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PART II*

Minutes of the Sitzings of the Public Accounts Committee held on :

9-7-1974 (FN) & (AN)

10-7-1974 (FN) & (AN)

25-3-1975 (FN)

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

PUBLIC ACCOUNTS COMMITTEE (1974-75)

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**Shri B. K. Mukherjee—Chief Legislative Committee
Officer.**

Shri N. Sunder Rajan—Senior Financial Committee Officer.

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Hundred and Forty-Fifth Report of the Public Accounts Committee on the Report of the Comptroller and Auditor General of India for the year 1972-73, Union Government (Posts and Telegraphs).

2. The Report of the Comptroller and Auditor General of India for the year 1972-73—Union Government (Posts and Telegraphs) was laid on the Table of the House on the 20th March, 1974. The Committee examined the Audit Report relating to Posts and Telegraphs at their sittings held on 9th and 10th July, 1974. This Report was considered and finalised by the Committee at their sitting held on the 25th March, 1975, Minutes of the sittings form 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 II). 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 officers of the Ministries of Communications (P&T Board) and Supply and Rehabilitation (Department of Supply) for the cooperation extended by them in giving information to the Committee.

NEW DELHI;
April 7, 1975.
Chaitra 17, 1897 (S)

JYOTIRMOY BOSU,
Chairman,
Public Accounts Committee.

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

REPORT

OMISSION IN RECOVERY OF RENT AND COMPENSATION

Audit Paragraph

1.1. The Posts and Telegraphs Department provide telegraph and telephone circuits, private branch exchanges, etc., to government departments, canal administrations and private parties.

1.2. Rent for such services is recovered on the basis of advice notes prepared by the divisional engineers and sent to the billing section for issue of rent demand bills. In case of railways and canal administrations billing is done on the basis of half-yearly statements prepared by divisional engineers showing the assets rented out to those administrations.

1.3. In the following cases Rs. 26.75 lakhs remained unrealised (June, 1973) as advice notes/half-yearly returns were not prepared by divisional engineers or billing was not done correctly.

(i) *Defence Department*

(a) In five engineering division of the Punjab circle, various private branch exchanges, telephone and telegraph circuits were installed between June, 1958 and December, 1971 for the Defence Department. Recovery of Rs. 6.97 lakhs as rent of these exchanges and circuits from June, 1958 was outstanding (June, 1973).

The department stated (January, 1974) that (i) in six cases Rs. 1.37 lakhs had since been recovered, (ii) bills in respect of four cases for Rs. 0.92 lakh had since been issued and recovery was awaited and (iii) the remaining six cases for recovery of the balance Rs. 4.68 lakhs were under examination.

(b) The Defence Department placed a firm demand for a cable in August, 1966 on the Engineering Division, Jullundur, but cancelled it in November, 1968. Compensation and estimating fee of Rs. 0.15 lakh for cancellation of the work was not recovered (June, 1973).

The department stated (January, 1974) that the bill had since been issued and payment was awaited.

(c) The Telegraph Engineering Division, Jullundur, completed cable laying for shifting an army exchange in September, 1968. Acceptance of estimated rent and minimum guaranteed period for

which the facility would have to be used, required to be obtained under departmental rules before execution of such work, was not, however, obtained for this work from the Defence Department. As a result installation charges and rent of the cable from September, 1968 remained unrealised.

In the same division loading coils were provided to the Defence Department in September, 1963 but the assessed rent had been accepted by the Defence Department, resulting in non-recovery of rent (September, 1973).

The department stated (January, 1974) that bills for Rs. 17.67 lakhs had since been issued and the Defence Department had promised to pay the amount.

(d) The Defence Department placed a firm demand in August, 1966 for a cable which was laid by the Telegraph Engineering Division, Jullundur in October, 1966. There was an omission to hand over the cable to the Defence Department till January, 1971. As a result, Rs. 1.12 lakhs could not be recovered as rent between October, 1966 and December, 1970.

The department stated (January, 1974) that the case was under examination.

(ii) *Canal administration*

In the Jabalpur Engineering Division, 189 kms. of iron wire were erected in April, 1967 for the Wainganga canal system. The half-yearly returns of lines and wires were not prepared and sent by Divisional Engineer and so no rent bill was issued.

The department stated (January, 1974) that a bill for Rs. 0.84 lakh for the period April, 1967 to June, 1973 was issued in November, 1973 and payment was awaited.

[Paragraph 8 of the Report of C. & A.G. of India for the year 1972-73, Union Government (Posts and Telegraphs)]

(i) *Defence Department*

(a) *Installation of private branch exchanges, telephone and telegraph circuits in five engineering divisions of the Punjab*

1.4. The Committee were given to understand that the five divisions mentioned in the Audit para were Ferozepur, Ludhiana, Chandigarh, Simla and Patiala Telegraph Engineering Divisions.

*Regarding Item No. 8 above**Provision of one pair of copper weld wire between
Talwandi-Zira-Makhu*

The Circuit was provided on 27th January, 1970. Since the rent fixed originally and got accepted from the Defence Department was incorrect, it took some time to get revised rent accepted. The bill for difference of rental from the date of provision was issued on 18th December, 1973 and payment received on 30th July, 1974.

*Regarding Item No. 10 above**(i) Loss by way of non-recovery of rental in respect of Sambha-
Halwara Telegraph Circuit for Defence Authorities*

The Circuit was provided on 4th December, 1971 and initial bill for the period upto 31st March, 1973 was issued on 19th April, 1972. However, there was some delay in settlement. The Circuit was subsequently closed on 23rd September, 1972. The bill was revised and payment of the revised bill was received in February, 1974."

1.6. Giving the present position of remaining 6 cases for recovery of balance of Rs. 4.63 lakhs which, according to Audit para, were under examination, the Ministry have further stated in a note as follows:—

"The details of 6 cases are as under:—

Item No.	Amount
2	41056.00
4	118900.00
5	3497.00
15	45290.00
18	221508.00
	267972.00

Item No. 2— (Rs. 41,056)

Provision of 2 pairs of copper weld wire, one alongside road and the other alongside the railway between Ferozepur and Kotkapura.

The correct amount of the claims is Rs. 63744/-. Payment was received on 30th July, 1974.

Item No. 4—(Rs. 1,18,900)

Provision for re-transposition of Mogha-Makhu-Harike alignment

It has transpired that since with re-transposition, there is no increase in line length, no additional charges are recoverable under the rules.

Item No. 5—(Rs. 34,797)

*Three lengths of 14/40 PCQT/U.G. Cable from Carrier Station
Barnala to Barnala IAF*

Payment has been received on 12th January, 1974.

Item No. 15—(Rs. 45,290)

*Short recovery in respect of underground Cable between Army
Exchange Chandigarh No. 1 to Army Exchange No. 2 at
Airfield, Chandigarh*

The amount relates to a Supplementary claim, which however is disputed by the Defence authorities who claim rebate for connections provided to other parties out of the Cable exclusively laid for them. The matter is under examination in the Directorate.

Item No. 17—Rs 6421

*(v) Short recovery from Defence Department in respect of 50+10
lines PEX at Kasauli*

According to the Post-master General's report, no short recovery is involved in this case.

Item No. 18—Rs. 2,21,508/-

*Provision of two pairs of wire copper weld 242 lbs. between
Barnala-Bhatinda IAF*

The recoverable amount in this case is only Rs. 2,18,210 which has been recovered and credited on 23rd February, 1974.

(b) Demands for a cable by Defence Department

1.7. Audit pointed out that the claim for Rs. 12,600 was preferred by the Engineering Division Jullundur in December, 1970 two years after the firm demand was cancelled. The final bill (including inte-

rest on unadjusted capital outlay) for Rs. 14,133 was issued in December, 1973.

Asked to state the reasons for delay in issuing the bill and the present position of recovery, the Ministry in a note have stated:

“The demand was cancelled on 22nd November, 1968 but during subsequent discussions the P & T was informed verbally that the cancellation was withdrawn. But this was not done formally and hence the bill was issued in December, 1970 when the above position became clear.

The army authorities have disputed the bill on the plea that the aforesaid work (for cancellation of which compensation is being claimed) also forms part of another work (viz. conversion of existing 300 lines C.B. Exchange to 400 lines PABX) for which order has already been placed and therefore the amount of Rs. 14,533 is not payable. The matter is under active examination with the army authorities.”

(c) Cable laying for shifting an Army Exchange

1.8. According to audit para the work of cable laying by the Telegraph Engineering Division, Jullundur was completed in September, 1968. Acceptance of estimated rent and minimum guaranteed period for which the facility would have to be used, required to be obtained under departmental rules before execution of such work, was not, however, obtained for this work from the Defence Department. As a result, installation charges and rent of the cable from September, 1968 remained unrealised. The Committee desired to know why it took more than 5 years to recover the dues from the Defence Department. The Ministry have, in a written note furnished to the Committee, stated that:

“The work of laying of trunk cables from Jullundur earlier to Signals Centre was executed in September, 1968. Bill was initially issued on 29th March, 1973 for Rs. 4,26,720.27 and revised bill for Rs. 4,21,877.82 was issued on 15th December, 1973 and payment received and credited on 26th March, 1974. The work being of an emergent nature was executed without obtaining prior acceptance of rent and guarantee. The rent was quoted to the Defence authorities on actual cost basis and in this case it entailed protracted correspondence and discussions by the Divisional Engineer

Telegraphs with the Army authorities and only after personal contacts, the matter could be straightened out.

In respect of underground cable laid for shifting of exchange, payment of bill for Rs. 13,36,759/- was received and credited in Departmental accounts on 30th March, 1974.

Delay in this case was due to the dispute raised by the Army authorities regarding calculations of rent and guarantee."

1.9. The Audit Para further states that in the same division loading coils were provided to the Defence Department in September, 1963 but the assessed rent had not been accepted by the Defence Department, resulting in non-recovery of rent (September, 1973).

Subsequently, the department informed Audit that the rent and guarantee was quoted in February, 1971. When the Western Command stated that the order for work was not placed by them, a copy of their secret letter was forwarded to them in November, 1973 and bill for Rs. 9,220 preferred in December, 1973.

1.10. The Committee enquired why there was a delay of 8 years in quoting rent and guarantee. The Committee also wanted to know whether there was no system for keeping watch over recovery of rent/other dues for works carried out for other departments. The Ministry in a note have stated:

"The exact reasons for delay in quoting the rent to the Defence Department in this case are not ascertainable at this late stage. However, remedial measures have been taken and necessary registers have been introduced to avoid recurrence of such cases."

Asked why the payment was being delayed now by the Defence Department, the Ministry have stated: "The payment of the bill has since been made by adjustment in May, 1974".

(d) *Laying of a cable by the Telegraph Engineering Division, Jullundur in October, 1965*

1.11. Audit have pointed out that when they took up the matter in July, 1970 regarding the date of handing over of this work completed on 8th October, 1966 the Divisional Engineer Telegraphs, Jullundur intimated that the date of handing over of the asset was not readily available and that the Sub-divisional Officer had been addressed in the matter. The cable was actually handed over subsequently

in January, 1971. The Committee desired to know the reasons for not handing over the cable to the Defence Department for 4½ years and the result of examination of the case by the Department. The Ministry have stated: "The matter is still under investigation."

(ii) *Canal Administration*

1.12. The Committee were informed by Audit that the bill was issued after they had pointed out the matter. The Department stated in April, 1974 that Rs. 83,869 were received in March, 1974.

Asked to state the reasons for not preparing half-yearly returns for erection of iron wire in time, the Ministry, in a written note have stated:

"The bill for Rs. 83,869 was issued on 24th November, 1973 and paid on 29th March, 1974. There has been omission in inclusion of this item in the half-yearly due returns and the Post-Master-General has been directed to take action against those responsible for this omission."

1.13. The Committee regret to observe that there has been failure on the part of the P & T authorities to recover rent and compensation for telegraph and telephone circuits provided even to Government departments. In the five divisions of the Punjab Circle, namely, Ferozepur, Ludhiana, Chandigarh, Simla and Patiala, recovery of rent for exchanges set up for the defence department was outstanding since June, 1958. The Committee are not at all convinced with the various reasons advanced by the Ministry for non-realisation of Rs. 0.92 lakh in respect of four cases, namely, non-receipt of relevant records initially, non-availability of handing over/taking over certificate which was not traceable, incorrect preparation of rent bill, delay in settlement, etc. All these go to show that the system of checks in the P & T Department is ineffective and inadequate.

1.14. The Committee have noted the position in respect of six cases of recovery of balance of Rs. 4.68 lakhs which, according to the information given by the Department to Audit in January, 1974 was stated to be under examination. The Ministry have stated in a written note that Rs. 2.53 lakhs out of Rs. 4.68 lakhs have since been recovered. The dates of recovery were as late as 30th July, 1974 in one case, 12th January, 1974 in another case, and 23rd February, 1974 in the third case. In one case no additional charges were recoverable under the rules and in two other cases, no recoveries were admissible.

1.15. It has also come to the notice of the Committee that the work of laying of trunk cables for shifting an army exchange in the Telegraph Engineering Division, Jullundur, was executed in September,

1968 but the bill was initially issued as late as on the 29th March, 1973, i.e. after more than 4½ years. A revised bill was issued on 15th December, 1973 and the amount was credited on 26th March, 1974. The Committee are surprised that the work was executed without obtaining prior acceptance of rent and guarantee on the ground that the work was of an emergent nature. This is a clear case of breach of rules.

1.16. The Committee are constrained to observe that the delay in the recovery of rent for several years by the P & T Deptt. is inexcusable. Delayed recovery of rent from the concerned exchanges has resulted in the loss of revenue to the P & T Department by way of interest. The Committee would like the Department to probe the reasons for delay in the issue of bills in each case and take steps designed to prevent recurrence of such delays.

1.17. The Committee have noted that the Postmaster General has been directed to take action against those responsible for the omission in including in the half-yearly returns the rent recoverable for erection of iron wire for the Wainganga canal system. The Committee trust that the enquiry would be completed expeditiously and appropriate action taken thereafter.

1.18. The Committee cannot help thinking that there was in fact no system in the P & T Department for keeping a watch over recovery of rent/other dues for works carried out for other departments. It has been stated in the written statement of the Ministry that "remedial measures have been taken and necessary registers have been introduced to avoid recurrence of such cases." It is regrettable that the P & T Department did not consider it necessary to devise earlier a foolproof system for keeping a watch over the recovery of rent and compensation. The Committee would like to have, in due course, a detailed note from the Ministry about the impact of the new measures now adopted for avoiding delays in rent recoveries.

1.19. The Committee would also like to be apprised of the results of the investigations as also the action taken in regard to the delay in handing over the cable laid by the Telegraph Engineering Division, Jullundur in October, 1966 to the indenter, i.e. the Defence Department till January, 1971, resulting in non-recovery of rent to the extent of Rs. 1.12 lakhs between October, 1966 and December, 1970.

1.20. Since mere test audit has revealed such lapses as above, the Committee are apprehensive that similar or worse state of affairs might be prevailing in regard to private subscribers, especially the

bigger and more influential ones. The Committee would accordingly suggest that the Ministry of Communications (P & T Board) may carry out similar checks more frequently.

Delay in providing telephone connections

Audit Pragraph

1.21. To meet the growing demand for telephone connections, the department sanctioned in August, 1967 a project for expansion of the Jammu telephone exchange from 1200 lines to 2100 lines at a cost of Rs. 17 lakhs (revised to Rs. 21.11 lakhs in February, 1971). Installation of apparatus and plant commenced in January, 1968 and was completed (cost: Rs. 8.58 lakhs) in August, 1968.

1.22. The estimate for laying of cables, for which the plan was approved in February, 1968, was prepared in April, 1967 and sanctioned in January, 1969. The delay in sanctioning the estimate was attributed to increase in the price of cables which necessitated revision of the estimate. Cable laying and their jointing were to be completed within six months of receipt of materials. Out of thirty-one kilometres of cables required, twenty-eight kilometres were received between June, 1968 and March, 1969 and the balance by July, 1970. Laying of cables was started in February, 1969, but only ten kilometres were laid by September, 1969, the rest were laid by September, 1972. The department stated (November, 1973) that progress of cable laying was slow due to shortage of mazdoors by 75 per cent for six months and 55 percent for four months as the requisite number of mazdoors was not available through employment exchange.

1.23. Though laying of cables and their jointing were to be completed simultaneously, jointing lagged behind as the additional posts of cable jointers sanctioned for the project in June, 1969 could be filled between March, 1970 and July, 1970 when 23 kilometres of cables had already been laid. Even in places where jointing was complete, distribution of cables to the fullest extent was not found possible as distribution-point boxes (each costing Rs. 71.20) for drawing out cable ends and connecting them to overhead wires, were not available. Indent for distribution-point boxes (141) along with certain other materials was placed on the departmental stores organisation in May, 1969. Although other materials were supplied in December, 1969, the boxes could not be supplied as these were not available in stock. When demand for the boxes was again placed in May, 1970 the stores organisation intimated in July, 1970 that these were not available. To meet urgent needs, 23 boxes were procured between July, 1970 and February, 1971 by local purchase and transfer from

other works. For the remaining boxes, tender for purchase was floated in February, 1971 and 107 boxes were purchased between April, 1971 and February, 1972.

1.24. According to the departmental orders, 90 percent of the exchange capacity should be utilised soon after expansion, and in any case not later than six months of commissioning. Although installation of apparatus and plant for the increased capacity of 2100 lines was completed in the Exchange in August, 1968, due to delay in cable laying and jointing works and also procuring distribution-point boxes, only 61 percent of the capacity was utilised by March, 1969; 64 percent by September, 1969; 80 percent by March, 1970; 87 per cent by September, 1970; 89 percent by March, 1971 despite heavy demand for telephone connections. Apart from the delay in providing service to intending subscribers, loss of potential revenue during 1969-70 and 1970-71 due to inadequate utilisation was about Rs. 7.80 lakhs. The department stated (November, 1973) that the slow utilisation of the exchange capacity was also due to introduction of priced application form for telephone connections from December, 1969 as the waiting list had to be recast to include only those who had applied in the new form.

[Paragraph 9 of the Report of the Comptroller and Auditor General of India for the year 1972-73, Union Government Posts & Telegraphs]

1.25. According to the Audit Paragraph, the estimate for laying of cables, for which the plan was approved in February 1966, was prepared in April, 1967 and sanctioned in January, 1969. The Director General, Posts and Telegraphs, New Delhi, informed the Audit in November 1973 that the rates of cables increased during 1967 which necessitated the revision of the project estimate and as such it took some time before the cable estimate could be sanctioned.

1.26. Asked to state the reasons for the delay of over two years in issuing the sanction of the estimate for the cable laying, the representative of the Department has stated during evidence that "It was found that the cost of the cable had gone up to such an extent that it would take the project itself beyond 10 per cent of the original sanction. So a revised sanction for the project estimate was necessitated before the sanction of the cable estimate could be given." He has further stated that the rate of the cable supplies is governed by a contract between P & T and Hindustan Cables. No specific order was placed on the Hindustan Cables for this particular project. Supplies were made by the company on an annual basis and the price charged was the one prevalent at the time of the supply.

1.27. The Committee enquired whether, in the opinion of the P & T Department, the period of delay of about two years was at all reasonable. The Secretary, Ministry of Communications has stated during evidence:

“I am afraid that the delay is not reasonable. The project had to be revised. Certainly it could have been revised earlier. We had taken precaution of placing the indents. The revision was necessary. But I do not think that from 1966 to 1969 the delay was reasonable. I won't be able to justify it myself.”

1.28. As regards the delay in cable laying and their jointing which were to be completed within six months of the receipt of materials, the Audit has pointed out that out of 31 kilometres of cables required, 28 kilometres were received between June 1968 and March 1969 and the balance by July 1970. The Director-General, Posts and Telegraphs, however, informed the Audit that the indents for all the items of cable were released on the departmental stores organisation in April/May 1967 to avoid delay. There was general shortage of cables in the country and therefore no cable could be given in 1967-68 for the work.

1.29. According to the Audit paragraph, laying of cables was started in February 1969, but only ten kilometres were laid by September 1969; the rest were laid by September 1972. The P & T Department informed the Audit in November 1973 that the progress of cable laying was slow due to shortage of mazdoors by 75 percent for six months and 55 percent for four months as the requisite number of mazdoors was not available through employment exchange.

1.30. According to the information given by the Director General, Posts and Telegraphs, New Delhi to the Audit in November 1973, 17000 labour days were required to complete the cable laying and that more than 100 mazdoors per day were required to be employed on cable laying so as to complete the work within six months. As per the orders of the Home Ministry the casual labourers were to be employed only through employment exchange. The officer-in-charge of the work requisitioned the mazdoors in August, 1968 and then followed it by many reminders but practically no mazdoor was sent. When it was felt that the employment exchange was unable to help, mazdoors available for maintenance works were diverted to the work.

1.31. The Committee enquired why, when labour was not available through a particular Employment Exchange, attempts were not

made to obtain the labour from the other employment exchanges or from the open market. The representative of the Deptt. has stated in reply:

“Firstly a large labour force was required. They tried through the contract. That was found to be at a very high rate. Then, the departmental maintenance parties were diverted to this cable job.”

1.32. The representative of the Department had no answer to the question as to why the request for mazdoors was sent to the employment exchange only in August 1968 but he has stated that the cables started coming in June. Although the work was started, a sizeable quantity was available only by about August 1968. When the sizeable quantity started coming in, the work was taken up in hand. The Secretary, Ministry of Communications has admitted that the work of laying the distribution cables could have started earlier. Asked to state what action the Supervisory Officer did take in the matter, the witness has stated: “I do not think he did anything to speed up this matter.” He has admitted that “the D.P.T. Srinagar is being changed after a year or so.”

1.33. According to the information furnished to the Audit by the Department in November, 1973, though laying of cables and their jointing were to be completed simultaneously, jointing lagged behind as the additional posts of cable jointers sanctioned for the project in June 1969 could be filled between March 1970 and July, 1970 when 23 kilometres of cables had already been laid.

1.34. The Director General, Posts and Telegraphs, informed Audit in November, 1973 that the jointing of the cables was being done alongwith the laying with the two available maintenance cable jointers. Additional cable jointers from March 1970 were used for completing the work of introducing cabinet and pillar scheme. This work was of slow nature as it involved handling of working cable pairs.

1.35. Audit has pointed out that even in places where jointing was completed distribution of cables to the fullest extent was not found possible as distribution, point boxes (each costing Rs. 71.20) for drawing out cable ends and connecting them to overhead wires, were not available. Indent for distribution point boxes (141) along with certain other materials was placed on the departmental stores organisation in May 1969. The distribution point boxes were stated to be not available in stock and they were not supplied although a demand for the boxes was again placed on the stores organisation in May, 1970.

1.36. According to the information furnished to the Audit, the stores Depot, Jammu stated that the fact of non-availability of the distribution point boxes was known to the Divisional Engineer, Telegraphs, in December, 1969 when all other items indented except these boxes were supplied to him. The Divisional Engineer Telegraph, Jammu, however, informed the audit that the circle store depot did not categorically mention that distribution point boxes would not be supplied. According to him such items were not easily and readily available.

1.37. On account of the non-supply of distribution point boxes by the Stores Depot Jammu, 23 boxes were procured between July, 1970 and February, 1971 by local purchase and transfer from other works. For the remaining boxes, tender for purchase was floated in February, 1971 and 107 boxes were purchased between April, 1971 and February, 1972.

1.38. The Committee wanted to know why the indent for Distribution point boxes was placed in May 1969, that is, after nine months of the installation of the exchange and after the commencement of the cable laying work. The representative of the Department has stated during evidence that indents for the cable distribution boxes were placed on the New Delhi Store Depot in May 1967. The indents were, however, returned by the New Delhi Store Depot and the indenter was asked to obtain the supply from the Jammu Depot. As the Store Depot, Jammu did not have the distribution point boxes, they had to go in for the local purchase.

1.39. Asked to state the time taken by the New Delhi Depot in communicating the availability or otherwise of the distribution point boxes, the representative of the Department has stated:

“We do not have a proper record to verify when they replied, but we found the indent back in the Srinagar office. We could not find out when it was sent.”

The Secretary Ministry of Communication, has agreed with the Committee that it would have been better if an order for the Cabinet and the pillars was placed on the New Delhi Depot and that for the distribution boxes on the Jammu Depot.

1.40. According to the audit paragraph due to delay in cable laying and jointing works and also procuring distribution point boxes, only 61 per cent of the capacity was utilised by March 1969; 64 per cent by September 1969; 80 per cent by March 1970; 87 per cent by September 1970 and 89 per cent by March 1971 despite heavy demand

for telephone connections. The loss of potential revenue during 1969-70 and 1970-71 due to inadequate utilisation was about Rs. 7.80 lakhs. The Secretary, Ministry of Communications was asked whether the time taken for the execution of the project i.e. 6 years was reasonable. He has stated in reply: "I do not think so. It has taken a long time."

1.41. Questioned about the mechanism existing in the Department for watching the progress of work according to the time schedules and for fixing responsibility for the delays, the Secretary, Ministry of Communications has stated during evidence:

"We did not set a rigid time for these projects. We will go in for that. Hereafter, when we sanction a project, we will make one person responsible and in charge of the whole project and we will make a number of other persons to be in charge of the constituent projects, and each person will be given a date by which the work should be completed. If the work is not completed, it will have to be investigated and the entire time-frame has to be reviewed or recast."

He also agreed with the suggestion of the Committee that any delay which results in loss of revenue would be taken serious note of and the concerned officer-in-charge of the project would be held solely responsible for the loss of revenue.

1.42. The Audit was informed by the Department in 1973 that the slow utilisation of the exchange capacity was also due to introduction of priced application form for telephone connections from December 1969 as the waiting list had to be recast to include only who had applied in the new form.

1.43. Asked to state whether it was not incumbent on the part of the Department to cover entire waiting list before asking the wait-listed subscribers to first apply in a form with the fee of Rs. 10 and then give the connection, the Secretary, Ministry of Communications, has stated during evidence that there was actually delay of only three months on account of the introduction of the applied application forms. He has, however, agreed with the Committee that connections could have been given on the basis of the names existing in the waiting list and it was not necessary to insist on fresh applications along with the prescribed fee.

1.44. From what has been pointed out by the Audit and what has been revealed during the course of evidence, the Committee

have come to the conclusion that the entire project for the expansion of the Jammu Telephone Exchange from 1200 lines to 2100 lines was badly handled ab initio. Firstly the cost of the project was revised from Rs. 17 lakhs to Rs. 21.11 lakhs in February 1971. While the installation of the apparatus and plant commenced in January, 1968 and was completed in August, 1968, the estimate for the laying of cables prepared in April 1967 was not sanctioned till January, 1969. The argument advanced by the representative of the Ministry that the delay of over two years in issuing administrative sanction for the estimate for laying of cables was due to the increase in the cost of the cables necessitating the revision of the project itself is unconvincing. As has been admitted by the Secretary, Ministry of Communications, the delay is both unreasonable and unjustifiable. Although cable laying and jointing were to be completed within six months of the receipt of the materials, the cable laying work, which was started in February, 1969, jogged on at a leisurely pace and was completed in 3-1/2 years instead of 6 months earmarked for the purpose.

1.45. The Committee are also not convinced by the argument that the delay in cable laying was due to the non-availability of the labour indentated for from the employment exchange. In the opinion of the Committee, there is no dearth of labour in the country. They fail to understand why the Officer-in-charge of the project, who was aware beforehand about the arrival of the cables, did not take anticipatory action and contact the employment exchange personally to obtain the requisite labour so that the work of cable laying could start as soon as the cables arrived. As a result of this unimaginative approach on the part of the supervisory staff bordering on dereliction of duty cables worth lakhs of rupees remained idle and the public of Jammu, who were clamouring for telephonic facilities, remained without them for about three years. The Committee note that the Secretary, Ministry of Communications has admitted that the officer responsible for the project did not do anything to speed up the work. They would, therefore, urge that the Department should take strong notice of the serious negligence on the part of the officer concerned.

1.46. The Committee find that another contributory factor for the delay in the completion of the project, was non-availability of the cable jointers and distribution point boxes. The Committee fail to understand why no advance action was taken for the posting of additional cable jointers who were badly needed for jointing work. Even in the matter of supply of distribution joint boxes, the project officials have displayed a callousness which it is difficult

to condone. An indent for the distribution point boxes was first placed on the New Delhi Depot in May 1967 but the same was returned and the indenter was asked to obtain the supply from the Jammu Depot. The Stores Depot, Jammu, did not supply the items indented for and the Divisional Engineer, Telegraph Jammu was not aware of the fact that the Store Depot Jammu did not possess the items required. The result of all the fruitless exercise in correspondence work has been that the distribution point boxes were not procured till July, 1970 when only a part of the demand was met by local purchase and transfer from other works. The Committee would recommend that a thorough probe into the working of the stores depots, with particular reference to the procedures for stocking and issues as well as the coordination existing between the indentors and the depots be conducted by the Department.

1.47. It has come to the notice of the Committee that another factor which has also contributed to the delay in the execution of the project is the introduction of priced application forms for telephone connections from December, 1969, as the waiting list had to be recast to include only those who had applied in the new form. As has been admitted by the Secretary, Ministry of Communications during evidence, telephonic connections could have been given on the basis of the names existing in the waiting list and it was not necessary to insist on fresh applications along with the prescribed fees.

1.48. The Committee are convinced that no mechanism exists in the Department for keeping a watch on watching the progress of work according to the time schedules. Their observations on this aspect are contained in the concluding chapter of this report.

Delay in execution of a work

Audit Paragraph

1.49. An estimate (Rs. 2.29 lakhs) was sanctioned in March, 1962 for retransposition of an existing alignment to suit carrier working (which ultimately could be used for providing more circuits) and for erecting an additional pair of copper wire between Bikaner and Suratgarh, as the existing pair was found unsuitable for long distance telephone purposes. The work was to be completed within 100 days of receipt of complete stores, and was expected to yield a profit of Rs. 0.36 lakh per annum.

1.50. Stores worth Rs. 1.13 lakhs were received between 1962-63 and 1968-69, but the work could not be started during this period as copper wire was not received. Only 21 tonnes of copper wire

were required for the work. At the end of each year from 1965-66 to 1968-69, the closing balance of the required type of copper wire in the departmental store depot at New Delhi, which usually supplies copper wire to Rajasthan Circle, was between 35.77 tonnes to 45.90 tonnes. But copper wire was not supplied from this depot for the above work. Copper wire required for this work was received only in September, 1970 from the store depot in Lucknow. Meanwhile, some important stores such as, insulators, transposition stalks, brackets, etc., received for this work in 1964-65 were diverted to other priority works in 1965. The technical control of this work was also transferred in July, 1970 from the existing engineering division to a newly created division. After recouplement of the diverted stores the work was commenced only in October, 1972, and completed in June, 1973.

1.51. Apart from the loss of potential revenue of Rs. 0.36 lakh per annum, due to delay in completing the work the object of providing more circuits remained unfulfilled for a considerable period.

[Paragraph 10 of the Report of C&AI of India for the year 1972-73, Union Govt. (Posts & Telegraphs)].

1.52. According to Audit para stores worth Rs. 1.13 lakhs were received between 1962-63 and 1968-69, but the work could not be started during this period as copper wire was not received. Only 21 tonnes of copper wire were required for the work. At the end of each year 1965-66 to 1968-69, the closing balance of the required type of copper wire in the departmental store depot at New Delhi which usually supplies copper wire to Rajasthan circle, was between 35.77 tonnes to 45.90 tonnes. But copper wire was not supplied from this depot for the above work.

1.53. Stating the reasons for not supplying copper wire from the Departmental store depot at Delhi or any other departmental store depot, the Ministry of Communications have, in a written note, stated as follows:

“The copper wire was required to be supplied for this work from the zonal depot, which is at Delhi. The available copper wire in Delhi Depot was inadequate to cover all the demands placed on it and hence some demands including this particular case could not be met. Depots at other zonal centres were normally required to cater to the demands of their respective areas.”

1.54. In an ‘Action Taken Note’ submitted to the Committee on 16th December, 1971 (Pages 148-149 of 61st Report of the public Accounts Committee, 5th Lok Sabha) the Posts and Telegraphs

Board had stated that no new copper lines were being erected and that the existing copper wire was being progressively replaced by either copper weld or aluminium wire depending on technical suitability.

1.55. The Committee referred to the above statement of the P&T Board and enquired how this work of erecting a pair of copper wire was then taken up in October, 1972. The Ministry, in a note, have stated as under:—

“In this case copper wire had been issued prior to December 1971 (i.e. February, 1971) and hence the work was carried out with that wire as per the specification provided in the sanctioned estimate.”

1.56. Audit have pointed out that as a result of the above policy of the Government and dismantlement of overhead wires consequent on the establishment of coaxial cable and microwave system all over the country large quantity of copper wire was recovered creating problems of storage and disposal of these wires as stated in Audit Paragraph 22 of this Report (Pages 96—103). By 1970, 1000 tonnes of copper wire of various gauges had accumulated.

1.57. The Committee wanted to know whether copper wire of the gauge required for this work was recovered from any alignments between 1962-63 to 1969-70 and if so, whether it was not possible to allot 21 tonnes of such wire for this work earlier. The Ministry have stated: “Copper wire which was recovered in this area and could be considered suitable for reuse was not adequate enough to meet the requirement for this work and as such it had to be arranged ultimately from the Circle Store Depot Lucknow.”

