

TENTH REPORT

PUBLIC ACCOUNTS COMMITTEE¹ (1981-82)

(SEVENTH LOK SABHA)

PRINTING OF AHMEDABAD TELEPHONE
DIRECTORIES

AND

KIOSK ADVERTISEMENTS ON TELEGRAPH &
TELEPHONE POLES

MINISTRY OF COMMUNICATIONS
(P&T BOARD)

[Action taken on 130th Report (Sixth Lok Sabha)]



Presented in Lok Sabha on :

Laid in Rajya Sabha on :

LOK SABHA SECRETARIAT
NEW DELHI

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CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE	(iii)
INTRODUCTION	(v)
CHAPTER I Report	1
CHAPTER II Recommendations or Observations that have been accepted by Government.	3
CHAPTER III Recommendations or Observations which the Committee do not desire to pursue in the light of the replies received from Government.	14
CHAPTER IV Recommendations or Observations replies to which have not been accepted by the Committee and which require reiteration	17
CHAPTER V Recommendations or Observations in respect of which Government have furnished interim replies.	18
APPENDIX I Report of the Committee appointed by Secretary (C) to review the procedure followed while printing the English and Gujarati telephone Directories of Ahmedabad Telephones in the year 1972.	24
APPENDIX II Conclusions and Recommendations	4)

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PUBLIC ACCOUNTS COMMITTEE

(1981-82)

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4. Shri K. P. Singh Deo
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1. Shri H. G. Paranjpe—*Joint Secretary*
2. Shri D. C. Pande—*Chief Financial Committee Officer*
3. Shri K. K. Sharma—*Senior Financial Committee Officer*

INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this 10th Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their Hundred and Thirtieth Report (Sixth Lok Sabha) on paragraphs 27 & 28 of the Report of the Comptroller and Auditor General of India for the year 1976-77, Union Government (Posts and Telegraphs). The 130th Report dealt with a case wherein due to carelessness and dereliction of duty on the part of the management of Bombay Telephone District, the department had lost substantial amount by way of licence fee due from M/s. Classic Advertising Bangalore who, despite the termination of their contract with the Bombay Telephone District, continued to display Kiosks on the telegraph and telephone poles from June 1973 to May 1975 and collected advertisement charges from public and private institutions. In this action taken Report, the Committee have noted that an enquiry was made by the Central Bureau of Investigation and their Report was being examined by Central Vigilance Commission. The Committee have desired finalisation of the case expeditiously.

2. On 1 July, 1981, the following 'Action Taken Sub-Committee' was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Public Accounts Committee in their earlier reports:

1. Shri Satish Agarwal—Chairman

Members

2. Shri K. P. Unnikrishnan

3. Shri K. P. Singh Deo

4. Shri Sunil Maitra

5. Shri Hari Krishna Shastri

6. Shri N. K. P. Salve

3. The Action Taken Sub-Committee of the Public Accounts Committee (1981-82) considered and adopted the Report at their sitting held on 1 September, 1981. The Report was finally adopted by the Public Accounts Committee (1981-82) on 8 September, 1981.

4. For reference, facility and convenience, the recommendations and observations 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 II to the Report.

5. 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;

8 September, 1981

17 Bhadra, 1903(S)

SATISH AGARWAL,

Chairman,

Public Accounts Committee.

CHAPTER I

REPORT

1.1. This Report of the Committee deals with the action taken by Government on the recommendations and observations of the Committee contained in their 130th Report (Sixth Lok Sabha) presented to the Lok Sabha on 24 April, 1979 on paragraphs 27 and 28 of the Report of the Comptroller and Auditor General of India for the year 1976-77, Union Government (Posts and Telegraphs) relating to printing of Ahmedabad Telephone Directories and Kiosk Advertisements on Telegraph and Telephone Poles.

1.2. Action Taken Notes in respect of all the 23 recommendations and observations contained in the Report have been received from the Government and these have been categorised as follows:

(i) *Recommendations and Observations that have been accepted by Government:*

S. Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 12, 19.

(ii) *Recommendations and Observations which the Committee do not desire to pursue in view of the replies received from Government:*

S. Nos. 14, 20, 22, 23.

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

—NIL—

(iv) *Recommendations and Observations in respect of which Government have furnished interim replies:*

S. Nos. 10, 11, 13, 15, 16, 17, 18 and 21.

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

Kiosk advertisements on telegraph and telephone Poles (Paras 2.65, 2.66, 2.68, 2.70, 2.71, 2.72, 2.73 and 2.76—S. Nos. 10, 11, 13, 15, 16, 17, 18 and 21.)

1.4. While examining para 28 of the Audit Report, 1976-77 (Posts and Telegraphs), the Committee (1978-79) had in para 2.65 of their 130th Report pointed out that due to carelessness and dereliction of duty on the part of the management of Bombay Telephone District, the Department had lost substantial amount by way of licence fee due from M/s Classic Advertising, Bangalore, who, despite the termination of their contract with the Bombay Telephone District, continued to display Kiosks on the telegraph and telephone poles from June 1973 to May 1976 and collected advertisement charges from public and private institutions. In para 2.71 of the Report, the Committee had pointed out that though the firm had neither paid the licence fee nor had it furnished the bank guarantee, the General Manager, Telephones, Bombay took no action. The Committee were also informed that relevant files and papers were not traceable for more than a year and it was presumed that somebody had suppressed the file. In para 2.72 of the Report, the Committee had pointed out that a circular letter issued by the DGP&T in May, 1974 to all Heads of Circles to keep a watch to guard against undesirable acts of licensees in some Circles who had been collecting advertisement charges from public or private institutions even after the expiry of their contracts, was found (February 1976) lying unattended in a folder in the office of the General Manager, Bombay Telephones.

1.5. In their action taken notes the Department have stated that an enquiry was made by CBI and their report is being examined by the Central Vigilance Commission. The Department have further stated that disciplinary action will be taken against the Officials concerned after getting the opinion of the Central Vigilance Commission.

1.6. As the matter has been pending for long, the Committee expect that the Central Vigilance Commission would finalise its investigation expeditiously. The Committee would like to be apprised of the opinion of the C.V.C. and the action taken by the P&T Department thereon:

..

CHAPTER II

CONCLUSIONS OR RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Committee note that in January 1971 the District Manager, Ahmedabad Telephone District invited open tenders for printing, binding and supplying 4 issues each of the Ahmedabad Telephone Directory, English edition, commencing from July 1972 issue and Gujarati edition commencing from June 1973 issue. In response to the advertisement, 11 tenders were received for the English edition of the Directory. Of these, 4 were incomplete and were, therefore not considered. Of the remaining 7 tenders, the 4 lowest tenders were from M|s. Diamond Printing Press, Jaipur (Firm 'A'); M|s. National Press, Ajmer (Firm 'B'), M|s. Lalchand & Sons, Calcutta (Firm 'C') and M|s. Sahitya Mudarnalaya, Ahmedabad (Firm 'F'). The rates quoted by these firms were Rs. 18,915, Rs. 21,313, Rs. 23,959 and Rs. 37,502 respectively for standard directory (176 pages). After fulfilling the requirements and other formalities and agreement was signed with firm 'A' (being the lowest tenderer) on 20 July 1972 for printing the English edition of the Directory. However, the Chief Controller of Printing and Stationery who was consulted on receipt of tenders, *inter alia*, advised the District Manager, Ahmedabad Telephone District in March 1972 that (i) the press 'A' the lowest tenderer, had already been entrusted with the printing of three more directories from other circles and that it might not perhaps be able to stick to the prescribed time-schedule; and (ii) the above aspect might be kept in view and the question of entrusting the work to the next higher tenderer 'B' on the lowest rates offered by 'A' might be considered. Despite the advice given by the Chief Controller of Printing and Stationery, the contract was given to firm 'A' but later on the same was terminated by a letter dated 5 August 1972 (by giving one month's notice) on the ground that the time schedule for return of galley-proof within the prescribed period had not been observed by the printer and delay was apprehended in publishing the Directory. Subsequently, the work was entrusted (September 1972) to the fourth lowest tenderer, *i.e.*, firm 'D' after negotiations, ignoring the second lowest tenderer, firm 'B' on the ground

that it had been black-listed by the Delhi Telephone District and the third lowest tenderer, firm 'C', on the ground that it was not experienced in printing directories.

[Sl. No. 1 (Para 1.89) of Appendix III of 130th Report of PAC
(6th Lok Sabha)]

Action Taken

No further comments.

