

**PUBLIC ACCOUNTS COMMITTEE
(1978-79)**

(SIXTH LOK SABHA)

**HUNDRED AND FORTY-EIGHTH REPORT
ARREARS OF RENT OF TELEGRAPH, TELE-
PHONE AND TELEPRINTER CIRCUITS
AND TELEX/INTELEX CHARGES
AND
PURCHASE OF LEAD SLEEVES
MINISTRY OF COMMUNICATIONS
(P & T BOARD)**

[Paragraphs 7 and 18 of the report of the comptrol-
ler and Auditor General of India for the year 1976-77,
Union Government (Posts and Telegraphs)]



*Presented in Lok Sabha on 30-4-1979
Laid in Rajya Sabha on 30-4-1979*

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NEW DELHI**

*April, 1979/Vaisakha 1901(S)
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PUBLIC ACCOUNTS COMMITTEE
(1978-79)

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INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Hundred and Forty-Eighth Report of the Public Accounts Committee (Sixth Lok Sabha) on paragraphs 7 and 18 of the Report of the Comptroller and Auditor General of India for the year 1976-77, Union Government (Posts and Telegraphs) relating to arrears of Rent of Telegraph, Telephone and Teleprinter Circuits and Talex/Intelex Charges and Purchase of Lead Sleeves.

2. The Report of the Comptroller and Auditor General of India for the year 1976-77, Union Government (Posts and Telegraphs) was laid on the Table of the House on 4 April, 1978. The Public Accounts Committee (1978-79) obtained written information on these paragraphs. The Committee considered and finalised this report at their sitting held on 28 April, 1979. The Minutes of this sitting form Part II* of the Report.

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

4. The Committee place on record their appreciation of the assistance rendered to them in the examination of these paragraphs by the Comptroller and Auditor General of India.

5. The Committee would also like to express their thanks to the Ministry of Communications (P. & T. Board) for the cooperation extended by them in giving information to the Committee.

P. V. NARASIMHA RAO,
Chairman,
Public Accounts Committee.

NEW DELHI ;
April 28, 1979.

Vaisakha 8, 1901 (S).

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REPORT

CHAPTER I

Arrears of rent of telegraph, telephone and teleprinter circuits and telex intelex charges

Audit Paragraph

1.1. For bills issued upto 31st March, 1977, collection of Rs. 243.00 lakhs as rent of telegraph, telephone and teleprinter circuits and telex/intelex charges was in arrears on 1st July, 1977 as indicated below:—

	(Lakhs of Rupees)
Rent of telegraph, telephone and teleprinter circuits	174.5
Telex and intelex charges	68.45
TOTAL :	243.00

1.2. Out of the total outstanding of Rs. 243.00 lakhs, Rs. 131.55 lakhs related to bills issued during 1976-77 and the balance Rs. 111.45 lakhs to bills upto 1975-66. Yearwise analysis is given below :

“Yearwise analysis of arrears of rent of telegraph, telephone and teleprinter circuits and telex/intelex charges on 1st July, 1977 for bills issued upto 31st March, 1977 :

Year		Rent of telegraph, telephone and teleprinters circuits	Telex and intelex charges	Total
		(Lakhs of rupees)		
Upto 1971-72		20.46	2.01	22.47
1972-73		10.97	2.38	13.35
1973-74		14.79	4.63	19.42
1974-75		9.52	9.74	19.26
1975-76		25.32	11.63	36.95
1976-77		93.49	38.06	131.55
	TOTAL :	174.55	68.45	243.00

The above figures are those furnished by the department and are subject to verification (February, 1978)”

[Paragraph 7 of the Report of the Comptroller and Auditor General of India for the year 1976-77. Union Government (Posts and Telegraphs)].

1.3. The Committee desired to know how much of the arrears of Rs. 243.00 lakhs against rent of telegraph, telephone and teleprinter circuits and telex/intellex charges as on 1 July, 1977 for bills issued upto 31 March, 1977 pertained to various categories of subscribers *viz.*, Central Government, State Government, Central Public Undertakings, State Government Undertakings, local bodies and private individuals or organisations. The Ministry of Communications (P. & T Board), in a written note furnished to the Committee, have intimated the break up of this amount as under :

“1. Central Govt. Subscribers	156.48 lakhs
2. State Govt. Subscribers	8.11 lakhs
3. Other Subscribers	78.41 lakhs
<hr/>	
TOTAL	*342.00 lakhs.

*These figures are in respect of bills issued upto 31-3-1977 and are subject to slight modification as final figures of one of the Units (Delli District) have not become available.

Records are maintained in respect of Central Government, State Government and other subscribers. The outstandings against Central Government include Defence Department and Railway Department. As the figures are not maintained separately under other heads referred to above, the outstandings relating to them are included in the category “other subscribers”.

1.4. Asked what was the percentage of the outstanding on 1 July, 1977 to the total amount collected during the year ending with preceding March, 1977 and how it compared with the corresponding percentage of the preceding three years, the Ministry have furnished the following information :

“1. Amount collected during 1976-77	4602.9 lakhs
. Amount outstanding as on 1-7-77 for bills issued upto 31-3-77	243.0 lakhs
3. Percentage of the outstanding to the amount collected (1976-77)	5.2%
4. The corresponding percentage for the year 1975-76.	8.9%

The corresponding percentages for the earlier years 1973-74 and 1974-75 are not available as separate statistical information on these lines is being maintained with effect from 1-4-75.”

1.5. The Committee enquired what was the position of outstanding arrears as on 1 July, 1978 with break up of rent of circuits and telex charges

separately for each of the six categories of subscribers mentioned above. The Ministry have furnished the following* details :

"Position of outstandings as on 1-7-78

	lakhs
(1) Central Government Subscribers	78.98
(2) State Government Subscribers	2.67
(3) Other Subscribers	53.61
TOTAL :	135.26

1.6. The Committee have learnt from Audit that the rental for telegraph, telephone and teleprinter circuits is payable in advance annually, quarterly or monthly at the option of the subscriber.

Rental for telex machines and the line provided to the subscriber is payable in advance annually. Bills for telex and intelex calls are issued on monthly basis in arrears and are payable within 15 days from the date of issue, as in the case of telephone bills.

In case of non-payment of rent and call charges on or before the due date, the service is liable for disconnection by giving to the subscriber a notice in writing for a period of seven days.

The Committee enquired whether the Department was in a position to say categorically that the circuits/telex etc. of all these subscribers dues from whom have been in arrears for more than one year, have been disconnected and if not, what was the actual policy about disconnection in such cases *vis-a-vis* the position in the departmental rules. The Ministry, in a note,* have stated :

"Yes, generally. The circuits/telex connections are liable for disconnection for non-payment of bills within due dates. 7 days' notice in writing is given to the party to pay the bills failing which the connections are disconnected. However, in the following cases disconnection for non-payment of bills by due dates is deferred :

- (a) Essential services e.g. Government/Defence and Railway Departments.
- (b) Court injunction cases and
- (c) Disputes in bills pending verification.

