

TWENTY-SECOND REPORT
PUBLIC ACCOUNTS COMMITTEE
(1985-86)

(EIGHTH LOK SABHA)

OVERALL REVIEW OF SIXTH FIVE YEAR PLAN
IN RESPECT OF POSTS AND TELEGRAPHS
DEPARTMENT

MINISTRY OF COMMUNICATIONS



Presented in Lok Sabha on 19 December, 1985

Laid in Rajya Sabha on 19 December, 1985

LOK SABHA SECRETARIAT
NEW DELHI

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Final Report of the Public
Accounts Committee (8th Lok Sabha).

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- (i) 9 July, 1984
- (ii) 5 December, 1985
- (iii) 6 December, 1985

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

PUBLIC ACCOUNTS COMMITTEE
(1985-86)

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3. Shri R. C. Anand—*Senior Financial Committee Officer.*

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Twenty-Second Report of the Committee on Paragraphs 1 and 2 of the Report of Comptroller and Auditor General of India for the year 1982-83, Union Government (Posts and Telegraphs) relating to Posts and Telegraphs Department—overall review—Sixth Plan performance.

2. The Report of the Comptroller and Auditor General of India for the year 1982-83, Union Government (Posts and Telegraphs) was laid on the Table of the House on 23 March, 1984.

3. The Committee have found that an amount of Rs. 46.37 crores out of the plan allocation of Rs. 172 crores for the postal services remained unutilised at the end of the Sixth Five Year Plan. This amount could have been gainfully utilised for some priority purpose if the Ministry had made realistic assessment of their financial requirements. Noting that as many as 1,02,796 gram panchayat villages were without any post office, the Committee have suggested that special effort should be made to see that postal facilities become available to all gram panchayat villages. In the case of construction of postal buildings and staff quarters, the Committee have noticed that while the financial allocation was reduced by 24.21 per cent, the actual performance fell short by 67.63 per cent. The Committee are of the view that such failure should be considered serious enough to merit in depth enquiry to identify the causes of delay and take remedial action to avoid such lapses. The Committee have taken a grave view of the failure to achieve the objective as there is acute shortage of housing required for the postal staff.

4. In the case of local telephone systems, the Committee have expressed dissatisfaction with the explanation put forth by the Ministry that the targets could not be achieved due to inadequate and unbalanced supply of the equipments from the Public Sector Undertakings. The Committee are of the view that the Public Sector Enterprises have special responsibility and must see to it that they deliver punctually whatever they have ensured to produce and supply. So far as the long distance switching and transmission system is concerned, the shortfalls in the achievements during the plan period ranged from 50.18 per cent to 71.97 per cent of the targets. The Committee have particularly noted that the

target regarding microwave system was fixed when the equipment was at experimental and developmental stage. This led to delay in completing the schemes as the field trials indicated certain modifications before field use. The Committee have hoped that the Ministry will learn from the experience and lay down proper guidelines in this regard.

5. The Sixth Five Year Plan introduced electronic transit exchanges in the telex net work at 4 metropolitan cities with imported equipments. The Committee have noted that the commissioning of imported equipments in these cities was delayed due to various components not being received in time. In the Committee's view this might be due to the deficiency in planning. The Committee has desired the Government to ensure that we becomes self-reliant as speedily as possible and in the meantime satisfactory pre-planning is done so that an equipment which is to be imported arrives in the country in time.

6. The telephone system in the country is working in a most unsatisfactory manner. It is, therefore, of utmost importance that adequate funds are provided for over-hauling the system and updating its technology. The Committee has also felt it important that production, within the country, of new technology equipment needs to be speeded up and to this end new production units may be established.

7. The Public Accounts Committee examined these paragraphs at the sitting held on 9 July, 1984. The Committee considered and finalised this Report that their sittings held on 5 and 6 December, 1985. Minutes of the sittings form Part II of the Report.

8. A statement containing observations and recommendations of the Committee is appended to this Report (Appendix II). For facility of reference these have been printed in thick type in the body of the Report.

9. The Committee place on record their appreciation for the assistance rendered to them in the examination of these paragraphs by the Office of the Comptroller and Auditor General of India.

10. The Committee will also like to express their thanks to the Officers of the Ministry of Communications for the cooperation extended by them in giving information to the Committee.

NEW DELHI;
December 12, 1985

Agrahayana 21, 1907 (Saka)

E. AYYAPU REDDY,
Chairman
Public Accounts Committee.

REPORT

CHAPTER I

OVERALL REVIEW OF SIXTH FIVE YEAR PLAN IN RESPECT OF POSTS AND TELEGRAPHS DEPARTMENT

Audit Paragraph

Introductory

1.1 The Posts and Telegraphs (P&T) Department is responsible for planning, development, expansion, operation and maintenance of postal, telegraphs telephone and wireless services in the country. The Department is headed by the P & T Board which exercises the administrative and financial powers of the Ministry. It has two distinct services-Postal services and Telecommunication Services. The postal wing also functions as an agency for Savings Bank and other small savings schemes of the Government, Postal Life Insurance collection of customs duty on postal articles and disbursement of pension to Military and Railway pensioners and family pension to employees of industries, coal mines, etc. and issue of wireless licences. The Telecommunication Services include telephones, telegraphs, telex and wireless services.

Sixth Plan Performance

1.2 The capital outlay on the services and the important facilities available at the beginning of the Sixth Five Year Plan (1980-85) were as follows:—

Postal Services

| | |
|-----------------------------------------|----------|
| Gross Capital Outlay (Rs. in crores) | 104.79 |
| Total number of Post Offices | 1,36,999 |
| Extra Departmental Delivery Agency | 75,537 |
| Villages with postal Counter facilities | 91,677 |
| Number of letter boxes | 484,717 |

Telecommunication Services

| | |
|--------------------------------------|---------|
| Gross capital outlay (Rs. in crores) | 1927.41 |
| Local Telephone System | |
| Switching capacity (Lakh lines) | 23.36 |
| Direct Exchange Lines (Lakh lines) | 20.16 |

| | |
|-------------------------------------|--------|
| Underground cables (Lakh pair Kms.) | 117.48 |
| Long distance system | |
| TAX Capacity (Lines) | 40,800 |
| Coaxial Cables (route Kms.) | 16,641 |
| Microwave system (route Km.) | 16,545 |
| Open Wire Telegraph Offices | |
| Number of telegraph offices | 28,315 |
| Long Distance Public Call Offices | 13,830 |
| Telex exchange (Number) | 136 |
| Telex capacity (Lines) | |
| Local | 22,015 |
| Transit | — |
| Telex connections | 17,983 |

1.3 The physical and financial targets for the Sixth Plan and the actuals for the first three years are as follows:

Postal Services

| | As per Sixth Plan | Target for 1980-83 | Actual for 1980-83 | % of Sixth Plan Targets | % of targets for 1980-83 |
|----------------------------------------------|-------------------------|--------------------------|--------------------------|----------------------------------|-----------------------------------|
| Capital outlay (Rs. in crores) | 172.00 | 67.79 | 57.82 | 33.62 | 85.29 |
| New Post offices (Number) | 8000 | 4200 | 4490 | 56.13 | 106.90 |
| Appointment of EDAs (Number) | 10,000 | 6000 | 6494 | 64.94 | 108.23 |
| Villages with counter facilities (Number) | 10,000 | 6000 | 6603 | 66.03 | 110.05 |
| Number of letter boxes | 10,000 | 8000 | 11339 | 113.39 | 141.74 |
| Capital Outlay (Rs. in crores) | 2336.00 | 1282.31 | 1246.93 | 53.38 | 97.24 |
| <i>Local Telephone System</i> | | | | | |
| Switching capacity (Lakh lines) | 14.80 | 7.00 | 4.91 | 33.18 | 70.00 |
| Direct-Exchange Lines (Lakh lines) | 13.30 | 6.30 | 4.49 | 33.76 | 71.00 |
| Underground cables (Lakh pair Kms.) | 78.00 | 37.00 | 28.32 | 36.30 | 76.54 |
| <i>Long Distance System</i> | | | | | |
| TAX capacity (lines) | 94,770 | 36,570 | 14,220 | 15.00 | 39.97 |

| | | | | | |
|----------------------------------------|---------|--------|-------|-------|-------|
| Coaxial cables (Route Km.) | [12,000 | 4,808 | 1,900 | 15.83 | 39.52 |
| Microwave system (route Km.) | [16,000 | 9,423 | 2,641 | 16.50 | 28.02 |
| <i>Open lines telegraphs</i> | | | | | |
| Number of telegraph offices | [20,000 | 8,100 | 6,392 | 31.51 | 77.30 |
| Long distance PCOs (Number) | 20,000 | 8,100 | 5,507 | 27.53 | 67.98 |
| Telex Exchange (Number) | 100 | 76 | 34 | 34.00 | 44.73 |
| <i>Telex capacity (lines)</i> | | | | | |
| Local | 22,500 | 8,710 | 4,085 | 18.15 | 46.90 |
| Trunk | 13,000 | 10,800 | 3,000 | 23.07 | 27.77 |
| Telex connections (Number) | 18,300 | 5,000 | 3,513 | 19.19 | 70.26 |

1.4 While the performances of the Postal Services in the first three years of the Sixth Plan were either in line with the targets or exceeded them, in the case of Telecommunication Services, which constitute the main source of revenue, the progress of various capital works during the first three years of the plan ranged between 28 and 78 per cent approximately of the targets. However, the outlay was about 97 per cent. The trend of the performance so far indicates that the achievements for the Sixth Plan are likely to fall short of the targets. The major shortfall with reference to the physical targets are in:

Direct Exchange Lines

Underground cables

Long distance transmission system

Telex Exchanges

Telex connections.

1.5 Mention was made of certain factors of delay in Chapters IV and V of the Reports of the Comptroller and Auditor General of India for 1980-81 and 1981-82. Some of the important factors, which contributed to the delay as identified in the test check are:

- Equipment installed but cable not laid (Paragraph Nos. 20, 22, 25, 30 and 32).
- Delay on account of the non-receipt of the full complement of stores and equipment (Paragraph Nos. 27, 30 and 38).
- Demand not picking up resulting in mis-match between exchange capacity and the lines connected (Paragraph No. 25).

- Faulty equipment and diversion of equipment to other schemes (Paragraph No. 24).
- Air conditioning plant not working leading to non-utilisation of facilities (Paragraph No. 29).
- Faulty planning (Paragraph Nos. 28, 30, 31 and 32).

Some instances are discussed in detail in Chapters IV and V of this Report.

1.6 The delay in setting up telephone facilities with reference to the plan projections is also reflected in shortfall in realisation of telephone revenues compared to the budgetary expectations during the years 1979-80 to 1981-82, as will be evident from the following data:

| Year | Budget Estim - tes | Actuals Rs. in crores | Shortf ll |
|-------------------|--------------------------|-----------------------------|-----------|
| 1979-80 | 555.27 | 491.14 | 64.13 |
| 1980-81 | 586.50 | 540.11 | 46.39 |
| 1981-82 | 726.30 | 656.93 | 69.37 |
| 1982-83 | 792.60 | 803.68* | Nil |

*Due to revision of tariff with effect from 1 March, 1982.

