

HUNDRED AND FIFTEENTH REPORT

PUBLIC ACCOUNTS COMMITTEE (1987-88)

(EIGHTH LOK SABHA)

LOSS OF REVENUE DUE TO NON-REVISION OF RENTALS

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

[Action Taken on 21st Report (8th Lok Sabha)]



*Presented to Lok Sabha on 29 March, 1988
Laid in Rajya Sabha on 29 March, 1988*

**LOK SABHA SECRETARIAT
NEW DELHI**

March, 1988/Phalgun, 1909 (Saka)

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CORRIGENDA TO 115TH REPORT OF THE
PUBLIC ACCOUNTS COMMITTEE (8TH LOK SABHA)

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PUBLIC ACCOUNTS COMMITTEE
(1987-88)

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Shri Amal Datta

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SECRETARIAT

1. Shri K.H. Chhaya—*Joint Secretary*
2. Shri B.D. Duggal—*Chief Financial Committee Officer*
3. Shri S.M. Mehta—*Senior Financial Committee Officer*

INTRODUCTION

1. I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Hundred and Fifteenth Report of action taken by Government on the recommendations of the Public Accounts Committee contained in their 21st Report (Eighth Lok Sabha) on Loss of revenue due to non-revision of rentals.

2. In their 21st Report the Committee had examined two cases involving loss of substantial sums of money to the public exchequer through the failure of the concerned officers to revise rentals of two hotel type PABXs of 120+1000 and 120+900 lines capacity provided in two Five Star hotels—Taj Mahal Hotel and Oberoi Sheraton Hotel, Bombay in January, 1972 and June, 1973. Even though the rent for these two PABXs in Bombay became due for revision on expiry of rent and guarantee period of 5 years in January, 1977 and June, 1978 when it was to be charged at standard flat rates, it was not revised. The Committee had observed that during the period when the rent for Taj Mahal and Oberoi Sheraton hotels in Bombay was not revised, the General Manager, Telephones, Calcutta had revised the rentals for users of switch boards exceeding 600 lines capacity and the increased rental was almost double of that charged for the two Bombay hotels. Further, even after the Audit had pointed out the discrepancy the Department took more than 2½ years to set right the mistake in the case of the aforesaid two hotels. The Committee had, therefore, recommended that the responsibility for the lapses, and the failure to remedy the lapses, when the occurrence of the lapses had been brought to the notice of the Department must be established and disciplinary action taken against those found guilty.

3. The Ministry of Communications have not given any new facts in their action taken note except repeating the facts earlier placed before the Committee that the General Manager, Bombay had acted in accordance with the rules and instructions issued by the Directorate and the Directorate did not issue any instructions for PABXs for sizes larger than 600 lines under the misunderstanding that PABXs above 600 lines were not working. The Committee havenot been

(vi)

satisfied with this casual reply of the Ministry. According to the Committee, this case is clearly indicative of a total lack of coordination between the Directorate and the concerned General Manager and failure of control mechanism to watch the financial interests of the Government. The Committee have, therefore, reiterated their earlier recommendation that responsibility for the lapses, and the failure to remedy the lapses promptly when the occurrence of the lapses had been brought to the notice of the Department must be established and disciplinary action taken against those found responsible.

4. In the opinion of the Committee the charging of lower rentals for the two hotel type PABXs in Bombay on expiry of their initial guarantee period could not possibly occur if there was proper machinery to co-ordinate the functioning of the various circles and branches under the Directorate and is clearly indicative of the lack/failure of control mechanism in the Ministry.

According to the Committee, such occurrences create strong suspicion of collusion. The Committee have emphasised that the Ministry should take effective steps to evolve adequate control mechanism to ensure co-ordinated functioning of the various circles and branches of its Directorate so that in future such lapses are avoided.

5. The Report was considered and adopted by the Public Accounts Committee at their sitting held on 9 March, 1988. Minutes of the sitting form Part II of the Report.

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

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

NEW DELHI;
March 11, 1988

Phalguna 21, 1909 (S)

AMAL DATTA
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

1.1 This Report of the Committee deals with the action taken by Government on the Committee's recommendations observations contained in their *report on loss of revenue due to non-revision of rentals of two hotel type (extendable) Private Automatic Branch Exchanges (PABXs) by the Ministry of Communications (Department of Telecommunications).

