

FIFTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(1985-86)

(EIGHTH LOK SABHA)

**DELAY IN THE INSTALLATION OF CONTINUOUS
CHANNEL TESTING BAYS (CCTB) AND THEIR
UNSATISFACTORY PERFORMANCE, IRREGULAR
PURCHASE OF TELEPHONES, INVENTORY
CONTROL AND RESEARCH, DEVELOPMENT AND
PRODUCTION**

MINISTRY OF COMMUNICATIONS

(P & T BOARD)

[Action Taken on 196th Report (Seventh Lok Sabha)]



Presented to Lok Sabha on 26 August, 1985
Laid in Rajya Sabha on 26 August, 1985

LOK SABHA SECRETARIAT
NEW DELHI

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PUBLIC ACCOUNTS COMMITTEE

(1985-86)

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Shri E. Ayyapu Reddy

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21. Shri K. L. N. Prasad
22. Shri Ramanand Yadav

SECRETARIAT

1. Shri K. H. Chhaya—Chief Financial Committee Officer
2. Shri R. C. Anand—Senior Financial Committee Officer

INTRODUCTION

1. The Chairman of Public Accounts Committee, as authorised by the Committee do present on their behalf this Fifth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 196th Report (7th Lok Sabha) relating to Delay in the installation of Continuous Channel Testing Bays (CCTB) and their unsatisfactory performance, irregular purchase of telephones, inventory control and research, development and production.

2. In their earlier Report the Committee had expressed unhappiness over placing of orders for bulk purchase of continuous channel testing bays costing about a crore of rupees without first conducting of successful field trials which resulted in total loss due to unsatisfactory performance of the equipment. From the information now furnished by the Ministry of Communications, the Committee have observed that not only the senior officers of the Board failed to take initiative to suspend the supplies but also took more than three months to convene the next meeting of the Production Coordination Committee (PCC) which was monitoring production and supply of telecommunication equipment from ITI to consider an important and urgent matter involving about a crore of rupees. The Committee have observed that in this case a swift move should have been made at the higher level and the unsuitability of the equipment brought to the PCC's notice forthwith for their consideration and decision. They have further observed that much time seems to have been wasted in the routine handling of the file and in procedural formalities without realising the urgency of the issue at hand. The Committee have, therefore, reiterated their earlier recommendation for fixing responsibility for the lapse.

3. On 6 June, 1985, the following Action Sub-Committee was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Public Accounts Committee in their earlier Reports:

1. Shri E. Ayyapu Reddy—*Chairman*
2. Shri Rajmangal Pande
3. Shri Amal Datta
4. Shri Girdhari Lal Vyas
5. Shri Nirmal Chatterjee
6. Shri K. L. N. Prasad
7. Shri H. M. Patel
8. Shri J. Chokka Rao

Members

4. The Action Taken Sub-Committee of the Public Accounts Committee considered this Report at their sitting held on 7 August, 1985. The Report was finally adopted by the Public Accounts Committee on 16 August, 1985.

5. For reference facility and convenience, the recommendations/ observations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in the Appendix to the Report.

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

NEW DELHI;
August 16, 1985

Sravana 25, 1907 (Saka)

E. AYYAPU REDDY,
Chairman,
Public Accounts Committee

CHAPTER I

REPORT

1.1 This Report of the Committee deals with the action taken by Government on the Committee's recommendations/observations contained in their 196th Report (Seventh Lok Sabha) on Paragraphs 28 and 33 of the Report of the Comptroller and Auditor General of India for the year 1981-82, Union Government (P&T) relating to delay in the installation of Continuous Channel Testing Bays (CCTB) and their unsatisfactory performance, irregular purchase of telephones and some other matters concerning the functioning of the P&T Department viz. Irregular purchase of telephones. Inventory Control and Research, Development and Production.

1.2 The 196th Report was presented to Lok Sabha on 30 April, 1984. It contained 15 recommendations/observations. Action taken notes in respect of all the recommendations/observations have been received from Government. These have been broadly categorised as follows:

- (i) Recommendations or observations which have been accepted by Government:
S. Nos. 1, 3, 6, 11, 12, 13, 14 and 15
- (ii) Recommendations or observations which the Committee do not desire to pursue in the light of the replies received from Government:
S. No. 5
- (iii) Recommendations or observations replies to which have not been accepted by the Committee and which require reiteration:
S. No. 2
- (iv) Recommendations or observations in respect of which Government have furnished interim replies:
S. Nos. 4, 7, 8, 9 and 10

1.3 The Committee expect that final replies to the recommendations and observations in respect of which only interim replies have so far been furnished will be made available to the Committee expeditiously after getting them vetted by Audit.