Although total revenues fell short of budgetary expectations till 1981-82, the average annual revenues per telephone has been increasing over the years as shown below:

| Year | Number of direct exchange lines at the be- ginning (lakh s lines) | Total Revenues (Rs. in crores) | Averages Annual revenue per line |
|-------------------|----------------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------------|
| 1979-80 | 18.68 | 491.14 | 2629 |
| 1980-81 | 20.16 | 540.11 | 2679 |
| 1981-82 | 21.49 | 656.93 | 3057 |
| 1980-83 | 22.96 | 803.68 | 3500 |

The increase in average revenue per telephone per annum is partly on account of the upward revision in call unit charges and Trunk call charges from 1st July 1981 and upward revision of both rentals and call charges from 1st March 1982. While the subscriber is thus being called upon to bear the burden of increased tariff, the total number of telephone lines has been falling short of the targets every year, leading to increase in the number of applicants in the waiting list, as will be evident from the following data:

| Year | Number of persons in the waiting list at the end of the year |
|-------------------|--------------------------------------------------------------|
| 1980-81 | 4.43 lakh |
| 1981-82 | 5.94 lakh |
| 1982-83 | 6.48 lakh |

The data relating to the number of complaints per 100 telephone sets and the average duration of fault clearance as furnished by the Department is given below:

| Year | Number of complaints per 100 tele-phones | Average duration of fault clearance in hours per month |
|-------------------|------------------------------------------|--------------------------------------------------------|
| 1980-81 | 57.3 | 6.75 |
| 1981-82 | 51.4 | 10.50 |
| 1982-83 | 47.1 | 9.00 |

1.7 The following data about the budgetary trends will indicate that during the years 1980-81 to 1982-83, while the actual revenue from Posts and Telegraphs Department as a whole was less than the budget estimates, the working expenditure was always more than the budget estimates leading to reduction in overall surplus compared to the budget estimates.

| | 1980-81 | | 1981-82 | | 1982-83 | |
|-----------------------------------------|--------------------|--------|---------|---------|---------|---------|
| | Budget | Actual | Budget | Actual | Budget | Actual |
| | (Rupees in crores) | | | | | |
| Revenue | 963.30 | 910.01 | 1130.00 | 1070.60 | 1297.96 | 1290.26 |
| Net working expenditure | 743.08 | 821.12 | 873.07 | 953.30 | 995.07 | 1050.62 |
| Gross surplus before dividend | 220.22 | 88.89 | 256.93 | 117.30 | 302.89 | 239.64 |

There is no scientific system of detailed analysis of volume and rate variances of revenues and expenditure to identify the areas of efficiencies, inefficiencies, etc. which remain merged in the overall results of working.

[Paragraphs 1 and 2 of the Report of the Comptroller and Auditor General of India for the year 1982-83, Union Governments (Posts and Telegraphs)]

Postal Services

1.8 The afore mentioned Audit Para deals with the performance of the Postal Services and telecommunications during the first three years of the Sixth Five Year Plan. The table below gives the details regarding physical and financial targets for the Sixth Five Year Plan and the actuals for the first four years in respect of postal services:

| | As per Sixth Plan | Target for 1980-84 | Actuals for 1980-84 | %age of Sixth Plan target | %age of target for 1980-84 |
|-------------------------------------------|-------------------|--------------------|---------------------|---------------------------|----------------------------|
| Capital Outlay (Rs. in crores) | 172.00 | 103.79 | 89.63 | 52.11 | 86.35 |
| New Post Offices (Number) | 8,000 | 6,700 | 6,758 | 84.47 | 100.87 |
| Appointment of EDAs (No.) | 10,000 | 7,750 | 8,040 | 80.40 | 103.74 |
| Villages with counter facilities (No.) | 10,000 | 7,750 | 8,283 | 82.83 | 106.88 |
| Number of letter boxes | 10,000 | 8,875 | 12,267 | 122.67 | 138.21 |
| Construction of Postal Buildings (Number) | 840 | 590 | 447 | 53.21 | 75.76 |
| Construction of staff quarters (Number) | 13,285 | 4,900 | 3,177 | 23.92 | 64.84 |
| RMS Vans (Number) | 33 | 30 | .. | .. | .. |
| MMS Vehicles (Number) | 650 | 482 | 523 | 80.46 | 108.5 |

View Para 2 of the Report of the C&AG of India for the year 1983-84' Union Government (Posts and Telegraphs).

1.9 Year-wise details of targets and achievements for the Sixth Five Year Plan in respect of postal services were as follows :

| | Target for the Sixth Plan | Postal Services | | | | | | | | | |
|---------------------------------------------|---------------------------|-----------------|-------------|---------|-------------|---------|-------------|----------|-------------|-----------|-------------|
| | | 1980-81 | | 1981-82 | | 1982-83 | | 1983-84* | | 1984-85** | |
| | | Target | Achievement | Target | Achievement | Target | Achievement | Target | Achievement | Target | Achievement |
| Opening of Post Offices (Number) | 3,000 | 1,600 | 1,889 | 1,600 | 1,601 | 1,000 | 1,000 | 2,500 | 2,268 | 2,000 | 62 |
| Appointment of EOAs | 10,000 | 3,000 | 3,494 | 2,000 | 2,000 | 1,000 | 1,000 | 1,750 | 1,516 | 1,000 | .. |
| Installation of letter boxes (No.) | 10,000 | 6,000 | 9,326 | 1,000 | 1,013 | 1,000 | 1,000 | 875 | 928 | 600 | 595(d) |
| Provision of counter at village Post Office | 10,000 | 2,000 | 2,601 | 2,000 | 1,999 | 2,000 | 2,003 | 1,750 | 1,680 | 1,647 | 751(e) |
| Construction of Postal Buildings (No.) | 840 | 106 | 126 | 178 | 129 | 155 | 96 | 151 | 96 | 100 | 68 |
| | | | | | | | | | | | 207(1) |
| Construction of Staff Quarters (No.) | 13,285 | 700 | 508 | 1,200 | 1,019 | 1,200 | 943 | 1,800 | 707 | 2,200 | 800c |
| | | | | | | | | | | | 3483(1) |
| RMS Vans (Number) | 33 | Nil | Nil | 9 | Nil | 6 | Nil | 15 | Nil | 18 | 11(b)(c) |
| MMS Vehicles (Number) | 650 | 130 | 124 | 92 | 137 | 130 | 131 | 130 | 131 | 120 | 44 |

(a) In addition under construction as on 31-12-1984

(b) Additional three RMS Vans will be delivered by 31-3-85.

(c) Additional three RMS Vans will be delivered by 31-12-84.

(d) Likely achievements upto 31-1-85 will be 600.

(e) Likely achievements upto 31-3-85 will be 1200.

*Vide paragraph 2 of the Report of C&AG for the year 1983-84 Union Government (P&T).

**As per information furnished by the Ministry of Communications on 18-3-1985.

1.10 According to Audit Paragraph, the performance of the Postal Services in respect of opening of new Post Offices, appointment of EDAs, provision of counters at village Post Office and installation of letter boxes during the first three years of the Sixth Five Year Plan was either in line with the targets or exceeded them. There were, however, shortfalls in the areas of utilisation of capital outlay; construction of post office buildings and staff quarters and procurement of RMS vans.

In reply to Unstarred Question No. 4831 dated 30 April, 1985, the Minister of Communications stated:

“the number of Gram Panchayat villages/Panchayats which do not have a single post office in them at the end of the Sixth Five Year Plan i.e. 31st March, 1985 is 102796;

It is not possible to provide a post office to each one of the gram panchayat villages and ensure 100 per cent coverage by the 7th Five Year Plan as several of the gram panchayat at villages may not justify opening of post offices due to non-fulfilment of distance or financial or both the conditions of the existing norms.”

Capital outlay

1.11 According to audit para. the capital outlay for the Sixth Five Year Plan on postal services was fixed at Rs. 172 crores. In the first four years of the Plan, the amount spent comes to Rs. 89.63 crores which is only 52.11 per cent of the Sixth Plan target. The targets for the last year of the plan has been fixed at Rs. 36 crores. Assuming that the entire amount of Rs. 36 crores is spent during 1984-85 the total expenditure for the whole of the plan period 1980—85 comes to Rs. 125.63 crores (Rs. 89.63 crores for 1980—84+Rs. 36 crores for 1984-85) against an outlay of Rs. 172 crores. It shows that only about 73 per cent of the outlay has been utilised.

Construction of Post Office Buildings and Staff Quarters

1.12 According to audit paragraph there were shortfalls in the construction of postal buildings and staff quarters. Against the original target of 840 postal buildings, 515 postal buildings (i.e. 447 postal buildings during 1980—84 and about 68 postal buildings expected to be constructed during 1984-85) were constructed during the Sixth Five Year Plan. As regards the position of construction of staff quarters, against the original target of 13285 staff quarters, 4057 staff quarters (i.e. 3177 quarters during 1980—84 and 880 quarters expected to be constructed during 1984-85) were constructed during the Plan period. As on 31-12-1984, 207 postal buildings and 3485 staff quarters were under construction.

1.13 The Ministry of Communications who were asked to state the reasons for the shortfalls, intimated:

“For the 6th Five Year Plan (1980—85) the Planning Commission had approved an outlay of Rs. 140.47 crores for

Postal Buildings. The year wise allocation was to be as follows:

| | |
|-------------------|------------------|
| 1980-81 | Rs. 15.00 crores |
| 1981-82 | Rs. 18.26 crores |
| 1982-83 | Rs. 40.43 crores |
| 1983-84 | Rs. 38.55 crores |
| 1984-85 | Rs. 28.23 crores |

Total: . Rs. 140.47 crores

Keeping in view the above allocations, the following physical targets were fixed for the VI plan:

| | |
|--------------------------|-------|
| PO buildings | 655 |
| RMS offices | 149 |
| Admn. offices | 36 |
| Staff Quarters | 13215 |

But the Planning Commission actually allocated Rs. 106.45 crores for the entire VI Five Year Plan. The year wise break up of funds actually provided is as follows:

| | |
|-------------------|------------------|
| 1980-81 | Rs. 15.00 crores |
| 1981-82 | Rs. 18.26 crores |
| 1982-83 | Rs. 22.19 crores |
| 1983-84 | Rs. 26.00 crores |
| 1984-85 | Rs. 25.00 crores |

Total: . Rs. 106.45 crores

Commensurate with the actual allocation made the targets originally set for the construction of postal buildings and staff quarters had to be scaled down.

The revised physical targets were as follows:

| | Postal buildings | Staff Quarters |
|----------|---------------------|-------------------|
| 1980-81] | 106 | 700 |
| 1981-82] | 178 | 1200 |
| 1982-83] | 155 | 1200 |
| 1983-84 | 151 | 1800 |
| 1984-85 | 100 | 2200 |
| Total: | 690 | 7100 |

P.O. Buildings & Quarters constructed upto 31-3-83 is as follows:

| | Postal buildings | Staff Quarters |
|----------|---------------------|-------------------|
| 1980-81] | 126 | 508 |
| 1981-82 | 120 | 1019 |
| 1982-83 | 96 | 960 |
| Total: | 351 | 2496 |

In addition to the above PO buildings and staff quarters which have been constructed, 242 Postal buildings and 3305 staff quarters were under construction as on 31-3-83. The total amount spent as on 31-3-83 was Rs. 56.00 crores."

1.14 The Ministry of Communications further informed:

"The reduction of the target from 13285 to 7100 staff quarters would mean that the percentage satisfaction of staff quarters would be 6 per cent only instead of the 10 per cent proposed for the postal staff."

1.15 Regarding the progress made upto 31 March, 1984 in the construction of Post Office Buildings and staff quarters, the Ministry of Communications stated:

"As on 31-3-83, 242 postal buildings and 3305 staff quarters were under construction. Out of these, construction of

96 office buildings and 707 staff quarters was completed during 1983-84. As on 31-3-84, 244 office buildings and 4202 staff quarters were under construction. These include postal buildings and staff quarters in various stages of construction belonging to different years of the Sixth Plan period.

| | PO bldgs | Staff Qrs. |
|----------------------------------------------------|------------|-------------|
| Buildings & Quarters completed upto 31-3-83 | 351 | 2496 |
| Buildings & Quarters completed in 83-84 | 96 | 707 |
| Buildings & Quarters under construction on 31-3-84 | 244 | 4202 |
| Total: | 691 | 7405 |

The target for 1984-85 is 100 Post Office buildings and 2200 staff quarters.

If all the above projects are completed, this would provide 791 post office buildings and 9605 quarters. But this is not likely as only some of the buildings under construction on 31-3-84 are likely to be completed by 31-3-85 or later and most of the buildings and quarters started in 1984-85 will invariably be on-going works for the 1985-86 period and beyond. The target of 690 PO buildings and 7100 quarters is likely to be achieved.

As far as funds are concerned, the original allocation of Rs. 140.47 crores has been revised to Rs. 106.45 crores. This is as a result of an annual review and in deciding the allocation for each year, escalation has also been taken into account. While a large number of post office buildings and quarters are under construction as on 1-4-84, the amounts that can be spent by each Circle is known to them and expenditure during 1984-85 will be controlled to the extent of the funds allocated. Some of the works might be staggered or might also be not commenced for want of funds. At the same time in the revised budget taking into account the work completed, we might be asking for additional funds."

1.16 During evidence, on enquiry by the Committee as to whether the matter regarding slashing down of plan outlay from Rs. 140.47 crores to Rs. 106.45 crores was taken up with the Planning Commission the Secretary, Ministry of Communications stated:

"Yes, we discussed it with them. They felt that this much outlay could be made available and we will have to make

do with it. We have discussed and put forward our requirements."

