

REPORT OF THE

COMPTROLLER AND AUDITOR GENERAL
OF INDIA

FOR

THE YEAR 1975-76

UNION GOVERNMENT (POSTS AND TELEGRAPHS)

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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 1975-76 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 1975-76 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 1975-76 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.

CHAPTER I GENERAL

1. *Revenue position.*—The total revenue receipts of the Posts and Telegraphs Department as budgeted for and realised during the five years ending with 1975-76 are given below :—

Year	Budget	Actual	Variation	Percentage of variation
	(Crores of rupees)			
1971-72	285.12	299.81	+14.69	+5.2
1972-73	310.00	326.96	+10.96	+3.5
1973-74	362.00	360.79	-1.21	-0.3
1974-75	429.81	401.58	-28.23	-6.6
1975-76	467.80	483.61	+15.81	+3.4

The revenue receipts during 1975-76 were Rs. 15.81 crores more than the estimates. The excess was mainly due to more collections under the heads "Sale of Ordinary Stamps (including post cards)", "Telegrams", "Rent of wires, circuits and instruments leased to railways, canals etc." and "Other receipts", partly offset by less receipts under the head "Telephone Revenue on account of rentals and local and trunk call fees etc." The budget estimates and the actual receipts under the main heads of revenue during 1975-76 are given below :—

Main heads of revenue	1975-76		
	Budget estimates (Crores of rupees)	Actuals	Variation
(i) Sale of ordinary stamps (including post cards)	88.50	95.72	+7.22
(ii) Sale of service stamps	18.60	18.05	-0.55
(iii) Postage realised in cash	18.70	19.54	+0.84
(iv) Receipts on account of Money Orders, Indian Postal Orders, etc.	20.50	20.89	+0.39
(v) Telegrams	27.50	32.71	+5.21
(vi) Telex	17.00	16.47	-0.53
(vii) Rent of wires, circuits and instruments leased to railways, canals, etc.	6.50	10.44	+3.94
(viii) Telephone revenue on account of rentals and local and trunk call fees, etc.	263.00	254.24	-8.76
(ix) Other receipts (Net)	7.50	15.55	+8.05
TOTAL	467.80	483.61	+15.81

2. The growth of revenue during five years ended with 1975-76 is indicated below :—

Main heads of revenue	1971-72	1972-73	1973-74	1974-75	1975-76	Increase in 1975-76 as compared to 1971-72	
						Amount	Percentage
1	2	3	4	5	6	7	8
(Crores of rupees)							
(i) Sale of ordinary stamps	65.44	66.73	71.72	79.29	95.72	30.28	46.3
(ii) Sale of service stamps	14.31	13.74	15.06	12.81	18.05	3.74	26.1
(iii) Postage realised in cash	14.97	15.29	15.01	15.49	19.54	4.57	30.5
(iv) Receipts on account of Money Orders, Indian Postal Orders, etc.	13.95	16.43	26.28	27.93	20.89	6.94	49.7
(v) Telegrams	23.23	23.95	24.55	26.11	32.71	9.48	40.8
(vi) Telex	7.79	8.41	11.95	9.04	16.47	8.68	111.4
(vii) Rent of wires, circuits and instruments leased to railways, canals, etc.	5.84	7.96	4.24	9.58	10.44	4.60	78.8

1	2	3	4
Telecommunication Services*			
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
1975-76	315.76	272.43	86.3
Total (Department as a whole)			
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
1975-76	483.61	488.02	100.9

The expenditure of the department exceeded its revenue by Rs. 4.41 crores during 1975-76. The last occasion when the expenditure of the department exceeded the revenue was in 1968-69; the expenditure had exceeded the revenue in that year by Rs. 0.12 crore.

4. *Loan taken from General Revenues.*—According to the revised convention governing the relations between Posts and Telegraphs and General Revenues effective from 1st April 1967, if the Posts and Telegraphs Department is unable to pay the due dividend, the General Revenues would make an interest bearing advance to the Posts and Telegraphs Revenue Reserve Fund to cover the shortfall. In case there is a deficit in the working results of the Posts and Telegraphs Department even after drawing an advance for the payment of dividend, the General Revenues would make a further interest bearing advance to the Posts and Telegraphs Revenue Reserve Fund to cover such deficit. During 1975-76 the Posts and Telegraphs

*Upto March 1974, accounts of revenue and expenditure were maintained separately for Telegraph, Telephone and Radio Branches of the Telecommunication Services. From April 1974 these accounts are maintained for the Telecommunication Services as a whole. The figures of revenue and expenditure for these three branches as appearing in the Reports for the years 1971-72 to 1973-74 have been shown under Telecommunication Services in this Report.

Department took a loan of Rs. 11.57 crores from General Revenues for discharging the dividend liability for 1975-76. The loan together with interest thereon at the Central Government's borrowing rate was required to be repaid in one instalment in the year 1976-77.

No provision was included in the Budget Estimates for 1975-76 for taking loans from the General Revenues as the Posts and Telegraphs Department anticipated adequate surplus for meeting the dividend liability to the General Revenues. On reassessment, the department anticipated that it would have no surplus for meeting the dividend liability to the General Revenues. Accordingly a loan of Rs. 11.57 crores was taken from the General Revenues. The department's accounts for the year 1975-76 closed actually with a deficit of Rs. 4.41 crores, after taking into account the dividend due for the year. The balance available in the Posts and Telegraphs Revenue Reserve Fund as on 1st April 1975 was Rs. 8.49 crores.

CHAPTER II

GENERAL RESULTS OF APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

5. *General.*—The following table compares the expenditure during 1975-76 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>	<i>0.07</i>	0.14	0.12	0.02	14.3
<i>Supplementary</i>	<i>0.07</i>				
 <i>Voted :</i>					
<i>Original</i>	<i>6,73.64</i>	7,39.94	7,35.61	4.33	0.6
<i>Supplementary</i>	<i>66.30</i>				

The saving of Rs. 4.33 lakhs in the voted section was the net result of :—

- (i) a saving of Rs. 6.50 lakhs in Grant No. 15—Posts and Telegraphs—Working Expenses ;
- (ii) a saving of Rs. 9.78 lakhs in Grant No. 16—Posts and Telegraphs—Dividend to General Revenues, Appropriations to Reserve Funds and Repayment of Loans from General Revenues, and
- (iii) an excess of Rs. 11.95 lakhs over Grant No. 17—Capital Outlay on Posts and Telegraphs.

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

	Grant	Expenditure	Excess
	Rs.	Rs.	Rs.
17-Capital Outlay on Posts and Telegraphs	1,92,54,00,000	2,04,48,67,139	11,94,67,139

The excess occurred despite a supplementary grant of Rs. 20,00,00,000 obtained in March 1976. The excess of Rs. 11.95 lakhs was mainly due to more expenditure under :—

- (i) Post Offices (provision Rs. 246 lakhs; expenditure Rs. 331 lakhs);
- (ii) Telegraph Systems (provision Rs. 463 lakhs; expenditure Rs. 505 lakhs);
- (iii) Local Telephone Systems (provision Rs. 8652 lakhs; expenditure Rs. 9996 lakhs);
- (iv) Long Distance Switching Systems (provision Rs. 923 lakhs; expenditure Rs. 963 lakhs);
- (v) Other Land and Buildings (provision Rs. 98 lakhs; expenditure Rs. 120 lakhs);
- (vi) General (provision Rs. 2036 lakhs; expenditure Rs. 2456 lakhs).

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

- (i) Staff Quarters (provision Rs. 158 lakhs; expenditure Rs. 111 lakhs);
- (ii) Transmission Systems (provision Rs. 6154 lakhs; expenditure Rs. 5566 lakhs);
- (iii) Ancillary Systems (provision Rs. 436 lakhs; expenditure Rs. 332 lakhs).

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

CHAPTER III

REVENUE

7. *Arrears of telephone revenue.*—(i) For bills issued upto 31st March 1976 collection of Rs. 7.71 crores as telephone revenue was in arrears on 1st July 1976 as indicated below :—

	(Crores of rupees)
Government subscribers	2.29
Other subscribers	5.42

Out of the total outstanding of Rs. 7.71 crores, Rs. 3.34 crores related to bills issued during 1975-76 and the balance of Rs. 4.37 crores to bills issued upto 1974-75. The year-wise analysis of the arrears is given in Appendix I.

(ii) The percentage of the outstanding on 1st July 1976 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
1	2	3	4
	(Lakhs of rupees)		
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
1975-76	2,48,00	7,71	3.1

(iii) The percentage of the outstanding on 1st July 1976 to the total amount billed during the year ending with preceding March and the corresponding percentages in the three preceding years are given below :—

Year	Amount billed	Outstanding on 1st July following	Percentage of column 3 to column 2
1	2	3	4
(Lakhs of rupees)			
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
1975-76	2,58,66	7,71	3.0

(iv) Test check of telephone revenue accounts conducted during 1975-76 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. 35.21 lakhs and failure to issue bills for Rs. 67.08 lakhs had not been made good by 30th June 1976.

(v) Recovery of Rs. 25.36 lakhs was under litigation on 1st July 1976.

(vi) During 1975-76 the telephone revenue written off was Rs. 28.03 lakhs as indicated below :—

(Lakhs of rupees)	
1. Whereabouts of the subscribers not known	14.20
2. Solvency of the subscribers not established	1.97
3. Closure of the subscribers' firms, concerns etc.	1.73
4. Death of subscribers	1.75
5. Relevant departmental files not available	0.35
6. Other reasons	5.50
7. Reasons not available	2.53*
	28.03

*Relates to Bihar Circle

The year-wise analysis of this amount is given in Appendix I.

8. *Arrears of rent of telegraph, telephone and teleprinter circuits and telex/intelex charges.*—For bills issued upto 31st March 1976, collection of Rs. 283.48 lakhs as rent of telegraph, telephone and teleprinter circuits and telex/intelex charges was in arrears on 1st July 1976 as indicated below :—

	(Lakhs of rupees)
Rent of telegraph, telephone and teleprinter circuits	239.16
Telex and intelex charges	44.32
TOTAL	283.48

Out of the total outstandings of Rs. 283.48 lakhs, Rs. 156.69 lakhs related to bills issued during 1975-76 and the balance Rs. 126.79 lakhs to bills upto 1974-75. Year-wise analysis is given in Appendix II.

