

46-50

P.A.C. No. 338

**PUBLIC ACCOUNTS COMMITTEE
(1971-72)**

(FIFTH LOK SABHA)

FORTY SIXTH REPORT

[Report of the Comptroller & Auditor General for the
year 1969-70—Central Government (P&T)]



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 1972, Vaisakha, 1894 (S)

Price: Rs. 2.10



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 APRIL, 1972.

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
2	1.4	5	"attribute"	"attributed"
7	1.21	5	"compane"	"compared"
16	1.61	1	"Nothing"	"Noting"
20	1.76	8	"liminating"	"eliminating"
24	1.92	8	"chareges"	"charges"
26	1.101	5	<u>after</u> "prescribed"	<u>add</u> "in"
32	1.118	2	"extent"	"extant"
35	1.131	1	"enquire"	"enquired"
38	1.138	8	"satisistical"	"statistical"
46	1.178	5	"C.E.S' "	"C.E's "
50	1.192	7	<u>after</u> "stock"	<u>insert</u> "in"
62	1.239	last line	"maz-do or"	"maz-door"

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CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE	(iii)
INTRODUCTION	(v)
REPORT	1

APPENDICES

I. Statement showing delay in the completion of Coaxial Cables Schemes.	66
II. Statement showing the position of printing of directories for the years 1968-69 to 1970-71.	71
III. Copy of reference dated 18-3-1967 made by P.M.G., Jaipur to DG P&T.	75
IV. Statement showing details of connections given from the Strowger Exchange, Karol Bagh.	76
V. Calculations of financial benefit of OYT connections.	78
VI. Summary of main conclusions/recommendations of the Committee.	80

PART II*

Minutes of the sittings of the Committee held on

6-10-1971 (AN)

7-10-1971 (FN)

25-4-1971 (AN)

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PUBLIC ACCOUNTS COMMITTEE
(1971—72)

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Shri B. B. Tewari—*Deputy Secretary.*

Shri T. R. Krishnamachari - *Under Secretary.*

*Declared elected to the Committee on 3-8-1971 *vice* Shri Niranjan Verma, resigned.

**Ceased to be Member of the Committee consequent on retirement from Rajya Sabha
w.e.f. 2-4-1972.

INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Forty-Sixth Report of the Public Accounts Committee (Fifth Lok Sabha) on the Report of the Comptroller and Auditor General of India for the year 1969-70—Central Government (Posts & Telegraphs).

2. The Report of the Comptroller and Auditor General of India for the year 1969-70—Central Government (Posts & Telegraphs) was laid on the Table of the House on 7-6-1971. The Committee examined the Audit Report at their sittings held on 6-10-71 (AN) and 7-10-71 (FN). The Committee considered and finalised this Report at their sitting held on the 25th April, 1972 (AN). Minutes of these sittings form Part II* of the Report.

3. A statement showing the summary of the main conclusions/recommendations of the Committee is appended to the 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 the Audit report by the Comptroller and Auditor General of India.

5. The Committee also like to express their thanks to the officers of the Department of communications (P & T Board) for the co-operation extended by them in giving information to the Committee.

NEW DELHI:

April 25, 1972
Vaisakha 5, 1894 (S)

ERA SEZHIYAN,
Chairman,
Public Accounts Committee.

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

REPORT

Co-axial cable project linking Madras-Calcutta and Vijayawada-Hyderabad

Audit Paragraph

1.1 A project for laying 4 core large tube co-axial cables from Madras to Calcutta and from Vijayawada to Hyderabad, over a distance of 1964 Kms. and for laying 2 core small tube co-axial cables on various spur routes over a distance of 357 Kms. was sanctioned by Government in March, 1968 at an estimated cost of Rs. 15.80 crores. The network has been so designed as to interconnect the important towns on the route with reliable and high grade speech circuits. The underground co-axial cables will replace the open wire network so as to provide a speedy and reliable means of communication to meet the urgent needs of the present as well as future expansion. On completion, it is expected to provide 2196 telephone channels in replacement of 263 now working on open wire lines and to yield a net profit of Rs. 197 lakhs per annum (i.e., a return of about 13 per cent on the capital outlay).

1.2 Linking of Hyderabad and Vijayawada by co-axial cables was taken up first at an estimated cost of Rs.1.39 crores (sanctioned in December, 1968). The progress of the work in this section at the end of June, 1970 is given below:

Items of work	Total quantum of work	Work completed
1. Acquisition of land :		
(a) for unmanned repeater stations.	62 sites	53 sites
(b) for terminal and main repeater stations and staff quarters.	4 sites	2 sites
2. Construction of repeater stations:		
(a) Unmanned.	62 buildings	50 buildings (in progress)
(b) Main repeater station.	4 buildings	Nil
3. Laying of coaxial cables	286 Kms.	261 Kms.
4. Jointing work.	1170 joints	15 joints.

[Paragraph 12 of the Report of the Comptroller and Auditor General of India for the year 1969-70, Central Government (Posts and Telegraphs)].

1.3 Explaining the scope of the project the Member (Telecom Development) of the P&T Board stated during evidence: "In this case, this is a very important route which would connect Madras to Calcutta and will also have connection between Madras to Bombay via Secunderabad. Actually, it will connect Madras both to Calcutta and to Bombay ultimately. This is part of that general arrangement." As regards cable requirement of the project, he added: "The coaxial cable was originally expected to be obtained from Hindustan Cables. We had gone to the factory and found out what their capacity was. We had expected that the Hindustan Cables would be able

to supply a sufficient quantity of cable so that we could complete the scheme in about three years' time. Unfortunately, there has been a drop in the production of the cables from Hindustan Cables and we have now a proposal for importing part of the cables from abroad under the World Bank Loan. The equipment for this will also be imported. The equipment required for Madras, Secunderabad and Calcutta will be imported. Equipment between Vijayawada and Vizag will be obtained from Indian Telephone Industries, Bangalore.

1.4 According to the witness the project was scheduled to be completed by March, 1972, but was expected to be completed by 1975 only. The delay was explained as due to lack of resources. The Committee pointed out that there appeared to have been no clear-cut physical target laid down. The witness admitted that things were drifting and attribute it to delay in getting foreign exchange loan and uncertainty in indigenous production. He elaborated thus: "As far as foreign exchange is concerned, we had a team from the World Bank which arrived here in March, 1966 and it was expected that we would be able to get the foreign exchange loan as soon as it was possible for them. We thought it would be coming in 1967 or 1968 but actually it did not materialise till about 1969 and in the meantime our factories also were not able to get their foreign exchange. Their inventory of raw materials went down and their production also went down."

1.5 Asked whether, due to delay in completion of the project, the cost was likely to go up, the witness said that it was unlikely. He informed the Committee that the employment of staff was kept down to the minimum. He, however, admitted that there might be some increase in material cost although in electronic equipment the cost did not go up as quickly as in other cases. He added that no study as such was made.

1.6 The Committee drew attention of the witness to the table given in the Audit para regarding the progress of work of linking Hyderabad and Vijayawada by coaxial cables and wanted to know the specific reasons for the delay in completion of various items of work. As regards buildings, the witness stated: "These buildings will be completed by the time the cable supply arrives, that is, what I mean to say, is that we do not put too much effort, too much staff straightway. We try to synchronise the work. If we get the buildings ready and the equipment is not there, the buildings are to be put to use. Therefore, we try to synchronise the building work, the cable work, the equipment installation and so on." Explaining the shortfall in jointing work he added: "If we lay the cable in advance, the team which works on the Joints can go more faster because they can go from Joint to Joint very quickly but if you try to do both simultaneously, what happens is that one team or other group has to wait for the other one to complete the work, because the normal procedure is that we lay the cables first and then we have a team for going round and complete the Joints."

1.7 Asked to indicate the physical and financial targets fixed and the achievement thereof during each year of execution since the commencement of the project upto 1970-71 as also the date of completion of each item of work as originally expected and the date of actual completion or revised date of completion, the P&T Board brought out the following in a note:

1.8 "Specific target dates for each component could not be established at the time of preparation to the scheme since foreign exchange had to be arranged. The material supply position was fluid. Further due to labour trouble in West Bengal, production of coaxial cables from the Hindustan Cables Ltd., Rupnarainpur, a Government of India Undertaking, has been far below their installed capacity. Consequently, the Department had to arrange further foreign exchange for import of coaxial cables also. However, it was expected in December, 1970 that supply position of cables from HCL would improve. This expectation has also not materialised and the Department is planning to import more cables. Present position of import of coaxial cables is as follows:

- (i) Tender for 800 Kms. of coaxial cables for this project is due to be opened on 28-1-72 by D.G.S.&D.
- (ii) D.G.T.D. has been approached for giving clearance for import of 1,000 Kms. of additional coaxial cables.

1.9 With uncertain supply of coaxial cables, it has not so far been possible to lay down any realistic targets for completion of various items of work."

1.10 As per the information furnished by the Department, the expenditure incurred on the project upto 1968-69, 1969-70 and 1970-71 were respectively Rs. 97.46 lakhs, Rs. 145.34 lakhs and Rs. 194.86 lakhs. According to the performance budget for the year 1971-72, the expenditure on the project upto 1971-72 would be Rs. 533 lakhs out of the total estimated expenditure of Rs. 1579 lakhs. In view of this slow progress the Committee enquired whether the project would be completed even by 1975. The P&T Board submitted the following in this regard:

"The work on this project has been split up into the following sub-sections:

- (a) Secunderabad-Vijayawada.
- (b) Vijayawada-Madras.
- (c) Cuttack-Calcutta.
- (d) Vijayawada-Cuttack.
- (e) Side routes.

(a) *Secunderabad-Vijayawada Sections:*

Coaxial cables in this section have been laid. The buildings will get ready progressively from April, 1972 to December, 1972. Equipment supplies — imported as well as indigenous—will be completed by March, 1973 and the section is likely to be commissioned by September, 1973.

(b) *Vijayawada-Madras:*

Tenders for the coaxial cables for this section are being opened by the DGS&D on 28th January, 1972. The exact delivery schedules of cables for this section can be known only after the tenders have been finalised. However,

it is estimated that the cable supplies for this section should get completed by March, 1973, and the cable laying work completed by January, 1974. Equipment supplies both imported as well as indigenous will be completed by March, 1973. This section is likely to be commissioned by March, 1974.

(c) *Calcutta-Cuttack* :

Same position as for Vijayawada-Madras section and this section is also likely to be commissioned by March, 1974.

(d) *Vijayawada-Cuttack*.

Cable supply for this section has yet to be arranged. Foreign exchange for the cable has been arranged and the D.G.T.D. has been requested to give the clearance for imports. It is anticipated that the cables for this section would become progressively available from June, 1973 to June, 1974. Equipments are also likely to become available by June, 1974 and the section will be commissioned by March, 1975.

(e) *Side Routes* :

Cables for these side routes are being supplied by HCL and it is expected that the cable supplies will be completed by December, 1972. Equipments are likely to get supplied progressively by June, 1973 and these small sections will get commissioned by March, 1974.

Thus from the present estimation it can be assumed that the project would get completed by December, 1975."

1.11 The Committee desired to have an assessment of financial implications of the delay in terms of increase in the cost of the project as a whole due to rise in prices etc. and the loss of potential revenue at the rate of 13% per annum of the capital outlay. In a note submitted to the Committee, the P&T Board explained as follows:

"The main item for coaxial cable project is the coaxial cable. The cost of the cable and the laying etc. forms about 70% of the total cost of this project. At the time the project was envisaged, it had been estimated that the complete supply of coaxial cables for this project would be available from Hindustan Cables—Government of India Undertaking at Rупnarainpur in West Bengal. As such, no provision of foreign exchange for direct import of the cable was envisaged. But due to continued labour trouble in West Bengal, production of coaxial cables from Hindustan Cables has been far below the rated capacity. Consequently, the Department had to arrange foreign exchange for import of coaxial cables also. Negotiations were started with the World Bank in the period October-November, 1970. The foreign exchange has since been made available in 1971 under 4th IDA, and tenders for 800 Kms. of cable required for this project have been issued by the DGS&D and these tenders are to be received by the 28th January, 1972. The final picture relating to the increase in cost of the cable will be known after the tenders have been finalised."

1.12 "In December, 1970, it had been expected that supply position of cables from HCL will improve during 1971-72 and subsequent years. The expectation has not materialised and an additional quantity of about 1,000 Kms. of cable will have to be imported to complete the work on Calcutta-Madras project. Directorate General, Technical and Development has been requested to give the clearance for import of this cable. Foreign exchange for this import has been arranged. Increase in cost of cables for this project could be assessed after the firm world prices are known from the tender being opened by the DGS&D on 28th January, 1972 and an order is placed.

1.13 "Delay in execution of the project is by and large due to delayed supplies of either cables or equipments or both. Continuous efforts are made to review the supply position and remedial measures are taken to arrange the supplies. For this particular project, as mentioned above, foreign exchange has been arranged for import of cables and necessary equipments and as indicated in the discussion on the 6th October, 1971 every effort will to be made to complete this project by December, 1975.

1.14 "As far as loss of notional potential revenue is concerned, the position is as follows:

The project estimate for this scheme was sanctioned on 6-3-68. As early as 1969, when the picture of availability of foreign exchange, supplies of equipments, etc. became clear, it had been estimated in the Demand for Grants for 1969-70 that the project would be completed by 1975. As such, the Department feels that there is no loss of potential revenue on this project"

1.15 The Committee further desired to have the financial implication of the delays in implementation of similar other coaxial cable schemes shown against item 36 to 51 at pages 13 to 15 of the Performance Budget of the P&T Department for the year 1971-72 indicating the date of completion as originally fixed and the revised date of completion together with an explanation for the delay. The details furnished by the Department are shown in Appendix I. It is seen that as many as 10 out of the 16 projects have been delayed considerably. The likely increase in estimated cost due to delay is 25% in one case and 15% in another and in the rest it is within 10%. The delay is due to either delay in sorting out certain technical problems, or delay in production of equipments by I.T.I., Bangalore, or delay in finalisation of foreign exchange for import of certain equipments which are not currently manufactured by ITI, Bangalore, or delay in acquisition of lands, or delay in supply cables by Hindustan Cables. The Department stated in this connection as follows: "Delays on some projects are essentially due to non-availability of material resources. The Department is constantly reviewing the material supply position and arranging for necessary foreign exchange where the same is required. The production capacity of transmission equipment by ITI is also being expanded by setting up another Transmission Factory at Naini, Allahabad. Similarly, Hindustan Cables Ltd. has been asked to set up additional capacity for manufacture of coaxial cables at the new factory at Hyderabad. In the Directorate itself, a separate Material Management Group has been set up on the advice

of the Consultants deputed by the Administrative Staff College, Hyderabad. In the field, the installation organisation is being strengthened by having four General Managers, P&T located at Bombay, Calcutta, Delhi and Madras."

1.16 Asked to indicate whether, in respect of coaxial projects already completed belatedly, there was excess over the estimated cost, the Department submitted in a note:

"The cost of materials is estimated on the basis of the current prices prevalent at the time of financial review/project estimate/detailed estimate. No escalation in prices due to increase in cost of raw materials or rise in wages in the factories or rise in pay scales and allowances of the installation staff is accounted for in the original estimates. If the increases are within 10% of the sanctioned costs of project/detailed estimates, no further sanction of the competent authority is called for. Only when the increases are beyond 10% due to whatever reason, the estimates are prepared afresh and sanction arranged by the competent authority. The first coaxial project linking Calcutta-Delhi-Bombay was sanctioned in 1956 at an original cost of Rs. 795 lakhs. This sanction was later revised in 1965 for Rs. 966 lakhs. This scheme has been fully commissioned except for some minor building works relating to staff quarters etc. The expenditure incurred so far is within 10% of the revised sanction. The other coaxial schemes which have been completed are:

- (i) Ahmedabad-Rajkot
- (ii) Jullundur-Amritsar
- (iii) Lucknow-Kanpur, and
- (iv) Triuchi-Madurai

The expenditure incurred on these projects is well within 10% of the sanctioned costs except in the case of Ahmedabad-Rajkot where the expenditure incurred so far is of the order of Rs. 105 lakhs against the sanctioned cost of Rs. 90 lakhs. The project authorities have been asked to prepare the revised estimate. This particular project was, however, completed in about 3½ years' time as against three years anticipated at the time of original financial appreciation."

1.17 The Committee regret the setback suffered by the coaxial cable project linking Madras-Calcutta and Vijayawada -Hyderabad which are regarded as very important routes. The project which was scheduled for completion by March, 1972 is now expected to be completed only by December, 1975. The delay is partly attributed to time taken in getting foreign exchange loan and partly to shortfall in indigenous production of equipments and cables. No clear-cut physical targets for completion of various items of work could be laid down. The Committee are convinced that the difficulties could have been anticipated and with advance planning in consultation with the Department of Economic Affairs and the Ministry of Industrial Development the project could have been pushed through under a targeted programme. The Committee have already dealt with the steps to be taken to meet the Fourth Plan cable requirements of the P&T Department in Para 1.67 of their 2nd Report (Fifth Lok Sabha). The Committee hope that there would be no further setback in the implementation of the project according to the revised target.

1.18 The implication of delay in this case is that the cost of the project is bound to go up with the rise in prices besides a loss of profit of Rs. 197 lakhs per annum which would have accrued. The Committee would like to know the exact increase in cost of cables after the tenders have been finalised.

1.19 The underground coaxial cables will replace the open wire network so as to provide a speedy and reliable means of communication to meet the urgent needs of the present as well as future expansion. The delay in this project is not an isolated phenomenon. It is a pity that in 10 out of 16 other similar projects undertaken by the Department, considerable delays have occurred putting back the modernisation programme, the reasons being delay in sorting out certain technical problems, delay in production of equipments by IIT, Bangalore, delay in finalisation of foreign exchange, delay in acquisition of lands and delay in supply of cables by HCL. The resultant increase in estimated cost is likely to be as much as 25% in one case and 15% in another. The Committee do not think that all these indicate a satisfactory state of affairs. There appears to have been no centralised co-ordination and control. The Committee would, therefore, like to suggest a comprehensive examination of the position in all such projects with a view to ensuring that there is no further costly slip-up. The Committee would like to be informed of the action taken to improve the position.

Irregularities Noticed in the Accounts of the Works Relating to the Hyderabad-Vijayawada Section of the Coaxial Project

Audit Paragraph

(a) *Purchase of land*

1.20 For construction of co-axial auto exchange, repeater stations and staff quarters, the Department purchased private land at Tadepalligudem and Bhimavaram in July, 1969 and January, 1970 respectively as no lands belonging to the Railways and the State Government were available at those places. Resort to the Land Acquisition Act was not taken. At both the places the lands were purchased at the negotiated rate of Rs. 18.25 per square yard after the local revenue authorities had assessed their valuation at Rs. 16 per square yard plus 15 p.c. solatium payable for compulsory acquisition.

1.21 For land (3482 square yards) at Tadepalligudem 4 offers (one did not quote any rate) were received, the rates being Rs. 22, Rs. 10 and Rs. 5.17 per square yard. The lower offers were rejected and the highest one was accepted at the negotiated rate of Rs. 18.25 per square yard. This resulted in extra expenditure of Rs. 47,828 when compared with the lowest offer. Records showing reasons for rejection of the lowest offer were not produced to Audit.

(b) *Manufacture of R.C.C. troughs*

1.22 According to departmental instructions, cables laid in town areas, where surface disturbances are more due to frequent digging, are to be given protective covers by use of warning bricks or stone slabs (where quality bricks are not available) so as to prevent any possible damage. In this project reinforced cement concrete troughs to be manufactured departmentally at Rs. 12 each were provided for this purpose, although stone slabs were available. To start with, manufacture of about 36,000 metres of troughs was undertaken against an estimated provision of 56,700 metres

(Hyderabad-Vijaywada section 26200 metres and Madras-Vijaywada section 30500 metres). After about 28900 metres were manufactured at a cost of Rs. 13.20 per metre, the Deputy Chief Engineer, in course of his inspection (October, 1969) suggested use of Cuddapah stone slabs costing Rs. 3.45 per metre of cable length in place of the costlier reinforced cement concrete troughs. Further manufacture of troughs was stopped in January, 1970. Had the Department not provided reinforced cement concrete troughs in the estimate, expenditure of about Rs. 2.82 lakhs could have been saved.

1.23 Further, the cost of manufacture of troughs was Rs.3,68,529 (labour Rs.2,38,146 and materials Rs.1,30,383) against the estimated provision of Rs.3,36,789 (labour Rs.83,925 and materials Rs.2,52,864). The increase in labour cost by about 185 per cent was due to (i) employment of more labour and (ii) payment of certain classes of labourers, without proper sanction, at rates higher than those in the estimate or those adopted for the same classes of labour in those places by a P&T circle. Some of the troughs were lying in damaged condition.

(c) *Use of Cuddapah slabs in rural areas*

1.24 According to the orders issued in February, 1964, polythene tapes (instead of warning bricks) are to be used over co-axial cables in rural areas; but in this project the estimate provided for using bricks over the entire length including rural areas. However, 300 Kms. of polythene tape were allotted by the Directorate to this project in February, 1969 and 235 Kms. also supplied by the stores organisation by July, 1969, at 35 paise per metre against the estimated requirement of 237 Kms.

1.25 Notwithstanding this, an agreement was executed with a private firm in July, 1969 for supply of Cuddapah stone slabs at Rs.1.15 per metre and 64 Kms. of slabs were procured between July, 1969, and December, 1969 resulting in extra expenditure of Rs.51,323. Further, for purchase of the slabs the lowest tendered rate of 12 paise per metre was rejected for which no records showing reasons were made available to Audit.

(d) *purchase of G.I. pipes*

1.26 According to the specification in the estimates, 3" G.I. pipes are to be used for laying co-axial cables on culverts and in rocky areas. In the detailed estimate provision was made for 18782 metres of G.I. pipes for Hyderabad-Vijaywada section and 19401 metres for Vijaywada-Madras section.

1.27 However, on detailed route survey in the Hyderabad-Vijaywada section completed in May, 1969, the requirement of G.I. pipes for this section was reassessed as 6000 metres. The first supply order issued in December, 1968 was for 9906 metres. Despite a surplus of 3906 metres of G.I. pipes available with the project, further supply orders for 27400 metres were issued in June, 1969 without taking into account the assessment made in May, 1969.

1.28 The requirement for Vijaywada-Madras section was reassessed at 7000 metres in June, 1970. Thus 24306 metres of G.I. pipes costing Rs. 3.44 lakhs (besides expenditure on storage and transport) are still (November, 1970) lying unutilised.

(e) *purchase of joint protection boxes.*

1.29. In March, 1969, a contract was executed with a private firm for supply of 1000 cast iron joint protection boxes at Rs. 56.50 each. The boxes were to be in accordance with the drawing supplied with the tender documents. The first sample supplied by the manufacturer in July, 1969 was rejected. The second supplied in August, 1969 was approved although it was not according to specification. By January, 1970, the firm completed supplies in five lots and full payment was made. In July, 1970 it was noticed that the dimensions of the boxes were less in length by about half an inch to one inch than those indicated in the drawing. No reduction in price could be enforced on the firm as the boxes were received after certification by the officer in charge of the work that they were according to specification.

1.30. The agreement with the firm stipulated that one box selected at random for every 200 should be supplied by the manufacturer free (as sample) for testing the physical properties of the cast iron in the government laboratory and if the laboratory test revealed that cast iron used was not in accordance with the specification the entire supply of the batch of 200 boxes would be rejected. No record was produced to Audit to show that this test was conducted.

1.31. The Department stated (November, 1970) that most of the irregularities were under investigation.

[Sub-paragraphs (a) to (e) of paragraph 12 of the Report of the Comptroller and Auditor General of India for the year 1969-70, Central Government (Posts and Telegraphs)]

Sub-para (a)—Purchase of land

1.32. When the Committee drew attention of the witness to the purchase of land at Tadepalligudam without resorting to Land Acquisition Act and without availing of the lowest offer, the Member (Telecom Development) stated: "There was some allegation of fraud committed by three officers who were engaged in that project and the Department had instituted Vigilance cases against those officers. That is still under consideration." The Secretary, Department of Communication, added that the General Manager of the project in Madras personally reported the irregularities in April, 1970 and that, therefore, the Deputy Director General (Vigilance) was also asked to enquire into the matter which he did in September, 1970 and recommended an investigation by the SPE. The case was accordingly handed over to the SPE in October, 1970. While the investigation was going on the three officers--one Director of Telegraph and two Assistant Engineers--were transferred from the region concerned to facilitate the investigation. He said further that the investigation was in an advanced stage and that in the course of the next three or four months it would be completed. In a note subsequently furnished, the Department intimated: "It is understood that the Special Police Establishment have completed the investigation. The report of the CBI has, however, yet to be received. CBI has been requested to expedite the same."

1.33. Asked as to why the records showing reasons for rejection of the lowest offer were not produced to Audit, the Secretary, Department of Communications stated: "I don't know. When the Audit demanded this file for inspection, it is quite possible that at that stage the file might have been taken by the G.M. (Projects) or DIG (Vigilance) or S.P. Therefore, it might not have been available." The P&T Board subsequently intimated: "The files are still with Special Police Establishment. However, General Manager (Projects) Madras has been instructed to make these files available to Audit as soon as the files are received back from Special Police Establishment."

1.34. The Committee called for certain information of factual nature and copies of certain notes and correspondences. The Department, instead of furnishing them, stated that it would be better to await the report of the SPE and requested the Committee to permit the Department not to make them available at this stage.

