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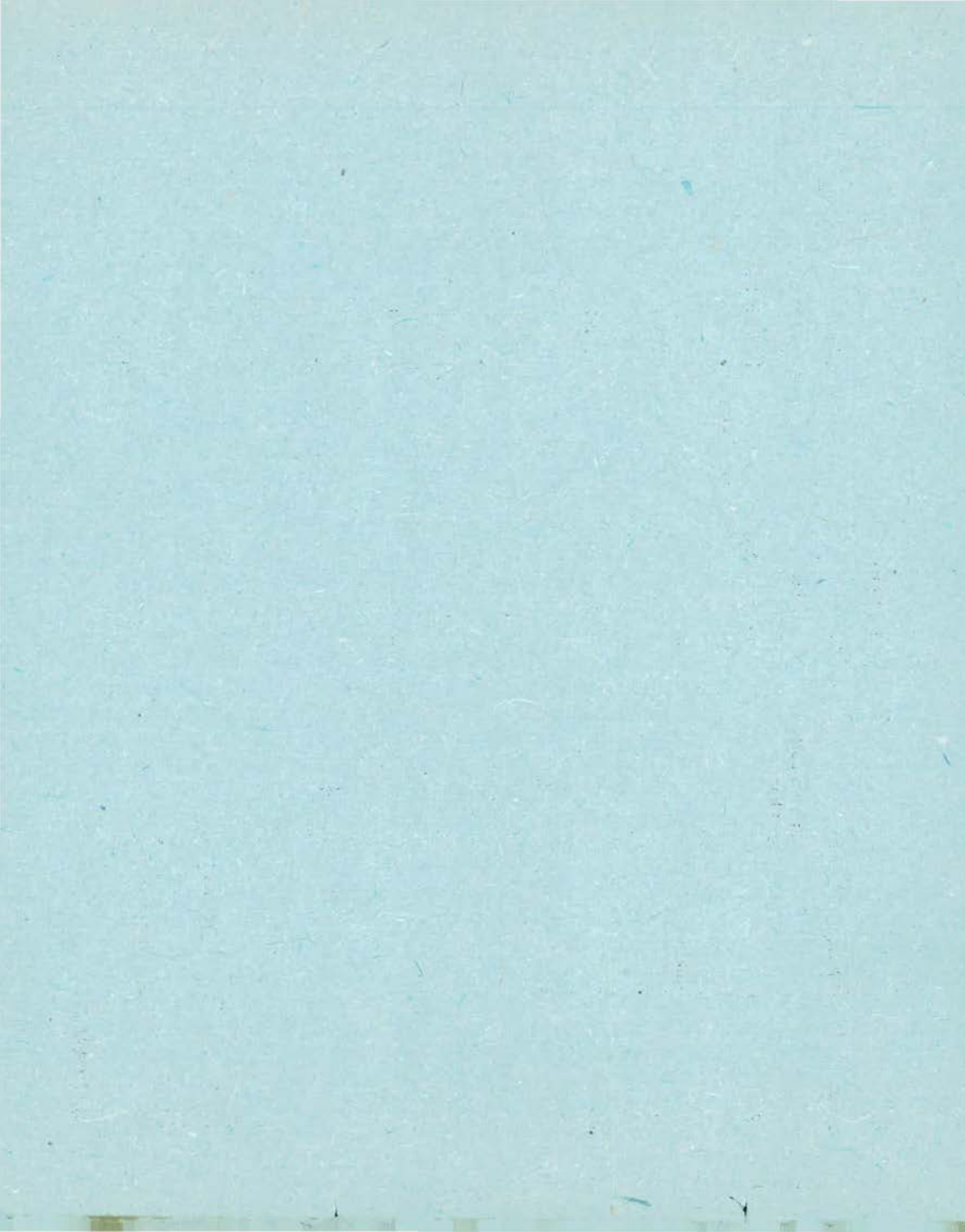
**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

**FOR
THE YEAR 1983-84**

UNION GOVERNMENT (POSTS AND TELEGRAPHS)

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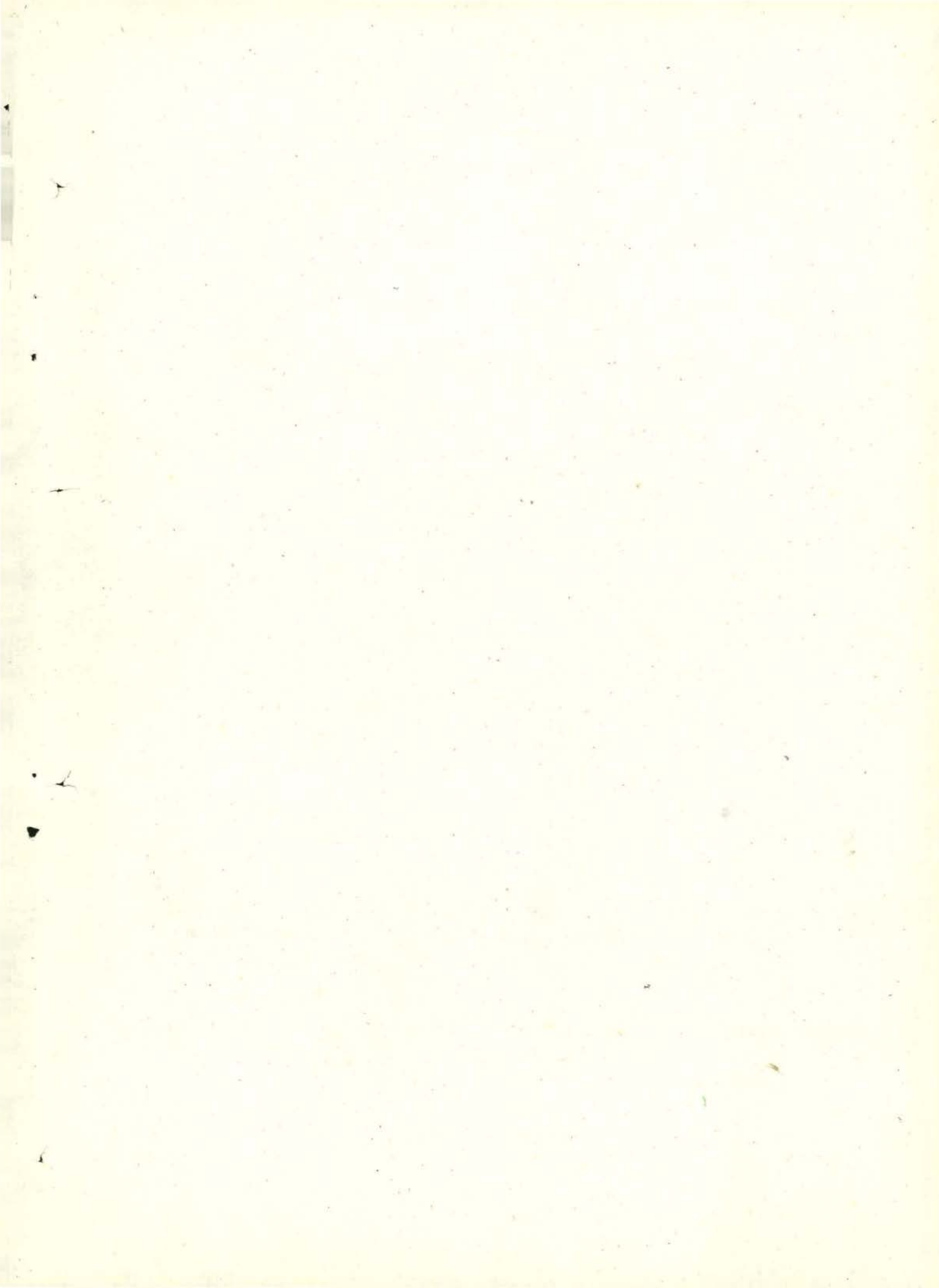
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PREFATORY REMARKS

This Report has been prepared for submission to the President under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts of the Posts and Telegraphs Department for 1983-84 together with other points arising from audit of the financial transactions of the Posts and Telegraphs Department.

The cases mentioned in the Report are among those which came to notice in the course of test audit during the year 1983-84 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 1983-84 have also been included wherever considered necessary.



CHAPTER I

GENERAL

1. Posts and Telegraphs Department—Overall Review

Introductory

The Posts and Telegraphs (P&T) Department is responsible for planning, development, expansion, operation and maintenance of postal, telegraphs, telephones and wireless services in the country. The Department is headed by the P&T Board which exercises the administrative and financial powers of the Ministry. It has two distinct services—Postal Services and Telecommunication Services. The Postal Wing also functions as an agency for Savings Bank and other small savings schemes of the Government, Postal Life Insurance, collection of customs duty on Postal articles and disbursement of pension to Military and Railway pensioners and family pension to employees of industries, coal mines, etc., and issue of wireless licences. The Telecommunication Services include telephones, telegraphs, telex and wireless Services.

2. Sixth Plan Performance

2.1 The capital outlay on the services and the important facilities available at the beginning of the

2.2 The physical and financial targets for the Sixth Plan and the actuals for the first 4 years are as follows (Table 2.2) :—

Sixth Five Year Plan (1980—85) were as follows :—

Postal Services

Gross Capital Outlay (Rs. in crores)	104.79
Total number of Post Offices	1,36,999
Extra Departmental Delivery Agencies	75,537
Villages with postal counter facilities	91,677
Number of letter boxes	4,84,717

Telecommunication Services

Gross capital outlay (Rs. in crores)	1927.41
--------------------------------------	---------

Local Telephone System

Switching capacity (Lakh lines)	23.36
Direct Exchange lines (Lakh lines)	20.16
Underground cables (Lakh pair Kms.)	117.48

Long Distance System

TAX capacity (Lines)	40,300
Coaxial cables (Route Kms.)	16,641
Microwave system (Route Kms.)	16,545

Open Wire Telegraph offices

Number of telegraph offices	28,315
Long Distance Public Call Offices	13,830
Telex exchanges (Number)	136

Telex capacity (Lines)

Local	22,015
Telex connections	17,983

TABLE 2.2
Postal Services

1	2	3	4	5	6
	As per Sixth Plan	Target for 1980—84	Actuals for 1980—84	Percentage of sixth Plan target	Percentage of targets for 1980—84
Capital outlay (Rs. in crores)	172.00	103.79	89.63	52.11	86.35
New Post offices (Number)	8,000	6,700	6,758	84.47	100.87
Appointment of EDAs (Number)	10,000	7,750	8,040	80.40	103.74
Villages with counter facilities (Number)	10,000	7,750	8,283	82.83	106.88
Number of letter boxes	10,000	8,875	12,267	122.67	138.21
Telecommunication Services					
Capital outlay (Rs. in crores)	2,336.00	1,797.31	1,959.27	83.87	109.01
<i>Local Telephone System</i>					
Switching capacity (Lakh lines)	14.80	10.80	7.18	48.51	66.48
Direct Exchange lines (Lakh lines)	13.30	9.70	6.51	48.95	67.11
Underground cables (Lakh pair Kms.)	78.00	54.90	39.59	50.76	72.11

1	2	3	4	5	6
<i>Long Distance System</i>					
TAX capacity (Lines)	94,770	56,970	40,320	42.54	70.77
Coaxial cables (Route Kms.)	12,000	6,000	2,075	17.29	34.58
Microwave system (Route Kms.)	16,000	13,208	4,609	28.81	34.90
<i>Open wire Telegraphs</i>					
Number of telegraph offices	20,000	9,600	8,298	41.49	86.44
Long distance PCOs (Number)	20,000	9,600	7,494	37.47	78.06
Telex exchanges (Number)	100	102	40	40.00	39.21
<i>Telex capacity (Lines)</i>					
Local	22,500	21,044	8,329	37.02	39.58
Trunk	13,000	16,600	9,500	73.08	57.23
Telex connections (Number)	18,300	15,700	4,544	24.83	31.34

Details for each year are given in Appendix I.

2.3 While the performance of the Postal Services in the first 4 years of the Sixth Plan exceeded the targets, in the case of Telecommunication Services, which constitute the main source of revenues, the progress of various capital works during the first 4 years of the Plan ranged between 31 and 86 per cent approximately of the targets. However, the capital outlay was about 109 per cent. The trend of the performance so far indicates that the achievements for the Sixth Plan are likely to fall short of the targets. The major shortfall with reference to the physical targets are in :

- Switching capacity
- Direct Exchange lines
- Underground cables
- Long distance system
- Telex exchanges
- Telex connections.

2.4 Mention was made of certain factors of delay in Chapters IV and V of the Reports of the Comptroller and Auditor General of India for 1980-81, 1981-82 and 1982-83. Some of the important factors, which contributed to the delay as identified in the test check are:

- Equipment installed but cable not laid (Paragraph Nos. 30, 31 and 35).
- Delay on account of the non-receipt of the full complement of stores and equipment (Paragraph Nos. 23, 34 and 35).
- Faulty planning (Paragraph Nos. 17, 18, 19, 22 and 33).

Some instances are discussed in detail in Chapters IV & V of this Report.

2.5 The delay in setting up telephone facilities with reference to the plan projections is also reflected in shortfall in realisation of telephone revenues compared to the budgetary expectations during the

years 1979-80 to 1983-84 as will be evident from the following data (Table 2.5.1) :

TABLE 2.5.1

Year	Budget estimates	Actual	Shortfall
		(Rupees in crores)	
1979-80	555.27	491.14	64.13
1980-81	586.50	540.11	46.39
1981-82	726.30	656.93	69.37
1982-83	792.60	782.78	9.82
1983-84	980.00	860.00	120.00

Although total revenue fell short of budgetary expectations, the average annual revenue per telephone has been increasing over the years as shown below (Table 2.5.2) :

TABLE 2.5.2

Year	Number of direct exchange lines at the beginning (Lakh lines)	Total revenue (Rs. in crores)	Average annual revenue perline (Rs.)
1979-80	18.68	491.14	2,629
1980-81	20.16	540.11	2,679
1981-82	21.49	656.93	3,057
1982-83	22.96	782.78	3,409
1983-84	24.65	860.00	3,488

The increase in average revenues per telephone per annum is partly on account of the upward revision in call unit charges and Trunk call charges from 1st July 1981 and upward revision of both rentals and call unit charges from 1st March 1982. While the subscriber is thus being called upon to bear the burden of increased tariff, the total number of telephone lines has been falling short of the targets every

year, leading to increase in the number of applicants in the waiting list, as will be evident from the following data (Table 2.5.3) :—

TABLE 2.5.3

Year	Number of persons in the waiting list at the end of the year (Rupees in lakhs)
1980-81	4.43
1981-82	5.94
1982-83	6.58
1983-84	7.38

The data relating to the number of complaints per 100 telephone sets and the average duration of

fault clearance as furnished by the Department is given below (Table 2.5.4) :—

TABLE 2.5.4

Year	No. of complaints per 100 telephone	Average duration of fault clearance in hours per month
1980-81	57.3	6.75
1981-82	51.4	10.50
1982-83	47.1	9.00
1983-84	49.4	10.3

2.6 The following data (Table 2.6) about the budgetary trends will indicate that during the four years 1980-81 to 1983-84 while the actual revenue from Posts and Telegraphs Department as a whole was less than the budget estimates, the working expenditure was more than the budget estimates for the first three years. The surplus fell short of estimates in all the years.

TABLE 2.6

	1980-81		1981-82		1982-83		1983-84	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
	(Rupees in crores)							
Revenue	963.30	910.01	1130.00	1070.60	1297.96	1290.26	1581.01	1462.66
Net working expenditure	743.08	821.12	873.07	953.30	995.07	1050.62	1257.67	1189.15
Gross surplus before dividend	220.22	88.89	256.93	117.30	302.89	239.64	323.34	273.51

There is no system for detailed analysis of volume and rate variances of revenue and expenditure to

identify the areas of inefficiencies, which remain merged in overall results of working.

CHAPTER II
APPROPRIATION AUDIT AND CONTROL
OVER EXPENDITURE

3. General

3.1 The summarised position of actual expenditure during 1983-84 against grants/appropriations is as follows :—

	Original grant/ appropriation 1	Supple- mentary 2	Total 3 (Rupees in lakhs)	Actual expenditure 4	Variation saving(—) excess(+) 5
<i>I Revenue</i>					
Voted	16,90,70.21	13,00.00	17,03,70.21	15,78,96.71	—1,24,73.50
Charged	1.00	7,00.00	7,01.00	3,92.79	—3,08.21
<i>II Capital</i>					
Voted	6,09,33.80	1,30,00.00	7,39,33.80	7,44,15.09	+481.29
Charged	1.00	Nil	1.00	Nil	—1.00
GRAND TOTAL	23,00,06.01	1,50,00.00	24,50,06.01	23,27,04.59	—1,23,01.42

3.2 The broad results of Appropriations Audit are as follows :—

3.2.01 The overall supplementary grant and appropriation obtained during 1983-84 was 6.5 per cent of the original grant and appropriations.

3.2.02 In 2 cases, the supplementary provision of Rs. 14,00.00 lakhs was unnecessary as the savings thereunder (Rs. 23,60.84 lakhs) exceeded the supplementary provision (Appendix II).

3.2.05 The final saving of Rs. 1,24,73.50 lakhs in two voted grants were as follows :—

Sl. No.	Grants	Amount of Savings (percentage of savings)	Reasons
1.	15—Posts and Telegraphs Working Expenses	74,90.35 lakhs (5.4)	Saving was mainly due to restrictions imposed on creation/non-filling up of vacant posts, less expenditure on OTA, Honoraria, TA, etc. as a measure of economy, non-receipt of anticipated debits and less purchases, non-execution of certain works, receipt of less number of pension cases non-receipt of bills from Railways, receipt of less articles of stationary, less acquisition of fixed assets and less receipt of stores than anticipated.
2.	16—Dividend to General Revenues, Appropriation to Reserve Funds and Repayment of Loans from General Revenues	49,83.15 lakhs (15.4)	Saving was mainly due to lesser surplus available owing to shortfall in the net receipts than anticipated.

4. Excess requiring regularisation.—The excess in Grant No. 17—Capital Outlay on Posts and Telegraphs (Voted) was Rs. 4,81.29 lakhs, which requires regularisation under Article 115 of the Constitution :—

Grant	Total grant	Actual expenditure	Excess (percentage of excess)	Reasons
17—Capital Outlay on Posts and Telegraphs	Rs. 7,39,33,80,000	7,44,15,08,839	4,81,28,839 (0.7)	Excess was mainly due to accelerated progress in the construction of buildings, more procurement of Mail Motor Vehicles, installation of more Teleprinter and Telex machines, receipt of more Apparatus and Plants and Lines and wire materials, TAX equipment and materials for Manual Trunk Exchanges, etc. than anticipated.

Significant excesses (more than 20 per cent of the provision) occurred in the following heads of accounts :—

Heads of Accounts	Provision	Expenditure	Percentage of excess	Reasons
(Rs. in lakhs)				
POSTAL				
(i) Post offices	13,32.00	16,49.22	23.8	Excess was mainly due to accelerated progress in construction of Post office RMS buildings and procurement of more Mail Motor Vehicles than anticipated.
(ii) Staff quarters	9,00.00	11,04.17	22.7	Due to more activities in the construction of staff quarters than anticipated.
(iii) Training	Nil	17.23	—	Due to opening of a new group head following a post-budget decision.
TELECOMMUNICATION				
(iv) Telegraph Systems	8,37.00	18,02.56	115.4	Due to installation of more Teleprinter and Telex machines than anticipated.
(v) Long Distance Switching systems	18,60.00	28,35.61	52.5	Due to receipt of more TAX equipment and materials for Manual Trunk Exchanges than anticipated.
(vi) Other Land and Buildings	14,00.00	21,67.16	54.8	Due to rapid progress in the construction of staff quarters.

Physical and financial Progress during 1983-84

Physical achievements in respect of some programmes fell short of their targets for the year 1983-84 as indicated below, even though the actual expenditure exceeded the Budget allotment :—

Sl. No.	Name of Programme	Percentage of physical achievements	Percentage of financial expenditure
(A) Postal Services			
1.	Construction of Post Office and RMS Buildings, etc.	63.6	138
2.	Construction of staff quarters	39.3	123
(B) Telecommunication Services			
(a)	Telex exchanges (Nos.)	23	} 385.3
(b)	Capacity for telex exchanges lines (Local)	34.4	
(c)	Capacity for telex exchanges lines transit	112	

Long Distance Switching System

(a) Manual Trunk Boards (Nos.)	93	} 226.4
(b) Capacity of Trunk Automatic exchange lines	122	

Local Telephone System

(a) Exchange Capacity (Lakh lines)	59.7	} 114
(b) Direct exchange lines (Lakh lines)	59.4	

In respect of the following programmes, physical achievements as well as the financial expenditure were less than the targets and budget estimates respectively as detailed below :—

Long Distance Switching System

(a) Length of Coaxial cables systems (Kms.)	14.7	61
(b) Length of Microwave systems (Kms)	52	99
(c) Length of ultra high frequency systems (Kms)	20.8	41

CHAPTER III

REVENUE

6. **Revenue position.**—The total revenue receipts of the department as budgeted and collected during the five years ending 1983-84 are given below (Table 6.1) :—

TABLE 6.1

Year	Budget estimates	Actual	Shortfall	Percentage of shortfall
(Crores of rupees)				
1979-80	888.30	835.05	53.25	6.0
1980-81	963.30	910.01	53.29	5.5
1981-82	1130.00	1070.60	59.40	5.3
1982-83	1297.96	1290.26	7.70	0.6
1983-84	1581.01	1462.66	118.35	7.5

The revenue receipts during 1983-84 were Rs. 118.35 crores less than the estimates. The shortfall was mainly due to less receipts under the heads "Sale of ordinary stamps", "Postage realised in cash", "Commission on money orders, postal orders, etc.", "Telegrams", "Telex" and "Telephone revenue on account of rentals and local and trunk call fees, etc.", partly offset by more collection under the heads "Sale of service stamps", "Rent of wires, circuits and instruments leased to railways, canals, etc.", and "Other receipts (Net)". The budget estimates and the actual receipts under the main heads of revenue during 1983-84 are given below (Table 6.2) :—

7. **Growth of receipts.**—The growth of receipts during five years ended with 1983-84 is indicated below (Table 7.1) :—

TABLE 7.1

Main heads of revenue receipts	1979-80	1980-81	1981-82	1982-83	1983-84	Increase/Decrease in 1983-84 as compared to 1979-80	
						Amount	Percentage
1	2	3	4	5	6	7	8
(Crores of rupees)							
(i) Sale of ordinary stamps	145.52	156.65	171.90	202.98	228.82	82.30	56.2
(ii) Sale of Service stamps	27.49	25.36	27.40	29.18	32.68	5.19	18.9
(iii) Postage realised in cash	35.54	40.37	48.55	66.79	72.70	37.16	104.6
(iv) Receipts on account of money orders and postal orders including forfeited money orders	26.14	31.41	35.68	44.04	49.03	22.89	87.6

TABLE 6.2

Main heads of revenue receipts	Budget estimates	Actuals	Variations Saving (—) Excess(+)
1	2	3	4
(Crores of rupees)			
(i) Sale of ordinary stamps (including post cards)	240.70	228.82	(—)11.88
(ii) Sale of Service stamps	28.37	32.68	(+)4.31
(iii) Postage realised in cash	74.50	72.70	(—)1.80
(iv) Commission on money orders, postal orders, etc.	54.05	48.26	(—)5.79
(v) Telegrams	88.00	85.12	(—)2.88
(vi) Telex	101.00	84.06	(—)16.94
(vii) Rent of wires, circuits and instruments leased to Railways, canals, etc.	26.79	35.49	(+)8.70
(viii) Telephone revenue on account of rentals and local and trunk call fees, etc.	980.00	860.00	(—)120.00
(ix) Net receipts from other Postal Administrations.	20.00	22.23	(+)2.23
(x) Net receipts from other Telephone Administrations	6.65	12.05	(+)5.40
(xi) Net receipts from other Telegraph Administrations	2.00	2.72	(+)0.72
(xii) Deduct net payments to other Postal Administrations	1.30	1.07	(—)0.23
(xiii) Deduct net payments to other Telephone Administrations	29.00	31.90	(+)2.90
(xiv) Deduct net payments to other Telegraph Administrations	47.90	40.64	(—)7.26
(xv) Other receipts	20.65	25.85	(+)5.20
(xvi) Other services and service fees, etc.	16.50	26.29	(+)9.79
TOTAL	1581.01	1462.66	—118.35

	1	2	3	4	5	6	7	8
(v) Telegrams		59.62	46.38	58.61	74.99	85.12	25.50	42.8
(vi) Telex		47.37	60.02	70.96	82.09	84.06	36.69	77.5
(vii) Rent of wires, circuits and instruments leased to railways, canals, etc.		10.42	20.54	19.44	22.89	35.49	25.07	240.6
(viii) Telephone revenue on account of rentals and local and trunk call fees, etc.		491.14	540.11	656.93	803.68	860.00	368.86	75.1
(ix) Other receipts (Net) excluding forfeited money orders		-9.19	-10.83	-18.87	35.48	14.76	23.95	260.6
TOTAL		835.05	910.01	1070.60	1290.26	1462.66	627.61	75.2

8. The growth of receipts in the two branches of the department compared with the increase in expenditure (inclusive of dividend and depreciation on historical cost and supplementary depreciation, if any, towards inflationary element) during the five years ending 1983-84 is indicated below (Table 8.1) :-

TABLE 8.1

Year	Receipts	Expenditure	Percentage of expenditure to receipts
	(Crore of rupees)		
Postal Services			
1979-80	259.22	270.75	104.4
1980-81	278.11	350.26	125.9
1981-82	309.41	403.10	130.3
1982-83	378.01	468.94	124.1
1983-84	434.54	516.84	118.9
Telecommunication Services			
1979-80	575.83	430.45	74.8
1980-81	631.90	507.33	80.3
1981-82	761.19	600.03	78.8
1982-83	912.25	652.44	71.5
1983-84	1028.12	769.26	74.8
Total (Department as a whole)			
1979-80	835.05	701.20	84.0
1980-81	910.01	857.59	94.2
1981-82	1070.60	1003.13	93.7
1982-83	1290.26	1121.38	86.9
1983-84	1462.66	1286.10	87.9

9. **Arrears of telephone revenue.**—(i) Out of the telephone bills issued up to 31st March 1984, Rs. 32,61 lakhs were still to be collected as on 1st July 1984; of this Rs. 5,32 lakhs were due from Government subscribers and Rs. 27,29 lakhs from other subscribers.

Out of the total overdues of Rs. 32,61 lakhs, Rs. 17,00 lakhs had been billed for between April 1983 and March 1984 and the remaining Rs. 15,61

lakhs before 31st March 1983. The year-wise analysis of the overdues is given below (Table 9.1) :-

TABLE 9.1

Year	Amount
	(Lakhs of rupees)
Upto 1976-77	230.69
1977-78	113.06
1978-79	117.64
1979-80	151.16
1980-81	169.34
1981-82	262.14
1982-83	517.61
1983-84	1699.68
TOTAL	3261.32

Rupees 15,61 lakhs were more than a year old.

