

**PUBLIC ACCOUNTS COMMITTEE
(1974-75)**

(FIFTH LOK SABHA)

HUNDRED AND SIXTY-THIRD REPORT

[Action taken by Government on the recommendations of the P. A. C. contained in their 81st Report (5th Lok Sabha) on paragraph 51 of the Report of C & AG for the year 1970-71, Union Government (Civil) relating to Overseas Communications Service.]



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 1975/Vaisakha, 1897 (S)

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THE AGENDA TO THE 163RD REPORT OF THE PUBLIC ACCOUNTS
COMMITTEE (1974-75) PRESENTED TO LOK SABHA ON 29.4.1975

<u>PAGE</u>	<u>PARA</u>	<u>LINE</u>	<u>FOR</u>	<u>RELD</u>
3	1.7	4	the early deci- sion	an early deci- sion
4	1.8	4	Instead of 'long ag.', after 'a private' add 'pre-project was closely associated with the project long before'.	
14	1.20	5	'Somewhat nasty'	'Somewhat hasty'
13	1.20	16	would be in a	would be in a
13	1.20	21	failed to	failed to
10	1.23	13	is not associat- ing	in not associat- ing
13	1.29	8	to 150 lakh	to 1150 lakh
13	1.30	2	Department	Department
14	1.70	3	routed	routed
17	1.96	2	outstanding	outstandings
26	-	13	delete 'f' after 'end of'	
27	-	4	months	months
43	Col.4	2	Expert Committee	Expert Committee
59	-	11	missions	missions
60	1.7	4	the early deci- sion	an early deci- sion
61	1.7	3	be itself	by itself
61	1.7	-	In the last line, add 'have' after 'Govt. may'.	
62	1.15	4	letter D.A., O.C.S. later DG, OCS.	

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PUBLIC ACCOUNTS COMMITTEE

(1974-75)

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Shri Jyotirmoy Bosu

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3. Shri C. D. Gautam
4. Shri Pampan Gowda
5. Shri Jagannathrao Joshi
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20. Shri T. N. Singh
21. Shri Sasankasekhar Sanyal
22. Shri A. K. A. Abdul Samad

SECRETARIAT

Shri B. K. Mukherjee—Chief Legislative Committee Officer

Shri N. Sunder Rajan—Senior Financial Committee Officer

INTRODUCTION

I, the Chairman of the Public Accounts Committee having been authorised by the Committee, do present on their behalf this Hundred and Sixty-third Report on action taken by Government on the recommendations of the P.A.C. contained in their 81st Report (5th Lok Sabha) on paragraph 51 of the Report of C&AG for the year 1970-71, Union Government (Civil) relating to Overseas Communications Service.

2. On the 31st May, 1974 an 'Action Taken' Sub-Committee was appointed to scrutinise the replies from Government in pursuance of the recommendations made by the Committee in their earlier Reports. The Sub-Committee was constituted with the following Members:

Shri H. M. Patel—*Convenor*

2. Shri Sasankasekhar Sanyal
3. Shri Jagannathrao Joshi
4. Shri S. C. Besra
5. Shri V. B. Raju
6. Shri Mohammed Usman Arif
7. Shri P. Antoni Reddi
8. Shri Narain Chand Parashar
9. Shri T. N. Singh

3. The Action Taken Sub-Committee of the Public Accounts Committee (1974-75) considered and adopted this Report at their sitting held on 25th April, 1975. The Report was finally adopted by the Public Accounts Committee on the 28th April, 1975.

4. For facility of reference the main conclusions/recommendations of the Committee have been printed in thick type in the body of the Report. A statement showing the summary of the main recommendations/observations of the Committee is appended to the Report (Appendix).

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

NEW DELHI;

April 28, 1975.

Baisakha 8, 1897(S)

JYOTIRMOY BOSU,
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

This Report of the Committee deals with action taken by Government on the recommendations contained in their 81st Report (Fifth Lok Sabha) on Para 51 of Report of the Comptroller & Auditor General of India for the year 1970-71—Union Government (Civil). Action Taken Notes have been received in respect of all the 31 recommendations contained in the Report.

1.2. The Action Taken Notes on the recommendations of the Committee have been categorised under the following heads:

I. *Recommendations/Observations that have been accepted by Government.*

S. No. 3, 4, 5, 6, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31.

II. *Recommendations/Observations which the Committee do not desire to pursue in view of the replies of Government.*

S. No. 8.

III. *Recommendations/Observations replies to which have not been accepted by the Committee and which require reiteration.*

S. No. 1, 2.

IV. *Recommendations/Observations in respect of which Government have furnished interim replies.*

S. No. 7.

1.3. The Committee hope that final reply in regard to recommendation to which only interim reply has so far been furnished will be submitted to them expeditiously after getting them vetted by Audit.

1.4. The Committee will now deal with the action, taken on some of the recommendations.

Set up of Overseas Communication Service—(Paras 1.6 and 1.7—S. Nos. 1 and 2).

1.5. Replying to the set up of Overseas Communication Service, the Committee made the following observations in paragraphs 1.6 and 1.7:—

“1.6. The Committee note that the need for integration of the Overseas Communications Service with the Posts and Telegraphs Department has been felt in the past by the Estimates Committee and the Administrative Reforms Commission. As early as 1961, the Estimates Committee had desired that the question of integration of O.C.S. with P & T Department might be considered when P&T Board sufficiently stabilised and was in a position to take more responsibilities. The Administrative Reforms Commission felt in 1970 that technically as well as administratively the merger of the O.C.S. with the P&T Board would be beneficial and the two should be integrated. The recommendations of the Administrative Reforms Commission are stated to have been examined by the Department and are being put up to the Cabinet. The Committee are in agreement with the views of the Estimates Committee and the Administrative Reforms Commission. They accordingly desire that a decision should not further be delayed in the matter of such importance.

1.7. It was urged before the Committee that the integration would result in interchange of staff and this might affect the efficiency of O.C.S. The Committee feel that in view of the fact that the technology of internal tele-communications has also made rapid advances in the recent years, merger of certain categories of staff would be beneficial to both. Alternatively Government may consider the feasibility of setting up of a separate Department of O.C.S. under the P&T Board as in United Kingdom in order to maintain its separate identity.”

1.6. In their reply, the Ministry of Communications have stated:

The recommendations of the Administrative Reforms Commission regarding merger of Overseas Communications Service with the P & T were examined by Government in great detail and a decision was taken by the Cabinet on 22nd February, 1973, that the O.C.S. need not be merged with the P & T Department.

The question has been reviewed in the light of the recommendations of the Public Accounts Committee. While it is true that in future telecommunications technology will increasingly become similar both in the O.C.S. and P & T Department as a result of programming of number of satellite

earth stations in the country for internal traffic, there are more important factors which would not suggest merger of the two organisations. External telecommunications are a distinct category of service by themselves requiring close and continuous liaison with foreign Administrations in operational matters, accounting procedures, etc. It is necessary to maintain the separate entity of the O.C.S. for the sake of better organisational control and effective collaboration with the counterpart Administrations in other countries. Apart from this, merger would create various administrative and staff problems without any compensating advantages. The advantage of having better control over a small and compact organisation might also be lost in the event of merger. Government have, therefore, decided to continue the existing arrangements. Government have also carefully considered the alternatives recommended by the Public Accounts Committee in the light of the practice prevalent in other countries and they are of the opinion that transfer of administrative control of the O.C.S. from the Ministry of Communications to the P&T Board would not by itself result in better administrative, technical and operational efficiency of the O.C.S. On the other hand, Government consider that it would be in the public interest to continue O.C.S. as a separate entity under the control of the Ministry of Communications as at present.

1.7. While agreeing with the views of Estimates Committee and Administrative Reforms Commission regarding merger of the Overseas Communication Service with P&T Directorate, the Committee had desired that the early decision should be taken in the matter. The Ministry have informed the Committee that a decision was taken by the Cabinet on the recommendations of A.R.C. on 22nd February, 1973 that the O.C.S. need not be merged with the P&T Department. The question has been reviewed in the light of the recommendation of the Public Accounts Committee and Government have decided to continue the existing arrangements considering that it is necessary to maintain the separate entity of O.C.S. for the sake of the better organisational control and effective collaboration with the counterpart administrations in other countries. Government have also considered the alternative recommended by the Committee regarding feasibility of setting up of a separate department of O.C.S. under the P&T Board as in other countries in order to maintain its separate identity. Government are of the opinion that transfer of administrative control of O.C.S. from the Ministry of Communications to P&T Board would not by itself result in better administrative, technical and operational efficacy of O.C.S. On the other hand, Government consider that it would be in the public interest to continue O.C.S. as a separate entity under the control of the Ministry of Communications as at present. It is not clear to the Committee what public interest is involved in continuing O.C.S. as a separate entity under the control of the Ministry as at present. The Government have admitted that

in future telecommunication technology will increasingly become similar both in OCS and P&T Department as a result of programming of a number of satellite earth stations in the country for internal traffic. The two arguments which have weighted with Government most for keeping O.C.S. as a separate entity are (i) the need for close liaison with foreign administrations in operational matters, accounting procedures etc. and (ii) various administrative and staff problems resulting from merger. It is difficult to see in what way close liaison with foreign administrations in operational and other matters is more difficult if OCS is put under P&T Board. Indeed the advancement of technology on the P&T side on the same lines as in O.C.S. points to the need for proper coordination not only in purchase of equipment spares etc. but also in the field of research and development. The Committee, therefore, continue to be more impressed with arguments in favour of the OCS being under the overall control of the P&T Board rather than as at present under the Ministry. This is, however, a kind of question where Government's view should prevail. The Committee would, however, suggest that Govt. may have one more look at the entire question.

Construction of Videsh Sanchar Bhawan—Para 1.155 (S. No. 28)

1.8. The Public Accounts Committee had expressed their dissatisfaction with the manner in which construction of Videsh Sanchar Bhavan which houses the Overseas Communication Service at Bombay was carried out. A private long ago his firm was appointed as architects by the Department. The CPWD which is the normal agency for construction works of Government was excluded from this construction work on the ground of urgency and on an assurance of the architect to complete the work within a time-limit of 10-12 months. The building was not actually completed within the time limit envisaged by the Department. The other irregularities pointed out by the Committee were that the architect, whose plans and estimates were to be scrutinized by the Works Committee, was appointed as a Member of that Committee. The architect was authorised by the Works Committee to negotiate rates for piling contract. The exterior treatment of the building was allowed at an exorbitantly high cost.

1.9. In Paragraph 1.155 of the Report, the Committee observed:—

“1.155. As will be evident from the foregoing paragraphs, the Committee are thoroughly dissatisfied with the manner in which all aspects of the construction of this building have been handled. They consider that there is full justification for a comprehensive and detailed enquiry to be instituted and accordingly recommend that an independent expert committee should be appointed to go into all aspects of this matter and to submit its report within six months.”

1.10. The Ministry of Communications have in their reply dated 17th April, 1974 stated as follows:—

“The Expert Committee, under the Chairmanship of Shri M. A. Rao, retired Member, Railway Board, and S/Shri A.L. Sehgal, Chartered Accountant, and C.D. Kapur, retired Chief Engineer, CPWD, as Members was constituted by order issued in May 1973 *vide* Ministry of Communications order No. G.25015/1/73-OC, dated the 9th May, 1973, and 10th May, 1973. The Committee was required to submit its report within three months and because, *inter alia*, it was not working on whole time basis, its term had to be extended thrice, last upto 30th April, 1974. The Committee have submitted a report on 5th April, 1974. A copy of the Report which is in two parts is enclosed.*

The Expert Committee have submitted a comprehensive and detailed report after going into all aspects of the construction of the Videsh Sanchar Bhavan building. Most of the conclusions reached by the Expert Committee have been covered by the replies in the action taken notes furnished. The remaining conclusions of the Expert Committee are being considered by Government.”

1.11. The Expert Committee have held the following 3 officers as mostly responsible for serious lapses in this case:

- (i) Shri S. N. Kalra, Director General, O.C.S.
- (ii) Shri K. M. Balchandani, Chief Engineer, O.C.S., later Director General of O.C.S.
- (iii) Shri S. D. Nargolwala, Financial Adviser to the Ministry of Communications.

1.12. A statement showing the lapses for which these officers were responsible is given in Appendix I.

1.13. As regards action against the officers, the Ministry of Communications have stated as follows:

“As regards the 3 officers, since all of them, have already retired from service, it has not been possible to proceed against them departmentally in view of the provisions of C.S.R. 351-A, according to which if departmental proceedings had not been instituted while the government officer was in service, the proceedings can be instituted only—

- (a) by or with the sanction of President; and

(b) for a misconduct or misbehaviour in respect of any event which took place not earlier than 4 years before the institution of the proceedings.

However, for the lapses, for which they have been held responsible in the Expert Committee's report the advice of the Ministry of Law/Department of Personnel is being sought as to the punitive action, if any, that may be feasible or called for in this case."

1.14. The Ministry of Communication were asked to intimate the latest position in regard to the action taken against the officers concerned. In their reply dated 31st March, 1975, the Ministry of Communications have stated:

"The matter is under consideration and a further communication will follow as soon as a final decision is taken."

1.15. The Committee note that the Expert Committee which enquired into the construction of Videsh Sanchar Bhavan (a building of OCS in Bombay) has found 3 officers Sarvashri S. N. Kalra, D.G., O.C.S., K.M. Balchandani, Chief Engineer O.C.S. (later D.G., O.C.S.) and S. D. Nargiwal, Financial Adviser to the Ministry of Communications-mostly responsible for several serious irregularities. As the officers have already retired from service, it has not been possible to proceed against them departmentally. However, advice of Ministry of Law and the Department of Personnel has been sought as to the punitive action, if any, that may be feasible or called for against each one of them.