1.2 The Committee's report contained 6 recommendations/observations. Action Taken Notes on all these recommendations have been received from the Ministry of Communications. The action taken notes have been broadly divided into three categories as indicated in Appendix I. In the succeeding paragraphs the Committee deal with action taken on some of their recommendations/observations.

1.3 The Committee had examined two cases involving loss of substantial sums of money to the public exchequer through the failure of the concerned officers to revise rentals of PABXs to two private parties. The General Manager, Telephones, Bombay had provided two hotel type PABXs of 120+1000 and 120+900 lines capacity in two five star hotels—Taj Mahal Hotel and Oberoi Sheraton Hotel, pombay in January, 1972 and June, 1973 on rent and guarantee basis initially for a period of 5 years, on a rental of Rs. 1.58 lakhs and Rs. 1.89 lakhs per annum respectively.

1.4 Even though the rent for these two PABXs in Bombay became due for revision on expiry of rent and guaranter period of 5 years in January, 1977, and June, 1978 when it was to be charged at standard flat rates, it was not revised.

1.5 In September, 1980 the Director General, Posts and Telegraphs (DGPT) revised the tariff rates for various types of PBXs and PABXs

* Twenty-first Report (Eighth Lok Sabha) on paragraph 14 of the Report of the C&AG of India for the year 1982-1983, Union Government (Posts and Telegraphs).

including hotel type exchanges upto 600 lines capacity. These orders prescribed fixed rentals for PABX of 600 lines capacity at Rs. 3.35 lakhs per annum but did not prescribe standard rates for PABX of higher capacity. It was noticed by Audit in December 1981 that rentals in respect of the above hotel type exchanges with 1000 lines and 900 lines continued to be charged at the old rates of Rs. 1.58 lakhs and Rs. 1.89 lakhs respectively i.e. at much lower rates than the flat rates for 600 lines PABX.

1.6 The Ministry had intimated Audit in April, 1983 that tariff for PABX of extendable type (Ordinary/hotel) upto 600 lines had been fixed on flat rate basis with effect from 1st September, 1980. It had also been decided that when additional 100 lines and more were added to such boards raising their capacity beyond 600 lines, the rentals would be fixed by adding the rental for the number of additional lines below 600 lines to the rental of 600 lines. According to the Ministry this decision would, however, not apply to existing exchanges of capacity over 600 lines for which charges were being levied on capital cost basis.

1.7 The Committee were informed that as on 1.6.1984 there were 21 PABXs of more than 600 lines capacity in the country. Of these, 13 were electro-mechanical and hotel type (extendable) with capacity ranging between 700 and 2000 lines. Most of these were ordinary PABXs of strowger type. Where as Rs. 3.50 lakhs were being charged from PWD, Government of West Bengal for a PABX of 800 lines (expanded to this capacity in February 1966), Rs. 3.35 lakhs from Western Command, Army, Chandigarh for a PABX of 800 lines (installed in October 1976), Rs. 7.44 lakhs from Vikram Sarabhai Space Centre, Kerala for a PABX of 2000 lines (installed on 1.4.1980), and Rs. 12.29 lakhs from Army Headquarters, Sena Bhavan, New Delhi for an indiailling PABX of 2000 lines (installed on 17.9.1982), Rs. 1.58 lakhs and Rs. 1.89 lakhs only continued to be charged from Taj Mahal and Oberoi Sheraton Hotels, Bombay for PABXs of 120+1000 and 120+900 lines capacity respectively from January, 1972 and June, 1973 upto 31 May 1984.

1.8 The Member (P&T Board) had informed the Committee during evidence that in 1980 when they fixed the standard rental for Boards upto 600 lines, information was not available to them in the Directorate about the bigger size boards in existence.

1.9 The Ministry have now intimated that even prior to 31.8.1980, flat rate rental was being charged for PBX/PABX boards upto 100 lines. From 1.9.1980, flat rate rental was introduced for capacities upto 600 lines and from 1.6.1984 upto 1200 lines and from 1.4.1986 for all capacities.

Fixation of responsibility for a lapse involving gross negligence

(Serial No. 5—Paragraph 1.43)

1.10 Commenting upon the responsibility of the Department of Telecommunications to ensure that rates in the different circles in the different circles in the country are fixed on uniform basis, the Committee had observed that during the period when the rent for Taj Mahal and Oberoi Sheraton hotels in Bombay was not revised, the General Manager, Telephones, Calcutta had revised the rentals for users of switch boards exceeding 600 lines capacity and the increased rental was almost double of that charged for the two Bombay Hotels. Further, even after the Audit had pointed out the discrepancy the Department took more than 2½ years to set right the mistake made by them in January, 1977. The Committee had, therefore, recommended that responsibility for the lapses, and the failure to remedy the lapses, when the occurrence of the lapses had been brought to the notice of the Department must be established and disciplinary action taken against those found responsible.