[Ministry of Communications (P&T Board) O.M. No. 27-2/79-PHB
dated 29-11-79]

Recommendation

In the case of Gujarati edition of the Directory, 7 tenders were received in January, 1972, including one from M/s. Sahitya Mudralaya, Ahmedabad (Firm 'D') who had also quoted for the English edition of the Directory. The rate of the first six tenderers were Rs. 13,999, Rs. 22,925, Rs. 23,365, Rs. 23,581, Rs. 24,970 and Rs. 40,604 for a standard Directory (280 pages). The Chief Controller of Printing and Stationery, on being consulted in the matter, recommended award of the work to the lowest tenderer. However, the District Manager, Ahmedabad rejected (July 1972) their advice and accepted firm 'D's tender; which was the sixth lowest, after negotiating with it the rates to be charged by it. The rates of other firms were rejected on one ground or the other, namely, that they had not got (i) lino machine for composing, (ii) printing press with automatic feeding of paper and; (iii) previous experience of printing Ahmedabad Telephone Directory.

[Sl. No. 2 (Para 1.90) of Appendix III of 130th Report of PAC
(6th Lok Sabha)]

Action Taken

No further comments.

[Ministry of Communications (P & T Board) O.M. No. 27-2/79—
PHB dated 29-11-79]

Recommendation

It is noteworthy that the contract with M/s. Diamond Printing Press, Jaipur for printing English Directory was signed despite the advice of Controller of Printing and Stationery to the contrary because the District Manager, Ahmedabad Telephone District was fully

satisfied with the capacity, capability and past experience of the concern in the matter of quality of work and adherence to the time schedule. The District Manager, Ahmedabad Telephone District was aware that since the press was expanding, there was no danger of the printing work getting delayed. Another argument advanced by the District Manager, Telephones was that the difference between rate of firm 'A' and that of firm 'B' was too large. Because of this difference he was prepared to take the risk of giving it to a Jaipur firm in spite of the inconvenience that might be caused due to the Printer being at one place, the Administration in another place and the Advertising Agent yet at another place.

[Sl. No. 3 (Para 1.91) Appendix III of 130th Report of PAC
(6th Lok Sabha)]

Action Taken

No further comments.

[Ministry of Communications (P & T Board) O.M. No. 27-2/79—
PHB dated: 29-11-79]

Recommendation

The reasons advanced for cancelling the order on Diamond Printing Press, Jaipur, on 5 August 1972 soon after 15 days of the signing of the agreement (after giving one month's notice) were two-fold i.e. (i) the Press could not return galley proof in 3 days; and (ii) sudden anxiety to get the Directory printed by December 1972. So far as the first reason is concerned, it has come out from the evidence that originally it was supposed to be five days and that the Press had preferred the entire manuscript to be given in one lot instead of piecemeal. But the District Manager, Telephones used his discretion and insisted on 3 days and also did not agree to the entire manuscript being given in one lot. So far as the second reason is concerned, the Committee find that the Directory was not eventually printed by December, 1972 and was delayed by two months. In fact, the date of delivery of the Directory agreed by firm 'D' (M/s. Sahitya Mudranalaya, Ahmedabad) was 15 February, 1973 i.e. beyond December, 1972 as originally envisaged.

[Sl. No. 4 (Para 1.92) of Appendix III of 130th Report of PAC—
(6th Lok Sabha)]

Action Taken

No further comments.

[Ministry of Communications (P & T Board) O.M. No. 27-2/79—
PHB dated: 29-11-79]

Recommendation

The Committee are not convinced by the reply given to Audit late in December, 1977 that the District Manager had shown initiative and capacity to take decision in the interest of service within his best judgement. The fact of the matter is that the Directory, which was according to an undated note recorded by the District Manager, Telephones, Ahmedabad, in support of his decision to entrust the work to Press 'D' (Sahitya Mudranalaya) to be produced by December, 1972 could be made available even by the Sahitya Mudranalaya, Ahmedabad, only on 26th February, 1973. The Secretary, Communications, conceded during evidence that 'in the final bringing out of the print there was a little delay. According to the agreement (with Printer 'D'-Sahitya Mudranalaya) it should have been done in 90 days. Instead of 15th February, I think they (Sahitya Mudranalaya) gave the printed copies after 11 days from that date'. The Committee, however, find that no action was taken against the printer for this delay although, in an earlier case, M/s. Kalyan Vijay Press were imposed a penalty of 2 per cent causing a delay of only one week in printing October 1966 issue of Gujarati edition of Gujarat Circle Telephone Directory.

[Sl. No. 5 (Para 1893) of Appendix III of 130th
report of PAC (6th Lok Sabha)].

.. ..

Action Taken

The report of the Committee set up by the Department has been forwarded to Lok Sabha Secretariat for being placed at the table of the House. Action has been taken on the recommendations of the Committee by issuing suitable instructions to the Heads of Circles/Districts.

[Ministry of Communications (P&T Board) O.M. No. 27-2/79-PHB
dated 30-7-80].

Recommendation

The Committee are constrained to point out that a sudden shift in the earlier decision of the District Manager Telephones, Ahmedabad, for diverting the job to firm 'D' for printing the four issues of

the English edition of the Ahmedabad Telephone Directory caused the Department an avoidable expenditure of Rs. 1.02 lakhs out of the total cost of Rs. 2.52 lakhs which otherwise could have been saved had the work been done by Diamond Printing Press, as originally contracted for.

[Sl. No. 6 (Para 1.94) of Appendix III of 130th report of PAC (6th Lok Sabha)]

Action taken

The report of the Committee set up by the Department has been forwarded to Lok Sabha Secretariat for being placed at the Table of the House (Appendix I). Action has been taken on the recommendations of the committee by issuing suitable instructions to the field units.

[Ministry of Communications (P&T Board) O.M. No. 27-2/79-PHB dated 30-7-80].

Recommendation

The Committee feel that the case needs a thorough investigation by a Committee of Senior Officers, drawn from Ministry of Finance, Ministry of Communications and Ministry of Works and Housing with a view to have a fresh look into the circumstances leading to the termination of the contract with M/s Diamond Printing Press on a minor unconvincing and untenable ground of not returning the galley proof within 3 days of receipt of the manuscript by them and on that basis forming the conclusive but premature view against the Printer that it had not adhered to the time schedule. It has to be remembered that M/s. Sahitya Mudranalya to whom not only the English edition but also the Gujarati edition was entrusted were the fourth lowest in the former case and the sixth lowest tenderer in the latter case. The Committee of Senior Officers should also examine whether there was any ulterior intention for pecuniary gain or otherwise, on the part of any concerned departmental official and in such event fix responsibility therefor.

[Sl. No. 7 (Para 1.95) of Appendix III of 130th report of PAC (6th Lok Sabha)]

Action taken

The recommendations of the Committee were examined and no ulterior intention for pecuniary gain or otherwise on the part of any concerned departmental official was found and hence no responsibility could be fixed. The copies of the report were forwarded

to Lok Sabha Secretariat for being placed on Table of the House on 7-8-80. Suitable instructions have been issued to heads of Circles/Districts vide O.M. No. 27-2/80-PHB dated 5-3-80.

[Ministry of Communications (P&T Board) O.M. No. 27-1/80-PHB dated 21-7-81].

INDIAN POSTS AND TELEGRAPHS DEPARTMENT
OFFICE OF THE DIRECTOR GENERAL POSTS AND
TELEGRAPH 20 ASHOKA ROAD, NEW DELHI-110001.

No. 27-2/80|PHB

Dated the 5 August 1980

To

...

All General Manager Telecom, Circles/
Telephone Districts.

Sub: Award of contract regarding printing of telephone directories.

The Committee appointed by the Secretary (C) to review the procedure followed for printing of the Ahmedabad English/Gujarati Directory of 1972 has advised that heads of Circles/Districts while making agreement for the Printing of the Telephone Directories should specifically provide that the manuscript can be sent piecemeal in instalments. They should not reduce period allowed under the terms of contract for various jobs unilaterally but only after mutual consultation with the contractor to whom the work is awarded. If the contract is terminated, the orders of termination must be backed up by a speaking order on the file.

It is further reiterated that detailed reasons must be recorded explicitly on file rejecting the lower tenders.

Please acknowledge receipt.

Sd/-

(R. C. KATARIA),

Asstt. Director General (PHB).

