

PUBLIC ACCOUNTS COMMITTEE
(1978-79)

(SIXTH LOK SABHA)

NINETY-EIGHTH REPORT

DUES AND EQUIPMENT

MINISTRY OF COMMUNICATIONS

[Action taken by Government on the recommendations of the Public Accounts Committee contained in their 43rd Report (Sixth Lok Sabha) on Dues and Equipment—Ministry of Communications]



Presented in Lok Sabha on
Laid in Rajya Sabha on **7 DEC 1978**

7 DEC 1978

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CORRIGENDA TO 98TH REPORT OF PUBLIC ACCOUNTS COMMITTEE
ON DUES AND EQUIPMENT RELATING TO MINISTRY OF COMMUNICATIONS.

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
	Contents page under the heading 'Page'		37	38
1	1.2	18	49	39
8		11	31	21
19		23-28	Delete lines 23-28 reading "The Ministry of Communications..... This has been seen by Chief Auditor P&T."	
48		last line (under column 4)	Rs.27-91 lakhs	Rs.27.91 lakhs
49		13 (under column 4)	culearly	clearly

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PUBLIC ACCOUNTS COMMITTEE

(1978-79)

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1. Shri H. G. Paranjpe—*Joint Secretary.*
2. Shri T. R. Ghai—*Senior Financial Committee Officer.*

INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Ninety-Eighth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their Forty-Third Report (Sixth Lok Sabha) on Dues and Equipment relating to Ministry of Communications.

2. On 31 May, 1978, an 'Action Taken Sub-Committee' consisting of the following Members was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Reports :

- | | |
|--------------------------------------|-----------|
| 1. Shri P. V. Narasimha Rao—Chairman | |
| 2. Shri Asoke Krishna Dutt—Convener | |
| 3. Shri Vasant Sathe | } Members |
| 4. Shri M. Satyanarayan Rao | |
| 5. Shri Gauri Shankar Rai | |
| 6. Shri Kanwar Lal Gupta | |

3. The Action Taken Sub-Committee of the Public Accounts Committee (1978-79) considered and adopted the Report at their sitting held on 26 October, 1978. The Report was finally adopted by the Public Accounts Committee (1978-79) on 23 November, 1978.

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

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

NEW DELHI;

November 23, 1978

Agrahayana 2, 1900(S)

P. V. NARASIMHA RAO,

Chairman,

Public Accounts Committee

REPORT

CHAPTER I

1.1 This Report of the Committee deals with the action taken by Government on the recommendations contained in the Forty-third Report of the Public Accounts Committee (Sixth Lok Sabha) on paragraphs 8, 9, 11, 21, 23 and 26 relating to Dues and Equipment included in the Report of the Comptroller and Auditor General of India for the year 1974-75, Union Government (Posts and Telegraphs).

1.2. Action Taken Notes have been received from Government in respect of all the 45 recommendations/observations contained in the Report and these have been categorised as follows:

(i) *Recommendations/observations that have been accepted by Government :*

Sl. No. 3, 4, 5, 6, 11, 12, 13, 15, 16, 17, 18, 21, 22, 23, 24, 25, 29, 30, 31, 41, 43 and 45.

(ii) *Recommendations/observations which the Committee do not desire to pursue in view of Government's reply :*

Sl. No. 2, 7, 10, 19, 20, 27, 28, 32, 35, 37 and 44.

(iii) *Recommendations/observations in respect of which replies of Government have not been accepted by the Committee and which require reiteration :*

S. Nos. 1, 8, 9, 33, 34 and 36.

(iv) *Recommendations/observations to which Government have furnished interim replies :*

S. Nos. 14, 26, 38, 49, 40 and 42.

1.3 The Committee hope that the final replies in regard to those recommendations to which only interim replies have so far been furnished will be submitted to them expeditiously after getting them vetted by Audit.

1.4. The Committee will now deal with action taken by Government on some of the recommendations.

Delay in realisation of Departmental Dues.

(Paragraph 1.4—Serial No. 1)

1.5 Dealing with the question of abnormal delay in realisation of rental for the underground cable laid by the P&T authorities for the private branch exchange at Pathankot, which was handed over by the P&T Depart-

ment in January 1971, the Committee had, in paragraph 1.4 of their 43rd Report, observed as follows:

"The Committee are surprised that the Ministry in their communication, instead of replying to the points raised by the Committee, have stated that the bill for Rs. 7,72,936 is not recoverable from the Army authorities inasmuch as the cable was not laid for exclusive use of the Army. The Committee regret this laconic reply of the Ministry and they fail to understand why the correct position was not explained to the Audit in proper time. The Committee cannot too strongly emphasise the need for prompt examination of the Audit objections. In the present case, the Committee note that rent for underground cable laid from Railway Station to Carrier Station is chargeable from Army authorities. The amount in question and the present position of the recovery of the same from the Army authorities has not been intimated. The Committee would like to be informed about the reasons for the abnormal delay for the realisation of the rental in question and the present position of recovery."

1.6 Action Taken Note dated 26 July 1978 furnished by the Ministry of Communications (P&T Department) is reproduced below:

"A 14/40 underground cable from the Railway station to Carrier Station was laid in the year 1971. The rent and guarantee terms were quoted to the Army authorities on 2-4-1971. The Army authority, however, desired that rent and guarantee terms for the cable should be quoted alongwith the R&G terms of the 400 lines PABX local cables for giving external extensions. Accordingly, the R&G terms for these two items were quoted on 7-10-1972 by the D.E.T. Jullundur. In the following month, Army authorities raised some doubt that perhaps they were already paying for the U/G cable. The D.E.T. Jullundur cleared the position on 4-11-1972 and reminded them for payment on 13-3-1973. In September 1973, there was reorganisation of Divisions and the work was transferred to D.E.T. Amritsar. D.E.T. Amritsar reminded the army authorities on 29-8-1974 and 9-7-1975. The army authorities replied in July 1975 that rent for local cables was not chargeable. This was still under consideration when the Audit note was received by the D.E.T. Amritsar on 23-12-1975. D.E.T. Amritsar intimated the Audit that rent for the local cable was not chargeable. Bill only for the U/G cable was chargeable and the same was sent to the army authorities on 11-10-1976 claiming

rental from 29-1-1971, the date on which the PABX was installed. On subsequent verification, it was found that the date of completion of work was 30-6-1971. As such, revised bill was sent to army authorities on 16 June 1978 claiming the rental from 30-6-71 instead of 29-1-71. They desired that the bill should be split in two parts; one upto 31-3-1974 and the other for the period beyond that. The two bills have since been sent to them.

30-6-71 to 31-3-74	for Rs. 15,075/80
1-4-74 to 31-3-78	for Rs. 19,872/-
Total	Rs. 34,947/80

They have since given their acceptance for the 2nd bill and have applied for funds for payment. As regards the first bill, they have desired that should be settled as the other bills upto that period for which discussions are going on between the P&T and Defence authorities. Since R&G bills are not covered under the discussions referred to above, the army authorities are being asked to settle that bill also.

It is felt that Divisional/Circle Administrations have not acted with the promptness that should normally have been expected. This has been taken serious note of and the Head of the Circle has been addressed on the point."

1.7. The Committee strongly deprecate the lack of seriousness on the part of P&T authorities in preparation and realisation from the Defence authorities of bills for Rs. 34,947.80 in respect of rental for the underground cable for the period from 30-6-1971 to 31-3-1978. The Committee note that the question of settlement of dues was completely lost sight of by the Department for the period from 13-3-1973 to 29-8-1974. The Committee do not agree with the justification given by the Department for this delay that in September 1973 the work was transferred from D.E.T. Jullundur to D.E.T. Amritsar. The casual approach of the Department is further confirmed by the fact that even the fundamental date of completion of work was wrongly indicated as 29-1-1971 instead of 30-6-1971, in the bill submitted on 11 October 1976. The rectification of this mistake caused a delay of about 2 years as the revised bill, showing the correct date of completion of work, was submitted only on 16 June 1978. Subsequently, the same bill was required to be split for the periods from 30-6-1971 to 31-3-1974 and 1-4-1974 to 31-3-1978 both of which have yet to be recovered. The Committee would like the matter to be investigated with a view to fixing responsibility at various levels and taking remedial measures

for obviating the chances of such recurrence in future. The Committee would also urge that concerted efforts should now be made to realise these outstanding bills expeditiously.

Cases of short-billing

(Paragraphs 1.43 and 1.44—Sl. Nos. 8 and 9).

1.8. Dealing with the question of short-billing despite instructions laid down in this regard, the Committee had, in paragraphs 1.43 and 1.44 of their 43rd Report, observed as follows:

“1.43 The Committee regret to observe that cases of short billing continue to occur despite instructions laid down in this regard. They also note that one case regarding Ludhiana Division and five cases regarding Jamnagar Division have yet to be settled. The Committee would like that recovery of bills in respect of these cases should be effected at an early date. The Committee would also like to be informed about the reasons for short billing in these cases.”

“1.44 The Committee would like to be apprised in due course about the results of the checks conducted by the internal check parties in regard to the billing in other units.”

1.9. In their Action Taken Notes dated 22 June 1978, the Ministry of Communications (P&T Board) have stated:

Paragraph 1.43

“(i) In one case of Ludhiana Division the short billing was due to calculation of rent and guarantee at the old rate of 16 per cent of the Capital Cost instead of the revised rate (18 per cent). The payment of the bill amounting to Rs. 14,207 is still awaited from the Air Force authorities.

(ii) Out of 5 cases of Jamnagar Division, 4 cases were initially charged at 16 per cent of Capital Cost instead of 18 per cent. In one case (item No. 5) rental charges on flat rate being higher than the rental at Capital Cost, the same is being recovered on flat rate basis. Payment in all the five cases has since been received.”

Paragraph 1.44

“The result of checks conducted by the Internal Check Organisation in regard to billing is detailed below :

(Figures in lakhs of Rupees)

	1975-76	1976-77
1. Short billing and short recoveries	16.83	17.12
2. Non-issue of bills	11.08	18.21”

1.10 The Committee regret to note that the short billing in one case of Ludhiana Division and 4 cases of Jamnagar Division was due to the same reason of calculation of rent and guarantee at the old rate of 16 per cent of the capital cost instead of the revised rate of 18 per cent. The Committee feel that prompt and desired attention is not paid for updating of the rate lists maintained in the Divisions for the preparation of bills, in the light of orders issued in this behalf from time to time. As the uptodate maintenance of such lists is of utmost importance for the sake of timely and correct realisation of Government dues, the Committee recommend that necessary instructions may be issued to ensure that uptodate lists are always maintained and the modifications required to be made in the light of the latest orders are carried out immediately on receipt of the orders.

