

**PUBLIC ACCOUNTS COMMITTEE  
(1973-74)**

(FIFTH LOK SABHA)

**HUNDRED AND TWENTY-SECOND REPORT**

**[Report of the Comptroller and Auditor General  
of India for the year 1971-72—Union Government  
(Posts and Telegraphs)].**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*April, 1974|Chaitra, 1896 (Saka)*

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PUBLIC ACCOUNTS COMMITTEE  
(1973-74)

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Shri Jyotirmoy Bosu.

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3. Shri S. C. Besra
4. Shri M. Deiveekan
5. Shri C. D. Gautam
- \*6. Shri Pampan Gowda
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Shri Avtar Singh Rikhy—*Joint Secretary.*

Shri M. S. Sundaresan—*Deputy Secretary.*

Shri T. R. Krishnamachari—*Under Secretary.*

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\*Elected on 29-11-73 *vice* Shri D. S. Afzalpurkar died.

\*\*Ceased to be member of the Committee consequent on retirement from *Rajya Sabha* w.e.f. 2-4-1974.

## INTRODUCTION

1. I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Hundred and Twenty-second Report (Fifth Lok Sabha) on Report of the Comptroller and Auditor General of India for the year 1971-72—Union Government (Posts and Telegraphs).

2. The Report of the Comptroller and Auditor General of India for the year 1971-72—Union Government (Posts and Telegraphs) was laid on the Table of the House on the 16th March, 1973. The Committee examined the Audit Report relating to Posts and Telegraphs at their sittings held on the 11th, 12th and 13th July, 1973. The Committee considered and finalised this Report at their sitting held on 10th April, 1974. Minutes of these sittings from Part II\* of the Report.

3. A statement showing the summary of the main conclusions, recommendations of the Committee is appended to the Report (Appendix III). For facility of reference these 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 examination of the Audit Report by the Comptroller and Auditor General of India.

5. The Committee would also like to express their thanks to the Ministry of Communications (P & T Board) for the cooperation extended by them in giving information to the Committee.

JYOTIRMOY BOSU,  
Chairman,  
Public Accounts Committee

NEW DELHI;  
April 15, 1974

Chaitra 25, 1896 (S).

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\*Not printed (one cyclostyled copy laid on the Table of the House and five copies placed in Parliament Library).

## REPORT

### ARREARS OF TELEPHONE REVENUE

#### *Audit Paragraph*

1.1. (i) For bills issued upto 31st March, 1972, collection of Rs. 6.92 crores as telephone revenue was in arrears on 1st July, 1972 as indicated below:—

	(crores of rupees)
Government subscribers . . . . .	2.38
Other subscribers . . . . .	4.54

Out of the total outstanding of Rs. 6.92 crores, Rs. 3.81 crores related to bills issued during 1971-72 and the balance of Rs. 3.11 crores to bills issued upto 1970-71. The yearwise analysis of the arrears is given in Appendix I.

(ii) The percentage of the outstanding on 1st July, 1972 to the total amount collected during the year ending with preceding March and the corresponding percentages in the three preceding years are given below:—

Year	Amount collected	Outstanding on 1st July following (including outstanding for the bills issued in the preceding years)	Percentage of the outstanding to the amount collected during the year
			(in lakhs of rupees)
1968-69 . . . . .	84.91	6.64	7.8
1969-70 . . . . .	1,01.78	6.78	6.7
1970-71 . . . . .	1,20.80	6.28	5.2
1971-72 . . . . .	1,45.86	6.92	4.7

(iii) The percentage of outstanding on 1st July, 1972 to the total amount billed for during the year ending with preceding March

and the corresponding percentages in the three preceding years are given below:—

Year	Amount billed	Outstanding on 1st July following	Percentage of column 3 to 2
1968-69	89.34	6.64	7.4
1969-70	1,07.50	6.78	6.3
1970-71	1,24.02	6.28	5.1
1971-72	1,49.59	6.92	4.6

(vi) Test check of telephone revenue accounts conducted during 1971-72 has shown many instances of short recoveries as well as of failure to issue bills. Of the instances brought to the Department's notice, short recoveries of Rs. 4.80 lakhs and failure to issue bills for 5.31 lakhs had not been made good by 30th June, 1972.

(v) Recovery of Rs. 34.10 lakhs was under litigation on 1st July, 1972.

(vi) During 1971-72, telephone revenue written off was Rs. 16.07 lakhs as indicated below:—

	lakhs of rupees
1. Whereabouts of the subscribers not known	6.79
2. Solvency of the subscribers not established	1.78
3. Closure of the subscribers' firms, concerns, etc.	0.84
4. Death of the subscribers	0.50
5. Relevant departmental files not available	3.17
6. Other reasons	1.38
7. Reasons not available	1.61
	<u>16.07</u>

The yearwise analysis of this amount is given in Appendix I.

[Paragraph 6 of the Report of Comptroller and Auditor General of India for the year 1971-72, Union Government (Posts and Telegraphs)].



1.2. The Committee desired to know the present position of arrears and the steps taken by the Department to realise them. The Department, in a written reply, intimated the present position of arrears of telephone revenue as follows:

Period	As per C&AG's report 1971-72 P&T (position as on 1-7-72)	Position as on 1-4-1973
	Rs. in crores)	(Rs. in crores)
Upto 1970-71 . . . . .	3.11	2.44
For 1971-72 . . . . .	3.81	1.46
	<u>6.92</u>	<u>3.90</u>

Efforts are continuously being made to reduce arrears all the time. In addition, steps taken from time to time by the Department in this regard are detailed below:

(i) A special drive was started with effect from 1st January, 1972 for clearing the arrears for the years upto 1970-71 with greater emphasis on liquidating the arrears in respect of bills issued upto 31st March, 1968. The drive was to last upto 30th June, 1972 but instructions were again issued on 14th July, 1972 that the special drive should continue so long as the arrears are heavy. The result is indicated below:

*Progress effected in clearance of outstandings*

	<u>As on 1-4-72</u>	<u>As on 1-4-73</u>
		(Rs. in lakhs)
O/S upto 31-3-68 . . . . .	130.83	98.81
O/S from 1-4-68 to 31-3-71. . . . .	227.33	145.88

(ii) Enhanced financial powers for write off of telephone outstanding dues of certain description have been delegated to all the Heads of Circles/Telephone District.

(iii) The Heads of Circles/Telephone Districts have been given discretionary powers to dispense with the reports/enquiries by Tele-

phone Revenue Inspectors, Investigating Inspectors, etc. in cases where the total outstandings in respect of private closed connections do not exceed Rs. 250 in each case, provided the outstandings are more than five years old.

(iv) The Chief Secretaries of all the State Governments and Lt. Governors of Union Territories have been addressed requesting them to issue instructions to all the State Government officers impressing upon them the need for prompt settlement of telephone bills. Instructions have also been issued to the Heads of Circles Telephone Districts that disconnection for non-payment should be strictly enforced and that there should be no hesitation in disconnecting telephones, Government or Private (barring those of exempted category) if the dues are not paid in time.

(v) Instructions have been issued to all Heads of Circles Telephone Districts that Registered Notices be issued to each private subscriber having outstandings in respect of bills issued upto 31st March, 1972 and that no private working telephone having outstanding is allowed to continue. Reports received in this regard show that except in some cases where the bills are disputed or the outstandings are petty (less than Rs. 25 in each case) or the outstandings relate to M.P.s. telephones or telephones provided for foreign missions. No private telephones are working where there are outstanding against them in respect of bills issued upto 31st March, 1972.

(vi) Instructions have further been issued *vide* No. 4-5/73-TR, dated 22nd June, 1973 to launch a special drive for liquidation of arrears in respect of bills issued upto 31st March, 1973 with more emphasis being bestowed on the arrears upto 31st March, 1972. Instructions have also been issued that the cases of outstandings of over Rs. 2,000 in each case should receive special attention and pursuit *vide* No. 4-5/73-TR, dated 7th July, 1973.

Instructions were issued in February, 1972 to Heads of Circles Districts to tighten up various checks and counter checks prescribed in the Rules and conduct surprise checks to ensure correct and prompt billing and recovery of dues fully. The Department was asked to intimate whether any improvement has been noticed in cases of short recoveries and in the cases of failure to issue Bills after the issue of these instructions in February, 1972. The Department have stated that the instructions issued in February, 1972 are expected to have their impact felt in the accounts of the year 1972-73 and thereafter.

Regarding investigation into the reasons for sharp increase in litigation cases the Department have, in their reply, stated: "On an average, over 12,000 telephones are disconnected every month for non-payment of dues. While in many of these cases the parties come up for restoration and clear the outstanding dues, a good number of these subscribers do not ask for restoration with the result that outstandings against such closed telephone continue without settlement. Where there is a reasonable possibility of recovery, legal action is instituted to recover the dues. On account of increased efforts for realisation of the dues, the amount under litigation has increased."

1.3. According to Audit, the bulk of the Telephone Revenue Rs. 6.79 lakhs out of Rs. 16.07 lakhs has been written off due to non-availability of the whereabouts of the subscribers. The Department were asked to state the remedial measures taken to avoid such a situation. In a written reply, the Department stated: "After the telephones of private subscribers are disconnected for non-payment and finally treated as having been permanently closed where defaulting parties not getting their telephones restored within 6 months from the date of disconnection a direct link between the Department and the defaulting subscribers is lost. The case for realisation of the dues remaining outstanding against such defaulters has to be pursued by correspondence and then by personal contact through Telephone Revenue Inspectors, etc. This process is time consuming. In the meantime, in several cases the defaulters become untraceable. Efforts are made by the field officers to seek the help of the police authorities also in tracing the whereabouts of such defaulters but the results are not of much significance in realising the outstanding."

1.4. Regarding steps taken by the Department to ensure that there is no loss of revenue because of non-availability of relevant departmental files, it has been stated that on account of the decentralisation of the Telephone Revenue work from the Circle level to the Divisional level in the year 1967-68, a large number of records like trunk call tickets, office copies of bills etc., had to be shifted from the defunct Circle T.R.A.Os station to the Divisional Headquarters. When such shifting and transportation of records from one place to another *en masse* is involved some loss-misplacement of records occurs. Departmental procedures and rules provide for complete control and proper preservation of records in the normal course. However, suitable instructions have been issued to all Heads of Circles/Telephone Districts in this regard under P. & T. Board letter No. 23-4/73-TR dated 30-7-1973.

1.5. The Committee note that the arrears of telephone revenue increased from Rs. 6.28 crores as on 1st July, 1971 to Rs. 6.92 crores on 1st July, 1972. The position of arrears for the period upto 1971-72 was Rs. 3.90 crores as on 1st April, 1973. During the period from 1st July, 1972 to 1st April, 1973 while the arrears for the year 1971-72 were brought down from Rs. 3.81 crores to Rs. 1.46 crores, those relating to the period upto 1970-71 came down from Rs. 3.11 crores to Rs. 2.44 crores. The Committee have been informed that a special drive have been started with effect from 1st January, 1972 for clearing arrears for the years upto 1970-71 with greater emphasis on the liquidation of arrears in respect of the bills issued upto 31st March, 1968. As a result of this drive, the arrears upto 1970-71 have been brought down to Rs. 2.44 crores as on 1-4-1973 from Rs. 3.58 crores as on 1-4-1972. While this is encouraging, the Committee desire that a close watch should continue to be kept by the P. & T. Board on the arrears for the period prior to 31st March, 1968 which stand at Rs. 98.81 lakhs as on 1st April, 1973. The Committee hope that the arrears for the period between April 1968 to March 1972 will also be recovered expeditiously.

1.6. The Committee are dissatisfied to see that Government subscribers continue to account for substantial amount of arrears of telephone revenues. Out of the total arrears of Rs. 6.92 crores outstanding as on 1st July, 1972, Rs. 2.38 crores were outstanding against Government Departments. The Committee desire that the Department should examine what further steps are necessary to avoid accumulation of arrears in respect of the Government Departments.

1.7. The Committee take a serious note of the short recoveries as well as failure to issue bills by the Department. Short recoveries of Rs. 4.80 lakhs and failure to issue bills for Rs. 5.31 lakhs were brought to the notice of the Department by Audit during the year 1971-72. In reply to a recommendation made by the Committee in paragraphs 2.19—2.21 of their 40th Report (1968-69), the Department had stated that the billing and accounting procedure are being studied by a Committee. The Committee would like to be informed about the outcome of the study and action taken to remedy the defects. The Committee cannot over-emphasise the need for thorough checking of the bills and taking action against the persons responsible for short recoveries and failure to issue bills.

1.8. The Committee regret to note that during 1971-72 arrears amounting to as much as Rs. 3.17 lakhs had to be written off as the relevant departmental files were not available. The Committee take a serious view of loss of papers in respect of pending bills and stress that the Department should take action against the persons responsible for this lapse.

**ARREARS OF RENT OF TELEGRAPH/TELEPHONE/TELE-  
PRINTER CIRCUITS AND TELEX/INTELEX CHARGES**

*Audit Paragraph*

1.9. For bills issued upto 31st March, 1972, collection of Rs. 256.38 lakhs as rent of telegraph/telephone/teleprinter circuits and telex/intelex charges was in arrears on 1st July, 1972 as indicated below:—

(Lakhs of Rupees)

Rent of telegraph, telephone and teleprinter circuits	243.74
Telex and intelex charges	12.64

Out of the total outstanding of Rs. 256.38 lakhs, Rs. 182.88 lakhs related to bills issued during 1971-72 and the balance of Rs. 73.50 lakhs to bills issued upto 1970-71. Year-wise analysis is given in Appendix II.

[Paragraph 7 of the Report of Comptroller and Auditor General of India for the year 1971-72, Union Government (Posts & Telegraphs) I.

1.10. At the instance of the Committee, the P. & T., Board furnished the following position:

“The total arrears (outstandings in respect of bills issued upto 31-3-1972) year-wise including the figures of Madhya Pradesh and Bihar circles and Patna Telephone District as at present (1-4-73) with comparative position as on 1.7.72 are indicated below.

(Amount in lakhs)

Year	CIRCUITS		Telex/Intelex	
	As on 1-7-72	As at present (1-4-73)	As on 1-7-72	As at present (1-4-73)
Upto				
66-67	5.13	4.11	0.06	0.05
67-68	6.19	3.18	0.12	0.18
68-69	10.87	7.72	0.15	0.17
69-70	29.36	22.25	0.15	0.21
70-71	22.03	12.20	1.01	0.54
71-72	176.61	59.18	11.27	3.32
<b>Total</b>	<b>*250.19</b>	<b>108.64</b>	<b>12.76</b>	<b>4.47</b>

\*Including amounts relating to Madhya Pradesh and Bihar Circles and Patna Telephone District.

1.11. Explaining reasons for the heavy arrears of rent of circuits even after a lapse of three years after amendment of the Telegraph Rules providing withdrawal of circuits for non-payment, the Department have stated as follows:

“Despite the specific provision having been made in the rules for the withdrawal of the circuits due to default in payment *vide* ITR-481 introduced *w.e.f.* 30-6-1969, instances of non-observance of the same had come to notice. Therefore, instructions were issued on 20-3-1971 and 30-3-1971 laying down the procedure for withdrawal of circuits in case of default in payment.

On account of the situation prevailing in the country in November-December 1971, instructions had to be issued not to disconnect any Defence Lines for non-payment during the Emergency period. These instructions have not been rescinded. However, with a view to seeing that arrears do not accumulate on account of this, a special procedure has been drawn up in consultation with the Army Headquarters in regard to settlement of rental bills relating to circuits. This procedure envisages that if any bill remains unpaid at the end of second month following the month of issue, the particulars thereof will be reported by the concerned P. & T. Billing Authority to the P. & T. Dte., sending a copy thereof to the concerned Army authorities. The P. & T. Dte., will refer such cases to the Army headquarters who will then ensure settlement of the bills before the end of the third month following the month of issue. Instructions in this regard have been issued to Heads of Circles Telephone Districts on 13th December, 1972. The impact of these instructions is expected to be felt and reflected in the accounts of year 1972-73 and the year following.

We have also addressed the Units demi-officially for taking positive steps to bring down the arrears.”

**1.12. The Committee feel concerned over heavy arrears of rent of telegraph, telephone and teleprinter circuits. For the bills issued upto 31st March, 1972, collection of rent amounting to Rs. 250.19 lakhs was in arrears as on 1st July, 1972. The Committee understand that despite specific provision having been made in the rules for withdrawal of the circuits due to default in payment with effect from 30th June, 1969, instances of non-observance of this came to notice. The Department therefore issued instructions on 20th March, 1971 and 30th March, 1971 laying down the procedure for withdrawal of circuits in case of default in payment. The Committee desire that the Department should ensure that these instructions are observed by the local authorities and that no laxity is tolerated.**

1.13. While the Committee note that arrears in respect of the bills issued upto 31st March, 1972 were brought down to Rs. 108.6 lakhs as on 1-4-1973, they feel that progress in clearance of old arrears is slow. The Committee would like the Department to make vigorous efforts to recover the old arrears. The Committee hope that as a result of introduction of a special procedure in December, 1972 for recovery of arrears due from the Defence authorities, the realisation will substantially improve.

#### NON-RECOVERY OF ROYALTY

##### *Audit Paragraph*

1.14. Under the Indian Telegraph Act, the Posts and Telegraphs Department grants licences for installing, operating and maintaining private telephone systems, not worked for gain, by charging royalty on prescribed scales. The royalty is recoverable annually in advance, and in case of default the licence is to be cancelled.

In some Circles, though the State Electricity Boards established power line carrier communication system for use by them, the royalty due to the Post and Telegraphs Department was not paid as the State Electricity Boards and Ministry of Irrigation and Power disputed the competency of the P. & T. Board to levy royalty. The dispute was resolved by the Ministry of Law in December, 1969 in favour of the Posts and Telegraphs Department, but the amount was not paid. In September, 1971, the Ministry of Irrigation and Power directed the Electricity Boards to pay off the dues immediately and, in cases where the amount was heavy, in suitable instalments within two years. No recovery has been made so far (December, 1972). Party-wise break-up of the arrears till April, 1971 is given below:—

Name of the party	Period from which due	Amount due (lakhs of rupees)
Kerala State Electricity Board	December, 1953	4.64
Andhra Pradesh State Electricity Board	April, 1953	4.88
Orissa State Electricity Board.	May, 1959	3.35
Tamilnadu State Electricity Board.	July, 1957	21.98
Gujarat State Electricity Board.	..	0.71
Mysore State Electricity Board.	April, 1950	2.34
		37.90

The Department stated (December, 1972) that the Heads of Circles were instructed in July, 1972 to take up the matter with the State Electricity Boards for getting payments expedited and that further directives were issued to them in November, 1972 for issuing fifteen days' notice of disconnection of the non-exchange lines to the defaulting Electricity Boards.

[Paragraph 8 of the Report of Comptroller and Auditor General of India for the year 1971-72, Union Government (Posts and Telegraphs)].

1.15. In a written reply, the P. & T. Board stated: "Out of Rs. 37.8 lakhs of arrears of royalty till April 1971, only Rs. 0.62 lakhs have been recovered so far from the State Electricity Boards. This is in spite of D.O. letter dated March 26, 1973 from the Minister of Irrigation and Power to the State Ministers|Chief Ministers|Governors concerned and the follow up action by the Heads of P. & T. Circles. The matter has again been taken up with the Ministry of Irrigation and Power pressing them for payment of the royalty of arrears. Some of the Electricity Boards have now challenged the Department's right to recover the royalty from them. As such no more recoveries are expected in the near future."

1.16. The Committee desired to know whether similar licences have been issued to organisations other than the State Electricity Boards and if so, what the present position of recovery was from those organisations. The Ministry of Communications in their written reply have stated as follows:

"Licences under the Indian Telegraph Act for installing and maintaining private telegraph systems have been issued to other organisations. Royalty charges for such licences have been recovered in full in most of the cases. In a few cases, certain discrepancies have been pointed out by the users. Urgent action is being taken to clarify such discrepancies and the recoveries of royalty are expected to be made during the current year. In case where payments are still awaited the licences will be renewed only after recovery of the royalty arrears."

1.17. The Committee feel concerned over the arrears of royalty amounting to Rs. 37.90 lakhs recoverable from certain State Electricity Boards till April, 1971 in respect of power line carrier communication system established by the Boards for their own use. A part of the arrears relate to the period as early as 1953. Only a negligible amount of Rs. 0.62 lakh has been recovered so far.



1.18. The Committee are disturbed to find that although the Ministry of Law resolved the dispute in December, 1969 that royalty was payable to the P. & T. Department under the Telegraph Act for such lines, some of the State Electricity Boards have again challenged the Department's right to recover the royalty. The Committee suggest that this dispute should be resolved with the State Governments concerned by discussion at a high level. The Committee would like to be informed of the precise progress made in recovering the outstanding amount.

#### DELAY IN INTRODUCTION OF MEASURED RATE SYSTEM

##### *Audit Paragraph*

1.19. The Department decided in November 1956 that the measured rate system should be introduced in all telephone exchanges having a capacity of 300 lines or more. Instances of delay in introduction of meters were mentioned in paragraph 8 of the Audit Report (P. & T.) 1966 and paragraph 12 of the Audit Report (P. & T.) 1969. The Department informed the Public Accounts Committee in March, 1970 and October, 1970 that in 21 exchanges metering was not introduced because of shortage of meters and that with foreseen improvement in supply position of meters from indigenous sources and import, metering was likely to be introduced in such exchanges from 1972 onwards.

Upto the end of 1972 metering was introduced in twelve out of these 21 exchanges (between March 1970 and December 1972 metering was also introduced in 78 other exchanges). Included in these 21 exchanges are three exchanges in Orissa Circle where meters were received between August 1966 and January 1969, but the measured rate system has not been introduced so far (January 1973) in those exchanges as explained below.

Installation work in the smaller exchanges in Orissa Circle is done by a central installation team of the Circle Office. Before commissioning, the meters are to be tested by the Department's Technical and Development Circle, Jabalpur. The meter is manufactured by the Department's telecommunication factory in Bombay.

(i) *Sambalpur exchange*: Eight hundred and forty meters were received in August 1966 and May 1967 for installation in this exchange; but the meter tester was indented for in October 1967 and received in October 1969. Installation was completed in August 1970 and testing was done in May 1972 when some faults were noticed. The faults have not been rectified so far (September 1972) for want of stores. Further, the meters required for the satellite exchanges

in Hirakud and Burla under the multi-exchange system of Sambalpur were planned for only in November-December, 1972 and meters for those two exchanges are (January 1973) awaited.

(ii) *Puri exchange*: Four hundred meters were received in October 1967 for installation. The meter tester, indented for in April 1966, was received in April 1969. Installation of meters was started after April 1970 and completed in April 1971, and testing was done in May 1972 when some defects were noticed which were rectified in October 1972. However, the meters have not been commissioned so far (January 1973) as further tests have not been completed.

(iii) *Balasore exchange*: Meters and meter tester were received in January 1969 and July 1970 respectively, but metering rack on which meters were to be mounted had not been provided for in the estimate. Indent for the rack (to be manufactured in the Department's telecommunication factory) was placed in September 1969. The rack, which is not a complex instrument and costs about Rs. 375 only, was received in September 1972 after which installation of meters was completed. Local testing is in progress (January 1973).

The Department stated (January 1973) that (i) the installation and testing teams had a very tight schedule and were not invariably available to start the work immediately after supply of stores and such delays were natural considering the acute shortage of resources and man-power and (ii) metering was expected to be introduced in all the three exchanges by March 1973.

According to the Department's estimate, the annual recurring (net) loss of revenue due to non-introduction of the measured system in the three exchanges is about Rs. 2.51 lakhs.

[Paragraph 9 of Report of the C.&A.G. of India, for the year 1971-72—Union Government (Posts and Telegraphs)]

1.20. The Committee drew attention to a decision taken by the Department of P&T in March 1956 to introduce measured rate system in all telephone exchanges having a capacity of 300 lines or more, and desired to know about the programme chalked out in this regard. The Secretary, Ministry of Communications stated: "Actually, we had programmed to complete all the exchanges by the end

of 1972. I have got a complete list of the work carried out. In 1970-71, we completed 21 exchanges; in 1971-72, we completed 32 exchanges and, last year upto December, 1972, we completed 43 exchanges. As on 1st July, 1973 we have got only 13 exchanges left and we expect to complete them in the next few months." In a written reply, the Ministry stated: "As on 31-3-1973 the total number telephone exchanges in the country was 4,441 with 13.79 lakhs installed lines. Out of these, 579 exchanges having about 11 lakhs installed lines have measured rate system and the remaining 3,862 exchanges with about 2.79 lakhs installed lines are working on flat rate basis. Only 13 exchanges out of 3,862 exchanges have qualified for introduction of metering. It has not been possible to introduce metering in these exchanges due to non-availability of metering equipments and for want of certain technical modifications required to be done in some cases before the introduction of metering. Out of these 13 exchanges, metering has already been introduced in three exchanges and the remaining ten exchanges are programmed to be metered during 1973-74 itself."

1.21. The Committee asked the reasons for delay in introducing the measured rate system in the three exchanges of Orissa when meters were available. The Secretary, Communications stated: "In the case of three exchanges in Orissa (Balasore, Sambalpur and Puri), it was not merely the shortage of meters. All the equipment was there. But, unfortunately, the full equipment had not been indented for initially. This was a lack of organisation. We are aware of it and we are taking action against the people concerned. Today the position of meters is quite satisfactory. We have got ample meters. Though we still have to get some meter-testing equipment from the workshops."

1.22. Explaining the present position of exchanges referred to in Audit para the witness stated: "Out of 21 exchanges, actually, 2 exchanges are not eligible for metering. So, only 19 exchanges remain. Out of these 19 exchanges, 17 have been completed by the end of 1972. Only 2 exchanges still remain to be completed." When the Committee asked reasons for this, the Secretary, Communications stated: "We still do not have complete stores there. One exchange is at Naini Tal where we had originally received the equipment. But that equipment was diverted to another exchange since there was not much traffic at Naini Tal. At the other exchange, we are putting up a new building. The building is nearing completion. In 2 or 3 months we will be able to complete the installation in the

new building." Asked whether the delay in metering was due to lack of planning, the Secretary stated: "It was not due to lack of planning. There is a general shortage of material; that I cannot deny. There is a general shortage of material but we are now getting round the corner."

