सत्यमेव जयते

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR

THE YEAR 1982-83

UNION GOVERNMENT (POSTS AND TELEGRAPHS)

AUDIT REPORTS
C&AG
OF INDIA

1982-83

(ENGLISH)

Posts & Telegraphs

PAC Br.

ERRATA

Page	Column	Line	*For*	*Read*
(i)	—	32	Expension	Expansion
(ii)	—	9	Penals	Panels
(ii)	—	18	Notes	notes
3	1st	13	Delete the bracket after the word "lines"	
6	2nd	1	Physicul	Physical
11	1st	23	when	were
16	1st	2	Culcutta	Calcutta
16	2nd	8th from bottom	1978	1976
17	2nd	10, 19	expending	expanding
18	2nd	42	annume	annum
22	2nd	53	.8	8
25	2nd	15	12990	12890
25	2nd	22	Project	Projects
26	1st	15	Telegraphs	Telephones
27	Table 30.4		Delete bracket after figure 30.4	
29	2nd	8	Remove coma after repair	
37	2nd	11th from bottom	acknowldeged	acknowledged
38	2nd	7th from bottom	Noevmber	November
42	1st	43	in	on
43	1st	3	Add (P&T) after the word Department	
44	1st	4th from bottom	mental	metal
45	2nd	34	vet	yet
47	2nd	25	were	was
49	1st	7	on	in

S/20 C&AG/83

पत्र-व्यवहार-22
Corr.-22

भारतीय डाक-तार विभाग

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

उत्तर देते समय कृपया
निम्न संदर्भ दें
in reply
Please quote

प्रेषक
From

सेवा में
To

....

क्रम संख्या
No.

दिनांक
Dated at.

विषय
SUBJECT

ERRATA

Page	Column	Line	For	Read
3	1	17	803.78	803.68
4	Table 3.1	11	0.86	86.0
6	2	1st from bottom	46%	64%
31	1	23	0.2	9.2

2 20
12

REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA

FOR
THE YEAR 1982-83

UNION GOVERNMENT (POSTS AND TELEGRAPHS)

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 1982-83 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 1982-83 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 1982-83 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.

S/20 C & AG/83—2.

CHAPTER I

GENERAL

1. Posts and Telegraphs Department—Overall Review

1. *Introductory*

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

2. *Sixth Plan Performance*

2.1. The capital outlay on the services and the important facilities available at the beginning of the Sixth Five Year Plan (1980—85) were as follows :

Postal Services	
Gross Capital Outlay (Rs. in crores)	104.79
Total number of Post Offices	1,36,999
Extra Departmental Delivery Agencies	75,537
Villages with postal counter facilities	91,677
Number of letter boxes	4,84,717
Telecommunication Services	
Gross capital outlay (Rs. in crores)	1927.41
Local Telephone System	
Switching capacity (Lakh lines)	23.36
Direct Exchange Lines (Lakh lines)	20.16
Underground cables (Lakh pair Kms.)	117.48
Long distance system	
TAX Capacity (Lines)	40,300
Coaxial cables (route Kms.)	16,641
Microwave system (route Km.)	16,545
Open Wire Telegraph Offices	
Number of telegraph offices	28,315
Long Distance Public Call Offices	13,830
Telex exchange (Number)	136
Telex capacity (Lines)	
Local	22,015
Transit	—
Telex connections	17,983

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

TABLE 2.2

Postal Services

	As per Sixth Plan	Target for 1980—83	Actual for 1980—83	Percentage of Sixth Plan Targets	Percentage of targets for 1980—83
Capital outlay (Rs in crores)	172.00	67.79	57.82	33.62	85.29
New Post Offices (Number)	8000	4200	4490	56.13	106.90
Appointment of EDAs (Number)	10000	6000	6494	64.94	108.23
Villages with counter facilities (Number)	10000	6000	6603	66.03	110.05
Number of letter boxes	10000	8000	11339	113.39	141.74

TABLE 2.2—*Contd.*

Telecommunication Services

Capital outlay (Rs. in crores)	2336.00	1282.31	1246.93	53.38	97.24
Local telephone System					
Switching capacity (Lakh lines)	14.80	7.00	4.91	33.18	70.00
Direct-Exchange lines (Lakh lines)	13.30	6.30	4.49	33.76	71.00
Underground cables (Lakh pair kms)	78.00	37.00	28.32	36.30	76.54
Long Distance System					
TAX capacity (lines)	94,770	35,570	14,220	15.00	39.97
Coaxial cables (route km.)	12,000	4,808	1,900	15.83	39.52
Microwave system (route km.)	16,000	9,423	2,641	16.50	28.02
Open line telegraphs					
Number of telegraph offices	20,000	8,100	6,302	31.51	77.80
Long distance PCOs (Number)	20,000	8,100	5,507	27.53	67.98
Telex Exchange (Number)	100	76	34	34.00	44.73
Telex capacity (lines)					
Local	22,500	8,710	4,085	18.15	46.90
Trunk	13,000	1,0800	3,000	23.07	27.77
Telex connections (Number)	18,300	5,000	3,513	19.19	70.26

Details for each year are given in Appendix I.

2.3 While the performances of the Postal Services in the first three years of the Sixth Plan were either in line with the targets or exceeded them, in the case of Telecommunication Services, which constitute the main source of revenue, the progress of various capital works during the first three years of the plan ranged between 28 and 78 *per cent* approximately of the targets. However, the outlay was about 97 *per cent*. The trend of the performance so far indicates that the achievements for the Sixth Plan are likely to fall short of the targets. The major shortfall with reference to the physical targets are in :

Direct Exchange lines

Underground cables

Long distance transmission system

Telex exchanges

Telex connections.

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

— Equipment installed but cable not laid (Paragraph Nos. 20, 22, 25, 30 and 32).

— Delay on account of the non-receipt of the full complement of stores and equipment (Paragraph Nos. 27, 30 and 38).

— Demand not picking up resulting in mismatch between exchange capacity and the lines connected (Paragraph No. 25).

— Faulty equipment and diversion of equipment to other schemes (Paragraph No. 24).

— Air-conditioning plant not working leading to non-utilisation of facilities (Paragraph No. 29).

— Faulty planning (Paragraph Nos. 28, 30, 31 and 32).

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

2.5 The delay in setting up telephone facilities with reference to the plan projections is also reflected in shortfall in realisation of telephone revenues compared to the budgetary expectations during the years 1979-80 to 1981-82, as will be evident from the following data (Table 2.5.1) :—

TABLE 2.5.1

Year	Budget Estimates	Actuals	Shortfall
		(Rupees in crores)	
1979-80	555.27	491.14	64.13
1980-81	586.50	540.11	46.39
1981-82	726.30	656.93	69.37
1982-83	792.60	803.68*	Nil

*Note—Due to revision of tariff with effect from 1st March 1982

Although total revenues fell short of budgetary expectations till 1981-82, the average annual revenues per telephone has been increasing over the years as shown below (Table 2.5.2) :—

TABLE 2.5.2

Year	Number of direct exchange lines at the beginning Lakhs lines)	Total Revenues (Rs. in crores)	Average annual revenue per line
			Rs.
1979-80	18.68	491.14	2629
1980-81	20.16	540.11	2679
1981-82	21.49	656.93	3057
1982-83	22.96	803.78	3500

The increase in average revenue per telephone *per annum* is partly on account of the upward revision in call unit charges and Trunk call charges from 1st July 1981 and upward revision of both rentals and call unit charges from 1st March 1982. While the subscriber is thus being called upon to bear the burden of increased tariff, the total number of telephone lines has been falling short of the targets every year, leading to increase in the number of applicants in the waiting list, as will be evident from the following data (Table 2.5.3) :—

TABLE 2.5.3

Year	Number of persons in the waiting list at the end of the year
1980-81	4.43 lakh
1981-82	5.94 lakh
1982-83	6.58 lakh

The data relating to the number of complaints *per* 100 telephone sets and the average duration of fault clearance as furnished by the Department is given below (Table 2.5.4) :—

TABLE 2.5.4

Year	Number of complaints per 100 telephones	Average duration of fault clearance in hours per month
1980-81	57.3	6.75
1981-82	51.4	10.50
1982-83	47.1	9.00

2.6 The following data (Table 2.6) about the budgetary trends will indicate that during the years 1980-81 to 1982-83, while the actual revenue from Posts and Telegraphs Department as a whole was less than the budget estimates, the working expenditure was always more than the budget estimates leading to reduction in overall surplus compared to the budget estimates.

TABLE 2.6

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

There is no scientific system of detailed analysis of volume and rate variances of revenues and expenditure to identify the areas of efficiencies, inefficiencies, etc. which remain merged in the overall results of working.

CHAPTER II

GENERAL RESULTS OF APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

3. General

The following table (Table 3.1) compares the expenditure during 1982-83 with the total of voted grants and charged appropriation :—

TABLE 3.1

			Total Grant/appropriation	Actual Expenditure	Saving	Percentage of column 3 to column 1
			1	2	3	4
				(Lakhs of rupees)		
Charged :	*Original*	*2.00*	*2.00*	*0.28*	*1.72*	*0.86*
	Supplementary	*Nil*				
Voted :	Original	194065.81	205621.28	202661.90	2959.38	1.4
	Supplementary	11555.47				

The saving of Rs. 29,59.38 lakhs in the voted portion consisted of the following (Table 3.2) :—

TABLE 3.2

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 Working Expenses	120599.00	114833.84	—5765.16	4.8	2050.00
17—Posts and Telegraphs Dividend to General Revenues, Appropriation to Reserve Funds and Repayment of Loans from General Revenues	30288.74	23964.03	—6324.71	20.9	5019.60
18—Capital Outlay on Posts and Telegraphs	54733.54	63864.03	+9130.49	16.7	Nil

The saving of Rs. 57,65.16 lakhs under Grant No. 16—Posts and Telegraphs Working Expenses was mainly due to less expenditure under :—

POSTAL

(*i*) Post Offices (provision Rs. 2,67,24.16 lakhs; expenditure Rs. 2,42,28.05 lakhs; saving 9.3 *per cent*);

(*ii*) Conveyance of Mails (provision Rs. 65,28.52 lakhs; expenditure Rs. 60,66.65 lakhs; saving 7.0 *per cent*);

(*iii*) Operational Training (provision Rs. 1,12.48 lakhs; expenditure Rs. 86.86 lakhs; saving 22.8 *per cent*);

(*iv*) Maintenance (provision Rs. 7,82.15 lakhs; expenditure Rs. 7,10.29 lakhs; saving 9.2 *per cent*);

(*v*) Superannuation and Retirement Allowances (provision Rs. 13,77.00 lakhs; expenditure Rs. 11,58.85 lakhs; saving 15.8 *per cent*);

(*vi*) Commuted value of Pension (provision Rs. 6,67.90 lakhs; expenditure Rs. 5,30.47 lakhs; saving 20.6 *per cent*);

(*vii*) Gratuities (provision Rs. 6,70.00 lakhs; expenditure Rs. 5,54.30 lakhs; saving 17.3 *per cent*);

(*viii*) Stationery and Forms Printing, Storage and Distribution (provision Rs. 24,67.59 lakhs; expenditure Rs. 19,40.96 lakhs; saving 21.3 *per cent*);

TELECOMMUNICATION

(*ix*) Telephone Exchanges (provision Rs. 91,24.31 lakhs; expenditure Rs. 81,80.51 lakhs; saving 10.3 *per cent*);

(*x*) Radios (provision Rs. 1,78.75 lakhs; expenditure Rs. 1,56.07 lakhs; saving 12.7 *per cent*);

(*xi*) Miscellaneous Expenditure (provision Rs. 2,44.03 (minus) lakhs; expenditure Rs. 7,39.53 (minus) lakhs; saving 203.0 *per cent*);

(*xii*) Petty works (provision Rs. 35,00.00 lakhs; expenditure Rs. 21,36.57 lakhs; saving 39.0 *per cent*);

(*xiii*) Superannuation and Retirement Allowances (provision Rs. 15,00.00 lakhs; expenditure Rs. 11,05.75 lakhs; saving 26.3 *per cent*);

(*xiv*) Commuted value of pension (provision Rs. 9,50.00 lakhs; expenditure Rs. 5,04.27 lakhs; saving 46.9 *per cent*); and

(*xv*) Gratuities (provision Rs. 7,20.00 lakhs; expenditure Rs. 5,23.15 lakhs; saving 27.3 *per cent*).

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

POSTAL

(*i*) Audit (provision Rs. 88.71 lakhs; expenditure Rs. 99.70 lakhs; excess 12.4 *per cent*);

(*ii*) Petty works (provision Rs. 1,00.00 lakhs; expenditure Rs. 1,44.44 lakhs; excess 44.4 *per cent*);

(*iii*) Amenities to Staff (provision Rs. 4,50.19 lakhs; expenditure Rs. 5,02.39 lakhs; excess 11.6 *per cent*);

(*iv*) Family Pension (provision Rs. 2,72.25 lakhs; expenditure Rs. 3,66.12 lakhs; excess 34.5 *per cent*);

TELECOMMUNICATION

(*v*) Control and Supervision (provision Rs. 45,17.21 lakhs; expenditure Rs. 49,76.34 lakhs; excess 10.2 *per cent*);

(*vi*) Telegraphs (provision Rs. 48,83.02 lakhs; expenditure Rs. 56,64.70 lakhs; excess 16.0 *per cent*);

(*vii*) Stores Depots (provision Rs. 7,60.94 lakhs; expenditure Rs. 8,67.08 lakhs; excess 13.9 *per cent*);

(*viii*) Factories (provision Rs. 6,47.29 lakhs; expenditure Rs. 7,48.82 lakhs; excess 15.7 *per cent*);

(*ix*) Audit (provision Rs. 2,06.99 lakhs; expenditure Rs. 2,35.99 lakhs; excess 14.0 *per cent*); and

(*x*) Stationery and Forms Printing, Storage and Distribution (provision Rs. 7,78.00 lakhs; expenditure Rs. 13,74.70 lakhs; excess 76.7 *per cent*).

The reasons for saving were awaited.

The saving of Rs. 63,24.71 lakhs under Grant No. 17—Posts and Telegraphs Dividend to General Revenues, Appropriation to Reserve Funds and Repayment of Loans from General Revenues were mainly due to less expenditure under :—

(*i*) Appropriation to Posts and Telegraphs Capital Reserve Fund (provision Rs. 2,43,00.00 lakhs; expenditure Rs. 1,68,00.00 lakhs; saving 30.9 *per cent*); and

(*ii*) Appropriation to Posts and Telegraphs Revenue Reserve Fund (provision Rs. 1,71.93 lakhs; expenditure Rs. 88.03 lakhs; saving 48.8 *per cent*).

The above savings were partly offset by excess expenditure under :—

Dividend to General Revenues (provision Rs. 58,16.81 lakhs; expenditure Rs. 70,76.00 lakhs; excess 21.6 *per cent*).

The reasons for savings were awaited.

4. **Excess requiring regularisation**

The excess over the following grant requires regularisation under Article 115 of the Constitution :

	Grant Rs.	Expenditure Rs.	Excess Rs.
18—Capital Outlay on Posts and Telegraphs	5,47,33,54,000	6,38,64,02,798	91,30,48,798

Despite the large excess, a supplementary grant of only Rs. 4,000 was obtained in October 1982. The excess of Rs. 91,30.49 lakhs was mainly due to more expenditure under :

POSTAL

(*i*) Post Offices (provision Rs. 13,04.50 lakhs; expenditure Rs. 13,42.88 lakhs; excess 2.9 *per cent*);

(*ii*) Staff Quarters (provision Rs. 6,19.00 lakhs; expenditure Rs. 6,41.67 lakhs; excess 3.7 *per cent*);

TELECOMMUNICATION

(iii) Telegraph Systems (provision Rs. 13,75.02 lakhs; expenditure Rs. 23,03.90 lakhs; excess 67.6 *per cent*);

(iv) Local Telephone Systems (provision Rs. 2,73,09.02 lakhs; expenditure Rs. 3,35,59.95 lakhs; excess 22.9 *per cent*);

(v) Long Distance Switching Systems (provision Rs. 25,76.00 lakhs; expenditure Rs. 37,94.51 lakhs; excess 47.3 *per cent*);

(vi) Transmission Systems (provision Rs. 96,17.00 lakhs; expenditure Rs. 1,06,60.42 lakhs; excess 10.8 *per cent*);

(vii) Other Land and Buildings (provision Rs. 11,05.00 lakhs; expenditure Rs. 17,46.33 lakhs; excess 58.0 *per cent*); and

(viii) General (provision Rs. 80,40.00 lakhs; expenditure Rs. 81,97.23 lakhs; excess 2.0 *per cent*).

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

POSTAL

(i) Administrative Offices (provision Rs. 4,90.00 lakhs; expenditure Rs. 3,73.84 lakhs; saving 23.7 *per cent*);

(ii) R.M.S. Vans (provision Rs. 60.00 lakhs; expenditure Rs. Nil; saving 100.0 *per cent*); and

TELECOMMUNICATION

(iii) Ancillary Systems (provision Rs. 22,38.00 lakhs; expenditure Rs. 12,43.30 lakhs; saving 44.4 *per cent*).

The reasons for excess were awaited.

5. Physicul and Financial Progress during 1982-83

As mentioned in Chapter I of this Report, physical achievements fell short of telecommunications targets during 1982-83. Except in Manual Trunk Boards and point-to-point STD, none of the targets was reached.

While the physical progress fell short of the targets, expenditure exceeded the budget provision in all the cases as indicated below (Table 5):

TABLE 5

	Physical achievement as percentage of Target	Actual expenditure as percentage of B.E.
1. *Telegrph Systems* :		
(*i*) Departmental Telegraphs offices	79%	168%
(*ii*) Telex Exchanges	65%	
(*iii*) Capacity for Telex Exchange lines (local)	38%	
(*iv*) Capacity for Telex Exchange lines (Trunk)	57%	
2. *Local Exchange Systems* :		
(*i*) Exchange Capacity (Lakh lines) .	72%	123%
(*ii*) Direct Exchange Lines (Lakh lines)	65%	
3. *Long Distance Switching Systems* :		
(*i*) Capacity of Trunk Automatic Exchange (Lines)	17%	147%
(*ii*) Manual trunk boards . .	102%	
(*iii*) Point-to-point S.T.D. .	205%	
4. *Long Distance Transmission Systems* :		
(*i*) Length of Coaxial and other trunk Cable system (Kms.)	47%	111%
(*ii*) Length of Microwave System (Kms.)	16%	
(*iii*) Length of UHF System (Kms.)	37%	
(*iv*) Long Distance PCOs (Nos.)	73%	
(*v*) V.F.T.	82%	

On the Postal side, the physical targets were generally achieved during the year 1982-83, except in the case of the following :

	Physical achievement as percentage of target	Actual expenditure as percentage of B.E.
1. (*a*) Construction of Post Offices, RMS, MMS Buildings and purchase of Land	62%	79%
(*b*) Construction of Staff Quarters .	79%	90%
2. Mechanical aids and modernisation of Postal Services . . .	37%	46%

CHAPTER III

REVENUE

6. **Revenue position.**—The total revenue receipts of the Department as budgeted and collected during the five years ending 1982-83 are given below (Table 6.1) :—

TABLE 6.1

Year	Budget estimates	Actuals	Variation	Percentage of variation
	(Crores of rupees)			
1978-79 . .	778.67	762.83	—15.84	—2.0
1979-80 . .	888.30	835.05	—53.25	—6.0
1980-81 . .	963.30	910.01	—53.29	—5.5
1981-82 . .	1130.00	1070.60	—59.40	—5.3
1982-83 . .	1297.96	1290.26	—7.70	—0.6

The revenue receipts during 1982-83 were Rs. 7.70 crores less than the estimates. The shortfall was mainly due to less receipts under the heads "Sale of ordinary stamps", "Sale of service stamps", "Telegrams" and "Other receipts" partly offset by more collection under the heads "Postage realised in cash", "Commission on money orders, postal orders, etc.", "Telex", "Rent of wires, circuits and instruments leased to railways, canals, etc." and "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 1982-83 are given below (Table 6.2) :—

TABLE 6.2

Main heads of revenue receipts	1982-83 Budget estimates	Actuals	Variation
1	2	3	4
	(Crores of rupees)		
(*i*) Sale of ordinary stamps (including post cards) . .	212.68	202.08	—10.60
(*ii*) Sale of Service stamps	36.45	29.18	—7.27

TABLE 6.2—*Contd.*

1	2	3	4
(*iii*) Postage realised in cash . . .	50.00	66.79	+16.79
(*iv*) Commission on money orders, postal orders, etc. . .	41.24	44.04	+2.80
(*v*) Telegrams . .	80.10	74.99	—5.11
(*vi*) Telex . . .	77.89	82.09	+4.20
(*vii*) Rent of wires, circuits and instruments leased to railways, canals, etc. . .	18.00	22.89	+4.89
(*viii*) Telephone revenue on account of rentals and local and trunk call fees, etc. . .	792.60	803.68	+11.08
(*ix*) Net receipts from other Postal Administrations . . .	12.00	21.00	+9.00
(*x*) Net receipts from other Telephone Administrations . .	5.50	1.81	—3.69
(*xi*) Net receipts from other Telegraph Administrations . .	2.00	0.75	—1.25
(*xii*) Deduct net payments to other Postal Administrations . .	1.30	1.08	—0.22
(*xiii*) Deduct net payments to other Telephone Administrations .	21.00	18.40	—2.60
(*xiv*) Deduct net payments to other Telegraph Administrations .	45.20	47.11	+1.91
(*xv*) Other receipts . .	14.40	—12.31	—26.71
(*xvi*) Other services and services fees, etc. .	22.60	19.86	—2.74
TOTAL :	1297.96	1290.26	—7.70

NOTE : The reasons for the unusually large variations are being ascertained.

