

- (i) Kharagpur-Madras Wideband
Micro-wave Scheme
- (ii) Calcutta-North Bengal-Assam
Wideband Micro-wave Scheme
- (iii) Nagpur-Bangalore Wideband
Micro-wave Scheme

MINISTRY OF COMMUNICATIONS
(DEPARTMENT OF TELECOMMUNICATIONS)

**PUBLIC ACCOUNTS
COMMITTEE
1990-91**

FOURTEENTH REPORT

NINTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

CORRIGENDA TO THE 14TH REPORT OF
PUBLIC ACCOUNTS COMMITTEE (9TH LOK SABHA)

<u>Page</u>	<u>Para</u>	<u>line</u>	<u>Correction</u>
2	6	6	For 'onhand' Read 'in hand'
		last line	For 'within three months'
			Read 'at the earliest'
4		25	For 'Functions' Read 'functioning'
5		4	Delete 'O' appearing after 'DOT'
		6	For 'have' Read 'has'
6	2	5	For 'Optial' read 'Optical'
7	In note	1	Insert 'has' before 'to be'
8	2	5	Insert '(c)' before 'Satellite'
9		5 from bottom	For 'before 1980 had'
			Read 'before 1980. Had'
		4 from bottom	For 'vatted' Read 'vetted'
10	In heading subject	1	Delete 'on'
18		1	For 'the TAX's Read 'the TAXs.
			negotiations' Negotiations'
		4 from bottom	For 'are Read 'we'

FOURTEENTH REPORT PUBLIC ACCOUNTS COMMITTEE (1990-91)

(NINTH LOK SABHA)

- (i) Kharagpur-Madras Wideband Micro-wave
Scheme
- (ii) Calcutta-North Bengal-Assam Wideband
Micro-wave Scheme
- (iii) Nagpur-Bangalore Wideband Micro-wave
Scheme

MINISTRY OF COMMUNICATIONS
(DEPARTMENT OF TELECOMMUNICATIONS)

[Action Taken on 129th Report (8th Lok Sabha)]



सत्यमेव जयते

*Presented to Lok Sabha on 6 Sep. 1990
Laid in Rajya Sabha on 6 Sep. 1990*

LOK SABHA SECRETARIAT
NEW DELHI

September 6, 1990/Bhadra 14, 1912 (Saka)

PAC No. 1303

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PUBLIC ACCOUNTS COMMITTEE
(1990-91)

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Shri Sontosh Mohan Dev

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3. Shri G.M. Banatwalla
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SECRETARIAT

- | | | |
|---------------------|---|-------------------------|
| 1. Shri G.L. Batra | — | <i>Joint Secretary</i> |
| 2. Shri G.S. Bhasin | — | <i>Deputy Secretary</i> |

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Fourteenth Report on Action Taken by Government on recommendations of the Public Accounts Committee contained in their 129th Report (8th Lok Sabha) relating to

- (i) Kharagpur-Madras Wideband Micro-wave Scheme;
- (ii) Calcutta-North Bengal-Assam Wideband Micro-wave Scheme; and
- (iii) Nagpur-Bangalore Wideband Micro-wave Scheme.

2. In their earlier Report, the Committee had observed that estimates of projects were worked out on the basis of the prevailing costs and no provision was made for escalations. The Committee felt that since there was all round increase in the whole-sale prices it was totally unrealistic to presume that cost of the Project would remain unchanged even after 4 or 5 years of the scheduled date of completion of the Project. The Committee had, therefore, emphasised the need for making provisions for taking into account the cost escalations due to normal rise in prices.

The department of Telecommunications in their action taken notes have explained *inter alia* that there is no provision in the rules at present for providing escalation of cost in the project estimates though rules provide for 10% excess over sanctioned cost of the project estimates. The Department have also added that the recommendation of the Committee would be studied.

3. In the present Report the Committee have again emphasised the need for making provision for cost escalations so as to avoid considerable losses and wastages which generally take place due to locking up of funds in incomplete projects. The Committee have desired that the result of the study promised to be carried out by the Department be intimated within 3 months.

4. This report was considered by the Public Accounts Committee at their sitting held on 23 August, 1990. Minutes of the sitting form Part II of the Report.

