

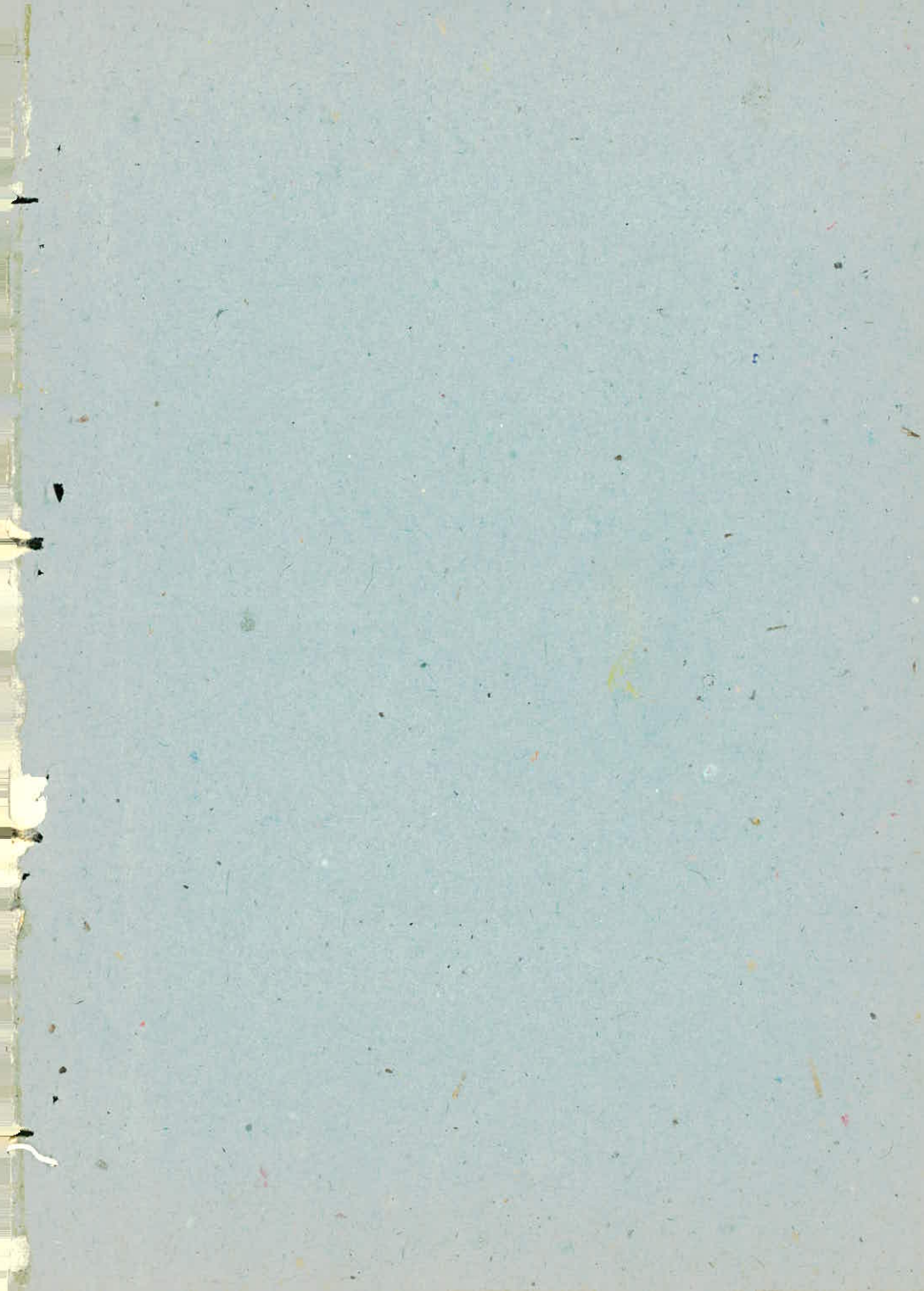


**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

FOR

THE YEAR 1976-77

UNION GOVERNMENT (POSTS AND TELEGRAPHS)





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THE YEAR 1952

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PREFATORY REMARKS

This Report has been prepared for submission to the President under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts of the Posts and Telegraphs Department for 1976-77 together with other points arising from audit of the financial transactions of the Posts and Telegraphs Department.

The cases mentioned in the Report are among those which came to notice in the course of test audit during the year 1976-77 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports ; matters relating to the period subsequent to 1976-77 have also been included wherever considered necessary.

The points brought out in this Report are not intended to convey or to be understood as conveying any general reflection on the financial administration by the Department/authorities concerned.

1874-1875
The first year of the school was a very successful one. The number of pupils increased from 15 to 25. The school was held in the old school house, which was built in 1820. The school was closed for a few days in the winter of 1874-75, on account of the heavy snow.

The second year of the school was also a very successful one. The number of pupils increased from 25 to 35. The school was held in the old school house, which was built in 1820. The school was closed for a few days in the winter of 1875-76, on account of the heavy snow.

The third year of the school was also a very successful one. The number of pupils increased from 35 to 45. The school was held in the old school house, which was built in 1820. The school was closed for a few days in the winter of 1876-77, on account of the heavy snow.

CHAPTER I GENERAL

1. *Revenue position.*—The total revenue receipts of the Posts and Telegraphs Department as budgeted for and realised during the five years ending with 1976-77 are given below:

Year	Budget estimates	Actuals	Variation	Percentage of variation]
	(Crores of rupees)			
1972-73	310.00	320.96	+10.96	+3.5
1973-74	362.00	360.79	-1.21	-0.3
1974-75	429.81	401.58	-28.23	-6.6
1975-76	467.80	483.61	+15.81	+3.4
1976-77	648.31	619.27	-29.04	-4.5

The revenue receipts during 1976-77 were Rs. 29.04 crores less than the estimates. The shortfall was mainly due to less receipts under the heads "Telephone revenue on account of rentals and local and trunk call fees, etc." and "Other receipts", partly offset by more collections under "Sale of ordinary stamps (including post cards)", "Sale of service stamps" and "Postage realised in cash". The budget estimates and the actual receipts under the main heads of revenue during 1976-77 are given below:

Main heads of revenue	1976-77		
	Budget estimates	Actuals	Variation
	(Crores of rupees)		
(i) Sale of ordinary stamps (including post cards)	111.00	113.18	+2.18
(ii) Sale of service stamps	16.00	22.48	+6.48
(iii) Postage realised in cash	18.90	25.91	+7.01
(iv) Commission on money orders and postal orders	25.50	24.26	-1.24
(v) Telegrams	43.52	43.26	-0.26
(vi) Telex	28.85	29.97	+1.12
(vii) Rent of wires, circuits and instruments leased to railways, canals, etc.	12.00	12.41	+0.41
(viii) Telephone revenue on account of rentals and local and trunk call fees, etc.	376.54	350.35	-26.19
(ix) Other receipts (Net)	16.00	-2.55	-18.55
TOTAL	648.31	619.27	-29.04

2. The growth of revenue during five years ended with 1976-77 is indicated below:

Main heads of revenue	1972-73	1973-74	1974-75	1975-76	1976-77	Increase in 1976-77 as compared to 1972-73	
						Amount	Percentage
1	2	3	4	5	6	7	8
(Crores of rupees)							
(i) Sale of ordinary stamps	66.73	71.72	79.29	95.72	113.18	46.45	69.6
(ii) Sale of service stamps	13.74	15.06	12.81	18.05	22.48	8.74	63.6
(iii) Postage realised in cash	15.29	15.01	15.49	19.54	25.91	10.62	69.5
(iv) Receipts on account of money orders and postal orders including forfeited money orders	16.43	26.28	27.93	20.89	(A) 25.39	8.96	54.5
(v) Telegrams	23.95	24.55	26.11	32.71	43.26	19.31	80.6
(vi) Telex	8.41	11.95	9.04	16.47	29.97	21.56	256.4
(vii) Rent of wires, circuits and instruments leased to railways, canals, etc.	7.96	4.24	9.58	10.44	12.41	4.45	55.9

	1	2	3	4	5	6	7	8
(viii) Telephone revenue on account of rental and trunk call fees, etc.		159.31	184.73	207.51	254.24	350.35	191.04	119.9
(ix) Other receipts (Net) excluding forfeited money orders		9.14	7.25	13.82	15.55	(B) —3.68	—12.82	—140.3
TOTAL		320.96	360.79	401.58	483.61	619.27	298.31	92.9

(A) Differs from figure shown in Paragraph 1 due to exhibition of receipt on account of forfeited money orders under this head instead of under 'other receipts'.

(B) Differs from figures shown in Paragraph 1 due to (A).

3. The growth of revenue in the two branches of the department compared with the increase in expenditure (inclusive of dividend and depreciation on historical cost and supplementary depreciation towards inflationary element) during the five years ended with 1976-77 is indicated below :

Year	Revenue	Expenditure	Percentage of expenditure to revenue
1	2	3	4
(Crores of rupees)			
Postal Services			
1972-73	118.25	129.64	109.6
1973-74	134.25	149.75	111.5
1974-75	142.07	177.86	125.2
1975-76	167.85	215.59	128.4
1976-77	193.96	226.00	116.5

1	2	3	4
Telecommunication Services*			
1972-73	202.71	154.20	76.1
1973-74	226.54	182.95	80.8
1974-75	259.51	221.39	85.3
1975-76	315.76	272.43	86.3
1976-77	425.31	293.64	69.0
Total (Department as a whole)			
1972-73	320.96	283.84	88.4
1973-74	360.79	332.70	92.2
1974-75	401.58	399.25	99.4
1975-76	483.61	488.02	100.9
1976-77	619.27	519.64	83.9

*Upto March 1974, accounts of revenue and expenditure were maintained separately for Telegraph, Telephone and Radio Branches of the Telecommunication Services. From April 1974 these accounts are maintained for the Telecommunication Services as a whole. The figures of revenue and expenditure for these three branches as appearing in the Reports for the years 1972-73 to 1973-74 have been shown under Telecommunication Services in this Report.

CHAPTER II

GENERAL RESULTS OF APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

4. *General.*—The following table compares the expenditure during 1976-77 with the total of voted grants and charged appropriation :—

	Total grant/ appropriation	Actual expenditure	Saving	Percentage of column 3 to column 1
	1	2	3	4
	(Lakhs of rupees)			
<i>Charged :</i>				
<i>Original</i>	0.17	0.32	0.32
<i>Supplementary</i>	0.15			
<i>Voted :</i>				
<i>Original</i>	9,20,19	9,41,15	9,29,09	12,06
<i>Supplementary</i>	20,96			

The saving of Rs. 12,06 lakhs in the voted section was the net result of :—

- (i) a saving of Rs. 14,75 lakhs in Grant No. 17—Posts and Telegraphs—Working Expenses ;
- (ii) a saving of Rs. 13,51 lakhs in Grant No. 18—Posts and Telegraphs—Dividend to General Revenues, Appropriations to Reserve Funds and Repayment of Loans from General Revenues; and
- (iii) an excess of Rs. 16,20 lakhs over Grant No. 19—Capital Outlay on Posts and Telegraphs.

5. *Excess requiring regularisation.*—The excess over the following grant requires regularisation under Article 115 of the Constitution :—

	Grant	Expenditure	Excess
	Rs.	Rs.	Rs.
19—Capital Outlay on Posts and Telegraphs	2,33,04,00,000	2,49,24,25,885	16,20,25,885

The excess occurred despite a supplementary grant of Rs. 20,96,00,000 obtained in March 1977. The excess of Rs. 16,20 lakhs was mainly due to more expenditure under :—

- (i) Administrative Offices (provision Rs. 42 lakhs; expenditure Rs. 81 lakhs) ;
- (ii) Staff Quarters (provision Rs. 198 lakhs ; expenditure Rs. 233 lakhs) ;
- (iii) Telegraph Systems (provision Rs. 540 lakhs ; expenditure Rs. 734 lakhs) ;
- (iv) Local Telephone Systems (provision Rs. 11349 lakhs ; expenditure Rs. 11702 lakhs) ;
- (v) Long Distance Switching Systems (provision Rs. 857 lakhs ; expenditure Rs. 1186 lakhs) ;
- (vi) Other Land and Buildings (provision Rs. 129 lakhs; expenditure Rs. 173 lakhs) ;
- (vii) General (provision Rs. 1851 lakhs ; expenditure Rs. 4114 lakhs).

The above excesses were partly offset by savings as under :—

- (i) Post Offices (provision Rs. 334 lakhs ; expenditure Rs. 313 lakhs) ;
- (ii) Transmission Systems (provision Rs. 7455 lakhs ; expenditure Rs. 5898 lakhs) ;
- (iii) Ancillary Systems (provision Rs. 530 lakhs ; expenditure Rs. 458 lakhs).

Reasons for savings in the other two grants have been mentioned in the Appropriation Accounts.

CHAPTER III

REVENUE

6. *Arrears of telephone revenue.*—(i) For bills issued upto 31st March 1977 collection of Rs. 8.71 crores as telephone revenue was in arrears on 1st July 1977 as indicated below :

	(Crores of rupees)
Government subscribers	2.30
Other subscribers	6.41

Out of the total outstanding of Rs. 8.71 crores, Rs. 3.89 crores related to bills issued during 1976-77 and the balance of Rs. 4.82 crores to bills issued upto 1975-76. The yearwise analysis of the arrears is given in Appendix I.