1.4 The Committee will now deal with the reply furnished in respect of the following recommendation.

Loss in manufacture/supply of CCTBs without conducting successful field trials (S. No. 2—Para 1.37)

1.5 Dealing with the irregularity in placing bulk order for CCT Bays (Cost: Rs. 93.14 lakhs) on ITI without ensuring their satisfactory performance by conducting successful field trials, the Committee in Para 1.37 of their 196th Report has observed as follows:

“Even if the initial error could be condoned, the Committee fail to understand why the DGP&T had not taken any action to stop the bulk manufacture|supply of CCTBs when the GMM, Bombay|Madras after trial of the prototype had informed (June-July 1975) that the performance of the bays was unsatisfactory and the GMM Bombay had specifically requested him to review the suitability of the equipment before standardisation and installation on a large scale. As no supplies had been made by the ITI to the field units by that time, much of the loss caused to the Department could have been avoided if the DGP&T, in accordance with his understanding with the ITI had, taken necessary action to stop the bulk manufacture| supply of the CCTBs by that time. It has been argued by the Ministry that in as much as the ITI had already procured material for manufacturing 300 bays, it was not possible to cancel the order at that stage. The Committee are surprised at this explanation in view of the DGP&T’s clear understanding with the ITI that the bulk manufacture and supply could take place only after successful performance of the prototype in the field. As the Committee observe, the failure of the DGP&T to make the ITI, Naini, stop the bulk manufacture of the equipment when the prototype was found to have given unsatisfactory performance had resulted in not only avoidance huge loss to the Department but also avoidable wastage of manpower and material. The Committee consider this lapse on the part of the DGP&T inexcusable and desire that responsibility should be fixed therefor.”

1.6 In their Action Taken Note dated 1st February 1985, the Ministry of Communications (P&T Department) have stated:

“The production and supply of telecommunication equipment from M/s. ITI are being monitored through Production Co-

ordination Committee meeting. The order for supply of CCT Bays for one way and both ways were placed on M/s. ITI. In various PCC meetings the progress of production of CCT equipment and their field trial were discussed. In the 3rd PCC meeting held on 3rd February 1975 the approval for manufacturing the equipment based on the limited successful field trial was given and accordingly M/s. ITI planned to manufacture the equipment. During June-July, 1975 detailed reports from GMMs Bombay and Madras were received on the working of the CCT Bays and based on the same in the 4th PCC meeting held on 9th October 1975 M/s ITI were indicated the intention of P&T for cancellation of orders but M/s. ITI pointed out that it was not possible since they have taken procurement action for the components and manufacture of bays is already in different stages of production. Orders for both ways CCT equipment were cancelled and the production of one-way bays of CCT equipment was stopped after manufacture of 275 bays. P&T has thus taken action to cancel the order for both-way CCT equipment and stopped further manufacturing of one-way CCT equipment. As such no responsibility on any individual could be fixed."

1.7 In their original Report the Committee had observed that in addition to the initial error of placing orders on the ITI for bulk production and supply of new equipment without conducting successful field trials, the DGP&T had further erred by not initiating timely action to stop manufacture/supply of CCTBs when the GMM, Bombay/Madras after comprehensive field trial of the prototype had reported (June-July 1975) that the performance of the bays was unsatisfactory and the GMM, Bombay had specifically requested him to review the suitability of the equipment before standardisation and installation on large scale. From the information now furnished by the Ministry of Communications, the Committee find that not only the senior officers of the Board failed to take initiative to suspend the supplies but also took more than three months to convene the next meeting of the Production Coordination Committee (PCC) which was monitoring production and supply of telecommunication equipment from ITI to consider an important and urgent matter involving about a crore of rupees. It is surprising why prompt action was not taken in June-July 1975 itself to intimate the ITI not to proceed further with the manufacture of the instrument when it had become clear to the Directorate that the performance of the prototype was not satisfactory in full field trial. The Committee find that in this case

a swift move should have been made at the higher level and the unsuitability of the equipment brought to the PCC's notice forthwith for their consideration and decision. Much time seems to have been wasted in the routine handling of the file and in procedural formalities without realising the urgency of the issue at hand. It is evident that the concerned senior officers of the Ministry of Communications have failed in this matter to act with the degree of efficiency, speed, responsibility and care expected of them. The Committee would, therefore, like to reiterate their earlier recommendation for fixing responsibility for the lapse.

CHAPTER II

RECOMMENDATIONS OR OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Committee are unhappy over the manner in which the DGP&T had all along acted in regard to procurement of 275 Continuous Channel Testing Bays (CCTB) costing about a crore of rupees. Time and again, the Public Accounts Committee have stressed that orders for bulk production of new equipment should be placed only after conducting successful field trials. It is not clear to the Committee why the DGP&T should not have followed the oft-repeated recommendations of the Committee in the instant case. The explanation given by the Ministry for this was that the equipment was required for immediate operational purpose. However as the Committee observe, out of 275 bays ordered for in October, 1973 and received in 1976, only 46 were installed up to July, 1978, i.e. about four and a half years after the placement of the order, and 59 bays have not yet been installed. Further, even the installed bays had hardly served any purpose as due to technical snags the STD channels, to which the CCTBs were connected, resulted in excess metering and caused wrong numbers on dialling digits higher than seven. Even though the matter was taken up by the GMM, Madras as far back as June, 1978 the problem of the equipment not responding correctly to digits higher than seven had not been solved. In the case of Single Line Operator Dialling (SLOD) circuits, the equipment was not able to give a single hour's satisfactory service since its installation. Only 22 circuits could be made operational by the Southern Region after seven years of trial and error, but even there the Ministry are "not sure about their continuous stable working". As regards the remaining CCTBs the Ministry have come to the conclusion that "as the modifications required are extensive and the equipment will not be of much use in today's technology", it has been decided to scrap the equipment. Thus, the entire amount of nearly a crore of rupees spent by the Department on the purchases of the bays had practically proved a total loss and the operational purpose for which the equipment was immediately needed has also not been served. The Committee trust that the Ministry will draw lessons from their experience in this case and

in future not venture to place orders for bulk purchase without first conducting successful field.