Sub-para (b)—Manufacture of RCC troughs

1.35. The Committee desired to know whether the estimate sanctioned by the Directorate provided for the use of R.C.C. troughs as protective covers for the cables to be laid in town areas and if so, whether the provision was checked with reference to the departmental instructions. The P&T Board in their note stated that "the type of protection to be provided over the coaxial cables in built-up areas, open country etc., is kept under review and instructions are issued from time to time..... depending upon the experience gained. In the detailed estimate for the cable laying on Madras-Vijayawada-Secunderabad Section, provision was made for R.C.C. troughs to be used as the protective covers in built-up areas. It has been a general experience that coaxial cables are more prone to damage in built up areas due to inadvertant damage caused by other agencies providing and maintaining underground installations like water mains, sewerage system etc. Electric supply companies are generally protecting their high voltage cables by R.C.C. troughs. Certain foreign telephone administrations are using similar R.C.C. troughs in preference to bricks for protecting underground cables. The provision in the estimate was, therefore, allowed to remain and the estimate sanctioned as such."

1.36. To a query made by the Committee with regard to the utilisation of the manufactured troughs, the Department of P&T intimated that "28900 metres of R.C.C. troughs were manufactured, 23200 metres has been used in Hyderabad-Vijayawada section and 150 metres has been damaged. The balance 5500 metres is in stock. It is proposed to utilise the remaining length in Calcutta-Madras section."

1.37. The Committee wanted to know whether R.C.C. troughs for town areas were provided for in other coaxial projects already completed or under execution. The Department in their written reply informed that no case of use of R.C.C. troughs in city areas had come to notice in other projects.

1.38. The Committee wanted to know the reasons for excessive employment of labour and for payment to certain classes of labour, without proper sanction at rates higher than those in the estimates or those adopted for the same classes of labour in those places by a P&T circle. The Department in their written reply had stated: "This matter is under the examination

of the Special Police Establishment and their report is awaited." The Committee enquired whether any departmental enquiry was made in this matter when the fact was brought to their notice by Audit, the representative of the Department of P&T stated : "This enquiry will be carried out; but we were waiting for the police report to come in."

Sub-para (c)—Use of Cuddapah slabs in rural areas

1.39. The Committee wanted to know whether the provision in the estimate for the use of warning bricks over the entire length including rural areas was checked at the time of sanction in the Directorate with reference to the orders issued in February, 1964, according to which polythene tapes were to be used over coaxial cables in rural areas. The P&T Department, in their note, stated : "The normal departmental practice had been of using bricks over the cable run. For reasons of economy, black polythene was specified only for unbuilt localities and bricks etc. to continue for built-up areas. It was, however, found that adequate supplies of polythene tape were not available. At the time the estimate was sanctioned the position of non-availability of adequate supply of polythene tape was known and consequently use of bricks specified in the estimate was allowed leaving the local authorities to act under instructions.....depending upon the availability etc. of the materials. It may be mentioned that due to continued shortage of polythene film, the department issued instructions regarding use of bricks." Asked to state whether warning bricks were provided in rural areas in other projects, the Department intimated that "warning bricks have been used in rural areas in other projects also since the supply position of polythene tape has not been satisfactory."

1.40. Pointing out that for the purchase of Cuddapah stone slabs the lowest tendered rate of 12 paise per metre was rejected for which no records showing reasons were made available to Audit, the Committee wanted to know whether the reasons for passing over the lowest tender were recorded and if so, what were the reasons. The Department in their written reply stated : "The relevant papers are with the Special Police Establishment who are making a probe into the allegations levelled against the then Director of Telegraphs, Coaxial Cable Project, Hyderabad. In the absence of these papers, it would be difficult to state whether the reasons for passing over the lowest offer were recorded or to state the reasons if they were recorded. It is suggested that the Department may be permitted to await the report of the Special Police Establishment in this regard and get the relevant files and papers before making any categorical statement."

Sub-para (d)—Purchase of G.I. Pipes

1.41. The Committee pointed out that the in detailed estimates provision was for 18,782 metres of G.I. pipes for Hyderabad-Vijayawada section and 19401 metres for Vijayawada-Madras section and wanted to know whether at the time of according sanction to the estimate/expenditure it was ensured that the route survey was conducted. The P&T Department in their note had stated that the General Manager, Projects, had intimated that the provision of G.I. pipes in the detailed estimate was based on the detailed survey report.

1.42. The Committee enquired how the purchase order for further 27400 metres of pipes was placed in June, 1969, when the detailed route survey conducted in May, 1969 showed an excess of 3900 metres in respect of Hyderabad-Vijayawada section. The Secretary (Communications) stated: "Obviously, these are all irregular." The witness added: "The local officers placed this indent in June, 1969. They should not have placed that order." Explaining the position, the Senior Member (Finance) added: "For Hyderabad-Vijayawada section they required 18,782 metres of G.I. pipes and 19,000 metres for Vijayawada-Madras section. The total requirement comes to about 37,000 metres. Since order had already been placed for 9,000 odd metres, a further order was placed for the balance of 27,000 metres. He might have gone by the original detailed estimate of 18,740 and 19,401. He had not cared to know what has been the result of the detailed survey or what the stock position is." The witness added: "In my opinion this is due to lack of vigilance on the part of the local officer who did not care to know what stock he has got, what he needs and what he has to order." Asked whether any investigation into the lapse was made, the representative of the P&T Department stated: "We did not have investigated this." The witness added: "All these cases were referred to the C.B.I."

1.43. To a query made by the Committee whether irregularity noticed in providing G.I. pipes in the project has been committed in any other project, the Department in their written note had stated: "No case of provision of G.I. pipes in detailed estimate without carrying out the detailed survey has been noticed in any project. G.I. pipes and other items are provided in the detailed estimates after the detailed survey has been completed."

1.44. The Committee wanted to know the present position of the utilisation of the surplus pipes in other works. The Department of P&T in their written reply had stated that "the surplus G.I. pipes will be utilised in the pending works on Madras-Calcutta section."

Sub-para (c)—Purchase of Joint Protection Boxes

1.45. The Committee enquired whether any departmental investigation was made into the matter and action taken against the officer who certified that the joint-boxes were according to the specifications. The representative of the Department of P&T stated: "It is the same officer. This case has also gone to the C.B.I."

1.46. The Committee have earlier indicated lack of control in the implementation of the coaxial projects. They are disturbed to find a number of serious irregularities and alleged fraudulent practices in the execution of work relating to the Hyderabad-Vijayawada section of the coaxial project. The suspects in these cases are a Director of Telegraph and two Assistant Engineers of the Department. The extra expenditure in some of these cases amounted to Rs. 7.25 lakhs. The Committee feel that apart from handing over the cases to the CBI, the Department could have taken steps to investigate the procedural lacunae for appropriate remedial action. They would, however, like to know the outcome of the CBI investigation which is stated to have been completed. The Committee would further like the P&T Department to review critically the procedure for preparation, sanction and execution of coaxial cable projects so as to obviate recurrence of irregularities which have come to notice in this case. The Committee would like to be informed of the action taken.

1.47. The Committee, however, feel compelled to comment on one of the cases at this stage. It relates to the estimate provision of RCC troughs as protective covers for the cables to be laid in town areas, although only warning bricks or stone slabs were to be used as per the departmental rules. The explanation now given for allowing the provision when the estimate was checked by the P&T Directorate that electric supply ~~-----~~ as also foreign telephone administrations are using similar RCC troughs, is ingenious but unconvincing. It was in violation of the rules and according to the Department's own admission RCC troughs were not used in any other coaxial project. As this led to avoidable expenditure of Rs. 2.82 lakhs besides serious irregularities in payment of labour for the manufacture, the Committee would like the Department to fix responsibility also for the failure to properly check the estimates.

Printing of telephone directories

Audit Paragraph

1.48. Quotations for printing of a Circle telephone directory were invited by the Department in February, 1964. The tender provided for showing rates per 35,000 copies and charges were payable *pro rata*. Only one quotation was received. The printing charges quoted were "per 35,000 copies per page Rs. 29." Under column 'Numerical Index' of the form of quotation the rate quoted was "30,000 copies perpage Rs. 25." In between the rates for printing of directory and Numerical Index the words and figures "per 500 Rs. 3" were noted.

1.49. While approving the above quotation, the Chief Controller of Printing and Stationery advised the Department to obtain a written confirmation from the printers that the printing charges would be payable on *pro rata* basis. This was done and four issues, viz., October, 1964, June, 1965, May, 1966 and March, 1967 of the directory were got printed from the firm. The number of copies printed were 39,500, 42,500, 45,500 and 50,400 respectively.

1.50. In their bills the firm, however, claimed printing charges for the four issues of the directory at the rate of Rs. 56, Rs. 74, Rs. 92 and Rs. 122 per page respectively, i.e., for every additional 500 copies over and above the tendered 35,000 copies the rate was increased by Rs. 3 per page. The Department made the payments accordingly instead of at rates on *pro rata* basis which worked out to Rs. 32.73, Rs. 35.71, Rs. 37.70 and Rs. 41.76 respectively, resulting in extra payment of Rs. 0.70 lakh on the four issues.

1.51. The Department stated (September, 1970) that efforts were being made to persuade the firm to refund the amount paid in excess. An arbitrator has been appointed (November, 1970).

[Paragraph 18(A) of the Report of the Comptroller and Auditor General of India for the year 1969-70, Central Government (Posts and Telegraphs)].

(i) *Acceptance of tender*

1.52. The quotations referred to in the Audit para were called for the Post Master General, Punjab Circle. The only tender received was from M/s. Job Press (P) Ltd., Kanpur. Asked during evidence as to how the

over-payment was made, the Senior Member (Telecom operations) of the P & T Board stated: "On going through the case, I might admit, sufficient care apparently was not exercised in accepting the tender. The CCPS said for anything more than 35,000 that could be on *pro rata* basis. He asked, could you go on *pro rata* basis?" They said, yes. The tender was accepted. The first printing of the directory was a little more than 35,000 copies. Apparently it was not detected at that time." He added: "In the contract there was one entry saying per 500, Rs. 3. That is taken into account in working out the value of the number of copies! When we referred to CCPS, there was no reference to this per 500, Rs. 3. It was a single tender and there was no mention of per 500, Rs. 3. This is something we will ourselves look into in some little greater detail through the Vigilance."

1.53. The Committee desired to have a copy of the contract entered into with M/s. Job Press (P) Ltd., Kanpur. The P & T Board explained: "The terms and conditions of the agreement were stipulated along with the tender call notice issued under PMG, Ambala No. Engg./PP-229(12) dated 14-2-1964. In para 11 of this notice, it has been indicated as follows:

"No regular contract as such will be drawn up and the acceptance by this office of the quotations of the selected tenderer will constitute a valid contract for the enforcement of the terms and conditions herewith contained."

1.54. It was stated that the tender was referred in original to the CCPS on the 20th March, 1964. The Committee wanted it to be ascertained from the CCPS as to whether there was anything to indicate that the words and figures "per 500 Rs. 3" were in fact found in the tender at the time it was scrutinised in his office. In a note submitted to the Committee, the P&T Board clarified as follows:

1.55. "The CCPS was addressed in the matter. He has regretted his inability to say anything positively at this stage since the original quotation was returned to the PMG concerned while communicating the comments of the CCPS on the rates as per practice and procedure. He has, however, added that his office did not accept the offer of separate rates on slab basis of 500 copies in excess of the flat slabs indicated.

1.56. The Postmaster-General, Ambala, has given the following clarification:

"The words per 35,000 copies and per 500 copies form part of the cyclostyled proforma supplied by this office. The figures per page Rs. 29 and Rs. 3 appearing in between rates for printing directory and numerical index are in the same hand-writing and in the same ink throughout as in the whole quotations. There is no doubt of any subsequent inscription of 'per 500 Rs. 3'."

1.57. To a query of the Committee during evidence the Senior Member (Telecom operations) replied: "We did go through that. We have ourselves been wondering about it, how is it that CCPS in giving his recommendations did not specifically mention. Now this misunderstanding can arise from negligence or if the entry has come later." When pointed out

that anybody who scrutinised the tender could have noticed the lacuna, he said: "I admit it is wrong, but whether it is just carelessness on his part or whether the whole thing arose out of malpractice is the point."

1.58. Explaining the practice followed at the Centre in getting the directories printed through private presses, the Chief Controller of Printing and Stationery stated: "In the Printing and Stationery Department at the Centre, the procedure is this. The work is normally to be done by the Government of India Press. In case it is not possible to do it, this department farms out to the press. It can also authorise the department concerned to farm out the work, but after the rates have been approved by the Printing and Stationery Department. In the case of certain departments like the P&T, Publications Division, etc., they have been given wider powers by the Government to the effect that they themselves can farm out. In the case of the P&T, for telephone directories, the rates have to be approved by us. The bills are paid by the department itself without any reference to us. In other cases, the bills are also sent to this department for checking and authorising the payment. This is the system obtaining at the Centre.

1.59. As regards the approval of the rates in this case, the Chief Controller of Printing and Stationery deposed: "From the records it seems that this was a single tender, and actually our office felt that this was not a very good firm. I would like to quote from the letter which we had written to the DGP&T:

"It may be pointed out that Messrs. Job Press, Kanpur quoted the lowest rate for the printing of the Delhi Telephone Directory, but it was observed by the Delhi Telephone Authorities that the typography of this press is poor and will not be liked by the subscriber and they cannot undertake a job of this magnitude, with the machines and man-power available with them."

The quotation of this press was therefore ignored in a previous case. This was all in the letter. The letter further reads:

It appears from a specimen of the typography received along with the tender of Job Press which the Postmaster-General's office must have seen, that the figures are rather too small. However, as the PMG, Punjab wants to get the work done quickly, we have no objection to that work for one issue only being entrusted to Messrs. Job Press, Kanpur on the definite understanding that this office would not accept any responsibility in the matter either about the time for the completion of the job or the quality of the work produced. If they are satisfied on these two issues, the job may be entrusted to Messrs Job Press, Kanpur, and it may be made clear to them that the time-schedule etc. should be strictly adhered to and in the case of any breach of contract, they will be penalised heavily.

The rates quoted by Messrs. Job Press, Kanpur, for printing the Telephone Directory are considered reasonable and have been approved by the CCPS for one issue only. The prior concurrence of their associated finance may kindly be obtained before entrusting the job to the printers.

The following points may also please get confirmed from the printers in writing before entrusting the job to them:

- (1) Charges for composing will be allowed at half the rates if the matter composed covers half or less than half of a page;
- (2) The printing charges will be payable on a *pro rata* basis;
- (3) Charges for pasting advertisement will be payable only if they are pasted over coloured paper and where they are pasted directly over the strawboard, no charges will be payable'.

So, these were the three conditions."

1.60. As there were two entries in the tender viz. "per 35,000 copies per page Rs. 29" and "per 500 Rs. 3", the Committee enquired why the *pro-rata* basis recommended by the CCPS was not made clear. The CCPS admitted: "It should have been made clear when point 2 was mentioned that it should be a flat rate on a *pro rata* basis only on 35,000 copies or 30,000 copies and that the figure of 500 should be ignored. That was not mentioned in the letter." He confirmed that the entry "per 500 Rs. 3" was seen in his office when the tender was scrutinised and added that "actually this rate for 500 copies was not considered at all. It was rejected."

1.61. Nothing that the CCPS had pointed out that prior concurrence of Associated Finance might be obtained before entrusting the job to the printers, the Committee asked whether it was done. The Senior Member (Telecom operations) answered in the affirmative and stated further: "When referring the case to us, they did not send the tender documents as such.

This is a letter from the Post Master General, Ambala to the P&T Directorate:

'In continuation of.....regarding printing of telephone directory, I am attaching herewith a copy of the letter No.....received from the CCPS.....it has been desired by the CCPS that the prior concurrence of Associate Finance may kindly be obtained before entrusting this job to the printer. I am writing this letter to you.....'

1.62. The Committee wanted to know how Associated Finance could give concurrence without going through the details of the tenders. The Senior Member (Finance) deposed: "The letter of CCPS was enclosed and there is a certificate from the CCPS that the rates are reasonable. Once they have said that the rates are reasonable Finance will have no objection in accepting even a single tender." He clarified further that the CCPS having said that the rates were reasonable it did not occur to Finance that rates could be higher. In a note subsequently furnished the, P&T Board had the following to intimate:

1.63. "Ordinarily the tender documents should have been sent to Associated Finance while referring the case to them. It appears, however, that in this particular case these were not sent because the rates quoted by M/s. Job Press, Kanpur had already been approved by CCPS for one issue

subject to prior concurrence of Associated Finance. Associated Finance also did not ask for the tender documents because CCPS who is an expert on printing charges had already examined the tender documents and accepted the rates quoted by M/s. Job Press."

1.64. Asked whether at the time when the tender was received, any clarification was sought from the tenderer as to what he meant by "per 500 Rs. 3". The Senior Member (Telecom operations) stated that there was no record of any reference having been made by the Department or by the CCPS. From the copies of reference made subsequently and letter of confirmation obtained from M/s. Job Press at the instance of CCPS that the printing charges were payable on *pro rata* basis furnished to the Committee, it is seen that the rates applicable were not specifically mentioned either by the Department or by the printers. To a question whether the confirmation obtained meant that the rate "per 500 Rs. 3" was also to be applied on *pro rata* basis, the Senior Member (Telecom operations) admitted: "If the entry was there, somebody would have questioned as to what is meant by *pro-rata*. I have gone through this time and again. I cannot help asking this question on the face of these two entries."

(ii) *Printing of subsequent issues*

1.65. The Committee were informed that the rate applied to second, third and fourth issues of the directory. On being pointed that the CCPS approved the rates for one issue only, the witness stated that the job was continued to be entrusted to M/s. Job Press at the rates in consultation with the CCPS. He, however, clarified: "The rates were not again mentioned to him. It was only said that we have referred this case to you. Can we go ahead with the second printing and it was agreed."

1.66. Explaining the circumstances leading to the continuation of the same press, the witness stated: "When the first issue was under print they had given to us a few samples and they were considered satisfactory. The Punjab Circle wrote to the CCPS on May 22, 1964, and the second para of that letter reads:

'Reference is also invited to this office letter addressed to the Job Printing Private Ltd., Kanpur and copy endorsed to you. The Telephone Directory has to be printed bi-annually and the next issue is being printed by December, 1964. Going through all the formalities everytime when the Telephone Directory is to be published will involve avoidable labour and delay. You are accordingly requested to kindly reconsider and arrange the necessary approval for printing of six issues of the Telephone Directory for three years. This also agrees with the provisions as contained in P&T Manual, Volume XII.'

1.67. While agreeing to the second issue being entrusted to M/s. Job Press, the CCPS intimated that it was being examined whether the job could be printed in the Government of India Press on a regular basis. Subsequently, however, the CCPS agreed to entrust the other two issues also to the same press. Asked as to why fresh tenders were not invited for the subsequent issues, the witness stated: "We are bringing out the directories on a continual basis. By the time one printing is over, it is time for the

second issue to come out. We did not find time to plan well ahead." When the Committee pointed out that the moment the CCPS told the printer that the approved rates only for one issue action should have been taken to call for tenders. The witness admitted that it was not done due to lack of foresight on the part of the officers concerned.

(iii) *Extra payment*

1.68. According to the information furnished by the Department, payments were made at the rate of Rs. 29/- per page for 35,000 copies plus Rs. 3/- per page for every additional 500 copies. The calculation of extra payment is shown below :

Issue	No. of Pages	No. of copies	Rate of Payment		Pro-rata rate		Amount due	
			Rs.	P.	Rs.	P.	Rs.	Rs.
Oct. 64	301	39500	56.00		32.73		9,852	7,004
June 65	342	42500	74.00		35.71		12,213	13,095
May 66	355	45500	92.00		37.70		13,384	19,276
March 67	387	50400	122.00		41.76		16,161	31,053

1.69. The Committee were informed by Audit that the bills for October, 1964, June, 1965 and May, 1966 were paid according to the claims preferred. However, the bill for March, 1967 issue was referred to the CCPS for check whereupon the latter pointed out (June, 1969) the mistake. The bill was, however, already paid by August, 1968, according to Audit. The witness, however, stated during evidence that only 70% payment was made.

1.70. The Senior Member (Telecom operations) informed the Committee as to how the fourth bill came to be referred to the CCPS in the following words: "When the fourth Bill came, apparently there was a change in the incumbent. The Head Clerk changed and this is the information I have got and the new Head Clerk said mistakenly that he was not competent to pass printing bill without getting it okayed by CCPS. It was wrong. PMG has got complete authority to pass printing bills. But this man wrongly, but fortunately, assumed that the CCPS has to be consulted. He put up the case to PMG. PMG was also the new incumbent. He agreed and the case was sent to CCPS. At that time it came to light that the charges were exorbitantly high."

1.71. Audit was informed by the Department that the printer was requested to refund the amount paid in excess but he refused. An arbitrator was, therefore, appointed in November, 1970, but the party obtained a stay order from the Civil Judge, Kanpur in the matter of arbitration proceedings. The P.M.G., Punjab had been requested to get the stay order vacated.

1.72. During evidence the Committee desired to know the grounds on which the press opposed the arbitration. The witness said: "He said that his point was not arbitrable and also unless both parties agree to the arbitration, the matter cannot be referred to the arbitration. That is why he has got a stay order and this case is coming up in the court next month." Asked whether the opinion of Law Ministry was obtained regarding the interpretation of *pro rata* basis in this case before going in for arbitration. The witness replied in the negative. It is, however, seen from copies of correspondence furnished by the P & T Board that the case was referred to the P & T Directorate for obtaining the advice of the Ministry of Law but the DGP&T had intimated that there was no point to refer to the Ministry of Law adding that the case might be settled by recourse to arbitration.

(iv) *Delay in bringing out the directories*

1.73. While approving the tender of M/s. Job Press initially the CCPS stated that it might be made clear to them that the time-schedule etc. should be strictly adhered to and in the case of any breach of contract, they would be penalised heavily. The Committee called for the details of the due dates of supply of printed copies and the actual dates of supply. The following details were furnished by the Ministry :

Particulars of Issue	Date on which manuscript sent to printer	Date on which MMS recd. by printer	Time by which expected to deliver copies	Date on which last instl. of directories supplied
October, 1964	7-7-1964	11-7-64	25-9-64	2-3-65
June, 1965	12-5-1965	17-5-65	1-8-65	6-11-65
May, 1966	28-12-1965	5-1-66	19-3-66	17-9-66
March, 1967	24-11-66 (say)	28-11-66	11-2-67	29-6-67

1.74. During evidence the Committee were informed that no penalty was imposed. Regarding the reason the witness stated : "We have also got to give them advertisements through advertisement contractors and printing has to be dovetailed to each other." In a written note the Department stated : "The Postmaster General, Ambala reports that no penalty was imposed on the printers for delay in any of the four issues as there was no undue delay on the part of the printers."

1.75. As regards delays in bringing out the directories in all the Circles and Districts, the witness stated : "It is true that our directories actually come out of the press and are distributed about three or four months after the date of the directory. Sometimes it is even more. We are trying to cut down this time. In Bombay we have cut down the time considerably." As required by the Committee the P & T furnished a statement showing the

position of printing of directories for the years 1968-69 to 1970-71 which is reproduced at Appendix II. The following emerges therefrom :

Year	Total No. of issues	No. of issues delayed beyond schedule Date			
		3-6 months	6-9 months	9-12 months	12 months and above
1968	24	6	4	—	—
1969	21	4	3	1	1
1970	24	8	1	2	2
					(One still under print)
1971	8	5	—	—	1
TOTAL :	77	25	6	3	3

The cost of printing and administrative cost during the years were as follows :

Year	Cost of Printing	Administrative cost	Total
	Rs.	Rs.	Rs.
1968	17,83,782	9,68,423	27,52,205
1969	22,77,954	10,62,416	33,40,370
1970	23,33,623	9,31,842	32,65,465
1971	10,72,843	5,63,981	16,36,824

1.76. Asked to indicate the steps proposed to be taken to minimise the delays, the Department submitted : "Following steps have been taken/are proposed to be taken to minimise delay in printing the directories :

- (i) The DGS&D and CCPS have been approached for expediting arrangements for supply of paper.
- (ii) It has been decided to bring out directories once a year instead of twice a year.
- (iii) The question of liminating advertisements from the directories (which according to our experience are causing considerable delays) is under consideration."

1.77. The Committee enquired as to why printing of directories could not be undertaken by the Government Presses. The Controller of Printing stated during evidence : "Telephone directories are to be printed in large numbers and for this we require specialised machinery and specialised equipment. We do not have them in the Government of India Press. They are generally equipped for doing normal work of the Government and of Parliament, such as Government reports, manuals and other work."

When the Committee pointed out that the CCPS had informed the P.M.G., Punjab Circle earlier that the question of printing directories in Government of India Presses on a regular basis was under consideration, the Controller of Printing stated : "The volume of Government work is increasing rapidly and we are unable to cope up even with the other normal Governmental work without which Government machinery cannot work." To a question the Senior Member (Posts) of the P & T Board replied : "As a measure of relief to the P & T, it was agreed that the capacity of the two existing Government of India Presses will be expanded and the capital required for that will be diverted from our plan allotment. Rs. 2 crores will be given to CCPS to expand the capacity of the Nasik and Coimbatore presses and the expanded capacity will be entirely set apart for P & T. This decision was taken last year."