(ii) The percentage of the outstanding on 1st July 1977 to the total amount collected during the year ending with preceding March and the corresponding percentages in the three preceding years are given below:

Year	Amount collected	Amount outstanding on 1st July following (including outstandings for the bills issued in the preceding years)	Percentage of the amount outstanding to the amount collected during the year
1	2	3	4
	(Lakhs of rupees)		
1973-74	1,85,41	7,28	3.9
1974-75	2,25,83	10,35	4.6
1975-76	2,48,00	7,71	3.1
1976-77	3,70,97	8,71	2.3

(iii) The percentage of the outstanding to the amount billed (as on 1st July 1977) in respect of the bills issued during 1976-77 and the corresponding percentages in the three preceding years are given below:

Year	Amount billed	Amount outstanding on 1st July following out of the amount shown in column 2	Percentage of column 3 to 2
1	2	3	4
	(Lakhs of rupees)		
1973-74	1,85,66	3,47	1.9
1974-75	2,32,85	5,87	2.5
1975-76	2,58,66	3,34	1.3
1976-77	3,70,02	3,89	1.1

(iv) A test-check of telephone revenue accounts conducted during 1976-77 has shown several instances of short billing as well as failure to issue bills. Of 6319 cases (Rs. 42.55 lakhs) of short billing brought to the department's notice, the department had not realised (June 1977) the amounts short billed in 2473 cases (Rs. 14.34 lakhs). The department had also not issued (June 1977) bills in 1678 cases (Rs. 18.38 lakhs) out of 2800 cases (Rs. 26.08 lakhs) of failure to issue bills brought to the notice of the department. The figures given in this subparagraph are under reconciliation by the department (February 1978).

(v) Recovery of Rs. 23.16 lakhs was under litigation on 1st July 1977.

(vi) During 1976-77 the telephone revenue written off was Rs. 22.50 lakhs as indicated below:

Reasons	(Lakhs of rupees)
1. Whereabouts of the subscribers not known	10.47
2. Solvency of the subscribers not established	2.36
3. Closure of the subscribers' firms, concerns, etc.	2.32
4. Death of subscribers	1.62
5. Relevant departmental files not available	0.25
6. Other reasons	5.48
	<hr/> 22.50

The yearwise analysis of this amount is given in Appendix I.

The figures given in sub-paragraphs (i), (ii), (iii), (v) and (vi) above are those furnished by the department (February 1978).

The department stated (February 1978) that as exact figures for Delhi Telephone District were not available, the figure of Rs. 221.00 lakhs as worked out had been adopted for that district.

7. *Arrears of rent of telegraph, telephone and teleprinter circuits and telex/intelex charges.*—For bills issued upto 31st March 1977, collection of Rs. 243.00 lakhs as rent of telegraph, telephone and teleprinter circuits and telex/intelex charges was in arrears on 1st July 1977 as indicated below :—

	(Lakhs of rupees)
Rent of telegraph, telephone and teleprinter circuits	174.55
Telex and intelex charges	68.45
TOTAL	243.00

Out of the total outstanding of Rs. 243.00 lakhs, Rs. 131.55 lakhs related to bills issued during 1976-77 and the balance Rs. 111.45 lakhs to bills upto 1975-76. Yearwise analysis is given in Appendix II.

8. *Recovery of rental for circuits leased to Railways.*—According to departmental rules, circuits provided to Railways to facilitate operation of Railway traffic are treated as “operational circuits” while circuits provided to cater to the administrative needs of the Railways are treated as “administrative circuits”. Rental for both the types of circuits is fixed on basis of length of the circuit but determined differently for the two types. In respect of the former, it is based on actual route length between the two places and in respect of the latter, it is based on radial distance between the two places plus 25 per cent thereof. The rates of rental per kilometre for the two types of circuits are also different.

In May 1968, the Director General, Posts and Telegraphs (DGPT), allotted 19 telegraph circuits to the Railways which were categorised as 'administrative circuits'. The DGPT also fixed provisional rental and guarantee periods in respect of 11 out of the 19 circuits and entrusted the responsibility of recovery of rentals to the respective Accounts Officers, Telephone Revenue. In respect of the remaining 8 circuits, the respective Heads of Circles were asked to furnish data regarding the rental, guarantee period and the chargeable distance. The number of circuits that fell under the jurisdiction of different authorities is given below :

Name of the authority	Number of circuits
Postmaster General, Maharashtra Circle, Bombay	4
General Manager, Madras Telephones	1
General Manager, Delhi Telephones	5
General Manager, Calcutta Telephones	4
Postmaster General, Uttar Pradesh Circle, Lucknow	3
Postmaster General, Madhya Pradesh Circle, Bhopal	1
Postmaster General, Bihar Circle, Patna	1
TOTAL	<u>19</u>

In June 1969, the DGPT informed the various Heads of Circles that all the above mentioned circuits were declared as "operational circuits" and accordingly asked them to revise the rentals due from the Railways.

A review by Audit of the recovery of rentals in respect of Maharashtra, Uttar Pradesh, Madhya Pradesh and Bihar Circles and Madras, Delhi and Calcutta Telephone Districts revealed the following :—

Maharashtra Circle.—The Accounts Officer, Telephone Revenue of the office of the Divisional Engineer, Telephones, Nagpur (redesignated as District Manager, Telephones, Nagpur

from February 1972) was responsible for the recovery of rentals from the Railways for the following four circuits :—

Particulars of circuit	Month in which circuit was provided	Provisional rental per annum fixed in May 1968 Rs.
Nagpur—Bhopal	July 1968	8,775
Nagpur—Katni	August 1968	9,672
Nagpur—Ballarshah	February 1969	2,204
Nagpur—Itarsi	October 1968	Not fixed

In reespect of the first three circuits, the Divisional Engineer, Telephones, Nagpur continued to recover the rentals at the provisional rates fixed in May 1968 and did not revise them on the basis of their reclassification by the DGPT in June 1969. Further, it was noticed that the provisional rentals fixed by the DGPT were based on the rates prescribed for iron wire alignment while the circuits had in fact been provided by means of copper wire, for which a higher rate of rental was prescribed in the departmental rules. The short recovery of rental in the three circuits due to non-revision of rates from June 1969 and non-realisation of higher rental for copper wires worked out to Rs. 1.74 lakhs. On this being pointed out by Audit in June 1977, the department issued a bill for Rs. 1.74 lakhs (August 1977) to the Railways. The payment was awaited (January 1978). The department intimated (January 1978) that Railways had disputed the rates at which the bills had been issued and that the matter was under its consideration.

The fourth circuit, *i.e.*, between Nagpur and Itarsi, was handed over to the Railways in October 1968. According to the departmental rules, advice notes for opening or closing of any installation are to be issued by the engineering authority to the billing authority immediately after the provision of the installation. However, the advice note meant for the billing authority in this case was actually issued in August 1969. Apart

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from the delay in issue of the advice note, it was sent to the Telephone Revenue Accounts Branch of the Telegraphs Division instead of to the corresponding branch of the Telephones Division, Nagpur. The bills for rental were not issued by the former as it was not the billing authority, and by the latter as it had not received a copy of the advice note. Thus, the rental due for this circuit from November 1968 to October 1977 was yet to be recovered (January 1978). The department intimated (January 1978) that the rental for this circuit had been fixed in October 1977 and that two bills totalling Rs. 0.68 lakh for the period from October 1968 to March 1978 had been issued to the Railways for payment.

Uttar Pradesh Circle.—The Accounts Officer, Telephone Revenue, Lucknow was responsible for the recovery of rentals from the Railways for the following three circuits :—

Particulars of the circuit	Date of provision	Provisional rental per annum fixed in June 1968
		Rs.
Agra—Mathura	29th June 1968	661
Agra (Cantonment)—Agra East Bank	25th June 1968	273
Allahabad—Cheoki	—	Not fixed

In respect of the first two circuits the Accounts Officer, Telephone Revenue, Agra fixed the rentals in June 1968 as for 'administrative circuits' and continued to recover the rental at those rates. No revision in rentals was made on the basis of their reclassification by the DGPT in June 1969. The short recovery of rental in respect of these two circuits for the period from June 1968 to May 1978 worked out to Rs. 0.23 lakh. The department intimated (January 1978) that the question of the rate at which rental for the circuit, Agra-Mathura, (which had been provided by utilising one of the coaxial channels) should be charged, was under examination and that the position would be examined further to see if there had been any short realisation of rental in respect of this circuit. As regards the second circuit, Agra (Cantonment)-Agra East Bank, the

department stated that three bills were being issued to the Railways instead of one bill and that it seemed to be a case of excess recovery from the Railways instead of short recovery.

In respect of the third circuit between Allahabad and Cheoki, the department intimated (January 1978) that the case seemed to involve excess recovery and not short recovery from the Railways because even though the circuit was reportedly not working for the last several years, bills were being continuously sent for a length of 36 kilometres of iron wire. The details about the rates at which the rental was to be recovered and the recoveries actually made, were, however, not furnished by the department.

Madhya Pradesh Circle.—The Accounts Officer, Telephone Revenue, Bhopal, was responsible for recovery of rental from the Railways in respect of one circuit between Bhopal and Bina. The provisional rental for this circuit was not fixed by the DGPT in May 1968 and the rental was to be fixed by the Head of the Circle. No rental was, however, fixed and the Head of the Circle asked (October 1977) the Divisional Engineer, Telegraphs, Bhopal, to recover rental for this circuit. The department intimated (January 1978) that the rental bill from January 1969 to January 1978 for Rs. 0.17 lakh issued on 6th December 1977 had been accepted by the Railways and that the payment thereof was awaited.

Bihar Circle.—The Accounts Officer, Telephone Revenue, Patna, was responsible for the recovery of rental for the circuit, Dhanbad-Gomoh, provided to the Railways in October 1968. No rental was fixed for this circuit also by the DGPT in May 1968. The rental was to be intimated to the Railways by the DGPT after obtaining the relevant data from the Postmaster General, Bihar Circle, Patna. The department intimated (January 1978) that the General Manager, Telecommunications, Patna had been addressed to intimate whether rent for this circuit had been recovered from the Railways.

Delhi Telephone District.—The Accounts Officer, Telephone Revenue, Delhi Telephone District, was responsible for the recovery of rentals from the Railways for the following five circuits :—

Particulars of the circuit	Provisional rental per annum fixed in May 1968
	Rs.
New Delhi—Bombay	17,531
New Delhi—Mughal Sarai	20,943
New Delhi—Nagpur	25,623
New Delhi—Agra	5,577
New Delhi—Howrah	19,286

In respect of the first four circuits, the General Manager, Delhi Telephone District, continued to recover the rentals at the provisional rates fixed in May 1968 and did not revise them on the basis of their reclassification by the DGPT in June 1969. In respect of the fifth circuit between New Delhi and Howrah, the General Manager revised the rental in April 1974 with effect from April 1970, the date from which this circuit started working for 24 hours instead of 8 hours as originally provided. However, no action was taken to revise the rental on the basis of reclassification of the circuits in June 1969.

The difference in rental, to be recovered from Railways for the five circuits could not be worked out in audit as the relevant records made available to Audit and the rent ledgers maintained by the department did not contain the following information :—

- (i) actual route mileage between the respective stations;
- (ii) the type of wire used for providing the circuits, viz., copper wire or iron wire; and
- (iii) particulars of the estimates of works executed.

The department intimated (January 1978) that necessary data for the circuits were being collected and that as soon as the actual distance and other details were known, rental would be revised and bills issued to the Railways for payment.

Madras Telephone District.—The Accounts Officer, Telephone Revenue, Madras, was responsible for recovery of rental from the Railways in respect of one circuit provided between Madras and Gudur. The circuit was handed over to the Railways in August 1968 and was closed in December 1974. The provisional rental for the circuit fixed in May 1968 was not revised in accordance with the instructions (June 1969) of the DGPT. In response to a query from Audit, the General Manager, Telephones, Madras, stated (September 1977) “some data about the circuit, *i.e.*, distance of the circuit, local lead details, etc. are being gathered from Andhra Circle units. As soon as these are obtained, this office will take further action”.

From the records so far made available, the short recovery in this case worked out to Rs. 0.14 lakh from August 1968 to December 1974.

Calcutta Telephone District.—The Accounts Officer, Telephone Revenue, Calcutta, was responsible for the recovery of rentals from the Railways for the following four circuits :—

Particulars of the circuit	Month in which circuit was provided	Provisional rental per annum fixed in May 1968.
		Rs.
Garden Reach—Waltair	September 1968	11,213
Calcutta—Dhanbad	July 1968	7,332
Howrah—Andal	October 1968	Rental was not fixed by the DGPT in May 1968. It was to be intimated to the Railways by the DGPT after obtaining relevant data from the General Manager, Calcutta Telephone District.
Chitpur—Howrah	July 1968	

According to the department (January 1978), rentals for the two circuits—Calcutta-Dhanbad and Howrah-Andal—had been recovered upto March 1978. Information about the recovery of rental in the case of the other two circuits—Garden Reach-Waltair and Chitpur-Howrah—was being collected by the department (January 1978). Information about the recovery of rental in all these four cases as for 'operational circuits' was awaited from the department (January 1978).

9. *Non-revision of rental on expiry of the period of guarantee.*—According to departmental rules, when a demand for any service is provided on guarantee basis, annual rental based on capital cost of the work including overheads plus 15 per cent thereof is charged for the period of guarantee. After the initial period of guarantee is over, the rental is to be revised and levied on standard flat rates where such standard rates have been fixed by the Department. In cases where no such flat rates have been prescribed, the rental is to be calculated in accordance with the procedure prescribed for the purpose.

During a test-check of the records of Bombay (January 1975) and Ernakulam (July 1976) Telephone Districts, it was observed that revision of rental had not been undertaken by the Posts and Telegraphs Department in eight cases (relating to the period April 1960 onwards) after the expiry of guarantee period resulting in short collection of rental to the extent of Rs. 4.11 lakhs. (Rs. 3.66 lakhs in seven cases of Bombay Telephone District and Rs. 0.45 lakh in one case of Ernakulam Telephone District).

