

PUBLIC ACCOUNTS COMMITTEE
(1977-78)

-(SIXTH LOK SABHA)

SEVENTY-FIRST REPORT

MINISTRY OF COMMUNICATIONS
(P&T BOARD)

[Paragraphs 7, 13 and 14 of the Report of the Comptroller and Auditor General of India for the year 1975-76, Union Government (Post and Telegraphs)]



Presented in Lok Sabha on 17-4-1978

Laid in Rajya Sabha on 24-4-1978

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PUBLIC ACCOUNTS COMMITTEE
(1977-78)

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urf Piare Lal Talib
20. Shri S. A. Khaja Mohideen

*Elected w.e.f. 23 November, 1977 *vice* Sarvashri Sheo Narain and Jagdambi Prasad Yadav ceased to be Members of the Committee on their appointment as Ministers of State.

@Ceased to be Members of the Committee consequent on retirement from Rajya Sabha w.e.f. 2 April, 1978.

- †21. Shri Bezawada Papireddi
- †22. Shri Zawar Hussain

SECRETARIAT

- 1. Shri B. K. Mukherjee—*Joint Secretary.*
- 2. Shri H. G. Paranjpe—*Chief Financial Committee Officer.*
- 3. Shri T. R. Ghai—*Senior Financial Committee Officer.*

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this **Seventy-First Report** of the Public Accounts Committee (Sixth Lok Sabha) on paragraphs 7, 13 and 14 of the Report of the Comptroller and Auditor General of India for the year 1975-76, Union Government (Posts and Telegraphs).

2. The Report of the Comptroller and Auditor General of India for the year 1975-76, Union Government (Posts and Telegraphs) was laid on the Table of the House on 24 June, 1977. The Public Accounts Committee (1977-78) examined paragraphs 7, 13 and 14 of the said Audit Report at their sittings held on 26 and 30 September, 1977. The Committee considered and finalised this Report at their sitting held on 10 April, 1978. The Minutes of these sittings form Part II* of the Report.

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

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

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

April 11, 1978.

Chaitra 21, 1900 (S)

C. M. STEPHEN,
Chairman,

Public Accounts Committee.

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ARREARS OF TELEPHONE REVENUE

Audit Paragraph

1.1. (i) For bills issued upto 31st March, 1976 collection of Rs. 7.71 crores as telephone revenue was in arrears on 1st July, 1976 as indicated below:

(Crores of rupees)	
Government subscribers	2.29
Other subscribers	5.42

1.2. Out of the total outstanding of Rs. 7.71 crores, Rs. 3.34 crores related to bills issued during 1975-76 and the balance of Rs. 4.37 crores to bills issued upto 1974-75. The year-wise analysis of the arrears is given in Appendix I.

(ii) The percentage of the outstanding on 1st July, 1976 to the total amount collected during the year ending with preceding March and the corresponding percentages in the three preceding years are given below:

Year	Amount collected	Outstanding on 1st July following (including outstanding for the bills issued in the preceding years)	Percentage of the outstanding to the amount collected during the year
1	2	3	4
(Lakhs of rupees)			
1972-73	1,66,63	7,12	4.3
1973-74	1,85,41	7,28	3.9
1974-75	2,25,83	10,35	4.6
1975-76	2,48,00	7,71	3.1

(iii) The percentage of the outstanding on 1st July, 1976 to the total amount billed during the year ending with preceding March and the corresponding percentages in the three preceding years are given below:

Year	Amount billed	Outstanding on 1st July following	Percentage column 3 to 2
	Lakhs of rupees)		
1972-73	1,66.65	7.12	4.3
1973-74	1,85.66	7.28	3.9
1974-75	2,32.85	10.35	4.4
1975-76	2,58.66	7.71	3.0

(iv) Test check of telephone revenue accounts conducted during 1975-76 has shown several instances of short recoveries as well as failure to issue bills. Of the instances brought to the department's notice, short recoveries of Rs. 22.89 lakhs and failure to issue bills for Rs. 8.72 lakhs had not been made good by 30th June, 1976.

(v) Recovery of Rs. 25.36 lakhs was under litigation on 1st July, 1976.

(vi) During 1975-76 the telephone revenue written off was Rs. 28.03 lakhs as indicated below:

	(Lakhs of Rupees)
1. Whereabouts of the subscribers not known	14.20
2. Solvency of the subscribers not established	1.97
3. Closure of the subscribers' firms, concerns etc.	1.73
4. Death of subscribers	1.75
5. Relevant departmental files not available	0.35
6. Other reasons	5.50
7. Reasons not available	2.53*
	28.03

*Relates to Bihar Circle

1.3. The year-wise analysis of this amount is given below:

(a) Year-wise analysis of telephone revenue in arrears on 1st July, 1976 for bills issued upto 31st March, 1976:

Year	Amount (Lakhs of rupees)
upto 1964-65	15.85
1965-66	8.49
1966-67	7.88
1967-68	12.96
1968-69	20.85
1969-70	19.14
1970-71	28.16
1971-72	40.98
1972-73	61.42
1973-74	71.30
1974-75	149.79
1975-76	333.92
TOTAL	770.83

(b) Year-wise analysis of telephone revenue written off during 1975-76:

Year	Amount (Lakhs of rupees)
upto 1968-69	11.19
1969-70	2.71
1970-71	2.71
1971-72	2.63
1972-73	2.81
1973-74	2.49
1974-75	2.49
1975-76	1.00
TOTAL	28.03

[Paragraph 7 of the Report of the Comptroller and Auditor General of India for the year 1975-76, Union Government (Posts and Telegraphs)]

1.4. The Ministry of Communications (P&T Board) in a written note furnished to the Committee have intimated that total arrears of telephone revenue as on 1 July, 1977 were Rs. 8.61 crores for the bills issued upto 31 March, 1977 (Rs. 5.50 crores relating to bills issued upto 31 March, 1976 and Rs. 3.11 crores relating to bills issued during 1976-77).

1.5. On being pointed out that with the addition of arrears of Rs. 3.11 crores for the year 1976-77, there has been an increase of 57 per cent in comparison to all the outstandings of Rs. 5.50 crores in the past (i.e. upto 1975-76), the Secretary, Communications, clarified the position as under:

“This is because we have added the figure for the last year, i.e., 1976-77, in this. Each quarter certain bills are presented. Of course, the trunk call bills are presented every month but bills for rentals are given every quarter. The position now is that after 12 months after the bills for a particular quarter are presented the payment is of the order of 94 per cent. Taking the first month of the next quarter, the bills for the previous quarter to the extent of 66 per cent are paid; during the second month of the following quarter, the bills of the order of 90 per cent are paid and by the end of the second quarter for the preceding quarter the payment of the bills is of the order of 94 to 97 per cent.”

The Member (Finance). P&T Board added:

“The position is that every month our billing is of the order of Rs. 31 crores. In the last quarter, the billing will be of the order of Rs. 93 crores. Out of that only Rs. 3 crores are outstanding for the whole year at the end of the following quarter. In the last year, 1976-77, we raised total bills of the order of Rs. 370 crores and in the following quarter of that year, in respect of bills issued upto 31 March, 1977, only Rs. 3 crores were outstanding. So, the position is not really so bad.”

1.6. In regard to the amount of telephone revenue which had gone in arrears against the bills issued from 1.4.77 to 30th September, 1977 and its percentage to the total amount of the bills issued during that

period, the Ministry of Communications have furnished the following figures:

(Figures in thousands of Rupees)

Amount of bills issued from 1-4-77 to 30-9-77	Arrears for the period.	Percentage to the total amount
1,67,56,37	13,37,99	8%

1.7. Regarding delay in liquidation of the telephone arrears, the Committee, in para 1.5 of their 122nd Report (Fifth Lok Sabha) (1973-74) had observed:

"The Committee note that the arrears of telephone revenue increased from Rs. 6.28 crores as on 1st July 1971 to Rs. 6.92 crores on 1st July, 1972. The position of arrears for the period upto 1971-72 was Rs. 3.90 crores on 1st April, 1973. During the period from 1st July, 1972 to 1st April, 1973, while the arrears for the year 1971-72 were brought down from Rs. 3.81 crores to Rs. 1.46 crores, those relating to the period upto 1970-71 came down from Rs. 3.11 crores to Rs. 2.44 crores. The Committee have been informed that a special drive has been started with effect from 1st January, 1972 for clearing arrears for the years upto 1970-71 with greater emphasis on the liquidation of arrears in respect of the bills issued upto 31st March, 1968. As a result of this drive, the arrears upto 1970-71 have been brought down to Rs. 2.44 crores as on 1st April, 1973 from Rs. 3.58 crores as on 1st April, 1972. While this is encouraging, the Committee desire that a close watch should continue to be kept by the Posts and Telegraphs Board on the arrears for the period prior to 31st March, 1968 which stand at Rs. 98.81 lakhs as on 1st April, 1973. The Committee hope that the arrears for the period between April, 1968 to March, 1972 will also be recovered expeditiously."

1.8. In their Action Taken Note dated 2 September, 1974, (*vide* Action Taken Report No. 143rd), the Ministry of Communications (P&T Board) had stated:

"The Committee's recommendations have been noted and will be acted upon."

1.9. Asked how it was that in spite of Committee's earlier recommendations made as far back as in 1973-74, the telephone arrears still continue to amount and for the very years for which the Com-

mittee had last drawn attention, the Ministry of Communications, in a written note, have stated:

"1 (i) The present position of outstandings is comparatively better as may be seen from the figures given below. The amounts billed for have been increasing tremendously whereas the outstandings are on the decrease:

OUTSTANDING REVENUE

(Figures in crores of Rupees)

Year.	Amount billed	Outstanding on 1st July:	Percentage of following outstanding to the amount billed.
1971-72	149.59	6.92	4.6
1972-73	166.65	7.12	4.3
1973-74	185.66	7.28	3.9%
1974-75	232.85	10.35	4.4%
1975-76	258.66	7.71	3.0%
1976-77	370.02	8.61	2.3%

(ii)

RECOVERY OF TELEPHONE REVENUE

(Figures in crores of Rupees)

	1972-73	1973-74	1974-75	1975-76	1976-77
1. Average monthly billing	13.88	15.47	19.40	21.55	30.83
2. Total outstanding at the end of the year.	16.65	17.17	25.04	20.50	20.25
3. Percentage of total outstanding to the average monthly billing.:	120%	111%	129%	95%	66%
4. More than three-month old outstanding.	7.12	7.28	10.35	7.71	8.61
5. Percentage of more than three-month old outstanding to average monthly billing.:	51%	47%	53%	36%	28%

2. The telecommunication network has been expanding very rapidly during the last several years. The tariff has also been in-

creased. The number of working connections as on 1st April, 1972 was 13,96,238. This rose to 20,95,962 as on 1st April, 1977; i.e. an increase of 50 per cent in 5 years. Despite this increase the position of outstanding has been improving. As the bills for local and trunk calls are issued in arrears, complete elimination of outstandings is not possible."

1.10. The Committee referred to the highest amount of Rs. 10,35 lacs due as telephone arrears as on 1st July, 1975 (shown against the year 1974-75 under the Column "outstanding on 1st July following" of item (ii) of the Audit para) and desired to know the reasons for this abnormal rise in the arrears as compared to other years. In a note, the Ministry of Communications have stated that the increase was attributed mainly to delay in issue of bills due to initial technical difficulties in computerisation of telephone billing in Delhi Telephone District which started in 1974-75. The tariff revision with effect from 15th May, 1974 also accounted for the increase in arrears.

A statement showing the value of bills of telephone revenue issued during each of the last 5 years and the amount collected against them during each year (including the past arrears) as furnished by the Ministry of Communications is given below:

(figures in lakhs of Rupees)

Year	Amount billed	Amount collected
1971-72	1,49,50	1,45,86
1972-73	1,66,65	1,66,63
1973-74	1,85,66	1,85,41
1974-75	2,32,85	2,25,83
1975-76	2,58,66	2,48,00
1976-77	3,70,02	3,70,26

1.11. The Committee desired to know the amount of collection of past arrears as on 1 July each year and the special efforts made to recover these arrears which have remained outstanding year after year. A note furnished in this regard by the Ministry of Communications is reproduced below:

"The required information showing arrears from 64-65 onwards as on 1 July each year is given below. It may be

observed that there has been gradual but considerable decrease in the outstanding from year to year. For instance, the outstanding amount pertaining to the years upto 1964-65 was Rs. 55.11 lakhs on 1.7.72 and it has gone down to Rs. 15.85 lakhs on 1st July, 1976.

Yearwise analysis of telephone revenue in arrears on 1 July each year.

Year	1-7-72	1-7-73	1-7-74	1-7-75	1-7-76	1-7-77
Upto						
64-65	55.11	43.02	28.70	26.36	15.85	15.83
65-66	14.88	10.93	8.51	8.49	8.49	8.48
66-67	20.18	15.12	11.05	11.04	7.88	7.86
67-68	30.61	24.51	23.19	18.81	12.96	12.95
68-69	40.68	32.33	27.03	24.48	20.85	17.78
69-70	51.07	37.62	30.24	27.12	19.14	19.10
70-71	98.72	61.79	42.85	41.36	28.16	27.21
71-72	381.84	111.41	72.64	50.84	40.98	37.34
72-73		374.81	137.63	91.58	61.42	54.40
73-74			346.50	139.27	71.39	66.94
74-75				586.59	149.79	115.65
75-76					333.92	166.73
76-77						311.36
	692.49	711.54	728.34	1034.94	770.83	861.63

The Department provides service to subscribers on a credit basis (the credit allowed to a subscriber in the shape of local and trunk calls being virtually unlimited). The subscribers are billed for the charges in arrears. Therefore, arrears in recovery of the amounts due are inevitable. The recovery of arrears is a continuous and time-consuming process. Initially this is sought to be achieved by such steps as correspondence with subscribers, personal contacts etc., finally legal action, where necessary is taken. Recourse to law is had in the case of private subscribers, after ensuring that there is a reasonable prospect of recovery. This again is a time-consuming process and

the results of Court decrees so far obtained are not encouraging inasmuch as difficulty is encountered in the realisation of decretal amounts.

Efforts are continuously being made to reduce arrears. The steps taken lately in this regard, *inter alia*, include:

- (1) Increase financial powers for write-off of outstanding telephone dues.
- (2) Circles have been given discretionary powers to dispense with the Reports/enquiries by field staff in cases where total outstandings in respect of private closed connections do not exceed Rs. 250 in each case provided the outstandings are more than five years old.
- (3) For expediting collection of outstanding bills from Government Departments, Chief Secretaries of all the State Governments and Secretaries of Central Ministries were addressed in 1973 to issue instructions to their officers to arrange expeditious settlement of telephone bills and also to nominate a Liaison Officer to whom cases of outstanding bills can be referred by Departmental Officers for expediting realisation.
- (4) Instructions have been issued in July 1974 to the Heads of Circles/Districts for vigorous pursuit of the outstandings against defaulters. They have been asked to review the outstandings in the light of the background and guidelines given below:
 - (i) Time, cost and efforts involved in pursuing cases to be balanced with the anticipated recoveries and for a business-like approach to consider them for write-off keeping in view the need for realisation of Government dues by all feasible means.
 - (ii) Civil Suits not ordinarily to be instituted in cases where amounts involved are Rs. 250 or below.
 - (iii) In considering write-off at all levels, the guiding principle should be whether having regard to amount involved, prospects of recovery and other relevant circumstances, it will, on the whole, be in the public interest to close the case.

- (5) For effective action to clear cases of large outstandings, High Power Committee have been constituted at Circles|Districts level under the Chairmanship of the Heads of Circles|Districts, whose functions will be:—
- (a) to review cases of outstandings more than 3 years old and over Rs. 2000 in each case, and give specific direction for further action in each case, where action is incomplete, so as to finalise them with expedition and without further delays.
 - (b) to review the progress in subsequent sittings and finally assess the position and issue instructions appropriate to each case for clearance of those still outstanding, including recommendation for write-off at Directorate level.
- (6) (i) Enhanced financial powers have been delegated to Units for write-off of irrecoverable telephone dues: Divisional Engineers from Rs. 250 to Rs. 500, Accounts Officers, Telephone Revenue from Rs. 50 to Rs. 250 in each case.
- (ii) Heads of Circles|Telephones|Districts have also been authorised to write-off dues upto the delegated powers in cases where court decrees could not be executed for three years or more.
- (iii) Claims registered with Official Liquidators but not settled by receipt of dividends within one year after registration, were authorised to be written off within the existing delegated powers. Receipts of dividends subsequently are to be credited as miscellaneous revenue.

Steps taken recently for liquidation of arrears.

- (i) Secretary addressed demi-officially (in 1975) all heads of telecom. circles|Telephone|Districts, *inter alia*, stressing urgent need for speedy liquidation of telephone revenue arrears. He expressed concern over disquieting position of arrears. Necessity for urgent and effective steps by Circles|Districts for the liquidation of old dues and to arrest further accumulation of outstanding was stressed upon.

- (ii) Heads of Telecom. Circles|Telephone Districts were given guidelines for achievement of substantial improvement over the existing position of recovery of arrears of shifting emphasis from three month old arrears to current outstandings. Special stress was laid down for achievement of collection percentage between 60 to 70 during the month of billing by recasting the billing schedule. A spirit of healthy competition among Divisions|Areas has been developed by circulating comparative position of their performance. The comparative position of the circles|Districts is also being circulated.

Model control charts have been sent to the Circles for guidance for watching progress of recovery of arrears at divisional and Circle level through statistics|graphs."

1.12. Narrating further, the Committee have been informed during evidence that year before last and possibly last year also, a letter had gone under the signatures of the Secretary to all the General Managers to look into dis-connection cases personally and it is expected of them that they would have looked into each case. Asked how it was ensured that departmental instructions were followed by the General Managers or heads of Circles in letter and spirit and whether any periodical reports were called for from the Circles, the Ministry, in a note, have stated:

"Secretary had addressed a letter on 4-12-75 to All Heads of Circles|Telephone Districts stressing the need for speedy liquidation of telephone revenue arrears. He expressed his concern over disquieting position of arrears and urged that all complaints regarding wrong billing should be promptly disposed of and timely disconnection enforced vigorously against the defaulting subscribers. Segregation of arrears upto 30-9-75 had been proposed for taking effective steps for their early realisation without allowing accumulation of arrears relating to subsequent periods. Heads of Circles Telephone Districts were required to send monthly report of the liquidation of telephone outstanding. They were directed to treat this important work as a matter of personal responsibility and to take personal interest in this matter.

In this connection further guidelines were issued vide P&T Directorate letter No. 2-35/75-TR dated 22-1-76 for achievement of substantial improvement over the existing position of recovery of arrears. A monthly return of the

amount billed, collected and outstanding has been prescribed which would reflect the efforts made by the Heads of Circles in implementing the instructions issued by the Directorate."

1.13. To a question as to what action was taken against the defaulting subscribers and how the Department proceeded with such cases under the Act or under the agreement that was made with the subscribers, the Secretary, Communications has deposed in evidence:

"The quarterly bills are required to be paid within a fortnight, that is, 15 days of the presentation of the bills. After that, if the bills are not paid, theoretically, we can straight-way disconnect the number. We do not, however in practice actually do so. We try to get in touch with the subscriber concerned and make a request to him to make the payment. This is made on two occasions. Firstly, soon after the 15 days period expires and, thereafter, if at a particular level a personal contact had been made which does not produce any result, then the second contact is made at a higher level and, if there is failure there also, then action for the disconnection of the number follows. This is all right so far as private subscribers are concerned. We try to do the same in the case of Government subscribers. But it is not always practicable to do so particularly in respect of Defence installation where the amount of arrears in respect of Government departments is possibly the highest."

1.14. Another representative of the P&T Board has added:

"Also in respect of exempted categories, we do not take action. In the case of President, Vice-President and other senior dignitaries, we do not disconnect the number if the bills are not paid. . . . That is the policy which the Department has been following."

1.15. In this context the Committee desired to know the particulars of ten top individuals and organisations (including Government subscribers) from whom highest amount of arrears of telephone revenue were due and the special efforts made to recover those dues. The information furnished by the Ministry of Communications in this regard on 12 December 1977, for the years 1974-77 is shown in Appendix I. Particulars for each of the 3 years 1974-75, 1975-76, and 1976-77 in respect of three private and Government subscribers from whom highest amount is due are tabulated below:

PRIVATE INDIVIDUALS ORGANISATIONS.

S. No.	Name and Address	Amount involved	Date from which the amount is due.	Specific steps taken to recover the dues.	Whether the tel. was disconnected. If not, the reasons therefor.
1974-75					
1	Maharaja of Sikkim and his family members and Govt. of Ex-Chogyal of Sikkim.	39,000.00	69-70	Under correspondence with Ex-Maharaja and Sikkim Government.	Disconnected
2	Pandit Brothers Asansol, West Bengal.	31,446.00	21-6-70	Suit filed in Court.	Closed.
3	M/s. Aggarwal & Co., Kanpur	28,512.55	19-2-74	Action initiated for recovery.	Disconnected.
1975-76					
1	Indian Youth Congress, 10, Janpath, New Delhi.	37,463.02	17-5-75	After correspondence personal contact has been made. Amount is being recovered in instalments.	Disconnected on 21-4-77.
2	Sayaji Mills, Baroda (Gujarat)	27,919.35	23-9-75	Case is being pursued	Disconnected.
3	M/s. Sen Religh Ltd., Calcutta	27,099.65	75-76	Disputed. Under investigation.	Not disconnected due to disputed bills under investigation.
1976-77					
1	Shri Charan Pal Singh, 1525, Church Road, Kashmere Gate, Delhi.	35,874.85	Oct. 76	Party started payment in instalments & Rs. 5000/- per month.	Disconnected on 28-11-77.
2	M/s. Martin Burn Ltd., Calcutta	35,007.90	76-77	Bills under dispute and investigation.	Not disconnected. The case is under investigation.
3	M/s. Asian Paints Ltd., Calcutta	34,093.70	76-77	Do.	Do.

GOVERNMENT ORGANISATIONS

S. No.	Name and Address	Amount involved	Date from which the amount is due.	Specific steps taken to recover the dues.	Whether the telephone was disconnected. If not, the reasons therefor.
1974-75					
1	Civil Defence, West Bengal	1,79,700	Jan. 71	Bills to the extent of about Rs. 90,000/- have been settled since. Case is constantly being pursued.	Ministry of Law (Control) Board opined that lines cannot be disconnected under ITR 443.
2	D.C.S.O. Jabalpur	1,17,491	18-11-70	Personal contract made for settlement of dues after prolonged correspondence.	Not disconnected; phones working for Defence.
3	State Police Department, Govt. of West Bengal	98,500	74-75	Bills are being settled. Under Correspondence with Home Department, W.B. Govt.	Not disconnected; phones working for police.
1975-76					
1	Durgapur Steel Project (W.B.)	69,300.00	4/75	After prolonged correspondence and personal contact, the party promised to pay shortly.	Disconnected.
2	Durgapur Project Ltd., State Govt. Undertaking, W.B.	56,000.00	4/75	Do.	Disconnected.
3	District Magistrate/Commissioner, West Bengal.	37,000.00	75-76	Under correspondence with the Govt. of West Bengal.	Not disconnected in view of its working for the Commissioner.
1976-77					
1	State Police Department, Govt. of W.B.	1,37,959.00	5/76	Under correspondence with the State Govt.	Not disconnected; being important telephone.

2 Dy. Chief Signal Officer H.Q. Maharashtra-Gujarat Area Telephone No. 219120, Bombay-5.	91.404 00	26/6/76 Notice of disconnection issued.	Not disconnected being Military telephone.
3 Hon'ble Minister of Revenue Land Reforms & Transport, Govt. of Bihar, Patna.	67.604 75	76/77 Under correspondence.	Exempted.

1.16. At the instance of the Committee, the Ministry of Communications in a note have furnished the following grounds on which telephones are disconnected and the break-up of telephones so disconnected during the years 1974-75 to 1976-77 under each of these heads for non-payment of telephone bills:—

“Telephones can be disconnected on account of the following:

- (1) Due to non-payment of rent or other charges in respect of the telephone service provided.
- (2) Misuse of telephones.
- (3) Under Government Orders.

Break-up of telephones disconnected:

	1974-75	1975-76	1976-77
Due to non-payment.	2,31,375	2,81,614	3,18,552
*Due to misuse	85	92	122
*Under Govt. orders.	Nil	17	56
TOTAL	2,31,460	2,81,723	3,18,730

*These telephones were not disconnected for non payment of dues. These were disconnected for reasons given above.

1.17. Asked if Government were in a position to say categorically that the telephone connections of all those subscribers who had been in arrears during the 1960s had been disconnected, the Ministry, in a note furnished to the Committee, have stated:—

“Generally yes, but for few cases pertaining to bills outstanding against Government Defence Departments or where the telephones could not be disconnected due to court injunctions etc.”

1.18. On being enquired whether there were any cases where the subscribers had accumulated the arrears of telephone bills but the Department still continued to serve them, the Secretary, Communications, has stated:

“So far as I am aware and my colleagues are aware, there would be no connection running where the arrears of previous years are still pending. The telephones are disconnected. If there is a fraud or if there is a benami,

that is a different matter. But by and large, so far as our information goes, there will be no such telephone where, in spite of heavy arrears of the past, the connection would still be on."

1.19. At the instance of the Committee the Ministry of Communications have furnished a statement showing the details of firms (Appendix II) whose telephones were cut off for non-payment of bills but they continued to enjoy the telephone facility by getting new connections in the name of another firm/person without paying the previous arrears. The number of such firms/persons detected during each of the years 1974-75, 1975-76 and 1976-77 and 7 (amount outstanding Rs. 21,139.90), 15 (amount outstanding: Rs. 20,441.90) and 45 (amount outstanding: Rs. 1,82,628.81) respectively. Some instances of these cases are illustrated below year-wise:

S. No.	Details of Telephones disconnected				Details of New connection			
	Station	Telephone No.	Name of the Subscriber.	Amount outstanding	Station	Telephone No.	Name of the Subscriber	Remarks
1	2	3	4	5	6	7	8	9
1974-75								
1	Agra:	76794	Sh. R. N. Mehania	14348 90	Agra:	74101	Sh. B.D. Sharma	Party traced in Dec. 1974. Payment realised in full in instalments.
		74557	M/s. Badri Prasad Ram Swaroop	570 75		62393		
2	Varanasi	62948	Hindi Pracharak Pustakalaya, Ck. 38/8, Adiviswanath, Varanasi.	987 10	Varanasi	62114	Hindi Pracharak Pustakalaya, C-21/30, Pisach Mochan, Varanasi.	Under legal action
3	Varanasi	64855	Sh. Srikant Gupta, 17/330 CI Madhya, Varanasi.	733 30	Varanasi	52871	Shri Shiv Saran Lal, CK-39/22, Kundigarh Tala, Varanasi.	Paying in instalments.
1975-76								
1	Delhi	276558	M/s. ESS.PEE Engineers.	701 50	Kanpur	44994	Working in the name of one of the partners.	Amount since realised.
2	Aligarh	352	Smt. Gayatri Devi Verma	550 70	Aligarh	4148	Mr. N.M. Verma:	Recovered in full on 28-10-76
3	Varanasi	62948	Smt. Kishensingh, S-25/24-A, Narain Niwas Bhajan Vir.	629 50	Varanasi	64101	M/s. Meetmal Jaichand Lal, 67/27 Navapura, Varanasi.	Paying in instalments.

4	Varanasi	63760	M/s. Modern Machinery Store, Saraswati Kutia, Raja Darwaja.	1197-45	Varanasi	64838	M/s. Madanlal Machinery Stores, Shop No. 182, Bara No. 5, Visweshar Ganj.	Working phone No. 64838 disconnected.
5	Varanasi	65757	Sh. Amarnath Dube, M.L.A. plot No. 26/C-26/35 Ram Katora Road	1466-05	Varanasi	62008	Sh. Amarnath Dube, Village & P. O. Kathraon.	Paying in instalments.
6	Varanasi	64148	M/s. Oriental Traders, 75, Baruna Bridge.	500-00	Varanasi	54111	Mohd. Azam, Prop. Oriental Batteries 73, Baruna Bridge.	Paying in instalments.
7	Agra	75516	Sh. Prem Narain	4376-45	Agra	63573	Raj Narain	Party traced in May '75 and pressed for payment. Payment is being realised.

1976-77

1	Delhi	44832	M/s. Prince Chit Fund	607-94	Delhi	344345	Sh. D. P. Kumar Sole Prop. of the closed firm.	Amount since realised by a threat of disconnection of the new No.
2	Delhi	227113	Bakshi Sita Ram	1325-24	Amritsar	40033	Frontier Transport Co.	Do.:
3	Delhi	511364	Sh. Anwar Hussain	156-97	Delhi	519780	Bharat Machinery Store	I.e.
4	Delhi	221819	M/s. Chamber of Colours & Chemicals Ltd.	15134-00	Delhi	222215	Working to one of the partners Directors.	Working telephone disconnected.
5	Delhi	224207	Sh. Tek Chand	36066-78	Delhi	200910 } 224301 }	M/s. Singh Transport Co.	I.o.
6	Delhi	616166	Sh. P. S. Sound	22620-78	Delhi	698718	M/s. Superspeed distributors (Legal heir of the defaulter)	I.o.

