

PUBLIC ACCOUNTS COMMITTEE
(2000-2001)

SEVENTH REPORT
(THIRTEENTH LOK SABHA)

PROCUREMENT OF 2 GHz DIGITAL MICROWAVE SYSTEM

Ministry of Communications
(Department of Telecommunications)

Presented to Lok Sabha on 25-08-2000
Laid in Rajya Sabha on 25-08-2000

LOK SABHA SECRETARIAT
NEW DELHI
August, 2000/ Bhadrapada 1922

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* * Shri Vayalar Ravi - Ceased to be a Member of Committee consequent upon his retirement from Rajya Sabha on 1 July, 2000

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INTRODUCTION

I, the Chairman, Public Accounts Committee having been authorised by the Committee to present the Report on their behalf, do present this Seventh Report on Paragraph 8.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March, 1996, (No. 6 of 1997) Union Government (Post and Telecommunications) relating to “ Procurement of 2 GHz Microwave System” .

2. The Report of the C&AG for the year ended 31 March, 1996 (No.6 of 1997), Union Government (Post and Telecommunications) was laid on the Table of the House on 20 March, 1997.

3. The Committee took the evidence of the representatives of the Ministry of Communications (Department of Telecommunications) on the subject at their sitting held on 16 December, 1998. The Committee considered and finalised this Report at their sitting held on 22 August, 2000. Minutes of the sitting form Part II* of the Report.

4. For facility of reference and convenience, the observations and 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.

5. The Committee would like to express their thanks to the Public Accounts Committee (1998-99) for taking evidence on Paragraph 8.1 and obtaining information thereon.

6. The Committee would like to express their thanks to the officers of the Ministry of Communications (Department of Telecommunications) for the cooperation extended by them in furnishing information and tendering evidence before the Committee.

7. 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;
22 August, 2000
31 Sravana, 1922(Saka)

NARAYAN DATT TIWARI,
Chairman,
Public Accounts Committee

R E P O R T

Introductory

Digital Microwave System (MW) is used in the telecommunication network to provide Subscriber Trunk Dialing (STD) facility. Department of Telecommunications (DoT) introduced use of digital microwave system of different frequencies in its rural network in 1994-95.

2. This Report is based on paragraph 8.1 of the Report of Comptroller and Auditor General of India for the year ended 31 March 1996, (No. 6 of 1997) Union Government (Post & Telecommunications) which is reproduced at Appendix-I to the Report. This paragraph deals with the case of procurement of 2 Giga Hertz (GHz) digital microwave system by Department of Telecommunications for providing STD connectivity to Sub-divisional/taluka headquarters. A microwave system uses radio frequency for transmission of speech signals from one station to another and does not require overhead wires or laying of underground cable in the transmission system. The planning, procurement and utilisation of 2 GHz system was reviewed by Audit during June-August 1996 at Telecom Directorate. This review addresses the shortcomings noticed by Audit in procurement of 2 GHz digital microwave systems, like faulty project planning, unnecessary hasty procurement, discrimination in selection of firms for placing the orders and non-utilisation of large number of such systems.

Project management & Procurement

3. The Committee desired to know as to when DoT decided to introduce low capacity Digital Microwave System in the rural telecommunications network and what were the pre-requisites for installation and commissioning of the microwave system. The Department in their reply furnished to the Committee, stated that DoT decided to introduce low capacity microwave system in the rural network on 1 November 1991. Approval for floating the tender for 3500 terminals was taken on 22 November 1991. The decision was not taken in any meeting of the Telecom Commission but the same was approved by Member (P), Telecom Commission. The other pre-requisites for installation and commissioning of these microwave systems are:

- a. Route Survey;
- b. SACFA (Standing Advisory Committee for Frequency Allocation) clearance for frequency and siting;
- c. Availability of land, building to house the equipment and tower to mount the antenna;
- d. Extension of power line from State Electricity Board;
- e. Availability of equipment;
- f. Availability of manpower to carry out the installation and commissioning.