1.11. The Committee also note that as a result of checks conducted by the Internal Check Organisation in regard to billing, cases relating to short billing, short recoveries and non-issue of bills detected during the years 1975-76 and 1976-77 were to the tune of Rs. 27.91 lakhs and Rs. 35.33 lakhs respectively. Since these figures are alarmingly large, the Committee would like to know the latest position about the realisation of these big amounts. As these checks are understood to be only test or percentage checks, the Committee would urge the Department to examine urgently the feasibility of strengthening such checks, keeping in view the degree of detection of short billing etc. The Committee have dealt with the role of the Internal Audit in the Telephone Department at greater length in para 1.66 of their 71st Report (Sixth Lok Sabha). The Committee would watch with keenness implementation of their recommendations in that report. So far as the malady of short-billing is concerned, the Committee in their earlier recommendation made in paragraph 1.65 of their 71st Report (Sixth Lok Sabha), had strongly stressed the need of conducting a thorough investigation into the working of the billing system with a view to clearly identifying reasons for individual cases of short recoveries and non-issue of bills thus bringing the defaulters to book if found to have done with a mala fide intention or for any pecuniary gain. The Committee would watch the implementation of this recommendation also with keenness.

**Poor performance of the plants and rectification of defects by the suppliers
(Paragraphs 5.45, 5.46 and 5.48—S. Nos. 33, 34 and 36).**

1.12. Commenting upon the poor performance of the No-break Power Plants and the indifference shown by the suppliers in rectification of the defects, the Committee had, in paragraphs 5.45, 5.46 and 5.48 of their 43rd Report, observed as follows:

“5.45. Under the acceptance of tender the firm was responsible to remedy at its cost and ‘at site’ in India, all defects arising from faults in materials, design or workmanship, as detected and notified upto twelve months after the plants were taken over. The Committee are greatly concerned to note that on commissioning most of the plants went out of order or had a high incidence of failure of the components. In June 1973, the Department sent as many as 50 reports to the firm about failure of components which had occurred during the period of warranty, requesting the firm for replacement of the faulty components. As the firm was not responsive to attend to the faults, the Department requested the Indian Embassy in the U.S.A. to use its good offices to persuade the firm to honour its commitments. On being contacted by the Embassy, the firm had in January 1974 asked the Department to return the defective components to it for evaluation of defects and assured despatch of replacements after they were manufactured. Defective components costing Rs. 321 thousands sent by the Department to the suppliers between July 1974 and November 1974 for repairs are yet to be returned and for such a situation the Department have themselves largely to blame.”

“5.46. In May 1974, the Director General, Posts and Telegraphs had also requested the firm to depute its engineers to India for assessing the position about the very unsatisfactory performance of the plants. The Committee have been informed that the Department have received a communication from the firm on this suggestion as well as about the replacement of the defective components, specifying certain conditions to be complied with by the Department. The Department is stated to have received another communication from the firm, wherein the firm have inter-linked the supplies of the replacement parts with the additional order for spare parts to cover future requirements. The Department have written back to the firm suggesting that both these supplies have to be considered separately. The firm has also been requested to supply the replacement parts imme-

diately so that the non-working power plants are rectified quickly. The Committee would like to be apprised of the progress made in the matter."

"5.48. According to the information furnished to the Committee on 23 May 1977, out of the 147 plants, 108 plants have so far been commissioned and 39 plants are yet to be commissioned. Out of the 108 commissioned plants, 84 plants are working satisfactorily and the remaining 24 plants have gone faulty. This reveal that due to the very poor performance of the firm, the very purpose of placing the order could be achieved only partially as the balance 39 plants could not be commissioned so far and some of their components have been utilised in repairing and working the plants in operation. The Committee desire that all out efforts should be made to get the replacement components at the earliest so that the remaining 39 plants valued at about Rs. 17-1/2 lakhs are commissioned without loss of further time."

1.13. Action Taken Notes dated 22 June 1978 on these paragraphs furnished by the Ministry of Communications (P&T Board) read as follows:

Paragraph 5.45

"The case is being pursued with the firm for supplying the replacements for the faulty components. The performance guarantee is still valid upto October 1978."

Paragraph 5.46

"The supplies against the order for additional spare parts have been since completed by the firm. These parts are being used for the regular maintenance of the working units. The replacement parts have not been received back as yet."

Paragraph 5.48

"The case is being pursued with the firm for supply of replacements for the faulty components. As at present, out of total of 147 power plants, 116 units have been commissioned out of which 95 are working satisfactorily. Efforts to revive balance faulty plants and instal the remaining units are in progress."

1.14. The Committee are perturbed to note that replacements for the defective components costing Rs. 3,21,000 sent by the Department to the

suppliers between July 1974 and November 1974 have not been received so far, even after a period of more than three years. This obviously proves beyond any doubt the indifference on the part of the suppliers to honour their commitment. The Committee would like to know the specific reasons responsible for this sad state of affairs and the efforts so far made by the Department to get these replacements urgently. The Committee need hardly emphasise upon the Department to make concerted efforts to get these replacements immediately as for want of them a number of costly plants are lying unused. The Committee are also greatly concerned to note that out of the 147 plants as many as 31 plants have not been commissioned so far and 31 other plants are not working satisfactorily. The Committee would like a thorough probe to be conducted to identify the reasons for such a large number of plants either remaining out of commission or working unsatisfactorily so as to remedy the situation at the earliest.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Committee are surprised that the P&T Department did not consider it necessary to obtain any deposit in advance from Government subscribers before providing any services to them. Obviously, after the receipt of the Audit paragraph, they appear to have realised the necessity of prescribing security deposits from Government subscribers, including Defence Organisations, also and orders to that effect were issued only on 15 January, 1976. These orders, however, make no mention about the circumstances under which a bill can become time-barred.

[Sl. No. 3, Para 1.16 of Appendix IV to 43rd Report of P.A.C. (6th Lok Sabha)]

Action Taken

As per the procedure then existing, no Security Deposit was prescribed for Government Subscribers till 15-1-76. However, with effect from that date orders were issued to treat Govt. Subscribers on par with Private Subscribers in the matter of recovery of the initial charges for the facilities to be provided. It may be submitted that there is no time limit after which the telephone bills become time barred. However for filing cases in the Court of Law, provisions of Limitation Act apply; the limitation period is 30 years.

This has been seen by Chief Auditor P. & T.

[Ministry of Communications (P. & T. Board) U.O. No. 27-9/77—B
Dated 3-4-1978]

Recommendation

The Committee deplore the inordinate delay in issuing bills to the Defence Department and also the tardy realisations against their demands. They would like that the outstanding bills should be settled without any further delay.

[Sl. No. 4, Para 1.17 of Appendix IV to 43rd report of P.A.C. (6th Lok Sabha)]

Action Taken

The P&T Claims has since been settled.

[Ministry of Communications (P&T Board) U.O. No. 27-9/77—B
Dated 22-6-1978]

Recommendation

The Committee are surprised that a bill for Rs. 1.38 lakhs being the difference in rent realised and rent actually due for November, 1967 to March 1974 which was issued to the Defence Department in April, 1974 for a cable laid at Jammu had not been paid till January, 1976. The Committee deplore the long delay of seven years in the realisation of the amount.

[Sl. No. 5, Para 1.21 of Appendix IV to 43rd Report of the PAC (6th Lok Sabha)]

Action Taken

The delay in the realisation of the amount is due to delay in revision of Rent and Guarantee for the cables provided for the Defence Department in November, 1967. The delay occurred mainly due to the non-release of completion report for the work, based on which the final R and G could be quoted. In order to obviate any possibility of failure to issue revised R and G terms, local instructions have been issued for a periodical review of the works Register to examine whether the cost of work has exceeded by more than 10 per cent and if so immediate action should be taken to obtain revised estimate and quote revised Rent and Guarantee terms.

This has been seen by the
Chief Auditor P&T.

[Ministry of Communications (P&T Board) U.O. No. 27-9/77—B
Dated 5-8-1978]

Recommendation

The Committee are unhappy that there has been inordinate delay in raising the debits against the Defence Department by the Telephone Districts at Jaipur, Madras and Bombay for the supply of 100 teleprinter machines, 30 auto-transmitters and 18 reperforating attachments during December 1971 and February 1972. Although the P and T Department has pursued the case regularly with the Army authorities for accepting

their rates, the case is yet to be settled. The Committee note that the machines were supplied under unusual circumstances to meet urgent defence requirements. There is, however, no justification whatsoever for non-payment or delayed payment of the costs. The Committee desire that the P & T Department should settle the matter with the Defence Department and expedite the finalisation of the case. Guidelines may also be laid down for the supply of machines and accessories to the user departments during Emergency and in normal time and the institutional procedure should be such as to make for timely recoveries.

[Sl. No. 6, Para 1.27 of Appendix IV to 43rd Report of PAC (6th Lok Sabha)]

Action Taken

After pursuing the case of recovery of charges for sale of 100 teleprinter machines, 30 auto transmitters and 18 reperfing attachments to Army, at a very high level, the Army have agreed for payment at our rates as per letter No. 73834/6/pc 16 MC/OS-178, dated 20-7-1977 from Army Headquarters, New Delhi. Necessary bills have also been Preferred by Bombay, Madras, Jaipur Telephone Districts on the Commandant Central Ordnance Depot, Agra for realisation of the cost of sale of above machines to Army. Persistent efforts are being made to recover necessary charges. However, COD Agra has returned the bill to Jaipur Distt. with some observations and for resubmission of the bill, which has also been done.

After a thorough examination, comprehensive guidelines have been laid down *vide* D.G.P.&T. letter No. 14-2/69-T-I (MMC) dt. 24-7-1977 (Annexure) for the supply of stores to the users departments during emergency and in normal times. In laying down these instructions, the interest of the Department for timely recovery of payments have also been suitably covered.

This has been seen by Chief Auditor
P & T Delhi.

[Ministry of Communications (P & T Board) U.O. No. 27-9/77—B
Dated 3-8-1978]

ANNEXURE

INDIAN POSTS AND TELEGRAPHS DEPARTMENT
OFFICE OF THE DIRECTOR GENERAL POSTS AND TELEGRAPHS
NEW DELHI-110001.

No. 14-2/59-T-I(MMC)

Dated.

