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Under reporting of revenue by telecom operators

2768. SHRI DEVENDER GOUD T.: Will the Minister of COMMUNICATIONS be pleased to state:

- (a) whether it is a fact that CAG had reported that some of the mobile operators had under-reported their revenue between 2006-07 and 2009-10;
- (b) if so, the details thereof and the loss incurred by Government due to above under-reporting;
- (c) whether notices have been issued to the mobile operators indicated by the CAG;
- (d) if so, the details thereon, circle-wise; and
- (e) the definition of 'adjusted gross revenue' and why there is dispute between Government and operators on the definition?

THE MINISTER OF STATE OF THE MINISTRY OF COMMUNICATIONS (SHRI MANOJ SINHA): (a) C&AG conducted the audit of six private Telecom Service Providers; and submitted audit report No. 4 of 2016. As per this report total under-reporting of Adjusted Gross Revenue (AGR) is ₹ 46,045.75 crore for the period from 2006-07 to 2009-10.

(b) As per report No. 4 of 2016 of Comptroller and Auditor General of India; the under-reporting of AGR lead to underpayment of License Fee/SUC, interest and penalty of ₹ 12488.93 crores. The operator-wise details are as follows:

(Amount in Crore)		
Sl. No.	Name of Company	Total
1.	Bharti Airtel	2651.89
2.	Vodafone	1665.39
3.	Reliance	3728.54
4.	Idea	964.89
5.	Tata	3215.39
6.	Aircel	262.83
TOTAL		12488.93

(c) Based on C&AG Report, License Agreement and extant orders of DoT, demand-cum-show cause notices for License Fee (LF) for four financial years have been issued to the Telecom Service Providers (TSPs).

(d) The details are given in the Statement (*See below*).

(e) The definition of Adjusted Gross Revenue as per clause 19.1 and 19.2 of License Agreement of Unified Access Service License is as below:—

19.1 Gross Revenue:

The Gross Revenue shall be inclusive of installation charges, late fees, sale proceeds of handsets (or any other terminal equipment etc.), revenue on account of interest, dividend, value added services, supplementary services, access or inter-connection charges, roaming charges, revenue from permissible sharing of infrastructure and any other miscellaneous revenue, without any set-off for related item of expense, etc.

19.2 For the purpose of arriving at the "Adjusted Gross Revenue (AGR)" the following shall be excluded from the Gross Revenue to arrive at the AGR:—

- (I) PSTN (Public Switched Telephone Network) related call charges (Access Charges) actually paid to other eligible/entitled telecommunication service providers within India;
- (II) Roaming revenues actually passed on to other eligible/entitled telecommunication service providers; and
- (III) Service Tax on provision of service and Sales Tax actually paid to the Government if gross revenue had included as component of Sales Tax and Service Tax.

The dispute between Government and TSPs is that the TSPs are interpreting the definition differently in their own interest. The TSPs are contending that only revenue under the License must be taken for computation of AGR. The License Agreement has an all-inclusive definition of AGR. The contention of the TSPs is not in consonance with that contained in the License Agreement and the stand of the Government has been duly upheld by Hon'ble Apex Court in their considered judgement dated 11.10.2011 in Association of Unified Telecom Service Providers of India (AUSPI) case/AGR matter (2011) 10 SCC.

Statement*Details of mobile operators and circle where demand notices have been issued*

Sl. No.	Name of Mobile Operators	Circles where demand notices has been issued
1.	M/s Bharti Group of Companies	North East, Rajasthan, Andhra Pradesh, Assam, Bihar, Chennai, Delhi, Gujrat, Haryana, Himachal Pradesh, Jammu Kashmir, Karnataka, Kerala, Maharashtra, Mumbai, Odisha, U.P.(East), Punjab, Tamil Nadu, West Bengal, Madhya Pradesh, U.P.(West) and Kolkata.
2.	M/s Aircel/Dishnet Wireless Ltd.	Assam, Bihar, Himachal Pradesh, J&K, Odisha, North East, West Bengal, Tamil Nadu and Chennai.
3.	M/s Tata Group of Companies.	Andhra Pradesh, Bihar, Chennai, Delhi, Gujrat, Haryana, Himachal Pradesh, Karnataka, Kerala, Maharashtra, Mumbai, Odisha, U.P.(East), Punjab, Tamil Nadu, West Bengal, Madhya Pradesh, U.P.(West) .Kolkata and Rajasthan.
4.	M/s Reliance Group of Companies	Madhya Pradesh, Bihar, West Bengal, Odisha, Himachal Pradesh, Assam, North East and Kolkata, Andhra Pradesh, Bihar, Chennai and Delhi.
5.	M/s Idea Group of Companies	U.P.(East), Himachal Pradesh, Maharashtra, Rajasthan, Delhi, Madhya Pradesh, Kerala, Haryana, U.P.(West), Andhra Pradesh, Gujarat and NLD.
6.	M/s Vodafone Group of Companies	Maharashtra, Gujarat, Kolkata, Mumbai, Andhra Pradesh, Chennai, Haryana, Rajasthan, U.P.(East), Karnataka, Punjab, U.P.(West), West Bengal, Kerala, Tamil Nadu and Delhi