

THIRD REPORT

PUBLIC ACCOUNTS COMMITTEE (1999-2000)

(THIRTEENTH LOK SABHA)

IRREGULAR EXPENDITURE ON LOCAL INSULATION OF G.I. WIRE

MINISTRY OF COMMUNICATIONS
(DEPARTMENT OF TELECOMMUNICATIONS)

*[Action Taken on 15th Report of Public Accounts Committee
(11th Lok Sabha)]*



*Presented to Lok Sabha on 20 April, 2000
Laid in Rajya Sabha on 20 April, 2000*

LOK SABHA SECRETARIAT
NEW DELHI

April, 2000/ Chaitra, 1922

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**PUBLIC ACCOUNTS COMMITTEE
(1999-2000)**

Shri Narayan Datt Tiwari—Chairman

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* Ceased to be Member of the Committee on completion of his tenure in Rajya Sabha w.e.f. 27 January, 2000.

** Ceased to be Member of the Committee on completion of their tenure in Rajya Sabha w.e.f. 2 April, 2000.

INTRODUCTION

I, the Chairman, Public Accounts Committee having been authorised by the Committee to present the Report on their behalf, do present this Third Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 15th Report (11th Lok Sabha) on Irregular expenditure on local insulation of G.I. Wire.

2. This Report was considered and adopted by the Public Accounts Committee at their sitting held on 7 April, 2000. Minutes of the sitting form Part II of the Report.

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

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

NEW DELHI;
13 April, 2000

24 Chaitra, 1922 (Saka)

NARAYAN DATT TIWARI,
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by the Government on the Committee's recommendations and observations contained in their 15th Report (Eleventh Lok Sabha) on Paragraph 9.4 of the Report of Comptroller and Auditor General of India for the year ended 31 March, 1995 (No. 7 of 1996), Union Government (Post & Telecommunications) relating to "Irregular Expenditure of Local Insulation of GI Wire".

2. The Fifteenth Report which was presented to Lok Sabha on 14 August, 1997 contained 19 recommendations/observations. Action Taken Notes on all these recommendations/observations have been received from the Department of Telecommunications (DoT), Ministry of Communications and have been broadly categorised as follows:—

- (i) Recommendations and observations that have been accepted by the Government:

Sl. No. 1, 2, 3, 5, 1, 13 and 15-19
[Paragraph Nos. 76, 77, 78, 80, 86, 88 and 90-94]

- (ii) Recommendations and observations which the Committee do not desire to pursue in the light of the reply received from the Government

Nil

- (iii) Recommendations and observations replies to which have not been accepted by the Committee and which require reiteration:

Sl. No. 4
[Paragraph No. 79]

- (iv) Recommendations and observations in respect of which the Government have furnished interim replies:

Sl. No. 6, 7, 8, 9, 10, 12, and 14
[Paragraph Nos. 81, 82, 83, 84, 85, 87 & 89]

3. The Committee desire that final replies to those recommendations/observations in respect of which only interim replies have been furnished by the Ministry should be submitted expeditiously after getting them vetted by Audit.

Irregular Expenditure on Local Insulation of G.I. Wire

4. The Committee's examination contained in their 15th Report (11th LS) had revealed that the process of getting GI wires insulated was first time undertaken by the Department of Telecommunication (DoT) in 1987. However, an exercise to find out a suitable specification for PVC insulation over bare GI wire had been started in the Department way back on 10 January, 1979. But during the period 1979 to 1994, the Ministry were not able to provide a suitable specification for PVC insulation thickness of GI wire that could take care of the varying needs of different Telecom Circles in the country. On the other hand, different authorities simultaneously issued one specification after the other either in the name of draft or revised draft without formulating any standard specification in this regard. Further, inspite of the representations received from the Telecom Circles pleading for higher insulation thickness even in 1990, the Ministry did not take any decision in this regard till November, 1996 *i.e.* till the subject matter was taken up by the Committee for examination.

5. The Committee's examination had further revealed that the CGMT, Assam Circle was not competent to get GI wires insulated locally for drawing specifications which were at variance with those laid down. The Committee had found that as against the extant specification for insulation thickness of 0.3 mm and 0.5 mm for GI wires of 2 mm dia and 3.55 mm dia, the wires were got actually insulated following insulation thickness of 1 mm for 2 mm dia and 1.5 mm for 3.55 mm dia G.I. wires. The work of getting GI wire insulated locally was got executed by the CGMT, Assam Circle during 1989-93 as "Job Work" through two different firms. While the first firm M/s. Plast Fab, Lucknow undertook insulation of bare GI wires measuring 952 km. during 1989-90, the other firm M/s. Plast India, Dibrugarh did the remaining work of insulation of bare GI wire measuring 21,042 km. during the period 1990-93. The Committee's examination had revealed that no tender was invited when the work was awarded to the second firm. Moreover, the rates at which insulation work was got executed in Assam Telecom Circle were substantially higher compared to those of similar insulation works got done in Gujarat and Kerala Telecom Circles during the same peirod. Thus, compared to the prevailing central procurement rate of insulated GI wire, the local insulation of GI wire got done by CGMT, Assam Circle resulted in an extra expenditure of Rs. 4.79 crore (excluding excise duty and local taxes) to the exchequer.

6. The Committee found that the Ministry had unjustifiably defended the irregular action of CGMT, Assam Circle. Also, no action was taken by DoT to claim Modvat Credit in respect of duty already paid by them on bare GI wire. The Committee had also found that the case of Assam Circle was not an isolated one where irregular local insulation of GI wire was got done at the cost of substantial loss to the exchequer but many other field units like Kerala, Gujarat, U.P. (West), Andhra Pradesh,

Madhya Pradesh, Bihar and North East Circles had got local insulation done over bare GI wire in their circles using local specifications.

7. The Committee had found that the Internal Check Unit of DoT miserably failed to discharge its assigned responsibilities. Neither the internal check team of Assam Telecom Circle nor Internal check unit of DoT pointed out the irregular action of CGMT, Assam Circle. The functioning of Quality Assurance Wing in the DoT was also not found to be satisfactory. The Committee had noticed with concern the mismatch between the requirement of GI wires projected by Assam Telecom Circle, allotment made by DoT and actual quantity supplied there against by CGMT(S) Calcutta. It was found that while the quantity projected in the forecast requirement was substantially higher than the quantity allotted by DoT, the supplies effected there against had no relationship with the allotment by DoT.

8. On examination of the subject, the Committee had, thus, found several disquieting aspects not only in the procedures adopted by the CGMT Assam Circle in carrying out PVC insulation but also in the working of the DoT. The Committee, therefore, had *inter alia* recommended as under:—

- (i) To enquire into the manner in which the whole exercise for evolving specification was undertaken in the Department including the reasons for unwarranted delay in implementing the Cabinet decision with a view to fixing responsibility.
- (ii) To define the expression "thickly vegetated areas" with a view to avoiding ambiguity/incorrect application of the specification.
- (iii) To get the matter thoroughly investigated and to take stern action against those officers whose malafides were clearly established in the matter of awarding of contract to firms for insulation of GI wire.
- (iv) To initiate departmental proceedings against the officers responsible and take conclusive action within a period of three months in the case under examination where the irregularities have clearly been established, without waiting for the results of CBI inquiry.
- (v) To thoroughly look into the actual utilisation in terms of performance of wires of insulation thickness of 1 mm and 1.5 mm put into service in the Assam Telecom circle and to apprise the Committee of the results of the same within a period of three months.
- (vi) To apprise the Committee of the precise action taken in the matter where the officers exhibited gross negligence in protecting the interest of the department in not claiming Modvat Credit in respect of the duty already paid on bare GI wire.

- (vii) To take adequate steps to ensure effective control over the field units.
- (viii) To thoroughly inquire into all the cases of irregular local insulation carried out by the Telecom Circles with a view to fixing responsibility and to inform the Committee the findings of such inquiry and action thereon.
- (ix) To probe the circumstances under which such cases of blatant irregularities were not detected by the inspection authorities with a view to fixing responsibility.
- (x) To review the role of internal check unit afresh and to take steps to strengthen the institutional arrangements for periodic technical and administrative inspection with a view to ensuring compliance with the rules and propriety of the expenditure.
- (xi) To take necessary steps to ensure that the quality inspection and clearance are based on approved specifications only and in case of aberrations as was the case in Assam Telecom Circle the matter is referred to the competent authority in the Department for due approval.
- (xii) To indicate in the Annual Report of the Ministry of Telecommunication (Department of Telecommunication) the details of procurement of GI wires with higher insulation thickness.
- (xiii) To streamline the whole exercise of formulating demand and effecting supplies with a view to projecting the requirements realistically and ensuring its availability so that developmental and maintenance works in the DoT network are not adversely affected.

