



REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA
FOR
THE YEAR 1974-75

UNION GOVERNMENT (POSTS AND TELEGRAPHS)



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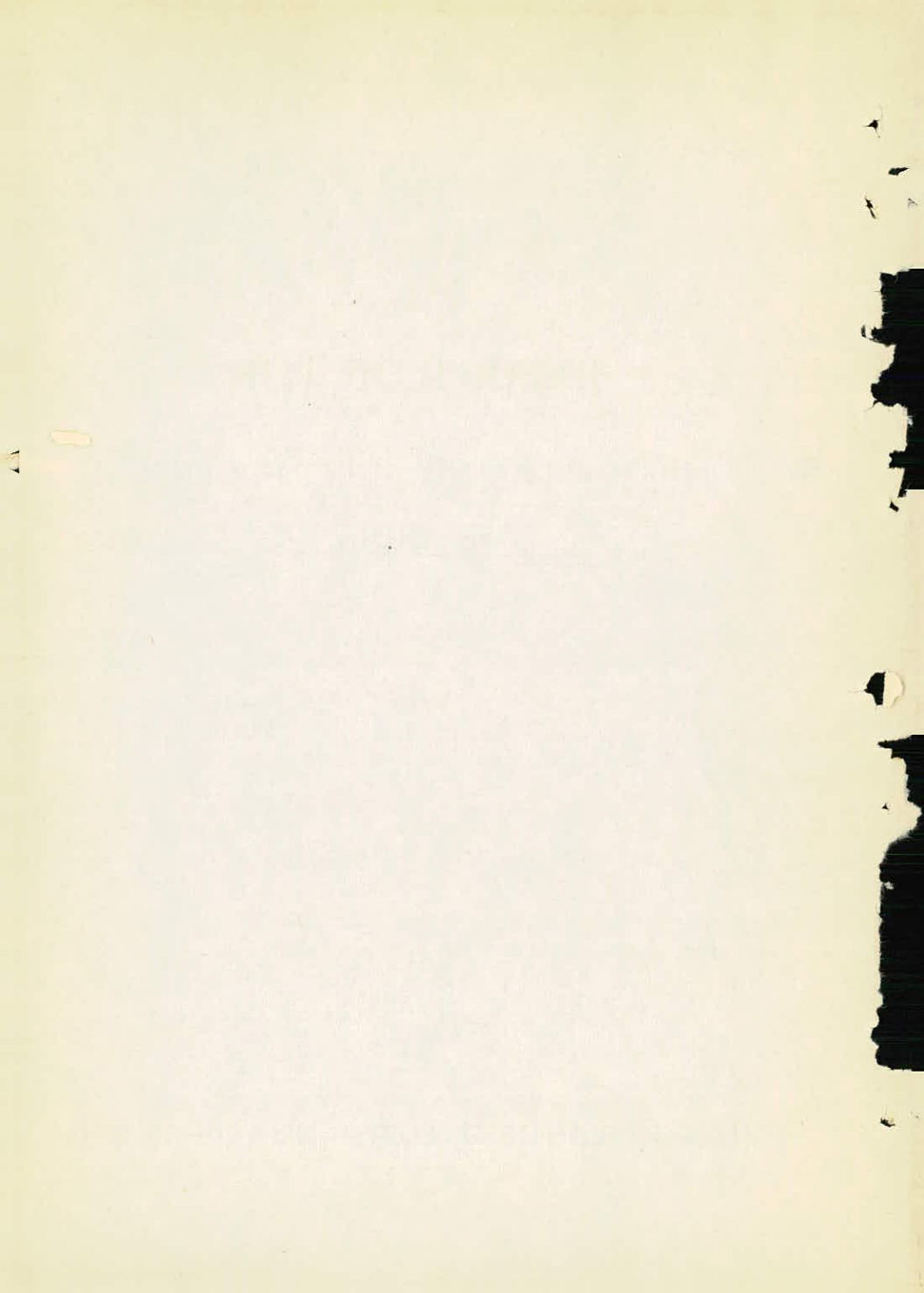


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PREFATORY REMARKS

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 1974-75 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 1974-75 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 1974-75 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.

2. The growth of revenue during five years ended with 1974-75 is indicated below :—

Main heads of revenue	1970-71	1971-72	1972-73	1973-74	1974-75	Increase in 1974-75 as compared to 1970-71	
						Amount	Percentage
	(Crores of rupees)						
(i) Sale of ordinary stamps	60.59	65.44	66.73	71.72	79.29	18.70	30.9
(ii) Sale of service stamps	12.52	14.31	13.74	15.06	12.81	0.29	2.3
(iii) Postage realised in cash	13.98	14.97	15.29	15.01	15.49	1.51	10.8
(iv) Receipts on account of Money Orders, Indian Postal Orders, etc.	12.43	13.95	16.43	26.28	27.93	15.50	124.7
(v) Telegrams	20.16	23.23	23.95	24.55	26.11	5.95	29.5
(vi) Telex	5.74	7.79	8.41	11.95	9.04	3.30	57.5
(vii) Rent of wires, circuits and instruments leased to railways, canals, etc.	3.91	5.84	7.96	4.24	9.58	5.67	145.0
(viii) Telephone revenue on account of rental and local and trunk call fees, etc.	119.34	143.39	159.31	184.73	207.51	88.17	73.9
(ix) Advance rentals under Own Your Telephone and other Schemes	10.94	8.67	—	—	—	-10.94	-100
(x) Other receipts (Net)	11.49	2.22	9.14	7.25	13.82	2.33	20.3
TOTAL	271.10	299.81	320.96	360.79	401.58	130.48	48.1

Notes.—(i) Revenue from telex service was included under 'Other receipts' in the Reports prior to the Report for 1971-72. As it has been exhibited separately under 'Telex' in this Report, the figure under 'Other receipts' for 1970-71 shown in this Report differ from that shown in the Report for 1970-71.

(ii) From April 1972 advance rentals under 'Own Your Telephone and other Schemes' are taken to 'Deposits and Advances' instead of revenue.

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 1974-75 is indicated below :—

Year	Revenue	Expenditure	Percentage of expenditure to revenue
	(Crores of rupees)		
Postal Services			
1970-71	110.54	111.50	100.9
1971-72	110.64	118.05	106.7
1972-73	118.25	129.64	109.6
1973-74	134.25	149.75	111.5
1974-75	142.07	177.86	125.2
Telecommunication Services*			
1970-71	160.56	136.69	85.1
1971-72	189.17	144.62	76.4
1972-73	202.71	154.20	76.1
1973-74	226.54	182.95	80.8
1974-75	259.51	221.39	85.3
Total (Department as a whole)			
1970-71	271.10	248.19	91.5
1971-72	299.81	262.67	87.6
1972-73	320.96	283.84	88.4
1973-74	360.79	332.70	92.2
1974-75	401.58	399.25	99.4

*Up to 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 1970-71 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 1974-75 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>	0.10	} 0.48	0.01	0.47	98.0
<i>Supplementary</i>	0.38				
<i>Voted :</i>					
Original	6,06,44	} 6,49,93	5,95,89	54,04	8.3
Supplementary	43,49				

The saving of Rs. 54,04 lakhs in the voted section was the net result of :—

- (i) a saving of Rs. 3,25 lakhs in grant No.15—Posts and Telegraphs—Working Expenses;
- (ii) a saving of Rs. 59,83 lakhs in Grant No. 16—Posts and Telegraphs—Dividend to General Revenues, Appropriation to Reserve Funds and Repayment of Loans from General Revenues, and
- (iii) an excess of Rs. 9,04 lakhs over grant No. 17—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 Rs.	Expenditure Rs.	Excess Rs.
17-Capital Outlay on Post and Telegraphs	1,55,00,00,000	1,64,03,71,016	9,03,71,016

The excess occurred despite a supplementary grant of Rs. 6,57,00,000 obtained in March 1975. The excess of Rs. 904 lakhs was mainly due to more expenditure under :—

- (i) Local Telephone Systems (provision Rs. 6120 lakhs; expenditure Rs. 6856 lakhs);
- (ii) Long Distance Switching Systems (provision Rs. 740 lakhs; expenditure Rs. 973 lakhs);
- (iii) Transmission Systems (provision Rs. 4842 lakhs; expenditure Rs. 5120 lakhs);
- (iv) General (provision Rs. 2206 lakhs; expenditure Rs. 2555 lakhs).

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

- (i) Post Offices (provision Rs. 445 lakhs; expenditure Rs. 250 lakhs);
- (ii) Staff Quarters for Postal Services (provision Rs. 199 lakhs; expenditure Rs. 95 lakhs);
- (iii) Ancillary Systems (provision Rs. 322 lakhs; expenditure Rs. 132 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 1975 collection of Rs. 10.35 crores as telephone revenue was in arrears on 1st July 1975 as indicated below :—

	(Crores of rupees)
Government subscribers	3.52
Other subscribers	6.83

Out of the total outstanding of Rs. 10.35 crores, Rs. 5.87 crores related to bills issued during 1974-75 and the balance of Rs. 4.48 crores to bills issued up to 1973-74. The yearwise analysis of the arrears is given in Appendix I.

(ii) The percentage of the outstanding on 1st July 1975 to the total amount collected during the year ending with preceding March and the corresponding percentages in the three preceding years are given below :—

Year	Amount collected	Outstanding on 1st July following (including outstanding for the bills issued in the preceding years)	Percentage of the outstanding to the amount collected during the year
	(Lakhs of rupees)		
1971-72	1,45,86	6,92	4.7
1972-73	1,66,63	7,12	4.3
1973-74	1,85,41	7,28	3.9
1974-75	2,25,83	10,35	4.6

(iii) The percentage of the outstanding on 1st July 1975 to the total amount billed during the year ending with preceding March

and the corresponding percentages in the three preceding year are given below :—

Year	Amount billed	Outstanding on 1st July following	Percentage of column 3 to 2
1	2	3	4
	(Lakhs of rupees).		
1971-72	1,49,59	6,92	4.6
1972-73	1,66,65	7,12	4.3
1973-74	1,85,66	7,28	3.9
1974-75	2,32,85	10,35	4.4

(iv) Test check of telephone revenue accounts conducted during 1974-75 has shown several instances of short recoveries as well as failure to issue bills. Of the instances brought to the department's notice, short recoveries of Rs. 7.96 lakhs and failure to issue bills for Rs. 5.16 lakhs had not been made good by 30th June 1975.

(v) Recovery of Rs. 34.00 lakhs was under litigation on 1st July 1975.

(vi) During 1974-75 the telephone revenue written off was Rs. 15.35 lakhs as indicated below :—

	(Lakhs of rupees)
1. Whereabouts of the subscribers not known	8.02
2. Solvency of the subscribers not established	1.87
3. Closure of the subscribers' firms, concerns etc.	1.82
4. Death of subscribers	0.85
5. Relevant departmental files not available	0.33
6. Other reasons	2.38
7. Reasons not available.	0.08
	<hr/>
	15.35
	<hr/>

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

7. *Arrears of rent of telegraph, telephone and teleprinter circuits and telex/intelex charges.*—For bills issued up to 31st March 1975, collection of Rs. 325.41 lakhs as rent of telegraph, telephone and teleprinter circuits and telex/intelex charges was in arrears on 1st July 1975 as indicated below :—

	(Lakhs of rupees)
Rent of telegraph, telephone and teleprinter circuits.	289.16
Telex and intelex charges.	36.25

Out of the total outstandings of Rs. 325.41 lakhs, Rs. 163.68 lakhs related to bills issued during 1974-75 and the balance Rs. 161.73 lakhs to bills upto 1973-74. Yearwise analysis is given in Appendix II.

8. *Realisation of departmental dues.*—In the following cases there was short realisation or delay in realisation of departmental dues :—

(1) Against a requisition received by the Department in October 1964, a 400 lines private automatic branch exchange (PABX) in replacement of a 300 lines private branch exchange at Pathankot was handed over to the Defence Department in January 1971. Under the rules, acceptance of the annual rent and guarantee for the cables required for the PABX was to be obtained before undertaking the work; no such acceptance was obtained. In October 1972 the annual rent was intimated to the Defence Department as Rs. 1.50 lakhs. A bill for Rs. 7.74 lakhs as rent for the period from 29th January 1971 to 31st March 1976 was issued to the Defence Department about three years thereafter in September 1975; payment of the amount is still awaited (January 1976). The Department stated (January 1976) that efforts were being made to expedite realisation.

(2) Two pairs of copperweld wires were provided to the Defence Department in July 1966 at the annual rent of Rs. 0.36 lakh for the first five years and Rs. 0.07 lakh thereafter. No rent was recovered for these wires till April 1974, when bills

for Rs. 2.09 lakhs as rent for July 1966 to March 1975 were issued. Out of this amount, Rs. 0.27 lakh only were paid by the Defence Department till December 1975. The Department stated (January 1976) that out of the balance of Rs. 1.82 lakhs, the Defence Department had accepted the liability of Rs. 1.32 lakhs and rejected the claim for Rs. 0.50 lakh as rent for July 1966 to November 1967 as 'time barred'. Payment of even the accepted amount (Rs. 1.32 lakhs) is still awaited (January 1976).

(3) A cable was laid at Jammu and handed over to the Defence Department in November 1967. Its annual rent was recovered at the rate of Rs. 21,870 per annum instead of the correct rate of Rs. 43,347 per annum. A bill for Rs. 1.38 lakhs being the difference in rent realised and rent actually due for November 1967 to March 1974 was issued in April 1974. The Posts and Telegraphs Department stated (January 1976) that the Defence Department had accepted the claim for Rs. 1.37 lakhs, payment of which was awaited.

(4) In compliance with the instructions received from the Director General, Posts and Telegraphs, the Telephones Districts at Jaipur, Madras and Bombay supplied to the Defence Department 100 teleprinter machines, 30 auto-transmitters and 18 reperforing attachments between December 1971 and February 1972. The cost of these machines and attachments amounting to Rs. 9.46 lakhs is yet to be recovered (January 1976). Only the Telephones District at Madras raised a debit for Rs. 3.79 lakhs against the Defence Department in August 1974; the other two Telephones Districts at Jaipur and Bombay did not even raise the debits (December 1975). The Department stated (January 1976) that the matter was under examination.