Recommendation

This case has revealed that arbitrary powers have been delegated to the Heads of Telecommunication Circles/Telephone Districts to regulate the contracts for printing of telephone directories and fix norms to be followed by them at each level/stage of their implementation. Now these discretionary powers have been misused is

borne out by the fact that as against the provision of 5 days for preparing the galley-proofs Printer 'A' (Diamond Printing Press) was asked to return the first batch of a few pages within 3 days of the receipt of the manuscript by them. Then asked during evidence to indicate the authority on which the District Manager, Telephones, Ahmedabad, changed the period from 5 to 3 days; the reply was that 'it is because the Agreement gives them the powers to regulate it' and that 'the discretion is there with the District Manager, who decides about it'. Not only that, it was also mentioned in support of the action of District Manager that the time limit of 3 days was fixed by him to assess the capability of the Printer 'A' (Diamond Printing Press). However, the Committee find that the printer was not even consulted for the fixation of this lesser period. The Committee would, therefore, like the Government to scrutinise the existing powers delegated to the Heads of Tele-communication Circles/Telephone Districts in this regard and issue necessary instructions so as to ensure that the powers delegated to the officers are exercised justly and not arbitrarily.

[Sl. No. 8 (Para 1.96) of Appendix III of 130th Report of P.A.C. (6th Lok Sabha)]

Action Taken

The report of the Committee set up by the Department has been forwarded to Lok Sabha Secretariat for being placed at the Table of the House. The action has been taken on the recommendations of the Committee by issuing suitable instructions to the Heads of Circles/Districts.

[Ministry of Communications (P & T Board) O.M. No. 27-2/79-PHB dated 30-7-1980]

Recommendation

The Committee find that according to the existing system open tender enquiries are floated through advertisements in the newspapers for printing of telephone directories and simultaneously the printers in the approved list, as maintained by the Directorate of Printing, are also addressed for offering tenders. The Committee do not see any logic in this deal arrangements as it gives wide discretionary powers to the Heads of P & T Divisions/Districts to pick and choose any printer outside the approved list according to their whims and convenience and thus defeats the very purpose of maintaining an approved list. The system is also likely to give

rise to complaints and allegations by the printers in the approved list, particularly when their quotations are comparatively lower, for having shown favouritism in selecting a particular printer outside the approved list. The Committee feel that the Directorate of Printing should review the list of approved printers periodically and in a more comprehensive manner than done hitherto so as to bring it up-to-date according to prescribed standards. The list so formulated should serve as a genuine and firm guide for future.

[Sl. No. 9 (Para 1.77) of Appendix III of 130th Report of P.A.C. (6th Lok Sabha)]

Action Taken

The Directorate of Printing had been informed of the views of the Committee on 28-5-79.

The Directorate has informed that the list of approved printers is being reviewed by them periodically according to prescribed standards. Copy of D.O. No. L-15020/4/77-OP(II) dated 7th June, 1979 with its enclosures received from the Directorate of Printing is enclosed. The Department is in agreement with the views of the Directorate of Printing.

[Ministry of Communications (P&T Board) O.M. No. 27-3/79-PHB dated 28-11-79.]

Copy of D.O. letter No. L-15020/4/77-OP(II) dated 7th June, 1979, from Shri K. Janakiraman, Joint Director Tech. (Ptg.), Directorate of Printing to Shri M. B. Ramamurthy, Director (PHE).

Kindly refer to your d.o. letter No. 27-11/77-PHB dated the May 28, 1979 regarding action taken on the recommendations contained in the 130th Report of the Public Accounts Committee (Sixth Lok Sabha) on paragraph 27 relating to printing of Ahmedabad Telephone Directories.

I have gone through the extracts of Para 27 (1.97) of the Report and contents received from the Lok Sabha Sectt. (PAC Branch), New Delhi, along with O.M. No. 15|3|78|PAC dated 24-4-1979. I enclose herewith our comments on the said para for further necessary action.

The receipt of this d.o. may kindly be acknowledged by return of post.

With regards.

Directorate of Printing

Comments on extract of Para 27 (1.97) of 130th Report of PAC.

1.97. Regarding Open tender enquiries if made by this Directorate, it may be stated that when the estimated cost of the job exceeds Rs. 50,000/- open tenders are invited by advertising in the Newspapers and simultaneously sending the tender papers to such of those suitable printers whose names appear in our Panel of approved printers. In the case of small jobs, limited tender inquiries are sent to suitable printers who are borne on the panel of this office and also to non-panelled printers who are considered suitable for undertaking the particular job. Inclusion of non-panelled printers in the tender inquiry has been done due to inadequacy of capacity with the printers in our panel and also to make the tender inquiry competitive. It is observed that similar procedure is being adopted by P&T Department with regard to their printing jobs framed out themselves.

2. As pointed out by the Committee, it may be stated that the list of approved printers is being reviewed periodically by this Directorate according to prescribed standards and up-to-date list forwarded to all the Ministries/Departments of Government of India from time to time. A similar list was reviewed and sent to all Ministries/Departments under O.M. No. L-15020/4/77-QP(II) dated 31-8-1978. A fresh list of panelled private printers/binders registered in various categories is being prepared again by this Directorate and will be sent to all the Ministries/Departments shortly.

3. No other para/point is relevant to this Directorate for comments.

Recommendation

To begin with, the first serious lapse took place when action to call for tenders for the appointment of licensee for the next three

years 1973—76, which, according to the Departmental instructions was required to be completed well in advance of the expiry of the period of previous licence (in this case 31 May, 1973) was actually initiated on 17 April, 1973. Thus only 42 days were left with the General Manager, Telephones, Bombay to receive, process and finalise the new contract to begin from 1 June of that year. The Committee find that instructions of the Department were that at least one month's time should be given for the floating and receipt of tenders. That sufficient time had not been given in the instant case is confirmed by the admission made by the Secretary, Communications himself during evidence when he stated: "I entirely agree that advertisements of this nature should give a little longer time and we shall certainly consider to what extent we should increase his time." The Department has claimed that the total period required for finalising all the formalities for such contracts is 6 weeks only and it was not intended to make special rules for handling extraordinary situations as witnessed in the instant case. The Committee would like to point out that if a lesson is to be learnt from the mistake in this case the existing rules and procedures for grant of kiosk advertisements and similar other contracts by the Department and its various agencies should be modified in such a way that no room is left for any ambiguity, slackness or delay of the type that had occurred in this case.

[Sl. No. 12 (Para 2:67) of Appendix III of 130th Report of PAC
(6th Lok Sabha)]

Action Taken

The P & T Board has decided to dispense with the Kiosk Advertisement in future. A committee appointed to go into the question of Telephone Directory Printing, has gone through the contract agreement form for the printing of Telephone Directories and has suggested modifications thereof. These suggestions have since been approved by the P & T Board and instructions are under issue to the field units.

[Ministry of Communications (P&T Board) O.M. No. 27-2/79-
PHB dated 28-11-1979]

Recommendation

The role of the supervisory and higher officers is also deplorable as the Heads of Circles/Districts who had been delegated full powers for finalising contracts for the display of kiosks had miserably failed

to keep a proper watch over the formalities and to take follow up action on finalisation of contracts and observance of terms and conditions in time.

[Sl. No. 19 (Para 2.74) of Appendix III of 130th Report of PAC
(6th Lok Sabha)]

Action Taken

Suitable Instructions have been issued to Heads of Circles.

[Ministry of Communications (P&T Board) O.M. No. 27-2/79-
PHB dated 19-3-81]

CHAPTER III

CONCLUSIONS OR RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES RECEIVED FROM GOVERNMENT

Recommendation

In regard to the payment of licence fee the Committee note that the DGP & T issued a circular on 1 December, 1973 providing for the regular payment of this amount each year during the currency of the licence, the first payment being made within six months from the date of its commencement. In case of default by the licensee any time during this period, the default would be treated for the whole year and the bank guarantee would be redeemed to cover the licence fee for the full year. The Committee desire that these instructions should be followed scrupulously.

[Sl. No. 14 (para 2.69) of Appendix III of 130th Report of PAC
(6th Lok Sabha)]

Action Taken

The P & T Board has decided to discontinue Kiosk advertisement in future on the basis of the advice given by the Law Ministry and also because of the obstruction of these Kiosks advertisements to the staff in climbing on the poles for maintenance purposes.

[Ministry of Communications (P&T Board) O.M. No. 27-2/79-
PHB dated 28-11-79.]

Recommendation

The Committee are also surprised to note that there is no built-in system to ensure that the Departmental poles were not used by unscrupulous persons nor were there any means to distinguish between authorised and the unauthorised kiosk advertisement boards during the currency or after the expiry of the contract. It is deplorable that the field inspecting staff who were supposed to keep a watch on the display of kiosks, did not play their due role in this respect. The Committee feel that there should be a close functional coordination between the inspecting officers and the District authorities through periodical say quarterly reports giving particulars of the agency and the type of advertisements on display on the poles. The Com-

mittee, therefore, need hardly suggest a thorough overhauling of the whole procedure with a view to streamlining the functioning of the Bombay Telephone District to serve as a model for other Circles/Districts.