4. DoT further stated that specific route survey was not done before calling tender. Asked whether DoT prepared any project Report in this case, the representative of the Department deposed:

“There was no central project report made for this. How it started was that they took the requirement of Eighth Plan as to which exchange should have STD facility and based on that they decided about these terminals. It was decided centrally.”

5. To justify the decision of the Telecom Commission, he further stated that there was a requirement and the very fact that all these systems have been installed, proves that the requirement was there although he admitted it took a long time.

6. It is seen from the information furnished to the Committee that DoT had an ambitious target of commissioning the new Microwave System and one way to put pressure on field units to achieve the target was to inform them that the equipment had to be commissioned during 1992-93 itself. The Department further stated that the constraints with regard to large scale introduction of such system in rural network in the absence of infrastructure at most of the locations were visualised but procurement of the equipment was one way of putting pressure on the field units to expedite the commissioning.

7. DoT also stated that they did not consult the field units before allotting the equipment to them but instructions were issued to the Circles to keep the infrastructure and route particulars etc. ready before the equipment started flowing in.

8. In response to the specific query of the Committee whether Member(P) was the authority competent to approve the introduction and procurement of these new systems, the representative of the Department deposed:

“I have checked up with my officers. They say that procurement and planning services were combined at that point of time and Member (P) was competent at that time.”

9. The Committee wanted to know the procedure that exists in DoT for sanctioning of estimates for such a large procurement and why an Economic and Finance Committee (EFC) memo was not sanctioned for a project of such a large magnitude? The Department in a note submitted:

“In DoT separate estimates are sanctioned for each project. The cost of a typical 2 GHz project is below Rs.50 lakhs which is well within the financial competence of the telecom circles. As per the procurement policy in DoT, the items which are required in bulk are procured centrally through tendering by the Telecom Commission based upon the availability of funds in a particular year and orders are placed against the availability of sanctioned estimate particulars.

At present, the CGMs are empowered to sanction Project Estimates costing upto Rs.10 crore for repetitive works. The Circle Telecom Board can sanction Project Estimates for repetitive works between Rs. 10 crore and Rs. 20 crore. Estimates costing more than Rs.20 crore are sanctioned by the Telecom Commission. EFC procedure is to be followed while sanctioning individual project estimates costing Rs.5 crore and above.

After sanction of the estimates, the details of sanctioned estimate and consignee particulars are intimated by Telecom Circles to the Telecom Commission and centralised procurement is done at the Headquarters to get competitive prices.”

10. The DoT took 22-24 months to finalise the acceptance of tenders in this case as brought out in the Audit paragraph. The DoT while furnishing the details of the tendering procedure and the reasons for delay in finalisation of acceptance of tenders, submitted:

“As per the DoT guidelines, normally 6 weeks time is allotted for the Tender Evaluation Committee. However, in case the number of bidders is large and tenders are complex, the time required may go upto 3 to 4 months. Thereafter, the case is processed by the Procurement Branch for placement of APO which requires clearance of the Member (P) and Member (F).

The microwave equipment tender was invited in February 1992 and the Tender Evaluation Committee submitted its report in September 1992. As the number of bidders was large and this equipment was being inducted in the DoT for the first time, the tender evaluation took longer than usual. As per the terms of tender the equipment was to be validated and order for the same was issued in October 1992 to 19 suppliers. 4 months time was permitted for offering their equipment for validation and 3 months for TEC to validate the equipment. However, because of the large number of equipment being offered and limited capacity in TEC the validation could be completed only within 12 months and orders could be issued by December 1993.”