To

All Heads of Telecom. Circles/
Telephone Districts.
General Manager, Telecom. Stores,
Calcutta.

SUB:—Sale of Telecom. Equipment to other Government Departments

Your kind attention is invited to this office letter of even number dated the 16th February, 1978, wherein it was desired that all cases relating to the sale of the above stores may be settled promptly. In the ordinary course and at normal times, the sale of the stores transactions have to be made under Rule 167 to 169 of I. A. C. Vol. II (PI), wherein the procedure for sale of stores to other departments have been codified. If these rules are followed scrupulously, there will not be any difficulty or abnormal delay in realising the charges of the sale from the users departments.

2. There may, however, be certain emergent cases wherein the user departments may ask for the supply of the store items immediately and without following the above procedure. In real emergent cases (to be decided in consultation with this office) for all store items, the following procedure may henceforth be followed:—

- (a) On receipt of requisition from the Army authorities or any other user Government Department, the General Manager Telecom. Stores, Calcutta will quote the sale prices and other charges payable by the Purchasing Department request them to accept the same within a period of 15 days. The purchasing Department will also be asked to give an undertaking that in the event of delay of more than one year from the date of issue of bill, they will also be liable to pay interest charges on the sale prices (including other departmental charges) at the rate of 10 per cent for the entire period beyond one year from the date of issue of the bill, in addition to the usual charges. On receipt of the acceptance of our rates and the above undertaking, the concerned Store Depots will be directed by the General Manager, Telecom. Stores, Calcutta to make over the stores and the other formalities completed thereafter.

- (b) The sale indent will be prepared and sent within a fortnight by the concerned store Depot. Subsequent to this, the sale bill will also be forwarded within 15 days from the issue of sale indent and the Chief Accounts Officer, Office of the General Manager, Telecom. Stores, Calcutta would further pursue realisation of the amount from the User/Purchasing Department. The overall responsibility of the realisation of the charges will vest with the General Manager, Telecom. Stores, Calcutta and all cases of abnormal delay of more than six months will also be reported to this office, for taking up with the user departments at the highest level. Henceforth, all sale of store items for emergent cases referred to above will be made through the departmental store depots. Detailed instructions in the matter to the various store depots following the above procedure may be further issued by the General Manager, Telecom. Stores, Calcutta under intimation to this office.

3. In exceptional cases where the units are required to make direct supply to the user departments under instructions from this office, they will show the transaction as of having "returned to stock" so that the concerned Store Depot can take further action as for the sales from a Store Depot. Before effecting the direct sales, as above, the concerned heads of Telecom. Circles/Telephone Districts will also complete the following other formalities:—

- (i) Obtain the sales rates of the stores in question from the Chief Accounts Officer, Office of the General Manager Telecom. Stores, Calcutta alongwith the other charges payable.
- (ii) Quote these rates to the concerned user Government Departments against their requisition for the stores.
- (iii) Obtain an acceptance from the user government department for the above rates, alongwith an undertaking that in the event of delay of more than one year from the date of issue of bill, they will also be liable to pay interest charges at the rate of 10 per cent for the entire period beyond one year from the date of issue of bills alongwith the other charges.

The above acceptance and undertaking will be subsequently forwarded to the Chief Accounts Officer, Office of the General Manager, Telecom. Stores, Calcutta for realisation of the charges, as per the procedure, already indicated above, for sales through Store Depot.

(S. P. Sovani)
Director (MMC)

Copy to:—

1. C. T. S., Bombay/Calcutta/Madras/Jabalpur/New Delhi.
2. Director (MMC), P & T Directorate.
3. A. D. G. (MT), P & T Directorate.

Recommendation

The Committee regret to note that although the claim for compensation for premature surrender of the facility together with the rental charges amounting to Rs. 195,911/- was preferred on 13-4-1971, it remained unrealised until 27-8-1976. The Committee fail to understand why when the claim was actually preferred by the Divisional Engineer Telephones, Gauhati upon the Assam Government on 13-4-1971, duplicates of the same were sent to Government of Assam after 3 years i.e. on 25-4-1974. This gives rise to doubts in the mind of the Committee that either the Claim preferred on 13-4-1971 had not been taken note of by the State Government or the bills had not actually been despatched at all. The whole matter needs to be thoroughly investigated. The Committee desire that departmental instructions may be issued to all heads of telephone Districts, impressing upon them the need to finalise such matters by taking initiative as necessary at higher levels and not remain content with mere routine correspondence.

[Sl. No. 11, Para 1.55 of Appendix IV to 43rd Report of the P.A.C. (6th Lok Sabha)]

Action Taken

The case has been investigated. The claim was actually preferred by the Divisional Engineer Wireless, Gauhati on 13-4-1971. Original papers have since been traced in the Secretariat of the State Government.

Suitable instructions have, since been issued on 13-2-1978 to all Units (ANNEXURE) to take systematic follow up action.

This has been seen by the Chief Auditor P & T.

[Ministry of Communications (P & T Board) U.O. No. 27-9/77—B
Dated 5-8-1978]

ANNEXURE

INDIAN POSTS AND TELEGRAPHS DEPARTMENT OFFICE OF THE DIRECTOR GENERAL OF POSTS & TELE- GRAPHS

No. 23-5/78-TR

Dated. 13/2/1978.

to

All Heads of Telecom. Circles.

All Heads of Telephone Distts.,

SUBJECT:—*Collection of outstanding bills of rental and compensation for telegraph/telephone and T. P. Circuits.*

In their 43rd Report (Sixth Lok Sabha), Public Accounts Committee have observed the following:—

“The Committee regret to note that although the claim for compensation for premature surrender of the facility together with the rental charges amounting to Rs. 1,95,911 was preferred on 13/4/71, it remained unrealised until 27/8/76. The Com-

mittee fail to understand why and when the claim was actually preferred by the D. E. Phones, Gauhati upon the Assam Govt. on 13/4/71, duplicate of the same were sent to the Government of Assam after 3 years i.e. on 25/4/74. This gives rise to doubts in the mind of the Committee that either the claim preferred on 13/4/71 had not been taken note of by the State Govt. or the bills had not actually been despatched at all. The whole matter needs to be thoroughly investigated. The Committee desire that departmental instructions may be issued to all Heads of Telephone Districts impressing upon them the need to finalise such matters by taking initiative as necessary at higher levels and not remain content with mere routine correspondence"

2. To avoid repetition of the irregularities of the nature pointed out by the Audit and the long delays it is necessary that all cases of pre-mature surrender of circuits, lines and wires, should be promptly attended to and claim for compensation thereof as due, should be made expeditiously. All out efforts should be made to recover the Government dues, through systematic follow up action after raising the claims.

3. You are also requested to ensure an urgent finalisation of all such cases as may be pending at your end or at any other level, so that those are settled as early as possible.

Sd/-

(MOHINDER PAL SINGH)
DEPUTY DIRECTOR GENERAL (TA)
TELEPHONE NO.380640

Recommendation

The Committee regret that there has been a failure on the part of the P & T Department to prefer claim in time of Rs. 25,000 being the compensation for cancellation of a project for opening a PCO* at Tikarapara Dam Site which was sanctioned in March, 1964 after the Government of Orissa guaranteed a revenue of Rs. 13,100 per annum therefrom Under the Departmental regulations, compensation has to be claimed within three months of the cancellation of the facilities. The P & T Department preferred the claim in October 1975, i.e. after a lapse of six years. The Ministry have conceded that "the bills were not issued in time due to oversight on the part of the Divisional Office." The Committee would like that individual responsibility for the lapse should be fixed and suitable action taken.

*Public Call Office

[Sl. No. 12, Para 1.61 of Appendix IV to 43rd report of P.A.C. (6th Lok Sabha)]

Action Taken

Responsibility for the lapse has been fixed and suitable punishment awarded to the delinquent officially the Circle.

[Ministry of Communications (P & T Board) U.O. No. 27-9/77—B
dated 22-6-1978]

The Ministry of Communications (P & T Department) Subsequently informed as follows through another action taken note sent vide their U.O. No. 21/9/77—B-Pt. dated 7 November, 1978:—

“Responsibility for the lapse has been fixed and the concerned official awarded “Censure” by the Circle.

This has been seen by Chief Auditor P & T”

Recommendation

The Committee note that a register has since been introduced to keep a watch over the progress of work from the date the firm demand is received till the date the bills are issued and instructions to this effect have been issued to all Heads of Circles/Telephone Districts. The Committee would like the Department to keep a watch that the instructions are in fact scrupulously observed to obviate recurrence of such instances.

[Sl. No. 13, Para 1.62 of Appendix IV to 43rd Report of PAC
(6th Lok Sabha)]

Action Taken

Instructions are there that proper maintenance of Register should be checked by Accounts Officer (Internal Check) and in the Office itself by the Internal Check Group.

[Ministry of Communications (P&T Board) U.O. No. 27-9/77-B
Dated 22-6-1978]

Recommendation

From the foregoing paragraphs, the Committee have come to the inescapable conclusion that the mechanism available with the P&T Department for the realisation of the departmental dues has been ineffective and inadequate. Non-recovery or delayed recovery of rentals has become a regular feature in that Department, as is evident from the instances cited by the Committee in their previous reports. Instructions issued by the Department from time to time have been observed more in the breach than in the observance. The Committee in their 145th Report (5th Lok Sabha) have

regretted the absence of a foolproof system for keeping a watch over the recovery of rent and compensation. They had desired a detailed note from the Ministry about the impact of the measures which the Department had promised to adopt for avoiding delays in recoveries. From the reply of the Government to this recommendation contained in their 189th Report (5th Lok Sabha), the Committee note that "The system of checks has also been strengthened with effect from August, 1974". The Committee have further been informed by the Ministry in a written note dated 15-3-77 that the Internal Check Organisation has since been extended to all the Telecom. Circles and Telephone Districts. Internal Check has also been extended to cover the P&T Dispensaries. As a result of the inspections conducted by the Internal Check Organisation, the P&T Department have detected cases of short billing (Rs. 14.52 lakhs) short recoveries (Rs. 2.31 lakhs), non-billing Rs. 11.08 lakhs). A case of excess payment to the extent of Rs. 17.26 lakhs to Overseas Communications Services in settlement Account was also detected during the year 1975-76.

[Sl. No. 15, Para 1.64 of Appendix IV to 43rd Report of PAC
(6th Lok Sabha)]

Action Taken

No comments are offered being factual.

