

SEVENTY THIRD REPORT
PUBLIC ACCOUNTS COMMITTEE
(1986-87)

(EIGHTH LOK SABHA)

**HIRING OF PRIVATE BUILDINGS AT
NARAINA INDUSTRIAL AREA, PHASE-II,
NEW DELHI**

MINISTRY OF COMMUNICATIONS
(Department of Telecommunications)



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LOK SABHA SECRETARIAT

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Minutes of the Sitzings of Public Accounts Committee held on :

(i) 29 January 1986

(ii) 11 February 1986

(iii) 19 March 1987

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

PUBLIC ACCOUNTS COMMITTEE

(1986-87)

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1. Shri K. H. Chhaya—*Joint Secretary.*
2. Shri C. L. Bhatia—*Senior Financial Committee Officer.*

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the committee, do present on their behalf, this 73rd Report of the Committee on paragraph 41 of the Report of the Comptroller and Auditor General of India for the year 1983-84, Union Government (P&T) relating to hiring of private buildings at Naraina Industrial Area, Phase II, New Delhi.

2. The Report of the Comptroller and Auditor General of India for the year 1983-84, Union Government (P&T) was laid on the table of the House on 12 April, 1985.

3. The report deals with the hiring of private buildings at Naraina Industrial Area, Phase II, New Delhi by the General Manager (Telephones), New Delhi. The need for this additional accommodation was felt in 1982 to ease the congestion faced in Kidwai Bhavan and to make available more space for technical use, viz., operational needs of expansion of the telecom network by shifting operative offices of the Department from that Bhawan. The Committee have noticed with deep concern many irregularities/lapses committed by the Fair Rent Assessment Committee (FRC) comprising three officials of the Department, viz., DGM (Computers), IFA and XEN (Civil Wing) constituted in January, 1983 to assess the fair rent of the buildings to be hired and the GMT, Delhi who is empowered to hire private accommodation for the Circle, both for operative and administrative purposes. The FRC assessed the rent of the two buildings in question in January, 1983 at Rs. 4.50 per sq. ft. for basement, Rs. 8.00 per sq. for ground floor and Rs. 6.50 per sq. fit for 1st, 2nd and 3rd Floors as fair. As against this, the GM (Satellite Project), New Delhi, another wing of the same Department took on rent another building in the same area (Naraina Commercial Complex) one year later in February 1984, the rent for the basement and 2nd floor of which were fixed at Rs. 3.50 per sq. ft. The Committee have considered the rent assessed by FRC for buildings taken earlier in January 1983 in Naraina Industrial Area to be on the higher side resulting in recurring financial loss to the public exchequer. Some of the other irregularities pointed out by the Committee are :—

(i) violation of financial limits for hiring buildings for departmental use; (ii) rented buildings were initially proposed for housing operative offices but later on administrative offices were also housed therein; (iii) advance rent for six months amounting to Rs. 8.55 lakhs was paid to the owners of the buildings without the approval of the Directorate; (iv) brokerage of Rs. 1.04 lakhs was paid to the broker although the head of the Circle has no such powers; (v) the allotment of accommodation was made in May 1983 but the same was not occupied till January, 1984 as none of the staff that worked in Kidwai Bhavan wanted to shift to Naraina buildings as these were located at a far off place, i.e., about 10 kms. from their existing place of work. This resulted in an infructuous expenditure of Rs. 14.17 lakhs by way of rent upto December, 1983; and (vi) the Department itself provided partitions at a cost of

Rs. 1.72 lakhs though according to lease deed the lessor was required to do the needful at his own cost. The Committee have urged the Ministry of Communications to take note of all these financial irregularities/lapses and take appropriate action to avoid their recurrence in future.

4. The Committee have also observed that the need for additional accommodation is not visualised and provided alongwith the plans for expansion of the telecommunication network resulting in piecemeal provision of accommodation, at times, not conveniently located as had happened in this case. Commenting on inadequacy of planning on the part of the Department in this regard and stressing the importance of telecommunication services in the present set-up, the Committee have recommended that immediate steps must be taken to assess the requirements of the Department, its future expansion programme and a clear-cut programme of action for buildings, inclusive of accommodation for the most important technical personnel must be framed to ensure efficiency of the Department.

5. The Public Accounts Committee examined this para at their sittings held on 29-1-1986 and 11-2-1986. The Committee considered and finalised this Report at their sitting held on 19-3-1987. Minutes of the sittings form Part II of the Report.

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

7. The Committee place on record their appreciation of the assistance rendered to them in the examination of this paragraph by the office of the Comptroller and Auditor General of India.

8. The Committee would also like to express their thanks to the officers of the Ministry of Communications (Department of Telecommunications) for the co-operation extended by them in giving information to the Committee.

NEW DELHI;

3 April, 1987

13 Chaitra, 1909 (Saka).

E. AYYAPU REDDY,
Chairman,
Public Accounts Committee.

REPORT

HIRING OF PRIVATE BUILDINGS AT NARAINA INDUSTRIAL AREA, PHASE-II, NEW DELHI

Audit Paragraph

1.1 General Manager, Delhi Telephones (GMT), New Delhi hired 2 buildings consisting of 4 blocks at Naraina Industrial Complex offered by an estate agent (December 1982) in response to an enquiry made by the department about the availability of a different building. The lease deed was executed in March 1983 and possession was taken on 1st June, 1983.

1.2 The Fair Rent Committee (FRC) constituted to assess the fair rent of the buildings assessed the rent in January 1983 at the rate of Rs. 4.50 per sq. ft. for basement, Rs. 8 per sq. ft. for ground floor and Rs. 6.50 per sq. ft. for I, II and III floors as fair. In respect of another building in the same area taken on rent in February 1984 by the General Manager, Satellite Project, the rent for the basement and II floor were fixed at Rs. 3.50 per sq. ft. Considering the fact that this building was located in the commercial complex—a better location attracting higher rent, the rent assessed by FRC in January, 1983 for the buildings hired by GMT was on the higher side.

1.3 The financial power of the GMT for hiring of buildings for administrative offices was Rs. 50,000 per month whereas the total monthly rent for the hired buildings worked out to Rs. 2.02 lakhs requiring sanction of the P&T Board. Though allotment of accommodation at the time of executing the lease deed (March, 1983) was not decided, yet the buildings were shown earmarked for use by operative offices. This had the effect of avoiding sanction of the P&T Board. The buildings were actually occupied by the administrative offices.

1.4 The department made advance payment of rent of Rs. 8.33 lakhs for 6 months for the period from June 1983 to November 1983 though there is no such clause in the standard form of agreement. The allotment of accommodation was made in May 1983 but the same was not occupied till January 1984 due to various administrative/practical difficulties, non-provision of essential amenities, etc. Non-occupation of the buildings has resulted in an infructuous expenditure of Rs. 14.17 lakhs by way of rent up to December 1983.

1.5 Further, according to lease Deed, the lessor was required to construct partitions. Instead, the department itself provided the partitions at a cost of Rs. 1.10 lakhs.

1.6 The DGPT stated in June 1984 that necessary action was being taken to fix responsibility for the various irregularities.

[Paragraph 41 of the Report of C&AG of India for the year 1983-84, Union Government (Posts and Telegraphs)]

CHAPTER I

GENERAL

1.7 The set of two buildings hired by the General Manager, Delhi Telephones(GMT), New Delhi, which is the subject matter of the Audit Para, are called 'Bentex Buildings' and are located in Naraina Industrial Complex, Phase II, New Delhi. These buildings are owned by M/s. Bentex Properties Pvt. Ltd. Naraina Industrial Area, Phase II, New Delhi and their sister concerns. The two buildings close by to each other consist of 4 blocks and are 5-storeyed consisting of basement, ground, first, second and third floors. The total covered area is about 32000 sq. ft. and the total carpet (floor) area is 21,200 sq. ft. These buildings are entirely occupied by the Delhi Telephones and the staff of various offices of this Department (operative as well as administrative) working in these buildings is about 400 out of which 84 (21 per cent) is administrative staff.

1.8 The Audit Para has pointed out following irregularities/lapses committed in the hiring of these buildings :

- (i) Formalities regarding renting of buildings were not properly observed.
- (ii) Financial limits for renting of buildings for departmental use were violated by the head of telephone Circle/district.
- (iii) The rented buildings were initially proposed for housing operative offices but later on the administrative offices were also housed therein.
- (iv) For renting of accommodation for operative offices, the head of Circle/District has full financial powers, but for administrative offices the powers are limited to Rs. 40,000 only in the city like Delhi. If the financial powers exceed the limit, sanction of the Directorate is required. The rent of the building is Rs. 2.02 lakhs per month. The initial stand to house the operative office in the rented buildings in question was a deliberate one to avoid the sanction of the Directorate. The *post-facto* sanction has been obtained but the same is yet to be granted by the Directorate.
- (v) The Fare Rent Assessment Committee (FRC) assessed rent of the two buildings in the Naraina Industrial Area, hired by the GMT, Delhi in January 1983 at Rs. 4.50 per sq. ft. for basement, Rs. 3 per sq. ft. for ground floor, Rs. 6.50 per sq. ft. for I, II and III Floors as fare. The G.M. Satellite Project took on rent another building in the same area (Naraina Commercial Complex) in February, 1984, the rent for the basement and II floor of which were fixed at Rs. 3.50 per sq. ft. Since the buildings located in Naraina Commercial Complex—a better location supposed to be attracting higher rent—were

rented one year later (in February, 1984), the rent assessed by FRC for buildings taken earlier (in January, 1983) in Naraina Industrial Complex were considered to be on the higher side.

- (vi) The Delhi Telephones made advance payment of rent to the owners of the buildings in question. The Head of the Circle has no powers in this regard. Payment of advance rent can only be sanctioned by the Directorate. The sanction of the Directorate was not taken.
- (vii) Renting was done through the brokers. An amount of Rs. 1.04 lakhs as brokerage was paid to the brokers. In this case too the Head of the Circle has no powers. Sanction of the Directorate had not been taken.
- (viii) The allotment of accommodation was made in May, 1983 but the same was not occupied till January, 1984 due to various administrative/practical difficulties, non-provision of essential amenities, etc. Non-occupation of the buildings has resulted in an infructuous expenditure of Rs. 14.17 lakhs by way of rent upto December, 1983.

