

**PUBLIC ACCOUNTS COMMITTEE  
1962-63**

**SECOND REPORT**

(THIRD LOK SABHA)

[Appropriation Accounts (Posts & Telegraphs), 1960-61  
and Audit Report (P & T), 1962.]



**LOK SABHA SECRETARIAT  
NEW DELHI**

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**PUBLIC ACCOUNTS COMMITTEE (1962-63)**

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**SECRETARIAT**

**Shri H. N. Trivedi—Deputy Secretary.**

## INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee do present on their behalf, this Second Report on the Appropriation Accounts (Posts & Telegraphs), 1960-61 and Audit Report, 1962, which were laid on the Table of the House on the 11th May, 1962. The Committee examined these documents at their sittings held from the 19th to 21st July, 1962. A brief record of the proceedings of these sittings has been maintained and forms part of the Report (Part II).

The Committee considered and approved this Report at their sitting held on the 25th September, 1962.

2. A statement showing the summary of the principal conclusions/ recommendations of the Committee is appended to the Report (Appendix IV). For facility of reference these have been printed in thick type in the body of the Report.

3. The Committee also considered the Statement showing 'action-taken' or proposed to be taken, pursuant to the recommendations of the Committee made in their earlier Reports relating to P. & T. Accounts. The Statement as approved by the Committee has been appended to this Report (Appendix I).

4. The Committee place on record their appreciation of the assistance rendered to them in their examination of these Accounts by the Comptroller and Auditor General of India.

They would also like to express their thanks to the Chairman and Members of the P. & T. Board for the co-operation extended by them in giving the information asked for by the Committee during the course of evidence.

NEW DELHI-1

October 12, 1962.

Asvina 20, 1884 (Saka).

MAHAVIR TYAGI,

Chairman,

Public Accounts Committee.

## POSTS & TELEGRAPHS DEPARTMENT

### I

#### *Financial Working of the P. & T. Department, 1960-61*

The following table shows the original and final Grants and Charged Appropriations and expenditure actually incurred there against during the year 1960-61:

	Original Grant or Appropriation	Final Grant or Appropriation	Actual expenditure
<b>Expenditure met from Revenue—</b>			
Charged	5,000	41,000	36,903
Voted	71,62,93,000	71,62,93,000	70,30,42,596
<b>Dividend payable to General Revenues and Appropriations to Reserve Funds —</b>			
Voted	8,83,99,000	11,32,29,000	12,09,69,659
<b>Capital outlay on posts &amp; Telegraphs (not met from Revenue)—</b>			
Charged	...	...	25,794
Voted	23,56,70,000	23,56,70,000	18,31,80,123
Total Charged	5,000	41,000	62,697
Voted	1,04,03,62,000	1,06,51,92,000	1,00,71,92,378
<b>Grand Total</b>	<b>1,04,03,67,000</b>	<b>1,06,52,33,000</b>	<b>1,00,72,55,075</b>

As the Grants and Appropriations are for gross amounts, the above details do not include the recoveries which are adjusted in the accounts in reduction of expenditure. The total of actual recoveries against all the grants amounted to Rs. 1,231.98 lakhs.

**Revenue receipts and working expenses—Para 2 of Audit Report pp. 1-2**

The actual revenue receipts of the Department during the year 1960-61 amounted to Rs. 77.14 crores as against the budget estimates of Rs. 75.40 crores. On the other hand the working expenses (excluding appropriation to Renewals Reserve Fund but including Dividend to General Revenues) amounted to Rs. 69.28 crores as against the budget estimates of Rs. 71.03 crores. The revenue surplus accordingly amounted to Rs. 7.86 crores against the budget estimates of Rs. 4.37 crores. A review of the estimated and actual figures of revenue

receipts and working expenses from the year 1956-57 to 1960-61 revealed that except during 1957-58 the actuals under Revenue had been higher than the Budget Estimates while the actuals under working expenses (exclusive of contributions to the Renewals Reserve Fund but including interest on Capital Outlay/dividend to General Revenues) were less than the budgeted figures.

Explaining the reasons for large variations between the budget estimates and the actuals for revenue and working expenses, the representative of the Department stated in evidence that so far as revenue was concerned, the estimates of the Department were based on the past trends of traffic and the estimates furnished by the Accountant General. However, the actuals in this regard turned out to be more than the estimates of the Department. One additional factor for these variations in 1960-61 was the change in telephone tariffs as a result of the recommendations of the Tariff Revision Committee. As the decision in this regard was taken shortly before the end of the financial year 1959-60, the exact impact of the proposals could not be included in the Budget Estimates for 1960-61. The Chairman, P. & T. Board, however, admitted that there was scope for more realistic budgeting of expenditure.

The Committee trust that necessary steps would be taken by the Department to improve the standard of budgeting. They would in this connection also invite attention to the instructions issued by the Ministry of Finance in August, 1958 to improve the technique of estimating and financial control over expenditure.

Contributions to Renewals Reserve Fund—Para 3, p. 2.

2. The amount to be appropriated to the Renewals Reserve Fund was fixed *ad hoc* at Rs. 1.25 crores in 1956-57, but was raised to Rs. 2.5 crores in 1957-58, and 1958-59 and to Rs. 4.64 crores in 1959-60 with a view to augmenting the balances in the Renewals Reserve Fund. In 1960-61, practically the entire surplus revenue of the Department (Rs. 7.86 crores) was appropriated to the Renewals Reserve Fund after providing a nominal amount of Re. 1 lakh each to two new funds, namely the Posts and Telegraphs Development Fund and Revenue Reserve Fund. The credits to the Renewals Reserve Fund during the five years ending 1960-61 amounted to Rs. 18.74 crores and withdrawals from the Fund to Rs. 6.95 crores.

Prior to 1960-61, the contribution to the Fund was treated as part of the working expenses but from 1960-61 the contribution has been treated as an appropriation of the surplus. According to the orders issued by the Ministry of Finance in December, 1959, the balance of the surplus available after payment of the dividend is to be utilised

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for making adequate contributions to the Renewals Reserve Fund and any balance still remaining would be funded by the Department of being utilised for its development programmes and capital needs. However, the principles according to which the contributions to the Renewals Reserve Fund and the two other Funds referred to above would be made out of the Revenue Surplus have not been formally laid down by the Government so far.

The Committee enquired whether taking into consideration the expected life of the assets and the total capital at charge, the Department considered the present contributions to the Renewals Reserve Fund adequate. They were informed that the present balance in the Fund was just adequate to meet the current demand of depreciation but there was quite a substantial leeway to be made. As the new system of making contributions to the Renewals Reserve Fund had come into force only from 1st April, 1960, it was proposed to review this matter after five years with a view to deciding whether it was necessary to increase the contributions to the Fund.

The Committee, however, learnt that the allocation of total contribution to the Fund among various Branches of the Department was still on an *ad hoc* basis. As the profits of Telegraphs and Postal Branches were not sufficient to make adequate contributions to the Fund, the major appropriation was made from the surplus of the Telephones Branch.

The Committee are not satisfied with the present arrangements for making contributions to the Renewals Reserve Fund by the different Branches. As the accounts of the Department are maintained separately for each Branch it is essential that the allocation of the contribution to the Fund among the various Branches should be on commercial principles so as to represent the true statement of accounts for each Branch.

3. The Committee also fail to understand the reasons for changing the system of making contribution to the Fund and treating it as an appropriation of the surplus instead of as a part of working expenses as was the practice prior to 1960-61. They would like to observe that according to the normal commercial principles and the practice followed on the Railways, such contributions to the Fund should be treated as a part of working expenses so as to present the correct picture of the revenue/deficit of each Branch.

*Financial Result of the working of Telegraphs Branch—Para 5, p. 3*

4. A review of the capital outlay and the surplus of the Telegraphs Branch during the years 1956-57 to 1960-61 revealed that whereas

there had been an increase of about Rs. 10 crores in the Capital Outlay, the surplus had gone down by Rs. 0.39 crores (from 0.41 to Rs. 0.02 crores).

The Committee were informed during the course of evidence that the increase in Capital Outlay under 'Telegraphs' was actually on trunk telephone lines, which, under the existing procedure, were considered as the assets of the Telegraphs Branch but the Telephones Branch was required to pay rental on them. Similar was the case with lines and wires leased to the Railways. The rental that was being paid by the Telephones Branch and the Railways was based on very old figures of depreciation, interest and maintenance and had little to do with the Capital investment. These rates had, however, lately been rationalised and the matter was under correspondence with the Railways. The inter-branch adjustment of rental between the Telegraphs and the Telephones Branches would also be taken up thereafter. "The Committee, however, understand from Audit that orders were issued in 1961 revising rentals in respect of Railways with retrospective effect from 1-4-56 and a further revision with effect from 1-4-61 was under correspondence with the Railways."

**"The Committee desire that a comprehensive note should be submitted to them showing the position in respect of the revision of rentals payable by the Railways and the other parties to whom circuits have been leased."**

*Percentage of total working expenses (including contribution to Renewals Reserve fund and interest dividend to General Revenues) to the Revenue earned by the main branches—para 6, p.-4.*

5. From the table given in para 6 of the Audit Report, it would be seen that there has been a sharp increase in the percentage of total working expenses to the Revenue, in each of the three Branches during 1960-61 as compared to the corresponding figures of the earlier years. In the case of Postal and Telegraph branches the percentages have gone over 100. The Committee feel concerned to note this increasing trend of working expenses. They suggest that the position may be analysed in detail and remedial measures taken to keep the percentage below 100, by curtailing the working expenses to the maximum extent possible.

*Savings under voted Grants—Para 8, pp. 4-5.*

6. During 1960-61, the total voted grants were 106.52 crores against which the Expenditure was Rs. 100.72 crores. Thus there was a saving of Rs. 5.80 crores or 5.4% on the voted expenditure of

the Department. The savings under this heading were mainly due to non-utilisation of the provision for capital expenditure under Grant No. 130. There had been progressive increase in the amount of the unutilised budget provision from year to year under this Grant as shown below:

Years	Amount Voted	Savings (In crores of Rs.)	Percentage of Savings
1956-57	24.48	0.45	1.8
1957-58	25.77	0.19	0.7
1958-59	30.09	1.90	6.3
1959-60	34.18	6.36	18.6
1960-61	23.57	5.25	22.3

During the course of evidence, the Chairman, P. & T. Board admitted that the percentage of savings under this Grant had been high. It was, however, stated that there were a number of factors leading to this high percentage of savings e.g. delays in procurement of land and construction of buildings, difficulties in supply of cables and difficult foreign exchange position etc. The new C.P.W.D. Division for the P. & T. Works had been established only in November, 1960. It took that Division several months to take over the works from the previous Division. Further, the staff sanctioned was inadequate. Consequently, there was a shortfall in the works carried out during the year 1960-61 and as against the previous five years' average of Rs. 1,25 lakhs, works of the order of Rs. 1,15 lakhs only were carried out in 1960-61. Even during the year 1961-62 works to the extent of Rs. 1.06 lakhs could be carried out against the total allotment of Rs. 1.64 lakhs. The Committee were, however, informed that additional staff had recently been sanctioned. To improve the position further regarding execution of P. & T. works, the Department had tried to use the agency of the State P.W.Ds. for the execution of works in the States to the extent possible. Assistance of private architects was also obtained in some important cities.

The Committee were also informed that the percentage of savings under this Grant had come down from 22.3 in 1960-61 to 5.9 in 1961-62.

The Committee observe that there has been progressive increase in the savings under this Grant and year after year the same reasons have been advanced for these savings. It indicates a persistent tendency of over-budgeting without taking into account the difficulties experienced in the execution of capital works. Had the Department made due allowance for these difficulties on the basis of its past experience, the estimates would have been more realistic.

The Committee would like to emphasise the need for estimating the requirements for funds correctly and working up to these estimates with the closest degree of approximation making a periodical review of progress of expenditure during the year.

7. The Committee were, however, glad to learn that the percentage of savings under this Grant had come down to 5.9 during 1961-62 from 22.3 during 1960-61. They hope that this improvement will continue during the subsequent years also. The Committee are, however, disappointed to learn that the creation of a separate wing of the C.P.W.D. for P. & T. Works had not improved the tempo of the execution of works, even in 1961-62. They hope that more effective steps will be taken to improve the position from 1962-63 onwards.

*Excesses over Voted Grant and Charged Appropriation—Para 9, p. 6.*

8. During the year under report excesses occurred in the following cases:—

No. and Name of the Grant	Amount of Grant	Actual expenditure	Excess	Percentage
<i>Voted Grant</i>				
85 Dividend payable to General Revenues and Appropriations to Reserve Funds.	Original 8,83,99,000 Supplementary 2,48,30,000 Final 11,32,29,000	12,09,69,659	77,40,659	6.8
<i>Charged Appropriation</i>				
130 Capital outlay on Posts & Telegraphs (not met from revenue)	Original and Supplementary Nil	25,794	25,794	—

The detailed reasons for the excesses under these Grant/Appropriation have been set forth in the notes submitted to the Committee by the P. & T. Directorate (Appendices II & III).

As regards excess over 'charged' Appropriation it had been explained in the note (Appendix II) that the excess was due to an amount paid as additional compensation decreed by a court for certain land acquired by the Department having been booked under 'charged' while the provision for the same was made under 'voted'. However, as the decree in this case was awarded against the State concerned through whom the land was acquired and only debit was passed to the P. & T. Department by book adjustment, the excess should have been booked under 'voted' in the P. & T. books instead of under 'charged' in accordance with the decision of the Ministry

of Finance contained in their letter No. F. 2(43)-B/59, dated the 12th September, 1959. Therefore, the excess was due to misclassification in the accounts and would not actually require any regularisation, in view of the fact that the consequential addition in the 'voted' Section of the Grant would be covered by the Savings under that Grant.

**The Committee trust that the instructions of the Ministry of Finance would be followed by all concerned to avoid such misclassifications in future.**

9. As regards excess over voted Grant, it had been explained in the note (Appendix III) submitted by the Department that the total amount of this grant was the difference between the budgeted revenues of the Department and its budgeted net Working Expenses (i.e. equal to net receipts). Thus, any improvement in revenue or reduction in expenditure in relation to the budgeted amounts will automatically cause an excess over this grant. During the year 1960-61, the actuals for gross revenue receipts exceeded the revised estimates by Rs. 24.70 lakhs and there was less expenditure by Rs. 72.45 lakhs under Gross Working Expenses and a shortfall of Rs. 19.74 lakhs under Recoveries. In the result, the amount of appropriation to the Reserve Fund increased to Rs. 1209.70 lakhs entailing an excess of Rs. 77.41 lakhs over the grant.

**Subject to the observations of the Committee upon the standard of budgeting in the P. & T. Department in para 1 of this Report, they recommend that the excess under 'Voted' grant referred to in para 8 may be regularised by Parliament in the manner prescribed in Article 115 of the Constitution.**

## II

### WORKS, STORES AND WORKSHOPS

*Incurring of expenditure on major works without provision in the budget estimates—Para 10, pp. 6-7.*

10. During 1960-61, an expenditure of Rs. 39.86 lakhs on 75 major works costing over Rs. 2 lakhs each was incurred without any specific provision in the budget. Out of these, 10 were commenced in 1960-61 (Rs. 21.16 lakhs) and 65 had been commenced in earlier years (Rs. 18.70 lakhs).

The Committee were informed in evidence that out of 75 works, 63 works were carried over from the previous year as some adjustments could not be made during the year 1959-60. Out of these 63 works, 43 works were such on which expenditure incurred was Rs. 500 and below or there was a *minus* adjustment. According to a convention, prior to 1960-61 such works were not included in the statement of unbudgeted works. If the same convention had been followed in the year under report also, the number of remaining works under this category would be 20 only. There were 6 urgent works which had to be carried out for the Ministry of Defence and Railways. In the case of the remaining 6 works, although the expenditure was incurred on the budgeted projects it was on components other than those provided in the budget.

The Committee enquired whether it was not desirable to have a token grant in such cases. They were informed that in consultation with the C. & A.G. and the Ministry of Finance, a convention had been established that a token grant might be obtained only if the cost of the new work was over Rs. 4 lakhs. It was also stated that the position regarding these works had greatly improved and the number of such works had come down to 75 only in 1960-61 as against 1,126 in 1951-52. It has, however, been pointed out by Audit that whereas the figure 1126 relates to works costing over Rs. 20,000 each, the figure 75 relates to works costing over Rs. 2 lakhs each.

The Committee were also informed by the Chairman, P. & T. Board, that in the case of Railways provision in the budget was made only for the entire projects and not component-wise as was done in the P. & T. Department. The Department proposed to

discuss this matter with the Accountant General with a view to following the practice obtaining in the Ministry of Railways to reduce the number of unbudgeted works.

The Committee would like to be informed of the final decision in this regard. They would also urge that it should be ensured by the P. & T. Department that the instructions issued by them in June, 1960 to reduce the number of unbudgeted works (*v. i. Annexure XI of the 31st Report of the P.A.C.—Second Lok Sabha*) are strictly followed by all concerned to avoid the recurrence of such cases.

*Unco-ordinated execution of works—Para 12—Cable Scheme at Raipur Gate Exchange, Ahmedabad—Para 12 (i), page 8.*

11. Owing to the growing demand for telephone connections at Ahmedabad, the Department decided to expand the existing capacity of the Raipur Gate Exchange by another 1,000 lines. While the installation of the plant and machinery within the exchange was completed in March, 1960, the cable-laying work had been delayed and was still in progress.

It had been stated that while action in connection with the survey of the area and preparation of the cable estimates was initiated in June, 1957, the main cable scheme was finalised only in March, 1959 and the survey for working out the branch and distribution cable schemes was completed in July, 1959 on account of staff difficulties. The detailed estimates were sanctioned several months later in February, 1960. The indents for cables were placed thereafter. Some of the required sizes of the cable provided in the estimates were not available and the specifications had to be changed and modified indents placed during September to December, 1960. Only 300 additional connections (out of 650 anticipated) had been given from the expanded capacity upto May, 1961.

In evidence, it was admitted that due to staff difficulties there was delay in completing the survey of the area and in sanctioning the detailed estimates for cable laying. It was, however, contended that delay in this case was mainly due to difficulties in getting cables.

The Committee regret to note that while the installation of the plant and machinery within the exchange was completed in March, 1960, even the detailed estimates for cable laying were sanctioned as late as February, 1960. The time taken (more than two years) in finalising the detailed estimates can hardly be justified. Further, a. the project involved both installation of the plant and machinery inside the exchange and cable-laying outside the exchange, procurement of stores both for expansion of internal and external plant

should have been planned simultaneously. It is apparent that there had been lack of proper planning and coordination in the execution of the work.

12. The Audit para cited above mentioned the following other cases where there had been unnecessary locking up of funds in stores etc. which had been procured far in advance of the execution of works:—

*Improvement of Telecommunication Services for another Government Department*

Against an estimate sanctioned in January, 1959 for providing improved telecommunication service to certain Defence Installations, stores valued at Rs. 7 lakhs were received during 1959-60 and stores worth Rs. 3 lakhs during 1960-61, but the work had not been commenced till July, 1961 as the necessary formalities were not settled with the Railways, the P.W.D. and the Municipal authorities at the time of framing the estimates, resulting in locking up of funds to the extent of Rs. 10 lakhs for over two years.

*Auto Exchange at Srinagar*

An estimate amounting to Rs. 10.65 lakhs for the installation of a 1500 lines auto exchange at Srinagar was sanctioned in May, 1959. The requisite apparatus and plant were, however, indented far in advance in January, 1958, and payments amounting to Rs. 60,725 and Rs. 79,642 were made in that connection during 1958-59 and 1959-60 respectively. The construction of the exchange building, in which the equipment was to be installed, was commenced only in June, 1961 and was expected to be completed by October, 1962. A part of the equipment valued Rs. 13,439 had been diverted to other works and the balance (Rs. 1.27 lakhs) was at present (July, 1961) lying in stock in the Post Office Godown and the Exchange premises.

*Line Works in Jaipur Engineering Division—Para 12 (iv)*

In the Jaipur Telegraph Engineering Division copper wire valued at Rs. 1.05 lakhs required for a work was received in October, 1958. The work itself was commenced only in May, 1960 on receipt of other items of stores. In the same Division, in five other cases copper wire worth Rs. 1.15 lakhs had been obtained much in advance of the commencement of works, the periods ranging from 5 to 18 months.

In evidence, it was admitted that there had been delay in the execution of the works.

**The Committee view with concern such instances of lack of co-ordination in the procurement of stores and the execution of works resulting in avoidable storage and interest charges on Stores**

**procured, besides loss of revenue due to delay in the execution of works. They desire that remedial measures should be taken to ensure that such cases do not recur.**

*Delay in erection of buildings on plots of land acquired by the Department—Para 13, pp. 9-10.*

13. In Bombay, Central and Rajasthan Circles a number of plots purchased at a cost of Rs. 9.18 lakhs, some of them acquired as far back as 1926-27, 1927-28 and 1930-31, were lying vacant while expenditure on rent for hired accommodation continued to be incurred by the Department at the rate of nearly Rs. 5,000 a month.

The Audit para also mentioned one specific case in which the Department purchased a site on the 16th October, 1948 at a cost of Rs. 53,340 for the construction of a building to house the post office and the office of the Superintendent of Post Offices at R.S. Puram in Madras Circle, which are located in rented buildings (rent Rs. 7,770 per annum). The sanction for construction of the building was, however, accorded only in 1956, after a lapse of 8 years and the construction of the building had not yet been taken up.

Explaining the reasons for non-utilisation of various vacant plots, the representative of the Department stated in evidence that the construction of buildings had been delayed due to financial stringency, slow progress of work by the C.P.W.D. and constructions following a scheme of priority. Further, during the period 1949—52, there was a ban on construction of new buildings. However, the P. & T. Board was already seized of the matter. A statement had been prepared regarding the vacant sites and the whole matter would be examined carefully.

It was also contended that in some cases, as a matter of policy, some plots might have been purchased for future use as there were difficulties in procuring the land in time and there was also the possibility of prices of land going up.

**While the Committee note the difficulties in the construction of buildings, they cannot overlook the fact that some of these plots were acquired as far back as 1926-27. It is, therefore, apparent that due attention had not been paid to the utilisation of these vacant sites. The Committee trust that all these cases would now be examined in detail by the P. & T. Board and early decision taken regarding utilisation/disposal of the vacant plots. The Committee would like to be furnished with a comprehensive statement giving the details of the vacant sites acquired by the Department indicating the place, the date of acquisition, the amount paid etc.**

*Balances of General Stores and Workshop Stores—Para 14, pp. 10-11.*

14. A review of the balances of the workshop stores during the years 1957-58 to 1960-61 revealed that the closing balances of such stores had exceeded the prescribed limits.