1.11 The action taken note furnished by the Ministry of Communications (Department of Telecommunications) is reproduced in Chapter IV of the Report. The Department have stated that the Directorate did not issue any instructions for PABXs for sizes larger than 600 lines under the misunderstanding that PABXs above 600 lines were not working.

1.12 The Ministry of Communications have not given any new facts in their action taken note except repeating the facts earlier placed before the Committee that the General Manager Bombay had acted in accordance with the rules and instructions issued by the Directorate and the Directorate did not issue any instructions for PABXs for sizes larger than 600 lines under the misunderstanding that PABXs above 600 lines were not working. The Committee are not satisfied with this casual reply of the Ministry. This case is clearly indicative of a total

lack of coordination between the Directorate and the concerned General Manager and failure of control mechanism to watch the financial interests of the Government. It is highly deplorable that even after Audit had pointed out the discrepancy the Department took more than 2½ years to set right the mistake made by them in January 1977. The Committee, therefore, reiterate their earlier recommendation that responsibility for the lapses, and the failure to remedy the lapses promptly when the occurrence of the lapses had been brought to the notice of the Department must be established and disciplinary action taken against those found responsible.

Co-ordinated functioning of the various circles and branches

(Serial No. 6—Paragraph 1.44)

1.13 The Committee had desired to be apprised of action taken by the Ministry to ensure that the machinery for co-ordinated functioning of the various circles and branches of its own Directorate was thoroughly overhauled, so that it may never again be necessary to plead that circles were unaware of action taken in any of the other circles.

1.14 The Action Taken Note furnished by the Ministry of Communications (Department of Telecommunications) which is reproduced in Chapter IV, is silent about the action taken by the Ministry in pursuance of this specific recommendation of the Committee.

1.15 The Committee are of the opinion that the charging of lower rentals for the two hotel type PABXs in Bombay on expiry of their initial guarantee period could not possibly occur if there were proper machinery to co-ordinate the functioning of the various circles and branches under the Directorate and is clearly indicative of the lack/failure of control mechanism in the Ministry. Such occurrences create strong suspicion of collusion. The Committee trust that the Ministry will take effective steps to evolve adequate control mechanism to ensure co-ordinated functioning of the various circles and branches of its Directorate so that in future such lapses are avoided.

CHAPTER II
RECOMMENDATIONS AND OBSERVATIONS WHICH
HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The General Manager, Telephones (GMT) Bombay provided two hotel type (extendable) private Automatic Branch Exchanges (PABXs) of 120 + 1000 and 120 + 900 lines capacity to two five star hotels — Taj Mahal Hotel and Oberoi Sheraton Hotel, Bombay in January 1972 and June 1973 on rent and guarantee basis initially for a period of 5 years, on a rental of Rs. 1.58 lakhs and Rs. 1.89 lakhs per annum respectively. According to the rules then in force the rent based on capital cost was higher than the standard tariff rates which prescribed rentals for exchanges upto capacity of 600 lines only.

[Sl. No. 2 (Para 1.40) of Appendix to 21st Report of PAC
(8th Lok Sabha)].

Action Taken

Noted.

[Ministry of Communications (Deptt. of Telecommunications) U.O.No./27—17/85-B dated 17.19-8-1987].

Recommendation

The Committee were informed that as on 1-6-1984 there were 21 PABXs of more than 600 lines capacity in the country. Of these, 13 were electro-mechanical and hotel type (extendable) with capacity ranging between 700 and 2000 lines. Most of these were ordinary PABXs of strowger type. Whereas Rs. 3.50 lakhs were being charged from PWD, Government of West Bengal for a PABX of 800 lines (expanded to this capacity in February 1966), Rs. 3.35 lakhs from Western Command, Army, Chandigarh for a PABX of 800 lines (installed in October 1976), Rs. 7.44 lakhs from Vikram Sarabhai Space

Centre, Kerala for a PABX of 2000 lines (installed on 1-4-1980) and Rs. 12.29 lakhs from Army Headquarters, Sena, Bhawan, New Delhi for an indialling PABX of 2000 lines (installed on 17-9-1982), Rs. 1.58 lakhs and Rs. 1.89 lakhs only continued to be charged from Taj Mahal and Oberoi Sheraton Hotels, Bombay for PABXs of 120+1000 and 120+900 lines capacity respectively from January 1972 and June 1973 upto 31 May, 1984.