The short recovery of Rs. 3.66 lakhs was pointed out to the General Manager, Bombay Telephone District, in January 1975. The department stated (December 1977) that out of this amount, a sum of Rs. 1.10 lakhs had been recovered leaving a balance of Rs. 2.56 lakhs. As regards the short recovery of Rs. 0.45 lakh in the Ernakulam Telephone District, the department stated (December 1977) that a bill for the amount was issued on 22nd June 1977 and that its payment was awaited. The department further added that instructions had been issued

to the Heads of Circles/Districts in November 1977 to review all such cases and to rectify short charges, if any.

10. *Non-recovery of compensation.*—The departmental rules provide that when works requisitioned by the departments of the Central and State Governments or other public bodies and private parties are cancelled after the stores have been issued, the department or the party concerned is liable to pay the prescribed charges comprising departmental overheads and the claim therefor is required to be preferred not later than three months from the date of cancellation of the demand. Further, interest is also recoverable on the unadjusted outlay on such works.

The Army authorities placed a firm demand on the Posts and Telegraphs Department in November 1966 for laying an underground cable at station 'B'. The detailed estimate (Rs. 3.68 lakhs) for the work was sanctioned by the Director General, Posts and Telegraphs, in March 1968 and a demand note for Rs. 0.89 lakh representing the first yearly rental was issued by the Posts and Telegraphs Department to the Army authorities in August 1968. The work of laying the cable was started in September 1968.

When the Posts and Telegraphs Department had laid 15.638 kilometres of cable at a cost of Rs. 3.53 lakhs, the Army authorities cancelled their demand in May 1969 'due to change of certain circumstances'. The department then started the work of digging out the cable in September 1969 and completed it in August 1970 at an expenditure of Rs. 0.38 lakh.

Audit had pointed out in July 1975 that bill for compensation including interest had not been preferred till then, though required to be issued under rules within three months of cancellation of demand in May 1969; the department issued the bill for Rs. 2.09 lakhs only on 28th October 1977.

11. *Recovery of departmental dues.*—(1) The departmental rules provide that rentals for any installation provided by the department should be recovered in advance on an annual basis.

A test-check of the accounts of Bombay Telephone District conducted by Audit during November 1974 to April 1975 revealed that in 102 cases of switch boards installed by the department upto 1974 at the premises of various subscribers for Private Branch Exchange/Private Automatic Branch Exchange facilities, no rentals had been recovered for different periods falling between February 1970 and May 1976. The total amount not recovered in these cases came to Rs. 9.08 lakhs (approximately). After the omissions were pointed out by Audit, rental bills were issued in 60 cases involving Rs. 5.75 lakhs after further delays ranging from 2 months to 2 years. The department, however, stated (December 1977) that all bills, except in two cases involving Rs. 0.08 lakh, had been settled.

In respect of the remaining 42 cases involving Rs. 3.33 lakhs (approximately), no bills had been issued (August 1977). The department, however, stated (December 1977) that bills had since been issued in 23 cases (Rs. 2.49 lakhs) and the remaining 19 cases (Rs. 0.84 lakh) were under verification and reconciliation.

The delay in the issue of bills was termed (May 1976) by the department as "purely accidental" and the omission to issue bills was attributed (May 1976) by the department to faulty updating of the records and non-receipt of work orders for installation of switch boards by the billing branch. The department attributed (December 1977) the delay in the issue of bills in 60 cases involving Rs. 5.75 lakhs to omissions and irregularities in feeding the data into the computer in the initial stages of computerisation of billing and accounting in 1971 and stated that these irregularities had been set right in stages either through internal review or on these being pointed out by Audit.

(2) In March 1967, the Army authorities placed a firm demand on the Posts and Telegraphs Department for laying an underground cable, 24 kilometres long between stations 'A' and 'B'. A provisional rental of Rs. 0.43 lakh per annum with a guarantee period of eight years was intimated by the Department

to the Army authorities in April 1967 and was accepted by the latter in the same month. Estimate (Rs. 5.01 lakhs) for carrying out the work was sanctioned by the Director General, Posts and Telegraphs, in October 1967 and the work was completed in April 1970. The cable was handed over to the Army authorities in May 1970 but final rental at Rs. 1.04 lakhs per annum with a guarantee period of ten years was intimated by the Department to the Army authorities only in February 1971. The revised rent and guarantee were accepted by the Army authorities in September 1975. In the meantime, rent at the provisional rate intimated in April 1967 (Rs. 0.43 lakh per annum) was being recovered from May 1970. A bill for the difference in rental for the period from May 1970 to March 1976 for Rs. 3.58 lakhs was preferred by the department to the Army authorities in January 1976. Against this, they paid Rs. 1.84 lakhs in March 1976 and Rs. 0.12 lakh in October 1976. The balance (Rs. 1.62 lakhs) was yet to be recovered (January 1978).

The department stated (January 1978) that the Army authorities had intimated that the payment of Rs. 1.62 lakhs would be made immediately after receipt of sanction of Government.

(3) In July 1972, the Army authorities placed a firm demand on the Posts and Telegraphs Department for providing a 300 lines central battery multiple exchange at station 'C'. The exchange was provided to the Army authorities in December 1972 at an annual rental of Rs. 0.17 lakh. The exchange worked for about four years and was closed down in October 1976 at the instance of the Army authorities.

In June 1977, it was noticed in audit that the rate of rental of Rs. 0.17 lakh per annum had been calculated wrongly, based on 19 *per cent* of capital cost instead of at 29 *per cent* as required under the rules. On the mistake being pointed out by Audit in June 1977, a bill for Rs. 0.53 lakh, being the difference in rental realised and the rental actually due, was issued by the department in August 1977. The payment was awaited (December 1977).

CHAPTER IV

WORKS EXPENDITURE

12. *Erection of an additional pair of lines between Barauni-Khagaria and between Khagaria-Katihar.*—To cope with the anticipated increase in traffic, the Director General, Posts and Telegraphs (DGPT), sanctioned (January 1965) two estimates for erecting an additional pair of lines of copper-weld wire on the existing alignments between Barauni and Khagaria (56 kilometres) and between Khagaria and Katihar (123 kilometres) at a cost of Rs. 0.98 lakh and Rs. 1.72 lakhs respectively. The projects were expected to yield net annual revenue of Rs. 0.06 lakh and Rs. 0.22 lakh respectively. The detailed estimates for the two works were sanctioned by the Postmaster General, Bihar Circle, in September 1965. The works were expected to be completed in about 1½ months and 2½ months respectively.

In September 1965, the DGPT made allotment of copper-weld wire required for first work, on priority basis. The Construction Officer, Telegraphs, Muzaffarpur, (Darbhanga Telegraph Engineering Division) who was in-charge of the execution of the two works, placed indents on the circle store depot, Patna for stores including 8,960 kilograms of copper-weld wire for the first work and 17,200 kilograms of copper-weld wire for the second work. Stores including copper-weld wire valuing Rs. 0.45 lakh were received for the first work during October 1965 to May 1966. For the second work, stores costing Rs. 0.16 lakh excluding copper-weld wire were also received during the same period; there was, however, no indication in the records of the Darbhanga Telegraph Engineering Division to show the follow-up action, if any, taken for getting 17,200 kilograms of copper-weld wire.

The execution of the two works was transferred (November 1966) from the Construction Officer, Telegraphs, Muzaffarpur to the Telegraph Engineering Sub-Division, Katihar. The stores received for the two works from the circle store depot, Patna, were not, however, transferred to the latter sub-division. There was also no further progress in the execution of the two works till July 1970 when the DGPT allotted 133 and 255 kilometres of ACSR (Aluminium Conductor Steel Reinforced) wire respectively for the two works. Indents were accordingly placed (August 1970) on the Central Telegraph Stores, Calcutta, for the stores required for the two works. Further details of execution of the two works were as follows :—

- (i) *Barauni-Khagaria alignment*.—There was no indication in the records of the Darbhanga Telegraph Engineering Division to show what became of the indents placed in August 1970 for 133 kilometres of ACSR wire and other stores for this work. In September 1972, indents were again placed on Central Telegraph Stores, Calcutta, for supply of 133 kilometres of ACSR wire and other stores. ACSR wire costing Rs. 0.73 lakh was received in November 1972. The work was not commenced even then. In October 1976, indents for supply of 8,960 kilograms of copper-weld wire and other stores were again placed on the Circle Office, Patna. Against these indents, stores were received in November 1976 and the work was completed in December 1976 by using copper-weld wire. The additional pair of lines which was cleared by the Acceptance Testing Organisation of the department in February 1977, was, according to the department, "now in use" (January 1978). Thus, the alignment, for which copper-weld wire was allotted by the DGPT in September 1965 on priority basis on account of its importance, with the stipulation that the work should

be executed at the earliest, could be commissioned only after 11 years. Due to non-commissioning of the additional pair of lines since 1966-67, the Department lost a potential revenue of about Rs. 0.60 lakh upto 1976-77.

- (ii) *Khagaria-Katihar alignment*.—Against the indent placed in August 1970, ACSR-5 AWG wire costing Rs. 1.54 lakhs was received in December 1972. The work was, however, completed in June 1973 by using ACSR-7 AWG wire. When the line was put to test by the Acceptance Testing Organisation of the department in April 1975, it was rejected by them on the ground that ACSR-7 AWG wire had been used on the work instead of ACSR-5 AWG wire. The alignment so erected remained unaccepted by the Acceptance Testing Organisation till January 1977.

In January 1977, the Acceptance Testing Organisation declared the line suitable for 3-channel system only instead of the 8-channel/12-channel working, because of excessive attenuation (loss in transmission of the quality of speech) resulting from 1.25 kilometre length of 8/20 lbs. cable at Kursela Railway bridge which was under repairs. Thus the alignment which was expected to cater to the anticipated increased traffic, did not serve in full the purpose for which it was sanctioned. Also, because of the delay in commissioning of the additional pair of lines since 1966-67, the department lost a potential revenue of about Rs. 2.20 lakhs upto January 1977.

Apart from the loss of revenue in these two works, the whereabouts of the following items of stores received for the works were not known to the Darbhanga Telegraph Engineering Division.

(i) *Barauni—Khagaria alignment*

- (a) Copper-weld wire and other stores costing Rs. 0.45 lakh received between October 1965 and May 1966; and
- (b) ACSR wire costing Rs. 0.73 lakh received in November 1972.

(ii) *Khagaria—Katihar alignment*

- (a) Stores costing Rs. 0.16 lakh received between October 1965 and March 1966; and
- (b) ACSR-5 AWG wire costing Rs. 1.54 lakhs received in December 1972.

The department intimated (January 1978) that the stores received for both the works during October 1965 to May 1966 as well as the ACSR wire costing Rs. 0.73 lakh received in November 1972 had been utilised on other works and that action was under way to regularise the stores transactions. However, no details of these transactions were furnished for check in audit. As regards the installation of ACSR-7 AWG wire instead of ACSR-5 AWG wire, the department maintained that ACSR-5 AWG wire "was used for the same purpose" even though the Acceptance Testing Organisation had rejected the line on the ground that the wire specified had not been used.

Further, the prescribed works registers were reportedly missing in the Darbhanga Telegraph Engineering Division; the total expenditure on each of the two works could not be ascertained (December 1977).

13. *Erection of a trunk telephone line.*—In January 1966, the department sanctioned an estimate for Rs. 1.51 lakhs for re-transposing the existing trunk telephone line and for erecting an additional copper-weld wire between Theni and Munnar in

Tamil Nadu Circle, to facilitate the installation of an 8-channel carrier system and for coping with the trunk traffic between these two places and the nearby places.

The work of re-transposition of the existing line and erection of the new line was completed in March 1968 at a cost of Rs. 1.55 lakhs. When the lines were offered (October 1968) for acceptance testing for carrier working, the lines were found unsuitable as the attenuation (loss in transmission of the quality of speech) in the lines was very high. Though 8-channel carrier equipment for this route became available by September 1970, it could not be installed as the lines were still not suitable for working the system. The lines were again put to test in October 1970 when also they were rejected as the attenuation was very high. The Acceptance Testing Organisation of the department, while informing the Postmaster General, Tamil Nadu, of the results of the tests undertaken by it suggested (January 1971) that the lines be got thoroughly checked up for all possible defects such as 'gauge of line wires', 'bad joints', etc. The lines were tested for the third time in October 1971 and December 1971. While the re-transposed line was accepted, the newly-erected line was rejected as the noise level was high. The line had not been offered (October 1977) for being tested. The department stated (October 1977) that the line had not been accepted in testing as attenuation and disturbance were high due to frequent thefts of copper wire on the line. The department further stated (October 1977) "we are having a programme to replace the lines by ACSR (Aluminium Conductor Steel Reinforced) wires. With the conversion of wires from copper to ACSR, it is felt that the theft may stop and the line will become stable". Thus the line erected in March 1968 was still to be cleared (December 1977) for working the 8-channel carrier system which was proposed in January 1966 for coping with increased traffic.

14. *Expansion of Yeotmal main automatic exchange-II.*— In April 1972, the Director General, Posts and Telegraphs (DGPT), sanctioned a project, estimated to cost Rs. 3.68 lakhs

for expansion of Yeotmal main automatic exchange-II in Maharashtra Circle, from existing 600 lines to 800 lines. The project was intended to cater to the anticipated increase in demand and was expected to yield an additional revenue of Rs. 1.04 lakhs per annum. The work was to be completed in two phases for which two detailed estimates were sanctioned— one in February 1974 for expansion to 700 lines by the Postmaster General, Bombay and the other in August 1975 for its further expansion to 800 lines by the General Manager, Telecommunications, Bombay.