[Ministry of Communications (P&T Board) U.O. No. 27-9/77-B
Dated 22-6-1978]

Recommendation

While the Committee appreciate the steps taken by the Internal Check Organisation to detect cases of short billing, non-billing etc., they would like that a vigilant watch should be exercised and all cases of lapses should be fully investigated so as to fix and enforce responsibility and accountability to safeguard public revenue.

[Sl. No. 16, Para 1.65 of Appendix IV to 43rd Report of the PAC
(6th Lok Sabha)]

Action Taken

Necessary instructions have been issued in the matter.

[Ministry of Communications (P&T Board) U.O. No. 27-9/77-B
Dated 22-6-1978]

Recommendation

The Committee note that in case of a demand for any service for which annual rent is chargeable at a fixed percentage of capital cost of work, an estimate for the work is prepared by the Department of P&T taking into

account ground cost of equipment, stores and of foreseeable expenses and the annual rent is calculated at a prescribed percentage of 115 per cent of the estimated cost. Based on this formula the annual rent of a 1000 line private automatic exchange to be installed at an estimated cost of Rs. 3.70 lakhs in the Tajmahal Hotel, Bombay was fixed at Rs. 0.81 lakh.

[Sl. No. 17, Para 2.14 of Appendix IV to 43rd Report of PAC (6th Lok Sabha)]

Action Taken

These are only factual details.

This has been seen by Chief Auditor (P&T).

[Ministry of Communications (P&T Board) U.O. No. 27-9/77-B
Dated 11-5-1978]

Recommendation

The Committee are surprised that though on commissioning of the exchange in January, 1972 the actual expenditure booked upto March, 1972 in the accounts against this work was already 89 per cent high (Rs. 7.01 lakhs) no action was taken to revise the rent and intimate the same to the Hotel. It was only in June, 1973 that the Hotel was informed that the revised rent on the basis of cost of work was Rs. 2.10 lakhs per annum. The plea of the Ministry for not intimating the revised rent to the Hotel in March 1972 to the effect that some more expenditure on account of cost of cables and escalation charges on Indian Telephone Industry's material used was anticipated, is somewhat strange as this expenditure was foreseeable and could have been easily taken into account at that time. The Hotel should have at least been intimated of the impending revision of the rent and given a fair idea of it.

[Sl. No. 18, para 2.15 of Appendix IV to 43rd Report of PAC
(6th Lok Sabha)]

Action Taken

Noted. In future, action will be taken to intimate revised rent as soon as possible.

This has been seen by Chief Auditor (P&T).

[Ministry of Communications (P&T Board) U.O. No. 27-9/77-B
Dated 11-5-1978]

Recommendation

The Committee note that there has been inordinate delay in effecting the recovery of the rent in installation of the exchange due to the under-estimation of the annual rent and subsequently due to faulty calculations of the rental charges. It is regrettable that the bills for arrears of rental to the extent of Rs. 2,43,691 covering the period from 23-1-1972 to 31-5-1977 was issued by the Department of P&T as late as 16 December 1976 which was paid by the party on 13-4-1977.

[Sl. No. 21, of Para 2.18 of Appendix IV to 43rd Report of P.A.C. (6th Lok Sabha)]

Action Taken

Bills covering arrears of rental consequent on revision was initially sent to the party on 7-12-1973. On their representation, the case was reviewed and revised bill sent on 12-9-75. The party made "on Account" payment of Rs. 1.70 lakhs and held back payment of the balance pending disposal of their representation to the Minister. The decision on the representation was communicated to the party on 1-12-1976. Thereafter, the matter was pursued with the party and the disputed amount in rental upto 31-5-77 settled on 13-4-1977.

This has been seen by Chief Auditor P&T.

[Ministry of Communications (P&T Board) U.O. No. 27-9/77-B
Dated 11-5-1978]

The Ministry of Communications (P&T Department) subsequently informed as follows through another action taken note sent *vide* their U.O. No. 27-9/77-B, Pt, dated 7 November, 1978:—

"Responsibility for the lapse has been fixed and the concerned official awarded Censure by the Circle.

This has been seen by Chief Auditor P&T."

Recommendation

The Committee note that the trunk call rates of 60 paise in respect or radial distances exceeding 20 kilometres and 30 paise for radial distance upto 20 kilometres, then prevailing in the country, were not extended and made applicable to the five telephone Exchanges in Goa after they were taken over by the Posts and Telegraphs Department in December, 1961, on liberation of Goa. Instead, it was decided in February, 1962 to retain the old flat rate of 50 paise for a trunk call of 3 minutes duration between all the exchanges in Goa as were being charged by the Portuguese adminis-

tration before liberation. This uniform rate continued to be charged even after 12 more exchanges were opened in Goa upto March, 1974. At the time of taking a decision the period upto which the flat rate was to remain in force in Goa was not specified. According to the Ministry of Communications, the flat rate was retained in Goa as no loss was expected to the Department, but on the other hand it had the advantage of simplification in the matter of pricing and of accounting procedures, besides maintaining the prevalent conditions undisturbed in Goa.

The Committee see no reason why the financial implications of the retention of flat rate in Goa telephone exchanges were not worked out when based on detailed calculations, the trunk tariffs were revised for the rest of the country in October, 1962, January, 1966 and May, 1974. Though there was an additional revenue of Rs. 1.58 lakhs upto 15 January 1966 on account of the retention of the flat rate of 50 paise, the Posts and Telegraphs Department had to under-go a loss of Rs. 3.32 lakhs during the period between 16 January 1966 and April, 1974 owing to the non-introduction of All India Trunk Call rates in Goa. The Committee would like the Department to take suitable measures to obviate recurrence of such instances.

[Sl. Nos. 22 and 23 (Paragraphs 3.15 and 3.16) of Appendix IV to 43rd Report of PAC (6th Lok Sabha)]

Action Taken

Instructions have been issued to all the Heads of Circles|Districts to ensure that the trunk call rates prescribed in the Indian Telegraph Rules are followed without exception. The Heads of Circles|Districts have also been asked to confirm that there are now no pockets anywhere in India with a rate structure different from the All India Pattern of trunk call rates.

[Ministry of Communications (P & T Board U.O. No. 27—9/77-B dated 22-6-1978)]

Recommendation

The Committee note that a project estimate for Rs. 1.50 lakhs was sanctioned by the Director General, Posts and Telegraphs, in December, 1962 for installation of the 8-channel carrier system between Kota and Agra to meet the increasing demand of trunk traffic from the fast developing industrial term of Kota. Installation of the equipment, already received in March, 1964, was held up for want of accommodation at Hindaun for

repeater station and due to delay in re-transposition of wires between Kota and Agra. The re-transposition work, though planned in 1960 could not be commenced till November 1966 due to the fact that it took five to six years in receiving the line stores. The Ministry have submitted that as a result of the decision taken in 1958 to re-transpose a number of non-C-8 lines in the country to render them suitable for 8—channel carrier working, the limited quantity of stores available at that time fell short of the large-scale requirements for meeting the needs all over the country.

[Sl. No. 24, Para 4.17 of Appendix IV to 43rd Report of P.A.C. (6th Lok Sabha)].

Action Taken

It is a fact that there were a very large number of non-C-8 lines which had been erected before the advent of carrier technology. C-8 lines were erected only after the P & T went in for multi-channel carrier working. The decision taken in 1960 affected most of the non-C-8 lines and it is a fact that material resources did not permit modification of all the non-C-8 lines at one stroke. The modification is being carried out progressively and a number of lines have since been modified for multi-channel carrier working.

[Ministry of Communications (P & T Board) U.O. No. 27—
9/77-B dated 22-6-1978]

Recommendation

The Committee are distressed to note that though the work of re-transposition of wires was commenced in November, 1966, there is no record available in the Ministry of Communications to indicate as to whether or not the probable commencement and completion dates of the re-transposition work in the Agra-Kota Section were considered before the carrier equipment, received in March, 1964, was transferred in March 1966 to be utilised for installation of 8-channel system between Jabalpur and Bhopal. The re-transposition work of wires was completed in December 1967 and tested after 8 months in August, 1968. Although it had already been decided in September 1967 to divert the equipment for the 8-channel carrier system for Jaipur-Jodhpur route to Kota-Agra route, it was only in January, 1969 that the equipment for the Kota-Agra route was received. The Committee feel that had timely action been taken to transfer the equipment in 1967 as scheduled, the 8-channel carrier system for Kota-Agra route would have been commissioned in early 1968. The Committee are led to the inescapable conclusion that the delay in commissioning the system was as much due to procedural defects

as the failure on the part of those responsible for its execution. The Committee would like that conclusive and effective steps are taken to see that such delays do not recur.

[Sl. No. 25, Para 4.18 of Appendix IV to 43rd Report of PAC (6th Lok Sabha)]

Action Taken

Regional Trunk Planning Committees have since been established in the four Zones with a view to ensure better Coordination of line works and Career. This has improved matters considerably. Even so, necessary instructions to all the Heads of Telecommunications, Circles have been issued for proper coordination of line works and carrier to obviate cases of type commented on by the PAC.

[Ministry of Communications (P & T Board) U.O. No. 27—9/77—B dated 22-6-1978)]

Recommendation

The placement by the Posts and Telegraphs Department of an order to the tune of 763 thousands U.S. Dollars (about Rs. 5.728 thousands) on M/s. Teledyne INET, a foreign firm for the supply of 147 “no-break power plants” and spares has revealed certain disconcerting features.

[Sl. No. 29, Para 5.41 of Appendix IV to 43rd Report of the PAC (6th Lok Sabha).]

Action Taken

Noted.

[Ministry of Communications (P & T Board) U.O. No. 27—9/77—B Dated 22-6-1978.]

Recommendation

The no-break power plants are meant for providing uninterrupted power supply to the co-axial cable system in the event of power failure. In response to global tenders, floated by the P & T Department, 19 offers were received in June, 1970. The lowest offer was from the aforesaid firm in the United States of America. Since the P & T Deptt., did not have any experience or dealings with this firm, they wrote in June 1970 to the India Supply Mission, Washington to ascertain information about the standing, past performance and capacity of the firm. Without waiting for the requisite information called for from the India Supply Mission, an advance order was placed in August 1970 on the recommendations of the Tender Evaluation Committee which was set up to evaluate the offers. The Evaluation Committee do not appear to have been apprised specifically

of the reference made to the Supply Mission, even though one of its Members himself had addressed the communication to I.S.M., Washington.

[Sl. No. 30, Para 5.42 Appendix IV to 43rd Report of the P.A.C. (6th Lok Sabha).]

Action Taken

Noted.