S/20 C & AG/83—4.

The above table would show that the equipped capacity was under-utilised.

(viii) The amounts outstanding at the end of the years 1979-80, 1980-81, 1981-82 and 1982-83 in respect of metropolitan cities of Delhi, Calcutta, Madras and Bombay are indicated below (Table 9.6) :

TABLE 9.6

	1979-80	1980-81	1981-82	1982-83
	(Lakhs of rupees)			
1. Delhi . .	1,240.70	1,188.18	1,174.36	1,236.21
2. Calcutta .	629.29	492.42	520.41	716.17
3. Madras . .	72.93	73.12	174.74	96.46
4. Bombay .	470.00	492.00	564.80	693.72

(xi) Complaints received regarding over billing during the year 1982-83 were 76139.*

10. **Arrears of rent of telegraph, telephone and teleprinter circuits and telex/intelex charges.**—For bills issued up to 31st December 1982, collection of Rs. 379.39 lakhs as rent of telegraph, telephone and teleprinter circuits and telex/intelex charges was in arrears on 1st April 1983 (as against Rs. 334.80 lakhs as on 1st April 1982) as indicated below (Table 10) :—

TABLE 10

	(Lakhs of rupees)
Rent of telegraph, telephone and teleprinter circuits	270.76
Telex and Intelex charges	108.63
TOTAL .	379.39

Out of the total arrears of Rs. 379.39 lakhs, Rs. 155.98 lakhs related to bills issued during April 1982 to December 1982 and the balance Rs. 223.41 lakhs to bills up to 1981-82. Year-wise analysis is given in Appendix III.

11. **Arrears of revenue of radio telegraph charges.**—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 Indian Posts and Telegraphs Department and ships at sea. He sends these bills to the companies/administrations concerned on the 15th of the third month following the month of traffic.

Mention was made of the arrears of radio telegraph charges recoverable amounting to Rs. 67.15 lakhs on 1st August 1982 (covering bills pertaining to the period upto 31st March 1982) in paragraph 8 of the Report of the Comptroller and Auditor General of India (Posts and Telegraphs) for 1981-82. Out of this Rs. 28.72 lakhs pertained to the period up to 31st March 1981.

It was observed in subsequent audit that for bills pertaining to the period upto 31st March 1982, Rs. 24.34 lakhs continued to be in arrears even on 1st August 1983 (This included Rs. 4.57 lakhs pertaining to claims for more than Rs. 1 lakh each against two foreign administrations/companies). Year-wise analysis of this amount is given in Appendix IV. In respect of bills pertaining to the period up to 31st March 1983 arrears totalled Rs. 59.10 lakhs as on 1st August 1983. The amount due for recovery was roughly equal to 18 months' earnings.

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

A comparative picture of the arrears as on 1st August of second succeeding year for 1978-79 to 1982-83 is given below (Table 11) :

TABLE 11

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 is col. 4	Amount outstanding at the end of the year	Amount outstanding as on Ist August of second succeeding year
1	2	3	4	5	6	7
			(Lakhs of rupees)			
1978-79	55.65	38.56	94.21	27.17	67.04	35.41 (1-8-80)
1979-80	67.04	42.70	109.74	27.69	82.05	37.30 (1-8-81)
1980-81	82.05	40.00	122.05	30.02	92.03	28.72 (1-8-82)
1981-82	92.03	40.50	132.53	50.86	81.67	24.34 (1-8-83)
1982-83	81.67	45.28	126.95	57.46	69.49	Due on 1-8-84

Out of Rs. 24.34 lakhs outstanding as on 1st August 1983, Rs. 6.54 lakhs pertained to 1981-82 and balance Rs. 17.80 lakhs to earlier years.

*This does not include figures in respect of North East Telecommunication circle and Delhi Telephone District, as the same have not been received.

capacity. These orders prescribed fixed rentals for PABX of 600 lines capacity at Rs. 3.35 lakhs per annum but did not prescribe standard rates for PABX of higher capacity. It was noticed in audit (December 1981) that rentals in respect of the above hotel type exchanges with 1000 lines and 900 lines continued to be charged at the old rates of Rs. 1.58 lakhs and Rs. 1.89 lakhs respectively, *i.e.* at much lower rates than the flat rates for 600 lines PABX. On account of the failure of the Department to fix tariff in the orders of September 1980 for such exchanges having capacity beyond 600 lines the Department was deprived of revenue of Rs. 19.06 lakhs up to June 1983.

The Department stated in April 1983: "Tariff for PABX of extendable type (ordinary/hotel) up to 600 lines have been fixed on flat rate basis with effect from 1st September 1980. It has been decided that when additional 100 lines and more are added to such boards raising their capacity beyond 600 lines, the rentals may be fixed by adding the rental for 100 lines below 600 lines to the rental of 600 lines. However, this decision will not apply to existing exchanges of capacity over 600 lines for which charges are being levied on capital cost basis".

The Director General, Posts and Telegraphs, however, stated (August 1983) that to cover cases of a few existing boards of higher capacity (as these two) the Department was taking suitable action.

15. **Short-billing of telephone call charges of heavy callers.**—The Director General, Posts and Telegraphs decided in 1970 that the 4-digit meters of all heavy traffic subscribers should be replaced by 5-digit meters.

STD facilities were introduced in the Rourkela Steel Plant and Township Telephone Exchanges from August 1979. This made it all the more necessary to provide 5-digit meters early. But even in June 1982, 5-digit meters had been installed only for 360 of the 3138 working connections in the plant and Township exchanges and the rest continued to have 4-digit meters.

The 4-digit meters can record a maximum of 9,999 calls after which the meter reverts to 0000 position. Thus, if meter reading is delayed, 10,000 calls (or a multiple thereof) may be overlooked. To avert this possibility, the departmental rules prescribed certain safeguards including maintenance of list of heavy callers and fortnightly meter readings.

A test check in audit of 2 exchanges at Rourkela in July 1982 revealed that the various checks prescribed in the departmental rules were not followed strictly either by the exchanges or by TRA branch. The register of heavy callers was not maintained by the TRA branch and consequently 157 full revolutions (in the meters of 146 private subscribers) for the period from January 1980 to January 1982 were not billed for by TRA branch, which resulted in short recovery of Rs. 6.92 lakhs.

Director General, Posts and Telegraphs stated (July 1983) that in 89 of these 146 cases bills for Rs. 3.61 lakhs had been issued and Rs. 0.85 lakh had been realised by July 1983. In the remaining 57 cases, bills were not to be issued as the notings of meter readings in thousandth and hundredth digits were found to be incorrect. However, the particulars of these 57 cases have not yet been intimated to audit.

16. **Short-billing of local call charges due to inaccuracy in Meter Reading Statements.**—Departmental rules provide that the telephone exchange shall maintain (in duplicate) a quarterly Meter Reading Register of local calls showing the calls made during a conventional quarter. After the various columns of the quarterly Meter Reading Register have been filled up and the number of chargeable calls worked out, the amount chargeable in respect of each subscriber is calculated and noted in the prescribed column by the exchange. The duplicate copy of the Meter Reading Register is then sent to the Telephone Revenue Accounts (TRA) Branch for billing. To obviate the possibility of any short-billing of local call charges, certain safeguards have been prescribed in the departmental rules to be observed by the Telephone exchanges and the TRA branches. These include :

— checking of accuracy of various entries in the Meter Reading Register by the supervisor of the exchange;

— that every fourth item (i.e. 25 *per cent* of the items in all) will be test-checked by the accounting clerk of the TRA branch to ensure that the opening Meter Reading agrees with the closing Meter Reading of the last quarter and that the calculations of gross calls, net calls and valuation are correct. The checking will be rotated in such a way that during the course of a year, each telephone number is subjected to test check once; and

— the maintenance of list of heavy callers by the TRA branches if the number of calls exceeded 10,000 in the case of a subscriber with 5-digit meter.

A test check in audit (November/December 1981 and September 1982) of the Meter Reading Register of Bhubaneswar cross-bar Telephone exchange for the period October 1979 to April 1982 revealed that in spite of the above safeguards, the chargeable calls were not calculated correctly resulting in short-billing for local call charges in 89 cases amounting to Rs. 2.36 lakhs.

The Director General, Posts and Telegraphs stated (July 1983) that bills for Rs. 2.36 lakhs were issued up to March 1982 against which an amount of Rs. 1.89 lakhs was realised (August 1982).

17. **Loss of revenue due to non-billing/short-billing of rental charges for telephone accessories.**—According to departmental rules, each telephone exchange should send to the Telephone Revenue Accounting (TRA) Branch, in April each year, a statement of private branch exchanges (PBXs), non-exchange lines, private wires, extensions, etc. as appearing in the records of the exchange. This statement is to be checked with the ledgers maintained in the TRA branch in order to ensure accuracy of records of the TRA branch and to raise demands correctly.

The prescribed verification was not properly carried out in the TRA branch of the Calcutta Telephone District (CTD) since 1976-77 (in spite of audit objection) as the annual statements were not being sent by a large number of exchanges.

For the year 1980-81, out of a total of 44 exchanges annual statements were received from 33 which were reconciled with the ledgers in TRA branch.

A test audit (conducted in July 1982 to February 1983) of the reconciled annual verification reports of 5 exchanges with the amount actually billed for 1981-82 revealed that there was short-billing/non-billing amounting to Rs. 1.17 lakhs in respect of 54 telephones.

The GMT Calcutta stated in August 1983 that the entire matter was under perusal and bills for these 54 cases were under issue.

Similar audit check of advance rentals for the year 1982-83 revealed non-billing/short-billing of Rs. 0.53 lakh in respect of accessories to 15 telephones. Out of this, bills for Rs. 0.39 lakh in respect of 5 telephones were subsequently issued by the Department at the instance of audit.

The Department stated (July 1983) that the GM Calcutta District had been directed to take suitable action against the officials responsible for the lapses and to take necessary remedial action to prevent recurrence.

18. **Providing telecommunication facilities to All India Radio, Ambikapur.**—In May 1975 All India Radio (AIR), Ambikapur, placed a firm demand on the Posts and Telegraphs Department for certain telecommunication facilities comprising mainly underground cables from Carrier Station, Ambikapur to the Control room of AIR studio and from the studio to the transmitting station at Manendargarh Road (total distance 17.4 kms). AIR stated that this was a priority project, as the station had to be commissioned by September 1975.

Estimates for Rs. 5.19 lakhs were sanctioned in May 1976 by the General Manager, Telecommunications (GMT) Bhopal. Rental of Rs. 91,375 per annum with a guarantee period of 5 years was quoted to the AIR authorities in November 1975.

Indents for cables were placed in May 1976 by DGPT and the cables were received in August 1976.

Laying of cables commenced in October 1976 and was reportedly completed in July 1977. But the work was not up to the specifications of AIR. The work was also found to be incomplete. Loading coils of AIR specifications were still to be connected with the cable and the jointing of the cable had not been done as a cable jointer specially trained in jointing this particular type of cable had been diverted elsewhere. The AIR authorities pointed out that without the loading coils it was not possible to utilise the cable, and continued to press the Department to complete the work speedily as their studio was ready. Meanwhile the cable ends, still not properly sealed remained exposed to damage by rain water seepage for two years from 1977 to 1979.

The cable work was completed and handed over to the AIR in November 1979. Within a month it was found to be faulty. Consequently 300 metres of cable (cost : Rs. 0.18 lakh) had to be replaced. The replacement work was completed only in July 1982. The performance of the cable is still (May 1983) not satisfactory.

The Department thus lost potential revenue of Rs. 2.51 lakhs (from March 1977 to November 1979) and incurred avoidable expenditure of Rs. 0.18 lakh.

The Department stated (July 1983) that the AIR was not ready to take over the cable since their new studio was not complete. This contention is, however, contradicted by the letters written by AIR.

19. **Delay in providing telephone facilities to a canal administration.**— The Chief Engineer, Government of Andhra Pradesh, placed a firm demand on the Posts and Telegraphs Department in May 1970 for a telephone service with 13 exchanges and 63 connections for the Nagarjunasagar right canal system to regulate water supply and to facilitate communications particularly during rainy season to avert breaches to banks, consequent damage to crops and loss to the community at large.

The work was not taken up immediately for want of wire material. The project estimate for the work was sanctioned by the Director General, Posts and Telegraphs (DGPT) (February 1974) at an estimated cost of Rs. 18.57 lakhs and indents for stores were placed (October 1974). The work was expected to be completed in about six months time from the date of receipt of major items of stores.

Even though stores worth Rs. 8.34 lakhs were received between November 1974 and February 1976, work commenced only in December 1976. The extent of work carried out from time to time was as follows (Table 19) :—

TABLE 19

	Aluminium & other wire	Iron wire
1 2	3	4
	Kms.	Kms.
I. Total length to be erected . . .	496	727.62
II. Progress made by :		
(*i*) October 1977	53.53	Nil
(*ii*) October 1978	53.53	Nil
(*iii*) October 1979 . . .	53.53	Nil
(*iv*) September 1980 . . .	145.53	127.00
(*v*) October 1981	145.53	177.00
(*vi*) December 1981 . . .	145.53	177.00
(*vii*) April 1982	199.53	179.00
(*viii*) December 1982. . . .	199.53	702.00
(*ix*) March 1983	199.53	702.00
III. Balance yet to be done . .	296.47	25.62

The actual expenditure of Rs. 26.07 lakhs incurred so far (November 1982) has exceeded the sanctioned cost. However, the estimates have not been revised (October 1983). The Department attributed the delay of more than 6 years mainly to non-receipt of complete stores, and diversion of some stores for cyclone restoration works during 1977. No progress was made from October 1977 to September 1979 and the work was started again in September 1979 after collecting the stores required.

The main reason for the delay in completion of the work was that the departmental authorities did not take effective action to keep a close watch over the receipt of the stores and were merely reporting the non-receipt of stores through the periodical progress reports. Action to get the stores was taken only when the DGPT or canal authorities reminded them.

The inordinate delay in executing the work has not only resulted in loss of revenue to the Department to the extent of Rs. 18.20 lakhs (for 5 years from 1978-79 to 1982-83) but has also deprived the Nagarjunasagar canal authorities, of essential telephone facilities, the importance of which was repeatedly stressed by the State Government.

S/20 C & AG/83—6.

CHAPTER IV

WORKS EXPENDITURE

20. **Cross-bar telephone exchange (Code-32) Jorasanko, Calcutta.**—In order to meet the growing demand for telephone connections in Calcutta and to afford relief mainly to exchanges having code Nos. '33' and '34' and generally to code '22' and '23', a project estimate for opening 5000-line cross-bar exchange with code No. '32' was sanctioned by the Director General, Posts and Telegraphs (DGPT) in December 1967 at an estimated cost of Rs. 134.14 lakhs. The expenditure booked in accounts up to the end of September 1982 was Rs. 235.08 lakhs. The revised project estimate has not yet (August 1983) been sanctioned.

A test check in audit (September 1981) of the project estimate revealed the following :— (a) No schedule for completion of the various components of the project as a whole was laid down (b) Indent for supply of exchange equipment was placed with the Indian Telephone Industries (ITI) in October 1967. The allotment was, however, revised from 5,000 lines to 4,800 lines in August 1970. By the end of 1971-72, equipment worth Rs. 63.28 lakhs had been received from ITI. The installation work commenced in May 1972 and was completed in March 1976. (c) Indents for supply of 51 kilometres (kms.) of cable of different specifications were placed during the period from 1969-70 to 1978-79. In all 9 detailed estimates for laying the cables were sanctioned during 1968-69 to 1978-79 out of which 4 for 14.890 kms. of cables were sanctioned after the commissioning of the exchange (March 1976).

During the years 1970-71 to 1978-79, 37.4 kms. of cable were received against 51 kms. The work of laying cables commenced in November 1971. By March 1976 only 32.40 kms. of cable had been laid. Thereafter, from March 1976 to March 1979 (*i.e.* in a period of 3 years) only 2.60 kms. of cable were laid followed by 5 more kms. in the next 2 years till March 1981. Thus in 5 years after commissioning of exchange only 7.6 kms. of cable were laid. Till September 1982 only 41 kms. of cable were laid out of a total of 51 kms. The Department stated (June 1983) that the delay was due to difficulties in laying cables in congested areas and unprecedented flood havoc caused by rain in September 1978 resulting in diversion of cable construction parties for attending to the breakdown.

(d) *Under-utilisation of exchange capacity*

Abnormal delays in laying the cables and in the completion of the project resulted in delayed release of new connections to the applicants on the waiting list. The connectable capacity of all the four exchanges bearing code Nos. '31', '32', '33' and '34' located in the same building could not thus be fully utilised as per departmental instructions (September 1970) notwithstanding the large number of applicants in the waiting list as given below (Table 20) :—

TABLE 20

Year	Average equipped capacity of 32,33 and 34 exchange (31 exchange commissioned in January 1981)	Average connectable capacity of 32, 33 and 34-exchanges and 31 exchange	Average No. of working connections of 32, 33 and 34 exchanges and 31 exchange	Average spare capacity of the 4 exchanges	Average No. of applicants on the combined waiting list
1976-77 (October 1976 to March 1977)	24,600	22,932	20,436	2,496	6,620
1977-78 .	24,600	22,932	21,721	1,211	5,456
1978-79 .	24,600	22,932	21,072	1,860	4,849
1979-80 .	24,600	22,932	20,420	2,512	4,308
1980-81 .	25,200	23,526	21,398	2,128	4,051
1981-82 .	28,200	26,364	22,674	3,690	3,848
1982-83 .	28,200	26,364	24,098	2,469	3,735

Even after 15 years from sanction, the project is not complete in all respects, despite the increase in approved cost by 75 *per cent* which awaits regularisation. In the meantime, due to under-utilisation of the above four exchange capacities, the Department sustained a loss of potential revenue to the extent of Rs. 342.73 lakhs during the period from October 1978 to March 1983.

The Department stated (June 1983) that due to inflexible cable network and frequent recurrence of cable faults, the progress of providing new connections was rather slow and all efforts were being made to execute the work orders to augment the loading.

21. **Excess expenditure on employment of casual Mazdoors for maintenance of telephone exchanges.**—Departmental orders were issued in February 1975 to ensure that casual mazdoors are not employed in the four metropolitan telephone districts for jobs for which posts of regular mazdoors have been sanctioned and that casual labourers if any, are diverted to installation work. Cases of employment of mazdoors in contravention of the above orders resulting in extra expenditure of Rs. 148.37 lakhs in three metropolitan telephone districts were commented upon in Paragraph 30 of the Report of the Comptroller and Auditor General of India for the year 1976-77, Union Government (P & T).

Orders issued for the metropolitan cities in February 1975 were extended to major telephone districts also in November 1976. Orders on the above lines fixing standards for employment of regular mazdoors in minor telephone districts were issued in December 1976. In May 1978 the Director General, Posts and Telegraphs (DGPT) reiterated that the standards were fixed after careful study either by the internal work study units or the staff inspection units and as regular mazdoors were sanctioned taking into account all types of routine maintenance works required in maintaining both internal and external plants of the telephone systems, normally no expenditure on casual mazdoors under pure maintenance heads was required in the telephone systems. In pursuance of the above orders, the concerned General Managers, Telephones (GMTs) fixed the number of regular mazdoors for various units under them from 1977-78 onwards for maintenance work (internal and external) as per standards.

Departmental orders prohibit employment of casual mazdoors against sanctioned posts of regular mazdoors. It was, however, noticed that these instructions were not followed. Even the employment of casual mazdoors in terms of mandays against vacant posts of regular mazdoors was far in excess of the number of mandays justified on the basis of vacant posts of regular mazdoors and the limits fixed by the concerned GMTs for maintenance of various exchanges. The excess employment of casual mazdoors in 7 circles/districts from April 1977 to March 1983 resulted in excess expenditure of Rs. 72.79 lakhs for various periods from 1977-78 to 1982-83.