The installation work of the first phase was completed in November 1974. To cater to the increase in the exchange load arising partly from increase in capacity and partly from increase of one switching stage for conversion from 3-digit to 4-digit working, the project estimate also provided for installation of a new power plant of 50 amperes in place of the existing plant of 25 amperes. Indent for this new power plant was placed by the DGPT in May 1973 and the plant was supplied by Hindustan Teleprinters Limited (HTL) in November 1974 at a cost of Rs. 0.29 lakh. It was then noticed that 500 feet of power cable required for installation of the plant had not been provided for in the original estimate and that certain other items, viz. acid tanks, stores required for rectifier, etc. were also not available. An estimate for cable and other stores was sanctioned by Divisional Engineer, Telegraphs, Nagpur in April 1975 and an indent for supply of cable was placed on the General Manager, Telecommunications, Bombay in August 1975. Meanwhile, the power plant, which was received in November 1974, was put to test for the first time in April 1975 when it was noticed that the 'float rectifier' did not work satisfactorily. The control panel of the plant was sent to HTL for repairs in June 1975 and received back in September 1975. The cable and other items of stores were procured on loan and the power plant was installed and tested in January 1976. The power plant was found defective on test. Since the rectification of the defects was expected to take a long time, the department decided (January 1976) to cut-over (commission) the 100 lines expansion (completed in

November 1974) with the existing power plant without conversion to 4-digit working. The power plant was eventually commissioned after repairs in February 1977.

The second phase of expansion from 700 to 800 lines including conversion from 3-digit to 4-digit working was cut-over (commissioned) in March 1977.

In December 1974 when the first expansion was ready for cut-over, there were 151 applicants on the waiting list. On its commissioning in January 1976, fifty three new connections were given immediately and 44 further connections within the next six months. The delay in utilisation of the expanded capacity of 100 lines from December 1974 when it was ready for cut-over to January 1976 when a decision was taken to cut-over the lines without commissioning the power plant, resulted in forgoing potential revenue of about Rs. 0.77 lakh. The department stated (January 1978) that "Normally, expansion from 600 to 700 lines is not commissioned without conversion to 4-digit working as further expansion to 800 lines and beyond can anyhow not be undertaken without 4-digit working and conversion at that stage causes 'numbering' problems, resulting in possible confusion and inconvenience to subscribers. The decision to go ahead and commission on 3-digit basis in this case was taken as an exceptional case, since further delay was expected in commissioning of 50 amperes power plant".

15. *Laying of an underground cable for All India Radio, Panjim.*—For expanding broadcasting services in Goa, All India Radio planned in 1968 the installation of a new 10 KW transmitter at Bambolim, a place situated at a distance of 7 kilometres from Altino, Panjim, where the local studios of All India Radio (AIR) were located. In March 1968, AIR, Panjim, took up with the Posts and Telegraphs Department the question of connecting the proposed new transmitter at Bambolim with the studios at Altino and enquired the rent and guarantee terms for laying of four pairs of underground cable between the two places. The minimum acceptable working conditions of the underground

cable in regard to frequency response, noise and cross-talk level of spare line were also specifically indicated by AIR to the Posts and Telegraphs Department. In June 1968, the department quoted to AIR a rental of Rs. 0.17 lakh per annum with a guarantee period of 10 years. These terms and conditions were accepted by AIR in July 1968.

A detailed estimate of the work by using 40 lbs./14 pairs cable was prepared by the Sub-Divisional Officer (Telegraphs) Panaji, Goa, and forwarded to the Postmaster General, Bombay, in November 1968. The case remained under correspondence between the Sub-Divisional Officer (Telegraphs), Panaji, and the Postmaster General, Bombay, from November 1968 to July 1969. During this period, the estimate was revised to provide for the use of 20 lbs./14 pairs cable instead of 40 lbs./14 pairs cable on technical grounds.

Thereafter, the matter remained under correspondence between the Postmaster General, Bombay, and the Director General, Posts and Telegraphs, and the project estimate and the detailed estimate for the work were eventually sanctioned in December 1970 by the Postmaster General, Bombay for Rs. 1.21 lakhs and Rs. 1.15 lakhs respectively. As per the detailed estimate, the work was expected to be completed within 60 days after receipt of cable at site.

In the meantime, the transmitter at Bambolim had been commissioned by AIR in May 1969 and the programmes were transmitted through overhead lines already available with it. AIR, Panjim, was informed by the department in January 1971 that as the minimum capacity of the cable was 14 pairs and as the cable would be exclusively at its disposal, it would have to take 14 pairs cable on rent and guarantee basis. This and revised provisional rent (Rs. 0.21 lakh) and guarantee terms intimated to AIR were accepted by it in May 1971.

Indents for stores including 7000 metres of cable were placed on the Central Telegraph Stores, Bombay, in January 1971 and the entire quantity of cable required was received by

June 1972. The Telegraph Engineering Division, Panjim, was, however, not aware of this receipt. On the contrary, it informed the Circle Office in September 1972 that only 25 per cent of cable had been received. The Circle Office pointed out in November 1972 that the Division had already received the full quantity of cable by June 1972 itself. The Division admitted this fact in December 1972.

The work of laying the cable was started in January 1973. It did not, however, progress satisfactorily for the following reasons :—

- (i) 2.185 kilometres of cable had been diverted during August 1972 to July 1973 to two other works, one of which was of emergent break-down nature, while the other was of regular (Non-Carrier Junction) NCJ alignment. Recouplement of cable on these estimates was not received till December 1974. This diversion was also made without the *prior* permission of the Circle Office.
- (ii) 8 M.H. (Milly Hendry) loading coils numbering 112, though indented on the Central Telegraph Stores, Bombay, in January 1971, were received in June 1974 only.
- (iii) Though the work of laying cable had been started in January 1973, the fact that the Division did not have an experienced cable-jointer was realised only in January 1975 when action was initiated to obtain the services of an experienced cable-jointer from a nearby Telegraph Engineering Division for loading, jointing and commissioning the cable. Services of the cable-jointer, however, became available from February 1976 after the Circle Office was apprised of the position in April 1975.

The work of laying cable was completed by April 1975 and of jointing and loading thereof was completed by May 1976.

Tests undertaken (July 1976) revealed that several of the cable pairs did not come up to the minimum acceptable working conditions in regard to the frequency response and cross-talk level which AIR had indicated (March 1968) to the department. During the course of rectification of these defects, it came to notice that 500 metres of cable of 20 lbs./20 pairs had been laid at Panjim end instead of the 20 lbs./14 pairs cable. It was estimated that for replacing this non-standard cable by 20 lbs./14 pairs cable, additional Rs. 0.39 lakh would be required. AIR refused to take over the cable unless the defects were removed. Neither the cable had been replaced, nor the defects removed (August 1977). The rental for the underground cable was revised to Rs. 0.32 lakh per annum in September 1975. This was also accepted by AIR in June 1976. On the underground cable becoming available, AIR proposed to surrender three out of the four pairs of the existing overhead lines between the studios and the transmitter. The net increase in revenue representing the difference between the rental for the cable and the overhead lines to be surrendered came to Rs. 28675 per annum. Because of the delay and defective laying of the cable, the department lost a potential revenue of about Rs. 1.43 lakhs by way of rental, from September 1972 (60 days after June 1972) till August 1977. This loss of rental continues.

The department stated (January 1978) "The cable has since been tested and re-offered to All India Radio; their acceptance is awaited."

16. *Laying of cable for All India Radio, Rohtak.*—In order to provide adequate broadcast coverage in the State of Haryana to meet the cultural needs of the State, the Planning Commission approved (January 1969) the establishment of a radio station at Rohtak. The Ministry of Information and Broadcasting sanctioned (December 1970) the laying of non-exchange telephone lines between the transmitter station and All India Radio Studios at Rohtak, at an estimated rental of Rs. 1.02 lakhs with a guarantee for a period of ten years. This was followed (February 1971) by a firm demand by the Regional Engineer

(North), All-India Radio, to the Divisional Engineer, Telegraphs, Ambala, asking him to take necessary action for procuring cable and other material required for the work.

The project estimate for providing and laying of 17.340 kilometres of cable between the transmitter station and studios was submitted in December 1972 by the Postmaster General, Ambala to the Director General, Posts and Telegraphs (DGPT), who accorded sanction in February 1974 for the work at an estimated cost of Rs. 3.91 lakhs. As per estimate, the work was anticipated to be completed in about 6 months after receipt of major stores. The estimate provided for the use of 14/40 lbs. cable for which an indent was placed (May 1974) by the Postmaster General, Ambala on the DGPT for allotment. The DGPT, however, replied in August 1974 that the cable indented for was not readily available and that manufacture of additional quantities of this cable was also not likely to be taken up during that year. It was, therefore, suggested (August 1974) that All India Radio might be approached for using 4/20 lbs. cable as it was economical and compared favourably with 14/40 lbs. cable for transmission purposes. The matter was taken up (August 1974) by the Postmaster General, Ambala with All India Radio which conveyed its acceptance in October 1974. The target date for inauguration of the radio station fixed for March 1975 was postponed to July 1975. Revised Project estimate was, however, sanctioned by General Manager, Telecommunications, Ambala in July 1975 at a cost of Rs. 5.53 lakhs and the indent for the supply of 4/20 lbs. cable was placed (August 1975) by Divisional Engineer, Telegraphs, (DET) Rohtak on central telegraph stores, New Delhi. In the meantime, since the non-exchange line could not be provided, the inauguration of the radio station was again postponed to 31st December 1975. The cable was received in September/October 1975; the work of laying cable was started only in January 1976, after a detailed route survey. As there was delay in providing the non-exchange line by Posts and Telegraphs Department, emergency arrangements were made by All India Radio in February 1976 for feeding the programmes from the studios to the transmitting

station, through frequency modulation/broadcast link. The target date of commissioning of the radio station at Rohtak was further postponed to 8th May 1976. Since the non-exchange line could not still be provided by the Posts and Telegraphs Department by the target date, All India Radio commissioned the radio station at Rohtak on 8th May 1976 by feeding the programmes from the studios to the transmitting station through frequency modulation/broadcast link, established by it in the meantime.

The work of laying of cable was completed in June 1976 but the cable could not be put to use for want of jointing material like lead sleeves, indent for which had been placed by DET, Rohtak on central telegraph stores, New Delhi, only in April 1976. The lead sleeves were ultimately diverted from other stations in September 1976. The work was further held up for want of plumbing material indent for which had been placed only in September 1976. Eventually, after completing the jointing work and getting the performance tests approved, the cable was handed over to All India Radio in November 1976. The major stores were received in September/October 1975 and the work was to be completed in six months from the date of receipt of major stores, *i.e.*, April 1976. The delay in the laying of non-exchange line and its handing over to All India Radio authorities resulted in potential loss of revenue of about Rs. 0.57 lakh at Rs. 1.14 lakhs per annum for the period from May 1976 to November 1976.

The department attributed (January 1978) the following reasons for taking 11 months for completing this work instead of 6 months as provided in the estimate :—

- (i) whereas the 14/40 lbs. cable was originally planned to be laid at a depth of 2.5 feet, the 4/20 lbs. cable was laid at a depth of 5 feet in view of the importance of the cable. This called for a larger amount of construction effort ;

- (ii) the cable was to be laid along a busy national highway requiring several precautions to be taken. Further, crossing of a drain and a railway track was also involved after consultation with the departments concerned;
- (iii) the cable was also required to be balanced (matching of the two wires of each of the several pairs in the underground cable) which is a time-consuming process;
- (iv) in order to give trouble-free service, it was decided to pressurise (by pumping gas at a steady pressure within the cable sheath to protect the cable from moisture) the cable, though neither the necessary expertise nor the equipment was available with the General Manager, Telecommunications, Ambala. Staff and equipment for this purpose were loaned from the Delhi Telephone District and Co-axial Cable project and the pressurisation work could not be carried out during July to September 1976 as the area was under water.

CHAPTER V
STORES PURCHASES

17. *Purchase of 'Ashoka Push Button' Telephone Instruments.*—The Director General, Posts and Telegraphs (DGPT), issued instructions to all Heads of Circles/Districts in January 1974 that with effect from 1st April 1974 all orders for purchase of telephone instruments from Indian Telephone Industries (ITI) would be centralised in his office and that direct orders would be placed by the field offices only for spares, relay sets and other small value items and for special items required by the Telecommunication Research Centre. It was also provided in the instructions that telephone instruments would be treated as an item of stores and that budget provision would be made accordingly by the Chief Controller of Telegraph Stores, Calcutta and ITI would be asked to despatch the instruments to the circle/district store depots as per allotment indicated in the purchase order placed by the Posts and Telegraphs Directorate for further distribution to the concerned field units.

In June 1975, the DGPT informed all Heads of Circles that the Telecommunication Research Centre had cleared the use of a push button dialling telephone (called "Ashoka") as an attachment and that the ITI had been permitted to sell these instruments directly to the subscribers. 'Ashoka' push button telephone was stated to be an instrument embodying the latest design and manufacturing advances in telephone technology and has built-in electronic memory, with large scale integrated circuits, which enables the digits pressed in quick sequence to be stored and pulsed out at the correct speed and ratio, thereby avoiding wrong numbers due to faulty dialling. It was noticed in audit in August 1976 that General Managers/District Managers of various circles and districts had purchased, without any authority, 69 'Ashoka' push button telephone instruments at a total cost of Rs. 1.39 lakhs directly from the ITI from June 1975 to September 1977.

On the observation made by Audit, the Department stated (March 1977) that 'Ashoka' telephone instrument was approved only as an attachment under certain prescribed terms and conditions and that it was not approved as an item for use in the Posts and Telegraphs Department itself and could not, therefore, be purchased either centrally or otherwise. The department further stated (August 1977) "we are issuing necessary instructions to all field units concerned not to purchase telephone instruments which are not approved for normal use in the department. We are also examining what best use can be made of the instruments already purchased". The department added (November 1977) that it had examined this case further as to the best use to which these instruments which had already been purchased could be put. It observed that 'the push button telephones have certain inherent advantages ; the dialling is easier and faster' and reduces dialling errors in telephone systems involving extensive dialling. The department, therefore, proposed "to redistribute the push button telephones to some of the larger telephone systems to be specifically used for service observations and/or 'Call Through' or 'Flood Tests' or telephone bill reminder service".

