

REGULATION CELL
Corporate Office, Bharat Sanchar
Bhawan, Room No. 505,
Janpath, HC Mathur Lane,
New Delhi-110001
Tel No. 011-23714522
e-mail: regulation@bsnl.co.in



भारत संचार निगम लिमिटेड
(भारत सरकार का उपक्रम)
BHARAT SANCHAR NIGAM LIMITED
(A Govt. of India Enterprise)

No. Regln-III/10-19/2014/ 6251

Dated: 11th April, 2018

To,

The Chief General Managers,
All Telecom Circles/Metro Distts

Subject: Penalty imposed amounting to Rs 176.12 crore FY 2012-13 to 2016-17) by
DOT due to violation of terms and conditions of License Agreement.

Sir,

Kindly find enclosed herewith Memo No. 43 dated 06.04.2018 issued from Resident Audit office, Room No. 101, Bharat Sanchar Bhawan, New Delhi regarding Penalty imposed amounting to Rs 176.12 crore FY 2012-13 to 2016-17 by DOT due to violation of terms and conditions of License Agreement. **For details letter enclosed for ready reference.**

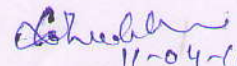
For confirmation of facts and figures and reason/justification for failure in timely verification of subscribers, accordingly comments from all BSNL Telecom Circles on following points:

- i) Data shown against BSNL Telecom Circles, if any data is wrong. Kindly intimate to this office.
- ii) Comments from Rajasthan/Himachal Pradesh Telecom Circles on the comments of Audit which may kindly be seen in aforesaid letter dated 06.04.2018.

In this regard, BSNL Telecom Circles are requested to kindly furnish above said information latest by 13.04.2018 **without delay**.

This issues with the approval of Competent Authority.

Yours faithfully


11-04-18

(K G Mohadikar)

Assistant General Manager (Regln-III)

RESIDENT AUDIT OFFICE, BHARAT SANCHAR NIGAM LIMITED
ROOM.NO: 101, BHARAT SANCHAR BHAWAN, NEW DELHI
(POST & TELECOMMUNICATIONS AUDIT OFFICE)
OFFICE Tel. /Fax No: - 011-23326877

I. Memo No: 43
Date: 06.04.2018

To

The PGM (Regulation) BSNL, Corporate Office, New Delhi

Sl. No.	Inspecting Officer's remarks/objections	Replies of the Management																								
	Subject: Penalty imposed amounting to Rs. 176.12crore (FY 2012-13 to 2016-17) by DoT due to violation of terms and conditions of License Agreement. As per the clause no. 41.14 in part VI of CMTS/UAS License agreement, which inter-alia provides that "The licensee shall ensure adequate verification of each and every customer before enrolling him as a subscriber; instructions issued by the licensor in this regard from time to time should be scrupulously followed." The licensor has issued the instructions regarding verification of subscribers from time to time and as per the latest instructions for the verification of subscribers issued vide letter dated 24/12/2008 & 7/11/2012 it has been decided to introduce a scheme of penalty for subscriber verification failure cases at graded scale. The graded scales are based on correct subscriber verification percentage i.e. correct subscriber verification percentage of a service provider in any service area will be ascertained and based on this percentage, a financial penalty of corresponding amount for each detected case of unverified subscriber shall be levied on account of violation in respect of subscriber verification failures from the service provider in that service area. During review of records audit observed that DoT has imposed penalty on BSNL for violation of above stated terms and conditions of license agreement. During the last 5 years DoT has been continuously imposing penalty on BSNL as detailed below: <table border="1"> <thead> <tr> <th colspan="3">Year wise detail of CAF Penalty imposed by DoT</th></tr> <tr> <th>Sl. No.</th><th>Year</th><th>Total Penalty imposed by DoT on account of CAF verification</th></tr> </thead> <tbody> <tr> <td>1</td><td>2012-13</td><td>518506035</td></tr> <tr> <td>2</td><td>2013-14</td><td>195881335</td></tr> <tr> <td>3</td><td>2014-15</td><td>1002057631</td></tr> <tr> <td>4</td><td>2015-16</td><td>27798292</td></tr> <tr> <td>5</td><td>2016-17</td><td>16949807</td></tr> <tr> <td colspan="2">Total</td><td>1761193100</td></tr> </tbody> </table>	Year wise detail of CAF Penalty imposed by DoT			Sl. No.	Year	Total Penalty imposed by DoT on account of CAF verification	1	2012-13	518506035	2	2013-14	195881335	3	2014-15	1002057631	4	2015-16	27798292	5	2016-17	16949807	Total		1761193100	
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BSNL (Regulation)
P. S. (Regulation)
493
Date: 9-4-18

From the above it can be seen that a huge amount of penalty has been levied by DoT. Further, scrutiny of circle wise imposition of penalty revealed that in Rajasthan and Himachal Pradesh the amount of penalty has been increased by more than 100% during the year 2015-16 to 2016-17. (Annexure – A)

Thus it could be seen that BSNL is continuously violating the terms of agreement and consequently paying a huge amount of penalty every year.

Facts and figures may be confirmed and reason/justification for failure in timely verification of subscribers may be intimated to audit.