1.9 Giving brief history of the case, the Secretary, Telecommunications, stated during evidence :

"The Delhi Telephones is a major circle located in Delhi. There are offices like General Manager, Maintenance; General Manager, Projects. Administrative support is provided for the General Manager, Delhi Telephones. The requirements of the General Manager, Maintenance was the most important thing. Sometime in 1982, some necessity was felt. The General Manager, Maintenance was occupying part of the Kidwai Bhavan Building, the same building about which we discussed. It had to be vacated by his staff so that more accommodation may be made available for technical purposes in that building."

1.10 Asked what he meant by 'technical purposes', the witness stated :

"Operational needs of expansion of the total network. There are Telephone Exchanges and long-distance transmission equipment. All these would come under that category. Several attempts were made to get more accommodation for the office of the General Manager, Maintenance as well as the operational offices of the General Manager, Telephones. Certain advertisements were issued inviting tenders for accommodation. We enquired from a particular Estate Agent called Bijlani. There was another building. The General Manager, Telephones could not hire it. It was given by the agent to some other party. Then we were told that some valuable accommodation

is available in the Naraina Industrial premises; that was at Rs. 9/50 per sq. ft. in the ground floor area. It was consisting of five floors in all. The rent payable was assessed by the Rent Assessment Committee constituted in January, 1983. It was fixed lower than what was asked for by the estate Agent. As you know there was great difficulty in getting accommodation in Delhi. In several places in Delhi no private accommodation was available without paying some security or some advance. This was usually paid back in a few months. There was also some particular arrangement whereby a brokerage was paid to the agent who used to get the accommodation for the various people though this has been for the first time as far as the Delhi Telephones was concerned. This rent was assessed by the Fair Rent Committee. The lease deed for hiring was executed in March, 1983, after approval by the Internal Finance. It was decided to give them 6 months' advance, equivalent to 8 and odd lakhs of rupees and brokerage for half-a-month's rent."

1.11 The DGP&T informed Audit in June 1984 that necessary action was being taken to fix responsibility for the various irregularities. The Committee wanted to know the details of the action taken against the erring officials for various lapses committed by them at various stages of the deal. The Department of Telecommunications have stated in a note :

"The Department had gone through the case in detail to fix responsibility for any irregularities committed by the officers/officials. However, it may be seen from the replies to earlier questions that the decisions taken were in the interest of the department by the officers in anticipation of the approval of higher authorities. Each decision was taken collectively by the panel of officers keeping in view the department's interest as per the Rules. However, corrective action has already been initiated by serving a notice for recovering the amount incurred in construction of partition from the landlord. General guidelines have also been issued to the heads of circles reiterating the procedure to be followed in renting of private buildings for the use of department."

1.12 On this point, the Secretary, Telecommunications, added in evidence :

"As far as this case is concerned, at the time when we sent that reply the general feeling was that major irregularity has been committed. But then we got further information from the Delhi Telephones District. We have examined it in detail. We find that there were reasons for these things. What one could call irregularity was not really an irregularity. We have to consider the circumstances under which they acted."

1.13 On being pointed out that in June 1984, the Department had come to the conclusion that some irregularities were committed but now in January 1986 the Committee is informed that these cannot be considered irregularities, the witness stated :

“At that time apparently they felt that there was a mistake. That was the reason why they had said it.”

1.14 On being enquired whether the Department proposed to take any action in the matter at this stage, the witness deposed :

“Not that way. There may be some areas in which when we go into it in detail there might have been some irregularity or the other or action not being taken at appropriate time and for that we will have to go into it further and we will have to take action.”

1.15 The procedure prescribed for hiring buildings for departmental use, as furnished by the Department of Telecommunications, is given below :

- (i) In cases in which it is necessary to hire a building, a tender in form Genl. 22 is called for;
- (ii) FRC is asked to assess the Fair Rent for the building proposed to be taken on rent;
- (iii) Before accepting the tender, the sanction for approval to the payment of rent for the building is to be obtained from the competent authority. The lease for the building rented is drawn up in the form Genl. 8 or some other suitable form approved by the legal adviser of the Government and the rent payable is drawn in the establishment pay bill.
- (iv) Heads of Circles may at their discretion depart from procedure of calling for tenders for leased buildings in cases in which there are positive objections to doing so or the demands are emergent. In all cases the reasons for departing from the standard procedure must invariably be placed on record.

The procedure outlined in items (i), (iii) and (iv) is codified in para 449(i) and (ii) of P&T Manual Vol. II. As regards item (ii) the same is covered by Administrative instructions”

CHAPTER II

HIRING OF BUILDINGS

2.1 According to Audit Para, the rates of rent paid for buildings hired in 1983 were much more than the rates paid for a building hired one year later (i.e. in 1984) in the same area. The Committee enquired what were the special considerations for paying higher rent in the earlier case.

In a note, the Department of Telecommunications have stated :

"Comparison between rates of rent assessed for any two buildings can be realistic only when the two buildings are located in the same area, the assessment made on the same date and the assessment of space to be taken on rent in two buildings are more or less the same. The building hired by GM, Telephones, New Delhi is in Naraina Industrial Area Phase II and the building hired by GM (Satellite Project) in February 1984 is located in Naraina Commercial Complex. Since the locations are different, the buildings occupied on different dates and the hired spaces varied, the comparison will not lead to any definite conclusion. The rate of rental in the Industrial area might have been higher. The FRC has also been constituted at two different times for the two different buildings and since they are different Committees, their assessment is likely to be realistic."

2.2 On being pointed out that the Audit view is that the rates in commercial area should be higher as compared to industrial area, the Secretary, Telecommunications stated in evidence :

"It is an intrinsic value which one may not be able to really value. If the people do not start coming and living there and if the shops are lying idle, they may give it at a throw away rent. But in the industrial area it is not so."

The witness further stated :

"The whole area is known as Naraina Industrial Area, but there are separate sectors. The first building is in the commercial area within the industrial sector. The other one is a commercial building within the residential area. One is defined for offices and shops in regard to the industrial units and the other is for provision of commercial buildings in the residential area. I have gone through the original record of the sale deed of the land."

2.3 Asked what was the difference between the two areas (i. e. commercial and industrial) in so far as rent was concerned, the witness stated :

"There was no development of the other building. While major portion of the building on this side was constructed, on that side the building was not constructed—this is the only difference."

2.4 Asked what procedure for hiring of buildings was adopted in the two cases under reference and whether there was any deviation from the established procedure in any case. The Department of Telecommunications have, in a note, stated :

- (i) The building at Naraina Commercial Complex was rented after open tenders were called, a fair rent assessment committee had assessed the rent as fair with the approval of G.M. (Satellite, New Delhi). The building at Naraina Industrial Complex was much larger in area and was acquired through an estate agent, because repeated tendering for a building with the required area had not yielded any positive results. The FRC had assessed the rent in this case as fair.
- (ii) In the case of the building hired at Naraina Industrial Complex, the procedure of calling for tenders had not proved successful and therefore the offer made by the estate agent was considered."

2.5 When the committee pointed out that there seemed to be no justification whatsoever for fixing rent of the buildings hired by the GMT, Delhi at such a higher rate, the Secretary, Telecommunications explained in evidence :

"The rent for each building depends on the ground value and the cost of construction and that is the reason why we have a Fair Rent Committee where the Executive Engineer of the Civil Wing is also participating. On the basis of the assessment of the capital cost and the rent value of the accommodation in that area, it is decided whether the rent is fair or not. The minutes of the Fair Rent Committee has been circulated. Even here we have brought down the rent of the ground floor from Rs. 9.5 to Rs. 8".

added :

"The Committee which has been set up has given its report. How could any one go into the merits and demerits of the Committee."

2.6 The Committee wanted to know the constitution, sphere of work and functions of FRC. The Department of Telecommunications have furnished the following information :

"The Fair Assessment rent Committee at circle level comprises of a Director of Telegraph as Chairman with IFA and EE(C) in Civil Wing as its members. Before hiring the building, the FRC assesses fair rent in respect of building to be taken

on rent and gives its recommendations. While doing so the assessment of rent on the basis of capital cost is also made by the member representing Civil Wing and this assessment is given due consideration."

2.7 The Department of Telecommunications have furnished details of the two FRCs constituted to assess fair rent in respect of the two buildings hired by the GMT, Delhi and the G.M. Satellite Project, Delhi. The some are given below :

"The following were the members of—

(i) FRC for hiring the building at Naraina Commercial Complex by GM (Satellite). Sarvashri.

1. A. K. Neogi, Director, Satellite Project, New Delhi.
2. S. C. Johrey, CAO, Satellite Project, New Delhi.
3. B. N. Bhardwaj, Executive Engineer, Civil Wing, New Delhi.
4. K. B. Sagar, Divisional Engineer, Satellite Project, New Delhi.
5. V. P. Budhiraja, Divisional Engineer (CP), Satellite Project, New Delhi.

(ii) FRC for hiring building at Naraina Industrial Area : Sarvashri

1. C. K. Chatterjee, DGM (Computer).
2. K. Balachandran, IFA.
3. B. N. Bhardwaj, Executive Engineer, Civil Wing.

The FRAC is not a permanent committee for whole of the department. It is constituted at Circle/District level as and when need arises."

2.8 Minutes of Fair Rent Assessment Committees for hiring buildings at (i) Naraina Industrial Area and (ii) Naraina Commercial Complex furnished by the Department of Telecommunications are given below :

"(I) *Minutes of Fair Rent Assessment Committee for hiring building at Naraina Industrial area.*

Fair Rent Committee consisting of following officers met on 25-1-1983 for considering the offer of M/s. Bijlani Estate Agents for taking on rent 2 buildings in Naraina DDA Complex-II ;

1. Shri C. K. Chatterjee, DGM (Computer).
2. Shri K. Balachandran, I.F.A.
3. Shri B. N. Bhardwaj, XEN—Civil Dn. I.

The buildings were inspected by the Committee. There are two buildings close to each other consisting of two blocks each. They are in the last phase of construction i.e. the final plastering and other electrical works are to be carried out. The buildings are connected both by road and by train, since the Naraina Station is close-by. There are frequent buses in the high way. From the main road, the buildings are separated by 200 yards.

