

NINTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(2000-2001)

(THIRTEENTH LOK SABHA)

**UNION GOVERNMENT APPROPRIATION
ACCOUNTS (1994-95)—TELECOMMUNICATION
SERVICES**

**MINISTRY OF COMMUNICATIONS
(DEPARTMENT OF TELECOMMUNICATIONS)**

[Action Taken on 4th Report of Public Accounts Committee (11th Lok Sabha)]



*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 (Saka)

Corrigenda to the Ninth Report of Public Accounts Committee (13th Lok Sabha) on Union Government Appropriation Accounts (1994-95) – Telecom Services

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2000-2001)

Shri Narayan Datt Tiwari—*Chairman*

MEMBERS

Lok Sabha

2. Shri Vijay Goel
3. Dr. Madan Prasad Jaiswal
4. Shri C. Kuppusami
5. Shri M.V.V.S. Murthy
6. Shri S. Murugesan
7. Shri Rupchand Pal
8. Shri Prakash Paranjpe
9. Shri Chandresh Patel
10. Shri Annasaheb M.K. Patil
- *11. Shri M.O.H. Farook
12. Shri N. Janardhana Reddy
13. Shri Chhatrapal Singh
14. Shri Prabhunath Singh
15. Shri Balram Singh Yadav

Rajya Sabha

16. Shri P.N. Siva
17. Dr. Y. Radhakrishna Murty
18. Shri K. Rahman Khan
- **19. Vacant
20. Prof. Ram Gopal Yadav
21. Shri Anantray Devshanker Dave
- Shri S.R. Bommai

SECRETARIAT

1. Dr. A.K. Pandey —*Additional Secretary*
2. Shri P.D.T. Achary —*Joint Secretary*
3. Shri Devender Singh —*Deputy Secretary*
4. Shri Rajeev Sharma —*Under Secretary*

*Elected w.e.f. 2 August, 2000 *vice* Rajesh Pilot expired.

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

INTRODUCTION

I, the Chairman, Public Accounts Committee having been authorised by the Committee to present the Report on their behalf, do present this Ninth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 4th Report (11th Lok Sabha) on Union Government Appropriation Accounts (1994-95)—Telecommunication Services.

2. This Report was considered and adopted by the Public Accounts Committee at their sitting held on 22 August, 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;
22 August, 2000

31 Shavana, 1922 (Saka)

NARAYAN DATT TIWARI,
Chairman,

Public Accounts Committee.

*Not appended to the cyclostyled copy of the Report.

CHAPTER I REPORT

This Report of the Committee deals with the action taken by the Government on recommendations and observations of the Committee contained in their Fourth Report (Eleventh Lok Sabha) on Union Government Appropriation Accounts (1994-95)—Telecommunication Services.

2. The Fourth Report presented to Lok Sabha on 19 March, 1997, contained 12 recommendations/observations. The Action Taken notes have been received in respect of all the recommendations/observations and these have been categorised as follows:

- (i) Recommendations and observations that have been accepted by the Government;
Sl. Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10
[Paragraph Nos. 20, 27, 28, 35, 36, 38, 41, 50, 53 and 56]
- (ii) Recommendations and observations which the Committee do not desire to pursue in the light of the replies received from the Government;
Sl. No. 12
[Paragraph No. 63]
- (iii) Recommendations and observations replies to which have not been accepted by the Committee and which require reiteration;
Sl. No. 11
[Paragraph No. 58]
- (iv) Recommendations and observations in respect of which the Government have furnished interim replies;

-Nil-

3. The Fourth Report of the PAC (11th Lok Sabha) had dealt with the Union Government Appropriation Accounts of the Telecom Services for the year 1994-95 and audit observations thereon.

4. The observations/recommendations made by the Committee and the action taken notes furnished by the Ministry of Communications (Department of Telecom) thereon have been reproduced in the relevant chapters of this Report. The Committee are pleased to observe that the majority of their recommendations have been accepted by the Ministry of Communications (Department of Telecom). In the succeeding paragraphs, the Committee, however, deal with the action taken by Government on some of their observations and recommendations.

**Large scale variation between expenditure estimates and actuals during 1994-95
(Sl. No. 4, Paragraph No. 35)**

5. In their Fourth Report (11th Lok Sabha), the Committee had noted that DoT had failed in making a realistic assessment of their requirement of funds under a large number of sub-heads during 1994-95. There were 33 sub-heads where excess/saving had exceeded Rs. 10 crores in each case against the sanctioned provision and 47 sub-heads where variation between sanctioned provision and actual expenditure was greater than 20 per cent and Rs. one crore. DoT had incurred excess expenditure of Rs. 709.79 crores over and above the sanctioned provision under one head of account. The Committee were distressed to observe that there was a case where sanctioned provision of Rs. 4 crore remained fully unutilised and in another instance, DoT had incurred an expenditure of Rs. 1.01 crore against 'Nil' provision. These instances showed laxity of control over budgeting and expenditure in DoT, unmindful of the necessity of observing prescribed financial principles. The Committee had recommended that as the responsibility of framing the budget estimates or controlling the expenditure had not been properly discharged by the concerned authorities, suitable action might be taken in future in all such cases.

6. The Department of Telecom in their Action Taken Note *inter-alia* stated that they have noted the Committee's recommendations for future guidance. Further, they have issued a Circular to the field units highlighting the need for framing the Budget on realistic basis and also for regulating the expenditure within the Budget allotment. They have also enclosed a copy of the Circular in this regard.

7. The Committee are not satisfied with the Action Taken Reply of the Department of Telecom that the Department have initiated certain measures for streamlining the procedure and issued Circular to the field units for framing the Budget on realistic basis. The Committee would like to caution the Department that by merely issuing circulars to their field units, the objective of realistic budgeting cannot be achieved unless there is a serious intention on the part of the DOT. The Committee reiterate their earlier recommendation and desire that the Department of Telecom should strengthen their planning process which would enable them to consider all possible aspects and project their budgetary requirements on realistic basis.

**Strengthening of Accounting System
(S. No. 6, Paragraph 38)**

8. The Committee were dismayed to observe that DoT did not have the correct picture of the expenditure incurred by them during 1994-95 with the result that the amount of savings surrendered under the Revenue Section was far in excess of the amount available. On the other hand, the entire savings under Capital Section were not surrendered at all. The

Committee had desired DoT to take adequate steps to strengthen their accounting information system.

9. The Department of Telecom in their Action Taken Note stated that the surrenders were assessed taking into account the actuals of Receipts and Expenditure upto January and likely Receipts and Expenditure during the ensuing months of February and March during the financial year. The Department stated that the observations of the Committee have been noted for future guidance.

10. The Committee are pleased to note that the Department of Telecom are appreciative of the concern of the Committee with regard to the need for strengthening the accounting information system in DoT since they have given the assurance that the observations of the Committee have been noted for future guidance. The Committee however, observe that DoT have not adduced any tangible proof of the action initiated by them to strengthen their accounting information system. The Committee hope that with the advancement in information technology and with better and speedy means of communication becoming available, the DoT would progressively realise the objective of realistic budgeting.