9. The observations/recommendations made by the Committee and the Action Taken Notes furnished by the Government thereon have been reproduced appropriately in the subsequent chapters of this Report.

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

Failure of the Ministry to provide suitable specifications for PVC insulation of G.I. Wires.

(Sl. Nos. 2, 3, 4 Paragraphs 77, 78 & 79)

11. The Committee in their Report had noted that an exercise to find out a suitable specification for PVC insulation over bare GI wire had been started in the Department on 10 January, 1979. But during the period 1979 to 1994, the Ministry were not able to provide a suitable specification for PVC insulation thickness of GI wire that could take care of the varying needs of different Telecom Circles in the country. On the other hand, different authorities simultaneously issued one specification after the other either in the name of draft or revised draft without formulating any standard specification in this regard. Further, inspite of the representations

received from the Telecom Circles pleading for higher insulation thickness even in 1990, the Ministry did not take any decision in this regard till November 1966, *i.e.* till the subject matter was taken-up by the Committee for examination. In view of the fact that during the period 1979 to 1994, the Ministry were not able to provide a suitable specification for PVC insulation thickness of GI wire that could take care of the varying needs of different Telecom Circles in the country, the Committee had concluded that the Ministry had woefully failed in discharging their responsibilities and had become permissive to all kinds of irregularities indulged in by various CGMTs. While deploring the laxity on the part of the authorities concerned, the Committee had recommended for inquiring into the manner in which the whole exercise for evolving specification was undertaken in the Department including the reasons for unwarranted delay in implementing the Cabinet decision. The Committee had also recommended for fixation of responsibility.

12. In their Action Taken Note, the Ministry of Communications has stated that Telecom Engineering Centre (TEC) took up the activities of laying down specifications for all new products *vide* Government of India order dated 31.8.1987. The specifications for all conventional items which had already been issued by T&D Circle were allowed to continue. The work of review and releasing of all the specifications by TEC was taken up in 1993. In their subsequent Action Taken Notes submitted in June 1999, the Ministry has stated that the present Telecommunication Engineering Centre (TEC) which is the successor organisation of Telecom Research Centre (TRC) is the single agency for formulating and issuance of specifications and hence there was no laxity on the part of the TEC in discharging their responsibilities and there was no delay in drafting the specifications by TEC.

13. The Committee observe that the Cabinet decision to entrust the work of laying down the specifications to TEC was to be implemented from 3 August 1988 but the Ministry did not designate the TEC for that purpose till 1993. There is no explanation by the Ministry as to why they delayed the implementation of the Cabinet decision for such an unduly long period. The silence of the Ministry on this count creates a serious doubt about the considerations for which such inexplicable delay was allowed to occur. The Committee are of the firm opinion that the irregularities indulged in by various CGMTs could have been very well avoided if the Ministry had taken up the matter in time as well as with seriousness. Surprisingly, the Ministry at this stage instead of seizing the opportunity for the purpose of introspection to find out their lacunae and to devise suitable remedy therefor, have attempted albeit in vain, to defend the indefensible. The fact of the matter is that the specification could not be finalised due to their lethargy and lack of seriousness. While reiterating their earlier recommendation for fixing

the responsibility, the Committee deplore the attitude of unwarranted defensiveness on the part of the Ministry.

Failure of the Ministry to notice the grave irregularity and also their subsequent attempts to defend them unjustifiably.

(Sl. Nos. 9 & 10 Paragraphs 84 & 85)

14. The Committee in their Report had observed that grave irregularity on the part of CGMT Assam Circle went unnoticed for a long time in the Ministry and also that the Ministry had unjustifiably went on defending such irregular action. The Committee while deploring the laxity on the part of the authorities concerned had desired the Ministry to get the entire matter thoroughly investigated and to take stern action against those officers whose malafides were clearly established. The Committee had further desired that in the case under examination where the irregularities had clearly been established, the Ministry, without waiting for the results of the CBI inquiry, should initiate departmental proceedings against the officers responsible and take conclusive action within a period of three months.

15. In their Action Taken Note, the Ministry has stated that the case is under investigation by CBI and their findings are awaited. As regards, the recommendation of the Committee for departmental action against the officials without waiting for the results of CBI inquiry, the Ministry has stated that if the departmental action is initiated at this stage, this may come in the way of investigation by CBI as records would be common for both and as such the Department feels that the case should be handled by CBI only.

16. The Committee presume that the case entrusted to the CBI for investigation relates only to the irregularities committed by the CGMT, Assam Circle but what had been desired was the departmental action against those officers also whose negligence/laxity resulted in non-detection of such a grave irregularity. Further, action should have also been initiated against the officers in the Ministry who unjustifiably defended the irregular action of the CGMT, Assam Circle. Surprisingly, the Ministry have not made any mention in their Action Taken Notes about the steps taken by them in this direction. The Committee are of the strong opinion that the Officers who failed to notice such grave irregularity and also those who unjustifiably defended the indefensible irregularities of the CGMT, Assam Circle must be pinpointed and visited with departmental action. The Committee are unhappy to note the lopsided view taken by the Ministry with regard to their recommendations. The Committee trust that the Ministry will now take a comprehensive view of their recommendations and initiate immediately the penal action against the officials concerned.

Failure to claim MODVAT Credit in respect of the duty already paid on bare G.I. Wire

(Sl. No. 11, Paragraph 87)

17. The Committee had noted in their Report that though the Central Excise duty due arising out of the process of getting bare GI Wire insulated was stated to have been paid for, no action was taken by DoT to claim MODVAT Credit in respect of the duty already paid by them on bare GI Wire. The Officers concerned in the Department had thus exhibited gross negligence in protecting the interest of the Government. The Committee while expressing their unhappiness over the issue, had desired to be apprised of the precise action taken in the matter.

18. The Ministry in their Action Taken Note had stated that no excise duty was paid by the Department prior to 1.3.1992 on the cost of bare GI Wires for getting the same insulated. However, the same was paid on becoming due arising out of the process of getting GI Wire insulated from 1.3.1992 to 31.3.1993. It has further been stated that the Department is pursuing for recovery of MODVAT Credit due for the period from 1.3.1992 to 31.3.1993. In the subsequent Action Taken Notes submitted in June 1999, the Ministry had stated that the CGM, Assam Telecom Circle has been directed to hold a meeting urgently with senior officers of Excise Department of Dibrugarh for expediting the matter relating to claim of MODVAT Credit and finalising the case early.

19. The Committee observe that non-filing of claim of MODVAT Credit was apparently due to negligence on the part of the officers concerned and therefore, such officers should have been identified for the purpose of fixing responsibility and initiating action against them. The Committee do not find anything from the Action Taken Notes of the Ministry which could indicate the steps initiated by the Ministry in this direction. It appears that the Ministry have conveniently sidetracked the vital issue of the gross negligence of the officers concerned in protecting the interest of the Department. While expressing their satisfaction over the steps now initiated by the Ministry for claiming the MODVAT Credit for the relevant period, the Committee are of the strong opinion that suitable action must be taken against the officers concerned whose negligence attributed to failure of the Department to claim the MODVAT Credit in time.

Ineffectiveness of Internal Inspection Mechanism of DoT

(Sl. No. 15, Paragraph 90)

20. The Committee had noted in their Report that contrary to the claims of the Department, the Internal Check Unit of DoT had miserably failed to discharge its assigned responsibilities. Neither the internal check team of Assam Telecom Circle in their review inspection conducted after 1989-90 had pointed out the irregular action of CGMT, Assam Circle nor internal check unit of DoT had considered that as irregular expenditure in their

review conducted in December, 1994. Furthermore, the irregularities committed in other Telecom Circles had come to the notice of the inspection authorities only after the matter was taken up by the Committee for detailed examination. While deploring the ineffectiveness of the internal inspection mechanism of the Department, the Committee had recommended for a probe into the circumstances under which such cases of blatant irregularities were not detected by the inspection authorities and thereafter to fix responsibility. The Committee had also desired for a review of the role of the internal check unit with a view to initiate steps to strengthen them.