The rent demanded by the owners was acceptable except that for the ground floor Rs. 9 per sq. ft. was, in the opinion of the committee, on the high side. The Executive Engineer expressed the view that the prevailing market rent for the ground floor in that area was about Rs. 7.50 per sq. ft. The Committee felt that the negotiations could be carried out with the landlord's Agent asking them to reduce the rent for ground floor to Rs. 7.50. The rent for basement at Rs. 4.50 and the remaining I, II and III floors at Rs. 6.50 were considered fair.

II. Minutes of FRC for hiring building at Naraina Commercial Complex by G.M. (Satellite).

The FRC consisted of the following officers :

1. Shri A. K. Neogi, Director, Satellite Project, New Delhi.
2. Shri B. N. Bhardwaj, Executive Engineer, P&T Civil, New Delhi.
3. Shri V. P. Budhiraja, Divisional Engineer (C.P.) Satellite Project, New Delhi.
4. Shri S. C. Johery, Chief Accounts Officer, Satellite Project, New Delhi.
5. Shri K. B. Sagar, Divisional Engineer, Satellite Project, New Delhi.

The meeting of the Fair Rent Assessment Committee took place in the chamber of Shri A. K. Neogi, Director, Satellite Project to discuss the offer of Shri C. S. Bahri in respect of his premises at No. 4, Naraina Community Centre, Near Payal Cinema. The total accommodation which is offered by the landlord is basement and 2nd floor of the commercial building.

First of all, the tenders which were invited last year were reviewed by the Fair Rent Assessment Committee and it was found that the offer which came in respect of Naraina was Rs. 4 per sq. ft. Taking into account the rise in cost index and the fact that last year the rate was Rs. 4 per sq. ft., the rate around Rs. 3.50 per sq. ft. is considered to be reasonable.

Taking into account the prevalent market rates and the rent of the other Government buildings located in the complex of Naraina, it was decided to offer the rate to landlord Sh. C. S. Bahri."

2.9 Asked whether (i) comparative rent rates were obtained for buildings available for hire in both the complexes and if so what were those. The Department of Telecommunications have stated :

"It is seen from the FRC report both for Commercial Complex and Industrial Area that prevailing rates were taken into account."

2.10 At the instance of the Committee the Ministry of Communications have furnished on 10-4-1986, the following current schedule of rent rates prevailing in the Naraina Area.

"The prevailing rates as verbally ascertained from the local brokers are as under :

Naraina Industrial Complex—Rs. 6.50 to Rs. 9.50 per sq. ft. of covered area for different floors.

Naraina Community Centre—Rs. 5.50 to Rs. 9.50 per sq. ft. of covered area for different floors.

2.11 Referring to the information earlier supplied by the Ministry of Communications that while assessing the fair rent of the buildings to be taken on rent, the FRC gave due consideration to the assessment of rent, on the basis of capital cost, made by the Member representing Civil Wing, the Committee wanted to know (i) the estimated capital cost of each of the buildings in Naraina Industrial Area and Naraina Commercial Complex ; (ii) the assessment of rent on capital cost basis given by the representative of the Civil Wing and (iii) the schedule of CPWD in regard to construction cost during 1981 to 1984. The Department of Telecommunications have stated :

* (i) (a) The capital cost including land estimated for Naraina Industrial Estate Rs. 1,26,32,267 (Bldg. constructed in 1983).

(b) For Naraina Community Centre = Rs. 15,24,566 (Bldg. constructed in 1977-78).

The building cost was based on the approved plinth area rates and cost index approved by P&T. The cost index for 1983 is 260 and for 1978 is 113.

For the land the cost is taken as per prevailing rates in the area. The building at Naraina Community Centre hired by G.M. (Satellite) was not constructed in 1984 but in 1977-78 and the building in Industrial Estate was constructed in 1983. The locations are about 1.5 km. apart. Therefore the capital cost will be less for Naraina Community Centre as also the rateable value.

(ii) Rateable value for Naraina Industrial Bldg = Rs. 5.35 app. per sq. ft. (Based on 1983 cost index).

This however was not indicated in the FRC report.

- (iii) The approved cost Index for plinth area rates for CPWD and P&T rates are same and are given below :

1978—113
 1980—176 on 10-4-1980.
 1981—200
 1982—217 on 25-2-1982.
 1983—260
 1984—275”

2.12 On being pointed out that according to rough estimate at the prevailing rate of rent being paid by the Department, the owner of the property should get back his investment on the building under reference in about five years, the Secretary, Telecommunications explained in evidence :—

“I got the rough calculations made according to then prevailing price for construction and land. The rent should have been in the neighbourhood of Rs. 5.35 per sq. ft. against the average Rs. 6.25 it comes about. We went into the whole thing. On that basis we tried to calculate what should have been the price on capital cost basis. It works out to 6.31 per sq. ft. in 1985 prices in Naraina and 6.91 per sq. ft. in Connaught Place on capital cost basis.”

2.13 The yearly rent of the building under reference worked out to about Rs. 25 lakhs. The Committee pointed out that it could well be expected that when the rent is of such a high order, the capital cost of building would be about 3 crores. Asked what cost of construction has been shown by M/s. Bentex Properties (Private) Ltd. (owner of building in Naraina Industrial Area) in their income tax return and what is the cost shown by the owners of the building hired by the GM Satellite Project. The Department of Telecommunications have stated that the income Tax authorities have been addressed in the matter.

2.14 Asked in addition to the estimated capital cost of the buildings what other data was taken into consideration by the FRC for arriving at the rent decided by the Rent Committee, the Secretary, Telecommunications, deposed :

“The Executive Engineer (Civil) is a member of the Rent Assessment Committee. He has to go into these details.”

2.15 The Committee wanted to know how it was that the FRC could not assess the correct rent in coordination with other wings of the same Department. In a note, the Ministry of Communications have stated :

“At the time the fair rent assessment committee assessed the rent, no other building had come up for rent at that time in the Industrial area and so it was difficult to know the prevailing rates of buildings then. The FRC had assessed the rent on the basis of information available to them as per the guidelines on the subject. The FRC was constituted for the two

buildings, at different times and the first committee had taken all the information available at that time into consideration. The renting by G.M. Satellite Project in the commercial area was after a year and hence the former FRC could not consider this aspect of rent in Commercial area being lower than that in the Industrial area which are two distinct localities. Hence there is no intentional mistake or lapse on the part of the FRCs in assessing the rent for two different buildings in two different localities at two different times.

2.16 Asked on what lines the F.R.C. proceeded to come to the conclusion that the rent fixed by them was reasonable. The Secretary, Telecommunications, stated :—

“I fully agree with you that the order should have been a speaking order.”

He added :—

“It is presumed that the Committee must have gone into the details.”

2.17 The Committee pointed out that the report of the FRC for hiring buildings at Naraina Industrial Area merely referred to the prevailing market rent at that time in the area. After inspecting the buildings, the FRC accepted the rates demanded by the Estate Agent for basement, First, Second and Third Floors except that the rate for ground floor was negotiated and agreed upon at Rs. 8 per sq. ft. instead of Rs. 9 per sq. ft. demanded by the owner. The Member (TO) stated in evidence :—

“The Committee’s report is not drafted well. It only says what should be paid.”

2.18 On being further pointed out that when such a large area was being taken on rent, all aspects should have been taken into consideration but nothing seems to have been done in this case, the Secretary, Telecommunications, stated :—

“Their note is rather cryptic. They said that the prevailing rate of Rs. 7.50 was reasonable. Detailed calculations should have been done. I agree that there has been a lapse to some extent.”

2.19 To another question whether an enquiry against the members of the FRC would be made in the present case and responsibility fixed for fixing higher rent, the witness had the following to state :—

“I have no doubt in my mind that there is something wrong. As you have ordered that an enquiry be made in this matter, so enquiry will be made.”

2.20 Since the Secretary, Telecommunications, had conceded during evidence (29-1-1986) that ‘we will do some more investigation’, the Committee wanted to know the result of the enquiry so conducted. The Department of Telecommunications in a note dated 10-4-1986 have stated :—

"The investigation is to be initiated."

2.21 Asked whether the same person was the G. M., Delhi then and now. The Secretary, Telecommunications replied in the affirmative and stated :—

"The G.M. was same when the building in Jhandewalan was being negotiated and when the building under question was rented."

He added :—

"The case goes to the G.M. finally after the Rental Committee has negotiated and come to the conclusion. In this case it appears that the amount was slightly higher."

2.22 On being enquired whether the Department had ensured that they were paying a reasonable rent, the GMT, Delhi stated in evidence :—

"We have taken on rent some accommodation recently in Nehru Place after checking what the other Government Departments in that area have taken. The prevailing rate is Rs. 13|50 per sq. ft."

2.23 The Secretary, Telecommunications, stated during evidence that in respect of an earlier building at Jhandewalan, the GMT, Delhi could not hire the same as there was delay in taking a decision about acceptance of rent proposed by the Estate Agent, so that building was taken by someone else. The Committee agreed that so far as Jhandewalan building was concerned, there were many customers to hire that accommodation and so that could not be obtained at reasonable rates, but pointed out that it was not so in the present case. The Committee, therefore, enquired how it was that this building was hired at such a high rate when there was no other contender. The witness stated :—

"Perhaps in one case there was delay and we lost it, that is why we got a little worried and we were a little hasty at the other place."