In respect of (a) the arrears are realised through correspondence and personal contacts with the Departments. In case of (b) the dues are realised as per the decisions of the Courts. In respect of (c) the cases are investigated and the disputed bills are either realised in full or by revision depending on the result of investigation."

1.7 The Ministry of Communications have furnished a statement showing the details of the cases in excess of Rs. 5000/- each under litigation or dispute. The same is given below :

*No. vetted in Audit.

Circle/District	Total No. of cases under litigation/dispute	Subscriber name	CCT/Tele. No.	Bill date	Amount	Under litigation/dispute
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Bombay telephones District, Bombay.	8	Indian Navy T. N.	3797	2-7-76	12,259.00	Disputed
		Sudhakaran	4169	Aug., 73 to June, 74	11,538.75	Pending with Ernakulam High Court.
		M/s. Kuljivan Exports	2736	June, 1974	7,470.60	Disputed.
		Shroff Bross	2566	April, 1966	7,427.00	„
		Toshimal Bros,	4123	2-9-76	7,388.00	„
		M/s. Calcutta Essence Supply Co.	2160	May, 1974 to July, 1975	5,477.55	„
		M/s. Universal Press Service, Madras.	BY-ND TP CCT	Upto May, 71	5,786.45	Pending in Madras High Court.
Madras Telephone District, Madras.	3	Western Railway	By Baroda CCT.	11-1-73 30-6-74	38,638.75	Disputed
		M/s. Stoneware Pipes	391	Oct., '73	6,464.78	„
		Rajaramanlal & Co.	680	25-5-74	23,962.60	„
Bihar Circle	1	M/s. U.P.S.	BY-MS TP CCT	68 to 75	1,70,689.68	Court case.
		M/s. Red Carpet Service Station	..	24-6-71	5,668.15	Pending in Court.
					3,53,771.31	

(1)	(2)	(3)	(4)	(5)	(6)	(7)
				B/F	3,53,771.31	
Delhi Telephone District, New Delhi.	11	M/s. Universal Press	. ..	..	7,473.98	Under Litigation
		Indian Air Force	. Circuits	..	1,89,389.00	Disputed.
		A. I. R.	. . . . .	.. ..	25,920.00	Do.
		Deptt. of Railways	. . . . .	..	11,769.50	Do.
		Indian Air Force St.	. TPT	..	82,174.18	Do.
		D. G. Observations	. ..	..	11,321.65	Do.
		M/s. Shiv Banerjee, Constn. (P) Ltd.	. ..	..	5,934.60	Do.
		Indian Overseas Bank	. ..	..	47,339.40	Do.
		American Express Co.	. ..	..	5,869.00	Do.
		Wanson India (P) Ltd.	. ..	..	7,355.40	Do.
		Foremost Dairies Ltd.	. ..	..	9,772.60	Do.
				TOTAL	7,58,090.62	

1.8. A statement showing details of cases of short-billing or failure to issue bills exceeding Rs. 5000/- during each of the years 1975-76, 1976-77 and 1977-78 furnished by the Ministry of Communications, is reproduced below:

Details of the Circuits/ Telex.	Short Billing			Failure to issue Bills		
	75-76	76-77	77-78	75-76	76-77	77-78
1. Circuits to Rly. at Nagpur.	1,73,598	..	..	..
2. Circuits to Army in Andhra						
(i) Begumpet-Suryalanka	14,137	..	..
(ii) Begumpet-BG	11,637	..	..
(iii) Begumpet-Bidar	5,300	..	..
(iv) Spl. Circuits at Hyderabad	6,000	..	..
(v) Non-Exchange lines 60 at Begumpet Air Field	41,900	..	..	..
(vi) Non-exchange lines 92 to Rlys. at Hyderabad	8,360	..	..	..
(vii) Non-Exchange lines 70 to Egwood Electronics General Industries Hyderabad	5,580	..	..	..
3. (i) 14/40 lbs. U/G Cables to Air Field-Bhuj (Gujarat)	6,198	..	..	..
(ii) 14/20 lbs. U/G Cables at Naliya Air Force (Gujarat)	13,178	..	..	..
			2,48,823	37,074		

1.9. Asked whether any machinery existed in the Department for detecting such cases and what was the precise role of the internal organisation in detecting such irregularities, the Ministry in a note* have stated:—

“Provision exists for review of subscribers Record Cards as per para 400 of P&T Manual Vol. XIV by a reviewer. A review register is also maintained to see that the mistakes pointed out are rectified and revenue realised. In addition to the safeguards already provided for in the rules, maintenance of a special register has been prescribed by the P&T Directorate so as to avoid repetition of the irregularities of this nature.

*Not Vetted in Audit.

An Internal Check Organisation comprising of Accounts Officers and Junior Accounts Officers has been built up in Telecomm. Circle/ Telephone District level to detect such cases. Accounts Officer (Internal Check) assisted by Junior Accounts Officer carries out checks of various records of the Units including Telecomm. Accounts twice a year to ensure that the work is being done as per codified rules and instructions and lapses detected are regularised."

1.10. On being enquired whether any amount had been written off in 1976-77 and 1977-78 as being irrecoverable and if so, what were the broad reasons therefor, the Ministry of Communications have stated*.

"(1) Amounts written off during 1976-77	. . . . .	Rs. 1.80 lakhs
(2) Do. 1977-78	. . . . .	Rs. 0.92 lakh.

Some of the main reasons for the amounts written off are given below:

- (1) Solvency of the subscribers not established.
- (2) Whereabouts of the subscribers not known.
- (3) Closure of subscriber's Firms, concerns etc.
- (4) Deaths of subscribers etc."

1.11. To a question whether any study had been made to find out how much of the arrears had become irrecoverable, the Ministry have stated*:

"No systematic study into the matter has been made so far.

Before an amount is declared as irrecoverable for write-off, the case is examined at the Circle/District level by Defaulters Board Committee upto Rs. 2000/- and a High Power Committee above Rs. 2000/- in order to ensure that these are really irrecoverable before they are written off."

