

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

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

**PUBLIC ACCOUNTS
COMMITTEE
1996-97**

ELEVENTH LOK SABHA



सत्यमेव जयते

**LOK SABHA SECRETARIAT
NEW DELHI**

FOURTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(1996-97)

(ELEVENTH LOK SABHA)

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

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(DEPARTMENT OF TELECOMMUNICATIONS)



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LOK SABHA SECRETARIAT
NEW DELHI

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CORRIGENDA TO THE FOURTH REPORT OF PUBLIC ACCOUNTS
COMMITTEE

(11TH LOK SABHA)

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11	41	2	reappropriations	reappropriations
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PART II*

Minutes of the Sitzings of Public Accounts Committee held on 3.12.1996 (AN) and 13.3.1997 (AN)

*Not printed (one cyclostyied copy laid on the Table of the House and five copies placed in Parliament Library).

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(1996-97)

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INTRODUCTION

I, the Chairman, Public Accounts Committee having been authorised by the Committee, do present on their behalf, this Fourth Report on Union Government Appropriation Accounts (1994-95)—Telecommunication Services.

2. The Committee examined the Union Government Appropriation Accounts of the Telecommunication Services for the year 1994-95 and audit observations thereon in the light of written information furnished by Department of Telecommunications (DOT) and the Ministry of Finance. They also took oral evidence of the representatives of DOT at their sitting held on 3 December, 1996 on the subject matter. The Committee considered and finalised this Report at their sitting held on 13 March, 1997. Minutes of the sitting form Part-II* of the Report.

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

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

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

NEW DELHI;

14 March, 1996

23 Phalguna, 1918 (Saka)

DR. MURLI MANOHAR JOSHI,

Chairman,
Public Accounts Committee.

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

REPORT

UNION GOVERNMENT APPROPRIATION ACCOUNTS— TELECOMMUNICATION SERVICES, 1994-95.

I. Annual Appropriation Accounts of the Union Government

The Appropriation Accounts of the Union Government are compiled annually according to the different sectors of the activities of the Government. These compilations present the accounts of sums expended on various specified services by the Ministries/Departments concerned in a financial year compared with the grants/appropriations authorised for those particular services in that year as specified in the schedules appended to the relevant Appropriation Acts. This includes the moneys voted by Parliament on various grants in terms of Articles 114 and 115 of the Constitution and also the expenditure required to be charged on the Consolidated Fund of India in terms of Articles 112(3) and 293(2) of the Constitution.

2. The Appropriation Accounts exhibit the total grant/appropriation, actual expenditure and saving/excess under each grant/appropriation as a whole and draw attention by way of suitable explanatory notes to important cases of variations giving relevant particulars about the heads in which these have occurred in the financial year.

3. The Annual Appropriation Accounts are prepared by the nominated authorities of the Union Government and are audited and certified by the Comptroller and Auditor General of India who also submits separate Audit Reports thereon to the President who, in turn, causes them to be laid before each House of Parliament in terms of Article 151 of the Constitution.

4. After their presentation to Parliament, these Annual Appropriation Accounts and Audit Reports thereon stand referred to the Public Accounts Committee for examination under the provisions of Rule 308 of Rules of Procedure and Conduct of Business in Lok Sabha.

II. Union Government Appropriation Accounts of the Telecommunication Services for 1994-95.

5. The Appropriation Accounts of the Union Government in respect of the grant/appropriation for Telecommunication Services are prepared by the Department of Telecommunications (DoT).

6. The Appropriation Accounts of the Telecommunication Services for the year 1994-95 were laid on the Table of the House on 17 July, 1996.

7. The results of examination by Audit of the Appropriation Accounts of the Telecommunication Services for the year 1994-95 have been brought out in Chapter 6 of Report of the C&AG of India for the year ended 31 March, 1995, No. 7 of 1996, Union Government (Posts and Telecommunications)

8. In the succeeding parts of this Report, the Committee have examined the Union Government Appropriation Accounts of the Telecommunication Services for the year 1994-95 and audit observations thereon in the light of the written information furnished by DoT and the Ministry of Finance on this subject and the oral evidence tendered by the representatives of the DoT before the Committee.

III. Financial allocations and utilisation

9. The following table gives a summary of the expenditure incurred by DoT during 1994-95 compared with the grants and appropriations authorised in that year under Grant No. 15, Telecommunication Services:—

(Rs. in crores)

	Original grant	Supplementary grant	Total grant	Actual expenditure	Excess(+) Saving(-)
Revenue					
Voted	8721.10	0.01	8721.11	8353.63	(-) 367.48
Charged	0.30	—	0.30	0.03	(-) 0.27
Capital					
Voted	5814.99	200.00	6014.99	5865.13	(-) 149.86
Charged	0.01	—	0.01	—	(-) 0.01
Total	14536.40	200.01	14736.41	14218.79	(-) 517.62

10. It would be seen from the above table that there was an overall saving of Rs. 517.62 crores in the voted and charged portions of both Revenue and Capital Sections of Grant No. 15 during the year under review.

IV. Savings

11. Savings in a grant or appropriation indicate that the expenditure could not be incurred as estimated and planned. These may be illustrative of poor budgeting, casual attitude or shortfall in performance depending upon the circumstances and the purpose for which the original grant or appropriation was provided. During the course of examination of Appropriation Accounts relating to Telecommunication Services for the year 1994-95, the Committee noticed savings of the order of Rs. 367.48 crores

and Rs. 149.86 crores in the Revenue and Capital Sections (Voted) respectively of Grant No. 15.

12. The complete text of the explanatory note furnished by DoT in respect of saving under Grant No. 15 during the year 1994-95 is reproduced at Appendix-I.

A. Savings in Revenue Section

13. A scrutiny of the explanatory note submitted by DoT reveals that the following sub-heads/factors were mainly responsible for the savings in the Revenue Section in that year:

Sl. No.	Sub-head	Amount of saving (Rs. in crores)	Contributing reasons as stated by DoT
Revenue-Voted			
MH-3225—Working Expenses			
1.	Lease Charges	120	Due to better and competitive rates of leasing obtained by the Department then prevailing in the market; delay in receipt of equipment on leasing resulting in actual lease rentals being paid in next financial year; and increasing the lease to eight years whereby annual outflow is lesser in each year.
2.	Redemption of Bonds	100	Due to roll over loan.
3.	Interest on Bonds	77	Less bonds raised and at lower rates of interest.
4.	Petty Works	51	Less works undertaken and non-receipt of equipment.
5.	Amount transferred to the Department of Posts	42	Non-receipt of necessary information from Department of Posts.
6.	Store and Factories	78	Due to stock adjustment and rate revision.