(5) The departmental rules prescribe higher rates of rental in respect of private telephone wires which cross public roads than those which lie entirely within the subscriber's premises.

The Telephone Division at Jullundur provided to the Defence Department in November 1971 one piece of 400 pairs and two pieces of 100 pairs of underground cables, all of which crossed the public road outside the subscriber's premises. Annual rent of these cables was, however, claimed at the lower rate of Rs. 2.80 lakhs as prescribed for cables lying entirely within the subscriber's premises instead of the correct rate of Rs. 3.30 lakhs. A supplementary bill for Rs. 1.19 lakhs being the difference between the rent already claimed and the rent actually due upto March 1974 was issued in May 1974. However, payment of rent (payable in advance for each financial year) against both the original and supplementary bills aggregating Rs. 16.45 lakhs for November 1971 to May 1976 was awaited; the Department stated (January 1976) that the matter was under examination.

(6) Prior to January 1967, in respect of telecommunication cables laid for the exclusive use of a subscriber (other than those for Railway or Canal authorities) annual rent was recoverable at 16 per cent of the capital cost of the work or at the standard rates applicable to private wires whichever was higher. In January 1967, the Department raised the percentage from 16 to 18 for cables laid on or after 1st April 1965 except the cases in which final rent had already been fixed at 16 per cent of the capital cost.

A test check of billing in three telephone divisions for cables laid after April 1965 disclosed that in 10 cases in which the final rent was fixed after January 1967, rent was being billed/recovered at the old rate of 16 per cent of the capital cost resulting in short billing to the extent of Rs. 0.99 lakh for the period upto March 1976. The Department stated (January 1976) that four cases were under examination and bills for the difference of rent were issued in respect of six cases but payments were awaited.

(7) For a cable provided in September 1971 to the Defence Department, the Divisional Engineer, Telegraphs, Bikaner recovered rent at the rate of Rs. 0.60 lakh (15 per cent of the

capital cost) per annum instead of the correct rate of Rs. 0.72 lakh (18 per cent of the capital cost) per annum resulting in short realisation of Rs. 0.54 lakh due upto March 1976.

The Department stated (January 1976) that the revised rent had been accepted by the Defence Department and a bill for the difference had been issued but payment was awaited.

(8) On an emergent requisition from a State Government a radio telephone station was commissioned in April 1966. The rent of Rs. 0.40 lakh per annum for a minimum period of 5 years was accepted by the State Government in September 1966. The circuit was, however, surrendered by the State Government on 30th November 1968. The recovery of Rs. 1.95 lakhs (Rs. 1.04 lakhs as rent for 25th April 1966 to 30th November 1968 and Rs. 0.91 lakh as compensation for premature surrender of the facility) was still outstanding.

The Department stated (January 1976) that a bill for Rs. 1.95 lakhs was issued in April 1971 to the State Government, which did not pay it as the surrendered assets fell in the area under the jurisdiction of a Union Territory.

(9) In March 1964, the Director, Posts and Telegraphs, Cuttack sanctioned a project for opening a public call office at Tikarapara Dam Site after the Government of Orissa guaranteed a revenue of Rs. 13,100 per annum therefrom. Stores worth Rs. 1.08 lakhs were issued upto April 1968 for the work. Before, however, the work was started the State Government withdrew its guarantee in April 1969, as a public call office was no more required at that place by it. As per departmental regulations, compensation for cancellation of work after issue of stores is to be claimed within 3 months of the cancellation. The Postmaster General, Cuttack while communicating the cancellation in October 1969 ordered realisation of compensation. It was, however, after six years that bills claiming Rs. 0.25 lakh as compensation and estimating fee were sent to the State Government in October 1975; the payment was awaited (January 1976).

9. *Rent for a private branch automatic exchange.*—According to the departmental instructions (August 1966), in respect of a demand for any service for which annual rent is chargeable at a fixed percentage of the capital cost of the work, an estimate for the work is to be prepared taking into account current cost of equipment, stores and all foreseeable expenses and annual rent is to be calculated at a prescribed percentage on 115 per cent of the estimated cost. The rent so arrived at and quoted to the applicant is to be treated as final subject to the condition that if a revision of the estimate is found necessary due to substantial deviation from the specifications of work or variation of prices, the final rent is to be reassessed on the basis of 115 per cent of the revised estimated cost.

Against a demand for installation of a 1000 lines private branch automatic exchange in a large hotel, the General Manager, Telephone District, Bombay assessed the cost of installation at Rs. 3.70 lakhs (cash : Rs. 3.03 lakhs, stores : Rs. 0.37 lakh and overheads : Rs. 0.30 lakh) and intimated (June 1970) an annual rent of Rs. 0.81 lakh payable for a minimum period of five years. The rent was accepted by the hotel and advance rent for one year was also deposited in July 1971.

The private automatic branch exchange was commissioned in January 1972. The actual expenditure (including overheads) booked in the accounts against this work was Rs. 7.01 lakhs up to March 1972. No action was, however, taken to revise the rent on the basis of the booked expenditure which was already 89 per cent more than the original estimate. Subsequently, further debits for Rs. 1.23 lakhs were booked against this work in 1972-73 raising the total booked expenditure to Rs. 8.24 lakhs upto March 1973. It was only in December 1973, *i.e.* after about two years of commissioning the branch exchange, that the hotel was informed that the revised rent on the basis of the actual cost of work was Rs. 2.10 lakhs per annum and a bill was sent for the arrears

of Rs. 3.05 lakhs. The hotel did not accept the claim and protested against as much as 159 per cent increase over the rent earlier intimated (Rs. 0.81 lakh).

There was a mistake in the recalculation of annual rent at Rs. 2.10 lakhs; the correct rent worked out to Rs. 1.58 lakhs per annum. A revised bill for Rs. 3.36 lakhs for January 1972 to May 1976 was sent to the hotel in September 1975. By then further debit for Rs. 0.08 lakh was booked in the accounts for 1973-74 and the total expenditure on the work was Rs. 8.32 lakhs.

The hotel management paid Rs. 1.70 lakhs under protest and sent a representation on 20th September 1975 against exorbitant increase in the amount of rent over what was quoted to it in June 1970 and was agreed to by it. While the hotel management was agreeable to an increase of 20 per cent over the rent quoted in June 1970, it observed that it failed to understand how the cost of the branch exchange was so grossly underestimated earlier.

The Department stated (December 1975) that the matter was under consideration.

10. *Short recovery of rent.*—In November 1965, the Defence Department placed a demand on the Posts and Telegraphs Department for a cable between places 'A' and 'C'. A project estimate for Rs. 6.68 lakhs was sanctioned by the Department in December 1965; this was followed by a detailed estimate for Rs. 5.70 lakhs in May 1966. In April 1967, the Defence Department placed another demand for a cable between places 'B' and 'C'. The demand for the cable between places 'A' and 'C' was cancelled in August 1967. However, as the microwave terminal at 'A' was likely to become operative earlier than the terminal at 'B', the Defence Department revived (January 1968) its earlier demand for the cable between places 'A' and 'C' and cancelled the demand for the cable between places 'B' and 'C'.

The cable between places 'A' and 'C' was completed at a cost of Rs. 11.23 lakhs and handed over to the Defence Department in April 1970. The increase in actual expenditure was due to increase in the cost of cable and stores.

According to the departmental instructions issued in August 1966, rent for such an installation should be quoted at a prescribed percentage on 115 per cent of the estimated cost, and it should be treated as final unless there is considerable deviation from the original estimate due to change in the route or variation in prices. If there is considerable deviation from the original estimate, the likely cost should be reassessed and a revised rental quoted on the basis of 115 per cent of such reassessed cost.

The estimate for laying the cable between places 'A' and 'C' was based on the price of cable at Rs. 16.25 per metre; the actual price was, however, Rs. 31 per metre. The increase in price of cable was known to the division concerned in August 1967, when a debit for Rs. 1.55 lakhs was adjusted in accounts as the cost of 5,000 metres of cable. As against the estimate of Rs. 5.70 lakhs as per detailed estimate sanctioned in May 1966, the expenditure on the work booked in accounts up to March 1970 was Rs. 9.38 lakhs. Nevertheless an annual rent of Rs. 1.36 lakhs was quoted in May 1970 on the basis of the estimated cost of Rs. 5.70 lakhs as per detailed estimate sanctioned in May 1966. Rent for 6 years from April 1970 to March 1976 was also recovered at this rate. The annual rent was revised only in July 1975 and the bill for the difference in rent (Rs. 5.75 lakhs) for the period from April 1970 to March 1976 was sent to the Defence Department in July 1975. In August 1975, the Defence Department requested the Posts and Telegraphs Department to forward the details showing how the revised rent had been worked out and stated that the revised rent, if accepted, would be paid from year 1976-77 onwards.

11. *Rates of trunk call charges in Goa division.*—For the purpose of fixing the charges for trunk calls from one exchange or public call office to another exchange or public call office, the country has been divided into several “Long Distance Charging Areas” (268 as in January 1971), each such area having a fixed “Long Distance Charging Centre”. The trunk call rate between any two exchanges or public call offices is determined (i) on the basis of the radial distance between the exchanges or public call offices if both of them are located in the same or contiguous “Long Distance Charging Area” or (ii) on the basis of the radial distance between the “Long Distance Charging Centre” of the two areas if the exchanges or public call offices are located in different and non-contiguous areas.

On the liberation of Goa, the five telephone exchanges functioning there were taken over by the Posts and Telegraphs Department in December 1961. The ex-Portuguese Administration used to levy a flat rate of 50 paise for a trunk call of 3 minutes duration between any two of the five exchanges in Goa. The trunk call rates, on the basis of radial distances between the exchanges and the Indian Tariff then applicable would have been 60 paise in respect of five routes having radial distances exceeding 20 kilometres and 30 paise in respect of other five routes with radial distances upto 20 kilometres. It was decided in February 1962 to retain the flat rate of 50 paise as trunk call charge between all exchanges in Goa, as was being charged by the ex-Portuguese Administration.

Twelve more exchanges were opened in the Goa area upto March 1974 and the uniform rate of 50 paise per unit call upto 3 minutes duration continued to be charged for these exchanges as well.

The Posts and Telegraphs Department stated (October 1975) that the decision of February 1962 was taken “knowing fully well that part of the routes will justify lower rates and part of the routes

will justify higher rates. But taking an overall view it was decided that the flat rate may continue as there was no loss expected to the Department and had the advantage of simplicity of accounts." The Department stated further that at the flat rate of 50 paise per call it had collected at least Rs. 1.58 lakhs as additional revenue upto 15th January 1966, the rate of 50 paise per call being more than the rate of 30 paise applicable in the rest of the country for radial distances upto 20 kilometres. The Department added that this additional revenue was estimated on the basis of the ratio in 1973 of calls within radial distances upto 20 kilometres to the total number of calls and that the ratio of calls within distances of 20 kilometres to the total number of calls must have been more in the earlier years.

The trunk call tariffs were revised (except in Goa) in October 1962 to 30 paise for radial distances upto 20 kilometres and 50 paise for radial distances exceeding 20 kilometres but not exceeding 40 kilometres. These tariffs were further revised in January 1966 and May 1974 as shown below :—

	Rates as revised from	
	January 1966 Rs.	May 1974 Rs.
Upto 20 kilometres	0.50	0.25
Exceeding 20 kilometres but not exceeding 50 kilometres	1.00	1.00
Exceeding 50 kilometres but not exceeding 100 kilometres	2.00	2.00

In Goa the old flat rate of 50 paise per call continued to be applied. In March 1975, the Posts and Telegraphs Department extended the rates applicable to the rest of the country to the exchanges in Goa. According to the rates effective from January 1966 and applicable to the rest of the country the rates in Goa should have been :—

- (i) Fifty paise (Twenty-five paise from May 1974) for 48 routes with radial distance upto 20 kilometres,

- (ii) Re. 1 in respect of 70 routes having radial distances exceeding 20 kilometres but not exceeding 50 kilometres and
 (iii) Rs. 2 in respect of 2 routes having radial distances exceeding 50 kilometres and above but not exceeding 100 kilometres.

According to an estimate made by the Posts and Telegraphs Department in October 1975, Rs. 3.28 lakhs were realised less as trunk call charges during 16th January 1966 to 31st March 1974 due to non-revision of trunk call charges in Goa.

12. *Laying of cables for Nagpur air-port.*—For the purpose of installing the instrument landing system (a radio navigational aid system required for safe landing of aircraft in conditions of poor visibility) the Civil Aviation Department placed demands in March 1958 and April 1958 on the Posts and Telegraphs Department for cables and wires on 'most urgent' basis. Estimates of works in respect of these demands were sanctioned after receipt of rent acceptance and guarantee from the Civil Aviation Department, as shown below :—

Month of placement of demand	Month of quotation of rent and guarantee	Month of acceptance of rent and guarantee	Month of sanction of estimate	Estimated cost (lakhs of rupees)
(a) March 1958 :—(i) Three pairs of lines from 'Very high frequency omnirange' (VOR) to the transmitting station and (ii) three pairs from the transmitting station to the control room in the terminal building	October 1958	December 1958	April 1960	0.45
(b) April 1958 :—8 pairs of lines from terminal building to outer marker	Do.	Do.	September 1960	1.00

Against the demand at (a) above, three pairs of lines from 'very high frequency omnirange' (VOR) to the transmitting station were stated to have been handed over in March 1962, and those

from the transmitting station to the control room in March 1964. While record of taking over by the Civil Aviation Department of the three lines from VOR to the transmitting station was available with the Posts and Telegraphs Department, no such record of taking over was available for the three lines from the transmitting station to the control room in the terminal building.

No action was taken till October 1971 to realise the rent for the lines stated to have been handed over in March 1962 and March 1964. The matter was taken up with the Civil Aviation Department for the first time in November 1971; it remained under correspondence till September 1973, when inspection and testing of the lines were conducted jointly by the officials of the Posts and Telegraphs Department and the Civil Aviation Department. The Posts and Telegraphs Department pointed out to the Civil Aviation Department in April 1974 that the lines from transmitting station to the control room in the terminal building were shown to its officials, but the Civil Aviation Department stated (April 1974) that the lines had not been handed over. The matter is stated to be still under correspondence with the Civil Aviation Department (December 1975); the amount of rent due for these lines upto March 1975 was Rs. 1.25 lakhs.