2.24 It is stated that EE(C) Maintenance who represented the Civil Engineering Wing of the Department was one of the members of the FRC and he had expressed the view that the prevailing market rent for the ground floor in that area was about Rs. 7.50 per sq. ft. The rent was fixed on the basis of the recommendation of FRC and concurred by IFA and approved by the head of the Circle i.e. the G.M. (Telephones) Delhi. Asked whether there was any monitoring system in the Directorate to ensure that the delegated powers were exercised with due care and caution. The Department of Telecommunication have stated :—

"Monitoring at Directorate level is not done for buildings rented by the units within their own powers. However when approval is issued by Directorate all aspect are scrutinised."

2.25 The Secretary, Telecommunications stated in evidence that 'we have issued instructions how the Committee (Fair Rent Committee) should record the findings, collect data and so on ; and we have put all these things down very clearly'. Instructions issued to all concerned officers viz. heads of Telecom. circles, telephone districts etc. in this regard by the Department of Telecommunication *vide* their letter No. 7-1|84-NB dated 7-11-1985 are given below :—

“General guidelines on hiring of private buildings—steps to ensure fulfilment of contractual obligations by owners of buildings taken on rent.

Instructions have been issued from time to time from this office regarding functioning of Fair Rent Assessment Committee at various levels, delegation of financial powers regarding hiring of private buildings for operative and administrative offices and saving of avoidable expenditure on renting of private buildings. Recently some contraventions of these existing instructions have been adversely commented upon by the Audit. These are as under :—

- (i) The buildings were initially earmarked for accommodating operative offices but after executing lease deeds administrative offices were shifted though the monthly rents payable for the buildings exceeded the financial powers of competent authorities for hiring building for administrative offices.
- (ii) Advance payments were made to the owners though the lease deeds did not contain any clause regarding payment of any advance. Approved sanction of the Directorate was not obtained before making the advance payments. In fact payment of advance is beyond the powers of Board and requires approval of Finance Ministry.
- (iii) There were considerable time gaps between dates of execution of lease deeds and dates of actual occupations resulting in infructuous expenditure.
- (iv) The commitments made by the owners regarding partitioning/lighting arrangement etc. were not enforced and such interior works were got done at departmental cost and then referred to P&T Board for obtaining ex post facto sanctions.

2. The recurrence of these causes have made it imperative to have a fresh look at the extant instructions and formulate certain guidelines on hiring of private buildings. In order to prevent recurrence of cases of this nature, you are requested to keep in view the following guidelines while examining or proposing cases of hiring of private buildings :—

- (i) *Conditions to be fulfilled for departing from calling tenders to be issued as per Rules 440(1) of P&T Manual Vol. II.*

Rules 449(2) of P&T Manual Vol. II empowers the Heads of Circles/Districts to depart from calling for tenders at their discretion, only if each of the following conditions is satisfied :—

- (a) that there are positive objections or restraints in calling a tender, and

- (b) that the demand is so emergent that there is no time for calling a tender, and
- (c) that reasons for departing from standard procedure are recorded in writing.

You are requested to ensure that in every proposal for hiring buildings without calling for tenders in each individual case full justification thereof is invariably recorded in the minutes of the FRAC and concurred by your IFA.

(ii) *Prevailing rent*

While assessing rent for a particular building the FRAC shall take into consideration the prevailing rate of rent (per sq. ft. per month) in the same commercial or industrial complex/area where the proposed building is located and mention the rate in its minutes. The rent paid by any other Government organisation hiring an office in the same area should also be taken into account. In case the assessed rate of rent of the proposed building exceeds the prevailing rate, full justification for the higher rent must invariably be recorded in the minutes.

(iii) *Operative office and administrative office-distinction to be maintained strictly.*

You are requested to ensure that under no circumstances a building proposed to be hired for accommodating operative offices is utilised by accommodating administrative offices. If any situation so arises, full facts thereof and reasons justifying such conversion of utility must be sent to Telecom. Board for getting the proposal for conversion approved.

(iv) *Advance payment of rent*

In all cases of advance payment of rent to owners of private buildings where operative/administrative offices are to be shifted, it is to be ensured that such a clause is incorporated in the lease deed and prior concurrence of the Telecom Directorate obtained invariably before making actual payment to the owner or his agent.

It should be ensured that the building is occupied as soon as the lease deed is signed and payment of rent begins. Any work to be got done should preferably be done immediately after occupation. Where it is not possible, it should have the personal approval of the concerned Head of the Circule/District.

(v) *Cost of partitioning etc.*

You are requested to ensure that each of the commitments, made by the lessor in the lease deed regarding partitioning/lighting/repairs/white-washing etc. are completed by the lessor at his own cost before executing the lease deed. If the lessor refuses or fails to do so, such cost should be deducted from the rent payable.

3. You are requested to bring these instructions to the personal notice of all officers under your jurisdiction who may be dealing with any work relating to hiring of private buildings or space with the specific direction that any failure to observe these guidelines will be viewed seriously.

CHAPTER III

FINANCIAL POWERS FOR HIRING ACCOMMODATION

3.1 The Audit Para points out that though allotment of accommodation at the time of executing the lease deed (March 1983) was not decided, yet the buildings were shown earmarked for use by the operative offices. This had the effect of avoiding sanction of the P&T Board. The buildings were occupied by the administrative offices also. Asked which were the operative offices for which these buildings were earmarked and who was the officer who showed this accommodation earmarked for operative offices. The Department of Telecommunications have, in a note, stated :—

“Initially it was proposed to shift the offices of GM(M), New Delhi, DGM(CC) and a part of office of DGM (Operational). The GMT, New Delhi who is empowered to hire accommodation for the use of operative offices earmarked this accommodation for operative offices. The intention therefore was to shift operative offices only but later as certain operative offices of GM(M) New Delhi could not be shifted, that space was utilised for administrative office of GM(M), New Delhi.”

3.2 The Committee enquired where those operative offices which could not be shifted were now housed. The Department of Telecommunications have, in a note, stated :—

“As per the original proposal, it was proposed to shift operative offices of GM(M) New Delhi. Only a few of them as given below could be shifted and the rest of them had to continue in Kidwai Bhavan where many carrier and coaxial equipments are installed due to technical reasons and so the Accounts branch of the o/o G.M. (M) was shifted to Naraina.

- | | | |
|--------------------------|---|---------------------------------|
| 1. AE (CWG-Work shop) | } | Operative offices of
GM(M)”. |
| 2. DET (Fault Control) | | |
| 3. Repair Work shop | | |
| 4. A. E. (Electrical II) | | |

3.3 Asked why the accommodation earmarked for operative offices was allotted to administrative offices. The Ministry of Communications have stated :—

“As has already been mentioned above, only one administrative office i.e. Accounts Branch of GM(M) was shifted to Naraina. This has to be done since certain other operative offices of GM(M) could not be shifted out of Kidwai Bhavan as their

presence in Kidwai Bhavan was found essential for the technical operation and maintenance of the Telecommunication Equipments."

3.4 In this regard, the Secretary, Telecommunications stated in evidence :

"The General Manager felt that this group should not shift."

3.5 Asked this meant that there was planning lacuna at the very initial stage in the Department of Telecommunications, the witness deposed :

"It was not decided that this group should be accommodated and to that extent there has been a certain amount of lacuna."

The witness added :

"Renting was done by General Manager (Telephones) and the major requirement was for General Manager (Maintenance), which is another unit. He would not have suggested it in that manner. It is probably due to lack of a final decision being made at that time. To some extent we do not publicise, because the staff would start agitating saying that they would not move from a particular place. But normally, we try to get in reasonably good localities and then request our people to move."

3.6 The Committee wanted to know who decided not to shift these offices to Naraina. The Ministry of Communications have stated :

"The General Manager Maintenance as the controlling authority for the maintenance of Telephones/Telecommunications decided not to shift his operative units and shifted his administrative units instead in the interest of maintenance of the Telecommunication system."

3.7 The Committee desired to know whether the reasons advanced later on for not shifting some of the operative offices of the GM(M), DGM(CC) and DGM (Operational) to Naraina were not in the knowledge of the officers who had initially decided to shift these offices to Naraina. The Ministry of Communications, in a note, have stated :—

"(i) * * * * *

(ii) It was only at the time of actual shifting that the practical difficulty of removing the GM(M) office at a distant place to that of Naraina was experienced and it was decided not to dislocate the operational units of the GM(M) in the interest of maintenance of telecommunications."

3.8 The Committee enquired whether it was a clear case of financial irregularity committed by the GMT, Delhi, by evading sanction of the higher authority as the financial powers of the GMT for hiring of

buildings for administrative offices was only Rs. 40,000 per month and he hired these buildings for Rs. 2.02 lakhs per month much in excess of his financial powers. The Ministry of Communications have stated :

"It does not appear to be the case of evading sanctions of the higher authority as the financial powers of the GMT for hiring the buildings for operative offices is not restricted to Rs. 40,000 (Rs. 50,000 mentioned in the question) as in the case of administrative offices. The offices for which building was earmarked and those shifted were operative offices only except for a part occupied by the Accounts Wing of GM(M) New Delhi. The intention of the department while processing the hiring of accommodation was to shift only operative offices but since it was not found feasible to shift a part of the operative office of GM(M) which were required to continue in Kidwai Bhavan to take care of operation and maintenance of technical equipment a portion of the administrative office of GM (M) was shifted to this accommodation. Hence, no irregularities were intentionally committed by GMT Delhi to evade sanction."

3.9 To a question, whether the agreement in question was concurred by the Finance and Accounts Branch, the Department of Telecommunications stated that the lease agreement was concurred by IFA.

3.10 In this regard, the Secretary, Telecommunications, stated :

"A note was put up for *ex-post facto* sanction of the D. G. . . . The request was made by them in March 1984. It was felt desirable that till the audit para is cleared the *ex-post* sanction might not be given. I would submit that basically this is a case of oversight."

He further stated :

"I have examined the file. I find that there is a clear noting by DGM that they were exceeding some of the power and *ex-post facto* sanction must be taken immediately. Unfortunately, this has been lost sight of. Subsequently, they have applied, but we have not issued it till disposal of this para."