1.20. The Committee desired to know the number of private subscribers during each of the last three years in whose cases telephones were not disconnected in spite of the fact that their telephone bills had gone in arrears for more than 6 months. The Ministry of Communications have furnished the following information in this regard:

“As far as could be ascertained, in the following cases telephone connections of private subscribers were not disconnected for the reasons noted against each:

	74-75	75-76	76-77
1. Disputed cases which were under investigation in the Department.	243	202	195
2. Court injunction cases.	29	22	21
3. Due to frequent shifting/cut-over of exchanges (Delhi Phone) :	25	31	67
4. Due to creation of new Division and work falling into arrears:	281	1	8
5. Disputes under Arbitration. . . . .	..	..	1
6. MPs private connections	4	..	..

1.21. To another question as to what further steps, after disconnecting the telephone for non-payment of bills, the Department takes to recover the outstandings, the Member (Finance), P&T Board has stated during evidence:

“... I would submit that the General Manager and the local Units are authorised to contact the local authorities, in case the solvency of the person is to be established. In case the whereabouts of the person are not known, they are authorised to contact the Police.”

1.22. Referring to the statement made by the Secretary, Communications during evidence that there was a high Power Committee with the General Manager or head of the Circle as Chairman, which reviewed all cases of arrears and determined what should be written off, the Committee desired to know the power and function of that Committee. The Ministry of Communications have furnished a copy of the orders dated 4 July 1974, containing the composition and functions of this High Power Committee. The relevant extract is reproduced below:

"The Posts and Telegraphs Board have decided that for effective action to clear the cases of large outstanding of telephone bills a high power committee should be set up at Circle/District level and function as indicated below:

(1) This High Power Committee in each Circle/Telephone District will have the following composition:

(a) *Major Circle/Telephone District:*

Chairman	Head of Circle/Telephone District.
Members	1. Director of Telegraphs in Circles/Deputy General Manager in Distts. 2. Divisional Engineer of the Division/Exchange concerned. 3. Internal Financial Adviser.
Secretary	Accounts Officer to the IFA.

(b) *Minor Circle (J & K) Telephone District.*

Chairman	1. Head of Circle/Telephone Distt.
Members :	1. Dy. Director in the case of J & K Circle/D.E. Admn./Commercial in the case of Distt. 2. Divisional Engineer Telegraphs concerned. 3. Internal Financial Adviser.
Secretary	Accounts Officer, Telephone Revenue in the case of the Districts and Accounts Officer Telecom. in the case of J & K Circle.

(2) The functions of the Committee will be:—

- (a) to review cases of outstanding more than 3 years old and over Rs. 2000/- in each case, and give specific direction for further action in each case, where actions is incomplete so as to finalise them with expedition and without further delays.
- (b) to review the progress in subsequent sittings and finally assess the position and issue instructions appropriate to each case for clearance of those still outstanding, including recommendation for write-off at Directorate level.
- (3) The Committee will function according to a definite time bound programme, meet as often as necessary and shall complete the work within a period of 3 to 6 months.

(4) This High Power Committee will be in addition to the Boards on defaulters already functioning under the Chairmanship of the IFA which will continue to review cases of outstandings of Rs. 2000/- and below.

(i) The proceedings of the Committee meetings held from time to time may be submitted to this office in a summarised form for information. A final report showing the overall result and containing the observations on the utility of the Board should be sent by the Head of the Circle/District by the end of December 1974.

The number of cases referred to these Committees and decided by them during the past three years are given below:—

	1974-75	1975-76	1976-77
No. of cases referred to the High Power Committees.	922	1091	1092
No. of cases decided by them.	110 (12%)	181 (16.5%)	122 (12%)

1.23. In view of the huge arrears of telephone revenue year after year, the Committee enquired whether any scientific study had ever been made into this problem. The Secretary, Communications, has stated: —

"I am not clear what kind of a scientific study could be made in such cases. There is no such study, as far as I am aware. There is a Committee at the level of General Managers, which goes into all these cases of arrears and tries to review the position and collect the arrears. I am afraid, no other study has been made as such."

1.24. However, in a note subsequently furnished to the Committee in reply to a question whether any study had been made to find out how much of the arrears have become irrecoverable, the Ministry of Communications have stated that no systematic study was made so far. One such was being made now.

1.25. The Committee enquired whether at any time the question of giving an incentive to subscribers or rebate in their bills had been examined by the Department for prompt and timely payment of bills. The Ministry of Communications in a note have stated:

"A scheme for allowing rebate of Rs. 4/- on each bill for prompt payment was introduced in Delhi on 1-4-1968 on an experimental basis but it was given up on 1-10-1969

as it was found to be uneconomical. Law Ministry had also held that as the rebate system involved giving up of a part of revenue, it could not be done without statutory backing."

1.26. The Audit para stated that out of the total arrears of telephone revenue of Rs. 7.71 crores as on 1 July 1976, Government subscribers accounted for Rs. 2.29 crores and other subscribers Rs. 5.42 crores. The Committee desired to know the year-wise break-up of telephone revenue arrears between Government subscribers and other subscribers from 1970-71 upto date. The figure furnished by the Ministry of Communications in this regard are given below:

(In crores of Rupees)

Year	Government	Others	Total
1970-71	2.33	3.95	6.28
1971-72	2.38	4.54	6.92
1972-73	2.62	4.50	7.12
1973-74	2.55	4.73	7.28
1974-75	3.52	6.83	10.35
1975-76	2.29	5.42	7.71
1976-77	2.23	6.38	8.61*

(*for Delhi Telephones the figures are for bills issued upto 1975-76 only).

1.27. The Committee note that the telephone revenues were outstanding to the tune of Rs. 5.50 crores for the bills issued upto 31 March, 1976. Another Rs. 3.11 crores relating to bills issued during 1976-77 were added, thus making the total arrears of telephone revenue as on 1 July 1977 to Rs. 8.61 crores for the bills issued upto 31 March, 1977—an increase of 57 per cent as compared to all the outstandings in the past (ie. upto 1975-76). While Rs. 6.92 crores (4.6 per cent) were outstanding as on 1 July 1972 against Rs. 149.59 crores billed during 1971-72, those relating to the year 1970-77 were Rs. 8.61 crores (2.3 per cent) as on 1 July 1977 against the total billing of Rs. 370.02 crores during that year. The position is worse in the latest six months period—the amount Billed from 1-4-77 to 30-9-77 being Rs. 167 crores and the amount of arrears being Rs. 13 crores which comes to 8 per cent.

1.28. The Committee, appreciate that there has been a continued increase in the number and amount of bills issued each year by the Directorate due to rapid expansion of tele-communication network

during the past several years coupled with the increase in tariff. They also appreciate that there, has been progressive decrease in the percentage of outstandings to the amount billed, but if the amount outstanding for the period 1-4-77 to 30-9-77 is any indication the percentage of arrears to the amount billed is on a high side which is disquieting. Moreover, even with the declining trend of arrears between 1971-72 and 1976-77 the overall figures of outstandings continue to rule in the range of Rs. 7 to 10 crores for the last many years, these being Rs. 6.92 crores on 1 July 1972; Rs. 7.12 crores on 1 July 1973; Rs. 7.28 crores on 1 July 1974; Rs. 10.35 crores on 1-7-1975; Rs. 7.71 crores on 1-7-1976 and Rs. 8.61 crores on 1 July 1977. This indicates that though current arrears might have been checked to some extent, progress in the clearance of old outstandings is very slow and no significant progress has been made in this respect. This is also evident from the fact that against the outstanding amount pertaining to the years upto 1964-65 standing at Rs. 0.55 crores on 1-7-1972, an amount of Rs. 0.16 crores was still outstanding on 1-7-1976. The Committee is all the more justified in arriving at the conclusion that even after writing off some arrears yearly, as for instance Rs. 28.03 lakhs and Rs. 22.50 lakhs in 1975-76 and 1976-77 respectively, old outstandings continued to be shown year after year thus making the arrears list still bigger.

1.29. Apart from the magnitude of arrears, which itself is a disturbing situation, the Committee are perturbed to note that huge amounts, ranging from as high as Rs. 39,000/- in the case of one private individual (Maharaja of Sikkim and his family members and Government of ex-Chogyal of Sikkim) and Rs. 1,79,700 on Government side (Civil Defence, West Bengal) and others were due during 1974-75. Similar position exists for the years 1975-76 and 1976 77, both for private as well as Government subscribers. The cases of ten top individuals and organisations including Government subscribers (Appendix II) from whom highest amounts of arrears of telephone revenue are due, are illustrative of the seriousness of the problem. This situation needs to be remedied early.

1.30. The Committee have been informed that further steps have been taken to reduce the arrears as also to increase financial powers of Circle/District Heads for writing off the outstandings of telephone dues especially in cases where the amounts of closed telephone connections do not exceed Rs. 250/- in each case provided the outstandings are more than 5 years old. Guidelines to Heads of Tele-communication Circles/Telephone Districts are also stated to have been issued on 4 December 1975 and repeated on 22 January 1976 for achievement of substantial improvement over the existing position of recovery of arrears. The Committee also find that the P & T

Board have issued orders on 4 July 1974 to set up a High Power Committee in each Circle/Telephone District with the Head of the Circle/Telephone District as Chairman assisted by the Internal Financial Adviser and two other senior officers to review all cases of arrears and to determine what should be written off. All those and other measures are welcome. But from the figures placed before the Committee, they feel that in spite of their highlighting the problem in their 122nd Report (Fifth Lok Sabha) and reiterated in 143rd Action Taken Report (1974-75 and inspite of assurance of the Government that "the Committee's recommendations have been noted and will be acted upon", the position continues to be unsatisfactory. The Committee, therefore, feel that the whole question of arrears should be gone into the roughly with the seriousness that it deserves so that the factors for slow progress could be identified and remedial measures taken. Specific responsibility should be fixed for recovery of arrears. Targets should also be fixed separately for cases which are very old, those relating to last five years and the fresh cases. Special drive on the lines launched in January 1972, vide paragraph 1.5 of 122nd Report, should be started to recover the outstandings of 1960s' and in case these have become irrecoverable, prompt action should be taken to write them off in consultation with the Internal Finance.

1.31. In this connection the Committee would like to recommend that the feasibility of imposition of a surcharge over the telephone bills at the rate of 5 per cent or so may be examined where the payments of the bills are not made by the scheduled dates. This will not only expedite the payment of bills but will also enhance the revenues of the Department where the payment of the bills is not made in time.

1.32. The Committee are also not happy about the position of arrears in respect of Government subscribers. The figures furnished in this regard show that Government subscribers continue to account for substantial amount of arrears of telephone revenue. Out of total arrears of Rs. 6.28 crores during 1970-71, Government subscribers accounted for Rs. 2.33 crores (37 per cent). Similarly, a sum of Rs. 2.29 crores (30 per cent) out of Rs. 7.71 crores was outstanding against this category of subscribers during 1975-76. The Committee note that for expediting collections of outstanding bills from Government Departments, Chief Secretaries of all the State Governments and Secretaries of Central Ministries were addressed as late as in 1973 to issue instructions to their officers to arrange expeditious settlement of telephone bills and also to nominate Liaison Officers to whom cases of outstanding bills could be referred by Departmental

Officers for expediting realisation. In spite of these instructions, there is no significant change in the volume of arrears towards Government subscribers from 1973 till now. The Committee desire that the whole question of recovery of telephone arrears from Government bodies may be examined de novo and suitable measures taken for their expeditious recovery within a time-bound programme. The Committee urge that the progress made in this regard should be watched every three months so that further steps not only to eliminate the earlier arrears but also to contain their further accumulation could be taken in time.

1.33. While the position of arrears from Government Departments is alarming, the position of arrears from others is still worse. The amount of arrears from non-Government subscribers was Rs. 3.95 crores in 1970-71. It has now touched Rs. 6.38 crores. Apparently the measures taken from time to time have not succeeded to discipline the private subscribers. The Committee feel that stringent measures should be taken to ensure that the arrears do not increase.

One of the deterrent measures that could have been adopted but has not so far been adopted is the disconnection of telephones. The Department seems to be very indulgent to the subscribers in this respect. Only after personal contacts fail that the action is taken for disconnection. The Committee do appreciate that it may not be practicable to disconnect telephones, particularly in respect of Defence installations and other sensitive Departments, but there is no reason why the Department should not take deterrent measures in other cases.

1.34. The Committee are further concerned to note the increasing trend in the number of firms/individuals who continue to enjoy the telephone facility by getting new connections in the name of new firms/persons although their telephones were cut off for non-payment of bills. While the Committee have been furnished with the particulars of such firms numbering 7, 15 and 45 during each of the years 1974-75, 1975-76 and 1976-77 respectively, they believe their number would be much more on account of those subscribers who still remain undetected. Even in respect of detected cases the amount of revenues involved appears to be very high. The Committee would like the Ministry of Communications to investigate the matter in depth so as to ensure that there is no collusion between the subscribers and the Officers of the Department in the matter of recovery of telephone revenue.

1.35. The Committee are surprised to note that due to certain disputes and Court injunction etc., telephones were not disconnected

In a large number of cases in spite of the fact that the telephone bills of the subscribers concerned had gone in arrears for more than 6 months. The number of such cases during 1974-75, 1975-76 and 1976-77 was 582, 256 and 294 respectively. The Committee see no reason why as many as 243 disputed cases in 1974-75, 202 cases in 1975-76 and 196 cases in 1976-77 of the above total cases should remain unsettled. They would urge that those cases should be settled expeditiously without loss of further time.

Short Recoveries/Failure to issue Bills

1.36. According to Audit Report short recoveries to the tune of Rs. 22.89 lakhs and failure to issue bills for Rs. 8.72 lakhs had not been made good till 30 June, 1976. Asked to furnish figures for the year 1976-77 (upto 1 July, 1977), the Ministry of Communications in a note stated that no such cases has been brought to their notice so far.

The witness further stated:

In respect of the bills where there was short billing certain clerical errors were there and the bills have since been issued. Also in respect of the bills where bills had not been issued those have also been corrected and the bills have been issued."

1.37. Asked whether, apart from having been pointed out by Audit, the Department was aware of the existence of this problem of short billing and failure to issue bills. The witness had the following to state on this point:—

"There are 200 units where the audit units and the monitoring parties look into this. Immediately this is pointed out by the Internal Audit at the local office, the matter is rectified by issuing a bill. It has never come to the notice of the Directorate as a serious issue which needs issue of a directive from this place."

1.38. The Member (Finance) P&T Board stated in this connection:—

"I will admit that in this matter the Board and Member (Finance) should be aware of any short billing or failure to issue bills. But I would like to submit that in the perspective of 60 lakhs billing done all over India and internal check working locally and our General Managers being high-powered some of the level of Joint Secretary, how much we should centralise is the question that we have to

consider. The amount is not very large. Last year we billed to the tune of Rs. 370 crores. In perspective Rs. 8 lakhs is considered very much."

1.39. The Committee asked whether any enquiry had been made to find out at what stage in recording the calls at the exchange or in billing units—the mistakes occurred and whether these were routine cases of clerical errors or were motivated by some pecuniary gains. The Committee also desired to know whether any action had been taken against those found responsible for these lapses, at what stations these cases had occurred and what concrete measures had been taken to stop recurrence of such things in future. In a note subsequently furnished by the Ministry of Communications it has been stated:—

- (a) (i) No formal enquiry has been made in regard to instances of short recoveries and failure to issue bills. Such cases are generally routine cases of clerical errors and omissions. The mistakes occur both at exchanges and in Billing Units.

Short recovery and failure to issue bills in time generally arise from typical irregularities such as:—

1. Delay in issue and supply to billing authorities, Advice-notes, intimating shifting and opening of telephones connections circuits, non-exchange lines, etc.
 2. Omission to bill accessories due to shifts and incomplete/incorrect data.
 3. Non-revision of rental on flat rate basis after expiry of guarantee period in cases of guaranteed lines, circuits, exchanges, etc.
 4. Non-revision of estimates with the increase of cost of the work and not correctly calculating the overhead charges.
 5. Non-revision of rate of rental (initially charged on estimates rates) on the basis of increased actual cost.
 6. Wrong calculations of rates of rentals, either in initial estimates or in final fixation, due to wrong data (regarding length, type of material, radial distance etc.) or wrong percentages of overheads or other levies, surcharges, etc.
- (ii) Suitable action as and when called for is taken against the officials found responsible for lapses.
- (iii) Such irregularities occur almost in all Circles and Telephone Districts.

- (iv) Instructions from time to time have been issued directing all concerned to avoid recurrences.
- (b) The required information, in respect of cases of "Short Recovery" and "Failure to issue bills" detected by Internal Check Organisation is as under:—

(In lakhs of Rupees)

	1974-75	1975-76	1976-77
Short recovery	8.01	2.32	21.69
Failure to issue bills	2.43	11.08	18.52

- (c) It is proposed now to instruct the Heads of Circles, etc., to make inquiries into cases of short recoveries and of non-issue of bills or short-billings to satisfy themselves that these are not due to malafide reasons on the part of any employee.

1.40. It was pointed out that Rs. 8.72 lakhs on account of failure to issue bills was the result of sample checking and if full audit was conducted there could be many more cases of this nature. The Committee, therefore, desired to know whether after this lapse came to the notice of the Department, the idea of having proper and effective checking by the Internal Audit was thought of and if so, with what result. The Secretary, Communications has stated:—

"Nothing has been done centrally about it. We will certainly look into it. So far as the study of the problem in depth is concerned, we shall take up that study. So far as the action part is concerned, action has been taken because the internal audit had been alerted to take immediate action on this and try to find out why it has happened."

Member (Finance) P&T Board added:

"I do not think that any instructions have been issued after the receipt of the audit report. We will go into this question now and try to tighten up the procedure and also see that our internal audit functions properly and that the Internal Financial Advisers are also made responsible for this. We will also see that the case of such clerical errors are minimised to the maximum extent.

He further added:

"I do not think that any instructions had been issued after the receipt of Audit Report. We will take action now."

1.41. In reply to a question as to what has been the precise role of the internal audit in detecting irregularities of the kind revealed by Audit during test check of telephone revenue accounts during 1975-76, the Ministry of Communications in a note have stated that the Internal Check (Internal Audit) has been responsible during their check of the telephone accounts during 1975-76 to detect cases of short billing, amounting to Rs. 14.52 lakhs, short recoveries of Rs. 2.31 lakhs and non-billing of Rs. 11.08 lakhs, etc. A statement showing the number of cases of short recoveries and failure to issue bills detected by Internal Check during the last three years (year-wise and circle-wise) is given at Appendix III. The position is summarised in the following table:

	1974-75	1975-76	1976-77
Failure to issue bills.	196	266	1037
Short recoveries.	601	924	196

It will be seen from the Appendix that in Delhi Telephone District alone in 1976-77 in as many as 529 cases short recoveries were detected. Similarly in the case of Madras District the maximum number of cases in which failure to issue bills in 1976-77 was detected was 498.

1.42. Enumerating the steps taken to ensure that internal audit functions properly and effectively and efforts are made to eliminate such irregularities and omissions in future, the Ministry, in a note, have stated:—

"The Internal Check (Internal Audit) Parties in the Telecom. Circles/Telephone Districts work under the direct control and guidance of the Internal Financial Adviser concerned. A monthly progress report is required to be submitted by each Accounts Officer incharge of the Internal Audit Party to the P&T Directorate, through the Internal Financial Adviser. The monthly progress report is scrutinised in the P&T Directorate to see whether the Internal Check Party is functioning properly or requires further direction

in its working. The report is also required to indicate whether any serious irregularities/omissions have been detected by the Internal Check Parties during the course of their Inspection. Serious irregularities/omissions detected by Internal Check Parties are compiled in the P&T Directorate and circulated to all the Circles/Districts to guard against such irregularities in their Circles.

Internal Check of Circles/Districts is also undertaken by Director (IC) functioning at P&T Directorate. Director (IC) during his visits to the Circles/Districts scrutinises the working of the Internal Check Parties and discusses any shortcomings with the Internal Financial Adviser and also with the Heads of Circles, if necessary. Shortcoming found in the working of the Internal Check Parties are brought home to the IFAs through Circular letters issued from the Directorate.

It may be mentioned that the augmentation of the Internal Check Organisation is under consideration.

Computerisation

1.43. There are two methods of billing: one is manual and the other is through the computers. The Committee were given to understand that there were some districts having the computer system. On being enquired why even the computers could not help in issuing the bills and if that system was not efficient enough, whether it was desirable to continue the same, the Secretary, Communications, stated during evidence:

"When the Computer System was introduced in 1974-75, it did create in the beginning some kind of bottleneck and some kind of teething troubles also. That is why you would have noticed that at that time arrears were to the extent of about Rs. 10 crores. But then it was settled down. So far as the present position is concerned, I think the working of the computers is generally all right except for some defects in Delhi."

Another representative of the Ministry has stated:--

"The number of bills now is 60 lakhs or more. So, to do all that work on manual basis, I think the number of mistakes are likely to be more than what will be on the computer."

1.44. The Committee referred to the above statement of the Secretary, Communications that there were some defects in the working of computers for billing in Delhi Circle on account of which telephone bills had gone in arrears and desired to know since when these de-

facts had been there and whether these had since been removed and the billing procedure put on sound lines. In a written note, the Ministry of Communications, have stated:

"There is approximately two months delay in issue of telephone bills in Delhi Telephone District. Bills due to be issued on 1-9-77 have actually been issued on 18-10-77 in respect of Trunk Calls and on 9-11-77 for Rent and Local Calls. The cause of delay is non-availability of computer time to the extent of actual requirement. A brief history of the case is given below.

Telephone billing and accounting was computerised in Delhi Telephones with effect from 1-4-73 for trunk billing and accounting and with effect from 1-4-74 for rent and local call billing and accounting. The work was entrusted to the Government Computer Centre, R. K. Puram, New Delhi for a period of two years. The system was designed by the Government Computer Centre. On actual functioning it was found to have certain defects which were causing delay in the issue of the first bill after installation of the new connections, shifts etc. Some inaccuracies were also passing in the bill under certain conditions.

When the contract for two years expired on 31st March, 1976 the Government Computer Centre expressed their inability to do the work further. In a communication dated 3-3-76 from the Ministry of Planning under whom the Computer Centre works addressed to the P&T Dte. it was clearly mentioned that they would not handle P&T job in the Computer Centre from 1-4-76 onward D.O. letters were addressed by the Member (Finance) to the Additional Secretary, Ministry of Planning, Department of Statistics and by the Secretary (Communications) to the Secretary, Ministry of Planning for continuing the arrangements in the Government Computer Centre but the Government Computer Centre did not agree to do the job on the existing terms. The computer had to be run by Departmental staff and no surety about the availability of computer time to the extent of our actual requirement was given by the Computer Centre.

From July, 1976 and onward a lot of difficulty about the availability of computer time is being faced. Against the normal requirement of more than 300 hours of computer time per month, the time made available has been ranging from 154 to 231 hours per month between July, 1976 to November, 1976. This caused a lot of set back in the bil-

ling schedule. Unfortunately, no other computer of the configuration (honeywell-400) on which the programmes are written, is installed in Delhi which could be used for billing. One such computer is installed with the Oil and Natural Gas Commission at Dehradun. The ONGC authorities were contacted and arrangement was made with them from December, 1976 for using their computer for certain hours every month. Using the computer at an outstation is not very convenient as the data is to be taken to Dehradun every now and then. However, there was no choice except to continue with this arrangement, to enable the bills being issued, though with delay. The computer time available both at Delhi and Dehradun is not sufficient to meet the actual requirement. During the last five months an average of 196 hours computer time both at Delhi and Dehradun, was made available against the requirement of over 300 hours.

In view of the difficulty about availability of computer time for processing the telephone bills and the unsatisfactory arrangement with the Government Computer Centre, it was decided to switch over to another computer and action for it was taken in April, 1976 when quotations were obtained from the various computer agencies. Subsequently, it was decided to call for regular tenders and tender notice was issued on 14th September, 1976. Tenders were received in the first week of October, 1976. Due to certain discrepancies in tenders, it was decided in June, 1977 to call for fresh tenders. Accordingly, fresh tenders notice was issued on 2nd July, 1977 and 11 tender offers were received. It is expected that decision for fixing up another computer agency will be finalised during the current month. Thereafter three to four months period will be required for actual switching over. Defects in the system and delays in issue of bills can be removed when the switching over to the other computer is completed."

Litigation

1.45. The Audit para has pointed out that recovery of Rs. 25.36 lakhs was under litigation on 1 July, 1976. At the instance of the Committee, the Ministry of Communications, in a note, have intimated the number of cases under litigation on 1 July, 1977 and the total amount involved with the break up of (i) the number of bills involving less than and more than Rs. 250; (ii) five oldest cases under litigation and (iii) five cases each involving highest and lowest amounts as under:

(a) There is no case under litigation in respect of Government subscribers. In respect of other subscribers the information is as below:

As on 1-7-77.

1. No. of cases under litigation 972
2. Total amount involved Rs. 21,53,555/-

(a)(i)	No. of bills involving	
	Less than Rs. 250/-	More than Rs. 250/-
	3237	3423

(ii) Five oldest cases :

Sl. No.	Name of subscribers	Telephone No.	Amount Rs.	Year of filing suit
1.	Agra	1267	1530.00	1956-57
2.	Behrampur	21	1919.85	7-11-55
3.	M/s. R. D. Kotlari Andhra	Several Telephones	11725.85	1958-60
4.	Behrampur	91	319.47	11-12-61
5.	Raipur	575	2614.00	10-1-62

(iii) Five cases of highest and lowest amounts :

Sl. No.	Name of the subscribers	Telephone No.	Amount involved. Rs.
<i>Cases involving highest amount :</i>			
1.	J & K Cotton Mills, Kanpur	51137 to 51139	1,15,000.00
2.	Bombay	361810	55,352.00
3.	Bishamber Dayal, Kanpur	67367 & 62298	33,000.00
4.	Pt. Bros., Asansol	3494	31,446.00
5.	D. R. Bahl, Delhi	57521	20,221.50
<i>Cases involving lowest amount :</i>			
1.	— Raipur	475	120.83
2.	Shri K. P. Sankunny Changanacherry	286	267.85
3.	Shri T. O. John. Trivandrum	5080	253.00
4.	M/s. Jagdish Singh & Co. Amritsar	45212	281.75
5.	Shri Sardar Dilip Singh Nagpur	33369	309.00

1.46. To a question as to how much money was spent on litigation during each of the years 1974-75 to 1976-77 and the number of cases decided during each of these years, the Ministry, in a note, have furnished the following figures:

Years	Money spent on Litigation	No. of cases decided
	Rs.	
1974-75	53002 08	152
1975-76	49208.97	158
1976-77	51042 37	100

1.47. The Committee drew attention of the representative of Ministry of Communications to the total outstanding of Rs. 770.83 lakhs upto 1975-76 (as on 1 July 1976) and desired to know how it was that litigation on 1 July 1976 was going on for Rs. 25.36 lakhs only. The Secretary, Communications has stated during evidence:

“The main consideration is that litigation involves rather circuitous procedure and money. Therefore the Board has issued instructions to all its units that no litigation should be taken up for amount of bills below Rs. 250/-. Only in cases where there are chances of recovery and where the amount of arrear is heavy and pending for several years litigation is taken up.”

The witness has added:

“If we go in for litigation, the chances of recovery except through court are wiped out. Until the court decides—it may take 4 or 5 or 6 years—you have to wait. So, that is the last resort. As you have noticed, we have been able to make a substantial dent on the past arrears during the last four years. Had we started litigation in all cases, we would have been waiting for court decisions still.”

1.48. The Member (Finance) P&T Board has stated in this context:

“As Secretary pointed out, quite a lot of amount is collected after sending reminders and after writing to the parties. For instance, the arrears for 1971-72 were Rs. 3.81 crores. Today the arrears of that year stand at Rs. 40 lakhs only.

Litigation is the last resort, when we are certain that the parties are solvent and there is a chance of recovery."

1.49. The Committee asked whether recovery of telephones revenue arrears under Public Demands Recovery Act was being resorted to. The Ministry of Communications have replied that as per the advice of the Ministry of Law arrears of telephone revenue cannot be recovered as arrears of land revenue.

1.50. Asked to what extent over-billing was responsible for litigation, the Member (Finance) P&T Board has stated in evidence:

"The information we have is that there are very few and rare cases of that type, where the party has gone to the court. In most of the cases, the bills are outstanding and we have taken the parties to the court to recover the dues."

Over-billing

1.51. To another question, how then over-billing was detected, the witness has explained:

"The actual number of complaints of excess billing has not been very heavy. But whenever a complaint comes, we look into it. There are a number of ways of tackling it. One is we check up the meter readings which are taken every fortnight. If we find there is a spurt, then we know there is something to be looked into. In some cases there might have been a function at the house or some other reason for the spurt. In other cases, where we are not able to justify the spurt, we give the benefit of doubt to the subscriber. In a few cases, there might have been some fault on the line. Such cases form only 0.15 per cent of the total number."

1.52. Asked in how many cases the Department accepted the complaints and gave rebate on the bills, the witness has stated:

"We have got the all-India figures. For the year 1975-76 the total number of complaints which we received was about 63,000. This is for 1459 lakh telephones. The total number of bills issued was 58.36 lakhs. In these cases we had to give the rebate in 8,581 cases."

1.53. Referring to the above figures, the Committee enquired whether in view of substantial number of cases in which rebate had to be given, Government was contemplating to find out some other

sort of machinery to avoid over-billing. The Secretary, Communications has stated in evidence:

"In those cases it happened because of some fault in the meter reading, sometimes the meter jumps. But largely it arises out of the misuse of telephone of the subscriber where the subscriber himself does not know that so many calls are made, particularly the STD calls. There a number of calls are put through by people who are not identified by the subscriber; they may be members of his own family or may be others who, in his absence, use his telephone. Therefore he feels that he has been overcharged. This is in the majority of cases all over the country and that is one reason why the subscriber feels that there is over-billing, but actually it is not so. In the cases, as I said of any fault in the meter or any local fault, they are not many but in all such cases we have given powers to the local General Managers to investigate and where the complaints of excess billing are genuine, give rebate to them. Certain financial powers have been delegated to them for giving rebate in each individual case."