Out of the total arrears of Rs. 26,69 lakhs as on 1st April 1984 in respect of the bills issued upto 31st December 1983, Rs. 379.38 lakhs pertained to claims of more than Rs. 5,000 (Rs. 10,000 in respect of Bombay Telephone District) as indicated below :-

	(Lakhs of rupees)
1. Central Government subscribers	21.38
2. State Government subscribers	65.70
3. Central Public Sector Undertakings	2.25
4. State Public Sector Undertakings	12.54
5. Local Bodies	0.94
6. Other subscribers	276.57
TOTAL	*379.38

(ii) The percentage of the outstandings on 1st July 1984 in respect of bills issued upto 31st March 1984 to the total amount collected during 1983-84

*This does not include figures in respect of 12 Telecommunication Circles/Telephone Districts out of 46 Telecommunication Circles/Telephone Districts.

and the corresponding percentages in the three preceding years are given below (Table 9.2) :—

TABLE 9.2

Year	Amount collected	Percentage increase over previous year	Amount outstanding on 1st July following (including outstanding for the bills issued in the preceding years)	Percentage increase over previous year	Percentage of the amount outstanding to the amount collected during the year
1	2	3	4	5	6
(Lakhs of rupees)					
1980-81	5,61,23	11.8	18,42	0.9	3.3
1981-82	6,65,86	18.6	21,28	15.5	3.2
1982-83	8,00,41	20.2	26,06	22.5	3.3
1983-84	8,88,72	11.0	32,61	25.1	3.7

(iii) The percentage of the outstanding to the amount billed (as on 1st July 1984) in respect of the bills issued during 1983-84 and the corresponding percentages in the three preceding years are given below (Table 9.3) :—

TABLE 9.3

Year	Amount billed	Amount outstanding on 1st July following out of amount shown in column 2	Percentage of column 3 to 2
1	2	3	4
(Lakhs of rupees)			
1980-81	5,61,94	7,54	1.3
1981-82	6,70,65	10,03	1.5
1982-83	8,07,50	13,52	1.7
1983-84	8,98,23	17,00	1.9

(iv) A test audit of telephone revenue accounts* conducted during 1983-84 showed many instances of short billing as well as failure to issue bills. Of 5517 cases (totalling Rs. 70.51 lakhs) of short-billing brought to the department's notice, the department had not realised (June 1984) the amounts short-billed in 2391 cases (totalling Rs. 27.36 lakhs) and out of 2391 cases, in 784 cases (Rs. 4.53 lakhs) even bills had not been issued. The department had also not issued (June 1984) bills in 928 cases (Rs. 19.69 lakhs) out of 4158 cases (Rs. 44.83 lakhs) of failure to issue bills brought to the notice of the department.

*The figures in sub-para (iv) do not include figures in respect of 3 Telecommunication Circles/Telephone Districts out of 46 Telecommunication Circles/Telephone Districts.

(v) Recovery of Rs. 114.08 lakhs was under litigation on 1st July 1984. The progressive position was as below (Table 9.4)

TABLE 9.4

	No.	Amount (Lakhs of rupees)
(a) Cases under litigation as on 1st July 1983	1096	77.63
£(b) Cases in which litigation proceedings were commenced during July 1983 to June 84	326	43.09
£(c) Cases decided during July 1983 to June 1984	154	6.64
£(d) Cases decided out of (c) in favour of P&T Department.	111	4.44
(e) Cases under litigation as on 1st July 1984	1268	114.08

(vi) Out of Rs. 22.51 lakhs written off during the year 1983-84, Rs. 9.43 lakhs pertained to Delhi Telephone District alone. An amount of Rs. 4.45 lakhs written off in Delhi Telephone District (out of Rs. 9.43 lakhs) pertained to the period prior to 1977-78. The category-wise break-up of Rs. 22.51 lakhs is indicated below :—

(Lakhs of rupees)

Reasons	
1. Whereabouts of the subscribers not known	6.76
2. Solvency of the subscribers not established	1.12
3. Closures of subscribers firms, concerns etc.	0.82
4. Death of subscribers	0.88
5. Relevant departmental files not available	0.07
6. Other reasons	2.16
7. Break-up not available	10.70
TOTAL	22.51

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

(vii) Total equipped/optimum capacity of telephone connections at the end of the years 1980-81, 1981-82, 1982-83 and 1983-84 and the actual connections given in these years are given below (Table 9.5) :—

TABLE 9.5

Year	Total equipped/optimum capacity of Telephone connections at the end of the year	Actual working connections at the end of the year
1	2	3
(Figures in lakhs)		
1980-81	24.72	21.49
1981-82	26.14	22.98
1982-83	28.29	24.66
1983-84	30.55	26.68

£This does not include figures in respect of 7 Telecommunication Circles/Telephone Districts out of 46 Telecommunication Circles/Telephone Districts as the same have not been received/are under reconciliation.

The above table would show that the equipped capacity was under-utilised as per departmental standards.

(viii) The amounts outstanding at the end of the years 1980-81, 1981-82, 1982-83 and 1983-84 in respect of metropolitan cities of Delhi, Calcutta, Madras and Bombay are indicated below (Table 9.6) :—

TABLE 9.6

	1980-81	1981-82	1982-83	1983-84
	(Lakhs of rupees)			
1. Delhi	1188.18	1174.36	1236.21	1220.88
2. Calcutta	492.42	520.41	716.17	783.84
3. Madras	73.12	174.74	96.46	115.37
4. Bombay	492.00	564.80	603.72	1027.13

(ix) Complaints received regarding over billing during the year 1983-84 were 1,07,284.*

10. **Arrears of rent of telegraph, telephone and teletypewriter circuits and telex/intellex charges.**—Collection of Rs. 474.18 lakhs on account of rent of telegraph, telephone and teletypewriter circuits and telex/intellex charges for bills issued upto 31st December 1983 was in arrears on 1st April 1984, against Rs. 379.39 lakhs as on 1st April 1983, as indicated below (Table 10.1) :

TABLE 10.1

	As on 1st April 1984	As on 1st April 1983
	(Lakhs of rupees)	
Rent of telegraph, telephone and teletypewriter circuits	366.99	270.76
Telex and intellex charges	107.19	108.63
TOTAL	474.18	379.39

Out of arrears of Rs. 474.18 lakhs, Rs. 226.34 lakhs related to bills issued during April 1983 to December 1983 and Rs. 247.84 lakhs to bills upto March 1983. Year-wise analysis of the total amount is given in Appendix VI.

Out of a total amount Rs. 210.49 lakhs relating to 39 Telecommunication Circles/Telephone Districts (out of 46) break up of Rs. 124.99 lakhs representing

claims exceeding Rs. 5,000 (Rs. 10,000 in respect of Bombay Telephone District) is indicated below :—

	Rent of telephone, telegraph and tele- printer circuits	Telex/ intellex charges	Total	Per- centage
	(Rupees in lakhs)			
Central Govern- ment	35.00	0.98	35.98	29
State Governments	3.09	1.54	4.63	4
Autonomous bodies	8.90	1.08	9.98	8
Press/News-papers	32.71	0.14	32.85	26
Others	14.32	27.23	41.55	33
TOTAL	94.02	30.97	124.99*	100

11. **Arrears of revenue of radio telegraph charges.**—The Chief Accounts Officer, Telegraph Check Office, Calcutta prepares monthly bills in respect of radio telegrams exchanged between the Indian coastal radio stations owned by Indian Posts and Telegraphs Department and ships at sea. He sends these bills to the companies/administrations concerned on the 15th of the third month following the month of traffic.

Mention was made of the arrears of radio telegraph charges recoverable amounting to Rs. 59.10 lakhs on 1st August 1983 (covering bills pertaining to the period up to 31st March 1983) in paragraph 11 of the Report of the Comptroller and Auditor General of India (Posts and Telegraphs) for 1982-83. Out of this, Rs. 24.34 lakhs pertained to the period up to 31st March 1982.

During subsequent audit it was observed that in respect of bills pertaining to the period up to 31st March 1983, Rs. 25.69 lakhs continued to be in arrears even on 1st August 1984 of which Rs. 4.10 lakhs pertained to 1982-83 and the balance Rs. 21.59 lakhs to earlier years. Out of this, Rs. 2.46 lakhs pertained to claims of more than Rs. 1 lakh against one foreign administration, covering the period from 1974-75 to 1976-77 and 1978-79. Year-wise analysis of the arrears of Rs. 25.69 lakhs as on 1st August 1984 is given in Appendix VII. In respect of bills pertaining to the period up to 31st March 1984 arrears totalled Rs. 49.96 lakhs as on 1st August 1984. The amount due for recovery was roughly equal to 14 months earnings.

*Information was awaited from the remaining 7 Telephone Districts/Circles.

The table (11.1) below gives the year-wise earnings, actual recoveries, arrears, etc.

TABLE 11.1

Year	Amount outstanding at the beginning of the year in respect of bills pertaining to previous year	Amount of bills pertaining to the year	Total amount collectable	Amount collected during the year out of that shown in Col. 4	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
(Lakhs of rupees)						
1979-80	67.04	42.70	109.74	27.69	82.05	37.30 (1-8-1981)
1980-81	82.05	40.00	122.05	30.02	92.03	28.72 (1-8-1982)
1981-82	92.03	40.50	132.53	50.86	81.67	24.34 (1-8-1983)
1982-83	81.67	45.23	126.95	57.46	69.49	25.69 (1-8-1984)
1983-84	69.49	42.52	112.01	42.25	69.76	(Due on 1-8-1985)

12. Arrears of Telegraph revenue.—

(A) *Inland Press Telegrams.*—Registered newspapers and news agencies are allowed the facility of sending inland press telegrams without prepayment. Bills for such telegrams are sent subsequently. They have to be paid within a week.

A test check of the bills issued by the Chief Accounts Officer, Telegraph Check Office (CAOTCO), Calcutta between August 1983 and July 1984 and pertaining to the period from June 1983 to March 1984 showed that there was a time lag of 1 to 3 months in issuing the bills. Bills pertaining to the period April 1984 onwards were yet to be issued (23rd August 1984).

For bills pertaining to the period up to 31st March 1984, arrears in collection amounted to Rs. 17.06 lakhs as on 23rd August 1984. Out of this Rs. 2.98 lakhs were for the year 1982-83 and Rs. 2.87 lakhs for the period from 1968-69 to 1981-82.

(B) *Mobilisation Telegrams.*—Mobilisation telegrams in connection with Military business are similarly accepted without prepayment. Bills are preferred by the CAOTCO, Calcutta, monthly against the Defence authorities, who are required to make payment within 3 weeks of their receipt.

Rupees 85.11 lakhs were in arrears as on 1st August 1984 for bills pertaining to the period upto March 1984. Out of this, Rs. 2.87 lakhs related to the years 1980-81 (Rs. 0.04 lakh), 1981-82 (Rs. 0.30 lakh) and 1982-83 (Rs. 2.53 lakhs).

13. *Short-billing/non-billing noticed by Audit.*—In the following 35 cases (Table 13), short-billing/non-billing amounting to Rs. 87.02 lakhs was noticed by Audit. Out of these, recoveries in 26 cases amounting to Rs. 63.72 lakhs had been made at the instance of audit. Recoveries in respect of the remaining cases, for which bills totalling Rs. 23.30 lakhs have been issued/are being issued, are yet to be made.

TABLE 13

Sl. No.	Details of the case	Audit observations	When pointed out by Audit	Amount short-billed/not billed	Amount recovered/ Month of recovery	Amount yet to be recovered	Remarks
1	2	3	4	5	6	7	8
(Rupees in lakhs)							
1.	Provision of two pairs of lines between station 'A' and 'B' against a firm demand placed in October 1976 by the Defence authorities. The work was completed and handed over to the Defence authorities during January 1980 to August 1981.	Rent and installation charges had not been recovered for the period from January 1980 to March 1983.	December 1982	0.46	0.46 (March 1983)	—	—

1	2	3	4	5	6	7	8
2.	Laying of under-ground cable for Director General, Security against a firm demand placed in March 1972.	Actual cost of the work increased by more than 10 per cent of the estimated cost necessitating revision of rental as per departmental rules, which was not done resulting in short recovery of rental for the period from April 1976 to May 1983.	October 1982	2.92	2.92 (November 1983)	—	—
3.	A 100 lines PBX with one junction line was provided to the Rengali Dam authorities in December 1976 against a firm demand placed in March 1976.	The rental for the line was recovered incorrectly at the rate of Rs. 0.70 lakh per annum from December 1976 to June 1982 instead of Rs. 0.83 lakh per annum based on actual expenditure.	January 1981	0.73	0.73 (April 1982)	—	Department stated that action was being taken to fix the responsibility.
4.	Provision of 100/600 lines PABX (expandable type) at Bangalore University. The facility was provided in February 1975.	Bills for the rental on the basis of actual expenditure in respect of the installation of equipment were not issued as per departmental rules, and rent and guarantee in respect of underground cables provided for the exclusive use of the party was not quoted at all initially and therefore, rentals were not realised.	May 1983	2.07	2.07 (January 1984)	—	—
5.	Provision of different types of underground cables to IAF authorities.	After recovery of advance rentals for one year, no further annual rent was recovered from Air Force authorities.	November 1982	3.72	3.72 (March 1983)	—	Department stated that remedial measures were being taken to prevent recurrence of such lapses.
6.	Provision of telephone connections, private wires and non-exchange lines to private parties and other Government departments by District Manager, Telephones, Ludhiana.	In a large number of cases no rent had been realised except the advance rental, although the facility had been provided long before.	July 1983	1.01	1.01 (September 1983)	—	Department stated that action had been taken to fix responsibility for the lapse.
7.	Provision of a 300 lines private Automatic Branch Exchange board to IAF by Chandigarh Telephone District at an annual rent of Rs. 79,963 on capital cost basis with a guarantee period of 10 years in October 1977.	As per departmental rules the period of guarantee should have been 5 years instead of 10 years and after the expiry of guarantee period rental was chargeable on flat rate basis.	July 1983	1.28	1.28 (October 1983)	—	The Department stated that action was being taken to fix the responsibility for the lapse.
8.	Provision of junction cable to Civil Aviation Department at Srinagar.	While the rental and installation charges for the period from August 1980 to August 1981 were billed for and paid by the Civil Aviation Department in advance, the rentals for the subsequent period from August 1981 to March 1984 were not realised due to non-receipt of completed copy of the 'Advice Note' by the Telephone Revenue Accounting Branch from SDO(P) Srinagar.	June 1983	3.17	3.17 (August 1983)	—	—

1	2	3	4	5	6	7	8
9.	Provision of 100 line PABX Switch Board (MAX II—extendable type), External connections and Teleprinter circuits to (i) Sriram Chander Bhanja Medical College, Cuttack (ii) Aviation Research Centre, Charbatia (iii) Superintendent of Police, Signals, Cuttack.	(i) The rent bills on flat rate basis for 100 lines non-extendable type PABX instead of extendable type PABX actually provided on capital cost basis were issued in March 1982 covering the period from March 1980 to March 1983 resulting in short recovery of Rs. 0.82 lakh upto March 1983. (ii) The rent bills for 135 extensions for the period upto March 1983 were issued in March 1982 on flat rate basis instead of on capital cost basis resulting in short recovery of Rs. 0.99 lakh. (iii) The rent bill for the circuit including the revised rental for teleprinter machines effective from March 1982 amounting to Rs. 0.50 lakh upto March 1983 was not issued.	June 1982	2.31	2.31 (June 1984, September 1983, August 1983).	—	Department stated in June 1984 that action was being taken to fix responsibility for the lapses.
10.	Laying of underground cable between All India Radio monitoring station in Aya Nagar and Broadcasting House, New Delhi.	The estimated cost (Rs. 14.75 lakhs) was more than 100 per cent of the capital cost (Rs. 6.71 lakhs) on the basis of which provisional rent and guarantee was initially quoted. According to departmental instructions, the rental should have been reassessed on the basis of estimated cost and quoted to the party for acceptance. However, this was not done resulting in short recovery of rental.	November 1982	5.39	5.39 (August 1984)	—	—
11.	Provision of additional pair of permanent line route from station 'C' to station 'D' via station 'E' to Defence on rent and guarantee basis in November 1982.	The expenditure on the work exceeded the estimated cost by more than 10 per cent necessitating a revision in the rental which the DET, Jodhpur failed to make, thus resulting in short recovery of rental.	June 1983	0.62	0.62 (March 1984)	—	—
12.	Provision of PABX Boards to a private party at Faridabad.	The department charged rent in respect of external extensions on the basis of actual radial distance instead of the distance computed at 1.25 times the point to point radial distance as required under departmental instructions.	May 1983	2.88	2.88 (September 1983).	—	—

1	2	3	4	5	6	7	8
		The rental for one of the PABX Boards was not realised and its external/internal extensions were short charged. Rentals for certain facilities provided from various extensions from this PABX Board were not billed for, resulting in short recovery of rental.					
13.	Provision of 100 lines extendable type PABX Board for the Department of Science and Technology, New Delhi. Board handed over on 10-8-1978 but started functioning from 28-2-1979.	Rent was chargeable from the date of handing over. Due to delay in functioning of the exchange rent for the period from 10-8-1978 to 27-2-1979 was not charged. Also rent for the Board for the period 28-2-1980 to 31-5-1983 and some of the extensions was not billed for/recovered.	May 1983	3.46	3.46 (August 1983)	—	—
14.	Provision of 100 lines extendable type PABX Board at Safdarjung Hospital, New Delhi.	Rent for the 100 lines ordinary extendable type PABX Boards was revised from time to time but it was noticed that rent bills were continued to be issued at old rates for the period 15-5-1974 to 29-2-1976. Revised rental in respect of non-extendable Board was recovered instead of extendable type Board for the period 1-9-1980 to 31-5-1983 and the rent for certain extensions was also being short recovered.	June 1983	1.33	1.33 (February 1984)	—	—
15.	Provision of 100 lines PABX Board at All India Institute of Medical Sciences, New Delhi.	Rent in respect of the extensions was not being recovered and in some cases rent in respect of external extensions was being charged as if they were internal extensions resulting in short recovery.	June 1983	0.88	0.88 (June 1983)	—	—
16.	Expansion of 100 lines PABX provided to Military authorities at station 'F' in September 1975 with a guarantee of 5 years.	During the guarantee period the rentals were not revised based on the actual expenditure which was in excess by more than 10 per cent of the estimated cost, and after the expiry of the guarantee period, rentals at flat rates were not charged as per departmental rules, resulting in a total short recovery of Rs. 1.23 lakhs.	May 1982	1.23	—	1.23	—
17.	Provision of speech circuit Wadsar-Jamnagar (Su) SP-2 to Air Force.	Though the circuit was commissioned in May 1980, the bills for rental were not issued till October 1983 resulting in non-realisation of rental and installation charges.	July 1983	1.89	1.89 (December/1983/April 1984)	—	—

1	2	3	4	5	6	7	8
18.	Provision of trunk speech circuit to Air Force authorities between station 'G' and 'H'. Facility provided in August 1971.	No bills were issued by the Department for the period from April 1974 to March 1982. On being pointed out by Audit bills were issued in December 1982.	November 1982	6.73	6.73 (March 1983)	—	Payment particulars relating to bills for the periods from August 1970 to March 1974, were not available and were being collected (July 1984).
19.	Provision of 2 long distance Telex connections from Bhubaneswar Telex exchange to Heavy Water Project, Talcher on rent and guarantee basis in December 1975 for 5 years, and Fertiliser Corporation of India, Talcher on standard flat rate basis in October 1978.	The rent was not revised after the expiry of the guarantee period. Further the revised tariff effective from March 1982 to March 1983 was not made applicable in both the cases. Besides rent of 4 attachments provided in August 1980 to the telex of Heavy Water Project was not billed for since their installation resulting in short realisation of departmental revenue.	May 1983	1.90	1.90 (February 1984)	—	—
20.	Provision of permanent line route Bap-Nokh-Ranjitpura (Rajasthan Circle). The facility was provided in March 1982.	The rental on the actual booked expenditure was more than that calculated on the basis of estimated cost quoted earlier resulting in short realisation of rental from March 1982 to April 1984.	January 1983	1.08	1.08 (January 1984)	—	—
21. (a)	Shifting of 17 telexes beyond a radial distance of 5 Kms from the telex exchange.	Additional rental for the actual distance beyond 5 Kms. required to be recovered under the rules was not claimed resulting in short billing in 17 cases.	March 1982	1.83	1.68 (October 1984)	0.15	Payment has been received in 16 cases and responsibility is being fixed for failure to issue bills.
(b)	Provision of teleprinter circuits to various parties including Press Information Bureau in Delhi.	(i) In 6 cases, annual rent of Teleprinter was not increased with the increase in working hours.	April 1982	0.81	0.54 (October 1984)	0.27	The payment in 5 cases had been recovered, and in the 6th case the bill had been issued and the payment was awaited.
		(ii) In 2 cases rent for Teleprinter machines was not recovered.	April 1982	0.08	0.08 (October 1984)	—	—
		(iii) In one case rental was short charged due to clerical mistake.	April 1982	0.25	—	0.25	Supplementary bills had been issued. The recovery was awaited.
		(iv) In the case of 2 Teleprinter circuits provided to Press Information Bureau, New Delhi, the rental was claimed presuming the party as press, newspaper or news agency instead of treating it as a Government department.	March 1982	2.26	2.13	0.13	Supplementary bill amounting to Rs. 0.13 lakh was issued in December 1982. Action was being taken to fix responsibility in all cases.
22.	Provision of 100—600 lines PABX in St. John's Medical College, Bangalore. The PABX was commissioned in February 1976.	Based on the estimated cost of Rs. 1.92 lakhs the rental should have been quoted at Rs. 46,817 per annum, but the department quoted rent of Rs. 25,000 per annum and actually	June 1983	1.22	1.22 (January 1984)	—	—

1	2	3	4	5	6	7	8
		realised only Rs. 22,000 per annum resulting in short realisation of rentals.					
23.	Provision of 200 lines PABX at Gorakhpur University. The facility was provided in March 1981.	The rental at the prescribed rate was not charged from March 1981 to March 1984 due to late receipt of Advice Note in the Telephone Revenue accounting Branch.	May 1982	4.25	4.17 (October 1984)	0.08	Bill for the balance amount was yet to be issued.
24.	Laying of 13 miles cables for Air Force authorities (Bamrauli) against their firm demand made in November 1966. The work was completed and handed over to the party in August 1969 and December 1970 for a guarantee period of 10 years.	The rental was revised at a lower rate during the guarantee period from the original rental quoted against the provision of rules, resulting in short recovery.	November 1982	0.95	—	0.95	The bill had been issued to the party. The payment was awaited
25.	Provision of certain telegraph and telephone circuits to U.P. Government and U.P. Police authorities in 1980 and 1981.	Due to non-posting of Advice Notes, rent bills were not issued (Rs. 2.67 lakhs). The effect of revision of tariff applicable from 1st March 1983 (Rs. 1.54 lakhs) was also not given, resulting in short recovery.	November 1982	4.21	2.67 (March 1983 to July 1984)	1.54	Bills for the remaining amount were under issue.
26.	Provision of speech circuits to Army authorities between Kota-Jaipur-Alwar in March 1979.	The sanction of the competent authority for provision of the circuit and Advice Note for opening the same were not available either in Kota Division or in Alwar Division with the result that rent bills for the period from 9th March 1979 to 28th February 1984 were not issued.	July/ December 1983	3.81	3.81 (April 1984)	—	Department stated that G.M. has been asked to take necessary action for the non-issue of advice notes (October 1984).
27.	Provision of three Telex connections and accessories thereto to a party in Jammu Phones Division on annual rent basis.	Annual rent in respect of these cases was not realised due to non-issuance of bills in two cases. In the third case though the bills were issued the payment was not made by the party.	February 1982	1.10	0.08 (October 1984)	1.02	The DGPT stated that recovery in respect of 2 telex connections was being pursued.
28.	Provision of two tie-lines connecting the PABX at Balimela (Orkal PBX) and Chitrakonda for Balimela project authorities in March 1965 at an annual rental of Rs. 5,245 with a guarantee period of 7 years.	Rent for the period from March 1965 to November 1967 was charged for both the tie-lines but from December 1967 onwards bills for only one tie-line were preferred. Further even after the expiry of the guarantee period rental was continued to be charged at pre-revised rates and not as per tariff in force.	March 1984	1.37	—	1.37	The bills for the short charges had been issued to the State Government. The payment was awaited.

1	2	3	4	5	6	7	8
29.	Provision of a 300 lines extendable type PABX to a hotel on rent of Rs. 72,730 per annum based on estimated capital cost of Rs. 3.33 lakhs for guarantee period of 5 years.	Even though the expenditure on the work exceeded the sanctioned cost by more than 10 per cent, the department did not prepare a revised estimate. The revised rent and guarantee terms on the basis of the increased actual expenditure should have been quoted before providing the service. This was not done resulting in loss of revenue during the guarantee period.	May 1983	2.85	—	2.85	The DGPT stated in June 1984 that the GMT Madras had been directed to fix responsibility for the lapses.
30.	Provision of 200 lines extendable type PABX at Chheoki. Facility provided in September 1978 on rent and guarantee basis. The provisional rental was, however, quoted to the party in December 1978 i.e. after the facility was provided.	The expenditure on the work exceeded the estimated cost by more than 10 per cent. The rental were not revised and quoted to the party as required under departmental rules resulting in loss of revenue to the Department for the period from September 1978 to August 1983.	November 1982	1.59	—	1.59	Supplementary claim for final rental payable had been preferred and payment was awaited (June 1984).
31.	In May 1968, the Army authorities placed a firm demand on the Department for replacement of the underground cables from station 'I' to station 'J' (8 Kms.) and also within the area of station 'A' (16 Kms.) Provisional annual rental of Rs. 0.27 lakh with a guarantee period of 10 years for laying of the cables from station 'I' to station 'J' and of Rs. 0.62 lakh with a guarantee period of 5 years for laying of the cable (16 Kms.) within station 'I' was quoted (March 1974).	No bill on rental and guarantee basis had been issued by the department to the Army authorities for the cable laid (only 2.4 Kms. against the demand of 16 Kms.) within station 'I' area from January 1976 to June 1982 amounting to Rs. 0.82 lakh. Rental for laying cable from station 'I' to station 'J' was calculated at the rate of 15 per cent instead of 18 per cent. This resulted in short recovery of Rs. 0.42 lakh from Army authorities upto June 1982.	June 1982	1.24	—	1.24	The bills for the amount due from the Army authorities have been preferred. The payment was awaited (August 1984).
32.	Provision of 28 Kms. of underground cable on priority basis to Air Force authorities for their use as local leads between station 'K' and station 'L' in respect of a firm demand placed in April 1976.	In May 1979, after the department had incurred an expenditure of Rs. 3.55 lakhs, the Air Force authorities cancelled their firm demand. As per departmental rules compensation charges for cancellation of firm demand and estimating fee were recoverable from the party.	December 1982	0.98	—	0.98	The bills had been issued in December 1982. The case was being pursued with IAF authorities for realisation of the arrears. The recovery was awaited (July 1984).
33.	Laying of underground cable from R.K. Puram to Patparganj for use by Government Department. The work was handed over to the party in May 1978.	Because of non-receipt of 'Advice Note' in Telephone Revenue Accounts Unit, provisional rent was not recovered. Further rent was not revised based on actual expenditure. Also non-recurring charges were not quoted and recovered resulting in short recovery.	February 1984	8.31	—	8.31	Advice note had since been issued and the provisional bill for recovery including installation fee has also been sent to the party for payment. The payment was awaited. (August 1984).