3.11 Regarding delay in applying for *post-facto* sanction, the witness explained :

"Theoretically, it need not take more than 15 days, but, practically, I am sorry to say there are delays, very serious delays. In this particular case, there was an urgency in the sense that earlier there was a negotiation for other building and that negotiation fell through because there was delay in taking a decision."

3.12 When the Committee expressed the view that in financial matters one cannot afford to be that careless, the witness deposed :

"Yes. We should have been more careful."

3.13 Asked whether responsibility has been fixed for this inaction on the part of the concerned officials, the witness deposed :

"We will check it up. We will go into it."

3.14 Qualifying the powers of the General Manager in respect of hiring buildings for administrative and operative purpose, the witness explained :

"Basically, we are an operating department providing services to the public. The intention is, if a building is required for providing services to the public, the General Manager should have autonomy and should be able to hire out accommodation as needed. On the other hand, administrative offices are for our own use and so there is a restriction not to go beyond a certain limit."

3.15 It is stated that in the case of hiring a building for administrative purpose if the rent is more than Rs. 40,000, GM is required to take prior approval of the Board but if it is for operative purposes, he need not take such permission. Since the Secretary, Telcommunications admitted during evidence that as a matter of fact, in this particular building some offices were operative and some others administrative, the Committee enquired whether there was any *via media* for hiring of such accommodation which was partly for administrative and partly for operative use. The witness stated :

"I would say that it is rather difficult question in the sense that it is a mixed building. Knowing this fact, they should have taken the approval of the DG. It is also recorded that it should be taken immediately. The only thing is that there has been a delay in obtaining the approval."

CHAPTER IV

ADVANCE PAYMENT OF RENT

4.1 According to Audit, the Department of Telecommunications made advance payment of rent of Rs. 8.33 lakhs for 6 months for the period from June to November 1983 though there is no such clause in the standard form of agreement. The Committee enquired whether this action of the Department amounted to undue favour shown to a private party by making advance payment of rent. The Ministry of Communications have, in a note, stated :

"The Estate Agent had insisted on payment of advance rent for period of six months and the same was paid with the concurrence of IFA and the approval of G. M. The proposal was not received in the Directorate for approval, which was required in this case. The amount has since been adjusted in the rent payable for the first 12 months. Such advance payment of rent has been made in some other cases, with the approval of the Directorate. Non-payment of advance in this case would have meant losing the accommodation in which case, the Department would have been put into considerable difficulties and hence the GMT, New Delhi had agreed for payment of the advance."

4.2 The Committee enquired whether there was any provision in the agreement for making advance payment of rent for six months and if not, how this payment was made. The Department of Telecommunications have, in a note, stated :

"There is no clause making payment of six months advance rent in the prescribed lease deed. But this clause was modified as most of the Real Estate Agents insist on payment of advance rent"

4.3 Asked why the consent of the Directorate was not taken, the witness stated :

"The decision was taken at the General Manager's level and then for clearance reference had been made to the Directorate."

4.4 To a question whether at no time the higher authorities were drawn into the picture, the witness stated that before renting the buildings, the Directorate was not aware of it.

4.5 Asked why the lease deed was executed in the standard form which has no clause for payment of advance rent, the Department of Telecommunications have, in a note, stated :

"As per the provisions contained in sub-rule 432 of P&T Manual, Vol. II, lease deed must be executed in the Standard form

but may be modified to suit the local requirements, after consultation with legal advisers of the Government and the Directorate. In the light of above sub-rule, the Standard form was modified to meet the prevailing requirements and the office inserted the advance payment clause in the lease deed after obtaining the concurrence of IFA."

4.6 In reply to a question whether the requirement of consultation with the legal advisers of the Government and the Directorate was fulfilled in this case, the Department of Tele-communications have stated :

"No advance legal consultation was done in this case due to paucity of time."

4.7 In this connection, the Secretary, Tele-communications, stated in evidence :

"Recently we have paid for a place in Devika Chambers in Nehru Place about a month back and advance has also been paid. But in Bombay there have been several instances where advances have been paid. But the advance has been paid after approval by the appropriate authority."

4.8 Asked what were the reasons for not obtaining approval of the Directorate which was essentially required in this case as was stated to have been done in some other cases and whether responsibility has been fixed for this lapse. The Ministry of Communication have stated :

"Since previous offers to obtain a building sufficient large enough by floating tenders had failed and also earlier negotiations for similar buildings through Estate Agents had also been unsuccessful the offer made by the Estate Agent in January, 1983 was considered and approved by IFA and approved by G.M. on 4th Feb., 83. Since the landlord wanted to tie up matters by 20th Feb. 83, after which he would have withdrawn the offer and the Delhi Telephone District was keen to finalise the accommodation issue which had been hanging fire since a long time and since this proposal had the approval of G.M. and I.F.A. it was presumed that the Directorate would not have any objections to this proposal and hence an *ex-post-facto* sanction would be granted."

CHAPTER V

DELAY IN OCCUPATION OF ACCOMMODATION

5.1 The Audit Para points out that the allotment of accommodation was made in May 1983 but the same was not occupied till January 1984 due to various administrative/practical difficulties, non-provision of essential amenities, etc. Non-occupation of the buildings has resulted in an infructuous expenditure of Rs. 14.17 lakhs by way of rent upto December 1983. The Committee desired to know whether the buildings could not be taken from a later date during which time formalities could have been gone through and essential amenities to be provided by the owner got completed instead of incurring avoidable expenditure by way of rent. The Department of Telecommunications have, in a note, stated :

"After the building was taken over, the units to whom this building was allotted were asked to shift. At that stage the staff unions had objected to shifting on the grounds of inadequate public transport, disadvantageous situations, etc. This took sometime to settle. Since many offices had to be shifted at a time, the time gap between taking over and its occupations by shifting of offices one by one could not be avoided. The building was ultimately occupied from November 1983 and not January 1984."

5.2 In this regard, the Secretary, Telecommunications, explained the position during evidence as under :

"Now, regarding the occupation of the building itself, there was a small delay because none of the staff who worked in Kidwai Bhavan wanted to go to Naraina. We tried our best and discussed with them and told them the need for shifting from the present building to another building. But all the time, there had been some reluctance. But ultimately a small portion of the accommodation was occupied by an office which could be termed as Administrative Office. So, that was partly the reason for the delay. The other difficulties were for the electrification and partition works to be carried out before the building could be utilised effectively for the purpose. The two points remaining outstanding for our approval are the payment of advance as well as payment of brokerage. We are taking up these points for suitable consideration."

5.3 It was stated that the individuals and employees' unions objected to going to Naraina buildings as these were located at a far off place i.e. about 10 kms. from their earlier place of work. When the Committee expressed the view that had accommodation been hired at a central place

such as Jhandewala Estate, etc. most of the employees would not have to take to transport, the Secretary, Telecommunications stated :

"The proposition is not that straight forward. In the case of Delhi, most of the offices are in the central area and most of the residences are in the outer area. People have to come and go by bus."

5.4 On being pointed out that this cannot be true of the Postal Department which is an important service organisation, the witness deposed :

"It is very true that we are an old department, but we suffer from lack of resources as any other department of the Government of India. We certainly cannot afford to construct all the buildings we need. If we want to construct our buildings, we do not have the resources, nor we can find all those buildings in central part of the city."

5.5 Asked why the Telecommunications Department does not consider having a permanent building of their own for offices as well as far employees. The witness stated :

"We would be extremely grateful if we could be allotted substantial resources. Every time, there is a financial crunch, the first thing to be sacrificed is the building construction programme both for administrative offices as well as for residential purposes. I think in Delhi we have about 5 per cent of our staff having government accommodation. So, there is no possibility of our ever planning for housing for our entire staff near the place of work; it is not possible; we do not have the resources. Similarly, for administrative offices, bulk of the offices are in the rented accommodation. If we try to construct our own buildings, the resources will not be there. We have to look at the whole thing."

He added :

"Telephone services are provided in all parts of Delhi. In this case it is Western area of Delhi. It is not Central or Southern area. In any Department like ours it is inevitable that we will have offices spread all over the City. Regarding residential, we are trying to bring it to 10 per cent within the limited resources; but we don't get funds for that. We have to try to find space for residential purpose in various localities so that we may construct houses for staff."

5.6 The Committee pointed out that the lease deed for hiring those buildings was executed in March 1983 much earlier to taking possession in June 1983. The Committee, therefore, desired to know why adequate planning about shifting the offices one by one was not made in advance so that these could be shifted well in time immediately after taking possession of the buildings in June 1983. The Department of Telecommunications have, in a note, stated :

"It was difficult to shift the staff working in the centrally located areas to a far away place and that required certain adjustments on their part."

CHAPTER VI

INSTALLATION OF ELECTRICAL FITTINGS

6.1 Since one of the reasons for delay in occupation of the buildings was stated to be installation of electric fittings, the Committee enquired whether entire electrification was to be done by the Department itself. The witness stated that only electric fittings were theirs and added :

“We have spent about Rs. 33,000 for electric fittings only (light fittings-fans and all that). Wiring was done by the landlord of the building. Only fixtures we have done. When we vacate the building, we remove them.”

CHAPTER VII

CONSTRUCTION OF PARTITIONS

7.1 Yet another irregularity committed by the Department of Telecommunications in this deal relates to construction of partitions by the Department itself at a cost of Rs. 1.10 lakhs though according to Lease Deed, the lessor was required to provide these partitions at his own cost. Stating the reasons for providing partitions by the department itself, the Department of Telecommunications have, in a note, stated :

“The landlord was asked to provide partitions as per clause 13 of the lease deed. When this was not done by them inspite of persuasion, the Executive Engineer (Civil) Maintenance was asked to carry out the work after putting up an estimate suiting the requirements of the department so that the units to whom the space in the building was allotted were in a position to occupy the same at the earliest. There was no other alternative but to get it done at the departmental cost since the offices had to be shifted urgently and any delay in shifting these offices would amount to payment of rent at the rate of about Rs. 2 lakhs per month unnecessarily to the landlord as well as delay in vacating the Technical accommodation in Kidwai Bhavan which was urgently required for the installation of exchange equipments. Hence the decision for constructing the partition departmentally was taken in the interest of the department.”