1.12. The Committee desired to know the broad reasons for these arrears and the special steps taken so far or proposed to be taken to recover the arrears which have remained outstanding for long. The Ministry of Communications, in a note*, have stated:

"The broad reasons are:

- (1) *Circuits*: The outstandings are mostly against essential services and Government Departments such as Defence, Railways, Police Wireless etc. In respect of private subscribers, some cases are pending in the Courts. As per the existing rules, the circuits to the Defence Department are provided without insisting on prepayment and the cases are pursued after provision of the Circuits etc. In the case of other Departments, the cases are under continuous pursuit. The recovery of dues in cases pending in courts are dependent on the outcome of Court's findings.
- (2) *Telex*: The outstandings are generally on account of (1) Meter reading complaints (2) Disputes in r/o intellex charges (3) Non-finalisation of closed cases and (4) some companies being in the process of liquidation.

While retinals of Telex are levied in advance, the charges for calls are recoverable after the service is rendered. In the process, complaints about meter readings and call charges are occasionally received and decided upon after investigation. Cases covered by item (3) and (4) above are under vigorous pursuit.

In addition to the measures enumerated above, a continuous watch is kept over the liquidation of arrears through monthly reviews. Secretary (C) has himself been addressing the units through D.O. letters calling upon them to accelerate the pace of recovery so that the arrears are brought down to the minimum. It may be observed that the arrears on 1-7-78 are Rs. 135.26 (L.O.P-2) as compared to Rs. 243.00 lakhs on 1-7-77 (L.O.P-1)."

1.13. From the information furnished by the Ministry of Communications in reply to the various points brought out in the Audit Para, the Committee note that the arrears of rent of telegraph, telephone and teleprinter circuits and telex/intellex charges as on 1 July, 1977, for bills issued upto 31 March, 1977 were Rs. 243.00 lakhs, of these Rs. 135.26 lakhs were outstanding as on 1 July, 1978. This amount includes outstandings pertaining to bills issued in earlier years (as early as 1971-72). The Committee are disturbed by these heavy old arrears and recommend that serious efforts should be made to liquidate these arrears.

1.14. The Committee find that rental for telegraph, Telephone and teleprinter circuits is payable in advance annually, quarterly or monthly at the option of the subscriber. Rental for telex machines and the line provided to the subscriber is payable in advance annually. Bills for telex and intellex calls are issued on monthly basis in arrears and are payable within 15 days from the date of issue, as in the case of telephone bills. In case of non-payment of rent and call charges on or before the due date, the service is liable for disconnection by giving to the subscriber a notice in writing for a period of seven days. It would be appropriate to mention in this connection that the Committee in Paras 1.12 and 1.13 of their 122nd Report (Fifth Lok Sabha) had desired the Department to ensure that the instructions issued on 20 March, 1971 and 30 March, 1971 laying down the procedure for withdrawal of circuits in case of default in payment were observed by the local authorities and no laxity was tolerated on this account. The Committee had also then hoped that with the introduction of special procedure in December 1972 for recovery of arrears due from Defence authorities the realisation would substantially improve. The Government in their reply reproduced in Chapter II of the Committee's 143rd Report (Fifth Lok Sabha) had stated that the concerned Heads of Circles and Telephone Districts where the outstandings continued to be heavy had been specifically instructed to ensure that instructions issued by the Directorate in March 1971 regarding withdrawal of Circuits in case of default in payment were observed by the local authorities and recovery action taken accordingly. It had also been stated by the Department that continuous efforts were being made to clear the arrears in respect of bills issued upto 31-3-1972 which stood at Rs. 76.45 lakhs as on 1-4-1974. The Committee, however, note that not only old arrears continue to rule high year after year (e.g. the arrears for bills issued upto 1971-72 standing at Rs. 22.47 lakhs as on 1 July, 1977) but huge new arrears have also been added, particularly from the year 1976-77. The

Committee have, therefore, come to the inescapable conclusion that the instructions of March 1971 have not been followed seriously, but have met the same fate as has happened in a series of periodical instructions issued by the Directorate General, Posts & Telegraphs from time to time in the past in respect of arrears of telephone revenues and rent of circuits or telex charges so far as their implementation at the lower formations under the Department is concerned. Since the problem has assumed an alarming proportion, the Committee would urge that the whole question of arrears should be reviewed in all seriousness at a higher level and more effective and stringent measures taken to ensure that not only the old arrears are liquidated early but the mounting of new arrears is also checked to a reasonable limit, if not eliminated altogether.

I.15. The Committee take a serious view of the short recoveries as well as failures to issue bills by P & T Department. It will be seen from the details furnished in this regard that for six cases of short billing during 1977-78 exceeding Rs. 5,000, the total amount involved is Rs. 2,48,823/- and for 4 cases of failure to issue bills during 1975-76 exceeding Rs. 5,000/-, the total amount involved is Rs. 37,074.00. For Circuits to Railways at Nagpur, short billing to the tune of Rs. 1,73,598.00 during 1977-78 (on the Government side) and for non-exchange lines 70 to a private firm to the extent of Rs. 5,580.00 during the same year have been detected. In case of failure to issue bills all the four cases relate to Circuits to Army in Andhra Pradesh. The Committee would like that responsibility for failure to issue bills or short billing should be fixed at all levels so as to ensure that there is no recurrence of these lapses. They would also stress the need of conducting a thorough investigation into the working of the billing system with a view to clearly identifying reasons for individual cases of short recoveries and of non-issue of bills thus bringing the defaulters to book.

I.16. Coming to litigation aspect, the Committee find that the total number of cases in excess of Rs. 5,000/- under litigation or dispute as on 31-1-79 is 23 with the break-up (i) Bombay Telephone Distt. 8; Madras Telephone Distt. 3; Bihar Circle 1 and Delhi Telephone Distt. 11. The total amount involved for all these Districts and Circles comes to Rs. 7,58,090.62. The oldest case under dispute relates to the year 1966 involving Rs. 7,427/- due from a private firm. The highest amount involved under dispute is Rs. 1,89,389.00 under Delhi Telephone Circle pertaining to Indian Air Force and under litigation (Court Case) in Madras Telephone District is Rs. 1,70,689.68 pertaining to M/s. Universal Press Service, Madras. The Committee would like the Department to lay down more comprehensive and clear cut guidelines so that steps for realisation by the Department are made more effective and litigation can be avoided.

CHAPTER II

PURCHASE OF LEAD SLEEVES

Audit Paragraph

2.1. In April 1975, the General Manager, Telecommunication Stores, Calcutta, invited tenders for supply of lead sleeves of various sizes for use by the department in underground cable-jointing work. The notice inviting tenders specified that the lead sleeves to be supplied should be in accordance with the Indian Telegraph Department specifications.

2.2. In response, three quotations were received and opened on 27th June, 1975. The quotations were considered by Stores Purchase Committee in August, 1975. Out of the three quotations, one firm* 'A' was not considered, as it wanted the department to supply the raw material; this condition was not in conformity with the tender enquiry floated for the purpose. Of the remaining two, one firm* 'B' quoted the rates on unit basis and the other firm* 'C' on unit basis. The quotation of firm 'B' which was on weight basis was not accepted for the recorded reason:

“The tender enquiry was invited for a unit of each number. No comparison of prices was possible on this offer since the exact weights of sleeves of different sizes were not easily available”.