1.23. The Committee asked why in the case of Sambalpur exchange, the meter-tester was indented after the receipt of meters. The Secretary, Communications stated: "I am afraid, there was an organisational lapse because works of this kind, like introducing metering in exchanges or expanding exchanges from 200 lines to 300 lines are entrusted to the Sub-Divisional Officers who generally may not have the skill for doing this kind of work though they are supposed to have the skill. They do not have the experience to do this kind of work. They, generally, consult some of their colleagues and put in indents." The witness added: "Now, as a result of the study of this Audit Para, what we are going to do is to strengthen the planning organisation under the Post Master General."

1.24. Asked whether there was not a set pattern of indenting meters alongwith meter-tester, the witness replied: "Actually, the estimate is prepared by the Sub-Divisional Officer based on the local conditions. Each estimate is specifically meant for a particular exchange. It is not a sort of tailor-made estimate."

1.25. Asked whether the indenting officer should not know while indenting for meters that a meter-tester was also required, the Secretary, Communications stated: "He should know. In this particular case, he did not know. As far as responsibility is concerned, we are fixing the responsibility on him." The Committee asked the reasons for delay in supply of meter-tester. The witness stated: "In actual fact, the telephone factory in Bombay did not have full details of all the exchanges that were going to be converted in a particular year. They would make so many testers during the year, and whatever were made were despatched. The actual demand was, however, more than what they had made." When asked about the delay in testing the equipment installed in August, 1970, the Secretary, Communications stated: "The local officer had asked the Additional Chief Engineer who is in charge of acceptance testing to do the testing and here again there was a delay of one year. Apparently, he had sent reminders, but the team came after a year." Asked if the faults had been rectified, the witness stated: "They have been rectified now. In Sambalpur exchange the meters were introduced on the 16th April, 1973; in Puri exchange on 1st May, 1973 and in Balasore exchange on 1st April, 1973." As regards the position regarding satellite exchanges in Hirakud and Burla, the witness stated: "All the three exchanges were commissioned on the same day."

1.26. According to Audit the indent for meter tester in case of Puri exchange was placed in April 1966 on the Manager of Telecommunication Factory, Bombay. On his advice in May 1966, the indent was placed on Controller of Telegraph Stores, Bombay in June 1967. The Controller of Telegraph Stores advised in October 1967 that the indent should be placed on Assistant Engineer (Stores), Bangalore. The indent was placed on Assistant Engineer (Stores) Bangalore in November 1967. This was not compiled with and another indent was again placed on Controller of Telegraph Stores, Bombay in May 1968. The meter tester was supplied in April 1969.

1.27. The Committee asked why this indent was placed on the Manager, Telecommunication Factory, Bombay, the Secretary, Communications stated: "This was placed by the local man." The witness further stated: "He should have straightway placed the order on the Controller of Telegraph Stores. All the indents are placed on the Controller of Telegraph Stores."

1.28. In a written reply, the Ministry stated: "In case of Puri Exchange, an indent for meter tester, placed on CTS Bombay, was treated as closed by him on 24-10-67 asking SDOT Cuttack to re-indent on Zonal Depot or AE Incharge, Telegraph Branch Stores, Bangalore or Circle Depot. This indent was closed by CTS Bombay for reindenting, as this item was not in his stock (CTS Bombay had placed requisition for this equipment in 1966-67 on Bombay Telephone Workshops and the supply was actually received in the end of March, 1969). In the meantime the jurisdiction of SDOT Cuttack had altered and Puri Exchange came under the jurisdiction of SDOT Jatni who placed a fresh indent on 17-5-1968 on CTS Bombay. Meter tester was issued against this indent on 16-4-1969 by CTS Bombay. As such, it would be seen that the meter tester was issued by CTS Bombay soon after its receipt and there has been no avoidable delay in the issue of this item."

1.29. The Committee asked why in the case of Balasore exchange the metering rack was not included in the estimates, the Secretary stated: "He should have asked for the rack plus the relay plates. He only asked for the relay plates. Subsequently, when we asked him as to why he had not asked for the rack, the information that we got was that this man thought he would make a wooden rack. You do not have wooden racks for the telephone exchange systems." The Senior Member, P&T Board stated: "The weight of the meters and the steel part of it is so heavy that if you had a wooden rack, it may not have been able to take it. Otherwise, the idea would have been good."

1.30. When asked why it took three years to get a rack, the Secretary, Communications stated: "Unfortunately, when the indents go to the workshops, the actual priority is not given in the workshop unless somebody presses the workshop to give a higher priority."

1.31. Asked whether the Department had not laid down any guidelines for the local officers for indenting stores for exchanges, the Secretary, Communications stated: "We do have guidelines. When multiple systems are to be changed there are some changes to be made in the board. These guidelines were issued in 1953 or 1954. Most of the supervisors, SDOs would have come much later. There are some instances where they are not aware of these things." In a written reply, the P&T Board stated that action has been initiated by Work Study Unit for formulating standards for carrying out minor works in Circles and Divisions.

1.32. The Senior Member, P&T Board stated: "When an exchange expands and you introduce metering some works have to be done. You have to see whether equipments themselves are suitable. Batteries have to be changed if need be. In their place strong batteries are to be installed. The action is simultaneous. Detailed instructions have been issued. As Secretary said, over a period of time certain records were not available at lower levels. But we have now again issued several instructions about what is to be done when a new exchange is to be converted for metering."

1.33. The Committee desired to know the action, if any, that has been taken against any officer for long delays and defaults. The Senior Member, P&T Board stated: "Action is taken. Between 1967 and 1970 there was a big shortage of meters. Factories were not able to make adequate number. This is now rectified." He added: "Post Master General has investigated to find out as to what extent there was lapse. Responsibility has still to be fixed."

1.34. The Secretary, Communications stated: "The P.M.G. has informed that he has fixed responsibility on four individuals and he has initiated the disciplinary proceedings." Asked about the designations of the persons involved, the Secretary, Communications stated: "One is the Divisional Engineer and two are sub-Divisional Officer (Telegraphs) i.e. they are of the rank of Assistant Engineer. There are some Engineering Supervisors. I do not know how many are they."

1.35. In a written reply, the P&T Board stated: "As per para 261 of P&T Manual Vol. X, the Divisional Engineers are responsible for seeing that there is no delay in commencement and execution of

work after proper sanction has been accorded and necessary funds are allotted. A Planning Cell under Divisional Engineer Planning has since been created in each Circle. Instructions have since been issued to enable Circle office to monitor works sanctioned and executed by subordinate officers."

1.36. When asked if the Post Master General had called for the progress report from time to time, the Secretary, Communications stated: "I do not think he has done. It is really necessary."

1.37. Explaining the reasons for failure with regard to Hirakud and Burla exchanges, the Secretary, Communications stated: "It was a unit area. Sambalpur was the main exchange of 600 lines and the STOD primarily concerned himself with conversion of this from non-meter to meter."

1.38. At the instance of the Committee, the Ministry furnished the following position regarding action taken against the officers responsible in this case:

S. No.	Item of Report	Findings	Fixing Responsibilities	Progress of Action	Remarks
1	2	3	4	5	6
	<i>Balasure Exchange</i>				
	1. Non-provision of Meter Rack in Estimate.	Incorrect estimate prepared by SDOT Balasure and sanctioned by DET Cuttack. No action to fabricate rack locally to avoid dealy.	P.M.G. Orissa Circle has fixed responsibility on one SDOT Balasure now posted as AE in Calcutta Telephones and one DET Cuttack now posted as DEP in Calcutta Telephones. Responsibility for not getting rack locally fabricated being fixed.	PMG Orissa Circle has addressed GMT Calcutta <i>vide</i> his letter dated 6-7-73 to initiate disciplinary proceedings against the two officers. GMT Calcutta is calling for explanations of officers to formulate charges. Explanations from the officers are still awaited. Final outcome in these disciplinary cases will take some time.	
	2. Delay in supply of rack	Item in short supply and was not available at CTS Bombay, Tele-communication Factory, Calcutta and also CCTS, Calcutta. Got manufactured on special order.			
	<i>I I Sambalpur Exchange</i>				
	1 Delay in Acceptance Testing of meters.	Initial delay by local exchange staff in making preparation for acceptance testing.	PMG Orissa Circle has directed DET Sambalpur <i>vide</i> his letter dt. 3-2-1973 to fix responsibility and take necessary action as required.	Investigation of DET Sambalpur is in progress. He was last, reminded on 6-7-1973. Disciplinary action against the officials at fault is yet to be finalised.	
	2. Delay in clearing of faults	Inability of local staff to clear faults pointed out by acceptance testing team.	Do.	Do.	



### III. Part Exchange

3. Non-inclusion of meters for Birla and Hirakud exchange in the estimates. Initial lack of planning by sub-Division, Division and Circle in not including Sale-lite exchanges for metering. Inadequate planning and Engg. assistance with Sub-Division & Dns. Organisational weakness. No particular person or persons were responsible for not attending to the Organisational weaknesses, as un-observed till such a case, as this, came to notice.
1. Delay in supply of meter tester, Non-availability of meter routine test circuit both at CTS Bombay and ITI. Relevant documents testifying non-availability of meter routine test circuit both at CTS, Bombay and ITI are still awaited from Orissa Circle. These are not readily traceable. As per Departmental Rules, such records are retained only for 3 years. However, PMG Bhubaneswar has been requested to make special efforts to trace out these documents.
2. Delay in Acceptance Testing. Acceptance testing delay due to shortage of field staff in T&D Circle. A few staff for acceptance testing were available which remained engaged in higher priority works. In T&D Circle, staff is sanctioned for large works and the same staff carries out acceptance testing of small work such as installation of meters. No separate staff was sanctioned for testing metering equipment.

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### III. Puri Exchange—Continued

3. Delay in clearing faults      Inability of local staff to clear faults pointed out by acceptance testing.

The available staff remained engaged on higher priority works and could attend to the testing of metering equipments only when time permitted.

PMG Orissa Circle has directed DET Behrampur vide his letters dt. 22-5-73 and 6-7-73 to fix responsibility. Disciplinary action against the defaulters is yet to be finalised. Circle has been directed to expedite disciplinary proceedings in these cases.

Investigation by DET Behrampur in progress.

1.39. The Committee desired to know the extent of increase in the cost on account of delay in commissioning of the 3 exchanges. In a written reply, the Ministry stated: "There has been no increase in the cost of metering equipment as a result of delay in introduction of metering in the three exchanges at Balasore, Sambalpur and Puri in Orissa Circle, since bulk of the equipment was received before, 1966, while indents were placed in 1965. In fact in the execution of these works there has been a substantial saving. Only the period for the execution of work got extended due to the processing of the cases and the non-uniform supply of material."

1.40. Asked if the Department made a traffic survey before the expansion of the exchanges, the Secretary, Communications stated: "The actual expansion of the exchanges is based, naturally, on the waiting list at the various places and we have a rule laid down that once an exchange reaches a capacity of 300 lines and if it is a multiple exchange, it should be metered; if it is non-multiple, we do not meter it."

1.41. The Committee enquired about the development of meters which could be installed at subscribers residences. The Secretary, Communications stated: "We designed these meters. Actually, there were early designs also, but they were not suitable for our telephone network. These meters were manufactured in ITI and 20 meters were put on field trial. We completed this trial two months back. The results were not satisfactory." Asked whether these meters could be expected to be installed at the premises of the subscribers in the near future, the Secretary, Communications informed: "Not within the next 10—12 months."

1.42. Asked why all the exchanges were not metered, the witness stated: "Then the question of billing comes in which is fairly high."

1.43. The Committee drew attention that according to the Department's estimates, the annual loss of revenue due to non-introduction of the meter system in the three exchanges is Rs. 2.51 lakhs. When asked about the exact figure of the total loss in all the exchanges, the Secretary, Communications state: "The loss is only a hypothetical loss which we could calculate on a certain basis. We assume that, after the installation of the meter, a subscriber would have put in so many calls per day and we would have lost revenue from these additional calls. This is an estimated loss, a hypothetical figure." The Senior Member, P&T Board stated: "In the Puri Exchange which has now been commissioned, we have found in the last few months that the average number of calls that a subscriber has made per day is 5.3; in the case of Balasore Exchange, it is 5.7;

in the case of Cuttack—we have taken this just for comparison—it is 5.9; in Bhubaneswar it is 6.52. This is the average number of calls per subscriber per day. In the calculation that was made which the Audit have got, the figure assumed was six calls per day.”

1.44. The Committee desired to be furnished with a note stating the position in respect of about 20 exchanges in the country where the number of calls per subscriber is far too low as compared to the investment made by Government. In a written reply, the Ministry of Communications have stated as follows: “Statistics for the number of calls originated per subscriber per day are not maintained in respect of exchanges working on flat rate system. In metered exchanges, the average calling rate varies from 5 to 6 calls per subscriber per day in small exchanges and 9 to 15 calls per subscriber per day in large exchanges situated in metropolitan cities. The actual calling rate of 20 metered exchanges in the country where the number of calls per subscriber is low is given below:

*Calling rate of metered telephone exchanges  
(Based on statistics for about two years)*

Circle	Name of Exchange	Type and Capacity	Average daily calling rate per subscriber
1	2	3	4
<i>(a) Small/Medium Telephones Exchanges</i>			
PUNJAB . . . . .	JIND	300 MAX II	6.0
BIHAR . . . . .	DALMIANAGAR	300 MAX II	3.8
	HAZARIBAGH	400 MAX II	5.1
UTTAR PRADESH . . . . .	HARDWAR . . . . .	600 CBM	4.6
	RAMPUR . . . . .	500 MAX II	6.3
WEST BENGAL . . . . .	KRISHNAGAR	400 MAX II	5.6
	BARAKAR	300 CBM	4.4
	BANKURA	600 CBM	4.8
ANDHRA PRADESH . . . . .	ANAKAPALIE	500 MAX II	5.8
NORTH EASTERN . . . . .	DHUBRI	400 MAX II	5.4
MADHYA PRADESH . . . . .	SAGAR	600 MAX II	5.8
	BURHANPUR	500 MAX II	6.4
MAHARASHTRA . . . . .	LONAVALA	600 MAX II	4.5
	BHUSAWAL	500 MAX II	4.5

1	2	3	4
TAMILNADU . . . . .	METTUPALAYAM VANIYAMBADI	480 CBM 400 MAX II	5.8 4.4
GUJARAT . . . . .	BROACH BULSAR	600 CBM 600 MAX II	6.6 5.5
KERALA . . . . .	MUVATTUPUZHA IRRILJALAKUDA	400 MAX II 500 MAX II	4.9 4.9
<i>(b) Large Exchanges</i>			
PUNJAB . . . . .	ROHTAK	1200 CBM	7.0
BIHAR . . . . .	DHANBAD	1800 MAX I	8.6
GUJARAT . . . . .	RAJKOT	5700 MAX I	9.7
RAJASTHAN . . . . .	JODHPUR	4000-X-Bar	9.2
KERALA . . . . .	TRIVANDRUM	6600 MAX I	10.6
NORTH EASTERN . . . . .	SHILLONG	2080 MAX I	14.4*
J & K . . . . .	SRINAGAR	4800 MAX I	16.3*
UTTAR PRADESH . . . . .	VARANASI	5100	18.3*
BIHAR . . . . .	PATNA	10700 MAX I	15.6*

In these Exchanges local calls include call units on STD calls.

1.45. The Committee note with concern that as on 1st July, 1973, 13 telephone exchanges which have qualified for introduction of metering were still without measured rate system. These include two out of 21 exchanges which were reported to the Committee as outstanding in 1970. According to the Department it has not been possible to introduce metering system in remaining exchanges due to non-availability of metering equipment and for want of certain modifications. The Committee understand that 3 of the 13 exchanges have been metered and the remaining are programmed to be metered during 1973-74. Even this date is unlikely to be adhered to. Therefore, the Committee cannot help concluding that necessary steps are not being taken with the expedition called for to introduce metering system in the remaining exchanges.

1.46. The Committee are unhappy that in the three exchanges in Orissa Circle (Sambalpur, Puri and Balasore), there was delay of several years in introduction of measured rate system even after

the meters were made available. This resulted in an estimated loss of revenue of Rs. 2.51 lakhs. The Committee regret that the lack of planning and series of lapses that have led to the delay indicate incredible administrative inefficiency and surprising disregard of public interest. This will be evident from the following:

- (i) In Sambalpur exchange meter testers were indented only after receipt of meters and these were received after two years. There was delay of 21 months in testing the meters after the installation and thereafter further delay took place in removing the defects. Further no meters were included in the original estimates for two satellite exchanges in Hirakud and Burla and these were planned after 5-6 years of receipt of meters for the main exchange. Action has been initiated against the officers for certain lapses. But lack of planning and non-inclusion in original estimates of meter testers for the Sambalpur exchange and meters for Burla and Hirakud exchanges in the original estimates have been attributed to organisational weakness. To remedy this a Planning Cell has been created in each Circle. The Committee regard this lack of planning as a serious lapse and suggest that responsibility should be fixed for this also.
- (ii) In the case of Puri exchange there was delay of 3 years in the supply of meter testers. The relevant records are not available to establish the non-availability of meters with the suppliers (CTS Bombay and ITI). The Committee consider this to be serious and desire that the necessary files should be traced and responsibility fixed on officers concerned for the delay in supply. The installation of meters was delayed by one year and their testing by another year. The explanation of the Department that no staff was available for one year to test the meters is thoroughly unsatisfactory and unacceptable and needs further investigation with a view to fixing responsibility.
- (iii) In the Balasore exchange there was delay of three years in procurement of a rack (not a complex instrument) costing Rs. 375 only, which held up installation of the meters.

1.47. The Committee would like to be informed about the action taken against the officers concerned for the various lapses mentioned above. It should also be examined whether there have been any

malpractices in these cases. The result of the inquiry carried out should be reported to the Committee.

1.48. The Committee note that the Department has created a Planning Cell under the Divisional Engineer Planning in each Circle to enable the Circle Office to monitor the works sanctioned and executed by subordinate offices. Action has also been initiated by the Work Study Unit for formulating standards for carrying out minor works in Circles and Divisions. The Committee desire that the P & T Department should review the working of the Cells after some time and on the basis of the findings of the Work Study Unit take further remedial steps to ensure proper execution of minor works.

1.49. The Committee understand that in certain exchanges where meters have been installed the average calling rate per subscriber is low. The Committee desire that the Department should investigate the reasons for the average rate being low in some exchanges, particularly large exchanges, with a view to ensuring that there is no malpractice in metering the calls.

#### STORES RECOVERED FROM WORKS

##### *Audit Paragraph*

1.50. In three Telegraph Engineering Divisions of Orissa Circle a large number of works of replacement, reconstruction and dismantlement were carried out between 1960-61 and 1969-70. The value of copper wires and other stores recoverable from those works was estimated to be about Rs. 18.16 lakhs. According to departmental rules, serviceable stores should be used in other works or returned to stores depots while unserviceable stores should be disposed of by auction. It was, however, noticed that stores worth Rs. 0.96 lakh only were accounted for in the above manner.

In the same division, 16730 Kgs. of copper weld wire and 5872 Kgs. of copper wire were received in December, 1964 and November, 1966 respectively for use in two works; of that 8365 Kgs. of copper weld wire were used in one work. The whereabouts of the remaining 8365 Kgs. of copper weld wire (Rs. 69,430) and 5872 kgs. of copper wire (Rs. 26,424) are not known.

[Paragraph 10 of Report of the C. & A.G. of India, for the year 1971-72—Union Government (Posts and Telegraphs)]

1.51. The Committee asked about the position regarding unaccounted copper wire and other stores out of the recoverable stores. Having estimated value of Rs. 18.16 lakhs, the Member, P&T Board

stated: "We had this matter investigated. We had a set of Officers who had gone there and who had gone through the records of these works and we find that amongst the estimates that have been taken into account, according to the estimates, Rs. 18 lakhs worth of copper wires should have been recovered. Out of the estimates, a number of them were cancelled. That is, work was not carried out on them. They accounted for about Rs. 6.3 lakhs of copper wire. Thus, out of Rs. 18 lakhs, Rs. 6.3 lakhs worth of works were not carried out at all. Thus, the actual stores which were accumulated and credited, as we now know, is about Rs. 10.39 lakhs. This is after investigation. In this, copper wires that had already been stolen from the lines, accounted for about Rs. 2.35 lakhs. Amongst stores that were recovered and found unserviceable and disposed of locally, they found it only for the value of Rs. 6,800. Therefore we got total accounts for Rs. 19,11,000 over the estimated amount of Rs. 18 lakhs. This extra amount of about Rs. 1 lakh has arisen because of the increase in value during the period between the estimate and the credit obtained. Therefore, in this process, we have accounted for the total." The witness added: "Whatever thefts take place are reported to the Police and they are under police investigation. Of course, we do not have all the details as to the stage of each investigation."

1.52. As regards whereabouts of 8365 kgs. of copper weld wire and 5872 kgs. of copper wire received in December, 1964 and November, 1966, the witness stated: "Nothing has been stolen; the whole thing has been utilised in other works, and these have been fully accounted for, and the account transactions have been completed also."

1.53. The Committee pointed out that according to Audit, out of 56 works of replacement, reconstruction and displacement of overhead lines involved in this case, in 51 works, no account was available of the quantity of stores estimated for recovery (Rs. 15.72 lakhs) and in the remaining 5 cases (Rs. 2.44 lakhs) stores worth Rs. 0.96 lakhs only were accounted for. The Member, P. & T. Board explained that "At the time when the Audit took up the case, it was not available. The figure was obtained after the investigation." When asked as to why this information was not given to Audit, the witness stated: "This investigation was completed only one week back—we would be communicating it to the Audit."

1.54. The Committee asked what further steps have been taken to ensure that the stores recovered from the works were brought to



stock. The Member, P&T Board stated: "As a result of these investigations, we have issued fresh instructions drawing attention to the rules and the procedures to be followed; and also enjoining upon the inspecting officers to make sure of this."

1.55. Asked when the draft Audit Para was received by the Ministry, the Secretary, Communications stated: "It came to us in December or so. Then we took it up with the PMG." The witness stated: "We asked the PMG to investigate it. We waited for him to do that. About a month ago when we were reviewing the audit para we found that he had still not been able to do that. Then we sent a team from here. Our man went through all the records and submitted a report." In a written reply the Ministry stated: "Prior to the visit of the Study Team, number of cases of credits for stores were not settled. The Study Team collected particulars of such cases which incidentally were pending for a long time. These were furnished to CTS Calcutta and CAO TS Calcutta. All the old connected records in these offices were searched, linked, and cases amounting to nearly Rs. 2.6 lakhs settled. Some of the cases referred to in the Audit Para were also gone through in detail with a view to finding out the reasons for delay in settlement. Thereafter, instructions were issued to lower formation. There was delay in investigation of the cases referred to in the Audit Para because all the accounts were not systematically maintained by the sub-divisions/divisions for the estimates which related to periods from 1960-61 onwards. Further, credits for stores returned to store depots had to be given by CTS/CAO Calcutta and this could not be done expeditiously as it involved lot of correspondence and discussions with other organisations at different station.

The position of credits is being checked up again and will be intimated."

1.56. The Committee desired to be furnished with a note asking why correct position of these cases was not intimated to Audit. In a written reply, the Ministry stated: "The progress made in the investigation of the cases was reported to Audit from time to time. The first letter was issued to AGP&T vide DGP&T No. 29-7/72MMS dated 9-2-1973. Subsequently, PMG Orissa vide his D.O. letter No. Eng. 12-9 72-(Audit Para) dated 8-5-1973 to Dy. Director, Audit and Accounts, Cuttack, intimated the position as existing then. This was also brought to the notice of AGP&T vide DGP&T letter No. 29-7/72-MMS dated 8-6-1973. A further report was sent by PMG Orissa vide his d.o. letter No. Eng. 12-9/72-(Audit Para) dated 7th July, 1973 to Dy. Director, Audit & A/cs., Cuttack. AGP&T was also informed vide DGP&T letter No. 29-7/72-MMS dated 7th July, 1973.

291 L.S.—3.

The Study Team visited Bhubaneswar and Calcutta during the last week of June, 1973 and submitted its report in the first week of July, 1973."

1.57. The Committee asked whether responsibility for non-maintenance of accounts in 51 works has been fixed. In their written reply, the Ministry stated: "Regarding fixing of responsibility, the case is under correspondence with the PMG Orissa Circle. This involves scrutiny of relevant records for the period from 1960-61 onwards and number of officials/officers are involved."

1.58. The Committee desired to know the steps taken by the Department to avoid pilferage of wires from the lines. The Member, P. & T. Board explained: "It is a law and order problem. Besides that, if we can catch people i.e. our own people, involved in it, we can take action against them." The witness added: "We have tried our level best. We have written to all Chief Secretaries. My Minister has written to all Chief Ministers. We have asked them to set up special cells for this. We have even offered to pay for this. These thefts take place anywhere, in between towns; they are not in warehouses or godowns. They are on the lines. We know that these wires are useful to them for certain purposes, but we are not able to catch them. It is a purely law and order problem."

1.59. The Committee asked whether in view of too many cases of thefts of copper wire, the Department was thinking of having a security force. The Secretary, Communications stated: "Actually, we had thought of a separate departmental security force to keep a watch over theft cases, but then found that these thefts are on such a widespread basis that it would have been economically impossible for us to maintain such a force like the RPF."

1.60. The witness further explained: "Copper is stolen because of its very high price. We are having a three pronged programme. The first is to replace copper by copper weld. For this, we have set up a new plant in Rupnarainpur where we are starting making copper weld. This wire was imported before. In September we are going to start making 1000 tonnes a year. Our requirement is about 2,000—3,000 tonnes. We can make use of aluminium wires wherever possible. But copper weld gives much better transmission. The second step is to go in for aluminium wires. We have done it in a very big way. We are putting roughly 5,000—6,000 kms. a year. The third step is to have, wherever possible, no metallic wires at all but go in for VHF or UHF schemes. These are the three-pronged steps that we have been taking on the wire-theft problem." The Committee asked in how much time the Department would switch

over from copper wire to copper weld wire. The Secretary, Communications stated: "That is a very long-drawn programme. It may take us about seven to eight years."