21 The Ministry in their Action Taken Notes have *inter-alia* stated that the Department has two tier internal check organisation but by its very nature and having regard to the quantum of transactions, such checks cannot cover all transactions. The Ministry have further stated that to strengthen the organisation, a post of DDG (IC) has been sanctioned and some more posts of supporting officers are under process for sanction. It has also been stated that a constant vigil is also being kept to ensure propriety of expenditure.

22. The Committee, after careful examination of the Action Taken Notes, find that the Ministry have not initiated any action to get the matter inquired into with a view to fixing responsibility. The Committee are of the firm opinion that initiation of suitable action against the officers responsible for blatant irregularities would go a long way in improving the functioning of internal inspection mechanism of the organisation. The Committee, therefore, strongly reiterate their earlier recommendation and desire that the Department will atleast now take immediate action in this regard. The Committee observe that though the Ministry have taken certain steps to augment the manpower but these are grossly insufficient. The Committee are of the view that mere creation of certain additional posts will not yield any tangible results unless accountability permeates all echelons of the Ministry and pinpointing of individual responsibility becomes the basic departmental norm.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

Galvanised Iron (GI) Wires are used in the Department of Telecommunications (DoT) for providing for new Telephone Connections, public telephones in Gram panchayats, junction lines, for installation of overhead carrier systems, to extend STD/Group dialling facilities to Sub-Divisional Headquarters/Telecommunications, Headquarters & Rural exchanges, for maintenance of existing lines, etc. GI Wires, bare as well as insulated are stocked items and are centrally procured by the Chief General Manager, Telecommunications (CGMT), Stores, Calcutta. The Audit paragraph deals with a case where the CGMT, Assam Circle unauthorisedly converted 9586 km bare GI Wire of 2 mm dia and 12409 km GI Wire of 3.55 mm dia into PVC Insulated GI Wire locally during 1989—93 with a thickness of 1 mm and 1.5 mm respectively, against the DoT's uniformly applicable specification of 0.5 mm thickness. It was pointed out by Audit further that the CGMTs did not have the power to procure them locally and that compared to the prevailing central procurement rate of insulated GI Wire, the action of CGMT, Assam Circle caused an extra expenditure of Rs. 4.79 crores. The Committee's examination of the Audit paragraph has revealed several disquieting aspects not only in the procedures adopted by CGMT, Assam Circle in carrying out PVC insulation, but also in the working of the DoT.

[Sl. No. 1, Appendix II, Para 76 of Fifteenth Report of PAC (11th Lok Sabha)]

Action Taken

Various instructions have been reiterated in the procedures being adopted by the Deptt. for procurement of materials for which necessary guidelines have already been issued *vide* No. 305-2/95- MMS dated 8.11.95 to all concerned. In addition the necessary circulars highlighting the Quality Assurance procedures and adoption of TEC specifications/Generic

requirements for following up the correct procedures have also been issued by above mentioned wings of Deptt. of Telecom.

This issues with the approval of Adv. (P).

This has been vetted by the Director General of Audit (P&T) *vide* U.O. No. RR.II/2(d)4933/1269 dt. 11-3-1998.

[F.No. 305-4/95-MMS/PAC/Vol. VIII]

Recommendation

The Committee find that prior to 1986 insulated GI Wires were not used in DoT network. The process of getting GI Wires insulated was initially undertaken by DoT in 1987 and regular supplies of insulated wires were effected from 1989-90 onwards. The Committee's examination, in fact, revealed that an exercise to find out a suitable specification for PVC insulated over bare GI Wire to reduce incidence of faults, started in the Department way back on 10 January 1979 when a draft specification prescribing therein insulation thickness of $1.5 \text{ mm} \pm 0.25 \text{ mm}$ for both 2 mm dia and 3.55 mm dia MS wires was issued by the Technical and Development (T&D) Circle of the Department, which was stated to be the competent authority at that point of time for laying down specifications for use throughout the country. However, the draft of 1979 which was circulated among field units to elicit their views remained a draft till 16 May 1986, when a revised draft specification was issued by the T&D Circle prescribing therein insulation thickness of $1 \text{ mm} \pm 0.25 \text{ mm}$ for 2 mm dia GI Wire and 1.5 mm for 3.55 mm dia GI Wire. The Ministry were unable to apprise the Committee whether any field reports were actually received on the draft of 1979 and those taken cognizance of before effecting revision in the draft specification in May 1986. Thereafter, two more specifications were issued by the T&D Circle, one on 17 February 1988 prescribing therein insulation thickness of 0.3 mm and the other on 29 March 1990 detailing therein insulation thickness of 0.5 mm for both 2 mm dia and 3.55 mm dia GI Wires. Surprisingly, both these specifications were also issued in the name of revised draft indicating that the process of revision was incomplete pending formulation of a standard specification. Furthermore, during May 1987 to August 1988, three more specifications were issued concurrently by another authority *viz.* Telecom Research Centre (TRC) of the Department which were in variance with the specifications issued by the T&D Circle. Explaining the ambiguity arising out of simultaneous issuance of specifications both by T&D Circle and TRC, the Ministry stated that the specifications framed by TRC was not to be used for any purpose other than authorising the T&D Circle to use it. They maintained that the T&D Circle was the competent authority till 1993 to issue the specifications until a new authority *viz.* Telecom Engineering Centre (TEC) was set up. The Committee's examination

revealed that in pursuance of a Cabinet decision taken in July 1987, TRC was split into TRC and TEC and the work of laying down specifications was passed on to TEC which was to be implemented from 3 August 1988. Unfortunately, the order for making TEC as the designated authority for issuing specifications was not implemented by the Ministry till 1993 even though TEC continued to send its specifications to the T&D Circle for further circulation.

[Sl. No 2, Appendix II, Para 77 of Fifteenth Report of PAC
(11th Lok Sabha)]

Action Taken

As a measure of caution and prevention of ambiguity in the issuance of such instructions, necessary guidelines have been issued. Henceforth every generic requirements that have been reviewed and revised will clearly state the details of specifications that will stand superseded by it. Intimation regarding review of specifications, revised specifications, issue of amendments to the existing specifications are also being circulated to all the concerned.

This issues with the approval of Adv. (P). This has been vetted by the Director General of Audit (P&T) *vide* U.O.No: RR II/2(d) 4933/1269 dt. 11-3-1998.

Recommendation

The Committee further note that both Assam and Kerala Telecom Circles represented to the Ministry that the specification of PVC insulation thickness issued by the T&D Circle in 1990 was not adequate for their Circles due to peculiar ambient conditions and that should be enhanced. The matter was reportedly under consideration of the Ministry. Amazingly, TEC issued a specification in December 1994, after a lapse of four years, wherein the insulation thickness was maintained at the same level i.e. 0.5mm for both 2mm dia and 3.55 mm dia GI wires and representations received from Assam and Kerala Telecom Circles for higher insulation thickness were not apparently taken into cognizance. Subsequently, on 29 November 1996, after a lapse of another two years, the whole matter was stated to have been placed before the Development Coordination Committee (DCC) of TEC and an amendment was made in the specifications issued in 1994, prescribing therein two types of PVC insulation thickness one having more thickness for thickly vegetated areas (1.00 mm) and the other with lower thickness (0.5 mm) for other areas.

[Sl. No. 3, Appendix II, Para 78 of Fifteenth Report of PAC
(11th Lok Sabha)]

Action Taken

Necessary instructions have been issued to TEC and QA Wing of Deptt. of Telecom. *vide* No. 305-4/95-MMS/Vol. VI dated 19.1.98 for examination and disposal of such type of representations received, if any, from field units in future.

This issues with the approval of Adv. (P). This has been vetted by the Director General of Audit (P&T) *vide* U.O.No.: RR. IL/2(d)4933/1267 dt. 11-3-1998.

Recommendation

The Committee note that as per the latest specifications issued in November 1996, two types of PVC insulation thickness have been prescribed: One having more thickness for thickly vegetated areas (1.00 mm) and another with lower thickness (0.5mm) for other areas. They are of the view that the expression 'thickly vegetated areas' should be clearly defined by the Ministry through guidelines with a view to avoiding ambiguity/incorrect application of the specification.