18. *Purchase of lead sleeves.*—In April 1975, the General Manager, Telecommunication Stores, Calcutta, invited tenders for supply of lead sleeves of various sizes for use by the department in underground cable-jointing work. The notice inviting tenders specified that the lead sleeves to be supplied should be in accordance with the ITD (Indian Telegraph Department) specifications.

In response, three quotations were received and opened on 27th June 1975. The quotations were considered by Stores Purchase Committee in August 1975. Out of the three quotations, one firm 'A' was not considered, as it wanted the department to supply the raw material ; this condition was not in conformity with the tender enquiry floated for the purpose. Of the remaining two, one firm 'B' quoted the rates on weight basis and the other firm 'C' on unit basis. The quotation of firm 'B' which was on weight basis was not accepted for the recorded reason :

"the tender enquiry was invited for a unit of each number.
No comparison of prices was possible on this offer

since the exact weights of sleeves of different sizes were not easily available”.

The order was placed on firm 'C' for supply of all sizes of lead sleeves (value : Rs. 44.10 lakhs), excepting two, which were not in accordance with the department's specifications.

The reason given for not considering the offer of firm 'B' was not adequate, as the relevant ITD specifications quoted in the invitation for tenders, specified weights of various sizes of lead sleeves also and it was possible to convert rates by weight into unit rates and *vice versa*. In fact, for the purchase of the remaining two sizes, which were not ordered on firm 'C', the General Manager, Telecommunication Stores, Calcutta, did accept in April 1976 the tender of firm 'B' which again was given only on weight basis after converting the rates so quoted into unit rates, on the basis of the relevant ITD specifications. Had the rate per unit been worked out with reference to the rate per kilogram quoted by firm 'B' in response to tender enquiry of April 1975, the rates of firm 'B' would have been lower than those of firm 'C' on which order was placed. The failure of the department to do so, resulted in an avoidable additional expenditure of Rs. 2.94 lakhs approximately.

The department stated (January 1978) that the offer of firm 'B' was on weight basis and not on unit basis as required in the tender notice and that according to conversion table given in ITD specifications, the weights were subject to variations due to tolerances permitted.

19. *Excess indenting of stores.*—In January 1974, the Postmaster General, Andhra Circle, sanctioned an estimate for replacement of 92 kilometres of copper wire by ACSR-5AWG (Aluminium Conductor Steel Reinforced) wire between Guntur and Narasaraopet. In the indent placed by the Sub-Divisional Officer, Guntur, for ACSR wire on Circle Telegraph Store Depot, in February 1974, the quantity of wire required was shown as 600 kilometres instead of 92 kilometres. A total quantity of 595 kilometres of ACSR-5AWG wire was received against the indent by May 1976. As the actual requirement was only

92 kilometres, the wrong indenting led to a surplus of 503 kilometres of wire valued Rs. 3.01 lakhs. This surplus wire was used in 9 other works. However, in four works (out of nine) requiring 238.500 kilometres of wire, the relevant original estimates provided for the use of iron wire and ACSR-7AWG wire and not ACSR-5AWG wire. The use of ACSR-5AWG wire in these works entailed an avoidable extra expenditure of Rs. 0.47 lakh as compared to the cost of iron and ACSR-7AWG wires. Revised estimate providing for the use of ACSR-5AWG wire instead of 7 AWG wire, as originally contemplated, was sanctioned in one out of the four works in November 1976. In respect of the remaining three works, the department stated (January 1978) that action was being taken to obtain approval of the competent authority for change in the specifications of the original estimates.

20. *Stores procured for the telex exchange at Kalyan.*— According to the departmental rules, correctness of stores received should be checked immediately on receipt of the consignment and the costly equipment should be securely kept.

The following stores indented for an automatic telex exchange at Kalyan were either short received, found missing or damaged on receipt, in the circumstances explained against each.

Item of stores	Cost of replacement Rs.	Remarks
38 polarised relays	7,490	The consignment containing the relays was received from Indian Telephone Industries (ITI) in December 1974. However, when the work of installation of telex exchange was taken up in January 1977, it was noticed that only 116 relays had actually been received against 154 indented and supplied.
16 metering selectors and one manual tester	18,327	These were received from ITI in January 1975. However, when the work of installation of telex exchange was taken up in January 1977, these were not traceable.
50 Siemens relays	11,825	These stores, on receipt from ITI in May 1975, were found to be rusty when the consignments were opened.

The cases for supply of 38 polarised relays short received and for replacement of 50 Siemens relays were taken up by the department with the ITI in January 1977 and October 1976 respectively. The claims were, however, rejected by the ITI as being belated. Accordingly the department placed a fresh indent for all these stores in January 1977 and these were received in February 1977 and March 1977 at a total cost of Rs. 0.38 lakh.

Had the stores been checked and securely kept on receipt of the consignments from the ITI, the department would have avoided an expenditure of Rs. 0.38 lakh on their replacement.

The department stated (January 1978) that the short receipt of polarised relays was under investigation, the 16 selectors had been found subsequently in the stores of the S.D.O., Kalyan, and that orders were being issued for utilisation of these selectors and one manual tester in other installations. As regards the Siemens relays, the department stated (January 1978) that as these were found to be rusty, ITI was required to supply them free of cost in terms of the agreement and that the matter was being taken up with the ITI.

21. *Copper wire recovered from surplus lines.*—The Director General, Posts and Telegraphs, issued instructions to the Heads of Telecommunication Circles in September 1970 and October 1973 to the effect that copper wire trunk lines in certain specified sections, which were prone to thefts, should be replaced by copper-weld wire/ACSR (Aluminium Conductor Steel Reinforced) wire lines. The instructions also provided that during the said replacements on routes with parallelling co-axial/microwave systems where there was no need for the full number of pairs, the surplus pairs should be dismantled altogether.

In Pune Telephone District four estimates for replacement/dismantlement of copper wire were sanctioned during 1972 to 1974. Against 36,880 kilograms of copper wire estimated to be recovered from these works, the department could account for only 29,229 kilograms. As regards the balance quantity of 7,651 kilograms (value : Rs. 1.68 lakhs approximately), the

department stated (January 1978) that no account was available for copper wire to the extent of 7,252 kilograms and that 399 kilograms of copper wire had been lost from the exchange premises.

22. *Loss of stores.*—Against an indent placed by the Civil Engineering Division, Posts and Telegraphs, Bombay, the Hindustan Steel Ltd. (HSL), Durgapur despatched (September 1974) by rail 51.455 tonnes of tor-steel, costing Rs. 1.00 lakh, to the civil sub-division at Nagpur. The steel was loaded by the sender at the railway siding of HSL, Durgapur and loading and weighment were supervised by the railway staff. The delivery of the consignment was taken by the sub-division at Nagpur on 1st October 1974, without re-weighment, as the packing was in good condition.

However, after taking delivery of the consignment, when it was reportedly weighed (1st October 1974) on a weigh-bridge outside the Railway premises, 14.910 tonnes of steel of the value of Rs. 0.29 lakh were found short. The short receipt of steel was reported to the Railways and HSL in October 1974 which were asked to bear the loss. The HSL disclaimed responsibility for the loss in June 1976, on the ground that it had booked the correct quantity of tor-steel. The Railways had not sent any reply (December 1977). However, according to a communication received from the Railway authorities in connection with another case, re-weighment of iron and steel consignments was not normally done at the destination, unless on examination it was found that the prescribed packing condition was disturbed, with reasons to believe that there had been pilferage. In this case, the packing condition was found intact and no demand by the consignee for re-weighment by Railways was also made before taking delivery of the consignment. Thus, the department sustained a loss of Rs. 0.29 lakh for which no departmental enquiry had been made, nor any responsibility fixed (December 1977). The department stated (December 1977) that the Superintending Engineer, Posts and Telegraphs, Civil Circle, Bhopal, had been appointed as the Inquiry Officer to conduct an investigation into the loss of stores in transit with instructions to submit his report within three months.

CHAPTER VI

LAND AND BUILDINGS

23. *Purchase of land for a telephone exchange.*—A manual telephone exchange has been functioning at Ferozabad (Uttar Pradesh) in a rented building since October 1953. In July 1967, the department sanctioned an estimate for Rs. 1.31 lakhs for the acquisition of a piece of land for the installation of an automatic telephone exchange at Ferozabad. The particular piece of land had been earlier approved by the Director General, Posts and Telegraphs (DGPT), in March 1966 and it had been certified as technically suitable for the proposed exchange and no construction difficulty was anticipated.

In August 1968 before the land was actually taken possession of, the Executive Engineer, Posts and Telegraphs Civil Division, Lucknow had again reported "the land is situated in heart of city, connected with 16 feet wide approach road (Kanker) to the main road. Land is enclosed by a boundary wall and is having a well. It is about 60 feet interior from the main road. The land is technically suitable for construction of an auto-exchange". He had also reported that the land required filling of 1 foot 6 inches.

The land measuring 31,203 square feet was taken possession of in January 1969 at a cost of Rs. 1.10 lakhs.

In January 1972, the site was visited by the Executive Engineer, Posts and Telegraphs Civil Division, Kanpur. He reported that :

(a) the land was originally a deep pond which had subsequently been filled with debris of a nearby glass factory to a depth of approximately eight to ten feet ; the cost of removing the

debris, importing good earth for development of the plot and providing deeper foundation would come to Rs. 1.30 lakhs ;

(b) the approach to the plot from the main road was at a distance of 650 feet with a width of twelve feet only and the main sewer line was available only on the main road ; a sewer, 700 feet long, will have to be laid at a cost of Rs. 0.20 lakh and a minimum of fifty feet set-back would also need to be provided within the compound of the proposed building for turning of heavy vehicles. Also since the approach from the main road was very narrow with built-up construction on both the sides, an easy flow of vehicular traffic would be a permanent problem ;

(c) there was an electric pole within the compound and electric wire was crossing the land diagonally which would have to be shifted.

The Executive Engineer, therefore, suggested the selection of an alternative plot of land for the exchange building. Accordingly, the Postmaster General, U.P. Circle, asked the Divisional Engineer, Telegraphs, Agra (October 1972) to find out another suitable site for the purpose and simultaneously enquired from the Executive Engineer whether the land already acquired could be utilised for constructing staff quarters. The Executive Engineer replied (October 1972) that the land was suitable for constructing quarters provided the expenditure (Rs. 1.50 lakhs) mentioned in January 1972 was incurred. The site was inspected by the Director of Telegraphs, Lucknow, and the Superintending Engineer, Posts and Telegraphs, Civil Wing, in March 1974. The Postmaster General, U.P. Circle, while reporting (March 1974) the fact of this inspection, to the DGPT stated, *inter alia*, that though a temporary fencing had been provided around the plot, rubbish and factory refuse was being dumped on the plot as there was no watch and ward arrangement. He also stated that unless the power lines were removed, for which there was little scope because there were no roads or vacant plots nearby, no construction would be possible. The Superintending Engineer, Posts and Telegraphs, Civil Wing, who inspected the site in August 1977 observed that since the site was surrounded by a

number of factories, it might not be an ideal proposition to utilise this site for construction of staff quarters.

The land acquired in January 1969 at a cost of Rs. 1.10 lakhs was lying un-utilised (December 1977). The department, while intimating (December 1977) that the question of utilisation of the plot was under consideration, stated, "As regards the suitability of this land for a telephone exchange building, there has been *prima facie* an error of judgement in regard to selection of this site. To avoid similar incidents in future a detailed procedure with a prescribed form for issue of suitability certificate in three parts indicating suitability from the point of location, suitability for construction and services and suitability from architectural angle, is being proposed".

Meanwhile, the manual telephone exchange was being continued (December 1977) in the same old building and no other site had been acquired (December 1977) either for automatic telephone exchange or for staff quarters.

24. *Construction of staff quarters at Madurai.*—In July 1961, the Postmaster General, Madras, proposed the acquisition of a site, measuring 13.10 acres, belonging to the Civil Aviation Department and situated at a distance of about 7 kilometres from Madurai city, for construction of staff quarters. Before acquisition of the site, the staff welfare committees were consulted and they supported the proposal for construction of quarters at the site, provided transport facility from the town to the site was arranged by the department. The Director General, Posts and Telegraphs (DGPT), approved the proposal in November 1961, subject to the condition that the department would not be called upon to provide any special facilities like departmental transport for the staff, provision of school in the colony, etc., on the plea that the site was away from the city. However, there was nothing on record to show that the welfare committees were informed that the department had approved the proposal for construction of quarters subject to these conditions. Sanction for acquisition of the land was issued in

August 1965 and the site was acquired in October 1966 at a cost of Rs. 0.17 lakh.

Sanction for the construction of 70 quarters was accorded (December 1971) by the DGPT at a cost of Rs. 11.93 lakhs which was later revised (February 1976) to Rs. 17 lakhs for 75 quarters. Before the construction was taken up, the Regional Architect again raised (August 1972) the question of suitability of site for constructing the quarters. However, in view of the reported (September 1971) representation of the staff for early construction of quarters, the department decided (November 1972) to proceed with the construction of quarters. Seventy-two out of the 75 quarters were ready in all respects in April 1976 but were taken over (May 1977) by the Postal and Telecommunication branches for allotment. Electric connections and street lights had, however, not been provided (December 1977). The department stated (December 1977), "An application for the provision of electric connections has been made. The matter is being pursued with the Tamil Nadu Electricity Board. Street lighting work is in advanced stage of execution".