1.16. The Committee are very much concerned to observe that although more than a year has elapsed since the Expert Committee submitted their report, Government have not yet decided whether they are in a position to, and if so, whether they at all wish to take action against the officers whom the Expert Committee held responsible in the main for the various lapses (malpractices) in this case. The Committee would reiterate their earlier recommendation that as disciplinary action which is inordinately delayed lose much of its deterrent value, it is very necessary that Government should take action without further loss of time. Punitive action should also be taken against those who have retired (i.e. S/Shri S. N. Kalra, D.G., O.C.S. K. M. Balchandani, Chief Engineer, O.C.S. (later D.G., O.C.S.) and S. D. Nargiwal, Financial Adviser). While doing so, the Committee suggest that Government takes note also of the recommendation contained in paragraph 1.25 of this Report. The Committee would also like to be informed about the action taken against other officers responsible for the various lapses pointed out by the Expert Committee.

1.17. The Committee note the remedial measures that have been taken by the Ministry and they hope that care will be actually taken to ensure non-recurrence of such lapses. The matter should be reflected in the annual report of the Ministry.

Lack of justification in entrusting the work to an agency other than CPWD (Paras. 1.146 and 1.147—S. Nos. 19-29).

1.18. Questioning the justification for entrusting the construction work to an agency other than C.P.W.D. the Committee made the following observations in paragraphs 1.146 and 1.147:

"1.146. From the correspondence with the CPWD, the Committee find that the OCS consistently laid emphasis on the advisability of the exclusion of the CPWD from the construction work and on the assurance of the architect to complete the work within the time limit envisaged by the Department. Ultimately, the OCS were successful in getting the clearance from the Ministry of Works and Housing for the work to be entrusted to an agency other than the CPWD.

"1.147. The Committee are surprised that the Ministry of Works and Housing should have given its approval to the proposal that the work should be entrusted to an agency other than CPWD on the ground that the work could not be completed by the CPWD by the target date. in fact the CPWD had given expression to the view that no other agency also could complete it by the target date. During evidence the present Engineer-in-Chief also subscribed to the view given in November, 1967 that no agency could give assurance of finishing the project by the end of 1968. The Committee feel that the onus thus lay on the OCS or the Ministry to refute the CPWD's view, since CPWD constitute Government's normal advisers in a matter such as this."

1.19. In their reply dated 17-4-1974, the Ministry of Communication stated.

This has been discussed in Chapter IV of the Report of the Expert Committee and they have concluded in serial Nos. 12 and 13 of Chapter XIV that the decision taken by the Ministry of Works and Housing to approve of the Work being given to an agency other than the CPWD without satisfying themselves that this really would enable the project to be completed within a period of 10 months or so was somewhat hasty.

The Expert Committee have also observed that S/Shri S. N. Kalra and K. M. Balchandani acted in an injudicious manner in accepting Shri Kudinavala's assurances at their face value without making any further enquiries to satisfy themselves about their practicability. They feel that Shri Nargolwala also should have looked into the matter before approving of the proposal for his appointment.

Government have examined this matter. The conclusions reached by the Expert Committee are being brought to the notice of the Ministry of Works and Housing insofar as that Ministry is concerned. As regards, the lapses on the part of the officers mentioned above, these have been noted in the Ministry of Communications for issuing suitable instructions for future guidance of the departmental officers.

In regard to the failure of S/Shri S. D. Nargolwala, S. N. Kalra and K. M. Balchandani, who have retired from service and institution of departmental disciplinary proceedings is barred by CSR 351-A, the advice of the Ministry of Law/Department of Personnel is being sought as to the punitive action, if any, that may be feasible or called for in this case.

The Expert Committee at page 67 of their report have stated; "The onus, as pointed out by the PAC undoubtedly lay on the OCS or the Ministry of Communications to refute the CPWD's view but, unfortunately, they were not asked to do so by the CPWD or the Ministry of Works, Housing & Supply. Consequently no further action in the matter was taken." The Government have examined this matter further.

The approval of the Works & Housing Ministry was preceded by the following correspondence:—

- (i) "Shri B. V. Subrahmanyam, Engineer Officer to the Chief Engineer, CPWD, addressed a letter dated 22-12-67 to Shri K. M. Balchandani, Chief Engineer, OCS, where among other things, he stated: "Therefore, it is very unlikely that any agency can give assurance of finishing the project by the end of 1968."
- (ii) Shri K. M. Balchandani wrote on 11-12-67 to Shri M. L. Nanda, Chief Engineer, CPWD, stated among other things; "We have been assured by Shri Kudianavala and his associate construction group that our minimum requirements could be completed in a period of 10 months from the date of entering into contract."
- (iii) Shri M. L. Nanda wrote to the WH&S Ministry on 15-12-67 expressing the opinion that it would not be possible to complete the building by the end of 1968. No comments can also

be offered on the assurance given by Shri Kudianvala regarding completing of this project within a period of 10 months, as we do not know the basis on which such an assurance has been given.....

The approval accorded by the Ministry of Works and Housing to the work being entrusted to an out-side agency was unqualified one. The question of refuting the CPWD's view on the part of the OCS or Ministry, it may be appreciated, did not arise."

1.20. The Committee note the conclusion of the Expert Committee that the decision taken by the Ministry of Works, Housing and Supply in approving of the work being given to an agency other than CPWD without satisfying themselves that this really would enable the project to be completed within a period of 10 months or so was "somewhat hasty". 'Somewhat hasty' is an unduly mild expression to use in regard to a decision which in effect amounted to running away from responsibility.....

The Ministry of Works, Housing and Supply or the C.P.W.D. also did not give an opportunity to the Ministry of Communications or the O.C.S. to take careful note of the C.P.W.D.'s view that the work could not be completed within 10 months or so, by any other agency before making up the mind to giving the work to an out-side agency. The Committee consider that it was the duty of the Government in the Ministries of Communications and Works & Housing to satisfy themselves whether it was practicable to complete the building within 10 months or so and if not, whether the private architect would be in a better position to be able to do so. As observed by the Expert Committee the officers in the OCS and the Ministry of Communications should not have allowed themselves to be influenced by the tall claims of high contracts etc. made by the private architect or any other pressures. The Ministry of Works, Housing and Supply also failed to satisfy themselves in this regard before according their approval. The Committee desire that the responsibility of the officers concerned should be fixed under advice to the Committee.

Failure to associate a representative of CPWD with the Works Committee (Para 1.52C [S. No. 25(i)]).

1.21. Referring to the failure to appoint a representative of the CPWD with the Works Committee, The Committee had observed:—

"In the constitution of the Works Committee a representative from CPWD was not associated. Strangely enough, in a work of such magnitude, no consultation or participation from CPWD was sought by OCS."

1.22. In their reply, the Ministry of Communications have stated:—

(i) The Expert Committee have examined this clause in paragraphs 19 and 20 of Chapter III of their Report with conclusion as at Serial Nos. 5 and 6 of Chapter XIV thereof. They have held that the original proposal of DGOCS for inclusion of Shri R. G. Gokhale, Additional Chief Engineer, CPWD, was influenced unduly by Shri Nargiwal's views with the result that the question of the inclusion of the architect and the exclusion of Shri R. G. Gokhale, did not receive the attention which it deserved.

Government have examined the above conclusion of the Expert Committee. CPWD is a specialised agency of the Government and the corresponding specialised agency for P&T Works is, the Civil Wing of the P&T Department under the Ministry of Communications, Shri Gokhale, Additional Chief Engineer, CPWD, was headquartered at Nagpur while the senior-most officers of the Civil Wing (Shri S. D. Pathak, Superintending Engineer) who was headquartered at Bombay, was included. However, this part of the conclusion of the P.A.C. has been noted.

1.23. The Committee are not satisfied with the explanation of the Ministry for not appointing a representative of the CPWD on the Works Committee. As observed by the Expert Committee although Shri S. C. Pathak was a ~~Superintending~~ Engineer of the CPWD on deputation to the P&T Department he was not of adequate status to be able to pull his weight in the Works Committee. Moreover, he was subordinate to the Ministry of Communications. If Shri R. G. Gokhale had been appointed in the Works Committee he would have been able to act as an effective Member by virtue of his seniority besides being not subordinate to the Ministry of Communications or any of its departments. As observed by the Committee earlier, the Ministry should have consulted the CPWD about the constitution of the Works Committee and sought their participation in it. The failure of the Ministry is not associating a representative of the CPWD with the Works Committee was serious and responsibility should be fixed.

Appointment of the architect for Post and Telegraphs Building, Ashoka Road, New Delhi.

1.24. Referring to the appointment of Shri Kudianvala as architect for Post & Telegraphs Building, Ashoka Road, New Delhi, the Expert Committee have in Chapter V of the Report (Paras 8—10) observed:—

"It is also significant that as stated in Shri Pheroze Kudianvala's letter No. 66/8455 dated 27-12-1966 addressed to Shri C. Vasudevan (Director, Technical Research Centres, Posts &

Telegraphs), he was directed to Shri Vasudevan by Shri Nargolwala and, further, that Shri Kudianvala endorsed a copy of this letter to Shri Nargolwala. There seems to be some kind of family resemblance in the circumstances in which Messrs Pheroze Kudianvala and Associates were appointed as architects for the Post and Telegraphs Building at 20, Ashoka Road, New Delhi and for the Overseas Communications Service Building, Videsh Sanchar Bhavan at Bombay."

"Incidentally, in the case of the Posts and Telegraphs Building, the extreme urgency displayed in the early stages soon got dissipated, for various reasons which we have not considered it necessary to go into. The piling work for the foundations actually started in November, 1970. Work on the superstructure started in August, 1972, and it is yet to be completed. Due to this delay Messrs. Shroff & Tembe backed out of their contract for doing the structural design/drawing work for this building, in April, 1970."

"We were told that the fees paid so far to Messrs. Kudianvala & Associates, under their contract for the Posts and Telegraphs building, at 20, Ashoka Road, New Delhi, amount to Rs. 1,18,500/- and the total fees payable to them for this job are expected to be about Rs. 1,58,000/-."

1.25. The Committee assume that the Ministry will have been as impressed as it has been by the finding of the Expert Committee that there seems to be some kind of family resemblance in the circumstances in which the same private firm (M/s. Kudianvala & Associates) was appointed as architects for the P&T building, New Delhi and OCS Building, Bombay. The Committee trust that the Ministry will have already initiated investigation into the circumstances leading to appointment of the architect for P & T building. The Committee would like to be kept informed of the progress of the investigation. And if investigation has not already been instituted, the Committee desire that it will now be done.

JYOTIRMOY BOSU,
Chairman,
Public Accounts Committee.

NEW DELHI:

April 28, 1975.

Baisakha 8, 1897 (S).

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Committee note that the First Earth Station for providing facilities through the artificial satellite medium was commissioned on 26th February, 1971. As a result, nearly 90 per cent of the traffic is now being routed through this medium. The Department are also operating the two other media available, i.e. sub-marine Telegraph Cables and High Frequency Radio System. The Submarine Telegraph Cables which are old and obsolescent laid in the Twenties will cease to be in operation within the next few months. The High Frequency Radio is being used for handling the balance 10 per cent of traffic and as a standby to safeguard against satellite failure. According to the Department these have to be retained till diversified wide band access by Submarine telephone cable is also available. In view of the fact that 90 per cent of the traffic is now being carried by the satellite medium, the Committee would like the Department to carefully examine whether economy can be effected in equipment and staff employed on High Frequency System consistent with the traffic forecasts. The Committee would also like to know the progress made in the abolition of existing Submarine telegraph cables and the economy resulting therefrom.

[S. No. 3. Para 1.16 of Appendix II of 81st Report of PAC 5th L.S.]

Action taken

The use of the old sub-marine telegraph cables has been discontinued since December, 1972. As these cables were maintained and were the property of the Cable & Wireless Limited, London, no direct economy in expenditure has resulted, except on account of the cable rental of £372 per annum and some indirect saving through reduced partnership cost in terms of the Commonwealth telecommunications financial arrangements.

In connection with another recommendation of the Public Accounts Committee, contained in para 1.86 of their Report, Government have taken steps to set up appropriate machinery to work out the cost and revenue statistics of different media and services. This data, which is expected to be available from 1974-75 onwards, will enable the Government to examine to what extent economy in staff and equipment employed in HF system can be effected.

At present, the spare HF capacity, released by satellite operations, has been utilised to provide additional Met-data-transmission services, Press-cast reception facilities and for opening a few direct circuits with countries which are not accessible through Satellite system. Part of the HF equipment has also been set apart for stand-by requirements.

Recommendation

1.29. The Committee note that the satellite system which was scheduled to commence from 1st October, 1969, was actually commissioned on 26th February, 1971. In 1971-72 which was the first full year of operation of the satellite system, the traffic showed marked increase in respect of Radio Telephone, Radio Telegraph and Telex. The actual traffic increased from 6.32 lakhs minutes in 1970-71 to 18.34 lakhs minutes in 1971-72 in respect of Radio Telephone, from 1017 lakh words to 150 lakh words in respect of Radio Telegraph and from 15.39 lakh minutes to 20.18 lakh minutes in respect of Telex. The actual traffic in respect of Telegraphs and Telephones, however, fell short of the forecasts of 1260 lakh words and 19.26 lakh minutes respectively envisaged for the year 1971-72 with satellite services expected to be established in 1969-70. The Committee hope that in the years to come, the traffic will increase and the Department will ensure that the facilities created are fully utilised. The Department should be careful in making the forecasts for future so that facilities created are keeping with the requirements.