1.17 Asked to explain the reasons for slow progress of buildings during the year 1981-82 and 1982-83, the witness stated:

"1981-82 and 1982-83 have been very bad years as far as the cement and steel are concerned."

1.18 When further questioned on the point whether the Ministry were feeling shortage of material for construction of the buildings, the witness stated:

"Yes, in the matter of cement. But this year (1984) the position has very much eased and we do not have any problem. Even other-wise, we authorise the Superintending Engineer to buy cement from the local market if there is any difficulty."

1.19 The Ministry of Communications in a subsequent note explained further the reasons for shortfall in performance as follows:

"This Ministry had analysed the reasons for the shortfall in performance after 1980-81.

The original plan target of 840 postal buildings for the Sixth Plan includes 380 buildings which were ongoing at the beginning of the Plan in 1980-81. The 126 buildings constructed during 1980-81 are mostly those commenced prior to 1980-81 and completed during that year. Due to paucity of funds no new projects were allowed to be taken up by the Circles from December 1979. Most of the ongoing works at the beginning of 1980-81 were in various advanced stages of completion. Hence most of the funds provided in 1980-81 were required for ongoing works alone; a very modest outlay of Rs. 1.63 crores only was proposed for commencement of new projects during that year (1980-81). As new works take normally a minimum period of 18 months or more for completion from the date of commencement of the work and as not many new works were commenced during 1980-81, the number of projects completed during 1981-82 or 1982-83 has been less. While the number of buildings to be taken up for construction during 1981-82 and 1982-83 was 333. The number of buildings completed during these two years including those which were commenced during the earlier years, was 225. Besides as on 31-3-1983 as many as 244 buildings were still under construction.

06 buildings were constructed against a target of 151 buildings for 1983-84 (in addition another 244 office buildings were under various stages of construction at the end of 1983-84)."

Construction of RMS Vans

1.20 During the period from 1980-84 no RMS Vans were manufactured by the Railway Department while the target for this period had been fixed at 30 RMS Vans. On being asked, the Ministry of Communications stated:

'The question of construction of adequate number of mail vans for RMS was taken up with the Railways well in advance. The Railway Board in their letter No. 78|N(0)|142|1 dated 29-3-1978 not only confirmed the programming of 85 metre gauge vans and 4 broad gauge mail vans but also in their letter No. 77|RS(WTA)-142 (Jessop 3) dated 5-10-1978 advised M/s. Jessop & Co., Calcutta for construction of 99 metre gauge partial vans. Again in their letter No. 78(M)(C)|142|1 Part A dated 21-10-1982, it was confirmed by the Railway Board that besides construction of 18 broad gauge bogie vans and 15 metre gauge bogie vans, the cost of which was to be borne by the P&T Board, 99 metre gauge partial vans and 62 broad gauge partials vans would be planned for construction. But no mail vans were constructed and supplied during the period 1980-83 as assured by the Railways.

A meeting was held with the Additional Director Mechanical Engineering (RS), Railway Board on 2-2-1984 in which the no. of postal vans which were to be constructed till the end of the 7th Plan period was discussed. Opportunity was also taken to discuss and rationalise the type of postal vans that need to be built in future. The net requirements of postal vans were arrived at and the next 6 years construction programme determined.

During the month of June, 1984, the Railways have delivered 8 broadgauge bogie mail vans and another batch of 10 bogie mail vans is expected to be received shortly. The Railway Board have also assured that besides these 18 broad gauge bogie mail vans, the Railway Board have taken up for construction another 7 broad gauge bogie vans which are expected to be received by the end of 1984.

The Railway Board have also agreed to meet the entire anticipated requirement of 19 half broad gauge mail vans in one lot after a lapse of 3 years and to programme the construction of metre gauge postal vans (total 66 partial vans) at the rate of 20 per year.

An inter-departmental meeting between the Railways and the P&T Department was held on 12-1-1981 in which the question of construction/provision of partial mail vans was discussed.

At ministerial level, a meeting was held between Shri C. M. Stephen, Minister of Communications and Shri Kedar Pandey, Minister of Railways on 25-5-1981, in which the construction of mail vans by the Railways was also discussed among other items.

As there was no progress in the construction of mail vans by the Railways, the matter was taken up and discussed at the coordination meeting held by the Cabinet Secretary with the Secretary (C) and Chairman, Railway Board represented by Member (Railway Board) on 18-11-1983.

Meetings at the Directors' level have also been held not only to expedite the construction of mail vans, but also to rationalise and make improvements in the structure of the mail vans. As far as the maintenance is concerned, the Heads of Postal Circles and the Railway Officers of the various zones meet once in six months to coordinate and look into the proper maintenance of such vehicles."

1.21 The Ministry of Communications (P&T Board) in a note dated 23 November, 1984 further informed *inter alia* as under:

"The indents for the supply of RMS vans are placed by the P&T on Railway Board, who, in turn, have entrusted the work to M/S Bharat Earth Movers Ltd., Bangalore in respect of Broad Gauge vans and to M/S Jessop & Co., Ltd., Calcutta in respect of Metre Gauge Vans. The Railway Board have explained that there had been some delay in fabrication of mail vans by Bharat Earth Movers Ltd., Bangalore and Jessop & Co., Ltd. Calcutta who were fabricating the metal body vans.

11 Broad Gauge vans have since been received and other 7 vans are expected to be received shortly. In addition to these 18 vans, the Railway Board has placed orders on BEML for 7 more Broad Gauge Vans for construction

and they are expected to be received before the end of the Sixth Plan. The 15 Metre Gauge Vans are, however, not expected to be received during the Sixth Five Year Plan period."

1.22 According to information furnished by the Ministry of Communications on 18 March, 1985, 11 RMS Vans have been received by them and 3 RMS Vans will be delivered to them by 31 March, 1985.

1.23 The Committee find that during the first four years of the Sixth Five Year Plan, the Postal Services utilised an amount of Rs. 89.63 crores against the allocation of Rs. 103.79 crores for that period resulting in non-utilisation of Rs. 14.16 crores. During the concluding year (1984-85) of the Sixth Plan an amount of Rs. 36 crores was earmarked for Postal Services. Even if aforesaid amount of Rs. 36 crores is fully utilised during 1984-85, the total expenditure during the whole period of Sixth Five Year Plan (1980-85) would be Rs. 125.63 crores against the total plan allocation of Rs. 172 crores resulting in non-utilisation of 26.96 per cent or Rs. 46.37 crores during the Plan period. Looking to the achievements which ranged from 100.87 per cent to 138.21 per cent of the targets fixed for opening of new Post Offices, appointment of Extra Departmental Delivery Agencies (EDAs), provision of counter facilities in villages and installation of letter boxes, during the first four years of the Sixth Plan and the amount which remained unutilised during that period, the Committee feel that the Postal Wing of the Ministry of Communications had not made realistic assessment of their requirements for funds. Had they made a realistic assessment, the amount of the unutilised funds could have been gainfully utilised for some other priority purposes. The Committee, therefore, desire that hereafter the Ministry will ensure more realistic assessment of their financial requirements.

1.24 The Committee appreciate that the targets in respect of items of Postal Services, like appointment of EDAs, installation of letter-boxes, provision of counters at village post offices, have almost been achieved. The Committee, however, note from a reply given to Unstarred Question No. 4831 on 30 April, 1985 in Lok Sabha that there still remain as many as 1,02,796 gram-panchayat villages which do not have any post office. The Committee suggest that Government should make special efforts to see that postal facilities become available to all gram-panchayat villages. Taking into account the fact that funds allotted in the Sixth Five Year Plan were not fully utilised it is evident that availability of funds was not a constraint.

1.25 The Committee observe that Sixth Five Year Plan target for postal buildings and staff quarters were fixed respectively at 840 and 13,285 and a financial allocation of Rs. 140.47 crores was made for the purpose. This allocation was reduced to Rs. 106.45 crores and the targets of postal buildings and staff quarters were scaled down to 690 and 7100 respectively. According to the information made available to the Committee, only 515 postal buildings and 4,057 staff quarters were likely to be completed by the end of the Sixth Five Year Plan. While the Plan allocation had been scaled down by 24.21 per cent, the actual performance fell short by 67.63 per cent. This is unfortunate. Indeed, in the Committee's view, such failures should be considered serious enough to merit in-depth enquiry to identify the causes of delay and take remedial action to avert such lapses.

1.26 From the information furnished by the Ministry of Communications, the Committee note that the original plan target of 840 postal buildings included 380 buildings which were ongoing at the beginning of the Sixth Plan in 1980-81. During the first three years of the Sixth Five Year Plan only 351 postal buildings were completed which indicates that even those buildings, the construction of which had been started prior to the commencement of the Plan period, could not be completed in three years though according to the Ministry, new works take normally a minimum period of 18 months for completion from the date of commencement of the work. During evidence, the Secretary, Ministry of Communications stated that the shortage of cement and steel affected the progress of buildings. In a note, the Ministry of Communications have informed that to overcome delays emergent powers have been delegated to the Zonal Chief Engineers for local purchase of cement and steel whenever in short supply. While the Committee appreciate the steps taken by the Ministry, it is evident that these steps have failed to achieve the object in view. That being the case, it was imperative for the Ministry to analyse the position further to ascertain why the objective could not be achieved and what other steps were necessary. The Committee take a particularly grave view of the failure as there is acute shortage of housing required for the postal staff.

1.27 Out of total number of 33 RMS vans anticipated during the Sixth Plan period, the Ministry of Communications received only 11 RMS* vans and that too in the last year of the Plan period. Thus, not a single RMS van was received during the period from 1980-81 to 1983-84. It would appear that the Railway Ministry to whom the orders were placed failed to assess satisfactorily the capacity of

*Three more RMS vans were expected by 31-3-1985.

manufacturing concerns to fulfil the order they had accepted. The Committee are of the view that if proper monitoring of the progress had been done, there would not have been any reason for not securing the requisite number of RMS vans.

1.28 The Committee observe from the Accounts (Railways)* for the years 1979-80 that the postal department had paid to the Railways Rs. 11,76,000 in the year 1979-80 for transportation of post office bags. This amount rose to Rs. 2,19,17,000 during 1983-84. This clearly indicates that the shortage of RMS vans had necessitated requisitioning of other carrying capacity from the Railways which could have been used for carrying passengers/goods. Such a process is detrimental to already over-pressed passenger services and therefore, all efforts should be made to ensure that the postal vans are constructed or otherwise procured according to a definite time schedule.

*As per information furnished by the Office of the C&AG of India.

CHAPTER II

TELECOMMUNICATION SERVICE

2.1 As with Postal Services the Audit Paragraph gives achievements during the first 3 years of the 6th Plan. In order to have overall view of the telecommunication services during the 6th Plan the tables below give year-wise details regarding physical and financial targets and the actuals, for the 5 years of the 6th Plan respectively:

Table showing the physical and financial targets for the Sixth Plan and the actuals for the first 4 years (1983-84)* and for the last year of the Plan (1984-85)**

| | As per Sixth Plan | Target for 1980-84 | Actuals for 1980-84 | Percentage for four years of 6th Plan Target | Target for 1984-85 | Likely achievement for 1984-85 | Percentage of Sixth Plan Target |
|--------------------------------------|-------------------|--------------------|---------------------|----------------------------------------------|--------------------|--------------------------------|---------------------------------|
| Capital Outlay (Rs in Crores) | 2,336.00 | 1,797.31 | 1,959.27 | 83.87 | 733.50 | 733.50 | 115.27 |
| <i>Local Telephone System</i> | | | | | | | |
| Switching capacity (Lakh lines) | 14.80 | 10.80 | 7.18 | 48.51 | 4.00 | 2.50 | 65.4 |
| Direct Exchange lines (in lakhs) | 13.30 | 9.70 | 6.51 | 48.95 | 3.40 | 2.20 | 65.5 |
| Underground cables (lakhs pair Kms.) | 78.00 | 54.90 | 39.59 | 50.76 | 18.00 | 18.00 | 73.84 |
| <i>Long Distance System</i> | | | | | | | |
| TAX capacity (Lines) | 94,770 | 56,970 | 40,320 | 42.54 | 12,200 | 6,900 | 49.82 |
| Cable routes (Route Kms.) | 12,000 | 6,000 | 2,075 | 17.29 | 38,000 | 1,289 | 28.02 |
| Microwave System (Route Kms.) | 16,000 | 13,208 | 4,609 | 28.81 | 4,000 | 2,654 | 45.4 |
| <i>Open wire telegraph</i> | | | | | | | |
| No. of telegraph offices | 20,000 | 9,600 | 8,289 | 41.49 | 3,000 | 3,000 | 56.49 |
| Long distance FCOs (Number) | 20,000 | 9,600 | 7,494 | 37.47 | 3,000 | 3,000 | 50.25 |
| Telex exchanges (No.) | 100 | 102 | 40 | 40.00 | 19 | 24 | 64.00 |
| <i>Telex Capacity (Lines)</i> | | | | | | | |
| Local | 22,500 | 21,044 | 6,329 | 37.02 | 5,700 | 9870 | 80.00 |
| Trunk | 13,000 | 16,600 | 9,500 | 73.08 | 3,200 | 1200 | 82.30 |
| Telex connections (Number) | 18,300 | 15,700 | 4,544 | 24.83 | 4,600 | 5000 | 52.15 |

* Vide Paragraph 2 of the Report of C&AG for the year 1983-84, Union Government (Posts & Telegraphs).