**Non-settlement of Audit Objections
(Sl. No. 11, Paragraph No. 58)**

11. The Committee, in their earlier Report, had observed that 8675 audit objections involving an amount of Rs. 59.50 crore were pending settlement in DoT at the end of June 1995. Some of those outstanding audit objections related to the period as early as 1979-80 and which could not be cleared even after a lapse of about 20 years. The Committee had further noted that various wings of DoT were not giving priority to the settlement of those objections. While expressing their serious concern over the pendency of the audit objections, the Committee had recommended that a special time bound programme should be evolved to bring down the number of pending audit objections at a rapid pace. The Committee had also desired the Finance Wing of DoT to introduce a system to call for Quarterly Statements from the Circles showing the progress made by them in the disposal of pending audit objections and see that those are settled in time and that there was no accumulation in future.

12. In their action taken note, the Department of Telecom stated that the practice of obtaining Quarterly Reports from the units on the progress made towards the clearing of audit objections had been started and suitable instructions were issued for speeding up the work. Progress made by the units was monitored through Special Reports and Units were asked to chalk out a time bound schedule for achieving the objectives.

13. While taking note of the fact that the Department of Telecom have issued instructions to all Circle Units for clearance of audit objections through Quarterly Reports, the Committee note that the action taken reply furnished by the Department is conspicuously silent about the pre-emptive

steps taken or proposed to be taken by the Department to ensure that the Audit objections are settled in time and not accumulated in future. Moreover, in the absence of any statistics on the number of audit objections actually settled by DoT, the Committee are apprehensive whether mere issuance of instructions would yield the desired results. The Committee take a serious view of the laxity on the part of the Department in responding to the draft Audit objections and reiterate their earlier recommendation that Audit objections should be settled in time and not allowed to accumulate in future.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Committee note that during 1994-95 DoT had registered a net saving of Rs. 367.48 crores in the Revenue Section (Voted) under Grant No. 15. The Committee's scrutiny revealed that savings of substantial magnitude had occurred inter-alia under the heads of accounts, "Lease charges", "Redemption of bonds" and "Amount transferred to the Department of Posts". In fact, the Committee found that the savings under these heads mainly had resulted due to delay in receipt of equipment, non-redemption of bonds by persuading the investors to roll over loan and non-payment in the absence of receipt of necessary information from the Department of Posts respectively. Obviously, these cases are clearly indicative of the sheer mismanagement on the part of Department resulting in carry over of their liabilities to the subsequent years. Curiously enough, these savings had contributed to considerable extent in distorting reduction in the "Working Expenses of the Telecommunication Services" thus generating an artificial surplus on the revenue side leading to resultant excessive appropriations of the Tele-communications surplus to the Capital Reserve Fund by DoT. While disapproving the manner in which DoT vitiated the Budget authorised by Parliament, the Committee recommend that efforts should atleast now be made by the Department in future to observe the established maxims of budgeting.

[Sl. No. 1, Para 20 of Fourth Report of PAC (11th Lok Sabha)].

Action Taken

The observations of the Committee have been noted for future.

Observation of Audit

This has been vetted by the D.G. Audit (P&T) *vide* U.O. No. RR. IIL/1(b)400/Appen.A/CS/1994-95/334 dated 21-10-1997.

[Ministry of Communications (Deptt. of Telecom.) O.M. No. 1—13/97-B dated 28.10.1997].

Recommendation

The Committee are concerned to note an overall net saving of the order of Rs. 149.86 crores in the Capital Section of core and vital infrastructural area like Telecommunications. Pertinently a single head *viz.*, "Long Distance Transmission systems" had itself registered gross savings of Rs. 638.71 crores. The attribution of these savings mainly to less

procurement from private firms and less drawal of manufactured articles from Telecom Factories clearly indicates that the expenditure was not incurred by DoT as reported to have been planned at the time of seeking approval of budget estimates from Parliament. Obviously, DoT failed to ensure that the requisite equipments were received from suppliers in time and the funds allocated for the purpose were utilised properly. Undoubtedly, such deficient contract management results not only in avoidable delay in the execution of the projects but also cost overruns. The Committee feel that this state of affairs is far from satisfactory and requires to be rectified forthwith. The Committee would also like to be informed of the action taken against the defaulting suppliers with details in all such cases. Needless to say, steps should also be taken to prepare budget estimates realistically.

[Sl. No. 2, Para 27 of Fourth Report of PAC (11th Lok Sabha)]

Action Taken:

The following are the details of the cases where large amounts of saving occurred under Long Distance Transmission systems for orders placed during 1994-95 and action taken against the defaulting suppliers:

1. M/WTender Enquiry No. 33-810/94-MMC opened on 14.6.94 for supply of 6 GHz Digital Microwave equipment during 1994-95 was cancelled as it was felt that technical specification needed to be revised to procure equipments incorporating the latest advances in technology. Thus, equipment worth approximately Rs. 31.41 crores could not be ordered.

O.F.C. It was planned to procure 9,748 Km. of OFC cables at an estimated cost of about Rs. 276 crores. However, the procurement prices were reduced because of competitive prices quoted in open tender, adoption of reduced prices of MTNL tender and non-placement of bulk orders on some of the suppliers as they could not get type approval during the year. Orders could be placed only for about Rs. 150 crores and as such it resulted in saving of Rs. 126 crores.

3. UNF 3500 terminals of 2 GHz were ordered on various suppliers by the MMC Branch at a cost of Rs. 350 crores. But only, 1004 terminals were supplied during the year 1994-95 because of delay in availability of frequencies. This resulted in a saving of approximately Rs. 233.4 crores.
4. In all those cases where the supplies were not completed as per the delivery schedule indicated in the purchase orders; extensions in the delivery periods were granted with levy of Liquidated Damage charges as per the terms and conditions of the purchase orders.

5. The performance bank guarantee in the following cases were forfeited for non-adherence to the supply schedule of the equipment ordered on them.

Sl. No.	Firm Name	Amount
	M/s Shyam	Rs. 70,04,800/-
	M/s Intercity	Rs. 34,58,000/-
	M/s Precision	Rs. 23,85,454/-

6. In addition to the details furnished above which have resulted in saving of aprox. Rs. 391 crores during 1994-95, there has been a general trend in reduction of equipment prices every year due to increased competition and reduction in customs duty. However, there was some over estimation also on the part of the Department while making budget provisions under long distance transmission systems. However the department is now taking every possible step to prepare the estimates in a more realistic manner to avoid over estimation.
7. The delayed supply of UHF terminals resulted in delays in commissioning of these systems. However, all the 3500 terminals have since been received and have been installed/under installation.

The Microwave equipment tender has been invited again and the same is under process for placement of orders. Non-receipt of the Microwave equipment has resulted in delays in commissioning of these Microwave links. However, the capacity of the long distance transmission systems has been more than made up due to exceeding the targets under optical fibre Route Kms. The targets under this head have been exceeded during 1994-95, 1995-96, 1996-97 substantially. The 8th Plan target of DFC was 20000 RKMS, which was revised to 40000 RKMS during mid-term appraisal and even this revised target has been exceeded by approximately 15%.

8. Due to general reduction in equipment prices every year, there have been no cost over runs in the project costs. The contract management is being improved and revised procurement procedure is being adopted to cut down the delays in tendering, placement of P.O. Type approval/validation has been made precondition for some items like OF Cable and equipment. This has been approved by Member(s).

Observation of Audit

This has been vetted by the D.G. Audit (P&T) *vide* U.O. No. RR. III/1(b) 400/Appen. A/CS/1994-95/328 dated 21.10.1997.

[Ministry of Communications (Deptt. of Telecom) O.M. No. 6-2/96—CB dated 28.10.1997.]