In evidence, the Committee were informed that in the past the limit of these stores was fixed on an *ad hoc* basis. In order to avoid such excess of stores over prescribed limits, it was now proposed that stock-balances of such stores for a year should be limited to half of the production for the next year. The Committee were also informed that the limit of balances of stores had been raised to Rs. 1.9 crores.

The Committee enquired whether there were some obsolete stores in stock. They were informed that so far as workshop stores were concerned, there were some obsolete stores and these were under examination with a view to disposing them of. As regards general stores, an investigation was made about two years ago to assess the quantum of obsolete stores and a large portion of such stores had either been disposed of or cannibalised and utilised for other purposes. As a result of this, the balance of stores had come down from Rs. 6 crores to Rs. 4 crores. The Committee, however, learnt that there was no regular system of scrutinising all the stores in order to assess and dispose of the obsolete stores.

**Since the accumulation of obsolete stores results in avoidable expenditure on care and maintenance staff and on storage accommodation, besides loss of interest on capital unnecessarily locked up the Committee desire that a suitable procedure should be evolved for periodical review and disposal of such stores.**

*State of balances under sub-suspense heads of Stores Suspense Account—Para 15, p. 11.*

15. The total balances outstanding under the sub-suspense head of the Stores Suspense Account at the end of the year 1960-61 was Rs. 15.67 lakhs. These represent (i) stores purchased and brought on to stock, in respect of which payments have not been made or brought to account *and vice versa*, (ii) stores sold, the value of which has not been realised, and (iii) stores-in-transit not acknowledged by the receiving units. Some of the items relate to periods as far back as 1948-49.

Explaining the difficulties in the clearance of the outstanding balances, the representative of the Department stated that the

method adopted for entry of credits and debits in the past, particularly during the period 1948-49 to 1955-56, made it difficult to link the supplementary items to the original items. As a result, the amount had remained unadjusted in the ledgers.

The Committee were informed that the position had considerably improved during the year 1961-62 and the number of items outstanding had come down from 38,300 as on 31st March, 1961 to 19,800 on 31st March, 1962. Out of these, about 9,000 items related to the period upto 1955-56. With a view to clearing these outstanding, a manual had been prepared prescribing the detailed procedure for work in Stores and Workshop Accounts Offices and it had proved useful. It was also proposed to examine the desirability of appointing a small Committee consisting of representatives of the Accountant General, Finance and the Chief Accounts Officer of the P. & T. Directorate to clear the outstanding balances.

**The Committee desire that the clearance of outstanding balances especially of old items pertaining to period upto 1955-56 should be expedited. They trust that the setting up of the proposed Committee for the clearance of these balances would result in substantially reducing the outstanding balances.**

*Defective Purchase—Para 16, pages 11-12.*

16. An order for the supply of an Air-Conditioning Plant and its installation in the Raipur Gate Exchange through the Supplies Organisation placed in November, 1957 stipulated the supply and installation of the Plan by the 30th June, 1958 and the use of Celotex for ducting and insulation work. An extension of time was granted upto the 31st March, 1959 for the work of the electrification along with other work for the installation of the Air-Conditioning Plant but the work was completed by Suppliers only in May, 1960. It was then discovered that the insulation and ducting had been done with Thermocole instead of Celotex as stipulated.

A sum of Rs. 43,105, being 80 per cent of the supplies, etc., made was paid in March, 1959. Although according to the contract, this payment was made after initial inspection and proof of despatch, the defective execution was not noticed at that stage by the Inspection Organisation of the Director General, Supplies and Disposals. The plant had been lying unused for over two years and it had been stated in December, 1961 that the firm had agreed to change the insulation from Thermocole to Celotex.

In evidence, the D.G.S. & D. informed the Committee that in 1958 after the order had been placed, the firm had written to the

Department (DGS&D) asking for the use of Thermocole for ducting and insulation work instead of Celotex as the latter was an imported material and was not available. The P. & T. Department, however, rejected it as it was inflammable and was not suitable for telephone exchanges. There had been a lot of correspondence between the firm, the D.G.S. & D. and the P. & T. Department in this matter. In the meantime it was brought to the notice of the D.G.S. & D. by the P. & T. Department that although they had rejected the use of Thermocole, it was being used by the firm. It was contended that any defect in the insulation work could be noticed only during inspection after the installation of the plant and therefore the question if its detection during initial inspection did not arise.

The Committee were, however, informed that the firm had removed 'Thermocole' and had redone the work with 'Perforite'\* which was acceptable to the P. & T. Department. They were also informed that the work of insulation was a minor one costing about Rs. 5.000 out of the total order of Rs. 60.000.

**The Committee regret to note that not only was the revised date for the installation of Air-conditioning Plant not adhered to by the firm but the insulation and ducting had been done by some material which had been considered unsuitable by the P. & T. Department. The delay in replacing the insulation by other suitable material was also inordinate. The Committee were informed that the question of claiming compensation from the firm for delay in commissioning the plant was under consideration of the D.G.S. & D. They would like to be informed of the final decision taken in this regard and the amount recovered from the firm.**

*Delays in repairs to serviceable stores—Para 17, page 12.*

17. Repairable stores returned by various Divisions were kept in stock by the Telegraph Store Depot, Madras and Store Depot, New Delhi from 1955, without being repaired. The values of such accumulated stores in these depo's were Rs. 2.96 lakhs and Rs. 13.64 lakhs at the end of March, 1961 and May, 1961 respectively.

Explaining the reasons for the delay in repairs to serviceable stores, the representative of the Department stated in evidence that out of four major telephone exchanges in India, two were at Delhi and Madras and therefore, a large number of old telephone instruments for repairs were recovered at these places. However,

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\*According to the information furnished by Audit, the work had been redone with 'Celotex'.

due to the absence of repair centres at these places, the repairs had been delayed. A repair centre had, however, been opened at Madras and all the repairs in that region were being carried out by that Centre. The Department proposed to open a repair Centre in Delhi also.

The Committee were further informed that out of the total stores worth Rs. 13.64 lakhs at the Stores Depot at Delhi, the repairable stores were now only worth Rs. 1.35 lakhs. The other stores had been disposed of.

The Committee trust that with the setting up of the repair Centres the delays in repairs to stores will be avoided. They would like to watch the position in this regard through future Audit Reports.

*Delays in disposal of unserviceable stores—Para 8, page 12.*

18. According to the Audit para, sale accounts in respect of unserviceable stores valued at Rs. 9.31 lakhs reported to have been disposed of upto the 31st March, 1960 were still awaited in Audit. These outstanding related to the years 1954-55 onwards. Stores valued at Rs. 11.41 lakhs declared for disposal during 1953-54 to 1959-~~60~~ had not been disposed of till June, 1961.

In the opinion of the Department, two factors which contributed to the delay were:—

- (i) The restriction under the Iron and Steel Control Order according to which sales of scrap can be made only to stockholders nominated by the Iron and Steel Controller.
- (ii) The delay in the Disposal Organisation in passing on credits for sales of such stores.

Explaining the present position regarding sales accounts for unserviceable stores, the representative of the Department stated in evidence that all the sales accounts except for Rs. 0.3 lakhs\* had been linked up.

As regards the difficulties experienced by the Department in selling the scrap to the stockholder nominated by the Iron and Steel Controller, it was contended by the representative of the Department that the procedure for disposing of the industrial scrap

\*According to the information furnished by Audit, sales accounts for Rs. 1.92 lakhs were awaited in audit as on 30-6-62.

according to the Iron and Steel Control Order (1956) was cumbersome. According to that order, the controlled sources, which covered eight of the workshops of the P. & T., were required to offer such scrap to the controlled scrap stockists in a particular manner. In case any one of them failed to accept it within the time limit laid down, it had to be offered to the next stockist in the list and the same time limit was to be allowed for lifting the material. In case of refusal by the second allottee also, the scrap could be sold by public auction. A further amendment to Iron & Steel Control Order issued in 1960, however, provided that 'before auctioning, such materials may be offered serially to all scrap merchants for refused material, if any, in the list for lots not exceeding 20 tons at a time.'

The Committee were, however, informed by the Iron & Steel Controller that the Scrap Committee appointed by Government had already submitted their Report, and the limited restrictions which were there on the sale of scrap were likely to be withdrawn.

**The Committee would like to be informed of the proposals of the Scrap Committee in this regard and the decision taken by Government thereon.**

19. As regards the reasons for delay in the Disposal Organisation in passing on credits for sale of such stores to the P.&T. Department, the D.G.S. & D. stated that to some extent such delays were inevitable in a large accounts office. However, instructions had been issued for passing on these credits promptly to the Accountant General, Posts & Telegraphs

**The Committee trust that these instructions would be followed by all concerned to avoid the delays in passing on such credits.**

20. The Committee were also informed that with a view to simplifying the procedure for the disposal of unserviceable stores, certain directions had already been issued regarding devolution of further authority to the Circles and the Divisional Offices. However, the matter was under further review with a view to examining the desirability of giving authority to the engineering units, where these stores are recovered, to dispose of such stores. The new procedure was expected to be finalised shortly in consultation with the Accountant General.

**The Committee would like to be informed of the final decision taken in this regard.**

**Losses of stores—Para 19, pages 12-13.**

21. From the table given in para 19 of the Audit Report, the Committee observe that, though there is a slight improvement in

the number of cases of losses and the amount involved during 1960-61 compared to the two previous years, the position is still far from satisfactory. The bulk of the losses refers to thefts of copper wire, the amount involved being Rs. 9.51 lakhs. During evidence, the representative of the P. & T. Board stated that though this was essentially a Law and Order problem, the P. & T. Department had already taken certain measures such as, legislation for enhanced punishment to those who are convicted, arrangement for prompt detection of the site of the fault and prompt restoration. The Chairman of the P. & T. Board added that he was thinking in terms of the appointment of a fairly high level police officer in the P. & T. Organisation to pursue the matter and to coordinate with the State Governments.

**The Committee would like to be informed of the decision in due course. They are of the view that the matter requires close and constant attention of the P. & T. Board till the theft cases are brought down substantially, if not eliminated altogether.**

*Delay in utilisation or disposal of surplus machinery—Para 20, page 13.*

22. In the Ambala Engineering Division, a Repeater costing Rs. 18,170 was received in 1946 and installed in the New Delhi-Simla carrier system which, however, was commissioned in 1947-48 without the Repeater, on technical grounds. The Repeater was returned to the Stores Depot after 9 years in June, 1955 after carrying out repairs, etc. at a cost of Rs. 3,043.

In evidence, it was admitted by the Chairman, P. & T. Board, that it was not a good case and efforts would be made to fix responsibility and take disciplinary action against the delinquent officials concerned.

**The Committee, however, observe that there had been inordinate delay in fixing responsibility in this case. They would invite attention in this connection to para 3 (Introduction) of their Twenty-second Report (Second Lok Sabha) and trust that prompt action would now be taken against the delinquent officials.**

23. On dismantling a telephone exchange in the Delhi Telephone District in 1951-52, a Generator set manufactured in 1944 was recovered. It had never been worked since its installation and there were no records to show how, when and at what price it had been procured. No entry was also available in the inventory of assets. The set was declared as surplus as late as November, 1958 but it was noticed in July, 1961 that no action was taken for its utilisation or

**disposal.** The cost and the present value of the equipment were assessed by the Surplus Stores Committee at Rs. 10,000 and Rs. 2,000 respectively.

During the course of evidence, the representative of the Department stated that there were no records to show how the Generator set came into the possession of the Department. However, as the set was not suitable for their purpose, it would have to be disposed of.

The Committee note that although about 10 years have elapsed since the Generator set was recovered from the Exchange, no final decision has yet been taken regarding its disposal. They could not get any satisfactory reply for this inordinate delay. They suggest that an early decision should be taken to dispose of the set and a report submitted to the Committee.

*Defective Manufacture—Para 22(a), page 14.*

24. 16,000 heat coils conforming to the specification of the Posts and Telegraphs Department were manufactured in the Jabalpur Workshops during 1958-59 against an order received from the Indian Telephone Industries Limited in December, 1957 and made over to the Controller of Telegraph Stores, Jabalpur by March, 1959. The Controller of Telegraph Stores despatched to the company between July and October, 1959, 16,000 heat coils valued at Rs. 20,793 from his stock (5,000 numbers purchased from the market and 11,000 manufactured in the Departmental Workshops). The entire lot was rejected by the Indian Telephone Industries in December, 1959 as not upto specification and the bill for Rs. 20,793 was not accepted by them. Although the heat coils were stated to have been tested by the Departmental authorities before making over to the Controller of Telegraph Stores for issue to the firm, further investigation by the Department in respect of a few rejected samples sent by the Indian Telephone Industries showed that the stores supplied were not of the stipulated specification. A final decision regarding their disposal had not been taken till July, 1961 and the articles were lying with the purchasers at the risk of the Posts & Telegraphs Department.

In evidence, the representative of the Department admitted that the heat coils had not been properly tested before handing over to the Controller of Telegraph Stores. He stated that probably some of the rejected coils got mixed up with the others and as the I.T.I. did sample-testing only, the whole lot was rejected. The Department was, however, now testing each coil and it was found that about 8,000 of them were suitable for use.

The Committee pointed out that according to the instructions issued by the Department in 1951, the indentor should have been asked to arrange for the inspection of stores before their supply by the Department. It was admitted that there had been a lapse in this regard.

The Committee regret to note that the Departmental authorities had not only failed to make proper test of the coils before making over to the Controller of Telegraph Stores, but also failed to follow the instructions issued by the P. & T. Department in March, 1951 regarding inspection of the Stores by the indentors. They desire that this matter should be looked into and the responsibility fixed.

25. The Committee were also informed that one of the causes of defective manufacture of certain items at the P. & T. Workshops was that the equipment was old and outmoded. The Department was, however, taking steps to modernise these Workshops. The Committee would invite attention in this connection to para 39 of their 22nd Report (1959-60) wherein they had recommended that early and effective steps should be taken for the modernisation of the Workshops. They desire that this matter should receive urgent attention.

*Defective Manufacture in Bombay Telephone Workshops—Para 22(b), page 14.*

26. In the Bombay Telephone Workshops, 50,000 numbers of collars for heat coils were manufactured at a cost of Rs. 16,868 and out of this, as many as 24,333 numbers valued at Rs. 8,911 were rejected due to defective manufacture. The rejected pieces were disposed of as brass scrap for Rs. 2, resulting in a net loss of Rs. 8,909 to the Department. The Departmental investigation indicated that the defects could only be attributed to the fact that the item was manufactured in that workshop for the first time.

The Committee enquired why an experimental order was not placed when the stores were manufactured for the first time in the Bombay workshop. The representative of the Department admitted that there was lapse in this regard and stated that necessary instructions had since been issued.

The Committee were also informed that the value of raw material used in rejected items was Rs. 21.70 only and the balance was labour and overhead charges.

**It is unfortunate that in this case, disregard of the fundamental principle of undertaking a trial order before establishing the manufacture of a new item, resulted in avoidable loss to the Department.**

**The Committee trust that the instructions now issued by the Department would be strictly followed to avoid such cases in future.**

*Delay in the installation of boilers—Para 23, page 14.*

27. With a view to replacing the prevailing method of cold pickling of tubes by hot pickling, two boilers were purchased for the Jabalpur Workshops in 1946 at a cost of Rs. 16,788 but the construction of a shed to house the boilers and for their installation was sanctioned in January, 1959. The boilers, which were finally installed in August, 1960, could not, however, be commissioned into service as necessary fittings, pipes, etc., were yet to be procured.

In evidence, the representative of the Department admitted that there had been negligence in this case and stated that the Department was taking steps to fix the responsibility. Steps were also being taken to commission the boilers immediately.

**The Committee observe that apart from locking up of capital funds, and possible deterioration by long storage, the savings in expenditure which had been estimated in 1956 at Rs. 1,655 per month by means of hot pickling process has not been realised as a result of the delay of over fifteen years in bringing the boilers into use. They desire that prompt and adequate disciplinary action should be taken against the delinquent officials and a report submitted to them.**

*Infructuous expenditure on purchase and repair of machine—Para 24, page 15.*

28. A centreless grinder machine which was purchased in May, 1953 through the Director General, Supplies and Disposals, from the German Reparation Machinery Dump on "as is where is" basis at a cost of Rs. 6,259 had been lying practically unused so far, after an expenditure of Rs. 16,123 was incurred on repairs. The machine was sent to the Government Machine Tool Prototype Factory for repairs in June, 1954, as it had not been in a working condition even at the time of purchase, and was received back only in January, 1960 after nearly 6 years. It was then found that the scope for utilisation of the machine was limited in regard to the type of material manufactured and used by the Department.

Explaining the reasons for purchasing the Grinder Machine, the representative of the Department stated in evidence that the machine was purchased to correct the size and the tolerance of various articles. However, when it was received back from the Government Machine Tool Prototype Factory after repairs, it was found that the machine was designed for a maximum of 18" length rods while the

Department required a machine which could grind rods upto the length of 8'. Therefore, it was of no use to the Department and it was now proposed to dispose it of as there was demand for this type of grinder machine.

The Committee regret to note that expenditure to the tune of Rs. 22,382 had been incurred on the purchase and repairs of the machine without examining its utility to the Department. They also observe that after sending the machine to the Government Machine Tool Prototype Factory for repairs, the Department failed to take adequate steps to get the repairs expedited resulting in unnecessary locking up of funds. The Committee desire that an early decision should be taken regarding the disposal of the machine and a report submitted to them.

### III

#### LOSSES, DEFALCATIONS, ETC.

*Misappropriation in the Savings Bank Branch—Para 25, pp. 15—17.*

29. The number of cases of defalcations or loss of public money which came to light during the year under report was 1,308 involving an amount of Rs. 7·43 lakhs. According to audit para, while the number of cases of defalcations/loss of public money decreased by 104 as compared with the previous year, the amount involved increased by about Rs. 60,000. The increase occurred under all the categories except Savings Bank and Post Office Certificates. As in the past, the employees of the Department were responsible for the bulk of these losses (65 per cent). In 308 cases involving an amount of Rs. 2·18 lakhs (about 29 per cent), responsibility for the loss had not been fixed till September, 1961.

The Audit para disclosed various Savings Bank frauds involving heavy amounts. In the four cases mentioned in the audit para there had been misappropriation of large sums of money either by omitting to account for sums tendered for deposit or by means of fraudulent withdrawals. The Department proposed to examine whether the introduction of a system of receipts for Savings Bank deposits would not act as a deterrent to the fraudulent practice of not crediting deposits in the Government accounts.

In evidence, the representative of the Department stated that the ratio of losses to the total turn-over of the Department had decreased from 0·0116 in 1952-53 to 0·0051 during the year under report. The increase in the amount involved was also only Rs. 32,000 and not Rs. 60,000 as shown in the Audit para, as it included the amount of Rs. 7,000 which was only temporary misappropriation and withdrawals to the extent of Rs. 21,000 had been subsequently admitted by the depositors.

The Committee were also informed that out of 308 cases, there were now only 201 cases in which responsibility was yet to be fixed.

Explaining the various measures taken to minimise the cases of defalcations or loss of public money, the representative of the Department stated that besides 60 inspectors who had been appointed in 1960, it was proposed to appoint 60 more inspectors with a view to introducing second inspection of the extra-departmental post offices.

Further, the Department had appointed some Assistant Superintendents in the Directorate to investigate secretly certain complicated cases of fraud and loss and also to visit different offices where the frauds were more frequent. The effect of these measures would, however, be known only after the lapse of some time.

The Committee were informed further that as an experimental measure, it had been decided to introduce the system of receipts for Savings Bank deposits in three Head Post Offices. If, however, a depositor wanted his pass book also to be written up the same day, he could leave the pass book and collect it in the evening. It would not only provide some safeguard against frauds but also lead to expeditious disposal of business at the counter of the post offices.

**The Committee would like to watch the practical effect of the various measures taken by the Department through future Audit Reports.**

30. The Committee observe that in some of the cases of Savings Bank fraud brought to their notice, although the fraud was spread over a long period of time (three to five years), it remained undetected despite the Post Offices concerned having been visited several times by the Inspecting Officers. It was admitted in evidence that in some of these cases lesser frequency and poorer quality of inspections were responsible for the continuance of frauds over a long period of time. The Committee would, therefore, urge that **remedial measures should be taken to make these inspections more effective and laxity on the part of Inspecting Officers in exercising the prescribed checks dealt with promptly and suitably.**

**Public continue to repose confidence with the P. & T. Organisation, particularly in matters pertaining to money transactions. In recent years there has been an enormous increase in the number of new offices opened, particularly in the rural areas. Therefore, in order that the confidence of the public may not get shaken, the Committee strongly recommend that a suitable programme of inspections of every office to take place strictly within a specified period should be laid down and implemented through an adequate inspectorial staff.**

*Infructuous expenditure due to non-utilisation of a vacant departmental building—Para 27, p. 18.*

31. In the Posts and Telegraphs Training Centre, at Jabalpur, new hostel buildings for the trainees were constructed in December, 1956. One of the old hostel buildings fell vacant from the 21st November, 1957 after the trainees were shifted to the new buildings and

remained vacant for over three years, until March, 1961, when the Engineering Divisional and Sub-Divisional Offices at Jabalpur which had been located in rented buildings, were shifted therein. Had the shifting been effected earlier, a substantial portion of the rent amounting to Rs. 26,700 which was paid for the leased buildings over the period of three years might have been saved. A sum of Rs. 14,833 was also incurred on the watch and ward, electricity charges and taxes on the old building during the period it was lying vacant.

The Chairman, P. & T. Board admitted in evidence, that it was a bad case and assured the Committee that disciplinary action would be taken against the delinquent officials.

**The Committee would like to be informed of the action taken in the matter early.**

## IV

### REVENUE RECEIPTS AND OTHER TOPICS OF INTEREST

*Telephone Revenue—Para 28, p. 18.*

32. The total amount of telephone revenue outstanding on the 1st July, 1961 in respect of bills issued upto the 31st March, 1961, amounted to Rs. 2.15 crores (including about Rs. 2.53 lakhs on account of bills of ex-State systems outstanding from the pre-integration periods). Out of this amount, a sum of about Rs. 72 lakhs related to bills issued in 1959-60 and earlier years. A substantial portion of these outstandings (about Rs. 114 lakhs) related to private subscribers.