For the work at serial (b) cable and stores worth Rs. 0.79 lakh were received in 1960-61 (Rs. 0.34 lakh) and 1963-64 (Rs. 0.45 lakh). Before, however, the work was taken up, the demand was cancelled by the Civil Aviation Department in February 1967. A bill claiming compensation of Rs. 0.20 lakh for cancellation of the work was issued in November 1972; the amount is yet to be realised (December 1975).

CHAPTER IV

WORKS EXPENDITURE AND MISCELLANEOUS OTHER IRREGULARITIES

13. *Telephone service at Ludhiana.*—In April 1961, there were 1034 telephone connections working from the 1100 lines manual exchange at Ludhiana, and there were 1400 applicants waiting for new connections from that exchange. Anticipating a rise in demand for telephones to 5000 by 1966, the Postmaster General, Punjab Circle, proposed (April 1961) installation of a 6000 lines automatic telephone exchange. The 6000 lines automatic telephone exchange (crossbar type) was commissioned about 12 years thereafter in February 1973; the time taken for different items of the work is indicated below :—

	Time taken	Months
Acquisition of land	Between September 1961 and April 1963	19
Planning and sanctioning the construction of building.	Between May 1963 and July 1966	38
Preparation of detailed estimate for the building, calling for tenders, etc.	Between August 1966 and October 1967	14
Construction of building	Between November 1967 and September 1969	22
Planning, manufacture and supply of equipment by the Indian Telephone Industries.	Between August 1967 and July 1972	59
Installation of equipment	Between June 1971 and February 1973	20

In September 1961, the Director General, Posts and Telegraphs accorded approval for the purchase of land for the building for the proposed exchange. A plot of land was made available by the State Government in April 1963 at a cost of Rs. 1.68 lakhs.

The schedule of accommodation for the proposed exchange building was sent to the Architect in September 1963 for preparation of drawings and the Architect sent the preliminary sketches of the building to the Directorate in December 1964. The Department stated (January 1976) that "it was necessary for him to get the site particulars and also the surveyed site plan. Site particulars were called for by him from the Executive Engineer, C.P.W.D. Since this is a big building, the preparation of the preliminary drawings there-after took some time and the Architect had to personally inspect the site". The drawings were finalised by the Directorate in April 1965.

When the plans were sent to the Municipal Corporation, Ludhiana, the latter raised certain objections, as a result of which some modifications to the drawings had to be made. A preliminary estimate for construction of the building (floor area: 57,340 square feet) for the proposed 6000 lines exchange was thereafter sanctioned for Rs. 28.84 lakhs in July 1966. It took one year from August 1966 to July 1967 for the preparation of detailed structural drawings, detailed estimate of the cost of work and notice for the invitation of tenders. The detailed estimate for the building was sanctioned in August 1967.

Construction of the exchange building was commenced in November 1967 and completed in September 1969. Electrical installations were completed in March 1970. As there was delay in receipt of equipment for the proposed exchange, the building was utilised from August 1969 for accommodating the stores and the office of the Divisional Engineer, Telegraphs, Ludhiana.

In the meantime, the total demand for telephones was rising. With a view to meet the growing demand to some extent two more manual exchanges were opened in 1963 and 1968 respectively. By 1968 the combined capacity of the three manual exchanges was 3100 lines; the cost of equipment for the additional 2000 lines was Rs. 6.06 lakhs.

A project estimate for installation of the 6000 lines automatic exchange was sanctioned for Rs. 165.68 lakhs in August 1967; the exchange was expected to be commissioned in 1971. Net annual profit expected from the exchange was Rs. 4.88 lakhs.

In August 1967, an indent for the supply of exchange equipment was sent to the Indian Telephone Industries. As the total demand for telephones had risen to 6500 by June 1967, another project estimate for Rs. 42.49 lakhs was sanctioned in January 1968 for provision of additional 2000 lines in the new automatic exchange.

In July 1968 the Director General, Posts and Telegraphs requested the Indian Telephone Industries to complete supplies of (i) iron frames by March 1969 for commencing installation work and (ii) other equipment by March 1970, according to the pre-determined sequence of installation. The Indian Telephone Industries pointed out in the same month (July 1968) that the department had not approved the floor plan of the exchange sent by it in May 1968 and only after the approved floor plan was received it would design the specifications of the iron frames and would thereafter take up their manufacture. The approved floor plan was released in July 1968, but the Indian Telephone Industries apprehended (September 1968) delay in the supply of the iron frames for this exchange, as it was engaged in the manufacture of frames for other exchanges against previous orders. The Department stated (January 1976) that the delay in the supply of the iron frames was mainly because the total quantity required for all exchanges exceeded the manufacturing capacity of the Indian Telephone Industries.

Supply of iron frames was commenced by the Indian Telephone Industries in February 1969, but by July 1970 only 60 per cent of the frames were supplied. The supplies till then were not sufficient to commence installation work. With a view to

giving some more connections to the waiting applicants, the combined capacity of the three manual exchanges was further expanded to 4000 lines in 1970 and to 4400 lines in 1971.

Sufficient quantities of equipment (cost Rs. 67.43 lakhs) to commence installation of the 6000 lines automatic exchange were received by June 1971. Installation of equipment was started in that month.

Sophisticated crossbar type exchange equipment was required to be installed in air-conditioned room to prevent ingress of dust and corrosion from humidity. In April 1970, an indent was sent to the Director General, Supplies and Disposals for an air-conditioning plant. The Director General, Supplies and Disposals placed an order (April 1971) on firm 'X' for supply and installation of the air-conditioning plant by September 1971 at a cost of Rs. 4.17 lakhs. Installation of the air-conditioning plant was completed after a delay of nearly sixteen months in January 1973. Rupees 3.51 lakhs were paid to firm 'X' for the plant by April 1973. The Department stated (January 1976) that "its performance was not satisfactory and its blower motor was getting excessively heated at the time of winter test". The supplier took one year to rectify the defects and the plant passed winter test in February 1974 and summer test in May 1974. The plant was offered for monsoon test in August 1974, but the test had to be abandoned due to burning of a cable. It was again offered for monsoon test in August 1975. The Department stated (January 1976) that the monsoon test "had to be abandoned again as the power supply was showing a low voltage". As the air-conditioning plant was not ready, eighteen window type air-conditioners were obtained (between June 1971 and March 1973) at a cost of Rs. 0.98 lakh. The Department stated (January 1976) that the window type air-conditioners would be diverted to other exchanges when the air-conditioning plant would start functioning.

Installation of equipment was completed in February 1973. As against 11,250 estimated mazdoor days for the installation, 21,839 mazdoor days were actually spent in the work involving

an extra expenditure of Rs. 0.64 lakh in wages; the Department stated (January 1976) that this was due to underestimation.

Immediately after installation of 6000 lines in February 1973, installation of additional 2000 lines sanctioned in January 1968 was commenced; this work was completed in April 1974.

Since the total demand for telephones had risen to 9777 by September 1972 another project estimate was sanctioned for Rs. 61.10 lakhs in September 1972 for the expansion of the new automatic exchange from 8000 to 10000 lines. Installation of equipment for additional 1000 lines was completed in March 1975 and for the remaining 1000 lines in August 1975.

According to the instructions issued in September 1970, ninety per cent of the exchange capacity should be utilised soon after its expansion or, in any case, not later than six months of such expansion, and ninety-four per cent about six months before the due date of commissioning of the next expansion. The actual utilisation of the installed capacity of the new exchange was as shown below:—

Month	Instal- led capa- city in lines	Con- nectable capa- city in lines	Working connections		Spare capa- city	Number of appli- cants in waiting list
			number	as per- centage of instal- led capa- city		
March 1973	6000	5400	4338	72.3	1062	6683
September 1973	6000	5400	4883	81.4	517	6795
December 1973	6000	5640	5325	88.8	315	7184
March 1974	6000	5640	5624	93.7	16	7016
April 1974	8000	7440	6586	82.3	854	7825
November 1974	8000	7520	7071	88.4	449	8773
January 1975	8000	7520	7231	90.4	289	8642
March 1975	9000	8420	7239	80.4	1181	8549
June 1975	9000	8420	7293	81.0	1127	8563
September 1975	10000	9320	7860	78.6	1460	9533

Due to delay in the release of new telephone connections the Department lost a potential revenue of about Rs. 13.40 lakhs upto September 1975. The Department stated (January 1976) that attempts to implement September 1970 instructions resulted in unsatisfactory service in crossbar type exchanges and therefore revised instructions were issued in July 1974 and February 1975 about restricting the release of new connections from crossbar exchanges. Instructions issued in September 1970, however, continue to apply for release of new connections from strowger type exchanges.

Extension of the subscribers' trunk dialling (STD) facility became feasible with the commissioning of co-axial cable (between Delhi and Jullundur *via* Ludhiana) in September 1966. Jullundur and Amritsar got the STD facility with Delhi in April 1970 and September 1970 respectively and between themselves in January 1971. One way STD facility from Ludhiana to Jullundur became available in February 1973. STD facility from Ludhiana to Amritsar was introduced in November 1973. The facility is yet not available between Ludhiana and Chandigarh and between Ludhiana and Delhi (December 1975). The Department stated (January 1976) that "the project for installation of the exchange at Ludhiana did not include provision of STD and therefore, the equipment even at Ludhiana was not included in the exchange order. Channels are also not available even today to provide STD between Ludhiana and Chandigarh and Delhi....."

The total demand for telephones had risen to 17393 by September 1975. In June 1974 yet another project estimate was sanctioned for Rs. 207.57 lakhs for the vertical expansion of the exchange building (estimated cost: Rs. 12.10 lakhs) and installation of a second unit of 6000 lines exchange therein. The building work is in progress (January 1976).

After commissioning of the automatic exchange in February 1973 the three manual exchanges (4400 lines) were dismantled but some of the recovered stores were still awaiting disposal

(December 1975). The Department stated (January 1976) that all stores in serviceable and good condition were utilised and the stores lying unused were only those to be auctioned.

14. *Telephone exchange at Kakinada.*—Kakinada, a district headquarter of Andhra Pradesh, had in March 1964 a 500 lines manual telephone exchange with 406 working connections and 134 applicants on the waiting list. In January 1964, the Department approved a scheme for installation of 1200 lines automatic telephone exchange at Kakinada in a departmental building to be constructed there. In August 1964, the Director General, Posts and Telegraphs sent to the Architectural Wing of the Department an approved schedule of accommodation for the telecommunication building for preparation of plans. The accommodation proposed was for a 5000 lines automatic telephone exchange and co-axial and microwave rooms with provision for construction of additional storeys subsequently to provide accommodation for an exchange of 10000 lines.

Sanction for the construction of the building was issued in February 1966. The project estimate for installation of 1500 lines automatic telephone exchange was prepared in September 1966 and sanctioned in January 1968; the estimated cost was Rs. 46.95 lakhs. Contract for the construction of a four storey building was awarded in December 1967 for completion by January 1970. The work was, however, completed by August 1971. Out of nearly 19 months' delay (about 551 days) in completion of the building, the contractor was held responsible for 388 days, for which Rs. 388 were recovered as compensation. The remaining 163 days' delay was attributed (November 1975) to the following :

- (a) the site had to be cleared of buried cables; the presence of buried cables on this land was not known to officers of Civil Wing before commencement of the work;

- (b) delay in deciding the depth of the foundation; the foundation earlier designed on the basis of the data obtained from trial pits had to be reconsidered after full excavation for structural changes; and
- (c) general shortage of steel.

In March 1966, crossbar type equipment for a 1500 lines exchange was got included in the manufacturing programme of the Indian Telephone Industries for 1967-68. As the crossbar type equipment could not be manufactured and supplied even upto September 1970, the specification was changed to strowger type in October 1970. The strowger type equipment was included in the programme of supply for 1971-72. An indent was sent to the Indian Telephone Industries in September 1971. Installation of equipment could commence only in August 1972 after sufficient supplies were received.

In order to protect the exchange equipment from humidity and dust the equipment room was to be air-conditioned. Against an indent (March 1969) of the Department the Director General, Supplies and Disposals, placed in December 1970 an order on firm 'A' for supply and installation of a 65 tonne air-conditioning plant by 31st May 1971 at a cost of Rs. 3.61 lakhs. Part of the air-conditioning plant was received by April 1972. Firm 'A's representative arrived at the site during September 1972 but went back in December 1972 without completing the work. Firm 'A' was paid Rs. 2.69 lakhs against supplies received upto March 1974; installation and commissioning of the plant is, however, yet to be completed by the firm (October 1975). In the meantime the exchange equipment continues to remain exposed to dust and humidity, with possible adverse effects on useful life expectancy and working efficiency. The Department has also been paying since January 1974 about Rs. 1,185 per month on account of minimum demand charges for electricity although the air-conditioning plant, for which 73 KVA (out of total 150 KVA)

load was contracted, was not functioning. The Department stated (November 1975) that "It has been our experience that due to triangular correspondence between the Director General, Supplies and Disposals, Posts and Telegraphs and the air-conditioning contractor there is some delay in commissioning the plants. To avoid such delays, it has since been decided that air-conditioning plants should be purchased directly by the Posts and Telegraphs department."

When installation of equipment was started in August 1972, it was expected that the exchange would be commissioned in June 1973. The exchange was commissioned in February 1974, over 10 years after the approval of the original scheme for a 1200 lines exchange in January 1964. The Department stated (November 1975) that since the project involved a number of component works it was useful "to give a strict time period in the first instance and then revise it subsequently depending upon the progress of works from time to time."

By the time the new exchange was commissioned in February 1974 the capacity of the existing manual exchange was expanded by adding equipment for additional 720 lines by 1971-72 at a cost of Rs. 2.40 lakhs. With the commissioning of the new exchange in February 1974, all the lines in the manual exchange have become surplus.

As against the connectable capacity of 1363 lines in the new exchange, there were 1311 working connections and a waiting list of 53 on 30th September 1974. Since equipment for only 1500 lines exchange has been installed in the building having accommodation for 5000 lines exchange, a sizeable portion of the building is remaining unused. The demand for telephones at Kakinada increased from 714 lines in 1966 to 1364 in September 1974. At this rate it may take several years for the demand to rise to 4700 lines justifying a 5000 lines exchange.