Recommendation

What has disturbed the Committee more is the fact that DoT procured supplementary grants amounting to Rs. 200 crores at the fag-end of the year in March 1995 for meeting their capital expenditure on as many as 68 projects not budgeted for by them originally. The Committee fail to comprehend as to what compelled DoT to embark upon such a large number of projects at the fag-end of the financial year and why financial requirements for those projects could not be assessed and procured earlier during the year. Evidently, the entire issue reflects lack of coordination between the activities which DoT proposed to undertake during the year and the financial aspects of such activities. The Committee would like DoT to look into the matter and apprise the Committee of the precise facts in this regard.

[S.No. 3, Para 28 of Fourth Report of PAC (11th Lok Sabha)]

Action Taken

Due to the increased telephone demand during 1994-95, the budgeting of the 68 projects through last batch of supplementary demand became necessary as post budget development. However, the Committee's anxiety about budgeting through last batch of supplementary demands is noted and such cases will not be repeated again. This has been approved by Member(s).

Observation of Audit

This has been vetted by the D.G. Audit (P&T) *vide* U.O. No. RR. III/1(b) 400/Appen. A/CS/1994-95/326 dated 21.10.1997.

[Ministry of Communications (Deptt. of Telecom) O.M. No. 6-2/96—CB (Pt.) dated 28.10.1997].

Recommendation

The Committee regret that inspite of their repeated insistence on proper budgeting, DoT had woefully failed in making a realistic assessment of their requirement of funds under a large number of sub-heads during 1994-95. Distressingly, there were as many as 33 sub-heads where the excess/saving had exceeded even Rs. 10 crores in each case against the sanctioned provisions. In fact, the Committee's detailed scrutiny of the relevant Appropriation Accounts has brought out 47 sub-heads where variation between the sanctioned provision and the actual expenditure was greater than 20 per cent and Rs. one crore. Significantly, in one such case, DoT had gone to the extent of incurring an excess expenditure of Rs. 709.79 crores over and above the sanctioned provision under the head of account "5225-Local Telephone System—Telephone Exchange Automatic". There was also a case where the sanctioned provision of Rs. 4 crores had remained wholly unutilised. In another instance, DoT had incurred an expenditure of Rs. 1.01 crore against "nil" provision under the

relevant sub-head of accounts. These instances as well as the persisting savings over the years under several heads of accounts and the Grant as a whole serve as an index of the casual nature of demands made and/or the laxity of control over budgeting and expenditure in DoT. In the opinion of the Committee, DoT appear to have assumed the freedom to budget for what they like or to incur expenditure unmindful of the necessity of observing prescribed financial principles. While expressing their displeasure over this poor spectacle of affairs in DoT, the Committee feel compelled to recommend that suitable action should be taken in future in all such cases where it is established that the responsibility of framing the budget estimates or controlling the expenditure has not been properly discharged by the authorities concerned with administering the grant or appropriation. [Sl. No. 4, Para 35 of Fourth Report of PAC (11th Lok Sabha)]

Action Taken

The Committee's recommendations have been noted for future guidance. A circular to the field units sensitising them to the need for framing the budget estimates on realistic basis and for regulating the expenditure within the budget allotment has been issued. A copy of the circular is enclosed.

Observation of Audit

This has been vetted by the D.G. Audit (P&T) *vide* U.O. No. RR. III/1(b)400/Appen.A/Cs/1994-95/334 dated 21.10.1997

[Ministry of Communications (Deptt. of Telecom) OM No. 1—1397-B dated 28.10.1997]



MANOJ ANAND
DIRECTOR (PFC)

Government of India
Department of Tele-
communications Sanchar
Bhavan, 20, Ashok Road,
New Delhi-110 001

D.O. No. 6-196—CB

Dated: 23-5-97

Dear Shri Padmanabhan,

Kindly find enclosed statement showing the scheme-wise/area-wise FG Demand, FG Allotment and Actual Expenditure for 1994-95 and 1995-96. It may be seen that the actual expenditure under these is not in proportion to the FG Demand or FG Allotment. Due to this the reappropriations made at the FG stage becomes redundant as the actual expenditure is either more or less than the FG allotment.

2. The Public Accounts Committee (PAC-Eleventh Lok Sabha) in its 4th Report on the Appropriation Accounts for 1994-95 is extremely critical of the budgeting provisions and has recommended suitable action in future in all cases where the responsibility for framing the budget, controlling the expenditure, administering the grant of reappropriation is not properly discharged. The extract of Paras 35, 36, 41 and 50 of the PAC Report are enclosed for information.

3. The PAC considered that modifying the sanctioned grants by way of reappropriation defeats the objective of Parliamentary sanction. In view of this, it has been decided that the Chief General Managers of Telecom Circles are henceforth responsible for booking of expenditure under different schemes/areas as per the allotments made by the Directorate. Reappropriation or Diversion of the funds allotted under a particular scheme to an another should be done before making FG demands and with care and should be backed by full justification. No reappropriation or diversion is to be resorted after F.G. allotment.

4. The above instructions will take effect immediately. Kindly acknowledge the receipt of this letter, which issues with the approval of Member(F) and Chairman(TC).

With regards,

Yours sincerely,
Sd/-
(Manoj Anand)

Recommendation

The Committee also feel that the persisting trend of savings in a large number of sub-heads in both Revenue and Capital Sections is also indicative of undesirable tendency on the part of DoT to grossly over-estimate their requirement of funds. They therefore, suggest that a thorough analysis of expenditure incurred under such sub-heads during the preceding years may be made with a view to rectifying the existing system of assessing the requirement of funds in DoT.

[Sl. No. 5, Para 36 of Fourth Report of PAC (11th Lok Sabha)]

Action Taken

An analysis of expenditure incurred under sub-heads during the preceding years is being undertaken. All field units have also been advised to conduct similar exercise and then compile the data for estimating the requirement of funds in future.

Observation of Audit

This has been vetted by the D.G. Audit (P&T) *vide* U.O. No. RR. III/1(b) 400/Appen.A/CS/1994-95/334 dated 21.10.1997.

[Ministry of Communications (Deptt. of Telecom) O.M. No. 1-13/97-B dated 28.10.1997]

Govt. of India
Ministry of Communications
Department of Telecommunications
(Budget Section)

1008, Sanchar Bhavan, New Delhi-110 001

No. 1-13/97-B

Dated: 14-5-97

To

All Heads of Telecom Circles

SUB: Action Taken on the Recommendations contained in the Fourth Report of the Public Accounts Committee (Eleventh Lok Sabha) on Union Govt. Appropriation Accounts (1994-95)—Telecommunication Services—large scale variations.

In their Fourth Report (Eleventh Lok Sabha) on Union Govt. Appropriation Account (94-95) Telecommunication Services, the PAC have felt that the persisting trend of savings in large number of sub-heads is indicative of undesirable tendency on the part of DoT to grossly over estimate the requirement of funds and suggested that a thorough analysis of expenditure incurred under the following sub-heads may be made with a view to rectifying the existing system of assessing the requirement of funds in DoT:

(Rs. in crores)

Head of account	1992-93 (savings)	1993-94 (savings)	1994-95 (savings)
Major Head: 3225			
A 1 (2) Control and Supervision	4.39	18.10	4.22
A 2 (5) Radios	0.72	0.78	0.47
A 3 (1) Store Depots	3.78	8.04	16.29
A 5 (1) Training (Engineering)	15.55	7.63	4.16
A 5 (4) Petty Works	16.06	32.62	50.87
A 7 Amenities to staff	3.40	6.69	3.84
A 9 Stationery and Printing	6.93	6.38	18.27

2. Verification of the records of this office has revealed that funds under the above sub-heads were provided based on the estimates received from the field units. Kindly, therefore, arrange to scrutinise the estimates furnished by your circle/unit and intimate at the earliest why the requirements under the above sub-heads were provided at a higher level so that in future such deviations against estimates do not occur.