1.58. According to Audit para some important stores such as insulators, transposition stalks, brackets, etc., received for this work in 1964-65 were diverted to other priority works in 1965. The technical control of this work was also transferred in July 1970 from the existing engineering division to a newly created division. After recouplement of the diverted stores the work was commenced only in October, 1972, and completed in June 1973. The following items of stores in short supply are stated to have been diverted to Defence and Railway priority works in 1965:—

Item	No	Approximate Value Rs.
Insulators O. S, large	750	540
Telegraphs Stakes	3600	2477
Bracuits T P N	1800	4730
		<u>7740</u>

1.59. Asked to state why it took about two years to recoup the diverted store even after copper wire was received from Store Depot in Lucknow in September, 1970 the Committee have been informed that Copper wire was issued in February, 1971 by the C.S.D., Lucknow. There was chronic shortage of stores and the field authorities had to pool all their resources to carryout the work. It is seen that as many as 7 other important works involving lines and wires had to be carried out in the area during the period 23-10-1971 to 19.3.1972."

1.60. As regards the time taken (8 months) to complete this work as against 100 days provided in the estimate, the Ministry stated that "though the work commented in October 1972 it could not continue without break due to inadequate supply of stores." The Committee then referred to the concluding remarks of Audit that apart from the loss of potential revenue of Rs. 0.36 lakh per annum, due to delay in completing the work the object of providing more circuits remained unfulfilled for a considerable period.

1.61. The Committee enquired how the demand for trunk traffic in the area was met during the last decade when the existing pair was unsuitable for long distance telepone purposes and what was the incidence of ineffective calls on this section during this period.

In a written note furnished to the Committee, the Ministry of Communications have stated as under:—

"(a) In the absence of the new proposed pair, the existing pair was used to handle the traffic to the extent possible.

(b) The percentage of ineffective calls was of the order of 40 per cent."

1.62. The Committee have noted that although the estimate of Rs. 2.29 lakhs was sanctioned in March 1962 for retransposition of an existing alignment to suit carrier working and for erecting an additional pair of copper wire between Bikaner and Suratgarh, the work could not be started during the period 1962-63 and 1968-69 on account of the non-availability of copper wire. The requirement of copper wire was 21 tonnes only and the departmental store at New Delhi was unable to supply it because the available copper wire in this depot was inadequate to cope with all the demands placed on it. The Committee, have also noted that stores worth Rs. 1.13 lakhs were received between 1962-63 and 1968-69 for the

execution of this project which was to be completed within 100 days of the receipt of complete stores. The Committee have further noted that some important items of stores received for this project in 1964-65 were diverted to other priority works in 1965. After recoument of the diverted stores, the work was commenced in October, 1972 and completed in June, 1973, eleven years after it was sanctioned.

1.63. The Committee are convinced that this project was not given the attention that it deserved. They fail to understand why only 21 tonnes of the requisite copper wire was not made available from the New Delhi Store depot even when it had between 35.77 tonnes to 45.90 tonnes as closing balance between 1965-66 to 1968-69. The Committee have noted that eventually copper wire was supplied by the Store Depot at Lucknow and the work was completed in 8 months as against 100 days provided in the estimate. As a result of the delay in execution of the work, the percentage of ineffective calls was of the order of 40 per cent and there has been a potential loss of revenue to the extent of 0.36 lakh per annum. The Committee deplore the lack of planning, coordination and supervision by the P&T Department. The Committee have emphasized in the last but one chapter of this Report the need for issuing proper guidelines to the Store Depots for stocking and use of materials required for the departmental works. The Committee would like to stress that unless there is proper planning, coordination and supervision, the execution of all sanctioned projects would continue to be held up on one pretext or the other.

Ambala-Patiala-Bhatinda-Ferozpur Co-axial cable Project

Audit Paragraph

1.64 In June, 1966 the department prepared a project for laying of large tube co-axial cable along with co-axial equipment between Ambala and Bhatinda and small tube co-axial cable between Bhatinda and Ferozpur. The work was to be completed in two years. The project was sanctioned in October, 1966 at an estimated cost of Rs. 162.32 lakhs; the actual expenditure was Rs. 187.51 lakhs.

Laying of cable commenced in July, 1966 and was completed in March, 1968

1.65 Installation of equipment was completed only in September, 1969 in Ambala-Patiala section, in May, 1970 in Patiala-Bhatinda section and in April, 1971 in Bhatinda-Ferozpur section. Thus the cable

(cost Rs. 85 lakhs) laid by March, 1968 could not be put to use for about a year and half in Ambala-Patiala section, more than two years in Patiala-Bhatinda section and three years in Bhatinda-Ferozpur section resulting in loss of potential revenue of Rs. 0.74 lakh per annum. The department stated (November, 1973) that the equipment for Bhatinda-Ferozpur section was supplied by Indian Telephone Industries in 1969-70.

1.66. Five terminal/repeater station buildings were to be constructed after acquisition of land and two more on departmental sites available at Patiala and Ferozpur. Land acquisition proceedings for five buildings were completed in July-August, 1967 and the buildings constructed between August, 1967 and March, 1969. For buildings to be constructed on departmental sites, the detailed estimates were sanctioned in April, 1967 (Patiala) and May, 1967 (Ferozpur) and buildings were completed in July, 1968 and September, 1968 respectively.

1.67. Twenty-three repeater station huts were to be constructed *en route* at a total cost of Rs. 0.69 lakhs. These huts were constructed departmentally. The departmental rules provide for maintenance of measurement books for all building works costing Rs. 1,000 or more. No measurement books were, however, kept for these huts. Detailed accounts for employment of labour and consumption of materials were also not maintained. Besides, tenders were also not called for local purchase of materials required for these huts. The total expenditure on construction of these huts were Rs. 1.01 lakhs, i.e., Rs. 0.32 lakh more than the estimated provision. The department stated (November, 1973) that the variation between actual expenditure and the estimated provision was inescapable and maintenance of measurement books was not considered necessary for such small works.

[Paragraph 13 of the Report of C&AG for the year 1972-73, Union Government (Posts and Telegraphs)].

1.68. According to Audit Para, the project (prepared in June, 1966) was sanctioned in October, 1966 at an estimated cost of Rs. 162.32 lakhs. The work was to be completed in two years.

1.69. The Committee were informed by Audit that Rs. 187.51 lakhs were spent on this project upto September, 1972. By March 1973 the actual expenditure was Rs. 189.79 lakhs. The break of the

actual expenditure upto March 1973 against the sanctioned amount was as given below:—

Figures in thousands of Rupees

	Sanctioned	Actual	Percentage of actual expenditure to sanctioned amount
Land	129	241	187
Building	1434	2565	179
Cable	87387	9419	108
Apparatus and Plant	4976	5633	113
General Administration	955	1121	117
	16232	18979	117

1.70. The Committee considered the overall increase in expenditure to be fairly high as compared to the sanctioned amount and enquired whether Government looked into this aspect before according revised sanction. The Secretary, Ministry of Communications has stated during evidence: "Such a cost examination is made every time the expenditure exceeds by more than 10 per cent."

Another representative of the Ministry has added:

"At the time the proposals for revised sanction come up, we do satisfy ourselves that the reasons given for increases in cost against particular items are acceptable. In fact, the revised sanction is not issued unless we go into all these things. We ask questions."

1.71. Asked to explain variations in respect of land and terminal buildings in estimate in such a short period, the Secretary, Ministry of Communications has stated:

"There was a change in the design of the buildings. Initially, they were designed to be two-storey or three-storey buildings so that they could also provide for future expansion."

1.72. When the Committee pointed out that plans were found to be incomplete in many projects of the P & T and it was necessary for the Department to take precautions to see that they proceeded on firm lines, the witness has deposed:

“We do that as far as possible. But when a large number of projects come up, there is bound to be some kind of interaction between the projects. In another Para, you will find that the Air-Conditioning Plant was provided for the Telephone Exchange. But subsequently, different Divisions came up with a request for accommodation for coaxial cables and talex. So, such changes do happen. These are not very many. In this particular case, it was decided that the building should cater for future expansion also. That is why we changed the design.

1.73. As regards delay in the completion of these buildings, the Audit has the following information to furnish: “Time allowed to the contractors for completion of the buildings was seven to eight months. The time taken for completion of the buildings was as under:—

Station	Time allowed	Work commenced	Completed	Time taken
Bhatinda	8 months	29-10-1967	22-3-1969	16 months
Sangrur	8 months	29-10-1967	26-8-1968	10 months
Barnala	8 months	9-10-1967	24-8-1968	10 months
Dhuri	7 months	23-2-1968	28-3-1969	13 months
Kotkapura	(a)	24-1-1969	December, 67	13 months
Ferozepur (departmental site)	7-months	27-8-1967	4-9-1968	12 months
Patiala (departmental site)	8 months	21-7-1967	15-7-1968	11 months

(a) Information not readily available.

1.74. When the attention of the representative of the Department was drawn to the above position, he has explained: “We find that the delays are nominal, about a month or two over the 8 months period prescribed in most of these cases. The buildings in some cases were handed over for installation even earlier or the completion itself was earlier. In the case of Patiala, the work was commenced in July, 1967 and physical possession was handed over for use on 16.6.68, that is, about 11 months. The completion itself was

a month later. These are fringe items that took a little time. The buildings were available for use fairly in time, not much beyond 8 months that were prescribed."

1.75. According to Audit para laying of cable commenced in July 1966 and was completed in March, 1968. The Department, however, informed Audit that the cable work which included jointing, termination, transmission testing etc., was completed in early, 1969.

1.76. The installation of equipment was undertaken and completed as per the table given below:—

Section	Commenced in	Completed in
Ambala-Patiala	July, 1967	September, 1969
Patiala-Bhatinda	August, 1969	May, 1970
Bhatinda-Ferozepur	March, 1969	April, 1971

1.77. The Committee drew attention of the witness to the reference in the Audit para that the equipment for Bhatinda-Ferozepur section was supplied by Indian Telephone Industries in 1969-70 and enquired whether the capacity of the ITI as to how much they could produce and supply was ascertained before drawing up any programme. The Secretary, Ministry of Communications has stated: "We have a coordination programme with the ITI. We meet twice a year, first to finalise next year's programme and then to review the current year's programme. In both these things, ITI tells us that they can manufacture so many lines, or so many switches or so much carrier equipments. We take this into account whenever we take up a project. Of course there will be marginal slip up in all these things."

1.78. The Director, Telegraph Co-axial Cable Project informed Audit that initially there were teething troubles in the equipment received from ITI and as such various modifications to the equipment had to be undertaken by the Department. The Committee desired to know what were those defects and whether those were due to defective specifications, the witness has clarified: "This relates to 4 megawherty co-axial system. The first proto-type was made by us in our laboratories and was installed between Patna and Sasaram. Then the ITI took up the production of the first batch, which included the equipments for Poona-Bangalore and Ambala-Bhatinda-Ferozepur. When we installed the Poona-Bangalore equipment we

found that there were a number of design short-comings. Our research men went there and checked up; and made a large number of modifications at site. By that time, this equipment had already been manufactured. We said, 'you send it to the site and we will carry out the modifications *in situ*.' We have a large list of modifications carried out. The next batch was without any shortcomings; it was installed in South India and is working without any trouble."

1.79. As regards construction of repeater huts, the Department informed Audit subsequently that these were small huts required to be constructed at isolated places along the high ways. The estimate for each individual hut was prepared by the project organisation on the basis of actual materials required and the prevailing market rates for the same. Since these huts were very small works the project organisation had not considered it necessary to keep measurement books which were essentially required for these works when payments were to be made to the contractors who should sign the measurement book in token of their having accepted the measurements. In the opinion of the Director General, Posts and Telegraphs, maintenance of measurement books was not necessary in respect of works not executed through a contractor.

1.80. During evidence the Secretary, Ministry of Communications has stated:

"Yes. These are small buildings of type design. They are all identical. About 22 or 3 huts had to be put up on this route. Initially, when the project estimate was prepared, the estimate was prepared on a flat rate of about Rs. 3,000 per building. When the detailed estimate was prepared, they took into account the location where the hut was actually to be constructed, it may be on a flat ground or it may be on the road-side banking. The detailed estimate came to about Rs. 89,000 for all the buildings and the actual came to Rs. 1.01 lakhs that is, about Rs. 12,000 more. In all these cases, the steel doors were bought after calling of quotations. The bricks were bought at controlled price; the cement was bought at controlled price. There was a genuine misunderstanding about maintaining or not maintaining measurement books. The measurement books were at that time for the purpose of paying the contractor, i.e., when we get the job done through a contractor, then we maintained the measurement books and the contractor also signs the measurement books. We make payments to him according to the quantities shown

in the measurement books. There was a genuine misunderstanding about it. It was only after the Audit para was received by us that we issued the instructions that even if the job is done departmentally, the measurement books have to be maintained. We are sorry for this lapse."

1.81. When his attention was drawn to the fact that according to Audit para the Departmental rules provided for the maintenance of measurement books in all building works costing Rs. 1000 or more, the witness has deposed: "I do admit the lapse. It was not the intention of doing away with any Government rules. If you see the rules it does create a genuine misunderstanding. I had discussed it with the A.G., P & T also. At the end of the rules, you will find:

"All measurements in the measurement books should be taken in the presence of the contractor or his agent who should then sign the measurement books in token of having accepted the measurement."

This gave rise to a genuine misunderstanding that the measurement books were required only where the payments to the contractors had been made. In this particular case, all the buildings were identical in nature. Only their location was different. Therefore, the foundations had to be slightly different. Even if you see the actual cost of the buildings, it is, more or less, the same."

The witness has further stated: "I examined this. I certainly feel that we should have kept the measurement books."

1.82. As regards the number of labourers employed in each hut, it was stated by the Director, Co-axial Cable Project, New Delhi to Audit that it would not be possible to work out the number of labour actually employed for the construction of each hut.

1.83. Asked to state what was the difficulty in calculating the cost of labour for each hut when the distance between two huts was not less than six miles and different sets of people were working on different days, the witness has stated that these were done departmentally, "the labour was on muster roll and the labour cost was allocated to each hut. This is a common muster roll."

1.84. The Committee have noted that the Ambala-Patiala-Bhatinda-Ferozepur co-axial cable project was sanctioned at an estimated cost of Rs. 162.22 lakhs and by March 1973, the actual expenditure was Rs. 129.79 lakhs. The Committee have also noted that the par-

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centage of actual expenditure to sanctioned amount was 187 in respect of land, 179 in respect of building, 108 in respect of cable, 113 in respect of apparatus and plant and 117 on General Administration. The Committee consider the overall increase in expenditure to be high as compared to the sanctioned amount. They would like the Department to conduct a thorough probe with a view to seeing whether the increased expenditure was due to change of designs, delays in execution or improper planning. The Committee would like to be informed about the results of the probe in due course.

1.85. The Committee have noted that the equipment for the Bhatinda-Ferozepur section was supplied by the Indian Telephone Industries in 1969-70. The Committee are constrained to observe that there was no proper coordination with the ITI in the matter of the supply of the equipment. The Committee would stress the desirability of drawing up of fixed time schedules in the delivery of the equipments in consultation with the ITI.

1.86. As regards the repeater huts, the Committee very much regret, to observe that the concerned officials did not consider it necessary to maintain measurement books in respect of works not executed through a character. The Committee have noted the Secretary, Ministry of Communications, has admitted the lapse. The Committee insist that in future measurement books would invariably be maintained in respect of building works, constructed departmentally or otherwise, costing Rs. 1000 or more.

1.87. It should have been possible for the Director, Co-axial Cable Project, New Delhi, to specify the number of labour actually employed for the construction of each hut. The Committee consider that the details of expenditure incurred on labour, even though they are on muster roll, employed in departmental construction works should invariably be maintained. The Committee sincerely hope that there was no malpractice.

Crossbar telephone exchange at Jodhpur

Audit Paragraph

1.88. To meet the pressing demand for telephone connections, a project was sanctioned in February, 1964 at an estimated cost of Rs. 33.23 lakhs for installation of 1800 lines strowger type exchange at Jodhpur in replacement of existing 960 lines manual exchange. As the demand for telephones was meanwhile increasing it was decided to increase the capacity of exchange further to 4000 lines and a revised project was sanctioned in July, 1965 for Rs. 69.19 lakhs.

At that time the project was expected to be completed in 1967. This sanction was further revised to Rs. 89.58 lakhs in April, 1967 when it was planned to instal a crossbar exchange instead of a strowger exchange as decided earlier. The work started in January, 1965 and the exchange was commissioned after seven years in March, 1972.

1.89. The project comprised the following major components:—

	(Rs. in lakhs)
Building with electric installation	14.56
Air-conditioning	2.19
Equipment	52.60
Laying of cables	20.23

1.90. (i) Building

Tenders for construction of the building were called for in January, 1965 and the work awarded to a contractor in March, 1965 for completion within sixteen months. This contract did not include the following items of work for reasons stated against each:

Items of work	Reasons
(a) Heat installation treatment and water proofing of the roof	The rates tendered by the contractor mentioned above were high.
(b) Canteen and kitchen counters.	Drawings were ready only in June, 1967.
(c) Wall panelling and false ceiling	Drawings were ready only in July, 1967.
(d) Flooring in the battery room.	Specifications were ready only in February, 1968.

1.91. The building work was started in April, 1965 when the site for construction was handed over. The contractor had to undertake additional works of construction of canteen and kitchen counters for which drawings were received in June, 1967. Details of cable trenches in the building were available only in February, 1968. The contractor, therefore, completed the work in May, 1968.

1.92. Separate contract for heat insulation treatment and water-proofing of the roof was executed in June, 1967 and the works were completed in November, 1967. Estimate for wall panelling and false ceiling was sanctioned in February, 1968 (7 months after completion

of drawings) and these were completed in May, 1968. Contract for flooring in the battery room was executed in August, 1968 (6 months after the specifications were ready) and the work was completed in November, 1968. Thus the building was completed in about 44 months instead of 16 months. Pending completion of all the items of work, part of accommodation in the first floor of the building was handed over in July, 1967 to Engineering branch for commencing installation of equipment.

(ii) *Air-conditioning*

1.93. According to manufacturers' specification, crossbar equipment should not be stored in open air and plastic bags containing them should be opened in air-conditioned rooms. The project estimate provided for an air-conditioning plant, the estimate for which was sanctioned in March, 1965 for Rs. 2.19 lakhs. The specification was, however, approved only in May, 1967. According to the department the delay (over 26 months) in finalising the specification of the air-conditioner was due to the fact that the proposed (September, 1965) co-axial and telex services, which also required air-conditioning, were to be accommodated in that building. Indent for the purchase of the air-conditioner was placed in September, 1967 with the Director General, Supplies and Disposals. The drawings sent with the indent contained some discrepancies and omissions which were settled by March, 1968. Tenders were thereafter invited by the Director General, Supplies and Disposals, and after settlement of various points raised by the tenderer, orders were placed on a firm in March, 1969 for supply and installation of the plant by June, 1969. The firm supplied the plant by July, 1969 and installed it by December, 1969; but it could not be commissioned as there was no power connection.

1.94. The department deposited Rs. 40,000 with the State Electricity Board and applied for a total power load of 350 kw in October, 1967. Since only 15 kw were sanctioned by the Electricity Board, the Board was remained in February, 1968 for sanctioning the balance 335 kw. The Board requested the Postmaster General in March, 1968 to intimate the immediate and the balance of power requirements in a phased manner. The Postmaster General replied in January, 1969 that immediate requirement was additional 40 kw and the balance (295 kw) would be required within a period of one year. When in September, 1969 the Electricity Board was ready to meet the power requirement the power sub-station and transformer, which were to be provided by the department and for which a provision of Rs. 73,617 was made in the project estimate, were not ready.

1.95. The detailed estimate for the sub-station equipment was sanctioned in February, 1966 and indent for its purchase was placed on the Director General, Supplies and Disposals in May, 1966. The equipment was received in 1968. Tenders were invited for installation of equipment in the sub-station and the work was awarded in December, 1968 after inviting tenders four times. The contractor, however, failed to complete the work within the stipulated time and his contract was rescinded in October, 1970. The work was got completed through another agency in November, 1970 and required power was available in April, 1971.

1.96. The tests for commissioning the air-conditioning plant (installation of which was completed in December, 1969) were commenced in August, 1971 (4 months after getting the power connection). Certain defects were noticed in the plant. After a joint inspection in January, 1972 by representatives of the supplier and Posts and Telegraphs department and the Director-General, Supplies and Disposals the supplier was directed to rectify the defects. The air-conditioning plant was finally commissioned in March, 1972.

The department, however, had to pay maximum demand tariff charges since April, 1971 when power was made available.

1.97. The original supply order included supply of an electronic air filter (cost Rs. 16,000) to prevent dust from gathering into the plant. The electronic air filter received in June, 1973 has not been installed (December, 1973).

1.98. As commissioning of the air-conditioning plant was delayed, ten window type air-conditioners were purchased in December, 1969 (cost Rs. 0.42 lakh) for unpacking and installing exchange equipment which had started coming since January, 1967. These window type air-conditioners could, however, be put to use only from May, 1971 after required power supply was made available in April, 1971. Even after commissioning of the air-conditioning plant in March, 1972 six window type air-conditioners were still in use and four had been kept as standby (December, 1973). The department stated (January, 1974) that the window type air-conditioners were proposed to be diverted to other exchanges shortly.

(iii) Equipment

1.99. Installation of equipment was to be completed within about 30 months after receipt, mainly from Indian Telephone Industries.

Although these were programmed for manufacture between February, 1966 and July, 1966, their delivery commenced one year behind schedule in February, 1967 and equipment worth Rs. 51.52 lakhs was supplied by March, 1969 as shown below:

	Rs. in lakhs
1966-67	25.50
1967-68	23.71
1968-69	2.31

1.100. As the equipment was not supplied in proper sequence of installation, staff was posted only in December, 1968 for installing the equipment in the proposed exchange after enough basic equipment had been received. As mentioned above there was also delay in providing air-conditioning. Ultimately unpacking and installation of apparatus and plants, which were required to be opened and installed in air-conditioned rooms, was started in January, 1969 without air-conditioning and installation of equipment was completed in March, 1972, but for some equipment received short, broken, corroded or damaged.

1.101. As the insurance cover had expired in February-March, 1969, the Indian Telephone Industries refused to make good or replace free of cost, the equipment received short, broken, corroded or damaged. These had to be repurchased at a cost of Rs. 33,146 between February, 1969 and October, 1972. The department stated (January, 1974) that the question of refund of the cost of these equipment was under correspondence with Indian Telephone Industries.

(iv) Cables

1.102. Eighty-nine kilometres of cables of different specifications were to be laid. Two detailed estimates for cable laying were sanctioned in 1965 and one each in 1967, 1968, 1969 and 1971. Laying of cable was expected to be completed within three to six months after receipt of stores. Laying was commenced in January, 1965 and 66 kilometres (74 per cent) of cables were laid by March, 1973. The remaining work was held up for want of cables (September, 1973).

As against the estimated cost of Rs. 89.58 lakhs, total expenditure on the project up to March, 1973 was Rs. 104.13 lakhs. The cost will increase further when cable laying is completed.

The exchange with an installed capacity of 4000 telephone lines was commissioned in March, 1972. In September, 1973, 3520 connections were working from the exchange, and 23 applicants were awaiting new telephone connections.

[Paragraph 14 of the Report of Comptroller and Auditor General of India for the year 1972-73, Union Government (Posts and Telegraphs)]

1.103. The Committee enquired from the representative of the Ministry the necessity for replacing the proposed 1800 lines stronger type exchange at Jodhpur by a crossbar exchange although it was known that the crossbar exchange was not functioning satisfactorily and giving considerable trouble in the Bombay Fort Exchange as well as in Delhi Karol Bagh Exchange. The Secretary, Ministry of Communications has stated in evidence: "We have got cross bar system in about 40 exchanges in the country. Excepting for three exchanges in Bombay and four exchanges in Delhi which are subject to heavy load, all the other exchanges are working quite satisfactorily."

1.104. As regards the defects noticed, the Secretary, Ministry of Communications has stated:

"When those exchanges started giving trouble, particularly, in Bombay and Delhi, we investigated why it was giving trouble and then we found that for light traffic the equipment was all right but for heavy traffic, certain components were giving way like spark quench circuits or contacts. All these were studied by a number of our engineers both from ITI as well as from our research centre and for every defect that was noticed, we worked out a solution, and this solution is now being applied and for the past 18 months we are working on these Delhi and Bombay exchanges trying to rectify these defects."

He has added that for the rectification work, the original suppliers were giving the materials free of charge. Excepting in one exchange, all the rectification work was being done by the Indian engineers.

The Secretary, Ministry of Communications has added:

"In Karol Bagh, taking the total amount of work involved, we have done 56 percent of the work. That is, we have taken into account the number of circuits to be changed, the number of wires to be soldered and the total work will be completed by the end of December.

In Jor Bagh we have done 58 percent and in Janpath the ITI is doing this work because that exchange was supplied by ITI and they have done 48 percent of the work. The subscriber will not feel the effect till we have done 80—85 percent of the work."

1.105. Questioned about the particular reasons for switching over to cross bar system in respect of the Jodhpur Exchange, the Secretary, Ministry of Communications has stated that the idea at that time was that there should be complete changeover from the Strowger to Cross-Bar. In other words, when a new exchange was put up, it should be a Cross-bar exchange to the extent that the ITI manufacturing capacity could meet the requirements.

He has further stated: "The idea is that eventually we are going to link up all these exchanges by national dialling. If at this line we do not take steps then in future when national dialling is introduced, these exchanges cannot form part of the network and at a latter stage, we may have to incur a very much larger amount. . . . if we are going to have a national dialling which we are bound to have some day or the other, we have got to have exchanges which can fit in with the national dialling."

1.106. Audit has pointed out the delays in the finalisation of drawings and specifications for canteen and kitchen counters, wall paneling and false ceiling, flooring in the battery room and sanctioning the estimates for the same. Questioned about the reasons for delay in respect of these items, the representative of the Department has stated: "These are not the essential ingredients of the buildings. The items required at the time of commissioning of the exchange are not required too much in advance. They were not included in the building contract. . . . There are certain items which might be decided later on and that is why they were decided and dealt with separately. These items were ready before the equipment installation was started."

The Secretary, Ministry of Communications has, however, agreed with the views of the Committee that if the contract for these items had been given when the building contract was awarded the work would have been completed earlier and much cheaper.

1.107. Asked to state why the details for cable trenches were available only in February, 1968, more than 21 months after building work was started in April, 1965, the representative of the Department has stated that this was an item which was done according to the load given by the Indian Telephone Industries who supplied the equipment. The details were available after they got the design from the

Indian Telephone Industries and then the cable project was contracted and awarded.

1.108. Why should the details be available in February, 1968 if they were to be done by the Indian Telephone Industries, the Committee asked. The Secretary, Ministry of Communications had no direct answer to this question. He has stated in reply: "It has so happened that the equipment had not arrived which could be installed. The contractor gave the room for equipment installation when the equipment came. Though, strictly speaking, the building should have been completed in all respects roundabout July, or August, 1966, I do not think any pressure was put on the contractor to finish all those..... only because equipment was not likely to be ready."

He has admitted that the biggest failing of the Department was that there was no PERT chart to keep a watch on the deliveries of various components according to the dates targeted.

1.109. The Committee enquired why it took as long as 20 months from September, 1965 to May, 1967 to finalise specifications of air-conditioning plant and another 4 months to send the indent to the Director General, Supplies and Disposals in September, 1967 when it was known in September, 1965 that co-axial telex services were to be accommodated in the same building and were also to be air-conditioned. The representative of the Department has stated in reply: "I would not be able to say why it happened. I can only say how it happened. First, they thought of the exchange being air-conditioned. Then, the co-axial cable and the teleprinter exchange were also to be located in this building. These were also to be air-conditioned under a policy decision. So, the air-conditioning load on this was also to be added."

1.110. The representative of the Department had no adequate answer to the question as to why the work was done piecemeal and why the whole air-conditioning load was not calculated at once. According to the audit paragraph, indent for the purchase of the air-conditioner was placed in September, 1967 with the Director General, Supplies and Disposals. The drawings sent with the indent contained some discrepancies and omissions which were settled by March, 1968. The Committee enquired why the drawings (prepared in 20 months) contained discrepancies and omissions which required another 6 months for settlement before the tenders could be called. The representative of the Department has admitted that there were mistakes and errors in filling up the indents. He had no answer to

the question as to why it took 6 months for settlement of the discrepancies. The Secretary, Ministry of Communications, however, has informed the Committee that if a target date had been fixed for the completion of these items, the work could have been done earlier. He has added: "If it (delay) had happened in one or two cases, then, I would have termed it as a lapse. But, when I find that in every project that I examine there is no date fixed for any of the component works, I would only say that it was a shortcoming in our procedural methods."

1.111. According to the audit para, the Department deposited Rs. 40,000 with the State Electricity Board and applied for a total power load of 50 kw in October 1967. The Board requested the Postmaster General in March, 1968 to intimate their immediate and the balance of power requirements in a phased manner. The Postmaster General replied in January, 1969, that is after 9 months, that immediate requirement was additional 40 kw and the balance (205 Kw) would be required within a period of one year. When in September, 1969 the Electricity Board was ready to meet the power requirement the power sub-station and transformer, which were to be provided by the department and for which a provision of Rs. 73,617 was made in the project estimate, were not ready. The Secretary, Ministry of Communications, has admitted that there was delay on the part of someone. He has added "In providing the sub-station, there was a delay of over 2½ years. We have called for the explanation of the officers concerned."

1.112. The Committee posed the question whether it would not be desirable to conduct a study to work out the total loss of revenue on account of various delays, omissions and other things and also whether it would not be worthwhile to conduct an enquiry into the working of P & T Department to improve things. The Secretary, Ministry of Communications has stated: "Some cases were referred to relating to 1970-71, viz. works carried out by the Circles. In these cases, we have nominated officers and told them to have a time-bound programme and follow it."

1.113. According to the Audit, tenders were invited for installation of equipment in the sub-station and the work was awarded in December, 1968 after inviting tenders four times. The Committee wanted to know the circumstances in which tenders had to be called for four times before the work could be allotted to the contractor in December, 1968. They also wanted to know why it took 21 months to review

the work. The Secretary, Ministry of Communications has stated in reply: "This is something which I myself could not understand. It is a fairly simple work costing Rs. 6,000/-. On the first three calls, there was no response at all; and on the fourth call, a tenderer accepted the work. The first call for the tender was on the 12th July, 1968. There was no tender received against this call. The second call was on 3rd August, 1968. There was only one tender received. This single tender was 35 percent above the rates and because it was high, it was also rejected. The third call was on 30th October. Two tenders were received and both were 33 percent and 31.75 percent above the rates and they too were rejected. Finally the fourth call was on 5th December. A single tender was again received which was 29 percent above the indicated rates. This was received on 30th of December, 1968. The time for the work, I think, was for 45 days. I really do not see any justification why we waited for 21 months to rescind the contract. Apparently, the contractor asked for some payment on some other works. There was a dispute between him and the Wing. We have called for the explanation of the Officer concerned."

1.114. The Committee enquired why it took as long as 11 months from April, 1971 to test and commission the air-conditioning plant (in March, 1972). The Deptt. had no satisfactory answer to this question. The only submission made by the representative of the Department was as follows:

"The air-conditioning plant was installed by December, 1969. The power became available in May, 1971. After May, 1971 when power became available to the air-conditioning plant, the contractor was intimated and he came and commissioned the plant and the plant started working in August. It was commissioned by March, 1972."

1.115. According to the information furnished by the Assistant Engineer, Phones, Jodhpur to the Director General, Supplies and Disposals in April, 1973, the Department had to pay to the State Electricity Board Rs. 55,853 without utilising power to that extent for the period April, 1971 to March, 1972. Audit has observed that "as the equipment was not supplied in proper sequence of installation, staff was posted only in December, 1968 for installing the equipment in the proposed exchange after enough basic equipment had been received." The Committee asked the Deptt. to state the reasons for the non-supply of the equipment by the Indian Telephone Industries in pro-

per sequence. The Secretary, Ministry of Communications has stated: "We have had number of coordinating meetings with the ITI. They had genuine difficulties in supplying the iron work. Iron work was the first item which was to be put in the exchange. They supplied the most sophisticated equipments all of which were getting locked up. We must have the iron work first so that we could start installation of the exchange. It was only in the last two years or so that they have made a tremendous effort in the supply of iron work first. Today for the exchanges, they are supplying the iron work first."

1.116. Audit has pointed out that installation of the equipment was completed by March, 1972 but for some equipment received short, broken, corroded or damaged. As the insurance cover had expired in February-March, 1969, the Indian Telephone Industries refused to make good or replace free of cost, the equipment received short, broken, corroded or damaged. These had to be re-purchased at a cost of Rs. 33,146 between February, 1969 and October, 1972. In reply to a question, the Secretary, Ministry of Communications has stated that out of Rs. 33,146, the ITI had paid for most of the claims except for Rs. 7,000 which was to be borne by the Department.

1.117. The Committee wanted to know the total up-to-date expenditure on this project. The representative of the Deptt. has stated during evidence that the revised estimate for the project was Rs. 129.51 lakhs. The actual expenditure up-to-date, however, was of the order of Rs. 118.19 lakhs.

1.118. The Committee fail to understand why the P&T Department sanctioned a project in February, 1964 at an estimated cost of Rs. 33.23 lakhs for installation of 1800 lines strowger type exchange at Jodhpur. In April, 1967 it was decided to instal a controversial cross bar exchange manufactured by a Multi-national Corporation instead of the strowger exchange and for which a revised sanction for Rs. 89.58 lakhs was issued. The Committee noted that there was a difference of opinion at the time the work was started. The work was started in 1965 and the exchange was commissioned after seven years in March, 1972. From the time it was decided to instal a crossbar exchange upto the time it was completed, there has been a long series of delay in the completion of different components of the project, viz. building with electric installation, air-conditioning, installation of equipment laying of cables etc.