[Sl. No. 5, Appendix II, Para 80 of Fifteenth Report of PAC
(11th Lok Sabha)]

Action Taken

Necessary guidelines for determination of the thick vegetated areas where higher thickness of insulation is to be used have been issued to facilitate the field units in adhering to the instructions clearly. (Copy of the guidelines enclosed)

This issues with the approval of Adv. (P). This has been vetted by the Director General of Audit (P&T) *vide* U.O.No.: RR. IL/2(d)4933/1269 dt. 11-3-1998.

**DEPARTMENT OF TELECOMMUNICATIONS
TELECOM ENGINEERING CENTRE
HYDERABAD-500 051**

SUB: *Guidelines for determination of thickly vegetated areas for use of PVC insulated GI Wires with insulation thickness of 1mm.*

Amendment No. 1 (F/TBNE/WIR-GC/OB TEC 96. dated 29.11.98) to Spec. 'PVC insulated 1.6 O mm, 2.00 mm and 3.55 mm dia. Galvanised Mild Steel Wire' with spec. Ho. G/WIR-08/02DEC. 84, has been issued, recommending among other things the use of 1 mm PVC insulation thickness in thickly vegetated areas.

In the 15th report of the Public Accounts Committee it was noted that suitable guidelines be issued for deciding the thickly vegetated areas where 1 mm thick PVC insulated GI Wire are to be used. Accordingly the necessary guidelines is enclosed for taking necessary action and circulation to all concerned.

Sd/-
(V.L. VENKATRAMAN)
Deputy Director General (NE)

U.O. No. TBNE/F/WIR-GC/OB TEC 97 Dated: October 10, 1997

To

Sr. DDG (MS), Telecom Commission, DoT, Sanchar Bhavan, New Delhi

Copy to:

Sr. DDG, TEC, New Delhi, for information.

GUIDELINES FOR SELECTING THE PVC INSULATED GI WIRE WITH INSULATION OF 1 MM THICKNESS IN THICKLY VEGETATED AREAS

1. The PVC insulated GI Wire with the higher thickness of 1 mm (type A) shall be used only in locations which are thickly vegetated, so that the insulation of the wire does not get damaged easily. For this purpose the thickly vegetated areas will be taken as those where the CROWN DENSITY is 40% or more as defined in the NATIONAL FOREST VEGETATION MAP OF INDIA issued by

Director, Forest Survey of India,
Ministry of Environment & Forest,
Govt, of India Kaulagarh Road, Dehradun, INDIA.

2. For all other areas the PVC insulated GI wire with insulation thickness of 0.5 mm only shall be used.

Recommendation

The Committee have been informed that about 80% of 9586 kms of 2mm dia. and about 55% of 12,409 kms of 3.55 mm dia. locally insulated GI wires were utilised in three divisions i.e. Dibrugarh, Jorhat and Nagaon of Assam Telecom Circle, where the impact of vegetation and insurgency was stated to be maximum during the period. Though the Department claimed that performance of services improved remarkably with the reduction in fault rate with the use of GI wires with insulation thickness of 1 mm and 1.5 mm, the Committee are not very much inclined to share this view point in the light of the fact that no experimental study/review on the actual performance of these insulated wires was conducted by the

Department. No cost benefit analysis of the local insulation got done by the Asam Telecom Circle was either conducted to gauge the incidence of extra cost borne *vis-a-vis* the actual performance effected. However, the issuance of latest specification of 1 mm insulation thickness for GI wires of 2mm dia. and 3.55 mm dia. in respect of vegetated areas is itself indicative of the fact that the exchequer was looser to the extent of extra expenditure incurred in getting local insulation done of 1.5mm thickness of 3.55 mm dia. GI wire. The Committee, therefore, desire that the actual utilisation in terms of performance of wires of insulation thickness of 1 mm and 1.5 mm put into service in the Assam Telecom Circle should be thoroughly looked into. The Committee would like to be apprised of the results of the same within a period of three months.

[Sl. No. 11, Appendix II, Para 86 of Fifteenth Report of PAC
(11th Lok Sabha)]

Action Taken

The details of performance report in respect of 1mm & 1.5mm Insulated Wires put into service in Assam Telecom. Circle are given below:

1. Average metered calls for PTs-2 Calls per day per PT as against 1 Call per PT-Circle average indicate possible improved performance due to these insulated wires.
2. Performance report of some of the local connections has indicated almost no line faults and indicates possible improved performance due to Insulated Wires.
3. Increase in metered calls and reduction in trunk calls indicates stability of STD Junctions provided on Insulated Wire.

Therefore, insulated wires has also contributed in increasing the revenue of Telecom. Circle and improved satisfaction to the subscribers of rural areas.

It is also ensured that departmental procedures shall henceforth be strictly followed. As a measure of precaution, a Circular has been issued to all Heads of Circle/Concerned Units *vide* letter No. 305-4/95-MMS/Vol. II dated 19.1.98 regarding procedure for experimental study/review on the actual performance of the item before finally inducting it into the network.

This issues with the approval of Adv.(P). This has been vetted by the Director General of Audit (P&T) *vide* U.O.No:RR.II/2(d) 4933/1269 dt. 11-3-1998.

Recommendation

The Committee's examination revealed that the case of Assam Circle was not an isolated one where irregular local insulation of GI Wire was got done at the cost of substantial loss to the exchequer. As per information made available to the Committee many other field units like Kerala, Gujarat, Uttar Pradesh (West), Andhra Pradesh, Madhya Pradesh, Bihar and North East Circles had got local insulation done over bare GI wire in their respective circles using local specifications. The magnitude of irregularities may be much more as the Ministry failed to furnish information pertaining to other Circles namely, Himachal Pradesh, Rajasthan and Mahanagar Telephone Nigam Ltd., Delhi. In fact the case of Kerala was brought out in the Paragraph 9.7 of the Report of the C&AG of India for the year ended 31 March 1993, No. 7 of 1994, Union Government (P&T) where Audit had pointed out that irregular local insulation got done by CGMT, Kerala Circle cost the exchequer and avoidable expenditure of Rs. 1.08 crores. Explaining the patently irregular action on the part of the Telecom Circles, the Ministry pleaded that though the action by such units was not in conformity with the then existing department procedures to the extent that they used local specifications and certain circles besides using unapproved specifications also did not follow other departmental procedures like calling for open tenders, permission, etc., which resulted in heavy loss to the exchequer, the outcome was in the interest of service and public at large. The Committee are shocked over the Justification advanced by the Ministry in a bid to gloss over the impropriety of expenditure and inexcusable dereliction of duty on the part of Telecom Circles which resulted in a complete breakdown of administrative machinery and total absence of accountability. Lamentably, all these cases of irregularities came into the notice of the Ministry only after the present subject matter was taken for detailed examination by the Committee. The Committee strongly deprecate this state of affairs and trust that the DoT will draw suitable lessons from these unsavoury aspects in the working of the Department and take adequate steps to ensure effective control over the field units.

[Sl.No. 13, Appendix II, Para 88 of Fifteenth Report of PAC (11th Lok Sabha)]

Action Taken

The Deptt. has already taken various adequate steps to ensure effective control over the field units by issuing various directive guideline and other corrective steps in observance of the departmental procedures for procurement of stores, like floating of tenders, further tightening of norms for issue of TEC Specification and Quality Assurance Procedures. The Circulars/guidelines issued by TCHQ & various other wings of DoT are noted as under:

- (1) No. 305-4/95-MMS/Vol. VII dated 13.10.97 & 19.12.97

- (2) No. CGMQAs/6013/Gen/97-98/36 dt. 25.11.97
- (3) OM No. 27-2/95-96/B-II/Pt. 1/51 dt. 8.8.97
- (4) No. 305-2/95-MMS/dated 8.11.95
- (5) No. 305-4/95-MMS/Vol. VI dt 12.4.98
- (6) No. 305-4/95-MMS/Vol. VI dated 13.10.97
- (7) No. TBRC/F/SPC-GR/26 TEC 94 dated 21.2.97
- (8) No. TBNE/F/WIR-GC/08 TEC 97 dt 10.10.97

This issues with the approval of Adv. (P). This has been vetted by the Director General of Audit(P&T) vide U.O.No. RR. II/2(d)4933/1267 dt. 11-3-1998.

