

SHARED MOBILE INFRASTRUCTURE SCHEME

[Action Taken by the Government on the Observations/Recommendations of the Committee contained in their 64th Report (16th Lok Sabha)]

MINISTRY OF COMMUNICATIONS (DEPARTMENT OF TELECOMMUNICATIONS)

**PUBLIC ACCOUNTS COMMITTEE
(2017-18)**

HUNDRED - FIRST REPORT

SIXTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

PAC NO. 2135

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PUBLIC ACCOUNTS COMMITTEE **(2017-18)**

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**MINISTRY OF COMMUNICATIONS (DEPARTMENT OF
TELECOMMUNICATIONS)**



Presented to Lok Sabha on:

28/03/2018

Laid in Rajya Sabha on:

28/03/2018

**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2018 /Chaitra, 1940 (Saka)

CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2017-18)	(iii)
INTRODUCTION	(iv)
CHAPTER I Report	1
CHAPTER II* Observations/Recommendations which have been accepted by the Government	
CHAPTER III* Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government	
CHAPTER IV* Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration	
CHAPTER V* Observations/Recommendations in respect of which the Government have furnished interim replies	

APPENDICES*

- I Minutes of the 22nd sitting of the Public Accounts Committee (2017-18) held on 23rd March, 2018.
- II Analysis of the Action Taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their Sixty-fourth Report (Sixteenth Lok Sabha)

**Not appended to the cyclostyled copy of the Report*

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2017-18)

Shri Mallikarjun Kharge - Chairperson

MEMBERS

LOK SABHA

2. Shri Sudip Bandyopadhyay
3. Shri Subhash Chandra Baheria
4. Shri Prem Singh Chandumajra
5. Shri Nishikant Dubey
6. Shri Gajanan Chandrakant Kirtikar
7. Shri Bhartruhari Mahtab
8. Smt. Riti Pathak
9. Shri Neiphiu Rihoh*
10. Shri Abhishek Singh
11. Prof. Ram Shanker
12. Dr. Kirit Somaiya
13. Shri Anurag Singh Thakur
14. Shri Shivkumar C. Udasi
15. Dr. P. Venugopal

RAJYA SABHA

16. Shri Naresh Agrawal
17. Shri Satyavrat Chaturvedi
18. Shri Bhubaneswar Kalita
19. Shri Mohd. Ali Khan†
20. Shri Sukhendu Sekhar Roy‡
21. Shri Ajay Sancheti
22. Shri Bhupender Yadav

SECRETARIAT

1. Shri A.K. Singh - Additional Secretary
2. Shri T. JayaKumar - Director
3. Smt. Anju Kukreja - Under Secretary

* Ceased to be a Member of Committee consequent upon acceptance of his resignation from Lok Sabha w.e.f. 22 February, 2018.

† Elected w.e.f. 29 December, 2017 in lieu of vacancy caused due to retirement of Shri Shantaram Naik.

‡ ceased to be a Member of Committee consequent upon his retirement from Rajya Sabha on 18 August, 2017 and re-elected w.e.f. 29 December, 2017.

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2017-18), having been authorised by the Committee, do present this Hundred-first Report (Sixteenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Sixty-fourth Report (Sixteenth Lok Sabha) on "**Shared Mobile Infrastructure Scheme**" relating to Ministry of Communications (Department of Telecommunications).

2. The Sixty-fourth Report was presented to Lok Sabha/laid in Rajya Sabha on 17th March, 2017. Replies of the Government to all the Observations/Recommendations contained in the Report were received. The Public Accounts Committee considered and adopted the Hundred - first Report at their sitting held on 23rd March, 2018. Minutes of the sitting are given at Appendix I.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

4. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of the Comptroller and Auditor General of India.

5. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Sixty-fourth Report (Sixteenth Lok Sabha) is given at *Appendix-II*.

