

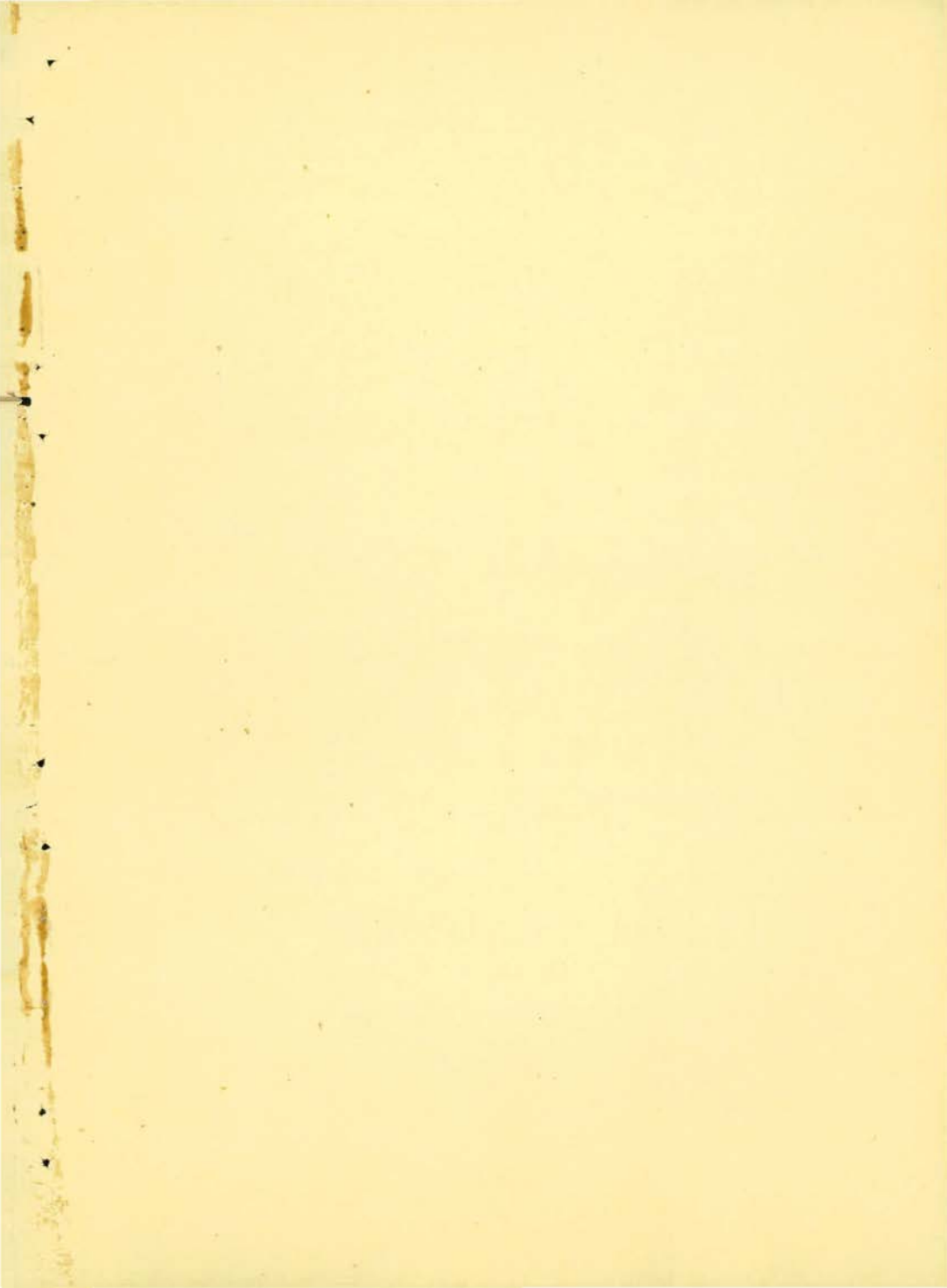


**REPORT OF THE**  
**COMPTROLLER AND AUDITOR GENERAL**  
**OF INDIA**

**FOR**

**THE YEAR 1979-80**

**UNION GOVERNMENT (POSTS AND TELEGRAPHS)**





# REPORT OF THE

COMPTROLLER AND AUDITOR GENERAL  
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BOOK OF THE



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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 1979-80 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 1979-80 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 1979-80 have also been included wherever considered necessary.

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

1917  
The following is a list of the names of the persons who were members of the Board of Directors of the National Board of Fire Underwriters for the year 1917.

ALBION B. BROWN, President  
WALTER W. BROWN, Vice President  
JAMES H. BROWN, Secretary  
WALTER W. BROWN, Treasurer  
WALTER W. BROWN, Chairman of the Executive Committee  
WALTER W. BROWN, Chairman of the Finance Committee  
WALTER W. BROWN, Chairman of the Insurance Committee  
WALTER W. BROWN, Chairman of the Public Relations Committee

WALTER W. BROWN, Chairman of the Fire Underwriting Committee  
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WALTER W. BROWN, Chairman of the Fire Underwriting Committee



## CHAPTER I

### GENERAL

1. **Revenue position.**—The total revenue receipts of the Posts and Telegraphs Department as budgeted for and realised during the five years ending 1979-80 are given below :

| Year               | Budget estimates | Actuals | Variation | Percentage of variation |
|--------------------|------------------|---------|-----------|-------------------------|
| (Crores of rupees) |                  |         |           |                         |
| 1975-76            | 467.80           | 483.61  | +15.81    | +3.4                    |
| 1976-77            | 648.31           | 619.27  | -29.04    | -4.5                    |
| 1977-78            | 717.39           | 668.19  | -49.20    | -6.9                    |
| 1978-79            | 778.67           | 762.83  | -15.84    | -2.0                    |
| 1979-80            | 888.30           | 835.05  | -53.25    | -6.0                    |

The revenue receipts during 1979-80 were Rs. 53.25 crores less than the estimates. The shortfall was mainly due to less receipts under the head "Telephone revenue on account of rentals and local and trunk call fees, etc." The budget estimates and the actual receipts under the main heads of revenue during 1979-80 are given below :

| Main heads of revenue                                                              | 1979-80          |               |               |
|------------------------------------------------------------------------------------|------------------|---------------|---------------|
|                                                                                    | Budget estimates | Actuals       | Variation     |
| (Crores of rupees)                                                                 |                  |               |               |
| (i) Sale of ordinary stamps (including post cards)                                 | 136.93           | 146.52        | +9.59         |
| (ii) Sale of service stamps                                                        | 24.00            | 27.49         | +3.49         |
| (iii) Postage realised in cash                                                     | 35.27            | 35.54         | +0.27         |
| (iv) Commission on money orders, postal orders, etc.                               | 34.45            | 28.48         | -5.97         |
| (v) Telegrams                                                                      | 56.88            | 59.62         | +2.74         |
| (vi) Telex                                                                         | 37.00            | 47.37         | +10.37        |
| (vii) Rent of wires, circuits and instruments leased to railways, canals, etc.     | 12.50            | 10.42         | -2.08         |
| (viii) Telephone revenue on account of rentals and local and trunk call fees, etc. | 555.27           | 491.14        | -64.13        |
| (ix) Other receipts (Net)                                                          | -4.00            | -11.53        | -7.53         |
| <b>TOTAL</b>                                                                       | <b>888.30</b>    | <b>835.05</b> | <b>-53.25</b> |

2. The growth of revenue during five years ended with 1979-80 is indicated below :

| Main heads of revenue                                                                       | 1975-76            | 1976-77       | 1977-78       | 1978-79       | 1979-80       | Increase/Decrease in 1979-80 as compared to 1975-76 |             |
|---------------------------------------------------------------------------------------------|--------------------|---------------|---------------|---------------|---------------|-----------------------------------------------------|-------------|
|                                                                                             |                    |               |               |               |               | Amount                                              | Percentage  |
| 1                                                                                           | 2                  | 3             | 4             | 5             | 6             | 7                                                   | 8           |
|                                                                                             | (Crores of rupees) |               |               |               |               |                                                     |             |
| (i) Sale of ordinary stamps                                                                 | 95.72              | 113.18        | 118.20        | 137.67        | 146.52        | 50.80                                               | 53.1        |
| (ii) Sale of service stamps                                                                 | 18.05              | 22.48         | 21.87         | 24.95         | 27.49         | 9.44                                                | 52.3        |
| (iii) Postage realised in cash                                                              | 19.54              | 25.91         | 26.29         | 30.99         | 35.54         | 16.00                                               | 81.9        |
| (iv) Receipts on account of money orders and postal orders including forfeited money orders | 20.89              | 25.39         | 31.24         | 26.56         | (A)<br>26.14  | 5.25                                                | 25.1        |
| (v) Telegrams                                                                               | 32.71              | 43.26         | 48.68         | 48.15         | 59.62         | 26.91                                               | 82.3        |
| (vi) Telex                                                                                  | 16.47              | 29.97         | 29.98         | 43.07         | 47.37         | 30.90                                               | 187.6       |
| (vii) Rent of wires, circuits and instruments leased to railways, canals, etc.              | 10.44              | 12.41         | 10.76         | 15.68         | 10.42         | -0.02                                               | -0.2        |
| (viii) Telephone revenue on account of rentals and local and trunk call fees, etc.          | 254.24             | 350.35        | 391.66        | 432.06        | 491.14        | 236.90                                              | 93.2        |
| (ix) Other receipts (Net) excluding forfeited money orders                                  | 15.55              | -3.68         | -10.49        | 3.70          | (B)<br>-9.19  | -24.74                                              | -159.1      |
| <b>TOTAL</b>                                                                                | <b>483.61</b>      | <b>619.27</b> | <b>668.19</b> | <b>762.83</b> | <b>835.05</b> | <b>351.44</b>                                       | <b>72.7</b> |

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

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

3. The growth of revenue in the two branches of the department compared with the increase in expenditure (inclusive of dividend and depreciation on historical cost and supplementary depreciation towards inflationary element) during the five years ended with 1979-80 is indicated below :

| Year                                 | Revenue            | Expenditure | Percentage of expenditure to revenue |
|--------------------------------------|--------------------|-------------|--------------------------------------|
| 1                                    | 2                  | 3           | 4                                    |
|                                      | (Crores of rupees) |             |                                      |
| <b>Postal Services</b>               |                    |             |                                      |
| 1975-76                              | 167.85             | 215.59      | 128.4                                |
| 1976-77                              | 193.96             | 226.00      | 116.5                                |
| 1977-78                              | 206.90             | 208.88      | 101.0                                |
| 1978-79                              | 239.17             | 236.90      | 99.1                                 |
| 1979-80                              | 259.22             | 270.75      | 104.4                                |
| <b>Telecommunication Services</b>    |                    |             |                                      |
| 1975-76                              | 315.76             | 272.43      | 86.3                                 |
| 1976-77                              | 425.31             | 293.64      | 69.0                                 |
| 1977-78                              | 461.29             | 332.28      | 72.0                                 |
| 1978-79                              | 523.66             | 380.05      | 72.6                                 |
| 1979-80                              | 575.83             | 430.45      | 74.8                                 |
| <b>Total (Department as a whole)</b> |                    |             |                                      |
| 1975-76                              | 483.61             | 488.02      | 100.9                                |
| 1976-77                              | 619.27             | 519.64      | 83.9                                 |
| 1977-78                              | 668.19             | 541.16      | 81.0                                 |
| 1978-79                              | 762.83             | 616.95      | 80.9                                 |
| 1979-80                              | 835.05             | 701.20      | 84.0                                 |