[Sl. No. 3 (Para 1.41) of Appendix to 21st Report of PAC (8th Lok Sabha)].

Action Taken

Noted.

[Ministry of Communications (Deptt. of Telecommunications) U.O. No. 27—17/85-B dated 17/19-8-1987].

Recommendation

Even though the rent for these two PABXs in Bombay became due to for revision on expiry of rent and guarantee period of 5 years in January 1977 and June 1978 when it was to be charged at standard flat rates, it was not revised. The reasons for not revising the rental at this stage are stated to be non-fixation of standard rentals for boards of this category and the rents, therefore, continued to be charged on capital cost basis. If this reason is valid then it is surprising that in September, 1980 when the Department prescribed standard rental for extendable type switch boards from 100 lines to 600 lines it chose not to prescribe tariff for switch boards beyond 600 lines capacity and the reason for not doing so is even stranger in that the Directorate was not aware of the existence of switch boards of capacity of more than 600 lines. Quite obviously the Directorate must have such information on its record. To say the least it is a clear case of gross negligence on the part of Directorate as well as the General Manager concerned.

[Sl. No. 4 (Para 1.42) of Appendix to 21st Report of PAC (8th Lok Sabha)].

Action Taken

The standard rentals for all capacities of PBX/PABX boards have since been fixed and there may not be any chance of similar cases arising in future.

[Ministry of Communications (Deptt. of Telecommunications) U.O. No. 27—17/85-B dated 17/19-8-1987].

CHAPTER III

RECOMMENDATIONS AND OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES

Recommendation

This entire case is illustrative of the general inefficiency of the functioning of the Ministry of Communications and that is the reason why the Committee considers it necessary to sort out in summary form all the facts once again and place on record the explanations of the Ministry for its failure to do what was needed to be done. In this case substantial sums of money have been lost to the public exchequer through the failure of officers to discharge their duties in the manner expected of them. And what is deplorable is that even after the facts came to be known to the Ministry, the corrective action was taken with great reluctance and avoidable delay.

[Sl. No. 1 (Para 1.39) of Appendix to 21st Report of P.A.C.
(8th Lok Sabha)]

Action Taken

Even prior to 31-8-1980, flat rate rental was being charge for PBX/ PABX boards upto 100 lines. From 1.9.1980, flat rate rental was introduced for capacities upto 600 lines and from 1.6.1984 upto 1200 lines and from 1.4.1986 for all capacities.

The rentals in these cases had been charged on the basis of departmental rules, then in force. Necessary instructions have been issued for processing and finalising such cases promptly. A copy of the same has been added hereto (Annexure).

Audit observation on para 1.39 of the Action Taken Note.

The reply contained in para 1 of A.T.N. and first sentence of para 2 in A.T.N. is not relevant in the observation of the PAC. The Department may please delete this position of the replay in A.T.N.

Department of Telecom's views on Audit Observation above :-

Audit suggested selection of para 1 and first sentence of para 2 of A.T.N. on the plea that they are not relevant to the observation of the PAC. The evolution of tariff structure of PBX/PABX boards in stages upto 100 lines, 600 lines (1980), upto 1200 lines (1.6.84) and higher capacity (1.4.1986) is a fact. It is considered relevant in the context of the general observations on the working of Ministry of Communications as contained in para 1.39 of the recommendations of the PAC. We may hence request audit not to insist for deletion.

However, the reply has been redrafted to make the position clear as relating to PBX/PABX boards alone which is the subject matter of consideration.

Audit observation on the above :-

The Action Taken Note given by the department on the observation/recommendation made by the PAC in para 1.39 of their 21st Report is the same what was considered by the PAC while framing the observation and hence the present reply given by the department has not relevance to the observation of the PAC. In case the Department does not agree with Audit observation, Department may send the ATN to the PAC with the above Audit Observation recorded therein.