This persisted in spite of the reiteration of the orders by the DGPT in October 1980 emphatically stressing the need for avoidance of excess employment of mazdoors.

The matter was reported to the Department in July 1983; reply is awaited (September 1983).

22. **Code-43 Cross-bar exchange Calcutta.**—With a view to give relief to Calcutta-44 auto exchange (9900 lines) a project for installing another auto exchange (Code-43) of 2000 lines was sanctioned in December 1966 at an estimated cost of Rs. 52.23 lakhs. Before the latter was actually installed, another project for expending it to 5000 lines at an estimated cost of Rs. 127.48 lakhs was sanctioned (May 1972). The 2000-line exchange was commissioned in October 1975. Work on its expansion to 5000 lines started in March 1975, but was completed and commissioned in March 1978.

Exchange 44 with 9900 connections already had 14000 cable pairs. The Department had further laid 9600 cable pairs while expending the Code-43 exchange to 5000 lines, bringing the total number of cable pairs available to 23600. Thus, in the present case, the ratio of direct exchange lines (DEL) (14900) to main distribution frame (MDF) (23600) works out to 0.63 against the usual norm of 0.7 to 0.8. This resulted in excess cable capacity of about 2700 cable pairs costing Rs. 4.28 lakhs approximately, on a proportionate basis.

The Department stated (September 1983) that over-provision of cables had to be made to cover defective cable pairs, that a considerable percentage of cable pairs of 44 exchange being faulty, additional provision became necessary and that the extra provision of cables had to be considered against the enormous cost of laying cables again and again in a city like Calcutta where the reinstatement charges were high.

Code-43 exchange with 2000 lines and its expansion to 5000 lines was commissioned in October 1975 and March 1978 respectively. However, the equipped exchange capacity could not be used to the extent of prescribed norms within the stipulated period, as only 56.7 kms. were laid by March 1982 against estimated cable length of 61.5 kms.

The under-utilisation of exchange capacity resulted in a loss of potential revenue of Rs. 79.68 lakhs (approximately) from April 1976 to March 1982.

The Department stated (September 1983) that the under-utilisation of exchange capacity was due to the diversion of a major part of the resources of cable organisation to the maintenance of existing services which were affected by high incidence of cable faults and breakdowns.

23. **Installation of new 4000 Lines Cross-Bar Exchange Code-36 at Calcutta.**—In order to give relief to auto exchange Calcutta 35, which had a capacity of 9900 lines, a new cross-bar exchange (Code 36) with an additional capacity of 4000 lines, was sanctioned by the Director General, Posts & Telegraphs (DGPT) in May 1969 at an estimated cost of Rs. 124.24 lakhs. It was expected to be completed by March 1974, but was actually commissioned in June 1978. The actual cost was Rs. 251.17 lakhs (*i.e.* over double the estimated cost). The increase in cost was attributed by the General Manager (Telephones), Calcutta (GMT) mainly to :

(*a*) increase in cost of cables and provision of cable duct not initially contemplated;

(*b*) higher rates paid to Indian Telephone Industries for equipment and other charges; and

(*c*) increase in cost of building materials and provision of out-house amounting to Rs. 126.93 lakhs not contemplated earlier.

The revised estimates are yet (September 1983) to be approved by P & T Board. For the existing exchange (35), with 9900 connections the Department had already laid 16400 cable pairs which could serve as many connections. With the expansion the total number of connections was to be 13900. The Department had, however, laid 6000 cable pairs more bringing the total to 22,400. The GMT stated that generally total primary cable pairs amount to 1.4 times the equipped capacity of the exchange to provide for non-exchange lines and over-provision factors based on forecast demands. The Department stated (August 1983) that additional cable pairs had to be laid not only for the direct exchange lines (DELs) but also for other miscellaneous circuits (such as telex, private wire, civil defence circuits, external extensions and for covering faulty cable pairs due to damage) so that in actual practice the ratio of DEL to Main Distribution Frame (MDF) pairs ranges between 0.7 to 0.8 and that in the present case it was much better (0.85) indicating better utilisation of underground plant. It is, however, noticed that this ratio of DEL's (13,900) to MDF's (22,400) works out to 0.62 resulting in an excess cable capacity of about 3,000 cable pairs costing Rs. 25.13 lakhs approximately on a proportionate basis.

According to departmental instructions (September 1970), 90 *per cent* of the exchange capacity should be utilised soon after expansion and in any case not later than six months after such expansion; and 94 per cent should be utilised about six months before the due date of commissioning of next expansion. It was, however, seen that against the additional connectable capacity of 3,600 in the new exchange, the actual working connections ranged from 527 in January 1979 (six months after expansion) to 3,377 in March 1983, even though there had all along been over 2,600 applicants in the waiting list awaiting new connections in this area.

The delayed utilisation of the exchange capacity resulted in loss of potential revenue to the extent of Rs. 158.12 lakhs to the Department during the priod from January 1979 to March 1983.

The Department stated (August 1983) that due to unprecedented flood in Calcutta during September 1978 flood water entered the cable chamber and MDF room and almost all the primary cables of 36 exchange failed due to ingress of water and that it took the Department more than a year after the incidence of flood water before the cable net-work could be brought to a reasonable level of working. It was, however, noticed in September 1981 that even 3 years after the flood of September 1978, the 36 exchange had been loaded to the extent of 65 *per cent* only (2,610 working connections at the end of September 1981).

24. **Subscriber Trunk Dialling (STD) service between Dewas and Indore.**—The Posts and Telegraphs Department sanctioned an estimate of Rs. 1.99 lakhs in December 1978 for a project to provide point-to-point STD between Dewas and Indore. The project comprised mainly exchange equipment estimated to cost Rs. 1.85 lakhs. The order for STD equipment was placed in October 1978 on Indian Telephone Industries (ITI) for delivery by 1978-79. The Project was due for commissioning in 1979-80 and was expected to yield thereafter a net revenue of Rs. 2.24 lakhs *per annume*

The cable laying for the project was completed by September 1980. Essential equipment was received between January 1979 and November 1980 and installation was completed in February 1981 by diverting relay sets from Ujjain Division. The acceptance testing was expected to be completed in March 1981.

However, the STD scheme has not yet been commissioned (August 1983) as an STD route requires a stable and reliable transmission medium, which is not yet ready, although the scheme for transmission medium was sanctioned in June 1975 and was initially expected to be commissioned in 1978-79. This was estimated to cost

Rs. 12.78 lakhs and comprised a multi-channel ultra high frequency (UHF) system and was expected to yield a net revenue of Rs. 1.22 lakhs *per annum* as share of the medium. The UHF equipment which started coming before 1979 could not be installed, as the building was not ready by then. It was diverted to the Gwalior-Morena route. In September 1979 the DGPT decided to install, instead of UHF system, a 2 Gigahertz (GHz) link between Dewas and Indore; but reversed this decision in December 1979 and ordered diversion of certain UHF bays which had been loaned for rearward satellite link at Madras to this project, which was to be cut over during 1979-80. But this equipment was actually received back from Madras much later (January 1981). In March 1981, installation of equipment was completed and the system was offered for acceptance testing (AT) in May 1981. The General Manager, Technical and Development (GMTD) took the test and declared the system satisfactory in July 1981 and recommended that it should be taken up for 'Proving in' subject to rectification of some deficiencies.

In April 1982, GMTD conducted stability tests for 24 hours and recommended start of proving-in-test. The Director Maintenance, Nagpur again pointed out (July 1982) various deficiencies in the system and declared it unsuitable for carrying STD traffic. The expenditure on the project was Rs.24.59 lakhs against the estimate of Rs. 12.78 lakhs (June 1983).

The Department stated (August 1983) that this UHF equipment, supplied by Bharat Electronics Ltd., even though new was not meeting P&T specifications. As in the present case the equipment was recovered material from another project it had to be sent to the factory at Bangalore for repairs several times due to frequent failures. In spite of these faults the system was put through since March 1983 on trial basis and its performance is under observation. It is reported to be utilised for a few manual trunk circuits.

In September 1980 the DGPT sanctioned an estimate of Rs. 30.62 lakhs for two GHz equipments which have also become due for commissioning even though the previous system has not yet been commissioned fully so far and is still under observation.

Summing up

- The UHF equipment required for the STD routes could not be installed as the building was not ready.
- Because of indecision on the part of DGPT as to the nature of the system to be installed on the above route, the equipment received was not installed and was ultimately diverted, which further postponed the commencement of the UHF scheme.
- There was no effective coordination between the installation wing and maintenance wing of the Department due to which the system remained unattended for more than a year.
- UHF and point-to-point STD equipment purchased at a cost of Rs. 23.62 lakhs (approximately) has not been fully used so far (August 1983) resulting in blockage of capital for more than 4 years.
- The potential revenue loss to the Department is Rs. 3.45 lakhs per annum from 1979-80 due to delay in putting through fully the UHF system and point-to-point STD systems.
- Subscribers of Indore and Dewas have thus been denied the facility of point-to-point STD for the last five years.

25. **Under-utilisation of 2000—line Trunk Tandem Exchange at Madras.**—Madras is one of the four main Trunk Switching Centres in the National Trunk Switching and Routing Plan. In the year 1973, a 1,000-line trunk automatic exchange was working in Madras and its extension to 1600+150 lines was in progress. Another scheme for installation of a 2,000-line incoming Trunk Tandem Exchange had also been approved and included in the manufacturing programme of ITI (1973-74).

According to traffic forecast (November 1973) for January 1978, the total capacity of TAX/Tandem required was assessed at 5750. Hence it was proposed to install a 2000-line out-going Trunk Tandem Exchange to handle out-going STD traffic. An estimate of Rs. 107.77 lakhs was sanctioned for this in July 1975. The estimate was revised in April 1980 to Rs. 172.40 lakhs. The exchange was expected to be commissioned during 1978-79.

The project comprised mainly a Trunk Tandem Exchange, cables between the Trunk Tandem Exchange and the Trunk Automatic Exchange, and additional channels between Anna Road, George Town and Guindy Co-axial stations.

The estimate of Rs. 8.84 lakhs for cable laying between the Trunk Tandem Exchange and the Trunk Automatic Exchange was approved in August 1975. 3,659 metres of armoured cable were indented for in September 1975 and received by April 1977, (cost : Rs. 6.44 lakhs) but were not used.

In April 1980, a decision was taken to lay unarmoured cables in ducts, instead of the costly armoured cables. Indents were released in June 1980 for unarmoured cables (3,648 metres) of which 3,121 metres costing Rs. 3.61 lakhs were received in June 1980. These cables also remained unused (except for 345 metres) as some more cables needed for completing the work were still awaited (August 1982) from Telecom Cable Factory.

The armoured cables costing Rs. 6.44 lakhs received upto April 1977 remained unused till July 1982 when they were transferred to another work after their non-utilisation was pointed out by Audit in June 1982.

The out-going Trunk Tandem Exchange was however, commissioned in October 1979 (by utilising temporarily certain cables already laid to meet increased traffic and development) to provide 139 circuits to 5 stations. On the basis of the demand in May 1983, only 1,068 circuits were working against the equipped capacity of 2,000 circuits.

Thus the Trunk Tandem Exchange, in spite of the delay in its commissioning is under-utilised to the extent of about 50 *per cent* even now mainly because the forecast of traffic proved to be too optimistic; lack of advance planning for providing transmission channels (and in particular multiplexing equipment) in time also contributed to under-utilisation of exchange equipment (value : Rs. 1.29 crores).

The Department stated (October 1983) that the under-utilisation of the exchange was due to :—

(i) inadequate supply of transmission equipment by ITI;

(ii) considerable demand in STD barring; and

(iii) slow progress in automatisation of Manual Exchanges.

26. **Expansion of Benajhabar Cross-Bar Telephone Exchange.**—To meet the demand for telephone connections at Kanpur, the Posts & Telegraphs (P&T) Department sanctioned in June 1977 an estimate of Rs. 139.45 lakhs for a project to expand Benajhabar cross-bar exchange by 2,000 lines (from 7,000 to 9,000). It was expected that the supply of equipment would start in 1978-79; and that installation would be completed by March 1981.

Equipment.—The order for equipment was placed on Indian Telephone Industries (ITI) in August 1977 and deliveries started in June 1978. Installation of equipment began in July 1978 and the expansion of 2,000 lines was commissioned in May 1981. The loading was however restricted to 8100 lines for lack of local register (*i.e.* circuit of common control equipment).

Cable work.—Against the provision of Rs. 62 lakhs for cable work in the project estimate, seventeen estimates for Rs. 68.30 lakhs were sanctioned by General Manager, Telephones (GMT) Kanpur for laying primary, secondary and distribution cables. Under the approved scheme 77.68 kms. of cables were to be laid. By September 1982, 42.35 kms. of cable had been received but 60.04 kms were actually laid after diverting cable from some other works. The Department could not identify the works from which the additional 17.69 kms. of cable had been diverted. The following irregularities were also noticed in audit :—

(a) In the following two cases (Table 26.1) cable was supplied twice by the store depot against one estimate.

TABLE 26.1

Estimate No.	Store voucher No.	Date	Quantity stated to have been supplied	Quantity shown as received in stock register	Quantity laid	Balance lying in stock	Cost
			(Metres)	(Metres)	(Metres)	(Metres)	(In lakhs of rupees)
FF 2431 D(b)/80-81	526U 950U	30-10-1980 12-2-1981	1305 1305	2680	1308	1372	3.57
	776U 950U	7-1-1981 12-2-1981	830 830	1480	830	650	1.51
			4270	4160	2138	2022	5.08

Although 4.27 kms. of cable were supplied by the store depot only 4.16 kms. were shown as receipts and only 2.14 kms. were laid (January 1982). The remaining 2.02 kms. of cable costing Rs. 5.08 lakhs remained unutilised (August 1983).

(b) In one case cable length of 1.3 kms. was shown to have been transferred to another work which had already been completed in 1979.

(c) In another case, 5409 metres of cables were shown as supplied by the store depot but the quantity received and accounted for in the stock register was only 4714 metres, the unaccounted quantity being 695 metres (cost : Rs. 0.93 lakh).

Utilisation of expanded capacity.—Though the additional capacity of the expanded exchange was commissioned in May 1981 yet the Department could not utilise the full expanded capacity even after more than one and a half years. In February 1983 there was unutilised capacity of 223 lines, with 1529 applicants in the waiting list. The slow utilisation of additional capacity deprived the Department of the potential revenue of about Rs. 5.76 lakhs up to February 1983.

Working of the Exchange.—The Department's Management Information System watches the efficiency of different telephone districts with reference to several indices like the average number of complaints/faults per 100 lines in a month, and average time taken for fault clearance. Group norms/targets have also been prescribed. The actual performance of this exchange with reference to these norms is indicated below (Table 26.2) :—

TABLE 26.2

Year	Average No. of complaints per 100 telephones per month		Average No. of faults per 100 telephones per month		*Clearance of faults* Average percentage of clearance of faults within two hours		Average percentage of clearance of faults within four hours	
	Targets	Actuals	Targets	Actuals	Targets	Actuals	Targets	Actuals
1980-81 . .	60	96.58	45	69.41	85	34.81	95	66.12
1981-82 . .	55	79.93	45	56.22	85	22.80	95	52.19
1982-83 . .	50	82.61	30	58.23	85	9.99	95	22.64

Delay in commissioning of expanded capacity coupled with non-utilisation of full capacity thus deprived the Department of the potential revenue of Rs. 5.76 lakhs upto February 1983. The number of faults in the exchange was higher than the norms, while the clearance of the faults was lower than the norms.

The Department stated (September 1983) that excess cable of 2022 metres was lying in store godowns the loading of the exchange has been restricted to 90 *per cent* of the capacity because of traffic considerations and the target for the performance of the exchange had generally been set at high level in order to motivate and keep pressure on field units to achieve optimum results. The performance in this case was not as per standards and constant endeavour is made to improve the exchange performance.

27. **Expansion of Ernakulam Telex Exchange.**— To meet the demand for new telex connections, a project to expand the telex exchange at Ernakulam from 400 to 500 lines at an estimated cost of Rs. 19.93 lakhs was sanctioned in April 1979 by the District Manager, Telephones (DMT). An order for supply of (i) exchange equipment and (ii) dialling units during 1980-81 was placed on the Indian Telephone Industries (ITI).

The exchange equipment was installed by July 1981 and the expansion commissioned on 11th August 1981. The expenditure booked, excluding overheads, amounted to Rs. 18.65 lakhs (March 1983).

However, the Director General, Posts and Telegraphs (DGPT) had not accorded priority to this exchange in the allocation of dialling units and ITI supplied during July—September 1981 only 30 dialling units and the remaining 70 units were supplied only in August-September 1982 *i.e.* a year later.

The expanded capacity could not be utilised till the dialling units were received. Even after receiving all the dialling units the Department did not promptly provide new telex connections up to the optimum connectable capacity of the expanded telex exchange in spite of the large number of waiting applicants. This was stated to be due to heavy traffic in Ernakulam telex and shortage of junctions to Madras. Thus the expanded capacity was not fully utilised to accommodate waiting applicants losing potential revenue of Rs. 9.33 lakhs from September 1981 to May 1983, based on the estimated revenue of Rs. 987.80 per telex line as provided in the project estimate (The actual average revenue earnings per telex was Rs. 2,287 during 1981-82, and on this basis the loss of revenue would be Rs. 21.61 lakhs).

Further, out of 94 Teleprinter machines supplied by Hindustan Teleprinter Ltd. (HTL) Madras in May-June 1981 for this project, 21 machines (value : Rs. 2,41,500) were found damaged due to defective packing. The damage was reported to HTL only in September 1982.

The Department stated (September 1983) that 13 teleprinters have been repaired locally and the remaining 8 will be got repaired as soon as spare parts are received.

28. **(A) Unutilised trunk boards in manual trunk telephone exchanges.**—Trunk boards required in manual trunk exchanges are supplied by telecom factories only on allotments made by the P&T Directorate against sanctioned estimates and budget provision in the year of allotment.

76 trunk boards costing Rs. 8.02 lakhs were obtained between 1975 and 1979 for use in trunk exchanges in Tamil Nadu Circle. They were not commissioned till March 1983 for reasons like non-allocation of new circuits and fall in trunk traffic, etc.

In all cases (except 2) the project estimates were sanctioned on the ground that the Regional Traffic Superintendent had allotted additional circuits or on hypothetical basis, without systematic study of the number of trunk boards actually required as per the traffic forecasts and the prescribed departmental standards.

The General Manager stated (November 1978) that "sometimes the trends of traffic do not conform to the prediction based on past pattern of growth of traffic............The element of uncertainty in the prediction of trunk traffic was further heightened by the effects of introduction of subscriber trunk dialling............ based on past pattern............the department has to take corrective action to divert the stores, at times, in various estimates to other installations where the traffic demands justify these installations............the process of obtaining trunk boards is, therefore, a continuous one."

No such diversions were shown in the accounts and the departmental rules also did not provide for obtaining trunk boards as a continuous process and diverting them to stations other than those for which they were obtained.

The records show that these 76 boards costing Rs. 8.02 lakhs obtained from 1975 onwards remained idle (March 1983).

(*B*) *Expansion of Central Trunk Exchange at Madras.*—To meet the growing trunk traffic and to provide demand trunk service between the District Headquarters and the State capital, the General Manager, Madras Telephones District (GM, MTD) sanctioned 2 estimates totalling Rs. 6.13 lakhs in July 1976 for projects to expand Madras Central Trunk Exchange by installing 35 additional trunk boards in the same building. These two projects were expected to yield a net profit of Rs. 12.81 lakhs *per annum* after meeting the recurring expenditure. The work was to be completed within 4—6 months of the receipt of stores. The detailed estimates of Rs. 6.26 lakhs were sanctioned in November 1976.

Indents for trunk boards and other stores were placed on Telecommunication Workshops/Controller of Telegraph Stores, Bombay, in December 1976 and January 1977. Supplies started in January 1977 and by the end of November 1977, stores worth Rs. 4.54 lakhs were received. Installation work started in November 1977 and was completed in January 1978. The trunk boards were, however, commissioned only in July 1979 *i.e.* after a time lag of nearly 17 months. According to GM, MTD the reasons for not commissioning them earlier, were shortage of operating staff and the late receipt of trunk time indicators (indent sent in August 1977) and 900-cycle tone oscillators (indented for in March 1978 and November 1978) from the Indian Telephone Industries (ITI). A schedule of delivery for these items had not been prescribed at the beginning by GM, MTD. Out of 175 trunk time indicators, 105 had been received in February 1978 and the rest obtained by local arrangement. Yet the exchange was not commissioned till July 1979.