1.54. The Ministry of Communications have subsequently furnished the following information in respect of the number of complaints received by the Directorate during the last 5 years, the reasons for the excess billing and the measures taken to remedy this situation:

"(A) Complaints of wrong billing/excess billing fall in two broad categories, viz. (i) due to human errors, e.g. inaccuracies in arithmetical calculations, wrong valuation of calls, etc., and (ii) due to excess metering. Cases of the first category are very few and bills are generally corrected as soon as the complaint is received. As regards the second category, the number of complaints received during the last 5 years are given below:—

	No. of complaint
1972-73	78264
1973-74	79885
1974-75	91261
1975-76	109442
1976-77	134176

*Information regarding some circles is not available and is not included.

(B) Reasons for excess billing:

Excess billing cases mostly relate to cases of excess metering. Excessive metering is possible broadly due to the following reasons:—

1. Due to equipment under certain faulty conditions.
2. Due to mischief by Departmental staff.
3. Due to mischief by others.
4. Other reasons. Unnoticed technical faults, undetected channel disturbances, etc.

(C) Measures taken to remedy these defects are:

1. Meter is thoroughly tested. Meters are routine tested every quarter to ensure that they are working alright.

2. The subscriber is put on parallel meter observation for about a fortnight. This indicates the rate of his calling and also if the subscriber is in the habit of making any STD calls.

3. The subscriber's D.P. etc., are checked to see if they have undergone any tampering and also to assess if there is any possibility in the location.

4. Any other technical fault which the engineering authorities may ascribe for the abnormal increase in the local calls.

5. Fortnightly meter readings are taken to see any abnormal or unusual spurts etc., and if observed, tests are carried out and all equipment is checked. If necessary, the number is put on observation."

Telephone Revenue Written Off

1.55. The Audit Para states that during 1975-76 the telephone revenue written off was Rs. 28.03 lakhs as indicated below:

	(Lakhs of rupees)
1. Whereabouts of the subscribers not known	14.20
2. Solvency of the subscribers not established	1.97
3. Closure of the subscribers' firms concerns etc.	1.73
4. Death of subscribers	1.75
5. Relevant departmental files not available	0.35
6. Other reasons	5.50
7. Reasons not available	2.53*
TOTAL	28.03

*Relates to Bihar Circle.

1.56. Regarding the amounts written off during the last 5 years, the Committee have been informed by the Member (Finance) P&T Board that in 1971-72 it was Rs. 16.07 lakhs; in 1972-73, Rs. 18.49 lakhs; in 1973-74, Rs. 11.11 lakhs; in 1974-75, Rs. 15.35 lakhs and in 1975-76, Rs. 28.03 lakhs.

1.57. The Ministry of Communications have further furnished details of the amount of Rs. 22.50 lakhs written off during 1976-77. The same are reproduced below:

	(In lakhs of Rupees)
1. Whereabouts of the subscribers not known	10.47
2. Solvency of the subscribers not established	2.36
3. Closure of the subscribers' firms concerns etc.	2.32
4. Death of subscribers	1.62
5. Relevant Departmental files not available	0.25
6. Other reasons.	5.48
TOTAL	22.50

1.58. Out of the telephone revenue written off during 1975-76, Rs. 14.20 lakhs (about 50%) were due from subscribers whose whereabouts were not known. Asked to state the highest and lowest amounts which were due from such subscribers and the remedial measures taken to minimise the loss of revenue on this account, the Ministry of Communications have stated:

"The highest amount involved in a case was Rs. 9988.28 and the lowest amount was Rs. 0.45.

After the telephones of private subscribers are disconnected for non-payment and are permanently closed, a direct link between the Department and the defaulting subscribers is lost. The case for realisation of dues remaining outstanding against such defaulters has to be pursued by correspondence and by personal contact through Telephone Revenue Inspector/Phone Inspectors etc. This process is time consuming. In the meantime, in several cases the defaulters become untraceable. Efforts are made by the field officers to seek the help of the police authorities also in tracing the whereabouts of such defaulters. If present address is available, notice of legal action is given when other means to recover the dues fail. Legal action

is found to be financially solvent where there are chances of recovery."

Since it had been stated earlier that the High Power Committee set up at each Circle/District was empowered to recommend write-off at District level, the Committee desired to know what was the yard-stick to determine write-off of the dues. The Member (Finance) P&T Board has stated in evidence:

"First, they try to be satisfied that all efforts have been made by the Telephone Revenue Organisation in that district to try to trace the party and to find out whether they have reported the matter to the police and if it be unsuccessful, then they go to the Revenue Officer to find out whether he can find out and check up the solvency of the subscriber. After everybody has come to the conclusion that the amount is irrecoverable, then they can think of any other method. Upto Rs. 5000, the General Manager of the Circle has the power to write-off the amount. But if the amount is more than that, then he has to go to the Directorate with his recommendation."

1.59. The representative of the Ministry however admitted that no systematic study into the problem had been made.

1.60. According to Audit Para Rs. 1.75 lakhs were written off during 1975-76 on account of death of subscribers. Asked whether rules provided for recovery of telephone dues from next-of-kin of the subscriber, the Ministry have replied as under:

"Under general Law, legal heirs of deceased defaulters are liable for payment of outstanding dues to the extent of the property they have inherited from the defaulter. Only those cases are considered for write-off where it is proved to the satisfaction of the Department, that the legal heirs have not inherited any property etc., or where there are no legal heirs."

1.61. Since a sum of Rs. 35,000 was stated to have been written off during 1975-76 for the reason that relevant departmental files were not available, the Committee desired to know whether any enquiry had been made as to how many more such files were missing and whether any responsibility had been fixed for this lapse. the Secretary, Communications has stated in evidence:

"This is not the kind of analysis that we have made; but Audit has been able to make it for us. Regarding the

general issue of missing of files, departmental action is taken in each individual case, if as a result of the departmental enquiry, it is found that responsibility can be fixed on an individual."

1.62. Asked what steps had been taken or are proposed to be taken to avoid missing of files in future, the witness has replied as under:

"Whenever a file is missing, steps are immediately taken to trace it. If the file is not made available to Audit, they will presume that it must be missing. But whenever a file is found to be missing, immediately an enquiry is made as to why it is missing, and who is responsible because in several cases it may be because of some deliberate efforts to destroy the files for a particular motive. I do not know whether any general statement can be made about steps taken, except to say that in such cases departmental action will be taken against the person concerned. It will have to be taken in each such case."

1.63. In a note subsequently furnished to the Committee in this regard, the Ministry of Communications have stated:

"(a) No responsibility has been fixed as the amount written off relates to very old period (1966/Nagpur). In some cases the record was lost in transit due to decentralisation of TRA work.

(b) Departmental procedures and rules provide for complete control and proper preservation of records in the normal course. However, suitable instructions had been issued to all Heads of Circles/Telephone Districts in this regard under P&T Board letter No. 23-4/TR dated 30-7-73. Arrangements have also been made to extract and preserve records of outstanding cases to remedy the situation in future. However, losses of records by fires, floods or other natural causes are exceptions."

1.64. The Committee take a serious view of the short recoveries as well as failure to issue bills by the Department. In Paragraph 1.7 of their 122nd Report (Fifth Lok Sabha) they had desired to be informed about the outcome of the study regarding billing and accounting procedure then being made by a Committee. The Government in their reply reproduced in Chapter II of the Committee's 143rd Action Taken Report (Fifth Lok Sabha) had stated that the P & T Board had generally accepted recommendations of that Committee and the revised billing|accounting procedure based on those

recommendations had been introduced in small and medium size Telephone Revenue Units with effect from 1-7-1970. Like-wise, in respect of major Telephone Districts, computerised billing on Service Bureau basis had been introduced at Delhi, Bombay, Madras and Calcutta. However, the Committee regret to find that all these and other measures, such as issue of instructions etc., stated to have been taken by the Directorate have not yielded the desired result of eliminating these lapses. The position on the other hand has rather deteriorated and taken alarming proportion. According to the information furnished to the Committee, the short-recoveries of Rs. 8.01 lakhs during 1974-75 have risen to Rs. 21.69 lakhs during 1976-77 and similarly in the case of failure to issue bills the figure of Rs. 2.43 lakhs in 1974-75 has gone up to Rs. 18.52 lakhs in 1976-77.

1.65. Surprisingly enough, the Member (Finance) P. & T. Board has conceded during evidence that 'it has never come to the notice of the Directorate as a serious issue which needs issue of a directive from this place' and that 'nothing has been done centrally about it'. The Committee cannot but deplore the indifferent attitude of the Department to this serious lapse. They would like to urge that responsibility for failure to issue bills, short billing or excess billing should be fixed at all levels so as to ensure that there is no recurrence of these lapses. The Committee would also stress the need of conducting a thorough investigation into the working of the billing system with a view to clearly identifying reasons for individual cases of short recoveries and of non-issue of bills thus bringing the defaulters to book if found to have done with a mala fide intention or for any pecuniary gain.

1.66. The role of the Internal Audit also does not appear to be effective. The Committee have noted that augmentation of the Internal Check Organisation is now under consideration of the Directorate. They would like to be informed of the concrete steps taken in this direction and the result achieved. In order to keep abreast of the functioning of the Internal Audit, the Committee feel that periodical checking at the Directorate level is also essential.

1.67. The Committee have been given to understand by the Secretary, Ministry of Communications that computer system has been introduced for billing and accounting in certain big cities and Telephone Districts. They are happy to note further that after some initial difficulties, the system has now come to stay and the working of computers is generally satisfactory. At the same time the Committee are somewhat distressed to learn that in Delhi District there has been of late approximately 2 months delay in issue of telephone bills due to non-availability of Computer time to the extent of actual

requirement. They learn that due to the inability of the Delhi Computer Centre to handle the work of telephone billing in Delhi tenders from outside agencies had been invited and as on 12 December 1977 three to four months time was required for switching over to another agency. The Committee hope that a watch on the performance of the new agency shall be kept from the beginning so that the type of defects which were noticed when the billing was being done at Delhi Computer Centre do not recur. The Committee also hope that with more and more computerisation in the coming days, the time taken in billing will come down.

1.68. Closely connected with the failure to short-billing is the problem of wrong billing/excess billing. The Committee learn that this happens primarily due to fault in meter or unnoticed STD calls made at the subscriber's end. The number of complaints received during 1975 was 63,000 involving 14.59 lakh telephones and the number of bills being 58.36 lakhs during that year. Rebate had to be given in as many as 8581 cases. The Committee are perturbed to find that the number of such complaints is on the increase every year, these being 134176 during 1976-77 as against 78264 during 1972-73—an increase of 71 per cent over the last 5 years. The Committee concede that over the years the number of telephone connections have also increased. Even so, the number of complaints is suggestive of the fact that the wrong billing is perhaps a regular feature. The Committee therefore recommend that whereas genuine cases should be dealt with promptly to restore confidence in the service, test check of the over-billing and rebate given over and above a reasonable limit should be made to identify the actual causes of over-billing with a view to taking remedial measures for the future and to ensure that the rebate given is genuine and the powers delegated in this regard are not misused.

1.69. Coming to litigation, the Committee find that this recourse had to be resorted to for recovery of Rs. 25.36 lakhs as on 1 July 1976 from private subscribers. The Committee would like to place on record some interesting statistics in this regard. The number of cases under litigation was 3237 for bills involving less than Rs. 250 each and 3423 were in respect of bills for more than Rs. 250 as on 1-7-1977. The oldest case under litigation relates to the year 1956-57 involving Rs. 1530. The highest amount involved in litigation is Rs. 1,15,000 due from M/s. J & K Cotton Mills, Kanpur and the lowest amount is Rs. 120 pertaining to a Raipur subscriber. The amount spent on litigation during 1974-75 was Rs. 53002.08 and the number

of cases decided was 152. As against this, in 100 cases decided during 1976-77, Government had to spend Rs. 51042.37. ..

The Committee have been informed that instructions have been issued to all the Units that since litigation is a long drawn and expensive process, no litigation should be taken up for amount of bills below Rs. 250. In view of the heavy amounts spent on litigation each year, the Committee would like to urge that the problem should be studied in depth with reference to its economics and the results achieved in the past for formulating further policy in this regard. They would also like the Department to lay down more comprehensive and clear cut guidelines for going in for litigation as the last resort.

1.70. The Committee regret to note that during 1975-76 arrears amounting to Rs. 28.03 lakhs were written off due to various reasons, the noticeable among them being 'whereabouts of the subscriber not known' (Rs. 14.20 lakhs; 'death of subscribers' (Rs. 1.75 lakhs) and 'relevant departmental files not available' (Rs. 0.35 lakhs). During the last 6 years 1971-72 to 1976-77 the total amount written off was Rs. 111.55 lakhs. The highest amount involved in a case in which whereabouts of the subscriber were not known, was Rs. 9988.28. The Committee would like Government to ensure that before writing off the Directorate has satisfied itself of exploring all avenues including police help in locating the subscriber and recovering the dues. In this connection, the Committee recommend that the feasibility of introducing personal surety bonds at the time of installation of telephones might be examined so that in bad cases the arrears due from the subscribers could be recovered from their sureties.

1.71. The Committee feel equally concerned about the loss of departmental papers pertaining to telephone revenues which have become a regular feature each year. Rs. 35,000 during 1975-76 and Rs. 25,000 during 1976-77 had to be written off as a result of loss of files. In this context the Committee would like to reiterate their earlier recommendation made at Paragraph 1.8 of their 122nd Report (Fifth Lok Sabha) on this very issue and desire that the Directorate should take a serious view of this problem and ask the authorities concerned to investigate thoroughly all cases involving big amounts with a view to finding out whether any mala fide intention was involved, fix responsibility and take remedial measures for the future. The Committee recommend that deterrent punishment should be given in case of proven collusion.

II

INSTALLATION OF A 8-CHANNEL TRANSISTORISED CARRIER SYSTEM BETWEEN DUMKA AND DEOGHAR

Audit Paragraph:

2.1. Dumka Town is the District Headquarters of Santhal Parganas "backward area". In view of the policy of the department to provide adequate telecommunication services in such areas and to build up more channels for directly linking Dumka with the State Capital at Patna, as also with the Headquarters of the Division at Bhagalpur and in view of the demands of trunk call traffic, the Posts and Telegraphs Directorate approved in March 1970 the installation of a 8-Channel Transistorised Carrier System in replacement of the existing 3-Channel System between Dumka and Deoghar. The project estimates for retransposition of the existing Voice Frequency pair by non-Carrier junction pair (Rs. 0.31 lakh) and installation of the 8-Channel Open Wire Transistorised Carrier System (Rs. 0.47 lakhs) were sanctioned by the Postmaster General, Bihar Circle, in October, 1972. It was anticipated that the project would yield a net profit of Rs. 0.02 lakh per annum from the date of its being commissioned. No difficulties were anticipated in the retransposition of the line and the work, it was estimated, could be completed in about 2 months time.

2.2. The work of retransposition of the line was completed in October 1975. When the retransposed line was put to test by the Acceptance Testing Organisation of the Department, it failed to pass the test owing to continued interruptions on account of power induction. The induced voltage was of the order of 1140 volts. In March 1977 the department intimated that the line had since been cleared by the Acceptance Testing Organisation and that the system had been commissioned in October 1976.

2.3. An expenditure of Rs. 3.13 lakhs was incurred on retransposition of the line. About the increase in expenditure the General Manager, Telecommunications, Bihar Circle, stated (August 1976)

that "the original sanction for the above work for Rs. 0.31 lakh was accorded as the proposal was for transposing NCJ pair on the existing AB posts already carrying the VF pair lines. It was later noticed that NCJ pair lines would need A4BC posts as the existing AB posts would not be able to bear the load of the bracket and accordingly the cost of the estimate went quite high due to the provision for the A4BC posts, thus increasing the cost of work from Rs. 0.31 lakh to Rs. 3.13 lakhs". The Posts and Telegraphs Directorate stated (March 1977) that "at the time of preparation of the estimate, the fact that AB line could not bear the load of NCJ pair was not foreseen. The General Manager, Telecommunications, Patna, is being directed to investigate in detail into the reasons for this lapse". Another major deviation from the sanctioned estimate contributing to the excessive expenditure was that the line was shifted from Deoghar to Ghormara to keep it away from the nearby high tension power alignments which had been constructed by the State Electricity Board parallel to the Posts and Telegraphs alignments without obtaining the consent of the department. The work of shifting the line was completed in October 1975 and a claim for Rs. 0.24 lakh was preferred in July 1976 against the State Electricity Board on this account. The revised estimate for the work was yet to be sanctioned (August 1975).

2.4. As the line had not been cleared by the Acceptance Testing Organisation, the work relating to the installation of the 8-Channel Transistorised Carrier System was held up although stores worth Rs. 0.74 lakh had been received for this work upto July 1975. A re-assessment of the economics of the project in August 1976 revealed that, as against the net profit of Rs. 0.02 lakh which was anticipated at the time of preparation of the estimate, there would be a loss to the extent of Rs. 0.15 lakh per annum. The Department stated (March 1977) that "the General Manager, Telecommunications has been instructed to re-examine the project on the basis of actual traffic and the financial implications".

[Paragraph 13 of the Report of the Comptroller and Auditor General of India for the year 1975-76, Union Government (Posts and Telegraphs).]

2.5. According to Audit Paragraph two detailed estimates for retransposition of existing Voice Frequency Pair by Non-carrier Junction Pair (Rs. 0.31 lakh) and installation of the 8-Channel open wire transistorised carrier system (Rs. 0.47 lakh) were sanctioned by Postmaster General, Bihar Circle, in October 1972. Since no difficulties were anticipated in the retransposition of the line, it was

estimated that the work could be completed in about 2 months' time. The work of retransposition of line was, however, completed in October 1975 and commissioned in October 1976. Asked to explain the reasons for the delay of full three years in commencing, completing and further one year in commissioning the project, the Ministry of Communications, in a note, have stated:

"The original line estimate of October, 1972 had to be subsequently revised, consequent on power line parallelism, and a new alignment was constructed instead of retransposing the pair on the existing line. The construction of the new line and the commissioning of the carrier system called for a considerable amount of co-ordination with the State Electricity Board and the PTCC and hence the delay."

2.6. As against the original estimate of Rs. 0.31 lakh for retransposition of the existing Voice Frequency Pair by Non-carrier Junction Pair approved in October 1972, an expenditure of Rs. 3.13 lakhs was incurred on this work. The reason for increase in expenditure, according to the General Manager, telecommunications, Bihar Circle, was that the original proposal was for transposing NCJ pair on the existing AB posts already carrying the VF pair lines. But it was later noticed that NCJ pair lines would need A4BC posts as the existing AB posts would not be able to bear the load of the bracket and accordingly the provision for Ab4BC posts was made, thus increasing the cost from Rs. 0.31 lakh to Rs. 3.13 lakhs. The Audit Paragraph points out that the Posts and Telegraphs Directorate had stated in March 1977 that at the time of preparation of the estimate, the fact that AB line could not bear the load of NCJ pair was not foreseen. Asked what was the result of the detailed investigation made by the General Manager, Telecommunications, Patna into this matter and what action had been taken thereon, the Ministry of Communications, in a note furnished to the Committee have stated:

"It has been seen that the existing AB line was in a position to carry the load of the NCJ pair after retransposition except in a section of 16 Kms. between Dumka and Jamar where cross-staying of the alignment would have been required. However, the alignment was not strong enough to carry additional pairs for use in future as normal NCJ line and therefore before the line work was taken up, this deficiency was made good by deciding to replace the alignment by A4BC line, which was stronger. This is apparently a case of oversight but the correction was made before the work was undertaken. However, instructions

have now been issued that in all such cases in future, Heads of Circles should ensure to see that the proposed schemes for NCJ retransposition should take into account the strength of the line for carrying adequate number of pairs in future."

2.7. Asked whether any formal report in this respect was received from the General Manager, Telecommunications, Patna, the Secretary, Communications, replied during evidence:

"The formal report from the General Manager has not been received. The fact has, however, been ascertained and it was found that it was a lack of foresight on the part of the engineers at that stage not to have thought of the future requirements and planned on a basis which was all right for that particular time. If future projections were to be made and the line was to take a larger load, according to whatever projections were at that time, it would have been necessary to increase the height of the pole by 4 ft. and would have provided for additional voice circuits to the extent of a maximum of 14 voice frequencies. The original one that was constructed provided only for 14 voice frequencies over eight channels. That was not considered to be adequate. The rectification was done."

2.8. To another question whether responsibility had been fixed and action taken against those found responsible for dereliction of duty, the Ministry of Communications have stated:

"An investigation into the reasons for the revision of the original estimate revealed a lack of foresight at the time of preparation and sanction of the original estimate. This has been admitted as an 'oversight' in letter No. Fin. Cell/10/76 dated 3.1.77 from G.M. (Telecom) Patna and he has been asked by the P&T Directorate to indicate the reasons for this lapse."

2.9. Another major deviation from the sanctioned estimate contributing to the excessive expenditure was stated to be shifting of the line from Deoghar to Ghormara to keep it away from the nearby high tension power alignments which had been constructed by the State Electricity Board parallel to the P&T alignments without obtaining the consent of the Department. A claim for Rs. 0.24 lakh was preferred in July, 1976 against the State Electricity Board on this account. Drawing attention of the representative of the Minis-

stry of Communications to paragraph 30-A(a) of the P&T Manual Volume X which prescribes that "Divisional Engineers, Telegraphs/Telephones are primarily responsible within their areas for keeping themselves informed of and for bringing to the notice of the head of the circle, all projects, or works in connection with the erection of high tension power lines in proximity to departmental communication lines and that it is of utmost importance that the proposals in respect of such projects should be brought to the notice in the very earliest stages so that the routes of power lines may be altered, if necessary", the Committee enquired why the Department was not aware of the power lines when the estimates were prepared. The Secretary, Communications, explained the position as under:

"The procedure that has been laid down is this. A Co-ordination Committee has been constituted with the representatives of the State Electricity Board and the representatives of the P&T Department. The procedure requires that any such proposal that the Electricity Board may have of laying their lines should be brought before this Co-ordination Committee and the work taken up only later. There is a specific provision laid down for that. Notwithstanding those instructions, the State Electricity Board in this case took up the work without consultation with and approval of this Co-ordination Committee. It was noticed at the local level by our staff that this work had been commenced and it was brought to the notice of the higher authorities by the person on the spot."

2.10. To a specific question whether the Divisional Engineers were not required to keep themselves informed of all the power lines in their respective areas, the witnesses has stated:

"They are supposed to keep the information. Normally, the staff does try to find out what is their plan of work. But the assumption is that any such work that has to be started has to have the approval of the Co-ordination Committee before the work is taken up, so that, if any extra expenditure is to be incurred by the P&T Department later in shifting or strengthening their lines because of high tension lines that the Electricity people are going to lay, we shall have to take steps to settle with them the amount that will have to be paid by the Electricity Board to the P&T Department for the additional work required to be done."

2.11. The witness explained that there was no power line existing there and it was for the first time that an 11 KV line was being laid in 1972-73. The matter was first brought to the notice of the Electricity Department in October 1972.

2.12. He elaborated:

"Our line was already existing. It was a question of strengthening that line. As soon as the Engineer on the spot came to know about this that those people had already started the work, he brought it to the notice of his higher authorities... After that, a discussion was held, and there was a joint inspection consisting of the representatives of the Electricity Board and our Department. They inspected on the spot and then decided about the diversion of the line."

2.13. In this context, the Member (Telecom Operation) P&T Board has stated:

"Before 1972 our AB line existed. When Electricity Department wanted to erect 11 KV line (in 1972-73) we said there would be induction in our line. We entered into discussion with them. Finally we agreed that they would shift wherever they can. Then wherever they could not do, they asked us to shift, to which we agreed. It is not that we reconstructed afterwards because when we replaced the existing line we took the action simultaneously to shift when we did our new line work. Wherever called for, shifting charges would be normally borne by the Electricity Department.... So, we had to charge them for shifting our line. We completed the work of shifting as well as modifying the line simultaneously to make it suitable for 8-Channel. It is not that we shifted the line and then after shifting the line we reconstructed the line. Since it is due to a new scheme of working it is subject to a test. We used gas discharge tubes to lower the induced voltage further."

2.14. The Committee were informed that though the State Electricity Department had agreed to re-imburse the charges for shifting of the line in February 1973 itself, the formal letter for recovering the amount from them was sent only in July 1976.

2.15. The Committee enquired whether the amount of Rs. 0.24 lakh claimed from the Electricity Department towards shifting charg-

es has since been realised. The position as indicated by the Ministry of Communication is given below:—

“The claim of the P&T Department for Rs. 0.24 lakhs has been accepted by the Superintending Engineer (Electrical), Deogarh and he is arranging funds to make the payment. In this connection, a copy of letter No. 1487 (Vanijya)/ESE dated 26.9.77 from the Electrical Superintending Engineer, Deogarh is enclosed. The Circle is pursuing the case and it is learnt that the matter requires the approval of the State Electricity Board, where formalities have to be completed.”

The relevant extract from ESE's letter dated 26-9-77 is reproduced below:

“With reference to the above, I have to inform you that your demand has been accepted and we are arranging funds to make the payment.”

2.16. The Audit para has stated that the work of re-transposition of the line was completed in October 1975. But when the retransposed line was put to test by the Acceptance Testing Organisation (ATO) of the Department, it failed to pass the test owing to continued interruptions on account of power induction. In March 1977, the Department intimated that the line had since been cleared by the Acceptance Testing Organisation and that the system had been commissioned in October 1976.

2.17. In this context, the Member (Telecom Operation) P&T Board has explained:

“There was only one deviation, that is the line was shifted only once. We noticed on testing the line that there was still some residual voltage which should not be there. Then we had to put what is called the gas discharge tubes. The shifting of the line was only once; that gave us part solution; but still, there was a marginal voltage which we thought to be high and so we thought that a further solution would be by putting the gas discharge tubes; that was done. By putting the gas discharge tubes, we can keep that voltage low. This is the technique adopted to solve the problem.”

2.18. Asked how much the remedy cost the Department, the witness stated that the technical solution to put the gas discharge tubes

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was adopted as in many other parts of the country. This was a very nominal cost. Each set costs Rs. 150 to 200 or so. Three to four of them were used. It was all included in the bill which was being recovered from the Electricity Department.

2.19. Giving reasons for not shifting the line far away from the power line to completely avoid power induction on re-transposition, the Ministry, in a note, have stated:

“On account of the hilly terrain in which the new line had to be constructed, the line could not be shifted away as far as would be required to eliminate power induction altogether. Further, the shifted line has to be within a reasonable distance so as to facilitate inspection from the road for detection of faults etc. on the line for efficient maintenance. Keeping the conflicting requirements in view, the new line was erected at a safe separating distance from the power line and the residual power induction was taken care of by fitting Gas Discharge tubes.”

2.20. The Audit para has further stated that it was anticipated that the project sanctioned in October 1972 (estimated to be completed in about 2 months' time) would yield a net profit of Rs. 0.02 lakh per annum from the date of its being commissioned. However, a reassessment of the economics of the project in August 1976 revealed that as against the net profit of Rs. 0.02 lakh, there would be a loss to the extent of Rs. 0.15 lakh per annum. Asked what was the outcome of the re-examination of the project on the basis of actual traffic and the financial implications carried out by the General Manager, Telecommunications, the Ministry in a note have replied:

“The project estimate has since been re-examined. As much as Rs. 2.4 lakhs worth of trunk calls are being handled annually on the circuits provided by the carrier system. Even with the change in the specifications, the revised project estimate is remunerative to the extent of about Rs. 10,000 per annum on an investment of Rs. 4.39 lakhs, including the cost of reconstruction of the alignment. It is relevant to mention that the installation of the 8-channel carrier system between Deoghar and Dumka has enabled provision of direct circuits from Dumka (District Headquarter in a backward area) to Patna (State Capital) and to Bhagalpur (Divisional Headquarters).

No delay service has also been introduced between Dumka and Patna."

2.21. To another question as to what were the special features on account of which the project has proved more remunerative and how much revenue was earned during the year after commissioning of the project, the Ministry of Communications have stated:

"After the commissioning of the 8-channel carrier system between Deogarh and Dumka, no delay service was introduced from Dumka, which is a District Headquarter to Patna, the State Headquarter and a direct circuit was provided from Dumka to Bhagalpur, the Commissioner's Headquarters. Further, there was a rise in the trunk call tariff in 1976. The actual revenue earned during the year November '76 to October '77 (for one year after the commissioning of the system) was Rs. 1,08,236.00 in respect of calls outgoing from Dumka Exchange only."

2.22. According to Audit para the underlying idea of this project was to provide in the shortest possible time adequate telecommunication facilities in the backward area of Dumka which is the District Headquarters of Santhal Parganas in Bihar State. However, as against the estimated time of two months, it took more than six years with 282 per cent increase in cost to commission the project. Asked to identify the various factors responsible for defeating the very purpose of the whole concept of development of backward areas in the country through improved means of communication and the remedial measures taken to avoid recurrence of such a situation in future, the Ministry of Communications, in a note, have stated:

"This is a peculiar case, which got delayed on account of various factors, one of which has been lack of proper care at the time of preparing the original estimate. Instructions have been issued under P&T Directorate letter No. 97-5/76-TPL(P) dated 4-9-77 (Appendix IV) to all General Managers, Telecommunication for exercising utmost care in preparation of estimates. For attending to power line parallelism cases more expeditiously at the State level, the PTCC wing on the Telecommunications side has been strengthened by having three more Divisional Engineers, PTCC in addition to the one existing earlier."