1.30. The Committee note that due to inadequate facilities for Radio Telephone, the Department had to forego revenue to the extent of about 40.66 lakhs on account of cancellation of booked calls during the years 1967-68 to 1969-70. The Committee are glad that the establishment of satellite services has increased the calls handled by 152 per cent in 1971-72 and percentage of satisfaction has risen to 81 per cent from 65 per cent in 1969-70. The non-availability of the subscribers accounted for cancellation of 17.7

per cent calls, capacity limitation accounted for 0.4 per cent other reasons 0.9 per cent. The Committee, however, feel concerned over loss of revenue of Rs. 20 lakhs due to cancellation of calls in 1971-72 also the bulk of which was due to the subscriber's non-availability at the time of calls.

1.31. The Committee note that the actual traffic of Radio Photo increased from 11.69 thousand sq. cms. in 1970-71 to 13.45 thousand sq. cms. in 1971-72. The Committee are surprised that the Department are not preparing forecasts for Radio Photo. While the Committee appreciate the Ministry's point that the incidence of Radio Photos depends very much on international events, they feel that it is necessary for the Department to work out their forecasts in order to plan the creation of facilities.

[S. Nos. 4, 5 & 6 Para Nos. 1.29, 1.30 & 1.31 of Appendix II to 81st Report of PAC 5th L.S.]

Action taken

Government have accepted the recommendations. It will be ensured that telecommunications facilities created are fully utilized. Due care will be exercised in making forecasts for future traffic demands, including those for the radio-photo traffic.

An amount of Rs. 87,300.50 was realized as report fees on account of ineffective calls during 1971-72. With the tightening of measures, it is expected that the position will improve further.

Recommendation

1.69. From the data furnished to them, the Committee feel that utilisation of direct telecommunication links established with certain countries like Hanoi, Indonesia, Iran and Saigaon during the years 1967-68, 1968-69, 1969-70, 1970-71 and 1971-72 continues to be meagre. (except Iran in 1971-72). The Committee would like the Department to examine whether it will not be more economical in such cases to utilise only the inter-connected links for handling the traffic with these countries. With the inception of Satellite Communication which handles nearly 90 per cent of the total traffic, the traffic through the High Frequency direct links may decline further.

1.70. The Committee find in the case of some countries with whom direct links have been established, considerable part of traffic is being ruoted via transit points. According to the Department, handling of traffic through alternative routes is resorted to

when direct service schedule is finished or there is congestion or technical trouble on direct HF circuits. The Committee desire that as far as possible the Department should use more economic media.

[S. Nos. 9 & 10, Para Nos. 1.69 & 1.70 of Appendix II to 81st Report of PAC 5th L.S.]

Action taken

Government have accepted the recommendations and have ordered a detailed study to be made to ensure that only interconnected links are used in cases of countries with whom volume of traffic is too small to justify maintenance of direct circuits, except on considerations other than traffic, and to devise ways and means of minimising incidence of transit routing in cases where direct links are justified and are available.

Recommendation

The outgo of foreign exchange amounted to Rs. 75.31 lakhs in 1966-67, Rs. 52.35 lakhs in 1967-68, Rs. 18.48 lakhs in 1968-69, Rs. 68.50 lakhs in 1969-70 and Rs. 55.20 lakhs in 1970-71. The Committee were informed that during the year 1971-72, the excess of outgoing traffic over incoming traffic worked out to 12 per cent for telegraphs, 7 per cent for telephones and 14 per cent for Telex. The Committee would like the Department to examine whether there are any loopholes in the system of outgoing tele-communications and prepaid reply telegrams which make them more attractive. The Committee would like to be informed of the measures taken to minimise outgo of foreign exchange.

[S. No. 11, Para No. 1.82 of Appendix II to 81st Report of PAC
5th L.S.]

Action taken

Government have gone into the problem of imbalance of traffic, which has been resulting in outgo of foreign exchange. It is found that there is no loophole in the system of out-going telecommunications and reply-paid telegrams. However, the question of evolving a tariff policy to determine the level of charges for overseas traffic as a mechanism to correct imbalance in traffic is engaging the attention of Government. The Committee will be apprised of the outcome in due course.

Further Information

The Government have since conducted a review of its tariff policy and it has been decided to increase the rates for overseas telephone, telegraph and telex services with effect from 1st January, 1975. This is estimated to yield an additional revenue of Rs. 4 crores in a full year on the basis of the existing level of traffic.

Broadly speaking, the traffic going out of India is more than that received in the reverse direction. In the final settlement of accounts with foreign relations, the Overseas Communications Service is required to pay out 50 per cent of the accounting charges in respect of the imbalance of traffic, after defraying the terminal charges at respective ends. One way of correcting this position is to restrict or reverse the trend of traffic. Overseas Traffic is influenced by international trade and commerce as also by the tariff policy adopted by the operator. More overseas traffic is generally generated at low rates and has resulted in traffic imbalance against India. Accordingly, the collection rates have now been increased, as stated above, by about 50 per cent, and it is hoped that it might also minimise the outgo of foreign exchange.

[O.M. No. G. 25015/12/73/OC dt. 18.2.75]

Recommendation

The Committee are surprised that although the OCS have long felt that need of having accounts showing the cost of operation and revenue derived from each service media, no action was taken until this was pointed out by Audit. The Committee regard the maintenance of separate accounts for each media as important as without this the profitability of the different services cannot be known. The Committee suggest that steps should be taken to rationalise the system in about a year as was indicated during evidence. The Committee would like to be informed about the progress made in this regard.

[S. No. 12, Para No. 1.86 of Appendix II to 81st Report of PAC 5th L.S.]

Action taken

"Government have accepted the recommendation. Steps are being taken to organize appropriate machinery to rationalize and maintain separate cost and revenue accounts for each media of service and for individual services. It is hoped that costing information will be available from the year 1974-75 onward."

Recommendations

1.94 The Committee note that the percentage of traffic debts to traffic revenue declined from 76.77 per cent as on 31st March, 1970 to 55.89 per cent as on 31st March, 1971. The Committee regard this percentage to be still on the high side. The total book debt increased to Rs. 504.51 lakhs as on 31st March, 1972 from Rs. 377.38 lakhs as on 31st March, 1971. The outstanding included an amount of about Rs. 200 lakhs due from P&T Department. The Committee were informed that the present procedure involves a period of about 7 to 8 months before the P&T passes on credit to the OCS. The Committee desire that the procedure should be reviewed to ensure that credits are received from the P&T Department within a period of three months.

1.95. The Committee were informed that while the bills from foreign countries were received within 3 to 4 months, the OCS are about 9 to 12 months behind hand in sending the bills to foreign administration.

The Committee desire that the process of billing should be suitably accelerated.

1.96. The Committee also desire that efforts should be made to recover the old outstanding which include an over five year old amount of Rs. 5.15 lakhs due from an Embassy.

[S. Nos. 13, 14 & 15 Para Nos. 1.94, 1.95 and 1.96 of Appendix II to 81st Report of PAC 5th L.S.]

Action taken

1.94. Government have accepted the recommendation. A new procedure is expected to be instituted soon and it is expected that it will be feasible for the Overseas Communications Service to collect credits from Post & Telegraphs Department within a period of three months or so.

1.95. Government have accepted the recommendation. Machine accounting has been introduced and the foreign administration are being billed within a period of 6-7 months. It is expected that it will be possible to further improve upon it and present bills much earlier than 6-7 months.

1.96. Government have accepted the recommendation and have taken steps to realise the old dues expeditiously.

Recommendations

1.143. The Committee are most unhappy over the manner in which the project for the construction of Videsh Sanchar Bhavan was handled by the Overseas Communications Department. A private architect was closely associated with the project long before his firm was appointed as the architect by the Department. The Architect was allowed by the Director General, Overseas Communications Service personally to negotiate with almost all the high officers both in the Bombay Municipal Corporation and in the Maharashtra Secretariat (Sachivalaya) and convince them about the importance and feasibility of the Project so that the land may be transferred to the OCS by the Maharashtra Government. He was allowed even to be present at a meeting held between two Ministers, the Minister of Communications and the Revenue Minister of Maharashtra, on 11th November, 1967 where the decision to transfer the particular site to the OCS for the building was taken.

1.144. It is interesting to note that it was at this meeting that the architect said that he desired to start work from 1st January, 1968, almost as if it had already been settled at that date, namely 11th November, 1967, that he was to be the architect of the Project. That this was the intention of the OCS is confirmed by the fact that in a letter dated 14th November, 1967, addressed to the Revenue Minister of Maharashtra by the Minister of Communications which was drafted by the then Financial Adviser to the Ministry of Communications, the architect was mentioned as 'our architect' and he was authorised to be in constant touch with the Revenue Secretary of Maharashtra and the Bombay Municipal authorities to ensure the expeditious taking over of the site and other connected matters. To refer to him as 'our architect' before his appointment as such was extremely improper.

1.149. From the facts placed before the Committee, it is satisfied that there must have been some understanding right from the outset that the architect would be entrusted with the work after receiving a clearance from the Ministry of Works and Housing. This impression is strengthened by the fact that immediately after the Ministry of Works and Housing agreed to the work being entrusted to an agency other than the CPWD, the Director General, OCS, asked the Ministry of Communications to approve the appointment of the firm of the same architect who was used for various preliminary tasks without making enquiries from any other architect. In several relevances made to the CPWD and the Ministry of Communications, the assistance rendered by the architect and his assurance about the feasibility of the project were mentioned. So the case was

built up at every stage for his appointment by the Ministry of Communications. The proposal made to the Ministry for appointment of the architect specifically referred to the letter of the Minister of Communications in which the architect had been mentioned as 'our architect'.

1.150. It is also not without significance that the architect produced his plans, estimates, etc. for this big project costing about Rs. 1½ crores within about two weeks of the decision taken on his appointment. As the Engineer-in-Chief, CPWD, observed mildly in the course of his evidence a period of 2 to 3 weeks was "a tight schedule" for a work of this magnitude. Obviously the architect had been preparing the plans, estimates etc. for some time before his appointment.

1.151. The Committee wish to record their disapproval in the most emphatic terms of the procedure followed in this case. It was inexcusable in the first instance to entrust a private architect with all preliminary work in connection with the project and then, without even giving him a formal official status to allow him to participate in discussions and negotiations with the Government of Maharashtra and the Bombay Municipal Corporation was to compound the impropriety.

[S. Nos. 16, 17, 22, 23 and 24. Para Nos. 1.143, 1.144, 1.149, 1.150 and 1.151 of Appendix II of 81st Report of PAC (Fifth Lok Sabha)]

Action Taken

The Expert Committee appointed for the purpose, have examined these recommendations in great detail in Chapter IV of their Report and have concluded *vide* Serial No. 7 of Chapter XIV as follows:—

"The unusually deep involvement of Shri Pheroze Kudianavala and his staff in matters relating to this Project, long before their appointment as its Architects, is clear from paras 4 and 5 (of Chapter IV). It was highly irregular to have permitted this and also to have permitted them to give the officers of the Bombay Municipal Corporation and the Government of Maharashtra the wrong impression that the OCS were their clients, which in fact they were not at the time. This premature involvement, by tacit consent of the officers concerned, also gave the firm the important advantage of a good start of three months or so, which placed them in a strong bargaining position at the time of the negotiation of their terms. As regards their contacts and influence, it will be seen from their own letters referred to in para 5(b) that these were really not so high or effective as had been made out. The persons

mostly responsible for this serious irregularity were S/Shri S. N. Kalra, K. M. Balchandani and S. D. Nargolwala. Shri Nargolwala told us quite frankly—*vide* para 5(c)—that the intention from the very beginning was to appoint Shri Kudianavala as the Architect for the Project. As indicated in paras 6 and 19, the inference is inescapable that some kind of assurance or other indication was given to Shri Kudianavala regarding his appointment."

In the concluding sentence of para 6 of Chapter IV of their Report, the Expert Committee have, however, observed that they have not come across any evidence to suggest, except by inference, that any assurance or indication of any kind was given to Shri Kudianavala regarding this matter, but the inference is inescapable.

In his letter dated 23rd December, 1967, addressed to the Ministry of Communications, the Director-General, Overseas Communications Service had recommended the firm of Shri Kudianavala for appointment as architects for the Videsh Sanchar Bhavan Project. Again, in his DO letter of 24th December, 1967, while recommending the composition of the Works Committee, he had suggested, among other things, the inclusion of the architect "(Shri Kudianavala or whoever is finally appointed as our architect)" in the Works Committee. The preceding portion quoted within bracket is significant in the present context which shows that the question of appointment of the architect was an open issue in official records as late as 24th December, 1967.

According to the Expert Committee, Shri Nargolwala told them quite frankly that the intention from the very beginning was to appoint Shri Kudianavala as the architect for the Project. In this connection, Government would like to point out that the intention is not borne out by the official records as explained above.

The observations of the P.A.C. have been noted and the Ministry of Communications are issuing strict instructions for guidance of all concerned to avoid such irregularities in future.

As regards the 3 officers, since all of them have already retired from service, it has not been possible to proceed against them departmentally in view of the provisions of C.S.R. 351-A, according to which if departmental proceedings had not been instituted while the government officer was in service, the proceedings can be instituted only—

(a) by or with the sanction of President; and

(b) for a misconduct or misbehaviour in respect of any event which took place not earlier than 4 years before the institution of the proceedings.

However, for the lapses for which they have been held responsible in the Expert Committee's Report, the advice of the Ministry of Law/Department of Personnel is being sought as to the punitive action, if any, that may be feasible or called for in this case.

Recommendation

It was only in December, 1967, that the Director-General, Overseas Communications Service, approached the Ministry of Communications for appointment of the firm of this person as the architects. Surprisingly in his proposal, the Director General did not describe in any detail the precise nature of the experience of the architect which particularly qualified him for the work. Indeed he was wrongly mentioned as architect for Air-India Building although he was only an associate architect, the principal architect being a foreign firm. The Ministry decided to appoint his firm as architects on 8th January, 1968, and made the appointment formally only on 9th February, 1968.

