

# **PUBLIC ACCOUNTS COMMITTEE** **(1972-73)**

(FIFTH LOK SABHA)

## **EIGHTY-FIRST REPORT**

[Para 51 of Report of the Comptroller and Auditor General of India for the year 1970-71 — Union Government (Civil) — relating to Overseas Communications Service—Ministry of Communications].



**LOK SABHA SECRETARIAT**  
**NEW DELHI**

*April, 1973 | Chaitra, 1895 (Saka)*

*Price : Rs. 1.85*

**PARLIAMENT LIBRARY**  
**DIGITIZED**

336.3451A  
L 2

# LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA SECRETARIAT PUBLICATIONS

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
<b>ANDHRA PRADESH</b>			12.	Charles Lambert & Company, 101, Mahatma Gandhi Road, Opposite Clock Tower, Fort, Bombay.	30
1.	Andhra University General Cooperative Stores Ltd., Waltair (Visakhapatnam)	8	13.	The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-1.	60
2.	G.R.Lakshminipathy Chetty and Sons, General Merchants and News Agents, Nampet, Chandragiri, Chittoor District.	94	14.	Deccan Book Stall, Ferguson College, Road, Poona-4.	65
<b>ASSAM</b>			15.	M/s. Usha Book Depot 585/A, Chira Bazar, Khan House, Girigaum Road, Bombay-2. B.R.	5
3.	Western Book Depot, Pan Bazar, Gauhati.	7	<b>MYSORE</b>		
<b>BIHAR</b>			16.	M/s. Peoples Book House, Opp. Jaganmohan Palace, Mysore-1.	16
4.	Amar Kitab Ghar, Post Box 78, Diagonal Road, Jamshedpur.	37	<b>RAJASTHAN</b>		
<b>GUJARAT</b>			17.	Information Centre, Government of Rajasthan, Tripoli, Jaipur City.	30
5.	Vijay Stores, Station Road, Anand.	35	<b>UTTAR PRADESH</b>		
6.	The New Order Book Company, Ellis Bridge, Ahmedabad-6.	63	18.	Swastik Industrial Works, 59, Holi Street, Meerut City.	2
<b>HARYANA</b>			19.	Law Book Company, Sardar Patel Marg, Allahabad-1.	48
7.	M/s. Prabhu Book Service, Nai Subzimandi, Gurgaon, (Haryana).	14	<b>WEST BENGAL</b>		
<b>MADHYA PRADESH</b>			20.	Granthaloka, 5/1, Ambica Mookherjee Road, Belgharia, 24 Parganas.	10
8.	Modern Book House, Shiv Vilas Place, Indore City.	13	21.	W. Newman & Company Ltd., 3, Old Court House Street, Calcutta.	44
<b>MAHARASHTRA</b>			22.	Firma K.L. Mukhopadhyay 6/1A, Ranchharam Akkur Lane, Calcutta-12.	82
9.	M/s. Sunderdas Gianchand 601, Girgaum Road, Near Princess Street, Bombay-2.	6	23.	M/s. Mukherji Book House, 8-B, Duff Lane, Calcutta-6.	4
10.	The International Book House (Private) Limited, 9, Ash Lane, Mahatma Gandhi Road, Bombay-1.	22			
11.	The International Book Service, Deccan Gymkhana, Poona-4.	26			

**CORRIGENDA TO EIGHTY-FIRST REPORT OF P.A.C.  
(1972-73) PRESENTED TO LOK SABHA ON 23RD  
APRIL, 1973.**

--

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
(111)	S.No. 20		Shri Qalyan Roy	Shri Kalyan Roy
6	1.13	Last line from bottom	table	cable
7	1.16	12	wide hand	wide band
14	1.32	14-15	Commonweath Telegraph Agreement	(1) Common-wealth Telegraphs Agreement
16	-	2nd line from bottom	<del>delete the digits "4,4.1, 4.2,4.3,4.4,4.5 &amp; 4.6" occurring after "Rs. 5.1 lakhs."</del> Add the digits "4,4.1, 4.2,4.3,4.4,4.5 & 4.6." after "Sub-paras".	
35	1.81	2	<del>delete the words 'was pointed out that pre-payment of foreign exchange'</del>	
40	1.94	4	high site	high side
78	1.48	8	<u>insert 'of' after the word 'working'</u>	
80	1.70	6	<u>insert 'on' before 'direct HF circuits'</u>	
82	<u>after S.No. 15 insert '16.'</u>		1.43	-do-
85	1.149	11	relevances	references
89	1.154	15	malad sone	malad stone

# CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE . . . . .	(iii)
INTRODUCTION . . . . .	(v)
REPORT . . . . .	i
APPENDICE:	
I. (1) Balance Sheet as on 31st March, 1970 . . . . .	71
(2) Profit and Loss Account for the year ended 31st March, 1970 . . . . .	72
(3) Stores Accounts for the year ended 31st March, 1970 . . . . .	73
II. Summary of the main conclusions/recommendations of the Committee. . . . .	74

## PART II\*

### Minutes of the sittings held on

13-9-1972  
21-9-1972  
31-10-1972  
28-3-1973  
30-3-1973  
4-4-1973

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

38422 (4)  
Date 23.4.73

# **PUBLIC ACCOUNTS COMMITTEE**

(1972-73)

## **CHAIRMAN**

**Shri Era Sezhiyan**

## **MEMBERS**

2. **Shri Bhagwat Jha Azad**
3. **Shri R. V. Bade**
4. **Shrimati Mukul Banerji**
5. **Shri Jyotirmoy Bosu**
6. **Shri K. G. Deshmukh**
7. **Shri Tayyab Husain**
8. **Shri Debendra Nath Mahata**
9. **Shri Mohammad Yusuf**
10. **Shri B. S. Murthy**
11. **Shri S. A. Muruganantham**
12. **Shri Ramsahai Pandey**
13. **Shri H. M. Patel**
14. **Shrimati Savitri Shyam**
15. **Shri Ram Chandra Vikal**
16. **Shri M. Anandam**
17. **Shri Golap Barbora**
18. **Shri Bipinpal Das**
19. **Shri P. S. Patil**
20. **Shri Qalyan Roy**
21. **Shri Swaisingh Sisodia**
22. **Shri Shyam Lal Yadav**

## **SECRETARIAT**

**Shri Avtar Singh Rikhy—*Joint Secretary.***

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

## INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Eighty-First Report (Fifth Lok Sabha) on Paragraph 51 of the Report of the Comptroller & Auditor General of India for the year 1970-71—Union Government (Civil)—relating to Overseas Communications Service—Ministry of Communications.

2. The Report of the Comptroller & Auditor General of India for the year 1970-71—Union Government (Civil) was laid on the Table of the House on the 7th April, 1972. The Committee examined the Audit Paragraph relating to Overseas Communications Service at their sittings held on the 13th September, 21st September and 31st October, 1972. The Committee considered and finalised this Report at their sittings held on the 28th and 30th March and 4th April, 1973. 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 II). 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 this Paragraph by the Comptroller and Auditor General of India.

5. The Committee would also like to express their thanks to the officers of the Ministries of Communications and Finance, Overseas Communications Service & CPWD for the cooperation extended by them in giving information to the Committee.

NEW DELHI;  
April 4, 1973  

---

Chaitra 14, 1895.

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**

### **THE OVERSEAS COMMUNICATIONS SERVICE, BOMBAY**

#### **Introduction**

##### ***Audit Paragraph***

1.1. Its functions are:

- (a) to provide, operate and maintain India's overseas telecommunication links, within the framework of development plans approved by Government;
- (b) to maintain operating standards at the international level so as to meet the Indian public demand adequately and qualitatively;
- (c) to co-ordinate the operational aspects of telephone and telex services with the Posts & Telegraphs Department which operate the terminal exchanges;
- (d) to advise Government on tariff policies in regard to overseas telecommunication services; and
- (e) to act as the 'National Body' for fulfilling the obligations of accession to the Commonwealth Telegraph Act, 1948 and 1963.

[Sub-para 1 of Para 51 of the Report of the Comptroller and Auditor General of India (Civil), 1970-71].

1.2. During evidence the Committee drew attention to the recommendation made by the Estimates Committee in their 114th Report (1960-61) that the question of integrating the Overseas Communications Service with the Posts and Telegraphs Department might be considered when the P & T Board was sufficiently stabilised and was in a position to take up additional responsibilities. The Estimates Committee had pointed out the following advantages resulting from the integration of OCS:

- “(i) It would be possible to effect a closer liaison between the Telegraph Branch and the O.C.S. in the interest of speedy disposal of traffic.

- (ii) It would not be necessary to have a separate section in the Ministry for dealing with matters relating to the O.C.S.
- (iii) With the enhanced powers of the P & T Board, the O.C.S. would not have to approach the Ministry for sanctions for works involving expenditure upto Rs. 10 lakhs;
- (iv) The efficiency of the O.C.S. as an arm of P & T would be an example to the other branches, particularly the Telegraph to improve their performance.

The Overseas Communications Service could continue to retain its identity in the same way as postal, telephone, telegraph and wireless branches and its financial results exhibited separately in the accounts. The Committee note that in the U. K. also where the external tele-communication department has been established as a separate department, its working results form part of the British Post Office accounts."

1.3. In their reply to Estimates Committee, Government reiterated the view that external tele-communication and internal communication within the country should continue to be administered by the independent departments.

In their Third Action Taken Report (1962-63), the Estimates Committee suggested that as the advantages of integration are not inconsiderable the Government may review the position after the modernisation schemes of internal communications, services have made sufficient progress.

1.4. The Committee desired to know if any steps had been taken in this direction. The Secretary, Ministry of Communications stated during evidence: "Subsequent to Estimates Committee's recommendations, the Administrative Reforms Commission had made suggestion on similar lines. The point was about Overseas Communications Service becoming part of the total P & T Department and this point was discussed at great length in the Ministry. There are some point in favour of merging and others in favour of keeping it as a separate unit. This was highly specialised work whereas P & T dealt with purely inland communications. The OCS deals with outside communications, there is lot of give and take with other agencies of similar nature." In other countries too they keep it as separate specialised unit." When the Committee pointed out that the International communication was also a specialised work, the witness stated "Handling of foreign telegrams, communication with the outside

countries is different from what we have in our inland communication procedure and the equipment that we use also is different. For example, recently they have gone for satellite communication which is not within the purview of P & T. We thought it better to keep these skills compactly in one unit. That is why we felt that the present arrangement should continue." When asked that in what way the efficiency of the O.C.S. would be affected by merging it with P & T, the witness stated: "Once we integrate it, it also automatically implies free inter-change of staff and officers and this is what we wanted to avoid as the officers and staff in the O.C.S. are very much used to the handling of foreign telegrams." The Committee pointed out whether it was not feasible to inter-change certain categories of staff, the Secretary stated: "I do not mean that is cannot be integrated."

1.5. The Administrative Reforms Commission observed in 1970, "We consider that the technology of internal telecommunications has made rapid advances in the last decade and there is a growing affinity between the two. With the increasing overseas traffic the dependence of the O.C.S. can be ensured by maintaining it as a distinct unit under the P & T Board. Therefore, we agree with the Working Group that technically as well as administratively the merger of the O.C.S. with the P & T Board will be beneficial and the two should be integrated." The Committee desired to know the action taken on the report of the A.R.C. The Secretary stated: "No orders have yet been passed." In a written reply furnished subsequently the Ministry of Communications have stated that "the question of integration of the O.C.S. with the P & T Department had been examined more than once and also in the light of the recommendations of the Estimates Committee and it was decided that the balance of advantage would be in favour of continuing the external communications as a separate entity. The A.R.C's recommendations proposing the integration of the OCS with the P & T Department have been examined and are being put up to the Cabinet."

1.6. The Committee note that the need for integration of the Overseas Communications Service with the Posts and Telegraphs Department has been felt in the past by the Estimates Committee and the Administrative Reforms Commission. As early as 1961, the Estimates Committee had desired that the question of integration of OCS with P&T Department might be considered when P&T Board sufficiently stabilised and was in a position to take more responsibilities. The Administrative Reforms Commission felt in 1970 that technically as well as administratively the merger of the OCS with the P&T Board would be beneficial and the two should be integrated. The recom-

recommendations of the Administrative Reforms Commission are stated to have been examined by the Department and are being put up to the Cabinet. The Committee are in agreement with the views of the Estimates Committee and the Administrative Reforms Commission. They accordingly desire that a decision should not further be delayed in a matter of such importance.

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

### Operations

#### *Audit Paragraph*

1.8. The services provided by the Department during the past five years are depicted in the following table:—

Year	Radio Telephone		Radio Telegraph		Tele		Leased Channels (telex)	Radio Photo		Press Broadcast.
	Links	Chan-nels	Links	Chan-nels	Links	Chan-nels		Links	Chan-nels	
1966-67	31	43	29	34	6	17	27	24	24	2
1967-68	34	46	31	36	8	25	31	24	24	2
1968-69	35	48	31	36	10	29	36	24	24	2
1969-70	36	49	31	36	10	31	42	24	24	2
1970-71	36	49	31	36	11	32	39	24	24	2

NOTES: 1. Link is a tele-communication connection between any two terminals (eg. Bombay—London) having one or more channels.

2. The reduction in number of leased channels from 42 to 39 in 1971 is due to cessation of lease arrangements with Air India (Bombay/Cairo circuit), BOAC (New Delhi/London circuit) and Lufthansa (Calcutta/Hong Kong circuit).

The Department utilises Submarine Telegraph cables (for telegraph) and High Frequency System (for telegraph, telex, radio photo, telephone and press broadcast) for its operations. The Department's first Earth Station for providing facilities through the artificial satellite medium was commissioned on 26th February, 1971.

[Sub-para 2 of Para 51 of the Report of C. & A.G. (Civil), 1970-71].

1.9. The Committee desired to know during evidence whether the O.C.S. were able to cope with the demand with the available facilities. The Secretary, Ministry of Communications stated that "right up to 1970-71 the facilities provided were in keeping with the demand, but unfortunately all these facilities were on what they call H.F. types of radio circuits, till the satellite came in. The efficiency of this was very poor 60—65 per cent. Even then the satisfactory working time of these circuits was at a time when the people did not want to put through a call. We lost a large number of calls, when they matured, because the people did not want them at that time."

1.10. The Committee were informed by Audit that position of the services provided by the Department as on 31st March, 1972 was as follows:

Year	Radio Telephone		Radio Telegraphs		Telex		Leased chan-	Radio Photo		Press broadcast
	Links	Chann-els	Links	Chann-els	Chan-nels	(Telex)		Links	Chann-els	
1971-72	37	69	32	37	16	59	46	21	21	2

1.11. The Committee desired to know the reasons for the decrease in the number of links and channels for radio photo during the period 1971-72. In a written reply, the Ministry of Communications stated: "When satellite services were opened in 1971, the service with Germany was considered to be temporarily suspended from Bombay, Calcutta, New Delhi and Madras since Germany desired to take radio-photos *via* London rather than on the only direct satellite channel then available. This was the position at the time of Audit. Subsequently, operational arrangements have been made to restore the four links and therefore, the total number of direct links and channels is 25\* as of today."

\*According to Audit, the total number of direct links and channels was 26 and 27 as on 31-7-1972 and 24-1-73 respectively.

1.12. Pointing out that Telephone links and channels increased from 31 and 43 respectively in 1966-67 to 37 and 69 in 1971-72, the Committee asked how the increase compared with the estimates. The Secretary, Ministry of Communications stated: "We have got forecasts and the number of channels is closely linked up with the forecasts that we have made. But the only deviation is that due to development of new countries, in such cases, new circuits will have to be opened. But, normally, the increase in the number of circuits is closely associated with our forecasts of traffic, growth of traffic."

1.13. The Committee desired to know which of the three technical media now in operation viz. Submarine Telegraph cables, High Frequency System and Satellite media for these international telecommunication services was more efficient and economical and whether it was possible to use only the most efficient and economical media for these services and abandon or restrict the use of others. In a written reply the Department stated: "Out of the three media available at present the submarine telegraph cables will cease to exist in operation within the next few months. These are old and obsolescent types laid in the Twenties. Their obsolescence has been recognised by the Commonwealth partnership which has abandoned all but a few links in its worldwide network."

Satellite communications is the only available wide-band medium for India at present. There is no comparison between the satellite medium and the High Frequency Radio System in terms of costs or of traffic capability. The satellite medium now carries nearly 90 per cent of our total traffic. The balance is carried on the H.F. System for the following reasons:—

- (a) The countries with whom we work are not linked to the INTELSAT satellite system;
- (b) The type of service provided can be provided only on the H.F. Radio System. Examples of this are Press Broadcast Systems. Facsimile Meteorological Broadcast Systems and the like;
- (c) Even though some countries are linked to the INTELSAT satellite system, they may not be working with the satellite with which India is working for reasons of their own priorities in international telecommunications.