## CHAPTER II

### GENERAL RESULTS OF APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

4. **General.**—The following table compares the expenditure during 1979-80 with the total of voted grants and charged appropriation :—

|                           |             | Total grant/<br>appropriation | Actual expenditure | Saving      | Percentage of column 3 to column 1 |
|---------------------------|-------------|-------------------------------|--------------------|-------------|------------------------------------|
|                           |             | 1                             | 2                  | 3           | 4                                  |
| (Lakhs of rupees)         |             |                               |                    |             |                                    |
| <i>Charged : Original</i> | <i>0.30</i> | <i>0.30</i>                   | <i>0.20</i>        | <i>0.10</i> | <i>33.3</i>                        |
| Voted : Original          | 13,63,43.64 | 13,88,60.41                   | 12,10,11.12        | 1,78,49.29  | 12.9                               |
| Supplementary             | 25,16.77    |                               |                    |             |                                    |

The saving of Rs. 1,78,49.29 lakhs in the voted portion was as follows :—

| Particulars of grant                                                                                                                                    | Total grant | Actual expenditure | Excess + Saving— | Percentage of column 4 to column 2 | Amount surrendered to the Ministry of Finance during the year |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------------|------------------|------------------------------------|---------------------------------------------------------------|
| 1                                                                                                                                                       | 2           | 3                  | 4                | 5                                  | 6                                                             |
| (Lakhs of rupees)                                                                                                                                       |             |                    |                  |                                    |                                                               |
| 16 — Posts and Telegraphs—<br>Working Expenses                                                                                                          | 7,26,16.45  | 7,35,53.50         | +9,37.05         | 1.3                                | Nil                                                           |
| 17 — Posts and Telegraphs—Di-<br>vidend to General Revenues, Appropriation to Re-<br>serve Funds and Repay-<br>ment of Loans from Gene-<br>ral Revenues | 2,58,57.78  | 1,66,35.76         | —92,22.02        | 35.7                               | 42,13.90                                                      |
| 18 — Capital Outlay on Posts<br>and Telegraphs                                                                                                          | 4,03,86.18  | 3,08,21.86         | —95,64.32        | 23.7                               | 64,62.40                                                      |

The saving of Rs. 92,22.02 lakhs under Grant No. 17— 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 :

- (i) Dividend to General Revenues (provision Rs. 33,45 lakhs; expenditure Rs. 32,51 lakhs; saving 2.8 per cent); and
- (ii) Appropriation to Posts and Telegraphs Capital Reserve Fund (provision Rs. 2,23,59 lakhs; expenditure Rs. 1,32,19 lakhs; saving 40.9 per cent).

The above savings were partly offset by excess as under :

Appropriation to Posts and Telegraphs Revenue Reserve Fund (provision Rs. 1,53 lakhs; expenditure Rs. 1,66 lakhs; excess 8.5 per cent).

As explained in the Appropriation Accounts, savings were mainly due to less surplus consequent on short-fall in anticipated revenue and more expenditure than anticipated.

The saving of Rs. 95,64.32 lakhs under Grant No. 18— Capital Outlay on Posts and Telegraphs was mainly due to less expenditure under :

- (i) Telegraph Systems (provision Rs. 10,28 lakhs; expenditure Rs. 5,46 lakhs; saving 46.9 per cent);
- (ii) Local Telephone Systems (provision Rs. 1,89,70 lakhs; expenditure Rs. 1,64,51 lakhs; saving 13.3 per cent);
- (iii) Transmission Systems (provision Rs. 1,13,21 lakhs; expenditure Rs. 65,14 lakhs; saving 42.5 per cent);
- (iv) Ancillary Systems (provision Rs. 15,02 lakhs; expenditure Rs. 4,90 lakhs; saving 67.4 per cent);



- (v) Other Land and Buildings (provision Rs. 10,00 lakhs; expenditure Rs. 6,16 lakhs; saving 38.4 per cent); and
- (vi) General (provision Rs. 41,97 lakhs; expenditure Rs. 33,52 lakhs; saving 20.1 per cent).

The above savings were partly offset by excesses as under :

- (i) Administrative Offices (provision Rs. 50 lakhs; expenditure Rs. 1,00 lakhs; excess 100.0 per cent);
- (ii) Post Offices (provision Rs. 6,45 lakhs; expenditure Rs. 8,55 lakhs; excess 32.6 per cent); and
- (iii) Long Distance Switching Systems (provision Rs. 12,98 lakhs; expenditure Rs. 15,56 lakhs; excess 19.9 per cent).

Reasons for savings have been explained in the Appropriation Accounts mainly as due to less receipt of equipments, slow progress in construction of buildings, etc.

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

|                                          | Grant<br>Rs.   | Expenditure<br>Rs. | Excess<br>Rs. |
|------------------------------------------|----------------|--------------------|---------------|
| 16—Posts and Telegraphs Working Expenses | 7,26,16,45,000 | 7,35,53,50,049     | 9,37,05,049   |

The excess occurred despite a supplementary grant of Rs. 25,16,75,000 obtained in January 1980 and March 1980. The excess of Rs. 9,37 lakhs was mainly due to more expenditure under :—

#### POSTAL

- (i) Control and Supervision (provision Rs. 16,88 lakhs; expenditure Rs. 19,09 lakhs; excess 13.1 per cent);
- (ii) Mail Sorting (provision Rs. 36,85 lakhs; expenditure Rs. 40,58 lakhs; excess 10.1 per cent);

- (iii) Other Services (provision Rs. 1,71 lakhs; expenditure Rs. 1,91 lakhs; excess 11.7 per cent);
- (iv) Maintenance (provision Rs. 3,19 lakhs; expenditure Rs. 4,05 lakhs; excess 27.0 per cent);
- (v) Superannuation and Retirement Allowances (provision Rs. 3,97 lakhs; expenditure Rs. 5,32 lakhs; excess 34.0 per cent);
- (vi) Commuted value of Pension (provision Rs. 1,22 lakhs; expenditure Rs. 2,37 lakhs; excess 94.3 per cent);
- (vii) Gratuities (provision Rs. 1,59 lakhs; expenditure Rs. 3,85 lakhs; excess 142.1 per cent);
- (viii) Family Pension (provision Rs. 1,48 lakhs; expenditure Rs. 2,00 lakhs; excess 35.1 per cent);
- (ix) Other Pensions (provision Rs. 1 lakh; expenditure Rs. 9 lakhs; excess 800.0 per cent).

#### TELECOMMUNICATION

- (x) Telephone Exchanges (provision Rs. 47.90 lakhs; expenditure Rs. 49,88 lakhs; excess 4.1 per cent);
- (xi) Audit (provision Rs. 62 lakhs; expenditure Rs. 1,54 lakhs; excess 148.4 per cent);
- (xii) Superannuation and Retirement Allowances (provision Rs. 4,50 lakhs; expenditure Rs. 5,05 lakhs; excess 12.2 per cent);
- (xiii) Commuted value of Pension (provision Rs. 1,50 lakhs; expenditure Rs. 2,32 lakhs; excess 54.7 per cent);
- (xiv) Gratuities (provision Rs. 2,35 lakhs; expenditure Rs. 3,59 lakhs; excess 52.8 per cent); and
- (xv) Family Pension (provision Rs. 1.62 lakhs; expenditure Rs. 1,90 lakhs; excess 17.3 per cent).

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

- (i) Audit (provision Rs. 1,86 lakhs; expenditure Rs. 72 lakhs; saving 61.3 per cent);
- (ii) Amenities to Staff (provision Rs. 3,00 lakhs; expenditure Rs. 2,58 lakhs; saving 14.0 per cent);
- (iii) Stationery and Forms Printing Storage and Distribution (provision Rs. 6,79 lakhs; expenditure Rs. 3,91 lakhs; saving 42.4 per cent);
- (iv) Social Security and welfare Programmes (provision Rs. 33 lakhs, expenditure Rs. 5 lakhs; saving 84.8 per cent);

**TELECOMMUNICATION**

- (v) Direction and Administration (provision Rs. 2,34 lakhs; expenditure Rs. 2,06 lakhs; saving 12.0 per cent);
- (vi) Stores Accounting (provision Rs. 47 lakhs; expenditure Rs. 40 lakhs; saving 14.9 per cent);
- (vii) Miscellaneous Expenditure (provision Rs. 65 lakhs; expenditure Rs. 33 lakhs (minus); saving 150.8 per cent);
- (viii) Stationery and Forms Printing Storage and Distribution (provision Rs. 5,06 lakhs; expenditure Rs. 2,63 lakhs; saving 48.0 per cent); and
- (ix) Social Security and welfare programmes (provision Rs. 53 lakhs; expenditure Rs. 5 lakhs; saving 90.6 per cent).

Excesses as explained in the Appropriation Accounts occurred mainly due to opening and upgrading of more Postal Divisions than anticipated, creation of new posts, payment of 15 days wages as measure of goodwill to staff and instalments of Additional Dearness Allowance, inclusion of Dearness Allowance for pensionary benefits and payment of arrears consequent on enhancement of rate of pension, etc.



## CHAPTER III

### REVENUE

6. **Arrears of telephone revenue.**—(i) For bills issued up to 31st March 1980, collection of Rs. 18.26 crores as telephone revenue was in arrears on 1st July 1980 as indicated below :

|                        | (Crores of rupees) |
|------------------------|--------------------|
| Government subscribers | 2.87               |
| Other subscribers      | 15.39              |

Out of the total outstanding of Rs. 18.26 crores, Rs. 7.93 crores related to bills issued during 1979-80 and balance of Rs. 10.33 crores to bills issued up to and including 1978-79. The yearwise analysis of the arrears is given in Appendix I(a).

Out of the total arrears of Rs. 18.26 crores as on 1st July 1980, Rs. 373.02\* lakhs pertained to claims of more than Rs. 5,000 as indicated below :

|                                       | (Lakhs of rupees) |
|---------------------------------------|-------------------|
| 1. Central Government subscribers     | 28.71             |
| 2. State Government subscribers       | 11.55             |
| 3. Central Public Sector Undertakings | 0.30              |
| 4. State Public Sector Undertakings   | 0.15              |
| 5. Local Bodies                       | 12.13             |
| 6. Other subscribers                  | 320.18            |
| TOTAL                                 | 373.02*           |

\*This does not include figures in respect of Calcutta Telephone District and Andhra Pradesh, Bihar and Madhya Pradesh Telecommunication Circles.

The yearwise analysis of Rs. 373.02 lakhs is given in Appendix I(b).

(ii) The percentage of the outstanding on 1st July 1980 to the total amount collected during the year ending with preceding March and the corresponding percentages in the three preceding years are given below :

| Year              | Amount collected | Amount outstanding on 1st July following (including outstandings for the bills issued in the preceding years) | Percentage of the amount outstanding to the amount collected during the year |
|-------------------|------------------|---------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| 1                 | 2                | 3                                                                                                             | 4                                                                            |
| (Lakhs of rupees) |                  |                                                                                                               |                                                                              |
| 1976-77           | 3,70,97          | 8,71                                                                                                          | 2.3                                                                          |
| 1977-78           | 3,98,58          | 12,05                                                                                                         | 3.0                                                                          |
| 1978-79           | 4,45,45          | 16,90                                                                                                         | 3.8                                                                          |
| 1979-80           | 5,01,89          | 18,26                                                                                                         | 3.6                                                                          |

(iii) The percentage of the outstanding to the amount billed (as on 1st July 1980) in respect of the bills issued during

1979-80 and the corresponding percentages in the three preceding years are given below :

| Year    | Amount billed | Amount outstanding on 1st July following out of the amount shown in column 2 | Percentage of column 3 to 2 |
|---------|---------------|------------------------------------------------------------------------------|-----------------------------|
| 1       | 2             | 3                                                                            | 4                           |
|         |               | (Lakhs of rupees)                                                            |                             |
| 1976-77 | 3,70,02       | 3,89                                                                         | 1.1                         |
| 1977-78 | 4,01,82       | 4,29                                                                         | 1.1                         |
| 1978-79 | 4,47,69       | 5,79                                                                         | 1.3                         |
| 1979-80 | 5,08,69       | 7,93                                                                         | 1.6                         |

(iv) A test-check in audit of telephone revenue accounts conducted during 1979-80 has shown several instances of short billing as well as failure to issue bills. Of 6448 cases (Rs. 28.03 lakhs) of short billing brought to the department's notice, the department had not realised (June 1980) the amounts short billed in 2553 cases (Rs. 15.11 lakhs) and out of 2553 cases, in 477 cases (Rs. 9.25 lakhs) even bills had not been issued. The department had also not issued (June 1980) bills in 369 cases (Rs. 3.67 lakhs) out of 3389 cases (Rs. 27.32 lakhs) of failure to issue bills brought to the notice of the department.

