



**RAJEEV CHANDRASEKHAR**  
**MEMBER OF PARLIAMENT**  
**RAJYA SABHA**

Member of Standing Committee on Defence  
Member of Consultative Committee on Defence  
Member of Central Advisory Committee for the National Cadet Corps  
Co-Chairman, Vigilance & Monitoring Committee, Bangalore Urban District

24<sup>th</sup> August 2016

Dear Manoj Sinha ji,

I write to you regarding my Unstarred question No. 2190 (enclosed) to the Ministry of Communications, dated 5<sup>th</sup> August 2016, regarding the CAG report on understatement of Revenue by telecom operators between 2006-2010. According to the CAG report and as is confirmed by your response, the government faced a loss of Rs 12,488.93 crore between 2006-2010 due to the understating of gross revenue by six leading telecom operators. In your response to my question, in point (a) you mention –

*"As per CAG report No. 4 of 2016 of Comptroller and Auditor General of India; six telecom operators understated revenue by Rs. 46045.75 crores, for four financial years i.e. 2006-07; 2007-08; 2008-09 and 2009-10. As per the report the short fall in License fee amounts to Rs. 3752.37 crores, in Spectrum usage charges amounts to Rs. 1460.23 crores and interest on short fall upto 31.03.2015 amounts to Rs. 7276.33 crores. The department has issued regular demands for all the four financial years and Special Audit demands for two financial years 2006-07 and 2007-08. These demands overlap the short falls pointed out in the CAG report. In the case of Financial years 2006-07 and 2007-08; CAG had pointed out a short fall of License fees amounting to Rs. 1269.36 crores. Department of telecom had already issued demands for License fees amounting to Rs. 896.07 crores in 2012 itself based upon the report of Special auditors"*



This response by the DoT raises several concerns and a discrepancy. The DoT had issued demands for the license fees amounting to Rs 896.07 crores in 2012 pertaining to the shortfall in the financial years 2006-07 and 2007-08. The CAG for the same financial years has pointed to the shortfall in the license fees amounting to Rs 1269.36 crores. This means there is a difference of Rs 373.29 in the calculations of shortfall pointed out by the DoT and the CAG report. This difference has not been explained.

This points to a discrepancy in the way the CsCA in the DoT has carried out the audits of the telecom companies. The CAG report No.4. in paragraph 9.3 says paragraph-

*"As brought out in the earlier paragraphs, verification of deduction claims at CsCA level was not done uniformly and CsCA have taken different approach in allowing/disallowing deduction claims submitted by the PSPs. During the course of audit of records maintained by CsCA for verification of deduction claims, discrepancies on various issues were noticed among different CsCA. Also within the same CsCA, different yard sticks were adopted for different operators due to lack of co-ordination within the CsCA. The main reason for these discrepancies was the lack of proper monitoring of CsCA by DoT".*

The above paragraph points to three worrying observations-

- 1) There was no uniformity in the approach within the CsCA on deciding on the deduction claims submitted by the Private Service Providers.
- 2) Within the CsCA different yardsticks were adopted for different telecom operators.
- 3) There was no accountability of the CsCA to the DoT, or oversight of the CsCA by the DoT.

These observations raise some serious questions on the functioning of the DoT. It points to the possibility that the CsCA is either inept to carry out its duty as the Controllers of Communication accounts or some officials within the CsCA were colluding with the telecom companies.



Owing to the observations and discrepancies pointed out in this letter, I would urge you to kindly-

- a) Investigate whether the officials in DoT were colluding with the telecom operators from the period of 2006-2010
- b) Investigate why there is a lack of oversight on the CsCA by the DoT and what are the steps that can be taken to address this lack of oversight.

This is in interest of the nation, and the NDA Government's commitment to the values of transparency and accountability to citizens as a Government.

Yours Sincerely,

RAJEEV CHANDRASEKHAR

Shri Manoj Sinha  
Hon'ble Minister of State (IC) for Communications  
Government of India  
New Delhi

Copy to: Hon'ble Prime Minister of India

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**GOVERNMENT OF INDIA  
MINISTRY OF COMMUNICATIONS  
DEPARTMENT OF TELECOMMUNICATIONS**

**RAJYA SABHA  
UNSTARRED QUESTION NO.2190  
TO BE ANSWERED ON 5<sup>TH</sup> AUGUST, 2016**

**CAG REPORT ON UNDERSTATEMENT OF REVENUE**

2190. SHRI RAJEEV CHANDRASEKHAR:

Will the Minister of COMMUNICATIONS be pleased to state:

- (a) whether the CAG report tabled in the Parliament on 12 March, 2016 on understatement of revenue by telecom operators, found six leading telecom operators understanding their gross revenue of over ₹ 46,000 crore between 2006-07 and 2009-10, causing a loss of ₹ 12,488.93 crore to Government;
- (b) if so, the steps taken by Government to recover the loss incurred to the exchequer;
- (c) whether Government has announced a special audit of these six telecom operators to re-evaluate the findings presented in the CAG report; and
- (d) if so, the reasons therefor and whether this special audit will be carried out by the CAG?

**ANSWER**

**THE MINISTER OF STATE (IC) OF THE MINISTRY OF COMMUNICATIONS &  
MINISTER OF STATE IN THE MINISTRY OF RAILWAYS  
(SHRI MANOJ SINHA)**

- (a) As per CAG report No. 4 of 2016 of Comptroller and Auditor General of India; six telecom operators understated revenue by Rs. 46045.75 crores, for four financial years i.e. 2006-07; 2007-08; 2008-09 and 2009-10. As per the report the short fall in License fee amounts to Rs. 3752.37 crores, in Spectrum usage charges amounts to Rs. 1460.23 crores and interest on short fall upto 31.03.2015 amounts to Rs. 7276.33 crores.. The department has issued regular demands for all the four financial years and Special Audit demands for two financial years 2006-07 and 2007-08. These demands overlap the short falls pointed out in the CAG report. In the case of Financial years 2006-07 and 2007-08; CAG had pointed out a short fall of License fees amounting to Rs. 1269.36 crores. Department of telecom had already issued demands for License fees amounting to Rs. 896.07 crores in 2012 itself based upon the report of Special auditors.
- (b) The demands are being recalculated and being issued taking into account CAG report No.4 of 2016; previous demands issued as per license agreement, demands issued as per special audit conducted by department of telecom in 2009 and pronouncements of various court orders etc.

Contd...2/-

(c) Yes; Government has decided to conduct Special Audit for three financial years 2008-09, 2009-10 and 2010-11. CAG and the department of telecom have independent powers of auditing the accounts of Licensee companies.

The CAG has the powers to conduct audit of telecom companies as per Comptroller's and Auditor General (Duties, Powers and Conditions of service) Act 1971 and the department has the powers to conduct the audit and special audit of telecom companies as per clause 22.5 and 22.6 respectively of the Unified Service License agreement or equivalent clause in other Licence agreements. The special audit ordered by department of telecom is not to reevaluate the findings presented by CAG report.

(d) Department of telecom formed its opinion to conduct special audit of six private telecom companies, based on non-submission of required documents; submission of incomplete documents and non-disclosure of complete information in the submitted documents by these telecom companies. The special audit has been ordered by the department of telecom. Department of telecom has selected the audit firms for special audit which are empanelled by Comptroller and Auditor General of India.

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