The order was placed on firm 'C' for supply of all sizes of lead sleeves (value: Rs. 44.10 lakhs), excepting two, which were not in accordance with the department's specifications.

2.3. The reason given for not considering the offer of firm, 'B' was not adequate, as the relevant Indian Telegraph Department specifications quoted in the invitation for tenders, specified weights of various sizes of lead sleeves also and it was possible to convert rates by weight into unit rates and *vice versa*. In fact, for the purchase of the remaining two sizes, which were not ordered on firm 'C', the General Manager, Telecommunication Stores, Calcutta, did accept in April 1976 the tender of firm 'B' which again was given only on weight basis after converting the rates so quoted into unit rates, on the basis of the relevant Indian Telegraph Department specifications. Had the rate per unit been worked out with reference to the rate per kilogram quoted by firm 'B' in response to tender enquiry of April 1975, the rates of firm 'B' would have been lower than those of firm 'C' on which order was placed. The failure of the department to do so, resulted in an avoidable additional expenditure of Rs. 2.94 lakhs approximately.

2.4. The department stated (January 1978) that the offer of firm 'B' was on weight basis and not on unit basis as required in the tender notice and

*Firm 'A'—M/s. R.L. Dutta & Sons, Calcutta.
*Firm 'B'—M/s. Hoosini Metal Rolling Mill, Pvt., Ltd. Bombay.
*Firm 'C'—M/s. Waldies Limited, Calcutta.

that according to conversion table given in Indian Telegraph Department specifications, the weights were subject to variations due to tolerances permitted.

[Paragraph 18 of the Report of the Comptroller and Auditor General of India for the year 1976-77, Union Government (Posts and Telegraphs)]

2.5. The Audit Para points out that of the three quotations received in response to the tender enquiry floated in April 1975, tender of firm 'A' (M/s. R.L. Dutta and Sons, Calcutta) was not considered being conditional. Tender of firm 'B' (M/s. Hooseini Metal Rolling Mill Pvt. Ltd., Bombay) which had quoted the rates on weight basis was not accepted on the ground that the tender enquiry was invited for a unit of each number (i.e. on unit basis) and no comparison of prices was possible since the exact weight of sleeves of different sizes were not easily available. The order was finally placed on firm 'C' (M/s. Waldies Limited, Calcutta) which had quoted on unit basis) for supply of all sizes of lead sleeves valued at Rs. 44.10 lakhs excepting two which were not in accordance with the department's specifications. Extracts from quotations of firms 'B' and 'C' (which were on the approved list of Directorate General of Supply and Disposal) are appended below:—

"Firm 'B' (M/s. Hooseini Metal Rolling Mill Private Limited Bombay):

Reference : Tender Enquiry No. C-405/P-5/Gen/1 dated 19-4-75.

List of stores to be supplied :—

Lead Sleeves of sorts conforming to ITD specifications No. S/WT-102 as amended upto date

Item No.	Description : Lead Sleeves	Qty.	Unit
1.	305 mm x 38.1 mm	42000 Nos.	Each
2.	381 mm x 50.8 mm	33000 "	"
3.	457 mm x 50.8 mm	18000 "	"
4.	457 mm x 63.5 mm	12000 "	"
5.	533 mm x 76.2 mm	10500 "	"
6.	533 mm x 88.9 mm	9000 "	"
7.	610 mm x 76.2 mm	7000 "	"
8.	610 mm x 88.9 mm	2400 "	"
9.	686 mm x 102 mm	4000 "	"
10.	686 mm x 114 mm	4000 "	"

Price : Rs. 9.60 (Rupees Nine and Sixty paise) only, per kg. F.O.R. Bombay plus CST as applicable.

Firm 'C' (M/s. Waldies Limited, Calcutta)

Enquiry No. C-405/P-5/Genl./ 1dt 19-4-75 for Lead Sleeves conforming to ITD Specification S/WT 102G dated 2-6-66.

S.No.	I.D. (MM)	OD** (MM)	Length (MM)	Approx. Wight Kgs./ Sleeves.	Rate per Sleeve* packed Rs.	Total No. of Sleeves
1.	38.1	44.45	305	1.42	14.20	42,000
2.	50.8	57.15	381	2.32	23.20	33,000
3.	50.8	57.15	457	2.78	27.80	18,000
4.	68.5	71.12	457	4.16	43.68	12,000
5.	76.2 (Thickness 3.81 against 4.30+215mm)	83.82	533	5.77	60.59	10,500
6.	88.9	97.54	533	7.62	80.00	9,000
7.	76.2 (Thickness 3.81 against 4.30+215 mm)	83.82	610	6.60	69.30	7,000
8.	88.9	97.54	610	8.72	91.56	2,400
9.	101.60	110.24	686	11.15	117.08	4,000
10.	104.60	122.94	686	12.48	131.04	4,000

*Rates quoted are for Sleeves packed in wooden cases/crates in straw, F.O.R. Howrah/Shalimar or ex our Kennagar Factory, inclusive of Excise Duty @ 1% under T. C. 68 but exclusive of Sales Tax as applicable on the date of delivery.

**The O. D. of sleeves mentioned is the nearest size we can offer to the size as per above-mentioned specifications."

2.6. The Committee have been informed by Audit that in the Indian Telegraph Department Specifications No. S/W-102 dated 10-5-1968 according to which lead sleeves were to be supplied, the corresponding weights of lead sleeves of specific sizes internal diameter radial thickness had been given, with the only stipulation that there might be very slight variations from the calculated weights shown therein due to the permitted tolerances. Relevant extract from the specifications is given below:—

"DIMENSIONS

Thickness, sizes and weights of lead sleeves shall be as per Table attached (Appendix I).

The following tolerances shall be allowed on the nominal mean thickness and sizes of lead sleeves.

- | | | |
|------------------------------------|---|------|
| (a) Tolerance on nominal length | = | 6 mm |
| (b) Tolerance on internal diameter | = | 5% |
| (c) Tolerance on mean thickness | = | 5% |

2.7. Asked why comparison of price was not possible when the corresponding weights of the lead sleeves were also given in the Indian Telegraph Department specifications, the Ministry of Communications have replied:

“The permissible variation in length, thickness and diameter as per specifications give tolerances upto about $\pm 12\%$ in weight. Thus a cost comparison after conversion of prices quoted on weight basis to quantity basis can result in substantial variation in actual expenditure as the weight of supplies made cannot be predicted to such a degree of accuracy. Thus comparison of prices quoted on weight basis and on number basis is not possible in this case.”

