL during last three years

Year	Revenue	Expenditure	Loss	Subscriber base		
				Wireline	Wireless	Total
	(₹ in crore)			(in crore)		
2016-17	3,552.46	6,497.91	2,941.08	0.35	0.36	0.71
2017-18	3,116.42	6,089.87	2,970.65	0.33	0.36	0.69
2018-19	2,606.71	5,996.91	3,397.58	0.32	0.35	0.67

There is a continuous decline in subscriber base as well as revenue of the Company. Even though there has also been a reduction in expenditure, it has not been able to stem the loss which has continued to rise during last three years.

d. 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 ₹ 7.69 crore and it earned a profit of ₹ 0.64 crore during the year 2018-19.

e. Indian Telephone Industries Limited (ITI)

ITI 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 2018-19 was ₹ 2,004.84 crore and it earned a profit of ₹ 110.85 crore.

f. 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. The Company's total revenue during the year 2018-19 was ₹ 1,622.22 crore and it earned a profit of ₹ 31.41 crore.

g. Tamil Nadu Telecommunications Limited (TTL)

Tamil Nadu Telecommunications Limited (TTL) was incorporated in 1988 as a three-way joint venture of TCIL (49 *per cent*), Tamil Nadu Industrial Development Corporation Limited (TIDCO) (14.63 *per cent*) and Fujikura Limited of Japan (7.18 *per cent*). The balance shares are held by banks and financial institutions, private trust, Non-Resident Indians (NRIs) and the Indian public. TTL 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 in 2018-19 was ₹ 0.05 crore and it incurred a loss of ₹ 15.93 crore.

h. TCIL-Bina Toll Road Limited

TCIL-Bina Toll Road Limited is a fully held subsidiary of TCIL and was incorporated in 2012. This company was created with the objective of execution of Infrastructural Project viz. the Toll Road Project between Bina and Kurwai Town in the State of Madhya Pradesh on design, build, finance, operate and transfer (DBFOT) basis. The company started its commercial operation in April 2014. The Company's total revenue during the year 2018-19 was ₹ 5.25 crore and it incurred a loss of ₹ 5.22 crore.

i. TCIL-Lakhnadone Toll Road Limited

TCIL-Lakhnadone Toll Road Limited, a fully held subsidiary of Telecommunications Consultants India Limited (TCIL) was incorporated in 2013. It is 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 hand it over to the Company. The company earned revenue of ₹ 6.69 crore and incurred a loss of ₹ 0.058 crore during 2018-19.

j. 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 ₹ 583.86 crore and it earned a profit of ₹ 3.36 crore during the year 2018-19.

1.6.2 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 Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and social security pension schemes.

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, Business Post, Retail Post, Logistics Post etc. and a whole gamut of e-Products such as e-post, e-payment, e-post office etc.

Department has undertaken IT Modernisation Project with the aim of transforming operational efficiency and improving delivery of operational and administrative units through upgraded technology and connectivity. The project will network all post offices in the remotest parts of the country thus enabling tracking and tracing of all kinds of accountable mails and parcels in the Country. The Project is being implemented in eight segments.

1.6.2.1 Financial Performance

The earnings of the Department are in the form of 'Revenue Receipts' and 'Recoveries[2]'. The revenue receipts, recoveries and revenue expenditure of DoP for the years 2014-15 to 2018-19 are shown in **Table 1.7**.

Table-1.7: Revenue receipts and Revenue expenditure of DoP

(₹in crore)

Year	Revenue Receipts	Recoveries	Revenue Expenditure	Deficit (2)+(3)-(4)
(1)	(2)	(3)	(4)	(5)
2014-15	11,635.98	661.98	18,556.56	6,258.60
2015-16	12,939.79	707.70	19,654.67	6,007.18
2016-17	11,511.00	730.90	24,211.85[3]	11,969.95
2017-18	12,832.76	770.25	26,018.84[4]	12,415.83
2018-19	13,195.68	821.29	27,994.35	13,977.38
(Source: Appropriation Accounts of DoP)				

Although there has been a steady increase in Revenue Receipts as well as Recoveries during the last three years, the Deficit continues to grow due to rise in Revenue Expenditure. The increase in Revenue Expenditure has been attributed by the Department to increase in working expenses such as Salary, Office Expenses, Professional Services and Other Charges etc.