In March 1976, the Divisional Engineer, Telegraphs, Madurai had asked the Madurai City Division (Postal) to circulate the availability of the quarters to the staff and to obtain their willingness for occupying them. Again in March 1977, the General Manager, Telecommunication Circle, Tamil Nadu asked the Divisional Engineer, Telephones, Madurai, to call for applicants and to allot the quarters to the willing officials and if sufficient volunteers were not forthcoming, to allot the quarters on seniority basis as on 1st April 1977. It was further stated that if the staff to whom the quarters were so allotted, did not accept them, they would not be eligible for drawal of house rent allowance with effect from 15th April 1977.

Till November 1977, eight officials from the Postal branch and six from the Telecommunication branch had expressed their willingness to occupy the quarters. However, only three of

them had put in formal applications (December 1977). The poor response from the staff for allotment of the quarters was attributed in a representation by the members of the staff addressed to the Minister for Communications to:

- (i) the quarters being located 12 kilometres away from Tallakulam area of Madurai, where most of the Posts and Telegraphs Offices are located;
- (ii) lack of basic amenities like transport, schools, shops, medical facilities, etc.;
- (iii) the area being theft prone; and
- (iv) the expenditure the staff would have to incur on transport.

All the 72 quarters constructed at an estimated cost of Rs. 17.00 lakhs were lying vacant (December 1977).

In this connection, it may be stated that an earlier proposal of 1958 to acquire 3 acres of land at a cost of Rs. 0.86 lakh at a nearer place called Gnanavolivupuram in Madurai itself was dropped in April 1961 because of further revision of its cost by the revenue authorities.

Seven mazdoors had been employed on daily wages by the department from February 1976 for watch and ward of the quarters and about Rs. 0.14 lakh spent on their wages till July 1977.

The department stated (December 1977), "The fact of the site being away by about 4 miles (6.4 kilometres) from the town and a little longer away from the actual work site of the employees was duly taken into account both at the time of acquisition of site and approval of construction of the quarters. While at one stage some of the employees had expressed that the site was situated a bit too far away and some suitable arrangement for transport had to be made, it had been indicated that the regular town bus service was available from the city

to the aerodrome on which route the site was situated. In view of the fact that some parties including a mill had purchased land in that area, as it was reasonably expected that Madurai town will grow towards the aerodrome and therefore the problem with regard to the school, transportation, shopping centre, etc., will be taken care of by the time the colony is completed. The staff unions were aware of the proposal to construct quarters here and had, in fact, been pressing for it continuously through representations at various levels including the Minister and Secretary etc.

It is unfortunate that Madurai town did not grow towards the aerodrome over which we have no control and the P&T colony has to some extent been left in isolation. Presumably, as a result of this situation, there is now some unwillingness on the part of staff to occupy the quarters without availability of some arrangement for transport. The matter is being looked into and it is expected that some satisfactory solution would be found in the next few months".

25. *Construction of staff quarters at Agra.*—In December 1971, administrative approval and expenditure sanction were accorded by the Director General, Posts and Telegraphs (DGPT), for construction of 78 quarters (36 type I and 42 type II) at Agra, estimated to cost Rs. 16.24 lakhs. The work was to be carried out during 1972-73. After invitation of tenders the Chief Engineer (Civil) approved award of the work (excluding external services) to a contractor 'A' in August 1972 at its tendered amount of Rs. 11.45 lakhs. According to the terms of the contract, the construction of the quarters was to be completed in 14 months reckoned from 5th September 1972, viz., 4th November 1973. 'A' commenced the work in September 1972. While the work was in progress, land for construction of 12 type I quarters could not be made available to the contractor as the occupant of an existing old quarter on that piece of land did not vacate the quarter in spite of persuasions by the

taken possession of by the Postal and Telecommunication wings of the department in February 1976. As no records showing the actual date of occupation of the quarters by the allottees were maintained, the actual dates of occupation of the quarters could not be checked in audit. The recovery of the licence fee was, however, being made from May 1976. Thus, 60 quarters, though ready in December 1974, could not be made available to employees for occupation till May 1976 and the department lost revenue of Rs. 0.28 lakh from February 1975 to April 1976 as licence fee apart from incurring an expenditure of Rs. 0.44 lakh towards house rent allowance.

The department stated (January 1978) that the distribution of remaining 6 quarters between the two wings was under consideration.

CHAPTER VII

OTHER TOPICS

26. *Overpayments made on five year recurring deposit accounts.*—In April 1970, the Government of India introduced the Post Office (Recurring Deposits) Scheme and also issued Post Office (Recurring Deposits) Rules, 1970. The scheme was to be operated by the Director General, Posts and Telegraphs (DGPT), through different post offices as an agency function on behalf of the Ministry of Finance.

The scheme provided for the opening of 5-year accounts in post offices, by making monthly deposits of Rs. 5 or any multiple thereof, as may be fixed at the time of opening of the account. Rule 9 of the rules referred to above, laid down the maturity values, indicating the amount repayable, inclusive of interest, at the end of 5 years. This rule was amended by the Ministry of Finance from 15th January 1971, 1st April 1974 and 23rd July 1974 so as to revise the maturity values upwards on the basis of successive increases in the rates of interest. On 29th September 1976, the maturity values were enhanced further and the maturity value for an account with monthly deposit of Rs. 10 at the end of 5 years was Rs. 760 against Rs. 700 (as per Rules of 1970), Rs. 710 (from 15th January 1971), Rs. 720 (from 1st April 1974) and Rs. 750 (from 23rd July 1974). This last enhancement (29th September 1976) was made applicable to all accounts opened before 1st October 1976 but maturing on or after that date. On 20th December 1976, however, a further notification was issued by the Ministry of Finance, making it effective retrospectively from 1st October 1976 but restricting the admissibility of the latest enhanced maturity values (29th September 1976), to accounts opened on or after 23rd July 1974 and maturing after 1st October 1976. The accounts opened prior to 23rd July 1974

but maturing on or after 1st April 1975 were entitled only to the maturity values prevailing before the last enhancement (29th September 1976).

The notification dated 20th December 1976 of the Ministry of Finance was circulated by the DGPT to the Heads of Postal Circles on 7th January 1977 with instructions to bring it to the notice of all the post offices, for making payments accordingly. On receipt of these instructions, the Heads of Circles intimated the revised orders to various post offices under them on different dates. In the meantime, based on the earlier notification dated 29th September 1976 the enhanced rates of maturity values were paid by the post offices all over the country to all the subscribers including those who had opened accounts prior to 23rd July 1974 and whose dates of maturity fell after 1st October 1976. While in some post offices revised orders were implemented, in others payments at the enhanced rates continued to be made even after the receipt of the revised orders. A test-check conducted by Audit revealed that the total overpayments made by the post offices amounted to Rs. 24.28 lakhs in respect of 88,981 accounts in 502 post offices falling in 16 circles. The break-up of the overpayments for the different periods was as follows :—

	(Rupees in lakhs)
(i) from 1st October 1976 to 19th December 1976	4.30
(ii) from 20th December 1976 to the date of receipt of orders in different post offices	15.14
(iii) beyond the dates of receipt of orders in the post offices	4.84
TOTAL:	<u>24.28</u>

The Posts and Telegraphs Department confirmed (January 1978) the figures as included above in respect of 6 out of 16 circles ; the figures for the remaining circles were stated (January 1978) to be under verification.

In regard to overpayment made beyond the dates of receipt of orders in the post offices as indicated at (iii) above, the department stated (January 1978) that an amount of Rs. 0.36 lakh

had so far been recovered in 5 circles and that information in this regard from other circles was awaited. The department added (January 1978), "Wherever payments have been made by the Head Offices or authorised by Head Offices even after receipt of the Notification by them, investigations are on and the Postmasters General have agreed to fix the responsibility and recover such amounts".

The Ministry of Finance, Department of Economic Affairs, stated (January 1978) "..... it has become necessary to frame elaborate rules so as to eliminate the need for detailed interest and other calculations on the part of the post office staff. In this process, the rules have become quite voluminous and difficult to follow. The Finance Ministry intend to undertake an exercise with a view to consider how best the rules can be simplified The overpayments will be regularised with the sanction of the competent authority".

✓ 27. *Printing of Ahmedabad telephone directories.*—In September 1970, the Director General, Posts and Telegraphs (DGPT), issued instructions delegating powers to the Heads of Telecommunication Circles/Telephone Districts to appoint printers for telephone directories. The instructions stated, *inter alia*, that they should consult the Chief Controller of Printing and Stationery, wherever necessary.

In January 1972, the District Manager, Ahmedabad Telephone District, invited tenders through advertisement in newspapers from approved and established printers for printing, binding and supplying four issues each of the Ahmedabad Telephone Directory, English edition commencing from July 1972 issue, and Gujarati edition commencing from June 1973 issue. In response to the advertisement, eleven tenders were received for the English edition of the directory ; of these four were incomplete and were, therefore, not considered. Of the remaining seven tenders, the four lowest tenders were from printing presses 'A', 'B', 'C' and 'D' stationed at Jaipur, Ajmer, Calcutta and Ahmedabad respectively. Their rates were Rs. 18,915, Rs. 21,313, Rs. 23,959 and

Rs. 37,502 respectively for a standard directory (176 pages). The Chief Controller of Printing and Stationery who was consulted on receipt of tenders, *inter alia*, advised the District Manager, Ahmedabad Telephone District, in March 1972 that :

(i) the press 'A', the lowest tenderer, had already been entrusted with the printing of three more directories from other circles and that it might not perhaps be able to stick to the prescribed time-schedule ;

(ii) the above aspect might be kept in view and the question of entrusting the work to the next higher tenderer 'B' on the lowest rates offered by 'A' might be considered, with the prior approval of the administrative and financial authorities concerned.

In May 1972, the Internal Financial Adviser, Ahmedabad Telephone District, visited Jaipur to check the capacity and capability of the printing press 'A'. After inspection and after consulting the Postmaster General, Rajasthan Circle and the District Manager, Telephones, Jaipur, he advised that the press was competent to print the directory. According to the reports received from Postmasters General, Rajasthan, Uttar Pradesh and Madhya Pradesh Circles, printing press 'A' had printed several issues of their directories in Hindi and the quality of work done by it had been satisfactory and the time-schedules prescribed adhered to by it. After considering all the aspects, the District Manager, Ahmedabad Telephone District, decided (June 1972) to entrust the work of printing of four issues of the English edition of the directory commencing from July 1972 issue to 'A'. While recording his decision in this regard in June 1972, the District Manager stated that he had ascertained from the representative of the press that they were expanding the press and that, therefore, "there will be no danger of the printing work getting delayed". He added, "as the difference between rate of M/s. 'A' and that of M/s. 'B' is too large, we will take the risk of giving it to Jaipur in spite of the inconvenience of Printer at one place, the Administration in another place and the Advertising Agent at yet another place". An agreement was, accordingly, entered into with 'A' in

July 1972 for the work of printing of four issues of the English edition of the Directory commencing from July 1972 issue.

There was no specific stipulation in the agreement regarding the time-schedule for printing of the directories but it, *inter alia*, provided that, "The printer shall print, bind and generally deliver the work in clear, and legible type, form and style, in a good and workman-like manner (of all which the District Manager shall be the sole judge) within the limits of the time as the District Manager may deem reasonable and specify and in such quantity or quantities as may from time to time be ordered by the District Manager".

On 25th July 1972, 65 manuscript pages of the directory were sent by the District Manager to 'A' for preparing galley-proofs and returning them within three days of the receipt of the manuscript pages. On the printed galley-proofs being not returned by the printer within three days, the District Manager terminated the contract by a letter dated 5th August 1972 (by giving one month's notice to 'A') on the ground that the time-schedule for return of galley-proofs had not been observed by the printer and delay was apprehended in publishing the July 1972 issue of the directory. The printing press 'A' represented to the District Manager in August 1972 itself against termination of the contract on the grounds that the manuscript pages sent by the department were not complete and that it was not practicable for any printer to compose the matter piecemeal and then wait for further manuscript and waste labour and manpower. It also added that the work was quite small and could be easily attended to by it without any difficulty, provided the whole manuscript was sent to it. It also promised to send the galley-proofs from the very day it received decision reinstating the contract. The District Manager informed 'A' on 11th September 1972 that it was not possible to reconsider the decision already taken.

The work was, thereafter, entrusted (September 1972) to the fourth lowest tenderer, 'D' after negotiations, ignoring the second lowest tender of 'B' on the ground that it had been black-listed by the Delhi Telephone District and the third lowest

tender of 'C' on the ground that it was not experienced in printing directories. In this connection, the District Manager, *inter alia*, recorded in an undated note, "..... We have the advantage that the printer is here in Ahmedabad. The Advertising Agency has also been given to Ahmedabad firm and they had already collected the advertisement. By December 1972, we have to produce the directory and, therefore, competent firm should be chosen".

The manuscript copy of the directory was sent to 'D' on 15th November 1972 and first issue was printed and released in February 1973. Of the directory 1,32,000 copies and of its supplements 20,000 copies were got printed from the printing press 'D' for all the four issues commencing from the directory released in February 1973; 'D' was paid a sum of Rs. 2.52 lakhs. For the same number of copies, the total amount payable to 'A' would have been Rs. 1.50 lakhs. The department thus incurred an extra expenditure of Rs. 1.02 lakhs for the printing of the four issues of the Ahmedabad Telephone Directory.

The department stated (December 1977) "..... that the directory printing was likely to get heavily delayed through 'A' and the delay would not be acceptable, the rates of this press become irrelevant to the issue".

As for the Gujarati edition of the directory, seven tenders were received (January 1972) (including one from the aforesaid printing press 'D'). The rates of first six tenderers were Rs. 13,999, Rs. 22,925, Rs. 23,365, Rs. 23,581, Rs. 24,970 and Rs. 40,604 for a standard directory (280 pages). 'D's tender was the sixth lowest in this. The Chief Controller of Printing and Stationery, New Delhi, on being consulted in the matter, recommended award of the work to the lowest tenderer. However, the District Manager rejected (July 1972) the lowest tender on the ground that the tenderer had no previous experience and was not capable of undertaking the work. The second lowest tenderer had previous experience of printing telephone directory but its tender was rejected on the ground that it had taken seven months for printing the Circle Telephone Directory in 1966.