2.23. The Committee note that the project for the installation of 8-Channel transistorised carrier system in replacement of the existing 8-Channel system between Dumka and Deogarh for providing adequate telecommunication services in Dumka, District Headquarters of Santhal Parganas, a backward area in Bihar State, was approved in March 1970 at an estimated cost of Rs. 1.15 lakhs. Detailed estimates for the work were sanctioned in October 1972. Though according to the original estimate, the work was to be completed in two months' time, it took as long as 6 years in commissioning the system in October 1976, after its approval. The principal reasons for delay in execution of this project are stated to be (1) the replacement of the alignment of existing AB line by A4BC line so that it can carry additional NCJ pairs for use in future, the existing line being not in a position to carry this load of NCJ pairs in a Section of 16 Km between Dumka and Jama and (2) realignment of the line between Deogarh and Ghormara to avoid 'induction' due to high tension power line laid by Electricity Department. So far as the first factor is concerned, the Department have admitted that it was a case of oversight on the part of engineer. So far as the second one is concerned it seems that although the Electricity Department laid that line subsequently the P&T Department had agreed to shift their own A4BC line to avoid induction on the specific understanding that the Electricity Department would pay the cost of such realignment. The Committee also understand that a sum of Rs. 0.24 lakh towards the cost of realignment has been accepted by the State Electricity Board. However, what is noteworthy is that due to these alterations having to be made there was a delay in the execution of the project. The Committee would urge that a departmental enquiry be conducted to identify the reasons for delay at every stage so as to fix responsibility for taking action against those found responsible for dereliction of duty.

2.24. The Committee would also like to point out that the action of the State Electricity Board is also not appreciated. The P&T line was already existing there when the State Electricity Board started erection of their high power tension line parallel to the telecommunication line, without first referring the proposal to the Co-ordination Committee set up to deal with such issues. The Committee hope that in future every care would be taken to see that the prescribed procedure in this regard is followed scrupulously.

2.25. Yet another disquieting aspect of the case is that at the time of preparation of the estimate the fact that the existing AB line could not bear the load of NCJ pair was not foreseen. This led to the provision of A4BC post, thus increasing the cost of re-transposition of the pair from Rs. 0.31 lakhs to Rs. 3.13 lakhs. The overall

cost of the project thus increased from Rs. 1.15 lakhs to Rs. 4.30 lakhs. The Committee desire that responsibility for this lapse should also be fixed.

2.26. The Committee find that the amount of Rs. 0.24 lakh claimed from and agreed to be paid by the State Electricity Board in February 1973 towards shifting charges of the telecommunication line has not yet been realised. The Committee would urge that the matter should be taken up at higher level with the Electricity Board and the recovery of the dues made without loss of further time.

III

EXPANSION OF VARANASI TELEPHONE EXCHANGE

Audit paragraph.

3.1. In February 1967, a project estimate for Rs. 21.87 lakhs was sanctioned for expansion of the Varanasi telephone exchange from 5100 lines to 6600 lines for meeting growing demand for telephones. Subsequently, another project estimate for Rs. 50.19 lakhs was sanctioned in March, 1969 for expansion of this exchange from 6600 lines sanctioned in February, 1967 to 9600 lines.

(a) The Project estimate of 1967

3.2. The project estimate sanctioned in February, 1967 included provision for extension of the existing building. In August 1967, an estimate for Rs. 2.37 lakhs was sanctioned for extension of the building. The work of extension of the building was awarded to a contractor in April 1969 for completion by March 1970; the work was completed in February 1971 at a cost of Rs. 1.52 lakhs. By March 1970 equipment worth Rs. 8.55 lakhs had been received for this work. As the extension of the building had not been completed, equipment worth Rs. 7.62 lakhs was diverted to Kanpur in December 1968, March 1969 and May, 1969.

3.3. The project estimate of February 1967 was revised to Rs. 38.29 lakhs in May 1971. In July 1974, however, the expansion programme was cancelled. The Department stated (February 1977) that this was done on the basis of a review conducted in August 1971 which indicated that "the capacity of 8100 lines at Varanasi would be adequate to meet the demands which had not grown as anticipated earlier". (The capacity of 8100 lines was to become available with the execution of the project estimate of March 1969).

(b) The Project estimate of 1969

3.4. In the meantime, equipment worth Rs. 9.62 lakhs was received by March 1971 against the project estimate sanctioned in March 1969 for expansion of the exchange by 3000 lines. Installation of equipment in the extension of the building was started in June 1971.

3.5. The additional 3000 lines sanctioned in March 1969 were expected to be completed in 9 months. Of these, 1000 lines were commissioned in April 1973 and the remaining 2000 lines in April 1974.

Air-conditioning

3.6. Normally, the rooms in which automatic exchange equipment are to be installed should be air-conditioned before a commencement of installation of such equipment. As mentioned earlier, extension of the building was completed in February 1971 and installation of equipment was started in June 1971 but the detailed estimate for air-conditioning of the building was sanctioned for Rs. 2.27 lakhs in October 1971. The indent for procurement of an air-conditioning plant was however, placed on the Director General, supplies and Disposals in June 1973, i.e., about 20 months after the estimate was sanctioned.

3.7. The air-conditioning equipment was received in December 1975 and installed in September 1976 but has not yet been commissioned and handed over as the programme for acceptance testing has not been finalised (December 1976). Consequently, the exchange equipment was without any air-conditioning between June 1971 and July 1974; improvised air-conditioning arrangements were made in August 1974 and December 1974 by installing ten window type air-conditioners (cost: Rs. 0.71 lakhs) to protect the equipment.

(c) Utilisation of exchange capacity

3.8. According to the instructions (September 1970) of the department ninety per cent of the exchange capacity should be utilised soon after expansion or in any case not later than six months of such expansion. Utilisation of the capacity of Varanasi exchange, expanded to 6100 lines in April 1973 and 8100 lines in April 1974, was as below:

Month	Equipped Capacity	Connectable Capacity	Working Connections	Spare Capacity	Waiting Applicants
February 1973	5100	4794	4711	83	2515
October 1973	6100	5734	4929	805	2742
April 1974	8100	7534	5649	1885	2287
October 1974	8100	7534	6248	1286	1748
March 1975	8100	7534	6914	620	1541
September 1975	8100	7534	7141	393	1949
December 1975	8100	7534	7248	286	1652
March 1976	8100	7534	7610	..	394

3.9. Due to delay in release of new telephone connections upto December 1975, the Department forwent a potential revenue of Rs. 22.20 lakhs from October 1973 to December 1975.

3.10. The Department stated (February 1977) that the main reason for the slow utilisation of the exchange capacity was shortage of cables.

(d) *Extra expenditure on procurement of air-conditioning equipment*

3.11. Against the indent placed by the Department on the Director General Supplies and Disposals in June 1973, tenders were received by the Director General, Supplies and Disposals in August 1973. These were sent by the Director General, Supplies and Disposals to the Director General, Posts and Telegraphs on 1 September 1973 for his recommendations by 30 September 1973. Since no response was received from the Director General, Posts and Telegraphs inspite of reminders of 11 October 1973 and 13 November 1973, the Director General, Supplies and Disposals cancelled the indent on 30 November 1973 and scrapped the tenders. The department stated (February 1977) that the letters dated 1 September 1973, 11 October 1973 and 13 November 1973 from the Director General, Supplies and Disposals had got misplaced and were eventually dealt with by the Assistant Engineer only on 27 November 1973 and that while the case was still under examination the cancellation letter dated 30 November 1973 issued by the Director General, Supplies and Disposals cancelling the indent was also received.

3.12. The Director General, Posts and Telegraphs resubmitted a fresh indent in January 1974 to the Director General, Supplies and Disposals. After inviting tenders, the Director General, Supplies and Disposals placed orders for the air-conditioning plant in November 1974 for Rs. 4.11 lakhs. As compared to the lowest offer received in the tenders of August 1973, which had to be scrapped in the absence of recommendations of the Director General, Posts and Telegraphs, the cost of the air-conditioning plant was higher by Rs. 1.32 lakhs.

[Paragraph 14 of the Report of the Comptroller and Auditor General of India for the year 1975-76, Union Government (Posts and Telegraphs).]

3.13. According to Audit paragraph, project estimate for expansion of the Varanasi Telephone Exchange from 5100 lines to 6600 lines (an increase of 1500 lines) for meeting growing demand for telephones at that time, was sanctioned in February 1967 at an

estimated cost of Rs. 21.87 lakhs. The Ministry of Communications, in a note have stated that the proposal for expansion of this exchange by 1500 lines was initiated on 13 May 1966. The total demand for telephone connections as on 31 March 1966 and 31 March 1967 was 4780 and 5057 respectively.

3.14. Subsequently, another project estimate for Rs. 50.19 lakhs was sanctioned in March 1969 for expansion of this exchange from 6600 lines sanctioned in February 1967 to 9600 lines.

Project Estimate of 1967

3.15. The Audit para further states that project estimate of February 1967 was revised to Rs. 38.29 lakhs in May 1971 but the expansion programme itself was later on cancelled in July 1974. The Department had intimated Audit in February 1977 that this was done on the basis of a review conducted in August 1971 which indicated that "the capacity of 8100 lines at Varanasi would be adequate to meet the demands which had not grown as anticipated earlier." The Audit have further pointed out that the capacity of 8100 lines was to become available with the execution of the project estimate of March 1969. Asked to indicate when the work for conducting the review of August 1971 was initiated and whether it was known in May 1971 (when the 1967 estimate was revised) that a review was being conducted the Ministry of Communications have stated that "the revision of the 1500 lines project was carried out in normal manner and revised sanction issued in May 1971. The review about the need of the equipment was considered in August 1971 only."

3.16. When the Committee pointed out that revision in the cost estimate from Rs. 21.87 lakhs to Rs. 38.29 lakhs (an increase of more than 75 per cent) might have been necessitated on account of delay in the execution of the project, the Secretary, Communications clarified that 'it was due to escalation in the cost in the meantime'.

3.17. The Committee desired to know when the question of cancellation of the 1967 estimate was initiated and what was the total expenditure incurred against this expansion programme till July 1974 when it was cancelled. The Ministry of Communications, in a note, have stated that the cancellation of the 1967 estimate was initiated on 5 October 1971. Finally the decision was taken at the level of Member (TD). The total expenditure incurred was Rs. 8,54,681, out of which stores worth Rs. 7,61,602 were transferred to Kanpur and the balance were utilised in the expansion of 3000 lines (from 5100 lines to 8100 lines).

3.18. The Committee pointed out that though the project estimate of February, 1967 was reviewed in August, 1971, the expansion programme was cancelled on that basis as late as in July, 1974, and desired to know the reasons for taking three years in this regard particularly when it was known in August, 1971, that there would be no need for the 1500 lines sanctioned earlier. A clarificatory note furnished in this regard by the Ministry of Communications is reproduced below:

"To meet the telephone demand of Varanasi subscribers, two expansions to the existing exchange at Varanasi were planned:

- (i) Expansion by 1500 (5100 to 6600) lines, Expenditure Finance Committee Memo for which was approved in July, 1966 and project estimate was sanctioned in February, 1967.
- (ii) Expansion by 3000 (6600 to 9600) lines, Expenditure Finance Committee Memo for which was approved in February, 1969 and project estimate was sanctioned in March, 1969. The case for cancellation of 1967 project estimate [mentioned at Sl. No. (i) above] was initiated on 5-10-1971, i.e., soon after the review completed in August, 1971 indicating that the 1500 lines was no more needed. The revision of the project estimate for 3000 lines expansion [Sl. No. (ii)] was also simultaneously taken up. The cancellation and sanction of revised project estimate took time in adjustment of various items of works on two estimates and transfer of expenditure incurred by the Circle, against the 1500 lines sanctioned project. The sanctions were issued on 31-7-1974 (for cancellation of the 1500 lines project) and on 1st August, 1974 for revision of 3000 lines project."

3.19. On the Committee pointing out that the whole issue of expansion of Varanasi Telephone Exchange seemed to be a story of a very bad planning, the Secretary, Communications deposed as under:

"I agree with you. But, I would certainly like to place the facts also. So far as this review is concerned, it is on the basis on which normal review is done—of the factories, the equipped capacity, the working connections and the waiting list. This is the position on the date of the consideration of the project and the demand for the future. On the basis of the growth of demand during the preceding

four or five years and the projections for the next four or five years this project was initially taken up and the revised sanction was given. For 9,100 lines, the projection was based on these factors at that time. Then the Department decided to sell the application forms at Rs 10 per form. This was applicable also to existing applications for connections. They were also asked to give their applications in the priced form. As a result of this, the demand steeply dropped down by 2,000. The reassessment had to be made and the projects had to be changed when it indicated that the total requirement on the future projections may not exceed 8,000 connections. It on that basis that the revision was done."

Diversion of equipment to Kanpur

3.20. The Audit paragraph states that by March, 1970 equipment worth Rs. 8.55 lakhs had been received for the 1967 expansion work. As the extension of the existing exchange building provided for in the project estimate of February, 1967 to instal equipment for additional lines had not been completed by that time, equipment worth Rs. 7.62 lakhs was diverted to Kanpur in December, 1968, March, 1969 and May, 1969. Asked when the order for equipment was placed and what was the stipulated period for delivery of such equipment, the Ministry, in a note, have stated:

"Orders for supply of auto exchange equipment for 1500 lines at Varanasi was placed on 2.9.66. The equipment was allotted in 67-68 supply programme of I.T.I. and it was stipulated that the supply for the equipment would commence in that year and completed in about 20—24 months time from the date of commencement of supplies."

3.21. Since the project estimate was stated to have been sanctioned in February, 1967, the Committee desired to know the basis for placing the orders for equipment ahead of the sanction of the estimate. The Ministry of Communications have replied that the Expenditure Finance Committee Memo for expansion of Varanasi telephone exchange from 5100 to 6600 lines was approved in principle by the competent authority on 2 July, 1966 with permission to place orders on ITI in advance of the formal sanction of project estimate.

3.22. Explaining the reasons for diverting the equipment to Kanpur, the Secretary, Communications has stated during evidence:

"The first order for 1500 lines equipment was placed in 1966. The equipment started coming in and since the building

was not ready, there was no possibility of immediately installing it at Varanasi. So this equipment was diverted to Kanpur in 1969 or installation there because there the building was ready and the equipment could be put to use immediately."

3.23. Asked (i) as to when and at what level the decision to divert the equipment to Kanpur was taken; (ii) what was the total value of the equipment received by February, 1971 when the expansion of the building was completed; and (iii) what was done with that equipment, the Ministry have stated:

"The decision to divert the equipment was taken on 9 December, 1968 in the Directorate. By February, 1971, almost all equipment against 1500 lines was received. These 1500 lines were diverted to Kanpur where they were commissioned on 13 August, 1969."

3.24. At the instance of the Committee, the Ministry of Communications have furnished the following data about the Kanpur Exchange viz., the date of sanctioning the project, estimated cost, date of placing the order for equipment and the date of completion of the project:

"A project estimate for expansion of Kanpur MAX-I by 1500 (8500 to 10,000) lines was sanctioned in June, 1967. The estimated cost of this project was Rs. 27,53,100. In this connection it may be mentioned that while there was ample justification for expansion at Kanpur earlier also, no equipment was allotted earlier since no building was available. In 1967-68 some accommodation could be arranged by remodelling certain office rooms etc. Immediate action was taken to review the programmes and an allotment was made in 1968-69 programme of I.T.I. In the meantime periodic reviews of plans indicated that the building at Varanasi was getting delayed while equipment for expansion by 1500 lines was being received. In the interest of best utilisation of available resources immediate steps were taken to divert the equipment from Varanasi to Kanpur. The equipment was commissioned there in 1969 itself raising the capacity of Kanpur system from (8500—10,000) in time.

Originally it was intended to return the 1500 lines equipment ordered for Kanpur to Varanasi but since building there

was delayed and demands had fallen it was decided to use the equipment for another expansion by 1500 lines at Kanpur itself. The equipment was commissioned by May, 1971 raising the capacity of Kanpur system from (10,000—11,500) lines in time."

(b) *Project estimate of 1969*

3.25. The Audit para points out that another project estimate for Rs. 50.19 lakhs was sanctioned in March, 1969 for expansion of Varanasi exchange from 6600 lines sanctioned in February, 1967 to 9600 lines. Giving the basis for sanctioning this estimate in March, 1969 to further expand the exchange by 3000 lines, the Ministry of Communications, in a note, have stated:

"To increase the capacity upto 9600 lines, the project of 1969 was sanctioned on the basis of the growth of demand during the past years.

From the statement produced below, it may be seen that as on 31-3-1968, the total demand for telephone connections at Varanasi was 6009. On the basis of the growth of demand during the past 4 years, the average growth per year works out to be 764. Assuming the growth at about 800 lines per year, it was found that more than 10,000 lines would be required by 1973. The proposal to expand the capacity of the exchange to 9600 lines was, therefore, taken as fully justified:

As on 31st March	Equipped Capacity	Working Connections	Waiting list	Demand
1964	2500	2392	560	2952
1965	3000	2788	1152	3940
1966	3000	2734	1846	4580
1967	4500	3220	2152	5372
1968	4500	3502	2507	6009

Average increase per year $\frac{(6009-2952)}{4} = 764$
 Future growth rate. $\frac{4}{4} = 800$ (Assume ?)

Anticipated Demand

As on 31st March	Demand
1968	6009
1969	6809
1970 -	7609
1971	8409
1972	9209
1973	10009

Due to introduction of priced application form of Rs. 10/- in 1970, the demand for telephone connections came down considerably and, therefore, further review was conducted in August, 1971. From the capacity demand statement placed below, it may be seen that the demand came down to 6251 (as on 31-3-71) from 7246 (as on 31-3-70) due to introduction of this new scheme. It was on this very basis that it was decided that 8100 lines would suffice to meet the demand of Varanasi in 1973.

Capacity Demand Statement.

As on	Equipped capacity	Working connections	Waiting list	Demand	
*31-3-1964	2500	2392	560	2952	
31-3-1965	3000	2788	1152	3940	
31-3-1966	3000	2734	1846	4580	
31-3-1967	4500	3220	2152	5372	
31-3-1968	4500	3502	2507	6009	
31-3-1969	4500	3789	2803	6592	
31-3-1970	5100	4226	3020	7246	(Priced appli.)
31-3-1971	5100	4693	1558	6251	
31-3-1972	5100	4807	2112	6919	
31-3-1973	5100	4828	2581	7409	
31-3-1974	6100	5558	2184	7742	
31-3-1975	8100	6795	1634	8429	
31-3-1976	8100	7674	394	8068	
30-9-1976	8100	7628	795	8423	
31-3-1977 Main	8700	7939	181	8120	} 8470
MAX-II	400	350		350	

*Not vetted in Audit.

3.26. Asked whether the basis of expansion of the project in 1969 was different from the basis on which expansion was proposed two years earlier in 1967 and if it was not so, why then the correct assessment for the expansion could not be made in the first instance. The Ministry of Communications in a note have stated:

“While sanctioning the 1500 lines (5100 to 6600 lines) extension in 1967, the growth of demand was estimated on the basis of past growth rate, and expansion planned to meet the demands upto the date of commissioning, i.e. 1969.

While sanctioning the 3000 lines expansion from 6600 to 9600 lines similar forecast was prepared and project approved for meeting the demands upto the expected date of commissioning in 1971.

Thus the basis was similar in both cases. The installation was delayed however in the meantime due to different economic factors the growth of demand in Varanasi slowed down. A review in 1971 revealed that demands had not grown as anticipated earlier and that an 8100 lines exchange could meet the revised estimate of demands a little beyond 1972-73.”

3.27. Since the second expansion from 6600 lines to 9600 lines had been decided in March, 1969, i.e., within two years of the first expansion scheme in February, 1967, the Committee enquired what new factors had emerged within the short period of two years which necessitated increase in demand double than the original one. The witness has stated:

‘When the first increase of 1500 lines was done it was for meeting the immediate requirements without projecting the requirements for the future.’

The Member (TO) P&T Board has added:

“In 1969-70, there were shortages all over. We did not have enough equipment and also enough funds. It was not possible to provide for the full demand. We had to provide as much as possible keeping in view the availability of the equipment and other finances. While I do not have, in this particular case, any data to support this, this was the general background in which we were operating.”

3.28. Asked what sort of planning it was that the expansion programme was formulated only keeping in view the immediate requirement and not the requirements for the next four to five years,

the witness has replied:

"I have already said in the beginning that I agree with you. It was a bad planning but fortunately this bad planning was rectified in the next two years. Even for this 1,500 extra connections it would have been necessary to construct a building and provide a switch room for the additional equipment."

3:29. In reply to another question whether this implied that the Department could not visualise the effective demand, the witness has stated:

"I could not say that it would be strictly correct because with the introduction of this ten-rupee fee form, the demand started coming down. That was one of the reasons why the demand started coming down. There must have been at first some demands which were not really genuine. It was hoped that with the introduction of the fee for that form it would be possible at least to do some initial screening of the demand which may not be totally genuine and so far as Varanasi exchange is concerned, it did indicate that there was fall in the demand by 1400 and the number on the waiting list also came down."

3.30. The Committee were informed during evidence that the priced application form (for Rs. 10/- per application) was introduced on 1 January, 1970 and as a consequence thereof the number of applicants had come down considerably (from 3020 as on 31-3-1970 to 1558 on 31-3-71). The Secretary, Communications, further stated in this context:

"It is not an artificial figure in the sense that we had given a wide publicity to that and the people were told; individual letters were also sent to all the applicants who were on the waiting list and they were asked to apply afresh on this 10 rupee application form. They were given a reasonable time; they were given three months' notice to submit their fresh applications on the priced forms."

3.31. Asked why the demand again fell from 1634 to bare 394 in 1975-76, the Member (Finance) P&T Board has stated:

"I think another scheme of advance deposit of Rs. 1,000 was introduced some time in 1975 or between 1975 and 1976. That caused the demand to fall. The advance deposit scheme was introduced from 1-9-75. That has caused a considerable fall in the demand."

3.32. On the Committee enquiring whether the old applications had also to be renewed with the remittance of Rs. 1000, the witness confirmed this position and stated that although the scheme was introduced on 1-9-1975, a period of three months was given and further another period of three months as a grace period was given. In this context, he further added:

"The period of three months was extended further for the advance deposits to be made. This was to be made at the stage of application. As soon as the connection is given Rs. 500/- is adjusted towards the initial deposit for the exchange along with the applications. That is the reason for this drop. The new scheme came into force from 1-9-1975."

3.33. When the Committee enquired whether Rs. 1000/- advance deposit scheme was introduced with the purpose of augmenting Department's finances or with the purpose of cutting down the waiting list, the witness clarified the position as under:

"The main purpose was to get a realistic idea of the people genuinely interested in getting the telephone. Incidentally, it has given us additional money but we pay the State Bank of India interest on these deposits. It is an advance which is adjusted later on."

3.34. The Committee drew attention of the representative of the Ministry of Communications to the figure of 795 in the waiting list as on 30-9-1976 (paragraph 3.25) and desired to know the reasons for a large number of applications pending although Government had already collected Rs. 1000/- from each applicant as advance for connections. The Secretary, Communications, replied:

"On 31-3-1976 the total installed capacity was 8100 and the figure for the working connections was 7674. The figure in the waiting list dropped down to 394. But having foreseen that this requirement would go up, a further one thousand lines were installed and on 31-3-1977 there were

9100 lines. I have already mentioned that there was a larger number of people in the waiting list, it was envisaged that more connections could be given to the people and therefore the capacity of exchange was increased by one thousand lines. Now, the number in the waiting list has gone down in September 1976 to 181. Now, this is the position on 31-2-1977. On 31-3-1977, the equipped capacity was 9100. The moving connections were 8289. For the previous year the figure for waiting list was 795. Why I have mentioned this particular point is that this shows an effort being made on the part of the Department to see that after taking an advance of Rs. 1000/- their demands are met as quickly as possible."

3.35. The Committee asked for justification of collecting a large sum of money from the applicants and then keeping it indefinitely without the prospect of giving them connection early. The Committee also desired to know whether the whole scheme of first bringing in Ten-Rupee forms and then jumping over to Rs. 1000/- for each application had the sanction of Parliament. The Ministry of Communications have, in a note, stated:

"As on 31-3-75 there was a total waiting list of 6,37,088. New applications were being received at the rate of over 1.9 lakh lines a year. In many stations, there were people waiting for over 15 years. Against this, the resources that could be allocated for the telecommunications in the country's plans were sufficient only for provision of about 1.35 lakh lines in 1975-76 rising to about 1.60 lakh lines in 1977-78. The Department thus faced a grave situation of not being able to meet the demands for years to come.

In connection with the Department's case for larger allocations it was often felt that the waiting lists based purely on a 10 rupee priced application form, in a situation of acute shortage did not represent the real demands. Need was also felt for some new means of augmenting the resources for telecommunications development. It was in this context that a scheme of Advance Deposits with the application for installation of telephone connection was formulated. The main objective of the scheme were thus:

- (a) To augment the investible funds to be used by the P&T Department for financing development schemes to provide more telephone connections.

- (b) Make waiting lists more realistic and obtain a deeper commitment of the applicants for their registered demands.

The main features of the scheme are given in the Notifications [GSR No. 468(E)] dated 28-8-75 and GSR No. 1320 dated 11-9-76.

It will be seen that all deposits under the scheme carry interest for the period commencing on the date of deposit and ending with the date immediately preceding the date of sanction of the telephone at the rate payable by the State Bank of India on Fixed Deposits made with the bank for a period of one year. The scheme was introduced by the Central Government through an Amendment to the Indian Telegraph Rules 1951 in exercise of the powers conferred by Section 7 of the Indian Telegraph Act 1885, after the necessary Gazette Notification.

The Amendment to the Indian Telegraph Rules was placed on the Table of the two Houses of Parliament, in Lok Sabha on 8-1-1976 and in Rajya Sabha on 9-1-76 respectively. Certain clarifications were sought by both the Rajya Sabha and the Lok Sabha Secretariats for information and consideration of the Committee on Subordinate Legislation. These were duly supplied.

The scheme was brought into force on 1-9-75. With the introduction of the scheme, the waiting lists came down to 1,81,742 as on 31-3-1976.

The Department is allocating its resources suitably to meet the demands in various cities and towns in accordance with the waiting lists registered, priority being given to the needs of rural areas and smaller towns."

3.36. In a further note furnished by the Ministry of Communications at the instance of the Committee, regarding the total advance deposits received on this account during each of the years 1975-76, 1976-77 and 1977-78, it has been stated:

"The total deposits received under the scheme during 1975-76 and 1976-77 were Rs. 45.63 and Rs. 24.56 crores respectively. The deposits received during 1975-77 include the deposits against applications that were already registered at the time of introduction of the scheme from 1-9-75. The tentative estimates for the year 1977-78 are Rs. 25 crores....."

Order on Indian Telephone Industries for supply of equipment

3.37. The Audit para points out that equipment worth Rs. 9.62 lakhs for the subsequent expansion of March, 1969 was received by March 1971. Installation of the equipment in the extension of the building was started in June, 1971. Out of the additional 3,000 lines sanctioned against this expansion which were expected to be completed in 9 months (i.e. by December, 1969), 1,000 lines were commissioned in April, 1973 and the remaining 2,000 lines in April, 1974. Since the equipment received for the initial expansion of 1,500 lines was diverted to Kanpur between December, 1968 and May, 1969, the Committee desired to know why the order for equipment for 1969 expansion was not placed simultaneously when its estimate was sanctioned in March, 1960, the Secretary, Communications has stated in evidence:

“The order could have been placed; but when orders are placed, it is done on the basis of overall production capacity of ITI. This order is placed simultaneously for a number of projects all over the country. From this, an allotment of 1,500 lines was made during that period for the Varanasi project. When the building was not ready, this equipment was diverted to Kanpur where the need was equally great, but could not be accommodated earlier because of limited production available for distribution to various projects.”

3.38. Asked from what had been stated above, it could be inferred that the order for Kanpur was not there at all, the witness clarified:

“The order was there for Kanpur also. They might not have been able to supply.

He added:

“I think there is some slight misunderstanding. Suppose the totality of the demand for various projects in the country is ‘X’, then the production capacity of the ITI for supply is taken into account. On that basis, priority items are taken out and allotments of the equipment to different projects is made. In this case, Varanasi was presumably given higher priority than Kanpur at the time of the order in 1966. Subsequently when this equipment arriv-

ed for Varanasi, it was found that it could not be used at Varanasi, it was diverted to Kanpur."

3.39. To another question as to why installation of the equipment received in March, 1971 could be started only in June, 1971, in spite of the fact that machinery was there and the building was ready, the lines could be commissioned in April, 1974 although according to instructions these were to be completed in 9 months, the Member (Finance) P & T Board has stated:

"The installation of the equipment starts as the equipments start coming; but they keep on coming for quite some time, because in those days ITI used to take about 2 years to complete the supply. 4 to 5 months after the last instalment of the equipment was received, the commissioning could be done. But while the installation started with whatever equipment had come in June, 1971, the last instalment of equipment was received only in October, 1973. Therefore, the first 1,000 lines were commissioned with equipment which had arrived till 1972. Then they took another 3 or 4 months. They were taking that much of time at that time."

