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CAG pulls up DoT for front loaded subsidy to Tata Teleservices

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NEW DELHI: CAG has pulled up DoT for paying front-loaded subsidy to Tata Teleservices without conducting any checks, saying deficiencies found in verification were indicative of weak monitoring mechanism.

In its report tabled in Parliament today, CAG said

Department of Telecom's (DoT) unit was to pay a front-loaded subsidy to telecom companies for expanding telephone connectivity in rural areas.

The subsidy amount is payable at the end of the quarter in which the connection is installed and made functional.

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CAG said the **Controller of Communication Accounts (CCA)**, Rajasthan Telecom circle - which is a unit of Department of Telecom - "allowed front loaded subsidy of Rs 71.49 crore on the basis of claims submitted by Tata Teleservices (TTSL) during 2008-2010, without conducting any check regarding genuineness of customer application forms before disbursement of subsidy".

DoT had issued instructions in January 2008 to TTSL to furnish a hard/soft copy of the customer application form or CAF in support of claims for each number for which front-loaded subsidy had been sought.

"During test check of records at office of the CCA of Rajasthan telecom circle (September 2013) it was observed that in most of the cases, either there were no soft/hard copies of CAF or those were related to mobile subscribers instead of RDELs or Rural Household Direct Exchange Lines (landlines)," said the Comptroller and Auditor General of India.

The ministry's reply in June this year said that hard copies of the customer forms from April 2007 to March 2008 were available. However CDs relating to financial year 2009-10 were burnt in a fire incident.

"Further, there was no instruction to check the CAFs before or after payment of subsidy claims. It was further stated that during the physical verification of RDELs, all the RDELs were not found installed at their original locations as per claims and original CAFs and hence were adjudged ineligible," the report said.

A demand notice of Rs 137.99 crore (including interest) for the subsidy paid during 2007-08 to 2009-10 was issued to TTSL in June 2014, the report said adding that the matter is

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The report added that the DTH service is expected

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presently disputed before the sole arbitrator. Reply of the Ministry confirms deficiencies in verification and payment mechanism for RDEL subsidies. It is also indicative of weak monitoring mechanism on the part of DoT in verification of subsidy claims," CAG said.

CAG also said that CCA units at Odisha and Kerala circles paid subsidy on duplicate claims amounting to Rs 0.82 crore to BSNL and Reliance Communication Ltd.

The report also pointed to imprudent action on the part of Bharat Sanchar Nigam Ltd in procurement of 'Digital Cross Connect System equipments' which resulted in idling of interface cards and blocking of funds amounting to Rs 22.80 crore in two project circles.

It further said that BSNL signed an 'Addenda to Interconnect Agreement' for Interconnect Usage Charge (IUC) for SMS with three telecom service providers viz. [Bharti Airtel](#), [Idea Cellular](#) and [Vodafone](#) "without technical arrangement for billing of SMS termination charges".

"Due to non preservation of SMS data, non verification, and non reconciliation of Bills (claims) received from Bharti Airtel and Vodafone, BSNL was exposed to one-sided liability," it said.



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