No. 305-4/95-MMS/Vol. VI
Government of India
Department of Telecom
Sanchar Bhavan, New Delhi

Dated: 13.10.97

To,

All Heads of Telecom Circles.

SUB: *Action Taken Note on the recommendations contained in the 15th Report of the Public Accounts Committee on Para 9.4 of the C&AG Report for the year ended 31.3.95 relating to Irregular expenditure on local insulation of GI Wire in Assam Telecom Circle.*

In the report submitted by Public Accounts Committee on the above said subject that some of the Circles have procured store items on non-standard specification. In this regard, guidelines for procurement of materials were issued vide this office letter No 305-2/95-MMS dated 8.11.95

The Committee has desired that details of procurement of PVC Insulated GI Wire of higher thickness should be indicated in the Annual Report of the Ministry of Communications (DoT). It is, therefore, requested to intimate the quantity of PVC Insulated GI Wire locally procured/locally insulated by the Circles for thickness of more than 0.5mm PVC Insulation, if any, during the year 1995-96 and 1996-97.

It is therefore, enjoined upon all the material purchasing authorities to observe the guidelines contained in the financial handbook of the deptt. and the guidelines issued from the Telecom Directorate from time to time for strict adherence so that none of the irregularities aforesaid or otherwise recur.

Sd/-
(V.K. ARYA)
Director (MMS)

Recommendation

Though the Department claimed to have an elaborate mechanism for scheduled Inspection and checks to ensure compliance with rules and propriety of expenditure, the Committee are unhappy to point out that the internal Check Unit of DoT miserably failed to discharge its assigned responsibility. Curiously enough, neither the Internal check team of Assam

Telecom Circle in their review Inspection conducted after 1989-90 pointed out the Irregular action of CGMT, Assam Circle nor Internal Check Unit of DoT considered this as Irregular expenditure in their review conducted in December, 1994. What is further Intriguing is that the Irregularities committed in other Telecom Circles came to the notice of the Inspection authorities only after the present subject matter was taken up by the Committee for detailed examination. It speaks volumes of the Ineffectiveness of the Internal Inspection mechanism of the Department. While deploring the functioning of the Inspection unit in this regard, the Committee recommend that the circumstances under which such cases of blatant irregularities were not detected by the Inspection authorities needs to be probed with a view to fixing responsibility. The Committee would like to be intimated the precise action taken in this regard. Keeping in View the abject failure of the existing Inspection mechanism, the Committee desire that the role of Internal Check Unit be reviewed afresh and steps taken to strengthen the Institutional arrangements for periodic technical and administrative Inspection with a view to ensuring compliance with the rules and propriety of expenditure.

[Sl.No. 15, Appendix II, Para 90 of Fifteenth Report of PAC (11th Lok Sabha)]

Action Taken

This ATN relates to Para 90 of the fifteenth Report of PAC (Eleventh Lok Sabha) on irregular expenditure on local insulation of G.I. Wire (Para 9.4 of CAG Report for the year ending 31.3.95)

To ensure compliance with the rules and propriety of expenditure the Department has a two tier Internal Check Organisation. One tier is stationed at Circle Head Quarters level responsible for conducting details inspection of each unit within the Circle once in a year; and the second tier organisation is stationed at DoT Headquarters New Delhi to conduct inspections once in four years covering all the units in India. Quantum of checks pertaining to various items of works viz. Works Account, Planning TRA and Cash etc. are prescribed leaving no scope to skip-over any critical item. However, by its very nature and having regard to the quantum of transactions, such checks cannot cover all transactions. Therefore greater stress is now being laid on improving the quality of inspection to focus on deficiencies in systems and procedures etc. In spite of such adequate and elaborate mechanism some items might be lost sight of inadvertently for which subsequent remedial measures to stop recurrence are sincerely being taken.

A change in focus and priorities has also become imperative in view of the expansion of Telecommunication system by leaps and bounds. To strengthen the organisation a post of DDG (IC) has been sanctioned and some more posts of supporting officers are under process for sanction.

Field unit Heads are being impressed upon to fill up the vacant posts of IC by induction of senior and willing officials since it involves extensive touring. It is further emphasized on all Heads of Circles to pay their personal attention to audit objections by furnishing convincing recurrence. A constant vigil is also being kept to ensure propriety of expenditure.

This issues with the approval of Member(F). This has been vetted by the Director General of Audit (P&T) *vide* U.O.No.:RR.II/2(d)4933/1264 dt. 11-3-1998.

Recommendation

The Committee also observe that the functioning of the Quality Assurance Wing in the DoT leaves a lot to be desired. The Committee were informed that the Department has a well established Quality Assurance Wing and all the stores equipments are inspected and certified by the Wing before induction in the DoT network. According to the Ministry, in the case of Assam Telecom Circle, all the supplies of locally insulated wire were received and utilised after inspection and clearance from the wing. This averment of DoT leaves a doubt in the mind of the Committee about the seriousness with which the quality inspection was being conducted in DoT. Keeping in view the fact that quality inspection is normally conducted against a pre-determined parameter, which was insulation thickness of 0.05mm on the basis of which CGMT(S), Calcutta procured the stores, the Committee fail to appreciate as to how the Quality Assurance Wing certified the wires insulated with extra thickness which was not prescribed by the Department at that point of time. The Committee feel that since the higher specification adopted by CGMT, Assam Circle, was not approved by DoT and was irregular, the matter should have been brought to the notice of DoT by the Quality Assurance Wing for approval. Unfortunately, this was not done. The Committee, therefore, desire that necessary steps be taken to ensure that quality inspection and clearance be based on approved specifications only and in case of aberration as was the case in Assam Telecom Circle, the matter be referred to the competent authority in the department for due approval. The Committee are of the firm belief that such renewed approach by the Quality Assurance Wing would also work as an effective mechanism for added checks and balances besides authentic quality verification and avoidable wastage.

[Sl. No. 16, Appendix II, Para 91 of Fifteenth Report of PAC (11th Lok Sabha)]

Action Taken

As a measure of abundant precaution, a Circular has been issued by the CGMT(QA) Bangalore *vide* his letter No. CGMQAS/6013/Gen./97-98/36

dated 25.11.97 to all QA Officers reiterating the procedures, that no product should be cleared which does not have valid DoT specification and if any relaxation are required they must be referred to the competent authority for orders.

This issues with the approval of Adv. (P). This has been vetted by the Director General of Audit (P&T) vide U.O. No:RR.II/2(d) 4933/1268 dt. 11-3-1998.

Recommendation

While intimating the rectificatory steps taken, the Ministry stated that guidelines for procurement of materials have been issued by DoT on 8 November 1995 to avoid irregular purchase of materials on non-standard specifications. The Committee cannot remain satisfied with this. In the light of the shortcomings pointed out in this Report, the Committee desire that effective steps be taken by the Ministry to ensure that guidelines issued should be followed scrupulously and any violation thereof should be dealt with sternly. The Committee further desire that the details of procurement of GI wires with higher insulation thickness should be indicated in the Annual Report of the Ministry of Communications (Department of Telecommunications.)

[Sl. No. 17, Appendix II, Para 92 of Fifteenth Report of PAC (11th Lok Sabha)]

Action Taken

Necessary rectificatory steps have already been taken by issuing guidelines for procurement of materials vide No. 305-2/95-MMS dated 8.11.95. It is also ensured that any violation thereof shall be dealt with sternly.

In addition, the details of procurement of GI Wire with higher insulation thickness more than 0.5 mm shall be included in the Annual Report of Ministry of Communications (Deptt. of Telecom) for the period 1997-98 and thereafter. A copy of the Circular issued to Circles imparting necessary instructions to them for inclusion of this statement in their Annual Reports is also enclosed for reference.

This issues with the approval of Adv. (P). This has been vetted by the Director General of Audit (P&T) vide U.O. No:RR.II/2(d) 4933/1269 dt. 11-3-1998.