14. It would be seen from the above that the saving under MH-3225—Working Expenses was mainly under “Lease Charges”. Taking note of the fact that these savings had occurred mainly due to the delay in receipt of equipment, the Committee enquired as to how the Department assessed

the financial background of a leasing company and what action they contemplated in case of delay in supply of equipment by such companies. The representative of DoT in his deposition stated:

“In fact, they deliver the equipment to us and then they rush off to the financial companies. In our case, the arrangement is very simple and very safe because we receive the whole equipment first”.

15. In reply to a question about the savings of Rs. 100 crores under “Redemption of Bonds”, the representative of DoT stated during evidence:—

“.....these bonds were due for repayment but we were able to persuade the depositors to roll over these bonds. So, we got respite. Instead of going and paying, we were able to persuade them to keep the money with us”.

16. On being asked as to why DoT persuaded the depositors to roll over these bonds, the witness stated:—

“Our targets were so high, though we had developed a surplus of Rs. 3665.89 crores”.

17. The Committee’s scrutiny of Appropriation Accounts revealed that DoT had registered a saving of Rs. 100 crores as against the sanctioned provision of Rs. 350 crores under “Redemption of Bonds”.

18. Commenting on the aspect of overall savings under Revenue Section, the Secretary (DoT) stated during evidence:—

“.....in the revenue head, large savings had occurred under what might be called, working expenses which is the nomenclature given. We were able to contribute to the telecom surplus because the surplus under the revenue head goes to one of the reserve funds. So, the savings under the revenue section have to be viewed in this larger perspective...”.

19. In this context, it is seen from the relevant Appropriation Accounts that there was a saving of Rs. 605.88 crores in “Working Expenses of the Telecom Services (including Plan)” during 1994-95 DoT had made a net Appropriation of Rs. 3665.89 crores of the Telecom Surplus to Reserve Funds which had exceeded the total provision of Rs. 3406 crores

sanctioned on this account by Rs. 259.89 crores. The details of the net excessive appropriations so made from Telecommunications Surplus are given below:—

Name of Fund	Sanctioned(+) Provision	Excess/ (-) Saving	Contributory reasons
	(Rs. in crores)		
Appropriation to Telecom. Revenue Reserve Fund	60.00	(-)28.11	Saving was due to less payment of Grants-in-aid to C-DOT
Appropriation to Capital Reserve Fund	3346.00	(+)288.00	Excess was due to less working expenses
Total Appropriation to Reserve Funds	3406.00	(+)259.89	

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

B. Savings in Capital Section

21. There was an overall savings of Rs. 149.86 crores in the voted portion of Capital Section under Grant No. 15 during 1994-95. In their explanatory note furnished to the Committee in this regard, DoT have merely explained the savings which had occurred under the head "Stores

Suspense Accounts” and attributed these savings mainly to less procurement from private firms, less advance payment to contractors; and less drawal of manufactured articles from Telecom Factories.

22. The Committee’s scrutiny of the relevant Appropriation Accounts however, revealed that there were also savings of the order of Rs. 638.71 crores under the Head—“Long Distance Transmission Systems” as per details given below:—

Head of Account	Saving (Rs. in crores)
1. Other Trunk Cable System	49.04
2. Micro-wave Radio Relay Systems	69.53
3. UHF and VHF Relay Systems	208.51
4. Voice Frequency Telegraphy	1.71
5. Satellite system	93.19
6. Optical Fibre Cable Systems	216.73
Total	638.71

23. The savings in all the aforesaid cases under Long Distance Transmission Systems have been attributed to less receipt of apparatus and plant from suppliers.

24. In their written note furnished to the Committee subsequent to the oral evidence on this subject, DoT attributed the savings under “Long Distance Transmission Systems” to fall in prices by nearly 22 per cent and delay in receipt of equipments for providing Village Public Telephones. Further, optical fibre cable worth Rs. 72 crores was also stated to have been procured during the year on deferred payment terms against which cash out go was scheduled for coming years.

25. It was also noticed that the overall saving of Rs. 149.86 crores in the voted portion of the Capital Section was 75 per cent of the supplementary grant of Rs. 200 crores obtained in March 1995. On being enquired about the additional funds received through supplementary grants despite availability of savings under Capital Section during 1994-95, the representative of DoT deposed during evidence:—

“We know of the savings only towards the end of the year.....”.

He also added:—

“.....the savings occurred in “Store Suspense” under Captial. It is a Non-Plan expenditure and we cannot reappropriate between Non-Plan and Plan expenditure. We had to seek supplementary grants necessarily for works outlay which is a Plan sector expenditure”.

26. In their subsequent note furnished to the Committee on the supplementary grants received during that year, DoT stated that they

received in the last batch of supplementary grants, a token amount of Rs. one lakh for payment of compensation to Indian Telephone Industry and Rs. 199.99 crores for carrying out 68 projects each costing Rs. 50 lakhs and above which were not budgeted for originally.

27. The Committee are concerned to note an overall net saving of the order of Rs. 149.86 crores in the Capital section of core and vital infrastructural area like Telecommunications. Pertinently a single head viz., "Long Distance Transmission Systems" had itself registered gross savings of Rs. 638.71 crores. The attribution of these savings mainly to less procurement from private firms and less drawal of manufactured articles from Telecom Factories clearly indicates that the expenditure was not incurred by DOT as reported to have been planned at the time of seeking approval of budget estimates from Parliament. Obviously, DOT failed to ensure that the requisite equipments were received from suppliers in time and the funds allocated for the purpose were utilised properly. Undoubtedly, such deficient contract management results not only in avoidable delay in the execution of the projects but also cost overruns. The Committee feel that this state of affairs is far from satisfactory and requires to be rectified forthwith. The Committee would also like to be informed of the action taken against the defaulting suppliers with details in all such cases. Needless to say, steps should also be taken to prepare budget estimates realistically.

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

V. Budgeting and Control over Expenditure

A. Large scale variation between expenditure estimates and actuals during 1994-95

29. A scrutiny of the Appropriation Accounts for the year 1994-95 relating to Telecommunication Services revealed that the savings under Revenue and Capital Sections would have been much more but for the excesses incurred under a number of Sub-heads. In fact, the Appropriation Accounts revealed that there were as many as 16 sub-heads where savings exceeded Rs. 10 crores in each case and four sub-heads where excess expenditure of over Rs. 10 crores each was incurred under Revenue

Section of this Grant. Similarly, the Capital Section of this Grant witnessed 10 Sub-heads where savings exceeded Rs. 10 crores and three sub-heads which registered excess expenditure of over Rs. 10 crores each. Excess expenditure of Rs. 709.79 crores over the sanctioned provisions was incurred in one head of account "MH-5225-Local Telephone System Telephone Exchange Automatic" which off-set the savings under Capital Section to a considerable extent.

30. The Committee's scrutiny has revealed 47 cases where variation between the sanctioned provision and the actual expenditure was greater than 20 per cent and more than Rs. one crore. Details of such cases are given in Appendix-II. One of such cases included the provision of Rs. 4 crores made in Revenue Section (Voted) under MH-3225 under Sub-head "Incentives on Voluntary Deposits" which remained wholly unutilised due to non-receipt of deposits as anticipated.