7.2 The Audit Para points out that the lease deed was executed in March 1983, advance payment of rent was made from June to November 1983 and the buildings were occupied in January 1984. Thus, it gave sufficient time to the department to get the partition work done by the owner of the buildings. The Committee desired to know why legal notice was not served on the owner for not providing partitions immediately after the lease deed was signed in March 1983, as provided in clause 13 of the Agreement and why, on his refusal to do the needful, advance payment of rent was not withheld or the estimated cost of partitions deducted from the advance rent paid to him. The Department of Telecommunications have, in a note, stated :

“The landlord was requested verbally to provide the partitions and since he failed to do so the partitions were constructed at departmental cost”

7.3 The Department of Telecommunications intimated that the administrative approval for provision of partitions at the cost of the Department was granted by Additional G.M.(O), New Delhi and no concurrence of the IFA was obtained. The Committee desired to know (i) whether the Additional GM(O) was authorised to grant administrative approval for provision of partitions at the cost of department in hired buildings to the tune

of Rs. 1.10 lakhs (revised to Rs. 1.72 lakhs by Audit), (ii) whether the system provided for concurrence by IFA for providing partitions at department's cost and if so, why this requirement was not fulfilled, and (iii) what was the position of recovery of expenditure incurred on this account. The Department of Telecommunications have, in a note, stated :

"The GM(O) has not been vested with powers to incur such expenditure.

Since there was already a provision in the lease deed for providing partitions etc. by landlord and the partitions which were provided for at departmental cost to curtail delay were to be recovered at a later date, it was thought that concurrence of IFA was not required.

The total amount of Rs. 1,46,369.68 incurred on provision of partition has since been recovered from the rent of January 1986."

7.4 Asked whether investigation has been made and responsibility fixed for this lapse. The Department of Telecommunications have stated :

"Since the landlord in spite of Department's request did not provide the partition, the department had to provide them in their own interest so that the offices could shift and the accommodation could be utilised. As there were no other offers for renting out such a large accommodation and Technical accommodation in Kidwai Bhavan had to be vacated, the department had no other option but to take this building and go ahead with the construction of partitions. The job was done in the interest of the department so that Technical accommodation could be made available for equipments. The cost of partition is also being recovered from the landlord and hence there is no specific loss to the department on this account."

8.1 The offices of the General Manager, Delhi Telephones—a major circle, were located in Kidwai Bhavan, New Delhi. To ease the congestion faced in Kidwai Bhavan and to make available more accommodation for technical use, viz. operational needs of expansion of the net work, need was felt in 1982 to shift operative offices of the GM(M), New Delhi; DGM(CC) and part of office of DGM (Operational) from that building. As no departmental building to accommodate the staff proposed to be shifted from Kidwai Bhavan was available it was decided to hire a building large enough to accommodate all these offices. Several attempts were stated to have been made by the GMT, Delhi to get more accommodation. Advertisements were also issued inviting offers for hiring accommodation. These attempts did not fructify. In the mean while M/s. Bijlani Estate Agents offered accommodation in two buildings close to each other consisting of 4 blocks and having 5 storeys—basement, Ground, First, Second and Third floors—with a covered area of 32,000 sq. feet and carpet (floor) area of 21,200 sq. feet, called 'Bentex Buildings' located in Naraina Industrial Complex, Phase II, New Delhi, owned by M/s. Bentex Properties Pvt. Ltd. The buildings according to the Department of Telecommunications were constructed in 1983. The capital cost including land was

estimated at Rs. 1.26 crore based on the approved plinth area rates and cost index approved by P&T. As the Department considered this accommodation and rent acceptable, the proposal was submitted to the Departmental Fair Rent Assessment Committee (FRC) constituted in January 1983 to assess fair rent of the buildings to be hired. The buildings were hired at the rents recommended by FRC. The Audit has opined that the rent assessed by FRC in January 1983 for these buildings was on the higher side and has also drawn attention to various irregularities committed in this deal.

8.2 The buildings *ibid* were hired by the GMT, Delhi at the rate of Rs. 4.50 per sq. ft. for basement, Rs. 8 per sq. ft. for ground floor and Rs. 6.50 per sq. ft. for I, II and III floors, recommended as fair by the FRC in January, 1983. Another building in the same area viz. Naraina Commercial Complex was hired by the General Manager, Satellite Project in February 1984, and the rate agreed to for basement and II floor was Rs. 3.50 per sq. ft. Audit has rightly pointed out that compared to this rate the rate of rent agreed to a year earlier by GMT Delhi was clearly very much higher.

8.3 As the buildings in the Industrial sector were not fully developed| constructed at that time and the GMT Delhi was the lone bidder, *prima facie* it should have been possible to negotiate and obtain lower rates. From the Minutes of the FRC for hiring buildings in Naraina Industrial Area, it appears that the FRC had been influenced by the report of the Executive Engineer (Civil), a member of the FRC that the prevailing market rent in that area for ground floor was Rs. 7.50 per sq. ft. although he had not supported this view by any other data. The FRC accepted the rent demanded by the owners for basement, First, Second and Third Floors and succeeded only in having the rate for ground floor reduced from Rs. 9 per sq. ft. to Rs. 8 per sq. ft. The Committee cannot in the circumstances, agreed that in fixing the rent the FRC had given due weight to the prevalent market rates and the rent of other Government buildings located in the Naraina Complex. The Committee fail to understand, how the Executive Engineer (Civil), felt justified in suggesting the rate of Rs. 7.50 per sq. ft. for ground floor as reasonable. The rent of Rs. 3.50 per sq. ft. for the building hired by the GM (Satellite) in the Commercial Complex in February 1984 was assessed by FRC keeping in view three main factors viz. (1) the rate of rent in Naraina during previous year (1983) was Rs. 4.00 per sq. ft.; (2) the prevailing market rate vis-a-vis rise in cost index during the last one year; and (3) the rent of other Government buildings located in the Naraina Complex at that time. The FRC constituted in 1983 to assess the rent for buildings in Industrial Complex did not take the trouble even to ascertain the rates prevalent at that time in the Commercial Complex. The Member (TO) admitted during evidence that 'The Committee's report is not drafted well. It only says what should be paid.' The Secretary, Telecommunications has also admitted in evidence that "Their (FRC) note is rather cryptic. They said that the prevailing rate of Rs. 7.50 was reasonable. Detailed discussions should have been done. I agree that there has been a lapse to some extent."

8.4 Although the functions of the two FRCs set up in January 1983 and February 1984 were identical, the procedure adopted by each Committee for assessing the rents of the respective buildings was quite different.

While the building at Naraina Commercial Complex was rented after calling upon tenders and taking into consideration the prevalent market rates and the rent of the other Government buildings located in the Naraina Complex, the buildings at Naraina Industrial Complex were rented through an Estate Agent who was paid remuneration of Rs. 1.04 lakhs. This was a major deviation from the established procedure of hiring buildings and possibly led to the irregularities that followed. The GMT, Delhi was not authorised to make payment of brokerage and payment of Rs. 1.04 lakhs by him was irregular. The GMT had in fact in several other respects exceeded the financial authority vested in him. The system of consultation and comparison of rents paid by various limbs of the Telecommunications Department, prior to hiring accommodation, is not in vogue. The Committee desire that revised comprehensive instructions should be issued in regard to the hiring of accommodation.

8.5 The Ministry of Communications have argued that the building at Naraina Commercial Centre hired by G. M. (Satellite) was constructed in 1977-78; so the capital cost and rateable value would be less. Rateable value for the building in Naraina Industrial Complex was Rs. 5.35 (Approx.) per sq. ft. based on 1983 cost index which was 260. But actually this building seems to have been constructed in 1982 or even earlier. Therefore, the rateable value should be less than Rs. 5.35 based on 1982 cost index which was 217. On the same analogy, the actual capital cost should also be much less than the one estimated (Rs. 1,26,32,267) by the Department. The Secretary, Telecommunications submitted during evidence that according to the rough calculations made by him on the basis of the then prevailing cost of construction and land, the rent should have been in the neighbourhood of Rs. 5.35 per sq. ft. against the average of Rs. 6.25 per sq. ft. Further on the capital cost basis, at 1985 prices, the rent, according to him, works out to Rs. 6.31 per sq. ft. in Naraina and Rs. 6.91 per sq. ft. in Connaught Place. The committee feel that the rent agreed upon by the FRC is not justifiable on any count—capital cost or the rateable value.

8.6 In justification of the rent fixed for the buildings in Naraina Industrial Complex, the Department of Telecommunications have put forth another argument that comparison between rates of rent assessed for any two buildings can be realistic only when the two buildings are located in the same area, the assessment is made on the same date and the space to be taken on rent in two buildings is more or less identical. However, the Committee observe that this argument is nullified by the submission made by the Secretary, Telecommunications during evidence before the Committee that "the whole area is known as the Naraina Industrial Area, but there are separate sectors. The first buildings is in the commercial area within the industrial sector and the other one is a commercial building within the residential area." When asked about the difference between the two buildings (i.e. commercial and industrial), the witness conceded that there was no difference.

8.7 As regards the plea of more space available in Industrial Complex suitable to the requirements of the Department, the Committee have no doubt that for big buildings like the one in Industrial area entailing rent of more than Rs. 2 lakhs per month there cannot be many bidders and

so there was considerable scope for negotiations. The rate of rent for other floors (basement, I, II and III) should have been discussed and brought down at least to the level of prevalent rate of Rs. 4 per sq. ft. in the commercial area at that time. None of these things was done.

8.8 Despite the rent of Rs. 7.50 per sq. ft. for ground floor in that area considered to be fair by the Executive Engineer (Civil), the negotiated rate of Rs. 8 per sq. ft. for ground floor was higher. This reflects on the functioning of the FRC and the authority of the GMT, Delhi who is empowered to hire any size of private accommodation for operative purposes. The Secretary, Telecommunications, has admitted in evidence that "I fully agree with you that the order should have been a speaking order. It is presumed that the Committee must have gone into the details." The Committee are not satisfied with the role of the FRC and the GMT Delhi, who are responsible for this deal.