11. The DoT had planned for providing STD connectivity in all exchanges by April 1997. In reply to the query of the Committee as to why did DoT not assess the requirement of additional microwave systems and float the tender in time in 1994/1995, the Department clarified:

“There are approximately 17000 small exchanges in the country. However, all the exchanges are not provided STD connectivity using only radio systems. A large number of exchanges are connected on open wire carrier systems, coaxial cable systems and optical fibre cable systems. Also for providing STD connectivity at one station, 2 terminals are required. Thus, an order for 3500 terminals could provide STD connectivity only to 1750 stations. Calling tender is generally decided by checking the availability of equipment in hand, the pace of commissioning and the annual targets to be met. In view of large amount of equipment available in hand and the delays in commissioning no tender was floated in 1994-95.”

12. Asked to indicate the availability of MW systems and their use from July 1995 onwards, the Ministry furnished a statement, the scrutiny of which revealed that 922 systems were available in their stock at the end of June 1995. During the period July 1995 to March 1996 the Ministry received 657 additional MW systems whereas the total number of systems installed during this period was only 592.

13. DoT provided a very long delivery schedule for supply of the terminals. Since the equipment were manufactured with imported CKD/SKD parts, Customs duty was one of the important element of the cost. The Audit had pointed out that DoT failed to safeguard its interest by not providing a condition that the benefits arising out of lowering of customs duty during the long delivery schedule would be passed on to them. DoT in a note submitted to the committee have stated:

“It is submitted that for the supplies of 2 GHz MW equipment received the reduction in Customs Duties and Government statutory duties for 1994-95, 1995-96, 1996-97 and 1997-98 onwards are as shown below:

	93-94	94-95	95-96	96-97	97-98
Custom Duty %	50	40	25	20	20
Excise Duty %	15	15	15	15	13

POs were placed on various suppliers during the December, 1993 to March, 1994 at rate approved against the tender. Delivery period was upto December, 1994. For the supplies which were received during the original delivery period, payment was made at approved rates as per terms and conditions of contract.

The prices of 1994-95 were finalised taking into consideration the fact of the reduction in Duty as above and the same was intimated to the field units vide DoT No. 33-610/92-MMC dated 19.4.95.

For the supplies received during 1995-96, the prices were finalised by PNC due to reduction in duties and the same conveyed to field units *vide* DoT letter No. 33-610/92/MMC Vol.III dated 20.12.95.

Similarly, the prices were revised for the year 1996-97 and 1997-98 which were intimated to the paying authorities.

From the above, it may be seen that the benefit of reduction in duties was passed on to DoT as per revised prices intimated to paying authorities year-wise.”

14. Audit also pointed out that overpayment has occurred in five telecom circles. After being pointed out by Audit, Rs.132 crore were recovered. The Committee desired to know the total over payment made by these circles as the benefit of customs duty reduction was not realised by the Department and the latest position with regard to recovery of the same. The DoT in a note stated:

“In this regard it is submitted that Telecom Circles were directed by this office letter dated 19.4.1995 and 20.12.1995 to recover the excess payment if any made to the suppliers . However, Audit also pointed out non-recovery of excess payment during January 1998. The Audit has pointed out an amount of Rs. 228.47 lakh while Telecom Circles worked out an amount of Rs. 226.23 lakh for recovery. An amount of Rs. 209.40 lakh has been recovered as detailed below:

Sl. No.	Name of Circle	of Amount pointed out by Audit as Excess payment	Amount worked out by Telecom Circle	(Rs. in lakh)		Balance amount to be recovered	Remarks
				Amount already recovered			
1.	Kerala	35.16	32.36	15.53		16.83	Note 1
2.	Gujarat	36.37	36.93	36.93		--	
3.	Punjab	36.05	36.05	36.05		--	
4.	Bihar	12.42	12.42	12.42		--	
5.	Tamil Nadu	108.47	108.47	108.47		--	
	Total	228.47	226.23	209.40		16.83	

Note 1: Rs. 1,92,875 is proposed to be adjusted by CSD Ernakulam in the bills pending for payment. Rs. 14,90,529 are to be recovered from M/s Indchem Neera. Letter written by DoT to all Circles to stop all

pending payments of the firm and explore possibilities of recovery through encashment of BG etc. No response is received from the firm or the circles. It is understood that the firm M/S Indchem Neera doesn't exist at present. However, alternative action is being taken for the above recovery.”