1.61. Asked about the annual loss of copper wire, the Secretary, Communications stated: "Our annual loss is of the order of about Rs. 2 crores to Rs. 3 crores of copper wire only." He added: "In 1969-70, it was 1.6 crores, in 1970-71, it went up to Rs. 2.93 crores. In 1971-72 it came down to half." According to the Annual Report for 1971-72, the loss due to thefts of copper wire during the year 1971-72 was Rs. 2.1 crores.

1.62. The Committee asked whether some more deterrent punishment was not needed for those who steal copper wires, the Secretary, Communications stated: "Yes, Sir, we are going to have an amendment of the Indian Telegraph Act to make the punishment more deterrent. But even the punishment at present provided in the Act the police are not able to impose because they are not in a position to establish the case." The Committee enquired if some effective measures were needed to get the cooperation of the public. The Secretary, Communications stated: "The best party who can help us in this is the State Government. So, we have taken it up with the State Governments." As regards public cooperation the witness stated: "I have no immediate solution. We will certainly examine this point."

1.63. The Committee desired to know how the estimated value of Rs. 18.18 lakhs in respect of copper wire and other stores was calculated. The Member, P. & T. Board stated: "The estimates, were prepared in the divisions, by a survey of the work, of the kind of wire to be recovered. The length of the line etc. They have their statistics. They must have estimated the amount of copper wire in weight that is required to be recovered and returned to stores." Asked how the value was estimated by the local officers, the witness stated: "This was done by the officers on the spot. Then, this was sent to the superior officers for examination. This must have been done under the rules by a survey of the line."

1.64. The Committee asked how the value of the material was fixed, the Secretary, Communications replied: "Suppose, I am recovering about a thousand kgs. of copper wire, in the estimate at the rate of Rs. 12 per kg. I would provide Rs. 12,000 as credit for the copper wire returned to stores."

1.65. Asked how this rate of Rs. 12 per kg. compares with the market price, the witness stated: "The MMTC price is Rs. 19 per kg."

When asked as to why the Department had deliberately kept the rate low in books, the witness stated that this was the book value.

1.64. The Senior Member (Finance) stated: "I am told the rates are the purchase price on the average." The witness further stated: "There is a formula laid down for valuation of the stores. We can certainly review the formula." The Secretary, Communications stated: "Actually, this Rs. 12 per kg. is the price at which we bought it. There is a difference between giving credit in the estimate and the actual sale. We are not selling it at Rs. 12 per kg.; we are only relieving the asset by the value which is prevailing in the books."

1.67. The Committee are displeased with the chaotic state of store accounting in three Telegraph Engineering Divisions of Orissa Circle. Out of 56 works of replacement, reconstruction and dismantlement of over-head lines and wires carried out between 1960-61 and 1969-70, in as many as 51 works, no account was available of copper wires and other stores recovered. It is distressing to find that an irregularity of this nature continued for 10 years without being detected until pointed out by Audit. Even after this state of affairs was brought to the notice of the Department by Audit, the Post-Master General of the Circle failed to trace the credits of recovered stores. Ultimately a study team had to be deputed by the P. & T. Board for investigation into the matter, and they were able to settle the credits in about two weeks time. This indicates that no serious attempt was made by the Post-Master General to investigate the matter. The evidence clearly establishes that the Post-Master General failed to take the matter of credits seriously, and he should be called upon to give his explanation. The Committee have been informed that the question of fixing responsibility for non-maintenance of proper accounts is under correspondence with the Post-Master General. The Committee take a serious note of non-maintenance of proper accounts over a long period of ten years. The Committee stress that expeditious action should be taken to fix responsibility of the persons concerned and also of the higher officers for allowing this unsatisfactory state of affairs to continue for such a long time. The Committee would like to be informed about the action taken against the officers concerned.

1.68. The Committee find that as a result of investigation of the study team credits for stores worth about Rs. 10.39 lakhs have been traced and it has been found that works worth Rs. 6.3 lakhs had not been carried out and stores worth Rs. 2.35 lakhs had already been stolen from the lines. The Committee are surprised why after receipt of the Audit para, the Department did not even care to inform Audit about the theft of copper wire. They would like the Department to investigate when exactly the theft was noticed and what

action was taken immediately thereafter. The Committee has been informed that credits of Rs. 10.39 lakhs traced by the Study Team are being further verified. The Committee desire that this should be done expeditiously and reported to them.

1.69. The Committee were given to understand that copper wire recovered was valued at the rate of Rs. 12 per kg. for the purpose of giving credit to works as against the MMTC price of Rs. 19 per kg. The Committee suggest that the method of valuation should be examined and particular care should be taken to see that copper wire is not sold below market rate. As copper is becoming costlier and scarcer, the Committee suggest that the Department should have arrangements for melting old and unserviceable copper wire rather than disposing it of.

1.70. The Committee feel concerned that in spite of the efforts made by the Department with State Governments to prevent thefts of copper wire on the lines, pilferage of copper wire continues to be wide-spread. The loss of copper wire was Rs. 1.6 crores in 1969-70, Rs. 2.98 crores in 1970-71 and Rs. 2.1 crores in 1971-72. The Committee desire that the question of setting up a special cell by the State Governments to prevent thefts of copper wire should be vigorously pursued. The Committee further suggest that this problem should be studied in depth to identify the modus operandi of thefts and the Sections vulnerable to thefts. In the light of this study, the State Governments may be advised to take necessary remedial measures particularly intensification of patrolling the vulnerable Sections. The Department should also ensure that the cases of theft are promptly reported to the police and necessary follow up action is taken so that the culprits are apprehended and prosecuted. The Committee are of the view that theft of copper wire should attract more deterrent punishment. If necessary, the Indian Telegraph Act should be amended. The Committee also suggest that the Government should examine how public cooperation can be enlisted in preventing thefts of copper wire.

1.71. The Committee were informed that production of copper weld wire by the Hindustan Cables Ltd. was expected from September, 1973. The Committee hope that this will quicken the pace of replacement of copper wire.

#### DELAY IN DISPOSAL OF DISMANTLED STORES

##### *Audit Paragraph*

1.72. Consequent upon the scheme undertaken by the Railways to electrify the railway routes in Howrah-Durgapur section, the

Department decided (September, 1962) to replace the open wire telecommunication lines running along those railway tracks by underground cables. Accordingly, dismantlement of the existing over-head alignment was started in December, 1964. Four dumps (three in departmental premises and one in rented premises) were especially created in May, 1965 for storing the dismantled materials and thirteen chowkidars were employed for guarding them. By December, 1965, the dismantled stores were collected in the dumps except some wires on the alignment which continued to be used by the Railways and which were rendered surplus progressively and were collected by October, 1967. Of the dismantled materials, stores worth Rs. 16.17 lakhs were found serviceable and transferred to other works between May, 1965 and October, 1969. The remaining stores (Rs. 6.46 lakhs) were declared unserviceable and the Posts and Telegraphs Directorate was approached (June, 1966) for sanctioning disposal. Before doing so, no action was taken to have the stores reviewed by the Circle stores scrapping committee (required under 1965 departmental instructions). In August, 1966 the Directorate asked the Circle office to have the stores review by the Circle stores scrapping committee. Accordingly, a committee was constituted and the stores surveyed in May-June, 1968. On survey, stores worth Rs. 1.67 lakhs were found serviceable and utilised in other works. Disposal of the remaining stores (Rs. 4.79 lakhs) found unserviceable was sanctioned in February, 1969 and sold between August, 1969 and October, 1969 for Rs. 2.04 lakhs. Thus, it took a little more than 3 years to screen and dispose of the unserviceable stores.

The Department spent Rs. 58,351 on employment of chowkidars and Rs. 3,750 as rent of one store dump.

The Department stated (August, 1972) that the stores dismantled consisted of both serviceable and unserviceable items and employment of watchmen for guarding serviceable items was essential.

[Paragraph 11 of the Report of C&AG of India, for the year 1971-72 Union Government (Posts and Telegraphs)].

1.73. The Committee desired to know the position regarding dismantlement work in respect of other sections of the project. The P&T Board in their reply have stated: "The position regarding the other sections forming part of this project is given below:

- (a) Howrah-Burdwan chord line: Work of dismantlement commenced on 1-2-1965 and completed on 18-1-1968.

- (b) Sheoraphuli-Tarakeshwar: Work commenced on 1-9-65 and completed on 1-3-66.
- (c) Bandel-Naihati: Work commenced on 1-6-65 and completed on 10-11-66.

All the recovered stores were found serviceable and were transferred to other works in the Circle."

1.74. The Department was asked to state the date of completion of the work of replacement of open wires by underground cables on Howrah-Durgapur Section. In reply, the P&T Board have stated that the replacement of open-wire circuits in Howrah-Durgapur section was completed on 27-3-65, with the commissioning of the Railway Electrification Cable. The dismantlement of the over-head wires rendered inoperative due to transfer of circuits on the railway electrification cables was commenced in April, 1965 and completed by 31-10-1967.

1.75. According to Audit paragraph, by December, 1965, the dismantled stores were collected in the dumps except some wires on the alignment which continued to be used by the Railways and which were rendered surplus progressively and were collected by October 1967. The Department, when asked about the value of the wires on the alignment which continued to be used by the Railways and the date when these wires were released by the latter, stated that no over-head wires on this alignment were continued to be used by the Railways in Howrah-Durgapur Section after the commissioning of RE Cable on 27-3-1965. The P&T Board have regretted that the information earlier given to Audit is not correct.

1.76. The Committee asked about the reasons for delay in transferring the serviceable stores to other works. The P&T Board have stated in a written reply that the serviceable and un-serviceable stores were collected at 4 dumps during the period April 1965 to October 1967 during which the over-head alignments in Howrah-Durgapur Section were being dismantled. The bulk of the serviceable stores were transferred to other works during this period. However, some further quantities of serviceable stores including those declared subsequently as serviceable by the Circle Stores Scrapping Committee were locally transferred to other works in West Bengal Circle during the period October 1967 to October 1969. Apart from this delay due to misunderstanding about the disposal procedure for un-serviceable stores, there has been no undue delay in the despatch of serviceable stores to other works.

1.77. The Committee desired to know the reasons for not getting the unserviceable stores initially reviewed by the Circles Stores Scrapping Committee. The Department replied: "The unserviceable stores were not placed before the Circle Stores Scrapping Committee by Post-Master General, West Bengal Circle before submitting the ACE. 9 for sanction to DGP&T due to his interpretation that the CSSC scrutiny and recommendations were not required in respect of 'Line Stores'".

1.78. The Department was asked to state the reasons why it took two years for getting the stores reviewed by the Scrapping Committee after receiving instruction from the Directorate. In reply the Department stated that correspondence was exchanged between the PMG, West Bengal and the Directorate from 17-8-1966 to 18-3-1968 in regard to the interpretation of the orders regarding review of 'Line Stores' by Circle Stores Scrapping Committee. The Committee ultimately reviewed the stores during May-June 1968

1.79. The Committee regret to note that it took 3 years to screen and dispose of unserviceable stores recovered from dismantled overhead alignment consequent on electrification of Howrah-Durgapur section. Unserviceable stores valued at Rs. 6.46 lakhs were suggested by the P&T Directorate in August, 1966 to be screened by the Circle Stores Scrapping Committee as required under departmental instructions of 1965. But the matter remained under correspondence between the Postmaster General and the P&T Directorate for two years and a screening committee was ultimately constituted in May-June, 1968. It is amazing that it should have taken as long as two years to interpret the departmental instructions. The Committee desire that the departmental instructions should be precise and unambiguous so as to preclude delays of this nature.

1.80. The Committee regret that due to delay of 3 years in the disposal of unserviceable stores there was avoidable expenditure of Rs. 3,750 on account of the rent of the store dump and Rs. 58,000 on chowkidars.



## WIRELESS RECEIVING STATION

### *Audit Paragraph:*

1.81. In paragraph 17(b) of the Audit Report (P&T) 1965 it was mentioned that although cables for commissioning a wireless receiving station at Borivli (Bombay) for improving news-casts were laid by February 1962 for station was not commissioned as no site for it was acquired.

The delay in acquisition of the site was due to lengthy land acquisition proceedings and the site could be ultimately acquired only in February, 1967. Construction of the building for the receiving station costing Rs. 1.43 lakhs was completed by a contractor in May, 1969.

On inspection of the building in September 1969 the architect of the Department found certain defects and deviations which needed rectification before installing the equipments in the building. However, the defects were not rectified till January 1972 when the building was (again) inspected jointly by the officials of Engineering, Wireless and Civil Wings of the Department. The defects were thereafter rectified and the building was taken over in August 1972 for equipment installation.

For arranging power supply in the building the need for a separate sub-station was pointed out by the Electric Supply Company in September 1969 but the administrative approval and expenditure sanction for construction of the sub-station was accorded only in February, 1971 and the detailed estimate sanctioned a year later (February 1972). However, the sub-station could not be constructed because of shortage of cables and transformer with the Electric Supply Company. A temporary power connection was, therefore, obtained in July, 1972 and installation of equipment started in October, 1972. The work is still in progress (December, 1972).

The object of improving the wireless reception service and the news-casts, for which the new station was planned in January 1960, has not been realised so far (December 1972) and the old wireless stations continue to function in unsuitable places.

The cables (20.07 kms.) laid in February, 1962 at a cost of Rs. 2.31 lakhs were used for press reception service till September 1967, after which, except for a small portion (7 kms.), they have been kept as stand-by.

[Paragraph 12 of the Report of the C.&A.G. of India for the year 1971-72—Union Government (Posts and Telegraphs)]

1.82. The Committee desired to know when the Department decided to shift Wireless Receiving Station to the new site. The Senior Member, P&T Board stated: "It was decided to shift this station from Malabar Hill to the new site some time in 1955." The witness added: "In 1955, it was a policy decision that the wireless station be shifted from Malabar Hill because the town area was a congested area. But the actual project was worked out later and the site where the station would be shifted was selected round about 1958." Pointing out that the land was acquired in February, 1967, the Committee asked how the land acquisition proceedings took several years and what steps were then to expedite them. In a written reply, the Ministry of Communications stated: "The decision to shift the wireless receiving station to the present site at Borivli was taken in July 1959 and 49 acres of land was planned to be acquired.

In order to expedite acquisition of land for the Wireless Station at Bombay in July, 1960, the then Director-General P&T had addressed the then Chief Secretary to the Government of Maharashtra, Bombay to use his good offices for release of the land. In February, 1962, it was observed that due to various difficulties land for the Wireless Station at Borivli had not been acquired and it was felt that it would be better to acquire the land under the Emergency Clause (Clause 17) of the Land Acquisition Act. A letter dated 19-2-1962 was addressed to the PMG, Bombay to approach the State Government for applying the Emergency Clause for acquisition of this land. The PMG, Bombay acknowledged receipt of this letter on 9th March. It is learnt from PMG, Bombay that they had written to Special Land Acquisition Officer for acquiring the land under emergency clause on 3-3-1962 and reminded subsequently on 5-10-1963. Again, in the month of September, 1963, a letter was written by the Member, Telecommunication Development, to the PMG Bombay personally for getting this land acquired under the Emergency Clause.

The bulk of land measuring about 44 acres had been notified under Section 6 of the Land Acquisition Act on the 4th July 1963 by the Special Land Acquisition Officer and the date for hearing claims of compensation was fixed on 9th August, 1963. The PMG had written again on 15th November, 1963 to the Special Land Acquisition Officer, Bombay for early finalisation of the case and making over the possession of the land to the Department.

Thus, the Department had taken steps to get the land acquired under Urgency clause, but due to difficulties such as clear-cut demar-

cation of the land not being possible as brought out in the PMG's letter dated 15th November 1963 the Urgency clause was not applied by the State Government."

1.83. The Committee asked if there was any time-schedule by which the shifting of the wireless station was to be completed. The Secretary, Communications stated: "I do not think any time-frame was fixed up. But the component of the estimates were the laying of the cables, acquiring the land and putting up the building. The site was selected round about 1958 or 1959. In 1962, we laid the cables. But the acquisition proceedings took an unusually long time for one reason or other."

1.84. The witness added: "This site probably was part of an area which was already under acquisition by the Bombay Housing Board. So, there was a difference of opinion as to the procedure to be adopted for acquisition."

1.85. The Committee asked whether any application was made by the PMG or any authority was empowered by the Department under the emergency provision, the Secretary, Communications stated: "I have no record. I do not think we have done anything." The witness further stated: "I know we had asked them to acquire it under the special clause. I am not quite sure whether this special clause and the public purpose are the same thing."

1.86. The Committee were informed by Audit that the building was inspected by the Engineers of the Civil Wing of the Department on 26-6-1969, 9-7-1969 and 19-7-1969 and certain defects were pointed out to the contractor. The contractor stated *inter alia* that the defects would be rectified after availability of electric power. Simultaneously, the Executive Engineer, Civil Wing requested the Postmaster General, Bombay to take over the building. The latter asked the Senior Architect, New Delhi on 26-7-1969 to visit the place and furnish the completion certificate so that the building could be taken over. The architect inspected the building on 11-9-1969, but did not furnish the completion certificate because of the defects and deviations. According to the Executive Engineer, Civil Wing, the defects were in finishing items and of a very minor nature and the building could have been put to use without affecting the wireless station. This was also reiterated by the Superintending Engineer, Civil Wing who added that it was merely a formality to issue the architect's completion certificate according to his drawing. When asked why it took four months for the Architect to inspect the build-

ing, the Secretary, Communications stated: "The building was completed by the end of May, 1969 as given in the Audit para. But other services were completed on 17th July, that is, sanitary fittings and all that. The Executive Engineering who was in-charge of the work asked the Architect to inspect the building. He inspected the building on 11th September." The witness stated: "From the date he was asked to inspect the building, he took just about 2 months."

1.87. The Committee enquired if it was investigated that the building could be put to use before the defects were rectified. The Secretary, Communications, stated: "There were a number of minor defects, like, cracks in the walls and the front approach road being not all right. All these defects need not have been taken into account for the purpose of installing the equipment. The only thing which appears to be justified to me is that the floor was not polished. It had to be polished. In some areas, the tiles were sinking. So, the Architect said that these should be rectified. Our Engineers said that once the equipment was installed, we could not touch the floor. The contractor said: "Unless I have got the power supply, I cannot use the electric polishing machine. We were not able to get the power supply."

1.88. The Committee asked why the joint inspection by the officers of Engineering Wireless and Civil Wing of the Department could not be arranged earlier than January 1972. The Secretary, Communications stated: "This provision of joint inspection was not there in earlier years. It was only in 1971 (November 1971) that we introduced the procedure of joint inspection. In this particular case, the joint inspection took place after the contractor was reported to have removed all the defects. The contractor took some time to remove the defects."

1.89. Asked when the defects were rectified finally, the witness stated: "In February 1972 all the defects were rectified except floor polishing. Floor polishing was carried out in July, 1972. This was because power supply was given after February 1972." Asked why the floor could not be polished manually, the Secretary, Communications stated: "I do not think the contractor has any excuse there, because, it is a fact that he can do it manually." He further stated: "We did not accept it. We have punished the contractor." He added: "I do not think the contractor was right in extending the time." Asked about the penalty imposed, the witness stated: "There was a penalty of 10 per cent charged, roughly about 10,000."

1.90. The Committee desired to know about the officers responsible for not accepting the advice of the Engineers of Civil Wing that the building could be put to use in spite of minor defects. In a written reply, the Ministry stated: "The building was inspected by the Architect in September, 1969 and he issued a report..... pointing out the defects requiring rectification before he could issue the completion certificate. The taking over of building was governed by the circular No. 51-10 68 PRP dated 30th October, 1968 according to which building with defects was not advised to be taken over by the user office till the defects were rectified. On receipt of the Senior Architect's report PMG Bombay issued instructions that the buildings should not be taken over pending receipt of completion certificate....."

Thereafter instructions were issued by the P&T Directorate vide Memo 61(20)/65-TPS(BG) dated 6/9 November, 1971 clearly laying down the procedure to be followed in taking over handing over of new buildings. As a result of this PMG Bombay ordered a joint inspection of the building by officers of Civil Wing, Wireless Wing and the Administrative Wing in January, 1972 with the purpose of getting a factual report and decide the matter taking into consideration the same. As has been submitted earlier the defects thereafter were removed quickly and the building taken over in August, 1972. It may thus be appreciated that the building take-over delay was not as a result of decision of any individual officer/officers and no particular officer can be held responsible for not taking over the building prior to rectification of defects."

1.91. The Committee desired to know the reasons for delay in sanctioning the power sub-station and for its non-construction finally. The Secretary, Communications stated: "From the record I find that the Electric Supply Company was contacted in April 1969 for power. Apparently we never felt that there would be difficulty in power because there was power in the neighbourhood; the All India Radio Station had power supply. In April 1969 we had asked for power, about 33, kilowatts of power. The Electric Supply Company said: "We cannot give you power from the existing transformer; we will have to put up a separate sub-station for this purpose; you put up a building and then we will put in our transformer and give you power. This letter was written by the Bombay Suburban Electric Supply Company towards the end of May 1969." In 1971, the Architect prepared the site plan for the sub-station and this was under discussion with the Bombay Suburban Electric Supply Company. They rejected one or two of our proposals, and where they

wanted we could not put up the building. This went on. In the meantime, estimates without showing the location of the sub-station were given and that was the one which was sanctioned in February 1971." He added: "It was not constructed because, finally when we decided to put up the sub-station, we found that the Electric Supply Company had arranged for a sub-station to be built by the Housing Board. They got a building put up by the Housing Board. The Electric Supply Company wanted either us or the Housing Board to put up a building."

1.92. Asked whether it was not possible to get a temporary connection earlier, the Secretary, Communications stated: "We had asked for temporary connection earlier. We initially asked for a direct connection which the Electric Supply Company would not give. It was last year, after pressing them they gave us some power." The witness added: "They gave us power last year and we have started putting our installations. Most of the installations have been completed. It is being done in parts. There are a number of transmitters and receivers in Malabar Hill. These are being brought part by part."

1.93. Asked about the total cost involved, the Secretary, Communications stated: "The cost of land was Rs. 10.97 lakhs, the cost of the cables Rs. 2.31 lakhs and the cost of building Rs. 1.63 lakhs."

1.94. The Committee asked whether there was a cell in the P&T Directorate to watch the progress of all works, the Secretary, Communications replied: "We do not have a cell in the Directorate, which chases all the workers. We have a cell, which chases major works like trunk cable scheme etc. We do not have a cell for minor works, which are under the direct charge of the PMG." When pointed out that the Directorate would completely forget about a work after sanctioning it unless something is pointed out by Audit. The Secretary, Communications stated: "I must say, this is left to the PMG, who is a very senior officer and who is in-charge of these minor works in this circle." The witness added: "When I said that it was the PMG, who was to look after minor works, I was not absolving my responsibility. I am fully responsible for what is happening in the Department."

1.95. Asked about the estimated life of cables, the Secretary, Communications replied: "About 25 years is generally taken for estimating purposes." When it was pointed out that more or less half the cables life in this case was gone, the witness replied: "Yes". The witness added: "We had issued instructions that we should always synchronise parts of a project, so that they are all complete in time." The Committee enquired whether the Depart-

ment had lost any money in the shape of enhanced revenue. The Secretary, Communications stated: "We have not worked out the enhanced revenue. It is an improved working. It is a qualitative improvement."

1.96. The Committee are dissatisfied with the manner in which the project of shifting of a wireless receiving station from an unsuitable place to a new site has been processed. It was decided in 1955 to shift the station from Malabar Hills Bombay to a suitable site but due to delays of one kind or another and lack of proper planning, the object of improving the wireless reception services and the news-cast by setting up the new station remains a paper scheme even after a lapse of about 18 years.

1.97. The unsatisfactory features of the case are listed below:—

- (i) The decision to shift the station to a suitable site was taken in 1955 but the site was selected only in 1959. Action to acquire the land was initiated in 1960 but the acquisition proceedings were completed only in February 1967. In February 1962, the Post-Master General, Bombay was asked to approach the State Government for acquisition of the land under the Emergency provision. Although the Postmaster General wrote about this to the Special Land Acquisition Officer in March, 1962 it is not clear whether he pursued this matter vigorously enough. It was admitted during evidence by the Secretary, Communications that 'I do not think we have done anything.'
- (ii) There was lack of planning in the acquiring and laying of the cables for the station. Cables costing Rs. 2.31 lakhs were laid in 1962 i.e. 5 years before the land was actually acquired. These were used for press reception service till September, 1967 and thereafter not used except for a small portion (7 kms.). It was admitted by Secretary, Communications that these cables have already lived more or less half of their life, although the wireless station has not yet been commissioned.
- (iii) The construction of the building for the receiving station costing Rs. 1.43 lakhs was completed by the contractor in May, 1969, but the building was not taken over till August, 1972. The architect of the Department who inspected the building in September, 1969 found certain defects and refused to issue the completion certificate. It was admitted during evidence that the building could have been utilised inspite of these defects except that the floor needed to be

polished before the installation of the machine. The contractor was not prepared to remove the defects till electric power became available. It is disappointing that nothing was done between September, 1969 and January, 1972 either to rectify the defects either through the contractor or departmentally. It was in January 1972 that the building was jointly inspected by the officials of Engineering, Wireless and Civil Wings of the Department. Thereafter the defects were rectified and the building taken over in August, 1972. It is regrettable that the officers did not take any action for 16 months and ultimately found time to inspect the building jointly only after the issue of a circular letter in November, 1971 providing for joint inspection such routine and unimaginative approach of departmental officials is indeed distressing.

- (iv) There was gross lack of planning in getting power supply without which the equipment and machinery could not be installed. The Electric Supply Company was approached by the Department only in April, 1969, by which time the construction of the building was almost complete. The Electric Supply Company when belatedly approached refused to give power from the existing transformer and suggested putting up of another power station. Ultimately the construction of a sub-station was dropped as the Electric Supply Company arranged for a sub-station to be built there by another organisation. It was only after July 1972 that a temporary power connection was given to the Department after which the installation of equipment was started in October, 1972 and it is still in progress.