** As per information furnished by the Ministry of Communications on 18 March, 1985.

Table showing year-wise details of targets for sixth plan and achievements for the five years.

| <i>Telecommunication Services</i> | | | | | | | | | | | | |
|---------------------------------------------|-------------------------------------------|---------|-------------|---------|-------------|---------|-------------|---------|-------------|---------|--------------------|-------|
| | Target for the Sixth Plan | 1980-81 | | 1981-82 | | 1982-83 | | 1983-84 | | 1984-85 | | |
| | | Target | Achievement | Target | Achievement | Target | Achievement | Target | Achievement | Target | Likely Achievement | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | |
| 1. Local Telephone System | | | | | | | | | | | | |
| 1.1 | Switching capacity (lakh lines) | 14.80 | 1.75 | 1.33 | 2.25 | 1.43 | 3.00 | 2.15 | 3.80 | 2.27 | 4.00 | 2.50 |
| 1.2 | Underground cables (lakh pair kms.) | 78.00 | 10.00 | 8.23 | 11.80 | 7.98 | 15.20 | 12.11 | 17.90 | 11.27 | 18.00 | 18.00 |
| 1.3 | Direct Exchange lines (lakh lines) | 13.30 | 1.70 | 1.33 | 2.00 | 1.47 | 2.60 | 1.69 | 3.40 | 2.02 | 3.40 | 2.20 |
| 1.4 | Subscribers telephone stations (lakh No.) | 17.29 | 2.21 | 1.70 | 2.60 | 1.91 | 3.38 | NA | 4.50 | NA | 4.50 | 2.86 |
| 1.5 | Telephone Exchanges (No.) | 3500 | 385 | 441 | 510 | 650 | 685 | 767 | 700 | 690 | 700 | 700 |
| 2. Long Distance Switch System | | | | | | | | | | | | |
| 2.1 | TAX capacity (No.) | 40 | 4 | 3 | 2 | 1 | 5 | 2 | 2 | 4 | 4 | 2 |
| 2.2 | TAX capacity (lines) | 94,770 | 5,770 | 6,270 | 5,700 | 3,800 | 2,4100 | 4,150 | 21,400 | 26,100 | 12,200 | 6,900 |
| 2.3 | STD Routes (No.) | 60 | 18 | 13½ | 14 | 18½ | 10 | 20½ | 10 | 11 | 10 | 10 |
| 2.4 | Manual Trunk Boards (Number) | 2,500 | 530 | 204 | 500 | 200 | 250 | 254 | 250 | 233 | 200 | 150 |
| 3. Long Distance Transmission System | | | | | | | | | | | | |
| 3.1 | (a) Capacity (R. Km.) | 12,000 | 1,050 | 755 | 2,245 | 349 | 1,513 | 1,796 | 1,192 | 175 | 3,800 | 1289 |
| | (b) MW (route KM) | 16,000 | 1,665 | 1,015 | 3,500 | 965 | 4,258 | 661 | 3,785 | 1,968 | 4,000 | 2654 |

UHF System

| | | | | | | | | | | | |
|-----------------------------------------------|--------|-------|-------|-------|-------|-------|----------------|--------|-------|-------|-------|
| (a) 60 channel c-p city (route Km.) | 14,000 | 2,835 | 165 | 2,686 | 1,046 | 1,555 | 580 | 3,445 | 717 | 3,000 | 18,30 |
| (b) Small c p city | 6,750 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 2,000 | 100 |
| 3.3 Open wire channels (No.) | 7,500 | 2,500 | 1,448 | 1,250 | 1,398 | 1,250 | 1,197 | 1,250 | 975 | 1,250 | 1,177 |
| <i>4. Open Wire Telex</i> | | | | | | | | | | | |
| 4.1 Telegraph Offices (No.) | 20,000 | 3,000 | 2,298 | 2,800 | 2,101 | 2,300 | 1,813 (Net) | 1,500 | 1,996 | 3,000 | 3,000 |
| 4.2 Long Distance PCO: (No). | 20,000 | 3,000 | 2,251 | 2,800 | 1,584 | 2,320 | 1,672 (Net) | 1,500 | 1,987 | 3,000 | 3,000 |
| 4.3 T-l-x Exchange (Number) | 100 | 36 | 11 | 20 | 10 | 20 | 12 | 26 | 6 | 19 | 24 |
| <i>4.4 Telex capacity lines</i> | | | | | | | | | | | |
| () Local | 22,500 | 1,850 | 750 | 1,200 | 1,162 | 5,660 | 2,173 | 12,334 | 4,244 | 5,700 | 9,870 |
| (b) Trunk | 13,000 | Nil | Nil | 5,500 | Nil | 5,300 | 3,000 | 5,800 | 6,500 | 3,200 | 1,200 |
| 4.5 Telex connections (No.) | 16,300 | N.A. | 1,349 | 1,200 | 1,088 | 5,000 | 1,076 | 9,500 | 1,031 | 4,600 | 5,000 |
| 4.6 VFT Channels (Number) | 7,000 | 3,000 | 1,087 | 1,400 | 1,003 | 1,400 | 1,461 | 1,400 | 1,448 | 1,400 | 1,318 |

2.2 From the two tables above it will be seen that shortfalls during the first 4 years of the plan ranged between 83 per cent and 17 per cent of the targets and for the entire plan period these ranged between 72 per cent and 18 per cent on the assumption that likely achievements fixed for the last year of the plan would be fully achieved. The Ministry of Communications (P&T Board), who were asked to state the planned and latest anticipated out-lays for telecommunication services for the Sixth Plan period and the figures of cost over-runs to achieve the Sixth Plan targets, intimated as follows:

“(a) Against the approved plan outlay of Rs. 2336 crores for 6th Five Year Plan (1980-85) the latest anticipated out-lay come to Rs. 2665.43 crores as indicated below:—

| | (Rs. in crores) |
|-----------------------------------------------------|-----------------|
| (i) Actual expenditure for 1980-83 | 1286.93 |
| (ii) Revised outlay : pproved for 1983-84 | 645.00 |
| (iii) Budget provision for 1984-85 | 733.50 |
| | ----- |
| | 2665.43 |
| | ----- |

(b) The expenditure incurred as well as investment proposed to meet the spill-over and the total fund requirement to meet the 6th Plan targets at the current prices are given below:—

- | | |
|----------------------------------------------------------------------------------------|-------------------------------|
| (i) Actual/anticipated expenditure at the current prices during the 6th Plan period. | Rs. 2665.43 crores |
| (ii) Investment proposed in the 7th Five Year Plan to meet the spill-over of 6th Plan. | Rs. 725.00 crores |

| | |
|------------------------------------------------------------------------------------------------------------|-----------------------|
| (iii) Total amount required to meet the 6th Plan targets | Rs. 3390.43 crores |
| (iv) Amount approved at 1979-80 prices level to meet physical targets of 13.30 lakh lines (DELs) | 2336.00 " |
| (v) Net cost over run | 1054.43 " |

The cost overrun is mainly due to escalation in prices. In this regard, however, it is mentioned that the Department had projected a target of 15.6 lakhs lines additional

equipped capacity (14 lakh DELs) at an outlay of Rs. 2950 crores for the Sixth Plan. The Planning Commission, however, approved a lower physical target of 14.8 lakhs of additional equipped capacity (13.3 lakhs DELs). The proportionate outlay at 1979-80 prices level for achieving this would have been Rs. 2802 crores, whereas a sum of Rs. 2336 crores was approved. The expenditure incurred as well as investment proposed to meet the spill over and the total fund requirements to meet the 6th Plan targets at the current prices comes to Rs. 3390.43 crores as indicated below:—

| | |
|------------------------------------------------------------------------------------------------|---------------------------|
| (i) Actual Expenditure during 1980-83 | Rs. 1286.93 crores |
| (ii) Revised outlay for 83-84 | Rs. 645.00 crores |
| (iii) Budget Provision for 84-85 | Rs. 733.50 crores |
| Total : Actual anticipated expenditure at the current prices during the 6th Plan period | Rs. 2665.43 crores |
| Investment proposed in 7th Plan for the spill over | Rs. 725.00 crores |

The cost over run, if calculated on an outlay of Rs. 2802 crores, would thus, be only Rs. 588 crores at 1979-80 prices (3390-2802) and Rs. 1054.43 crores with reference to the approved outlay of Rs. 2336.00 crores.

The delay in achievement of the originally laid down targets is responsible for postponement of the investment of around Rs. 725 crores from 6th Plan period to 7th plan period."

2.3 On 9th July, 1984 during evidence the Committee invited the attention of the Secretary, Ministry of Communications, to the fact that while 97 per cent of the funds allocated for the years 1980-83 for telecommunication system, had been utilised, the percentage of achievement of the targets fixed for these years ranged from 28 per cent to 78 per cent. The Secretary, Ministry of Communications while explaining, the reasons for shortfalls stated:—

"When the requirement for the five year period was presented, physical quantities as well as financial requirements were projected. For the Sixth Plan we have actually projected a requirement of Rs. 2950 crores which would have met the physical target of 15.6 lakhs line of switching capacity and 14 lakhs direct exchange connection given during that period. But when the outlay was approved,

the Planning Commission allotted only 2336 crores which, on a *pro rata* basis, would have provided a physical target of 11 lakhs direct exchange lines only during this period at the 1979-80 price level. The Planning Commission said that though the figure is reduced, we may keep the physical target at 13.3 lakh lines which was corresponding to an outlay of Rs. 2800 crores assuming that funds would be made available based on the internal resources of the P&T some time during the Plan period. So we started with a lower allocation and usually the allocation, as I mentioned, is based on 1979-80 price level which is the year just preceding the Plan year. So, according to this price level, keeping into consideration the escalation which comes up, the effective or the actual cost of this Rs. 2336 crores reduced to the 1979-80 price level will be only of the order of Rs. 2000 crores which in physical terms would come to about 9.5 lakhs lines. During these 3 years we have completed 4.5 lakhs lines. In 1983-84 we have completed another 2 lakhs lines. So we feel that it would be possible for us and we would be able to achieve this performance during the Sixth Plan. Basically the answer to the question is that though the financial outlay was reduced, the physical targets were kept at a higher figure and no provision for escalation has been provided in the financial outlay."

Local Telephone System

2.4 According to Audit Paragraph, there was a shortfall in achievement to the extent of 30 per cent in case of switching capacity, 29 per cent in case of Direct Exchange lines and above 23.5 per cent in case of underground cables during the first three years of the Sixth Five Year Plan.

2.5 Explaining the reasons for the shortfall in the achievement of the three items, and the steps taken to arrest the shortfalls, the Ministry of Communications stated in a note:

"(i) *Switching Capacity*: Commissioning programme for the installation of exchanges during a year is based on delivery schedule furnished by ITI. This programme gets affected whenever supply of equipment by ITI is inadequate or unbalanced.

As for shortfall in supply of equipment for providing new lines, indigenous production capacity is being augmented by

setting up new factories manufacturing electronic switching equipments. Work on establishment of one factory of annual capacity of 5 lakh lines is in progress in U.P. Capacity of existing strowger and crossbar factories at Rae Bareilly is fully exploited. Full production of these factories is expected during 7th Plan.

Direct Exchange Lines: Targets for new DELs are based on likely availability of equipment, time for their installation and provision of associated components of telephone network. Targets set are optimistic to encourage field units to achieve higher productivity. Due to inadequate supply of equipment, cable and other important stores, targets could not be achieved.