Encl: Annexure - A

Mainwal
6/4/18
Audit Officer
RAO/BSNL

Details of CAF penalty imposed & paid by BSNL

Sl. No.	Name of the circle	Year	Total Penalty imposed by DoT on account of CAF verification	Total amount of penalty deposited to DoT	Outstanding amount
1	Assam	2012-13	310158000	77408000	232750000
		2013-14	128956000	884000	128072000
		2014-15	724000	200000	524000
		2015-16	584000	0	584000
		2016-17	136000	0	136000
		Total	440558000	78492000	362066000
2	Karnataka	2012-13	17262000	17262000	0
		2013-14	4304000	4304000	0
		2014-15	1744000	1744000	0
		2016-17	1881000	1881000	0
		Total	25191000	25191000	0
3	Rajasthan	2012-13	2178000	2178000	0
		2013-14	6004000	6004000	0
		2014-15	1224000	1224000	0
		2015-16	608000	608000	0
		2016-17	2997807	2997807	0
		Total	13011807	13011807	0
4	A & N	2016-17	36000	0	36000
5	Andhra Pradesh	2012-13	3197000	3197000	0
		2013-14	2993000	695000	2298000
		2014-15	5398000	4892000	506000
		2015-16	10162000	1411000	8751000
		2016-17	4727000	0	4727000
		Total	26477000	10195000	16282000
6	J & K	2011-12	41300000	3008000	38292000
		2012-13	218400	1760000	-1541600
		2013-14	796000	104000	692000
		2014-15	1520000	1520000	0
		2015-16	504000	504000	0
		2016-17	0	0	0
		Total	44338400	6896000	37442400
7	Chennai Telephones	2012-13	346000	346000	0
		2013-14	145000	14500	130500
		2014-15	10000	10000	0
		2015-16	6000	6000	0
		2016-17	0	0	0
		Total	507000	376500	130500
8	Himachal Pradesh	Apr -09 to Aug-12	60964069	24591069	36373000
		Sept-12 to Mar-13	189000	189000	0
		2013-14	168000	168000	0
		2014-15	71000	71000	0
		2016-17	435000	0	435000
		Total	61827069	25019069	36808000
		2012-13	8427194	0	8427194
		2013-14	2399549	0	2399549

9	Jharkhand	2014-15	840000	0	840000
		2015-16	422000	0	422000
		2016-17	76000	0	76000
		Total	12164743	0	12164743
10	Tamilnadu	2012-13	386000	386000	0
		2013-14	349000	349000	0
		2014-15	32000	19000	13000
		2015-16	10000	0	10000
		2016-17	0	0	0
		Total	777000	754000	23000
11	Kolkata Telephones	2012-13	14391000	1401000	12990000
		2013-14	140000	140000	0
		2014-15	473000	473000	0
		2015-16	315292	143709	171583
		2016-17	124000	0	124000
		Total	15443292	2157709	13285583
12	Bihar	2012-13	24481972	0	24481972
		2013-14	8774786	0	8774786
		2014-15 (till June 14)	879000	0	879000
		2016-17	891000	0	891000
		Total	35026758	0	35026758
13	Kerala	2012-13	347000	347000	0
		2013-14	3601000	3601000	0
		2014-15	2585000	2585000	0
		2015-16	605000	474000	131000
		2016-17	439000	0	439000
		Total	7577000	7007000	570000
14	UP (East)	2014-15	964097631	470000	963627631
		2016-17	353000	0	353000
		Total	964450631	470000	963980631
15	UP (West)	2012-13	5019000	5019000	0
		2013-14	1380000	1380000	0
		2014-15	1469000	1469000	0
		2015-16	1255000	1118000	137000
		2016-17 (upto May 16)	226000	0	226000
		Total	9349000	8986000	363000
16	NE (I&II)	2012-13	50000	50000	0
		2013-14	16000	16000	0
		2014-15	13684000	13684000	0
		2015-16	780000	780000	0
		2016-17	839000	0	839000
		Total	15369000	14530000	839000
17	Uttaranchal	2012-13	4603400	1253400	3350000
		2013-14	3565000	12000	3553000
		2014-15	1134000	718000	416000
		2015-16	496000	457000	39000
		2016-17	253000	0	253000
		Total	10051400	2440400	7611000
		2012-13	1232000	1232000	0
		2013-14	694000	694000	0

18	Orissa	2015-16	5349000	5349000	0
		2016-17	598000	256000	342000
		Total	7873000	7531000	342000
19	Gujarat	2012-13	5151000	5151000	0
		2013-14	4537000	4537000	0
		2014-15	2260000	2260000	0
		2015-16	939000	566000	373000
		2016-17	1088000	0	1088000
		Total	13975000	12514000	1461000
20	MP & Chhatisgarh	2012-13	1775000	1677000	98000
		2013-14	16946000	2184000	14762000
		2014-15	1012000	1012000	0
		2015-16	305000	288000	17000
		2016-17	91000	0	91000
		Total	20129000	5161000	14968000
21	Maharashtra	2012-13	7037000	7037000	0
		2016-17	348000	348000	0
		Total	7385000	7385000	0
22	Haryana	2012-13	929000	929000	0
		2013-14	938000	938000	0
		2014-15	751000	751000	0
		2015-16	1271000	794000	477000
		2016-17	1411000	0	1411000
		Total	5300000	3412000	1888000
23	Punjab	2012-13	5611000	5611000	0
		2013-14	7638000	7638000	0
		2014-15	2150000	2150000	0
		2015-16	4187000	3594000	593000
		Total	19586000	18993000	593000
24	West Bengal	Apr-2012 - Sept 2012	101000	101000	0
		Oct 2012 - Nov 2012	71000	71000	0
		Dec 2012 - Jan 2013	3081000	228143	2852857
		Feb 2013 - June 2013	385000	385000	0
		Jul 2013 - Nov 2013	794000		794000
		Dec 2013 - March 2014	358000		358000
		Total	4790000	785143	4004857
Total (All India F.Y. 2012-13 to 2016-17)			1761193100	251307628	1509885472


 (SURAJ KUMAR SENHA)
 Sr. AUDITOR.