3. Kindly also issue necessary instructions to all concerned to estimate the requirement of funds at each budgetary stage realistically to avoid huge variations in future.

Kindly acknowledge the receipt at the first instance.

Sd/
(P.Krishna Moorthy)
Asst. Director General (PF-I)
T. No: 371 7843/303 2290

Recommendation

The Committee are dismayed to observe that DOT did not have correct picture of the expenditure incurred by them under Revenue and Capital Sections of their Grant during 1994-95. The net result was that the amount of savings surrendered under Revenue Section was far in excess of the amount available on this account. Further, entire savings available in the Capital Section were not surrendered at all. At this stage, the Committee can only hope that the authorities concerned would be more careful in future and avoid recurrence of such cases. The Committee would also desire DOT to take adequate steps to strengthen their accounting information system so that the same is placed on a proper footing.

[S.No. 6, Para 38 of Fourth Report of PAC (11th Lok Sabha)]

Action Taken

Taking into account the actuals of Receipts and Expenditure upto January and likely Receipts and Expenditure during the ensuing months of February and March the Final Estimates are worked out and surrenders assessed.

Revenue Section

During the year 1994-95 there were more Revenue Receipts of Rs. 101 Crores and less Expenditure of Rs. 199. Crores than those anticipated at the time of surrender resulting in more surplus.

Capital Section

There was no saving under 'plan'. The saving was under Store suspense a non plan activity which was due to less expenditure incurred than anticipated.

However, the observations of the Committee have been noted for future guidance.

Observation of Audit

This has been vetted by the D.G. Audit (P&T) vide U.O.No.RR.III/1(b)400/Appen.A/Cs/1994-95/334 dated 21-10-1997.

[Ministry of Communications (Deptt. of Telecom) OM.No. 1-13/97-B, dated 28.10.1997]

Recommendations

The Committee are extremely unhappy to find that the reappropriations issued during 1994-95 by DOT in certain cases were either excessive and the amount so reappropriated remained wholly unutilised or there were instances where funds reappropriated from sub-heads were uncalled for as the actual expenditure under those sub-heads had already exceeded the original provision before such reappropriations. Evidently, there was complete lack of budgetary control mechanism and accounting information in DOT when reappropriation proposals were considered and approved. In

the opinion of the Committee, this aspect assumes special significance since reappropriation orders are generally issued in the closing month of the financial year. The Committee, therefore, desire that a thorough review of the procedure for reappropriation of funds in DoT should be undertaken immediately and remedial measures taken to avoid issuance of injudicious and defective reappropriation orders in future.

[S.No. 7, Para 41 of Fourth Report of PAC (11th Lok abha)]

Action Taken

The reappropriations assessed on the actuals upto January sometimes do not match the progress of expenditure during the last two months of the year.

However a review of the procedure for reappropriation of funds is being undertaken to bring about a greater degree of correctness in reappropriations.

Observation of Audit

This has been vetted by the D.G. Audit (P&T) vide U.O.No.RR.III/1(b)400/Appen.A/Cs/1994-95/334 dated 21-10-1997.

[Ministry of Communications (Depth. of Telecom) O.M.No. 1-13/97-B, dated 28.10.1997]

Recommendation

The Committee's examination of results of appropriation audit revealed that DoT did not follow the specific directives issued by the Ministry of Finance for obtaining prior approval of Secretary (Expenditure) in cases where reappropriation orders were issued in excess of the prescribed limits. During evidence, the representative of DoT sought to clarify that the prior approval of the Secretary (Expenditure) was not required in their case as the Telecom Commission had been given powers of the Government of India in financial matters from 11 April, 1989 and the Delegation of Financial Power Rules had also not been made applicable to them vide a Notification dated 6 February, 1991. Surprisingly, DoT did not appear to have maintained this position at the time of appropriation audit of their Grant and they rather took recourse to seeking exemption from the operation of the relevant instructions on the powers of reappropriation from the Ministry of Finance only 10 days before the Committee was scheduled to take up oral evidence of the representatives of DoT on this subject. The Committee's scrutiny of the note furnished by DoT to Ministry of Finance in this connection has however, revealed that DoT consider it "not feasible to refer to Parliament cases of reappropriation which have the effect of increasing the budget provision by more than Rs. one crore alongwith the last batch of supplementary demands or to seek the approval of the Secretary (Expenditure) for the reappropriation made after presentation of the last batch of the supplementary demands" because "the heads under which funds in excess of Rs. one crore are

augmented are known only after the reappropriations are issued by the Directorate". While presenting their case for exemption, DoT have also maintained that withdrawals of powers of reappropriations delegated to their units would adversely affect the smooth functioning of work and that they are meeting their expenditure from their own internal and extra budgetary resources and not "throwing any burden on Ministry of Finance by way of budgetary support".

The Committee are not inclined to accept the plea made by DOT that withdrawal of powers of reappropriation presently delegated to their units would adversely affect their functioning and that they be exempted from the requirements of specific restrictions on powers of reappropriation simply because they are raising their own resources and not throwing any burden on Finance Ministry. While taking note of the view subsequently expressed by the Ministry of Finance that their approval is not required for reappropriation of funds within the Telecom Budget, the Committee consider it necessary that the present powers for reappropriation delegated by DoT to their units require a comprehensive review with a view to imposing reasonable restrictions on the unbridled financial powers presently enjoyed by the Telecom Units. Needless to say that the present powers delegated to the Telecom Units for modifying the original sanctioned provisions to any extent by way of reappropriation defeat the original objectives for which the provisions were sanctioned by Parliament under various sub-heads for specified services. The Committee are in no doubt that the exercise of absolute powers for reappropriation of funds by substantially altering the approved budgetary allocations within the Grant will lead to a poor budgetary spectacle giving a highly distorted picture of expenditure *vis-a-vis* the final grants under effected heads of accounts. The Committee, therefore, recommend that DoT should in consultation with the C&AG of India, devise a proper procedure for reappropriation of funds in consonance with the executive instructions issued by the Ministry of Finance to all the Ministries/Departments of Government of India in this regard. The Committee would also like to be apprised of the precise action taken in the matter within a period of three months.

[S.No. 8, Para 50 of Fourth Report of PAC (11th Lok Sabha)]

Action Taken

This matter has been carefully reviewed. With the aim to be in a position to report to the Parliament the reappropriations with the last batch of supplementary grants the circles are being instructed to prepone the submission of their Final Estimates by 15th January (as against 1st Week of March as here to fore) thus restricting the time upto which field units can reappropriate funds. Thus from 1997-98 onwards it is expected that re-appropriations made in excess of limits prescribed in MoF O.M. No: F. 1(14)-E II (A)/89 dt. 22.02.90 will be reported to Parliament by the DoT alongwith last batch of supplementary Grants.