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

2 Represents recoveries on account of Services rendered to other Governments and Departments of Union Government

3 Includes Grants-in-Aid of ₹ 24.95 lakh to India Posts Payment Bank

4 Includes Grants-in-Aid of ₹ 374.55 lakh to India Posts Payment Bank

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 Government accepted the recommendations of the Committee and allowed Postal Life Insurance to extend its coverage to the rural areas to transact life insurance business, mainly because of the vast network of Post Offices in the rural areas and low cost of operations. 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 1.8**.

Table 1.8: 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)
2014-15	52,42,257	1,09,106.93	1,52,45,387	82,822.26
2015-16	49,30,838	1,09,982.10	1,49,15,652	81,733.73
2016-17	46,80,013	1,13,084.81	1,46,84,096	83,983.47
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

Number of new policies issued during last five years are shown in **Table 1.9**.

Table 1.9: 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)
2014-15	3,24,022	14,276.92	4,77,360	4,652.36
2015-16	1,98,606	9,644.98	2,58,225	2,668.91
2016-17	2,13,323	11,096.68	3,75,134	6,850.46
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

The above tables reveals that although number of policies being issued each year as well as sum assured for these policies under PLI have shown an increasing trend during last four years, the same has not translated into increase in total number of policies in force for the year despite total sum assured showing an increasing trend. Number of new policies issued each year as well as sum assured for these policies under RPLI have also shown a similar trend, resulting in a similar trend in the total policies in force during the year under RPLI.

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

India Post Payments Bank Limited

India Post Payments Bank Limited (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 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 ₹ One 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 Company's total revenue was ₹ 48.28 crore and it incurred a loss of ₹ 165.10 crore during the period ending 31 March 2019.

1.7 Ministry of Electronics and Information Technology (MeitY)

Ministry of Electronics and Information Technology (MeitY) plays an important role in the development of Electronics and Information Technology sector. The Ministry is responsible for formulation, implementation and review of national policies in the field of Information Technology, Electronics and Internet (all matters other than licensing of Internet Service Providers). The vision of MeitY is e-Development of India as the engine for transition into a developed nation and an empowered society.

In order to operationalise the objectives of MeitY, schemes are formulated and implemented, either directly or through its 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 is 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.

In order to carry out its functions, MeitY is provided with budgetary support in the form of Grants from the GoI. The Grants received vis-à-vis Expenditure incurred by MeitY during the period from 2014-15 to 2018-19 is given in **Table 1.10**.

Table 1.10: Grants vis-à-vis expenditure

(₹ in crore)

Year	Grant	Total Expenditure
2014-15	3,929	3,583
2015-16	2,759	2,594
2016-17	3,719	3,641
2017-18	4,185	4,040
2018-19	6,402	6,357

(Source: Appropriation Accounts of MeitY)

MeitY has two Attached Offices (viz., NIC, STQC), six Autonomous Societies (viz., CDAC, CMET, 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 one Company registered under Companies Act. 1956 (viz., CSC e-Governance Services India Ltd.) under its charge to carry out the business allocated to the Ministry.

1.7.1 Profile of Attached Offices

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. 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 clients and to align with MeitY's mandate to focus on IT sector.