Some of the H.F. Systems being maintained are retained as stand-by safeguards against satellite system failure. These will have to be retained till diversified wide-band access by submarine telephone cable is also available."

1.14. The Committee asked how the manpower and equipment rendered surplus on High Frequency side as a result of commencement of operation of Satellite were proposed to be utilised. The Secretary, Ministry of Communications stated "As for manpower, that is required for operation of traffic remains, whether it is satellite traffic or HF. After the advent of the satellite, our HF will continue to operate. We have actually increased some of the circuits on HF because there are a number of countries wanting direct communication with us." When pointed out that 90 per cent of the work was handled by Satellite, the witness stated: "But the transmitters remain. Suppose in a transmitter, you have 12 hours with one country and one hour with another, and you transfer the 12 hours to the satellite, still for the one hour, the transmitter has to remain and the receiver has also to be operated."

1.15. Asked whether the operation would not become too expensive, the witness stated: "To a certain extent, yes. For the actual unit traffic handled, the cost in HF goes up as the cost on satellite goes down."

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

## Growth in Traffic

## Audit Paragraph

1.17. The targets fixed and the actual traffic handled by the Department during 1966-67 to 1970-71 are given below:—

(Figures in lakhs)

Category	Year	Satellite		High Frequency		Total	
		Targets	Actuals	Targets	actuals	Targets	Actuals
1. Radio Telephone (Minutes)	1966-67	Nil	Nil	N.A.	4.23	N.A.	4.23
	1967-68	Nil	Nil	N.A.	4.66	N.A.	4.66
	1968-69	Nil	Nil	5.27	4.80	5.27	4.80
	1969-70	3.02	Nil	5.09	5.50	8.11	5.50
	1970-71	15.75	0.14	1.00	6.18	16.75	6.32
2. Radio Telegraph (Gross words)	1966-67	Nil	Nil	N.A.	989.54	N.A.	989.54
	1967-68	Nil	Nil	N.A.	1029.08	N.A.	1029.08
	1968-69	Nil	Nil	1090	962.90	1090	962.20
	1969-70	1014	Nil	126	1015.25	1140	1015.25
	1970-71	1064	Nil	132	1017.28	1196	1017.28
3. Telex (Minutes)	1966-67	Nil	Nil	N.A.	5.89	N.A.	5.89
	1967-68	Nil	Nil	N.A.	8.04	N.A.	8.04
	1968-69	Nil	Nil	9.2	9.52	9.2	9.52
	1969-70	11.50	Nil	Nil	12.31	11.50	12.31
	1970-71	14.37	0.04	Nil	15.35	14.37	15.39

NOTE : The figures of traffic on the satellite system (scheduled to commence operation from 1-10-1969) are for the period 26-2-1971 to 31-3-1971 as the facilities in this regard were commissioned only on 26-2-1971.

Due to inadequate facilities for Radio Telephone, the Department had to forego revenue to the extent of about Rs. 40.66 lakhs on account of cancellation of booked calls during the years 1967-68 to 1969-70. The loss of revenue due to cancellation of similar calls during 1966-67 and 1970-71 could not be assessed for want of requisite data.

As regards Radio Photo no traffic forecasts were made. However, the position of traffic during the last five years is given below:—

(In thousand sq. cms.)

1966-67 .	..	473·35
1967-68 .		666·20
1968-69 .	..	1072·00
1969-70 .	..	1321·79
1970-71 .	..	1520·06

[Sub-para 3 of Para 51 of the Report of C. & A.G. (Civil) 1970-71].

1.18. The Committee desired to be furnished with figures of targets and actuals of traffic for 1971-72. In a written reply, the Ministry of Communications stated: "The figures shown in the Audit Report are not 'targets', they are forecasts for assessment of economic viability. The figures for 1971-72 are:—

(Figures in lakhs)

	Satellite		H.F.		Radio	Total
	Fore- cast (Both- ways)	Actuals (out- going)	Fore- cast (Both- ways)	Actuals (Out- going (Note)	Fore- cast (Both- ways)	Actuals (Out- going (Note)
1. Radio Telephone (Minutes) .	18·11	8·40	1·15	0·85	19·26	9·25
2. Radio Telegraphs (gross words) ..	..	..	..	..	12·56	644·27
3. Telex (minutes) .	17·98	8·41	Negligible	3·02	17·98	11·43

Note :

(a) There are some links on which satellite and HF media exist in parallel and traffic is handled without specific identification of channel. Hence the bifurcation of traffic statistics between the media is not precise.

(b) The 'actuals' shown above are for outgoing traffic only. Complete statistics of incoming traffic are not yet available."

1.19. The Committee enquired about the reasons for not fixing any target during 1966-67 and 1967-68 for the three services that is, Radio Telephone, Radio Telegraph and Telex \*and during 1969-70 and 1970-71 in respect of Telex (H.F.). In a note, the Ministry stated: "The enhanced system capability as well as the capital intensive features of satellite system led to the need for an assessment of the economic viability of the system over the system life for which purpose traffic forecasts are necessary. This was done in the O.C.S. IVth Plan for the first time.

This explains why there have been no forecasts indicated for 1966-67 and 1967-68 for the three H.F. services mentioned and for 1969-70 and 1970-71 for the part of the telex going on the H.F. Radio System."

1.20. In another written reply, the Ministry of Communications stated: "In the Fourth Year Plan forecasts were specified for the period subsequent to establishment of Satellite services. Earlier with H.F. services, forecasts were not fixed since the medium had limitations of capacity. The following figures show the comparison of forecasts fixed in the Fourth Plan for the first full year of satellite operation compared with actual achievements:

	Telegraphs	Telephones		Telex Mints	Leased Nos.
		Mints	Nos. C.C.T.S		
(In lakhs)					
1. IVth Plan forecasts for 1971-72 with satellite services established in 1969-70	1260 (incl. HF)	19.26	54	17.98	43
2. As achieved in 1971-72 the real first full year of satellite operations (satellite commenced February, 1971) (Estimated)	1150 (incl. HF)	18.34	49	20.18	46

1.21. Referring to the targets mentioned in the Audit para, the Secretary, Communications stated during evidence: "Actually we do not fix any target. Only forecast is made. We do not have target for international traffic. We make a sort of reasonable calculation of forecast. Target is something which you positively need. But this is a forecast of traffic and based on the forecast of traffic we provide the equipment as and when the traffic increases."

\* Audit have observed : "This does not explain the reasons for not fixing the targets for telex (H.F.) during 1969-70 and 1970-71 when similar targets for Radio Telephone & Telegraph (H.F.) for these years could be fixed in the O.C.S. IV Plan."

1.22. The following table reproduced from the Annual Report of the Ministry of Communications for 1971-72 indicates the progress in growth of traffic:

Traffic	Wireless Tele- graph		Radio tele- phone (Mins. thou- sands)	Radio photo (Sq. cms. thou- sands)	Telex (Calls)	Traffic in Minutes	Leased tele- printer channels
	Messages	Words			(Thousands)		
	(in lakhs)						
1947-48	25.06	759.76	28.80	26.98			
1950-51	26.40	700.80	51.96	27.10			
1955-56	29.74	783.37	138.61	124.83			
1960-61	27.85	776.88	257.85	346.40	1.14	12.80	13
1964-65	29.80	965.19	280.00	712.92	44.80	305.30	23
1965-66	30.64	1190.32	362.82	919.10	75.58	541.00	24
1966-67	31.62	989.54	423.29	473.35	84.72	589.10	27
1967-68	32.27	1029.08	466.05	600.20	114.56	803.72	32
1968-69	31.77	962.20	480.00	1072.00	148.00	952.00	36
1969-70	32.91	1015.25	549.64	1321.79	201.81	1230.92	41
1970-71	35.65	1129.78	561.77	1169.161	252.26	1534.59	42

1.23. In a written reply the Ministry furnished the position regarding cancellation of telephone calls during the years 1969-70 and 1971-72.

Cancellation of Telephones Calls	Year	
	1971-72	1969-70
Total calls booked (Out-going)	224,000	89,000
Total calls put through (outgoing)	181,000	58,000
Percentage satisfaction	81%	65%
Percentage cancellation	19%	35%

1	2	3
Due subscriber unavailability at time calls tried . . . . .	17.7%	
Due capacity limitations (OCS and P&T) . . . . .	0.4%	
Due other reasons . . . . .	0.9%	
Revenue realised (Rs. lakhs) . . . . .	80	54
Revenue not realised due all cancellations (Rs. lakhs)	20	29
	(Approximate)	

\*NOTE:—The establishment of satellite services has increased calls handled by 152% and percentage satisfaction has risen to 81% from 65% during 1969-70 using only the H.F. medium.

1.24. The Committee desired to know the reasons for non-maintenance of proper records during the years 1966-67 and 1970-71 to indicate the loss of revenue arising from cancellation of telephone calls. In a written note the Ministry stated:

“Records have been maintained all along of effective and ineffective call statistics. Prior to the formulation of the project for satellite communication system these statistics were analysed to study the need for technical improvements to the extent possible in the H.F. Radio System. Records are now available for the years 1967-68\* onwards; earlier records have not been retained.

As long as the H.F. Radio System was the only system available, the analysis of ineffective calls served a limited purpose, because it was known that the H.F. system had an inherent technical limitation in its capacity to foster the growth of traffic demand.”

1.25. The Committee desired to know about the charges levied by O.C.S. for cancellation of telephone calls. The Secretary, Ministry of Communications stated: “Suppose I book a call from here to New York, if that man is not available, the call is cancelled and we do not charge anything. But suppose that man is available but the call is cancelled, I charge Rs. 6 as cancellation charges.”

1.26. The Committee asked about charges levied for cancelled internal calls, the Secretary, Communications stated: “We make two attempts and then we charge 50 per cent.” Asked why different standards are followed for internal and external calls, the witness stated: “There is a difference between Indian calls and overseas calls because the procedure we apply to overseas is the international practice; in other countries also the same practice obtains.”

\* According to Audit records for 1967-68 are not available.

1.27. In a written reply submitted subsequently, the Ministry stated:

"There is a practice in international relations to charge one-tenth of the call charge as cancellation fee for ineffective call. The cancellation fee charged in India is Rs. 4 per ineffective call for relations where the call charge is Rs. 39 per call of 3 minutes, Rs. 5.50 per ineffective call for relations where the call charge is Rs. 54 per call of 3 minutes and Rs. 6.50 per ineffective call for relations where the call charge is Rs. 63 per call of 3 minutes."

1.28. The Committee desired to know the actual traffic in regard to Radio Photo handled during 1971-72 and how it compared with the forecast. In a written reply, the Ministry stated: "It is not usual for us to work out forecast for radio photos as their incidence depends very much on international events. The following available information of actuals may be noted:

Radio Photo :	1969-70 . . . . .	1,322,000 Sq. cm.
	1970-71 . . . . .	1,169,000 Sq. cm.
	1971-72 . . . . .	1,35,000 Sq. cm." (provisional)

1.29. The Committee note that the satellite system which was scheduled to commence from 1st October, 1969 was actually commissioned on 26th February, 1971. In 1971-72 which was the first full year of operation of the satellite system, the traffic showed marked increase in respect of Radio Telephone, Radio Telegraph and Telex. The actual traffic increased from 6.32 lakhs minutes in 1970-71 to 18.34 lakh minutes in 1971-72 in respect of Radio Telephone, from 1017 lakh words to 1150 lakh words in respect of Radio Telegraph and from 15.39 lakh minutes to 20.18 lakh minutes in respect of Telex. The actual traffic in respect of Telegraphs and Telephones, however, fell short of the forecasts of 1260 lakh words and 19.26 lakh minutes respectively envisaged for the year 1971-72 with satellite services expected to be established in 1969-70. The Committee hope that in the years to come, the traffic will increase and the Department will ensure that the facilities created are fully utilised. The Department should be careful in making the forecasts for future so that facilities created are in keeping with the requirements.

1.30. The Committee note that due to inadequate facilities for Radio Telephone, the Department had to forego revenue to the extent of about Rs. 40.66 lakhs on account of cancellation of booked

calls during the years 1967-68 to 1969-70. The Committee are glad that the establishment of satellite services has increased the calls handled by 152 per cent in 1971-72 and percentage of satisfaction has risen to 81 per cent from 65 per cent in 1969-70. The non-availability of the subscribers accounted for cancellation of 17.7 per cent calls, capacity limitation accounted for 0.4 per cent, other reasons 0.9 per cent. The Committee, however, feel concerned over loss of revenue of Rs. 20 lakhs due to cancellation of calls in 1971-72 also the bulk of which was due to the subscriber's non-availability at the time of calls.

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

### Agreements

#### *Audit Paragraph*

1.32. For purposes of managing suitable facilities for Indian telecommunication traffic to reach the four corners of the world, OCS participates in two international agreements signed by Government:

- (a) The Commonwealth Telegraphs Agreement, 1948 whereby member-governments of the Commonwealth pool their resources for mutual assistance in carrying one another's tele-communication traffic on an agreed cost sharing basis.
- (b) The INTELSAT Agreement of 1964 wherein member-Governments, now numbering 79, participate in the establishment and maintenance of a global communication satellite system.

Besides the above agreements, the Department has entered into bilateral arrangements with other countries for mutual operations without formal agreements being drawn up. Commonwealth Telegraph Agreement.

Under the Commonwealth Telegraphs Agreement, the aggregate expenses incurred in each financial year by the National Bodies of the partner Governments are allocated amongst the National Bodies

in proportion to the "net wayleave revenue" derived by each National Body from common use of services. The "net wayleave revenue" is a figure derived from the actual revenues earned by each National Body by the application of a set of rules which form part of the agreement. The 'common user expenses' include: (a) operating cost, (b) administrative cost, (c) depreciation, (d) interest on capital (on submarine cables, cable stations and cable ships connecting land lines, radio stations, control and channelling equipment other than at radio stations, research and transit handling facilities) and (e) interest on stores in stock, operating funds and work-in-progress.

The revenue and expenditure of the Department under the agreement pertaining to the 'wayleave scheme' and its contribution to the common pool, during the past four years are given below:—

Year	Net revenue of O.C.S.	Percentage of expenditure to net revenue of all National Bodies	Expenses of O.C.S.	O.C.S. share of expenditure	O.C.S. contribution to the common pool (5)—(4)
1	2	3	4	5	6
	£		£		£
1966-67	17,38,642	49.30	5,03,101	6,56,629	1,53,528
1967-68	17,79,961	49.46	5,85,815	7,07,282	1,21,467
1968-69	20,49,531	46.61	6,72,000	7,45,000	73,000
1969-70	24,23,000	46.40	6,91,000	8,24,000	1,33,000

NOTE.—Figures for 1967-68 onwards are provisional as the wayleave accounts for these years have not been finalised.

## (ii) International Telecommunication Satellite Agreement (INTELSAT)

In February, 1965 India became a member of the global commercial communication satellite system and simultaneously signed a special agreement for participation in International Satellite Communication System (INTELSAT) with a quota of 0.467377 per cent. The contribution of the signatories to the special agreement towards the cost of the design, development, construction and establishment

of the space segment during the interim arrangements were based on an estimate of U.S. \$ 200 million. The rental for the use of the channels through the satellite is non-discriminatory and is the same irrespective of the user being a signatory to the agreement or not. As on 31.3.1971, the total contribution of all signatories amounted to \$ 207 million, the Department's net contribution being Rs. 54.88 lakhs (contribution paid Rs. 110.25 lakhs less amounts recovered from INTELSAT on account of amortisation and compensation Rs. 55.37 lakhs).

Simultaneously with approval to membership in INTELSAT, Government approved the setting up of a ground station at an estimated cost of Rs. 3 crores (with a foreign exchange component of Rs. 2.25 crores approximately). Initially, on the recommendations of a Technical Co-ordination Committee (June, 1965), Government decided to have the project executed including systems and design engineering through a prime contractor despite the Atomic Energy Department's insistence that the system and design engineering work should be entrusted to Indian engineers. So as to take advantage of possible foreign exchange aid from Japan and Canada, limited tenders were invited in September, 1967 from parties in these countries. Of the three offers received, two offers from Japan were ruled out as Yen credit was not available, while the third offer of a Canadian firm (M/s. R.C.A. Victor) was under negotiation, Government decided (April, 1968) to entrust the Project to the Department of Atomic Energy.