8.9 Taking into account annual rent of Rs. 25 lakhs for these buildings, its capital cost viz. Rs. 1,26,32,267 appears to have been understated. The Committee would like to be informed of the actual cost of construction of this building including land and the cost shown by the owners viz. Bentex Properties Pvt. Ltd. in their income-tax return.

8.10 The Committee find that taking a lesson from this case, the Government has issued on 7-11-1985 general guidelines on hiring of private buildings—steps to ensure fulfilment of contractual obligation by owners of buildings taken on rent—to all heads of Telecommunication circles/districts. The Committee would like the Department of Telecommunications to ensure that their instructions are followed by the lower formations in letter and spirit and stringent action is taken against those who flout these orders, in future.

8.11 The Committee have been informed that according to the schedule of financial powers, the General Manager, Telephones is competent to hire accommodation for administrative purposes on a rental upto Rs. 40,000 per annum but for operative offices, there is no such limit. In this case though at the time of executing the lease deed (March 1983), allotment of accommodation was not earmarked for shifting of operative offices of GM (Maintenance) yet the buildings were shown earmarked for use by the operative offices. Later the buildings were occupied both by operative as well as administrative offices of G.M. (Maintenance). The Department of Telecommunications have stated that originally it was proposed to shift all the operative offices but only a few of them were shifted and the rest of them had to be continued in Kidwai Bhavan where many Carrier and Coaxial equipments are installed and some staff for technical operation and maintenance was required there. So the Accounts Branch of the Office of GM(M) i.e. administrative staff was shifted to Naraina. The Committee consider that this was not a new factor that had emerged after the hiring of the accommodation at Naraina. As such, a device has been used by GMT Delhi to avoid sanction of higher authority. Responsibility for this lapse should be fixed.

8.12 The Committee are inclined to conclude that there was utter lack of planning, proper consultation and coordination between various units of the same Department viz., the GM (Telephones), GM(Maintenance), DGM (CC) and DGM (Operations). The Committee would like the Department of Telecommunications to examine the circumstances under which proper planning in this regard could not be done and devise suitable remedial measures to avoid such unfortunate situation in future.

8.13 Yet another irregularity committed by the General Manager (Telephones) relates to advance payment of rent amounting to Rs. 8.33 lakhs for 6 months from June to November 1983, although there was no such clause in the standard form of Agreement. The agreement was modified and a clause for payment of advance rent was inserted with the concurrence of IFA and the approval of General Manager ; although sub-rule 432 of P&T Manual Vol. II, provides for such alteration of the Standard agreement only after consultation with the legal advisers of the Government of India and the Directorate. The plea of the Department that advance legal consultation was not done due to paucity of time and non-payment of advance in this case would have meant losing the accommodation putting the Department to considerable difficulty, is not tenable. The deal was finalised in February 1983 and the advance was paid in June 1983 ; as such, there was sufficient time available to go through all these formalities. It would be pertinent to mention here that the building was actually occupied from November 1983 onwards. The Department of Telecommunications have admitted that such advance payment of rent had been made in some other cases but with the approval of the appropriate authority. However, in this case, the Directorate was not even aware of it before renting the buildings. The General Manager (Telephones) Delhi owes an explanation in this regard.

8.14 According to Audit para, the allotment of accommodation was made in May 1983 but the same was not fully occupied till January 1984. Non-occupation of the building has resulted in an infructuous expenditure of Rs. 14.77 lakhs by way of rent upto December 1983. The Department of Telecommunications have argued that at that time none of the staff that worked in Kidwai Bhavan wanted to shift to Naraina buildings as these were located at a far off place i.e. about 10 kms. from their existing place of work and adequate public transport was not available. In spite of best persuasion, all the operative staff did not agree to shift there. This indicates lack of foresightedness on the part of the officers incharge of the project and their inability to handle such like situations resulting in financial loss of the magnitude mentioned above.

8.15 The Committee note that the administrative approval for provision of partitions at the cost of the Department was granted by Addl. G.M.(O), New Delhi, who is not empowered to incur such expenditure and no concurrence of the IFA was obtained. The Department of Telecommunications have stated that since the expenditure incurred on providing partitions at departmental cost to curtail delay was proposed to be recovered at a later date, it was thought that concurrence of IFA was not required. It has also been stated that since the amount so incurred has

been recovered from the rent of January 1986, there is no specific loss to the Department on this account. The Committee take a serious view of this financial misconduct on the part of the Addl. GM(O), New Delhi.

8.16 Financial and Administrative irregularities committed by the officials at various stages of the deal with the Estate Agent and M/s. Bentex Properties Private Limited, owners of the buildings are indicative of lack of proper financial discipline. The Committee are also convinced that the FRC constituted for hiring these buildings had not done its job according to the procedure laid down for the purpose ; resulting in recurring loss to the public exchequer.

8.17 The case leaves the Committee extremely unhappy. Financial irregularities have been committed by various functionaries of the Department at various levels, particularly the members of the FRC and the General Manager (Telephones), Delhi. This needs to be taken note of by the Ministry of Communications and appropriate action taken to avoid their recurrence in future.

8.18 The Committee observe that the need for additional office accommodation is not visualised and provided alongwith the plans for expansion of the telecommunication network. This leads to piecemeal provision of accommodation, at times, not conveniently located. The Department of Telecommunications have intimated that till bifurcation of the P&T Department into two separate independent departments viz. (i) Telecommunications and (ii) Posts, the General Manager, Delhi Telephones had hired 31 buildings in Delhi for various offices (7 for administrative offices and 21 for operative offices) of the Department and the monthly rent paid was Rs. 6,66,966. The P&T Department is one of the oldest departments in the Government of India. The importance of telecommunications is too well-known and does not require any elaboration or emphasis, yet it is surprising that the Department has no perspective planning for its expansion and office accommodation and the accommodation for its employees. The type of ad-hocism illustrated by the search for accommodation and its ultimate location in Naraina Industrial Area and the unwillingness of the employees to switch over to the new buildings brings out how inadequate has been the planning by the Department. The reply of the Secretary, Telecommunications that the Department lacks resources and they cannot afford to construct all the buildings needed by the Department is a sad commentary on their planning. The Committee, therefore, recommend that immediate steps must be taken to assess the requirements of the Department, its future expansion programme and a clear-cut plan of action for buildings and equipments inclusive of accommodation for the most important technical personnel of the Department should be framed so that the efficiency of the Department is ensured.

E. AYYAPU REDDY,
Chairman,
Public Accounts Committee.

NEW DELHI;
3 April, 1987
13 Chaitra, 1909 (Saka)

APPENDIX

Observations/Recommendations

Sl. No.	Para No.	Ministry/Deptt. Concerned	Observations/Recommendations
1	2	3	4
1.	8.1	Communications (Deptt. of Telecommunications)	<p>The offices of the General Manager, Delhi Telephones—a major circle, were located in Kidwai Bhavan, New Delhi. To ease the congestion faced in Kidwai Bhavan and to make available more accommodation for technical use, viz. operational needs of expansion of the net work, need was felt in 1982 to shift operative offices of the GM(M), New Delhi; DGM(CC) and part of office of DGM (Operational) from that building. As no departmental building to accommodate the staff proposed to be shifted from Kidwai Bhavan was available it was decided to hire a building large enough to accommodate all these offices. Several attempts were stated to have been made by the GMT, Delhi to get more accommodation. Advertisements were also issued inviting offers for hiring accommodation. These attempts did not fructify. In the meanwhile M/s. Bijlani Estate Agents offered accommodation in two buildings close to each other consisting of 4 blocks and having 5 storeys—basement, Ground, First, Second and Third floors—with a covered area of 32,000 sq. feet and carpet (floor) area of 21,200 sq. feet, called 'Bentex Buildings' located in Naraina Industrial Complex, Phase II, New Delhi, owned by M/s. Bentex Properties Pvt. Ltd. The buildings according to the Department of Telecommunications were constructed in 1983. The capital cost including land was estimated at Rs. 1.26 crore based</p>

on the approved plinth area rates and cost index approved by P & T. As the Department considered this accommodation and rent acceptable, the proposal was submitted to the Departmental Fair Rent Assessment Committee (FRC) constituted in January 1983 to assess fair rent of the buildings to be hired. The buildings were hired at the rents recommended by FRC. The Audit has opined that the rent assessed by FRC in January 1983 for these buildings was on the higher side and has also drawn attention to various irregularities committed in this deal.

The buildings ibid were hired by the GMT, Delhi at the rate of Rs. 4.50 per sq. ft. for basement, Rs. 8 per sq. ft. for ground floor and Rs. 6.50 per sq. ft. for I, II and III floors, recommended as fair by the FRC in January, 1983. Another building in the same area viz. Naraina Commercial Complex was hired by the General Manager, Satellite Project in February 1984, and the rate agreed to for basement and II floor was Rs. 3.50 per sq. ft. Audit has rightly pointed out that compared to this rate the rate of rent agreed to a year earlier by GMT Delhi was clearly very much higher.