1.119. It is a sad commentary on the performance of the Department that the details for cable trenches were available only in February, 1968, more than 34 months after the building work was started

in April, 1965. It appears to the Committee that there was no proper coordination with the Indian Telephone Industries. This is also evident from the fact that the delivery of equipments by the Indian Telephone Industries commenced one year behind schedule in February, 1967. The Committee would urge that there should be effective coordination between the P&T Department and the Indian Telephone Industries. Schedules of deliveries of equipment to the P&T Department, should be drawn up in consultation with the I.T.I. and those schedules should be scrupulously adhered to.

1.20. The Committee regret that it took the officials as long as 6 months for settlement of the discrepancies noticed in the drawings sent with the indent for the air-conditioner. The delay of over 28 months in finalising the specifications of the air-conditioner is also inexcusable.

1.121. Equally unpardonable is the delay of about 2½ years in providing the power sub-station. The Committee note that the explanation of the officers concerned has been called for. They would like to know the results of the action taken against them in due course. In this context, the Committee note with concern that the Department had to pay to the State Electricity Board Rs. 55,853 as maximum demand tariff charges although power was not utilised to that extent.

1.122. The Committee have noted that the tenders for installation of equipment in the sub-station had to be invited four times and the work was awarded in December 1968. They note with surprise that it took as long as 21 months rescind the contract of the contractor who failed to complete the work within the stipulated time. As has been admitted by the Secretary, Ministry of Communications, there was no justification for waiting for 21 months before rescinding the contract. The Committee note that the explanation of the officers concerned has been called for.

1.123. From the facts brought to light in the course of evidence tendered by the representatives of the Ministry, the Committee have come to the conclusion that the delays were as much due to the procedural defects as the failures on the part of those responsible for their execution. The Secretary, Ministry of Communications, has admitted before the Committee that the biggest failure of the Department was that there was no PERT chart to keep a watch on the deliveries of various components according to the target dates fixed. He has frankly admitted the lapses when he said: "But, when I find that in every project that I examine there is no date fixed for any

of component works. I would only say that it was a shortcoming in our procedural methods." The Committee, however, are strongly of the opinion that mere admission of procedural lapses or failures of human agency would not help to improve matters. Steps must be taken without delay to see that they do not recur.

Microwave link connecting Coimbatore Kozikode and Ootacamund.

Audit Paragraph

1.124. In May, 1966 the department prepared a scheme for linking Coimbatore with Kozikode and Ootacamund by means of microwave radio relay system with the object of providing:

- (a) more reliable telecommunication facilities,
- (b) 108 channels (which could be increased to 300 channels with additional investment), and
- (c) subscribers' trunk dialling facilities.

The project was expected to yield a net profit of Rs. 9.57 lakhs per annum.

1.125. The scheme comprised the following major components:—

- (i) acquisition of land and construction of microwave buildings and repeater station;
- (ii) erection of masts and antennas;
- (iii) installation of radio and associated power equipment; and
- (iv) laying of cables for extending the circuits from microwave buildings to carrier stations.

The project was sanctioned in April, 1967 (estimated cost Rs. 32.98 lakhs) and was expected to be completed within a period of 15 months.

1.126. The sites for construction of buildings and repeater station were acquired by May, 1967. Tenders for civil works were invited in October, 1967 and works awarded to contractors by March, 1968. The delay in inviting tenders was due to time taken in preparation of site plans, detailed drawings and tender documents. The table

below indicates the dates of commencement of works and their completion.

	Date of commencement	Due date of completion as per agreement	Actual date of completion.
Kolaribetta (Repeater station)	March, 1968	September, 1968	December, 1969
Ootacamund	March, 1968	September, 1968	October, 1969
Kozikode	February, 1968	September, 1968	October, 1969
Coimbatore	March, 1968	July, 1968	October, 1969

1.127. According to the department the delay in construction of buildings was due to shortage of cement and steel which were to be supplied by the department and monsoon and difficult terrain at Kolaribetta, but portions of the buildings where the equipment was to be installed were ready between January, 1969 and May, 1969.

1.128. Contracts for construction of foundations for towers and erection of towers were executed in February, 1968. Foundations were laid at Coimbatore, Ootacamund and Kozikode in May-June 1968 and at Kolaribetta in February, 1969. For supply of tower materials order was placed on a firm in March, 1967 for delivery by November, 1967. The tower materials were, however, supplied by the firm only in August, 1968 and erection of towers at Coimbatore, Ootacamund and Kozikode was completed in October-November, 1968 and at Kolaribetta in March, 1969.

1.129. Equipment for the project was to be supplied by the Indian Telephone Industries Limited (partly by manufacture and partly by import). Orders for supply were placed on Indian Telephone Industries in July, 1966 and it was asked to indicate the programme of supply. However, no programme was drawn up as Indian Telephone Industries had difficulties in importing components due to shortage of foreign exchange. Supplies were commenced in piecemeal from October, 1966 and continued till September, 1971. Major items of equipment were received between October, 1968 and January, 1970 and these were installed between July, 1969 and May, 1970. Meanwhile, preliminary testing of the microwave link started in December, 1969 and continued till September, 1970.

1.130. Final "proving in" tests were started in October, 1970. For conducting "proving in" tests microwave testing instruments were essential for which orders were placed on Indian Telephone Indus-

tries in November, 1967. Indian Telephone Industries, however, expressed (February, 1968) its inability to supply the instruments for want of foreign exchange. After foreign exchange became available in October, 1968 competitive tenders were invited (May, 1969) and orders for instruments were placed in November, 1969. The instruments were received in December, 1970. Meanwhile, tests were started with the help of some instruments borrowed from the Telecommunication Research Centre, New Delhi. The tests which normally take two to three months continued for about six months till March, 1971 as several defects in the system were noticed and these had to be rectified. The microwave link was finally commissioned in March, 1971.

1.131. The equipment for subscribers' trunk dialling between Coimbatore and Ootacamund stations was, after successful 'acceptance testing', made over in March, 1970 for arranging traffic trials and commissioning after microwave channels were ready. But the subscribers' trunk dialling system between these two stations could be commissioned only in March, 1972 due to certain defects in metering and modifications of some equipment by the Telecommunication Research Centre. Even after the microwave link was established in March, 1971, subscribers' trunk dialling facility between Coimbatore and Ootacamund could not be provided till March, 1972.

Against the estimated cost of Rs. 32.98 lakhs total expenditure on the project upto September, 1973 was Rs. 33.20 lakhs.

1.132. The department stated (January, 1974) that as this was the first microwave system installed by using indigenous design (that by Telecommunication Research Centre) and equipment (manufactured by Indian Telephone Industries) delays due to teething troubles and initial problems were unavoidable.

[Paragraph 15 of the Report of the Comptroller and Auditor General of India for the year 1972-73, Union Government (Posts and Telegraphs)]

1.133. According to Audit Para, the project was sanctioned in April 1967 (estimated cost Rs. 32.98 lakhs excluding over-heads) and was expected to be completed by June, 1968. Construction of microwave buildings and repeater stations commenced in February-March, 1968 after acquiring sites for them and the works were finally completed in October-December 1969.

1.134. The Committee were informed by Audit that cost incurred on construction of the four buildings as per Financial Stock Taking Report (30-9-1969) was as under:

	(Rs. in lakhs)
Kolaribetta	0.52
Ootacamund	0.64
Kozikode	0.56
Coimbatore	1.07

1.135. Asked to state the reasons for delay of 2½ years after the acquisition of sites in May, 1967 to construct four buildings, the Member (T.D.), P&T Board has stated during evidence:

“There were four buildings involved in this project. The commencements of one was in February and of three in March, 1968. The due date of completion was September, 1968 in respect of three and July 1968 in respect of the fourth. Three were completed in October, 1969 and one in December, 1969. The buildings were given for occupation and installation of equipment even earlier than the formal date of completion. We had the Coimbatore building available for installation in December 1968 itself and the building at Ooty by March, 1969 and Calicut by June, 1969 and Kolaribetta by September, 1969. The buildings were available for installation much earlier but the finishing took time... The difficulty that they had mentioned was that the cement was not available. They seem to have got it locally by some arrangement.”

1.136. To a question as to what efforts were made to obtain cement beforehand, the witness has expressed his inability to find out what exactly had happened and has stated: “It is done at the project level. We are unable to find information at this stage as to how cement was made available locally.” He has added: “The reasons that I have got here are that there was a shortage of cement and there was a very heavy monsoon at that time.”

1.137. When the Committee pointed out that for RCC, the day when the roof is cast, there should not be rain, otherwise it is very helpful for civil construction work, brick work and concrete work,

and enquired what the Department would have done if it had been a war work or work of an emergency nature, the witness has agreed with the Committee and stated, "they would have certainly done it."

1.138. Asked to explain the delay of nine months in the supply of tower materials by M/s. Alcock Ashdown and Company, the Secretary, Ministry of Communications has deposed during evidence: "This Company was entrusted with the work of designing and manufacturing the towers for the first time in the country. The microwave towers were still being imported. The design required some special considerations like having proper strength and standing the wind load. Personally, I feel, they did an excellent job. I am saying this with the background of subsequent experience with other firms. They did take 7 to 8 month longer. But they were quite earnest about it. They completed the job. Unfortunately, after that, they closed down."

1.139. As regards supply of equipment for the project, Audit para stated that order was placed on the Indian Telephone Industries Ltd., in July 1966. Supplies were commenced in piecemeal from October 1966 and continued till September 1971 as the concern had difficulties in importing components due to shortage foreign exchange.

1.140. Referring to another instance of delay of 5 years in the supply of equipment for the project, order for which was placed on the Indian Telephone Industries in July 1966 but supplies completed in September, 1971, the Committee desired to know what sort of coordination existed between the ITI and the P&T Departments in planning for execution of such projects and whether the ITI's planning was tied down with the projects planned for this Department. The witness has explained the position in the following words:

"We did not expect that it would take five years. This was the first time that the microwave equipment was designed in the country. We made a prototype in Delhi; we tried it out and we sent it down to the ITI, for productionising it. We expected that it will be completed in 2 to 3 years. We expected that it will be received by 1969. They actually supplied all the equipment by 1969. But what happened was that between 1969 and 1971, some of the items had to be either modified or sent back to the Factory for making certain changes. This went on till 1971 after the actual testing took place. The testing also took about 1½ years or so because this was the first equipment that we designed and we had to be absolutely sure that it was going to work

well. After 1972, I am very happy to say that the equipment has not even had one hour shut-down, that is, for the last 2 years."

1.141. As regards procurement of microwave testing instruments for conducting "proving in" tests, the Committee enquired what advance action was taken to get the foreign exchange released for the I.T.I. The Secretary, Ministry of Communications has stated:

"What we did was this. Since they did not have the foreign exchange and the P&T had some foreign exchange with it, we imported these instruments. Even then, the instruments came late. They did not come on time. We had the instruments at the Research Centre at Delhi and we sent them to assist in the installation."

1.142. Asked as to why order for testing instruments was not placed with the Indian Telephone Industries alongwith all other equipment for the project in July, 1966, the witness has stated: "In 1966, we did not place and firm orders. It was *ad hoc* information about the equipments that were required for all the projects."

1.143. The Committee drew attention of the representative of the Ministry of Communications to the following two references made in the Audit para in this regard that "Equipment for the project was to be supplied by the Indian Telephone Industries Ltd. (partly by manufacture and partly by import). Orders for supply were placed on Indian Telephone Industries in July 1966 and it was asked to indicate the programme of supply" and "Final 'proving in' tests were started in October 1970. For conducting 'proving in' tests microwave testing instruments were essential for which orders were placed on Indian Telephone Industries in November 1967", and wanted to know what the Department was doing between July 1966 and November 1967, the witness stated: "We had given indications in an *ad hoc* order."

1.144. According to the Audit para, tests which normally take two to three months continued for about six months till March 1971 as several defects in the system were noticed and these had to be rectified. The microwave link was finally commissioned in March 1971. The Committee desired to know what were those defects and whether those were due to defective design or manufacture. The witness has clarified: "It was due not to any defect in the manufacture but in the design." Asked who designed it, the witness has said that it was done in the Telecommunication Centre and has added:

"I would not call it a major defect, because in most cases when an equipment is designed for the first time, it works very well in the laboratories; but when there is a prototype, it creates a lot of difficulties. When we had it from Japan for the Calcutta-Asansol system, the entire thing failed. They had sent replacements and a team of theirs worked for 12 months. This happens in the case of all the designs."

1.145. Explaining the present position in this regard, the Joint Secretary, Ministry of Communications has stated: "We have to provide the additional set on the route and then it will be connected."

1.146. Asked whether the system was now working with the standard efficiency, the Secretary has stated: "It is functioning very well. There is absolutely no trouble about the system." The witness has further stated that the "First microwave system was imported. These are in the North-Eastern route-Asansol connected with Shillong and further upto Gauhati; in the West linking up Jullundur with Srinagar and Delhi to Jaipur.....They are all working extremely well. Efficiency is about 99.9 per cent."

1.147. To a query whether microwave system was more reliable than the other alternative systems, the witness has deposed: "This is more reliable than co-axial system. In the Fifth Plan we are having fairly ambitious plan to duplicate the main routes by microwave system. We will put microwave system where we have co-axial system so that the load can be shared and if one system fails, the other can work. Television Bearer channels are going to be provided. We are making a provision for that so that A.I.R. may have the benefit of the scheme later on."

1.148. Dealing with comments of Audit that "the equipment for subscribers' trunk dialling between Coimbatore and Ootacamund stations was, after successful 'acceptance testing', made over in March, 1970 for arranging traffic trials and commissioning after microwave channels were ready" and "even after the microwave link was established in March 1971, subscribers' trunk dialling facility between Coimbatore and Ootacamund could not be provided till March 1972", the Committee enquired why it took two years (from March, 1970 to March, 1972) to rectify the defects in metering and to modify some equipment before STD facility could be introduced between these two stations. The Secretary, Ministry of Communications has stated: "Acaually, this STD between Coimbatore and Octacamund was not part of the initial project. The project only provided for the microwave link so that in future STD could be installed. After microwave

link was installed, we found if the S.T.D. was used, it was giving certain wrong metering indications at either end. We wanted to be absolutely sure that the defects which gave rise to such wrong metering indications were removed before the S.T.D. was commissioned. That has been done and for the last two years the S.T.D. has been working extremely well."

1.149. According to Audit para, the Deptt. stated (January, 1974) that as this was the first microwave system installed by using indigenous design (prepared by Telecommunication Research Centre) and equipment (manufactured by Indian Telephone Industries) delays due to teething troubles and initial problems were unavoidable. The Committee desired to know to what extent the Deptt. has succeeded in making indigenously some of the parts used in the microwave system which were hitherto imported. The Secretary has stated: "Few components are imported in this country even now. To make them indigenously is not a viable proposition. Its cost is very small compared to the total cost of the project. Antennas are imported. We in P&T have a proposal to make antennas. Electronics Corporation in Hyderabad also have a project for making them. Electronics Corporation tell us that they have finalised the design and an antenna is ready for test."

1.150. Asked further how the Department ensured that when a project of this nature is sanctioned, they have sufficient equipment like microwave towers, antennas and other components so that time lag between the sanction and the execution may not be kept much and the work may start soon, the witness stated:

"We have a fairly large microwave schemes before us. For these new schemes we are importing some equipments. We are ready with all our buildings, power supply. The equipment has also started coming in. The only problem is about the supply of towers. Triveni structurals in Allahabad have started making towers. We have also started making towers in our telecommunication factories. But there is a very serious shortage of steel and the output of the Triveni Structurals is not coming upto our demand. We have taken up the matter at the Minister's level and we are pressing on them the need for more towers."

1.151. The Committee have noted that a project for linking Coimbatore with Kozikode and Ootacamund by means of microwave radio relay system was sanctioned in April, 1967 and was expected to be completed by June, 1968. The Committee, however, observe that it

took the Department about 2½ years to complete the construction of the buildings. The Committee are not satisfied that the delay was due only to shortage of cement and steel and the prevalence of monsoon at the time of the construction. Monsoon weather is no hindrance for construction work. The Committee feel that the delay in construction work could have been avoided if the Department had made effective coordination with the supplying authorities in regard to building materials like steel and cement.

1.152. The Committee are of the view that there was a delay of about 9 months in the supply of tower materials by M/s. Alcock Ashdown & Co. They, however, note that this company was entrusted with the work of designing and manufacture of towers for the first time in the country. The Committee have also been informed that the Triveni Structurals Ltd., Allahabad, a Government Undertaking have now started making towers. The Committee desire that in future maximum orders for the supply of such towers would be placed on this public sector undertaking.

1.153. The Committee have earlier commented on the delays in the supply of equipments by the Indian Telephone Industries. There has been delay in the supply of equipments by the ITI for this project also. The Committee have noted that for this project orders for supply of equipments were placed on the ITI in July 1966 and supplies commenced in piecemeal from October 1966 and continued till September, 1971. The Committee have reasons to believe that there was no proper coordination between the P&T and the ITI in the matter of supply of equipments. The Committee stress the necessity of maintaining effective liaison and coordination with the ITI.

1.154. According to the audit paragraph, for conducting 'proving in' tests, microwave testing instruments were ordered in November, 1967 but these instruments were received only in December 1970 as I.T.I. had expressed in February 1968 their inability to supply the instruments for want of foreign exchange. After the foreign exchange was made available in October 1968, tenders were invited in May 1969, and orders for instruments were placed in November 1969 on a U.S. firm (Sylvian Ginsbury Ltd.). When asked why orders for the microwave equipments were not placed in 1966 alongwith the orders for other equipments, the Secretary, Ministry of Communications stated: "In 1966, we did not place any firm orders. It was ad hoc information about the equipments that were required for all the projects." The Committee are surprised that the Department instead of placing firm orders should be content with giving ad hoc information about the equipments that were required. The Committee consider this to be serious lapse on the part of the Department and would

like this to be further investigated with a view to fixing responsibility for action.

1.155. The Committee would like that, as far as possible, the components required for the microwave system are manufactured within the country.

Telecommunication development scheme in Kashmir valley

Audit Paragraph

1.156. To improve the telecommunication net work in the Kashmir valley, which was working on open wires and was subject to vagaries of weather, a scheme was drawn up by the department in January, 1964 for inter-connecting all important towns in the valley by under-ground cables. As a first step, a project estimated to cost Rs. 30.82 lakhs was sanctioned in June, 1964. The estimate was subsequently revised to Rs. 30.94 lakhs in March, 1965. The project comprised the following works:—

- (i) connecting Srinagar with Anantnag, Baramulla and Sopore by underground trunk cables (117 kilometres).
- (ii) replacing existing 100 lines manual exchanges at Anantnag, Baramulla and Sopore by 100 lines automatic exchanges; and
- (iii) installing subscribers' trunk dialling equipment at all these stations.

The detailed estimates sanctioned for the above works between June 1964 and March, 1966, however, totalled Rs. 33.05 lakhs.

1.157. (a) *Cable laying.*

The detailed estimate for cable laying (cost Rs. 28.81 lakhs) was sanctioned in June, 1964. The work was to be completed within six months of receipt of stores. Out of 117 kilometres of cables required for the project, 104 kilometres were received by November, 1964 and the balance 13 kilometres by September, 1965. Bulk of other stores required for cable laying were also received by September, 1964 except some items like uniconils, joint indicators, lead sleeves, loading coils, etc., required for use only at the jointing stage. The progress of cable laying, according to the department, was impeded due to non-availability of labour during winter and monsoon, difficult terrain and high sub-soil water level in the valley. Further the question whether the cables were to be balanced (so that each wire of a pair in the cable had the same resistance) or wire to be simply

joined was settled in May, 1965 when the Posts and Telegraphs Directorate decided that, to avoid delay, balancing of cables need not be done unless necessitated by the problem of cross talks. Laying and jointing of cables were completed in January, 1966.

1.158. To maintain the standard of clear voice transmission from and to end, loading coils with pots (iron boxes) are generally inserted in cables at fixed intervals. In this estimate, however, while Rs. 1.10 lakhs were provided for coils, there was no provision for pots wherein the coils were to be fitted. The coils were received from the departmental stores organisation in April, 1965. But without the pots it was not possible to fit the coils in the cables. The department stated (December, 1973) that at the estimating stage it was intended to house the coils in the jointing sleeves but at the time of execution, this was not found possible. Sixty-three pots were, therefore, fabricated locally (cost Rs. 1,071) and the coils were fitted therein to make them compact. The locally fabricated pots were not, however, waterproof and, due to leakage of water and resultant dampness, considerable cross talk on the cable was noticed and the cable was, therefore, not found fit for commissioning. Fresh coils complete with pots were obtained from Indian Telephone Industries in September, 1966 at a cost of Rs. 39,000 and the pots already inserted were replaced (after redigging) in December, 1966. Still the cable was not free from cross talk. In February, 1967 specialists inspected the cable and concluded that cross talk was due to dampness of cable and unbalanced cable having been connected with balanced trunk exchange equipment. The cable was kept under observation till February, 1969 (when the same was tested again) and commissioned in March, 1969 for subscribers' trunk dialling facility between Srinagar and the other three stations, although cross talk was still persisting on some pairs. In December, 1973, out of 76 pairs, 14 pairs continued to be faulty.

1.159. (b) *Replacement of existing manual exchanges by automatic exchanges at Anantnag, Baramulla and Sopore.*

The detailed estimates (cost Rs. 1.78 lakhs) for this purpose were sanctioned in July, 1965 and indents for equipment placed with Indian Telephone Industries Limited simultaneously. The estimates provided that works should be completed within one month from the receipt of the stores. Works at Anantnag were started in September, 1965 and at Sopore and Baramulla in November, 1965. Due to delay in receipt of stores and equipment from Indian Telephone Industries, replacement of the manual exchanges was, however, delayed. Automatic exchanges at Sopore and Baramulla were completed

only in April, 1967 and July, 1967 respectively. For completion of the work at Anantnag some items of equipment were diverted from another exchange in October, 1967 and the automatic exchange was commissioned in December, 1967.

The department stated (December, 1973) that production of equipment for these work in Indian Telephone Industries was programmed in 1964-65 but production was delayed due to shortfall in production in 1964-65 and diversion of production effort in 1965-66 to priority orders for export and air-raid precaution equipment. Even thereafter, the supplies were not balanced and lingered until 1968.

1.160 (c) *Subscribers' Trunk Dialling—*

The detailed estimates (cost Rs. 2.46 lakhs) for installation of equipment for subscribers' trunk dialling at Srinagar, Anantnag, Baramulla and Sopore were sanctioned in March, 1966 and indents for equipment were placed on Indian Telephone Industries in April, 1966. The work was to be completed within fifteen days of receipt of equipment. Bulk of the equipment was received between June, 1968 and November, 1968. Installation of equipment was started in September, 1968 and completed in December, 1968 at Srinagar and in February, 1969 at the other three stations. Subscribers' trunk dialling facility between Srinagar and the other three stations was commissioned in March, 1969.

The department stated (December, 1973) that the period of fifteen days for installation indicated in the estimate was unrealistic and a minimum period of 2 to 3 months was unavoidable.

The total expenditure on the project was Rs. 29.22 lakhs as against Rs. 33.05 lakhs as per detailed estimates. According to the project estimate, the project was expected to earn revenue of Rs. 3.77 lakhs per annum. Due to delay in completion of the project no revenue was earned upto 1968-69.

[Paragraph 16 of the Report of C & A G of India for the year 1972-73, Union Government (Posts & Telegraphs)]

1.161. According to Audit Paragraph, the Project was sanctioned in June, 1964 at an estimated cost of Rs. 30.82 lakhs. The estimate cost was revised to Rs. 30.94 lakhs in March, 1965. The detailed estimates sanctioned between June, 1964 and March, 1966 for the various works to be executed under the project, totalled Rs. 33.05 lakhs. As against this, the total expenditure on the project, however, was Rs. 29.22 lakhs. The Committee drew attention of the representative of the

Ministry of Communications to the upward revision of the estimate time and again and ultimate completion of the job in less than the detailed estimated cost. The Committee termed this rather to be a rare case seen in government expenditure and desired to know how an over estimation occurred in this case. The Senior Member (Finance) P & T Board stated during evidence: "We find that the item which underwent a decrease was the cable. The cost of cables was low, and they had assumed Rs. 28.81 lakhs. Actually it came to about Rs. 20.5 lakhs or so. This was the saving. In other respects, there was a little increase. On the overall, there was a saving."

When the Committee expressed the view that possibly this might have been done to get the sanction quickly, the Secretary, Ministry of Communications has disagreed with this view and has stated: "I do not think so."

(a) *Cable laying*

1.162. The detailed estimate for this job was sanctioned in June, 1964 and the work was to be completed within six months of receipt of stores. Bulk of other stores required for cable laying and about 89 percent of the cables required for the project were received by September, 1964 and November, 1964 respectively. The Audit para stated that the progress of cable laying (according to the Department) was impeded due to non-availability of labour during winter and monsoon, difficult terrain and high sub-soil water level in the valley. The Posts and Telegraphs Board informed the Audit in December, 1973 that the last instalment of cable was despatched from Delhi only in September, 1965 and cable laying and jointing was completed by January, 1966 and hence there was no abnormal delay. The cable required for the work from Srinagar to Baramulla and Sapore was only 59 kilometres and the work on these sections could have been completed as cables to this extent had been received by September, 1964.

During evidence, the Member (T.D.) P & T Board has, however, stated as follows:—

"The work had commenced in September, 1964, but it had been stopped in the last week of December, due to heavy snow-fall. The work was recommenced in March, 1965."

1.163. Regarding balancing of cables (so that each wire of a pair in the cable had the same resistance) or simply jointing thereof, the Department intimated Audit in December, 1973 that in order to avoid

delay it was decided in May, 1965 that the system of jointing might be adopted and no other balancing need be carried out unless necessitated by cross talk. Loading coils and lead sleeves started coming in only in August, 1965 i.e., 5 months after the decision regarding method of jointing was taken by the Posts and Telegraphs Board.

1.164. Asked to state why the system of jointing or balancing of cables was not determined at the time when the project was framed and sanctioned in June, 1964 and whether it was considered how much time would be saved when the decision not to balance the cables was taken in May, 1965, the witness has deposed: "The time would not have been saved in this case because the jointing commenced after May, 1965. So, as I mentioned, there was a lull in the period when the cable was laid. Then the question of jointing was raised by the local authority who referred it to the Directorate. He raised a query whether we should do straight-jointing or systematic jointing. A decision was taken that it could be a systematic jointing unless necessitated by the problem of cross-talks. This did not contribute to the delay in working or jointing of the cables."

1.165. Justifying the decision taken in May, 1965, the Secretary, Ministry of Communications has added: "I may explain balancing. When a cable is manufactured there is bound to be a slight imbalance between the pairs. They cannot make it a perfect cable. When a large number of lengths of these cables are joined together, sometimes this imbalance cancels each other out and sometimes, it aggravates. There are two ways of balancing. One is by balancing at each joint; that is not a systematic joint. The other one is to have a systematic joint and correct total imbalance at the end of the cable. Instructions were issued not to stop the cable work and they should go on with the systematic joints. They did that and in the end we found that the cross-talk was quite good. It was at this time that the pots started leaking. The insulations came down. We have repaired them. Beyond that, there is no further work done, and the decision to go in for a systematic joint was correct."

1.166. The Committee then referred to the question of making provision only for loading coils and leaving out the other essential ingredient viz. pots (iron boxes) wherein the coils were to be fitted for insertion in cables in order to maintain the standard of clear voice transmission from end to end and drew attention of the representative of the Ministry to the following reference made in the Audit Paragraph. "The Department stated (December, 1973) that at the time of execution, this was not found possible. Sixty-three pots were,

therefore, fabricated locally (cost: Rs. 1,071) and the coils were fitted therein to make them compact. The locally fabricated pots were not, however, water-proof and, due to leakage of water and resultant dampness, considerable cross talk on the cable was noticed and the cable was, therefore, not found fit for commissioning."

1.167. The Committee desired to know how far it was wise not to provide for pots in the estimate for coils, the witness has stated: "Technically, I do not think there was anything wrong, because, at that time, these un coils were being used; it was completely enclosed in the joint sheath itself."

1.168. Asked further whether any study was made before the project estimate was prepared to find out whether in that area it would be possible to use the coils in the sleeves or sleeves of joints without any adverse effect on the standard of voice transmission. The Secretary, Ministry of Communications has explained the position thus: "The practice of enclosing the coils in the joint itself was in vogue at that time. But, when we received these coils, the men incharge found it difficult to accommodate all the 38 coils in the joints. Of course, when we look behind, we find that there was a method developed by a British manufacturer by which he could have done that job. It was a little complicated. But at this time, in the I.T.I. they had started making these coils enclosed in cast iron boxes. The cast iron box was not available. So, the local man—the officer-in-charge of this project exercised his initiative and made these boxes out of sheet metal and took all precautions to seal them properly. I have gone through the work that he did. I find that he had taken a lot of precautions. Unfortunately, it failed because he had used bitumen for burying the boxes and the water entered through the cracks in the bitumn and reached the cables. All these coils had eventually been replaced by the pots that we got from the ITI. It was just unfortunate that it failed though he had taken all the precautions."

1.169. To another question whether the locally fabricated boxes were not designed keeping in view the nature of terrain which got a lot of rain and snow and where the level of sub-soil water was very high, the witness has stated: "The nature of soil had nothing to do with the failure of pots. It would have failed in any terrain after the first rain." Giving the extent of loss incurred on account of replacement of locally fabricated pots by the pots obtained from the ITI, the witness has added: "Rs. 39,000/- was the loss incurred." However the Department informed Audit in December, 1973 that in

the absence of ready availability of standard materials some improvisation did become necessary and some infructuous expenditure on this account was unavoidable in the circumstances.

1.170. The Audit para stated that although the coils were replaced in December, 1966 still the cable was not free from cross talk. The specialists inspected the cable in February, 1967 and came to the conclusion that cross talk was due to dampness of cable and unbalanced cable having been connected with balanced trunk exchange equipment. The P & T Department informed the Audit in December, 1973 that at the time of replacing the loading coils by loading pots (which was done by December, 1966) balancing of cable wherever necessitated as per actual test on the cable was carried out. When the Committee expressed their apprehension about the proper balancing of cables, the Secretary has deposed: "Cross talk can take place not only by the imbalance but by the nature of insulation due to dampness in the cable." He however has emphasised that cross talk test was taken and it gave a fairly good result.

1.171. Dwelling on the problem of cross talk due to dampness in the cable, the witness went on to say: "Once dampness has gone into the cable, then the only way of removing it is to open the two ends and pass dry air through the cable till the dampness goes. This was not done because they found only a few pairs were of low insulation. Once dampness sets in, it remains there for a long time, because there is no way for it to come out."

1.172. According to Audit para the cable was commissioned in March, 1969 for STD facility between Srinagar and the other three stations although cross talk persisted on some pairs. In December, 1973 out of 76 pairs, 14 pairs continued to be faulty. Giving the present position in this regard, the Secretary, Ministry of Communications has stated during evidence: "Initially when we introduced the STD, 14 pairs were faulty out of 76. Now, ten pairs are faulty, four have been rectified. Out of 14, ten are left." The witness has added: "I made enquiries and I understand that the STD was working very well."

1.173. As stated in the Audit para, according to project estimates sanctioned initially in June, 1964 the project was expected to earn revenue of Rs. 3.77 lakhs per annum when completed. Due to delay in completion of the project no revenue was earned upto 1968-69.

The Director of Posts and Telegraphs, Jammu and Kashmir informed Audit in June, 1973 that the cable pairs had been brought into

use for trunk circuit purposes between April and September, 1969. In February, 1974, the Posts and Telegraphs Board, however, informed Audit that 32 out of 76 circuits were in use in November, 1968.

(b) Replacement of existing manual exchange by automatic exchanges at Anantnag, Baramulla and Sapore

1.174. According to Audit para the detailed estimates for this purpose were sanctioned in July, 1965 and indents for equipment placed with Indian Telephone Industries simultaneously. The estimate provided that work should be completed within one month, from the receipt of the stores. Works at Anantnag were started in September, 1965 and at Sapore and Baramulla in November, 1965. Due to delay in receipt of stores and equipment from ITI replacement of the manual exchanges was, however, delayed. The three exchanges were finally commissioned in December, 1967, April, 1967 and July, 1967 respectively.

(c) Subscribers Trunk Dialling

1.175. Audit para stated that the detailed estimates (Rs. 2.46 lakhs) for installation of equipment for subscribers' trunk dialling at Srinagar, Anantnag, Baramulla and Sapore were sanctioned in March, 1966 and indents for equipment were placed on Indian Telephone Industries in April, 1966.

The work was to be completed within fifteen days of receipt of equipment. Bulk of the equipment was received between June, 1968 and November, 1968. Installation of equipment was started in September, 1968 and completed in December, 1968 at Srinagar and in February, 1969 at the other three stations. Subscribers trunk dialling facility between Srinagar and the other three stations was commissioned in March, 1969.

The department informed Audit in December, 1973 that the period of fifteen days for installation indicated in the estimate was unrealistic and a minimum period of 2 to 3 months was unavoidable.

1.176. **The Telecommunications Development Scheme in Kashmir Valley was sanctioned at an estimated cost of Rs. 30.82 lakhs. The detailed estimates for the works went up to Rs. 33.05 lakhs as a result of the various works executed under this project during June, 1964 and March, 1966. As against this, the total expenditure on the project was Rs. 29.22 lakhs. The Committee note that this is one of the rare occasions where the actual expenditure has been less than the estimated and sanctioned cost of the project. The Ministry will no doubt**

appreciate that over-estimation of requirements means defective budgeting. The Committee would suggest that budgeting procedure should be rationalised in such a manner that they will facilitate closer estimation of requirements.

