REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA

FOR
THE YEAR 1985-86

UNION GOVERNMENT (POSTS AND TELECOMMUNICATION)

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REPORT OF THE
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UNION GOVERNMENT (POSTS AND TELECOMMUNICATION)

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 Department of Telecommunications and Department of Posts for the year 1985-86 together with other points arising from audit of the financial transactions of the Department of Telecommunications and Department of Posts.

The cases mentioned in the Report are among those which came to notice in the coruse of test audit during the year 1985-86 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 1985-86 have also been included wherever considered necessary.

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SECTION - A

GENERAL

Overall Review

1. *General Set-up*

The Department of Telecommunications came into existence as a separate department with effect from 31stDecember 1984, by bifurcating the erstwhile Department of Posts & Telegraphs. The Department functions through "Telecommunication Board" headed by a Chairman who is also Secretary to the Government of India, Department of Telecommunications.

The Department of Telecommunications attends to services like Telephones, Telegraphs, Telex, Wireless, etc.

2.1 The physical and financial targets for the year 1985-86 (first year of Seventh Five Year Plan) andcorresponding actuals are as follows :-

TABLE 2.1

	Targets for 1985-86	Actuals for 1985-86	Percentage of targets for 1985-86
Capital Outlay (Rs. in crores)	855	891.74	104.3
LocalTelephone System			
Switching capacity (Lakh Lines)	3.00	3.60	120.0
DirectExchange Lines (lakh lines)	2.00	2.68	134.0
Underground cables (Lakh pair Kms.)	18.00	15.04	83.6
Long distance System			
TAX capacity (Lines)	6000	5600	93.3
Coaxial cables (Route Kms.)	2200	1507	68.5
Microwave system (Route Kms.)	1700	2304	135.5
UHF system	1500	1605	107.0
Open wire Telegraphs			
Number of Telegraph Offices	2000	1270	63.5
Long distance PCO's (Number)	2000	889	44.5

TelexExchanges (Number)	20	22	110.0
Telex capacity (Lines)			
Local	3000	1580	52.7
Trunk (Transit)	1000	NIL	NIL
Telex connections (Number)	2700	4262	157.9

2.2 The major shortfalls with reference to the physical targets are in :

Underground cables
Coaxial cables
Number of telegraph offices
Long distance PCOs
Telex capacity (Local & Trunk)

Mention was made of certain factors contributing to delay in Chapters IV and V of Reports of the Comptroller and Auditor General of India, Union Government (P&T) 1981-82, 1982-83, 1983-84 and Chapter IV of 1984-85. Some of the important factors, which contributed to the delay as revealed in the test check are :

- Equipment installed but cable not laid
- Delay on account of non-receipt of the full complement of stores and equipment
- Faulty planning.

Some instances are discussed in detail in Section 'D' of this report. The overall utilisation of equipped capacity of the Telephone exchanges is given below (Table 2.2.1) :-

TABLE 2.2.1

Year	Equipped capacity of the Telephone exchanges at the end of the year*	No. of working connections at the end of year*	Percentage of equipped capacity	Date of equipped capacity and working connections in Metropolitan cities							
				Bombay		Calcutta		Delhi		Madras	
				Capacity*	Working connections*	Capacity*	Working connections*	Capacity*	Working connections*	Capacity*	Working connections*
1	2	3	4	5	6	7	8	9	10	11	12
1981-82	26.14	22.96	87.91	3.43	2.99	2.08	1.80	2.33	2.04	0.88	0.83
1982-83	28.29	24.66	87.17	3.84	3.24	2.11	1.84	2.48	2.23	0.92	0.86

1983-84	30.55	26.68	87.33	4.24	3.66	2.25	1.88	2.79	2.48	1.04	0.93
1984-85	33.07	28.98	87.63	4.71	4.11	2.33	1.96	3.11	2.73	1.12	1.02
1985-86.	36.65	31.65	86.60	5.42	4.54	2.40	2.05	3.53	3.07	1.33	1.13

* Figures in lakhs

The total equipped capacity in the 4 Metropolitan cities (12.67 lakh lines) was 34.6 per cent of the total equipped capacity available in the country. The number of working connections in the Metropolitan cities (10.79 lakh DELs) worked out to 34.09 per cent of the total number of working connections in the country.

The total number of Telephone lines has been falling short of the targets year after year leading to increase in the number of applicants in the waiting list as per the following table (2.2.2) :-

TABLE 2.2.2

Year ending	Number of persons in the waiting list					
	Bombay	Calcutta	Madras	Delhi	Other Towns	Total
	(Figures in Lakhs)					
1981-82	1.53	0.90	0.21	0.27	3.04	5.94
1982-83	1.57	0.28	0.27	1.08	3.38	6.58
1983-84	1.64	0.30	0.33	1.12	3.99	7.38
1984-85	1.66	0.26	0.33	1.32	4.72	8.29
1985-86	1.85	0.28	0.31	1.55	5.87	9.86

The number of persons in the waiting list in the 4 Metropolitan cities as on 31st March 1986 (3.99 lakh persons) worked worked out to 40.47 *per cent* of the total waiting list

2.3 *Revenue and working expenses*

The data on estimated and actual revenue, working expenses and surplus from 1981-82 to 1985-86 are given below (Table 2.3) :-

TABLE 2.3

	Revenue			Net working expenses			Surplus		
	Estimates	Actuals* (Percentage increase over previous year)	Percentage of variation	Estimates	Actuals* (percentage increase over previous year)	Percentage of variation	Estimates	Actuals* (percentage increase over previous year)	Percentage of variation
1981-82	820.00	761.19	(-)7.1	532.94	555.74	+4.3	287.06	205.45	28.4

1982-83	922.59	912.25 (19.85)	(-)1.1	556.42	588.62 (6.11)	+5.8	366.17	323.63 (56.76)	11.6
1983-84	1140.79	1028.12 (12.70)	(-)9.8	708.49	681.38 (15.76)	-3.8	432.30	346.74 (7.14)	19.8
1984-85	1255.00	1191.32 (15.87)	(-)5.1	815.00	810.89 (19.00)	-0.5	440.00	380.43 (9.72)	13.5
1985-86	1360.00	1309.31 (9.90)	(-)3.72	897.00	942.22 (16.20)	+5.04	463.00	367.09 (-3.5)	20.7

* Figures in crores of rupees

The growth of receipts under main heads of receipts during five years ending with 1985-86 is given in Appendix.

Shortfall (Table 2.3.1) in setting up Telephone facilities with reference to plan targets and utilisation of equipped capacity as mentioned in para 2.1 above is reflected in shortfall in realisation of telephone revenue compared to the budgetary expectations.

TABLE 2.3.1

Year	Budget Estimates	Actuals	Shortfall	Percentage of shortfall
	(Rupees in crores)			
1981-82	726.30	656.93	69.37	9.55
1982-83	792.60	782.78	9.82	1.24
1983-84	980.00	860.00	120.00	12.45
1984-85	1070.00	943.04	126.96	11.87
1985-86	1135.00	1105.20	34.80	3.06

The average annual revenue per direct exchange line (DEL) has been increasing over the years as shown below (Table 2.3.2) partly on account of the upward revision in local call charges and trunk call charges from 1st July 1981 and of both rentals and call charges from 1st March 1982 as well as from 1st March 1983 and rentals and trunk call charges from 1st June 1984.

TABLE 2.3.2

Year	Number of DELs at the start of the year (Lakh Lines)	Total revenue (Rs. in crores)	Average annual revenue per line(Rs.)
1981-82	21.49	656.93	3,057
1982-83	22.96	782.78	3,409
1983-84	24.65	860.00	3,488
1984-85	26.68	943.04	3,535
1985-86	28.98	1105.20	3,607

SECTION B

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

3. *General*

3.1 The summarised position of actual expenditure during 1985-86 against Grants and Appropriation relating to Department of Telecommunications is as below (Table 3.1) :-

3.2 The broad results of Appropriation Audit are as follows :

3.2.1 The overall supplementary grant obtained during 1985-86 constituted 1.5 per cent of the original grant and appropriation.

TABLE 3.1

	Original grant/ appropriation	Supplementary	Total	Actual expenditure	Variation Saving - Excess +
	1	2	3	4	5
	(Rupes in crores)				
Revenue					
Voted	1462.40		1462.40	1391.25	- 71.15
Charged	0.60		0.60	0.28	- 0.32
Capital					
Voted	909.59	36.00	945.59	947.76	+ 2.17
Charged	0.01		0.01		- 0.01
Total :	2372.60	36.00	2408.60	2339.29	- 69.31

3.2.2 The overall savings of Rs.69.31 crores (net) represented 2.88 per cent of the total provision of voted grant and charged appropriation. It was the net result of savings of Rs.71.15 crores under revenue (voted), Rs.0.32 crore under (Charged), Rs.0.01 crore under capital (charged) and excess of Rs.2.17 crores in capital (voted) grant.

3.2.3 There were significant savings of more than 10 *per cent* under the following heads of account in Revenue Section (Table 3.2.3) :-

TABLE 3.2.3

Head of Accounts	Provisions	Expenditure	Savings with percentage in brackets.	Main reasons for saving.
1	2	3	4	5
	(Rupees in crores)			
1. E-5 Petty works	50.00	37.24	12.76 (25.5)	Due to smaller number of petty works taken up for execution during the year.
2. L - - Appropriation from Posts & Telegraphs surplus	307.91	196.98	110.93 (36.0)	Due to shortfall in the surplus in the working of Telecommunications Services during the year owing to shortfall in the revenue receipts, increase in the working expenses and larger dividend liability to General Revenue.
3. MI - Other Services	10.00	4.00	6.00 (60.00)	Due to fall in the requirements of the Centre for Development of Telematics.
4. B-4 Radios	2.36	2.09	0.27 (11.4)	Due to non-filling up of posts.
5. B-5 Operational training	1.01	0.74	0.27 (26.7)	-do-

3.2.4 The saving under the above heads was partly offset by excesses under other heads.

4. *Excess over Voted Grant.*

In the capital section of the grant (voted) there was a net excess of Rs.2.17 crores; the excess requires regularisation under Article 115 of the Constitution.

The excess which mainly occured under head AA2 - Local Telephone System (provision : original Rs.423.01 crores, supplementary Rs.33.0 crores; expenditure Rs.548.9 crores) due to larger expenditure on acquisition of land and materialisation of supplies of apparatus and plants (A&P) and lines and wires (L&W) on a larger scale was partly offset by savings under other heads.

SECTION C
REVENUE

5. *Arrears of Telephone Revenue*

(i)(a) Out of the telephone bills issued up to 31st March 1986, Rs.39.93 crores were to be collected as on 1st July 1986. Of this, Rs.21.33 crores had been billed for between April 1985 and March 1986 and the remaining Rs.18.60 crores before 31st March 1985. The year-wise analysis of the overdues is given below (Table 5.1) :-

TABLE 5.1

Year	Amount (Rs. in crores)
Upto 1976-77	0.99
1977-78	0.61
1978-79	0.68
1979-80	0.83
1980-81	1.03
1981-82	1.40
1982-83	2.27
1983-84	3.92
1984-85	6.87
1985-86	21.33
	39.93

(i)(b) Out of total arrears of Rs.33.17 crores pertaining to 47 Circles as on 1st April 1986, claims of Rs.10,000 and more in Bombay Telephone District and Rs.5,000 and more in other Circles amounted to Rs.8.04 crores in 34 circles.

Break-up of these dues according to categories of consumers is as under (Table 5.2) :-

TABLE 5.2

Category of subscribers	In 33 Circles other than Bombay Telephone District (above Rs.5,000 each) Amount (Rs. in crores)	In Bombay Telephone District (above Rs.10,0 each) Amount (Rs. in crores)
1. Central Government subscribers	0.45	0.19
2. State Government subscribers	0.50	0.06
3. Central Public Sector Undertakings	0.01	..
4. State Public Sector Undertakings	..	..
5. Local Bodies	0.04	..
6. Other subscribers	4.34	2.45
Total :	5.34	2.70

(ii)(a) The position of arrears, demand raised and amount collected in respect of 4 years ending March 1986 is given below (Table 53)

TABLE 5.3

Year	Arrears at the start of the year (1st July)	Demand raised during the year in respect of 38 Circles	Total demand	Amount collected during the year in respect of 38 Circles	Arrears at the close of the 1st July	Percentage of arrears to total demand (Col.6 to Col.4)
1	2	3	4	5	6 (Rs. in crores)	7
1982-83	21.28	807.50	828.78	800.41	26.06	3.14
1983-84	26.06	898.23	924.29	888.72	32.61	3.53
1984-85	32.61	1005.44	1038.05	993.15	32.73	3.15
1985-86	32.73	1026.35	1059.08	995.52	39.93	3.77

(ii)(b) The comparative position of amounts outstanding as on 1st July following, out of demands raised upto 31st March during the 4 years ending 1985-86, in respect of 4 Metropolitan Cities of Delhi, Calcutta, Madras and Bombay is indicated below (Table 5.4) :-

TABLE 5.4

Name of Metropolitan Telephone District	Year	Arrears at the start of the year (1st July)	Demand raised during the year	Total demand	Amount collected during the year	Arrears at the close of the year (on 1st July)	Percentage of arrears to the total amount (Col.7 to Col.4)
1	2	3	4	5	6	7	8
		(In crores of rupees)					
Delhi	1981-82	8.76	80.61	89.37	81.43	9.21	11.4
	82-83	9.21	96.14	105.35	96.76	9.32	9.7
	83-84	9.32	104.46	113.78	104.62	9.62	9.2
	84-85	9.62	122.96	132.58	122.81	7.90	6.4
	85-86	7.90	141.90	149.80	142.32	7.26	5.1
Calcutta	1981-82	2.86	43.59	46.45	43.31	3.30	7.5
	82-83	3.30	55.68	58.98	53.96	4.49	8.0
	83-84	4.49	58.71	63.20	58.03	4.82	8.2
	84-85	4.82	64.17	68.99	61.52	6.78	10.5
	85-86	6.78	68.60	75.38	65.77	8.46	12.3
Bombay	1981-82	1.52	114.90	116.42	114.17	1.56	1.3
	82-83	1.56	139.49	141.05	139.10	2.30	1.6
	83-84	2.30	158.67	160.97	154.44	4.17	2.6
	84-85	4.17	176.36	180.53	175.56	4:15	2.3
	85-86	4.15	196.47	200.62	186.37	5.88	3.0
Madras	1981-82	0.40	44.07	44.47	43.06	0.62	1.4
	82-83	0.62	42.57	43.19	43.35	0.57	1.3
	83-84	0.57	50.03	50.60	49.84	0.76	1.5
	84-85	0.76	54.96	55.72	54.45	0.84	1.5
	85-86	0.84	62.91	63.75	62.36	1.06	1.7

(iii) Data in respect of 34 Circles gathered showed that recovery of Rs.163.37 lakhs was under litigation on Ist July 1986. The progressive position was as below (Table 5.5) :-

TABLE 5.5

		No.	Amount involved (Rs. in lakhs)
(a)	Cases under litigation as on July 1985	1848	133.95
(b)	Cases in which litigation proceedings were commenced during July 1985 to June 1986	667	63.93
(c)	Cases decided during July 1985 to June 1986	355	34.51
(d)	Cases decided out of (c) in favour of P&T Department	263	16.09
(e)	Cases under litigation as on 1st July 1986	2160	163.37

(iv) Data gathered in respect of 37 Circles showed that Rs.37.76 lakhs were written off during the year 1985-86. Out of this, Rs.15.52 lakhs pertained to Delhi Telephone District alone of which Rs.10.19 lakhs pertained to periods upto 1978-79.

The year-wise analysis of the amount was as under (Table 5.6) :-

TABLE 5.6

Year to which pertains	Amount written off (Lakhs of rupees)
Upto 1978-79	18.11
1979-80	2.21
1980-81	3.21
1981-82	2.40
1982-83	3.04
1983-84	4.13
1984-85	3.20
1985-86	1.46
TOTAL :	37.76

The break-up of the amount of Rs.37.76 lakhs pertaining to 37 Circles was as below (Table 5.7) :-

(Rs. in lakhs)

1.	Whereabouts of the subscribers not known	18.39
2.	Solvency of the subscribers not established	2.64
3.	Closure of subscribers firms, concerns, etc.	1.42
4.	Death of subscribers	1.24
5.	Relevant departmental files not available	0.43
6.	Other reasons	13.64
	Total :	37.76

(v) The number of complaints received in respect of 37 Circles regarding over-billing during the year 1985-86 came to 73,576.

6. *Non-billing/Short-billing of Telecom bills detected in test check during 1985-86*

Besides the cases mentioned in paragraphs 9 to 18 of the Audit Report, a test-check in Audit of Telecom Revenue Accounts of 33 Telecommunication Circles/ Districts (out of a total of 47 Circles) conducted during 1985-86 revealed non-billing in 2072 cases involving Rs.0.84 crore. Further, even after the lapse being pointed out in Audit, bills relating to 242 cases involving Rs.0.10 crore were not issued as at the end of June 1986.

In addition, 2902 cases involving Rs.0.61 crore on account of short-billing were also noticed by Audit in the test check. Bills were issued for Rs.0.50 crore, out of which Rs.0.21 crore (covering 685 cases) are yet to be realised. Bills for the balance amount of Rs.0.11 crore have not been issued till June 1986, though pointed out in Audit earlier.

Information required to be furnished by the Heads of Circles and Telephone Districts to the Branch Audit Offices by 31st of August 1986 as per department's instructions dated 23rd August 1979 has not been furnished so far by (a)13 circles/ districts i.e. Calcutta, Varanasi, Jaipur, Gauhati, Lucknow, Madras, Kanpur, Allahabad Telephone Districts and North East, West Bengal, Orissa, Bihar and Madhya Pradesh Circles in respect of sub-paras (i)(b) and (iii) above and (b) 10 Circle/ Telephone Districts i.e. West Bengal, North East, Orissa, Bihar and Madhya Pradesh Circles, Varanasi, Lucknow, Kanpur, Allahabad and Jaipur Telephone Districts in respect of Sub-paras (iv),(v) of Para 5 and this paragraph.

7. *Arrears of rent of Telegraph, Telephone and Teleprinter circuits and Telex/ Intelex charges*

The comparative position of arrears of collections on the above accounts as at the end of March 1984, March 1985 and March 1986 in respect of bills issued upto preceding 31st December is shown as under :

	Year	Arrears outstanding on 31st March in respect of bills issued upto 31st December preceding (Rs. in lakhs)	Actual collection during the year (Rs. in lakhs)
Rent of Telegraph/telephone and teleprinter circuits	1983-84	367	3549
	1984-85	747	9404
	1985-86	950	6069
Telex/intelex charges	1983-84	107	8406
	1984-85	112	9703
	1985-86	167	11051

Year-wise analysis of the dues as on 1st April 1986 for bills issued upto December 1985 is given below :-

Year	Rent of Telegraph, telephone and teleprinter circuits	Telex and intelex charges	Total
		(Rs. in lakhs)	
Upto 1980-81	50.21	30.01	80.22
1981-82	25.71	3.65	29.36
1982-83	30.47	12.23	42.70
1983-84	115.41	24.68	140.09
1984-85	269.60	32.65	302.25
1985-86	458.69	63.73	522.42
TOTAL	950.09	166.95	1117.04

The classification of dues as on 1st April 1986 according to the subscribers in respect of claims exceeding Rs.10,000 each for Bombay and Delhi Telephone Districts and claims exceeding Rs.5,000 each in respect of 43 other Telecommunication Circles/Telephone Districts (out of total 47) was as below. the total amount of such dues was Rs.464.08 lakhs.

	Rent of telegraph telephone and teleprinter circuits	Telex/ intelex charges	Total	Percentage of total dues
Central Government	326.40	3.84	330.24	71
State Governments	6.11	1.56	7.67	2
Autonomous Bodies	12.93	1.91	14.84	3
Press/ Newspapers	52.75	0.13	52.88	11
Others	23.45	35.00	58.45	13
	421.64	42.44	464.08	100

Information in respect of 2 Circles/ Districts could not be included due to its non-receipt from the Heads of Circles/ Districts despite being called for by Audit.

8. *Arrears of telegraph revenue and radio telegraph charges*

(I) Inland press telegrams

Registered news papers and news agencies are allowed the facility of sending inland press telegrams without prepayment. Bills for such telegrams for the first fortnight of the month are required to be issued by 25th of the same month and for the second fortnight by 10th of

the next month. These bills are to be paid within a week.

A test-check of the bills issued by the Chief Accounts Officer, Telegraph Check Office (CAO, TCO), Calcutta between August 1985 and June 1986 pertaining to the period April 1985 to March 1986 showed that there was a time lag of 2 to 4 months in issuing the bills as shown below (Table 8.1) :-

TABLE 8.1

Sl. No.	Period of delay	No. of bills	Percentage	Amount (Rs. in lakhs)
(a)	Upto one month	--	--	--
(b)	One to two months	--	--	--
(c)	Two to three months	3266	73	16.01
(d)	Three to four months	1185	27	5.72
		4451	100	21.73

Bills pertaining to the period April 1986 to May 1986 were issued during July 1986 and August 1986 and bills pertaining to the period June 1986 onwards were yet to be issued (September 1986).

Of the bills pertaining to the period upto 31st March 1986, arrears in collection amounted to Rs.10.96 lakhs as on 31st August 1986. the block year-wise break up of arrears was as under (Table 8.2):-

TABLE 8.2

Block year	Amount of arrears (Rs. in lakhs)	Percentage of total arrears.
1968-78	0.04	1
1978-80	0.59	5
1980-85	3.58	33
1985-86	6.75	61
	10.96	100

Details of the amount due to be recovered and balance outstanding in July/ August each year during 1983-84 to 1985-86 were as under (Table 8.3) :-

TABLE 8.3

Year	Amount of the bills pertaining to previous years outstanding in July or August	Bills issued during the year	Total	Position of arrears in July or August next		Total
				Pertaining to previous years	Pertaining to current year	
1	2	3	4	5	6	7
						(In lakhs of rupees)
1983-84	22.38	33.13	55.51	5.85	11.21	17.06
1984-85	17.06	23.69	40.75	3.26	10.51	13.77
1985-86	13.77	21.73	35.50	4.21	6.75	10.96

The department stated (November 1986) that the decline in the amount of bills issued was on account of rapid and newer scientific inventions in the field such as telex and the increasing use of more effective transmission systems through satellite circuits, microwave and coaxial cables for both the telephone and telex facilities and that the press agencies seemed to prefer the quicker modes of transmission.

(II) *Mobilisation telegrams*

Mobilisation telegrams in connection with military business are similarly accepted without prepayment. Bills are required to be preferred by the last day of the 2nd month following the month of account by the CAO, TCO, Calcutta monthly against the Defence authorities who are required to make payment within 3 weeks of their receipt.

A test-check of 1906 bills issued by the CAO, TCO, Calcutta between July 1985 and June-July 1986 pertaining to the period from April 1985 to March 1986 for Rs.316.38 lakhs showed that there was a delay upto one month in issuing the bills in each case.

Bills for the period from April 1986 to May 1986 were issued during July 1986 and August 1986.

In respect of bills for the period upto 1985-86, arrears in collection amounted to Rs.96.15 lakhs as on 31st August 1986. Out of this, Rs.0.10 lakh related to the year 1982-83, Rs.0.44 lakh to 1983-84 and Rs.1.29 lakhs to 1984-85. Details of the amount due to be recovered and the balance outstanding in July/ August each year during 1983-84 to 1985-86 were as under (Table 8.4)

TABLE 8

Year	Amount of bills pertaining to the previous years outstanding in July/August	Bills issued during the year	Total	Position of arrears in July/August next		Total
				Pertaining to previous years	Pertaining to current years	
1	2	3	4	5	6	7
			(In lakhs of rupees)			
1983-84	43.10	337.67	380.77	2.87	82.24	85.11
1984-85	85.11	404.57	489.68	0.88	198.22	199.10
1985-86	199.10	316.38	515.48	1.83	94.32	96.15

The reason assigned for the arrears in issue and collection of mobilisation bills by the CAO, TCO, Calcutta was the failure on their part to locate the appropriate authorities (the different Controller of Defence Accounts Offices) for issuing and collection of the bills.

(III) *Radio Telegraph charges*

The CAO, TCO, Calcutta prepares monthly bills in respect of radio telegrams exchanged between the Radio Stations owned by the Telecommunications Department and ships at sea. He is required to send these bills to the shipping companies/ administration concerned on the 15th of the third month following the month of traffic.

A test check of the bills issued by the CAO, TCO, Calcutta between October 1985 and August 1986 pertaining to the period from April 1985 to March 1986, showed that there was a time lag of 1 to 3 months in issuing the bills as shown below (Table 8.5):-

TABLE 8.5

Sl. No.	Period delay	No. of bills	Amount (Rs. in lakhs)	Percentage
(a)	Upto one month	--	--	--
(b)	One to two months	271	11.68	33
(c)	Two to three months	412	18.23	49
(d)	Three to four months	148	6.44	18
		831	36.35	100

In respect of bills pertaining to the period upto 31st March 1986, arrears in collection amounted to Rs.56.59 lakhs as on 31st August 1986. Out of this, Rs.23.07 lakhs pertained to 1985-86 and Rs.33.52 lakhs to the period 1965-66 to 1984-85. The break-up of the arrears according to various block years was as under (Table 8.6) :

TABLE 8.6

Block Year	Amount (Rs. in lakhs)
1965-70	1.89
1970-75	0.81
1975-80	10.85
1980-85	19.97
TOTAL	33.52

The position of outstanding bills issued and amount collected during the last 5 years is shown below (Table 8.7) :

TABLE 8.7

Year	Amount outstanding at the beginning of the year in respect of bills pertaining to previous years	Amount of bills pertaining to the year	Total amount collectable (Col.2 + Col.3)	Amount collected during the year	Amount outstanding at the end of the year	Amount outstanding as on 1st August of second succeeding year
1	2	3	4	5	6	7
	(Rs. in lakhs)					
1981-82	92.03	40.50	132.53	50.86	81.67	24.34 (1.8.1983)
1982-83	81.67	45.28	126.95	57.46	69.49	25.69 (1.8.1984)
1983-84	69.49	42.52	112.01	42.25	69.76	29.26 (1.8.1985)
1984-85	69.76	39.84	109.60	42.25	67.35	34.52 (1.8.1986)
1985-86	67.35	36.35	103.70	34.53	69.17	(Due on 1.8.1987)

The department while accepting the facts and figures stated (November 1986) that the delay in issue of bills was on account of shortage of staff, frequent break-down of age old electricity-operated machines on which these bills were prepared and regular load shedding prevalent in the city.