[Ministry of Communications (P & T Board) U.O. No. 27—9/77—B
Dated 22-6-1978.]

Recommendation

The Committee are not satisfied with the plea advanced by the Deptt. that the supply order was placed consequent on receipt of detailed information from the firm itself *inter alia* indicating that they had been the supplier to the American Defence establishments and other areas all over the world. It is evident that the Department relied on the information furnished by the foreign firm with which they had no prior dealings, without making independent enquiries on their own or through the India Supply Mission, Washington to check the veracity of this information. The Committee consider that the Department should have fully satisfied themselves about the capabilities, past performance and capacity of the foreign firm, more so when the supply order was of a very high value. That this was not done confirms misgivings in the mind of the Committee that the order was rushed through without obtaining detailed factual information about the capability, reliability and standing of the firm for undertaking the work order. The Committee deprecate this lapse on the part of the Department.

[Sl. No. 31, Para 5.43 of Appendix IV to 43rd Report of PAC (6th Lok Sabha).]

Action Taken

Noted.

[Ministry of Communications (P & T Board) U.O. No. 27—9/77—B
Dated 22-6-1978.]

Recommendation

The Committee note that in August 1972 an order was placed by the Director General Supplies and Disposals on M/s. Jessop & Co. Ltd., Calcutta for the supply of a high speed hydraulic cold sawing machine at a cost of Rs. 1.26 lakhs in connection with the production of microwave

towers. The machine was received in November, 1972 in the telecommunication factory at Jabalpur with some damaged parts. After repair to the damaged parts, the machine was commissioned in May 1973. Though, according to the terms of the supply order, payment to the extent of 95 per cent of the cost of machine and spares (Rs. 1.13 lakhs) was made to the suppliers in March 1973 against proof of despatch after inspection in September, 1972, the machine due to one defect or the other could not be put to proper use till September, 1975 except that it worked for a period of about 1½ months in May and June 1973 and for a short spell of 69 hours in October 1974. What has distressed the Committee is the fact that payment was made to the firm without even putting the machine to trial for a reasonable period, particularly when it had been received with damaged parts. The machine, even after final repairs in September, 1976, had to work at lower speeds as good blades had not been supplied by the firm which, as Audit have pointed out, "would have enabled trying on the machine for working at higher speed as incorporated in the specification". The Committee would like to know whether the good quality blades have since been received from the firm.

[Sl. No. 41, Para 6.17 of Appendix IV to 43rd Report (1974-75) of the
PAC (6th Lok Sabha)]

Action Taken

The contract finalised by the DGS&D provided for 95 per cent payment after inspection and proof of despatch. No provision is made for a trial run and reliance is generally placed on the warranty clause. It may be mentioned for the kind information of the Committee that good quality blades have since been received.

[Ministry of Communications (P & T Board) U.O. No. 27—9/77—B
Dated 22-6-1978]

Recommendation

It appears to the Committee that the machine remained practically unused from July 1973 to August, 1975 except for a few days (69 hours) in October, 1974. In a written note furnished to the Committee, the Ministry stated that the firm could not demonstrate proper functioning of the machine due to want of blades during July, 1973 and the Manager, Telecom. Factory, Jabalpur tried to purchase the blades from other sources and was able to procure it in May, 1974. The fact, however remains that the machine was not re-commissioned for a considerable length of time.

The plea of the Ministry of Communications that the production of microwave towers did not suffer as the cutting of angles was done by alternative means, viz., gas cutting, does not sound convincing. The fact cannot be gainsaid that the gas cutting process is not only a slow process but also needs another operation for shaping the edges true.

[Sl. No. 43, Para 6.19 of Appendix IV to 43rd Report of the PAC (6th Lok Sabha)]

Action Taken

The remarks of the Committee have been noted.

[Ministry of Communications (P & T Board) U.O. 27—9/77—B Dated 22-6-1978.]

Recommendation

At the same time the Committee would also like to emphasis that suitable steps should be taken by the P & T Department to ensure that adequate and proper steps are taken for supervision over the working and up-keep of costly machines and that only trained and dependable staff are allowed to handle them.

[Sl. No. 45, Para 6.21 of Appendix IV to 43rd Report of the PAC (6th Lok Sabha)]

Action Taken

Before operating new machines, it is verified that the staff are competent to handle these machines. However, this matter has been reviewed by the P & T Department and instructions have been issued to GMTF regarding action to be taken in future when new machines are purchased so that disputes of the type which have arisen in this case, are avoided.

[Ministry of Communications (P & T Board) U.O. No. 27—9/77—B Dated 22-6-1978.]

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLY

Recommendation

The facts of the case, as disclosed in the Audit paragraph, are very disquieting. First there was an abnormal delay of almost 8 years in sending rent bills to the Defence Department for the supply of two pairs of copper-weld wires in July 1966. When the rent bills aggregating Rs. 2.09 lakhs were sent to the Defence Department in April 1974, a sum of Rs. 0.27 lakhs only was paid by that Department till December 1975. It is surprising that the P & T Department acquiesced with the caveat furnished by the Defence Department that the claim for Rs. 0.50 lakh as rent for July 1966 to November 1967 was time-barred, the Defence Department had accepted the liability of paying only Rs. 1.32 lakhs which was eventually paid on 29-12-1975.

[Sl. No. 2, Para 1.15 of Appendix IV to 43rd Report of PAC (6th Lok Sabha)]

Action Taken

There is no time limit after which the telephone bills become time barred. The balance amount of Rs. 0.50 lakh has since been adjusted out of refund due to the Army Authorities on some other account.

[Ministry of Communications (P. & T. Board) U.O. No. 27—9/77—B
Dated 22-6-1978]

Recommendation

The Committee deplore the inordinate delay in settling the bill for rental in respect of underground cables supplied to the Defence Department by the P&T authorities. From the facts of the case, the Committee learn that the initial claim for Rs. 4.20 lakhs was issued on 21 June 1972. A supplementary bill was issued in May 1974 to cover the difference between the rent already claimed and the rent actually due up to March 1974. The Defence Department having disputed the basis of calculation, the matter remained under investigation till 15 December 1975 when the point of

view of the Defence Department was upheld. The bill for a reduced amount, viz. Rs. 8.70 lakhs instead of Rs. 16.45 lakhs originally claimed was paid on 28 August 1976. The Committee would like the responsibility for the delay in settling the Bill to be fixed. The rationale for the reduction of the rental may also be explained to the Committee. As instances regarding incorrect billing are on the increase, the Committee would like that comprehensive instructions are issued to all Telephone Divisions as to the procedure for checking and preparing bills so that instances of the type mentioned in the Audit para do not recur.

(Sl. No. 7, Para, 1.35 of Appendix IV to 43rd Report of the P.A.C.)

Action Taken

The delay in settlement of the bill was not due to any laxity on the part of the Division but as a result of raising piece-meal objections by the Army Authorities. When those objections were sorted out one by one over a period of time, the Army Authorities disputed the basis of calculations of the rent for the cables. They were of the view that fraction of the cable less than one km. had to be grouped up and charged accordingly instead of charging the rent after taking each cable as a separate cable and charging each fraction of the cable as one km. The initial calculations made by the P&T Department were on the basis of the practice that was then obtaining. However, the Army Authorities, took up the case with the P&T Directorate where the matter remained under examination till end of 1975. Final decision with the concurrence of the Finance was conveyed under Directorate Memo. No. 3-34/73-R dated 15.12.1975, (copy enclosed). It was decided that since each under-ground cable picked up on route had been led into under-ground Army PBX and led back after termination, the leading in and leading out lengths of each cable should be combined together irrespective of whether those lengths were laid in the same or different trenches and charged on the rates prescribed for external private wires. No charge was required to be levied for cables laid between MDF and Switch Board of the under-grouped PBX. Instructions have been issued to all concerned vide this —1fi7,(bfo8follokET as they form part of the exchange wiring. The revised rent was according calculated and, after check, was quoted to the Army Authorities. The entire payment of Rs. 8.7 lakhs was finally received from the Army Authorities on 27.8.76 (Annexure-I). Nevertheless, suitable instructions have been issued to all concerned vide this office letter No. 23-10/78-TR dated 26.5.78 (ANNEXURE-II)

[Ministry of Communications (P&T Board) U.O. No. 27.9/77-B Dated 22.6.1978]

ANNEXURE I

INDIAN POSTS AND TELEGRAPHS DEPARTMENT
OFFICE OF THE DIRECTOR GENERAL OF POSTS & TELEGRAPHS
PARLIAMENT STREET, NEW DELHI-110001.

COPY.

Dated the 15th December, 1975.

No. 3-34/73—R.

To

The G. M. Telecom.,
N.W. Circle,
Ambala-133001.

SUBJECT: *Provision of underground cables for installation of stand by military exchange.*

Ref : (i) DEP Jullundnur D.O. No. PG-3/Rep/125 dt. 28-11-74 addressed to ADG(R), P&T Directorate.

(ii) Army Headquarters letter No. 64959/67(a) dated 11-11-74 addressed to ADG(R), P&T Directorate.

The rental charges etc. quoted by D.E. Phones, Jullundur to Army Authorities for laying certain cables between Jullundur Cantonment Army PABX and the underground PABX at Jullundur have been examined in detail. It has been decided that the Army Authorities may be charged on the following basis :—

- (i) Since each underground cable picked up on route has been led into the underground army PBX and led back after termination, the leading in and leading out lengths of each cable may be combined together, irrespective of whether these lengths were laid in the same or different trenches and charged at the rates prescribed from time to time for external private wires. In addition rent for the existing PBX connections will continue to be charged at the usual rates.
- (ii) All the actual cable terminations of the leading in and leading out cables, wherever made, should be charged at the prescribed rate of Rs. 50/- per termination. According to D.E. Phones, Jullundur, total terminations are only 1200 (600 for cables led into underground Army PBX and 600 for cables led out therefrom).

- (iii) No charges are required to be levied for the cables laid between MDF and Switch Board of underground PBX as they form part of the exchange wiring.

This issues with the concurrence of Finance Advice vide U.O. No. 11407-FA 1/75 dated 6-12-1975.

P. C. GUPTA,
Assistant Director General (PHB)

ANNEXURE—II

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

No. 23-10/78-TR
Dated the, 26-5-1978.

To

All Heads of Telecom. Circles,
All Heads of Telephone Districts.