31. There was also a case in the Capital Section where an expenditure of Rs. 1.01 crore was incurred against "nil" provision under MH-5225 under the Sub-head "Ancillary Systems-Telecommunication Engineering Centre". This excess expenditure has been attributed to taking up building works not anticipated earlier.

B. Persistent Savings

32. A scrutiny of the Appropriation Accounts relating to Telecommunications services also reveals that DOT have been persistently registering gross savings of substantial magnitude over the last five years as would be seen from the following table:—

Year	Quantum of Savings (Rs.in crores)
1990-91	434.07
1991-92	29.83
1992-93	116.07
1993-94	777.66
1994-95	517.62

33. The Committee's examination has also revealed a number of heads of accounts where savings had been persistently occurring as indicated below:—

Head of Account	(Rs. in crores)		
	1992-93	1993-94	1994-95
Revenue			
Control and Supervision	4.39	18.10	4.22
Radios	0.72	0.78	0.47

Head of Account	1992-93	1993-94	1994-95
Store Depots	3.78	8.04	16.29
Training (Engineering)	15.55	7.63	4.16
Petty Works	16.06	32.62	50.87
Amenities to staff	3.40	6.69	3.84
Stationery and Printing	6.93	6.38	18.27
Capital Section			
Telex Systems	22.89	51.15	17.55
Trunk Automatic Exchanges	89.98	39.29	63.79
Manual Trunk Exchanges	10.09	6.69	2.61
Other Trunk Cable Systems	20.07	2.22	49.04
Microwave Radio Relay systems	133.47	186.20	69.52
UHF and VHF systems	192.74	326.31	208.50
Satellite systems	40.84	29.76	93.19
Optical Fibre cable systems	149.64	69.40	216.72
Telecom Factories	3.47	12.92	0.07
Other land & buildings	20.16	42.88	10.76

34. Similarly, persistent excess had been incurred in the following two heads of accounts:—

Head of Account	1992-93	1993-94	1994-95
Telephone Exchange Automatic	883.83	892.28	709.79
Telecom Civil Wing	0.02	0.11	0.03

35. The Committee regret that inspite of their repeated insistence on proper budgeting, DoT had woefully failed in making a realistic assessment of their requirement of funds under a large number of sub-heads during 1994-95. Distressingly, there were as many as 33 sub-heads where the excess/saving had exceeded even Rs. 10 crores in each case against the sanctioned provisions. In fact, the Committee's detailed scrutiny of the relevent Appropriation Accounts has brought out 47 sub-heads where variation between the sanctioned provision and the actual expenditure was greater than 20 per cent and Rs. one crore. Significantly, in one such case, DoT had gone to the extent of incurring an excess expenditure of Rs. 709.79 crores over and above the sanctioned provision under the head of account "5225-Local Telephone System—Telephone Exchange Automatic". There was also a case where the sanctioned provision of Rs. 4 crores had remained wholly unutilised. In another instance, DoT had incurred an expenditure of Rs. 1.01 crore against "nil" provision under the relevent sub-head of accounts. These instances as well as the persisting savings over the years under several heads of accounts and the Grant as a whole serve as an index of the casual nature of demands made and/or the laxity of control over budgeting and expenditure in DoT. In the opinion of the Committee, DoT appear to have assumed the freedom to budget for what they like or to

incur expenditure unmindful of the necessity of observing prescribed financial principles. While expressing their displeasure over this poor spectacle of affairs in DoT, the Committee feel compelled to recommend that suitable action should be taken in future in all such cases where it is established that the responsibility of framing the budget estimates or controlling the expenditure has not been properly discharged by the authorities concerned with administering the grant or appropriation.

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

VI. Surrender of Savings

37. Savings in a grant or appropriation are required to be surrendered to the Government as soon as these are foreseen without waiting for the last day of the year. In the amounts for the year 1994-95, it was noticed that as against the final saving of Rs. 367.48 crores under Revenue Section, the amount surrendered by the Department was Rs. 440.67 crores. However, no amount was surrendered by the Department from the Capital Section where the quantum of saving available at the end of the year was Rs. 149.86. crores.

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

VII. Reappropriation of Funds

39. A grant or appropriation is distributed by sub-heads or standard objects (called Primary Units under which it is accounted). Reappropriation of Funds can take place between primary units within a grant or appropriation before the close of financial year to which such grant or appropriation relates. In terms of Rule 72 (2) of General Financial Rules, reappropriation of funds should be made only when it is known or anticipated that the appropriation for the unit from which funds are to be transferred will not be utilised in full or that savings can be effected in the appropriation for the said unit.

A. Injudicious Reappropriation

40. The results of the appropriation audit has however, brought out that reappropriation amounting to Rs. 52.66 crores made by DoT in eight cases was injudicious as original provisions under the sub-head to which funds were transferred by reappropriation was more than adequate and consequently, final saving under the sub-head was greater than the amount reappropriated to that sub-head and remained wholly unutilised. Appropriation audit has also revealed cases of injudicious reappropriation in three sub-heads from which funds amounting to Rs. 56.68 crores were transferred despite the actual expenditure under those sub-heads exceeding the original provision before such reappropriation.

41. The Committee are extremely unhappy to find that the reappropriations issued during 1994-95 by DoT in certain cases were either excessive and the amount so reappropriated remained wholly unutilised or there were instances where funds reappropriated from sub-heads were uncalled for as the actual expenditure under those sub-heads had already exceeded the original provision before such reappropriations. Evidently, there was complete lack of budgetary control mechanism and accounting information in DoT when reappropriation proposals were considered and approved. In the opinion of the Committee, this aspect assumes special significance since reappropriation orders are generally issued in the closing month of the financial year. The Committee, therefore, desire that a through review of the procedure for reappropriation of funds in DoT should be undertaken immediately and remedial measures taken to avoid issuance of injudicious and defective reappropriation orders in future.

B. Unauthorised reappropriation

42. On the recommendation of the Public Accounts Committee contained in their 147th Report (Eight Lok Sabha), Government have prescribed that any order for reappropriation which has the effect of increasing the budget provision under a sub-head by more than 25 per cent of the budget provision or Rs. one crore, whichever is more shall be reported to Parliament alongwith the last batch of supplementary demands in the financial year and if such reappropriation is made after the last batch of supplementary demands, prior approval of the Secretary (Expenditure) in the Ministry of Finance shall be obtained by the Financial Advisor of the Department concerned. The Audit have, however, brought out ten instances where the reappropriation made by DoT after the last batch of the supplementary demands exceeded the twin limit of Rs. one crore and 25 per cent of the sanctioned provision but the Department did not obtain prior approval of the Secretary (Expenditure).