1.177. The Committee note that in order to avoid delay it was decided in May, 1965 that the system of jointing might be adopted and no other balancing need be carried out unless necessitated by cross talk. The Committee fail to understand why the system of jointing/balancing to be adopted was not determined at the time when the project estimate was framed and sanctioned in June, 1964. This in-decision on the part of the Department has caused considerable delay.

1.178. Another unsatisfactory feature of the work is that no study was made before the project estimate was framed to find out whether in that area it would be possible to house the coils in the jointing sleeves without any adverse effect on the standard of voice transmission. While provision was made for the coils, there was no provision for the pots wherein the coils were to be fitted. The locally fabricated pots proved to be unsuitable on account of seepage of water and therefore fresh coils complete with pots were obtained from Indian Telephone Industries in September, 1966 at a cost of Rs. 39,000 and the pots already inserted were replaced (after redigging) in December, 1966. The Committee consider that this infructuous expenditure could have been avoided had there been proper planning on the part of P & T Deptt. The Committee consider this to be a serious lapse and would call for a thorough enquiry so as to fix responsibility for the omission in indenting at proper time of pots (iron boxes) along with loading coils.

1.179. It is a matter for regret that it took the Department two years from February, 1967 to February, 1969 for removing the defects and commissioning the cables for subscribers' trunk dialling facility between Srinagar and the other three stations, although cross talk was still persisting on some pairs.

1.180. As regards replacement of existing manual exchanges by automatic exchanges at Anantnag, Baramulla and Sapore, the Committee have noted that there was a delay in the replacement of the manual exchanges on account of delay in receipt of stores and equipment from the Indian Telephone Industries. According to the Audit, indents for equipment were placed on ITI in April, 1966. The work was to be completed within fifteen days of the receipt of equipment. Bulk of the equipment was received between June, 1968 and Novem-

ber, 1968 but installation of the equipment was completed in December, 1968. Apart from the delay in the supply of equipment by the ITI, there has been delay in the commissioning of the STD at Srinagar, Anantnag, Baramulla and Sapore. The Committee have noted the contention of the Department that the period of 15 days for installation indicated in the estimate was unrealistic and a minimum period of 2 to 3 months was unavoidable. The Committee strongly impress upon the P & T Department the need for preparing realistic estimates and fixing time-targets which can be strictly adhered to. The Committee trust that the P&T Deptt. would lay down suitable guidelines to all concerned in regard to preparation of project estimates.

A. Telephone Exchange

Audit Paragraph

1.181. A project for installation of a 1,000 lines telephone exchange for Rourkela (estimated cost: Rs 15.16 lakhs) was sanctioned in September, 1961. The exchange was to be installed in a building to be constructed by Hindustan Steel Limited and rented to the department. The building was handed over to the department in April, 1966, and installation of the exchange started in May, 1966. The exchange was commissioned in January, 1968.

1.182. A test check of the accounts disclosed the following:—

- (a) Power supply for the exchange and the air-conditioning plant was to be arranged by Hindustan Steel Limited. While intimating the power load to that Undertaking in January, 1962 the requirement for the air-conditioning plant was shown as 70 kw based on past experience, and a power cable was laid by the Undertaking on that basis while constructing the building. In July, 1968, the Director General, Supplies and Disposals, finalised the order for supply of the air-conditioning plant in which the power load was mentioned as 90 kw. This necessitated laying of additional power cable at an expenditure of Rs. 5,000.
- (b) The air-conditioning plant (Rs. 1.68 lakhs), which was considered essential to prevent exposure of the exchange equipment to heat and dust was installed in October, 1969 and commissioned in November, 1972. The delay of over

three years in commissioning the air-conditioning plant has been attributed to the following reasons:—

- (i) According to the supply order placed by the Director General, Supplies and Disposals, the supplier had to carry out three tests of the plant after its commissioning. In August, 1970 the supplier insisted on conducting only one test instead of three tests. This controversy was sorted out in March, 1971 and the supplier agreed to commission the plant by May, 1971.
- (ii) While constructing the building the exposed roof of a portion of the telephone exchange which was to be air-conditioned was insulated with 4 inches foam concrete which was equivalent to thermocole insulation. However, in the supply order it was mentioned that the exposed roof should be insulated with 40 millimetre thick thermocole or equivalent insulation. In April, 1971, the supplier pointed out that the roof did not have thermocole insulation. The supplier was informed (July, 1971) that 4 inches foam concrete in the roof was equivalent to 40 millimetre thick thermocole insulation. Still the supplier insisted on thermocole insulation. Finally, in a meeting held in April 1972 the supplier agreed to commission the plant without thermocole insulation.

The department stated (October, 1973) that the supplier was in the habit of adopting dilatory tactics in commissioning the plants not only in this exchange but also in some other exchanges.

Even after commissioning, the performance of the plant was not found satisfactory and the summer test conducted in June, 1973 disclosed some defects. In June, 1973 the firm was asked to rectify the defects.

- (c) While quoting the price of the air-conditioning plant, the firm had offered (January 1968) to supply electronic filter (commonly used in air-conditioning plant) for Rs. 3,100 (foreign exchange element Rs. 2,250) if it was purchased within three months of placing the order, for the plant. There was an omission in placing the order for the electronic filter in time. The Director General, Supplies and Disposals, was requested after about a year (January,

1969) to arrange for supply of the filter. As the validity of the offer by the firm had expired, fresh tender was called and the filter was ordered on the same firm in November, 1971 for Rs. 10,980 (foreign exchange element Rs. 5,260) plus additional installation charge of Rs. 2,000. This resulted in extra expenditure of Rs. 9,880.

[Paragraph 17 of the Report of C&AG of India for the year 1972-73, Union Government (Posts and Telegraphs)].

1.183. According to the audit paragraph, the building for the telephone exchange was to be constructed by Hindustan Steel Ltd. and rented to the Department. The building was made available to the P&T Department in April, 1960, i.e. after 5 years of the sanctioning of the project in 1961. The Committee wanted to know if any specific date was given to the Hindustan Steel Ltd. for the construction of the building. The Secretary, Ministry of Communications has stated in evidence: "I understand that there was no specific understanding about the time-limit"

1.184. According to the audit, the power load for the exchange that was arranged by the Hindustan Steel Ltd. was shown as 70 kw based on that basis while constructing the building. However, in July, 1968, the Director General, Supplies and Disposals mentioned the power load as 90 kw while finalising the order for the supply of the air-conditioning plant. The Department has informed the Audit in February, 1974 that the stipulation of total connected load as 90 kw was made in the contract based on the firm's offer as also recommended by Director General, Posts and Telegraphs in April, 1968. The firm in question was the American Refrigerator Company, Calcutta.

1.185. The Committee enquired why it was not possible to correctly assess in January, 1962 the requirement of power for the air-conditioning plant. The Secretary, Ministry of Communications has, stated during evidence:

"We had an exchange in Vijayawada where the air-conditioning was of the same order which was more or less correct at that time. When the order was placed on the firm, they said that they were using indigenous compressors and so the load was much higher. It would need 90 kw of power there. That was in 1968."

In reply to a question, the Secretary, Ministry of Communications has stated that the power requirement was calculated at 70 kw by the Planning Branch of the Department.

1.186. The Committee wanted to know whether the statement of the supplier that 90 kw power would be required instead of 70 kw was at all challenged. The Secretary, Ministry of Communications has stated during evidence: "I am not quite sure whether the statement of the supplier was challenged." The representative of the Department has also admitted that there was no air-conditioning engineer in the Department. As a result of the change of power load from 70 kw to 90 kw, laying of additional power cable at an expenditure of Rs. 5,000 had to be done.

1.187. The Committee were informed that the specifications for the supply of the air-conditioner provided that the equipment should maintain certain conditions in summer, winter and the monsoon. Three tests had to be carried out during the summer, winter and the monsoon periods.

1.188. Audit has pointed out that while the supplier had to carry out three tests of the plant after its commissioning, in August 1970 they insisted on conducting only one test instead of three tests. This controversy was sorted out in March 1971 and the supplier agreed to commission the plant by May 1971.

1.189. According to the information furnished by the Department of Supply to Audit, the air-conditioning plant which was installed in October/November, 1969, could not be commissioned due to non-availability of water and power. Power supply was made available in November/December, 1970. The request for water supply to the air-conditioning plant was made to Hindustan Steel Ltd. only in October, 1969, and water was made available in May, 1970.

1.190. The Secretary, Ministry of Communications has admitted during evidence that the power and water supply were made available only in November, 1970. He has further stated:

"As soon as the air-conditioning plant was installed, one test was taken immediately" He has added: "The winter test was successfully conducted on 22-3-1972 and the summer one on 13.6.1973 but the humidity was not maintained. Therefore, it was decided that the plant should be tested again in summer. The date for that purpose was fixed as 30-4-1974 but it could not be conducted so far.'

The Secretary, Ministry of Communications also stated during evidence:

“So, when they installed the plant, if water and power were made available, then the entire testing cycle would be over by 1970 or at least by 1971 summer. My surmise is that they made use of this delay in asking for a reduction in the test cycles.”

1.191. The Committee were informed that the American Refrigeration Company were entrusted with the commissioning of air-conditioning plants at four exchanges. In all these cases they had some trouble or the other with that particular company.

The Committee were also informed that according to the terms of the agreement, the firm was to be paid 90 per cent on supply and installation of the equipment and the balance 10 per cent after completion of the 3 tests. 5 per cent still remained to be paid to the firm which was to conduct one more test but had not conducted so far.

1.192. According to the audit, in the supply order placed on the firm it was mentioned that the exposed roof should be insulated with 40 millimetre thick thermocole or equivalent insulation. The exposed portion of the roof had already been insulated by April, 1966 with 4 inches foam concrete which was equivalent to 40 millimetre thick thermocole insulation.

1.193. The Committee enquired why it was provided in the contract with the firm executed in July, 1968 that the roof would have to be insulated with 40 millimetre thick thermocole insulation. The Secretary, Ministry of Communications has stated: “The supplier said that the insulation was not according to specifications. We said that we had provided foam concrete insulation which was equivalent to this. He did not agree to that and he said that it was not still equivalent. It was finally proved to him that his calculations were wrong and he accepted what we had provided for.” According to Audit, in a meeting held in April, 1972 the supplier agreed to commission the plant without thermocole insulation although it had earlier maintained its reservation regarding the inadequacy of the insulation and undertook to commission the plant under the clear understanding that if the performance of the plant was affected due to the inadequacy of roof insulation, the responsibility for the same would not rest with it.

The Secretary, Ministry of Communications has stated during evidence: “The supplier was not at all justified in insisting about a

particular type of insulation and in making a number of stipulations about door closers etc." He has admitted that because of his insistence on a particular type of insulation, which proved to be unnecessary, the final completion of the work was affected.

1.194. The Committee wanted to know whether any action was taken against the firm for the dilatory tactics that they adopted. The representative of the Department has stated during evidence that in the contract with the firm there was a clause which guaranteed twelve months of performance from the date of insulation and handing over, whichever is earlier. He has added:

"There were two clauses in the contract which were in favour of the firm. One was the thermocole insulation. . . . We were on the weaker wicket, because the guarantee period was over and the thermocole insulation had not been complied with."

1.195. The Committee enquired whether the defects in the performance of the air-conditioning plant noted after the summer test in June 1973 had been removed. The Secretary, Ministry of Communications has stated during evidence that the firm was supposed to rectify whatever was wrong after the test fixed for April 1974. But this test, he added, had not been conducted in April this year.

When the Committee pointed out that this amounted to saying that the defects had not been rectified as yet. The Secretary, Ministry of Communications has stated during evidence: "It is like this. The air-conditioning plant is working; but it has got to meet a certain performance requirement. That requirement in regard to temperature and humidity has not been met; and that is to be rectified."

1.196. The Committee enquired why the payment was made to the firm if they had not carried out the required tests. The representative of the Department has stated that payments were made according to the terms of the contract which provided for payment of 90 per cent of the contract-price of each consignment delivered to the consignee or despatched from a station in India and on production of an initial inspection note. The remaining 10 per cent plus the cost of erection, if any, was to be paid on final inspection, at contractor's option. Full payment was to be made on final inspection and test. There was also a proviso that if there was a delay in test at site for any reason for which the purchaser was responsible, 5 per cent of the contract price shall be payable after expiry of 4 months from the date of arrival of the last consignment. The

remaining 5 per cent would be made after inspection by the inspector. The Committee were informed that so far only 95 per cent of the payment has been made to the firm.

1.197. According to the terms of the contract, in cases of delay in delivery at site for any reason, for which the purchaser was responsible, 5 per cent of the contract price of the plant would become payable after the expiry of four months. The Committee wanted to know whether it was possible to complete the cycle of tests in summer, monsoon and winter within a period of four months and also whether the standard contract form was suitable for supply of an air-conditioning plant. The representative of the Department of Supply has stated that from the commonsense point of view, a period of 12 months would be necessary for making all the tests. The Committee enquired whether any action has been taken to revise the provisions in the standard contract form regarding spread-over performances in so far as supply of air-conditioning machines was concerned. The representative of the Department of Supply agreed to examine this matter.

1.198. The Committee asked the witness whether, when they placed the contract, they had not accepted the various conditions and satisfied themselves that they would be in a position to get on with the work as soon as the equipment was received. If they had satisfied themselves on that ground, what were the factors responsible for the failure and what steps had been taken to fix responsibility for the same. The Secretary, Ministry of Communications has stated during evidence:

“There are two items. One is power and the other is water. As far as water is concerned, there was a genuine misunderstanding. But even then, when we found out that water was not available, I find, it was possible for us to give water supply before the suppliers had installed the air-conditioning plant. The same goes for the power supply also. Both the works could have been finished before the air-conditioning plant was ready for commissioning. This is a lapse on the part of our Department.”

About the delays in providing other items of work, namely, self-closing and air tight doors and windows in the air-conditioned space; shading device on all the glass areas exposed to the direct sun rays;

thermal insulation of the space to be air-conditioned, etc., the Secretary, Ministry of Communications had stated:

“As far as the covering of the windows is concerned, this was being done. It was a very minor item. I can't say whether it was done after the contractor brought it to our notice or at the same time. As far as the separation between the air-conditioned and non-air-conditioned space was concerned, our Civil Wing has said that there was complete separation. The only item where unfortunately there was delay was in providing spring-loaded door closers, I just can't explain why that should have been delayed at all because it costs about Rs. 30 to Rs. 40 per door.”

1.199. As regards electronic filter, the audit has pointed out that there was an omission in placing the order for the electronic filter in time. Fresh tender was called, as the validity of the offer on the same firm in November, 1971 for Rs. 10,980 (foreign exchange element Rs. 5,260) plus additional installation charge of Rs. 2,000. This resulted in extra expenditure of Rs. 9,880.

The Committee enquired why the order for the electronic filter was not issued in time. The Secretary, Ministry of Communications has stated during evidence:

“It is a fact that there was an extreme paucity of foreign exchange available. From the perusal of the records, I find that in processing the case there was a considerable delay. It is just possible that if the delay were not there, it may have been possible to place the order, if not within the first validity date, at least within the second validity date. I am arranging to fix the responsibility on the person concerned.” He has further stated: “There was an organisational deficiency in monitoring the progress of these projects. We had about 1,500 current projects on hand and with the present centralised system, we find it impossible to see to the progress of each and every project. That is why we are trying to decentralise it. We are going to introduce a new technique to watch the progress of each and every work that is taken on hand.”

1.200. The Committee regret to observe that in the execution of the project for the installation of a telephone exchange at Rourkela, the Deptt. has displayed utter lack of planning and coordination

which resulted not only in enormous delay in execution but considerable escalation of the expenditure on the project itself. The project was sanctioned in September, 1961 but the building for this purpose was handed over to the P&T Deptt. by Hindustan Steel Ltd. in April 1966, i.e. after a period of about five years. The Committee note with concern that there was no specific understanding about the time-limit in the construction of the building and its handing over to the P&T Deptt. While the power load was originally calculated by the Planning Branch of P&T Deptt. at 70 kw based on past experience and the power cable was laid by the undertaking on that basis for constructing the building, the Director General, Supplies & Disposals in July, 1968 mentioned the power load as 90 Kw at the time of finalising the order for the supply of the air-conditioning plant. The Committee are constrained to observe that no action whatsoever was taken by the Deptt. to challenge the power requirement worked out by the Supplier—the American Refrigeration Co.—and the P&T Department as also the Director General, Posts and Telegraphs acquiesced in the estimate of power load given by the supplier. As a result of increase in power load from 70 Kw to 90 Kw, additional expenditure to the tune of Rs. 5,000 had to be incurred for laying additional power cables. The Committee fail to understand why the Department should not have verified the power requirements through an independent air-conditioning engineer, if they had no such engineer in their own Deptt.

1.201. According to the terms of the agreement, the supplier had to carry out three tests during summer, winter and monsoon periods, after the commissioning of the air-conditioning plant. It is not understood at all why the supplier insisted on conducting only one test instead of three tests on one pretext or the other and the controversy had to be sorted out in March, 1971 after which the supplier agreed to commission the plant by May, 1971. In this respect the P&T Department have come out in poor colour. Firstly, they failed to provide power and water supply to the air-conditioning plant, the result of which was that the supplying firm made use of the delay in asking for a reduction in the test cycle. It is a matter of concern that this particular firm should stall the commissioning of the air-conditioning plant on the ground that the insulation was not according to the specifications when it was clearly provided in the contract that the exposed roof should be insulated with 40 millimetre thick thermocole or equivalent insulation. The Committee note that the firm eventually agreed to installation of the plant without thermocole insulation and hence the stance that they adopted originally in regard to inadequacy of the insulation is most reprehensible. The Committee would like to impress that,

before awarding contracts to any firm, the P&T Department as well as the Director General of Supplies & Disposals should thoroughly scrutinise the antecedents of the contracting firm, including its record of performance in regard to earlier contracts. In this connection, the Committee would like to point out that the standard contract form in use in the Department of Supply for purchase of equipments, etc. is wholly unsuitable in regard to the purchase of air-conditioning machines. According to the terms of the contract at present in vogue, in cases of delay in delivery at site for any reason, for which the purchaser is responsible, 5 per cent of the contract price of the plant would become payable after the expiry of four months. It is a matter of common knowledge that in the matter of air-conditioning machines, a period of four months is not sufficient to test their performance and it would require a period of at least 12 months to complete the cycle of tests in summer, monsoon and winter seasons. The Committee hope that the Department concerned would take early action to revise the existing contract form in so far as the purchase of air-conditioning machines is concerned.

1.202. The Committee have already noted that there was a failure on the part of the P&T Department in providing power and water, and this laps has also been admitted by the Secretary, Ministry of Communications. They, however, regret to note that there has been further failure in the matter of provision of spring loaded door closers which the firm wanted to be completed before the plant was commissioned. It is also regrettable that there was an omission in placing the order for the electronic filter in time which resulted in extra expenditure of Rs. 9880. The Committee understand that responsibility for this lapse is being fixed.

Unutilised stores

Audit Paragraph

1.203. (i) For retransposition of the existing telegraph alignment and also for erection of a new pair of wires in a telegraph engineering division of the Rajasthan Circle, an estimate for Rs. 2.27 lakhs (cash Rs. 0.26 lakh, stores Rs. 2.01 lakhs) was sanctioned in July, 1965 on top priority basis. Indent for the stores was issued to the departmental stores organisation in August, 1965 and stores for Rs. 0.83 lakhs were received by September, 1966. However, the work could not be commenced for want of copper weld wires which were in short supply. Meanwhile, the stores received for this work were utilised in other urgent works. Fresh stores (Rs. 0.81 lakhs)

were obtained between November, 1967 and March, 1968 without ensuring supply of copper weld wires of which there was acute shortage. The copper weld wires were received in July, 1972. Thereafter the work was started in January, 1973; the work is still in progress (November, 1973). The stores received between November, 1967 and March, 1968 thus remained idle for more than four years.

1.204. (ii) In the same division another project (Rs. 4.78 lakhs) for construction of a line meant for use of the Defence department was sanctioned in April, 1971. Although the estimate provided for 10,000 kgs. of copper weld wires, 15,640 kgs. of wires were indented in February, 1971 and received in March, 1971. The excess indenting of 5,640 kgs. of wires worth Rs. 0.97 lakhs was attributed to clerical error. The excess wires were not transferred to the work mentioned in (i) above, which could not be started for want of such wires, these remained unutilised at site. The department stated (November, 1973) that the excess wires had since been diverted in June, 1973 for completion of the work mentioned in (i) above.

1.205. (iii) In another division of the Rajasthan Circle, an estimate for opening a public call office was sanctioned in March, 1966. Against an estimated requirement of 2,080 kgs. copper wires, 3,574 kgs. (574 kgs. in January, 1967 and 3,000 kgs. in January, 1969) were indented through clerical mistake and received from the stores organisation in March, 1967 (574 kgs.) and January, 1969 (3,000 kgs.). However, the estimate was revised in May, 1970 providing for use of iron wires and the work was completed with such wires in January, 1972. The copper wires (Rs. 0.52 lakh) received for this work were lying unutilised (November, 1973). The department stated (November, 1973) that action was being taken to return the copper wires to stores depot.

[Paragraph 18 of the Report of C&AG for the year 1972-73, Union Government (Posts and Telegraphs)].

1.206. The Committee wanted to know the reasons for inordinate delay in supply of copper weld wire for retransposition of the existing telegraph alignment and also for erection of a new pair of wires between Suratgarh and Sriganganagar in Jodhpur telegraph engineering division of the Rajasthan Circle, an estimate for which was sanctioned in July, 1965 on top priority basis. In a written reply, the Ministry of Communications had stated that the delay in supply of copper weld wire was due to the fact that this import-

ed item was in short supply and the available quantity was inadequate to meet the important current demands including this work. The work was completed on 30th April, 1974.

1.207. Asked to state the efforts made to ensure speedy supply of copper weld wires before the project was sanctioned in July 1965, the Ministry of Communications has in a written note stated: "Copper weld wire was an imported item and the same was being progressively issued to works on receipt of supply from abroad against imports which was being arranged on bulk basis on availability of foreign exchange which was scarce. Records which might contain some information on status of procurement of copper weld wire in the year 1965 and earlier period are not readily traceable." The Committee wanted to know why fresh stores worth Rs. 0.81 lakhs were obtained between November 1967 and March, 1968 particularly when the stores (worth Rs. 0.83 lakhs) received in the first instance had to be utilised in other works for want of these wires; and also when it was known to the Department in 1966 that copper weld wires were in short supply. The Ministry of Communications has in a written note stated "normally indents for all stores for any work are released by the executive field units after sanction of the detailed estimates and supplies of stores are effected according to their availability from the store depots. In this case, copper weld wire to the extent of 4,999 kgs. was received in October 1965 and the field authorities seem to have anticipated that the remaining portion of the wire along with other items may be supplied in time." In January 1974, the Department informed the Audit that besides copper weld wires four other important items of stores had not been received till March 1968. The Committee wanted to know when these items were indented and also the reasons for delay in supply of these items. The Ministry of Communications has in a note stated: "Initial indents for all the stores were released on 26th August, 1965. After receipt of some supplies between November 1967 and March 1968, certain items like U-backs, BJ Coils etc. were transferred in December 1968 and October 1970 to other urgent works. These were reindented on 25th May, 1972 and were not supplied in full quantity due to shortage in Store Depots. The Circle had to, therefore, make alternate arrangements for diversion from other works to complete this work which was done on 30th April, 1974."

1.208. According to the Audit para, while copper weld wire for construction of a line between Padampur and Raj Singh Nagar meant for use of the Defence Department sanctioned in April 1971, could be made available within a month of indenting even before

the sanction of estimate and that too in quantity much in excess of requirement, the work between Suratgarh and Sriganganagar had to wait for copper weld wire for sever years, in spite of the fact that 'top priority' was allotted to the latter work. The Committee enquired how this thing had happened. In a written note, the Ministry of Communications has stated that the work in Padampur, Rai Singh Nagar section was for the use of the Defence Department and hence copper weld wire was made available from the stock specially imported for Defence works. As regards the question why copper weld wire received in excess could not be used earlier for the work between Suratgarh and Sriganganagar, the Ministry has stated that the "requirement of copper weld wire for Suratgarh Sriganganagar work was 16910 kgs. Out of this quantity, 4995 kgs. of copper weld wire was first issued on 8th October, 1965 and further quantity of 5640 kgs. of copper weld wire was transferred from Estimate No. 6072 D(a) where it was received on 17th March, 1971. Thus the total availability of copper weld wire till March 1971 was $4495+5640=10,135$ kgs. which was still less than the total requirement of about 6,000 kgs. Since the full quantity was not available, the work could not be started earlier. This balance quantity could be only supplied during January 1973."

1.209. Audit has pointed out although the estimate for the construction of a line (between Padampur and Rai Singh Nagar) meant for use of the Defence Department, which was sanctioned in April 1971, provided for 10,000 kgs. of copper weld wires, 15,640 kgs. of wires were indented in February 1971 and received in March 1971. The excess indenting of 5,640 kgs. of wires worth Rs. 9.07 lakhs was attributed to clerical error. Asked to state the checks instituted at all levels by the Department to ensure avoidance of similar clerical errors, the Ministry of Communications has stated in a written note: "The clerical error in excess indenting in the case of Padampur Rai Singh Nagar work was an isolated instance. However, instructions are being issued to all Heads of Circles to ensure rigorous checks with a view to minimise such errors."

1.210. The Committee are distressed to note that a scheme for retransposition of existing telegraph alignment and also for erection of a new pair of wires between Suratgarh and Sriganganagar in Jodhpur telegraph engineering division of the Rajasthan Circle was sanctioned on top priority basis in July, 1965 but the work was not completed until 30.4.1974, i.e. after about 9 years. The delay in the completion of the project is said to be due to the non-availability of copper weld wires, an imported item. The Committee fail to under-

stand how a top-priority project could be sanctioned without making certain that essential components would be available on time. It is regrettable that information on status of procurement of copper weld wire in the year 1965 and earlier period is not readily traceable. While copper weld wires were in short supply, fresh stores continued to be supplied for the project. The explanation of the Ministry of Communications that "copper weld wire to the extent of 4999 kgs. was received in October 1965 and the field authorities seem to have anticipated that the remaining portion of the wire along with other items may be supplied in time" is not holly convincing. While stores for the completion of the project were received between November 1967 and March 1968, certain items like U-backs, BJ coils etc. were transferred in December 1968 and October 1970 to other urgent works. These had to be reindented on 25.5.1972 but the supply could only be made by diversion from other works to complete this work which was done on 30.4.1974. In the opinion of the Committee, the Department did not have any planning at all and they resorted to make-shift arrangements in regard to procurement of supplies. The Committee cannot too strongly stress the need for proper planning with fixed target dates for completion of each phase of each project before its actual execution is taken up. The Committee would like that reasons for the non-availability of records in regard to the procurement of copper weld wires in the year 1965 and earlier should be further probed and responsibility fixed for the lapse.

1.211. The Committee have noted that there has been a case of over-indenting of copper weld wires required for the construction of a line between Padampur and Rai Singh Nagar meant for use of the Defence department. The excess indenting of 5,640 kgs. of wire worth Rs. 0.97 lakh was attributed to clerical error. The Committee are satisfied with the statement of the Ministry that "instructions are being issued to all Heads of Circles to ensure rigorous checks with a view to minimise such errors." They would like that responsibility for this mistake if it was not a wilful error, should be fixed with a view to taking suitable action.

Air-conditioners

Audit Paragraph

1.212. Thirteen air-conditioners worth Rs. 0.56 lakh were ordered in January, 1966 for air-conditioning the carrier and trunk exchange at Cuttack to protect the delicate and sophisticated exchange equipment from dust and humidity. After inspection by the inspectors

of the Director General, Supplies and Disposals, these were received in April, 1966. The air-conditioners were guaranteed for a period of 16 months from the date of supply or 12 months from the date of installation, whichever was earlier. As these were received in a damaged condition, the supplying firm repaired the air-conditioners in August, 1966 free of cost.

1.213. The existing power to the carrier and trunk exchanges was inadequate to meet the requirements of air-conditioners. The department approached the State Electricity Board for increasing supply of power only in August, 1966. The Electricity Board proposed (August 1966) construction of a sub-station in the exchange premises itself and this was approved by the department in April 1967. After completing the sub-station power connection was provided in January 1968. The air-conditioners could not, however, be installed even then as the department had not fixed wooden frames in the walls for installing the air-conditioners and had not made the alteration in ventilation system necessary for air-conditioning. After these works were completed in May 1968, 9 air-conditioners were installed in that month. The remaining 4 air-conditioners were installed in May 1969 and August 1969 as these needed repairs before installation. Due to this delay in installing the air-conditioners the delicate and sophisticated equipment in the exchanges did not have during the intervening period protection from dust and humidity, which air-conditioning were available, for installation, after repairs, by August 1966.

1.214. By the time the air-conditioners were installed the guarantee period for the air-conditioners was over. Soon after installation, the air-conditioners started giving trouble. The supplying firm declined to repair them free of cost as the guarantee period was already over. The department spent Rs. 19,130 between January, 1970 and August 1973 on repair of these air-conditioners. Even after repairs, 4 air-conditioners (installed between May 1969 and August 1969) worked intermittently upto March 1973 and then were removed and kept in storage. The department stated (October 1973) that fault incidences of the remaining 9 air-conditioners were normal.

[Paragraph 19 of the Report of C&AG for the year 1972-73,
Union Government (Post & Telegraphs)]

1.215. According to the Audit paragraph, the Department approached the State Electricity Board for increasing the supply of power in August, 1966. The Committee enquired why the Electricity Board was not approached for power connection when the

air-conditioners were ordered in January, 1966 and also why there was delay in approving the sub-station and its construction. The Committee also wanted to know the reasons why the wooden frames had not been fixed in the walls for installing the air-conditioners and alterations made in the ventilation system before the air-conditioners were received; although the Regional Director, Telecommunications, Calcutta, had advised the officer-in-charge in July, 1965 that some modifications to the room by way of 'treatment of ventilators, doors etc., against leakage would be necessary. The Committee also enquired why there was a delay of more than a year (after May, 1968) in installing the remaining four air-conditioners. In a written note furnished to the Committee the Ministry of Communications has stated that "There have been lapses on the part of field officers in failing to foresee the requirement of building modifications and the requirement of additional electric power. The delay in commissioning of the air-conditioners was primarily due to lack of foresight on the part of the executive officers in the field and also a clerical delay of 6 months in the P.M.G's office".

1.216. According to the Audit paragraph, by the time the air-conditioners were installed the guarantee period for the air-conditioners was over. Soon after installation, the air-conditioners started giving trouble. The supplying firm declined to repair them free of cost as the guarantee period was already over.

1.217. According to the information furnished by the Ministry to the Committee, the total expenditure on repairs of the 13 air-conditioners was Rs. 19,130 between January, 1970 and August, 1973. The periods for which the individual air-conditioners remained out of commission after installation are given below:

ANNEXURE I

Sl. No. of Airconditioner	Date of installation	Period remained out of commission
1	2	3
1308	12-5-1969	August 71 to November, 71
1301	12-5-1969	Dec. '68 to April, 70 Aug. 71 to Nov. 71
2293	19-8-1969	Dec. 69 to April, 70 Aug. 71 to Nov. 71

1	2	3
1320	19-8-1969	Dec. 69 to April' 70 Aug, 71 to Nov. 71
1307	7-5-1968	4-4-69 to 19-4-69 2-4-70 to 10-4-70 20-4-72 to 30-4-72 15-7-73 to 1-8-73
1306	7-5-1968	4-4-69 to 12-4-69 1-10-72 to 19-12-72
1290	7-5-1968	20-5-70 to 23-5-70 30-5-70 to 5-6-70 1-4-70 to 24-10-72
1296	7-5-1968	1-12-72 to 30-4-73
1292	7-5-1968	15-4-72 to Aug. 73
1311	7-5-1968	14-5-72 to 24-6-72
1319	7-5-1968	18-4-72 to 20-6-72 8-7-73 to Aug. 73
1317	7-5-1968	20-1-73 to 24-5-73
1296	7-5-1968	25-5-70 to 5-6-73 15-10-72 to Aug. 73

1.218. The Committee are concerned to note that there has been delay of about two years in commissioning 13 air-conditioners which had been obtained for use at trunk exchanges at Cuttack for protecting the delicate and sophisticated exchange equipment from dust and humidity on account of lack of power. While the air-conditioners were supplied in April, 1966, the Department approached the State Electricity Board for increasing the supply of power only in August, 1966. The Electricity Board proposed (August, 1966) construction of a sub-station in the exchange premises itself and this was approved by the department in April, 1967. After completing the sub-station power connection was provided in January, 1968. The Committee consider this to be a glaring case of lop-sided planning. They fail to understand why the Department did not approach the Electricity Board for supply of power when indents for the air-conditioners were placed in January, 1966.

1.219. The _____ are distressed to note that certain essential _____ required in the room for installation of the air-

conditioners had also not been provided by the Department. The Committee are in agreement with the Secretary, Ministry of Communications, that "the delay in commissioning of the air-conditioners was primarily due to lack of foresight on the part of the executive officers in the field and also a clerical delay of 6 months in the P.M.G's office." They would like that responsibility should be fixed on the officials concerned for the lapses.