2.8. According to Audit para, for the purchase of the remaining two sizes, which were not ordered on Firm ‘C’ the General Manager, Telecommunication Stores, Calcutta, had accepted in April 1976, the tender of firm ‘B’ (M/s. Hooseini Metal Rolling Mill, Pvt. Ltd., Bombay), which again was given only on weight basis after converting the rates so quoted into unit rates on the basis of the relevant Indian Telegraph Department specifications. Asked when, later, the tender of firm ‘B’ for two remaining sizes was accepted on weight basis, why earlier this could not be done for other sizes for which order was placed on firm ‘C’ (M/s. Waldies Limited, Calcutta), the Ministry of Communications have, in a note, stated:

“In response to the second tender enquiry accepted in April 1976, there were only three acceptable offers—one firm ‘B’ an established supplier of this item who quoted on weight basis and two offers on number basis from firms who were new comers on this item. Considering the emergent need for these two sizes of lead sleeves and the delays that had occurred in procurement of this item, it became necessary to place orders for immediate requirements on the established firm, viz. firm ‘B’ to ensure supply of at least some materials which were urgently required. The orders for remaining quantities (which were more than those ordered on from ‘B’) were placed on the lowest tenderer who quoted on number basis as per tender enquiry. As accepting, an offer on weight basis, where tender enquiry specified offers on number basis, was violation of purchase practice such was practice was not adopted in the earlier tender. In the second tender such a procedure was forced to be adopted under the circumstances explained.”

2.9. Another reason given in the Audit Para for not accepting the rates of firm ‘B’ was that according to the conversion table (Appendix I) given in Indian Telegraph Department specifications, the weights were subject to variations due to tolerances permitted. The Committee desired to know whether this question was specifically gone into at the time of considering the tender of firm ‘B’ in August 1975. Further since the note below the Indian Telegraph Department specification (Appendix I) mentioned clearly that there would be only ‘very slight variation’ due to tolerance factors, the Committee enquired how it was presumed even without the necessary calculations, that it would not be proper to convert the rates quoted on weight basis to unit basis or that such conversion would not be in the interest of the department. The Ministry have in a note stated:

“The variation in weight allowing permissible tolerance to the maximum extent could be as much as about 12% which from technical consideration of weight on a cable joint can be termed as ‘very slight variation’ but it is a significant factor from financial consideration on pricing. If

cost comparison is made between offers on weight basis and number basis, an unknown factor contributing to the expenditure to the Department will be involved. The requirement of the department was for specific number of sleeves and the uncertainty factor on pricing had to be avoided if possible. From the minutes of SPC (Stores Purchase Committee) meeting held on 19-8-75, it will be seen that this aspect was considered by Stores Purchase Committee."

A calculation showing the effect on pricing if all the tolerances on dimensions were exploited to the disadvantage of the department is given in Appendix II. This will show that in such an eventuality, the loss to the department would have been Rs. 1.40 lakhs. This will also indicate the uncertainty factor involved in accepting the offer quoted on weight basis."

2.10. Since the fact that the tender of firm 'B' was being rejected because the weights given in the Indian Telegraph Department specification were subject to variations due to tolerances permitted, was not recorded in the proceedings of the Stores Purchase Committee, the committee asked whether this reason given now was an after-thought intended to cover up the extra expenditure incurred in the purchase. The Ministry have explained:

"In the proceedings of the Stores Purchase Committee held on 19-8-1975 it has been recorded that no comparison of price was possible on the offer of firm 'B' since the exact weights of sleeves of different sizes were not easily available. Further the tender enquiry was invited for a unit of each number and hence the offer based on a rate per kg. could not be accepted. Thus the unknown factor involving weight was recorded in the proceedings and hence this aspect cannot be taken as an after-thought.

Further, the contention about "extra expenditure" to the Department as a result of not placing order on firm 'B' is also not correct because there was also the possibility of the firm exploiting the tolerances to the disadvantage of the department and thus causing a loss to the department to the extent of Rs. 1.4 lakhs as will be seen from the table attached. (Appendix II)".

2.11. The Committee desired to know whether the General Manager, Telecommunications Stores, Calcutta or any other Telecommunications Stores of the P&T Department had obtained lead sleeves on previous occasion and if so, what were the details of any two such cases with particular reference to the mode in which the tenders were received and the mode in which the tender was finally placed on the selected firm. The Ministry have stated:

"The first purchase of lead sleeves by the P&T Stores Organisation was the one considered in Stores Purchasing Committee held on 19-8-1975. Earlier purchases were made by Directorate General of Supply and Disposals. In these cases also indents placed were on number basis and not on weight basis."

2.12. Asked whether quotations for these stores have ever been refused in the past on the plea of having quoted the rates on weight basis by the tenders, the Ministry have replied:

“The first purchase was considered in Store Purchase Committee meeting held in April 1975 which is being discussed in the audit para.”

2.13. To another question whether any enquiry has been conducted into the matter and responsibility fixed for the lapses, the Ministry have stated:

“To reject tender offers which are not in conformity with the tender enquiry is not a lapse hence the question of conducting any enquiry did not arise.”

2.14. The Committee note that in response to the tender enquiry floated by the General Manager, Telecommunication Stores, Calcutta, in April 1975, for supply of lead sleeves of various sizes for use by the Department in underground cable-jointing work, three quotations were received, namely, from firm A (M/s. R.L. Dutta and Sons, Calcutta), Firm ‘B’ (M/s. Heoseini Metal Rolling Mill, Pvt. Ltd., Bombay) and firm ‘C’ (M/s. Waldies Limited, Calcutta). The quotation of firm ‘A’ was not considered being conditional and the quotation of firm ‘B’ was also not accepted as it had quoted the rates on weight basis which was not in conformity with the tender enquiry which was invited for a unit of each number. Thus firm ‘C’ which had quoted the rates on unit basis was awarded the contract for supply of all the sizes of lead sleeves valued at Rs. 44.10 lakhs excepting two items which were not in accordance with the Department’s specifications. These remaining two items were, however, purchased from firm ‘B’ on weight basis as a result of second tender enquiry floated by the General Manager, Telecommunication Stores, Calcutta. The Committee are of the opinion that the additional expenditure of Rs. 2.94 lakhs approximately could have been saved if the entire order had been placed on firm ‘B’ by working out the rate per unit with reference to the rate per kilogram quoted by firm ‘B’ in accordance with the relevant Indian Telegraph Department Specifications which specified weights of various sizes of lead sleeves also and according to which it was possible to convert rates by weight into unit rates and vice-versa. This conversion would have given rates of firm ‘B’ lower than the rates of firm ‘C’. The Committee regret that instead of accepting this grave omission gracefully, the Ministry have come forward with an unacceptable explanation that the comparison of prices was not possible on the offer of firm ‘B’ since the exact weights of sleeves of different sizes were not easily available. The facts brought out in the Audit Para and the further information supplied by the Ministry in this regard speak otherwise as would be seen from the succeeding paragraphs.