The date of completion of ground station was fixed as 31st October, 1969 as the satellite in the Indian Ocean region was expected to be placed in orbit by INTELSAT by the middle of 1969. Although other telecommunication administrations (Japan, U.K. and Australia) were able to plan construction of their stations to work with India by October, 1969, due to delay of 15 months on the part of Department of Atomic Energy, the satellite communications facilities could be availed of by the Department only from 26th February, 1971. Against the sanctioned estimate of Rs. 518.38 lakhs for the ground station payments made to the Department of Atomic Energy upto 31-3-1971 amount to Rs. 420.41 lakhs.

Loss in revenue during 1969-70 consequent on delay in establishment of satellite services is estimated (November, 1970) by the Department at Rs. 5.1 lakhs 4, 4.1, 4.2, 4.3, 4.4, 4.5 & 4.6 (Sub-paras of Para 51 of the Report of C. & A.G. (Civil), 1970-71).

(i) *Commonwealth Telegraphs Agreement*

1.33. Audit subsequently furnished the following revised statement based on the latest position furnished by the Department:

Year	Net revenue of OCS	Cost of revenue ratio	Common user expenses of OCS	OCS share of expenditure as % in col. 3	Difference (5-4) age	FCC revenue due to OCS	Net contribution of OCS
1	2	3	4	5	6	7	8
	£		£		£		£
1966-67	17,38,632	49.32%	5,03,101	8,57,493	3,54,392	2,00,472	1,53,920
1967-68	17,79,961	49.50%	5,85,815	8,80,369	2,94,554	2,57,533	37,021
1968-69	20,49,531	46.61%	6,72,000	9,55,286	2,83,286	2,19,446	63,840
1969-70	24,23,000	46.40%	6,91,000	11,24,272	4,33,272	2,56,300	1,76,972
1970-71	23,50,000	51.76%	7,30,000	12,16,355	4,86,355	2,92,357	1,93,998
1971-72	28,85,000	52.66%	10,38,000	15,19,404	4,81,404	3,25,000	1,56,404

1.34. The Committee desired to know about the working of the Commonwealth Telegraphs Agreement, 1948. The representative, of OCS stated: "The agreement is still in force. It was first drawn up in 1948 and was brought into force in 1951. It was reviewed in 1966. It is again currently under review. The basis of the agreement has been that the member of British Commonwealth use one another's international telecommunications facilities at cost, and the basis of sharing the cost is to compare the revenues of each telecommunication entity with the total of such revenues of all member entities which are partners to the agreement. Each member country is then called upon to bear the same proportion of the total cost of the partnership as its revenue bears to the total revenue." Clarifying the position further, the witness stated: "It is the net revenue which is calculated for the purpose of comparison. In calculating the net revenue to provide the basis of comparison, the share corresponding to the internal costs within the country is excluded. Certain allowances are also made to remove, from the gross revenue, shares which the organisation could retain for its own work within the country outside the system defined for shared costs. The net revenue computed on these lines is compared and members divide the total costs in the same proportion as their net revenues."

1.35. The Committee then asked about the changes which were made in 1966. The representative of OCS stated: "The basis of the agreement have in principle remained the same but in detail they are very much different. The revenue accruing to a country like India was increased about 30 per cent by negotiation. In the

review conducted in 1968, the basis of revenue was changed but not the basis of cost substantially."

1.36. The Committee wanted to know whether the agreement in its present form was beneficial to the country. The representative of OCS replied: "We are benefiting from it." Elucidating his point the witness stated: "If a message goes from India to Latin America, the share of the traffic revenue on that message that we pay to Latin America is only that country's share of the money appropriate for the message between London and Latin America. We do not pay the total money required to handle it throughout its passage between India and Latin America. In this sense, we are benefiting by using the facilities of other partner-telecommunications entities. We have to depend upon other international net works for carrying at least a part of our traffic. We cannot, possibly, maintain direct services with all countries. In fact, no country maintains direct services with every other country with whom it has telecommunications traffic."

1.37. The Committee referred to the observations of the Estimates Committee made in their 114th Report (1960-61) that under the Way-leave scheme, our country was called upon to pay money ten times, the estimate of what according to the Department's own calculations was rightly payable. In a paper presented to the Commonwealth Telecommunication Conference in 1958, Government had stated that the payments to be made by India on the basis of the commonly accepted 'parcour' system, which is applicable, for the settlement of accounts with foreign telegraph administrations, her payments would be only of the order of £ 30,000 as against about £ 3,00,000 payable at present. The representative of the OCS stated: "This has been completely remedied. Between the years 1962 and 1960, we got back the equivalent of approximately one million pounds by negotiations. The point that has been brought out in the 1961 committee report was indeed our view in 1962. As I stated, negotiations were immediately conducted and the agreement has been completely revamped. The existing agreement does away with a substantial part of the bases of the remark and the proof is that one per unit traffic revenue that we are deriving today is about 30 to 40 per cent more than what we were deriving when that remark was made."

1.38. The Committee pointed out that the common user expenditure of OCS was less than their share of expenditure allowable on cost to revenue ratio basis and difference had to be paid back to the common pool resulting in outgo of foreign exchange. The secretary, Communications stated: "Probably our expenditure is less than the average expenditure of 49.3 per cent. The main reason for this is that almost all our equipment which were working at that

time were obsolete and had outlived their life. We could have straightway put in more transmitters and put in new equipments so that our expenditure could have been increased and thereby our outgo could have been reduced."

1.39. The representative of the OCS stated: "If we had increased our expenditure, we could have wiped out the net payment. Our rate of investment however, as the Secretary explained, was such that we could not have increased our expenditure to that level. Because satellite communications were round the corner, we did not continue to spend as much as otherwise we might have spent on the existing HF services. On the other hand, as regards staff salaries, and scales of pay etc, position in India is known very well. So far as the actual outpayment is concerned, what we have to consider is what would have been the amount that we might have had to pay elsewhere if we had not entered into this agreement."

1.40. The Committee asked if it was not possible to adopt some other method by which a fair and just distribution of revenue could be made. The representative of the OCS stated: "In 1966, an amended form of the agreement came into force. These amendments gave the terminal administrations shares of revenue on a per unit basis of approximately 30 to 40 per cent more than what previously was the case. We also proceeded further exactly in the way you have suggested. We argued that the basis should be that of usage on a per call or a per minute basis. It is in response to such a pressure that, from 1968 onwards, a comprehensive study has been conducted of the whole basis of accounting within this agreement and these studies are reaching fruition this year. The basis of the studies are the approach indicated by you. It seems reasonably certain that in future the sharing of the cost will be on the basis of traffic usage and not on the basis of revenue."

The witness added that "upto now the basis remains that of revenue comparison but with greater equity in the relationship." He further stated that "the payment required has improved in our favour now, but it is not as if we are completely satisfied with the present position."

1.41. In a written reply, the Ministry stated: "The common user expenses of India have been less than the proportionate shares of such expenses based on the revenue earned because of the fact that in India personnel costs are low in comparison to international rates and because of intensive use of all available equipment. Action has already been taken, however, in minimising the out-flow of foreign exchange by seeking necessary financial adjustments to the Commonwealth Financial Agreement. This aspect of out-flow of foreign

exchange receives continuous attention and, even at present, negotiations are under way to adopt an accounting system based on traffic usage of facilities."

1.42. In reply to a question the representative of OCS stated, "The net revenue is not gross revenue minus expenditure. It is minus certain deductions from revenue, for home consumption. Therefore, net revenue does not reflect the result of expenditure."

1.43. Asked if any check was exercised against inflation of expenditure by the member countries, the witness stated: "We have two or three steps by which there is a control on the cost-effectiveness within limits of every other Government's expenditure on its services. The first method is that before a capital investment of a certain magnitude is made, each partner government is called upon to notify the Commonwealth Telecommunications Board of its intention to invest in a certain area, indicating the additional revenue which it expects by that investment and why it goes into such an investment at all. These data are collected from each national body and the examined by the Commonwealth Telecommunications Board which makes its recommendations."

1.44. Asked if there was a system of a cost account audit in regard to another country's estimates, the representative of the O.C.S. replied in the negative. He added: "In its place, each partner government is obliged to get its auditors' certificate for the expenditure, just as their own commercial auditors certify expenditure."

1.45. The Committee asked how the price paid by a participating country for an equipment produced in the country itself was ascertained to guard against a highly inflated price being paid and shown in the accounts. The witness stated: "We cannot prevent that, if a Government does things deliberately like that, by keeping one amount in its national accounts and gives audited by duly appointed auditors. After all, this is a reciprocal relationship."

1.46. The Committee asked how it could be ascertained whether the price paid to the local manufacturer was not highly inflated. The Secretary, Ministry of Communications stated that "in case they buy £ 10,000 worth of equipment at £ 1,00,000, what goes into the expenditure is only the depreciation or the interest part of it. But the actual investment goes into the overseas account of that national body."

1.47. The Committee asked for the reasons for non-finalisation of way-leave accounts for the year 1967-68 onwards. The representative of OCS explained the position saying that "the difficulty has been

on the part of certain partners in the partnership, not of India's making. We have rendered accounts upto date, upto about 1970-71. One of the major reasons for non-finalisation is currency variations from 1967 onwards. Certain adjustments have been in progress since then in accordance with the international regulations. Another reason is that in the last 4-5 years a larger number of countries have had independent agencies set up from out of the entity which was formerly one of the British cables and wireless; like Barbados, West Indies and certain countries in Africa and so on. With regard to each of these, the separation process takes time, separation of assets, preparation of independent accounts. The present position is that for 1967-68 it is under process."

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

(ii) *International Telecommunications Satellite Agreement*  
(INTELSAT)

1.49 During evidence, the Secretary Communications stated: "As a member of the network, India is a shareholder. Our share is 0.5 per cent of the total investment in INTELSAT. Once you are a

shareholder, it does not limit the number of channels you are using. The number of channels we are using depends upon the traffic we have got; to that extent only we rent out the channels."

1.50. Asked if the country had committed itself to a greater extent than the business justifies. The Secretary replied: "No. Actually the original investment itself was based on the then existing proportion of international traffic. Ours was roughly 0.5 per cent". He added that India's share had come to 0.46 per cent from 0.49 per cent with induction of some more members."

1.51. The Committee desired to know about the future programme of setting up of more earth stations. The Secretary Ministry of Communications stated: "The Arvi station was the first one that we had engineered and we were thinking of having a second earth station and we decided upon Dehra Dun in the first place because we wanted an earth station in North India so that we can always link up two earth stations. We are going ahead with it; we have acquired land and construction work has started and we have placed an order for antenna on the Electronics Corporation of India. In the Fifth Plan we propose to have a third station somewhere near Calcutta. We have not decided on the actual area. One of the primary requirements is that it should be free from industrial electrical disturbances. Secondly it should be in a kind of a bowl; there must be hills all round so that in case the antenna comes down there is no harmful effect."

1.52. The Committee desired to know the reasons for the Government changing the decision on entrusting the work regarding Arvi Station. The Secretary stated: "Initially when we decided on having an earth station there were discussions between the Ministry of Communications and the Department of Atomic Energy. Dr. Bhabha was alive at that time; and he said that they would be able to manufacture some of the equipment in the Atomic Energy Establishments. I find, later on, the AEE themselves said that they were unable to make any equipment and at that time Dr. Sarabhai said that at least the engineering work should be given to them. After full discussions, Dr. Sarabhai said that they would also tender along with the others. Subsequently they withdrew that particular offer. So we went ahead with calling for global tenders. At that time one view was that it should be given as a turn-key job to one firm but the Government decided that we should not go in for turn-key job and as much of the work as was possible should be done here. Ultimately, part of the equipment was imported by the Atomic Energy Department; they get the designs for the main antenna and built

it in the country. "Asked why a decision was not taken earlier avoiding loss of time. The witness stated: "I do not think that the time was wasted because tenders were called for and two Japanese firms and one Canadian firm tendered and it was actually the Canadian firm which supplied most of the equipment and the tender came in handy for that purpose as that equipment was not made in the country."

1.53. The Committee asked the reasons for increase in the estimate of Rs. Rs. 3 crores. The Secretary stated: "Three crores was only for the equipment which was tendered. Including land and buildings and other facilities it came to about Rs. 5.3 crores and this was the cost at which the Atomic Energy Department completed the job."

1.54. The Committee were informed by Audit that the main reason for change in Government's decision to entrust the work to the Department of Atomic Energy was the policy of not going in for turn-key projects unless it was unavoidable. The Committee asked when this policy decision was taken and, if it was before June, 1965 why was it ignored while taking the initial decision to have the project executed through a prime contractor. The Department in a note stated: "Based on information then available as to the indigenous capability of putting up a satellite Communications Earth Station, the Technical Co-ordination Committee had recommended that the first Earth Station should be secured on a turn-key basis; especially, because the satellite communications required sophisticated modern equipment. Government considered the different approaches and finally decided in March, 1968, that the Department of Atomic Energy should be entrusted with the task of system engineering the Project indigenously and that there was no need for executing the Project on a turn-key basis."

1.55. The Committee understand from Audit that according to Government decision of April, 1968 the Department of Atomic Energy was to take full responsibility for any delay in completion of the Project or of mal-functioning of various systems of the station or performance standard being below the specification. Further Government was to decide the adjustment of financial liability in case any of the above eventualities arose. The Committee desired to know:

- (i) Whether final liability of the Department of Atomic Energy who was responsible for any delay in completion of the earth station has been decided;

- (ii) if the station is now functioning properly;
- (iii) the reasons for increase in the estimated cost of the station from Rs. 3 crores to Rs. 5.18 crores; and
- (iv) to what extent the delay in setting up of the station has contributed to increase in cost.

1.56. In a note furnished to the Committee, the Ministry stated as follows:

- “(i) The matter is under Government’s consideration.
- (ii) Yes, the station is now functioning properly.
- (iii) The facilities covered by the original estimate of Rs. 3 crores were significantly different from those which have been provided at a cost of Rs. 5.18 crores. Additional features included capacity to work with more destinations and linking the Earth Station with Bombay by a microwave link. The intervening devaluation of the rupee in 1966 also considerably contributed to the increase in cost.
- (iv) It is not possible to estimate the extent to which the delay in setting up the station has contributed to increase in cost. The first anticipated date of completion was end of 1968 which was later re-scheduled as October, 1969. The contract prices for various sub-system of the station were fixed early in 1968 and were not subject to any escalation in cost during the project execution stage.”

1.57. The Committee desired to know whether the final payment has since been made to the Department of Atomic Energy and if so, the ultimate cost of setting up of the station. It was stated in a note submitted to them:—

Payment to D. & A. E. for Arvi Project	Rs. in lakhs
Total cost of project as accounted by D.A.E. in June, 1971	502
Outstanding commitments and contracts entered into after D.A.E. handed over to O.C.S. for items in pipeline	35
Total earth station costs	537
Payments actually made in India/Canada as on 31-3-72	497
Final payments not yet made	40

NOTE.—Payments for the Arvi Project to cover the area of responsibility entrusted to D.A.E.

- (a) Letters of credit by Min. of Communications on Bombay Treasury. Rs. 197 lakhs (to meet rupee payments for direct contracts by D.A.E.)

(b) By Book adjustments	.	.	.	Customs.
(c) By Book adjustments	.	.	.	For payments made in Canada by C.I.D.A.
(d) By cash payment for bills transferred to O.C.S. by D.A.E.				For rupee payments to L.I.C. air- freight etc.

1.58. According to Audit paragraph the loss of revenue during 1969-70 consequent on delay in establishment of satellite services is estimated (November 1970) by the Department at Rs. 51 lakhs. The Committee desired to know the loss of revenue suffered during 1970-71 (upto 25th February, 1971) due to delay in setting up and commissioning of this Station. In a note furnished to the Committee it was stated as follows:

"The pro-rata loss of revenue during 1970-71 could be reckoned as about Rs. 46.75 lakhs. This statement of loss of revenue indicates the extra traffic volumes that could have been handled and the revenue derived therefrom. It is also to be mentioned that had the project been completed on time, there would have been additional expenditure by way of satellite rental of about Rs. 28.76 lakhs during the same period. Besides, the delay in completion of the Project beyond the target date of October, 1969 was for reasons over which the Government had no control."