A test audit of telephone revenue accounts conducted during 1960-61 revealed instances of short recoveries and failure to issue bills to the extent of Rs. 12.97 lakhs. These were brought to the notice of the authorities concerned for necessary action. The short collection was mainly due to incorrect valuation of trunk call tickets.

In evidence, the representative of the Department stated that in order to improve the position regarding recovery of out-standing telephone revenues, certain steps had been taken during the last two years. It had been decided to decentralise the telephone revenue accounting offices, first into large divisional units and then to attach them to each Telephone Exchange. Further, as an experimental measure it had been decided to introduce mechanised system of accounting in four major Exchanges at Delhi, Bombay, Calcutta and Madras which would result in prompt rendering of accounts besides reducing the staff required for this work.

The Committee were also informed that the amount of outstandings as compared to the total revenue collections had gone down. The total amount outstanding on 1st July, 1962 in respect of bills issued upto March, 1962 was only Rs. 2.12 crores against the total collection of Rs. 31 crores, whereas the corresponding figures for the year 1960-61, were Rs. 2.15 crores and Rs. 25 crores respectively.

Explaining the steps taken to clear the long outstanding bills, the representative of the Department stated that it was proposed to set up a small Committee to examine these cases. The Department was also examining the question of delegating further powers to the Telephone staff regarding writing off of irrecoverable outstandings. Further, out of the total amount of Rs. 19.21 lakhs outstanding for bills

issued upto the end of the year, 1956, a sum of Rs. 3.84 lakhs had been collected during the year 1961-62.

The Committee feel concerned to note that there has been a progressive increase in the instances of short recovery and failure to issue bills, the amount having increased from Rs. 2.9 lakhs in 1956-57 to Rs. 12.97 lakhs in 1960-61 with the same percentage of test check by audit. The representative of the Department stated that the main reason for short recoveries was incorrect valuation of trunk call tickets due to human errors. The trunk call ticket valuation system was very complex due to the existence of a number of slabs in trunk call rates and there were even different structures within a slab. With a view to simplifying the rate structure, it had been decided to reduce these slabs from 45 to 10\* with effect from 1st October, 1962. The representative of the Department promised to look into the question of progressive increase in the amount involved in these cases and furnish a note to the Committee. This note is still awaited.

The Committee would like the P. & T. Board to take effective steps to minimise instances of short recoveries and failure to issue bills.

*Non-recovery of dues from canteens etc. in the Punjab Circle—Para 29, p. 19.*

33. In 1954-55, the Government of India, Ministry of Works, Housing and Supply sanctioned the charging of a concessional rent of Re. 1 per month for the accommodation used by co-operative stores and canteens run departmentally or by employees' associations. The concession was, however, not admissible to stores or canteens run through the agency of contractors for which different rates were prescribed by the Government.

In the Punjab Circle, eight Post and Telegraph canteens, etc., were being managed by the staff bodies but it was noticed during the local audit inspections in 1958-59, 1959-60 and 1960-61 that the canteens were actually run by private contractors. The staff associations received fixed monthly royalties varying from Rs. 4 to Rs. 120 from the contractors, but paid only the nominal rent of Re. 1 per month to the Department. This irregular practice was pointed out to the Department through the inspection reports. Although the audit view was accepted in April, 1959, the Department had not taken any steps to regularise the existing arrangements.

It was estimated that non-recovery of the rent of the premises from private contractors resulted in a loss of about Rs. 17,000 (from

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\*According to the information furnished by Audit the number of slabs has been reduced to 12.

the 1st January, 1955 to the 31st March, 1961) calculated at the minimum rates prescribed.

Explaining the reasons for delay in regularising the existing arrangement, the representative of the Department, stated that when this irregularity came to their notice, instructions were issued to the Post-master General to stop this irregular practice. It was, however, found that during the two or three years when these canteens had been run on co-operative basis, there had been heavy losses and therefore it was not possible to run them on co-operative basis. It was also not found possible to run them departmentally. The Department did not want to deprive the staff of this amenity by closing down these canteens immediately and therefore the irregularity continued for sometime. The latest position was that all the Canteens had been closed down except the two which were functioning in Srinagar. In order to avoid the recurrence of such irregularities, order had been issued that in future such cooperative societies should be registered and their profits should, as far as possible, be reflected in reduced prices of eatables.

As regards recovery of rent, it was contended that according to the prescribed rate, the rent would amount to Rs. 18,500 whereas the royalty actually recovered by the Staff bodies was Rs. 15,900. Therefore, taking into consideration the welfare of the staff, the Department did not insist on the recovery of the full prescribed rent. While it might not have been possible for the Department to have recovered the full rent amounting to Rs. 18,500, it is not clear why a proportionate recovery based on the amount of royalty actually collected by the Associations from the contractors (Rs. 15,900) could not have been affected instead of the nominal rent of Re. 1 per month.

The Committee share the anxiety of the Department to keep these Canteens running for the amenity of the staff. They would, however, observe that if according to the Postmaster-General it was not possible to run the Canteens on cooperative basis or departmentally the alternative of running them through contractors should have been examined instead of acquiescing in the irregular practice.

*Disposal of Outstanding Audit Objections—Para 32, pp. 21-22*

34. The number of audit objections raised during 1959-60 and earlier years and remaining unsettled at the end of August, 1961 was 30,498 covering an amount of Rs. 4·5 crores. Some of the objections date back to periods from 1943-44.

Explaining the present position regarding outstanding audit objections, the representative of the Department stated in evidence that the number of outstanding objections for the period upto the end of 1865 (AII) LS—3.

August, 1961 had come down from 30,498 to 19,066 and the amount involved was only Rs. 2.91 crores as against Rs. 4.50 crores shown in the Audit para.

The Committee were also informed that as an experimental measure three Committees had been set up recently after consultation with the Accountant General Posts and Telegraphs, in Delhi, U.P. and Bihar, where the number of audit objections was large, to settle such objections. Each committee consisted of one Inspector of Post Offices, one P. & T. Accountant and one Accountant from the Audit Office concerned. However, unlike the Ministry of Defence, these officers were not full time members of the Committee as it was felt that the amount of work did not justify the appointment of full time officers.

The Committee need hardly emphasise the imperative need for expeditious disposal of audit objections which continue to be fairly large. They trust that the setting up of the committees to settle audit objections would accelerate the clearance of such objections. They would like to watch the position through future Audit Reports.

**V**  
**GENERAL**

35. Despite the fact that the Committee had in the past, urged upon the need for prompt decisions and their expeditious implementation, to increase the efficiency of the P. & T. Department, this year again, the Committee came across cases of inordinate delays on the part of the Administration. In one case two boilers purchased for the Jabalpur Workshops in 1946 at a cost of Rs. 16,788 could not be commissioned even 15 years after their purchase.\* In another case, no final decision had been taken regarding the disposal of a generator set even 10 years after its recovery from an Exchange.\*\* In yet another case, an unwanted Repeater costing Rs. 18,170 was returned to the Stores Depot after 9 years after incurring an expenditure of Rs. 3,043 on its repairs.\*\*\* The Committee are concerned over such delays in a commercial Department like the P. & T. They trust that in the interest of economy and efficiency, effective steps would be taken by the Department to avoid the recurrence of such cases.

36. Another point to which successive Committees on Public Accounts have drawn attention is the delay in the submission to them of the notes, memoranda pursuant to action taken on the recommendations of the Committee or on points arising from the Accounts examined by them. The position in this regard has, however, continued to remain unsatisfactory. In some cases although more than one year has elapsed, the information called for by the Committee has not been furnished by the P. & T. Directorate. Further, despite the assurance given by the Chairman, P. & T. Board during the course of evidence in July, 1962 to expedite the submission of the notes pursuant to 'action taken' on the outstanding recommendations of the Committee, in a number of cases the notes are still awaited. The Committee would reiterate their earlier recommendation in paras 6 and 7 (Intro.) of their 42nd Report and would emphasise that the Ministries concerned should attach greatest importance to the submission of notes etc. to the Committee within the time-schedule laid down for the purpose.

**MAHAVIR TYAGI,**  
**Chairman,**  
**Public Accounts Committee.**

October 12, 1962.  
Asvina 20, 1884 (Saka).

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\*Para 27     \*\*Para 23     \*\*\*Para 22

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## **PART II**

**Proceedings of the Sittings of the Public Accounts Committee held  
on 19th to 21st July, and 25th September, 1962.**

PROCEEDINGS OF THE Sittings OF PUBLIC ACCOUNTS  
COMMITTEE HELD IN JULY, 1962 IN CONNECTION WITH  
POSTS & TELEGRAPHS ACCOUNTS

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**Proceedings of the Seventh Sitting of the Public Accounts Committee held on Thursday, the 19th July, 1962.**

37. The Committee sat from 9.30 to 12.10 hours.

**PRESENT**

Shri Mahavir Tyagi—*Chairman.*

**MEMBERS**

2. Shri S. C. Balakrishnan
3. Shri Bhakt Darshan
4. Shri Gajraj Singh Rao
5. Shri Hem Raj
6. Sardar Kapur Singh
7. Shri R. K. Khadilkar
8. Dr. P. Mandal
9. Dr. G. S. Melkote
10. Shri Mathura Prasad Mishra
11. Shri Ravi Narayan Reddi
12. Shri Prakash Vir Shastri
13. Shrimati K. Bharathi
14. Shri Nawab Singh Chauhan
15. Shri Dahyabhai V. Patel
16. Shri Sonusing Dhansing Patil
17. Shri Lalji Pendse
18. Shri Rajeshwar Prasad Narain Sinha
19. Shri Jai Narain Vyas.

Shri A. K. Roy—*Comptroller & Auditor General of India.*

Shri G. Swaminathan—*Addl. Dy. Comptroller & Auditor General (R).*

Shri R. K. Khanna—*Accountant General, Posts & Telegraphs.*

**SECRETARIAT**

Shri H. N. Trivedi—*Deputy Secretary.*

Shri Y. P. Passi—*Under Secretary.*

**WITNESSES****Posts & Telegraphs Directorate**

1. Shri V. Nanjappa—*Chairman, P & T Board.*
2. Shri P. M. Agerwala—*Member, P & T Board.*
3. Shri S. S. Shiralkar—*Member, P & T Board.*
4. Shri M. Dayal—*Member, P & T Board*
5. Shri Jagdeesh Prasad—*Member, P & T Board.*
6. Shri S. C. Sen Gupta—*Member, P & T Board.*
7. Shri S. C. Jain—*Member, P & T Board.*
8. Shri M. L. Nanda—*Addl. Chief Engineer, C.P.W.D.*

38. The Committee discussed informally points arising out of Audit Report (P & T) from 9.30 to 10.00 hours.

39. At the outset the Committee enquired about the working of the Department since the constitution of the P & T Board with special reference to the control exercised by the Board over financial matters. The Chairman, P & T Board stated that the setting up of the Board had resulted in expediting decisions and issue of sanctions as in matters relating to the P & T Department the Board could now itself take decisions on behalf of the Ministry of Transport & Communications. The P & T Board included a part-time Member (Finance) of the rank of Joint Secretary in the Ministry of Finance, attached to Ministry of Transport and Communications, who assisted the Board in financial matters. Although in the case of difference of opinion with the rest of the Members of the P & T Board, he (Member, Finance) could refer the matter to the Finance Minister, no such occasion had arisen so far, as the decision of the Board had generally been unanimous. The Committee were also informed that all the Branches etc. of the Department were represented on the P & T Board.

Asked whether a review had been made with a view to delegating more powers to the P & T Board, the Chairman, P & T Board stated that it was only one and a half years ago that the Board was set up. However, the matter would be kept in view.

*Revenue Receipts & working expenditure—Para 2 of Audit Report,  
pp. 1-2.*

40. A review of the estimated and actual figures of revenue receipts and the working expenses of the Department from the year 1956-57 to 1960-61 revealed that except during 1957-58 the actuals under Revenue had been higher than the Budget Estimates while the actuals under working expenses exclusive of contributions to the Renewals Reserve Fund were less than the budgeted figures.

Explaining the reasons for large variations between the budget estimates and the actuals for revenue and working expenses, the representative of the Department stated that so far as revenue was concerned, the estimates of the Department were based on the past trends of traffic. However, the actuals in this regard turned out to be more than the estimates of the Department. One additional factor for these variations in 1960-61 was the change in telephone tariffs as a result of the recommendations of the Tariff Revision Committee. As the decision in this regard was taken shortly before the end of the financial year 1959-60, the exact impact of the proposals could not be included in the Budget Estimates for 1960-61. The Chairman, P & T Board, however, agreed that there was scope for more realistic budgeting of expenditure.

*Renewals Reserve Fund—Para 3.*

41. The amount to be appropriated to the Renewals Reserve Fund was fixed *ad hoc* at Rs. 1.25 crores in 1956-57, but was raised to Rs. 2.5 crores in 1957-58 and 1958-59 and Rs. 4.64 crores in 1959-60 with a view to augmenting the balances in the Renewals Reserve Fund. In 1960-61, practically the entire surplus revenue of the Department (Rs. 7.86 crores) was appropriated to the Renewals Reserve Fund after providing a nominal amount of Rs. 1 lakh each to two new funds, namely the Posts & Telegraphs Development Fund and Revenue Reserve Fund.

Asked whether taking into consideration the expected life of the assets and the total capital at charge, the Department considered the present contributions to the Renewals Reserve Fund adequate, the representative of the Department stated that the present balance in the Fund was just adequate to meet the current demands of depreciation but there was quite a substantial leeway to be made. As the new system of making contributions to the Renewals Reserve Fund had come into force only from 1st April, 1960, it was proposed to review this matter after five years with a view to deciding whether it was necessary to increase the contributions to the Fund.

Asked what was the basis of making contributions to the Renewals Reserve Fund, the witness stated that till March, 1960, it was made on an *ad hoc* basis. From 1st April, 1960, in view of inadequate balances in the Fund, after paying dividend to General Revenues, practically the entire surplus was appropriated to the Fund. However, the allocation of total contribution to Fund among various branches of the Department was still on the *ad hoc* basis. As the profits of Telegraph and Postal Branches were not sufficient to make adequate contribution to the Fund the major appropriation was made from the surplus of the Telephone Branch.

On being pointed out that according to the new arrangements made since 1st April, 1960, the contribution to the Fund was treated as an appropriation of the surplus whereas according to normal commercial principles, contributions to the Fund should be treated as a part of working expenses the representative of the Department agreed that it should be so.

*Financial Results of working of various Branches of the Department—Paras 5-6, pp. 3-4.*

42. A review of the capital outlay and the surplus of the Telegraph Branch during the years 1956-57 to 1960-61 revealed that whereas there had been an increase of about Rs. 10 crores in the Capital Outlay, the surplus had gone down by Rs. 39 lakhs.

Explaining the reasons in this regard, the representative of the Department stated that the increase in Capital Outlay under 'Telegraphs' was actually on trunk telephone lines, which under the existing procedure were considered as the assets of the Telegraph Branch, on which the Telephone Branch was required to pay rental. Similarly was the case of lines and wires leased to Railways. The rental that was being paid by the Telephone Branch and Railways was based on very old figures of depreciation, interest and maintenance and had no relation with the Capital investment. These rates had now been rationalised and the matter was under correspondence with the Railways. The inter-branch adjustment of rental between Telegraph and Telephones Branches would also be taken up thereafter. The Committee desired to be furnished with a note indicating the percentage of such rental as was now fixed to the capital investment on that account.

*Para 6:*

43. In the case of the Postal Branch the percentage of working expenses (including contribution to Renewals Reserve Fund and

interest/dividend to General Revenues) to the total revenues earned by that Branch was 102.1 in 1960-61. Explaining the reasons in this regard, the representative of the Department stated that to some extent the Postal Department was a service department where the cost incurred on rendering the service was more than the amount realised therefor e.g. in the case of post cards. However, there was some aversion to raise the postal rates. The working expenses had on the other hand increased because of various awards and recommendations of the Pay Commission. The Department was, however, looking into the question of reducing the working expenses.

The Committee desired to know how the Postal and Telegraph rates in India compared with those in other countries. The Chairman, P & T Board stated that his own impression was that considering the facts that long distances had to be covered in India and that there was no additional surcharge for air-mail service as in other countries, these rates could be compared favourably with those of other countries, particularly U.S.A.

*Savings under Voted Grants—para 8, pp. 4-5*

44. A review of the capital expenditure by the Department under Grant No. 130 from the years 1956-57 to 1960-61 revealed that there had been progressive increase in the amount of the unutilised budget provision from year to year and the savings had increased from 1.8% in 1956-57 to 22.3 per cent in 1960-61. The main projects in which savings occurred in 1960-61 were Railway Electrification Scheme, Calcutta-Mughalsarai, Bombay Telephone Long-term Expansion Project and Co-axial Trunk Cable Scheme connecting Bombay, New Delhi and Calcutta.

In evidence, the Chairman, P & T Board admitted that the percentage of savings under this Grant had been high. It was, however, stated that there were a number of factors leading to this high percentage of savings e.g. delays in construction of buildings, difficulties in supply of cables and difficult foreign exchange position etc. The new C.P.W.D. Division for the P & T Works had been established only in November, 1960. It took that Division several months to take over the works from the previous Division. Further, the staff sanctioned was inadequate. Consequently, there was a shortfall in the works carried out during the year 1960-61 and as against the previous average of Rs. 1.25 lakhs, works of the order of Rs. 1.15 lakhs were carried out in 1960-61. It was, however, added that the additional staff had recently been sanctioned and the position was expected to improve.

Detailing several other measures taken to improve the position regarding P & T works, the witness stated that the Department had tried to use the agency of the State P.W.Ds.' for the execution of works in the States. However, whereas in the Gujarat State the results had been satisfactory, most of the States had not agreed to it as the State P.W.D., were already engaged in a large number of important projects. To improve the position, the Department had also started using the agency of private architects in some important cities.

The Committee were also informed that the percentage of savings under this Grahrt had come down from 22.3 in 1960-61 to 5.9 in 1961-62.

Explaining the reasons for the savings of Rs. 2.30 crores under the Railway Electrification Scheme the representative of the Department stated that in this case although the equipment had been designed and manufactured indigenously, the aluminium sheath cables had to be imported. There was a delay of about 4-5 months in placing the order. There were only a few manufacturers of this type of cables. The two firms which had furnished quotations had quoted high rates and the price was reduced only after negotiations. There was also delay in the supply of cables due to the failure of the press at the works of the manufacturers in Germany. No action could, however, be taken against the firm because of *force majeure* clause in the contract. It was, however, added that when the delay came to the notice of the Department funds to the extent of Rs. 150 lakhs were surrendered in October, 1960.

As regards the present position of the scheme, the Committee were informed that the electric service in this line had been started on the 27th June, 1962.

As regards Bombay Telephone Long Term Expansion Project the Committee were informed that the scheme had since been completed. Explaining the reasons for less payment on account of Road opening and road reinstatement, the witness stated that it was due to non-receipt of bills in time. The payment had, however, been made subsequently.

Explaining the reasons for the non-receipt of cables for Co-axial Trunk Cable Scheme, the representative of the Department stated that the Hindustan Cables Factory, which was to supply the Cables, experienced some difficulties as it was the first year of its production and could supply only 17 miles of cables against 200 miles of cables promised by it.

**Works expenditure—Para 10, pp. 6-7**

45. During 1960-61 an expenditure of Rs. 39.86 lakhs on 75 major works costing over Rs. 2 lakhs each was incurred without any specific provision in the budget. Out of these, 10 were commenced in 1960-61 (Rs. 21.16 lakhs) and 65 had been commenced in earlier years (Rs. 18.70 lakhs).

On the other hand, no expenditure was incurred on 77 works costing over Rs. 5 lakhs for which a specific provision of Rs. 42.94 lakhs in all was made in the budget; out of these, one work had already been commenced in earlier years and an expenditure of Rs. 0.70 lakhs had been incurred on it upto the end of 1959-60. On two works costing over Rs. 5 lakhs provided for in the budget, the expenditure exceeded the sanctioned cost by more than 10 percent, thus requiring the preparation and sanction of revised estimates.

Explaining the reasons for incurring expenditure on works without specific provision in the Budget, the representative of the Department stated that out of 75 works, 63 works were carried over from the previous year as some adjustments could not be made during the year 1959-60. Six were urgent works which had to be carried out for the Ministries of Defence and Railways. In the case of remaining six works although the expenditure was incurred on the budgeted projects, it was on components other than those provided in the Budget.

Asked whether it was not desirable to have a Token Grant in such cases, the representative of the Departments stated that, in consultation with the C & A G and the Ministry of Finance, a convention had been established that a Token Grant might be obtained only if the cost of the new work was over Rs. 4 lakhs. When pointed out that such cases continued to recur despite the instructions issued by the Department in June, 1960 in this regard, the representative of the Department stated that the position had greatly improved and the number of such works had come down to 75 only in 1960-61 as against 1126 in 1951-52.

As regards 77 works on which no expenditure was incurred despite the provision made in the Budget, the representative of the Department stated that out of these works, 48 related to buildings, 6 to land and 23 to lines and equipment. Asked whether the administrative approval had been obtained for these 77 works as required under the orders from the Ministry of Finance, the representative of the Department stated that such approval had been given before these works were included in the Budget. However, in some of these

cases the expenditure had been incurred on a sub-head other than one included in the Budget. It was also added that in the case of Railways, provision in the budget was made only for the entire projects and not component-wise, as was done in the P & T Department. The Department proposed to discuss this matter with the Accountant General with a view to following the practice obtaining in the Ministry of Railways.

Explaining the reasons for non-incurring of expenditure on three main works mentioned in the Audit para, the representative of the Department stated that in the case of Delhi Gate Exchange, work could not be taken up as the building was not ready in time. In the case of Shivaji Park exchange, Bombay there was delay in acquiring land, whereas in the case of construction of quarters in Delhi, the land was still being developed.

As regards two cases where the expenditure exceeded the sanctioned cost by more than 10 per cent, the witness stated that there were still some adjustments to be made on those works and the expenditure was not expected to exceed the sanctioned cost by more than 10 per cent. In case it did exceed, special sanction would be obtained.