9. Specific major cases of under assessment of Revenue

9.1 *Non-recovery of rentals due to non-receipt of Advice Notes*

As per departmental rules, completed advice notes in respect of telephone facilities provided/shifted etc. are to be sent to the Telephone Revenue Accounts (TRA) branch within a week of the events affecting the connections and other telephone facilities in order to enable the TRA branch to issue bills to the subscribers. Short-recovery to the tune of Rs.26.31 lakhs was noticed in audit in respect of following cases (Table 9.1) due to non-receipt of the advice notes.

TABLE 9.1

S. No.	Particulars of PABX Board etc.	Date on which pointed out by Audit	Period of short recovery	Amount of short recovery	Amount recovered with other remarks
1	2	3	4	5 (Rs. in lakhs)	6
	Delhi Telephone District				
1.	Provision of 300 lines PABX Board in replacement of 200 lines PABX Board in a hospital at Delhi	August 1984	March 1983 to May 1985	1.13	1.09 (October 1984 Bills issued for Rs.0.04 lakh in June 1986)
2.	One coaxial cable link and one TV end link provided to Doordarshan, New Delhi	September 1985 and November 1985	June 1977 to June 1986 November 1982 to December 1983	15.07	Bills for Rs.12.69 lakhs and Rs.2.39 lakhs issued in March 1986
	Karnataka Circle				
3.	Underground cable to Hindustan Machine Tools Ltd.	January 1986	May 1980 to April 1987	0.39	0.39 (May 1986)
4.	Speech circuit between station 'A' and station 'B' provided to Indian Air Force	June 1985	November 1983 to March 1986	1.39 (including Rs.0.85 lakh on account of short recovery due to revision of tariff	
	N.W. Circle				
5.	Trunk circuit between station 'B' and 'C' provided to Civil Defence authorities	June 1979	March 1971 to June 1986	2.76	1.11 (March 1982, April 1982 and March 1985)
6.	Underground cable provided to Indian Air Force at station 'A' in November 1983.	March 1985	December 1983 to June 1985	1.33	1.33 (January 1986)
7.	Underground cable provided to Indian Air Force authorities in October 1982	November 1983	October 1982 to October 1984	1.25	1.25 (March 1984 and November 1984)

	Madhya Pradesh Circle				
8.	Non-exchange lines and outside broad cast lines provided to All India Radio, Raipur	March 1984	June 1979 to March 1984	2.59	2.59 (November 1985)
9.	TP circuit provided to News agencies between Jabalpur and Satna, Jabalpur and Katni	January 1986	January 1984 to June 1986	0.40	Bills issued in January 1986

The Department of Telecommunications while accepting the omission in all the above cases stated that the delay in issue of bills occured due to non-receipt of advice notes and action had been taken to prevent recurrence of such instances in future and the concerned General Managers had been asked to fix responsibility for the lapses and take suitable action against the officials at fault in respect of cases mentioned at serial 1 to 4 and 8 above.

9.2 *Short recovery due to non-application of revised rates of rentals in respect of PABX boards, telephone connections and speech circuits*

The Department of Telecommunications revised the rates of rental charges in respect of PABX boards, telephone connections and speech circuits with effect from September 1980, March 1982 and March 1983 respectively. It was noticed in audit that the revised rates of rentals had not been applied by the department in the following 8 cases (Table 9.2) resulting in short recovery of Rs.12.84 lakhs.

TABLE 9.2

S.No.	Particulars of the facility	Date on which pointed out by Audit	Period of short recovery	Amount of short recovery	Amount recovered with other remarks
1	2	3	4	5	6
				(Rs. in lakhs)	
	Orissa Circle				
1.	200 lines PABX board provided to a company	December 1984	December 1983 to December 1985	1.94	1.94 (Bill issued in December 1984 and recovery made by July 1985)
	West Bengal Circle				
2.	4592 telephone connections working in 7 telephone exchanges under Asansol Engineering Division	April 1983	March 1982 to August 1983	2.66	2.66 (Amount billed in October 1983 and recovery made by June 1984)
	N.W. Circle				
3.	Speech circuit provided to Haryana State Electricity Board	March 1984	March 1983 to December 1984	0.41	0.41 (Bill issued in July 1984 and recovery made in August 1984)

1	2	3	4	5	6
	Maharashtra Circle				
4.	Provision of 30 + 300 extendable type PABX board to Maharashtra Legislative Secretariat Council Hall, Bombay on 18th April 1981	January 1986	April 1981 to April 1982	0.64	0.64 (Bill issued in February 1986 and recovery made in April 1986)
	Madhya Pradesh Circle				
5.	Radio telephone circuit provided to Superintending Engineer, Mahanadi Circle, Raipur.	November 1985	March 1983 to June 1986	1.23	Bills issued in February 1986
6.	Ticker circuits provided to various news papers and news agencies	November 1985	March 1983 to December 1986	0.15	----
	U.P. Circle				
7.	18 Teleprinter circuits provided to Uttar Pradesh Government	December 1985	March 1983 to June 1986	4.63	Bills issued in February 1986
8.	7 Teleprinter circuits provided to Police authorities	December 1985	January 1984 to January 1987	1.18	1.18 (Supplementary bills issued in February 1986 and amount recovered in March 1986)

While the recovery in the 5 cases was made, recovery in respect of the other three cases in which bills had been issued by the department was awaited.

The department stated (August 1986) that bills in respect of short recovery pointed out by Audit had been issued and were being pursued vigorously for payment It was further stated that the General Managers of the concerned units had been directed to fix responsibility for the lapse noticed and take action against the officials at fault.

9.3 Short assessment of rental due to non-application of prescribed rates in respect of external extensions

The Director General, Posts & Telegraphs issued instructions in April 1978 that rent in respect of external extensions provided to PABX/PBX Boards should be charged on chargeable distance basis, i.e. 1.25 times the point to point radial distance. It was noticed in audit that due to non-application of these orders there was short recovery of Rs.3.36 lakhs in 2 cases as mentioned below (Table 9.3) :-

TABLE 9.3

S.No.	Particulars of the PABX/PBX Board	Date on which pointed out by Audit	Period of short recovery	Amount of short recovery (Rs. in lakhs)	Remarks
1.	Madhya Pradesh Circle 10 +50 lines PABX Board provided to Superintendent of Police, Jabalpur	January 1986	December 1978 to May 1985	1.04	Supplementary bill issued in January 1986. Payment is awaited.
2.	Delhi Telephone District Two PABX/PBX Boards provided to Indian Air Force	July 1985 & September 1985	April 1978 to May 1986	2.32	Bills for Rs. 232 lakhs issued in December 1985 and January 1986 and recovery made in March 1986

It was also noticed that rent in respect of six external extensions working on the board relating to the second item was not being recovered from the date of their installation, i.e. March 1985 and rent of one external extension was being recovered at lower rates since July 1980 treating the same as internal extension.

The department stated (August 1986) that the General Manager Telecommunications, Madhya Pradesh Circle had been asked to fix responsibility in relation to the first item for the lapse noticed and necessary instructions had been issued to the concerned staff to avoid such lapses in future.

9.4 *Non-billing/short billing in respect of circuits leased to Railways.*

Rentals for the lines and wires/ circuits leased to Railways are initially recovered on a provisional basis pending finalisation of rates which are fixed quite late for a block of five years by the Telecommunication Services Board in consultation with the Railway Board as would be seen from the table (9.4.1) below :-

TABLE 9.4.1

Block of years	Final rate fixed in
1961-62 to 1965-66	April 1981
1966-67 to 1970-71	March 1982
1971-72 to 1975-76	May 1984
1976-77 to 1980-81	May 1984
1981-82 to 1985-86	Final rates not yet fixed.

As an interim arrangement, instructions were issued in March 1982 that for the years 1981-82 onwards the rates as fixed for 1966-67 to 1970-71 were to be adopted on provisional basis. However, the rates for 1976-77 to 1980-81 having been decided in May 1984, modified instructions were issued that for the period from 1984-85 onwards, the rates applicable for the block years 1976-77 to 1980-81 be adopted provisionally.

(a) It was noticed in audit that there was short recovery of rent of Rs.97.75 lakhs in respect of the following cases Table 9.4.2 due to non-application of revised rates of rentals.

TABLE 9.4.2

Sl. No.	Particulars of circuit	When pointed out by Audit	Period	Amount of short recovery (Rs. in lakhs)	Amount recovered (Rs. in lakhs)
1.	Eight administrative circuits provided to Western Railway by Divisional Engineer Telegraphs/Telephones, Ahmedabad	November 1984 and January 1986	1966-67 to 1985-86	41.92	23.70 (January March 1986) Bills for Rs.14.35 lakhs issued in February and June 1986
2.	Administrative circuit working between Mount Abu and Gandhidham since September 1959	June 1983	September 1969 to April 1986 including non-billing for the period from September 1959	24.87	Bills for Rs.22.24 lakh issued in February 1986
3.	Administrative teleprinter circuit between Secunderabad and Sholapur provided to South Central Railway	October 1985	April 1971 to March 1981 and from April 1984 to April 1986	2.00	2.00 (April 1986)
4.	3 Teleprinter circuits provided to North-East Frontier Railway in April 1971 and rent charged at the rate of Rs.125 per km.	17th June 1985	1971-72 to 1984-85	25.10	23.65
5.	Trunk telephone circuit between Katihar and Alipurduar provided in March 1959	July 1985	March 1959 to March 1974	3.86	Bills for Rs.3.86 lakhs issued in September 1985

(b) *Non-revision of rental charges of Teleprinter circuit leased to Central Railways.*

At the request of Central Railway authorities, a long distance teleprinter circuit directly working between Bombay Victoria Terminals Railway Station and Wadi Railway Station (radial distance 483 kms. and chargeable distance 604 kms.) was provided in October 1978 by the Telecommunications Department on spare channel already available. Radial distance of the local lead was 1.3 kms and 0.5 km at Bombay and Wadi ends respectively.

While at Bombay end, no new construction was involved for providing the local lead at Wadi, it entailed a minor work for Rs.1,500. The circuit was to work for 24 hours and was commissioned in October 1978.

The General Manager, Bombay Telephone District (GMBTD)) intimated (July 1978) the Central Railway authorities the provisional rate of rental of Rs.18350 per annum for the circuit with a guarantee period of six years.

It was noticed in audit (February 1985) that even though the final rate of rental of teleprinter circuit leased to Railways had been fixed (May 1984) at the rate of Rs.143 per km. for the block years 1976-77 to 1980-81 by the Telecommunications Department, the rates of rental of the circuit for the period upto March 1981 had not been revised by the GMTBTD Based on these rates, the rental of the circuit and the local lead worked out to Rs.86,602 *per annum* instead of Rs. 18,350 *per annum*. This resulted in short recovery of Rs.1.67 lakhs for the period from 20th October 1978 to March 1981.

The GMBTD contended (April 1986) that the construction of local lead at Wadi had introduced the element of fixation of the rent and guarantee period on a different basis and hence no revision was necessary.

The above contention of the GMBTD has no adequate force because primarily the rates of rental quoted in July 1978 were provisional and final rates of rental in respect of these circuits for the period upto March 1981 were prescribed only in May 1984. Consequent on fixation of final rates of rental of such circuits by the Telecommunications Department, the rent of the circuit was also to be revised.

Besides, it would lead to an anamolous situation of the rental for a circuit of 483 kms. being brought down by Rs.68252 per annum due to superimposition of a petty work of Rs.1500 on 0.5 km length.

The matter was reported to the department in July 1986 and despite 3 reminders in September, October, November 1986; the comments of the department were still awaited (December 1986).

Short recovery of rent

9.5(a) *Short recovery of rent in respect of non-exchange lines due to adoption of incorrect chargeable distance*

On receipt of a firm demand (September 1979), ten pairs of non-exchange lines were provided in August 1980 to Haryana Police Wireless at Chandigarh.

Though the chargeable distance of the non-exchange lines was nine kms., it was noticed in audit (April 1985) that rent for the above non-exchange lines was being recovered by treating the chargeable distance as one km. On this being pointed out in audit, the District Manager Telephones, Chandigarh issued supplementary bills for Rs.1.68 lakhs in February-March 1986 on account of short recovery for the period August 1980 to June 1986. Payment is still awaited ((July 1986). The department stated (August 1986) that the case for recovery of the dues was being pursued vigorously and suitable instructions had been issued to the concerned

staff to be careful in future.

(b) *Short-billing due to wrong fixation of guarantee period*

An extendable type PABX Board of 200 lines was provided to Post Graduate Institute, Chandigarh in October 1977. The annual rent was fixed at Rs.70,169. The correct guarantee period of the board works out to five years. As per revised tariff in force from 1st September 1980, the rent of the above board should have been charged at Rs.1.10 lakh per annum with effect from 10th October 1982 onwards i.e. after expiry of the guatantee period. This, however, was not done and the rent continued to be charged at the old rate of Rs.70,169. On this being pointed out in audit in January 1984, the department started recovering rent at the revised rate from June 1984. Arrears on account of short recovery amounting to Rs.0.65 lakh for the period from October 1982 to May 1984 were also recovered. The department stated (April 1986) that the responsibility for the lapse could not be fixed because the officials involved had since retired.

9.6 *Short realisation of rent due to non-revision of rent after the expiry of guarantee period.*

Departmental rules provide that in respect of telecommunication facilities provided on rent and guarantee basis, the rental should be charged on standard flat rate basis where such flat rates are fixed after the expiry of initial guarantee period. It was noticed in audit (February 1986, March 1985, October 1985) that necessary action to revise the rent had not been taken as per departmental rules in respect of the following (Table 9.6) telecommunication facilities resulting in short recovery of rent of Rs.21.92 lakhs.

TABLE 9.6

Sl.No.	Particulars of facility	Period of short recovery	Amount of short recovery (Rs. in lakhs)	Amount recovered (Rs. in lakhs)
	Bombay Telephone District			
1.	300 lines PABX (Hotel type) provided to a hotel	December 1984 to April 1986	0.72	Supplementary bill issued in April 1986 and recovery awaited.
2.	5 data circuits provided to Air India, Bombay and a travel agency	October 1983 onwards	21.03	Bills issued in March 1985 and recovery made in May 1985, December 1985 and February 1986
	Madhya Pradesh Circle			
3.	Long distance telex connection provided to Security Press, Hoshangabad	August 1984 to March 1986	0.17	0.17 (December 1985)

The department stated (August 1986) that the GMT Madhya Pradesh Circle had been asked to fix responsibility in respect of the case mentioned at serial No.3 above and to take remedial measures to prevent recurrence.

9.7 *Non-recovery of rental charges in respect of speech and teleprinter circuits.*

Due to non-maintenance of records like subscribers record card prescribed by the Telecommunications Department and non-observance of the prescribed procedures by the Divisional Engineer, Phones, Visakhapatnam, rental charges amounting to Rs.48.51 lakhs were not recovered until pointed out by Audit in December 1985 in respect of 2 administrative speech circuits provided to South Eastern Railway and one teleprinter circuit provided to Naval authorities as detailed below (Table 9.7) :-

TABLE 9.7

Sl. No.	Particulars of circuit	When detected in audit	Period of short recovery	Amount of short recovery Rs.	Amount recovered Rs.
1.	Administrative speech circuit No.1 from Waltair to Kharagppr provided to South Eastern Railway	December 1985	July 1977 to May 1986	33,51,108	33,51,108 (April 1986)
2.	Administrative speech circuit No.III from Waltair to Kharagpur provided to South Eastern Railway	-do-	October 1982 to March 1986	13,02,172	13,02,172 (April 1986)
3.	Teleprinter circuit from Waltair to Cochin provided to Naval authorities	December 1985	December 1982 to March 1986	1,98,264	1,98,264 (February 1986)

The department stated (September 1986) that suitable steps were being taken to ensure strict observance of all prescribed procedures and also to guard against omissions of this nature in future.

9.8 *Short-billing/non-billing of rental due to non-feeding the input data to the computer.*

Whenever new telephone facilities are provided or existing connections are closed the master rent file is to be updated. Similarly, it is also to be updated for any change in ringing number, change of address, shifting from one area to another, provision of new accessories, change in category or change of phone number due to cut over without change of location etc. Failure to update the master rent file resulted in non-billing of Rs.2.00 lakhs in the following cases (Table 9.8) :-

TABLE 9.8

Sl. No.	Particulars of the facility	Date on which pointed out by Audit	Period of non-recovery	Amount not recovered	Amount recovered with other remarks
					(Rs. in lakhs)
	Bombay Telephone District				
1.	Rent and shifting of 50 lines Electronic Switch Board to M/s Bharat Petroleum Corporation, Bombay on 30th August 1984 provided on Junction line 212908 to 219172	February 1986	September 1984 to April 1987	1.00	Supplementary bill was issued to the party by the Area Manager, Bombay (South) in September 1986. The recovery was awaited (September 1986)
2.	Replacement of 50 lines PBX board provided to National Bank for Agriculture and Rural Development, Bombay in August 1980	February 1986	August 1980 to April 1987	1.00	1.00 The bill was issued in April 1986 and recovery effected in May 1986.

The department stated (August-September 1986) that the General Manager Bombay Telephones had been directed to fix responsibility for the lapses noticed and to take action against the officials at fault and to devise suitable measures to prevent recurrence of the lapses in future.

9.9 *Undue delay in raising necessary demands.*

The department on demand from the Civil Defence authorities had provided Air Raid Precaution equipment, other connected facilities, non-exchange lines underground cable etc. at two stations in November 1972 and February 1975. It was noticed in audit in March 1975 that demands for recovery of the cost of services rendered and rentals had not been issued. Despite a number of reminders issued by Audit to the P&T department from time to time to intimate the progress of recovery, no action was taken to prefer the claims until September 1984. Against the bills issued during 1984-86, a sum of Rs.1.25 lakhs was pending recovery (September 1986). Thus, for more than 10 years no action had been taken to raise the demands and collect the dues in respect of the services rendered to these two stations.

The Ministry stated (September 1986) that case for recovery of the amount was being pursued vigorously.

9.10 *Non recovery of rent and maintenance charges*

On receipt of a firm demand from Indian Air Force (IAF) authorities (November 1966) for provision of underground cable from Remote Control to Air Traffic Control, the Divisional Engineer, Telegraphs, Jalandhar fixed the rent at the rate of Rs.5660 per annum with 7 years guarantee which was accepted by the IAF authorities in May 1967. The facility was provided inNovember 1971, but no rent was being recovered as the completed copy of the advice note was not received in Telephone Revenue Accounting Section. Non-recovery of rent was pointed out by Audit in February 1975, but no action to recover the dues was taken for about 4 years. In April 1979, the matter was again brought to the notice of the department. Thereupon the District Manager Telephone (DMT), Ludhiana worked out rent at the rate of Rs.11,128.14 per annum Capital cost basis and Rs.19700 per annum on flat rate basis with 7 years guarantee instead of 10 years. Both the calculations were erroneously sent to IAF authorities in August 1979. The IAF authorities accepted

rent at lower rate of Rs.11,128.14 per annum with 7 years guarantee in September 1983. Advice note which is the basic record required by the Telephone Revenue Accounts Branch to bill a subscriber was received as late as in September 1983 instead of within a week of the completion of the work. Thereupon a bill for Rs.81,377 (comprising rent for .7 years from 16th November 1971 to 15th November 1978 at Rs.11,128.14 per annum and maintenance charges for 5 years from 16th November 1978 to 15th November 1983 at Rs.696 per annum was issued by the DMT, Ludhiana in October 1983. The bill was, however, not paid.

In terms of departmental instructions, guarantee period of cables was ten years and rent on flat rate basis was recoverable as the same was higher than the rent on capital cost basis. This also had to be pointed out by Audit in January 1984. The department stated (October 1986) that the local IAF authorities had agreed to accept the higher rent of Rs. 19,700 per annum with effect from Novem ber 1971 and to release payment of rent for the correct guarantee period of ten years.

Thus, due to incorrect fixation of rent and guarantee period at the initial stage and non-issue of advice note in time rent and maintenance charges for the period from November 1971 to November 1985 amounting to Rs.1.99 lakhs have not been recovered (October 1986), though the department's attention was drawn (February 1975) on these aspects by Audit a decade ago.

The department stated (October 1986) that a meeting with the IAF authorities was held and physical verification was also conducted recently by both the parties at site during which the cable was found lying abandoned. Keeping in view the condition of the cables, the suggestion of IAF authorities not to charge any amount in respect of maintenance charges of Rs.0.02 lakh after the guarantee period was accepted by the department.

9.11 *Non-recovery of rent from Army authorities.*

A detailed estimate for Rs.3.86 lakhs was sanctioned (October 1976) by the General manager Telecommunications (GMT), Jaipur on the basis of a firm demand placed in June 1976 by the Army authorities for conversion of existing Non-Coordinated - J route between Station 'A' and 'B' into C-8 route and for erection of an additional pair between 'A' and 'C' and 'A' and 'B' on rent and guarantee basis. Based on the detailed estimate provisional rental at the rate of Rs.0.74 per annum with 7 years guarantee was quoted (October 1976) and the same was accepted by the Army authorities (November 1976). The work, commenced in October 1979, could not be completed till September 1981 for want of some stores. The alignment was handed over to the Army authorities in October 1981. It was noticed in audit (December 1982) that though actual expenditure incurred was Rs.4.53 lakhs which was approximately 117 per cent of the estimated cost, the estimate had not been revised and the final rent had not been quoted on the basis of revised estimated cost under the departmental rules. It was also noticed in audit (December 1982/February 1984/January 1985) that the rental was not being recovered even though half of the guarantee period had expired.

On this being pointed out by Audit, the Divisional Engineer Telegraphs stated (August 1986) that the rates of rental charges had been revised and bill amounting to Rs.5.44 lakhs for the period from October 1981 to June 1986 issued. Recovery is awaited.

9.12 *Non-recovery of estimating fee on cancellation of firm demand by Army authorities.*

Based on a firm demand placed by the Army authorities in June 1984 for providing underground cables at Station

Comples, Pathankot, the Divisional Engineer, Telephone (DET), Pathankot issued in September 1984 a demand note for Rs.50.29 lakhs including estimating fee of Rs.1.38 lakhs. The Army authorities, however, cancelled their firm demand in February 1985.

As per departmental instructions, the department should have recovered the estimating fee amounting to Rs.1.38 lakhs but the same was not recovered. On this being pointed out by Audit on 23rd January 1986, the department issued a demand note on 27th January 1986 for recovery of the estimating fee. Recovery is awaited (November 1986).

9.13 Non-recovery of charges for substantial change made on the firm demand.

Army authorities placed a firm demand for replacement of 300 lines Central Battery Non-multiple exchange at station 'A' by 400 lines PABX in July 1977. Rent and guarantee terms quoted by the department were accepted by the Army authorities (March 1978). Equipment worth Rs. 6.00 lakhs, received in June 1979 could not be utilised beçause of delay in construction of the building by Army authorities.

On request of the Army authorities, 100 lines and 200 lines equipment were diverted in May 1980 and March 1985 respectively for providing PABX boqards of the above capacity at other stations. In this process, equipment worth Rs.4.50 lakhs remained unutilised for more than 5 years, resulting in loss of potential revenue of Rs.4.53 lakhs. 400 lines equipment is still lying unutilised (September 1986).

The department did not claim cancellation charges amounting to Rs.0.99 lakh for cancellation of the firm demand. On this being pointed out by Audit (October 1984), a bill for Rs.0.99 lakh was preferred on this account in June 1985.

The department stated (July 1986) that the Army authorities had disputed the claim and that on re-examination of the records, it was revealed that the demand was not cancelled by the Army authorities, instead, diversion of equipment was only sought for. The fact, however, remains that the 400 lines PABX could not be installed as the requisite building had not been constructed by the Army authorities and the equipment had remained unutilised for a number of years.

9.14 Short recovery from Canal Departments in respect of contribution works.

On receipt of two firm demands from the Canal Departments of Uttar Pradesh and Haryana State Governments in December 1979 and November 1981 for erection of new telegraph/telephone lines between Chilla Regulator and Hindon and from Sohna to Nuh respectively, the Divisional Engineer Telegraphs (DET), Agra sanctioned two estimates for Rs.0.54 lakh and Rs.1.36 lakhs in June 1981 and May 1982 respectively on contribution basis. Provisional bills for Rs.9,909 and Rs.17,377 were issued by DET and paid by the Canal Departments in August 1981 and May 1982 respectively. The works were completed and handed over to the Canal Departments in March 1983 and November 1982 respectively. Contributions due from the Canal Departments on account of stores and cash for Rs.0.88 lakh and Rs.1.35 lakhs respectively were, however, not recovered till pointed out by Audit in May 1984. Bills for the amounts were issued in May 1984 and have not been recovered so far (July 1986).

The department while accepting the non-recovery stated in July 1986 that suitable instructions were being issued by the General Manager Telecommunications, U.P. circle in the matter and that the short recovery from the Canal Departments was being pursued vigorously.

9.15 Non-recovery of interest charges on unadjusted capital outlay.

As per departmental rules, the Railway and Canal Administrations are required to bear interest charges on unadjusted capital outlay during the period of construction. The bills for interest charges are to be prepared by the concerned Divisional Engineer Telegraphs after getting these verified by the Circle Accountant.