1.98. In the opinion of the Committee these are instances of glaring delays and lack of proper planning which deserve further examination with a view to fixing responsibility for failures at various levels and taking necessary remedial measures to obviate recurrence. The question that needs to be answered is: was no one in the entire organisation made responsible to ensure the completion of the project within a given time, after it was sanctioned? The Committee would be interested to know what answer to this question is thrown up by the Inquiry Officer.

1.99. The Committee would like to be informed about the progress made in installation of the equipment in the new building and commissioning of the station.



## CONSTRUCTION OF A TELEPHONE EXCHANGE BUILDING

### *Audit Paragraph*

1.100. For serving the rapidly growing colonies in Shahdra (East) and neighbouring areas of Uttar Pradesh on the Delhi-Uttar Pradesh border the Department decided to open a telephone exchange, and for construction of building therefor two acres of land within the Municipal limits of Gaziabad were acquired by the Department in May 1963. The plan for the building was sent in July, 1964 to the Municipality for approval. The plan having not been received back for a long time, the Municipality was reminded (by the Executive Engineer) in August, 1966. In spite of the reminder, no reply was received. Meanwhile, a development plan for Gaziabad was drawn up by Uttar Pradesh Government and a separate authority established for approval of plans for building in that area. This was not known to the Department and hence this authority was not approached for approval of the building plan. Although approval to the plan had not been received, construction of the building was entrusted (March, 1968) to a contractor for completion by July, 1969 on the assumption that there would be no objection to the plan as Municipal Acts generally provide for such assumption in cases where no objection to construction is received by the owners within 60 to 90 days from the date of submission of plans/ drawings. In the agreement with the contractor the site of the work was shown as at Shahdara (East) Delhi instead of Gaziabad. The work was started in March, 1968, but was stopped in May, 1968 on receipt of a notice from the Improvement Trust, Gaziabad, stating that the building plan had not been approved and the department was liable to pay penalty if the work was continued. The work was resumed in November, 1968 after obtaining clearance from the Trust authorities, necessitating slight deviation from the site plan and consequential changes in drawings.

The contractor claimed (April, 1969) compensation for the octroi charges and excess electricity charges paid by him for having executed the work in Uttar Pradesh instead of Delhi and also for idle establishment and damages suffered due to prolongation of the contract beyond the contractual date as a result of suspension of work. An arbitrator was appointed (May, 1969) who awarded (November, 1971) Rs. 0.64 lakh (included Rs. 0.48 lakh on account of stoppage/suspension of work) to the contractor. The amount was paid in April, 1972. Besides, there was statutory increase in labour rates from May, 1969 for which the contractor was paid Rs. 0.29 lakh for the work done after expiry of the contractual period, viz., July, 1969.

Construction of building (costs Rs. 15.75 lakhs) was completed on 30th October, 1970 and electrical installation in April, 1972. The telephone exchange has not started functioning so far (November, 1972).

[Paragraph 13 of the Report of the C & A. G. of India for the year 1971-72—Union Government (Posts and Telegraphs)]

1.101. During evidence the Secretary, Ministry of Communications, stated that the draft plan for expansion of telephone network prepared by Delhi Telephone District had been approved by the Telecom. Sub-Board of the P&T Board in October, 1960. The sanction for the acquisition of land for this exchange was given in October, 1961. The land was taken over on 4th May, 1963.

1.102. It was proposed to put up an exchange in Shahdara (East) to expand the telecommunication facilities in Shahdara and to meet the future requirements of industries which were likely to come up in this area. The witness added that it was indicated that the exchange would be completed by the end of the Third Plan; it was not a definite stipulation that the equipment had been earmarked for the purpose and it would be installed by the end of Third Plan.

1.103. The Committee were informed by Audit that the land was acquired through Uttar Pradesh Government and its use for construction of a telephone exchange building was approved at that time by the Town and Country Planning Organisation of the Uttar Pradesh Government.

1.104. The Committee enquired why after submitting the plan to the Municipality in July, 1964, no follow-up action was taken by the Department. The Member, P&T Board stated: "From the records, the only reason I can give for this delay is that we approved the drawings and the plan in our office in April 1964. Therefore, at that time the application was made with the plan to the authority for approval. But the estimate was sanctioned in 1966. Therefore, it is at that time that a reminder was sent to them." The Chief Engineer stated: "The plans are submitted for sanction to the local bodies by the Executive Engineer of the Division under which the works are executed." Asked if his explanation was called for the delay, the Chief Engineer stated "very unfortunately, Mr... (Executive Engineer) died even before I joined. . . I could not take any action against him." In reply to a question, the witness stated that "estimating and sanctioning took 2 years." Asked about the action taken after August, 1966, the witness replied: "After 1966, a reminder was sent; and

then no approval was received. Detailed estimates were prepared, which were put to tender in 1967. The tender had to be invited four times; and it was accepted ultimately on 1st March, 1968."

1.105. The Committee asked when a separate authority for approval of plans for building in this area was established. The Member stated: "Our investigation indicates that the authority started functioning even in 1958, I mean the Ghaziabad Improvement Trust. That was in existence from 1958 itself." When it was pointed out that the building plan should have been sent to the Improvement Trust in July, 1964 itself instead of the Municipality, the witness stated: "It is correct, Sir. The officer concerned was not aware of the presence of this authority." The Chief Engineer stated: "It was a mistake on our part."

1.106. The Committee asked how before proceeding with the work it was assumed that the Municipality would have no objection to construction if no objection was received within 60 to 90 days from the date of submission of plans/drawings. In a written reply, the P&T Board stated: "Sub-Section (3) of Section 180 of U.P. Municipality Act, 1916 provides that if the Board neglects to notify the objections etc. within a period of one month the party should, by a written communication, call the attention of the Board to this neglect and if the neglect continues for a further period of 15 days, the proposed work can be taken to have been sanctioned absolutely."

Similarly sub-sections (3) and (4) of Section 7 of U.P. (Regulation of Building Operations) Act, 1958 states that wherever permission is to be refused, the grounds for such refusal should be communicated to the applicant within 90 days. If no orders are communicated within this period (either granting or refusing permission), the applicant, by a written communication, should call the attention of the prescribed authority to this omission and if this omission continues for a further period of 30 days, the proposed work can be deemed to have been permitted."

1.107. The Committee asked why in the Agreement with the contractor the site of the work was shown as Shahdara (East) Delhi instead of Ghaziabad. The Member, P&T Board stated: "This telephone exchange comes under the Delhi Telephone District and the Delhi Telephone District serves Shahdara and Ghaziabad areas. The name of the work has been given, in so far as the Telephone Exchange Project itself was concerned, as Shahdara (East) Telephone Exchange. Therefore, this name has permeated into the civil engineering work also which forms part of the project and that is how the work has

come to be named as Shahdara (East) exchange." The witness added: "I am not trying to defend what has been done. I am only trying to say how it seems to have happened, because there is no explanation available in our records as to how it got to be named as Shahdara (East)."

1.108. The Secretary further stated: "I have got a site plan showing the actual location of this exchange. Here, there is an indication that this point is at a distance of one furlong and 100 feet from the 6th mile-stone from Delhi, which means that it actually falls within the U.P. area; but there is no indication whether this was the map which was with the N.I.T. Usually, what happens is that in these drawings, there are corrections which come, as time goes on, but after the arbitrator's award was given, we had made a reference to the Government Advocate. And he made it very clear in the following terms: 'I have gone through the award made by the Arbitrator. I will refer only to this. The tender has specified that the telephone exchange building was to be constructed at a site about 6.2 miles from the Jammu Bridge towards Ghaziabad between Shahdara and Ghaziabad across the U.P.-Delhi border seem a post'. I do not know what is this seema post. I have not been able to find out where exactly this is mentioned in the tender. We are trying to search it out; but, unfortunately, he has finally opined that once the arbitrator has given his award, we will have to abide by it."

1.109. In a written reply, the Ministry stated: "There was no mention in the N.I.T. and the original layout plan to the effect that the site of the work was situated inside Uttar Pradesh. However, when the layout plan was subsequently revised to obtain the approval of the prescribed authority Ghaziabad, it was indicated therein that the South-West corner of the plot was at a distance of one furlong, 150 feet from the 6th milestone on the Delhi-Ghaziabad Road. It may be that the Government Counsel made that statement with reference to the revised layout plan."

1.110. To a question whether the officer concerned might have intentionally not mentioned the correct location of the project in the tender notice, the Secretary replied: "I must submit that since the entire project was conceived at Shahdara East, there is some justification. I do not say it was done in a conspiracy."

1.111. The Chief Engineer stated during evidence: "The area upto Ghaziabad was under General Manager, Telephones, Delhi. He in his plan had formulated that a load centre is at this point and therefore he had mentioned that the telephone exchange building construction should take place at Shahdara East. The same name continued with

the Civil Wing and on that basis, the estimates were prepared. The Chief Engineer added: "The Civil Wing does not acquire the land or pay compensation. This part of the job is directly done under the General Manager, Telephones. We only come into the picture when an estimate is sanctioned for a building project for construction. Since the name was given originally and I think, not with my mala-fide intention, but an honest mistake, I would say, the same name was retained." The Chief Engineer further stated: "In fact our plea before the arbitrator has been that every contractor has to consider various aspects before submitting his tender; for example, he would like to know under what circumstances he is going to do the job, whether a road is available, what octroi he would be required to pay etc. If we were at fault, he was equally at fault, rather much more was his fault, because his money was involved. We raised these pleas before the arbitrator, but unfortunately he accepted the claims of the contractor." Asked if a loophole was not deliberately kept for the contractor, the Chief Engineer replied: "It was a slip. It was not a deliberate mistake, because at this stage nobody could imagine that such a mistake would be done." To a question whether it was possible that the Department did not know that the site was in Uttar Pradesh, the Chief Engineer replied: "In the mind of the Government at no stage it was in doubt that this land was not in the State of U.P." He added: "The plan was submitted to the Uttar Pradesh Government. It was never submitted to Delhi Administration."

1.112. In reply to a question the Secretary, Communications, stated that three tenders had been received in this case and the contract was awarded to the lowest tenderer. In a written reply, the Ministry stated that the Director of Advertising and Visual Publicity who had been requested to give wide publicity, indicated the names of 3 papers (English, Hindi and Urdu) in which the tender notice would appear on 17-1-68."

1.113. Pointing out that the building was completed on 31st October, 1970 and the electrical installation in April 1972, the Committee asked the reasons for the delay. The Member, P&T Board, stated: "The electrical installation with wiring of the points had been completed practically within about one month of the completion of the building. The actual fittings like lamps, tubelights or fans were fitted subsequently at the time of handing over, because otherwise, the materials were likely to be removed or misused. The wiring work had been practically completed within a month after the completion of the building."

1.114. The Committee pointed out that according to contract the building was to be completed within 16 months from the date of award of contract. Even counting this period from November, 1968, when the work was resumed, it should have been completed by February/March 1970. (The work was actually completed in October, 1970). The Member, P&T Board, stated: "The reasons for the delay are due to the Department also, in fact, mainly due to the Department's delay in finalising the structural and architectural details. The question came up for consideration and it took about four to five months for these details to be finalised." Asked whether the Department had claimed any compensation for this delay during arbitration, the witness replied: "No claim was made because the delay was mainly on account of the Department itself."

1.115. The Secretary, Communications stated: "Initially, there was a delay of about 25 days in giving the structural drawings. Then, there was a delay caused by the Ghaziabad Improvement Trust impounding our building work and then, after the Trust had cleared it, we had to recast our plans slightly. I have got the revised plans also here. Here again, there was a slight delay." He added: "All these things were taken into account and the contractor was given extension of construction time till 1971."

1.116. The Committee asked about the position regarding commissioning of the telephone exchange. The Member, P&T Board stated: "The exchange is expected to be commissioned during 1974-75. The installation commenced only in 1973. It takes two years to instal."

1.117. Asked about the loss of revenue as a result of not commissioning the exchange in 1967 as originally planned, the Secretary, Communications, stated: "We did not have the equipment from ITI. If we had utilised this equipment with Shahdara Exchange, then we would not have opened some other exchange. We had to divert this equipment. There is a shortage of equipment from IPI. This was much less than what was planned for. There is really no loss in revenue."

1.118. The Committee asked whether under the contract it was obligatory on the part of the Department to refer to arbitration the claim of contractor for octroi charges arising out of location of the site in Uttar Pradesh. The Secretary, Communications, stated: "Usually, whenever an application for arbitration is received, it is the Chief Engineer in charge of the project who decides whether to refer it to arbitration or not. In this case he decided on referring it to arbitration. No reference was made to the Law Ministry."

1.119. In a written reply, the Ministry stated: "Clause 25 of the Agreement states that all questions and disputes relating to the meaning of the specifications, designs etc. or any other question, claim, right, matter of thing whatsoever in any way arising out of or relating to the contract, designs, drawings, specifications, estimates, instructions, orders or these conditions or otherwise concerning the works etc. shall be referred to the Arbitrator to be appointed by the Chief Engineer (Civil). As such, the Department has no other go except to refer such disputes to Arbitration. In fact, there are instances where contractors have gone to the Court for settlement of miscellaneous disputes and the Court has either appointed an Arbitrator or ordered the Department to appoint an Arbitrator."

1.120. During evidence the Secretary stated: "Clause 25 of the Arbitration Act is extremely wide in its concept. Secondly, I have gone through all the presentation before the arbitrator by both the sides. The contractor has made a number of claims. One claim was about compensation for octroi duty. This was agreed to by the Chief Engineer, P&T, to be included within the arbitration along with the other items like repair to buildings or cutting down some bills. We pleaded before the arbitrator that this site being within the UP territory should not be taken as a point for arbitration but the arbitrator overruled us.

1.121. Referring to the other claims of the contractor regarding delay in execution of the work, the Secretary stated: "When the Chief Engineer agreed to arbitration the only point of dispute was octroi charges. But when the dispute actually went before the arbitrator the contractor raised a number of other claims arising out of the work having to be carried out in U.P., when he was under the impression that it was to be carried out within Delhi. We protested and said that we never agreed to include those points for arbitration. This is very clearly mentioned in the proceedings before the arbitrator. But the arbitrator held that once this has come up before him the arbitration clause is wide enough to cover all those claims and he decided on those claims as well."

1.122. Asked how the arbitrator was selected, the Secretary replied: "Usually, the CPWD gave the list of arbitrators. They change from month to month. The panel of arbitrators is available and apparently in that particular month, when we went for arbitration, there were two names; the first one was Shri.....".

1.123. Asked whether Government could not appeal against the award, the witness stated: "After the award was given we consulted the Law Ministry and the Government counsel. They went into the

case and both of them advised that we have got to abide by the arbitration award." He added: "After discussing the case they held 'as there is no allegation in the instant case that the arbitrator has misconducted himself in the proceedings, it may be difficult to challenge the award of the arbitrator before the court'. Otherwise also, the award given by the arbitrator is an unspeaking one which makes it further difficult to challenge it in a court of law."

1.124. Asked why the other issues were subsequently referred to the Arbitrator, the Chief Engineer stated: "I took over charge of the Civil Wing in April 1970. At this stage the contractor submitted a letter in which he mentioned three more disputes and I had no alternative except to refer these disputes to arbitration because the Government's orders are like that. This was a circular issued in 1963. We have been following in the P&T all the rules and regulations with regard to civil works which have been formulated and ordered by the Ministry of Works and Housing. The Ministry of Works and Housing, on 19th March, 1963, ordered that "the Government of India, after a careful consideration, have decided that the present practice of examining the disputes and formulating the disputes of the contractors be discontinued; as an experimental measure for a period of six months, with effect from 1st April, 1963, all claims put forward by the contractor concerned should be referred to arbitration and the framing of issues for arbitration in these disputes should be left to the arbitrator concerned." Asked if he thought any clause of the contract had been violated, the witness replied: "I did not consider that any clause was violated. My opinion was, this was referable to arbitration." The witness added that according to clause 25 of the contract all questions arising out of or relating to the contract were referable to arbitration.

1.125. The Committee asked whether any action has been taken against the erring officers. The Secretary stated: "As far as I know, the officers who were responsible for the original NIT, that is in 1966, they are not with us and they have all retired and gone." He added: "I have gone through the arbitration proceedings and the way they have put up the fight, I think there was no clique." Asked if it was not a fit case to be referred to CBI, the witness added: "If you want this to be referred to CBI, I can do that. But, personally I do not think there is any need. I am very honest about it." Asked if in his opinion this action was fair and proper, the witness replied: "I do not say that it was fair and proper. I agree that it was a mistake." He added: "It was a wrong without any malafide."



1.126. In a written reply, the Ministry of Communications (P&T Board) stated: "Detailed information regarding various officers responsible for the delays is being collected for taking suitable action."

1.127. At the instance of the Committee, the Ministry of Communications (P&T Board) furnished a note stating the results of the case study of the delay in developing improved telecommunication facilities at Shahdara and remedial measures taken. In their note the Ministry of Communications (P&T Board) have stated:

"(A) A case study of the project reveals delay at the following stages:—

- (i) Land acquisition proceedings.
- (ii) Between approval of schedule of accommodation and preparation of preliminary drawings.
- (iii) Between receipt of preliminary estimates and issue of preliminary sanctions.
- (iv) Between issue of sanction and award of work.
- (v) Delay in building construction.
- (vi) Delay in commissioning the Exchange.

(B) *Reasons for delay.*

- (i) The land had to be acquired by the General Manager, Telephones through the U.P. Government. The land was originally meant for residential purposes and approval had to be obtained from the Town and Village Planner, Uttar Pradesh Government for putting up a Telephone Exchange.
- (ii) During this period the Civil Wing had been in existence only for a short time and the architectural cell was under-staffed.
- (iii) After receipt of the preliminary estimate, the case was under discussion between the Ministry of Finance and the P&T Directorate on various points. The processing of the case was also slowed down in the context of the Emergency in the country in 1965.
- (iv) The main reasons for this time lag were delay in preparation of the detailed estimate and non-receipt of favourable tenders during the earlier calls.

(v) **Stoppage of work due to non-approval of drawings** by the local body was the main reason for this delay. Besides this, there was some delay due to revision of structural drawings. There was also some delay in furnishing architectural details.

(vi) This delay was mainly due to late receipt of equipment from the I.T.I., Bangalore.

**(C) Conclusions and corrective measures.**

(i) This point has been discussed in the Heads of Circles Conference and procedures to expedite physical possession of land specially in case of appeals, are being worked out.

(ii) The architectural cell has since been strengthened and the possibility for delay has been reduced.

(iii) The position has been explained in item B (iii) above.

(iv) Strict time schedules have been drawn up to minimise delay between issue of sanction, preparation of working drawings and finalisation of N.I.Ts.

To encourage better response and competition in tenders, action has been initiated to have a separate enlistment of contractors for P&T Department.

(v) It is now being ensured that works are not awarded until approval of the local body to the drawings is obtained first.

For larger projects detailed soil investigation is undertaken prior to commencement of the project so that no structural revision is necessitated at a later stage.

The time schedule drawn up for preparation of drawings, as already mentioned, is expected to reduce this time lag.

(vi) Being the only factory so far, the I.T.I., Bangalore has been over-loaded and has not been able to meet the orders on target. The total production capacity in the country is being increased by doubling the output at the I.T.I., Bangalore and setting up an additional factory at Rai Bareilly, Uttar Pradesh."

**1.128. The Committee regret to have to make observation on yet another case of gross delay. The expansion of telephone network in Telephone District was approved by the Telecommunication Sub-Board in October, 1960. It was proposed to complete an exchange in**

East of Shandara by the end of the Third Plan in order to expand the telecommunication facilities and to meet the future requirements of industries in the area. But due to delays at various stages such as in the acquisition of land, estimating and designing, execution of building works and supply and utilisation of equipments, the Exchange has not yet been commissioned. A case study of the project made by the Department reveals delays at the following stages:

- (i) Land acquisition proceedings.
- (ii) Between approval of the schedule of accommodation and the preparation of preliminary drawings.
- (iii) Between receipt of preliminary estimates and issue of preliminary sanctions.
- (iv) Between issue of sanction and award of work.
- (v) Completion of construction.
- (vi) Commissioning the Exchange.

The Committee trust that remedial measures taken or proposed to be taken by the Department will be such as will help in future in avoiding delays in providing telecommunication facilities to the public and industry.

1.129. The Committee are unhappy over gross negligence on the part of the officers who were entrusted with the execution of the building work as would appear from the following instances:

(i) The Officers of the Civil Wing were not aware that the plan of the building was required to be approved by the Ghaziabad Improvement Trust. The Plan was submitted for approval of the Ghaziabad Municipality in July 1964. What is more, no action was taken thereafter to pursue the matter till August, 1966 when a reminder was again sent to the Municipality. When no reply was received it was assumed that the plan has been approved and the Department proceeded with the construction. At least at that stage the officers should have checked up the position. But regrettably they proceeded with the work, with the result that in March, 1968 a notice was received from the Improvement Trust that the plan had not been approved by them and the work had to be suspended. It was resumed in November, 1968 after obtaining clearance from the Trust authorities which necessitated deviation from the site plan and consequential changes in drawings. The Municipality and the Improvement Trust of Ghaziabad appear to have functioned in a most irresponsible manner. This matter should be brought to the notice of the concerned Government.

(ii) Although the officers of the Civil Wing were aware that the land was located in Ghaziabad (Uttar Pradesh) in tender notice for the work they mentioned the place as Shahdara (East) Delhi; they mechanically copied this name from the scheme prepared by the Telephone District. Although the contractor might have been aware at the time of tendering that the site was actually in Uttar Pradesh, he took advantage of the mistake of the Department of not mentioning the correct location in the tender or contract and claimed payments of octroi charges for the material transported from Delhi across the U.P. border and extra electricity charges paid by him for having executed the work in Uttar Pradesh instead of Delhi. These charges were accepted by the arbitrator who also awarded compensation for delay because of suspension of work by the Department. Such a confusion in future, could have easily been avoided if the scheme had been correctly designated according to its location.

1.130. The Committee take a serious view of the negligence on the part of the officers. To say the least they lacked ordinary prudence and commonsense. The Committee understand that the Executive Engineer responsible for this is no more. The Committee have been informed that detailed information regarding various officers responsible for the delays is being collected for suitable action. The Committee would like the Department to do so expeditiously and inform them about the outcome of detailed investigations in six months' time.

1.131. The Committee find that in this case the claims of the contractor for payment of octroi charges and excess electricity charges and compensation for delay were referred to arbitration by the Chief Engineer, although in the course of arbitration it was pleaded that these matters were not subject to arbitration. The Committee were informed that according to a circular issued by Government in March, 1963 all claims put forward by contractors are to be referred to arbitration and the Chief Engineer has no discretion in the matter. The Committee would like Government to examine in consultation with the Ministry of Law whether it is necessary to refer to arbitration all issues irrespective of whether or not there was any violation of a clause of the contract involved. It should be examined whether clause 25 of the standard contract form needs any modification. The Committee would like to be informed of the precise action taken in the matter.

### **DELAY IN ACCEPTANCE OF TENDER**

#### *Audit Paragraph*

1.132. According to departmental orders, Directors in charge of microwave projects are empowered to accept tenders for civil works

and execute such works costing up to Rs. 2 lakhs subject *inter alia* to the condition that the nearest Executive Engineer of the Civil Wing of the department should be consulted about reasonableness of rates. In December, 1969 tenders were invited by the Director, Microwave Projects, Calcutta, for construction, amongst others, of a microwave building at Imphal. A single tender was received and, on negotiation, the contractor agreed (6th April, 1970) to carry out the work for about Rs. 1 lakh. After consulting several officers about the reasonableness of the tendered rates, the case was referred to the nearest Executive Engineer of the Civil Wing (situated at the same station), on 4th August, 1970. The Executive Engineer sent his recommendation on 9th September, 1970. When acceptance of the tender was communicated to the contractor on 10th September, 1970, he demanded 10 per cent extra over the tendered amount because of expiry of the validity period of the offer and rise in cost of labour and materials meanwhile. On the advice of the Civil Wing, fresh tenders were thereafter invited in November, 1970 and the work was awarded to another contractor in February, 1971 for Rs. 1.30 lakhs. The building was completed at a cost of Rs. 1.67 lakhs, the increase in expenditure being on account of some major modifications in the specifications, leading to more quantities of tendered items, made after acceptance of the tender. Computed on the basis of the rates offered by the first contractor for the building (including modifications), the extra expenditure in construction was about Rs. 0.45 lakh.

[Paragraph 15 of the Report of Comptroller and Auditor General of India for the year 1971-72, Union Government (Posts and Telegraphs)].

1.133. In a written reply the P&T Board stated: "The tenders for the construction of building at Imphal were opened on 4-2-1970. The offer was valid for three months from the date of opening of the tender, i.e., upto 4.5.1970. It was expected that the deal could be finalised within this stipulated period of three months. After examination of the tender papers in the office of the Director, Microwave Projects, the DET Microwave was deputed to consult the Surveyor of Works. This was done on 4-3-1970. The Surveyor of Works opined on 4-3-1970 that the tendered rate was high and suggested for negotiation with the contractor. The administrative formalities like comments of Chief Accounts Officer, approval of General Manager, Telecom. Projects were completed and the contractor was informed on 21-3-1970 to come for negotiations at Calcutta. As the contractor was a resident of Ledo (District Lakhimpur, Assam), he took some time in coming to Calcutta and the negotiations could be held only on 6-4-1970, well before the expiry of the date of tender offer. As regards the basis of negotiations, it was

stated by the Department that the rates at which Divisional Telegraphs, Assam Circle, Dibrugarh had awarded various Civil Works were taken into account while carrying negotiations."

1.134. Asked on what basis the estimates were prepared, the Department stated: "As the schedule of rates for Imphal was not available, the estimate for the building was framed on the basis of rates adopted by the Civil Wing at Gauhati."

1.135. To a question whether the local PWD rates were ascertained, the Department replied: "The prevailing rates of the local PWD were not ascertained as the procedure prescribed for Director, Microwave Project, for finalising a tender costing upto Rs. 2 lakhs is to consult the P&T Civil Wing about the reasonableness of rates."