NEW DELHI;
27 March, 2018
6 Chaitra, 1940 (*Saka*)

MALLIKARJUN KHARGE
Chairperson,
Public Accounts Committee

(v)

REPORT
PART - I

This Report of the Committee deals with the Action Taken by the Government on the Observations and Recommendations contained in their 64th Report (16th Lok Sabha) on the subject "**Shared Mobile Infrastructure Scheme**" based on Para No. 2.2 of C&AG Report No. 17 of 2014 related to Ministry of Communications (Department of Telecommunications).

2. The Sixty-fourth Report was presented to the Lok Sabha/laid in Rajya Sabha on 17th March, 2017. It contained 10 observations/Recommendations. Action Taken Notes in respect of all the Observations/Recommendations have been received from the Ministry of Communications (Department of Telecommunications) and these have been categorized as under:

- (i) Observations/Recommendations of the Committee which have been accepted by the Government:

Para Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9 & 10

Total: 10
Chapter - II

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:

Para Nos. -NIL-

Total: NIL
Chapter - III

- (iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:

Para Nos. NIL

Total: NIL
Chapter - IV

- (iv) Observations/Recommendations in respect of which Government have furnished interim replies:

Para Nos. NIL

Total: NIL
Chapter –V

3. In their 64th Report which was presented to Lok Sabha on 17th March, 2017, the Committee have dealt with the various issues such as defective subsidy support with Universal Service Providers (USPs), non – provisioning of mobile services in uncovered areas, non-recovery of penalty for non-provisioning of mobile services, ineffective penal clauses in Service Level Agreement, non-existence of clauses to safeguard Department of Telecommunications against defaulting Infrastructure providers (IPs) and Universal Service Providers etc.

4. The Action Taken Notes furnished by the Ministry of Communications (Department of Telecommunications) to each of the Observations/Recommendations of the Committee contained in their Sixty-fourth Report have been reproduced in the relevant chapters of this Report. In the succeeding paragraphs, the Committee have dealt with the action taken by the Government on some of their Observations/Recommendations.

A. **Non-provisioning of mobile services in 252 sites**
(Recommendation Para No. 3)

5. Upon noticing that no mobile services were provided by a single USP in 252 sites even after the agreements signed with the bidders expired on 30.11.2013, the Committee recommended that immediate necessary steps may be taken to attract service providers to those 252 sites so that radiation and provision of mobile services can be commenced at these sites without further delay.

6. The Ministry of Communications (Department of Telecommunications) in their Action Taken Notes have stated as under:

"The scheme was to provide financial support for setting up infrastructure which would enable a faster roll out of mobile services in the remote and rural areas. Keeping in view the fact that the area to be covered was very large and that the ultimate objective was to provide telecom services at affordable and reasonable prices and also that the infrastructure to be set up was highly capital intensive, overall expenditure was to be kept at a low level through sharing of the infrastructure. The scheme had two components: -

Part 'A': Setting up and managing infrastructure sites (land, tower, power, security, civil and electrical works) by Infrastructure Providers (IPs) with subsidy support as a percentage of capital recovery for setting up the infrastructure.

Part 'B': Provisioning of mobile services by Universal Service Providers (USPs) by installation of Base Trans-Receiver Stations (BTS) on towers/ infrastructures with subsidy support as a percentage of capital recovery for providing the equipment at the infrastructure sites.

Two separate agreements were signed with IPs and Telecom Service Providers. The subsidy disbursements were done as per terms and conditions of the Agreement. The ownership of the assets rests with the IPs and TSPs as per the Terms & Conditions of agreement. The sites were made ready by the IP and the subsidy was released to them on the basis of the terms and conditions of the Agreement. Under this scheme, 1831 towers were installed by IPs and the claims preferred by them were settled after receipt of completion certificate and commissioning of BTS. Out of total amount of ₹ 404 crore disbursed from USOF under this scheme, an amount of ₹ 383 crore has been disbursed to IPs for installation of towers as per agreement in Part 'A'. However the TSPs could not provide the Mobile services in time on ready sites. In order to get the mobile services from these tower locations, rigorous persuasion at the highest level was done. Regular meetings were held amongst all stake holders. The various reasons cited by TSPs for non-commencement of services were as under:

- i) Sites were in most remote areas of rural India, inaccessible by roads.
- ii) Many of the sites were in disturbed areas affected by terrorism, forest areas, hilly terrain, snow bound with no transport facilities and involving head road etc.
- iii) Active monsoon in NE region, HP, UP (East), Gujarat, Odisha and Uttarakhand.
- iv) State of Bihar experienced one of the worst floods bringing the work to halt.
- v) J&K experienced disturbances during the peak working season.
- vi) Some sites were located in forest/tribal areas.