9. *Recovery of departmental dues.*—(1) The departmental rules provide that when works requisitioned by the departments of the Central and State Governments or other public bodies and private parties are cancelled after the stores have been issued, the department or the party concerned is liable to pay the prescribed charges comprising departmental overheads, freight etc. and the claim therefor is required to be preferred not later than three months in any circumstances, from the date of cancellation of the demand. The claims for compensation were not preferred in time in the following cases :

(i) In March 1966, the Ministry of Defence placed a firm demand on the Posts and Telegraphs Department for laying an underground cable between stations 'A' and 'B', with an undertaking to reimburse to the department the prescribed charges in case of cancellation of its demand. The demand was cancelled by the Ministry of Defence in May 1967; by then stores worth about Rs. 1.56 lakhs had already been issued to the work. The Posts and Telegraphs Department, however, preferred a claim for Rs. 0.63 lakh as compensation only in

July 1975 after a period of eight years. It came to notice in May 1976 that the correct amount of the claim was Rs. 0.34 lakh. The claim was yet to be settled (December 1976).

(ii) In December 1968, a firm demand was placed by the Ministry of Defence on the Posts and Telegraphs Department for installation of a 400 lines PABX at station 'C' with an undertaking that in case of cancellation of demand, it would reimburse all the charges due to the department under the rules. The building for the PABX was to be provided by the Ministry of Defence. Stores and equipment worth Rs. 2.22 lakhs were taken to the site by the Posts and Telegraphs Department by March 1975. However, the building for installation of the equipment could not be made available by the Ministry of Defence till then. The Ministry of Defence eventually cancelled its demand in March 1975.

In October 1975 Audit pointed out the omission in not recovering the cancellation charges. Thereafter, the Posts and Telegraphs Department preferred a claim for Rs. 0.15 lakh as compensation against the Ministry of Defence in June 1976; the payment of the amount was awaited (December 1976).

(2) In December 1965, a Public Sector Undertaking placed a firm demand on the Posts and Telegraphs Department for installation of a 50 lines PBX and laying of underground cables within its premises. Acceptance of rental and the period of guarantee were obtained from the undertaking in April 1966. The work was completed in April 1966. The Posts and Telegraphs Department did not, however, issue any bill for the rental till June 1976, when the omission was pointed out by Audit. Thereafter, a bill for Rs. 0.48 lakh as rental for 11 years from 29th April 1966 to 28th April 1977 was issued in July 1976; the payment was awaited (December 1976).

(3) At the request of the Railways, the Posts and Telegraphs Department shifted a few telegraph lines between 1958 and 1964; cost of shifting the lines was to be recovered

from the Railways. The Departmental instructions provide that the completion Report of a work should be sent to the Circle Accountant for check and issuing bills, soon after the completion of the work. Completion Reports of the above works were, however, sent to the Circle Accountant between July 1967 and January 1972. The bills were thereafter issued between June 1970 and February 1972. These were accepted by the Railways in July 1972. However, when a debit for Rs. 0.55 lakh was raised for these works in August 1972, the Railways demanded in November 1972 copies of the firm demands placed on the Posts and Telegraphs Department for examining the debits. The Posts and Telegraphs Department could not produce the copies of the firm demands as these were stated to be not traceable. The debit was not, therefore, accepted by the Railways and the bill was returned in October 1973. The Posts and Telegraphs Department stated (August 1976) that the debit had again been raised in August 1976 and that the matter would be taken up at higher level. The payment is yet awaited (December 1976).

(4) Under the departmental rules, when execution of any work by the Posts and Telegraphs Department for another department of Government is cancelled at the instance of the latter after estimate for the work has been prepared, an estimating fee at the prescribed rate is recoverable from the department concerned.

The Ministry of Defence placed a firm demand on the Posts and Telegraphs Department in June 1972 for erection of two pairs of permanent line route between stations 'A' and 'B' with an undertaking to reimburse to the Posts and Telegraphs Department such estimating fee, compensation etc. as might be due under the rules in the event of cancellation. The Posts and Telegraphs Department prepared a detailed estimate for the work in September 1972 and the amounts of rent and guarantee period were intimated to the Ministry of Defence in May 1973. The estimating fee was assessed at Rs. 0.49 lakh in May 1973 which was subsequently revised to Rs. 0.52 lakh in July 1973.

The Ministry of Defence cancelled its demand in August 1974 and declined to pay the estimating fee on the ground that in a meeting held in June 1974 the concerned Divisional Engineer, Telegraph had informed the representatives of the Ministry of Defence that the Posts and Telegraphs Department had not prepared any estimate and that if the Ministry of Defence cancelled the demand for this route, no estimating fee would be charged. Minutes of the meeting, as recorded, were not accepted by the General Manager Telecom., Ambala, who insisted in October 1974 and January 1975 that payment of estimating fee should be made by the Ministry of Defence as the estimate had actually been prepared in this case. The estimating fee amounting to Rs. 0.52 lakh is yet to be recovered (January 1977).

(5) Meters installed in certain telephone exchanges to record the number of local calls (including units of S.T.D. calls) are only four digit meters running from 0000 to 9999. When the number of calls exceeds 9999, the meter reverts to 0000 position and starts a fresh revolution. Thus a delay in taking meter-reading may result in a full revolution of 9999 calls being overlooked. In para 7(v) of the Audit Report, Posts and Telegraphs, 1968, mention was made about short-billing noticed on this account.

The Public Accounts Committee in paragraphs 2.25 and 2.26 of their 40th Report (Fourth Lok Sabha), 1968-69, had observed, *inter alia*, that efforts should be made to replace the four digit meters by five digit meters at the earliest, in heavily worked exchanges, to avoid loss of revenue and that in the meantime, every care should be taken to ensure that meter readings from the four digit meters were recorded at least once a fortnight to avoid under billing of calls. On an enquiry by Audit, the department stated in December 1976 that the total requirement of five digit meters was assessed as 6.44 lakhs, against which 2 lakh meters were imported in 1971 and supplied to various Telephone Districts and major exchanges and orders for supply of 1.34 lakh meters were placed on Indian Telephone Industries (I.T.I.) in 1972. The department added

(March 1977) that "this order has not been complied with fully. When this is fully received, about 50 per cent of the total requirement would have been taken care of. We are examining the case to place further orders on I.T.I. for supplying these meters".

In the meantime, instructions were issued in September 1970 to the effect that "fortnightly meter-readings should be recorded in the registers and the bills should be issued keeping a note of these fortnightly meter-readings". A test check of billing of local calls in various circles/exchanges (other than those in Delhi) in which four digit meters are installed, disclosed short-realisation of Rs. 0.88 lakh in 36 cases during October 1970 to September 1976. In Delhi, according to the departmental records, there was short-realisation of Rs. 4.88 lakhs in 67 cases between July 1969 and September 1976.

The department stated (March 1977) that if the instructions issued in September 1970 had been complied with "it should not have been possible to skip over any meter-rotation and no short-billing case should have arisen". The department also stated that "on examining the cases pointed out by Audit, field units have reported that there were clerical errors in preparing the telephone bills and, therefore, this short-billing had arisen. We are reiterating our instructions to the field units and asking them to provide 5 digit meters to all subscribers who are making, on an average, more than 5,000 calls in a quarter". The department further stated that "from the reports received so far from the field units, it is revealed that the outstanding amounts due to short-billing have been recovered. We will pursue with the other units to recover the amounts from all these subscribers".

10. *Non-realisation of revenue.*—Under the departmental rules, a departmental public call office can be opened at private premises, clubs, restaurants etc., for local and trunk calls, if the owners etc. of the premises (attendants) agree to keep it open between specified hours and guarantee a minimum income as fixed from time to time from local calls only, originating from

the public call office. In auto exchanges, trunk calls are not ordinarily to be allowed from such a public call office, fitted with a coin collecting box, but if the attendant specifically requests and takes full responsibility for trunk call charges in respect of calls made from the public call office, trunk calls may be allowed.

A departmental public call office fitted with coin collecting box, with facility of incoming calls, but not for "trunk booking", was opened in June 1962 at a Naval Dock Yard in Bombay on the specific request of the Naval Authorities. Despite the trunk booking facility having not been allowed to that public call office, as many as 109 trunk calls were booked from that public call office, during 24th October 1972 to 27th December 1972. Almost all the calls were made as lightning or demand trunk service calls. According to departmental instructions, the name of the calling party is to be ascertained at the time of booking of lightning calls and it is required to be cross-verified after some time or before putting through the call. Similarly, the demand service calls are to be connected only after verification of the calling number.

The Naval Dock Yard authorities against whom bills amounting to Rs. 0.17 lakh were preferred for these calls, refused to pay the charges on the plea that the public call office was not having the facility of "trunk booking". Thereupon, the department reportedly made enquiries as to how trunk calls came to be booked from this public call office. But it was not possible for the department either to ascertain the method employed in putting through these trunk calls or to find out the complicity of any departmental official in the matter. The amount of Rs. 0.17 lakh on account of these trunk calls is yet to be realised (December 1976).

11. *A private telephone exchange.*—In 1929, a company in the private sector was granted a licence for the establishment, working and maintenance of a public telephone system at Jamshedpur. This licence expired in December 1965 when the

Posts and Telegraphs Department established a departmental automatic exchange at the station. The company was granted a licence for running a private telephone exchange from the 1st of January 1967. This licence was renewed by the Posts and Telegraphs Department from time to time till 31st December 1971.

The following points were noticed in the operation of this private telephone exchange :—

- (i) Even though the licence was not renewed after December 1971, the company continued and continues to operate the private telephone exchange.
- (ii) Under the rules royalty is leviable on all the overhead telephone connections crossing public roads. The department has been charging royalty only for 65 overhead telephone connections crossing public roads, even after the licence expired in December 1971.

In May 1966 *i.e.* before the grant of this licence, the company had furnished a map showing the existing number of telephone lines as 415 and the proposed new lines as 300. According to the information furnished by the company to the department the number of its lines crossing the public roads was more than 65 in 1967, was 524 in December 1970 and 691 in December 1975. The department has not been able to explain as to why the royalty was being levied only for 65 telephone lines crossing the roads and it did not take cognizance of the number of such lines crossing the roads indicated by the company subsequently from time to time.