As the buildings in the Industrial sector were not fully developed/constructed at that time and the GMT Delhi was the lone bidder, *prima facie* it should have been possible to negotiate and obtain lower rates. From the Minutes of the FRC for hiring buildings in Naraina Industrial Area, it appears that the FRC had been influenced by the report of the Executive Engineer (Civil), a member of the FRC that the prevailing market rent in that area for ground floor was Rs. 7.50 per sq. ft. although he had not supported this view by any other data. The FRC accepted the rent demanded by the owners for basement, First, Second and Third Floors and succeeded only in having the rate for ground floor reduced from Rs. 9 per sq. ft. to Rs. 8 per sq. ft. The Committee cannot in the circumstances, agree that in fixing the rent the FRC had given due weight to the pre-

2 8.2 Communications
(Deptt. of Telecommunications)

3 8.3 Communications
(Deptt. of Telecommunications)

valent market rates and the rent of other Government buildings located in the Naraina Complex. The Committee fail to understand, how the Executive Engineer (Civil), felt justified in suggesting the rate of Rs. 7.50 per sq. ft. for a ground floor as reasonable. The rent of Rs. 3.50 per sq. ft. for the building hired by the GM (Satellite) in the Commercial Complex in February 1984 was assessed by FRC keeping in view three main factors viz. (1) the rate of rent in Naraina during, previous year (1983) was Rs. 4.00 per sq. ft.; (2) the prevailing market rate vis-a-vis rise in cost index during the last one year; and (3) the rent of other Government buildings located in the Naraina Complex at that time. The FRC constituted in 1983 to assess the rent for buildings in Industrial Complex did not take the trouble even to ascertain the rates prevalent at that time in the Commercial Complex. The Member (TO) admitted during evidence that 'The Committee's report is not drafted well. It only says what should be paid.' The Secretary, Telecommunications has also admitted in evidence that "Their (FRC) note is rather cryptic. They said that the prevailing rate of Rs. 7.50 was reasonable. Detailed discussions should have been done. I agree that there has been a lapse to some extent."

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(Deptt. of Telecommunications)

Although the functions of the two FRCs set up in January 1983 and February 1984 were identical, the procedure adopted by each Committee for assessing the rents of the respective buildings was quite different. While the building at Naraina Commercial Complex was rented after calling upon tenders and taking into consideration the prevalent market rates and the rent of the other Government buildings located in the Naraina Complex, the buildings at Naraina Industrial Complex were rented through an Estate Agent who was paid remuneration of Rs. 1.04 lakhs. This was a major deviation from the established procedure of hiring buildings and possibly led to the irregularities that followed. The GMT, Delhi was not authorised to make payment of brokerage and payment of Rs. 1.04 lakhs by him was irregular. The GMT had in fact in several other respects exceeded the financial authority vested in him. The

system of consultation and comparison of rents paid by various limbs of the Telecommunications Department, prior to hiring accommodation, is not in vogue. The Committee desire that revised comprehensive instructions should be issued in regard to the hiring of accommodation.

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(Deptt. of Telecommunications)

The Ministry of Communications have argued that the building at Naraina Commercial Centre hired by G.M. (Satellite) was constructed in 1977-78; so the capital cost and rateable value would be less. Rateable value for the building in Naraina Industrial Complex was Rs. 5.35 (Approx.) per sq. ft. based on 1983 cost index which was 260. But actually this building seems to have been constructed in 1982 or even earlier. Therefore, the rateable value should be less than Rs. 5.35 based on 1982 cost index which was 217. On the same analogy, the actual capital cost should also be much less than the one estimated (Rs. 1,26,32,267) by the Department. The Secretary, Telecommunications submitted during evidence that according to the rough calculations made by him on the basis of the then prevailing cost of construction and land, the rent should have been in the neighbourhood of Rs. 5.35 per sq. ft. against the average of Rs. 6.25 per sq. ft. Further on the capital cost basis, at 1985 prices, the rent, according to him, works out to Rs. 6.31 per sq. ft. in Naraina and Rs. 6.91 per sq. ft. in Connaught Place. The Committee feel that the rent agreed upon by the FRC is not justifiable on any count—capital cost or the rateable value.

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In justification of the rent fixed for the buildings in Naraina Industrial Complex, the Department of Telecommunications have put forth another argument that comparison between rates of rent assessed for any two buildings can be realistic only when the two buildings are located in the same area, the assessment is made on the same date and the space to be taken on rent in two buildings is more or less identical. However, the Committee observe that this argument is nullified by the submission made by the Secretary, Telecommunica-

tions during evidence before the Committee that "the whole area is known as the Naraina Industrial Area, but there are separate sectors. The first buildings is in the commercial area within the industrial sector and the other one is a commercial building within the residential area." When asked about the difference between the two buildings (i.e. commercial and industrial), the witness conceded that there was no difference.

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As regards the plea of more space available in Industrial Complex suitable to the requirements of the Department, the Committee have no doubt that for big buildings like the one in Industrial area entailing rent of more than Rs. 2 lakhs per month there cannot be many bidders and so there was considerable scope for negotiations. The rate of rent for other floors (basement, I, II and III) should have been discussed and brought down at least to the level of prevalent rate of Rs. 4 per sq. ft. in the commercial area at that time. None of these things was done.

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(Deptt. of Telecommunications)

Despite the rent of Rs. 750 per sq. ft. for ground floor in that area considered to be fair by the Executive Engineer (Civil), the negotiated rate of Rs. 8 per sq. ft. for ground floor was higher. This reflect on the functioning of the FRC and the authority of the GMT, Delhi who is empowered to hire any size of private accommodation for operative purposes. The Secretary, Telecommunications, has admitted in evidence that 'I fully agree with you that the order should have been a speaking order. It is presumed that the Committee must have gone into the details.' The Committee are not satisfied with the role of the FRC and the GMT Delhi, who are responsible for this deal.

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Taking into account annual rent of Rs. 25 lakhs for these buildings, its capital cost viz. Rs. 1,26,32,267 appears to have been understated. The Committee would like to be informed of the actual cost of construction of this building

including land and the cost shown by the owners viz. Bentex Properties Pvt. Ltd. in their income-tax returns.

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The Committee have been informed that according to the schedule of financial powers, the General Manager, Telephones is competent to hire accommodation for administrative purposes on a rental upto Rs. 40,000 per annum but for operative offices, there is no such limit. In this case though at the time of executing the lease deed (March 1983), allotment of accommodation was not earmarked for shifting of operative offices of GM (Maintenance) yet the buildings were shown earmarked for use by the operative offices. Later the buildings were occupied both by operative as well as administrative offices of G. M. (Maintenance). The Department of Telecommunications have stated that originally it was proposed to shift all the operative offices but only a few of them were shifted and the rest of them had to be continued in Kidwai Bhavan where many Carrier and Coaxial equipments are installed and some staff for technical operation and maintenance was required there. So the Accounts Branch of the Office of GM(M), i.e. administrative staff was shifted to Naraina. The Committee consider that this was not a new factor that had emerged after the hiring of the accommodation at Naraina. As such, a device has been used by GMT Delhi to avoid sanction of higher authority. Responsibility for this lapse should be fixed.

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The Committee are inclined to conclude that there was utter lack of planning, proper consultation and coordination between various units of the same Department viz., the GM (Telephones), GM (Maintenance), DGM (CC) and DGM (Operations). The Committee would like the Department of Telecommunications to examine the circumstances under which proper planning in this regard could not be done and devise suitable remedial measures to avoid such unfortunate situation in future.

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Communications
(Deptt. of Tele-
communications)

14 8.14

According to Audit para, the allotment of accommodation was made in May 1983 but the same was not fully occupied till January 1984. Non-occupation of the building has resulted in an infructuous expenditure of Rs. 14.77 lakhs by way of rent upto December 1983. The Department of Telecommunications have argued that at that time none of the staff that worked in Kidwai Bhavan wanted to shift to Naraina buildings as these were located at a far off place i.e. about 10 kms. from their existing place of work and adequate public transport was not available. inspite of best persuasion, all the operative staff and did not agree to shift there. This indicates lack of foresightedness on the part of the officers incharge of the project and their inability to handle such like situations resulting in financial loss of the magnitude mentioned above.

Communications
(Deptt. of Tele-
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The Committee note that the administrative approval for provision of partitions at the cost of the Department was granted by Addl. G.M. (O), New Delhi, who is not empowered to incur such expenditure and no concurrence of the IFA was obtained. The Department of Telecommunications have stated that since the expenditure incurred on providing partitions at departmental cost to curtail delay was proposed to be recovered at a later date, it was thought that concurrence of IFA was not required. It has also been stated that since the amount to incurred has been recovered from the rent of January 1986, there is no specific loss to the Department on this account. The Committee take a serious view of this financial mis-conduct on the part of the Addl. G.M(O), New Delhi.

Communications
(Deptt. of Tele-
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16 8.16

Financial and Administrative irregularities committed by the officials at various stages of the deal with the Estate Agent and M/S. Bentex Properties Private Limited, owners of the buildings are indicative of lack of proper financial discipline. The Committee are also convinced that the FRC constituted for hiring these buildings had not done its job according to the proce-

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 dure laid down for the purpose ; resulting in recurring loss to the public exchequer.

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 The case leaves the Committee extremely unhappy. Financial irregularities have been committed by various functionaries of the Department at various levels, particularly the members of the FRC and the General Manager (Telephones), Delhi. This needs to be taken note of by the Ministry of Communications and appropriate action taken to avoid their recurrence in future.

18 8.18 Communications (Deptt. of Tele-Communications)
 The Committee observe that the need for additional office accommodation is not visualised and provided alongwith the plans for expansion of the telecommunication network. This leads to piecemeal provision of accommodation, at times, not conveniently located. The Department of Telecommunications have intimated that till bifurcation of the P&T Department into two separate independent departments viz. (i) Tele-communications and (ii) Posta, the General Manager, Delhi Telephones had hired 31 buildings in Delhi for various offices (7 for administrative offices and 21 for operative offices) of the Department and the monthly rent paid was Rs. 6,66,966. The P & T Department is one of the oldest departments in the Government of India. The importance of telecommunications is too well-known and does not require any elaboration or emphasis, yet it is surprising that the Department has not perspective planning for its expansion and office accommodation and the accommodation for its employees. The type of ad-hocism illustrated by the search for accommodation and its ultimate location in Naraina Industrial Area and the unwillingness of the employees to switch over to the new buildings brings out how inadequate has been the planning by the Department. The reply of the Secretary, Telecommunications that the Department lacks resources and they cannot afford to construct all the buildings needed by the Department is a sad

commentary on their planning. The Committee, therefore, recommend that immediate steps must be taken to assess the requirements of the Department, its future expansion programme and a clear-cut plan of action for buildings and equipments inclusive of accommodation for the most important technical personnel of the Department should be framed so that the efficiency of the Department is ensured.