[Sl. No. 20 (Para 2.75) of Appendix III of 130th Report of PAC
(6th Lok Sabha)]

Action Taken

The P & T Board has decided to discontinue Kiosk Advertisement in future on the basis of the advice given by the Law Ministry and also because of the obstruction of these Kiosk advertisements to the staff in climbing on the poles for maintenance purposes.

[Ministry of Communications (P&T Board) O.M. No. 27-2/79-
PHB dated 28-11-79].

Recommendation

The Committee are surprised to note that out of total outstandings of Rs. 9,02,191.00 against M/s. Classic Advertising and their sister organisation M/s. Canara Sales Agencies as on 30 October, 1978, only Rs. 1,53,777.00 were paid by these firms and the balance of Rs. 7,48,414.00 is still outstanding against them. The Committee would like the Department to make concerted efforts to recover the outstandings, where due, without further loss of time and take appropriate action against the defaulting parties.

[Sl. No. 22(Para 2.77) of Appendix III of 130th Report of PAC
(6th Lok Sabha)].

Action Taken

The cases of default are either in the Court of Law or under arbitration. Action for Recovery of outstandings will be taken as and when awards are announced. P&T Directorate has suspended Departmental dealings with these agencies.

[Ministry of Communications (P&T Board) O.M. No. 27-2/79-PHB
dated 28-11-79].

Recommendation

The Committee find that as a corrective measure the P&T Board have issued comprehensive instructions to all Heads of Circles/Districts through Circulars dated 25 and 27 July, 1978 (i.e. after the Audit para had come up for examination by the Committee) stressing the need for strict observance of terms and conditions of the contract an entering into agreement of this nature promptly with the

Advertisers. They hope that a constant watch would be kept by the Ministry of Communications to ensure that these instructions are followed at the lower formations in letter and spirit. The Committee would also like to be informed of the decision arrived at and the action taken to streamline the procedure of giving future contracts for Kiosk advertisements as a result of the opinion expressed by the Law Ministry about the Department's right to display Kiosks on telephone and telegraph poles.

[Sl. No. 23 (para 2.78) of Appendix III of 130th Report of PAC.
(6th Lok Sabha)].

Action Taken

The P&T Board has decided to discontinue Kiosk advertisement in future on the basis of the advice given by the Law Ministry and also because of the obstruction of these Kiosk advertisements to the staff climbing on the poles for maintenance purposes.

[Ministry of Communications (P&T Board) O.M. No. 27-/79-PHB
dated 28-11-79].

CHAPTER IV

**CONCLUSIONS OR RECOMMENDATIONS REPLIES TO WHICH
HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND
WHICH REQUIRE REITERATION**

—NIL—

CHAPTER V

CONCLUSIONS OR RECOMMENDATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

Recommendation

From the facts in the Audit Paragraph and the information made available during evidence, the Committee note with great concern that due to utter carelessness and dereliction of duty displayed by its management, the Bombay Telephone District had to lose substantial amount by way of licence fee due from M/s Classic Advertising, Bangalore, who despite the termination of their contract with the Bombay Telephone District, continued to display kiosks on the telegraph and telephone poles in the area of Bombay Telephone District for 3 years from June, 1973 to May, 1976 and collected advertisement charges from public and private institutions.

[Sl. No. 10 (Para 2.65) of Appendix III of 130th Report of PAC (6th Lok Sabha)].

Action Taken

Instructions were issued to Heads of Circles/Districts to ensure that such lapses do not occur in future. The CBI investigated the case and has submitted its report which has been referred to CVC for their advice. Further action will be taken on receipt of their advice.

[Ministry of Communications (P&T Board) O.M. No. 27-2/79-PHB dated 19-3-81]

Recommendation

The facts of the case are that M/s. Classic advertising, Bangalore, whose previous 3-year contract expired on 31 May, 1973, quoted in their fresh tender the highest rate of Rs. 91,900 per annum as licence fee for displaying kiosks for the next 3 years beginning from 1 June, 1973. The Contract, however could not be finalised till 14 September, 1973 as the firm did not come to an agreement in the matter of payment in advance of the licence fee i.e. before 31 May each year as was necessary under the rules, though on 14 September, 1973 the Department wrote to the firm that in case the bank guarantee for Rs. 91,900 was not furnished and the licence fee of the same amount not paid within 10 days of the receipt of their letter the acceptance of the tender would be cancelled and the

earnest money forfeited, the firm neither paid the licence fee in advance nor did it furnish the bank guarantee by way of security. The matter was also not pursued by the P&T Department till it came to know through the State Government of Maharashtra in May, 1976 that the same firm was continuing to display kiosks on the telegraph and telephone poles and was collecting advertisement charges from the concerned parties. Even at this stage, the Department did not proceed with the case properly. Only when the matter came up for examination by this Committee the Department suddenly woke up and plunged into action to investigate the matter thoroughly. The Secretary, Ministry of Communications, has conceded during evidence that there has been a series of administrative lapses. The Ministry have also stated that 'Since it is a complicated case it may have to be referred to the CBI'. Some instances of grave and revealing irregularities and unexplainable lapses which have come to light during the course of examination by the Committee are enumerated in the following paragraphs.

[Sl. No. 11 (Para 2.66) of Appendix III of 130th Report of PAC (6th Lok Sabha)].

Action Taken

Instructions have been issued to Heads of Circles to ensure that such lapses do not occur in future. After investigation of the case by Bombay telephones, it was referred to CBI who have submitted their report. The report is being examined by CVC and further action will be taken after getting advice of CVC.

[Ministry of Communications (P&T Board) O.M. No. 27-2/79-PHB dated 19-3-81]

Recommendation

The second still more serious lapse which enabled the advertiser to display advertisements or kiosks without having first deposited the licence fee was the failure to detect and set right the contradiction in the enclosures attached to the tender form—Annexure II envisaging the terms and conditions for appointment of the licensee and Annexure III containing the form of the agreement. It is astonishing to find that when the Department had decided in August, 1971 that in all cases of kiosk licences, amount of annual fee for each year should be recovered in advance and the Department had also modified the form of the agreement deed (Annexure III) accordingly, the standard form containing the terms and conditions of tender for appointment of the licensee (Annexure II) was

not modified suitably to provide for the payment of amount of annual licence fee for each year in advance by a specified date. This patent contradiction between the provisions in the terms and conditions of tender and that in the agreement deed escaped notice even at the time of floating tenders. The Committee desire that responsibility should be fixed for the lapse and action taken against the erring persons. The Committee would also urge that in the light of the experience gained from this case. Clause 14 of Annexure II should be suitably modified to bring it in conformity with the provisions contained in Annexure III.

[Sl. No. 13 (Para 2.68) of Appendix III of 130th Report of PAC (6th Lok Sabha)].

Action Taken

Instructions have been issued to heads of Circles|Districts to ensure that terms and conditions in tender form|agreement deed|license deed are in conformity with each other and no variations appear. Further action will be taken after getting the opinion for C.V.C. who are examining C.B.I. report submitted to them on the case.

[Ministry of Communications (P&T Board) O.M. No. 27-2|79-PHB dated 19-3-81]

Recommendation

Another lapse related to payment of the security deposit and licence fee. The Committee have regretfully to observe that while in the case of previous contract with the same firm, bank guarantee in lieu of cash deposit had been accepted by the General Manager, Bombay Telephones, in the present case his office took one month to send a reply (on 5th July, 1973) to the firm's request to permit them to submit a bank guarantee in lieu of cash deposit as security. The explanation of the Ministry in justification of this delay is that it was examined in all respects and the firm was advised to furnished the bank guarantee in the form and manner prescribed. Some time was taken in scrutiny and issue of suitable reply. The Committee consider this reply vague, evasive and unacceptable particularly in the light of the past practice followed by the same firm and the set procedure obtaining in the Bombay Circle in this regard. The Committee are of the view that this was the root cause for the events that followed culminating in huge loss to the Exchequer in the form of licence fee for the display of kiosks for all the three years (1973—76) and taking away this money unauthorisedly by the firm without paying anything to the Government.

[Sl. No. 15 (Para 2.70) of Appendix III of 130th Report of PAC (6th Lok Sabha)].

Action Taken

Instructions have since been issued to Heads of Circles|Districts to ensure prompt collection of license fees and renewal of Bank guarantee. An enquiry was made by CBI in the above case and their report is being examined by CVC. Further action will be taken after getting the opinion of CVC.