[S. No. 18, Para No. 1.145 of Appendix II to 81st Report of PAC (Fifth Lok Sabha)]

Action Taken

As regards responsibility of Shri S. N. Kalra for failure to issue a proper letter of appointment to the architect, it is pointed out that the Ministry of Communications while approving the appointment of the architect had directed the OCS: "A formal agreement with the architect incorporating the terms of his appointment and the services to be provided by him, may now be executed."

This matter has been examined in detail by the Expert Committee in Chapter IV of their report and their conclusions are summarised at S. Nos. 9 and 14 of Chapter XIV of their report. While indicating the procedure that should have been followed before selecting the architect, they have also brought out the fact that no formal appointment order was ever given to the architect and have observed that a proper letter of 'appointment should have been given. The then Director General, Overseas Communications Service, Shri S. N. Kalra, according to the report of the Committee, is responsible for this omission.

The Expert Committee's recommendation as to the procedure, which should have been followed in making the appointment of the architect has been noted and is being brought to the notice of Works and Housing Ministry for issuing suitable instructions for guidance of all concerned so that such lapses are avoided in future. Regarding failure of Shri Kalra to follow the procedure in this case, since the officer has retired from service and the event is older than four years, it has not been possible to institute any departmental action against him under CSR 351-A. However, the advice of the Ministry of Law/Department of Personnel is being sought as to the punitive action, if any, that may be feasible or called for in this case.

In this connection, departmental instructions have been issued laying down the procedure that should be followed regarding appointment of private Architect *vide* Ministry of Communications Order No. D. 33011/1/70-Admn., dated 24th July, 1971 (Annexure).

ANNEXURE

No. D. 33011/1/70-Admn.

BHARAT SARKAR

SANCHAR MANTRALAYA

*Sardar Patel Bhavan,
Sardar Sq., Parliament Street,
New Delhi-1,*

*Dated July 24, 1971
 Sravana 2, 1893*

OFFICE ORDER NO. 7

Instances have come to notice where private architects/consultants have been engaged for civil works without observing the prescribed procedure. In order to obviate such cases in future, the following procedure is laid down for dealing with such proposals in the various offices/organisations of this Department:—

“Proposals for engaging private architects/consultants should be processed only after obtaining a certificate with full justification from the CPWD/State PWD/Departmental Civil Wing, as the case may be, that their architects are either not in a position to undertake the work in question or to execute the work within the time stipulated. The proposal at this stage should be submitted to Secretary, Ministry of Communications, who, if he agrees with the proposal, would appoint a small Committee for conducting negotiations for this purpose. The Committee would then conduct negotiations with reputed firms of architects/consultants, keeping regional considerations in view. Before the work is finally awarded, the approval of Secretary and Minister and the Associated Finance would be obtained.

So far as public sector undertakings under the Ministry of Communications are concerned, similar procedure should be followed except that in place of Secretary and Minister, they should obtain the approval of their Board of Directors at both stages."

This supersedes this Ministry's Office Order No. 23 dated the 19th May, 1970.

Sd/- N. C. SHRIVASTAVA,
Secretary,
Ministry of Communications and
Chairman, P&T Board.

Recommendations

1.146. From the correspondence with the CPWD, the Committee find that the OCS consistently laid emphasis on the advisability of the exclusion of the CPWD from the construction work and on the assurance of the architect to complete the work within the time limit envisaged by the Department. Ultimately, the OCS were, successful in getting the clearance from the Ministry of Works and Housing for the work to be entrusted to an agency other than the CPWD.

1.147. The Committee are surprised that the Ministry of Works and Housing should have given its approval to the proposal that work should be entrusted to an agency other than the CPWD on the ground that the work could not be completed by the CPWD by the target date, in fact the CPWD had given expression to the view that no other agency also could complete it by the target date. During evidence the present Engineer-in-Chief also subscribed to the view given in November, 1967 that no agency could give assurance of finishing the project by the end of 1968. The Committee feel that the onus thus lay on the OCS or the Ministry to refute the CPWD's view, since CPWD constitute Government's normal advisers in a matter such as this.

[S. Nos. 19 and 20 (Para Nos. 1.146 and 1.147) of Appendix II to 81st Report of PAC (5th Lok Sabha)].

Action taken

This has been discussed in Chapter IV of the Report of the Expert Committee and they have concluded in Serial Nos. 12 and 13 of Chapter XIV that the decision taken by the Ministry of Works and Housing to

approve of the work being given to an agency other than the CPWD without satisfying themselves that this really would enable the project to be completed within a period of 10 months or so was somewhat hasty.

The Expert Committee have also observed that S/Shri S. N. Kalra and K. M. Balchandani acted in an injudicious manner in accepting Shri Kudianavala's assurance at their face value without making any further enquiries to satisfy themselves about their practicability. They feel that Shri Nargolwala also should have looked into this matter before approving of the proposal for his appointment.

Government have examined this matter. The conclusions reached by the Expert Committee are being brought to the notice of the Ministry of Works and Housing in so far as that Ministry is concerned. As regards, the lapses on the part of the officers mentioned above, these have been noted in the Ministry of Communications for issuing suitable instructions for future guidance of the departmental officers.

In regard to the failure of S/Shri S. D. Nargolwala, S. N. Kalra and K. M. Balchandani, who have retired from service and institution of departmental disciplinary proceedings is barred by CSR 351-A, the advice of the Ministry of Law/Department of Personnel is being sought as to the punitive action, if any, that may be feasible or called for in this case.

The Expert Committee at page 67 of their report have stated: "The onus, as pointed out by the PAC undoubtedly lay on the OCS or the Ministry of Communications to refute the CPWD's view but, unfortunately, they were not asked to do so by the CPWD or the Ministry of Works, Housing and Supply. Consequently no further action in the matter was taken". The Government have examined this matter further.

The approval of the Works and Housing Ministry was preceded by the following correspondence:—

- (i) "Shri B. V. Subrahmanyam, Engineer Officer to the Chief Engineer, CPWD, addressed a letter dated 22nd December, 1967 to Shri K. M. Balchandani, Chief Engineer, OCS, where among other things, he stated; "Therefore, it is very unlikely that any agency can give assurance of finishing the project by the end of 1968".
- (ii) Shri K. M. Balchandani wrote on 11th December, 1967 to Shri M. L. Nanda, Chief Engineer, CPWD, stated among other things: "We have been assured by Shri Kudianavala and his associate construction groups that our minimum requirements could be completed in a period of 10 months from the date of entering into contract".

(iii) Shri M. L. Nanda wrote to the Works, Housing and Supply Ministry on 15th December, 1967 expressing the opinion that it would not be possible to complete the building by the end of 1968. No comments can also be offered on the assurance given by Shri Kudianavala regarding completing of this project within a period of 10 months, as we do not know the basis on which such an assurance has been given....."

The approval accorded by the Ministry of Works and Housing to the work being entrusted to an out-side agency was unqualified one. The question of refuting the CPWD's view on the part of the OCS or Ministry, it may be appreciated, did not arise.

Recommendation

Actually the CPWD's view has been borne out by subsequent events; the building which the OCS wanted to be completed by the end of 1968 was rescheduled for completion in two phases, the rescheduled dates of completion were 31st May, 1969, for the first phase and 30th November, 1969 for the second phase. The first phase was however completed 2½ months later and the completion of the second phase was delayed by 8 months. Indeed the delay was even greater because the exterior work was completed only in July, 1972. The Committee cannot, therefore, help feeling that the work could have been safely entrusted to the CPWD, the more so as they would have also entrusted a good deal of work such as pile foundation, air-conditioning etc. to one or the other of the very few specialised private agencies in the country, as was in fact done.

[Sl. No. 21, (Para No. 1.148) of Appendix II of 81st Report of PAC (5th Lok Sabha)].

Action taken

This question has been examined in Chapter XIII of the Committee's Report and conclusions thereof are summarised at S. Nos. 35 and 36 of Chapter XIV thereof. The Committee hold that the extensions of time granted to the various contractors for completing their contracts were reasonable and the reasons due to which the extensions were granted were really beyond the control of the contractors concerned. In fact the Committee have appreciated the thoroughness with which the Engineers and other officers concerned of the OCS carried out their jobs, delays in construction were promptly taken up at every stage and necessary remedial action initiated immediately so as to reduce the delays to the minimum.

The main point involved is regarding validity of the original claim of M/s. Pheroze Kudianavala & Associates that they could complete the

main building within 10 months. Prof. S. K. Bose, now Director, Indian Institute of Technology, Kharagpur, is on record that it was a very difficult job virtually to complete the Project within the period of 10—12 months as indicated by Shri Kudianavala, nevertheless, such an assurance was not impracticable for this architect as he was very energetic and capable and worked fast enough, *vide* Clause (f) of Para 8 of Chapter IV of the Expert Committee's Report.

In the Committee's view the extensions of time granted to the various contractors for completing their contracts were reasonable. In fact the Committee have gone to the length of appreciating the thoroughness with which the Engineers and other officers concerned of the OCS carried out their jobs.

Government have noted the observations of the PAC.

Recommendation

Apart from the above, there are some other procedural aspects in regard to the execution of the project which appear to the Committee to be, to put it mildly, unusual and unwise:—

- (i) In the constitution of the Works Committee a representative from CPWD was not associated. Strangely enough, in a work of such magnitude, no consultation of participation from CPWD was sought by OCS.
- (ii) The Financial Adviser to the Ministry of Communications, who was to scrutinise estimate of expenditure of the Project was also appointed a member of the Works Committee. He would thus be predisposed in favour of whatever was recommended by the Works Committee and his scrutiny of the recommendations of the Works Committee in his capacity as Financial Adviser would not be as objective as was desirable.
- (iii) The architect whose plans and estimates were to be scrutinised by the Works Committee was appointed as a member of that Committee.
- (iv) The Works Committee was *inter-alia* authorised to approve awards of contracts. In a letter dated 11th December, 1967, addressed to the CPWD, the Chief Engineer, OCS, had stated that "We have been assured by Shri....(architect) and his associated construction groups that our minimum requirements could be completed in a period of 10 months from the date of entering into contract." In a written reply, the Ministry stated: "This office has no information as to whe-

ther any of the contractors had direct or indirect business dealing with the Architect but it may be presumed that professionally the Architect had dealings with the contractor in other works on which he had been serving as architect." The Committee feel that as a member of the Works Committee, the architect was unwise and improperly placed in a position from which he could influence the Works Committee effectively in favour of his associate contractors.

- (v) The Report of the Sub-Committee of the Works Committee on the estimates prepared by the Architect was submitted direct to the Ministry without its being placed before the Works Committee.
- (vi) The Architect was authorised by the Works Committee to negotiate rates for the piling contract.

[Sl. No. 25 (Para No. 1.152 of Appendix II of 81st Report of PAC (5th Lok Sabha)].

Action taken

(i) The Expert Committee have examined this clause in paragraph 19 and 20 of Chapter III of their Report with conclusion as at Serial Nos. 5 and 6 of Chapter XIV thereof. They have held that the original proposal of DGOCS for inclusion of Shri R. G. Gokhale, Additional Chief Engineer, C.P.W.D., was influenced unduly by Shri Nargolwala's views with the result that the question of the inclusion of the architect and the exclusion of Shri R. G. Gokhale, did not receive the attention which it deserved.

Government have examined the above conclusion of the Expert Committee. CPWD is a specialised agency of the Government and the corresponding specialised agency for P&T Works is, the Civil Wing of the P&T Department under the Ministry of Communications. Shri Gokhale, Additional Chief Engineer, C.P.W.D., was headquartered at Nagpur while the senior-most officer of the Civil Wing (Shri S. D. Pathak, Superintending Engineer) who was headquartered at Bombay, was included. However, this part of the conclusion of the P.A.C. has been noted.

(ii) This has been examined by the Expert Committee in paras 13—19 of Chapter III of their Report with the conclusion as summarised at Serial No. 3 of Chapter XIV that "the inclusion of the Financial Adviser to the Ministry of Communications in the Works Committee was undoubtedly of help in the expeditious disposal of matters relating to the constitution of this Project, which was required to be carried out to a very tight time schedule. The likelihood of his being predisposed in favour of whatever was recommended by the Works Committee of which he was the senior-most member resulting in the scrutiny of the recommendation of the Works Committee

in his capacity as Financial Adviser not being as objective as was desirable, was undoubtedly there." However, such likelihood was more than off-set by the expedition with which decisions were taken due to his being a member of the Works Committee. Government have noted the observations of the PAC.

(iii) & (iv) This has been examined by the Expert Committee in paras 13—19 of Chapter III of their Report with the conclusion at Serial No. 4 of Chapter XIV that it was quite wrong to have made the architect a member of the Works Committee and also of the various Sub-Committees nominated by the Works Committee for negotiating contracts; in all these cases, the Architect should have been directed to be in attendance at the meetings of the Works Committee and its Sub-Committees, whenever his presence was needed, instead of being made a member thereof.

Government have considered this aspect and while noting the conclusion reached by the PAC will ensure that this is not done in future by issuing suitable instructions. This is also being brought to the notice of the Ministry of Works & Housing.

(v) This aspect of the case has been discussed in Chapter VII (Para 27) of the Expert Committee's Report, where it is pointed out that in the very first meeting of the Works Committee held on 19th January, 1968, Shri Nargolwala had stated that administrative approval and sanction would issue on the basis of the estimates approved by the Sub-Committee. In fact this is the concluding portion of the minutes of that meeting.

Government have examined this case and note that in the same meeting the composition of the Sub-Committee was also approved. Though the Expert Committee have not drawn any specific conclusion, it is obvious that the Works Committee had delegated its powers of approving the estimates to the Sub-Committee. Accordingly, the submission of the estimates as approved by the Sub-Committee for sanction to the Ministry was in accordance with the procedure laid down by the Works Committee itself.