- (iii) In December 1975 the department raised a demand for Rs. 2.35 lakhs against the company as arrears of royalty from 1970-71 to 1975-76 with reference to the number of lines reported by the company as crossing the public roads. But this demand was cancelled in December 1976 on the ground that the department was re-checking the number of lines crossing the public roads.

CHAPTER IV

WORKS EXPENDITURE AND MISCELLANEOUS OTHER IRREGULARITIES

12. *Telephone line between Bhagalpur and Hathidah.*—The project estimate for erection of a telephone line of copper weld wire between Bhagalpur and Hathidah (86 miles) was sanctioned by the Posts and Telegraphs Directorate in July 1965 at an estimated cost of Rs. 8.52 lakhs for meeting the increased traffic requirements of the Bhagalpur region and providing an alternative route to Calcutta. This line was to follow a road alignment along the bank of the Ganges on one side of the road; on the other side of the road there were high tension power lines.

The detailed estimate for the project was sanctioned in January 1968 for Rs. 7.07 lakhs. It was apprehended at the time of preparation of this estimate that some difficulties would be encountered near Sultanganj, about 16 miles away from Bhagalpur because of proximity of high tension power lines. It was mentioned in the estimate that the details of power crossing and power proximity would be finalised in consultation with the Additional Chief Engineer, Technical and Development Circle, Jabalpur.

The work was completed in November 1969 at a cost of Rs. 11.96 lakhs. In July 1970, when the telephone line was put to test it was found unsuitable for carrier working owing to the prevalence of high attenuation and high noise level due to proximity of high tension power lines. Attempts were then made to remove these defects, and after further inspection by the Acceptance Testing Organisation of the Department, the line was commissioned in February 1972.

In May 1972 a lineman got electrocuted while at work owing to high voltage of power in the telephone line due to proximity of high tension power lines. The route was thereafter jointly inspected several times by the engineers of both the Posts and Telegraphs Department and the Electricity Department of the State Government. No solution could be found. It was not also possible to shift the telephone line, as it ran along the river side of the road and on the other there were high tension power lines. The portion of the telephone line between Bhagalpur and Kiul (70 miles) was, therefore, closed down in October 1973. The department stated (March 1977) that the line was shut down in October 1973 mainly because several power crossings had come up subsequent to the erection of the line when the Electricity Department of the State Government erected new loops from the main power lines without reference to the department and that steps were being taken to provide the necessary guarding arrangements.

An estimate for dismantling the line was submitted by the Divisional Engineer to the Circle office in June 1975. Apart from the power hazards to which the alignment was exposed, a further justification given for dismantling the alignment was that there were two H-systems (8 channel carrier systems) working between Bhagalpur and Patna and that there appeared to be no necessity for working any other system on this route. The line has not, however, been dismantled as yet. The department stated (March 1977) that it was proposed "to instal Isolating transformers and G.D. Tubes to reduce the hazard due to power induction and also to provide guarding arrangements at all the power crossings so that the line could be used. G. M. Telecommunications, Patna has been instructed to take immediate action to energise the line, after taking the requisite protective measures".

The telephone line, completed in November 1969, remained unused (February 1977) except for twenty months in 1972 and 1973. Losses on account of frequent thefts of wire owing to

the line being in a state of disuse were also reported in January 1975.

13. *Installation of a 8-Channel Transistorised Carrier System between Dumka and Deoghar.*—Dumka Town is the District Headquarters of Santhal Parganas “backward area”. In view of the policy of the department to provide adequate telecommunication services in such areas and to build up more channels for directly linking Dumka with the State Capital at Patna, as also with the Headquarters of the Division at Bhagalpur and in view of the demands of trunk call traffic, the Posts and Telegraphs Directorate approved in March 1970 the installation of a 8-Channel Transistorised carrier system in replacement of the existing 3-Channel system between Dumka and Deoghar. The project estimate costing Rs. 1.15 lakhs and two detailed estimates for retransposition of the existing Voice Frequency pair by Non-Carrier junction pair (Rs. 0.31 lakh) and installation of the 8-Channel open wire transistorised carrier system (Rs. 0.47 lakh) were sanctioned by the Postmaster General, Bihar Circle, in October 1972. It was anticipated that the project would yield a net profit of Rs. 0.02 lakh per annum from the date of its being commissioned. No difficulties were anticipated in the retransposition of the line and the work, it was estimated, could be completed in about 2 months’ time.

The work of retransposition of the line was completed in October 1975. When the retransposed line was put to test by the Acceptance Testing Organisation of the Department, it failed to pass the test owing to continued interruptions on account of power induction. The induced voltage was of the order of 1140 volts. In March 1977 the department intimated that the line had since been cleared by the Acceptance Testing Organisation and that the system had been commissioned in October 1976.

An expenditure of Rs. 3.13 lakhs was incurred on retransposition of the line. About the increase in expenditure the General Manager, Telecommunications, Bihar Circle, stated

(August 1976) that "the original sanction for the above work for Rs. 0.31 lakh was accorded as the proposal was for transposing NCJ pair on the existing AB posts already carrying the VF pair lines. It was later noticed that NCJ pair lines would need A4BC posts as the existing AB posts would not be able to bear the load of the bracket and accordingly the cost of the estimate went quite high due to the provision for the A4BC posts, thus increasing the cost of work from Rs. 0.31 lakh to Rs. 3.13 lakhs". The Posts and Telegraphs Directorate stated (March 1977) that "at the time of preparation of the estimate, the fact that AB line could not bear the load of NCJ pair was not foreseen. The General Manager, Telecommunications, Patna, is being directed to investigate in detail into the reasons for this lapse". Another major deviation from the sanctioned estimate contributing to the excessive expenditure was that the line was shifted from Deoghar to Ghormara to keep it away from the nearby high tension power alignments which had been constructed by the State Electricity Board parallel to the Posts and Telegraphs alignments without obtaining the consent of the department. The work of shifting the line was completed in October 1975 and a claim for Rs. 0.24 lakh was preferred in July 1976 against the State Electricity Board on this account. The revised estimate for the work was yet to be sanctioned (August 1976).

As the line had not been cleared by the Acceptance Testing Organisation, the work relating to the installation of the 8-Channel Transistorised Carrier System was held up although stores worth Rs. 0.74 lakh had been received for this work up to July 1975. A reassessment of the economics of the project in August 1976 revealed that, as against the net profit of Rs. 0.02 lakh which was anticipated at the time of preparation of the estimate, there would be a loss to the extent of Rs. 0.15 lakh per annum. The department stated (March 1977) that "the General Manager Telecommunications has been instructed to re-examine the project on the basis of actual traffic and the financial implications".

14. *Expansion of Varanasi Telephone Exchange.*—In February 1967, a project estimate for Rs. 21.87 lakhs was sanctioned for expansion of the Varanasi telephone exchange from 5100 lines to 6600 lines for meeting growing demand for telephones. Subsequently, another project estimate for Rs. 50.19 lakhs was sanctioned in March 1969 for expansion of this exchange from 6600 lines sanctioned in February 1967 to 9600 lines.

(a) *The Project estimate of 1967*

The project estimate sanctioned in February 1967 included provision for extension of the existing building. In August 1967, an estimate for Rs. 2.37 lakhs was sanctioned for extension of the building. The work of extension of the building was awarded to a contractor in April 1969 for completion by March 1970; the work was completed in February 1971 at a cost of Rs. 1.52 lakhs. By March 1970 equipment worth Rs. 8.55 lakhs had been received for this work. As the extension of the building had not been completed, equipment worth Rs. 7.62 lakhs was diverted to Kanpur in December 1968, March 1969 and May 1969.

The project estimate of February 1967 was revised to Rs. 38.29 lakhs in May 1971. In July 1974, however, the expansion programme was cancelled. The Department stated (February 1977) that this was done on the basis of a review conducted in August 1971 which indicated that "the capacity of 8100 lines at Varanasi would be adequate to meet the demands which had not grown as anticipated earlier". (The capacity of 8100 lines was to become available with the execution of the project estimate of March 1969).

(b) *The Project estimate of 1969*

In the meantime, equipment worth Rs. 9.62 lakhs was received by March 1971 against the project estimate sanctioned in March 1969 for expansion of the exchange by 3000 lines.

Installation of equipment in the extension of the building was started in June 1971.

The additional 3000 lines sanctioned in March 1969 were expected to be completed in 9 months. Of these, 1000 lines were commissioned in April 1973 and the remaining 2000 lines in April 1974.

Air-conditioning

Normally, the rooms in which automatic exchange equipment are to be installed should be air-conditioned before commencement of installation of such equipment. As mentioned earlier, extension of the building was completed in February 1971 and installation of equipment was started in June 1971 but the detailed estimate for air-conditioning of the building was sanctioned for Rs. 2.27 lakhs in October 1971. The indent for procurement of an air-conditioning plant was, however, placed on the Director General, Supplies and Disposals in June 1973 *i.e.* about 20 months after the estimate was sanctioned.

The air-conditioning equipment was received in December 1975 and installed in September 1976 but has not yet been commissioned and handed over as the programme for acceptance testing has not been finalised (December 1976). Consequently, the exchange equipment was without any air-conditioning between June 1971 and July 1974; improvised air-conditioning arrangements were made in August 1974 and December 1974 by installing ten window type air-conditioners (cost : Rs. 0.71 lakh) to protect the equipment.

(c) Utilisation of exchange capacity

According to the instructions (September 1970) of the department, ninety per cent of the exchange capacity should be utilised soon after expansion or in any case not later than six months of such expansion. Utilisation of the capacity of

Varanasi exchange, expanded to 6100 lines in April 1973 and 8100 lines in April 1974, was as below :—

Month	Equipped Capacity	Connectable Capacity	Working Connections	Spare Capacity	Waiting Applicants
February 1973	5100	4794	4711	83	2515
October 1973	6100	5734	4929	805	2742
April 1974	8100	7534	5649	1885	2287
October 1974	8100	7534	6248	1286	1748
March 1975	8100	7534	6914	620	1541
September 1975	8100	7534	7141	393	1949
December 1975	8100	7534	7248	286	1652
March 1976	8100	7534	7616	..	394

Due to delay in release of new telephone connections upto December 1975, the Department forwent a potential revenue of Rs. 22.20 lakhs from October 1973 to December 1975.