A Committee is being set up to examine and advise on Powers of re-appropriation of funds by the Circle heads without hamstringing their operational needs in consultation with the C&AG of India.

Observation of Audit

This has been vetted by the D.G. Audit (P&T) vide U.O.No.RR.III/1(b)400/Appen.A/Cs/1994-95/334 dated 21-10-1997.
[Ministry of Communication (Deptt. of Telecom) O.M.No. 1-13/97-B, dated 28.10.1997]

Recommendation

From the information available on defalcation or loss of public money, the Committee find that nine such cases involving an amount of Rs. 9.48 lakhs were noticed in DoT during 1994-95. It is regrettable that while contributory negligence or direct responsibility of the Departmental employees alone accounted for 99.8 per cent of such losses reported during the year, the Department could not make good of 97.5 per cent of the same. The Committee deplore this state of affairs and urge emphatically that in all cases of losses resulting from direct involvement or negligence of officials, responsibility should not only be fixed against the delinquent officials but efforts should also be made to take conclusive action against them within a specified time particularly with a view to ensuring recovery of pecuniary loss caused to Government. The Committee consider it absolutely essential that officials found guilty of such losses are dealt with promptly and severely in order to tone up administrative integrity.

[S.No. 9, Para 53 of Fourth Report of PAC (11th Lok Sabha)]

Action Taken

1. Out of the nine cases, in one case amount has been recovered and in two cases amount has been written off by the competent authority. For the rest six cases the concerned Chief General Managers of Telecom Circles have been addressed vide this office D.O. letter No. 46-47/97-TA-II dated 30.4.1997 (copy enclosed).

2. Out of these six cases, in one case action has been taken to obtain legal opinion to recover the amount from the pensioners relief payable to the widow of the deceased pensioner and action is also initiated for fixing the responsibility. The amount involved in this case is Rs. 22,110. In the 2nd case the official has been served with a charge-sheet under Rule 14 of CCS(CCA) Rules, 1964. Amount involved in this case is Rs. 1,74,017. In 3rd case amount of Rs. 20,000 has been recovered against the loss of Rs. 2,43,306 and the official is placed under suspension and the case is pending with Police for further action in the matter. In 4th case involving Rs. 5,00,000 concerned official is placed under suspension and case is under investigation with CBI. Rest of the two cases are under processing. These involve amounts of Rs. 4,073 and Rs. 2,43,306.

3.Recommendations of the PAC have also been circulated vide this office letter No.46-47/97-TA II dated 14.5.97 (copy enclosed) to all field units for taking suitable action in all cases of Defalcation or Loss of Public money as recommended by the Committee.

This issues with the approval of Member (Finance).

Observation of Audit

This has been vetted by the D.G. Audit (P&T) *vide* U.O. No. R.R. III / 1(b) 400 / Appen A / Cs / 1994-95 / 330 dated 21-10-1997.
[Ministry of Communications (Deptt of Telecom) O.M. No. 46-47 / 97—TA-II, dated 28.10.1997]

PAC CASE
MOST IMMEDIATE



H.P. MISHRA
DY. DIRECTOR
GENERAL (ACCOUNTS)
Tel. No. 3716627

D.O. No. 46-47/97-TA-II
Government of India
Department of Telecommunications
Sanchar Bhavan, 20, Ashok Road,
New Delhi-110001
Dated: 30.4.97

Dear Shri Rao,

Vide your office letter No. PAC/Genl./4-95 dated 16.10.95 some material for statistical paras was supplied to us for inclusion in the Appropriation Account in respect of loss of Stores and defalcation or loss of public money, etc. in response to this office letter No. 41-1/95-TA-II dated 20.3.95.

2. As per Annexure-III, defalcation or loss of public money during the year 1994-95 was Rs. 1,74,017/- under the heading "Contributory negligence." Kindly intimate whether in this case any amount has been recovered so far, giving details and nature of the case.

3. In two similar cases where direct responsibility was indicated, the amount of loss was Rs. 2,43,306/-. Details of present position of both the cases may please be supplied giving the amount recovered so far.

4. The Public Accounts Committee of the Parliament has taken a very serious view of these cases and has desired that in all cases of loss resulting from direct involvement of negligence of officials, responsibility should not only be fixed against the delinquent officials but efforts should also be made for the recovery of pecuniary loss caused to Government. The PAC has further desired that the officials found guilty of such losses be dealt with promptly and severely in order to tone up administrative integrity.

5. As a reply is due to the PAC after being vetted by Audit, you are requested to get the needful done and do supply the latest position of each case with adequate details about the nature and results of efforts made to take disciplinary and/or legal action against those responsible for the loss and to make good the same through recovery. This may please be got surplried by 10.5.97 by Speed Post/FAX.

With regards,

Shri M.V. Bhaskar Rao,
Chief General Manager,
Andhara Pradesh Telecom Circle,
Hyderabad.

Yours Sincerely,
Sd/-
H.P. Mishra.

**PAC CASE
MOST IMMEDIATE**



**H.P. MISHRA
DY. DIRECTOR
GENERAL (ACCOUNTS)
Tel. No. 3716627**

D.O. No. 46-47/97-TA-II
Government of India
Department of Telecommunications
Sanchar Bhavan, 20, Ashok Road,
New Delhi-110001
Dated: 30.4.97

Dear Shri Ramanujam,

Kindly refer to your office letter No. PAC/BK/808/94-95/II/40 dated 10.10.95 regarding material for statistical paras for the Appropriation Account for the year 1994-95 in Annexure I, II, III and IV formats.

2. As per Annexure-III, an amount of Rs. 4,073/- was shown against Col. 2(i) for the loss of public money for which the Department employees are responsible. Full current details of the case and whether the case is under investigation or pending in the Court of Law had not been intimated. These may please be supplied immediately. It may also be intimated whether the amount has been recovered and when.

3. The Public Accounts Committee of the Parliament has taken a very serious view of such cases including this case and has desired that in all cases of loss resulting from direct involvement or negligence of officials, responsibility should not only be fixed against the delinquent officials, but efforts should also be made for the recovery of pecuniary loss caused to Government. The PAC has further desired that the officials found guilty of such losses be dealt with promptly and severely.

4. I would, therefore, request you to supply all salient details of present status of the case so that a proper reply may be given to the Public Accounts Committee of the Parliament. This may kindly be got sent by FAX or by Speed Post so as to reach as by 10.5.97.

With regards,

Yours Sincerely,
Sd/-
(H.P. Mishra)

Shri J. Ramanujam,
Chief General Manager,
Karnataka Telecom Circle,
Bangalore-560009.

**PAC CASE
MOST IMMEDIATE**



**H.P. MISHRA
DY. DIRECTOR
GENERAL (ACCOUNTS)**
Tel. No. 3716627

D.O. No. 46-47/97-TA-II
Government of India
Department of Telecommunications
Sanchar Bhavan, 20, Ashok Road,
New Delhi-110001
Dated: 30.4.97

Dear Shri Uppadhia,

Kindly refer to your office letter No. TA-III/MSP/94-95 dated 16.10.95 regarding material for statistical paras for inclusion in the Appropriation Account for the year 1994-95.

2. As per Annexure-III Col. 2(a) & (b), the amount is shown as Rs. 5,00,000/-. This amount is shown between (a) & (b) Col. which is neither "contributory negligence" nor "direct responsibility." It is also stated in the remarks column that the case is under investigation. It is not mentioned whether the amount has been recovered or not. By now some developments might have taken place in the case. The same may please be intimated with relevant details.