- vii) Forest department stopped the work claiming that installation and radiation tower will endanger life of forest creatures.

In spite of all these hurdles, it was the regular persuasion from USOF that the project was completed to a great extent [about 97%] in the most difficult locations of the country.

TSPs preferred the claim of ₹ 27 crore for provisioning of mobile services. After scrutiny of the claim in detail, the amount of ₹ 20 crore only was passed for disbursement of subsidy from USOF and rest of the amount has been disallowed / withheld. In the agreement of Part B, USO Fund did not provide any financial support to TSPs who quoted zero and negative subsidy. On the other hand, TSP gave the revenue to USOF for negative bidding clusters.

Department is examining the various options for providing mobile services in those left out 252 locations. As part of its mandate, USOF is committed to provide mobile services in the remote and rural areas of the country.”

7. The Committee are concerned to note that Ministry is still examining various options for providing mobile services in the left out 252 remote locations of the country. No time frame has been provided by the Ministry to ensure timely completion of mobile services in those locations. Ministry also did not provide information about the steps taken to attract service providers to those locations. Since the agreements signed with the bidders expired on 30.11.2013, the Committee desire to know as to whether any further agreements were signed by the Ministry for providing mobile services at those locations. The Committee would like to be apprised of the date of signing of the agreements, steps taken so far to provide mobile services at those locations and target date for completion of the same.

**B. Provisioning of mobile services in left out remote areas
(Recommendation Para No. 5)**

8. Having observed that the objective of providing wireless or mobile services to uncovered areas including rural, remote, hilly and tribal areas had been achieved only to the extent of 72 percent and services from 6026 sites were not rolled out as on October, 2012, the Committee recommended the Ministry to come up with better

system of planning coordination between different implementing agencies and execution.

9. The Ministry of Communications (Department of Telecommunications) in their Action Taken Note have stated as under:

"The project under reference was the result of the USOF's initiative of providing mobile services in the uncovered/ inaccessible areas to benefit the society. The project was aimed to provide the mobile services in uncovered areas including rural, remote, hilly and tribal areas, where the services were not provided by the TSPs as there was no business case for them to provide the services. USOF sought to cover these areas through viability gap funding.

The recommendations of the Committee for incorporation of suitable clauses in future tenders are being implemented. Universal Service Obligation Fund (USOF) has called bids for provisioning of mobile services in uncovered villages and along the national highways of the North Eastern region from TSPs only and not from both IPs & TSPs. All appropriate clauses are being incorporated in the tender's/ contract agreements so as to ensure timely and prompt provisioning of mobile services as well as imposition of penalties against defaulting parties."

10. **The Committee in their Sixty-fourth Report (16th Lok Sabha) had desired the Ministry to come up with better system of planning, coordination amongst different implementing agencies and execution for providing wireless or mobile services to uncovered areas including rural, remote, hilly and tribal areas. In response thereto, the USOF has called bids for provisioning of mobile services in uncovered villages and along the national highways of the North Eastern region from TSPs. All appropriate clauses are also being incorporated in the tender's/contract agreements so as to ensure timely and prompt provision of mobile services. While appreciating the steps taken by the Ministry in this regard, the Committee would desire to know as to what extent such measures are helpful in achieving the objective of providing mobile services in uncovered areas. Considering the importance of providing mobile services in uncovered/inaccessible areas to benefit the society, the Committee exhort the Ministry to look into this vital aspect and take necessary corrective steps for**

ensuring that the objective of providing wireless or mobile services in uncovered areas including rural, remote, hilly and tribal areas is achieved.