43. Further, in the context of the efforts for keeping the deficit under control, Ministry of Finance have also prescribed that all reappropriations which would have the effect of increasing the budget provision by more than Rs. one crore under a sub-head should be made only with the approval of Secretary (Expenditure). Audit have, however, brought out

that in four cases the reappropriation exceeded the limit of Rs. one crore for which approval of the Secretary (Expenditure) was not obtained.

44. On being asked about the reasons for not reporting the aforesaid cases of reappropriation to the Secretary (Expenditure) as per the extant instructions, the Secretary (DoT) deposed during evidence:—

“The Telecom Commission has been given the powers of Government of India in financial matters concerning the Department of Telecommunications *vide* order dated 11.4.1989 issued by the Cabinet Secretariat and as per the Government of India, Ministry of Finance notification dated 6.2.1991, the Delegation of Financial Power Rules are not applicable to the Department of Telecommunications. So the prior approval of the Secretary, Expenditure is not required.”

He also added:—

“What we do, however, is that in order to control and ensure that the budgetary allocations are not exceeded, we have prescribed the withdrawal limits to the districts and other units. The Circle Heads exercise the powers of appropriation and reappropriation and whenever a circle needs extra funds, it is the Head Office in Delhi which makes the adjustments.”

45. In reply to another related question on the powers for reappropriation, the representative of DoT stated during evidence:—

“.....we have given full powers for reappropriation to our Circle Heads. We confine them to withdrawal limit against funds that are placed at their disposal”.

46. During evidence the Committee pointed out that the extant instructions requiring prior approval of the Secretary, Department of Expenditure for issuing reappropriation orders having the effect of increasing budget provision by more than 25 per cent or Rs. one crore were evolved in pursuance of the recommendation of the Public Accounts Committee made in their 147th Report (Eighth Lok Sabha) and desired to know whether those instructions ceased to apply on DoT after the Telecom Commission was given the powers of Government of India in financial matters. In his reply the Secretary DoT stated:—

“We have already taken this up with Finance Ministry”.

47. At the instance of the Committee, DoT furnished a copy of the note forwarded by them to the Ministry of Finance for seeking exemption for DoT from the operation of the aforesaid instructions on the powers of reappropriation that are applicable to Ministries/Departments of Government of India. A scrutiny of this note revealed that DoT took up this matter with the Ministry of Finance only on 22 November, 1996 i.e. ten days prior to their evidence on the subject before the Committee.

48. The relevant extracts from the note furnished by DoT to the Ministry of Finance (Deptt. of Expenditure) for considering the exemption for DoT from the requirements of the aforesaid instructions on the reappropriation, are reproduced below:

“In the Deptt. of Telecom the units are delegated with the powers of reappropriation from one primary unit to another primary unit based on the requirements received from their subordinates units numbering around 500. Thus, reappropriations exceeding Rs. 1.00 crore can be made by the units within the Revised Allotments without the prior approval of DoT H.Q. After receipt of final requirements from these units the H.Q. makes further reappropriations keeping in view the overall availability of funds. The heads under which funds in excess of Rupees 1.00 crore are augmented are known only after the reappropriations are issued by the Directorate.

Hence it is not feasible to refer to Parliament cases of reappropriations which have the effect of increasing the budget provision by more than Rupees 1.00 crore alongwith the last batch of Supplementary Demands or seek the approval of the Secretary (Expenditure) for the reappropriation made after presentation of the last batch of the Supplementary Demands.

Withdrawals of powers of reappropriation delegated to Telecom units will adversely affect the smooth functioning of work and the process of achieving physical targets set by the Govt. Further DOT is meeting its expenditure from its own internal resources and EBR and is not throwing any burden on Ministry of Finance by way of Budgetary Support.

In this connection it is added that as per the orders contained in resolution circulated by Cabinet Sectt. at the time of formation of Telecom Commission issued under No. 25/2/97-Cab. dated 11.4.89, Telecom Commission shall have the powers of Govt. of India both administrative and financial, for carrying out the work of Deptt. of Telecommunications and Member (Finance) of Telecom Commission can exercise the powers of Govt. of India in financial matters concerning the Deptt. of Telecommunications. Further the Deptt. of Telecom, has been exempted from the application of rules contained in *Delegation of Financial Powers Rules 1958* as amended *vide* correction slip to Rule 26 *ibid vide* GIMF Notification No. 1(45)-E.II(A)/87 dated 6th Feb. 91”.

49. On a reference from the Committee on the subject matter, the Ministry of Finance in their written note furnished to the Committee on 31 January, 1997 stated that they have not issued any specific orders exempting Department of Telecom from the above instructions. However, Department of Telecom have been given powers of the Government of India in financial matters within the limits of the Budget provision approved by Parliament, by virtue of Government Resolution dated 11.4.89. Under the above dispensation, Member (Finance), Telecom can exercise powers of the Finance Ministry. According to Ministry of Finance, this dispensation does not take the Telecom Commission outside the

purview of the financial control of Parliament. The Finance Ministry also expressed the view that while their approval is not required for re-appropriation of funds within the Telecom Budget, the requirement of reporting to the Parliament as prescribed in the instructions issued by the Ministry in O.M. dated 22.2.90 have to be followed by them also.

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

The Committee are not inclined to accept the plea made by DoT that withdrawal of powers of reappropriation presently delegated to their units would adversely affect their functioning and that they be exempted from the requirements of specific restrictions on powers of reappropriation simply because they are raising their own resources and not throwing any burden on Finance Ministry. While taking note of the view subsequently expressed by the Ministry of Finance that their approval is not required for reappropriation of funds within the Telecom Budget, the Committee consider it necessary that the present powers for reappropriation delegated by DoT to their units required a comprehensive review with a view to imposing reasonable restrictions on the unbridled financial powers presently

enjoyed by the Telecom Units. Needless to say that the present powers delegated to the Telecom Units for modifying the original sanctioned provisions to any extent by way of reappropriation defeat the original objectives for which the provisions were sanctioned by Parliament under various sub-heads for specified services. The Committee are in no doubt that the exercise of absolute powers for reappropriation of funds by substantially altering the approved budgetary allocations within the Grant will lead to a poor budgetary spectacle giving a highly distorted picture of expenditure vis-a-vis the final grants under effected heads of accounts. The Committee, therefore, recommend that DoT should in consultation with the C&AG of India, devise a proper procedure for reappropriation of funds in consonance with the executive instructions issued by the Ministry of Finance to all the Ministries/Departments of Government of India in this regard. The Committee would also like to be apprised of the precise action taken in the matter within a period of three months.

VIII. Losses

A. Defalcation or loss of Public Money

51. A scrutiny of Appropriation Accounts revealed that the nine cases of loss of Public money amounting to Rs. 9.48 lakhs came to notice in 1994-95. The following table gives details of these cases:

Persons responsible for loss	Miscellaneous fraud and loss		
	No. of cases	Amount Rs.	Amount recovered, if any Rs.
1. Persons unconnected with the Department			
2. Department Employees			
a) Contributory negligence	3	6,78,090	—
b) Directly responsible	4	2,67,922	23,506
3. Responsibility not fixed upto June, 1995	—	—	—
4. Responsibility could not be fixed	2	1725	—
Total	9	9,47,737	23,506

52. It would be seen from the above Table that Departmental employees were responsible for 99.82 per cent loss of the loss reported during the year and DoT could not recover 97.5 per cent of the loss incurred in that year.