15. *Telephone exchange at Sanathnagar, Hyderabad.*—In December 1963, the District Manager, Telephones, Hyderabad sent to the Director General, Posts and Telegraphs a project estimate for installation of a 2000 lines main telephone exchange in Sanathnagar locality of Hyderabad and sought approval for acquisition of a plot of land measuring 7,000 square yards for the exchange building. In justification of the proposal it was stated that Sanathnagar was fast developing into an industrial locality and the demand of the telephones in the area was expected to be 1311 in 1967, 2208 in 1972, 2933 in 1977 and 3528 in 1982. Sanction for purchase of land was conveyed in April 1966 and the site was acquired through the State Government in October 1966 at a cost of Rs. 0.40 lakh.

In the meantime a small satellite exchange was opened in August 1964 in a rented building in that locality. In April 1967, 392 connections were working from the satellite exchange.

In December 1964, the Director General, Posts and Telegraphs approved a schedule of accommodation (19,900 square feet) to be provided in the building. In August 1967, an estimate for Rs. 14.83 lakhs was sanctioned for construction of a two storey building, with a built-up area of 27,575 square feet to accommodate a 5000 lines exchange initially, with foundation suitable for construction of additional storeys to accommodate ultimately a 10000 lines exchange. Tenders for construction of the building were invited in October 1969 and the work was awarded to a contractor in December 1969; the work was to be completed by July 1971.

The completed building was handed over in February 1974. The Executive Engineer in charge of the construction work stated in March 1973 that the delay in completion of the work was due to dislocation in communications, restrictions on consumption of power and non-receipt of cement, Water and electric connections

were provided in the building in October 1974 and December 1974 respectively. Installation of equipment was commenced in December 1974.

By March 1971 the satellite exchange was expanded to 600 lines capacity and 551 connections were working therefrom with a waiting list of 89. In March 1971, the District Manager, Telephones, Hyderabad submitted a project estimate for installation of 1200 lines main telephone exchange in the new building in replacement of the satellite exchange. The project estimate was returned in May 1971 by the Directorate as the equipment for the proposed exchange was not included in the manufacturing programme of the Indian Telephone Industries for the year 1972-73. The District Manager requested the Directorate (May 1971) to reconsider the matter because if equipment was not allotted for the exchange, the new building would remain unused. He also pointed out that as the building was located far away from the centre of the town it would not be possible to shift any of the major offices to it for utilising the accommodation. Thereafter, in December 1971 the Directorate agreed to provide equipment for a 900 lines main exchange in replacement of 600 lines satellite exchange and sanctioned a project estimate for the work in February 1973 for Rs. 14.11 lakhs (excluding the cost of land, building and electric installations totalling Rs. 18.61 lakhs). The equipment required for this exchange was included in the manufacturing programme of the Indian Telephone Industries for 1972-73, but due to back-log in the supply position, the manufacture of the equipment was shifted to 1973-74. In the justification for the project estimate, the likely demands for telephones from the exchange were indicated as 3751 in 1972, 6692 in 1977 and 11038 in 1982.

The indent for equipment for the exchange was placed in March 1973 and the supply commenced in May 1974. Installation of equipment (commenced in December 1974) was completed in March 1975.

The capacity of the satellite exchange was increased to 800 lines by February 1972, before commissioning of the new 900 lines exchange in March 1975. By then the 800 lines satellite exchange had 760 working connections with a waiting list of about 150 applicants. It was, therefore, decided not to close and dismantle the satellite exchange as projected earlier, but to keep it working in addition with a view to clearing the waiting list of applicants by release of connections from the new exchange. On 31st July 1975, 1235 connections were working from the two exchanges having a combined capacity of 1700 lines (1600 for ordinary connections and 100 for public call offices with Coin Collecting Boxes) and 242 applicants were waiting for new connections. The Department stated (December 1975) that expansion of the new main exchange to 1500 lines had been sanctioned and the satellite exchange would be closed down on the commissioning of additional 600 lines in that exchange.

Since equipment for only 900 lines has been installed in the new building constructed to accommodate 5000 lines, a large portion of the built-up area is lying unutilised. As mentioned earlier, the demand for telephones in 1972 was estimated in December 1963 as 2208 connections. In the justification for the estimate sanctioned in February 1973, the demand for 1972 was indicated as 3751 connections in 1972. As against these estimates, the actual demand in July 1975 was for 1477 telephones only. The Department stated (December 1975) that the forecast made by the District Manager "was not taken into account by the Directorate and that the project estimate was sanctioned on the basis of demand projected under the used method as applicable to similar telephone expansion projects."

16. *Installation of trunk automatic exchange at Ambala.*—The four co-axial microwave schemes mentioned in the table below (which have been commissioned since 1965) are each capable of providing upto 960 telephone trunk circuits. These schemes were stated to be for coping with the growth of trunk

traffic handled by the manual system. The actual number of circuits commissioned under the schemes and the number terminated at Ambala, out of those commissioned, were as follows:—

Scheme	Total number of circuits commissioned	Between Stations	Number of circuits terminated at Ambala	Month of termination
1. New Delhi-Jullundur Co-axial Cable	384	Ambala-Jullundur	96	September 1965
		Ambala-New Dehi	276	December 1965
2. Ambala-Chandigarh-Simla Microwave	84	Ambala-Chandigarh	36	May 1966
		Ambala-Simla	24	May 1966
3. Extention of New Delhi-Jullundur Co-axial Cable to Amritsar	204	Ambala-Amritsar	24	August 1969
4. Ambala-Patiala-Bhatinda Co-axial Cable	216	Ambala-Patiala	48	June 1970

Four manual trunk boards were installed at Ambala in June 1966 and another four in March 1967 for the utilisation of trunk circuits.

The question of installing a trunk automatic exchange (TAX) at Ambala was under consideration since 1965. In November 1967, a project estimate (Rs. 57.03 lakhs) was sanctioned for installation of a crossbar type 2000 lines TAX at Ambala by 1969-70.

The object was to link the local telephone exchange at Ambala, Chandigarh, Simla, Ludhiana, Jullundur, Amritsar, Jammu, Panipat and Karnal in due course to the TAX at Ambala for the purpose of introducing subscribers' trunk dialling (STD) among these stations and to extend STD to other stations in the country by interconnecting the TAX at Ambala with the main TAX

at New Delhi (commissioned in April 1969). On completion of all these services, the annual revenue expected was Rs. 62.21 lakhs from STD receipts. Rupees 20.74 lakhs, being one-third of these STD receipts, were to be allocated to Ambala TAX. The annual recurring expenditure of that TAX was estimated to be Rs. 10.51 lakhs, leaving a net surplus of about Rs. 10.23 lakhs per annum for that TAX.

Three component works of the TAX project at Ambala were to be executed in the following sequence :—

- (i) construction of building (Rs. 4.29 lakhs),
- (ii) air-conditioning (Rs. 2.00 lakhs) and
- (iii) installation of equipment (Rs. 45.56 lakhs).

(a) *Building*

Construction of building was commenced in September 1968 and completed in March 1970 at a cost of Rs. 4.88 lakhs (estimated cost : Rs. 4.29 lakhs). By this time (March 1970) even the specifications for the air-conditioning plant were not ready.

(b) *Air-conditioning plant*

The air-conditioning plant was to be installed in the building before commencement of installation of equipment. Specifications for the air-conditioning plant were finalised by the Director General, Posts & Telegraphs only in December 1970. An indent was sent to the Director General, Supplies and Disposals in April 1971 for purchase and installation of the air-conditioning plant. Tenders were called for in August 1971, and those received were sent in October 1971 to the Director General, Posts and Telegraphs for technical scrutiny. After scrutiny an order was issued by the Director General, Supplies & Disposals on firm 'A' in January 1972 for supply and installation of the air-conditioning plant by 30th September 1972 at a cost of Rs. 3.09 lakhs.

At the request of firm 'A' the scheduled date of delivery and installation of the plant was extended up to 30th May 1973 by the Director General, Supplies and Disposals. Firm 'A' completed installation of the plant in January 1975. Winter test of the plant was conducted in January 1975 and monsoon test in July 1975. The plant failed in both the tests. According to the specifications, air supply duct was to be insulated by fire resistant and moisture-cum-acid proof material. Firm 'A', however, had covered the duct by hard board, which was objected to by the Department in March 1974. The insulation is yet to be replaced by appropriate material (October 1975). The Department stated (October 1975) that "the matter is being pursued with the firm for the completion of the work satisfactorily."

(c) *Installation of equipment*

In March 1967 the Director General Posts & Telegraphs placed an indent for supply of equipment on the Indian Telephone Industries (I.T.I.) and asked the I.T.I. to include the same in its manufacturing programme for 1967-68. In January 1968 the Department shifted the manufacturing programme from 1967-68 to 1968-69 and again in July 1968, from 1968-69 to 1969-70. The Department stated (October 1975) that "it was not until 1971 that production of TAX equipment was stabilised in I.T.I.". The Department further stated (October 1975) that "originally it was planned to accommodate 2000 lines in the TAX building but when the actual engineering of the exchange was prepared by the Indian Telephone Industries it was found that the size of the switch room available could accommodate only 1700 lines of equipment. Hence, equipment for 1700 lines only was obtained." Supply of equipment from the Indian Telephone Industries commenced in January 1971, and equipment costing Rs. 120.12 lakhs was received upto January 1975, as against the provision of Rs. 43.74 lakhs in the sanctioned estimate.

It was expected at the time the detailed estimate was sanctioned (October 1969) that the installation of the equipment would take about one year's time after receipt of all the equipment. Installation of equipment was commenced in December 1972 after receipt of essential items like iron works. As the Indian Telephone Industries failed to adhere to the schedule of deliveries and a large number of items had not been supplied, the Director General, Posts and Telegraphs assessed in November 1973 that the installation of the equipment would be completed by June 1975. In October 1975, the Department stated that the exchange was "in an advanced stage of installation" and was expected to be commissioned in November 1975 with 50 per cent initial capacity. The Department also stated (October 1975) that "installation of 1700 lines TAX is equivalent in effect to about 6,000 lines local crossbar exchange and would normally need 36 months for completion. During early stages of development of the crossbar system in India, we did not have adequate experience regarding the extent of work required in the installation of TAX equipment, and the period of installation of 12 months shown in the detailed estimates, apparently based on the information given by the manufacturers, was too short". With the experience gained in installing 5 to 6 TAX's in the last few years the Department is stated to have found that about 30 to 40 months were required for installation of a TAX.

The crossbar type of equipment which was being manufactured by the Indian Telephones Industries since 1966-67 with the collaboration of a foreign firm suffered from certain design deficiencies. A Task Force has been on the job to modify the designs of equipment and circuits. The first phase of modifications upto September 1971 were incorporated in regular production designs of the Indian Telephone Industries. The equipment supplied for Ambala TAX upto July 1974 was accordingly of the designs modified upto September 1971. The process of further modification and upgradation of

equipment was still in progress, when, in August 1974, the Department considered the question whether to proceed with the completion of installation and commissioning of the equipment, modified according to September 1971 design or to postpone commissioning of the equipment till further modifications. It was decided in October 1974 that,

- (i) the equipment received for Ambala TAX should be installed and loaded to about fifty per cent of its capacity at the time of its commissioning,
- (ii) the balance fifty per cent capacity should thereafter be fully modified according to the latest changes in the designs, after obtaining additional materials from the Indian Telephone Industries,
- (iii) the working load should then be transferred to the fully modified 50 per cent equipment mentioned in (ii) above and
- (iv) then the other 50 per cent equipment mentioned in (i) above which would carry the load till transfer to the equipment mentioned in (ii) above, should be similarly modified and put into service.

In November 1974, instructions were issued for commissioning of Ambala TAX initially with a load of 535 lines, and providing STD between Ambala-New Delhi (both ways), Ambala-Chandigarh (one way) and Ambala-Jullundur (one way); these were expected (October 1975) to be commissioned in November 1975.

Actual expenditure of Rs. 131.81 lakhs on the project, upto January 1975, has exceeded the sanctioned estimate (Rs. 51.85 lakhs) by over 154 per cent. The expenditure was likely to go up further due to the proposed modifications to the equipment. The Department stated (October 1975) that as against the provision of Rs. 2,100 for TAX equipment per line in the

estimate, the actual cost was Rs. 6,000 to Rs. 8,000 per line "due to increase in cost of basic materials as well as other inflationary factors". According to an assessment (October 1975) of the Department the share of the STD revenue earned from the utilisation of even 535 lines would cover all revenue expenditure of the TAX and leave an annual surplus of Rs. 1.12 lakhs.

17. *Expansion of Calcutta '24' telephone exchange* .—As against the equipped capacity of 6600 lines (raised from 5400 to 6600 lines in January 1965) of the telephone exchange '24' in Central Calcutta, the total demand was for 6844 connections in March 1964, with an annual growth of demand for 800 connections. A project estimate for expansion of the exchange '24' by 3300 lines more was sanctioned in April 1965 for Rs. 59.48 lakhs, of which Rs. 29.45 lakhs were for equipment and Rs. 30.03 lakhs for lines and cables.

Equipment

Indent for supply of equipment was placed on the Indian Telephone Industries (I.T.I.) in May 1965. Details of supplies received against this indent are given below :—

	Value of stores received (lakhs of rupees)
1965-66	2.12
1966-67	8.01
1967-68	13.52
1968-69	3.36

The Department stated (January 1976) that "major portion of the equipment was received by September 1968. On receipt of these major items of stores installation work started in full swing" Installation of equipment for the additional 3300 lines was completed in January 1970 at a cost of Rs. 33.64 lakhs. Actual expenditure exceeded the estimate (Rs. 29.45 lakhs) by Rs. 4.19 lakhs due to increase in the price of equipment received from the I.T.I.

Cables

Three detailed estimates were prepared for laying of cables, of which two estimates were for junction cables. One estimate for 26 kilometres of junction cables was sanctioned in May 1965 for Rs. 8.93 lakhs and another estimate for 1.87 kilometres of junction cables was sanctioned in December 1969 for Rs. 2.89 lakhs. Indents against these estimates were placed in May 1965 and December 1969 respectively. The work of laying junction cables against the first estimate, which was expected to be completed within six months of the receipt of all stores at site, was commenced in June 1967 and completed in March 1974. The work against the second estimate was started in December 1971 and completed by September 1974.