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

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

NEW DELHI;
August 23, 1990

SONTOSH MOHAN DEV,
Chairman,
Public Accounts Committee.

Bhadra 1, 1912 (Saka)

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by Government on the Committee's recommendations and observations contained in their 129th Report* on

- (i) Kharagpur-Madras Wideband Micro-wave Scheme;
- (ii) Calcutta-North Bengal-Assam Wideband Microwave Scheme and
- (iii) Nagpur-Bangalore Wideband Micro-wave Scheme, presented to the House on 22 April, 1988.

2. The Committee's Report contains 9 observations/ recommendations. Action Taken Notes have been furnished by Government in respect of all the recommendations. These have been broadly divided into four categories as shown in Appendix I.

3. The Committee will now deal with action taken by Government on some of their observations/recommendations.

Cost Escalation

(Sl. No. 7—Para 2.22)

4. In their earlier Report, the Committee have observed that the estimates of the projects as revealed during evidence are prepared on the basis of present day costs and no provisions are made for escalation. On the basis of information made available, it was noticed that the average annual increase in the whole-sale prices during the 4th, 5th and 6th Five Year Plans has been of the order of 9, 6.3 and 9.3 per cent respectively. In such a situation, it is totally unrealistic to assume that the cost of project will be the same as per estimates after 4 or 5 years when it is scheduled for completion. The Committee felt that this was an area which needed probing and accordingly recommended that while formulating project estimates in future the Department of Telecommunications should carefully scrutinise their projects and while formulating feasibility reports every care should be taken to see that these are realistic and take into account cost escalation due to normal rise in prices.

5. In their action taken note dated 28.10.1988 the Department of Telecommunications have stated that there is no provision in the rules at present for providing escalation of cost in project estimates and the escalation of various components such as materials, labour, custom and excise duty etc. cannot be forecast with reasonable accuracy. The rules

* 129th Report (8th Lok Sabha) on Paragraphs 19,20 and 23 of the Report of the Comptroller and Auditor General of India for the year 1985-86, Union Government (Posts & Telecommunications).

however, provide for 10 per cent excess over sanctioned cost of project estimates. The Department have further added that the observations of Public Accounts Committee that cost escalation should be taken into account while formulating feasibility reports, will be studied by the Department for further action.

6. The Committee appreciate that the Department proposes to study this recommendation of the Committee before arriving at a decision. As the matter is of vital importance not only for completion of on-going projects but also providing adequate resources for future projects and programme, it is essential that the Department should have correct estimation of the cost of projects on hand as well as future projects so that the process of execution of projects is completed in accordance with the plans formulated by the Department and their full benefits derived. This will also enable the Department to avoid considerable losses and wastages which generally take place due to locking up of funds in incomplete projects. The Committee, therefore desire that the results of the study promised to be carried out by the Department are intimated within three months.

CHAPTER II

RECOMMENDATIONS AND OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

1.10 The Committee find that although the microwave system had started in the developed countries in late 1950's, the Government of India decided in 1956 to introduce coaxial cables system and in 1960 to interconnect the metropolitan cities by the coaxial system when other developed countries had already started using the more economic and reliable microwave system of telecommunications. It appears that either the Department did not give adequate consideration to the relative merits of the two systems or it failed to keep track of the technological developments in this regard in the world. The Department started using microwave in the 1960's on a small scale and, therefore, it can be assumed that atleast by then the Department had obtained practical knowledge of the relative merits of the two systems. It is astonishing that even then the Department continued to extend the costlier and less reliable coaxial network and decided to introduce the more economic and reliable microwave system as an alternative medium in early 1970's only. The Committee cannot but express unhappiness on the faulty planning in this matter by the Department. It hardly needs to be emphasised that the decision to introduce a new technology of vital importance to the development of tele-communication and involving huge investment should have been taken after considering relative merits of the other comparable technology available. At this stage the Committee can only hope that the department will keep abreast of the latest technological developments in the field of tele-communication and in future will introduce any new technology only after detailed consideration of the relative merits of the available alternative technologies so that our limited resources are put to best use.