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

## Routing of traffic—Radio telegraph

### Audit Paragraph

1.60. The telecommunication facilities are organised by the Department through a net work of inter-connected set of links between two chosen pair of stations so that a tele-communication circuit is established between two points either by direct link or through inter-connected link. Daily schedules on direct link referred to in the table in paragraph above are usually fixed in relation to hourly traffic flow during the day; such schedules could usually handle about 375,000 words per year on a three-hour-per-day schedule basis. It is, however, seen that the traffic handled in both directions was much lower in the following cases:—

(Words in thousands)

	1967-68			1968-69			1969-70		
	Out-ward	In-ward	Total	Out-ward	In-ward	Total	Out-ward	In-ward	Total
Hanoi	0.9	0.6	1.5	1.4	..	1.4	0.2	0.2	0.4
Indonesia	3.6	3.0	6.6	3.6	0.2	3.8	5.2	9.9	15.1
Iran	11.4		11.4	9.9	4.6	14.5	2.1		2.1
Manila	6.4	23.8	30.2	2.4	34.5	36.9	0.7	30.5	31.2
Saigon	81.6	24.0	105.6	29.6	6.9	36.5	22.7	3.0	25.7

In respect of the following 14 countries with whom direct links have been established, it is noticed that a considerable part of the traffic was routed *via* transit points. Details of traffic with these

Countries routed via direct links and transit points during the year 1967-68 to 1969-70 are given below:—

(Gross words in lakhs)

	1967-68						1968-69						1969-70					
	C/W			Direct			C/W			Direct			C/W			Direct		
	F		R	F		R	F		R	F		R	F		R	F		R
Czechoslovakia	2.31	0.02	1.53	3.10	0.03	2.63	2.76	1.27	0.02	2.93	3.24							
France	5.49	1.64	5.39	8.89	4.15	2.24	6.15	8.26	4.00	3.19	7.55	8.28						
Germany	10.02	1.44	23.39	16.95	10.11	1.49	21.96	16.53	9.69	1.47	25.71	17.67						
Italy	5.01	1.07	4.82	6.73	3.79	0.63	5.15	6.58	3.62	0.30	6.10	7.54						
Switzerland	2.02	0.20	6.29	6.17	2.03	0.11	6.09	6.52	1.85	0.18	6.97	7.46						
U.S.S.R.	0.78	0.01	11.13	11.44	1.00	0.01	12.77	11.00	1.03		17.12	12.11						
Afghanistan	0.01	..	2.33	1.76	0.01	..	2.51	1.98	0.01	..	2.86	2.31						
U.A.R.	1.96	2.74	5.10	4.87	1.64	0.85	4.29	5.26	1.67	0.97	6.02	6.60						
Thailand	1.70	0.09	2.64	2.90	1.91	0.10	2.77	3.31	2.24	0.15	2.37	3.02						
Iran	5.23	4.90	0.12	..	5.81	4.60	0.10	0.05	7.55	1.64	0.02	..						
Kuwait	5.16	5.89	0.31	0.79	3.29	0.01	2.80	7.25	2.81	0.01	3.47	7.53						
Japan	0.42	0.04	39.53	36.93	1.47		30.71	28.20	0.33	0.02	31.98	26.46						
China	1.54	..	1.49	0.89	1.62	..	0.96	0.37	1.54	..	0.73	0.58						
Saigon	3.71	1.64	0.82	0.24	1.30	1.07	0.30	0.06	1.26	1.45	0.23	0.03						

F—Forwarded

R—Received.

The Department has stated (May, 1971) that most of the direct circuits operated by it are on a scheduled basis as a result of which alternative routes have to be operated on a fairly liberal scale. No comparative data of costs and revenues for routing traffic on direct links *via* transit points in respect of the countries with which direct links exist, is maintained by the Department. It has, therefore, not been possible to ascertain the comparative economies of routing traffic through direct links and *via* transit points.

[Sub-paras 5, 5.1 and 5.2 of Para 51 of the Report of C. & A.G. (Civil) 1970-71].

1.61. The following position regarding traffic handled in respect of Hanoi, Indonesia, Iran, Manila and Saigon during 1970-71 and 1971-72 was intimated to the Committee:

(in thousands of words)

	1970-71			1971-72		
	Forwarded	Received	Total	Forwarded	Received	Total
Hanoi				2		2
Indonesia	10.6		10.6	14		14
Iran	10.0		10.0	495	243	738
Manila	0.7	30.1	30.8	1	35	36
Saigon	16.0	0.7	16.7	22	..	22

1.62. The following position in regard to the traffic routed *via* direct links and transit points in respect of the 14 countries during the years 1970-71 and 1971-72 was furnished to the Committee:—

	1970-71		1970-71		1971-72		1971-72	
	via transit points		via direct circuits		via transit points		via direct circuits	
	F	R	F	R	F	R	F	R
	1	2	3	4	5	6	7	8
Czechoslovakia	1.40	0.14	2.69	3.14	2.83	0.41	1.92	3.35
France	4.53	3.16	10.20	11.39	6.08	3.76	10.59	11.90
Germany	8.56	8.56	31.73	19.81	6.14	7.68	35.72	21.30
Italy	2.86	0.27	7.84	8.92	1.38	0.04	11.45	10.76

---

	1	2	3	4	5	6	7	8
<hr/>								
Switzerland	1.48	0.13	8.60	8.70	0.59	0.02	9.70	7.78
U.S.S.R.	1.46		15.02	11.35	3.73		9.52	11.12
Afghanisatn	0.01		3.28	2.55	0.01		3.98	2.03
U.A.R.	0.93	0.24	8.58	8.55	0.46	0.12	5.99	6.28
Thailand	2.81	0.50	2.16	3.30	2.12	0.06	2.89	3.60
Iran	7.54	6.68	0.10	..	5.26	4.25	4.65	2.43
Kuwait	2.55	1.00	4.00	6.75	2.76	2.00	3.62	5.79
Japan	1.24	0.02	38.06	31.53	0.61	0.01	41.91	35.32
China	0.38	..	1.97	0.89	0.07	..	3.75	1.66
Saigon	1.62	1.39	0.16	0.01	0.57	0.54	0.06	

---

1.63. The Committee desired to know as to who paid the extra cost in case a message is sent *via* transit point. The representative of the OCS explained: "The charge to the public is not necessarily based on direct circuit operations." When asked about the extra cost involved in case of routing of traffic by transit, the witness stated: "if the diversion is within the Commonwealth Agreement routes, we do not pay more. Almost the whole of the diversion is through the routes under the Commonwealth Agreement and we do not pay more." When asked about a case where a call has to be routed through a route not within the Agreement the witness replied: "We do not charge the customer more."

1.64. The Committee asked if it was not desirable to charge the customer more if he desired to send the message outside the schedule fixed for direct transmission. The Secretary, Communications stated: "That would not be fair to the subscriber when the subscribed has booked a call we do not put it through straightway. We try to put through all the calls within the time but if it spills over we keep the calls pending." When pointed out that it would result in subsidising the calls, the Secretary, Communications stated: "The additional cost will be covered by the total tariff that is imposed. Because there is a lot of traffic to be disposed of, part of it on the transit route. We cannot charge one customer less and another more. There should be a uniform charge between two points."

1.65. The Committee drew attention to the inland trunk calls in which case for certain hours full rates are charged and for certain hours, reduced rates and asked why this practice could not be applied to the overseas calls. The Secretary, Communications stated: "We have not examined it. We will examine it." He added: "Actually, we have not worked out the economics of direct working and transit working. We will make that study now."

1.66. In a written reply furnished subsequently the Ministry stated:

"While it is feasible to charge extra rates for the calls handled through alternative routes after the schedule, the CCITT, an organ of International Telecommunication Union, has recommended that the charges may be kept at the same level between any two points regardless of the routes taken by a call. With the establishment of the satellite communications system, however, nearly 90 per cent of the total traffic is handled on the satellite channels which are available throughout 24 hours."

1.67. The Committee desired to be furnished with a note stating the maximum traffic that could be handled through direct links with the countries with whom direct links have been established and whether the capacity is being fully utilised.

1.68. The Committee also wanted to know if the Department was satisfied that the maximum possible utilisation of the direct circuits was made before resorting to inter-connected links. In a written reply it was intimated as follows:

"It is not possible to indicate a figure as 'maximum capacity' for a telegraph channel as this would very much depend upon the categories of traffic, proportional conditions, time scheduling of channels, etc. It is the normal practice to establish direct access and alternative routes in parallel for disposal of traffic in order that most speedy clearance is achieved on direct circuits, resorting to the alternative routes only when the direct service schedule is finished or there is congestion or technical trouble on the direct HF circuits. For these reasons, there would always inevitably be a percentage of traffic diverted *via* secondary routes.

The Department is satisfied that the direct circuits have been utilised to the best advantage, before resorting to inter-connected links."

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

1.70. The Committee find in the case of some countries with whom direct links have been established, considerable part of traffic is being routed via transit points. According to the Department handling of traffic through alternative routes is resorted to when direct service schedule is finished or there is congestion or technical trouble on direct HF circuits. The Committee desire that as far as possible, the Department should use more economic media.

### Working Results

#### Audit Paragraph

1.71. The working results of the Department for the four years ending March, 1971 are indicated below. Simplified *pro forma* accounts have been annexed as Appendix I.

(Rupees in lakhs)

	1966-67	1967-68	1968-69	1969-70
Government capital at the close of the Year	551.10	603.49	778.93	1053.87
Traffic revenue	488.14	489.55	510.45	563.76
Miscellaneous receipts	3.75	4.34	5.55	6.06
INTELSAT receipts	..	3.18	10.15	15.62
TOTAL	491.89	497.07	526.15	585.44
Expenditure	230.54	286.25	269.52	325.92
Net Profit	261.35	210.82	256.63	259.52
Percentage of net profit to capital	47.42	34.93	32.95	24.62
Percentage of net profit to total revenue	53.13	41.41	48.77	44.33

The decline in return on capital during 1967-68 to 1969-70 is mainly attributed to the capital expenditure on the earth station complex for satellite communication.

Receipts in foreign exchange (comprising terminal charges and outpayments from foreign administration in respect of inward traffic) and foreign exchange outgo (comprising terminal charges, outpayments to foreign administrations as their share of traffic revenue and net wayleave payments in respect of outward traffic) during the last five years are also given below:—

	(Rs. in lakhs)				
	1966-67	1967-68	1968-69	1969-70	1970-71
<i>Receipts</i>					
Traffic revenue	31.78	31.87	34.33	42.33	38.92
<i>Payments :</i>					
Wayleave payments	19.90	11.33	14.49	24.92	34.99
Traffic revenue	87.19	72.84	38.32	85.91	58.95
TOTAL	107.09	84.22	52.81	110.83	93.94
F. E. outgo	75.31	52.35	18.48	68.50	55.02

The Management have explained (October, 1971) that the net foreign exchange outgo cannot be avoided because of the imbalance in volumes as between outgoing and incoming telecommunications traffic and also because it is not practicable to maintain direct contact with all countries necessitating some proportion of the traffic reaching the destinations by transit routes.

[Sub-para 6, 6.1 and 6.2 of Para 51 of the Report of C. & A. G. (Civil), 1970-71].

1.72. The Committee were furnished with the following position for the years 1970-71 and 1971-72:

	(Rs. in lakhs)	
	1970-71 actual	1971-72 estimated
Govt. capital at the close of the year	1411.47	1515.33
Traffic revenue	668.61	795.00
Misc. receipts	1.21	8.00
INTELSAT receipt	26.42	27.00
	696.24	830.00

	(Rs in Lakhs)	
Expenditure	388.75	500.00
Net Profit	307.49	330.00
% of net profit to capital	21.78	21.80
% of net profit to total revenue	44.16	39.70

*Foreign Language cash flow 1971-72*

<i>Receipts</i>	(Rs. in lakhs)
Traffic Revenue	95.48
<i>Payments :</i>	
Wayleave payments	30.06
Traffic Revenue	35.21
Total	115.27
F. E. Outgo	19.79

NOTE.—These are recorded cash flow transactions and do not represent the full impact of the year's turnover as outstanding accounts are not reflected in these figures.

1.73. During evidence, explaining the reasons for decline in the percentage of net profit to capital, the Secretary, Communications stated: "There is a certain distortion introduced in this ratio by our very large investment in the Earth Station". "The Earth Station has a capacity for 500 channels. Our investment on the Earth Station started somewhere in 1969". The Committee desired to know the reasons for decline the percentage to 32.95 in 1968-69 before the investment in earth station started. In a written reply the Ministry stated: "The percentage of net profit to capital shown for 1966-67 was an abnormally high figure due to an error in the compilation of the accounts for that year which was detected after the finalisation of figures for 1966-67. With the concurrence of Audit, this was shown as an additional adjustment for 1967-68. It will thus be seen that barring the excessive figure attributed to 1966-67 the general level of profitability has remained between 32 to 35 per cent over these years."

1.74. The Committee desired to know the percentage of utilisation of built in capacity of the Satellite Station. The Secretary, Communications stated: "Our Earth Station has got a total capacity of about 500 channels. We are using about 50 channels. When I say, 500 channels, it is a total ultimate capacity. If you want to use 500 channels you have to put in some more equipment." Asked about the present created capacity, the witness stated: "About 120 channels."

1.75. Asked about the cost of having an Antenna for a 50 channels, the Secretary, Ministry of Communications stated: "It is not possible to get a certain figure of merit. The antenna should have a figure of 40.7 merit. To get this 40.7 merit, at that latitude we have got to have 98 ft. antenna. That cost quite a lot of money. Then, with a large antenna, we must have serve facilities. These are all common."

1.76. The Committee asked when it was expected to use the channels fully. The representative of the Overseas Communications Service stated: "We have provided enough capacity to last 2 years more. That is the least period. We will be using about 100 channels by, I think, 1974-75."

1.77. The Committee asked whether the system would be quite modern by 1975. The witness stated: "That is rather unlikely. It can become outmoded in terms of technology. But no commercial organisation will agree to change it."

1.78. The Committee asked the reasons for decrease in the percentage of net profit to total revenue from 53.13 per cent in 1966-67 to 39.70 per cent in 1971-72. The Secretary, Communications stated: "I have got the figures for earlier years, that is, the percentage of profit to total revenue, for 1962-63, it is 41.45 per cent. It is only in 1966-67 that it has shot up suddenly. In a written reply the Ministry of Communications stated "...the accounts for 1966-67 reflected inflated profitability due to an error which was rectified the next year. In regard to 1971-72, this was the first full year of satellite operation and the system capability was being gradually utilised to earn revenue. The growth of revenue to its full stature would take some years." The Committee wanted to know if there was a vigilance section to discover any loopholes about the inflow of traffic which was going low and outflow which was going up. The witness replied in negative. Referring to imbalance in traffic the representative of Overseas Communications Service stated: "The actual figures of imbalance—non-matching—are like these. In telegraph, for the current year 1971-72, the position is: 64 million words out and 57 million words in; the imbalance is of the order of 12 per cent. We have not seen any tremendous spurt one way or the other. In regard to telephones, the position is: 9.2 million minutes out and 8.7 million minutes in; the imbalance is about 7 per cent. In telex, the position is: 1.14 million minutes out as compared with one million minutes in; the imbalance is 14 per cent. Therefore, the order of imbalance seems to be between 7 and 14 per cent in these three services."

1.79. Referring to the outgo of foreign exchange amounting to Rs. 55.02 lakhs in 1970-71, the Committee desired to know whether any steps had been taken to save foreign exchange when the imbalance of traffic between outgoings and incomings could not be avoided. The Secretary, Ministry of Communications stated: "It is not total revenue because there is some revenue which has not yet been collected by us. This is the amount accrued. The actual outflow is much less than Rs. 55 lakhs." The representative of OCS further explained: "These are the cash flow figures. They do not take into account the outstandings." When asked "Do you charge them interest if payment is made beyond a particular date". The representative of OCS stated: "We are neither charging nor paying interest on outstandings."

1.80. The Committee desired to know whether the charges for pre-paid telegrams sent to a country like USA could be paid to that country in equivalent rupees. The representative of the OCS stated: "Reply-paid telegrams are permitted but there is a limit to the amount. A person cannot tender more than Rs. 250 for a reply-paid telegram. If he does that, we have the right to stop and enquire into the antecedents of the move."

1.81. It was pointed out that pre-payment of foreign exchange was pointed out that pre-payment of foreign exchange was involved in these pre-paid telegrams and whether it was ensured that the pre-paid telegram was not used by a party other than that to whom it was addressed. The Secretary, Ministry of Communications stated: "I would not be able to answer this question. I will have to examine it. This pre-paid facility is one of the terms laid down by the International Tele-communication Union for all Member countries." When asked whether the pre-paid tele-communication was transferable, the Secretary, Ministry of Communications stated: "No, it is not transferable."

1.82. The outgo of foreign exchange amounted to Rs. 75.31 lakhs in 1966-67, Rs. 52.35 lakhs in 1967-68, Rs. 18.48 lakhs in 1968-69, Rs. 68.50 lakhs in 1969-70 and Rs. 55.02 lakhs in 1970-71. The Committee were informed that during the year 1971-72, the excess of outgoing traffic over incoming traffic worked out to 12 per cent for telegraphs, 7 per cent for telephones and 14 per cent for Telex. The Committee would like the Department to examine whether there are any loopholes in the system of outgoing tele-communications and pre-paid reply telegrams which make them more attrac-

tive. The Committee would like to be informed of the measures taken to minimise outgo of foreign exchange.