(v) Recovery of Rs. 40.16 lakhs was under litigation on 1st July 1980 :

|                                                                                        | No. | Amount<br>(Lakhs of rupees) |
|----------------------------------------------------------------------------------------|-----|-----------------------------|
| (a) Cases under litigation as on 1-7-1979                                              | 783 | 31.53                       |
| (b) Cases in which litigation proceedings were commenced during July 1979 to June 1980 | 259 | 13.67                       |
| (c) Cases decided during July 1979 to June 1980                                        | 179 | 5.04                        |
| (d) Cases decided out of (c) in favour of P & T Department                             | 138 | 4.27                        |
| (e) Cases under litigation as on 1-7-1980                                              | 863 | 40.16                       |



(vi) During 1979-80, the telephone revenue written off was Rs. 19.29 lakhs as indicated below :

| Reasons                                             | (Lakhs of rupees) |
|-----------------------------------------------------|-------------------|
| 1. Whereabouts of the subscribers not known         | 7.50              |
| 2. Solvency of the subscribers not established      | 3.39              |
| 3. Closure of the subscribers firms, concerns, etc. | 1.69              |
| 4. Death of subscribers                             | 1.26              |
| 5. Relevant departmental files not available        | 0.64              |
| 6. Other reasons                                    | 3.45              |
| 7. Amount for which break-up not available          | 1.36              |
| <b>TOTAL</b>                                        | <u>19.29</u>      |

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

The figures mentioned in sub-paras (i), (ii) and (iii) were under reconciliation with those of the department. The department stated (March 1981) that the figures mentioned in sub-paras (iv), (v) and (vi) were under verification by it.

**7. Arrears of rent of telegraph, telephone and teleprinter circuits and telex/intelex charges.**—For bills issued up to 31st March 1980, collection of Rs. 352.76 lakhs as rent of telegraph, telephone and teleprinter circuits and telex/intelex charges was in arrears on 1st July 1980 as indicated below :

|                                                       | (Lakhs of rupees) |
|-------------------------------------------------------|-------------------|
| Rent of telegraph, telephone and teleprinter circuits | 222.45            |
| Telex and intelex charges                             | 130.31            |
| <b>TOTAL</b>                                          | <u>352.76</u>     |

Out of the total arrears of Rs. 352.76 lakhs, Rs. 140.25 lakhs related to bills issued during 1979-80 and the balance Rs. 212.51 lakhs to bills up to 1978-79. Yearwise analysis is given in Appendix II.

**8. Arrears of revenue of radio telegraph charges.**—According to departmental rules, the Chief Accounts Officer, Telegraph Check Office (CAOTCO), Calcutta prepares monthly bills in respect of radio telegrams exchanged between the Indian coastal radio stations owned by the Indian Posts and Telegraphs Department and ships at sea. These bills are preferred by the CAOTCO Calcutta against the companies/administrations

controlling the apparatus on the ships on the 15th of the third month following the month of traffic.

A test-check in audit of the bills issued by the CAOTCO Calcutta during September 1979 to September 1980 disclosed that there was delay of 3 to 8 months in issuing the bills, the amounts of which varied from Rs. 2.73 lakhs to Rs. 3.87 lakhs. In respect of bills pertaining to the period November 1979 onwards, the bills were yet (September 1980) to be completed. The department stated (February 1981) that delay in the issue of bills was due to failure of power supply in Calcutta.

In paragraph 7 of the Report of the Comptroller and Auditor General of India (Posts and Telegraphs) for 1978-79, mention was made of arrears of revenue of radio telegraph charges to the extent of Rs. 56.83 lakhs as on 1st August 1979 for the bills pertaining to the period up to 31st March 1979. Out of this, Rs. 18.60 lakhs related to bills pertaining to the period up to 31st March 1978. It was further observed in audit that in respect of bills pertaining to the period up to 31st October 1979, claims to the extent of Rs. 58.22 lakhs were in arrears as on 1st August 1980. Bills pertaining to the period from November 1979 to March 1980 were yet to be completed (September 1980). The department stated (February 1981) that according to International Radio Regulations (ITU Geneva), any accounting authority shall have the right to question the contents of accounts within the period of 6 months after receipt of the accounts. A further period of 6 months is also required in receipt of cheques through bankers either in Pound Sterling or in U.S. dollars and for encashment of the cheques.

For bills pertaining to the period up to 31st March 1979, claims to the extent of Rs. 35.41 lakhs were in arrears on 1st August 1980. Yearwise analysis of this amount is given in Appendix III. The department stated (February 1981) that the total outstanding of Rs. 35.41 lakhs pertaining to bills issued up to March 1979 had also been reduced to Rs. 23.37 lakhs.

Out of the arrears of Rs. 35.41 lakhs as on 1st August 1980, Rs. 23.42 lakhs pertained to claims of more than Rs. 1 lakh each

against 6 foreign companies/administrations. The department stated (February 1981) that the outstanding of over Rs. 1 lakh each against 6 parties had been reduced from Rs. 23.42 lakhs to Rs. 10.31 lakhs.

A comparative picture of the arrears on 1st August of second succeeding year for 1975-76 to 1978-79 and for 1979-80 (up to October 1979 only) is given below :

| Year    | Amount outstanding at the beginning of the year in respect of bills pertaining to previous years | Amount of bills pertaining to the year | Total amount collectable | Amount collected during the year out of that shown in Col. 4 | Amount outstanding at the end of the year | Amount outstanding on 1st August of second succeeding year |
|---------|--------------------------------------------------------------------------------------------------|----------------------------------------|--------------------------|--------------------------------------------------------------|-------------------------------------------|------------------------------------------------------------|
| 1       | 2                                                                                                | 3                                      | 4                        | 5                                                            | 6                                         | 7                                                          |
|         |                                                                                                  |                                        |                          | (Lakhs of rupees)                                            |                                           |                                                            |
| 1975-76 | 47.25                                                                                            | 23.91                                  | 71.16                    | 26.46                                                        | 44.70                                     | 15.26<br>(1-8-77)                                          |
| 1976-77 | 44.70                                                                                            | 30.43                                  | 75.13                    | 23.49                                                        | 51.64                                     | 15.80<br>(1-8-78)                                          |
| 1977-78 | 51.64                                                                                            | 29.40                                  | 81.04                    | 25.39                                                        | 55.65                                     | 18.60<br>(1-8-79)                                          |
| 1978-79 | 55.65                                                                                            | 38.56                                  | 94.21                    | 27.17                                                        | 67.04                                     | 35.41<br>(1-8-80)                                          |
| 1979-80 | 67.04                                                                                            | 23.21<br>(upto 31st<br>October 1979)   | 90.25                    | 27.69                                                        | 62.56                                     | (due on<br>1-8-81<br>only)                                 |

Out of Rs. 35.41 lakhs outstanding as on 1st August 1980, Rs. 23.64 lakhs pertained to 1978-79 and the balance Rs. 11.77 lakhs to earlier years.

### 9. Arrears of telegraph revenue

(A) *Inland press telegrams*.—Inland press telegrams which are accepted in Telegraph Offices without prepayment from registered newspapers or news agencies under the Deposit Account system, when the charges are payable by the addressees of messages. The bills for such charges are to be preferred by the Chief Accounts Officer, Telegraph Check Office (CAOTCO), Calcutta against the newspapers or news agencies who are



required to effect payment under the rules within one week of their presentation to them.

A test-check in audit of the bills issued by the CAOTCO, Calcutta during November 1979 to May 1980 disclosed that there was delay of 10 to 12 months in issuing the bills, the amounts of which varied from Rs. 1.42 lakhs to Rs. 15.39 lakhs. In respect of bills pertaining to the period July 1979 onwards, the bills were yet (January 1981) to be completed. The department stated (February 1981) that the delay in issue of bills, was due to acute power crisis for the last 3 to 4 years in Calcutta.

In paragraph 8(A) of the Report of the Comptroller and Auditor General of India (Posts and Telegraphs) for 1978-79, mention was made of arrears of revenue of telegraph charges in respect of inland press telegrams to the extent of Rs. 9.14 lakhs as on 1st October 1979 for the bills pertaining to the period up to 30th September 1978. Out of this, Rs. 1.37 lakhs pertained to the period up to 31st March 1978. A test-check in audit (September 1980), however, revealed that for bills pertaining to the period up to 31st March 1979, collection of Rs. 9.27 lakhs was in arrears as on 1st September 1980. Out of this, Rs. 0.80 lakh related to bills pertaining to the period 1966-67 to 1977-78. The department stated that the outstanding revenue of press telegrams bills shown as Rs. 9.27 lakhs as on 1st September 1980 for bills issued up to 31st March 1979 had been reduced to Rs. 5.21 lakhs as on 1st December 1980. This was to be verified in audit (January 1981).

(B) *Mobilisation telegrams*.—Bills relating to mobilisation telegrams (telegrams issued in connection with Military business) which are accepted in Telegraph Offices, without prepayment, are to be preferred by the CAOTCO, Calcutta monthly against the Defence authorities, who are required to effect payment within 3 weeks of their receipt.

In paragraph 8(B) of the Report of the Comptroller and Auditor General of India (Posts and Telegraphs) for 1978-79, mention was made of arrears of revenue of telegraph charges in

respect of mobilisation telegrams to the extent of Rs. 50.77 lakhs on 1st August 1979 for the bills pertaining to the period up to March 1979. Out of this, Rs. 1.40 lakhs related to bills pertaining to the years 1976-77 (Rs. 0.42 lakh) and 1977-78 (Rs. 0.98 lakh).

Although under rules the bills are to be paid by the Defence authorities within 3 weeks of their presentation to them, it was noticed in audit that for the bills pertaining to the period up to March 1980, payment of Rs. 85.10 lakhs was in arrears as on 1st August 1980. Out of this, Rs. 82.40 lakhs related to bills pertaining to the year 1979-80 and the balance of Rs. 2.70 lakhs to the years 1976-77 (Rs. 0.38 lakh), 1977-78 (Rs. 0.05 lakh) and 1978-79 (Rs. 2.27 lakhs). The department stated (February 1981) that the outstanding on 1st October 1980 was only Rs. 7.88 lakhs.

**10. Loss of telephone revenue.**—Wherever a telephone installed at a subscriber's premises is shifted to another address, the telephone at the former location is required to be disconnected and instrument removed therefrom before activating the connection at the new location. During test-check in audit of the records of Calcutta Telephone District conducted in August-September 1979, it was noticed that of about 50 heavy-callers, no bills had been issued to 6 of them. On scrutiny, it was found that 5 of them were shift cases and the sixth a case of cut-over. These telephone connections, though disconnected, had remained spare and their spare indicators were found to have been utilised for making calls. As a result, 12.47 lakh calls had been made from these telephones during December 1976 to April 1979 even after opening of connections at the new locations. The department had not preferred any claims in respect of these calls against the user's premises resulting in a loss of Rs. 3.76 lakhs. The department stated (October 1980) that the *modus operandi* adopted in regard to the use of spare indicators by some unscrupulous parties was being investigated and necessary changes in the present rules and procedures, if called for, would be made.