3.40. The Committee were further informed that the total value of the equipment was Rs. 20 lakhs, half of which had arrived in March, 1971. It was against two contracts, the first contract was completed in March, 1973, the second commenced in December, 1970 and was completed in October, 1973. Two separate contracts had been given for 3,000 lines.

3.41 Explaining further the reasons for delay in completing the 3,000 lines, the Ministry of Communications in a note subsequently furnished to the Committee, have stated:

"It is true that in the original project estimate, it had been stated that the work will be completed in about 9 months' time. Unfortunately, no attention was paid to this statement, while sanctioning the project. The statement is vague and does not indicate the period from which the 9 months will be counted. The fact is that a telephone exchange of 3,000 lines can only be commissioned in about 18 months' to 24 months' time after the building is ready and bulk of the equipment has reached the site and it can be ensured that the entire equipment supplies will be available well in advance of the commissioning date.

In this connection, it may be mentioned that in the specification for the Revised Project it had been mentioned that the installation of equipment is expected to be completed during 1974. It may further be mentioned that the equipment finally became available in June, 1971 and the first 1,000 lines were commissioned in April, 1973 and the remaining 2,000 lines were commissioned in 1974."

Delay in extension of Exchange Building

3.42. The Audit para points out that in August, 1967, an estimate for Rs. 3.37 lakhs was sanctioned for extension of the existing exchange building. This work was awarded to a contractor in April, 1969 for completion by March, 1970; the work was completed in February, 1971 at a cost of Rs. 1.52 lakhs.

3.43. Asked what was the reason for a delay of 21 months in awarding the contract in April, 1969 after the work estimate had been sanctioned in August, 1967 and a further delay of 22 months in completion of the building by February, 1971. The Chief Engineer (Civil), Posts and Telegraphs Department, has stated in evidence:

"After the issue of administrative approval and sanction, we have to prepare the detailed working drawings. Normally the process takes about 6 months' time. In this case it took more. On the instruction of the Director, P&T, the building was checked up again with regard to suitability for the work of extension. This checking took two months and it was confirmed that the building was suitable for work of extension."

3.44. To another question as to when the work of preparing detailed working drawings was done, the witness replied that it was between December, 1967 and March, 1968. He added:

"The working drawings were made available after about 12 months after the normal period of 6 or 7 months. After that, we prepared detailed estimates and invited tenders, in December, 1968. The lowest tender had to be rejected because it was not valid. So, re-invitation of tenders took two or three months more. The work was awarded in April, 1969..... to another contractor."

3.45. The Committee desired to know the particulars of tenders received in the first instance and those subsequently received, the date of issuing the tender enquiry and the last date for receipt of tenders in each case, the name of the firm to whom the contract was

finally awarded and the basis therefor. The Ministry of Communications, in a note, have stated:

"The details of the tenders received in the first and the second instances are given below:

(a) *The details of the tenders received in the first call*

Sl. No.	Name of the Contractor	Estimated cost (Rs.)	Tendered amount (Rs.)	Percentage with C.I.
1.	M/s. Shyam Constn. Co.	1,24,711	1,63,273	30.92% above
2.	Shri R. N. Kapoor	1,24,711	1,39,179	11.60% above
3.	Shri Rajendra Kumar.	1,24,711	1,37,975	10.64% above
4.	Shri Gyan Chand Sharma	1,24,711	1,44,647	15.10% above

The lowest tender at S. No. 3 above was not accepted as he had not submitted Earnest Money Deposit. Decision to recall tenders was therefore taken.

(b) *The details of tender(s) received in the second call.*

1. Shri Gyanchand Sharma 1,24,711 1,38,154 10.75 per cent above.

The tenderer had submitted a condition that 'cement may be issued F.O.B. Varanasi'.

The contract was finally awarded to M/s Gyan Chand Sharma at an amount of Rs. 1,30,172 i.e. 9.15 per cent above the respective estimated cost of Rs. 1,19,267 after deletion of items 2, 4 and 5 S. H. 8 Roofing. This tender was accepted because the rates were considered to be reasonable.

- (c) The details, as to when the tender enquiry at first call was issued, are not traceable, however, the tenders were to be received by 28-12-1968. The tender enquiry for the second call was issued on 18-1-1969 and the last date for receipt of tenders was 17-2-69. The time for completion was 11 months from the 15th day after award of work in both cases."

3.46. Referring to the statement made by the Chief Engineer (Civil), P & T that the building was checked up with regard to suitability for the work of extension and it took two months to confirm its suitability, the Committee enquired whether it was the normal

practice with the Department to recheck suitability or otherwise of the building for extension work and whether this aspect was not properly considered while preparing detailed drawings particularly in the light of the fact that the process in this case took about 12 months as against the period of six months normally required to prepare the detailed drawings. The Ministry of Communications in a note have stated:

“It is the normal procedure to check the suitability or otherwise of the building for extension work. This can usually be done by a reference to drawings and design-records. In some cases, if there is any doubt, a site inspection is also resorted to. In this particular case some sinking of the floors of the Switch Room of the existing building was noticed and reported in September 1967. As a measure of caution it was considered desirable to re-examine this building at site before finally confirming the feasibility for extension.

The suitability for expansion of the building was taken into consideration while preparing the detailed working drawings.

During this time, there has been change in the incumbency of the concerned Senior Architect and his office was also shifted from one place to another. This situation contributed towards the extra time taken for preparation of detailed drawings.”

3.47. The Committee pointed out that when the contract was awarded in April 1969, all the formalities about checking the strength of the building, preparation of detailed drawings etc. were expected to be over. Asked what then was the reason for further delay in starting the construction after the work had been awarded to the contractor, the Chief Engineer (Civil), P&T has deposed:

“Further delay took place due to circumstances beyond our control. Incidentally, the scope of this work increased by about Rs. 22,000 which needed an extra time of about 2 months. When the work really came to a start, the rainy season started and the contractor was stopped from dismantling the existing terrace from the roof of the existing exchange because that would have led to serious leakages and damage. There was a third factor—shortage of cement. We faced serious cement shortage during the

course of the work. In those days we used to get cement from the Industry Ministry, and the Regional Cement Controller. They would place orders generally on a curtailed basis on the suppliers. The executive Engineers would be pursuing them. The supply was not satisfactory."

3.48. On being enquired whether the Department was responsible for supplying cement to the contractor, the witness replied in the affirmative and added:

"When the first instalment of Cement arrived, it had to be diverted to another work because at that time we did not allow the contractor to dismantle the existing terrace."

Yet to another question as to when the contractor actually got first instalment of cement, the witness replied:

"The first instalment received on 8th June, 1969 had to be diverted to another work. He actually got the first supply on 28th August, 1969. There was again cement shortage between August and November 1970 and December 1970.

3.49. At the instance of the Committee, the Ministry of Communications have furnished a note giving brief account of delay that took place at various stages in the execution of building extension work starting from sanctioning of the project estimate in February 1967 upto its completion and installation of the equipment. The same is reproduced below:

"The project estimate was sanctioned in February 1967. The building preliminary estimate was sanctioned in August 1967.

The working and detailed drawings were finalised and issued in July 1968 and September 1968. Normally these could have been ready in six months time, i.e., by February 1968. Therefore, the delay on this account can be considered to be 7 months.

Detailed estimate sanctioned after 2 months in November 1968. N.I.T. Notice Inviting Tender was also approved in the same month. Time taken is considered normal.

The tenders in the first call were received on 28-12-1968 and after scrutiny were rejected by the competent authority in January 1969. The tenders in the 2nd call were received and opened on 17.2.1969 and accepted and awarded on 7.4.1969. The time taken between release of first N.I.T. in November 1968 and award of work in April 1969

is five months as against the reasonable period of say 2 months. The over-all delay is 3 months, which is mainly due to issue of 2nd N.I.T. in January 1969.

Work was commenced on 22.4.1969, and was to be completed in 11 months, i.e., by 21.3.1970. This was actually completed in February 1971. The details of various hindrances and delays in completion of building work were as follows:

- (i) Due to increase in the quantities of agreement items in actual execution and additional items of dismantling cement concrete work in foundations etc., the scope of work increased by Rs. 22,000 which needed an extra time of 2 months.
- (ii) The contractor was also not allowed to dismantle the existing terracing over the Switch Room to avoid serious leakages in the Switch Room during the rainy season. This caused a delay of about 2½ months.
- (iii) While most of the work had been completed before May 1970, the items of thermal insulation, the new roof could be completed only after execution of the work of lime concrete terracing being done by a second contractor. This led to a delay of about 2 months.
- (iv) The remaining delay was mostly due to shortage of cement which occurred 4 times during the course of work. The position of supply of cement during this period was not so satisfactory. Cement used to be arranged through the Ministry of Industries and Chief Cement Controller and Regional Cement Controllers who used to curtail the supplies due to general shortage of cement in the country.

Variation from the estimates of building extension work.

3.50. The building extension work was stated to have been completed in February 1971 for Rs. 1.52 lakhs as against the estimated cost of Rs. 2.37 lakhs sanctioned in August 1967.

3.51. Explaining the factual positions in this regard, the Chief Engineer (Civil), P&T has stated in evidence:

“About the building let me first explain that the actual cost of construction of the building was Rs. 1.57 lakhs. We

had not included in this electrical installation with estimated cost Rs. 0.25 lakh and other miscellaneous item Rs. 0.04 lakh. Rs. 0.31 lakh is provided as overheads. We completed this project within the estimated amount. There was not much saving nor was there any extra expenditure. Regarding the extra time taken for the completion of the building, if I may say so, unfortunately, tenders for this work had to be called twice because the first tender—lowest tender was not found good, it was not complete, it did not have earnest money with it and hence had to be rejected and the engineers took a decision for recalling the tenders. This involved a delay of nearly three to four months because we had to give sufficient notice for calling tenders.”

3.52. Clarifying the position further, the representative of the P&T Department has stated:

“Rs. 1,52,000 was the amount in the final bill paid to the contractor for the building work. There was a second contractor to whom we paid Rs. 0.05 lakh. I do not have the exact figures of expenditure for the electrical installation work, but normally they tally with the estimated cost which is Rs. 25,000 and I stated that about Rs. 2,000 or Rs. 4,000 was spent for other miscellaneous work. The total comes to about Rs. 2 lakhs.”

3.53. Asked whether the original estimate included electricity and other installations, the witness has stated: “Yes”.

3.54. In a written note subsequently furnished to the Committee, the Ministry of Communications have assigned the reasons for variations in the estimate and the actuals in this case as under:

“The preliminary estimate was sanctioned for an amount of Rs. 2.37 lakhs which comprised of Rs. 2.06 lakhs for building component including electrical installation and Rs. 0.31 lakhs as overhead.

The actual expenditure on the building work was Rs. 1.575 lakhs and expenditure on electrical installation and miscellaneous items were approximately Rs. 0.15 lakh and Rs. 0.025 lakh respectively. The total amount worked out to Rs. 1.75 lakhs. As such there were savings in the work. The reason for variations is due to the fact that the preliminary estimate prepared by SE Calcutta provides for the

plinth area rate for a complete building including the element of foundation. The cost of element for foundation amounting to Rs. 34,864 for 6132 sq. ft. of plinth area @ Rs. 5.52 sq. ft. over portion to be vertically extended should have been deducted."

3.55. The Committee desired to know the nature of work done by the second contractor engaged for the building work, who was stated to have been paid Rs. 0.05 lakh and the reasons for not assigning this work to the first contractor as a part of the main contract. The Ministry of Communications in a note have stated:

"The second contractor executed item of lime concrete terracing. It is relevant to point out that this item of terracing was provided in the original tender but as it was felt by the Engineers that rates quoted by the contractor for this specific item were high, this item was deleted from the main contract while awarding work. As this item stood deleted from the contract of the first contractor, the contractor would not have executed this item except at his original rates quoted by him in the tender."

Utilisation of Exchange Capacity

3.56. According to Audit para. as per instructions of the Department issued in September 1970, 90 per cent of the exchange capacity should be utilised soon after expansion or in any case not later than 6 months of such expansion. However, the actual utilisation of the capacity of this exchange expanded to 6,100 lines in April 1973 and 8,100 lines in April 1974 was as under:

Month	Equipped capacity	Connectable capacity	Working connections	Spare capacity	Waiting Applicants	Percentage of utilisation to installed capacity
February 1973	5100	4794	4711	83	2515	92.4
October 1973	6100	5734	4920	806	2742	86.8
April 1974	8100	7534	5646	1885	2787	69.7
October 1974	8100	7534	6248	1286	1748	77.1
March 1975	8100	7534	6914	620	1541	85.3
September 1975	8100	7534	7141	393	1949	88.1
December 1975	8100	7534	7248	286	1652	89.4
March 1976	8100	7534	7616	..	394	94.0

3.57. Referring to the figures of 'equipped capacity', 'working connections' and 'waiting list', during each of the years 1964 to 1977 given in the 'Capacity Demand Statement' reproduced in para 3.25, the Committee pointed out that against the equipped capacity of the exchange, the working connections had been far less whereas a large number of applicants were on the waiting list, e.g., against the equipped capacity of 5,100, the working connections on 31 March 1970 were 4,226 with 3020 on the waiting list. Similarly, against equipped capacity of 8,100, the number of working connections on 31st March 1975 was 6,914 with 1,541 applicants on the Waiting List. asked about the reasons for the capacity lying idle from year to year, the Ministry in a note have explained the position as under:

"It will be seen from the statement referred to above that the capacity was raised from 4,500 to 5,100 lines by March 31, 1970 only. The local authorities took some time in completing various formalities such as issue of demand notes to the subscribers, payment of the demand notes, issue of work orders etc. Connections were, however, provided gradually and from the figures of 31st March 1971, it will be seen that the capacity to the extent of more than 90 per cent was utilised in about a year. Similarly, the capacity was raised from 6,100 to 8,100 lines by 31st March 1975 and this was utilised to the extent of 94 per cent by 31st March 1976."

3.58. The Audit para has also pointed out that due to delay in release of new telephone connections up to December 1975, the Department forewent a potential revenue of Rs. 22.20 lakhs from October 1973 to December 1975. In this connection, the Committee desired to know how the Department proposed to avoid such losses in other expansion projects. In reply, the Ministry of Communications has informed the Committee as follows:

"Instructions have already been issued to all Circles and Districts incharge of telephone exchanges that whenever there are pending demands, the newly created capacities should be utilised to the extent of 90 per cent within 6 months of such creation and to the extent of 94 per cent by about six months in advance of commissioning of next expansion.

The instructions have been reiterated and all authorities have been requested to take much advance action as possible for provision of new connections within a short time after completion of expansion."

Shortage of Cables

3.59. The Audit para further points out that the Department had intimated Audit in February 1977 that the main reason for the slow utilisation of exchange capacity was shortage of cables. Asked when the indent for cables was placed, the Ministry in a note have stated:

“For obtaining the cables, the project officers are required to release the indents on Circle Store Depot. Accordingly, a number of indents for the various quantities and sizes of cables were released on Circle Store Depot, Lucknow. The details of these indents are furnished in the right hand column of Annexure I (Appendix V).

The supplies of cables which were made by the Circle Store Depot progressively from February 1973 to March 1976 are indicated in Annexure II (Appendix V).”

3.60. It will be seen from Annexure I that indents for cables were placed from July 1971 onwards, the last having been placed in August 1973.

3.61. When the Committee enquired about the reasons for not releasing the indent on the Circle Store Depot simultaneously with the placing of orders for exchange equipment for 1500 lines in September 1966 or at least immediately after sanctioning of the project estimate in February 1967, the Secretary, Communications, has stated in evidence:

“It can only be done after certain preliminaries were completed about ordering of equipment etc. Orders for cables were placed from July 1971 onwards.”

3.62. The Ministry of Communications, in a note furnished subsequently in this regard, have stated:

“It may be mentioned that generally the construction of building and installation of exchange equipment are the most critical activities taking a total of about 3 to 4 years in case of medium sized projects like the present one. On the other hand laying of cables once they are available can usually be completed within a single dry spell of about 6 months. A coordinated plan for projects thus calls for securing cables only after some progress has been made on the building and equipment front. In the present case if cables had been obtained in 1967 they would have remained unutilised till 1973.”

3.63. Referring to the statement made during evidence by a representative of the P&T Department that in 1967-68, the indent for 3587 tonne cables for the whole country was placed on Hindustan Cables Limited, the Committee asked for the break-up of the quantity exchange-wise/project-wise as also the quantities indented during each of the years 1968-69, 1969-70 and 1970-71. The Committee also wanted to know the quantities supplied against these indents each year and the allocation made therefrom to each exchange/project. The information furnished by the Ministry of Communications is reproduced below:

"The quantities ordered and supplied during each of the years 1967-68, 1968-69, 1969-70 and 1970-71 are as follows:

Year	Quantities ordered I.KM	Quantities Supplied I.KM
1967-68	3587	3087
1968-69	3659	3260
1969-70	4280	2600
1970-71	3721	2122

During the period under discussion the cables were being allocated to all Circles and Districts on the basis of likely new connections to be provided taking into account the waiting list of telephone connections, spare connectable capacity available and new exchange capacities planned and using an estimated figure of conductor kilometers of cable required per connection. After assessing the all India requirements, orders were placed on Hindustan Cables Ltd. to the extent the supplies were expected from them. The allotment to various Circles and Districts were made on the anticipated supplies from Hindustan Cables Ltd. on bulk basis. Cables are stock and issue item, and consigned to the respective stores depots. The practice to give bulk allotments to the respective store depots catering to the different Circles and Districts leaves certain amount of flexibility with the controlling units to cater to their development and maintenance programmes. The field officers viz. Divisional Engineers and Sub-Divisional Officers etc. draw their

requirements against indents based on requirements in different projects.

From the above, it would be seen that the statistics of indents placed project-wise and exchange-wise are not maintained centrally. A large number of offices viz. Store Depots, Divisions (Telegraph & Telephone) and Sub-Divisions etc., come into picture where the information regarding indents and the supply for individual projects may be available. Collection of data from all these sources would involve large amount of time and effort."

3.64. In this connection, the Member (T.O.) P&T Board has stated:

"We are in a constant dialogue with the Hindustan Cables. We see what they can produce during the year. We tell them in advance that we would be able to consume that much. We draw up a programme and we utilise the maximum production of theirs. The indents are tailored to see that all their production capacity is used. We send our indents for a little more, so that they can plan ahead. Placement of orders in 1969 would have been on that basis. Since the production is less than our requirements, we consume whatever is produced by them. If sometimes the shortage becomes acute, we import cables."

3.65. Explaining the method of assessing the requirements of various units and the basis of placing the indents on the cable factory, the witness stated:

"We know roughly the production capacity and then we allocate it for various exchanges. Then with respect to these units we work out the exact requirements. We allocate in rounded-off figures and we work out the detailed estimates like 190 km. or 205 km and so on and then consolidate the requirements and then place the indent."

Air-conditioning of the Exchange Building

3.66. The Audit para points out that normally rooms in which automatic exchange equipments are to be installed should be air-conditioned before commencement of installation of such equipments. As has been brought out in the preceding paragraphs, extension of the building was completed in February 1971 and installation of the equipment was started in June 1971 but the detailed estimate for air-conditioning of the building was sanctioned for

Rs. 2.27 lakhs in October 1971. The indent for procurement of the air-conditioning plant was, however, placed on the Director General, Supplies and Disposals in June 1973, i.e., about 20 months after the estimate was sanctioned.

3.67. Giving reasons for the delay in placing the indent for the air-conditioning equipment on the DGS&D, the Secretary, Communications has thus clarified the position during evidence:

“Unfortunately, there has been lack of coordination in this particular project, in all the 3 operations, starting from equipment and construction of the building and finally in the matter of air-conditioning. It appears that a visit to the site was necessary for the purpose of installation of an air-conditioning unit; and this itself took time. And the indent was placed thereafter, i.e., after specifications etc. were decided upon.”

3.68. Another representative of the Ministry has added:

“We had to find accommodation for the air-conditioning plant in the building, by re-arrangement of the rooms. Some working equipments had to be shifted. The re-arrangement of rooms took time; and when accommodation was available a hole was to be made in the roof for the air-conditioning duct. It was decided by a site meeting at Varanasi. Arrangements for the supply of electricity and water had to be made. Initially there was lack of coordination, as the Secretary had said, when they started this work in 1971. In the beginning of 1973 they met and finalised things and they placed the indents thereafter.”

He has added:

“Since the building was delayed, air-conditioning was not taken up earlier, the building came up in 1971 and they started working on air-conditioning thereafter. This should have been started earlier.”

3.69. In a note subsequently furnished to the Committee, the Posts and Telegraphs Department have intimated:

“As a separate air-conditioning plant was required for the expansion of the Varanasi Telephone Exchange building, provision for airconditioning plant was made in the project estimate sanctioned during 1967 for expansion of Varanasi Exchange from 5100 lines to 6600 lines. The

details regarding the accommodation for the airconditioning plant and hole for the airconditioning duct are normally finalised at the time of finalisation of the building drawings and such problems are generally not anticipated. In this case also, this problem was examined during December 1964 when the building drawings were finalised. It was noticed that a separate room was needed for accommodating the equipment for the new airconditioning plant. The site of the Varanasi exchange was, however, very cramped and no place was available for constructing a separate room for the air-conditioning plant on the ground floor. It was, therefore, decided to find space for installation of airconditioning plant equipment by rearrangement of various rooms, which could have been done only after the completion of the building extension which was completed in February 1971.

The action for finalising the specification of airconditioning plant was started in January 1970 itself when details of local electricity supply restrictions, availability of water etc., were called for. The particulars of electricity restrictions were received during July 1972. It was also felt that a meeting at site of the various authorities concerned with the execution of different works will be necessary to finalise details of the rearrangements and action to be taken. The meeting was accordingly held on 2-3-73, and the detailed arrangements regarding the shifting of some of the working equipments to the extension portion were finalised for making space available for installation of the new airconditioning plant. In order to achieve better coordination in such cases, a system of periodic coordination meetings attended by representatives of all units concerned with the execution of the project is now being followed so that problems of different nature could be solved in time."

3.70. The Committee desired to know why the detailed estimate for the air-conditioning plant could not be sanctioned earlier so as to synchronise with the completion of the exchange building. In reply, the Ministry of Communications have informed the Committee as follows:

"The detailed estimate for the airconditioning plant is generally sanctioned after the specification of the airconditioning plant, which gives the details regarding the size

and type of the airconditioning plant is finalised. Unfortunately, in this particular case the finalisation of specification of the airconditioning plant was delayed and finalised only after the at site meeting of 2-3-73 mentioned above. The detailed estimate was sanctioned during October 1971 also on *ad-hoc* basis."

3.71. Asked whether the Department had any convincing explanation for the delay in sanctioning the estimate after the completion of the building in early 1971, the Secretary, Communications has stated:

"No justifiable explanation, Sir."

Yet to another question whether any enquiry had been conducted into the matter and action taken against those found responsible for the delay, the witness has added:

"As far as I know, no enquiry has been made. No attempt has been made to fix responsibility, as far as this aspect is concerned."

3.72. The air-conditioning equipment was stated to have been received in December 1975. In this connection, the Audit para points out that against the indent placed by the Department on the DGS&D in June 1973, tenders were received by DGS&D in August 1973. These were sent by the DGS&D to the Director General, Posts and Telegraphs on 1 September 1973. Since no response was received from DG, P&T in spite of reminders on 11 October 1973 and 13 November 1973, DGS&D cancelled indent on 30 November 1973 and scrapped the tenders. The Department stated (February 1977) that the letters dated 1 September 1973, 11 October 1973 and 13 November 1973 from the Director General. Supplies and Disposals had got misplaced and were eventually dealt with by the Assistant Engineer only on 27 November 1973 and that while the case was still under examination the cancellation letter dated 30 November 1973 issued by the Director General, Supplies and Disposals cancelling the indent was also received.

3.73. The Director General, Posts and Telegraphs resubmitted a fresh indent in January 1974 to the Director General, Supplies and Disposals. After inviting tenders, the Director General, Supplies and Disposals placed orders for the air-conditioning plant in November 1974 for Rs. 4.11 lakhs. As compared to the lowest offer received in the tenders of August 1973, which had to be scrapped in the absence of recommendations of the Director General, Posts and Telegraphs, the cost of the air-conditioning plant was higher by Rs. 1.82 lakhs.

3.74. Since it was stated in evidence (30 September 1977) that Inquiry into the misplacement of three letters had already been ordered, the Committee desired to know whether the same had been completed and if so, what was the outcome thereof. The Ministry of Communications in a note dated 20-1-1978 have stated that "The Inquiry is still in progress. The result shall be intimated early."

3.75. According to the Audit the air-conditioning equipment received in December 1975 was installed in September 1976 but could not be commissioned and handed over as the programme for acceptance testing had not been finalised till December 1976. The Committee have learnt from Audit that order for air-conditioning plant was placed on M/s. Air Conditioning Corporation Ltd., New Delhi. Explaining the reasons for delay in installation and commissioning of the plant, a representative of the Posts and Telegraphs Department has stated in evidence:

"The target date given to the firm for the completion of the work by DGS&D was 5th June. But it was not completed. Some civil works they wanted to get done. After that the firm delayed the commissioning. We want to see whether any penalty is leviable on that account."

3.76. The Committee enquired what was the usual period required for installation and commissioning of such an air-conditioning plant. The Secretary, Communications, has stated in evidence:

"In the agreement itself, the provision was for six months. My Chief Engineer tells me that it takes from six to nine months. So, the delay of 9 months is not an abnormal one."

He added:

"It would partly depend on the time of installation. It has to undergo three tests—winter test, summer test and monsoon test—before it is finally run. In this particular case since it was installed in December and ready for operation, it had to undergo the winter test, summer test and the monsoon test."

3.77. In this context, the Dy. Director General (S), P&T Department has stated:

"Two tests are major tests—summer and monsoon. Unless we take these tests, we do not commission the equipment. If the plant is ready by May or June, then we can take

both these tests very quickly and we can commission the plant straightway. Winter test is also taken but these two tests are main tests. If we do not take these tests, then there is no guarantee of the supplier of the plant."

3.78. Asked whether the plant had since been commissioned and taken over and was functioning satisfactorily, the Ministry of Communications, in a note, have replied:

"The plant was commissioned on 28-12-1976, when winter test was conducted. The test was successful.

It passed the summer test on 25-6-1977 and since then the plant has been in continuous use of the department.

The plant was taken over on 11-8-77 after it passed the last test of monsoon conditions. It has been working satisfactorily except for a minor fault of water leakage in condenser inlet of one unit developed recently. It is being attended to by firm's technician. The other unit is reported to be working thereby all right."

3.79. In a subsequent note, the Ministry have intimated that the fault of leakage was rectified by the firm and the air-conditioning plant was reported to be working satisfactorily.

3.80. The Committee enquired whether there was any penalty clause in the contract. The Additional Secretary (C), Ministry of Communications has replied as under:

"The agreement is entered into by the DGS&D with the firm. That was the earlier arrangement. The corrective action was taken two years ago. Previously, the air-conditioning part was entrusted to the DGS&D, who would invite the quotation, finalise the contract and then ask the firm to install the air-conditioning equipment. So, the agreement was between the firm and the DGS&D. The liquidated damage clause was provided in the agreement. It has also been mentioned on the conditions of the contract page 39, which reads:

"In case of delay, the contractor shall, in addition to the other liabilities mentioned in the general conditions of the contract, be liable for the cost of inspection which may be incurred after the date on which the work ought to have been completed, and in the event of the contractor's failure to complete the work within the period prescribed for such completion, the purchaser shall be entitl-

ed to withhold any payment for the whole of the work which has been completed and to recover from the contractor a sum of two per cent of the total contract price for each month or part of the month during which the completion of the work may be delayed.'

I am informed that payment has not so far been made; only part payment has been made of Rs. 90,000 against a contract of Rs. 4.11 lakhs. So, at the time of finalisation of the bill, this penalty clause will be considered."

He has clarified further:

"The contract between the DGS&D and the supplying firm. So we have intimated the DGS&D that there is delay. Before making the final payment, they will make the necessary reduction."

3.81. In a note furnished to the Committee subsequently, the Ministry of Communications have stated:

"The case was taken up with Director General of Supplies and Disposals, New Delhi, who has intimated that the issue regarding delay in the completion of the job shall be taken into account at the time of final settlement of the contract."

3.82. The Committee desired to know whether there were any other orders for air-conditioning plants placed on M/s. Air Conditioning Corporation Ltd., New Delhi and if so, what had been the performance of the firm in those cases. The Ministry have replied:

"Orders for air-conditioning plants of 9 telephone exchanges have been placed on M/s Air Conditioning Corporation by P&T starting from June 1976 onwards. Out of these, one plant has been commissioned in October 1977 and the work on the remaining 8 is reported to be in advance stages. The physical installations are expected to be completed by January 1978 and testing of the plants will be undertaken thereafter. It is too early to comment on the performance of the firm against these orders at this stage

Orders for air-conditioning plants for 10 Telephone Exchanges were placed by DGS&D prior to 1962. All the air-conditioning plants have become quite old now. On

of these 8 plants are reported still to be working satisfactorily."

3.83. The Audit para points out that as the plant could not be commissioned and handed over by December 1976 due to delay in finalisation of programme for acceptance testing, the exchange equipment was without any air-conditioning between June 1971 and July 1974. Improvised air-conditioning arrangements were made in August 1974 and December 1974 by installing ten window type air-conditioners at a cost of Rs. 0.71 lakh to protect the equipment.