Detailed estimate for laying subscribers' cables (60.3 kilometres) was sanctioned in January 1969 for Rs. 14.46 lakhs; the work was expected to be completed in 300 days. The work was commenced in 1968-69 and completed up to 30 per cent by March 1970, 50 per cent by September 1970, 65 per cent by September 1972, 90 per cent by March 1973, 95 per cent by September 1973 and 98 per cent by March 1974. The Department stated (January 1976) that "the estimate for subscribers' cable work was sanctioned in January 1969 with the anticipation that this work would be completed by the time the installation of exchange equipment was completed in January 1970. Unfortunately cable work could not be completed in time due to some delay in receipt of cable and the disturbed conditions of Calcutta prevailing at that time. Moreover, there were repeated underground cable thefts in this area which posed a big problem. There were as many as 41 cases of theft of underground cables in this area from February 1970 to March 1973 and the staff, therefore, concentrated on restoration of communications instead of laying new cables and this is responsible for the delay in laying of both the junctions and subscribers' cables."

The actual expenditure on the above three cable works up to March 1975 was Rs. 61.16 lakhs, as against the provision of Rs. 30.03 lakhs in the sanctioned project estimate; the excess expenditure of Rs. 31.13 lakhs was due to increase in price of cables.

According to the instructions (September 1970) of the Department ninety per cent of the capacity should be utilised by release of new telephone connections soon after expansion or, in any case, not later than six months of such expansion, and up to ninety four per cent about six months before the due date of commissioning of the next expansion.

As the subscribers' cables were not ready when expanded capacity for 3300 additional lines was available in January 1970 there was delay in utilising the additional capacity. Utilisation of the expanded capacity was as below:—

Month	Equipped capacity	Connectable capacity	Working connections	Spare capacity	Number of applicants awaiting new connections
September 1970	9900	8910	6960	1950	53
March 1971	9900	8910	7245	1665	1665
September 1971	9900	8910	7370	1540	1586
March 1972	9900	8910	7481	1429	1716
September 1972	9900	8910	8190	720	2488
March 1973	9900	8910	8642	268	1997
September 1973	9900	8910	8736	174	2540
March 1974	9900	8910	8817	93	2847
September 1974	9900	8910	8821	89	3189
March 1975	9900	9306 (94 per cent of 9900)	8883	423	2811

The Department stated (January 1976) that "the exchange equipment is ordered to deal with a certain amount of originating and terminating traffic and the number of lines that can be connected is dependent upon traffic handling capacity".

The Department further stated (January 1976) that when "the expansion was commissioned in January 1970, the exchange could not be loaded on the basis of traffic consideration. With low handling traffic capacity of the exchange upto September 1972 the permissible loading was 7500 lines only, thereafter for quarter ending December 1972 the loading was revised to 8266 lines and for quarter ending June 1973 to 8745 lines. Full loading was possible only from July 1974 after adding necessary traffic relief equipment".

Due to delay in fully utilising the expanded capacity, applicants had to wait longer for new connections. The Department also lost potential revenue of about Rs. 31 lakhs (March 1975).

Actual demand being 11,664 in March 1974 and 11,694 in March 1975, equipment for another 1500 lines was installed by March 1975 in the exchange by diverting the same from expansion projects of other exchanges (Cossipore and Salkia). On 1st August 1975, there were 9229 working connections against the equipped capacity of 11400 lines; there were 3,246 applicants waiting for new telephone connections on that date.

18. *Expansion of Calcutta telex exchange.*—For meeting the growing demand for telex connections in Calcutta, a project estimate for the expansion of Calcutta telex exchange from 1000 to 2500 lines was sanctioned in December 1967. The total estimated cost of expansion of the exchange was Rs. 193.55 lakhs as per details given below:—

	(lakhs of rupees)
(i) Exchange equipment (including power plant)	41.24
(ii) Teleprinter machines (1200)	138.39
(iii) Cables, wires etc.	13.92
	<hr/> 193.55 <hr/>

The order for the exchange equipment (including power plant) was placed on the Indian Telephone Industries in February 1968 and the equipment started arriving from March 1969. The supplies were, however, spread over a number of years as shown below:—

	Value of equipment supplied (lakhs of rupees)
1969-70	18.58
1970-71	8.33
1971-72	5.02
1972-73	3.21
1973-74	0.24
1974-75	0.78

Consequently installation of equipment, except the power plant, was commenced only in July 1969 and was completed in March 1973.

The Director General, Posts and Telegraphs allotted for this exchange 450 teleprinter machines in August 1971, 200 machines in November 1971 and 400 machines in August 1973; the machines were to be supplied by the Hindustan Teleprinters. Only 483 machines were received for this exchange between October 1973 and September 1975.

The number of applicants waiting for new connections and the number of connections working from the telex exchange, the capacity of which was expanded to 2500 lines in March 1973, were as under:—

As on	Number of connections added in the preceding six months	Total number of connections working on the date mentioned in column 1	Percentage of utilisation of the capacity of exchange (2500 lines)	Number of applicants waiting for new connections
30th September 1973	70	1160	46.4	374
31st March 1974	92	1252	50.1	335
30th September 1974	139	1391	55.6	333
31st March 1975	147	1538	61.5	225
30th September 1975	173	1711	68.4	211*

*(On 1st September 1975)

The Department stated (January 1976) that "telex connections were being given progressively depending upon the supply of teleprinter machines as also the limitation imposed by the power plant....".

Consequent on the increase of the capacity of the exchange to 2500 lines in March 1973, it needed a higher capacity power plant in replacement of the existing power plant meant for a 1000 lines exchange. The Department stated that "the higher capacity power plant was received only later in June 1974. The power plant showed some defects on installation, which were rectified by the Company and the plant was commissioned ultimately by August 1975".

Even on the basis of the number of applicants waiting for new connections at the end of August 1975 and the average annual revenue receipts per telex, additional potential revenue might have been Rs. 31.79 lakhs per annum.

19. *Construction of a building for a telephone exchange.*—In March 1964, the Postmaster General, Hyderabad sent a proposal to the Director General, Posts and Telegraphs to purchase a plot of land measuring 1,750 square yards for construction of a building to accommodate an automatic telephone exchange at Rajahmundry, which was then served by a 600 lines manual exchange located in a departmental building. This proposal was turned down by the Directorate in March 1964 on the grounds (i) that the site was not located centrally, (ii) that the area of the plot was not adequate to meet long-term requirements and (iii) that the location of the plot was too close to Godavari river. At the insistence of the Postmaster General, the proposal was reconsidered by the Directorate in June 1964 but was again turned down and the Postmaster General was advised to find another plot centrally situated and measuring about 4,000 square metres. In November 1964, the Postmaster General informed the Directorate that the only plot available was the

one measuring 3,608 square yards at the location earlier proposed in March 1964; he again recommended its acquisition. This proposal was approved by the Directorate in June 1965 and the plot of land was acquired in February 1967 at a cost of Rs. 1.13 lakhs.

A preliminary estimate for Rs. 19.86 lakhs for construction of a four storeyed building, (plinth area : 50,949 square feet) for a 5000 lines exchange, with provision for expansion of the building to accommodate equipment for additional 5000 lines, was sanctioned in October 1969. The preliminary estimate sanctioned in October 1969 provided for a plinth height of $1\frac{1}{2}$ feet to 2 feet. As, however, the level of the land was 4 feet to $4\frac{1}{2}$ feet lower than the adjacent road, and the land was likely to be flooded, a revised estimate for Rs. 32.60 lakhs was sanctioned in May 1972 for construction of a five storeyed building (six storeyed in a small portion) having a plinth area of 65,044 square feet. The sanction thus exceeded the original estimate by Rs. 12.74 lakhs (64.2 per cent of the original estimate). Of this increase, Rs. 8.57 lakhs were due to:—

- (a) increase in the plinth area (from 50,949 to 65,044 square feet) by providing an additional floor, as the ground floor, being susceptible to flooding, would not be suitable for installing the equipment (Rs. 5.52 lakhs);
- (b) extra cost for providing raft foundation instead of isolated foundation necessitated by the addition of an extra floor (Rs. 3.05 lakhs).

Tenders for the construction of the building were invited in October 1972 and the work was awarded to a contractor in April 1973 for completion by July 1974. At the time of excavation of foundation some soft strata came to be encountered (September 1973), requiring soil investigation. There was also

delay in the supply of revised structural drawings, cement and steel to the contractor. The work was still in progress (November 1975).

In January 1973, it was decided to install a 2000 lines cross-bar type telephone exchange with imported equipment. Since the import of equipment did not materialise, it was decided in September 1973 to install the strowger type equipment produced by the Indian Telephone Industries for 2100 lines. In May 1974 it was decided to increase the capacity from 2100 to 2700 lines, but on reconsideration the capacity was reduced to 2400 lines in July 1975. A project estimate was then sanctioned for Rs. 48.07 lakhs, excluding the cost of land, building and electric installations (Rs. 41.55 lakhs). Supply of equipment, which was programmed for manufacture during 1975-76, was awaited (November 1975).

The demand for telephones at Rajahmundry was 1974 (1778 working connections and 196 waiting applicants) in June 1975. The Department stated (December 1975) that the growth of demand for telephones was around 150 new connections per year. At this rate of growth, the need for a 5000 lines telephone exchange would not arise for several years to come.

20. *Air-conditioning of telephone exchanges (a) Bhubaneswar*—Installation of a 1500 lines automatic telephone exchange in replacement of the existing 700 lines manual exchange at Bhubaneswar was sanctioned in March 1962 for Rs. 26.39 lakhs. The project estimate was revised and sanctioned for Rs. 29.79 lakhs in August 1964. It provided for construction of a building adequate to accommodate equipment for a 5000 lines automatic telephone exchange (Rs. 14.58 lakhs), air-conditioning (Rs. 0.80 lakh), installation of crossbar type equipment (Rs. 8.36 lakhs) and laying of cables (Rs. 6.05 lakhs). Construction of the building was started in March 1965.

Since the proposed 1500 lines exchange, which was expected to be ready by 1967-68, would not have been adequate to meet even the immediate demand for telephones, another project was sanctioned in September 1965 for Rs. 8.61 lakhs for expansion of the proposed exchange from 1500 to 2000 lines. Indents for supply of exchange equipment for 2000 lines was sent to Indian Telephone Industries in March 1965, and equipment costing Rs. 20.01 lakhs was received by March 1968. The building was completed by April 1967.

However, even before installation of equipment was started, another project was sanctioned for Rs. 21.27 lakhs in June 1968 for further expansion of the proposed exchange from 2000 to 3000 lines. The Department stated (December 1975) that during the course of a review of demand for telephones at Bhubaneswar in 1967, it was assessed that due to a back-log in the production of crossbar equipment by Indian Telephone Industries, this exchange could be expected to be commissioned only by 1969 and hence further expansion of the proposed exchange to 3000 lines was approved and the production of equipment was included in the manufacturing programme of Indian Telephone Industries for 1968-69. Installation of equipment was started in January 1969.

According to departmental technical instructions, sophisticated components of telephone equipment should be unpacked and taken out from plastic containers in air-conditioned rooms to avoid ingress of dust and humidity in them which would adversely affect their performance. Even though indent for exchange equipment for 1500 lines was released in March 1965 and the building was ready in April 1967, indent for procurement of requisite air-conditioning plant was sent to the Director General, Supplies and Disposals only in September 1967, and the detailed specifications therefor in October 1967. The Department stated (December 1975) that "there was back-log in ITI's production of crossbar equipment and supplies for

this exchange were also delayed. Release of indent in 1967 to DGS&D for supply of air-conditioning equipment, therefore, was in keeping with the installation programme."

After the drawings of the plant were finalised in December 1967, a tender notice was issued by the Director General, Supplies and Disposals in January 1968. Tenders were received in February 1968 and after settlement of terms and conditions, an order was placed on firm 'A' in July 1968 for supply and installation of the plant at a cost of Rs. 2.10 lakhs by 30th November 1968.

Firm 'A' reported (May 1971) that it had completed installation of the air-conditioning plant during December 1970 but the plant could not be commissioned as necessary water and power connections were not provided by the Department. Firm 'A' applied in May 1971 for extending the date of delivery, and in July 1971 the Director General, Supplies and Disposals extended it to 30th September 1971. The Department stated (December 1975) that the "statement of the firm that they had completed the installation work by December 1970 was not accepted as it was reported in April 1971 that the work regarding the air-conditioning plant at Bhubaneswar was not yet commissioned. We had also written to the firm in May 1971 pointing out this position". The Department further stated (December 1975) that "the contention of the firm that non-availability of water and power was delaying the commissioning of the plant is not correct. There was no difficulty about the water supply, though there was some delay in making electric supply available." For obtaining bulk supply of power the department was required to instal a 630 KVA transformer sub-station. Since procurement of high tension panel through the Director General, Supplies and Disposals, to whom indent was sent in February 1970, was delayed power could be made available only in March 1972.

After the completion of installation of the plant the representatives of the firm, the Director General, Supplies and Disposals and the Posts and Telegraphs Department jointly conducted three tests in August 1972 (monsoon test), January 1974 (winter test) and June 1975 (summer test). Several defects were noticed during these tests.

Installation of exchange equipment which was commenced in January 1969 was completed in March 1973 for all the 3000 lines and the automatic telephone exchange, for the protection and proper functioning of which the air-conditioning plant was installed, was put into service in March 1973 without air-conditioning.

A meeting of the representatives of the Director General, Posts and Telegraphs, the Director General, Supplies and Disposals and the firm was held in New Delhi in February 1974, when a list of unremedied faults in the plant was handed-over to the firm's representative. The firm's representative assured offering of the plant for joint test on 25th April 1974. Accordingly the representative of the Department (installation branch) reached Bhubaneshwar on 25th April 1974 but representatives of the firm and the Director General, Supplies and Disposals did not arrive. The Postmaster General, Bhubaneshwar stated in May 1974 that "the crossbar telephone exchange was working without air-conditioning since March 1973 causing deterioration of life of the equipment. It was difficult to maintain the equipment without air-conditioning and the components were getting faulty". The Director General, Posts and Telegraphs stated (December 1975) that "though the provision of proper air-conditioning plant would have provided a better service and reduced faults of the equipment, the fact remains that complaints of unsatisfactory service due to exchange faults are within limit."