[Sl. No. 1 (Para 1.10) of 129th Report of PAC (8th Lok Sabha)]

Action Taken

The Department is trying to keep abreast of the latest developments in the communication field all over the world and has programmed to introduce the latest technologies available in the world, viz. Digital Microwave, Digital Coaxial and Optical Fibre Cable Systems. Accordingly, orders for supply of these items (under Overseas Economic Cooperation Fund & World Bank loans) are being placed on foreign suppliers in the near future. While Microwave has got advantages of economy and reliability, vast amount of assets have been created on the Coaxial medium

which have got a substantial amount of useful life left in them and which will therefore be utilised for working digital systems. However, no new coaxial route is being proposed in future.

This has been vetted by Director of Audit, P&T, Delhi vide U.O. No. RR. projects/2(d)2771/232 Dated 6.10.88

[Ministry of Communications (Deptt. of Telecommunications) File No. 74-1/87-TPL(L)]

Recommendation

1.11 The Committee note that the microwave systems of transmission have mostly been provided as an alternative medium in addition to the existing coaxial cable systems. The object of having an alternative back-up system is that when there is additional traffic on the coaxial system the same can be taken by the microwave routes and when there is interruption in one system the whole channel can be switched over to the other. Provision of a duplicate transmission system involves huge investment. The Committee are of the view that provision of an alternative medium of transmission may be justified in advanced countries having larger traffic and resources but installation of a duplicate medium in India lacks justification in view of serious constraints of funds. The coaxial system of transmission, though older and more expensive has not completely outlived its utility and is still being used on a large scale even in advanced countries. Moreover, these had just been installed when the decision to have microwave system as an additional, back up channel was taken. The Department has recently started improving its reliability by ducting the underground cables. The Committee are of the opinion that it was preferable to have improved upon the functions of the existing coaxial system than to have gone in for an additional medium at that stage. The Committee hope that in future the Department will be more circumspect in taking decision of this nature and in view of the limited resources should spend whatever resources are available on establishing new routes connecting additional cities, towns and villages.

[Sl. No. 2 (Para 1.11) of 129th Report of PAC (8th Lok Sabha)]

Action Taken

In our country principal metropolitian cities are situated far away from each other. Due to the vast distances between the main switching centres and the large number of primary and secondary switching centres, possibilities of failure of a medium due to natural calamities and man made faults are large. With the growing introduction of STD Services upto District and Taluk levels, when subscribers have to control their own calls, it has become imperative that uninterrupted transmission medium is provided to ensure a level of services satisfactory from the customers' point of view. However, the observations of the PAC have been taken note of and wherever alternate media are planned between two stations, it will be

planned *via* alternate new routes connecting additional cities, towns and villages, other than those connected by the original media, subject to technical and administrative considerations. Suitable instructions to field units issued vide DOT O No. 74-1/84-TPL(L) Pt. dt. 14.9.88 (Copy enclosed)

This have been vetted by Director of audit, P&T, Delhi vide U.O. NO.-RR. Projects/2(d)2771/232 Dated 6.10.88

[Ministry of Communications (Deptt. of Telecommunications) File No. 74-1/87-TPL(L)]

DEPARTMENT OF TELECOMMUNICATIONS
OFFICE OF THE DIRECTOR GENERAL OF TELECOMMUNICATIONS
Sanchar Bhawan, 20 Ashoka Road, New Delhi-110001.

No.74-1/84-TPL(L)/PT.

Dated at ND the 14th September, 88

To

All G.Ms, Telecom. Projects
G.M., Task Force, Gauhati
G.M. (RE), Nagpur.

SUB:—*Coaxial Cable systems.*

M/s H.C.L. have already phased out production of large Tube Coaxial Cable and have planned to stop production of Small Tube Coaxial Cable by March, 1990.

2. For providing reliable transmission media, choice will have to be made from amongst the following based on techno-economic considerations:

- (a) Radio relay systems (MI/UHF/VHF),
- (b) Optial fibre Systems, and
- (c) Satellite Systems.

With the evolution of Optical Fibre systems, it has been decided to plan O.F. systems on routes on which cable systems are considered more suitable. The use of Coaxial Cable systems will now be limited to existing routes where the cables already laid have reasonable useful life still left and are found suitable for digital working.