## 11. Realisation of departmental dues

(a) *Short-billing, non-billing, etc. noticed by Audit.*—A few cases of short-billing, non-billing, etc. (Rs. 16.70 lakhs) where the department had issued bills as a result of audit observations are given below:

| Sl. No. | Name of work                                                                                                        | Audit observation in brief                                                                                                                                                                                                                                                                                                                                                        | Date of Audit observation | Action taken by the department                                                                                                                                                                                                                                                                                                                                                       |
|---------|---------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1       | 2                                                                                                                   | 3                                                                                                                                                                                                                                                                                                                                                                                 | 4                         | 5                                                                                                                                                                                                                                                                                                                                                                                    |
| 1.      | Installation of four 12 channel interstice cable carriers between Lucknow and Memora for the Air Force authorities. | The actual expenditure on apparatus and plants (July 1979) was Rs. 8.60 lakhs as against the provision of Rs. 5.87 lakhs. Although under the departmental rules the rental should have been revised to Rs. 3.21 lakhs <i>per annum</i> on the basis of revised estimated cost, this was not done resulting in a short recovery of Rs. 2.09 lakhs from February 1978 to June 1980. | January 1980              | The department stated (September 1980) that the revised rent and guarantee terms had been quoted to the Air Force authorities based on actual expenditure and that revised rental bills would be submitted to the Air Force authorities for payment.                                                                                                                                 |
| 2.      | Speech circuits between Bikaner and Jodhpur and Jodhpur and Jaipur provided to Railways.                            | (a) A speech circuit between Railway Exchange Jodhpur and Bikaner was handed over to the Railways in May 1966, but no rent had been recovered till it was pointed out by Audit in March 1979.                                                                                                                                                                                     | March 1979                | The Divisional Engineer Telegraphs issued (June 1979) a demand note for Rs. 4.72 lakhs which was later revised (June 1980) to Rs. 2.47 lakhs for the period May 1966 to March 1981. The department stated (October 1980) that the Railways had admitted the claim and the payment was expected shortly and that action was also being taken to fix the responsibility for the lapse. |



- (b) The General Manager Northern Railway placed (May 1967) a firm demand for providing a speech circuit between Jodhpur and Jaipur. The Postmaster General (PMG) Rajasthan circle informed the Divisional Engineer, Telegraphs (DET), Jaipur (July 1968) that the rental for the circuit had been provisionally fixed @ Rs. 0.22 lakh *per annum* and asked the DET to take immediate necessary action for issue of demand note. No billing for this circuit was, however, done till it was pointed out by Audit (August 1979) because the opening particulars had not been received.
3. Installation of three T-43 trunk boards for the Army authorities and laying of underground cable for the 200 line PABX for the Indian Air Force authorities.
- (a) Installation of three T-43 trunk boards for the Army authorities in Leh was completed and handed over in September 1971. Dues to the extent of Rs. 1.59 lakhs for the period 13th September 1971 to 12th September 1980 were yet to be realised (October 1980).
- (b) Installation of T-43 trunk boards for the Military Exchange at Kargil was completed and handed over to the Defence authorities in August 1978; dues of Rs. 0.13 lakh were not realised (October 1980).
- August 1979
- April 1980
- The department stated (November 1980) that the bill for Rs. 2.29 lakhs had been forwarded to the Railways and the matter was being pursued with them. Payment was awaited (November 1980).
- The department stated (October 1980) that recovery of dues in these 3 cases was being pursued with the authorities concerned and that action had also been initiated to investigate the causes of delay in the issue of bills for fixing responsibility in the matter.

(c) An underground cable for the 200-line PABX for the Indian Air Force was commissioned at Srinagar in December 1977, but dues of Rs. 5.18 lakhs were not recovered (October 1980).

4. Installation of two additional T-43 trunk boards at Lucknow.

The Headquarters Central Command Lucknow placed a firm demand (December 1970) on the Posts and Telegraphs Department for installation of two additional T-43 trunk boards. The rent and guarantee terms were accepted by the Defence authorities in July 1971. The trunk boards were commissioned on 1st April 1973. The opening advice notes were not sent by the Divisional Engineer Telegraphs to the Telephone Revenue Accounts Branch till May 1980. As a result, rent of Rs. 1.24 lakhs for the period April 1973 to March 1981 remained unrealised and was not detected even in internal audit.

May 1980

The department stated (August 1980) that while it was true that no rent bills were issued to the Defence authorities, there was no reason that rent would not be paid by them.

5. Replacement of T-32 board by T-43 board at Meerut.

The Army authorities placed a demand (December 1967) for replacement of T-32 board by T-43 board at Meerut. The

The department stated (November 1980) that the rent and guarantee on actual cost basis had been calculated and sent to

work of installation of the Board was completed in June 1974 and handed over to Army authorities in July 1975. Although the actual expenditure had exceeded the estimated expenditure by more than 10 per cent, the rental continued to be charged at the rate of Rs. 0.03 lakh instead of Rs. 0.10 lakh *per annum* resulting in short recovery of Rs. 0.33 lakh from July 1975 to June 1980.

Army authorities for acceptance. Bills for short recovery upto July 1979 had also been sent for payment and that the case was being pursued for acceptance of rent and guarantee as well as payment of bills.

6. Erection of a pair of ACSR wire between Sriganganagar and Keshrisinghpur (Rajasthan).

Though the actual expenditure exceeded the sanctioned estimated cost of the work by more than 46 per cent, the rental was not revised and recovered on the basis of actual expenditure as required under the rules. The revised rental worked out to Rs. 0.57 lakh *per annum* as against Rs. 0.39 lakh *per annum* quoted. This resulted in short recovery of Rs. 0.90 lakh for the period from September 1975 to September 1980.

September 1979

The department stated (September 1980) that a revised estimate as per the actual expenditure was in the process of sanction and that the revised bill would be sent to the Army authorities for making payment.

7. (a) Providing 20/20 lbs. underground cable to Air-Force authorities.

(a) Originally a rental of Rs. 0.05 lakh *per annum* was calculated and intimated to the Air Force authorities in June 1974. The

April 1980

The department issued (April 1980) instructions for the recovery of the amount.

general tariff of rates was revised with effect from March 1976 but the department did not revise the rental in this case resulting in less recovery of revenue of Rs. 0.19 lakh.

(b) Providing a 10+50 line PBX and a 10.2 PAX at Awantipur (J&K) for the Air Force authorities.

(b) Initially a rental of Rs. 0.20 lakh *per annum* was intimated to Air Force authorities in April 1976. On re-calculation, the rental was revised to Rs. 0.35 lakh *per annum* in January 1977 and the same was accepted by the Air Force authorities. Although one year's advance rental and installation charges were correctly realised, the rental in subsequent years continued to be charged at the rate of Rs. 0.20 lakh *per annum* resulting in less recovery of Rs. 0.29 lakh up to June 1980.

April 1980

The department stated (September 1980) that bills covering the short charges had since been issued to the Air Force authorities and that the short charges were due to human failure and the question of fixing responsibility was being taken up.



(b) *Non-recovery of departmental dues for air-raid precaution works.*—The Posts and Telegraphs (P&T) Department provides on demand telecommunication facilities to Government departments, public bodies or private parties. In connection with the provision of air-raid precautions equipment requisitioned by the Civil Defence authorities of the States, the following charges are recoverable :

- (i) capital cost of the equipment;
- (ii) maintenance charges of the equipment; and
- (iii) usual rental for non-exchange lines provided for air-raid precaution control purpose.

A test-check conducted during June 1976 to July 1978 by Audit revealed the following :—

#### *Madhya Pradesh Circle*

Air-raid precautions equipment was installed at 5 places in the circle during 1970—77, but Rs. 7.17 lakhs had not been recovered from the Civil Defence authorities. On this being pointed out by Audit, Rs. 3.35 lakhs had been recovered so far (September 1980) and Rs. 3.82 lakhs in respect of 4 places were still (September 1980) not recovered due to belated preferment of bills which were issued during July 1977 to January 1979 only at the instance of Audit.

#### *North-West Circle*

Air-raid precautions equipment was installed at 2 places in the circle during 1971-72, but Rs. 1.04 lakhs had not been recovered from the Civil Defence authorities. On this being pointed out in Audit, Rs. 0.82 lakh had been received so far (September 1980) and the balance Rs. 0.22 lakh was still (September 1980) not recovered.

Thus, an amount of Rs. 4.04 lakhs was still (September 1980) recoverable from the Civil Defence authorities by the

P&T Department. The department stated (September 1980) that action was being taken to fix responsibility for the lapse and also for prevention of such cases in future.

**12. Loss of revenue from Kiosk advertisements.**—In November 1975, the District Manager, Telephones (DMT), Hyderabad concluded an agreement with a firm for display of kiosks on telegraph and telephone poles for 3 years from January 1976 at an annual licence fee of Rs. 0.71 lakh. The firm furnished to the department, as security, a bank guarantee equivalent to one year's licence fee, valid from January 1976 to December 1976. The licensee was allowed to pay licence fee within one year of the date of commencement of the licence deed as against the period of 6 months earlier prescribed by the Director General, Posts and Telegraphs (DGPT).

As the firm did not make any payment towards the licence fee, the DMT took up (March 1976) the matter with it. In the meantime, the General Manager, Telephones, (GMT), Karnataka circle, Bangalore who had also entered into an agreement with the same firm for kiosk advertisements cautioned (February 1976) the DMT, Hyderabad about difficulties in realisation of the licence fee from the firm. The firm did not make any payment inspite of repeated reminders and the DMT advised the bank (November and December 1976) by ordinary post about non-payment by the licensee without ensuring that the intimations actually reached the bank. A detailed claim was lodged (April 1977) with the bank, which did not accept it on the ground that the department's earlier intimations had not been received by it and that the bank guarantee had already expired on 31st December 1976. The licensee continued to display kiosks during 1977 also without payment of licence fee for 1976 and 1977. This resulted in a loss of Rs. 1.42 lakhs to the department.

The DMT, Hyderabad terminated the contract in August 1978. The department stated (October 1980) that in view of the bank guarantee available and the provision of arbitration



clause, the firm was allowed to continue the business, but was regularly reminded to make the payment. The department added that for realisation of the advertisement revenue, an arbitrator had been appointed and the arbitration proceedings were in progress though the firm had gone to the Court of Law against the arbitration proceedings. The dispute between the Central Bank of India and the Government for refusing to honour the bank guarantee was also reportedly under consideration of the Ministry of Law for initiating arbitration proceedings.

**13. Loss of revenue on account of incorrect fixation of rental.**—According to departmental rules, the telex connections, that are provided by utilising the existing wires or cable conductors without extra expenditure, are to be charged at standard flat rates of rental, irrespective of the length of connections, for which the minimum period of 'hire' would be one year; the standard rates of rental are subject to revision from time to time. The following two cases of contravention of these rules involving short recovery of revenue totalling Rs. 3.43 lakhs were noticed in Audit :—

- (i) On a demand from M/s. Hindustan Steel Ltd. (HSL), Bhilai (June 1973) for a long distance telex connection, the Posts and Telegraphs (P&T) Department provided (November 1973) the facility by utilising the existing circuits between Nagpur and Durg and the existing local leads between Telex Exchange and Voice Frequency Transmission (VFT) station at Nagpur and by fresh construction of a line between the party's premises at Bhilai and VFT station at Durg, a distance of 13 kilometres.

Since the circuit between VFT Nagpur and Durg was already available and no extra expenditure was incurred, the rental for that distance was fixed by the department at the rate of Rs. 0.24 lakh *per annum* on standard flat rate basis for the entire length between VFT Nagpur to the party's premises at Bhilai with a guarantee period of 10 years. The rent so fixed was intimated to the party in June 1973

and accepted by it in July 1973. Under the rules, the line should have been given on 'hire' rather than on guarantee basis so that the rental initially fixed could be revised with the change in tariff rates. The tariff rates were increased from March 1976. Since in contravention of rules, the department provided the facilities to the HSL for 10 years (up to 1983) on guarantee basis instead of on 'hire', rental could not be revised during guarantee period resulting in short recovery of revenue of Rs. 3.18 lakhs. The department stated (September 1980) that a bill had been preferred to the HSL for recovery of the arrears.