After the firm had failed to fulfil its assurance about offering the plant for test in April 1974, another meeting was held by the representatives of the Director General, Posts and Telegraphs, the Director General, Supplies and Disposals and the firm in New Delhi in December 1974, when the firm's representative again assured that the plant would be offered for test in January 1975 after 3 weeks' trial run. The plant was, however, offered for test in August 1975, but in the test conducted in September 1975 the plant was not found fit for taking over.

Firm 'A' also failed to commission the plant within the time stipulated in the following exchanges :

(i) *Belgaum*.—Indent for the procurement of air-conditioning plant was sent by the Department in July 1967 and the Director General, Supplies and Disposals placed an order (Rs. 2.90 lakhs) in July 1968 on firm 'A' for installation of the plant by January 1969. Though installation of the plant was stated by the firm to have been completed in October 1970, power supply was made available by the Department only in April 1972. The plant failed in tests conducted in June 1973, February 1974 and October 1974. The Department stated (December 1975) that the date of next joint test of the plant was being finalised. In the meantime the installation of exchange equipment was commenced in April 1971 and the exchange was commissioned in December 1973. With a view to protect the exchange equipment from dust and humidity, 13 window type air-conditioners were purchased for Rs. 0.86 lakh and installed in February 1974.

(ii) *Kellys (Madras)*.—Against an indent sent by the Department in February 1970, the Director General, Supplies and Disposals placed an order (Rs. 3.24 lakhs) in February 1971 on firm 'A' for installation of an air-conditioning plant by 30th November 1971. Installation of the exchange equipment was commenced in December 1972 and completed in December 1974. The air-conditioning plant is yet to be commissioned

(December 1975). The Department stated (December 1975) that the first test of the plant was scheduled to be conducted on 15th December 1975.

(b) *Madras*.—Installation of a 1000 lines trunk automatic exchange at Madras was approved by Government in February 1963. Orders for the TAX equipment were placed in May 1964 and an indent for the air-conditioning plant was sent to the Director General, Supplies and Disposals in February 1965. The project estimate for Rs. 32.71 lakhs (Rs. 30.96 lakhs for the equipment and Rs. 1.75 lakhs for the air-conditioning plant) was, however, sanctioned in July 1965.

In September 1965 the Director General, Supplies and Disposal placed an order on firm 'A' for the supply of the air-conditioning plant by April 1966 and its installation by August 1966, at a total cost of Rs. 1.85 lakhs. Eighty per cent of the cost of the plant was payable against proof of despatch after inspection at the factory, and the balance after testing, inspection and acceptance of the plant. The plant was also to be guaranteed by the supplier against mechanical and manufacturing defects for a period of twelve months from the date of commissioning. Since the import licence could be issued to firm 'A' only in January 1966, the Director General, Supplies and Disposals refixed (April 1966) the period of delivery as August 1966 for the supply and December 1966 for the installation. As firm 'A' could not import many of the components in time, the period of delivery was extended to December 1966 for the supply of the plant and to March 1967 for its installation. Firm 'A' could not adhere to this delivery period and at its request, further extension was granted up to July 1967.

By March 1966, sufficient quantity of equipment was received for commencing the installation. Since, however, the air-conditioning plant had not been received, and as the sophisticated exchange equipment was to be installed in air-conditioned room

to prevent ingress of dust and corrosion from humidity, twelve window type air-conditioners were installed in June 1966 at a cost of Rs. 0.51 lakh. Installation of the exchange equipment was started in April 1966.

In August 1967, firm 'A' complained that the testing of the plant under installation was hampered as power supply was not made available by the Department. The Department stated (January 1976) that the electric switchgear required for supplying the power to the air-conditioning plant could be obtained through the Director General, Supplies and Disposals only in April 1968, and the power supply was made available in the same month. Firm 'A' completed installation of the air-conditioning plant by July 1968. Meanwhile, installation of the trunk automatic exchange, for which the air-conditioning plant was required, has been completed in February 1968 and the exchange had started functioning from that month.

The air-conditioning plant was subjected to tests in July 1968 and again in February 1969, when several defects were noticed. After the defects were attended to by firm 'A' the plant was again put to test in June 1969, when again some of the components were found defective. The Department of Supply stated (December 1975) that the major defects noticed in June 1969 were "heavy rusting and development of scales on the steel tubes of the evaporative condenser". The question of galvanising the steel tubes or their replacement by copper tubes remained under protracted correspondence. Ultimately in March 1971, firm 'A' agreed to guarantee the evaporative condenser for four years. The plant was then again tested in December 1971 and accepted by the Department in January 1972.

The air-conditioning plant developed faults within five months of its commissioning and was shut down in April 1974; the plant is still under repairs (January 1976). In the meantime, the Department had to purchase another 13 window

type air-conditioners (cost Rs. 0.85 lakh) for providing essential protection to the equipment of the exchange which had in the meantime been augmented to provide for increase in the load of traffic.

(c) *Agra*.—Against an indent placed by the Director General, Posts and Telegraphs in July 1964, the Director General, Supplies and Disposals placed (May 1965) an order on firm 'A' (cost Rs. 1.23 lakhs) for supply and installation of an air-conditioning plant in the telephone exchange at Agra. The plant was to be installed by March 1966. According to the terms of the supply order, payment to the extent of 80 per cent was to be made after initial inspection of the plant and proof of despatch, and the balance 20 per cent after erection of the plant at site, and final inspection and tests.

Installation of the plant was completed by firm 'A' in September 1968. Thereafter five tests were conducted to check the working and performance of the plant with the following results:—

Month	Season of test	Observations
September 1968	Monsoon	The plant failed to maintain required conditions of relative humidity. Some other defects were also noticed.
January 1969	Winter	Winter heating and conditioning was found satisfactory.
May 1969	Summer	The plant failed to provide required conditioning and relative humidity. One of the compressors developed fault. Leakage of gas was also noticed. Performance as a whole for cooling was not satisfactory.
September 1970	Monsoon	The plant passed the monsoon test.
June 1971	Summer	The plant failed to maintain the prescribed inside conditions.

The Additional Chief Engineer of the Department at Jabalpur informed the Director of Inspection, Supplies and Disposals in August 1971, that "there have been lots of failures and break-ages during the tests and also when the plant was handled by the firm for rectification of defects. Workmanship appears to be below standard. The condition of the plant has deteriorated to such an extent that it cannot be restored by application of maximum skill at the disposal of firm. A decision should be taken to reject the plant as unserviceable."

It was decided in a meeting of the representatives of firm 'A', the Posts and Telegraphs Department and the Director General, Supplies and Disposals held in November 1971 that firm 'A' should continuously run the plant from 1st April 1972 to 30th April 1972, after carrying out necessary rectifications and replacements, and if the plant performed satisfactorily during this period, it would again be inspected and tested jointly. Accordingly, the plant was inspected and tested jointly by the representatives of the Department and firm 'A' in June 1972. The Department stated (January 1976) that "the plant was able to maintain summer conditions for which the testing was carried out in June 1972 though a few deficiencies were noted in some items. It was mentioned in the test report that the plant may be accepted and taken over after rectification of the defects". Firm 'A' agreed (June 1972) to rectify the defects.

Another meeting was held in the office of the Director General, Supplies and Disposals in November 1972 in which firm 'A' agreed "to give guarantee against the cracks in the refrigerent lines due to vibrations for the period April 1973 to September 1973". The Department stated (January 1976) that "further discussions were held with the representative of the firm on 28-6-1973 in which it was decided that the plant will be run by the departmental staff for three days continuously after it was started by the firm's representative and the plant would

be taken over immediately after, if the plant is found satisfactory". Accordingly, the plant was run continuously for three days from 2nd July 1973 and, except for some vibrations in one of the compressors, the plant was reported to have functioned satisfactorily. The Department stated (January 1976) that "it was stated by the representative of the firm that such defects are not likely to recur in the plant in the near future. It was also agreed by the representative of the firm that the defects will be removed free of cost by the firm if they re-occur up to end of October 1973." Thereafter the Director General, Posts and Telegraphs instructed the Divisional Engineer, Telephones, Agra to take over the plant so that firm 'A' could get the balance 20 per cent payment. The plant was taken over on 5th July 1973. According to the Department (January 1976), "the plant has not been giving satisfactory service after taking over and is lying idle at present." As the firm refused to repair the plant in spite of repeated reminders stated to have been issued by the Department, the Director General, Supplies and Disposals was requested in August 1975 to take action against it.

The Department stated (January 1976) that "a meeting was called by Director General, Supplies and Disposals during November 1975 in which the representatives of the firm were also present. The firm has, however, not agreed to attend to the plant free of cost and we have again taken up the case with the Director General, Supplies and Disposals during December 1975 for taking early decision in this case."

21. *Trunk telephone carrier system between Kota and Agra.*— In 1962, a three channel carrier system was functioning between Kota and Agra; two of the channels were carrying the trunk calls traffic between Kota and Jaipur (*via* Agra) and the third between Kota and Agra. On an average, out of 80 trunk calls booked daily between Kota and Agra, about 34 (43 per cent) used to be ineffective. Similarly, on an average about 38 out

of 104 trunk calls booked daily between Kota and Jaipur used to be ineffective. In November 1962, the Director, Posts and Telegraphs, Rajasthan, proposed installation of a 8 channel carrier system between Kota and Agra, which was expected to meet the increasing demand of trunk traffic from the fast developing industrial town of Kota for the next few years. A project estimate for Rs. 1.50 lakhs was sanctioned by the Director General, Posts and Telegraphs in December 1962 for installation of the equipment required for this purpose; retransposition of the wires between Kota and Agra, for which the carrier equipment was to be installed, had already been sanctioned earlier in August 1960 for Rs. 6.45 lakhs.

Detailed estimate for the carrier equipment was sanctioned for Rs. 1.36 lakhs in March 1963; installation of the equipment was expected to be completed within 2 months after receipt of the equipment. Orders for the equipment were placed in January 1964 and the equipment was received in March 1964. The Installation Engineer for the work informed the Divisional Engineer, Telegraphs, Jaipur in December 1964 that the installation of equipment was held up for want of accommodation at Hinduan for repeater station and delay in retransposition of wires between Kota and Agra. Though accommodation at Hinduan was hired in November 1964, the work of retransposition of wires could commence only in November 1966, when sufficient quantities of stores, indented for the work in November 1960, were received. In the meantime the carrier equipment (cost Rs. 1.85 lakhs) received in March 1964 was transferred in March 1966 to be utilised for installation of 8 channel carrier system between Jabalpur and Bhopal.

The retransposition of wires was completed in December 1967 and tested in August 1968. Although it had already been decided in September 1967 to divert the equipment for the 8 channel carrier system for Jaipur-Jodhpur route to Kota-Agra

route, the equipment was received for the Kota-Agra route only in January 1969. The 8 channel carrier system for Kota-Agra route was commissioned in February 1969. There were, however, frequent thefts of copper wire from Hinduan-Agra section and as the gaps caused were restored by using iron wire due to non-availability of copper wire, the route became unsuitable for standard performance of the 8 channel carrier system. As the system was not working satisfactorily, the 8 channel carrier system between Kota and Agra was closed in December 1970; the carrier equipment was dismantled and transferred in September 1971 for Bhatinda-Abohar route.

With a view to remedying the problem of thefts of wires the copper wires on Kota-Agra route were replaced by aluminium wires between June 1972 and October 1973 at a cost of Rs. 12.28 lakhs. Though another set of carrier equipment was obtained (December 1972) by diversion from other works and installed in December 1972, it could be commissioned only in September 1974 for the following reasons:

- (a) On testing in March 1974 the performance and attenuation of wires on the route was not found upto the standard.
- (b) After the construction faults were rectified and the wires lined up for re-testing, the wires and posts over a stretch of 2 kilometres were uprooted in a cyclone in May 1974.
- (c) After repairs when the wires were again lined up for testing in June 1974 yet another storm caused a breakdown.

The following details collected by the Department, as random samples of trunk calls booked on certain dates, before and after commissioning of the 8 channel carrier system between Kota

and Agra in September 1974, indicate the extent to which the trunk calls did not materialise :—

Date	Number of trunk calls booked	Number of calls connected	Number of calls which could not be connected due to		Loss of revenue on ineffective calls, due to departmental reasons on the day in question
			Subscribers' reasons	Departmental reasons	
(The figures in brackets indicate percentage)					
12th April 1973	58	21 (36)	11 (19)	26 (45)	Rs. 130
25th July 1973	45	16 (36)	6 (13)	23 (51)	115
3rd October 1973	49	11 (23)	5 (10)	33 (67)	165
16th January 1974	43	25 (58)	8 (19)	10 (23)	50
3rd April 1974	70	26 (37)	9 (13)	35 (50)	175
3rd July 1974	25	5 (20)	5 (20)	15 (60)	105
9th October 1974	25	4 (16)	..	21 (84)	147
2nd January 1975	30	20 (67)	4 (13)	6 (20)	42
2nd April 1975	52	..	..	52 (100)	364

22. *Laying of a cable.*—The Defence Department placed an 'operational important' demand on the Posts and Telegraphs Department in June 1972 for laying an 8 kilometres long under ground cable at 'A'. A project estimate was sanctioned by the Postmaster General, Ambala, in November 1972 for Rs. 2.03 lakhs. The estimate contained, *inter alia*, provision for 80

“loading coils 88 MH-grade III-A”; the loading coils are inserted in cables at fixed intervals to maintain the standard of clear voice transmission from end to end.

The cable was indented in September 1972 and was received by May 1973. Laying of the cable was started in October 1973 and completed by December 1973. Jointing of the cable was done by March 1974, without using the loading coils as these had not been received till then.

The Postmaster General, Ambala had pointed out to the Divisional Engineer in February 1973 that “loading coils 88 MH-grade III-A” were not manufactured by the Indian Telephone Industries and as such the latter might have to use grade II-A loading coils. However, 80 loading coils of the grade III-A required for this work were included in a bulk order for loading coils for several works placed on the Indian Telephone Industries by the Director General, Posts and Telegraphs in March 1973; this order included some loading coils of grade II-A required for other works. It was only in November 1973 that a revised order for grade II-A loading coils for this work was placed on the Indian Telephone Industries.