The department stated (February 1977) that the main reason for the slow utilisation of the exchange capacity was shortage of cables.

(d) *Extra expenditure on procurement of air-conditioning equipment*

Against the indent placed by the department on the Director General, Supplies and Disposals in June 1973, tenders were received by the Director General, Supplies and Disposals in August 1973. These were sent by the Director General, Supplies and Disposals to the Director General, Posts and Telegraphs on 1st September 1973 for his recommendations by 30th September 1973. Since no response was received from the Director General, Posts and Telegraphs inspite of reminders of 11th October 1973 and 13th November 1973, the Director General, Supplies and Disposals cancelled the indent on 30th November 1973 and scrapped the tenders. The department stated (February 1977) that the letters dated 1st September 1973, 11th October 1973 and 13th November 1973 from the

Director General, Supplies and Disposals had got misplaced and were eventually dealt with by the Assistant Engineer only on 27th November 1973 and that while the case was still under examination the cancellation letter dated 30th November 1973 issued by the Director General, Supplies and Disposals cancelling the indent was also received.

The Director General, Posts and Telegraphs resubmitted a fresh indent in January 1974 to the Director General, Supplies and Disposals. After inviting tenders, the Director General, Supplies and Disposals placed orders for the air-conditioning plant in November 1974 for Rs. 4.11 lakhs. As compared to the lowest offer received in the tenders of August 1973, which had to be scrapped in the absence of recommendations of the Director General, Posts and Telegraphs, the cost of the air-conditioning plant was higher by Rs. 1.82 lakhs.

15. *Telephone Exchange at Panihati.*—Panihati, an industrial suburb of Calcutta, was being served by a 200 lines telephone exchange (increased to 280 lines in July 1964). On the basis of a survey conducted in 1957, it was anticipated that demands for telephones at Panihati would be 570 in 1960, 871 in 1965, 1198 in 1970 and 1473 in 1975. Based on this forecast, a project estimate was sanctioned in January 1961 for installation of a 1000 lines automatic telephone exchange at Panihati at a cost of Rs. 30.55 lakhs.

According to another survey conducted in 1963, demands for telephones were expected to be 875 lines in 1965, 1475 lines in 1970 and 2075 lines in 1975. As the 1000 lines exchange sanctioned in January 1961 was considered inadequate to meet the demands forecast on the basis of the survey of 1963, a further project estimate for expansion of the exchange from 1000 lines to 2000 lines was sanctioned by the department in February 1965 at a cost of Rs. 26.82 lakhs.

Indents for equipment for the above mentioned expansion projects sanctioned in January 1961 (1000 lines) and February

1965 (1000 lines) were placed on Indian Telephone Industries in March 1965. The equipment started coming from February 1967. The major portion of the equipment was received during 1968-69. Installation of the equipment was commenced in February 1969 and completed in December 1972. The exchange was commissioned in July 1973. The total cost of the project upto March 1976, excluding the cost of building, was Rs. 128.97 lakhs against the estimated cost of Rs. 53.40 lakhs (Rs. 26.58 lakhs sanctioned in 1961 and Rs. 26.82 lakhs sanctioned in February 1965). The department stated (March 1977) that the above figure of expenditure included some quantities of cables wrongly debited to the estimate of this project and that after excluding the cost of such cables, the expenditure was Rs. 101.78 lakhs. The increase in expenditure was attributed to rise in prices of the equipment and cables.

According to departmental instructions, 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	Installed capacity	Connectable capacity	Working connections	Percentage of utilisation	Spare capacity	Applicants in the waiting list
July 1973	2000	1800	944	47.2	856	999
January 1974	2000	1800	960	48	840	1675
September 1974	2000	1800	1020	51	780	1700
December 1974	2000	1800	1140	57	660	1644
March 1975	2000	1800	1267	63.4	533	1654
September 1975	2000	1800	1436	71.8	364	1835
March 1976	2000	1800	1569	78.5	231	544

The department stated (March 1977) that some of the cases in the waiting list were being processed. Owing to delay in the release of new telephone connections, the department lost a potential revenue of Rs. 16.45 lakhs from 1st August 1973 to March 1976.

The department stated (March 1977) that the delay in commissioning the exchange was due to repeated thefts of the junction cables connecting the exchange, disturbed conditions obtaining in Calcutta during the late 60s and early 70s, and the time taken for replacement of tarfelting of the leaking roof of the exchange building and strengthening of the floor of the battery room. The department added (March 1977) that "all possible steps had been taken to commission the exchange as early as possible, and to provide the maximum number of connections within the permissible traffic handling capacity of the exchange equipment".

16. *Installation of a small telephone exchange at Dungiripalli.*—A project estimate for instaliation of a 25 lines small automatic exchange (SAX) at Dungiripalli in Bolangir district of Orissa was sanctioned in March 1972 by the Postmaster General, Orissa Circle, at a cost of Rs. 0.67 lakh. It was then estimated that a gross revenue of Rs. 0.18 lakh per annum would be earned from the exchange.

Departmental rules provide that no indent for stores should be placed before sanctioning of project estimate. Indents for stores for the above work were, however, placed in October 1971 and stores and equipment costing Rs. 0.12 lakh were received during November 1971 to March 1972. These were not utilised. Instead, a 100 lines Central Battery Non-Multiple (CBNM) exchange was installed in August 1972 at Dungiripalli for which there was no sanctioned estimate, reportedly on the oral orders of the Director of Telegraphs, Orissa Circle. Expenditure of Rs. 0.24 lakh incurred in installing the 100 lines CBNM exchange was booked in the accounts against the estimate

sanctioned for installation of the 25 lines SAX. Two nearby small automatic exchanges at Agalpur and Binka were connected to the new 100 lines CBNM exchange at Dungiripalli for trunk call purposes. On an average three telephone operators were also employed at Dungiripalli from August 1972 for manning this 100 lines exchange.

The number of telephone connections from this 100 line exchange did not exceed 22 at any time and by March 1975 it came down to 7 working connections, including three service connections. In May 1975, it was observed that, on an average, there were only six local calls and eight trunk calls per day from this exchange. The trunk calls were also from Binka and Agalpur and not from Dungiripalli. It was, therefore, decided in June 1975 to convert the 100 lines CBNM exchange to 25 lines SAX, as originally planned. Accordingly, the 100 lines exchange was dismantled and in its place the 25 lines SAX for which stores and equipment had been lying unused at Dungiripalli, was installed in August 1975. The two small exchanges at Binka and Agalpur, earlier connected to Dungiripalli exchange, were then connected to other exchanges for trunk calls.

The total revenue earned from the 100 lines CBNM exchange from August 1972 to July 1975 was Rs. 0.45 lakh against an expenditure of Rs. 0.35 lakh incurred on telephone operators during that period.

17. *Air-conditioning of a Telephone Exchange.*—For meeting the growing demand for telephones at Pune, a project estimate for installation of a third automatic telephone exchange (3,000 lines) was sanctioned in January 1963 for Rs. 46.08 lakhs. The project estimate was revised and sanctioned for Rs. 147.71 lakhs in December 1972. The increase in the estimated cost was mainly due to the change from strowger type to crossbar type exchange. The revised estimate *inter alia* provided Rs. 3.36 lakhs for air-conditioning plant.

According to the departmental 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 which adversely affect their performance. Even though the indent for exchange equipment had been sent to the Indian Telephones Industries in August 1967 for commencement of delivery of equipment from June 1970 onwards and the new telephone exchange building had been taken over in October 1969, the indent for supply and erection of the air-conditioning plant was sent to the Director General, Supplies and Disposals only in September 1970. The Director General, Supplies and Disposals placed an order on 'A' in February 1972 for supply and erection of the plant by July 1972 at a cost of Rs. 3.60 lakhs.

The main items for the erection of the air-conditioning plant were received at the site by July 1972 and, according to the terms of the contract, the Director General, Supplies and Disposals paid Rs. 3.17 lakhs to 'A' as 90 per cent of the cost of the material supplied by it. Installation of the air-conditioning plant was completed in November 1972 but it could not be tested as adequate power supply was not available to run the plant. The department stated (January 1977) that "the sub-station for providing power to the air-conditioning plant was completed by 15th December 1972. However, the Maharashtra State Electricity Board indicated their inability to provide the metering equipment due to non-availability of the same. The metering equipment, which is normally to be supplied by the State Electricity Board, was arranged for as a special case by the Executive Engineer, Electrical, Posts and Telegraphs by the middle of January 1973 and was given to Maharashtra State Electricity Board. The sub-station was then commissioned on 17th March 1973".

In the meantime, installation of exchange equipment commenced in June 1972 in rooms which were not air-conditioned. The first joint inspection of the air-conditioning plant by the officers of the department and representatives of the Director General,

Supplies and Disposals and 'A' was done in May 1973, but as adequate power for running the plant was not available, no tests could be conducted. However, inspection of the plant was carried out to the extent possible and 'A' was asked (May 1973) to rectify certain defects and deficiencies noticed in the plant. Adequate power supply was arranged in August 1973 and the joint inspection and testing of the plant for monsoon conditions were conducted in September 1973. As the plant did not come up to the prescribed standards of performance, it was rejected and 'A' was asked to attend to the defects noticed and to offer the plant for re-test. Meanwhile, the exchange was commissioned in March 1974 without air-conditioning of the equipment rooms. The joint inspection and testing of the plant for summer conditions were conducted in June 1974. This time also the plant did not come up to the prescribed standard of performance and was rejected. 'A' was again asked to rectify the defects and run the plant continuously for some time. It was agreed to arrange for the next joint inspection and testing in a month's time; no further test was, however, conducted in July 1974.

The District Manager, Telephones, Pune informed the Director General, Supplies and Disposals (June 1974) that the non-commissioning of the air-conditioning plant was one of the reasons for the inefficient functioning of the exchange. In December 1974, the District Manager, Telephones, Pune, informed the Director General, Posts and Telegraphs that the absence of air-conditioning affected the functioning of the exchange adversely.