3. The Public Accounts Committee of the Parliament, in their latest Report, has taken a serious view of this case and has desired that in all such cases of loss resulting from direct involvement of negligency of officials, responsibility should not only be fixed against the delinquent officials, but efforts should also be made for the recovery of pecuniary loss caused to Government. The PAC has further desired that the officials found guilty of such losses are dealt with promptly and severely.

4. I would, therefore, request you to get the Action Taken report in the case furnished to this office by FAX/Speed Post positively by 10.5.97 so that a proper reply may be given to the Public Accounts Committee of the Parliament after vetting by Audit.

With regards,

Yours Sincerely,

Sd/-
(H.P. Mishra).

Shri R.R. Uppadhia,
Chief General Manager
Orissa Telecom Circle,
Bhubneshwar-751001.

**PAC CASE
MOST IMMEDIATE**



**H.P. MISHRA
DY. DIRECTOR
GENERAL (ACCOUNTS)**
Tel. No. 3716627

D.O. No. 46-47/97-TA-II
Government of India
Department of Telecommunications
Sanchar Bhavan, 20, Ashok Road,
New Delhi-110001
Dated: 30.4.97

Dear Shri Bhatnagar,

Kindly refer to your office letter No. TA/TA/UFA/94-95 dated 4.8.95 regarding material for preparation of certain paras of Chapter I of Audit Report for 1994-95. Comments of the Public Accounts Committee have now been received in the matter.

2. As per Annexure-III Col. 2(i) to (v) an amount of Rs. 22,110/- was shown as loss of public money and amount recovered was stated as Rs. 1000/-. The reason advanced for this loss was over-payment of GPF final payment, but it was not stated whether the case was of contributory negligence or direct responsibility.

3. The Public Accounts Committee of the Parliament has taken a very serious view of cases including this one and has desired that in all cases of loss resulting from direct involvement of negligence of officials, responsibility should not only be fixed against the delinquent officials but efforts should also be made for the recovery of pecuniary loss caused to Government. The PAC has further desired that the officials found guilty of such losses be dealt with promptly and severely.

4. I would, therefore, request you to apprise the latest position of the case and of result of action taken to punish the guilty officials and recover the amount. This may please be sent positively by Speed Post/FAX by 10.5.97 to enable us to reply to PAC after vetting by Audit.

With regards,

Yours Sincerely,

Sd/-

(H.P. Mishra)

Shri P.K. Bhatnagar,
Chief General Manager,
T & D Circle,

Chief General Manager,
Orissa Telecom Circle,
Bhubneshwar-751001.
Deptt. of Telecom.,
Jabalpur.

Department of Telecommunications
Sanchar Bhawan,
New Delhi-110001

To
All Heads of Telecom Circles.

No. 46-47/97-TA II

Dated: 14-5-1997

SUB: Recommendations contained in IVth report of the Public Accounts Committee (11th Lok Sabha) on Union Government Appropriation Accounts 1994-95—Telecommunication Services.

I am directed to forward herewith an extract of Para No. 53 on recommendations contained in IVth report of the Public Accounts Committee (11th Lok Sabha) on Union Government Appropriation Accounts 1994-95 Telecommunication Services, for taking suitable action in all cases arising on account of "Defalcation or loss of Public money" as per the recommendations of Public Accounts Committee.

Necessary instructions may be given to all concerned.
FNCL—Extract on reverse.

Sd-/
(J.K. Gupta)
Asstt. Director General (TA)

Copy to:

All Circle Accountants for information and necessary action.

From the information available on defalcation or loss of Public money, the Committee find that nine such cases involving an amount of Rs. 9.48 lakhs were noticed in DoT during 1994-95. It is regrettable that while the contributory negligence or direct responsibility of the Departmental employees alone accounted for 99.8 per cent of such losses reported during the year, the Department could not make good of 97.5 per cent of the same. The Committee deplore this state of affairs and urge emphatically that in all cases of losses resulting from direct involvement or negligence of officials, responsibility should not only be fixed against the delinquent officials but efforts should also be made to take conclusive action against them within a specified time particularly with a view to ensuring recovery of pecuniary loss caused to Government. The Committee consider it absolutely essential that officials found guilty of such losses are dealt with promptly and severely in order to tone up administrative integrity.

Recommendations

The Committee feel equally perturbed over the increasing number of loss of stores in 1994-95 over the preceding year 1993-94, particularly in the case of loss due to thefts. The Committee need hardly emphasise that the investigations in all cases of loss of stores not only be got completed at the earliest but recourse to legal proceedings should also be taken expeditiously in accordance with the prescribed rules. The Committee would therefore, like DoT to make every endeavour to recover the whole amount of loss of stores especially in cases where laxity of supervision has facilitated such losses.

[Sl. No. 10, Para 56 of Fourth Report of PAC (11th Lok Sabha)]

Action Taken

Enquiries made from Heads of Telecom. Circles revealed that investigations are made and F.I.R.s. lodged with Police authorities as per local law. Those cases in which Police authorities are unable to trace/recover losses are being written off by the concerned authorities. In 13 cases recoveries have been effected from the culprits, amounting to Rs. 64,255.

However necessary instructions which are already there, have been reiterated vide this office letter No. 46-48/97-TA-II dated 15.5.97 to all Heads of Telecom. Circles, with the direction that investigation should be conducted in all cases and legal proceedings should be launched. In addition efforts should be made to recover the whole amount of loss of stores from the concerned officials in cases where laxity in supervision has been witnessed. In suitable cases concerned CGMs are personally reminded to take effective action for recovery of losses.

This issues with the approval of Member(F).

Observation of Audit

This has been vetted by the D.G. Audit(P&T) vide V.O. No. RR III/1(b) 400/Appn.A/Cs/1994-95/332 dated 21.10.1997

[Ministry of Communications (Deptt. of Telecom.) O.M. No. 46-48/97-TA-II dated 28.10.1997]

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

Recommendation

The Committee are astonished to find that DoT did not reply to C&AG's organisation within the stipulated period in respect of a large number of draft audit paras sent to them for verification of facts. Distressingly, replies to only two cases out of 46 draft paragraphs were understood to have been furnished before the relevant Audit Report for the year ending 31st March 1995 was finalised for presentation to Parliament. During evidence the representative of DoT sought to clarify that the Draft Audit Paras were fairly lengthy and had to be sent to the circles and field units for obtaining their comments which took a longer time in their case. The Committee have not found these reasons convincing particularly in view of the fact that there are atleast three stages prior to communicating the draft Audit Para whereby the Department get sufficient time to examine and respond to the objections raised therein. While strongly disapproving this atmosphere of non-accountability the Committee feel that the dilatory practices prevalent in DoT need to be removed to ensure that replies to draft audit paragraphs are invariably furnished within the prescribed period of six weeks so as to enable audit authorities to incorporate verified facts in their reports. They, therefore, desire that the existing system be streamlined. The Member (Finance) in the Telecom. Commission should be personally held responsible for ensuring that the Department comply with the instructions for furnishing replies to draft audit paragraphs within six weeks of issue. The Committee would also like that the circumstances leading to such defaults in future may be thoroughly investigated and responsibility fixed therefor. They would like to be apprised of the precise action taken in the matter.