1	2	3	4	5	6	7	8
34.	Expansion of the existing 200 lines (extendable) private branch exchange by 100 lines provided to Army authorities at Station 'A'. The Board was expanded by 100 lines in August 1981 and again 50 lines in December 1982.	The rental in respect of the first expansion was not recovered at the revised rates despite the revision in tariff with effect from September 1980 and no rent for the 50 lines expansion was recovered.	January 1984	1.34	—	1.34	DGPT stated (July 1984) that the DET Bhatinda had been instructed to issue the revised bills. Recovery awaited.
35.	Construction of new A 4 BC alignment, 32 posts, per mile between Station 'A' and station 'B' and erection of 242 lbs. per mile copper weld wire pair between station 'B' and station 'C' for Air Force authorities. The firm demand was placed by the IAF authorities in April 1967 and the completed line was handed over in April 1971.	The wrong fixation of period of guarantee as 6 years instead of 5 years resulted in short collection of revenue.	October 1980	3.51	3.51 (January 1982)	—	

14. **Non-revision of chargeable distance.**—Rental charges for external connections from direct exchange lines, private automatic branch exchanges etc. were required to be calculated on the basis of radial distance (RD) till April 1978, when the Director General, Posts and Telegraphs (DGPT) issued instructions that the chargeable distance in all such cases should be computed at 1.25 times the point to point RD. The revision was, however, notified only in December 1979. A clarification in September 1980 by the DGPT stated that the revised rental would be effective from 24th April 1978.

However, the orders were not implemented by various circles. This resulted in under-billing to the extent of Rs. 40.78 lakhs from April 1978 to March 1984. At the instance of Audit, Rs. 15.76 lakhs were recovered upto 31st March 1984. The balance i.e. Rs. 25.02 lakhs was still to be recovered.

The matter was reported to the DGPT in July 1984; reply was awaited (September 1984).

15. **Loss of revenue due to delay in providing junction lines to 100 line PBX at Head Works Colony for Upper Kolab Project authorities and non-billing of rentals for extensions.**—The Upper Kolab Project authorities registered (November 1977) a firm demand with the P&T department for the provision of two 100 lines PBXs (one with 5 junction lines at Bariniput and another with 2 junction lines at Head Works Colony) from Jeypore (K) exchange with two NE lines connecting the PBXs. The department quoted (March 1978) the rent and guarantee terms for the

two 100 lines PBXs each with 5 junction lines, which were the minimum provision as per departmental standards. The project authorities paid (April 1978) Rs. 1.57 lakhs for installation of 100 line PBX with 5 junction lines and 75 external extensions at Head Works Colony only as per their immediate requirement and preferred to defer the proposed work at Bariniput.

The junction lines were to be provided from Jeypore (K) exchange through 14 lb/20 pairs cable inside the local area of the exchange and thereafter through overhead alignments up to the PBX at Head Works Colony. Although the construction of overhead alignments to accommodate all the 5 junction lines was completed in January 1980, the PBX at Head Works Colony with only 2 junction lines was installed in January 1980 with the available cable pair and overhead alignment in the local area of Jeypore (K) exchange. The remaining 3 junction lines were not provided due to non-availability of 14 lb/20 pairs cable required to be laid in the local area of Jeypore (K) exchange.

However, in November 1983, 2 more junction lines were provided by laying 6½ lb/20 pairs cable as an alternate to 14 lb/20 pairs cable leaving one junction line yet to be provided. Had the department gone in for this alternate arrangement in 1980 itself, it would not have lost a potential rental revenue of Rs. 0.81 lakh during March 1980 to February 1984.

Against the demand of the party for 75 lines 80 external extensions were given to them from January

1980 to March 1983. Against the provision of 80 extensions, only 42 extensions were billed by the department leading to non-recovery of rental in respect of the remaining 38 extensions amounting to Rs. 0.97 lakh. On being pointed out in audit in January 1984, the bills were issued and payment was received in the same month.

16. **Loss of revenue due to delay in laying of Non-exchange lines.**—In February 1974, the Civil Aviation Department placed a demand for providing 5 lengths of non-exchange lines to Palam. Provisional rent and guarantee at the rate of Rs. 3.47 lakhs per annum was accepted by the Civil Aviation Department in March 1975.

The Director General, Posts and Telegraphs (DGPT) sanctioned (December 1975) the Project Estimate at a cost of Rs. 14.04 lakhs. The work was completed in March 1977 at a cost of Rs. 27.65 lakhs. During acceptance testing in October 1977, laying of all the cables was found faulty. Re-testing of cables in February 1978 showed the defect of cross talk due to defective jointing of cables which had to be re-done at an extra expenditure of Rs. 8,580.

Four lengths of cable were made available to the Civil Aviation Department in March 1979 and the 5th in November 1979. In the meantime, the DGPT revised the tariff rates with effect from March 1976 and formula for calculation of chargeable distance with effect from April 1978. As per revised tariff, the rental at flat rates was nearly double the rental quoted already which required revision. This was, however, not done by the department. Due to delay in handing over the cable lengths, a potential revenue of Rs. 16.02 lakhs on flat rate basis was lost.

The following reasons for delay were advanced by the department :—

- (i) A number of cable drums were found not holding pressure owing to manufacturing defects;
- (ii) the loading scheme was obtained from the Planning Branch only after March 1977;
- (iii) the cable became faulty during the monsoons of 1977;
- (iv) theft of 22 meters of cable took place on Ring Road; and
- (v) the cross talk level was higher than acceptable.

While the work of laying these underground cables was in progress, the DGPT in April 1978 revised the formulae for computing the chargeable distance for the purpose of rentals. Failure to implement these orders resulted in short recovery of Rs. 4.43 lakhs per annum from 1979 onwards.

The date of completion of the work was incorrectly shown as 11th December 1979 even though 4 lengths of cable had been handed over on 23rd March 1979 and one length on 15th November 1979. This resulted in short recovery of Rs. 4.30 lakhs. Installation charges of Rs. 0.38 lakh were also not recovered.

The DGPT stated in July 1984 that Rs. 1.89 lakhs had been recovered in February 1984 and efforts were being made to recover the balance amount.

CHAPTER IV

WORKS EXPENDITURE

17. **Avoidable extra expenditure on the purchase of Cross-bar Telephone exchange equipment for various exchanges.**—On review in December 1979, the requirements for switching equipment during 1979-84 were worked out at 17.46 lakh lines including the carry over of 0.53 lakh lines for 1978-79. The department decided to restrict the requirement only to Telephone Districts which worked out to 3.41 lakh lines for the year 1981-84. Excluding requirements of 1983-84, which were deferred pending decision as to how many of these should be electronic and how many electro-mechanical, the requirements for 1981-82 and 1982-83 came to 2.43 lakh lines. Accordingly, it was proposed in December 1979 to import this equipment from 3 firms 'A', 'B' & 'C' whose rates had already been approved with reference to tender enquiry issued in October 1978 for 1,34,000 lines. This tender enquiry had, *inter alia*, provided for procurement of additional lines to the extent of 1.7 lakh lines under repeat order clause at the tendered prices provided the repeat order was placed within one year from the date of complete supply of the equipment under this tender. This was agreed to by the 3 firms except that firm 'B' stated that the repeat order should be placed within one year after date of signing the contract.

The following data indicates the time taken by the department in finalising the tender for 1.34 lakh lines :—

(1) Tender announced	4-10-1978
(2) Tender opened	29-1-1979
(3) Tender Evaluation Committee (TEC) set up	29-1-1979
(4) Report submitted by TEC	30-4-1979
(5) Report submitted by the study team after visit to Japan	5-6-1979
(6) Report submitted by the High Level Committee on placing of orders	24-7-1979
(7) Letters of intent released by the Department	7-12-1979
(8) Detailed orders issued	21-5-1980 (firm 'C') 17-7-1980 (firm 'A') 24-7-1980 (firm 'B')

It would be seen that at the time the letters of intent were issued in December 1979 for the purchase of 1.34 lakhs of lines, the total requirements of 2.43 lakhs of additional lines was clearly known.

As a result of delay in the issue of detailed orders for supply of 1.34 lakh lines all the 3 firms expressed their inability to supply additional equipment under repeat order clause.

Delay in finalising the main tender of 1.34 lakh lines resulted in extra avoidable expenditure to the tune of Rs. 1264.01 lakhs.

The matter was reported to the DGPT in July 1984; reply was awaited (September 1984).

18. **Ducting of Cables—Blocking of capital.**—The Posts & Telegraphs Board decided in May 1972 that junction cables and primary cables coming on the route of the junction cables be laid in ducts. However, no headway could be made in the ducting of cables till 1977 due to delay in preparation of estimates and the availability of funds. After more than 5 years, the Director General, Posts & Telegraphs (DGPT) issued a circular letter in November 1977 in pursuance of which perspective plans for next five years for laying ducts were submitted by various Telephone Districts.

The Delhi Telephones planned a ducting programme of 2100 Kms. of PVC Pipe between 1980-81 and 1982-83 and received 1640.498 Kms. of PVC pipe from various suppliers as per the orders placed by GMTS, Calcutta. Out of the total 1640.498 Kms. pipe received 393.142 Kms. of pipe only could be consumed/laid upto May 1982, when ban on excavation of footpaths, roads etc. was imposed, leaving a balance of 1247.356 Kms. PVC pipe in stock. Though it was known that the works planned for 1980-81 could not be executed even in 1982-83, the department did not take action to stop further supplies. A reference to stop further supply was made only in May 1982 when excavation of footpaths, roads etc. was banned with effect from 21-5-1982 in view of forthcoming Asian Games. Failure to adhere to the execution schedule and to take timely action to regulate the supply resulted in accumulation of 1247.356 Kms. of pipes, blocking capital worth Rs. 311.84 lakhs since 1982-83.

The huge stock of pipes also created storage problems, the pipes were stored in and outside the

depots on pavements and roads with chances of reducing their life and cracking due to exposure to heat and rain besides possibility of theft, pilferage, etc.

19. **Construction of 5+5 type building and installation of 2400 lines strowger exchange at Tailakulam, Madurai.**—All telephone connections at Madurai were being served by a main exchange located South of river Vaigai with an equipped capacity of 7800 lines as on 31st March 1974. The Director General, Posts and Telegraphs (DGPT) approved a long term plan in February 1969 which included construction of a MAX building of 10000 + 10000 lines in the CTO compound located North of river to meet future demand.

Despite DGPT's approval, alternate proposals regarding location of the exchange were made by the Director of Telegraphs, Tamil Nadu Circle as below :—

- (i) March 1974—by acquiring fresh land at Sathamangalam Village located North of Vaigai.
- (ii) April 1976—to locate the new exchange in the Madurai TAX building.

The proposals were rejected by the DGPT in December 1974/May 1976 and the earlier decision to construct the building in CTO compound was reiterated. In the process, the department lost 3 years in the execution of the original long term plan approved in 1969. Again, there were abnormal delays in preparing the preliminary estimates and according administrative approval and expenditure sanction which was done in December 1977 and July 1978 respectively. The work was awarded to a contractor in April 1979, the ground floor and first floor of the building were handed over by Civil Wing only in September 1981 and the exchange was commissioned with 1500 lines in June 1982, the delay being due to belated supply/revision of structural drawings non-fixing of agency for electrical works etc. and slow progress of work by the contractor.

Further, 1500 lines equipment relating to the second MAX was diverted to the main exchange during March 1980 to March 1981 when the commissioning of the second exchange was well within sight. This was done to clear the waiting list which had in any case been there since 1974.

The connections were provided in the area North of Vaigai by laying 1500 cable pairs from main exchange for a distance of 3 Km. at a total cost of Rs. 27.90 lakhs, which would not have been necessary if the new exchange had been constructed

ditionously as per original plan. The DGPT stated in September 1984 that some cable pairs rendered spare due to transfer after commissioning of new exchange, were utilised as junction pairs. However, as per the estimation made in the Coordination Meeting held in October 1981, the total junction pairs needed after the commissioning of the second exchange were only 300 pairs. Proportionate expenditure of Rs. 22.32 lakhs on 1200 cable pairs could have been saved if the execution of the scheme as originally approved had not been delayed.

20. **Blocking up of capital due to non-commissioning Air-conditioning Plant.**—Air-conditioning of ladies dormitory of Trunk exchange and Special Services in Kidwai Bhawan, New Delhi was sanctioned by the General Manager, Delhi Telephones, (GMT) New Delhi at an estimated cost of Rs. 2.69 lakhs in October 1972. The work of supply and installation of air-conditioning plant was awarded to firm 'A' in January 1973 through the Director General, Supplies & Disposals (DGSD) for completion by March 1973 and June 1973 respectively. The load bearing capacity of the floor of the dormitory was not assessed before the work was awarded. In February 1973, the department discovered that the flooring was not strong enough to take the load of the equipment.

Consequently, it was decided in September 1973 to change the type of equipment to be installed. The original tender was amended in December 1973 at a revised cost of Rs. 2.86 lakhs with the schedule for delivery and installation as 20th March 1974 and 20th June 1974 respectively.

The equipment after inspection by the DGSD was delivered at the site in February 1975 and installation commenced thereafter.

The first joint inspection was carried out in July 1977 when a number of items were found incomplete and thereafter winter test of the plant in February 1979 showed a number of defects. In spite of opportunities given to the firm, it failed to remove the defects. Consequently, the contract was rescinded by the DGSD in January 1981. It was decided in January 1981 to get the balance work completed at the risk and cost of the firm 'A'. As the plant was under lock and key of the firm, nothing could be done till March 1981. Finally it was decided in consultation with the Ministry of Law to break open the locks in May 1982 and take possession of the plant for getting the unfinished jobs completed. Action to break open the locks was taken only in November 1982. The plant was yet to be commissioned after getting the faults rectified (June 1984).

The department now (January 1984) feels that the plant is beyond economical repairs.

Thus, the intended facility of air-conditioning sanctioned in October 1972 has not been provided although Rs. 2.55 lakhs have been spent. The expenditure has been almost a total waste.

21. Costly equipment lying idle in RTTC Hyderabad.—For equipping with 6 Gega Hertz (GHz) microwave system, the wide band microwave laboratory of the Regional Telecommunication Training Centre (RTTC) Hyderabad, located in a private rented building, the Post Master General (PMG), Andhra Pradesh Circle sanctioned an estimate for Rs. 2.38 lakhs in March 1973. The estimate provided for the construction of towers, for mounting antennae, in the space available in the RTTC compound. While preparing the estimate, the space in RTTC compound was considered sufficient for construction of towers. The Director General, Posts and Telegraphs (DGPT) placed order in July 1975 on ITI for the two antennae. These were received in April 1978 and cost Rs. 1.39 lakhs. During July 1975 to April 1978, the owner of the rented building constructed additional rooms for lecture halls and laboratories, which were taken over by RTTC in February 1979. Since the open space was used up, the microwave towers on which the antennae were to be mounted, could not be constructed in the RTTC compound.

On a proposal made by the Principal, RTTC in May 1978 for replacement of 12' diameter antennae by 6' diameter antennae because of paucity of space, the DGPT diverted in July 1978 one of the antennae to Advance Level Telecom, Training Centre (ALTTTC), Ghaziabad. The other antennae is still lying in the local stores depot (July 1984).

A revised estimate for installation of microwave equipment for Rs. 11.15 lakhs was sanctioned by the General Manager Telecom, Hyderabad in December 1980 against which equipments worth Rs. 12.70 lakhs had been received till March 1984. These equipments are also lying idle due to non-utilisation of the antennae.

22. Avoidable expenditure on the construction of a telephone exchange building.—Departmental instructions issued in May 1976, *inter-alia*, stipulate that in telephone systems with a capacity of 10,000 lines and above and in exchanges where initial installations justify not less than 600 lines, MAX II equipment should not normally be utilised and that MAX I equipment alone should be used. In respect of existing MAX II exchanges, the Heads of Telecom.

Circles/Districts were to submit proposals for their replacement by MAX I in a phased manner.

In spite of these instructions, the Director General, Posts and Telegraphs (DGPT) sanctioned a project in October 1978 for the shifting of the existing 700 lines Tambaram MAX II exchange forming part of the Madras Telephone System, from a rented building to a departmental building and its further expansion by 300 lines at an estimated cost of Rs. 57.10 lakhs. This project, amongst other things, consisted of a building component for the construction of a telephone exchange building, including electrical installation at an estimated cost of Rs. 3.86 lakhs. Administrative approval and expenditure sanction for Rs. 5.40 lakhs were accorded by the General Manager, Madras Telephones District (GMMTD) in January 1979 and February 1979 respectively.

In February 1979, the General Manager, Madras Telephone District submitted a proposal to the P&T Directorate for dividing the telephone district into 3 local areas, in which Tambaram and Chrompet constituted a separate local area. The proposal was accepted by the Directorate in May 1979. The General Manager later considered it uneconomic to have 2 exchanges, one at Tambaram, and the other at Chrompet, within a distance of 2 Kms. He, therefore, contemplated to have a MAX I exchange for both Tambaram and Chrompet at Chrompet, instead of the existing MAX II exchanges in these places, which were causing extreme subscriber dissatisfaction. This was approved by the P&T Directorate in November 1979, on the presumption that the building work included in the Tambaram MAX II project, sanctioned in October 1978, had not commenced.

On receipt of acceptance of the proposal (May 1979) for dividing the district into 3 local areas, the General Manager should have immediately instructed the P&T Civil Wing not to proceed with the building estimate at Tambaram, pending a final decision on having a MAX I at Chrompet. But this was not done with the result that the P&T Civil Wing who had by then (May 1979) only issued tender notice, finalised the tender in June 1979 and awarded the work to a contractor in July 1979. The building work was continued and completed in January 1981 at a cost of Rs. 6.26 lakhs. Due to lack of coordination the department incurred an avoidable expenditure of Rs. 6.26 lakhs on the construction of the telephone exchange building, now being used for running the telephone operators' training class, which would normally be housed in an administrative building with a lower height with lecture halls, laboratories, etc.

Further, based on the temporary utilisation of the building to house the operators' training class, the expenditure of Rs. 6.26 lakhs, incurred on the construction of the telephone exchange building, was irregularly treated by the department as expenditure incurred on training centre building by according revised administrative approval and expenditure sanction in June 1982. This was contrary to the instructions of the DGPT who had banned all expenditure on construction of training centre buildings pending reorganisation of the Telecommunication Training Centres.

By the time the detailed estimate sanctioned as a part of the project for the shifting of the Tambaram MAX II exchange to a departmental building was cancelled in September 1980, equipment and stores worth Rs. 5.88 lakhs had been received. Equipment worth Rs. 4.60 lakhs were transferred to Latur in Maharashtra Circle, but necessary accounting adjustment is still pending (July 1984). Stores worth Rs. 1.19 lakhs were transferred to other estimates.

23. Expansion of Erode Telephones from 3600 lines to 6000 lines.—A 3600 lines MAX I exchange was cut over at Erode under Tamil Nadu Telecom. Circle in January 1975. On 31st March 1975, there were 2637 working connections with 1698 applicants on the waiting list. Despite a heavy waiting list, the department sanctioned the expansion from 3600 to 6000 lines only in September 1976 at a cost of Rs. 1.05 crores. The project expected to be completed by 1979-80 was completed in 1981-82 due to delay in supply of equipments by Indian Telephone Industry (ITI). The following points were noticed :

A. Surplus stores

Line stores worth Rs. 5.96 lakhs were received in excess of requirements from the Controller of Telegraph Stores. These were lying idle for periods ranging from 3 to 7 years. The department stated in August 1984 that stores worth Rs. 2.24 lakhs had been transferred to other estimates and instructions had been issued to the circle for expeditious regularisation of the balance stores worth Rs. 3.72 lakhs.

B. Excess laying of cables

In 4 estimates, cables were provided far in excess of provision in the estimates involving an extra

expenditure of Rs. 19.63 lakhs as indicated below :

Estimate No.	Estimated provision in conductor Kilo meters (CKM)	Cables laid in CKM	Excess laid in CKM	Extra cost on account of excess laying in lakhs of Rupees
1	2	3	4	5
1. 806/D(b) 75-76	1303.840	2172.340	868.500	1.59
2. 420/D(b) 76-77	2200.000	3228.400	1028.400	2.21
3. 699/D(b) 74-75	441.000	3900.120	3459.120	12.59
4. 108/D(b) 78-79	2120.360	2896.220	775.860	3.24
			6131.880	19.63

The department stated in August 1984 that estimate No. 699 D(b)/74-75 involving excess laying of cable worth Rs. 12.95 lakhs did not form part of the expansion project and that in respect of 3 other estimates there had been wrong allocation of cash expenditure which was being rectified by transfer to other estimates of the same project. Though the above estimate did not form part of this project originally, the cables laid under this estimate were being transferred to this project. Further, the transfer of cash expenditure as sought to be made now would not vitiate the fact that cables, the cost of which is booked under 'Stores', had been laid in excess of the provision in the estimates.

24. Installation of Trunk Auto exchange at Patna.—To integrate Patna with the National Auto Trunk net work, a scheme for installation of 800-line TAX at Patna was approved by Government in November 1966. A project estimate for Rs. 23.74 lakhs was sanctioned in February 1968 by the Director General, Posts and Telegraphs (DGPT) which was subsequently revised to Rs. 52 lakhs in January 1975. In April 1972, another project estimate for expansion of TAX from 800 to 1000 lines was sanctioned at an estimated cost of Rs. 9.50 lakhs. Both the projects were targeted to be commissioned in the Fourth Five Year Plan (1969-74) but the commissioning date was subsequently changed to 28th February 1976 and again to March 1977.

Installation of equipment—Though the Expenditure Finance Committee (EFC) indicated that the sophisticated equipment had been included in ITI manufacturing programme for the year 1968-69, the specifications for TAX equipment were finally drawn up in May 1971 and 1000 lines TAX equipment was tentatively included in the manufacturing programme of ITI for the year 1972-73. Supply of equipment started in March 1973 and installation was commenced in November 1973. The project was completed by 31st March 1982 at a total cost of Rs. 96.70 lakhs

which was 56 per cent higher than the estimated cost. The revised project estimate has not yet been sanctioned by the DGPT (September 1984).

The slow progress of work was attributed to (i) non-receipt of supplies from ITI according to schedule, (ii) want of trained installation staff and (iii) upgradation of TAX equipment.

Further expansion to 1400 lines.—While the work of installation of 1000 lines was in progress, another project estimate for further expansion from 1000 lines to 1400 lines was sanctioned in May 1978 by DGPT at an estimated cost of Rs. 45.32 lakhs. Indents for supply of equipment were placed in October 1977. The supply of equipment was commenced in 1978-79 and the expansion completed in March 1982 (cost : Rs. 39.71 lakhs up to December 1981).

Air-conditioning—No provision for air-conditioning was made in the original estimate. However, it was proposed in the revised estimate in January 1975 to instal a new chilled-water water-type equipment (cost : Rs. 6.30 lakhs), although installation work had been going on since November 1978. Though the project was sanctioned in January 1975, tenders for installation of equipment were invited in August 1976 and order for supply and installation of AC equipment was placed in September 1977 at a cost of Rs. 7.37 lakhs with a stipulated date of completion by March 1978. The installation of plant was commenced in March 1978 and completed in July 1978. Monsoon and winter tests were successfully completed in September 1979 and February 1980 respectively. The plant failed in the summer test conducted in June/July 1979. After rectifying the defects, another test was conducted in May 1980 and the plant was finally commissioned in May 1980. Due to belated installation of AC plant, the sophisticated equipment remained without requisite air-conditioning from November 1973 to May 1980, affecting its life and performance.

Under-utilisation of TAX capacity.—Out of the installed capacity of 1400 lines, only 732 lines were utilised upto March 1982 i.e. 73 per cent of the further expanded capacity of 1000 lines. Even by August 1984, the utilisation was only 920 lines. Thus, the expansion from 1000 to 1400 lines at a cost of about Rs. 40 lakhs was not necessary and will remain idle for a number of years. The District Manager Telephone, Patna stated in December 1982 that the delay in utilisation of the equipped capacity was due to non-availability of media at other places. This is indicative of defective planning.

The DGPT stated in September 1984, that it was proposed to augment inter-TAX circuits on some

routes and also parent few more dependant stations to Patna TAX by March 1985 subject to availability of transmission equipments, so as to utilise Patna TAX to its full capacity.

25. *Under-utilisation of Jammu Telex exchange.*—To meet the growing demand of Telex connections at Jammu Tawi, the General Manager, Telecom (GMT), J&K Circle sanctioned in February 1980 a Project estimate for expansion of the existing 20 lines Telex exchange to 40 lines at a cost of Rs. 6.10 lakhs. There were 13 working connections and 32 prospective subscribers in the waiting list at the time of sanction. The project was expected to yield annual revenue of Rs. 1.76 lakhs at 90 per cent capacity utilisation. The expansion was commissioned on 30th March 1982.

Upto 90 per cent of the expanded capacity should have been provided after commissioning as per departmental rules against which 80 per cent connections were given. There were sufficient prospective subscribers in the waiting list and 24 subscribers actually paid the initial deposit of Rs. 10,000. The DET, Jammu stated that the delay in providing connections was due to ban imposed on road cutting by the State Government from 31st March 1982 to 31st January 1983.

Even after the ban was lifted on 1st February 1983, only 7 connections were provided upto December 1983. Due to delay in providing new connections, the department lost the potential revenue of Rs. 3.10 lakhs, upto February 1984.

26. *Avoidable extra expenditure on the purchase of equipments.*—(a) Tenders for equipments and testing instruments for earth stations under Indian Satellite System (INSAT) were invited by the Director General, Posts & Telegraphs (DGPT) in April 1979. The offer of firm 'A' representing their foreign principals 'B' and 'C' in respect of (i) EIP Model Micro Processor based microwave counter at US \$ 4536 per unit, option 07 Remote Control BCD output at US \$ 284 per unit and (ii) Racal Dana Model 9510 Bench Time/Counter, without micro-processor control, at £ 904 per unit was accepted. Letter of intent for supply of 25 units each at a total cost of US \$ 1,20,500 and £ 22,600 respectively was issued to firm 'A' in June 1980 followed by a detailed purchase order in December 1980.

Firm 'A' sought certain amendments in the detailed purchase order in December 1980 and requested for letter of credit in favour of their foreign principals.