The traffic handled before and after commissioning of the additional 35 boards was as follows (Table 28):—

TABLE 28

Sl. No.	Particulars	Prior to addition of 35 boards	After the addition of 35 boards 1979-80 (7/79—3/80)	1980-81	1981-82	1982-83
1	2	3	4	5	6	7
1.	Average number of effective calls per month (lakhs)	1.96	1.85	1.96	2.03	1.90
2.	Average no. of ineffective calls per month (lakhs)	.58	.75	.81	.91	.88
3.	Average no. of total calls booked per month (lakhs) . .	2.54	2.60	2.77	2.94	2.78
4.	Percentage of increase in average total no. of calls booked per month . .	..	2.4	.8	15.4	9.4
5.	Percentage of effective calls to total booked calls . .	77	71	71	69	68
6.	Percentage of ineffective calls to total booked calls per month	23	29	29	31	32

Thus, the increase in the average number of calls booked per month after the commissioning of the boards did not exceed 16 *per cent* in the next 4 years, whereas the increase in the capacity of the trunk exchange was 42 *per cent*. After the commissioning date, the percentage of effective calls fell almost every year with corresponding increase in ineffective calls.

During the period July 1979 to March 1983 the project earned gross revenue of Rs. 20.09 lakhs (this being the increase over the previous annual gross revenue) as against Rs. 112.69 lakhs increase anticipated for the above period in the project estimate. The increase in revenue did not meet even the total estimated recurring expenditure of Rs. 64.66 lakhs relating to the relevant period. Thus, the working of the project resulted in accumulated loss of Rs. 44.57 lakhs upto March 1983 and would continue to incur a loss of Rs. 8.89 lakhs *per annum* at the existing level of traffic.

Despite the above, another project for installation of 11 more trunk boards was sanctioned in August 1979 at a cost of Rs. 2.68 lakhs based on anticipated traffic for the year 1979-80. The boards were received in March 1980 and Rs. 2.46 lakhs have been spent (January 1983). The work had not commenced till May 1983.

29. **Air-conditioning plant at Gorakhpur.**—The project for replacing the manual telephone exchange at Gorakhpur by a 2,100 line automatic exchange included an air-conditioning plant (AC plant). The detailed estimate of Rs. 4.08 lakhs for the AC plant was sanctioned in October-November 1974. The AC plant was to be commissioned in 1975-76.

However, the specifications of the AC plant could not be finalised until the General Manager, Telephones (GMT), Lucknow submitted a report on the chemical analysis of the water, which was furnished as late as August 1975. The estimates for the work were revised in March 1976 to Rs. 6.75 lakhs and approved in October 1976.

Tenders for supply and installation of AC plant were invited in July 1976 and 8 firms tendered. The lowest tender was not considered on the ground that the firm's past performance was unsatisfactory. The second lowest firm 'A' was asked to reduce his tender figure (face value) to the evaluated tender figure of the lowest tenderer *i.e.* from Rs. 4.90 lakhs to Rs. 4.75 lakhs.

The work was awarded to firm 'A' in January 1977 for completion in 8 months, namely by September 1977. It was completed in December 1978 at a cost of Rs. 4.65 lakhs. The delay in completion of the work was condoned by the Department without levy of any compensation in view of the Department's failure to provide requisite drawings and to issue CT-II form for excise in time. The water available in the telephone exchange building was found to be hard (December 1977) and arrangement for a water softening plant was reported to be completed before 28th August 1976.

The AC plant was subjected to monsoon test in August 1978 and was declared successful (with certain modifications which were carried out by the firm). It was provisionally taken over by the Department in September 1978 but thereafter it did not work even for a single month. Yet the Department cleared the winter test in January 1979. It was necessary to run the plant for at least 40 days before final acceptance test. But the final acceptance test was conducted on 22nd June 1979, even though the plant had remained faulty upto 28th May 1979; and the plant was taken over in June 1979.

The plant has not been giving satisfactory service since its installation. The following defects were noticed :

1. Compressor No. 1 of the AC plant remained practically out of order from July 1979. For whatever period the AC plant worked since its commissioning was due to working of compressor No. 2 and the overloading of this compressor caused excessive wear and tear on it.
2. Oil seal gave frequent trouble.
3. Cable lugs and power feeding cable as a whole got excessively heated.
4. The water softening plant installed in August 1978 at a cost of Rs. 0.13 lakh worked initially but soon became faulty and has remained out of service till date (September 1983).

Nevertheless, the Department released the security deposit (Rs. 0.23 lakh) in January 1980 and maintenance charges of Rs. 0.36 lakh earlier deducted from the running bills of firm 'A'. The Department also incurred Rs. 0.90 lakh upto March 1983 on repair of the AC plant, but the plant still did not give satisfactory service as reported by the Assistant Engineer, Phones, Gorakhpur in October 1982.

The Gorakhpur automatic exchange of 2,100 lines, which was expanded to 2,400 lines in March 1976, 2,700 lines in March 1978 and 3,000 lines in August 1979, remained without air conditioning upto May 1979 and thereafter had only intermittent air-conditioning, despite incurring expenditure of Rs. 5.68 lakhs (March 1983). Consequently, the efficiency of the equipment was affected badly due to ingress of dust, etc. into the equipment leading to increased public complaints.

The Department stated (September 1983) that the plant remained out of order for long periods due to the firm's representative/technicians not being available in the same town. They also stated that the water softening plant had remained out of service and the matter was being pursued for its repair.

CHAPTER V

PROJECT REVIEWS

30. Review of Delhi Telephones—1978-79 to 1982-83

1.1 *Introduction*

The Delhi Telephone District headed by a General Manager has over 2.21 lakh telephones (31st March 1983) out of the 25 lakh telephones in the whole country. It has 49 exchanges with equipped capacity of 2.47 lakhs direct connections. The maintenance work of the system is, however, supervised by General Manager (Maintenance) Northern Region. The total demand for telephone services in the Delhi Telephone District has been rising steadily at about 12 *per cent per annum*.

1.2 At the beginning of the Sixth Five Year Plan the number of direct exchange lines was 1.73 lakhs against the then demand of 2.33 lakhs. The annual growth projected being 12 *per cent*, the demand was expected to go up to 3.29 lakh lines by March 1983. The annual plans of Delhi Telephones for 1980-83 envisaged the following physical targets (Table 30.1.2) :—

TABLE 30.1.2

Years	Direct Exchange lines—targeted
1980-81	22,000
1981-82	22,700
1982-83	42,000

The actual installation in these years was, however, 51,800 lines against the target of 86,700 lines.

1.3 *Projects Sanctioned*.—Based on the anticipated demand for new telephone connections in Delhi Telephone District, 8 projects costing over Rs. five crores each for the installation/expansion of cross-bar exchanges were sanctioned at a total cost of Rs. 6,693 lakhs during 1978-1981. In addition, twenty four smaller projects (costing less than Rs. five crores each) were also sanctioned at a total cost of Rs. 1,665 lakhs during 1979-80 to 1981-82.

1.4 The total capital expenditure on projects during 1980-83 was Rs. 12,990 lakhs. All the big projects were test audited during 1979-80 to 1982-83 along with some selected smaller projects and the important audit points noticed are given below.

2. *Project Execution*

2.1 *Slippages*.—Out of the twenty completed project reviewed in audit none was commissioned on time; eight projects were commissioned much later than the project schedules, the slippage ranging from 3 to 12 months as shown below (Table 30.2.1) :—

TABLE 30.2.1

Slippages in Project Execution

Serial	Name of exchange	Target date of commissioning	Actual date of commissioning	Delay in commissioning
1	2	3	4	5
1.	Okhla (5,000 to 7,000 lines)	March 1978	March 1979	12 months
2.	Rajouri Garden (5,000 lines)	March 1977	February 1978	10 months
3.	Rajouri Garden (6,000 lines)	March 1979	March 1980	12 months
4.	Rajouri Garden (10,000 lines)	May 1980	January 1981	8 months
5.	Nehru Place (10,000 lines)	March 1981	December 1981	9 months
6.	Shahdara East (1,600 lines)	March 1978	March 1979	12 months
7.	Karol Bagh (7,000 to 9,000 lines)	7 months	Stagewise installation covering a period of 19 months	12 months
8.	Shakti Nagar (10,000 lines)	December 1978	4th April 1979	3 months

The delays were mainly attributed to non-receipt of stores, changes in the manufacturing programme of Indian Telephone Industries (ITI) Bangalore and import difficulties in case of imported equipment. The project-wise details are given below :—

2.2 *Okhla Exchange* (5,000 *to* 7,000 *lines*).—The supply of the equipment, originally included in the programme of ITI Bangalore for 1975-76, actually commenced in the last quarter of 1976-77 and some of the important items were received in June 1978. The Department stated (April 1983) that it would not be possible for the Posts and Telegraphs Department, much less for Delhi Telegraphs to ensure timely supply from ITI Bangalore as priorities of production are decided by them.

3. *Rajouri Garden Exchange* (5,000 *lines*).—Although the project was sanctioned during 1972-73, the supply order for the junction equipment was placed on ITI Bangalore in August 1976 while the exchange was programmed to be commissioned in March 1977. The Department stated (November 1982) that "before placing orders for junction equipment collection of traffic data and other figures over a long period and elaborate planning on large scale had to be done. Further, during the period of installation, modification of the frames was ordered by the Director General, Posts and Telegraphs (DGPT) in November 1975 and accordingly instructions had to be issued to ITI, Bangalore to send modified frames. The frames already received had to be locally modified which took extra time in installation". The orders of the Director General, Posts and Telegraphs issued in November 1975 were already in the knowledge of the Department at the time of placement of orders. In addition, certain factors like non-completion of civil works *i.e.* levelling of switch room, delayed installation of air-conditioning plant had also contributed to the slippage in commissioning of the project.

3.1 *Rajouri Garden Exchange* (6,000 *lines*).—The exchange was proposed to be commissioned in 1976-77, but was actually commissioned in March 1980, as the supply of equipment was frozen by ITI Bangalore. The supplies scheduled over two years, actually took more than three years (December 1976 to January 1980). Eventually, the equipment of Shakti Nagar Exchange (which had been received during 1972—74, but had remained idle as buildings etc., were not ready) was transferred to this project in September 1976 to avoid slippage in commissioning. The Department stated (December 1982) that ITI being the sole supplier of telephone equipment had to regulate the supply in accordance with the priorities fixed by the Department, and as such, delay in supply of equipment was unavoidable. As the priorities were fixed by the Department, and as ITI is under the control of the same Ministry, co-ordinated planning was not impossible.

3.2 *Rajouri Garden Exchange* (10,000 *lines*).—The order for the supply of connecting equipment was placed on ITI Bangalore in November 1979. In May 1980 ITI asked for a separate indent for 'Strowger equipment' which was placed. Supply was received in August 1980. The failure of the Department to place separate indent initially for cross-bar and strowger equipment contributed to the slippage. The Department stated in January 1983 that late supply from ITI Bangalore was not un-usual. Further, the supply of the imported equipment was completed on 26th March 1979 against the scheduled date of February 1979, but the Department took about six months to move the imported equipment from Calcutta to the site of the work. Some frames were damaged during transit and had to be re-ordered on the foreign firm. The frames received for a similar imported 10,000 lines cross-bar exchange at Nehru Place were lying un-utilised, but the decision to divert those frames to this work was taken only in September 1980.

3.3 *Nehru Place Exchange* (10,000 *lines*).—The equipment was received by February 1981 as per supply schedule but installation work was not started as the building was not ready. This, in turn, postponed the commissioning date from March 1981 to December 1981.

3.4 *Shahdara East Exchange* (2,000-4,000 *lines*).—The supply of equipment included in the programme of ITI Bangalore for 1974-75 was actually completed by March 1977. Further, instructions were issued by the Director General, Posts and Telegraphs, New Delhi in November 1976 that the junctions for this exchange were to be commissioned through a new co-axial scheme, but it was decided in March 1977 to lay ultra high frequency cable for junctions as the co-axial channels were not likely to be available. As the equipment was received late and as the junction cable scheme was not finalised, the commissioning was delayed. The Department stated in December 1982 that the supply of equipment was not fully received by March 1977 and some items were received even upto November 1978, while the junction cable became available in August 1978.

3.5 *Karol Bagh Exchange* (7,000 *to* 9,000 *lines*).—The ITI Bangalore committed (February 1970) to supply equipment in May—September 1970 but started supply in August 1970 and sent most of the equipment only by July 1971. So installation work could start only in July 1971 and took 12 months to complete (against the target of 7 months).

3.6 The Department stated in September 1981 that ITI Bangalore could not keep to its commitment to supply the equipment during May 1970 to September 1970 and that as the expansion by addition of horizontals and line relays involved large scale handling of working equipment, planning and execution had to be done in such a manner as to cause the least dislocation of service to the existing subscribers and as such the pace of installation work was slow.

3.7 *Estimates vis-a-vis Actuals.*—The actual expenditure was found to have exceeded the sanctioned estimate of cost by well over 10 *per cent* in almost all the projects reviewed by audit. The excess over the sanctioned cost ranged from 27 *per cent* to as much as 174 *per cent* as shown below (Table 30.3.7) :—

TABLE 30.3.7

Sl. No.	Name of Project with lines	Sanctioned cost	Actual expenditure	Excess expenditure	Percentage of excess over the sanctioned cost
		Rupees	Rupees	Rupees	
1.	Rajouri Garden (5,000)	2,65,42,846	3,37,52,533	72,09,687	27
2.	Rajouri Garden (6,000)	3,10,61,696	6,81,21,485	3,70,59,789	119
3.	Okhla Exchange (5,000 to 7,000)	97,31,584	2,66,57,443	1,69,25,859	174
4.	Shakti Nagar Exchange (10,000)	9,84,63,832	12,71,19,419	2,86,55,587	29
5.	Nehru Place (10,000)	10,24,84,200	10,37,75,528	12,91,328	work still in progress
6.	Janakpuri Exchange (1,200)	59,26,640	1,18,79,973	59,53,333	100.4
7.	Janakpuri Exchange (1,200 to 2,100)	87,09,331	1,21,18,036	34,08,705	39

The revision of the project estimates in all the above cases has not been sanctioned so far (September 1983).

The Department attributed the excess over the estimated cost on these projects to increase in cost of equipment and escalation charges.

In the case of Nehru Place Exchange the expenditure on underground cable (covered by a number of estimates) exceeded the estimated cost by about 31 per cent. A scrutiny of the reasons in Audit revealed that in two estimates the Department laid cable of expensive quality as against the economical one originally provided for in the project estimate, entailing an extra cost of Rs. 18.43 lakhs. Further, in three other estimates cable of specification higher than that provided for in the estimate was laid resulting in excess expenditure of Rs. 1.53 lakhs. Against one requirement of a cable of 1200 pairs, two separate cables of 1000 and 200 pairs respectively were laid entailing extra cost of Rs. 0.53 lakh. The total excess expenditure due to these three reasons was Rs. 20.49 lakhs.

4. *New direct exchange lines—Targets vis-a-vis Actuals.*—The installation of new direct exchange lines fell far short of targets during each of the last five years as shown below (Table 30.4) :—

TABLE 30.4)

Years	1978-79	1979-80	1980-81	1981-82	1982-83
Target (DELS)	26,000	26,000	22,000	22,700	42,000
Actuals	12,000	25,000	18,000	12,000	21,800
Year's shortfall	14,000	1,000	4,000	10,700	20,200
Cumulative backlog on 1st April	—	14,000	15,000	19,000	29,700
Average Revenue DEL per month (in rupees)	202	262	310.3	313	376
Total loss of potential revenue (Rupees in lakhs)	—	440.16	558.44	713.64	1340.06

4.1 The main reasons for the slippages were stated to be inadequate supply of equipment from ITI, particularly due to backlog created in regard to supply of selectors and other critical items. The shortfall was, however, proposed to be made up by augmenting supplies through selective imports, which also did not materialise fully.

5. *Operating Performance*

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

5.2 *Under-utilisation of equipped capacity.*—According to departmental instructions (July 1976 and January 1980) whenever bulk capacity is likely to become available as a result of cut-over of new exchanges, expansion of existing exchanges, etc. Heads of Circles should take advance action to ensure that new connections to the extent possible are actually provided on the date of cut-over and that 90 *per cent* of the equipped capacity is utilised within six months of commissioning. It has, been observed in 9 cases out of these reviewed by audit that the exchange capacity was not utilised to the prescribed optimum within six months. The Department took 6 to 64 months to reach the target fixed for the utilisation of the capacity of the exchanges. The loss of potential revenue due to under-utilisation of the capacity of exchanges beyond six months of commissioning is of the order of Rs. 271.39 lakhs as shown below (Table 30.5.2) :—

TABLE 30.5.2

Sl. No.	Name of Exchange	Spare line capacity available	Months for which capacity not utilised	Loss due to under-utilisation (in Rupees)
1	2	3	4	5
1.	Okhla (5,000 to 7,000 lines)	76 to 544	16	9,95,085
2.	Rajouri Garden (5,000 lines)	449 to 604	31	28,01,858
3.	Rajouri Garden (6,000 lines)	1101	7	13,56,933
4.	Idgah-II (10,000 lines)	443	7	4,80,998
5.	Karol Bagh (7,000 to 9,000 lines)	250 to 2423	64	74,51,614
6.	Nehru Place (10,000 lines)	3898	13	83,09,127
7.	Janakpuri (2,100 lines)	218	23	8,22,156
8.	Shakti Nagar (10,000 lines)	1771	6	18,52,466
9.	Rajouri Garden (10,000 lines)	32 to 1962	20	30,68,750
	TOTAL			2,71,38,987

An analysis of the reasons for under-utilisation of connectable capacity in respect of two major projects of Shakti Nagar and Nehru Place Exchanges (10,000 lines each) revealed that the work relating to laying of cable was not completed before commissioning of the exchanges which contributed to the delay in providing new telephone connections.

(i) *Shakti Nagar Exchange.*—For the works of laying Distribution cables, 70 schemes were approved of which 35 schemes were sanctioned by March 1979 and 34.5 kilometres of cable was laid against 76 kilometres provided for in the scheme. Further, size of the primary and secondary cable actually required was substituted from 1000/6½ pound pairs to 800/6½ pound pairs due to non-availability. This change in specification consequently delayed the release of telephone connections.

The Department stated (March 1983) that the size of the cable had to be substituted because cables were in short supply and some of the cables had to be utilised perforce on some other urgent works.

(ii) *Nehru Place.*—Although the exchange was commissioned in December 1981, some of the works relating to primary and secondary cable were actually completed in October 1982 and works relating to distribution cables, were sanctioned even after the commissioning of the exchange. The non-completion of cable works relating to primary, secondary and distribution cable retarded the progress of providing new telephone connections. The Department's reply was awaited (August 1983).

5.3 The Department advanced the following reasons for non-utilisation of the expanded capacity to the optimum extent.

(a) Acute shortage of line stores and post material,

(b) Non-issue of cable in time by Circle Store Depot,

(c) Non-supply of requisite stores by the Central Store Depot,

(d) Non-availability of stores like delay in allotment of cables and cable jointing materials for the commissioning of exchange,

(e) Non-installation of distribution points, posts in time, and

(f) Delay in approval of cable scheme.

All the factors mentioned above were controllable by the Department.

5.4 *Fault repair, service and complaints.*—In addition to 198 (fault repair service) the Department had opened special numbers for reporting complaints direct to exchanges feeding specific telephone connections known to be faulty in order to speed up attention to the faulty line and the faults at subscribers premises. With this arrangement the Department expected to bring down the number of complaints and faults to certain specified limits, but the MIS data show that the number of complaints and faults did not come down to the maximum permissible limit as shown by the following table (Table 30.5.4) :—

TABLE 30.5.4

Years	Maximum permissible limit complaints/faults		Percentage of actual complaints/faults (Per 100 stations per month)		Percentage in excess of the permissible limit complaints/faults	
	Complaints	Faults	Complaints	Faults	Complaints	Faults
1979-80	50	32	66	38	16	6
1980-81	30	20	67.7	40.8	37.6	20.8
1981-82	30	20	67.5	43.2	37.5	23.2
1982-83	31.5	22	65.9	44.8	34.4	22.8

5.5 *High percentage of in-effective trunk calls.*—The Department fixed a target figure every year for the percentage of effective trunk calls, after making due allowance for the working conditions, including the existing constraints on maintenance and operation of the system.