4. With the fast growing STD services down to District and Taluq Headquarter and important industrial centres, it may become imperative to improve the reliability of existing media on main routes by providing an alternate media. In such cases, alternate media should preferably follow a new route so as to connect maximum number of additional towns, subject to technical and economic considerations.

Copy to :—GMSM/GM T&D Circle/DDG(ML)/DDG(Sat)

Recommendation

1.12 In view of the advantages of economy and higher reliability of the microwave system, in comparison with Coaxial Cable system, the Sarin Committee have recommended that barring certain exceptional situations, "All new routes should normally be set up using radio system" and "the erection of a new microwave route is to be preferred to the installation of

a new Coaxial route." The Committee desire that on account of distinct advantages of the microwave system, the recommendations of the Sarin Committee along with any further developments in technology in this regard should be kept in view while setting up all new routes.

[Sl. No. 3 (Para 1.12) of 129th Report of PAC (8th Lok Sabha)]

Action Taken

Even though the Sarin Committee has recommended that the microwave media is to be preferred to Coaxial media yet due to the limited frequency bandwidth available with the Department and consequent frequency interference problems, it is not possible to provide unlimited number of Microwave system in any particular area. Microwave system are also unsuitable over large spans of plain terrain or waterlogged areas, where we may have to necessarily adopt cable media. However, subsequent to the Sarin Committee, new cable technology in the form of Optical Fibre Cables has been developed and is being put into use on a wide scale all over the world. The use of Coaxial Cable systems will now be limited to existing routes where the cables already laid have lot of useful life still left to them and which can take advanced technology like digital Coaxial systems at little extra cost.

A decision has therefore been taken to go in for OFC systems in such situations, and instructions to field units will be issued accordingly.

Instruction issued vide DOT No. 74-1/84-TPL (L)/Pt. dated 14.9.88 (Copy enclosed Annexure-I).

*Note:—Frequency bands are a scarce resource and to be meticulously utilised for provision of Communication Media.

This has been vetted by Director of Audit, P&T, Delhi, vide U.O. No. RR. Projects/2(d)2771/232 dated 6.10.88.

[Ministry of Communications (Deptt. of Telecommunications) File No. 74-1/87-TPL(L)]

ANNEXURE

Q-1.12

DEPARTMENT OF TELECOMMUNICATIONS
OFFICE OF THE DIRECTOR GENERAL OF TELECOMMUNICATIONS
Sanchar Bhawan, 20 Ashoka Road, New Delhi-110001.

No. 74-1/84-TPL (L)/Pt.

Dated at ND the 14th Sept. 88

To,

All G.Ms. Telecom. Projects
 G.M. Task Force, Gauhati
 G.M. (RE), Nagpur.

SUB:— *Coaxial Cable Systems.*

M/s HCL have already phased out production of large Tube Coaxial Cable and have planned to stop production of Small Tube Coaxial Cable by March, 1990.

2. For providing reliable transmission media, choice will have to be made for amongst the following based on techno-economic considerations:

- (a) Radio relay systems (MI/UHF/VHF)
- (b) Optical Fibre Systems, and
 Satellite Systems.

3. With the evolution of Optical Fibre systems, it has been decided to plan O.F. systems on routes on which cable systems are considered more suitable. The use of Coaxial Cable Systems will now be limited to existing routes where the Cables already laid have reasonable useful life still left and are found suitable for digital working.

4. With the fast growing STD services down to District and Taluq Headquarter and important industrial centres, it may become imperative to improve the reliability of existing media on main routes by providing an alternate media. In such cases, alternate media should preferably follow a new route so as to connect maximum No. of additional towns, subject to technical and economic considerations.

Copy to:— GSM/GM T&D Circle/DDG(ML)/DDG(Sat)

Recommendation

Forest Act which came into force in 1980 is stated to have hindered the progress of acquisition of forest land. All the projects were mooted long before 1980 had advance action been taken for acquisition of land, it could have been acquired to synchronise with the progress of the projects. Thus, inaction, lack of initiative and lack of proper planning were the principal reasons for problems and delays in acquisition of land. The procedure, practices and organisation involved in project construction, planning and

implementation needs strengthening. The Committee need hardly emphasise the necessity of ensuring coordination between the various agencies of the Government.