- (ii) Similarly on a demand of M/s Pulgaon Cotton Mills Ltd. in August 1975, the P&T Department provided (February 1976) long distance telex connection at an annual rental of Rs. 0.10 lakh with a guarantee period for 'one year' for the main circuit and Rs. 123 *per annum* with a guarantee period of six years for the local leads at Pulgaon. The rent and guarantee terms were accepted by the party in November 1975 and the facility provided in February 1976 by utilising the existing channel between Nagpur and Pulgaon.

Since no extra capital expenditure was incurred in providing the facility, the rental for the main circuit was fixed at Rs. 0.10 lakh *per annum* on standard flat rate basis. However, the facility was provided on guarantee basis instead of on 'hire' basis and thus, the rental could not be increased based on increase in the tariff rates effective from March 1976 resulting in less recovery of Rs. 0.25 lakh from March 1976 to February 1977. The department stated (September 1980) that an arrear bill for Rs. 0.25 lakh had been issued to the party and that recovery was being made in instalments as requested by the party.



## CHAPTER IV

### WORKS EXPENDITURE

14. **Expansion of Srinagar telephone exchange.**—To meet the growing demand for telephone connections at Srinagar, the Director General, Posts and Telegraphs (DGPT) sanctioned (June 1973) a project estimate for Rs. 28.86 lakhs for the expansion of the existing telephone exchange from 4,800 to 6,000 lines. On completion, the project was expected to yield a net revenue of Rs. 3.04 lakhs *per annum*. The project comprised apparatus and plant (Rs. 10.97 lakhs), cables (Rs. 13.21 lakhs) and lines and wires (Rs. 4.68 lakhs).

The indent for the supply of exchange equipment was placed by the DGPT on the Indian Telephone Industries (ITI) in August 1973 for delivery during 1973-74. The supply of the equipment commenced from December 1973. The equipment was proposed to be installed on the first floor of a building which had been constructed by the Central Public Works Department (CPWD). While preparing the project estimate, the suitability of the first floor for installation of the equipment was assumed by the department on the basis of original building drawings and specifications without verifying its load bearing capacity. In August 1974, when stores worth Rs. 4.91 lakhs had arrived, the department found that the first floor did not have the specified load bearing capacity (200 lbs. per square foot).

The ITI was, therefore, informed in October 1974 that the exchange was to be installed on the ground floor and not on the first floor of the existing building. By that time, the ITI had already processed the indent according to the original specifications and, therefore, informed the DGPT (November 1974) that it would not be possible for them to redo the job according to the revised specifications and to effect supply during

1974-75. In April 1975, the DGPT fixed January 1976 as the target for the commissioning of the exchange. The revised plan involved certain civil works to be carried out on the ground floor before the installation work could be taken up. These civil works were completed in September 1976.

Since substantial portion of the equipment had been received by June 1975, the department decided to put through an interim expansion of 200 lines by utilising part of the equipment. Installation of the exchange for 200 line expansion was commenced in December 1975 and completed in March 1976 and that for 1,000 lines was taken up in April 1976 and completed in March 1977.

The cable scheme was finally submitted by the General Manager Telephone to the General Manager Projects (GMP) in May 1975 and approved by the GMP in June 1975. Indents for the supply of primary and distribution cables were placed (July 1975) on Controller of Telegraphs Stores. The work of laying primary cables was completed in December 1976 and that of distribution cables in June 1977. The project was completed (June 1977) at a cost of Rs. 72.43 lakhs, the increase in cost over the original estimate (Rs. 28.86 lakhs) being mainly due to enhancement of the cost of stores and equipment. The revised estimate had not been sanctioned by the DGPT so far (July 1980); the department stated (July 1980) that it was being processed for sanction.

The failure of the department to verify the suitability of the first floor at the time of preparation of the project estimate for expansion programme resulted in a delay of 14 months in commissioning the exchange resulting in loss of potential revenue of Rs. 9.50 lakhs during January 1976 to March 1977.

**15. Installation of an auto exchange at Muzaffarnagar.**—The Posts and Telegraphs (P&T) Department sanctioned (July 1973) a project estimate for Rs. 41.70 lakhs for installation of 1,800 line Max-I (strowger) telephone exchange in replacement of



existing 1680 line central battery multiple (CBM) exchange. The project comprised building and electric installations (Rs. 18.01 lakhs) lines and wires (Rs. 0.44 lakh), cables (Rs. 1.32 lakhs), apparatus and plants and air conditioning (Rs. 21.56 lakhs) and land (Rs. 0.37 lakh).

A test-check in audit (July 1978) of the accounts of the project disclosed the following points :—

(i) *Building and electric installation* :—Construction of the building commenced in November 1971 by the Civil Engineering Wing of the department and was to be completed by January 1973. The work did not proceed according to the schedule and only 40 per cent of it was completed by January 1973. Extension for a total period of more than 24 months was granted (August 1974) without prejudice to the right of the department to recover liquidated damages because delay of 9½ months was for want of decision regarding lay-out of a sub-station and cable duct and non-receipt of internal/external colour scheme from the architect of the department. The rest of the delay was stated (August 1974) to be due to non-availability of labour to the contractor in the harvesting season (5½ months) and heavy rains (2 months) and other reasons like seepage of water in the basement, additional items of work done, delayed decision in the laying of plinth beam, etc. (7 months). The building was completed in March 1975 and made over to the Sub-Divisional Officer, Telephones (SDO-Phones) in April 1975. The final bill of the contractor (Rs. 12.39 lakhs) was paid in November 1975. It was noticed that certain civil works like (i) providing and laying precast in-glazed acid resisting tiles, (ii) providing and laying four course water proofing treatment and (iii) providing and laying of foam concrete, were not done by the contractor and the department had to incur extra expenditure of Rs. 0.30 lakh in getting these items done by another contractor between September 1975 and November 1976. The department stated (May 1980) that at the request of the Director (Switching), the power and battery rooms and the main distribution frame (MDF) rooms on the ground floor were handed over

(October 1973) even without flooring for storage of telecommunication equipment which had started arriving from the Indian Telephone Industries (ITI). After the rooms were vacated in May 1975, fresh tenders were called for the work left unfinished in these rooms by then. There was, thus, additional expenditure of Rs. 0.30 lakh besides delay of over 2 years in completion of the work.

(ii) *Installation of equipment and laying of cables.*—Indent for equipment of 1,800 line Max-I (strowger) was placed in July 1973 on the ITI. In August 1973, the Director General, Posts and Telegraphs (DGPT) sanctioned another project for further expansion of the exchange from 1,800 to 2,100 lines at an estimated cost of Rs. 6.92 lakhs. Orders for additional equipment were also placed (February 1974) on the ITI. By July 1974, equipment worth Rs. 7.61 lakhs had been received; its installation was, however, started in April 1975 and 2,100 line Max-I (strowger) exchange was commissioned in November 1976 with 1593 working connections.

Since no provision was made in the original project estimate of July 1973 for laying junction cable between the auto exchange and the old trunk exchange (which was functioning in another locality approximate distance 2.5 kms.), a fresh estimate was sanctioned (December 1975) for Rs. 2.88 lakhs. An indent for 100/20 lbs. junction cable (2,500 metres long) was released (December 1975) to circle store depot, Lucknow. The cable was received (May 1976) and work of laying cable was completed in October 1976 at a total cost of Rs. 1.49 lakhs. Meanwhile, in January/February 1976 the Director Telecommunications, Uttar Pradesh Circle, Lucknow had already indicated that since the necessary trunk equipment would be available from Aligarh and Moradabad T-43 exchange, there was no need to lay the cable, but still the department laid the cable. In fact, trunk equipment was received from Moradabad exchange. The expenditure of Rs. 1.49 lakhs on laying the junction cable was, thus, avoidable.



(iii) *Air-conditioning* :—Indent for air-conditioning plant was placed (February 1974) on the Director General, Supplies and Disposals (DGSD) who placed an order (October 1974) on firm 'A' for supply of installation, testing and commissioning of the plant by the end of April 1975 or earlier at a cost of Rs. 5.08 lakhs. The drawings were approved by the General Manager Projects in March 1976 and as such the delivery period was extended up to April 1976 by the DGSD. Yet another extension was granted up to July 1977 because flooring in air-conditioning plant room was not done and necessary documents to clear the compressor from the factory at reduced excise rate were not received by the firm from the department till December 1976. The consignment of two compressors was received at site in July 1977.

The erection of air-conditioning plant was completed in August 1977, but it could not be commissioned as the department did not provide certain civil and electrical works, such as, insulation of air-conditioning shaft, humidification of tank, insulation of open ducts and power requirements for sub-station etc. to the firm which were essential for its commissioning.

Till July 1978, the high tension connection from Uttar Pradesh Hydel authorities was not available. The General Manager Telecommunications (GMT), Lucknow stated (July 1979) that the main power connection was given by the hydel authorities in November 1978 only. He further stated (May 1980) that the monsoon test was completed; that the defects pointed out during the winter test were yet to be attended to and that the summer test had not yet been completed.

*Summing up* :—The following are the main points that emerge :

- Due to avoidable departmental delays, the construction of building, scheduled to be completed by January 1973, was actually completed by March 1975 only. Had the scheduled dates been adhered

to, the rooms handed over to the Director (Switching) for storing equipment could have been made over to him immediately after completion of flooring work in October 1973 itself and the extra expenditure of Rs. 0.30 lakh could have been avoided.

- Laying of junction cable between new exchange building and old exchange building at a cost of Rs. 1.49 lakhs was undertaken against the clear and timely advice of the Director Telecommunications in January/February 1976 that the need to lay cable might not be there since the connected trunk equipment could be diverted from Moradabad.
- Exchange equipment had been in operation without air-conditioning facility since November 1976. Its exposure to dust and humidity for such a long period would have caused damage to the equipment and shortened its life.

**16. Installation of a telex exchange at Bhiwani.**—On an assurance given by the State Government of Haryana (January 1976) that a demand of a minimum of 10 telex connections at Bhiwani was guaranteed, the Director General, Posts and Telegraphs (DGPT) sanctioned (March 1976) a project estimate for the installation of a 20-line telex exchange at Bhiwani at an estimated cost of Rs. 3.06 lakhs. Based on 10 telex connections, the project was expected to yield a net annual profit of Rs. 0.24 lakh.

The Government of Haryana had given a list of 15 parties interested in having telex connections. When contacted by the department, only 3 of them made payments on demand, by the last date (3rd May 1976) fixed for the purpose. This position was brought (June 1976) to the notice of the DGPT by the concerned Sub-Divisional Officer, Telegraphs. Despite this poor response for the telex connections, the department commenced the



installation (July 1976) and commissioned the exchange (February 1977) at a cost of Rs. 3.39 lakhs with only 6 subscribers connections. The number of connections remained the same till June 1979, more than two years after its commissioning, resulting in a loss of Rs. 0.37 lakh up to March 1980) with reference to the expenditure incurred and revenue realised.

The department stated ( September 1980) that "installation of telex exchange at Bhiwani was sanctioned by the P&T Board in pursuance of the demand from the State Government of Haryana which had informed this department that as many as 15 applicants would be willing to take telex-connections". The department, however, did not make any independent assessment of its own regarding the demand for connections.

**17. Loss of revenue due to delay in approval of cable schemes and placement of indents for cables.**—The telephone exchange at Pathankot was expanded in stages from 1,000 to 1,680 lines. The following points were noticed in test-check in audit (February 1978) :—

(i) After submitting a project estimate for expansion of the exchange from 1,000 to 1,200 lines to the Director General, Posts and Telegraphs (DGPT) in April 1972, the installation work was taken up by the Ambala circle in anticipation of sanction. The expansion of the exchange was completed from 1,000 lines to 1,100 lines in January 1973 and from 1,100 to 1,200 lines in February 1974 (total cost : Rs. 5.06 lakhs as booked up to September 1979). The indents for the cables were placed on the Controller of Telegraph Stores in January 1973; the supply of cables started from March 1973, but the laying of cables could not be commenced simultaneously as the cable scheme had not been approved till then.