15. The Secretary, DoT while clarifying the position with regard to requirement, procurement and delay in installation of these microwave systems, deposed before the Committee.

“One issue is that orders were placed. At that point of time, it was based on the requirement and the target. As I had submitted in the beginning itself, it is a fact that there was no project report or planning. There are two aspects that I would like to submit for your consideration. Firstly, technology was not bad. This thing was required and the procedures were followed. There has been a time lag in installation. There has been blocking of investment, as the Hon. Member said, for some time. These are the facts which have been admitted. The field people had to prepare the necessary infrastructure to install them. Therefore, that is definitely a part which is lacking here. But as far as the quality of equipment is concerned, perhaps, the Committee would like to appreciate that this is one thing, where we are not on the wrong side.”

16. In reply to the specific query of the Committee whether DoT had followed the methodology in the instant case and whether as the Chairman, Telecom Commission did he agree or disagree with the Audit observations, the Secretary, DoT stated:

“It is a very difficult question. But I would submit very briefly. Today in 1998, when we are having the knowledge of the situation, I have no hesitation in accepting that this target was fixed for the Eighth Plan. At the same time, the preparation of adequate infrastructure at the field level installation was necessary. So there was a lack of implementation of those things. I have no hesitation in admitting that this case does open us to many lessons. I would like to assure this august body that we will become more wiser with these lessons.”

III. Unnecessary supply order on inconsistent criterion

17. According to Audit, tenders were invited in January 1992 for 3500 terminals and purchase orders placed for 3194 terminals on 13 firms on validation basis at a cost of Rs.292.07 crore during December 1993 to March 1994. Audit scrutiny of documents disclosed that while considering the request for extension of the delivery period of supply order in December 1994, DoT felt that if the equipment supply was hastened at that stage, they might lie idle in the store in view of inadequate infrastructure in the field.

18. Again in February 1995, while recommending extension of delivery period against previous supply orders upto 30 June 1995, Deputy Director General (TX) categorically stated in his note that extension of time would not affect the target in view of sufficient equipment in the stock. Subsequently, one of the firms, namely Himachal Telematics Ltd. (HTL) on whom supply order for 1050 terminals was placed in December 1993, while others which included Public Sector companies ITI, BEL and OPTEL got supply orders for 32 to 450 terminals only, appealed to MoS (C) in May 1995 requesting him to place supply orders for at least 1000 units on them on the plea that in the absence of supply orders, their factory was facing closure. On receipt of the appeal from HTL in May 1995, the same officer however, changed his opinion within four months in June 1995 to emphasise the need for further procurement of another 1500 equipment on the ground that these were required urgently. DoT accordingly, approved placing of supply order for another 1500 terminals in June 1995 of which 956 was placed on HTL. While approving placing of supply orders for 1500 terminals on three firms at Rs.147.66 crore (HTL-

956 terminals, Shyam Telecom-410 terminals and Fujitsu Optel Limited-134 terminals), the position of supply against past orders, status of their utilisation, capacity of the department to utilise them and past experience were not taken into account.

19. While the MoS (C) ordered placing of supply orders on these three firms due to urgency in June 1995, DoT took another three months to issue supply orders on them in September 1995, which suggests that the professed urgency did not exist. DoT stated that DDG(TX) had recommended extension of delivery period upto 30th June 1995 in view of the fact that the pace of installation was very slow till February, 1995. However, the pace of installation increased during April, 1995 when more than 272 terminals were installed. Based upon this encouragement and also the discussion of the Planning Branch with different Circles in May/June 95 which indicated that Circles were generally geared up for commissioning of these microwave systems, the DDG(TX) came to the conclusion that they may fall short of the equipment to the extent of 1500 Terminals.