The Rajasthan Canal Project (now Indira Gandhi Canal Project) authorities placed (may 1976) a firm demand for telegraph and telephone lines for the first phase of the Project in Sriganganagar District. Detailed estimates for execution of the works were sanctioned in 1979-80 and onwards and the works were started by the Divisional Engineer Telegraphs (DET), Sriganganagar. Another firm demand was placed (April 1978) by the canal authorities for telegraph and telephone lines on the above canal in Bikaner District. Estimates for these works were sanctioned in 1978-79 and onwards and the works were started by the DET, Bikaner. some of the lines have since been completed and handed over to the canal authorities by both the divisions.

It was noticed in audit (December 1984 and January 1985) that no information was furnished by bother the DETs to the Rajasthan Circle office, Jaipur for verification of the amount of interest recoverable with the result that the bills for interest charges amounting to Rs.7.07 lakhs for the years 1978-79 to 1983-84 were not issued to the canal authorities.

On this being pointed out by Audit, the DET, Bikaner issued bills for Rs.3.05 lakhs in February 1985 and recovered the amount (January 1986 and March 1986). The Ministry stated (September 1986) that the DET, Sriganganagar had also issued the bills after having the same verified by the Circle Accountant and that the payment thereof was awaited (September 1986).

9.16 Short-billing/non-billing of rental by Hyderabad Telephones.

In the following (Table 9.16) 2 cases, short/non-billing amounting to Rs.1.68 lakhs was noticed by Audit. The amount was, however, recovered in February/April 1986 at the instance of Audit.

TABLE 9.16

Sl. No.	Details of the case	Nature of Audit observation	When pointed out by Audit	Amount of short/ non-billing	Amount not recovered/month of recovery
1	2	3	4	5	6
1.	Provision of TP circuit to M/s Eenadu, Telugu Daily working between New Delhi and Hyderabad from 12th March 1977	The increased working hours of the circuit were not taken into account from time to time	July 1985	Rs.0.95 lakh	Rs.0.95 lakh (April 1986)
2.	Provision of 20 line Conference unit, installation of 48.V standby battery sets to 8+50 PABX Board and 10+100 lines PAX Board to Hindustan Cables Ltd. in October/November 1977.	Capital cost was wrongly worked out and the rental was not billed for/recovered from November 1977 to October 1985 except advance rental	October 1985	Rs.0.73 lakh	Rs.0.73 lakh (February 1986)

The department stated (July 1986) that the General Manager Telephones, Hyderabad had been asked to take necessary steps to avoid such lapses in future.

10. Incorrect fixation of STD pulse rates between Panipat and Delhi

Point to point Subscribers Trunk dialing (STD) between Panipat and Delhi was introduced in January 1977. The pulse rate was fixed at 12/24 seconds on this route. But as per the Director General, Posts & Telegraphs instructions of June 1976, the pulse rate was required to be fixed as 9/18 seconds from January 1977 and 8/16 seconds with effect from August 1982 as Panipat exchange falls under long distance charging centres of parent exchange Karnal, and the radial distance between Karnal and Delhi falls under the slab of 100-200 kms.

On this being pointed out by Audit (September 1982), the department admitted the lapse and revised the pulse rate from Panipat to Delhi from 12/24 seconds to 8/16 seconds from December 1982. Incorrect fixation of pulse rate from Panipat to Delhi resulted in loss of revenue to the tune of Rs.31.11 lakhs pertaining to the period January 1977 to November 1982

The Ministry stated that suitable instructions had been issued to all Heads of Telecom. Circles and Telephone Districts to ensure correct fixation of STD pulse rate whenever a new STD line was introduced or whenever there was a change in tariff.

11. Recovery of rental for 44 tie lines provided to Police Department.

During test-check by Audit (February 1983), it was noticed that in respect of a requisition for 44 tie lines by the Delhi Police authorities for which advance rental of Rs.1.82 lakhs also had been received from the Police Department as per the demand of the P&T Department periodical annual rental bills were not being issued from 1977 onwards. On further scrutiny of the records relating to provision of these tie lines, it transpired that out of 5 Sub Divisional Officers of the Delhi Telephone District (DTD) incharge of the execution of the scheme, advice notes from only 4 had been received by the Commercial Officer. In reply to an Audit query, it was intimated by the Telephone Accounting Wing that the rent could not be claimed on account of non-receipt of advice notes from the Commercial Officer who in turn had not transmitted the 4 advice notes to the Telephone Revenue Accounting (TRA) Wing in the absence of the fifth one. The departmental rules provide that advice notes are to be sent to the TRA Wing within one week of completion of the work to enable it to issue periodical rental bills The relevant advice notes indicated that the work had been completed in May-July 1976. Subsequently (May 1983) bills for Rs.10.75 lakhs were preferred on account of rental charges for the period from 1977 to 1983 on getting the remaining advice notes also and transmitting the advice notes to the TRA Wing in March/April 1983. However, the Police Department refused (July 1983 and July 1986) to entertain the bills stating that the tie lines were never provided or made through even though they had been repeatedly asking for provision of these lines. In June and August 1984 also they renewed the requisition for providing these tie lines on priority basis.

The department stated (September 1986) that the bills in respect of these cases had been issued and efforts were being made to recover the payment early and that the responsibility for the lapses was being fixed.

Further study of the correspondence (1983-86) between the Police Department and the P&T Department revealed that the Police Department continued to dispute the contention of the P&T Department that these tie lines had been provided and reiterated that the facilities had yet to be provided even though they were in need of the same.

Thus, the factual picture of the tie lines having been provided or not is

still in dispute with the Police Department. Consequently, the scope for realising the revenue of Rs.18.86 lakhs for the period from 1977 to 1985 on the premise that the tie lines had been provided is uncertain. If the tie lines had been there, then due to non-observance of all other formalities upto the stage of making them over to the Police Department, no benefit had been derived either by the Police Department or the Department of Telecommunications.

In this context, the following documents asked for by Audit in respect of this work were still awaited (November 1986).

(i) Handing over and taking over report

(ii) Report of joint test conducted in collaboration with the Police authorities.

12. **Non-recovery of rental in respect of Administrative Trunk Circuits leased to Railways.**

Based on a firm demand received in May 1968 from the South Eastern Railways, the Administrative Trunk Circuit existing then between Kharagpur and Waltiar was bifurcated in October 1969 into two circuits on channel, viz. (i) Kharagpur-Khurda Road and (ii) Khurda Road - Waltair. On a further request from the Railways, the circuit from Khurda Road to Waltair was replaced in March 1972 by two new circuits, viz. (i) Khurda Road-Cuttack II and (ii) Waltair-Cuttack. The Post Master General (PMG), Bhubaneswar was made the controlling and billing authority for these two circuits and the responsibility for realisation of rental for the Kharagpur-Khurda Road circuit rested on the Divisional Engineer, Telegraphs (DET), West Division, Calcutta.

Separate bills, for the split up circuits were not being issued despite the above developments and instructions of the Director General, Posts and Telegraphs and only one bill for the circuit as it existed prior to 1969 was being preferred from time to time.

The Railways themselves drew the attention of the department to this situation in 1977-78 and asked for separate bills for the 3 different circuits and mentioned that further payments beyond 1976 would be arranged on the above basis. Audit during January 1982 had also pointed out that the billing on correct lines had not yet commenced even after 5 years and the matter even after having been brought to notice by the Railways was still dragging on.

Again, when Audit checked up the picture in July 1984, it was observed that billing and recovery had been done only for 2 circuits and action for the third circuit was yet to be taken. Thereupon, bills were preferred and recoveries started in a regular manner from 1984.

On being pointed out in audit, the department recovered a sum of Rs.31.40 lakhs on account of rental charges for the period from 1970 to 1984 as under:-

(i)	Kharagpur to Khurda Road	Rs.2.88 lakhs recovered in October 1983
(ii)	Khurda Road to Cuttack II	Rs.0.66 lakh recovered in April 1984
(iii)	Waltair-Cuttack	Rs.27.86 lakhs billed for in September 1984 and recovered in November 1984.

The department stated (August 1986) that instructions had already been issued to ensure prompt issue of bills and to guard against such omissions in future.

13. Non-revision of rent of Mohali Telephone Exchange

Though Mohali telephone exchange falls outside the municipal limits of the Union Territory of Chandigarh, it is a part of Chandigarh Telephone District for all purposes. Subscribers of this exchange are enjoying the same facilities as are available to the Chandigarh subscribers. The equipped capacity of Chandigarh telephone system was expanded to 10,500 lines on 31st March 1980. Under departmental rules, when a telephone system crosses 10,000 lines, all subscribers served by the system are liable to be charged enhanced quarterly rental of Rs.150 upto March 1982 and thereafter on bi-monthly basis with effect from April 1982. However, the rentals of Chandigarh exchange only were raised from Rs. 125 to Rs. 150 per quarter with effect from April 1980 and the rentals of Mohali exchange continued to be charged at the old rates of Rs.125 per quarter thus resulting in a loss of Rs.5.07 lakhs for the period from April 1980 to February 1986 and the loss would continue till such time the rentals are revised.

In similar cases in Kerala circle, viz. Sreekariyam telephone exchange in Trivandrum Telephone District and Kalamassery and Thripunithura exchanges in Ernakulam Telephone District, the subscribers were charged rentals at the enhanced rates. Similarly, the enhanced rental has been charged in six exchanges pertaining to Madras Telephone District which did not fall within the limits of Madras Municipal Corporation. Also enhanced rentals are being charged from the subscribers of Ghaziabad and Faridabad telephone exchanges which fall outside the limits of Delhi.

The Department stated (July 1986) that "Chandigarh and Mohali Telephone systems have been declared as two separate local exchange areas in accordance with the general policy of the department of February 1974. The local areas of Trivandrum and Ernakulam Telephone systems based on the above policy have not yet been declared due to certain technical difficulties and these systems are being treated as multi exchange systems as per extant policy prior to 1974. In Madras Telephone District also, the application of the principles posed certain problems due to technical and financial constraints. Faridabad and Ghaziabad subscribers continued to be within local area of Delhi Telephones till necessary technical arrangements could be made". It would thus be seen that the department is following different norms at different places by defining the local areas differently.

14(i) **Loss of revenue due to delay in providing under-ground cable to the Indian Air Force**

In April 1982, a firm demand was placed on the Posts and Telegraphs Department by the Indian Air Force (IAF) authorities for providing underground cable from Purnea Carrier Station to Air Force Station 'A'.

The rent realisable from the IAF for the cable was provisionally fixed at Rs.2.48 lakhs per annum on capital cost basis with 10 year's guarantee. The IAF authorities accepted the provisional rent and guarantee and paid the initial annual rent in June 1983.

Indents for the cable required for the work were placed in April 1983 and the cable was received in June 1984. An estimate for the work was sanctioned for Rs.10.01 lakhs in June 1983 by the Director Telecommunication (North), Patna. The work was to be completed in 3 months and no difficulty in executing the work was anticipted then. Though the cable was received in June 1984, the cable laying work was commenced in January 1985 and was completed in August 1985. However, the cable jointing work could not be undertaken due to non-availability of cable jointer.

Due to non-completion of the work, the department has suffered a loss of revenue at the rate of Rs.2.65 lakhs per annum since October 1984 besides depriving the IAF authorities of the facility which was considered as operational and immediate.

The Ministry while accepting the facts stated in October 1986 that the causes responsible for delay were being investigated by the General Manager Telecommunications, Bihar Circle and that necessary action would be taken against the erring officials who had caused the delay.

14(ii) Delay in laying of cable for the Indian Air Force

On receipt of a firm demand from the Indian Air Force (IAF) in November 1972 for laying of 7.5 kms. of 54 pairs/40 lbs. underground cable from Jorhat carrier station to 200 lines IAF PABX on 'Operational Immediate Priority' basis, the Divisional Engineer Telegraphs (DET) quoted rental of Rs.0.97 lakh per annum (April 1973) for a guarantee period of 10 years on estimated capital cost of Rs.4.05 lakhs. The IAF authorities accepted the rental rate and guarantee terms in May 1973. The project estimate was, however, sanctioned by the Director General, Posts and Telegraps in July 1976 at a cost of Rs. 7.09 lakhs. The detailed estimate sanctioned by the General Manager, North Eastern Circle in September 1976 for Rs. 6.44 lakhs envisaged completion of the work within 2 months of receipt of the stores in full as no difficulties in construction were anticipated. The revised rent and guarantee terms based on the revised estimated cost were quoted as late as in February 1986 and July 1986 after being pointed out in audit. Acceptance thereof was awaited (July 1986).

The indent for cables and other stores was placed by the circle office with the Store Depot, Gauhati in November 1977. Out of the required length of 7.5 kms., 6.32 kms. of 54 pairs/40 lbs. of underground cable were received by October 1981. As cable of required specification was not available, specification of the balance quantity was changed to 54 pairs/20 lbs. with the consent of IAF authorities in December 1982. Indent for the balance quantity of cable of revised specification was placed in March 1983 and was received in February 1984. The cable laying work commenced in April 1984 and was completed in January 1985. The cable was, however, handed over to the IAF authorities in October 1985 due to delay in completion of jointing work. The actual expenditure on the work was Rs. 9.13 lakhs.

Thus, a work required on 'Operational Immediate Priority' basis by the IAF authorities in Eastern Sector and expected to be completed in 2 months time after receipt of stores in full at a cost of Rs.4.05 lakhs dragged on for 13 years with resultant increase in expenditure to Rs. 9.13 lakhs.

The matter was reported to the Department of Telecommunications in July 1986 and despite issue of 3 reminders in September, October, November 1986, the comments of the department were still awaited (December 1986).

15(i) Non-recovery of rental charges due to non-revision of estimates

Based on a firm demand from the Army authorities for erection of a pair of alluminium conductor steel reinforced (ACSR) wires (speech circuit) between Station 'A' and Station 'B', the Divisional Engineer, Telegraphs (DET), Jammu quoted (May 1978) provisional rental at Rs.10,579 per annum with a guarantee period of six years and acceptance thereto was received in May 1978. The work was completed in February 1982 at a cost of Rs.1,61,396 as against sanctioned estimate of Rs. 70,497. Revised estimate was, however, not sanctioned and consequently final rent and guarantee based on the revised estimate were not quoted to the Army authorities for acceptance before providing the circuit to them.

On this being pointed out by audit in May 1985, the DET, Jammu quoted in October 1985 final rental at Rs.30,357 per annum to the Army authorities.

Final rent and guarantee have been accepted by the Army authorities as intimated (November 1986) by the department and bills for Rs.0.84 lakh on account of revision of rental for the period from February 1982 to March 1986 have been served on the Army authorities. Recovery is awaited (November 1986).

15(ii) Short realisation of rent in respect of two non-exchange speech circuits provided to Rajasthan State Electricity Board

The Rajasthan State Electricity Board (RSEB) placed a firm demand in October 1979 for the provision of one two-wire non-exchange line (NEL) speech circuit between Gurla Railway Station and Sakat-

pura Thermal Project (17 kms. distance). The rent was calculated provisionally by the Divisional Engineer Telegraphs (DET), Kota at Rs.23,301 per annum based on 10 years guarantee period and estimated capital cost of Rs.1,20,700 and a demand note for Rs.23,301 on account of one year's advance rental was sent to the RSEB in December 1979 which was paid by them in April 1981. The RSEB came up with a revised demand in December 1981 for an additional pair of non-exchange line (NEL) speech circuit on the same route and requested for the issue of a revised demand note.

The DET, Kota sanctioned an additional detailed estimate in February 1982 for Rs. 44,300 for the second speech circuit and issued another demand note in February 1982 for Rs.8,465 being the advance rental for one year for the additional two-wire NEL speech circuit.

It was noticed in audit (June 1985) that neither payment of the second demand note was made by the RSEB nor was the same pursued by the DET, Kota.

The work on both the pairs of non-exchange line was completed and handed over to the party in March 1982. It was noticed in audit that billing of rent was made at the rate of Rs.23,301 only being the rent for a single pair of two-wire NEL. Installation charges for both the non-exchange line pairs were also not recovered.

Total expenditure booked for the two pairs upto 1984-85 was Rs.2.48 lakhs which was in excess of 10 per cent of the original estimated cost. The estimated cost was, however, not revised resulting in short realisation of Rs.0.92 lakh for the period from 27th march 1982 to 26th March 1987 including installation charges. The non-realisation of rental was attributed by the DE, Phones, Kota to non-receipt of rent and guarantee terms from the DET, Kota.

The department stated (September 1986) that arrear bill for Rs.1.05 lakhs for the period from march 1982 to June 1987 had been issued and the recovery was awaited.

15(iii) Loss of revenue due to non-revision of rent of underground cable

On receipt of a firm demand (June 1972) from the Defence authorities an underground cable was provided (April 1974) at Barnala. Rent for the cable was quoted to the party March 1973) as Rs.42,655 per annum with 10 years guarantee period based on estimated capital cost of Rs.1.80 lakhs. This was accepted by them (June 1973) and the rent was duly recovered. The work was completed at a cost of Rs.2.31 lakhs necessitating revision of the estimate and rent. Revised estimate was, however, not prepared by the department and consequently rent was not revised.

Non-revision of rental led to short recovery amounting to Rs.1.17 lakhs. On this being pointed out by Audit (February 1985), the department issued supplementary bills (January 1986) for Rs.1.17 lakhs. Payment was awaited (September 1986).

The department stated (September 1986) that the General Manager, Telecommunications, Ambala had been asked to fix responsibility for the lapse and to take necessary remedial measures to prevent recurrence of such lapse in future.

16. **Non-commissioning of PABX Board facility**

A company in the private sector placed a firm demand on the Posts and Telegraphs Department in January 1973 for a 50 lines PABX board in replacement of an existing 20 lines PBX board funtioning on its premises. The party had agreed to surrender seven direct lines on installation of the new board. Estimate of the work was sanctioned by the Post Master General (PMG), Bombay in February 1974 and indents for stores were released on two dates in March 1974 and June 1976. Stores valued at Rs.0.73 lakh (approx.) were received by September 1978. The board was installed with 30 extensions in August 1980 and the party surrendered seven direct lines in December 1980 for termination on the board. The board was, however, not taken over by the party since it was not functioning satisfactorily and defects could not be rectified by the department. Seeing no prospects of this board being made available, the party requested the department (February 1982) to restore the direct lines which were surrendered by them in December 1980, so that they could at least make use of these lines. The party had also demanded (March 1982) refund of the initial

deposit of Rs.0.30 lakh with interest in terms of departmental rules due to non-provision of the facility and refund of rental amounting to Rs.0.09 lakh of the direct lines terminated on the board for the period the lines could not be utilised by them. Direct lines terminated on the board were released to the party in October 1982 and January 1983. No decision was, however, taken on the party's request for refund of deposit and rentals till March 1986. Thus, failure of the department in rectifying the defects deprived the pary of the desired facility on the one hand, while on the other the department lost a potential revenue of Rs.1.42 lakhs as rentals for the period from December 1980 to September 1986 besides incurring a liability of refunding the deposit of Rs.0.30 lakh and rentals amounting to Rs.0.09 lakh for the direct lines for the period these remained terminated on the board. The Department stated (August 1986) that non-commissioning of the PABX board was mainly due to major technical fault in the equipment and abnormal pressure of other works and that it was an unfortunate case where the fault of the equipment could not be attended to.

17. Short billing of rental due to incorrect fixation of rent in respect of a long distance connection

Based on requisition made (September 1980) by a private party for provision of a long distance telex connection from its factory at Narsingarh to Jabalpur the department quoted rental of Rs.39,600 per annum for a guarantee period of 10 years, calculated on the basis of direct route distance of 127 kms. (including local leads). The connection was, however, provided (May 1981) by parenting to Jabalpur Telex exchange through indirect route, viz. Jabalpur-Sagar-Damoh covering a distance of 271 kms. including local leads.

It was noticed in audit (January 1986) that rental was being recovered on the basis of direct route distance of 127 kms. instead of the route through which the connection was actually provided in contravention of the departmental rules resulting in short recovery of Rs.3.46 lakhs. Final rental had not been calculated and got accepted from the subscriber. The Internal Check Organisation of the department also did not point out the short recovery.

When the short recovery was pointed out by Audit, the General Manager, (GM) Telecom., Bhopal admitted the short recovery and stated (June 1986) that a demand note for Rs.3.46 lakhs had been issued to the subscriber for payment, but the subscriber filed a suit in the High Court against payment of arrears amounting to Rs.3.46 lakhs and enhancement of rental charges to Rs.1,24,440 per annum. The court directed the party to furnish bank guarantee for the arrear amount which was furnished by the subscriber. The matter in respect of points raised by the subscriber was, however, subjudice.

The department stated (October 1986) that the concerned GM had been directed to fix responsibility for the incorrect fixation of rental.

18. Delay in execution and non-realisation of departmental dues in respect of a Defence work

The Ministry of Defence placed a firm demand in October 1976 for immediate erection of 164 kms. of Aluminium Conductor Steel Reinforcement (ACSR) pair on the existing Border Permanent Line route between Station 'A' and Station 'B'. Provisional rental of Rs. 64,981 per annum with a guarantee period of 10 years intimated to the Air Force authorities was accepted by them in December 1976.

A detailed estimate in respect of this work was sanctioned in January 1977 by the General Manager, Telecommunications, Rajasthan Circle for Rs.3.36 lakhs. The work was expected to be completed in seven weeks after receipt of stores. The work was completed in stages i.e. 75 kms. in October 1977, 33 kms. in April 1980, 22 kms. in March 1980 and 34 kms. in September 1981. The department stated (November 1986) that the work of the last section was held up for want of some items of stores.

A scrutiny in audit (February 1984) of the project records revealed the following :-

(a) Against the requirement of 330 kms. of ACSR wire, 618 kms. of wire had been received from Stores Depot and by transfer from other works. Though 288 kms. of wire and some other stores received in excess had been transferred to other works, no action had been taken to make the stores adjustments to find out the correct amount of expenditure on the works. On this being pointed out in Audit the stores transaction were regularised in March 1984.

(b) The actual expenditure on the work (excluding cost of stores transferred to other works) works out to Rs.5.17 lakhs which was 154 per cent of the sanctioned cost of the project. No action had been taken to prepare the revised estimate and quote revised terms of rent and guarantee to the subscribers. On this being pointed out in audit, the rental charges were revised in October 1984.

A further scrutiny (November 1984 and March 1985) of these revised terms of rent and guarantee revealed that the calculation were incorrect because (i) the capital cost had been increased by 30 per cent instead of 15 per cent (ii) value of 288 kms. of wire transferred to other works was not correctly accounted for with the result that the capital cost of the stores used on the work was under valued at Rs.3.99 lakhs instead of Rs.4.82 lakhs. Though the first omission was rectified by the department in March 1985 the latter has not been set right even upto November 1986 with the result that the annual rental has been worked out by the department at the rate of Rs.89,304 per annum instead of Rs.1,05,377 per annum.

(c) 22 kms. of alignment which was completed in March 1980 was handed over in October 1981 only.

(d) The advice note of the work was issued in January 1983 i.e. after a delay of 14 months. According to departmental rules, the advice note is required to be sent to the Telephone Revenue Accounting Wing within a week of the completion of the works in order to enable it to issue the periodical rental bills. Delay in issue of the advice note, besides other factors discussed above resulted in consequential non-realisation of rental charges amounting to Rs.4.95 lakhs for the period from October 1977 to June 1986.

The department stated (November 1986) that final rent and guarantee terms had since been quoted to the Defence authorities and the bill for Rs. 6.56 lakhs for the period upto June 1987 issued in August 1986.

SECTION - D

PROJECTS AND WORKS

19. *Kharagpur-Madras wide band microwave scheme*

The department sanctioned a project estimate for the above scheme in March 1980 for Rs. 1740.50 lakhs in order (i) to provide an effective alternate medium to the existing coaxial medium between Madras and Calcutta (ii) to meet the additional demands due to existing/proposed trunk automatic exchanges at Madras, Vijayawada, Visakhapatnam and Calcutta (iii) to provide reliable circuits for STD services for various stations on east coast and (iv) to provide channels for transmission of TV programmes among various cities enroute.

The scheme envisaged the following:

(i) A (1+1) 1800 channel wide band microwave system on Kharagpur-Madras route (1505 kms)

(ii) 2 GHz 300 chennel microwave systems on Visakhapatnam-Koraput (128 kms.) and Cuttack-Dhenkanal (40 kms.) routes

(iii) An ultra high frequency (UHF) system on Kharagpur-Midnapur route (10 kms.)

While the EFC memo approved in August 1978 had been drawn on the assumption of the scheme being commissioned by 1982, in the project estimate, commissioning was expected within 3 years after the receipt of all equipment and other materials. The scheme was expected to earn an annual profit of Rs.1078.12 lakhs.

The main route was commissioned/ placed under proving-in by stages section wise between July 1983 and December 1985. Out of the three spur routes, one route, viz. Kharagpur-Midnapore was commissioned in June 1984, while the other 2 routes had not been commissioned till January 1986. The total expenditure incurred on the project upto the end of March 1986 was Rs. 2261.93 lakhs, 29.95 *per cent* in excess of the sanctioned cost.

A review of the project in audit during September-October 1985 and January-February 1986 revealed the following points :

1. *Non-achievement of targets in respect of STD traffic*

STD traffic actually flowing in 1984 and 1985 was very much less than the anticipations made by the department as indicated below (Table 19.1) :-

TABLE 19.1

Sl. No.	Route	STD traffic anticipated for 1984 (in Erlongs)	STD traffic actually handled (in Erlongs)	
			1984	1985
1.	Calcutta-Bhubaneswar	74	17.7	17.4
2.	Cuttack-Calcutta	114.9	24.5	24.4
3.	Calcutta-Madras	212	71.3	63.8
4.	Calcutta-Hyderabad	33	16.9	18.9
5.	Visakhapatnam - Vijayawada	171	50.4	52.6
6.	Vijayawada - Madras	185	97.0	77.8
7.	Madras - Hyderabad	171.6	56.3	69.5

On account of the steep fall in anticipated STD traffic, the revenue on STD which would accrue to the department based on the higher traffic during 1984 and 1985 was of the order of Rs.2030.74 lakhs *per annum* against Rs.5320.31 lakhs anticipated in the project estimate. There was, thus, a short fall of Rs.3289.57 lakhs *per annum* in spite of increase in tariff rates. Thus, the projections made by the department were far from realistic and could not be realised.