The cable scheme was drawn up by the General Manager, Telecommunications (GMT) North Western circle and sent to the DGPT for approval only in March 1973 and it was approved in July 1973. However, it had again to be revised as it was far in excess of the provision in the project estimate. A fresh cable

scheme was prepared subsequently (July 1975) covering this expansion as also the expansion from 1,200 to 1,400 lines mentioned in (ii) below and approved in September 1975. The cable laying work was commenced in November 1975 and completed (cost : Rs. 4.00 lakhs) in January 1976.

(ii) A project estimate for the expansion of the exchange from 1,200 to 1,400 lines was sent by the Postmaster General, Punjab Circle to the DGPT in October 1974. At the instance of the DGPT, a consolidated project estimate covering the first expansion from 1,000 to 1,200 lines also was submitted to him in July 1975 and sanctioned in November 1975 for Rs. 9.50 lakhs. This expansion from 1,200 to 1,400 lines was completed (cost : Rs. 2.21 lakhs booked up to June 1980) in January 1976.

(iii) A project estimate for further expansion from 1,400 to 1,560 lines was sanctioned by the GMT in December 1975 and the expansion was completed (cost : Rs. 2.14 lakhs booked up to June 1980) in March 1976.

(iv) A project estimate for expansion from 1,560 lines to 1,680 lines was sanctioned by the GMT in June 1976. The expansion was completed (cost : Rs. 4.99 lakhs booked up to June 1980) in December 1976. The cable scheme was, however, approved in March 1977 only and indents for the supply of cables released in September 1977. The supply of cables started from January 1978 and was completed in August 1978. The cable laying work was, however, in progress (January 1980).

According to departmental instructions, 90 per cent of the exchange capacity should be utilised soon after expansion or in any case not later than 6 months of such expansion and 94 per cent about 6 months before the due date of commissioning of next expansion. Due to delay in approval of cable schemes and indenting of cables, the connectable capacity of the exchange was not fully utilised, notwithstanding the existence of a waiting list, as indicated in the table below. This resulted in a loss of

potential revenue of Rs. 1.92 lakhs from February 1974 to December 1977. Explaining the reasons for delay in laying the cables, the department stated (January 1980) that "in case of manual exchange equipment, the amount of planning and installation work involved is comparatively small and if equipment is available, the expansion installations can be completed quickly. On the other hand, in case of cable work, considerable amount of initial planning is required. This takes time".

TABLE

| Month          | Equipped capacity | Connectable capacity | Working connections | Spare capacity |
|----------------|-------------------|----------------------|---------------------|----------------|
| February 1974  | 1200              | 1124                 | 1057                | 67             |
| March 1974     | 1200              | 1124                 | 1088                | 36             |
| April 1974     | 1200              | 1124                 | 1091                | 33             |
| May 1974       | 1200              | 1124                 | 1095                | 29             |
| June 1974      | 1200              | 1124                 | 1096                | 28             |
| July 1974      | 1200              | 1124                 | 1097                | 27             |
| August 1974    | 1200              | 1124                 | 1096                | 28             |
| September 1974 | 1200              | 1124                 | 1092                | 32             |
| October 1974   | 1200              | 1124                 | 1087                | 37             |
| July 1975      | 1200              | 1128                 | 1123                | 5              |
| January 1976   | 1400              | 1316                 | 1214                | 102            |
| March 1976     | 1560              | 1460                 | 1389                | 71             |
| April 1976     | 1560              | 1460                 | 1389                | 41             |
| May 1976       | 1560              | 1460                 | 1405                | 32             |
| June 1976      | 1560              | 1466                 | 1405                | 43             |
| July 1976      | 1560              | 1466                 | 1420                | 36             |
| August 1976    | 1560              | 1466                 | 1435                | 31             |
| September 1976 | 1560              | 1466                 | 1438                | 28             |
| October 1976   | 1560              | 1466                 | 1438                | 28             |
| November 1976  | 1560              | 1466                 | 1433                | 33             |
| December 1976  | 1680              | 1574                 | 1435                | 47             |
| January 1977   | 1680              | 1574                 | 1435                | 32             |
| February 1977  | 1680              | 1574                 | 1435                | 32             |
| March 1977     | 1680              | 1574                 | 1473                | 19             |
| June 1977      | 1680              | 1574                 | 1493                | 13             |
| September 1977 | 1680              | 1574                 | 1500                | 28             |
| December 1977  | 1680              | 1574                 | 1513                | 24             |



The department stated (January 1980) "..... every effort has been made for timely utilisation of the exchange capacity though the cable laying had no doubt been delayed".

18. **Loss of revenue due to delay in providing wireless communication facilities.**—Against a requisition received by the Posts and Telegraphs (P&T) Department (December 1975) the Director General, Posts and Telegraphs (DGPT) approved (December 1975) the provision of wireless communication facilities between 3 fixed stations and 3 mobile stations for the exclusive use of a firm. A provisional annual rental of Rs. 0.65 lakh based on the estimated cost of Rs. 1.75 lakhs (subsequently revised to Rs. 0.97 lakh based on the revised estimated cost of Rs. 2.61 lakhs) quoted by the Divisional Engineer, Wireless, Pune, was accepted by the firm in August 1976. Although indents for the supply of equipment were placed on the Controller of Telecommunication Stores, Calcutta in April 1976, stores worth Rs. 0.62 lakh only were received by June 1977 and the remaining major items of stores worth Rs. 1.75 lakhs were received by July 1979. The installation work was taken up and completed by the Divisional Engineer, Wireless (DEW), Pune, during September 1979. On completion, it was observed that the department could establish communication among the 3 fixed stations only, but not between the fixed stations and the mobile stations as originally requisitioned.

In November 1979, the firm informed the DEW, Pune that they were not using the installed sets and insisted that the communication with the mobile stations should also be established as originally contracted.

The department stated (August 1980) that as per the manufacturer's technical specifications, the equipment procured from Bharat Electronics Ltd. was meant for mobile working up to a range of 40 kms., but that after installation, it was found that it was not possible to communicate with it beyond 5 kms. Thus, it would appear that neither was the equipment tested before acquiring it, nor was its performance test checked before



actual installation. Consequently, although Rs. 2.37 lakhs had been spent on the installation of the equipment, it had not yet (August 1980) been taken over by the firm and commissioned thereby involving loss of potential revenue of Rs. 0.97 lakh *per annum* from July 1977.

**19. Air-conditioning plant at Kanpur telephone exchange.—**

The Director General, Posts and Telegraphs (DGPT) sanctioned (September 1969) a project estimate for the expansion of the telephone exchange, Kanpur by 1,500 lines at an estimated cost of Rs. 33.88 lakhs. This included a provision of Rs. 1.08 lakhs for the installation of an air-conditioning plant. The detailed estimate for the plant was sanctioned (January 1970) by the Postmaster General, Uttar Pradesh Circle (PMG) for Rs. 1.50 lakhs and indent for it was placed (January 1970) on the Director General, Supplies and Disposals (DGSD). The DGSD placed an order on a firm in April 1971 for Rs. 2.20 lakhs for supply (June 1971) and installation of the plant by September 1971.

The stipulated period of delivery (June 1971) of the plant was extended by the DGSD in stages up to April 1972; the supply was completed in June 1972. Installation of the plant was commenced in July 1972 and completed in May 1976. The plant did not stand the various tests conducted between June 1976 and June 1977 as both the compressors of the plant ultimately broke down. The plant had not yet (July 1980) been commissioned although Rs. 1.98 lakhs had been paid (June 1972).

The department intimated (July 1980) that the DGSD had decided to give a further performance-*cum*-extension notice to the firm. In the meantime, the installation of the exchange equipment had been completed and the lines commissioned between October 1970 and May 1971 without provision of air-conditioning plant. Since the air-conditioning plant failed to work, the department procured eight window type air-conditioners

in August 1978 at a cost of Rs. 0.64 lakh for the safety of the exchange equipment.

**20. Excess payment of excise duty on refrigerating and air-conditioning appliances.**—According to a notification issued by the Government of India in March 1976, certain parts of refrigerating and air-conditioning appliances and machinery intended to be used in telephone exchanges were exempted from so much of excise duty as was in excess of 20 per cent *ad valorem* subject to conditions laid down therein.

During a test-check in audit of the records of Divisional Engineer Telegraphs (DET), Ahmedabad, Nadiad and Surat of Gujarat circle, DET, Bombay and Director Telegraphs, Microwave Project, Bombay of Maharashtra Circle, it was observed that despite the existence of the said orders, the department paid excise duty in excess of 20 per cent in 11 cases without availing of the concession during 1976-77 and 1977-78 resulting in excess payment (Rs. 1.02 lakhs) of excise duty. The department stated (February 1981) that the room air-conditioners were purchased for use in telephone exchanges on the rate contract and the payment was made direct by the Pay and Accounts Officer and that the case for refund of excess amount paid had been taken up with the suppliers, who had indicated their inability to obtain the refund, and that the matter was being pursued further with the Director General, Supplies and Disposals/Assistant Collector of Excise and Customs.

**21. Delay in laying a cable.**—In August 1971, the All India Radio (AIR), Hyderabad placed a firm demand on the Posts and Telegraphs (P&T) Department for laying underground cable between AIR studio and their low power transmitter station. The department quoted (May 1972) the annual rental of Rs. 0.57 lakh which was accepted (July 1973) by the AIR.

The estimate was sanctioned by the General Manager Telephones (GMT), Hyderabad in June 1973. The work of laying cable was commenced (February 1974) and completed



in April 1975. The cable could not, however, be handed over to the AIR till February 1977 as the work of loading the cable with 8 MH programme uncoils was not done for want of uncoils.

For finalising the production programme of Indian Telephone Industries (ITI), the Director General, Posts and Telegraphs (DGPT) asked (February 1973) all the Heads of Circles/Districts and Project Circles to indicate their requirements of uncoils for 1973-74 to 1975-76. The GMT, Hyderabad intimated his requirement in November 1973, but it could not be included in the supply order for the year 1973-74 placed by the DGPT on the ITI. It was also not included in the purchase order of June 1974 and the amended order of August 1974 by the DGPT. On repeated references from the GMT Hyderabad, the DGPT clarified (July 1975) that 82 uncoils were arranged by store depot adjustment (November 1974) and the balance against the order (March 1973) on ITI which was received in May 1976. It was, however, noticed in audit that the Controller of Telegraph Stores, New Delhi had in stock 72 uncoils at the end of 1974-75 and 63 numbers at the end of April 1975. Had the P&T Directorate made further inter-depot transfers, the cable could have been handed over to the AIR authorities in April 1975 itself and a potential loss of revenue to the extent of Rs. 1.09 lakhs incurred during April 1975 to February 1977 avoided.

**22. Under-utilisation of installed capacity.**—In 1972, the Posts and Telegraphs (P&T) Department proposed to instal a 2,000 line incoming trunk tandem exchange at Madras to handle all terminating trunk traffic from all the trunk auto exchanges in the country. The Director General, Posts and Telegraphs (DGPT) sanctioned (September 1973) a project estimate for Rs. 118.54 lakhs and subsequently (August 1975) revised it to Rs. 135.48 lakhs. The exchange, proposed to be commissioned in 1976-77, was actually commissioned in January 1978 at a cost of Rs. 139.36 lakhs, excluding overhead charges.

The project estimate envisaged a utilisation of 980 circuits from outstations to Madras in 1978. It was, however, commissioned (January 1978) with 54 circuits (increased to 130 circuits in March 1978) as the DGPF decided to load the exchange initially to the extent of 10 per cent only to avoid dislocation that any malfunctioning of the exchange may cause and to increase the load gradually thereafter.

It was observed (March 1979) in audit that more than a year after its commissioning, the exchange had remained under utilised; in March 1979, 600 circuits only had been provided out of the equipped capacity of 2,000 circuits.