(vi) The Expert Committee have examined this matter in para 21 of Chapter III of their Report and have found that while such an authorisation was made by the Works Committee which in their view was quite wrong—the actual negotiations were carried out by Shri S. D. Pathak (Superintending Engineer of the Posts & Telegraphs Civil Wing and Member of the Works Committee). Consequently, the authorisation as such was, for all practical purposes, infructuous.

Government have noted the observations of the PAC and the conclusion reached by the Expert Committee.

Recommendation

Almost every one of the above points is in itself a grave lapse and calls for severe disciplinary action. The Committee would like to be informed of the action taken. The Committee further desire that instructions should also be issued to all Ministries concerned to adhere strictly to the procedures prescribed in the execution of works.

[S. No. 26, Para No. 1.153 of Appendix II to 81st Report of PAC (5th LS)]

Action taken

Government have examined all the points in the light of the Expert Committee's Report. The action proposed to be taken against the various points has been indicated against each.

As desired, all Ministries concerned have been addressed *vide* Ministry of Communications O.M. No. G. 25015/1/73-OC, dated the 2nd April, 1974 (Annexure). Now that findings of the Expert Committee have become available, the concerned Ministries are being addressed further.

ANNEXURE

No. G.25015/1/73-OC.

GOVERNMENT OF INDIA

MINISTRY OF COMMUNICATIONS

*Sardar Patel Bhavan, Parliament Street,
New Delhi, dated the 2nd April, 1974/12 Chaitra, 1895.*

OFFICE MEMORANDUM

SUBJECT: 31st Report of the P.A.C. (1972-73) on the Report of the C&AG for the year 1970-71 on the working of the Overseas Communications Service.

The undersigned is directed to say that in the course of examination of the Report of the Comptroller and Auditor General on the working of the Overseas Communications Service for the year 1970-71, the Public Accounts Committee had expressed their dissatisfaction with the manner in which the construction of the Videsh Sanchar Bhavan which houses the Overseas Communications Service Office at Bombay was carried out. The Public Accounts Committee in their recommendation contained in para 1.153 of their Report have desired that instructions should be issued to all Ministries/Departments concerned to adhere strictly to the procedure prescribed for the execution of works. Copies of the various recommendations made by the P.A.C. in connection with the construction of the Videsh Sanchar Bhavan at Bombay, as contained at S. Nos. 16 to 28 of Annex. II of their Report and having a relevance to the manner of execution of civil works, are enclosed for the information of the Ministry of Works & Housing etc. It is requested that the observations contained in these recommendations should be specifically brought to the notice of every one concerned with execution of works. It is also requested that these instructions may kindly be brought to the notice of all the attached and subordinate offices under the Ministry of Works & Housing etc. for similar action.

2. As recommended by the Public Accounts Committee *vide* their recommendations contained in para 1.155 of their Report, an Expert Committee has been appointed by this Ministry to go into all aspects of the constructions of Videsh Sanchar Bhavan at Bombay. The findings of the Expert Committee will be circulated to the concerned Ministries as soon as the Report of the Committee is received and Government's decision taken thereon.

Sd./- O. P. SHARMA,
Under Secretary to the Govt. of India.

To

The Ministry of Works and Housing etc.

New Delhi. (All Ministries of the Government of India).

No. G.25015/1/73-OC.

Dated the 2nd April, 1974.

Copy to:—

1. The Lok Sabha Secretariat, New Delhi.
2. The Director General, Overseas Communications Service, Bombay.
3. The Comptroller and Auditor General, New Delhi with reference to his u.o. No. 334-CA III/315-73, dated 13-2-1974.

Sd./- O. P. SHARMA,

Under Secretary to the Govt. of India.

No. G.25015(2)/73-OC.

GOVERNMENT OF INDIA

MINISTRY OF COMMUNICATIONS

Sardar Patel Bhavan, Parliament Street,

New Delhi, dated the 17th April, 1974/27 Chaitra, 1895.

OFFICE MEMORANDUM

SUBJECT: 81st Report of the P.A.C. (1972-73) on the Report of the C&AG for the year 1970-71 on the working of the O.C.S.—Action on the report of the Expert Committee appointed by Ministry of Communications to go into all aspects of the construction of Videsh Sanchar Bhavan building of the Overseas Communications Service.

The undersigned is directed to refer to para 2 of this Ministry's O.M. of even number dated 2-4-1974 on the subject noted above and to say that the Experts Committee appointed by this Ministry to go into all aspects of the construction of the Videsh Sanchar Bhavan building, in the light of the observations made by the Public Accounts Committee, have since submitted its report. Based on the findings of the Expert Committee, Government have carefully considered the observations of the P.A.C. and action taken notes, on each of the P.A.C. paras, have been sent to the Lok Sabha Sectt, a copy of which is enclosed. It is requested that the observations of the P.A.C. and Government's replies thereto, may kindly be noted for future guidance in all cases relating to execution of civil works, to avoid recurrence of the irregularities/lapses of the nature pointed out by the P.A.C. and suitable instructions issued to all concerned.

2. In this connection, attention of the Ministry of Works & Housing in particular, is invited to the action taken notes in regard to P.A.C. recommendation *vide* S. No. 13—para 1.145 of Appendix II of their 81st Report, in the light of which the Ministry of Works & Housing may also kindly issue suitable further instructions for guidance of all concerned.

Sd./- O. P. SHARMA,

Under Secretary to the Govt. of India.

To

All Ministries/Departments of Government of India.

Recommendation

The estimates of building included a provision of Rs. 23 lakhs for exterior treatment by using marble and malad stone. The Committee were informed that this was done because the Government of Maharashtra had desired the building located at a place occupied previously by Queen Victoria's Statue to be a prestigious one. Surprisingly, the exterior treatment at such a high cost appears to have been readily acquiesced in by the Financial Adviser. The Committee feel that instead of spending such a large amount on the exterior treatment, the Department should have thought of some other less expensive alternative. The Committee consider an expenditure of Rs. 28 lakhs actually incurred on the exterior treatment as too high for a building costing about 1.50 crores. They, therefore, desire that the reasonableness of the expenditure of this order and of the rates allowed for the work should be critically gone into. In addition, the advisability of using malad stone in the Building exposed to the sea breeze should also be gone into.

[S. No. 27, para No. 1.154 of Appendix II to 81st Report of PAC (5th L.S.)].

Action taken

In so far as the reasonableness of the expenditure on exterior treatment and the rates allowed for the work are concerned, the Expert Committee have examined this matter in Chapter X of their Report. As indicated in paras 6, 10 and 12 of that Chapter, the Committee have concluded *vide* Serial No. 28 of Chapter XIV that exorbitantly high cost of exterior treatment of the main building seems to have received no notice whatsoever, critically or otherwise, during the passage of preliminary estimate through the Ministry of Communications, which sanctioned it and that there was no case whatsoever for spending such a large sum of money on this. The main responsibility for this extravagance lies on Shri S. D. Nargolwala.

Government have noted the observations of the PAC and the conclusions reached by the Expert Committee. Advice of the Ministry of Law/Department of Personnel is being sought as to the punitive action, if any, that may be feasible or called for in this case against Shri S. D. Nargolwala, who has retired from service and institution of departmental proceedings is bared under CSR 351-A. With regard to the rates allowed, except for the restoration of the Malad Stone rate from Rs. 29 cft. to Rs. 31 cft. the Expert Committee have found the rates *vide* paras 14-15-16 of Chapter X, serial No. 29 of Chapter XIV—to be very reasonable.

As regards the advisability of using malad stone in a building exposed to the sea breeze, the Expert Committee have discussed this aspect in para 17 of Chapter X of their Report. Their conclusion recorded after consulting

a number of senior Engineers is that the sea breeze does not have any particularly deleterious effect on malad stone.

Government have noted the observations of the PAC and of the Expert Committee.

Recommendation

As will be evident from the foregoing paragraphs, the Committee are thoroughly dissatisfied with the manner in which all aspects of the construction of this building have been handled. They consider that there is full justification for a comprehensive and detailed enquiry to be instituted and accordingly recommend that an independent expert committee should be appointed to go into all aspects of this matter and to submit its report within six months.

[S. No. 27, Para No. 1.155 of Appendix II to 81st Report of PAC (5th L.S.)].

Action taken

The Expert Committee, under the Chairmanship of Shri M. A. Rao, retired Member, Railway Board, and S/Shri A. L. Sehgal, Chartered Accountant and C. D. Kapur, retired Chief Engineer, CPWD, as Members, was constituted by orders issued in May 1973 *vide* Ministry of Communications Order No. G. 25015/1/73-OC, dated the 9th May, 1973, and 10th May, 1973. The Committee was required to submit its report within three months and because, *inter alia*, it was not working on whole time basis, its term had to be extended thrice, last upto 30th April, 1974. The Committee have submitted a report on 5th April, 1974. A copy of the Report which is in two parts is enclosed.

The Expert Committee have submitted a comprehensive and detailed report after going into all aspects of the construction of the Videsh Sanchar Bhavan building. Most of the conclusions reached by the Expert Committee have been covered by the replies in the action taken notes furnished. The remaining conclusions of the Export Committee are being examined and follow-up action will be taken by Government.

Recommendation

The Committee are dissatisfied with non-execution of the lease deed for the land for which payment of Rs. 6 lakhs was made to the Government of West Bengal in October, 1966 and September, 1969. The Committee are at a loss to understand why the lease deed could not be finalised even after six years.

The Committee hope that the OCS would now execute the lease deed and take necessary steps to have the staff quarters built expeditiously.

[S. Nos. 29 & 30, Para Nos. 1.159 & 1.160 of Appendix II to 81st Report of PAC (5th L.S.)].

Action taken

Lease deed for the land acquired by the Overseas Communications Service from the West Bengal Government for construction of staff quarters was executed on 6th December, 1972. Soil investigation tests have been completed. Work estimates are expected to be received from the CPWD shortly. Construction work will commence soon after procedural formalities have been completed and financial clearance obtained. Considering, however, the temporary ban on construction of non-functional buildings, it may be feasible to commence the work only in next financial year or so.

Recommendation

The Committee are unhappy over the delay of more than 15 years in finalisation of the agreement between the OCS and the P&T Department for the underground cables hired by the former. Meanwhile the OCS had been paying rental on an *ad hoc* rate of Rs. 94,530 per annum as against the final rental of Rs. 44,200 effective from 1962 resulting in total excess payment of Rs. 4,43,310. It is surprising how the *ad hoc* rental charged by the P&T Department was so grossly inflated. The Committee hope that necessary steps will be taken to avoid such long delays in finalising agreements between the two sister Departments, as occurred in this case.

[S. No. 31, Para No. 1.163 of Appendix II to 81st Report of PAC (5th L.S.)].

Action taken

The Government regret that considerable delay took place in the finalisation of lease agreement between the Overseas Communications Service and the Posts & Telegraphs Department. Steps have been taken to prevent recurrence of such lapses.

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF GOVERNMENT

Recommendation

The Committee are not happy over the delay in completion of the Earth Station at Arvi. The station was originally scheduled to be completed by the end of 1968, and was rescheduled for completion by 31st October, 1969, after it was decided to entrust the work to the Department of Atomic Energy. But the Department of Atomic Energy completed it with 15 months delay. The result was that although other telecommunication administrations were able to plan construction of their stations to work with India by October, 1969, the satellite facilities could be availed of by the OCS only from 26th February, 1971. The loss of revenue because of delay in establishment of satellite services amounted to Rs. 98 lakhs. The Committee would like to know the action taken against the Department of Atomic Energy who took full responsibility for the timely completion of the project at the time of award of the work. The Committee hope that the Ministry will take proper precautions to ensure that construction of the second Earth Station at Dehra Dun will be completed according to schedule.

[S. No. 8, Para No. 1.59 of Appendix II to 81st Report of PAC
(5th L.S.)].

Action taken

Government have considered the question of loss of revenue due to delay in the commissioning of the Arvi Earth Station. As explained in reply to Unstarred Question No. 6419 answered in the Lok Sabha on the 17th May, 1972, the delay was for reasons beyond Government control, as for example, bankruptcy of the Montreal Firm supplying elevators, strike in US ports, delaying arrival of some imported items, and series of strikes in

factories in India at Jamshedpur, Ranchi, Calcutta and Bombay. Considering the circumstances of delay which were of a *force majeure* nature, as also the limitations under which this engineering feat was undertaken by Government to maximise indigenous know-how and resources, Government are satisfied that it was not possible to avoid delay in the commissioning of the Station and no action against the Department of Atomic Energy is called for in this case.

In regard to the Second Earth Station at Dehra Dun, the project was initially expected to be completed and commissioned by the end of 1974. It is, however now expected to be completed during the middle of 1975. The recommendation made by the Public Accounts Committee has, however, been noted.

CHAPTER IV

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

Recommendation

The Committee note that the need for integration of the Overseas Communications Service with the Posts and Telegraphs Department has been felt in the past by the Estimates Committee and the Administrative Reforms Commission. As early as 1961, the Estimates Committee had desired that the question of integration of O.C.S. with P&T Department might be considered when P&T Board sufficiently stabilised and was in a position to take more responsibilities. The Administrative Reforms Commission felt in 1970 that technically as well as administratively the merger of the O.C.S. with the P&T Board would be beneficial and the two should be integrated. The recommendations of the Administrative Reforms Commission are stated to have been examined by the Department and are being put up to the Cabinet. The Committee are in agreement with the views of the Estimates Committee and the Administrative Reforms Commission. They accordingly desire that a decision should not further be delayed in a matter of such importance.