[Ministry of Communications (P&T Board) O.M. No. 27-2|79-PHB dated 19-3-81]

Recommendation

The worst part of this episode relates to the fact that instead of admitting gracefully the contradiction in Annexure II and III of the tender form in respect of payment of one year's licence fee by the successful tenderer before 31st May of every year during the currency of the agreement or in advance thereof and coming to an agreement with the firm over the dispute on this issue, the General Manager Telephones, Bombay, warned the firm on 14th September, 1973 (three and half months after the agreement was to come in force on 1st June, 1973) that in case the bank guarantee was not furnished and the licence fee was not paid in cash within ten days of the receipt of that letter, the acceptance of the tender would be cancelled and the earnest money forfeited. Even after September 1973 when the firm had neither paid the licence fee nor had it furnished the bank guarantee, the General Manager Telephones, Bombay, took no action. The Committee takes a serious view of the negligence and inaction displayed by the Department in not pursuing the matter. What surprises the Committee most is the revelation made by the P&T Directorate in this regard that the relevant files and papers were not traceable for more than a year and it was presumed that somebody had suppressed the file. The Department has admitted that 'this is crucial lapse which is under investigation for fixing responsibility'.

[Sl. No. 16 (Para 2.71) of Appendix III of 130th Report of PAC (6th Lok Sabha)]

Action Taken

Instructions have been issued to deal expeditiously with such cases in future.

Disciplinary action will be taken against the official(s) concerned after getting the opinion of the CVC.

[Ministry of Communications (P&T Board) O.M. No. 27-2|79-PHB dated 19-3-81]

Recommendation

Added to the above lapse which make the Committee suspect this to be a case of deliberate mischief is another serious irregularity which the Committee must highlight. A circular letter issued by the D.G. P&T in May, 1974 to all Heads of Circles to keep a watch to guard against undesirable acts of licensees in some circles who had been collecting advertisement charges from public or private institutions even after the expiry of their contracts was found (February, 1976) lying unattended to in a folder in the office of the General Manager, Bombay Telephones. This indicates the casual and callous manner in which the important circulars and communications are treated in the lower formations without any check by higher and supervisory officers. It is also noteworthy that even in the issue of the above instructions by the D.G. P&T there was a delay of more than 7 months, particularly when such a serious matter had been brought to the notice of the Department by public men and private institutions in November—December, 1973 itself. The Committee are not prepared to accept the explanation of the Department that the Ministry of Law had to be consulted before issuing the instructions and this caused the delay.

[Sl. No. 17 (Para 2.72) of Appendix III of 130th Report of PAC
(6th Lok Sabha)]

Action Taken

Instructions have been issued to heads of circles to avoid such lapses and deal expeditiously with such cases in future. Further action will be taken after getting final opinion from CVC which is examining the CBI report.

[Ministry of Communications (P&T Board) O.M. No. 27-2/79-PHB
dated 19th March, 1981]

Recommendation

The above are not the only instances of the state of affairs prevailing in the office of the Bombay Telephone District at that time. It is most distressing to find that even when the fact of unauthorised display of the Kiosks on P&T poles was brought to the notice of the General Manager, Telephones, Bombay by the State Government of Maharashtra in July, 1975, it took the Department 8 months to enquire from the State Government the name of the firm through which they had been booking their Kiosk advertisements. It seems nobody took it seriously to pursue the matter immediately in the Department.

[Sl. No. 18 (Para 2.73) of Appendix III of 130th Report of PAC
(6th Lok Sabha)]

Action Taken

Instructions have been issued to heads of Circles|Districts to avoid lapses of above nature in future. Disciplinary proceedings will be initiated against the erring officials after getting the opinion of CVC in this regard.

[Ministry of Communications (P&T Board) O.M. No. 27-2|79-PHB. dated 19th March, 1981].

Recommendation

The Secretary, Communications, in his evidence before the Committee, has at the very outset accepted the responsibility without mincing words. To quote briefly, he stated, 'I would like to admit that the objections raised or the observations made are totally correct. I admit that there has been a series of administrative lapses in this case. I have thought of certain corrective action.... but for what has happened I have absolutely no justification to offer and I am not going to justify all the omissions that have taken place in this case.' The Committee hope that all the enquiries at present under progress for various acts of omissions and commission will be completed expeditiously and stringent action taken against the erring officials to serve as deterrent for future. The Committee would be interested to know the conclusive action taken in the matter within the next 6 months.

[Sl. No. 21 (Para 2.76) of Appendix III of 130th Report of PAC (6th Lok Sabha)]

Action Taken

The entire case was examined first by the vigilance wing of Bombay Telephones and then by the CBI. A report was submitted by CBI and the report has been referred to the CVC. Disciplinary case against one UDC who was let off on the benefit of doubt for insufficient evidence would be reopened under Rule 29 of CCS (CCA) Rules 1965 after getting the final advice of Central Vigilance Commission.

[Ministry of Communications (P&T Board) O.M. No. 27-2|79-PHB dated 19th March, 1981]

NEW DELHI;

8 September, 1981.

17 Bhadra, 1903 (S).

SATISH AGARWAL,

Chairman,

Public Accounts Committee.

APPENDIX I

[Vide Sl. No. 6 (Para 1.94)]

Report of the Committee appointed by Secretary (C) to review the procedure followed while printing the English and Gujarati Telephone Directories of Ahmedabad Telephones in the year 1972.

The PAC of the Sixth Lok Sabha took up for consideration paragraph 27 of the report of the Comptroller and Auditor General of India for the year 1976-77, Union Government (Posts & Telegraphs) relating to the printing of Ahmedabad Telephone Directories and discussed the subject in July, 1978. In their 130th report, the PAC recommended (in para 1.95 of this report) that the case needed a thorough investigation by a Committee of Senior Officers drawn from the Ministry of Finance, Ministry of Communications and the Ministry of Works and Housing with a view to have a fresh look into the circumstances leading to the termination of the contract with M/s. Diamond Printing Press, Jaipur.

2. A Committee was accordingly appointed with the following terms of reference.

- (i) The Committee will review the circumstances leading to the termination of the contract with M/s. Diamond Printers, Jaipur and the award of the tenders for printing the English and Gujarati editions of Ahmedabad Telephone Directories of 1972 to M/s. Sahitya Mudranalya, Ahmedabad who had tendered higher rates and,
- (ii) The Committee will examine whether there was ulterior intention for pecuniary gains or otherwise on the part of the concerned Departmental officials in this case.

3. The following officers were appointed as Members of the Committee:

- (a) Sh. K. Janakiraman, Chairman
Jt. Director, Technical Printing, Directorate of Printing,
Nirman Bhavan, New Delhi.
- (b) Sh. M. B. Ramamurthy, Convener & Member
Director (PHE), P & T
Directorate.
- (c) Sh. E.G.S. Satyamoortly, Member.
Director (F.IV) P & T Directorate, New Delhi.
- (d) Sh. R. C. Kataria, Secretary.
ADG(PHB), P & T Directorate.

A copy of the order constituting the Committee is appended at Annexure I. (not attached).

The Sitzings of the Committee

1. The Committee held its first meeting on 14th December, 1979 at Delhi and decided that the Secretary of the Committee may prepare a chronological history of the case and make this as well as the relevant files available to the Members of the Committee for studying the case in detail.

2. After going through the chronological summary as well as the relevant files, the Members of the Committee, held a second meeting on 22nd February, 1980 in the P&T Directorate. At this meeting, the Committee decided to visit Ahmedabad to see the original records relating to the case. The General Manager, Telephones, Ahmedabad was accordingly informed.

3. The Committee visited Ahmedabad during the period 12-3-1980 to 15-3-1980 and examined the original records made available by General Manager, Telephones, Ahmedabad. After perusal of the records the Committee decided to call Shri T. H. Choudhury (the then DMT, Ahmedabad) to New Delhi for examination.

4. Shri T. H. Choudhury was accordingly examined on 21st March, 1980. The original records in this regard were also shown to him for perusal. A copy of the minutes of the examination of Shri Choudhury is appended as Annexure II to this report.

5. A Summary of the case in the light of the examination of the relevant records and the evidence given before the PAC is given below.