3.84. In paragraph 6.59 of the 14th Report (Sixth Lok Sabha), the Public Accounts Committee has quoted the reply of the Posts and Telegraphs Department regarding the effect of the absence of air-conditioning plant which would have on low efficiency and life of the exchange equipment. The same is reproduced below:

"The effect of absence of air-conditioning plant on the telephone exchange equipment has been examined. Air conditioning aims at maintenance temperature, humidity and dust within specified limits. If these are not maintained within the prescribed limits the probability of faults in the exchange equipment increases. For instance, excessive heat might damage a component. Similarly, excessive humidity might cause low insulation and might also result in corrosion. Excessive dust on the contacts of relays and selectors creates faults during switching operations.

The increase in fault liability in the absence of air-conditioning will necessitate increased maintenance efforts. Such increased fault liability if continued for long periods may also have an effect on the life of the equipment.

It had not been possible to quantify the adverse effects on Telephone Exchange equipment of exposure to environmental conditions beyond the desired limits of temperature, humidity and dust. In view of the various uncertainties involved in arriving at the quantitative analysis it is also not contemplated that such studies should be undertaken in tele exchanges."

3.85. Asked what sort of complaints were there about the functioning of the Varanasi Exchange equipment the Member(TO) P&T Board have stated:

"There is no quantitative method of assessing this sort of thing except as has been indicated, that the fault liability might

go up. This, again, depends on the total load of the exchange. If the load is below the average level or above the average level, the defects will be known in the form of extra number of calls reported by the customer. In any case, this would get mixed up with the number of new calls in the new exchange. When we start a new exchange, we get a higher number of calls. By and by, as the number of calls decreases, the fault level also comes down. It will be difficult to separate the two."

3.86. At the instance of the Committee, the Ministry of Communications have furnished the following statement showing the number of faults complaints received in the Varanasi Exchange from 1971 to 1974 and the causes thereof:

"Year	No. of working connections at the end of the year.	Total No. of complaints received during the year	No. of complaints per connection	Total No. of Exch. faults.	No. of Exch. fault per connection.
1971-72	5255	84874	16.1	447	0.80
1972-73	5275	80058	15.3	169	0.03
1973-74	6056	95517	15.7	295	0.03
1974-75	7300	112659	15.4	302	0.04

The number of complaints received in a telephone system depends on several factors in addition to the provision of the air-conditioning facility. These are:

- (i) Type of external plant system, that is, whether the telephone connections have been provided by means of predominantly overhead lines or underground cables.
- (ii) The availability of suitably trained personnel for maintaining the exchange.
- (iii) The availability of adequate spares for maintaining the external plant system as well as the exchange equipment.

It is, therefore, not possible to specify the number of complaints which could be attributed specifically to the non-availability of proper and adequate provision for air-conditioning of the equipment."

3.87. Asked what was the loss of revenue due to delay in providing air-conditioning and for making alternate arrangements of installing ten window type air-conditioners to protect the equipment in the meantime, the Secretary, Communications has stated in evidence:

“On account of non-finalisation of the first tender and acceptance of the second tender, the difference was Rs. 1.32 lakhs on the equipment itself. So far as the cost of the window air-conditioner is concerned, they were purchased at Rs. 71,000. But I may submit that this was an extra expenditure so far as Varanasi Exchange is concerned. But the fact that these air-conditioners are being utilised elsewhere, would prove that it was not an infructuous expenditure. So far as the loss of revenue is concerned, that question does not arise because the exchange was functioning even without air-conditioners.”

3.88. Asked whether all the aspects of the project *viz.*, time-limit for completion of various stages, building, equipment installation, air-conditioning, commissioning and testing were not taken into account in their totality when the Department had estimated the whole project first in 1967 and then in 1969, the Secretary, Communications has replied:

“It was done only on piecemeal basis. It was not taken in its totality. That is why I admitted in the beginning that it was not only lack of coordination but also there was no proper planning.”

3.89. The Committee consider that the manner in which the expansion of the Varanasi Telephone Exchange was proceeded with is indicative of lack of planning, foresight and coordination on the part of the Project authorities which resulted in an enormous delay in execution of the project besides substantial loss to the public exchequer due to escalation of costs. The Committee take a serious view of the repeated lapses on the part of P&T Department in the matter of planning and execution of projects for installation of new telephone exchanges or expansion of the existing ones. The Committee in their 14th Report (Sixth Lok Sabha) (1976-77) had dealt with some glaring cases of long delays that occurred in the completion and commissioning of some telephone exchanges. According to paragraphs 1.71 to 1.91 of that report, an indefensible delay of 12 years had taken place in the completion and commissioning of 6000 lines automatic telephone exchange at Ludhiana in 1973. Likewise, in paragraphs 4.66 to 4.80 of the same report the Committee had deplored

the delay of more than five years in the completion and commissioning which resulted in more than 50 per cent increase in the actual expenditure over the original estimates on the project for the expansion of Calcutta '24' Telephone Exchange sanctioned in 1965.

3.90. In the instant case, the Committee find that the project estimate for Rs. 21.87 lakhs for expansion of the Varanasi Telephone Exchange from 5100 lines to 6600 lines for meeting growing demand for telephones was sanctioned in February 1967. Another project estimate for Rs. 50.19 lakhs was sanctioned in March 1969, barely two years after formulation of the first expansion proposal, for further increase in the exchange capacity from 6600 to 9600 lines (an increase of 3000 lines). The project estimate of 1967 was revised to Rs. 38.29 lakhs in May 1971 but was cancelled in July 1974 on the basis of a review conducted in August 1971 which indicated that the capacity of 8100 lines would be adequate to meet the demands.

3.91. Though according to original schedule the 3000 lines sanctioned in March 1969 should have been completed in nine months time, only 1000 lines could be commissioned in April 1973 and the remaining 2000 lines were commissioned in April 1974. Thus the work of expansion of the Varanasi telephone exchange sanctioned in February 1967 was completed after a period of seven years. The Committee are not satisfied by the explanation given by the Department for this inordinate delay.

3.92. From the fact brought out during evidence, the Committee have come to the inescapable conclusion that this project is symptomatic of bad planning, apathy and lack of functional coordination between the various executing agencies within the same department. The Secretary (Communications) had conceded in evidence that "it (project) was done only on the piecemeal basis. It was not in its totality. That is why I admitted in the beginning that it was not only lack of coordination with also there was no proper planning." The various aspects of the execution of the project are dealt with as under.

3.93. Though on the basis of the review, the question of cancellation of 1967 programme was initiated on 5 October 1971, the final decision in this regard was taken in July 1974 at the level of Member (Technical Development). That a decision on a matter of factual nature at such a higher level should have been taken about three years shows the casualness with which the case was handled by the

Department. The Committee cannot but regrettably conclude that the expansion programme was ill-conceived and drawn up piecemeal without proper projections of effective demands in even near future. They would like the Government to investigate thoroughly into the authenticity of the basis of first expansion of the exchange in February 1967, why the correct assessment for expansion (1969) could not be made in 1967 itself, the reasons which necessitated review of the expansion programme in 1971 when the second estimate had already been sanctioned, the reasons for revising the first expansion estimate in May 1971 when the review of the project was in progress and the reasons why it took three years to cancel the first expansion programme in July 1974 after the review had been completed in August 1971. The Committee would urge that responsibility for the lapses in each case should be fixed and action taken against those found derelict in the performance of their duty so as to derive a lesson for the future.

3.94. The Committee further note that due to delay in the completion of the extension of the existing exchange building, equipment worth Rs. 7.62 lakhs out of a total of Rs. 8.55 lakhs meant for expansion of 1500 lines in this exchange had to be diverted to another exchange at Kanpur. The Committee further find that whereas order for equipment for 1500 lines expansion was placed on Indian Telephone Industries in July 1966 in advance of the formal sanction of the project estimate in February 1967, order for equipment for second expansion of 3000 lines sanctioned in March 1969 was placed on ITI only in October 1969. There was thus a delay of 7 months in placing order for equipment for the second expansion scheme after the sanctioning of the project estimate. The Committee take a serious view of this delay and would urge the P&T Department to streamline the procedure of placing orders for equipment at least synchronising with the sanctioning of the project estimate, if not earlier with the planning of the project.

3.95. The Committee further note that the second project estimate for further expansion of the exchange capacity from 6600 lines to 9600 lines was sanctioned in March 1969. The scheme was based on the trend of growth of demand during the past years which had increased at the average rate of 800 per year from 1964 to 1968 after taking into account the equipped capacity and the total demand during each year. On this analogy the future anticipated growth of demand as calculated uniformly at the rate of 800 connections per year from 1968 to 1973 was projected from 6009 in 1968 to 10009 lines in 1973. However, from the figures of demand furnished by the

Department, the Committee find that the total actual demand as on 31 March 1973 was 7409 against the equipped capacity of 5100 and it was 8068 on 31 March 1976 when the equipped capacity was raised to 8100 with the completion of 3000 lines expansion project. While the Committee generally agree with the plea advanced by the P&T Department that due to introduction of priced application form of Rs. 10 in 1970 and again on account of introduction of another scheme of advance deposit of Rs. 1000 in September 1975 the demand for telephone connections came down considerably from 7246 in 1970 to 6251 in 1971 and then from 8429 in 1975 to 8068 in 1976, they feel that there is need to evolve a more authentic and scientific system of ascertaining prospective demand taking into consideration the future trend of development of the area/town in respect of industry, business or housing complex or some other Government projects for that area.

3.96. Yet another disturbing feature in planning projects for expansion of the exchange capacity was the admission made by the Government representative during evidence that when the first increase of 1500 lines was proposed it was for meeting the immediate requirements without projecting the requirements for the future and this was stated to be due to not having 'enough equipment and also enough funds' though the Department had no data to support their contention. The Committee feel strongly on bad manner of planning projects without collection of proper data and without estimation of the requirements for the next 4 or 5 years.

3.97. The Committee feel unhappy that even after introduction of the scheme of advance deposit of Rs. 1000/- alongwith the application, telephone connection were not provided in certain cases although equipped capacity was available. This is borne out by the facts that against the equipped capacity of 8100 lines, the working connections as on 31 March 1976 were 7628 with 795 on the waiting list. Similarly, in March 1977 against the capacity of 9100 lines, there were only 8289 working connections with 181 on the waiting list. The Committee fail to understand why there should be any applicants on the waiting list when the capacity for such connections is available and the applicants have already deposited the requisite advances. As pointed out by Audit, due to delay in release of new telephone connections upto December 1975 the Department had to forego a potential revenue of Rs. 22.20 lakhs from October 1973 to December 1975. The Committee would, therefore, like the Depart-

ment to review the whole position de-novo for issuing necessary guidelines in the matter. In the instant case the Committee would like that responsibility be fixed about these lapses.

3.98. One of the major factors contributing towards haphazard planning and late execution of the project was the delay in completion of extension of the existing exchange building for installation of equipment for increased lines which had taken about 4 years from August 1967 to February 1971. The Committee note that an estimate for Rs. 2.37 lakhs for extension of the exchange building was sanctioned in August 1967 although the project estimate of February 1967 included provision for extension of the building. The contract was awarded 21 months thereafter in April 1969. Although the work, according to the Audit paragraph, was required to be completed by March 1970, it took 22 months for completion by February 1971 at a cost of Rs. 1.52 lakhs. The reasons advanced by the Department for delay at various stages of the construction work are not convincing. The preparation of detailed working drawings after the issue of administrative approval and sanction took 12 months instead of the normal period of 5/6 months. Even the checking of the building again with regard to its suitability for extension work took 2 months. Strangely enough, the preparation of detailed estimates and inviting of tenders took as much time as about 5 months. The lowest tender had to be rejected because it was not valid. Re-invitation of tenders took another 2/3 months and the contract could be awarded in April 1969 to the only tenderer who had responded to the second tender enquiry for completion within 11 months from the 15th day after award of the work, i.e. by March 1970. The Committee feel that all these contributory factors for delay including shortage of cement could have been tackled by advance planning and making a cautious approach to each problem. They desire that the reasons for delay at each stage should be thoroughly analysed for fixing responsibility and taking remedial measures for future.

3.99. The Committee further find that the firm to which the contract was finally awarded had also tendered in the first instance and the tendered amount was Rs. 1,44,647 against the estimated cost of Rs. 1,24,711 (15.10 per cent above C.L.). However, as a result of negotiations with this firm in the second turn, the contract was awarded at Rs. 1,30,172 against the estimated cost of Rs. 1,19,267 (9.15 per cent above C.L.) after deletion of items 2.4 and 5, S. H. 8

Roofing. A condition (which was not there in the first call) put forth by the tenderer that 'cement may be issued F.O.R. Varanasi' was also accepted. The Committee would, therefore, like Government to investigate into the matter and satisfy themselves that no irregularity of a serious nature was involved in awarding the contract and that the Government have not been put to any loss in the overall cost of the construction work particularly in view of the fact that the agreed supply of cement by the Department had caused much delay in the completion of the work and also the job was completed for Rs. 1.52 lakhs as against the estimated cost of Rs. 2.37 lakhs but contracted cost of Rs. 1,30,172. It is all the more surprising that the preliminary estimate prepared by S.E. Calcutta should have provided for the plinth area rate for a complete building including the element of foundation whereas the requirement was for extension of the existing building only. This had unnecessarily inflated the estimated cost of construction.

3.100. The Committee have noted that in spite of the Departmental instructions issued in September 1970 that 90 per cent of the exchange capacity should be utilised soon after expansion or in any case not later than 6 months of such expansion, the actual utilisation of capacity of the Varanasi telephone exchange expanded to 6100 lines in April 1973 and 8100 lines in April 1974, the percentage of utilisation to the installed capacity has been considerably on the low side, fluctuating between 69.7 to 89.4 per cent between October 1973 and December 1975. The position was worst in April 1974 when spare capacity was 1885 and the number of waiting applicants at that time was 2287. The Committee agree that completion of formalities for releasing the connections may take some time but they feel that a little extra effort on the part of those entrusted with avowed job of executing the Government programmes and serving the nation could have given almost the opposite results by virtually clearing the whole waiting list much earlier and thus avoiding potential loss of Rs. 22.20 lakhs to the Department on this account as worked out by the Audit. The Committee have noted that instructions already issued in this regard have been reiterated enjoining upon the authorities concerned to take advance action as far as possible for providing new connections within short time after completion of expansion of the exchange. The Committee would, however, like to point out that though several instructions have been issued to the General Manager, Telephones by the Board, they are honoured more in the breach than in observance. The Committee, therefore desire that there should be a system of follow-up of

instructions and steps should be taken to see that the desired results are achieved and the basic weaknesses which have been plaguing the execution of P&T projects are completely eliminated. The Committee would also like the P&T Directorate to make a fresh look into the whole procedure of providing fresh connections and find out if it could be simplified further to some extent with a view to reducing the long time taken in completing a plethora of formalities and a number of complicated forms to be filled in by the subscribers, of course without sacrificing Government interest.

3.101. What has distressed the Committee more in this context is the fact that the main reason for slow utilisation of the exchange capacity was shortage of cables. The Committee note that though the first project estimate was sanctioned in February 1967 followed by another one in March 1969, orders for cables were placed on Circle Store Depot, Lucknow, from July 1971 onwards and the supplies were made progressively from February 1973 to March 1976. Thus it took about 5 years in getting full requirement of cables from the Depot. Even if the plea of the Department that a coordinated plan for projects calls for securing cables only after some progress has been made on the building and equipment front is accepted at its face value, the Committee fail to understand how the Department could justify the delay of further 5 months in placing the indent on Circle Store Depot, Lucknow only in July 1971 when not only the construction of the building and the receipt of equipment had made some progress but these had been completed in February and March 1971 respectively. It seems that in their zeal to follow the criteria of placing orders for cables only after completion of the building or receipt of equipment, the Department had overlooked completely the time required by the Circle Store Depot to service a particular project. The Committee feel that the authorities concerned are responsible to the extent of not initiating action for placing indent for cables on the Store Depot well in time in 1969/70 itself and are, therefore, liable for of action being taken against them for this costly lapse after making thorough enquiry into the matter.

3.102. Equally unaccountable is the delay in planning, indenting, receiving, installing, commissioning and handing over of the air-conditioning plant meant for protecting the delicate and sophisticated exchange equipment, which in all took more than 70 months from October 1971 to August 1977. The extension of the exchange building was completed in February 1971 and installation of equip-

ment was started in June 1971 but the detailed estimate for air-conditioning plant for the exchange was sanctioned for Rs. 2.77 lakhs only in October 1971 and the indent for procurement of the plant could be placed on the Director General, Supplies and Disposals about 20 months later in June 1973. The reason advanced for this delay is that re-arrangement of the available rooms in the exchange building to accommodate the air-conditioning plant was desired and to finalise these and other arrangements for supply of electricity and water and also providing a hole in the roof for the air-conditioning duct a meeting at-site of the authorities concerned with the execution of different works was considered necessary which took some time and was finally arranged on 2 March 1973. The detailed arrangements were finalised at that meeting but the indent could finally be placed on DGS&D in June 1973, about 4 months thereafter. In this regard the Secretary (Communications) has admitted during evidence that 'unfortunately there has been lack of coordination in this particular project, in all the 3 operations, starting from equipment and construction of the building and finally in the matter of air-conditioning'. He had further admitted that there was no justifiable explanation with the Department for unwarranted delay. Another representative of the Ministry had also conceded during evidence that '...the building came up in 1971 and they started working on air-conditioning thereafter. This should have been started earlier'. The Committee desire that responsibility should be fixed for this costly lapse at senior supervisory levels.

3.103. The Committee further find that though the indent was placed on the DGS&D in June 1973, the air-conditioning equipment was received in December 1975. The Committee take a serious view of the inefficient handling in the Director General, Posts and Telegraphs Office of the tenders sent by the DGS&D for acceptance. The Committee are surprised to learn that all the three letters, the first enclosing the tender enquiry and two subsequent reminders thereto should have been misplaced and were found only when the letter of DGS&D cancelling the indent was received. This resulted not only in unwarranted delay in finalising the contract for supply of air-conditioning plant for Rs. 4.11 lakhs by issuing a fresh tender enquiry but also in escalation of cost to the tune of Rs. 1.82 lakhs over and above the lowest offer received in the initial tender call.

3.104. The Committee have been informed that the enquiry ordered into the misplacement of the three letters is in progress. They would like to be informed of the action taken in pursuance thereto against those found responsible for this serious and costly lapse.

3.105. The delay also resulted in an expenditure of Rs. 0.71 lakh on provision of ten window-type air-conditioners to protect the equipment in the absence of regular air-conditioning plant between June 1971 and July 1974. The loss in terms of efficiency of the project, in the absence of proper air-conditioning plant, is not capable of quantification in monetary terms. But if the rise in the number of complaints received during 1974-75 is any indication it shows that the exchange with improvised airconditioning was not working satisfactorily.

3.106. The performance of the supplier firm M/s Air Conditioning Corporation, New Delhi is equally unsatisfactory. The air-conditioning plant received in December 1975 was installed in September 1976. It has been admitted in evidence that the target date given to the firm for completion of the work was 5 June, 1976 but it was not completed. The commissioning of the plant was further delayed by 3 months as some works had to be carried out and it was ultimately commissioned on 28 December 1976, when the winter test (first in the series of three tests) was conducted. It passed the summer test on 25 June 1977 and could be finally taken over only on 11 August 1977 when it passed the third and the last test of monsoon. The Committee would like Government to examine in consultation with the DGS&D as to how far the supplier firm was responsible for the delay and whether any penalty could be imposed on them in terms of the agreement. Judging from the poor performance of M/s Air Conditioning Corporation, New Delhi, in the present case, their overall performance in other 9 contracts stated to have been entered into with this firm from June 1976 onwards, should be watched closely to come to a definite conclusion whether this firm qualifies for having further business dealings with Government.

3.107. While commenting on the delays and other irregularities committed in the installation of air-conditioning plants at Bhubaneswar, Belgaum, Madras and Agra telephone exchanges, the Committee in paragraphs 6.96 to 6.98 of their 14th Report (Sixth Lok Sabha) have already stressed the necessity of quantifying the adverse effects on the exchange equipment due to non-commissioning of the air-conditioning plant for taking note of the loss sustained on this account while deciding the course of action against the supplier firm. The Committee have also urged upon the Department to have a close look at this problem and devise elaborate measures to ensure that air-conditioning package units are installed, tested and pressed into service to synchronise with the commission-

ing of the sophisticated telephone exchange equipment. The Committee have further recommended that the P&T Department and the DGS&D should jointly review the position and suitably modify the terms of the contract to be given in future so that the supplying firms feel the urgency of commissioning and running satisfactorily the plants to synchronise with the installation of sensitive telephone exchange equipment. The Committee would watch with interest the action taken by Government in pursuance of these observations.

NEW DELHI;
April 11, 1978.

Chaitra 21, 1900 (S).

C. M. STEPHEN,
Chairman,
Public Accounts Committee.

A P P E N D I C E S

APPENDIX I

(Vide Para 1.15)

Statement showing particulars of ten top individuals and organisations (including Government Subscribers) from when highest amount of arrears of telephone revenue were due during the three years 1974-75 and the Special efforts made to recover those dues.

PRIVATE INDIVIDUALS/ORGANISATIONS

S. No.	Name and Address	Amount involved	Date from which the amount is due	Specific steps taken to recover the dues	Whether the tel. was disconnected If not, the reasons therefor
1	2	3	4	5	6
1974-75					
1	Maharaja of Sikkim & his family, members and Govt. of Ex-Chogyal of Sikkim.	39,000.00	69-70	Under correspondence with Ex-Maharaja and Sikkim Government.	Disconnected.
2	Pandit Brother, Asansol, West Bengal	31,446.00	21/6/70	Suit filed in Court.	Closed
3	M/s. Aggarwal & Co., Kanpur	28,512.55	19/2/74	Action initiated for recovery.	Disconnected.
4	Shri Prakash Mehrotra, 2-A Gokhale Marg, Lucknow.	21,340.50	74-75	After vacation of stay order from the Court tel. was disconnected. Action initiated to recover the dues.	Do.
5	Bharti Dhan, Rajnal Bldg, 84, Vir Nariman Road, Bombay-400020	20,452.00	1/1/75	Being recovered in instalments.	Do.
6	H. N. Goyal Karmapha, Gangtok, Sikkim.	19,441.00	Feb 72	Since paid during 75/76	Closed

1	2	3	4	5	6
7	District National Congress Committee, Malda, West Bengal.	15,184.00	72-73	After exhausting all sources to recover the dues, the case is being processed to file a suit.	Closed
8	M/s. Chamber of Colours & Chemicals Ltd., 15 E. Kamla Nagar, Delhi.	15,134.30	Sep. 74	Action initiated for recovery.	Disconnected.
9	Shri Rajinder Kumar, 37, Kircha Pola Mal, Naya Bans, Delhi-6.	14,910.46	Aug. 74	Do.	Do.
10	M/s. Elite Care, C-93, Defence Colony, New Delhi.	14,523.16	June 74	Do.	Do.
1975-76					
1	Indian Youth Congress, 10 Janpath, New Delhi.	37,463.02	17-5-75	After correspondence personal contact has been made. Amount is being recovered in instalments.	Disconnected on 12-4-77.
2	Sayaji Mills, Baroda (Gujarat)	27,919.35	23-9-75	Case is being pursued.	Disconnected.
3	M/s. Sen Religh Ltd., Calcutta	27,099.65	75-76	Disputed. Under investigation.	Not disconnected due to disputed bills under investigation.
4	M/s. Gupta & Co., Cattack	22,322.00	July 72	Paid in instalments. Recovery completed in October, 77.	Disconnected.
5	Sh. P. S. Sound, 18-A, Kailash Colony, New Delhi	20,037.03	June 74	Party agreed to pay in three instalments commencing from November, 77.	Disconnected on 28-11-75.
6	Aiyaars Advertising Nirmal, Bombay-20.	17,127.00	1-8-75	Claim filed with official assignee.	Disconnected on 13-9-76.

7	Shri C. K. Shah, Ali Chambers, Bombay-1.	16,574.00	1-1-76	Case is being pursued.	Disconnected on 20-4-77.
8	Focus advertising & Co. Wovek House, Bombay-1.	11,956.00	23-3-76	Claim filed with official assignee.	Disconnected on 22-6-76.
9	Nadia Agro Industries, Krishnagar, (W.B.).	11,634.00	1974	Bills issued for under charges. Party refused to pay. Case pending with P&T Directorate.	Not disconnected as case is under examination.
10	Shri K. L. Pandit, R-23, Gulmohan Park, N.D.	11,246.64	July 75	Suit filed by the legal heir of the defaulter in the Court.	Not disconnected due to case being in the Court.
1976-77					
1	Shri Charan Pal Singh, 1525, Church Road, Kashmere Gate, Delhi.	35,874.85	Oct. 76	Party started payment in instalments at Rs. 5000/- per month.	Disconnected on 28-11-77.
2	M/s. Martin Burn Ltd., Calcutta	35,007.90	76/77	Bills under dispute and investigation.	Not disconnected. The case is under investigation.
3	M/s. Asian Paints Ltd., Calcutta	34,003.00	76-77	Do.	Do.
4	Shri Bhanu Pratap Singh, 53, Paschim Marg, Vasant Vihar, New Delhi.	32,335.02	April 76	The case is being pursued with the party of Mad ore.	Disconnected on 5-1-77.
5	Shri Pawan Kr. Modi, T. No. 43-1394, Calcutta.	30,089.40	76-77	Bills disputed and under investigation.	Hence not disconnected.
6	Shri Hirendra Ch. Ganguly, T. No. 441394-CA.	29,968.10	76-77	Do.	Do.
7	M/s. N. N. Banerjee Bros. T. No. 35-1562-CA.	28,476.30	76-77	Do.	Do.
8	Shri Krishan Gopal General Secretary, A.I.C.C., 7, Janpath, New Delhi.	27,480.33	17-5-76	Party raised several disputes. The dues have since been paid.	Disconnected on 22-7-77

1	2	3	4	5	6
9	M/s. Chloride India Ltd. Telephone No. 448326/1, Calcutta.	18,955.80	76-77	Bills under investigation due to dispute.	Hence not disconnected.
10	M/s Indofil Chemicals Ltd. 309, Ambassador Hotel, Sujan Singh, Park, New Delhi.	15,780.30	Feb. 77	Case is being pursued.	Disconnected on 22-2-77.

GOVERNMENT ORGANISATIONS

1974-75					
1	Civil Defence, West Bengal	1,79,700.00	Jan 71	Bills to the extent of about Rs. 91,000/- have been settled since. Case is constantly being pursued.	Ministry of Law (Control Board) opined that lines cannot be disconnected under ITR 443-
2	D.C.S.O. Jabalpur	1,17,491.00	13-11-70	Personal contact made for settlement of dues after prolonged correspondence.	Not disconnected; phones working for Defence.
3	State Police Department, Govt. of West Bengal.	98,500.00	74-75	Bills are being settled. Under correspondence with Home Department, W.B Govt.	Not disconnected; phones working for police.
4	District Magistrates/Commissioners, Govt. of W.B.	62,300.00	74-75	Bills are being realised by correspondence. Earlier Bills have been settled.	Not disconnected as phones are working for District Magistrate.
5	I.A.F. Nanauri	46,403.00	13-1-75	Personal contact made for settlement of dues after prolonged correspondence.	Not disconnected; the telephones working for Defence.
6	Ex-Political Officer of Gangtok, Ministry of External Affairs.	45,000.00	77-73	Case is under correspondence with Ministry of External Affairs.	Closed.

6	High Court Allahabad	36,647.00	3-4-72	Personal contact made for settlement of dues after prolonged correspondence.	Not disconnected; the telephones working for Defence.
7	I.A.F. Bamrauli:	34,980.00	5-2-75	Do.	Do.
8	Hon. Chief Minister, J&K Govt.	13,400.45	May 72	J & K Govt. promised early payment as soon as allotment is received.	Exempted from disconnection
9	W.P. Electricity Department, Power House, Byna	17,039.40	20-3-73	Under Correspondence.	Disconnected.
1975-76					
1	Durgapur Steel Project (W.B.) Central Government Undertaking.	65,800.00	4/75	After prolonged correspondence and personal contact, the party promised to pay shortly.	Disconnected.
2	Durgapur Project Ltd., State Govt. Undertaking, W.B.	56,000.00	4/75	Do.	Disconnected.
3	District Magistrate/Commissioner, West Bengal.	37,000.00	75-76	Under correspondence with the of West Bengal.	Not disconnected in view of its working for the commissioner.
4	Dy. Chief Signal Officer, HR., Maharashtra & Gujarat Area., Bombay.	24,286.00	21/12/75	Bills disputed and under investigation	Hence not disconnected.
5	Hon'ble Chief Minister, J & K Govt.	11,210.00	May, 75	Promised to settle as soon as allotment is received.	Exempted from disconnection.
6	Sarpanch Gandhisia Gram Panchayat, Guranteed PCO (Gujarat).	7,941.20	29/1/76	Under correspondence with the State Government of Gujarat.	Disconnected.
7	Sarpanch Lulada Gram Panchayat Guranteed PCO (Gujarat).	7,626.20	24/2/76	Do.	Do.
8	Sarpanch, UN Gram Panchavat Guranteed PCO Gujarat.	5,859.30	30/3/76	Do.	Do.