SUBJECT : *Incorrect billing for telephones, circuits and private telephone wires etc.*

In their 43rd report (6th Lok Sabha), the Public Accounts Committee have observed the following:—

“The Committee deplore the inordinate delay in settling the bills for rental in respect of underground cables supplied to the Defence Department by the P&T Authorities. From the fact of the case, the Committee learn that initial claim for Rs. 4.20 lakhs was issued on 21-6-1972. A supplementary bill was issued in May 1974 to cover the difference between the rental already claimed and the rental actually due upto March 1974. The Defence Department having disputed the basis of calculation, the matter remained under investigation till 15-12-1975 when the point of view of Defence Department was upheld. The bill for a reduced amount, viz., Rs. 8.70 lakhs instead of Rs. 16.45 lakhs originally claimed was paid on 28-8-1976. The Committee would like the responsibility for the delay in settling the bill to be fixed. The rationale for the reduction of the rental may also be explained to the Committee. As instance regarding incorrect billing are on the increase, the Committee would like that comprehensive instructions are issued to all telephone Divisions as to the procedure for checking and preparing bills so that instances of the type mentioned in the Audit Para do not recur.

2. To avoid complaints, the need for accurate and prompt billing with a view to collecting the Department's revenue as well as maintaining the goodwill of the subscribers cannot be over-emphasized. In this connection clarification about the rental to be charged for the provision of underground cables had been issued *vide* this office letter No. 3-34/73-R dated 15-12-1975 (copy enclosed for reference).

3. Attention is also invited to the instructions issued *vide* this office circular letter No. 2-46/73-TR dated 5-9-1973 regarding prompt issue of bills and circular letter No. 23-11/73-TR dated 31-5-1975 regarding maintenance of Register for watching progress of works relating to Circuits and other facilities provided on R&G basis. In order to obviate any possibility of failure to issue revised rent and guarantee terms, a periodical review of the Works Register should be made to examine whether the cost of work has exceeded by more than 10 per cent.

4. Suitable instructions may again be issued to all concerned that bills should be prepared correctly and with care. Cases, in which bills are found to have been prepared incorrectly, should be taken serious notice of and necessary action taken against the officials concerned.

Sd/-

JAGDISH PRAKASH

Director (TR) Tele: No. 380 861

Recommendation

The Committee note that the P&T Department have effected recovery of the short charges for the period from 20 September 1971 to 31-3-1976 which were due from the Air Force authorities. They also note that instructions have been issued to all Heads of Telecommunication Circles/Districts with a view to ensure that such irregularities are scrupulously guarded against and that a review should be made of all the facilities provided so far to detect omissions and to rectify them. The Committee, however, would like to know the results of investigations for short recoveries in this particular case.

[Sl. No. 10. Para 1.50 of Appendix IV—43rd report (Sixth Lok Sabha)]

Action Taken

Investigation made in this case has revealed that Rent and Guarantee charges were calculated at old rate as P&T Directorate letter No. 3-18/67-R dated 6-1-67 ordering revision of rates from 15 percentage to 18 percentage was not received in the Engineering Division concerned which was formed in 1971 out of another Division. The Telecom Circle con-

cerned is taking action to issue suitable instructions to safeguard against recurrence of such mistakes.

[Ministry of Communications (P&T Board) U.O. No. 27-9/77-B Dated 22-6-1978]

Recommendation

Further according to the departmental procedure, once the rental quoted has been duly accepted by the applicant such rental should be treated as final unless preparation of revised estimate is found necessary when actual expenditure exceeds by more than 10 per cent. of the estimated cost, in which case the final rental shall be based on the revised estimate plus 15 per cent. thereof. In the present case though the expenditure had exceeded the estimated cost by more than 10 per cent. in January 1972 no revision of the estimate was undertaken. This is more reprehensible. The Committee are perturbed to learn from the Ministry that the reasons for this are still being investigated although the exchange was commissioned as far back as in 1972. The Committee would like that the investigation should be concluded without further delay and responsibility for the lapse fixed.

[Sl. No. 19, Para 2.16 of Appendix IV of 43rd Report of P.A.C (6th Lok Sabha)]

Action Taken

In this case an accurate idea of the expenditure incurred (and to be incurred) was known finally in February 1973 and immediately action was taken to revise the rental. The party was advised in June 73.

Regarding responsibility for delay in revising the rent the delay was partly due to shortage of staff. Remedial measures have now been taken at the Circle level by issuing suitable procedural instructions and augmenting the organisation for quicker action.

This has been seen by Chief Auditor (P&T)

[Ministry of Communications (P&T Board) U.O. No. 27-9/77-B Dated 11-5-1978]

Recommendation

While calculating the annual rent, the percentage towards annual recurring expenditure applicable to a manual exchange, viz., 29 percentage was adopted instead of 19 per cent. as would be applicable for an automatic exchange. This resulted in an error of an additional Rs. 52,000- in the annual rent for the automatic exchange in the Hotel. The Committee

find that this error escaped the notice of the Accounts Branch despite their verification of the calculations. Moreover, the high rental of Rs. 2.10 lakhs was also due to the fact that this had been calculated on the actual expenditure and not on the revised estimate. In such case, the addition of 15 per cent. was not necessary. The Committee would like the Department of P&T to evolve some inbuilt mechanism to ensure that mistakes of this nature do not recur.

[Sl. No. 20, Para 2.17 of Appendix IV 43rd Report of P.A.C. (6th Lok Sabha)]

Action Taken

While the correct percentages were adopted at the time of preparation of the original estimate, percentages applicable to Manual Exchange were inadvertently applied to this automatic board and this some how escaped notice. The Internal Check Units have since been established and also augmented.

This has been seen by Chief Auditor P&T

[Ministry of Communication (P&T Board) U.O. No. 27-9/77-B Dated 11-5-1978]

Recommendation

It was pointed out to the Committee that it was not desirable to have mixed gauges of wires, viz. Copper and ACSR in a full re-peater section as between Agra and Kota and it was necessary that the entire pair should have been of copper or be replaced by ACSR completely. With a view to remedying the problems of thefts of wires the copper wires between Kota-Agra route were replaced by aluminium between June 1972 and October 1973 at a cost of Rs. 12.28 lakhs. The Committee are, however, unable to understand why the aluminium wires were not tried before closing the 8-channel carrier system of Kota-Agra route in December 1970, particularly when the whole question of using the ACSR wires was already under consideration at that time. The Committee are further distressed to note that though another set of carrier equipment was received by diversion from other works and installed in December 1972, it could be commissioned only in September 1974.

[Sl. No. 27, Para 4.20 of Appendix IV—43rd Report of PAC (6th Lok Sabha)]

Action Taken

Decision to use ACSR wire on trunk lines was taken by the Department in the beginning of 1972. The actual receipt of wire at the

site also needed some time. However, the work was carried out without any delay after the wire was received.

There were two reasons why the equipment installed in 1972 could not be commissioned upto September 1974. Since the copper wires being stolen, ACSR wires had to be erected and the work was completed and tested by March 1974. Rectification of faults had to be undertaken and then there two cyclones which damaged the lines. The system could thus be commissioned only in September 1974, after the lines were restored.

[Ministry of Communications (P&T Board) U.O. No. 27-9/77-B Dated 22-6-1978]

Recommendation

The Committee note that in 1962 a 3-channel carrier system was functioning between Kota and Agra and on an average out of 80 trunk calls booked daily between kota and Agra about 34 (43 per cent.) used to be ineffective. It is a matter of regret that even after commissioning the 8-channel carrier system in 1974 after a lag of 11 years, the percentage of effective calls between Kota and Agra has been far from satisfactory. From the random surveys carried out it is gathered that 84 per cent. of the calls booked on 9 October, 1974 and 100 per cent. calls booked on 2 April, 1975 could not be connected due to departmental reasons alone. It appears to the Committee that the Whole project was conceived and executed in a lackadaisical manner. The Committee would like that a thorough investigation should be conducted with a view to identify the reasons for the short-comings and to take concerted measures to remedy them. The Committee would like to be apprised of the action taken and the results achieved in this regard.

[Sl. No. 28, Para 4.21 of Appendix IV—43rd Report of P.A.C. (6th Lok Sabha)]

Action Taken

The traffic between Kota and Agra since installation of 8-channel carrier system has increased and the ineffective percentage has very much decreased, as would be clear from the figures given below:—

Date	Calls booked	Calls effective	Calls cancelled due to reasons Subscribers.	Departmental reasons	In effective percentage
1	2	3	4	5	6
2-1-75	70	38	16	16	23
2-7-75	42	24	6	12	28.5
9-10-75	68	46	10	12	17.6
7-1-76	95	67	14	14	14.7

In the light of above performance data over a period it is felt that the figures of 84 per cent and 100 per cent ineffective calls may not correctly represent the benefits of the project.

[Ministry of Communications (P&T Board) U.O. No. 27-9/77-B Dated 21/26-7-1978]

Recommendation

According to a clause in the acceptance of the tender, the firm was required to furnish a bank guarantee for the amount of each of its bills to safeguard the Department against any loss from the date of shipment to three months after the receipt of the consignment at the ports in India. The Committee are perturbed to note that this basic and vital safeguard was deleted by the Department on being informed by the suppliers that the banking laws and regulations of their country did not permit their banks to furnish such a guarantee. That this deletion was done even without verification by the Department of the correctness of the aforesaid contention of the suppliers and also without making any alternative provisions for safeguarding the interests of the Government is baffling. The Committee would like to have a specific explanation from the Department for giving up the safeguard.

[Sl. No. 32, Para, 5.44 of Appendix IV to 43rd Report of PAC (6th Lok Sabha)].

Action Taken

The provisions of this Bank Guarantee which shall be operative from the date of shipment to three months after the date of arrival of consignment at port in India is to safeguard that the actual despatches are according to the bill of lading till such time that the consignments are received and checked.

In the present case under review, the deletion of this clause has had no detrimental effect as the supplies made were appropriate in quantity as per the orders.

[Ministry of Communications (P&T Board) U.O. No. 27-9/77-B Dated 22/26-7-1978]

Subsequent action taken, note submitted by the Ministry of Communications (P&T Department) vide their U.O. No. 27-19/77-B Dated 9 November, 1978, reads as follows :—

'In the various purchase orders issued by P&T, a Clause is included requiring the contractors to furnish a security deposit/bank guarantee for

an amount equal to 5 per cent of the total value of the purchase orders. This bank guarantee is insisted upon in all the cases. In addition to the above bank guarantee, a second bank guarantee is also provided for in the Tender documents. This second bank guarantee is operative from the date of shipment upto a period of three months after the date of arrival of consignment at the port in India. This is to safeguard that the actual despatches are according to the bill of lading/airway bill.