[Sl. NO. 5 (Para 2.9) of 129th Report of PAC (8th Lok Sabha)]

Action Taken

Orders have since been issued delegating powers to General Managers, Projects, to acquire land for transmission projects, in advance of sanction of Project Estimates (DOT No. 30-385-TPL(CX), Dated 28.2.86 copy enclosed Annexure-I). Powers of General Managers to purchase land by direct negotiations have also been further relaxed (DOT No. 482-32/78-TPS(BG) Dated 14.7.86 copy enclosed Annexure-II).

Every effort will therefore be made to complete the Projects in time and suitable instructions will be issued of field units, for follow up action.

Instruction issued vide DOT No. 74-184-TPL(L) Pt. Dated 14.9.88 copy enclosed Annexure-III.

This has been vatted by the Director of Audit, P&T, Delhi vide U.O. No. RR, Projects/2(d) 2771/232 Dated 6.10.88.

[Ministry of Communications (Deptt. of Telecommunications) File No. 74-187-TPL(L)]

MINISTRY OF COMMUNICATIONS
DEPARTMENT OF TELECOMMUNICATIONS
Dak Tar Bhavan, Parliament Street,
New Delhi-110 001.

30-385-TPL(CX)

Dated the 28-2-1986

General Managers, Projects.

SUBJECT:—*Procedure for acquisition/purchase of land for Transmission on Buildings.*

A reference is invited to this Department's letter No. 351-276-TPS(XP) dated the 9th November, 1976 wherein the Heads of Telecom Circle/Telephone Districts were authorised to purchase/acquire land for Telephone Exchanges in advance of sanction of the relevant Estimates subject to the conditions laid down therein. With a view to facilitate the timely completion of Transmission Projects, it has been decided that the powers in that regard may also be exercised by the General Managers, Projects on the same terms and conditions and also subject to the following conditions:—

- (i) The land sought to be acquired/purchased is primarily meant for Transmission buildings only.
- (ii) The site is selected on the basis of survey and engineering of the relevant 'Transmission Scheme'.
- (iii) The General Manager, Projects will personally decide the essentiality of the 'Transmission Building' on the basis of the necessary survey.

2. The purchase of land in such cases would be subject to the Financial powers vested in the Heads of Circles i.e. 'Rs. 20 lakhs at present' vide item 34 of schedule II of Schedule of Financial Powers of the P&T Board etc. and the observance of the procedure laid down in that behalf from time to time by this Department and/or Government of India.

This issue with the concurrence of Telecom Finance Advice Branch vide their Dy. No. 129-86/F.C.I. dated 11.2.1986.

(C.B.L. Srivastava)
Director (TX)

Copy Forwarded to:—

1. All Heads of Telecom Circles/Telephone Districts etc.
2. All Internal Financial Advisers in Telecom Circles/Telephone Districts/Postal Circles and other Administrative Offices.
3. Director Finance II and Director Finance III in D.O.T.

4. Finance Advice II and Finance Advice III Section in D.O.T.
5. Finance Co-ordination and CMR Section (2 copies each)
6. DDG.CS/Def NW/EB/EF/EP/ES/ITS/IDN
L/LP/ML/MM/MS/NM/PF
RD/S/SAT/TAC/TF/TP/TRF/TRG/TS/V

(C.B.L. Srivastava)
Director (TX)

ANNEXURE-II
Q-2.9

No. 482-32/78-TPS(BG)

GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATION
DEPARTMENT OF TELECOMMUNICATIONS

Sanchar Bhavan,
New Delhi.
Dated, 14.7.86

To,

G.M. Projects, Calcutta/Madras/Bombay/New Delhi.

G.M. Task Force, Gauhati.

SUBJECT: *Purchase of land for various purposes in the Department from Private parties through direct negotiations.*

Instructions were issued vide this office letter of even no. dated, 6.6.79, 30.11.82, 22.8.83, 7.1.85, 14.3.85, reg. purchase of land for various purposes from private parties through direct negotiations. The question of relaxation to G.Ms. Project to exercise financial power for the purchase from private parties for way side repeaters of cable system was under consideration. Para 3(x) may kindly be read as follows for acquisition of land for way side repeater for cable system by G.M. (Project) and G.M. Task Force, Gauhati.