1.78. The Committee are concerned to note a series of lapses in connection with getting the telephone directory printed by the Punjab Circle of P & T Department through a private press which resulted in an extra payment of Rs. 0.70 lakh on four issues, October, 1964 to March, 1967. The Committee desire that responsibility should be fixed for various lapses as dealt with below.

1.79. The exact implication of the entry "per 500 Rs. 3" found in the tender of the printers in addition to "per 35,000 copies per page Rs. 29" went unconsidered at all stages of scrutiny both in the circle office and the office of the Chief Controller of Printing and Stationery, when it was decided to accept the tender subject to payment in excess of 35,000 copies on *pro-rata* basis. The printers claimed payment for every additional 500 copies at an additional rate of Rs. 3/- per page and these were paid without proper scrutiny. The number of copies of the four issues printed were respectively 39,500, 42,500, 45,500 and 50,400. The rate payment per page was Rs. 56, Rs. 74, Rs. 92 Rs. 122 as against the *pro-rata* rate of Rs. 37.73, Rs. 35.71, Rs. 37.70 and Rs. 41.76 respectively. The Committee were informed that the words "per 35,000 copies" and "per 500 copies" formed part of the cyclostyled pro-forms supplied by the P.M.G., Ambala, while calling for tenders. The intention of the Department in providing a column "per 500 copies" may be reported to the Committee.

1.80. It is unfortunate that CCPS while recommending payment on a *pro-rata* basis did not clarify that the rate quoted for 35,000 copies alone should be considered. As under the present arrangement, the P & T Department can farm out job to private presses subject to the approval of rates by the CCPS, the Committee hope that the CCPS would be careful in checking the tenders referred to him and leave no ambiguity in giving his approval in future.

1.81. The Committee are unable to agree that the concurrence of associated Finance was a mere formality which was given in this case without even having a look at the rates. The Committee would, however, like to know why the tender was neither sent to nor called for by the Associated Finance (P & T Board). In view of the experience in this case the Committee wish that there should be proper scrutiny of tenders referred to associated Finance before concurrence is accorded.

1.82. The Committee find that the confirmation of the printer that the printing charges would be payable on a *pro-rata* basis, was obtained. The opinion of the Ministry of Law as to what such a confirmation implied on the face of his quotation, was not sought for by the Department. Instead arbitration proceedings were started and the printer obtained a stay order. The Committee would like to know the outcome of the arbitration proceedings as also why the Department did not consider it necessary to seek the opinion of the Ministry of Law. The Committee would suggest that the Department should take without further delay advice of the Ministry of Law and take necessary action to expedite recovery of Rs. 70,000 paid in excess to the private printer.

1.83. The extra payment in this case came to light only when the fourth bill was referred to the CCPS although the reference was not necessary. The Committee would like Government to examine how the first three bills were passed without proper scrutiny and whether there was any *malafide* intention.

1.84. The Committee do not appreciate the continuance of the arrangement with the printer for the subsequent issues although the CCPS approved the rates only for one issue. They would like to know why action was not taken at any stage to call for fresh tenders specially when the original order was placed on the basis of a single quotation.

1.85. From the foregoing, the Committee are convinced that there is a case for detailed investigation to establish whether all the mistakes/lapses were *bonafide*.

1.86. The Committee note that the printer had delayed supplies of all the four issues but no penalty was imposed. The P.M.G. held that there was no undue delay on his part. In this connection the Committee would like to emphasise the need to bring out the directories in time. They, however, find that nearly 50% of the 23 directories brought out on an average each year have been delayed beyond the scheduled date for over 3 months. The number of directories delayed for 6 months and above were 4 in 1968 and 5 each in 1969 and 1970. An issue of directory relating to 1970 is yet to be brought out by Punjab Circle. Further only 8 issues pertaining to year 1971 have been brought out so far and out of these one issue was delayed for 14 months. The Committee desire that causes for such serious delays should be identified and steps taken to bring out all the directories within a month of the scheduled date.

1.87. The cost of printing directories in all the circles/districts and administrative cost are of the order of Rs. 22 lakhs and Rs. 10 lakhs respectively. The Committee deem it desirable to get the directories printed in Government Presses on a regular basis to cut down administrative cost and delay in entering into contracts for each issue. They would accordingly suggest that capacity of Government Presses should be suitably augmented before long. The Committee understand that a sum of Rs. 2 crores has already been allotted for this purpose during Fourth Plan. In this connection the Committee would like to refer to their Forty-First Report (Fifth Lok Sabha) wherein they have commented on the inadequate utilisation of the existing capacity of Government of India Presses.

Audit Paragraph.

1.88. In response to a tender enquiry issued in June, 1966 for composing, printing and binding of the telephone directory of another Circle for two years (four issues) four offers were received. The Chief Controller of Printing and Stationery to whom the quotations were sent for approval recommended in October, 1966 the lowest offer of firm 'A' at Rs. 49.40 per page per issue provided that the firm confirmed that the rate was all-inclusive. When the firm was asked to confirm this, it claimed extra charges at Rs. 1.70 per page for printing and binding of two manuscript copies and also Rs. 1.80 per page per 1000 additional copies over and above the tendered number of copies which was 23,000. These were not agreed to and in January, 1967 the firm was informed that its tender had been accepted without any additional charges. It was also stipulated that printing should be in 6 point type on 7 point body. This particular specification of printing (7 point body) was not, however, mentioned in the tender notice and so the firm while accepting the offer demand 10 p. c. increase in its rates (*i. e.*, Rs. 4.94 per page) for the additional labour. Negotiations were then started with the second lowest tenderer 'B' (rate Rs. 86.83 per page all inclusive) who agreed to do the job on its rate less Rs. 676 per issue. When again the matter was referred to the Chief Controller of Printing and Stationery he recommended (March, 1967), subject to the approval of the Director General, Posts and Telegraphs, award of the work to firm 'A' whose rate even after allowing all increases was still the lowest and reasonable. The Director General, Posts and Telegraphs, was then approached for according approval to giving the work to firm 'B' whose rate was shown as lower than that of firm 'A' by omitting the value of some jobs. On 11th May, 1967 the Director General Posts and Telegraphs, approved award of the contract to firm 'B' provided that firm 'A' had refused in writing to bring down its rate. Since including all relevant items, firm B's offer came to Rs. 86.83 per page against the rate of Rs. 54.34 per page of firm 'A' the above stipulation was not purposeful. Meanwhile, on 12th May, 1967 the work was awarded to firm 'B'. This resulted in extra expenditure of about Rs. 30,000. The case is under investigation by the Department (December, 1970).

[Paragraph 18(b) of the Report of the Comptroller and Auditor General of India for the year 1969-70, Central Government (Posts and Telegraphs)]

1.89. The Committee pointed out that the tender of firm 'B' whose rate was Rs. 86.83 per page as against Rs. 54.34 of firm 'A' was accepted though the C.C.P.S. had recommended award of the work to the latter and wanted to know how it was done. The Senior Member (Telecom operations) stated: "There were two tenders. One was from M/s. Diamond Printing Press, Jaipur and the other was from the National Press Ajmer, and the difference here was shown as about Rs. 700/. This is where the mistake took place. In evaluating the tender, the difference could have been much more than Rs. 700. It should be of the order of about Rs. 6,000. There was an error on the part of the evaluating officer. He showed the difference as only Rs. 700. So, the National Press was asked whether they were prepared to reduce here the quotation by Rs. 700 and they did that. After doing that the rates were made equal and therefore the National press was considered a better press. Since the Diamond Printing Press had not

done what was required by us, therefore, the order was placed on National Press. This thing has arisen out of at the time of evaluating the tender.

1.90. The witness added that the mistake was not noticed in the office of the DGP&T as the calculations were not checked. He further informed the Committee that for the wrong evaluation of the tenders responsibility had been fixed and that no responsibility had been fixed for the failure to check the calculations.

1.91. Asked whether there was any machinery to check the calculations in the office of the DGP&T, the witness deposed: "In our office there is a section which goes through the tender in great detail and evaluates the tender. Here was a tender which was called by the circle office. The valuation was done by the circle office. For approval it was sent here. At that time we did not go into the calculations of the circle office."

1.92. The Committee called for a copy of the reference made by the P.M.G. to the DGP&T recommending that the work be entrusted to firm 'B'. A copy of the reference dated 18-3-1967 as furnished by the Department is reproduced at Appendix III. It is seen therefrom that the comparative position of the tenders of firms 'A' and 'B' have been brought out as follows :

Firm 'A'	15,759.00
Plus chareges for 2 MSS copies	510.00
	<hr/>
	16,269.00
Firm 'B'	16,435.00
Less	676.00
	<hr/>
	15,759.00
	160.00
	<hr/>
	15,919.00

1.93. The Committee desired to know the items that were omitted in the rates of firm 'B' while comparing them with those of firm 'A' in the reference made by the P.M.G. to the DGP&T. In their written note, the Department stated that "the item omitted in the rates of National Press related to the cost of composing; this amounted to Rs. 5,498." The break-up of the amount is stated to be as under:

Composing

6 Pts.	190 pages	190x20/-	3,800.00
8 Pts.	50 pages	50x18/-	900.00
10 Pts.	48 pages	48x16/-	768.00
12 Pts.	2 pages	2x15/-	30.00
			<hr/>
		Total :	5,498.00

1.94 Observing that on the 11th May, 1967, the DGP&T approved award of contract to firm 'B' provided that firm 'A' had refused in writing to bring down its rate and that on 12th May, 1967, the work was awarded to firm 'B', the Committee desired to know if firm 'A' was at all contacted. The witness replied: "This is one of the items in the charge-sheet to the officer who did it. This case was not put up to the head of the circle." Asked about the competency of the officer who decided the matter without reference to the P.M.G., the witness stated: "We are fixing the responsibility. There are certain lapses on his part. We have called for his explanation and we have received it. It is a question of disciplinary proceeding."

1.95 In their subsequent note the Department intimated that after examining the explanation of the officer and other relevant records, the competent authority had warned the officer to be more careful in future.

1.96 After examining this case the Committee have come to the conclusion that unusual interest was shown to somehow entrust the job to firm 'B' which cost the Department extra expenditure of Rs. 30,000. The Committee note that the officer who was responsible for certain failures had been warned to be more careful in future. They, however, desire that the case should be examined from the vigilance angle.

1.97 The Committee find that the relative position of tenders of firms 'A' and 'B' was misrepresented to the DGP&T by omitting the cost of composing (Rs. 5,498) from the rates of firm 'B'. The Committee fail to understand how this mistake was not detected in the Directorate. The responsibility in this regard, therefore, needs to be fixed.

In adequate utilisation of expanded capacity

Audit Paragraph

1.98 To meet heavy demands for telephone connections at Karolbagh exchange, New Delhi, where a strowger telephone exchange with 8,000 lines was working, the Department installed a crossbar exchange with another 7,000 lines in February, 1968. Thereafter, 2,000 working lines were transferred from the strowger exchange to the new crossbar exchange in February, 1968 and another 1153 in February, 1969, thereby making those connections available from the strowger exchange to the prospective subscribers. The capacity thus available, however, remained unutilised to the extent of 1693 lines on 1st September, 1968, 2237 on 1st March, 1969, 1758 on 1st September, 1969, 641 on 1st March, 1970 and 342 on 1st August, 1970 although during the period the number of subscribers in the waiting list varied from 9,000 to 10,000. The loss of potential revenue due to inadequate utilisation is about Rs. 54.90 lakhs.

[Paragraph 9 of the Report of the Comptroller and Auditor General of India for the year 1969-70, Central Government (Posts and Telegraphs)]

1.99 The Committee were informed by Audit that at the time of commissioning of the crossbar exchange at Karol Bagh, 2386 working lines

(and not 2000 as mentioned in the Audit para) were transferred from the strowger exchange to the cross bar exchange. The utilisation of the capacity of the strowger exchange immediately prior to the transfer of lines and thereafter upto 31-12-1970 as indicated by Audit was as under:

On	Equipped capacity	No. of direct exchange lines	Percentage of utilisation	Waiting List	
				OYT	Non-OYT
24-2-68	8 000	7,508	93.8	1,040	13427
25-2-68	8,000	5,122	64.0	1,040	13,427
31-3-68	8,000	5,440	68.7	670	10,348
30-9-68	8,000	5,895	73.7	..	10,156
31-12-68	8,000	6,092	76.2	..	9,859
31-1-69	8,000	6,133	76.7	..	9,291
1-2-69*	8,000	4,980	62.3*	..	9 291
30-9-69	8 000	5,785	72.3	..	9,053
31-3-70	8,000	6,992	87.4	..	9,554
30-6-70	8,000	7,160	89.5	..	9,802
1-8-70	8 000	7,178	89.7	..	9,877
1-9-70	8,000	7,225	90.3	..	Not available
30-9-70	8,000	7,352	91.9	13	10,209
31-12-70	8,000	7,394	92.4	79	10,531

*Indicates the extent of utilisation immediately after transfer.

Thus more than 2½ years were taken to utilise the available capacity.

1.100 The Committee desired to know the reasons for the delay in utilising the available capacity. The Member (Telecom. Development) stated: "In first stage, 2386 connections were diverted from old to new exchange. This capacity became available for being given to the subscribers of Old Karol Bagh area. Out of this 2386 there was an arrangement that about 70% of the spare capacity was to be kept reserved for OYT connections. Because of this it was not possible to utilise entire capacity immediately because within about 3 or 4 months applicants waiting on the waiting list had been given connections and this capacity had to be kept waiting according to the regulations for about 3 months. In neighbouring Tis Hazari exchange there was very large waiting list of OYT applicants and it was found more profitable to give this special connection to the subscribers waiting in the next exchange rather than to utilise the capacity for giving it to the non-OYT applicants. That took some time. That was one reason why we could not utilise the entire capacity immediately."

1.101 According to the information furnished by Audit, out of the waiting list for OYT for Karol Bagh on 24-2-1968, 612 connections were given over a period of 6 months upto September, 1968. These should have been given immediately when the spare capacity was available by taking advance action as prescribed the department's orders issued in February, 1965. For not doing so there was loss of Rs. 1.15 lakhs.

1.102 During evidence the witness pointed out that the intention was that within 6 months spare capacity could be utilised and that by September, 1968 the OYT waiting list was exhausted. He added that the remaining portion of the spare capacity could not be utilised because there were no applicants on waiting list. Asked about the delay of 6 months in giving connections, he submitted: "There is a procedure for offering the connections. The payment has to be made by the subscribers and it is to be given in accordance with the priority list. That takes some time." The Secretary, Department of Communications, however, admitted that there had been procedural delays in this case and that no doubt there had been loss of revenue. He said further: "...but during the last year and a half, we have launched a drive to give new connections all over the country. PMGs and General Managers have been instructed to give connections. As a result, the percentage of utilisation all over the country has improved very considerably during the last 1½ years."

1.103 The Audit had the following information to furnish: "680 connections were transferred from Karol Bagh exchange to Tis Hazari exchange in December, 1969, thereby making 680 connections available for allotment to OYT subscribers of Tis Hazari area. For this purpose 680 connections were kept in reserve from February, 1968. The reason for delay in this transfer is stated to be non-availability of cable. It is, however, seen that the case for this transfer was taken up by the General Manager, Telephones, Delhi, only in September, 1969. Had timely action been taken prior to the cut-over of Karol Bagh cross-bar exchange in February, 1968 and these 680 connections transferred immediately after the cut-over, these would have earned revenue to the department during the 21 months they remained idle. The loss of potential revenue on this account is Rs. 15.71 lakhs."

1.104 Dealing with the transfer of lines to Tis Hazari the witness stated during evidence :

"When the exchange was commissioned and the spare capacity became available, ordinarily, the connections would have been given according to the normal rules, that is, 70 per cent for OYT and 30 per cent non-OYT, but when the OYT list became current ... the General Manager, Telephones approached the Directorate (for the transfer of lines)."

The Committee pointed out that there were only 1040 persons in the OYT waiting list in February, 1968 when spare capacity became available in the Karolbagh strowger exchange and asked why the surplus capacity was not straight away transferred to Tis Hazari exchange instead of waiting upto December, 1969. The witness stated that the question was considered only after the problem became evident. The Committee were given to understand that the decision to have a new cross-bar exchange was taken in 1964. The witness admitted that no advance planning was done regarding the utilisation of capacity.

1.105 According to Audit, 716 connections in February, 1968 and 346 connections in January, 1969 became available for allotment to non-

OYT category. These 1062 connections were actually given to non-OYT category over a period of 2½ years (upto September, 1970) despite a waiting list of over 9000 from February, 1968. The delay resulted in loss of Rs.12.42 lakhs.

1.106. Explaining the delay in general during evidence, the witness stated that the numbers transferred to cross-bar exchange in February, 1968 and January, 1969 could not be allotted until a new directory was printed or for a period of six months as otherwise the new subscribers would get calls meant for the old subscribers. The month-wise details of connections given from the strowger exchange as furnished by the P&T Board, at the instance of the Committee, is given at Appendix IV.

1.107. According to Audit, further loss of Rs. 25.62 lakhs was on account of non-allotment of 914 OYT connections remaining after allotment of 612 connections to OYT subscribers in the waiting list upto September, 1968 and transfer of 680 connections to Tis Hazari, which should have been allotted to non-OYT category. Audit further intimated to the Committee :

“In February, 1965 the P & T Board issued instructions to all heads of circles that the spare capacity of an exchange should be utilised to the maximum possible from the time of commissioning. In September, 1968 further instructions were issued to the effect that if the OYT list was current and was likely to remain current for the next 3 months, the spare capacity should not be kept idle, but should be allowed to the non-OYT categories. In this case the OYT list was current from September, 1968 and hence there was no necessity to reserve the connections for future OYT subscribers. The Department has stated that these were kept reserved for OYT as OYT connections are more remunerative and that the Department has earned Rs. 57.53 lakhs as additional revenue by giving 1594 connections on OYT instead of non-OYT. Since these 1594 connections include 680 lines transferred to Tis Hazari exchange already covered...the actual gain on the basis adopted by the Department will be only Rs. 32.99 lakhs.

1.108. “The Department stated (August, 1971) that the period of currency of OYT waiting list after which spare capacity might be allotted to non-OYT categories has been decided (March, 1971) to be increased from 3 months to 6 months.”

1.109. It is seen from the circular dated 19-12-1967 of the DGP&T addressed to all Heads of Circles and Telephone Districts that the apportionment of exchange capacity available for the allotment w.e.f. 1-1-1968 was as follows :

Category	At stations where OYT was already operative	At station where OYT was to be introduced on 1-1-1968
OYT	70%	50%
Exempted	15%	20%
General (without OYT deposit).	15%	30%

The P & T Board clarified :

“The instructions contained in this circular were issued as a result of the review of the policy made by the P & T Board in consultation with the Minister (C). It had earlier been decided [vide File No. 3-SM (F)/67] that the Budget Division had no objection to the OYT receipts being finally adjusted as a ‘deduct’ entry under ‘capital expenditure’ notionally setting off the receipts against such expenditure. This decision enabled the Department to be free to utilise the OYT deposited amounts for their capital requirements. The OYT policy was, therefore, oriented on this basis. In view of the increased cost of the telephone equipment it was decided to enhance the OYT deposit to Rs. 3000/- for major towns viz. Delhi, Calcutta, Bombay Madras and to Rs. 2500 for other stations. At the time of the revision of the OYT scheme as per the above decisions, 70% of the available capacity was being kept reserved for providing connections under OYT. It was also decided to augment the OYT funds by extending the scheme to all stations having an installed capacity of 1000 lines and above. Keeping in view the capital financial requirement of the Department it was decided that at least 50% of the available capacity should be utilised for OYT connections at stations where the OYT was being newly introduced. The percentage already fixed for stations where OYT was already in vogue was, however, not reduced as it was considered that the financial effect of the introduction of the OYT scheme to other stations would be practically nullified by reducing that percentage as the capacity of the old OYT stations was about 47% of total capacity in the country. Accordingly, allocation of available capacity was made in accordance with the instructions contained in the circular letter.”

1.110. During evidence the Committee was given to understand that the apportionment of available capacity was not made exchange-wise and that it was applicable for the country as a whole. The Committee drew attention of the witness to para 1.61 of 40th Report (Fourth Lok Sabha) wherein the Committee had suggested that the Department should lay down precise guidelines for determining priorities for allocation of additional lines keeping in view the number on the waiting list and the duration of waiting. In reply to this suggestion the Department intimated to the Committee in August, 1969:

“The present procedure for allocation of additional equipment is being reviewed in the light of the large forecasts of demand and limited resources likely to be available during Fourth Plan period. The new guidelines will take into account the recommendations of the Public Accounts Committee in this regard.” The Committee desired to know why no action was taken yet. The Secretary, Department of Communications agreed that there was delay in evolving the formula and stated:

“We will now consider and take up this and inform the PAC as early as possible.”

1.111. The figures of waiting list for the country as a whole on 31st March, 1971 as furnished by the P & T Board are indicated below :

(i) Total waiting list	3,09,999
(ii) OYT waiting list out of (i) above	85,550
(iii) Non-OYT waiting list out of (i) above	2,24,449

1.112. The following table brings out the year-wise break-up of the waiting list as on 31-3-71 excluding Assam, Bihar and U. P. Circles as intimated by the Department:

S.No.	Year	OYT	Non-OYT	Total
1.	Earlier to 1959-60		2,494	2,494
2.	1959-60		2,596	2,596
3.	1960-61	1	2,620	2,621
4.	1961-62		3,675	3,675
5.	1962-63	85	4,817	4,902
6.	1963-64	361	6,437	6,798
7.	1964-65	2,469	10,335	12,804
8.	1965-66	4,627	11,761	16,388
9.	1966-67	5,179	12,807	17,986
10.	1967-68	9,139	14,841	23,980
11.	1968-69	14,804	18,670	33,474
12.	1969-70	19,870	55,712	75,582
13.	1970-71	28,217	61,270	89,487
	Total	84,752	2,08,035	2,92,787

1.113. It was decided in March, 1971 to keep the spare capacity reserved for the OYT subscribers for six months after the expiry of the waiting list. The Committee were informed during evidence that before taking the decision a comparative survey and economical calculations were made which indicated that it was worthwhile to keep it reserved for six months. From the papers made available to the Committee subsequently the following position emerges :

In respect of exchanges in class 'A' cities the two type of connections would fetch equal money (over a period of 21 years) if OYT connection is given about 11 months later than the non-OYT connection. In respect of others it has been worked out that both types of connections would fetch equal money if the OYT connection is given about 9½ months later than the non-OYT connections. Departmental calculations of financial benefit of OYT connections are shown in Appendix—V.

1.114. The Committee take a serious view of the delay that occurred at various stages in the utilisation of the spare capacity of over 3000 lines in the Karolbagh strowger exchange, New Delhi, during the period February, 1968 to December, 1970. resulting in a loss of potential revenue of about Rs. 55

lakhs. The spare capacity arose as a result of transfer of working lines from this exchange to the new cross-bar exchange in February, 1968 and February, 1969. The Committee hope that on the basis of their conclusions contained in the following paragraph, suitable remedial steps would be taken besides appropriate action for the specific lapses so that there may not be any avoidable delay and loss in future.

1.115. The exchange capacity was to be apportioned between OYT and non-OYT subscribers in the ratio of 70:30. 612 OYT connections were given over a period of 6 months upto September, 1968, although it could have been given immediately after they became available in February, 1968. The delay entailed a loss of Rs. 1.15 lakhs. The Committee could not get any convincing explanation except that it was attributed to procedural delays. The Committee desire that the procedure in this regard should be simplified to ensure expeditious completion of minimum necessary formalities.

1.116. Having exhausted the OYT waiting list at Karolbagh in September, 1968, 680 lines reserved for that category and found surplus were transferred to Tis Hazari area only in December, 1969. The Committee see no reason why this could not have been done *ab initio* in February, 1968 when there were not enough OYT subscribers in the waiting list. This is a clear case of lack of advance planning. This lapse caused a loss of Rs. 15.71 lakhs. The Committee would like to know why the transfer was not taken up by the General Manager, Telephones, Delhi at least in September, 1968 when the problem became evident instead of waiting upto September, 1969.

1.117. The Committee further note that 716 connections in February, 1968 and 346 connections in January 1969 became available for allotment to non-OYT category. These connections were actually given over a period of 2½ years (upto September, 1970) despite a waiting list of over 9000 from February, 1968. The delay accounted for a loss of Rs. 12.42 lakhs. The Committee were informed during evidence that the numbers transferred to the cross-bar exchange could not be allotted until a new directory was printed or for a period of six months as otherwise the new subscribers would get calls meant for the old subscribers. If this were true, the Committee would like to know how a number of connections could in fact be given within six months of such transfers effected in February, 1968 and in February, 1969 as may be seen from the details shown in Appendix IV. In any case this cannot explain away the delay beyond a period of 6 months. Further the Committee are at a loss to understand why the Department could not bring out immediately supplementary list notifying to public the change in the subscribers.

1.118. According to Audit a further loss of Rs. 25.62 lakhs was on account of non-allotment of 914 OYT connections remaining after allotment of 612 connections and transfer of 680 connections to Tis Hazari referred to earlier, to the non-OYT category. The Department have disputed this and pointed out that there was in fact a net gain even with the belated allotments of these connections to the OYT category. As per the departmental calculations the two types of connections would fetch equal revenue if OYT connection is given about 11 months later than the non-OYT connection. The Committee would like to know if in this case all the 914 connections were given within 11 months of the capacity becoming available and if not, the reason why they were not allotted.

ed to the non-OYT category. In this connection the Committee desire to point out that according to the extent orders these connections should have been given to the non-OYT category after 3 months of exhausting the OYT waiting list which has since been raised to 6 months.