53. From the information available on defalcation or loss of public money, the Committee find that nine such cases involving an amount of

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

B. Loss of Stores

54. The Appropriation Accounts also revealed that loss of stores in DoT during the three years ending 1994-95 was as under:

Year	No. of cases of loss of stores	Amount (In lakhs) of rupees)	Copper-wire thefts included in Col. 2 & 3	
			Number	Amount (in lakhs of rupees)
(1)	(2)	(3)	(4)	(5)
1992-93	3519	489.66	771	31.12
1993-94	3412	354.23	383	27.14
1994-95	3611	253.77	571	32.78

55. An analysis of these losses by main classes as given in the Appropriation Accounts also revealed that the number and amount of loss due to theft had increased in 1994-95 in comparison to the preceding year 1993-94 as indicated below:

Year	Loss due to theft	
	Number	Amount (Rs. in lakhs)
1993-94	3332	174.24
1994-95	3561	227.01

56. The Committee feel equally perturbed over the increasing number of loss of stores in 1994-95 over the preceding year 1993-94 particularly in the case of loss due to thefts. The Committee need hardly emphasise that the

investigations in all cases of loss of stores not only be got completed at the earliest but recourse to legal proceedings should also be taken expeditiously in accordance with the prescribed rules. The Committee would therefore, like DoT to make every endeavour to recover the whole amount of loss of stores especially in cases where laxity of supervision has facilitated such losses.

IX. Response to Audit

A. Non-settlement of Audit objections

57. It is also seen from the Appropriation Accounts that 8675 Audit observations raised during the period from 1979-80 to 1993-94 involving an aggregate amount of Rs.59.50 crores were pending settlement at the end of June, 1995.

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

B. Replies to draft Audit Paras/Reviews

59. As per the extant instructions, the Ministry/Department concerned are required to furnish replies to Audit to the draft paras forwarded to the Secretary of the Administrative Ministry within six weeks. It is however, learnt from Audit that out of 46 draft paragraphs included in the Audit Report for 1994-95, DoT sent reply only in two cases before finalisation of the relevant Audit Report.

60. On being enquired as to why DoT did not reply to a large number of audit paragraphs received by them, the representative of DoT stated during evidence:

“Sir, the Audit Paras given to us are fairly lengthy and we have to send them to the circles who in turn send it to other subordinate units to find out as to why those objections raised by Audit have occurred at all. So, the linkages are fairly long which is why it takes a little longer time in our case...”

61. In their another note on this aspect furnished to the Committee, DoT clarified the position as under:

“Out of the 46 Paragraphs that have featured in the C&AG’s Report

for the year ended 31.3.1995 (No. 7 of 1996), 40 Paras relate to the Department of Telecommunications. For these 40 Paras, Department had received a total of 97 Draft Audit Paras, Sixty four (64) of which only could reply before finalisation of the Report.”

“It has been our endeavour to reply to as many Draft Audit Paras as possible within the stipulated time. In certain cases, however, delays cannot be avoided as interactions with one or more field units are needed for:

- (a) verification of facts and figures of the Para, or
- (b) obtaining their comments, or
- (c) action at their level and its feed back to DOT (Hqrs).”

62. DOT also stated in a note that action to caution all the defaulting officers responsible for delay in submission of replies to Draft Audit Paras has been taken.

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

NEW DELHI;
14 March, 1997

DR. MURLI MANOHAR JOSHI,
Chairman,
Public Accounts Committee.

23 Phalguna, 1918 (Saka)

APPENDIX I

MINISTRY OF COMMUNICATIONS DEPARTMENT OF TELECOMMUNICATION (BUDGET SECTION)

Note for Public Accounts Committee in respect of savings made in the Grant or appropriation during 1994-95 involving Rs. 100 crores and above

In the Revenue Section (Voted) and Capital Section (Voted) of Grant No. 15-Telecommunication Services, there was no excess over Grant during the year 1994-95. However, there were savings under both the Sections as detailed below:

	Amount in Rupees
Revenue Section	
Original Grant	8721,10,00,000
Supplementary Grant	1,00,000
Total Sanctioned Grant	8721,11,00,000
Actual Expenditure	8353,62,84,028
Savings	367,48,15,972
Capital Section	
Original Grant	5814,79,00,000
Supplementary Grant	200,00,00,000
Total Sanctioned Grant	6014,99,00,000
Actual Expenditure	5865,13,51,310
Savings	149,85,48,690

2. Under Revenue Section the saving of Rs. 367.48 crores constitutes 4.21% of the total sanctioned provision in that segment of Grant. The saving of more than Rs. 100 crores was under Major Head 3225 Working Expenses (Rs. 605.91 crores) mainly under Lease Charges (Rs. 120 crores) due to better and competitive rates of leasing obtained by the Department than prevailing in the market. Delay in receipt of equipment on leasing resulting in actual lease rentals being paid in next financial year and increasing the lease to 8 years, whereby annual outflow is lesser in each year. Redemption of bonds (Rs. 100 crores) due to roll over of loan; Interest on Bonds (Rs. 77 cr.) due to less bonds raised and bonds raised at lower rate of interest; Petty Works (Rs. 51 cr.) due to less works undertaken and non receipt of equipment; Less amount transferred to the Department of Posts (Rs. 42 crores) due to non-receipt of necessary information from

Department of Posts and saving of Rs. 78 crores under Stores and Factories due to stock adjustment and rate revision.

3. Under Capital Section the saving of Rs. 149.85 crores constitutes 2.49% of the total sanctioned provision in that segment of the Grant. The saving of more than Rs. 100 crores was under M.H. 5225-BB (7) General (Rs. 150.72 crores) mainly under B(7)(1)—Stores Suspense Account (Rs. 160.76 crores) for reasons explained below:

During the year 1994-95 there were savings to the extent of Rs. 94.16 crores and Rs. 66.68 crores under BB7(1)(1)—General Stores and BB(7)(1)(2)—Factory Stores respectively. Under General Stores the saving was mainly due to less procurement from Private Firms and less Advance Payments to Contractors partly offset by more procurement from HCL, HTL and OGU and less issue to Circles. Under Factory Stores the saving was mainly due to less advance payments to Contractors and less drawal of manufactured articles from Telecom Factories partly offset by less issues to Manufacture Suspense.