Grade II-A loading coils were received in the departmental stores depot, Delhi in April 1974. The loading coils were despatched by rail from Delhi in August 1974 and received at the site of work in December 1974. These coils were inserted in the cable in February 1975. The completed cable was tested in March 1975 and handed over to the Defence Department in April 1975.

Thus while the Defence Department had to wait for about 33 months for the cable after placing an ‘operational important’ demand, the Posts and Telegraphs Department suffered a loss of rent of Rs. 0.43 lakh for the period from April 1974 to March 1975.

The Department stated (January 1976) that the bulk order placed in March 1973 included 576 coils of grade II-A and 2,582 coils of grade III-A, but the first consignment of grade II-A coils ordered in March 1973 was received at the stores depot, Delhi in April 1974, along with the coils of grade II-A ordered in November 1973.

CHAPTER V

STORES PURCHASE AND CONTROL

23. *Import of "no-break power plants"*.—Most of the co-axial cable stations in the country were having single rotary type "no-break power plants" to provide uninterrupted power supply to the co-axial cable system in the event of power failure. No stand-by plants of this type being available at these stations, there were difficulties in carrying out proper maintenance repairs of working plants. Global tenders were, therefore, invited in February 1970 for 137 sets of a new static type "no-break power plants."

Nineteen tenders were received in June 1970. The lowest and the second lowest tenders were from two firms in the same foreign country. Since the Posts and Telegraphs Department did not have any experience of dealing with the firm which had offered the lowest price, the India Supply Mission in that foreign country was requested (June 1970) to make enquiries and intimate the standing, performance and capacity of the firm to make the supply, and whether similar plants had been supplied by the firm to Government and non-Government agencies in that country, as claimed by it. No report was received from the Mission by the time the Tender Evaluation Committee, set up to evaluate the offers, recommended (July 1970) the acceptance of the lowest tender.

An advance order was placed on the lowest tenderer (firm 'X') by telex in August 1970 for supply of 147 "no-break power plants" (quantity increased with reference to subsequent demands received from units) and spares at a total cost of 7.63 lakhs

US dollars (about Rs. 57.28 lakhs). The Department stated (January 1976) that "the information supplied by the lowest tenderer with the tender and in the correspondence thereafter gave reasonable proof of the capacity of the company for executing the contract....."

According to the formal acceptance of tender issued in November 1970, the plants and the spares were to be supplied between April 1971 and March 1972. Firm 'X' had agreed (July 1970) to the inspection and testing of the plants at its premises by the Department's representative before they were packed for despatch. The acceptance of tender, however, provided that the inspection of the equipment would be carried out during and after installation by the Department. The Department stated (January 1976) that the "normal procedure regarding inspection of imported materials as prevalent at that time in the Department was adopted in this case".

At the request of the supplier, the Department deleted in June 1971 the clause in the acceptance of tender requiring firm 'X' to furnish a bank guarantee for the amount of each of its bill to safeguard the Department against any loss from the date of shipment to three months after the receipt of consignment at the port in India. The Department stated (January 1976) that the bank guarantee "was intended to cover any possible loss to the department due to inappropriate supplies. It was felt that we need not insist on this as chances of wrong supplies were remote. Subsequent events have shown that there was no case in which the shipment received was inappropriate".

Payment was made in full against documents of shipment. Shipment was completed by August 1972. On receipt of the plants at the places where these were to be installed, some damages were noticed. The Department stated in January 1975 that the parts, lost or damaged in transit, were being procured in the first

instance by the Department itself and respective claims were lodged with the Life Insurance Corporation subsequently.

Under the acceptance of tender firm 'X' was responsible to remedy at its cost and "at site" in India, all defects arising from faults in materials, design or workmanship, as detected and notified upto twelve months after the plants were taken over. After commissioning most of the plants went out of order or had a high incidence of failures of the components. The Director General, Posts and Telegraphs informed the supplier in September 1972 that out of eight sets of plants energised, four had failed immediately and another two after working for a few days. In respect of forty nine plants commissioned upto June 1973, the Director General, Posts and Telegraphs sent (June 1973) to firm 'X' fifty reports about failures of components which had occurred during the period of warranty and asked the firm to replace the faulty components. In December 1973, the Department requested the Indian Embassy in the foreign country to use its good offices to persuade firm 'X' to honour its commitments. On being contacted by the Embassy, firm 'X' asked the Department (January 1974) to return the defective components to it for evaluation of defects and assured despatch of replacements, after they were manufactured. The defective components (value Rs. 3.21 lakhs) were despatched by the Department between July 1974 and November 1974. In the meantime, in May 1974, the Director General, Posts and Telegraphs requested firm 'X' to depute its engineers to India for assessing the problems stating that functioning of most of the plants, by and large, was "very unsatisfactory"; no representative of firm 'X' appears to have visited India for this purpose. When the supplier failed to supply the replacements, the Director General, Posts and Telegraphs again wrote to the Embassy in December 1974. In April 1975, the Embassy informed the Department that necessary action would be taken under intimation to the Department. While replacements of defective components were awaited from the supplier, the Department had to place an order on firm 'X' for

components worth Rs. 8.43 lakhs in March 1975, to keep the 71 plants, which had been installed till September 1974, in working condition.

In September 1974, the position of installation and performance of the plants was as under :—

Region	Number of plants installed and working after replacement of faulty components.	Number of plants installed but not working.	Number of plants not installed.	Total number of plants.
Bombay	12	9	16	37
Madras	15	2	10	27
Delhi	25	..	17 (faulty)	42
Hyderabad	8	..	33	41
Total	60	11	76	147

Four sets of spares costing Rs. 2.42 lakhs were imported along with the plants for the four depots where these were to be kept. Because of the high incidence of failures of components these spares proved insufficient. Therefore, in February 1974, it was decided to obtain the essential spares by cannibalising components from un-installed plants. In June 1974, the Director General, Posts and Telegraphs approached the Director General, Technical Development seeking permission to import additional spares, which included (i) spares not imported earlier but found necessary later after watching the performance of plants and (ii) more quantities of spares of the types already imported due to their rate of failure being higher than anticipated. In December 1974, the Director General, Posts and Telegraphs issued instructions to the effect that every effort should be made to keep the installed plants in working condition rather than concentrating on commissioning of the remaining plants. As

mentioned earlier, an order for spares costing Rs. 8.43 lakhs (1.22 lakhs U S dollars) was placed on firm 'X' in March 1975. Since the additional spares were not expected before July 1975, further installation of plants had to be postponed till such time the additional spares were available.

The Department stated (January 1976) that because of the varying voltage of current, frequent phase failures and interruption of long durations in the power supply from commercial mains, voltage regulators, phase tripping equipments and engine alternators had also to be installed as protective and supporting equipment to the "no-break power plants".

24. *Unutilised stores.*—A detailed estimate for Rs. 4.21 lakhs was sanctioned in October 1972 for laying a cable, containing 300 pairs of conductors, from the microwave terminal at Agartala to the carrier station there. Allotment of telecommunication cable is made by the Director General, Posts and Telegraphs on the basis of priority. Six thousand five hundred metres of cable, containing 300 pairs of conductors, were allotted for this work by the Director General, Posts and Telegraphs in November 1972; an indent was accordingly sent in March 1973 by the Sub-Divisional Officer, Telegraphs, Agartala to the Controller of Telegraph Stores, Calcutta.

In May 1973, the Director General, Posts and Telegraphs decided to change the specification of the cable from 300 to 400 pairs of conductors. Accordingly, a fresh indent for 6,500 metres of cable containing 400 pairs of conductors was sent to the Controller of Telegraph Stores, Calcutta in August 1973; supplies were received against this indent by November 1973 and the laying of the cable was completed by March 1974.

Against the indent of March 1973, 6,493 metres of cable containing 300 pairs of conductors were despatched to the circle store depot at Gauhati between April 1973 and September 1973, of which 900 metres of cable costing Rs. 0.60 lakh and 3,600

metres costing Rs. 2.40 lakhs were sent to Agartala and Kohima respectively in October 1973; the entire length of cable sent to these places is lying unutilised (December 1975). Of the balance 1,993 metres, 1,200 metres sent to Shillong in June 1975 were utilised in other works. The Department stated (January 1976) that the remaining 793 metres of cable costing Rs. 0.53 lakh lying at the circle store depot at Gauhati (December 1975) were being diverted elsewhere as these were not required in the North Eastern Circle immediately.

By the time the indent for cable containing 400 pairs of conductors was issued in August 1973, 2,901 metres of cable containing 300 pairs of conductors had already been despatched to the circle stores depot at Gauhati against the indent of March 1973; the indent for the balance 3,599 metres of cable containing 300 pairs of conductors was not cancelled while issuing the indent of August 1973. The Department stated (January 1976) that "as the transport cost for diversion of heavy cable drums from a remote place in India would have been considerable, immediate diversion of the cable already received at Gauhati was not effected....."

25. *Losses of stores.*—The losses of stores during 1972-73, 1973-74 and 1974-75 are given below :—

Year	Number of cases of loss of stores	Amount (lakhs of rupees)	Copper wire thefts included in columns 2 & 3	
			Number	Amount (lakhs of rupees)
1	2	3	4	
1972-73	28,523	192.00	23,369	142.60
1973-74	19,193	149.95	18,403	123.71
1974-75	16,072	139.40	12,033	108.53

An analysis of these losses by main classes and agencies responsible is given in Appendix III.

Note:— Figures for 1973-74 differ from those shown in the last year's Report for the reason that the figures shown therein were not complete for want of some information.

CHAPTER VI

TELECOMMUNICATION FACTORIES

26. *Installation of a sawing machine.*—In August 1972, the Director General, Supplies and Disposals placed an order on firm 'A' for supply of a high speed hydraulic cold sawing machine to a telecommunication factory at Jabalpur, at a cost of Rs. 1.26 lakhs (including cost of spares). The machine was needed in the factory for cutting thick mild steel rounds (240 millimetres), squares (203 millimetres), joists (210 millimetres), channels (100 millimetres) and angle iron (25 millimetres) required for the manufacture of microwave towers.

Before its despatch to the factory, the machine was inspected in September 1972 by a representative of the Director General, Supplies and Disposals at the premises of firm 'A' in Calcutta. The machine was received at the factory in November 1972. According to the terms of the supply order, payment to the extent of 95 per cent of the cost of the machine and spares (Rs. 1.13 lakhs) was made to the supplier in March 1973 against proof of despatch, after inspection.

When the machine was received in November 1972, some parts were found damaged. The Department stated (January 1976) that "poor packing was the cause for such damages". The damaged parts were repaired by the factory and firm 'A' was asked (February 1973) to commission the machine. The machine was commissioned in May 1973. After working for only one and a half months, the machine developed defects, and 3 teeth of the saw blade were broken. The supplier's service engineer inspected the machine in July 1973 and reported that

the hydraulic system was in perfect working order and that the teeth of the blade had been broken due to mishandling of the machine by an untrained operator. The Department stated (January 1976) that the machine was operated only by a trained operator and the teeth of the blade were broken because of an inherent defect in the design of the machine and its hydraulic feed control system.

The machine remained unused from July 1973 to September 1974. Two spare saw blades, which were to be supplied with the machine were received by the factory only in June 1974. As the spare blades were defective, these were rejected and returned to the supplier in March 1975. In May 1974 the Department purchased a saw blade from the market for Rs. 5,150 and fitted it to the machine, but the machine did not function satisfactorily with that blade.

The machine was repaired in September 1974 by firm 'A'. The machine worked for a few days (69 hours) in October 1974 and again went out of order in the same month. The Manager of the factory stated (October 1974) that it was giving jerks due to fault in its hydraulic system. The machine again remained unused from November 1974 to July 1975. The Department stated (January 1976) that firm 'A' "attended to the defects during the first week of August 1975, but the machine is working at lower speeds. Even in September 1975 good blades were not received from the firm which would have enabled trying out the machine for working at higher speed as incorporated in the specifications." The Department also stated (January 1976) that "the machine could not be put to proper use because of inherent design defects and poor response from the supplier in respect of service facilities. This matter had already been taken up with the D.G.S.&D."

CHAPTER VII

OTHER TOPICS

27. *Defalcations or loss of public money.*—Two thousand five hundred and sixty four cases of loss of public money amounting to Rs. 37.84 lakhs came to notice in 1974-75. An analysis of these cases showing *inter-alia* the important classes and agencies responsible for these losses is given in Appendix IV.

The employees of the department were responsible for about 68 per cent of the loss reported during the year. Responsibility has not been fixed or could not be fixed (June 1975) in 579 cases (Rs. 9.52 lakhs, *i.e.*, about 25 per cent of the total loss).

Out of the total loss of Rs. 37.84 lakhs, Rs. 8.42 lakhs were recovered up to June 1975.

28. *Outstanding audit observations.*—The total number of observations raised up to 1973-74 and remaining unsettled at the end of August 1975 was 1,27,499 for an amount of Rs. 25.69 crores. The number and amounts of different classes of observations are given below :—

Nature of observation	Number	Amount (lakhs of rupees)
(a) Sanctions for establishment not received.	10,800	98.48
(b) Sanctions not received for contingent and miscellaneous expenditure	2,202	67.68
(c) Sanctions to estimates not received	861	133.38
(d) Detailed bills for lumpsum drawals not received	2,533	35.47
(e) Vouchers not received	17,403	166.03

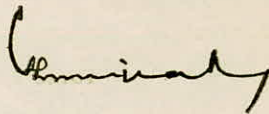
(f) Payees' receipts not received	1,359	47.03
(g) Advances paid to government servants not recovered	23,931	66.49
(h) Agreements with contractors/suppliers not received	394	60.98
(i) Payments to contractors/suppliers not in conformity with contracts and agreements	243	63.32
(j) Overpayments or amounts disallowed in Audit not recovered	6,413	40.70
(k) Sanctions to write off of losses, etc., not received	503	4.03
(l) Breach of financial propriety	232	30.39
(m) Absentee statements, increment certificates and other details not received with establishment bills	287	9.61
(n) Irregularities or want of details/documents in respect of overtime, outstation allowance, medical or other personal claims.	789	5.76
(o) Excess/short payments, accounting difference in respect of money orders, post office certificates and postal orders	29,821	1,323.30
(p) Non-receipt of supply orders or other details/documents, discrepancies in rates/actual receipts, etc.	419	53.72
(q) Other reasons	29,309	362.87
TOTAL	1,27,499	2,569.24

NOTE:— The number of observations and amounts therefor in respect of Bihar and Orissa circles included in the above table are not complete.