2. *Spur routes*

(a) Kharagpur-Midnapore UHF route

UHF system connecting Kharagpur with Midnapore was made over to Maintenance Division in November 1984 (after completion of proving-in which commenced in June 1984). The trunk call traffic handled by this system in 1985 was less than 50 *per cent* of the traffic anticipated to be handled in 1982 though according to the forecast made by the department,

there should have been annual growth of 15 *per cent* doubling in 5 years. The traffic anticipated and the traffic actually handled was as under (Table 19.2) :-

TABLE 19.2

Route	Anticipated traffic in 1982	Traffic handled in 1985
Calcutta-Midnapore	520 calls per day	162 calls per day
Kharagpur - Midnapore	492 calls per day	226 calls per day

Consequently, as against the anticipated annual revenue of Rs.15.15 lakhs, the revenue acruing on traffic actually handled was Rs.4.88 lakhs only. The projections made by the department were, thus, very much on the higher side.

(b) *Cuttack-Dhenkanal narrow band route*

The narrow band microwave system connecting Cuttack and Dhenkanal with a repeater at Haldibari (an existing repeater on Cuttack-Sambalpur route) has not been commissioned even by January 1986. The main reason for this was the non-completion of building at Dhenkanal, the construction of which was started in January 1983. Another reason was that the microwave tower at Haldibari repeater station collapsed in May 1984 due to cyclone and till November 1985 the department had not finalised the design to strengthen the foundation with the result that the tower at this place has not been re-erected. Due to non-commissioning of this route, the department has been losing a potential annual revenue of Rs.21.96 lakhs since 1982-83. Also the radio equipment received at a cost of Rs.43.05 lakhs for this route in 1983 remained unutilised.

(c) *Visakhapatnam-Bobbili-Koraput narrow band route.*

This narrow band spur route between Visakhapatnam and Koraput had not been commissioned completely. The section between Visakhapatnam and Bobbili had been acceptance-tested in May 1985 and proving-in orders for the system were awaited (October 1985). In the section between Bobbili and Koraput (falling in Eastern Project Circle area), even installation of the radio equipments had not been done due to non-completion of buildings at Koraput, Boddavalasa and Addumanda (December 1985). Besides, the under mentioned points also contributed to the delayed completion/non-completion of work on this spur route.

-- Non placement of orders for multiplexing equipment for the route till April 1983 and that for Bobbili station till September 1983.

-- Non-placement of orders for wave guide till July 1984.

-- Non-acquisition of land at 2 places (Addumanda and Boddavalasa) till October 1983.

-- Non-receipt of tower materials for Boddavalasa station.

-- Action not taken till December 1985 to procure coaxial cable and accessories required at Koraput.

-- Orders not placed till December 1985 for supply of battery and power plant for Koraput station.

Due to delay in commissioning of this spur route, the department has been losing a potential annual revenue of Rs.30.47 lakhs since 1982-83.

3. As mentioned earlier, the project alongwith its spur routes was targeted for commissioning by 1982. Delay in commissioning the project was mainly attributable to (a) delay in construction of buildings and (b) delay in procurement of apparatus and plant.

(i) *Buildings*

47 microwave buildings were initially planned to be constructed at different stations by 1979-80. The completion date was, however, shifted to 1981-82 while sanctioning the project estimate in March 1980. As against the normal period of 4/6 months required for construction of these buildings, the actual time taken for completion of these buildings was

far in excess as detailed below (Table 19.3) :-

TABLE 19.3

No. of buildings	Time taken
9	Between 12 months and 18 months
5	Between 18 months and 24 months
8	Over 24 months
4	Not completed (January 1986).

(ii) *Apparatus and plant*

Orders for supply of multiplexing (MUX) equipment, hyper group translation (HGT) equipment, pressurisation equipment etc. were placed on the Indian Telephone Industries (ITI) in November 1979 with delivery date as June 1980. The ITI had not commenced supply even by February 1983 where-upon the General Manager, Projects, Madras urged the P&T Directorate for taking necessary action for procurement of MUX and HGT equipments on priority basis as installation of radio equipments had been completed in 2 stations and the medium could not be utilised without MUX and HGT equipments He had also urged for the advisability of early import of HGT equipment being examined in July 1983 as supply by the ITI was very uncertain since production clearance had not been given. Supply of MUX equipment by the ITI commenced in March 1984. The department in the meantime, having cancelled in December 1983 all pending orders with the ITI for supply of HGT equipment, had to import ultimately HGT equipment which was received in January 1986. In the absence of HGT equipment, the microwave system remained grossly under utilised as only a few circuits working on coaxial medium had been transferred to the new medium.

Other topics of interest

1. *Deviation in specification for providing end link at Visakhapatnam*

The project estimate provided only for a coaxial end-link at Visakhapatnam considering the rocky terrain as unsuitable for laying and maintenance of coaxial cable, the department decided in June 1980 to explore the possibility of providing a rearward 11 GHz microwave end link and a fresh survey was conducted in April 1981. A detailed estimate for Rs.74.25 lakhs for providing the microwave end link was sanctioned in June 1984. The order for supply of 11 GHz equipment was, however, placed earlier in November 1983 on a foreign firm and supply received in May 1984. Meanwhile, anticipating delay in procuring the 11 GHz equipment, a decision was taken in June 1983 to install a 6 GHz end-link as a temporary measure utilising the spare equipments supplied for this project and Bangalore-Nagpur microwave scheme. For this purpose, 2 Nos. of 6 GHz antennae were diverted from Bikaner in January 1984 and the temporary end-link was commissioned in March-April 1984. On commissioning of the 11 GHz end link in April 1985, the two nos. of 6 GHz antennae diverted from Bikaner became surplus and instructions for their diversion elsewhere were being awaited (October 1985). The Coaxial cable received at Visakhapatnam (11.5 kms) was diverted to Ernakulam in April 1982 incurring an expenditure of Rs.1.02 lakhs on transportation.

2. *Stocking of cement*

About 60 tonnes of cement valued at Rs.0.48 lakh was lying at Midnapore from May 1983 (after construction of UHF building at that place). This fact also came to the notice of the General Manager, Telecom Projects, Calcutta in May 1984 who was of the opinion that

the cement might not be in useable condition. Though action was initiated in June 1984 for diversion of this quantity of cement to other works, nothing concrete had taken shape so far (January 1986).

3. *Loss on account of cables burnt during transit*

A consignment of 5 drum of coaxial cables despatched by HCL Roopnarainpur by Railway Wagon in October 1981 and received at Visakhapatnam was found to be completely charred due to fire accident in transit. A joint survey conducted by the Railway and P&T authorities in January 1982 confirmed this position. A claim for Rs.2.72 lakhs was preferred by the department (DET Microwave Project, Visakhapatnam) on the Railway administration in February 1982. The claim was, however, rejected by the Railway administration in September 1983 on the plea that the fire was caused due to improper loading by the sender. Chances of recovering the cost of burnt cables are remote. The department had been thinking (June 1985) of disposing of the burnt cable which was expected to fetch about Rs.0.41 lakh.

4. *Extra payment to contractor at higher rates for quantities in excess of deviation limits.*

For quantities of work executed beyond the deviation limit of 50 per cent, the contractor is allowed to claim extra rates for the increased quantity. This deviation limit is not applicable to foundation work. The department, however, paid a sum of Rs.0.70 lakh for work executed in excess of the deviation limits in respect of tower foundation work at 3 places (Nellore, Guntur, Abbineniguntapalem).

5. *Unnecessary blocking up of capital*

Orders were placed on HCL in August 1982 for supply of 12.5 kms. coaxial cable required for Madras station. However, as the existing tower and building at Harbour site were utilised for hoisting the antenna, wave guide and installation of radio and multiplexing equipments, the coaxial cable received could not be utilised thereby resulting in blocking up of capital to the tune of Rs.14.90 lakhs. The cables were diverted to another station (Srikakulam) in October 1985 involving extra expenditure on transportation. Incidentally, it is pointed out that there is no provision in this project estimate for laying coaxial cable at Srikakulam.

6. *Non-incorporation of expenditure incurred by civil divisions on construction of buildings and tower foundations.*

The construction of buildings and tower foundations at certain places had been entrusted to the civil wing of the department, the project organisation itself executing this work in other places. It was, however, noticed that the expenditure incurred by the civil divisions for construction of buildings and tower foundations was not being included/included partially in the total expenditure under 'Buildings'/Towers with the result that the overall expenditure as available in the records of the project organisation did not reveal the correct position as illustrated below (Table 19.4) :-

TABLE 19.4

Name of Project circle	Component	Expenditure incurred(Rs.in lakhs) By Project Organisation	By Civil Div.	Total	Total expenditure as incorporated in the Accounts of project	Remarks
		(Rs. in lakhs)				
Southern Project circle Madras	Buildings	60.12	33.83	93.95	61.48	Expenditure
-do-	Towers	234.42	25.26	259.68	244.27	upto August 85
Eastern Project Circle Calcutta	Buildings	15.40	46.67	62.07	26.21	Expenditure up to
-do-	Towers	61.94	42.39	104.33	70.10	December 1985

Summing up :

-- Kharagpur-Madras wide band microwave scheme targeted for commissioning by 1982 was only partially commissioned by December 1985.

-- There was a shortfall of Rs.3289.57 lakhs per annum in anticipated revenue due to actual STD traffic being far less than anticipations in the main route. Similarly, in respect of one spur route commissioned, the shortfall in revenue was Rs. 10.27 lakhs *per annum*.

-- The department has been losing potential revenue of Rs.52.43 lakhs *per annum* since 1982-83 due to non-commissioning of 2 spur routes.

-- Microwave system was grossly under utilised due to delay in procurement of HGT equipment which were received in January 1986 only.

-- Due to installation of a rearward 11 GHz microwave end-link at Visakhapatnam for which there was no provision in the project estimate, the department incurred extra expenditure of Rs.1.02 lakhs on transportation of coaxial cable from Visakhapatnam to another place.

The matter was reported to the Ministry in June 1986 and despite 4 reminders issued in August 1986, September 1986, October 1986 and November 1986 the comments were still awaited (December 1986).

20. Calcutta-North Bengal-Assam wideband microwave scheme

1. *Introductory.*

Posts and Telegraphs Department approved in July 1975 a scheme for installation of a wideband microwave system from Calcutta to Tinsukia covering North Bengal and Assam at a cost of Rs.1772.98 lakhs as the existing 7 GHz 300 Channel narrow band system on Asansol-Katihar-Siliguri-Coochbehar-Shilling-Tezpur-Jorhat-Tinsukia route was found to be inadequate to meet the demands of traffic for 1981 and also because certain routes had become important which were not covered by the existing system. The scheme envisaged installation of a wide band microwave system on the main route from Calcutta to Tinsukia, narrow band microwave systems on 6 of the 7 spur routes and a wide band system on the 7th spur route (Indo-Bangladesh link).

Project estimate for the work was sanctioned in October 1976 at a cost of Rs.1946.68 lakhs. The scheme was expected to be completed by 1980-81 and fetch a profit of Rs.654.81 lakhs per annum.

Review of the records relating to the project conducted by Audit during May-June 1985 revealed the following :

1. *Cost over-run*

The actual expenditure incurred upto March 1986 on the project was Rs.2976.16 lakhs which worked out to 152.88 per cent of the sanctioned estimated cost. Revised project estimate has not yet been prepared and approved.

2. *Non-achievement of physical targets and loss of plotential revenue*

The project was anticipated to be completed and commissioned during 1980-81. the actual position was as under (Table 20) :-

Thus, only 2 sections of the main route were commissioned before the target date (1980-81). One section was commissioned after a delay of 3 years and

TABLE 20

	Section	Date of commissioning	Extent of delay	Reasons attributed for delay
		A. Main route		
(i)	Calcutta-Katihar Siliguri-Coochbehar	August 1979	-	
(ii)	Coochbehar-Gauhati	February 1980	-	
(iii)	Gauhati-Jorhat	March 1984	3 years	Non-supply of radio/ multiplexing equipments by ITI
(iv)	Jorhat-Tinsukia	Not commissioned (June 1985)		1. Non-completion of civil works at all place involved. 2. Non-supply of radio equipments by I.T.I.
		B. Spur routes		
a)	Indo-Bangladesh link	March 1981	-	
b)	Indo-Bhutan link	December 1984	3 years 9 months	Non-supply of equipment by ITI
c)	Krishna nagar-Berhampur-Dhulian	Scheme dropped		
d)	Siliguri-Jalpaiguri/ Darjeeling	Not completed (June 1985)		Non-supply of radio and MUX equipment by ITI
e)	Dhulian-Malda	Scheme dropped		1. Non-completion of civil works.
f)	Gauhati-Bonagaigaon	Re-engineered as Rangjuly-Bongaigaon not commissioned (June 1985)		2. Non-supply of radio/ MUX. equipments by ITI 3. Scheme re-engineered 4. Local leads not available with N.E. circle.
g)	Calcutta-Ranaghat	Re-engineered as Ranaghat-Krishna nagar (November 1984) not commissioned (May 1985)		1. Equipments received for this scheme diverted 2. Fresh orders for supply of equipments not placed till September 84.

the fourth section from Jorhat to Tinsukia had not been commissioned even by June 1985. Of the 7 spur routes, only one route had been commissioned in time, one was commissioned after a delay of 3 years and 9 months, 3 routes had not been commissioned even by June 1985 and 2 routes had been given up. Due to non commissioning/delay in commissioning of the various routes, the department had lost potential revenue of Rs.6.66 crores upto March 1985.

3. *Shortfall in revenue due to anticipations not materialising.*

Even in the sections completed and commissioned, it was noticed that the Manual and STD traffic actually handled by the system during the years 1982, 1983 and 1984 was far below the traffic anticipated to be handled in 1980. The annual revenue accruing to the department, taking into account the traffic actually flowing was Rs.435.80 lakhs as against the anticipated revenue of Rs.1430.98 lakhs resulting in a shortfall of Rs.995.18 lakhs per annum. The cumulative effect of this shortfall of revenue for the period from 1981-82 to 1984-85 was Rs.3980.72 lakhs.

4. *Irregular and delayed supply of multiplexing (MUX) equipment and radio equipment by ITI.*

Orders for supply of MUX equipments and testing instruments for the main route from Calcutta to Shillong were placed on Indian Telephone Industries (ITI) in September 1977 with the date of delivery as December 1978. The supply by ITI was irregular with the result that though the imported radio equipments for the wideband route had been received and installed in Calacutta-Coochbehar section by August 1979 and in Coochbehar-Shillong route by January 1980, the system could not be commissioned for want of MUX equipment and the department had to divert MUX equipment from elsewhere for observing the system during the proving-in period for providing skeleton service. The supply from ITI was stated to have been completed in November 1983. Thus, even though the section from Calcutta to Gauhati had been commissioned by February 1980, the utilisation of circuits as envisaged in the scheme could not be achieved till November 1983. Similarly, in respect of another order placed on ITI in March 1979 for supply of 6 GHz radio equipment for Jorhat-Tinsukia route, the supply had not been completed by ITI even by June 1985. The buildings constructed and towers erected in this section could not be utilised. Though ITI is under the same administrative Ministry, there was no coordination between the department and ITI in regard to manufacture and supply of the equipment.

5. *Other topics.*

(a) Idling of equipment due to non-provision of local leads at Nowgong.

The Gauhati-Nowgong-Jorhat section of the main route was placed under proving-in with effect from 31st March 1984 and made over to Maintenance Wing in August 1984. The local cables connecting the Microwave station with the trunk exchange at Nowgong had not been laid (June 1985) with the result that the traffic expected to originate from and terminate at Nowgong on the wide band microwave system could not be put through and the radio equipments and the multiplexing equipment installed for this purpose (value : Rs. 25.68 lakhs approximately) remained idle from August 1984. This had resulted in potential loss of revenue of Rs. 1.23 crores upto July 1985 and also deprived the public of the benefits of a relaiable telecommunication medium.

(b) Non-utilisation of equipments due to re-engineering of spur routes.

Anticipating delay in supply of radio equipments for Krishnanagar-Dhulian spur route and in order to provide for S.T.D. circuits at Malda and Berhampur, the department decided in March 1981 to install DI-300 equipment at these two stations

on the main wide band route. Consequently, the narrow band route Krishnanagar-Berhampur-Dhulian was given up as the traffic did not justify narrow band route. As a result of this, the radio equipment/ multiplexing equipment (Cost : Rs.77.53 lakhs) for this route received in 1983-84 and 1984-85 were lying unutilised. The department stated (June 1985) that these were being diverted to some other schemes.

Another spur route Gauhati-Bongaigaon with 4 hops in between was re-engineered as Rangjuly-Goalpara-Bangaigaon system with 2 hops. As however, ITI had already supplied all the equipments worth Rs.100.44 lakhs for the originally planned 2 GHz Gauhati-Bangaigaon route, (consisting of 4 hops) the equipments for 2 hops (value : Rs. 50 lakhs approximately) had been rendered surplus due to re-engineering and awaited diversion elsewhere.

(c) *Non-recovery of liquidated damages.*

Orders for supply of 6 GHz wide band radio microwave equipment for Calcutta-Assam route were placed on a foreign firm in November 1976 for a total value of Rs. 447.11 lakhs (905.36 lakh Japanese Yens plus Rs. 42.94 lakhs). The stipulated date of delivery was 30th September 1977 which was latter on amended as 22nd November 1977. The supply of the equipment was completed in September 1978 resulting in delay of 9 months. As per the accepted tender (A/T), the purchaser was entitled to claim liquidated damages amounting to one per cent of the net total (f.o.b.) Japan price for each month of delay subject to a maximum of 5 per cent of the total f.o.b. price which worked out to Rs. 20.20 lakhs. The information on levy of liquidated damages or otherwise was awaited (November 1986)

Summing up:

-- Calcutta-North Bengal-Assam wide microwave scheme targeted for commissioning in 1980-81 had not been commissioned completely, one section of the main route and 3 spur routes, out of a total of 7, remained uncommissioned (June 1985) resulting in loss of potential revenue of Rs.6.66 crores up to end of March 1985.

-- Due to actual traffic handled by the system being far less than the projection made by the department, there was a shortfall in revenue of Rs.3980.72 lakhs during 1981-82 to 1984-85.

-- Due to irregular and delayed supply of equipments by ITI, the microwave system could not be utilised to the extent envisaged in the project estimate.

-- Non-provision of local cables at Nowgong had resulted in potential loss of revenue of Rs.1.23 crores.

-- Re-engineering of 2 spur routes had resulted in equipments worth Rs.127.53 lakhs becoming surplus to requirements.

The matter was reported to the department in June 1986 and despite 3 reminders issued in August, October and November 1986 the comments of the department were still awaited (December 1986).

21. Coimbatore-Salem 12 MHz coaxial scheme

Introductory :

Posts and Telegraphs Deplartment approved a scheme for Rs.259.69 lakhs in July 1978 for installation of a 12 MHz system between Coimbatore and Salem on the second pair of the existing 174/4 small tube coaxial cable for providing additional groups (circuits) on the coaxial route. The scheme also provided for 2 spur routes (i) Erode-Bhavani and (ii) Erode-Tiruchengode-Namakkal. The project estimate for Rs. 345.95 lakhs sanctioned in May 1980 (nearly 2 years after approval of the scheme) provided for 3 spur routes (i) Erode-Bhavani (ii) Erode-Tiruchengode and (iii) Salem-Rasipuram-Namakkal besides

the 12 MHz system Coimbatore-Salem route and the work was expected to be completed by 1981-82 fetching a net profit of Rs. 383.83 lakhs per annum. The main route and the spur routes were commissioned as under :

Main route (12 MHz)

Coimbatore-Salem	*- March 1986*

Spur routes (2.6 MHz)

Salem-Rasipuram-Namakkal	*- March 1983*
Erode-Bhavani	*- March 1983*
Erode-Tiruchengode	*- March 1984*

The expenditure incurred on the project upto the end of March 1986 was Rs.686.00 lakhs. The revised project estimate has not been sanctioned. The department stated (Octcber 1986) that the revised project estimate was under preparation.

2. A review of the records relating to the project revealed the following :

(a) *Delay in procurement of line equipments for main route.*

Orders on Indian Telephone Industries (ITI) were placed for supply of MUX equipment in October 1978 and for 12 MHz line and Super Master Group (SMG) equipment in February 1979, indicating therein that the latter would depend upon the successful evaluation of the ITI prototype equipment being installed in another route. Due to certain deficiencies found, the department decided in October 1979 to discontinue the evaluation of the ITI 12 MHz system and complete the installation of that route with imported equipment.

However, the project estimate sanctioned in March 1980 did not take cognisance of this development and project authorities were also in the dark about the alternate arrangement to be made for getting this equipment. Even in July 1981 they had to highlight that 12 MHz equipment to be supplied by ITI had not yet been cleared and hence suggested import of the equipment. Only in August 1982, the General Manager Projects, Madras came to know that the ITI had already ordered the import of this equipment and he informed the Directorate that he was expecting this in October 1982 However, ultimately this equipment with all connected auxiliaries and accessories were received only in March 1985. Meanwhile, certain multiplexing and channelling equipment received from the ITI for the scheme had been diverted to various other microwave divisions and action had to be initiated for getting back these diverted items in March 1985.

(b) *Delay in procurement of cable termination and jointing materials*

The work of installation of 12 MHz system on the existing 2 spare cores of the coaxial cable envisaged that the cable had to be led into repeaters at every 2 kms. for which purpose cable termination and jointing materials were required. Even though orders for supply of multiplexing equipment and line equipment were placed in 1978-79, order for supply of the cable termination and jointing material was placed on Hindustan Cables Ltd (HCL) in January 1982 only after the Director, Coaxial Cable Project, Madras brought it to the notice of the P&T Directorate in December 1981. The supplies from the HCL did not commence till July 1983 and had not been completed even by February 1985.

Though this also had its impact on the progress of the work, the department stated in October 1986 that no doubt order for the jointing material was delayed but still this was received much earlier to the equipments and hence not contributed to any delay in commissioning of the project. But this could have been only a fortuitous development. The procurement of the equipment and the cables in the above manner would indicate that the project authorities were not aware of the developments at different ends and came to know of them only at a later stage. The General manager, projects, Madras

stated (April 1986) that all the installation works for the Coimbatore Salem 12 MHz scheme had been compileted and the scheme commissioned in March 1986. On account of this delay (targeted date of commissioning being 1981-82) the investment of Rs. 236 lakhs upto the end of 1983-84 remained unproductive till the commissioning of the system in March 1986.

(c) *Spur routes*

In view of the decision taken in June 1980 to install the recovered line equipment from Secunderabad-Bangalore 2.6 MHz route for the spur routes, the original order on the ITI for line equipment placed in August 1979 was cancelled in June 1980. But a decision was taken in May 1982 to install Hirel version of 2.6 MHz line equipment in Erode-Tiruchengode route and an order was placed for additional equipment in August 1982.

However, as this spur route had already been commissioned in March 1984 by installation of a recovered 2.6 MHz equipment as mentioned above, the Hirel equipment (cost: Rs.23.16 lakhs) received from the ITI (September 1982 to August 1985) became surplus. The department stated in October 1986 that the Hirel equipment had been diverted to another coaxial scheme likely to be commissioned at the end of 1986-87. The diversion of this Hirel equipment could have been planned in 1984 itself on commissioning of the other spur route and necessary consignee instruction could have also been issued to the ITI in respect of equipments yet to be supplied by them.

(d) Buildings

As per the EFC memo of July 1978 and the project estimate (May 1980), no provision for the buildings in Salem-Coimbatore 12 MHz main route was made since the existing buildings could accommodate these requirements also. However, expenditure of Rs. 13.72 lakhs had been incurred for the construction of the third floor in the Salem-Shevapet Telecom. building to accommodate the coaxial requirements based on the administrative approval and expenditure sanction for Rs. 8.17 lakhs accorded in April 1979.

The General Manager (P), Madras stated (April 1986) that at the time of preparing the project estimate, it was assumed that the existing accommodation at Salem Coaxial station would be sufficient to cater to the future expansion and later on when it was decided to install a 2000 lines TAX at Salem, it was found that the existing accommodation at the coaxial station would not be sufficient to meet the future expansion of the multiplexing equipments required for loading the TAX and, therefore, a separate floor was ear-marked in the new TAX building to be constructed. The fact remains that the department had ample time to provide for this item in the project estimate as the need for building was in the knowledge of the department even as early as in April 1979.

22. Jullundhur-Srinagar microwave expansion scheme

Introductory

In January 1975, a project estimate for expansion of the existing narrow band microwave system and installation of a wide band microwave system on Jullundhur-Srinagar route was sanctioned at an estimated cost of Rs. 502.07 lakhs. The scheme considered to be remunerative earning a profit of Rs. 39 lakhs per annum was expected to be completed by December 1978 but was actually commissioned in two phases in June 1980 and November 1982. The actual expenditure on the project upto March 1986 was Rs. 849.49 lakhs which worked out to an excess of 69.11 per cent over the sanctioned cost. The revised estimate for Rs. 886.79 lakhs was sanctioned in November 1986.

2. A review of the records relating to the project conducted by audit in 1985 revealed the following :-

2.1 *Loss of revenue due to delay in commissioning and under utilisation of the system*

Delay in commissioning the project was attributed by the department to :-

(a) Late receipt of radio equipment,
(b) Delay in construction of building
(c) Working season in J&K being limited to six months in a year.

Due to delayed commissioning of the system, the department lost potential revenue of Rs. 363.92 lakhs upto the end of October 1982 (last section commissioned in November 1982).