4. This has been vetted by Audit *vide* their D.O. No. RR.III(b)49/1994-95/APP/ACB/Part-I95 dated 17.5.1996.

No. 1-3393-B
Dated 5.6.96

Sd/-
(G.C. IYER)
MEMBER (FINANCE)

APPENDIX II

Sub-Heads where the variations between the sanctioned provisions and the savings/excesses were greater than 20 per cent and more than Rs. one crore only

Sub-Head	Sanctioned Provision	Saving (-) Excess(+) (Rupees in crores)	Percentage of saving/ excess over sanctioned provision
1	2	3	4
Under Major Head 3225			
1. Incentive on Voluntary Deposits	4.00	(-) 4.00	100
2. General Administration— Direction and Administration Directorate	18.40	(-) 4.38	23.8
3. Control and Supervision— Telegraph Traffic Divisions	6.83	(-) 2.94	43
4. Operation—Operational Training	6.73	(-) 5.85	86.99
5. Amount Transferred from MH-3201 Postal Services on account of Telegraphs share of combined office charges	43.60	(-) 40.63	93.2
6. Stores and Factories—Store Depots	37.60	(-) 15.27	40.6
7. Factories	38.33	(-) 11.23	29.3
8. Construction (Civil Works)— Civil Engineering Establishment	59.92	(-) 13.99	23.3
9. Petty Works—Telegraphs and Telex	5.01	(-) 2.86	57.1
10. Local Exchanges	28.75	(-) 8.21	28.6
11. Trunk Exchanges	6.45	(-) 4.09	63.4
12. Transmission Systems	5.04	(-) 2.87	56.9

	1	2	3	4
13. Telecommunication Engineering Centre		22.36	(-) 19.41	86.8
14. Telecommunication Training Centre		14.99	(-) 11.50	76.7
15. Other Telecommunication Buildings		6.02	(-) 1.87	31
16. Constructions (Engineering Works)—Establishment for Telegraphs		16.93	(-) 3.80	22.5
17. Accounts & Audit-Accounts—Divisional offices (Telegraphs)		2.91	(-) 1.01	34.6
18. Amenities to Staff—Telecom Welfare Fund—Contribution		2.50	(-) 1.68	67
19. Departmental Canteens—Pay & Allowances		5.00	(-) 1.81	36.2
20. Payment under Central Govt. Health Scheme		6.10	(-) 1.91	31.4
21. Other Pension		2.40	(-) 2.21	92.2
22. Stationery and Printing—Stationery & Forms Printing Storage & Distribution		30.00	(-) 18.27	60.9
23. Other Expenditure—Waiting charges on Registration Fee		16.00	(-) 5.73	35.8
24. Export Promotion Expenses		5.00	(-) 4.53	90.6
25. Redemption of Bonds		350.00	(-) 100.00	28.6
26. Lease Charges		139.00	(-) 119.53	86
Under Major Head 3231				
27. Appropriation to Telecommunications Revenue Reserve Fund		60.00	(-) 28.11	46.9
Under Major Head 3275				
28. Other Communications Services—Other Expenditure—Centre for Development of Telematics—Grants-in-Aid		60.00	(-) 32.00	53.3
Under Major Head 3225				
29. Maintenance—Buildings		41.02	(+) 12.07	29.4

	1	2	3	4
30. Amenities to staff Amount transferred from Major Head 3201 Postal Services		5.50 (+)	1.97	35.8
Under Major Head 5225				
31. Telegraphs & Telex Systems Telegraph Offices		40.54 (-)	18.30	45.1
32. Telex Systems		54.45 (-)	17.56	32.2
33. Long Distance Switching Systems Trunk Automatic exchanges		133.52 (-)	63.79	47.8
34. Long Distance Transmission Systems Other Trunk Cable System		69.47 (-)	49.04	70.6
35. Ultra High Frequency and Very High Frequency Relay Systems		391.69 (-)	208.51	53.2
36. Satellite System		120.00 (-)	93.19	77.7
37. Optical Fibre Cable Systems		696.32 (-)	216.73	31.1
38. Ancillary Systems Quality Assurance Circle		12.97 (-)	12.46	96
39. Other Land and Building Administrative Offices		24.00 (-)	9.66	40.2
40. General-Stores Suspense Account		192.10 (-)	160.76	83.7
41. Local Telephone Systems—Telephone Exchange Automatic		3467.60 (+)	709.79	20.5
42. Long Distance Switching Systems Subscriber Trunk Dialing and Other Trunk Dialing Systems		10.86 (+)	2.49	23
43. High Frequency Radio Systems		15.56 (+)	22.26	143
44. Ancillary Systems Stores Depots		1.89 (+)	1.65	87
45. Telecommunication Computer Systems		5.19 (+)	8.22	158.4
46. General Manufactures Suspense Account		1.79 (+)	4.47	250.1
47. Civil Engineering Stores Suspense Account		9.68 (+)	5.57	57.6

APPENDIX III
Conclusions / Recommendations

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

Sl. No.	Para No.	Ministry /Deptt. Concerned	Conclusions / Recommendations
2.	27.	Communications (Deptt. of Telecommunications)	<p>The Committee are concerned to note an over-all net saving of the order of Rs. 149.86 crores in the Capital section of core and vital infrastructural area like Telecommunications. Pertinently a single head viz., "Long Distance Transmission Systems" had its registered gross savings of Rs. 638.71 crores. The attribution of these savings mainly to less procurement from private firms and less drawal of manufactured articles from Telecom Factories clearly indicates that the expenditure was not incurred by DoT as reported to have been planned at the time of seeking approval of budget estimates from Parliament. Obviously, DoT failed to ensure that the requisite equipments were received from suppliers in time and the funds allocated for the purpose were utilised properly. Undoubtedly, such deficient contract management results not only in avoidable delay in the execution of the projects but also cost overruns. The Committee feel that this state of affairs is far from satisfactory and requires to be rectified forthwith. The Committee would also like to be informed of the action taken against the defaulting suppliers with details in all such cases. Needless to say, steps should also be taken to prepare budget estimates realistically.</p>
3.	28.	-do-	<p>What has disturbed the Committee more is the fact that DoT procured supplementary grants amounting to Rs. 200 crores at the fag-end of the year in March 1995 for meeting their capital expenditure on as many as 68 projects not budgeted for by them originally. The Committee fail to comprehend as to what compelled DoT to embark upon such a large number of projects at the fag end of the financial year</p>

Sl. No.	Para No.	Ministry /Deptt. Concerned	Conclusions / Recommendations
4.	35.	Communications (Deptt. of Telecommunications)	<p>and why financial requirements for those projects could not be assessed and procured earlier during the year. <i>Evidently, the entire issue reflects lack of coordination between the activities which DoT proposed to undertake during the year and the financial aspects of such activities.</i> The Committee would like DoT to look into the matter and apprise the Committee of the precise facts in this regard.</p> <p>The Committee regret that in spite of their repeated insistence on proper budgeting, DoT had woefully failed in making a realistic assessment of their requirement of funds under a large number of sub-heads during 1994-95. Distressingly, there were as many as 33 sub-heads where the excess/saving had exceeded even Rs. 10 crores in each case against the sanctioned provisions. In fact, the Committee's detailed scrutiny of the relevant Appropriation Accounts has brought out 47 sub-heads where variation between the sanctioned provision and the actual expenditure was greater than 20 per cent and Rs. one crore. Significantly, in one such case, DoT had gone to the extent of incurring an excess expenditure of Rs. 709.79 crores over and above the sanctioned provision under the head of account "5225—Local Telephone System—Telephone Exchange Automatic". There was also a case where the sanctioned provision of Rs. 4 crores had remained wholly unutilised. In another instance, DoT had incurred an expenditure of Rs. 1.01 crore against "nil" provision under the relevant sub-head of accounts. These instances as well as the persisting</p>