2. G.M. Project and G.M. Task Force, Gauhati are authorised to purchase land from private parties for way side repeaters of cable system even if the price of the land recommended by the Negotiating Committee exceeds the valuation done by the revenue authorities by more than 5% but the total cost does not exceed Rs. 50,000/- (Rs, Fifty thousand only) in each case.

3. All other conditions remain the same as enumerated in the various letter mentioned in Para 1 above. This has been issued with the concurrence of Finance Dy. No. 1039-FA-III dated, 14.5.86.

Endorsement No. 501-61/86-TPS(BT)
dated:—

Copy to:—All General Manager Telecom/Phones

All D.M. Telephones

All G.M. Projects

Director (F.A-II), Sanchar Bhawan, New Delhi-I.

A.D.G.(BG), Sanchar Bhawan, New Delhi-I.

ANNEXURE-III
Q-2.9

DEPARTMENT OF TELECOMMUNICATIONS
Office of the Director General of Telecommunications

Sanchar Bhawan,
20 Ashoka Road,
New Delhi-110001

No. 74-1/84-TPL (L)/Pt.

Dated at ND the 14th Sept.' 88

To,

All G.Ms. Telecom. Projects
General Manager Task Force, Gauhati
General Manager (RE), Nagpur.

SUB.:— *Delay in commissioning of projects.*

PAC has observed that there are abnormal delays in completing transmission projects. Delays in completion of projects have grave financial and economic implications, besides depriving the users of improved Telecommunication facilities.

In this regard detailed instructions were issued vide-No. 758-7/78-TPL (Genl.) dated 2425 February, 78 in which authorities responsible for basic planning and overall coordination, control and monitoring of various types of telecommunications projects were nominated. It is once again requested that instructions contained in this letter should be strictly followed.

Difficulties, if any, should promptly be brought to the notice of this office.

Copy for information to:—

1. All GMs Maintenance.
2. G.M. T&D Circle, Jabalpur.
3. All CEs (Civil)
4. DDG(BN), Sanchar Bhawan, New Delhi
5. DDG(ML) DOT, Sanchar Bhawan, New Delhi
6. DDG (Sat.) DOT, Sanchar Bhawan, New Delhi.

Recommendation

2.11 During evidence the Secretary informed the Committee that project estimates are worked out on the basis of present-day costs and no provisions are made for escalations. In the opinion of the Committee this is an area which needs probing. In this connection the Committee note from the information supplied by the Minister of Finance in the Lok Sabha on 11.3.1988 that average yearly increase in wholesale prices during the Fourth, Fifth, and Sixth Five year Plans has been 9, 6.3 and 9.3 per cent respectively. In such a situation it is totally unrealistic to presume that cost

tal Committee, i.e., the Standing Advisory Committee on Frequency Allocation (SACFA); delay in construction of buildings; delays in supply of power at the repeater stations; and such other factors. The Committee are of the view that reasons for these delays are not completely beyond control and in fact are only a pointer to the poor and unimaginative planning in execution of the projects. Delays in project implementation have grave financial and economic implications. While the Committee regret the delays in completing the projects, they urge upon the Government to ensure that there is no further Slippage in completion of these projects. They also urge that monitoring mechanism in the Department should be tightened so as to ensure constant scrutiny of the progress of the projects/routes and take remedial measures whenever delay is anticipated so as to ensure timely completion of such projects.

[Sl. No. 4 (Para 2.8) of 129th Report of PAC (8th Lok Sabha)]

Action Taken

Monitoring of the progress of work in each project is a continuous process and is being done at various levels, such as Directors and General Managers almost on a day-to-day basis. Frequent co-ordination meetings with various agencies entrusted with the various works and also the prospective users are being held which further serve to review the speed of progress and identify sources of delay and remedial action. However, the recommendations of the PAC have been noted and the instructions are being issued to the headquarters and field units suitably to further strive to complete the projects on schedule.

This has been vetted by Director of Audit, P & T, Delhi vide U.O. No. RR. Projects/2(d) 2771/232 Dated 6.10.88.