It was urged before the Committee that the integration would result in interchange of staff and this might affect the efficiency of O.C.S. The Committee feel that in view of the fact that the technology of internal telecommunications has also made rapid advances in the recent years, merger of certain categories of staff would be beneficial to both. Alternatively Government may consider the feasibility of setting up of a separate Department of O.C.S. under the P&T Board as in United Kingdom in order to maintain its separate identity.

[S. Nos. 1 & 2 Para Nos. 1.6 & 1.7 of Appendix II to 81st Report of
PAC (5th L.S.)]

Action taken

The recommendations of the Administrative Reforms Commission regarding merger of the Overseas Communications Service with the P&T were examined by Government in great detail and a decision was taken by

the Cabinet on 22nd February, 1973, that the O.C.S. need not be merged with the P&T Department.

The question has been reviewed in the light of the recommendations of the Public Accounts Committee. While it is true that in future telecommunications technology will increasingly become similar both in the O.C.S. and P&T Department as a result of programming of a number of satellite earth stations in the country for internal traffic, there are more important factors which would not suggest merger of the two organisations. External telecommunications are a distinct category of service by themselves requiring close and continuous liaison with foreign Administrations in operational matters, accounting procedures, etc. It is necessary to maintain the separate entity of the O.C.S. for the sake of better organisational control and effective collaboration with the counter-part Administrations in other countries. Apart from this, merger would create various administrative and staff problems without any compensating advantages. The advantage of having better control over a small and compact organisation might also be lost in the event of merger. Government have, therefore, decided to continue the existing arrangements.

Government have also carefully considered the alternatives recommended by the Public Accounts Committee in the light of the practice prevalent in other countries and they are of the opinion that transfer of administrative control of the O.C.S. from the Ministry of Communications to the P&T Board would not by itself result in better administrative, technical and operational efficiency of the O.C.S. On the other hand, Government consider that it would be in the public interest to continue O.C.S. as a separate entity under the control of the Ministry of Communications as at present

CHAPTER V

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

Recommendation

The Committee note that under the Commonwealth Telegraphs Agreement, the aggregate expenses incurred in each financial year by the National Bodies of the partner Governments are allocated amongst the National Bodies in proportion to the net wayleave revenue derived by each National Body for common use of services. As early as 1960-61, the Estimates Committee had observed that under the wayleave scheme, our country was called upon to pay money ten times the estimates of what according to the Department's own calculation was rightly payable. The position was stated to have been substantially remedied by an amendment to the Agreement in 1966 which gave 30 to 40 per cent more revenue per unit, but it did not change the basis of cost substantially. The Committee are not satisfied with the working of the present Agreement which involves substantial outgo of foreign exchange for the reasons that the common user expenses incurred by the Overseas Communications Service are less than its share of such expenditure based on the revenue earned. The common user expenditure has been less because of the fact that in India personnel costs are low in comparison to international rates and because of intensive use of all available equipment. The Committee understand that negotiations are already under way to remedy the position. The Committee hope that the matter would be vigorously pursued so that India is not called upon to pay more than would be otherwise due on the basis of traffic usage of the facilities provided under the Commonwealth Telegraphs Agreement. The Committee would like to know the outcome.

[S. No. 7 Para No. 1.48 of Appendix II to 81st Report of PAC (5th L.S.)].

Action taken

Revision of the financial arrangements was carried out at the highest forum of the Commonwealth Conference in October, 1972. A new Agreement, known as the Commonwealth Telecommunications Organisation Financial Agreement 1973, was signed, which has come into force with effect from 1st April, 1973. The actual position of the Overseas Communication Service finances under these arrangements will be known only after the accounts for the year 1973-74 have been finalised. The Committee will be apprised of the actual position as soon as the accounts are settled. This is likely to take 12 to 18 months.

APPENDIX I

Statement showing lapses pointed out by Public Accounts Committee, findings of the Expert Committee and Action taken by Government regarding construction of Videsh Sanchar Bhavan.

Sr. No. of Recommendations	Observation of P.A.C.	Findings of the Expert Committee	Action taken by Government
2	3	4	
16, 17, 22, 23, & 24.	143. The Committee are most unhappy over the manner in which the Project for the Construction of Videsh Sanchar Bhavan was handled by the Overseas Communications Department. A private architect was closely associated with the project long before his firm was appointed as the architect by the Department. The Architect was allowed by the Director General, Overseas Communications Service personally to negotiate with almost all the high officers both in the Bombay Municipal Corporation and in the Maharashtra Secretariat (Sachivalaya) and convince them about the importance and feasibility of the Project so that the land may be transferred to the OCS by the Maharashtra Government. He was allowed even to be present at a meeting held between two Ministries, the Minister of Maharashtra, on 11th November 1967 where the decision to	The Unusually deep involvement of Shri Pheroze Kudianavala and his staff in matters relating to this Project, long before their appointment as its Architects, is clear from paras 4 and 5. It was highly irregular to have permitted this and also to have permitted them to give the officers of the Bombay Municipal Corporation and the Government of Maharashtra the wrong impression that the O. C. S. were their clients, which in fact they were not at the time. This premature involvement, by tacit consent of the officers concerned, also gave the firm the important advantage of a good start of three months or so, which placed them in a strong bargaining position at the time of the negotiation of their terms. As regards their contacts and influence it will be seen from their own letters referred to in para 5(b) that these were really not so high or effective as had been made out. The persons	In the concluding sentence of para 6 of Chapter IV of their Report, the Export Committee have, however, observed that they have not come across any evidence to suggest, except by inference, that any assurance or indication of any kind was given to Shri Kudianavala regarding this matter, but the inference is inescapable.

transfer the particular site to the OCS for the building was taken.

1.144 It is interesting to note that it was at this meeting that the architect said that he desired to start work from 1st January, 1968 almost as if it had already been settled at that date, namely 11th November, 1967, that he was to be the architect of the project. That this was the intention of the OCS is confirmed by the fact that in a letter dated 14th November, 1967, addressed to the Revenue Minister of Maharashtra by the Minister of Communications which was drafted by the then Financial Adviser to the Ministry of Communications the architect was mentioned as 'our architect' and he was authorised to be in constant touch with the Revenue Secretary of Maharashtra and the Bombay Municipal authorities to ensure the expeditious taking over of the site and other connected matters. To refer to him as 'our architect' before his appointment as such was extremely improper.

1.149 From the facts placed before the Committee, it is satisfied that there must have been some understanding right from the outset that the architect would be entrusted with the work after receiving a clearance from the Ministry of Works and Housing. This impression is strengthened by the fact that immediately after the Ministry of Works and Housing—agreed to the work being entrusted to an agency other than the CPWD, the Director General, OCS, asked the Ministry of Communications to approve

mostly responsible for this serious irregularity were S/Shri S. N. Kalra, K. M. Balchandani and S.D. Nargolwala. Shri Nargolwala told us quite frankly—*vide para 5(c)*—that the intention was to appoint Shri Kudianavala as the Architect for the Project. As indicated in paras 6 and 19, the inference is inescapable that some kind of assurance or other indication was given to Shri Kudianavala regarding his appointment. [S.No. 7, Chapter XIV]

is finally appointed as our architect)" in the Works Committee. The preceding portion quoted within bracket is significant in the present context which shows that the question of appointment of the architect was an open issue in official records as late as 24th December, 1967.

According to the Expert Committee, Shri Nargolwala told them quite frankly that the intention from the very beginning was to appoint Shri Kudianavala as the architect for the Project. In this connection, Government would like to point out that the intention is not borne out by the official records as explained above.

The observations of the P.A.C. have been noted and the Ministry of Communications are issuing strict instructions for guidance of all concerned to avoid such irregularities in future.

As regards the 3 officers, since all of them have already retired from service, it has not been possible to proceed against them departmentally in view of the provisions of C.S.R. 351 A, according to which if departmental proceedings had not been instituted while the Government officer was in service, the proceedings can be instituted only—

- (a) by or with the sanction of President; and
- (b) for a misconduct or misbehaviour in respect of any event which took place not earlier than 4 years before the institution of the proceedings.

the appointment of the firm of the same architect who was used for various preliminary tasks without making enquiries from any other architect. In several references made to the CPWD and the Ministry of Communications, the assistance rendered by the architect and his assurance about the feasibility of the project were mentioned—So the case was built up at every stage for his appointment by the Ministry of Communications. The proposal made to the Ministry for appointment of the architect specifically referred to the letter of the Minister of Communications in which the architect had been mentioned as "our architect".

1.150 It is also not without significance that the architect produced his plans, estimates, etc. for this big project costing about Rs. 1½ crores within about two weeks of the decision taken on his appointment. As the Engineer-in-Chief, CPWD, observed middly in the course of his evidence a period of 2 to 3 weeks was "a tight schedule" for a work of this magnitude. Obviously, the architect had been preparing the plans, estimates etc. for some time before his appointment.

1.151 The Committee wish to record their disapproval in the most emphatic terms of the procedure followed, in this case. It was inexcusable in the first instance to entrust a private architect with all preliminary work in connection with the project and then, without even giving him a formal official status to allow

However, for the lapses for which they have been held responsible in the Export Committee's Report, the advice of the Ministry of Law/Department of Personnel is being sought as to the punitive action, if any, that may be feasible or called for in this case.

him to participate in discussions and negotiations with the Government of Maharashtra and the Bombay Municipal Corporation was to compound the impropriety.

18 1.145 It was only in December, 1967 that the Director-General Overseas Communications Service, approached the Ministry of Communications for appointment of the firm of this person as the architects. Surprisingly in his proposal, the Director-General did not describe in any detail the precise nature of the experience of the architect which particularly qualified him for the work. Indeed he was wrongly mentioned as architect for Air-India building although he was only an associate architect, the principal architect being a foreign firm. The Ministry decided to appoint his firm as architects on 8th January, 1968, and made the appointment formally only on 9th February, 1968.

If for some reason a private architect was to be appointed at all a properly worded advertisement should have been put out and a panel of suitable men obtained from the C.P.W.D. and/or the Indian Institute of Architects, as some of the top men may not respond to an advertisement. After considering these men as well as those responding to the advertisement, a few of the best men should have been invited to discuss the matter personally and a broad outline of their terms obtained from them. The final selection should then have been made from amongst them, the detailed terms negotiated and the firm told to get on with the job. This method of selection would, inter alia, have ensured the best terms for the Government. The way things were allowed to develop, however, worked in the opposite direction and culminated in Messrs Kudianavala and Associates being placed in a strong bargaining position. The officer mostly concerned with the failure to observe this procedure—which even common sense would dictate—was Shri S. N. Kalra but Shri S. D. Nargolwala, who was the Finance Officer intimately

As regards responsibility of Shri S.N. Kalra for failure to issue a proper letter of appointment to the architect, it is pointed out that the Ministry of Communications while approving the appointment of the architect had directed the OCS : "A formal agreement with the architect in incorporating the terms of his appointment and the services to be provided by him, may now be executed."

6
This matter has been examined in detail by the Expert Committee in Chapter IV of their report and their conclusions are summarised at S. Nos. 9 and 14 of Chapter XIV of their report. While indicating the procedure that should have been followed before selecting the architect, they have also brought out the fact that no formal appointment order was ever given to the architect and have observed that a proper letter of appointment should have been given. The then Director-General, Overseas Communications Service, Shri S. N. Kalra, according to the report of the Committee, is responsible for this omission.

connected with the developments, has also to share the responsibility.
(S. No. 9, Chapter XIV)

Common prudence demanded that the claims made by Messers Kudianavala and Associates, regarding their qualifications, experience and resources, should have been verified before their appointment as Architects for the Project, particularly as they were not earlier known to the O.C.S. It is surprising that senior officers of mature experience like S/Shri S. N. Kalra, K.M. Balchandani and S. D. Nargiawala should have accepted the firm's statements at their face value without making any attempt to verify them.

(S. No. 11, Chapter XVI)

A proper letter of appointment should have been issued to Messers Kudianavala and Associates, pending the signing of the formal contract. Shri S. N. Kalra was responsible for this omission.

(S. No. 14, Chapter XIV)

The Expert Committee's recommendation as to the procedure, which should have been followed in making the appointment of the architect has been noted and is being brought to the notice of Works & Housing Ministry for issuing suitable instructions for guidance of all concerned so that such lapses are avoided in future. Regarding failure of Shri Kalra to follow the procedure in this case, since the officer has retired from service and the event is older than four years, it has not been possible to institute any departmental action against him under SCR 351-A. However, the advice of the Ministry of Law/Department of Personnel is being sought as to the punitive action if any, that may be feasible or called for in the case.

In this connection, departmental instruction have been issued laying down the procedure that should be followed regarding appointment of private Architect *vide* Ministry of Communications Order No D. 33011/1/70—Admn., dated 24th July, 1971.

19 and 20 1.146 From the correspondence with the CPWD, the Committee find that the OCS consistently laid emphasis on the advisability of the exclusion of the CPWD from the construction work and on the assurance of the architect to complete the work within the time limit envisaged by the Department. Ultimately, the OCS were successful in getting the clearance from the Ministry of Works and Housing for the work to be entrusted to an agency other

As indicated in para 7, the decision taken by the Ministry of W.H. & S., to approve of the work being given to an agency other than the C.P.W.D., without satisfying themselves that this really would enable the project to be completed within a period of 10 months or so, was somewhat hasty. Para 9 is also relevant to this matter
(S. No. 12, Chapter XIV)

As indicated in para 10, S/Shri S.N. Kalra

This has been discussed in Chapter IV of the Report of the Expert Committee and they have concluded in Serial Nos. 12 and 13 of Chapter XIV that the decision taken by the Ministry of Works and Housing to approve of the work being given to an agency other than the CPWD without satisfying themselves that this really would enable the project to be completed within a period of 10 months or so was somewhat hasty.

than the CPWD.