### **Operating Cost**

#### *Audit Paragraph*

1.83. Separate accounts showing the cost of operation and revenue derived from each service media are not maintained. It is, therefore, not possible to ascertain the profitability of the different services. The basis on which the present rates, uniform for different media were fixed could not, therefore, be examined. In this connection, the Department has stated (June, 1971) as follows:—

“The reason for these not being available in that the staffing pattern in OCS does not provide for such studies to be undertaken. The OCS, however, has long felt this need as one of the ‘unattended’ points of substance; OCS accepts the point that it is desirable to have such problems examined on a systematic basis”.

(Sub-para 6.3 of Para 51 of the Report of C. & A. G. (Civil), 1970-71).

1.84. The Committee desired to know whether the OCS has since started examination on a systematic basis of the operating costs of each service media. The Secretary, Communications stated: “We have not yet made any headway in this.” When pointed out that even after a lapse of one year of accepting the point, the OCS have not done that, the representative of the OCS explained: “Immediately after the audit point was raised, we had commenced preparing the methodology of doing these studies, but we are not able to show the results because the accounting forms have to be changed. We have not made headway so far as results are concerned. I would not like the Committee to think that we have not made any start at all in response to the audit note. The start has been made, but we cannot give any results.” The Committee desired to know the approximate time the OCS would need to give the results. The Secretary, Communications stated: “About a year”.

1.85. The Committee asked about the basis on which the rates of each media of service were fixed, the date when they were fixed and whether the rates so fixed were reviewed at regular intervals. In a written reply the OCS stated: “The collection charges from the public have been fixed generally in relation to similar levels in international services of other countries. However, in June, 1966 when

the rupee was devalued, the collection charges were raised to a limited extent required to meet the commitments of international payments on the traffic. This was done as a matter of policy to contain costs within the country.

The rates are reviewed whenever significant changes of the above types take place. It is proposed to conduct one such review in 1973. This is because satellite services are becoming stabilised and semi-automatic operation in telephones and telex would have been introduced by them."

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

### Sundry Debtors

#### *Audit Paragraph*

1.87. The following table indicates the position of total book debts and traffic debts *vis-a-vis* traffic revenue for the last four years:—

(Rupees in lakhs)

	As on 31st March	Total Book debts	Traffic debts	Traffic revenue	Percentage of traffic debts to traffic revenue
1967		244.97	243.91	488.63	49.91
1968		340.18	338.38	495.15	68.34
1969		405.16	404.25	510.45	79.19
1970		436.57	432.83	563.76	76.77

Age-wise analysis of debts outstanding as on 31st March, 1970 is given below:—

(Rupees in lakhs)			
	From foreign admn.	From P. & T.	Total
Debts outstanding for less than one year.	79.96	88.15	1681.1
Debts outstanding for more than one year but less than two years	79.96	11.74	91.70
Debts outstanding for more than two years	171.72	5.04	176.76
			436.57

Debts due from foreign administrations include a sum of Rs. 6.29 lakhs (£34,932-12-8) outstanding since 1957 from U.A.R. The Department has stated (February, 1971) that this issue has been taken up at Government level for settlement.

[Sub-para 7 of Para 51 of the Report of the C. & A. G. (Civil),  
1970-71].

1.88. The position of debts and traffic debts *vis-a-vis* traffic revenue as on 31st March, 1971 has been intimated by Audit as follows:

Total book debts	Traffic debts	Traffic Revenue	Percentage of traffic debts to traffic revenue
(Rs. in lakhs)			
377.38	373.66	668.61	55.89

The Audit have also intimated the break-up of the outstanding debts as on 31st March, 1971 as follows:

(Rupees in lakhs)

	Foreign Admn.	From P & T	Total
Debts outstanding for less than one year	139.14	*158.27	297.41
Debts outstanding for more than one year but less than two years	48.48	13.29	61.77
Debts outstanding for more than two years	9.40	8.80	18.20
			<u>377.38</u>

\*Includes Rs. 3.72 lakhs due from other Government Departments.

1.89. In a written reply the Ministry have furnished the following break-up of the debts outstanding (Sundry Debtors) as on 31st March, 1972:

More than 5 years	5.15
Between 3—5 years	0.07
Between 1—3 years	62.95
Less than 1 year	436.34
TOTAL	<u>504.51</u>

1.90. The Committee pointed out that the total of sundry debtors had increased to Rs. 504 lakhs at the end of 1971-72 from Rs. 377 lakhs as on 31st March, 1971. The Secretary, Communications stated: "It is mostly P&T—About Rs. 200 lakhs is from P&T". He added: "the present procedure involves about 7-8 months before the P & T passes on the credit to the OCS. We would like to be given some time to go through this procedure and see if we can do something within three months' time."

1.91. Referring to the debts due from foreign Governments, the Secretary, Ministry of Communications stated that "more than five years there is only one. We are unable to receive from one country. We have taken it up with the External Affairs."

1.92. The Committee asked about the latest position after it has been taken up with the External Affairs Ministry. The Secretary, Ministry of Communications stated: "We have taken it up with the

External Affairs and they in turn have written to our Embassy there." Asked about the latest position of outstanding amount against this Embassy, the Secretary, Communications stated: "Rs. 5.15 lakhs still outstanding." With regard to the payment of current bills by this Embassy, it was stated by the representative of OCS: "The country is paying their current bills. The bill dates back to the Suez crisis and as you can see here, it is related to some sequestration problems between the Government of the country and the then British Operating Company which was then operating the tele-communication service there. They are making small payments out of that. Now they owe us 20,000 pounds." The witness added that "there is no dispute about the content of the Bill. It is only the cash settlement that is due."

1.93. Asked about the outstandings due from other countries, the representative of OCS stated: "Their bills always come to us between 3 to 4 months after the month to which the traffic relates. But then they have computers to do the job. We are now 9—12 months behind and we hope to reach 3-4 months."

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

1.95. The Committee were informed that while the bills from foreign countries were received within 3 to 4 months, the OCS are about 9 to 12 months behind hand in sending the bills to foreign administrations. The Committee desire that the process of billing should be suitably accelerated.

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

## Construction of Videsh Sanchar Bhavan

### *Audit Paragraph*

1.97. In October, 1967 the Department proposed to construct a multi-storeyed building to house the International Tele-Communication Centre at Bombay. The Indian earth station was expected to be in position by November, 1968 and the construction of the building was to be completed by that time. The C.P.W.D. who were approached (November, 1967) for undertaking the work, expressed their inability to complete the work in 12 months i.e., by end of 1968 and Government, therefore, agreed (21st December, 1967) that the work may be got executed through an agency other than C.P.W.D. The Department moved the Government on 23rd December, 1967 for appointment of private architects. Sanction of Government for the construction of the building through a private architect at a cost of Rs. 143 lakhs was received in February, 1968. A firm of Architects was appointed in February, 1968 and the contracts were awarded between February, 1968 to June, 1968.

The construction of the main building according to the contract was divided in two phases—the first phase consisting of main structure with ground, 1, 7, 8, 9 and top floors and the second phase comprising the remaining work. As the earth station at Arvi was re-scheduled for completion by November, 1969 instead of May, 1969, the completion dates of the two phases for the main building work also revised (March, 1968) to 31st May, 1969 and 30th November, 1969 respectively as against 31st October, 1968 and 31st May, 1969 originally decided. However, the completion of the first phase was delayed by 77 days and that of the second phase by eight months. Although the building was occupied by Department in May, 1970 the exterior work is still under progress (July, 1971).

The firm of Architects was appointed in February, 1968 to look after the execution of the work without invitation of tenders from other established firms. It is understood that the Architect selected had associated himself (October, 1967) with the project from its inception. The fee of the Architect was fixed at 5 per cent by negotiation on the overall cost of the building excluding the cost of land and cost of such equipment which the building is designed to house as well as all types of work with which the Architect will not be directly concerned.

Works Committee was constituted by Government in February, 1968 with a view to *inter-alia* supervise and control issue of

tenders on the basis of designs produced by the Architect and by the RCC consultants, assess the bids and award the contracts. The Architect was also nominated by Government as a member of the Committee. The Works Committee, however, dispensed with the formality of inviting public tenders. While in the case of civil works and electrical works, limited tenders were invited from a few selected contractors, in the case of air-conditioning work, lifts and fire fighting equipments, negotiations were carried out with only two contractors in each case.

[Sub-para 8&8.1. of para 51 of the Report of the C.&A.G. (Civil), 1970-71].

1.98. At the instance of the Committee, the Ministry of Communications furnished copies of correspondence leading to the entrusting of the building construction work to an agency other than C.P.W.D. The allotment of the land was made by the Government of Maharashtra after a meeting was held at Bombay by the Minister of Communications with the State Revenue Minister on 11st November, 1967. The meeting was also attended by the then Financial Adviser to the Department of Communications, Chief Engineer, OCS and "architect" whose firm was only later (February, 1968) appointed as the architect for the project. At this meeting the Financial Adviser had stressed that the particular site (Queen Statue site) was suitable for the building because of its nearness to the Waudby Road Exchange and the CTO. The architect also had requested to relax certain restrictions and desired to start work from 1st January, 1968. Actually the architect was associated with the feasibility of the project from the very beginning, although he had not been formally appointed. The Chief Engineer in a letter dated 6th November, 1967 to the Department of Communications wrote about the architect thus:

"We have also been in touch with an eminent Architect, Mr. ...., to examine the feasibility of our proposed project. Mr. .... is a leading and highly respected architect, responsible for major building works worth several crores, including the prestige Air-India building which will be the tallest in Bombay. We understand that he is also the architect for the proposed new 15 storey P & T building adjacent to DGP & T headquarters at New Delhi and was himself instrumental in obtaining special Municipal permission for a 15 storey building. Mr. .... (architect) and his team have considered our

project in considerable detail and have pronounced it quite feasible for construction on the proposed site. Mr..... (architect) has further personally contacted almost all the higher Officers, both in the Bombay Corporation and in Sachivalaya, and convinced them about the importance of the OCS project and about its feasibility."

1.99. On the 14th November, 1967, the Minister of Communications wrote to the Revenue Minister, Maharashtra thanking him for giving an assurance for handing over the site by 15th December, 1967 and stressing the urgency of the matter as the building had to be completed by the end of 1968. In this letter the Minister stated: "Shri ....., Director General, Overseas Communications Service and our Architect ..... and Associates will now be in constant touch with your Revenue Secretary, Shri ..... and the Municipal Authorities regarding the expeditious taking over of the site and other connected matters."

The draft of this letter was put up by the Financial Adviser.

1.100. On 15th November, 1967, the Chief Engineer OCS addressed a letter to the Chief Engineer CPWD explaining the difficulties in constructing the building and requesting to confirm about inability of the CPWD to complete the work by the end of 1968. The relevant extracts are given below:

"You will appreciate that proposed land has been allotted to the OCS after considerable effort and only after the intervention of our Minister himself. There would be a considerable number of difficulties yet to be overcome in obtaining relaxation from Bombay Municipal Corporation in regard to FSI, height of building etc. etc. A trial test bore has to be organised with the least delay to enable computation of design loads. The architectural designs including attendant services such as airconditioning etc. will have to be processed very rapidly. The building has to be dust and moisture proof and considering its unique location, we are committed to make it architecturally a show piece. In all our efforts with the Maharashtra Government and the Bombay Municipality, we have been taking help of Shri ....., an eminent consulting Architect of Bombay, who is well-known to you.

You had indicated during our last discussions that taking into account the various factors involved in the OCS project and the need for completing the proposed multistoreyed

building with Microwave Tower as early as possible and latest by end of 1968, it may not be practicable for the CPWD, to take on the work and the job could be entrusted to an outside agency of repute. We have been proceeding on this basis. I shall be very thankful if you would kindly let us have your formal confirmation very early."

1.101. The Chief Engineer, OCS again wrote to the Chief Engineer CPWD on 16th November, 1967, giving the following time schedule to be followed to meet the time target:

1. Completion of tender papers including detailed drawings and estimates and sending out invitation to tender... 15-12-1967
2. Date for submission of tenders . . . . . 27-12-1967
3. Scrutiny of tenders and recommendations of the consultants . . . . . 31-12-1967
4. Decision of the OCS as to the choice of main contractor and the signing of the contract . . . . . 7-1-1968
5. Commencement of the piling works etc. . . . . 15-1-1968
6. Completion of piling operations . . . . . 31-3-1968
7. Completion of the super-structure . . . . . 31-12-1968

He concluded his letter thus: "In view of the above requirements, as you had already felt, it may not be practicable for Central Public Works Department to undertake the job, I shall be thankful if your formal confirmation that the job could be entrusted to an outside agency, is given at an early date."

1.102. The CPWD replied to the Chief Engineer OCS on 22nd November, 1967 stating:

"For a structure of such a height it will be necessary to have pile foundation in Bombay. The construction of such a tall structure within a period of 12 months will be almost impossible for any agency especially considering that the pile foundations alone will take about 3 to 4 months and atleast 2 months will be lost during the rainy season. In fact the project is yet to be initiated and even preliminary schedule of requirements and preliminary drawings are yet to be prepared. Therefore, it is very unlikely that any agency can give assurance of finishing the project by the end of 1968.

If the condition of completion of the entire building lay the end of 1968 is waived, certain other alternatives can be thought of. These are as follows:—

1. The requirement of useable floor area may be reduced sufficiently to have only a six storeyed building for which we may be able to avoid pile foundations. In this case it would be possible with necessary cooperation from the Administrative Ministry in the matter of getting clearance from Bombay Municipal Corporation regarding layout and building plans, arrangements of necessary funds in foreign exchange for air-conditioning etc. Further it would be necessary to have the details of tower which they are going to erect, in the initial stage itself for providing the necessary foundations and anchorage.
2. The structure may be split into two parts; one having only two or three storeys and the other having several storeys. The idea behind this is that by the end of 1968, the smaller structure may be handed over to O.C.S. to meet their minimum requirements and the taller structure will be completed in about six to eight months thereafter. In this case also, full cooperation from the Administrative Ministry is necessary for approval of plans, grant of foreign exchange for air-conditioning, processing of indents etc.
3. The whole building may have 12 or more storeys but we may complete and handover only the lower 3 or 4 storeys by the end of 1968 and then proceed to complete the whole building in another 6 to 8 months. In this case also, it is presumed that the necessary aid would be forthcoming from the Administrative Ministry for obtaining foreign exchange, approval of plans, expediting indents etc.

If any of these alternatives is acceptable to the Ministry concerned, Central P.W.D. can undertake this Project.

For doing the work through an agency other than C.P.W.D. the OCS may have to take approval of Ministry of Works, Housing and Supply."

1.103. In his reply dated the 11th December, 1967 the Chief Engineer, OCS stated:

".....Thus the building will have ground floor and 13 storeys reaching to a height of 180 ft. The Microwave Tower on top would be about 100 feet high.

Our minimum requirement to be completed by end of 1968 would be:—

- (a) Ground-floor
- (b) Sixth, seventh and eighth floors.
- (c) Microwave tower on top.

We have been assured by Shri .....(architect) and his associated construction groups that our minimum requirements could be completed in a period of 10 months from the date of entering into contract. The entire project would be fully completed in 15 months. The contract will have suitable penalty clauses against delays in execution.

Our minimum requirements must be met by end of December, 1968. Could you kindly have attached note examined on a priority basis and confirm whether the CPWD would take up the job or would you agree that the job is entrusted to an outside agency?

During our last discussion you had mentioned that in the event of the CPWD not being able to take on the job you would yourself arrange for clearance from the W.H.S. Ministry. I shall be very thankful for your help."