Further, as against 69 groups planned to be provided on the system, only 37 groups had been commissioned till the end of December 1985 and the department proposed to provide the balance 32 groups in subsequent two years. The wide band microwave system, having a capacity of 150 groups, was, thus, very much under-utilised.

2.2 *Extra expenditure due to deviation from sanctioned project*

(a) The Project estimate provided for laying of single length of cable (10 kms.) from Radio station to Multiplex stations at an overall cost of Rs. 6.40 lakhs. However, two lengths of cables measuring 22 kms. were laid incurring an extra expenditure of Rs. 23.24 lakhs. Additional length of cable is reported by the department to have been laid as a standby. However, neither the Project estimate nor departmental instructions provide for laying of a second length of cable to serve as standby.

(b) The Project estimate provided only 4 engine alternators costing Rs.2.00 lakhs at four stations. However, 19 engine alternators at a cost of Rs. 19.68 lakhs were procured thereby exceeding the provision made in the project estimate by Rs.17.68 lakhs. Excess procurement and installation of engine alternators has been justified by the Director, Microwave Project, Jullundhur on the ground that electric power supply was erratic and voltage was low and that sanction of the competent authority for providing one/two engine alternators at each station would be obtained in the revised project estimate. Erratic power supply could have been foreseen and remedial works/estimates provided for in the project estimate even at the initial stages.

2.3 *Blocking up of capital*

Though the project estimate provided for only one tower at Jawahar Peak, orders had been placed for 2 towers in November 1973. Subsequently (May 1977) the proposal for erection of the second tower was not considered essential in view of the equipment already installed at two other places, viz. Benkot and Verinag. However, supply of materials for the second tower had been made between July 1975 and August 1977. The tower materials weighing 91.1 tonnes (cost :Rs.5.46 lakhs) are lying unutilised since August 1977 resulting in blocking up of capital for more than 8 years. Further, the department is incurring extra avoidable expenditure at the rate of Rs.800 per month for safeguarding these tower materials.

2.4 *Avoidable extra expenditure*

In response to tenders invited and opened on 18.2.1980, the only tenderer who had offered to undertake the work for hoisting and fixing of mixrowave antenna at an estimated cost of Rs.12,500 had laid the condition which read as "our rates are subject to permission of departmental transport of our equipment and labour for all the stations". This condition was misconstrued to mean that the contractor had asked the department to provide labour and since the department had no skilled labour, the tender was not accepted and fresh tenders were invited in July 1980. Out of three tenders received, the tender of the same firm was lowest and the firm offered to carry out the work at a cost of Rs.18,550 but the work was not awarded to it. No reasons for non-acceptance of this offer were found to have been recorded. Short term tenders

were called for and opened in March 1981. The only tenderer, firm 'B' offered to carry out the job at Rs.73,000. However, the work was awarded to firm 'B' at negotiated rate of Rs.49,410, thus incurring extra expenditure of Rs.30,860 (Rs.49,410 minus Rs.18,550).

2.5 *Surplus multiplexing equipment lying unutilised*

Multiplexing equipment at Jullundhur Microwave Station was shifted in January 1977 from the existing microwave room to the new MUX room in the telephone exchange. The multiplexing equipment worth Rs. 5.15 lakhs thus shifted and rendered surplus had not even been diverted elsewhere. The Director, Microwave Projects (North), Jullundhur stated (August 1986) that some of the multiplexing equipment had been utilised for commissioning some groups in another route and the rest were with the maintenance organisation.

2.6 *Expenditure on purchase of two vehicles in 1984*

Although the project had been completed and commissioned in November 1982, two vehicles were purchased against this project in October 1984 at a cost of Rs.1.88 lakhs. The justification for the belated purchase of the vehicles was not on record.

Summing up

- Against the targeted date, viz. December 1978, the scheme was commissioned completely in November 1982.
- Due to delay in commissioning of the system the department lost a potential revenue of Rs.363.92 lakhs upto October 1982.
- There was underutilisation of the system as only 37 groups out of the planned capacity of 69 groups had been commissioned upto December 1985 as against the optimum capacity of 150 groups.
- Deviation from the sanctioned project in respect of purchase of engine alternators and cables resulted in extra expenditure of Rs. 40.92 lakhs.
- There was blocking up of capital of Rs.5.46 lakhs for over 8 years due to surplus tower materials (91.1 tonnes) remaining unutilised.
- Due to award of work to a contractor at higher rate extra avoidable expenditure of Rs.0.31 lakh was incurred in the work of hoisting antenna.

The matter was reported to the department in July 1986 and despite 3 reminders in September, October and November 1986, the comments of the department were still awaited (December 1986).

23. Nagpur-Bangalore wide band microwave scheme

Introductory

The department sanctioned a project estimate in March 1980 for Rs.1344.57 lakhs in respect of the above mentioned scheme which envisaged installation of

(i) A(1+1) 1800 channel wide band microwave system on Nagpur-Secunderabad-Bangalore route (1129 kms.)

(ii) A 2 GHz 300 channel narrow band microwave system on Nagpur-Chindwara route (100 kms.)

(iii) A 7 GHz 300 channel narrow band microwave system on Secunderabad-Gulbarga route (205 kms.)

The main objective of the scheme was to provide an alternate medium to the existing coaxial medium on the main route (Nagpur-bangalore). The project estimate envisaged an annual profit of Rs. 222.47 lakhs representing a return of 16.54 per cent on the capital. While the EFC memo approved in October 1978 expected the scheme to be completed by 1981-82, the project estimate was not specific

about the date of completion and indicated that the scheme was expected to be commissioned within about 4 years from the date of receipt of all equipments and stores. However, the phasing of expenditure on the project was shown to spread over upto the end of 1982-83.

The project had not been completed even by May 1986. The position (May 1986) regarding commissioning/placing under proving-in of the various sections of the main route from Bangalore to Nagpur was as under :

Name of Section		Commissioned/ placed under proving-in
(i)	Bangalore-Guntakal	March 1983
(ii)	Guntakal-Raichur	
(iii)	Raichur-Hyderabad	March 1984
(iv)	Hyderabad-Nizamabad	
(v)	Nizamabad-Chandrapur	Not commissioned
(vi)	Chandrapur-Nagpur	Placed under proving-in in May 1986.

One of the two spur routes viz. Secunderabad-Gulbarga which was subsequently re-engineered as Mamadgi-Gulbarga route was commissioned in August 1985. The other spur route, Nagpur-Chindwara has not been commissioned even upto May 1986. The total expenditure incurred on the project upto the end of March 1986 was Rs. 1774.44 lakhs against the sanctioned cost of Rs. 1344.57 lakhs.

A review of the records relating to the project conducted by Audit during September 1985, October 1985 and May 1986 revealed the following :

1. *Delay in execution of work in Nagpur-Hyderabad section (Western Project Circle)*

While the work of the main route between Bangalore and Hyderabad executed by Southern Project Circle had been completed and the system commissioned in March 1984, the portion between Hyderabad and Nagpur executed by Western Project Circle had not been commissioned even by May 1986 except for one section (Nagpur-Chandrapur) which had been placed under proving-in during May 1986. The main reasons for slow execution of work in this section were (i) delay on the part of the Civil Wing of the department in construction of buildings for two microwave terminal stations at Chandrapur and Nizambad which were completed only in January 1986 and February 1986 respectively (ii) delay in supply of tower materials by the firm on whom orders were placed in March 1980 for supply of towers for eleven stations on Nagpur-Hyderabad section. The supply of towers by the firm was erratic and in respect of five stations the supply was completed in December 1985 even though the supply was to have been completed in March 1981. The department extended the delivery date upto 30th September 1985 without levy of liquidated damages. This delay would further been accentuated due to collapse of a tower while under erection at Mukutben in April 1986 which required dismantlement and re-erection after obtaining supplies in respect of damaged tower materials.

Due to this delay, the radio equipment imported in 1980 (value: 33.43 crores Japanese Yens equivalent to Rs.154.50 lakhs) had remained idle. The department had meanwhile lost the benefit of the warranty clause in the agreement as the warranty would expire 12 months after the date of 'Taking Over Certificate' of the equipment or 36 months from the date of shipment of last material whichever would be earlier. The equipments having been supplied by the firm during September 1980 and October 1980, the warranty clause could not be effective after October 1983.

2. *Loss of potential revenue due to delay/non-commissioning of the various sections of the main route and the spur routes*

As mentioned earlier, the microwave system had been commissioned between Bangalore and Hyderabad in phases during March 1983 to March 1984 and one of the spur routes had been commissioned in August 1985. The other spur route and

the portion of the main route between Hyderabad and Chandrapur (the section Nagpur-chandrapur had been placed under proving-in in May 1986) had not been commissioned so far. Due to delay/non-commissioning of the various sections of the main route and the spur routes there had been a loss of potential revenue to the department to the tune of Rs.786.03 lakhs till March 1986.

3. *Non-achievement of targets in respect of STD and manual trunk traffic*

In the sections commissioned, the STD traffic and the manual trunk traffic actually flowing in 1984 and 1985 vis-a-vis the anticipations made by the department are indicated below (Table 23) :-

TABLE 23

(a) STD traffic

Sl. No.	Route	STD traffic anticipated for 1982 (In Erlongs)	STD traffic actually handled (In Erlongs)	
			1984	1985
1.	Hyderabad-Guntakal	58.8	8.2	10.1
2.	Hyderabad-Bangalore	153.4	35.5	40.8

(b) Manual Trunk Traffic

Sl. No.	Route	Trunk traffic anticipated for 1982 (No. of calls)	Trunk traffic actually handled (No. of calls)	
			1984	1985
1.	Hyderabad-Guntakal	680	128	114
2.	Hyderabad-Raichur	822	50	165
3.	Hyderabad-Bangalore	439	634	731
4.	Guntakal-Raichur	476	86	77
5.	Raichur-Bangalore	422	262	300

It may be seen from the above that excepting for the manual traffic in the route Hyderabad-bangalore which registered an increase over the earlier anticipations, the traffic (both STD and manual) actually flowing on other routes was far below the anticipations of the department. The revenue on STD and trunk calls which would accrue to the department based on the traffic in the years 1984 and 1985 was Rs.291.68 lakhs per annum as against Rs.1003.80 lakhs anticipated. There was, thus, short-fall of revenue amounting to Rs. 712.12 lakhs per annum in spite of increase in tariff rates. The cumulative effect of this shortfall was Rs.1424.24 lakhs for two years.

4. *Equipment rendered surplus due to re-engineering of spur route*

Initially, the 7 GHz narrow band spur route between Hyderabad and Gulbarga was planned as a six hop system with five repeaters between the two terminals at Hyderabad and Gulbarga and orders for radio equipments, wave guides, etc. were placed accordingly in February 1981. The first four repeaters proposed for this route were already functioning on existing wide band route between Hyderabad and Pune. In September 1984, the project organisation proposed to the Directorate for re-engineering of this route as Homnabad-Gulbarga narrow band route by introducing a DI-300 equipment at Homnabad on the existing wide band microwave system as this would result in passing over four repeaters and saving radio equipments, wave guides, antenna, etc. The proposal was slightly altered (October 1984) to provide DI-300 equipment at another station, Mamadgi instead of Homnabad and re-engineer the route as Mamadgi-Gulbarga narrow band route. The DI-300 equipment was diverted from the Western Maintenance Region and installed at mamadgi by June 1985 and the re-engineered route was commissioned in August 1985. the approval of the Directorate for this re-engineering was given in June 1985/August 1985. By this re-engineering of the route, radio equipments for two terminals and two repeaters besides six antennae and wave guide (total estimated cost Rs. 34.91 lakhs) were rendered surplus. Radio equipment for 2 terminals and 2 repeaters were stated to have been utilised on another route which

was commissioned in March 1986.

5. *Non-acquisition of land at Khelod*

The case regarding acquisition of 0.67 hectare of forest land at Khelod, one of the repeater stations on Nagpur-Chindwara spur route, was initiated by the project organisation in February 1980. After protracted correspondence, the Government of Madhya Pradesh decided (September 1983) not to allot the forest land to the P&T Department and wanted the department to carry out the project outside the area covered by the forest department. The department took up the matter again with the State Government at higher level, but nothing tangible had been achieved so far (may 1986). In the meantime, the department worked on the idea of locating an alternate site (August 1984) and re-survey of the route was conducted in September 1984. This was, however, not pursued further. Due to non-acquisition of land for Khelod repeater station, the 7 GHz spur route between Nagpur and Chindwara could not be commissioned so far (May 1986). Investment of Rs.103.17 lakhs on towers, radio equipments, MUX equipments etc. as at the end of 1985-86 remained unproductive.

6. *Non-commissioning of centralised supervisory control system*

Provision of centralised supervisory systems in the main central stations at Bangalore and Nagpur was expected to make it possible to have complete centralised supervision of the system through which the status of the whole system would be available at any moment in the form of print-out as well as CRT displays. The cost of the system was Rs. 7.99 lakhs (210.98 lakh Japanese Yens) per station. These equipments had been received along with the other equipments in 1980. In June 1984, the Director, Microwave Project, Bangalore apprised the P&T Directorate that it had not been possible to commission the centralised supervisory equipment as the company had not supplied all the required drawings for testing this equipment and suggested for deputation of the company's engineers for commissioning of the equipment. The centralised supervisory system could not be commissioned till July 1985. Thus, the centralised supervisory system procured at a cost of 421.96 lakh Japanese Yens equivalent to Rs.15.98 lakhs (excluding customs duty etc.) had been lying idle since 1980. The centralised supervisory equipment at Bangalore is stated to have been commissioned later in September 1986.

7. *Avoidable extra expenditure likely to be incurred on procurement of high power terminations*

Equipments for repair centres were included in the orders placed in September 1979 for import of radio equipment from a foreign firm. The equipment for repair centres was supplied by the firm along with the rest of the equipments in September 1980 and October 1980. In September 1984, the department wrote to the supplier about the non-supply of high power terminations for the repair centres without which it was difficult to make effective use of the repair centres. It was observed that the department had not brought to the notice of the firm the non-receipt of the high power terminations when it addressed the firm in May 1983 regarding short receipt of equipments. The firm expressed its inability to supply free of cost the above high power terminations as the warranty period of 36 months had expired in October 1983. Thus, the department was rendered liable to incur extra expenditure (not quantified) in procuring this equipment which was avoidable.

8. *Damage to batteries due to improper handling*

350 nos. of 400 AH batteries were obtained by the project organisation from Circle Telecommunication Stores (CTS), New Delhi in December 1984 and brought to Hyderabad by road transport. On opening the packing cases at Hyderabad, 159 batteries valued at Rs.2.54 lakhs were

found to be damaged beyond use. The CTS, New Delhi contended that the batteries were delivered to project staff at New Delhi in good condition and that the damages would have been caused during transit or loading/unloading. As the batteries were out of warranty and guarantee period, the supplier firm quoted Rs.0.26 lakh as the cost of the parts to replace the damaged ones. Thus, due to improper handling, the department was liable to incur an extra expenditure of Rs.0.26 lakh to bring the batteries into working condition. The damaged batteries had not been repaired even by June 1986.

9. *Non-adjustment of advance paid to firm for supply of tower materials*

Orders were placed (March 1980) on a firm for supply of tower materials for fourteen stations (11 heavy weight towers and 3 light weight towers). The supply of the light weight towers was subsequently cancelled in July 1984 at the behest of the firm. However, the advance of Rs.3.00 lakhs paid to the firm in June 1980 for these 3 towers had not been adjusted even upto May 1986.

10. *Inordinate delay in the construction of microwave terminal buildings at Chandrapur and Nizamabad*

The work for construction of microwave terminal building at Chandrapur was awarded to firm 'A' by the Civil Wing of the department in May 1982 after inviting tenders. The work was to be completed within 9 months (i.e. February 1983) but was actually completed in January 1986 (after 3 years) due to (i) unsuitability of the site for which the department had to spend Rs.1.45 lakhs (approximately) to bring it to a suitable condition (ii) change in the opinion of the microwave authorities regarding horizontal extension of building and (iii) slow progress of work by the contractor even from the beginning.

The department did not contemplate any action against the contractor till August 1985 for the slow progress of work. It was then decided to issue a show cause notice under the relevant clauses of the contract. The notice was however not served on the contractor who was allowed to complete the work in January 1986. The reasons for the slow progress on the part of the contractor were attributed to his illness, financial crisis and lack of management. The question of levy of plenalty on the contractor for the inordinate delay was stated to be under consideration (may 1986).

Similarly, in respect of another station (Nizamabad) for which work was awarded in December 1982 for completion in 10 months, the building was actually comp leted in February 1986.

As earlier stated, this inordinate delay in the construction of the above two buildings had also been a contributory factor in non-commissioning of the system between Nagpur and Hyderabad.

Summing up

-- The microwave system which was expected to be completed by 1982-83 had not been commissioned in full even by May 1986.

-- Due to delay in commissioning and non-commissioning of various sections there had been a loss of potential revenue to the department to the tune of Rs.786.03 lakhs till March 1986.

-- The STD and manual trunk traffic handled during 1984 and 1985 in the sections commissioned was far less than those anticipated for 1982. On account of this, there had been a shortfall of revenue to the tune of Rs.712.12 lakhs per annum. The cumulative effect of this shortfall was Rs.1424.24 lakhs in 2 years.

- Re-engineering of one of the spur routes had resulted in equipments worth Rs.34.91 lakhs being rendered surplus

- Due to non-commissioning of the spur route investment of Rs.103.17

lakhs on towers, radio equipments, MUX equipments, etc. had remained unproductive.

- Due to non-commissiong of the centralised supervisory control system, equipments worth Rs.15.98 lakhs, received in 1980, had been lying idle.
- An advance of Rs.3.00 lakhs paid to a firm in 1980 for supply of three light weight towers, the supply of which was cancelled subsequently in 1984 at the behest of the firm, had not been adjusted so far (may 1986).
- There had been inordinate delay in the construction of two microwave terminal buildings by the Civil Wing of the department which was one of the main factors responsible for non-commissioning of the system till May 1986.

The matter was reported to the department in July 1986 and despite 3 reminders in September, October and November 1986, the comments of the department were still awaited (December 1986).

24. *Expansion of Bhatinda MAX I from 2100 to 2700 lines.*

Two project estimates for expansion of Bhatinda MAX I from 2100 to 2400 lines and from 2400 to 2700 lines were sanctioned by the General manager, Telecommunication, North West Circle, Ambala in September 1978 and April 1981 for Rs.13.01 lakhs and Rs.13.14 lakhs respectively. The expansion from 2100 to 2400 lines was commissioned in March 1983 and the next expansion from 2400 to 2700 l;ines in March 1984.

Review of the records of the Project revealed the following :

2.1 *Inadequacy of STD circuits*

The equipped capacity of the exchange was expanded from time to time but no new STD circuits were added to cope with the increased traffic in subscribers trunk dialing, resulting in a very high percentage of failure of STD calls as given below (Table 24.1) :-

Table 24.1

Year	Percentage of actual failure 'O' level	Percentage of permissible failure 'O' level	Percentage of excess failure 'O' level
1982-83	42	28	14
1983-84	67	28	39
1984-85	70	28	42

In February 1982, the P&T Directorate had suggested increase of STD circuits from Bhatinda to Ambala from the existing 15 to 24. The additional circuits have not been provided for over three years. Inadequacy of STD circuits resulted in abnormally high percentage of failure of STD calls and consequential loss of potential revenue of Rs.10.88 lakhs approximately during 1983-84 and 1984-85. The percentage of failure of STD calls had also increased from 42 in 1982-83 to 70 in 1984-85. The department stated (November 1986) that though the increase in circuits from 15 to 24 was approved in August 1982, channel allocation for 7 channels and 2 channels could be issued only in November 1985 and January 1986 respectively due to non-availability of the media and after installation of the equipment the circuits were commissioned in June 1986.

2.2 *Loss of revenue of Rs.7.70 lakhs on account of non-achievement of targets fixed for effective trunk calls.*

The yearwise particulars of the trunk calls booked, calls matured, ineffective calls vis-a-vis the targets fixed for effective calls are tabulated as under (Table 24.2) :-

TABLE 24.2

	1982-83	1983-84	1984-85
1. No. of calls booked	4,79,432	4,82,045	5,05,174

2. No. of calls matured	3,35,151	3,38,200	3,55,700
3. No. of ineffective calls	1,44,281	1,43,845	1,49,474
4. Percentage of effective/ ineffective calls			
Effective	69.9	70.2	70.4
Ineffective	30.1	29.8	29.6
5. Revenue (Rs. in lakhs)	34.57	34.57	38.93
6. Targets fixed for effective calls (in percentage)	78	76	76
7. No. of calls cancelled due to departmental failure	84,502	1,03,087	1,13,015
8. Percentage of calls cancelled due to failure	17.6	21.4	22.4

It would be seen that the department had reduced its targets for effective calls during 1983-84 and 1984-85 from 78 per cent to 76 per cent. Even then, the department failed to achieve the target fixed for effective calls resulting in loss of potential revenue to the extent of Rs. 7.70 lakhs during 1982-83 to 1984-85. the percentage of calls cancelled due to departmental failures had risen from 17.6 in 1982-83 to 22.4 in 1984-85.

25. Installation of 1000 lines trunk automatic exchange (TAX) at Salem.

1. *Introductory*

As a part of the plan for introducing nation wide subscriber trunk dialling, the Posts and Telegraphs Department proposed (February 1981) installation of a trunk automatic exchange (TAX) at Salem with an initial capacity of 1000 lines. The project estimate was sanctioned in June 1981 for Rs. 149.33 lakhs. The TAX was expected to be commissioned during 1982-83, fetching a net profit of Rs.21.11 lakhs per annum which worked out to 14.13 per cent of its capital cost. The TAX was commissioned in February 1985, involving a delay of nearly 2 years. The actual expenditure booked against the project upto March 1986 was Rs. 174 lakhs.

2. A review of the records relating to the project revealed the following :

2.1 *Under - utilisation of the TAX capacity*

At the time of planning, it was expected that the TAX would require 1610 lines for handling the STD traffic to and from the stations proposed to be connected to Salem TAX. It was, however , observed that even after two and a half months of commissioning of the TAX in February 1985, only 638 lines had been utilised and another 145 lines had been utilised by June 1986 making a total of 783 lines, working out to 78.3 per cent of the installed capacity. This indicates considerable under-utilisation of the TAX. The forecast made by the department was un-realistic as full utilisation of 1000 lines was expected on commissioning of the TAX.

2.2 *Avoidable extra expenditure on laying link cable :*

The project estimate having not provided for any cable component though it was a "prerequisite" for the commissioning of the TAX, the General Manager, Telecommunications, Tamil Nadu Circle, Madras sanctioned another project estimate in January 1984 for Rs. 9.21 lakhs for laying link cable between (i) Salem main exchange and TAX (1.3 km) (ii) Mayyanur exchange and TAX (4.5 km). The provision was for 400 pair cable between Salem Main exchange and TAX and 200 pair cable between Mayyanur exchange and TAX. The cables were laid by incurring an expenditure of Rs. 3.72 lakhs in respect of TAX and Salem main exchange route and Rs. 4.85 lakhs in respect of

TAX and Mayyanur route. This expenditure also should have been correctly added to that of the regular project (Rs. 174 lakhs) and taken note of in preparing revised project estimate.

As pointed out in para 18 of CAG's Audit Report (P&T) for 1978-79, spare cable was available between Salem main exchange and coaxial building in Shevapet telephone exchange complex (in which the TAX is located now). The department then stated (December 1979) that the extra cable pairs would be progressively brought into use. But as even by July 1986 (6-1/2 years later) 452 pairs of cable remained unutilised, the department could have reckoned these against their requirements in 1984 itself and avoided extra expenditure of Rs.3.72 lakhs in laying additional cable between the TAX and Salem main exchange in 1984.£

2.3 *Procurement and installation of additional higher capacity (750 KVA) transformer.*

As per the initial assessment made by the Divisional Engineer, Phones, Salem in June 1983, the telephone exchange building at Shevapet required electric power supply of 500 KVA initially with an ultimate requirement of 800 KVA. However, the electrical wing of the department assessed (June 1983) the requirements as 500 KVA by November 1983 and 1250 KVA by end of 1984. Based on this assessment, the existing 100 KVA transformer was replaced by a 500 KVA transformer in September 1984. Another 750 KVA transformer was obtained and installed in May 1985 (cost Rs.9.59 lakhs). The actual load in telephone exchange complex at Shevapet between December 1984 and June 1986 was less than 500 KVA ranging between 198 KVA and 492 KVA excepting for two months November 1985 and December 1985 when the actual load was 536 KVA and 544 KVA respectively. Thus, the actual demand was less than 50 per cent of the installed capacity of 1250 KVA. the department had, therefore, not assessed the requirements correctly in 1983 which resulted in procurement of an additional higher capacity (750 KVA) transformer than actually needed.

2.4 *Delay in installation of airconditioning plant.*

In order to provide for airconditioning of the telephone exchange building at Shevapet, the airconditioning cell of the department sanctioned (May 1981) a detailed estimate for Rs.12.89 lakhs for providing 2 Nos. of air-conditioning (AC) units. The work of supply, installation and commissioning of the AC plant was awarded to 2 firms in January 1982/February 1982. According to the terms of the agreement, the central airconditioning plant should have been made available for operation in the middle of 1983. However, this was done from November 1984 due to delayed execution of allied works and non-coordination between the two contractors. After completion of winter test, the plant was taken over in March 1985. The department stated (November 1986) that the question of recovery of liquidated damages would be considered while releasing the final payment. In the meantime, pending provision of centralised AC plant, it was decided (December 1982) to provide 10 room air conditioners for the telephone exchange building. However, these were made available in November 1983 only at a total cost of Rs. 0.72 lakh. There was no facility of airconditioning for over a year since the commencement of the installation of the sophisticated equipment (October 1982) even though departmental instructions prescribed that AC facility should be available by the time the unpacking and installation of the equipment started. The room air conditioners were stated to be faulty and not effective resulting in unsatisfactory performance (October 1984). Information about (i) expenditure incurred for rectification of the faulty room air conditioners and of action, if any, taken against the supplier and (ii) utilisation of these room air conditioners after the main airconditioning plant was commissioned in March 1985 was awaited.