1.220. The Committee have noted that the air-conditioners supplied by M/s. American Refrigerator Co., Calcutta, under the DGS&D Rate Contract started giving troubles soon after installation. By the time the air-conditioners were installed, the guarantee period for the air-conditioners was over and the supplying firm declined to repair them free of cost. The Department had therefore to incur expenditure of Rs. 19,130 on repairs of these air-conditioners. In the opinion of the Committee, this reveals a sorry state of affairs. The Department should have taken adequate care to provide the necessary facilities for the installation of the air-conditioners before the expiry of the guarantee period. The Committee takes a serious note of the lapse on the part of the Department as a result of which an expenditure of Rs. 19,130 had been incurred on the repairs of the air-conditioners. It is a matter of concern that the air-conditioners supplied by the firm (M/s. American Refrigerator Co., Calcutta) should have gone out of order so soon after installation. The Committee would like that a serious note should be taken about the performance of this firm by the D. G. S. & D. with a view to taking appropriate action against the firm.

Purchase of land (Pollachi)

Audit Paragraph

1.221. (a) For expansion of a telephone exchange, the department applied to State Government in August 1965 for a plot of land (alongwith trees and structures thereon) at Pollachi (Tamil Nedu). The cost of land was to be determined by the State Revenue Department on the basis of market value prevailing on the date of transfer and the cost of trees and structures was to be fixed by the State Public Works Department. The total cost on the above basis was estimated as Rs. 49,290 (land Rs. 34,404, trees and structure Rs. 14,886) in November 1967. Rs. 8,198 as value of three lavatories and Rs. 5,300 as the estimated cost of construction of a compound on the side the compound in lieu of the existing compound.

the Postmaster General, Madras, sought the approval of the Director General, Posts and Telegraphs for payment of Rs. 49,290 to the State Government. After nine months (September 1968), the Director General, Posts and Telegraphs intimated the Postmaster General, Madras, that the relevant file had been lost. The file was reconstructed in that very month (September 1968) by the Director General, Posts and Telegraphs in consultation with the Postmaster General. Meanwhile, the market price of land went up and the State Government claimed (October 1968) Rs. 56,400 as the value of the land. This was communicated to the Director General, Posts and Telegraphs in January 1969. After another nine months (October 1969), the Director General, Posts and Telegraphs instructed the Postmaster General, Madras, to persuade the State Government not to charge for both replacement of the existing lavatories and construction of new lavatories. After protracted correspondence with the State Government and discussion with the District Collector, Coimbatore, the Postmaster General, Madras, intimated the Director General, Posts and Telegraphs in February, 1970 that the prospect of reconsideration of the earlier decision of the State Government was not bright and that the sanction to the payment might be accorded as the price of land was rapidly increasing and the telephone exchange needed immediate expansion. Purchase of the plot of land at a cost of Rs. 65,985 (excluding the cost of constructing new lavatories) was sanctioned in October, 1970.

The Matter continued to be pursued and finally in July 1971 the State Government agreed to exclude Rs. 2,354 as cost of two existing lavatories. However, on the basis of the prevailing market rates they reassessed the cost of land at a Rs. 1,12,800 and that of trees and structures at Rs. 16,852. The amount was paid in August 1972. As compared to the price fixed in November 1967, the extra cost on purchase of the plot of land was Rs. 80,362.

[Paragraph 20A. of the Report of C&AG for the year 1972-73, Union Government (Posts & Telegraphs)].

1.222. According to Audit para, the Postmaster-General, Madras, sought the approval of the Director General, Posts and Telegraphs in December, 1967 for payment of Rs. 49,290 to the State Government towards cost of a plot of land required for expansion of telephone exchange at Pollachi (Tamil Nadu). After nine months (September 1968) the Director General, Posts & Telegraphs, intimated the Postmaster General that the relevant file had been lost. The Postmaster General wanted to know when exactly the file was lost and whether any responsibility had been fixed for the loss of the file.

In a written note furnished to the Committee, the Ministry has stated as under:—

“It is correct that the Postmaster-General, Madras sought the approval of DGP&T in December, 1967 for the payment of Rs. 49,219/- to the State Government towards the cost of a plot of land at Pollachi. In this connection, it may be stated that the scheme for purchasing the land at Pollachi was approved in August, 1965 and thereafter the relevant file was passed on to another section for further action for preparing the schedule of accommodation, drawing etc. In December, 1967 the land estimate for sanction was received from P.M.G. At this stage efforts were made to trace this file, but the same was not readily available. An attempt was made to process the estimate without the main file in July, 1968, for according sanction. Finance Section insisted on linking the main file in which the scheme was approved earlier. In the absence of this file it was felt expedient to reconstruct the file by getting duplicate copies of the letters and, therefore, PMG was asked in September, 1968 accordingly. The file was reconstructed in that very month. The original file was however later on (in December, 1969) returned by another Section of the Directorate. After this long passage of time it has not been possible to fix responsibility for not making the file available when required.”

1.223. The Committee enquired why the Postmaster General took 3 months to intimate the revised price claimed in October, 1968 and why it took the Director-General of Posts and Telegraphs 9 months to issue instructions to the Postmaster-General to persuade the State Government not to charge for both replacement of the existing lavatories and construction of new lavatories.

In a written note furnished to the Committee, the Ministry has stated that the “Postmaster General got intimation of the revised price of land on 1st November, 1968 through a letter from the State Government dated 24th October, 1968. While the formal estimate incorporating the revised value was submitted by the PMG in January 1969, latter had intimated the Directorate on the 9th December, 1968 itself about the revised value of the land. Thus there had been no appreciable delay in the PMG's office.”

1.224. As regards the delay in issuing instructions to the Postmaster General, it has been stated that “revised land estimate was received from the PMG in the month of January, 1969 without giving

the details of the structure for which compensation was to be paid. Before approval could be granted, certain clarifications were sought from the PMG, Madras, regarding the cost of structure and the basis of valuation of land etc. Only in May, 1969, it was intimated to the Department of Posts and Telegraphs that the Department had to pay the cost of new structure as well as that of the old structures. This was examined in detail and was not found acceptable. Therefore, the PMG was asked in October, 1969 to persuade the State Government not to charge cost of the existing lavatories as also the construction of new lavatories."

1.225. The Committee enquired whether it would not have been prudent to pay the price demanded in October, 1968 to finalise the deal when the Postmaster General had pointed out in February, 1970 that the value of land at that time was not less than double the cost demanded by the State Government and the price of land was rapidly increasing. The Ministry have, in a written note furnished to the Committee, stated that "it was felt that it was not proper to pay the cost of existing lavatories as well as the cost of new lavatories to be constructed in lieu of old ones since this would have amounted to double payment and would have been objectionable. In seeking to get this point cleared with the State Government no delay such as to effect the price was anticipated."

1.226. Asked to state why sanction was delayed till October, 1970 and that too for a lesser amount even after the Postmaster General had intimated that the State Government had not agreed to any reduction of price, the Committee have been informed that "DGP&T was in correspondence with PMG and the latter in turn was in correspondence with the State Government to finalise the payment of the cost of structures. After protracted correspondence the State Government finally agreed in July, 1970 to claim the cost of the existing lavatories only and not the new ones. On receipt of this letter in August, 1970, the sanction was issued in October, 1970. Till October, 1970 the price of land, known to the Department, was as per the land estimate received in January, 1969. After issue of sanction by the Department in October, 1970, the orders transferring the land from the State Government to the P & T were awaited. This case was pursued by PMG with the State Government. The State Government intimated in July 1971 that the cost has been revised from Rs. 2/- to Rs. 4/- per square ft."

1.227. The Committee have been informed that instructions are being issued to all the field units to thoroughly scrutinize all aspects of such cases so as to avoid further delays in correspondence when

taking up with higher authorities for sanction. They have also been informed that a scheme has been approved for installation of 1200 lines at Pollachi on this land. The building to house this equipment is planned to be completed by 1976-77.

1.228. The Committee note that the P.M.G., Madras sought the approval of D.G.P. & T. in December, 1967 for the payment of Rs 49,290 to the State Government towards the cost of a plot of land at Pollachi (Tamil Nadu) for the expansion of a telephone exchange. After 9 months (September, 1968), the D.G. P. & T. intimated to the Post Master General that the relevant file had been lost and asked the latter to furnish duplicate copies of letters, etc., to reconstruct the file. The file, however, was said to have been recovered from another section of the Directorate in December, 1969.

1.229. The Committee are surprised by the statement of the Ministry that "after this long passage of time, it has not been possible to fix responsibility for not making the file available when required." The Committee find this explanation wholly unsatisfactory and would urge that a thorough probe should be conducted into the circumstances leading to the loss of the file in the Directorate General, Posts and Telegraphs which resulted in the delay in issuing sanction. The Committee desire that responsibility for the loss of the file should be fixed and necessary administrative action taken against the persons concerned.

1.230. The Committee also desire that steps should be taken forthwith for the introduction of suitable procedures which would make it impossible to 'loss' or 'misplace' files.

1.231. In the meantime, the market price of the land went up and the State Government claimed in October, 1968 Rs. 56,400 as the value of the land. According to the Ministry, the Post-Master General, Madras, got intimation of the revised price of the land on 1st November, 1968 and he had intimated the Directorate on the 9th December, 1968 about the revised value of the land. It is regrettable that the Director General, Posts and Telegraphs took as long as 9 months to issue instructions to the P.M.G. to persuade the State Government not to charge for both replacement of the existing lavatories and construction of new lavatories. The Committee consider that it would have been prudent to pay the price demanded in October, 1968 to finalise the deal when the Post Master General had pointed out in February, 1979 that the value of land at that time was not less than double the cost demanded by the State Government and the price of land was rapidly increasing. When the P.M.G. had intimated the

D.G. P. & T. in February, 1970 that the prospect of reconsideration of the earlier decision of the State Government was not bright and that the sanction to the payment might be accorded as the price of land was rapidly increasing, the D.G. P. & T. issued a sanction in October, 1970 for the purchase of plot of land at a cost of Rs. 65,985. Even this amount fell short of the total cost demanded by the State Government in October, 1968, namely Rs. 71,285.55. It was only after protracted correspondence with the PMG, Madras, and the State Government that a revised sanction for the purchase of land, in supersession of the earlier sanction (October, 1970) was issued in March, 1972. The cost of land was Rs. 1,12,800 and that of trees and structures borne on the land was Rs. 16,852. As compared to the price fixed in November, 1967, the extra cost on purchase of the plot of land was Rs. 80,362. The Committee consider that the extra expenditure which had been incurred on the purchase of land could have been avoided had the D.G. P. & T. not entered into protracted correspondence and settled matters with the expedition that it deserved. It is clear that the officials of D.G. P. & T. and the associate finance are responsible for the failure whatsoever to take decision in time on the basis of the reports furnished by the P.M.G., Madras. The P.M.G., was, after all, a responsible officer. The Committee would like that the reasons for the delay in the D.G. P. & T. and their associate finance should be thoroughly probed with a view to fixing responsibility.

1.232. The Committee have been informed that instructions are being issued to all the field units to thoroughly scrutinize all aspects of such cases so as to avoid further delays in correspondence when taking up with higher authorities for sanction. The Committee would like to be furnished with copies of instructions issued to the field units in this regard. They would also like that the internal audit should be more vigilant in such matters so that cases of such wasteful expenditure in P. & T. do not recur.

Purchase of land (Secunderabad)

Audit Paragraph

1.233. The department had been negotiating since 1971 purchase of a plot of land with structures thereon at Secunderabad to meet the demand for additional accommodation for offices and stock depots. The area of the land was assessed (February, 1961) by the civil wing of the department as 18,434 sq. yards and the structures were valued at Rs. 0.36 lakh. The land (excluding structures) was valued (February, 1961) by the Collector, Hyderabad, at Rs. 10 per sq. yards. Purchase of the plot of land with structures thereon was sanctioned

in September, 1962. The landlord claimed (October, 1962) that the area of the land was 22,086 sq. yards. Without resolving this dispute, the department executed (November, 1962) a sale agreement with the landlord. The agreement stipulated sale of 20,086 sq. yards of land at Rs. 10 per sq. yard and the structures thereon as per valuation to be done by the civil wing of the department acceptable to both parties. In terms of the agreement the department took possession of the property in November, 1962 after paying Rs. 2.09 lakhs on condition that the balance would be paid at the time of registration of sale deed after valuation of the structures as per agreement mentioned above. Legal advice was not taken before executing this agreement.

In February, 1964, at the instance of the department, the Special Deputy Collector, Land Acquisition, Hyderabad, measured the land as 19,834 sq. yards, and this was accepted as final by both sides. The landlord pressed (March, 1964) for revaluation of the structures. In September 1964, these were revalued at Rs. 0.42 lakh by the civil wing of the department, but this was not acceptable to the landlord who claimed Rs. 1.02 lakhs plus 17 percent solatium charges. As this dispute delayed execution of sale deed the Government pleader advised (July, 1965) the Postmaster General, Hyderabad, to file a suit against the landlord for his failure to execute the sale deed, after giving him a notice. Accordingly, a notice was served in September, 1965. However the suit was not filed and after another revaluation of the structures in May 1965, Rs. 0.61 lakh were offered to the landlord. This also was rejected by him. Meanwhile the case was referred to the Ministry of Law who advised (July, 1969) that a suit was not likely to succeed as the terms of the sale agreement of November, 1962 were uncertain or vague.

As efforts made for an amicable settlement did not succeed, the department filed a suit against the landlord in September, 1967 on further advice of the Ministry of Law.

In April 1969, the Court appointed the Chief Engineer (Civil) of the department as arbitrator for valuation of the structures on this land. The arbitrator assessed (August, 1971) the value as Rs. 0.77 lakh and the court decreed in November, 1971 as follows:—

- (i) the department should deposit in the court within three months Rs. 0.77 lakh (with interest at six percent per annum till the date of deposit) in final settlement of the landlord's claim;
- (ii) the landlord should execute and register the sale deed within three months failing which the department could

apply to the court and get the sale deed executed and registered through the court; and

- (iii) the landlord should pay the department Rs. 0.12 lakh towards the cost of the suit.

The department deposited the amount due to the landlord in December, 1971. The landlord filed a petition (April, 1972) in the court praying for exemption from payment of the cost of the suit mentioned in (iii) above and increase in the rate of interest payable to him from 6 to 9 percent. On this petition being rejected, the landlord paid the cost of the suit in April, 1973. However, the sale deed has not been executed and registered so far (November, 1973).

In the absence of an absolute title to the property because of execution of a defective sale agreement, the department could not utilise the land except for stocking of stores, and the offices for which it was acquired mostly continued to function in rented buildings, the annual rent of which is about Rs. 2.20 lakhs.

The department stated (November, 1973) that action was being taken to execute the sale deed through the court.

[Paragraph 20 B of the Report of C. & A.G. for the year 1972-73, Union Government (Posts and Telegraphs)].

1.234. The Committee enquired why the site with structures thereon in Secunderabad to meet the demand for additional accommodation for offices and stock depots was purchased through negotiations with the landlord and not acquired through land acquisition proceedings as contemplated in the project estimate. The Ministry in a written note have stated that the owner of the land was willing to accept the valuation of Rs. 10 per square yard for land as given by the Revenue Authorities. In order to save the solatium charges at 15 per cent which would have to be paid had the land been acquired through land acquisition proceedings, the purchase was made by direct negotiations. Further it was also feared that the land acquisition proceedings may involve considerable delay.

Asked to state whether any legal advice was taken before executing the agreement, the Ministry, has in a written note stated that "from the records it has not been possible to ascertain the reasons for not obtaining legal advice."

The Committee further wanted to know in what circumstances and under whose authority, 96 per cent of the estimated amount was

paid to the landlord in November, 1962 without execution and registration of a final sale deed and even before determination of the area of the land and value of land and structures thereon. The reply of the Ministry to this question was: "As the property was urgently required for locating Telegraph Store Depot and as the Landlord was prepared to hand over the premises on payment of sanctioned amount pending valuation of buildings etc., the premises was taken over by paying Rs. 2,09,000 withholding about 5 percent from the sanctioned amount of Rs. 2,20,336. This was authorised by the Post-master General."

1.235. The Committee wanted to know why no suit was filed against the landlord although Government pleader had advised the Circle Officer to file such a suit. In a written note, the Ministry has stated: "In July, 1965 Government pleader advised the Department to file the suit. Accordingly a notice was issued to landlord in September, 1965. In addition P. & T. Civil Wing was requested to reassess the cost of structure taking into account the objection of party. The P. & T. Civil Wing revised the earlier estimated cost to Rs. 0.61 lakhs. Therefore, the offer was made to the vendor which was rejected by vendor in May, 1966. In the meantime, the case was referred to Law Ministry. The Law Ministry advised (July, 1966) that if the administrative department is not able to settle with the vendor a price acceptable to both the parties, a suit for specific performance of the agreement in question is not likely to succeed and the department may have to take steps to recover the part price already stated to have been paid to the vendor. In view of the advice of Law Ministry suit was not filed as advised by Government Pleader of the State." According to Audit the Director General, Posts and Telegraphs told the Post-master General, Hyderabad that the Andhra Circle was responsible for entering into an erroneous agreement with the landlord and instructed him to fix responsibility for this lapse.

The Ministry have informed the Committee that the then DET as also the A.E. (Bldg.) of the Circle Office, Hyderabad were the main officers responsible for the lapse. (They have since retired from service). Certain omissions were also attributable to the then Director of Telegraphs in not exercising adequate care in handling the case. He has been suitably advised."

1.236. Asked to state why the Department did not apply to court for registration of the sale deed through the court when the landlord failed to execute the sale deed within 3 months i.e. by 12th February, 1972 as per the court decree, the Ministry have stated: "As per

the opinion of Government Pleader absolute title rests with department, because the decree is in favour of Department. The time limit in such cases for execution of sale deed is 12 years. Therefore, department was trying to persuade the vendor to execute the sale deed outside the court to save unnecessary expenses in filing a suit." The present position of the case, as stated by the Ministry in a written note, is that the Government Pleader has filed a petition in May, 1974 in the court to direct the landlord to execute the sale deed quickly. Preliminary drawings for Audit Office Building have been approved. Preliminary drawings for other buildings and preliminary/detailed estimates for the buildings have not been processed due to Government ban on construction of such buildings.

1.237. The Committee consider that the entire transaction for the purchase of a plot of land with structures thereon from a landlord at Secunderabad to meet the demand for additional accommodation for offices and stock depots was irregular from the very beginning. The Department went in for the purchase of the plot of land through negotiations with the landlord and did not take recourse to the land acquisition proceedings as contemplated in the project estimate. The argument that the purchase was made through the negotiations because it was feared that the land acquisition proceedings would involve considerable delay and also because the Department wanted to save solatium charges at 15 percent which would have to be paid had the land been acquired through land acquisition proceedings, is not wholly convincing. Not only did the Department pay more charges for the land that was acquired through direct negotiations but they also had to carry on fruitless negotiations with the landlord for settlement of the dispute outside the court for more than a decade. Eventually, the matter had to be taken to the court and has still to be finally settled.

1.238. The Committee note that the Civil Wing of the Department assessed the area of the land to be purchased from the landlord in February, 1961 as 18,434 sq. yards and the structures on it were valued at Rs. 0.36 lakh. In October, 1962 the landlord claimed the area of the land to be 20,066 sq. yards. Without resolving the dispute about the area of the land, the property was taken in November, 1962 after payment of 95 per cent of the sanctioned amount (Rs. 2,20,336) and the balance of 5 per cent was kept as security. It is most surprising that no action was taken by the Department to take legal advice before executing the agreement and before making payment of 95 per cent of the estimated amount to the landlord. In the meantime further dispute arose between the landlord and the Department in regard to

the valuation of the structure of the land and the execution of the sale deed was delayed as a result of this dispute. The Committee are concerned to note that while the Government Pleader advised the Post Master General, Hyderabad, in July, 1965 to file a suit against the landlord for his failure to execute the sale deed, strangely the Department did not file the suit and undertook another revaluation of the structures in May, 1966 and offered to pay Rs. 0.61 lakh to the landlord which was rejected by the latter. It is only in 1966 that the Department referred the matter to the Ministry of Law who advised in July, 1966 that the suit was not likely to succeed on account of the lacunae in the terms of the sale agreement executed in November, 1962.

1.239. The Committee have noted that the Director General of Posts and Telegraphs informed the P.M.G. Hyderabad in March, 1972 that the Andhra Circle was responsible for deliberately entering into a faulty agreement with the landlord and instructed him to fix responsibility for this lapse for serious action. The Committee have been informed that two officers who are mainly responsible for the lapse have retired from service and the Director of Telegraphs, who was responsible for certain omissions in not exercising adequate care in handling the case has been "suitably advised". The Committee consider that the action taken by the Government in fixing the responsibility for the lapses is ridiculous and is wholly inadequate. Had the Department taken prompt action as far back as 1962 when the Andhra Circle made payment of 95 per cent of the sanctioned amount to the party without registration of the sale deed, a situation like this would not have happened. The Committee are astonished that the Director of Telegraphs, who has been found responsible for certain omissions in handling the case has been only "suitably advised" which means nothing at all. In other words, no punishment has been meted out to the officer concerned although certain omissions in handling the case were strictly attributable to him. The Committee desire that the Department should re-examine the whole matter with a view to fixing responsibility on all the concerned officers who might have been associated with this case. They would also like the Department to initiate disciplinary proceedings against the concerned officers including the Director of Telegraphs.

Import of nickel silver strips

Audit Paragraph

1.240. A tele-communication factory in Bombay had been getting

supply of nickel strips of 5" or 6" width from an ordnance factory. More economical widths of the strips are 2-7/8", 3-3/8" and 4" as there is less scrap formation. As strips of these widths were not available in the country, the factory placed an indent on the Director General, Supplies and Disposals in April, 1968 for import of strips of lesser widths mentioned above. Against this indent 7,974 kgs. of nickel strips of 2-7/8" width, 10,779 kgs. of 3-3/8" width and 8,570 kgs. of 4" width were imported in July, 1969. Intimation about shipment of these strips has been received by the factory in January, 1969. The factory placed another indent on the Director General, Supplies and Disposals in June, 1969 for import of 25,000 kgs. more of these strips. However, due to paucity of foreign exchange 3,032 kgs. of strips of 2-7/8" width, 4,401 kgs. of 3-3/8" width and 2,948 kgs. of 4" width were imported in May, 1971 against the indent of June, 1969. Six thousand four hundred and five kilograms more of these strips of 3-3/8" width were imported in 1972-73. Receipts and issues of these imported nickel silver strips upto March, 1973 were as shown below:—

RECEIPTS

Size	September 1969	May 1971	1972-73	Total (In Kilo- grams)	Consump- tion upto March, 1973	Balance at the end of March, 1973
2-7/8"	7,974	3,032	..	11,006	3,010	7,996
3-3/8"	10,779	4,401	6,405	21,585	14,461	7,124
4"	8,570	2,948	..	11,518	6,084	5,434

1.241. In April, 1967 the factory had 4,697 kgs. of nickel silver strips of 5" or 6" width supplied by the ordnance factory. During 1967-68, 4,395 kgs. of strips of these widths were received from the ordnance factory. Out of 9,092 kgs. of strips available during that year 9,084 kgs. were used leaving only 8 Kgs. In 1968-69, 9,065 kgs. were received and the entire quantity of 9,073 kgs. available in that year was utilised. It would thus appear that supplies of nickel silver strips of 5" or 6" width from the ordnance factory were enough to meet the requirement of the telecommunication factory in 1967-68 and 1968-69. In the subsequent four years ending 1972-73, the annual average requirement of strips was about 8,439 kgs. During those four years, when the imported strips were available, supplies from the ordnance factory were 3,054 kgs. in 1969-70, 4,128 kgs. in 1970-71 and 347 kgs. in 1972-73. No supply was received in 1971-72 as the telecommunication factory requested the ordnance factory in March,

1971 to suspend supply. In April, 1971 the telecommunication factory also intimated the General Manager, telecommunication factories that it had sufficient stock of strips, and as any further supply by the ordnance factory would increase its stock value considerably, it pending orders on the ordnance factory need not be pursued and all future supplies by the ordnance factory might be diverted to another telecommunication factory till further communication from it.

1.242. The telecommunication factory also started using indigenous brass strips since 1970-71. During 1970-71 to 1972-73, 4,763 kgs. of brass strips were received. The use of brass strips progressively increased from 216 kgs. in 1970-71 to 759 kgs. in 1971-72 and 1,816 kgs. in 1972-73. The balance of brass strips at the end of 1972-73 was 1,972 kgs.

Permissible stock limit is 6 month's requirement. Upto March, 1973 average monthly consumption of imported nickel strips was about 72 kgs. for 2-7/8" width, 344 kgs. for 3-3/8" width and 145 kgs. for 4" width. On that basis closing balances of these strips at the end of March, 1973 were sufficient for about 111 months for strips of 2-7/8" width, 21 months for strips of 3-3/8" width and 37 months for strips of 4" width.

1.243. During 42 months from September, 1969 (when the first consignment of imported nickel silver strips was received) consumption of strips of 2-7/8" width (3,010 kgs.) and 4" width (6,084 kgs.) was much less than the quantities indented in April, 1968 and received in September, 1969 (7,974 kgs. and 8,570 kgs. respectively). In view of this and what has been stated in the preceding sub-paragraph it would seem that the second indent of June, 1969 for strips of 2-7/8" width and 4" width (intimation about shipment of strips against the first indent of April, 1968 having already been received in January, 1969) was not necessary and further import against that indent in May, 1971 of strips of these widths costing Rs. 2.17 lakhs in foreign exchange avoidable.

The department stated (December, 1973) that lesser consumption of imported strips of 2-7/8" width and 4" width was due to economical use and lesser scrap formation, and also due to use of brass strips.

[Paragraph 21 of the Report of C. & A.G. of India for the year 1972-73 Union Government (Posts and Telegraphs)]

1.244. Nickel silver strips is an alloy containing nickel, copper and zinc. The strips are reported to be used for making springs fixed in keys, jacks, strips and relays.

1.245. As stated in the Audit para the tele-communication factory, Bombay placed an indent on the DGS & D in April, 1968 for import of nickel silver strips of 2½", 3½" and 4" width as these were not available in the country and were considered to be more economical due to less scrap formation as compared to the strips of 5" or 6" width being supplied by Ordnance Factory, Ishapore. The supplies against this indent were received in July, 1969. The factory placed another indent on DGS & D. In June, 1969 for import of 25,000 kgs. more of these strips and truncated supplies were received against this order in May, 1971. The third import (of strips of 3-3/8" width) was made in 1972-73.

1.246. Asked to state how the quantity of strips to be imported was assessed in June, 1969 at 25,000 kgs. and what was the annual average consumption, the Ministry in a note have stated: "The detailed calculation on the basis of which this figure was arrived at is not available. However, it could be justified on the basis of the following reasoning presumably adopted at that time (June, 1969).

The supply of 27,000 kgs. against July, 1968 order was expected in September, 1969. The supply against the June, 1969 order then being contemplated was expected to commence by about May, 1971. By then the stock level against the earlier order (July, 1968) was expected to go down to about 9,000 kgs, i.e., 27,000 kgs. less 18,000 kgs. which was expected to be consumed in 20 months (from end of September, 1969 to May, 1971) @about 11,000 kgs. per annum.

The maximum level of stock at that time calculated at 30 months' consumption works out to about 24,000 kgs. Hence the order upto 15,000 kgs., i.e., 24,000 kgs. minus 9,000 kgs., the stock expected to be available in May 1971, was justified.

As stated earlier the actual quantity ordered was 10,500 kgs.

The average consumption during the four years period from 1969-70 to 1972-73 was 8,439 kgs. per annum."

1.247. Asked when and at what level the decision to import strips of lesser width was taken, the Secretary, Ministry of Communications has stated during evidence: "The decision was taken at the field level by the workshops themselves because they found that wider strips resulted in more scrap or resulted in more work than the narrow strip. So, they decided in having the narrow strip for punching the various items they wanted."

1.248. Asked further whether the Ministry had satisfied themselves about the wisdom of the decision taken, the witness has stated: "It was not communicated to us. They decided in 1968 on buying narrow strip. In fact, at that time the ITI, Bangalore was buying narrower strips. All the time the telephone workshops were getting their material from the Ishapore ordnance factory, which was of a sider strip. In 1968 the telephone workshops also decided to go in for narrow strips and to import them." He further stated: "We did not scrutinise the size of the materials that are required by the workshops, whether they are of narrow or wider strips. That is left to the General Manager of the workshop. We do not scrutinise it here. But seeing the actual size I feel that it was a correct decision."

1.249. To another query whether possibility of getting nickel silver strips of more economical widths from the ordnance factories was explored and whether Ishapore factory was ever requested to make already available strips of 5" and 6" width into suitable sizes for P. & T. purposes, the witness has stated that they had asked them to give it in narrower width and has added: "Originally the workshops were importing only nickel silver strips. Then they persuaded Ishapore Ordnance Factories to make nickel silver for them. Some of the supplies from the ordnance factories were not regular and not in adequate quantities. They finally decided to continue the imports and get the nickel silver from abroad."

1.250. As regards depending wholly on Ordnance Factory for supply of these strips the witness clarified: "To some extent, the Ishapore Factory does meet our requirement. But from what I see from the records, the supply from the Ishapore Factory was quite irregular. I have got a complete chart here. The supply from the Ishapore Factory was very irregular. The workshops were extremely anxious to see that there was sufficient stock and that at no time there was any hold-up on account of the non-availability of this raw material."

1.251. When the Committee enquired why arrangements had not been made for indigenous production of strips of economic width, the witness has stated as follows: "It is not so much a question of width. The only thing is that the narrower width makes it easier to produce springs and in the case of wider width, after making springs, you have got to recover what is left over and re-use it."

Receipts and issues of imported nickel silver strips upto March, 1973, according to the Audit Para, were as shown below:—

RECEIPTS						
Size	September 1969	May 1971	1972-73	Total (in Kilo- grams)	Consump- tion upto March 1973	Balance at the end of March 1973
2-7/8"	7,974	3,032	..	11,006	3,010	7,996
2-3/8"	10,779	4,401	6,405	21,585	14,461	7,124
4"	8,570	2,948	..	11,518	6,084	5,434
				44,109	23,555	20,554

The receipt and utilisation position of nickel silver strips of 5" and 6" width (supplied by the ordnance factory) from April, 1967 was as under:—

Stock as on 1-4-1967	4697 kg.
Received during 1967-68	4395 kg.
Total during 1967-68	9092 kg.
Used during that year	9084 kg.
Balance	8;
Received during 1968-69	9065 kg.
Total	9073 kg.
Utilised during that year	9073 kg.
Balance	Nil

It thus appeared, according to Audit Para, that supplies of nickel silver strips of 5" or 6" width from the ordnance factory were enough to meet the requirement of telecommunication factory in 1967-68 and 1968-69. Supplies of these strips during subsequent four years against the annual average requirement of about 8,439 kgs., were as under:—

1969-70	3054 kg.
1970-71	4128 kg.
1972-73	347 kg.

No supply was received in 1971-72 as the telecommunication factory requested the ordnance factory in March, 1971 to suspend supply.

When the Committee enquired whether it would be correct to presume that the Department was more keen to import than to get the strips from the ordnance factory, the Secretary, Ministry of Communications did not agree to this view and added: "I may tell you that I was in the I.T.I. from 1959 to 1965. At that time, they were only importing nickel silver rolls. At that time, I am aware, the Bombay Workshop was having very serious difficulty in continuing their production."

1.252. Audit has further pointed out that in March, 1971 the Manager, Telecommunication Factory, Bombay requested the Ordnance factory to suspend supply for one year as there was sufficient stock of strips with the factory and more imported strips were likely to arrive. In April, 1971 he requested the General Manager, Telecommunication Factories, Calcutta not to pursue the case with the ordnance factory regarding the supply of strips against pending order.

1.253. In October, 1971 again the Telecommunication Factory, Bombay decided not to procure any more strips in 1972-73 as it had sufficient stock. In fact, it had a stock of 9400 kgs. of nickel silver strips of 2-7/8" width against its annual requirement of 1000 kgs. It was decided to transfer 4000 kgs. of available strips to Telecommunication Factory, Calcutta, if required by that factory.

During evidence the Secretary, Ministry of Communications has stated that "this was wrong if they had asked to stop the supplies. They should have attempted to get from Ishapore to the maximum extent instead of asking them to stop it."

He has further clarified: "As I said earlier, it was incorrect to stop the Ishapore supplies. But, I must at the same time, mention that Ishapore also gets all the raw materials by imports. Nickel silver strip is an alloy containing nickel, copper and tin: They get all the three, by import, melt it and roll it and give it to us. The foreign exchange content is not very much different between the imported one and the indigenous one. But, I still feel that we have got to buy indigenously. We can see it from the price angle also. The prices are very much higher for the indigenous material. The main reason why they went in for import was that the supplies from Ishapore were not very regular."

1.254. As regards steps taken by the Ministry of Communications to see that supplies from Ishapore Factory were made more regular, the witness has continued: "Steps were taken by the Ministry. Steps were taken by the General Manager at Calcutta with the Ordnance Factory at Ishapore."

1.256. Asked whether the Director General of Ordnance Factories was requested to look into the matter, he has deposed: "I am afraid it was not taken up...it should have been done."

Permissible stock limit is stated to be for 6 months requirement. On the basis of average monthly consumption of imported nickel strips upto March, 1973, the closing balance of these strips on that date was sufficient for about—

111 months for strips of 2-7/8" width.

21 months for strips of 3-3/8" width.

37 months for strips of 2-7/8" width.

1.257. During evidence the Committee were informed that the workshops have fixed a minimum and maximum level of stocks of various items. For indigenous items they have fixed 3 months of minimum stock and 15 months of maximum stock. For imported items the minimum stock is of 8 months and the maximum of 30 months.