In April 1981, the department was advised that the principals had completed the manufacture of the instrument and the supplies were getting delayed on account of non-establishment of the letter of credit. They even offered in May 1981 to bear the charges for establishing the letter of credit and stated that in the event of non-receipt of the letter of credit by 31st May 1981, the principals would be compelled to revise the prices quoted in August 1979. This offer was further extended up to the end of June 1981. The department, however, did not establish the letter of credit by that date. The prices quoted by Firm 'A' were revised by them as follows :—

	Price per unit	
	As per original offer	As revised
(i) EIP Model 545 Micro-processor Microwave counter	US \$ 4536	US \$ 5320
(ii) Option 07 Remote control BCD output	US \$ 284	US \$ 499
Total per Unit (i) & (ii) above	US \$ 4820	US \$ 5819
Difference per unit	US \$ 999	

The department agreed to the increase in prices and reduced the quantity to 20 units each by amending in March 1982 their original purchase order. Thus, the delay in establishing the letter of credit resulted in extra avoidable expenditure to the extent of US \$ 19,980 equivalent to Rs. 1.61 lakhs (at US \$ 12.38 equal to Rs. 100). The department ascribed the delay in issuing the letter of credit to the many stages through which the case for release of foreign exchange had to be processed.

27. Avoidable expenditure due to acceptance of a higher tender.—In response to a tender enquiry made by the Director General, Posts and Telegraphs (DGPT) for the purchase of Uninterrupted Power supply systems (24 KVA) and static voltage regulators, 7 offers were received in September 1979. The offer of firm 'A' at Rs. 11.70 lakhs per unit was the lowest. However, the Technical Evaluation Committee did not accept this offer (November 1979) on the ground that the firm did not have necessary resources to adhere to the delivery schedule. The second lowest offer from firm 'B' was not considered, being incomplete. The purchase was recommended from the third lowest tenderer, firm 'C', which was considered technically acceptable and well equipped to fit the time frame. A purchase order was accordingly placed on firm 'C' in March 1980 for the supply of 4 numbers of 24 KVA uninterrupted power supply system at the rate of Rs. 12.40 lakhs per unit.

However, as late as in September 1980, the Directorate decided to revert to firm 'A' for the supply of the same equipment as firm 'C' could not even submit the

proto type for evaluation. A purchase order was placed in May 1981 on firm 'A' for supply of 5 units of 24 KVA UPS system at a cost of Rs. 12.79 lakhs each, thus resulting in avoidable expenditure of Rs. 4.38 lakhs by not accepting the original lowest tender of Rs. 11.70 lakhs quoted by the same firm 'A'.

28. Avoidable payment of customs duty.—Director General, Posts and Telegraphs (DGPT) placed an order in January 1974 on a foreign firm 'A' for purchase of microwave equipments urgently required for testing and commissioning the Microwave systems in the country. According to the terms of the order, the purchaser had the option to carry out inspection and test on the equipment in the contractors' factory. A team of engineers was deputed abroad in 1976 and imported testing instruments costing Rs. 2.84 lakhs were also sent in May 1976 from India for use by the engineers of the department to test the equipment in the contractors' factory. These testing instruments were to be brought back after completion of the test. For this purpose, the P&T Department obtained an export and re-import licence in May 1976. However, exemption from payment of Customs duty on re-import of the instruments was not obtained.

The testing instruments were received back at New Delhi Air Port in December 1977, but were not released on duty free basis by the Customs authorities for want of *ad hoc* exemption from Ministry of Finance. After a lapse of about 10 months, the DGPT approached the Ministry of Finance in October 1978 for the requisite exemption. After protracted correspondence, the Ministry of Finance rejected the request in October 1979 stating that grant of *ad hoc* exemption with retrospective effect was untenable in law, but agreed to grant some relief with reference to the depreciated value at the time of re-importation for which the P&T Department could place the facts before the Assistant Collector of Customs.

The department took more than 7 months in determining the depreciated value of the instruments and representing the case to the Assistant Collector of Customs. Finally, a sum of Rs. 1.46 lakhs was paid as Customs duty in September 1980 on the depreciated value of the instruments. Failure to obtain necessary exemption before export of the instruments and the long time taken to get the materials released on re-import led to an avoidable expenditure of Rs. 1.54 lakhs including godown rent of Rs. 0.08 lakh, besides a liability of Rs. 0.32 lakh towards godown rent for the period the instruments remained in custody of Customs authorities. Also, the department was deprived of the use of instruments for nearly 3 years.

29. Procurement of testing instruments.—A global tender inquiry was issued in December 1978 for testing instruments. The tenders were opened on the 2nd May 1979. An evaluation Committee was constituted immediately on the 15th May 1979. Though the tenders were valid for 4 months up to 1st September 1979, the Committee finalised the recommendations only on the 15th October 1979. Extension of validity sought on the 29th August 1979 was refused by the lowest tenderer who quoted higher rates. The purchase order was placed eventually on the 27th of February, 1982 at the revised higher price resulting in avoidable extra expenditure of US \$ 25671.61 equal to Rs. 2.72 lakhs.

30. Underutilisation of connectable capacity of Borivile-II (65-exchange).—A project envisaging installation of 4000 lines cross—bar type equipment as unit II main was scheduled to be commissioned in 1978-79, after vertical extension of telephone exchange building at Borivile. The cable laying work was to be completed by December 1981. The exchange was actually commissioned in two phases of 2000 lines each on 25th October 1980 and 26th March 1981 respectively.

According to the departmental instructions, 90 per cent of the exchange capacity should be utilised soon after the commissioning or in any case not later than 6 months of such commissioning. Heads of Circles/Districts are required to take advance action to ensure that the new connections to the maximum extent possible are actually opened on the date of cut over, for which advance planning of cable net work and procurement of stores would be necessary. It took more than 2 years to load the exchange to the prescribed extent as shown below :

Month	Equip- ped capa- city	Con- necta- ble capa- city (90% of eq- uipped capa- city)	Work- ing con- nections	Spare capa- city un- utilis- ed	Wait- ing list
1	2	3	4	5	6
October 1981	4000	3600	2503	1097	5666
November 1981	4000	3600	2616	984	5666
December 1981	4000	3600	2762	838	5666
January 1982	4000	3600	2920	680	6008
February 1982	4000	3600	3156	444	6478
March 1982	4000	3600	3324	276	6518
April 1982	4000	3600	3370	230	6622
May 1982	4000	3600	3417	183	6871
June 1982	4000	3600	3449	151	7054

	1	2	3	4	5	6
July 1982		4000	3600	3478	122	7153
August 1982		4000	3600	3501	99	7153
September 1982		4000	3600	3509	91	7239
October 1982		4000	3600	3514	86	7357
November 1982		4000	3600	3520	80	7485
December 1982		4000	3600	3532	68	7577
January 1983		4000	3600	3590	10	7757
February 1983		4000	3600	3591	9	7917
March 1983		4000	3600	3586	14	8066
April 1983		4000	3600	3588	12	8251
May 1983		4000	3600	3598	2	8345
June 1983		4000	3600	3604	—	8335

Non-utilisation of spare capacity despite heavy waiting list resulted in loss of potential revenue of Rs. 17.50 lakhs (approximately) from October 1981 to December 1982.

The Director General, Posts & Telegraphs, stated that the equipped capacity could not be utilised up to the prescribed standards due to monsoon and change in addresses of the applicants in the waiting list. It was, however, noticed that the actual reason for non-utilisation of the equipped capacity was delay in laying of the cable net work.

Some of the estimates for cables were sanctioned in May 1982/January 1983 and cable laying work was completed in May 1983, while the exchange was commissioned in March 1981. Further, 'monsoon' is a normal feature of Bombay and due allowance should have been made for it while planning the cable work, which was spread over 4 years.

31. Non-utilisation of the equipped capacity of Byculla III (89 exchange).—Byculla III (89 exchange) was commissioned on 28th March 1978 with 5,000 lines capacity. Further expansions were cut over as stated below :—

- 5000 to 6600 lines on 27-10-1979
- 6600 to 9000 lines on 13-06-1980
- 9000 to 10000 lines on 16-03-1981

According to departmental instructions, 90 per cent of the exchange capacity should be utilised soon after cut over or in any case not later than 6 months of such cut over and 94 per cent before due date of commissioning of next expansion. Heads of circles/districts are required to take advance action to ensure that new connections to the maximum extent possible are opened on the date of cut over for which advance planning of cable net work and procurement of stores would be necessary.

However, spare capacity due to the above expansions was not utilised from October 1980 to January

1984 upto prescribed standards in spite of heavy waiting list of applicants for new telephone connections. This had resulted in loss of potential revenue of Rs. 98.62 lakhs (approximate).

The reason for non-utilisation of spare capacity in Byculla III exchange was late sanctioning of cable estimates and laying of cables. The department had not taken advance action for laying cables.

The DGPT stated in July 1984 that the delay in reaching the prescribed utilisation was due to (i) area transfer on two occasions which were carried out with subscriber's equity in view and to avoid complaints of unequal, waiting time in adjacent areas, (ii) the hold up of the work in monsoon season when no permission is granted by the Municipal Corporation for digging up roads for cable laying etc. and (iii) the follow up action that had to be taken in the revision of allotment rules.

Thus, there was lack of advance planning and coordination. Further, Monsoon season is a regular phenomenon and should have been taken into account while planning the expansions etc.

32. Loss of revenue on calls booked on spare numbers from two exchanges.—In Malabar Hill II and Central exchanges of Bombay Telephone district, bills for local and trunk call charges amounting to Rs. 3.80 lakhs had not been issued as the numbers noted in the meter reading statements were spare numbers, i.e., not connected to any party. After this was pointed out by Audit in April 1983, the department located the correct numbers for an amount of Rs. 2.76 lakhs. The balance amount remains irrecoverable. The department stated that the relevant trunk call tickets have since been destroyed by them.

33. Infructuous expenditure on laying cables between coaxial station and Telephone exchange at Virudhunagar.—Two estimates at a total cost of Rs. 6.54 lakhs were sanctioned by the General Manager Telecommunication (GMT), Madras in January 1976 for laying 400 pairs underground cables at a cost of Rs. 3.31 lakhs, connecting coaxial station and Telephone exchange, and 200 pairs of underground cables at a cost of Rs. 3.23 lakhs, linking the Microwave station (UHF) and the Telephone exchange at Virudhunagar. In March 1976, GMT, Madras felt that the laying of cable of 200 pairs between UHF station and Telephone exchange at Virudhunagar would be redundant because a pencil tube coaxial cable was proposed by the General Manager, Projects (GMP) for linking UHF station with coaxial station and all UHF channels would be extended to the exchange from coaxial. It was also felt that 400/20 PCQL cable provided in the first estimate would be sufficient to meet the traffic requirements from both coaxial and Microwave (UHF) stations. GMT did not cancel the second estimate and instead stores valued at Rs. 9.70 lakhs were obtained by the Divisional Engineer Telegraphs, Virudhunagar in July 1976 against both the estimates and 200 pairs cable laid in September 1976 along with 400/20 PCQL cable between the coaxial station and telephone exchange at Virudhunagar. In all, 600 pairs of underground cable were laid against the requirement of 400 pairs. Of 600 pairs laid, only 279 pairs were actually working (May 1984). Thus, the expenditure of Rs. 3.31 lakhs incurred on laying of 200 pairs cable which was considered redundant in March 1976, was unfruitful.

The department stated in June 1984 that the utilisation of the cable pairs had been slow and would increase substantially in the immediate future.

CHAPTER V

PROJECT REVIEWS

34. Working of Madras Telephone District Introduction.—

34.1.1 The Madras Telephone system consists of 20 local telephone exchanges, one trunk automatic exchange, one point to point STD exchange, one manual trunk exchange, and one telex exchange. It is headed by a General Manager who is assisted by 3 Deputy General Managers, 3 Area Managers and 2 Directors.

As on 31st January 1984, the total equipped capacity of the local exchanges was 97,150 lines against which 87,494 direct exchange lines (DELs) were working.

34.1.2 *Volume and growth.*—At the beginning of the Sixth Five Year Plan, the equipped capacity of the local exchanges was 84,150 with 78,566 DELs working. The projected equipped capacity required at the end of Sixth Five Year Plan period was 1,50,000 lines. An increase of equipped capacity to the extent of 50.1 thousand lines at a cost of Rs. 4,699.80 lakhs was included in the Sixth Plan. However, upto March 1984, only 19.2 thousand lines had actually been added. This represented the financial and physical progress of 38.9 per cent and 38.32 per cent respectively. The shortfall resulted in a loss of revenue to the extent Rs. 462 lakhs. The following table (Table 34.1.2) gives the year-wise position of equipped capacity, DELs and waiting list during the Sixth Plan period.

TABLE 34.1.2

Year	Equipped capacity	DELs	Waiting list
	(In thousands)		
As on 1-4-1980	84.2	78.6	8.7
As on 1-4-1981	86.00	81.2	13.9
As on 1-4-1982	87.8	82.7	21.0
As on 1-4-1983	92.1	85.8	27.4
As on 1-4-1984	103.4	93.0	33.5

The working connections increased during the period only by 14.4 thousand lines. Even though the waiting list rose by 400 per cent, the available connectable lines were not fully utilised for giving connections.

34.1.3 *Projects sanctioned.*—Based on the anticipated demand for new connections, 17 projects costing more than Rs. 50 lakhs each were sanctioned

during 1980-83 for installation/expansion of exchanges at a total cost of Rs. 5060.19 lakhs. In addition, 2 projects costing between Rs. 10 and 50 lakhs each were sanctioned during the same period at a total cost of Rs. 46.48 lakhs. As on 1st April 1980, 18 projects costing over Rs. 50 lakhs each were in progress.

34.2 Project Execution

34.2.1 *Cost overruns.*—Three cases in which the actual cost of execution far exceeded the sanctioned cost are detailed below :—

S. No.	Name of the project	Sanctioned cost	Actual cost	Increase in cost	Percentage increase over sanctioned cost.
(Rupees in lakhs)					
1.	Expansion of Mambalam Exchange by 1000 lines from 7000 to 8000 sanctioned in June 1976	78.78	100.40	21.62	27
2.	Expansion of Adyar Exchange from 4000 to 5000 sanctioned in August 1979	53.60	94.03	40.43	75
3.	Expansion of Kodambakkam Exchange by 1000 lines from 5000 to 6000 sanctioned in March 1980	54.30	68.68	14.38	26

Provision for the lines and wires and subscriber Apparatus and Plant was made in the projects on 'per line basis' as per norms laid down by the P&T Directorate from time to time. In case of lines and wires, the excess over the norms ranged from 51 per cent to 299 per cent while in the case of subscriber Apparatus and Plant it varied upto 36 per cent making the prescribed norms appear unrealistic and the consequent preparation of project estimate defective.

34.2.2 *Time overruns.*—A review of works sanctioned during Plan periods indicated that planned targets for commissioning the projects were not achieved. The slippages were 8-9 months in 3 cases, while in 2 cases the projects targetted to be commissioned in 1983-84 were yet to be commissioned. The reasons for the slippages were mainly non-supply of equipment by ITI and non-completion of works by the Civil Wing.

34.3.1 *Utilization of equipped capacity*—In respect of Old Anna Road exchange with an equipped capacity of 10200 lines, the utilisation dropped from 96 per cent as on 31st March 1982 to 87 per cent in January 1984 due to transfer of 887 connections from Old Anna Road to New Anna Road exchange. Out of 19.2 thousand lines added in the equipped capacity of Madras Telephone District during the year 1980-84, the department could give the working connections to 14.4 thousands only which meant utilisation of 75 per cent, as against the prescribed overall utilisation of 92 per cent. In other words, a part of equipped capacity developed was utilised to absorb the existing connections only, as in Old Anna Road exchange affecting the full revenue potential to be derived from the Plan Projects. The loss of revenue from Old Anna Road Exchange upto December 1983 was Rs. 18.47 lakhs i.e. Rs. 36.94 lakhs per annum.

34.3.2 *Faults repair and complaints*—The permissible number of complaints/faults per 100 stations fixed for the years 1980-84 and actual performance were as under :—

Year	Complaints/100 Stations			Faults/100 stations		
	Max. permissible	Actuals	Excess over permissible limit	Max. permissible	Actuals	Excess over permissible limits
1980-81	30	37.9	7.9	22	28.6	6.6
1981-82	30	44.0	14.0	20	28.9	8.9
1982-83	31.5	43.2	11.7	22	28.7	6.7
1983-84	31.5	39.7	8.2	22	25.6	3.6

An analysis of monthly statements revealed that the faults were mainly in overhead lines and subscribers fittings. It would be observed that complaints and faults/100 stations were always above the permissible limit affecting service efficiency. A further test check revealed that 75 per cent exchanges have exceeded the norms of faults/100 stations. The permissible limit of average duration of faults and actuals during the corresponding period were as under :—

Year	Permissible limit (in hours)	Actual duration (In hours)	Percentage of excess duration of faults over permissible limit
1980-81	3	5.4	80
1981-82	4	5.6	40
1982-83	10.2	6.6	—
1983-84	10.2	5.5	—

(First half)

The limit of permissible duration of faults was raised steeply to 10.2 hours in 1982-83. The average

duration of faults ranged from 5.4 hours to 6.6 hours during 1980-84 and average number of faults/100 stations was 28 against 22 permissible. This resulted in loss of local call revenue to the extent of Rs. 196 lakhs during 1980-84.

34.3.3. *Functioning of Manual Trunk Exchange and high percentage of ineffective trunk calls.*—The department fixed a target figure every year for the percentage of effective trunk calls after making due allowance for the working conditions including the existing constraints on maintenance and operation of the system. While the target for effective calls for 1980-81 was fixed at 80 per cent, it was reduced to 75 per cent in 1981-82 and 70 per cent in 1982-83. The Madras Telephone System could not achieve even the reduced efficiency as indicated below :—

Particulars	1980-81	1981-82	1982-83	1983-84 (Upto December 1983)
	(In lakhs)			
No. of calls booked	33.19	35.20	33.37	25.37
No. of effective calls	23.47	24.32	22.34	16.99
No. of ineffective calls	9.72	10.88	10.53	8.40
Percentage of effective calls	71	69	68	67
Percentage of ineffective calls	29	31	32	33
Targets fixed for effective calls	80	75	70	65
Shortfall in percentage of effective calls	9	6	2	Nil
Total revenue in lakhs of Rupees	464	567	552	509
Loss of revenue in lakhs of Rupees	58.82	49.30	16.24	Nil
Percentage of calls cancelled due to departmental reasons	20.67	22.42	24.43	—

It was noticed that 35 outgoing boards were added at a cost of Rs. 6.84 lakhs in July 1979 to even out the load on the operators in order to improve efficiency. In spite of this, the targeted efficiency could not be achieved during 1980-81 to 1982-83.

An analysis of trunk call tickets of 'urgent' and 'lightning' categories revealed that 20 per cent effective calls could be put through only after one hour and 20 per cent of calls were ineffective. Further, the time of disconnection was not noted in the trunk call tickets though pointed out by Audit several times.

34.3.4. *High percentage of failure of STD calls.*—The percentage of failure in STD calls on level 'O', during 1980-84 was as under :

1	Permissible percentage	Actual percentage	Excess over permissible limit
1980-81	35	52	17
1981-82	30	50.7	20.7
1982-83	58	56.7	—
1983-84 (1st half)	40	50.7	10.7

The permissible limit which was 35 per cent in 1980-81 was increased to 58 in 1982-83. The same was again reduced to 40 in 1983-84.

The average loss of revenue per annum per line during the above mentioned years was as under :

1980-81	Rs. 472
1981-82	Rs. 554
1982-83	—
1983-84	Rs. 430

The loss of revenue attributable to local exchanges on account of heavy percentage of failure of STD calls was as under :

1	Average No. of lines in thousands	STD revenue loss per line	Excess over permissible limit	Total loss for excess over norms (Rupees in lakhs)	Loss attributable to local exchanges (Rs. in lakhs)
1980-81	79.9	472	17%	377	125
1981-82	81.9	554	20.7%	453	151
1982-83	(Permissible limit of fault increased beyond proportions and performance shown as satisfactory)				
1983-84	86.6	430	10.7%	372	124
					400

The department had sanctioned in December 1981, a project for installation of Automatic Traffic Recording Analysis of Exchange type equipment (AUTRAX) at a cost of Rs. 83.56 lakhs. With this equipment, it is possible to identify and clear the faulty trunks quickly and thus increase the availability of exchange equipment for traffic resulting in optimum utilisation of exchange equipment and junctions. It was also intended to serve as an 'effective maintenance tool'. Though the project was targeted to be commissioned in September 1983 (subsequently shifted to March 1984) and equipment worth

Rs. 83.14 lakhs was received in July 1983, it is yet to be commissioned (September 1984). The foreign experts are still expected to arrive for installation.

34.4 Telex

34.4.1 *Equipped capacity.*—The equipped capacity of Telex Exchange at Madras continued to be 1200 lines from 1978-79 onwards. The working lines and waiting list position during the period 1980-83 was as under :

	Working lines	Waiting list
31-3-1980	1135	463
31-3-1981	1132	696
31-3-1982	1133	1020
31-3-1983	1131	1155

A project was sanctioned in May 1981 for installation of 2200 lines SPC Electronic Transit Telex exchange in a new building constructed to house Harbour Telephone Exchange. This SPC Telex exchange besides serving local Telex subscribers was to serve as main zonal centre to cater to the needs of the Telex exchanges and build up a net work to enable expansion of Telex services. When completed, this project is expected to fetch a gross revenue of Rs. 206.54 lakhs. It was targeted to be commissioned in 1982-83 (subsequently revised to August 1983). However, the SPC Telex exchange was commissioned in January 1984 after a delay of 9 months resulting in potential loss of revenue of Rs. 154.91 lakhs. This was due to the delay in handing over of the Main Switch Room by the department's own Civil Wing.

34.4.2 *Operating Performance.*—The complaints and faults per 100 Telex lines during the years 1980—83 were as under :—

Year	Complaints		Faults	
	Permissible limits	Actuals	Permissible limits	Actuals
1980-81	95	114.5	80	86.8
1981-82	60	113.5	55	93
1982-83	87	99.1	81	82
1983-84 (1st half)	87	78.5	81	64.3

The trend of subscribers complaints/faults is a measure of confidence or maintenance efforts. It would be seen that during the entire period, the actual faults/complaints were far in excess of permissible limits. The percentage of effective telex calls

represents a progressively deteriorating performance in the group as indicated below :

Year	Target	Actuals	Shortage
1980-81	70	47.3W	22.7
1981-82	75	51.6	23.4
1982-83	82	42 W	40.0
1983-84	82	34.2W	47.8

W.—Indicates worst performance in the group of Metropolitan Districts.

The position of effective Telex calls as compared to other exchanges is given below :—

	1980-81 (Target : 70)	1982-83 (Target : 82)	1983-84 (Target : 82)
Bombay	77.3	73.4	60.8
Calcutta	77.5	54.9	38.1
Delhi	67.3	60.7	61.1
Madras	47.3	42.0	34.2

Also, in the case of Madras there was a drop in the total calls from 166.80 lakhs in 1981-82 to 158.42 lakhs in 1982-83. The average duration of telex faults in 1982-83 was 7.2 hours as against the group target of 6.00 hours.

The loss of revenue due to poor performance of telex system in not achieving at least the targeted performance works out to Rs. 75.64 lakhs in 1981-82 and Rs. 150.87 lakhs in 1982-83

34.5 Financial Performance

34.5.1 *Expenses per weighted telephone.*—The expenses per weighted telephone per month vis-a-vis the permissible amount were as under :—

Year	Permissible amount	Actuals	Excess per weighted telephone	Percentage excess to permissible limits
1	2	3	4	5
1980-81	65	85.5	20.5	31.5
1981-82	55	87.3	32.3	58.7
1982-83	54.5	100.2	45.7	83.8
1983-84 (first half)	54.5	100.3	54.8	100.55

The Madras Telephone District ranks lowest in the Metropolitan group in this respect during these years, as would be seen from the following table (Table 34.5.1) :

Table 34.5.1

Expenses per weighted Telephone

	1980-81	1981-82	1982-83	1983-84 (1st half)
Bombay	47.8	58.2	68.7	74.0
Calcutta	71.3	78.5	90	96.7
Delhi	67.3	73.1	89.8	85.6
Madras	85.5	87.3	100.2	109.3

It was observed that the number of employees/100 telephones was the highest in Madras Telephone District during 1981-82, 1982-83 and 1983-84 as indicated below :—

		No. of employees	No. of Tele-phones (stations)	No. of employees per 100 Tele-phones
	1	2	3	4
Bombay	1981-82	19167	472842	4.1
	1982-83	21979	506768	4.3
	1983-84	24312	518326	4.7
Calcutta	1981-82	14143	265408	5.3
	1982-83	11622	269413	4.3
	1983-84	14331	268541	5.2
Delhi	1981-82	15475	292622	5.3
	1982-83	15081	321131	4.7
	1983-84	18457	336505	5.5
Madras	1981-82	6569	122881	5.4
	1982-83	6762	127909	5.3
	1983-84	8048	129468	6.2

34.5.2 The percentage of local operating expenses to revenue was the highest when compared to Delhi and Bombay and worst among the Metropolitan group during 1982-83 as would be seen from the table (Table 34.5.2) below :—

TABLE 34.5.2

	Local operating expenses (in thousands of Rupees)	Local operating revenue (in thousand of Rupees)	Percentage ratio
Bombay	178634	771441	23.2
Delhi	149930	661744	22.7
Madras	67128	238771	28.1

34.6 A broad review of the excessive maintenance expenditure was made and it was generally observed to be due to the following factors :

34.6.1 *Excess cable laying resulting in over-capitalisation and increased maintenance expenditure.*—The equipped capacity of Madras Telephone System as on 31st March 1983 was 92150 lines. As per the approved norms, the District is entitled to have 1105800 CKM for Telephone and 14400 CKM for Telex lines. Against this, the quantity of cable laid and accounted for was 1750318 CKM which works out to 18.79 CKM per line. Even after the equipped capacity exceeded 1 lakh lines in February 1984, the District would be entitled to 14 CKM per line. Thus, the cable laid is far in excess of requirement. The capital locked up in excess cable laid works out to Rs. 22.86 crores. The annual expenditure incurred on maintenance of cables excess laid amounts to Rs. 22.86 lakhs.

34.6.2 *Cable pressurisation.*—A separate cable pressurisation division was formed in Madras Telephone District in April/May 1973 with an annual target of 200 Sheath Kilometre (SKM). However, the length of cable pressurised upto December 1975 was nil and as on 31st March 1976 only a small length of 27.62 Km. was pressurised. The GMT Madras stated that the delay was due to non-availability of compressor and gas cylinders essential for pressurisation work till January 1976. The yearly progress achieved thereafter varied between 68.96 SKM to 217.91 SKM.