Sl. No.	Para No.	Ministry /Deptt. Concerned	Conclusions / Recommendations
			<p>savings over the years under several heads of accounts and the Grant as a whole serve as an index of the casual nature of demands made and/or the laxity of control over budgeting and expenditure in DoT. <i>In the opinion of the Committee, DoT appear to have assumed the freedom to budget for what they like or to incur expenditure unmindful of the necessity of observing prescribed financial principles.</i> While expressing their displeasure over this poor spectacle of affairs in DoT, the Committee feel compelled to recommend that suitable action should be taken in future in all such cases where it is established that the responsibility of framing the budget estimates or controlling the expenditure has not been properly discharged by the authorities concerned with administering the grant or appropriation.</p>
5.	36	Communications (Deptt. of Tele-communication)	<p>The Committee also feel that the persisting trend of savings in a large number of sub-heads in both Revenue and Capital Sections is also indicative of undesirable tendency on the part of DoT to grossly overestimate their requirement of funds. They therefore, suggest that a thorough analysis of expenditure incurred under such sub-heads during the preceding years may be made with a view to rectifying the existing system of assessing the requirement of funds in DoT.</p>
6.	38	-do-	<p>The Committee are dismayed to observe that DOT did not have correct picture of the expenditure incurred by them under Revenue and Capital Sections of their Grant during 1994-95. The net result was that the amount of savings surrendered under Revenue Section was far in excess of the amount available on this account.</p>

Sl. No.	Para No. Ministry /Deptt. Concerned	Conclusions / Recommendations
		<p>Further, entire savings available in the Capital Section were not surrendered at all. At this stage, the Committee can only hope that the authorities concerned would be more careful in future and avoid recurrence of such cases. The Committee would also desire DoT to take adequate steps to strengthen their accounting information system so that the same is placed on a proper footing.</p>
7.	41 Communications (Deptt. of Tele-communication)	<p>The Committee are extremely unhappy to find that the reappropriations issued during 1994-95 by DoT in certain cases were either excessive and the amount so reappropriated remained wholly unutilised or there were instances where funds reappropriated from sub-heads were uncalled for as the actual expenditure under those sub-heads had already exceeded the original provision before such reappropriations. Evidently, there was complete lack of budgetary control mechanism and accounting information in DoT when reappropriation proposals were considered and approved. In the opinion of the Committee, this aspect assumes special significance since reappropriation orders are generally issued in the closing month of the financial year. The Committee, therefore, desire that a thorough review of the procedure for reappropriation of funds in DoT should be undertaken immediately and remedial measures taken to avoid issuance of injudicious and defective reappropriation orders in future.</p>
8.	50 -do-	<p>The Committee's examination of results of appropriation audit revealed that DoT did not follow the specific directives issued by the Ministry of Finance for obtaining prior</p>

Sl. No.	Para No. Ministry /Deptt. Concerned	Conclusions / Recommendations
		<p>approval of Secretary (Expenditure) in cases where reappropriation orders were issued in excess of the prescribed limits. During evidence, the representative of DoT sought to clarify that the prior approval of the Secretary (Expenditure) was not required in their case as the Telecom Commission had been given powers of the Government of India in financial matters from 11 April, 1989 and the Delegation of Financial Power Rules had also not been made applicable to them vide a Notification dated 6 February, 1991. Surprisingly, DoT did not appear to have maintained this position at the time of appropriation audit of their Grant and they rather took recourse to seeking exemption from the operation of the relevant instruction on the powers of reappropriation from the Ministry of Finance only 10 days before the Committee was scheduled to take up oral evidence of the representatives of DoT on this subject. The Committee's scrutiny of the note furnished by DoT to Ministry of Finance in this connection has however, revealed that DoT consider it "not feasible to refer to Parliament cases of reappropriation which have the effect of increasing the budget provision by more than Rs. one crore alongwith the last batch of supplementary demands or to seek the approval of the Secretary (Expenditure) for the reappropriation made after presentation of the last batch of the supplementary demands" because "the heads under which funds in excess of Rs. one crore are augmented are known only after the reappropriations are issued by the Directorate". While presenting their case for exemption, DoT have also maintained that withdrawals of powers of</p>

Sl. No.	Para No. Ministry /Deptt. Concerned	Conclusions / Recommendations
		<p>reappropriations delegated to their units would adversely affect the smooth functioning of work and that they are meeting their expenditure from their own internal and extra budgetary resources and not "throwing any burden on Ministry of Finance by way of budgetary support".</p> <p>The Committee are not inclined to accept the plea made by DoT that withdrawal of powers of reappropriation presently delegated to their units would adversely affect their functioning and that they be exempted from the requirements of specific restrictions on powers of reappropriation simply because they are raising their own resources and not throwing any burden on Finance Ministry. While taking note of the view subsequently expressed by the Ministry of Finance that their approval is not required for reappropriation of funds within the Telecom Budget, <i>the Committee consider it necessary that the present powers for reappropriation delegated by DoT to their units require a comprehensive review with a view to imposing reasonable restrictions on the unbridled financial powers presently enjoyed by the Telecom Units.</i> Needless to say that the present powers delegated to the Telecom Units for modifying the original sanctioned provisions to any extent by way of reappropriation defeat the original objectives for which the provisions were sanctioned by Parliament under various sub-heads for specified services. The Committee are in no doubt that the exercise of absolute powers for reappropriation of funds by substantially altering the approved budgetary allocations within the Grant will lead to a</p>

Sl. No.	Para No. Ministry /Deptt. Concerned	Conclusions / Recommendations
9.	53 Communications (Deptt. of Tele-communications)	<p data-bbox="453 256 983 739">poor budgetary spectacle giving a highly distorted picture of expenditure <i>vis-a-vis</i> the final grants under effected heads of accounts. The Committee, therefore, recommend that DoT should in consultation with the C&AG of India, devise a proper procedure for reappropriation of funds in consonance with the executive instructions issued by the Ministry of Finance to all the Ministries/Departments of Government of India in this regard. The Committee would also like to be apprised of the precise action taken in the matter within a period of three months.</p> <p data-bbox="453 774 983 1600">From the information available on defalcation or loss of public money, the Committee find that nine such cases involving an amount of Rs.9.48 lakhs were noticed in DoT during 1994-95. It is regrettable that while the contributory negligence or direct responsibility of the Departmental employees alone accounted for 99.8 per cent of such losses reported during the year, the Department could not make good of 97.5 per cent of the same. The Committee deplore this state of affairs, and urge emphatically that in all cases of losses resulting from direct involvement or negligence of officials, responsibility should not only be fixed against the delinquent officials but efforts should also be made to take conclusive action against them within a specified time particularly with a view to ensuring recovery of pecuniary loss caused to Government. <i>The Committee consider it absolutely essential that officials found guilty of such losses are dealt with promptly and severely in order to tone up administrative integrity.</i></p>