1.258. Asked to state what type of control the Ministry exercised over the import of these items, the Secretary Ministry of Communications has deposed: "The workshops, have been asked to lay down stock control procedure and they have been doing it since 1963. Under this procedure, they fix lower and upper limits. I find as late as in 1970, a directive was issued from the workshop Board that their stock should not be kept for more than six months. I do not see how it is practical in all cases. I have asked the GM to again review it. If he says that they fix the stock limit for imported material as 9 and 13 months respectively. The stock control procedure has been applied correctly. There are two things. The first one is that I will ask him as to why he wants 13 months. The second one is that he had actually revised this limit as late as April 1971. Having taken into account the annual consumption, he has revised the upper and the lower limit. The only point is that we should not stop any indigenous supply."

1.259. On his attention being drawn to a reference made in the Audit Para that the average monthly consumption of 2-7/8" size was 72 kgs. for 3-3/8" it was 344 kgs. and for 4" size it was 145 kgs., the witness has stated that they had kept stock for 13 months con-

sumption and has added: "These are inter-changeable. I find that they have been using indigenous stock and that is why the consumption of imported one is much lower."

1.260. Asked to state the procedure in regard to stockpiling in workshops, with particular reference to the 13 months limit asked for by General Manager, the Minister in a written note has stated as under:

"The Telecom. Factory Board has prescribed the following norms of stock balance in the Telecom. Factory stores in their meeting on 28-5-1970. 6 months average consumption of raw material plus 4½ months average consumption of components."

The norm is now being revised and the General Manager, Telecom. Factories has been directed to review and come up with the revised norms taking into account the recent recommendations of the Bureau of Public Enterprises in this respect."

1.261. The P&T Department informed Audit in December, 1973 that the lesser consumption of imported strips of 2½" width and 4" width was due to economical use and lesser scrap formation and also due to use of brass strips. Asked why these factors could not be foreseen while assessing the quantity to be imported, the witness stated: "The only mistake they made was they did not take into account supplies from Ishapore factory. Their order was more or less in keeping with the stock control procedure and it was fluctuating between the minimum and maximum levels."

1.262. According to the information furnished by the Manager, Telecommunication Factory, Bombay, to Audit in April, 1973 some excess quantity had been indentured for utilising the available foreign exchange. However, during evidence when asked by the Committee whether imports were made in excess of requirements for utilising the available foreign exchange, the Secretary, Ministry of Communications has replied in the negative and stated: "I do not think so."

1.263. The Audit para stated that the telecommunication factory also started using indigenous brass strips since 1970-71. The use of these strips progressively increased from 216 kgs. in 1970-71 to 1816 kgs. in 1972-73. The balance of brass strips at the end of 1972-73 was 1972 kgs. The Committee desired to know when it was decided to use brass strips in lieu of nickel silver strips and how long it

took to develop these strips. The Secretary, Ministry of Communications has stated: "It was not a complete changeover from nickel silver to brass; it was only in some items. They progressively changed to brass. Nickel silver is still used in fairly large quantities.

1.264. Justifying the imports, the witness has continued: "Even though brass is used, they continued the import of nickel silver to meet their own requirements of nickel silver. They have fixed the minimum and maximum limits. I find that their order was more or less in keeping with their stock control procedure. In fact, there are only two orders referred to in the Audit paragraph. Subsequently, there have been two more orders."

1.265. To a specific question whether the minimum and maximum quantities to be stored in stock were revised when brass as a partial substitute for certain items was discovered and brought into use, the witness admitted having not made such a revision and added: "The maximum and minimum was based on the quantity of brass used. It was not revised because the brass used was in a small quantity."

The price of brass strips was stated to be change than that of the nickel silver strip. Asked to state why there was no complete change over to the new item the Secretary, Ministry of Communications has stated:

"Nickel silver is used for relay springs. This is standard material used for all the relay springs. There are back up springs where we were using nickel Silver and now we have changed to brass. Wherever possible, we change to brass.

1.266. The Committee have noted that the Telecommunication Factory at Bombay, which had been getting supply of nickel silver strips of 5" or 6" width from an ordnance factory (Ishapore) considered it desirable to place indent on the Director General, Supplies and Disposals in April 1968 for import of strips of lesser widths because, in their opinion, they were more economical due to less scrap formation as compared to 5" or 6" width supplied by the Ishapore factory. Against the total quantity of 44,100 kgs. of imported nickel silver strips received upto the end of March 1973, the consumption was 23, 555 kgs. at the end of March 1973, leaving a balance of 20,554 kgs. Supplies of nickel silver strips of 5" or 6" width from the ordnance factory were enough to meet the requirement of the telecommunication factory in 1967-68 and 1968-69. In the subsequent four years ending 1972-73, the annual

average requirement of strips was about 8,439 kgs. During these four years, when the imported strips were available, supplies were also received from the Ordnance Factory. The Committee have also noted that in April 1971 the telecommunication factory intimated the General Manager, Telecommunication Factories that it had sufficient stock of strips, and as any further supply by the ordnance factory would increase its stock value considerably, its pending orders on the ordnance factory need not be pursued and all future supplies by the ordnance factory might be diverted to another telecommunication factory till further communication from it.

1.267. The Committee are very surprised that the decision to import nickel silver strips of lesser width was taken at the field level by the workshops themselves without any reference being made to the headquarters. The Secretary Ministry of Communications has justified the import saying that it was a correct decision. The Committee are totally unable to accept his view because there was a large surplus of nickel silver strips with the telecommunication factory so much so that the telecommunication factory in Bombay decided not to procure any more strips in 1972-73.

1.268. Another unacceptable explanation offered for the import of nickel silver strips of lesser width was that the supplies from the Ishapore Ordnance Factory were as not regular and adequate. To the question of the Committee whether any steps were taken by the Ministry to see that supplies from Ishapore Factory were made more regular the reply of the Secretary, Ministry of Communications was: "Steps were not taken by the Ministry. Steps were taken by the General Manager at Calcutta with the Ordnance Factory at Ishapore." Asked whether the Director General of Ordnance Factories was requested to look into the matter, the Secretary, Ministry of Communications stated before the Committee: "I am afraid it was not taken up . . . it should have been done." Considering the need for saving valuable foreign exchange, and the need for developing indigenous material to the extent possible, the Committee consider that the action of the Telecommunication factory to stop supplies of nickel strips from the Ishapore Factory was deplorable indeed.

1.269. The Committee comes to the inescapable conclusion and this has been corroborated by the Manager, Telecommunication Factory, Bombay (April, 1973) that excess quantity had been indented for utilising the available foreign exchange. The Committee are unhappy that the detailed calculation on the basis of which the requirement was assessed in June 1969 is not available. They are not at all impressed by the laboured reasoning which the Ministry has urged before the Committee. The Committee would like responsibility to be fixed for the squandering of foreign exchange.

1.270. The Committee have noted that the norms of stock balance in the Telecommunication Factory are now being revised and the General Manager Telecommunication Factory has been directed to review the same keeping in view the recommendation of the Bureau of Public Enterprises. The Committee would like to be informed about the revised norm when finalised.

Sale of copper wire

Audit Paragraph

1.271. Consequent upon introduction of co-axial cable and microwave systems and replacement of copper wire alignments by aluminium/copper weld wire a large quantity (about 1,000 tonnes till 1970) of dismantled copper wire accumulated in departmental stock. It was not considered expedient to dispose of the wire in the open market lost sold wire became indistinguishable from stolen wire and created difficulties in tackling cases of copper wire thefts. It was, instead, proposed (May, 1970) to sell the wire to a public sector undertaking whose annual requirement of imported copper wire for manufacturing cable was about 2,500 tonnes. Accordingly 300 tonnes of recovered copper wire were offered to the undertaking in July, 1970 and another 700 tonnes in October, 1970. The pace of lifting the wire by the undertaking was, however, slow and meanwhile, the stock of dismantled wire increased to 2,000 tonnes in June, 1971, creating acute storage problem. Attempts made to sell the wire to other Government departments; undertakings having failed, the department advised (September, 1971) the Director General, Supplies and Disposals to float tender enquiry for disposal of the wire in open market with the stipulation that the wire should be converted into ingots; rods or thin wire by purchasers within six months. The price offered (Rs. 13,000 to Rs. 14,000 per tonne) in response to the tender enquiry was considered low and so no sale was made. However, 262 tonnes were sold (February—May, 1972) by auction at an average price of Rs. 14,720 per tonne. The Director General, Supplies and Disposals was opposed to making open market sale of the wire on the ground that the price received would be below. The Department of Economic Affairs and the Director General, Technical Development on the other hand opposed disposal of copper wire through auction apprehending that the material would fall in the hands of non-industrial users.

In July, 1972 it was decided in an inter-departmental meeting that, apart from continuing sale to the public sector undertaking, copper wire should also be offered to pesticide manufacturers for

whom copper was being imported. The residual balance should be got converted into ingots by a public sector corporation for supply to priority users.

1.272. The public sector corporation took samples of copper wire twice in November, 1972 and June, 1973, but did not make any purchase. Upto March, 1973, 756 tonnes of copper wire were sold to three pesticide manufacturers. Besides, the public sector undertaking lifted only 1010 tonnes between January, 1973 and June, 1973. Due to such slow pace of disposal, stock of dismantled copper wire further increased by June, 1973 to 3400 tonnes worth more than Rs. 5 crores. The stock is expected to increase further in next two years; the department was not (November, 1973), however, in a position to give an exact estimate of the anticipated increase in stock as dismantling of copper wire in future years would depend on availability of substitute materials and many uncertain factors.

[Paragraph 22 of the Report of (C&AG of India for the year 1972-73, Union Government (Posts & Telegraphs)].

1.273. During evidence the Committee were informed that copper was the best medium for transmission on overhead wires. There was nothing which was equal to copper. It was being removed only because it was being stolen from the lines. Asked whether Government had examined as to what were the specific areas where theft was at a very high frequency, the Secretary, Ministry of Communications stated: "Yes, every time we found that the thefts were increasing, we checked up with the State authorities. Unfortunately, the thefts in that area came down but they increased in the adjoining areas. The group indulging in this theft is a very mobile one."

Giving the percentage of theft of copper wire, the witness has continued: "The theft of copper wire every year has, of late, been of the order of Rs. 1 crore". Asked as to how many cases of theft of wire were discovered and how many cases were instituted in the courts and what was the result thereof, the witness deposed: "We have kept the figures. Very few cases have been traced. Less than one per cent of the cases were traced."

1.274. As regards reasons for an accumulation of dismantled, copper wire in the departmental stock, the witness stated during evidence: "In the earlier years, we were flatterring the copper wire and selling them in the market through the DGS&D. That was a small quantity. The programme really got into swing when it started getting large quantities of ACSR aluminium conductors. These conductors were

not forthcoming for quite a number of years. At that time, large quantities of copper wire started coming and it created accumulation."

1.275. The Committee pointed out that with the introduction of co-axial cable and micro-wave systems, copper wire was becoming more and more redundant and enquired whether the change over was being done in a phased manner. The witness clarified: "Due to the introduction of micro-wave and co-axial systems, the new lines with copper wire are getting less and less. Our trouble is with the existing lines, running to about 76,000 miles which we want to replace progressively."

To another query whether Government had envisaged any point of time when the entire 76000 kilometres of copper wire would be replaced by co-axial and micro-wave systems, the witness clarified: "We are able to replace them, but our main objective is to prevent their being stolen away. Replacement of copper by aluminium introduces a lot of disturbance during the duration of the work. It takes about a year to change from copper to aluminium. All along this period, it creates a tremendous discomfort not only to the circuits concerned but to others as well, which go on the same route."

1.276. The Committee then enquired whether only that portion was replaced which was stolen or the whole line had to be replaced. The witness stated: "When wire is stolen, they steal only about 20 or 30 spans of the wire. They do not steal the entire line. Everytime a wire is stolen, there is an interruption, and then we have to put the aluminium wire. In a long-distance circuit, we cannot have a mixture of different types of wire on the same route. So, we have to replace the wire on the entire route."

1.277. According to Audit para about 1,000 tonnes of copper wire had accumulated with the Department till 1970. It was not considered expedient to dispose of the same in the open market lest sold wire became indistinguishable from stolen wire and created difficulties in tackling cases of copper wire thefts. When the Committee enquired whether this was, perhaps, the main reason for slow disposal of the copper wire, the witness has deposed: "Under the Indian Telegraphs Act, it is an offence to have possession of the copper wire of the gauge we use on our post-lines. If we sell the wire as it is, there is always the possibility of somebody telling us that they had purchased the sold wire; and thus get away with the offence."

1.278. The Committee drew attention of the witness to another reference made in the Audit para that attempts made to sell the

wire to other Government departments/undertakings having failed, the department advised (September 1971) the Director General, Supplies and Disposals to float tender enquiry for disposal of the wire in open market with the stipulation that the wire should be converted into ingots/rods or thin wire by purchasers within six months and expressed the view that had this been planned earlier, the stocks would not have piled up so much and the disposal also would have been in a phased manner. The witness stated: "The decision not to sell to the private market was a very deliberate one, because this is a very special type of electronic copper; if it is sold in the private market, it would be used only for purposes where a very much inferior type of copper can be used. We wanted to conserve it. We tried to use it. We offered it to the Railways, to the Ordnance Factories and to the Hindustan Cables. But the first two were not keen. The third party said that they cannot use the wire as it was and that it had to be converted into rods, so that they can re-draw it as thinner wires. Adequate capacity for conversion was not there with them. They were able to develop this capacity after some time through two firms in Jammu and Jaipur, last year, they took the same quantity."

1.279. As stated in the Audit Para it was decided in an inter-departmental meeting that, apart from continuing sale to the public sector undertaking (Hindustan Cables Limited) copper wire should also be offered to pesticide manufacturers for whom copper was being imported. Upto March, 1973, the 756 tonnes of copper wire were sold to three pesticide Manufacturers. The Committee were informed by Audit that the three pesticide manufacturers who purchased wire were:—

	Tonnes
(i) Tata Chemical Limited, Bombay	432.5
(ii) Travancore Chemical and manufacturing Company Limited, Alwaye	300.0
(iii) Shambhunath and Sons Limited, New Delhi	23.4
Total	755.9

1.280. The Committee desired to know whether further attempts were made to sell copper wire to pesticide manufacturers. The witness stated: "We have sold, in 1972-73, roughly about 1200 tonnes to pesticides and 1500 tonnes to Hindustan Cables. In 1973-74 we sold about 1400 tonnes to Pesticides and 3000 tonnes to Hindustan Cables. Our sales during last year were approximately 4,390 tonnes."

By June 1973 the stock of dismantled copper wire had further increased to 3400 tonnes worth more than Rs. 5 crores. As regards present stock, the Committee were informed that at the beginning of this financial year it was about 2700 tonnes.

1.281. Asked to state the quantity of wire expected to be recovered during the next 5 years, the witness stated: "The annual recovery of copper wire will be between 4,000 to 5,000 tonnes; but we will adjust it according to the off-take, so that our stocks do not go up."

Enumerating the steps contemplated for its disposal, the witness added: "We have persuaded the Hindustan Cables to take our copper; in fact last year they took about 3,013 tonnes; this year also we expect that they would take the same quantity. This is in addition to what we are giving to the pesticides. Our annual off-take from Hindustan Cables is about 3,000 tonnes and we supply to the pesticide companies about 1400 tonnes."

1.282. According to the witness, the Department was not willing to sell the recovered wire to the private market and the Government organisations were not enthusiastic to buy it. Referring to the combined low in-take of the public sector undertaking and the pesticides as against the huge present stock of 2700 tonnes with the anticipated annual recovery of 4000 to 5000 tonnes, the Committee desired to know what Government was going to do with the surplus material and how they proposed to put it to better use. The witness clarified: "I have got 3,000 tonnes of copper today. I can sell it to a private firm and realise about Rs. 20,000/- or Rs. 30,000. There is an arrangement with the Hindustan Cables. They would take copper wire from us and make the cables and we buy the cables, in this manner, there would be no expenditure of foreign exchange."

Subsequently in a written note furnished to the Committee, the Ministry of Communications have explained the position with regard to disposal of surplus as under:

"Sale of P&T scrap copper wire to priority industrial users of the private sector, like pesticides manufacturers and cable and wire industries, has not been stopped. It is also not intended to be stopped as long as the ban on import of scrap copper wire in favour of these industries continues. The annual demand from these two categories of private industry is estimated to be:

Pesticide makers 1500 Mts.

Cables Wire Industries 500 Mts.

In fact an amount of 1500 mts. of scrap copper was declared to D.G.T.D. for recommending cases of cable and wire industries for allotment and release of scrap copper while controlling their import entitlement. The recommendations of D.G.T.D. have been received in bulk and are in process.

The Public Sector Undertakings, Minerals and Metals Trading Corporation and Hindustan Copper Ltd., expressed no interest in the purchase or take-over of P&T scrap copper wire. But Hindustan Cable Ltd. and Ordnance Cable Factory of D.G.T.D. have from time to time been purchasing it and this demand is sizeable. Over 3000 mts. were sold to Hindustan Cables in 1973-74. The demand is expected to grow with the start of production of expansion of capacity at both the Rupnarainpur and Hyderabad units of this Public Undertaking. Another Govt. undertaking, Traco Cable Company of Kerala State, have also started production of underground telephone cables. By late 1975-76 the annual demand of these cable manufacturers themselves is expected to be of the order of 4500 mt."

1.283. As regards valuation of the recovered wire, the witness stated: "When we recover this copper wire, we value it at the present market value and give it to Hindustan Cables."

1.284. The Committee then drew attention of the witness to a concrete suggestion made by the Public Accounts Committee in one of their earlier reports about the creation of a metal bank and metal clearing house for all Government and Government-controlled organisations and enquired what steps were taken in that direction. The witness stated: "As far as the metal bank is concerned, when we have got our own scrap copper, it can be used for completely departmental purposes. I thought that was the best way of utilising it." As regards the suggestion of the Committee that setting up of a metal bank and a metal clearing house would help the Government in reducing wastage the witness has stated: "We are in a slightly different position. We have to convert it into metal ingots before it is given to the metal bank. At a time when we are not able to convert it, we offered it to the MMTC."

1.285. The Committee enquired what steps were being taken in regard to recovery and utilisation of unused thick copper which were lying underground here and there and which were being taken away by unscrupulous persons. The witness stated: "Whenever cables go faulty, we recover them."

1.286. To another suggestion of the Committee that Government should set up a unit headed by a senior officer who could go through all the old sketches, drawings and diagrams and see where the cables were lying and where from these could be dug out and used, the witness deposed: "We will do that."

1.287. The Committee have noted that consequent upon the introduction of co-axial cable and microwave systems and replacement of copper wire alignments by aluminium/copper weld wire a large quantity of dismantled copper wire accumulated in departmental stock. According to the information furnished to the Committee, the stock of dismantled copper wire had increased to 3400 tonnes worth more than Rs. 5 crores by June 1973. At the beginning of this financial year the stock was about 2700 tonnes. The Committee have also noted that the Department did not consider it expedient to dispose of the stock in the open market lest sold wire became indistinguishable from stolen wire and created difficulties in tackling cases of copper wire thefts. Sales of copper wire were therefore made to Hindustan Cables Limited, Rupnarainpur and to certain Pesticide manufacturers. The annual offtake from Hindustan Cables is about 3,900 tonnes and the supply to the pesticide companies is about 1400 tonnes. The Committee consider that to prevent undue accumulation of unwanted copper wires, concerted steps should be taken by the P&T to persuade once again only the public sector undertakings like Hindustan Copper Ltd., Minerals and Metals Trading Corporation for purchasing P&T scrap copper wire. The Hindustan Cable Ltd. and Ordnance Factory of DGOF should also be approached with a view to selling them increased quantities of copper wire. The Committee trust that with the start of production of cables at the Hyderabad unit of Hindustan Cables Ltd. and the expansion of capacity at both the Rupnarainpur and Hyderabad units, the Hindustan Cables Ltd. would be in a position to buy additional quantities of copper wire from the P&T Department. Negotiations should also be carried on with Traco Cables Company of Kerala State which is said to have started production of underground telephone cables. In this connection, the Committee would like to insist on the Government to go by the following recommendation made by the Committee in Para 1.29 of their 121st Report (Fifth Lok Sabha):

"1.29. Incidentally the Committee would also like Government to consider setting up a sort of Metal Bank or Clearing House so that it can be ensured that the metal especially non-ferrous, rendered surplus or unfit for a particular use in one organisation can be profitably utilized elsewhere without being disposed of at a loss. The Committee consi-

der this step necessary because non-ferrous metal is becoming costlier and scarcer in the market and it is essential to make the best use of what is already available with the Government."

The Committee trust that with the setting up of this Metal Bank it would be possible for the P&T Department to put the surplus copper wire into the bank for its ultimate disposal. The Committee also suggest that the Department may consider issuing a monthly or fortnightly bulletin indicating the availability of copper wire at various places and circulate the same to interested purchasers, in the public sector.

Theft of stores

Audit Paragraph

1.288. In paragraph 25(b) of the Report of the Comptroller and Auditor General of India, (Posts and Telegraphs), 1969-70 mention was made of eleven cases of thefts (Rs. 1.86 lakhs) of stores between February 1967 and July 1970 (ten from the godowns of the telegraph stores depot and the storeyard of a telecommunication factory located in the same premises and one from the stocking area of the same stores depot situated at some distance). The department stated in December 1970 that preventive measures had been adopted and informed the Public Accounts Committee subsequently in February 1972 that the number of thefts had been reduced as a result of these measures.

1.289. During February 1971 to July 1973, ten more cases of alleged thefts (six from the godowns of the same telegraph stores depot and four from the storeyard of the telecommunication factory located in the same premises) were noticed. The missing stores were mostly lead scrap, copper scrap and bolts, brass materials, plumber metal, tinned wire, gun metal rods, etc., their aggregate value being Rs. 1,83,483. The cases were reported to the police. Four of them were closed by the police and six were under investigation (September 1973).

The above premises is a protected area. The occurrence of successive thefts calls for special preventive and corrective measures.

1.290. The department stated (December 1973) that it had not been possible to eliminate the thefts due to unfavourable location of a big drain by the side of the storeyard and the telecommuni-

cation factory. The department also stated that the godowns were proposed to be shifted to new building under construction.

[Paragraph 23 of the Report of C&A.G. for the year 1972-73, Union Government (Posts and Telegraphs)].

1.291. According to Audit Para, during February 1971 to July 1973 ten more cases of alleged thefts (six from the godowns of the same telegraph stores depot and four from the storeyard of the telecommunication factory located in the same premises) were noticed. The missing stores were mostly lead scrap, copper scrap and bolts, brass materials, plumber metal, tinned wire, gun metal rods, etc., their aggregate value being Rs. 1,83,483. The cases were reported to the police. Four of them were closed by the police and six were under investigation (September 1973)

1.292. The Committee desired to be furnished with details of the four cases closed by the Police. The Committee also wanted to know the result of the Police investigation made in the remaining six cases. The Ministry, in a written note, have stated:

“(a) The details of the four cases of thefts closed by the police are given below:—

Sl. No.	Date of theft	Place of theft	Material involved	Value in Rs.
1.	14-2-71	. . . Storeyard	Scrap Lead Ingots	11,576.00
2.	28-8-72	. . . Battery godown	Scrap copper wire and copper soldering bolts.	8,861.00
3.	31-8-72	. . . Battery godown	Scrap winding wire	11,170.00
4.	9-9-72	. . . Battery godown	Scrap winding wire, copper, bolts.	5,666.50

The Police after investigation has reported that the cases were true but no clue for the thefts could be found and these cases were, therefore, closed under Section 380 I. P. C.

(b) Police investigation in the remaining six cases have not been completed so far. The results of investigation are not known except in one case where the Police had recovered the stolen material. However, the material has not been released pending final decision by the Court.”

1.293. The P&T Department informed Audit in December 1973 that the following preventive measures were adopted:—

- (a) a strong room has been built inside the wire godown for storing plumber metals and copper ingots and this has stopped the pilferage of these costly items which account for major loss due to theft;
- (b) through Corporation drain, there was possible ingress from the canal side. The Corporation was moved and iron gratings have been put preventing such entry to the storeyard;
- (c) almost all the locks of the godowns have been changed by 'Godrej Navtal' to minimise the possibility of breaking or tampering of the locks; and
- (d) security staff have been strengthened by obtaining additional sanction of chawkidars and special beats have been made to keep watch on godowns of valuable stores.

1.294. Asked to state whether any thefts had occurred after July 1973, the Ministry stated: "There have been nine cases of petty thefts since July 73, five from the Telecommunication Factory, Calcutta and four from the Telegraph storeyard, involving a total loss of Rs. 9350.59"

As regards shifting of the godowns to new buildings under construction (December 1973) the Ministry stated that "the new buildings are still under construction."

1.295. The Committee note that mention was made of eleven cases of thefts (Rs. 1.86 lakhs) of stores between February 1967 and July 1970 from the godown of the telegraph stores depot, Calcutta and some other nearby places in paragraph 25(b) of the Report of C.& A.G. for the year 1969-70 (Posts and Telegraphs). In view of the Department's reply to Audit in December 1970 that preventive measures had been adopted and subsequent information furnished to the Public Accounts Committee in February 1972 that the number of thefts had been reduced as a result of those measures, the Committee did not comment on that para.

1.296. The Committee, however, find that not only ten more cases of alleged thefts (aggregate value Rs. 1,83,483 from the godown of the same stores depot and a factory located in the same premises had been noticed but according to the information furnished by the

Ministry on 20.8.74 'there have been nine cases of petty thefts since July, 1973, five from the Telecommunication factory Calcutta and four from the telegraph storeyard involving a total loss of Rs. 9350.59.' The Committee take a serious view of the unabated incidence of thefts (though of decreased value) over a period of more than 7 years now in spite of the apparent checks and precautions taken in that direction.

1.297. According to the Department, elimination of thefts was not possible due to unfavourable location of a big drain by the side of the storeyard and the telecommunication factory. However, the Committee find that the preventive measures taken (December 1973) included inter-alia putting up of iron gratings preventing such entry to the storeyard through Corporation drain. The Committee have come to the inescapable conclusion that the weakness lies somewhere else and so needs special remedy. It has to be ensured by the Department that there is no collusion of that with the culprits. The Committee note that the said staff has been strengthened recently. They would be the Department to closely watch the performance of the security staff and see that they are effective in preventing thefts in future.

1.298. The Committee note that the proposed shifting godowns to the new buildings under construction (December 1973) has not taken place as according to the Department 'the new buildings are still under construction'. The Committee would urge that construction should be completed early and the godowns shifted to the new buildings as proposed to avoid chances of thefts in future.

1.299. Four cases were stated to be closed and six were under investigation by the Police. The Committee note that the cases were closed under section 380 I.P.C. as the Police after investigation had reported that 'the cases were true but no clue for the thefts could be found'. Police investigation in the remaining cases has not been completed so far except in one case where the Police has recovered the stolen material but the same has not been released pending final decision of the Court. The Committee would like to be informed of the final outcome of the investigation being made by the Police and/or the decision of the court in these cases.

Opening of a new Post Office

Audit Paragraph

1.300. According to departmental rules, the head of a postal circle may sanction opening of a new post office in an urban area

if he is satisfied about its need. In August, 1966 the Postmaster General, West Bengal Circle, decided to open a non-delivery post office in Girish Avenue at Calcutta and directed the local Senior Superintendent of Post Offices to negotiate hiring of accommodation of about 93 square metres with the owner of a building in that area. The accommodation (93 square metres) was hired in that building in October, 1966 and the new post office was set up in that month. At that time accommodation of only 24 square metres was required for the post office. With subsequent addition of staff the requirement was 59 square metres from October, 1968 onwards. The accommodation was fully utilised only in May, 1973 when some countries were shifted to this post office from a nearby post office. Proportionate rent paid for surplus accommodation till April 1973 was Rs. 23,384. The department stated (November, 1973) that the question of shifting the counters from the other post office was under consideration of the Postmaster General since June, 1971.

1.301. The Senior Superintendent of Post Offices had worked out (October, 1967) that the new post office incurred a loss of Rs. 4,556 between October, 1966 and March, 1967. The department stated (November, 1973) that the income of the new post office was not correctly assessed by the Senior Superintendent of post offices. The prescribed records showing the financial working of the new post office were not kept after March, 1967. The department stated (November, 1973) that correct assessment of the income of the new post office was being made.

[Paragraph 25 of the Report of C&AG of India for the year, 1972-73
Union Government (Posts and Telegraphs)]

1.302. The Committee learnt from Audit that according to the procedure proscribed in Para 555 of the Posts and Telegraphs Manual, Volume IV, the proposal for opening a new post office is mooted by the Superintendent of Post Offices after examining for a month the postal transactions in the locality to be served and the financial prospects of the proposed office. If on the basis of the Superintendent's report, the Head of the Circle is satisfied that there is a reasonable hope that the office will prove self-supporting at the end of two years, the Head of the Circle will sanction the post office for six months and issue further extension of not more than six months at a time on the basis of the financial results of the working of the post office in the preceding six months.

1.303. The Committee also learnt from Audit that in this case the decision to open the post office was taken on 9th August, 1966

by the Postmaster General, Calcutta without any proposal from the concerned Superintendent of Post Offices and that the Postmaster General issued directions to the Superintendent of Offices on 12th August, 1966 to negotiate with the land-lady of 15, Girish Avenue, Calcutta as the premises offered was considered fit for locating the post office. The Superintendent of Post Offices had also been requested to submit a formal proposal for opening a new post office with all necessary information and documents.

1.304. The Inspector of Post Offices who had undertaken an investigation in pursuance of the directive of the Post Master General had reported to the Senior Superintendent of Post Offices on 13th September, 1966 that as the proposed post office would be located very close to four other post offices, it would not, perhaps be advisable to open the proposed post office unless there were any exceptional grounds which necessitated its opening.

The following chronological statement indicates the progress of events leading to the opening of the post office:

Date on which the decision to open the post office was taken	9-8-1966
Date of issue of instructions by the PMG to the Superintendent of Post Offices for negotiating with the landlady of the premises	12-8-1966
Date of report of the Inspector of Post Offices	13-9-1966
Date of communication of the approval of the PMG to open the post office	21-9-1966
Date of hiring of accommodation	1-10-1966
Date of issue of sanction for opening the post office	12-10-1966
Date of opening of the post office	14-10-1966

1.305. The Committee desired to know, during evidence, whether the opening of the Girish Avenue Post Office could be justified by any stretch of imagination, the Secretary, Department of Communication stated: "I have gone through the records and I must confess I do not have a personal knowledge of the area."

1.306. Asked whether the post office could maintain itself financially and, if so, since when, the Secretary stated: "Yes Sir, I think for the past about two years, since April 1973."

In reply to another question whether it did not appear that the new post office was opened for certain consideration the Secretary stated: "About certain considerations, there was an enquiry into it, by the CBI. The report has been given and some action has been taken."

Later, however, the Secretary corrected himself and stated that it was not a CBI inquiry but SPE inquiry.

Subsequently, the Committee found from the written information furnished by the Ministry on the inquiry referred to during evidence that the enquiry was conducted by the Superintendent of Police, Special Police Establishment, CBI not into the opening of the Girish Avenue Post Office but into certain allegations made against a Director of Postal Services an Executive Engineer and an Assistant Executive Engineer, P&T Civil Wing, Calcutta, of abuse of official position by taking on exorbitant rent premises of private parties to the detriment of postal revenues. The allegations related to four premises taken on rent by the Department in one of which the Girish Avenue Post Office was located.

1.307. According to Audit, the Posts and Telegraphs Board had informed them, in November 1973, as follows: "The neighbouring Bagh Bazar post office was congested but there was no scope for obtaining additional accommodation in that building. The question of securing alternate accommodation or the opening of an additional post office to divert the traffic was being examined by the Post Master General which resulted in the decision for opening this office." The Committee further learnt from Audit that search for alternate building for the Bagh Bazar Post Office continued till 1973. Besides, the Post Master General had also informed Audit in August 1971, that the question of surrendering about 370 square feet of accommodation of the new post office had been taken up with the owner of the premises.

1.308. The Committee are concerned to note that a decision to open a new post office in Girish Avenue at Calcutta was taken by the Post Master General, Calcutta, on his own initiative, without any proposal from the concerned Superintendent of Post Offices, in an area where already four post offices were functioning and that the normal procedure prescribed in the departmental rules were not observed in this case. No detailed study of the postal traffic in the area also appears to have been made before opening the post office and the chronological statement of events leading to the opening of the post office would also indicate the undue haste with which the opening of the post office had been approved and sanctioned, despite the report of the Inspector, of Post Offices, that it would not be advisable to open the proposed post office unless there were any exceptional grounds which necessitated its opening. If, as stated by the Posts and Telegraphs Board to Audit in November 1973, the

purpose of the new post office (opened in October 1966), was to divert traffic from the Bagh Bazar post office, it is not clear to the Committee why the search for alternate accommodation for the Bagh Bazar Post Office continued till 1973 and why the Post Master General had earlier taken up the question of surrendering about 370 square feet of accommodation of the new post office with the owner of the premises. The Committee are, therefore, not convinced with the explanation of the Department, which can at best be construed as an afterthought.

1.309. The Committee also find that though the Secretary, Department of Communications, had stated during evidence that an enquiry had been undertaken by the Superintendent of Police, Special Police Establishment into the opening of the new post office, this enquiry did not relate to the opening of the post office as such but to certain allegations made against three officials of the Posts and Telegraphs Department of abuse of official position by taking an exorbitant rent for premises of private parties, in one of which the new post office was located, to the detriment of postal revenues. The Committee are not satisfied with the circumstances leading to the opening of the Girish Avenue post office and desire that the entire case should be investigated in detail by an appropriate authority with a view to ensure that no malafides are involved and fixing responsibility. The Committee would like to be informed of the results of the investigation and action taken.