20. To the clarification sought by the Committee whether DoT had standing instructions for placement of additional order of only 25 per cent of the already tendered quantity without inviting fresh tender, the Secretary, DoT stated:

“This is what we have as part of the current instructions. But it was not there at that time.”

21. The Committee then desired to know the reasons of placing order for additional quantity of 1500 microwave systems which was much higher than the maximum of 25 per cent in June 1995 as against the original tendered quantity of 3500 such terminals instead of inviting fresh tenders and also reasons for 3 months delay in placing order for 1500 terminals after approval in June 1995. The DoT in the information furnished to the Committee stated that the Telecom Commission had decided to procure the additional equipment at a price to be fixed by Price Negotiation Committee (PNC). The PNC submitted its report on 30.8.1995 and was approved on 19.9.1995. This time of 3 months was not sufficient to place purchase order after calling for fresh tender.

IV. Inconsistent Policy

22. According to Audit, the supply orders for 3194 terminals were placed on 13 firms in September 1993 – March 1994 after completion of validation formalities. DoT however, changed its policy to restrict the supply orders for 1500 terminals only on three type approved firms in June 1995 although all other 10 firms had successfully passed the validation by DoT. Interestingly, all three type approved firms had got their type approval during April-June 1995 only. DoT did not maintain consistency in its stand and changed it in September 1995 while approving supply orders for another 306 terminals valued at Rs. 31.12 crore on 12 firms. According to Audit, these aspects show that the main object of the Department was to favour HTL.

23. The Committee desired to know the reasons for the changed policy adopted by DoT to restrict the supply order to only three type approved firms which resulted in favour to those firms in June 1995 when orders for supply of 1500 terminals were placed and again changed their policy when supply orders for 306 terminals were placed on 13 firms. The DoT in their reply stated:

“Telecom Commission in its meeting held on 26.5.1993 decided that in regard to placement of order in the case of multiple source procurement, financially lowest and responsive bidder having type

approval of the product may be given 50% of the tendered quantity limited to the production capacity. The balance quantity may be distributed among the other approved vendors at the lowest approved price in the inverse ratio of their quoted price. As there were no type approved suppliers at the time of placement of orders for 3500 terminals, the orders were placed on all the suppliers whose equipment had been successfully validated.

During December, 1994, Telecom Commission decided that a vendor after obtaining type approval and execution of educational order shall qualify as an established vendor. This was reiterated by Chairman, Telecom Commission in July, 1995 vide letter No.Ch.(TC)/95/284(N) dated 21.7.95. The decision to place orders for 1500 terminals on type approved vendors was in accordance with these guidelines. In June, 1995, there were only 3 vendors who had obtained Type Approval. Other Suppliers whose equipment was validated earlier were not considered for placement of order. They were not having type approval of their products.

A decision was also taken during June, 1994 to order 306 left out terminals out of the first lot of 3500 on all those firms who had accepted the earlier order. Since it was a left out quantity of the tender, criteria of ordering to be followed was the same as per earlier orders. The Letter of Intent was issued during July, 1994 at provisional prices subject to ordering prices to be finalised by a PNC. The condition of type approval could not be applied in July, 1994 while issuing the Letters of Intent as these guidelines had been issued by the Department only in December, 1994. The report of the PNC was received in January, 1995 but before the same could be approved, there was reduction in customs duty in 1995-96 budget. Another PNC was constituted on 7.7.1995 whose report was approved on 19.9.1995 and APOs were issued on 29.9.1995.”

V. Unutilised terminals

24. According to DoT they received 4976 terminals out of which 3318 were utilised till 31.3.1997 and 4557 were utilised till 31.3.1998. Explaining the reasons for delay, Department stated that the progress in commissioning was tardy because of the various constraints faced by the field officers like land acquisition and civil works etc. which took much longer than anticipated.