1.147 The Committee are surprised that the Ministry of Works and Housing should have given its approval to the proposal that the work should be entrusted to an agency other than the CPWD on the ground that the work could not be completed by the CPWD by the target date, in fact the CPWD had given expression to the view that no other agency also could complete it by the target date. During evidence the present Engineer-in-Chief also subscribed to the view given in November 1967 that no agency could give assurance of finishing the project by the end of 1968. The Committee feel that the onus thus lay on the OCS or the Ministry to refute the CPWD's view since CPWD constitute Government's normal advisers in a matter such as this.

and K.M. Balchandani acted in an injudicious manner in accepting Shri P. Kudianavala's assurances regarding the time for completion of the Project, without making any further enquiries to satisfy themselves about their practicability. (S. No. 13, Chapter XIV).

The Expert Committee have also observed that S/Shri S.N. Kalra and K.M. Balchandani acted in an injudicious manner in accepting Shri Judianavala's assurances at their face value without making any further enquiries to satisfy themselves about their practicability. They feel that Shri Nargolwala also should have looked into this matter before approving of the proposal for his appointment.

Government have examined this matter. The conclusions reached by the Expert Committee are being brought to the notice of the Ministry of Works and Housing in so far as that Ministry is concerned. As regards, the lapses on the part of the officers mentioned above, these have been noted on the Ministry of Communications for issuing suitable instructions for future guidance of the departmental officers.

In regard to the failure of S/Shri S.D. Nargolwala, S.N. Kalra and K.M. Balchandani, who have retired from service and institution of departmental disciplinary proceedings is barred by CSR 351-A, the advice of the Ministry of Law/Department of Personnel is being sought, as to the punitive action, if any, that may be feasible or called for in this case.

The Expert Committee at page 67 of their report have stated ; "This onus, as pointed out by the PAC undoubtedly, lay on the OCS or the Ministry of Communications to refute the CPWD's view but unfortunately, they were not asked to do, so by the CPWD or the Ministry of

Works, Housing and Supply. Consequently no further action in the matter was taken." The Government have examined this matter further.

The approval of the Works and Housing Ministry was preceded by the following correspondence :—

(i) "Shri B.V. Subrahmanyam, Engineer Officer to the Chief Engineer, CPWD, addressed a letter dated 22-12-67 to Shri K.M. Balchandani, Chief Engineer OCS, where among other things, he stated : "Therefore, it is very unlikely that any agency can give assurance of finishing the project by the end of 1968."

(ii) Shri K.M. Balchandani wrote on 11-12-67 to Shri M.L. Nanda, Chief Engineer, CPWD stated among other things : "We have been assured by Shri Kudianavala and his associate construction groups that our minimum requirements could be completed in a period of 10 months from the date of entering into contract."

(iii) Shri M.L. Nanda wrote to the WH&S Ministry on 15-12-67 expressing the opinion that it would not be possible to complete the building by the end of 1968. No comment can also be offered on the assurances given by Shri Kudianavala regarding completing of this project within a period of 10 months, as we do not know the basis on which such an assurance has been given...."

21 1-148 Actually the CPWD's view has been borne out by subsequent events; the building which the OCS wanted to be completed by the end of 1968 was rescheduled dates of completion were 31st May, 1969, for the first phase and 30th November, 1969 for the second phase. The first phase was however completed only in July, 1972. The Committee cannot, therefore, help feeling that the work could have been safely entrusted to the CPWD, the more so as they would have also entrusted a good deal of work such as pile foundation, air-conditioning etc. to one or the other of the very few specialised private agencies in the country, as was in fact done.

As indicated in para 9, the CPWD were not likely to have taken longer over the Project than the private Architect, had they been associated with it from the very beginning, as the Architect was. The O.C.S. should have associated the CPWD with this Project right from the beginning and not allowed themselves to be influenced by the tall claims of high contacts etc. made by the private Architect, or any other pressures. Shri S.N. Kalra was responsible for this lapse, but Shri K.M. Balchandani and Shri S.D. Nargolwala have to share responsibility, as they were fully aware of the position and yet took no action in the matter.
(S.No. 8, Chapter XIV)

The extensions of time granted to the various contractors for completing their contracts were reasonable and the reasons due to which the extensions were granted were really beyond the control of the contractors concerned.
(S.No. 35, Chapter XIV)

Thanks to the thoroughness with which the engineers and other officers concerned of the OCS carried out their job, delays in construction were promptly taken up at

The approval accorded by the Ministry of Works & Housing to the work being entrusted to an out-side agency was unqualified one. The question of refuting the CPWD's view on the part of the part OCS or Ministry it may be appreciated, did not arise.

This question has been examined in Chapter XIII of the Committee's Report and conclusions there of are summarised at S.No. 35 and 36 of Chapter XIV thereof. The Committee hold that the extensions of time granted to the various contractors for completing their contracts were reasonable and the reasons due to which the extensions were granted were really beyond the control of the contractors concerned. In fact the Committee have appreciated the thoroughness with which the Engineers and other officers concerned of the OCS carried out their jobs, delays in construction were promptly taken up at every stage and necessary remedial action initiated immediately so as to reduce the delays to the minimum.

The main point involved is regarding validity of the original claim of M.s. Pheroze Kudianavala & Associates that they could complete the main building within 10 months. Prof. S.K. Bose, now Director, Indian Institute of Technology Kharagpur is on record that it was a very difficult job virtually to complete the Project within the period of 10-12 months as indicated by Shri Kudianavala, neverthe-

every stage and necessary remedial action initiated immediately so as to reduce the delays to the minimum.
(S.No. 36, Chapter XIV).

less, such an assurance was not impracticable for this architect as he was very energetic and capable and worked fast enough, *vide* Clause (f) of Para 8 of Chapter IV of the Expert Committee's Report.

In the Committee's view the extensions of time granted to the various contractors for completing their contracts were reasonable. In fact the Committee have gone to the length of appreciating the thoroughness with which the Engineers and other officers concerned of the OCS carried out their jobs.

Government have noted the observations of the PAC.

25 1. 152. Apart from the above, there are some other procedural aspects in regard to the execution of the project which appear to the Committee to be to put it mildly, unusual and unwise—

(i) In the Constitution of the Works Committee a representative from CPWD was not associated. Strangely enough, in a work of such magnitude, no magnitude, no consultation or participation from CPWD was sought by OCS.

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(i) The Expert Committee have examined this clause in paragraphs 19 and 20 of Chapter III of their Report with conclusion as at Serial Nos. 5 and 6 of Chapter XIV thereof. They have held that the original proposal of DGOCS for inclusion of Shri R.G. Gokhale Additional Chief Engineer, CPWD, was influenced unduly by Shri Nargolwala's views with the result that the question of the inclusion of the architect and the exclusion of Shri R.G. Gokhale, did not receive the attention which it deserved.

As indicated in para 19(c), the original proposal of Shri S.N. Kalra to include Shri R.G. Gokhale, Additional Chief Engineer, CPWD, Nagpur, as a member of

Government have examined the above conclusion of the Expert Committee. CPWD is a specialised agency of the Government and the corresponding specialised agency

(ii) The Financial Adviser to the Ministry of Communications, who was to scrutinise estimate of expenditure of the Project was also appointed a member of the Works Committee. He would thus be predisposed in favour of whatever was recommended by the Works Committee and his scrutiny of the recommendations of the Works Committee in his capacity as Financial Adviser would not be as objective as was desirable.

the Works Committee was sound and should have been accepted.
(S.No. 5, Chapter XIV).

The minuting in the file of the Ministry of Communications, referred to in para 3, seems to indicate that the examination of the proposals for the constitution of the Works Committee submitted by the D.G. OCS, was influenced unduly by Shri S.D. Nagrwal's views. The question of the inclusion of the Architect and the exclusion of Shri R.G. Gekhale consequently did not receive the attention which it deserved.

The inclusion of the Financial Adviser to the Ministry of Communications in the Works Committee was undoubtedly of help in the expeditious disposal of matters relating to the construction of this project which was required to be carried out to a very tight time schedule. The likelihood of his being pre-disposed in favour of whatever was recommended by the Works Committee of which he was the senior-most member resulting in his scrutiny of the recommendations of the Works Committee in his capacity as Financial Adviser not being as objective as was desirable, was undoubtedly there and was strengthened to some extent by his attitude as reflected in his noting referred to in para 7 to 11. However, such likelihood was more than offset by the expedition with which decisions were taken due to his being a member of the Works Committee.

(S.No. 3 Chapter XIV)

for P&T Works is, the Civil Wing of the P&T Department under the Ministry of Communications. Shri Gekhale, Additional Chief Engineer, CPWD, was headquartered at Nagpur while the senior most officer of the Civil Wing (Shri S.D. Pathak, Superintending Engineer) who was headquartered at Bombay, was included. However, this part of the conclusion of the PAC has been noted.

This has been examined by the Expert Committee in paras 13-19 of Chapter III of their Report with the conclusion summarised at Serial No. 3 of Chapter XIV that "the inclusion of the Financial Adviser to the Ministry of Communications in the Works Committee was undoubtedly of help in the expeditious disposal of matters relating to the construction of this project which was required to be carried out to a very tight time schedule. The likelihood of his being pre-disposed in favour of whatever was recommended by the Works Committee of which he was the senior-most member resulting in the scrutiny of the recommendation of the Works Committee in his capacity as Financial Adviser not being as objective as was desirable, was undoubtedly there." However, such likelihood was more than off-set by the expedition with which decisions were taken due to his being a member of the Works Committee.

Government have noted the observations of the P.A.C.

(iii. & iv) The architect whose plans and estimates were to be scrutinised by the Works Committee was appointed as a member of that Committee.

The Works Committee was *inter-alia* authorised to approve awards of contracts. In a letter dated 11th December, 1967 addressed to the CPWD, the Chief Engineer OCS had stated that "We have been assured by Shri (architect) and his associated construction groups that our minimum requirements could be completed in a period of 12 months from the date of entering into contract." In a written reply, the Ministry stated: "This office has no information as to whether any of the contractors had direct or indirect business dealing with the Architect but it may be presumed that professionally the architect had dealings with the contractor in other works on which he had been serving as architect." The Committee feel that as a member of the Works Committee, the architect was unwisely and improperly placed in a position from which he could influence the Works Committee effectively in favour of his associate contractors.

(v) The Report of the Sub-Committee of the Works Committee on the estimates prepared by the Architect was submitted direct to the Ministry without its being

It was quite wrong to have made the Architect a member of the Works Committee and also the various Sub-Committees nominated by the Works Committee for negotiating contracts. In all these cases the Architect should have been directed to be in attendance at the meetings of the Works Committee and its Sub-Committees, whenever his presence was needed, instead of being made a member thereof. (S.No. 4 of Chapter XIV)

This has been examined by the Expert Committee in paras 13-19 of Chapter III of their Report with the conclusion at Serial No. 4 of Chapter XIV that it was quite wrong to have made the architect a member of the Works Committee and also of the various Sub-Committees nominated by the Works Committee for negotiating contracts; in all these cases, the Architect should have been directed to be in attendance at the meetings of the Works Committee and its Sub-Committees, whenever his presence was needed, instead of being made a member thereof.

Government have considered this aspect and while noting the conclusion reached by the PAC will ensure that this is not done in future by issuing suitable instructions. This is also being brought to the notice of the Ministry of Works & Housing.

The preliminary estimate made by the Architect and subsequently modified by the Sub-Committee was never sent to the Works Committee. It was sent to the Government Director in this connection it would be relevant to refer to para 9 of the proceedings of the 1st Works Committee meeting held on 19-1-1968, which is reproduced below:

This aspect of the case has been discussed in Chapter VII (Para 27) of the Expert Committee's Report where it is pointed out that in the very first meeting of the Works Committee held on 19th January, 1968, Shri Nargolwala had stated that administrative approval and sanction would issue on the basis of the estimates approved by the Sub-Committee. In fact this is the

(vi) The Architect was authorised by the Works Committee to negotiate rates for the piling contract.

1.153 Almost every one of the above points is in itself a grave lapse and calls for severe disciplinary action. The Committee

"Shri Nargolwala stated that Administrative approval and sanction would issue on the basis of the estimate mentioned in para 8(c) as approved by the Sub-Committee."
(Para 27, Chapter VII)

The Public Accounts Committee have also commented adversely on the Architect having been authorised by the Works Committee to negotiate rates for the piling contract. We have gone into this matter in detail and find that, while such an authorisation was made by the Works Committee—which in our view was quite wrong—the actual negotiations were carried out by Shri S. D. Pathak. Consequently, the authorisation as such was, for all practical purposes, infructuous.
(Para 21, Chapter III)

concluding portion of the minutes of that meeting.

Government have examined this case and noted that in the same meeting the composition of the Sub-Committee was also approved. Though the Expert Committee have not drawn any specific conclusion, it is obvious that the Works Committee had delegated its powers of approving the estimates to the Sub-Committee. Accordingly, the submission of the estimates as approved by the Sub-Committee for sanction to the Ministry was in accordance with the procedure laid down by the Works Committee itself.

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The Expert Committee have examined this matter in para 21 of Chapter III of their Report and have found that while such an authorisation was made by the Works Committee which in their view was quite wrong—the actual negotiations were carried out by Shri S. D. Pathak (Superintendent Engineer of the Posts & Telegraphs Civil Wing and Member of the Works Committee). Consequently the authorisation as such was, for all practical purposes, infructuous.

Government have noted the observations of the PAC and the conclusion reached by the Expert Committee.

Government have examined all the points in the light of the Expert Committee's Report. The action proposed to be taken against

would like to be informed of the action taken. The Committee further desire that instructions should also be issued to all Ministries concerned to adhere strictly to the procedures prescribed in the execution of works.