[Ministry of Communications (Deptt. of Telecommunications)
UO. No. 27-17/85-B dated 17/19-8-1987]

ANNEXURE
MINISTRY OF COMMUNICATIONS
DEPARTMENT OF TELECOMMUNICATIONS
SANCHAR BHAWAN NEW DELHI-1

No. 3-29/85-R

Dated, the 2nd July, 1986.

Subject :—Prompt disposal of cases of financial irregularities pointed out by Audit—Instructions regarding.

CIRCULAR :-

Cases have come to notice where there has been inordinate delay in processing proposals having financial implications. Even where the Audit has pointed out certain anomalies resulting in loss of potential revenue, such cases have not been processed with due promptitude. The need for dealing with cases having financial implications *on top priority* basis cannot be over emphasised. It is all the more necessary in cases brought to the notice of the Department by the Audit to see whether any change in the procedure or rules is required and take immediate action to correct anomalies. Such cases should be dealt with alacrity at every stage.

Sd —

(S. N. SINHA)

SECRETARY, TELECOM. BOARD

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

Recommendation

Another interesting feature of this case is that during this period, the General Manager Telephones, Calcutta has revised the rentals for users of switch boards exceeding 600 lines capacity and the increased rental was almost double that charged for the two Bombay Hotels—The Taj Mahal and Oberoi Sheraton. To suggest that the Bombay circle was not aware of the rates prescribed in Calcutta is to admit that the Directorate was not functioning efficiently for it must be the business of the Directorate to see that rates in different circles in the country are fixed on more or less uniform basis. It is obvious that a system should have been existing which should keep each circle informed of whatever takes place in the other circles particularly in the matter of rentals. The committee in coming to this conclusion has taken note of the fact that the Audit had brought out the discrepancy in the rates charged for similar boards in different parts of the country. Even after the Audit had pointed out the discrepancy the Department took more than 2½ years to set right the mistake made by them in January, 1977. The Committee considers that this is not a case of any bonafide error of judgement on the part of concerned Officer. It is essential that responsibility for the lapses, and the failure to remedy the lapses, when the occurrence of the lapses have been brought to the notice of the Department must be established and a disciplinary action taken against those found to be responsible. The Committee deplore the fact that the question of fixing the standard rentals for exchanges beyond 1200 lines is even now only under consideration and not finalised.

[Sl. No. 5 (Para 1.43) of Appendix to 21st Report of PAC (8th
Lok Sabha)]

Action Taken

G.M. Bombay has acted in accordance with the rules and instructions issued by the Directorate. The Directorate did not issue any instructions for PABXs for sizes larger than 600 lines under the misunderstanding that PABXs above 600 lines were not working. The standard rental for the exchanges beyond 1200 lines has since been finalised and Gazette Notification has also been issued.

[Ministry of Communications (Deptt. of Telecommunications)
U.O. No. 27-17/85-B dated 17/19-8-1987]

Recommendation

The Committee would also like to be apprised of action taken by the Ministry to ensure that the machinery for co-ordinated functioning of the various circles and branches of its own Directorate is thoroughly overhauled, so that it may never again be necessary to plead that one circle was unaware of action taken in any of the other circles. It is essential to ensure that the rentals for the same category of boards are uniform throughout India.

[Sl. No. 6 (Para 1.44) of Appendix to 21st Report of P.A.C.
(8th Lok Sabha)]

Action Taken

The method of calculating the rentals for PABXs Boards for sizes beyond 1200 lines has been fixed. This has been circulated to all the circles and Districts to ensure uniform rates for the same category of boards throughout India.

[Ministry of Communications (Deptt. of Telecommunications U.O. No. 27-17/85-B dated 17/19-8-1987.)]

NEW DELHI ;
March 11, 1988

Phalguna 21, 1909 (S)

AMAL DATTA
Chairman,
Public Accounts Committee

APPENDIX I

(Vide para 1.2)

**STATEMENT SHOWING CLASSIFICATION OF ACTION
TAKEN NOTES RECEIVED FROM GOVERNMENT**

- (i) Recommendations and observations which have been noted or accepted by Government ;

Sl. Nos. 2, 3 and 4

- (ii) Recommendations and observations which the Committee do not desire to pursue in the light of the replies received from government ;

Sl. No. 1

- (iii) Recommendations and observations replies to which have not been accepted by the Committee and which require reiteration ;

Sl. Nos. 5 and 6.