1.119. The Committee are not very much impressed with the economic calculations of the Department for the delayed grant of connections to the OYT category. They desire that immediately when the OYT waiting list is exhausted the availability of connections for that category should be duly publicised so as to ensure expeditious pressing into service of a public asset for the use of consumers.

1.120. The Committee had in their 40th Report (Fourth Lok Sabha) suggested that the Department should lay down precise guidelines for determining priorities for allocation of additional lines keeping in view the number on the waiting list and the duration of waiting. No action has yet been taken in this regard and apportionment between OYT and non-OYT category has been laid down on *ad-hoc* basis as 70:30 and 50:50 in the case of stations where OYT scheme was introduced prior to and after 1st January, 1968 respectively. The Committee note that out of the total waiting list of 3.10 lakhs, 2.24 lakhs pertained to non-OYT and that the period of waiting is much more in this category. The Department of Communications promised to consider the matter for the issue of suitable guidelines. The Committee hope that this will be done early with a view to attaining equitable consumer satisfaction.

Telecom Factories

Galvanising Shops

Audit Paragraph

1.121. Manufactured articles are galvanised in the galvanising shops of the telecommunication factories. The production of these shops is computed in terms of physical surface area of the articles galvanised. Zinc, a scarce material imported from abroad, is the main ingredient for galvanisation and its consumption, according to the Department, varies with the type, size and nature of articles galvanised, smaller items consuming relatively more zinc than bigger ones.

1.122. For achieving better economy and higher productivity a new process of galvanising with semi-mechanised material handling arrangement was introduced in Jabalpur factory in 1968. The Department stated (October, 1970) that the results of the new process were expected in 1970-71. In Calcutta factory although semi-mechanisation had been sanctioned and two electric hoists installed in 1969-70 they could not be effectively utilised because of inadequate space and height and unsystematic layout of the galvanising shop. The Department stated (October, 1970) that effective utilisation was not expected earlier than 1973-74.

The table on next page shows some of the vital statistics of the galvanising shops in the Calcutta and Jabalpur workshops for the four years ending March, 1970.

Table showing vital statistics of the galvanising shops

Factory	Year	Area galvanised (Sq. metres)		Total	Percentage of small area to total area	Zinc consumed	
		Large	Small			Total	Per 100 Sq. metres (Kg.)
Calcutta	1966-67	61,313	92,441	1,53,754	60.12	2,40,755	156.18
	1967-68	58,667	65,598	1,24,265	52.79	1,90,359	153.19
	1968-69	77,256	45,639	1,22,895	37.14	2,04,293	166.23
	1969-70	39,908	42,567	82,475	51.61	1,34,059	162.55
Jabalpur	1966-67	8,82,608	2,07,913	10,90,521	19.07	14,75,184	135.27
	1967-68	7,34,553	1,62,347	8,96,900	18.10	12,26,251	136.72
	1968-69	8,56,232	1,45,723	10,01,955	14.54	15,92,228	158.91
	1969-70	7,28,932	1,69,527	8,98,459	18.87	12,12,451	134.95

Labour hour

Direct	Percentage to area galvanised	Indirect	Percentage to area galvanised	Total man-hours
2,44,359	158.93	1,30,675	84.99	3,75,034
2,01,723	162.33	1,43,255	115.28	3,44,978
1,90,216	154.78	1,56,217	127.11	3,46,433
1,45,202	176.06	1,61,430	195.73	3,06,632
8,72,670	80.02	24,466	2.24	8,97,136
8,26,810	92.19	57,771	6.44	8,84,581
7,39,866	73.84	56,054	5.59	7,95,920
6,53,372	72.72	64,166	7.14	7,17,538

1.123. The percentage decline in (a) output and (b) total manhours in the two shops compared to those in 1966-67 was as follows :

Year	Percentage decline in output		Percentage decline in manhours	
	Calcutta	Jabalpur	Calcutta	Jabalpur
1967-68	19.18	17.75	8.01	1.40
1968-69	20.07	8.12	7.63	11.28
1969-70	46.36	17.61	18.24	20.02

1.124. In Calcutta there was steady fall in output. Further, the output fell much more than the decline in total manhours. While direct labour percentage to area galvanised was disproportionately high in Calcutta in 1969-70 and had shown a falling trend in Jabalpur, indirect labour with any relation to either direct labour or the area galvanised. The indirect labour percentage to area galvanised was disproportionately high in 1969-70 in both the factories. Although the new process of galvanising reduced direct labour in Jabalpur shop, it was offset by increase in indirect labour. The increase in indirect labour has been attributed to employment of surplus (direct) labour on (indirect) jobs. There were also wide differences between the two shops in the percentages of both direct and indirect labour. Consumption of zinc per 100 sq. metres was the highest in 1968-69 in both the shops when the percentages of small items were the lowest. No standard for consumption of zinc has been laid down so far (October, 1970).

1.125. The Department stated (October, 1970) that actual outturn particularly in the case of manual operations depended on various factors like climatic conditions (heat, cold and humidity), galvanising bath temperature, frequency of bath leakages, replacements of baths etc., and in the absence of any scientific basis no rigid standards could be laid down.

1.126. In Calcutta there was a loss of 36856 manhours (Rs. 1.08 lakhs) on account of the output of individual workers falling below the norms during operation of the incentive scheme from April, 1966 to August, 1967. The incentive scheme was suspended from September, 1967.

[Paragraph 20 of the Report of the Comptroller and Auditor General of India for the year 1969-70, Central Government (Posts and Telegraphs)]

(i) *Standard for consumption of zinc*

1.127. There are two galvanising shops—one in the Calcutta Telecom factory and the other in the Jabalpur telecom factory. These shops galvanise the products passed on to them by other production shops. Audit informed the Committee that consumption of zinc, according to the Department, depended upto the pattern of production and the type, size and nature of the articles galvanised, smaller items consuming relatively more zinc than bigger ones. No standard had been laid down for its consumption.

1.128. Asked during evidence about the standard for the consumption of zinc, the Senior Member (Telecom operations) of the P&T Board deposed.

"The whole process did not at all lend itself to any kind of control because the amount of zinc consumed depends on a number of parameter like temperature, the rate of dropping steel items and the rate of pulling them out. On none of these parameters could any control be exercised till the semi-mechanisation started. This is the first time that we made a serious attempt to introduce quality control measures though the process started about 50 years ago".

1.129. The Committee desired to know the norms if any, since fixed for the consumption of zinc for major items of production in Jabalpur and Calcutta factories. The P&T Board in their note explained that "no norms have been fixed for consumption of zinc for major items of production in Jabalpur and Calcutta factories since the practice is that different items of products are galvanised simultaneously in the same bath."

1.130. The Committee had the following observation to make in paragraph 5.11 of their 13th Report (Fourth Lok Sabha) regarding the need to evolve standard norms :—

"The Committee hope that based on regular time and motion studies by an industrial engineering group engaged for the purpose, it should be possible for the Department to prepare scientific standard schedules of labour and material. Such scientific schedules will help the Department in avoiding wide variations between the estimated and the actual cost. The Posts and telegraphs Department should pay special attention to the completion of such studies to evolve standard norms with a view to having an effective control over the cost of production of different items in the workshops." In reply to the above observation the Department *inter-alia* intimated the Committee in August, 1968 that "the time and motion study is a lengthy process and steps would be taken to complete the study as early as possible."

1.131. During evidence when the Committee enquire of the position of fixing norms, the senior Member (Telecom operations) stated : "The norms have been fixed for other types of work. We tried to fix norms for galvanising shops also. But in the absence of any effective control procedures, we could not enforce those norms." When the Committee pointed out that 3, years had elapsed since the Committee commented upon the need to fix and enforce the norms, the witness maintained that the norms were laid down but could not be implemented and added that it would be done.

(ii) Introduction of semi-mechanisation

1.132. Dealing with the advantages of the mechanical device, the witness said : "We have large tanks with molten zinc. Into it we drop steel tubes or brackets or whatever has to be galvanised. Then it is taken out. This was done manually and there was no control over the speed of dropping or of taking out. The speed could be controlled only by a mechanical device. That is why we installed the hoists. We first did it in Jabalpur. Most of last years it has been working very satisfactorily and we have been able to

save roughly Rs. 8 lakhs in one year." To a query from the Committee the witness stated that the Department had been able to reduce zinc consumption at the Jabalpur shop from about 134-135 Kg. per 100 sq. meters to 127 Kg. in 1970-71. As regards introduction of full mechanisation, the witness said : "We have gone to the first stage. With this semi-mechanisation and with our study and experience we will be able to think of the full mechanisation."

1.133. According to the Audit para the two electric hoists installed (at a cost of about Rs. 15,000) in 1969-70 could not be effectively utilised because of inadequate space, height and unsystematic layout of the galvanising shop. The Committee were informed by Audit that construction of a new shed had been sanctioned and that, according to the Department, it might take two years to complete it.

1.134. During evidence the Committee enquired why the Department did not ensure proper accommodation before going in for the hoists. The witness stated : "The hoist in Calcutta could not be utilised initially because the ceiling height did not permit of longer items to be galvanised to be lowered into the tank. After getting the hoist, we had made some improvisations with some new types of buckets to carry these longer items for dipping them into the molten zinc. They had done it at the beginning of this year." He, however, admitted that there should have been proper planning and added : "But when they installed the hoists, they could still be used for smaller items. For larger items they have some improvisations."

1.135. The witness further informed the Committee that initially in Calcutta there was opposition from the labour to the introduction of semi-mechanisation and that it was overcome in July, 1971.

(iii) *Actual consumption of zinc*

1.136. The vital statistics of the galvanising shops in the Calcutta and Jabalpur workshops for the year 1970-71 as furnished by Audit are given below:

Factory	Area galvanised (Sq. Meters)			Percentage of small area to total area	Zinc consumed	
	Large	Small	Total		Total (Kg.)	Per 100 Sq. Meters (Kg.)
1	2	3	4	5	6	7
Calcutta	28,126	71,782	99,908	71.85	1,57,049	157.19
Jabalpur	8,08,770	1,86,426	9,95,196	18.73	12,63,213	126.93

Labour Hour				
Direct	Percentage to area galvanised	Indirect	Percentage to area galvanised	Total man-hours
8	9	10	11	12
1,59,994	160.14	1,31,483	131.60	2,91,477
59,80,25	60.09	97,204	9.77	6,95,229

1.137. The consumption of zinc per 100 sq. meters was usually much higher in Calcutta than in Jabalpur factory. During evidence the witness stated : "We have not really been able to put our finger on the cause."

1.138. The Committee pointed out that the consumption of zinc was the highest in 1968-69 in both the shops although the percentage of small articles galvanised was the lowest and that this was despite the fact that the pattern of production (*i.e.* types of articles galvanised) in each shop remained more or less unchanged during these years. The witness went on to say : "In the course of the next three months we shall make a study of the zinc galvanising plants in Calcutta, Jaipur and Bombay. We shall also have consultations with statistical quality control unit and the metallurgical laboratory at Jamshedpur and we shall try to lay down certain control procedures by which we can reduce the zinc consumed."

1.139. Asked as to how the consumption of zinc could be more with the reduction in the small area to be galvanised, the witness stated : "We are unable to explain this. We were going on the assumption that smaller items, if their percentage is more, more zinc would be involved. But this shows that our assumption was not correct."

(iv) *Fall in output and labour productivity*

1.140. The percentage decline in (a) output and (b) total manhours in the two shops in the year 1970-71 compared to those in 1966-67 is shown below :-

Percentage decline in output		Percentage decline in man-hours	
Calcutta	Jabalpur	Calcutta	Jabalpur
35.02	8.74	22.28	22.50

The Committee were informed by Audit that according to the Department standard laid down for the incentive scheme was on a rough and ready basis and could not, therefore, be taken as firm. The lower output in Calcutta in 1969-70 was due to galvanisation of lesser number of channel iron brackets etc.

1.141. During evidence when the Committee referred to the steady fall in output upto 1969-70 which was much more than the fall in total man-hours, the witness stated : "In Calcutta the working conditions are progressively deteriorating." Asked about the steps taken to improve labour productivity, the witness said : "We tried to introduce an incentive scheme which was introduced in Calcutta and then it was abandoned." Explaining the abandonment of the incentive scheme in Calcutta, the witness continued: "Any incentive scheme which we would have found very useful may not be worked unless there is active co-operation and participation by the labour."

It is a very strange thing because, with a little extra volume the emoluments can be considerable." In a written note the Department stated : "Regarding galvanising shops, some norms were laid in 1966 which the workers found too high to adhere. Norms are now being revised after studying the practices in other organisations like Railways etc."

1.142. As regards the fall in output of the Jabalpur factory, the witness added : "The output of the galvanising parts is directly related to the total output of the factory. The total output of the factory went down because for certain items the demand itself has declined. They produced less tubes and with all these things when they went to the galvanising establishment, the total output has declined".

1.143. There are wide differences between the two shops in the percentages of both direct and indirect labour to the total area galvanised. In this connection Audit informed the Committee as follows : "The management stated that labour, both direct and indirect, is mainly dependent on the weight handled. The area galvanised is not proportionate to weight handled, particularly when items like tube in Jabalpur factory are compared with small casting items in Calcutta factory. This factor is responsible for the difference between Calcutta and Jabalpur factory in the percentages of direct/indirect labour to the area galvanised".

1.144. The Committee desired to know whether the percentages of direct/indirect labour of the two shops for common items of production, e.g., bracket channel irons, stalks etc., had been compared and the results thereof. The Department submitted in a note as follows : "...figures for direct/indirect labour required for galvanising for different items cannot be compiled separately and as such comparison between the two factories in respect of common items of production is not possible for galvanising operations. In Jabalpur factory particularly there is a large load of galvanising telephone tubes which item is not handled in Calcutta factory at all and these tubes are galvanised in common with other items in the same galvanising baths".

(v) Increase in indirect labour

1.145. During evidence the Senior Member (Telecom operations) brought out the nature of jobs done by the direct and indirect labour in the following words : "Direct labour is labour which actually handles the material; it takes material from the tank, brings it and dips it in the galvanising bath and takes it out. All this is direct labour. Indirect labour is used for galvanising, the indirect labour has still to be employed for maintaining the baths".

1.146. Asked about the reasons for the increase in indirect labour in Jabalpur shop, the witness stated : "In 1966-67, under the accounting procedure in the workshops the chargemen were booked as direct. From 1967-68 onwards the chargemen are booked as indirect labour. So you find that there is a reduction in the direct labour hours and there is an increase in the indirect labour hours." The Committee enquired how the reclassification of labour in 1967-68 could account for further increase if indirect labour in the years 1969-70 and 1970-71. The witness replied : "The only increase in 1969-70 is in indirect labour which has gone up from 57,000 to

64,000 and I find from consultation with the establishment people that in 1969-70 actually the load has gone down and the direct labour has been diverted elsewhere but at the same time all these had to be kept in good condition. So they had kept some indirect labour. There were four additional people in the maintenance of them." Regarding the question of diverting surplus indirect labour to other production shops, the Department intimated in a note : "The category of indirect workers of the galvanising shop do a specialised job and they are not suitable as direct workers in other shops. Further suitable galvanising baths were still kept working the indirect labour which is mainly supervisory, had to be retained there." He offered an explanation further : "About the actual allocation of the workers, I cannot give any precise detail—as to how it is done. Formerly, when a direct labour was used to lift a big lead. Today it is done by the hoist which is operated by an indirect man".

1.147. The Committee desired to have break-up of Direct and Indirect labour in respect of the shops for each of the years 1966-67 to 1970-71 and an explanation for the increase or decrease over the years under each category. The Department furnished only the figures of labour hours and stated that the reasons for increase or decrease year by year was being looked into.

1.148. The Committee regret that no standards had been laid down for the consumption of zinc in the galvanising shops although the process started about 50 years ago. To what extent has there been no control over consumption can be seen from the succeeding paragraphs. The Committee have stressed in their 13th Report (Fourth Lok Sabha) the need to evolve standard norms for both material and labour with a view to having an effective control over the cost of production of different items in the workshops. According to the Department norms could not be enforced in the absence of any effective control procedures. A study of the zinc galvanising plants is expected to be undertaken shortly and the representative of the Department promised to have consultations with the statistical quality control unit and the metallurgical laboratory at Jamshedpur to lay down certain control procedures by which the consumption of zinc could be reduced. The Committee wish to emphasise that there should be no further delay in evolving and enforcing the norms especially as semi-mechanisation has already been introduced at Jabalpur and Calcutta factories.

1.149. The Committee note that as a result of the introduction of semi-mechanisation at Jabalpur in 1968, a saving of roughly Rs. 8 lakhs could be effected in one year and the consumption of zinc had come down from 136.72 Kgs. in 1967-68 to 126.93 Kgs. per 100 sq. meters in 1970-71. It is unfortunate that the electrical hoists installed at Calcutta workshop could not be effectively utilised because of the unsuitability of the shed. The Committee understand that construction of a new shed would take two years. They would like to know why there was no advance planning to ensure suitable accommodation before the machines were received.

1.150. The consumption of zinc per 100 sq. meters was unusually much higher in Calcutta than in Jabalpur factory, the figures for the years 1966-67 to 1970-71 varying from 153.19 to 166.23 in respect of the former and 126.93 to 158.91 in respect of the latter. According to the witness the cause for the

relatively high consumption in Calcutta could not be identified as yet. The Committee desire to be informed of the outcome of the study of the galvanising plant in Calcutta in this regard and the measures taken to reduce the consumption as also the results thereof.

1.151. The consumption of zinc in both the factories was the highest in the year 1968-69. There has been marked disparity between 1968-69 and other years in Jabalpur factory. This unusual phenomenon especially in Jabalpur needs careful investigation.

1.152. Another interesting factor is that although according to the opinion of the Department held earlier that smaller items consumed relatively more zinc than bigger ones, the consumption of zinc in both the factories was the highest when the percentage of small area to total area galvanised was the least. It was explained during evidence that this assumption of the Department did not appear to be correct. The Committee suggest that this aspect should be carefully examined by experts in the field.

1.153. There has been a steady fall in output in terms of total area galvanised in Calcutta galvanising shop from 1,53,754 sq. meters in 1966-67 82,475 sq. meters in 1969-70 which increased to 99,908 sq. meters in 1970-71. Further, the labour productivity was significantly lower in Calcutta as the fall in output in 1969-70 and 1970-71 compared to 1966-67 was 46.36% and 35.02% respectively against the decline in manhours to the extent 18.24% and 22.28% respectively. The Committee were informed that the working conditions in Calcutta were progressively deteriorating. The incentive scheme which was introduced in this shop had to be abandoned after incurring a loss of 36,856 manhours (Rs. 1.08 lakhs) on account of the output of individual workers falling below the norms. All these show that there has been no control over output. The Committee hope that as a result of a comparative study the position would be rectified soon and optimum labour productivity achieved.

1.154. The Committee note that while the percentage of direct labour hours to the area galvanised was reduced from 80.02 to 60.09 during the period 1966-67 to 1970-71, that of indirect labour hours was increased from 2.24 to 9.77 at Jabalpur. According to the explanation given during evidence, the increase was due to reclassification of labour in 1967-68. As this does not account for the subsequent increase, the Committee would like the Department to carefully examine the variation in labour hours from year to year and intimate the reasons therefor to the Committee. The Committee would also like the Department to investigate the reasons for incredibly high indirect labour employed in the Calcutta galvanising shop as the percentage of indirect labour hours to the area galvanised was as high as 195.73 in the year 1969-70. It should also be examined as to what extent this was due to surplus labour retained and on that basis the possibility of deploying them to other productive works should be considered.

Construction of a building

Audit Paragraph

1.155. According to the estimate and approved drawings, the foundation of a telecommunication building was to be 12 feet 6 inches deep and back filling of foundation trenches was to be done with good earth. While

the work was in progress (commenced June, 1964, completed November, 1967) the Superintending Engineer inspected the site in January, 1965 and August, 1965 and recorded in his inspection note as follows:—

“Soil... for this building was also black cotton soil and depths to which the foundations were excavated were up to 8 or 10 feet, and filling inside the plinth has already been done with the excavated soil.”

1.156. He, therefore, proposed construction of a perimeter wall around the plinth to prevent seepage of water and also strengthening of the floor. These modifications were approved by the Chief Engineer in September, 1965 and the Executive Engineer was asked to work out the extra cost taking into consideration the savings due to non-execution of two items provided in the original estimate, viz., good earth filling and disposal of excavated earth. However, construction of perimeter wall and strengthening of floor commenced in October, 1965 without assessment of extra cost. In November, 1965 while processing the estimate for extra cost it was revealed that there would be no savings from the two items of earthwork as they had already been executed before the work was inspected by the Superintending Engineer and that the foundation was actually laid to 12 feet 6 inches. But by that time expenditure of Rs. 43,495 had already been incurred.

1.57. The Department stated (October, 1970) that detailed investigation was being made.

[Paragraph 14 of the Report of the Comptroller and Auditor General of India for the year 1969-70, Central Government (Posts and Telegraphs)].

1.158. During the course of the evidence the Member (Telecom Development) Stated : “There was some mis-understanding on our part here in Delhi about the report given by the Superintending Engineer. In this report, he says that the soil for this building was black cotton soil... He says ‘...depth to which the foundations were excavated were upto 8 to 10 ft. and filling inside the plinth has already been done with the excavated soil’. Then he goes on to say ‘There are no perimeter walls... and, therefore, it is a case similar to the Bhopal quarters where also it was a black cotton soil area...’ He continues saying ‘While in Bhopal, the loads were for residential purposes, here, in this telecommunication building, Indore, the equipment load is much more and floor has to take a load upto the extent of 200 pounds per sq. ft...’ Because of this extra load, he recommended that for strengthening floor, reinforced concrete should be used. This was the report he had given”.

1.159. “We had slightly mis-understood this report. The soil was black cotton soil and we assumed that excavations were only upto 8 to 10 ft. instead of 12’—6”. We assumed that the filling inside the plinth area was made with black cotton soil.

1.160. “We have now investigated that there was no such mistake made in the filling. The foundations were correctly dug upto 12’—6” and the filling inside the plinth was made mostly with good earth. The reason why the flooring had to be strengthened was because of the heavier load which the

telecommunication building had to take and also as a precaution against settling of the floor. Even in residential buildings, in that area, in Indore, it is a fairly common practice that the floor would be having reinforced concrete slabs".

1.161. As regards the depth of the foundation excavation mentioned by the Superintending Engineer, the witness stated that the Superintending Engineer did not have the correct figure in his mind at that time and added: "The Superintending Engineer has given this report. He did not mean to say that the foundations were not upto the mark. He was only trying to say that the flooring had to be strengthened. The whole import of this tour note is that flooring was to be strengthened".

1.162. The Chief Engineer clarified further: "This Audit para relates to the construction of telecommunication building at Indore. The most important thing for your consideration is that the area is of black cotton soil and it is a common practice that we cannot lay the foundation with black cotton soil. If by any chance, by any mistake, we lay the foundation with black cotton soil, the building will crack and the floor will subside.

1.163. "In the telephone exchange building, there are two important things for consideration. The first important consideration is that the equipment installed weighs upto 200 pounds per sq. ft. as against the residential load of 30 to 40 pounds per sq. ft. The second important consideration is that in telephone exchange, where there are bars, cross-bars, which are stretched from wall to wall and from floor to the ceiling, if the floor subsides, then a very difficult stress is developed and that spoils the working of the equipment and the telephone exchange. So, under these two pressing considerations, it was the most important thing to see that the floor that is laid for the telephone exchange building is sound and does not subside or settle down. I would not pay any attention to this remark whether the excavation was done 12' or 8' deep. The point in his mind was that the floor should not subside and the installation for this telephone exchange building should not suffer subsequently. Even with proper filling we cannot be sure that some subsidence will not take place because we do not have the mechanical means to consolidate the earth as they have in other countries. We only depend upon our labour, and as you know, the labour today, in spite of our best efforts, do not carry out the instructions fully.

1.164. "The Superintending Engineer does not take the measurements. The measurements of actual work done are taken by the overseers or the Assistant Engineer. The Superintending Engineer goes with the idea of seeing that the means adopted for doing the job is such that it is proper and it will not give any trouble later on. The remark that the excavation was 8 or 10 feet deep was a rough idea, it was not after measurements".

1.165. In a note subsequently furnished to the Committee, the Department intimated as follows:—

"The S.E.IV, New Delhi under whose jurisdiction the building now falls inspected the building in November, 1971 and checked the depth of foundations himself by getting pits dug at three places. He has reported the

levels of foundations as under [vide his D.O. letter No. 2(160) Sept & T. IV/19821 dated 11-12-71]

S. No.	Location	Level of existing ground (in metres)	Level of bottom of foundations (in metres)	Depth of foundations metres/ft.
1.	P	99.48	96.18	3.30 m./ (10.82 ft.)
2.	Q	99.57	95.67	3.90 m./ (12.79 ft.)
3.	R	99.42	95.62	3.80 m./ (12.46 ft.)
		Average = $\frac{3.30+3.90+3.80}{3} = \frac{11.00}{3}$		4.67 metres (12.04 ft.)

It will be observed that at two out of three places, the depth of foundations exceeds 12.0 ft. and that even average depth of foundations on the basis of above test checks comes to 12.04 ft. It is thus confirmed that foundations of the building were laid at the designed depth of about 12".