26. **Expansion of Madurai trunk automatic exchange.**

A trunk automatic exchange (TAX) with 800 lines was commissioned at Madurai in November 1980. Even before

commissioning of the 800 lines exchange, its further expansion to 2200 lines was sanctioned in July 1979 at a cost of Rs.156.38 lakhs. The expansion was completed in March 1983 against the target date of January 1982, at a total cost of Rs.186.68 lakhs (expenditure booked upto June 1985).

2. *Utilisation of capacity :*

Based on the anticipated traffic for 1983 from the existing exchanges and exchanges that would be connected to Madurai TAX, the department projected in 1979 that by 1982 a total of 1853 circuits would be required. The department had issued instructions in October 1979 to keep the media ready so as to utilise the expanded capacity of this TAX. However, only 513 circuits were utilised upto March 1986 out of the expanded capacity of 1400 lines.

Poor utilisation of expanded capacity was mainly due to (a) non-connection of exchanges contemplated in the expansion project to TAX and (b) in respect of routes already commissioned circuits were utilised to a lesser extent than indicated in the traffic matrix and circuits distribution chart as actual traffic did not come up to the extent anticipated.

The expansion project contemplated connection of 11 exchanges to Madurai TAX. A decision was, however, taken in December 1983, nine months after commissioning of the expansion, to connect 29 dependent stations to Madurai TAX besides 12 inter-TAX routes. Out of these, 10 dependent stations still remained unconnect these stations were not ready despite issue of instructions by the DGP&T in October 1979. Out of 12 inter-TAX routes, 2 routes, viz. Madurai -Vijayawada and madurai-Hyderabad were not commissioned till July 1986 owing to non-completion of traffic trials and non-allocation of channels respectively. Thus, there was lack of proper planning and coordination on the part of the department.

The cost of expansion project worked out to Rs.13,335 per line as against the provision of Rs.9,100 per line.

The department stated (July 1986) that the forecast assumed growth of the net work by addition of more TAXs and the connection of more stations and that the assumptions were not realised due to inadequate growth of the net work resulting in non-realisation of the traffic forecast.

27. Installation of Trunk Automatic Exchange at Siliguri

With a view to integrating Siliguri secondary area with National Automatic Trunk Network, a decision was taken in December 1977 to install a 500 line trunk automatic exchange (TAX) at Siliguri. The Director General, Posts and Telegraphs (DGPT) sanctioned (September 1978) the project at an estimated cost of Rs.56.36 lakhs. The project was expected to yield a revenue of Rs.36.38 lakhs per annum.

The equipment for TAX was included in the supply programme of Indian Telephone Industries (ITI) for the year 1978-79. The exchange was targeted for commissioning in March 1982 which was subsequently changed to February 1983. The installation work commenced in May 1980 and the TAX was commissioned in March 1983 at a cost of Rs. 62.23 lakhs. The slow progress of the installation work was attributed to non-availability of staff, non-receipt of essential items of stores from the ITI, non-supply of equipment in sequential order and wrong despatch of equipment to different stations.

The department had projected in March 1980 that by 1982 a total of 409 circuits would be required which was subsequently (July 1983/November 1983) revised to 421. However, only 307 circuits were utilised upto March 1985 even after 2 years of its commissioning. Poor utilisation of the installed capacity was mainly due to non-availability of transmission media and non-commissioning of distant stations despite issue of specific instructions in March 1980 by the DGPT. Due to non-utilisation of the TAX capacity, the capital invested to the tune of Rs.24.02 lakhs remained unproductive. The department stated (Setpember 1986) that the utilisation had since been increased to 327.

When the initial installed capacity had not been utilised, even to the extent of 50 per cent, another project for expansion of TAX to 1000 lines was sanctioned (July 1983) by the General Manager, Telecommunications (GMT), Calcutta at a cost of Rs.79.69 lakhs. The supply of the equipment commenced in August 1984 and equipment costing Rs.11.96 lakhs had been supplied upto May 1986. The GMT stated (November 1985) that the Telecom. Directorate was requested to review the expansion programme as it was not considered necessary in view of the fact that many planned STD stations and media would not be ready during the Seventh Five Year Plan. No decision has yet been taken by the Directorate in this regard. The equipment procured at a cost of Rs.11.96 lakhs is lying unutilised. The department however, stated (September 1986) that the expansion was justified as per the projected forecast for 1990 and the expansion was in progress. The fact remained that there was no such mention about the justification in the sanctioned project estimate. On the contrary, the expansion was programmed for 1986-87 as per Plan document for 7th Five Year Plan circulated in January 1986.

28. Bombay Trunk Automatic Exchange

1. *Introduction*

1.1 The first trunk automatic exchange (Penta conta cross bar type) at Bombay was commissioned in March 1969 in City Telephone Exchange Building with an initial capacity of 2500 lines which was subsequently increased to 3500 lines in September 1974 and to 5000 lines in June 1978. This exchange was functioning as one of the main four switching centres in the national STD net work.

1.2 As the existing penta conta TAX functioning at Bombay City Exchange could not be expanded further owing to capacity limitation and want of space in the building, an 8000 lines (5000 main + 3000 extension) stored programme controlled electronic TAX (SPC-E-TAX) was planned and commissioned in April 1983 at Prabhadevi Telecom Exchange building. The main switching equipment for this SPC-E-TAX was imported from Japan. Besides these two exchanges, an incoming Trunk Tandem Exchange (Hitachi cross bar) of 1000 lines capacity was commissioned in two phases, i.e. in October 1981 (500 lines) and August 1983 (500 lines). A scrutiny of the project (for installation of SPC-E-TAX) in audit (September 1985) revealed the following

2. *Execution of expansion from 5000 to 8000 lines without sanction of project estimate*

2.1 The proposal for installation of 5000 lines SPC-E-TAX was approved by the Public Investment Board in January 1980. The sanction to the project estimate was conveyed by the Director General, Posts and Telegraph (DGPT) New Delhi in May 1980 at an estimated cost of Rs.949.45 lakhs.

2.2 The project envisaged an anticipated gross total receipt of Rs.860.40 lakhs

per annum against the annual recurring expenditure of Rs.133.27 lakhs. The return on capital outlay worked out to 74.3 per cent. The anticipated revenue for this 5000 lines project by 1983 was worked out on estimated traffic projected from 1978 traffic data.

2.3 The proposal for further expansion of SPC-E-TAX by 3000 lines (5000 to 8000) was approved in March 1981. The gross annual revenue from this expansion project was estimated as Rs. 332.10 lakhs against corresponding annual recurring expenditure of Rs.146.53 lakhs. The net profit worked out to Rs.185.58 lakhs on the capital outlay of Rs.1071.41 lakhs (rate of return 17.3 *per cent).* Though the expansion of 3000 lines SPC-E-TAX was commissioned concurrently with the main project of 5000 lines in April 1983, the project estimate has not been sanctioned so far (March 1986). The DGPT had asked for resubmission of the project estimate on actual expenditure basis. However, the expenditure on both these projects was booked against 5000 lines main project except for a sum of Rs.96.77 lakhs which was booked against the unsanctioned project.

In the Expenditure Finance Committee Memo approved in March 1981 for further expansion by 3000 lines, while the capacity required for traffic forecast for 1983 was taken as 16500 lines, from the expectation that 12000 lines would be available by 1982, the expansion required by 1983 was arrived at as 4500 lines. However, considering the fact that there were slippages in commissioning of the TAXs and automatisation of exchanges in certain sectors, the additional requirement was whittled down to 3000 lines.

It was noticed in audit that while computing the capacity required to meet the forecast for the year 1983, the department had not built in the effect of STD barring factor of 20 per cent reduction which would have reduced the capacity requirement to 14111 lines. Further, if the reduction by 1500 lines due to slippages was superimposed on this, the possible future demand of 1983 would have worked out to 12600 lines only, and requirement for additional lines would have 600 only. The department had indicated that, reckoning STD barring factor, the build up of the additional capacity of 3000 lines would meet the requirement upto 1984 also. However, as brought out in paragraph 5.1 below, even by the end of December 1985 the utilisation has not been more than 8732 lines revealing that the cushion built up has been far in excess.

3. *Standy A.C. plant*

3.1 The work relating to supply, installation and commissioning of standby AC Plant provided in the project estimate was awarded to a firm in July 1981 for Rs.9.84 lakhs excluding the cost of spares. The supply, installation and commissioning were to be completed by November 1981 and this date was later extended to February 1982. Finally the plant was installed in June 1982. The monsoon test was conducted in September-October 1982 and the summer test in May 1983. The Acceptance Testing Wing had recommended for taking over of the plant pending rectification of the defects by the firm. The following defects were pointed out in the joint inspection conducted (September and October 1983) by the Acceptance Testing Wing, a representative of the firm, and by the Deputy General manager (SPC-E-TAX), Bombay Telephones :

(a) increase in intensive vibrations wnen all the package units were working

(b) low operational efficiency due to faults developing in open type compressors, and

(c) leakage of gas and oil due to the carbon seal giving way frequently.

However, the plant was used by the department without rectification of defects by the firm. The defects had been ultimately cleared and final inspection carried out in May 1985 i.e. after two years of taking over the A.C. plant.

3.2 Bombay Telephones stated in October 1985 that the technology of packaged units with sealed type of compressors was not fully developed at that time when the order was placed for packaged type of AC plant on experimental basis. However,

the fact remained that when nearly Rs.6.97 crores (booked expenditure upto January 1986) were invested in the import of sophisticated electronic switching equipment from Japan, the department should have considered the requisite type of stand by AC plant to match the imported equipment conforming to high standards of performance and efficiency.

4. *Traffic growth and shortfall in revenue*

4.1 The anticipated traffic by 1983 on inter-TAX routes estimated in the project estimate for 5000 lines and further reduced by 20 *per cent* for STD barring factor in expansion project had not been realised even in 1985 in 17 out of 20 routes. The shortfall (ranging from 13 *per cent to 86 per cent)* in realisation of anticipated traffic in inter-TAX routes for 1983 would indicate that the growth of traffic on inter-TAX routes by 1983 projected in the projects of SPC-E-TAX was overestimated.

The anticipated revenue accruing on the inter-TAX routes for the entire Bombay TAX system for 1982, based on the projected traffic was estimated as Rs.24.09 crores. However, as per actual traffic handled at the end of 1985, the revenue earned by Bombay TAXs was Rs. 17.86 crores only calculated at the rate of 50 paise per unit call as against 30 paise per call adopted in the project estimate.

5. *Under utilisation of capacities of TAXs at Bombay*

5.1 As at the end of December 1985, Bombay TAX system was having a total capacity of 14,000 junctions available in the three trunk automatic exchanges (instead of 15000 the capacity of trunk tendem was still 1000 against 2000 expected in the EFC memo). The total capacity of all the three TAXs was utilised to the extent of 8732 lines only at the end of December 1985 even two years after commissioning. In respect of 8000 lines SPC-E-TAX, the capacity utilised was to the extent of 4643 lines even 32 months after the date of commissioning in April 1983. This had resulted in the proportionate amount of capital expenditure of Rs.2.91 crores invested on imported exchange equiplment installed in April 1983 being blocked up even at the end of December 1985.

6. *Performance of Bombay TAX system*

The following table (28) compiled from MIS data published by the department indicates the percentage of failure of STD calls in level 'O's :

Table 28.

Year	Group target	Control limit	Percentage failure of STD calls
1982-83	58.0	64	73.9
1983-84	40.0	44	71.2
1984-85	40.0	44	75.5
1985-86	54.9	60	74.1 (for first 6 months)

The above position would indicate the trend of progressive deterioration in the performance of STD in spite of the fact that (i) the TAX capacities remaind under-utilised to a large extent as already pointed out in sub-para 5 above, (ii) imported automatic traffic recording and analysing (Autrax) equipment was installed in June 1984 for better utilisation of the junctions and trunks. The expectation that the performance of STD working at level 'O' would improve with the commissioning of SPC-E-TAX had not been realised. The department stated (December 1986) that in April 1986 the utilisation of SPC-E-TAX had increased to 76.15 *per cent.* The department further stated that the performance of STD service depends upon the level of performance of various components of the network, viz. local systems, trunk automatic exchanges/STD centres, transmission media, etc. and the improvement is likely to be pronounced with the improvement in the performance of various components. However, with the installation

of SPC-E-TAX at Bombay and AUTRAX for monitoring PC-TAXS the call completion rate has imporved.

To sum up

The project for the expansion of 3000 lines SPC-E-TAX was commissioned (April 1983) without the sanction of the project estimate. The expenditure incurred against 3000 lines expansion project booked against the main 5000 lines project is yet to be regularised (March 1986).

The performance of standy AC plant installed on SPC-E-TAX was not satisfactory. The plant was taken over in May 1983 with certain defects which were rectified by the firm only in May 1985 i.e. after two years of taking over the plant by the department.

The existing capacities of Bombay TAXs have remained largely under-utilised. The under-utilisation is mainly due to expansion projects (SPC-E-TAX) undertaken on an over-estimated traffic growth.

Against the anticipated revenue of Rs.24.09 crores on inter-TAX routes estimated in the project estimate on estimated increased traffic by 1983, the actual revenue of Rs.17.86 crores earned even by the end of 1985 fell short by Rs.6.23 crores mainly because the estimated increase in growth of traffic on inter-TAX routes fell short of expectations (Shortfall ranging from 13 per cent to 85 per cent).

The under-utilisation of SPC-E-TAX as on 31st December 1985, i.e. 32 months after the date of commissioning (April 1983) had resulted in the proportionate amount of capital expenditure incurred to the extent of Rs.2.91 crores on imported exchange equipment, being blocked up.

The expectation that the efficiency in STD working at level 'O' would go up with the substantial increase of TAX capacity of Bombay Telephone System, had not been realised.

29. Delay in installation and under-utilisation of Secondary Trunk Automatic Exchange at Kozhikode

The Director General, Posts and Telegraphs (DGPT) decided (February 1980) to establish a secondary trunk switching centre at Kozhikode by installing a 1000 lines Trunk Automatic Exchange (TAX) to improve the subscribers trunk dialing (STD) facility. The project estimate (PE) was sanctioned in January 1981 at a total cost of Rs.141 lakhs. The project originally targeted for commissioning in 1983-84 was subsequently rescheduled for commissioning in 1984-85, but it was actually commissioned in January 1986. The actual expenditure booked upto May 1986 was Rs.255.25 lakhs. the PE was under revision (September 1986). Advance indent for supply of equipment was placed on the Indian Telephone Industries (ITI), Bangalore in April 1980 with delivery scheduled during 1980-81. A scrutiny of the project records in audit (July 1985) revealed the following:-

1. *Delay in construction of building and consequent delay in installation of the equipment.*

As per the specification of the Project, the TAX was to be housed in a building to be constructed on a departmental site available at Kozhikode. The target date for completion of the building was 1981-82. The preliminary estimate for the building was based on a safe bearing capacity of 5 tonnes per square metre assumed on the basis of soil investigation conducted earlier for a microwave building in the same compound (July 1980). Even-though the Superintending Surveyor of Works, Civil (SSW), Madras wanted a fresh soil investigation to be conducted on the exact location where the proposed building was to be put up (August 1980), the Superintending Engineer, P&T, Civil Cirlce (SEPT), Trivandrum recommended (August 1981) for adopting the available soil investigation report. At the insistence of the SSW, a fresh soil investigation was conducted by the SEPT and the report furnished to the SSW in February 1982. As a result of the fresh investigation, a safe bearing capacity of 12.5 tonnes/sq.m. was decided to be adopted. Based on this, the detailed

estimate was prepared and the work was awarded in June 1982 to be completed by December 1983. The building was actually completed in April 1984. Thus, due to delay in conducting the soil investigation, completion of the building was delayed for about two years. Meanwhile, as the building was not likely to be ready for installation of the equipment, the DGPT instructed the Indian Telephone Industries in December 1982 to stop further supply of equipment which had already been commenced in August 1981. However, based on the assurance of the General Manager, Telecommunications (GMT), Kerala Circle, that the installation would commence in September 1983, the ITI was asked in March 1983 to resume further supply. Commissioning of the TAX was further rescheduled for the last quarter of 1984-85. The exchange was actually commissioned in January 1986.

2. *Under-utilisation of the TAX*

The project was got sanctioned on the assurance that the medium required to connect the various stations to Kozhikode TAX would be available in time and only those stations which could meet this basic requirement had been proposed to be connected to the TAX. In spite of this, its utilisation was only 447 circuits (45 *per cent*) upto April 1986 although the TAX was commissioned in January 1986. The under-utilisation was stated to be due to non-availability of transmission media for the stations to be connected to this TAX. Thus, defective planning in synchronising the availability of the media with the commissioning of the TAX has resulted in under-utilisation of the TAX by 55 per *cent*. The department stated (September 1986) that by March 1988, some more transmission projects would be commissioned and with the availability of the circuits, the loading of the exchange was likely to increase further.

3. *Blocking up of capital on account of uinjustified expansion of the TAX*

Although the installation of 1000 lines Kozhikode TAX had not even started, the District Manager, Telephones, Kozhikode sanctioned the expansion from 1000 to 1500 lines (January 1984) at an estimated cost of Rs.74.46 lakhs. 90 per cent of the equipment required for the expansion project was received by December 1985, but the installation work was not started (February 1986). The actual expenditure booked so far (May 1986) was Rs.21.45 lakhs. As the existing 1000 lines TAX was under-utilised by 55 per cent (April 1986), the prospects of early utilisation of the proposed expansion are dim. Thus the capital investment of Rs.21.45 lakhs already made and further investment to be made will remain blocked till the expended capacity is utilised fully.

30. **Non-realisation of cost of construction of guarding lines**

Considering the alarming frequency of electrocution accidents to the departmental staff due to the negligence of the power authorities in providing guardings on power crossings as required under the Indian Electric Rules, the Director General Posts and Telegraphs decided in October 1968 that whenever the power authorities failed to provide the guardings within one month of the receipt of a notice from the department, such guardings should be provided departmentally and the cost thereof would be recovered from the power authorities with usual departmental charges.

In Bihar circle, the department provided the guarding lines on behalf of the Bihar State Electricity Board (BSEB) during 1979-80 to 1983-84 without serving required notices on the Board (except by one division), resulting in non-realisation of Rs.14.14 lakhs being the cost of construction of guarding lines in 42 cases. On this being pointed out by Audit (June 1984), the Divisional Engineers, Telegraphs, Jamshedpur and Bhagalpur issued bills for Rs. 11.16 lakhs to the BSEB in July 1984, May 1985 and November 1985 in respect of 32 cases only but payment thereof has not been realised so far (July 1986). In respect of the remaining 10 cases involving Rs.2.98 lakhs, no bills have so far been issued (July 1986). Thus, due to non-observance of departmental instructions, the

department failed to realise the cost of construction of guarding lines to the tune of Rs.14.14 lakhs.

The department stated (July 1986) that the matter regarding recovery was being pursued vigorously with the BSEB and action to fix responsibility for non-issue of bills was being taken by the General Manager, Telecommunications, Patna and that necessary instructions for following the prescribed procedure were also being issued.

31. **Avoidable expenditure on diversion of telecommunication line on account of power induction.**

Departmental rules require that detailed estimates for the work of erection of telecommunication lines should be prepared only after a detailed survey of route/site has been carried out and to maintain safe distance from power lines the route approval of the Power Telecommunication Coordination Committee (PTCC) should be obtained so as to avoid power induction in telecommunication lines endangering human life and equipment.

The Karnataka State Electricity Board had erected in 1958 a 110 KV power line on Hospet-Raichur-Shahabad route after obtaining route approval from the PTCC. A telecommunication alignment was subsequently erected in 1970 between Hospet and Raichur via Gangavathi-Sriramnagar, Karatagi, Gorebal and Sindhanur in close proximity to the power line by the P&T department without obtaining approval from the PTCC. Due to close proximity to the power line, power induction in the telecom line was observed and the matter was referred (December 1977) to the PTCC for remedial measures. The PTCC recommended (December 1980) shifting of the following alignments having induced voltage of more than 2000 volts to a distance of 5 kms. away from the existing alignment:-

1. Hospet - Sindhanur - 94 Kms. Trunk Line I & II
2. Gangavati- Karatagi - 42 Kms. -do-
3. Gorebal-Sindhanur - 10.8 kms. -do -

In addition, in the other alignments where induced voltage of less than 2000 volts was noticed, fitting of gas discharge tubes was recommended.

Thus, failure to obtain route approval from the PTCC for the alignment before execution in 1970 had led to a situation where the Telecommunications Department is liable to incur an expenditure of Rs.60 lakhs (approximately). So far the alignment of one section between Gangavati-Karatagi had been shifted (July 1984-May 1985) at a cost of Rs.9.60 lakhs. This also was mainly due to pressure from the Karnataka State Electricity Board to enable them to give route approval for 110 KV tap line to one of their industrial consumers. Hospet-Sindhanur section and Gorebal Sindhanur sections having power induction to the extent of 7553 volts and 2120 volts respectively would continue to pose danger to the equipment as well as the personnel handling the line till these are shifted to a safer distance.

The matter was reported to the department in June 1986 and despite 4 reminders in August, September, October and November 1986, the comments of the department were still awaited (December 1986).

32. **Avoidable expenditure incurred on Madras-Poona second coaxial cable Scheme.**

The Director General, Posts and Telegrpahs (DGPT) sanctioned (June 1977) a project at an estimated cost of Rs.1704.80 lakhs for (i) laying a 2 core type 375 coaxial cable between Poona and Madras excepting the Bangalore-Krishnagiri section and installing a 12 MHz coaxial

system in addition to the existing cable of the same type with a 4 MHz system working between these two places and (ii) laying a 4 core 174 type coaxial cable between Kolhapur and Ichalkaranji and installing a 2.6 MHz coaxial system. The scheme was to be commissioned in two stages, Poona-Bangalore section in March 1978 and Bangalore-Madras section in December 1978, but it was commissioned in April 1982 and the spur route between Kolhapur and Ichalkaranji was commissioned in December 1984. The actual expenditure incurred on the project was Rs.2024 lakhs upto March 1986 against the sanctioned estimate of Rs.1704.80 lakhs and the revised estimate is yet to be sanctioned (September 1986). A scrutiny of project records in audit revealed the following :

1. *Construction of repeater huts of larger dimensions and incurring avoidable expenditure of Rs.5.82 lakhs.*

The DGPT prescribed construction of unattended overground repeater huts of size 8' x 7' x 8' which was again reiterated in March 1977 and December 1979. In spite of repeated instructions by the DGPT, the project authorities constructed repeater huts of larger dimensions of 10' x 8' x 8' against the prescribed dimensions of 8' x 7' x 8' thus incurring avoidable expenditure of Rs.5.82 lakhs.

2. *Use of higher capacity coaxial cable.*

In Madras-Vellore section (Repeater Station 29-32) on the outskirts of Madras city, 4 core cable was laid for about a distance of 12.825 kms, whereas in all other sections from Poona to Bangalore and Krishnagiri to Madras, 2 core type 375 coaxial cable was laid as provided for in the project estimate. The Divisional Engineer, Telegraphs, Coaxial Cable Division, Madras had stated (April 1986) that the higher capacity cable had been used due to delay in receiplt of 2 core 2 quad cable. The laying of 4 core coaxial cable not provided for in the estimate resulted in avoidable expenditure of Rs.3.68 lakhs.

3. *Laying of coaxial cable with full complement of interestice pairs.*

The old 4 MHz cable was provided with full complement of 8 + 4 interstice pairs/quads respectively. These pairs were not utilised in full in the following sections :

1.	Vellore-Vaniyambadi	69 kms.
2.	Vellore-Ranipet	27 kms.
3.	Bangalore-Tumkur	75 kms.
4.	Hubli-Dharwar	21 kms.

These sections involve about 192 kms. of cable and the interstice pairs in 4 MHz cable already existing were not put to optimum use. As such, the laying of the second cable also with full compliment of interstice pairs in these sections could have been avoided. Estimates for making Ranipet, Ambur and Vaniyambadi as dropping stations were sanctioned in September and October 1982 at a total cost of Rs.133 lakhs due to high traffic density. Had the cable without interstice pairs been used in these sections as was done in other sections, the department could have saved Rs.9.20 lakhs.

4. *Future expansion*

For the purpose of future conversion into 60 MHz coaxial system, the department left extra cable at every 1.5 kms. protected by small brick chambers in form of coils of 3/5 meters along the route except Bangalore-Krishnagiri section costing Rs.2.02 lakhs.

The department has stated (September 1986) that the department would be going over to Digital system and hence the analogue system was not being augmented/upgraded. Consequently, the scope for deriving the advantage of extra cable lengths (in coils) has receded.

33. Infructuous expenditure on laying of underground cables at Attur

Telephone exchange at Attur (Tamil Nadu Circle) was housed in a rented building. In September 1978 the department initiated action for acquisition of 1.28

acres of land adjacent to the microwave station there with a view to shifting this exchange to a departmental building. When delay in acquisition of site was anticipated, a proposal was mooted in October 1980 by the Director of Telecommunications, Coimbatore for allotment of a portion of the site already acquired for the microwave station to put up a semi-permanent structure and to shift the telephone exchange to that building so as to keep it in readiness to accept the microwave channels when the UHF system was commissioned. The allotment was made by the General Manager, Telecom. Projects, Madras in December 1980, but no semi-permanent structure was constructed on this site, even though possession of this site was taken by the Division in January 1981 and tenders for construction of building were called for in June 1981.

Meanwhile, the department took possession in November 1981 of the site which was under acquisition. A project estimate was sanctioned in December1981/ January 1982 for Rs.1.39 lakhs to put up a semi-permanent structure on the newly acquired site. The construction of the building commenced in February 1982 on the basis of tender invited in June 1981 and was taken over in September 1982. The exchange was shifted and connected to microwave station (commissioned in August 1982) by a tie-cable of 240 metres of 200/ 20 lbs. cable in December 1982.