*Expansion Project of Bombay Telephone System—para 11, pp. 7-8*

46. Work on three Exchanges was undertaken as part of the expansion of Bombay Telephone System. However, due to delay in the construction of buildings, the equipment for Mandvi and Matunga, costing Rs. 30.70 lakhs and Rs. 17.21 lakhs respectively, remained in stock for nearly two years pending installation. Similarly, in the case of Chembur Exchange, the equipment worth Rs. 3.91 lakhs received during December, 1959 and March, 1960 remained unutilised. Storage charges incurred till March, 1961 for these items of equipment amounted to Rs. 22,197, in addition to interest/dividend charges on the capital, payable to General Revenues amounting to Rs. 2.7 lakhs.

Explaining the reasons for the delay in the construction of buildings, the representative of the Department stated that in all these three cases, there were difficulties in awarding the contracts as no contractors were forthcoming to take up these works and tenders had to be invited on two or three occasions.

Giving the latest position regarding the completion of these works, the witness stated that while the Mandvi Exchange had been commissioned into service, Matunga Exchange was likely to be commissioned in December, 1962 and the Chembur Exchange in March, 1963.

### **UNCO-ORDINATED EXECUTION OF WORKS—**

**Cable Scheme at Raipur Gate Exchange, Ahmedabad—para 12 (i), p. 8**

47. Owing to the growing demand for telephone connections at Ahmedabad, the Department decided to expand the existing capacity of the Raipur Gate Exchange by another 1,000 lines. While the installation of the plant and machinery within the exchange was completed in March, 1960, the cable-laying work had been delayed and was still in progress.

Explaining the reasons for the delay in this case, the representative of the Department stated that on account of staff difficulties, the survey could be completed only in July, 1959 and scheme finalised in December, 1959. It was, however, contended that the main delay in this case was due to difficulties in getting cables.

In reply to a question, the Committee were informed that to improve the position of the supply of cables, plans for the expansion of Hindustan Cables Factory had already been improved. A project report for the setting up of another factory was also under preparation and the new plant was expected to be erected in one or two years. It was, however, added that unlike Railways who had control over the production units which met their requirements, the Cable Factories were under the Ministry of Commerce and Industry.

**Improvement of Telecommunication Services for another Government Department—para 12(ii), pp. 8-9**

48. Against an estimate sanctioned in January, 1959 for providing improved telecommunication service to certain Defence Installations, Stores valued at Rs. 7 lakhs were received during 1959-60 and stores worth Rs. 3 lakhs during 1960-61, but the work had not been commenced till July, 1961 as the necessary formalities were not settled with the Railways, the P.W.D. and the Municipal authorities at the time of framing the estimates.

An expenditure of Rs. 4,138 was incurred on the pay and allowances of a whole-time construction officer who was employed from April—November, 1960 and who could not take up the construction work.

In evidence, it was admitted that it was a bad case and there had been considerable delay in carrying out the work. It was, however, stated in extenuation that in this case there were some difficulties in getting some of the cables and it was only in March, 1961 that the cable was issued by the Ministry of Defence. Due to rains, the work could be started only in October, 1961. Giving the present position of the work, the witness stated that it was under final joint tests by

both the P. & T. Department and the Ministry of Defence and was likely to be handed over to the Ministry of Defence by the next month.

In reply to a question, the Committee were informed that the services of the construction officer, appointed in April, 1960, had been utilised for survey work.

*Auto Exchange at Srinagar—Para 12(iii), p. 9*

49. An estimate amounting to Rs. 10.65 lakhs for the installation of a 1500-line auto exchange at Srinagar was sanctioned in May, 1959. The requisite apparatus and plant were indented far in advance in January, 1958, and payments amounting to Rs. 60,725 and Rs. 79,642 were made in that connection during 1958-59 and 1959-60 respectively. The construction of the exchange building, in which the equipment was to be installed, was commenced only in June, 1961 and was expected to be completed by October, 1962.

In evidence, it was admitted that there had been considerable delay in constructing the building. Explaining the reasons for the delay, the representative of the Department stated that although the preliminary estimates had been received in 1957, these had to be revised as it was found that a pile foundation was necessary. Further, as the area was subject to earthquakes, some special type of construction was necessary. It was, however, added that due to delay in construction of building, a part of the equipment had been diverted to other works. The Committee were also informed that the installation of equipment was expected to be started shortly.

It was admitted that in the case of Line Works in Jaipur Engineering Division [Para 12(iv)] there had been delay in the issue of line stores.

*Delay in erection of buildings on plots of land acquired by the Department—Para 13(a), p. 9.*

50. A proposal for construction of a departmental building to house the post office and the office of the Superintendent of Post Offices at R. S. Puram in Madras Circle, which are located in rented buildings (rent Rs. 7,770 per annum), was first mooted in 1946 and the Department purchased a site on the 16th October 1948 at a cost of Rs. 53,340 for construction of a building thereon. The sanction for construction of the building was, however, accorded only in 1956, after a lapse of 8 years. The work was, however, not taken up and the estimate was revised subsequently, once in October, 1960 after a lapse of 4 years and finally in May, 1961 when the work was sanctioned at a cost of Rs. 3.05 lakhs as against the original estimate

of Rs. 1.97 lakhs. The construction of the building had not been taken up till August, 1961.

Explaining the reasons for the delay in the construction of the building, the representative of the C.P.W.D. stated that although the sanction for the building had been issued in 1956, there was a ban imposed on the construction of buildings during 1949—52. The exemption from the ban could be obtained only after 26 months. Thereafter, preparation of revised estimates due to rise in cost of construction and inadequacy of planning staff and architects as a result of creation of the new zone for P & T works, further delayed the commencement of the work. It was, however, added that tenders for the work had been called and the work was expected to be awarded shortly.

*Para 13(b), p. 10.*

51. In Bombay, Central and Rajasthan Circles a number of plots purchased at a cost of Rs. 9.18 lakhs, some of them acquired as far back as 1926-27, 1927-28 and 1930-31, were lying vacant while expenditure on rent for hired accommodation continued to be incurred by the Department at the rate of nearly Rs. 5,000 a month.

Explaining the reasons for non-utilisation of various vacant plots, the representative of the Department stated that the construction of buildings had been delayed due to financial stringency, slow progress of work by the C.P.W.D. and constructions following a scheme of priority. Further, during the period 1949—52, there was ban on construction of new buildings. It was, however, added that the P & T Board was already seized of the matter. A statement had been prepared of the number of vacant sites and the whole matter would be examined carefully at the next meeting of the Board.

The Committee were also informed that in some cases as a matter of policy some plots might have been purchased for future use as there were difficulties in procuring the land in time and there was also the possibility of prices of land going up.

In reply to a question, the Committee were informed that out of the total cost of the plots purchased amounting to Rs. 9.18 lakhs, the value of one plot at Gamdevi alone was about Rs. 5 lakhs where the construction had already started. It was also disclosed that there were about 300 plots all over India on which buildings were yet to be constructed.

52. The Committee then adjourned till 9.30 hours on Friday, the 20th July, 1962.

**Proceedings of the eighth Sitting of the Public Accounts Committee  
held on Friday, the 20th July, 1962**

53. The Committee sat from 9.30 to 12.30 hours.

**PRESENT**

Shri Mahavir Tyagi—*Chairman.*

**MEMBERS**

2. Shri S. C. Balakrishnan
3. Shri Bhakt Darshan.
4. Shri Gajraj Singh Rao
5. Shri Hem Raj
6. Sardar Kapur Singh
7. Shri R. K. Khadilkar
8. Dr. P. Mandal
9. Dr. G. S. Melkote
10. Shri Mathura Prasad Mishra
11. Shri Ravi Narayan Reddi
12. Shri Prakash Vir Shastri
13. Shrimati K. Bharathi
14. Shri Nawab Singh Chauhan
15. Shri Dahyabhai V. Patel
16. Shri Sonusing Dhansing Patil
17. Shri Rajeshwar Prasad Narain Sinha
18. Shri Jai Narain Vyas.

Shri A. K. Roy, *Comptroller & Auditor General of India.*

Shri G. Swaminathan, *Addl. Dy. Comptroller & Auditor General.*

Shri R. K. Khanna, *Accountant General, P. & T.*

**SECRETARIAT**

Shri H. N. Trivedi—*Deputy Secretary.*

Shri Y. P. Passi—*Under Secretary.*

## WITNESSES

*P. & T. Directorate*

1. Shri V. Nanjappa—*Chairman, P. & T. Board*
2. Shri S. S. Shiralkar—*Member, P. & T. Board*
3. Shri P. M. Agerwala—*Member, P. & T. Board*
4. Shri Jagdeesh Prasad—*Member, P. & T. Board*
5. Shri M. Dayal—*Member, P. & T. Board*
6. Shri S. C. Sen Gupta—*Member, P. & T. Board*
7. Shri S. C. Jain—*Member, P. & T. Board.*

*Ministry of Works, Housing & Supply*

8. Shri N. E. S. Raghavachari, *D. G. S. & D.*

*Ministry of Steel and Heavy Industries*

9. Shri A. N. Banerjee, *Iron & Steel Controller.*

54. The Committee discussed informally points arising out of Audit Report (P. & T.), 1962 from 9.30 to 10.00 hours.

*Balances of General Stores and Workshop Stores—Para 14, pages 10-11*

55. A review of the workshop stores during the year 1957-58 to 1960-61 revealed that the closing balances of workshop stores had exceeded the prescribed limit.

The Committee were informed that in the past the limit of these stores, which included both raw materials and semi-finished products, was fixed on an *ad hoc* basis. In order to avoid such excess of stores over prescribed limits, it was now proposed that stock-balances of such stores for a year should be limited to half of the production for the next year. The Committee were also informed that the limit of balance of stores had been raised to Rs. 1.9 crores.

Asked whether there were some obsolete stores in stock, the representative of the Department stated that so far as workshop stores were concerned there were some obsolete stores and these were under examination with a view to disposing them of. As regards general stores, an investigation was made about two years ago to assess the quantum of obsolete stores and a large portion of such stores had either been disposed of or cannibalised and utilised for other purposes. As a result of this, the balances of stores had come down from Rs. 6 crores to Rs. 4 crores. Out of the present stock, stores worth about Rs. 50 lakhs were those purchased from Disposals. These stores were under examination with a view to utilising them.

In reply to a question it was admitted that there was no regular system of scrutinising all the stores with a view to assess the quantum of obsolete stores.

*State of balances under sub-suspense heads of Stores Suspense Account—Para 15, page 11*

56. The total balances outstanding under the sub-suspense heads of the Stores Suspense Account at the end of the year was Rs. 15.67 lakhs.

Giving the latest position in this regard the representative of the Department stated that the position had considerably improved during the year 1961-62 and the number of items outstanding had come down from 38,300 as on 31st March, 1961 to 19,800 on 31st March, 1962. Out of these about 9000 items related to the period upto 1955-56

Explaining the difficulties in the clearance of old items, the witness stated that the method adopted for entry of credits and debits in the past, particularly during the period 1948-49 to 1955-56, made it difficult to link the supplementary items to the original items. One such item was the customs duty paid in subsequent years for the purchases made earlier which had not been linked up with the original items. As a result, the amount had remained unadjusted in the ledgers. It was, however, expected that the number of such items would be further reduced by the end of the year.

The Committee were also informed that with a view to clearing these outstandings a manual had been prepared prescribing the detailed procedure for work in Stores and Workshop Accounts Offices and it had proved useful. It was also proposed to examine the desirability of appointing a small Committee consisting of representatives of the Accountant General, Finance and the Chief Accounts Officer of the P. & T. Directorate to clear these outstanding balances.

Explaining to reasons for the large balances under stores-in-transit, the witness stated that from the information available it was found that more than 50 per cent. of the unadjusted items under this sub-head were due to inclusion of the cost of packing cases used while sending stores from one place to another, which had not been accounted for at the other end. When pointed out that these accounts had remained unadjusted since long the representative of the Department stated that some suitable system would be devised in consultation with the Accountant General.

**Defective Purchase—Para 16, pages 11-12**

57. An order for the supply of an Air Conditioning Plant and its installation in the Raipur Gate Exchange through the Supplies Organisation placed in November, 1957 stipulated the supply and installation of the Plant by the 30th June, 1958 and the use of Celotex for ducting and insulation work. However, the work was completed by the Suppliers only in May, 1960. It was then discovered that the insulation and ducting had been done with Thermocole instead of Celotex as stipulated.

A sum of Rs. 43,105 being 80 per cent. of the supplies, etc. made was paid in March, 1959. Although according to the contract this payment was made after initial inspection and proof of despatch, the defective execution was not noticed at that stage by the Inspection Organisation of the Director General, Supplies and Disposals.

In evidence, the D.G.S. & D. informed the Committee that in 1958 after the order had been placed, the firm had written to the Department (DGS&D) asking for the use of Thermocole for ducting and insulation work instead of Celotex as the latter was an imported material and was not available. The P. & T., however, rejected it as it was inflammable and was not suitable for telephone exchanges. There had been a lot of correspondence between the firm, the D.G.S. & D. and the P. & T. Department in this matter. In the meantime, it was brought to the notice of the D.G.S. & D. by the P. & T. Department that although they had rejected the use of Thermocole it was being used by the firm. However, subsequently the firm removed Thermocole and had redone the work with Perforite\* which was acceptable to the P. & T. Department. The Committee were also informed that the D.G.S. & D. was looking into the question of claiming compensation from the firm and a decision was likely to be taken shortly in this regard.

In reply to a question, the Committee were informed that the work of insulation was a minor one costing about Rs. 5,000 out of the total order of Rs. 60,000.

Asked whether it was not possible to associate the Department concerned at the time of inspection, the D.G.S. & D. replied that only in cases of specialised items, the inspection was done by the Department concerned. In other cases, the initial inspection was done by the Inspectorate of the D.G.S. & D. However, the consignee had a right of final inspection before accepting the material.

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\*According to information furnished by Audit the work had been redone with 'Celotex'.

When pointed out that the plant had been lying unused for nearly two years, the D.G.S. & D. stated that the causes for it *inter alia* were that the Civil works had not been completed till the middle of 1960 and the water system was also not ready till the end of the year. The firm itself had brought these facts to the notice of the Department and they had taken up the matter with the P. & T. Department.

*Delays in repairs to serviceable stores—Para 17, page 12*

58. Repairable stores returned by various Divisions were kept in stock by the Telegraph Store Depot, Madras and Store Depot, New Delhi from 1955, without being repaired. The values of such accumulated stores in these depots were Rs. 2.96 lakhs and Rs. 13.64 lakhs at the end of March, 1961 and May, 1961 respectively.

Explaining the reasons for the delay in repairs to serviceable stores, the representative of the Department stated that out of four major telephone exchanges in India two were at Delhi and Madras and therefore, a large number of old telephone instruments for repairs were recovered at these places. However, due to the absence of repair centres at these places, the repairs had been delayed. A repair centre had now been opened at Madras and all the repairs in that region were being carried out by that Centre. The Department proposed to open a repair Centre in Delhi also and it was expected that with the setting up of these Centres the delay in repairs to stores will not recur.

The Committee were also informed that out of the total stores worth Rs. 13.64 lakhs at the Stores Depot at Delhi, the repairable stores were now only worth Rs. 1.35 lakhs. The other stores had been disposed of.

Asked whether there was any loss in the disposal of these stores, the witness stated that generally no loss was sustained on their disposal, as these were recovered after they had served their useful life and only those items were disposed of which were irreparable. As such, generally their depreciated book value was less than the amount realised by their disposal. In reply to a question the representative of the Department stated that in the case of these stores, there was no deterioration due to delay in repairs.

*Delays in disposal of unserviceable stores—Para 18, page 12.*

59. According to the Audit para, sale accounts in respect of unserviceable stores valued at Rs. 9.31 lakhs reported to have been disposed of upto the 31st March, 1960 were still awaited in Audit. These outstanding related to the years 1954-55 onwards. Stores valued at Rs. 11.41 lakhs declared for disposal during 1953-54 to 1959-60 had not been disposed of till June, 1961.

In the opinion of the Department, two factors which contributed to the delay were:

- (i) the restriction under the Iron and Steel Control Order according to which sales of scrap can be made only to stockholders nominated by the Iron and Steel Controller.
- (ii) the delay in the Disposal Organisation in passing on credits for sales of such stores.

In evidence the representative of the Department stated that with a view to simplifying the procedure for the disposal of unserviceable stores, certain directions had already been issued regarding devolution of further authority to the Circles and the Divisional offices. However, the matter was under further review with a view to examining the desirability of giving authority to the engineering units, where these stores are recovered, to dispose of such stores. It was added that the new procedure was expected to be finalised shortly in consultation with the Accountant General.

Asked about the reasons for not making available to Audit, the sale accounts in respect of stores valued at Rs. 9.31 lakhs, the witness stated that all these items except for Rs. 0.3 lakhs\* had been cleared.

As regards the difficulties experienced by the Department in selling scrap to the stockholders nominated by the Iron & Steel Controller, the Committee were informed by the Iron & Steel Controller that according to the Iron & Steel Control Order, the procedure for disposing the industrial scrap laid down in 1956 was that controlled sources which covered eight of the workshops of the P. & T., were required to offer such scrap to the controlled scrap stockists in a particular manner. In case any one of them failed to accept it within the time limit laid down by the 'Sources' itself, it had to be offered to the next stockist in the list and the same time limit was to be allowed for lifting the material. In case of refusal by the second allottee also, the scrap could be sold by public auction. However, even for public auction the condition laid down was that the price should not exceed the controlled price for that particular category of scrap. It was contended, however, by the representative of the P. & T. Department that the order was cumbersome as a further amendment to Iron & Steel Control Order issued in 1960, provided that 'before auctioning, such materials may be offered serially to all scrap merchants for refused material, if any, in the list for lots not exceeding 20 tons at a time'.

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\*According to information furnished by Audit sales accounts for Rs. 1.92 lakhs were awaited in Audit as on 30-6-62.

The Committee were, however, informed by the Iron & Steel Controller that the Scrap Committee appointed by Government had already submitted their Report, and the limited restrictions which were there on the sale of scrap were likely to be withdrawn. The Committee desired to be furnished with a note regarding proposals of the Scrap Committee for decontrol of industrial scrap and the Government's decision thereon.

Asked to explain the reasons for delay in the Disposal Organisation in passing on credits for sale of such stores to the P. & T. Department, the D.G.S. & D. stated that to some extent such delays were inevitable in a large accounts office. However, instructions had been issued for passing on these credits promptly to the Accountant General, Posts & Telegraphs.

In reply to a question whether there was any organisation in the P. & T. Department to decide what items should be declared as scrap, the witness stated that there were small departmental committees of senior officers to decide the items to be disposed of.

*Loss of Stores—Para 19, pages 12-13*

60. The total number of cases of losses of stores which occurred, or were detected during 1960-61 was 5,462 involving an amount of Rs. 12.08 lakhs. The incidence of loss due to theft of copper wire from the existing alignments continued to be heavy and the amount involved was Rs. 9.51 lakhs in 1960-61.

Asked what steps had been taken by the Department to minimise such losses, the representative of the Department stated that it was mostly a law and order problem and the Department was trying to enlist the support of the States to have the law and order situation tightened up. Certain funds had also been placed at the disposal of the State Governments for payment of rewards to persons who could give some clue regarding such thefts. The Department was also considering the feasibility of appointing some high police officer to co-ordinate the work in this regard with the State Governments. Other steps taken included legislation for enhanced punishment to those connected with such thefts, arrangements for prompt detection of the site of the theft and restoration of the line. In certain areas where the incidence of theft was high the over-head wires had been replaced by under-ground cables.

*Delay in utilisation or disposal of surplus machinery—Para 20(a), page 13.*

61. In the Ambala Engineering Division, a Repeater costing Rs. 18,170 was received in 1946 and installed in the New Delhi-Simla

carrier system which, however, was commissioned in 1947-48 without the Repeater, on technical grounds. The Repeater was returned to the Stores Depot after 9 years in June, 1955 after carrying out repairs, etc. at a cost of Rs. 3,043.

In evidence, it was admitted by the Chairman P. & T. Board that it was not a good case and efforts would be made to fix responsibility and take disciplinary action against the delinquent officials concerned.

*Para 20(b), page 13*

62. On dismantling a telephone exchange in the Delhi Telephone District in 1951-52, a Generator set manufactured in 1944 was recovered. It had never been worked since its installation and there were no records to show how, when and at what price it had been procured. No entry was also available in the inventory of assets. The set was declared as surplus as late as November, 1958 and it was noticed in July, 1961 that no action was taken for its utilisation or disposal.

In evidence the representative of the Department stated that there were no records to show how the Generator set came into the possession of the Department. Asked why there was abnormal delay in taking decision about its disposal/utilisation, the representative of the Department could not give any satisfactory reply. It was, however, stated that as the set was not suitable for their purpose, it would have to be disposed of.

*Defective Manufacture—Para 22(a), page 14*

63. 16,000 heat coils conforming to the specification of the Posts and Telegraphs Department were manufactured in the Jabalpur Workshops during 1958-59 against an order received from the Indian Telephone Industries Limited in December, 1957 and made over to the Controller of Telegraph Stores, Jabalpur by March, 1959. The Controller of Telegraph Stores despatched to the company between July and October, 1959, 16,000 heat coils valued at Rs. 20,793 from his stock (5,000 numbers purchased from the market and 11,000 manufactured in the Departmental Workshops). The entire lot was rejected by the Indian Telephone Industries in December, 1959 as not upto specification and the bill for Rs. 20,793 was not accepted by them. Although the heat coils were stated to have been tested by the Departmental authorities before making over to the Controller of Telegraph Stores for issue to the firm, further investigation by the Department in respect of a few rejected samples sent by the Indian Telephone Industries showed that the stores supplied were not of the stipulated specification. A final decision regarding their disposal

had not been taken till July, 1961 and the articles were lying with the purchasers at the risk of the Posts & Telegraphs Department.

In evidence, the representative of the Department admitted that the heat coils had not been properly tested before handing over to the Controller of Telegraph Stores. He stated that probably some of the rejected coils got mixed up with the others and as the I.T.I. did sample testing only, the whole lot was rejected. The Department was, however, now testing each coil and it was found that about 8,000 of them were suitable for use.

Asked whether the heat coils which had been purchased from outside had been properly tested, the representative of the Department stated that generally whatever material was obtained from outside was inspected by the Department. It could, therefore, be assured that the 8,000 coils, which had been found suitable, included the 5,000 coils obtained from outside.

Asked how the price of the heat coils purchased from outside compared with the cost of the coils manufactured in the P. & T. Workshop, the representative of the Department stated that probably the supplies from outside were at a lower rate.