5.6 The total number of trunk calls booked excluding STD calls, calls matured and percentage of in-effective calls and the percentage of calls cancelled due to departmental failures are given below (Table 30.5.6) :—

TABLE 30.5.6

Position of ineffective Trunk calls

Serial Number		1979-80	1980-81	1981-82	1982-83
1	2	3	4	5	6
1.	No. of calls booked	37,50,210	42,42,870	45,78,013	51,56,653
2.	No. of calls matured	24,69,732	25,33,753	28,03,154	27,42,110
*3.	No. of ineffective calls (item 1-2)	12,80,478	17,09,117	17,74,855	24,14,343
4.	Percentage of effective/ineffective calls	66/34	59.7/40.3	61.3/38.7	53.2/46.8
5.	Revenue in Rupees (lakhs)	558	627	760	784
6.	Target fixed for effective calls (Percentage of total)	75	75	72	70
7.	Percentage shortfall ineffective calls (item 6-4)	9	15.3	10.7	16.8
8.	Loss due to low percentage of effective calls	76.13	160.70	132.60	247.60
9.	No. of calls cancelled due to departmental failure	6,06,564	8,38,260	8,19,988	10,35,754
10.	Percentage of calls cancelled due to departmental failure	16	20	18	20

*The ineffective calls include calls cancelled by the customer at the time of closing of office/factory after waiting for several hours for the calls to mature. The statistics, however, cannot distinguish between such cases and those where the subscriber cancelled the calls due to getting the party on STD, etc.

5.7 It will be seen from the above that Delhi Telephones had reduced its target for effective trunk calls during the last two years from 75 *per cent* to 72 *per cent* and then to 70 *per cent*. In spite of this, the actual performance has been well below the target figures, and has been going down rapidly from year to year from 66 *per cent* in 1979-80 to only 53 per cent in 1982-83. The percentages of in-effective calls due to departmental failure have risen from 16 *per cent* to 20 *per cent* in the same period.

5.8 Thus, while the number of calls booked during 1982-83 increased to 51,56,653 from 45,78,013 during 1981-82, the number of matured calls has declined from 28,03,154 during 1981-82 to 27,42,110 in 1982-83, notwithstanding the fact that the number of average operative staff also increased by 44 regular operators and 25,000 man hours work done by short duty operators in 1982-83, involving an additional expenditure of Rs. 13.00 lakhs approximately in that year.

5.9 The loss of revenue caused by the failure to achieve even the reduced target was of the order of Rs. 617 lakhs during these four years. An analysis of the reasons for the high percentage of in-effective calls due to departmental failure revealed that on an average 1,200 calls per day were rendered in-effective due to inability of the Department to contact the local calling party after the call was put through and matured (party called being on the line) resulting in loss of revenue to the tune of Rs. 130 lakhs approximately per annum, calculated on the average revenue of Rs. 30 per effective call. The study conducted in respect of 4 sample dates were as follows (Table 30.5.9) :—

TABLE 30.5.9

Sl. No. Reasons of ineffective calls	Dates for which studies conducted			
	8-5-1982	4-5-1983	9-6-1983	22-8-1983
1. Inability of the Department to contact the calling party .	1157	1129	1280	1288
2. Line faulty .	1966	1530	1831	756
3. Cancelled due to time expiry* .	1487	1300	1087	824

*Pending inland trunk calls are cancelled automatically at midnight due to expiry of time.

5.10 The Divisional Engineer Phones (Trunk) stated (December 1982) that the effective trunk calls during 1980-81 and 1981-82 could not reach the control (target) figure fixed by the Department due to high incidence of faulty circuits, frequent failure of certain routes, low percentage of efficiency of circuits (which ranged from 40 *per cent* to 50 *per cent*), un-satisfactory junction efficiency of local exchanges and posting of one-seventh of the staff during night hours in which there is generally a spurt due to concessional tariff. Introduction of demand service on important routes and for State capitals, installation of additional trunk boards, joint testing of booked circuits with the fault control organisation, tightening of supervision and recruitment of additional staff for manning the trunk boards round the clock were some of the remedial measures stated to have been taken by the Department.

5.11 *High percentage of failure in Subscriber trunk dialling calls.*—The subscriber trunk dialling facility is provided (a) through a cross-bar trunk automatic exchange which can be reached by subscriber by dialling '0'; and (b) on point-to-point basis with special Strowger equipment which can be reached by dialling '9'. Each exchange has a set of junction equipment on levels '0' and '9'. Owing to high demand, all equipment used on Subscriber Trunk is subjected to heavy traffic.

5.12 The percentage of failures in subscriber Trunk Dialling calls on level '0' and level '9' was as follows (Table 30.5.12) :—

TABLE 30.5.12

Year	Percentage of permissible failures		Percentage of of actual failures		Percentage of of excess failures	
	'0' Level	'9' Level	'0' Level	'9' Level	'0' Level	'9' Level
1980-81 .	25	25	76.5	70.5	51.5	45.5
1981-82 .	30	20	90.3	83.6	60.3	63.6
1982-83 .	58	20	75.0	61.1	17.0	41.1

The failures were stated to be due to faults in local exchange, subscriber trunk dialling system in New Delhi and faults in distant exchanges.

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

5.14 The Committee on Telecommunication headed by Shri H. C. Sarin in its Fifth Report (para 1.3.4) observed that "If the performance of STD is improved sufficiently with adequate provision of equipment, much higher trunk revenue can be realised, because with the present STD system increase in the revenue has been upto 5 times, with increases upto 15 times in the number of effective calls, because of factors like insufficiency of equipment both in the exchange and the transmission media and consequent congestion." However, due to the extremely high incidence of failures (going up to as much as 90 per cent/84 per cent in 1981-82) much of the potential revenue remains unrealised.

5.15 *Failure in local calls.*—A comparison of key indices of performance from year to year of Delhi Telephones with the other three metropolitan districts—Bombay, Calcutta and Madras is given below (Table 30.5.15) :—

TABLE 30.5.15

Percentage failure of Inter-exchange (junction) calls per month (Sample)

Telephone District	Sample average		
	1980-81	1981-82	1982-83 (April—September)
	Group Targest : 12.4 Group Control : 13.6		
Bombay	7.0	7.0	8.1
Calcutta	30.9	27.8	25.2
Delhi	17.7	13.6	13.7
Madras	3.9	4.9	5.4

Percentage failure of local exchange calls per month (Sample)

Telephone District	Sample average		
	1980-81	1981-82	1982-83
	Group target : 1.7	Group control : 1.9	
Bombay	2.9	2.2	2.3
Calcutta	9.8	0.2	8.6
Delhi	1.8	1.8	1.6
Madras	0.6	0.7	0.6

5.16 About 80 *per cent* of the local calls are reported to be inter-exchange (junction) calls in the Metropolitan Telephone District Delhi. While Delhi Telephones performance in the matter of *local exchange calls* is much better than the group target (as shown above) the figures above indicate that in the case of *inter-exchange* calls in Delhi (*i.e.* the majority of all calls), the failure rate is not only much higher than the group target but also well beyond the control limit for the Metropolitan group.

5.17 The overall failure rate in all local network calls, given in the table below (Table 30.5.17), shows that the high rate of failures in *inter-exchange* calls on the local network seriously affected the overall performance of Delhi Telephones in local network calls.

TABLE 30.5.17

Percentage failure of calls overall in a month in local network (Sample)

Telephone District	Yearly average		
	1980-81	1981-82	1982-83
	Group target : 13.0	Control limit : 14.3	
Bombay	8.1	8.7	8.2
Calcutta	30.8	20.8	24.2
Delhi	17.6	11.7	16.9
Madras	5.4	5.8	8.5

6. *Financial Performance*

6.1 *Trend of Operating Surplus.*—The operating expenditure and revenue earnings of the exchange during 1980-81 to 1982-83 were as follows (Table 30.6.1) :—

TABLE 30.6.1

(Rupees in crores)

Year	Revenue Earnings	Operating Expenditure	Gross Surplus
1980-81	56.70	21.06	35.64
1981-82	70.03	22.84	47.19
1982-83	89.41	26.25	63.16

6.1.1 During each of last two years Delhi Telephones target for earnings per DEL per month has been fixed lower than in the preceding year in spite of the upward revision of the rates with effect from 1st September 1980 and 1st March 1982.

6.1.2 *Average earning in rupees per DEL per month* (*Table* 30.6.1.2) :—

TABLE 30.6.1.2

Year	Prescribed target (In rupees)	Actuals earnings	Short-fall per DEL per month	Average number of DELs	Short-fall (Rupees in lakhs)
1980-81	388	310.3	(—)77.7	181733	1694.47
1981-82	380	313	(—)67.0	197023	1584.06
1982-83	365	355	(—)10.0	208463	250.15

These reductions in the earnings target indicate that the increases in tariff were expected to be more than offset by fall in efficiency. The actual earnings per DEL were even less than the reduced target in 1981-82 but the short-fall was less in 1982-83 due partly to increase in tariff from 1st March 1982 and partly to reduction of target from Rs. 388 in 1980-81 to Rs. 365 during 1982-83.

6.1.3 Actual earnings per DEL in the Delhi Telephones in comparison with Calcutta, Bombay and Madras are given below (Table 30.6.1.3) :—

TABLE 30.6.1.3

Average earning in Rupees per DEL per month

Telephone District	Monthly earning		
	1980-81	1981-82	1982-83
Bombay	292.8	325	388
Calcutta	186.8	196	275
Delhi	310.3	313	355
Madras	348.8	445	404

6.2 *Gross operating expenses* (*Actual against targets*)

6.2.1 The gross operating expenses per *weighted telephone per month were far in excess of the prescribed annual norms for 1981-82 and in 1982-83. The excess was Rs. 1,605.75 lakhs during the two years, 1981-82 and 1982-83 as shown below (Table 30.6.2.1) :—

TABLE 30.6.2.1

Year	Prescribed norms per month (Rupees)	Actual expenditure per month (Rupees)	Excess (column 2-3)	Number of weighted telephones	Total excess expenditure (Rupees in lakhs)
1981-82	55	73.1	18.1	248480	539.69
1982-83	54.5	89.8	34.3	259006	1066.06
					1605.75

*Weighted telephones=Total DELs+½ No. of extensions.

6.2.2 The main reasons for the excess expenditure were (1) inflation in cost of inputs and (2) release of D.A. instalments.

6.2.3 For comparison, the corresponding figures for Bombay, Calcutta and Madras are given below (Table 30.6.2.3) :—

TABLE 30.6.2.3

Gross operational expenditure for weighted telephones per month (*Rupees*)

	Delhi	Bombay	Calcutta	Madras
1981-82 . .	73.1	58.2	78.5	87.3
1982-83 . .	89.8	68.7	90.0	100.2

6.3 *Revenue collection*

6.3.1 A test check in 1982-83 revealed the following important cases of non-billing/short-billing of revenue.

A. *Non-billing*.—Bills aggregating Rs. 56.92 lakhs in respect of facilities particularised below were not issued :

Rent of PABXs	17.73 lakhs
Rent of Cables	29.20 lakhs
Rent of circuits provided to All India Radio	9.99 lakhs
	56.92 lakhs

A brief description of these cases is given below :—

6.3.1.1 Several cases of short-billing (from private parties) totalling Rs. 17.73 lakhs, mainly on account of application of lower tariff were noticed in the following cases :—

(a) In 10 cases rent for extendable type boards was charged wrongly at the lower rate applicable to non-extendable type boards reducing the claims by total of Rs. 11 lakhs (approximately) from September 1980 to March 1983.

(b) In 3 cases, the rental for PABX boards for the period prior to September 1980 was provisionally fixed at Rs. 41,125 and Rs. 24,750 per annum on rent and guarantee basis respectively. But rental was charged only at the rate of Rs. 20,000 per annum from April 1973 to August 1980 leading to a short recovery of Rs. 3.28 lakhs.

(c) The rental for 200 lines PABX board opened in July 1959 for a subscriber was charged at the rate of Rs. 58,840 per annum against the revised rate of Rs. 1,10,000 per annum, leading to short recovery of Rs. 1.41 lakhs from September 1980 to May 1983.

(d) In one firm, a PABX board was replaced by one with higher capacity in July 1980 but rent continued to be charged at the old rate of Rs. 7,500 per annum, The total shortfall in billing for the period up to May 1982 came to Rs. 2.04 lakhs.

The Director General stated (July 1983) that the whole amount has been recovered and the unit had been instructed to avoid recurrence of such cases in future.

6.3.1.2 Provisional rental aggregating Rs. 4.03 lakhs per annum, as quoted to three Government departments by the Department for laying underground cables were accepted by the parties for the years 1974, 1975, 1976 and 1980, when the facilities were provided and the parties paid advance rental for one year. Thereafter, no bills claiming rentals were sent to the parties on account of non-observance of the procedure prescribed to prevent such omission in preferring claims.

Departmental regulations also provide for revision of initial cost estimates and revision of rentals whenever the estimated cost increases by more than 10 *per cent*. In all these cases, on the basis of actual cost of the works the aggregate rental should have been revised upward to Rs. 4.46 lakhs per annum (against the provisional rental of Rs. 4.03 lakhs). At this revised rental, the total revenue thus not claimed or recovered was Rs. 29.09 lakhs for the period from 1974 to 1983.

The Director General, Posts and Telegraphs stated (September 1983) that in all these cases, the failure had arisen due to non-receipt of completed advice notes in the TRA Branch.

6.3.1.3 Departmental rules provide that for the trunk telephone circuits and control circuits booked for, and used by, All India Radio (AIR) for inland broadcasts, the charges will be at the rates charged to the public for the actual time taken for the broadcast, by the studios for tests, and six minutes for time taken by the Department for their tests.

A test audit of the records of the General Manager, Delhi Telephones, showed that (i) 70 tickets for casual circuits provided to All India Radio from November 1980 to March 1982 involving revenue of Rs. 1.89 lakhs were not billed for; (ii) charges amounting to Rs. 8.13 lakhs for 301 tickets relating to the period from September 1977 to November 1981 were also not billed for.

The Director General, Posts and Telegraphs (DGPT) stated (July 1983) that bills had been issued in all the 70 cases pointed out by audit and the amount had been realised. Department had also issued bills for Rs. 2.78 lakhs in respect of 156 cases. Out of this, a sum of Rs. 1.36 lakhs had been recovered and the balance amount was under correspondence. Details in respect of the remaining 145 cases were being ascertained to issue the bills.

6.3.2 B. *Short-billing*.—The Departmental rules *inter alia* provide that rent of accessories should be included in the bill sent to the subscriber and the amount remaining outstanding upto the time of subsequent billing period should also be distinctly shown in the arrear column of the bill. A test check revealed that :—

(i) rent of accessories aggregating Rs. 4.58 lakhs was not billed for upto 31st March 1983 by two Area Managers as under (Table 30.6.3.2.1) :—

TABLE 30.6.3.2.1

Name of Area Manager	Number of Subscribers	Amount in Rupees not billed for
Area Manager (South)	21	4,52,063
Area Manager (West)	7	6,196
	28	4,58,259

(ii) due to non-inclusion of outstandings of less than Rs. 25 in the arrears column of the bill, a sum of Rs. 0.28 lakh remained un-realised from 2,706 subscribers as per particulars given below (Table 30.6.3.2.2) : —

TABLE 30.6.3.2.2

Name of Area Managers	Number of cases analysed	Number of subscribers who owed Rs. 25 or less	Amount outstanding (Rupees)
Area Manager (Central) .	3679	1235	13,003
Area Manager (West) .	1864	211	1,787
Area Manager (South) .	19450	451	5,704
Area Manager (North) .	15053	809	7,774
TOTAL :	40046	2706	28,268

6.3.3 C. *Excess rebate on rentals (Own Your Telephone Scheme)*.—A rebate in rental is given to subscribers under Own Your Telephone Scheme for a period of 20 years from the date of installation of telephone after which the prescribed rates are to be charged. But it was noticed in test audit that in 577 cases, the rebate in rental continued to be given beyond the maximum admissible period.

On this being pointed out by audit, the Department stated (April 1983) that remedial measures have now been taken to make automatic correction in billing by the computer when the Own Your Telephone rebate period expires. However, as on 31st March 1983 recovery of Rs. 0.22 lakh was yet to be made from 198 subscribers.

6.3.4 D. *Leakage of revenue due to STD calls charged as single local calls*.—The STD (Subscriber Trunk Dialling) code in respect of calls to Patna was changed from 9612 to 972 in December 1978 but STD pulse was not installed on the revised dialling code (972) in Ghaziabad telephone exchange till April 1981. As a result, each STD call from Ghaziabad to Patna continued to be charged as a single local call. This continued for 2 years and four months resulting in loss of revenue which cannot be quantified. On enquiry by audit the Divisional Engineer (Phones) Strowger Installation, New Delhi stated that providing STD pulse equipment was the job of Maintenance. On the other hand, the Sub-Divisional Officer (Phones) Ghaziabad, stated that no letter was received in his office regarding change of the code.

No action to fix the responsibility was taken, as the Director Vigilance (who during surprise check had found that the pulse was not provided) had merely asked the Divisional Engineer Installation in April 1981 to take suitable action to avoid any such lapse in future.

6.4 *Revenue arrears*

6.4.1 Arrears of telephone revenue as on 31st March 1983 totalled Rs. 12.36 crores as shown below (Table 30.6.4.1.1) :—

TABLE 30.6.4.1.1

Position of outstanding Telephone dues as on 31st March 1983.

(Rupees in Thousand)

Year	State Govern-ment	Central Govern-ment	Defence	Statuto-ry Bodies & Em-bassies	Private parties and others	Total
Upto						
1975-76 .	257	176	112	42	6456	7043
1976-80 .	292	1354	246	1597	25838	29327
1980-82 .	846	1839	389	1939	23077	28090
1982-83 .	1999	4636	1511	4227	46788	59161
Total .	3394	8005	2258	7805	102159	123621

Of this, over Rs. 7 crores were due from private parties, and over Rs. 3 crores from other non-government subscribers. The Public Accounts Committee in its 11th Report (7th Lok Sabha), presented in Lok Sabha on 19th December 1980, had observed that had effective and appropriate measures at higher levels been taken, the arrears would not have increased over the previous years and wanted to know what further steps have been taken to recover the arrears. The position has not improved much since then. The total telephone revenues for 1982-83 being Rs. 96.14 crores, the arrears of Rs. 5.92 crores pertaining to that year as on 31st March 1983 represented about 0.74 months' revenues.

It was noticed in audit that while the Department was not able to recover Rs. 13.61 lakhs which had been outstanding for more than 10 years, it also failed to settle disputed cases from 1974-75 to 1982-83 which involve outstandings of Rs. 1.53 crores. The number of subscribers against whom particularly heavy amounts were outstanding is given below (Table 30.6.4.1.2) :—

TABLE 30.6.4.1.2

Category	Number of subscribers	Amount involved (Rs. in lakhs)
1. From Rs. 5,000 to 10,000 in each case	525	36.56
2. Above Rs. 10,000 in each case .	655	135.00

NOTE : The above figures do not include all cases of Area Manager (Central) New Delhi.

6.4.2 A scrutiny of the cases involving heavy outstandings of (over Rs. 10,000) recoverable from private parties revealed that out of 181 sample cases (amount involved Rs. 38.79 lakhs) examined in audit, in 76 cases (Rs. 16.29 lakhs) of meter reading complaints could not be finalised as the report on technical points was awaited from the Assistant Engineer Fault Repair Service; in 11 cases (amount Rs. 2.55 lakhs) disconnection was deferred as these stood referred to legal cells of the Department. In 94 cases pertaining to non-payment (amount outstanding Rs. 19.95 lakhs); although disconnection was resorted to, action to effect recoveries through Telephone Revenue Inspector could not be taken as the Department failed to prepare details of outstandings in form TR 20 due to non-receipt of covering order books from the respective exchanges.

In respect of the delay in finalization of the 1865 cases of meter reading complaints involving Rs. 74.93 lakhs which remained unsettled at the end of March 1983, the Department stated (January 1983) that each case had to be examined from various angles involving a time consuming process and delay in the finalization of such cases was inevitable.

Summing up

— Against 12 *per cent* growth in demand, Delhi Telephones could provide 64 *per cent* of the targets during last five years. The installed capacity of the exchanges was not utilised to the prescribed extent of 90 *per cent* for giving connections (loss of potential revenue Rs. 271 lakhs). The number of applicants in the waiting list rose from 47,000 in 1978 to 1,08,000 in 1983.

— Delay of 3 to 12 months was noticed in commissioning of the 8 projects (costing over Rs. 5 crores) reviewed in audit. The actual cost exceeded the sanctioned cost by 27 *per cent* to 174 *per cent* but the revised estimates are yet to be sanctioned.

— Operating efficiency was generally below the targets set for metropolitan districts particularly in regard to complaints and faults, achievement of effective trunk calls, etc. The loss of revenue was of the order of Rs. 617 lakhs for 1979-80 to 1982-83.

— In STD calls the percentage of failures ranged between 75 and 90 in the cross-bar automatic exchange, and 61 and 84 in the case of strowger exchanges.