Efforts are afoot to augment production of equipment and cables, streamline procedures and improve over-all productivity.

Under Ground Cables: The production capacity of the Hindustan Cables Ltd., is inadequate. As such, it is not possible to get cables for all the exchanges well in advance and after cables which are in shortage are laid even after the commissioning of the exchange. Delay in cable laying also takes place due to ban on road cutting imposed by the local authorities, specially in monsoon and during important events etc.

Augmentation of HCL production capacity and imports of cables to some extent depending upon the availability of Foreign Exchange and granting licences to private and Public sector for cable production are some remedial steps which are being taken to overcome the situation."

Long Distance System

2.6 There were heavy shortfalls to the extent of over 60 per cent both in the case of TAX capacity and Coaxial System and of nearly 72 per cent in the case of Microwave System in the first three years of the Sixth Five Year Plan.

2.7 Explaining the reasons for the shortfall in each of the above systems, the Ministry of Communications stated:

"Tax capacity lines: About 80 per cent of the shortfall in the first three years was due to the delay in anticipated import and commissioning of 19000 SPC analogue TAX Lines..."

- Coaxial Systems:*
- (i) Slow progress to Civil works and long delays in land requisitions.
 - (ii) The development of Hi-Rel version of 2.6 MHZ Coaxial Cable line equipment continued over longer period and final production and supply has commenced from March, 1984 only.
 - (iii) On some of Coaxial routes, the requirement of Alsheathed Cable could not be met with as these were required to be imported. The consolidated procurement has now matured and large-tube cable has been received around beginning of '84 and small-tube cable is expected by end of 84.
 - (iv) The digital coaxial equipment for the various routes, even though tendered, could not be ordered early due to involved formalities. Clearance is now available for ordering wide band systems to the extent of 569 Kms.
 - (v) Acute shortage and mismatch in supply of Multiplex equipments.

Microwave Systems

- (i) Delays in land acquisition, particularly in the case of repeater stations and in the case of terminal stations for small towns. It is seen that the land acquisition is taking unduly long time for various reasons such as ban on use of forest land extremely high compensation being sought by even the State Government (as is the instance in Bihar) etc.
- (ii) Delay in civil construction. This is observed mostly in the case of outlying stations like repeater stations on top of hills or in forest land.
- (iii) The 2 GHz band of frequency was completely blocked by the Department of Space and the WPC had put considerable efforts to get this frequency resolved in our favour and this took a period of nearly 18 months blocking our use of the 2 GHz band and thus delay the projects of small and intermediate capacity.
- (iv) At the beginning of the plan the manufacture and supply of towers also ran into problems due to non-availability of certain sections of steel. This position has improved now.
- (v) The leading in arrangements from the M/w terminal to the trunk centre has also to be coordinated with the local

Telecom Circles/Districts and the progress of these provisions has been handicapped due to the non-availability of high gauge cables. It is only during this year that a supply of imported high gauge cable has been received.

(vi) Longer time for development of indigineous M|W equipments in 2, 4, 6 & 7 GHz Band.

(vii) Acute shortage and mismatch in supplies of the Multiplex equipments."

2.8 When pointed out that against the target of 9,423 route Kms. for micro-wave system for 1980—83 the actual achievement was only 2,641 Kms. which does not seem to be a laudable achievement, the Secretary stated:

"The micro-wave system is a type of equipment which has been manufactured fully from indigenous R & D and manufactured by various public sector companies in the country. There are four sizes of micro-wave system which are in use in the P&T. These are 6GHZ, 7GHZ, 2GHZ and 4 GHZ frequencies. Out of these, 6, 7 and 2 GHZ equipments were to be manufactured by ITI and 4 GHZ by ITI and Bharat Electronics. The prototypes they made were put to extensive field trials and we found that they required certain modifications and we thought we would be able to give production clearance for the 6 and 7 GHZ equipment in the year 1982. Similarly for 4 GHZ equipment, they continued to be in the development stage and only in April 1983 the prototype made by the ITI was put into field trial. The frequencies posed a serious problem because they were clashing with the frequencies which were used by the Department of Space and could not be exploited fully. So, as a result, during the first three years we have not been able to get sufficient quantities of equipment from these public sector companies. Only when it become clear that the indigenous production would not be coming forth, were we able to process the case for import and import of this was agreed to for some quantity in the middle of 1983. That is the reason why we have not been able to give adequate performance as far as the installation of micro-wave system is concerned."

2.9 Asked to explain the basis on which the targets were fixed, the witness stated:

"That is on the basis of expectation of supply from indigenous sources and if indigenous supplies are not available then by imports."

2.10. On an enquiry as to how the target of equipment which was at a prototype stage could be fixed, the witness stated:

“Just before the Plan period, that is in the later part of the 70s this equipment was under development and we did have some proto-types which were under evaluation and being a very major equipment we thought that this will prove successful and that was the reason why we provided for it. But once we transferred this equipment to the field and put them to the tests during the various parts of the year and during the various climates we found that sometimes the equipment does not perform to our satisfaction in which case we had to do the corrections and we were trying to do that.”

2.11 Asked as to when the Department came to the conclusion that the public sector undertakings would not be able to supply the required quantity/number of equipment and when they took the necessary action to import the equipment, the Ministry of Communications stated in a note:

“During the meeting in April, 1979 with M/s. BEL and ITI, it was revealed that both the suppliers have not reached the state of supply of reliable radio equipment. Therefore both the suppliers agreed for invitation of global tenders.

Necessary action was initiated in April, 1979, to obtain the clearance from Finance Advice Section for calling tenders for radio equipment.”

2.12 The Ministry further stated that as a result of delay in local/imported supplies, the implementation of various schemes was delayed by three to four years.

2.13 In reply to a question whether the supply of microwave system equipment from indigenous sources had picked up, the Ministry of Communications intimated:

“M/s. Indian Telephone Industries is the only supplier for Microwave systems. ITI is not able to meet the demand fully. The supply of analog system has picked up and they have indicated to complete pending supply by 1986-87 M/s. ITI have also been asked to Digitalise these systems as the future requirements would be of Digital Microwave Equipment.”

2.14 As regards the steps taken or proposed to be taken to arrest the shortfalls in achievement of targets fixed for the three Systems

(Coaxial Cable, TAX and Microwave), the Ministry of Communications intimated on 5-11-1984:

- (i) Efforts are being made to establish other Public Sector & State Government Electronic Corporations as new venders in addition to M/s. ITI to increase the indigenous production of transmission equipments.
- (ii) Further import clearances have been asked for Multiplex & radio equipments from Government resulatory bodies. These are to be processed.
- (iii) Efforts are being made by M/s. ITI to increase the production and to reduce the mismatch in supplies of various MUX and transmission equipments.
- (iv) In the case of civil works, to overcome the delays emergent powers have been delegated to the Zonal Chief Engineers for local purchases of cement and steel whenever, these are in short-supply. For the co-ordination with the local Authorities, the cases are pursued even at highest level to expedite the projects.
- (v) The import and commissioning of SPC analogue TAX lines have been completed in 83-84."

2.15 Regarding the cost over-run for Microwave, Coaxial Cable System and TAX, the Ministry of Communications stated:

"(i) Microwave and Coaxial Cable Systems:

It has not been possible to estimate cost over-run separately for Coaxial and Microwave Systems.

(ii) TAX:

As regards, the cost over-run separately for this item viz. TAX, it is not feasible to work-out the same, as no basis of the financial provisions for items other than local telephones lines, was stipulated at the time of formulating the Sixth Five Year Plan. The financial outlay for various items, on the whole, was fixed with reference to the cost of Material inputs anticipated to be required for use on the Telecom Projects|Schemes during the 6th Plan period to achieve physical targets fixed for the Plan. The percentage of material costs to total outlay worked out to 71.4 per cent as anticipated to the beginning of the 6th Five Year Plan."

Telex System

2.16 According to Audit Paragraph, during the first three years of the Sixth Five Year Plan the achievement in the field of telex system was 4085 telex capacity lines (local), 3000 telex capacity lines (trunk) and 3513 telex connections against the target of 8710 telex capacity lines (local), 10,800 telex capacity lines (trunk) and 5000 telex connections.

2.17 The Ministry of Communications explained in a note, the reasons for the shortfall as under:

- “(a) Inadequate and unbalanced supply of indigenous equipment;
- (b) Delay in commissioning of imported equipment in the four metropolitan cities due to receipt of certain defective modules and delay in receipt of replacement modules.
- (c) Non-availability/unstable air-conditioning.”

2.18 During evidence, on being asked the Secretary, Ministry of Communication informed the Committee:

“...The Telex System which was available in the country was developed from the strowger type. They were suitable only for small exchanges. So a decision was taken that we will import suitable electronic telex equipment as well as go in for the indigenous manufacture for the Seventh Plan...”

2.19 He further stated:

“The total quantity (for Sixth Plan) was Delhi should have a capacity of 4000, Madras-3700, Calcutta-3000 and Bombay-6700.

* * * * *

...some of these were to have been installed in the year 1982-83. But this was a new system using the most sophisticated computer control equipment. They were under installation and we were able to commission them only on dates...”

2.20 The Committee desired to know the number of lines out of 10,800 trunk lines, which the government desired to import and the number which the government desired to have from indigenous production. The Witness stated:

“Roughly I will give the figures. From import we wanted to do 8000 and from indigenous supplies about 2000—out of

which only one had fructified. There are 3000 lines in Bombay. That is the figure which we have shown here (Audit para)."

2.21 Asked to explain the delay in commissioning of imported equipment in the four metropolitan cities due to receipt of defective modules and replacement modules, the witness stated:

"...The imported telexes were of the computer controlled type. We call them Electronic Telexes. They were imported from a firm and these comprise of a large number of modules, called printed circuits, which themselves consist of a large number of electronic components. Once they are received here we find certain components may have deteriorated or have been spoiled, because they do not function."

2.22 He further added:

"In an exchange of this type the whole exchange is put together and then section by section it is tested. Say for example cards lines and teleprinters are connected to it. Then the Computer cards Section-wise are tested. In case there is a defect found, with the spares already supplied replacement is made. We take it out and have it repaired and the good one is put in and test is completed. After putting the whole exchange together we have traffic tests. So this is the process and it may be a bit difficult to say that because of this card it was delayed like this. It will be a sort of process."

2.23 Asked whether there was any modality in the procedure as to how the modules were expected to work, the witness stated:

"There are and we follow them, but in all these installations it is such an intricate problem particularly when it is being tried out in the country for the first time. There are problems because our temperatures and dust conditions are quite different from what they are in foreign countries.

Another major problem we face was providing the correct air conditioning, because these computer controlled exchanges need very careful controlled air-conditioning. In one or two cases because air-conditioning was unsatisfactory, some cards became faulty".

He also added:

"...some of the modules were damaged in transit."

2.24 In a subsequent note, the Ministry of Communications explained the delay as follows:

(A) Delay due to replacement of faulty modules

"The electronic telex exchange consists of subscribers and trunk line cards (as per the capacity of the exchange), and other equipments for control of the call processing, billing, and other related functions. These are arranged in equipment cabinets for line cards, computer, peripherals, communication controller etc. with associated power supply equipments. The cabinets are subdivided into shelves in which are mounted the printed cards or modules which are the basic replaceable sub-units of the system. The failure in these modules affect the progress of testing depending on the function it plays in setting up of the calls. The failure in printed cards of computer or peripheral equipments like magnetic tape are more critical than those on the line cards. The complete system alongwith the modules are tested in the suppliers factory by the supplier before the shipment to site. However, as electronic equipments are sensitive to voltage and frequency fluctuations and environmental conditions, some failures are common during the installation testing period of the exchange. The table below gives the position regarding the faulty modules|printed cards detected during installation testing of the 1982-83 programme and replaced by the company.

TABLE

Faulty modules detected and replaced by the suppliers during installation testing of SPC electronic telex exchanges (1982-83 programme)

| Total capacity exchanges | Total No. of modules in the system | Detected faulty No. of types Total No. | Percentage of faulty modules | |
|--------------------------|------------------------------------|-------------------------------------------|------------------------------|------|
| 10,800 lines | 12,418 | About 20 | 278 | 2.24 |

The replacements of the faulty printed cards|modules from the suppliers were delayed because of the need for following the customs clearance permit procedures for export and import of the modules as per the then existing rules of the Government. Delays which have occurred in following these procedures are indicated by the position in Appendix I. It may be seen that it had taken about 6 to 8 months for

replacements to be received at site after detection of faults in following the procedure for application for customs clearance permit with relevant documents, export after CCP, re-import and customs clearance etc. The possibility of cutting down the procedure to expedite our projects was discussed with the office of controller of imports and exports but not found feasible at that stage. However, the new import export policy announced by the Government of India in April, 1984, allows for import of replacement modules without the need for a custom clearance permit and the new procedure has substantially cut down the delays in getting the replacement parts.