27 1.164 The estimates of building included a provision of Rs. 23 lakhs on exterior treatment by using marble and malad stone. The Committee were informed that this was one because the Government of Maharashtra had desired the building located at a place occupied previously by Queen Victoria's statue to be prestigious one. Surprisingly the exterior treatment at such high cost appears to have been readily acquiesced in by the Financial Adviser. The Committee feel that instead of spending such a large amount on the exterior treatment, the Department should have thought of some other less expensive alternative. The Committee consider an expenditure of Rs. 28 lakhs actually incurred on the exterior treatment as too high for a building costing about 1.50 crores. They, therefore, desire that the reasonableness of the expenditure of this order and of the rates allowed for the work should be critically gone into. In addition, the advisability of using malad stone in the building exposed to the sea breeze should also be gone into.

The exorbitantly high cost of the exterior treatment of the main building seems to have received no notice whatsoever, critical or otherwise, during the passage of the Preliminary Estimate through the Ministry of Communications, which sanctioned it. There was no case whatsoever for spending such a large sum of money on this. The extravagance lies on Shri S.D. Nargolwala.

the various points has been indicated against each.

As desired, all Ministries concerned have been addressed *vide* Ministry of Communications O. M. No. 25015/1/73-OC, dated the 2nd April, 1974. Now that findings of the Expert Committee have become available, the concerned Ministries are being addressed further.

In so far as the reasonableness of the expenditure on exterior treatment and the rates allowed for the work are concerned, the Expert Committee have examined this matter in Chapter X of their Report. As indicated in paras. 6, 10 and 12 of this Chapter, the Committee have concluded *vide* Serial No. 28 of Chapter XIV that exorbitantly high cost of exterior treatment of the main building seems to have received no notice whatsoever, critically or otherwise during the passage of preliminary estimate through the Ministry of Communications, which sanctioned it and that there was no case whatsoever for spending such a large sum of money on this. The main responsibility for this extravagance lies on Shri S. D. Nargolwala.

Government have noted the observations of the PAC and the conclusions reached by The Expert Committee. Advice of the Ministry of Law/Department of Personnel is being sought as to the puritive action, if any, that may be feasible or called for in this case against Shri S.D. Nargolwala, who has retired from service and institution of departmental proceedings is barred under

The Public Accounts Committee have referred to the advisability of using Malad Stone in a building exposed to the sea breeze. We have gone into this matter in some detail and have consulted a number of senior engineers. We have been advised that sea breeze does not have any particularly deleterious effect on Malad stone. Indeed, the Fort area in Bombay contains a large number of buildings, constructed several decades ago, which have malad stone facing. Apart from the normal effect of exposure to the weather over a long period of time, we have not noticed any particularly serious weathering of Malad stone facing used in those buildings.

(Para 17 of Chapter X)

CSR 351-A. With regard to the rates allowed, except for the restoration of Malad Stone rate from Rs. 29 cft. to Rs. 31 cft., the Expert Committee have found the rates—*Vide* paras 14-15 -16 of Chapter X, Serial No. 29 of Chapter XIV to be very reasonable.

As regards the advisability of using Malad stone in a building exposed to the sea breeze, the Expert Committee have discussed this aspect in para 17 of Chapter X of their Report. Their concluding recorded after consulting a number of senior Engineers is that the sea breeze does not have any particularly deleterious effect on malad stone.

Government have noted the observations of the PCA and of the Expert Committee.

OTHER IRREGULARITIES FOUND BY THE EXPERT COMMITTEE

CHAPTER XIV

SUMMARY OF MAIN CONCLUSIONS

S. No. 2

The deletion of the phrase "in accordance with the rules prescribed by government for this purpose" from the draft relating to the functions and powers of the Works Committee, at Shri D. D. Nargolwala's instance, was unwise and tended to make the full powers given to this Committee unbridled as well.

S. No. 10

The "Architects' code", which has been referred to by Shri S. D. Nargolwala both during his examination by the Public Accounts Committee and during his meeting with us—*vide para 5(c)*—as if it were something sacrosanct is, as pointed out by Shri P. Kudianavala himself—*vide para 20(i)* not strictly binding on an architect, much less on the Government, so far as the scale of fees is concerned. Indeed, this Code is stated to have prescribed a fee of 6 per cent for a project like the Videsh Sanchar Bhavan whereas Messrs Kudianavala and Associates accepted a lower fee of 5 per cent. We have no doubt that, if the matter had been handled properly, as indicated above. Shri Kudianavala could have been persuaded to accept a still lower fee of 4 per cent or even less. The persons mostly responsible for this lapse were Shri S. D. Nargolwala and Shri S. N. Kalra. Shri Kalra seems to have failed to bring to the notice of the Negotiating Committee that Shri Kudianavala had offered to do the work even free of charge. This information would perhaps have assisted the Committee to obtain more favourable terms from the Architect.

S. No. 18

The Preliminary Estimate was prepared in a very haphazard manner and served hardly any useful purpose.

S. No. 19

The examination of the Preliminary Estimate in the Ministry of Communications and the procedure adopted for this, left much to be

desired. Further, the manner in which the proposal was routed and sanction to it obtained, was improper. Shri S. D. Nargolwala, Financial Adviser and Additional Secretary, Ministry of Finance, was the officer principally concerned in the matter.

S. No. 20

The Detailed Estimate was prepared in an unsatisfactory manner. The rates allowed were difficult to check and were on the high side and the estimate hardly served the purpose for which it was intended.

S. No. 23

Secret D.O. letter No. 28-CD(12)/67, dated 11-9-67 from Shri S. P. Sen Verma to Shri L. C. Jain, on the subject of measures for ensuring satisfactory negotiation, conclusion and execution of contracts should have been brought to the notice of the Works Committee and all the officers concerned with the Project. The D.G., O.C.S. failed to do this.

S No. 24

The designs for the piling work for the main foundations of the Videsh Sanchar Bhavan Project do not appear to have been scrutinised thoroughly.

S. No. 25

The load tests prescribed for the piles were of a standard lower than those laid down by the Indian Standards Institute.

S. No. 26

Piling work should have been excluded from the Architects' Contract, thereby saving a sum of Rs. 15,000 or so from his fees.

S. No. 27

Tenders should have been called for the piling work. Better rates were thereby likely to be obtained.

S. Nos. 33 and 34

The grant of loans (Rs. 12.75 lakhs) to the New Consolidated Construction Co. Ltd. was necessary and was, in any case, a condition of their contract. So far as their repayment was concerned, no difficulty arose. The instalments were paid when due and the loans returned in accordance with the conditions on which they

had been granted. However, no evidence is available on record to show that any steps were taken by the Works Committee or the O.C.S. to ensure that:—

- (i) the loans granted were actually utilised for the purpose for which they were granted; and
- (ii) the joint hypothecation stipulated by Shri K. M. Balchandani, vide para 9 and by Shri S. D. Nargolwala vide paras 10(b) and 10(d), was not carried out. If this was not practicable, the difficulty should at least have been brought to the notice of the Ministry of Communications.

The responsibility for these omissions lies mainly with Shri K. M. Balchandani, but it also has to be shared by Shri S. D. Nargolwala.

S. No. 34

The processing of the case in the Ministry showed excess of zeal on Shri Nargolwala's part.

APPENDIX II

Summary of main conclusions: recommendations

S. No.	Para No.	Miny. Deptt. Concerned	Conclusions	Recommendations
1	2	3		4

1 1.7 Communications

While agreeing with the views of Estimates Committee and Administrative Reforms Commission regarding merger of the Overseas Communication Service with P&T Directorate, the Committee had desired that the early decision should be taken in the matter. The Ministry have informed the Committee that a decision was taken by the Cabinet on the recommendations of A.R.C. on 22nd February, 1973 that the O.C.S. need not be merged with the P&T Department. The question has been reviewed in the light of the recommendation of the Public Accounts Committee and Government have decided to continue the existing arrangements considering that it is necessary to maintain the separate entity of O.C.S. for the sake of the better organisational control and effective collaboration with the counterpart administrations in other countries. Government have also considered the alternative recommended by the Committee regarding feasibility of setting up of a separate department of O.C.S. under the P&T Board as in other countries in order to maintain its separate identity.

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Government are of the opinion that transfer of administrative control of O.C.S. from the Ministry of Communications to P&T Board would not be itself result in better administrative, technical and operational efficiency of O.C.S. On the other hand, Government consider that it would be in the public interest to continue O.C.S. as a separate entity under the control of the Ministry of Communications as at present. It is not clear to the Committee what public interest is involved in continuing O.C.S. as a separate entity under the control of the Ministry as at present. The Government have admitted that in future telecommunication technology will increasingly become similar both in OCS and P. & T. Department as a result of programming of a number of satellite earth stations in the country for internal traffic. The two arguments which have weighed with Government most for keeping O.C.S. as a separate entity are (i) the need for close liaison with foreign administrations in operational matters, accounting procedures etc. and (ii) various administrative and staff problems resulting from merger. It is difficult to see in what way close liaison with foreign administrations in operational and other matters is more difficult if OCS is put under P&T Board. Indeed the advancement of technology on the P&T side on the same lines as in O.C.S. points to the need for proper coordination not only in purchase of equipment, spares etc. but also in the field of research and development. The Committee, therefore, continue to be more impressed with arguments in favour of the OCS being under the overall control of the P&T Board rather than as at present under the Ministry. This is, however, a kind of question where Government's view should prevail. The Committee would, however, suggest that Govt. may one more look at the entire question.

1	2	3	4
2 1.15	Communications		<p>The Committee note that the Expert Committee which enquired into the construction of Videsh Sanchar Bhavan (a building of OCS in Bombay) has found 3 officers—Sarvashri S. N. Kalra, D.G.O.C.S., K.M. Balchandani, Chief Engineer O.C.S. (letter D.G., O.C.S.) and S. D. Nargolwala, Financial Adviser to the Ministry of Communications—mostly responsible for several serious irregularities. As the officers have already retired from service, it has not been possible to proceed against them departmentally. However, advice of Ministry of Law and the Department of Personnel has been sought as to the punitive action, if any, that may be feasible or called for against each one of them.</p>
3 1.15	do		<p>The Committee are very much concerned to observe that although more than a year has elapsed since the Expert Committee submitted their report, Government have not yet decided whether they are in a position to, and if so, whether they at all wish to take action against the officers whom the Expert Committee held responsible in the main for the various lapses (malpractices) in this case. The Committee would reiterate their earlier recommendation that as disciplinary action which is inordinately delayed lose much of its deterrent value, it is very necessary that Government should take action without further loss of time. Punitive action should also be taken against those who have retired (<i>i.e.</i>, S/Shri S. N. Kalra, D.G.O.C.S., K. M. Balchandani, Chief Engineer, O.C.S. (later D.G., O.C.S.) and S. D. Nargolwala (Financial Adviser). While doing so, the Committee suggest that Government takes note also of the recommendation contained in paragraph 1.25 of this Report. The Committee would also like to be</p>

4 1.17

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informed about the action taken against other officers responsible for the various lapses pointed out by the Expert Committee.

5 1.20 Communications, Works & Housing

The Committee note the remedial measures that have been taken by the Ministry and they hope that care will be actually taken to ensure non-recurrence of such lapses. The matter should be reflected in the annual report of the Ministry.

The Committee note the conclusion of the Expert Committee that the decision taken by the Ministry of Works, Housing and Supply in approving of the work being given to an agency other than C.P.W.D. without satisfying themselves that this really would enable the project to be completed within a period of 10 months or so was "somewhat hasty". 'Somewhat hasty' is an unduly mild expression to use in regard to a decision which in effect amounted to running away from responsibility.

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The Ministry of Works, Housing and Supply or the C.P.W.D. also did not give an opportunity to the Ministry of Communications or the O.C.S. to take careful note of the C.P.W.D.'s view that the work could not be completed within 10 months or so by any other agency before making up the mind to giving the work to an out-side agency. The Committee consider that it was the duty of the Government in the Ministries of Communications and Works and Housing to satisfy themselves whether it was practicable to complete the building within 10 months or so and if not, whether the private architect would be in a better position to be able to do so. As observed by the Expert Committee the officers in the OCS and the Ministry of Communications should not have allowed themselves to be influenced

by the tall claims of high contracts etc. made by the private architect or any other pressures. The Ministry of Works, Housing and Supply also failed to satisfy themselves in this regard before according their approval. The Committee desire that the responsibility of the officers concerned should be fixed under advice to the Committee.

6. 1.23

Communications

The Committee are not satisfied with the explanation of the Ministry for not appointing a representative of the CPWD on the Works Committee. As observed by the Expert Committee although Shri S. D. Pathak was a Superintending Engineer of the CPWD on deputation to the P&T Department, he was not of adequate status to be able to pull his weight in the Works Committee. Moreover, he was subordinate to the Ministry of Communications. If Shri R. L. Gokhale had been appointed in the Works Committee, he would have been able to act as an effective Member by virtue of his seniority besides being not subordinate to the Ministry of Communications or any of its departments. As observed by the Committee earlier, the Ministry should have consulted the CPWD about the constitution of the Works Committee and sought their participation in it. The failure of the Ministry in not associating a representative of the CPWD with the Works Committee was serious and responsibility should be fixed.

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7 1.25

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The Committee assume that the Ministry will have been as impressed as it has been by the finding of the Expert Committee that there seems to be some kind of family resemblance in the circumstances in which the

same private firm (M/s. Kudianavala and Associates) was appointed as architects for the P. & T. Building, New Delhi and OCS Building, Bombay. The Committee trust that the Ministry will have already initiated investigation into the circumstances leading to appointment of the architect for P. & T. building. The Committee would like to be kept informed of the progress of the investigation. And if investigation has not already been instituted, the Committee desire that it will now be done.

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