Despite the fact that the Attur exchange was to be shifted to a departmental building near microwave station for which tenders had already been called in June 1981, the DET, Salem sanctioned an estimate (August 1981) for laying 1600 metres of 200/20 lbs cable between the microwave station and the old telephone exchange at Attur for providing subscriber Trunk Dialing facilities. Out of 3013 metres of cable procured at Rs.5.57 lakhs, 1400 metres of cable were laid (October 1981) at a cost of Rs.2.88 lakhs leaving a balance of 1613 metres. The cable laid could not be utilised for the purpose for which it was intended.

Thus, the failure of the department to keep in view the construction of departmental building near the Microwave station resulted in infructuous expenditure of Rs.2.88 lakhs. Besides, cable costing Rs.2.40 lakhs remained unutilised for four years till it was finally diverted to Karnataka Circle (January 1985).

The department stated (July 1986) that the cable would be utilised for giving long distance connections. However, such a high capacity cable is not required to be laid for giving long distance telephone connections as ordinary type of cable would serve the purpose.

34. Under-utilisation of circuits of Tadepalligudem-Bhimavaram-Palakole Microwave scheme.

The project for installation of narrow band microwave scheme on Tadepalligudem-Bhimavaram-Palakole route was sanctioned in November 1974 at an estimated cost of Rs.76.65 lakhs including overheads assuming the growth factor at double the then existing traffic. The Project was to be executed by the General Manager, Telecom. Projects, Southern Circle, Madras and completed in 5 years. The scheme was completed in August 1978 at a cost of Rs.120.67 lakhs (March 1985) with 21 groups of 12 channels each (252 channels) available for utilisation. A review by Audit indicated that even after seven years, only 18 groups were commissioned with 216 channels, out of which, only 183 channels were utilised progressively till the end of 1984-85 as detailed below (Table 34):

TABLE 34

Year	No. of groups commissioned	Channels utilised	Percentage utilisation		Spare Channels/unutilised channels even after allocation
			Groups	Channels	
1978-79	6	27	29	11	45
1979-80	13	87	62	35	69
1980-81	15	120	71	48	60
1981-82	15	126	71	50	54
1982-83	16	157	76	62	35
1983-84	17	170	81	67	34
1984-85	18	183	86	73	33

The General Manager, Telecom Projects, Madras stated (July 1984) that the utilisation aspect of the commissioned groups was not under his control. The maintenance wing of the department who controls the utilisation of channels attributed the delay to non-availability of selectors, relay plates, inter-face equipment in various trunk exchanges of Andhra Pradesh Telecom Circle covered by the scheme and some pending works.

Due to lack of co-ordination among different wings of the department, the channels and groups commissioned remained underutilised to a large extent for long periods resulting in potential loss of revenue to the extent of Rs.46 lakhs computed with reference to the projections in the project estimate.

The matter was reported to the Ministry in June 1986 and despite 4 reminders issued in August 1986, September 1986, October 1986 and November 1986, their comments were still awaited (December 1986).

SECTION - E

STORES PURCHASE AND CONTROL

35. Manufacture of defective coin box telephones and loss of revenue

With reference to an observation made by the Public Accounts Committee (PAC) in paras 1.94 to 1.96 of its 112th Report, the department informed the PAC (October 1970/February 1972) that a new pre-payment type coin collection box(CCB) had been developed and allotted to each public call office (PCO). However, the department intimated in November 1974 that the above project of new prepayment type CCB had been abandoned as actual field trials indicated that the above type designed by them could not prevent short collections. As the amount of short collection was on the increase, the fact was brought to the notice of the department through para 8 of Audit Report 1977-78 to which the department replied (November 1977) that the Telecommunications Research Centre (TRC) had once again taken up the design of the CCB-PCOs with a view to effect possible improvements. The work of developing a new model was entrusted (December 1977) to Telecom. factory, Bombay.

During 1978-79 and 1979-80, 22 numbers of CCB PCOs were developed in Telecommunication Factory, Bombay at a cost of Rs.6.99 lakhs. After incorporating the modifications suggested by the TRC and feed back reports from the field trials of these items in Bombay, Madras and Delhi Telephone Districts from February 1980 onwards, the bulk production was cleared by TRC twice in July 1980 and April 1981 and accordingly raw materials/ components worth Rs.35 lakhs for production of 2,000 CBT-80 instruments were procured and stocked in the factory by August 1981.

Under instructions from the Posts and Telegraphs Board (August 1981), 220 numbers of the instruments manufactured at a cost of Rs.2.66 lakhs were despatched in September-October 1982 to Delhi Telephone District (200 numbers) and to Bombay Telephone District (20 numbers) for use in Asian Games 1982. The instruments could not be used by Delhi Telephone District during the Asiad on account of defects in dials etc. The defects were attended to by Telecom. Factory at site, 109 instruments out of 200 were, however, returned to the factory in damaged condition, out of which 19 sets (valuing Rs.0.22 lakh on pro-rata basis) were in "beyond repair" condition. An amount of Rs.1.88 lakhs had been spent on their repairs upto February 1985. Thus premature clearance for bulk production given by TRC twice in July 1980 and April 1981 resulted in blocking up of funds of Rs.23.70 lakhs since August 1981. Further production could not be taken up as the defects noticed even in the first field trial were still persisting and no serious efforts were made by the Bombay Telecom. factory to overcome these defects. Further, the department reiterated (July 1982) the existing instructions that proper steps should be taken for taking care of the factors contributing to leakage of revenue.

A further study by Audit during 1984-86 in respect of 1492 PCOs revealed that the amount actually collected fell short by Rs.36.91 lakhs when compared to the amount realisable as per meter readings during the period from 1979-85.

The department stated September/ October 1986 that as the new model of CBT-80 instruments were still in developmental stage and the instruments had to be fabricated/repaired during the period of development, certain blocking up of resources in the form of components worth Rs.23.7 lakhs was unavoidable. the latest picture is that even after 14 years of the assurance given to the PAC, the department has not yet developed a device which could prevent short-collection of revenue from the public call offices throughout the country.

36. Unproductive investment on machinery

The Ministry of Communications

(Posts and Telegraphs Board) placed a purchase order (June 1981) on firm 'A' for procurement of 2 Nos. of MF-12/75 multiforge horizontal forging machine with toolings and spares for Telecommunication Factories at Calcutta and Jabalpur for £ 1,89,350.90 equivalent to Rs.35.55 lakhs, besides Rs.3.91 lakhs to be paid in Indian currency as Indian Agent's commission. The delivery was to be completed by 31st March 1982 and warranty was to expire twelve months after the equipment was taken over or 24 months from the date of shipment of last material whichever was earlier. The contractor was asked to deposit Rs.1.97 lakhs as security deposit against this contract.

A review by Audit in October 1984 and March 1983 in respect of working of machines procured for augmentation of the manufacturing capacity of stalks at Telecom. factories at Calcutta and Jabalpur respectively revealed the following :

(a) One machine was installed at Telecom. factory Calcutta in October 1982, but the same could not be commissioned till March 1983 due to various defects in toolings supplied by the foreign firm. The machine was commissioned in April 1983 with modified toolings and was run on trial basis upto July 1984. The department stated (October 1986) that since August 1984 the workers refused to operate the machine on regular basis without getting higher scales of pay for the operator and that the workers were, however, constantly persuaded to operate the machine and when they agreed to operate in November 1985, the machine could not be operated due to some defects. It was also stated that action was being taken to get the defects rectified and to put the machine in working order.

(b) The second machine was installed at Telecom. factory, Jabalpur in August 1982, but was commissioned in April 1983. Though the machine was ready to start production in April 1983, it was handed over to the shop for regular production in May 1985 only due to defects in toolings. The working position of the machine during May 1985 to October 1985 revealed that the machine worked for less than 50 *per cent* of the hours available and for the rest of the time, it was under repairs. During the period April 1983 to March 1985 the machine could produce only 1.5 lakh stalks as against the targeted production of 9 lakh stalks.

Thus, capital investment of Rs.65.95 lakhs remained partially unproductive. The department stated (October 1986) that the production capacity obtainable in practice had been considerably reduced partially due to the limitations of other important elements, namely heating requirements, feeding arrangements, availability of raw materials, etc. and partially due to defective supply of toolings by the foreign firm. The department also stated that claim had been lodged (March 1985) with the Bankers for forfeiture of Bank guarantee, which was being pursued. The action was however, initiated only after the expiry of the warranty period.

37. **Non-adjustment of ad hoc payments from final bills**

The General Manager, Telecommunications Stores (GMTS), Calcutta decided in February 1983 to make *ad hoc* payments against the bills received and pending upto January 1983 for supplies of stores, due to limited funds available for the year 1982-83. A review by Audit (December 1983) in respect of bills paid revealed an overpayment of Rs.11.19 lakhs in the following two cases :

(a) Supply of 200 tonnes of mild steel galvanised wire of 3.55 mm dia was made by firm 'A' to the Circle Store Depot, Secunderabad in three instalments during 1982-83. The firm was paid Rs.26.79 lakhs in all against Rs.17.86 lakhs (including sales tax) actually payable as per the terms of agreement due to non-adjustment of *ad hoc* payments made in March 1983 resulting in excess payments of Rs.8.93 lakhs. The overpayment was pointed out by Audit in December 1983. The department stated in September 1985 that an amount of Rs. 4.25 lakhs had been recovered from the firm in July 1984. The remaining amount leaving a balance of Rs.656 was also stated to have been reco-

vered/adjusted (September 1986).

(b) Supply of 2460 sockets was made by firm 'B' to the Central Telecom Store, Bombay during 1982-83. The firm was paid Rs.7.33 lakhs in all against Rs.5.07 lakhs actually payable as per the terms of agreement due to similar non-adjustment of ad hoc payments made in March 1983. This resulted in excess payment of Rs.2.26 lakhs to firm 'B'. The excess payment was pointed out by Audit in December 1983. The department stated in September 1985 that the amount of Rs.2.26 lakhs was recovered from firm 'B' in August 1984.

38. Departmental manufacture of stores available at cheaper rates in the market

In Paragraph 4.22 of its Fortieth Report (Fourth Lok Sabha) 1968-69, the Public Accounts Committee recommended that the department should keep a close watch over the cost differential between the workshop rate of items and their outside purchase rate; and where the departmental cost of items persistently exceeded the market price by more than certain margins to be prescribed by the department, the question of stopping departmental manufacture should be considered. In their reply to this recommendation of the Committee, the Posts and Telegraphs Board stated in August 1969 that decision had been taken that wherever the workshop cost of manufacture was higher than the market rate by more than 25 per cent, the prospects of cost reduction and justification for continuance of manufacture would be examined in each such case and put up to the Board of Management of the Telecommunication Factories for orders. The Board of Management in its 93rd meeting held on 12th March 1981 suggested that the General Managers should come to the Telecom. Factories Board for permission to continue production of items whose rates had exceeded the outside rates by a prescribed limit so that the Board could critically examine the continuance of production of such items and that the examination regarding limit of 25 per cent suggested above might be done expeditiously.

During 1981-82 to 1984-85, the Departmental Telecom. Factory at Jabalpur manufactured the following two fabricated items whose workshop cost and market prices are indicated against each :

Name of items	Year	Quantity manufactured	Unit cost of manufactur (Rs.)	Market price (Rs.)	Percentage increase in cost of manufactur per unit	Difference between the departmental manufacturing cost and market price (Rs.)	Extra expenditure incurred (in lakhs of rupees)
1	2	3	4	5	6	7	8
1. Straining Screws-new pattern 12 mm	1981-82	14960	21.30	12.26	73.73	9.04	1.35
	1982-83	27420	21.30	12.47	70.80	8.83	2.42
		29560	22.73	12.47	82.27	10.26	3.03
	1983-84	19660	22.73	12.96	75.38	9.77	1.92
		28000	49.18	12.96	279.47	36.22	10.14
		16210	49.61	12.96	282.79	36.65	5.94
	1984-85	25000	49.22	13.20	272.88	36.02	9.01
		8790	49.61	13.20	275.83	36.41	3.20
		16210	49.43	13.20	274.46	36.23	5.87
2. Mild Steel caps "A" with spike for tabular poles	1981-82	30897	4.01	2.81	42.70	1.20	0.37
		92	3.57	2.81	27.05	0.76	
	1982-83	15226	4.01	2.81	42.70	1.20	0.18
	1983-84	39642	5.54	3.29	68.39	2.25	0.89
	1984-85	16770	5.54	3.88	42.78	1.66	0.28
	TOTAL:						44.60

As the departmental production was not sufficient to meet the requirements, the General Manager, Telecom. Stores, Calcutta purchased 22.95 lakh straining screws and 3.79 lakh mild steel caps 'A' with spike during 1981-82 to 1984-85 at the rates stated above from private firms. Though the department was well aware in 1981-82 that the manufacturing cost of these two items was much higher than the market price, it continued departmental production without prior sanction of the Board and thereby incurred an avoidable extra expenditure of Rs.44.60 lakhs in manufacturing these two items during 1981-82 to 1984-85.

The department stated (November 1986) that the variation in the departmental manufacturing cost and market price was due to better quality raw materials used by the department in manufacturing these two items of stores and higher rate of overhead expenses incurred by the department as compared to the private organisation. The department further stated that the production of these two items was also being reduced.

39. **Short recovery of copper wire due to delay in sanctioning the dismantlement estimate for Udhampur-Dhar Pathankot alignment**

Two estimates for replacement/dismantlement of copper wire on Udhampur-Dhar-Pathankot alignment were prepared (December 1977) by the Divisional Engineer Telegraphs (DET), Jammu and submitted to General Manager, Telecommunications (GMT), Srinagar for sanction, as there were frequent thefts of copper wire. The recoverable copper wire was estimated as 40428 kgs on the basis of detailed survey of this alignment. The GMT did not sanction the estimates, but asked the DET. Jammu in January 1978 to submit a revised consolidated estimate with full particulars of First Information Reports (FIRs) lodged with the Police for thefts of copper wire during the period 1947 to 1977. The DET, Jammu, while calling for the details of FIRs lodged with Police for thefts of copper wire from the DET (long distance), Jallandhar, requested the GMT in February 1978 to reconsider sanctioning the estimates as the submission of detailed information might take some more time and thefts were increasing, but no action on this proposal was taken by the GMT. The DET, Jammu prepared a consolidated estimate for dismantlement of this alignment in October 1980 on the basis of fresh survey reports and submitted the same to the GMT in December 1980 for sanction. The quantity of recoverable copper wire was estimated as 25593 kgs costing Rs. 7.81 lakhs. The estimate was sanctioned in June 1982. The work of dismantlement was commenced in June 1982 and completed in July 1982. The quantity of copper wire actually recovered after dismantlement of the alignment was 12275 kgs. valuing Rs. 3.87 lakhs.

Thus, delay in sanctioning the estimate for dismantlement led to loss of 28153 kgs. of copper wire valuing Rs.8.87 lakhs.

The department stated (June 1986) that the delay in sanction had occurred by way of taking extra precaution for accuracy in the estimate which, while seeing overall view, might not have been necessary.

SECTION - F

LAND AND BUILDINGS

40. Installation of Auto telephone exchange at Ujjain

Introductory

Project estimates for installation of a 1800 lines automatic exchange initially and its later expansion upto 2400 lines in three phases in replacement of 1680 lines manual exchange at Ujjain were sanctioned by the department between March 1976 and December 1978. The 2400 lines automatic exchange was commissioned in February 1980. The actual expenditure incurred on these projects upto the end of January 1986 was Rs. 88.62 lakhs as against the sanctioned estimated cost of Rs. 78.37 lakhs. The revised project estimate has not been sanctioned (October 1986).

A review of the records of the project revealed the following points :

1. *Avoidable expenditure of Rs.4.66 lakhs due to procurement of coloured telephone instruments.*

Departmental instructions contemplate that when a manual exchange is converted into an auto exchange, the telephone instruments of the existing subscribers are to be fitted with dials while new subscribers are provided with new auto telephone instruments. However, 2000 new auto telephone instruments (red coloured) valued at Rs.5.50 lakhs were obtained for fitting in the premises of the subscribers. The department stated (October 1986) that it was decided to replace the old manual telephone instruments by new auto telephone instruments to maintain the quality of service and on technoeconomic considerations, namely that most of the manual instruments had outlived their normal life of 10 years and dial cords were not available with the Controller of Telegraph Stores (CTS), Jabalpur. But, it is relevant to mention that a detailed estimate for Rs.0.84 lakh for procuring and fitting dials and dial cords only was sanctioned in December 1978 as indicated in project report. Moreover, the effective life of telephone instruments (subscribers apparatus) is 20 years and there was also nothing on record to indicate that the department initiated action to explore the possibility of obtaining the required dial cords from other telecom store depots. Besides, the department had reiterated even as late as in 1984 the need for adopting the guidelines mentioned earlier. The department thus incurred an additional avoidable expenditure of Rs.4.66 lakhs on this account.

2. *Delay in installation of air-conditioning (AC) plant and its regular operation*

Even though tenders for air-condition ing (AC) plant were received in February 1978, the work was awarded to firm 'A' in February 1979 only due to delay in finalising the tender. The work awarded for Rs.5.73 lakhs was to be completed in 8 months. The AC plant was, however, installed in May 1982 only. The delay in installation of the AC plant was mainly due to :

- enhancement of capacity of the plant (additional cost Rs.0.60 lakh) necessitated due to inclusion of trunk exchange area for air-conditioning after award of work.
- delay on the part of the department in accepting revised price of upgraded plant (revised price finalised only in February 1981).

Further, after the plant was installed in May 1982, various seasonal tests dragged on for over two years. While the winter test was conducted in January 1983 the summer and monsoon tests were conducted after a delay of over one year in May-August 1984.

The AC plant was not taken over by the division even by September 1985 as a number of faults were noticed in the plant and the plant was working intermittently only. Ultimately in May 1986, the AC plant was brought into regular operation after incurring an expenditure of Rs.0.25 lakh on rectification of the defects. The levy of compensation (not quantified) on the contractor for the delay in installation and commissioning of AC plant was stated to be under consideration (October 1986).

As a result of the above developments, the automatic exchange which was commissioned in February 1980 was work-

ing without AC facility for over 6 years (though an expenditure of Rs.6.35 lakhs had been incurred on this score) resulting in :

(i) reduction in the life of equipment;

(ii) deterioration in quality of service from equipment;

(iii) loss of revenue due to lost calls which amounted to Rs.4.49 lakhs upto December 1985;

(iv) increase in maintenance expenditure by 7 per cent which worked out to Rs.1.04 lakhs during 1980 to 1985 and

(v) restricted utilisation of the equipped capacity of the exchange.

3. *Deterioration in service from exchange equipment*

Percentage of exchange faults as depicted in MIS records was much higher than the prescribed norm of one per cent for 100 stations as detailed below- (Table 40)

TABLE 40

Year	Percentage of faults per 100 stations (Average)
1980-81	18.60
1981-82	3.77
1982-83	3.42
1983-84	3.46
1984-85	2.95
1985-86	2.78

The poor performance of the exchange was also commented upon adversely in the Technical Inspection Reports of the departmental officers. The incidence of higher percentage of exchange faults was attributed to high temperature and non-availability of AC plant and spares.

41. Construction of building for TAX at Guntakal

The Posts and Telegraphs Department sanctioned in March 1981 a project for installation of a 1000 line trunk automatic exchange (TAX) at Guntakal at an estimated cost of Rs.144.75 lakhs, which included the building component for Rs. 17.70 lakhs. According to the project estimate, the target date for completion of the building and electrical installations was 1981-82 and that for commissioning of the TAX was 1982-83. These dates were revised to 1983-84 and 1985-86 respectively. Equipment worth Rs.113.92 lakhs for the TAX was received till February 1985, but the same could not be installed as the building was not ready by then.

The building work was awarded to a contractor in December 1981 to be completed by April 1983 at an agreed amount of Rs.20.37 lakhs. In November 1982, the General manager, Telecom, AP Circle desired a change in the design of the building when the construction of the ground floor was in progress. Accordingly, the architect's drawings were revised and released (by the architect) only in April 1983 and the complete building was handed over in July 1985.

The TAX is now expected to be commissioned only during 1986-87. Thus, delay in completion of the TAX building due to change in designs after the award of the work resulted in delay in installation of the TAX and consequent loss of revenue to the department at Rs.31.60 lakhs per annum besides payment of dividend to the General Revenue of Rs.6.84 lakhs per annum on equipment lying idle. In addition, the department had also incurred an expenditure of Rs.0.19 lakh (upto March 1986) towards rental changes of a private building for storing the equipment since May 1983 and watch and ward.

The department stated (July 1986) that suitable instructions were being issued to the administrative authorities in the field that they should consult the executing agencies (civil wing) to ascertain the full implications before ordering any changes in design particularly in the cases where construction work had already commenced.

SECTION - G

OTHER TOPICS

42. Avoidable expenditure in purchase of testing instruments

The department placed an order in March 1982 for eight units of Field Strength/Intensity Meters from firm 'A' at its quoted price of US $ 56200 per unit including seven per cent agency commission payable in Indian currency and with a quantity discount of ten per cent. The purchase agreement included a repeat order clause under which the department could purchase a further 25 per cent of the original quantity ordered at the same rates provided the intention of extra purchases was indicated in the original order and subject to the concurrence of the firm about the price as well as availability. The department issued another advance order for 3 additional units in November 1982 at the old price but the company agreed to supply them without any quantity discount only, other conditions being the same. The Indian agents of the firm, however, agreed to forgo the agency commission as a goodwill gesture. The department, while issuing the acceptance of tender for the additional units in March 1983, overlooked the above offer for forgoing agency commission. The order was, thus, placed at the full f.o.b. price of US $ 1,68,600 for 3 units without deducting agency commission of seven per cent and payment was made in July 1983, resulting in avoidable expenditure of Rs.1.12 lakhs in foreign exchange.

Further, the above equipment costing Rs.16 lakhs received at Bombay in July 1983 remained uncleared in clearing agent's godown till November 1984 as the General Manager, Telecom Training Centre Jabalpur delayed issue of consignee instructions.

The department stated in August 1986 that recovery of agency commission was lost sight of and the case had since been taken up with the firm for refunding the same.

43. Excess payment of customs duty on equipment imported for Worli-II electronic exchange

Equipment required for commissioning Worli-II (Bombay) electronic cross bar exchange was imported by the department from Japan based on a purchase order issued in September 1981. While computing the value of the equipment on arrival in India for assessment of customs duty, insurance premium at 1¼-1-1/8 per cent of the invoice value had been adopted by the Custom authorities (August 1982). However, review by Audit in March 1985 revealed that the department had actually paid in January 1983 lesser premium as compared to the rate applied in the above calculation by the Custom Department, leading to excess payment of customs duty.

It was also noticed that the refund for the excess customs duty had not been applied for in time within the stipulated period of 6 months and consequently the claims had been rejected.

The department stated (September 1986) that the insurance premium was paid in January 1985 whereas the consignments were cleared from Custom Department in August 1982 and as such the insurance bills could not be produced to the Custom authorities at the time of the clearance for levy of the correct amount of customs duty. The case for refund of excess customs duty was said to be pending with the Appellate Tribunal.

It has, however, been verified from recores by Audit that the insurance premium was actually paid in January 1983 (which was within 6 months from the date of clearance of consignments) and not in January 1985 as stated by the department. Further, it was observed that the department every year takes an open cover from the insurance company detailing the rates of premium and other conditions applicable

for all transactions arising during a calendar year; the individual consignments are to be insured under the umbrella of this open cover and the precise premium payable is assessed in due course and paid and also the policy issued.

In the above context, with reference to the circular issued to all Controlling Officers/project officers in India in February 1982 for 'open cover' in 1982, the department could have brought to the notice of Custom authorities the rates of premia payable by them, for adoption while working out the customs duty payable, but this was not done. Later, atleast when the premia were paid in January 1983, the matter could have been taken up again with the Custom authorities for refund. Thus, by not citing the rates mentioned in open cover circular for adoption, the department had lost its benefit partly and by not taking remedial action promptly within 6 months, an excess payment of customs duty of Rs.1.66 lakhs had been made.

APPENDIX

Growth of Telecom Revenue under the various heads during 1981-82 to 1985-86 showing percentage growth over previous years in brackets (due to increase in traffic and periodical revision of tariff) (Referred to in paragraph 2.3)

Sl. No.	Main Heads of revenue receipts	1981-82	1982-83	1983-84	1984-85	1985-86
			(Rs. in crores)			
1.	Telegrams	58.61	74.99 (28.93)	85.12 (13.51)	93.84 (10.24)	94.21 (1.18)
2.	Telex	70.96	82.09 (15.68)	84.06 (2.40)	97.03 (15.43)	114.70 (18.21)
3.	Rent of wires, circuits and instruments leased to Railways, Canals etc.	19.44	22.89 (17.75)	35.49 (55.04)	94.03 (164.95)	43.58 (-) (53.65)
4.	Telephone Revenue on account of rentals and Trunk call fees etc.	656.93	803.68 (22.34)	860.00 (7.00)	943.04 (9.65)	1105.20 (17.19)
5.	Net results of other receipts and refunds	(-) 44.75	(-) 71.40 (59.55)	(-) 36.55 (48.81)	(-) 36.62 (0.19)	(-) 48.38 (32.11)
		761.19	912.25 (19.84)	1028.12 (12.70)	1191.32 (15.87)	1309.31 (9.90)

PART II

DEPARTMENT OF POSTS

SECTION - A

GENERAL

44. General Review

Department of Posts

1. General Set up

1. Department of Posts came into existence as a separate department with effect from 31st December 1984 by bifurcating the erstwhile Department of Posts and Telegraphs. the Department functions through "Postal Services Board" headed by a Chairman who is also Secretary to the Government of India, Department of Posts. The department maintains Postal operations and discharges agency functions of Savings Bank and other small savings schemes of the Government, Postal Life Insurance, collection of customs duty on Postal articles, disbursement of pension to Military and Railway pensioners, family pension to employees of industries covered by Provident Fund scheme and coal mines etc.