- While percentage of failure was quite low in local exchange calls, it was higher than the targets in the inter-exchange calls within Delhi, which constituted about 80 *per cent* of the calls.
- The earning per direct exchange line fell short of budgetary expectations, but the gross operating expenditure exceeded the target.
- Omission to prefer claims or short-billing noticed in the test check was Rs. 61.78 lakhs including rentals on accessories.
- Non-installation of STD pulse between Ghaziabad and Patna resulted in STD call being counted as single local call for 28 months.
- Out of the total outstanding telephone dues of Rs. 12.36 crores, dues from private parties as on 31st March 1983 were Rs. 7 crores. The arrears in collection represented about 1½ months' revenues.

31. **Providing telecommunication facilities for Asiad, 1982.**—The Posts and Telegraphs (P&T) Department provided telecommunication facilities for the IX Asian Games, 1982, in New Delhi. These included :

- facilities for the use of the general public in sports stadia, *viz*. 196 local public call offices 52 public trunk telephones for calls within the country and 66 public trunk telephones for international trunk calls;
- facilities earmarked for certain organisations (368 non-exchange lines (NEL) for All India Radio, 48 NELs for Doordarshan and 34 NELs for National Information Centre);
- hot lines (20 for Special Organising Committee, 15 for Press Information Bureau and 73 for News Agencies);
- circuits (42 circuits for Press Information Bureau and news agencies and 12 circuits for Departmental Telegraph Offices and 12 specially leased circuits to Overseas Communications Service for news agencies); and
- electronic PABXs (16 electronic PABXs imported from France at a total cost of Rs. 487 lakhs (including freight and customs duty) had to be installed in certain five-star hotels at Delhi and in the Asian Games Village in Siri fort).

1. These facilities required the laying of 80 kms. of primary cables and 40 kms. of distribution cables at an estimated cost of Rs. 139 lakhs and 28 kms. of junction cables laid at a cost of Rs. 42 lakhs. On the ground that primary cables could be used by the Department for their future requirements, it was decided in August 1981 that the cost thereof would be borne by the Department. The cost of distribution cables to be laid from the pillars to various stadia was to be charged to the Asian Games Authorities as these cables would not be required by the Department after the games were over.

2. *Financial arrangements.*—From the point of view of financial arrangements the works were divided into 3 categories :—

(*i*) Contribution works like laying of distribution cables.	The expenditure on laying of cables was debitable to the Ministry of Education against the contribution received.
(*ii*) Rent and guarantee works like installation of electronic PABXs in certain hotels and the Games Village.	Provided on annual rental basis for a specified period of guarantee (usually 7 years).
(*iii*) Departmental works like laying of primary and secondary cables.	The cost was to be borne by the P & T Department.

2.1 For the works to be taken up on behalf of the Asian Games Authorities, administrative approval was accorded by the Ministry of Education for Rs. 85.70 lakhs in 1981-82 for;

	(Rs. in lakhs)
— distribution cables	30.00
— electronic PABX at Siri fort . . .	10.70
— overseas communications service . .	45.00
TOTAL :	85.70

2.2 A further sum of Rs. 15 lakhs for cable work and Rs. 2.50 lakhs for electronic PABX at Siri fort were sanctioned by the Ministry of Education during December 1982 bringing the total to Rs. 103.20 lakhs.

2.3 *Contribution works.*—The total expenditure incurred by the Department on distribution cables including departmental charges worked out to Rs. 47.68 lakhs against the advance deposit of Rs. 45.00 lakhs made by the Ministry of Education. Rs. 2.68 lakhs are to be recovered from the Ministry of Education. The annual maintenance charges of distribution cables at Rs. 1.25 per km. (which works out to Rs. 11,000 *per annum*) were neither charged, nor was any agreement executed for effecting recovery from the Ministry of education.

2.4 *Rent and guarantee works*.—The works relating to installation of imported electronic PABXs or replacement of the existing PABXs by electronic PABXs in hotels and in Siri fort fall under this categroy. During test-check, the following irregularities were noticed :—

(a) *Short-billing*.—The rate of rental charged for the PABX was calculated at 16.1 *per cent* of the capital cost initially intimated instead of 20.1 *per cent* of the revised capital cost including 4 *per cent* depreciation as per rules. This resulted in short recovery of Rs. 0.43 lakh on account of rent for the electronic PABX.

Further, rental for 293 extensions was calculated at the rate of Rs. 200 *per annum* per extension as in the case of ordinary PABX whereas this electronic PABX was installed for a special occasion and each extension there from should have been charged at the rate of Rs. 150 per month as per Paragraph 86 of P & T Manual Volume XII. Assuming that all the extensions were provided within a radius of one km. from the said electronic PABX, the rent of 293 extensions for five months should have been Rs. 2.20 lakhs whereas only Rs. 0.59 lakh was charged, resulting in short recovery of Rs. 1.61 lakhs.

Again, the period for which rentals for the electronic PABX was to be charged expired on 31st December 1982 and although orders for disconnecting the same on 31st December 1982 were issued on 10th December 1982, it had not been dismantled yet (August 1983) and rent for eight months from 1st January to 31st August 1983 totalling Rs. 6.69 lakhs had become due for recovery (rent of board : Rs. 3.18 lakhs and rent of 293 extensions : Rs. 3.51 lakhs at the rate of Rs. 150 per month).

Thus, a total sum of Rs. 8.73 lakhs remains recoverable from the Asian Games Authorities.

(b) *Short recovery of shifting and installation charges for electronic PABXs installed in hotels*.—A test-check of the rent and guarantee calculations showed that the charges for shifting of old boards to new locations for transfer of junctions and for installation of additional junctions (recoverable from the hotel owners) were not included in the demand notes issued by the General Manager, Telephones, Delhi to the management of the hotels in which replacement works were undertaken. The amounts so omitted included :

- Shifting charges of the boards transferred to new locations (Rs. 3.82 lakhs);
- shifting charges for transfer of junctions from old boards to the new boards (Rs. 0.44 lakh); and
- installations charges for additional junctions (Rs. 0.05 lakhs).

The short recovery of Rs. 4.31 lakhs was pointed out by Audit to the Department in July 1983. Department's reply was awaited (October 1983).

2.5 *Departmental works*.—An expenditure of Rs. 55.66 lakhs was incurred on new cables in place of cables entrapped under fly-overs. Six works pertaining to the laying of new cables in lieu of existing cables (abandoned or entrapped due to the construction of fly-overs) were executed before Asiad 1982 but the estimates thereof have not yet been sanctioned. The total extra expenditure on this account was Rs. 55.66 lakhs upto May 1983 as per details given against each.

Sl. No.	Brief description of work	Expenditure incurred upto May 1983	
		In cash (Rupees)	Materials Stores (Rupees)
1.	Laying new Junction cables in lieu of cables abandoned due to construction of fly-over by Northern Railway at Sewa Nagar	82,512	2,04,446
2.	Laying new junction cables in lieu of cables abandoned due to construction of fly-over by Public Works Department, Delhi Administration at Mool Chand Crossing	89,164	6,74,183
3.	Laying of new junction cables in lieu of cables, abandoned due to construction of fly-over by Public Works Department, Delhi Administration at Lodhi Road crossing	1,26,837	13,49,768
4.	Laying new junction cables in lieu of cables abandoned due to construction of a fly-over by Public Works Department, Delhi Administration at Oberoi Hotel crossing	58,087	12,50,573
5.	Laying of new junction cables in lieu of cables abandoned due to the construction of fly-over by Municipal Corporation Delhi and Northern Railway at Jail Road	1,09,935	1,17,472
6.	Laying of new local cables in lieu of existing cables due to construction of fly-over at Lala Lajpat Rai Marg by Public Works Department (Delhi Administration)	16,615	14,56,187
	TOTAL :	5,13,150	50,52,629
	GRAND TOTAL :	Rs. 55,65,779	

2.5.1 Further, the Department, instead of treating these as cases of damage to Government property, in which case compensation for damages could have been claimed, had treated these cases as of shifting at Government expense. The compensation for damages to Government property as per rule 499 of Posts and Telegraphs Manual Volume X, if calculated on the actual expenditure so far booked, works out to Rs. 61.61 lakhs.

2.6 *Idle equipment worth Rs.* 122.98 *lakhs.*— The Director, Asian Games, P & T Department assessed the number of teleprinter machines and accessories required to meet the demand of various agencies in connection with Asiad 1982 and requested the Deputy General Manager (Material Control) P&T Department (July 1981) to initiate action for procurement. The quantities of the equipment assessed, received and actually issued are shown below (Table 31.2.6) :—

TABLE 31.2.6

Sl. No.	Type of Instruments	Quantity assessed	Quantity received	Quantity issued	Surplus	Value of surplus (Rs. in lakhs)
1	Teleprinter machines BSN page Model English	800	800	387	413	47.91
2.	BTF (Transmitter)	800	1325	205	1120	21.28
3.	BPF (Perforator)	800	1325	268	1057	15.32
4.	Dial unit (Telex)	200	250	156	94	0.82
5.	Line unit 101/1+2	110	515	192	323	4.13
6.	Control unit 101/1 Telex . .	60	585	159	426	5.33
				TOTAL :		94.79

Out of the 800 teleprinter machines procured by the Department during October 1981 to August 1982, only 387 were issued by the Circle Store Depot, New Delhi for use during the Asiad. Of these, 144 teleprinter machines and ancillary equipment were installed at various stadia, etc. and the remaining 243 teleprinter machines (cost : Rs. 28.19 lakhs) remained unutilised with various subordinate units.

The value of such equipment procured solely for Asiad 1982 and remained unutilised in the Circle Store Depot, New Delhi was Rs. 94.79 lakhs. Thus, the total capital blocked on this account worked out to Rs. 122.98 lakhs.

2.6.1 In January 1983, the Assistant Engineer, Circle Store Depot, New Delhi brought to the notice of the Assistant General Manager, Material Management (AGM-MM), New Delhi that a large number of teleprinter machines was lying in his depot with further receipt of the same in continuance flow and that the rate of issue was negligible compared to the rate of receipt, resulting in problem of stocking them properly and accordingly requested the AGM(MM) to get the supplies stopped or arrange early clearance of the stock in order to solve the space problem and to avoid audit objections. The material was, however, still lying in stock (October 1983).

2.7 *Expenditure on booths and their furnishing.*—To house the Public Call Offices and Departmental Telegraph Offices opened in various stadia, the Department spent Rs. 21.85 lakhs on constructing 332 booths and Rs. 3.73 lakhs for furnishing them; the average cost per booth being Rs. 0.08 lakh.

A test-check of the revenue collected at 79 booths showed that the total collection from these booths in 9 stadia during Asiad 1982 was Rs. 0.08 lakh only, the average being Rs. 95 per booth. In one stadium, the total collection from six booths was Rs. 10 only.

2.7.1 *Purchase of furniture.*—To furnish these booths furniture was purchased by the Chief Superintendent (Central Telegraph Office), New Delhi, at a total cost of Rs. 2.95 lakhs. A few items of furniture costing Rs. 0.79 lakh (including ten sofa sets, settees and centre tables, etc.) were also purchased by the General Manager, Telephones, through a specially constituted purchase committee.

2.7.2 During scrutiny of the records relating to furniture, the following points were noticed.

(a) Some items of furniture costing Rs. 0.52 lakh shown as having been transferred by the Chief Superintendent, Central Telegraph Office to General Manager, Telephones, as per stock register of Central Telegraph Office, New Delhi had neither been acknowldeged by the General Manager nor were these brought on to stock account by the receiving Office (May 1983).

(b) Certain items of furniture costing Rs. 0.48 lakh purchased by the General Manager, Telephones, were sent to the Chief Superintendent, Central Telegraph Office, New Delhi, but were stated to have not been received in that office (May 1983).

Summing up

— The excess expenditure of Rs. 2.68 lakhs incurred on contributory works executed on behalf of the Ministry of Education was not recovered. Short recovery of Rs. 2.04 lakhs on account of rent in respect of electronic PABXs provided at the Games Village upto 31st December 1982, due to non-observance of the Departmental rules was noticed. A further recovery of Rs. 6.69 lakhs on account of rentals upto August 1983 had become due on account of non-dismantlement of the electronic PABXs after 31st December 1982

— Non-inclusion of the charges for shifting of old boards to new locations, transfer of junctions and installation charges for additional junctions had resulted in short recovery of Rs. 4.31 lakhs.

— The Department had to incur an extra expenditure of Rs. 55.66 lakhs for laying new cables in lieu of the existing cables entrapped due to construction of various fly-overs.

— Over-assessment made by the Department in respect of the requirements of the teleprinter machines and ancillary equipment resulted in blocking of capital to the extent of Rs. 122.98 lakhs.

— Non-accountal of furniture articles valuing Rs. 1.00 lakh had not been investigated by the Department (May 1983).

The matter was reported to the Department in July 1983; comments thereon are awaited (October 1983).

32. **Telephone Exchange, Tiretta Bazar, Calcutta.**—The project for construction of a telephone exchange building at Tiretta Bazar (Calcutta) with a capacity to accommodate 40,000 lines and installation of 18,000 lines initially at a cost of Rs. 5.80 crores was approved in 1964. The construction of the building commenced in 1968 and was completed in 1973 at a cost of Rs. 1.45 crores (approximately). In view of the declining demand in Calcutta on account of the unsettled conditions, it was decided (1971) to defer installation of 18,000 lines.

Consequent on demand for telephones picking up the earlier scheme to instal 40,000 lines in three phases of 10,000, 20,000 and 10,000 lines respectively was revived in 1974. The first stage of 10,000 lines was sanctioned in January 1975 at a cost of Rs. 6.44 crores including Rs. 1.51 crores for land and buildings. In September 1975, a project for installation of 20,000 lines (10,000 lines each for Code 26 and 27 exchanges) with imported cross-bar equipment was sanctioned at a total cost of Rs. 13.05 crores excluding cost of land and buildings, cancelling the allotment of 10,000 lines sanctioned in January 1975.

Orders for imported equipment for 20,000 lines were placed in November 1975 against International Development Agency (IDA) credit. The shipment of the equipment was scheduled to begin according to the contract by November 1976 for completion by February 1977. Provision of air-conditioning facilities was considered essential for opening and installation of equipment. Orders for supply of installation and commissioning of the air-conditioning plant were placed only in September 1976 for completion of the work by July 1977. The delivery date was extended twice and the work was actually completed in October 1977. In the meantime, imported equipment had arrived in January/February 1977. Air-conditioning arrangements had to be improvised by installing 20 window type air-conditioners at an avoidable cost of Rs. 1.96 lakhs.

According to the tender notification, the firm was to train up the P&T personnel during installation and 3 months after the plant was put into operation. Although the plant was to be installed completely within 10 months from the date of issue of order (*i.e., 15th July* 1977), arrangements for such training were finalised with the firm only in November 1978. The details of the persons trained were not available. Meanwhile, as the plant had already been installed in October 1977 and as the Department had no trained staff for the operation of such equipment, they had no other option but to ask the supplier to maintain the AC plant from November 1977 onwards. This arrangement was continued even upto August 1980 for which Rs. 3.49 lakhs were paid extra to the firm.

Detailed estimates for cable laying were sanctioned during 1976-77 to 1978-79 and the work commenced in Noevmber 1976. Only 100 kms. could be laid upto 31st March 1979 and 173 kms. upto September 1982 against the target of 200 kms. by 31st March 1979.

The exchanges which were commissioned in May 1978 and September 1978 respectively to give relief mainly to exchanges 21 to 24 thus remained under-utilised. Even as late as 31st March 1983 the number of working connections in all these 6 exchanges taken together was short of connectable capacity of 3909 lines, while the waiting list was 4,932. As a result of under-utilisation of the installed capacity, the Department lost potential revenue of Rs. 4.81 crores from June 1979 to March 1983. The Department stated (September 1983) that the delay in utilisation of the capacity of the exchange was mainly due to extra-ordinary fault situation and the deployment of staff for maintenance purposes.

While the sanctioned project for 20,000 lines was not fully utilised, on the basis of demand projection another project for installation of 7,000 lines (Code-25) with imported cross-bar exchange was sanctioned by the P&T Board in August 1980 for Rs. 6.69 crores (including Rs. 0.59 crore for land and buildings) to give relief to the areas covered by exchanges with Code numbers 22, 23, 26, 27, 32, 33 and 34 on the ground that project sanctioned earlier in January 1975 could not be executed due to limited production capacity of Indian Telephone Industries. This project has been commissioned from May 1983 with 1,074 working connections.

Summing up

— The project sanctioned (1964) for 18,000 lines initially (estimated cost : Rs. 5.80 crores) was deferred after construction of buildings (cost : Rs. 1.45 crores). The first stage of 10,000 lines sanctioned (January 1975) was not implemented and the equipment ordered on ITI was cancelled. The second stage of 20,000 lines (estimated cost : Rs. 13.05 crores) was sanctioned (September 1975) for implementation with imported equipment. The equipment was commissioned by September 1978 but only about 50 *per cent* of the cables were laid by March 1979. 173 kms. of cable were reported to have been laid upto September 1982 against the projected requirement of 200 kms. by March 1979.

— On account of failure to synchronise the commissioning of AC plant, improvised air-conditioning arrangements had to be made involving an avoidable expenditure of Rs. 1.96 lakhs.

— Due to delay on the part of the Department to get the staff trained in the operation of AC plant by the supplier, an avoidable expenditure of Rs. 3.49 lakhs was incurred towards maintenance of plant by the firm.

— Absence of synchronisation in laying of cable led to under-utilisation of equipped capacity resulting in loss of potential revenue of Rs. 4.81 crores upto March 1983.

— Further expansion of 7,000 lines was sanctioned (August 1980) with imported equipment (estimated cost : Rs. 6.69 crores), which was commissioned in May 1983, with only 1,074 working connections.

33. **Delays in implementation of a project.—** The scheme for installation of a micro-wave system between Madras-Rameswaram through other stations and a narrow-band micro-wave system between Coimbatore-Mettupalayam, Ernakulam-Irinjalalakuda, Madurai-Karaikudi and Ernakulam-Alwaye was approved in December 1975 by the Expenditure Finance Committee at a total cost of Rs. 981.81 lakhs. The approval of the Cabinet was not obtained, although the total outlay exceeded Rs. 5 crores. The project estimate was sanctioned by the Department in June 1977 for Rs. 1174.00 lakhs, including Rs. 60.52 lakhs on general administration, again without the approval of the Cabinet. The anticipated gross annual return was Rs. 1105.3 lakhs and the net annual return was Rs. 888.13 lakhs. The installation was to be completed in 1979-80 and it was expected to be commissioned in April 1980.

Upto March 1983, Rs. 1591 lakhs was incurred on the scheme. While the radio equipment for the wide-band route were received and installed in 1979-80 in all sections, most of the multiplex equipment for the entire scheme and radio equipment for three narrow band routes have not been supplied (March 1983) by the Indian Telephone Industries (ITI) which contracted to supply the equipment during 1977-78 and 1978-79. As a result, no section of the scheme could be commissioned (March 1983) for normal traffic.

Apart from substantial investment remaining non-productive on account of longer gestation period (of more than 3 years), there was additional expenditure of about Rs. 15.98 lakhs *per annum* on establishment since April 1980 onwards.

The capital expenditure incurred on the project (Rs. 1591 lakhs till March 1983) has already exceeded the original estimate of Rs. 981.81 lakhs by more than 20 *per cent*. However, the approval of the competent authority for revision in cost estimates has not been obtained (July 1983).

The expenditure on general administration upto March 1983 was Rs. 116.55 lakhs which is nearly twice the project provision of Rs. 60.52 lakhs. This was mainly because the project establishment had to be continued for much longer than the project provision of 48 months in the case of Director's Office and 180 months in the case of Divisional Offices although the bulk of the work has been completed by March 1982, when the expenditure incurred was Rs. 1315 lakhs.

The Department stated (June 1983) that the most important factor responsible for the delay was the delayed supply of equipment, namely radio and multiplex, from ITI. There was considerable delay in the development of indigenous radio equipment in 2, 6 and 7 GHz band and this was unexpected. Due to non-availability of basic material (equipment), it was not possible to load the system to the extent for which it was planned. The fact remains that ITI is under the same administrative Ministry and the latter could easily make a realistic assessment of the former's capabilities in planning and execution of a major scheme.

CHAPTER VI

STORES PURCHASE AND CONTROL

34. **Khadi Cloth worth Rs. 34 lakhs lying unused.**—The P&T Board decided in September 1978 to give the staff three sets of khadi-cloth uniforms annually from 1981 onwards. Accordingly, the Department placed a consolidated indent in March 1979 on the Director of Supplies, Textiles (DST) Bombay for 37.85 lakh metres of Khadi cloth valued at Rs. 280 lakhs.

In June 1979 the P&T Board decided to supply one set mill-cloth uniform plus one set khadi uniform each year (instead of 3 sets of khadi uniforms) during the year 1980-81 and 3 sets of khadi cloth uniforms during the year 1981-82. The reasons for this decision were (1) expected delay in supply of khadi cloth, (2) very strong objection to khadi cloth by the staff unions.