By March 1984, 1317.71 SKM of cables had been pressurised at a cost of Rs. 70.33 lakhs. The cost of pressurisation for 100 metres of cables works out to Rs. 397 as against Rs. 18 approved by the P&T Board.

The main advantages of this measure were easy location of the fault, avoidance of moisture ingress, less service failures, even work load through-out the year and increasing the life of cables.

It was observed from a random survey conducted with reference to the percentage of cable faults as given in MIS Report that the cable faults had actually increased as indicated below in spite of the increase in quantum of pressurised cables over the years.

Month	Length of cable pressurised SKM	Average percentage of cable fault per 100 tele-phones
March 1982	1036	.89
November 198280
March 1983	1195	.77
October 1983		1.15
November 1983		1.35
March 1984	1317	1.47

34.6.3 *Motor vehicles*

34.6.3.1 *Fleet strength.*—A review of the vehicles admissible as per norms laid down and sanctioned in Madras Telephone District as on 28th February 1983 revealed that 7 vehicles had been sanctioned by the General Manager in excess of the prescribed standards. Further in May 1979, the Ministry of Finance had issued instructions to observe utmost economy in the matter of purchase and maintenance of vehicles and to conduct a review in order to reduce the fleet strength by 10 per cent. Though the 10 per cent cut was mandatory, while sanctioning the fleet strength of Madras Telephones, a token cut of only 2 vehicles was made as against a cut of 8 justified. Thus, the Madras Telephone District had vehicles above the standard, resulting in over capitalisation to the extent

of Rs. 10.50 lakhs, besides recurring maintenance expenditure of Rs. 93490 per annum by way of pay and allowances of driver. Though the P&T Directorate had specified particular type of vehicles, taking into account the nature of work involved, the vehicle mix obtaining in the Madras Telephone District was not in accordance with that laid down in Director General's orders with the result that the District had 19 standard pickup vans instead of other vehicles.

34.6.4 *Stand-by transformers.*—The General Manager, Telephones had decided in July 1976 at the District level to provide for stand-by transformers in all exchanges taking into consideration the failures in transformers and to facilitate their routine maintenance. This was not done in pursuance of any directive from the P&T Directorate though the provision of stand-by transformers is a matter of policy concerning all exchanges in the country and no such necessity had been felt so far by the P&T Directorate to lay down any specified norms in this regard. A sum of Rs. 7.83 lakhs was spent by the General Manager, Telephones, on this account in 6 exchanges.

A test-check of the actual utilisation of these stand-by transformers revealed that they have been put to little use. Even in the rare case of a breakdown of transformer, the department had alternate arrangements for power supply in the form of batteries, Engine alternators etc. In case of failure of power supply both the transformers (Main and stand-by) would be out of action. Thus, the provision of stand-by transformers besides resulting in over-capitalisation resulted in pushing up the working expenses by way of avoidable expenditure on maintenance charges at the rate of Rs. 0.63 lakh per annum.

34.7 *Revenue.*—Some important cases resulting in loss of revenue are mentioned below :

34.7.1 *Demarcation of local area of Madras Telephone system.*—In February 1974 the P&T Board took a policy decision that the local area of multiple/single exchange would be coterminus with the limits of Corporation/Town. Any subscriber within 5 Kms. of exchange in the above area would continue to be treated as a local subscriber. Based on a survey for demarcation of local area as above, 6 exchanges viz. Tambaram, Chromepet, Red Hills, Poonamalle, Ambattur and Avadi were taken out from the local area of Madras Telephone system with effect from 1st April 1978. However, the subscribers served by these exchanges continue to enjoy the facilities of the subscribers in the local area of Madras Telephone system in the matter of

Trunk charging, access to STD etc. The calls from these areas to exchanges in Madras local areas were treated as local calls only. Since the rentals were dependent on the capacity of the exchanges, the rental for the subscribers connected to these exchanges was less than that paid by subscribers in Madras local area. The decision to demarcate in terms of Corporation limits was not followed up with other concomitant measures by revision of charges for inter-exchange calls. The rentals already collected at higher rates from the subscribers in 6 exchanges were refunded and the subscribers were continued to be charged at lower rental rates. Though no significant development took place, the Madras Telephone District made a proposal in March 1981 to the P&T Directorate to restore the position existing prior to 1st April 1978 by declaring the entire area as a single Telephone system. The reason advanced was that although subscribers at Madras Telephone system taken as a whole were enjoying the same telephone facilities, the absence of uniformity in rental was giving rise to complaints from subscribers belonging to Madras main system. The difference in rental of the subscribers of Madras is likely to assume the proportion of an anomaly. This anomaly can be rectified if all the local areas are made into a single area. This proposal was given effect from 16th May 1983 confirming the view that the redemarcation from 1st April 1978 was not in order and was not in the interest of the department. The department in this process lost a total revenue of Rs. 38.27 lakhs during the period from 1st April 1978 to 15th May 1983.

34.7.2 *Under-assessment of rental.*—In connection with the opening of an SAX at Kunrathur, a suburb of Madras city, a project was sanctioned in February 1968 at a cost of Rs. 7.67 lakhs. However, the project was abandoned in May 1974 after laying a 54 pair junction cables between St. Thomas Mount and Kunrathur on the plea that there may not be adequate demand for new telephone connections. The expenditure incurred on the cancelled project was transferred to another project for expansion of Tambaram exchange. It was observed in audit that these cables laid for junction purposes were utilised to provide 45 connections in Kunrathur at a radial distance of 10.4 Kms. from St. Thomas Mount exchange and would therefore, warrant to be treated as long distance connections. However, on hypothetical basis, the connections were treated by GMT, Madras as within local area of Poonamalle exchange and were charged accordingly. There has been a loss of revenue to the tune of Rs. 4.14 lakhs from 1st April 1978 to 15th May 1983.

34.7.3 *Billing.*—Non/short billings as indicated below were noticed during a test check in the respective years.

	No. of cases	Amount of non-billing (Rs. in thousands)	No. of cases	Amount of Short-billing (Rs. in thousands)
1	2	3	4	5
1980-81	30	42	88	15
1981-82	10	2	11	45
1982-83	10	30	155	135
1983-84	Confirmed figures not available			

Summing up

- There was a loss of potential revenue due to non-achievement of target of DELs amounting to Rs. 462 lakhs in the first 4 years of the Sixth Plan.
- The average duration of faults ranged from 5.4 to 6.6 hours during 1980—84 and average number of faults was 28 per cent resulting in loss of local call revenue to the extent of Rs. 196 lakhs.
- In spite of progressive downgrading of target for effective trunk calls over the years, the Madras Telephone System could not achieve even the reduced efficiency during 1980-83 despite addition of 35 outgoing boards installed at a cost of Rs. 6.84 lakhs resulting in loss of revenue of Rs. 124.36 lakhs.
- The percentage of failure of STD calls in Level 'O' was always over 50 resulting in loss of STD revenue of Rs. 400 lakhs during 1980—84. The department is yet to instal AUTRAX equipment (costing Rs. 83.14 lakhs) received in July 1983 which is designed to identify faulty trunks and optimise utilisation of exchange equipment and junctions.
- Operating performance of Telex system was worst in the Metropolitan Group and loss of revenue in not achieving targeted performance worked out to Rs. 75.64 lakhs in 1981-82 and Rs. 150.87 lakhs in 1982-83.
- The expenditure per weighted telephone and employment per 100 telephones was the highest in Metropolitan group on account of which the operating ratio was the highest at 28.1 per cent.
- There was excess laying of cables over the prescribed norms resulting in over-capitalisation to the extent of Rs. 2286 lakhs

involving annual additional maintenance expenditure of Rs. 22.86 lakhs.

- The cost of pressurisation of cables was far in excess of departmental standards and the efficacy of the scheme, undertaken at a cost of Rs. 70.33 lakhs (March 1984) to lessen the service failure and even out the maintenance work load, remains to be proved.
- The Madras Telephone District had 19 standard pickup vans in excess due to non-observance of the Director General's orders regarding economy cut, vehicle mix etc., resulting in over capitalisation to the extent of Rs. 10.50 lakhs besides recurring maintenance expenditure of Rs. 0.93 lakhs per annum by way of pay and allowances to drivers.
- Stand-by transformers costing Rs. 7.83 lakhs were provided without justification resulting in avoidable maintenance expenditure of Rs. 0.63 lakh per annum.
- The department lost a revenue of Rs. 38.27 lakhs from 1st April 1978 to May 1983 due to implementation of a demarcating proposal by which 6 exchanges were taken out from Madras Main Telephone System and charged rentals at lower rates.
- Long distance subscribers from an exchange in local area of Madras Telephone system were hypothetically treated as subscribers in the local area of another exchange and rental under-assessed to the extent of Rs. 4.14 lakhs upto 15th May 1983.
- The matter was reported to the DGP&T in July 1984; reply is awaited (September 1984).

35. Review of Bombay Telephones

35.1 Introduction

35.1.1 Bombay Telephones is the largest metropolitan telephone system in the country serving a population of 8.6 millions over an area of 663 square Kms. As on 31st March 1983, the equipped capacity was 3,84,300 telephone lines, the number of working lines was 3,24,313 telephone lines and 5173 telex lines. The system is served (October 1983) by 50 telephone exchanges of various types. The General Manager (GM), controls the operations and maintenance and is also responsible for formulation, execution and monitoring of planned programmes.

35.2 Rate of growth in demand

35.2.1 The total demand for telephone services consisting of the "satisfied demand" i.e. existing subscribers and the "unsatisfied demand" i.e. registered waiting list in the Bombay Telephone District has been rising steadily at an average annual rate of 20 per cent.

Compared with 1978, the demand has increased by 81 per cent while the corresponding satisfaction of demand has risen up to 49 per cent in 1983 thus leaving a wide gap between demand and satisfaction.

35.3 Plan targets and achievements

35.3.1 At the beginning of Sixth Five Year Plan, the number of Direct Exchange Lines (DELs) was 2.165 lakhs against the then demand of 2.655 lakhs. The annual Plan targets for installation of DELs for and actual achievement during the period from 1980-81 to 1983-84 were as follows :

Year	DELs targetted	DELs installed
1980-81	30,100	35,700
1981-82	41,000	13,700
1982-83	38,800	41,400
1983-84	95,000	40,000
TOTAL	2,04,900	1,30,800

There was a shortfall of 36 per cent in achieving the targets resulting in loss of potential revenue of Rs. 2,421.11 lakhs during 1982-83 and 1983-84.

35.3.2 Project execution

35.3.2.1 *Slippages.*—A review by Audit (January/February 1984) of 5 completed projects and 3 projects under progress revealed that none of the projects was commissioned in time, the slippages ranging between 3 months to 23 months as shown below :—

Sl. No.	Name and type of exchange	Target date of commissioning as per annual plan	Actual date of commissioning	Slippage
1	2	3	4	5
1.	Marol I, 10,000 lines imported cross bar	31-3-1982	11-10-1982	6 months
2.	Worli 10,000 lines imported cross bar	31-3-1983	3-12-1983	8 months

3. Andheri MAX I expansion of 1000 lines ITI cross bar	31-3-1981	28-3-1981 (600 lines) 21-11-1981 (400 lines)	8 months
4. Shivaji Park II Expansion of 2000 lines (6000-8000) ITI cross bar	31-3-1981	27-7-1979 1600 lines on 15-12-1981	8 months
5. Wadala 10,000 lines imported cross bar	31-3-1982	26-6-1982	3 months
6. Naigaon 700 lines str. wger (8500-9200)	31-3-1982	400 lines on 31-3-1983 300 lines still to be commis- sioned	23 months (February 1984)
7. Powai 1800 lines strowger (6200 to 8000)	31-3-1983	Not yet com- missioned	11 months (February 1984)
8. Mulund 10,000 lines imported cross bar	31-3-1983	Not yet com- missioned	11 months (February 1984)

The delay was attributed mainly to the non-supply of equipment by ITI in time.

35.4 Operating performance

35.4.1 The department has prescribed certain norms for some important aspects of performance such as (a) utilisation of the equipped capacity, (b) percentage of ineffective calls, local trunk/STD; (c) complaints/faults per 100 stations and (d) financial performance and a number of other performance indices for microwave and coaxial systems and for maintenance. Through the management information system (MIS), the actual performance is noted against these norms. A review of these and other records relating to performance gives the following broad picture of the operating performance of the system.

35.4.2 Under-utilisation of equipped exchange capacity

35.4.2.1 According to departmental instructions, 90 per cent of the exchange capacity should be utilised soon after expansion/installation and in any case not later than 6 months of such expansion, installation and 94 per cent about 6 months before due date of

commissioning of next expansion. Whenever bulk capacity is likely to become available as a result of cut-over of new exchanges etc., Heads of Circles/Districts are to take advance action to ensure that the new connections to the maximum extent possible are actually given on the date of cut-over. For this purpose, advance planning of cables network and procurement of store should be undertaken. The utilisation of exchange capacities of Bombay Telephones for the last 4 years in respect of 19 exchanges showed that spare capacity as per departmental norms remained unutilised (February 1984) in spite of demand as detailed below :

Period of under utilisation of the spare capacity	Number of exchanges
Below 5 months	3
5 to 9 months	5
10 to 15 months	6
20 to 24 months	1
25 to 29 months	1
Over 35 months	3

The under-utilisation of the exchange spare capacity has resulted in loss of potential revenue of Rs. 617.81 lakhs.

The following were the major reasons for under-utilisation of the spare connectable capacity :

- (i) Existing telephone subscribers in old exchanges were connected to the new exchanges to be commissioned by effecting an area transfer on account of which a good number of connectable DELs was released from the existing exchanges. The utilisation of the released capacity had been very slow. The connectable capacity had not been utilised according to the departmental standards (as indicated in the following table 35.4.2.1) contributing to loss of revenue to the extent of Rs. 251.21 lakhs, out of total loss of Rs. 617.81 lakhs.

TABLE 35.4.2.1

Sl.No.	Area Transfer		Month of area transfer	Spare capacity available with the exchange from which area transfer made	Spare capacity utilisation upto the month of next area transfer/February 1984	Spare capacity unutilised upto the month prior to the month of next area transfer	Potential loss of revenue on unutilised capacity (in lakhs Rs.)
	From	To					
1.	Andheri II	Vile Parle II	May 1982	1104	485	619	19.10
2.	Andheri II	Marol	November 1982	2734	1857	877	50.71
3.	Andheri II	Vile Parle II	July 1983	1794	957	837	38.70
4.	Khar I	Vile Parle II	April 1982	1887	1590	297	45.13
5.	Khar I	Vile Parle II	June 1983	1117	551	566	26.89
6.	Shivaji Park II	Prabhadevi	March 1981	2211	Utilised by January 1982	Nil	25.14 (upto December 1981)
7.	Powai	Marol	October 1982	777	502	275	6.60
8.	Powai	Ghatkopar	March 1983	1722	1326	396	38.94
							251.21

- (ii) Non-sanction of cable estimate to build up the cable net work to synchronise with the area transfer.
- (iii) Failure to issue bulk release orders sufficiently in advance for connections in respect of newly commissioned exchanges. A test check indicated that in 6 out of 13 cases, the bulk release orders were released less than 3 months before the date of cut-over and in 3 cases the release orders were issued after the cut-over of the exchanges. In one case the exchange was not loaded upto 90 per cent even after 21 months of its commissioning. It was stated by the GMT that the equipment could not cope up with the heavy traffic and orders of the Directorate were obtained for the continued under-utilisation of the exchanges till the commissioning of Worli exchange which is still to be commissioned (July 1984).

Execution of work orders for new connections

35.4.2.3 Another important reason for the non-utilisation of the equipped capacity was non-execution of work orders within the time limit fixed by the department. The norm fixed for giving new connections is 15 days reckoned from the issue of work orders. Taking into account the local conditions at Bombay, the above period was increased to one month by the Directorate in July 1983. A test check of 797 out of 9159 work orders for giving new connections revealed that only 21 per cent of the work orders were completed within one month while the others were completed with delays ranging up to one year and nearly 21 per cent of the work orders have not been executed even after more than one year from the date of issue of the work order.

In one particular exchange, 303 work orders issued from October 1979 to July 1980 were cancelled between October and December 1980 on account of the addresses falling under the jurisdiction of different exchanges due to area transfer. This indicates lack of proper scrutiny of the work orders before issue and failure to take advance action in the case of such area transfer.

The reasons given by the department for the delay in the execution of work orders were :

- (i) laying and rearrangement of cables.
- (ii) shortage of equipment.
- (iii) change of addresses of the subscribers; and

- (iv) transit delay within the department in receiving the signed work orders.

An examination by Audit indicated that the delay was also due to (i) failure to take advance action for planning of cables; there was delay ranging from 45 days to 305 days in the execution of work orders; (ii) the department not taking timely action to procure stores as per departmental instructions; and (iii) failure to allocate work orders to the correct exchange on account of area transfer.

35.4.3 Exchange equipment performance—local net work

35.4.3.1 The performance efficiency of the local net work is indicated by percentage of failure of calls. Calls are made on random sampling basis to 'Auto Manual Services' and from the trunk exchanges to all the local exchanges in the trunk chain. Group-wise targets, busy hour targets and control limits in tune with the target are fixed under each of the heads, viz., local, junction, incoming trunk chain and 'Auto Manual Services'.

A comparison of key indices of performance from year to year of Bombay Telephones with the other 3 Metropolitan districts, Delhi, Calcutta and Madras is given below :—

Percentage failure of local exchange calls per month (Sample)

Telephone District	1980-81	1981-82	1982-83
	Group Target 2.5	Group Target 2	Group Target 1.7
	Group Control 4.5	Group Control 3.5	Group Control 1.9
	2	3	4
Bombay	2.9	2.2	2.3
Calcutta	9.8	9.2	8.6
Delhi	1.8	1.8	1.6
Madras	0.6	0.7	0.6

35.4.3.2 Percentage of failure of Inter Exchange (Junction) calls per month (sample)

Telephone District	1980-81	1981-82	1982-83
	Group Target 5	Group Target 4	Group Target 12.4
	Group Control 10	Group Control 7	Group Control 13.6
	2	3	4
Bombay	7	7	8.1
Calcutta	30.9	27.8	25.2
Delhi	17.7	13.6	13.7
Madras	3.9	4.9	5.4

35.4.3.3 The performance of the network in respect of local and junction calls deteriorated during 1982-83. The department stated that the following main factors contributed to the deterioration :

- (i) Large scale disturbance of officers and Junior Engineers in the exchanges due to promotions and transfers.
- (ii) Very unstable performance of junction cable network in the Western area.
- (iii) Insufficiency of junction on level 6 from South and Central area exchanges.
- (iv) Non-availability of adequate spares for SXS exchanges and particularly for old equipment working in a few SXS exchanges.

35.4.3.4 Auto Manual Services

The performance of Auto Manual Services (Operator answered services, excepting 144, 145) is measured with respect to call failure as well as time of response. Sample surveys are conducted by putting calls to various Services from different exchanges spread through the month.

The following table (Table 35.4.3.4) indicates the performance of auto manual services for the last 3 years against the targets fixed :

TABLE 35.4.3.4

Percentage failure of calls related to Auto Manual Services in a month (Sample)

1980-81	1981-82	1982-83
Group Target	Group Target	Group Target
20	25	30.5
Group Control	Group Control	Group Control
25	40	34.0
Failure	Failure	Failure
45.7	48.8	54.1

Percentage of calls answered within norms (10 seconds) in respect of Auto Manual Services in a month

Group Target	Group Target	Group Target
80	80	58
Group Control	Group Control	Group Control
70	70	52
Failure	Failure	Failure
45.5	56.3	65.5

It is seen that the overall call failure rate is increasing over the years although there is improvement in percentage of calls answered within norm (10 seconds). The GMBTD attributed the low performance of Auto Manual Services to the following :

- (i) The system capacity has been growing at a very fast rate in the last few years but the

expansion of special services had not been commensurate.

- (ii) Increase of outlets/junctions from exchanges have not been possible due to several constraints.
- (iii) Absenteeism of telephone operators and consequent inability to man the positions fully.

GMBTD had stated that with the long awaited second special service centre commissioned in July 1983 at Prabhadevi catering to all exchanges in Western and Eastern suburbs (199, 173, 197, 198, 174, 175 and 176) there would be a significant improvement in the overall performance of special services.

35.4.3.5 Fault Repair Service and Complaints and duration of faults.

In addition to 198 (Fault repair service) the department had opened special numbers for reporting complaints direct to exchange feeding specific telephone connections known to be faulty in order to speed up attention to the faulty line and the faults at subscriber premises.

The subscriber's satisfaction is measured through the following parameters which are reported in the MIS data :

- (a) Number of complaints per 100 stations (Telephones) in a month;
- (b) Number of faults per 100 stations per month; and
- (c) Average duration of faults.

The above arrangements are devised to bring down the number of complaints and faults to certain specified limits. However, the number of complaints and faults did not come down within maximum permissible limit as shown by the following table (35.4.3.5) :

TABLE 35.4.3.5

Year	Maximum permissible limit		Percentage of actual complaints/faults		Percentage in excess of the permissible limit complaints/faults	
	Complaints/Faults	Faults	Complaints/Faults	Faults	Complaints/Faults	Faults
1980-81	30	26	30.7	25	0.7	—
1981-82	30	20	32.2	25.8	2.2	5.8
1982-83	31.5	22	34.9	24.5	3.4	2.5

(per 100 stations per month)

Average duration of faults in hours

	National objective (Goal)	Group Target	Actual Average duration	Excess
1980-81	2	5	16.2	11.2
1981-82	—	7	14.9	7.9
1982-83	—	10.2	20.8	10.6
1983-84	—	10.2		

35.4.3.6 An indepth analysis of written complaints received at the area nodal points for the year 1982-83 made by operations and planning cell revealed the following position :

Total No. of complaints for 1982-83 36273

Break up of faults :

Exch/MDF faults	1187	3.3%
U/G Cable faults	2892	7.9%
External plant O/H	1850	5.1%
Subscriber fitting	2097	5.8%
Instrument		
(a) Dials	1159	3.2%
(b) Others	1970	5.4%
Misc. and unattended faults	7251	20%
Switch Board faults	273	0.5%
No. faults found	17694	48.8%

35.4.3.7 The BTD stated that it was passing through an era of expansion which necessitates frequent area transfers resulting in large scale re-arrangement works in underground cables throughout the fair season. This in turn, in spite of all the precautions taken, affects the working and increases the delay in clearance of faults. It was also stated that the Western Salsette area is subjected to constant digging of roads by various utility organisations resulting in damages to telephone cables which take time to be localised and rectified. However, according to the report of the GM BTD all the concerned authorities of the various organisations were giving prior information of their digging operations to "Dial before dig" Service.

35.4.3.8 Cable faults

The following table (Table 35.4.3.8) gives the percentage of different types of faults for different categories of cables and also restoration time :

TABLE 35.4.3.8

Percentage of different types of faults for different categories of cable for 1982-83

Sl. No.	Cable	Damage	Joint Failure	Barrier failure	Other causes	Restoration time (hours)
1	2	3	4	5	6	7
1.	Primary	88.7(65.8)	5.7(26.8)	2.8	2.8(7.4)	168
2.	Secondary	87.7(75.0)	10.3(19.8)	— (1.0)	2.0(4.2)	150
3.	Distribution	84.1(72.2)	13.7(20.7)	— (0.4)	2.2(6.7)	92
4.	Junction	40.6(67.4)	21.9(21.7)	— (2.2)	37.5(8.7)	243
TOTAL		82.4(70.1)	13.3(23.3)	0.1(0.9)	4.2(6.7)	

Figures in brackets refer to those of 1981-82.

It is seen from the above table that 82 per cent of the faults were due to damage caused by different agencies and this is on the increase as compared to 1981-82. The time taken in restoration of faults has also shown an increase when compared to 1981-82, except in case of junction cable faults.

35.4.3.9 High percentage of ineffective Trunk Calls

The department fixes a target figure every year for the percentage of effective trunk calls after making due allowance for the existing constraints on maintenance and operation of the system.

The total number of trunk calls booked excluding STD calls, calls matured, percentage of effective and ineffective calls in respect of Bombay Telephone system and the percentage of ineffective calls due to

departmental failures in respect of Manual Trunk Exchange (CTX) are given below :

Position of ineffective trunk calls (CTX)

Sl.No.	1980-81	1981-82	1982-83
1. No. of calls booked	56,09,462	61,12,116	65,15,402
2. No. of calls matured	39,54,671	42,56,257	43,58,804
3. No. of ineffective calls (item 1—2)	16,54,791	18,45,859	21,56,598
4. Percentage of effective calls	70.5	69.8	66.9
5. Revenue in Rs. (laks)	1,025.90	1,251.39	1,376.37
6. Target fixed for effective calls (Percentage of total)	75	72	70
7. Percentage shortfall in effective calls (6—4)	4.5	2.2	3.1

It would be seen that Bombay Telephones had reduced its target for effective trunk calls during last two years from 75 per cent to 72 per cent and then to 70 per cent. In spite of this, the actual perfor-

mance was below the target figures and had gone down from year to year from 70.5 per cent in 1980-81 to 66.9 per cent in 1982-83.

Ineffective calls due to departmental failures in manual trunk exchanges (CTX)

	1980-81	1981-82	1982-83
1. Outgoing calls in thousand per month	365	401	439
2. Percentage of effective calls	63	62	59
3. Percentage of Ineffective calls (due to subscribers)	10	10	11
4. Percentage of Ineffective calls (Due to failure of the Department)	27	28	31

35.4.3.10 High percentage of failure in Subscriber Trunk Dialing (STD) Calls

For improving the national STD service (level '0')- a Trunk Tandem Exchange with imported cross bar equipment was commissioned in March 1982 in order to give considerable relief to the already overloaded TAX (PC type) working in city telephone exchange by diversion from several TAX Stations of terminal traffic through the new trunk Tandem Exchange so that during 1982-83, the service of level '0' performed much better as compared to previous years.

The percentage of failure in subscriber Trunk Dialing Calls on level '0' and '9' is given below :

Year	Percentage of Permissible failures		Percentage of actual failure		Percentage of excess failure	
	'0' Level	'9' Level	'0' Level	'9' Level	'0' Level	'9' Level
1980-81	50	35	77.8	56.5	27.2	21.5
1981-82	30	20	68.9	45.3	38.9	25.3
1982-83	58	20.2	73.9	51.8	15.9	31.6

The main reason for this poor efficiency was the heavy congestion in TAX and STD exchanges due to their limited capacities and the increasing number of subscribers being pumped into the network.

Since the revenue earned from STD gets merged with the revenue of local calls, the amount of loss sustained by the department due to non-maintenance of the prescribed efficiency level cannot be quantified.

Summing up

- As compared to 1978, the demand had increased by 81 per cent in 1983 while the corresponding increase in the number of working connections was 49 per cent.
- Against the target for installation of new DELs of 2,049 lakhs envisaged in the

annual plans 1980-81 to 1983-84 the actual achievement at the end of February 1984 was, 1,308 lakh DEL's only. The short-fall of 36 percent had resulted in the department losing potential additional revenue of Rs. 2412 lakhs upto March 1984.