1.7.2 Unique Identification Authority of India (UIDAI)

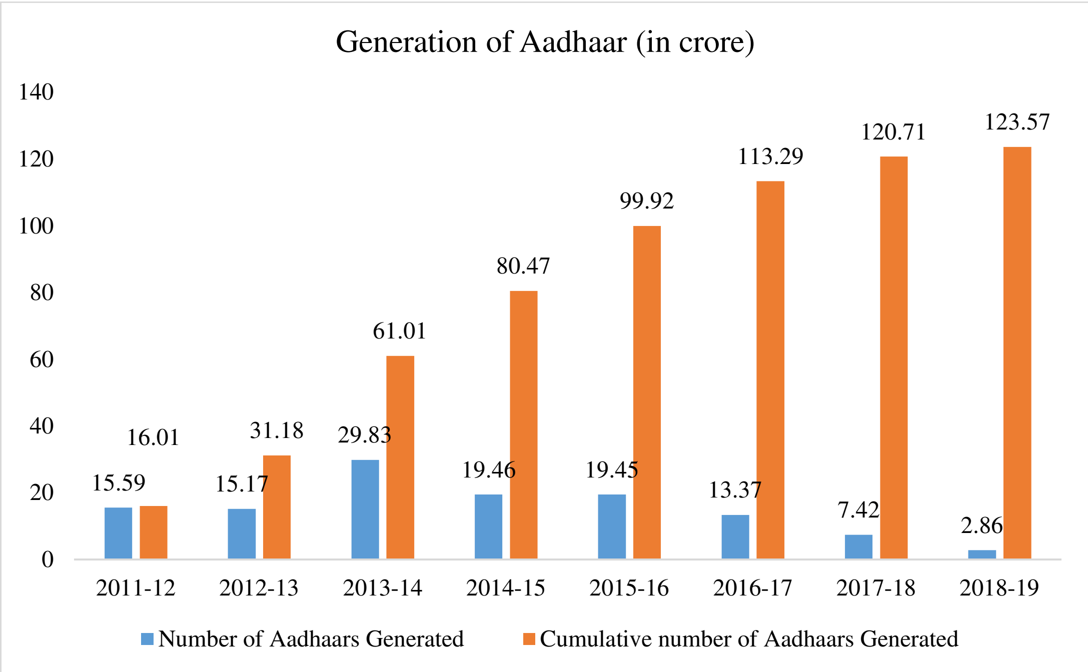
The Unique Identification Authority of India (UIDAI) is a statutory authority established under the provisions of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 ("Aadhaar Act 2016") on 12 July 2016 by the Government of India, under MeitY.

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 28th 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 to issue Unique Identification numbers (UID), 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.

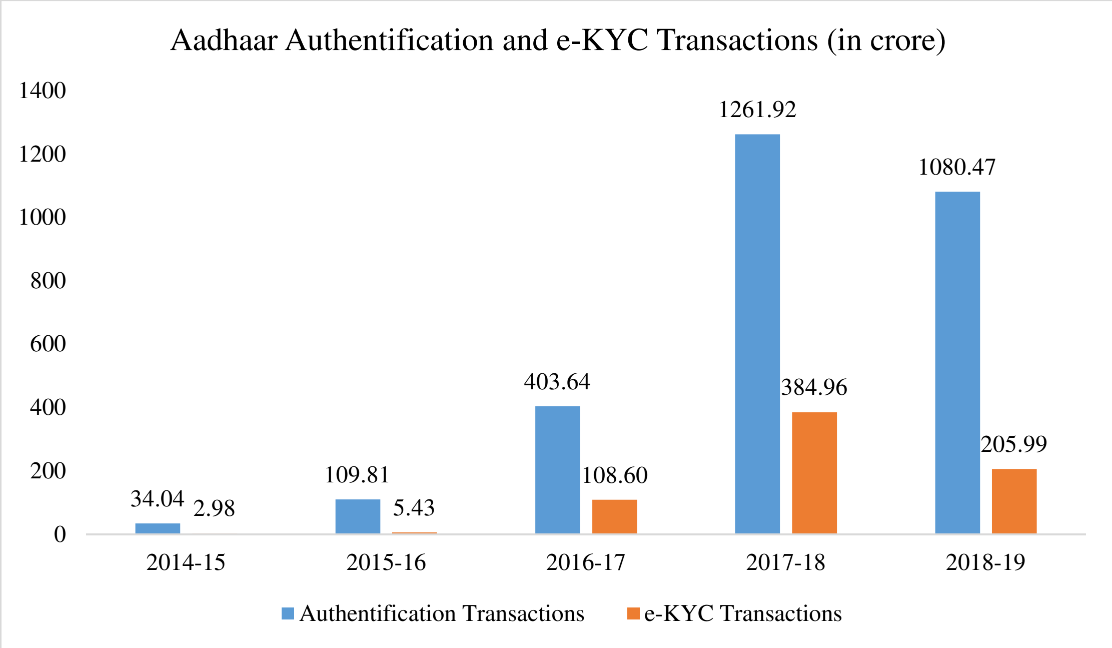
As of 31 March 2019, UIDAI has generated 123.57 crore Aadhaar numbers for the residents in the country. The numbers of Aadhaar generated from 2011-12 to 2018-19 are given in **Chart 1.2**.