2.15. The Committee find that in the Indian Telegraph Department Specifications dated 10-5-1968, the corresponding weights of the lead sleeves of specific sizes, internal diameter, radial thickness have been given, with the only stipulation that there could be very slight variations from the calculated weights shown therein due to the permitted tolerances. In the Committee’s view the contention of the Ministry of Communications that since the permissible variations in length, thickness and diameter as per specifications gave tolerance

upto about 12% in weight, the cost comparison after conversion of prices quoted on weight basis could result in substantial variation in actual expenditure as the weight of supplies could not be predicted to such a degree of accuracy or that exact weight of sleeves of different sizes were not easily available and there was also the possibility of the firm exploiting the tolerances to the disadvantage of the department, thus causing a loss to the extent of Rs. 1.4 lakhs, does not hold good. The fact of the matter is that for the purchase of the remaining two sizes, which were not ordered earlier on firm 'C' the General Manager, Telecommunication Stores, Calcutta, had accepted later on in April 1976, the tender of firm 'B' which again was given only on weight basis. Even if the plea advanced by the Ministry in support of their having accepted subsequently these items on the grounds of their being small in number, on emergent need for these two sizes, the delays that had occurred in procurement of this item and to ensure supply of at least some materials which were urgently required, is accepted at its face value, the fact remains that this supply was made possible only after converting the rates so quoted by firm 'B' from weight basis with unit rates on the basis of the relevant Indian Telegraph Department Specifications. The Committee thus fail to understand why this could not be done in the case of initial supply ordered on firm 'C'. No one in the Department seems to have applied his mind seriously to such a feasibility to effect an economy for the Department and a substantial saving to the public exchequer. Not only that the other argument of the Ministry that accepting an offer on weight basis, where tender enquiry specified offers on number basis, was violation of purchase practice, is also not tenable in as-much-as it had in effect been violated when the supplies were subsequently obtained from firm 'B' after converting their rates into unit numbers. When the possibility of conversion had been established the quantity of an item required was immaterial. The same formula could and should have been applied to larger number also. This was, however, not done. The Committee deprecate this casual attitude of the Department.

2.16. The Committee further find that, according to the Ministry, though the variation in weight allowing permissible tolerance being as much as about 12 per cent could be termed as 'very slight variation' from technical consideration of weight on a cable joint it was a significant factor from financial consideration on pricing involving an unknown factor contributing to the expenditure to the Department if cost comparison was made between offers on weight basis and number basis. The Committee, however, feel that it was all hypothetical, as they fail to understand how the Ministry had presumed even without making necessary calculation physically in this particular case that there was possibility of the firm exploiting the tolerance variations to the disadvantage of the Department causing a loss to the extent of Rs. 1.4 lakhs. Prudence required that the General Manager, Telecommunication Stores, Calcutta, should have negotiated with firm 'B' on this specific issue and resolved the bogey of tolerances and the imaginary resultant price variations to the advantage of the Department, particularly when this firm was an established supplier of lead sleeves to various Government Departments through the Director General of Supplies and Disposals including Defence and Posts and Telegraphs, rather than finding alibi afterwards for their inability to act in time. The Committee would be interested in knowing how and to what extent the Department was successful in checking firm 'B'

to exploit the tolerances to its favour and minimising the loss on this account in respect of the subsequent order placed on that party.

2.17. The Committee would also like to be informed as to what procedure the Department had followed for their requirements of the lead sleeves after the supplies against April 1975 order had materialised or were contemplating to follow for their future demand of this item from various Departments under the Ministry of Communications, vis-a-vis conversion of rates quoted on weight basis to unit basis whenever such an eventuality arises. It would be worthwhile to consult the Directorate of Supplies and Disposals or the Defence Department and seek their guidance for coming to a definite conclusion in this regard for the future.

NEW DELHI;

April 28, 1979.

Vaisakha 8, 1901(S).

P. V. NARASIMHA RAO,

Chairman,

Public Accounts Committee.

A P P E N D I C E S

APPENDIX I

(Vide Para 2·6)

ITD Spec. No. S/WT-102 D.

TABLE—1

Dimensions of Lead Sleeves and Weights (Cl. 3·1)

S. No.	Length mm	Internal Diameter mm	Radial Thickness	Weight Kgs.
1	2	3	4	5
1.	88·9	9·5	1·5	0·052
2.	140	15·2	1·5	0·125
3.	152	19·1	1·9	0·216
4.	154(254)	21·6	1·9	0·404
5.	305	25·4	2·3	0·692
6.	305	38·1	3·1	1·388
7.	381	50·8	3·1	2·269
8.	457	38·1	3·1	2·08
9.	457	50·8	3·1	2·721
10.	457	63·5	3·8	4·164
11.	457	76·2	4·3	5·636
12.	533	63·5	3·8	4·856
13.	533	76·2	4·3	6·573
14.	533	88·9	4·3	7·61
15.	533	102	4·3	8·68
16.	610	76·2	4·3	7·523
17.	610	88·9	4·3	8·712
18.	610	102	4·3	9·933
19.	610	114	4·3	11·06
20.	686	76·2	4·3	8·461
21.	686	88·9	4·3	9·795
22.	686	102	4·3	11·170
23.	686	114	4·3	12·44
24.	360	127	4·3	13·8
25.	762	102	4·3	12·41
26.	762	114	4·3	13·81
27.	762	127	4·3	15·33
28.	762	152	5·1	21·76

*There may be very slight variations from the calculated weight shown in Column 5 due to tolerances permitted at Cl. 3·2.

NOTE : Dimensions are to be measured at 20°C. Sp. Gravity of Lead 8 has been taken to be 11·34 at 20°C in all these calculations.