1.166. In advance of evidence, the Committee were informed by Audit that as the matter appeared conflicting the Executive Engineer was called to Delhi on 12-12-65 along with measurement books and the bills paid to contractors for discussion with the Chief Engineer. After discussions, the Chief Engineer intimated *inter alia* to the Superintending Engineer, Bombay, (the inspecting Superintending Engineer) as follows:

"If, as stated by the Executive Engineer, the filling was done as per provision in the estimate with good earth, it is not understood why the changes in the specification of the ground floor flooring is necessary at heavy cost. It may be noted that the decision of the Chief Engineer was on the basis that the back filling was done with excavated soil and not with good earth".

1.167. During evidence the Committee enquired how it could be said that the back filling was done with good earth. The Chief Engineer deposed: "In August 65 the S.E. inspected the site. He probably thought that the entire filling has been done with black cotton soil. But the fact was that only 22,000 c. ft. of black cotton soil was filled. May be this was on the top portion when the S.E. visited the site."

1.168. The Department had the following to intimate further :

"The building is situated on the site where upto about 8' the soil is of black cotton variety. Black cotton soil expands on becoming wet and contracts on drying, this alternate expansion and contraction causes settlements and cracks in buildings."

1.169. "The original design and specifications, therefore, envisaged removal of all black cotton soil under the building and use of good earth/moorum for refilling. The work was started in June, 1964 and by and large black cotton soil obtained from excavation was removed from the site and good earth was utilised for refilling. From the measurements recorded in the measurement books, the following facts have come to light :

The quantities of earth work in excavation, refilling, disposal of black cotton soil and importing of good earth as actually done and recorded upto 16-8-65 are as under :

Item	Excavation from foundation. Quantities as recorded in the measurement books of the E.E. upto 16-8-65.
Excavation of black cotton soil—Item- 1 S.H.I.	1,60,750 cft.
Excavation of good earth yellow clay—Item -2 S.H.I.	44,598 cft.
Excavation of moorum Item - 3 S.H.I.	29,092 cft.
Disposal of black cotton soil	1,38,358 cft.
Import of good earth and moorum-Item-5 S.H.I.	69,416 cft.

1.170. The details of back filling under foundations upto 16-8-65 are as follows :—

Good earth obtained from foundations	44,598 cft.
Moorum obtained from foundations.	29,092 cft.
Imported earth below ground level.	58,601 cft.
Additional imported earth in the plinth above ground level.	10,815 cft.
Black cotton soil.	22,392 cft.
Total :	1,65,503 cft.

1.171. "The above facts indicate that the entire quantity of black cotton soil except 22,392 cft. mentioned above (1,60,750—1,38,358) had been disposed of and back filling had been done mostly with good earth before the tour note of S.E., Bombay of August 65; in pursuance of which modified designs for flooring and perimeter walls etc. were issued on 15-9-65.

1.172. "Further, it is stated that the S.E., P&T Civil Circle -II, Bombay inspected the building in January, 1965 and at that time also suggested about provision of R.C.C. floors to avoid subsequent settlement. Since in case of R.C.C. suspended floors, nature of earth filling under floors shall not matter, 22,392 cft. of Black Cotton Soil was used for refilling subsequent to S.E.'s inspection of January, 1965 to save expenditure on cost of disposal and on importing of equal quantity of good earth from outside. From entries in the M.B. it is found that till 15th January, 1965 black cotton soil to the extent of 1,38,358 cft. obtained from excavation was removed from the site and for filling upto that time only good earth had been used for refilling (58,601+10,815 cft.)".

1.173. The Committee desired to know whether even with the excavation upto a depth of 12"—6" and back filling with good earth strengthening of the floor would have been necessary. The witness stated that even then "subsistence will not be avoided because we do not have mechanical consolidating means". Asked why it was not originally provided for, the witness

replied : "It is a fact that originally also this should have been provided. But we learn from experience. I have been in this department for 14 years now and my instructions are, we must be extremely careful in laying the ground floor flooring. We are resorting to RCC floors".

1.174. Noting that the Executive Engineer was called to Delhi on 12-12-65 for discussion with the Chief Engineer (Civil), the Committee wanted to know whether after discussions any clarification as sought for from the Superintending Engineer. The Department stated in a note submitted to the Committee as follows :—

"In response to D.O. letter dated 25-11-65, the E.E. Indore attended office of the S.E.I., New Delhi (who was in-charge of planning and designing of the building project) on 12-12-65, to clarify certain points regarding the statement of additional works submitted by him (E.E.) earlier. The E.E. informed the S.E.I., New Delhi that (i) the foundations of the building had actually been taken to a depth of 12' and (ii) refilling in foundations and plinth had been done with good earth before the work was inspected by the S.E., P&T Civil Circle II, Bombay in August, 1965 (who was in-charge of execution of the building project). The E.E. also intimated that the additional work of providing stronger RCC floors had already been carried out by that time (12-12-65)."

1.175. "Since the above information which was not in conformity with the inspection note of the S.E. II, Bombay it was conveyed to S.E., Bombay by the S.E.I., New Delhi vide his letter No. 2(18)-65-SE-(P&T)/9285-87 dated 22-12-65. But no comments thereon were received from the S.E. II, Bombay. This officer had since been repatriated to CPWD and has retired."

1.176. To a query whether the correct position regarding the depth of excavation in the foundation and the nature of earth used for filling inside the plinth was intimated to the Superintending Engineer by the Engineer in-charge of the working on receipt of the former's inspection note dated 12-8-65, the Department stated : "As per records, no letter appears to have been addressed by the E.E. in reply to the inspection note dated 12-8-65 of the S.E. intimating to him (S.E.) correct position regarding the depth of excavation in the foundation and the nature of earth used for filling inside the plinth."

1.177. "It may be added here that during 15-3-65 to 6-9-65 the E.E. in-charge was on leave and during this period the E.E. in-charge of Civil Division, Bombay whose own charge was also quite heavy and scattered (extending over the States of Maharashtra and Gujarat) held dual charge of the Indore Division also, under whose jurisdiction this work fell. On 6-9-65 a new E.E. took over charge of Indore Division and relieved the E.E. Bombay of the dual charge".

1.178. As regards the extent of avoidable expenditure, the Department submitted *inter alia* in a note as follows : "The modified designs as issued on 15-9-65 with the approval of the C.E. (Civil) were on the assumption that back filling had been done with black cotton soil which was mentioned in the C.E.S' letters dated 1-9-65 and 15-9-65. The correct position regarding earth actually used for refilling was neither intimated by the S.E. nor the E.E. in-charge to the C.E. (before taking up additional works as per revised designs issued on 15.9.65)".

1.179. The Department further stated : "It is....admitted that expenditure on disposal of 69,416 cft. of black cotton soil and importing of equal quantity of good earth for refilling amounting to Rs. 24,297/- had to be incurred. This expenditure could not be saved since the disposal of black cotton soil had already been done."

1.180. The Committee are unable to reconcile the facts in regard to the depth of excavation in foundation and back filling presented to them by the Department with those recorded by the Superintending Engineer in his note of inspection in August, 1965. The Executive Engineer in charge of the work did not clarify the correct position to the Superintending Engineer when the latter's inspection note was received. Further the correct position regarding earth actually used for refilling was not intimated to the Chief Engineer before taking up the additional works as per the revised designs issued on 15th September, 1965. The Committee note, however, that after the Executive Engineer was called to clarify the position personally in December, 1965, the matter was taken up with the Superintending Engineer but it was not pursued to obtain his comments. In the meanwhile, he was repatriated to CPWD whereafter he retired. The Committee hope that the officials concerned will be more alert in settling such discrepancies promptly to put matters beyond doubt.

1.181. The Committee were informed during evidence that even with the foundation excavation upto 12' 6" and back filling with good earth, strengthening of the floor would have been necessary. The Committee are not able to square this view with the statement of the Chief Engineer made in December, 1965 that his decision to strengthen the floor was on the basis that the back filling was done with excavated soil and not with good earth. Further, the original estimate did not provide for it. The present explanation of the Department can, therefore, be regarded as at best an afterthought. In this connection they wish to make it clear that they are interested in knowing the facts of the case as they were and not in an ingenious explanation in extenuation of what happened. The Committee however, note that according to the Department there was an extra expenditure of Rs. 24,297 on account of disposal of black cotton soil and importing of good earth for refilling.

Manufacture of channel iron brackets

Audit Paragraph

1.182. Channel iron brackets (specification C. 8 for 6) which are used for overhead lines now being gradually replaced by underground cables) are manufactured departmentally in telecommunication factories under incentive scheme. Orders for manufacture are placed by the stores organisation generally on the basis of past three years' consumption and stock in hand. The following table shows the quantity manufactured and issued during the last five years :—

Year	Quantity Manufactured	Quantity issued	Closing stock
1965-66	76015	69121	12055
1966-67	88112	31250	68917
1967-68	68821	42438	95300
1968-69	82534	22152	155682
1969-70	43072	20863	178191

NOTE: Figures in columns 3 and 4 are exclusive of depot transfers.

1.183. Although the closing stock at the end of each year commencing from 1967-68 was more than the average annual consumption the pending orders were not periodically reviewed by the stores organisation to bring them in line with actual requirements and further manufacture of brackets was continued on the basis of existing orders. Based on the average consumption during the three years ending 1969-70, the clothing stock on 31st March, 1970 (Rs. 37.42 lakhs) represents about six years' consumption. If account is taken of the gradual replacement of overhead wires by underground cables, the stock is likely to be sufficient for more than six years.

1.184. The Department stated (December, 1970) that (i) there was no acceptable method of forecasting requirements and a team of consultants had been appointed to suggest a realistic method, (ii) instructions have been issued for carrying out a cyclic review of all pending orders so that these could be modified to conform to actual requirements and (iii) alternative use of this item was being explored.

[Paragraph 23 of the Report of the Comptroller and Auditor General of India for the year 1969-70, Central Government (Posts and Telegraphs)]

1.185. As per the information furnished by Audit, the number of channel iron brackets manufactured, issued and the closing stock in respect of 1970-71 were respectively 3480, 11367 and 1,70,304. The value of the closing stock was Rs. 35.76 lakhs. The Department informed Audit in December, 1970 that the accumulation of stock over the years had occurred on account of the following :—

- (i) There is no acceptable method of forecasting requirements.
- (ii) Of late there has been an imperceptible change in technology on account of the increasing use of microwave links/co-axial cables. there has been a slow down in open wire construction with the result that there has been a fall in the off take of this store.
- (iii) The pending orders had not been periodically reviewed to bring them in line with the actual requirements.

The Department further informed Audit that the following remedial measures had been adopted :—

- (i) All outstanding orders for the store were cancelled in November, 1969.
- (ii) A team of consultants have been appointed to suggest a realistic method of forecasting requirements of various stores.
- (iii) The Chief Controller of Telegraph Stores has been directed to carry out a cyclical review of all pending orders so that they can be modified to conform to factual requirements.
- (iv) Alternative use for this store is being found.

1.186. During evidence when the Committee referred to the vast accumulation of stock, the Senior Member (Telecom Operations) of the P&T Board stated : "This was the result of faulty procedures that were being

employed at that time and employed even now. The procedure was to assess the previous three years' consumption and project the demands on that basis. Unfortunately, in this particular item, apparently the consumption rapidly fell off with the result that the order placed on the workshops gave rise to a fairly increasing inventory. We are trying to make good this defect. We are having a team of consultants from the Hyderabad Staff College and one of the terms of reference is to give us a proper method for forecasting our requirements for the CCTS and the workshops. They have already prepared the report. As far as forecasting is concerned, what they are going to suggest is that this should be actually based on the sanctioned works which are going to be carried out for the coming year rather than based on the past consumption." As regards the excessive production year after year, he added that it was found from the Managers' meeting at which the production targets were fixed that the orders were very much higher than the actual requirements and that no action was taken to cut down on the orders.

1.187. The Committee pointed out that in 1968-69, 82534 brackets were manufactured when stock in hand at the end of 1967-68 was 95,300 and the average of consumption during the three years 1965-66 to 1967-68 was only 47,603. The witness clarified: "In the first place, the CCTS does not go strictly by the averages. He makes a forecast based on the averages and there is a certain amount of subjective judgment involved in this. Secondly, this calculation is carried out sometime in September or October of the year when the managers of the workshops meet and this is given as a programme and the workshops take up the production of this item in the following year. Suppose they meet in October, 1970, the production is taken up in 1971-72 and the supplies are made either late in 1972 or in 1973." He, however, admitted: "They have committed two mistakes. One was that the forecasting itself was excessive; the subjective judgement itself was faulty because they did not take into account this particular type of item, the use of which was going down. Nowadays, we are constructing very few of this type of line which we used to construct previously; so the demand would have gone up. The other thing is that they did not take into account the stock on hand, the inventory. If these things were done, the inventory would not have risen to this figure."

1.188. Extracts from 10th Conference of Managers of P&T Workshops held in Calcutta on 17th to 19th February, 1968 and 11th Conference held in Bombay on 19th December, 1968, as furnished by the Department are reproduced below:—

10th Conference

"ITEM 3 : Finalisation of the Production Programme of 1968-69 and Drawing up Tentative Programme for 1969-70.

(b) *Channel Iron Brackets* : The demand of the Chief Controller of Telegraph Stores is for 4 lacs Channel iron Brackets (eqv. 4 wires) against capacity of Workshops (Calcutta and Jabalpur) for 12 lacs. This low demand will have some adverse effect on the utilisation of man-power in heavy machine shop. The Managers have been requested to divert the surplus capacity of the heavy machine shop to other shop where work-load is heavy."

11th Conference

ITEM 3 : Finalisation of Production Programme for 1969-70 and Drawing up of Tentative Programme for 1970-71.

(b) *Channel Iron Bracket* : The demand of C.C.T.S. is only for 5.50 lacs (eqv. 4 wires) against the capacity of 12 lacs of both the Workshops in Calcutta and Jabalpur. This reduced demand of Channel Iron Bracket will cause less work load in Heavy Machine Shop of both Calcutta and Jabalpur Workshops and some operatives will be rendered surplus. The C.C.T.S. was requested to review the requirement and see if further orders could be placed on the workshops.

1.189. While furnishing the above extracts the P&T Board observed: "Chief Controller of Telegraph Stores, Calcutta has been placing his demands on the telecom. factories on the basis of the actual requirements taking into consideration the Stock balance and expected supplies. Actually he had placed originally a demand for small quantities but at annual meetings of the managers, the C.C.T.S. and the managers were directed to reassess the demands on the basis of discussions. The main reasons for increasing the demand was to get proper utilisation of operative labour and to meet the anticipated requirements that were likely to come up as a result of development plants. There is no record available as to how exactly was the calculation of demand made."

1.190. During evidence the Senior Member (Telecom Operations) informed the Committee regarding disposal of stock as follows : "What we are proposing to do is, we want to cut it up and use it as a smaller bracket for which there is a very large demand. That is the only method of trying to get over this large inventory."

1.191. In view of the virtual stoppage of manufacture of channel iron brackets, the Committee enquired how it was proposed to utilise the capacity available in the two factories at Calcutta and Jabalpur. The witness stated that it would be used for making other type of stores. Asked whether any decision had been taken in this regard he said : "We have not taken into account the utilisation of the machinery. We are considering the utilisation of inventory. We have 1.5 lakh brackets. We want to see what we should do with them."

1.192. This is a glaring example of absence of control over production and inventory culminating in accumulation of 1.70 lakh channel iron brackets worth Rs. 35.76 lakhs. No basis for the production of these items in the telecom factories could be brought out by the Department. It is strange that no acceptable method of forecasting requirements has been evolved so far. There was no review of production schedule fixed to relate it to actual demand. The stock hand was not taken into account while fixing the production schedule. Further the department did not take into consideration

the change in technology on account of increasing use of microwave links/coaxial cables resulting in fall in the offtake of this store. While the Committee note that a team of consultants have been appointed to suggest a realistic method of forecasting requirements of various items, they desire that all the foregoing lapses should be investigated and appropriate action taken.

1.193. The anxiety regarding utilisation of manpower expressed in the successive conferences of Managers of P&T workshops was responsible for the excessive production. In the opinion of the Committee this alone could not be a factor to influence production. Incidentally they find that the annual capacity of the workshops in Calcutta and Jabalpur for the manufacture of channel iron brackets is 12 lakhs. The Committee would like to know how it is proposed to utilise the surplus machinery and labour.

1.194. In view of the experience in this case the Committee desire that there should be a review of production pattern in all the telecom factories and inventory of various items held by the Department taking into account the change in technology to find out alternative use for the items rendered obsolete and to change the pattern of production with such modifications as are necessary. This should receive priority as the Department have already adopted improved technology in various spheres.

1.195. As regards the disposal of the accumulated stock, the Committee were informed that the Department proposed to cut them up and use them as smaller brackets. The extent of disposal in this manner may be reported to the Committee in due course.

Excess payment of Customs Duty

Audit Paragraph

1.196. In connection with procurement of imported telecommunication equipment for execution of coaxial cable projects, the Department was charged Rs. 2,60,156 in excess as Customs duties in the following cases :—

(a) The Department imported (September, 1964) certain equipments in 190 packages on which the Customs authorities assessed the duty payable at 66 per cent *ad valorem* instead of at 38.5 per cent *ad valorem* as was due. This resulted in excess payment of Rs. 40,261. The Director General of Supplies and Disposals, through whom the consignment was imported, advised the Department (13th November, 1964) to scrutinise the assessment and claim refund if any, through the clearing agents within 15 days of receipt of their communication. Although that communication was received by the Department on 16th November, 1964, no instructions for claiming refund were issued to the clearing agents till 23rd April, 1965. The delay is stated to be due to time taken in examination of the case with several offices in the department and the foreign suppliers.

The claim lodged by the clearing agents (May, 1965) was rejected by the Customs authorities (February, 1967) on the ground that it was not filed within six months of payment of duty. Appeal preferred to the Collector of Customs was also rejected (December, 1967) on similar ground. A revision petition filed (May, 1968) with the Ministry of Finance has not been decided so far (August, 1970).

(b) Examination of a bill of entry of March, 1965 showed that Customs duty had been charged at 60 per cent *ad valorem* (plus 10 per cent) although, according to the Department, it should have been charged at 35 per cent *ad valorem* (plus 10 per cent) and that this wrong assessment resulted in excess payment of Rs. 49,705 the claim for which was lodged by the clearing agents in July, 1965. The claim was rejected (June, 1966) by the Customs authorities as not falling under the particular section of the Customs Act under which it was made. An appeal preferred (August, 1966) was also rejected (September, 1966) by the Appellate Collector of Customs as time-barred. A revision petition to the Ministry of Finance (March, 1967) has been partly allowed. However, the amount of refund is yet to be determined (November, 1970).

(c) Customs authorities in Bombay port charged duty at 15 per cent *ad valorem* instead of at 5 per cent *ad valorem* on coaxial cables imported during 1964. In five such cases, amount of duty charged in excess was Rs. 3,05,267. Refunds amounting to Rs. 1,35,077 for three such cases have been allowed in 1969/1970. The remaining two cases (for which revision petitions were submitted in September, 1966 and re-registered in March, 1968, to the Ministry of Finance) are yet to be decided.

1.197. The Department stated (November, 1970) that the following action had been initiated to reduce the incidence of such cases:—

- (i) A circular letter was being issued to all the circles to give due importance to cases involving Customs duty, Central excise duty and consequential matters.
- (ii) The Ministry of Finance has been addressed to review the cases rejected as "time-barred".
- (iii) The Director General, Supplies and Disposals, was being requested to advise all their clearing agents to present correctly the case about classification of telecommunication equipments to the Customs authorities.

[Paragraph 29 of the Report of the Comptroller and Auditor General of India for the year 1969-70, Central Government (Posts and Telegraphs.)]

Sub-para (a)

1.198. The P&T Board intimated the present position of the revision petition filed with the Ministry of Finance in May, 1968 as follows:—

"The Ministry of Finance, Department of Revenue and Insurance, considered the appeal of the Department by relaxing the condition of time bar. The Ministry rejected the claim for the reclassification of the entire equipments under 73(2) of the ICT as asked for by the Department but while considering in detail they have agreed to reassess compressor unit under 72(b) of the ICT and grant refund in relaxation of the provisions of the Customs Act regarding the reassessment of the other item *viz.* gas cylinder, they have turned down the claim of the Department."

1.199. The Committee were informed that on 6-7-1971 Audit had reported two more cases of excess payment of Rs. 11.86 lakhs as Customs duty to DGP&T for taking suitable action. As required by the Committee, the P&T Board intimated the details of the cases and the action taken as indicated below:—

“Audit had reported two cases of excess payment of Customs duty involving Rs. 11.86 lakhs in September, 1971. One case relates to an excess payment of Rs. 7.72 lakhs in a consignment (received at Bombay) containing carrier equipment. The other case relates to an excess payment of custom duty of Rs. 4.14 lakhs in respect of telephone equipments imported from Belgium.”

“In the first case, on a consignment of Rs. 77,23,414 of telephonic equipments, customs duty was charged @ 60% instead of 50% thereby charging an excess amount of Rs. 7,72,341.40. A claim for refund of this amount of Rs. 7,72,341.40 was lodged with the customs authorities. Out of this, a refund of Rs. 7,55,792.90 has since been sanctioned by the customs authorities. The balance of Rs. 16,548.50 represents customs duty on measuring instruments and consumable spares. On a fair estimation, the amounts of customs duty on measuring instruments and consumable spares are Rs. 12,448 and Rs. 4,100 respectively. It is now revealed that the measuring instruments were for testing of cables and not for equipment and as such charging of customs duty @ 60% is perhaps correct. The only dispute that now remains is for a sum of Rs. 4,100 in respect of customs duty on consumable spares. The question whether we should make a special petition to the Hon'ble Finance Minister for this amount, is under consideration.”

“With regard to the second case involving a sum of Rs. 4.14 lakhs, a separate communication will follow after further investigation.”

Sub-para (b)

1.200. As regards the present position of the revision claiming refund of excess payment of Rs. 49,705/- which was partly allowed by the Ministry of Finance, the P&T Board stated : “The revision petition has been partly allowed ordering of Rs. 230.02 only. Since the customs authorities are of opinion that the items on which refund has not been granted are of general electrical equipment which are classified under item 73 of the I.C.T. no excess payment has been made by the Department in this respect.”

Sub-para (c)

1.201. The present position of the remaining two cases of refund claimed was stated to be as follows :

“The two cases in question relate to GSI 146 in which the amount excess charged is Rs. 77,642.85 and GSI 147 in which the excess amount charged is Rs. 92,547.17. As regards GSI 146, the case is under consideration of Ministry of Finance, Department of Revenue and Insurance. As regards GSI 147, the case is under consideration of the Assistant Collector Customs, Bombay.”

1.202. There have been a number of cases of considerable excess payments of customs duty on goods imported by the P&T Department. The Committee would like to know whether there is a regular independent check of assessment of custom duties in the Department. In the opinion of the Committee such an independent check is desirable in a Commercial Department such as the P&T Department. The Committee also find that the claims of refund have not been preferred in time. They would, therefore, like to impress upon the Department the necessity of examining such cases expeditiously and preferring claims in time.

1.203. In regard to the excess payment of custom duty of Rs. 4.14 lakhs on telephone equipments imported from Belgium, referred to the Department by Audit subsequently, the Committee may be apprised of the outcome of the investigation by the Department.

1.204. As regards the remaining two cases mentioned in sub-para (c) of the Audit para, the Committee were given to understand that the over-charge of Rs. 92,547 in one case was under consideration of the Ministry of Finance and the other case involving Rs. 77,643 was under consideration of the Assistant Collector of Customs, Bombay. The Committee may be informed of the outcome.

Delay in giving telex connections

Audit Paragraph

1.205. A telex exchange with a capacity of 100 lines was commissioned in Poona in April, 1966. Although the exchange had spare capacity and there was demand for telex connections, during April, 1966 to March, there was delay ranging upto 19 months in giving connections resulting in loss of potential revenue of Rs. 0.64 lakhs as rental and call fees.

1.206. The Department stated (November, 1970) that the delay was due to (i) non-availability of teleprinter machines (Rs. 19,000), (ii) non-availability of cable pairs (Rs. 28,000) and (iii) obtaining approval of Post Master General for giving connections (Rs. 17,000). However, it was seen that sufficient numbers of teleprinter machines were lying idle in the nearby Bombay telex exchange and that priority allotment for cables was applied for only in July, 1966 after commissioning of the exchange instead of immediately after sanctioning of the cable estimate in December, 1965.

[Paragraph 11 of the Report of the Comptroller and Auditor General of India for the year 1969-70, Central Government (Posts and Telegraphs)].

1.207. Explaining the delay in giving connections, the P&T Board stated in a note as follows :

“There were 24 applicants in the waiting list for telex connections on 1-2-67. Most of the connections were not feasible due to reasons given

below. Those, which were feasible, were lower in the priority list for which specific orders were to be issued by the P.M.G., Bombay.

1. Due to non-payment of demand note	9	Names removed from the list.
2. Demand cancelled by applicants	3	
3. For want of cable pairs	4	
4. Lack of proper address and change of address of the applicants	2	
5. Connections which required PMG's approval	5	
6. Delayed by party to get telex connection at another place.	1	
	24	

Similarly, between February, 1967 and February, 1968, 25 applications were received. Out of these, 9 parties either failed to pay the demand notes or withdraw their applications. 24 connections were given including 11 out of the 12 pertaining to the list and 3 from the subsequent list were given during the next month, viz., March, 1968 and the waiting list wiped out. In the second list, delay occurred in 3 cases for want of junction cable between Shivajinagar and Pimpri, in 4 cases for obtaining approval of the P.M.G. and in 2 cases on account of the subscribers' failure to make payment or execute the agreement in time. It is needless to mention that examination of each case for execution of the work, skipping over and for closure of the cases after following the prescribed procedure normally takes a little time. The Audit para is based on the delay in respect of 16 cases, for the period from April, 1966 to March, 1968. Out of these cases, 7 were due to non-availability of junction cable pairs between Shivaji Nagar and Pimpri and 9 required obtaining approval for providing the connection from P.M.G., Bombay."