Recommendation

The Committee observe that there was mismatch among the forecast requirement of GI wires put forth by Assam Telecom Circle, allotment made by DoT and actual quantity supplied there against by CGMT(S), Calcutta. Explaining the position, the Ministry stated that while forecast

requirement is generally based on likely achievements during the current year and growth plans for the subject year, the allotment by DoT is however, based on the actual development target set for the Circle depending upon the budgetary provision. The procurement action by the CGMT(S), Calcutta is stated to be based on allotment by DoT. The Ministry however, admitted that supplies of specific types of wires and equipments to various Telecom Circles do not sometimes match the DoT allotments. What concerns the Committee is the fact that while the quantity projected in the forecast requirement was substantially higher than the quantity allotted by DoT, the supplies affected thereagainst had no relationship with the allotment by DoT. The Committee desires that the whole exercise of formulating demand and effecting supplies should be streamlined with a view to projecting the requirements realistically and ensuring its availability so that development and maintenance works in the DoT network are not adversely affected.

[Sl. No. 18, Appendix II, Para 93 of Fifteenth Report of PAC (11th Lok Sabha)]

Action Taken

The guidelines have been issued to all Heads of Circles vide letter No. 305-4/95-MMS/Vol. VII dated 19.12.97 for projecting the requirements realistically. The Department also reviews status of Centrally procured items through CGMTS, Calcutta and need for decentralisation/authorisation to Circles for procuring some of the quantity after observing usual formalities so that the requirements for meeting the targets/improving the services, are met.

This issues with the approval of Adv. (P). This has been vetted by the Director General of Audit (P&T) vide U.O. No:RR.II/2(d) 4933/1268 dt. 11-3-1998.

Recommendation

The Committee regret to note that despite the serious nature of issues involved, the Ministry of Communications did not bother to respond to the draft Audit Paragraph under examination which was forwarded directly to the then Secretary of the Ministry by the office of the C&AG in July 1995 with a request to send the requisite reply within the stipulated time of six weeks. The Committee note with dissatisfaction that the replies to draft Audit paragraph was not sent till 6 September 1996. The Committee take a serious view of this and desire that corrective steps be taken by the Ministry of obviate the recurrence of such delay in future.

[Sl. No. 19, Appendix II, Para 94 of Fifteenth Report of PAC (11th Lok Sabha)]

Action Taken

The CGM Assam Circle was requested on 21st, August, 1995 to send the comments and Action Taken Note on this Draft Audit Para. An endorsement copy of CGMT Assam Telecom Circle addressed to Deputy Director, P&T Audit Office was received on 25-9-95. On the basis of endorsement copy, a draft reply was prepared and sent to Finance Branch for vetting as on 30-11-95. Finance Branch has sent the file on 18-12-95 with certain query which was asked from CGMT Assam & CGMTS Calcutta on 20-12-95. The reply of the Circle was received on 18-3-96 in the Directorate. However, the reply of CGMTS Calcutta could not be received till July, 1996 and meanwhile the Draft Audit Para was included in the report of C&AG of India for the period ended 31-3-95 and for which Action Taken Note was now required to be sent to the Budget Branch.

The Telecom Commission has issued an instruction to all Heads of Circles/DDsG vide O.M. No. 27-2/95-96/B-II/Pt.I/51 dated 8-8-97 that the responsibility for sending timely reply to the Draft Audit Para is that of Joint Secretary/DDsG in the Directorate and of CGMS in the field. This is expected to improve the monitoring and timely replies of Draft Audit Paras to Audit.

This issues with the approval of Adv. (P). This has been vetted by the Director General of Audit (P&T) vide U.O. No:RR.II/2(d) 4933/1268 dt. 11-3-1998.

CHAPTER III

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

NIL-

CHAPTER IV

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

Recommendation

From the foregoing, it is amply clear that during the period 1979 to 1994, the Ministry were not able to provide a suitable specification for PVC insulated thickness of GI wire that could take care of the varying needs of different Telecom Circles in the country. On the other hand, different authorities simultaneously issued one specification after the other either in the name of draft or revised draft without formulating any standard specification in this regard. Curiously enough, in a couple of occasions, the draft specification was stated to have been revised but without any material changes in the insulation thickness. In the absence of any convincing explanation from the Ministry and their failure to trace relevant papers the Committee are unable to appreciate the rationale behind such revisions. Further, though representations were received from Telecom Circles pleading for higher insulation thickness in the Ministry in 1990, no decision was taken on this count till November 1996. Distressingly, the Ministry choose to issue the latest specification only after the present subject matter was taken up by the Committee for detailed examination. Considering the fact that evolving a suitable specification of insulation has a crucial role to play in the entire communication network of the country, the Committee regret to conclude that the Ministry woefully failed in discharging their responsibility and became permissive to all kinds of irregularities indulged in by various CGMTs. The Committee deplore the laxity on the part of the authorities concerned in this regard and desire that the manner in which the whole exercise for evolving specification was undertaken in the Department including the reasons for unwarranted delay in implementing the Cabinet decision be inquired into with a view to fixing responsibility. They would like to be apprised of the results of the inquiry.

[Sl. No. 4, Appendix II, Para No. 79 of Fifteenth Report of PAC (11th
Lok Sabha)]

Action Taken

In respect of this para, the following is submitted for reconsideration of the PAC:—

As per the then existing procedures many wings of the Department of Telecommunications were involved before the specifications could finally be released. The process involved was that the then Telecom Research Centre (TRC) would prepare a draft specification which was sent to Technical & Development (T&D) Circle. These draft specifications were further circulated by the T&D Circle to all the Heads of Telecom Circles across the country. The comments of all the Heads of Circles were compiled by the T&D Circle and sent to TRC. These comments were incorporated by the TRC in the draft specifications and the revised draft was then submitted to T&D Circle. The T&D Circle then approved the specifications and they were released thereafter. This system was inherently time consuming because of large number of DOT units involved and therefore the delay was unavoidable due to the prevailing procedures at that point of time.

The corrective measures in this regard have already been taken. The present TELECOMMUNICATION ENGINEERING CENTRE, which is the successor organisation of TRC is the single agency for formulating and issuance of the specifications. Hence, there was no laxity on part of the TEC in discharging the responsibility and there was no delay in drafting the specification of new product, equipments etc. by TEC.

This issues with the approval of Advisor (P).

(C. SUBBA RAO)

This has been vetted by the Addl. Dy. Comptroller & Auditor General (P&T), Delhi-54 *vide* U.O. No. RR II/2(d) 4933/14 Dated 7-5-99 with the remarks that DOT may intimate the PAC the final outcome of the investigations by C.B.I. and action taken against officers/officials at fault.

CHAPTER V

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

Recommendation

The Committee find that in the case under examination, the work of getting GI wire insulated locally was got executed by the CGMTS, Assam Circle during 1989-93 as 'job work' through two different firms. While the first firm was involved in insulation of GI wire measuring 952 Kms during 1989-90 insulation of 21,042 Kms GI wires was got done through another firm during 1990-93. The specification for insulation thickness of GI wires got locally insulated was 1.00 mm for 2 mm dia GI wire and 1.5 mm for 3.55 mm dia GI wire. The Committee's scrutiny revealed that execution of work through both the firms were beset with serious irregularities.

[Sl.No. 6, Appendix II, Para No. 81 of Fifteenth Report of PAC (11th Lok Sabha).]

Action Taken

As already intimated the CBI was requested to take up this case for investigation. However, CBI has registered regular case only in April, 98 against Shri S.K. Pandey, Shri R. Sunder Rajan (both CGMs, now retired) and Shri Kranti Kumar, presently working as Sr. DDG (TX) in TCHQ. Subsequently, SP, CBI, Gauhati, where the case has been registered, had asked for various documents as well as the office and residential addresses of some of the officers connected with this case. Information, as available in the Telecom Commission Head Quarters (TCHQ), has been forwarded to SP, CBI and CGM, Assam Circle has been directed to furnish the relevant records and other information available with him immediately to the SP, CBI. The case is being pursued with CBI for early completion of the investigation.

This issues with the approval of Advisor (P).

This has been vetted by the Addl. Dy. Comptroller & Auditor General (P&T), *vide* U.O. No. RR II/2(d) 4933/14 Dated 7-5-99 with the

remarks that DOT may intimate the PAC the final outcome of the investigations by C.B.I. and action taken against officers/officials at fault.