This decision cut the requirement of khadi cloth in 1980-81 by two-thirds. At this stage the Department knew that the DST, Bombay had not yet placed orders on the Khadi and Village Industries Commission (KVIC) but did not write promptly to the DST reducing their previous indent for 37.85 lakh metres of khadi cloth.

It was only on 15th September 1979 that the Department sent a telegram to the DST requesting him to "intimate if possible to cancel our khadi indent without financial repercussion and instead similar quantity of mill-made cloth could be procured for supply by end December". Even at this stage no order had been placed by the DST for supply of khadi against the Department's indent. The DST replied telegraphically that the "Proposal for covering your requirements on the KVIC is being sent to DGS&D, New Delhi for approval, and therefore the conversion to mill-made variety does not arise at this stage".

The Department did not pursue the matter further with the DST in any way although his reply clearly implied that no contract had so far been placed by the DST for procurement of khadi against their indent.

More than 2 months later (29th November 1979) the DST actually placed his first two orders against this indent for a total quantity of 28.65 lakh metres. It is clear that if the Department had acted quickly and vigorously this order could have been cut, and further orders stopped. DST placed another small order for 67653 metres in February 1980.

In February 1980, the Department changed its policy and decided to give only mill-made uniforms to eligible staff from 1981-82. Even after this, the matter was not further pursued with the DST, Bombay, who placed a fourth order for 2.63 lakh metres as late as March 1980.

Against these orders, KVIC supplied 19.75 lakh metres of khadi valued at Rs. 1.54 crores up to June 1980 (after which the Department refused to take any further supplies). The Department could not utilise this quantity even after using khadi for dusters, aprons, curtains and stamp pads, etc. It was left with a surplus of 8.43 lakh metres of khadi cloth valued at Rs. 68.24 lakhs (October 1981). The Department's efforts to transfer the surplus to other Government departments did not succeed. The DGP&T, instructed all the Heads of Circles, etc. in March 1982 to dispose of the surplus khadi cloth either by auction or through the DGS & D according to the financial value of the khadi cloth held in stock by them. However, the DGS & D finally informed the Department in March 1983 that the stores located all over India were put to tender but no response had been received.

As on 31st March 1983, about 4.35 lakh metres of khadi cloth valued at Rs. 34.01 lakhs remained in stock un-utilised. The Department instructed the Heads of Circles in May 1983 to dispose of the surplus khadi cloth most expeditiously by auction.

35. **Purchase of defective ebonite sheets.**—On a request made by the General Manager, Telecom Factory (GMTF) Bombay, the Director General Posts and Telegraphs (DGP & T) placed an indent with the Director General of Supplies and Disposals (DGS & D) for arranging import of

36,800 kgs. of ebonite sheets to meet the requirements of Telecom Factories in Bombay, Calcutta and Jabalpur. Before accepting the lowest offer of a Canadian firm, DGS & D inquired (February 1980) of GMTF Bombay whether the order could be placed on the Canadian firm in view of their low prices. The GMTF stated (March 1980) that ebonite sheets were all along being imported from a German firm and that in the absence of full technical details of the supplies to be made by the Canadian firm, he could not tender advice on the suitability of the offer. He added that it was essential to obtain samples from the Canadian firm and examine critically the technical suitability. The DGS & D, however, informed him in April 1980 that since the procurement would be made as per specifications, full technical details of the offer were not required to be sent to him. In the meantime GMTF, Bombay had also called for samples of the ebonite sheets directly from the firm in March 1980. However, after communication from the DGS & D in April 1980 the matter was not pursued further.

The DGS&D entered (June 1980) into a contract with the Canadian firm through its Supply Wing, Washington for supply of ebonite sheets worth $ 1,08,976 (Rs. 8.91 lakhs) by 31st October 1980. On receipt of the copy of the contract endorsed to him, the GMTF, Bombay pointed out (15th July 1980) that there was no inspection clause in the agreement and advised the Supply Wing to ensure inspection before despatch of the material. The Supply Wing informed (July 1980) that there was no inspection agency at their office and that all stores and equipment from US/Canadian sources were procured by their office under firm's warranty/test certificate. The GMTF, Bombay did not further insist on pre-inspection or testing of samples before bulk purchase.

At the instance of the GMTF (July 1980) the firm sent by air 735 kgs. of ebonite sheets on 10th October 1980 to Calcutta, and requested immediate communication in the acceptability of the material. They intimated that further supplies would be made on receipt of approval within 35 days after the receipt of such approval. GMTF, Calcutta did not test and report till February 1981.

On 5th November 1980 Supply Wing informed the Canadian firm by telex that the stores were urgently required and that they should not wait for sample approval as "Contract does not call for any sample approval". The telex insisted that the firm should take action to complete supply as per the delivery schedule.

The GMTF Bombay who had received samples in the first week of December 1980 informed the firm (last week of December 1980) that the material appeared to be of harder quality leading to difficulty in machining, and also was uneven and did not have the "glossy finish" specified in the order. The letter added "in view of the fact that you have already despatched the full consignment, we have nothing more to add except to request you to examine and improve upon the quality so that your future supplies, in the event of finalisation of order, can be of superior quality meeting our requirements and specifications".

In February 1981 GMTF (Calcutta) reported that all the 735 kgs. (air-lifted in October 1980) had been utilised and that while its electrical properties were suitable, it had some other defects such as unevenness, hardness and lack of glossy finish.

Meanwhile, on 16th December 1980, the firm had sent to GMTF, Jabalpur 3,005.5 kgs. and to GMTF, Bombay 15,800 kgs. About a week later 17,250 kgs. was sent to GMTF, Calcutta, completing the supply.

The materials were rejected by all the 3 factories between April 1981 and October 1981. The firm was requested in October 1981 to replace the defective material but the firm turned down the request on the ground that they had air-lifted 735 kgs. to Calcutta on 10th October 1980 specifically stating that they did not want to send the balance until the material had been tested. But they were specifically asked not to wait for approval of sample and were asked to speed up deliveries.

The Supply Wing stated in Decmber 1981 that the only recourse was legal action which in the USA might prove to be as expensive as the cost of stores, with the outcome remaining doubtful.

Thus, materials costing Rs. 25.15 lakhs (including freight, insurance and customs duty) remained unused (May 1983). The Department stated in June 1983 that the possibility of utilising the material for production of other items like tag blocks in Telecom Factories at Bombay and Calcutta was being explored. It was, however, noticed in audit that the cost of tag blocks manufactured out of these rejected ebonite sheets would be nearly double the cost of tag blocks manufactured by the existing process.

The matter was also reported to the Ministry of Supply (August 1983); their reply is awaited (September 1983).

36. **Avoidable expenditure on printing of forms locally.**—The forms required by the Posts and Telegraphs Department are normally obtained from the Postal Stores, Forms and Seals (PSFS), Aligarh on indents placed by the postal and telecommunication units. Local printing of "essential" forms may be resorted to by Heads of Circles only in exceptional circumstances when PSFS is unable to supply the forms and the stock is below 25 *per cent* of the annual demand.

In October 1979, the PSFS, Aligarh informed the Department that Government of India Press, Aligarh would not be able to replenish the stock of P&T forms (except 24 forms specified by them) during the next 4 months and advised all the concerned units to get the forms printed locally. The PSFS also informed (March 1980) that it would not be able to replenish the stock of all P&T e ssential forms for a further period of 4 to 6 months, and local printing be resorted to.

These instructions were clearly intended to cover forms required in the next 4 to 6 month only, *i.e.* up to end of September 1980. But the General Manager, Telecommunications (GMT), Lucknow arranged for local printing of 65 forms in 1980-81 and 45 forms in 1981-82 at a total cost of Rs. 30.00 lakhs and Rs. 21.49 lakhs respectively. The GMT did not follow the normal procedure of calling for open competitive tenders but placed orders after obtaining limited tenders. On the ground of urgency, GMT did not even assess requirement of forms properly. The tender enquiry did not show clearly the total number of forms to be printed as illustrated below (Table 36) :—

TABLE 36

No of cases	Unit of enquiry	Total no. of forms/pads/registers finally printed
4	For single pad	2,20,000
2	For hundred pads	40,000
2	For thousand forms	8,50,000

Consequently, the Department lost the chance of getting telescopic rates for printing large number of forms.

The powers vested in GMT for printing in private presses can be exercised where the rates to be paid to private printers do not exceed those admissible under the Schedule of Rates maintained for the time being by the Directorate of Printing. The latest such Schedule of Rates available at the time was issued by the Director of Printing in 1977; even after allowing for the increase in rates due to inflation, the rates allowed to the printers were still quite excessive, being in some cases as much as 3 to 8 times the schedule rates. A comparison of the rates quoted for the same forms in response to an open tender issued by the GMT, U.P. Circle Lucknow, in February 1983, indicated that the rates quoted therein were much less than the rates quoted in November 1980 excepting in the case of one item.

A test audit of amounts paid in 1980-81 and 1981-82 for 13 items-forms, pads and registers showed that a total of Rs. 20.02 lakhs was paid to the private presses. Out of 13 forms test checked, 10 forms were available in the stock of PSFS, Aligarh during 1980-81 and 1981-82 resulting in unnecessary and irregular expenditure of Rs. 18 lakhs. A sum of Rs. 2.02 lakhs was paid against the admissible amount of Rs. 0.45 lakh for the remaining three items test checked, resulting in extra expenditure of Rs. 1.57 lakhs.

The GMT supplied large quantities of paper to the six printers for printing the above forms without obtaining any security deposit. Further, the orders were placed without entering into any agreement and without a clear-cut understanding or condition regarding the delivery schedule and penalties for delayed supply, bad workmanship, etc.

Summing up :

— Although the PSFS, Aligarh asked the Department to arrange for local printing of forms required upto September 1980, the GMT, Lucknow placed orders for local printing of forms during 1980-81 and 1981-82 without assessing properly the requirement before placing orders for large quantities of forms.

— The tender enquiries were defective as they did not indicate the total number of forms, pads and registers required to be printed, thereby denying to the Department the advantage of bulk rates. Neither an agreement was entered into with the tenderers while placing the orders, nor was any deposit taken from the private presses to cover the risk of possible loss and damage to paper supplied.

— The Department unnecessarily incurred extra expenditure of Rs. 18 lakhs in the printing of the 10 forms test-audited (out of the 110 forms printed) due to failure to place indents on PSFS.

— On account of the failure to restrict the payments to the rates fixed in the Schedule of Rates in force at that time and also on account of defective tender enquiry, the Department incurred an extra expenditure of Rs. 1.57 lakhs in printing of 3 forms test-checked out of 110 forms printed.

— A comparison of the rates quoted for the same forms in response to an open tender issued by the GMT, Lucknow in February 1983 indicated that the rates quoted in pursuance thereof were much less than the rates quoted in November 1980 excepting in the case of one item.

The Department stated (October 1983) that there were certain omissions on the part of the staff and officers of the office of the GMT, Lucknow and suitable notice of the same would be taken to avoid recurrence.

37. **"Sensitive" stores found short in Retail Store Depot.**—Departmental rules require that in respect of sensitive items of stores like solder sticks, plumber metal and lead sleeves, stocked in Retail Store Depots (RSD) progressive stock-taking should be conducted half yearly and the position of stock reviewed from time to time. The rules also provide for continuous stock-taking by independent stock verifiers working under the General Manager, Tele-communication Stores, so as to complete verification (each item of stores in all the depots) at least once a year.

Test Audit of the records of RSD, Ghatkopar, Bombay Telephones (April 1979, May 1980, February 1982 and November 1982) showed that the progressive half yearly stock-taking of "Sensitive" stores and yearly stock-taking of other stores, had not been conducted since 1978 in spite of repeated audit objections. During the four years 1978-79 to 1981-82 no surprise checks were conducted at all on plumber metal (a sensitive item) and surprise checks on solder sticks (another sensitive item) were conducted only thrice (19th May 1978, 3rd July 1978 and 9th September 1979) by the Assistant Engineer, RSD, Ghatkopar, and only once (3rd July 1978) by the Assistant General Manager (MM) Bombay Telephone District.

The independent Stock-verifier of Telecom Stores Organisation, Bombay, physically verified the stock of plumber mental (RL 1.30,780) in September 1980 and found no discrepancy. However, during surprise check by the Vigilance Officer of the Bombay Telephone District on 12th May 1981 the stores were actually weighed and found short by 1261.80 kgs. Besides, 600 kgs. of plumber metal were found to have been issued on fake and forged stores requisitions during 1980. The value of 1862 kgs. of plumber metal (at the rate of Rs. 80 per kg.) was Rs. 1.49 lakhs.

The matter was investigated by the Central Bureau of Investigation who, in their report (April 1982), held some officials of the RSD responsible for misappropriation of stores and recommended departmental action against them.

Similarly, during a surprise verification (May 1982) by AE Stores, a deficit of 311 kgs. of solder sticks (RL No. 120441) valued at Rs. 29545 (Rs. 95 per kg.) was noticed.

The non-observance of rules and instructions facilitated malpractices leading to loss of "sensitive" stores worth Rs. 1.78 lakhs in one RSD alone. The Department stated (September 1983) that departmental action against concerned officials was in progress.

38. **Blocking up of capital**

(a) *Installation of Pulse Code Modulation (PCM) system between Hubli and Dharwar.*— In December 1977, the General Manager, Telecom, Karnataka Circle sanctioned an estimate of Rs. 11.64 lakhs for installation of four 24-channel Pulse Code Modulation (PCM) systems between Hubli and Dharwar to meet the demand for additional junctions for working telex and teleprinter circuits, etc. between these two places. The work was expected to be completed within one month after receiving all the stores.

In January 1979, orders were placed on Indian Telephone Industries (ITI) for supply of equipment in 1978-79. While all other stores and equipment costing Rs. 16.67 lakhs were supplied in 1978-79, regenerator housings with supervisory filters and line regenerators were not supplied.

The Division took up the matter with the ITI only in January 1980 and the equipment cases received in January 1981.

Even after the missing items (costing Rs. 2.81 lakhs) were received in January 1981, the work was not completed within one month after receipt of all the stores as originally scheduled, but took much longer. Out of the four 24-channel PCM systems, one system was commissioned in September 1982 and another in February 1983. One system had been installed and was under acceptance test. The fourth system had not been installed (August 1983).

All these delays blocked up capital (Rs. 19.48 lakhs) for over 2 years and denied potential telex and teleprinter customers, etc. the use of the additional junctions, which were badly needed as several expansions in the exchange capacity had taken place at both Hubli and Dharwar.

(b) *Stores lying idle in Madras Telephone District*.—In Madras Telephone District stores worth Rs. 89.17 lakhs received during 1974-75 to 1981-82 in respect of 16 sanctioned estimates for execution of cable work were lying unutilised till March 1982 as per details given below (Table 38) :—

TABLE 38

Year	Value of stores received (In lakhs)
Upto 1976-77	0.12
1977-78	6.09
1978-79	37.50
1979-80	0.62
1980-81	14.42
1981-82	30.42
TOTAL :	89.17

The Department stated in December 1981 that stores worth Rs. 43.60 lakhs remained unutilised till 31st December 1980 for the following reasons :

	Value of stores unutilised (In lakhs of rupees)
(*i*) Cables or associated stores required in 11 estimates to take up the work	2.75
(*ii*) Cable works were not taken up between Central exchange and Anna Road Exchange due to slippages in construction of ducts	3.55
(*iii*) Works could not be taken up due to want of permission from the highways/ Corporation authorities for digging trenches in roads or construction of duct below the ground.	37.30
TOTAL :	43.60

During 1980-81 and 1981-82 additional stores valued at Rs. 45.57 lakhs were received and were also lying unutilised (March 1982).

A number of works (for which materials were ready) was thus held up to the detriment of telephone users, while the Department's capital remained blocked. The annual interest on the idle stores at the rates of dividend payable to the general revenues works out to Rs. 6.34 lakhs.

39. **Irregular purchase of window type air-conditioners.**—The General Manager Telephones (GMT) Uttar Pradesh Circle asked (January 1981) subordinate units to assess and intimate urgently their requirement of air-conditioning plants and window type air-conditioners. Nine DETs indented for 78 air-conditioners, which include 26 assessed by DET Gorakhpur including the SDO Gonda, 6 from SDOT Varanasi and 10 from DET Jhansi. Two indents were placed by the GMT on firm 'A' in February 1981 for 72 window type air-conditioners costing Rs. 8.12 lakhs on the basis of DGS&D rate contract for the year 1980-81. While placing orders, the GMT erroneously added 6 more units in respect of Gorakhpur Division (32 units as against 26 assessed). The Director, Telecommunications Varanasi ordered 12 air-conditioners on firm 'B' in April 1981.

Firm 'A' and 'B' supplied 84 air-conditioners during 1981, of which 29 were installed in the exchanges for which they were purchased. 18 air-conditioners were installed in places other than the indented places such as Central Telegraph Offices, Central Battery Non-multiple exchanges, etc. 37 units remained unused since 1981, resulting in blocking up Rs. 4 lakhs approximately.

The purchases were beyond the powers delegated to the GMT, U.P. Circle and the Director, Telecommunication, Varanasi. Although required under the rules, the Internal Finance was also not consulted before orders were placed.

The matter was reported to the Department (July 1983); reply has not yet been received (September 1983).

40. **Purchase of high tension and low tension panels High Tension (HT) panels.**—The Executive Engineer, Posts and Telegraphs, Electrical Division (EEPTE), Bombay placed two indents (January and February 1978) on the Director General of Supplies and Disposals (DGS&D) for supply of two HT panels, one each for Wadala and Vile Parle telephone exchanges. The tender of Rs. 1.32 lakhs of firm 'A' was accepted (July 1978) by DGS&D for delivery by the end of December 1978 or earlier.

As firm 'A' had a prolonged lock-out in their factory and could not supply the panels by the scheduled date, the accepted tender (AT) was cancelled by the DGS&D in March 1979 at the risk and cost of the firm and risk purchase tenders were opened in April 1979. In the meantime, firm 'A' had approached the DGS&D in March 1979 and offered two H.T. panels at the old rate.

While forwarding the risk tender of firm 'C' to the Department in April 1979 for scrutiny and recommendation, the DGS&D added that firm 'A' had requested for reinstatement of the original AT with delivery period of four months. The DGS&D accepted firm 'A's offer in June 1979 and revived the cancelled AT changing the date of delivery from December 1978 to October 1979. The consignees and the indentor were informed simultaneously.

As the target dates for commissioning the two exchanges was July 1980, the EEPTE decided to purchase two HT panels directly. The lowest tender of firm 'B' for Rs. 2.75 lakhs was accepted in August 1979 stipulating completion of supply and installation by 27th March 1980. The firm supplied the two panels towards the end of December 1979, and one was installed at Wadala telephone exchange in May 1980 and other at Vile Parle exchange in May 1981. These panels, though supplied by firm 'B', had been manufactured by firm 'A'.

The two HT panels ordered by DGS&D on firm 'A' were received on 8th March 1980 and became surplus to requirements. One of these was installed at Mankhurd telephone exchange by August 1982. The Department stated (July 1983) that the other panel has been utilised for Navrangapura telephone exchange (in Ahmedabad).

The Department was aware in June 1979 that the contract with firm 'A' had been revived by DGS&D, but placed the order on firm 'B' in August 1979 at a higher price involving avoidable expenditure of Rs. 1.43 lakhs. The Department stated (July 1983) that it was thought that the firm would not be able to deliver the panels even during the extended date of delivery (*i.e.* October 1979), as there was a lock-out in the firm for more than a year during 1978-79. In fact, the lock-out had been lifted by April 1979 which was intimated to the Department in the same month. In spite of this, tenders for direct purchase were called in April 1979 and the orders were placed on firm 'B' in August 1979.

Low tension (*LT*) *panels*.—Based on the indent (February 1978) of EEPTE, Bombay for one LT panel for Vile Parle exchange, DGS&D placed orders in August 1978 on firm 'X' at Rs. 1.19 lakhs for delivery by April 1979. As the firm failed to supply the LT panel, DGS&D cancelled the contract in September 1979 at the risk and cost of the firm and invited limited tenders for risk purchase. The risk purchase order was placed in November 1979 on firm 'Y' at Rs. 1.44 lakhs for delivery by June 1980. Apprehending delayed supply by firm 'Y', the P&T Electrical Circle in August 1980 placed an order on firm 'Z' for supply and installation of a LT panel at a cost of Rs. 2.69 lakhs with some changes in the specification. The scheduled date of completion was January 1981, but the work was stated to have been completed by May 1981. (The sub-station where the panel was to be installed was stated to have been commissioned in May 1981).

The panel ordered through DGS&D in November 1979 was also received in February 1981 before the sub-station was commissioned. This panel has been lying idle. The Department stated in July 1983 that the panel has been earmarked for Dhulia telephone exchange. The Department had to purchase another LT panel directly at higher cost and the panel procured through DGS&D has remained idle for 30 months (September 1983).