- Slippages ranging from 3 to 23 months were noticed in the execution of 8 projects reviewed by audit (February 1984).
- The under-utilisation of the equipped capacity of the exchanges had ranged between 5 to 35 months in respect of 19 exchanges and had resulted in loss of potential revenue of Rs. 617.81 lakhs (February 1984).
- The operating efficiency was generally below the targets set for metropolitan Districts.
- Despite lowering of targets for effective trunk calls the actual performance was below the targets.
- The percentage of failure in STD calls at level '0' and level '9' were for higher than the prescribed limits.

The matter was reported to the DGPT in July 1984; reply is awaited (September 1984).

36. Review Report on 'New Delhi-Bareilly-Lucknow' 12 MHz Coaxial expansion scheme.—P&T Department approved a proposal in January 1977 costing Rs. 388.99 lakhs with the following objects :

1. To provide additional telephone channels between various stations on New Delhi-Bareilly-Lucknow main Coaxial route to meet the traffic requirement for the year 1980;
2. to provide a Hot Standby 12 MHz Coaxial system on the second pair of the existing coaxial cable between Hapur-Bareilly and Lucknow route;
3. to connect Bareilly with Agra, Badaun, Kasganj and Mathura over a 2.6 MHz coaxial system; and
4. to meet the requirement arising on account of opening of new STD routes on New Delhi-Bareilly-Lucknow main coaxial route as well as the spur route to be connected to Bareilly TAX scheduled for commission in 1979-80.

The project estimate for the work was sanctioned in March 1978 for Rs. 471.73 lakhs. The scheme was expected to be completed by 1979-80 and earn a net profit of Rs. 338.71 lakhs per annum. The proving in of 12 MHz system commenced with effect from 30th March 1984.

A review by audit revealed the following points :

36.1. *Land*.—The department purchased land measuring 2.5 acres at Hapur from the Ministry of Defence in 1980 at a cost of Rs. 5.44 lakhs. Although the department was aware in August 1978 itself that the land in question was disputed and under unauthorised occupation of a local college, still it negotiated and finalised the deal. The college authorities, however, took the matter to the Court of Law where it is still pending (June 1984). The capital remains blocked.

36.2. *Apparatus and Plant*

(a) *Imported equipment*.—A repeat order for supply of 12 MHz line equipment with associated hyper group multiplexing equipments for 4 schemes was placed on firm 'A' in March 1978. The total value of the order was for 131,08,497 Sw. Kr. (Swedish Kroné), out of which the cost of equipment for Hapur-Bareilly-Lucknow route was 13,81,042 Sw. Kr. equivalent to Rs. 24.93 lakhs. The actual cost of the equipment was Sw. Kr. 13,79,567. The supply was to be made from November 1978 to 30th June 1979. The firm did not adhere to the schedule. The last consignment was air-lifted in February 1980. The department extended the delivery date upto 31st December 1979 reserving the right to recover liquidated damages for supplies not completed by the stipulated date *i.e.* 30th June 1979. According to the terms of the contract, the department was entitled to recover from the contractor liquidated damages at a rate of 1 per cent per month of the FOB price of each section so delayed subject to a maximum of 5 per cent of the total FOB price for each section so delayed. The liquidated damages amount to 69,052 Sw. Kr. (Rs. 1.25 lakhs) at 5 per cent of FOB value have not been recovered from firm 'A' so far (April 1984).

(b) (i) *Indigenous equipment*.—In May 1978, an order was placed on ITI Bangalore for supply of 103 Nos. Repeater Casings to accommodate the 12 MHz equipment supplied by firm 'A'. 100 Nos. of repeater casings costing Rs. 4.11 lakhs were supplied between August 1983 and December 1983. In January 1984, the department realised that since overhead repeaters were used for 12 MHz line equipment supplied by firm 'A', there was no need for repeater casings.

(ii) The order for supply of 2.6 MHz line and MUX equipments for the spur route Agra-Bareilly was placed on ITI in September 1977. Subsequently, a number of amendments were issued which revealed that the department had not assessed the requirements properly at the initial stage. The amendment/modifications issued are detailed below :

- (i) In October 1977, orders were issued for supply of 36 volts DC power Plants.
- (ii) In June 1978, Supplementary orders for supply of channeling groups and channeling ways were issued after the omission was pointed out by the Project Organisation.
- (iii) Modifications amending the number of dependent repeaters from 37 to 38 issued in May 1978.
- (iv) Further amendments regarding dependent repeaters and channeling groups were issued in November 1978.
- (v) Even though Etah had been planned as a dropping station on this route, the equipments required for this station were included in supplementary order issued in January 1979.
- (vi) Although a decision was taken in May 1978 itself to install 'Hirel' version of line equipment on this route, the supply orders revising the line equipment consequent to this change was issued in September 1979 only.

The supply from ITI had not been completed even at the end of March 1984. The amendments contributed to delay in supplies by ITI.

36.3. *Installation of equipment and commissioning of the system*.—The installation of equipment at Hapur, Moradabad, Bareilly, Shajahanpur and Lucknow was completed by September 1982 and the installation of line amplifiers and their wiring in repeater huts by January 1983. The acceptance testing of the route New Delhi-Bareilly-Lucknow 12 MHz route (Ericsson) was completed in March 1983. The proving in of the system, which should have been started immediately, could not be commenced till 30th March 1984 for want of equipment for change over facility from Phillips system (existing) to Ericsson system (proposed hot stand-by). The orders for supply of equipment for the change over facility was placed on ITI in November 1983 only (*i.e.* long after the completion of through acceptance testing). This delay in placing the orders indicated lack of planning.

36.4. *Expenditure incurred without sanction of the detailed estimates.*—As per departmental rules, no expenditure can be incurred without sanction of the detailed estimates by the competent authority. However, in this case it was noticed that :

- (a) On cable laying, an expenditure of Rs. 208.31 lakhs was incurred upto 31st March 1984 but the detailed estimate had not been sanctioned (May 1984).
- (b) The detailed estimates for Rs. 255.21 lakhs [Rs. 118.24 lakhs under estimate No. 4551 D(b) and Rs. 136.97 lakhs under estimate No. 4553D(b)] being the cost of installation of equipment on the main route and the spur route had not been sanctioned so far (May 1984).

36.5. *Loading of the system.*—The number of channels/groups existing on the routes, the number of additional groups provided and the number of groups justified for carrying the traffic actually handled are indicated in Statements I and II appended. It would be seen that out of 33 additional groups provided under this scheme, 18 are surplus to requirements and these will not be utilised due to heavy shortfall in the anticipated traffic. The expenditure of Rs. 18.15 lakhs incurred on providing these 18 groups was, therefore, unproductive. This being the case, the department decided in March 1984 to load the 12 MHz hot standby system (expenditure Rs. 125.38 lakhs) as there was no need for a hot standby on coaxial routes, although a policy decision in this regard had already been taken in August 1981 itself.

36.6. *Financial status of the Project.*—The STD traffic actually handled (the highest during 1981 to 1984) by the various routes of the system was far below the anticipated traffic (Statement-I) which revealed that the projection of traffic made by the department was very much on the higher side. On the basis of actual traffic handled, the revenue accruing to the department was Rs. 121.99 lakhs per annum only as against Rs. 547.52 lakhs anticipated, resulting in shortfall of Rs. 425.53 lakhs per annum. The cumulative effect of this short-fall in revenue for the period from 1st April 1980 (target date of commissioning of the scheme) to 31st March 1984 was Rs. 1702.12 lakhs. The 2.6 MHz coaxial system on the spur route from Agra to Bareilly targeted for completion in 1980 had not been commissioned so far (June 1984). Failure to commission the spur

route had resulted in loss of potential revenue of Rs. 372.52 lakhs upto 31st March 1984 (at the rate of Rs. 93.13 lakhs per annum).

Summing up—

- Rupees 5.44 lakhs were blocked for the last 4 years in disputed land at Hapur despite the department having known in August 1978 itself, about the dispute.
- Liquidated damages to the tune of Rs. 1.25 lakhs had not been recovered so far from firm 'A' for delayed supplies made.
- Expenditure of Rs. 4.11 lakhs incurred in purchasing of 100 Nos. repeater casings from ITI had become idle as these were not required.
- The expenditure of Rs. 463.52 lakhs incurred without sanction of the detailed estimates was irregular as per departmental rules.
- Delay in providing change over facility between Phillips and Ericsson system delayed the proving in of the system by about one year.
- Expenditure of Rs. 18.15 lakhs (approximately) on 18 groups provided on the existing system in excess of the actual requirement had become unproductive.
- There was a short fall in revenue of Rs. 1702.12 lakhs from 1st April 1980 to 31st March 1984 as the actual STD traffic handled by various routes in the existing 12 MHz system between New Delhi and Lucknow was far less than the anticipated traffic. Department was also deprived of the potential revenue of Rs. 372.52 lakhs due to non-commissioning of 2.6 MHz coaxial system on the spur route.
- Expenditure of Rs. 125.38 lakhs incurred in providing additional 12 MHz system will remain idle and unproductive for many years to come as even the existing 12 MHz system could not be fully utilised by the department.

The matter was reported to DGPT in July 1984; reply is awaited (September 1984).

STATEMENT I

STD Traffic Anticipated, Traffic Actually handled, short fall in revenue and No. of groups/circuits justified

Sl. No.	Route	STD traffic (in Erlangs) anticipated in EFC Memo/Project Estimate	STD traffic actually carried (Highest during the year 1981 to 1984)	Percentage Col. 4 to Col. 3	No. of circuits justified in EFC Memo/Project Estimate	No. of circuits justified based on traffic actually handled Col. 6 Col. 5	Daily revenue anticipated in EFC Memo/PE	Daily revenue that envisaged on the basis of traffic actually handled Col. 6 Col. 8	Short fall in daily revenue Col. 8 Minus Col. 9	Total no. of circuits/groups required including manual circuits	Circuits	Groups
1.	New Delhi—Hapur	13.2	4.6	35%	64	23	5108	1788	3320	60	5	
2.	New Delhi—Bullundshar	28.3	5.6	20%	77	16	6571	1315	5256			
3.	New Delhi—Moradabad	42.0	8.28	19.7%	86	17	20664	4071	16593	47	4	
4.	New Delhi—Bareilly	59.8	1.5	2.5%	130	4	60817	1521	59296	41	4	
5.	Bareilly—Moradabad	25.90	13.3	51.3%	63	33	10023	5141	4882	75	7	
6.	Bareilly—Sitapur	26.5	12.8	48.3%	63	31	13038	6297	6742	33	3	
7.	Bareilly—Kanpur	45.4	18.9	30%	137	42	52557	15767	36790	73	7	
8.	Bareilly—Lucknow	17.63		12.3	34.7%	92	32	13730	4765	8965	49	5
9.	Bareilly—Shajahanpur	35.48										
							182508	40665	141843			

Anticipated Annual revenue —182508 x 300 = 54752400

Revenue actually accruing on traffic handled —40665 x 300 = 12199500

Short fall in revenue — —42552900 Say Rs. 425.53 lakhs per annum

STATEMENT II

New Delhi—Bareilly—Lucknow 12 MHz Expansion. No. of groups commissioned and No. of groups justified

Sl. No.	Route	No. of groups existing as in EFC Memo/PE	No. of additional groups commissioned	Total Number of groups	No. of groups justified as the basis of traffic handled	No. of groups provided in excess
STD/Routes						
1.	New Delhi—Hapur	6	—	6	5	1
2.	New Delhi—Moradabad	2	6	8	4	4
3.	New Delhi—Bareilly	5	3	8	4	4
4.	Moradabad—Bareilly	2	5	7	7	—
5.	Bareilly—Lucknow	6	8	14	7	7
6.	Bareilly—Kanpur					
7.	Bareilly—Shajahanpur	2	5	7	5	2
8.	Bareilly—Sitapur	2	—	2	3	—
9.	Sitapur—Lucknow	2	2	4	4	—
TOTAL		27	29	56	39	18
No. of groups provided in excess is 18						
Non STD Routes						
1.	New Delhi—Shajahanpur	—	1	1	1	—
2.	Hapur—Moradabad	1	—	1	1	—
3.	Moradabad—Lucknow	1	2	3	3	—
4.	Shajahanpur—Lucknow	2	1	3	3	—
5.	Shajahanpur—Sitapur	1	—	1	1	—
TOTAL		5	4	9	9	—
G. TOTAL		32	33	65	48	18

* Information regarding the traffic handled is not available. Hence the justified No. of groups is taken as that provided.

CHAPTER VI

STORES PURCHASE AND CONTROL

37. Stores Inventory and Control of Telecommunication stores

Introduction.—The Posts and Telegraphs (P&T) Stores Organisation procures special items of stores required by the department for its capital and maintenance work.

Stores utilised in the P&T department fall under two categories viz.

- (i) General stores for direct use for various works; and
- (ii) Workshops or factory stores required for the manufacture of components etc. in the Telecommunication Factories.

Procurement of stores for the Engineering and Wireless Branches and their proper custody and disposal are entrusted to the Store Branch headed by the General Manager, Telecommunication Stores (GMTS).

Total value of stores purchased/manufactured in stores depots during 1982-83 was Rs. 261.84 crores as against Rs. 265.50 crores and Rs. 134.87 crores in 1980-81 and 1981-82 respectively.

Organisational set up.— The stores organisation is supervised by the material management group in the P&T Directorate under the direct supervision of a Deputy Director General.

The GMTS is vested with the administrative control of all the Controllers of Telecommunication Stores (CTS) and the Accounts wing of the stores branch and is the Chief Executive of the entire stores organisation. The CTS is the Executive head of each main depot.

Stores required for use in the Engineering and Wireless Branches of the department are stocked in six wholesale depots at Calcutta, Bombay, Jabalpur, Madras, New Delhi and Bangalore and are issued to the Engineering Divisions etc. direct or through 29 retail depots.

Classification of stores and inventory control :—

Telecommunication stores are classified as 'A', 'B', and 'C' on the following basis :

Annual Issue Value	Rate		
	'A'	'B'	'C'
Rs. 5 lakhs and above	All	Nil	Nil
Less than Rs. 5 lakhs but not less than Rs. 50,000	Rs. 1000 and above	Less than Rs. 1000	Nil
Less than Rs. 50,000 but not less than Rs. 5,000	Nil	Rs. 100 and above	Less than Rs. 100
Less than Rs. 5000	Nil	Nil	All

In accordance with the norms prescribed by the P&T Board, stock levels in respect of all 'A' class items of stores of the retail and wholesale branches of 5 main depots were fixed by the GMTS in March 1975 as follows :

	Minimum Stock Level	Maximum Stock Level
(i) Circle/District Retail Store Depots	One sixth of annual consumption	One third of annual consumption
(ii) Wholesale Store Depots	Nil	One Sixth of annual consumption

Stock levels for 'B' and 'C' class stores were however, fixed itemwise in August 1975. Different lumpsum financial limits for 'B' and 'C' class stores were fixed by the GMTS in March 1975 for each depot.

In August 1975, the GMTS advised the CTs that the maximum and minimum stock levels for 'B' and 'C' class items should be fixed within the limits indicated below subject to overall lumpsum financial limits as fixed for each depot in March 1975 :

Retail store depot	Minimum stock level	Maximum stock level
'B' Class item	One third of annual consumption	Two third of annual consumption
'C' Class item	Three fourth of annual consumption	One plus one fourth of annual consumption
<i>Wholesale store depot</i>		
'B' Class item	—	One sixth of annual consumption
'C' Class item	—	One sixth of annual consumption

'A', 'B' and 'C' analysis is, however, a continuous process and various stock levels fixed on different items would require to be reviewed and up-dated on the basis of issue values for the year just completed and different levels refixed on a year to year basis.

The last review was conducted by the GMTS based on the issue of values during 1979-80 and new list of 'A' and 'B' class item of stores was prepared in June 1981, according to which the number of items under 'A' and 'B' class were 252 and 425 respectively. Items of stores not included in 'A' and 'B' classes of stores were treated as 'C' class stores. Thus, the remaining 5323 number (approx.) fall under 'C' class.

A review of the records of the stores organisation conducted by audit during 1983-84 revealed the following :

37.1 *Excessive stocking* :—Though instructions were issued in 1975 for fixation of maximum and minimum limits in respect of all classes of stores, maximum and minimum stock levels for different items of stores were not found noted in the Stock Cards. A test check of some critical items indicated considerable excess over prescribed maximum limits vide (Table 37.1.1) below :

Name of main Depot	Number of items of stores the balance of which exceeded the permissible limit	Total value of stores in column 2 held in stock on 31st March 1983	Total value of the permissible maximum limits for the stores in column 2
1	2	3	4
(Rupees in lakhs)			
<i>Calcutta</i>			
Wholesale	15	173.18	34.95
Retail	30	91.32	21.24

The excess holdings varied from the permissible maximum levels by the following percentages :

	Number of cases										Total
	Calcutta		Jabalpur		Bombay		Madras		New Delhi		
	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	
1	2	3	4	5	6	7	8	9	10	11	12
Upto 50%	2	2	2	2	—	3	—	4	1	1	17
51% to 100%	—	6	2	2	—	2	—	1	1	1	15
101% to 200%	6	2	—	—	1	2	—	—	1	—	12
201% to 500%	1	11	—	—	—	4	—	4	3	2	25
501% to 1000%	2	4	1	—	—	1	—	1	—	2	11
1001 to 2000%	1	2	—	—	—	1	—	1	1	1	7
2001% to 5000%	1	2	—	—	—	—	—	—	—	—	3
5001% and above	2	1	2	—	—	—	—	—	—	1	6
Total	15	30	7	4	1	13	—	11	7	8	96

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<i>Jabalpur</i>			
Wholesale	7	32.92	15.57
Retail	4	18.39	13.14
<i>Bombay</i>			
Wholesale	1	6.99	2.67
Retail	13	395.28	136.79
<i>Madras</i>			
Retail	11	515.33	217.73
<i>New Delhi</i>			
Wholesale	7	110.43	27.01
Retail	8	75.54	24.04
Total	96	1419.38	493.14

The excess stock balances worth Rs. 926.24 lakhs beyond the permissible limits are due to excessive purchases between 1980-81 to 1982-83 as indicated below (Table 37.1.2) :

Name of main Depot	Stock on 1st April 1980	Purchases between 1980-81 to 1982-83	Issues during 1980-81 to 1982-83	Stock on 31st March 1983
1	2	3	4	5
(Rupees in lakhs)				
<i>Calcutta</i>				
Wholesale	43.90	594.67	465.39	173.18
Retail	10.03	193.95	112.66	91.32
<i>Jabalpur</i>				
Wholesale	9.15	207.35	183.01	33.49
Retail	8.46	76.68	66.76	18.38
<i>Bombay</i>				
Wholesale	—	33.84	26.85	6.99
Retail	36.75	1257.66	898.98	395.43
<i>Madras</i>				
Retail	16.61	1880.70	1381.97	515.34
<i>New Delhi</i>				
Wholesale	46.77	363.06	299.40	110.43
Retail	20.20	154.16	98.82	75.54
Total	191.87	4762.07	3533.84	1420.10

In respect of the major part of these items however, the stock was below the prescribed minimum levels vide Table (Table 37.1.3) below :—

Table 37.1.3

Name of retail depot	Number of items of stores the balance of which was below the permissible minimum level	Range of percentage by which the short holding in respect of items of stores as in column 2 below the minimum stock level varied
1	2	3
Calcutta	8	24.74 to 100.65
Jabalpur	26	57.00 to 100.00
Bombay	34	47.58 to 100.00
Madras	37	47.80 to 100.00
New Delhi	30	10.00 to 100.00
Total :	135	

37.2 *Stock-taking and verification* :—In order to secure efficiency in store-keeping, a continuous stock-taking is required to be carried out by the store keeper incharge of stores in various depots of the stores organisation, in such a manner that all stores are completely verified in the course of a financial year. A verification of stock, including unserviceable stores, in all wholesale and retail depots is also required to be made independently once in a year by stock-verifiers working under the overall control of the GMTS, Calcutta. This verification is in addition to and independent of the progressive stock taking by the store-keeper.

Independent stock verification in the wholesale and retail depots at Bombay and Circle Depot at Ahmedabad was not done for the year 1982-83 while verification in respect of retail store depot at Bombay Telephone was only partially done. No progressive stock taking was conducted for the year 1980-81 in Bombay Telephone District, Bombay. It was not conducted at all in Calcutta store depot from 1978-79 to 1981-82 and was irregular at Circle Store Depots at Ernakulam, Secunderabad and Mysore. Progressive stock taking in the battery godown and packing godown of Jabalpur Store Depot for the year 1980-81 and independent stock verification in the packing godown for the year 1979-80 was also not conducted. It was stated by the Controller of Stores, Jabalpur in October 1981 that the verification could not be conducted either for want of sub-ordinate technical staff or the concerned staff being on long leave and retirement.

The departmental rules provide that all cases of failure to conduct progressive stock taking by the store-keeper within the scheduled period should

be reported along with detailed reasons to the P&T Directorate and the Circle Accountant for issue of orders for regularisation. Omission to conduct stock verification in the depots as indicated above had not been reported to the P&T Directorate for regularisation (December 1983).

A review of the discrepancy statements in respect of Calcutta, Jabalpur, Bombay, Madras and New Delhi depots and Circle stores depots at Nagpur, Lucknow, Ahmedabad, Ernakulam, Secunderabad, Mysore and retail store depot in the Bombay Telephone District revealed that adjustment of surplus and deficit values of stores amounting to Rs. 598.58 lakhs under surplus and Rs. 224.54 lakhs under deficit were pending at the close of stock adjustment registers upto 31st March 1984, as indicated in Appendix VIII.

As per time schedule laid down by the department, the depot officer has to submit the storekeeper's explanation for the discrepancy within 5 weeks of preparation of discrepancy statement; the Accounts Officer has to scrutinise the explanation, call for further clarification, if any, value, split up and forward the statements to depot office within further 7 weeks; the depot officer or Circle office has to, within further 7 weeks, either accord the sanction to the statements if within his powers, or forward them to the Director General, P&T for arranging sanction. The above process is scheduled for completion within a maximum of 19 weeks. However, discrepancy statements were found to be outstanding on 31st March 1984 dating back from 1977-78 as indicated in Appendix VIII.

Test check revealed that in 44 cases out of 63 relating to Bombay Depot including retail Depots at Ahmedabad and Bombay Telephone District, the depot officer took 6 to 142 weeks to forward the store-keeper's explanation to the Accounts Office. In 17 cases involving a surplus of Rs. 297.46 lakhs and deficit of Rs. 112.26 lakhs, no acceptable explanations had been furnished by the store-keepers of the depots and thus those discrepancy statements remained unvalued by the Accounts Officer. In 35 cases, the Accounts Officer took 8 to 83 weeks for valuing the Statements. In the final stage sanction in all the 46 cases of valued discrepancy statements in regularisation of adjustments carried out in stocks had not been accorded even after expiry of 13 weeks to 228 weeks completed upto 31st December 1983.

Most of the discrepancies were explained by the store-keeper and also accepted by the Accounts

Office and sanctioning authority as incidental to store-keeping, namely wrong issue of stores, indentor not collecting the full quantity, mistakes in counting and putting out due to large receipts or despatches etc., large discrepancies to the extent of Rs. 59.96 lakhs (surplus) and Rs. 17.85 lakhs (deficits) were adjusted in the Retail Store Depot of Bombay Telephones in 1980-81 for which the explanations of the store-keeper had not been accepted by the Accounts Officer till December 1983. The discrepancies mainly related to cable stores of the Bombay Telephone District. It was stated by Assistant Engineer Stores depot, Bombay in January 1981 that the discrepancies were due to (i) failure to maintain important records like bin cards (to be maintained by the stock-holders) as distinct from the stock-cards kept by the store-keepers, (ii) non-reconciliation of stock cards and (iii) failure to connect the receipts of cables with inspection notes and delivery challans.

Further, as many as 946 different items pertaining to the period 1975-76 to 1982-83 involving several lakhs of rupees were lying unadjusted and unvalued upto March 1984 in respect of Calcutta Store Depot and Circle Stores at Patna, Gauhati, Cuttack, Siliguri and Calcutta Telephones.

37.3 Store-in-Transit:—Check in audit of the Stores-in-transit sub-ledgers maintained by the Regional Accounts Officers (to accommodate value of inter-depot transfer of stores) revealed heavy outstandings representing value of stores not acknowledged by the receiving depots to the extent of Rs. 1695.08 lakhs dating back from 1967-68 onwards. The details of outstandings are given in Appendix IX.

The main reasons for such heavy outstandings were (i) Non-crediting of stores in time by the receiving stores depots and (ii) non-despatch of acknowledgements of the depot transfer notes by the Assistant Engineers, Circle Stores Depots despite repeated reminders and non-accounting of some of the acknowledged depot transfer notes by the Accounts Officer, Telecom. Stores of the receiving depots.

General:—The outstandings showed minus balances in the different years as indicated below:

Name of Depot	Year	Amount (In lakhs of rupees)	
		3	4
Calcutta	1977-78	(—)9.87	
	1979-80	(—)30.19	(—)40.06
Bombay	1982-83	(—)179.23	(—)179.23

Madras	1969-70	(—)0.16	
	1970-71	(—)0.14	
	1972-73	(—)5.61	
	1973-74	(—)0.15	
	1974-75	(—)7.04	
	1977-78	(—)0.18	
	1981-82	(—)1.32	(—)14.60
New Delhi	1980-81	(—)1.28	(—)1.28

This indicates serious accounting errors as responding debits do not appear to have been accounted for.

37.4 Advance Payment to contractors:—In accordance with the terms of the agreement, advance payment to the extent of 100/90/95 per cent is made to public sector undertakings/private firms for supplies made on receipt of proof of despatch supported by original test certificates issued by the P&T testing authorities. As per rules, such payments are to be initially charged to the head Advance Payment to Contractors (APC) under capital and the clearance of the amounts so charged is required to be watched through the Register of Advance Payment to Contractors. The advances are to be adjusted to the final purchase head when final bills are submitted by the firms and/or the consignee receipted challans are received and admitted in Accounts Office.

In March 1984, the outstanding balances under APC in the stores depots were as heavy as Rs. 2065.81 lakhs out of which the outstandings against private firms amounted to Rs. 759.79 lakhs, earliest advance dating back to 1963-64. The details of the outstanding balances are given in Appendix X.

Heavy outstandings were mainly attributed to (1) non-receipt of final bills (5 or 10 per cent) from the suppliers due to non-receipt of acknowledgements from the ultimate consignees to whom stores were sent by the suppliers direct/covering indents from them in the stores depot, (2) delay in crediting stores by the depot officers, (3) short receipt/damage to stores for which no credit had been received and (4) difficulties experienced by Regional Accounts Offices in linking the items in respect of direct despatch of stores to indentors, not passing the transaction through the concerned CTS.