6. The observation of the committee and the conclusions drawn thereon are also given at the end of this report.

Chronological summary of events leading to the termination of the contract with Diamond Printers

(a) In January 1972, the District Manager, Telephones, Ahmedabad invited open tenders for printing, binding and supplying four issues of the Ahmedabad Telephone Directory (English edition) commencing from July 1972 issue. Of the 11 tenders received, four were rejected. Among the remaining seven tenders, the lowest tender was from M/s. Diamond Printing Press, Jaipur. A comparative statement of the rates quoted by the lowest four tenderers is given below:

Comparative statement of rates quoted by lowest four tenderers in respect of English Directory prepared by the District Manager, Ahmedabad for consultation with CCPS.

Description of job	Diamond Ptg. Press Jaipur	National Press Ajmer	Lalchand & Sons Calcutta	Sahitya Mudramalaya Ahmedabad — 'D'
Particulars	Amount Rs.	Amount Rs.	Amount Rs.	Amount Rs.
1. Composing	(4358) (460)	(6340) (500)	(6243) (480)	(9360) (1020)
2. Printing	5994	6072	8096	12144
3. Binding	5181	6072	4048	14513
4. Delivery	2915	2429	5175	405
TOTAL	18915	21413	23959	37442

In accordance with the Rules, the District Manager Telephones sought the advice of the Chief Controller of Printing and Stationery whose advice (addressed to District Manager Telephone, Ahmedabad) is reproduced below:

SUBJECT—Local printing of telephone directory English Edn. for Ahmedabad Telephone (3 column format) 4 issues from January, 1973. Approval of rates for:

REFERENCE—D.O. No. D/4(RI) Ptg. Cont/Eng. dated 19-2-1972 from Shri T. H. Choudhury, District Manager, to Shri N. Das Gupta.

The lowest rates quoted by M/s. Diamond Printing Press, Jaipur for the printing of the directory in question, 3 column format 4 issues, are considered reasonable. Since the rates are beyond the competence of this office to approve, the District Manager will have to get the prior approval to his Administrative and Financial Authorities for this. The distribution of the pages has been assumed as follows:

6pt.	156 pages.
8 pt.	20 pages.
10 pt.	12 pages.
12 pt.	12 pages.
TOTAL	200 pages.

It has also been assumed that the operations at S.No. 9 of the tender call would be in four columns.

2. The transaction relating to the manufacturing of blocks may be settled direct by the District Manager concerned under Rule 19 of the Rules for Printing and Binding.

3. In this connection it may be stated that M/s. Diamond Printing Press, Jaipur have not quoted the rates for increase|decrease in the number of copies for binding. They may, therefore, be told that for any increase or decrease in the number of copies the rates will be increased or decreased pro-rata.

4. Incidentally, it may be mentioned in this connection that M/s. Diamond Printing Press, Jaipur, the lowest tenderer in this case, have already been entrusted with the printing of three more directories from other circles and they may not, therefore, perhaps be able to stick to the prescribed time schedule. The District Manager concerned may, therefore, keep this thing in view and if he considers this an obstruction then he may consider entrusting the work to the next higher tenderer i.e. M/s National Press, Ajmer on the lowest rates of M/s. Diamond Printing Press, Jaipur with the prior approval of the Administrative and Financial Authorities concerned.

5. As regards the approval of rates for printing the supplementary Directory, since the detailed information asked for by this office vide Memo. of even No. dated 10th February, 1972 has not been furnished by the District Manager and also no comparative statement has also been submitted by them, it is presumed that the Printing of supplementary Directory is not perhaps required to be done.

6. The original quotations along with other connected papers are returned herewith.

Sd/-

Deputy Controller (Bills)

(b) The Chief Controller of Printing and Stationery had advised the District Manager Telephone to keep in view the fact that the three more directories from other circles are to be printed by Diamond Printing Press, Jaipur before deciding on the award of the tender. District Manager, Telephones sent his CAO for visiting the Press at Jaipur personally. The report of the CAO is as follows:—

In accordance with the order of District Manager Telephone, I visited the Diamond Printing Press Jaipur during the period from 25th to 27th instant (29-5-72).

The press has the following machinery for printing the Directories.

Printing Machinery

1. Automatic Libre 78-b	. . . . .	size	22 X 36"
2. Double Feeder	. . . . .	„	30 X 40"
3. Cylinder	. . . . .	„	30 X 40"
4. Cylinder	. . . . .	„	22 X 36"
5. Cylinder	. . . . .	„	20 X 26"
6. Treadles two	. . . . .	„	18 X 24"
7. Treadles two	. . . . .	„	12 X 18"
8. Automatic Grapho Printing Machine.			

Binding Equipment

1. Automatic Thread sewing machine
2. Automatic Folding Machine
3. Cutting Machines two.
4. Vire stitching machine & other accessories

Composing Type Casting Unit

1. Mono composing unit
2. Mono super caster

In short there is a printing machine which can print 32 pages at a time, another machine which can print 16 pages at a time, 2 machines which can print 8 pages at a time, another 2 machines which can print 4 pages at a time etc. In addition to the above, he has the necessary binding equipment for binding and composing. The monocomposing machine can compose 24 pages in 10 hours..

The printer has adequate experience of printing of P&T Directories. He had printed the Rajasthan Circle Directory for nearly 5 years. He had also undertaken the printing of the Directories of Madhya Pradesh Circle, UP Circle, Punjab Circle, etc.

The opinion of the circles was called for regarding the quality of work of the press, the promptness with which the telephone directories are printed etc. The Postmaster General, Rajasthan had found the quality of work good. He had also stated that the time schedule programme of the printing of telephone directory was kept up. The Postmaster General MP, Circle had also intimated that the work done by the press was satisfactory. The Postmaster General, UP Circle concurred with the other circles to the effect that the work was found to be satisfactory all round.

I also discussed personally with Shri Chatterjee, Directory Officer, Postmaster General, Rajasthan Circle, and Shri Verma, District Manager Telephone, Jaipur. They were also of the opinion that the press is competent to print the Directory.

The printer has agreed to fulfil the other terms and conditions of the agreement *vide* his letter No. D/3224/71-72 dated 17-2-1972.

The rates quoted by the Diamond Printing Press is the lowest *vide* Flag 'X' and 'Y' and may therefore be accepted.

(Sd.) T.N.K.

dt. 29-5-72

CAO & IFA

DMT

(c) After considering the above note of CAO as well as the advice of the Chief Controller of Printing, the District Manager Telephones, Ahmedabad awarded the contract for printing English Telephone Directory for four issues commencing from 1972 to M/s. Diamond Printing Press, with the following note in the file.

"I have seen the note of the IFA. I have also spoken to Sh. Mittal of Diamond Printing Press, at Jaipur. That he has got orders from so many circles and Districts leads to two conclusions: (a) that the press is competent and (b) there is also a danger of his not being able to oblige all circles and districts if the dates of publication happen to coincide with one another.

2. In my conversation with Shri Mittal he tells me that he is expanding the press and there will be no danger of our work getting delayed. I had mentioned that the type face indicated on the sample page, he has given, is not acceptable. Against this he mentioned that he has already an import licence for type face similar to Bombay's and he expects that it would be received by him by 15th of June, 1972.

3. As the difference between the Diamond Printing Press, Jaipur and that of Sahitya Mudranalaya, Ahmedabad is too large, we will take the risk of giving it to Jaipur in spite of the inconvenience of Printer at one place, the Administration in another place and the advertising agent at yet another place.

4. Letter accepting this tender may be issued mentioning about the type face and strict adherence to the time schedule for various composing and printing processes.

SSd./1) D.M.

1-6-72

(d) Although the award of the contract was communicated to the printer on 14th June, 1972, the printer delayed furnishing bank guarantee as well as the signed copy of the agreement up to 14th July 1972. Telegrams were sent from the office of the District Manager Telephone and also trunk calls were made by the CAO for expediting the signing of the contract. Ultimately, the contract was signed by the District Manager Telephone, Ahmedabad on 20th July, 1972, Sixty five manuscript pages containing entries beginning with alphabets A&B were sent by DMT, Ahmedabad to the printer on 25th July, 1972 with the stipulation that the galley proofs be returned in three days time. As no galley proofs were returned by the printer inspite of telegraphic reminder, DMT, Ahmedabad terminated the agreement by a letter dated 5th August, 1972 (reproduced below):

SUBJECT.—Printing of Ahmedabad Telephone Directory in 3 columns.

REFERENCE.—This office letter No. ATD-07 dt. 25th July, 1972.

Under clause 29 of Agreement (for printing of Ahmedabad Telephone Directory, English Edition), notice is hereby given that the agreement stands terminated after one month from the date (5-8-72) of issue of this notice.

(Sd/-) DMT, Ahmedabad.