1.136. The Committee understand from Audit that the Department has since (January, 1973) decided that in such cases the advice of the local P.W.D., should be obtained. The Department have stated that as a result of negotiation the contractor agreed to reduce the rate by 5 per cent on 6-4-1970. During negotiation, in support of reasonableness of rates the contractor produced the relevant documents regarding various civil works awarded by D.E.T., Dibrugarh. These papers were scrutinised in the office of the Director, Microwave Projects, Calcutta and the case was sent for the approval of General Manager, Telecom. Projects on 17-4-1970. The approval of General Manager was necessary as only single tender had been received in case of Imphal Building. The comments of the General Manager were received by Director, Microwave Projects on 22-4-1970 and consultations were started with Civil Wing Officers on 28-4-1970. An Officer of the O/O Director, Microwave Project, Calcutta thereafter consulted the Surveyor of works on 28-4-1970 about the rates and on his advice the Executive Engineer, Civil Wing, Calcutta was also contacted by him on the same day but the Executive Engineer was not in a position to offer his comments immediately. The case was referred to the Superintending Engineer, Civil Wing Circle No. III, Calcutta on 7-5-1970 for his comments to which he replied on 19-6-1970 stating that the rates could not be examined and no comments could be offered from his end as no work had been executed by the Civil Wing in the remote area of Imphal.

The financial powers delegated to the Director Microwave Project, Calcutta was conditioned inasmuch as he, while deciding the tender on civil work, should consult the nearest Executive Engineer of the Civil Wing with regard to the reasonableness of the rates etc. The single tender received for construction of the building at Imphal could not therefore, be accepted by the Director, Microwave Project

in the absence of definite remarks from the civil wing authorities. Hence an officer of the Director, Microwave, Calcutta again discussed the matter with the Executive Engineer II of the Civil Wing on 17-7-1970 and at that stage he desired the case to be referred to him again for comments. In order to avoid delay the Director, Microwave Project, Calcutta directed an officer of his office to take the case personally after fixing an appointment with the Executive Engineer II. This was done on 4-8-1970. But as the Executive Engineer II took some time before he could officially offer his comments, the written comments were received only on 9-9-1970 and the tender was accepted on 10-9-1970 which was communicated to the contractor also on the same date.

1.137. Asked to state why these modifications were found necessary after the work was awarded, the Department stated that the modifications to the building were mainly due to provision of seismic protection against earthquakes which was not included in the initial estimates.

1.138. Yet another case of inexcusable delay has come to the notice of the Committee. Here the Officers concerned failed to take a decision on the offer of a contractor for execution of microwave building at Imphal within the validity period of 3 months. The result was that the Department had to incur an extra expenditure of Rs. 45000 after inviting fresh tenders for the work. The offer of the contractor was valid upto 4th May, 1970 but the tender was accepted on 10th September, 1970, four months after the due date. Understandably, the contractor demanded 10 per cent over and above the tendered amount because of the expiry of the validity period and rise meanwhile in the cost of labour and material. It took the Department two months after opening the tenders to negotiate with the contractor and thereafter further five months to verify the reasonableness of the rates offered by him. It is regrettable that the officers concerned did not act with the sense of urgency required in such cases. In the opinion of the Committee it is a fit case where the responsibility of the officers concerned should be fixed for delay at various stages which resulted in loss to Government.

1.139. Another unsatisfactory aspect of the case was that no provision was made in the initial estimates for seismic protection and the specification had to be modified after acceptance of the second tender. The lack of forethought on the part of the officers is regrettable.

### **EMPLOYMENT OF WOMEN ATTENDANTS**

#### *Audit Paragraph*

1.140. According to the standard laid down in July, 1962 a telephone exchange having 501—1000 women employees on roll might

employ maximum seven women attendants (excluding weekly-off reserve) for serving women operators in keeping dormitories and tiffin rooms clean, serving tea to them, looking after their comforts and attending to other odd jobs. In the New Delhi Central Trunk Exchange having maximum of 651 women, employees till 1970-71 seven attendants were, accordingly, employed during 1964-65 to 1970-71. In addition, two attendants were employed as a special case. Nevertheless, daily rated staff (both male and female) were employed regularly each month on muster rolls during 1964-65 to 1970-71 as shown below for doing jobs similar to those of women attendants:—

Year	Average number of daily rated staff employed each month			Expenditure on daily rated staff
	Male	Female	Total	
				Rs.
1964-65 (From Oct. 64)	3	3	6	2500
1965-66	3	4	7	3940
1966-67	3	4	7	5668
1967-68	7	4	11	9955
1968-69	7	5	12	11371
1969-70	9	5	14	14706
1970-71	6	8	14	14163
				62303

The standard for employment of women attendants was liberalised in December 1970 and, accordingly, twelve women attendants were justified in the exchange in 1971-72. However, nine attendants continued to remain in position. Over and above, on an average sixteen (six male and ten female) daily rated staff (annual expenditure Rs. 17,600) were employed each month during 1971-72.

The Department stated (November 1972) that employment of these mazdoors was not for performing duties of women attendants but for attending to the following jobs:

- (i) Periodical cleaning of niwar cots by removing the niwar tapes, spraying of wooden frames with insecticides, etc., keeping the cots in hygienic condition free from bugs.



- (ii) refitting of niwar cots with cleaned niwar tapes;
- (iii) taking out the cots from the dormitories to the lawns outside for drying and putting them back inside the room;
- (iv) carrying out other odd jobs of manual nature for keeping the dormitory, rest room, etc., clean; and
- (v) meeting the shortages arising out of absenteeism in Class IV cadre.

For meeting shortage in the Class IV cadre due to absenteeism, provision for leave reserve exists.

[Paragraph 16 of the Report of the C. & A. G. of India for the year 1971-72—Union Government (Posts and Telegraphs)]

1.141. The Committee desired to know the justification for employment of daily rated staff besides regular attendants sanctioned for New Delhi Trunk Exchange. The Senior Member, P&T Board, stated: "The daily rated staff was doing a different job, different from what the women attendants were doing, like refitting of niwar cots." Explaining the position further the witness stated: "...the women attendants were for serving women operators in keeping dormitories and tiffin rooms clean, serving tea to them, looking after their comforts and attending to other odd jobs. The other people were doing sweeping and cleaning of the floor, getting the niwar cots out and refitting them." The Secretary, Communications, added: "In actual fact, some casual labour was employed, and this was in addition to the women attendants for doing a number of other jobs. If I can give the latest position, we have got women attendants, we have got peons, we have got sweepers, we have got water-men, we have got mazdoors in the trunk exchange. There are no standards laid down for these people and where there are no standards laid down it is left to the General Manager to employ the staff on an ad hoc basis. What he had done was, he had employed casual labour; he had given the muster rolls to the Chief Lady Superintendent and also to the monitor. A number of labourers were employed to do the additional work." Asked about the financial authority competent to sanction the daily rated staff, the Secretary, Communications stated that the General Manager has got the powers to sanction daily rated staff. When asked if there was any limit on the number of persons, the Secretary, Communications replied: There is no standard laid down. For example, for carrying the trunk call tickets, he wanted additional staff. He had given two or three men. We had entrusted the work to our Work Study Unit to lay down standards.

In the mean-time, the General Manager himself was employing the staff." He further stated: "We are laying down standards. Once standards are all fixed they will employ these people according to the standards." Asked why no standards had been laid down for such a long time, the witness stated: "We expect to finalise the standards in four months' time."

1.142. The Committee enquired whether the Department had investigated to see that there were no irregularities in the employment of labour on muster rolls, the Secretary, Communications replied: "I have ordered an inquiry into this by Vigilance Branch; I have also taken up with CBI." In a note furnished by the Ministry in this regard it has been stated that "the matter is still under investigation by CBI."

1.143. When asked whether there was any particular case referred to CBI, the witness stated: "No particular case, but general complaint." The witness added: "It was that some people who are on the muster roll are not doing the work actually. I found it difficult to get this from official sources. I put my vigilance with the CBI for a general check up."

1.144. The Committee enquired why daily rated staff was employed for meeting absenteeism in the Class IV cadre which contains leave reserve. The Secretary, Communications stated: "Absenteeism was more than leave reserve."

1.145. The Committee feel concerned over the increasing average number of daily wages staff employed each month by the New Delhi Trunk Exchange in addition to the regular attendants employed for serving women operators. The Committee were given to understand that no standards have been laid down by the Department for employment of attendants for doing various types of jobs and this was under examination by the Work Study Unit who are expected to report in four months. The Committee desire that the standards for employment of attendants should be finalised expeditiously and the decision reported to them.

1.146. The Committee were informed that a general complaint that persons employed on muster roll were not actually doing the work was under investigation by the Central Bureau of Investigation. If this is found to be correct, the matter would take a serious complexion. The Committee desire that the investigations should be completed without delay and effective action taken in the light thereof to obviate recurrence of such irregularities in this or other

exchanges. The Committee would like to be informed also of the action taken against those who may be found to have been remiss in the discharge of their responsibilities.

### UTILISATION OF MACHINES

#### *Audit Paragraph*

1.147. (a) The table below indicates the extent of utilisation of the production machines of two shops of the Calcutta factory and four shops of the Bombay factory during 1969-70 to 1971-72:—

Name of the shop	Year	Total available machine hours (in thousands of hours)	Hours remaining idle (in thousands of hours)	Percentage of hour to total available hours.
1	2	3	4	5
Heavy Machine shop, Calcutta	1969-70	67.35	30.91	46
	1970-71	64.51	27.83	43
	1971-72	Machine cards not available.		
Machine shop (Capstan Section), Calcutta	1969-70	75.95	32.60	43
	1970-71	76.52	31.23	41
	1971-72	77.06	30.76	40
Drillage shop, Bombay	1969-70	48.55	13.58	28
	1970-71	51.50	12.45	24
	1971-72	50.16	6.53	13
Capstan lathe, Bombay	1969-70	88.46	22.76	26
	1970-71	82.16	27.29	33
	1971-72	74.74	27.59	37
Press and Miscellaneous, Bombay	1969-70	57.87	23.72	41
	1970-71	62.66	24.48	39
	1971-72	83.49	38.20	46

	1	2	3	4	5
Coil Winding shop, Bombay		1969-70	59.08	17.26	29
		1970-71	60.32	16.65	28
		1971-72	60.75	16.21	27

The Department stated (January, 1973) that in the Bombay factory idle hours were due mainly to policy of outside purchase as an economy measure and frequent break-down of some of the machines which had outlived their lives. The low utilisation in the Calcutta factory was mainly due to non-availability of raw materials, less demand for some items as compared to machine capacity and major break-down of machines, some of which had outlived their lives. The department also stated that 5 to 10 per cent of available working hours are required for maintenance of machines.

(b) One press brake machine was purchased in 1965 for Rs. 1,33,444 in replacement of one old shearing and punching machine for use in the forging shop of the Calcutta telecommunication factory. The machine was installed in November, 1965 and commissioned in 1966. It was envisaged that there would be 60 to 79 per cent savings in labour hours on its installation which would be available for increased production. The table below shows the extent of utilisation of the machine since its commissioning:—

Year	Available working hours	Hours actually worked	Idle hours	Percentage of idle hours
1966-67	650	330	320	49
1967-68	2304	1212	1092	47
1968-69	2908	1314	1594	55
1969-70	2614	319	2295	88
1970-71	4596	2366	2230	49
1971-72	4852	2317	2535	52

The idle hours have been attributed to:

- (i) Machine troubles and break-downs . . . . . (35 per cent)
- (ii) Break-down of ancillary tools, delay in setting tools, etc. . . . . (30 per cent)
- (iii) Want of work/materials . . . . . (11 per cent)
- (iv) Absence of operators . . . . . (9 per cent)
- (v) Miscellaneous reasons . . . . . (15 per cent)

The Department stated (December, 1971) (1) at the initial stage of the working of the machine, certain ancillary fittings, work table, etc., had to be fabricated and the workers had to be trained in its operation, (2) layout sheets for channel iron brackets to be manufactured on the machine had to be suitably revised and the revised norms made acceptable to the workers, (3) the machine suffered a major break-down in April, 1969 and remained idle for about a year and (4) supply position of raw materials was not satisfactory in 1969—71.

[Paragraph 18 of the Report of Comptroller and Auditor General of India for the year 1971-72, Union Government (Posts and Telegraphs)]

1.148. At the instance of the Committee, the P&T Board have furnished the following information regarding utilisation of the machines during 1972-73:

*Calcutta Telecom Factory*

	Total available machine hours (in thousands of hours)	Total idle hours (in thousands of hours)	Percentage of hours
Heavy Machine Shop	69.59	24.07	35
Machine Shop (Capstan Section)	82.56	28.88	35
	152.15	52.95	

*Bombay Telecom Factory*

	Total available machine hours (in thousands of hours)	Total idle hours (in thousands of hours)	Percentage of hours
Cordage Shop	52.99	5.29	10
Capstan Lathe	79.96	25.63	32
Press & Misc.	1,02.81	44.76	44
Coil Winding	60.51	23.34	39
	2,96.27	99.04	

1.149. According to Audit the Department stated in January, 1973 that in the Bombay factory idle hours were mainly due to policy of outside purchase as an economy measure and frequent breakdowns of some of the machines which have outlived their lives. The Committee desired to know how the Department proposed to utilise the machines which cannot be utilised fully due to purchases from outside. In reply, the P&T Board have stated as follows:

“No good serviceable machine remains fully idle only on account of outside purchase as an economy measure. While outside purchase is one of the contributory factors for keeping the machines idle, the main reason is the age of the machines. A number of these machines are very old and have outlived their lives. They are being maintained only as stand-by for avoiding dislocation in production when the regular machines break down. On account of enhanced production programmes for the current year, it would be necessary and possible to utilise some of these life-expired machines.”

1.150. As to the extent to which the machines remained idle due to breakdowns the P&T Board stated that “the machines generally remain idle due to mechanical and electrical failures. On an average roughly 10 per cent of the machines in the Bombay Factory and 8 per cent in the Calcutta Factory including life expired machines remained idle due to breakdowns requiring minor and major repairs.”

1.151. Explaining the reason for a fall in demand of the products of the machines of the Calcutta Telecommunication Factory, the P&T Board Stated: “The fall in demand is due to purchase of items like screws CT Boxes etc. from market at cheaper rates as per earlier recommendations of Public Accounts Committee. Also the pace of long distance line construction tapered down due to the advent of coaxial and Microwave systems. Total No. of machines which have outlived their lives in respect of Capstan Section of Machine Shop is 32 and in respect of Machine Shop is 23. In respect of the 32 machines in the Capstan Section one machine has already been recommended for and awaiting disposal. In respect of Heavy Machine shop 5 machines have been recommended for and awaiting disposal. In respect of Heavy Machine Shop, action has been taken to get replacement of 2 Nos. Screwing Machines. In regard to other machines of both the shops, action is being taken to assess the actual requirement for purpose of replacement.”

1.152. With regard to stand-by machines and ratio thereof, the P&T Board stated that stand-by machines are not sanctioned for maintenance as such, but some of the outlived machines are being

utilised in cases of emergency when breakdowns of production machines occur to keep the tempo of production. The ratio of stand-by machines is approximately 15 per cent in Bombay Factory and 30 per cent in Calcutta Factory of the total machines of each type and capacity.

1.153. The Committee asked whether the working of the Department did not suffer due to machines remaining idle and consequent less production, the P&T Board stated in their note furnished to the Committee that the working of the Department did not suffer due to machine remaining idle as there was no fall below the production target. The target which was drawn was generally met. The marginal shortfalls did not materially affect the working of the Department due to shortages in other matching items of purchase like wires, insulators etc.

1.154. According to Audit, 65 per cent of the idle hours in respect of press brake machine purchased in 1965 was due to machine troubles, breakdown etc. The Committee desired to know the reasons thereof. In their reply the P&T Board have stated: "The machine suffered a major breakdown in April 1969 on account of accidental breakage of the main driving gears. It took considerably long time to replace the damaged parts. During the years 1970-71 and 1971-72 the factors contributing to the machine troubles and breakdown were:

- (1) Wear and tear of Electrical Components in the Control Panel;
- (2) Burning out of Electrical contacts; and
- (3) Checking of the Lubricating systems and airpipe lines."

1.155. Explaining the reasons for taking about a year to rectify the machine after it suffered a major breakdown in April 1969, the P&T Board stated that "it was a major breakdown due to accidental breakage of main driving gears which had to be procured from outside agencies after collecting working drawings from suppliers in U.K."

1.156. The Committee feel concerned about the under utilisation of the machines installed in two shops of the Calcutta factory and four shops of the Bombay factory. During the year 1972-73 the percentage of idle hours to the total available hours in the two shops of Calcutta Workshop worked out to 35 per cent while in the case of the four shops of Bombay factory, percentages were 10, 32, 44 and 39 respectively. While the outside purchase of stores is stated to be one of the contributory factors for keeping the machines idle, the

main reason is that a number of these machines are very old and have outlived their lives. They are being maintained only as standby for avoiding dislocation in production when the regular machines break down. The Committee find that roughly 10 per cent of the machines in the Bombay factory and 8 per cent in the Calcutta factory including life expired machines remained idle due to breakdowns. It is thus obvious that even after providing for standby the percentage of idle machines is on the high side. The Department expects that on account of the production programme for the current year, it would be necessary and possible to utilise some of these life expired machines. Elsewhere in this report, the Committee have suggested that the implementation of the scheme of modernisation of the Calcutta workshop should be expedited. The Committee hope that the old and obsolete machines lying in the Calcutta and Bombay factories which are of little use will be discarded early.

## MANUFACTURE OF SOCKETS

### *Audit Paragraph*

1.157. In paragraph 4.22 of its Fortieth Report (Fourth Lok Sabha) 1969-70 the Public Accounts Committee had suggested that the department should keep a close watch over the difference between the cost of production in departmental workshop and the market rates, and where the departmental cost persistently exceeded the market rate by more than the margin prescribed by the department the question of stopping departmental manufacture should be considered. The department informed the Public Accounts Committee in August, 1969 that wherever the workshop cost of manufacture was higher than the market rate by more than 25 per cent, the prospects of cost reduction and justification for continuance of manufacture would be examined and put up to the Board of Management of the telecommunication factories.

Socket is a foundry item and is manufactured in the foundry shop in the Department's telecommunication factory in Calcutta (the Bombay and Jabalpur factories do not have foundries). The total requirements of sockets in 1970-71 and 1971-72 were 49,200 and 55,000 and accordingly the target of production was fixed as 50,000 and 55,000 in those two years respectively.

In 1970-71 the Calcutta factory manufactured 22,000 sockets at the unit cost of Rs. 51.18. While considering (November, 1970) the tender for purchase of 15,000 sockets from the market the local



stores purchase committee had noted that the departmental manufacturing cost was higher than the market rate. Orders for purchase of sockets were placed in four lots (500 on 30th January, 1971, 500 on 24th March, 1971, 500 on 3rd April, 1971 and 15,000 on 19th April, 1971) on a private firm, and sockets were purchased, at the rate of Rs. 40.21 per socket. Before these purchase orders were placed, the departmental manufacturing cost against three work orders (physically completed) was available. In 1971-72, 26,000 more sockets were manufactured in the Calcutta factory at the unit cost of Rs. 58.59.

The Unit cost (Rs. 51.13) of departmental manufacture in 1970-71 was higher than the unit cost (Rs. 40.21) of purchase in 1971-72 (in which year the price level had recorded an increase over that in 1970-71) by 27 per cent. The differential between the departmental manufacture cost and the unit cost of purchase from the market widened to 47 per cent in 1971-72. Compared to the market rate (of 1971-72), the extra expenditure in departmental manufacture (with reference to the departmental manufacturing cost in 1970-71 and 1971-72) was about Rs. 7.27 lakhs.

The department stated (January 1973), *inter alia*, that, (i) the cost comparison would be placed before the next meeting of the Board of Management for deciding whether manufacture of the article available in the market at cheaper rates should be discontinued or not and (ii) the recommendations of a committee for reducing the manufacturing cost were being implemented gradually and it was expected that, as a result, the departmental manufacturing cost of foundry items would be reduced.

[Paragraph 19 of the Report of the C. & A.G. of India for the year 1971-72—Union Government (Posts and Telegraphs)]

1.158. The Committee desired to know the exact production of sockets in Calcutta Telecommunication Factory during 1970-71 and 1971-72. The Secretary, Communications replied: "In 1970-71, the telecommunications factory produced 47,595 sockets. Most of these were made in the factory and some were obtained in semi-finished condition from outside so that the total of 47,595 was reached. In 1971-72, the supply was 55,084 and this included 11,000 semi-finished sockets which were finished in the factory." Referring to the figure of 22,000 sockets mentioned in the Audit paragraph, the witness stated: "This was against one particular work order."

1.159. The Committee asked about the unit cost of production of entire quantity produced. The witness stated: "The same cost. It

was costed the same way." He added: "The total cost was worked out as far as this particular work order for 22,000 was concerned and the cost was Rs. 51.18." Asked about the cost in 1971-72, the witness stated: "It was about Rs. 58.89." The Committee pointed out that the unit cost of departmental manufacturing in 1970-71 was higher than the unit cost (Rs. 40.21) of purchase in 1971-72 by 27 per cent and in 1971-72 the difference widened to 47 per cent. The witness stated: "Actually, our manufacturing cost was much higher than the market price. I discussed this with the General Manager, workshops some time in October, 1971: there were two alternatives before us, either to close down the manufacture of sockets or to reduce the cost of manufacture. So, we took steps to reduce the cost of manufacture." Asked when the recommendation was made, the witness replied: "In December, 1971." The witness added: "This Committee was a committee of engineers who went round to various up-to-date foundries and studied their manufacturing methods and recommended improvements in methods of manufacture. We have already implemented the short-term recommendations and it will take some time before the actual increase in productivity takes place; the long term measures will take some more time." The Secretary, Communications stated: "After the steps we have taken the cost has come down. For instance, the weight of a socket has come down by nearly 8 kg. which means that the material cost has come down by about Rs. 3½."

1.160. The Committee asked whether the sockets bought from the market were of the same quality and specifications as those produced in the telecommunication factory. The Secretary, Communications stated: "Same specifications. The sockets we were making were slightly heavier. Our attempt is to make them lighter. Actually when you went to cast a product, it is easier to cast thicker. One of the recommendations of the Committee is to reduce thickness of the walls of the socket. We have already succeeded in reducing the weight by about 8 kgs."

1.161. The Committee asked whether the Telecommunication Factory did not get the metal at a cheaper (controlled) price than paid by the private firms. The Secretary, Communications stated: "Yes, we were buying pig iron ingots from HSL. They (suppliers) were buying what is called runner scrap." Asked whether in the matter of corrosion it made any difference, the Secretary, Communications stated: "No. There was practically no case of failure of any socket." Asked if the telecommunication factory had any scrap, the witness replied: "We have. That is remelted now."

1.162. In a written reply, the Ministry of Communications (P. & T. Board) have stated: "The old system of floor moulding has been

replaced by double box system of moulding for the manufacture of 'C' sockets in the Foundry of the Calcutta Telecommunication Factory since July, 1973. The new system is expected not only to bring down the weight of the finished socket substantially but also to reduce the rejections. The reduced weight will result in a saving of 4 per cent on each 'C' socket without affecting the strength of the socket. The norms for production of sockets have been determined in consultation with the Unions. As the workers become used to the new process, further reduction in cost can be achieved. Moreover, with the introduction of incentive scheme in the Foundry, the cost of finished sockets is expected to come down further."

1.163. The Committee desired to be furnished with the break up of the cost of production of sockets in the Telecommunication factory and the reasons for high overheads. The Ministry of Communications in a note stated as follows:

"The break up of the cost of production of 'C' sockets in the Telecommunication Factory, Calcutta is as under:

Year	Labour	Material	On cost	Total cost with tariffing
1970-71	10.32	23.35	16.69	50.36
1971-72	11.84	28.91	20.22	57.97
1972-73	14.35	33.44	24.00	71.79

The higher cost in the Telecommunication Factory as compared to the outside firms is due to the fact that Telecom Factory being a Departmental factory has to implement the decision taken by the Government of India in regard to revision of pay and allowances of the Central Government Employees. Periodical increase in the Pay and Allowances of indirect workers as well as of staff and officers of the Telecom. Factories Organisation has resulted in increase of overheads charges. In addition increase in the cost of office equipment, stationery and printing charges etc has also contributed to the increase of overhead charges."

1.164. The Committee desired to be furnished with a note stating the latest cost of manufacture of sockets in the Telecom. Factory and the purchase price from trade. The Ministry of Communications in a written reply have stated: "The present cost (1973-74) of manufacture 'C' sockets in the Telecom. Factory has been esti-

mated at Rs. 64 each. The outside purchase rate finalised on an A/T for the C.C.T.S. by the DGS&D supply of which was not made till 31st March, 1973 was Rs. 55.67. The current rate for departmental production is roughly 15 per cent higher than the outside rate."

1.165. The Committee asked whether the cost comparison justification for continuing the manufacturing of sockets had been examined by the Board of Management of the telecommunication factory in this case. The Secretary, Communications stated: "This was actually not put before the last telecommunication board because I had a discussion with G.M. He informed that he had very recently, only a few months ago, introduced a double box moulding. It takes some time for labour to get used to this type of moulding. It is not stabilised. Once it is, he has fixed norms and he wants to introduce incentives. We have got incentives in various jobs. But here we could not introduce it because the whole process has been changed from the old to the new. Till it is finalised we are not having it."

1.166. The Committee drew attention to the recommendation made by the Committee in paragraph 4.22 of their 40th Report (1968-69), that when the departmental cost of items persistently exceeds the market price by more than certain margins to be prescribed by the Department the question of stopping departmental manufacture should be considered. In their reply to this recommendation of the Committee, the P. & T. Board stated in August, 1969 that decision has been taken that wherever the cost of manufacture of telecommunication factory is higher than the outside purchase rate by more than 2'5 per cent, the prospects for cost reduction and justification for continuance of manufacture should be examined in each case and put up to the Board of Management of the Telecommunication factory for orders. The Committee asked why action was not taken in this case. The Secretary, Communications stated: "In February, 1971 when we wanted to purchase some finished goods from outside at a lower price this matter was brought before the staff and Finance Committee."