1.208. The Committee note that during the period from April, 1966 to March, 1968, delays occurred in giving connections in 16 cases in the telex Exchange at Poona, resulting in a loss of potential revenue of Rs. 0.64 lakh. Of these cases, 7 were due to non-availability of junction cable pairs and 9 required obtaining approval for providing the connections from the P.M.G., Bombay. The Committee had, in para 1.65 of their 2nd Report (Fifth Lok Sabha), referred to the instructions issued by the General Manager, Telephones, Bombay, envisaging a review of cable of works and to draw up a programme of utilising the capacity within six months on a crash basis to the extent cable was available. The Committee trust that a review of the position in all the telephone/telex exchanges will be undertaken at the District/Circle level as also at the Board's level with a view to seeing that there is no avoidable delay in utilising the capacity on any account.

1.209. The Committee are unable to appreciate the delay in obtaining the approval for providing the connections from PMG, Bombay. They wish that the procedural bottlenecks and the slackness of the officials in this regard should be gone into with a view to taking appropriate action.

Expansion of a Telephone Exchange

Audit paragraph

1.210. The capacity of a telephone exchange was expanded from 1000 lines to 1800 lines and from 1800 lines to 3000 lines in August, 1965 and November, 1966 respectively. The first expansion was expected to meet demands for telephone connections upto September, 1964, and the second for the next three to four years. When the second expansion was proposed in December, 1963, the actual increase in the demand for telephone connection was only 330 during the two years upto March, 1963. In September, 1965 further expansion upto 4200 lines was proposed and sanctioned in January, 1966 to meet possible demands upto 1970 assuming the growth rate as about 300 per year. The third expansion was completed in March, 1969.

1.211. On 11th August, 1970, only 2600 connections were working without any applicant in the waiting list. Thus, 220 connections from the expansions (connectable capacity 2820 lines) and the entire capacity of the third expansion remain unused. Capital expenditure on the third expansion was about Rs. 6.76 lakhs; the annual recurring charges being about Rs. 0.74 lakh.

1.212. The Department stated (September, 1970) that the expansion was planned on the basis of anticipated demand and a persistent depression in demands could not be anticipated at the time when equipment installation commenced in September, 1968. It is, however, seen that the average annual increase in the number of waiting applicants during the two years preceding the planning of the third expansion was about only 146 numbers. Further, from March, 1968 the actual demand was showing a falling trend compared to the projected demands at the time of sanction.

[Paragraph 13 of the Report of the Comptroller and Auditor General of India for the year 1969-70, Central Government (Posts and Telegraphs)].

1.213. The Audit para relates to Bhavnagar telephone exchange. The Committee desired to know the basis on which further expansion upto 4200 lines was proposed in 1965. The P&T Board stated: "The basis for the forecast of demand was an average yearly growth of 14.8% worked out in 1965 with actual demand at that time and the growth of demand as seen from 1959-1965. The average was assumed as 14%."

1.214. The projected demand and the actual demand during 1966-68 were as under :

Date	Projected demand taken for sanction	Actual demand
31-3-1966	2184	2140
31-3-1967	2490	2368
31-3-1968	2839	2458

1.215. The Committee wanted to know whether any review of the need for the third expansion from 3,000 to 4,200 lines was made with reference to the actual demand before commencing equipment installation in September, 1968. The P&T Board, in their note, stated: "Generally the telephone demands show an ever rising trend and it was so in the case of Bhavnagar also from 1961 to 1968. As such no review was normally found necessary with reference to the actual demand before commencing the installation. The installation of 1,200 lines expansion (3,000-4,200) commenced in 1968. The marked fall in the demand took place in 1969, consistent with the trend all over India due to economic crisis and again started slowly increasing from 1969-70 onwards."

1.216. As regards the present position of the waiting list and the working connections, the P&T Board intimated: "On 31st December, 1971 the exchange equipped capacity was 4,200, working connections 2,954 and waiting list 78. The growth rate in catching up again and according to latest indication may reach a figure of more than 300 per year."

1.217. In September, 1970 the P. & T. Board laid down the following targets for utilisation of capacity of telephone exchanges :—

- (a) 90% of the exchange capacity should be utilised soon after the commissioning of the exchange or the expansion, in any case not later than six months of such commissioning and
- (b) 94% of the exchange capacity should be utilised about six months in advance of the due date for commissioning of the next expansion.

1.218. The expanded capacity of the Bhavnagar telephone exchange in November, 1966 was 3,000 lines. Before the connectable capacity was fully utilised, further expansion upto 4,200 lines was done in March, 1969, although there was progressive fall in demand compared to anticipation. As on 31st December, 1971, the number of working connections in this exchange was only 2,954. In the opinion of the Committee further expansion at the cost of Rs. 6.76 lakhs (non-recurring) and Rs. 0.74 lakh per annum (recurring) should not have been proceeded with without observing the actual trend of demand. Had this been done the expansion could have been postponed and the equipments diverted to a place where they were needed urgently. They wish that such a review is introduced at least now so that scarce resources are utilised in the best possible manner.

1.219. The Committee note that according to the latest instructions of the Department, 94% of an exchange capacity should be utilised about 6 months in advance of the due date for commissioning of next expansion and 90% of the expanded capacity should be utilised soon after expansion—in any case not later than six months. The Committee had in their 2nd Report (Fifth Lok Sabha) suggested that the accent during the Fourth Five Year Plan period should be on utilising the existing capacity fully. They do not appreciate creation of additional capacity without clearly establishing the need thereby adding to the already unutilised capacity. In addition to ensuring strict adherence to the latest departmental instructions, the review as indicated by the Committee in the foregoing paragraph, should be introduced to guard against this contingency.

1.220. The above observations of the Committee should not, however, be construed to imply that the Committee are against creation of capacity when they are needed.

Excess expenditure on electricity

Audit Paragraph.

1.221. The agreement executed by the Department in October, 1966 with a State Electricity Board for supply of power to a telephone exchange from March, 1963 stipulated that billing demand for any month would be the highest of (i) 60 per cent of the contracted demand, (ii) maximum demand registered by the meter for that month, (iii) average of the maximum demands registered for the preceding twelve months. The demand of electric energy for the exchange was estimated to be 200 KVA on the basis of ultimate and not immediate requirements. As a result, the Department paid charges for 120 KVA (60 per cent of the contracted demand of 200 KVA) every month between March, 1963 and February, 1969. As the actual monthly consumption did not exceed 72 KVA between March, 1963 and February, 1967 and 96 KVA between March, 1967 and February, 1969, there was excess expenditure of about Rs. 32,600. The contracted demand was reduced to 134 KVA in March, 1969 only.

1.222. The ultimate demand assessed by the Department had taken into account 65 KVA for a new air conditioning plant for the exchange, which was found necessary as a proposal for expansion of the exchange by 6000 lines was then under consideration. As the expansion was sanctioned (March 1965) for 2100 lines only the new air conditioning plant was not found necessary. Had the ultimate requirement been reassessed even at that stage (March 1965) extra expenditure of about Rs. 24,900 could have been avoided.

[Paragraph 19 of the Report of the comptroller and Auditor General of India for the year 1969-70, Central Government (Posts and Telegraphs)]

1.223. The Audit para refers to the contract entered into by the District Manager, Telephones, Hyderabad with the Andhra Pradesh State Electricity Board for supply of power to the Gowliguda telephone exchange Audit gave the Committee the following background information:

“The ultimate requirements of electric energy for the exchange for a single unit of 6000 lines was estimated as 72 KVA by the P&T Directorate in May, 1960, but the local officers took into account the possibility of a second unit of another 6000 lines being installed there and on that basis requirement was doubled to 144 KVA without making detailed calculations for the additional requirement of the two units together, if the second unit materialised. Allowing a safety factor of 40 p.c. the contract demand was put as 200 KVA. The P&T Directorate stated (August, 1971) that by actual calculations the ultimate demand for the two units together would have been about 125 KVA, and, providing for a safety factor, a contract for 150 KVA would have met the ultimate requirements of both the units.”

“The actual monthly consumption of electric energy as per meter reading varied from 29 KVA to 72 KVA between March, 1963 and February, 1967 and from 80 KVA to 96 KVA between March, 1967 and February, 1969, but as the contract was made for 200 KVA the department paid charges for 120 KVA (60 p.c. of the contracted demand) for this entire period. Thus, there was excess expenditure of Rs. 32,647 from March, 1963 to February, 1969. The contracted demand was reduced to 134 KVA from March, 1969.”

“Expansion of the exchange by another 6000 lines (second unit) did not materialise because of reduction in the growth of telephone demand and also non-availability of equipment. However, in March, 1965, it was decided to expand the capacity of the exchange from 6000 lines to 8100 lines. Even if at that time the requirements of electric energy for the exchange had been reassessed, the department could have saved extra expenditure of Rs. 24,967.”

1.224. The Committee desired to know why the position was not reviewed in March, 1965 when it was known that the capacity of the exchange was not being expanded to 12000 lines as anticipated earlier. In a written note, the P&T Board stated: “In 1965 an allotment of 2100 lines in the first floor of Gowliguda was made and it was originally proposed to air-condition this floor also by a separate plant. With the two airconditioning plants working, the load was expected to be about 144 K.W. i.e. 72 K.W. per exchange on each floor with its airconditioning unit. Even if an exchange is partly equipped, the electric load does not materially change as major part of the electric load goes for airconditioning. Thus even with 2100 lines which were allotted for the 2nd unit (if) the 2nd airconditioning unit had been installed as originally envisaged, the load asked for would have been justified.”

1.225. Asked why even in October, 1966, when the contract was signed, the point was overlooked, the Department in a written note replied that in 1966, the position remained the same and the contract was not revised.

1.226. Even according to the original anticipation there was over-pitching of demand for supply of power to the Gowliguda telephone exchange to the extent of 50 KVA. As against the contract demand of 200 KVA the actual monthly consumption varied from 29 KVA to 72 KVA between March, 1963 and February, 1967 and from 80 KVA to 96 KVA between March, 1967 and February, 1969. The demand was reduced to 134 KVA only from March, 1969. There was thus an excess expenditure of Rs. 32,647 in the meantime. The Committee accordingly desire that in order to avoid such wasteful expenditure there should be a review at periodic intervals of all the contracts for supply of power entered into by the Department and the demands should be suitably adjusted in keeping with the actual needs from time to time.

1.227. In regard to this case the Committee would like to know when the installation of the second airconditioning unit was abandoned and why at that stage the demand for the supply of power was not reduced.

Avoidable expenditure on purchase of stores

Audit Paragraph

1.228. In September, 1967 the Department placed an order on a firm 'A' for supply of 300 float charging power plants for small exchanges at Rs. 3,900 each on the basis of open tender. The supplies were to commence from 1st January, 1968 after approval of sample and were to be completed by 31st August, 1968. The first sample submitted by the firm was rejected as it was not according to specification. At the request of the firm the specification was modified in January, 1968 and the sample resubmitted in February, 1968, according to the modified specification, was approved in May, 1968. The delivery date for supplies was there after fixed as 31st December, 1968 by which date the firm supplied only 103 plants. Meanwhile, through quotations received in response to another tender enquiry issued on 9th August, 1968, the Department came to know of the lower market prices of these stores and placed orders on each of two other firms 'B' and 'C' on 11th November, 1968 and 23rd November, 1968 respectively for supply of 200 plants at Rs. 3,587 each. Both these firms were considered by the departmental Stores Purchase Committee as established suppliers. Firm 'C' was also registered with the Director General, Supplies and Disposals, as approved contractor for supply of these stores. Firm 'A' also quoted the rate of Rs. 3,700 each in response to this tender enquiry.

1.229. The order on firm 'A' was not, however, cancelled on expiry of the delivery date of 31st December, 1968 but was extended (on 1st February, 1969) upto 30th April, 1969 for completing supply of the balance 1970 numbers at the rate of Rs. 3,700 each which the firm had quoted in response to the second tender enquiry. As the prevailing market rate was much lower and the stores were not immediately needed, the Department could have cancelled the order on firm 'A' with the quantities supplied till 31st December, 1968 and purchased the balance 197 numbers at the reduced market rate of Rs. 3,580 each.

1.230. Computed on the basis of the difference between the rates of firm 'A' (Rs. 3,700 each) and of firm 'C' (Rs. 3,580 each), the extra expenditure for purchase of 197 plants was Rs. 23,640.

[Paragraph 22 of the Report of the Comptroller and Auditor General of India for the year 1969-70, Central Government (Posts & Telegraphs)]

1.231. The Committee desired to know the reasons for not cancelling the order on firm 'A' on the expiry of the delivery date *viz.* 31.12.1968 when the prevailing market rate was much lower and the stores were not immediately required. In a written reply, the Department stated: "The order was not cancelled on the expiry of the delivery date because there was no established suppliers who could supply this item at the rate supplied by firm 'A' or lower. Firms 'B' and 'C' were new entrants in the field and when the extension was granted they had yet to submit the prototype for approval. Till the supplies could be established from these firms adequate stocks were necessary to meet the demand. Firm 'A' had already started supplying and the extension granted was only for four months."

1.232. According to the information furnished by Audit the prototype sample of firm 'C' was approved on 14.5.69 and that the closing balance of stock of these stores was 190, 201 and 196 respectively during April, 1969 to June, 1969. Thus the Department could have waited for supplies from firm 'C' and should have cancelled the order on firm 'A' with quantities supplied till 31st December, 1968 and purchased the balance of 197 numbers at the reduced rate of Rs. 35,380 each.

1.233. The Committee wanted to know whether before granting extension of time to firm 'A' the stock position was examined to find out whether there was real need for these plants. In a written reply the Department has stated: "On 1.2.1969 the date on which extension was granted, the C.C.T.S. had stock balance of 74 numbers of float charging power plants against a pending indent of 144. The pending indent was increasing and this consideration weighed in granting an extension to the firm."

1.234. The grant of extension to firm 'A' beyond December, 1968 for the supply of the balance quantity of 197 float charging power plants at the rate of Rs. 3700/- each when lower offers (Rs. 3580) from two other firms—'B' & 'C'—had already been received, lacks justification. The Committee are unable to agree with the contention of the Department that there were no other established suppliers of these items in as much as firms 'B' and 'C' were considered by the departmental Purchase Committee itself as established suppliers and firm 'C' was also registered with the DGS&D as approved contractor for supply of these stores. The prototype sample of firm 'C' was approved on the 14th May, 1969. That there was no immediate need is established by the fact that the closing balance of stock of these stores was 190, 201 and 196 respectively during April to June, 1969. The Committee trust that the Department will be more careful in the matter of procurement of stores in future.

Labour rates in a Telephone District

Audit Paragraph

1.235. Under the departmental rules, labour is to be paid for by engineering divisions at rates included in a schedule of rates fixed in advance on the basis of—

- (i) the average local rates prevailing over the entire division for labour as prescribed by the Railways, Public Works Department and local authorities for corresponding type of work, and
- (ii) special requirements of the P&T Department.

The schedule which contains unified rates for the entire division is required to be approved by the Head of a Circle before it is finally adopted. The Head of a Telephone District is also required to fix similarly a schedule of labour rates for adoption by this District.

1.236. On the ground that works of laying of cables, digging of trenches, etc., were of a more sophisticated nature and required employment of skilled labour equivalent to Class I mazdoors of the local Electricity Department, a Telephone District had fixed the rates for mazdoors and head mazdoors for 1967-68, 1968-69 and 1969-70 at rates exceeding the average local rates (for

mazdoors and head mazdoors) by over 11 per cent. The rates for 1970-71 have not been fixed so far (August, 1970), but payments are continuing at the rates of 1969-70. However, the rate of labour charge prevalent in the local P&T engineering division which also executed similar works in the same city, was the same as the average local rates and thus lower than the labour rates adopted by the Telephone District in that city.

1.237. Besides the anomaly of the prevalence of two sets of rates for similar items of works got done by the same Department at the same station, the higher labour rates fixed in the Telephone District resulted in additional expenditure of Rs. 1.64 lakhs upto March, 1970.

[Paragraph 16 of the Report of the Comptroller and Auditor General of India for the year 1969-70, Central Government (Posts & Telegraphs)]

1.238. The Telephone District and the P&T Engineering Division referred to in the Audit paragraph are stated to be Bangalore Telephone District and Bangalore Telegraph Engineering Division. The comparative rates for 1967-68, 1968-69 and 1969-70 are as shown below:

	Rates paid by	
	Bangalore Telephone District	Bangalore Telegraph Eng. Division
Head Mazdoor	Rs. 3.00 per day	Rs. 2.75 per day
Mazdoor	Rs. 2.50 per day	Rs. 2.25 per day

1.239. Asked during evidence about the reason for the disparity in rates applicable to the same locality for comparable items of work, the Senior Member (Telecom. Operations) and Ex-officio Additional Secretary stated: "The Engineering Division, when it fixed the rate, it went simply by the arithmetic mean. The Telephones Department took the rates of the Electricity Board labour." To another question he replied: "In the Bangalore District, prior to 1967, the rates fixed by the District were the average arithmetic mean of the rates fixed by the PWD local authorities and the Railways. But, in 1967 the District Manager who is in charge of the local telephones system changed the rates. In changing the rates apparently he has gone strictly by the rule. I am only trying to explain what he has done. The rule says that the average local rates prevailing for the corresponding type of work should be taken. I find that he has taken a deliberate decision in 1967 when he changed the rates. There is a record in the file. Before he changed the rates this is what he has recorded:

'I find that class I mazdoors (that is in the Electricity Department) are paid Rs. 2.50 per day. The work our mazdoors have to do is similar to the work done by the corresponding mazdoors of the Electricity Board. In view of this we may fix the rates of the mazdoor at Rs. 2.50'.

The rule says that head of the circle or the Divisional Engineer when recommending the rates has to take into account the wages paid for the corresponding type of work. This is the only extenuating circumstance that I could mention in defence of the District Manager. In all other districts the rates are fixed on the arithmetic mean. Here, I cannot say what he has done is wrong because he has gone by the rules."

1.240. According to the witness the rates for Engineering Division should be lower than the rates for Telephone District as the work of the former was outside the city. He clarified that the Telegraph Engineering were also in charge of the telephone system, but outside the city. He further stated: "We find that in October-November, 1968 the approximate expenditure incurred by the Bangalore Engineering Division within the city limits was about Rs. 800-900 whereas the expenditure incurred by the Bangalore Engineering Division outside the city was of the order of Rs. 6000-7000. Mostly the work done by the Division is outside the Bangalore city whereas the work done by the Labour of the Bangalore Telephone Division is inside the city."

1.241. The Committee were informed by Audit that howsoever small the cable work might be for the Bangalore Telegraph Division within the city area, it was being got done at rates lower than those in the Telephone District. Further in Calcutta, Madras and Hyderabad having local Telegraph Divisions alongside Telephone Districts, no variation in labour rates had been noticed. The witness also stated during evidence: "To my knowledge this is the only occasion. It is only in this particular place, Bangalore; it has not taken place in any other place."

1.242. While the rates for 1970-71 had not been fixed by the District Manager, Telephones and payments were being made at the rates applicable for 1969-70 rates fixed by the PMG, Mysore for 1970-71 for the Bangalore Telegraph Division were stated as follows:

Head Mazdoor	Rs. 2.50 per day
Mazdoor	Rs. 2.25 per day

Thus the difference in the rates for Head Mazdoors in the two units had widened. The additional expenditure caused by the higher rates fixed in the Telephone District was Rs. 2.05 lakhs upto December, 1970, according to Audit.

1.243. The Committee find that only in Bangalore the labour rates of telephone district were higher than those of the Telegraph Engineering Division for similar works and there too since 1967-68 only. The higher rates were continued despite the fact that there was further reduction in the rates of the latter Division. The additional expenditure on this account was Rs. 2.05 lakhs upto December, 1970. If, as stated during evidence, rates for the work in the Telegraph Engineering Division which was mostly in rural areas, should be less, there was a case for reduction of the existing uniform rates for work in rural areas rather than an increase of rates for town areas. In any case there should be no disparity in rates applicable to the same area for comparable items of work. The Committee would, therefore, like this aspect to be carefully examined on a countrywide basis and appropriate directions issued to obviate recurrence of such instances.

Non-utilisation of stores

Audit Paragraph

1.244. On the basis of demands made by some wireless divisions in 1963 and 1964 the departmental stores organisation placed a requisition on a telecommunication factory in August, 1965 for manufacture and supply of components for 270 tubular masts on a priority basis. Their actual manufacture took almost three years. Meanwhile, some of the works requiring use of these materials were abandoned, while others were executed with substitute materials although such arrangements were not considered ideal. No review of the demand with reference to immediate needs was made. When manufactured stores valued Rs.3.60 lakhs were supplied to the stores organisation by the middle of 1968 their demands had tapered off and stores worth Rs. 0.54 lakh only could be utilised till April, 1970. Stores for Rs. 3.06 lakhs are still (October, 1970) laying in stock.

1.245. The Department stated (November, 1970) that the remaining stores would be utilised in future works and during the current Five Year Plan period.

[Paragraph 24 of the Report of the Comptroller and Auditor General of India for the year 1969-70, Central Government (Posts and Telegraphs)]

1.246. The Committee enquired why manufacture of the tubular masts could not keep pace with the demand. In their written reply the Department stated: "The demand for the manufacturing of H.T. masts was placed by the Chief Controller of Telegraph Stores, Calcutta on the telecommunication factories in August, 1965. This involved the manufacture of various components to make up the complete masts. Due to the difficulties in procurement of raw materials by the telecommunication factories in time the production of the components was delayed. The complete masts materials were ready by the middle of 1968."

1.247. Asked whether any review was made from time to time after placing the order with a view to correlating manufacturing with the changing demands and whether there was no coordination between the indenting divisions store branch and the production branch, the Department, in their note, stated: "It is no doubt true that no review was made during this period to ascertain the latest position about the requirements of masts and amend the order on Chief Controller of Telegraph Stores and Telecommunication Factories. However, it may also be mentioned that a number of works on which these materials were to be utilised were delayed beyond the year 1968." The Department also informed that two works were decided to be abandoned after the manufacture of tubular masts.

1.248. The Department had earlier informed Audit (November, 1970) that the requirements of hinged tubular masts year by year were comparatively small and many of the components were required to be casted. Manufacture of small quantities of special items in the Telecommunication factories year by year would not only result in high overheads but may also upset

to some extent the manufacturing programme of the factories. Manufacture of the mast materials has, therefore, necessarily to be taken up once in a while and the manufactured items kept in stock over a period of time.

1.249. The Committee desired to know the value of the stores still lying unutilised and the manner in which these were proposed to be utilised. The Department intimated: "The value of components of H.T. masts stores lying in stock is Rs. 2,61,600. The aerial systems in some of the existing wireless installations required improvements by installation of standard masts of 68' and 126'. These are under various stages of processing. Single channel VHF links for which designs are developed by the TRC and manufacturing has been taken up by M/s. Indian Telephone Industries, Bangalore, are to be provided during the Plan period. Installation of 180 such links are provided in the plan. As such the Department expects to use all the HT masts within the plan period, especially after sizeable quantities of VHF equipment became available from M/s. Indian Telephone Industries."

1.250. Admittedly there was no review from time to time during the entire three years period 1965-68 to correlate the manufacture of components of tabular masts with the changing demands. In view of the fact that the indent was placed on a priority basis this lack of co-ordination between the indenting divisions, stores branch and the production unit needs investigation.

1.251. The Committee do not find any reason why the stores organisation could place the requisition of the telecommunication factory only in August, 1965 when the demands were made on them by the wireless divisions in 1963 and 1964. The Committee, would, therefore, like to have an explanation for this delay. They would also like to know why adequate stock of the components was not maintained by the Factory to meet urgent requirements and whether any minimum limit was prescribed in this regard.

NEW DELHI,
April 25, 1972
Vaisakha 5, 1894 (S)

ERA SEZHIYAN,
Chairman
Public Accounts Committee

2. Bombay-Madras Coaxial Cable Scheme.	Original 9-3-64 Revised. 12-5-67.	No speci- fic period III Plan (4 years)	March '68	Oct. '65 to March '67	Original 341.68 Revised 419.61	Likely increase within 10%	Original 20% Revised 33.7%	This scheme was progressively commissioned from October, 65 to March, 67 i.e. well within the time period envisaged at the time of preparation of the scheme. But a number of small works relating to provision of staff quarters etc. still remain to be completed. It is expected that these works would be completed by December '72. However, there is no loss of potential revenue due to these small pending works.
3. Bombay-Madras-Coaxial Cable Expansion Scheme.	18-9-67	3 years	Sept. '70	Oct. '71 to March '73,	170.05	Likely in- crease with in 10%	26.1%	Some of the equipments for this project viz. 60 ch equipment to work on paid cable & 6 MHz equipment for coaxial tubes are being produced by the ITI Bangalore for the first time, hence the delay.
4. Bombay-Nagpur Coaxial Cable Project.	1-8-67	5 years	Aug. '72	June '73	573.00	-do-	6%	Delay is due to finalization of foreign exchange by the World Bank for import of certain 12M Hz Type equipment which are not currently manufactured by ITI Bangalore.
New Delhi-Jullundur Coaxial Cable Project.	27-2-64	No speci- fic period III Plan 4 years.	Feb. '68	Nov. '65 to Feb. '67	188.27	-do-	11%	The system was commissioned well within the time period envisaged in the project. But, some minor works like building of staff quarters etc. are pending and it is expected that these works will be completed by December '72. However, there is no loss of potential revenue due to delay in completion of these small works.