25. The Committee asked the Secretary, DoT to explain the latest position in this regard. The Secretary, DoT during evidence *inter-alia* stated:

“The latest position is, there are only about a few terminals, which cost about Rs. 16 crore, yet to be installed. The delay has occurred because the infrastructure at the field site was not available. There has also been a delay in the receipt of the equipment and its installation. We have admitted this earlier also.”

VI Waiver of liquidated damages

26. The Audit Paragraph brings out that the supply order placed during December 1993 to March 1994 contained a clause for liquidated damage at 0.5 per cent of the value of late supply subject to maximum of five per cent. The suppliers did not supply 2358 terminals upto the scheduled delivery date of 31.12.1994. Yet the DoT extended the delivery schedule by six months, at the level of MOS(C), on a representation directly submitted to him by the Telecom Equipment Manufacturers Association on the plea that the delay in supply would not affect the target. While some of the delay was attributable to DoT on account of delay in supply of frequency data, blanket extension by six months without liquidated damages resulted in remission of Rs. 13.04 crore. In their reply DoT stated that due to various constraints like delays in route survey and filing of application

for SACFA clearance, the field units could not provide the frequency details hence production of equipment could not be undertaken by suppliers. Therefore, the waiver of liquidated damages was recommended.

27. On being asked whether it was the fault of the DoT or the manufacturer which caused delay in supply, the representative of the Department during evidence stated that the provision was that they could supply within four month subsequent to the allocation of frequency. The delay mainly was in the allocation of frequency. That is why liquidity damages were not charged.

VII Conclusions/recommendations

28. The Committee find that DoT decided in November, 1991 to procure 3500 MW terminals for different telecom circles without conducting any route survey and without preparing any project report prior to introduction of 2 GHz MW system in DoT's network. For the installation of these equipment other pre-requisites were SACFA clearance for frequency and siting, availability of land and building to house the equipment and tower to mount antenna, availability of equipment and availability of manpower to carry out the installation and commissioning. Though DoT visualised the constraints with regard to large scale introduction of such a system in rural network in the absence of infrastructure at most of the locations, procurement of the equipment was decided without conducting any route survey or preparing any project report. This faulty decision of the DoT proved later on to be a major factor in the delay in the installation of the MW systems and grant of extension of time to suppliers of the equipment without levying liquidated damages which resulted in loss to the Government Exchequer. The Committee express their serious concern over lack of proper planning by DoT before placing the order for supply of MW system.

29. The Committee further note that when suppliers requested for extension of delivery schedule, the then DDG(TX) while recommending extension of delivery period without liquidated damages upto 30 June 1995 categorically stated in his note that extension of time would not affect the target in view of sufficient equipment in stock. However, on receipt of the letter from one of the firms HTL, Solan in May 1995 who appealed to MoS (C) to place supply order for atleast 1000 terminals on the plea that their factory was facing closure in the absence of supply order, the same DDG (TX) reversed his opinion within four months and emphasised the need for further procurement of another 1500 terminals on the ground of urgency. The Committee are perturbed to note that DoT did not take into account while placing orders for 1500 terminals on 3 firms, the position of supply against previous orders, status of their utilisation and the capacity of the DoT to utilise them.

30. The Committee observe that against 922 MW systems lying unutilised in stock at the end of June 1995, DDG(TX) recommended for the procurement of 1500 terminals particularly when the pace of installation was very slow except in April 1995 when 272 such terminals were stated to have been installed. The decision to place repeat order for supply of 956 terminals on HTL, which could not adhere to the previous delivery schedule in the past, seems to have been guided by extraneous consideration particularly because the pace of installation of the MW system continued to remain slow even in the subsequent months with the result that even more than 35 per cent of the equipment available in June 1995 could not be utilised till the end of 1995-96. In view of the fact that the MoS(C) ordered placing of supply orders on three firms due to perceived urgency in June 1995, DoT took another three months to issue supply orders on them, the Committee agree with the Audit observation that the professed urgency of procuring terminals did not exist. The scrutiny of the

chronology of events by the Committee establishes beyond any shadow of doubt that DoT's decision to procure 1500 additional terminals was based neither on demand nor requirement but to show rank favour to HTL.