1.104. The Chief Engineer C.P.W.D. put up the case on 15-12-1967 for concurrence of the Ministry of Works, Housing and Supply for entrusting the work to an agency other than CPWD. It was stated:

"The total requirement is about 80,000 sq. ft. effective area including the area required for services. The building is to be located on a plot of 1190 sq. yards, a 13-storeyed building, approximately 180 ft. high is contemplated. On top of the building there would be micro-wave tower 100 ft. high. We have studied the feasibility of putting up the structure within the time limit stipulated by the O.C.S.

authorities, and we find that the minimum time required for various operations necessary will be as given below:—

Description	Time in months
(i) Preparation of preliminary plans after considering the requirements of the client department including getting the approval of the municipal authorities, particularly, in respect of height regulations, F.A.R. etc.	1 1/2 months
(ii) Computation of loads on columns for preparing load-charts etc. required in connection with the pile foundation and fixing of an agency for pile foundation work	1 1/2 months
(iii) Time required for completion of pile foundation	3 months
(iv) Preparation of detailed structural designs and bill of quantities for inviting tenders for superstructure and fixing up an agency for the same	Covered in the period at (iii) above.
(v) Execution including the erection of tower on the top of the building	11 months
TOTAL	17 months

The above time schedule includes the period of monsoons when the construction activity will be almost at standstill in a place like Bombay. Even after working to a very tight schedule it will not be possible to complete the works by the end of 1968. In the time schedule given by the O.C.S. authorities in their letter at page 8 of the file placed below and in p.u.c. the time required for initial planning and designing has not been reckoned at all. Further, there are certain complicated problems peculiar to this site which are dealt with in this para. The land on which this building is to be located, does not appear to be in the possession of the Overseas Communication authorities so far. Further, at the site on which the building is to come up, there are a number of underground and overhead services, such as LT and HT cables, gas-pipes, water-mains, telegraph and telephone cables etc. As these are vital services and a number of different agencies are involved, re-aligning these services before the work of pile-foundation is taken up, will involve appreciable time. Looking into the aforesaid factors, I am of the opinion that it would not be possible to complete the building by the end of 1968. No comments can also be offered on the assurance given by Shri ..... (architect) regarding completion of this Project within a period of 10 months, as we do not know the basis on which such an assurance has been given. As in any case the concurrence for entrusting the civil works of Government of India to an agency other than C.P.W.D.,

is to be given by the Ministry they may please see for necessary action."

1.105. In view of the fact that the Chief Engineer was of the view that work could not be completed by the target date, the Ministry "reluctantly" agreed to the work being given to any agency other than the CPWD. The decision was taken at the level of the Secretary W&H and communicated to OCS on 21-12-1967.

1.106. The Committee desired to know on what basis the target for completing the building work by December, 1968 was fixed, and how it was relaxed later. The Secretary, Ministry of Communications stated:

"The main basis for the 'end of 1968' is that as soon as the satellite comes into the position, then all the participants should be there to avail of the satellite or else the INTEL-SAT of which we are also a partner, would not start earning revenue and since the life of a satellite is fixed, the IN-TELSAT was very anxious that all the participants may be ready with their relay stations so that when the satellite comes into position, they can be directly linked up with the satellite and have the channels." The Committee asked when the Arvi project was started. The representative of OCS stated that the first work on the project was started by about September, 1967. The Project was assigned to the Atomic Energy Department in April 1968." The witness added: "When the Department of Atomic Energy was assigned the job they said they will complete it in October 1969. That was known only in April 1968."

1.107. In a written reply, the Ministry of Communications stated: "The Satellite over the Indian Ocean Region (IOR) was to have been launched and was to be in position for commencement of satellite communication operations by the end of 1968 according to INTELSAT plans. Accordingly, the Overseas Communications Service had specified that facilities in the Videsh Sanchar Bhavan were required to be provided by the end of 1968.

..... Subsequently, as a result of the policy decision taken at the highest level in March 1968 the construction of the Satellite Earth Station was entrusted to the Department of Atomic Energy instead of on a turn-key basis by a for-

sign contractor. Consequent upon this decision, the commissioning of the Arvi Earth Station was scheduled for 31st October, 1989.

.....Hence, a relaxation was made in respect of the target date for completion of the requisite facilities in Videsh Sanchar Bhavan."

1.108. The Committee asked why the particular site was selected for the building. The Secretary, Communications stated: "The idea was to make it as close to the point at which international trunk lines are terminating. They were terminating at this very place, adjacent to Queen Victoria statue; we are trying to get a piece of land very very close where we have got this."

1.109. The Committee asked why the OCS took assistance of a private architect in their efforts with the Government of Maharashtra and Bombay Municipality and whether this work could not be done by the Department. The Secretary Communications stated "At that time he was the Architect for P&T Directorate building here. He was just not a complete stranger to OCS." ...."DG OCS was really anxious to have this programme put through in time according to our schedule and being a man on the spot, he did avail of the advice of the technical information which Mr.....(architect) could give him. He did take the advice of Mr.....(architect) even before the Minister went. I do not think the Minister had asked.....(architect) to accompany the team, when he went to see the Revenue Minister. He was there with DG OCS." The witness added: "The only reason for taking Mr. (architect) to the Revenue Minister alongwith our Minister for Communications could have been to convince the Maharashtra Government that this high rising building could be put on this particular site." When pointed out that CPWD could do it, the witness replied: "They could have taken anybody."

1.110. Asked whether the architect had been given understanding at that stage that the project would be entrusted to him, the witness replied: "I do not think so, Sir. We have on record from the DG OCS that the services of Mr.....(architect) were without any obligation or payment." Asked how one could believe that an architect of that standing had so much spare time to do free service for the Government without any return in his mind, the Secretary, Communications, stated: "Of course, it depends on how much work is done." He added that "There was absolutely no commitment on our part." The Committee asked how the architect could be associa-

ted with the project before his appointment was sanctioned in February, 1968. The witness replied: "...he was associated only with the location and advice as to the feasibility of putting up the building. There was no remuneration. It was only after we were sure of having the land that we decided to appoint an architect. Prior to that date, it was informal advice which he was giving to the D.G. (OCS)". Asked if there was any record of a formal request to the architect to give advice or it was just an oral request, the witness stated: "DG(OCS) has told us that this advice was without any commitment or obligation." He added: "Of course there is no record and I can only surmise. The DG(OCS) was anxious to acquire this land and there were a lot of technical features about this land and also about the feasibility of putting up a building of 16 or 17 storeys on this land. He just asked this man, apparently he knew him."

1.111. Asked at what level it was decided that the architect's assistance should be taken, the Secretary replied: "It was not a decision from the Government. It was purely at the level of the local officer who took the decision." Asked further if that was permissible under the normal rules, the witness stated: "That depends on the type of assistance we get." Asked under what authority the DG(OCS) associated the private architect with the project before his appointment on 9-2-1968, the Secretary stated: "In this particular case, the assistance of the architect was taken by DG OCS on informal basis only in respect of the acquisition of that particular site." Referring to the efforts made by architect with the Government of Maharashtra and the Bombay Municipality, the Committee asked whether an officer of the Government of India was not capable of discussing matters with the Government of Maharashtra. The Secretary Communications replied "It is difficult for me to comment on the propriety of Mr. .... (architect) being in the team."

1.112. Asked if the Financial Adviser was consulted in associating the architect, the Additional Secretary, Finance replied: "Actually, the FA is consulted if there is financial commitment. If it is within the delegated power of the DGOCS, then the FA is not consulted. Here, there was no financial commitment."

1.113. When it was pointed out that a person rendering provisional services might be entitled to receive payment, the witness replied: "We very often have preliminary discussions with them—with the architects—before we appoint them. We have negotiations with them also. We even ask them to submit designs."

1.114. Asked whether it had been enquired from the Director General how the architect was informally associated, the Secretary

stated: "I can only answer this based on facts available with me. There was no advice given to him to take specifically the services of Mr. .... (architect) for this. I have not spoken to the Director General about this. I cannot do that. He is not here .....He has retired from service."

1.115. The Committee asked whether an impression was not created from the association of the architect with the feasibility of the project that it was the intention to appoint the architect for the building particularly when he was mentioned as 'our architect' in the letter dated 14-11-1967 of the Minister of Communications to the Maharashtra Revenue Minister. The Secretary replied: "At that time, Mr. ....(architect) was our architect not for this OCS building. He was our architect for the P & T building." He added: "When it came to the appointment of the architect, there was a specific proposal which was received from the OCS."

1.116. Asked why the advice of the CPWD was not taken before the choice was made about the suitability of the land, the Secretary state: "I have no record". The Engineer-in-Chief CPWD stated: "There is no record to show that the CPWD was consulted about the suitability of the site for the construction." Asked when the CPWD were first informed about the construction of the building, the Engineer-in-Chief CPWD, stated. "The first letter that came to us is dated November 15, 1967." Asked further whether the CPWD was equipped with technical expertise to advise on the feasibility of such a project, the Engineer-in-Chief CPWD stated "We have got the equipment and establishment."

1.117. The Committee asked whether in this case there was a detailed argument before the decision was taken to entrust the work to an outside agency. The Secretary stated: "First, there was a discussion, at least on record it shows that there was a discussion on 23rd October. This was actually held between the Chief Engineer OCS and the Chief Engineer CPWD. I do not have any record to say who else was present at the meeting. But this discussion was followed by the letter of 15th November. In the letter of 15 November there was a reference to the Government that Mr. .... (architect) has been assisting us."

1.118. The Committee asked whether the Financial Adviser had examined the financial aspects of acquiring the land. The Additional Secretary, Finance who was present when discussion was held between the Minister of Communications and the State Revenue Minister, replied: "The Director General, OCS, has got the job of

finding suitable land. It is not that he lays down any specifications. He knows what he wants. He knows that the land lines are terminating at the C.T.O. building. He knows that he must have a plot of land in Bombay which will have a line of sight from Sanchar Bhavan to where the next microwave link was to be established somewhere near Materan. So, it had to be at a place where there was no other tall building obstructing the line of sight. It had also to be in a place where we would think all the amenities like electricity, water supply and so on would be available. It had to be in a place which could be easily acquired. You know in land acquisition cases some years are passed in litigation before any land is actually taken possession of. So, we were left with such land as the Maharashtra Government could immediately transfer to us."

1.119. When asked whether the nearness of the national land lines terminus was an essential consideration for selecting a site for the building, the witness replied: "You have to balance the costs. If you have a building five miles away, then you have to carry all the lines there after acquiring the land etc."

1.120. Explaining the circumstances leading to the issue of the letter dated 14th November, 1967 from the Minister of Communications to the Maharashtra Revenue Minister, the Additional Secretary, Finance stated: "The help of Mr. .... (architect) for technical guidance was taken. He also attended the meeting held between the two Ministers in order to answer any technical question. So when this meeting was held, I was present. And at that time the minutes were recorded by the Maharashtra Secretariat and they were transmitted to us by Mr. ...., Chief Engineer OCS and I will have to see those papers. In this draft the phrase 'our architect' is there. It was always clear that it was without any commitment. And what you said is also a fact that this Architect had constructed Air India and State Bank buildings and he had also been allowed to design our P & T building which was also at that time to be the tallest in Delhi." The witness admitted "I have put the draft". Asked about the justification for making the Minister sign the letter, the witness stated: "This was nothing new. The Minister knew that he was helping us and the gentleman was present at the meeting." Asked how the architect was associated with the discussion, the Secretary stated "Director General, OCS has taken him there." Asked if any efforts were made to correct that impression, the Secretary replied: "There is no further correspondence about this." Asked if there was any noting in the file that this was not the correct position, the witness stated: "I do not think any effort was made."

1.121. The Committee drew attention to a letter dated 23rd December, 1967 by the Director General OCS to the Deputy Secretary, Department of Communications stating: "First and foremost requirement is to appoint a suitable architect. It will be seen from the earlier correspondence that Shri.....(architect) has been actively associated with this case. He accompanied our Minister in the meeting with Maharashtra Minister of Revenue on 11th November, 1967." (A copy of the letter which referred to Shri.....(architect) as our architect was enclosed to this letter). The Secretary Communications stated: "The very fact that the DGOCS had on the 23rd December written to us saying that they wanted to appoint this man as the architect shows, and I take it from that, that all the previous work done by the architect has been on an informal basis."

1.122. Asked whether the same architect was given any other assignment by the Ministries with which the then Financial Adviser was associated, the Additional Secretary, Finance state: "I am aware of only this one."

1.123. The Committee asked whether the antecedents of the architect were checked before his appointment, the Secretary, Communications stated that "He has given us a list of buildings". Asked if his income tax clearance certificate was called for to ascertain the magnitude of his business, the witness stated "We did not call for that. He was registered by the Indian Institute of Architects." Asked whether it was correct that this person was only an associate architect in the case of Air India Building, the witness stated: "All these facts were brought by him." It was pointed out that the fact of his being an associate architect for Air India Building was not mentioned by DGOCS in his letter dated 23rd December, 1967 proposing his appointment. In this letter the DGOCS stated "He is considered to be one of the most eminent architects in Bombay. Among his assignments for new constructions in Bombay are the proposed State Bank of India Building, the Reserve Bank of India Building, the thirty two storeyed Air India building, which will be tallest in Bombay." The Secretary stated: "When his appointment was discussed we got terms of reference for R.B.I., the S.B.I. the Air India and all these places. There is no question of our being led away by any letter or any thing. I do admit that the D.G.'s letter is not exact." Asked if it was verified that he was the architect for the State Bank of India Building, the witness replied: "I have not heard of Mr. .... about the State Bank of India I cannot answer. As far as Air India is concerned we have got a copy of the letter. This clearly describes the duties, though he is not the principal architect, the principal architect was some foreign firm." Asked if enquiries

were made from the employers whether the documents given by him were correct the witness stated: "There is no indication on record."

1.124. The Committee asked whether there was any record of discussion of the Chief Engineer, OCS with the then Chief Engineer CPWD which had been referred in his letter of 15th November 1967, the Engineer-in-Chief, CPWD stated: "There is nothing on record to show what transpired during the discussion". The Committee asked whether on receipt of letters dated 15th and 16th November, 1967, there was detailed examination of feasibility of completing the work within the time-limit of one year indicated by the OCS. The Chief Engineer stated that "the matter was examined in the office of the Superintending Surveyor of Works." He added: "When a building is for 12 or 13 storeys, we had an estimate and then it was found that for a building of this height and magnitude, it would take more than twelve months to complete. But we have got the work sheet I will produce it. But that is not prior to 15 November. It is later than that." The Committee asked how the Chief Engineer, OCS was led to the impression in his letter dated 15th and 16th November 1967, that it would be impracticable for the CPWD to complete the Building within a year. The Engineer-in-Chief of CPWD stated: From the magnitude of the work and the number of storeys to be built, we have an idea of the time-limit by which it could be constructed." The Engineer-in-Chief was asked if he still subscribed to the view expressed in the CPWD's letter dated 22-11-1967, that "It is unlikely that any agency can give an assurance of finishing the project by the end of 1968." The witness replied: "Yes, I do".

1.125. Asked whether there was any instruction from the then Financial Adviser to the OCS in connection with the correspondence with the CPWD. The Additional Secretary (Finance) stated: "I can say that there were no instructions from me about this except what is on the file."

1.126. According to Audit paragraph a Works Committee was constituted by Government in February, 1968 with a view to *inter alia* supervise and control issue of tenders on the basis of designs produced by the Architect and by the RCC consultants, assess the bids and award the contracts.

1.127. According to a written reply furnished by the Ministry of Communications, the Works Committee consisted of the Director General, OCS, the Financial Adviser to the Ministry of Communications, Superintending Engineer P & T, Civil Wing, the Architect,

Director, I.I.T. Powai, Chief Engineer, BARC and a professor of I.I.T. Poona, The Committee were informed by the Secretary Communications that the constitution of the Works Committee was approved on file on 8th or 9th January, 1968, but the actual orders were issued in February, 1968. The functions of the Works Committee were as follows:

- (a) The Works Committee shall be responsible under the directions of the Department of Communications for the construction of the International Telecommunications Centre at Bombay.
- (b) It shall exercise overall authority and powers in respect of the work, subject to relevant financial expenditure sanctions issued by the Department of Communications.
- (c) It shall have the powers to give directions to the Architect and other concerned with the Project.
- (d) It shall examine and approve the estimates prepared by the Architect.
- (e) It shall direct the issue of tenders and shall assess the bids and approve the award of contracts.
- (f) It shall lay down procedures necessary to enable the Director General, Overseas Communications Service to exercise, through his Engineers and the Architect, supervision and technical scrutiny during construction as to quality of work of materials used etc.
- (g) It shall have the powers to settle rates not specifically covered in the contracts and determine all claims of the contractors.

The functions of the Works Committee listed above will not in any way detract from the full responsibility of the Architect for the engineering design, construction and other aspects of the building and its ancillary services."

1.128. The First meeting of the Works Committee was held on 19th January, 1968, when it appointed a sub-Committee consisting of Superintending Engineer, P & T (Civil Wing), Director I.I.T. Powai, Chief Engineer, BARC, Bombay and Director General, OCS to check engineering design for piling and foundation and to approve estimates. It was decided by the Works Committee that the architect should submit by 22nd January, 1968 preliminary estimates for scrutiny by the sub-Committee. The Committee asked whether the

CPWD were asked to nominate their representative on the Works Committee, the Secretary, Communications replied: "No". Asked to state the reasons for excluding the CPWD from the Works Committee, the witness replied that they did not approach CPWD as the Superintending Engineer, P & T (Civil Wing) was on the Committee. The Committee asked why the architect who was to submit his plans, estimates etc. for the approval of the Works Committee was appointed as its member. The Secretary Communications stated: "I do appreciate—he could have been kept out." Asked who initiated the proposal for including the Financial Adviser and the Architect in the Works Committee, the witness replied: "There was a proposal which came from the D.G.O.C.S. This was processed in our Ministry."