1	2	3	4	5	6	7	8	9	10
6.	Delhi-Chandigarh (via Karnal) Coax. Cable Scheme.	Not yet sanctioned.							The detailed survey for this route has been completed and the project estimates are under scrutiny.
7.	Ernakulam-Trivandrum Coax. Cable Project.	11-5-67	4 years	May '71	Feb. '71 to Sept. '71	181.79	Likely increase within 10%	6.2%	Complete equipments for this project have been manufactured by the ITI Bangalore. Some delay has been there on account of technical problem that had to be sorted out. Some minor works like construction of staff quarters etc. and installation of power plants have not been carried out. However, there is no loss of potential revenue due to non-completion of these works. These works are likely to be completed in June 1973.
8.	Madras-Ernakulam Coax. Cable Project.	Original 2-3-65 Revised 5-2-68.	No specific period III Plan 3 years.	March '68	March '68 to June '70	Original 286.81 Revised 316.51	-do-	Original 22% Revised 22.9%	Complete equipment for this project have been manufactured by ITI Bangalore. Some delay has been there on account of technical problems that had to be sorted out. Some minor works like construction of staff quarters still remain to be completed. These works are likely to be completed by June '73.
									Target date was March, 1969, and the equipment was progressively commissioned from March, 1968 to June, '70.
9.	Madras-Ernakulam Trivandrum/Trichy Madurai Coaxial expansion scheme.	Not yet sanctioned							Detailed survey for this project has been completed and the project estimates are under scrutiny.
10.	Meerut, Aligarh Agra Coaxial Cable Project	8-1-68	3 years	January '71 to March '73.	March '72	137.18	-do-	4.1%	There has been some delay on this project due to acquisition of lands. Further Hindustan cables has yet to supply 70 kms. of cables.

11. Nagpur-Secunderabad-Bangalore Coaxial Cable Scheme.	Not yet sanctioned.								Detailed survey between Secunderabad-Bangalore has been completed and the detailed survey is in progress in Nagpur Secunderabad Section. The project estimate is yet to be sanctioned.
12. Jodhpur-Bikaner Coaxial Cable Scheme.	7-2-67	3 years	Feb. '70	May '71	101.13	115 lakhs.	1%		Complete equipments for this project have been manufactured by ITI Bangalore. There has been some delay on account of technical problems that had to be sorted out. The scheme has since been commissioned in May 1971 but some small works relating to installation of power plants still remain to be carried out. However, non-completion of these works do not affect the potential revenue.
	Notes: -- 14 lakh increase in cost is due to following items :								
	Buildings		9 lakhs*		*Provision in original estimate proved to be inadequate on actual implementation. "Ad hoc prices in original estimate" increase in period of execution.				
	Equipment		5 lakhs*						
	General Administration		4 lakhs						
	Cables (Saving)		4 lakhs						
	Total		14 lakhs						
13. Bombay-Delhi-Calcutta Coaxial Cable Expansion Scheme.	Original 29-8-66 Revised 16-3-67	No specific period III Plan 3 years.	Aug. '69	July '67 to June '73	Original 140.96 Revised 21-8-59	Likely increase within 10%	Original 79% Revised 80%		Major portion of the work has been completed. There has been some delay due to late supply of equipments by the ITI. The work on this project is likely to be completed by June 1973.
14. New Delhi - Bareilly-Lucknow Coaxial Cable Scheme.	13-3-68	4 years.	March '72	March '74	441.17	-do-	11%		There has been delay on this project due to delay in supply of cables by the HCL and delay in finalisation of World Bank loan.
15. Delhi-Jullundur-Amritsar Coaxial Expansion Scheme.	5-10-67	3 years	Oct. '70	March '74	104.34	-do-	32%		Major portion of the installation work would get completed on this project by Dec. 1972. However, commissioning of some of the circuits is tied up with the commissioning of the

1	2	3	4	5	6	7	8	9	10
									Trunk Automatic Exchange at Ambala, which is likely to be commissioned during 1973-74. Equipment supplies for this have been delayed and is yet to be received.
16.	Rajkot-Dhoraji-Veraval- Porbandar.	5-1-68	3 years	Jan '71.	March '73	155.80	Likely increase within 10%	3.8%	Equipment supplies have been delayed by ITI. There has been some delay in acquiring lands also.
17.	Calcutta-Madras-Vijay- wada-Secunderabad Coaxial Cable scheme.	6-3-68	5 years	March '73	Sept. '73 to Dec. '75	1579.82	—	13.4%	The position has been explained separately in replies to Q. 1.

APPENDIX II

(Ref. Para 1.74 of the Report)

Sl. No.	Name of Circle, Distt.	Year	Name of Issue	Period of delay after scheduled date	Cost of Paper and Binding material	Cost of Printing	Administrative cost	Remarks
1	2	3	4	5	6	7	8	9
1.	Andhra Circle	1968	April, 1968	5 months	53,106	39,508	5,000	
		1969		..				
		1970	April, 1970	..	70,992	55,366	6,000	
		1971	April, 1971	5 months	32,160	29,554	7,000	
2.	Assam Circle	1968	December, 1968	9 months	38,212	38,939	20,000	
		1969	Not printed					
		1970	October, 1970	11 months	92,297	46,528	20,000	
		1971						
3.	Bihar Circle	1968	(E) July, 1968	3 months	1,54,568	69,013	70,342	
		1969	(H) January, 1969	3 months	41,976	61,650	70,342	
		1970						
		1971						
4.	Gujarat Circle	1968	January, 1968	6 months	56,075	74,203	..	
		1969						
		1970	November, 1970	11 months	84,930	13,800	..	
5.	Kerala Circle	1968	March, 1969	3 months	1,03,000	60,500	61,500	
		1969	Not printed					
		1970	April, 1971	4 months	53,604	57,937	54,365	
		1971						

1	2	3	4	5	6	7	8	9
6. Madras Circle	1968	January, 1968	2 months	97,880	51,561	15,952		
	1969	April, 1969	2 months	1,00,874	79,073	19,952		
		December, 1969	1 month	1,04,301	77,590	19,952		
	1970	August, 1970	3 months	1,24,467	95,991	19,952		
1971								
7. Maharashtra Circle	1968	January, 1968	2½ months	1,07,000	86,547	88,291		
	1969	January, 1969	9 months	1,18,922	1,00,746	88,231		
	1970	January, 1970	7 months	1,90,983	96,783	88,291		
	1971	January, 1971	14 months	1,90,983	1,01,463	88,291		
8. M. P. Circle	1968							
	1969	June, 1969 (E)	2 months	39,200	29,316	10,800		
	1969	June, 1969 (H)	2 months	10,300	19,827	7,200		
	1970	January, 1971 (E)	3 months	48,400	35,541	12,800		
September 1970 (H)		3 months	14,700	25,325	8,500			
9. Mysore Circle	1968	April, 1968	4 months	43,248	30,356	20,504		
	1969		3 months	49,656	36,134	29,056		
	1970	July, 1970	5 months	55,941	37,675	25,780		
	1971							
10. Orissa Circle	1968	January, 1968	6 months	22,829	58,812	8,500		
	1969							
	1970	July, 1970	4 months	2,727	7,792	1,052		
1971								
11. Punjab Circle	1968							
	1969	December, 1969	5 months	1,02,256	69,000	4,843		
	1970	Still under print.						
	1971							
12. Rajasthan Circle	1968	June, 1968 (E)	1 month	29,673	27,852	1,383		
		December, 1968 (E)	2 months	21,785	29,564	1,534		
		June, 1968 (H)	..	4,827	14,952	539		
		December, 1968 (H)	1 month	10,521	30,813	925		
		1969	August, 1969 (E)	2 months	23,522	27,852	470	
			August, 1969 (H)	2 months	18,224	46,350	330	

	1970	December, 1970 (E)	1 month	23,795	27,182	1,966
	1971	December, 1970 (H)	1 month	35,056	63,488	1,966
13. U.P. Circle	1968	November, 1967 (E)	5 months	45,369	1,05,008	46,000
	1969	November, 1967 (H)				
	1969	May, 1969 (E)	2 months	2,75,311	2,08,797	46,000
	1970	November, 1969 (E)	4 months	2,75,311	2,08,797	47,500
	1970	November, 1970 (E)	..	2,31,038	2,63,581	47,500
14. West Bengal	1968	December, 1968	..	27,797	24,068	37,800
	1969					
	1970	December, 1970	..	31,100	24,862	40,600
	1971					
15. J. & K.	1968	June, 1968	1 month	2,085	12,704	4,000
	1969	October, 1969	2 months	9,903	17,107	4,500
	1970	October, 1970	2 months	13,239	18,912	4,700
16. Ahmedabad	1968	December, 1967	5 months	13,842	64,275	..
	1969	December, 1968	5 months	24,319	84,034	..
	1970	October, 1970	13 months	26,339	36,489	..
	1971	July, 1971	4 months	35,439	43,350	..
17. Bangalore Distt.	1968	October, 1968	1 month	29,001	24,105	17,978
	1969	Not printed.				
	1970	January, 1970	nil	38,744	32,320	21,978
		September, 1970	2 months	43,643	35,583	23,111
18. Bombay Distt.	1968	June, 1968	..	2,73,330	2,58,387	1,27,760
	1969	January, 1969	..	2,96,022	2,83,180	1,32,260
	1969	July, 1969	..	2,98,775	3,74,021	1,47,520
	1970	January, 1970	..	3,18,413	3,88,458	1,48,500
		July, 1970	..	3,46,900	4,05,671	1,50,470
	1971	January, 1971	..	4,46,996	4,44,177	1,62,700
19. Calcutta Distt.	1968	September, 1968	8 months	3,22,243	2,78,641	2,26,592
	1969	December, 1969	12 months	3,92,474	2,90,006	2,91,397
	1970	November, 1970	2 months	4,43,542	2,94,214	1,79,399

1	2	3	4	5	6	7	8	9
20. Delhi Distt.	1968	February, 1968 (E)	1 month	2,71,068	3,03,095	1,78,254		
		June 1969 (H)	1st issue	41,587	91,782	44,456		
	1969	July, 1970 (E)	7 months	3,04,350	2,85,410	1,96,587		
		July, 1970 (H)	7 months	63,440	1,04,250	55,897		
	1971	April, 1971 (E)	3 months	3,43,619	2,96,528	2,13,382		
		April, 1971 (H)	3 months	50,504	95,000	48,501		
21. Hyderabad Distt.	1968	June, 1968	1 month	32,098	26,800	26,719		
	1969	September, 1969	nil	36,126	28,566	27,149		
	1970							
	1971							
22. Madras Distt.	1968	August, 1968	nil	1,16,432	74,279	6,850		
	1969	December, 1969	nil	91,887	55,045	7,930		
	1970	July, 1970	2 months	1,00,965	61,428	10,412		
	1971	February, 1971	1 month	1,04,319	62,771	11,107		
23. Poona Distt.	1968							
	1969							
	1970	March, 1970	5 months	nil	nil	17,000		
	1971	July, 1971	3 months	nil	nil	33,000		

APPENDIX III

(Ref. Para 1.92 of the Report)

COPY

D.O. No. Eng. 21-12/II/60
D.R. Narang,
Dy. Director Engg.

Office of the Postmaster General Jaipur-7
Dated: 18th March 1967

Dear Shri Nayar,

I spoke to you this morning regarding printing of local Rajasthan Circle Telephone Directory in English-April 1967 issue. Tenders were called for this job and were opened in July 1966. After protracted correspondence between this office and the CCPS New Delhi, tenders of M/s. Diamond Printing Press were accepted on 24.1.67 but M/s. Diamond Printing Press let us down by demanding 10% extra above the quoted rate. It is now proposed to entrust the job to M/s. National Press, Ajmer. This tantamounts to negotiations and approval of the Competent Administrative and Financial Authority is necessary before entrusting the job. Comparative figures for bringing 2500 copies are indicated below:

M/s. Diamond Printing Press	15759.00
Plus charges for	
2 MSS copies	510.00
	<hr/>
	16269.00
M/s. National Press	16435.00
Less	676.00
	<hr/>
	15759.00
	160.00
	<hr/>
	15919.00

Correspondence exchanged on the subject with CCPS, M/s. Diamond Printing Press, Jaipur and M/s. National Press is enclosed for easy reference & return.

Your approval in the matter may kindly be communicated early.
With kind regards,

Yours sincerely,
Sd/-
(D .R. Narang)

Encl: as per list.

Shri K.R. Nayar, Director of Telephones,
P & T Directorate,
New Delhi-1.

APPENDIX

(Ref. Para 1.106

Karol Bagh (56 Level))

At the beginning of the month

During the months
Opened in the category of

Months	Equipped Capacity	Connec- table capacity	Work- ing conns.	Spare capacity	OYT W/list	Non-OYT W/list	OYT Conn. provided
1	2	3	4	5	6	7	8
Feb. '68	8000	7426 ^a	7438	(—)12	2385	13606	2
Mar. '68	"	"	5071	2355	1040	13427	240
Apr. '68	"	"	5377	2049	610	10348	91
May '68	"	"	5523	1903	505	9922	103
June '68	"	"	5662	1764	342	9845	47
July '68	"	"	5726	1700	493	9972	64
Aug. '68	"	"	5792	1634	624	10071	17
Sep. '68	"	7405	5759	1746	402	10112	48
Oct. '68	"	"	5827	1578	current	10156	71
Nov. '68	"	"	5880	1525	"	9885	47
Dec. '68	"	"	5962	1443	"	9937	41
Jan. '69	"	"	6019	1386	"	9859	41
Feb. '69	"	"	6060	1345	"	9291	22
Mar. '69	"	7159	5008	2151	"	8401	21
Apr. '69	8000	7159	5158	2001	current	8529	21
May '69	"	"	5303	1856	"	8601	26
June '69	"	"	5409	1750	"	8696	27
July '69	"	"	5577	1583	"	8791	23
Aug. '69	"	7415	5654	1761	"	8875	26
Sep. '69	"	"	5683	1732	"	8972	30
Oct. '69	"	"	5742	1673	"	9053	41
Nov. '69	"	"	5819	1596	"	9123	45
Dec. '69	"	"	5927	1588	"	9170	50
Jan. '70	"	"	6664	751	"	9236	47
Feb. '70	"	"	6707	708	"	9349	121
Mar. '70	"	"	6841	574	"	9463	82
Apr. '70	"	"	6921	494	"	9554	43
May '70	"	"	6970	445	"	9651	48
June '70	"	"	7023	392	"	9736	47
July '70	"	"	7087	328	"	9802	50
Aug. '70	"	"	7137	278	"	9877	33
Sep. '70	"	"	7183	232	"	9997	45
Oct. '70	"	"	7273	142	13	10209	21
Nov. '70	"	"	7288	127	42	10320	16
Dec. '70	"	"	7295	120	30	10436	33

¹* Area transferred to L-58 Exchange.

^e* Due to area transfer from Tees Hazari Exchange.

IV
of the Report)
MAX—I Strowger

During the month due to other reasons				At the end of month			
Non-OYT provided	Shifts SR, Ty Casual	Total of columns 8+9+10	Closed	Re-opened	Net increased	Conns. Wkg. at the end of month	Pending commit- ments
9	10	11	12	13	14	15	16
26	..	28	46+2362L*	13	(-)2395	5071	35
103	..	343	40	3	(-) 37	5377	4
139	..	230	93	9	(-) 84	5523	48
92	..	195	63	7	(-) 56	5662	58
59	..	106	50	8	(-) 42	5726	30
83	..	147	86	5	(-) 81	5792	50
53	..	70	119	16	(-) 103	5759	59
49	..	97	49	20	(-) 29	5827	59
9	22	102	67	18	() 49	5880	460
52	21	120	53	15	(-) 38	5962	517
51	27	119	75	13	(-) 62	6019	275
44	27	112	96	25	(-) 71	6060	382
74	24	120	1137+43L*	8	(-)1188	5008	907
106	44	171	40	19	(-) 21	5158	1949
158	20	199	..	20	(-) 54	5303	882
106	29	161	71	16	(-) 55	5409	697
130	38	195	49	22	(-) 27	5577	697
92	38	153	90	14	(-) 76	5654	470
32	19	77	62	14	(-) 48	5683	467
37	30	97	53	15	(-) 38	5742	1419
54	26	121	56	12	(-) 44	5819	1412
56	29	130	44	22	(-) 22	5927	1251
37	27+678e+	792	69	14	(-) 55	6664	249
22	15	84	58	17	(-) 41	6707	488
7	41	169	54	19	(-) 35	6841	387
8	35	125	64	19	(-) 45	6921	316
8	45	96	66	19	(-) 47	6970	144
5	41	94	56	15	(-) 41	7023	140
2	49	98	55	21	(-) 34	7087	111
1	43	94	58	14	(-) 44	7137	104
2	45	89	49	15	(.) 34	7183	79
33	58	136	66	20	(-) 46	7273	141
2	37	60	53	8	(-) 45	7288	90
1	25	42	53	18	(-) 35	7295	66
1	26	60	64	25	(-) 39	7316	75

*a The nominal connectable capacity of 7520 has been limited by the traffic carrying capacity of the equipment with the varying load as per traffic readings on different dates.

APPENDIX V

(Ref. Para 1.113 of the Report)

Calculations of financial benefit of an OYT connection at stations where initial deposit is prescribed to be Rs. 3000/-

Assumptions :

(a) Revenue :

(1) Annual rental for OYT after deduction of rebate	Rs.	216.00	p.a.
(2) OYT deposit	Rs.	3000.00	"
(3) Annual Rental for non-OYT connection	Rs.	360.00	"
(4) Non-OYT deposit	Rs.	360.00	"
(5) Annual Revenue on account of local calls	Rs.	400.00	"
(6) Annual Revenue on account of trunk calls	Rs.	300.00	"

(b) Expenditure :

Equal expenditure for an OYT on non-OYT connection even during the period the former is not given.

(c) Rate of interest @ 6% compound.

II. Calculations of Money Value 21 Years Hence :

(a) Future worth 21 years hence of all receipt (deposit and annual revenue) for a non-OYT connection having worked for 21 years.

= Future worth of initial deposit of Rs. 360/-
 + Future worth of annual revenue of Rs. (360/- + 400/- + 300/-).
 i.e. Rs. 1,060/- being the annual rental, local call and trunk call charges.
 = Future worth of initial deposit of Rs. 360/-
 = $360/- \times 3.4^*$
 = Rs. 1,224/-*
 Future worth of Annuity of Rs. 1,060/-
 = $1,060/- \times 39.993^*$
 = Rs. 42,392/-
TOTAL : = Rs. 1,224/- + Rs. 42,392/-
 = Rs. 43,616/-

(b) Future worth 21 years hence of all receipts (initial deposit and annual revenue) for an OYT connection having remained idle for one year and worked for next 20 years.

= Future worth of initial deposit of Rs. 3,000/- after 20 years after the receipt.
 + Future worth of annual revenue of Rs. (216/- + 400/- + 300/-) i.e. Rs. 916/- being the annual rental, the local call and trunk call charges for 20 years.
 Future worth of Rs. 3,000/- after 20 years after receipt
 = Rs. $3,000/- \times 3.307^*$
 = Rs. 9,621/-
 Future work of annuity of Rs. 916/- for 20 years—
 = Rs. $916/- \times 36.736^*$
 = Rs. 33,686/-
TOTAL : = Rs. 9,621/- + Rs. 33,686/-
 = Rs. 43,307/-

Thus non-OYT starting a year earlier than an OYT connection pays Rs. 43,616/- minus Rs. 43,307/- = Rs. 309/- more.

21 years hence i.e. 309 = Rs. 91/- at its present worth.

364

Monthly revenue being about Rs. 88/-, the two would fetch equal money if OYT starts about 11 months later.

*These factors have been taken from A.T.T. Handbook for Engineering Economy.

*Calculation of financial benefit of an OYT connection at stations where
initial deposit is Rs. 2,500/-*

I. Assumptions :

Revenue :

1. Annual Rental for OYT after deduction of rebate	Rs. 180/-
2. OYT deposit	Rs. 2,500/-
3. Annual Rental for non-OYT connection	Rs. 300/-
4. Non-OYT deposit	Rs. 300/-
5. Annual Revenue on account of local calls	Rs. 400/-
6. Annual Revenue on account of trunk calls	Rs. 300/-

II. Calculations of money value 21 years hence :

- (a) Future worth 21 years hence of all receipts (deposit and annual revenue) from a non-OYT connection having worked for 21 years.

= Future worth of deposit of Rs. 300/- after 21 years.

+ Future worth of annual revenue of Rs. 300/-

+ 400/- + 300/- i.e. Rs. 1,000/- being annual rental, local call & trunk call charges respectively for 21 years.

Future worth of initial deposit of Rs. 300/-

$$= 300/- \times 3.4^*$$

$$= \text{Rs. } 1,020/-$$

Future worth of annuity of Rs. 1,000/-

$$= 1,000/- \times 39.993^*$$

$$= \text{Rs. } 39,993/-$$

Future worth

$$\text{TOTAL : } = \text{Rs. } 1,020/- + \text{Rs. } 39,993/-$$

$$= \text{Rs. } 41,013/-$$

- (b) Future worth 21 years hence of all receipts (deposits & annual revenues) for an OYT telephone connection having remained idle for one year and worked for next 20 years—

= Future worth of Rs. 2,500/- 20 years after the receipt.

+ Future worth of annual revenue for 20 years of Rs. (180/- + 400/- + 300/-) i.e. Rs. 880/- being respectively the annual rental, local calls charges and trunk call charges.

Future worth of Rs. 2,500/- 20 years after its receipt.

$$= 2,500/- \times 3.207^*$$

$$= \text{Rs. } 8,017/-$$

Future worth of annuity of Rs. 880/-

$$= 880/- \times 38.786^*$$

$$= \text{Rs. } 32,372/-$$

Future worth

$$\text{TOTAL : } = \text{Rs. } 32,372/- + \text{Rs. } 8,017/-$$

$$= \text{Rs. } 40,389/-$$

Thus non-OYT starting a year earlier than OYT connection pays Rs. 41,013/- Minus Rs. 30,369/- = Rs. 724/- more 21 years hence i.e. 724/- Rs. 213/- at its

$\frac{724}{3.4}$

present worth.

Monthly revenue being about Rs. 83/-

The two would fetch equal money if OYT starts about 94 months later.

*These factors have been taken from A.T.T. Handbook for Engineering Economy.

APPENDIX VI

Summary of Main Conclusions/Recommendations

Sl. No.	Para No.	Ministry/Deptt. concerned	Conclusions/Recommendations
1	2	3	4
1.	1.17	Deptt. of Communi- cations (P&T Board)	<p>The Committee regret the setback suffered by the coaxial cable project linking Madras-Calcutta and Vijayawada-Hyderabad which are regarded as very important routes. The project which was scheduled for completion by March, 1972, is now expected to be completed only by December, 1975. The delay is partly attributed to time taken in getting foreign exchange loan and partly to shortfall in indigenous production of equipments and cables. No clear-cut physical targets for completion of various items of work could be laid down. The Committee are convinced that the difficulties could have been anticipated and with advance planning in consultation with the Department of Economic Affairs and the Ministry of Industrial Development the project could have been pushed through under a targeted programme. The Committee have already dealt with the steps to be taken to meet the Fourth Plan cable requirements of the P&T Department in para 1.67 of their 2nd Report (Fifth Lok Sabha). The Committee hope that there would be no further setback in the implementation of the project according to the revised target.</p>
2.	1.18	-do-	<p>The implication of delay in this case is that the cost of the project is bound to go up with the rise in prices besides a loss of profit of Rs. 197 lakhs per annum which would</p>

1	2	3	4
			have accrued. The Committee would like to know the exact increase in cost of cables after the tenders have been finalised.
3.	1.19	Deptt. of Communications (P&T Board)	<p>The underground coaxial cables will replace the open wire network so as to provide a speedy and reliable means of communication to meet the urgent needs of the present as well as future expansion. The delay in this project is not an isolated phenomenon. It is a pity that in 10 out of 16 other similar projects undertaken by the Department, considerable delays have occurred putting back the modernisation programme, the reasons being delay in sorting out certain technical problems, delay in production of equipments by ITI, Bangalore, delay in finalisation of foreign exchange, delay in acquisition of lands and delay in supply of cables by HCL. The resultant increase in estimated cost is likely to be as much as 25% in one case and 15% in another. The Committee do not think that all these indicate a satisfactory state of affairs. There appears to have been no centralised coordination and control. The Committee would, therefore, like to suggest a comprehensive examination of the position in all such projects with a view to ensuring that there is no further costly slip-up. The Committee would like to be informed of the action taken to improve the position.</p>
4.	1.46	-do-	<p>The Committee have earlier indicated lack of control in the implementation of the coaxial projects. They are disturbed to find a number of serious irregularities and alleged fraudulent practices in the execution of work relating to the Hyderabad-Vijayawada section of the coaxial project. The suspects in these cases are a Director of Telegraph</p>

1

2

3

4

and two Assistant Engineers of the Department. The extra expenditure in some of these cases amounted to Rs. 7.25 lakhs. The Committee feel that apart from handing over the cases to the CBI, the Department could have taken steps to investigate the procedural lacunae for appropriate remedial action. They would, however, like to know the outcome of the CBI investigation which is stated to have been completed. The Committee would further like the P&T Department to review critically the preparation, sanction and execution of coaxial cables so as to obviate recurrence of irregularities which have come to notice in this case. The Committee would like to be informed to the action taken.