[S. No. 1 (Para 1.36) of Appendix to 196th Report of PAC (Seventh Lok Sabha)]

Action taken

The observation of the Committee is noted for future guidance. This has been vetted by Audit vide their U.O. No. RR. II|2(d) 2101|Vol. III|198 dated 15-9-84.

[Ministry of Communications (P&T Department) O.M. No. 1-43|83-ML Vol. III dt. 11-10-1984]

Recommendation

From the material furnished by the Ministry, the Committee observe that after the placement of the order for supply of 275 CCTBs on the ITI in October 1973, cost of equipment was paid centrally by the Cost Check Unit of the P&T Department and debits were passed on to the respective consignees for adjustment against the relevant estimates sanctioned to be sanctioned by them. A few estimates were sanctioned during 1973-74 and 1974-75 by the Regions, while the remaining estimates were sanctioned between 1976 and 1979 i.e. after a delay of 3 to 6 years. When questioned in evidence, the Members (TD) and (Finance), P&T Board, stated that according to the practice followed by the Board, for maintenance equipment, orders were usually placed in advance and covering sanction was issued subsequently by the field units. In the instant case, because the equipment could not be installed immediately, there was a delay in the sanction of estimates. According to the view expressed by the Secretary, Ministry of Communications, the practice of supply order preceding formal sanction could not be considered as "healthy" and 'regular'. He promised to consider whether the existing practice could not be discontinued or suitably revised. The Committee would like the Ministry of Communications to take an early decision in the matter and communicate to the Committee the result thereof.

[S. No. 3 (para 1.38) of Appendix to 196th Report of PAC (Seventh Lok Sabha)]

Action taken

Instructions have been issued that before placement of orders of the equipment duly sanctioned estimates should be available from the field units (a copy of the orders is enclosed)

[Ministry of Communications (P&T Department) O.M. No. 1-43/83-ML dated 1-2-85]

P & T DIRECTORATE

(MMC Section)

SUBJECT: Placement of Purchase orders

Field Units are sending their requisitions of Transmission equipment to the Planning Cells of the P&T Directorate. Planning Cells in turn send the details of the equipment to be ordered to the MMC Cell for procurement.

Planning Cells may see before sending the requisitions to the MMC Cell that duly sanctioned estimates should be available with the field units. These sanction particulars are to be sent invariably along with the requisitions by Planning Cells to MMC Cell before the placement of the orders.

These instructions are to be followed strictly.

Sd/- (CHANA SINGH)

Asstt. Director General (CT)

[ADG (CX)|(SAT)|(EL)|(L)|(MR)|(MW)|(TX)|(UHF)|(ML).

U.O. No. 44-16/84-MMC, dated 13th July, 1984.

Recommendation

It passes the comprehension of the Committee how an officer of the level of Divl. Engineer could continue to violate with impunity the standing instructions of the P&T Directorate which were repeatedly reiterated. He had made direct purchases not only for his own Division but also for other neighbouring Divisions in the Andhra Pradesh Circle. The mere reprehensible aspect is that a senior officer of the level of General Manager Andhra Circle who should have ensured that the instructions issued by the Directorate were faithfully complied with by the field units had himself "instructed" the DET Tirupathi to make direct purchase for the "Whole Circle". Even after the Chief Accounts Officer Cost Check unit Bangalore had brought the irregularity to the notice of the G.M.T. Hyderabad in December, 1979 and asked him to instruct the DET Tirupathi not to indent telephone instruments or other stores without the knowledge and approval of the Directorate, the direct purchases continued to be made till March 1981. What is still more surprising that the P&T Directorate at the Centre should have been

as powerless and ineffective as not to have been able to stop the General Manager AP Circle from open violation of their instructions. In the opinion of the Committee, for this State of utter indiscipline the P&T Directorate is as much to blame as the GMT. A.P. Circle. After issuing the instructions and then repeatedly reiterating these, the P&T Directorate should have had the will to see that these were faithfully complied with by the lower formations. When asked what machinery existed in the Directorate to enforce compliance with their instructions, the Ministry have stated that "the concerned Section in the DGP&T (When it comes to know of much lapses) reiterate instruction to field units for strict compliance". In reply to a specific question as to what remedial measures are not contemplated by the Department to avoid recurrence of such instances, the Ministry have stated that "instructions issued earlier will be reiterated with a stipulation that any lapses in future will be seriously viewed". From the evidence deposed by the Secretary, Ministry of Communications the Committee received an unmistakable impression that the Departmental Officers in field formations could defy the P&T Board without any risk of their being brought to book. How widespread is the malady of indiscipline in the Telephone Department is clear from the remark of the Secretary, "we do not feel shy of taking action, but we do not have the manpower necessary to start disciplinary action in a very large number of cases. "The Committee are unable to accept this explanation. They need hardly point out that indiscipline, particularly at a high level, if unchecked has a snowbelling effect and there is, therefore, no alternative but handle it with firmness. To quote the Secretary, Ministry of Communications, again "if our instructions are obeyed and followed in the field, the Country would have got much better telephone system that it has got now. "This expression of helplessness on the part of the head of the Department astonishes the Committee. They feel strongly that such person ought not to be at the helm of affairs. The Ministry of Communications should be in a position to ensure that all their decisions, particularly policy decisions, are faithfully complied with by the field units both in letter and spirit, and no officer in a field units, however high in rank should have an impression that he can float the discretion of the Directorate and escape the consequences. The Committee trust that effective steps will not be taken by the Ministry of Communications to this end.