1.167. In paragraph 4.21 of the 40th Report (1968-69) the Committee had observed that the cost reduction in Calcutta Workshop was linked with the question of modernisation of the workshop. The Committee had recommended that the modernisation of Telecom. factory, Calcutta taken up in 1959 should be completed expeditiously. The Committee were informed in August, 1969 that a scheme of modernisation of the factory in all its entirety is being expedited. The Committee desired to know the progress made by the Department in regard to the programme for modernisation of the Telecom.

Factory. The Secretary, Communications stated: "The first phase was the setting up of the galvanising shop. For that the building is ready and the machines have been ordered. We expect that this would be completed by May, 1974." The witness added: "The building work commenced about 12 months ago." When asked about the machinery it was stated that the machinery had been ordered some six months ago. The witness further added: "We have a plan for complete modernisation. Only the first phase has been taken up—modernising the galvanising plant. The total modernisation will take about five years. It will be by the end of the 5th Plan that we will be able to complete."

1.168. At the instance of the Committee, the Ministry of Communications furnished a note stating the following position in respect of the Telecom. Factory, Calcutta:

"Modernisation of Telecom. Factory, Calcutta at its existing site has commenced in a phased programme. In the first phase, construction of galvanising shed costing Rs. 7 lakhs has been taken by and all the civil and electrical works have been completed. The installation of plant in the galvanising shop is expected to be completed within six months.

Revised preliminary estimate regarding construction of manufacturing shed, Administrative Block, Equipment Assembly Block and Engineering Block has been received from the Civil Wing and Administrative approval and expenditure sanction is expected to be issued shortly.

The machines which have outlived lives are under the process of replacement and new plants and machinery are being installed. Majority of Foundry machines have been procured and installed."

1.169. In a further note the Directorate of Posts and Telegraphs have intimated the following position:

*Spark Erosion Machine:*

This machine has already been received and installed and is awaiting commissioning by the supplier.

*Profile Grinding Machine:*

The procurement of this machine was deferred due to the following reasons:—

- (a) There is no suitable space in the tool room of the factory for installation of the machines;

(b) This is a precision machine and as its dismantlement and reinstallation etc., will affect accuracy very badly, procurement action of this machine will be taken up as soon as the construction of the new buildings where it is to be ultimately installed, commences.

#### 6 Pneumatic Power Hammers:

2 Nos. of 50 Kg. capacity have already been procured and are on production works.

1 No. of 100 Kg. capacity is under installation.

1 No. of 50 Kg. capacity is under procurement and delivery is expected shortly.

2 Nos. of 50 Kg. capacity hammers are under procurement and through D.G.S. & D., New Delhi.

#### Galvanising Plant:

For the new Galvanising Shop one oil fired Galvanising bath furnace is under procurement. Tender enquiry has been issued by the DGS&D, New Delhi and order is expected to be finalised soon. The approximate cost for the same will be Rs. 3 lacs. This provides for semi-machinisation and will be installed in the new Galvanising Shop.

#### Foundry Machines:

Majority of Foundry Machines have been procured and installed

Asked about utilisation of built-in capacity the witness stated: "What exactly is total capacity, I am not able to say. I can say this that the production is increasing year by year." Asked if it was not proper to work 3 shifts in order to utilise the capacity fully The witness replied: Generally factories work in two shifts. In exceptions they work three shifts when it is absolutely inescapable. To maintain supervision is extremely difficult. That is why we do not run third shift." The witness added: "in many of the workshops we have got the incentive scheme. Certain norms are fixed for production and for producing anything more than the norm, they get the incentive earning. This itself is a good indication."

1.170. The Committee feel concerned over the high cost of production in Telecom. Factory, Calcutta. The unit cost of socket of departmental manufacture in 1970-71 (Rs. 51.18) was higher than the unit cost of purchase (Rs. 40.21) in 1971-72 (in which year the price level had recorded increase over that in 1970-71) by

27 per cent. The differential between departmental manufacturing cost and the unit cost of purchase from the market widened to 47 per cent. in 1971-72. The factory produced 47,595 sockets in 1970-71 and 55,064 in 1971-72. Compared to the market rate of 1971-72, the extra expenditure in the departmental production is 1970-71 and 1971-72 works out to Rs. 15.40 lakhs roughly although unfinished sockets were purchased from outside. The Committee have been informed that a departmental Committee went into this aspect and made recommendations in December, 1971 for reducing the cost of manufacture of sockets and these recommendations are being implemented gradually. The implementation of the long term measures recommended by the departmental committee will take some time. From the figures made available to the Committee they find the departmental manufacturing cost which increased to Rs. 71.79 in 1972-73 has come down to Rs. 64 in 1973-74. The outside purchase rate on the basis of tenders finalised by the G. G. S. & D., till March 1973 was Rs. 55.67. The current rate of departmental production is roughly 15 per cent higher than the outside rate. The Committee desire that recommendations of the expert committee should be implemented expeditiously.

1.171. In reply to the recommendation made in paragraph 4.22 of their 40th Report of 4th Lok Sabha the Department informed in August, 1969 that wherever the workshop cost of manufacture was higher than the market rate by more than 25 per cent. the prospects of cost reduction and justification for continuance of manufacture would be examined and put up to the Board of Management of the Telecom. factories. The Committee regret that during the years 1970-71 and 1971-72 although the manufacturing cost of socket was higher than the market rate by more than 25 per cent, the prospects 47 per cent respectively, no action was taken by the Department to put up the matter to the Board of Management of Telecom. factories. The Committee desire that it should be ensured that in all cases when the departmental manufacturing cost exceeds the market rate by more than 25 per cent, the matter should invariably be placed before the Board of Management with a view to reducing the cost.

1.172. In paragraph 4.21 of their 40th Report (1968-69) the Committee had desired that the scheme for modernisation of telecom factory Calcutta introduced in 1959 should be completed expeditiously. From the position made available to them, the Committee find that the scheme is still in the process of being implemented. The

Committee desire that necessary steps should be taken to complete the modernisation of the workshop by the end of the Fifth Plan, at least.

1.173. The Committee could not get a satisfactory reply from the Department whether the installed capacity of telecom. factory, Calcutta is fully utilised. The Committee desire that the Department should ensure that the installed capacity is fully utilised in order to reduce the overheads and cost of manufacture. It should also be examined whether and to what extent it is possible to work the factory in three shifts instead of two at present.

### ARREARS IN RECOVERY OF SALES DUES

#### *Audit Paragraph*

1.174. The departmental telecommunication factories in Calcutta, Jabalpur and Bombay are authorised to sell their products to Government departments, undertakings, private organisations, etc. Against sales made to them upto 1970-71, recoveries to the extent of Rs. 18.44 lakhs remained unrealised (March, 1972).

The break-up of outstanding was as follows:—

(Lakhs of rupees)

Year	Amount outstanding				Total sales by the three factories
	Calcutta factory	Jabalpur factory	Bombay factory	Total	
Upto 1966-67	0.03	Nil	1.04	1.07	..
1967-68	0.01	6.20	1.45	7.66	17.88
1968-69	0.16	0.63	6.35	7.14	23.08
1969-70	0.07	Nil	2.02	2.09	15.77
1970-71	0.04	Nil	0.44	0.48	17.40
<b>TOTAL</b>	<b>0.31</b>	<b>6.83</b>	<b>11.30</b>	<b>18.44</b>	

The party-wise break-up was as below :

Defence Department	14.75
Railways	0.41



Indian Telephone Industries . . . . .	2.72
State Government, Hydel Projects, Electricity Boards, private organisation, etc. . . . .	0.56
	<hr/>
TOTAL	18.44

The amount of Rs. 6.20 lakh outstanding in Jabalpur factory for 1967-68 is for a sale made in that year to Defence Department for which final price is still (December, 1972) to be fixed.

The Department stated (December, 1972) that the outstanding bills were being pursued vigorously by the local management and they were expected to be cleared soon.

[Paragraph 20 of the Report of C&AC of India, for the year 1971-72, Union Government (Posts and Telegraphs)].

1.175. The P&T Board have indicated the present position of outstanding recoveries year-wise and party-wise, as follows:

"The position at the close of June, 1973 in regard to the outstanding dues indicated in the Audit para is given year-wise and party-wise separately for three factories:

		Bombay	Telecom.	Factory	
					(In Lakhs of Rs.)
Upto	1966-67	I. T. I.		0.53	
	1967-68	I. T. I.		0.16	
		Defence		0.31	Under settlement
	1968-69	I. T. I.		0.53	
		Defence		5.50	Supply of F. S. Boards
	1969-70	I. T. I.		0.42	
		Defence		1.25	(LRDE 15 lines magnetoswitch board)
		Others		0.03	
	1970-71	I. T. I.		0.15	
		Railways		0.28	
		Others		0.01	
				<hr/>	
		TOTAL :		9.17	
				<hr/>	

*Jabalpur Telecom. Factory*

1967-68	Defence	6.20	Plus 1.18 as Misc. charges.
1968-69	I. T. I.	0.20	
	State Elec. Board and		
	Others.	0.43	

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TOTAL : 6.83

*Calcutta Telecom. Factory*  
Rs.

1966-67	I. T. I.	3434.60
1967-68	Railways	386.28
1969-70	Railways	2332.94
1967-68	Other Govt. Deptts.	₹ 302.20
1969-70	,	7.37

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TOTAL : 6463.39

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1.176 According to Audit the amount of Rs. 6.20 lakhs in Jabalpur Factory for 1967-68 is for a sale made in that year to Defence Department for which the final price is still (December, 1972) to be fixed. The Committee desired to know whether the final price of that sale has since been settled. The P&T Board in their reply have stated that "the final sale price of Rs. 6.20 lakhs and Misc. charges of Rs. 1.18 lakhs have not so far been settled. The Asstt. Cost Accounts Officer of the Ministry of Finance visited the Jabalpur Factory on the 18th July, 1973 for final settlement of the case."

1.177. Regarding the reasons for delay in recovery of the remaining amount of Rs. 8.55 lakhs from the Defence Department, the P. & T. Board was stated as follows:—

"As on 1-7-1973, the outstanding dues from the Defence Department have been brought down from Rs. 8.55 lakhs to Rs. 7.06 lakhs, out of which dues amounting to Rs. 0.31 lakhs are under settlement. The balance amount pertains to Rs. 5.5 lakhs for supply of Field Switch Board and Rs. 1.25 lakhs relating to 15 lines Magneto Switch Board of LRDE. The decision regarding the development and the manufacture of 8 number of prototype F.S.B. was taken in an inter-Departmental meeting with the Defence Secretary on the 24th June, 1966. The development was carried out and the 8 prototypes were supplied to the Defence

Department. Some defects were pointed out and it was decided that they would be rectified while making the bulk production. Since the development work and production of 8 number prototype had already been taken out, the Manager, Telecom. Factory, Bombay requested the Army Headquarters on the 8th April, 1970 to accept the provisional bill of Rs. 5.50 lakhs. It was also communicated that the final bill might be to the extent of Rs. 6.40 lakhs on the basis of the actual expenditure incurred on the project. In the inter-Departmental meeting held on the 6-8-1970, the representatives of the P&T Department pointed out that the payment of Rs. 6.40 lakhs should be made in the first instance and that the workshop would go ahead thereafter with the elimination of the defects. It was decided in the meeting that the Ministry of Defence would be requested to make the payment. In a subsequent meeting held on 12th November, 1970, it was, however, decided that the payment would be made after the P&T had made four switch boards with the necessary improvement and supply them for users trial. For the purpose of payment, the Ministry of Defence Production desired to have the break-up of the amount claimed by the P&T. This information was furnished on the 3rd March, 1971 but that Ministry did not take any appreciable action to settle the outstanding dues. To finalise the case, the matter was again taken up by the Secretary, Ministry of Communications with the Ministry of Defence and the Manager of the Telecom. Factory, Bombay also met the Additional Financial Advisory, Ministry of Defence on the 25th June, 1973 and furnished all the details which could be required for the settlement of the dues. The Additional Financial assured that the payment would be made as early as possible. As regards the dues for Rs. 1.25 lakhs, the provisional bill was preferred on LRDE, Bangalore on account of development and for supply of 3 MSB with accessories. The delay has occurred on the part of the army authorities to settle the claim even though they have not raised any specific objection."

1.178. The Committee asked whether the Department had since examined the existing procedure of billing and recovery to see if it was adequate. In their reply, it has been stated that "the reasons for the delay in making the recoveries from the Government Departments do not reveal any inherent defects in the existing procedure. However, some suggestions to ensure prompt recoveries are under consideration of the General Manager, Telecom. Factory, Calcutta."

1.179. The Committee feel concerned over the delay in settlement of dues for the stores supplied by the telecom, factories to the Defence authorities. At the end of March, 1972, dues amounting to Rs. 14.75 lakhs were outstanding in respect of sales made upto the year 1970-71. The outstanding dues were brought down to Rs. 13.26 lakhs at the close of June, 1973. The Committee are not satisfied with this progress of recovery. The Committee are surprised that price had not been settled for a sale amounting to Rs. 6.20 lakhs plus miscellaneous charges of Rs. 1.18 lakhs since 1967-68. The Committee desire that the dues should be finally settled without further delay.

### PURCHASE OF TOWERS FOR MICROWAVE PROJECTS

#### *Audit Paragraph*

1.180. In July 1970 the Department decided to purchase 271 steel towers during 1970-71 to 1973-74 (26 to be supplied during 1970-71) for microwave projects from a Government of India undertaking. A letter of intent for supply of 26 towers during 1970-71 was issued in November 1970, but the undertaking failed to make the supply. The Department gave an *ad hoc* advance of Rs. 2 lakhs to the undertaking on 30th March, 1971 for supply of 8 towers within two months. This supply also did not materialise. In August 1971 a revised schedule for supply of 180 towers (26 in 1971-72, 70 in 1972-73 and 84 in 1973-74) was agreed upon by the undertaking and the Department made another advance of Rs. 2.56 lakhs in February 1972. However only five towers were supplied in 1971-72 and those too with manufacturing defects. Then more towers scheduled for supply in 1971-72 were received between April, 1972 and July, 1972. Materials for the remaining 11 towers to be supplied in 1971-72 were ready for despatch by the undertaking, but their supply has not been effected as certain modifications to the original designs were suggested by the Department during inspection of the towers in June, 1972.

Alongwith other factors, the delay in supply has affected commissioning of 8 microwave projects on which more than Rs. 3 crores have already been spent (March 1972). Had towers been supplied in time, some of the projects could possibly have been commissioned in 1971 and 1972. Apart from the delay in providing microwave transmission facility, the Department has suffered considerable loss of potential revenue because of non-commissioning the projects so far.

[Paragraph 21 of the Report of the Comptroller and Auditor General of India for the year 1971-72—Union Government (Posts and Telegraphs)].

1.181. The Committee asked whether any other firm (besides Triveni Structural Ltd.) had manufactured this kind of towers for the P. & T. Department. The Secretary, Communications stated: "Originally we were importing all these towers. For the first time we called for the tenders and one firm took up the manufacture of these towers. They supplied us a few towers but it went into liquidation. Then we went in with one firm at Bareilly. They also closed this firm due to labour trouble. They did not supply us in full. Then we placed orders in Calcutta. In three years they could supply one tower and that was the difficulty. Considering these things we interested Triveni Structural Ltd. at Allahabad to take up the manufacture of these towers. We get designs made by the Roorkee Central Designing Institute. They made the design for us, for which we paid them. We gave these designs to the TSL for the heavy towers. For light towers, they made their own design. We are also ourselves taking up the manufacture of these towers in Jabalpur."

1.182. The Committee desired to know what efforts had been made by the Department to locate more indigenous manufacturing firms. The Secretary, Communications stated: "There is another firm, Richardson and Cruddus. We have placed a prototype order on them. There is a third firm Tansi, in Tamil Nadu. That is a small industry. We have placed another order with them. There is another organisation, Tungabadra Steel under the Ministry of Heavy Industry. They have not yet started. We have asked the Industry Ministry to entrust them also with the manufacture of these towers."

1.183. According to Audit, the towers to be supplied by the undertaking were of two types—light weight (for narrow band routes) and heavy weight (for wide band routes). In the case of light weight towers, the design was to be developed by M/s. Triveni Structural Ltd., whereas in the case of heavy weight towers the design was to be supplied by the Posts and Telegraphs Department. The designs for heavy weight towers were obtained by the Department from Structural Engineering Research Centre, Roorkee and supplied to Triveni Structural Limited in June, 1970.

1.184. The Committee desired to know the reasons for delay in supply of towers by Triveni Structural Ltd. The Secretary, Communications stated: "There was some delay, because they had to design the towers. They got the design from Roorkee in the first instance. This design had to be modified. They gave the first tower for test purposes. The position today is that almost all the orders that were placed on them upto March, 1973 have been complied with and they have promised that in another two or two and a half months they will supply the entire quantity for the period upto

1973." Explaining the position further, the witness stated: "They have supplied 71 towers. In respect of 45 towers, out of these, some components are still to be supplied. 26 towers are complete. Out of 26, six are extra-heavy duty towers. These were not included in the period upto March, 1973. These were to be specially designed. The first tower they have promised to give us by the end of this month." He added that "The total order for 3 years is 168 upto the end of March, 1974. Upto March 1973, it is 98 towers. For this, first they said that they will give by the end of June. But because of power shortage, they want another two months."

1.185. According to Audit, the towers supplied by the Undertaking till July, 1972 were of light weight type. The Department informed Audit that the delay in supply was because of the fact that the places where the towers were to be used were not indicated to the supplier earlier than signing of the contract. After the contract was signed and foundation places were indicated, M/s. Triveni Structural Ltd., had to design the towers to suit the foundations already cast by the Department to some other design. The Committee desired to know why the places where the towers were to be installed were not indicated to the supplier. The Secretary, Communications stated: "What happened was that, before we took it up with Triveni Structural, R.S. Steel at Bareilly had supplied eight towers. They were supposed to supply some more towers and these towers were allocated to certain microwave stations. We prepared the foundations to take these towers as designed by R.S. Steel but R.S. Steel suddenly closed down and their supplies were not forthcoming at all. In the meantime we had the foundations ready. So, some modifications had to be carried out to suit the Triveni Towers as the foundations had been made for the R.S. Towers which did not turn up." The Committee asked whether the design of the towers that were produced by Triveni Structural were somewhat different from the towers produced by R.S. Steel. The Secretary, Communication said "Yes". He added: "Only slight modifications were required as there is only slight difference between what Triveni Structural were making and what R.S. Steel were making." When asked if these changes cost more to the Government, the Secretary, Communications said "No, the changes were minor."

1.186. The Department informed the supplier in June 1972 that the manufacturing defects noticed in the towers were poor quality of nuts and bolts, incompatible holes made in tower members and poor galvanising of tower members, which were considered serious. But subsequently in January, 1973, the Department informed Audit, that the towers did not have serious defects and its defects noticed

in a couple of cases, which were not of serious nature, were attended to by the supplier at its own cost. The Committee asked whether there was not contradiction in the two statements. The Member, P. & T. Board stated: "the towers are tall structure consisting of a large number of posts and on the first investigation some defects were noticed at the meeting points of two sections. When these were pointed out to them, they amended and modified them and presented them for inspection again a second time. This time it was found that they had attended to the defects pointed out and it has been passed as a prototype." The witness added: "For instance, in the corners where two parts meet, the bolts were not fitting properly; the bolts and nuts were loose. So they attended to them by changing the plates, and supplied them again."

1.187. Asked when the defects were rectified, the witness stated: "The light weight tower was approved on 19th January, 1972." Pointing out that according to a letter dated 27th April, 1972 there were serious defects in the towers, the Committee asked how the defects occurred again if these had been rectified in January, 1972. The Member, P. & T. Board stated: "What was inspected in January was the first prototype. One of our officers who went from Delhi inspected it. The subsequent defect pointed out was to the actual tower." In a written reply, the Ministry stated: "The prototype for the light weight tower was cleared in January, 1972. Certain defects were found in the two towers installed at Bhagwanpur and Muzaffarpur during April, 1972 on Patna-Muzaffarpur Microwave scheme. These defects were removed during the erection itself at the cost of M/s. Triveni Structural Ltd."

1.188. On being asked how long the installation was delayed on account of these defects, the Member, P. & T. Board stated: "They were required to supply against the order for 15 towers (light weight) by 1971-72; they supplied only five towers in that year and they supplied ten more towers (light weight) during 1972-73. The heavy weight towers were also required to be supplied in 1972, but 11 of them were supplied in 1972-73." The witness added: "In regard to heavy weight towers, the design was supplied to them by us which we got from Roorkee. They had to make a detailed production drawing for them and they had to get the material for making the product and then supply the prototype for testing. The heavy weight towers were cleared in February, 1973."

1.189. According to Audit, the Department stated in January, 1973 that delay in supply of tower materials was not solely responsible for delay in commissioning of the projects as other matching equipments and materials like Antennas, wave guides etc. were also in short supply. The Committee asked the reasons for not procuring

this matching equipment in time. The Member, P. & T. Board stated: "The main equipment for this micro-wave system is the Micro-wave radio equipment and the carrier equipment to provide channels and all that; the Antenna and the wave guides etc. These are the main components that go into it and with regard to production, we have, by and large, gone in for indigenous production and we are trying to make them in the Indian Telephone Industries. We have succeeded in respect of a few. We are still trying a few other designs of higher capacity systems. The time difference between these two has resulted in the fact that the supply of the towers — themselves have not held up the project."

1.190. The position regarding commissioning of the 8 projects was given to Committee.

S. No	Names of the scheme	Anticipate date of Com- missioning	Actual date of Comm- issioning/ likely date of Commis- sioning
1.	Patna-Muzaffarpur	1971-72	21.6.72
2.	Cuttack-Bhubaneshtar	1971-72	5.8.72
3.	Hyderabad-Warangal	1971-72	7.3.73
4.	Alleppey-Kottayam	1971-72	28.3.73
5.	Raikot-Bhui	1971-72	25.8.73
6.	Calcutta-Assam (Shillong-Agartala)	1971-72	1974-75
7.	Delhi-Jullundur	1973-74	1977-78
8.	Gandhinagar	1971-72	30.4.73

1.191. In a written reply, the Ministry stated: "The Commissioning of the projects in question was not dependent on the supply of towers alone, but it was also dependent upon supply of the various matching equipments, including radio equipments, multiplex equipments, power plant, batteries, antennae waveguides and testing instruments etc. The non-commissioning of the microwave projects has not been due to delay in supply of towers alone but has been due to non-availability of the various matching materials. Even if the towers had been supplied in time as per the original indications of TSL, it would not have been possible to commission the projects for want of other matching materials. Therefore, it would not be correct to say that there has been potential loss of revenue on account of non-commissioning of the various microwave projects for want of availability of tower materials."



1.192. The Committee asked if there was still any shortage of the matching equipment or the requirements were met, the Secretary, Communications stated: "As far as the antennae and wave guides are concerned, we are still in short supply. We have to import these things as nobody makes them in the country. The Atomic Energy Commission wanted to make them in the ECIL Factory in Hyderabad. They have started developing it. We also want to make this equipment, close to Delhi, in Ghaziabad. This is going to be a very small unit for making antennae. We have to import the wave guides for some time, because, there is absolutely no manufacturer who is intending to manufacture these wave guides. As far as micro wave equipment is concerned, we have no difficulty for narrow band micro wave equipment. With regard to broad band micro wave equipment, we have just designed and commissioned one between Poona and Hyderabad. There have been some teething troubles in that. We are trying to overcome them."

1.193. The Committee desired to know if there was a penalty-clause in the contract with Triveni Structural Ltd., the Secretary, Communications stated: "There was no penalty clause as such, but about two months ago, TSL came up to us and said that they wanted the advance to be enhanced. So we have agreed to enhance the advance given, and they on their part have agreed to give one per cent reduction in the cost of the towers supplied beyond a particular date. This may be taken as a penalty clause."

1.194. Referring to the performance Triveni Structural Ltd., the Secretary, Communications stated: "Briefly, we are not satisfied with this but we are only continuing with TSL in the hope that we will establish a good source of supply of towers." He added: "Actually we could expedite the work. For example, if we get the towers, we can do all the tower installation, and antennae installation and wait for the equipment in which case the time taken for the commissioning is shortened." We further added: "As far as the commitment of Triveni Structural is concerned, they are supplying the towers for which we have placed orders on them. Next year, the position is going to be difficult unless Triveni Structural enhance their production. They have to give something like 3500 tonnes at least." About manufacturing towers at Jabalpur, the witness stated: "In Jabalpur, the year before last, we made about 250 tonnes of microwave tower material. Last year, we made about 780 or 800 tonnes. This year, we are to make 3000 tonnes. This year, we are trying to make 3000 tonnes. We may just reach the target or we may be a little short of the target."

1.195. Asked if the capacity of the Undertaking was checked before placing orders, the Secretary, Communications stated: "We had

asked what their capacity was. They were making towers for AIR—the Bombay tower was fabricated by them. They said their capacity was 3,000 tonnes. We have tried to persuade them to increase it, but apparently there seems to be some difficulty regarding galvanising and other things. They have not so far committed themselves." Asked whether the Department supplied steel to the TSL for this purpose, the Secretary, Communications stated: "They have to get it on their own." He added: "When they came here two months ago for a discussion, they said they were not getting all sections of steel; they were getting plenty of a few sections, but not a few others thus holding up the entire work."

1.196. In a written reply, the P. & T. Board stated: "The actual order placed by P. & T. on TSL consists of 168 number of towers, a weight of 8,300 metric tonnes approximately. As per conditions of Contract M/s. TSL are making direct arrangements for procurement of steel and have not asked P. & T. to sponsor any of their indents for supply of steel. P. & T. is therefore, not actually aware as to the method of Procurement of steel by M/s. TSL and as to whether the steel has been procured by them against any particular contract."