APPENDIX II

Conclusions and Recommendations

Sl. No.	Para No.	Ministry/Department concerned	Conclusion/Recommendation
1	2	3	4
1.	1.12	Communications (Deptt. of Telecommunications)	The Ministry of Communications have not given any new facts in their action taken note except repeating the facts earlier placed before the Committee that the General Manager Bombay had acted in accordance with the rules and instructions issued by the Directorate and the Directorate did not issue any instructions for PABXs for sizes larger than 600 lines under the misunderstanding that PABXs above 600 lines were not working. The committee are not satisfied with this casual reply of the Ministry. This case is clearly indicative of a total lack of co-ordination between the Directorate and the concerned General Manager and failure of control mechanism to watch the financial interests of the Government. It is highly deplorable that even after Audit had pointed out the discrepancy the Department took more than 2½ years to set right the mistake made by them in January 1977. The Committee, therefore, reiterate their earlier recommendation that responsibility for the lapses, and the failure to remedy the lapses promptly when the

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1.15

**Communications
(Deptt. of Tele-
communications)**

*



occurrence of the lapses had been brought to the notice of the Department must be established and disciplinary action taken against those found responsible.

The Committee are of the opinion that the charging of lower rentals for the two hotel type PABXs in Bombay on expiry of their initial guarantee period could not possibly occur if there were proper machinery to co-ordinate the functioning of the various circles and branches under the Directorate and is clearly indicative of the lack/failure of control mechanism in the Ministry. Such occurrences create strong suspicion of collusion. The Committee trust that the Ministry will take effective steps to evolve adequate control mechanism to ensure co-ordinated functioning of the various circles and branches of its Directorate so that in future such lapses are avoided.

PART II

MINUTES OF THE 37TH SITTING OF PUBLIC ACCOUNTS COMMITTEE HELD ON 9TH MARCH, 1988

The Committee sat from 15.30 hrs. to 16.30 hrs. in Committee Room No. 50, Parliament House.

PRESENT

Shri Amal Datta—*Chairman*

- | | | |
|----------------------------------|---|------------------|
| 2. Shri Mohd. Ayub Khan | } | — <i>Members</i> |
| 3. Shri Ajay Mushran | | |
| 4. Shri Balwant Singh Ramoowalia | | |
| 5. Genl. R.S. Sparrow | | |
| 6. Shri Nirmal Chatterjee | | |
| 7. Shri M.S. Gurupadaswamy | | |
| 8. Shri T. Chandrasekhar Reddy | | |

SECRETARIAT

Shri B.D. Duggal—*Chief Financial Committee Officer*

REPRESENTATIVES OF AUDIT

1. Shri G.M. Mani—*Addl. Dy. C&AG*
2. Shri S.B. Krishnan—*Director (Reports Central)*
3. Shri S.S. Roy Choudhry—*DACRI*
4. Shri M.M.B. Annavi—*DADS*
5. Shri S.C. Singhal—*DA (P&T)*
6. Mrs. Anjana Dass—*DDA (P&T)*
7. Shri R. Ramanathan—*Director of Receipt Audit II*
8. Shri S.K. Gupta—*Jt. Director*

2. The Committee took up for consideration of the following draft reports :

- | | | | |
|-------|---|-----|-----|
| (i) | *** | *** | *** |
| (ii) | *** | *** | *** |
| (iii) | Action taken on 21st Report (8th Lok Sabha) relating to loss of Revenue due to non-revision of rentals. | | |
| (iv) | *** | *** | *** |
| (v) | *** | *** | *** |
| (vi) | *** | *** | *** |

3. The Committee adopted the reports subject to certain modifications/amendments shown in *Annexures I to IV.

4. The Committee authorised the Chairman to agree to and finalise the amendments suggested by the Ministry of Defence (Department of Defence Research and Development) arising out of the clearance from the security angle by them of the narrative portion of the draft Report on Extra Expenditure due to delay in Development of an Equipment.

The Committee further authorised the Chairman to incorporate in the reports other minor modifications/amendments arising out of factual verification of the same by Audit. The Committee also authorised the Chairman to present these reports in the House.

The Committee then adjourned.

ANNEXURE III

Amendments/modifications made by the Public Accounts Committee in the draft Report on Loss of Revenue due to non-revision of rentals at their sitting held on 9th March, 1988 in Committee Room No. 50, Parliament House.

<i>Page</i>	<i>Para</i>	<i>Line</i>	<i>For</i>	<i>Read</i>
7	1.15	8		Add the following after Ministry- 'Such occurrences create strong suspicion of collusion.'