In May 1975, the Director General, Supplies and Disposals asked 'A' to rectify the defects in the plant within 10 days and offer the plant for summer test, failing which, it was warned that action would be taken in terms of the contract including recovery of payments made. In September 1975, the department suggested to the Director General, Supplies and Disposals that the plant should be run under the supervision of 'A' for at least four weeks at a stretch round the clock to ensure its fitness for being taken over. The Director General, Supplies and Disposals informed

'A' accordingly in September 1975. 'A', however, started running the plant only in February 1976, and in March 1976 it was found that the plant was running satisfactorily but only for twelve hours a day. The plant was offered for monsoon test in July 1976 but it did not come up to the prescribed standard. Final testing and acceptance of the plant is yet to be done (January 1977). In the meantime, the capacity of the 3000 lines exchange had been increased to 6000 lines in three phases of 1000 lines each in March 1975, August 1975 and February 1976.

Thus the exchange remained without air-conditioning during the period of installation of equipment from June 1972 and has been functioning without air-conditioning since it was commissioned in March 1974.

18. *Laying of cables for a Defence airfield.*—In February 1964, the Air Force decided to replace the existing navigational aid equipment by a new model of the equipment which was to be imported. The existing hut, in which the old equipment was functioning, was found unsuitable for the proposed new equipment. It was, therefore, decided to construct a new hut at a different location to accommodate the new equipment and the Posts and Telegraphs Department was requested in 1964-65 to lay an underground cable from the control room to the new hut (3.1 kilometres). At the same time a request was also made for laying a perimeter cable (13 kilometres) to be terminated at various points along the periphery of the airfield.

Laying of the perimeter cable was completed by October 1966. However, when the jointing of this cable was undertaken in October 1966 it was discovered that a portion (1.5 kilometres) of this cable had been stolen. The matter was immediately taken up by the department with the airfield and police authorities and the cable laid between the control room and the new hut was also checked, when it was found that a portion (0.4 kilometre) of that cable also had been stolen. The stolen part of the underground cable (0.4 kilometre) between the

control room and the new hut was restored in January 1967 and the completed cable was handed over to the Air Force in April 1967.

Since the new model of equipment was not available, when the cable was ready, it could not be terminated to the equipment for operation. A part of the new equipment, which was allotted to the airfield in February 1964, was received by March 1968, but even that was transferred to another unit. Fresh consignment of the new navigational aid equipment was received in December 1971 but this was deficient in one test equipment.

In August 1971, the airfield authorities requested the Posts and Telegraphs Department to check the underground cable to determine its serviceability for the operation of the new equipment. During the course of this checking, in August 1971, it was noticed that 1.7 kilometres of the underground cable between the control room and the new hut had again been stolen. This stolen part of the cable (1.7 kilometres) was restored in March 1972, but in August 1972 a further theft of 0.7 kilometre of cable on this route was noticed. The latter portion of the cable (0.7 kilometre) has not been restored as yet (December 1976).

The department stated (December 1975) that out of 2.8 kilometres of the cable between the control room and the new hut which were stolen, restoration of 2.1 kilometres of the cable (0.4 kilometre in January 1967 and 1.7 kilometres in March 1972) was carried out on the understanding that the Air Force would compensate the Posts and Telegraphs Department. Out of 2.1 kilometres so replaced, Rs. 27,851 were claimed in August 1972 from the Air Force for 1.7 kilometres, but as the Air Force did not accept the charges, restoration of 0.7 kilometre theft of which was noticed in August 1972, was not made. The department preferred a bill for Rs. 31,656 as compensation for the remaining 1.1 kilometres of cable (including 0.7 kilometre yet to be restored) in March 1976.

As 0.7 kilometre of stolen cable between the control room and the new hut remained to be restored, the new hut could not be used for installation of the new navigational aid equipment.

The new equipment was installed for operation in the same old hut, which was found unsuitable in 1964 for this equipment, after the wanting test equipment was obtained from another airfield, in June 1974. The Air Force could, thus, neither utilise the newly constructed hut (cost : Rs. 6,000) nor the cable for which it had paid rent amounting to Rs. 52,800 upto March 1975 at Rs. 6,600 per annum.

In August 1971 the perimeter cable was also checked and it was found that besides 1.5 kilometres of cable found stolen in October 1966, other lengths of cables aggregating 2.6 kilometres were stolen later upto August 1971. In March 1972, a further theft of 0.4 kilometre of this cable was noticed. Thus, out of the 13 kilometres of perimeter cable laid, 4.5 kilometres were stolen; the balance 8.5 kilometres were terminated at various points along the periphery of the airfield and handed over to the Air Force in March 1972 (6 kilometres) and in June 1972 (2.5 kilometres) for use. In August 1972, the estimated cost of replacement of 4.5 kilometres of cable (Rs. 74,114) was intimated to the Air Force but the same was not accepted by it. The matter, as to which department should bear the cost of replacement of the stolen cable (total cost : Rs. 1.34 lakhs) has been a point of dispute and subject of protracted correspondence between the Posts and Telegraphs Department and the Ministry of Defence. According to a statement prepared by the Telecommunication Division, as many as twelve thefts of underground cables were detected in the airfield area between August 1971 and April 1972.

The Ministry of Defence stated in February 1975 that a Court of Inquiry was held in September-October 1971, which came to the finding that :

- (i) no air force personnel could be blamed for the loss;

- (ii) the Posts and Telegraphs Department was solely responsible for maintenance and serviceability of the cable, but that department did not carry out any check of the cable after it was laid in April 1967;
- (iii) the perimeter cable was not taken over by the airfield and as such the question of accountability of the airfield for the loss of 4.5 kilometres of cable did not arise and
- (iv) the case was also investigated by the State Police but they could neither trace the culprit nor recover the stolen property.

The Posts and Telegraphs Department had written to the Air Force authorities as early as in September 1971 and September 1972 expressing surprise as to how such large quantities of cables which had been buried 3 to 4 feet underground could be stolen from within the Air Force security Zone. Instances were also pointed out where the length of cables stolen was as much as 2 kilometres and 4 kilometres and trenches had been dug for as long as 300 feet to steal the cable. The department also stated in February 1975 that

- (i) the area of the airfield where the cables were laid was a 'protected area', security of which was the sole and direct responsibility of the Air Force and therefore the cost of stolen cable should be borne by the Air Force and
- (ii) since both the cables were not terminated for being worked on equipments, which were installed only late in 1971, normal periodical maintenance and testing of the cables was not possible. After the terminations were made and the equipment connected to the cables were being worked, maintenance to the extent of rectification of faults as and when reported by the Air Force were being carried out.

While the Ministry of Defence stated in November 1976 that responsibility for the safety of cables inside the Air Force station rested with the Posts and Telegraphs Department, the Posts and Telegraphs Department stated in February 1977 as follows :—

“It is difficult to accept the argument that in the prohibited area of the airfield, the safety against theft has to be ensured by the P&T. The normal periodic maintenance and check of these cables was not possible till 1971 as airfield structures were not ready due to faulty planning and implementation by the I.A.F. authorities. Inability of the Air Force Court of Enquiry to pinpoint the responsibility for the loss on account of theft in protected area could not be the reason for shifting the responsibility to the P&T Department.”

No bills for recovery of rental for the perimeter cable laid in October 1966 have been sent by the Posts and Telegraphs Department to the Air Force (December 1976). The Posts and Telegraphs Department stated (February 1977) that the work was not yet complete and that, since it was a rent and guarantee work, the bill for rent would be issued after the completion of the work. For realisation of compensation for the portion of the cable lost, the department proposed to take up the matter at appropriate levels.

19. *Laying of a cable for the Air Force.*—In April 1971 the Air Force placed a firm demand on the Posts and Telegraphs Department for laying of a 14 kilometre cable between the microwave station at ‘A’ and headquarters of an Air Command. The department quoted (April 1971) a rent of Rs. 1.07 lakhs with a guarantee period of 10 years and the same was accepted by the Air Force in May 1971. The Postmaster General, ‘A’ sanctioned in August 1971 an estimate for Rs. 4.30 lakhs for laying of the cable. As the existing trunk circuits meant for the Air Command at ‘A’ were going from the microwave station *via* the carrier station at ‘A’ through a terminating (access) bay,

causing unnecessary alternation of speech level due to their following a circuitous path, the estimate envisaged re-routing of existing circuits directly from the microwave station to the Air Command at 'A' via a terminating (access) bay to be installed at the microwave station. The work was expected to be completed within 3 months on receipt of stores.

The work of laying of the cable was commenced in April 1973 and completed in September 1975. The cable could not, however, be handed over to the Air Force as the access bay for re-routing the existing circuits was not installed in the microwave station. Due to non-installation of the access bay only 4 speech circuits were stated (September 1975) to have been provided on the newly laid cable, out of 43 speech circuits. In March 1976 the Air Force intimated that the cable would be taken over only after re-routing of the existing trunk circuits through the access bay due to be installed. In September 1976, a revised annual rental of Rs. 2.48 lakhs with a guarantee period of 10 years was quoted to the Air Force.

The installation of the access bay required the expansion of the microwave station at 'A'. This expansion of the station building was completed in September 1976 whereafter only the work of installation of the access bay, in which the trunk circuits were to be terminated, could be undertaken.

The circumstances in which there has been delay in the installation of the access bay are not clear. The project estimate of 1971 provided for the installation of the access bay; the Divisional Engineer, Telegraphs, had requested the Regional Director, Telecommunications, Eastern Region, Calcutta, (later redesignated as General Manager, Maintenance) in February 1971 to instal the access bay. It, however, transpired that the installation of the access bay was to be undertaken by the General Manager, Projects, Calcutta and not by the General Manager, Maintenance. The General Manager, Projects, Calcutta, however, pointed out in 1973 that the installation of the access bay required the expansion of the microwave station

at 'A' and this expansion was completed by the General Manager, Projects, Calcutta, in September 1976 as already mentioned earlier. The department intimated in March 1977 that "the General Manager, Maintenance, Calcutta has recently reported that necessary terminating arrangements for the different types of circuits leased to the IAF have since been made in the Microwave station at 'A' by utilising the spare facilities available in the Microwave station and that all the IAF circuits have been transferred on to the new cable by 10-2-77".

Due to the delay in handing over of the cable there has been no realisation of rent since September 1975, i.e. when laying of the cable was completed.