The purchase orders stipulate that the deliveries are made by the contractors on FOB basis thereby passing the total risk of the consignments over to the purchaser. All the consignments are insured by P&T from the FOB point for covering the losses, damages etc. during the transit and up to the ultimate destination. Thus the provision of second bank guarantee is not considered that vital as other safeguards like bank guarantee/ security deposit and the insurance etc. are provided for in the purchase orders. Deletion of the Clause for 2nd B/G is therefore generally agreed to whenever specified requests from the various firms are received. In the present case also, this Clause was deleted on the specific request of the firm. It may, also be stated that deletion of this Clause has had no detrimental effect as the supplies made were appropriate in quantity as per the order. The first Bank guarantee given by the firm is still valid with the P&T Department.

This has been seen by Chief Auditor P&T.

Recommendation

The Committee view with concern the lack of serious approach on the part of P&T Department even in the matter of prescribing security deposit which was fixed as only 5 per cent of the value of the order viz. US dollar 38,187 even when the Department had no direct knowledge of the competence and reliability of the firm. What is more surprising to the Committee is the fact that despite the continuing poor performance of the firm, the Department have subsequently agreed to reduce the bank guarantee amount to the value of the remaining 72 plants, yet to be commissioned then. The Committee also note that the revised bank guarantee is valid upto October, 1977 with provision for lodging the claims upto October, 1978.

[Sl. No. 35 Para 5.47 of Appendix V to 43rd Report of PAC (6th Lok Sabha)]

Action Taken

Case was taken up with the firm for extending the validity of the Bank Guarantee. The firm has extended the validity upto October, 1978 with the provision for lodging the claims upto October, 1979.

[Ministry of Communications (P&T Board) U.O. No. 27-9/77-B Dated 22-6-1978]

Recommendation

The Committee have not been informed about the quantum of loss sustained as a result of the non-activation or partial activation of the no-break power plants. The Department should work out the figures of such losses and furnish the same to the Committee within six months.

[Sl. No. 37, Para 5.49 of Appendix IV to 43rd Report of P.A.C. (6th Lok Sabha)]

Action Taken

Since the battery standby takes over the load immediately cubical supply fails, the department did not suffer any loss of revenue.

[Ministry of Communications (P&T Board) U.O. No. 27-9/77-B Dated 22-6-1978]

Recommendation

The Committee find that though a warranty clause was incorporated in the contract for the machinery and was valid for a period of 15 months from the date of putting in service at consignee's end, the DGS&D failed in its efforts to prevail upon the firm to get the machine properly rectified within the warranty period. The result was that not only the machine remained out of order for long intervals but an additional expenditure of Rs. 5,150 had to be incurred for purchase of the required components from the market. The Committee would like to know the basis on which the order was placed on the firm by the DGS&D and especially whether the antecedents and the performance of this firm in the matter of supplying sophisticated instruments for the telecommunication factory were at all investigated. The Committee would like the DGS&D to take a particular note of the poor service facilities offered by this firm before any contractual obligations are entered upon with them.

[Sl. No. 44, Para 6.20 of Appendix IV to 43rd Report of the P.A.C. (1974-75) (6th Lok Sabha)]

Action Taken

The DGS&D have informed us that the firm M/s. Jessop and Co. is in the public sector and is registered with DGS&D for the type of stores under consideration and its capacity and capability are duly verified by the DGS&D Inspection Wing.

[Ministry of Communications (P&T Board) U.O. No. 27-9/77-B Dated
22-6-1978]

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation

The Committee are surprised that the Ministry in their communication, instead of replying to the points raised by the Committee, have stated that the Bill for Rs. 7,72,936 is not recoverable from the Army Authorities in as much as the cable was not laid for exclusive use of the Army. The Committee regret this laconic reply of the Ministry and they fail to understand why the correct position was not explained to the Audit in proper time. The Committee cannot too strongly emphasise the need for prompt examination of the Audit objections. In the present case, the Committee note that rent for underground cable laid from Railway Station to Carrier Station is chargeable from Army Authorities. The amount in question and the present position of the recovery of the same from the Army Authorities has not been intimated. The Committee would like to be informed about the reasons for the abnormal delay for the realisation of the rental in question, and the present position of recovery.

[Sl. No. 1 (Para 1.4 of Appendix IV to 43rd Report of the PAC)
(6th Lok Sabha)]

Action Taken

A 14/40 underground cable from the Railway Station to Carrier Station was laid in the year 1971. The rent and guarantee terms were quoted to the Army authorities on 2-4-71. The Army Authority, however, desired that rent and guarantee terms for the cable should be quoted along with the R&G terms of the 400 lines PABX local cables for giving external extensions. Accordingly, the R&G terms for these two items were quoted on 7-10-1972 by the D.E.T. Jullundur. In the following month, Army authorities raised some doubt that perhaps they were already paying for the U/G Cable. The D.E.T. Jullundur cleared the position on 4-11-72 and reminded them for payment on 13-3-73. In September 1973, there was reorganisation of Divisions and the work was transferred to D.E.T. Amritsar. D.E.T. Amritsar reminded the army authorities on 29-8-74 and 9-7-75. The army authorities replied in July 1975 that rent for local cables was not chargeable. This was still under consideration when the audit note was

received by the D.E.T. Amritsar on 23-12-75. D.E.T. Amritsar intimated the audit that rent for the local cable was not chargeable. Bill only for the U/G cable was chargeable and the same was sent to the army authorities on 11-10-76 claiming rental from 29-1-71, the date on which the PABX was installed. On subsequent verification, it was found that the date of completion of work was 30-6-71. As such, revised bill was sent to army authorities on 16th June 1978 claiming the rental from 30-6-71 instead of 29-1-71. They desired that the bill should be split in two parts; one upto 31-3-74 and other for the period beyond that. The two bills have since been sent to them.

30-6-71 to 31-3-74	for Rs.	15,075.80
1-4-74 to 31-3-78	for Rs.	19,872.00
TOTAL	Rs.	34,947.80

They have since given their acceptance for the 2nd bill and have applied for funds for payment. As regards the first bill, they have desired that that should be settled as the other bills upto that period for which discussions are going on between the P&T and Defence authorities. Since R&G bills are not covered under the discussions referred to above, the army authorities are being asked to settle that bill also.

It is felt that Divisional/Circle Administrations have not acted with the promptness that should normally have been expected. This has been taken serious note of and the Head of the Circle has been addressed on the point.

[Ministry of Communications (P&T Board) U.O. No. 27-9/77-B Dated 27-7-1978]

Recommendation

The Committee regret to observe that cases of short billing continue to occur despite instructions laid down in this regard. They also note that one case regarding Ludhiana Division and five cases regarding Jamnagar Division have yet to be settled. The Committee would like that recovery of bills in respect of these cases should be effected at an early date. The Committee would also like to be informed about the reasons for short billing in these cases.

[Si. No. 8, Para 1.43 of Appendix IV to 43rd Report of PAC (6th Lok Sabha)].

Action Taken

(i) In one case of Ludhiana Division the short billing was due to calculation of rent and guarantee at the old rate of 16 per cent of the Capital Cost instead of the revised rate (18 per cent). The payment of the bill amounting to Rs. 14207 is still awaited from the Air Force Authorities.

(ii) Out of 5 cases of Jamnagar Division, 4 cases were initially charged at 16 per cent of Capital Cost instead of 18 per cent. In one case (item No. 5) rental charges on flat being higher than the rental at Capital Cost, the same is being recovered on flat rate basis. Payment in all the five cases has since been received.

[Ministry of Communications (P&T Board) U.O. 27-9/77-B Dated 22-6-1978]

Recommendation

The Committee would like to be apprised in due course about the results of the checks conducted by the internal check parties in regard to the billing in other units.

[Sl. No. 9, Para 1.44 of Appendix IV to 43rd Report of PAC (6th Lok Sabha)]

Action Taken

The result of checks conducted by the Internal Check Organisation in regard to billing is detailed below:

	(Figure in lakhs of Rupees)	
	1975-76	1976-77
1. Short billing and short recoveries.	16.83	17.12
2. Non-issue of bills	11.08	18.21

[Ministry of Communications (P&T Board) U.O. No. 27-9/77-B dated 22-6-1978]

Recommendation

Under the acceptance of tender the firm was responsible to remedy at its cost and "at site" in India, all defects arising from faults in materials, design or workmanship, as detected and notified upto twelve months after the plants were taken over. The Committee are greatly concerned to note that on commissioning, most of the plants went out of order or had a high incidence of failure of the components. In June 1973, the Department sent

as many as 50 reports to the firm about failure of components which had occurred during the period of warranty, requesting the firm for replacement of the faulty components. As the firm was not responsive to attend to the faults, the Department requested the Indian Embassy in the U.S.A. to use its good offices to persuade the firm to honour its commitments. On being contacted by the Embassy, the firm had in January, 1974 asked the Department to return the defective components to it for evaluation of defects and assured despatch of replacements after they were manufactured. Defective components costing Rs. 321 thousands sent by the Department to the suppliers between July 1974 and November 1974 for repairs are yet to be returned and for such a situation the Department have themselves largely to blame.

[Sl. No. 33, Para 5.45 of Appendix IV to 43rd Report of the P.A.C. (6th Lok Sabha)]

Action Taken

The case is being pursued with the firm for supplying the replacements for the faulty components. The performance guarantee is still valid upto October 1978.

[Ministry of Communications (P&T Board) U.O. No.—27-9/77-B Dated 22-6-1978]

Recommendation

In May 1974, the Director General, Post and Telegraphs had also requested the firm to depute its engineers to India for assessing the position about the very unsatisfactory performance of the plants. The Committee have been informed that the Department have received a communication from the firm on this suggestion as well as about the replacement of the defective components, specifying certain conditions to be complied with by the Department. The Department is stated to have received another communication from the firm, wherein the firm have inter-linked the supplies of the replacement parts with the additional order for spare parts to cover future requirement. The Department have written back to the firm suggesting that both these supplies have to be considered separately. The firm has also been requested to supply the replacement parts immediately so that the non-working power plants are rectified quickly. The Committee would like to be apprised of the progress made in the matter.

[Sl. No. 34, Para 5.46 of Appendix IV to 43rd Report of PAC (6th Lok Sabha)]

Action Taken

The supplies against the order for additional spare parts have been since completed by the firm. These parts are being used for the regular main-

tenance of the working units. The replacement parts have not been received back as yet.