1	2	3	4	5	6
9	The Director Training and Employment UP, Lucknow.	4,469.00	75-76	Payment expected shortly. Duplicate bills supplied.	Disconnected
10	Office Incharge Aeronautical Communications Station, Madras-27.	21,696.30	20/2/75	Under correspondence.	Not disconnected being an important telephone.
				1976-77	
1	State Police Department, Govt. of W.B.	1,37,950.00	5/76	Under correspondence with the State Govt.	Not disconnected being important telephone.
2	Dy. Chief Signal Officer, HR., Maharashtra-Gujarat Area. Telephone No. 219120, Bombay-5.	91,404.00	26/6/76	Notice of disconnection issued.	Not disconnected being Military telephone.
3	Hon'ble Minister of Revenue, Land Reforms & Transport, Govt. of Bihar, Patna.	67,604.75	76/77	Under correspondence	Exempted.
4	Hon'ble Chief Minister (Bihar), Patna.	74,223.15	76-77	Under correspondence	Exempted.
5	Dy. Signal Officer HR., Maharashtra and Gujarat Area, Bombay-5. Telephone No. 219154.	54,703.00	21/6/76	Notice of disconnection issued.	Not disconnected being Military telephone.
6	Military Secretary to Governor of West Bengal, Calcutta.	45,147.60	76-77	Under correspondence	Exempted.
7	The Director, Civil Defence, Lucknow.	34,244.50	76-77	Under correspondence	Not disconnected being important telephone.

8 Hon'ble Minister, Urban Development, Housing, Govt. of Bihar, Patna.	23,805.40 76-77	Under correspondence	Exempted.
9 Hon'ble Minister for Geology, Excise, Govt. of Bihar, Patna.	22,394.61 76-77	Under correspondence	Exempted.
10 Chief Engineer, Irrigation, UP., Lucknow.	13,364.95 75-76	Under correspondence.	Disconnected.

APPENDIX II

[Vide Para 1.19]

Statement showing details of firms, telephones of which were cut off but they continued to enjoy the telephone facility by getting the new connections in the name of another firm/person without paying the previous arrears during the three years 1974-77.

Serial No.	Details of Telephones disconnected				Details of the new connection			Remarks
	Station	Telephone No.	Name of the subscriber	Amount out-standing	Station	Telephone No.	Name of the subscriber	
1	2	3	4	5	6	7	8	9
1	Agra	76794	Sh. R.N. Mohania	14348.90	Agra	74101	Sh. B.D. Sharma	Party traced in Dec., 74. Payment realised in full in instalments.
	"	74557	M/s. Badri Prasad Swaroop. Ram	570.75	"	62393		
2	Varanasi	62948	Hindi Pracharak Pustakalaya. CK. 38/8 Adiviswanath, Varanasi.	987.10	Varanasi	62114	Hindi Pracharak Pustakalaya C-21/30 Pisach Mochan, Varanasi.	Under legal action.
3	Varanasi	64855	Sh. Srikant Gupta, 17/330, CI, Madhya, Varanasi.	733.30	Varanasi	52871	Shri Shiv Saran Lal, CK-39/22, Kundigarh Tala Varnasi.	Paying in instalments
4	"	66165	Sh. Radhey Lal Panwala, 63-64, Visweshwarganj.	688.85	"	65000	M/s. Samaru Ram Radhey Lal, Vishweswarganj.	Disconnected on 18-2-76
5	"	65362	M/s. Santosh Chemical Works, C/21/97-A, Shankar Sadan, Lohra Vir, Varanasi.	659.40	"	64847	Sh. Rama Shankar Singh, C-21/97-A, Shankar Sadan, Lohra Vir, Varanasi.	Paid in full.

6	Hathras	265	M/s. Chandra Bhan Thakur Das, Aligarh.	938.35	CDS (Chandausi)	68	M/s. Ganeshi Lal Chandra Bhan, Chandausi.	Recovered in full on 7-3-76.
7	Gopiganj	5	M/s. Kashi Prasad & Sons.	1453.40	Gopiganj	51	Shyamdhara Misra	Order for disconnection was issued for payment of proportionate share of the the closed firm but parties disputed the case. Hence disconnection deferred. Hiring contract, original application has been called for from the S.D.O.
		45	Do.	759.85		65	Sh. Dhar Carpets Do.	
						71	M/s. Kashi Prasad Pvt. Ltd.	

1975-76

1	Delhi	276558	M/s. ESS. PEE Engineers	761.50	Kanpur	44094	Working in the name of the partners.	Amount since realised.	111
2	Aligarh	352	Smt. Gayatri Devi Verma	550.70	Aligarh	4148	Mr. M.N. Verma	Recovered in full on 28-10-76.	
3	Varanasi	62908	Smt. Kishansingh, S.25/24-A, Narain Niwas, Bhajan Vir.	629.50	Varanasi	64101	M/s. Jeetmal Jaichand Lal, 67/27, Navapura, Varanasi.	Paying in instalments.	
4	"	63760	M/s. Modern Machinery Store, Saraswati Kutia, Raja Darwaja.	1197.45	"	64838	M/s. Madanlal Machinery Stores, Shop No. 282, Bara No. 5, Viswaha ganj.	Working phone No. 64838 disconnected	
5	"	65757	Sh. Amarnath Dube, M.I.A. Plot No. 26-C-26/35, Ram Katora Road.	1466.05	"	62008	Sh. Amarnath Dube, Village & P.O. Kathraon.	Paying in instalments.	

1	2	3	4	5	6	7	8	9
6	Varanasi	64148	M/s Oriental Traders, 75, Baruna Bridge	500.00	Varanasi	54111	Mohd. Azam, Prop. Oriental Batteries 73 Baruna Bridge.	Paying in instal- ments.
7	Agra	75516	Sh. Prem Narain	4376.45	Agra	63573	Raj Narain	Party traced in May, 1975 and press- ed for payment. Payment is being realised.
8	"	75548	Onkar Nath & Co.	829.60	"	73413	Onkar Nath Bros.	Recovered in full on 1-8-75.
9	"	72156	Pawan Oil Mills	1033.65	"	73584	Bishambar Nath	Recovered in full amount in instal- ments.
10	"	72431	Mewa Ram Jain	259.95	"	63642	Roshan Lal Agarwal	Do.
11	"	74691	Lekhraj & Sons.	1733.40	"	74331	Kishanchand Tapandas	Do.
12	"	73690	Taj Co.op. Hotel	1753.35	"	74750	B.Os. Jansi Rany Cinema.	Do.
13	Agra	75024	Behari Restaurant	829.10	Agra	Tour Beds		Recovered in full on 28-7-75.
14	"	61452	New Advance Factory.	2591.25	"	62350	Hansraj Mahajan	Do.
15	"	74498	Om Prakash Anand	1929.85	"	73235	Muhavir Prasad Pawan Kumar.	Recovered in full.
						1976-77		
1	Delhi	44832	M's. Prince Chit Fund	607.94	Delhi	344345	Shr. D.P. Kumar, Sole Prop. of the closed firm	Amount since realised by a threat of dis- connection of the new No.

2	"	.	227113	Bakshi Sita Ram	1325·24	Amritsar	40033	Frontier Transport Co.	Do.
3	"	.	511364	Sh. Anwar Hussain	156·97	Delhi	519780	Bharat Machinery Store.	Do.
4	"	.	221819	M/s. Chamber of Colours & Chemicals L.d.	15134·20	"	222215	Working to one of the partners Directors.	Working telephone disconnected.
5	"	.	224207	Sh. Tek Chand	36066·78	"	200910 } 224301 }	M/s. Singh Transport Co.	Do.
6	"	.	616166	M/s. P. S. Sound	22620·78	"	698718	M/s. Superspeed distributors (Legal heir of the defaulter).	Do.
7	"	.	40448	M/s. Soni Construction & Co.	1583·67	"	320937 } 321329 }	Working to the partners of the company.	Amount realised by disconnection working Telephones.
8	"	.	619504	Head Priest Syed Ali Nizami.	Fazal 694·51	"	70049		Line disconnected. Party started making payments.
9	"	.	262168	Master Nooruddin	648·83	"	515948		Do.
10	"	.	229870 } 272810 }	Sh. Kishan Dayal Singh	126·22	"	44434		Do.
11	"	.	852107	M/s. Gaziabad Motor Ltd.	5067·78	"	852611		Do.
12	"	.	225185	M/s. Dasrathy Bai Baldev Raj.	1439·77	"	225122 } 270374 }		Since paid after disconnection.
13	Faridabad	.	2929	Sh. Gurubachan, Prop. M/s. Rajinder Industries.	619·93	"	222619		Disconnected. Party started making payments.

1	2	3	4	5	6	7	8	9
14	Delhi	72383	Adarsh Sangeet Vidyalaya	1460.92	Delhi	670250		Disconnected. Party started making payments.
15	"	26000	M/s. Shakahari Restaurant	1394.25	"	260491		Do.
16	"	57232	S.S. Gaur	639.22	"	564486		Do.
17	"	47365 } 49544 }	M/s. Gurdev Bros.	14283.41	"	45045 } 650018 }		Do.
18	"	227710 220610	M/s. Punjab Pure Food Supply & Co.	4749.46	Cuttack	1809		Cuttack Telephone Disconnected.
19	Jaipur	64665	Sh. Radheshyam Driver	3425.85	Jaipur	63837 67782	Sh. Tarachand, Patni user of the disconnected telephone.	Payment in instalments is being made
20	"	72306 72328	M/s. B.S. Brokers	3135.55 1450.00	"	66783 66736	Shr. J.P. Jain., Prop. M/s. Laxmi Trading Agencies but actual user is Sh. Latesh Kumar, Partner of M/s. B.S. Brokers.	Case under investigation.
21	"	75516	Sh. Sudhakar Shastri	387.75	"	74160	Sh. Heera Lal Shastri but Shri Sudhakar Shastri is using the telephone.	Agreed to pay the dues.
22	"	77227	All India General Transport Corporation.	4500.00	"	65850	Smt. Vimla Devi W/o Sh. O.P. Arya. Director of the firm All India General Transport Corporation	Instalment payment is being received.

23	Lucknow	23919	Sh. Tulsidas Meghji	5105.80	Lucknow	27111 23532		Since realised after disconnection of working Telephones
24	"	28667	Sh. S.K. Agarwal	1016.55	"	31180		Working Telephone Disconnected.
25	Surat	28556	Dayabhai D. Patel Partner of Gayatri Road Lines.	7884.60	Suarat	34076	Sh. Anil Kishore Purshottambhai Pandya. Partner of Gayatri Road Lines.	Do.
26	Madurai (Tamilnadu)	31580	Damayanti Corporation	2726.35	Madurai	..	Two partners obtained new connections.	Out of Rs. 2726.35 a sum of Rs. 1900/- has since been realised from the two partners. The balance is to be adjusted from the O.Y.T. deposit of telephone working in the name of wife of one of the partners.
27	Aligarh	144	M/s. Laxmi Dall Mills	2772.85	Aligarh	5291	M/s. Shiv Shakti Dal Mills.	Recovered in full.
28	Varanasi	64931	Dinesh Enterprises	2076.45	Varanasi	66070	M/s. Dinesh Enterprises	Paying in instalments.
29	M	65343	M/s. Jai Durga Steel Rolling Mills, Azamvali Kathi, Mughalsarai, Varanasi.	1792.30	Calcutta	342197	Ramesh & Co. Kailash Bose St. Calcutta-9.	Case as taken up with GMT, Calcutta.
30	M	65544	Sh. Amritlal Sahu Azimu Wali Kathi, Mughalsarai.	732.85	"	554142	Calcutta address not known.	Do.

1	2	3	4	5	6	7	8	9
31	Varanasi	62913	Agarwal Electric Store, Bans Phatak, Varanasi.	453-05	Varanasi	65219	M/s. Agarwal Electric Stores, Plot No. 8-B-4/ 198, Dumruo Bagh, Assi. Varanasi.	Paid in full.
32	..	62245	M/s. Metal Goods Manu- facturing Co. Pvt. Ltd., Vidyapeeth Road, Varanasi.	209-30	..	62520	M/s. Metal Goods Manu- facturing Co. Pvt. Ltd., Vidyapeeth Road, Varanasi.	Do.
33	..	65738	M/s. Banaras Dal Mills, Muchhancari Park, Varanasi.	609-65	..	62759	M/s. Banaras Oil Mills, Muchhancari Park, Varanasi.	Paying in instalments.
34	Agra	62196	Sh. Jaswant Singh	1129-30	Gwalior	22545	Hindustan Road Service	Detected in August, 1976. Rs. 842-45- 76. Rs. 842-45 adjusted in June, 77 For balance amount DET Gwalior addressed to get a cheque drawn on Gwalior Bank.
35	..	7554	R.S. Industries	1972-30	Agra	74101	B.D. Sharma.	Detected in Feb. 77 Recovered in Full.
36	..	76744	Calcutta Cycle Corporation	3499-25	Agra	74191 73018	Rampal Rameshwar Lal	Traced in Feb. 77 Payment received.
37	..	76304	Bhagwan Das Agarwal	4489-00	..	75581	Gopal Das Saraf	Traced in Feb., 77 Payment being realis- ed in instalments.
38	..	74597	Tej Prakash	1464-35	Etmudhpur	28250		Rs. 500/- Realised in Oct., 76. For balance S.D.O. Agra has been

39	..	76452	Mukesh Kumar Keshwa Lal	3555 53	Agra	73284	Gangaram Sitaram	addressed to disconnect the working connection. Traced in July, 76. Payment is being realised in instalments.
40	,	73515	Pali Ram Bhai Amba Lal	3926 00	..		Patel Garment Industries, Madras.	Party traced in Jan., 77. Undisputed amount Rs. 1281.25 paid on 27-1-77.
41	..	72537	D.N. Agarwal	1724 40	..	62343	Mrs. Munna Devi	Traced in March, 77. Amount of instalment of Rs. 200 paid on 21-5-77. Party stopped payment.
42	..	62469	Badri Prasad Gupta	4139 30	..	63718	Naraini Devi	Party traced in Aug., 76. Amount is being realised in instalments.
43	..	62428	M/s. Mahesh Industries	3552 50	..	72726	Bishambahr Nath Bur. Ganga	Traced in Oct., 76. Payment is being realised in instalments.
44	..	61586	A.C. Chaturvedi	5433 45	..	72457	A.C. Chaturvedi	Traced in Dec., 76. Amount is being recovered in instalments.
45	..	74689	R.K. Oil Mills	844 55	..	64485	Satish Oil Mills	Traced in Sept., 76. Amount got realised on 28-9-76.

APPENDIX III

(Vide Para 1.41)

Statement showing the number of cases of short recoveries/failure to issue bills detected by internal check (internal Audit) during the years 1974-75, 75-76 and 76-77

Units	1974-75		1975-76		1976-77	
	Failure to issue bills.	Short recoveries	Failure to issue bills.	Short recoveries	Failure to issue bills.	Short recoveries
<i>Telephone Districts :</i>						
1. Delhi	33	..	529
2. Calcutta
3. Bombay
4. Madras	498	48
5. Hyderabad	34	..	35
6. Bangalore	..	14	..	125	..	101
7. Ahmedabad	3	288	6	94	10	176
8. Poona	..	1	..	1	..	..
9. Kanpur	1	37	..	21	..	..
10. Nagpur	..	32	..	12	..	31
11. Patna
12. Jaipur
13. Coimbatore	17	..	15
14. Lucknow	3	..	2
15. Ernakulam	20	..	..
16. Indore
17. Amritsar
18. Surat

1	2	3	4	5	6	7
<i>Telecom. Circles :</i>						
19. Andhra . . .	8	7	49	3	6	35
20. North Eastern . . .	..	..	8	1	108	279
21. Bihar . . .	..	..	..	..	..	..
22. M.P. . . .	..	..	..	..	..	..
23. Maharashtra . . .	..	..	..	..	..	..
24. Gujarat . . .	..	..	..	263	..	245
25. J. & K. . . .	..	..	..	..	13	46
26. Kerala . . .	..	..	15	19	212	78
27. Karnataka . . .	..	..	5	6	1	1
28. Orissa . . .	..	..	..	..	..	..
29. North Western . . .	24	135	41	8433	50	148
30. Rajasthan . . .	..	..	..	..	..	..
31. Uttar Pradesh . . .	160	87	142	201	35	27
32. West Bengal . . .	..	..	..	..	22	150
33. Tamil Nadu . . .	..	..	..	15	82	46
GRAND TOTAL . . .	196	601	266	9241	1037	1992

APPENDIX IV

(Vide Para 2.22)

Copy of office of the Director General of Posts and Telegraphs Letter No. 97-5/76-TPL(P) dated 4 September, 1977 addressed to all Heads of Telecommunication Circles.

A case has come to light in which a proposal for transposition of pairs and reconstruction of a non-C-8 line for 8-Channel working was not examined in depth by the concerned field units and this has invited the attention of the Public Accounts Committee.

2. Stated briefly, the case is that, on a scrutiny of the traffic load on a route, the proposal for the installation of an 8-channel carrier system between two important stations was approved in a Circle. The work involved the retransposition of an existing VF pair to NCJ scheme and replacement of the existing 3-channel stackable carrier system. The Circle sanctioned the estimate for retransposition of the VF pair to NCJ scheme on the existing AB alignment, but at the time of commencement of the work, it was felt that the line was not strong enough to carry all the pairs as may be required on an NCJ line. Accordingly, the Circle then decided to replace the existing AB post line by an A plus BC post line, but while deciding the change in specification, the financial implications were not taken into consideration. The project was originally showing a marginal profit, but this major change in the specification could have vitiated the profitability of the scheme. Normally a fresh sanction should have been obtained for the work as per the modified specification but this was not done.

3. With a view to avoid recurrence of such cases, whenever works for retransposition of existing VF pairs to NCJ scheme are planned, the following instructions are to be borne in mind by all concerned:

- (i) The line, after reconstruction, should be strong enough to cater for pairs likely to be erected in future for at least 10 years.

- (ii) The line should be able to cater for at least 2 C-pairs and 2 J-pairs, in addition to any VF trunks and telegraph wires that may come up on the route.
- (iii) Advantage of reconstruction of the line must also be taken for shifting the line to safe distances from power parallelism, if any,
- (iv) Change in specification, if any, should be got approved by the competent authority, before undertaking the work according to proposed changes.
- (v) The financial implications of any changes in an approved scheme must be taken into account before implementing the changes.

APPENDIX V

(Vide Para 3.59)

Details of indents released on Circle Store Depot, Lucknow by Project Officers for various qualities and sizes of cables

Annexure I

Types and Nomenclature of cable		Quantity identified (Metres)	Indent particulars and date
<i>Annexure I</i>			
(1) <i>Estimate No. 6815-D(b) of 1970-71 sanctioned on 19-6-1971.</i>			
Cable	LSDC	1000/6.5 lbs.	810 M
"	"	800/6.5 lbs.	1120 M
		600/6.5 lbs.	1400 M
		400/6.5 lbs.	530 M
		300/6.5 lbs.	558 M
		200/6.5 lbs.	5935 M
		150/6.5 lbs.	2515 M
		100/6.5 lbs.	2070 M
			W-158/4 dated 19-7-71.
			W-158/34 dated 19-7-71.
			W-158/15 dated 14-9-71.
			W-158/3 dated 19-7-71.
(2) <i>Estimate No. 7803-D(b) of 1972-73 sanctioned on 13-6-1972.</i>			
Cable	LSDC	1000/6.5 lbs.	1080 M
"	"	600/6.5 lbs.	1657 M
"	"	300/6.5 lbs.	1795 M
"	"	200/6.5 lbs.	1572 M
"	"	200/10 lbs.	340 M
"	"	100/10 lbs.	3287 M
"	"	100/6.5 lbs.	925 M
"	"	50/6.5 lbs.	1370 M
			W-196/44 dated 20-7-72.
			W-196/3 dated 20-7-72.
			W-196/4 dated 20-7-72.
(3) <i>Estimate No. 7802-D(b) of 1972-73 sanctioned on 26-5-1972.</i>			
Cable	LSDC	1000/6.5 lbs.	688 M
"	"	800/6.5 lbs.	685 M
"	"	600/6.5 lbs.	980 M
"	"	300/6.5 lbs.	65 M
			W-195/9 dated 1-1-73.

Type and Nomenclature of cable		Quantity indented (Metres)	Indent particulars and date	
"	"	200/6.5 lbs.	2110 M	} W-195/9 dated 1-1-73.
"	"	100/ 10 lbs.	3100 M	
"	"	100/6.5 lbs.	5915 M	
(4) Estimate No. 7513-D(b) of 1971-72 sanctioned on 7-2-1972.				
Cable	LSDC	100/ 10 lbs.	1840 M	} W-189/2 dated 3-3-72.
"	"	100/6.5 lbs.	550 M	
"	"	50/ 10 lbs.	3850 M	
"	"	50/ 20 lbs.	5650 M	
"	"	20/ 20 lbs.	900 M	} W-189/3 dated 3-3-72.
"	"	20/ 10 lbs.	4650 M	
"	"	20/6.5 lbs.	600 M	} W-189/2 dated 3-3-72.
"	"	50/6.5 lbs.	4050 M	
(5) Estimate No. 7873-D(b) of 1972-73 sanctioned on 8-5-1973.				
Cable	LSDC	300/6.5 lbs.	1795 M	} W-7873-D(b) dated 4-8-1973.
"	"	200/6.5 lbs.	160 M	
"	"	100/ 10 lbs.	2900 M	
"	"	100/6.5 lbs.	3650 M	
"	"	50/10 lbs.	4650 M	
"	"	50/6.5 lbs.	8243 M	
"	"	20/ 10 lbs.	7765 M	
"	"	20/6.5 lbs.	11540 M	
(6) Estimate No. W6808-D(b) of 1969-70 sanctioned by DET Varanasi on 2-1-1970				
Cable	LSDC	20/10 lbs.	3400 M	W-149/4 dated 16-11-1969.

Cable Position (Receipts) (Metres) from Feb. 1973 to March, 1976

Size of Cables	Pair	1000	800	600	400	300	200	150	100	50	20	200	100	50	20	50	20
	lbs.	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	10	10	10	10	10	20
Requirement for 3000 (5100-8100) lines.		2578	1805	4037	530	2808	9777	2515	13111	13663	12140	340	11127	8500	15815	5650	900
February 73		540	3674	..	..	3574	..	..	..	500	..	..	..
March, 73		1600	..	..	..	..	..	..	..	..	..	..	..	..	..
April, 73		600	1600	2200	..	..	..	..	5961	..	..	..	..	..	..	..	..
August, 73		2370	2000	..	..	..	..	..	..
September, 73		200	..	..	..	1215	2541	..	503	..	2000	..	..	..	..	..	..
October, 73		303	..	..	..	690	..	..	..	..	..	..	..	..	..	..	..
January, 74		980	..	..	..	..	..	500
February, 74		200	..	..	200	..	..	..	300	..	..	..	..	..	500
March, 74		1570	200	..	305	..	815	..	12532	4000	2000	250	1500	..	..	4000	..
July, 74		2658	..	..	..	..	..	..	..
September, 74		1000	..	..	..	..	..	..
November, 74		1000	..	..	..
December, 74		500	..	..	..	..

January 75	.	.	.	.	.	.	.	.	.	.	.	.	.	3000	.	.	.	.
February, 75	.	.	.	.	.	.	.	.	.	.	.	1000	.	500	.	.	.	.
February, 76	.	.	.	.	.	.	410	.	.	.	500	500	.	.	.	.	.	.
March, 76	.	.	.	.	.	.	90	.	.	.	1000	500	.	.	.	.	.	.
TOTAL	.	.	.	2673	1800	4000	305	2445	7730	.	18996	14102	10280	250	5500	1500	.	4000	1000
Sho tage : (-Ve)	.	.	.	-5	-37	-225	-363	-2047	-2515	+5885	+439	-1860	=90	-5627	-7000	15815	=1650	.	.

Important Cable still to be received (as on 31-3-1976)

Size of cable	Length of cable
20/6.5	1860 M
200/ 10	90 M
100/ 10	5627 M
50/ 10	7000 M
20/ 10	15815 M
50/ 20	1650 M

APPENDIX VI

Statement showing the Conclusions/Recommendations

S. No.	Para No. of Report	Ministry/Department concerned.	Conclusion/Recommendation
1	2	3	4
1	1.27	Ministry of Communication, (P & T Depet)t	<p>The Committee note that the telephone revenues were outstanding to the tune of Rs. 5.50 crores for the bills issued upto 31 March, 1976. Another Rs. 3.11 crores relating to bills issued during 1976-77 were added, thus making the total arrears of telephone revenue as on 1st July 1977 to Rs. 8.61 crores for the bills issued upto 31st March, 1977—an increase of 57 per cent as compared to all the outstanding in the past (i.e. upto 1975-76). While Rs. 6.92 crores (4.6 per cent) were outstanding as on 1st July 1972 against Rs. 149.59 crores billed during 1971-72, those relating to the year 1976-77 were Rs. 8.61 crores (2.3%) as on 1st July 1977 against the total billing of Rs. 370.02 crores during that year. The position is worse in the latest six months period—the amount billed from 1-4-77 to 30-9-77 being Rs. 167 crores and the amount of arrears being Rs. 13 crores which comes to 8 per cent.</p>
2	1.28	-do-	<p>The Committee, appreciate that there has been a continued increase in the number and amount of bills issued each year by</p>

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the Directorate due to rapid expansion of tele-communication network during the past several years coupled with the increase in tariff. They also appreciate that there has been progressive decrease in the percentage of outstandings to the amount billed, but if the amount outstanding for the period 1-4-77 to 30-9-77 is any indication the percentage of arrears to the amount billed is on a high side which is disquieting. Moreover, even with the declining trend of arrears between 1971-72 and 1976-77 the overall figures of outstandings continue to rule in the range of Rs. 7 to 10 crores for the last many years, these being Rs. 6.92 crores on 1 July 1972; Rs. 7.12 crores on 1 July 1973; Rs. 7.28 crores on 1 July 1974; Rs. 10.35 crores on 1-7-1975; Rs. 7.71 crores on 1-7-1976 and Rs. 8.61 crores on 1 July 1977. This indicates that though current arrears might have been checked to some extent, progress in the clearance of old outstandings is very slow and no significant progress has been made in this respect. This is also evident from the fact that against the outstanding amount pertaining to the years upto 1964-65 standing at Rs. 0.55 crores on 1-7-1972, an amount of Rs. 0.16 crores was still outstanding on 1-7-1976. The Committee is all the more justified in arriving at the conclusion that even after writing off some arrears yearly, as for instance Rs. 28.03 lakhs and Rs. 22.50 lakhs in 1975-76 and 1976-77 respectively old outstandings continued to be shown year after year thus making the arrears list still bigger.

Apart from the magnitude of arrears, which itself is a disturbing situation, the Committee are perturbed to note that huge amounts ranging from as high as Rs. 39.000 in the case of one private indivi-

dual (Maharaja of Sikkim and his family members and Government of ex-Chogyal of Sikkim) and Rs. 1,79,700 on Government side (Civil Defence, West Bengal) and others were due during 1974-75. Similar position exists for the years 1975-76 and 1976-77, both for private as well as Government subscribers. The cases of ten top individuals and organisations including Government subscribers (Appendix II) from whom highest amounts of arrears of telephone revenue are due, are illustrative of the seriousness of the problem. This situation needs to be remedied early.

4

1.30

Ministry of Communi-
cations (P & T Deptt.)

The Committee have been informed that further steps have been taken to reduce the arrears as also to increase financial powers of Circle/District Heads for writing off the outstandings of telephone dues especially in cases where the amounts of closed telephone connections do not exceed Rs. 250/- in each case provided the outstandings are more than 5 years old. Guidelines to Heads of Telecommunication Circles|Telephones Districts are also stated to have been issued on 4 December 1975 and repeated on 22 January 1976 for achievement of substantial improvement over the existing position of recovery of arrears. The Committee also find that the P & T Board have issued orders on 4 July 1974 to set up a High Power Committee in each Circle|Telephone District with the Head of the Circle/Telephone District as Chairman assisted by the Internal Financial Adviser and two other senior officers to review all cases of arrears and to determine what should be written off. All these

and other measures are welcome. But from the figures placed before the Committee, they feel that in spite of their highlighting the problem in their 122nd Report (Fifth Lok Sabha) and reiterated in 143rd Action Taken Report (1974-75) and inspite of assurance of the Government that "the Committee's recommendations have been noted and will be acted upon", the position continues to be unsatisfactory. The Committee, therefore feel that the whole question of arrears should be gone into thoroughly with the seriousness that it deserves so that the factors for slow progress could be identified and remedial measures taken. Specific responsibility should be fixed for recovery of arrears. Targets should also be fixed separately for cases which are very old, those relating to last five years and the fresh cases. Special drive on the lines launched in January 1972, vide paragraph 1.5 of 122nd Report, should be started to recover the outstandings of 1960s and in case these have become irrecoverable, prompt action should be taken to write them off in consultation with the Internal Finance.

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5 1.31 -do-

In this connection, the Committee would like to recommend that the feasibility of imposition of a surcharge over the telephone bills at the rate of 5 per cent or so may be examined where the payments of the bills are not made by the scheduled dates. This will not only expedite the payment of bills but will also enhance the revenues of the Department where the payment of the bills is not made in time.