[Sl. No. 12, Para 63 of Fourth Report of PAC (11th Lok Sabha)]

Action Taken

“The Department of Telecommunication (DoT) is a large organisation having its offices spread all over India. When a Draft Audit Para is received from the Director General of Audit, P&T, not only the facts and figures contained in it have to be got verified from concerned field unit(s) but also the latest position of the case has to be ascertained before sending a reply to Audit. This is normally required even if at earlier stages some replies may have been furnished by the Telecom. Circles or their lower

formations to respective local Audit Offices. The Circles may in turn have to obtain requisite information from their subordinate formations at the Divisional or Sub-Divisional levels. Quite often a single Draft Audit Para necessitates calling for information, comments or action from several, or even all, of the Circles. This process inevitably consumes much time.

The Department has however been earnestly endeavouring to avoid any unnecessary delays in issuing the replies to Audit Officers of the Department in its Directorate as well as field units have been suitably instructed in this regard from time to time. A copy of O.M. No. 26-Misc./96-97/B-II dated 14.5.97 issued recently in this connection is enclosed. Efforts made by the Department in this direction enabled final replies to be sent to Audit in respect of 126 out of the 150 draft Audit Paras received during 1996-97, indicating an improvement over the past periods.

The Department agrees with the Committee's recommendations on the need to fix responsibility in cases of delay. However, its perception differs in so far as the role and responsibility of any particular Member of the Telecom. Commission is concerned. The Member, Finance, is one of the four Members, apart from the Chairman, who collectively guide the policies of the Department. Whereas constructive responsibility for replies to the Draft Audit Paras would lie with the Secretary (DoT) and Chairman (Telecom, Commission), the Member(F) would be the nodal point. Personal responsibility would however be that of the Joint Secretary or the Deputy Director General dealing with the para. In matters pertaining to the Circles the personal responsibility would be that of the heads of concerned Circles. This view of the Telecom. Commission has been conveyed to all concerned officers of the Department *vide* O.M. No. 27-2/95-96/B-II/Pt. I/51 dated 8.8.97 (copy enclosed). This issues with the approval of Chairman(TC)."

Observation of Audit

This has been vetted by the Director General of Audit(P&T) *vide* U.O. No. RR. III/1(b)400/Appn. A/Cs/1994-95/324 dt. 21.10.97.

[Ministry of Communications (Dept. of Telecom.) O.M. No. 27-9/96-97/B-II dated 28-10-1997.]

Department of Telecommunications
(Budget-II Section)

No. 26-Misc./96-97/B-II

Dated: 14-5-97

To
All Heads of Telecom. Circles/Units

SUBJECT: *Timely issue of proper replies to Audit Memos, Inspection Reports and Branch Audit Paras.*

This Directorate has been experiencing much difficulty in timely finalisation of replies to Draft Audit Paras raised by the Director General of Audit (P&T) Delhi, owing to delayed (or non) supply of information by the units in respect of points raised in the DAPs.

The resultant absence of, or delays in, replying to the Draft Audit Paras during 1995-96 has attracted adverse comments from the Public Accounts Committee of Parliament. Further in their 4th Report (11th Lok Sabha), the Committee have stressed the need to submit replies to DAPs within the stipulated period in future and have desired that any defaults in this regard should be thoroughly investigated and responsibility fixed.

It may be pointed out that the Draft Audit Paras raised by the D.G. Audit against the Department are usually based on Branch Audit Paras framed earlier by Branch Audit Offices against the concerned Circles/Units. Further, even these would in turn be based on Audit Memos/Audit Notes/Audit Inspection Reports raised earlier on. As a result, the Circles/Units *do* get sufficient time at various stages to issue proper replies to Audit *and* to take necessary corrective/remedial action. If such cases are dealt with properly at the aforesaid stages, the Circles would be well equipped with relevant information pertinent to the cases, and, in the eventuality of any such cases getting converted into the DAPs by DG Audit, would be able to respond to the Directorate's communications in the matter without delay.

The Head of Circles are, therefore, requested to issue suitable instructions to the officers and staff under them to handle the initial Audit Memos, Inspection Reports and Branch Audit Paras with care and to ensure that their replies are sent to Audit within the period stipulated by Audit. In so far as Draft Audit Paras framed by D.G. Audit against the DoT (Hqr.) are concerned, the Heads of Circles will be **PERSONALLY** responsible to ensure submission of the information sought by the Directorate by the stipulated date.

This issues with the approval of Member(F), Telecom Commission
Kindly acknowledge receipt of this letter.

Sd/-
(H.P. Mishra)
Dy. Director General (Accounts).

Copy to:

All Sr. DDsG/DSsG/in D.o.T. (HQ) with the request to accord utmost priority to the Draft Audit Paras in future in order to ensure that the replies thereto are issued to Audit by the stipulated dates.

Department of Telecommunications
(Budget-II Section)

No. 27-2/95-96/B-II/Pt.I/51

Dated: 8-8-97

To

1. All Sr. DDsG/DSsG DoT (HQ), New Delhi
2. All Heads of Circles
3. Internal Financial Advisors to HOC/Units.

SUBJECT: *Timely issue of replies to the Draft Audit Paras proposed by the DG Audit—Fixation of responsibility therefor.*

The Public Accounts Committee *vide* Para 63 of their 4th Report (11th Lok Sabha) relating to the Department of Telecom. have adversely commented upon the performance of the Department as regards the disposal of Draft Audit Paras proposed by the Director General of Audit. The plea put forth by the Department that certain draft audit paras are lengthy and/or usually take a longer time than prescribed in collecting relevant feed back from Circles/Units before the final issue of reply to Audit has not been accepted by the Committee in view of the fact that there are at least three stages prior to communicating of Draft Audit Para whereby the Department gets sufficient time to examine and respond to the objections raised therein.

2. The Public Accounts Committee have strongly disapproved this atmosphere of non-accountability and desired that replies to Draft Audit paras be invariably furnished by the DoT(Hqrs.) within the prescribed period of six weeks* in future and any defaults in this regard be throughly investigated and responsibility fixed therefor.

3. The matter has accordingly been carefully examined and discussed by the Telecom Commission and *it has been now decided that henceforth at the Telecom Hqrs., the DDsG/Jt. Secretary concerned, and in respect of Telecom Circles the CGMs, ought to be directly responsible for sending the replies to the DAPs concerning their respective charges. It will be their personal responsibility to ensure that the replies to DAPs are got approved at appropriate levels and issued in time.* Simply explaining that the file/case was sent to some other section/officer and was not returned in time will not absolve these officers of their responsibility to issue timely replies in future. In the Directorate, if the matter is held up anywhere for any reason, it should be immediately brought to the notice of the Member concerned for his intervention.

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4. These instructions may kindly be noted by all concerned and receipt of the letter acknowledged to Mrs. G. Lakshmi, ADG(PF-II), Room No. 511,Dak Bhavan, New Delhi.

Sd/-

(H.P. MISHRA).

Dy. Director General (Accounts).

* (The prescribed time limit for replying to the DAPs raised by local Audit Offices against the Circles is only three weeks).