31. The Committee find that supply orders for 3194 terminals were placed on 13 firms in 1993-94 on validation basis. DoT, however changed its policy and placed supply orders for 1500 terminals only on 3 firms in June 1995 on type approved firms although all other 10 firms had successfully passed validation by DoT. Interestingly, these three firms got their type approval during April-June 1995 only. DoT did not maintain consistency in its stand and changed it in September 1995 while supply orders for remaining 306 terminals (3500-3194) were placed on 12 firms who had validation and supplied the terminals against the original orders on the plea that since it was a left out quantity of the tender, criteria of ordering was the same as per earlier orders. The Committee, therefore, come to the inescapable conclusion that the main object of DoT was to favour HTL. The Committee would like to know the reasons for frequent changes in the criteria for suppliers and also like to know the policy being implemented for placement of orders in such cases.

32. The Committee note that equipment worth Rs. 16 crore were yet to be installed as of December 1998 which was indicative of the fact that the pace of commissioning of terminal was tardy for want of preparatory ground work like land acquisition and construction of civil works . The fact that DoT could not utilise all the terminals even two to four years after the placements of orders exposes their defective planning, inept handling, lack of coordination and speaks volumes of their concern and ability to prevent scandalous waste of public funds. The Committee would like to know what guidelines, if any have been laid down to prevent recurrence of such irregularities in future.

33. The Committee find that there were reductions in the customs duty on import contents of MW equipment from 50 per cent in 1994-95 and 40 to 25 per cent during 1995-96. DoT revised the rates downward in respect of supplies made after the prescribed delivery schedule and issued instructions in April, 1995 and December 1995 to the telecom circles to regulate the payments to the suppliers accordingly and adjust excess payment, if any. The Committee are shocked that five telecom circles namely Bihar, Gujarat, Kerala, Punjab and Tamil Nadu, which were test checked by Audit, flouted the instructions of DoT in April & December 1995 resulting in excess payment of Rs. 226.23 lakh. Though after having been pointed out by Audit, DoT have recovered Rs. 209.40 lakh, balance amount was yet to be recovered. The Committee view with grave concern the impunity with which DoT's instructions were flouted by the five circles and would therefore, like the DoT to fix individual responsibility so as to strengthen its control over such defiant Circles and to ward off pecuniary losses in future. The Committee would also like to be informed of the latest position of the recovery of the balance amount.

34. The Committee note that as per the agreement the suppliers were to be charged liquidated damage at 0.5 per cent of the value of late supply subject to a maximum of 5 per cent. However, the failure of DoT to provide frequency details to the suppliers in time gave them an alibi to seek grant of extension of delivery period by six months without liquidated damages leading to remission of Rs. 13.04 crore. The Committee take a serious note of the fact that the Department again failed miserably in safeguarding its interest for want of proper project planning and foresight.

35. In sum, the Committee cannot but express their concern over the DoT's failure in the planning, procurement and installation of the 2 GHz MW systems. Undoubtedly, the intention to introduce 2 GHz MW system in its network in order to give better services to the people was laudable. However, the DoT failed to execute their plans in a professional manner due to lack of proper planning, foresight and management. The Committee hope that DoT will draw proper lessons from this experience and take adequate and effective steps to strengthen the planning machinery of the DoT as well as the institutional mechanisms to obviate the possibility of such aberrations occurring in the future.

**NEW DELHI;
22 August, 2000
31 Sravana, 1922(Saka)**

**NARAYAN DATT TIWARI,
Chairman,
Public Accounts Committee**