Sl. No.	Para No. Ministry /Deptt. Concerned	Conclusions / Recommendations
10. 56	Communications (Deptt. of Telecommunications)	<p>The Committee feel equally perturbed over the increasing number of loss of stores in 1994-95 over the preceding year 1993-94 particularly in the case of loss due to thefts. The Committee need hardly emphasise that the investigations in all cases of loss of stores not only be got completed at the earliest but recourse to legal proceedings should also be taken expeditiously in accordance with the prescribed rules. The Committee would therefore, like DoT to make every endeavour to recover the whole amount of loss of stores especially in cases where laxity of supervision has facilitated such losses.</p>
11. 58	-do-	<p>The Committee are also perturbed to note the alarming pendency of 8675 audit observations raised during the period from as early as 1979-80 to 1993-94 involving an aggregate amount of Rs.59.50 crores in DoT at the end of June, 1995. Obviously, the various wings of DoT are not giving due priority to this work and indulging in an undesirable tendency to delay the settlement of audit objections. The Committee, therefore, desire that a special time bound programme should now be evolved to bring down the number of pending audit objections at a rapid pace. They would also like the Finance Wing of DoT to call for quarterly statement showing the progress made in the disposal of pending audit objections and to see that they are settled in time. The Committee would also like to be apprised of the specific improvements made in this regard.</p>

Sl. No.	Para No. Ministry /Deptt. Concerned	Conclusions / Recommendations
12.	63 Communications (Deptt. of Tele-communications)	<p>The Committee are astonished to find that DoT did not reply to C&AG's organisation within the stipulated period in respect of a large number of draft audit paras sent to them for verification of facts. Distressingly, replies to only two cases out of 46 draft paragraphs were understood to have been furnished before the relevant Audit Report for the year ending 31 March, 1995 was finalised for presentation to Parliament. During evidence the representative of DoT sought to clarify that the draft audit paras were fairly lengthy and had to be sent to the circles and field units for obtaining their comments which took a longer time in their case. The Committee have not found these reasons convincing particularly in view of the fact that there are atleast three stages prior to communicating the draft Audit Para whereby the Department get sufficient time to examine and respond to the objections raised therein. While strongly disapproving this atmosphere of non-accountability the Committee feel that the dilatory practices prevalent in DoT need to be removed to ensure that replies to draft audit paragraphs are invariably furnished within the prescribed period of six weeks so as to enable audit authorities to incorporate verified facts in their reports. They, therefore, desire that the existing system be streamlined. The Member (Finance) in the Telecom Commission should be personally held responsible for ensuring that the Department comply with the instructions for furnishing replies to draft audit paragraphs within six weeks of issue. The Committee would also like that the</p>

Sl. No.	Para No. Ministry /Deptt. Concerned	Conclusions / Recommendations
		circumstances leading to such defaults in future may be thoroughly investigated and responsibility fixed therefor. They would like to be apprised of the precise action taken in the matter.

LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA SECRETARIAT PUBLICATION

Sl. No.	Name of Agent	Sl. No.	Name of Agent
ANDHRA PRADESH		UTTAR PRADESH	
1.	M/s. Vijay Book Agency, 11-1-477, Mylargadda, Secunderabad-500 306.	12.	Law Publishers, Sardar Patel Marg. P.B. No. 77, Allahabad, U.P.
BIHAR		WEST BENGAL	
2.	M/s. Crown Book Depot, Upper Bazar, Ranchi (Bihar).	13.	M/s. Madimala, Buys & Sells, 123, Bow Bazar Street, Calcutta-1.
GUJARAT		DELHI	
3.	The New Order Book Company, Ellis Bridge, Ahmedabad-380 006. (T.No. 79065).	14.	M/s. Jain Book Agency, C-9, Connaught Place, New Delhi. (T.No. 351663 & 350806)
MADHYA PRADESH		15.	M/s. J.M. Jaina & Brothers, P. Box 1020, Mori Gate, Delhi-110006. (T.No. 2915064 & 230936)
4.	Modern Book House, Shiv Vilas Place, Indore City. (T.No. 35289)	16.	M/s. Oxford Book & Stationery Co., Scindia House, Connaught Place, New Delhi-110 001. (T.No. 3315308 & 45896)
MAHARASHTRA		17.	M/s. Bookwell, 2/72, Sant Nirankari Colony, Kingsway Camp, Delhi-110 009. (T.No. 7112309).
5.	M/s. Sunderdas Gian Chand, 601, Girgaum Road, Near Princes Street, Bombay-400 002.	18.	M/s. Rajendra Book Agency, IV-DR59, Lajpat Nagar, Old Double Storey, New Delhi-110 024. (T.No. 6412362 & 6412131).
6.	The International Book Service, Deccan Gymkhana, Poona-4.	19.	M/s. Ashok Book Agency, BH-82, Poorvi Shalimar Bagh, Delhi-110 033.
7.	The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-400 001.	20.	M/s. Venus Enterprises, B-2/85, Phase-II, Ashok Vihar, Delhi.
8.	M/s. Usha Book Depot, Law Book Seller and Publishers' Agents Govt. Publications, 585, Chira Bazar, Khan House, Bombay-400 002.	21.	M/s. Central News Agency Pvt. Ltd., 23/90, Connaught Circus, New Delhi-110 001. (T.No. 344448. 322705, 344478 & 344508).
9.	M & J Services, Publishers, Representative Accounts & Law Book Sellers, Mohan Kunj, Ground Floor, 68, Jyotiba Fuele Road Nalgaum, Dadar, Bombay-400 014.	22.	M/s. Amrit Book Co., N-21, Connaught Circus, New Delhi.
10.	Subscribers Subscription Service India, 21, Raghunath Dadaji Street, 2nd Floor, Bombay-400 001.	23.	M/s. Books India Corporation Publishers, Importers & Exporters, L-27, Shastri Nagar, Delhi-110 052. (T.No. 269531 & 714465).
TAMIL NADU		24.	M/s. Sangam Book Depot, 4378/4B, Murari Lal Street, Ansari Road, Darya Ganj, New Delhi-110 002.
11.	M/s. M.M. Subscription Agencies, 14th Murali Street, (1st Floor), Mahalingapuram, Nungambakkam, Madras-600 034. (T. No. 476558)		