5. 1.47 Deptt. of Communications (P&T Board)

The Committee, however, feel compelled to comment on one of the cases at this stage. It relates to the estimate provision of RCC troughs as protective covers for the cables to be laid in town areas, although only warning bricks or stone slabs were to be used as per the departmental rules. The explanation now given for allowing the provision when the estimate was checked by the P&T Directorate that electric supply companies as also foreign telephone administrations are using similar RCC troughs, is ingenious but unconvincing. It was in violation of the rules and according to the Department's own admission RCC troughs were not used in any other coaxial project. As this led to avoidable expenditure of Rs. 2.82 lakhs besides serious irregularities in payment of labour for the manufacture, the Committee would like the Department to fix responsibility also for the failure to properly check the estimates.

1	2	3	4
6.	1.78	Deptt. of Communi- cations (P&T Board)	The Committee are concerned to note a series of lapses in connection with getting the telephone directory printed by the Punjab Circle of P&T Department through a private press which resulted in an extra payment of Rs. 0.70 lakh on four issues, October, 1964 to March, 1967. The Committee desire that responsibility should be fixed for various lapses as dealt with below.
7.	1.79	-do-	The exact implication of the entry "per 500 Rs. 3" found in the tender of the printers in addition to "per 3500 copies per page Rs. 29" went unconsidered at all stages of scrutiny both in the circle office and the office of the Chief Controller of Printing and Stationery, when it was decided to accept the tender subject to payment in excess of 35000 copies on pro-rata basis. The printers claimed payment for every additional 500 copies at an additional rate of Rs. 3/- per page and these were without proper scrutiny. The number of copies of the four issues printed were respectively 39,500, 42,500, 45,500 and 50,400. The rate payment per page was Rs. 56, Rs. 74, Rs. 92 and Rs. 122 as against the pro-rata rate of Rs. 37.73, Rs. 35.71, Rs.37.70 and Rs.41.76 respectively. The Committee were informed that the words "per 35000 copies" and "per 500 copies" formed part of the cyclostyled proforma supplied by the P.M.G., Ambala, while calling for tenders. The intention of the Department in providing a column "per 500 copies" may be reported to the Committee.
8.	1.80	-do-	It is unfortunate that CCPS while recommending payment on a pro-rata basis did not clarify that the rate quoted for 35,000 copies alone should be considered. As under the present arrangement, the P&T

1	2	3	4
			<p>Department can farm out job to private presses subject to the approval of rates by the CCPS, the Committee hope that the CCPS would be careful in checking the tenders referred to him and leave no ambiguity in giving his approval in future</p>
9.	1.81	Deptt. of Communications (P.&T. Board)	<p>The Committee are unable to agree that the concurrence of associated Finance was a mere-formality which was given in this case without even having a look at the rates. The Committee would, however, like to know why the tender was neither sent to nor called for by the Associated Finance (P&T Board). In view of the experience in this case the Committee wish that there should be proper scrutiny of tenders referred to associated Finance before concurrence is accorded.</p>
10.	1.82	-do-	<p>The Committee find that the confirmation of the printer that the printing charges would be payable on a pro-rata basis, was obtained. The opinion of the Ministry of Law as to what such a confirmation implied on the face of his quotation, was not sought for by the Department. Instead arbitration proceedings were started and the printer obtained a stay order. The Committee would like to know the outcome of the arbitration proceedings as also why the Department did not consider it necessary to seek the opinion of the Ministry of Law. The Committee would suggest that the Department should take without further delay advice of the Ministry of Law and take necessary action to expedite recovery of Rs.70,000 paid in excess to the private printer.</p>
11.	1.83	-do-	<p>The extra payment in this case came to light only when the fourth bill was referred to the CCPS although the reference was not necessary.</p>

1	2	3	4
			The Committee would like Government to examine how the first three bills were passed without proper scrutiny and whether there was any <i>malafide</i> intention.
12.	1.84	Deptt. of Communications (P&T Board)	The Committee do not appreciate the continuance of the arrangement with the printer for the subsequent issues although the CCPS approved the rates only for one issue. They would like to know why action was not taken at any stage to call for fresh tenders specially when the original order was placed on the basis of a single quotation.
13.	1.85	-do-	From the foregoing, the Committee are convinced that there is a case for detailed investigation to establish whether all the mistakes/lapses were <i>bonafide</i> .
14.	1.86	-do-	The Committee note that the printer had delayed supplies of all the four issues but no penalty was imposed. The P.M.G. held that there was no undue delay on his part. In this connection the Committee would like to emphasise the need to bring out the directories in time. They, however, find that nearly 50% of the 23 directories brought out on an average each year have been delayed beyond the scheduled date for over 3 months. The number of directories delayed for 6 months and above were 4 in 1968 and 5 each in 1969 and 1970. An issue of directory relating to 1970 is yet to be brought out by Punjab Circle. Further only 8 issues pertaining to year 1971 have been brought out so far and out of these one issue was delayed for 14 months. The Committee desire that cases for such serious delays should be identified and steps taken to bring out all the directories within a month of the scheduled date.

1	2	3	4
15.	1.87	Deptt. of Communi- cations (P&T Board)	The cost of printing directories in all the circles/districts and administrative cost are of the order of Rs. 22 lakhs and Rs.10 lakhs respectively. The Committee deem it desirable to get the directories printed in Government Presses on a regular basis to cut down administrative cost and delay in entering into contracts for each issue. They would accordingly suggest that capacity of Government Presses should be suitably augmented before long. The Committee understand that a sum of Rs. 2 crores has already been allotted for this purpose during Fourth Plan. In this connection the Committee would like to refer to their Forty-First Report (Fifth Lok Sabha) wherein they have commented on the inadequate utilisation of the existing capacity of Government of India Presses.
16.	1.96	-do-	After examining this case the Committee have come to the conclusion that unusual interest was shown to somehow entrust the job to firm 'B' which cost the Department extra expenditure of Rs. 30,000. The Committee note that the officer who was responsible for certain failures had been warned to be more careful in future. They, however, desire that the case should be examined from the vigilance angle.
17.	1.97	-do-	The Committee find that the relative position of tenders of firms 'A' and 'B' was misrepresented to the DGP&T by omitting the cost of composing (Rs. 5498) from the rates of firm 'B'. The Committee fail to understand how this mistake was not detected in the Directorate. The responsibility in this regard, therefore, needs to be fixed.
18.	1.114	-do-	The Committee take a serious view of the delay that occurred at various stages in the utilisation of the spare

1	2	3	4
			<p>capacity of over 3000 lines in the Karolbagh strewger exchange, New Delhi, during the period February, 1968 to December, 1970, resulting in a loss of potential revenue of about Rs. 55 lakhs. The spare capacity arose as a result of transfer of working lines from this exchange to the new cross-bar exchange in February, 1968 and February, 1969. The Committee hope that on the basis of their conclusions contained in the following paragraph, suitable remedial steps would be taken besides appropriate action for the specific lapses so that there may not be any avoidable delay and loss in future.</p>
19.	1.115	Deptt. of Communications (P&T Board)	<p>The exchange capacity was to be apportioned between OYT and non-OYT subscribers in the ratio of 70:30. 612 OYT connections were given over a period of 6 months upto September, 1968, although it could have been given immediately after they became available in February, 1968. The delay entailed a loss of Rs.1.15 lakhs. The Committee could not get any convincing explanation except that it was attributed to procedural delays. The Committee desire that the procedure in this regard should be simplified to ensure expeditious completion of minimum necessary formalities.</p>
20.	1.116	-do-	<p>Having exhausted the OYT waiting list at Karolbagh in September, 1968, 680 lines reserved for that category and found surplus were transferred to Tis Hazari area only in December, 1969. The Committee see no reason why this could not have been done <i>ab initio</i> in February, 1968 when there were not enough OYT subscribers in the waiting list. This is a clear case of lack of advance planning. This</p>

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			<p>lapse caused a loss of Rs. 15.71 lakhs. The Committee would like to know why the transfer was not taken up by the General Manager, Telephones, Delhi at least in September, 1968 when the problem became evident instead of waiting upto September, 1969.</p>
21.	1.117	Deptt. of Communications (P&T Board)	<p>The Committee further note that 716 connections in February, 1968 and 346 connections in January, 1969 became available for allotment to non-OYT category. These connections were actually given over a period of 2½ years (upto September, 1970) despite a waiting list of over 9000 from February, 1968. The delay accounted for a loss of Rs. 12.42 lakhs. The Committee were informed during evidence that the numbers transferred to the cross-bar exchange could not be allotted until a new directory was printed or for a period of six months as otherwise to new subscribers would get calls meant for the old subscribers. If this were true, the Committee would like to know how a number of connections could in fact be given within six months of such transfers effected in February, 1968 and in February, 1969 as may be seen from the details shown in Appendix. In any case this cannot explain away the delay beyond a period of 6 months. Further the Committee are at a loss to understand why the Department could not bring out immediately supplementary list notifying to public the change in the subscribers.</p>
22.	1.118	-do-	<p>According to Audit a further loss of Rs. 25.62 lakhs was on account of non-allotment of 914 OYT connections remaining after allotment of 612 connections and transfer of 680 connections to Tis Hazari referred to earlier, to the non-OYT</p>

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category. The Department have disputed this and pointed out that there was in fact a net gain even with the belated allotments of these connections to the OYT category. As per the departmental calculations the two types of connections would fetch equal revenue if OYT connection is given about 11 months later than the non-OYT connection. The Committee would like to know if in this case all the 914 connections were given within 11 months of the capacity becoming available and if not, the reason why they were not allotted to the non-OYT category. In this connection the Committee desire to point out that according to the extent orders these connections should have been given to the non-OYT category after 3 months of exhausting the OYT waiting list which has since been raised to 6 months.

23. 1.119 Deptt. of Communi-
cations (P&T Board)

The Committee are not very much impressed with the economic calculations of the Department for the delayed grant of connections to the OYT category. They desire that immediately when the OYT waiting list is exhausted the availability of connections for that category should be only publicised so as to ensure expeditious pressing into service of a public asset for the use of consumers.

24. 1.120 -do-

The Committee had in their 40th Report (Fourth Lok Sabha) suggested that the Department should lay down precise guidelines for determining priorities for allocation of additional lines keeping in view the number on the waiting list and the duration of waiting. No action has yet been taken in this regard and apportionment between OYT and non-OYT category has been laid down on *ad-hoc* basis

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25.	1.148	Deptt. of Communications (P&T Board)	<p>as 70:30 and 50:50 in the case of stations where OYT scheme was introduced prior to and after 1st January, 1968 respectively. The Committee note that out of the total waiting list of 3.10 lakhs, 2.24 lakhs pertained to non-OYT and that the period of waiting is much more in this category. The Department of Communications promised to consider the matter for the issue of suitable guidelines. The Committee hope that this will be done early with a view to attaining equitable consumer satisfaction.</p> <p>The Committee regret that no standards had been laid down for the consumption of zinc in the galvanising shops although the process started about 50 years ago. To what extent has there been no control over consumption can be seen from the succeeding paragraphs. The Committee have stressed in their 13th Report (Fourth Lok Sabha) the need to evolve standard norms for both material and labour with a view to having an effective control over the cost of production of different items in the workshops. According to the Department norms could not be enforced in the absence of any effective control procedures. A study of the zinc galvanising plants is expected to be undertaken shortly and the representative of the Department promised to have consultations with statistical quality control unit and the metallurgical Laboratory at Jamshedpur to lay down certain control procedures by which the zinc consumed could be reduced. The Committee wish to emphasise that there should be no further delay in evolving and enforcing the norms especially as semi-mechanisation has already been introduced at Jabalpur and Calcutta factories.</p>

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26.	1.149	Deptt. of Communications (P&T Board)	The Committee note that as a result of the introduction of semi-mechanisation at Jabalpur in 1968, a saving of roughly Rs. 8 lakhs could be effected in one year and the consumption of zinc had come down from 136.72 Kgs. in 1967-68 to 126.93 Kgs. per 100 sq. meters in 1970-71. It is unfortunate that the electrical hoists installed at Calcutta workshop could not be effectively utilised because of the unsuitability of the shed. The Committee understand that construction of a new shed would take two years. They would like to know why there was no advance planning to ensure suitable accommodation before the machines were received.
27.	1.150	-do-	The consumption of zinc per 100 sq. meters was unusually much higher in Calcutta than in Jabalpur factory, the figures for the years 1966-67 to 1970-71 varying 153.19 to 166.23 in respect of the former and 126.93 to 158.91 in respect of the latter. According to the witness the cause for the relatively high consumption in Calcutta could not be identified as yet. The Committee desire to be informed of the outcome of the study of the galvanising plant in Calcutta in this regard and the measures taken to reduce the consumption as also the results thereof.
28.	1.151	-do-	The consumption of zinc in both the factories was the highest in the year 1968-69. There has been marked disparity between 1968-69 and other years in Jabalpur factory. This unusual phenomenon especially in Jabalpur needs careful investigation.
29.	1.152	-do-	Another interesting factor is that although according to the opinion of the Department held earlier that smaller items consumed rela-

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			<p>tively more zinc than bigger ones, the consumption of zinc in both the factories was the highest when the percentage of small area to total area galvanised was the least. It was explained during evidence that this assumption of the Department did not appear to be correct. The Committee suggest that this aspect should be carefully examined by experts in the field.</p>
30.	1.153	Deptt. of Communications (P&T Board)	<p>There has been a steady fall in output in terms of total area galvanised in Calcutta galvanising shop from 1,53,754 sq. meters in 1966-67 to 82,475 sq. meters in 1969-70 which increased to 99,908 sq. meters in 1970-71. Further, the labour productivity was significantly lower in Calcutta as the fall in output in 1969-70 and 1970-71 compared to 1966-67 was 46.36% and 30.02% respectively against the decline in manhours to the extent of 17.61% and 22.28% respectively. The Committee were informed that the working conditions in Calcutta were progressively deteriorating. The incentive scheme which was introduced in this shop had to be abandoned after incurring a loss of 36,856 manhours (Rs. 1.08 lakhs) on account of the output of individual workers falling below the norms. All these show that there has been no control over outturn. The Committee hope that as a result of a comparative study the position would be rectified soon and optimum labour productivity achieved.</p>
31.	1.154	-do-	<p>The Committee note that while the percentage of direct labour hours to the area galvanised was reduced from 80.02 to 60.09 during the period 1966-67 to 1970-71, that of indirect labour hours was increased from 2.24 to 9.77 at Jabalpur.</p>

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32.	1.180	Deptt. of Communications (P&T Board)	<p>According to the explanation given during evidence, the increase was due to reclassification of labour in 1967-68. As this does not account for the subsequent increase, the Committee would like the Department to carefully examine the variation in labour from year to year and intimate the reasons therefor to the Committee. The Committee would also like the Department to investigate the reasons for incredibly high indirect labour employed in the Calcutta galvanising shop as the percentage of indirect labour hours to the area galvanised was as high as 195.73 in the year 1969-70. It should also be examined as to what extent this was due to surplus labour retained and on that basis the possibility of deploying them to other productive works should be considered.</p> <p>The Committee are unable to reconcile the facts in regard to the depth of excavation in foundation and back filling presented to them by the Department with those recorded by the Superintending Engineer in his note of inspection in August, 1965. The Executive Engineer in charge of the work did not clarify the correct position to the Superintending Engineer when the latter's inspection note was received. Further the correct position regarding earth actually used for refilling was not intimated to the Chief Engineer before taking up the additional works as per the revised designed issued on 15th September, 1965. The Committee note, however, that after the Executive Engineer was called to clarify the position personally in December, 1965, the matter was taken up with the Superintending Engineer but it was not pursued to obtain his comments. In the meanwhile, he was repatriated to CPWD whereafter</p>

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			<p>he retired. The Committee hope that the officials concerned will be more alert in settling such discrepancies promptly to put matters beyond doubt.</p>
33	1.181	Deptt. of Communications (P&T Board)	<p>The Committee were informed during evidence that even with the foundation excavation upto 12' 6" and back filling with good earth, strengthening of the floor would have been necessary. The Committee are not able to square this view with the statement of the Chief Engineer made in December, 1965 that his decision to strengthen the floor was on the basis that the back filling was done with excavated soil and not with good earth. Further, the original estimate did not provide for it. The present explanation of the Department can, therefore, be regarded as at best an afterthought. In this connection they wish to make it clear that they are interested in knowing the facts of the case as they were and not in an ingenious explanation in extenuation of what happened. The Committee, however, note that according to the Department there was an extra expenditure of Rs. 24,297 on account of disposal of black cotton soil and importing of good earth for refilling.</p>
34	1.192	-do-	<p>This is a glaring example of absence of control over production and inventory culminating in accumulation of 1.70 lakhs channel iron brackets worth Rs. 35.76 lakhs. No. basis for the production of these items in the telecom factories could be brought out by the Department. It is strange that no acceptable method of forecasting requirements has been evolved so far. There was no review of production schedule fixed to relate it</p>

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			<p>to actuate demand. The stock in hand was not taken into account while fixing the production schedule. Further the Department did not take into consideration the change in technology on account of increasing use of microwave links/coaxial cables resulting in fall in the offtake of this store. While the Committee note that a team of consultants have been appointed to suggest a realistic method of forecasting requirements of various items they desire that all the foregoing lapses should be investigated and appropriate action taken.</p>
35	1.193	<p>Deptt. of Communications (P&T Board)</p>	<p>The anxiety regarding utilisation of manpower expressed in the successive conferences of Managers of P & T workshops was responsible for the excessive production. In the opinion of the Committee this alone could not be a factor to influence production. Incidentally they find that the annual capacity of the workshops in Calcutta and Jabalpur for the manufacture of channel iron brackets is 12 lakhs. The Committee would like to know how it is proposed to utilise the surplus machinery and labour.</p>
36	1.194	-do-	<p>In view of the experience in this case the Committee desire that there should be a review of production pattern in all the telecom factories and inventory of various items held by the Department taking into account the change in technology to find out alternative use for the items rendered obsolete and to change the pattern of production with such modifications as are necessary. This should receive priority as the Department have already adopted improved technology in various spheres.</p>

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37	1.195	Deptt. of communications (P&T Board)	As regards the disposal of the accumulated stock, the Committee were informed that the Department proposed to cut them up and use them as smaller brackets. The extent of disposal in this manner may be reported to the Committee in due course.
38	1.202	-do-	There have been a number of cases of considerable excess-payments of customs duty on goods imported by the P & T Department. The Committee would like to know whether there is a regular independent check of assessment of custom duties in the Department. In the opinion of the Committee such an independent check is desirable in a Commercial Department such as the P & T Department. The Committee also find that the claims of refund have not been preferred in time. They would, therefore, like to impress upon the Department the necessity of examining such cases expeditiously and preferring claims in time.
39	1.203	-do-	In regard to the excess payment of custom duty of Rs. 4.14 lakhs on telephone equipments imported from Belgium, referred to the Department by Audit subsequently, the Committee may be apprised of the outcome of the investigation by the Department.
40	1.204	-do-	As regards the remaining two cases mentioned in sub-para (c) of the Audit para, the Committee were given to understand that the overcharge of Rs. 92,547 in one case was under consideration of the Ministry of Finance and the other cases involving Rs. 77,643 was under consideration of the Assistant Collector of Customs, Bombay. The Committee may be informed of the out come.

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41	1.208	Deptt. of Communication (P&T Board)	<p>The Committee note that during the period from April, 1966 to March, 1968, delays occurred in giving connections in 16 cases in the telex exchange at Poona, resulting in a loss of potential revenue of Rs. 0.64 lakhs. Of these cases, 7 were due to non-availability of junction cable pairs and 9 required obtaining of approval for providing the connections from the P.M.G., Bombay. The Committee hand, in para 7.65 of their 2nd Report (Fifth Lok Sabha) referred to the instructions issued by the General Manager, Telephones, Bombay, envisaging a review of cable works and to draw up a programme of utilising the capacity within six months on a crash basis to the extent cable was available. The Committee trust that a review of the position in all the telephone/telex exchange will be undertaken at the District/ Circle level as also at the Board's level with a view to seeing that there is no avoidable delay in utilising the capacity on any account.</p>
42	1.209	-do-	<p>The Committee are unable to appreciate delay in obtaining the approval for providing the connections from PMG, Bombay. They wish that the procedural, bottlenecks and the slackness of the officials in this regard be gone into with a view to taking appropriate action.</p>
43	1.218	-do-	<p>The expanded capacity of the Bhavnagar telephone exchange in November, 1966 was 3000 lines. Before the connectable capacity was fully utilised, further expansion upto 4200 lines was done in March, 1969, although there was progressive fall in demand compared to anticipation. As on 31st December, 1971, the number of working connections in this exchange was on 2954. In the opinion of the Committee further expansion at the cost</p>

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			of Rs. 6.76 lakhs (non-recurring) and Rs. 0.74 lakh per annum (recurring) should not have been proceeded with without observing the actual trend of demand. Had this been done the expansion could have been postponed and the equipments diverted to a place where they were needed urgently. They wish that such a review is introduced at least now so that scarce resources are utilised in the best possible manner.
44	1.219	Deptt. of Communications (P & T Board)	The Committee note that according to the latest instructions of the Department, 94% of an exchange capacity should be utilised about 6 months in advance of the due date for commissioning of next expansion and 90% of the expanded capacity should be utilised soon after expansion--in any case not later than six months. The Committee had in their 2nd Report (Fifth Lok Sabha) suggested that the accent during the Fourth Five Year Plan period should be on utilising the existing capacity fully. They do not appreciate creation of additional capacity without clearly establishing the need thereby adding to the already unutilised capacity. In addition to ensuring strict adherence to the latest departmental instructions, the review as indicated by the Committee in the foregoing paragraph, should be introduced to guard against this contingency.
45	1.220	-do-	The above observations of the Committee should not however, be construed to imply that the Committee are against creation of capacity when they are needed.
46	1.226	-do-	Even according to the original anticipation there was over-pitching of demand for supply of power to the Gowliguda telephone exchange to

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			<p>the extent of 50 KVA. As against the contract demand of 200 KVA the actual monthly consumption varied from 29 KVA to 72 KVA between March, 1963 and February, 1967 and from 80 KVA to 96 KVA between March, 1967 and February, 1969. The demand was reduced to 134 KVA only from March, 1969. There was thus an excess expenditure of Rs. 32,649 in the meantime. The Committee accordingly desire that in order to avoid such wasteful expenditure there should be a review at periodic intervals of all the contracts for supply of power entered into by the Department and the demands should suitably adjusted in keeping with the actual needs from time to time.</p>
47	1.227	Deptt. of Communi- cations (P & T Board)	<p>In regard to this case the Committee would like to know when the installation of the second airconditioning unit was abandoned and why at that stage the demand for the supply of power was not reduced.</p>
48	1.234	-do-	<p>The grant of extension to firm 'A' beyond December, 1968 for the supply of the balance quantity of 197 float charging power plants at the rate of Rs. 3700 each when lower offers (Rs. 3580) from two other firms—'B' & 'C'—and already been received, lacks justification. The Committee are unable to agree with the contention of the Department that there were no other established suppliers of these items in as much as firms 'B' and 'C' were considered by the departmental Purchase Committee itself as established suppliers and firm 'C' was also registered with the DGS & D as approved contractor for supply of these stores. The prototype sample of firm 'C' was approved on the 14th May, 1969. That there was no immediate need</p>

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			<p>is established by the fact that the closing balance of stock of these stores was 190, 201 and 196 respectively during April to June, 1969. The Committee trust that the Department will be more careful in the matter of procurement of stores in future.</p>
49	1.243	Deptt. of Communi- cations (P & T Board)	<p>The Committee find that only in Bangalore the labour rates of tele- phone district were higher than those of the Telegraph Engineering Division for similar works and there too 1967-68 only. The higher rate were continued despite the fact that there was further reduction in the rates of the latter Division. The additional expenditure on this account was Rs. 2.05 lakhs upto December, 1970. If, as stated during evidence, rates for the work in the Telegraph Engineering Division which was mostly in rural areas, should be less, there was a case for reduction of the existing uniform rates for work in rural areas rather than an increase of rates for town areas. If any case there should be no disparity in rates applicable to the same areas for comparable items of work. The Committee would therefore like this aspect to be carefully examined on a countrywise basis and appropriate directions issued to obviate recurrence of such instances.</p>
50	1.250	-do-	<p>Admittedly there was no review from time to time during the entire three years period 1965-68 to correlate the manufacture of components of tabular masts with the changing demands. In view of the fact that the indent was placed on a priority basis this lack of co-ordination between the indenting divisions, stores branch and the production unit needs investigation.</p>

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51	1.251	Deptt. of Communi- cations (P & T Board)	The Committee do not find any reason why the stores organisation could place the requisition on the telecommunication factory only in August, 1965 when the demands were made on them by the wireless divisions in 1963 and 1964. The Committee, would, therefore, like to have an explanation for this delay, they would also like to know why adequate stock of the components was not maintained by the stores organisation to meet urgent requirements and whether any minimum limit was prescribed in this regard.