Recommendation

On scrutiny of the information made available, the Committee find that the CGMTs were not competent to get GI wires insulated locally by drawing specifications which were at variance from those laid down. In the case under examination, as against the extent specifications (issued in February, 1998 and March, 1990) for insulation thickness of 0.3 and 0.5 for GI wires of 2mm dia and 3.55 mm dia. The wires were got actually insulated following insulation thickness of 1 mm for 2mm dia and 1.5 mm for 3.55 mm dia GI wires. The plea of the Ministry that the CGMT, Assam Circle had followed the specification issued on 16 May, 1986 by T&D is altogether unacceptable and irrelevant since the same authority had issued specification subsequently revising the insulation thickness. Strangely enough, even for application of this higher insulation thickness, no scientific study was stated to have been undertaken in the Circle. Furthermore, in August 1998, when tender for local insulation was floated by CGMT, Assam Circle, insulation thickness of 0.33 mm was mentioned in the tender document as the specification and no indication was there for insulation thickness of either 1.00 mm or 1.5 mm based on which local insulation was actually got done.

Evidently, the higher specification was drawn on extraneous considerations and without any approval from competent authority. During evidence, while admitting the irregularity the Secretary, Ministry of Communications termed the matter as "serious".

[Sl.No. 7, Appendix II, Para No. 82 of Fifteenth Report of PAC (11th Lok Sabha)]

Action Taken

As already intimated, the CBI was requested to take up this case for investigation. However, CBI has registered a regular case only in April, 98 against Shri S.K. Pandey, Shri R. Sunder Rajan (both CGMs now retired) and Shri Kranti Kumar, presently working as Sr. DDG (TX) in TCHQ. Subsequently, SP, CBI, Gauhati, where the case has been registered, had asked for various documents as well as the office and residential addresses of some of the officers connected with this case. Information as available in the Telecom Commission Head Quarters (TCHO), has been forwarded to SP, CBI and CGM. Assam Circle has been directed to furnish the relevant records and other information available with him immediately to the SP, CBI. The case is being pursued with CBI for early completion of the investigation.

This issues with the approval of Advisor (P).

This has been vetted by the Addl. Dy. Comptroller & Auditor General (P&T), Delhi-54 *vide* U.O. No. RR II/2(d) 4933/14 Dated 7-5-99 with the remarks that DOT may intimate the PAC the final outcome of the investigations by C.B.I. and action taken against officers/officials at fault.
[F.No.: 305-4/95-MMS/PAC/Vol.-VI/Pt.]

Recommendation

The Committee further find that the 'job work' of carrying out local insulation was awarded to two firms namely M/s Plast Fbb. Lucknow and M/s Plast India Dibrugarh. While the first firm undertook insulation of bare GI wires measuring 952 km during 1989-90 the other firm did the remaining work of insulation of bare GI wire measuring 21.042 km. during the period 1990-93. In the case of the former. Notice Inviting Tender was floated on 11 August, 1988 which was evaluated by Tender Evaluation Committee. The recommendations of the Committee were stated to have been accepted by the head of the circle and an agreement was entered into on 8 March, 1989 with M/s Plast Fab. Lucknow. However to the utter surprise of the Committee work order of about Rs. 7 crores was awarded in the second case to M/s Plast India, Dibrugarh without a tender on the plea that the rate of local insulation offered by the firm was cheaper. However, scrutiny of the information made available to the Committee revealed that paid by Assam Telecom Circle during the period 1989-93. When M/s Plast India, Dibrugarh was engaged for carrying out local insulation were not lower than the rates paid during 1989-90 when M/s Plast Fab, Lucknow was entrusted with the work of local insulation. Thus the plea taken by the Assam Telecom Circle for awarding the work of M/s Plast India, Dibrugarh is totally untenable. What is further disquieting to note is the fact that the rates at which insulation work was got executed in Assam Telecom Circle in respect of Wires of 2.00mm dia and 3.55 mm dia were substantially higher compared to those of similar insulation works got done in Gujarat and Kerala Telecom Circles during the relevant period. The Ministry admitted that the differential between the rates paid by Gujarat Telecom Circle on the one hand and Assam Telecom circle on the other hand was very high and could not be explained logically. The Secretary of the Ministry conceded during evidence that awarding the work to M/s Plast India, Dibrugarh without a tender was itself a serious irregularity and the rates also prima facie seemed to be high. In the opinion of the Committee, the fact that no local insulation was undertaken in the Assam Telecom Circle either prior to 1989 or after March 1993 would clearly establish the malafide intention of the authorities at the relevant time. Significantly an expenditure of Rs. 6.32 crores was incurred by CGMT, Assam Circle on local insulation carried out during 1990-93. Compared to the prevailing central procurement rates of insulated GI wire, which was of 0.5 mm thickness the local insulation of GI wire got done by CGMT, Assam Circle with insulation thickness of 1 mm and

1.5 mm resulted in an extra expenditure of Rs. 4.79 crores (excluding excise duty and local taxes) to the exchequer. The extra expenditure would be much more when calculated against the prevailing central procurement rate of insulated wire of 0.3 mm thickness which was the specification in existence when the tender was floated by Assam Telecom Circle and insulation work was awarded to M/s Plast Fab. Lucknow.

[Sl. No. 8, Appendix II Para No. 83 of 15th Report of PAC (11th Lok Sabha)]

Action Taken

As already intimated the CBI was requested to take up this case for investigation. However, CBI has registered a regular case only in April, 98 against Shri S.K. Pandey, Shri R. Sunder Rajan (both CGMs, now retired) and Shri Kranti Kumar resently working as Sr. DDG (TX) in TCHQ. Subsequently, SP, CBI, Gauhati where the case has been registered, had asked for various documents as well as the office and residential addresses of some of the officers connected with this case. Information, as available in the Telecom Commission Head Quarters (TCHQ), has been forwarded to SP, CBI and CGM, Assam Circle has been directed to furnish the relevant records and other information available with him immediately to the SP, CBI. The case is being pursued with CBI for early completion of the investigation.

This issues with the approval of Advisor (P).

This has been vetted by the Addl. Dy. Comptroller & Auditor General (P &T), Delhi-54 *vide* U.O No. RR-II 2(d) 4933/14 Dated 7-5-99 with the remarks that DOT may intimate the PAC the final outcome of the investigations by C.B.I. and action taken against officers/officials at fault.

Recommendation

The Committee consider it unfortunate that such a grave irregularity went unnoticed by the Ministry for a long time and no action was taken on this count till the representatives of the Ministry appeared before the Committee to tender oral evidence on the subject. In fact, in all their references made to the Committee till then, the Ministry had unjustifiably went on defending the irregular action of CGMT, Assam Circle. It was only after the oral evidence tendered before the Committee that, at the instance of the Committee, the Ministry referred the case to CBI for detailed investigation. The Committee deplore the laxity on the part of the

authorities concerned and desire that the Ministry should get the entire matter thoroughly investigated and take stern action against those officers whose malafides are clearly established. The Committee would like to be apprised of the precise action taken on the case within a period of six months.

[Sl. No. 9, Appendix-II, Para No. 84 of 15th Report of PAC (11th Lok Sabha)]

Action Taken

As already intimated, the CBI was requested to take up this case for investigation. However, CBI has registered a regular case only in April, 98 against Shri S.K. Pandey, Shri R. Sunder Rajan (both CGMs, now retired) and Shri Kranti Kumar, presently working as Sr. DDG (TX) in TCHQ. Subsequently, SP, CBI, Gauhati, where the case has been registered, had asked for various documents as well as the office and residential addresses of some of the officers connected with this case. Information, as available in the Telecom Commission Head Quarters (TCHQ), has been forwarded to SP, CBI and CGM. Assam Circle has been directed to furnish the relevant records and other information available with him immediately to the SP, CBI. The case is being pursued with CBI for early completion of the investigation.

This issues with the approval of Advisor (P).

This has been vetted by the Addl. Dy. Comptroller & Auditor General (P & T) Delhi-54 *vide* U.O No. RR IL/2 (d) 4933/14 dated 7-5-99 with the remarks that DoT may intimate the PAC the final outcome of the investigations by C.B.I. and action taken against officers/officials at fault.

Recommendation

The Committee further desire that in the case under examination where the irregularities have clearly been established, the Ministry, without waiting for the results of the CBI inquiry, should initiate departmental proceedings against the officers responsible and take conclusive action within a period of three months.