General

(A) Pert Chart

1.310. The Committee wanted to from the representative of the Department the procedure that was followed for the formulation, execution and completion of projects. The representative of the Department has stated that the initial proposals for setting up a project came either from the Planning Branch or from the Department officers who made suggestions after finding some lacunae during their visits to the field. After the proposals were made, project estimates of the various components were prepared. For each component, there was a specialised agency which provided information and on the basis of that, the final project estimate was prepared. The Committee enquired if there was a time-bound programme for each project and if responsibility was fixed on any individual if the project was not completed in time. The representative of the Department has stated during evidence:

"Last year, when we came before the Committee, we had one or two cases at the field level where some work was not executed in time and at that time, we had issued instructions that for every work there must be a time-bound programme and there must be one man incharge of that work. As far as larger projects are concerned, we do not issue instructions from time to time how the various items have to be coordinated. But it is only recently that we have decided to have, what is called, a PERT Chart for every project. Regarding this PERT Chart, we are now drafting instructions mentioning who will be made incharge and all these things, etc."

He has further stated that when an individual was not able to do certain items of work for reasons beyond his control, he reported back to the person incharge of the total project and the PERT chart was revised from time to time.

1.311. The Committee posed the question whether there was any basic planning at all in so far as the execution of a project was concerned. There did not appear to be any degree of synchronisation of supplies of different kinds. When one component was ready, some other component was not made available with the result that a large amount of money, which had already been sunk in the project, remained infructuous. The Committee enquired why such a situation could not be avoided if there was an overall planning. The representative of the Department stated in reply:

"We do have overall planning. As a matter of fact most of the projects are conceived in the Planning Branch of the P. & T. Directorate. As far as the telephone projects are concerned, they work out the requirements. They examine the waiting lists at various places, the existing capacity and then they decide that in a particular year the exchange of that particular place requires augmentation. As soon as that is decided upon, they earmark the capacity of the ITI and they work out a project report so that we can have buildings and cables. Once the project report is prepared—I have seen in all these cases and I think in quite a number of other cases also—the one thing which is really missing is a kind of a time frame in which all these constituent items are fitted by a specific date for completion. That is never done and that is a fact. I confess it was not there before—to have a

rigid time schedule for each constituent item of work. There is a lot of coordination work being done and a lot of instructions are being issued. All these instructions relate to the time when the installation of the exchange is taken up and prior to the installation of the exchange, air-conditioning, buildings and cables and other things have to be arranged. There is no specific time limit laid down for these."

1.312. The Committee asked the representative of the Department why it was difficult to fix any time-limit for the completion of the buildings because the supply of the materials and equipments and, in fact, the projection of the planning depended upon the same. The representative of the Department has stated in evidence:

"Two things we are having: one is PERT Chart and the other is decentralisation of the overseeing authority. We are having four project circles. These circles will look after all the installations—both long distance and the telephone exchange installations that come within their geographical jurisdiction. We also have Telephone Districts. Each one of these will be forced to have a PERT chart which we follow rigidly."

1.313. Commenting on the delays in the execution of a coaxial cable project, the Committee in their 46th Report (5th Lok Sabha) had observed as under:—

"There appears to have been no centralised coordination and control. The Committee would, therefore, like to suggest a comprehensive examination of the position in all such projects with a view to ensuring that there is no further costly slip-up."

In their action taken replies*, the Government stated:

"All the coaxial cable schemes under execution are reviewed constantly from time to time at the highest level in the Planning Branch of the Department. The actions considered necessary to complete the schemes within the set targets are taken as far as feasible. For proper coordination in procurement of stores, a Material Management Organisation has been created recently in the Directorate. For expediting the implementation of the schemes, the

*Vide 68th Report of P.A.C. (5th Lok Sabha) 1972-73 p. 18.

installation organisation has been considerably strengthened with the creation of four posts of General Manager (Projects) one each at New Delhi, Bombay, Calcutta and Madras. The progress on the projects under execution is being reviewed at regular intervals and all suitable actions considered necessary and feasible for completion of the schemes within the set targets are being taken."

1.314. In the previous Chapters, the Committee have commented on the inordinate delays on the part of the P.&T. Department in providing telephonic services and facilities. The Committee have noted that the delays were due to non-supply of materials in proper time, dearth of suitable personnel, lack of coordination between different units of the same Department, defective terms of contracts, and the absence of proper planning. As a result of the delay in the execution of the projects, there has been invariably an escalation of the project estimates, non-utilisation of the facilities available and the consequent loss of revenue which was due to the Government. The Committee have also noticed that there is lack of proper supervision in regard to the estimation of requirements, replacement of indents and utilisation of stocks. The result has been that there has been injudicious spending of foreign exchange and accumulation of unwanted stocks.

1.315. The Committee are surprised that the P.&T. Department despite four successive Five Year Plans have not acquired the mechanism of planning in so far as the execution of their projects is concerned. The impression that is left on the mind of the Committee, after a review of the instances of glaring delays, is that the Department has executed their schemes without any basic planning at all.

1.316. The Committee note that while replying to the recommendation made by the Committee in their 46th Report (5th Lok Sabha) the P.&T. Board had assured the Committee in October 1972 that "actions considered necessary to complete the schemes within the set target are taken as far as feasible." It is therefore distressing to find that in July 1974, the Secretary to the Ministry of Communications has admitted that there is no time bound programme for each project and the only thing that is really missing is the kind of a time frame in which all the constituent items could be fitted by a specific date of completion. The Department has now realised the necessity for having a PERT chart for every project and that instructions regarding its maintenance are being issued. The Committee would like to point out that mere maintenance of the chart

without an in-built mechanism for fixing the responsibility for delays in the execution of the projects viewed serve no purpose. They would, therefore, like the Department to issue suitable instructions to the effect that persons entrusted with the execution of the projects would be held responsible for any loss of revenue to the Government as a result of delay in the execution of the projects. The Committee hope that the PERT chart which the Department propose to introduce will take care that there is proper synchronisation of the different components of the project from the very beginning and that there is proper supervision in regard to the estimation of requirements, placement of indents and the utilisation of stocks.

B. Tele-communication Facilities in the Rural Areas

1.317. The Committee pointed out to the Secretary, Ministry of Communications that rural areas generally lack in telephones. If the Block Headquarters are considered as category stations for the opening of the Public Call Offices, it would help in the scattering of telephones all around the rural areas. Unless this is done, there cannot be telephone exchanges in the rural areas, and unless there are telephone exchanges in the rural areas, there cannot be PCOs and other connections. The Committee further pointed out that a provision of telegraph office is not enough; there must be telephones in the rural areas. The representative of the Ministry has stated during evidence: "We have provided for 5000 long distance PCOs in the current Plan as against 2000 in the Fourth Plan and 1600 in the Third Plan.....These are long-distance PCOs. The traffic is not very much on these PCOs."

When the Committee pointed out that none of the PCOs in the rural areas were functioning efficiently, the Secretary, Ministry of Communications has stated during evidence: "This is our biggest difficulty. As we go further and further out, our line of control becomes extremely tenuous and we find it more and more difficult to see that these remote exchanges, 10—15 line exchanges, are maintained properly. For this reason, we are changing our organizational pattern and we are having what is called Group Maintenance which has been just started."

1.318. Asked to state the 5th Plan proposals in regard to the installation of telephone exchanges in the rural and urban areas, the Ministry has in a written note stated as under:

"The draft 5th Five Year Plan for telecommunications (Issue 2, December 1972) at total financial outlay of Rs. 1030

crores had been agreed to by the Planning Commission earlier but has not yet been approved by the Government. Annual Plans are now being formulated on a restricted basis due to economic stringency keeping broadly to the framework of the draft 5th Five Year Plan. The draft Five Year Plan was an integrated development plan of a network of telephone exchanges, long distance switching systems and long distance media comprising of both the rural and urban sectors based on stipulated objectives of growth modernisation and priorities etc.

2. The objectives set for the development of local telephone system during the 5th Plan in brief, were to wipe out the waiting list for telephone connections by 1982-83, to progressively modernise and renew old equipment etc. From a study of the demand pattern it was accordingly proposed to install 7.79 lakhs telephone connections (Direct Exchange Lines) all over the country from the telephone exchanges out of which about 10 per cent would have been in semi-rural locations or industrial or commercial pockets in rural environments."

1.319. As for extending the telephone facilities to rural, backward and hilly tribal areas which could not be reached directly from the telephone exchanges, it was proposed to open about 5000 Public Call Offices in India during the 6—5th Plan period. It has since been decided that Block Headquarters are to be treated as category stations for opening PCOs on loss basis subject to certain financial conditions.... Proposals for opening PCOs on loss can be sanctioned in those cases which qualify as category stations for provision of such facilities on loss. In these cases, PCOs facilities can only be sanctioned if the condition of minimum anticipated revenue is ensured. As per these conditions the minimum anticipated revenue should be 25 per cent of the Annual recurring expenditure in case of places in ordinary areas, 15 per cent in case of backward areas and 10 per cent in hilly areas. Information on the policy for opening PCOs and COs on loss is furnished in annexures. (Appendix I).

1.320. Sanctions for opening PCOs on rent and guarantee basis and on loss are issued at various levels viz., Divisions, Circles and Directorate. The Circles have been asked to furnish information

at the earliest and the same will be submitted immediately on receipt."

The Ministry have further stated: "As a demand based and integrated development plan a specific rural and urban classification does not exist though as mentioned above provision exists for providing communication facilities in rural, semi-rural areas. The following Table will indicate the approximate rural urban breakdown of the physical and financial targets of telephone development during the 5th Plan period:

	Targets						Rs. in crores)		
	Physical			Financial					
	Rural	Urban	Total	Rural	Urban	Total			
1. No. of Telephone connections (Direct Exchange Lines)	0.79 lakhs	7.00 lakhs	7.79 lakhs	48.74	438.71	487.45			
2. Long Distance Public Call Offices	5000	..	5000	17.70	..	17.70			

NOTE.—In the absence of clear out demarcation as between rural exchanges and urban exchanges, telephones provided by exchanges of capacity 100 or less have been taken as rural.

At present (as on 31st March, 1974) the number of Long Distance P.C.O.s. is 1998 and out of a total of 12.44 lakhs telephones lines working on that date approximately 1.25 lakhs lines are working in rural or semi-rural areas and the rest in urban areas.

1.321. The Committee note that it has been decided that Block Headquarters are to be treated as category stations for opening PCOs on less basis subject to certain financial conditions. Since the funds spent on the provision of telephone facilities in the rural areas of the country during the past four Five Year Plans were highly inadequate, the decision to open 5000 public call offices during the Fifth Five Year is a step in the right direction. The Committee trust that this will ensure provision of telephone facilities in the rural areas and further provide an opportunity to the people around the Block Headquarters to avail themselves of these facilities. The Committee would like the Ministry to draw up a phased programme for the setting up of public call offices in the Block Headquarters. In this connection the Committee would like to stress that more

opening of PCOs is not enough. There should be satisfactory arrangement for their maintenance. The Group Maintenance Scheme which has been drawn up by the Ministry should be tried for sometime and a report on its working furnished to the Committee in due course.

NEW DELHI;

April 7, 1975.

Chaitra 17, 1897 (S).

JYOTIRMOY BOSU.

Chairman,

Public Accounts Committee.

APPENDIX I

(Vide paragraph 1.319 of the Report)

Information on the Policy for opening of Telegraph Offices and Public Call Offices

INDIAN POSTS AND TELEGRAPHS DEPARTMENT OFFICE OF
THE DIRECTOR GENERAL POSTS AND TELEGRAPHS

No. 53-2/71-TPL

Dated, New Delhi the 14th Jan., '75

To

The Postmaster General

Ahmedabad|Ambala|Bangalore|Bhubaneswar|Bombay
Calcutta|Hyderabad|Jaipur|Lucknow|Madras|Patna
Shillong|Trivandrum|Bhopal.

Director Posts & Telegraphs, Srinagar

Sub: Revised policy for opening of Telegraph Offices (combined offices) and Public Call Offices on loss basis.

The policy on the subject as enunciated in letter No. 53-50/66—TPL dated the 28th August, 1968 has been reviewed. The President has been pleased to revise this policy as under:—

I. The Telegraph and Telephone facilities in undeveloped areas shall be progressively extended to different categories of stations as indicated below subject to an overall limit of loss not exceeding Rs. 30 lakhs for providing both these facilities during a period of three years beginning from 1st April, 1971.

II. *Telegraph (combined) Offices*

Combined (Telegraph) offices may be opened at the category stations (listed at 1, 2 and 3 below, without limit of loss and at 4 and 5 with a limit of loss of Rs. 2000 per annum in each case. The estimated revenue in each case shall be at least 25 per cent of the annual in recurring expenditure involved in opening such offices.

1. Sub-Divisional, Tehsil and Sub-Tehsil, Headquarters and corresponding stations.

2. Towns or villages with Police stations under the charge of an officer not lower in rank than a Sub-Inspector of Police.

3. Block Headquarter.

4. Out of the way places, i.e. places not having a Telegraph Office within 20 Kms. 200 Telegraph Office opened.

(a) Places with a population of over 5,000. For considering the figures of population, the population of the village or town proper only should be taken into account and not that of a group of villages or towns.

(b) Tourists Centres including Pilgrim Centres; and

(c) Agricultural and Irrigation Project sites and Townships.

Note (i): The number of offices to be opened in respect of 5 (b) and 5(c) will be restricted to 100.

Note (ii):

As provided in para 142-C of P&T Manual Vol. IX, no telegraph office should be opened on loss basis if another Telegraph Offices is already working within 8 Kilometers radius of the proposed office.

III. Public Call Offices

Public Call offices may be opened on loss basis at the following categories of stations subject to the estimated revenue being at least 25 per cent of the Annual Recurring Expenditure and other conditions stipulated below.

1. Sub Divisional Headquarter towns.
2. Tehsil and Corresponding Headquarter towns.
3. Sub-Tehsil Headquarter towns.
4. Places with a population of 20,000 or more and places in Urban areas with a population of 10,000 or more.
5. Places with a population of 5,000 or more situated within 12.5 Kms. from an existing telephone exchange. For considering the figures of population, the population of the village or town proper only should be taken into account and not that of a group of villages or towns.

6. Remote localities—100 PCOs to be opened. Such a place shall be defined as a place not having a telephone exchange within 40 Kms.

(a) Tourist Centres including Pilgrim Centres; and

(b) Agriculture and Irrigation Project sites and Townships.

Note: 1. The number of offices under categories 7(a) and 7(b) shall be restricted to 100 PCOs.

Note: 2. In all cases in future, the actual annual recurring expenditure will be calculated in the normal way dispensing with the procedure of calculating it on national basis in specific cases.

2. The instructions contained in Directorate letter No. 12-4/61-TP dated 21.12.62 regarding submission of quarterly statements of the proposals and sanctioned on loss basis for the opening of PCOs|Telegraph Offices (Combined offices) should continue to be observed and returns submitted to this office regularly and in time.

3. Powers of the Head of Circles of sanctioning proposals on loss basis as given in this office letter No. 53-50/66-TPL dated 28.8.68 will continue to be the same.

4. These orders have been issued with the concurrence of the P&T Finance *vide* their U. O. No. 5226-FA.1/71.

MEMBER (TD)

Sd/-
(I. K. Gupta)

Indian Posts and Telegraphs Department Office of the Director General, Posts and Telegraphs.

No. 53-2/71-TPL

Dated, New Delhi, the 9.6.1972

To

The Postmaster-General,
Ahmedabad|Ambala|Bengalore|Bhubaneswar|Bombay|
Calcutta|Patna|Hyderabad|Jaipur|Lucknow|Madras|
Shillong|Trivandrum|Bhopal
The Director of Posts & Telegraphs, Srinagar.

Subj: Policy for opening Telegraph Offices (Combined Offices) and Public Call Offices—Partial modification in respect of hilly and backward areas.

The Government policy for opening Telegraph offices (Combined offices) and Public Call Offices in the country was issued vide the office No. 53-2/71-TPL dated 14/1/73. The President is now pleased to liberalise this policy in respect of provision of Telegraph Offices (Combined Offices) and Public Call Offices on loss basis in hilly and backward areas with regard to the following categories of stations.

1. *Telegraph (Combined Offices)*

Present conditions	Revised conditions for hilly and backward areas
(i) Out of the way places (not having a Telegraph Office within 20 (Kms.) subject to loss being not more than Rs. 2,000 and a revenue being not less than 25% of ARE.	(i) Out of the way places (place not having a Telegraph office within 20 Kms.) subject to loss being not more than Rs. 5,000 and the revenue being not less than 10% of ARE in case of hilly areas and 15% of ARE in case of backward areas.
(ii) Places with a population of 5,000 subject to loss being not more than Rs. 2,000 and revenue being not less than 25% of ARE.	(ii) Places with a Population of over 2,500 subject to loss being not more than Rs. 5,000 and revenue being not less than 10% of ARE in hilly areas and 15% of ARE in backward areas.
(iii) (a) Tourist Centres including pilgrim Centres. (b) Agricultural and irrigation project sites and townships. Subject to loss being not more than Rs. 200 and revenue being not less than 25% of ARE.	(iii) (a) Tourist centres including pilgrim centres. (b) Agricultural and irrigation project sites and townships. Subject to loss being not more than Rs. 5,000 and revenue being not less than 10% of ARE in hilly areas and 15% of ARE in backward areas.

II. *Public Call Offices*

(a) Places with a population of 20,000 or more in rural areas and 10,000 or more in urban areas.	(a) Places with a population of 10,000 or more in rural areas and 5,000 or more in urban areas.
(b) Places with a population of 5,000 or more situated within 12.5 Kms. of an existing telephones exchange.	(b) Places with a population of 2,500 or more situated within 12.5 telephone exchange.
The revenue in (a) and (b) should not be less than 25% of ARE.	The revenue in (a) and (b) should not be less than 10% of ARE in hilly areas and 15% of ARE in backward areas.

Note No. 1.—The number of Combined offices to be opened in hilly and backward areas under this policy will be restricted to 150 during 1972-74.

Note No. 2.—The number of public Call offices to be opened in hilly and backward areas under this policy will be restricted to 150 during 1972-74.

2. The powers of the Heads of Circles for sanctioning proposals on loss basis for hilly and backward areas in hereby raised to Rs. 3,000 per annum in each case. The cases beyond this loss limit are to be referred to the Directorate for sanction.

3. These orders will take effect from 1.4.1972.

4. The losses to be incurred in extending these facilities in hilly and backward areas will be met from the funds of Rs. 30 lakhs already earmarked for provision of such facilities on loss basis in the country as indicated in this office Memo. No. 53-2/71-TPL, dated 14.1.1972.

5. With the liberalisation of policy it is hoped that it would be possible to open some more COs and PCOs in backward and hilly areas. Heads of Circles are requested to pay particular attention to this.

6. Quarterly statements of losses incurred in connection with the opening of PCOs/Telegraph Offices should be continued to be submitted to this office, for watering the total expenditure, as per the instructions issued in this office letter No. 12-4/61-TP.

7. These orders have been issued with the concurrence of P&T Finance *vide* their U.O. No. 2816-FA.I/72 wated 6th June, 1972.

Sd/-

(I. K. Gupta)

MEMBER (TD)

Copy of letter No. 53-2/71-TPL dated 29/31/8.73 from Shri T. R. Verma ADG(P), P&T Directorate, new Delhi.

SUB.: Policy for opening telegraph offices|COs|PCOs—Further relaxation in respect of hilly and backward areas.

The Government Policy for opening TOs|(COs) and PCOs in the country as issued *vide* this office letter No. 53.2/71-TPI dt. 14.1. 72 was liberalised partially in respect of hilly and backward areas in the case of only a certain category of stations *vide* this officer letter No. 53-2/71-TPL dt. 9.6.72. The case has been further reviewed. The President is now pleased to modify the policy in respect of provision of telegraphs offices (combined offices) and Public Call Offices on loss in hilly and backward areas so as to make up applicable

the reduced percentages of expected revenue, namely, 10 per cent of ARE in hilly areas and 15 per cent of ARE in backward areas to all category of stations as detailed in this office letter No. 53-2|71-TPL dt. 14.2.72.

These orders issued with the concurrence of P&T Finance *vide* their U.O. No. 4118-FA.I|73 dated 20.8.73.

IV

Copy of letter No. 53-2|71-TPL dated 29|31.8.73 from Shri T. R. Verma ADG(P) PT Directorate, N. Delhi.

Sub: Revised policy for opening of Telegraph Offices (Combined Offices) and PCOs on loss basis.

The list of category stations included in the policy on the subject noted above which was issued *vide* this office letter No. 53-2|71-TPL dt. 14.1.72 has been further reviewed. The President is now pleased to include Power Project Sites and Townships' as one additional category in the said policy. The paras 11.5(c) and 11.7 (b) of this office letter of even No. dt. 14.1.72 are hereby amended as below:

"11. 5(c) Agriculture, Irrigation and Power Project sites and townships.

11. 7(b) Agriculture, Irrigation and Power Project sites and townships."

These orders issued with the concurrence of the P&T Finance *vide* their UO No. 4119-FA.I|73 dt. 20.8.73.

V

INDIAN POSTS AND TELEGRAPHS DEPARTMENT
OFFICE OF THE DIRECTOR GENERAL OF POSTS AND
TELEGRAPHS

No. 53-146|71-TPL

Dated, New Delhi, the 23rd July, 74

To

The Postmaster General,

Hyderabad|Patna|Ahmedabad|Trivandrum|Bhopal|Bombay|
Bangalore|Shillong|Bhubaneshwar|Ambala|Madras|

Lucknow.

Director Postal Services, Srinagar.

Sub.: Policy for opening of Telegraph Offices (Combined offices)

and Public Call Offices in loss basis during the fifth five year plan.

5728

1. The P&T Board has been pleased to decide that policy of providing Telegraph and Telephone facilities on loss basis has said down in this office memo Nos. 53-2|71-TPL dt. 14.1.72 and further modified in the Memo. Nos. 53-2|71-TPL dt. 9.6.72 and 53-2|71-TPL dt. 31.8.73 which was valid upto 31.3.74, will be continued to be followed until further orders.

2. It has also been decided that Block Headquarter stations will be included as category stations in the existing policy for opening of Public Call offices under the existing conditions regarding limit of minimum percentage of anticipated revenue.

3. These orders issued in consultation with internal Finance *vide* P&T Finance U.O. No. 5843|FA.|I|74 dt. 20.4'74 and will take effect immediately

Sd|-

(S' SANKARA RAMAN)

DY. DIRECTOR GENERAL (L).

APPENDIX II

Summary of Conclusions/recommendations

S. No.	Para No.	Ministry/ Dep . Concerned	Conclusions/Recommendations
1	2	3	4
1	I. 13	P & T	The Committee regret to observe that there has been failure on the part of the P&T authorities to recover rent and compensation for telegraph and telephone circuits provided even to Government departments. In the five divisions of the Punjab Circle, namely, Ferozepur, Ludhiana, Chandigarh, Simla and Patiala, recovery of rent for exchanges set up for the defence department was outstanding since June 1958. The Committee are not at all convinced with the various reasons advanced by the Ministry for non-realisation of Rs. 0.92 lakh in respect of four cases, namely, non-receipt of relevant records initially, non-availability of handing over taking over certificate which was not traceable, incorrect preparation of rent bill, delay in settlement, etc. All these go to show that the system of checks in the P&T Department is ineffective and inadequate.
2	I. 14	-do-	The Committee have noted the position in respect of six cases of recovery of balance of Rs. 4.68 lakhs which, according to the infor-

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mation given by the Department to Audit in January, 1974 was stated to be under examination. The Ministry have stated in a written note that Rs. 2.53 lakhs out of Rs. 4.68 lakhs have since been recovered. The dates of recovery were as late as 30th July, 1974 in one case, 12th January, 1974 in another case and 23rd February, 1974 in the third case. In one case no additional charges were recoverable under the rules and in two other cases, no recoveries were admissible.

3

I.15

P & T

It has also come to the notice of the Committee that the work of laying of trunk cables for shifting an army exchange in the Telegraph Division, Jullundur, was executed in September 1968 but the bill was initially issued as late as on the 29th March, 1973, i.e. after more than 4-1/2 years. A revised bill was issued on 15.12.1973 and the amount was credited on 26.3.74. The Committee are surprised that the work was executed without obtaining prior acceptance of rent and guarantee on the ground that the work was of an emergent nature. This is a clear case of breach of rules.

4

I.16

-do-

The Committee are constrained to observe that the delay in the recovery of rent for several years by the P&T Department is inexcusable. Delayed recovery of rent from the concerned exchanges has resulted in the loss of revenue to the P&T Department by way of interest. The Committee would like the Department to

probe the reasons for delay in the issue of bills in each case and take steps designed to prevent recurrence of such delays.

5 1.17 -do-

The Committee have noted that the Postmaster General has been directed to take action against those responsible for the omission in including in the half-yearly returns the rent recoverable for erection of iron wire for the Wainganga canal system. The Committee trust that the enquiry would be completed expeditiously and appropriate action taken thereafter.

6 1.18 -do-

The Committee cannot help thinking that there was in fact no system in the P&T Department for keeping a watch over recovery of rent|other dues for works carried out for other departments. It has been stated in the written statement of the Ministry that "remedial measures have been taken and necessary registers have been introduced to avoid recurrence of such cases." It is regrettable that the P&T Department did not consider it necessary to devise earlier a foolproof system for keeping a watch over the recovery of rent and compensation. The Committee would like to have, in due course, a detailed note from the Ministry about the impact of the new measures now adopted for avoiding delays in rent recoveries.

7 1.19 -do-

The Committee would also like to be apprised of the results of the investigations as also the action taken in regard to the delay in handing over the cable laid by the Telegraph Engineering Division, Jullundur in October 1966 to the indenter, i.e. the Defence Department till January, 1971, resulting in non-recovery of rent to

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the extent of Rs. 1.12 lakhs between October 1966 and December 1970.

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P&T

Since mere test audit has revealed such lapses as above, the Committee are apprehensive that similar or worse state of affairs might be prevailing in regard to private subscribers, especially the bigger and more influential ones. The Committee would accordingly suggest that the Ministry of Communications (P&T Board) may carry out similar checks more frequently.

9

1.44

-do-

From what has been pointed out by the Audit and what has been revealed during the course of evidence, the Committee have come to the conclusion that the entire project for the expansion of the Jammu Telephone Exchange from 1200 lines to 2100 lines was badly handled *ad initio*. Firstly the cost of the project was revised from Rs. 17 lakhs to Rs. 21.11 lakhs in February 1971. While the installation of the apparatus and plant commenced in January 1968 and was completed in August 1968, the estimate for the laying of cables prepared in April 1967 was not sanctioned till January, 1969. The argument advanced by the representative of the Ministry that the delay of over two years in issuing administrative sanction for the estimate for laying of cables was due to the increase in the cost of the cables necessitating the revision of the project itself is unconvincing. As has been admitted by the Secretary, Ministry of Communications, the delay is both unreasonable and unjustifiable.

Although cable laying and jointing were to be completed within six months of the receipt of the materials, the cable laying work, which was started in February, 1969, jogged on at a leisurely pace and was completed in 3-1/2 years instead of 6 months earmarked for the purpose.

10 1.45 -do-

The Committee are also not convinced by the argument that the delay in cable laying was due to the non-availability of the labour indented for from the employment exchange. In the opinion of the Committee, there is no dearth of labour in the country. They fail to understand why the Officer-in-charge of the project, who was aware beforehand about the arrival of the cables, did not take anticipatory action and contact the employment exchange personally to obtain the requisite labour so that the work of cable laying could start as soon as the cables arrived. As a result of this unimaginative approach on the part of the supervisory staff bordering on dereliction of duty cables worth lakhs of rupees remained idle and the public of Jammu, who were clamouring for telephonic facilities, remained without them for about three years. The Committee note that the Secretary, Ministry of Communications has admitted that the officer responsible for the project did not do anything to speed up the work. They would, therefore, urge that the Department should take strong notice of the serious negligence on the part of the officer concerned.

11 1.46 P&T

The Committee find that another contributory factor for the delay in the completion of the project, was non-availability of the cable jointers and distribution point boxes. The Committee fail to under-

stand why no advance action was taken for the posting of additional cable jointers who were badly needed for jointing work. Even in the matter of supply of distribution point boxes, the project officials have displayed a callousness which it is difficult to condone. An indent for the distribution point boxes, was first placed on the New Delhi Depot in May 1967 but the same was returned and the indenter was asked to obtain the supply from the Jammu Depot. The Stores Depot, Jammu, did not supply the items indented for and the Divisional Engineer, Telegraph Jammu was not aware of the fact that the Store Depot Jammu did not possess the items required. The result of all the fruitless exercise in correspondence work has been that the distribution point boxes were not procured till July, 1970 when only a part of the demand was met by local purchase and transfer from other works. The Committee would recommend that a thorough probe into the working of the stores depots, with particular reference to the procedures for stocking and issues as well as the coordination existing between the indentors and the depots be conducted by the Department.

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It has come to the notice of the Committee that another factor which has also contributed to the delay in the execution of the project is the introduction of priced application forms for telephone connections from December, 1969, as the waiting list had to be recast to include only those who had applied in the new form. As has been admitted by the Secretary, Ministry of Communications dur-

ing evidence, telephonic connections could have been given on the basis of the names existing in the waiting list and it was not necessary to insist on fresh applications along with the prescribed fees.

13 I.48 do.

The Committee are convinced that no mechanism exists in the Department for keeping a watch on the progress of work according to the time schedules. Their observations on this aspect are contained in the concluding chapter of this report.

14 I.62 do.

The Committee have noted that although the estimate of Rs. 2.29 lakhs was sanctioned in March 1962 for retransposition of an existing alignment to suit carrier working and for erecting an additional pair of copper wire between Bikaner and Suratgarh, the work could not be started during the period 1962-63 and 1968-69 on account of the non-availability of copper wire. The requirement of copper wire was 21 tonnes only and the departmental store at New Delhi was unable to supply it because the available copper wire in this depot was inadequate to cope with all the demands placed on it. The Committee have also noted that stores worth Rs. 1.13 lakhs were received between 1962-63 and 1968-69 for the execution of this project which was to be completed within 100 days of the receipt of complete stores. The Committee have further noted that some important items of stores received for this project in 1964-65 were diverted to other priority works in 1965. After recoupment of the diverted stores, the work was commenced in October, 1972 and completed in June, 1973, eleven years after it was sanctioned.

1	2	3	4
15	1.63	P&T	<p>The Committee are convinced that this project was not given the attention that it deserved. They fail to understand why only 21 tonnes of the requisite copper wire was not made available from the New Delhi Store depot even when it had between 35.77 tonnes to 45.90 tonnes as closing balance between 1965-66 to 1968-69. The Committee have noted that eventually copper wire was supplied by the Store Depot at Lucknow and the work was completed in 8 months as against 100 days provided in the estimate. As a result of the delay in execution of work, the percentage of ineffective calls was of the order of 40 per cent and there has been a potential loss of revenue to the extent of 0.36 lakh per annum. The Committee deplore the lack of planning, co-ordination and supervision by the P&T Department. The Committee have emphasized in the last but one chapter of this Report the need for issuing proper guidelines to the Store Depots for stocking and use of materials required for the departmental works. The Committee would like to stress that unless there is proper planning, coordination and supervision, the execution of all sanctioned projects would continue to be held up on one pretext or the other.</p>
16	1.84	P&T	<p>The Committee have noted that the Ambala-Patiala-Bhatinda-Ferozepur co-axial cable project was sanctioned at an estimated cost of Rs. 162.32 lakhs and by March 1973, the actual expenditure was Rs. 189.79 lakhs. The Committee have also noted that the percentage</p>

of actual expenditure to sanctioned amount was 187 in respect of land 179 in respect of building, 108 in respect of cable, 113 in respect of apparatus plant and 117 on General Administration. The Committee consider the overall increase in expenditure to be high as compared to the sanctioned amount. They would like the Department to conduct a thorough probe with a view to seeing whether the increased expenditure as due to change of designs, delay in execution or improper planning. The Committee would like to be informed about the results of the probe in due course.

17 1.85 do.

The Committee have noted that the equipment for the Bhatinda-Ferozepur section was supplied by the Indian Telephone Industries in 1969-70. The Committee are constrained to observe that there was no proper coordination with the ITI in the matter of the supply of the equipment. The Committee would stress the desirability of drawing up of fixed time schedules in the delivery of the equipments in consultation with the ITI.

18 1.86 do.

As regards the repeater huts, the Committee very much regret, to observe that the concerned officials did not consider it necessary to maintain measurement books in respect of works not executed through a contractor. The Committee have noted that the secretary Ministry of Communications, has admitted the lapse. The Committee insist that in future measurement books would invariably be maintained in respect of building works, constructed departmentally or otherwise, costing Rs. 1000 or more.

