



सत्यमेव जयते

C.NANJUNDASWAMY  
DIRECTOR

No./Rep-II/P-25778/DAP-10

O/o DIRECTOR

Posts & Telecommunications Audit Office,

No.1, 2<sup>nd</sup> Floor, Basava Bhavan,

Basaveshwara Circle, Bangalore-560 001

Phone:080-22265453 Fax No.080-22267559

E-mail:brptbangalore@cag.gov.in

Date: 15/05/2014

Dear Shri, Sir,

I enclose herewith a Draft Audit Paragraph (DAP) along with key documents (in duplicate) on "*Non-Levy of penal interest for delayed payment of passive Infrastructure sharing and energy charges from sharing Operators amounting to Rs. 49.31 Lakh*". The para is proposed for inclusion in the ensuing Audit Report of Comptroller & Auditor General of India.

The views expressed in the DAP are interim and may change depending upon your response. Kindly confirm the facts and figures contained in the DAP and offer your comments thereon to this Office within two weeks from the date of receipt of this letter. Please ensure confidentiality of the material of the DAP. In case no comments are received within the stipulated period, it will be presumed that the facts and figures stand confirmed & that you have no comments to offer.

With regards,

Yours sincerely,

*M. S. Ravi*  
15.5.14

**Shri R. K. Misra**  
Chief General Manager Telecom  
Karnataka Circle, BSNL,  
Ulsoor, Bangalore-560 008

## DRAFT AUDIT PARA

### Non-Levy of penal interest for delayed payment of passive Infrastructure sharing and energy charges from Sharing Operators amounting to Rs. 49.31 Lakhs:

BSNL has entered into Master Service Agreement (MSA) with Sharing Operators (SO) for sharing of BSNL's Passive Infrastructure and related maintenance services at various sites in India on mutually agreed terms and conditions. As per Para 1.9.1.3-"Late fee charges" under Schedule 3 'Fees for services' of agreement of MSA, the Sharing Operators shall be liable to pay interest @ 2% per annum above the Prime Lending Rate (PLR) of State Bank of India prevalent on the day the payment becomes due, for the period of default.

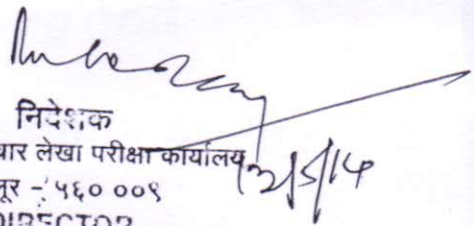
Scrutiny of records (March 2014) revealed that the invoices to Sharing Operators are issued by O/o GM (BGTD) in respect of Bangalore Telecom District(BGTD) sites and by O/o GM (CMTS) Bangalore in respect of Rest of Karnataka (ROK) sites. The invoices for Passive Infrastructure (PI) and Energy charges issued to Sharing Operators and payment details furnished for the year 2010-11 to 2013-14 (upto January 2014) were examined and there was a delay in payment of bills ranging from 1 day to 1015 Days beyond 30 days of pay by date. However, the Sharing Operators are liable to pay interest @2% above PLR rate on delayed payment of bills and the penal interest works out to Rs. 49.31 lakhs (Annexure I & II), the same has not been raised either by BGTD or by CMTS of Karnataka Circle resulting in non-recovery of penal interest of Rs.49.31 lakhs.

On being pointed out by audit (Mar'2014), it was replied that the information of getting details of actual energy charges from field units was much delayed since most of the BSNL sites are situated in remote rural areas. Hence there was delay in billing the actual charges. Operators are asking details of actual measurement of electricity load at individual sites. The same has been adopted and the process will also take much time. Rolling advance up to six month paid by the vendor is more than the actual charges and the excess



received amount is shown as credit amount against the operator, which will be adjusted in future bills. Since ERP system has not implemented for PI billing (under validation testing) issue of Credit memo/debit memo is not implemented. The fixed monthly charges for energy charges are also under process. The FHEC committee is processing the charges and the report is expected within few weeks. On implementation of FHECC report and implementation of REM module the late fee will be billed and collected as per the MSA.

The reply was not acceptable, as per Master Service Agreement with the Sharing Operators, the Sharing Operator were required to pay the penalty @ 2% over the Prime Lending Rates of SBI and the Karnataka Circle failed to impose penal interest of **Rs.49.31** lakhs for delayed payments.

  
निदेशक  
डाक व दूरसंचार लेखा परीक्षा कार्यालय  
बेंगलूर - ५६० ००९  
DIRECTOR  
P & T Audit Office, Bangalore - 1.

  
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O/o THE CHIEF GENERAL MANAGER  
BHARAT SANCHAR NIGAM LIMITED  
DOORA SAMPARKA BHAVANA  
No.1, S.V. ROAD, HALASURU  
BANGALORE - 560 008



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

No. FA/DAP-10/2014-15/13 DATED 22.11.2014

To

The Director  
P&T Audit Office  
No.1, 2<sup>nd</sup> Floor  
Basava Bhavan  
Basaveshwara Circle  
BANGALORE - 560 001


Sub: DAP on "Non levy of penal interest for delayed payment of passive infrastructure sharing and energy charges from Sharing Operators amounting to Rs. 49.31 lakhs - reg.  
Ref: Director, P&T Audit Office's D.O. letter No. Rep-II/P-25/78/DAP-10, dated 15.05.2014.

The comments on the above Draft Audit Paragraph are furnished below:

The penal interest due to delayed payment of IP bills have been billed on 17<sup>th</sup> May, 2014 and issued invoices to all operators.

The recoveries of the outstanding dues are being rigorously pursued. The operators have been communicated over phone and e-mail to make the payments immediately. Meetings with the operators have been held at our premises and the issues of nonpayment of the same have been discussed. As soon as the payment is materialized, the same will be communicated immediately.

As per  
12-11-14  
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DY. GENERAL MANAGER (P&EF)  
for CHIEF GENERAL MANAGER  
BHARAT SANCHAR NIGAM LIMITED  
KARNATAKA CIRCLE  
BANGALORE - 560 008

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