When pointed out that according to the instructions issued by the Department in 1951, the indentor should have been asked to arrange for the inspection of stores before their supply by the Department, the witness admitted that there had been a lapse in this regard and stated that action would be taken to fix the responsibility therefor.

In reply to a question the representative of the Department stated that one of the causes of defective manufacture of these coils was that the equipment in the P. & T. Workshops was old and outmoded and sometimes they could not get proper type of raw materials. The Department was, however, taking steps to modernise these workshops.

*Para 22(b), page 14*

64. In the Bombay Telephone Workshops, 50,000 numbers of collars for heat coils were manufactured at a cost of Rs. 16,868 and out of this, as many as 24,333 numbers valued at Rs. 8,911 were rejected due to defective manufacture. The rejected pieces were disposed of as brass scrap for Rs. 2 resulting in a net loss of Rs. 8,909 to the Department.

The Departmental investigation indicated that the defects could only be attributed to the fact that the item was manufactured in that workshop for the first time.

The Committee enquired why an experimental order was not placed when the stores were manufactured for the first time in the Bombay workshop. The representative of the Department admitted that there was lapse in this regard and stated that necessary instructions had since been issued.

In reply to a question the committee were informed that the value of raw material used in rejected items was Rs. 21.70 only and the balance was labour and overhead charges.

*Delay in the installation of boilers—Para 23, page 14*

65. With a view to replacing the prevailing method of cold pickling of tubes by hot pickling, two boilers were purchased for the Jabalpur Workshops in 1946 at a cost of Rs. 16,788 but the construction of a shed to house the boilers and for their installation was sanctioned in January, 1959. The boilers, which were finally installed in August, 1960, could not, however, be commissioned into service as necessary fittings, pipes, etc. were to be procured.

In evidence, the representative of the Department admitted that there had been negligence in this case and stated that the Department was taking steps to fix the responsibility. Steps were also being taken to commission the boilers immediately.

*Infructuous expenditure on purchase and repair of machine—Para 24, page 15*

66. A centreless grinder machine which was purchased in May, 1953 through the Director General, Supplies and Disposals, from the German Reparation Machinery Dump on "as is where is" basis at a cost of Rs. 6,259 had been lying practically unused so far, after an expenditure of Rs. 16,123 was incurred on repairs. The machine was sent to the Government Machine Tool Prototype Factory for repairs in June, 1954, as it had not been in a working condition even at the time of purchase, and was received back only in January, 1960 after nearly 6 years. It was then found that the scope for utilisation of the machine was limited in regard to the type of material manufactured and used by the Department. It had been stated that efforts were being made to dispose of the machine.

The Committee enquired the reasons for purchasing the grinder in 1953 and why it could not be used for the intended purpose. The representative of the Department stated that the machine was purchased to correct the size and the tolerance of various articles. However, when it was received back from the Government Machine Tool Prototype Factory after 6 years, it was found that it could grind an

article with a maximum length of about 18 inches only while the Department required a machine which could grind articles upto the length of 8 ft. Therefore, it was of no use to the Department and the Department now proposed to dispose it of as there was demand for this type of grinder machine.

In reply to a question whether any responsibility had been fixed for the infructuous expenditure on the purchase of the machines the Committee were informed that this machine was purchased from the German Reparation Machinery Dump. As these machines were lying in Germany, only a 'rough and ready' inspection was carried out as a detailed examination would have required sending a large number of inspectors to Germany. Therefore, no individual could be held responsible for the failure to inspect these machines.

*Losses, defalcations, etc.—Para 25, pages 15—17*

67. The number of cases of defalcation or loss of public money which came to light during the year under report was 1,308 involving an amount of Rs. 7.43 lakhs. While the number of cases of defalcations/loss of public money decreased by 104 as compared with the previous year, the amount involved increased by about Rs. 60,000. The increase occurred under all the categories except Savings Bank and Post Office Certificates. As in the past, the employees of the Department were responsible for the bulk of these losses (65 per cent). In 308 cases involving an amount of Rs. 2.18 lakhs (about 29 per cent), responsibility for the loss had not been fixed till September, 1961.

The Audit para disclosed various Savings Bank frauds involving heavy amounts. In the four cases mentioned in the audit para there had been mis-appropriation of large sums of money either by omitting to account for sums tendered for deposit or by means of fraudulent withdrawals. The Department proposed to examine whether the introduction of a system of receipts for Savings Bank deposits would not act as a deterrent to the fraudulent practice of not crediting deposits in the Government accounts.

The Committee wanted to know the action taken to minimise the cases of defalcations or loss of public money. The representative of the Department stated that besides 60 inspectors who had been appointed in 1960, it was proposed to appoint 60 more inspectors with a view to introducing second inspection of the extra-departmental post offices. Further, the Department had appointed some Assistant Superintendents in the Directorate to investigate secretly certain post offices where the frauds were more frequent. The effect of these measures would, however, be known only after lapse of some time.

In reply to a question the representative of the Department stated that the ratio of losses to the total turnover of the Department had decreased from 0.0116 in 1952-53 to 0.0051 during the year under Report. The Committee were also informed that the increase in the amount involved was only Rs. 32,000 and not Rs. 60,000 as shown in the Audit para as it included the amount of Rs. 7,000 which was only temporary misappropriation and withdrawals to the extent of Rs. 21,000 had been subsequently admitted by the depositors.

In reply to a further question the representative of the Department stated that out of 308 cases there were now only 201 cases in which responsibility was yet to be fixed.

Asked whether any security deposit was obtained from the employees who dealt with Savings Bank transactions, the representative of the Department stated that a security deposit of Rs. 400 was taken from all the employees. The Department had also examined the question of enhancing the security deposits from branch post-masters but it was not found feasible to obtain more security from these persons of small means. In some cases sureties were also obtained which were generally in the form of fidelity bonds from insurance companies.

Asked what was the outcome of the proposal under examination of the Department to introduce a system of receipts for Savings Bank Deposits, the representative of the Department stated that as an experimental measure it had been decided to introduce this system in three head post offices. It was, however, thought that doing away completely with the writing up of the pass book on the spot might shake the confidence of some of the depositors. It had, therefore, been provided that if a depositor wanted his pass book also to be written up the same day he could leave the pass book and collect it in the evening. It would not only provide some safeguard against frauds but also lead to expeditious disposal of business at the counter of the post offices.

*Fraudulent drawal of pension on fictitious Pension Payment Orders—para 25(d), page 17*

68. A clerk in a Posts and Telegraphs Audit Office drew Rs. 1.87 lakhs as Pension, Death-cum-Retirement Gratuity and commuted value of pension from different post offices on fourteen forged authorities for payment, issued by him between 1946 and 1955. These were supported by his own photo, thumb impressions, etc. purporting to be those of pensioners and after they had been passed on to different post offices for payment, he himself collected the pension periodically from each of these offices at intervals of some months. The fraud

came to light in 1961, three years after the death of the official in 1958 when the bogus payment orders were received back from the disbursing officers for cancellation as the pensions had not been drawn for three years since his death. The case was reported to the police on the 3rd July, 1961 and investigations were in progress. Action was also being taken against the persons in the audit office as well as in post offices, whose negligence contributed to the continuance of the fraud. The question of tightening up the procedural rules was under examination.

Explaining the circumstances under which the fraud had taken place, the C. & A. G. stated that the main factor which facilitated this fraud was that the same person was allowed to work on the same seat for a long period. Orders had, therefore, been issued that no person should be allowed to work on the same seat for more than a particular period of time. Steps were also being taken to fix the responsibility in the matter.

*Infructuous expenditure due to non-utilisation of a vacant departmental building—para 27, page 18*

69. In the Posts & Telegraphs Training Centre at Jabalpur, new hostel buildings for the trainees were constructed in December, 1956. One of the old hostel buildings fell vacant from the 21st November, 1957 after the trainees were shifted to the new buildings and remained vacant for over three years, until March, 1961 when the Engineering Divisional and Sub-Divisional Offices at Jabalpur which had been located in rented buildings, were shifted therein. It resulted in payment of rent of Rs. 26,700 besides an expenditure of Rs. 14,833 incurred on the watch and ward, electricity charges and taxes on the old building during the period it was lying vacant.

The Chairman, P. & T. Board admitted in evidence, that it was a bad case and disciplinary action would be taken against the delinquent officials.

70. The Committee then adjourned till 9.30 hours on Saturday, the 21st July, 1962.

**Proceedings of the Ninth Sitting of the Public Accounts Committee  
held on Saturday, the 21st July, 1962.**

71. The Committee sat from 9.30 to 12.20 hours.

**PRESENT**

Shri Mahavir Tyagi—Chairman.

**MEMBERS**

2. Shri S. C. Balakrishnan.
3. Shri Bhakt Darshan.
4. Shri Hem Raj.
5. Shri R. K. Khadilkar.
6. Dr. P. Mandal.
7. Dr. G. S. Melkote.
8. Shri Mathura Prasad Mishra.
9. Shri Ravi Narayan Reddi.
10. Shri Prakash Vir Shastri.
11. Shrimati K. Bharathi.
12. Shri Nawab Singh Chauhan.
13. Shri Sonusing Dhansing Patil.
14. Shri Lalji Pendse.
15. Shri Rajeshwar Prasad Narain Sinha.

Shri A. K. Roy, Comptroller & Auditor General of India.

Shri G. Swaminathan, Addl. Dy. Comptroller & Auditor General.

Shri R. K. Khanna, Accountant General, Posts and Telegraphs.

**SECRETARIAT**

Shri H. N. Trivedi—Deputy Secretary.

Shri Y. P. Passi—Under Secretary.

**P. & T. DIRECTORATE**

1. Shri V. Nanjappa—Chairman, P. and T. Board.
2. Shri P. M. Agerwala—Member ".

- 3. Shri Jagdeesh Prasad—*Member, P. & T. Board.*
- 4. Shri S. C. Sen Gupta—*Member*        "
- 5. Shri S. S. Shiralkar—*Member*        "
- 6. Shri M. Dayal—*Member*        "
- 7. Shri S. C. Jain—*Member*        "

72. The Committee discussed informally points arising out of Audit Report (P. & T.) from 9.30 to 10.00 hours.

*Telephone Revenue*—Para 28, p. 18—*Audit Report (P. & T.)*, 1962

73. The total amount of telephone revenue outstanding on the 1st July, 1961 in respect of bills issued up to the 31st March, 1961, amounted to Rs. 2.15 crores (including about Rs. 2.53 lakhs on account of bills of ex-State systems outstanding from the pre-integration periods). Out of this amount, a sum of about Rs. 72 lakhs related to bills issued in 1959-60 and earlier years. A substantial portion of these outstandings (about Rs. 114 lakhs) related to private subscribers.

A test audit of telephone revenue accounts conducted during 1960-61 revealed instances of short recoveries and failure to issue bills to the extent of Rs. 12.97 lakhs. These were brought to the notice of the authorities concerned for necessary action. The short collection was mainly due to incorrect valuation of trunk call tickets.

The Committee enquired the present position regarding the outstandings of telephone revenue and steps taken by the Department to expedite the recovery. The representative of the Department stated that in order to improve the position in this regard certain steps had been taken during the last two years. It had been decided to decentralise the telephone revenue accounting offices. However, in view of large centralised units at present, it was proposed to have decentralisation in two stages; at first to decentralise them into large divisional units and then to attach them to each telephone exchange. The procedure for disconnection of telephones for non-payment of dues within the prescribed period had also been tightened up. Further, as an experimental measure it had been decided to introduce mechanised system of accounting in four major exchanges at Delhi, Bombay, Calcutta and Madras which would result in prompt rendering of accounts besides reducing the staff required for this work. As a result of the measures already taken, the amount of outstandings as compared to the total revenue collections had gone down, and the total amount outstanding on 1st July, 1962 in respect of bills issued upto March, 1962 was only Rs. 2.12 crores against the total

collection of Rs. 31 crores, whereas the corresponding figures for the year 1960-61, were Rs. 2.15 crores and Rs. 25 crores respectively.

It was pointed out that during the course of evidence before the earlier Committee (1961-62) the representative of the Department had stated that the adequacy of the existing executive organisation for the collection of revenue was being examined and enquired whether any action had been taken in this regard. The representative of the Department stated that the matter was still under consideration.

Explaining the position regarding bills outstanding for a long time, the representative of the Department stated that most of these bills related to the subscribers whose telephones had already been disconnected. According to the opinion of the Ministry of Law, these arrears could not be recovered as arrears of land revenue and in most of these cases, the Department would have to take to legal proceedings to recover the amount. In reply to a question, the Committee were informed that the largest amount outstanding against any private subscriber was Rs. 1,000. The Committee, however, desired to be furnished with a statement showing the amounts outstanding against each State Government and Public Corporations, etc.

Asked whether any steps had been taken to make a realistic assessment of the old outstandings as suggested by the Committee in their 31st Report (1960-61), the representative of the Department stated that it was proposed to set up a small Committee to examine this matter. The Department was also examining the question of delegating further powers to the telephone staff regarding writing off of irrecoverable outstandings. It was, however, added that the Department tried to take all reasonable steps to recover the arrears before writing them off. The Committee were also informed that out of the total amount of Rs. 19.21 lakhs outstanding for bills issued upto the end of the year, 1956, a sum of Rs. 3.84 lakhs had been collected during the year 1961-62.

The Committee then referred to the continuing instances of short recoveries and failure to issue bills and enquired the reasons therefor. The representative of the Department stated that the main reason for short recoveries was incorrect valuation of trunk call tickets due to human errors. The trunk call ticket valuation system was very complex due to the existence of a number of slabs in trunk call rates and there were even different structures within a slab. With a view to simplifying the rate structure it had been decided to reduce these slabs from 45 to 10\* with effect from 1st October, 1962.

According to information furnished by Audi, the number of slabs had been reduced to 12.

It was, however, pointed out by Audit that with the same percentage of test audit the amount involved in the instances of short recovery and failure to issue bills had progressively increased from Rs. 2·9 lakhs in 1956-57 to Rs. 12·97 lakhs in 1960-61. Asked what were the reasons in this regard, the representative of the Department promised to look into the matter and furnish a note to the Committee.

When it was pointed out that during the course of evidence before the earlier Committee (1961-62) the representative of the Department had stated that efforts would be made to tighten up the inspection to check up the instances of short recovery and non-issue of bills, the representative of the Department stated that necessary action would be taken in the matter.

In reply to a question, the Committee were informed that in order to check up the delays in the issue of trunk call bills and to expedite the clearance of arrears, the Department proposed to introduce the system of sending consolidated bills to the subscriber which would include all the arrears for trunk calls.

Asked what was the procedure for refunding the security deposit on disconnection of a telephone, the representative of the Department stated that after the settlement of outstanding Bills, if any, against the subscriber, the balance was required to be refunded to the subscriber. The Chairman, however, desired to be furnished with a note giving the number of cases where demands for refund of security deposit were still pending even after the payment of outstanding bills by the subscriber.

*Non-recovery of dues from canteens, etc., in the Punjab Circle—Para 29, p. 19.*

74. In 1954-55, the Government of India, Ministry of Works, Housing and Supply sanctioned the charging of a concessional rent of Re. 1 per month for the accommodation used by co-operative stores and canteens run departmentally or by employees' associations. The concession was, however, not admissible to stores or canteens run through the agency of contractors for which different rates were prescribed by the Government.

In the Punjab Circle, eight Posts and Telegraphs canteens, etc., were being managed by the staff bodies but it was noticed during local audit inspections in 1958-59, 1959-60 and 1960-61 that the canteens were actually run by private contractors. The staff associations received fixed monthly royalties varying from Rs. 4 to Rs. 120 from the contractors, but paid only the nominal rent of Re. 1 per month

to the Department. This irregular practice was pointed out to the Department through the inspection reports. Although the audit view was accepted in April, 1959, the Department had not taken any steps so far to regularise the existing arrangements.

It was estimated that non-recovery of the rent of the premises from private contractors resulted in a loss of about Rs. 17,000 (from the 1st January, 1955 to the 31st March, 1961) calculated at the minimum rates prescribed.

The Committee enquired the reasons for delay in regularising the existing arrangements. The representative of the Department stated that when this irregularity came to their notice, instructions were issued to the Post-master General to stop this irregular practice. It was, however, found that during the two or three years when these canteens had been run on co-operative basis, there had been heavy losses and, therefore, it was not possible to run them on co-operative basis. The Department did not want to deprive the staff of this amenity and to close down these canteens immediately and, therefore, the irregularity continued for sometime. The latest position was that all the Canteens had been closed down except the two which were functioning in Srinagar. Two Canteens had, however, been again opened at Ambala and Amritsar on Co-operative basis and those were functioning satisfactorily. The witness also added that in order to avoid the recurrence of such irregularities, order had been issued that in future such cooperative societies should be registered and their profits should as far as possible be reflected in reduced prices of eatables.

As regards recovery of rent, the representative of the Department stated that according to the prescribed rate the rent would amount to Rs. 18,500 whereas the royalty actually recovered was Rs. 15,900. Therefore, taking into consideration the welfare of the staff the Department did not insist on the recovery of full prescribed rent.

*Remission and abandonment of claims to Revenue—Para 30, p. 19.*

75. During the year under report, revenue claims amounting to Rs. 2.14 lakhs were either remitted or abandoned. This included an amount of Rs. 1.37 lakhs representing the value of the concession allowed to Military Personnel by the Field and Base Post Offices to remit Money Orders and Indian Postal Orders without payment of the usual commission. The balance of Rs. 0.77 lakhs represented the amount of revenue claims relating to Telephone dues (exceeding Rs. 200 in each case) abandoned as irrecoverable.

The Committee were informed that so far as concession to Military personnel was concerned, this was a concession allowed to them since

long and was shown in the accounts only for accounting purposes. The concession was on a reciprocal basis and the Ministry of Defence paid for the personnel operating the army postal service.

As regards writing off other revenue claims relating to telephone dues, the representative of the Department stated that the break up of this amount was as follows:—

Whereabouts of parties unknown (78 cases) ..	Rs. 40,000
Insolvency of parties (29 cases) ..	Rs. 13,000
Parties deceased and left no property ..	Rs. 5,000
Migration to Pakistan ..	Rs. 900
Other causes ..	Rs. 16,000

*Postal Life Insurance Organisation—Para 31, pp. 19—21.*

76. The number of new policies issued during the six years ending 1960-61 and the total amount covered by them had shown a progressive decline.

The fall in new business had been explained by the Department as mainly due to the nationalisation of Life Insurance and want of publicity. It had, however, been reported in the Financial Review of the Postal Life Insurance that there had been improvement in the first six months of 1961-62.

The Committee enquired about the decision taken by the Department on the recommendation of the Committee (1961-62) regarding merger of Postal Life Insurance with the Life Insurance Corporation. The representative of the Department stated that Government had come to the conclusion that there was full justification for retaining the P.L.I. as a separate organisation.

Asked to explain the reasons for the progressive decline in the number of new policies issued since 1955-56 the representative of the Department stated that the fall in new business was mainly due to the nationalisation of Life Insurance and want of publicity. In 1956, when nationalisation took place the work of P.L.I. had also been decentralised from the Central Office at Calcutta to the Circle Offices and there was slackening of publicity by the Circles. However, as a result of appointment of some inspectors for the publicity purpose, the number of policies (civil wing) during the year 1961-62 had gone up from 4,799 in 1960-61 to 7,196 in 1961-62. The Department also proposed to reissue some of the pamphlets on P.L.I.

In reply to a question the Committee were informed that the expense ratio of P.L.I. compared favourably with that of the L.I.C.

and the premium rates for the P.L.I. were also lower than those of the L.I.C.

Asked why the business of P.L.I. had been divided into two categories, namely Military and Civil Wing, the representative of the Department stated that in the case of policies issued to Defence Personnel, some additional premium was recovered from the Ministry of Defence.

In reply to a question, the Committee were informed that the Department was also assisting the L.I.C. in collecting their premia in rural areas through the agency of the Post Offices and the scheme had been successful in Rajasthan. The Department proposed to extend this scheme to other parts of the country also.

*Disposal of Outstanding Audit objections--para 32, pp. 21, 22*

77. The number of Audit objections raised during 1959-60 and earlier years and remaining unsettled at the end of August, 1961 was 30,498 covering an amount of Rs. 4.5 crores.

The Committee were informed that as an experimental measure three Committees had been set up recently after consultation with the Accountant General Posts & Telegraphs in Delhi, U.P. and Bihar where the number of audit objections was large to settle such objections. Each committee consisted of one Inspector of Post Offices, one P. & T. Accountant and one Accountant from the Audit Office concerned. However, unlike the Ministry of Defence these officers were not full time members of the Committee as it was felt that the amount of work did not justify the appointment of full time officers.

Explaining the present position regarding outstanding audit objections, the representative of the Department stated that the number of outstanding objections for the period upto the end of August, 1961 had come down from 30,498 to 19,066 and the amount involved was only Rs. 2.11 crores as against Rs. 4.50 crores shown in the Audit para.

Explaining the position regarding the various audit objections mentioned in the Audit para, the representative of the Department stated that so far as cases of expenditure incurred in excess of sanctioned estimates (amount Rs. 152 lakhs) were concerned, in most of them, the excess had been less than 10 per cent over the sanctioned estimates and the Accountant General had agreed to remove such cases from the list of pending objections. As regards

'excess over the sanctioned estimate' for Calcutta Automatisation Project, the revised sanction was expected to be issued shortly.

Giving the latest position in other cases, the representative of the Department stated that the number of cases of execution of works without sanctioned estimates had gone down from 1,002 to 643 and the amount involved in 'payments to I.T.I.' from Rs. 156 lakhs to Rs. 59 lakhs.

Asked what was the reason for want of sanctions to establishment the representative of the Department stated that most of these cases related to temporary posts created from year to year and there had been some delay in completing the formalities. He, however, promised to look into the matter with a view to clearing the outstanding audit objections.

#### APPROPRIATION ACCOUNTS (P&T), 1960-61

##### *Balances in Renewals Reserves Fund—p. 43*

78. The credits to the Renewals Reserve Fund during the year 1960-61 were Rs. 7.84.36 lakhs whereas the withdrawals were only Rs. 1.53.56 lakhs.

Explaining the reasons for less withdrawals from the Fund, the representative of the Department stated that the construction of the major portion of the assets of the telephone Branch had been during the last two Plan periods and the contributions to the Fund were on a percentage basis of the total assets. As the prescribed life of the assets generally ranges from 25 to 30 years, the renewals at present were generally of assets which were put up prior to 1935 or 1930. As the total value of those assets was comparatively much less, the withdrawals from the fund were also small.