As against cable of 54 pairs/40 lbs. for which firm demand had been placed by the Air Force in April 1971 for the above work, allotment of 100 pairs/20 lbs. cable was made in July 1971 "in view of the urgency of the work" and nearly 14.8 kilometres of that cable valued at Rs. 6.55 lakhs was received for it during April 1972 to April 1973. Meanwhile, the Air Force changed the requirement, in April 1972, to another type of cable (54 pairs/20 lbs.) and that cable valued at Rs. 6.54 lakhs, procured during June 1972 and August 1972, was actually used in the work. The department stated (November 1976) that out of 14.8 kilometres of 100 pairs/20 lbs. cable received upto April 1973, 11.6 kilometres were used in some other work during August 1975 to May 1976, and the balance 3.2 kilometres (value : Rs. 1.41 lakhs) were still to be utilised (December 1976).

20. *Delay in dismantling a trunk line alignment.*—The Baroda-Petlad trunk line alignment erected during the erstwhile Princely regime had not been in use since 1968. In April 1968, it was decided to dismantle the line and recover the material. Accordingly, in July 1969, an estimate for dismantling the line was prepared by the Telegraph Engineering Division, Baroda, and sent to the Post Master General, Gujarat Circle for sanction. The estimate anticipated that at the then prevailing rates serviceable stores worth Rs. 0.78 lakh and unserviceable stores

worth Rs. 0.13 lakh would be recovered from the alignment. The serviceable stores expected to be recovered included 5,625 kilograms of copper wire and 620 kilograms of copper wire scrap.

The line was surveyed by the Sub-Divisional Officer, Telegraphs, Baroda in November 1969 and at that time it was found that 6,199 kilograms of copper wire could be recovered from this alignment. This was reported by the Divisional Engineer, Telegraphs, Baroda to the Post Master General, Gujarat Circle in February 1970 and a request was made for early sanction of the estimate, as the condition of the line was deteriorating day by day. The Divisional Engineer, Telegraphs reminded the Post Master General, Gujarat Circle in May 1972 and again in May 1974, for early sanction and informed him that many thefts had taken place in the alignment and that serviceable stores (including 2,500 kilograms of copper wire then left) worth Rs. 0.43 lakh and unserviceable stores of the value of Rs. 0.35 lakh alone were available. The estimate was finally sanctioned in March 1975. Two thousand two hundred and ten kilograms of copper wire worth Rs. 0.49 lakh were recovered from the alignment and sent to the departmental stores depot, against 6,245 kilograms of copper wire and copper wire scrap estimated in July 1969 and 6,199 kilograms estimated while surveying the line in November 1969. No other stores were recovered from the alignment till May 1976. The value of 3,989 kilograms of copper wire and copper wire scrap recovered less as compared to the quantity estimated in November 1969 was about Rs. 0.88 lakh.

The department stated (February 1977) that the line "was not in constant use as other circuits were available for passing traffic and that the loss of wire remained unnoticed as the line was passing through jungle and was abandoned". The department also stated that the General Manager, Telecom, Ahmedabad was being asked to investigate into the matter and that instructions were being issued to all the circles to ensure that such cases did not recur.

The departmental rules provide that loss of Government property should be reported to Audit, but the loss of copper wire from this alignment had not been reported to Audit.

21. *Erection of a line for Railways.*—Against a demand placed by Railways in October 1965, a project estimate was sanctioned for Rs. 11.68 lakhs in September 1967 for erection of a 263 kilometres long pair of copper wires between Bhavnagar and Sabarmati railway stations. The work was to be executed in two parts between Bhavnagar and Bavla railway stations (217 kilometres) and between Bavla and Sabarmati railway stations (46 kilometres) by two different divisions of the Gujarat Circle.

The detailed estimate for Bhavnagar-Bavla section was sanctioned in March 1968 and that for Bavla-Sabarmati section in November 1968.

The work of erecting copper wire between Bhavnagar and Bavla railway stations was started in November 1973 and completed in May 1975 at a cost of about Rs. 10.03 lakhs. The work of erecting the line between Bavla and Sabarmati had not, however, been taken up till then (May 1975) even though copper wire required for that line had already been received in May 1970. In the meantime, in November 1974, a pair of existing departmental copper wires became surplus for a distance of 32 kilometres between Bavla and Gandhigram on Bavla-Sabarmati section and it was decided to utilise that pair for the railway circuits. The work of completing the remaining portion of 14 kilometres between Gandhigram and Sabarmati was taken up in June 1975 and completed in July 1975 with ACSR wires, instead of copper wires, at a cost of about Rs. 0.72 lakh. The entire circuit was thus completed in 10 years.

The department stated (February 1977) that the erection of the line between Bhavnagar and Bavla could not be taken up till 1974 as full quantities of stores were not available and that the section Bavla-Sabarmati was not taken up as there were frequent thefts of copper wire in that area.

For erecting the pair of lines between Bavla and Sabarmati (46 kilometres) railway stations, Gujarat circle placed a requisition with the Director General, Posts and Telegraphs in February 1969 for allotment of 7,757 kilograms of copper wire. Supplies against this were received twice, once in May 1970 and again in January 1971. The department stated (February 1977) that "General Manager, Telecommunication, Gujarat Circle, has been asked to take necessary action against the official concerned for obtaining double the quantity of the required copper wire".

Out of 15,514 kilograms thus received for this work, only 2,220 kilograms were utilised on other works in the division between December 1970 and May 1974. The balance 13,294 kilograms of copper wire valued at Rs. 2.92 lakhs (at the rates prevailing in September 1974) were transferred to the store depot at Delhi in March 1976. The department stated (February 1977) that due to problems of accommodation, the copper-wire was not returned to the store depot and that it would have been in stock either in the circles or in the store depot even if it was returned to the store depot by the circle concerned.

CHAPTER V

TELECOMMUNICATION FACTORIES

22. *Purchase and installation of oil-fired furnace.*—In January 1969, the General Manager, Telecommunication Factories, Calcutta, sanctioned an estimate for Rs. 0.49 lakh for the purchase and installation of an oil-fired furnace for the galvanising plant in the factory at Jabalpur. This purchase was justified by the department on the ground that with the installation of the oil-fired furnace the factory would achieve a monthly reduction, (i) in the consumption of zinc by 17.84 tonnes and (ii) in the wage bill of galvanising shop by 77 per cent. Indent for purchase and erection of the plant was sent to the Director General, Supplies and Disposals, in January 1969. Tenders were invited by the Director General, Supplies and Disposals, in May 1969 and an order was placed with 'A' in March 1970 for supply and erection of the plant by March 1971 at a cost of Rs. 0.76 lakh. According to the agreement, advance payment to the extent of 90 per cent was to be made after initial inspection by the Director General, Supplies and Disposals, and submission of proof of delivery, and the balance 10 per cent after erection and final inspection by the consignee. The Manager of the factory advised the Director General, Supplies and Disposals, in November 1972 to withhold advance payment of 90 per cent to 'A' as according to him the equipment had not been fully supplied and certain broken items had not been replaced.

For erection of the furnace, foundation bolts, lining material for underground flue passage, and other connected civil engineering works were to be arranged by the factory at Jabalpur, in terms of the contract with 'A'. Drawings of pit and foundation were obtained by the Department from 'A' in November 1972 and an estimate for the civil works was sanctioned for Rs. 0.12 lakh in

February 1973. In June 1973, 'A' intimated some changes in drawings relating to the pit and foundation as already sent by it. The civil works were completed in July 1973.

Since 'A' did not commence installation work even after completion of the civil works mentioned above, the matter was discussed with 'A' in October 1973 when it expressed reluctance to proceed with installation, unless 90 per cent advance payment against the equipment delivered was made in accordance with the terms of the supply order. It was then agreed (October 1973) that 'A' should certify in writing that the materials supplied were complete in all respects for installation work. This certificate was received in October 1973 and the Director General, Supplies and Disposals authorised payment in February 1974.

When 'A' commenced (February 1974) installation of the plant, it was noticed that (i) the level of the floor for the furnace was not uniform, (ii) length, width and depth of the furnace pit were not in accordance with the drawing sent by 'A' and (iii) the size and position of pockets for pre-heating units were yet to be completed. These defects in construction were rectified in June 1974. The representative of 'A' reached the site again in October 1974 and pointed out that the height of the shed where the furnace was to be installed was low and that the shed could not take the weight of a chain pulley block and the zinc bath. These defects had not been pointed out by 'A' earlier in February 1974. Thereafter installation of the furnace was completed by 'A' in December 1974 but the plant could not be commissioned due to the following reasons :—

(i) (a) brick lining of underground flue passage from the furnace to chimney was not completed, (b) erection of chimney was not completed, and (ii) while the heating and pumping systems were designed to use furnace oil of 'grade LV', 22,480 litres of furnace oil, purchased by the factory for Rs. 13,890 in July 1974, was of HV grade. It therefore became necessary to instal two additional heaters, (total cost : Rs. 1761) for satisfactory burning operation.

'A' made attempts in August 1975 and September 1975 to commission the furnace but failed. In November 1975, 'A' gave the furnace a trial run without charging the bath with zinc. It was observed that the bath was not heated uniformly and that only localised heating of the side walls of the bath, where two burners were fitted diagonally, was taking place. The temperature of the dryer was also found to be very low. The Manager of the telecommunication factory, therefore, asked the Director General, Supplies and Disposals, in December 1975 to direct 'A' to take back its furnace after compensating the department for the expenditure incurred by it.

In a meeting convened in March 1976 by the Director General, Supplies and Disposals, to resolve the issue, 'A' stated that the furnace had been duly installed and that unless the heating medium, *i.e.* zinc was supplied it could not be tested whether the uniform temperature of 450 to 460°C could be achieved and maintained. As about 25 tonnes of zinc costing Rs. 3.50 lakhs (approximately) was required for the initial charge to test the furnace, the management of the factory was not willing to take the risk of supplying zinc apprehending that the furnace might fail to function properly. On the other hand, 'A' was also not agreeable to provide any bank guarantee for refunding the cost of the zinc, in case the furnace did not work satisfactorily after zinc was put in it. The Ministry of Law advised that the contract did not envisage that zinc was to be supplied by 'A' nor was there any condition in the contract by which a bank guarantee could be obtained from it, before issuing requisite quantity of zinc to them. Accordingly, 'A' was advised in May 1976 by the Director General, Supplies and Disposals to intimate to the factory the exact quantity of zinc required by it for commissioning the furnace. Since 'A' did not furnish the required information, the Director General, Supplies and Disposals, subsequently in September 1976, gave it a notice that if the furnace was not commissioned before 15th November 1976 it would be rejected and the contract would be cancelled at its risk and cost. The matter is still under correspondence between the Director General, Supplies and Disposals, and 'A' (November 1976).