Another source of defective modules in an installation is the damage during transit. In such cases apart from the import/export procedures the insurance claim, survey and acceptance is an added factor. In the case of Delhi, the invertors (Power Plant Equipment) received in September, 1982, by ship and train had damage during transit. 3 of the 5 invertors were decided on survey to be rectified by the company's expert at site and were thus attended and commissioned by April, 1983 2 invertors were ordered now against insurance claim and these were also received by April, 1983 and commissioned soon after. The delay in the commissioning of the power plant (invertors) resulted in delay in energisation of the exchange equipments and commencement of installation testing for Delhi Exchange.

To the extent possible action was taken by P&T Directorate for diversion of modules from one installation to another to continue the testing and commissioning without waiting for the replacement from abroad.

(B) Delays due to air-conditioning

The SPC Electronic Telex Exchanges are sensitive to environmental conditions and special air-conditioning systems have to be designed for the first time in the country for the electronic telex exchanges as per the recommendations of the company's experts. However, in executing the air-conditioning system by the Indian contractors, problems were noticed, because of failures of different components, to ensure stable air-conditioning supply for the electronic exchanges. In Calcutta, the installation testing had to be suspended between February 1983 because of unstable air-conditioning though the exchange

was already tested to an advanced stage. On restoration of stable air-conditioning supply, all the tests had to be repeated before commissioning the exchange resulting in delays. Calcutta Main Exchange was commissioned on 20th October, 1983.

In Delhi Electronic Telex Exchange also the air-conditioning system did not provide stable A|C supply to the exchange and erratic behaviour was noticed during the early part of 1983 during testing, and the testing had to be suspended from June 1983 to October, 1983, the testing was again resumed in October 1983, and the exchange was commissioned on 7th January, 1984."

2.25 Asked whether the indigenous equipment matching with the modules was imported, the Secretary, Ministry of Communications stated during evidence:

"The entire equipment was imported except the indigenous equipment, because no body else is making it."

2.26 As regards the inadequate and unbalanced supply of indigenous equipment, the Committee desired to know the order of equipment placed on Indian Telephone Industries during the years 1980-81 to 1983-84 and the extent to which the equipment was supplied. The Ministry of Communications furnished the requisite information as follows:

Strouger Telex Programmes

| Year | Orders on ITI and included in the year's supply programme | | Supplies actually made in the year | |
|---------|-----------------------------------------------------------|--------------------------------|------------------------------------|-------------------------------------------------------------|
| | No. of orders | No. of lines | No. of orders | No. of lines |
| 1980-81 | Rack Type 44 | 1310-Traffic relief equipments | 5 | Traffic relief equipment supplies, No addition to capacity. |
| | Cabinet Type 55* | 1100 | 16 | 320 |
| 1981-82 | Rack Type 47* | 2100 | 22 | 640 |
| | Cabinet Type 42* | 840 | 8 | 160 |
| 1982-83 | Rack Type 51* | 3720 | 26+5 Partial | 1560 |
| | Cabinet ,, 79* | 1640 | 28+4 Partial | 560 |
| 1983-84 | Rack Type 37* | 3030 | 6-6 Partial | 500 |
| | Cabinet ,, 65* | 1360 | +16 Partial | — |

*Including backlog of earlier orders

2.27 As regards the delayed supplies of equipment by Indian Telephone Industries and the Hindustan Cables Limited, the Ministry of Communications furnished the following explanations given by those companies:

Indian Telephone Industries: 1980-81, 1981-82 were years of severe industrial unrest in the production unit of ITI. There were strikes and lock-outs, including the long drawn out strike of 77 days in the major production unit at Bangalore. This affected the production programme of ITI during these two years, as well as resulted in the postponement of supply of equipment required for the commissioning schedule of the P & T during the year 1980-81, 1981-82 and to an extent also 1982-83.

ITI's capacity for production of equipment specially inter-connecting equipment required for the commissioning programme of the P&T for imported exchanges and of transmission equipment is limited. Additional capacities have not been established on a large scale during the last 4 years to meet such demand.

Hindustan Cables Limited: During 1982-83, HCL supplied about 28 lakh CKM of cable to P&T which represents 96 per cent of HCL's total production during the year. In terms of installed capacity, this represents 88 per cent. This production/supply would have been more but for the constraints of funds. Even against the supply made, full payment could not be made by the P&T due to inadequate Budget grants.

In 1981, HCL submitted a project for setting up a new unit with capacity of 30 lakh CKM in Hyderabad. This project was approved by the Government in 1982. The unit is expected to go into production as scheduled by January, 1985.

As early as in 1981, HCL submitted a feasibility report for modernisation of Rupnarainpur and also expansion of that unit by additional 18 lakh CKM capacity. The expansion project is yet to be approved by Government.

In 1983, HCL had submitted a further project report for setting up a new unit of 30 lakh CKM capacity in U.P. This project is also under consideration of the Government."

2.28 During evidence, on an enquiry whether there was no co-ordination between the Ministry and the Supplier, the Secretary admitted the facts saying "There I have the problem."

2.29 The Ministry of Communications have also informed the Committee in a note:

"Co-ordination between Department and suppliers has been exercised continuously and for this purpose production co-ordination committee meetings are organised with the manufacturers like-ITI and HCL from time to time. During 1982-83 P.C.C. meetings were held on 7-6-82, 8-6-82, 10-11-82 & 11-11-82. Even though the supply position against different orders is discussed with the manufacturers, there have been various causes including force majeure which have resulted in shortfall of supplies. An instance in this case is the lock out of ITI at Naini from 12-2-81 to 3-3-81 and major strike at Bangalore from 26-12-80 to 15-3-81 and Rai Bareli from 21-1-81 to 9-3-81 and Palghat from 2-1-81 to 14-3-81. It has to be noted that the power restrictions have also been a hinderance in M/s. ITI to achieve full flow of production."

Telegraph Offices and Long Distance PCOs

2.30. The Ministry of Communications informed the Committee:

"The original target for 20,000 Long Distance PCOs and Telegraph Offices each during the 6th Plan consisted of:

- (i) 12,500 on openwire media
- (ii) 7,500 on Radio media (MARR System)

During first 3 years of the plan i.e. 1980—83, it was planned to have 7,500 openwire PCOs/COs and 700 Radio PCOs/COs. During subsequent 2 years of the Plan, the target is 5000 openwire PCOs/COs and 6,800 Radio PCOs/COs.

As against above, the achievement during the first three years of the Plan for openwire PCOs and Telegraph Offices is 6,597 and 6,692 respectively and 20 in respect of PCOs/COs on Radio Media. It may thus be seen that achievement in respect of openwire PCOs and Telegraph Offices (Combined Offices) is of the order of 88 per cent and 90 per cent respectively (shortfall of 12 per cent and 10 per cent respectively). The shortfall of 12 per cent in LDPCO on openwires is due to non-availability of critical items

of stores and due to curtailments of funds during 1982-83. In respect of Radio PCOs the shortfall has been mainly due to the non-supply of equipment from indigenous sources viz. M/s. ITI, M/s. CCEL and M/s. Uptron.

While revised target as given above in respect of openwire PCOs and telegraph, offices are expected to be fully met, there is no possibility of getting radio equipment for radio PCOs/COs from indigenous sources during the remaining years of the plan.

With the decision of Department of Electronics taken very recently to take on record the technology transfer by ITI, it is expected that Radio PCOs equipment will be available during the 7th plan period only. Thus, it is estimated that there will be spillover of about 7000 Radio PCOs/COs to 7th Plan."

2.31 The Committee were also informed that during the year 1983-84, 1996 Telegraph Offices and 1987 Long Distance PCOs had been opened.

2.32 As regards the steps being taken towards expediting supplies of equipment from the indigenous sources like ITI, CCEL, and Uptron, the Ministry of Communications informed.

- "(i) M/s. ITI have entered into collaboration with M/s. Kokusai firm of Japan for the manufacture of Multi/Acess Rural Radio Equipment (MARR). The later have escalated the prices of MARR Equipment after the agreement. M/s. ITI are trying to settle the issue by taking up the matter with the concerned Ministry so that the manufacture of the said equipment is commenced in the country.
- (ii) M/s. CCEL have finalised collaboration with Italtel firm of Italy for the manufacture of MARR Equipment. All the documentation has been received by CCEL from the collaborator. The documents are being scrutinised in detail at CCEL. It is expected that production in CCEL of this equipment may commence soon and the first lot of MARR Systems may be supplied to department by middle of 1985.
- (iii) M/s. Uptron had negotiated with Budavoz firm of Hungary for transfer of know-how and collaboration for manufacture of Budavoz make MARR System. The agreement between the two, however, did not mature for some

reason. Subsequently, Uptron has started negotiation with Fujitsu of Japan for transfer of know-how for the manufacture of MARR Equipment of Fujitsu design.

- (iv) Possibilities of some other State Electronic Corporations getting interested in the manufacture of MARR Equipment of Budavoz design and collaborate with them is being explored, since equipment design/performance is already approved by this Department."

Telephone Revenues and Telephone Complaints

2.33 According to audit paragraph there was shortfall in telephone revenue compared to budget estimates during the years 1979-80 to 1981-82. The Ministry of Communications who were asked to explain the reasons for the shortfalls and the steps taken to improve the position, stated:

"The shortfall in telephone revenue was largely due to the shortfall in achieving the physical targets set out in the annual plans.

As the achievement of the estimated revenue depends upon expansion of telecommunication facilities, various measures have been taken to improve the availability of telecommunication equipment. A factory for manufacturing E-1CB electronic switching equipment is being set up at Gonda which will, on reaching full capacity produce 5-lakh lines per annum. Hindustan Cables are also setting up additional production capacity for the manufacture of 30 lakhs conducted kms. of cable in their Hyderabad Factory. Steps have also been taken to achieve better coordination by regular production co-ordination meetings with the major manufacturers. More attention is also being paid to regular monitoring of the various projects to ensure timely completion of the projects."

2.34 The following is the observation made by Audit in the Audit paragraph:

"The increase in average revenue for telephone per annum is partly on account of the upward revision in call unit charges and trunk call charges from 1st July, 1981 and upward revision of both rentals and call unit charges from 1st March, 1982. . ."

2.35 During evidence, the Committee enquired whether the hike in telephone rates was marginal or substantial. The Secretary, Ministry of Communications, stated:

“It is substantial if you take the money value.”

2.36 Asked whether the marginal increase in per unit charges and substantial increase in hike meant larger cost per unit of telephone, the witness stated:

“These two are different parameters. One is if in a particular year, the number of lines increases substantially, the cost per line increases only marginally.

The other increase is over a period of years. . . .’

2.37 In a note the Ministry of Communications have informed the Committee:

“Out of 30.56 lakhs of equipped capacity in the telephone exchanges, 4.7 lakhs of switching equipment has exceeded the prescribed service life. In fact, the real life is even shorter than the prescribed life because of the exceedingly high calling rate in the Indian cities where the waiting list for telephones is increasing with every Five Year Plan despite more lines given in a Five Year Plan than the preceding Plan period. The heavier use leads to accelerated wear and tear and if this is taken into account, the life expired equipment could be more than 4.7 lakhs. It has not been possible to replace all this equipment in time because of the limited availability of equipment in the country out of which both expansion and replacement were to come. In the current years, increasing priority is given for replacement by imported equipments in view of the shortage of indigenous equipment.

In addition to the exchange equipments, quite a good amount of underground cable also is life expired and some more of them although not life-expired are in a bad condition because of a large number of joints being introduced and repeatedly opened to repair break down of cables. While same ginning had been made for the replacement of

the exchange equipments, little could be done for replacing life expired and very unhealthy underground cables, again for want of adequate supplies.

With regard to telephone instruments also a lot of them are life expired. These are going faulty more frequently than what is expected. The replacement is also limited by availability of instruments.

A lot of wiring in the subscribers' premises was earlier done by aluminium conductor wires when copper conductor wires were not available. These are far more prone to disconnections and therefore, faults. These are being replaced by copper conductor wire very repeatedly.