There was a difference in figures to the extent of Rs. 50.17 lakhs between 'Register of APC' maintained by AOTS., Bombay and monthly statement of extracts from the APC Register sent to GMTS, Calcutta. A review of the APC balances as per subsidiary record kept by AOTS, Bombay vis-a-vis the ledger kept in

the Circle Office, Calcutta also revealed variation to the extent of Rs. 58 lakhs at the end of each year from 1980-81 to 1982-83. This stabilised difference in the two sets of figures is indicative of accounting errors prior to 1980-81 which have not yet been investigated and reconciled (August 1984).

37.5 *Adjustment of stock account*:—The departmental rules provide that value of stores stolen from the stores depot or lost or damaged while on issue to a works spot before their actual use are debited to a suspense head 'Stores recoverable' as soon as the loss is detected but before investigation and fixation of responsibility is completed and that amount booked under this head is cleared by transfer to account head 'Sales' (when recovery is to be made), or to 'Losses of Stores' (where responsibility could not be fixed and losses are to be written off under sanction of the competent authority).

The break-up of outstandings was as follows (Table 37.6):—

TABLE 37.6

Year	Amount outstanding					Total
	Calcutta Depot	Jabalpur Depot	Bombay Depot	Madras Depot	New Delhi Depot	
1	2	3	4	5	6	7
Upto 1978-79	3.63	—	—	0.94	4.05	8.62
1979-80	0.04	—	(-)0.10	(-)0.05	—	(-)0.11
1980-81	0.10	—	44.59	(-)0.02	—	44.67
1981-82	0.08	—	87.86	0.48	5.66	94.08
1982-83	8.12	42.30	10.73	5.21	66.74	133.10
Total	11.97	42.30	143.08	6.56	76.45	280.36

37.7 *Extra expenditure in purchase of Bracket Channel Iron 4 wires Telegraphs and Telephones*:—Bracket Channel Iron 4 wires Telegraphs and Telephones are important items of manufacture in Calcutta and Jabalpur Telecom Factories. The total requirements of these items in 1981-82 were 11 lakhs each. The target of production was however, fixed as 4 lakhs and 4.50 lakhs respectively for these 2 items for 1981-82 in the 2 Telecom Factories at Calcutta and Jabalpur, but the actual production achieved during the year 1981-82 was 197110 and 401550 numbers respectively. The department had also placed orders on private firms in 1980-81 and 1981-82 for the supply of these items during 1981-82. The prices at which orders for these items were placed during 1980-81 and 1981-82 were in many cases about 25 to 73 per cent higher than the cost of manufacture in the departmental factories. Thus, the purchase orders placed in 1980-81 and 1981-82 limited to the

The outstandings in the sub-ledger of 'Stores' recovered kept in the respective Accounts Office, Telecom. Store were Rs. 99.15 lakhs as at the close of sub-ledgers upto March 1984 which represented losses for which responsibility had not been fixed or values had not been written off. The details of the outstanding balance are given in Appendix XI.

Thus, investigation of cases of losses was not done systematically.

37.6 *Arrears in recovery of sales dues*:—Telecommunication stores authorities in Calcutta, Jabalpur, Bombay, Madras and New Delhi are authorised to sell telecommunication materials to Government departments, undertakings, private organisations etc. Against sales made to them upto 1982-83, recoveries to the extent of Rs. 280.36 lakhs remained unrealised (March 1984) as indicated in Appendix XII.

quantum of shortfall in production of those items in telecom factories involved an extra expenditure of Rs. 35.07 lakhs as shown in Appendix XIII.

37.8 *Accounting Procedure—delays in accounting*: (i) Payment on account of customs duty and other incidental charges relating to imported stores which is initially made by Director of Shipping and passed on by the Pay and Accounts Office (Supplies) is settled by the Circle Accountant, Telecom Stores, Calcutta in cash. These amounts are passed on by the Circle Accountant to the Regional Accounts Office through Advice of Transfer Debit (ATD) and are finally adjusted by the latter. ATD's for such customs duty etc. to the extent of Rs. 7.60 crores were not adjusted by the Accounts Officer, Telecom Stores (AOTS) Bombay till March 1984.

This resulted in distortion of the amounts booked under various purchase heads vis-a-vis in budgetary grants under those heads.

(ii) Payments to suppliers against import orders placed by the P&T Directorate are made through letters of credit opened by State Bank of India or other nationalised banks on the basis of formal letters of authorisation issued by Controller of Telecom. Stores, Bombay. Payments against such letters of credit are adjusted by the Reserve Bank of India against the P&T balance with an intimation of such adjustments followed by debits in the scrolls sent by the RBI. No action was however, taken by the ADTS Bombay on receipt of such intimation for journalising these transactions by debiting purchase heads with contra credit to 'drawings from banks'. Such adjustments to the extent of Rs. 6.51 crores escaped accounting till pointed out by Audit in April 1983 resulting in accumulation of huge unlinked items in the Bank reconciliation statement and also distorting the figures under purchase head vis-a-vis the budget grants.

37.9 *Theft of stores.*—In Paragraphs 25(b) and 23 of the Report of the Comptroller and Auditor General of India (Posts and Telegraphs), 1969-70 and 1972-73 respectively, mention was made of 11 cases of thefts (Rs. 1.86 lakhs) of stores between February 1967 and July 1970 and 10 cases of thefts of stores (Rs. 1.83 lakhs) during February 1971 to July 1973 respectively from the godown of the telegraph store depot at Calcutta and the storeyard of a telecommunication factory located in the same premises and the stocking area of the same stores depot situated at some distance. The department informed the Public Accounts Committee in July 1975 that elimination of theft was not possible due to unfavourable location of a big drain by the side of the storeyard and the telecommunication factory and that preventive measures taken included, *inter alia*, putting up of iron grating preventing entry to the storeyard through the drain and that the security staff had been strengthened. The department also assured the Public Accounts Committee that the officer-in-charge of the stores had been instructed to ensure that there was no collusion of staff with culprits and to watch closely the performance of the security staff for greater effectiveness.

During the period from October 1973 to October 1983, 38 more cases of alleged thefts of stores (23 from the godowns of the same telegraph store depot at old site involving stores valued at Rs. 19.65 lakhs and 6 from the stocking area of the same stores depot situated at some distance involving stores valued at Rs. 1.54 lakhs and 9 from the godown of the same stores Depot at new site at Rs. 23.41 lakhs) were noticed. Stores involved were mainly copper wire, copper scrap, copper binder, switch boards and

cable wires, plumber metal, galvanised iron tubes, telephone meters etc. The cases were reported to the police. Nine cases were closed by the police and 26 were under investigation (March 1984). In one case, the culprit was caught red handed and tried in a Court of law. In 2 other cases the miscreants were caught red handed and handed over to the police.

With the taking over of the Administrative Building at the new site of Steel Dump, Calcutta from the Civil Wing on 1st August 1979, the stores were gradually shifted to the godowns of that site by February 1980. The entire premises where these godowns are situated are kept under close vigil by a contingent of departmental security staff and CRP Force round the clock. Losses of stores due to theft even after strengthening the security measures, however, continue to recur.

In addition to the above, 12 cases of alleged thefts, involving stores costing Rs. 3.20 lakhs from the godowns of Telecom. Stores, Jabalpur were noticed between September 1978 and July 1982. Five cases of thefts of stores (value Rs. 0.53 lakh) from the godowns of the Telecom. Stores, Bombay between October 1979 and October 1981, 2 cases of thefts of stores (Rs. 0.20 lakh) from the godowns of the Telecom. Stores, Madras during 1981-82 and one case of theft of stores (Rs. 0.20 lakh) from the godown of the Telecom. Stores, New Delhi in March 1983 were also noticed. All the theft cases excepting one relating to Jabalpur Depot were reported to the Police. Eleven were closed by the police as untraced and 7 were under investigation (March 1984). In one case relating to Madras Depot, the culprits were apprehended but the case has not been completed (March 1984) and in other case which was not reported to the police, departmental action has been taken against delinquent officials.

Year-wise and depot-wise break-up of these thefts is given in Appendix XIV.

Supply of stores by Departmental Stores Depot without indent and in excess of quantities indented for

During test check of the supplies (May 1982/ March 1983) received by the consignees in Andhra Pradesh Circle from the Departmental Stores Depot, Hyderabad, it was noticed that large quantities of various items of stores were supplied to the divisions far in excess of the quantities indented for and in some cases even without indents. The value of such stores supplied during 1981-82 was Rs. 2.50 crores. The stores received by the consignee units in excess of requirements were neither returned to the Stores Depot nor utilised resulting in blockade of capital.

On this being pointed out by Audit, the department is now taking action to regularise the excess issues.

Summing up

- There was excess stock balance of some critical store items worth Rs. 926.24 lakhs due to excessive purchase.
- Progressive stock taking and independent stock verification was not conducted regularly. Discrepancies detected worth Rs. 598.58 lakhs of surplus stores and Rs. 224.54 lakhs of deficit stores were not settled.
- Stores in transit worth Rs. 1695.08 lakhs from 1967-68 to 1982-83 were yet to be acknowledged.
- Rupees 2065.81 lakhs representing outstanding balance of advance payment to contractors (earliest advance dating back to 1963-64) were yet to be settled/adjusted.
- Rupees 280.36 lakhs remained unrealised from Government departments, undertakings and private organisations against sales of stores.
- There were 58 cases of theft of stores from the store depots involving Rs. 48.55 lakhs during the period from October 1973 to October 1983.

The matter was reported to DGPT on 31st July 1984; reply is awaited (September 1984).

38. Surplus stores

At the Repair Centre and Retail Store Depot, Ghatkopar, there was a stock of 93,340 numbers of Contact Assembly (Code No. DL 731277) at the end of March 1979. That the stock was disproportionately high as compared to the annual issues, was pointed out by Audit in December 1978. The stock remained at a very high level of 87,086 even in March 1981. Notwithstanding the very high level, purchases of 10,000 nos. were made during the three years 1981-82 to 1983-84. The closing balance in March 1984 was still high at 69,553. The purchases were thus altogether unnecessary. At the issue rate of Rs. 7.65 per item the value of the purchases was Rs. 76,500.

The Director General, Posts and Telegraphs stated in July 1984 that action was being taken to divert the excess stores to other units and to short close the existing orders on ITI.

39. Stock of Teleprinters and accessories lying idle.—It was noticed in audit in October 1979 that 59 numbers of 4 types of teleprinters and printing re-perforators, costing Rs. 5.78 lakhs, were lying in stock. There had been no issues of these items from 1977-78 onwards in respect of 3 items and from 1980-81 onwards in respect of one item. The General Manager Telecom, Bangalore, stated in January 1984 that stocks were held in Stores Depot to meet the normal requirements as and when they arose. The DGPT stated in September 1984 that these items had become slow moving and action had been taken to give wide publicity to other circles so that this can be diverted elsewhere.

40. Unutilised secondary cells.—Based on the forecast of the 1975-76 of the field units, the General Manager, Telecommunication Stores, Calcutta (GMTS) placed purchase orders in June 1976 for 500 numbers of secondary cells of 800 AH capacity at a total cost of Rs. 9.10 lakhs exclusive of sales tax for use in telephone exchanges and other telecom equipments in case of power failure. However, 148 cells costing Rs. 2.69 lakhs could not be used and remained with store depots, Calcutta and Bombay since 1977-78 and store depot, New Delhi and Ahmedabad since 1978-79. The effective life of these cells is only 10 years. The Controller of Telecommunication Stores (CTS) Bombay stated in November 1980 that the cells were reserved for issuance to Satellite project. The cells lying in CTS, Calcutta and Delhi could not be issued due to non-receipt of the allotment from GMTS, Calcutta or from the P&T Directorate.

CTS, Calcutta diverted 25 Nos. of cells in April 1984 to General Manager, West Bengal Circle against sub-allotment made by the P&T Directorate in February 1984. The balance 123 cells (cost : Rs. 2.24 lakhs) remained unutilised (September 1984).

The Director General, Posts and Telegraphs stated in September 1984 that 63 cells allotted to Director (Maintenance), Lucknow were being issued. Thirty six cells from CTS, New Delhi had been issued to General Manager (Maintenance), Calcutta. The remaining 24 cells were also being diverted to other projects.

However, on verification by Audit on 20th September 1984, it was seen that the 36 cells stated to have been issued to GMM, Calcutta were still lying in the stock of CTS, New Delhi and no indent was pending either.

CHAPTER VII

LAND AND BUILDINGS

41. **Hiring of private buildings at Naraina Industrial Area, Phase-II, New Delhi.**—General Manager, Delhi Telephones (GMT), New Delhi hired 2 buildings consisting of 4 blocks at Naraina Industrial Complex offered by an estate agent (December 1982) in response to an enquiry made by the department about the availability of a different building. The lease deed was executed in March 1983 and possession was taken on 1st June, 1983.

The Fair Rent Committee (FRC) constituted to assess the fair rent of the buildings assessed the rent in January 1983 at the rate of Rs. 4.50 per sq. ft. for basement, Rs. 8 per sq. ft. for ground floor and Rs. 6.50 per sq. ft. for I, II and III floors as fair. In respect of another building in the same area taken on rent in February 1984 by the General Manager, Satellite Project, the rent for the basement and II floor were fixed at Rs. 3.50 per sq. ft. Considering the fact that this building was located in the commercial complex—a better location attracting higher rent, the rent assessed by FRC in January 1983 for the buildings hired by GMT was on the higher side.

The financial power of the GMT for hiring of buildings for administrative offices was Rs. 50,000 per month whereas the total monthly rent for the hired buildings worked out to Rs. 2.02 lakhs requiring sanction of the P&T Board. Though allotment of accommodation at the time of executing the lease deed (March 1983) was not decided, yet the buildings were shown earmarked for use by operative offices. This had the effect of avoiding sanction of the P&T Board. The buildings were actually occupied by the administrative offices.

The department made advance payment of rent of Rs. 8.33 lakhs for 6 months for the period from June 1983 to November 1983 though there is no such clause in the standard form of agreement. The

allotment of accommodation was made in May 1983 but the same was not occupied till January 1984 due to various administrative/practical difficulties, non-provision of essential amenities, etc. Non-occupation of the buildings has resulted in an infructuous expenditure of Rs. 14.17 lakhs by way of rent up to December 1983.

Further, according to Lease Deed, the lessor was required to construct partitions. Instead, the department itself provided the partitions at a cost of Rs. 1.10 lakhs.

The GMT stated in June 1984 that necessary action was being taken to fix responsibility for the various irregularities.

42. **Idle Investment.**—Bombay Telephones paid Rs. 36 lakhs to the Government of Maharashtra in August 1974 for a plot of land for construction of Telephone Exchange of 40,000 line capacity to meet the demands of the subscribers in South Bombay. Even after 10 years, no lease deed has been executed (September 1984).

At the time of purchase in August 1974, there were no encumbrances on the land. Departmental rules require a careful watch to be kept by the local officers to prevent encroachments. This was not done and about 50 unauthorised hutments have come up on the land. In a meeting between the State Government and the Ministry of Communications held in March 1983, it was agreed that the encroachment would be got vacated by the State Government but Bombay Telephones would pay compensation/rehabilitation charges to the encroachers at rates prescribed by the State Government. The matter has not progressed any further (September 1984). Thus, an investment of Rs. 36 lakhs has remained unfruitful for more than a decade. Besides, for want of alternative land, the proposed 40,000 lines exchange has not been put up.

CHAPTER VIII

OTHER TOPICS

43. **Unfruitful Expenditure.**—A diesel engine alternator of 248 KW/310 KVA capacity was purchased by the General Manager, (GM) Delhi Telephones with the approval of the Director General, Posts and Telegraphs (DGPT) in November 1972 at a cost of Rs. 3.58 lakhs. The engine alternator was intended to be a stand-by power plant for the Janpath Telephone exchange, New Delhi.

For want of expertise within the department, the installation of the engine alternator was entrusted to the supplier firm at a cost of Rs. 0.20 lakh. The installation was completed in 1976. During test run, the pillars and the wall of the engine room started shaking because of structural weakness in the concrete pillars and the beams of the engine room section. The test run was stopped. Two alternatives were considered i.e., (i) installation of suitable anti-vibration system at the same location where the engine alternator had been installed; or (ii) shifting the engine alternator to the garage block after suitable structural modifications to it.

The Chief Engineer (Civil), to whom the matter was referred by the GM in December 1978, advised in April 1979 against provision of anti-vibration arrangement as any failure in that would adversely effect the structure.

Even after 5 years (July 1984) the alternator continues to await commissioning although Rs. 4.70 lakhs have been spent on its purchase and installation. Failure of the department has also deprived the exchange of the intended stand-by power arrangement for more than a decade.

44. **Short recovery of principal and interest on loans paid to ITI Bangalore.**—The loans advanced by the Ministry of Communications to the Indian Telephones Industries (ITI) for their Capital expenditure are repayable in annual instalments along with interest at the prescribed rates. In the event of default in repayment of loan together with interest, penal interest compounded at the rate of 2.5 per cent per annum above the normal rate of interest on all over due instalments of and interest is to be recovered.

The ITI has not been making payment of instalments of principal and interest by the due dates. The Ministry did not recover penal interest from the

ITI, though the position was pointed out by Audit in August 1980. The position of the recoveries in respect of loans granted subsequently, i.e., in 1980-81 to 1982-83 is still worse. Out of loans aggregating Rs. 47.75 crores outstanding against the ITI on 31st August, 1983, Rs. 7.65 crores on account of principal and Rs. 4.88 crores representing interest/penal interest which had become due had not been paid by the ITI. The loans were advanced from 1970-71 onwards. The Ministry did not take adequate action to ensure recovery of principal and interest falling due with the result that the outstanding dues swelled up. The Ministry stated in May 1983 that all out efforts were being made to recover the outstanding amounts from ITI.

The Ministry of Communications stated in October 1984 that the ITI had sought for moratorium of payment of some loans amounting to about Rs. 6.06 crores which was ultimately turned down in January 1984. Further, it was stated that there was disagreement between the ITI and the Controller of Accounts about the exact amount to be paid by ITI and the later would be directed to repay the entire amount outstanding against them upto 31st August 1983 after reconciliation.

45. **Non-recovery of the amount of British Postal Orders paid in India.**—Value of British Postal Orders (BPOs) paid in India is to be recovered from the Government of UK along with commission for the payment.

In Uttar Pradesh, Rajasthan and Madhya Pradesh Circles Rs. 52.01 lakhs were pending recovery due to non-submission of paid vouchers of DPOs by the unit offices from 1960-61 onwards to the concerned Postal Accounts Offices. Annexure 'A' indicates the year-wise break up of the amount. Rupees 5.88 lakhs were pending recovery due to non-submission of proper statements together with supporting vouchers by the concerned Postal Accounts Offices to the Postal Accounts Office, Calcutta which is responsible for effecting recovery. Annexure 'B' indicates the year-wise/Circle-wise break up of the amount.

Under the rules, Postal Accounts Office is required to send each month a statement of BPOs paid in the Postal Circle together with supporting vouchers, to

the Postal Account Office, Calcutta to enable that office to effect recovery through the Pay and Accounts office nominated for the purpose. Cases of non-receipt of paid vouchers of BPOs from the unit offices are also required to be watched by the concerned Postal Accounts offices through objection books.

Failure to comply with the rules resulted in delay in recovery of the value of the BPOs which was as high as Rs. 57.89 lakhs, besides commission as on 31st March 1983. On this being pointed out by Audit, action taken by the department resulted in the outstanding being reduced to Rs. 24.63 lakhs at the end of July 1984.

ANNEXURE 'A'

Year-wise break up of the amount of BPOs paid not recovered from Government of UK due to non-submission of paid vouchers by unit offices.

Year	Uttar Pradesh	Rajasthan	Madhya Pradesh
1	2	3	4
1960-61			31,483.77
1961-62			36.00
1963-64			5,374.68
1965-66			35,319.94
1966-67			7,761.06
1967-68			1.00
1968-69			2,423.16
1970-71	57.45	—	294.60
1971-72	—	—	28,387.98
1972-73	—	—	4,795.81
1973-74	1,720.14	—	36,082.82
1974-75	16,502.39	—	1,056.95
1975-76	37,585.48	—	—
1976-77	9,437.50	—	565.96
1977-78	—	18,382.97	40,417.53
1978-79	14,310.69	—	5,126.85
1979-80	2,21,045.29	1,720.60	18,518.04
1980-81	6,30,916.86	771.95	32,218.97
1981-82	11,01,013.51	13,376.84	59,172.23
1982-83	27,93,014.82	16,454.25	15,735.07
Total	48,25,604.13	50,706.61	3,24,772.42

Rs. 52,01,083.16

ANNEXURE 'B'

Year-wise break up of the amount of BPO paid not recovered from the Government of UK due to non-submission of proper statements by the Postal Accounts Offices to Postal Accounts Office, Calcutta.

Year	Uttar Pradesh	Rajasthan	Madhya Pradesh
1	2	3	4
1977-78	—	—	(—)571.61
1978-79	—	—	3,157.82
1979-80	—	—	98,741.71
1980-81	4,88,716.21	—	(—)32,787.70
1981-82	48,756.99	—	1,927.13
1982-83	37,419.78	—	11,287.52
Total	5,74,892.98	—	71,754.87

Note :—Of the total amount of Rs. 71,754.87 in MP Circle Rs. 58,946.79 has since been adjusted leaving a net balance of Rs. 12,808.08. Thus the total amount outstanding is as under :

	Rs.	P.
UP Circle	5,74,892.98	
MP Circle	12,808.08	
	<u>5,87,701.06</u>	

46. Loss due to failure in Submission of timely claims for refund of excess assessed Customs duty.— Imported telephone cables and equipments attract customs duty on the basis of 'landed cost' which *inter alia*, includes insurance charges. For the purpose of assessment of duty, documentary evidences such as invoices, bills of lading and insurance premia receipts etc. are to be produced by the importer. In case of failure to produce relative premia receipts in respect of each shipment during assessment, the Customs authorities are at liberty to assess duty at a predetermined rate of percentage on the cost and freight of the stores; this rate during the period was 1½ per cent. In cases where the actual premia paid was less than the element of insurance included in the assessable value of customs duty, the importer may, prefer claims duly supported by documents within 6/12 months from the date of assessment for refund.

On a review of 58 such transactions by Audit in April 1983, it was noticed that due to failure in production of the premium receipts during assessment, the amounts of premia for insurance were calculated by the Customs authorities on the predetermined percentage on the cost of stores and freight thereon which were far in excess of the actual premia paid. The department had failed to instruct their agent to prefer claim for the overpaid amounts within the stipulated period.

On this being pointed out by Audit in March/April 1983, the department advised the clearing agents in May 1983 to file appeals with the Customs authorities. Out of 58 cases, only one case, amounting to Rs. 0.08 lakh has been accepted by the customs authorities, 2 cases involving Rs. 0.02 lakh were rejected, 41 cases involving Rs. 6.41 lakhs had become time barred, 8 cases involving Rs. 1.10 lakhs were yet to be settled. In respect of 6 cases amount had not yet been assessed (October 1984).

Due to failure of the department to prefer claims in time it has suffered a loss of Rs. 6.43 lakhs in 43 cases.

The Director General, Posts and Telegraphs stated in September 1984 that in these cases there had been delays in preferring claims, due to lack of coordination and adequate awareness on the part of Controller of Telecom Stores, Bombay.

47. **Unauthorised advance payment.**—On the 31st March 1978, the last day of the financial year 1977-78, an order for supply of 1450 MT of steel was placed on firm 'A' together with an advance payment of Rs. 33.15 lakhs.

The order was placed on instructions on telephone from the Superintending Engineer P&T, Civil Circle, Calcutta and was purported to cover the requirement of 2 works. The actual amount provided in the estimate for these works was however, found to be only Rs. 6.07 lakhs. Actual supplies received against the order upto March 1980 were of the value of only Rs. 7.94 lakhs. When the position was pointed out by Audit, the department secured a refund of Rs. 25.21 lakhs in May 1980. The amount had remained with the supplier without interest for 26 months.

48. **Delay in disposal of recovered copper wire.**—Mention was made in Paragraph 45 of the Report for 1981-82 about loss of recovered copper wire due to delay in making it over to the nearest store/retail store depot in accordance with the standing instructions.

Delay continues to occur in making over the recovered materials to the store depots. In 3 Telecom Circles alone, copper wire weighing 233,499 kgs. valued Rs. 52.54 lakhs recovered from various works during September 1978 to November 1983 had not been made over to the store depots for disposal, thus exposing the material to theft/pilferage and consequent losses.

49. **Payment of heavy demurrage charges by Retail Telegraph Store Depot, Cuttack.**—The Retail Telegraph Store Depot, (RTSD) Cuttack gets heavy consignments of cable drums by Rail. For unloading the consignments, the RTSD procures crane from the Railways, subject to its availability, on payment of usual hire charges. Whenever the Railway's crane is not made available in time, the RTSD has to pay demurrage charges to the Railways for detention of the wagons beyond the permissible free hours till the Railway's crane becomes available and consignments are unloaded.

During the period from April 1981 to February 1984, the RTSD paid Rs. 1.71 lakhs as demurrage due to delay in unloading the wagons, in addition to Rs. 0.51 lakh towards crane charges. Sanction of the competent authority for this expenditure, which was beyond the powers of RTSD, was not obtained.

The RTSD proposed, in September 1982 to purchase a hand crane at a cost of Rs. 0.14 lakh to

handle the consignments. The General Manager, Orissa Circle approved the proposal in October 1982 and advised RTSD to purchase the crane after observing all formalities. No action was taken by RTSD. Thus, an expenditure of Rs. 0.14 lakh could have saved Rs. 2.22 lakhs till February 1984 and RTSD would continue to incur such expenditure till they arrange their own crane.

50. **Non-recovery of cost of excavated stone.**—In accordance with the conditions of Tender and Contract relating to construction of Microwave buildings and tower foundations at Jawahar-Peak, Martand and Verinag in Jammu and Kashmir, the material obtained during excavation at the site of work was to be treated as property of Government and disposed of to their best advantage.

However, neither, the letter of the Executive Engineer P&T Civil division Srinagar, recommending the award of work, nor the agreement stipulated the terms of use of the recovered material. The Engineer-in-charge neither kept stock account of the recovered stone and details of quantity issued nor fixed issue rates. As a result, the department was deprived of Rs. 1.04 lakhs on account of stone excavated and used by the contractor. The recovery, was stated by DGPT to have been referred to arbitration (July and October 1981) as one of the counter claims. However, the final bills of the contractors have been settled long back and the arbitrator has already rejected one of these claims (amount Rs. 0.43 lakh).