[Serial No. 6 (Para 2.43) of Appendix to 196th Report of
PAC (Seventh Lok Sabha)]

Action Taken

It will be ensured that instructions issued by DGP&T are not flouted by the field units. In our recent letter of August, 1983 (copy enclosed) Heads of Circles and Districts have been personally made responsible for any of such Violation of instructions.

This has been vetted by audit vide their No. RRI|2(d)|2028|1318, dated, 16-10-1984, who however desired that copies of instructions issued may be supplied to PAC audit. This has been complied with.

[Ministry of Communications (P&T Department) O.M.
No. 63-3|81-MMC dated 26-11-1984]

Copy of letter No. 63-3|81 MMC, dated the 29th August, 1983 from T. S. Subramanian, Member (Telecom Development) to All Heads of Telecom, Circles|Districts ,by name) and copy endorsed to Managing Director, III., Bangalore, Managing Director, H.T.L., Madras and Chairman and Managing Director, HCL, Asansol.

Instructions were issued vide this office letter No. 24-6|73-MMC dated 31st January, 1974, regarding centralised purchase of telecommunication materials by DGP&T (MMC Cell). These instructions were reiterated vide this office letters No. 1-6|76-MMC, dated 4th October 1976, 24-9|76-MMC|Vol. IV dated 19th January 1978 and 24-1|79-MMC, dated 12th March 1980, not to place direct orders on M|s ITI who were also requested not to make supplies against direct indents from the field units.

2. In spite of issue of these instructions, it has come to the notice of this office that some field units are still placing direct orders|indents on M|s. ITI for supply of stores|spares etc. Violation of these instructions has resulted in adverse comments from Audit and has culminated in a P.A.C. Para.

3. It is, therefore, again brought to the notice of all Heads of Circles|Districts that such direct purchases from M|s. ITI|HTL|HCL etc. are against the instructions issued on the subject and any violation on this account will be seriously viewed in future. It will also be the personal responsibility of all Heads of Circles|Districts to

ensure that no direct orders are placed on M/s. ITI|HTL|HCL for purchase of materials.

4. Receipt of this letter may please be acknowledged to Director (MMC), P&T Directorate, New Delhi.

(Sd/-)

Recommendation

The Committee observe that the existing system of material management in the P&T Department is out-of-date, highly deficient and unable to cope with the requirements of the Department. The General Manager, Telegraph Stores, has its headquarters in Calcutta with the subordinate units all over the country. According to the admission made by the Secretary, Ministry of Communications before the Committee, while in some of these units considerable stores may be lying un-utilised for pretty long periods, in some other Circles| Districts or some other parts of those very Circles|Districts, service may be suffering badly for want of those very stores. In the words of the Secretary, Ministry of Communications, "the system of inventory control is not really effective because with the number of stores running into well over 10,000 this cannot be managed effectively from the inventory control point of view, through manual operations."

[Sl. No. 11 (Para 3.9) of Appendix to 196th Report of PAC (7th Lok Sabha)]

Action Taken

Action is being taken to improve the inventory control system in P&T. The import of four computers for Delhi, Calcutta, Bombay and Madras has been finalised in the light of the recommendations and clearances issued by Department of Electronics *vide* their letter dated 21st June 1984. Software for inventory control has been developed by the Department for use by the computer at Calcutta. Placement of orders on suppliers for the computers is in process. The inventory control would be progressively computerised.

[Ministry of Communications (P&T Department) O.M. No. 13-4|84-MMD, dated 4-12-1984].

Recommendation

A more distressing aspect is that although the Department had come to the conclusion in 1975 that there was no alternative but to computerise the material management system over such a vast network, the Department had not yet been able to computerise. A private company of Bombay appointed by the P&T Department as consultants had, in their feasibility report, submitted as far back as February 1976, listed inventory control as one of the areas deserving computerisation on highest priority. As mentioned in 191st Report (7th Lok Sabha), although eight years have elapsed since the consultants gave their report, the Department is still lost in procedural formalities. Even though tenders for computers were opened in January 1982, the matter is still at consideration stage. The lackadissical manner in which the Telephone Department had acted in this case hardly redounds to the credit of the Department which is supposed to be run on commercial lines and be business like in its operations. The Committee desire that, in the interest of efficient material management, the matter should be finalised without any further delay.

[Sl. No. 12 (Para 3.10) of Appendix of 196th Report of P.A.C. (7th Lok Sabha)]

Action Taken

The import of four computers for Delhi, Calcutta, Bombay and Madras has been finalised and Department of Electronics *vide* their letter dated 21st June 1984 (after evaluating the tenders) have recommended and cleared this import from Messrs. International Computers India Limited at a total FOB Cost of US DOLLARS. 37,99,760 plus Rs. 72,000]-. Software for inventory control has already been developed by the Department for use for the computer at Calcutta. Action has been initiated for placement of orders on suppliers for computers.