So that the cables are not damaged by the digging activities of various organisations like those concerned with road repair/widening, electricity, water and traffic drives, in future, in the main cities, the construction of underground cable ducts has been taken up. Each metre cost about Rs. 1,500 and therefore, the construction requires heavy investments. The pace of duct construction is affected by these high costs and limited investible funds. To protect the existing underground junction inter-exchange and main cables, pressurisation by air has been undertaken and the work is in progress.

In all the large cities and major towns lot of cross bar switching equipment was installed. A number of defects that were noticed are being rectified by upgradation works in Situ. During the progress of the modifications and rectifications, the service suffers which has been largely completed and the remaining is expected to be over in about two years time.

The upgradation of the initial qualifications of repairmen in different ranks has been studied and proposals are under examination. In the four metro cities, fault analysis would be computerised and this would help in earlier detection of major areas of weaknesses facilitating attention:"

2.38 During evidence, the Secretary, Ministry of Communications informed the Committee :

".....our calling rate is very high. Calling rate from a very busy exchange in other countries is about 5-6 per tele-

phone but in our country in some busy exchanges it is 30—40 per day. This is because not many people have telephones. The telephone itself is utilised for a longer period. As a result, these exchanges had some problems, but we did not despair. We started attacking the problems and with the help of Telecommunication Research Centre and ITI we started upgrading the exchanges, and as a result the production in the ITI itself was affected, and this capacity of 60,000 was attained much later. We decided to redesign the equipment to meet our requirement and the first such crossbar exchange has been installed in Delhi and this has worked well. This, to some extent, has resulted in delays in the supply of certain other equipment by the ITI.

Further, in regard to the existing exchanges, the major problem was procurement of correct type of airconditioning equipment; for electromechanical equipment airconditioning is very important. We had been depending on the indigenous supplies and there were lots of problems.”

2.39 The Committee desired to know as to how in the absence of good service to the subscribers, raising of tariff was justified. The Secretary, Ministry of Communications explained :

“.....At the beginning of the Sixth Plan the waiting list was three-and-a-half lakhs. Today the waiting list is for 8 lakhs. So, today there is more pressure for giving new connections. We have now reached a stage when these exchanges need to be replaced and we are submitting to the Planning Commission also that we need sufficient funds for replacement.”

2.40 The witness further added :

“.....But regarding tariff, as you know, we are trying to see how best these facilities are being provided and because the P&T Department has to work as a commercial department, we fix the tariff for a suitable return so that it is possible to expand and replace the old equipment.”

2.41 On further enquiry as to funds requirements of the Ministry for replacement of worn out equipments, the witness stated :

“For the four metropolitan cities the requirement will be Rs. 800 crores.”

2.42 The Audit paragraph points out that during the years 1980-81 to 1982-83, while the actual revenue from Posts and Telegraphs Department as a whole was less than the budget estimates, the working expenditure was always more than the budget estimates. Explaining the increase in the working expenditure, the Ministry of Communications stated in a note:

“The increase in working expenses was largely due to post-budget developments such as, grant of additional instalments of dearness allowance, increase in pensionery benefits, increase in the allowances of extra departmental agents, revision of the rates of haulage charges by railways, increase in the printing charges of postal stationery, etc. These factors could not be anticipated when the budget estimates were formulated. However, supplementary grants were obtained for meeting the additional expenditure.”

2.43 According to the Ministry of Communications the variation of revenue between budget estimates and actuals in Postal Branch is not significant. In so far as Telecom branch is concerned, a detailed analysis is being made in the P&T Directorate as stated below:

“In the Telecom Wing where some services are billed after the service is provided, a detailed analysis of the amount billed, amount realised and the total amount outstanding for over three months is made for every circle and Major and Minor Telephone Districts every month. The result of this review is communicated to the units.

There is a Management Information System for Telecom Services indicating the performance which includes the review of revenue and expenditure of each Telecom. Circle and District. Periodical reports received in the Directorate are scrutinised and the result of review is reported to the P&T Board.

A quarterly report from IFAs indicating the revenue realised and expenditure in each quarter has been prescribed and this is reviewed in the Directorate.

Ceilings are fixed by the Directorate to keep the expenditure on variable items such as overtime, travelling allowance, contingencies, etc. under control. These are reviewed regularly.

It may, however, be mentioned that the estimates of revenue is generally kept higher mainly with a view to generate greater efforts to achieve it. As these estimates are prepared in October and November of the previous year, some variation between the estimates and the actuals is unavoidable. The Budget estimates are, however, reviewed during the course of the year and revised figures are communicated to the Ministry of Finance at the revised estimates stage.

During 1982-83 against the Budget Estimate of Rs. 1297.96 crores, the revenue realised was Rs. 1290.26 crores. The variation was less than 1 per cent. In the case of Working Expenses, the provision for fresh instalments of DA and ADA is not included in the Budget Estimates of the Department and are included only at the revised estimates stage. Hence the variation between B.E. and actuals."

2.44 From the information furnished by the Ministry of Communications, the Committee note that the Sixth Plan added nearly 9.68 lakh lines of switching capacity, 8.71 lakhs Direct Exchange lines and 57.59 lakh pair kms. of underground cables to the existing Local Telephone System against the targets respectively of 14.8 lakh lines of switching capacity, 13.3 lakh Direct Exchange lines and 78 lakh pair kms. of underground cables. There was thus a carry over to the Seventh Five Year Plan of 5.12 lakh lines of switching capacity, 4.59 lakhs of Direct Exchange lines, and 20.41 lakh pair kms. of underground cables.

2.45 During evidence the Secretary, Ministry of Communications stated that against the proposed outlay of Rs. 2950 crores, the Planning Commission allotted only Rs. 2,336 crores which on a pro rata basis, would have enabled the Ministry to fulfil a physical target of 11 lakh direct exchange lines only at 1979-80 price level. The Planning Commission was of the view that despite the reduction of financial allotment it should be possible to achieve the physical target of 13.3 lakh lines, which corresponded to an outlay of Rs. 2,800 crores. The gap between the proposed outlay and the reduced allotment could be filled by internal resources of the P&T sometime during the plan period. The Committee find that the Ministry could not even reach the target of 11 lakh direct exchange lines during the plan period. The Ministry of Communications, in a note, have indicated that targets could not be achieved because of inadequate and unbalanced supply of equipments ordered from the Public Sector

Undertakings. It is a kind of explanation which the Committee consider should not be put forward. It is for the department that even such contingencies are provided for in its planning. If that is done, then it would be easier to overcome even such unforeseen difficulties when they emerge.

2.46 The Committee feel compelled to make somewhat obvious observation that planning loses all meaning if serious determined and sustained effort is not made by all concerned to carry out the tasks assigned to them to the fullest extent. The Public Sector Enterprises have special responsibility and must see to it that they deliver punctually whatever they have ensured to produce and supply. Failures on the part of any one results in the final product or task being delayed. The strength of a chain is equal to its weakest link. All these are well-worn cliches but they are very apt here, for failure to remember their soundness has resulted in great inconvenience to the public and in infructuous expenditure of the country's limited resources.

2.47 The Committee would draw particular attention to the large slippages in respect of targets for long distance switching and transmission equipment. The shortfalls in achievements in these systems during the Sixth Plan period ranged from 50.18 per cent to 71.97 per cent of the targets. The performance during the first three years of the plan period was comparatively poorer than the performance during the last two years as will be seen from the following table:

| | Targets for Sixth Plan | Actual for 1980-83 | Actual for 1983-84 | Percentage of short falls during Sixth Plan |
|-----------------------------|------------------------|--------------------|--------------------|---------------------------------------------|
| TAX Capacity (Number) | 40 | 6 | 6 | 70% |
| TAX Capacity (Lines) | 94,770 | 14,220 | 33,000 | 50.18% |
| Coaxial Cables (Route Kms.) | 12,000 | 1,900 | 1,464 | 71.97% |
| Microwave (Route Kms.) | 16,000 | 2,641 | 4,622 | 54.61% |

According to the Ministry of Communications the shortfall in the case of TAX capacity in the first three years of the Plan period, was mainly due to delay in anticipated import and commissioning of SPC analogue TAX Lines. Similarly, in the case of Coaxial system and Microwave system delay in import of equipment inter alia has been stated to have affected the targets. In the case of microwave system, in the later part of 70's this equipment was under development. It was then transferred to the field and put to various tests

appropriate to the different seasons of the year. These tests showed that the equipment was not always able to function satisfactorily in all the seasons. During the first three years of the plan period, the Ministry could not get sufficient quantities of the equipment from the Public Sector Undertakings, namely, Indian Telephones Industries and Bharat Electronics Limited and it was in the middle of 1983, that the Ministry decided to import the equipment.

2.48 The Committee are at a loss to understand as to why the Ministry had fixed targets for providing such equipments as were at experimental and at a developmental stage. The Committee are of the view that the system of testing of a new equipment must be on extensive trial basis in the field and not confined to bench test at laboratory level. In the opinion of the Committee, precious time was lost both in producing equipment indigenously and in making arrangements for the import of the equipment required. This in turn led to delay in completing schemes within the allotted period of three to four years. The Committee trust that the Ministry will learn from this experience and lay down proper guidelines.

2.49 The time taken in acquisition of land for the Telecommunication Department in various States made it difficult for the work to be completed in time. There must be proper understanding between the Ministry and the States concerned for the execution has to be done in the States and without their cooperation timely execution becomes impossible. In the interests of speedy expansion of telecommunication network, it is imperative, therefore, to ensure fullest cooperation of the State Governments. If necessary, suitable legislation may be enacted to overcome difficulties which come in the way.

2.50 The Committee note that the Sixth Five Year Plan introduced electronic transit exchanges in the P&T telex network at the four metropolitan cities of Madras, Calcutta, Delhi and Bombay with imported equipments. The Committee regret to note that the commissioning of imported equipment in these cities was delayed due to various components not being received in time. This may be due to deficiency in planning as it has not been suggested that there was non-availability of such equipments abroad. The Committee trust Government to ensure that we become self-reliant in this direction as speedily as possible and in the meantime satisfactory pre-planning is done so that an equipment which is to be imported arrives in the country in time.

2.51 With a new technology of electronic transit exchanges having been introduced into the Telex system, the Committee feel that the stronger type of telex exchanges would become obsolete. The Committee assume that the Ministry of Communications will have already drawn up a realistic plan to ensure the replacement of the existing stronger type of telex network by the latest technology as early as possible.

2.52 It is general knowledge that the telephone system in the country is working in a most unsatisfactory manner. The customers are thoroughly dissatisfied and the Government itself suffers in its efficient working for lack of efficient telephone service. In view of this, it is of the utmost importance that adequate funds should be provided for thorough overhaul of the system and updating its technology. It is also important that the production, within the country, of new technology equipment needs to be speeded up and to this end new production units may be established so that the country may not have to depend only on one public sector unit i.e. III.

2.53 The Committee note that consequent upon the shortfalls in the achievement of the targets during the first two years (1980-82) of the Plan period, the realisation of telephones revenue fell short of budgetary expectations during those years. In 1982-83, however, the total revenue registered an increase compared with the budgetary expectations and that too due to upward revision of tariff with effect from 1st March, 1982 as is evident from the following table:

| Year | Budget Estimate | Actuals | Short-falls |
|--------------------|-----------------|---------|-------------|
| (Rupees in crores) | | | |
| 1980-81 | 586.50 | 540.11 | 46.39 |
| 1981-82 | 726.30 | 656.93 | 69.37 |
| 1982-83 | 792.60 | 803.68* | Nil |

*Due to revision of tariff w.e.f. 1-3-1982.

It is, therefore, obvious that Department is not able to achieve the estimated revenue on account of non-performance commented above.