29. *Delay in disposal of inspection reports.*—The total number of inspection reports on Posts and Telegraphs offices issued by the Audit Offices up to 31st March 1974 and the number of irregularities pointed out therein remaining unsettled up to the end of August 1975 were 5,140 and 37,665 respectively. Out of the 1,402 reports issued during 1974-75, 205 reports had not been received back with the first reply (August 1975). In addition 47 inspection reports issued prior to April 1974 had also not been received back with the first reply (August 1975).

The following are some of the common types of irregularities noticed as a result of test check during inspections conducted in 1974-75 :—

- (a) Annual physical verification of stock not conducted.
- (b) Security bonds not obtained/not renewed or not kept on record.
- (c) Non-renewal and non-execution of lease of buildings.
- (d) Irregularities in maintenance of service books and leave accounts.
- (e) General Provident Fund accounts of Class IV employees not maintained properly.
- (f) Short/excess interest allowed on Savings Bank accounts.
- (g) Verification of savings bank ledger balances and their agreement not completed to the prescribed extent.
- (h) Overpayment/irregular payment of children education allowance/tuition fees.



(C.S. SWAMINATHAN)

Accountant General Posts and Telegraphs.

DELHI

The 31 MAR 1976

Countersigned



(A. BAKSI)

Comptroller & Auditor General of India

NEW DELHI

The - 2 APR 1976

APPENDIX I

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

(a) Yearwise analysis of telephone revenue in arrears on Ist July 1975 for bills issued up to 31st March 1975 :—

Year	Amount (lakhs of rupees)
Up to 1963-64	18.01
1964-65	8.35
1965-66	8.49
1966-67	11.04
1967-68	18.81
1968-69	24.48
1969-70	27.12
1970-71	41.36
1971-72	59.84
1972-73	91.58
1973-74	139.27
1974-75	586.59
TOTAL	1034.94

(b) Yearwise analysis of telephone revenue written off during 1974-75 :—

Year	Amount (lakhs of rupees)
Up to 1967-68	5.34
1968-69	1.31
1969-70	1.68
1970-71	2.07
1971-72	2.23
1972-73	1.56
1973-74	0.81
1974-75	0.35
TOTAL	15.35

APPENDIX II

(Referred to in paragraph 7 at page 8)

Yearwise analysis of arrears of rent of telegraph, telephone and teleprinter circuits and telex/intelex charges on 1st July 1975 for bills issued upto 31st March 1975 :—

Year	Rent of telegraph telephone and teleprinter circuits	Telex and intelex charges	Total
		(Lakhs of rupees)	
Up to 1969-70	17.41	0.59	18.00
1970-71	9.11	0.44	9.55
1971-72	16.59	1.45	18.04
1972-73	31.36	2.97	34.33
1973-74	74.09	7.72	81.81
1974-75	140.60	23.08	163.68
TOTAL	289.16	36.25	325.41

APPENDIX III

(Referred to in paragraph 25 Page 63)

Statement showing the losses of stores during 1974-75

Serial No.	Persons responsible for the loss	Losses due to theft		Losses due to accident (fire, flood, etc.)		Losses for which reasons are not known		Total	
		Number	Amount Rs.	Number	Amount Rs.	Number	Amount Rs.	Number	Amount Rs.
1.	Persons unconnected with the department—								
	(a) Loss from stock	667	2,14,366	33	9,343	8	4,310	708	2,28,019
	(b) Loss from existing alignments, etc.	8,271	62,37,516	9	65,105	1	483	8,281	63,03,104
	(c) Loss in transit	58	65,987	2	1,276	33	4,10,960	93	4,78,223
2.	Departmental employees								
	(i) Contributory negligence								
	(a) Loss from stock	65	14,979	..	..	1	132	66	15,111
	(b) Loss from existing alignments, etc.	8	19,984	..	..	..	..	8	19,984
	(c) Loss in transit	..	..	..	..	..	..	..	..
	(ii) Directly responsible								
	(a) Loss from stock	10	21,950	..	..	..	..	10	21,950
	(b) Loss from existing alignments, etc.	1	650	..	..	..	..	1	650
	(c) Loss in transit	..	..	..	..	..	..	..	..
3.	Responsibility not fixed upto June 1975								
	(a) Loss from stock	174	3,54,777	2	4,830	4	5,140	180	3,64,747
	(b) Loss from existing alignments, etc.	2,696	36,69,630	..	..	..	..	2,696	36,69,630
	(c) Loss in transit	9	1,912	..	..	40	94,982	49	96,894
4.	Responsibility could not be fixed								
	(a) Loss from stock	22	20,728	2	1,44,685	3	1,878	27	1,67,291
	(b) Loss from existing alignments, etc.	3,816	25,21,420	1	7,000	3	996	3,820	25,29,416
	(c) Loss in transit	..	..	..	..	133	44,844	133	44,844
	TOTAL 1974-75	15,797	1,31,43,899	49	2,32,239	226	5,63,725	16,072	1,39,39,863
	TOTAL 1973-74	18,595	1,29,90,784	36	5,99,092	562	14,04,940	19,193	1,49,94,816

NOTE:— (i) The figures under “Loss from existing alignments, etc.” include 12007 cases of theft of copper wire (Rs. 107.41 lakhs).

(ii) The figures under “Loss from Stock” include 21 cases of theft of copper wire (Rs. 1.06 lakhs).

(iii) The figures under “Loss in transit” include 5 cases of theft of copper wire (Rs. 0.06 lakh).

(iv) The statement excludes the figures for some units.

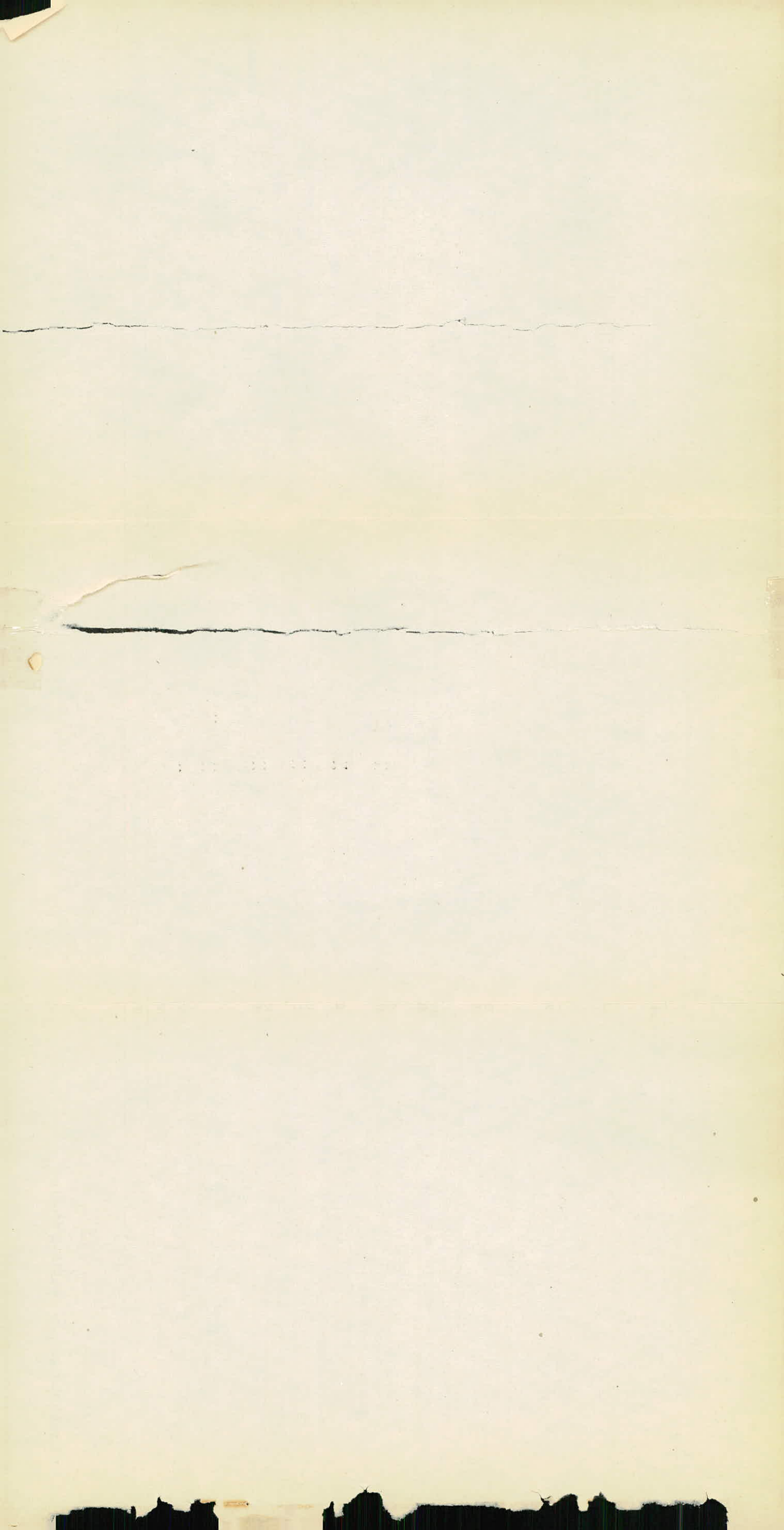


APPENDIX IV

(Referred to in paragraph 27 at page 66)

Statement showing defalcations or loss of public money during 1974-75

Sl. No.	Persons responsible for the loss	Savings Bank frauds			Post Office Certificates frauds			Money Orders (Including telegraphic & Value paid Money Orders) frauds			Insured articles frauds and losses			Miscellaneous frauds and losses			TOTAL		
		Number	Amount Rs.	Amount recovered, if any Rs.	Number	Amount Rs.	Amount recovered, if any Rs.	Number	Amount Rs.	Amount recovered, if any Rs.	Number	Amount Rs.	Amount recovered, if any Rs.	Number	Amount Rs.	Amount recovered, if any Rs.	Number	Amount Rs.	Amount recovered, if any Rs.
1.	Persons unconnected with the department	12	13,829	1,954	1	1,650	1,650	4	1,815	15	24	65,265	4,439	149	1,05,686	7,595	190	1,88,245	15,653
2.	Departmental employees																		
	(i) Departmental Postmasters (including sub and branch Post-masters)																		
	(a) Contributory negligence	42	47,622	11,030	4	15,323	5,732	19	10,855	3,445	32	59,370	26,153	80	65,786	30,883	177	1,98,956	77,243
	(b) Directly responsible	95	4,54,069	1,56,195	1	1,78,100	..	39	37,850	21,823	13	33,158	2,407	118	2,79,587	1,01,163	266	9,82,804	2,81,588
	(ii) Extra departmental agents (including those incharge of sub and branch post offices)																		
	(a) Contributory negligence	18	12,317	5,324	4	15,591	1,809	13	1,120	550	4	2,395	565	43	21,681	9,420	82	53,104	17,668
	(b) Directly responsible	260	2,68,951	1,40,005	..	..	..	286	1,05,851	89,528	10	8,781	2,810	198	49,555	36,065	754	4,33,118	2,68,408
	(iii) Clerks																		
	(a) Contributory negligence	7	16,132	4,235	..	..	..	7	4,347	191	59	58,455	1,386	17	15,977	3,894	90	94,906	9,706
	(b) Directly responsible	89	1,41,637	25,816	..	..	..	24	28,468	22,769	15	11,361	2,161	66	60,393	46,905	194	2,41,859	97,651
	(iv) Postmen and village postmen																		
	(a) Contributory negligence	..	..	..	..	..	..	4	1,100	900	..	..	..	1	86	86	5	1,186	986
	(b) Directly responsible	3	1,402	1,402	..	..	..	53	29,220	14,391	7	1,815	100	15	13,484	3,448	78	45,921	19,341
	(v) Peons and other class IV servants																		
	(a) Contributory negligence	1	1,605	1,605	..	..	..	1	12,800	..	..	..	..	2	3,527	..	4	17,932	1,605
	(b) Directly responsible	1	2,023	..	..	..	..	11	34,331	6,048	5	1,64,750	..	5	12,171	5,950	22	2,13,275	11,998
	(vi) Others																		
	(a) Contributory negligence	2	6,112	300	..	..	..	2	1,193	611	10	54,994	..	12	4,481	52	26	66,780	963
	(b) Directly responsible	4	40,250	28,000	..	..	..	8	6,297	990	30	1,18,949	..	14	71,878	658	56	2,37,374	29,648
3.	Mail contractors' agents																		
	(a) Contributory negligence	..	..	..	..	..	..	1	..	..	1	17,598	..	19	10,622	173	20	28,220	173
	(b) Directly responsible	..	..	..	..	..	..	1	5,500	..	3	17,694	..	17	5,138	2,630	21	28,332	2,630
4.	Responsibility not fixed upto June 1975	16	30,053	630	4	37,320	..	10	19,205	1,200	232	3,75,380	1,280	95	3,21,271	2,965	357	7,83,229	6,075
5.	Responsibility could not be fixed	1	200	..	..	..	..	..	..	..	136	1,26,122	..	85	42,035	739	222	1,68,357	739
	TOTAL	551	10,36,202	3,76,496	14	2,47,984	9,191	482	2,99,967	1,62,161	581	11,16,087	41,301	936	10,83,358	2,52,626	2,564	37,83,598	8,42,075



ERRATA

Page	Para	Line	<i>For</i>	<i>Read</i>
5	5	7	Post and Telegraphs	Posts and Telegraphs
7	6	1	Year	Years
14	10	10	etstimate	estimate
15	11	11	Centre	Centres
16	11	Last line	distance	distances
17	11	4	Omit the words 'and above' appearing between 'Kilometres' and 'but'	
20	13	9	there-after	thereafter
30	15	23	delete the words "in 1972" appearing after the words "3751 connections"	
31	16	31	exchange	exchanges
32	16	14	Septembe	September
41	19	22	Wa	Was
48	20	13	Disposal	Disposals
58	23	22	tend r	tender

S/28 C&AG/75