6 1.32 -do-

The Committee are also not happy about the position of arrears in respect of Government subscribers. The figures furnished in

this regard show that Government subscribers continue to account for substantial amount of arrears of telephone revenue. Out of total arrears of Rs. 6.28 crores during 1970-71, Government subscribers accounted for Rs. 2.33 crores (37 per cent). Similarly, a sum of Rs. 2.29 crores (30 per cent) out of Rs. 7.71 crores was outstanding against this category of subscribers during 1975-76. The Committee note that for expediting collection of outstanding bills from Government Departments, Chief Secretaries of all the State Governments and Secretaries of Central Ministries were addressed as late as in 1973 to issue instructions to their officers to arrange expeditious settlement of telephone bills and also to nominate Liaison Officers to whom cases of outstanding bills could be referred by Departmental Officers for expediting realisation. In spite of these instructions, there is no significant change in the volume of arrears towards Government subscribers from 1973 till now. The Committee desire that the whole question of recovery of telephone arrears from Government bodies may be examined *de novo* and suitable measures taken for their expeditious recovery within a time-bound programme. The Committee urge that the progress made in this regard should be watched every three months so that further steps not only to eliminate the earlier arrears but also to contain their further accumulation could be taken in time.

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amount of arrears from non-Government subscribers was Rs. 3.95 crores in 1970-71. It has now touched Rs. 6.38 crores. Apparently the measures taken from time to time have not succeeded to discipline the private subscribers. The Committee feel that stringent measures should be taken to ensure that the arrears do not increase.

One of the deterrent measures that could have been adopted but has not so far been adopted is the disconnection of telephones. The Department seems to be very indulgent to the subscribers in this respect. Only after personal contacts fail that the action is taken for disconnection. The Committee do appreciate that it may not be practicable to disconnect telephones, particularly in respect of Defence installations and other sensitive Departments, but there is no reason why the Department should not take deterrent measures in other cases.

8

I-34

-do-

The Committee are further concerned to note the increasing trend in the number of firms|individuals who continue to enjoy the telephone facility by getting new connections in the name of new firms|persons although their telephones were cut off for non-payment of bills. While the Committee have been furnished with the particulars of such firms numbering 7, 15 and 45 during each of the years 1974-75, 1975-76 and 1976-77 respectively, they believe their number would be much more on account of those subscribers who still remain undetected. Even in respect of detected cases the amount of revenues involved appears to be very high. The Committee would like the Ministry of Communications to investigate the

matter in depth so as to ensure that there is no collusion between the subscribers and the Officers of the Department in the matter of recovery of telephone revenue.

9 1.35 Ministry of Cammuni-
cations (P & T Deptt.)

The Committee are surprised to note that due to certain disputes and court injunctions etc., telephones were not disconnected in a large number of cases inspite of the fact that the telephone bills of the subscribers concerned had gone in arrears for more than 6 months. The number of such cases during 1974-75, 1975-76 and 1976-77 was 582, 256 and 294 respectively. The Committee see no reason why as many as 243 disputed cases in 1974-75, 202 cases in 1975-76 and 196 cases in 1976-77 of the above total cases should remain unsettled. They would urge that those cases should be settled expeditiously without loss of further time.

10 1.64 -do-

The Committee take a serious view of the short recoveries as well as failure to issue bills by the Department. In Paragraph 1.7 of their 122nd Report (Fifth Lok Sabha) they had desired to be informed about the outcome of the study regarding billing and accounting procedure then being made by a committee. The Government in their reply reproduced in Chapter II of the Committee's 143rd Action Taken Report (Fifth Lok Sabha) had stated that the P&T Board had generally accepted recommendations of that Committee and the

revised billing|accounting procedure based on those recommendations had been introduced in small and medium size Telephone Revenue Units with effect from 1-7-1970. Like-wise, in respect of major Telephone Districts, computerised billing on Service Bureau basis had been introduced at Delhi, Bombay, Madras and Calcutta. However, the Committee regret to find that all these and other measures, such as issue of instruction etc., stated to have been taken by the Directorate have not yielded the desired results of eliminating these lapses. The position on the other hand has rather deteriorated and taken alarming proportion. According to the information furnished to the Committee, the short-recoveries of Rs. 8.01 lakhs during 1974-75 have risen to Rs. 21.69 lakhs during 1976-77 and similarly in the case of failure to issue bills the figure of Rs. 2.43 lakhs in 1974-75 has gone up to Rs. 18.52 lakhs in 1976-77.

133

11 1.65

-do-

Surprisingly enough, the Member (Finance) P.&T. board has conceded during evidence that 'it has never come to the notice of the Directorate as a serious issue which needs issue of a directive from this place' and that 'nothing has been done centrally about it'. The Committee cannot but deplore the indifferent attitude of the Department to this serious lapse. They would like to urge that responsibility for failure to issue bills, short billing or excess billing should be fixed at all levels so as to ensure that there is no recurrence of these lapses. The Committee would also stress the need of conducting a thorough investigation into the working of the billing system with a view to clearly identifying reasons for in-

dividual cases of short recoveries and of non-issue of bills thus bringing the defaulters to book if found to have done with a *mala fide* intention or for any pecuniary gain.

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I. 66

Ministry of Communi-
cations (P & T Deptt.)

The role of the Internal Audit also does not appear to be effective. The Committee have noted that augmentation of the Internal Check Organisation is now under consideration of the Directorate. They would like to be informed of the concrete steps taken in this direction and the result achieved. In order to keep abreast of the functioning of the Internal Audit, the Committee feel that periodical checking at the Directorate level is also essential.

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I. 67

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The Committee have been given to understand by the Secretary, Ministry of Communications that computer system has been introduced for billing and accounting in certain big cities and Telephone Districts. They are happy to note further that after some initial difficulties, the system has now come to stay and the working of computers is generally satisfactory. At the same time the Committee are somewhat distressed to learn that in Delhi District there has been of late approximately 2 months delay in issue of telephone bills due to non-availability of Computer time to the extent of actual requirement. They learn that due to the inability of the Delhi Computer Centre to handle the work of telephone billing in Delhi tenders from outside agencies had been invited and as on 12 December 1977 three to four months time was required for switch-

ing over to another agency. The Committee hope that a watch on the performance of the new agency shall be kept from the beginning so that the type of defects which were noticed when the billing was being done at Delhi Computer Centre do not recur. The Committee also hope that with more and more computerisation in the coming days, the time taken in billing will come down.

Closely connected with the failure to short-billing is the problem of wrong billing|excess billing. The Committee learn that this happens primarily due to fault in meter or unnoticed STD calls made at the subscriber's end. The number of complaints received during 1975 was 63,000 involving 14.59 lakh telephones and the number of bills being 58.36 lakhs during that year. Rebate had to be given in as many as 8581 cases. The Committee are perturbed to find that the number of such complaints is on the increase every year, these being 134176 during 1976-77 as against 78264 during 1972-73—an increase of 71 per cent over the last 5 years. The Committee concede that over the years the number of telephone connections have also ncreased. Even so, the number of complaints is suggestive of the fact that the wrong billing is perhaps a regular feature. The Committee therefore recommend that whereas genuine cases should be dealt with promptly to restore confidence in the service, test check of the over billing and rebate given over and above a reasonable limit should be made to identify the actual causes of over-billing with a view to taking remedial measures for the future and to ensure that the rebate given is genuine and the powers delegated in this regard are not misused.

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1.69

Ministry of Communi-
cations (P & T Deptt.)

Coming to litigation, the Committee find that this recourse had to be resorted to for recovery of Rs. 25.36 lakhs as on 1 July, 1976 from private subscribers. The Committee would like to place on record some interesting statistics in this regard. The number of cases under litigation was 3237 for bills involving less than Rs. 250/- each and 3423 were in respect of bills for more than Rs. 250/- as on 1-7-1977. The oldest case under litigation relates to the year 1956-57 involving Rs. 1530/-. The highest amount involved in litigation is Rs. 1,15,000/- due from M/s. J & K Cotton Mills, Kanpur and the lowest amount is Rs. 120/- pertaining to a Raipur subscriber. The amount spent on litigation during 1974-75 was Rs. 53002.08 and the number of cases decided was 152. As against this, in 100 cases decided during 1976-77, Government had to spend Rs. 51042.37.

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The Committee have been informed that instructions have been issued to all the Units that since litigation is a long drawn and expensive process, no litigation should be taken up for amount of bills below Rs. 250/-. In view of the heavy amounts spent on litigation each year, the Committee would like to urge that the problem should be studied in depth with reference to its economics and the results achieved in the past for formulating further policy in this regard. They would also like the Department to lay down more comprehensive and clear cut guidelines for going in for litigation as the last resort.

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The Committee regret to note that during 1975-76 arrears amounting to Rs. 28.03 lakhs were written off due to various reasons, the noticeable among them being 'whereabouts of the subscriber not known' (Rs. 14.20 lakhs); 'death of subscribers' (Rs. 1.75 lakhs) and 'relevant departmental files not available' (Rs. 0.35 lakhs). During the last 6 years 1971-72 to 1976-77 the total amount written off was Rs. 111.55 lakhs. The highest amount involved in a case in which whereabouts of the subscriber were not known, was Rs. 9988.28. The Committee would like Government to ensure that before writing off, the Directorate has satisfied itself of exploring all avenues including police help in locating the subscriber and recovering the dues. In this connection, the Committee recommend that the feasibility of introducing personal surety bonds at the time of installation of telephones might be examined so that in bad cases the arrears due from the subscribers could be recovered from their surities.

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17

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The Committee feel equally concerned about the loss of departmental papers pertaining to telephone revenues which have become a regular feature each year. Rs. 35000/- during 1975-76 and Rs. 25,000/- during 1976-77 had to be written off as a result of loss of files. In this context the Committee would like to reiterate their earlier recommendation made at Paragraph 1.8 of their 122nd Report (Fifth Lok Sabha) on this very issue and desire that the Directorate should take a serious view of this problem and ask the authorities concerned to investigate thoroughly all cases involving big amounts with a view to finding out whether any *mala fide* intention was involved, fix responsibility and take remedial measures for the future.

The Committee recommend that deterrent punishment should be given in case of proven collusion.

18

2-23

Ministry of Communi-
cations (P & T Deptt.)

The Committee note that the project for the installation of 8-Channel transistorised carrier system in replacement of the existing 8-Channel system between Dumka and Deogarh for providing adequate telecommunication services in Dumka, District Headquarters of Santhal Parganas, a backward area in Bihar State, was approved in March 1970 at an estimated cost of Rs. 1.15 lakhs. Detailed estimates for the work were sanctioned in October 1972. Though according to the original estimate, the work was to be completed in two months' time, it took as long as 6 years in commissioning the system in October 1976, after its approval. The principal reasons for delay in execution of this project are stated to be (1) the replacement of the alignment of existing AB line by A4BC line so that it can carry additional NCJ pairs for use in future, the existing line being not in a position to carry this load of NCJ pairs in a Section of 16 Km. between Dumka and Jama and (2) realignment of the line between Deogarh and Ghormara to avoid 'induction' due to high tension power line laid by Electricity Department. So far as the first factor is concerned, the Department have admitted that it was a case of oversight on the part of engineer. So far as the second one is concerned it seems that although the Electricity Department laid that line subsequently the P&T Department had agreed to shift their own A4BC line to avoid induction on the specific understanding that

the Electricity Department would pay the cost of such realignment. The Committee also understand that a sum of Rs. 0.24 lakh towards the cost of realignment has been accepted by the State Electricity Board. However, what is noteworthy is that due to these alterations having to be made there was a delay in the execution of the project. The Committee would urge that a departmental enquiry be conducted to identify the reasons for delay at every stage so as to fix responsibility for taking action against those found responsible for dereliction of duty.

19 2.24 -do-

The Committee would also like to point out that the action of the State Electricity Board is also not appreciated. The P&T line was already existing there when the State Electricity Board started erection of their high power tension line parallel to the telecommunication line, without first referring the proposal to the Coordination Committee set up to deal with such issues. The Committee hope that in future every care would be taken to see that the prescribed procedure in this regard is followed scrupulously.

20 2.25 -do-

Yet another disquieting aspect of the case is that at the time of preparation of the estimate the fact that the existing AB line could not bear the load of NCJ pair was not foreseen. This led to the provision of A4BC posts thus increasing the cost of re-transposition of the pair from Rs. 0.31 lakh to Rs. 3.13 lakhs. The overall cost of the projects thus increased from Rs. 1.15 lakhs to Rs. 4.39 lakhs. The Committee desire that responsibility for this lapse should also be fixed.

1	2	3	4
21	2.26	Ministry of Communi- cations (P & T Depett.)	The Committee find that the amount of Rs. 0.24 lakh claimed from and agreed to be paid by the State Electricity Board in February 1973 towards shifting charges of the tele-communication line has not yet been realised. The Committee would urge that the matter should be taken up at higher level with the Electricity Board and the recovery of the dues made without loss of further time.
22	3.89	-do-	The Committee consider that the manner in which the expansion of the Varanasi Telephone Exchange was proceeded with is a indicative of lack of planning, foresight and coordination on part of the Project authorities which resulted in an enormous delay in execution of the project besides substantial loss to the public exchequer due to escalation of costs. The Committee take a serious view of the repeated lapses on the part of P&T Department in the matter of planning and execution of projects for installation of new telephone exchanges or expansion of the existing ones. The Committee in their 14th Report (Sixth Lok Sabha) (1976-77) had dealt with some glaring cases of long delays that occurred in the completion and commissioning of some telephone exchanges. According to paragraphs 1.71 to 1.91 of that report, an indefensible delay of 12 years had taken place in the completion and commissioning of 6000 lines automatic telephone exchange at Ludhiana in 1973. Likewise, in paragraphs 4.66 to 4.80 of the same report the Committee had deplored the delay of more than five years in the completion and com-

missioning which resulted in more than 50 per cent increase in the actual expenditure over the original estimates on the project for the expansion of Calcutta '24' Telephone Exchange sanctioned in 1965.

23 3.90 -do-

In the instant case, the Committee find that the project estimate for Rs. 21.87 lakhs for expansion of the Varanasi Telephone Exchange from 5100 lines to 6600 lines for meeting growing demand for telephone was sanctioned in February 1967. Another project estimate for Rs. 50.19 lakhs was sanctioned in March 1969, barely two years after formulation of the first expansion proposal, for further increase in the exchange capacity from 6600 to 9600 lines (an increase of 3000 lines). The project estimate of 1967 was revised to Rs. 38.29 lakhs in May 1971 but was cancelled in July 1974 on the basis of a review conducted in August 1971 which indicated that the capacity of 8100 lines would be adequate to meet the demands.

24 3.91 -do-

Though according to original schedule the 3000 lines sanctioned in March 1969 should have been completed in nine months time, only 1000 lines could be commissioned in April 1973 and the remaining 2000 lines were commissioned in April 1974. Thus the work of expansion of the Varanasi telephone exchange sanctioned in February 1967 was completed after a period of seven years. The Committee are not satisfied by the explanation given by the Department for this inordinate delay.

25 3.92 -do-

From the facts brought out during evidence, the Committee have come to the inescapable conclusion that this project is symptomatic

of bad planning, apathy and lack of functional coordination between the various executing agencies within the same department. The Secretary (Communications) had conceded in evidence that "it (project) was done only on the piecemeal basis. It was not in its totality. That is why I admitted in the beginning that it was not only lack of coordination but also there was no proper planning." The various aspects of the execution of the project are dealt with as under.

26 3-93 Ministry of Communi-
cations (P & T Depett.)

Though on the basis of the review, the question of cancellation of 1967 programme was initiated on 5 October 1971, the final decision in this regard was taken in July 1974 at the level of Member (Technical Development). That a decision on a matter of factual nature at such a higher level should have taken about three years shows the casualness with which the case was handled by the Department. The Committee cannot but regrettably conclude that the expansion programme was ill-conceived and drawn up piecemeal without proper projections of effective demands in even near future. They would like the Government to investigate thoroughly into the authenticity of the basis of first expansion of the exchange in February 1967, why the correct assessment for expansion (1969) could not be made in 1967 itself, the reasons which necessitated review of the expansion programme in 1971 when the second estimate had already been sanctioned, the reasons for revision the first expan-

sion estimate in May 1971 when the review of the project was in progress and the reasons why it took three years to cancel the first expansion programme in July 1974 after the review had been completed in August 1971. The Committee would urge that responsibility for the lapses in each case should be fixed and action taken against those found derelict in the performance of their duty so as to derive a lesson for the future.

27 3.94

-do-

The Committee further note that due to delay in the completion of the extension of the existing exchange building, equipment worth Rs. 7.62 lakhs out of a total of Rs. 8.55 lakhs meant for expansion of 1500 lines in this exchange had to be diverted to another exchange at Kanpur. The Committee further find that whereas order for equipment for 1500 lines expansion was placed on Indian Telephone Industries in July 1966 in advance of the formal sanction of the project estimate in February 1967, order for equipment for second expansion of 3000 lines sanctioned in March 1969 was placed on ITI only in October 1969. There was thus a delay of 7 months in placing order for equipment for the second expansion scheme after the sanctioning of the project estimate. The Committee take a serious view of this delay and would urge the P&T Department to streamline the procedure of placing orders for equipment at least synchronising with the sanctioning of the project estimate, if not earlier with the planning of the project.

143

28 3.95

-do-

The Committee further note that the second project estimate for further expansion of the exchange capacity from 6600 lines to 9600 lines was sanctioned in March 1969. The scheme was based on the

trend of growth of demand during the past years which had increased at the average rate of 800 per year from 1964 to 1968 after taking into account the equipped capacity and the total demand during each year. On this analogy the future anticipated growth of demand as calculated uniformly at the rate of 800 connections per year from 1968 to 1973 was projected from 6009 in 1968 to 10009 lines in 1973. However, from the figures of demand furnished by the Department, the Committee find that the total actual demand as on 31 March 1973 was 7409 against the equipped capacity of 5100 and it was 8068 on 31 March 1976 when the equipped capacity was raised to 8100 with the completion of 3000 lines expansion project. While the Committee generally agree with the plea advanced by the P&T Department that due to introduction of priced application form of Rs. 10 in 1970 and again on account of introduction of another scheme of advance deposit of Rs. 1000 in September 1975 the demand for telephone connections came down considerably from 7246 in 1970 to 6251 in 1971 and then from 8429 in 1975 to 3068 in 1976, they feel that there is need to evolve a more authentic and scientific system of ascertaining prospective demand taking into consideration the future trend of development of the area/town in respect of industry, business or housing complex or some other Government projects for that area.

Government representative during evidence that when the first increase of 1500 lines was proposed it was for meeting the immediate requirements without projecting the requirements for the future and this was stated to be due to not having 'enough equipment and also enough funds' though the Department had no data to support their contention. The Committee feel strongly on bad manner of planning projects without collection of proper data and without estimation of the requirements for the next 4 or 5 years.

The Committee feel unhappy that even after introduction of the scheme of advance deposit of Rs. 1000/- alongwith the application, telephone connection were not provided in certain cases although equipped capacity was available. This is borne out by the facts that against the equipped capacity of 8100 lines, the working connections as on 31 March 1976 were 7628 with 795 on the waiting list. Similarly, in March 1977 against the capacity of 9100 lines, there were only 8289 working connections with 181 on the waiting list. The Committee fail to understand why there should be any applicants on the waiting list when the capacity for such connections is available and the applicants have already deposited the requisite advances. As pointed out by Audit, due to delay in release of new telephone connections upto December 1975 the Department had to forego a potential revenue of Rs. 22.20 lakhs from October 1973 to December 1975. The Committee would, therefore, like the Department to review the whole position *de-novo* for issuing necessary guidelines in the matter. In the instant case the Committee would like that responsibility be fixed about these lapses.

1	2	3	4
31	3-98	Ministry of Communications (P & T Deptt.)	<p>One of the major factors contributing towards haphazard planning and late execution of the project was the delay in completion of extension of the existing exchange building for installation of equipment for increased lines which had taken about 4 years from August 1967 to February 1971. The Committee note that an estimate for Rs. 2.37 lakhs for extension of the exchange building was sanctioned in August 1967 although the project estimate of February 1967 included provision for extension of the building. The contract was awarded 21 months thereafter in April 1969. Although the work, according to the Audit paragraph, was required to be completed by March 1970, it took 22 months for completion by February 1971 at a cost of Rs. 1.52 lakhs. The reasons advanced by the Department for delay at various stages of the construction work are not convincing. The preparation of detailed working drawings after the issue of administrative approval and sanction took 12 months instead of the normal period of 5/6 months. Even the checking of the building again with regard to its suitability for extension work took 2 months. Strangely enough, the preparation of detailed estimates and inviting of tenders took as much time as about 5 months. The lowest tender had to be rejected because it was not valid. Re-invitation of tenders took another 2/3 months and the contract could be awarded in April 1969 to the only tenderer who had responded to the second tender enquiry for completion within 11 months from the 15th day after award of the work, i.e. by March</p>

1970. The Committee feel that all these contributory factors for delay including shortage of cement could have been tackled by advance planning and making a cautious approach to each problem. They desire that the reasons for delay at each stage should be thoroughly analysed for fixing responsibility and taking remedial measures for future.

The Committee further find that the firm to which the contract was finally awarded had also tendered in the first instance and the tendered amount was Rs. 1.44,647 against the estimated cost of Rs. 1,24,711 (15.10 per cent above C.I.). However, as a result of negotiations with this firm in the second turn, the contract was awarded at Rs. 1,30,172 against the estimated cost of Rs. 1,19,267 (9.15 per cent above C.I.) after deletion of items 2, 4 and 5, S.H. 8 Roofing. A condition (which was not there in the first call) put forth by the tenderer that 'cement may be issued F.O.R. Varanasi' was also accepted. The Committee would, therefore, like Government to investigate into the matter and satisfy themselves that no irregularity of a serious nature was involved in awarding the contract and that the Government have not been put to any loss in the overall cost of the construction work particularly in view of the fact that the agreed supply of cement by the Department had caused much delay in the completion of the work and also the job was completed for Rs. 1.52 lakhs as against the estimated cost of Rs. 2.37 lakhs but contracted cost of Rs. 1,30,172. It is all the more surprising that the preliminary estimate prepared by S.E. Calcutta should

have provided for the plinth area rate for a complete building including the element of foundation whereas the requirement was for extension of the existing building only. This had unnecessarily inflated the estimated cost of construction.

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3.100

Ministry of Communications (P & T Department) DGS & D

The Committee have noted that in spite of the Departmental instructions issued in September 1970 that 90 per cent of the exchange capacity should be utilised soon after expansion or in any case not later than 6 months of such expansion, the actual utilisation of capacity of the Varanasi telephone exchange expanded to 6100 lines in April 1973 and 8100 lines in April 1974, the percentage of utilisation to the installed capacity has been considerably on the low side, fluctuating between 69.7 to 89.4 per cent between October 1973 and December 1975. The position was worst in April 1974 when spare capacity was 1885 and the number of waiting applicants at that time was 2287. The Committee agree that completion of formalities for releasing the connections may take some time but they feel that a little extra effort on the part of those entrusted with avowed job of executing the Government programmes and serving the nation could have given almost the opposite results by virtually clearing the whole waiting list much earlier and thus avoiding potential loss of Rs. 22.20 lakhs to the Department on this account as worked out by the Audit. The Committee have noted that instructions already issued in this regard have been reiterated

enjoining upon the authorities concerned to take advance action as far as possible for providing new connections within short time after completion of expansion of the exchange. The Committee would however, like to point out that though several instructions have been issued to the General Manager, Telephones by the Board, they are honoured more in the breach than in observance. The Committee, therefore, desire that there should be a system of follow-up of instructions and steps should be taken to see that the desired results are achieved and the basic weaknesses which have been plaguing the execution of P&T projects are completely eliminated. The Committee would also like the P&T Directorate to make a fresh look into the whole procedure of providing fresh connections and find out if it could be simplified further to some extent with a view to reducing the long time taken in completing a plethora of formalities and a number of complicated forms to be filled in by the subscribers, of course without sacrificing Government interest.

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3-101

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What has distressed the Committee more in this context is the fact that the main reason for slow utilisation of the exchange capacity was shortage of cables. The Committee note that though the first project estimate was sanctioned in February 1967 followed by another one in March 1969, orders for cables were placed on Circle Store Depot, Lucknow, from July 1971 onwards and the supplies were made progressively from February 1973 to March 1976. Thus it took about 5 years in getting full requirement of cables from the Depot. Even if the plea of the Department that a coordinated plan for projects calls for securing cables only after some progress

has been made on the building and equipment front is accepted at its face value, the Committee fail to understand how the Department could justify the delay of further 5 months in placing the indent on Circle Store Depot, Lucknow only in July 1971 when not only the construction of the building and the receipt of equipment had made some progress but these had been completed in February and March 1971 respectively. It seems that in their zeal to follow the criteria of placing orders for cables only after completion of the building or receipt of equipment, the Department had overlooked completely the time required by the Circle Store Depot to service a particular project. The Committee feel that the authorities concerned are responsible to the extent of not initiating action for placing indent for cables on the Store Depot well in time in 1969-70 itself and are, therefore, liable for of action being taken against them for this costly lapse after making thorough enquiry into the matter.

35

3.102

Ministry of Communications (P & T Department)/CGS & D

Equally unaccountable is the delay in planning, indenting, receiving, installing, commissioning and handing over of the air-conditioning plant meant for protecting the delicate and sophisticated exchange equipment, which in all took more than 70 months from October 1971 to August 1977. The extension of the exchange building was completed in February 1971 and installation of equipment was started in June 1971 but the detailed estimate for air-conditioning plant for the exchange was sanctioned for Rs. 2.77

lakhs only in October, 1971 and the indent for procurement of the plant could be placed on the Director General, Supplies and Disposals about 20 months later in June, 1973. The reason advanced for this delay is that re-arrangement of the available rooms in the exchange building to accommodate the air-conditioning plant was desired and to finalise these and other arrangements for supply of electricity and water and also providing a hole in the roof for the air-conditioning duct a meeting at-site of the authorities concerned with the execution of different works was considered necessary which took some time and was finally arranged on 2 March, 1973. The detailed arrangements were finalised at that meeting but the indent could finally be placed on DGS&D in June, 1973, about 4 months thereafter. In this regard the Secretary (Communications) has admitted during evidence that 'unfortunately there has been lack of coordination in this particular project, in all the 3 operations, starting from equipment and construction of the building and finally in the matter of air-conditioning'. He had further admitted that there was no justifiable explanation with the Department for unwarranted delay. Another representative of the Ministry had also conceded during evidence that '....the building came up in 1971 and they started working on air-conditioning thereafter. This should have been started earlier'. The Committee desire that responsibility should be fixed for this costly lapse at senior supervisory levels.

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The Committee further find that though the indent was placed on the DGS&D in June, 1973, the air-conditioning equipment

was received in December, 1975. The Committee take a serious view of the inefficient handling in the Director General, Posts and Telegraphs Office of the tenders sent by the DGS&D for acceptance. The Committee are surprised to learn that all the three letters, the first enclosing the tender enquiry and two subsequent reminders thereto should have been misplaced and were found only when the letter of DGS&D cancelling the indent was received. This resulted not only in unwarranted delay in finalising the contract for supply of air-conditioning plant for Rs. 4.11 lakhs by issuing a fresh tender enquiry but also in escalation of cost to the tune of Rs. 1.82 lakhs over and above the lowest offer received in the initial tender call.

37 3-104 Ministry of Communi-
cations (P & T Dept.)

The Committee have been informed that the enquiry ordered into the misplacement of the three letters is in progress. They would like to be informed of the action taken in pursuance thereto against those found responsible for this serious and costly lapse.

38 3-105 -do-

The delay also resulted in an expenditure of Rs. 0.71 lakh on provision of ten window-type air-conditioners to protect the equipment in the absence of regular air-conditioning plant between June, 1971 and July, 1974. The loss in terms of efficiency of the project, in the absence of proper air-conditioning plant, is not capable of quantification in monetary terms. But if the rise in the number of complaints received during 1974-75 is any indication it shows that the exchange with improvised airconditioning was not working satisfactorily.

The performance of the supplier firm M/s Air Conditioning Corporation, New Delhi is equally unsatisfactory. The air-conditioning plant received in December, 1975 was installed in September, 1976. It has been admitted in evidence that the target date given to the firm for completion of the work was 5 June, 1976 but it was not completed. The commissioning of the plant was further delayed by 3 months as some works had to be carried out and it was ultimately commissioned on 28 December 1976, when the winter test (first in the series of three tests) was conducted. It passed the summer test on 25 June, 1977 and could be finally taken over only on 11 August, 1977 when it passed the third and the last test of monsoon. The Committee would like Government to examine in consultation with the DGS&D as to how far the supplier firm was responsible for the delay and whether any penalty could be imposed on them in terms of the agreement. Judging from the poor performance of M/s Air Conditioning Corporation, New Delhi, in the present case, their overall performance in other 9 contracts stated to have been entered into with this firm from June, 1976 onwards, should be watched closely to come to a definite conclusion whether this firm qualifies for having further business dealings with Government.

While commenting on the delays and other irregularities committed in the installation of air-conditioning plants at Bhubaneswar, Belgaum, Madras and Agra telephone exchanges, the Committee in paragraphs 6.96 to 6.98 of their 14th Report (Sixth Lok Sabha) have already stressed the necessity of quantifying the

adverse effects on the exchange equipment due to non-commissioning of the air-conditioning plant for taking note of the loss sustained on this account while deciding the course of action against the supplier firm. The Committee have also urged upon the Department to have a close look at this problem and devise elaborate measures to ensure that air-conditioning package units are installed, tested and pressed into service to synchronise with the commissioning of the sophisticated telephone exchange equipment. The Committee have further recommended that the P&T Department and the DGS&D should jointly review the position and suitably modify the terms of the contract to be given in future so that the supplying firms feel the urgency of commissioning and running satisfactorily the plants to synchronise with the installation of sensitive telephone exchange equipment. The Committee would watch with interest the action taken by Government in pursuance of these observations.