CHAPTER VI

OTHER TOPICS

23. *Publication and issue of telephone directories.*—The Posts and Telegraphs Department brings out periodically, on District/Divisional basis, telephone directories incorporating up-to-date list of telephone subscribers of the area concerned arranged in alphabetical order with their addresses and telephone numbers. The telephone directory also contains information classified under broad headings, advertisements and information about telecommunication services. One copy of the directory is issued free of cost to each subscriber. This is to be collected by the subscribers on production of the old copy along with the renewal coupon. Each new subscriber is supplied his copy of the directory free of cost at the time of installation of the telephone connection. The telephone directory is also sold to intending purchasers at a rate to be fixed by the department for each issue of the directory.

A review of publication of telephone directories by different Posts and Telegraphs Circles disclosed the following :—

Calcutta Telephone Directory.

(i) *Excessive issue of paper to the press*

The accounts of paper maintained for the Calcutta Telephone Directory showing receipt, consumption and balance, as

ascertained from the records maintained in the telephone district, were as below :—

Month of issue of the directory	Number of copies printed and pages in each directory	Opening balance of paper (reams)	Paper received (reams)	Consumption of paper (reams)	Balance of paper (reams)
June 1971	1.60 lakhs (790 pages)	..	10,925	8,442	2,483
June 1972	1.62 lakhs (778 pages)	2,483	9,998	8,516	3,965
August 1973	1.57 lakhs (790 pages)	3,965	7,157	7,882	3,240
December 1974	1.62 lakhs (868 pages)	3,240	15,335	9,720	8,855
December 1975	1.62 lakhs (876 pages)	8,855	17,634	11,418	15,071

A procedure came to be established in the Calcutta Telephone District whereby paper procured by the district was directly sent to the press for use by it in printing different issues of the telephone directories in due course. Thus unused paper continued to remain with the press.

The press which had printed six successive issues of the directory ending with the August 1973 issue was awarded, on a competitive basis, the contract for printing of four successive issues commencing from the December 1974 issue. On termination of the earlier contract with the press, after publication of the August 1973 issue of the directory, 3,240 reams of paper valued at Rs. 1.50 lakhs remained with the press. The quantity of paper with the press after the December 1975 issue was 15,071 reams (value : Rs. 10.89 lakhs). The department stated (October 1976) that the surplus paper was allowed to remain with the press to get advantage of free space for storing the paper.

There was no arrangement for checking the quantities claimed to have been consumed in the printing of the directories, nor for physical verification of the stock with the press, to make sure that the paper was not utilised otherwise by the press or that it did not deteriorate while in storage. The department stated

(February 1977) that full account of the paper lying unused with the press after printing of the 1975 issue had been taken and the stock was being verified from time to time.

(ii) *Delay in printing*

The table given below shows the time schedule laid down for printing of August 1973, December 1974 and December 1975 issues of the Calcutta Telephone Directory and the time taken by the printing press for delivery of the different issues.

	August 1973 issue	December 1974 issue	December 1975 issue
(i) Due date of issue of last print order	16th August 1973	5th November 1974	10th November 1975
(ii) Date by which last print order was actually issued	22nd September 1973	25th March 1975	19th December 1975
(iii) Month and year in which the press started delivery	November 1973	April 1975	March 1976
(iv) Month and year in which the press concluded delivery	June 1974	September 1975	July 1976
(v) Time taken by the press to conclude delivery	9 months	6 months	5½ months
(vi) Time allowed to the press as per agreement	24 days	1½ months	1½ months
(vii) Delay	8 months	4½ months	4 months

The agreement with the printing press provided *inter alia* recovery at two *per cent* of the charges payable to the press for each day's delay or part thereof. No recovery was, however, made from the printing press for the delay of four to eight months in the delivery of the different issues of the directory. The exact

amount that could have been levied as penalty could not be worked out in the absence of detailed information regarding the number of copies received from the press from time to time. However, even basing the calculations with reference to the date on which the press should have, according to the agreement, delivered all the copies and the dates on which the press actually commenced deliveries *i.e.* ignoring the actual time taken for the completion of deliveries after commencement of delivery, the amount of penalty for delay in supply of the August 1973 issue was Rs. 1.19 lakhs and for the December 1974 issue was Rs. 3.05 lakhs. Further, owing to delay in the delivery of the December 1974 issue of the directory, which was made upto September 1975, about 20,000 copies of that issue remained undistributed with the Directory Office alone, by the time the December 1975 issue was ready (delivery of the December 1975 issue commenced in March 1976). The Posts and Telegraphs Department stated (October 1976) that the delay in printing and delivery of the directory was not entirely because of the delay by the press and that the time-table for printing of the directory got upset also because of the anxiety of the department to incorporate as many corrections as possible even at the proof-stage. When this aspect was examined, it was observed that though no corrections (*i.e.* change of name, telephone number, address etc.) or additions were advised to the press after issue of the last print order for August 1973 and December 1974 issues, additions were made even at the proof stage for the December 1975 issue. About the non-levy of penalty in accordance with the relevant clause of the agreement, the department stated (February 1977) that "since the initial delay in printing was to a considerable extent due to departmental reasons and since the larger spread over did not affect adversely the distribution schedule, the District did not consider it fit to invoke the penalty clause of the agreement".

(iii) *Non-accountal of directories*

As indicated below, proper accounts showing receipt, issue/sale and balance of new and old directories were not maintained

by the Directory Office and the telephone exchanges ; the position ascertained from the available records, is indicated below :—

	June 1971	June 1972	August 1973	December 1974	Decem- ber 1975
	(figures in lakhs)				
(i) Copies printed	1.60	1.62	1.57	1.62	1.62
(ii) Copies sold	0.05	0.08	0.10	0.05	0.04
(iii) Free distribution against new connections etc.	0.17	0.20	0.21	0.22	0.13
(iv) Directories sold as old copies after issue of fresh directory	1.00	1.20	0.47	0.54	*
(v) Balance copies to be accounted for (i) minus (ii) + (iii) + (iv)	0.38	0.14	0.79	0.81	*
(vi) Number of copies actually available with the department	@	@	@	@	*

NOTE.—Figures against (iii) above are as per information supplied by the Department which could not be verified for want of supporting documents.

* Figures not yet available.

@ The department could not furnish year-wise figures of undistributed directories remaining in stock and the number of directories returned by subscribers available for sale as old issue on receipt of fresh issue of directory. However, the department had a total stock of 1.32 lakhs directories of all the issues put together.

The following observations are made in this connection :—

(a) Of the 1.62 lakh June 1972, 1.57 lakh August 1973 and 1.62 lakh December 1974 copies of issues of the directory printed, 1.39 lakh, 1.23 lakh and 1.08 lakh copies respectively were reported to have been delivered by the press to the Directory Office and the rest directly to certain telephone exchanges. The telephone exchanges, including those to which direct deliveries were said to have been made, were also supplied with further copies of telephone directories by the Directory Office for distribution among new subscribers. The receipted challans submitted by the press with their bills were to serve as the only evidence of directories having been duly delivered to authorised persons. The receipted challans in token of delivery of 1.00 lakh, 0.07 lakh and 0.62 lakh copies pertaining to June 1972, August 1973 and December 1974 issues respectively were, however, not found attached to the bills submitted by the press and were reportedly untraced. The challans for delivery of the remaining copies did not bear the usual certificate to the effect that the number of copies billed for had actually been "received and entered in the stock register". Physical verification of the stock lying with the Directory Office and the telephone exchanges was also not conducted. It could not, therefore, be ensured that all the copies for which payment was made, had been received from the press and duly accounted for.

(b) No reports relating to receipt, disposal and stock of directories were obtained from the telephone exchanges. Except for the December 1974 issue, receipted challans or acknowledgements of directories sent to various exchanges by the Directory Office were also not on record.

(c) Basic documents, *e.g.* (i) renewal coupons in the case of directories distributed among the existing (old) subscribers and records showing the day-to-day distribution of directories with particulars of the existing (old) and new subscribers with their telephone numbers, (ii) postal receipts in the case of directories sold against money orders etc. (except for the December 1974

issue) and of those despatched to outstation Posts and Telegraphs Units, and (iii) cash receipts in respect of the June 1972 issue sold locally, were not on record.

(d) In respect of the sale of new directories, no record was maintained to show the stock initially placed with the sale counter, number of copies sold each day, day-to-day balance etc. Acknowledgements from the Officer-in-Charge of the sale counter of the initial stock and of further supply to augment the stock, if any, and/or document in token of return of surplus stock with the sale counter to general stock were not on record.

(e) No account was also maintained to show the number of old copies of the directory for the different issues received in exchange of the new copies and their disposal.

In response to a query from Audit, the department stated (October 1976) that explanations were being called for from the field officers and that in view of the short-fall noticed, accounting would be streamlined.

(iv) *Sale of old directories*

After a new issue comes out, the number of directories of the previous issue that should be available for sale as old copies should be the number of the copies printed for the previous issue minus the number of copies of that issue disposed of otherwise than by distribution among existing subscribers. However, as against 0.38 lakh June 1971, 0.14 lakh June 1972, 0.79 lakh August 1973 and 0.81 lakh August 1974 issues (*i.e.* a total of 2.12 lakh directories), only 1.32 lakh copies of all the directories were in stock. The sale value of the balance 0.80 lakh copies remaining unaccounted for was about Rs. 3.23 lakhs. The department stated (February 1977) that the "whole process of distribution of new directories, recovery of old directories, stocking of recovered directories and their final disposal by auction (by weight) is such that it is very difficult to keep a correct numerical account. The department is considering this issue with a view to minimise the administrative problems involved while at the same time, keeping the financial aspects also in view".