[Ministry of Communications (Deptt. of Telecommunications) File No. 74-1/87-TPL(L)]

Recommendation

The Committee are of the opinion that even the delay in clearance of selected land for centre stations by the Inter-Departmental Committee could have been avoided or at least minimised if the selection of the site was done by the Telecommunications Department in consultation with the Department of Civil Aviation or Defence Department from whom they might need clearance in the Committee. The Committee would urge the Government to consider the matter in depth in consultation with the concerned Ministries and Departments and to evolve a suitable mechanism so that technical suitability of land to be acquired is adjudged in advance and delay in acquisition of lands are avoided. The Committee would like to be apprised of further developments in this regard.

[Sl. No. 6 (Para 2.10) of 129th Report of PAC (8th Lok Sabha)]

Action Taken

The Selection of the site is generally done on the basis of critical parameters like line-of-sight availability, nature of terrain, availability of powers, interference from other Microwave systems etc. It will therefore not be possible to select the sites after consultations with other agencies of SACFA.

However, the procedure for speeding-up the clearance by other departments will be discussed with those Ministries and suitable mechanism will be arrived at to avoid delays in clearance.

Interdepartmental meeting are held to expedite SACFA clearance.

This has been vetted by Director of Audit, P & T, Delhi vide U.O. No. RR. Projects/2(d)2771/232 dt. 6.10.88.

[Ministry of Communications (Deptt. of Telecommunications) File No. 74-1/87-TPL(L)]

Recommendation

The Committee find that the shortfall in revenue on the three projects as compared to the anticipations aggregated Rs. 87.05 crores upto 1985. Actual percentages of return on the three projects were zero, 17 and 9 against the anticipated percentage of 61.94, 33.63 and 16.54. The serious shortfall in the revenue and profits are mainly due to shortfalls in the traffic actually carried as compared to the traffic anticipated. This is indicative of the fact the projections of traffic and revenue in respect of all the three schemes were far from realistic. In view of the wide variations between the expected and actual results, the Committee are constrained to conclude that the three projects have been got approved on the basis of over optimistic projections.

[Sl. No. 8 (Para 3.5) of 129th Report of PAC (8th Lok Sabha)]

Action Taken

The installation of automatic traffic measuring equipment in the Trunk Automatic Exchanges is expected to get over the problem of traffic forecasting and better projection of revenue earning capacity of Project Estimates.

This has been vetted by Director of Audit, P & T Delhi vide U.O. No. RR. Project/2(d) 2771/232 dated 6.10.88 with the remarks that the Department may intimate the PAC/Audit as to when the automatic traffic measuring equipments are likely to be installed at the TAX's also intimate the new norms for projections of traffic revenue when evolved.

Route-wise traffic data is now available from SPC and digital TAX's which are in operation. PC. TAX's are being phased out. For realistic forecast we need some more equipment to find out the traffic dispersal

from the TAX's, negotiations are going on with the suppliers to get this equipment. Once available realistic forecasting will become feasible.

[Ministry of Communications (Deptt. of Telecommunications) File No. 74-1/87-TPL(L)]

Recommendation

The traffic and revenue projections in respect of all the three schemes have been widely off the mark. According to the Department, they had serious problems in traffic forecasting. The revenue has also been assessed on an ad-hoc basis as is evident from the fact that 50% credit of the traffic has been given to the microwave project without any rationale. The Committee hope that installation of automatic traffic measuring equipment in Trunk Automatic Exchanges and analysis of traffic therefrom will facilitate rational assessment of traffic. They also hope that the study undertaken by the Department to devise suitable means for traffic forecasting will result in more efficient traffic forecasting. It is imperative that suitable means are devised for correct traffic and revenue forecasting to assess the profit-ability of projects. Faulty forecasting may mean that profitable and socially and economically more desirable projects may be left out in favour of those which are less profitable and otherwise less desirable to implement. The Committee feel strongly that even though a long time has elapsed since intercity telecommunication network execution has started, the Department has not yet been able to devise suitable yardstick for determining the cost and revenue for such projects and consequently of the inter se priorities of different projects.

[Sl. No. 9 (Para 3.6) of 129th Report of PAC (8th Lok Sabha)]

Action Taken

The installation of automatic traffic measuring equipment is being ordered and the results obtained therefrom will be analysed and norms evolved for rational forecasting of traffic and calculation of revenue from Projects.