Out of the remaining tenders, the District Manager accepted the tender of printing press 'D' which was the sixth lowest, after negotiating with it the rates to be charged by it. In selecting 'D' for the work, the District Manager, *inter alia*, observed in his note dated 10th July 1972, "..... the capability and offer of the firms has been examined. None of the firms excepting printing press 'D' has got lino machine for composing. None excepting the printing press 'D' has got a printing press with automatic feeding of paper. None excepting the printing press 'D' has previous experience of printing our telephone directory" No specific reasons for rejecting the third, fourth and fifth lowest tenders were on record.

Of the Gujarati edition of the telephone directory 55,000 copies were got printed for the four issues at a cost of Rs. 1.78 lakhs. For the same number of copies, the total amount payable to the lowest tenderer would have been Rs. 1.05 lakhs. The department had thus incurred an extra expenditure of Rs. 0.73 lakh for the printing of the four issues of the Ahmedabad Telephone Directory.

The department stated (December 1977) that in both the cases, the District Manager had shown "initiative and capacity to take decisions in the interest of service within his best judgement".

28. *Kiosk advertisements on telegraph and telephone poles.*—According to departmental instructions, Heads of Circles/Telephone Districts are authorised to issue kiosk advertisement licences for the display of kiosks (advertisement boards) on telegraph and telephone poles by calling for tenders on lump sum payment basis for a period of three years at a time. The action is required to be completed well in advance of the expiry of the existing licences.

The licence for the display of kiosks on the telegraph and telephone poles in the area of Bombay Telephone District was due to expire on 31st May 1973. Open tenders were accordingly

invited (April 1973) by the General Manager, Bombay Telephones, for appointment of a licensee for the next three years from 1st June 1973. The form in which the tender was to be submitted had two enclosures marked by the department as Annexure II and Annexure III; the former included the terms and conditions for appointment of the licensee and the latter the form of the agreement which the successful tenderer was required to execute after acceptance of its tender. Both Annexure II and Annexure III stipulated furnishing of security deposit by the licensee equal to the annual licence fee payable to Government. In regard, however, to the payment of licence fee proper, clause 14 of Annexure II (terms and conditions of the tender) provided that "a sum of rupees equal to the amount payable to the Government per annum for the kiosks put up on telephone poles may be paid before 31st May every year during the currency of the agreement". Clause 15 of Annexure III (agreement form), however, provided that "the licensee shall during the continuation of this licence pay regularly to the Government each year in advance a sum of Rs. per annum for the kiosks put up by them". The term 'advance' had not, however, been used in clause 14 of Annexure II. The provision contained in the agreement form was in accordance with the departmental decision (August 1971) that in all cases of kiosks licences, amount of annual licence fee for each year should be recovered in advance.

Of the three tenders received, the tender of a firm 'A' (which was also the licensee for the earlier three years) for Rs. 91,900 per annum was the highest and accordingly the firm was addressed on 25th May 1973 to deposit the amount of security and to execute the agreement. The firm wrote back on 4th June 1973 seeking permission to submit bank guarantee in lieu of cash deposit as security, as had been done in the case of the previous contract. On 9th June 1973, the firm submitted a duly signed agreement effective from 1st June 1973 with a request that one copy of the agreement might be returned to it duly executed by the department so as to enable it to furnish the bank guarantee for Rs. 91,900. In July 1973, the General

Manager, Bombay Telephones, accepted the firm's request for a bank guarantee in lieu of cash security deposit and asked it to deposit in advance Rs. 91,900 representing one year's licence fee, as provided for in the agreement. The firm was also told that the agreement would be executed by the department on receipt of the bank guarantee and advance payment of licence fee.

Firm 'A' disputed (July 1973) the department's claim for advance payment of licence fee on the ground that the condition of the tender form stipulated payment of one year's licence fee by it before 31st May of every year during the currency of the agreement and that the licence fee pertaining to the year 1973-74 was to be paid by it only by 31st May 1974. It, however, added that it was prepared to pay the amount on or before 31st March 1974 as had been the practice earlier.

The department wrote to the firm 'A' on 14th September 1973 that the stipulation in the tender form that the licence fee would be paid before 31st May every year, was made in the belief that the tender would be finalised before that date (31st May 1973) and that, as per the terms of the agreement, the licence fee was to be paid each year in advance. The department also added that in case the bank guarantee for Rs. 91,900 was not furnished and the licence fee of Rs. 91,900 not paid within ten days of the receipt of that letter, the acceptance of the tender would be cancelled and the earnest money forfeited. The firm neither paid the licence fee in advance nor did it furnish the bank guarantee by way of security and the matter was also not pursued by the department after September 1973.

In May 1974, the Director General, Posts and Telegraphs wrote to all the Heads of Circles pointing out that it had come to his notice that the licensees appointed for kiosks advertisements in some circles had collected advertisement charges from public or private institutions even after expiry of the contracts and that the Heads of Circles should keep

a watch to guard against such undesirable acts. The above circular letter of the Director General, Posts and Telegraphs, was later (February 1976) found lying unattended to in a folder in the office of the General Manager, Bombay Telephones.

In July 1975, on receipt of a communication from the State Government of Maharashtra that they wanted to have special arrangements for direct booking of kiosks with the Posts and Telegraphs Department instead of through its sole-agent, the department enquired of the State Government in March 1976 the name of the sole-agent through which the State Government had been booking kiosk advertisements. The State Government informed the department in May 1976 that they had been booking kiosk advertisements through the firm 'A' and that their contract with that firm was for three years from 1973 to 1976. It was only then that the department came to know that the firm 'A' had in fact been using the telegraph and telephone poles for putting up kiosks and collecting money from advertisers, without any licence and without paying the licence fee and furnishing the bank guarantee. Thereupon the department issued (May 1976) a demand note to the firm 'A' for Rs. 2.76 lakhs towards the licence fee for the period from 1st June 1973 to 31st May 1976. In May 1977, the DGPT brought to the notice of all Heads of Circles/Districts that Rs. 4.91 lakhs were due from 'A' in different circles/districts and impressed upon them to take expeditious action for recovery of dues pertaining to their respective circles/districts and to keep the aforesaid fact in view in deciding its future tenders. On this, the firm 'A' submitted a representation to the Director General, Posts and Telegraphs in July 1977 pointing out that the failure of the department to execute the agreement had resulted in financial loss to the firm. It added that the failure of the Bombay Telephones to execute the agreement had made its position uncertain and that it could not freely canvass for new booking of kiosks or renew the existing contracts with its constituents. It claimed that it had been put to a considerable loss and therefore, wanted to negotiate a fair licence fee not exceeding Rs. 65,000 per annum.

The department stated (January 1978) that the performance of the firm 'A' in some past contracts had been "unsatisfactory and it still owes substantial dues to the department". It also added that "..... an administrative decision has already been taken to proceed with the legal action in the matter and the General Manager, Telephones, Bombay has been directed to file a civil suit as well as a criminal case against the firm From the history of the case and the background knowledge of the firm in question, the only option open to the department is to seek legal redress. However, there is an administrative lapse in not taking a proper decision when the firm had failed to comply with the conditions, because of which the agreement could not be executed. For this the General Manager had initiated action against the delinquent officials".

29. *Contract for clearance, transportation and delivery of consignments.*—In February 1974, the General Manager, Bombay Telephones, invited sealed tenders for the clearance and transport of consignments of telecommunication material to and from the rail-heads and various offices and depots of Bombay Telephone District during 1974-75 and 1975-76. The tenders were to be received by 15.00 hours on 15th February 1974 and opened at 15.30 hours on the same day.

Three firms ('A', 'B' and 'C') submitted their tenders. The tender of firm 'C' was received at 15.05 hours on 15th February 1974, *i.e.*, 5 minutes after the time fixed for submission of tenders but it was considered by the General Manager, Bombay Telephones, along with the other two, on the ground that it had been received 25 minutes before the scheduled time for opening of the tenders. An earnest money of Rs. 2,000 was required to be sent by the tenderers along with their tenders. On opening the tenders, it was observed that the tender of firm 'C' was not accompanied by the required amount of earnest money. The firm, however, submitted a demand draft for Rs. 2,000 on the State Bank of India, Bombay, at about 15.30 hours on the same day. This was accepted on the ground that the demand draft could be encashed by the department only and "the party was really

interested in our tender". On 25th February 1974, all the three firms were asked to submit certain documents for verification on 1st March 1974. The results of verification could not be ascertained (December 1977) by Audit as the relevant papers were reportedly not available.

The rates quoted by firm 'C' were found to be the lowest. According to the terms and conditions of the tender, the successful tenderer was to deposit Rs. 23,000 in cash which, together with the earnest money of Rs. 2,000, was to be kept as security for the due fulfilment of the contract ; a bank guarantee for the same amount could also be accepted in exceptional cases at the discretion of the General Manager. In addition to the earnest money of Rs. 2,000 deposited on 15th February 1974, 'C' deposited Rs. 10,500 in cash on 15th March 1974 and furnished a bank guarantee for the balance amount of Rs. 12,500 on 15th March 1974 for three months.

An agreement was entered into with firm 'C' on 16th March 1974 initially for a period of three months with option to the General Manager, Bombay Telephones, to extend it upto two years. The contract provided, *inter alia*, that any demurrage or loss involved on account of delay in clearing and transportation by the contractor would be to the contractor's account. The contractor was required to furnish a monthly statement of consignments cleared or delivered to the General Manager, Bombay Telephones.

The contract was extended for three months from 16th June 1974 without the bank guarantee for Rs. 12,500 being simultaneously extended.

From the very beginning firm 'C' failed to clear the consignments from the rail-heads promptly in spite of repeated instructions on 15th June 1974, 19th, 21st, 26th and 29th August 1974 from the department. In respect of some of the consignments not collected from July 1974 onwards, the General Manager, Bombay Telephones, received 'auction notices' from the Railways. On 29th August 1974, the department gave notice to firm 'C'

to clear all consignments before 31st August 1974, failing which alternative arrangement would be made. As firm 'C' failed to clear the consignments before 31st August 1974, the department suspended the contract with effect from 15th September 1974 and directed firm 'C' in October 1974 to return all the 453 railway receipts pending with it, within 24 hours failing which the matter would be reported to the police. The contractor returned 213 railway receipts on 23rd October 1974 and the department cleared the consignments on these as also on the wanting railway receipts on the basis of indemnity bonds, and paying Rs. 18,178 as demurrage charges.

The procedure followed was to hand over the railway receipts along with three copies of railway credit notes for the amount of freight to be paid, to firm 'C'. It was observed that whenever demurrage was to be paid, firm 'C' simply included the demurrage charges in the railway credit notes without any authority from the General Manager, Bombay Telephones. An amount of Rs. 4,628 was paid to the Railways as demurrage charges from March 1974 to September 1974 in this manner, without the knowledge of the department.

Further investigations conducted by the department upto December 1975 revealed that firm 'C' had failed to produce the consignees' acknowledgements in a large number of cases and that consignments worth Rs. 5.98 lakhs relating to 102 railway receipts actually cleared by it from the rail-heads had not been delivered by it to the consignee units of Bombay Telephones. The non-delivery of the consignments by firm 'C' was reported by the General Manager, Bombay Telephones, to the Police in May 1976. The Police informed the department in March 1977 that there was no reliable information about the present whereabouts of firm 'C'. The department stated (January 1978) that it had since been possible to trace the delivery of consignments worth Rs. 2.64 lakhs in respect of 34 railway receipts and that further efforts were being made to trace the remaining consignments also.

The following further points were noticed in audit :—

- (i) contrary to the provisions in the agreement, firm 'C' had not submitted to the General Manager monthly statement of consignments cleared and delivered ;
- (ii) though required, firm 'C' had not been showing to the General Manager periodically the pending railway receipts with 'notes' of the Railways about non-receipt of the consignments at the rail-heads;
- (iii) several columns of the register maintained by the General Manager to keep a watch on the movement of railway receipts were found blank; and
- (iv) contrary to departmental rules, no intimation about the loss in this case was sent by the General Manager to Audit.

The department also stated (January 1978) that the case was under investigation by Central Bureau of Investigation.

30. *Employment of mazdoors.*—During discussion of Paragraph 16 on 'Employment of women attendants' of the Report of the Comptroller and Auditor General of India for the year 1971-72—Union Government (Posts and Telegraphs), the Posts and Telegraphs Department informed the Public Accounts Committee (PAC) in July 1973 that the question of laying down standards for employment of daily wages staff had been entrusted to a Work Study Unit. In paragraph 1.145 of its 122nd Report (Fifth Lok Sabha—1973-74), the PAC recommended that the standards be finalised expeditiously. In February 1975, the department issued orders laying down standards for employment of regular mazdoors for unskilled jobs in the four metropolitan telephone districts, Bombay, Calcutta, New Delhi and Madras. The standards *inter alia* provided that casual mazdoors were not to be employed for jobs for which posts of regular mazdoors had been sanctioned.

In Calcutta Telephone District, against the strength of 1,404 regular mazdoors justified on the basis of the prescribed standards, the actual strength of regular mazdoors on 1st April 1975, 1976 and 1977 was 1,743, 1,795 and 1,748 respectively. In March

1975, the General Manager, Calcutta Telephones, requested the Director General, Posts and Telegraphs (DGPT), that the standards fixed by the department were not adequate and that the district should be permitted to adopt local standards. This was not agreed to by the DGPT (November 1975). On receipt of another reference from the General Manager, Calcutta Telephones, in December 1976 in this regard, the DGPT informed him (December 1976) that all aspects of the case had been taken into account while fixing the standards and that Calcutta Telephone District should fall in line with the general practice obtaining at all other places. The decision was, however, not implemented (January 1978) by the Calcutta Telephone District. The extra expenditure on the employment of 358 mazdoors on an average, during February 1975 to March 1977 amounted to Rs. 30.77 lakhs.