(v) *Advertisement*

The agreement with the advertising agent for procurement of advertisements for four successive issues of the Calcutta Telephone Directory commencing from the 1974 issue stipulated that for each issue of the directory the agent would secure advertisements for a minimum guaranteed amount (Rs. 8.64 lakhs) for which agent's commission would be 25 *per cent* of this amount, and for the amount in excess of the minimum guaranteed amount the commission would be 40 *per cent*. The minimum charges to be realised from the advertisers for different types of advertisements including those to appear on the cover pages were also laid down in the agreement. The agent actually realised Rs. 0.39 lakh in excess of the prescribed minimum charges for the advertisements appearing in the December 1974 issue of directory, but did not pay Rs. 0.23 lakh to the department on account of its share (60 *per cent*) of the excess collection in terms of the agreement. The agent held that the said sum of Rs. 0.39 lakh had been spent by him towards designing, block-making, printing etc., of the cover of the directory and could not, as such, be reckoned advertisement revenue. The department, however, pointed out to the agent in January 1976 that the agreement did not provide for deduction from advertisement receipts, cost of designing, block-making and printing of the cover pages and demanded payment within a fortnight of Rs. 0.23 lakh mentioned above. In February 1977 the department stated that the agent had put forward a counter claim which was under examination.

Hyderabad Telephone Directory—December 1975 Issue

As per the schedule of specifications enclosed to the agreement with the printers (at Madras) for printing of the Telephone Directory, each printed page (without strip advertisement) was to contain a minimum of 120 lines. However, the pages without strip advertisement of the December 1975 issue of the Hyderabad Telephone Directory contained only 96 lines on the average. This resulted in the use of approximately thirty pages more in each directory. The cost of paper and printing charges etc., for

the extra thirty pages in each of the 50,000 copies of the directory came to Rs. 0.15 lakh. The Department stated (February 1977) that "General Manager has stated that the reduced number of lines was due to the requirement of leaving some gap on the relevant pages to make headings or sub-headings prominent so as to make the directory easy for reference. This aspect will be investigated further and necessary action taken".

Gujarat Circle Telephone Directory.

(i) *Publication and issue of Telephone Directories—Gujarat Circle*

According to the recommendations of the Telephone Directory Standardisation Committee, as accepted by Government, the cover of the Telephone Directories should be of laminated art carton-box or box-board of 130 grams per square metre (gsm) substance glazed on one side, and the inside front and back covers should be pasted with fly-leaves of cartridge paper of 90 gsm substance.

The Postmaster General, Gujarat Circle, Ahmedabad, (now General Manager, Telecommunications, Gujarat Circle, Ahmedabad) placed two indents, in 1971, on the Controller of Stationery, Calcutta, for supply of paper of the following specifications for Telephone Directory of the Gujarat Circle :—

Date of indent	Description of paper	Quantity indented
13-9-1971	Cartridge white 22" x 30"= (56 cms. x 76 cms 90 gsm substance)	1000 reams, weight per ream 27.7 kilograms
13-9-1971	—do—	1400 reams, weight per ream 27.7 kilograms

(resubmitted in September 1972 after complying with certain objections raised by Controller of Stationery)

The weight of one ream of 90 gsm substance cartridge paper is 19.02 kilograms, as against 27.7 kilograms shown in the indents

which is the weight of 130 gsm substance cartridge paper. On the basis of the weight per ream given in the indent, the Controller of Stationery, Calcutta, placed orders on the approved mills in February 1972 and February 1973 for supply of 1000 reams and 1400 reams of 130 gsm substance cartridge paper respectively. The fact that the paper ordered by the Controller of Stationery was of 130 gsm substance, and not 90 gsm, was not detected by the circle office on receipt of copies of these orders placed with the mills.

The department received 1020 and 1395 reams of 130 gsm substance cartridge paper costing Rs. 1.81 lakhs in July 1972 and April 1973. Even on receipt of paper it was not noticed that the same was not of 90 gsm substance.

According to the department (February 1977) disposal of the above quantity of paper was as follows :—

71 reams	consumed in the 1971 and 1973 Telephone Directories.
1112 reams	issued to Divisions in the Gujarat Circle during September 1975 and October 1976 for use as file covers.
500 reams	issued to Postal Stock Depot Ahmedabad in September 1976.
500 reams	issued to Karnataka Circle in October 1976.
20 reams	issued to Bombay Circle in October 1976.
212 reams	balance.
<hr/> 2415 reams	Total

One thousand one hundred and twelve reams costing Rs. 0.83 lakh were issued to twelve divisions of the Gujarat Circle ; each division got about 92.7 reams of paper for use as file covers. The department intimated (February 1977) the annual requirement of file covers of a division as 10,000 and stated that the paper supplied to the divisions for use as file covers "may last for 9 or 10 years".

(ii) *Un-authorized printing of Telephone Directories in Gujarati by private parties*

According to departmental rules, no person shall publish any list of telephone subscribers without obtaining permission of the Departmental authorities. The departmental rules further provide that permission for printing telephone directories by private parties may be accorded where the entries are confined to the members of specified profession (but not a group of professions) and those pertaining to a single office (but not a group of offices). In cases where lists are to be published purely for private circulation free of charge within an office, no licence or payment of royalty will be necessary. In all other cases, publication shall be undertaken only on the basis of licence issued by the department and subject to recovery of royalty at the following rates; no advertisements are, however, to be published in such a directory.

Number of entries	Rate of royalty
100 or less	Nil
101 to 1000	Rs. 50 per publication
1001 and more	Rs. 50 for every thousand entries.

In 1975 two telephone directories containing names of subscribers in Rajkot were published by two private parties in Gujarati in contravention of the above provisions. One of them contained more than 5,900 entries and as many as 350 advertisements and the other contained about 2,300 entries.

The two private parties which brought out the above mentioned directories in Gujarati were informed by the General Manager, Telecom., Gujarat Circle, in June 1975 that their action had contravened the rules of the Copy-right Act, 1957, and the Indian Telegraphs Rules and they were asked to deposit royalty for issue of requisite licence for the publication of the

directories. One of them deposited Rs. 50 in June 1975 as demanded by the department; the amount due, however, was Rs. 150. The other party has not, deposited so far (December 1976) the royalty (Rs. 300) claimed. The department stated (January 1977) that "the case was referred to the Ministry of Law for advice. We have been advised to file either a criminal suit for punishment and/or fine or a civil suit for injunction and damages. Further action is being taken accordingly".

24. *Non-utilisation of stores.*—For retransposition of C-8 lines between Manmad and Bhusaval in Maharashtra Circle, a project estimate was approved by the Posts and Telegraphs Directorate in May 1967. The detailed estimate thereof was sanctioned in June 1967 for Rs. 2.93 lakhs (cash Rs. 1.75 lakhs and stores Rs. 1.18 lakhs).

Indents for stores were placed in June 1967 and August 1967 on the departmental stores depot and stores costing Rs. 1.46 lakhs were received in 1967-68. However, the work could not be commenced for want of some essential items of stores. Before the requisite stores could be procured and work commenced, the work was cancelled in April 1970 by the Directorate as the Bombay-Nasik co-axial system was coming up.

Out of the stores received for this work, stores costing Rs. 0.11 lakh were transferred to other works during January 1971 to March 1971. The remaining stores costing Rs. 1.35 lakhs remained unutilised for about eight years in the Division. On this being pointed out by Audit in May 1976, stores costing Rs. 0.73 lakh were transferred to other works during August 1976 to January 1977. Stores costing Rs. 0.53 lakh have become obsolete with the passage of time and need to be modified for being utilised; the remaining stores costing Rs. 0.09 lakh are yet to be transferred (January 1977) to other works.

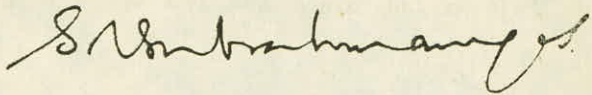
The department stated (February 1977) that the stores lying surplus were being returned to stores depots

25. *Delay in disposal of inspection reports.*—The total number of inspection reports on Posts and Telegraphs offices issued by the Audit Offices upto 31st March 1975 and the number of irregularities pointed out therein remaining unsettled upto the end of August 1976 were 5,303 and 37,544 respectively. Out of the 1,484 reports issued during 1975-76, 244 reports had not been received back with the first reply (August 1976). In addition 95 inspection reports issued prior to April 1975 had also not been received back with the first reply (August 1976).

The following are some of the common types of irregularities noticed as a result of test check during inspections conducted in 1975-76 :—

- (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 Group 'D' 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's education allowance/tuition fees.

- (i) Health certificates on first appointment wanting.
- (j) Specimen signatures of savings bank depositors not on record.



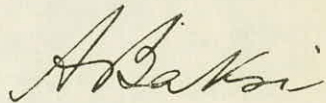
(S. R. SUBRAHMANYAN)
Chief Auditor Posts and Telegraphs

DELHI

The

3 JUN 1977

Countersigned



(A. BAKSI)

NEW DELHI

The

Comptroller & Auditor General of India

3 JUN 1977

APPENDIX I

(Referred to in paragraph 7 at pages 8-9)

(a) Yearwise analysis of telephone revenue in arrears on 1st July 1976 for bills issued upto 31st March 1976 :—

Year	Amount (Lakhs of rupees)
upto 1964-65	15.85
1965-66	8.49
1966-67	7.88
1967-68	12.96
1968-69	20.85
1969-70	19.14
1970-71	28.16
1971-72	40.98
1972-73	61.42
1973-74	71.39
1974-75	149.79
1975-76	333.92
TOTAL	770.83

(b) Yearwise analysis of telephone revenue written off during 1975-76 :—

Year	Amount (Lakhs of rupees)
upto 1968-69	11.19
1969-70	2.71
1970-71	2.71
1971-72	2.63
1972-73	2.81
1973-74	2.49
1974-75	2.49
1975-76	1.00
TOTAL	<u>28.03</u>

APPENDIX II

(Referred to in paragraph 8 at page 10)

Yearwise analysis of arrears of rent of telegraph, telephone and teleprinter circuits and telex/intelex charges on 1st July 1976 for bills issued upto 31st March 1976 :—

Year	Rent of telegraph, telephone and tele- printer circuits	Telex and intelex charges	Total
			(Lakhs of rupees)
upto 1970-71	18.21	0.88	19.09
1971-72	14.60	1.28	15.88
1972-73	18.57	2.46	21.03
1973-74	30.14	5.45	35.59
1974-75	24.31	10.89	35.20
1975-76	133.33	23.36	156.69
TOTAL	239.16	44.32	283.48