[Ministry of Communications (P&T Department) O.M.
No. 13-4/84-MMD, dated 10-10-1984]

Recommendation

While not belittling the research and development efforts made in the country in the field of telecommunications, the Committee feel that we have still a long, long way to go. The telephone instrument mostly under production in the country (called '671') was developed by the ITI indigenously in 1961 on the basis of strowger equipment know-how imported under a collaboration agreement with

ATE of the U.K. in 1948. However, the indigenous instrument has been found to be highly deficient. In the words of the Secretary, Ministry of Communications Member (TD), "At least 25 per cent of our telephones are not perfect. They have defects in the transmitter, in the dial and/or in the receiver. These three primary defects have been there." (Of these), "dial was the one which was giving the maximum trouble." However, the irony is that the production of even this instrument, highly deficient as it is, lags behind the demand. As against the total requirement of 5.49 lakhs instruments (both P&T and non-P&T), the total supply in 1980-81 was about 2.62 lakhs. The position improved somewhat in 1981-82 when as against the aggregate demand of 6.39 lakhs instruments, the supply was 4.19 lakhs. The position deteriorated in 1982-83 when as against the total demand of 7.64 lakhs instruments, the total supply was about 4.65 lakhs only. With inadequate production of even highly deficient instruments, and the alround outmoded telecommunication technology, the Committee are not surprised at the admission made by the Secretary, Ministry of Communications during evidence, "I do not think that we have given our subscribers the quality of service which those (developed) countries are giving for more than 30 years."

[Sl. No. 13 (Para 4.22) of Appendix to 196th Report of PAC (7th Lok Sabha)]

Action Taken

The department is aware about the quality and inadequate production of the telephone instruments and is taking necessary action to improve its quality as well as the production capacity. Action in this regard is covered under the reply to para 4.23.

[Ministry of Communications (P&T Department) O.M. No. 41-10/84-MMC, dated 22-2-85].

Recommendation

The Committee have been informed that for induction of updated technology as also expansion of production of telephone instruments. Government have approved collaboration proposal with M/s. F.A.C.E. of Italy. Government have already approved a capital investment of Rs. 18.33 crores for manufacture of 5 lakh telephone instruments and 2.5 lakh critical components each for units at Bangalore and Naini thereof per annum under this agreement. The Production would commence after 12 months from the effective date of agreement and rated capacity of production would be achieved in the fifth year of the production. Apart from the desk instrument with rotary

dials, FACE would provide technology for push button dials also. There is also a provision for joint development and subsequent transfer of know how for electronic telephones. The question of phasing out manufacture of strowger equipment with the induction of Electronic Switching system manufacture based on the agreement entered into in July 1982 with M|s. CITALCATEL of France for the manufacture of Digital Electronic Switching Equipment is also under consideration of ITI. The committee trust that Government would take all steps necessary not only to update the telecommunication technology in the country but also to expand the production of telephone instruments to meet the long pent up demand for new telephones. They also hope that the Ministry would draw up a long term perspective plan for the purpose of a very early date.

[Sl. No. 14 (Para 4.23) of Appendix to 196th Report of PAC (Seventh Lok Sabha)].

Action Taken

Government has already approved capital investment of Rs. 18.33 crores for manufacture of 5 lakh telephone instruments and 2.5 lakh critical parts per annum each at Bangalore and Naini units of I.T.I. M|s. I.T.I. have gone into foreign collaboration with M|s. FACE: of Italy for the project recently. Apart from the desk instrument with rotary dials, FACE would provide the technology for push button dials also.

2. In order to bring modern technology in the field of Telecommunications, Government has also approved a Project for manufacture of 5 lakh equivalent lines of Digital Electronics Switching Equipment lines per annum in foreign collaboration with M|s. CITALCATEL of France. This project is being set up at Gonda (Mankapur) in U.P. at an estimated capital cost of Rs. 177 crores approximately. Further, it has been decided in principle to set up a second such factory under ITI at Bangalore. In addition the Government have also decided to expand the manufacturing capacity of Palghat Unit of ITI from the present level of 10,000 lines to 1.5 Lakh lines per annum. The seventh Five year plan (1985-90) has been drawn up and submitted to the Planning Commission, along with it the long term requirements of Telecom. Equipment have also been worked out to enable necessary advance action.

[Ministry of Communications (P&T Board) O.M.
No. 13-4|84-MMD, dated 10-2-1984].

Recommendation

Another area which vitally affects the telephone service in the country is acute shortage of underground cable. According to the figures given during evidence as against the overall requirement of 46 lakh CKMs the indigenous supply is only 28 lakh CKMs, leaving a gap of 18 lakh CKMs. Amongst the metropolitan cities, the position is particularly bad in Delhi where as against the demand of 3.23 lakh CKMs, 10.16 LCKMs and 11.31 LCKMs, the supplies were only 0.82 LCKMs, 5.00 LCKMs, and 2.261 LCKMs, during the year 1980-81, 1981-82 and 1982-83 respectively. The committee need hardly point out that the shortage of underground cable not only affects the programme of setting up new telephone exchanges but also causes delay in rectification of telephone faults. The Committee, therefore, desire that effective steps should be taken to meet the gap between the demand and supply of cable at a very early date.