1	2	3	4
19	1.87	P&T	<p>It should have been possible for the Director, Co-axial Cable Project, New Delhi, to specify the number of labour actually employed for the construction of each hut. The Committee consider that the details of expenditure incurred on labour, even though they are on muster roll, employed in departmental construction works should invariably be maintained. The Committee sincerely hope that there was no malpractice.</p>
20	1.118	P&T	<p>The Committee fail to understand why the P&T Department sanctioned a project in February, 1964 at an estimated cost of Rs. 33.23 lakhs for installation of 1800 lines strowger type exchange at Jodhpur. In April, 1967 it was decided to instal a controversial cross bar exchange manufactured by a Multinational Corporation instead of the strowger exchange and for which a revised sanction for Rs. 89.58 lakhs was issued. The Committee noted that there was a difference of opinion at the time the work was started. The work was started in 1965 and the exchange was commissioned after seven years in March 1972. From the time it was decided to instal a crossbar exchange upto the time it was completed, there has been a long series of delays in the completion of different components of the project, viz. building with electric installation, air-conditioning, installation of equipment laying of cables etc.</p>
21	1.119	do.	<p>It is a sad commentary on the performance of the Department that the details for cable trenches were available only in February 1968, more than 34 months after the building work was started in</p>

April 1965 It appears to the Committee that there was no proper coordination with the Indian Telephone Industries. This is also evident from the fact that the delivery of equipments by the Indian Telephone Industries commenced one year behind schedule in February 1967. The Committee would urge that there should be effective coordination between the P&T Department and the Indian Telephone Industries. Schedules of deliveries of equipment to the P&T Department should be drawn up in consultation with the ITI and these schedules should be scrupulously adhered to.

22 I.120 P&T

The Committee regret that it took the officials as long as 6 months for settlement of the discrepancies noticed in the drawings sent with the indent for the air-conditioner. The delay of over 26 months in finalising the specifications of the air-conditioner is also inexcusable.

23 I.121 do.

Equally unpardonable is the delay of about 2½ years in providing the power sub-station. The Committee note that the explanation of the officers concerned has been called for. They would like to know the results of the action taken against them in due course. In this context, the Committee note with concern that the Department had to pay to the State Electricity Board Rs. 55,853 as maximum demand tariff charges although power was not utilised to that extent.

24 I.122 do.

The Committee have noted that the tenders for installation of equipment in the sub-station had to be invited four times and the

work was awarded in December 1968. They note with surprise that it took as long as 21 months to rescind the contract of the contractor who failed to complete the work within the stipulated time. As has been admitted by the Secretary, Ministry of Communications, there was no justification for waiting for 21 months before rescinding the contract. The Committee note that the explanation of the officers concerned has been called for.

25 1.123

P&T

From the facts brought to light in the course of evidence tendered by the representatives of the Ministry, the Committee have come to the conclusion that the delays were as much due to the procedural defects as the failures on the part of these responsible for their execution. The Secretary, Ministry of Communications, has admitted before the Committee that the biggest failure of the Department was that there was no PERT chart to keep a watch on the deliveries of various components according to the target dates fixed. He has frankly admitted the lapses when he said: "But, when I find that in every project that I examine there is no date fixed for any of component works, I would only say that it was a shortcoming in our procedural methods." The Committee however, are strongly of the opinion that more admission of procedural lapses or failures of human agency would not help to improve matters. Steps must be taken without delay to see that they do not recur.

The Committee have noted that a project for linking Coimbatore with Kozikode and Ootacamund by means of microwave radio relay system was sanctioned in April 1967 and was expected to be completed by June 1968. The Committee, however, observe that it took the Department about 2½ years to complete the construction of the buildings. The Committee are not satisfied that the delay was due only to shortage of cement and steel and the prevalence of monsoon at the time of the construction. Monsoon weather is no hindrance for construction work. The Committee feel that the delay in construction work could have been avoided if the Department had made effective coordination with the supplying authorities in regard to building materials like steel and cement.

27 1.152 P&T

The Committee are of the view that there was a delay of about 9 months in the supply of tower materials by M/s. Alcock Ashdown & Co. They, however, note that this company was entrusted with the work of the designing and manufacture of towers for the first time in the country. The Committee have also informed that the Triveni Structural Ltd., Allahabad, a Government Undertaking have now started making towers. The Committee desire that in future maximum orders for the supply of such towers would be placed on this public sector undertaking.

The Committee have earlier commented on the delays in the supply of equipments by the Indian Telephone Industries. There has been delay in the supply of equipments by the ITI for this project also. The Committee have noted that for this project orders for supply of equipments were placed on the ITI in July 1966 and

supplies commenced in piecemeal from October 1966 and continued till September 1971. The Committee have reasons to believe that there was no proper coordination between the P&T and the ITI in the matter of supply of equipments. The Committee stress the necessity of maintaining effective liaison and coordination with the ITI

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I.154

P&T

According to the audit paragraph, for conducting 'proving in' tests, microwave testing instruments were ordered in November, 1967 but these instruments were received only in December 1970 as ITI had expressed in February 1968 their inability to supply the instruments for want of foreign exchange. After the foreign exchange was made available in October 1968, tenders were invited in May 1969 and orders for instruments were placed in November, 1969 on a U. S. firm Sylvian Ginsbury Ltd). When asked why orders for the microwave equipments were not placed in 1966 along with the orders for other equipments, the Secretary, Ministry of Communications stated: "In 1966, we did not place any firm orders. It was *ad hoc* information about the equipments that were required for all the projects." The Committee are surprised that the Department instead of placing firm orders should be content with giving *ad hoc* information about the equipments that were required. The Committee consider this to be serious lapse on the part of the Department and would like to be further investigated with a view to fixing responsibility for action.

30 1.155 Do.

The Committee would like that as far as possible the components required for the microwave system are manufactured within the country.

31 1.176 Do.

The Telecommunications Development Scheme in Kashmir Valley was sanctioned at an estimated cost of Rs. 30.82 lakhs. The detailed estimates from the works went up to Rs. 33.05 lakhs as a result of the various works executed under this project during June 1964 and March 1966. As against this, the total expenditure on the project was Rs. 29.22 lakhs. The Committee note that this is one of the rare occasions where the actual expenditure has been less than the estimated and sanctioned cost of the project. The Ministry will no doubt appreciate that over-estimation of requirements means defective budgeting. The Committee would suggest that budgeting procedure should be rationalised in such a manner that they will facilitate closer estimation of requirements.

32 1.177 Do.

The Committee note that in order to avoid delay it was decided in May 1965 that the system of jointing might be adopted and no other balancing need be carried out unless necessitated by cross talk. The Committee fail to understand why the system of jointing balancing to be adopted was not determined at the time when the project estimate was framed and sanctioned in June 1964. This indecision on the part of the Department has caused considerable delay.

mittee have noted that there was a delay in the replacement of the manual exchanges on account of delay in receipt of stores and equipment from the Indian Telephone Industries. According to the Audit indents for equipment were placed on ITI in April, 1966. The work was to be completed within fifteen days of the receipt of the equipment. Bulk of the equipment was received between June 1968 and November 1968 but installation of the equipment was completed in December, 1968.. Apart from the delay in the supply of equipment by the ITI, there has been delay in the commissioning of the STD at Srinagar, Anantnag, Baramulla and Sepore. The Committee have noted the contention of the Department that the period of 15 days for installation indicated in the estimate was unrealistic and a minimum period of 2 to 3 months was unavoidable. The Committee strongly impress upon the P&T Department the need for preparing realistic estimates and fixing time-targets which can be strictly adhered to. The Committee trust that the P&T Deptt. would lay down suitable guidelines to all concerned in regard to preparation of project estimates.

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1.200

P&T

The Committee regret to observe that in the execution of the project for the installation of a telephone exchange at Rourkela, the Deptt. has displayed utter lack of planning and coordination which resulted not only in enormous delay in execution but considerable escalation of the expenditure on the project itself. The project was sanctioned in September 1961 but the building for this purpose was handed over to the P&T Deptt. by Hindustan Steel Ltd. in April, 1966, i.e. after a period of about five years. The Committee note with concern that there was no specific understanding about the

time-limit in the construction of the building and its handing over to the P&T Deptt. While the power load was originally calculated by the Planning Branch of P&T Deptt. at 70 kw based on past experience and the power cable was laid by the undertaking on that basis for constructing the building, the Director General, Supplies & Disposals in July 1968 mentioned the power load as 90 kw at the time of finalising the order for the supply of the air-conditioning plant. The Committee are constrained to observe that no action whatsoever was taken by the Deptt. to challenge the power requirement worked out by the supplier—the American Refrigeration Co.—and the P&T Department as also the Director General, Posts and Telegraphs acquiesced in the estimate of power load given by the supplier. As a result of increase in power load from 70 kw to 90 kw, additional expenditure to the tune of Rs. 5,000 had to be incurred for laying additional power cables. The Committee fail to understand why the Department should not have verified the power requirements through an independent air-conditioning engineer, if they had no such engineer in their own Deptt.

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1.201

P&T

According to the terms of the agreement the supplier had to carry out three tests during summer, winter and monsoon periods, after the commissioning of the air-conditioning plant. It is not understood at all why the supplier insisted on conducting only one test instead of three tests on one pretext or the other and the controversy had to be sorted out in March 1971 after which the supplier agreed to commission the plant by May 1971. In this respect the P&T Department have come out in poor colour. Firstly, they failed

to provide power and water supply to the air-conditioning plant, the result of which was that the supplying firm made use of the delay in asking for a reduction in the test cycle. It is a matter of concern that this particular firm should stall the commissioning of the air-conditioning plant on the ground that the insulation was not according to the specifications when it was clearly provided in the contract that the exposed roof should be insulated with 40 millimetre thick thermocole or equivalent insulation. The Committee note that the firm eventually agreed to installation of the plant without thermocole insulation and hence the stance that they adopted originally in regard to inadequacy of the insulation is most reprehensible. The Committee would like to impress that, before awarding contracts to any firm, the P&T Department as well as the Director General of Supplies & Disposals should thoroughly scrutinise the antecedents of the contracting firm, including its record of performance in regard to earlier contracts. In this connection, the Committee would like to point out that the standard contract form in use in the Department of Supply for purchase of equipments, etc. is wholly unsuitable in regard to the purchase of air-conditioning machines. According to the terms of the contract at present in vogue, in cases of delay in delivery at site for any reason, for which the purchaser is responsible, 5 per cent of the contract price of the plant would become payable after the expiry of four months. It is a matter of common knowledge that in the matter of air-conditioning machines,

a period of four months is not sufficient to test their performance and it would required a period of at least 12 months to complete the cycle of tests in summer, monsoon and winter seasons. The Committee hope that the Department concerned would take early action to revise the existing contract form in so far as the purchase of air-conditioning machines is concerned.

38 I 202 P & T

The Committee have already noted that there was a failure on the part of the P&T Department in providing power and water, and this lapse has also been admitted by the Secretary, Ministry of Communications. They, however, regret to note that there has been further failure in the matter of provision of spring loaded door closers which the firm wanted to be completed before the plant was commissioned. It is also regretted that there was an omission in placing the order for the electronic filter in time which resulted in extra expenditure of Rs. 9880. The Committee understand that responsibility for this lapse is being fixed.

39 I 210 Do.

The Committee are distressed to note that a scheme for retransposition of existing telegraph alignment and also for erection of a new pair of wires between Suratgarh and Sriganganagar in Jodhpur telegraph engineering division of the Rajasthan Circle was sanctioned on top priority basis in July, 1965 but the work was not completed until 30-4-1974, i.e., after about 9 years. The delay in the completion of the project is said to be due to the non-availability of copper weld wires, an imported item. The Committee fail to understand how a top-priority project could be sanctioned without making

certain that essential components would be available on time. It is regrettable that information on status of procurement of copper weld wire in the year 1965 and earlier period is not readily traceable. While copper weld wires were in short supply, fresh stores continued to be supplied for the project. The explanation of the Ministry of Communications that "copper weld wire to the extent of 4999 kgs. was received in October 1965 and the field authorities seem to have anticipated that the remaining portion of the wire along with other items may be supplied in time" is not wholly convincing. While stores for the completion of the project were received between November 1967 and March 1968, certain items like U-backs, BJ coils etc. were transferred in December 1968 and October 1970 to other urgent works. These had to be reindented on 25-5-1972 but the supply could only be made by diversion from other works to complete this work which was done on 30-4-1974. In the opinion of the Committee, the Department did not have any planning at all and they resorted to make-shift arrangements in regard to procurement of supplies. The Committee cannot too strongly stress the need for proper planning with fixed target dates for completion of each phase of each project before its actual execution is taken up. The Committee would like that reasons for the non-availability of records in regard to the procurement of copper weld wires in the year 1965 and earlier should be further probed and responsibility fixed for the lapse.

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40	1-211	P & T	

The Committee have noted that there has been a case of over-indenting of copper weld wires required for the construction of a line between Padampur and Rai Singh Nagar meant for use of the Defence department. The excess indenting of 5,640 kgs. of wire worth Rs. 0.97 lakh was attributed to clerical error. The Committee are satisfied with the statement of the Ministry that "instructions are being issued to all Heads of Circles to ensure rigorous checks with a view to minimise such errors." They would like that responsibility for this mistake if it was not a wilful error should be fixed with a view to taking suitable action.

41 1-218 Do.

The Committee are concerned to note that there has been delay of about two years in commissioning 13 air-conditioners which had been obtained for use at trunk exchanges at Cutack for protecting the delicate and sophisticated exchange equipment from dust and humidity on account of lack of power. While the air-conditioners were supplied in April 1966, the Department approached the State Electricity Board for increasing the supply of power only in August, 1966. The Electricity Board proposed (August 1966) construction of a sub-station in the exchange premises itself and this was approved by the department in April 1967. After completing the sub-station power connection was provided in January, 1968. The Committee consider this to be a glaring case of lop-sided planning. They fail to understand why the Department did not approach the Electricity Board for supply of power when indents for the air-conditioners were placed in January 1966.

148.

42 I 219 Do.

The Committee are distressed to note that certain essential modifications required in the room for installation of the air-conditioners had also not been provided by the Department. The Committee are in agreement with the Secretary, Ministry of Communications, that "the delay in commissioning of the air-conditioners was primarily due to lack of foresight on the part of the executive officers in the field and also a clerical delay of 6 months in the P.M.G's office." They would like that responsibility should be fixed on the officials concerned for the lapses.

43 I 220 Do.

The Committee have noted that the air-conditioners supplied by M/s. American Refrigerator Co., Calcutta, under the DGS&D Rate Contract started giving troubles soon after installation. By the time that air-conditioners were installed, the guarantee period for the air-conditioners was over and the supplying firm declined to repair them free of cost. The Department had therefore to incur expenditure of Rs. 19,130 on repairs of those air-conditioners. In the opinion of the Committee, this reveals a sorry state of affairs. The Department should have taken adequate care to provide the necessary facilities for the installation of the air-conditioners before the expiry of the guarantee period. The Committee takes a serious note of the lapse on the part of the Department as a result of which an expenditure of Rs. 19,130 had been incurred on the repairs of the air-conditioners. It is a matter of concern that the air-conditioners

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supplied by the firm (M/s. American Refrigerator Co., Calcutta) should have gone out of order so soon after installation. The Committee would like that a serious note should be taken about the performance of this firm by the DGS&D with a view to taking appropriate action against the firm.

44 I 228 P & T

The Committee note that the P.M.G., Madras sought the approval of D.G. P&T in December, 1967 for the payment of Rs. 49,290 to the State Government towards the cost of a plot of land at Pollachi (Tamil Nadu) for the expansion of a telephone exchange. After 9 months (September, 1968), the D.G. P&T intimated to the Post Master General that the relevant file had been lost and asked the latter to furnish duplicate copies of letters, etc., to reconstruct the file. The file, however, was said to have been recovered from another section of the Directorate in December, 1969.

45 I 229 Do.

The Committee are surprised by the statement of the Ministry that "after this long passage of time, it has not been possible to fix responsibility for not making the file available when required." The Committee find this explanation wholly unsatisfactory, and would urge that a thorough probe should be conducted into the circumstances leading to the loss of the file in the Directorate General, Posts

and Telegraphs which resulted in the delay in issuing sanction. The Committee desire that responsibility for the loss of the file should be fixed and necessary administrative action taken against the persons concerned.

46 1:230 Do.

The Committee also desire that steps should be taken forth with for the introduction of suitable procedures which would make it impossible to 'lose' or 'misplace' files.

47 1:231 Do.

In the meantime, the market price of the land went up and the State Government claimed in October, 1968 Rs. 56,400 as the value of the land. According to the Ministry, the Post-Master General, Madras, got intimation of the revised price of the land on 1st November, 1968 and he had intimated the Directorate on the 9th December, 1968 about the revised value of the land. It is regrettable that the Director General, Post & Telegraphs took as long as 9 months to issue instructions to the P.M.G. to persuade the State Government not to charge for both replacement of the existing lavatories and construction of new lavatories. The Committee consider that it would have been prudent to pay the price demanded in October, 1968 to finalise the deal when the Post-Master General had pointed out in February, 1970 that the value of land at that time was not less than double the cost demanded by the State Government and the price of land was rapidly increasing. When the P.M.G. had intimated the D.G. P&T in February, 1970 that the prospect of reconsideration of the earlier decision of the State Government was not bright and that the sanction to the payment might be accorded as the price of land was rapidly increasing, the DGP&T issued a sanction in October, 1970 for the purchase of plot of land at a cost of

Rs. 65,985. Even this amount fell short of the total cost demanded by the State Government in October, 1968, namely Rs. 71,285.55. It was only after protracted correspondence with the PMG, Madras, and the State Government that a revised sanction for the purchase of land, in supersession of the earlier sanction (October, 1970) was issued in March, 1972. The cost of land was Rs. 1,12,800 and that of trees and structures borne on the land was Rs. 16,852. As compared to the price fixed in November, 1967, the extra cost on purchase of the plot of land was Rs. 80,362. The Committee consider that the extra expenditure which had been incurred on the purchase of land could have been avoided had the D.G.P&T not entered into protracted correspondence and settled matters with the expedition that it deserved. It is clear that the officials of D.G. P&T and the associate finance are responsible for the failure whatsoever to take decision in time on the basis of the reports furnished by the P.M.G., Madras. The P.M.G. was, after all, a responsible officer. The Committee would like that the reasons for the delay in the D.G.P&T and their associate finance should be thoroughly probed with a view to fixing responsibility.

The Committee have been informed that instructions are being issued to all the field units to thoroughly scrutinize all aspects of such cases so as to avoid further delays in correspondence when taking up with higher authorities for sanction. The Committee would like to be furnished with copies of instructions issued to the field

units in this regard. They would also like that the internal audit should be more vigilant in such matters so that cases of such wasteful expenditure in P&T do not recur.

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I.237

—do—

The Committee consider that the entire transaction for the purchase of a plot of land with structures thereon from a landlord at Secunderabad to meet the demand for additional accommodation for offices and stock depots was irregular from the very beginning. The Department went in for the purchase of the plot of land through negotiations with the landlord and did not take recourse to the land acquisition proceedings as contemplated in the project estimate. The argument that the purchase was made through the negotiations because it was feared that the land acquisition proceedings would involve considerable delay and also because the Department wanted to save solatium charges at 15 per cent which would have to be paid had the land been acquired through land acquisition proceedings, is not wholly convincing. Not only did the Department pay more charges for the land that was acquired through direct negotiations but they also had to carry on fruitless negotiations with the landlord for settlement of the dispute outside the court for more than a decade. Eventually, the matter had to be taken to the court and has still to be finally settled.

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I.238

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The Committee note that the Civil Wing of the Department assessed the area of the land to be purchased from the landlord in February, 1961 as 18,434 sq. yards and the structures on it were valued at Rs. 0.36 lakh. In October, 1962 the landlord claimed the area of the land to be 20,0886 sq. yards. Without resolving the dis-

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pute about the area of the land, the property was taken in November, 1962 after payment of 95 per cent of the sanctioned amount (Rs. 2,20,336) and the balance of 5 per cent was kept as security. It is most surprising that no action was taken by the Department to take legal advice before executing the agreement and before making payment of 95 per cent of the estimated amount to the landlord. In the meantime further dispute arose between the landlord and the Department in regard to the valuation of the structures of the land and the execution of the sale deed was delayed as a result of this dispute. The Committee are concerned to note that while the Government Pleader advised the Post Master General, Hyderabad, in July 1965 to file a suit against the landlord for his failure to execute the sale deed, strangely the Department did not file the suit and undertook another revaluation of the structures in May 1966 and offered to pay Rs. 0.61 lakh to the landlord which was rejected by the latter. It is only in 1966 that the Department referred the matter to the Ministry of Law who advised in July 1966 that the suit was not likely to succeed on account of the lacunae in the terms of the sale agreement executed in November 1962.

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1.239

P & T

The Committee have noted that the Director General of Posts and Telegraphs informed the P.M.G. Hyderabad in March 1972 that the Andhra Circle was responsible for deliberately entering into a faulty agreement with the landlord and instructed him to fix responsibility for this lapse for serious action. The Committee have

been informed that two officers who are mainly responsible for the lapse have retired from service and the Director of Telegraphs, who was responsible for certain omissions in not exercising adequate care in handling the case has been "suitably advised". The Committee consider that the action taken by the Government in fixing the responsibility for the lapses is ridiculous and is wholly inadequate. Had the Department taken prompt action as far back as 1962 when the Andhra Circle made payment of 95 per cent of the sanctioned amount to the party without registration of the sale deed, a situation like this would not have happened. The Committee are astonished that the Director of Telegraphs, who has been found responsible for certain omissions in handling the case has been only "suitably advised" which means nothing at all. In other words, no punishment has been meted out to the officer concerned although certain omissions in handling the case were strictly attributable to him. The Committee desire that the Department should re-examine the whole matter with a view to fixing responsibility on all the concerned officers who might have been associated with this case. They would also like the Department to initiate disciplinary proceedings against the concerned officers including the director of Telegraphs.

153

The Committee have noted that the Telecommunication Factory at Bombay, which had been getting supply of nickel silver strips of 5" or 6" width from an ordnance factory (Ishapore) considered it desirable to place indents on the Director General, Supplies and Disposals in April 1968 for import of strips of lesser widths because,

in their opinion, they were more economical due to less scrap formation as compared to 5" or 6" width supplied by the Ishapore factory. Against the total quantity of 44,109 kgs. of imported nickel silver strips received upto the end of March 1973, the consumption was 23,555 kgs. at the end of March 1973, leaving a balance of 20,554 kgs. Supplies of nickel silver strips of 5" or 6" width from the ordnance factory were enough to meet the requirement of the telecommunication factory in 1967-68 and 1968-69. In the subsequent four years ending 1972-73, the annual average requirement of strips was about 8,439 kgs. During these four years, when the imported strips were available, supplies were also received from the Ordnance Factory. The Committee have also noted that in April 1971 the telecommunication factory intimated the General Manager, Telecommunication Factories that it had sufficient stock of strips, and as any further supply by the ordnance factory would increase its stock value considerably, its pending orders on the ordnance factory need not be pursued and all future supplies by the ordnance factory might be diverted to another telecommunication factory till further communication from it.

154

The Committee are very surprised that the decision to import nickel silver strips of lesser width was taken at the field level by the workshops themselves without any reference being made to the headquarters. The Secretary, Ministry of Communications has justified the import saying that it was a correct decision. The Committee are totally unable to accept his view because there was a large sur-

plus of nickel silver strips with the telecommunication factory so much so that the telecommunication factory in Bombay decided not to procure any more strips in 1972-73.

Another unacceptable explanation offered for the import of nickel silver strips of lesser width was that the supplies from the Ishapore Ordnance Factory were not regular and adequate. To the question of the Committee whether any steps were taken by the Ministry to see that supplies from Ishapore Factory were made more regular the reply of the Secretary, Ministry of Communications was "Steps were not taken by the Ministry. Steps were taken by the General Manager at Calcutta with the Ordnance Factory at Ishapore. Asked whether the Director General of Ordnance Factories was requested to look into the matter, the Secretary, Ministry of Communications stated before the Committee: "I am afraid it was not taken up....It should have been done." Considering the need for saving valuable foreign exchange, and the need for developing indigenous material to the extent possible, the Committee consider that the action of the Telecommunication factory to stop supplies of nickel strips from the Ishapore Factory was deplorable indeed.

The Committee comes to the inescapable conclusion and this has been corroborated by the Manager, Telecommunication Factory, Bombay (April 1973) that excess quantity had been indented for utilising the available foreign exchange. The Committee are unhappy that the detailed calculation on the basis of which the requirement was assessed in June 1969 is not available. They are not

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			<p>at all impressed by the laboured reasoning which the Ministry has urged before the Committee. The Committee would like responsibility to be fixed for the squandering of foreign exchange.</p>
56	I.270	P & T	<p>The Committee have noted that the norms of stock balance in the Telecommunication Factory are now being revised and the General Manager Telecommunication Factory has been directed to review the same keeping in view the recommendation of the Bureau of Public Enterprises. The Committee would like to be informed about the revised norm when finalised.</p>
57	I.287	—do—	<p>The Committee have noted that consequent upon the introduction of co-axial cable and microwave systems and replacement of copper wire alignments by aluminium/copper weld wire a large quantity of dismantled copper wire accumulated in departmental stock. According to the information furnished to the Committee the stock of dismantled copper wire had increased to 3400 tonnes worth more than Rs. 5 crores by June 1973. At the beginning of this financial year the stock was about 2700 tonnes. The Committee have also noted that the Department did not consider it expedient to dispose of the stock in the open market lest sold wire became indistinguishable from stolen wire and created difficulties in tackling cases of copper wire thefts. Sales of copper wire were therefore made to Hindustan Cables Limited, Rupnarayanpur and to certain Pesticide manufacturers. The annual offtake from Hindustan Cables is about 3,000 tonnes and the supply to the pesticide companies is about 1400 tonnes. The Committee consider that to prevent</p>

undue accumulation of unwanted copper wires, concerted steps should be taken by the P&T to persuade once again only the public sector undertakings like Hindustan Copper Ltd., Minerals and Metals Trading Corporation for purchasing P&T scrap copper wire. The Hindustan Cable Ltd. and Ordnance Factory of DGOF should also be approached with a view to selling them increased quantities of copper wire. The Committee trust that with the start of production of cables at the Hyderabad unit of Hindustan Cables Ltd., and the expansion of capacity at both the Rupnarainpur and Hyderabad units, the Hindustan Cables Ltd. would be in a position to buy additional quantities of copper wire from the P&T Department. Negotiations should also be carried on with Traco Cables Company of Kerala State which is said to have started production of underground telephone cables. In this connection, the Committee would like to insist on the Government to go by the following recommendation made by the Committee in Para 1.29 of their 121st Report (Fifth Lok Sabha):

“1.29. Incidentally the Committee would also like Government to consider setting up a sort of Metal Bank or Clearing House so that it can be ensured that the metal especially non-ferrous, rendered surplus or unfit for a particular use in one organisation can be profitably utilized elsewhere without being disposed of at a loss. The Committee consider this step necessary because non-ferrous metal is becoming costlier and scarcer in the market and it is essential to make the best use of what is already available with the Government.”

The Committee trust that with the setting up of this Metal Bank it would be possible for the P&T Department to put the surplus copper wire into the bank for its ultimate disposal. The Committee also suggest that the Department may consider issuing a monthly or fortnightly bulletin indicating the availability of copper wire at various places and circulate the same to interested purchasers, in the public sector.

58

1.295

P & T

The Committee note that mention was made of eleven cases of thefts (Rs. 1.86 lakhs) of stores between February 1967 and July 1970 from the godown of the telegraph stores depot, Calcutta and some other nearby places in paragraph 25 (b) of the Report of C.&A.G. for the year 1969-70 (Posts and Telegraphs). In view of the Department's reply to Audit in December 1970 that preventive measures had been adopted and subsequent information furnished to the Public Accounts Committee in February 1972 that the number of thefts had been reduced as a result of those measures, the Committee did not comment on that para.

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1.296

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The Committee, however, find that not only ten more cases of alleged thefts (aggregate value Rs. 1,83,483) from the godown of the same stores depot and a factory located in the same premises had been noticed but according to the information furnished by the Ministry on 20-8-74 there have been nine cases of petty thefts since July 1973, five from the Telecommunication factory Calcutta and four

from the telegraph storeyard involving a total loss of Rs. 9350.59.' The Committee take a serious view of the unabated incidence of thefts (though of decreased value) over a period of more than 7 years now in spite of the apparent checks and precautions taken in that direction.

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1 297

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According to the Department, elimination of thefts was not possible due to unfavourable location of a big drain by the side of the storeyard and the telecommunication factory. However, the Committee find that the preventive measures taken (December 1973) included *inter-alia* putting up of iron gratings preventing such entry to the storeyard through Corporation drain. The Committee have come to the inescapable conclusion that the weakness lies somewhere else and so needs special remedy. It has to be ensured by the Department that there is no collusion of staff with the culprits. The Committee note that the security staff has been strengthened recently. They would like the Department to closely watch the performance of the security staff and see that they are effective in preventing thefts in future.

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1.298

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The Committee note that the proposed shifting of godowns to the new buildings under construction (December 1973) has not taken place as according to the Department 'the new buildings are still under construction.' The Committee would urge that construction should be completed early and the godowns shifted to the new buildings as proposed to avoid chances of thefts in future.

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62	1.299	—do—	<p>Four cases were stated to be closed and six were under investigation by the Police. The Committee note that the cases were closed under section 380 I.P.C. as the Police after investigation had reported that 'the cases were true but no clue for the thefts could be found.' Police investigation in the remaining cases has not been completed so far except in one case where the Police has recovered the stolen material but the same has not been released pending final decision of the court. The Committee would like to be informed of the final outcome of the investigation being made by the Police and/or the decision of the court in these cases.</p>
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63	13.08	—do—	<p>The Committee are concerned to note that a decision to open a new post office in Girish Avenue at Calcutta was taken by the Post Master General, Calcutta, on his own initiative, without any proposal from the concerned Superintendent of Post Offices, in an area where already four post offices were functioning and that the normal procedure prescribed in the departmental rules were not observed in this case. No detailed study of the postal traffic in the area also appears to have been made before opening the post office and the chronological statement of events leading to the opening the post office would also indicate the undue haste with which the opening of the post office had been approved and sanctioned despite</p>
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the report of the Inspector of Post Offices that it would not be advisable to open the proposed post office unless there were any exceptional grounds which necessitated its opening. If, as stated by the Posts and Telegraphs Board to Audit in November 1973, the purpose of the new post office (opened in October 1966) was to divert traffic from the Bagh Bazar post office, it is not clear to the Committee why the search for alternate accommodation for the Bagh Bazar Post Office continued till 1973 and why the Post Master General had earlier taken up the question of surrendering about 370 square feet of accommodation of the new post office with the owner of the premises. The Committee are, therefore, not convinced with the explanation of the Department, which can at best be construed as an after thought.

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I. 309

P&T

The Committee also find that though the Secretary, Department of Communications, had stated during evidence that an enquiry had been undertaken by the Superintendent of Police, Special Police Establishment into the opening of the new post office, this enquiry did not relate to the opening of the post office as such but to certain allegations made against three officials of the Posts and Telegraphs Department of abuse of official position by taking on exorbitant rent four premises of private parties, in one of which the new post office was located, to the detriment of postal revenues. The Committee are not satisfied with the circumstances leading to the opening of the Girish Avenue post office and desire that the entire case should be investigated in detail by an appropriate authority with a

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I. 314

P&T

view to ensure that no malafides are involved and fixing responsibility. The Committee would like to be informed of the results of the investigation and action taken.

In the previous Chapters, the Committee have commented on the inordinate delays on the part of the P.&T. Department in providing telephonic services and facilities. The Committee have noted that the delays were due to non-supply of materials in proper time, dearth of suitable personnel, lack of coordination between different units of the same Department, defective terms of contracts, and the absence of proper planning. As a result of the delay in the execution of the projects, there has been invariably an escalation of the project estimates, non-utilisation of the facilities available and the consequent loss of revenue which was due to the Government. The Committee have also noticed that there is lack of proper supervision in regard to the estimation of requirements, replacement of indents and utilisation of stocks. The result has been that there has been injudicious spending of foreign exchange and accumulation of unwanted stocks.

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I. 315

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The Committee are surprised that the P.&T. Department despite four successive Five Year Plans have not acquired the mechanism of planning in so far as the execution of their projects is concerned. The impression that is left on the mind of the Committee, after a review of the instances of glaring delays, is that the Department has executed their schemes without any basic planning at all.

The Committee note that while replying to the recommendation made by the Committee in their 46th Report (5th Lok Sabha) the P. & T. Board had assured the Committee in October 1972 that "actions considered necessary to complete the schemes within the set target are taken as far as feasible." It is therefore distressing to find that in July 1974, the Secretary to the Ministry of Communications has admitted that there is no time bound programme for each project and the only thing that is really missing is the kind of a time frame in which all the constituent items could be fitted by a specific date of completion. The Department has now realised the necessity of having a PERT chart for every project and that instructions regarding its maintenance are being issued. The Committee would like to point out that mere maintenance of the chart without an in-built mechanism for fixing the responsibility for delays in the execution of the projects viewed serve no purpose. They would, therefore, like the Department to issue suitable instructions to the effect that persons entrusted with the execution of the projects would be held responsible for any loss of revenue to the Government as a result of delay in the execution of the projects. The Committee hope that the PERT chart which the Department propose to introduce will take care that there is proper synchronisation of the different components of the project from the very beginning and that there is proper supervision in regard to the estimation of requirements, placement of indents and the utilisation of stocks.

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68. 1.321 P&T

The Committee note that it has been decided that Block Headquarters are to be treated as category stations for opening PCOs on loss basis subject to certain financial conditions. Since the funds spent on the provision of telephone facilities in the rural area of the country during the past four Five Year Plans were highly inadequate, the decision to open 5000 public call offices during the Fifth Five Year is a step in the right direction. The Committee trust that this will ensure provision of telephone facilities in the rural areas and further provide an opportunity to the people around the Block Headquarters to avail themselves of these facilities. The Committee would like the Ministry to draw up a phased programme for the setting up of public call offices in the Block Headquarters. In this connection the Committee would like to stress that mere opening of PCOs is not enough. There should be satisfactory arrangement for their maintenance. The Group Maintenance Scheme which has been drawn up by the Ministry should be tried for sometime and a report on its working furnished to the Committee in due course.

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