**C. Recovery of Penalty for interruptions/downtime
(Recommendation Para No. 7)**

11. In their 64th Report (16th Lok Sabha), the Committee were disappointed to find that recovery of penalty of ₹ 9.62 lakh had not been effected from M/s Bharti Airtel Limited (BAL) of Odisha Circle. They had, therefore, recommended for expeditious recovery of the penalty amount, along with the admissible interest from the aforesaid USP. Further, upon noticing about the sub-judice case of non-recovery of penalty for interruptions/downtime of service viz ₹ 27.10 crore on M/s IDEA in Madhya Pradesh Telecom Circle, the Committee had desired that the Infrastructure Providers (IPs) should be held responsible for all infrastructure related failures and penalties be imposed accordingly. The Committee had also desired to be apprised of the latest status of the cases pending in the court seeking recovery of penalty from M/s IDEA of CCA, Madhya Pradesh. Further, to avoid such litigations in future, the Committee recommended that while signing the Service Level Agreement, DoT should ensure that clauses, denoting clear-cut responsibilities of the USPs and IPs are incorporated in the agreement not only to facilitate efficient and quality mobile services but also to ensure fixation of responsibility and empower DoT to take the guilty party to task without any delay.

12. The Ministry of Communications (Department of Telecommunications) in their Action Taken Note have stated as under:

"It may be highlighted that the M/s Bharti Airtel Limited (BAL) had submitted a negative bid against the tender for Part B of the scheme viz. provisioning of the mobile services. Accordingly, in accordance with the provisions stipulated in the tender, no Performance Bank Guarantee was taken from M/s BAL. However, M/s BAL was responsible, as per the terms and conditions of the Part -B Agreement signed between USOF and M/s BAL, for paying of penalty on account of the prolonged interruptions of service due to any reason. With regard to the Committee's recommendation for expeditious recovery of the penalty amount, along with the admissible interest from M/s Bharti Airtel Limited (BAL) in Odisha Circle, it is stated that the matter is constantly being followed up with M/s BAL for

depositing the outstanding amount. The recommendations of the Committee for incorporation of suitable clauses in future tenders are being implemented. USOF has called bids for provisioning of mobile services in uncovered villages and along the national highways of the North Eastern region from TSPs only and not from both IPs & TSPs. All appropriate clauses are being incorporated in the tender's/ contract agreements so as to ensure timely and prompt provisioning of mobile services as well as imposition of penalties against defaulting parties. It is, further, submitted that M/s Idea Cellular Limited filed a Writ Petition No. 9191 of 2013 against Administrator, USOF before Hon'ble High Court, Jabalpur regarding payment of penalty & interest for interruption of Mobile Services to the tune of ₹ 27,10,08,835/- including interest . The case is under trial before the Hon'ble Court. The last date of hearing in this case was 12.05.2016, which was attended by both the parties. The next date of hearing is still awaited. However, the bank guarantee has been withheld with CCA, Madhya Pradesh for ₹ 27,41,87,500/- in this regard."

13. The Committee observe that with regard to Committee's recommendation for expeditious recovery of the penalty amount, alongwith the admissible interest from M/s Bharti Airtel Limited (BAL) in Odisha Circle, the Ministry submitted that the matter is constantly being followed up with M/s BAL for depositing the outstanding amount. The failure of the Ministry to recover the penalty clearly shows that the matter has not been pursued seriously by them even though three and half years elapsed after laying of Audit Report in Parliament i.e. 1st August, 2014. The Committee would, therefore, desire the Ministry that the pending amount of penalty is recovered expeditiously from M/s BAL. The Committee would also like to be apprised of the present status of the case of payment of penalty and interest from M/s Idea Cellular Limited for interruption of mobile services to the tune of ₹27,10,08,835.

NEW DELHI;
7 March, 2018
6 Chaitra, 1940 (Saka)

MALLIKARJUN KHARGE
Chairperson,
Public Accounts Committee