The department estimated (November 1979) that taking into account the rate of growth of traffic, the circuits requirement in the next 5 years would be about 1,200. Thus, capacity of 800 lines (cost : Rs. 43.47 lakhs) was installed in excess.

At the time of sanctioning the revised estimate (August 1975), it was anticipated that the total revenue earned from the traffic to be handled in 1976 would be Rs. 20.06 crores annually (Rs. 35.77 crores consequent upon increase of tariff rates from March 1976). In view of the reduced quantum of traffic to be handled by the exchange, the anticipated annual revenue was scaled down (February 1978) to Rs. 14.92 crores. Actually, however, the department earned a revenue of Rs. 4.36 crores only during 1978-79. The department stated (August 1980) that the lines provided were more than adequate to handle the traffic, but that the actual traffic was less than what had been anticipated.



## CHAPTER V

### STORES PURCHASE AND CONTROL

23. **Accumulation of cloth due to over-indenting.**— Departmental rules provide for supply of stitched uniforms to certain categories of employees of the Posts and Telegraphs (P&T) Department. Such employees are entitled to 2 full-sleeve shirts (each requiring 2.67 metres of cloth) and one half-sleeve shirt/bush shirt (requiring 2.58 metres of cloth) in the first year and one full-sleeve and one half-sleeve shirt/bush shirt in the second year. Thus, the cloth required for 5 shirts/bush shirts to be supplied to each eligible employee in two years comes to 13.17 metres. Bombay Telephone District (BTD) procured cloth for the uniforms through the Director General, Supplies and Disposals (DGSD) by placing indents covering the requirement for 2 years at a time.

It was noticed in audit (October 1978) that BTD had placed indents far in excess of its requirements during the last few years resulting in accumulation of the following two varieties of cloth of total value of Rs. 7.62 lakhs.

(i) *Cotton cellular dyed mineral khaki shirting cloth.*—The average strength of eligible employees of BTD during 1976-77 and 1977-78 was 1,885. The total requirement of cloth for shirts/bush shirts for all the employees worked out to approximately 24,825 metres at the rate of 13.17 metres of cloth for each employee for the block years 1976-77 and 1977-78. Even though in October 1975, BTD had in stock 31,533 metres of cloth, which was adequate to meet the requirement for the 2 years 1976-77 and 1977-78, an indent for supply of 88,700 metres of cloth was placed with the DGSD in October 1975. The supplies against the indent were received in instalments. In December 1976, BTD had 99,634 metres of cloth in stock.

Again in February 1977, BTD placed another indent for 1,27,500 metres of cloth with the DGSD to meet its requirements for the years 1978-79 and 1979-80. At the time of placing the second indent in February 1977, BTD had 1,03,809 metres of ready cloth in stock besides 58,984 metres of cloth in the pipeline against the earlier indent. Besides, BTD had 5,509 tailored shirts in stock. The requirement for the 2 years 1978-79 and 1979-80 was 30,449 metres of cloth. Thus, the cloth already in stock was more than adequate to meet the requirements of BTD for 1978-79 and 1979-80. Nevertheless, BTD placed a further indent for 1,27,500 metres of cloth. Realising that the cloth had been over indented, BTD later on (February 1978) cancelled the order for 73,700 metres of cloth from the indent for 1,27,500 metres. The overall position after issue of shirts up to September 1979 was that BTD had 1,31,714 metres of cloth (cost : Rs. 5.15 lakhs) in stock.

A close scrutiny of the detailed calculations furnished by BTD for the indent for 1978-79 and 1979-80 revealed the following omissions :

- While calculating the requirements of cloth the department took into consideration the sanctioned strength of 1,730 employees as on 1st April 1975. This included 530 cable-jointers and motor drivers, who were not eligible for supply of shirts of this cloth but for bush-shirts of drill cloth.
- While making calculations for placing indent in February 1977, the requirements of shirting cloth were worked out at the rate of 55 metres per employee against the actual requirement of 13.17 metres per employee for shirts for 2 years. In so doing, BTD assumed that the trousers and caps are also to be made of the shirting cloth whereas these were to be made of drill cloth.



(ii) *Muslin cotton mineral khaki pugree cloth*.—Linemen and sub-inspectors of the P&T Department are supplied pugrees (each measuring 4.60 metres of cloth) in a block of 2 years. The average strength of employees eligible for issue of pugrees in BTD during 1976-77 and 1977-78 worked out to 1,840. Thus, 42,320 metres of cloth would have sufficed to cover the requirement for the 2 years. In October 1975, BTD had 46,016 metres of cloth in stock which was obviously sufficient to meet the requirements of 1976-77 and 1977-78. Nevertheless, BTD placed (October 1975) an indent for 1,24,000 metres of cloth with the DGSD. Against this indent, 1,08,043 metres of cloth had been received by March 1979; out of the stock, 1,13,155 metres had been issued up to September 1979 for stitching pugrees. After issue of pugrees up to 1979-80, BTD was still left with a stock of loose cloth measuring 40,905 metres and 10,606 stitched pugrees. The total cost of 89,693 metres of cloth (loose cloth: 40,905 metres and stitched pugrees: 48,788 metres) worked out to Rs. 2.47 lakhs.

Bombay Telephone District had, thus, overstocked cloth of both the varieties costing Rs. 7.62 lakhs (September 1979). The department stated (November 1980) that the excess stock of cotton cellular dyed mineral khaki shirting cloth and muslin cotton mineral khaki pugree cloth was due to over-indenting and that out of this stock, 1,02,176 metres of shirting cloth and 15,548 metres of pugree cloth had been diverted to other circles, who required the same (the date of transfer had not been mentioned and the fact of utilisation was yet to be verified) and that the balance in stock still left is 29,538 metres (shirting cloth) and 74,145 metres (Pugree cloth) both valuing Rs. 3.19 lakhs.

24. **Extra expenditure on purchase of cables.**—With the introduction of material management system in Bombay Telephone District from April 1973, procurement of all commonly required items of stores from the market for the various divisions was centralised with material management section of the District. Insulated house wiring cables (2 pairs, 3 pairs and 5 pairs) is a



commonly used item for installing telephone connections within the subscribers' premises. Keeping in view its programme of release of 20,000 new telephone connections, the Bombay Telephone District invited tenders (September 1976) for bulk supply of cables (2 pairs and 5 pairs). The rate contracts for the cables were finalised with firms 'A' and 'B' in May 1977 and July 1977 respectively.

In the meantime, in contravention of the procedure laid down for material management, 7 divisions of the district proceeded to procure their own requirements of cables individually mainly from firm 'C' on the basis of an earlier contract concluded (April 1975) by one of the divisions for 1975-76. In April 1976, the same division had invited quotations for supply of cables and the lowest offer of firm 'A' was accepted (May 1976), but as it failed to make supplies according to the specimen samples, the contract with it was cancelled (June 1976). Firm 'C' whose offer against the aforesaid tender was the second lowest, had quoted (May 1976) rates of Rs. 140, Rs. 200 and Rs. 300 per 100 metres respectively for 2 pairs, 3 pairs and 5 pairs of supplies during 1976-77. These rates were lower than its earlier (1975-76) rates of Rs. 150, Rs. 225 and Rs. 320 per 100 metres of 2 pairs, 3 pairs and 5 pairs respectively. Instead of asking firm 'C' to supply the cables at the rates quoted (April 1976) for 1976-77, orders were placed (May 1976) on firm 'C' at the higher rates of 1975-76 resulting in extra expenditure of Rs. 0.68 lakh. Conceding this, the department stated (October 1980) that while issuing orders in May 1976, the rates quoted by firm 'C' against the April 1976 tenders happened to be over-looked.

**25. Loss of steel from the Posts and Telegraphs stores Wadala.**—Physical verification of stock of steel was conducted in the Wadala store depot of the Posts and Telegraphs Civil Division at Bombay in September 1975 and in August 1977. The verification in September 1975 disclosed surpluses of 3.185 tonnes of all gauges of tor steel while that conducted in August

1977 showed shortages of 22.342 tonnes under all gauges (except 25 mm.). Besides this, iron rust weighing 15.960 tonnes was noticed, whereas no such quantity of rust was found in the verification conducted earlier. Regarding formation of rust weighing 15.960 tonnes, a committee consisting of an Executive Engineer and a Surveyor of Works was formed to investigate and report on it. The committee could not come to a definite conclusion as to the rate of rusting or the quantum of rusting and suggested that the matter be referred to some specialised metallurgist or to the manufacturer or the Indian Institute of Technology, Bombay. In August 1978, the department appointed a committee of Superintending Engineers to investigate the reasons for shortages and to suggest remedial measures to prevent recurrence of such shortages. The committee submitted its report in June 1980 and according to its recommendations, the rust collected at site was normal for the climate of Bombay.

In January 1978, the Wadala store depot was required to be vacated and the stock transferred to Ghatkopar store depot. It was then noticed by the department that against the book balance of 30.304 tonnes of 28 mm tor steel, there was actually no stock at all. In the physical verification of August 1977, shortage of 7.982 tonnes only of this size of steel was noticed. Taking this into account, there was a total shortage of 44.664 tonnes of steel (value : Rs. 1.07 lakhs) as in January 1978. The Junior Engineer Incharge of the stores, who had not kept proper accounts of the stores, was charge sheeted (December 1977). The department stated (November 1980) that a departmental enquiry was in process to fix responsibility for the shortage of 28 mm steel.

26. **Purchase of lead sleeves.**—In July 1979, the General Manager, Telecommunication Stores (GMTS), Calcutta placed 2 orders on a Bombay firm for supply of 1.84 lakhs lead sleeves (used for establishing joints between cables) of various sizes at a cost of Rs. 66.69 lakhs. The firm was asked to supply 0.44



lakh lead sleeves to the Controller of Telecommunication Stores (CTS), Bombay and the balance 1.40 lakh lead sleeves to the telecommunication store depots at Calcutta, Madras, Jabalpur, New Delhi and Nagpur. The outstation supplies were to be despatched duly insured at the firm's cost and the railway freight was to be borne by the respective store depots.

The request of the firm (July 1979) that, in terms of its offer, it might be allowed to deliver the entire quantity of lead sleeves to the CTS, Bombay was not agreed (August 1979) to by the GMTS, Calcutta. In September 1979, however, the firm approached the CTS, Bombay—an officer under the GMTS, Calcutta—suggesting that, owing to the non-availability of railway booking for Calcutta, Madras and Delhi at that time, the delivery of stores might be accepted at Bombay itself as the CTS, Bombay continued to enjoy the facility of despatching consignments in wagon loads. This was agreed to by the CTS, Bombay without insisting on reduction in cost as the firm would not have to bear the cost of insurance. Thereupon, the GMTS, Calcutta also agreed and issued (October 1979) formal amendments to the purchase orders authorising the firm to deliver the entire quantity of lead sleeves to the CTS, Bombay. In December 1979 and April 1980, the GMTS, Calcutta enhanced the quantity of lead sleeves ordered on the firm by 25 per cent. All the supplies were made by the firm to the CTS, Bombay by May 1980. There was, however, delay in despatch of the material received by the CTS, Bombay to outside consignees. Lead sleeves (0.51 lakh numbers) were yet to be despatched (July 1980) to the consignees at Calcutta, Jabalpur, Madras, New Delhi and Nagpur.

Had the firm, as per the original purchase orders, despatched the stores to outside stations, it would have borne an expenditure of Rs. 0.81 lakh on insurance of stores. Due to the subsequent variation in the terms of purchase orders, whereby the supplies meant for outstations were also delivered by the firm at Bombay, the firm got unintended benefit to that extent.



The department stated (October 1980) that "in their tender offer the firm did not indicate anything about transit insurance". The fact, however, remains that according to the purchase order accepted by the firm, the cost of insurance was to be borne by it. By accepting the delivery of stores at Bombay, the firm received an unintended benefit of Rs. 0.81 lakh.