##### *Loss in the working of Radio Branch, page 24*

79. The working of the Radio Branch of the Department during the year 1960-61 showed a deficit of Rs. 10.01 lakhs.

Explaining the reasons for the loss in the Radio Branch, the representative of the Department stated that so far as the commercial activities of this Branch were concerned, these were included as part of the telegraph or telephone branch. The deficit of Rs. 10.01 lakhs related to non-commercial services of the Radio Branch e.g. carrying out monitoring functions, provision of 'shore to ship' service for the safety of ships on the high seas etc. Such services were in their very nature unremunerative.

## OTHER TOPICS

### ***Shortage of teleprinter tapes***

80. The Committee then discussed certain general points relating to the working of the Department. The Chairman pointed out that according to a news item in the Press hundreds of telegrams were lying uncleared at Indore telegraph office because of shortage of teleprinter tapes and people were advised to send their telegrams by post to ensure delivery. The representative of the Department stated that these teleprinter tapes which were being imported till about five years ago were now being manufactured indigenously. However, as he had not got the full facts of the case, he promised to furnish a note to the Committee.

### ***Delay in delivery of telegrams***

81. Explaining the reasons for the general complaint about the delay in the delivery of telegrams, the representative of the Department stated that while the traffic had increased tremendously, the number of channels had not increased proportionately because of shortage of co-axial cables. Further there were restrictions on the import of transmission equipment. It was, however, added that recently installation of certain long-distance transmission equipments manufactured at Bangalore had shown satisfactory results and it was expected that with the advancement of technology and by streamlining the procedure in the telegraph offices, there would be an improvement in the telegraph service.

### ***Expansion programme for telephones***

82. Asked what was the scheme regarding supply of telephones to rural areas, the representative of the Department stated that it was proposed to open about 2,500 public call offices and about 1,500 small exchanges during the Third Five Year Plan.

### ***Delay in submission of notes on outstanding recommendations.***

83. The Chairman pointed out that out of 38 outstanding recommendations of the Committee relating to P & T Accounts, the Department had yet to furnish information in respect of 17 cases. The Chairman P & T Board promised to expedite the submission of the notes in question.

84. The Committee then adjourned till 9.30 hours on Monday, the 23rd July, 1962.

**Proceedings of the Twenty-fourth sitting of Public Accounts Committee held on Tuesday, the 25th September, 1962.**

85. The Committee sat from 12.00 to 12.30 hours.

**PRESENT**

**Shri Mahavir Tyagi—Chairman.**

**MEMBERS**

2. Shri S. C. Balakrishnan
3. Shri Bhakt Darshan
4. Shri Gajraj Singh Rao
5. Shri Hem Raj
6. Sardar Kapur Singh
7. Shri R. K. Khadilkar
8. Dr. P. Mandal
9. Dr. G. S. Melkote
10. Shri Mathura Prasad Mishra
11. Shri Mohan Swarup
12. Shrimati K. Bharathi
13. Shri Nawab Singh Chauhan
14. Shri Dahyabhai V. Patel
15. Shri Lalji Pendse
16. Shri Rajeshwar Prasad Narain Sinha
17. Shri Jai Narain Vyas.

**SECRETARIAT**

**Shri H. N. Trivedi—Deputy Secretary.**

86. The Committee considered and approved their draft Second Report on Appropriation Accounts (Posts & Telegraphs) 1960-61 and Audit Report, 1962. They authorised the Chairman to correct patent errors or matters of factual nature and minor changes here and there in the Report adopted by the Committee.

The Committee authorised the Chairman to sign the Report and to present it to Lok Sabha. They also authorised Shri Nawab Singh

Chauhan/Shri Dahyabhai V. Patel to lay the Report on the Table of Rajya Sabha.

87. The Committee then adjourned till 10.00 hours on Wednesday, the 26th September, 1962.

*Corrigendum to Sub-para of para 9 of Part II (Proceedings) of the Thirty-eighth Report of the P.A.C. (1961-62) —page 28.*

88. In the first sub-para of para 9 of Part II of the 38th Report of the Committee (1961-62) a reference has been made to a statement made by the representative of the P & T Department regarding Police and Departmental investigations in the alleged fraud in the Savings Bank Branch [C.F. para 16(i) of the Audit Report]. In correction of this statement, the office of the D.G.P. & T have now intimated *vide* their letters Nos. 27-17/61.B(PT) dated the 6th April and 2nd May, 1962 that the facts disclosed in that statement actually related to another fraud case and that the correct position regarding the case under consideration was as follows:—

"The sub-Postmaster was dismissed from service with effect from 1st June, 1960 as a result of departmental action. The official however, filed a writ petition in the High Court of Madhya Pradesh at Jabalpur and the order of dismissal passed by the Superintendent of Post Office, has been quashed on 18th December, 1961. The official has been placed under suspension from the date of dismissal for further departmental proceedings *vide* Rule 12(4) of C.C.S(CC&A) Rules, 1957.

There were four other officials who were considered in the first instance to be responsible for contributory negligence. Of these, one official has not ultimately been found to be responsible. Departmental action against one other has been finalised and he had been punished with a recovery of Rs. 500. Departmental action against the remaining two officials is still in progress.

*The police had challaned the case in a court of law and the proceedings are in progress with effect from 26th June 1961."*

## **APPENDICES**

## APPENDIX I

*Statement showing action taken or proposed to be taken on the outstanding recommendations of the P.A.C. relating to P and T Accounts*

S. No.	Part No. of Report	Name of M/s. Report concerned	Particulars of items			Remarks of Ministry	Comments
			1	2	3	4	5

### FIRST REPORT (SECOND LOK SABHA)

1 8 D.G. P&T

(i) The Committee observed that in the case referred to in para 5 of Audit Report 1957 Part I, even though it was known that the refugees had occupied the sheds and out-houses by September, 1949, adequate security measures were not taken to protect the remainder of the property at the time of vacating it in June, 1951.

(ii) While the Committee appreciate the legal complications in the case, they cannot

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but express their concern at the large infructuous expenditure which still continues to be incurred in the rental of these buildings. They would once again stress the urgency of finding a solution to save the Exchequer from this recurring liability and the Government of West Bengal should be strongly urged to help in a final solution of this tangle.

*Further comments of P.A.C. (1961-62)*

The Committee may be informed of the final outcome of the case.

Note awaited

#### ELLEVENTH REPORT (SECOND LOK SABHA)

2 42 D.G. P&T 1) The Committee are of the opinion that the progress made in the matter of introduction of an effective Cost Accounting System in

the Posts and Telegraphs workshops has been rather slow considering the results achieved during the period of two years since the appointment of Cost Accounts Officer. They hope that by the time they take up examination of the next year's Accounts all the items would have been reviewed completely and the labour and material schedules drawn up.

43 Do. (ii) As regards the overheads, the Committee feel that they are rather high. The Committee would emphasize the need for gradual reduction of the overheads to a regulated figure and thus reduce the cost of production.

The Committee hope that the problems connected with the introduction of the incentive scheme will be resolved early. They may be apprised of the working of the scheme in due course.

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*Further comments of PAC (1961-62)*

The Committee may be apprised of the working of the incentive scheme in due course.

A Memo has been submitted.  
(Annexure I).

The Committee trust that with the introduction of the incentive scheme and various other measures taken by the Department (*vide* Annexure IX to Appendix I of 31st Report) there will be reduction in the cost of Production per unit in the P & T Workshops. They would like the Committee to be informed of the results achieved in this regard in due course.

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TWENTY-SECOND REPORT (SECOND LOK SABHA)

3 14 D.G. P. & T. The Committee are convinced that commencement of works before detailed estimates had been prepared and got sanctioned by the proper authority will lead to lack of control over expenditure and consequently to avoidable waste. As

one of the measures to improve matters, the Committee would suggest that the existing financial power of the authorities at the various levels to sanction the estimates should be reviewed with a view to examining the possibility of delegating further powers in this regard so as to avoid long delays in the sanctioning of the estimates and obviating violation of the codal provisions.

*Further comments of PAC 1961-62)*

The Committee regret to note that although more than a year has passed no action has been taken so far on their suggestion in this case. They urge that this matter should be expedited.

A Memo has been submitted (Annexure II). No Comments.

4 28 D.G. P. & T. The Committee consider that the P & T Directorate was not also blameless in this matter. Although the Head of a Circle reported to the Directorate in April,

1949 regarding the unsuitability of these scales for the post offices and R.M.S. Section when only 15 scales had been supplied, the Directorate did not inform the D.G.S. & D. till February, 1950 that further indents should be cancelled or their supply withheld. The Committee could see no reason for this delay. They desire that this matter should be investigated further and responsibility fixed for this lapse which resulted in loss to Government.

*Further comments of P.A.C.  
(1961-62):*

The Committee observe that the P & T Directorate failed to take any action against the Superintendent concerned between February, 1950 (when the matter

A Memo has been submitted (Annexure III).

The Committee desire that the defective scales should be disposed of expeditiously and a report submitted to the Committee. The Committee might also like to be

came to their notice and the order for the scales was cancelled) and July, 1953 when he retired. They invite attention in this connection to para 43 of this Report.

The Committee are also not happy at the further delay in the disposal of unserviceable scales despite their recommendation that early decision was called for in this regard.

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63 D.G.P. & T.

The Committee are concerned over the continuance of the existing arrangement for the conveyance of mails without any formal contract as it is fraught with risk and does not in any manner indemnify the Government against any possible losses etc. They trust that it will be possible for the P. & T. Department to finalise the contract with the contractors without any further delay.

informed of the reasons for the delay in this regard.

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*Further Comments of P.A.C.  
(1961-62) :*

The Committee are concerned to note the delay in the finalisation of the formal agreement with the Operators. They trust that it will now be expedited.

*See* remarks against Serial No. 34.

6 74 D.G.P.& T.

The Committee feel that action should have been taken to withdraw telegraph and teleprinter facilities from the Agency in March, 1956 itself when the Agency defaulted in payment of both the arrears and the current dues and thus the loss ultimately sustained by the P. & T. Department could have been minimised. The Committee would, however like to be informed of the final outcome in this case after the liquidation proceedings were over.

The Official liquidator has intimated that the claim of the department against the Company has been allowed at the sum of Rs. 43,681.73 as Preferential and Rs. 2,88,674.32 as ordinary claims : and that the certificate containing the list of creditors will be filed in the High Court, Calcutta shortly.

The Committee desire to be informed of the final outcome of the case.

### THIRTY-FIRST REPORT (SECOND LOK SABHA)

7 6 Do. The Committee apprehend that insurance of an article for less than its actual value would tend to increase the Chances of fraud if the persons handling such articles happened to know the actual value of the article insured. The Committee therefore, feel that the Department should give consideration to this aspect of the matter and devise remedial measures. The Committee also feel that where the amount of insurance is greater than the intrinsic value of the articles insured, launching of prosecution will have a deterrent effect.

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*Further Comments of P.A.C. (1961-62) :*

The Committee may be apprised of the result of the examination of the proposals for ensuring that the articles are insured for their actual value.

8 16 Do. The Committee are concerned at the delay in the disposal

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of the case relating to loss of copper wire from spare lines. They desire that such cases should be handled expeditiously and instructions to that effect should be issued to all concerned. Further losses due to theft should be reported, immediately by the Circles to the Directorate so as to enable the latter to keep a close watch on the disposal of such cases.

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*Further Comments of P.A.C. (1961-62):*

The Committee regret to observe from a note separately submitted to them that the question of the responsibility for dismantling the spare lines continued under correspondence between the two divisions of the P&T Department for a period of about 3 years and meanwhile about 8,025 pounds of cop-

Instructions have been issued to the Heads of Circles. (Annexure IV). No comments.

per wire was lost as a result of theft. In their opinion had the matter been referred by either of the Divisions for decision at a higher level immediately after the difference of opinion had arisen, undue delay in dismantling the spare lines could be avoided.

9 20 D.G.P.&T. The Committee were also surprised to note that the Department overlooked even the Indian Electricity Rules and failed to locate the switch and the oil-circuit breaker within the distance prescribed under these rules and therefore, had to extend the sub-station building by 8 to 10 feet at a later stage resulting in a further delay of about 9 months in connecting it with the telephone exchange. In their opinion it was a case of gross negligence which occasioned avoidable expenditure and, therefore deserves serious notice.

A note has been submitted.  
(Annexure V).

The Committee are not satisfied with the explanation furnished in this case. They regret to note that the P. & T. Department although a party to the contract, was not aware of an essential condition of supply stipulated by the Electric Supply Company.

10 42 D.G.P&T.

The Committee would like to be informed of the final outcome of the case, dealt with in para 15(i) of the Audit Report.

A Memo. has been submitted (Annexure VI).

The Committee trust the departmental action against the remaining officials would be finalised early.

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It is clear that there was lack of proper co-ordination between the Ministry of Finance and the P.& T. Department before putting the new series of National Plan Saving Certificates on tap. It is surprising that P. & T. Department did not appreciate that the blank certificates issued to the officials for writing up were valuable documents requiring care and vigilance. The Committee were assured that steps had been taken to streamline the procedure with a view to fixing responsibility for losses of certificates. They trust that such losses will not recur.

A Memo. has been submitted. (Annexure VII).

The Committee are unable to agree with the views of the Department that action for getting the new certificates printed could be initiated only a little before the decision to increase the interest rates was announced by the Finance Minister on 15-5-1957 as part of his budget proposals. The India Security Press, Nasik, being a security~~■~~ press, the Working Group are unable to share the apprehension of the Department regarding any premature disclosure of the new scheme in initiating the action well in time for the printing~~■~~ of the~~■~~ certificates. They hope that such cases will not be allowed to recur.

The Committee regret to note that there had been considerable delay at every stage in handling the case mentioned in para 18 of the Audit Report. First there was an initial delay of over a year in serving the legal notice to the employee and then a further period of 14 months was taken to file a suit in the court. The Department again failed to execute the decree even during the period of six months after the appeal in the court of the Second Additional Judge was decided on 26th September, 1955 (The appeal in the High Court was filed by the employee in March, 1956). The Committee did not get any explanation for the delays. They, therefore, desire that this matter should be investigated further and a report submitted to them. They trust that in future the Department will act expeditiously in such cases.

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THIRTY-EIGHTH REPORT (SECOND LOK SABHA)					
13	5	D.G.P. & T. (Intro.)	In the course of their examination of the Accounts the Committee came across cases of inordinate delays on the part of the administration. These cases indicate that the Department has not been acting in a business-like manner. Being a Commercial Department, the Committee feel that it should always be on the <i>qui vive</i> ; decisions should be prompt and their implementation expeditious. The Committee trust that with the setting up of the P & T Board the Department will adapt its existing procedure in such a way as to increase the efficiency of the Department.	<i>See</i> remarks against Serial Nos. 18, 19 & 21.	No Comments.
14	6	Do. (Intro.)	All other Ministries.	The Committee feel that cases of slackness at supervisory levels should be dealt with severely so as to create	A note has been submitted by the Ministry of Home Affairs. (Annexure VIII). No Comments.

a sense of live responsibility in them.

15      §      D.G.P. & T.      While the Committee note the difficulties of the Department in executing Capital work, they view with concern that the savings under Grant No. 131 have progress very increased from 17% in 1957-58 to 18.6% in 1959-60. The large savings under the Grant indicated a persistent tendency of over-budgeting without taking into account the capacity of the C.P.W.D. for the execution of the works and lack of adequate financial control in the Department. The over-budgeting immobilises funds which cannot be diverted to other projects, if not surrendered in time. Such lapses have been repeatedly commented upon by the P.A.C. but there has not been much improvement in this direction so far. The Committee feel that with better planning

The observations of the Committee have been taken note of.

No Comments.

and forecast of expenditure  
the savings could be mini-  
mised.

16 7 D.G.P. & T. The Committee would like to be informed of the final decision on the proposal of the Department to have a lumpsum provision every year for expenditure on minor works of emergent and unforeseen nature to reduce the number of un-budgeted works.

17 8 Do. The Committee regret to note that the percentage of expenditure on non-budgeted works to total outlay during the year has increased from 3.2% in 1958-59 to 9.1% in 1959-60. They would reiterate their earlier recommendation that the tendency to start in the year works not specifically provided for in the budget should be checked as it vitiates financial control

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The observations of the Committee have been taken note of.

See para 10 of the Report.

by Parliament. The Committee trust that instructions issued by the D.G.P. & T in June, 1960 will be strictly followed by all concerned to avoid recurrence of such cases.

18	11	Do.	The Committee note that no financial loss is anticipated on the disposal of the generator set. Even so, they cannot help observing that when the necessity for the Generator had ceased prompt steps should have been taken for its disposal. Such unwarranted long delays in deciding the disposal of an unwanted set does not speak well of the working of a Commercial Department of Government.	Do.	The Committee would like to be informed whether the generator set had been disposed of and if so, when and at what price.
19	15	Do.	(i) The Committee are not satisfied with the explanations for the purchase of the air-conditioning plant. In their opinion as the Department had under consideration in October,	A note has been submitted (Annexure IX).	The Committee are not satisfied with the explanation furnished in this case. They are unable to appreciate the reasons for accepting the air-conditioning plant when the suppliers were unable

1953 a scheme of air conditioning the entire building by a larger plant, placing of the order for the smaller plant at the same time lacked justification. The plea that the plant was required urgently as some equipment at the trunk exchange was fast deteriorating is not convincing as there was no indication to show that on receipt of the equipment the Department directed its efforts to its early installation. Further, the proposal to instal the plant was abandoned a year later.

to meet the technical requirements of installation although they had accepted the stipulations of the tender. It is also surprising that the firm had not yet taken back the plant although it had agreed to do so in December, 1959. The Working Group would like the Committee to be informed about the latest position regarding the returning of the plant to the firm.

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16 D.G.P. &amp; T.

(ii) The Committee are also concerned to note that even after the proposal to utilise the plant was given up in August, 1955 it took the Department more than 5 years to return the plant to the supplying firm, re-

		<p>sulting in unnecessary locking up of capital. This is yet another case in which the administrative machinery failed to take quick and clear decisions.</p>		
20	19	<p>Do. . . The Committee await the outcome of the arbitration in the case mentioned in para 25 of Audit Report.</p>	<p>The arbitration proceedings are still in progress.</p>	<p>The Committee would like to be informed of the final outcome of the arbitration in this case.</p>
21	22	<p>Do. . . The Committee are distressed to note that the Weigh Bridge purchased in 1951 could be installed only after a lapse of 8 years. It clearly indicates lack of proper planning and efficient execution. The fact that the Manager of the Workshop could do things in his own way reflects on the direction and control the P&amp;T Directorate had over the Workshop. The Committee trust that the Department will look into this aspect and devise measures to ensure that schemes decided upon after careful exa-</p>	<p>Instructions have been issued. (Annexure X).</p>	<p>The Committee desire that in all important cases of execution of works, periodical progress reports should be called for by the P &amp; T Directorate from the heads of Organisations under them to avoid the recurrence of such cases.</p>

mination at the Directorate level are not held up in such a manner at the lower executing level.

**22 26 D.G.P. & T.**

The Committee were informed that steps had been taken by the Department to encourage the indigenous production of a number of items which were either in short supply or not taken up for manufacture so far. The Committee welcome this move. They would urge that the policy of Government in regard to the items of stores to be manufactured in the P & T Workshops should be clearly laid down. While they appreciate that the private sector should be encouraged to take up manufacture of items which are at present being imported, they feel that the manufacturing capacity of

An informal Committee referring *inter-alia*, the undermentioned terms of references, has been constituted in October, '61 to go into the question of the requirements of the Deptt. for the workshop stores and their efficient procurement from all available sources including the P & T workshops.

(i) To suggest ways and means of producing the workshops stores in the workshops as also their procurement from outside sources wherever economical and practicable ; and (ii) to suggest ways and means to rationalise and to increase the production

The Committee desire that the Committee be informed of the findings of the Informal Committee set up by the Department and the action taken thereon.

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the departmental workshops should also be fully utilised. of stores in the existing workshops. The recommendations of the P.A.C. will be duly taken into consideration by this Committee.

23 29 D.G. P & T  
— WH & S

(i) The Committee are desired to note the manner in which the work of the construction of acid storage tank was sanctioned and executed. When both the C.P.W.D. and the P & T Department had no previous experience of such construction work, it is not clear to the Committee how the work was technically sanctioned without its technical soundness having been established through expert advice. The Committee would urge that this aspect of the matter should be looked into.

30 Do.

(ii) Another disquieting feature of this case is the fragmentary approach of each Department to the execution of the work, neither having cared to

Note awaited.

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give any thought to the success of the integrated work. While the Committee appreciate that different parts of a construction work, may have to be entrusted to different specialised agencies, it is of great importance that responsibility for the successful completion of the work should be clearly fixed. The Committee desire that the reasons for the collapse of the tank should be investigated expeditiously and disciplinary action taken against the delinquent officials. They would also like to know the net loss involved in this case.

(i) According to the report of the Enquiry Officer appointed to look into the causes of the failure of the tube-well there were mainly lapses on the part of both the Posts & Telegraphs and

24 32-33 D.G. P. & T.  
W.H. & S.

Central Public Works Departments for which they were to blame. The Committee desire that the responsibility for the irregularities and lapses pointed out by the Inquiry Officer should be fixed and the Committee apprised of the action taken.

Note awaited\*.

34 Do. (ii) The Committee would also like to be informed of the outcome of the enquiry for fixation of responsibility for not taking action against the supplier of the pump.

37 D.G. P & T A note promised to the Committee regarding orders issued by the Chief Engineer that no expenditure should be incurred on repairs to calculographs and that all calculographs which went out of order should be replaced by new ones, is still awaited. The Committee would invite attention in this connection to the re-

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37 D.G. P & T

\*Note since received (Annexure XI) but could not be considered by the Committee because of its late receipt.

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commendation contained in  
sub-para 2 of para 72 of their  
first Report (1951-52).

38 D.G. P. & T. (ii) Even granting that the expansion programmes required clock calculographs, the Committee doubt the wisdom of placing the order in 1956 when there was a proposal under consideration at that time for their discontinuance. The fact that the Department tried to cancel the order in 1958 indicates beyond doubt that the Department on second thought realised the mistake. The Committee are, therefore, surprised why the Department tried in evidence to justify the indent. In their opinion, the orders that defective calculographs instead of being repaired should be replaced by new ones were issued with a view to reducing the stock of new calculographs. The Com-

Note awaited.

mittee enquired how many calculographs were withdrawn from use without repairs in pursuance of the above directions. The information is still awaited.