—END OF SPECIFICATION—

APPENDIX II

(Vide Para: 2.9)

Calculation Table showing effect on pricing if all the tolerances on dimensions were exploited to the disadvantage of Department

Name of item Lead sleeves of sorts	Weight as in ITD specification (in Kgs.)	Percentage variation in volume of lead if all the tolerances in the specification are exploited to the dis- advantage of the Deptt.	Calculated weight based on column 3	Price@ Rs. 9.60 per Kg. quoted by M/s. Hoosini Rolling (P) Ltd. By. on weight basis as per column 4	Rate offered by M/s. Waldies Ltd. Calcutta on whom the PO was placed	Difference columns 5-6	Quantity ordered	Total possible loss in rupees
1	2	3	4	5	6	7	8	9
1. 305 mm × 38.1 mm	1.388	12.42	1.56 Kg.	Rs. 14.98	Rs. 14.20	Rs. 0.78	42,333	Rs. 33,019.00
2. 381 mm × 50.8 mm	2.269	11.98	2.54 "	Rs. 24.39	Rs. 23.20	Rs. 1.19	33,000	Rs. 39,270.00
3. 457 mm × 50.8 mm	2.721	11.69	3.039 "	Rs. 29.17	Rs. 27.80	Rs. 1.37	18,000	Rs. 24,660.00
4. 457 mm × 63.5 mm	4.164	11.69	4.65 "	Rs. 44.64	Rs. 43.68	Rs. 0.96	12,000	Rs. 11,520.00
5. 533 mm × 88.9 mm	7.61	11.49	8.48 "	Rs. 81.41	Rs. 80.00	Rs. 1.41	9,000	Rs. 12,690.00
6. 610 mm × 88.9 mm	8.712	11.33	9.699 "	Rs. 93.11	Rs. 91.56	Rs. 1.55	3,400	Rs. 5,270.00
7. 686 mm × 102 mm	11.17	11.21	12.42 "	Rs. 119.23	Rs. 117.08	Rs. 2.15	4,000	Rs. 8,600.00
8. 686 mm × 114 mm	12.44	11.21	13.83 "	Rs. 132.77	Rs. 131.04	Rs. 1.73	4,000	Rs. 6,920.00
								Rs. 141,949.00
								Say . R. 1,42,000

APPENDIX III

Statement of Conclusions and Recommendations

S.No.	Para No.	Ministry/Department concerned	Conclusions or Recommendations
1	2	3	4
1	1.13	Ministry of Communications (P & T Board)	From the information furnished by the Ministry of Communications in reply to the various points brought out in the Audit Para, the Committee note that the arrears of rent of telegraph, telephone and teleprinter circuits and telex/intelelex charges as on 1 July, 1977, for bills issued upto 31 March, 1977 were Rs. 243.00 lakhs; of these Rs. 135.26 lakhs were outstanding as on 1 July, 1978. This amount includes outstandings pertaining to bills issued in earlier years (as early as 1971-72). The Committee are disturbed by these heavy old arrears and recommend that serious efforts should be made to liquidate these arrears.
2	1.14	Do.	The Committee find that rental for telegraph, telephone and teleprinter circuits is payable in advance annually, quarterly or monthly at the option of the subscriber. Rental for telex machines and the line provided to the subscriber is payable in advance annually. Bills for telex and intelex calls are issued on monthly basis in arrears and are payable within 15 days from the date of issue, as in the case of telephone bills. In case of non-payment of rent and call charges on or before the due date, the service is liable for disconnection by giving to the subscriber a notice in writing for a period of seven days. It would be appropriate to mention in this connection that the Committee in Paras 1.12 and 1.13 of their 122nd Report (Fifth Lok Sabha) had desired the Department to ensure that

the instructions issued on 20 March, 1971 and 30 March, 1971 laying down the procedure for withdrawal of circuits in case of default in payment were observed by the local authorities and no laxity was tolerated on this account. The Committee had also then hoped that with the introduction of special procedure in December 1972 for recovery of arrears due from Defence authorities the realisation would substantially improve. The Government in their reply reproduced in Chapter II of the Committee's 143rd Report (Fifth Lok Sabha) had stated that the concerned Heads of Circles and Telephone Districts where the outstandings continued to be heavy had been specifically instructed to ensure that instructions issued by the Directorate in March 1971 regarding withdrawal of Circuits in case of default in payment were observed by the local authorities and recovery action taken accordingly. It had also been stated by the Department that continuous efforts were being made to clear the arrears in respect of bills issued upto 31-3-1972 which stood at Rs. 76.45 lakhs as on 1-4-1974. The Committee, however, note that not only old arrears continue to rule high year after year (e.g. the arrears for bills issued upto 1971-72 standing at Rs. 22.47 lakhs as on 1 July, 1977) but huge new arrears have also been added, particularly from the year 1976-77. The Committee have, therefore, come to the inescapable conclusion that the instructions of March 1971 have not been followed seriously but have met the same fate as has happened in series of periodical instructions issued by the Directorate General, Posts & Telegraphs from time to time in the past in respect of arrears of telephone revenues; rent of circuits or telex charges, so far as their implementation at the lower formations under the Department is concerned. Since the problem has assumed an alarming proportion, the Committee would urge that the whole question of arrears would be reviewed in all seriousness at higher level and more effective and stringent measures taken to ensure that not only the old arrears are liquidated early but the mounting of new arrears is also checked to a reasonable limit, if not eliminated altogether.

3

1.15

Ministry of Communica-
tions (P & T Board)

The Committee take a serious view of the short recoveries as well as failure to issue bills by P & T Department. It will be seen from the details furnished in this regard that for six cases of short billing during 1977-78 exceeding Rs. 5,000, the total amount involved is Rs. 2,48,823 and for 4 cases of failure to issue bills during 1975-76 exceeding Rs. 5,000/- the total amount involved is Rs. 37,074.00. For circuits to Railways at Nagpur, short billing to the tune of Rs. 1,73,598.00 during 1977-78 (on the Government side) and for non-exchange lines to a private firm to the extent of Rs. 5,580.00 during the same year have been detected. In case of failure to issue bills all the four cases relate to Circuits to Army in Andhra Pradesh. The Committee would like that responsibility for failure to issue bills or short billing should be fixed at all levels so as to ensure that there is no recurrence of these lapses. They would also stress the need of conducting a thorough investigation into the working of the billing system with a view to clearly identifying reasons for individual cases of short recoveries and of non-issue of bills thus bringing the defaulters to book.

4

1.16

Do.

Coming to litigation aspect, the Committee find that the total number of cases in excess of Rs. 5,000/- under litigation or dispute as on 31-1-79 is 23 with the break-up (i) Bombay Telephone Distt. 8; Madras Telephone Distt. 3; Bihar Circle 1 and Delhi Telephone Distt. 11. The total amount involved for all these Distt. and Circles comes to Rs. 7,58,090.62. The oldest case under dispute relates to the year 1966 involving Rs. 7,527/- due from a private firm. The highest amount involved under dispute is Rs. 1,89,389.00 under Delhi Telephone Circle pertaining to Indian Air Force and under litigation (Court Case) in Madras Telephone District is Rs. 1,70,689.68 pertaining to M/s. Universal Press Service, Madras. The Committee would like the Department to lay down more comprehensive and clear cut guidelines so that steps for realisation by the Department are made more effective and litigation can be avoided.