Further, according to the standards prescribed in February 1975, regular mazdoors are to perform *inter alia* unskilled jobs of internal maintenance, including cleaning of the exchanges. The department had also clarified (April 1976) that no separate posts of "cleaners" were to be sanctioned in the major telephone districts where regular posts of mazdoors had been sanctioned in accordance with the aforesaid standards. The Calcutta Telephone District, however, had on its rolls 185, 176 and 181 cleaners on 1st April of 1975, 1976 and 1977 respectively in addition to the regular mazdoors mentioned above. In March 1977, the General Manager proposed to the DGPT that all the filled up posts in the cadre of exchange cleaners might be merged with the cadre of regular mazdoors. The DGPT informed the General Manager (June 1977) that the existing posts of exchange cleaners might be set off against the justified strength of regular mazdoors. This was also yet to be implemented by the Calcutta Telephone District (January 1978). The extra expenditure on employment of 180 exchange cleaners, on an average, over and above the regular mazdoors, for the period from February 1975 to March 1977 amounted to Rs. 15.47 lakhs.

The Department stated (January 1978), "Strict instructions are being issued to the Heads of Districts to ensure that the

working strength of regular mazdoors is equivalent only to the sanctioned strength as per standards, and that no additional regular staff should be retained on the basis of any local contingency or any other consideration unless prior approval of the competent authority is obtained. They are also being instructed that cleaners for exchanges including AC Plant are covered by the standards and no separate staff for these should be sanctioned”.

According to the orders of February 1975 referred to above, no casual mazdoors were to be employed for unskilled jobs (i.e. internal and external maintenance) for which posts of regular mazdoors were sanctioned on the basis of prescribed standards. In a test-check by Audit, it was noticed that casual mazdoors were employed in Calcutta, Madras and Delhi Telephone Districts (details below) for the same jobs for which regular mazdoors were employed. The expenditure incurred on employment of casual mazdoors during the periods test checked is indicated below :

Name of Telephone District	Average excess casual mazdoors employed in mandays	Period	Expenditure incurred (Rupees in lakhs)
Calcutta	4,05,518*	February 1975 to March 1977	20.88
Madras	3,64,128	April 1975 to January 1977	16.61
Delhi	12,31,165	March 1975 to December 1976	64.64

*In the case of Calcutta Telephone District the casual mazdoors employed were over and above the excess regular mazdoors and cleaners employed in that district, as mentioned above.

In all the above cases, the concerned vouchers showed the expenditure as debited to the relevant head of account relating to maintenance. The department stated (January 1978) that the District Authorities “have been debiting all the expenditure on ‘petty and other works’ to the ‘Pure Maintenance Heads’”. No details to support this statement were, however, given by the department.

31. *Purchase and installation of a weigh-bridge.*—In November 1969, the General Manager, Telecommunication Factories,

Calcutta, sanctioned an estimate of Rs. 0.46 lakh for the purchase and installation of a 20 tonne lorry weigh-bridge in the Telecommunication Factory, Jabalpur. While according sanction, it was anticipated that the installation of a weigh-bridge would not only ensure better efficiency in checking truck-loads of material coming in and going out of the workshop premises but also result in an annual saving of Rs. 10,349 in the wage bill of the factory. Indent for purchase and installation of the weigh-bridge was sent (February 1970) to the Director General, Supplies and Disposals (DGSD) who invited tenders in January 1971 and placed (April 1971) an order on a firm 'A' for supply and installation of the weigh-bridge by June 1971 at a cost of Rs. 0.36 lakh. The DGSD extended the date of delivery first to August 1971 and then to October 1971. The preliminary inspection of the weigh-bridge was conducted by the DGSD in August 1971 and it was received in the Telecommunication Factory, Jabalpur, in November 1971. Bill for 90 per cent payment preferred by 'A' in November 1971 was, however, not made (September 1977) by the DGSD pending recovery of certain dues from 'A' against another contract with it for supply of stores to the Railways.

In terms of the agreement with the firm 'A', the erection of the machine was to be undertaken by it on the foundation to be provided by the department as per the blue prints and drawings to be supplied by 'A'. The civil works were completed by the department in February 1972. When 'A' visited the site in March 1972, it found the foundation work incomplete and noticed some defects in its construction such as completion of the weigh-bridge room before installation of indicator, the foundation pit being 15 inches below that shown in the drawing of foundation plan and keeping a central distance of 9 inches for foundation of indicator instead of 2 feet 3 inches, which required "a major amendment in the construction". It was then conceded by the department that there had been a deviation in the construction of the foundation work from the dimensions shown in the drawings supplied by 'A'. The defects were removed and the foundation work completed by the department in April 1972. However,

it was only in September 1972 that 'A' arrived at the site and took up the erection of the weigh-bridge and completed it in October 1972.

The agreement with 'A' provided a guarantee period of 24 months from the date of installation and commissioning. The Manager, Telecommunication Factory, Jabalpur, wrote to the DGSD on 26th October 1972 that the erection of the weigh-bridge had been completed on 25th October 1972 and that final inspection and test might be conducted. It was also stated that the weigh-bridge had been verified and stamped by the Inspector of Weights and Measures, Madhya Pradesh, Jabalpur and that the guarantee period of 24 months should be counted from 25th October 1972—the date of installation and commissioning of the weigh-bridge. The DGSD also wrote to the firm on 18th November 1972 to confirm the guarantee period from 25th October 1972.

After repeated reminders, an Inspecting Officer of the DGSD visited the factory in May 1973 and conducted inspection and test of the weigh-bridge in June 1973. He noticed certain defects such as variation in weight readings of the same weight on different occasions, and zero error in the pointer when the scale was adjusted for weightment of 15,000 to 20,000 kilograms. At the instance of the Manager, Telecommunication Factory, Jabalpur, the firm 'A' visited the site in August 1973 and reported that the equipment was defective and certain parts were to be replaced and left the site without removing the defects therein. After repeated reminders, 'A' rectified the defects in February 1974. The final inspection of the machine was conducted by the DGSD in March 1974 and the working of the weigh-bridge was certified to be satisfactory. The machine was also certified by the Inspector of Weights and Measures, Madhya Pradesh, Jabalpur, on 29th May 1974.

The weigh-bridge, however, did not work satisfactorily thereafter and indicated wrong weights. In February 1975, the Senior Engineer, Telecommunication Factory, Jabalpur, inspected

the weigh-bridge and found that the under-frame supports holding the knife edges of the weigh-bridge had not been properly adjusted or the adjustments already made had got dislocated.

No action had been taken by the department (December 1977) to get the weigh-bridge repaired. The weigh-bridge purchased and installed (October 1972) at a cost of Rs. 0.45 lakh remained thus unused (December 1977) apart from depriving the department of the anticipated savings of Rs. 10,349 per annum.

The department stated (January 1978) that the question whether the guarantee period of 24 months should be reckoned from 25th October 1972 (date of installation and commissioning) or 29th May 1974 (date of final certification) was under reference to the Ministry of Law and that the question of setting right the weigh-bridge for effective use would be initiated after receipt of advice of the Ministry of Law.

32. *Excess payment of customs duty.*—Mention was made in paragraph 29 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Union Government (Posts and Telegraphs), about excess payments of customs duty by the Posts and Telegraphs Department. In paragraph 1.202 of its Forty-Sixth Report, the Public Accounts Committee (1971-72—Fifth Lok Sabha) recommended that a regular independent check of assessment of customs duty should be made by the department and in cases where excess customs duty was paid, the claims for refund should be preferred in time. In accordance with the above recommendation of the Public Accounts Committee, the Posts and Telegraphs Department issued instructions in May 1972 to all the Heads of Circles to ensure that no excess payment of customs duty was made and that immediate action and appropriate steps were taken to prefer the claims for obtaining refund of excess customs duty within the prescribed period of six months.

A test-check (conducted by Audit in April 1976) of the accounts of the Director, Microwave Project, Nagpur, however,

revealed that in 28 cases of import of various equipment by the department during 1974 and 1975 for use in the Dhulia-Kharagpur microwave scheme, customs duty was paid in excess to the extent of Rs. 14.82 lakhs. In 22 cases claims for refund amounting to Rs. 12.66 lakhs were rejected by the Customs Department on the following grounds :—

- (a) for want of documents like catalogues (technical literature of equipment), worksheets, duty bills, and customs invoices—15 cases—Rs. 8.11 lakhs;
- (b) for want of end-user certificates from the Ministry of Communications—3 cases—Rs. 1.07 lakhs;
- (c) claim preferred after the permissible time limit—1 case—Rs. 1.11 lakhs;
- (d) the basis on which the refund was claimed was not specified—1 case—Rs. 1.86 lakhs;
- (e) goods did not qualify for exemption—1 case—Rs. 0.48 lakh; and
- (f) grounds on which the claim was rejected not known—1 case—Rs. 0.03 lakh.

In the remaining six cases involving Rs. 2.16 lakhs, no action was taken by the department to prefer refund claims.

Out of 22 cases involving Rs. 12.66 lakhs mentioned above, the Department had filed revision petitions with the Ministry of Finance in 13 cases involving Rs. 10.39 lakhs. Of these, the Ministry of Finance had rejected 4 cases involving Rs. 1.41 lakhs on grounds of non-production of catalogue, technical write-up and belated claims. Final decision in the remaining cases was awaited (December 1977).

(ii) On a consignment of cable imported in December 1973, the department paid excess customs duty of Rs. 1.59 lakhs. A claim for refund was made in November 1974 with the Customs Department. The claim was, however, rejected by it as time-barred. The department then filed a revision

petition with the Ministry of Finance in September 1975. The Ministry of Finance rejected (April 1976) the petition on the ground that the department had not given any reasons for lodging the claim belatedly.

In reply to the draft audit paragraph issued on 15th October 1977, the Posts and Telegraphs Board intimated on 29th December 1977 that detailed information with regard to these 28 cases was not available in their office and that the relevant records were being collected for further examination.

33. *Delay in disposal of inspection reports.*—The total number of inspection reports on Posts and Telegraphs Offices issued by the Audit Offices upto 31st March 1976 and the number of irregularities pointed out therein remaining unsettled upto the end of August 1977 were 6,210 and 42,744 respectively. Out of the 1,248 reports issued during 1976-77, 195 reports had not been received back with the first reply (August 1977). In addition 150 inspection reports issued prior to April 1976 had also not been received back with the first reply (August 1977).

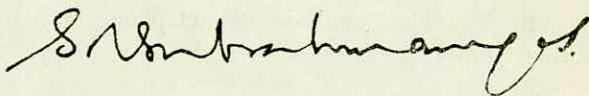
The following are some of the common types of irregularities noticed as a result of test-check during inspections conducted in 1976-77 :—

- (a) Security bonds not obtained/not renewed or not kept on record.
- (b) Non-renewal and non-execution of lease of buildings.
- (c) Irregularities in maintenance of service books and leave accounts.
- (d) General Provident Fund accounts of Group 'D' employees not maintained properly.
- (e) Short/excess interest allowed on savings bank accounts. For instance, check of interest calculations conducted by Audit during 1976-77 in 256 post offices in 8 circles, revealed that interest of

Rs. 0.92 lakh in 9,577 accounts was allowed in excess; and interest of Rs. 0.87 lakh in 8,140 accounts was allowed less. The department stated (February 1978) that in majority of cases these mistakes had since been rectified.

- (f) Overpayment/irregular payment of children's education allowance/tuition fees.
- (g) Health certificates on first appointment wanting.
- (h) Specimen signatures of savings bank depositors not on record.

The figures given in this paragraph are under reconciliation with those of the department (February 1978).



(S. R. SUBRAHMANYAN)

Chief Auditor Posts and Telegraphs

DELHI
The

15 MAR 1978

Countersigned



(A. BAKSI)

Comptroller and Auditor General of India

NEW Delhi
The

16 MAR 1978

APPENDIX I

(Referred to in paragraph 6 at pages 7—9)

(a) Yearwise analysis of telephone revenue in arrears on 1st July 1977 for bills issued upto 31st March 1977 :

Year	Amount (Lakhs of rupees)
Upto 1969-70	80.82
1970-71	26.55
1971-72	35.53
1972-73	51.79
1973-74	58.93
1974-75	92.22
1975-76	136.49
1976-77	388.42
TOTAL	870.75

(b) Yearwise analysis of telephone revenue written off during 1976-77 :

Year	Amount (Lakhs of rupees)
Upto 1969-70	3.72
1970-71	1.41
1971-72	1.29
1972-73	1.28
1973-74	1.07
1974-75	1.35
1975-76	0.99
1976-77	0.35
Amount for which break up not available	11.04
TOTAL	22.50

NOTE :—The above figures are those furnished by the department and are subject to verification. These figures include worked out figures in the case of Delhi Telephone District as exact figures were not available.

APPENDIX II

(Referred to in paragraph 7 at page 9)

Yearwise analysis of arrears of rent of telegraph, telephone and teleprinter circuits and telex/intelex charges on 1st July 1977 for bills issued upto 31st March 1977 :

Year	Rent of telegraph, telephone and teleprinter circuits	Telex and intelex charges	Total
	(Lakhs of rupees)		
Upto 1971-72	20.46	2.01	22.47
1972-73	10.97	2.38	13.35
1973-74	14.79	4.63	19.42
1974-75	9.52	9.74	19.26
1975-76	25.32	11.63	36.95
1976-77	93.49	38.06	131.55
TOTAL	174.55	68.45	243.00

The above figures are those furnished by the department and are subject to verification (February 1978).

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