[Ministry of Communications (P&T Board) U.O. No. 27-9/77-B Dated 22-6-1978]

Recommendation

According to the information furnished to the Committee on 23 May 1977, out of the 147 plants, 108 plants have so far been commissioned and 39 plants are yet to be commissioned. Out of the 108 commissioned plants, 84 plants are working satisfactorily and the remaining 24 plants have gone faulty. This reveals that due to the very poor performance of the firm, the very purpose of placing the order would be achieved only partially as the balance 39 plants could not be commissioned so far and some of their components have been utilised in repairing and working the plants, in operation. The Committee desires that all out efforts should be made to get the replacement components at the earliest so that the remaining 39 plants valued at about Rs. 17½ lakhs are commissioned without loss of further time.

[SI. No. 36, Para 5.48 of Appendix IV to 43rd Report of the P.A.C. (6th Lok Sabha)]

Action Taken

The case is being pursued with the firm for supply of replacements for the faulty components. As at present, out of total 147 power plants, 116 units have been commissioned out of which 95 plants are working satisfactorily. Efforts to revive balance faulty plants and instal the remaining units are in progress.

[Ministry of Communications (P&T Board) U.O. No. 27-9/77-B Dated 27-6-1978]

CHAPTER—V

RECOMMENDATIONS/OBSERVATIONS TO WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

Recommendation

The Committee note that the bill for Rs. 25,000 has still to be settled with the State Government concerned. The Committee would like that this matter should be settled without any further delay.

[Sl. No. 14, Para 1.63 of Appendix IV to 43rd Report of the P.A.C. (6th Lok Sabha)]

Action Taken

Close liaison is being kept to realise the amount of the bill from the State Government.

[Ministry of Communications (P & T Board) U.O. No. 27-8/77-B dated 22-6-1978]

Recommendation

The Committee note that the 8-Channel Carrier System for Kota-Agra route, commissioned in February 1969, was handicapped due to the frequent thefts of copper wires from Hindaun-Agra section and as the gaps caused were restored by using iron wires due to non-availability of copper wires, the route became unsuitable for standard performance of the 8-Channel Carrier System. The Committee further note that despite several measures taken by the Department of Posts and Telegraphs to combat the menace of thefts, it continued unabated and as a result thereof the 8-Channel Carrier System between Kota and Agra was closed in December 1970, the carrier equipment being dismantled and transferred in September 1971 for Bhatinda-Abohar route. What has caused concern to the Committee is the fact that the menace of thefts of telecommunication wires has spread all over the country; it needs to be tackled effectively. The Committee have dealt with this aspect at length in their 122nd Report (Fifth Lok Sabha-April 1974).

[Sl. No. 26, Para 4.19 of Appendix IV to 43rd of the P.A.C. (6th Lok Sabha)]

Action Taken

Apart from progressive replacement of copper wires on the existing lines by copper weld or A.C.S.R. wire, the Telegraph wires (Unlawful possession) Act 1950 has been amended to provide for, in the absence of special and adequate reasons to be recorded in the judgement of the Court, a minimum of one year imprisonment or a fine not less than Rs. 1000/- or both in the first offence. The amended Act also provides for confiscation of stolen property and of the conveyance or vehicles used in such thefts. The matter has also been pursued vigorously with the Ministry of Home Affairs who have now proposed to place the matter before the Chief Ministers' Conference.

[Ministry of Communications (P & T Board) U.O. No. 27-9/77-13 dated 21/26-7-1978]

Recommendation

The Committee also note that with a view to keep the commissioned plants in working condition, the Department have placed an order in March 1975 on the same firm for additional components for Rs. 8,43,000. Till May, 1977, one consignment of these components of the value of US \$ 10,850 has been received and two more consignments valuing US \$ 35,852 and \$ 67,477 received in India, are under clearance in Bombay. The Committee would like to know the latest position about the receipt and utilisation of these components and performance of those which have since been put to use.

[Sl. No. 38, Para 5.50 of Appendix IV to 43rd Report of the P.A.C. (6th Lok Sabha)]

Action Taken

All the consignments for Teledyne Spare parts have been received except eight balance items. Four plants are being commissioned utilizing spares received. Performance of components will be known after commissioning of remaining power plants and reviving of faulty plants.

[Ministry of Communications (P & T Board) U.O. No. 27-9/77-B dated 22-6-1978]

Recommendation

The Committee would recommend that after the defective parts and components are received, the Department should proceed to take appropriate action against the firm of infringement of the terms of the contract. The Department should also fix responsibility on the officers concerned for failure to safeguard public interest while placing orders on this untried firm.

[Sl. No. 39, Para 5.51 of Appendix IV to 43rd Report of the P.A.C. (6th Lok Sabha)]

Action Taken

Appropriate action shall be taken after receipt of defective components and before finally closing the case.

Regarding fixing responsibility on the officers concerned, it is mentioned that the tender offers received were scrutinised by an expert Evaluation Committee which unanimously recommended acceptance of the tender offer of this firm which was lowest and technically acceptable offer. This recommendation was further examined and accepted by the department. The decision to place orders on this firm was therefore of the department and not of individual officers.

[Ministry of Communication (P & T Board) U.O. No. 29-8/77-B dated 22-6-1978]

Recommendation

The Committee desire that the entire mechanism of purchases from foreign suppliers should be subjected to a critical study with a view to plug the loopholes and revamp the purchase procedures. The Committee would like to have a report on this in due course.

[Sl. No. 40, Para 5.52 of Appendix IV to 43rd Report of P.A.C. (6th Lok Sabha)]

Action Taken

Noted, The report will be sent in due course.

[Ministry of Communications (P & T Board) U.O. No. 27-9/77-B dated 22-6-1978]

Recommendation

The Committee are perturbed to note that only after 1½ months of the commissioning of the machine in May, 1973 three teeth of the saw blades were broken and the hydraulic feed system started giving trouble which resulted in the faulty movement of the carriage. If the assertion of the Department of Posts & Telegraphs, that the blades were broken because of an inherent defect in the design of the machine and its hydraulic feed system, is accepted then the basic question arises why the representative of Director General, Supplies & Disposals who had inspected the machine in September, 1972 before its despatch, could not locate these defects.

[Sl. No. 42, Para 6.18 of Appendix IV to 43rd Report of P.A.C. (6th Lok Sabha)]

Action Taken

The question as to why the defects in the machine were not detected at the inspection stage, is under correspondence with DGS&D.

[Ministry of Communications (P & T Board) U.O. No. 27-9/77-B dated 22-6-1978]

NEW DELHI;

November 23, 1978

Agrahayana, 1900 (S)

P. V. NARASIMHA RAO,

Chairman,

Public Accounts Committee.

APPENDIX

CONCLUSIONS/RECOMMENDATIONS

Sl. No.	Para No. of the Report	Ministry/Department concerned	Conclusions/Recommendations
1	2	3	4
1	1.3	Ministry of communications (P & T Department)	The Committee hope that the final replies in regard to those recommendations to which only interim replies have so far been furnished will be submitted to them expeditiously after getting them vetted by Audit.
2	1.7	-Do-	The Committee strongly deprecate the lack of seriousness on the part of P&T authorities in preparation and realisation from the Defence authorities of bills for Rs. 34,947.80 in respect of rental for the underground cable for the period for 30.6.1971 to 31.3.1978. The Committee note that the question of settlement of dues was completely lost sight of by the Department for the period from 13.3.1973 to 29.8.1974. The Committee do not agree with the justification given by the Department for this delay that in September 1973 the work was transferred from D.E.T. Jullundur to D.E.T. Amritsar. The casual approach of the Department is further confirmed by the fact that even the fundamental date of completion of work was wrongly indicated as 29-11-1971 instead of 30-6-1971, in the bill submitted on 11 October 1976. The rectification of this mistake caused a delay of about 2 years as the revised bill, showing the correct date of completion of work, was submitted only on 16 June 1978. Subsequently, the same bill was re-

quired to be split for the periods from 30.6.1971 to 31.3.1974 and 1.4.1974 to 31.3.1978 both of which have yet to be recovered. The Committee would like the matter to be investigated with a view to fixing responsibility at various levels and taking remedial measures for obviating the chances of such recurrence in future. The Committee would also urge that concerted efforts should now be made to realise these outstanding bills expeditiously.

3 I.10 Ministry of Communications
(P & T Department)

The Committee regret to note that the short billing in one case of Ludhiana Division and 4 cases of Jamnagar Division was due to the same reason of calculation of rent and guarantee at the old rate of 16 per cent of the capital cost instead of the revised rate of 18 per cent. The Committee feel that prompt and desired attention is not paid for updating of the rate lists maintained in the Divisions for the preparation of bills, in the light of orders issued in this behalf from time to time. As the uptodate maintenance of such lists is of utmost importance for the sake of timely and correct realisation of Government dues, the Committee recommend that necessary instructions may be issued to ensure that uptodate lists are always maintained and the modifications required to be made in the light of the latest orders are carried out immediately on receipt of the orders.

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The Committee also note that as a result of checks conducted by the Internal Check Organisation in regard to billing, cases relating to short billing, short recoveries and non-issue of bills detected during the years 1975-76 and 1976-77 were to the tune of Rs. 27-91 lakhs and Rs. 35.33

lakhs respectively. Since these figures are alarmingly large, the Committee would like to know the latest position about the realisation of these big amounts. As these checks are understood to be only test or percentage checks, the Committee would urge the Department to examine urgently the feasibility of strengthening such checks, keeping in view the degree of detection of short billing etc. The Committee have dealt with the role of the Internal Audit in the Telephone Department at greater length in para 1.66 of their 71st Report (Sixth Lok Sabha). The Committee would watch with keenness implementation of their recommendations in that report. So far as the malady of short-billing is concerned, the Committee in their earlier recommendation made in paragraph 1.65 of their 71st Report (Sixth Lok Sabha), had strongly stressed the need of conducting a thorough investigation into the working of the billing system with a view to clearly identifying reasons for individual cases of short recoveries and non-issue of bills thus bringing the defaulters to book if found to have done with a *mala fide* intention or for any pecuniary gain. The Committee would watch the implementation of this recommendation also with keenness.

The Committee are perturbed to note that replacements for the defective components costing Rs. 3,21,000 sent by the Department to the suppliers between July, 1974 and November, 1974 have not been received so far, even after a period of more than three years. This obviously proves beyond any doubt the indifference on the part of the suppliers to honour their commitment. The Committee would like to know the specific reasons responsible for this sad state of affairs and the efforts so far made by the Department to get these replacements urgently. The Committee need hardly