The following points are to be examined:

1. Why did District Manager Telephone, Ahmedabad award the contract to M/s. Diamond Printing Press inspite of the advice of the Chief Controller of Printing and Stationery? Is his action justified?
2. Having given the contract to M/s. Diamond Printers, Jaipur was the District Manager Telephone justified in terminating the contract?
3. Whether the District Manager Telephones was acting arbitrarily when he prescribed the period of three days for the return of the galley proof against the normal specifications of five days.
4. Was adequate opportunity given to the printer before the termination of the contract?

Comments of the Committee

The advice of the Chief Controller of Printing and Stationery was that the Diamond Printing Press had taken the work of printing Directories for three other circles and hence they may have difficulty in keeping to undertaking to the schedule in Printing

Ahmedabad Telephone Directory. The District Manager Telephones was, therefore, advised to keep this possible delay in view and if he considers that the other commitments of the press may stand in the way of timely publication of Ahmedabad Telephone Directory, he may examine whether tender can be awarded to the next lowest tenderer, M/s. National Printing Press.

District Manager Telephone considered this advice of the Chief Controller of Printing and Stationery and sent his CAO to inspect the Diamond Printing Press. After his inspection and enquiry from other Circles (who had given similar jobs to the printer) the CAO recommended that the Directory printing work be given to the Diamond Printing Press, Jaipur. The District Manager Telephones, took the recommendations of the CAO into account and awarded the work to Diamond Printing Press, although he was conscious of possible delay by the printer in carrying out the work.

The decision of the DMT to award the contract to the Diamond Printing Press is backed up by the report of CAO as well as by the favourable report of the Heads of other circles for whom the Diamond Printing Press had done similar work. Hence, the decision of the DMT to award the contract to the Diamond Printing Press, Jaipur, is fully justified and is in order.

The next question that arises is whether the DMT was justified in terminating the contract to the printer. During the PAC enquiry, the department has pleaded that the printer delayed the signing of the agreement and the Bank guarantee was also not furnished in time. Although, the award of the tender was communicated to the printer by a letter dated 14th June, 1972, the signed agreement was forwarded by the printer only on 6th July, 1972 and the bank guarantee was received by the DMT as late as on 14th July, 1972. A number of telegrams had to be sent to the printer and a trunk call was also booked by the O/O DMT to expedite the signing of the contract.

Sixty five manuscript pages of Directory were sent by post from Ahmedabad to the printer at Jaipur on 25th July, 1972 and received by printer on 28th July, 1972. He was asked to send back the galley proofs in 3 days' time. DMT did not get the galleys till 5th August,

1972 when he terminated the contract under *clause* 19 of the agreement.

The appeal of the printer to DMT for reconsidering the decision to terminate the Contract was turned down by the DMT on 11-9-72.

It is true that the Diamond Printing Press, Jaipur delayed signing the agreement. The printer has pleaded in his appeal dated 10-8-72 that he was out of station upto 2-8-72 and the Bank guarantee could not be procured in time due to strike in the Bank. However, he did not make the above pleas to DMT immediately on his return to Jaipur on 3-8-72 and prior to the termination of the contract. Naturally the DMT cannot take into account the above factors before terminating the contract.

The second point is about the delay in the despatch of the galley proofs. The contract provides for the return of the galleys in 5 days' time whereas the DMT specified 3 days for the work. The DMT has stated that he wanted to test the capability of the printer and hence he reduced the period from 5 to 3 days using the discretion given to him under the terms of the contract. The specification attached to the NIT provides for 5 days for the return of the galleys and the agreement provides for changes "as DMT deems reasonable". These two are to be read together. Natural Justice demands that while reducing the period the DMT should have consulted the printer. Reducing the period to 3 days unilaterally against the specified contractual period of five days cannot be deemed "as a reasonable change".

The printer has also stated that he could not plan his work economically and according to schedule unless the manuscripts were given in one lot. The terms of the contract do not specifically mention whether the manuscripts were to be sent in one lot or more than one lot. In practice, the Department normally sends the manuscripts in lots so that the entries in the latter batches of the manuscripts can be kept up-to-date. However, the Diamond Printing Press, Jaipur have later stated in a letter to DMT (while asking for renewal of the contract) that the manuscript can be sent upto 25 per cent each time thus nullifying their earlier plea that they cannot take up the manuscripts in piecemeal.

The chronological sequence leading to the termination of the contract is as follows:

- (A) 65 Manuscript pages sent by DMT on 25-7-72.
- (B) Date of receipt of the manuscript by the Printer on 28-7-72.
- (C) Date of despatch of telegram from the O/O DMT to the Printer 2-8-72 intimating non-receipt of Galleys—2-8-72.
- (D) Date of booking the call from the O/O DMT to the printer—2-8-72.
- (E) Date of the letter of termination of the contract—5-8-72.
- (F) Date of appeal of the printer—10-8-72.
- (G) Date of rejection of the appeal—11-9-72.

The printer could have been given the normal period of 5 days (excluding the postal transit) for sending the galleys and the DMT could have terminated the contract if the printer had then not kept up this stipulation. The Committee is of the view that the termination of the contract was abrupt. Opportunity was not afforded to the printer to indicate the circumstances before actually terminating the contract and detailed reasons should have been spelt out on the file by DMT while terminating the contract so that the decision to terminate the contract could be supported by record.

AWARD OF THE CONTRACT TO M/S. SAHITYA MUDRANALAYA

(a) The District Manager Telephones, Ahmedabad after terminating the printing contract with M|s. Diamond Printing Press awarded the work to M|s. Sahitaya Mudranalaya, the lowest tenderer. The second lowest tenderer (M|s. National Press Ajmer) was rejected on the plea that their performance had been adversely commented upon by Delhi Telephone District. In the case of the 3rd lowest tenderer, M|s. Lalchand Bros. the DMT had stated they had no experience in printing 3 column Directories. The tender was awarded to M|s. Sahitya Mudranalaya after negotiating with them. The following note has been recorded by the District Manager Telephones.

(b) The printing of telephone Directory is a very exacting task. Many people quote but very few have the idea of the work that is involved. Some of the lowest tenderers do not have any past experience or if they have, very often, they are not in a position to complete the job according to the time schedule that we prescribe.

In this particular instance we thought, the Diamond Printing Press of Jaipur who have been doing some jobs for some other circles would be able to do our also. It was with a lot of misgivings that we first agreed to award the tender to them. We had to send Telex Messages, book trunk calls, issued registered notices to get the security deposit, etc.

After the conclusion of the agreement we sent a few pages for composition and submission to us according to time schedule agreed. He had not been able to complete the job. The reason is that he has undertaken this job from so many circles and districts and so he is not able to comply with our demand. We had to book trunk-calls, Telex messages, etc. This was the fair test of what he would do; we cannot produce a directory with such a printer from here.

The job of printing the telephone directory in three columns in complete accordance with the recommendations of standardisation Committee is to be undertaken for the first time by Ahmedabad Telephones. From amongst the many tenderers the only printer who has done such a job is Associated Advertisers and Printers of Bombay. Their costs based on the rates of printing (Page 86|c) works to Rs. 50971|-.

Even this calculation is taking into account the revised rates. After terminating the agreement with Diamond Printing Press we have asked Sahitya Mudranalaya whether they would revise the rates. They have now done so and based upon this a comparison with Associated Advertisers and Printers is made (at page No. 86/c.) Sahitya Mudranalaya is cheaper (at Rs. 47260|-). In addition, we have the advantage that the printer is herein Ahmedabad. The Advertising Agency has also been given to in Ahmedabad firm and they have already collected the advertisement. By December 72 we have to produce the Directory and therefore a competent firm should be chosen.

Lalchand and Co. Calcutta (page 18|3|c) appear to be cheaper but they have never undertaken the work of this magnitude and work of this type. Cheapness may lead to the same type of episode as with the Diamond Printing Press. We have a letter from the West Bengal Circle (page 59|c) saying that they have not done this job. If we are not to repeat the same episode as with Diamond Printing Press, Jaipur we can safely reject the tender also.

At the rates that are at page 86|c, we may award the contract of Printing 4 issues of the English Telephone Directory for Ahmedabad to Sahitya Mudranalaya.

(1) Negotiations were carried on with M|s. Sahitya Mudranalaya. Financial proprietary demands that negotiations should be carried out with all the tenderers. When this was pointed to Sh. T. H. Chowdhury on 21-3-80 by the Committee while examining him, he said that he had already rejected the other two tenderers as incompetent and hence the question of negotiation with all the three parties does not arise. Sh. Chowdhury also pointed out that the bad performance of Lalchand and Diamond Press in subsequent years confirmed his doubts about their ability to print telephone Directories according to schedule.