1.1 *Major activities*

The data in respect of major activities of the department during the year 1985-86 in so far as their financial and physical targets and achievements are concerned are as under (Table 44.1).

The nil progress against physical targets in respect of opening of new post offices, appointment of extra delivery agents, installation of letter boxes and provision of counter facilities at village post offices was due to ban on new appointments.

1.2 *Revenue and Working Expenses*

The data on estimates of revenue and working expenses and on corresponding actuals during the last five years were as below (Table 44.2) :

TABLE 44.1

Particulars	Financial Targets for the year 1985-86	Actuals for 1985-86	Percentage of expenditure	Physical Targets for 1985-86	Actuals for 1985-86	Percentage of achievements to targets
	2(a)	2(b)	2(c)	3(a)	3(b)	3(c)
	(Rupees in crores)			(in numbers)		
1. Opening of new post offices				1755	-	-
2. Appointment of Extra Delivery Agents				402		
3. Installation of letter boxes	0.74	0.14	18.9	2400	-	-
4. Provision of counter facilities at village post Offices						
5. Construction of Postal Buildings	21.00	16.15	76.90	75	62	82.67
6. Costruction of Staff quarters	8.08	15.41	196.91	500	480	96.00
7. Railway Mail Service vans	1.80	1.55	86.11	15	-	-
8. Mail Motor Service vehicles	1.20	0.50	41.67	100	11	11.00

TABLE 44.2

Year	Revenue			Working expenses			Surplus(+)/Deficit (-)		
	Estimates (Rs. in crores)	Actuals (Percentage increase over previous year in bracket) (Rupees in crores)	Percentage variation	Estimates (Rs. in crores)	Actuals (Percentage increase over previous year in bracket) (Rs. in crores)	Percentage	Estimates (Rs. in crores)	Actuals (Percentage increase over previous year in bracket) (Rs. in crores)	Percentage variation
1981-82	310.00	309.41 (11.25)	(-)0.2	340.12	397.56 (15.00)	(+)16.88	(-)30.12	(-)88.15 (30.26)	196.00
1982-83	375.37	378.01 (22.17)	(+)0.71	438.66	462.00 (15.92)	(+)5.32	(-)63.29	(-)83.99 (-)(5.79)	32.71
1983-84	440.22	434.54 (14.95)	(-)1.3	549.17	507.77 (9.91)	(-)7.54	(-)108.95	(-)78.23 (-)(12.81)	32.8
1984-85	495.00	444.41 (2.27)	(-)10.2	626.53	568.66 (11.99)	(-)9.24	(-)131.53	(-)124.25 (-)(69.67)	5.5
1985-86	520.00	476.84 (7.29)	(-)8.3	706.78	640.39 (12.61)	(-)9.39	(-)186.78	(-)163.55 (-)(31.62)	12.43

The growth of receipts under main heads during the year 1981-82 to 1985-86 is given in Appendix.

1.3 *Agency functions*

The trend of agency functions during 1981-82 to 1985-86 is as below (Table 44.3) indicating the percentage increase (+) decrease (-) over previous years in brackets.

TABLE 44.3

	1981-82	1982-83	1983-84	1984-85	1985-86
1.(a) No. of S.B. Accounts current at the end of the year (In lakhs)	379	399 (5.28)	392 (-)(1.75)	413 (5.36)	413 (nil)
(b) Total balance in S.B. Accounts at the end of the year (Rs. in crores)	2044.8	2128.4 (4.09)	2133.5 (0.24)	2249.1 (5.42)	2371.4 (27.67)
2(a) Number of Postal Life Insurance Policies at the close of the year (In lakhs)	9.30	10.01 (8.60)	10.8 (6.93)	11.5 (6.48)	12.16 (5.74)
(b) Total sum assured at the close of the year (Rs. in crores)	598.7	685.3 (14.46)	809.4 (18.11)	942.8 (16.48)	1070.91 (13.59)
3. Cash Certificates and National Savings Annuity Certificates (Number of transactions in lakhs)	112.0	156.0 (39.29)	203.0 (30.13)	200.0 (-)(1.48)	316.17 (58.09)

45. Appropriation audit and control over Expenditure

1. *General*

The summarised position of actual expenditure during 1985-86 against Grants and Appropriation relating to Department of Posts is as below (Table 45.1) :

TABLE 45.1

		Original Grant/ appropriation	Supplementary	Total	Actual Expenditure	Variation Saving (-)
		(rupees in crores)				
I.	Revenue					
	Voted	789.55		789.55	728.09	- 61.46
	Charged	0.45		0.45	0.10	- 0.35
II	Capital					
	Voted	35.48	1.58	37.06	35.33	- 1.73
	Grant Total	825.48	1.58	827.06	763.52	- 63.54

The broad results of Appropriation Audit are as follows :

2.1 The overall supplementary grant obtained during 1985-86 constituted less than 1 per cent of the original grant and appropriation.

2.2 The supplementary provision of Rs.1.58 crores under capital (voted) was unnecessary as the saving (Rs.1.73 crores) exceeded the supplementary provision obtained.

2.3 The overall saving of Rs.63.54 crores represented 7.7 per cent of the total provision of voted grant and charged appropriation. It was the net result of savings of Rs.61.46 crores under revenue (voted), Rs.1.73 crores under Capital (voted) and Rs. 0.35 crore in respect of charged appropriation under revenue.

2.4 There were significant savings exceeding 10 per cent of the provision under the following heads of accounts in Revenue section (Table 45.2) :-

TABLE 45.2

Head of account	Total grant	Actual Expenditure	Savings	Percentage of savings
	(Rupees in crores)			
Revenue				
1. B-2 Mail Sorting	96.53	81.80	14.73	15.3
2. B-4 Training	1.92	0.97	0.95	49.5
3. B-5 Mechanisation & Modernisation	1.00	0.07	0.93	93.0
4. C-1 Banking and Life Insurance	27.39	23.55	4.34	15.6
5. C-2 Other Services	4.63	0.34	1.29	92.7
6. D-1 Accounts	17.66	15.39	2.27	12.9
7. D-2 Audit	1.17	0.48	0.69	59.0
8. E-2 Petty Works	2.00	1.62	0.38	19.0

2.5 The broad reasons for final savings of Rs.61.81 crores in the voted grant and charged appropriation under Revenue were:

(i) restrictions imposed on creation/filling up of vacant posts, (ii) less expenditure as a measure of economy, (iii) abolition of running sections, (iv) non receipt/non-adjustment of debits from the Railways and Director General, Supplies and Disposal, (v) post budget decision to abolish Broadcast Receiver Licences and (vi) non execution of anticipated works.

2.6 There were significant savings exceeding 10 per cent of the provision under the following heads of accounts in capital section (Table 45.3) :-

TABLE 45.3

Head of account	Total grant	Actual Expenditure	Savings	Percentage of Savings
	(Rupees in crores)			
Capital				
1. AA I -Administrative Offices	2.50	2.16	0.34	13.6
2. AA-2 Postal Net Works	19.70	14.49	5.21	26.4
3. AA-4 Training	1.23	0.54	0.69	56.0
4. AA-5 Mechanisation & Modernisation	3.75	0.64	3.11	82.9
5. AA-6 R.M.S. Vans	1.80	1.55	0.25	13.9

The broad reasons for saving under capital grant were (i) slow progress in acquisition of land, construction of buildings for Post Offices/Training Centres and installation of computers and other machinery, (ii) purchase of less number of mail motor service vehicles and (iii) supply of less number of Railway Mail Service vans by Railways.

The saving under above heads was partly offset by excesses under other heads.

SECTION - C

NUGATORY EXPENDITURE

46. Irregular payment of interest on National Savings Certificates

National Savings Certificates (NSCs) Rules provide that certificates should be issued in the names of individuals only. However, a co-operative society, a co-operative bank or a scheduled bank can purchase these certificates on behalf of its members, clients, employees or contractors whose moneys are held as deposit or otherwise with such society or bank. Any certificates purchased or acquired in contravention of these rules shall be encashed by the holder as soon as the same is discovered and no interest shall be paid on their holdings. If any interest has been paid on any holding which is in contravention of these rules, it should be forthwith refunded to Government failing which Government shall be entitled to recover the amount involved from any money payable by Government to the investor or as an arrear of land revenue.

In July 1985, it was noticed by Audit that 7-year NSCs (V issue) valuing Rs.1 lakh which had been irregularly issued from Nalagarh Sub Post Office (under Solan Head Post Office) in January and February 1977 in the name of the Manager, The Jogindra Central Co-operative Bank, Nalagarh had been discharged on maturity on 11th July 1984 and interest amounting to Rs.1 lakh had been allowed on these certificates.

The Department of Posts stated (May/July 1986) that the net amount of irregularly paid interest after allowing interest as admissible on savings account which such holder was entitled to open under the provisions of Post Office Savings Account Rules, 1981 would be recovered from the investor and that the net amount of recoverable interest would be known only after the request for regularisation was received from the holder. However, no recovery has so far been made (July 1986).

47. Infructuous expenditure on purchase of post box cabinets

Superintendent, Postal Store Depot (PSD), Ranchi received during June/September 1985 100 Nos. of post box cabinets costing Rs.3.85 lakhs through the Director General, Supplies and Disposals (DGSD) against an indent placed by PSD, Ranchi in August 1982 through the Postmaster General(PMG), Bihar and the Director General, Posts and Telegraphs. These boxes were meant for renting out to intending subscribers. The following points were noticed in audit.

(a) There was no consumption/demand for these cabinets in the circle. However, the PSD, Ranchi placed an indent for 100 cabinets with the PMG, Bihar Circle who inturn forwarded the demand to the Directorate.

(b) Out of the 100 cabinets, 25 cabinets were received in damaged condition. As per terms of DGSD contract, if the stores were lost in transit/ damaged, the supplier should be informed within 30 days of their receipt. But the department failed to take action within this period. The Superintendent, PSD, Ranchi stated (May 1986) that nearly 40 packages were opened in November 1985 i.e. nearly two months of their receipt and 25 cabinets were found in damaged condition. The matter was not taken up with the supplying firm immediately, but only in May 1986 after it was pointed out by Audit (March 1986). The damaged cabinets had not been got repaired/ replaced so far (July 1986).

(c) No requisition was pending with the PSD, Ranchi at the time of receipt of these cabinets (June/ September 1985).

(d) Till March 1986, four cabinets were

supplied to two Post Offices against the requisition of one each. To dispose of the remaining 96 cabinets, the PSD Ranchi called for indents from Post Offices under its jurisdiction (September 1985) and from other PSDs in Bihar Circle as well as from outside circles (November 1985), but no requisition had been received so far (March 1986).

(e) 69 cabinets costing Rs.2.66 lakhs were lying in open exposed to natural elements due to non-availability of covered space.

Thus, 96 post box cabinets costing about Rs.3.70 lakhs purchased during June-September 1985 without proper assessment of demand were lying unutilised (March 1986).

The department admitted (November 1986) that 96 post box cabinets costing Rs.3.70 lakhs were purchased without proper assessment of demand and stated that the 25 damaged cabinets would be repaired at the expense of the supplying firm, which had agreed to defray the repair charges and that the cabinets had since been protected against rain and sun. It added that action to divert the surplus stock had also been taken and as many as 93 cabinets were being diverted to four PSDs leaving only 3 Nos. with the PSD, Ranchi.

48. Idle letter boxes

(a) During January 1983 to August 1983 the Postal Stores Depot (PSD), Patna received 363 pillar letter boxes (Type C-7) costing Rs.2.54 lakhs from a Co-operative Industrial Society, New Delhi against a consolidated indent placed by the department in March 1979 with the Director General, Supplies and Disposals (DGSD). With this, the total number of boxes including the existing stock of 78 (December 1982), was 441 in August 1983. In addition, two letter boxes were found excess in stock in March 1984 bringing the total number of letter boxes to 443. Out of these, only 194 pillar letter boxes were issued during 1982-86 leaving a balance of 249 boxes costing Rs.1.74 lakhs in stock (March 1986). The PSD, Patna intimated the Directorate (September 1985) that 200 of these boxes could be spared for other circles. However, no action had been taken so far (June 1986). Similarly, in PSD Ranchi also, 118 such pillar letter boxes (Type C-7) costing Rs.0.83 lakh were lying unutilised (March 1986). During 1985-86, no letter box was issued even though 40 such boxes were expected to be utilised.

Thus, in all, 367 pillar letter boxes (Type C-7) worth Rs.2.57 lakhs were lying unutilised in PSD, Patna and Ranchi.

It was also noticed in audit (May 1986) that 2287 Type C-3 letter boxes and 2897 square type letter boxes valuing Rs.1.83 lakhs acquired during September 1980 to April 1984 by the PSD, Patna and Ranchi were lying unutilised in stock (March 1986).

The Manager, PSD Patna stated (April 1986) that indent for supply of letter boxes was submitted two years in advance on the basis of consumption for the last three years and the target fixed for opening new post offices, plantation of letter boxes and opening of mobile counter services in the villages, but since the developmental programmes were stopped for about three years, these letter boxes could not be utilised.

But it is significant to mention that as against target of 10,000 letter boxes to be installed during Sixth Plan period for the entire country, 12832 letter boxes were actually installed. However, the fact remained that the indents placed were far in excess of the average annual consumption as detailed beolw :

Indent Year	Average annual consumption	Assessed requirement
1980-81	35	30
1981-82	19	400
1983-84	32	50

(b) Similarly, the PSD, Vadodara under Gujarat Postal Circle received 100 pillar letter boxes (Type C-7) costing Rs.0.64 lakh in August 1983 from the same Co-operative Industrial Society against a consolidated indent placed by the department

in June 1982 with the DGSD. Of these, 9 letter boxes were diverted to PSD, Bhopal (August 1984) and the remaining 91 letter boxes valuing Rs.0.58 lakh were lying unutilised (January 1986) since August 1983. The Postmaster General, Gujarat stated (June 1986) that the indent was placed on experimental basis looking to the requirements of 800 units and to keep some reserve stock.

Thus, various types of letter boxes valuing Rs.4.98 lakhs have remained unutilised due to excess indenting.

The matter was reported to the department (July 1986) and despite 3 reminders issued in September 1986, October 1986, November 1986, their comments were still awaited (December 1986).

49. **Surplus stock of mill made cotton cloth/stitched uniforms lying unutilised in Postal Store Depots.**

Prior to April 1982, the eligible employees of the Posts and Telegraphs Department were supplied with stitched uniforms on the basis of individual measurements. The Posts and Telegraphs Board decided in February 1982 to distribute cloth in pieces to the employees and to pay in cash stitching charges to get the uniforms tailored privately from April 1982. However, the new procedure was to be adopted only where there were no legal difficulties in terms of contract/agreement if any, already finalised for the stitching of uniforms, otherwise the existing procedure for the supply of stitched uniforms would continue during 1982-83 or till the expiry of contract, whichever was later.

The department had also taken a policy decision in January 1982 for supplying polyester cotton cloth instead of mill made khaki cotton cloth for stitching uniforms with effect from 1st April 1984 or the date on which the available stock of mill made cotton cloth was consumed. For this purpose all the Heads of Circles were asked to ensure that all stocks of mill made cotton cloth were exhausted before introduction of the new type of uniforms.

A review by Audit of Postal Store Depots in 11 Postal Circles from October 1984 to March 1986 revealed that before switching over to supply of polyester cotton cloth, the stipulations of the Director General, Posts & Telegraphs (DGPT) were not kept in view resulting in huge stocks of mill made cotton cloth worth Rs.15.41 lakhs and huge stocks of stitched uniforms worth Rs.8.32 lakhs lying with the Postal Store Depots (March 1986) with no possibility of their utilisation in the near future. In Tamil Nadu, Kerala and Maharashtra circles, the department had to incur a loss of Rs.5.61 lakhs from December 1983 to January 1986 in disposing of the stock of stitched cotton cloth uniforms.

While accepting the facts, the department stated (September 1986) that on switching over to uniforms made out of polyester cotton fabrics instead of mill made khaki cotton cloth, the circles gave effect to the orders before the stock of khaki cotton cloth was exhausted. Efforts were being continued to dispose of the surplus cotton cloth by sale to departmental employees and other Government departments.

50. **Infructuous expenditure on installation of high tension transformer and switchgear at Mail Motor Service, Madras.**

Superintending Engineer, P&T Electrical Circle, Bombay sanctioned (November 1977) a detailed estimate for Rs.1.26 lakhs for providing and installing a 250 KVA high tension (HT) transformer substation for Mail Motor Service (MMS), Madras to cater to its ultimate load requirement of 215 KVA. The substation with HT transformer and switchgear was installed in August 1979 at a cost of Rs.1.57 lakhs. It was, however, noticed (October 1981) by the Executive Engineer, P&T Electrical Division II, Madras after two years of installation of the HT transformer, that the actual load including the load of 35 HP to be added was 56 HP only (52.22 KVA) which was less than half of the minimum load of 121 KVA required for giving HT connection. Because of the low consumption, the department felt that taking HT supply might not be economical

and the HT transformer was not commissioned. Possibility of utilising the substation elsewhere in the circle was also explored (June 1985) but the chances were found to be bleak.

Thus, due to incorrect assessment of the requirement of load, the HT transformer and switchgear installed at a cost of Rs.1.57 lakhs have remained unutilised and the expenditure incurred thereon has proved to be infructuous.

The matter was reported to the department (July 1986); and despite 3 reminders issued in September 1986, October 1986 and November 1986, the comments were still awaited (December 1986).

51. Supply of sub-standard white paper to Postal Store Depots in Andhra Pradesh Circle.

The Postmaster General, Andhra Pradesh Circle, Hyderabad placed an order on firm 'A' in January 1985 for supply of 198 tonnes of cream wove paper costing Rs.20.69 lakhs against a rate contract entered into by the Director General, Supplies and Disposals (DGSD) with the firm. Against this supply order, 141 tonnes of paper of various sizes and weights were supplied to the Circle Postal Store Depots (PSDS) at Hyderabad, Vijayawada, Guntakal and Rajamundry during the period March-August 1985. The consignments received at Guntakal and Rajamundry were found wholly sub-standard and, therefore, samples drawn from the lots were sent to laboratories for analysis. Test reports received in respect of stocks at Guntakal and Rajamundry had conclusively proved that the paper was of sub-standard quality and not according to the specifications. The entire stock of 63.85 tonnes (costing Rs.6.94 lakhs) received at Guntakal and Rajamundry from firm 'A' was kept aside without use and replacement of the stock demanded.

According to the terms and conditions of the rate contract, the consignees were required to lodge a complaint with the Additional Director General (Inspection) of the DGSD within 10 days of the receipt of supply of the sheet paper along with their views about its suitability. Though the consignment was received in the PSD, Guntakal in July-August 1985, the matter was taken up with the Deputy Director (I) (DGSD, New Delhi) after a delay of 22 to 55 days, i.e. much after the prescribed period of 10 days. Report sent to the Deputy Director of Inspection (DGSD), New Delhi had evoked no response so far (August 1986). There is also likelihood of further deterioration of these stocks due to storage as disclosed in the laboratory reports. Thus 63.85 tonnes of paper valued at Rs.6.94 lakhs received during June-August 1985 in the two store depots remained unutilised (August 1986) with no prospect of being put to use.

Accepting the facts of the case, the Department of Posts stated (August 1986) that the case was pending settlement with the DGSD and the Deputy Controller of Inspection, Government of India Stationary Office, Calcutta.

52. Installation of bag washing plant at Postal Stores Depot at Guntakal

Posts and Telegraphs Department proposed in 1980-81 to install a bag washing plant at the Postal Store Depot (PSD), Guntakal on considerations of logistics and availability of a departmental site with a big well. The plant was commissioned in October 1983 at a cost of Rs.5.39 lakhs.

The capacity of the plant was fixed at 400 canvas bags per shift of 8 hours and the plant was considered capable of working for two shifts a day. However, it was never utilised to its optimum capacity after it was commissioned. During 1984-85, the average number of bags washed a day was 150. The position continued to be so and there was further deterioration in March 1986 when the average number of bags washed per day was only 112. Under-utilisation of the plant was stated to be due to scarcity of water which was being obtained through a borewell dug in July 1983 at a cost of Rs.0.25 lakh exclusively for this purpose. The Superintendent, PSD, Guntakal stated (April 1986) that on chemcial analysis, the water was found not fit for washing the bags and the life of both bags and

plant would be reduced if the same was continuously used. It was, however, stated that soft water only was being used for the boiler in order to avoid damage to it. Thus, the expenditure of Rs.0.25 lakh incurred on the bore-well became infructuous.

The department stated (July 1986) that decision to locate the plant at Guntakal was taken in view of availability of land measuring four acres and a big well and also Guntakal being an important railway junction with headquarters of Railway Mail Service.

The bag wasing plant installed at a cost of Rs.5.39 lakhs has remained grossly unutilised due to defective planning, viz. not keeping in view the most important factor of availability and suitability of water.

53. Frauds committed by Extra Departmental Staff

Post offices in villages and elsewhere, where the volume of work does not justify full time departmental staff, are manned by extra departmental postmasters like school masters, station masters, shopkeepers who possess some independent means of subsistence or have spare time to earn sufficient income in addition to the allowance they obtain from the department. Such persons receive monthly remuneration for work for 3 to 5 hours a day and deal with all postal transactions pertaining to Savings Bank accounts, money order, sale of postal stationery, issue of registered/insured articles and acceptance of PLI premia.

The departmental rules prescribed detailed checks over the work done by extra departmental officials. The checks fall broadly under two categories (a) accounting control by post offices to whom daily accounts are rendered by extra departmental postmasters and (b) surprise visits/periodical inspections by departmental officials like mail overseers (monthly), inspectors and assistant superintendents of post offices (annually).

The checks are designed to ensure that all receipts and payments are promptly and correctly brought to account and the extra departmental officials work strictly in accordance with the rules and procedures. The departmental officials are also expected to verify correctness of the transactions entered in the post office account and to verify the cash balance with the extra departmental officials by actual counting.

A review of frauds and misappropriation cases reported during the years 1981-82 to 1983-84 in Maharashtra and Gujarat circles, has, however, showed that exercise of accounting checks and physical control by departmental officials had by and large not been very effective. In particular, it was noted that 386 frauds (67 per cent) related to Savings Bank transactions in these two circles committed by the Extra Departmental Branch Postmasters (EDBPMs) alone involving Rs.13.62 laskhs were reported during these three years as indicated below (Table 53) :-

TABLE 53

Year	Total No.of fraud cases	Total loss (Rs. in lakhs)	No. of Savings Bank frauds	Amount involved (Rs. in lakhs)	No. of Savings Bank frauds committed by ED staff.	Amount involved (Rs. in lakhs)	Percentage of 6 over 4
1981-82							
Maharashtra	207	11.90	58	3.81	42	1.97	72
Gujarat	84	2.76	45	2.34	8	0.16	18
1982-83							
Maharashtra	147	11.49	59	6.06	38	3.71	64
Gujarat	206	10.10	149	4.50	60	0.32	40
1983-84							
Maharashtra	261	9.44	74	4.28	58	2.82	78
Gujarat	414	7.19	189	4.97	180	4.64	95
			574		386	13.62	

A study in audit of 33 fraud cases in Maharashtra Circle involving Rs.4.25 lakhs and 28 fraud cases in Gujarat Circle in Savings Bank section involving Rs.3.89 lakhs indicated the modus operandi, as below in the department's investigation reports :

(a) Deposits accepted by the EDBPMs/ sub-post masters (SPMs) were noted in pass books, but were either not entered in departmental accounts or less amounts were entered in accounts.

(b) Withdrawals were made on forged signatures of account holders or by altering fraudulently the amounts mentioned by them in withdrawal applications.

(c) Inspections by mail overseers and other departmental supervisory staff have been perfunctory with the result that the ommissions/commissions on the part of EDBPMs/SPMs and the financial irregularities committed by them remained undetected for long.

The department stated (November 1986) that several instructions had been issued for ensuring checks and controls at all levels during July-December 1985 and that the question of restricting the vesting of SB powers to only such of the Branch Offices where there was reasonable volume of work was also under consideration as recommended by a committee set up on extra departmental agents. The department added that it was very concerned and was taking all possible steps to reduce the incidence of such frauds.

V.S. Bhardwaj

(V.S. BHARDWAJ)
Director of Audit
Posts and Telegraphs

Delhi
The 27 APR 1987

Countersigned

T.N. Chaturvedi

(T.N. CHATURVEDI)
Comptroller & Auditor
General of India

New Delhi
The 29 APR 1987

APPENDIX

Growth of revenue of Postal Services under the various heads during the last five Years indicating the increase (+) decrease(-) and the percentage increase over previous years in brackets.

(Referred to in paragraph 44

Main Heads of Revenue Receipt	1981-82	1982-83	1983-84	1984-85	1985-86
		(Rupees in crores)			
(i) Sale of ordinary stamps	171.73	201.85 (17.54)	227.50 (12.7)	229.31 (0.08)	259.22 (13.04)
(ii) Sale of Service Stamps	27.40	29.18 (6.5)	32.68 (12.0)	33.11 (1.3)	30.90 (-)(6.67)
(iii) Postage realised in cash	48.54	66.78 (37.6)	72.68 (8.8)	77.55 (6.7)	78.42 (1.12)
(iv) Receipt on account of Money Orders and postal Orders including forfeited Money Orders	35.68	44.04 (23.4)	49.03 (11.3)	54.77 (11.7)	56.37 (2.92)
(v) Other receipts	26.06	36.16 (38.8)	52.65 (45.6)	49.67 (-)(5.7)	51.93 (4.55)
Total	309.41	378.01 (22.17)	434.54 (14.95)	444.41 (2.27)	476.84 (7.30)

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