## CHAPTER VI

### LAND AND BUILDINGS

27. **Expenditure on renting of office accommodation.**—A telephone exchange building with capacity to accommodate 10,000 lines was completed at Amravati in September 1973; 2,400 lines were completed and commissioned in May 1975. In July 1976, a telegraph engineering division was formed at Amravati and it hired a private building taken at a monthly rental of Rs. 2,600 besides municipal taxes to be borne by the department, even though a part of the second floor of the exchange building was then lying vacant. In November 1976, the General Manager, Telecommunications (GMT), Maharashtra Circle came to know that further expansion of the exchange from 2,400 to 3,300 lines was planned by the Director General, Posts and Telegraphs (DGPT) only for 1978-79. Even at that stage the question of accommodating the telegraph engineering division in the vacant portion of second floor of the exchange building was not considered.

In September 1977, the Divisional Engineer Telegraphs (DET) approached the GMT for shifting his office to the second floor of the exchange building on the plea that the hired accommodation was unsuitable and inadequate. The GMT, however, did not agree to this proposal because the vacant rooms in the exchange building had been earmarked for specific purposes. The DET again wrote (December 1977) to the GMT that the existing equipment rooms were sufficient to accommodate further expansion of the exchange and that two more rooms were vacant and not likely to be utilised for the next 10 years and sought permission for shifting the divisional office to the exchange

building. This was not agreed to by the GMT. When a proposal to hire alternative accommodation for the office of the DET, was made to the DGPT (September 1978), the latter decided (October 1978) to accommodate the divisional office in second floor of the new Telephone Exchange building temporarily on the consideration that the expansion of the exchange was not contemplated in the near future and that it would save expenditure on rent. Consequently, the divisional office was shifted to the new exchange building in February 1979.

The department, thus, did not utilise the vacant accommodation in the exchange building for housing the office of the DET, Amravati from July 1976 to March 1979, but hired private accommodation for this purpose and paid a rent of Rs. 0.92 lakh. The department stated (July 1980) that "the technical construction designed to meet the requirement of the Auto exchange could not normally be utilised to accommodate administrative offices.....a decision was taken to temporarily accommodate the Divisional office in that building which, in the given circumstances, could not have been avoided".

**28. Construction of a departmental building at Bhopal.**—The offices of the Postmaster General (PMG), the General Manager Telecommunications (GMT) and the Civil Engineering Wing of the Posts and Telegraphs Department at Bhopal were housed (1973) in rented buildings, the rent being Rs. 5.40 lakhs *per annum*. In order to provide departmental buildings for these offices, the Director General, Posts and Telegraphs (DGPT), sanctioned (December 1973) construction of a departmental building at a cost of Rs. 27.19 lakhs. The building was to be five-storeyed with provision for vertical expansion by two more floors at a later date. However, due to a ban on the construction of non-functional buildings imposed by Government in August 1973, the proposal could not be processed further till March 1975 when orders for construction of this building in relaxation of the ban were issued by Government.



It was decided (March 1975) by the department to take up construction in two phases, phase I covering construction of ground floor and first floor and phase II covering construction of 5 more floors by vertical expansion. The ground floor was earmarked for offices of the Civil Engineering Wing, the canteen and the co-operative store. The first, second and third floors were earmarked for the office of the PMG and the fourth, fifth and sixth floors for the office of the GMT. Formal sanction for the first phase was issued by the DGPT in April 1975 for Rs. 13.08 lakhs and that for the second phase in July 1976 for Rs. 35.83 lakhs. Total estimated cost of both the phases worked out to Rs. 48.91 lakhs.

*Phase I.*—The work was awarded (tendered cost : Rs. 7.78 lakhs) to a contractor in June 1975 for completion by September 1976. However, due to delay in decisions by the department about design for the stair-case, brick masonry wall, colour scheme for the mosaic floor, the completion of work was delayed by 9 months and it was actually completed (cost : Rs. 8.72 lakhs) in June 1977. The department, therefore, granted extension of time for construction from September 1976 to June 1977 without levy of compensation.

*Phase II.*—The work was awarded (tendered cost : Rs. 16.08 lakhs) to a contractor in December 1976 for completion by December 1977. However, because of delay by the department in providing drawings for the terrace, machine room, overhead tank, pump-room, etc., the completion work was delayed by 15 months and it was actually completed in March 1979.

Excepting the provision of lifts, the building was completed (cost : Rs. 17.90 lakhs) in all respects by April 1979. A separate parking shed was also constructed by June 1979.

*Lifts.*—According to the purchase order (February 1978) for lifts, firm 'C' was required to complete delivery and erection of two lifts within 40 weeks of the receipt of approved drawings

from the department. These approved drawings were sent by the department to firm 'C' in August 1978 for erection of lifts by June 1979. The lift material was brought at the site by firm 'C' in March 1979; its representative arrived at the site in July 1979 for erection of the lifts. However, because of accumulation and ingress of water in the lift pit, non-completion of pit-work fully by the department and want of supply of power for working the lifts, the lifts could not be erected till December 1979. The lifts were erected in February 1980; these could not, however, be commissioned because the inspection by the Director General, Supplies and Disposals was completed in June 1980. The lifts were commissioned in July 1980. Thus, the lifts, which should have been ready by June 1979, became actually available in working condition by July 1980.

*Occupation of the building.*—Out of a carpet area of 7,200 square feet (sq. ft.) available on the ground floor, the department had been utilising an area of only about 2,000 sq. ft. for the office of the Assistant Engineer, Area Installation and Regional Repairs and Overhauling Centre, since February 1977. The rest of the accommodation (5,200 sq. ft.) on the ground floor and the entire accommodation on the remaining six floors (carpet area 46,000 sq. ft.) had been lying vacant (July 1980); the respective offices continued to remain housed in the rented buildings. The PMG Bhopal, who was to occupy the first three floors was not willing to take possession of these floors till the garage and cycle sheds were made available. These were ready by June 1979, but the PMG shifted (August 1980) to the new building.

The fourth, fifth and sixth floors of the building were earmarked for the office of the GMT Bhopal. However, the GMT declined to occupy the building till the provision of the lifts which could be provided only in July 1980.

Thus, because of delay (15 months) in completion of the second phase of the building, the department had to continue

to hire the rented building for that period. Even after the building was completed (March 1979), the offices of the PMG and the Civil Engineering Wing of the department continued to be housed in the rented buildings instead of being shifted to the departmental building. Because of delay in commissioning of the lifts, the office of the GMT could not shift from the rented building to the departmental building. All these factors resulted in an avoidable payment of rent amounting to Rs. 13.19 lakhs till July 1980.



## CHAPTER VII

### OTHER TOPICS

29. **Less realisation of advertisement receipts for a Telephone Directory.**—In April 1971, firm 'A' had been appointed as advertising agent for securing advertisements for four issues (English Edition) of the Bombay Telephone Directory, commencing from July 1971 issue. The agreement provided for a minimum guaranteed gross revenue to Government of Rs. 9.27 lakhs for each issue and payment to the advertising firm a commission at the rate of 25 per cent up to the minimum guaranteed revenue and 40 per cent of the revenue secured over and above the minimum.

The advertising firm procured advertisements through sub-agents/parties on commission/rebate/discount basis, by quoting rates higher than the minimum prescribed in the agreement. It was noticed in audit (December 1977) that while computing the share of revenue due to the advertising firm and to Government for the 1972, 1973, 1975 and 1976 issues, the firm took into account the net amount collected by it from the sub-agents/parties after deducting the commission/rebate/discount allowed to them instead of calculating the share of the department on the basis of gross revenue. This had resulted in short recovery of Rs. 1.94 lakhs by the department.

The department stated (November 1980) that a demand notice had been issued to the firm in October 1980 for making payment of Rs. 1.94 lakhs.

30. **Delay in disposal of inspection reports.**—The total number of inspection reports on Posts and Telegraphs Offices issued by the Audit Offices up to 31st March 1979 and the number of irregularities pointed out therein remaining unsettled up to

the end of August 1980 were 6,406 and 39,643 respectively. Out of 1,037 reports issued during 1979-80, 231 reports had not been received back with the first reply (August 1980). In addition, 131 inspection reports issued prior to April 1979 had also not been received back with the first reply (August 1980).

The department stated (February 1981) that there was difference between the figures shown in the Audit Paragraph and those furnished by the Circles/Districts. These figures were under reconciliation. The P&T Board also decided (February 1981) to launch an all-India drive to dispose of all the pending audit objections.

The following are some of the common types of irregularities noticed as a result of test-check during audit inspections conducted in 1979-80 :—

- (a) Security bonds not obtained/not renewed or not kept on record.
- (b) Non-renewal and non-execution of lease of buildings.
- (c) Irregularities in the maintenance of service books and leave accounts.
- (d) General Provident Fund accounts of Group 'D' employees not maintained properly.
- (e) Short/excess interest allowed on savings bank accounts. For instance, check of interest calculations conducted by Audit during 1979-80 in 92 post offices in 7 circles revealed that interest of Rs. 0.17 lakh in 1746 accounts was allowed in excess and interest of Rs. 0.13 lakh in 1,460 accounts was allowed less.
- (f) Specimen signatures of savings bank depositors not kept on record.

(c)  
1979-80

- (g) Overpayments/irregular payments of children's education allowance/tuition fees.
- (h) Health certificates on first appointment wanting.

P. Ganapathi

DELHI

(P. K. GANAPATHI)

The

*Director of Audit, Posts and Telegraphs*

21 APR 1981

Countersigned

NEW DELHI

(GIAN PRAKASH)

The

21 APR 1981

*Comptroller and Auditor General of India.*



## APPENDIX II

(Referred to in paragraph 7 at page 13)

(a) Yearwise analysis of arrears of rent of telegraph, telephone and teleprinter circuits and telex/intelex charges on 1st July 1980 for bills issued up to 31st March 1980 :

| Upto | Year         | Rent of telegraph, telephone and teleprinter circuits | Telex and intelex charges | Total         |
|------|--------------|-------------------------------------------------------|---------------------------|---------------|
|      |              | (Lakhs of rupees)                                     |                           |               |
|      | Upto 1974-75 | 31.63                                                 | 12.21                     | 43.84         |
|      | 1975-76      | 8.72                                                  | 5.53                      | 14.25         |
|      | 1976-77      | 13.73                                                 | 9.13                      | 22.86         |
|      | 1977-78      | 23.06                                                 | 15.46                     | 38.52         |
|      | 1978-79      | 64.27                                                 | 28.77                     | 93.04         |
|      | 1979-80      | 81.04                                                 | 59.21                     | 140.25        |
|      | <b>TOTAL</b> | <b>222.45</b>                                         | <b>130.31</b>             | <b>352.76</b> |

(b) Yearwise analysis of arrears of rent of telegraph, telephone and teleprinter circuits and telex/intelex charges on 31st March 1980 for bills issued up to 31st March 1980 :

Upto

The above figures have been furnished by the department and are subject to verification (February 1981).

\*This does not include Bihar and Madhya Pradesh.

### APPENDIX III

(Referred to in paragraph 8 at pages 13—15)

Yearwise analysis of revenue of radio telegraph charges in arrears on 1st August 1980 for bills pertaining to the period 31st March 1979 :

| Year    | Amount<br>(Lakhs of rupees) |
|---------|-----------------------------|
| 1965-66 | 1.01                        |
| 1966-67 | 0.43                        |
| 1967-68 | 0.15                        |
| 1968-69 | 0.82                        |
| 1969-70 | 0.01                        |
| 1970-71 | 0.23                        |
| 1971-72 | 0.09                        |
| 1972-73 | 0.01                        |
| 1973-74 | 0.44                        |
| 1974-75 | 0.16                        |
| 1975-76 | 1.98                        |
| 1976-77 | 3.21                        |
| 1977-78 | 3.23                        |
| 1978-79 | 23.64                       |
| TOTAL   | <hr/> 35.41 <hr/>           |