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

Recommendation

The Committee are also perturbed to note the alarming pendency of 8675 audit observations raised during the period from as early as 1979-80 to 1993-94 involving an aggregate amount of Rs. 59.50 crores in DoT at the end of June, 1995. Obviously, the various wings of DoT are not giving due priority to this work and indulging in an undesirable tendency to delay the settlement of audit objections. The Committee, therefore, desire that a special time bound programme should now be evolved to bring down the number of pending audit objections at a rapid pace. They would also like the Finance Wing of DoT to call for quarterly statement showing the progress made in the disposal of pending audit objections and to see that they are settled in time. The Committee would also like to apprise of the specific improvements made in this regard.

[Sl. No. 11, Para 58 of Fourth Report of PAC (11th Lok Sabha)]

Action Taken

“Facts and figures are hereby confirmed.

The practice of obtaining Quarterly Reports from the units is already in vogue. Progress made by the units in clearance of the outstanding objections is watched through these reports. In respect of the units where progress is found to be inadequate, suitable instructions are issued for speeding up the work.

Besides, targets for the clearance of outstanding Objections are also fixed EVERY YEAR by this office and the progress made by the units is monitored through Special Reports. The units are asked to chalk out a time bound schedule to achieve the objectives. During the year 1996-97 targets for clearance of pending objections were fixed *vide* letter No. 31-1/96-97/B-II dated 22-1-97 (copy enclosed) and the progress achieved by the units will be reviewed through the special report due by 31-7-97.

This issues with the approval of Member (Finance).”

Observation of Audit

This has been vetted by the Director General of Audit (P&T) *vide* U.O. No. RR. III/1(b)400/Appn. A/Cs/1994-95/324 dt. 21.10.97.

[Ministry of Communications (Deptt. of Telecom.) O.M. No. 27-9-96-97/B-II dated 28.10.1997.]

Government of India
Ministry of Communications
Deptt. of Telecommunications
(Budget-II Section)
Room No. 511 Dak Bhawan,
New Delhi-110 001

No. 31-1/96-97 (B-II)

Dated: 22-1-97

To

Chief General Manager, Telecom./Telephones.

SUBJECT: *Target for settlement of Audit Inspection Reports and Objections.*

A review of the position of outstanding Inspection Reports and Objections in Circles reveals that a large number of Audit Objections are awaiting settlement and targets fixed by the Directorate for the year 1995-96 have not been fully achieved. Some of the outstandings are over a decade old. Not only objections raised by audit in Parts I & II of their reports are pending but objections raised in Part III of the reports (to be complied with by respective units immediately after completion of an audit inspection) have also been allowed to remain pending for years altogether.

2. The Ministry of Finance as well as the Public Accounts Committee of Lok Sabha have taken a serious view of this and emphasised expeditious settlement of such objections. Directorate has therefore set the following targets for clearing the pending objections by 31-05-1997.

For Objections raised:

(i) Upto 1992-93	100%
(ii) From 1/4/93 to 31/3/1994	80%
(iii) From 1/4/94 to 31/5/1996	75%

3. Serious efforts may please be made to achieve these targets. In this regard an earlier suggestion of constituting a cell consisting of an A.O./A.A.O. each from your office and from Branch Audit Office (in consultation with the Head of Branch Audit Office) is again reiterated. This team can visit those units where there is a large pendency of audit objections and attempt on the spot settlement. A time bound programme in this regard will however need to be quickly chalked out to make this effective.

4. Compliance report indicating your circle's achievements *vis-a-vis* the targets may be sent to this office by 31/7/1997 together for Parts I and II of the inspection reports and separately for Part III thereof in the enclosed format. The outstandings in the compliance report should agree with the

yearwise details furnished in the quarterly statement of Audit Objections for period ending 31/5/1997 due to reach this office by 27/6/1997.

5. The receipt of this letter may kindly be acknowledged to Smt. G.Lakshmi, Asstt. Dir. Genl. (PF-II), Dak Bhawan, Parliament Street, New Delhi-110 001.

Sd/-
(H.P. MISHRA),
Dy. Director Genl. (Accounts).

Copy to:
Shri _____ I.F.A.,
_____ Telecom., Circle / Telephone.

*Statement of Audit Objections—Special Report to D.G. Telecom.,
New Delhi in respect of Part I & II of IRs.*

Period	No. of Objs. Pending as on 31/5/96	No. of Objs. Pending as on 31/5/97	No. of items cleared	Target	Actual %age of clearance	Remarks
Upto 1992-93				100%		
1/4/93 to 31/3/94				80%		
1/4/94 to 31/5/1996				75%		

(Note: Separate statement should be sent in respect of objections Part-I
& II of the IRs and Part III of IRs)

Signature of IFA
_____Circle.

Government of India
Ministry of Communications
Deptt. of Telecommunications
Budget-II Section

No. 31-1/96-97 (B-II)

Dated 23.01.1997

To

Chief General Manager Telecom.
_____Circle.

SUBJECT: Settlement of audit objections by exercising the delegated powers for regularisation of irregularities.

I am directed to send herewith the Ministry of Finance Department of Expenditure O.M. No. 12 (27)-EII(A)/61 dt. 13.10.1961 regarding the above noted subject for favour of your information and guidance.

This is being sent in continuation of this office Circular No. even (31-1/96-97/BII) dated 22.01.97 fixing target for settlement of Audit objections and IRs.

Sd/-
(Smt. G. Lakshmi)
Asstt. Dir. General (PF-II)
Tel: 3712038

Encl: As above.

Copy to:

1. Member (Finance)/Dir.(Finance)/CAO/IFA _____ Circle,

Ministry of Finance (Department of Expenditure) O.M. No. F. 12(27)-EII(A)/61, dated the 13th October, 1961 to all the Ministries.

SUBJECT: Delegations of powers to regularise minor irregularities arising out of breaches of rules and regulations, pointed out by Audit Officers.

The undersigned is directed to state that the question of delegation of powers to administrative authorities to regularise minor irregularities arising out of breaches of rules and regulations which come to notice during audit, has been under consideration for some time. In order to reduce the number of references to Government and to ensure speedy settlement of minor audit objections, the President is pleased to decide that the procedure laid down below should be followed for the settlement of such objections.

2. In all cases of audit objections arising out of breaches of rules and regulations, efforts should first be made to assess the loss/financial implication if any, involved in the irregularity. Where the loss to Government or the financial implication involved can be assessed and where the sanction of the administrative Ministry concerned or the Ministry of Finance is necessary, at present, to condone the irregularity, the Heads of Departments may themselves regularise such irregularities provided (i) in respect of items included in Schedules II to VII of the D.F.P. Rules, 1958, the regularisation does not involve the exercise of powers in excess of those delegated under the said Rules; (ii) the irregularity does not disclose a defect in the rule or regulation, the amendment of which requires the orders of a higher authority; (iii) there has not been any serious negligence on the part of some individual Government officer or officers which may possibly call for disciplinary action requiring the orders of a higher authority; (iv) the monetary value of the loss of the financial implication involved does not exceed Rs. 500 in each case; and (v) the Head of the Department is not himself responsible for the irregularity. Similarly, the Ministries of the Government of India may exercise this power in respect of cases which are at present, required to be referred to the Ministry of Finance for regularisation. All cases where the loss/financial implication involved exceeds Rs. 500 should, however, continue to be referred to the Ministry of Finance where such reference is necessary at present.

3. This issues after consultation with the Comptroller and Auditor General of India.

CHAPTER V

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

—NIL—

NEW DELHI;
22 August, 2000

31, *Sravana*, 1922 (*Saka*)

NARAYAN DATT TIWARI,
Chairman,
Public Accounts Committee.