41. **Non-accountal of stores**.—Forty eight switch boards (cost: Rs. 2.47 lakhs) in the custody of Controller of Telegraphs Stores (CTS), Jabalpur having been damaged by flood in August 1972 the General Manager, Telecommunication Stores, Calcutta (then Chief Controller Telegraphs Stores) appointed (August 1973) a technical committee to survey the extent of damage. The committee was, however, not able to assess the cost of repairs and suggested that the boards be sent to the CTS, Bombay for arranging repairs through Bombay Telecommunication Factory. The switch boards were sent to the CTS, Bombay in September 1974.

In December 1974, the boards were inspected by a team of officers from Bombay Telecommunication Factory who opined that the damaged switch boards were beyond repairs and advised that the switch boards should be completely scrapped.

On instructions from the General Manager, Telecommunication Stores, Calcutta the switch boards were again surveyed in October 1975 by a Technical Survey Committee which consisted of amongst others, the Assistant Engineer Repairs (AER) (Repair Centre) of the Bombay Telephone District. The Committee observed that these could not be repaired by the Telecommunication Factory, Bombay. The AER, however, agreed to draw out all these switch boards on regular indents, repair them and issue to the District. Accordingly, the Committee recommended (December 1975) to hand over these boards to the AER (Repair Centre) on indents and the boards were delivered to him during March/April 1976.

The AER (Repair Centre) informed Audit (September 1978) that no separate record of flood affected boards was kept by him and no estimate was prepared for repair of these switch boards separately. These switch boards were neither shown as received by AER (Repair Centre) nor shown as issues after repairs in the monthly statements.

When the General Manager, Bombay Telephones was asked (September 1980) by Audit to intimate (a) the particulars of indents on which the boards were obtained (b) whether the boards were repaired and supplied to the different units in the District (c) the total expenditure incurred on repair etc., he replied (March 1981) that the detailed information was not available with him.

The General Manager stated (March 1982) that these boards were drawn on maintenance indents and the usual procedure of that District was to repair the switch boards without preparing any specific estimate. Hence no separate estimate was prepared and he further stated that there were some omissions and commissions in maintaining numerical accounts of the switch boards.

The Director General, Posts and Telegraphs stated (August 1982) that as no separate records were maintained for the flood effected boards, they got mixed up with other boards awaiting repairs and also no estimates were prepared for the cost of repairs of these boards. However, the omission of these switch boards from the monthly statements remains unexplained.

In the absence of any records to show the accountal of the receipt and the issue of these switch boards, the Department could not establish the final disposal of these switch boards (cost : Rs. 2.47 lakhs).

42. **Non-utilisation of sophisticated imported testing equipment/instruments.**—The Director General, Posts and Telegraphs (DGPT) placed orders in April 1980 on a foreign firm for supply of sophisticated electronic testing equipment costing Rs. 54.96 lakhs for use in Technical and Development Circle (TD) and for imparting practical training to P&T staff in Telecom Training Centres (TTC) of the Department. The delivery was to commence in six months and was to be completed within nine months from the date of receipt of purchase order.

The first air consignment containing 84 packages was received in January 1981 and the second consignment containing two packages was received in February 1981. The equipment was brought by air to protect them against damage in transit in addition to time factor.

The Director of Supplies and Disposals (DSD) Bombay, who had been nominated as port consignee by the Department, intimated that the first and second consignments were received on 29th January 1981 and 16th March 1981 respectively. He also informed the DGPT (January 1981), TD and the concerned TTC circles that the consignments were in warehouse, that rent charges at Rs. 30 per package per week were being incurred and that the charges might go up for every week of delay in clearance. In spite of the intimation given by DSD, Bombay, and Air India Cargo, Bombay the delivery of the first consignment containing 84 packages were taken in December 1982 by the Divisional Engineer, Telecom (I/T) Bombay. (Out of the 84 packages received in the first consignment, 67 packages were meant for TD circle, Jabalpur and the remaining 17 packages for General Manager TTC, Jabalpur, and Ghaziabad).

It was found that some packages did not bear serial numbers and other necessary details for despatch to ultimate consignees. The Indian agent of the foreign firm was approached (June 1982) for furnishing the particulars of the packing list. After learning from the Indian agent that his principals were not in a position to supply the packing list, it was decided to take delivery even without the packing list and the DET, (I/T) Bombay was asked to take delivery of all the packages and distribute them after opening.

The second consignment of two packages was required to be diverted to Deputy General Manager (I/T) Bangalore and in July 1982, the DSD Bombay was asked to take action for this diversion.

The equipment/instruments and spares therefor imported were to be utilised by the Department for testing and acceptance of various Telecom installations, etc. and some of them were imported, for imparting training to the Telecom staff. The object with which the sophisticated instruments were imported was not achieved and the Department could not take advantage of the latest technology for two years.

Thus, in spite of receipt of information about the receipt of consignment in January/February 1981, the Department could not take delivery of the same till December 1982 due to mistake of the supplier for not giving correct marking and proper distribution list, which lead to delay in clearance and non-utilisation of sophisticated electronic equipment costing Rs. 54.96 lakhs. Besides, the Department also contracted the liability for payment of Warehousing charges (Rs. 2.52 lakhs).

The para was issued in July 1983; reply is awaited (September 1983).

CHAPTER VII

LAND AND BUILDINGS

43. **Purchase of land at Darjeeling for staff quarters.**—In April 1965 Posts and Telegraphs Department (P&T) took over a plot of land measuring 1.75 acres in Darjeeling for construction of quarters for its staff. The Deputy Commissioner (DC), Darjeeling took possession of the land on January 1965 after land acquisition proceedings and handed it over to the Inspector of Post Offices on 10th April 1965. The plot was recorded in the name of the P&T in the records of the Municipal Office in 1967. Demarcation was completed by the Department in July 1968 but the land continued to be shown in the revenue records in the name of the DC. The compensations was Rs. 24,495.

Departmental rules require that authentic information regarding boundaries, title, etc. should be obtained from revenue authorities independently of the land acquisition proceedings and boundaries verified by a responsible officer, two copies of site plan sent to the Collector and a careful watch should be kept by local officers to prevent encroachment. However, the Superintendent, Post Offices (SPO), Darjeeling started measuring the land for preparing the lay-out plan only after the Post Master General called for the layout plans in August 1973 for providing barbed wire fencing, after the Department noticed encroachment on the land first in August 1967 and subsequently in March 1972.

On noticing the encroachment in August 1967 the SPO made a complaint with the local police in January 1968 without any effect. When he noticed further encroachment in March 1972 in the form of four temporary wooden sheds, the SPO requested the Settlement Officer, Darjeeling in August 1972 to evict the unauthorised occupants. The Settlement Officer started *suo moto* proceedings in 1975 and passed orders for recording the name of the P&T Department in his records. The unauthorised occupants appealed against this in 1975 in the court of District Judge where it is still pending (August 1983). In the meantime, the Department had requested the Police and the State Government to evict the unauthorised occupants but they had expressed their inability as the ownership did not vest in P&T as per revenue records. Department had also not taken any departmental action against encroachers who were known to be persons attached to the Departmental Telegraphs Office, Darjeeling. The Department have stated that they were seeking legal opinion on the action that could be taken for eviction during the pendency of the said appeal (August 1983).

Meanwhile, the ex-owner of the plot filed a case (1965) in the court of District Judge, Darjeeling for enhancement of the rates of compensation allowed by the land acquisition officer to Rs. 750 per pole for flat land and Rs. 600 per pole for slope land. In August 1975 the court ordered the DC to pay compensation at a revised uniform rate of Rs. 350 per pole for both flat and slope land with 15 *per cent* solatium and 6 *per cent* simple interest on the excess sum due from 16th January 1965 till the date of payment. In ordering the revised rate to be applicable from 1965, the court relied on an earlier recommendation made by Assistant Engineer (Phones) in December 1959 for purchase of the land at the flat rate of Rs. 300 per pole. The reasons for this recommendation are not available.

While the question whether payment of the extra amount of compensation should be made or not, in view of the encroachments on the land and the pending court case by the encroachers, was still under examination, the DC deposited Rs. 1.52 lakhs in the court in December 1978. The P&T Department reimbursed the amount to the DC in March 1981 after consulting the Ministry of Law.

As Department was not made a party to the suit, being not shown as the owner in the revenue records, it could neither contest the claim for additional compensation nor file any appeal.

Thus the land taken over in 1965 for which a total compensation of Rs. 1.76 lakhs was paid has remained unutilised for over 18 years (August 1983) mainly because the Department did not take the requisite precautions timely.

44. **Construction of a quarter at Kowdiar (Trivandrum).**—A plot of land measuring 20 cents had been acquired in August 1964 at a cost of Rs. 0.20 lakh for the construction of a building to house the delivery Post Office at Kowdiar, Trivandrum, then accommodated in a rented building. The plot was not used. In May 1980 the Post Master General (PMG) Kerala Circle

decided without consulting Internal Finance to construct one Type V quarter on the said plot for the PMG. The Superintending Engineer (P&T Civil Circle) pointed out in July 1980 that the design and drawings which the PMG got prepared by a private architect, provided for 311 sq. metres of plinth area which was far in excess of the standard limit of 189.35 sq. metres which the officer was entitled to. After some alterations in the plans, which reduced the plinth area to 271.27 sq. metres the building was completed in August 1981 at a cost of Rs. 5 lakhs (against the estimated cost of Rs. 2.43 lakhs).

This works out to over Rs. 1,840 per sq. metre of plinth area which was Rs. 1,000 higher than average cost of Rs. 842.50 per sq. metre.

In September 1981, faced with a public agitation against the use of the building as residence instead of as a Post Office, the PMG decided to set apart an area of 18.84 sq. metres for a non-delivery post office, which was not originally contemplated, in addition to the delivery office in the rented building. This involved an additional non-recurring expenditure of Rs. 0.26 lakh for providing a separate approach and an annual recurring expenditure of Rs. 0.16 lakh on establishment. Even the remaining portion of the building used as a residence had a plinth area of 252.43 sq. metres which exceeded standard limit of 189.35 sq. metres by 63.08 sq. metres. The proportionate cost of this excess area works out to Rs. 1.16 lakhs and this has not been regularised by the Ministry of Works and Housing (August 1983).

The average cost of construction of similar type of quarters in GMT compound in the same locality and completed in November 1980 was Rs. 1.51 lakhs against Rs. 5 lakhs spent on the quarter. An expenditure of Rs. 1.11 lakhs was incurred towards rent so far for the period January 1964 to August 1983 (September 1983) for hiring the delivery post office.

45. **Delay in construction of staff quarters at Bhadbhada Road, Bhopal**—Sanction for construction of 300 staff quarters on the available departmental land at Bhadbhada road, Bhopal was accorded by DGPT in March 1973 (for 204 staff quarters in Phase I) and in July 1977 (for 96 staff quarters in Phase II) for Rs. 65.18 lakhs and Rs. 35.92 lakhs respectively.

Phase I : The ban for construction of non-functional buildings imposed in 1973 was got relaxed in July 1975 for construction of 180 quarters on account of urgency. The work was awarded to contractor in February 1976 at Rs. 35.80 lakhs for completion by February 1977. The work was completed in March 1979 at a total cost of Rs. 51.15 lakhs. The delay of more than two years was due to :—

(a) delay in supplying lay-out plans, drawings of slabs and beams, etc.;

(b) delayed decision of the Department regarding site location of underground and overhead tanks;

(c) delay in furnishing technical details of door shutters and RCC terrace;

(d) non-provision of certain items in the estimates; and

(e) inordinate delay in completion of electrical works.

As the delays were on the part of the Department, the contractor was granted extension of time without any levy of compensation/penalty. The increase in actual cost by Rs. 8.68 lakhs was on account of :—

(i) execution of extra items and alteration Rs. 5.32 lakhs; and

(ii) revision of issue rate of stores and materials : Rs. 3.36 lakhs.

The contractor went in for arbitration, claiming additional amount of Rs. 2.08 lakhs on various grounds. On the basis of award of the arbitrator, the contractor was paid (May 1982) Rs. 0.91 lakh inclusive of interest in full settlement of the claim. The arbitrator, *inter alia,* held the Department responsible for delay in execution of the work and awarded Rs. 15,300 as compensation on this ground.

Phase II : This work was awarded to the same contractor in August 1977 at a total cost of Rs. 22.45 lakhs for completion by August 1978. The work was completed in April 1980. The Department stated (September 1983) that the extension of time has been granted without levy of compensation.

The delay on the part of the Department to foresee and supply essential technical details in time defeated the very purpose of urgent construction of quarters by lifting the ban imposed. Besides, this delay resulted in payment of Rs. 3.23 lakhs as house rent allowance to the staff and loss of licence fee of Rs. 2.07 lakhs which could have been recovered had the quarters been completed and occupied according to the schedule.

The Department, while admitting the facts, stated (August 1983) that the quarters were completed within a reasonable time and allotted to the staff immediately after completion of electrical installations.

46. **Loss on account of non-allotment of residential quarters.**—The construction of 42 Type II quarters for Posts and Telegraphs staff in the Central Telephone Exchange compound, Allahabad was completed in February, 1981 at a cost of Rs. 14.27 lakhs. Although the basis for allocation of quarters between the Postal and Telecom Circles was sorted out in a meeting taken by the Chairman of the Posts and Telegraphs Board with the two Heads of Circles of Uttar Pradesh on 24th January 1981, the two wings of the Department took 22 months to decide finally the issue for allotment of quarters mainly on account of the General Manager Telecom, Uttar Pradesh Circle disputing the basis. As a result, the quarters were not occupied till May 1983, leading to non-utilisation of the facilities created and non-recovery of licence fee (Rs. 0.38 lakh). In addition, Government had to incur expenditure on payment of house rent allowance (Rs. 0.70 lakh) to eligible employees. The total loss on both the counts was Rs. 1.08 lakhs.

The Department stated (October 1983) that the quarters could not be allotted since electricity and water supply were made available only by 30th April 1983.

CHAPTER VIII

OTHER TOPICS

47. **Irregular acceptance of demonetised currency Notes by Post Offices in North-Eastern Circle.**—On the promulgation of ordinance by Government of India on 16th January 1978, high denomination bank notes of the value of Rs. 1,000 and above ceased to be legal tender after midnight of 16th January 1978. Wide publicity was given by Government through All India Radio and daily newspapers. Post Offices in direct cash transactions with the State Bank were also instructed by the bank not to accept the bank notes of Rs. 1,000 and above. Provision was, however, made for exchange of currency notes in the notified branches of the Reserve Bank of India after observing the prescribed formalities within the time limit laid down in the ordinance.

Between 17th January and 19th January 1978, four Sub/Branch Post Offices under Nowgong Head Post Office in the North-Eastern Circle accepted 126 thousand-Rupee notes. Out of these, 93 were accepted as deposits in 14 Savings Bank Accounts, of which 12 accounts were newly opened by depositing demonetised currency notes. 25 notes were accepted from the public in exchange for smaller denomination which were legal tender. As regards the remaining 8 notes, the particulars of the transactions in course of which they were received are not available.

Such currency notes could be exchanged in notified branches of the Reserve Bank of India within the time limit laid down. The matter was taken up by the Department in March 1978 with the Reserve Bank of India, Bombay, who held that the acceptance of the notes as a violation of the ordinance and regretted their inability to authorise exchange.

In addition, seven notes of Rs. 1,000 denomination were received in the Nowgong Head Post Office on 17th and 18th January 1978 and out of the collections of a subordinate office on 16th. But no action was taken to get these notes exchanged from the Reserve Bank of India within the prescribed time limit.

As a result of acceptance of notes, which ceased to be legal tender, and delay in exchanging those already in possession of the Post Offices, the likely loss to the Government is Rs. 1.33 lakhs.

The Department stated (July 1983) that the Post Master General had been directed to fix responsibility for the loss and take action with a view to recovering a portion of this loss from the officials responsible.

M. Prem Kumar

(M. PREM KUMAR)
Director of Audit
Posts and Telegraphs

Delhi
The 17 JAN 1984

Countersigned

Gian Prakash

(GIAN PRAKASH)
Comptroller and Auditor General of India

New Delhi
The 28 JAN 1984

APPENDIX I

Year-wise details of targets for Sixth Plan and achievements for the first 3 years

(Referred to in paragraph 2 at page 2)

Postal Services

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

Telecommunication Services

Description	Target for the Sixth Plan	1980-81 Target	1980-81 Achievement	1981-82 Target	1981-82 Achievement	1982-83 Target	1982-83 Achievement
1. *Local Telephone System :*							
1.1 Switching capacity (Lakh lines)	14.80	1.75	1.33	2.25	1.43	3.00	2.15
1.2 Underground cables (lakh pair kms)	78.00	10.00	8.23	11.80	7.98	15.20	12.11
1.3 Direct Exchange Lines (Lakh lines)	13.30	1.70	1.33	2.00	1.47	2.60	1.69
1.4 Subscribers telephone stations (Lakh numbers)	17.29	2.21	1.70	2.60	1.91	3.38	N.A.
1.5 Telephone exchange (Numbers)	3,500	385	441	510	650	685	767
2. *Long Distance Switch system :*							
2.1 TAX capacity (Number)	40	4	3	2	1	5	2
2.2 TAX capacity (Lines)	94,770	5,770	6,270	5,700	3,800	24,100	4,150
2.3 STD routes (Number)	60	18	13½	14	18½	10	20½
2.4 Manual Trunk Boards (Numbers)	2,500	530	204	500	200	250	254
3. *Long Distance Transmission System :*							
3.1 (*a*) Coaxial cables (route Km.)	12,000	1,050	755	2,245	349	1,513	796
(*b*) M.W. (Route Km.)	16,000	1,665	1,015	3,500	965	4,258	661
3.2 *UHF Systems :*							
(*a*) 60 Channel capacity (route Km.)	14,000	2,835	165	2,686	1,046	1,555	580
(*b*) Small capacity (route Km.)	6,750	Nil	Nil	Nil	Nil	Nil	Nil

3.3 Open wire channels (Number)	7,500	2,500	1,448	1,250	1,398	1,250	1,197
4. *Open Wire Telex* :							
4.1 Telegraph Offices (Number)	20,000	3,000	2,298	2,800	2,191	2,300	1,813 Net
4.2 Long distance PCOs (Numbers)	20,000	3,000	2,251	2,800	1,584	2,300	1,672 Net
4.3 Telex Exchanges (Numbers)	100	36	11	20	10	20	13
4.4 Telex capacity Lines :							
(*a*) Local	22,500	1,850	750	1,200	1,162	5,660	2,173
(*b*) Trunk	13,000	Nil	Nil	5,500	Nil	5,300	3,000
4.5 Telex connections (Nos.)	18,300	NA	1,349	1,200	1,088	5,000	1,076
4.6 VFT Channels (Nos.)	7,000	3,000	1,087	1,400	1,003	1,400	1,146

APPENDIX II

(Referred to in paragraph 9 at pages 8—10)

Year-wise analysis of telephone revenue written off during 1982-83 :

Year Upto	Amount (Lakhs of rupees)
1975-76	46.27
1976-77	2.45
1977-78	1.57
1978-79	1.76
1979-80	1.79
1980-81	1.89
1981-82	0.91
1982-83	0.88
Total :	57.52*

*This does not include figures in respect of North-East Telecommunication Circle.

APPENDIX III

(Referred to in paragraph 10 at page 10)

Year-wise analysis of arrears of rent of telegraph, telephone and teleprinter circuits and telex/intelex charges on 1st April 1983 for bills issued up to 31st December 1982.

Year	Rent of Telegraph telephone and teleprinter circuits	Telex and intelex charges	Total
		(Lakhs of rupees)	
Upto 1977-78	33.07	22.24	55.31
1978-79	15.60	8.01	23.61
1979-80	17.21	9.27	26.48
1980-81	37.58	8.13	45.71
1981-82	59.58	12.72	72.30
1982-83 (Up to December 1982)	107.72	48.26	155.98
Total :	270.76	108.63	379.39

The above figures have been furnished by the Department and are subject to verification (October 1983).

APPENDIX IV

(Referred to in paragraph 11 at page 10)

Year-wise analysis of revenue of radio telegraph charges in arrears as on 1st August 1983 for bills pertaining to the period up to 31st March 1982.

Year	Amount (Lakhs of rupees)
1965-66	0.51
1966-67	0.43
1967-68	0.14
1968-69	0.81
1969-70	0.01
1970-71	0.21
1971-72	0.08
1972-73	..
1973-74	0.42
1974-75	0.10
1975-76	1.71
1976-77	2.67
1977-78	2.46
1978-79	2.36
1979-80	2.86
1980-81	3.03
1981-82	6.54
TOTAL :	24.34

MGIPRRND—S/20 C&AG/83—TSS-I—10-1-84—1460