Views of the Committee on the award of the contract to M|s. Sahitya Mudranalaya

(2) Rejection of the 2nd lowest tender of M|s. National Press is based on the adverse comments from Delhi Telephone District on the past performance of the printer and hence is in order. However, the 3rd lowest tender, was rejected on the basis of the firm inexperience in printing 3 column directory. This basis of rejection is not quite convincing as M|s. Sahitya Mudranalaya to whom the printing contract was finally awarded had also no previous experience in 3 column printing. However, subsequent performance of M|s. Lalchand with other circles|Districts was unsatisfactory.

GUJARATI DIRECTORY

Seven tenders were received for the Gujarati Directory in January 1972 and the comparative statement of the first six tenderers is reproduced below:

Sl. No.	Name of Press	Rate quoted
1.	M|s. Nayan Printing Press	13,999
2.	M|s. Kalayan Vijay Press	22,925
3.	M|s. Dharti Mudhranalaya	23,365
4.	M|s. Sangam Printers	23,531
5.	M|s. Shri Printers	24,970
6.	M|s. Sahitya Mudranalaya	40,604

The DMT sought the advice of CCP&S in February '72 by forwarding the original quotations and the connected papers. CCP&S replied on 30-3-72 certifying that the rates quoted by the lowest tenderer M|s. Nayan Printing Press were reasonable.

DMT Ahmedabad recorded the following note on 10-7-72 and awarded the contract to M|s. Sahitya Mudhranalaya (Sl. No. 6).

The printing of the Telephone Directory is a delicate and sensitive task. Often it is to be synchronized with the cut-over of an exchange. Then if the directory is not available on the schedule date, the cut-over of the exchange itself will have to be postponed, thus loosing revenue which amounts to above Rs. 6.5 per day per subscriber in Ahmedabad.

Any body can print anything but only a few printers can print according to a time schedule. If from the date of giving of the manuscript, the time is to be extended over months or years any body can do a job. If it is to be done within the prescribed limit of time it is to be considered (a) whether they have any past experience of Directory printing as to what has been cramping their performance, (b) what type of machine they have for composing as well as printing, and (c) whether they have their binding arrangements.

In the light of these considerations, the capability and offer of the firms has been examined. None of the firms excepting Sahitya Mudranalaya has got a Lino machine for composing. None excepting Sahitya Mudranalaya has got a printing press with automatic feeding of paper. None excepting Sahitya Mudranalaya has previous experience of printing our telephone directory. This time they have to do it in three columns. Besides, punctuation, justification, corner titles, sub-heading are all to be done for the first time in accordance with the Directory standardisation Committee Report. In the first instance, it is the printer who has to do these in the galleys. We can guide and check only. The Kalyan Vijay Printing Press did some directory work in the 1950s when we were a small telephone division with only a few pages. They printed the circle Directory in the year 1966 and the total printing time was 7 months June 1966 issue was available for distribution on 13-1-67. Therefore, it is clear that we can not accept the claims of capability by the other printing presses. As regards Sahitya Mudranalaya it is true that the estimated cost of the one issue of directory is about three times that of the other presses. But costs should not be the only criterion. It is well to remember the observations of the 19th Century author, art critic and social reformer John Ruskin. It is unwise to pay too much, but it is worse to pay too little. When you pay too much, all you lose is a little money, that is all. When you pay too little, you sometimes lose everything because the thing are ought was incapable of doing the thing it was ought to do. The common law of business balance prohibits paying a little and getting a lot, it can't be done. If you deal with

the lowest bidder, it is well to add something for the risk you run, and if you do that you will have enough to pay for some thing better.

We have, therefore, rejected all the tenders and since the work has got to be done we have negotiated with the Sahitya Mudranalaya. He has given revised rates (page 12|c) according to which the cost of one issue may come to about Rs. 34,000|-. I think this is about reasonable on the following basis. For 9000 copies—350 pages July '71 issue of the Gujarati Directory we paid about Rs. 18,000. Now with the three columns directory, the number of pages are estimated to be 280 and the copies will be 13,000|-. Earlier we used 12 pt. type, now we will be using 10 pt. type on *pro-rata* basis the cost works out Rs. 33,400/- (The multipliers are):

Rs. of (c copies x pages) x area of print x type size—		
13,000	280×20×28×12	—1.85
9,000	350	18.5×24×10
Amount payable — 18,000×1.85 — Rs. 33,400.		

He will use 10 pt. instead of 12 pt. earlier *i.e.* there will be more matter per page on two counts—more area lesser type size.

As the contract is for 4 issues *i.e.* 4 years, as there is bound to be price inflation, it appears adequately reasonable that the old rate would more or less obtain for the next 4 years.

In the light of these calculations and criteria we will accept the offer of Sahitya Mudranalaya as per page 12|c of file No. D-5(RI) Ptg. Cont. (Gujarati Edition).

Sd|-

D. M. Telephones

10-7-72

Views of the Committee

(1) Printers at Sl. No. 1 to 5 were rejected by the DMT as none of them had lino machines, automatic feeding arrangement for paper and their own binding arrangements. It is not necessary that the printer should have his own arrangement for binding the work can be let out on subcontract. As a matter of fact none of the printers had Lino machines nor any of other had done 3 columns directory printing work earlier. The reasons given for rejecting the lowest tenderers are therefore not very convincing.

However the Ministry had stated during the enquiry that M|s. Kalyan Vijay and M|s. Mayan Printing had not quoted for block making.

Observations and conclusion of the Committee:

Having regards to the terms of reference the Committee is of the view that the DMT was within his rights to award the contract to M|s. Diamond Printing for printing the English telephone Directory against the advice of the CCP&S. His action is supported by the observations of the CAO who inspected the printers' premises. However, when the printer delayed the signing of the agreement and production of the Bank guarantee as promised, the DMT doubted the ability and sincerity of the printer to bring out the Directory in schedule. He therefore terminated the contract when the galley proof was not returned within 3 days. The Committee opines that the DMT should have given the stipulated 5 days time for return of the galley and then terminated the contract if the printer had not complied with the order. Detailed reasons should have been recorded by the DMT in the file while terminating the contract with M|s. Diamond Printing Press.

In the case of Gujarati Directory, the reasons recorded in the file for overlooking 5 lower tenderers and awarding the contract to the 6th lowest tenderer are not very convincing although it appears that the DMT wanted to select local printer with previous experience in Directory printing.

It may also be worth mentioning that the printers such as M|s. Diamond Printing Press, Lalchand etc. rejected by DMT then, turned out bad performances later in other Circles|District. Sahitya Mudranalaya, the successful tenderer, is even now printing the Ahmedabad Telephone Directory after securing the subsequent contracts.

Considering all these points the Committee is of the view that if the detailed reasons for rejection of the lower tenderers in the case of English and Gujarati Directories had been spelt out on the file explicitly and if the DMT had given the normal stipulated period of 5 days for the return of the Gallies to the Diamond Press before terminating the contract, the PAC perhaps would not have suspected at all of any ulterior intention for pecuniary gains on the part of any official concerned."

This brings us to the point regarding ulterior intention in the award of the contract. On considering the facts that (1) the DMT had taken lot of interest in printing the Director for the first time completely in accordance with the specifications prescribed by the Telephones Directory standardization Committee (2) he had personally recorded notes in the file. (3) he had taken the CAO into full confidence while finalizing the contracts, the Committee is of the unanimous view that there was no ulterior intention in awarding the contract to the higher tenderer.

The Committee suggests that the terms of the contract can be made more specific to say that the manuscript can be sent piecemeal. The Heads of Circles/District can also be advised against reducing the periods allowed under the terms of the contract for the various jobs unilaterally and in such cases there must be mutual consultation with the contractor to whom the work is awarded. It is absolutely necessary that detailed reasons for rejecting lower tenders must be recorded by the Departmental officers in the file. Wherever a contract is terminated the orders of termination should be backed up by a speaking order on the file.

Sd/-

Member

Sd/-

(M. B. Ramamurthy)
Member & Convenor

(Sd/-

(R. C. Kataria)
Secretary

Sd/-

(K. Janakiraman)
Chairman

APPENDIX II

STATEMENT OF CONCLUSIONS AND RECOMMENDATIONS

Sl. No.	Para No.	Ministry/Department Concerned	Conclusion/Recommendation
1	2	3	4
1	1.6	Communication (P. & T. Board)	As the matter has been pending for long, the Committee expect that the Central Vigilance Commission would finalise its investigation expeditiously. The Committee would like to be apprised of the opinion of the C.V.C. and the action taken by the P&T Department thereon.