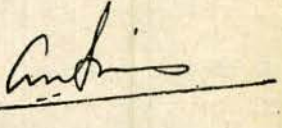
51. **Overpayment to a foreign firm.**—An order was placed by the Director General, Posts and Telegraphs (DGP&T), New Delhi, in February 1981, on a foreign firm for 10 pairs (1500 Kms.) and 20 pairs (3400 Kms.) of solid insulated unarmoured jelly-filled cables at a cost of US \$ 29,71,805. The value of stores included one and half per cent commission payable to the local agents in Indian currency based on predetermined and fixed rate of exchange. While opening the Letter of Credit through the Bank of Baroda the department failed to specify that deduction on account of agent's commission should be made from the FOB value with the result that the total FOB value of US \$ 28,24,506, including local agent's commission, was paid to the foreign firm against their supply of 4817 Kms. of cables. An amount of Rs. 3.44 lakhs was separately paid (1982) to the local agents as their commission.

When this was pointed out in March 1983 by Audit, the department took up the matter with the Bank of Baroda for arranging recovery of the overpay-

ment. The amount involved viz. Rs. 4.47 lakhs was recovered in September 1983.

Delhi
The

10 JAN 1985



(A.N. BISWAS)
Director of Audit
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121 JAN 1985

T.N. Chaturvedi

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

APPENDIX I

Year-wise details of targets for sixth plan and achievements for the first 4 years (Referred to in paragraph 2 at page 2)

Postal Services

Description	Target for the Sixth Plan	1980-81		1981-82		1982-83		1983-84	
		Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
1	2	3	4	5	6	7	8	9	10
Opening of Post Offices (Number)	8,000	1,600	1,889	1,600	1,601	1,000	1,000	2,500	2,268
Appointment of EDAs (Number)	10,000	3,000	3,494	2,000	2,000	1,000	1,000	1,750	1,546
Installation of letter boxes (Number)	10,000	6,000	9,326	1,000	1,013	1,000	1,000	875	928
Provision of counter at village Post-Office (Number)	10,000	2,000	2,601	2,000	1,999	2,000	2,003	1,750	1,680
Construction of Postal buildings (Number)	840	106	126	178	129	155	96	151	96
Construction of staff quarters (Number)	13,285	700	508	1,200	1,019	1,200	943	1,800	707
RMS Vans (Number)	33	Nil	Nil	9	Nil	6	Nil	15	Nil
MMS Vehicles (Number)	650	130	124	92	137	130	131	130	131

Telecommunication Services

1. Local Telephone System										
1.1	Switching capacity (lakh lines)	14.80	1.75	1.33	2.25	1.43	3.00	2.15	3.80	2.27
1.2	Underground cables (lakh pair kms.)	78.00	10.00	8.23	11.80	7.98	15.20	12.11	17.90	11.27
1.3	Direct Exchange lines (Lakh lines)	13.30	1.70	1.33	2.00	1.47	2.60	1.69	3.40	2.02
1.4	Subscribers telephone stations (lakh numbers)	17.29	2.21	1.70	2.60	1.91	3.38	NA	4.50	NA
1.5	Telephone exchanges (Number)	3,500	385	441	510	650	685	767	700	690
2. Long Distance Switch System										
2.1	TAX capacity (Number)	40	4	3	2	1	5	2	2	4
2.2	TAX capacity (Lines)	94,770	5,770	6,270	5,700	3,800	24,100	4,150	21,400	26,100
2.3	STD routes (Number)	60	18	13½	14	18½	10	20½	10	11
2.4	Manual Trunk Boards (Number)	2,500	530	204	500	200	250	254	250	233
3. Long Distance Transmission System										
3.1	(a) Coaxial cables (route Kms.)	12,000	1,050	755	2,245	349	1,513	796	1,192	175
	(b) MW (route Km.)	16,000	1,665	1,015	3,500	965	4,258	661	3,785	1,968
3.2	UHF System									
	(a) 60 channel capacity (route Km.)	14,000	2,835	165	2,686	1,046	1,555	580	3,445	717
	(b) Small capacity (route Km.)	6,750	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3.3	Open wire channels (Number)	7,500	2,500	1,448	1,250	1,398	1,250	1,197	1,250	975
4. Open Wire Telex										
4.1	Telegraph Offices (Number)	20,000	3,000	2,298	2,800	2,191	2,300	1,813 (Net)	1,500	1,996
4.2	Long distance PCOs (Number)	20,000	3,000	2,251	2,800	1,584	2,300	1,672 (Net)	1,500	1,987
4.3	Telex Exchange (Number)	100	36	11	20	10	20	13	26	6
4.4	Telex capacity Lines									
	(a) Local	22,500	1,850	750	1,200	1,162	5,660	2,173	12,334	4,244
	(b) Trunk	13,000	Nil	Nil	5,500	Nil	5,300	3,000	5,800	6,500
4.5	Telex connections (Number)	18,300	NA	1,349	1,200	1,088	5,000	1,076	9,500	1,031
4.6	VFT Channels (Number)	7,000	3,000	1,087	1,400	1,003	1,400	1,146	1,400	1,448

APPENDIX II

(Vide paragraph 3 at Page 4)

Extent of utilisation of supplementary grants/appropriations

Sl. No.	Grant/Appropriation (Head of Account)	Amount of grant/appropriation		Actual Expenditure	Saving
		Original	Supplimentary		
1	2	3	4	5	6
			(Rupees in lakhs)		
1.	15—Posts and Telegraphs Working Expenses —356—Telecommunication Services—N-Engineering-4—Maintenance .	2,59,10.28	7,00.00	2,54,76.94	11,33.34
2.	17—Capital Outlay on Posts and Telegraphs—556—Telecommunication Services—B-5—Ancillary systems .	20,50.00	7,00.00	15,22.50	12,27.50
					<u>23,60.84</u>

APPENDIX III
(Vide paragraph 3 at Page 4)

Saving in voted grants and charged appropriations

	Savings		Excesses		Net Savings	
	Revenue	Capital	Revenue (Rupees in lakhs)	Capital	Revenue	Capital
1	2	3	4	5	6	7
Voted Grants	1,24,73.50 (in 2 grants)	—	—	4,81.29 (in 1 grant)	1,24,73.50	—
Charged Appropriations	3,08.21 (in 1 Appropriation)	1.00 (in 1 Appropriation)	—	—	3,08.21	1.00

APPENDIX-IV
(Vide paragraph 3 at Page 4)

Details of savings under various grants/heads of accounts

(i) The saving of Rs. 74,90.35 lakhs under Grant No. 15—Posts and Telegraphs, Working Expenses was mainly due to less expenditure under :—

Head of Account	Total Grant	Actual expenditure (Rupees in lakhs)	Saving	Percentage of saving
1	2	3	4	5
<i>Postal</i>				
(i) Operational Training	191.10	1,15.61	75.49	39.5
(ii) Stationery and Forms Printing Storage and Distribution	14,16.50	8,23.26	5,93.24	41.9
(iii) Depreciation	2,88.55	2,03.91	84.64	29.3
<i>Telecommunication</i>				
(iv) Miscellaneous Expenditure	—2,03.63	—4,35.54	2,31.91	113.9
(v) Technical and Development Circle	3,67.41	2,93.47	73.94	20.1
(vi) Petty Works	40,00.00	31,10.47	8,89.53	22.2
(vii) Superannuation and Retirement Allowances	19,00.00	14,13.58	4,86.42	25.6
(viii) Commuted value of Pension	8,50.00	5,55.76	2,94.24	34.6
(ix) Gratuities	7,00.00	5,27.93	1,72.07	24.6
(x) Stationery and Forms Printing Storage and Distribution	9,01.60	6,86.28	2,15.32	23.9
(ii) The saving of Rs. 49,83.15 lakhs under Grant No. 16—Posts and Telegraphs—Dividend to General Revenues, Appropriation to Reserve Funds and Repayment of Loans from General Revenues was mainly due to less expenditure under :—				
Appropriation to Posts and Telegraphs Capital Reserve Fund	2,41,00.00	1,75,00.00	66,00.00	27.4

APPENDIX V
(Referred to in paragraph 9 at page 8)

Year-wise analysis of telephone revenue written off during 1983-84

Year	Amount (Lakhs of Rupees)
Upto 1976-77	10.01
1977-78	2.15
1978-79	1.87
1979-80	2.35
1980-81	1.66
1981-82	1.86
1982-83	1.34
1983-84	1.27
Total	22.51

APPENDIX VI
(Referred to in Paragraph 10 at page 9)

Year-wise analysis of arrears of rent of telegraph, telephone and teleprinter circuits and telex/intelex charges on 1st April 1984 for bills issued upto 31st December 1983.

Year	Rent of tele- graph, telephone and teleprinter acircuits	Telex and in- telex charges (Lakhs of rupees)	Total
Upto 1978-79	31.42	29.09	60.51
1979-80	14.35	7.07	21.42
1980-81	26.62	5.55	32.17
1981-82	38.61	7.33	45.94
1982-83	66.54	21.26	87.80
1983-84	189.45	36.89	226.34
(Upto December 1983)			
Total	366.99	107.19	474.18

The above figures have been furnished by the Department.

APPENDIX VII
(Referred to in Para. 11 at page 9)

Year-wise analysis of revenue of radio telegraph charges in arrears as on 1st August 1984 for bills pertaining to the period upto 31st March 1983.

Year	Amount (Lakhs of Rupees)
1965-66	0.51
1966-67	0.43
1967-68	0.14
1968-69	0.81
1969-70	—
1970-71	0.21
1971-72	0.08
1972-73	—
1973-74	0.42
1974-75	0.10
1975-76	1.71
1976-77	2.67
1977-78	2.46
1978-79	2.30
1979-80	2.83
1980-81	2.73
1981-82	4.19
1982-83	4.10
	25.69

APPENDIX VIII

(Referred to in Paragraph 37 at page 44)

Statement showing the cases where the financial disposal and adjustment of Surplus and Deficit value of Store were wanting at the close of stock adjustment registers upto March 1984.

Year	Name of depot	Number of discrepancies noticed during verification	Closure stock adjustment of register upto March 1984 for the account Month of	Value of	
				Surplus	Deficit (in lakhs of Rs.)
1	2	3	4	5	6
1977-78	Bombay	1	December 1983	—	0.12
	Bombay Telephone District	11	"	1.61	17.43
	Total :			1.61	17.55
1978-79	Calcutta	Not known	October 1983	1.48	(—)85.87
	Jabalpur	14	March 1984	0.79	3.28
	Nagpur	Nil	March 1984	0.05	0.09
	Lucknow	217	-do-	9.41	0.11
	Bombay	1	December 1983	0.03	—
	Bombay Telephone District	7	-do-	0.04	0.90
Total :			11.80	(—)81.49	
1979-80	Calcutta	Not known	October 1983	13.84	24.48
	Jabalpur	15	March 1984	0.61	1.89
	Nagpur	Nil	-do-	0.03	1.83
	Lucknow	146	-do-	1.19	(—)0.22
	Bombay Telephone District	7	December 1983	51.66	20.01
	New Delhi	6	October 1983	3.62	—
Total :			70.95	47.99	
1980-81	Calcutta	Not known	October 1983	0.13	0.96
	Jabalpur	4	March 1984	1.79	0.10
	Nagpur	Nil	-do-	(—)0.01	(—)0.02
	Lucknow	140	-do-	21.69	0.90
	Bombay Telephone District	5	December 1983	244.41	86.62
	Ahmedabad	12	-do-	0.78	0.43
	New Delhi	7	October 1983	3.24	1.02
	Madras	1	February 1984	0.01	—
Total :			272.04	90.01	
1981-82	Calcutta	Not known	October 1983	80.82	29.24
	Jabalpur	1	March 1984	0.17	0.16
	Nagpur	2	-do-	9.09	9.09
	Lucknow	160	-do-	26.58	36.09
	Bombay	6	December 1983	0.53	0.63
	Ahmedabad	12	-do-	0.75	2.13
	Ernakulam	66	March 1984	6.39	14.74
	Secunderabad	37	-do-	1.00	0.09
	Mysore	96	-do-	Not valued	Not valued
	New Delhi	5	October 1983	0.42	0.30
	Madras	1	February 1984	—	0.14
Total :			125.75	92.61	

1	2	3	4	5	6
1982-83	Calcutta	Not known	October 1983	80.47	47.33
	Jabalpur	2	March 1984	(-)0.03	(-)0.04
	Lucknow	32	-do-	17.41	(-)2.87
	Ernakulam	53	-do-	18.58	13.45
	Secunderabad	52	-do-	Not valued	Not valued
	Mysore	112	-do-	Not valued	Not valued
	New Delhi	11	October 1983	Not valued	Not valued
			Total :	<u>116.43</u>	<u>57.87</u>
			Grand Total :	<u>598.58</u>	<u>224.54</u>

APPENDIX IX

(Referred to in Paragraph 37 at Page 45)

Statement showing the amount of Stores-in-transit remaining unadjusted at the close of sub-ledger upto March 1984

Name of Depot	Closure of sub-ledger upto March 1984 for the account Month of	Amount (in lakhs of rupees)						Total
		1967-68 to 1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	
1	2	3	4	5	6	7	8	9
1. Calcutta . . .	November 1983	40.08	96.78	(—)30.19	5.97	57.91	360.26	530.81
2. Jabalpur . . .	November 1983	1.37	5.12	5.05	22.58	202.87	737.14	974.13
3. Bombay . . .	March Supplementary 1983 (Special)	3.79	3.24	3.25	4.44	185.33	(—)179.23	20.82
4. Madras . . .	November 1983	(—)0.87	0.18	0.17	0.39	(—)1.32	35.52	34.07
5. New Delhi . . .	March 1984	0.10	—	1.06	(—)1.28	3.56	131.81	135.25
Grand Total :		44.47	105.32	(—)20.66	32.10	448.35	1085.50	1695.08

APPENDIX X

(Referred to in Paragraph 37 at page 45)

Statement showing amounts outstanding under Advance Payments to Contractors at close of sub-ledgers upto March 1984

Name of Depot	Closure of Sub-ledger upto March '84 for the account month of	Year	H.C.L.	H.T.L.	I.T.I.	O.G.U.	(Amount in lakhs of Rupees)		
							Private firms	Total	Grand Total
1	2	3	4	5	6	7	8	9	10
1. Calcutta	September 1983	1963-64 to 1977-78	41.59	17.24	65.24	—	38.85	162.92	849.13
		1978-79	—	—	—	—	0.26	0.26	
		1979-80	—	0.07	49.25	—	26.56	75.88	
		1980-81	—	—	—	—	0.79	0.79	
		1981-82	14.86	9.70	77.08	—	162.26	263.90	
		1982-83	14.75	27.15	90.86	—	212.62	345.38	
2. Jabalpur	October 1983	1971-72 to 1977-78	—	0.79	0.03	—	—	0.82	9.95
		1978-79	—	0.03	—	—	—	0.03	
		1979-80	1.14	—	0.59	—	—	1.73	
		1980-81	—	—	2.04	—	—	2.04	
		1981-82	—	—	1.35	—	0.17	1.52	
		1982-83	1.01	—	2.80	—	—	3.81	
3. Nagpur	October 1982	1979-80	—	—	0.03	—	—	0.03	2.41
		1980-81	—	—	0.01	—	—	0.01	
		1981-82	0.93	—	0.19	—	—	1.12	
		1982-83	—	—	0.46	—	0.79	1.25	
4. Lucknow	October 1983	1974-75 to 1977-78	5.14	0.63	3.79	—	—	9.56	214.93
		1978-79	0.35	—	1.67	—	0.66	2.68	
		1979-80	0.02	—	1.67	—	—	1.69	
		1980-81	18.86	—	5.20	—	—	24.06	
		1981-82	27.74	1.96	5.85	—	3.49	39.04	
		1982-83	7.80	4.52	20.56	—	105.02	137.90	
5. Bhopal	October 1983	1982-83	—	—	3.30	—	16.63	19.93	19.93
6. Bombay	September 1983	1966-67 to 1977-78	0.18	0.19	9.72	—	4.33	14.42	431.19
		1978-79	4.17	0.54	7.65	3.47	—	15.83	
		1979-80	1.15	0.19	27.59	0.16	10.62	39.71	
		1980-81	3.36	—	14.63	—	28.78	46.77	
		1981-82	12.50	0.12	33.71	—	51.41	97.74	
		1982-83	43.69	0.30	93.76	3.69	75.28	216.72	
7. Bombay Telephone	September 1983	1974-75 to 1977-78	4.82	0.35	5.07	—	—	10.24	145.70
		1978-79	3.62	—	0.25	—	—	3.87	
		1979-80	0.03	2.58	41.90	—	—	44.51	
		1980-81	1.92	—	4.52	—	—	6.44	
		1981-82	2.67	—	12.18	—	—	14.85	
		1982-83	21.21	7.98	36.60	—	—	65.79	

1	2	3	4	5	6	7	8	9	10
8. Ahmedabad	September 1983	1973-74 to	4.18	—	3.69	—	—	7.87	
		1977-78							
		1978-79	0.49	5.89	0.07	—	—	6.45	
		1979-80	0.44	4.38	3.03	—	—	7.85	
		1980-81	1.94	0.17	6.15	—	—	8.26	
		1981-82	9.68	1.71	23.24	—	—	34.63	
		1982-83	6.40	0.27	6.10	—	—	22.77	87.83
9. Madras	March 1984	1977-78	—	—	1.81	—	—	1.81	
		1978-79	—	—	6.16	—	—	6.16	
		1979-80	12.41	—	9.21	—	—	21.62	
		1980-81	0.90	—	0.36	—	4.87	6.13	
		1981-82	(—)1.79	(—)0.79	23.40	—	(—)9.99	10.83	
		1982-83	55.38	—	30.60	—	(—)2.94	83.04	129.59
10. New Delhi	March 1984	1968-69 to	3.46	0.51	3.96	—	0.71	8.64	
		1977-78							
		1978-79	0.03	0.08	3.22	—	0.62	3.95	
		1979-80	2.59	1.22	4.45	—	0.36	8.62	
		1980-81	2.12	0.64	6.29	—	3.29	12.34	
		1981-82	26.09	23.21	10.83	—	5.31	65.44	
		1982-83	9.24	1.96	45.92	—	19.04	76.16	175.15
							759.79	2065.81	

APPENDIX XI
(Referred to in Paragraph 37 at page 46)

Statement showing amounts outstanding under 'stores recoverable' at the close of sub-ledgers upto March 1984

Name of Depot	Closure of sub-ledger upto March 1984 for the account month of	Amount (in lakhs of rupees)						Total
		1969-70 to 1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	
1	2	3	4	5	6	7	8	9
1. Calcutta	March 1984	1.29	—	—	—	—	—	1.29
2. Jabalpur	December 1983	0.10	0.10	0.59	0.32	1.87	1.42	4.40
3. Nagpur	-do-	0.06	0.12	—	—	0.08	0.74	1.00
4. Lucknow	-do-	1.00	2.53	1.64	5.23	3.14	0.77	14.31
5. Bombay	September 1983							9.66(B)
6. Bombay Telephones	-do-							14.41(B)
7. Ahmedabad	-do-							35.25(B)
8. Madras	December 1983	0.27	0.02	—	0.08	0.15	0.37	0.89
9. Bangalore	-do-	—	—	0.42	—	—	—	0.42
10. Hyderabad	-do-	0.03	0.31	0.36	0.06	0.11	3.81	4.60
11. Mysore	-do-	0.68	0.40	0.23	0.15	1.37	1.79	4.62
12. Ernakulam	-do-	0.05	0.15	0.29	1.32	0.73	1.93	4.47
13. Madras Telephones	-do-	0.10	0.71	0.12	0.03	0.20	—	1.16
14. New Delhi	October 1983	—	0.49	0.42	0.39	0.39	0.90	2.59(A)
Grand Total								99.15

N.B. : (A) This amount does not include a sum of Rs. 0.74 lakh due to Short recovery of copper wire from CSD Lucknow for which ACE 9, Statements are awaiting sanction of GMTS, Calcutta.
(B) Item-wise details and year-wise break-up figures are not available as the balances carried forward are only in lump.

APPENDIX XII
(Referred to in Paragraph 37 at page 46)

Statement showing the amounts outstanding against sale of stores at the close of sub-ledger upto March 1984

Name of Depot	Closure of sub-ledger upto March 1984 for the account Month of	Year	Defence	Railways	Other Govt. Deptt.	Foreign Govt.	ITI	[Amount outstanding (in lakhs of rupees)]					Total
								H.C.L.	Other Public Sector undertaking etc.	Private	Suspense		
1	2	3	4	5	6	7	8	9	10	11	12	13	
1. Calcutta	December 1983	1966-67	0.13	3.25	0.03	0.04	0.01	—	0.14	0.03	—	3.63	
		to 1978-79											
		1979-80	0.02	0.02	—	—	—	—	—	—	—	0.04	
		1980-81	—	0.10	—	—	—	—	—	—	—	0.10	
		1981-82	0.02	—	—	0.06	—	—	—	—	—	0.08	
		1982-83	—	—	—	0.22	—	7.68	7.22	—	—	8.12	
												11.97	
2. Jabalpur	December 1983	1982-83	0.02	—	—	—	—	42.28	—	—	—	42.30	
3. Bombay	March 1983 (Supplementary)	1979-80	—	—	—	—	—	—	(—)0.10	—	—	(—)0.10	
		1980-81	—	(—)0.07	—	—	—	44.46	—	—	—	44.59	
		1981-82	—	—	—	—	—	87.91	(—)0.05	—	—	—	87.86
		1982-83	—	(—)0.54	0.07	—	—	24.64	(—)0.13	—	(—)13.31	—	10.73
												143.08	
4. Madras	December 1983	1973-74 to 1978-79	—	0.79	—	—	—	—	0.15	—	—	0.94	
		1979-80	—	(—)0.05	—	—	—	—	—	—	—	(—)0.05	
		1980-81	—	(—)0.02	—	—	—	—	—	—	—	(—)0.02	
		1981-82	—	(—)0.04	—	—	—	0.52	—	—	—	(—)0.48	
		1982-83	—	(—)0.10	0.02	—	—	5.29	—	—	—	—	5.21
												6.56	
5. New Delhi	October 1983	1971-72 to 1978-79	2.99	—	0.04	—	—	0.46	—	0.56	—	4.05	
		1979-80	—	—	—	—	—	—	—	—	—	—	
		1980-81	—	—	—	—	—	—	—	—	—	—	
		1981-82	—	—	—	—	—	0.19	—	—	—	5.47	5.66
		1982-83	—	—	—	—	—	66.74	—	—	—	—	66.74
												76.45	
Grand Total :			(+)3.18	3.34	0.16	0.32	0.01	280.37	0.23	0.59	(—)7.84	280.36	

APPENDIX XIII

(Referred to in Paragraph 37 at page 46)

Extra expenditure in purchase of Bracket Channel Iron 4 wires

Sl. No.	Year	Type of Bracket channel Iron 4 wires	Requirements for the year	Target of production i.e. optimum capacity in Telecom. Factory			Total quantity manufactured in Telecom. Factory			Shortfall in production in Telecom. Factory		
				Calcutta	Jabalpur	Total	Calcutta	Jabalpur	Total	Calcutta	Jabalpur	Total
1.	1981-82	Telegraph	11 lakhs	250000	150000	400000	71500	125610	197110	178500	24390	202890
2.												
3.												
4.												
5.												
6.												
7.												
8.												
9.												
10.												
11.												
12.												
13.												
14.												
15.												
16.												
17.												
18.												
19.												
20.												
Total												

APPENDIX XIII

1.	1981-82	Telephone	11 lakhs	150000	300000	450000	102420	299130	401550	47580	870	48450
2.												
3.												
4.												
5.												
6.												
7.												
8.												
9.												
10.												
11.												
12.												
13.												
14.												
15.												
16.												
17.												
18.												
Total :												

APPENDIX XIII (Telegraph)

Date	Quantity ordered in the purchase order	Unit Cost of purchase	Average unit cost of purchase	Unit average cost of manufacture during 1981-82	Difference (Col. 17—Col. 18)	Total extra expenditure (col. 19XCol. 13) (in lakhs of Rs.)	Percentage by which purchase price (in Col. 16) is higher than the manufacturing cost (in Col. 18)
14	15	Rs. P. 16	Rs. P. 17	Rs. P. 18	Rs. P. 19	20	21
31-3-1981	150000	36.01					40
13-4-1981	300000	35.36					37
31-12-1981	10000	39.31		Calcutta 27.58			53
-do-	40000	44.37	807.41	Jabalpur 23.93			72
			20	Total : 51.51			
-do-	10000	38.07	=40.37	Average : 51.51	14.62	29.66	48
-do-	50000	42.56		2			65
				=25.75			
-do-	100000	39.20					52
-do-	40000	44.53					73
-do-	50000	42.68					66
-do-	250000	42.73					66
-do-	10000	39.26					52
-do-	10000	39.31					53
-do-	40000	44.25					72
-do-	50000	42.62					66
-do-	40000	44.25					72
-do-	40000	43.97					71
-do-	50000	43.58					69
-do-	10000	33.98					32
-do-	10000	39.31					53
-do-	25000	32.06					25
	12,85,000	807.41					

APPENDIX XIII (Telephone)

31-12-1981	10000	28.08					42
-do-	65000	31.73					60
-do-	10000	26.84					35
-do-	50000	33.35					68
-do-	100000	29.58					49
-do-	65000	31.78	557.64	Calcutta 21.41			60
			18	Jabalpur 18.23			
-do-	50000	32.57	=30.98	Total 39.64	11.16	5.41	64
-do-	180000	32.62		Average 39.64			65
				2			
-do-	10000	28.62		=19.82			44
-do-	10000	28.08					42
-do-	25000	34.09					72
-do-	50000	33.40					69
-do-	25000	34.09					72
-do-	65000	32.34					63
-do-	25000	33.81					71
-do-	50000	31.62					60
-do-	10000	26.96					36
16-02-82	10000	28.08					42
	81.0000	557.64				35.07	

APPENDIX XIV

(Referred to in Paragraph 37 at page 47)

List showing value of stores lost due to thefts in different stores Depots, during October 1973 to October 1983.

Year	Number of Cases	Name of Depot			Total Amount (In lakhs of Rs.)
		Godown of the Depot (old site)	Calcutta Stock-ing area of the depot at Alif-nagar	Godown of the depot (New site at steel Dump)	
1	2	3	4	5	6
1973-74 (from Oct. 1973)	4	0.03	0.01	—	0.04
1974-75	3	0.36	0.04	—	0.40
1975-76	4	2.26	0.02	—	2.28
1977-78	6	9.39	0.01	—	9.40
1978-79	6	6.19	0.07	4.16	10.42
1979-80	7	0.68	1.39	1.81	3.88
1980-81	4	0.74	—	1.29	2.03
1982-83	3	—	—	0.17	0.17
1983-84	1	—	—	15.98	15.98
Total	38	19.65	1.54	23.41	44.60
<i>Jabalpur</i>					
1978-79	1				0.01
1979-80	5				2.57
1980-81	1				0.04
1981-82	4				0.53
1982-83	1				0.05
Total	12				3.20
<i>Bombay</i>					
1979-80	1				0.05
1980-81	1				0.08
1981-82	3				0.40
Total	5				0.53
<i>Madras</i>					
1981-82	2				0.20
<i>New Delhi</i>					
1982-83	1				0.02
Total	58				48.55