NEW DELHI;
December 6, 1985
Agrahayana 15, 1907 (Saka)

E. AYYAPU REDDY,
Chairman,
Public Accounts Committee.

APPENDIX I

(Vide paragraph 2.24 of the Report)

REPLACEMENT OF FAULTY MODULES BY CCP PROCEDURE FOR EXPORT/RE-IMPORT

| Sl. No. | CCP No. | Date of detection of faults during installation | Date of application for CCP | Date of CCP | Date of despatch (Airway bills) of faulty modules | Date of Despatch note of replacement of parts by supplier | Remarks |
|---------|-----------------|-------------------------------------------------|-----------------------------|-------------|---------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1. | 0391491 | Nov./Dec. '82 | 28-1-83 | 21-2-83 | 11-3-83 | 19-4-83 | Delivery at site after customs clearance takes about 4 to 6 weeks after (7). |
| 2. | 0391499 | March/April '83 | 26-4-83 | 20-5-83 | 15-7-83 | 23-9-83 | |
| 3. | 3051456 | April/May '83 | 14-6-83 | 16-7-83 | 30-9-83 | 25-1-84 | |
| 4. | 3051458 | May/June '83 | 21-7-83 | 5-8-83 | 30-11-83 | 17-1-84 | |
| 5. | 3051462 | July/Aug. '83 | 18-10-83 | 23-10-83 | 27-12-83 | 15-2-84 | |

APPENDIX II

(vide Introduction)

Statement of conclusions and recommendations

| Sl. No. | Para No. | Ministry/ Deptt. | Conclusions/Recommendations |
|---------|----------|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | 2 | 3 | 4 |
| 1. | 1.23 | Communications (Deptt. of Posts) | <p>The Committee find that during the first four years of the Sixth Five Year Plan the Postal Services utilised an amount of Rs. 89.63 crores against the allocation of Rs. 103.79 crores for that period resulting in non-utilisation of Rs. 14.16 crores. During the concluding year (1984-85) of the Sixth Plan an amount of Rs. 36 crores was earmarked for Postal Services. Even if aforesaid amount of Rs. 36 crores is fully utilised during 1984-85, the total expenditure during the whole period of Sixth Five Year Plan (1980-85) would be Rs. 125.63 crores against the total plan allocation of Rs. 172 crores resulting in non-utilisation of 26.96 per cent or Rs. 46.37 crores during the Plan period. Looking to the achievements which ranged from 100.87 per cent to 138.21 per cent of the targets fixed for opening of new Post Offices, appointment of Extra Departmental Delivery Agencies (EDAs), provision of counter facilities in villages and installation of letter boxes, during the first four years of the Sixth Plan and the amount which remained unutilised during that period, the Committee feel that the Postal Wing</p> |

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of the Ministry of Communications had not made realistic assessment of their requirements for funds. Had they made a realistic assessment, the amount of the unutilised funds could have been gainfully utilised for some other priority purpose. The Committee, therefore, desire that hereafter the Ministry will ensure more realistic assessment of their financial requirements.

2. 1.24

The Committee appreciate that the targets in respect of items of Postal Services, like appointment of EDAs, installation of letter-boxes, provision of counters at village post offices, have almost been achieved. The Committee, however, note from a reply given to Unstarred Question No. 4831 on 30 April, 1985 in Lok Sabha that there still remain as many as 1,02,796 gram-panchayat villages which do not have any post office. The Committee suggest that Government should make special efforts to see that postal facilities become available to all gram-panchayat villages. Taking into account the fact that funds allotted in the Sixth Five Year Plan were not fully utilised, it is evident that availability of funds was not a constraint.

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The Committee observe that Sixth Five Year Plan target for Postal buildings and staff quarters were fixed respectively at 840 and 13,285 and a financial allocation of Rs. 140.47 crores was made for the purpose. This allocation was reduced to Rs. 106.45 crores and the targets of postal buildings and staff quarters were scaled

down to 690 and 7100 respectively. According to the information made available to the Committee, only 515 postal buildings and 4,057 staff quarters were likely to be completed by the end of the Sixth Five Year Plan. While the Plan allocation had been scaled down by 24.21 per cent. the actual performance fell short by 67.63 per cent. This is unfortunate. Indeed, in the Committee's view, such failures should be considered serious enough to merit in-depth enquiry to identify the causes of delay and take remedial action to avert such lapses.

4. 1.26 Communications
(Deptt. of posts)

From the information furnished by the Ministry of Communications, the Committee note that the original plan target of 840 postal buildings included 380 buildings which were on-going at the beginning of the Sixth Plan in 1980-81. During the first three years of the Sixth Five Year Plan only 351 postal buildings were completed which indicates that even those buildings, the construction of which had been started prior to the commencement of the Plan period, could not be completed in three years though according to the Ministry, new works take normally a minimum period of 18 months for completion from the date of commencement of the work. During evidence, the Secretary, Ministry of Communications stated that the shortage of cement and steel affected the progress of buildings. In a note, the Ministry of Communications have informed that to overcome delays emergent powers have been delegated to

the Zonal Chief Engineers for local purchase of cement and steel whenever in short supply. While the Committee appreciate the steps taken by the Ministry, it is evident that these steps have failed to achieve the object in view. That being the case, it was imperative for the Ministry to analyse the position further to ascertain why the objective could not be achieved and what other steps were necessary. The Committee take a particularly grave view of the failure as there is acute shortage of housing required for the postal staff.

5. 1.27 Communication
(Deptt. of posts)

Out of total number of 33 RMS vans anticipated during the Sixth Plan period, the Ministry of Communications received only 11 RMS* vans and that too in the last year of the Plan period. Thus, not a single RMS vans was received during the period from 1980-81 to 1983-84. It would appear that the Railway Ministry to whom the orders were placed failed to assess satisfactory the capacity of manufacturing concerns to fulfil the orders they had accepted. The Committee are of the view that if proper monitoring of the progress had been done, there would not have been any reason for not securing the requisite number of RMS vans.

6. 1.28 do

The Committee observe from the Accounts (Railways)** for the year, 1979-80 that the postal department had paid to the Railways Rs. 11,76,000 in the year 1979-80 for transportation of post office bags. This amount rose to Rs. 2,19,17,000 during 1983-84. This clearly indicates that the shortage of RMS vans had necessitated

*Three more RMS Vans were expected by 31-3-1985.

**As per information furnished by the Office of the C&AG of India.

requisitioning of other carrying capacity from the Railways which could have been used for carrying passengers|goods. Such a process is detrimental to already over-pressed passenger services and therefore, all efforts should be made to ensure that the postal vans are constructed or otherwise procured according to a definite time schedule.

7. 2.44 Communication (Deptt. of Tele-communications)

From the information furnished by the Ministry of Communications, the Committee note that the Sixth Plan added nearly 9.68 lakh lines of switching capacity, 8.71 lakhs Direct Exchange lines and 57.59 lakh pair kms. of underground cables to the existing Local Telephone System against the targets respectively of 14.8 lakh lines of switching capacity, 13.3 lakh Direct Exchange lines and 78 lakh pair kms. of underground cables. There was thus a carry over to the Seventh Five Year Plan of 5.12 lakh lines of switching capacity 4.59 lakhs of Direct Exchange lines and 20.41 lakh pair kms. of underground cables.

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8 2.45 do

During evidence the Secretary, Ministry of Communications stated that against the proposed outlay of Rs. 2,950 crores, the Planning Commission allotted only Rs. 2,336 crores which on a *pro rata* basis, would have enabled the Ministry to fulfil a physical target of 11 lakh direct exchange lines only at 1979-80 price level. The Planning Commission was of the view that despite the reduction of financial allotment it should be possible to achieve the physical target of 13.3 lakh lines, which corresponded to an outlay of Rs. 2,800 crores. The gap between the proposed outlay and the

reduced allotment could be filled by internal resources of the P&T sometime during the plan period. The Committee find that the Ministry could not even reach the target of 11 lakh direct exchange lines during the plan period. The Ministry of Communications, in a note, have indicated that targets could not be achieved because of inadequate and unbalanced supply of equipments ordered from the Public Sector Undertakings. It is a kind of explanation which the Committee considers should not be put forward. It is for the department that even such contingencies are provided for in its planning. If that is done, then it would be easier to overcome even such unforeseen difficulties when they emerge.

9. 2.46 Communications
 (Deptt. of Tele-communications)

The Committee feel compelled to make somewhat obvious observation that planning loses all meaning if serious determined and sustained effort is not made by the concerned to carry out the tasks assigned to them to the fullest extent. The Public Sector Enterprises have special responsibility and must see to it that they deliver punctually whatever they have ensured to produce and supply. Failures on the part of any one result in the final product or task being delayed. The strength of a chain is equal to its weakest link. All these are well-worn cliches but they are very apt here for failure to remember their soundness has resulted in great inconvenience to the public and infructuous expenditure of the country's limited resources.

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10. 2.47

Communications
(Deptt. of Tele-Communications)

The Committee would draw particular attention to the large slippages in respect of targets for long distance switching and transmission equipment. The shortfalls in achievements in these systems during the Sixth Plan period ranged from 50.18 per cent to 71.97 per cent of the targets. The performance during the first three years of the plan period was comparatively poorer than the performance during the last two years as will be seen from the following table:

| | Targets | Actual for 1980-83 | Actual for 1983-85 | Percentage of shortfalls during Sixth Plan |
|---------------------------------------|---------|--------------------|--------------------|--------------------------------------------|
| TAX Capacity (Number) | 40 | 6 | 6 | 70% |
| TAX Capacity (Lines) | 94,770 | 14220 | 33000 | 50.18% |
| Coaxial Cables (Route Kms.) | 12,000 | 1900 | 1464 | 71.97% |
| Microwave (Route Kms.) | 16,000 | 2641 | 4622 | 54.51% |

According to the Ministry of Communications the shortfall in the case of TAX capacity in the first three years of the Plan period, was mainly due to delay in anticipated import and commissioning of SPC analogue TAX lines. Similarly, in the case of Coaxial

system and Microwave system, delay in import of equipment *inter alia* has been stated to have effected the targets. In the case of microwave system, in the latest part of 70s this equipment was under development. It was then transferred to the field and put to various tests appropriate to the different seasons of the year. These tests showed that the equipment was not always able to function satisfactorily in all the seasons. During the first three years of the plan period, the Ministry could not get sufficient quantities of the equipment from the Public Sector Undertakings, namely, Indian Telephones Industries and Bharat Electronics Limited and it was in the middle of 1983, that the Ministry decided to import the equipment.

11 2.48 Communications
 (Deptt. of Tele-Communications)

The Committee are at a loss to understand as to why the Ministry had fixed targets for providing such equipments as were at experimental and at a developmental stage. The Committee are of the view that the system of testing of a new equipment must be on extensive trial basis in the field and not confined to bench test at laboratory level. In the opinion of the Committee, precious time was lost both in producing equipment indigenously and in making arrangements for the import of the equipment required. This in turn led to delay in completing schemes within the allotted period of three to four years. The Committee trusts that the Ministry will learn from this experience and lay down proper guidelines.

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The time taken in acquisition of land for the Telecommunication Department in various States made it difficult for the work to

be completed in time. There must be proper understanding between the Ministry and the States concerned for the execution has to be done in the States and without their cooperation timely execution becomes impossible. In the interests of speedy expansion of telecommunication network, it is imperative, therefore, to ensure fullest cooperation of the State Governments. If necessary suitable legislation may be enacted to overcome difficulties which come in the way.

13 2.50 Communications (Deptt. of Tele-Communications)

The Committee note that the Sixth Five Year Plan introduced electronic transit exchanges in the P&T telex network at the four metropolitan cities of Madras, Calcutta, Delhi and Bombay with imported equipments. The Committee regret to note that the commissioning of imported equipment in these cities was delayed due to various components not being received in time. This may be due to deficiency in planning as it has not been suggested that there was non-availability of such equipments abroad. The Committee trust Government to ensure that we become self-reliant in this direction as speedily as possible and in the meantime satisfactory pre-planning is done so that an equipment which is to be imported arrives in the country in time.

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Committee assume that the Ministry of Communications would have already drawn up a realistic plan to ensure the replacement of the existing strowger type of telex net-work by the latest technology as early as possible.

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It is a general knowledge that the telephone system in the country is working in a most unsatisfactory manner. The customers are thoroughly dissatisfied and the Government itself suffers, in its efficient working for lack of efficient telephone service. In view of this, it is of the utmost importance that adequate funds should be provided for thorough overhaul of the system and updating its technology. It is also important that the production, within the country, of new technology equipment needs to be speeded up and to this end new production units may be established so that the country may not have to depend only on one public sector unit i.e. ITI.

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The Committee note that consequent upon the shortfalls in the achievement of the targets during the first two years (1980-82) of the Plan period, the realisation of telephones revenue fell short of budgetary expectations during those years. In 1982-83, however, the total revenue registered an increase compared with the budgetary expectations and that too due to upward revision of tariff with

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|---------|--------------------|---------|------------|
| | (Rupees in crores) | | |
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It is, therefore, obvious that Department is not able to achieve the estimated revenue on account of non-performance commented above.

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