1.197. The Committee are not satisfied with the progress made by Triveni Structural Ltd. with the supply of steel towers to the P. & T. Department required for microwave project in spite of an ad hoc advance paid to them. According to the information given to the Committee, 168 towers had been ordered by the Department for supply by March, 1974. Out of these the undertaking was able to supply no more than 71 towers, 26 complete and 45 without certain components. Some of the towers supplied to the Department had defects such as loose nuts and bolts which were removed by the Undertaking by changing plates. Now that the initial difficulties regarding designing the towers are settled, the Committee hope that Triveni Structural Ltd. will step up the production and supply the remaining towers expeditiously, in order to help the P. & T. Department to go ahead with their programme of installation and shorten the time taken for commissioning the microwave stations. The Committee were given to understand by the Department that unless Triveni Structural Ltd. enhance their rate of production the position was going to be difficult. The Committee would like Government to examine in consultation with Triveni Structural Ltd. whether the latter's failure to achieve an adequate rate of production is due to unsatisfactory supplies of steel and if so, take necessary steps to overcome them. The Committee would like to be informed about the progress made in supply of the remaining towers.

1.198. The Committee note that the P. & T. Department are making efforts to locate other sources of supply for towers. The Committee would like the Department to intensify their efforts.

1.199. The Committee note that the commissioning of microwave stations is dependent on availability of matching imported equipment especially antenna and wave guides of which there is short supply. The Department of Atomic Energy are developing antenna for production but no manufacturer has yet been found who is ready to manufacture wave guides. The Committee desire that the Department should continue their efforts to locate manufacturers for this equipment so as to achieve self-reliance at the earliest.

### PURCHASE OF MOILED CORDS

#### Audit Paragraph

1.200. (a) A tender enquiry was issued in June, 1969 for purchase of coiled cords. Four firms quoted; the lowest acceptable offers were of firms 'A' and 'B' as shown below:—

Store	Rate per unit excluding sales tax	
	A	B
3-Way coiled cord with 2-way straight cord assembly	9.36	8.50
4-Way coiled cord with 2-way straight cord assembly	10.76	9.75
3-Way coiled cord	5.61	7.25
4-Way coiled cord	6.99	8.25

The departmental stores purchase committee recommended that the order should be divided equally between the two firms, although the rates of firm 'B' were cheaper for the first two items and higher for the other two. No reason was assigned for such recommendation. Accordingly, orders were placed (August, 1969) on the two firms for 30,000 numbers each of the first item, 18,000 numbers each of the first item, 18,000 numbers each of the second and third items and 15,000 numbers each of the fourth item. The delivery period was fixed as June, 1970 it was extended upto September, 1970 for firm 'A' and upto August, 1971 for firm 'B'. Had the department placed orders for the full quantity of each item on the firm which was cheaper, about Ra. 0.92 lakh could have been saved.

(b) At about the same time (August, 1969) after the tenders mentioned in sub-paragraph (a) above were opened and considered the Department placed an order on Indian Telephone Industries

Limited for supply of 20,000 coiled cords of the first type and 20,000 of the third type mentioned above. The undertaking, however, supplied 39,966 coiled cords of the first type only between November, 1969 and April, 1971 as an average rate of Rs. 12.46 each. Computed on the basis of the rate (Rs. 6.50) of firm 'B' for the first item, the extra expenditure incurred was about Rs. 1.58 lakhs.

[Paragraph 23 of the Report of C. & A.G. of India, for the year 1971-72, Union Government, (Posts and Telegraphs)]

1.201. The Committee desired to know why no reasons were recorded by the Departmental Stores Purchase Committee in support of their recommendation for dividing the order equally between firms 'A' and 'B'. In a written reply, the P. & T. Board stated: "There is nothing on record to indicate the reasons which led the SPC to come to the decision referred to. In the absence of any such record it is not possible to state as to why the SPC did not record any reasons in support of their recommendations. Instructions have, however, been issued for reasons to be recorded by the SPC when they have to depart from accepted principles or procedures of purchases."

1.202. The Committee asked why the Chief Controller (who was a member of the Purchase Committee) did not satisfy himself about economy of the deal before placing the order. In their reply the P. & T. Board stated that the Chief Controller of Telegraph Stores, Calcutta acted on the recommendations of the SPC under the impression that recommendations of the SPC were binding on him.

1.203. In the second case, according to Audit, the order on Indian Telephone Industries Ltd. was placed on 9th August, 1969, i.e., after the lower rates offered by firms 'A' and 'B' had become known. The P. & T. Board stated in January, 1973 that the matter regarding purchase of cords from Indian Telephone Industries had been under correspondence from 1967-68 and as the latter had accordingly taken procurement action, the Department had to honour the commitment already made. The Committee asks if the Department ascertained the market rates of these stores before undertaking correspondence with Indian Telephone Industries and whether there was any urgent need for purchasing the store from Indian Telephone Industries Ltd. The P. & T. Board stated in a written reply: "The matter of procurement of coiled cords through ITI had been under correspondence between the P. & T. and ITI since December, 1967. Telephone instruments were being supplied by the ITI with coiled cords. For maintenance of these instruments, spare coiled cords were required. There was no other known source for supply of coiled cords to the department except the ITI. They had specification for these. It

was, therefore, thought best to procure the spare coiled cords as well through ITI. The rates at which these spare coiled cords would be supplied to the P. & T. were not known but it was presumed that ITI's rates would be quite reasonable as compared to the market rates. The purchases from ITI are not based on competitive rates but according to a pricing agreement between P. & T. and ITI.

ITI had on its own taken procurement action much earlier than the placement of orders, i.e., 9th August, 1969 when a formal order was placed. The coiled cords were procured through firms 'A' and 'B' in response to a tender enquiry issued in June, 1969 only, the formal orders having been placed on these firms on 27th August, 1969 and 29th August, 1969 respectively. The annual demand for these coiled cords were of the order of 3 lac numbers. The order placed on the two firms referred to in the Audit para accounted only for 1.62 lacs. Therefore, there was still a need for supplies from I.T.I."

1.204. The Committee are surprised that the Departmental Stores Purchase Committee did not record any reasons in this case for dividing the order for coiled cords of 4 types between the two firms 'A' and 'B' (The rates of firm 'B' were cheaper for the first two items and higher for the other two). The Committee find that necessary instructions have been issued by the Department for reasons to be recorded by the Stores Purchase Committee when they have to depart from accepted principles of procedures of purchases. The Committee hope that it will be ensured that the instructions are invariably followed.

1.205. The Committee find that the delivery period fixed as June 1970 was extended to August, 1971 for firm 'B'. The Committee desire that the reasons for this may be examined and outcome intimated to them.

1.206. The Committee note that the coiled cords of the first type were supplied by the Indian Telephone Industries between November, 1969 and April, 1971 at an average rate of Rs. 12.46 each as against the rate of Rs. 8.50 of firm 'B' which resulted in an extra expenditure of about Rs. 1.58 lakhs. The Committee were informed that the purchase from I.T.I. were not based on a competitive-rates but according to the pricing agreement between the P. & T. and I.T.I. The Committee suggest that the Department should ascertain market rates of stores before finalising agreements with the I.T.I. so as to procure stores at competitive and reasonable prices from them.

## PROCUREMENT OF STORES

### *Audit Paragraph*

1.207. Bracket attachments TPN 8 inches were used at transposition points of C 8 lines (trunk alignment) with 8 inches wire spacing. These were used in conjunction with transposition stalks (6-1/4 inches×15|16 inches) and telegraph stalks (5|8 inches). Transposition stalks (6-1/4 inches×15|16 inches) were declared obsolete in March, 1962. The wire spacing on C8 lines was also changed from 8 inches to 6 inches in January, 1964 according to a new design with the result that bracket attachments TPN 8 inches were no longer required in the new type of transposition scheme. Nevertheless, the Department placed indent for 2,00,000 bracket attachments in October, 1962 and 3,00,000 in June, 1963 on the Director General, Supplies and Disposals. Orders for supply were placed by the Supply organisation on four firms in April, 1963 and November, 1964 and the stores were purchased between April, 1963 and December, 1965 after repeated extensions of the delivery period. The cost of purchase was about Rs. 24.32 lakhs. At no stage of procurement the usefulness of the store in the changed transposition scheme was examined. The Department ultimately decided (December, 1969) to scrap the attachments after retaining a reserve stock of 40,000. One lakh ninety-one thousand six-hundred and thirty-one bracket attachments (Rs. 9.69 lakhs) excluding the reserve stock are awaiting disposal (March, 1972).

The Department stated (January, 1973) that the offtake of these bracket attachments was less than expectation due, amongst others, to developments in transmission technique.

[Paragraph 24 of the Report of C. & A.G. of India, for the year 1971-72, Union Government, (Posts and Telegraphs)].

1.208. The Committee desired to know whether the Department had made any review of the stock position and the future requirements of these stores in March, 1962 when transposition stalks were declared obsolete and in 1964 when the transposition scheme was changed and whether the fact that off-take of the stores would be less because of obsolescence of the transposition stalks was kept in view while placing indents in October, 1962 and June, 1963. In their written reply, the P. & T. Board stated: "The position of stock (brackets and attachments) would have been reviewed and obsolescence of transposition stalks in March, 1962 and change in the transposition scheme in January, 1964 would have been kept in view in the normal course on both the occasions. However, it is not possible to corroborate this for want of old records pertaining to that

period which are not available now. It may, however, be mentioned that after the Sino-Indian conflict, there was a spurt in the line construction works especially on the border areas where the demand would have gone up."

1.209. It is understood from Audit that the delivery date was extended four times for the first firm, twice for the second, thrice for the third and twice for the fourth firm between April, 1964 and December, 1965 by which time the new transposition scheme had come into vogue. It was asked whether the department was consulted by the Director General, Supplies and Disposals before extending the delivery dates and if so, the reason why the Department did not suggest cancellation/reduction of the incomplete orders in view of the fact that the transposition scheme had changed meanwhile and the bracket attachments could not be used in new works. The P. & T. Board in their reply stated that from the records available, it is seen that the delivery dates were extended by the DGS & D from time to time without consulting the P. & T. Department.

1.210. The Committee desired to know how the Department proposed to dispose of the stock awaiting disposal. The Department informed as under:

"Alternative uses of bracket attachments are under consideration. As soon as a final decision is taken, the stock of bracket attachments would be utilised."

1.211. It is understood from Audit that the Department stated in January, 1973 that apart from developments in transmission technique, recovery of stores from dismantlement works had contributed to the accumulation of the stock and that further investigation in the case was in progress. The Department was asked to state the present position. In a written reply the Department stated: "It is seen that the recovery of stores from dismantlement has contributed, to a large extent, to the accumulation. If there were no recovered stores, the stocks of the two types of BATs procured through the Director General, Supplies and Disposal would have been fully utilised."

1.212. The Committee regret that in this case, the Department procured excessive quantity of stores (Bracket attachments TPN 8 inches) at a time when the transposition scheme where these could be used was in the process of being changed. The transposition stalks were declared obsolete in March, 1962 and the transposition scheme was changed in January, 1964. An indent for 2 lakh bracket attachments was placed on the DGS & D in October, 1962 and for 3 lakh numbers in June, 1963 (after obsolescence of transposition stalks).

As the old records are not available, the Department are unable to corroborate whether the position of stock of the stores and future requirements were reviewed at the time of placing the indents.

1.213. The DGS & D placed orders for the stores in April, 1963 and November, 1964 on four firms. The DGS & D extended the date of delivery four times for the first firm, twice for the second, thrice for the third and twice for the fourth firm between April, 1964 and December, 1965, by which time the new scheme had come in vogue. But no action was taken by the Department to cancel or reduce the order. The Committee are not satisfied with the Department's explanation that the delivery dates were extended by the DGS & D without consulting them. After the old scheme was changed, it was the duty of the officers to review the position of outstanding indents, and advise the DGS & D to cancel or reduce the orders. The failure of the Department is regrettable. The Committee desire that responsibility should be fixed for the failure.

1.214. The net result of the failure is that the Department is burdened with about 2 lakh numbers of unwanted stores valuing Rs. 9.69 lakhs. The alternative uses of the stores are under examination of the Department. The Committee would like to know about the utilisation/disposal of the surplus stores.

#### NON-RECOVERY OF SERVICE TAXES CHARGES FROM EMPLOYEES

##### *Audit Paragraph*

1.215. According to departmental rules, service taxes charges paid to the local authority by the department for water, electricity, street lighting, drainage and scavenging, etc., should, in so far as they relate to residential colonies owned by the department, be recovered from the occupants of the quarters on pro rata basis. Rupees 4.51 lakhs were paid by the Department to the Municipal Corporation of Madras between March 1968 and May 1972 as service taxes charges for staff colonies and quarters under the control of the General Manager, Telephones, and the Postmaster General, Madras, for the period 1958-59 to 1971-72, but no action was taken to fix the amount to be recovered from the occupants and effect recoveries. The irregularity was pointed out by Audit in December, 1969 and May, 1970.

In April, 1971 the Postmaster General, Madras, issued orders fixing the rate at which service charges should be recovered from the occupants of the quarters under his control and for effecting recoveries of current dues from April, 1971; but those orders were not implemented because of protests from the occupants and the service unions



(the protests were on the ground that the service charges were high and should be kept at a fair level). The matter has been under consideration of the Posts and Telegraphs Board since then, but no decision has been taken. For the quarters under the control of the General Manager, Telephones, Madras no orders for recovery have so far been issued.

The paragraph was sent to the Posts and Telegraphs Board on 9th October 1972; reply is awaited (15th January 1973).

[Paragraph 26 of the Report of the C & A. G. of India for the year 1971-72— Union Government (Posts and Telegraphs)]

1.216. The Committee desired to know the reasons for delay in issuing orders by the PMG for recovery of service charges from the occupants of the quarters. The Senior Member, P&T Board stated: "The quarters were put up in 1964-65. The method of assessment of the recovery was not decided by Government at that time. The clarification on how much the Department to pay to the Corporation was given in 1967. The demand from the Corporation came to Department in 1967 September. P&T had to verify the demand. There was some discrepancy. The amount was paid in 1968 March. The PMG overlooked the fact that recovery is to be made from occupants of the quarters. This came to notice only when Audit pointed it out in December 1969. PMG took it up with P&T Directorate and Civil Wing to find out how the apportionment of service charges were to be made from different types of quarters and from different persons. He had to collect data. By April 1971 this was done."

1.217. The Committee asked the position regarding the final decision on the rates of recovery. The Senior Member, P&T Board stated: "There is a decision required on the percentage of the service charge which had to be recovered from the occupants in different States and different cities." The Senior Member (Finance) Stated: "An informal enquiry shows that at least in Calcutta and Bombay, recoveries are being effected on a percentage basis. In Calcutta 1 per cent of the salary is being recovered and in Bombay 1.5 per cent at the lower levels and 1.7 per cent at the higher level. For that we have not got any reports. Even in Madras the trouble arose because the service charge had a number of elements. According to our Departmental order only two elements viz., water and electricity were to be charged whereas from the employees above the pay of Ra. 350 everything which Government was contributing was to be charged." He added: "The Ministry of Works and Housing handles it. We are after them."

1.218. The Committee asked why there was no uniform procedure at various places. The witness stated: "The reason is till 1967 there was a lot of confusion, what was to be done and what was not to be

done. For the first time in 1967 in a circular the Ministry explained to the States what should be the basis for the service charges. Under the Constitution the Central Government properties are not liable to tax. What was decided earlier was that in respect of some services, since the Corporations were supplying those services to various colonies, some portion of the property tax could be passed on to the Central Government. So far as recoveries from employees are concerned, there were earlier orders that it was open to competent authorities who were recovering rent to fix in each place the portion of this service charge which ought to be recovered directly from the employees. That is why we find, in different places, different formulas are being adopted."

1.219. The orders issued by the PMG in this case laid down the following rates of recovery of the charges:

- |  |                        |
|--|------------------------|
| 1. Occupants of Type I quarters whose pay is less than Rs. 350 per month.  | Rs. 1.40<br>per month  |
| 2. Occupants of Type II quarters whose pay is less than Rs. 350 per month. | Rs. 2.50<br>per month  |
| 3. Occupants of Type II quarters whose pay is above Rs. 350 per month.     | Rs. 21.00<br>per month |

The Committee asked about the rationale of the rates of recovery of service charges from occupants whose pay was above Rs. 350 per month was Rs. 21 per month, while in case of those drawing less than Rs. 350 per month it was Rs. 2.50 per month. The Senior Member, Finance stated: "This is really the anomaly. The earlier Departmental orders were not quite in accordance with the general policy. We are trying to sort this out."

1.220. Asked whether there would not be delay in issue of no demand certificate to retiring employees, the Senior Member, Finance stated: "At the moment no recoveries are being effected. We will certainly keep this aspect in mind. If they are retiring their pension is not held up."

1.221. At the instance of the Committee, the Ministry of Communications (P&T Board) forwarded the following position regarding:

availability of (Departmental and Rented) for the P&T employees:—

S. No.	Circle/District	Staff strength	No. of Quarters			Percentage of quarters
			Departmental	Rented	Total	
<b>I. Circle</b>						
1.	Anhra	19,084	336	1776	2112	11.6
2.	Assam	14,824	911	508	1419	9.56
3.	Bihar	21,924	978	1120	2098	9.5
4.	Gujarat	17,257	103	1022	1125	6.5
5.	Jammu & Kashmir	2,687	50	..	50	2.2
6.	Kerala	17,532	169	659	827	4.6
7.	Madhya Pradesh	14,360	760	603	1364	9.5
8.	Maharashtra	26,603	837	120	957	3.5
9.	Mysore	13,006	246	1104	1350	9.6
10.	Orissa	10,673	476	497	973	8.7
11.	Punjab	22,343	1731	633	2364	10.4
12.	Rajasthan	13,387	193	550	743	7.00
13.	Tamil Nadu	31,606	303	1580	1973	6.2
14.	Uttar Pradesh	..	Not indicated	..	..	..
15.	West Bengal	28,951	713	988	1701	5.0
<b>II. District</b>						
1.	Ahmedabad	4,808	188	36	224	3.5
2.	Bangalore	6,232	36	..	36	.5
3.	Bombay	27,937	1091	12	1103	4.03
4.	Calcutta	24,645	312	3	315	2.5
5.	Delhi	22,645	2748	10	2758	10.2
6.	Hyderabad	5,401	338	..	338	6.2
7.	Madras	14,146	387	..	387	2.7
8.	Poona	3,821	224	35	259	6.0
9.	Patna	971	41	..	41	4.0
10.	Kanpur	3,237	153	..	153	4.5
11.	Jaipur	750	42	..	42	5.0

1.222. The Committee note that there has been delay in the recovery of service charges from the occupants of quarters which have been paid by the Department of P & T to the Municipal Corporation, Madras from March, 1968 onwards. The orders issued by the Postmaster General, Madras, provided for a recovery at the rate of Rs. 2.50 p.m. from the employees whose pay was less than Rs. 350/- and at the rate of Rs. 21.00 p.m. from those occupying the same type of quarters whose pay was above Rs. 350/-. These orders have since been held in abeyance. The Committee desire that early decision should be taken to fix charges recoverable from the occupants which should be fair to all.

1.223. From the information given to them the Committee find that the percentage of quarters to the staff strength in some Circles/Districts is much too low particularly in Bangalore District (.5 per cent), Calcutta District (2.5 per cent), Madras District (2.7 per cent), Jammu and Kashmir Circle (2.2 per cent), and Maharashtra Circle (3.1 per cent). The Committee are very anxious that adequate number of quarters should be available to the employees in the various Circles/Districts as early as possible, within a definite target date. The Committee would like to be informed of the detailed plan drawn up to increase the number of quarters for P & T staff, particularly in the lower income group.

NEW DELHI;  
April 15, 1974.

Chaitra 25, 1896 (S)

JYOTIRMOY BOSU,  
Chairman,  
Public Accounts Committee.

## APPENDIX I

(Referred to in paragraph 6)

**(a) Year-wise analysis of telephone revenue in arrears on 1st July, 1972 for bills issued upto 31st March, 1972**

Year	Amount (lakhs of rupees)
1946-47 to 1961-62	19.98
1962-63	8.19
1963-64	12.75
1964-65	14.19
1965-66	14.88
1966-67	20.18
1967-68	30.61
1968-69	40.68
1969-70	51.07
1970-71	98.72
1971-72	381.24
<b>TOTAL</b>	<b>692.49</b>

**(b) Year-wise analysis of telephone revenue written off during 1971-72**

Year	Amount (lakhs of rupees)
1	2
Upto 1966-67	4.84
1967-68	0.99

1	2
1968-69	1.30
1969-70	1.18
1970-71	0.85
1971-72	6.12
TOTAL	16.07

## APPENDIX II

(Referred to in paragraph 7)

**Year-wise analysis of arrears of rent of telegraph, telephone and teleprinter circuits and telex/intelex charges as on 1st July, 1972 for bills issued upto 31st March, 1972**

(Lakhs of rupees)

Year	Rent of telegraph, telephone and teleprinter circuits	Telex and intelex charges	Total
1966-67	4.73	0.06	4.7
1967-68	6.02	0.10	6.12
1968-69	10.74	0.13	10.87
1969-70	29.15	0.14	29.29
1970-71	21.42	1.01	22.43
1971-72	171.63	11.20	182.83
<b>Total</b>	<b>243.74</b>	<b>12.64</b>	<b>256.38</b>

Note - The above figures do not include arrears of Mathura, Prayagrah and Raigarh circles and Panna Telephone District.

### APPENDIX III

#### Summary of main Conclusions|Recommendations

S. No.	Para No.	Ministry/Department concerned	Conclusion Recommendation.
(1)	(2)	(3)	(4)

1	1.5	P&T	
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The Committee note that the arrears of telephone revenue increased from Rs. 6.28 crores as on 1st July, 1971 to Rs. 6.92 crores on 1st July, 1972. The position of arrears for the period upto 1971-72 was Rs. 3.90 crores as on 1st April, 1973. During the period from 1st July, 1972 to 1st April, 1973 while the arrears for the year 1971-72 were brought down from Rs. 3.81 crores to Rs. 1.48 crores, those relating to the period upto 1970-71 came down from Rs. 3.11 crores to Rs. 2.44 crores. The Committee have been informed that a special drive has been started with effect from 1st January, 1972 for clearing arrears for the years upto 1970-71 with greater emphasis on the liquidation of arrears in respect of the bills issued upto 31st March, 1968. As a result of this drive, the arrears upto 1970-71 have been brought down to Rs. 2.44 crores as on 1-4-1973 from Rs. 3.58 crores as on 1-4-1972. While this is encouraging, the Committee desire that a close watch should continue to be kept by the P. & T. Board on the arrears for the period prior to 31st March 1968 which stand at Rs. 98.81 lakhs as on 1st April, 1973. The Committee hope that the arrears for the period between April 1968 to March 1972 will also be recovered expeditiously.



2 16 do-

The Committee are dissatisfied to see that Government subscribers continue to account for substantial amount of arrears of telephone revenues. Out of the total arrears of Rs. 6.92 crores outstanding as on 1st July, 1972, Rs. 2.38 crores were outstanding against Government Departments. The Committee desire that the Department should examine what further steps are necessary to avoid accumulation of arrears in respect of the Government Departments.

3 17 do-

The Committee take a serious note of the short recoveries as well as failure to issue bills by the Department. Short recoveries of Rs. 4.80 lakhs and failure to issue bills for Rs. 5.31 lakhs were brought to the notice of the Department by Audit during the year 1971-72. In reply to a recommendation made by the Committee in paragraphs 2.19-2.21 of their 40th Report (1968-69), the Department had stated that the billing and accounting procedure are being studied by a committee. The Committee would like to be informed about the outcome of the study and action taken to remedy the defects. The Committee cannot over-emphasise the need for thorough checking of the bills and taking action against the persons responsible for short recoveries and failure to issue bills.

4 18 do-

The Committee regret to note that during 1971-72 arrears amounting to as much as Rs. 3.17 lakhs had to be written off as the relevant departmental files were not available. The Committee take a serious view of loss of papers in respect of pending bills and stress that the Department should take action against the persons responsible for this lapse.

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5	1.18	P&T
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The Committee feel concerned over heavy arrears of rent of tele-gram, telephone and tele-printer circuits. For the bills issued upto 31st March, 1972, collection of rent amounting to Rs. 250.19 lakhs was in arrears as on 1st July, 1972. The Committee understand that despite specific provision having been made in the rules for withdrawal of the circuits due to default in payment with effect from 30th June, 1969, instance of non-observance of this came to notice. The Department therefore issued instructions on 20th March, 1971 and 30th March, 1971 laying down the procedure for withdrawal of circuits in case of default in payment. The Committee desire that the Department should ensure that these instructions are observed by the local authorities and that no laxity is tolerated.

6	1.18	-do-
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While the Committee note that arrears in respect of the bills issued upto 31st March 1972 were brought down to Rs. 108.64 lakhs as on 1-4-1973, they feel that progress in clearance of old arrears is slow. The Committee would like the Department to make vigorous efforts to recover the old arrears. The Committee hope that as a result of introduction of a special procedure in December, 1972 for recovery of arrears due from the Defence authorities, the realisation will substantially improve.

7	1.17	-do-
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The Committee feel concerned over the arrears of royalty amounting to Rs. 37.90 lakhs recoverable from certain State Electricity Boards

til April, 1971 in respect of power line carrier communication system established by the Boards for their own use. A part of the arrears relate to the period as early as 1953. Only a negligible amount of Rs. 0.62 lakh has been recovered so far.

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The Committee are disturbed to find that although the Ministry of Law resolved the dispute in December, 1969 that royalty was payable to the P & T Department under the Telegraph Act for such lines, some of the State Electricity Boards have again challenged the Department's right to recover the royalty. The Committee suggest that this dispute should be resolved with the State Governments concerned by discussion at a high level. The Committee would like to be informed of the precise progress made in recovering the outstanding amount.

1.45

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The Committee note with concern that as on 1st July, 1973, 13 telephone exchanges which have qualified for introduction of metering were still without measured rate system. These include two out of 21 exchanges which were reported to the Committee as outstanding in 1970. According to the Department it has not been possible to introduce metering system in remaining exchanges due to non-availability of metering equipment and for want of certain modifications. The Committee understand that 3 of the 13 exchanges have been metered and the remaining are programmed to be metered during 1973-74. Even this date is unlikely to be adhered to. Therefore, the Committee cannot help concluding that necessary steps are

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not being taken with the expedition called for to introduce metering system in the remaining exchanges.