[Sl. No. 15 (Para 4.24) of Appendix of 196th Report of PAC (7th Lok Sabha)].

Action Taken

A project for setting up a 30 LCKM jelly filled underground cable manufacturing of unit of Messrs. HCL, is in advanced stage and the production is likely to start from January, 1985. Project Report for expansion of the production capacity of existing factory of HCL at Roopnarainpur by 18 LCKM, has already been submitted to Planning Commission. Another Project Report for setting up a factory by Messrs. HCL, in eastern U.P. with a production capacity of 30 LCKM, has also been submitted to Planning Commission. This factory is likely to be set up during 7th Five Year Plan. Industrial Licences for manufacturing of Jelly filled cable have been issued to the following units by the Ministry of Industries with a total manufacturing capacity of about 71.5 LCKMs:—

- (i) Punjab State Industrial Development Corporation;
- (ii) West Bengal Industrial Development Corporation;
- (iii) Messrs. P.I.C.U.P.;
- (iv) Karnataka State Industrial Development Corporation;
- (v) State Industrial Corporation of Maharashtra;
- (vi) MP Audyog Vikas Nigam;
- (vii) Bihar State Industrial Development Corporation;
- (viii) Tamil Nadu Industrial Development Corporation;
- (ix) TRACO.;

- (x) Messrs. Delton Cables, Delhi;
- (xi) Messrs. Finolex Cables; Pune;
- (xii) Messrs. Aluminium Industries, Delhi;
- (xiii) Messrs. Sterlite Cables, Delhi;
- (xiv) Messrs. Premium Cables, New Delhi;

Messrs. Delton Cables and Messrs. Finolex Cables have already started supply of small size jelly filled cables.

To meet the urgent requirements of cables for commissioning of large scale Electronic Switching Equipment, department has floated a global tender enquiry for import of 12 LCKMs of underground cables, since the production of cable indigenously was falling short of on total requirement.

[Ministry of Communications (P&T Department) O.M. No. 13-9/84-MMD, dated 17-7-1984].

CHAPTER III

RECOMMENDATIONS OR OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES RECEIVED FROM GOVERNMENT

Recommendation

In 1974, the P & T Directorate issued instructions to all its field units that indents for telephone instruments and spares, etc. should be placed on the ITI centrally through the P & T Directorate and the supplies would be made to the individual units concerned direct by the manufacturers on the basis of allotment orders issued by the Directorate. The purpose was to enable the Directorate to make the best use of the available scarce supplies. These instructions were reiterated by the P & T Directorate in January, 1978 and August 1979 and again in March, 1980. However, the Divisional Engineer Telecommunications (DET) Tirupathi, purchased telephone instruments worth Rs. 52.63 lakhs direct from the ITI during the period 1978-79 to 1980-81 and also made direct payments to the ITI. The direct purchases resulted in heavy extra expenditure to the Department as the ITI, which was offering concessional rates to the P & T Department decided to charge with effect from 15-1-1980 non-P & T rates for all direct purchases whichever considerably higher than the rates as per rate list of 1976 normally charged from the P & T Department. The Committee would like to know how differential rates for supplies to the Department could be charged by the public undertaking.

[Sl. No. 5 (Para 2.42 of Appendix to 196th Report of PAC (Seventh Lok Sabha)].

Action taken

M/s. ITI unilaterally decided to charge non-P&T rates w.e.f. 15-1-1980 for the purchases made by D.E.T. Tirupathi on the plea that advantage of price escalation and bulk adjustment were not available for such sales to field units. The excess amount of Rs. 15.76 lakhs paid by DET Tirupathi to ITI has since been recovered as differential rates cannot be charged by ITI for supplies made to P&T. Case for final settlement of balance amount of Rs. 18.983 is in progress. Moreover field units have again been instructed in August, 1983 not to purchase Telephone Instruments directly from ITI.

[Ministry of Communications (P&T Board) O.M. No. 63-3/81 MMC, dated 26-11-84].

CHAPTER IV

RECOMMENDATIONS OR OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation

Even if the initial error could be condoned, the Committee fail to understand why the DGP&T had not taken any action to stop the bulk manufacture/supply of CCTBs when the GMM, Bombay/Madras after trial of the proto-type had informed (June-July 1975) that the performance of the bays was unsatisfactory and the GMM Bombay had specifically requested him to review the suitability of the equipment before standardisation and instillation on a large scale. As no supplies had been made by the ITI to the field units by that time, much of the loss caused to the Department could have been avoided if the DGP&T, in accordance with his understanding with the ITI, had taken necessary action to stop the bulk manufacture/supply of the CCTBs by that time. It has been argued by the Ministry that in as much as the ITI had already procured material for manufacturing 300 bays, it was not possible to cancel the order at that stage. The Committee are surprised at this explanation in view of the DGP & T's clear understanding with the ITI that the bulk manufacture and supply would take place only after successful performance of the prototype in the field. As the Committee observe, the failure of the DGP & T to make the ITI, Naini, stop the bulk manufacture of the equipment when the prototype was found to have given unsatisfactory performance had resulted in not only avoidable huge loss to the Department but also avoidable wastage of manpower and material. The Committee consider this lapse on the part of the DGP & T inexcusable, and desire that responsibility should be fixed therefor.