1.129. The administrative approval and expenditure sanction for the building was given by the Ministry of Communications on 9th February, 1968 for an expenditure of Rs. 143 lakhs, as per the following break-up:

		Rs.
<i>1. Cost of the Civil Engg. Works &amp; Other Services</i>		
(a) Pile foundation . . . . .		3,00,000
(b) Super-structure of the main building . . . . .		44,00,000
(c) Exterior treatment to the main building . . . . .		23,10,000
(d) Additional cost due to time factor on item (b) only . . . . .		2,20,000
(e) Additional cost due to restricted facilities of construction on items (b) & (c) . . . . .		3,35,000
(f) Ancillary building . . . . .		2,00,000
(g) Services (Sanitation, Fire Fighting, Electrical Installations Air-conditioning and Lift) . . . . .		49,32,000
		<hr/> 1,26,97,000
or say . . . . .		<hr/> 1,27,00,000
II. Provision of Aluminium doors and windows . . . . .		9,00,000
III. 5 % Architect's commission . . . . .		6,80,000
IV. Pay of Clerk of Works (Rs. 1500 P.M. for 15 months) to be met initially by the Architect and reimbursed later by Government . . . . .		22,000
		<hr/>
TOTAL . . . . .		1,43,02,500
or say . . . . .		Rs. 143 lakhs

1.130. Asked why the exterior treatment to the building was sanctioned at a high cost of Rs. 23.10 lakhs (The actual cost was Rs. 28.74 lakhs), The Secretary Communications stated: " Because it was made of marble and Malad stone." The witness added that the total exterior area was 95,000 sq. ft. The total area covered with Marble was 46,883 sq. ft. at the rate of Rs. 29 per sq. ft. and with malad stone, 48,890 cft. at the rate of Rs. 31 per cft.

1.131. Asked to explain the justification for using marble and malad stone for exterior treatment, the Secretary, Communications stated that "I understand there was a discussion with Maharashtra Government and they wanted this building should be of a very prestigious nature." In a note to the Committee, the Ministry stated that the recommendation for the use of marble and malad stone for the exterior finish was made by the Works Committee at its first meeting dated 19th January, 1968. The circumstances under which this recommendation was made were:

(a) The Government of Maharashtra desired that the building to be erected on the site should be aesthetically good monument which will serve to enhance the beauty of Bombay and had requested that special instructions be given to the Architects and to keep the Maharashtra Government informed of the steps which would be taken to fulfil this assurance.

(b) On considerations of economy in maintenance."

The Committee were furnished with a copy of letter dated 5th March, 1968 from the Maharashtra Government to the DGOCS which reads:

"I am directed to state that while replying to the discussion in the Maharashtra Legislative Council on 19th February, 1968 on the Bill to make provision for placing the Queen Victoria Statue site and certain land adjacent thereto at the disposal of the Government of India for setting up of satellite telecommunications exchange of the O.C.S. the Minister for Urban Development has given an assurance to the House that it will be ensured that the structure which will be put up on the Queen Victoria Statue site will be aesthetically good monument which will serve to enhance the beauty of Bombay.

I am to request you to give special instructions to the Architects and keep this Department informed of the steps which will be taken to fulfil this assurance. The Bill has been passed by both the Houses of the State Legislature."

1.132. The Committee asked what scrutiny was made by the Ministry of Communications and the Financial Adviser before the estimates particularly relating to the exterior treatment were sanctioned. The Additional Secretary, Finance stated that "These estimates were scrutinised by the sub-Committee in great details and their report later came before the Works Committee.". The Secretary, Communications stated: "When it came to the Ministry the proposal was approved by the Secretary. It was shown to the Minister also. After Minister's approval we might follow the advice of the Finance and then it went to the Financial Adviser who approved of it and he sent it up". Asked whether the report of the Sub-Committee was approved by the Works Committee, the Secretary, Communications stated that the report of the sub-Committee dated 28th January, 1968 went straight to the Government".

1.133. Asked how the architect who was asked on 19th January, 1969 to submit his estimates on 22nd January, 1968 could prepare estimates for such a large project in three days, the Secretary Communications stated that it had already been decided to appoint the architect on 8th January, 1968. He added: "At that time, we knew our requirements, and those requirements must have been conveyed to the architect, and so he must have got on to the job before long." The Committee enquired from the Engineer-in-Chief, CPWD, whether it could be possible for an architect not only to design but also prepare the preliminary estimates for a building costing about Rs. 1-1½ crores within about two weeks. The Engineer-in-Chief CPWD stated: "The first thing is preparation of preliminary drawings, line sketches. The client's instructions have to be brought to the drawing board. Then the preliminary estimate is based either on the cubical content or the plinth area, not on detailed measurements. Two to three weeks is a tight schedule."

1.134. According to the minutes of the first meeting of the Works Committee held on 19th January, 1968, the Architect explained the urgency of time-schedule starting work immediately for piling to enable keeping in time schedule for this. After detailed discussion, it was unanimously agreed that engineering designs of piling will be submitted immediately by the Architect for scrutiny and approval by a Sub-Committee. Subject to the approval of Engineering designs, the contract for piling will be negotiated by Architects on the basis of their rates recently tendered to and approved by the P & T, Civil Wing. The Committee asked why the Architect was also asked to negotiate with the contractors for piling. The Secretary, Communications stated: "It was stipulated that it should be on the same rates, on the basis of the rates quoted to the P & T." The Committee draw attention to the note recorded by the Additional Secretary, Finance,

"the D.G., Communications should, therefore, immediately obtain estimates, as finalised by the Sub-Committee of the Works Committee. After obtaining Minister's orders thereon, send the case to the Finance Concurrence." The Committee asked why the Financial Adviser suggested skipping over the Works Committee. The Additional Secretary, Finance stated that he wrote this note in reply to a note received from the Deputy Secretary, Communications Department stating "Additional Secretary, Ministry of Finance who is a member of the Works Committee may kindly indicate preliminary cost of the building including the ancillary facilities. The witness added that he replied to the effect "I can not indicate the cost. The Sub-Committee has been given the job of scrutinising the estimates and whatever estimates the Sub-Committee has recommended should be obtained from the OCS and then the file should be put up to Finance, after obtaining the Minister's orders thereon."

1.135. In reply to a question, the Secretary Communications stated that the estimates were approved by the Secretary on 4th February, 1968, and the Minister on 7th February, 1968, and the case went to the Financial Adviser on 8th February, 1968. Asked whether the Financial Adviser could veto the decision of the Minister of Communications, the Secretary, Communications replied "Through the Finance Minister." Asked if the case was not required to be submitted to the Minister after it was seen by the Financial Adviser, the witness stated that the Financial Adviser was an officer of the Ministry of Finance and at that time there was no internal Financial Adviser in the Ministry; the internal Financial Adviser was appointed in April, 1969.

The Financial Adviser, Communications stated: "The correct procedure as laid down is that, generally, before the administrative Ministry sends any case to the Minister for orders, they should obtain the view-point of Finance also, so that the Minister has both the points of view before passing the final orders. But, generally, this procedure is not followed. Administrative Ministries send the files straight to the Minister, and after the Minister's approval, the file comes to the Finance Ministry for advice. If the proposal requires reconsideration on some grounds we have to send the file to Finance Minister for orders before returning the file to the Administrative Ministry." Asked about the reaction of the Financial Adviser to the proposal approved by the Minister the Financial Adviser, Communications stated: "He recommended the proposal." The Additional Secretary, Ministry of Finance stated: "When I received this file, since I had been a member of the Works Committee and since I know the details, I put up the case. First I discussed with Mr. .... (Secretary Expenditure) because he was going away on tour. He said, 'Yes, you put it up to the Finance Minister'. Then I put it up 3930 LS—5.

to the Finance Minister and he approved it...I did not approve the proposal because I was not competent to approve because the value was large...I only supported it, but I brought to the Finance Minister's notice various considerations that the proposal involved. I mentioned, for example that the Cabinet has approved the proposal in February, 1965. I also mentioned that the Department of Communications constituted a committee to invite and evaluate the tenders. Then I mentioned that this building was required to connect the Arvi station with the terminal lines in a neighbouring building. Then I explained what we have done with the Maharashtra Government which was persuaded to allot the land. I also mentioned that the Maharashtra Government will have to give relaxations for the height that the building reaches. I mentioned that the micro-wave tower will be placed on the top." To a remark "You made the case a fool proof case for the Ministry of Finance," the witness replied: "With great respect, I would like to say that it was neither my job to make a case fool-proof nor my job to unnecessarily tear it to pieces. Because the Finance Minister was not aware of the details of this case, so, I gave only a historical background. I gave a detailed note so that the project could be understood as a whole."

1.136. Asked whether the Financial Adviser, pointed out irregular appointment of the architect, the Additional Secretary, Finance stated: "I would like to make it clear that it did not personally consider his appointment as irregular. His fees were fixed by negotiating Committee. They were fixed very much lower than under the Architects' code." To a suggestion that he could say that the post was not advertised, the witness stated: "According to the Architects code, these architects are professionally forbidden from answering these tenders. An architect simply cannot do it. He is just like a solicitor, he is just like a lawyer; or a doctor." Asked if enquiries were sent out, the witness replied, "This was the job of administration, not my job."

1.137. Asked how the Financial Adviser recommended the proposal for exterior treatment at a high cost of Rs. 23 lakhs, the witness replied: "I supported the proposal for the exterior finish because it had been proposed by the Department, it was also the desire of the Maharashtra Government, to have a prestige building and it had been approved by the Hon. Minister of the Department". Asked why the Financial Adviser did not examine the proposal of the Department of Communications from the financial angle, the Additional Secretary, Finance stated: "Maharashtra Government gave us land at this site on this condition." He added: "I honestly and sincerely believe that this prestige building should be with the use

of Malad and marble on the exterior. It would have also cost the Government more the maintenance if we had used the ordinary plaster or snowcem".

1.138. In a written reply the Ministry of Communications stated:

"As regards the exterior treatment of the main building on an estimated area of 40,000 sq. ft. the Sub-Committee had rejected the use of granite as being too expensive and recommended the use of marble and malad stone facings. The Architects had estimated the cost of Rs. 55 per sq. ft. for marble and Rs. 40 per sq. ft. for malad stone.\* The Sub-Committee however, recommended that a longer time of completion could be given for this work without affecting the functioning of the buildings and the Committee, therefore, reduced the cost of the exterior finishing by marble and malad stone to Rs. 30/- per sq. ft. In suggesting this rate, "the Committee took note of the construction work in hand of office buildings near Worli sea face with marble stone finishing where the colour of slabs and the grains are properly matched." It may be noted that the Architect was not a Member of the Sub-Committee and his estimates were substantially reduced by the Sub-Committee consisting of technical experts. The lowest tenderer M/s. New Consolidation Construction Company had quoted Rs. 40/- per Cft. for malad stone and Rs. 29 per sq. ft. for marble for the complete exterior finishing. Negotiations were conducted with M/s. New Consolidation Construction Co. and malad stone rate was brought down from Rs. 40/- to Rs. 31 per Cft. on the condition that the time penalty clause would not apply to this item. The actual cost of the external finish of marble and malad stone according to specifications are as follows:—

- (1) Supplying and fixing 1" thick white strait marble with greyish veins machine cut machine polished marbles to elevations with proper anchors as per the general specifications and with 1/4" thick cement backing with fine joints including polishing. (These rates are applicable for fixing at all heights) 46,883 sq. ft. Rs. 29 sq. ft. Rs. 13,59,607.00.
- (2) Providing the dressed malad stone pillars in cement mortar 1:5 with necessary dowels, anchors, etc. The stone shall be dressed and shall have mouldings etc. as

---

\*According to Audit the letter for the Architects intimating these rates is not available with the D.G.O.C.S. However, these rates are mentioned in the Technical sub-committees Report dated 28th January, 1968.

per the detailed drawings of the Architect. The malad stone shall be laid in course 15" high and shall be laid as per the detailed drawings of the Architects. (These rates are applicable for fixing at all heights. 48,890 Cft. Rs. 31|Cft. Rs. 15,15,590.00.

It will be noticed from the above that the rates for marble and malad stones were not merely for the raw material but also for fixing the raw material to the exterior of the building at a great height upto 150 feet with cement backing with proper anchors etc. For this purpose, a steel scaffolding had to be erected and cranes had to be hired for lifting the materials to great heights. The marble had to be machine-cut and polished and had to have matching veins. The malad stone had to be dressed and had to have mouldings etc. as per the detailed drawings of the Architects."

1.139. The Committee asked why the Works Committee dispensed with the formality of inviting public tenders. In a written reply, the Ministry of Communications stated: "In view of the fact that high rise buildings are a special field and the project had a tight time schedule, the Works Committee decided to invite\* tenders from firms of proven competence. In choosing these firms, the Works Committee members pooled their experience and knowledge of competence of the firms on jobs done in Bombay and also of their ability to interface with a variety of contractors who were to function concurrently after the building progressed upto a certain stage. This latter factor required a good knowledge of local conditions in Bombay and firms mostly located in Bombay were asked to tender in order that their continuous presence at meetings, review of specifications and discussion of progress of work could be had without delay."

1.140. The Committee desired to know the part played by the architect in selecting contractors for inviting tenders for civil works and electrical works as also in selecting the tenders received for award of work. In a written reply, the Ministry of Communications stated: "The Architect prepared the tenders according to specifications and the Works Committee decided after discussion the identity of the contractors who could be invited to quote, based on the cumulative knowledge of the members as to prevent competence and other factors referred to in the preceding paragraphs. After approval by the Works Committee, the Architects issued the tenders and submitted the response to the invitation back to the Works Committee for scrutiny and approval. This was the procedure which applied in all cases.

---

\*According to Audit the reasons for not inviting tenders were not recorded in the Minutes of the Works Committee meeting dated 19-1-1968.

This office has no information as to whether any of the contractors had direct or indirect business dealing with the Architect but it may be presumed that professionally, the Architect has had dealings with the contractors in other works on which he had been serving as Architect."

1.141. The Committee desired to know whether subsequent to relaxation of the target date for completion any negotiations were conducted with a view to getting the rates reduced. In a written reply the Ministry of Communications stated: "Revision of the schedule of construction in March, 1968 gave a further period of 6 months. At this stage the only contractor with whom discussions had been initiated was the main civil works contractor and immediately after the knowledge of extended time availability a reduction in the price of Rs. 75,000/- was negotiated because of the extra time given. The chronology of events was that late in February, 1968, when the civil works tenders were under examination, the possibility that a delay of 6 months may take place on the Arvi Project became known. This was noted at the 3rd meeting of the Works Committee.

All other contracts were finalised subsequent to March, 1968 and the tendering process and quotation took note of the then known time availability. This applied to air-conditioning tenders and the tenders for fire fighting equipment. Considerable savings were effected in these cases.

Besides, as stated earlier, the main feature of work in the project was the concurrent activity by electrical, air-conditioning, lift and other contractors with the superstructure work after the superstructure had reached a certain stage. The chronology of events shows that air-conditioning and lifts contractors started physical work at site in November, 1968 soon after the 10th Floor slab was completed. The electrical contractors started physical work at site in December, 1968 after the 14th floor slab work was completed. The fire fighting contractor also started working at site after completion of the 14th floor slab. The negotiated price of the air-conditioning was finally set at Rs. 15.68 lakhs against the earlier price of Rs. 18.80 lakhs."

1.142. The Committee asked whether any penalty was levied for delay in completion. In a written reply, the Ministry of Communications stated: "The recorded delays for the two phase relate to completion of items of work down to the last detail; the functional needs for commencement of works by other contractors (Electrical, lift, airconditioning fire-fighting etc.) as well as for commencement of telecommunications installations by OCS and DAE Team were proceeded in time.

The Works Committee considered the causes of delay at each stage and granted extension of time only on ensuring that the causes of delay were beyond the control of the contractor and after noting that the purpose of phased programme of construction was being achieved. Under these circumstances no penalty was levied for the delays."