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-P&T

The Committee are unhappy that in the three exchanges in Orissa Circle (Sambalpur, Puri and Balasore), there was delay of several years in introduction of measured rate system even after the meters were made available. This resulted in an estimated loss of revenue of Rs. 2.51 lakhs. The Committee regret that the lack of planning and series of lapses that have led to the delay indicate incredible administrative inefficiency and surprising disregard of public interest. This will be evident from the following:

(i) In Sambalpur exchange meter testers were indented only after receipt of meters and these were received after two years. There was delay of 21 months in testing the meters after the installation and thereafter further delay took place in removing the defects. Further no meters were included in the original estimates for two satellite exchanges in Hirakud and Burla and these were planned after 5-6 years of receipt of meters for the main exchange. Action has been initiated against the officers for certain lapses. But lack of planning and non-inclusion in original estimates of meter testers for the Sambalpur exchange and meters for Burla and Hirakud exchanges in the original estimates have been attributed to organisational weakness. To remedy this a Planning Cell has been created

in each Circle. The Committee regard this lack of planning as a serious lapse and suggest that responsibility should be fixed for this also.

(ii) In the case of Puri exchange there was delay of 3 years in the supply of meter testers. The relevant records are not available to establish the non-availability of meters with the suppliers (CTS Bombay and ITI). The Committee consider this to be serious and desire that the necessary files should be traced and responsibility fixed on officers concerned for the delay in supply. The installation of meters was delayed by one year and their testing by another year. The explanation of the Department that no staff was available for one year to test the meters is thoroughly unsatisfactory and unacceptable and needs further investigation with a view to fixing responsibility.

(iii) In the Balasore exchange there was delay of three years in procurement of a rack (not a complex instrument) costing Rs. 375 only, which held up installation of the meters.

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The Committee would like to be informed about the action taken against the officers concerned for the various lapses mentioned above. It should also be examined whether there have been any malpractices in these cases. The result of the inquiry carried out should be reported to the Committee.

12 1.48

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The Committee note that the Department has created a Planning Cell under the Divisional Engineer Planning in each Circle to

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			<p>enable the Circle Office to monitor the works sanctioned and executed by subordinate offices. Action has also been initiated by the Work Study Unit for formulating standards for carrying out minor works in Circles and Divisions. The Committee desire that the P &amp; T Department should review the working of the Cells after some time and on the basis of the findings of the Work Study Unit take further remedial steps to ensure proper execution of minor works.</p>
13	1.49	P&T	<p>The Committee understand that in certain exchanges where meters have been installed the average calling rate per subscriber is low. The Committee desire that the Department should investigate the reasons for the average rate being low in some exchanges, particularly large exchanges, with a view to ensuring that there is no mal-practice in metering the calls.</p>
14	1.67	-do-	<p>The Committee are displeased with the chaotic state of store accounting in three Telegraph Engineering Divisions of Orissa Circle. Out of 56 works of replacement, reconstruction and dismantlement of over-head lines and wires carried out between 1960-61 and 1969-70, in as many as 51 works, no account was available of copper wires and other stores recovered. It is distressing to find that an irregularity of this nature continued for 10 years without being detected until pointed out by Audit. Even after this state of affairs was brought to the notice of the Department by Audit, the Post-Master</p>

General of the Circle failed to trace the credits of recovered stores. Ultimately a study team had to be deputed by the P & T Board for investigation into the matter, and they were able to settle the credits in about two weeks time. This indicates that no serious attempt was made by the Post-Master General to investigate the matter. The evidence clearly establishes that the Post-Master General failed to take the matter of credits seriously, and he should be called upon to give his explanation. The Committee have been informed that the question of fixing responsibility for non-maintenance of proper accounts is under correspondence with the Post-Master General. The Committee take a serious note of non-maintenance of proper accounts over a long period of ten years. The Committee stress that expeditious action should be taken to fix responsibility of the persons concerned and also of the higher officers for allowing this unsatisfactory state of affairs to continue for such a long time. The Committee would like to be informed about the action taken against the officers concerned.

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15 1 68

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The Committee find that as a result of investigation of the study team credits for stores worth about Rs. 10.39 lakhs have been traced and it has been found that works worth Rs. 6.3 lakhs had not been carried out and stores worth Rs. 2.35 lakhs had already been stolen from the lines. The Committee are surprised why after receipt of the Audit para, the Department did not even care to inform Audit about the theft of copper wire. They would like the Department to investigate when exactly the theft was noticed and what action was taken immediately thereafter. The Committee has been informed

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that credits of Rs. 10.39 lakhs traced by the Study Team are being further verified. The Committee desire that this should be done expeditiously and reported to them.

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P&T

The Committee were given to understand that copper wire recovered was valued at the rate of Rs. 12 per kg. for the purpose of giving credit to works as against the MMTC price of Rs. 19 per kg. The Committee suggest that the method of valuation should be examined and particular care should be taken to see that copper wire is not sold below market rate. As copper is becoming costlier and scarcer, the Committee suggest that the Department should have arrangements for melting old and unserviceable copper wire rather than disposing it of.

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1.70

-Jo-

The Committee feel concerned that inspite of the efforts made by the Department with State Governments to prevent thefts of copper wire on the lines, pilferage of copper wire continues to be wide-spread. The loss of copper wire was Rs. 1.6 crores in 1969-70, Rs. 2.89 crores in 1970-71 and Rs. 2.1 crores in 1971-72. The Committee desire that the question of setting up a special cell by the State Governments to prevent thefts of copper wire should be vigorously pursued. The Committee further suggest that this problem should be studied in depth to identify the *modus operandi* of thefts and the Sections vulnerable to thefts. In the light of this study, the State

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Governments may be advised to take necessary remedial measures particularly intensification of patrolling the vulnerable Sections. The Department should also ensure that the cases of theft are promptly reported to the police and necessary follow up action is taken so that the culprits are apprehended and prosecuted. The Committee are of the view that theft of copper wire should attract more deterrent punishment. If necessary, the Indian Telegraph Act should be amended. The Committee also suggest that the Government should examine how public cooperation can be enlisted in preventing thefts of copper wire.

18 1 71 -Jo-

The Committee were informed that production of copper weld wire by the Hindustan Cables Ltd. was expected from September, 1973. The Committee hope that this will quicken the pace of replacement of copper wire.

19 1 79 -Jo-

The Committee regret to note that it took 3 years to screen and dispose of unserviceable stores recovered from dismantled overhead alignment consequent on electrification of Howrah-Durgapur section. Unserviceable stores valued at Rs. 6.46 lakhs were suggested by the P & T Directorate in August, 1966 to be screened by the Circle Stores Scrapping Committee as required under departmental instructions of 1965. But the matter remained under correspondence between the Postmaster General and the P & T Directorate for two years and a screening committee was ultimately constituted in May-June, 1968. It is amazing that it should have taken as long as two years to interpret the departmental instructions? The Committee

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desire that the departmental instructions should be precise and unambiguous so as to preclude delays of this nature.

20 1 80	P&T	The Committee regret that due to delay of 3 years in the disposal of unserviceable stores there was avoidable expenditure of Rs. 3,750 on account of the rent of the store dump and Rs. 58,000 on chowkidars.
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21 1 96	-do-	The Committee are dissatisfied with the manner in which the project of shifting of a wireless receiving station from an unsuitable place to a new site has been processed. It was decided in 1955 to shift the station from Malabar Hills Bombay to a suitable site but due to delays of one kind or another and lack of proper planning, the object of improving the wireless reception services and the newcast by setting up the new station remains a paper scheme even after a lapse of about 18 years.
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22 1 97	-do-	<p>The unsatisfactory features of the case are listed below:</p> <p>(i) The decision to shift the station to a suitable site was taken in 1955 but the site was selected only in 1959. Action to acquire the land was initiated in 1960 but the acquisition proceedings were completed only in February, 1967. In February 1962, the Post-Master General, Bombay was asked to approach the State Government for</p>
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acquisition of the land under the Emergency provision. Although the Postmaster General wrote about this to the Special Land Acquisition Officer in March, 1962 it is not clear whether he pursued this matter vigorously enough. It was admitted during evidence by the Secretary, Communications that 'I do not think we have done anything.'

(ii) There was lack of planning in the acquiring and laying of the cables for the station. Cables costing Rs. 2.31 lakhs were laid in 1962, i.e., 5 years before the land was actually acquired. These were used for press reception service till September, 1967 and thereafter not used except for a small portion (7 Kms.) It was admitted by Secretary, Communications that these cables have already lived more or less half of their life, although the wireless station has not yet been commissioned.

(iii) The construction of the building for the receiving station costing Rs. 1.43 lakhs was completed by the contractor in May, 1969, but the building was not taken over till August, 1972. The architect of the Department who inspected the building in September, 1969 found certain defects and refused to issue the completion certificate. It was admitted during evidence that the building could have been utilised inspite of these defects except that the floor needed to be polished before the installation of the machine. The contractor was not prepared to remove the defects till electric power became available. It is disappointing that nothing was done between September, 1969 and January, 1972 either to rectify the defects either through

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the contractor or departmentally. It was in January 1972 that the building was jointly inspected by the officials of Engineering, Wireless and Civil Wings of the Department. Thereafter the defects were rectified and the building taken over in August, 1972. It is regrettable that the officers did not take any action for 16 months and ultimately found time to inspect the building jointly only after the issue of a circular letter in November, 1971 providing for joint inspection. Such routine and unimaginative approach of departmental officials is indeed distressing.

(iv) There was gross lack of planning in getting power supply without which the equipment and machinery could not be installed. The Electric Supply Company was approached by the Department only in April, 1969, by which time the construction of the building was almost complete. The Electric Supply Company when belatedly approached refused to give power from the existing transformer and suggested putting up of another power station. Ultimately the construction of a sub-station was dropped as the Electric Supply Company arranged for a sub-station to be built there by another organisation. It was only after July 1972 that a temporary power connection was given to the Department after which the installation of equipment was started in October, 1972 and it is still in progress.

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delays and lack of proper planning which deserve further examination with a view to fixing responsibility for failures at various levels and taking necessary remedial measures to obviate recurrence. The question that needs to be answered is: was no one in the entire organisation made responsible to ensure the completion of the project within a given time, after it was sanctioned? The Committee would be interested to know what answer to this question is thrown up by the Inquiry Officer.

24 1.99 -do-

The Committee would like to be informed about the progress made in installation of the equipment in the new building and commissioning of the station.

25 1.128 -do-

The Committee regret to have to make observation on yet another case of gross delay. The expansion of telephone network in Telephone District was approved by the Telecommunication Sub-Board in October, 1960. It was proposed to complete an exchange in East of Shahdara by the end of the Third Plan in order to expand the telecommunication facilities and to meet the future requirements of industries in the area. But due to delays at various stages such as in the acquisition of land, estimating and designing, execution of building works and supply and utilisation of equipments, the Exchange has not yet been commissioned. A case study of the project made by the Department reveals delays at the following stages:

(i) Land acquisition proceedings.

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- (ii) Between approval of the schedule of accommodation and the preparation of preliminary drawings.
- (iii) Between receipt of preliminary estimates and issue of preliminary sanctions.
- (iv) Between issue of sanction and award of work.
- (v) Completion of construction.
- (vi) Commissioning the Exchange.

The Committee trust that remedial measures taken or proposed to be taken by the Department will be such as will help in future in avoiding delays in providing telecommunication facilities to the public and industry.

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1.129

P&T

The Committee are unhappy over gross negligence on the part of the officers who were entrusted with the execution of the building work as would appear from the following instances:

(i) The Officers of the Civil Wing were not aware that the plan of the building was required to be approved by the Ghaziabad Improvement Trust. The Plan was submitted for approval of the Ghaziabad Municipality in July 1964. What is more, no action was taken thereafter to pursue the matter till August, 1966 when a reminder

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was again sent to the Municipality. When no reply was received it was assumed that the plan has been approved and the Department proceeded with the construction. At least at that stage the officers should have checked up the position. But regrettably they proceeded with the work, with the result that in March, 1968 a notice was received from the Improvement Trust that the plan had not been approved by them and the work had to be suspended. It was resumed in November, 1968 after obtaining clearance from the Trust authorities which necessitated deviation from the site plan and consequential changes in drawings. The Municipality and the Improvement Trust of Ghaziabad appear to have functioned in a most irresponsible manner. This matter should be brought to the notice of the concerned Government.

(ii) Although the officers of the Civil Wing were aware that the land was located in Ghaziabad (Uttar Pradesh) in tender notice for the work they mentioned the place as Shahdara (East) Delhi; they mechanically copied this name from the scheme prepared by the Telephone District. Although the contractor might have been aware at the time of tendering that the site was actually in Uttar Pradesh, he took advantage of the mistake of the Department of not mentioning the correct location in the tender or contract and claimed payments of octroi charges for the material transported from Delhi across the U.P. border and extra electricity charges paid by him for having executed the work in Uttar Pradesh instead of Delhi. These charges were accepted by the arbitrator who also awarded compensation for delay because of suspension of work by the Department.

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			Such a confusion in future, could have easily been avoided if the scheme had been correctly designated according to its location.
27	1.130	P&T	The Committee take a serious view of the negligence on the part of the officers. To say the least they lacked ordinary prudence and commonsense. The Committee understand that the Executive Engineer responsible for this is no more. The Committee have been informed that detailed information regarding various officers responsible for the delays is being collected for suitable action. The Committee would like the Department to do so expeditiously and inform them about the outcome of detailed investigations in six months's time.
28	1.131	-do-	The Committee find that in this case the claims of the contractor for payment of octroi charges and excess electricity charges and compensation for delay were referred to arbitration by the Chief Engineer, although in the course of arbitration it was pleaded that these matters were not subject to arbitration. The Committee were informed that according to a circular issued by Government in March, 1963 all claims put forward by contractors are to be referred to arbitration and the Chief Engineer has no discretion in the matter. The Committee would like Government to examine in consultation with the Ministry of Law whether it is necessary to refer to arbitration all issues irrespective of whether or not there was any violation of a clause of the contract involved. It should be examined whether

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Clause 25 of the standard contract form needs any modification. The Committee would like to be informed of the precise action taken in the matter.

29 1138

-do-

Yet another case of inexcusable delay has come to the notice of the Committee. Here the Officers concerned failed to take a decision on the offer of a contractor for execution of microwave building at Imphal within the validity period of 3 months. The result was that the Department had to incur an extra expenditure of Rs. 45,000 after inviting fresh tenders for the work. The offer of the contractor was valid upto 4th May, 1970 but the tender was accepted on 10th September, 1970, four months after the due date. Understandably, the contractor demanded 10 per cent over and above the tendered amount because of the expiry of the validity period and rise meanwhile in the cost of labour and material. It took the Department two months after opening the tenders to negotiate with the contractor and thereafter further five months to verify the reasonableness of the rates offered by him. It is regrettable that the officers concerned did not act with the sense of urgency required in such cases. In the opinion of the Committee it is a fit case where the responsibility of the officers concerned should be fixed for delay at various stages which resulted in loss to Government.

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Another unsatisfactory aspect of the case was that no provision was made in the initial estimates for seismic protection and the specification had to be modified after acceptance of the second tender. The lack of forethought on the part of the officers is regrettable.

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31 1.145

P&T

The Committee feel concerned over the increasing average number of daily wages staff employed each month by the New Delhi Trunk Exchange in addition to the regular attendants employed for serving women operators. The Committee were given to understand that no standards have been laid down by the Department for employment of attendants for doing various types of jobs and this was under examination by the Work Study Unit who are expected to report in four months. The Committee desire that the standards for employment of attendants should be finalised expeditiously and the decision reported to them.

32 1.146

-do-

The Committee were informed that a general complaint that persons employed on muster roll were not actually doing the work was under investigation by the Central Bureau of Investigation. If this is found to be correct, the matter would take a serious complexion. The Committee desire that the investigations should be completed without delay and effective action taken in the light thereof to obviate recurrence of such irregularities in this or other exchanges. The Committee would like to be informed also of the action taken against those who may be found to have been remiss in the discharge of their responsibilities.

33 1.156

-do-

The Committee feel concerned about the under utilisation of the machines installed in two shops of the Calcutta factory and four

shops of the Bombay factory. During the year 1972-73 the percentage of idle hours to the total available hours in the two shops of Calcutta Workshop worked out to 35 per cent while in the case of the four shops of Bombay factory, percentages were 10,32,44 and 39 respectively. While the outside purchase of stores is stated to be one of the contributory factors for keeping the machines idle, the main reason is that a number of these machines are very old and have outlived their lives. They are being maintained only as standby for avoiding dislocation in production when the regular machines break down. The Committee find that roughly 10 per cent of the machines in the Bombay factory and 8 per cent in the Calcutta factory including life expired machines remained idle due to breakdowns. It is thus obvious that even after providing for standby the percentage of idle machines is on the high side. The Department expects that on account of the production programme for the current year, it would be necessary and possible to utilise some of these life expired machines. Elsewhere in this report, the Committee have suggested that the implementation of the scheme of modernisation of the Calcutta workshop should be expedited. The Committee hope that the old and obsolete machines lying in the Calcutta and Bombay factories which are of little use will be discarded early.

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The Committee feel concerned over the high cost of production in Telecom. Factory, Calcutta. The unit cost of socket of departmental manufacture in 1970-71 (Rs. 51.18) was higher than the unit cost of purchase (Rs. 40.21) in 1971-72 (in which year the price level had

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recorded increase over that in 1970-71) by 27 per cent. The differential between departmental manufacturing cost and the unit cost of purchase from the market widened to 47 per cent in 1971-72. The factory produced 47,595 sockets in 1970-71 and 55,084 in 1971-72. Compared to the market rate of 1971-72, the extra expenditure in the departmental production in 1970-71 and 1971-72 works out to Rs. 15.40 lakhs roughly although unfinished sockets were purchased from outside. The Committee have been informed that a departmental committee went into this aspect and made recommendations in December, 1971 for reducing the cost of manufacture of sockets and these recommendations are being implemented gradually. The implementation of the long term measures recommended by the departmental committee will take some time. From the figures made available to the Committee they find the departmental manufacturing cost which increased to Rs. 71.79 in 1972-73 has come down to Rs. 64 in 1973-74. The outside purchase rate on the basis of tenders finalised by the D.G.S. & D. till March 1973 was Rs. 55.67. The current rate of departmental production is roughly 15 per cent higher than the outside rate. The Committee desire that recommendations of the expert committee should be implemented expeditiously.

1969 that wherever the workshop cost of manufacture was higher than the market rate by more than 25 per cent, the prospects of cost reduction and justification for continuance of manufacture would be examined and put up to the Board of Management of the Telecom-factories. The Committee regret that during the years 1970-71 and 1971-72 although the manufacturing cost of socket was higher than the unit cost of purchase in 1971-72 by 27 per cent and 47 per cent respectively, no action was taken by the Department to put up the matter to the Board of Management of Telecom. Factories. The Committee desire that it should be ensured that in all cases when the departmental manufacturing cost exceeds the market rate by more than 25 per cent, the matter should invariably be placed before the Board of Management with a view to reducing the cost.

36 1.172 -do-

In paragraph 4.21 of their 40th Report (1968-69) the Committee had desired that the scheme for modernisation of telecom. factory Calcutta introduced in 1959 should be completed expeditiously. From the position made available to them, the Committee find that the scheme is still in the process of being implemented. The Committee desire that necessary steps should be taken to complete the modernisation of the workshop by the end of the Fifth Plan, at least.

37 1.173 -do-

The Committee could not get a satisfactory reply from the Department whether the installed capacity of telecom. factory, Calcutta is fully utilised. The Committee desire that the Department should ensure that the installed capacity is fully utilised in order to reduce the overheads and cost of manufacture. It should also be examined whe-

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ther and to what extent it is possible to work the factory on three shifts, instead of two at present.

38    1.179    P&T

The Committee feel concerned over the delay in settlement of dues for the stores supplied by the telecom. factories to the Defence authorities. At the end of March, 1972, dues amounting to Rs. 14.75 lakhs were outstanding in respect of sales made upto the year 1970-71. The outstanding dues were brought down to Rs. 13.26 lakhs at the close of June, 1973. The Committee are not satisfied with this progress of recovery. The Committee are surprised that price had not been settled for a sale amounting to Rs. 6.20 lakhs plus miscellaneous charges of Rs. 1.18 lakhs since 1967-68. The Committee desire that the dues should be finally settled without further delay.

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39    1.197    -do-

The Committee are not satisfied with the progress made by Triveni Structural Ltd. with the supply of steel towers to the P&T Department required for microwave project in spite of an *ad hoc* advance paid to them. According to the information given to the Committee, 168 towers had been ordered by the Department for supply by March, 1974. Out of these the undertaking was able to supply no more than 71 towers, 26 complete and 45 without certain components. Some of the towers supplied to the Department had defects such as loose nuts and bolts which were removed by the Undertaking by changing plates. Now that the initial difficulties regarding designing the towers are

settled, the Committee hope that Triveni Structural Ltd. will step up the production and supply the remaining towers expeditiously, in order to help the P&T Department to go ahead with their programme of installation and shorten the time taken for commissioning the microwaves stations. The Committee were given to understand by the Department that unless Triveni Structural Ltd. enhance their rate of production the position was going to be difficult. The Committee would like Government to examine in consultation with Triveni Structural Ltd. whether the later's failure to achieve an adequate rate of production is due to unsatisfactory supplies of steel and if so, take necessary steps to overcome them. The Committee would like to be informed about the progress made in supply of the remaining towers.

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40 1-198 -do-

The Committee note that the P&T Department are making efforts to locate other sources of supply for towers. The Committee would like the Department to intensify their efforts.

41 1-99 -do-

The Committee note that the commissioning of microwave stations is dependent on availability of matching imported equipment especially antenna and waveguides of which there is short supply. The Department of Atomic Energy are developing antenna for production but no manufacturer has yet been found who is ready to manufacture waveguides. The Committee desire that the Department should continue their efforts to locate manufacturers for this equipment so as to achieve self-reliance at the earliest.

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42	1 204	P&T	<p>The Committee are surprised that the Departmental Stores Purchase Committee did not record any reasons in this case for dividing the order for coiled cords of 4 types between the two firms 'A' and 'B' (The rates of firm 'B' were cheaper for the first two items and higher for the other two). The Committee find that necessary instructions have been issued by the Department for reasons to be recorded by the Stores Purchase Committee when they have to depart from accepted principles or procedures of purchases. The Committee hope that it will be ensured that the instructions are invariably followed.</p>
43	1 205	-30-	<p>The Committee find that the delivery period fixed as June 1970 was extended to August, 1971 for firm 'B'. The Committee desire that the reasons for this may be examined and outcome intimated to them.</p>
44	1 206	-30	<p>The Committee note that the coiled cords of the first type were supplied by the Indian Telephone Industries between November, 1969 and April, 1971 at an average rate of Rs. 12.46 each as against the rate of Rs. 8.50 of firm 'B' which resulted in an extra expenditure of about Rs. 1.58 lakhs. The Committee were informed that the purchases from I.T.I. were not based on a competitive rates but according to the pricing agreement between the P&amp;T and I.T.I. The Committee suggest that the Department should ascertain market rates of stores before finalising agreements with the I.T.I. so as to procure stores at competitive and reasonable prices from them.</p>



45 1.212

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The Committee regret that in this case, the Department procured excessive quantity of stores (Bracket attachment TPN 8 inches) at a time when the transposition scheme where these could be used was in the process of being changed. The transposition stalks were declared obsolete in March, 1962 and the transposition scheme was changed in January, 1964. An indent for 2 lakh bracket attachments was placed on the DGS&D in October, 1962 and for 3 lakh numbers in June, 1963 (after obsolescence of transposition stalks). As the old records are not available, the Department are unable to corroborate whether the position of stock of the stores and future requirements were reviewed at the time of placing the indents.

46 1.213

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The DGS&D placed orders for the stores in April, 1963 and November, 1964 on four firms. The DGS&D extended the date of delivery four times for the first firm, twice for the second, thrice for the third and twice for the fourth firm between April, 1964 and December, 1965, by which time the new scheme had come in vogue. But no action was taken by the Department to cancel or reduce the order. The Committee are not satisfied with the Department's explanation that the delivery dates were extended by the DGS&D without consulting them. After the old scheme was changed, it was the duty of the officers to review the position of outstanding indents, and advise the DGS&D to cancel or reduce the orders. The failure of the Department is regrettable. The Committee desire that responsibility should be fixed for the failure.

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47	1.214	P&T	<p>The net result of the failure is that the Department is burdened with about 2 lakh numbers of unwanted stores valuing Rs. 9.00 lakhs. The alternative uses of the stores are under examination of the Department. The Committee would like to know about the utilisation  disposal of the surplus stores.</p>
48	1.222	-do-	<p>The Committee note that there has been delay in the recovery of service charges from the occupants of quarters which have been paid by the Department of P&amp;T to the Municipal Corporation, Madras from March, 1968 onwards. The orders issued by the Postmaster General, Madras, provided for a recovery at the rate of Rs. 2.50 p.m. from the employees whose pay was less than Rs. 350 and at the rate of Rs. 21.00 p.m. from those occupying the same type of quarters whose pay was above Rs. 350. These orders have since been held in abeyance. The Committee desire that early decision should be taken to fix charges recoverable from the occupants which should be fair to all.</p>
49	1.223	-do-	<p>From the information given to them the Committee find that the percentage of quarters to the staff strength in some Circles Districts is much too low particularly in Bangalore District (.5 per cent), Calcutta District (2.5 per cent), Madras District (2.7 per cent), Jammu and Kashmir Circle (2.2 per cent and Maharashtra Circle</p>

(3.1 per cent). The Committee are very anxious that adequate number of quarters should be available to the employees in the various Circles; Districts as early as possible, within a definite target date. The Committee would like to be informed of the detailed plan drawn up to increase the number of quarters for P&T staff, particularly in the lower income group.

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