26      41      Do.      It is apparent that the postmaster and the deputy postmasters of the post office were grossly negligent in their duties. They blindly authorised payment in this case partly in cash and partly by cheques even though the payment was desired by cheques only. By not taking prompt action to revert the clerk to his parent office in August, 1956 on receipt of information regarding his earlier embezzlements in another Post Office, the Post Master had also gravely erred in his duties. A large portion of the loss (about Rs. 20,000) in this case had occurred after August, 1956.

27      42      Do.      The Committee would invite attention in this connection

Note awaited.

85

The observation has been taken. No Comments.  
note of.

1	2	3	4	5	6
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to para 5 of Introduction to their 31st Report (1960-61) wherein they had emphasised that deterrent action is also called for against those who are found guilty of laxity in supervision if the number of such frauds is to be reduced.

**28 43 D.G. P & T** The Committee regret to observe that due to delay in investigating the case no action could be taken against the four deputy post masters found guilty of contributory negligence in this case. They have repeatedly emphasised that the punishment to be effective should be prompt as delays in taking such action enables the delinquent officials in a number of cases to escape due punishment because of their retirement from service in the meantime. The Committee trust that in Note awaited.

			such cases action against the delinquent officials will in future be finalised without delay.		
29	46	Do.	<p>The Committee are not happy with the manner in which the P &amp; T Board have dealt with the case of payment of dearness allowance to extra Departmental Agents. If the orders in question could not be implemented in the Bombay and Central Circles, it was the duty of the Heads of those circles to have brought the matter to the notice of the P &amp; T Board immediately and ask for special dispensation. They are surprised that it had taken the Department a period of over five years to appreciate the difficulties in implementing in these two circles the orders issued by them in 1955 and to sanction their cancellation with retrospective effect.</p>	<p>The observations of the Committee have been taken note of.</p>	<p>The Committee desire that the observations of the Committee should be brought to the notice of all the Heads of Circles.</p>
30	47	Do.	<p>The Committee consider that in such cases, it will be in the interest of smooth ad-</p>	<p>The observations of the Committee have been taken note of.</p>	<p>No Comments.</p>

ministration, if before issuing orders applicable to all circles, the P & T Board takes the decision in consultation with the Heads of Circles. Revision of the orders with retrospective effect on the basis of representations received from two circles alone will naturally cause resentment among the staff in other circles. The Committee have no doubt that Government will try to avoid such situations in future.

22

31

50

D.G. P. &amp; T.

(i) It passes the comprehension of the Committee how the Post master could fail to take the weighments of the mail as provided in the contract. It is equally surprising how the Circle Office also passed the bills of the contractor for the same maundage day after day for a period of

over 11 years when it was well known that there was a peak and lean period of traffic in the hilly tract concerned. The Committee are concerned to find that this state of affairs had continued so long. In their opinion, a thorough enquiry into this case is necessary to find out the real causes that facilitated the excess payment. They would also urge that the postmasters who certified the same weight on the bills without any basis whatsoever should be dealt with severely. Action is also called for against supervisory officials in the Circle Office who accepted such certificates as a matter of course. The Committee trust that remedial measures will be taken by the Department to avoid recurrence of such cases.

51 D.G. P.&T.

(ii) The Committee would also like to express their displeasure at the inordi-

Note awaited.

1	2	3	4	5	6
					nate delay in taking disciplinary action against the delinquent officials in this case.
32	54	D.G. P.&T.	The Committee regret to observe that the glaring difference in the rates for the carriage of mails (87np and Rs. 10.20 np) was not noticed by the Circle authorities while entering into the contract in June, 1958. In the opinion of the Committee the fact that the increased rate was in force for a period of about a year without detection is indicative of the scant regard paid to the financial interest of Government by the Circle authorities. They would like to know the action taken against officials responsible for this lapse.	Note awaited	The Committee desire to be informed of the final outcome of the case and the
33	56	Do.	The Committee would await the results of the arbitration regarding recovery of royalty	A Memo has been submitted. (Annexure XII).	A Memo has been submitted. (Annexure XII).

from the first contractor in the case mentioned in para 32 of the Audit Report.

amount recovered from the first contractor.

34 57

Do.

In order to obviate the difficulties experienced in executing contracts with private operators for carriage of mails, the Committee had suggested in para 64 of their 22nd Report (1959-60) that the Central Government should acquire some enabling powers to compel the private operators to carry mails. From a note submitted to the Committee, they note that the matter is still under consideration of the Ministry of Transport & Communications. The Committee desire that the final decision in this case should be expedited.

A Memo. has been submitted.  
(Annexure XIII)

The Committee observe that although more than two years have elapsed since the observations were made by the Committee in this regard, no final decision has yet been taken. They desire that the matter should be expedited.

10

35 60 Do.

(i) The Committee were given to understand by Audit that certificates regarding periodical revision of the standard rent had been furnished to Audit per-

Note awaited

1	2	3	4	5	6
61	D.G. P.&T.	(ii) Another unsatisfactory feature about this case is that although the standard rent had not been recalculated for about two decades by the Circle Office, the P&T Directorate came to know of this state of affairs only through Audit. The Committee understand that in order to guard against the recurrence of such cases the Inspecting Officers have been directed to look into this item of work also at the time of local inspection. The Committee trust that the Department will ensure that such cases do not recur.	Instructions have been issued to all concerned. (Annexure XIV)	No comments.	

36	64	Do.	The Committee would like to watch through subs. Queen Audit Reports the results of the measures adopted by the P&T Department to clear the outstanding telephone bills.	The observations have been taken note of.	Do.
37	67	Do.	The Committee are concerned to note that despite their repeated comments, the number of outstanding Audit objections are fairly large. They are of the opinion, that a Committee as suggested by them could go a long way to reduce the number of such outstanding objections. They trust that this recommendation will be implemented without any further delay.	The suggestion has been taken note of.	See para 34 of the Report
38	70	Do. Finance	The Committee would like to be informed at an early date of the final decision regarding the merger of P.I.I. with the I.I.C.	Note awaited.	

## ANNEXURE I

*Ref. S. No. 2 of the Statement*

*No. 15-31/61 WK*

**GOVERNMENT OF INDIA**

**MINISTRY OF TRANSPORT AND COMMUNICATIONS**

**(DEPARTMENTS OF COMMUNICATIONS AND CIVIL AVIATION)**

**(POSTS AND TELEGRAPHS BOARD)**

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*Dated at New Delhi, the 14th August, 1962/23rd Sravana, 1884*

**SUBJECT: P.A.C.—Thirty-eighth Report 1961-62 (2nd Lok Sabha)**  
*cost Accounting in P&T Workshops—Introduction of incentive scheme and its working.*

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In serial No. 3 of Appendix I to their 38th Report, 1961-62, the Public Accounts Committee desired to be apprised of the working of the incentive scheme in due course.

2. The incentive scheme could not be introduced in the P&T Workshops due to inadequate supply of some imported raw materials like soft iron and a number of essential indigenous raw materials like pig iron, hard coke, etc. Concerted efforts in this direction were made and the supply position of the various raw materials has improved recently.

3. The details of the incentive scheme were under negotiation with the Unions; and it has since been revised and introduced as an experimental measure in one section each of the three workshops with effect from 1st June, 1962. It would be progressively introduced in other Sections also. The details of the revised incentive scheme are given in the enclosures to this Memo.

4. This has been seen by the Accountant-General, Posts and Telegraphs, Simla.

Sd. JAGDEESH PRASAD,  
*Member (Telecommunications Development)*  
*Posts and Telegraphs Board*

**ENCLOSURE I**

**GOVERNMENT OF INDIA**

**MINISTRY OF TRANSPORT AND COMMUNICATIONS**

**(DEPARTMENTS OF COMMUNICATIONS AND CIVIL AVIATION)  
(POSTS AND TELEGRAPHS BOARD).**

No. 6-12/62-WK

*Dated at New Delhi, the 31st May, 1962.*

**SUBJECT: Introduction of Incentive Scheme in the P&T Workshops.**

The question of introduction of Incentives in the P&T Workshops has been under the consideration of the Government for some time. The President has been pleased to approve the Incentive Scheme as detailed in the appendix to this letter for introduction in the Workshops. This scheme is approved for a period of 6 months, after which it will be reviewed. It should be introduced in the first instance in the following sections of the workshops namely:—

Bombay Telephone Workshops: Machine Shop, Assembly Shop and Cord Making Shop.

Calcutta Telegraph Workshops: Stalks, Brackets, Stay Rods, U Backs and Foundry Shop.

Jabalpur Telegraph Workshop: Stalks, Brackets, Tubes, S.S.N.P.

This scheme will be introduced in such other sections or shops of the workshops as the P&T Workshops Board may decide from time to time.

2. Before the Incentive Scheme is actually introduced in any section of the workshops, the groupings of the operations *vide para (2)* of the Scheme and the division of the several categories of workers into direct and indirect *vide para (4) ibid* will be specified in writing by the Managers of the Workshops.

3. The expenditure involved in operating the incentive scheme shall be debitible to the head 'Labour and other charges—134 Manufacture Suspense' and will be met from the sanctioned grant.

4. The orders issued in office letter No. 6-4/60-WK dated the 15th November, 1960 are hereby cancelled.

5. This issues with the approval of M. of F. (C) *vide* their U.O. No. 1234 TCF/62 dated 30th May, 1962.

6. The scheme comes into effect from 1st June, 1962.

Sd. B. G. DESHMUKH,  
*Secretary, P. & T. Board.*

The GM P&T W/S CA-1.

No. 6-12/62-WK

*Dated at New Delhi the June, 1962.*

Copy together with appendix forwarded to:

(1) AG P&T SM (2 copies) (2) Director of Audit & Accounts, S W & T.C. Calcutta (2 copies) (3) M. of F. (C), TCF, New Delhi (2 copies) (4) CAO S&W., CA. (5) Budget Section (6) PAT Section.

Sd. B. G. DESHMUKH,  
*Secretary, P&T Board.*

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## APPENDIX

(Referred to in Ministry of T&C., Deptts. of C. & C.A.-P&T Board,  
Memo No. 6-12/62-WK dated 31st May, 1962).

### *Incentive Scheme for P&T Workshops*

(1) The output of each worker will be measured against the standard laid down in the lay-out sheets, which are available for different operations in the workshops. Each day's production of the worker would be converted into the number of hours of production based on standard norms. At the end of the month, the number of hours worked and the number of additional hours of production shall be worked out.

(2) The operations will be grouped into convenient groups. For working out the increase in production, the output of the whole group against the standard shall be taken into account.

(3) The extent of incentive payment to each worker in a month will be based on the actual per cent increase in production turned out by his group. Production shall be considered as what is actually passed by the final inspection.

(4) Those workers, whose time is booked directly in the manufacturing processes:

e.g., (i) Coil Winders Gr. I and Gr. II, Instrument Fitters Gr. I & Gr. II, Contact Welders, etc.

(ii) Core Makers, Gr. I & Gr. II, Moulders Gr. I and Gr. II Fettlers, Foundry Casters, etc.

(iii) Stalk Makers, Hammermen, Machine Operators, etc.

will be treated as *direct workers*, whereas others, who contribute towards completion of the jobs but whose time is not directly booked to the jobs, will be treated as *indirect workers*,

e.g., (i) Chargemen Gr. II, Instrument Fitters Gr. I and Gr. II Mazdoors, etc.

(ii) Chargemen Gr. I & Gr. II Crane Drivers, Fitters General Gr. I Mistries (Foundry) etc.

(iii) Chargemen, Machine Setters, Tool Makers, Progress-men, etc.

(5) For increase in production by the Group up to 50 per cent over the standard, a direct worker will be paid incentive at rate shown in column 4 of Annexure 'A'. For increase in production falling between 50 per cent and 100 per cent, he would be paid at rate shown in column 5.

Indirect workers in a Group shall be paid at rates shown in columns 6 & 7.

(6) While calculating the actual incentive earnings of a worker, his attendance during the month will be duly considered. The individual incentive earnings of a worker would be for the number of hours actually put in during the month, multiplied by the per cent increase in production of his group. For the additional hours of production so calculated, he would be paid at the rate shown in Table at Annexure 'A'. A typical example is illustrated in Annexure 'B'. Any worker whose output in a month is lower than the standard for the hours he worked, would not be entitled to any incentive payment.

(7) The payment will be made within the third week of each month following the one, for which it has been calculated.

(8) The present lay-out sheets should be maintained as the standard and amended only when justified due to change in machinery methods, techniques, raw materials, etc. The Unions would be consulted before such change is introduced. Similarly, for lay out sheets of new items, the Unions would be duly consulted.

(9) The basic monthly wage would continue to be admissible to the worker irrespective of the production.

Whereas all attempts shall be made to make raw materials and piece parts available in requisite quantities, the short supply of these shall not be made any ground for complaint.

(10) The Management will have the right to transfer the workers from one category to another, according to work-load by giving them suitable training, if necessary. During the period of training specified by the Management, the worker would continue to draw the average of incentive wage earned by him during the last three months. Such payment during training would, however, be made only in cases where a worker is transferred to a category/shop to which incentive is applicable. If in any case the period of training

is to exceed 15 days, the orders of the General Manager, P&T Workshops should be obtained.

(11) Loading of jobs in the different shops will be entirely at the discretion of the Management. If, for any reason such as lack of orders, shortage of materials, tools break-down, etc. the work load does not warrant operation of the Incentive Scheme, the Management will have the right to withdraw the scheme or suspend it for such period as may be considered necessary.

(12) The scheme shall be introduced from 1st of June, 1962 or such later date as the Managers of the Workshops may deem fit.

**ANNEXURE 'A'**

*Hourly Incentive Payment Rate*

Sl. No.	Category	Scale of pay in Rs.	Incentive pay per hour for Di- rect workers	Incentive pay per hour for in- direct workers in nP.		
		For saving upto 50%	For saving above 50% upto 100%	For saving upto 50%	For saving above 50% upto 100%	
I	2	3	4	5	6	7
1	Unskilled	70—85 P.M.	15	23	8	11
2	Semi-skilled	75—110 ,,	16	24	8	12
3	Skilled	110—155 ,,	22	34	11	17
4	Highly skilled 'C'	140—175 ..	28	42	14	21
5	Chargeman Gr. II Highly skilled.	150—205 ..	..	..	16	24
6	Chargeman Gr. I.	205—240 ..	..	..	21	32
7	Progressman	110—155 ..	..	..	11	17

## ANNEXURE 'B'

### Example of Incentive Calculation

TABLE I

Name—Mr. A Month—April		Worker—Direct Shop—Assembly Shop Scale : 75/110 (Semiskilled)				
Date	Item of work	No. of Hrs. worked.	Stand-ard prodr. per hour	Actual Prodn.	Actual production in No. of hrs. of standard prodn.	Increase in production
1	Line Relay	8	2	20	$\frac{20}{2} = 10$	2
2	Cut-off Relay	7	3	30	$\frac{30}{3} = 10$	3
30 Total 200 hrs.					50	
Group Incentive <i>vide</i> Table II—40%						
Incentive admissible to Mr. A for 200 hrs. put in by him = $200 \times 40\% = 80$ hrs.						
Incentive payment @ 16 nP. per hour $80 \times 16 = 1280$ nP.						

TABLE II  
Group Incentive—Month : April  
Relay Assembly Group

Name of worker	Hours worked.	Additional hours output
A	200	50
B	220	40
C		
D		
	1,000	400

$$\text{Group Incentive} = \frac{400}{1,000} = 40\%$$

## ANNEXURE II

*Ref. S. No. 3 of the Statement*

No. 10-1/61-P (BC)

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT & COMMUNICATIONS

(DEPARTMENTS OF COMMUNICATIONS & CIVIL AVIATION).

(POSTS AND TELEGRAPHS BOARD)

*Dated at New Delhi the 12th April, 1962/22nd Chaitra, 1883.*

**SUBJECT:**—P.A.C.—Serial No. 4 of Appendix I to the *Thirty-eighth Report, 1961-62 (Second Lok Sabha)*—Commencement of works before sanction of detailed estimates (para 18 of *Audit Report, 1958*).

In serial No. 7 of Appendix II to the Twenty-second Report of the Public Accounts Committee, 1959-60 (2nd Lok Sabha), the Committee suggested that the existing financial powers of the authorities at the various levels to sanction the estimates should be reviewed with a view to examining the possibility of delegating further powers in this regard so as to avoid long delays in the sanctioning of the estimates and obviating violation of the codal provisions.

Enhanced financial powers to sanction estimates for works expenditure have since been delegated to the Director-General, Heads of Circles, Divisional Engineers, Officers-in-charge of Telegraph Engineering and Telephone sub-divisions and Assistant Engineers, Cables, under Ministry of Finance (Communication Division) Office Memorandum No. 12(2) P.&T.FS.II/61 dated 21/ 24-8-61 (copy enclosed). A comparative statement showing the financial powers of the P.&T. Officers at various levels to sanction estimates for works expenditure that stood prior to delegation of the enhanced financial powers in August, 1961 and thereafter is also appended herewith.

2. It is hoped that these enhanced powers would considerably improve the position regarding sanctioning of estimates.

3. This has been seen by the A.G., P.&T. Simla.

JAGDEESH PRASAD,  
*Member (Telecommunications-Development) P.&T. Board.*

***ENCLOSURE***

Copy of Memorandum No. 12(2) P.&T.FS.II/61 dated 21/24-8-61 from  
Ministry of Finance, Communications Division to D.G.P.&T.  
New Delhi.

**SUBJECT:**—*Delegation of enhanced financial powers to sanction  
estimates for works expenditure.*

In continuation of this Ministry's Memorandum No. 16-47/59-B dated 25th November, 1959 and in partial modification of the Memorandum of even No. dated 29th November, 1960, the President is pleased to confer with immediate effect on the various P. & T. Officers powers to sanction estimates for works expenditure as indicated in the enclosed statement.

Sd/-M. M. GANDOTRA,  
*Under Secretary to the Govt. of India,  
Ministry of Finance (Communications).*

**COMPARATIVE STATEMENT SHOWING THE FINANCIAL POWERS OF THE P & T OFFICERS TO SANCTION ESTIMATES OF WORKS AS THEY STOOD PRIOR TO AND AFTER THE DELIGATION OF ENHANCED FINANCIAL POWERS IN AUGUST, 1961**

Name of Officer	Name of Comptroller	Prior to Delegation	After Delegation	Remarks
	(1)	(2)	(3)	(4)
				(5)
Director-General.	Land & Building (Purchase or acquisition, original or reconstruction).			* This power also applies to cases of transfer of land & building from the ownership of State Govt. or Administration to that of Indian P. & T. Department. Previously no such power was vested in the D.G.P. & T., New Delhi.
Non-residential.	(a)	1,00,000	2,00,000*	
Residential.		1,00,000	2,00,000*	
Lines & Wires & Apparatus & Plant.	(b)	2,00,000	3,00,000*	** In the case of dismantlement of works, the power in this rule is subject to the condition that the original capital cost of the asset to be dismantled or abandoned does not exceed Rs. one lakh.
			Rs. 10,00,000 in respect of each detailed estimate forming part of sanctioned projects.	

Supplementary or Revised Estimates for original works, the original estimates for which have been sanctioned by the President.

(1) Upto 10%, or Rs. 1 lakh, whichever is less.

Upto 10 % of the sanctioned cost.

(a) Did not include powers to sanction cases of transfer of land and building.

(b) Did not include power to sanction dismantlement work.

<b>Heads of Circles.</b>	<b>Land and Building.</b>				<b>@</b> This power will not apply in respect of cases where land is purchased under a separate project.
	Non-Residential.	50,000	1,00,000@		
	Residential	20,000	50,000@	2.	This power also applies to cases of transfer of land and building from the ownership of a State Govt. or administration to that of Indian P. & T. Department.
	Lines & Wires	50,000	1,00,000		
	Apparatus & Plant	30,000	1,00,000		
	<i>Dismantlement Works.</i>				
	Lines & Wires	50,000	50,000		
	Apparatus & Plant	30,000	50,000		
<b>Heads of Circles.</b>	Compensation for cutting of trees	1,000	5,000		
	Compensation for damages done to property other than cutting of trees.	100	1,000		

Name of Officer	Name of component	Prior to Delegation	After Delegation	Remarks
(1)	(2)	(3)	(4)	(5)
<b>Divisional Engineers, Telegraphs.</b>				
	Lines & Wires . . .	20,000	25,000	
	Apparatus & Plant . . .	10,000	25,000	
	<i>Dismantlement &amp; contribution works.</i>			
	Lines & Wires. . .	20,000	25,000	
	Apparatus & Plant . . .	10,000	25,000	115
	<i>Buildings.</i>			
	Non-residential. . .	20,000	25,000	
	Residential . . .	6,000	6,000	
Officers-in-charge of Telegraph Engineering & Telephone Sub- Divisions & Assistant Engineers, Cables.	Estimates for petty works debit- able to Annual Open Estimates for construction/reconstruc- tion or shifting and dis- mantling without replacement of lines apparatus or electric installation.	500	2,500	
	Petty works to buildings. . .	100	500	

STATEMENT SHOWING ENHANCED DELEGATION OF POWERS TO SANCTION ESTIMATES  
FOR WORKS EXPENDITURE

[Referred to in the Ministry of Finance (C) Memorandum No. 12(2)P&T-FS-II/61, dated 21/24-8-61.]