Chart 1.2: Generation of Aadhaar



UIDAI provides online authentication using demographic and biometric data. The UID (Aadhaar) number, which uniquely identifies a resident, gives individuals the means to clearly establish their identity to public and/ or private agencies across the country. UIDAI provides Authentication and e-KYC services through agencies called as Authentication User Agency (AUA), e-KYC User Agency (KUA) and Authentication Service Agency (ASA). Year-wise authentication and e-KYC transactions are depicted in the **Chart 1.3**.

Chart 1.3: Aadhaar Authentification Transactions



Budget and Expenditure of UIDAI is given in **Table 1.11**.

Table 1.11: Budget and Expenditure of UIDAI

(₹ in crore)

Year	Budget Estimates	Revised Estimates	Expenditure
2009-10	120.00	26.38	26.21
2010-11	1,900.00	273.80	268.41
2011-12	1,470.00	1,200.00	1,187.50
2012-13	1,758.00	1,350.00	1,338.72
2013-14	2,620.00	1,550.00	1,544.44
2014-15	2,039.64	1,617.73	1,615.34
2015-16	2,000.00	1,880.93	1,680.44
2016-17	1,140.00	1,135.27	1,132.84
2017-18	900.00	1,150.00	1,149.38
2018-19	1,375.00	1,344.99	1,181.86

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

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

a. Digital India Corporation

Digital India Corporation, formerly known 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 the company include use of ICT for Healthcare, Education, Livelihood and Empowerment of Disabled. It is a company which 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 ₹ 217.89 crore (mainly on account of Grant-in-Aid) and a deficit of ₹ 23.50 crore for the year ended 31 March 2018.

b. 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 during the year 2018-19 was ₹ 1,240.33 crore and it incurred a loss of ₹ 85.23 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. The Company's total revenue during the year 2018-19 was ₹ 675.06 crore and it earned a profit of ₹ 63.19 crore.

1.8 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 six weeks.

Concerned Ministries/ Departments did not send replies to one out of 18 paragraphs (upto December 2020) featured in Chapter-II to VI. The response of the concerned Ministries/ Departments received in respect of remaining 17 paragraphs have been considered and suitably incorporated in the Report.

1.9 Recoveries at the instance of Audit

During the course of Audit, an instance of avoidable extra payment on electricity bills by NIC, Pune was noticed, action of which led to recovery at the instance of audit.

National Informatics Centre (NIC), Pune had taken an express feeder connection for the Data Centre from the Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL). In August 2012, MSEDCL issued tariff orders categorising Government Organizations under 'HT-II-Commercial' category. This order was revised in

November 2016 shifting the Government organizations High Tension (HT)-IX (B) – Public Service (Other) with lower electricity rates than those in the Commercial category. NIC, Pune, being a Government organization, was eligible for being charged lower electricity tariff rates under the category of 'Public Service', but continued to pay avoidable excess higher electricity charges of ₹ 2.64 crore due to its wrong categorisation under the 'Commercial' category during the period from November 2016 to December 2018.

On this being pointed out by Audit, the matter was taken up with MSEDCL and category of NIC Pune got changed from HT – II Commercial to HT-IX (B) –Public Services (Others) with effect from January 2019. MSEDCL also approved the adjustment of tariff difference of ₹ 2.64 crore in three equal instalments of ₹ 88.07 lakh each with effect from May 2019. ₹ 1.71 crore was adjusted by MSEDCL upto July 2019 in the electricity bills.

1.10 Follow up on Audit Reports-(Civil)

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. 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.

A review of the position of receipt of ATNs on paragraphs included in Audit Reports, Union Government (Communications & IT) up to the year 2019 revealed that ATNs in respect of 43 paragraphs relating to two departments under MoC viz. DoP & DoT were pending at various stages. Year wise details are indicated in **Appendix I**.

1.11 Follow up on Audit Reports - (Commercial)

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. The COPU in its Second Report (1998-99 Twelfth Lok Sabha), while reiterating the above instructions, recommended:

- **a.** 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);
- **b.** 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
- **c.** 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 PSUs under the administrative control of MoC and MeitY included in the Audit Reports up to the year 2019 revealed that ATNs in respect of 96 paras were pending as of March 2019 as detailed in the **Appendix II**.