5

2·14 Ministry of Communications
(P.& T. Board)

The Committee note that in response to the tender enquiry floated by the General Manager Telecommunication Stores, Calcutta, in April 1975, for supply of lead sleeves of various sizes for use by the Department in underground cable-jointing work, three quotations were received, namely, from firm A (M/s. R.L. Dutta and Sons, Calcutta), Firm 'B' (M/s. Hoosini Metal Rolling Mill, Pvt. Ltd., Bombay) and firm 'C' (M/s. Waldies Limited, Calcutta). The quotation of firm 'A' was not considered being conditional and the quotation of firm 'B' was also not accepted as it had quoted the rates on weight basis which was not in conformity with the tender enquiry which was invited for a Unit of each number. Thus firm 'C' which had quoted the rates on unit basis was awarded the contract for supply of all the sizes of lead sleeves valued at Rs. 44·10 lakhs excepting two items which were not in accordance with the Department's specifications. These remaining two items were, however, purchased from firm 'B' on a weight basis as a result of second tender enquiry floated by the General Manager, Telecommunication Stores, Calcutta. The Committee are of the opinion that the additional expenditure of Rs. 2·94 lakhs approximately could have been saved if the entire order had been placed on firm 'B' by working out the rate per unit with reference to the rate per kilogram quoted by firm 'B' in accordance with the relevant Indian Telegraph Department specifications which specified weights of various sizes of lead sleeves also and according to which it was possible to convert rates by weight into unit rates and *vice-versa*. This conversion would have given rates of firm 'B' lower than the rates of firm 'C'. The Committee regret that instead of accepting this grave omission gracefully, the Ministry have come forward with an unacceptable explanation that the comparison of prices was not possible on the offer of firm 'B' since the exact weights of sleeves of different sizes were not easily available. The facts brought out in the Audit Para and the further information supplied by the Ministry in this regard speak otherwise as would be seen from the succeeding paragraphs,

The Committee find that in the Indian Telegraph Department Specifications dated 10-5-1968, the corresponding weights of the lead sleeves of specific sizes, internal diameter, radial thickness have been given, with the only stipulation that there could be very slight variations from the calculated weights shown therein due to the permitted tolerances. In the Committee's view the contention of the Ministry of Communications that since the permissible variation in length, thickness and diameter as per specifications gave tolerance upto about 12% in weight, the cost comparison after conversion of prices quoted on weight basis could result in substantial variation in actual expenditure as the weight of supplies could not be predicted to such a degree of accuracy or that exact weight of sleeves of different sizes were not easily available and there was also the possibility of the firm exploiting the tolerances to the disadvantage of the department, thus causing a loss to the extent of Rs. 1.4 lakhs, does not hold good. The fact of the matter is that for the purchase of the remaining two sizes, which were not ordered earlier on firm 'C', the General Manager, Telecommunication Stores, Calcutta, had accepted later on in April 1976, the tender of firm 'B' which again was given only on weight basis. Even if the plea advanced by the Ministry in support of their having accepted subsequently these items on the grounds of their being small in number, on emergent need for these two sizes, the delays that had occurred in procurement of this item and to ensure supply of at least some materials which were urgently required is accepted at its face value, the fact remains that this supply was made possible only after converting the rates so quoted by firm 'B' from weight basis with unit rates on the basis of the relevant Indian Telegraph Department Specifications. The Committee thus fail to understand why this could not be done in the case of initial supply ordered on firm 'C'. No one in the Department seems to have applied his mind seriously to such a feasibility to effect an economy for the Department and a substantial saving to

the public exchequer. Not only that the other argument of the Ministry that accepting an offer on weight basis, where tender enquiry specified offers on number basis, was violation of purchase practice, is also not tenable in as-much-as it had in effect been violated when the supplies were subsequently obtained from firm 'B' after converting their rates into unit numbers. When the possibility of conversion had been established the quantity of an item required was immaterial. The same formula could and should have been applied to larger number also. This was, however, not done. The Committee deprecate this casual attitude of the Department.

7

2-16 Ministry of Communications (P. & T. Board)

The Committee further find that, according to the Ministry, though the variation in weight allowing permissible tolerance being as much as about 12 per cent could be termed as 'very slight variation' from technical consideration of weight on a cable joint, it was a significant factor from financial consideration on pricing involving an unknown factor contributing to the expenditure to the department if cost comparison was made between offers on weight basis and number basis. The Committee, however, feel that it was all hypothetical, as they fail to understand how the Ministry had presumed even without making necessary calculation physically in this particular case that there was possibility of the firm exploiting the tolerance variations to the disadvantage of the Department causing a loss to the extent of Rs. 1.4 lakhs. Prudence required that the General Manager, Telecommunication Stores, Calcutta, should have negotiated with firm 'B' on this specific issue and resolved the bogey of tolerances and the imaginary resultant price variations to the advantage of the Department, particularly when this firm was an established supplier of lead sleeves to various Government Departments through the Director General of Supplies and Disposals including Defence and Posts and Telegraphs, rather than finding *alibi* afterwards for their inability to act in time. The Committee would be interested in knowing how and to what extent

the Department was successful in checking firm 'B' to exploit the tolerances to its favour and minimising the loss on this account in respect of the subsequent order placed on that party.

8

2.17

Do.

The Committee would also like to be informed as to what procedure the Department had followed for their requirements of the lead sleeves after the supplies against April 1975 order had materialised or were contemplating to follow for their future demand of this item from various Departments under the Ministry of Communications, *vis-a-vis* conversion of rates quoted on weight basis to unit basis whenever such an eventuality arises. It would be worthwhile to consult the Directorate of Supplies and Disposals or the Defence Department and seek their guidance for coming to a definite conclusion in this regard for the future.

20. Atma Ram & Sons,
Kashmere Gate,
Delhi-6.
21. J. M. Jaina & Brothers,
Mori Gate, Delhi.
22. The English Book Store,
7-L, Connaught Circus,
New Delhi.
23. Bahree Brothers,
188, Lajpatrai Market,
Delhi-6.
24. Oxford Book & Stationery
Company, Scindia House,
Connaught Place,
New Delhi-1.
25. Bookwell,
4, Sant Narankari Colony,
Kingsway Camp,
Delhi-9.
26. The Central News Agency,
23/90, Connaught Place,
New Delhi.
27. M/s. D. K. Book Organisations,
74-D, Anand Nagar (Inder Lok),
P.B. No. 2141,
Delhi-110035.
28. M/s. Rajendra Book Agency,
IV-D/50, Lajpat Nagar,
Old Double Storey,
Delhi-110024.
29. M/s. Ashoka Book Agency,
2/27, Roop Nagar,
Delhi.
30. Books India Corporation,
B-967, Shastri Nagar,
New Delhi.

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