This has been vetted by Director of Audit, P & T Delhi *vide* U.O. No. RR. Projects/2(d) 2771/232 dated 6.10.88 with the remarks that the Department may intimate the PAC/Audit as to when the automatic traffic measuring equipment are likely to be installed at the TAX's & also intimate the new norms for projections of traffic/revenue when evolved.

Route-wise traffic data is now available from SPC and digital TAX's which are in operation. PC. TAX's are being phased out. For realistic forecast are need some more equipment to find out the traffic dispersal from the TAX's. Negotiations are going on with the suppliers to get this equipment. Once available realistic forecasting will become feasible.

[Ministry of Communications (Deptt. of Telecommunication) File No. 74—1/87—TPL (L)]

CHAPTER IV

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

—NIL—

CHAPTER V
RECOMMENDATIONS AND OBSERVATIONS IN RESPECT OF
WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

—NIL—

NEW DELHI;
23 August, 1990

1 Bhadra, 1912 (Saka)

SONTOSH MOHAN DEV,
Chairman,
Public Accounts Committee.

PART II

Minutes of the sitting of the Public Accounts Committee held on 23rd August, 1990 in Committee Room No. 50, Parliament House.

The Committee sat from 15.00 hrs. to 17.30 hrs.

PRESENT

Shri Sontosh Mohan Dev—*Chairman*

MEMBERS

2. Shri Ramesh Bais
3. Shri Nirmal Kanti Chatterjee
4. Shri Manjay Lal
5. Shri M.S. Pal
6. Shri Shantilal Purushottam Das Patel
7. Shri H. Hanumanthappa
8. Shri Kamal Morarka
9. Shri Vishvjit P. Singh
10. Shri Rameshwar Thakur

SECRETARIAT

1. Shri G.L. Batra—*Joint Secretary*
2. Shri G.S. Bhasin—*Deputy Secretary*

REPRESENTATIVES OF AUDIT

1. Shri R. Parameswar, Dy. C&AG.
2. Shri S.B. Krishnan, Principal Director (Reports)
3. Shri K. Jayaraman, Dy. Director (Railways)
4. Shri V.A. Mahajan, Director General of Audit (P&T)
5. Mrs. Ajanta Dayalan, Director of Audit (P&T)
6. Shri Dharam Vir, Pr. Director of Audit ICR, New Delhi.
7. Shri A.K. Menon Director General of Audit (Defence Services)
8. Shri R.P. Singh, Director of Audit (Defence Services)

2. The Committee considered the following draft Reports and adopted the same subject to certain modifications and amendments as indicated in Annexures I-III.

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(ii) Draft Report on action taken on 129th Report of PAC (8th LS) re.
(i) Kharagpur-Madras Wideband Microwave Scheme; (ii) Calcutta-North Bengal—Assam wideband microwave scheme

3. The Committee authorised the Chairman to finalise these draft

Reports in the light of verbal changes and minor modifications/amendments arising out of factual verification by the Audit and present the Reports to the House.

The Committee then adjourned.

APPENDIX I

- (i) Recommendations/Observations that have been accepted by Government;

Sl. Nos. 1-3, 5 and 7.

- (ii) Recommendations/Observations which the Committee do not desire to pursue in the light of the replies received from the Government;

Sl. Nos. 4,6,8 and 9.

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

—NIL—

- (iv) Recommendations/Observations in respect of which Government have furnished interim replies.

—NIL—

APPENDIX II

Statement of Observations/Recommendations

Sl. No.	Para Nos.	Ministry/Deptt. concerned	Observations/Recommendations
1	4-6	Department of Telecom.	<p>The Committee appreciate that the Department proposes to study this recommendation (referred to in preceding paras 4 & 5) of the Committee before arriving at a decision. As the matter is of vital importance not only for completion of on-going project but also providing adequate resources for future projects and programme, it is essential that the Department should have correct estimation of the cost of projects in hand as well as future projects so that the process of execution of projects is completed in accordance with the plans formulated by the Department and their full benefits derived. This will also enable the Department to avoid considerable losses and wastages which generally take place due to locking up of funds in incomplete projects. The committee, therefore desire that the results of the study promised to be carried out by the Department are intimated at the earliest.</p>