[Sl. No. 2 (Para 1.37 of Appendix to 196th Report of
PAC (Seventh Lok Sabha)].

Action taken

The production and supply of telecommunication equipment from M/s. ITI are being monitored through Production Coordination Committee meeting. The order for supply of CCT Bays for one

way and both ways were placed on M/s. ITI. In various PCC meetings the progress of production of CCT equipment and their field trial were discussed. In the 3rd PCC meeting held on 3-2-75 the approval for manufacturing the equipment based on the Limited successful field trial was given and accordingly M/s. ITI planned to manufacture the equipment. During June-July, 1975 detailed reports from GMMs Bombay and Madras were received in the working of the CCT Bays and based on the same in the 4th PCC meeting held on 9-10-75 M/s ITI were indicated the intention of P & T for cancellation of orders but M/s. ITI pointed out that it was not possible since they have taken procurement action for the components and manufacture of bays are already in different stages of production. Orders for both-ways CCT equipment were cancelled and the production of one-way bays of CCT equipment was stopped after manufacture of 275 bays. P&T has thus taken action to cancel the order for both-way CCT equipment and stopped further manufacturing of one-way CCT equipment. As such no responsibility on any individual could be fixed.

[Ministry of Communications (P&T Deptt.) O. M. No.
1-43|83-ML, VOL III dated 1-2-85].

CHAPTER V

RECOMMENDATIONS OR OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

Recommendation

The Committee are informed that the main shortcoming in the present equipment is that it is built on the same technology as the main equipment itself and, therefore, its own fault liability is as bad as that of the main equipment which it is designed to monitor. Another shortcoming is that when this equipment develops a fault, it can interfere with the normal working of the channel itself. As such, it is not of much use in today's technology and it has been decided to scrap it. In its place, better and more useful devices have been tried at Delhi, Bombay and Madras for monitoring the performance of various transmission circuits. The monitoring has helped to identify the various faults in a very short time. This experimentation is only a field trial project and, based on its results, further action would be taken to instal suitable surveillance system for the transmission media. The Committee would like to be informed of the further progress made in the matter.

[Sl. No. 4 (Para 1.39) of Appendix to 196th Report of PAC (Seventh Lok Sabha)].

Action taken

The surveillance equipment under trial at New Delhi, Bombay and Madras are being used to monitor the transmission system on experimental basis. Based on the observations made it become possible to effect improvements. Schemes would now be formulated for introduction of automated network surveillance in the transmission systems in the country based on the techno-economic advantages. This has been vetted by Audit vide their U.O. No. RR. II/2(d) 2101/Vol. III/198 dated 15-9-84. However, Audit desired the PAC to be informed of the progress made in the matter.

[Ministry of Communications (P&T Deptt.) O.M. No. 1-43/83-ML Vol. III dated 17-11-1984]

Recommendation

The Committee note that according to the explanation given by the General Manager Telecommunications, Andhra Pradesh Circle direct purchases were "resorted to bridge the gap of short supply of equipment and spares by M/s. ITI to meet urgent requirements of Andhra Pradesh Circle." However, according to the evidence given by the Secretary, Ministry of Communications before the Committee the requirements of the Andhra Pradesh Circle in respect of which direct purchases were made by the DET Tirupathi were not considered to be urgent by the Ministry as these were needed not for repairs of existing telephones but for the new exchanges. In view of this the plea of urgency advanced by the GMT AP Circle for his violation of the Departmental instructions is totally untenable. Even if it is agreed, for arguments sake, that the requirements of Andhra Pradesh Circle were indeed very urgent, the proper course for the GMT AP Circle was to bring the fact of urgency to the notice of the Directorate. This he did not do but instead he instructed the DET Tirupathi to resort to direct purchases in utter violation of the instructions issued by the P&T Directorate. The Committee feel that the GMT AP Circle should have borne in mind that the requirements of some other Circles could have been equally pressing or even more pressing and if the other circle Managers also started emulation his example, there would not be any semblance of Central Planning left. The Committee would like the Ministry of Communications to take effective steps to ensure that so long as shortage of the telephone instruments and spares continues, the Circles get only the quantities allocated by the P&T Directorate. With this end in view, the Committee would like the Ministry of Communications to consider the feasibility of issuing a directive to the ITI not to supply any quantities direct to the Circles other than those authorised by the P&T Directorate, whether specifically or generally. They would also like the Ministry to intimate disciplinary action against those who had flouted the Directorate's instructions.

[Sl. No. 7 (Para 2.44) of Appendix to 196th Report of
PAC (Seventh Lok Sabha)].

Action taken

A directive to M/s ITI, HCL, HTL not to supply any equipment P&T Field units directly has already been issued in August, 1983 (Copy enclosed). M/s ITI have also agreed not to supply directly any telephone equipment to P&T Field units. Regarding initiating dis-

ciplinary action against those who had flouted DGP&T instructions, the matter is under examination.