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

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

1.145. It was only in December, 1967 that the Director General OCS approached the Ministry of Communications for appointment of the firm of this person as the architects. Surprisingly in his proposal the Director General did not describe in any detail the precise nature of the experience of the architect which particularly qualified him for the work. Indeed he was wrongly mentioned as architect for Air-India Building although he was only an associate architect, the principal architect being a foreign firm. The Ministry decided to

**appoint his firm as architects on 8th January, 1968 and made the appointment formally only on 9th February, 1968.**

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

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

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

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

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

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

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

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

- (i) In the constitution of the Works Committee a representative from CPWD was not associated. Strangely enough, in a work of such magnitude, no consultation or participation from CPWD was sought by OCS.**
- (ii) The Financial Adviser to the Ministry of Communications who was to scrutinise estimates of expenditure of the project was also appointed a member of the Works Committee. He would thus be predisposed in favour of whatever was recommended by the Works Committee and his**

scrutiny of the recommendations of the Works Committee in his capacity as Financial Adviser would not be as objective as was desirable.

- (iii) The architect whose plans and estimates were to be scrutinised by the Works Committee was appointed as a member of that Committee.
- (iv) The Works Committee was inter-alia authorised to approve awards of contracts. In a letter dated 11th December, 1967 addressed to the CPWD, the Chief Engineer OCS had stated that "We have been assured by Skri. .... (architect) and his associated construction groups that our minimum requirements could be completed in a period of 10 months from the date of entering into contract." In a written reply, the Ministry stated: "This office has no information as to whether any of the contractors had direct or indirect business dealing with the Architect but it may be presumed that professionally the architect had dealing with the contractor in other works on which he had been serving as architect." The Committee feel that as a member of the Works Committee, the architect was unwisely and improperly placed in a position from which he could influence the Works Committee effectively in favour of his associate contractors.
- (v) The Report of the Sub-Committee of the Works Committee on the estimates prepared by the Architect was submitted direct to the Ministry without its being placed before the Works Committee.
- (vi) The Architect was authorised by the Works Committee to negotiate rates for the piling contract.

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

1.154. The estimates of building included a provision of Rs. 23 lakhs on exterior treatment by using marble and malad stone. The Committee were informed that this was done because the Government of Maharashtra had desired the building located at a place

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

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

#### Construction of staff quarters at Calcutta

##### Audit Paragraph

1.156. In June, 1966, the Department acquired on lease 120 cottahs from the Government of West Bengal for construction of staff quarters at a cost of Rs. 6 lakhs. The lease rent was paid in two equal instalments in October, 1966 and September, 1969. Neither the lease deed has been executed nor the possession of land obtained so far (May, 1971). The Department has stated that the drawings for construction of residential quarters have already been made over to the C.P.W.D. duly approved and that the draft lease deed received from the Government of West Bengal has been sent to the Director General for approval.

[Sub-para 8.2 of para 51 of the reports of the C. & A. G. (Civil), 1970-71.]

1.157. The Committee desired to know the latest position both in regard to commencement of construction of staff quarters at Calcutta and the execution of lease deed. In a written reply, the Ministry of Communications stated as follows:

"Law Ministry (Calcutta Branch) have pointed out certain objections in the lease deed draft and desired amendments

to be incorporated by West Bengal Government. The lease deed draft has been sent to the State Government for incorporating the necessary amendments. The matter is being actively pursued with the State Government.

Regarding construction of staff quarters, the CPWD have been requested to furnish preliminary estimates for 66 quarters in the first phase of construction. The estimates have not yet been received from the CPWD inspite of repeated reminders. It seems that the CPWD are unable to prepare the preliminary estimates because of want of clear possession of the land by the OCS." |

1.158. The Committee asked about the reasons for not taking the possession of land immediately after it was acquired and starting the construction of staff quarters. The Ministry, in a written reply stated as follows:

"The Salt Lake area was mostly undeveloped and marshy land which had been in the process of reclamation till recently. The possession of the land will be taken over after the lease deed for formal transfer of the title of the land is executed between the Government of West Bengal and the Director General, OCS. The deed has been finalised and sent to Government of West Bengal.

C.P.W.D. gave us to understand that the possession of the land was a pre-requisite to enable them to undertake preparation of the drawings and estimates. On our advice that the execution of the land-deed is in the final stages, they have prepared preliminary drawings/estimates for construction of quarters. These are being scrutinised."

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

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

## **Landlines between Eastern Court and Chhatarpur via Kalkaji**

### **Audit Paragraph**

1.161. From 8th October, 1956 the Department hired from the Posts and Telegraphs Department two underground cables (one of 14 pairs of telephone cables and the other of 20 pairs telegraph cables) between the Eastern Court and Chhatarpur Receiving Station via Kalkaji transmitting station. The Posts and Telegraphs Department has been charging rental @ Rs. 94,530 per annum for these lines on an ad hoc basis. Although a period of more than 15 years has elapsed, no agreement has so far (November, 1971) been entered into with the Posts & Telegraphs Department for (i) fixation of rental for the guarantee period and thereafter and (ii) fixation of guarantee period.

[Sub-para 8.3 of para 51 of the Reports of the C. & A. G. (Civil),  
1970-71.]

1.162. The Committee desired to know whether the agreement had been finalised and whether the Department was entitled to any refund of the rent already paid. In a written note the Ministry stated: "After vigorous follow up, the P. & T. have fixed the rental at Rs. 44,200 effective from 1962. A refund of approximately Rs. 4,43,310 has been claimed."

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

NEW DELHI;

April 4, 1973.

Chaitra 14, 1895 (Saka).

ERA SEZHIYAN,  
Chairman,  
Public Accounts Committee.

# APPENDIX I

## Ocearseas Communications Service, Bombay Balance Sheet as on 31st March, 1970

Capital and Liabilities	1968-69	1969-70	Property and Assets	1968-69	1969-70
Opening Balance	Rs. 6,03,48,545	Rs. 7,78,92,908	Fixed Assets (at cost)	Rs. 7,97,65,314	Rs. 11,05,40,870
Net adjustments during the year	(—) 81,19,112	(+) 15,42,115	Stores & Spares parts	27,13,931	29,47,332
			Sundry debtors	4,06,16,427	4,36,57,569
Add profit	5,22,29,433	7,94,35,023	Depreciation Reserve Fund Deposit	1,59,57,000	2,10,25,160
	2,56,63,475	2,59,52,052			
Depreciation Reserve Fund	7,78,92,908	10,53,87,075	Sundry deposit	20,140	7,553
	2,84,25,334	3,19,41,776	Prepaid expenses	6,539	78,454
Sundry Creditors	3,22,80,831	4,05,03,454	Advances to staff	41,346	60,200
Undischarged Liability Audit fee	3,32,360	3,75,458	Cash in hand	83,106	1,74,275
Reserve for <i>Pro forma</i> insurance charges	2,71,450	2,83,650			
			TOTAL	13,92,02,903	18,74,91,413
TOTAL	12,93,02,903	17,84,91,413			

*Overseas Communications Service, Bombay*

**Profit and Loss Account for the year ended 31st March, 1976**

Dr.

Cr.

Particulars	1968-69	1970-69	Particulars	1968-69	1969-70
	Rs.	Rs.		Rs.	Rs.
To			By		
Pay and allowances . . .	1,07,76,322	1,21,73,939	Traffic Revenue:		
Miscellaneous expenses . .	42,20,665	48,46,118	(i) Beam and cable . . .	2,83,20,193	2,86,39,557
Contribution to Provident Fund	28,468	34,122	(ii) Leased channel . . .	75,00,196	90,40,974
Contribution to pension . .	6,21,991	7,00,861	(iii) Radio Telephone . .	33,38,222	53,82,653
Audit fee . . . . .	18,439	43,097	(iv) Telex Traffic . . .	55,37,348	85,79,041
Depreciation . . . . .	32,10,511	29,24,080	(v) Multi Address News Cast Revenue . . .	2,53,323	3,42,122
Contribution to Commonwealth Tele-communication Board/Tele-communication Council . .	1,38,881	1,17,180	(vi) F.C.C. Revenue . .	60,55,595	43,91,354
Loss or gain by exchange . .	15,838	46,650	(vii) Programme transmission Revenue . . .	40,033	276
Write off of unserviceable and damaged stores, assets, etc.	2,304	2,50,295	Miscellaneous Receipts	15,70,014	21,68,085
Way leave payments . . .	52,94,909	80,46,970			
Interest on Govt. Capital . .	26,23,123	34,09,298			
Net Profit . . . . .	2,56,63,475	2,59,52,052			
TOTAL	5,26,14,926	5,85,44,062	TOTAL	5,26,14,926	5,85,44,062

*Overseas Communications Service, Bombay*

**Stores accounts for the year ended 31st March, 1970**

	Engineering Stores		Stationery Stores		Total
	Rs.		Rs.		Rs.
Opening balance on 1-4-69		25,77,971	1,35,960		27,13,931
<b>RECEIPTS</b>					
Receipts and Transfers		16,95,295	12,95,834		29,91,129
<b>TOTAL</b>		<u>42,73,266</u>	<u>14,31,794</u>		<u>57,05,060</u>
<b>ISSUES</b>					
Issues and Transfers		14,93,788	10,18,914		25,12,702
Write off		2,45,026			2,45,026
<b>TOTAL</b>		<u>17,38,814</u>	<u>10,18,914</u>		<u>27,57,728</u>
Balance on 31-3-70		<u>25,34,452</u>	<u>4,12,380</u>		<u>29,47,332</u>

(Appendix XIV vide paragraph 51 of the  
Report of the C & A. G. (Civil), 1970-71)

## APPENDIX II

### *Summary of Main Conclusions|Recommendations*

S. No.	Para No.	Ministry/Department concerned	Conclusions/Recommendations
(1)	(2)	(3)	(4)

#### 1.6 M/o Communications

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

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

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

(1)

(2)

(3)

(4)

traffic forecasts. The Committee would also like to know the progress made in the abolition of existing Submarine telegraph cables and the economy resulting therefrom.

4. 1-29 M. of Communications

The Committee note that the satellite system which was scheduled to commence from 1st October, 1969 was actually commissioned on 26th February, 1971. In 1971-72 which was the first full year of operation of the satellite system, the traffic showed marked increase in respect of Radio Telephone, Radio Telegraph and Telex. The actual traffic increased from 6.32 lakhs minutes in 1970-71 to 18.34 lakh minutes in 1971-72 in respect of Radio Telephone, from 1017 lakh words to 1150 lakh words in respect of Radio Telegraph and from 15.39 lakh minutes to 20.18 lakh minutes in respect of Telex. The actual traffic in respect of Telegraphs and Telephones, however, fell short of the forecasts of 1260 lakh words and 19.26 lakh minutes respectively envisaged for the year 1971-72 with satellite services expected to be established in 1969-70. The Committee hope that in the years to come, the traffic will increase and the Department will ensure that the facilities created are fully utilised. The Department should be careful in making the forecasts for future so that facilities created are in keeping with the requirements.

The Committee note that due to inadequate facilities for Radio Telephone, the Department had to forego revenue to the extent of about Rs. 40.66 lakhs on account of cancellation of booked calls during the years 1967-68 to 1969-70. The Committee are glad that the establishment of satellite services has increased the calls handled by 152 per cent in 1971-72 and percentage of satisfaction has risen to 81 per cent from 65 per cent in 1969-70. The non-availability of the subscribers accounted for cancellation of 17.7 per cent calls, capacity limitation accounted for 0.4 per cent, other reasons 0.9 per cent. The Committee, however, feel concerned over loss of revenue of Rs. 20 lakhs due cancellation of calls in 1971-72 also the bulk of which was due to the subscriber's non-availability at the time of calls.

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

The Committee note that under the Commonwealth Telegraphs Agreement, the aggregate expenses incurred in each financial year by the National Bodies of the partner Governments are allocated amongst the National Bodies in proportion to the net wayleave revenue derived by each National Body for common use of services. As

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

The Committee are not happy over the delay in completion of the Earth Station at Arvi. The station was originally scheduled to

be completed by the end of 1968, and was rescheduled for completion by 31st October, 1969 after it was decided to entrust the work to the Department of Atomic Energy. But the Department of Atomic Energy completed it with 15 month delay. The result was that although other telecommunication administrations were able to plan construction of their stations to work with India by October, 1969, the satellite facilities could be availed of by OCS only from 26th February, 1971. The loss of revenue because of delay in establishment of satellite services amounted to Rs. 98 lakhs. The Committee would like to know the action taken against the Department of Atomic Energy who took full responsibility for the timely completion of the project at the time of award of the work. The Committee hope that the Ministry will take proper precautions to ensure that construction of the second Earth Station at Dehra Dun will be completed according to schedule.

2. 1.69

Do

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

10 1.70 M. of Communications

The Committee find in the case of some countries with whom direct links have been established, considerable part of traffic is being routed *via* transit points. According to the Department handling of traffic through alternative routes is resorted to when direct service schedule is finished or there is congestion of technical trouble direct HF circuits. The Committee desire that as far as possible the Department should use more economic media.

11 1.82 D0

The outgo of foreign exchange amounted to Rs. 75.31 lakhs in 1966-67, Rs. 52.35 lakhs in 1967-68, Rs. 18.48 lakhs in 1968-69, Rs. 68.50 lakhs in 1969-70 and Rs. 55.02 lakhs in 1970-71. The Committee were informed that during the year 1971-72, the excess of outgoing traffic over incoming traffic worked out to 12 per cent for telegraphs, 7 per cent for telephones and 14 per cent for Telex. The Committee would like the Department to examine whether there are any loopholes in the system of outgoing telecommunications and prepaid reply telegrams which make them more attractive. The Committee would like to be informed of the measures taken to minimise outgo of foreign exchange.

12 1.86 D0

The Committee are surprised that although the OCS have long felt the need of having accounts showing the cost of operation and

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

13 1 '94 Do

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

14 1 '95 Do

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

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

(1) (2) (3)

(4)

15 1.96 Min. of Communications

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

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

17 1.144

It is interesting to note that it was at this meeting that the architect said that he desired to start work from 1st January, 1968 at the earliest as if it had already been settled at that date, namely 11th November, 1967, that he was to be the architect of the Project.

That this was the intention of the OCS is confirmed by the fact that in a letter dated 14th November 1967 addressed to the Revenue Minister of Maharashtra by the Minister of Communications which was drafted by the then Financial Adviser to the Ministry of Communications, the architect was mentioned as 'our architect' and he was authorised to be in constant touch with the Revenue Secretary of Maharashtra and the Bombay Municipal authorities to ensure the expeditious taking over of the site and other connected matters. To refer to him as 'our architect' before his appointment as such was extremely improper.

1. 1.145

D.O.

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

19 1.146

D.O.

From the correspondence with the CPWD the Committee find that the OCS consistently laid emphasis on the advisability of the exclusion of the CPWD from the construction work and on the assurance of the architect to complete the work within the time

(1)	(2)	(3)	(4)
-----	-----	-----	-----

limit envisaged by the Department. Ultimately the OCS were successful in getting the clearance from the Ministry of Works and Housing for the work to be entrusted to an agency other than the CPWD.

20 I 147 M. of Communications

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

21 I 148 Do

Actually the CPWD's view has been borne out by subsequent events; the building which the OCS wanted to be completed by the end of 1968 was rescheduled for completion in two phases, the rescheduled dates of completion were 31st May, 1969 for the first phase and 30th November, 1969 for the second phase. The first phase was

however completed 2½ months later and the completion of the second phase was delayed by 8 months. Indeed the delay was even greater because the exterior work was completed only in July, 1972. The Committee cannot, therefore, help feeling that the work could have been safely entrusted to the CPWD, the more so as they would have also entrusted a good deal of work such as pile foundation, airconditioning etc. to one or the other of the very few specialised private agencies in the country, as was in fact done.

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

(1)

(2)

(3)

(4)

stry of Communications. The proposal made to the Ministry for appointment of the architect specifically referred to the letter of the Minister of Communications in which the architect had been mentioned as 'our architect'.

23

1.150

M. of Communications

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

86

24

1.151

Do

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

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

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

that our minimum requirements could be completed in a period of 10 months from the date of entering into contract." In a written reply, the Ministry stated: "This office has no information as to whether any of the contractors had direct or indirect business dealing with the Architect but it may be presumed that professionally the architect had dealings with the contractor in other works on which he had been serving as architect." The Committee feel that as a member of the Works Committee, the architect was unwisely and improperly placed in a position from which he could influence the Works Committee effectively in favour of his associate contractors.

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

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

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

27

1.154

-Do-

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

28

1.155

Do

As will be evident from the foregoing paragraphs, the Committee are thoroughly dissatisfied with the manner in which all aspects of the construction of this building have been handled. They consider

(1)

(2)

(3)

(4)

that there is full justification for a comprehensive and detailed enquiry to be instituted and accordingly recommend that an independent expert committee should be appointed to go into all aspects of this matter and to submit its report within six months.

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

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

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

M. of Communications

I. 159

29

Do

I. 160

30

Do

I. 163

31