[Sl. No. 10, Appendix-II, Para No. 85 of 15th Report of PAC (11th Lok Sabha)]

Action Taken

As already intimated, the CBI was requested to take up this case for investigation. However, CBI has registered a regular case only in April, 98 against Shri S.K. Pandey, Shri R. Sunder Rajan (both CGMs, now retired) and Shri Kranti Kumar, presently working as Sr. DDG (TX) in TCHQ. Subsequently, SP, CBI, Gauhati, where the case has been registered, had asked for various documents as well as the office and residential addresses of some of the officers connected with this case. Information, as available

in the Telecom Commission Head Quarters (TCHQ), has been forwarded to SP, CBI and CGM. Assam Circle has been directed to furnish the relevant records and other information available with him immediately to the SP, CBI. The case is being pursued with CBI for early completion of the investigation.

This issues with the approval of Advisor (P).

This has been vetted by the Addl. Dy. Comptroller & Auditor General (P & T) Delhi-54 *vide* U.O No. RR II/2 (d) 4933/14 dated 7-5-99 with the remarks that DoT may intimate the PAC the final outcome of the investigations by C.B.I and action taken against officers/officials at fault.

Recommendation

Another aspect noted by the Committee was that though the Central excise duty due arising out of the process of getting bare GI wires insulated was stated to have been paid for no action was taken by DoT to claim MODVAT credit in respect of the duty already paid by them on bare GI wire. It was only after the Committee pointed out that DoT became aware of the claim. This is yet another instance of the gross negligence of the officers concerned in protecting the interests of the Department. While expressing their unhappiness over the same, the Committee would like to be apprised of the precise action taken in the matter.

[Sl. No. 12, Appendix II, Para No. 87 of 15th Report of PAC (11th Lok Sabha)]

Action Taken

As already intimated, the CBI was requested to take up this case for investigation. However, CBI has registered a regular case only in April, 98 against Shri S.K. Pandey, Shri R. Sunder Rajan (both CGMs, now retired) and Shri Kranti Kumar, presently working as Sr. DDG (TX) in TCHQ. Subsequently, SP, CBI, Gauhati, where the case has been registered, had asked for various documents as well as the office and residential addresses of some of the officers connected with this case. Information, as available in the Telecom Commission Head Quarters (TCHQ), has been forwarded to SP, CBI and CGM. Assam Circle has been directed to furnish the relevant records and other information available with him immediately to the SP, CBI. The case is being pursued with CBI for early completion of the investigation. As regards the claim of MODVAT Credit. CGM, Assam Telecom Circle has been directed to hold a meeting urgently with senior officers of Excise Department of Dibrugarh for expediting the matter and finalising the case early.

This issues with the approval of Advisor (P).

This has been vetted by the Addl. Dy. Comptroller & Auditor General (P & T) Delhi-54 *vide* U.O No. RR II/2 (d) 4933/14 dated 7-5-99 with the remarks that DoT may intimate the PAC the final outcome of the investigations by C.B.I and action taken against officers/officials at fault.

Recommendation

As regards action taken against the Telecom Circles for their irregular action which resulted in sizeable loss of revenue to the exchequer, the Ministry informed the Committee that cases in respect of UP (West) and MP Telecom Circles were under investigation by CBI. Intimating action taken against other circles, the Ministry stated that explanation of the officials including CGMTs involved will be called and based on replies, the cases will be referred to Vigilance/CBI. The Committee recommend that all the cases of irregular local insulation carried out by the Telecom Circles be thoroughly inquired into with a view to fixing responsibility and the Committee be intimated the findings of such inquiry and action taken thereon within a period of three months. The Committee would also like to know the outcome of the investigation being done by CBI in respect of UP (West) and MP Telecom Circles.

[Sl.No. 14, Appendix II, Para No. 89 of 15th Report of PAC (11th Lok Sabha)]

Action Taken

The present status regarding the information pertaining to various cases registered by CBI in MP and UP Telecom Circles and furnished as per Annexure-I to III. As regards the status of other Telecom Circles the matter has already been taken up with Vigilance Section of DoT for furnishing the report early and progress in this regard shall be intimated in due course of time.

This issues with the approval of Advisor (P).

This has been vetted by the Addl. Dy. Comptroller & Auditor General (P&T), Delhi-54 *vide* U.O. No. RR II/2(d) 4933/14, dated 7-5-99 with the remarks that DoT may intimate the PAC the final outcome of the investigations by CBI and action taken against officers/officials at fault.

ANNEXURE I

**STATUS OF THE CASES REGISTERED BY CBI IN CONNECTION
WITH THE ALLEGED IRREGULARITIES IN THE PVC
INSULATED GI WIRE**

Madhya Pradesh Telecom Circle

CBI Case No.	Officers involved	Present Status
RC-7(A)/95 (F.No. 9-62/ 95-Vig. I)	Shri D.K. Gupta Ex-CGM (since retired)	The case is still under investigation by CBI. The matter is being pursued.

Uttar Pradesh Telecom Circle

11(A)/88-LKO (F.No. 9-90/87- Vig.I)	1. D.P. Srivastava Dir. (Telecom)	Chargesheet for major penalty has been issued. Prosecution case is in progress.
	2. Ranjit Singh DET	Major penalty case is in progress.
	3. Madan Chandra SDOT	-do-
	4. S.S. Jangpangi SDO	-do-
	5. Krishna Kishore Lineman (Stores)	-do-
	6. Shoba Ram Lineman (Stores)	-do-

ANNEXURE-II

<i>CBI Case No.</i>	<i>Officers involved</i>	<i>Present Status</i>
24(A)/89	1. D.P. Srivastava Dir. (Telecom)	Chargesheet for major penalty issued
	2. T.N. Singh (Retd.) DET	Govt.'s displeasure is being conveyed.
	3. S.S. Jangpangi SDO	Chargesheet issued.
	4. R.B. Agrawal SDO	-do-
	5. S.K. Garg (Retd.) Addl. GM	Govt.'s displeasure is being conveyed.
	6. Anil Kr. DGM	Chargesheet issued
	7. Ranjit Singh DET	-do-
	8. Prem Kumar AE	-do-
	9. B.S. Rathi SDO	Govt.'s displeasure is being conveyed
	10. Manohar Lal SDO	Chargesheet issued
	11. M.M. Khan SDO	-do-
	12. R.P. Gupta AO	Govt.'s displeasure is being conveyed
	13. R.D. Saxena IFA	-do-
	14. Om Datta Sharma AO	Minor penalty action in progress

ANNEXURE-II—Contd.

<i>CBI Case No.</i>	<i>Officers involved</i>	<i>Present Status</i>
	15. R.P. Singh D/A	Minor penalty chargesheet issued
	16. H.R. Gupta D/A	-do-
	17. Usman Umar SS	Govt.'s displeasure is being conveyed
	18. Nem Chand Pre-Checker	Minor penalty imposed
	19. S.S. Rautela D/A	Chargesheet has been issued

ANNEXURE-III

CBI Case No.	Officers involved	Present Status
	20. G.S. Bist JAO	Chargesheet has issued
	21. Dharam Shatty Pre-Checker	-do-
	22. Pyare Lal Pre-Checker	Minor penalty imposed
	23. U.S. Pandey SDO	Chargesheet has been issued
	24. V. Rajagopal Advisor (HRD) (Retd.)	The Officer has since expired
	25. M.D. Sharma SDO	Govt.'s displeasure is being conveyed.
24(A)/90-DAD (F.No. 9-136/93- Vig. I)	M.D. Sharma, TDE	The Officer has retired.
	K.L. Sonkar, SDOT O.D. Sharma, AO	Penalty has been imposed. The Officer has since retired.
31(A)/89-DAD	R.N. Pandey, SDO	Major penalty action is in progress.
	R.P. Gupta, AO	-do-
	R.K. Mishra, ADT	Minor penalty action is in progress.
33(A)/89-DAD	R.S. Sharma, ADET Naresh Chand, ADET R.N. Pandey, SDOP	Major penalty action is in progress.

NEW DELHI;
10 April, 2000

21 Chaitra, 1922 (Saka)

NARAYAN DATT TIWARI,
Chairman,
Public Accounts Committee.