This has been vetted by audit vide their U.O. RR. I/2(d) 2028/1318, dated 16-10-1984. Audit, however, desired that final action taken against them who flouted DGP&T instructions may be intimated to them. This will be done.

[Ministry of Communications (P&T Deptt.) O.M. No. 63-3|81—
MMC, dated 26-11-84].

Recommendation

The Committee were informed in evidence that to meet emergent situations, field units are allowed to make direct purchases of spares upto a ceiling of Rupees one lakh a year. For supplies beyond this amount the field units have to approach the Directorate. The Committee would like the Department to examine whether in the interest of efficient maintenance of telephone service, which by all accounts is highly fault-prone, and in view of the all round increase in cost the limit of Rupees one lakh per year should not be raised. The P&T Directorate should also, on their part, ensure that they do not sit over the urgent request of field units, and the decisions taken by them are reasonable and prompt.

[Sl. No. 8 (Para 2.45) of Appendix to 196th Report of
PAC (Seventh Lok Sabha)].

Action taken

The recommendations of the Committee are noted.

The question of fixing a suitable limit is under consideration.

This has been vetted by Audit vide their U.O. No. RRI/2(d) 2028|1318, dated 16-10-1984. Audit had however desired that the revised limit of direct purchases when fixed may be intimated to PAC—Audit. This will be done.

[Ministry of Communications (P&T Deptt.) O.M. No. 63-3|81-
MMC, dated 26-11-84].

Recommendation

The Committee observes that although the DET Tirupathi had been making direct purchases right from 1978. The lapse did not come to the notice of the Ministry of Communications till 1981 when Audit pointed it out. This indicates that there was no monitoring in the P&T Directorate to see whether the instructions issued by

them were being complied with by the field units. While the Committee deplore the lack of any arrangement in the regard, they would like the Ministry of Communications to speedily evolve some sort of monitoring system to see that the instructions issued by the Directorate particularly those having a bearing on utilisation of scarce resources are in fact being carried out by the field units. The Committee would like to be informed of the action taken in the matter.

[Sl. No. 9 (Para No. 2.46) of Appendix to 196th Report of PAC (Seventh Lok Sabha)].

Action taken

Recommendations of the Committee are noted. Necessary monitoring procedure would be evolved and Committee and Audit informed in due course of time.

[Ministry of Communications (P&T Board) O.M. No. 63-3|81-MMC, dated 26-11-84].

Recommendation

The Committee note that for the direct purchases made by the DET Tirupathi since 15-1-1980 the ITI had charged non-P&T rates which were considerably higher than P&T Rates. According to a note furnished by the Ministry, the exact excess payment on the account was being worked out. In the meanwhile the CAO CCU has under instructions from the Directorate recovered Rs. 15.76 lakhs on prorata basis on 27-7-1983 pending final settlement. The Committee desire that the matter should be settled at an early date.

[Sl. No. 10 (Para 2.47) of Appendix to 196th Report of PAC (Seventh Lok Sabha)].

Action taken

Final settlement of balance amount of Rs. 13983/- is in progress. will be intimated to audit.

[Ministry of Communications (P&T Deptt.) O.M. No. 63-3.81-MMC, dated 26-11-84].

NEW DELHI;
August 16, 1985

Savana 25, 1907 (Saka)

E. AYYAPU REDDY,
Chairman,
Public Accounts Committee.

APPENDIX

Statement of Observations and Recommendations

Sl. No.	Para No.	Ministry/Deptt. concerned	Observation/Recommendation
1	2	3	4
1	1.3	Min. of Communication (Deptt. of Tele-commu- nications)	The Committee expect that final replies to the recommendations and observations in respect of which only interim replies have so far been furnished will be made available to the Committee expeditiously after getting them vetted by Audit.
2	1.7	Min. of Communication	In their original Report the Committee had observed that in addition to the initial error of placing orders on the ITI for bulk production and supply of new equipment without conducting successful field trials, the DGP&T had further erred by not initiating timely action to stop manufacture/supply of CCTBs when the GMM, Bombay/Madras after comprehensive field trial of the prototype had reported (June-July 1975) that the performance of the bays was unsatisfactory and the GMM, Bombay had specifically requested him to review the suitability of the equipment before standardisation and installation on large scale. From the information now furnished by the Ministry of Communications, the Committee find that not only the senior officers of the Board failed to take initiative

to suspend the supplies but also took more than three months to convene the next meeting of the Production Coordination Committee (PCC) which was monitoring production and supply of telecommunication equipment from ITI to consider an important and urgent matter involving about a crore of rupees. It is surprising why prompt action was not taken in June-July 1975 itself to intimate the ITI not to proceed further with the manufacture of the instrument when it had become clear to the Directorate that the performance of the prototype was not satisfactory in full field trial. The Committee find that in this case a swift move should have been made at the higher level and the unsuitability of the equipment brought to the PCC's notice forthwith for their consideration and decision. Much time seems to have been wasted in the routine handling of the file and in procedural formalities without realising the urgency of the issue at hand. It is evident that the concerned senior officers of the Ministry of Communications have failed in this matter to act with the degree of efficiency, speed, responsibility and care expected of them. The Committee would, therefore, like to reiterate their earlier recommendation for fixing responsibility for the lapse.

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