Nature of Power	Extent of power now delegated	Conditions	Remarks
<b>Schedule 1A (DGP T)</b>			
<b>Rule 22(a) Lands &amp; Buildings (Purchase or acquisition, original or reconstruction).</b>	Upto Rs. 2 lakhs in each case. Note 1. The above limit includes E.T.P. charges.	<p>(i) Subject to the conditions laid down in Memo. No. 8-5/59-P(BC) dated 8-7-60, in the cases where land is purchased under a separate project.</p> <p>(ii) In respect of the construction or purchase of buildings, the expenditure, if any, on the purchase or acquisition of the site, or on the installation of sanitary, water supply and electric installations is taken into account for the purpose of determining whether the cost of the project falls within the prescribed maximum limit.</p>	<p>(i) The powers of the Director General as defined in this rule also apply in respect of sanitary water supply and electric installations in buildings including residential buildings. New installations will be treated for this purpose as 'additions' and maintenance of installations as 'repairs'.</p> <p>(ii) While sanctioning projects, the following restrictions should also be observed :—</p> <p>(a) <i>For office building.</i> The scale laid down for Post Office.</p>

Nature of Power	Extent of power now delegated	Conditions	Remarks
	<p><b>Note 3.</b> The limits laid down when applied to works of electric, sanitary and water supply installations carried out departmentally should be taken as inclusive of freight but exclusive of share of establishment and store-keeping charges.</p>	<p>(iii) The powers relating to the residential buildings will be subject to the condition that in respect of additions and alterations the capital cost of the residential unit does not increase beyond Rs. 1 lakh.</p>	<p>R.M.S. Office, Rest House and standards that will be prescribed from time to time for other offices should be followed in determining the total floor area to be provided.</p>
<p><b>Rule 22 (b)</b> Lines and Wires including Radio Masts and Aerials (original or reconstruction).</p>	<p>Rs. 3 lakhs in respect of each project ; Rs. 10 lakhs in respect of each detailed estimate forming part of sanctioned project.</p>	<p>(i) In the case of dismantlement works, the powers in this rule are subject to the condition that the original capital or estimated capital cost of the asset to be dismantled or abandoned does not exceed Rs. 1 lakh.</p>	<p>(i) In cases where a substantial section of a project originally sanctioned by the Government of India has been abandoned, the aggregate assumed cost of the work included in that section shall be excluded from the total sanctioned estimate of the project for purpose of determining whether the sanction of the Government of India is necessary. For the purpose of this ruling, a substantial section of the project shall be considered</p>
<p><b>(c)</b> Apparatus and Plant (original or reconstruction).</p>	<p>Ditto.</p>	<p>(ii) To enable the A.G.P.&amp;T. to maintain the block account of the department, a copy of</p>	<p>811</p>
<p><b>(d)</b> Supplementary or</p>	<p>Upto 10% of the sanctioned cost.</p>		

Revised estimates for works, the original estimates for which have been sanctioned by the President.

Note 1. The above limits should take into consideration only the net value of work.

Note 2. The limits are exclusive of indirect charges on the value of stores and share of establishment charges but inclusive of freight charges calculated at percentage rates.

Note 3. The above powers against (b) and (c) also apply to cases of contribution and dismantlement works.

every sanction to such dismantlement or abandonment of assets should be forwarded to that authority and to the Sr. D.A.G./D.A.G. P.&T. in whose audit jurisdiction the asset is included.

to have been excluded if the estimated cost of the works in such section is 5% or more of the total sanctioned cost of the project.

(ii) While sanctioning projects, other than buildings profit and loss aspect should be taken into account and no work involving loss should normally be sanctioned except for special reasons to be recorded in writing by the sanctioning authority.

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#### *Schedule II (Head of Circles).*

**Rule 23.** Estimates for all works under:

- (i) Lines and Wires and
- (ii) Apparatus & Plant (original or re-construction Project detailed estimates).

Upto Rs. 1 lakh.

Note 1. The above limit should be deemed to be the gross and not the net amount of the work and should be inclusive of freight charges but exclusive of indirect charges on stores & establishment charges.

1. In the case of dismantlement works, the powers referred to in this rule are subject to the condition that the original capital or estimated original capital cost of the asset to be dismantled or abandoned does not exceed Rs. 50,000.

(i) While sanctioning projects, other than buildings, profit and loss aspect should be taken into account and no work involving loss should normally be sanctioned, except for special reasons to be recorded in writing by the sanctioning authority.

Nature of power	Extent of power now delegated	Conditions	Remarks
Note 2. Heads of circles may sanction compensation for cutting trees upto the limit of their power to sanction estimates for line works provided when the amount of compensation exceeds Rs. 5,000 in any case, it has been approved by the local Civil Authorities.	2. To enable the A.G.P.&T. to maintain the block account of the department, a copy of every sanction to dismantlement or abandonment of assets should be forwarded to that authority and to the Sr. D.A.G./D.A.G. P. & T. in whose audit jurisdiction the asset is included.		
Note 3. Heads of Circles may sanction compensation for damages done to property other than for cutting trees in the course of execution of Telegraph and Telephones and Radio works upto Rs. 1,000 in each case.	3. In the case of projects involving more than one component work, the total cost of all the component works inclusive of freight charges only should not exceed Rs. 1 lakh for each project.		
Note 4. The powers as prescribed in this rule do not apply to purchase of assets.			
Note 5. The above powers apply to cases of contribution and dismantlement works also.			

**Rule 32. Land and Buildings (Purchase or requisition, original or reconstruction).**

Upto Rs. 1 Lakh for non-residential. Upto Rs. 50,000 for residential.

Note 1. The above limit includes E.T.P. charges.

Note 2. This power also applies to cases of transfer of land and buildings from the ownership of a State Government or Administration to that of Indian Posts and Telegraphs Department.

Note 3. The limits laid down when applied to works or electric, sanitary and water supply installations carried out departmentally should be taken as inclusive of freight but exclusive of share of establishment and store-keeping charges.

(i) These powers will not apply in respect of cases where land is purchased under a separate project.

(ii) In the case of construction or purchase of buildings, the expenditure if any, on the purchase or acquisition of any site or in respect of sanitary, water supply and electric installations should be taken into account for the purposes of determining whether the cost of the project falls within the prescribed maximum limit.

(iii) The powers relating to residential buildings will be exercised subject to the conditions that (i) in case of additions and alterations the capital cost of such building is not increased beyond Rs. 50,000 and (ii) the scale of accommodation does not exceed that which is prescribed for the different classes of staff.

(i) The powers of a Head of a Circle as defined in this rule also apply in respect of sanitary, water supply and electric installations in buildings including residential buildings. New installations will be treated for this purpose as 'additions' and maintenance of installations as 'repairs'.

(ii) While sanctioning projects, the following restrictions should also be observed :—

(a) *For office buildings.* The scale laid down for Post Office, R.M.S. Office, Rest House and standards that will be prescribed from time to time for other offices should be followed in determining the total floor area to be provided.

(b) *For residential buildings.* The plinth area prescribed for various types of quarters should be followed.

Nature of Power	Extent of power now delegated	Conditions	Remarks
<i>Schedule VI (Divisional Engineers).</i>			
<i>Rule 32.</i> Estimates for all Lines & Wires Works.	Upto Rs. 25,000 in each case.		
<i>Rule 35-A.</i> Estimates for all Apparatus & Plant Works.	Upto Rs. 25,000 in each case.		
		Note 1.—The above limit should be deemed to be the gross and not the net amount of the work and should be inclusive of freight but exclusive of store-keeping and share of establishment charges.	In cases of dismantlement or abandonment of assets, the above powers are subject to the condition that the total cost or estimated total cost of the assets to be dismantled or abandoned does not exceed Rs. 25,000.
		Note 2.—These powers apply to cases of contribution and dismantlement works also.	
<i>Rule 37.</i> Estimates for Buildings (including renewals replacements).	Non-residential Upto Rs. 25,000 in each case.		

(ii) Residential

Upto Rs. 6,000 in each case

*Note 1.—The above limit includes E.T.P. charges.*

The powers as defined in this rule are subject to the conditions that in the case of additions and alterations to residential buildings the capital cost of any such building is not thereby increased beyond Rs. 20,000.

These powers apply to electric, water supply and sanitary installations also.

*Schedule XV (Officer-incharge of Telegraph Engineering and Telephone Sub-Divisions and Assistant Engineers, (Cables)).*

**Rule 7.** Estimates for Upto Rs. 2,500 in each case.

Petty works debit-able to annual open estimates for construction, reconstruction or shifting and dismantlement without replacement of lines, apparatus or electric installations.

Provided that :—

- (i) the cost of the work is not recoverable from an out side person or administration;
- (ii) the work is not for the construction of a guaranteed line or office.

**Rule 8.** Petty works to Upto Rs. 500 in each case.  
Buildings.

ANNEXURE III  
(Ref. S. No. 4 of the Statement)  
35-55/60-M. II

MINISTRY OF TRANSPORT & COMMUNICATIONS,  
(DEPARTMENTS OF COMMUNICATIONS & CIVIL AVIATION),  
(POSTS AND TELEGRAPHS BOARD)

Dated at New Delhi the 15th March, 1962/24th Phalguna, 1883.

OFFICE MEMO.

SUBJECT:—Serial No. 6 of Appendix I of Thirty-eighth Report of P.A.C. 1961-62 (Second Lok Sabha)—Infructuous expenditure in the purchase of weighing scales.

In serial No. 6 of Appendix I to their 38th Report (1961-62) the P.A.C. have observed as follows:—

- “(i) the Committee observe that the P.&T. Directorate failed to take any action against the Superintendent concerned between February, 1950 (when the matter came to their notice and the order for the scales was cancelled) and July, 1953 when he retired. They invite attention in this connection to para 43 of this report.
- (ii) The Committee are also not happy at the further delay in the disposal of unserviceable scales despite their recommendation that early decision was called for in this regard.”

2. The observation of the Committee at (i) above is noted. Regarding the delay mentioned in item (ii), it was intimated by the D.G.S.&D., New Delhi in November, 1961 that they have passed on the disposal reports to the Disposals Directorate of their office and the Director, Supplies and Disposals, Bombay for necessary action. They had also intimated in September, 1961 that the scales lying with stock-holders, the gross book value of which is below Rs. 5,000/- should be disposed of under departmental arrangements. Instructions to this effect have been issued on 3-11-61 to the Heads of Circles concerned and all the defective scales in question are expected to be disposed of shortly.

3. This has been seen by the A.G., P.&T., Simla.

Sd. M. DAYAL,  
Member (Posts),  
Posts & Telegraphs Board.

## ANNEXURE IV

### S. No. 8 of the Statement

#### INDIAN POSTS AND TELEGRAPHS DEPARTMENT OFFICE OF THE DIRECTOR-GENERAL OF POSTS AND TELEGRAPHS

No. 36-62/61-NM.

Dated New Delhi, the 10th January 1962.

To

1. All Heads of Circles.
2. All Heads of Telephone Districts.

Sub: *Theft of copper wire from spare alignments.*

Kindly refer to this office letter No. 5-21/58-NM dated 4th February 1961 on the above subject. On further examination of the facts relating to the case mentioned therein, it has been noticed that the question of the responsibility for dismantling the spare lines continued under correspondence between two Divisions for a period of about three years and during this period the theft had occurred. The Public Accounts Committee have observed that the undue delay in dismantling the lines could have been avoided had the matter been referred by either of the Divisions for decision at a higher level immediately after the difference of opinion had arisen.

You are therefore requested to issue suitable instructions in the matter to all concerned in your unit to avoid delays in similar cases in future.

Kindly acknowledge receipt of this letter.

V. VAIDYANATHAN,  
Asstt. Dy. Director General (NM).

## ANNEXURE V

Ref. S. No. 9 of the Statement

No. 97-4/59-TP

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT & COMMUNICATIONS,

(DEPARTMENTS OF COMMUNICATIONS & CIVIL AVIATION),

(POSTS AND TELEGRAPHS BOARD)

Dated at New Delhi the 14th August, 1962.

23rd Sravana, 1884.

SUBJECT:—Thirty-eighth Report of P.A.C. 1961-62 (Second Lok Sabha)—Serial No. 19(ii) of Appendix I—Loss on account of delay in connecting an electric substation with a telephone exchange (Lucknow)—Para 25 of Audit Report P. & T., 1960.

In serial No. 8(ii) of Appendix IV to the Thirty-First Report of P.A.C., 1960-61 (Second Lok Sabha), the Committee have observed that they were surprised to note that the Department overlooked even the Indian Electricity Rules and failed to locate the switch and the oil-circuit breaker within the distance prescribed under these rules and, therefore, had to extend the sub-station building by 8 to 10 feet at a later stage, resulting in a further delay of about 9 months in connecting it with the telephone exchange.

2. The position is explained below:—

- (a) After the efforts to secure underground cables failed, steps had to be taken for erecting aerial wires. That work was commenced on 28th September, 1957 and completed on 3rd February, 1958, when the substation was commissioned. The work relating to further building alterations was completed in January, 1958. Thus, the delay in commissioning the High Tension supply was in providing the feeder mains by aerial wires and the building work did not by itself involve a further delay.
- (b) As regards the observance of the rules referred to, it may be mentioned incidentally that the condition that the switch and oil circuit breaker should be within 8 feet of the Company's meter is a condition of supply stipulated.

by the U.P. Electric Supply Company. There is no such provision in the Indian Electricity Rules. That condition was not known to the local P. & T. authorities until the Supply Company drew attention to it in May, 1956. Further action was thereafter taken to comply with it. Investigation since made has shown that the Company had introduced the condition with effect from 1st April, 1955, but it had not come to the notice of the Department till a year later.

The delays referred to above were unavoidable and it is felt that they cannot be attributed to lapses on the part of any of the local officers.

3. This has been seen by the Accountant General, Posts & Telegraphs, Simla.

JAGDEESH PRASAD,

*Member (Telecommunication Development),  
Posts & Telegraphs Board.*

## ANNEXURE VI

*S. No. 10 of the Statement*

No. 20-10/59-Inv.

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT & COMMUNICATIONS,  
(DEPARTMENTS OF COMMUNICATIONS & CIVIL AVIATION),  
(POSTS & TELEGRAPHHS BOARD).

*Dated New Delhi the 28th April, 1962*  
*8th Vaisakha, 1884.*

SUBJECT:—*Thirty-eighth Report of the P.A.C. 1961-62 (Second Lok Sabha)—Serial No. 24 of Appendix I—Alleged frauds in Savings Bank Branch—Rae Bareli Kutchery S.O. [Para 15(i) of the Audit Report P. & T. 1960].*

In serial No. 13 of Appendix IV to the Thirty-First Report of the Public Accounts Committee 1960-61, (Second Lok Sabha) the Committee desired to be informed of the final outcome of the case.

2. The criminal cases against the accused sub-post-master were decided on 23rd April 1960 as a result of which he was sentenced to various terms of imprisonment aggregating 18½ years and fines amounting to Rs. 54,000 or in default to a further imprisonment of 3 years and 2 months. A sum of Rs. 45,141 out of the fines, if realised, was awarded to the Department. An appeal preferred by the accused against the judgement of the Lower Court was dismissed by the High Court on 17th November 1960. The fine has not so far been paid by the accused. Earlier he had been dismissed from service, as a result of departmental action, with effect from 1st September 1958.

3. Out of 43 officials against whom action was originally proposed, it was ultimately decided to take action against the Inspector of Post Offices who inspected the office during the period under reference, 30 other non-gazetted officials and 5 gazetted officers.

4. A sum of Rs. 4,000 has been ordered on 30th May 1961 to be recovered from the gratuity of the Inspector of Post Offices, who

retired on 26th July 1959. Since the concurrence of the Special Police Establishment received in their letter dated 27th July 1959 was too late to take action against the Inspector of Post Offices while he was in service, departmental action could only be initiated after the retirement of the official.

5. Of the 30 non-gazetted officials, two clerks were let off with a severe warning on 7th May 1960. One Supervisor died on 25th February 1960 and therefore no action could be taken against him. The Disciplinary Authority also found that no lapses could be proved against two more clerks. Recoveries have been ordered from one Postmaster, 4 Supervisors and 13 Clerks for a total amount of Rs. 38,524. Final orders in the case of the remaining 7 officials are likely to be issued shortly. A sum of Rs. 300 has also been recovered from the sureties of the accused.

6. There was delay in finalising departmental action in the disciplinary cases because, in the first instance, the Supdt. of Post Offices was appointed as the Common Disciplinary Authority on 29th June 1959. After he had finalised action against three subsidiary offenders and while action against the remaining officials was still in progress, he was transferred on 18th May 1960 and a Director of Postal Services of U.P. Circle was appointed as a Common Disciplinary Authority on 4th July 1960. After action was finalised in some cases by him, he too was transferred on 29th June, 1961. Then another Director of Postal Services of U.P. Circle was appointed as the Common Disciplinary Authority on 15th September 1961 and action has since been finalised in most of the cases as indicated in para 5 above. Steps have been taken to see that as far as possible the transfer of disciplinary authorities is avoided during the pendency of the proceedings.

7. The principal offender was due for transfer in April 1949 but a ban on rotational transfers was imposed in January 1949. The ban was extended from year to year and was lifted in May 1954 with a directive that as far as possible, transfers should be made in April every year. The official could, therefore, have been transferred only in April 1955. Disciplinary action was contemplated against 4 gazetted officers and one Head Clerk who is now a gazetted officer, for their failure to transfer the official even after the ban was lifted. The explanation of one of these officers was found on examination to be satisfactory. Explanation of another officer is under examination of the Director-General. Two officers were charge-sheeted and their defence is also under examination of the Director-General. Explan-

tion of the fifth officer who was a non-gazetted official at the time of the fraud is under examination of the Postmater-General, U.P. Circle.

8. This has been seen by the Accountant-General, Posts & Telegraphs, Simla.

S. C. JAIN,  
*Member (Banking & Insurance),*  
*Posts and Telegraphs Board.*

## ANNEXURE VII

Ref. S. No. 11 of the Statement

No. 20-14/59-INV

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT & COMMUNICATIONS

(DEPARTMENTS OF COMMUNICATIONS & CIVIL AVIATION)

(POSTS & TELEGRAPHS BOARD).

*Dated at New Delhi the 18th January, 1962.*

28th Pausa, 1883.

SUBJECT:—*Thirty-eighth Report of the P.A.C.—1961-62 (Second Lok Sabha)—Sl. No. 25 of Appendix I—Alleged fraudulent encashment of P.O. Certificates (Para 16 of Audit Report, 1960).*

In serial No. 14 of Appendix IV to their Thirty-first Report, 1960-61 (Second Lok Sabha), the Public Accounts Committee have observed that there was lack of proper co-ordination between the Ministry of Finance and the P. & T. Department before putting the new series of National Plan Savings Certificates on tap and that the blank certificates issued to the officials for writing up were valuable documents requiring care and vigilance.

### 2. The position is explained below:—

The proposal for revising the interest rates of Post Office Savings Bank deposits and national savings certificates, with effect from 1st June, 1957, had been discussed confidentially by the representatives of the Ministry of Finance (Department of Economic Affairs) with the representatives of the P. & T. Department in May, 1957. The proposal had been kept top secret till it was announced in Parliament by the Finance Minister on 15th May 1957.

3. The Finance Ministry also informed the P. & T. Directorate in their D.O. letter dated the 9th May, 1957 that they had written to the Master, India Security Press, Nasik for designs of the new certificates, but that it would take at least 3 months before the Press would be able to print and distribute the certificates. Hence, during the interval between the 1st June 1957 and the date when these new certificates could be printed and issued temporary receipts had to be issued to the investors.

4. The Committee will appreciate that the revision of interest rates on Savings Certificates has necessarily to be treated as a top secret matter as any premature disclosure would seriously affect their sales during the interregnum. Necessary action for getting the new certificates printed could therefore be initiated only a little before the decision to increase the interest rates was announced by the Finance Minister on 15th May, 1957 as part of his budget proposals. It would thus appear that the delay in printing and distributing these certificates was unavoidable and that there was no lack of co-ordination between the P. & T. Department and the Ministry of Finance.

5. Instructions have already been issued in D.G.P. & T.'s Post Office circular No. 27 dated 25th October 1960 with a view to preventing loss of blank certificates given to the officials of the post office for issue. A copy of the circular is attached.

6. This has been seen by the Accountant-General, Posts and Telegraphs, Simla.

S. C. JAIN,  
Member (Banking & Insurance),  
*Posts & Telegraphs Board*

ENCLOSURE ..

INDIAN POSTS & TELEGRAPHS DEPARTMENT  
OFFICE OF THE DIRECTOR GENERAL OF POSTS &  
TELEGRAPHS

DIRECTOR GENERAL'S P.O. CIRCULAR NO. 27.

Dated New Delhi, the 25th October 1960.

SUBJECT:—*Prevention of frauds—Postal Certificates.*

A review of Postal Certificate frauds during recent years shows that many of them were facilitated by non-observance of one or other of the rules or instructions on the subject or lack of exercise of due care. In an office, cash on account of sales had to be accepted for some days against preliminary receipts as Postal Certificates were not available. This office, however, continued to issue preliminary receipts even after receipt of the certificates for some time under the mistaken notion the certificates had to be written out and issued according to the order of receipt of applications. This resulted in the work of writing out certificates falling in further arrears. This work had to be continued for a number of days by drafting officials from other branches of the office to the N.S.C. Branch. Blank certificates were handed over to these officials in batches and when these were completed by them they were taken back and kept in sealed bags without any check or verification. When the verification was done three or four days later, loss of some certificates of high value denomination was noticed. Some of these lost certificates were later encashed at the same office resulting in a huge loss to the Department.

2. All concerned are warned that transfer of blank certificates from one official to another must always be made under proper receipt as required by Rule 26 of the P. & T. Manual Volume VI and every official's work must be checked up before he is allowed to leave office. If any discrepancy is noticed it should be reported immediately to the appropriate authority who will at once take up investigation. A report should also be made to the Police, and no official allowed to leave office until a thorough search for the missing certificates or documents is made.

3. On completion of the investigation the appropriate authority should also fix responsibility for the loss in such cases, without prejudice to Government's right to take further action against the official

for recovery from his pay of the amount of loss, if any, caused to the Department in future as a result of his negligence.

4. There have also been cases in which Postal Certificates received in the Post Office during the course of correspondence or for verification etc. were allowed to remain in the custody of the various clerks in the files of correspondence and these were subsequently fraudulently encashed at the counters. These frauds were made possible because of the disregard of the instructions contained in the Director General's Post Office Circular No. 56 dated the 17th October 1958, which, *inter alia*, requires that all such certificates remain in the safe custody of the Head Clerk. These instructions also imply that the Head Clerk while handing over such certificates from his custody must satisfy himself that the certificates are required for a genuine purpose. All Head, Deputy and Assistant Postmasters and Head Clerk in charge of Postal Certificates and S.B. Branches should note these instructions carefully.

5. A copy of these instructions be kept pasted to the inner cover of the Register so that they may always be before the Clerk and the group Supervisory officer concerned.

6. Inspecting Officers, during the course of their visits, should see that these instructions are understood and correctly followed.

No. 14-18 (BY) /58-FRD Dated New Delhi the 30th June, 1960.

Advance copy to all Heads of Postal Circles for information and necessary action.

Sd/- H. R. SONI,  
Assistant Deputy Director General, (INV).

## ANNEXURE VIII

*Ref. S. No. 14 of the Statement*

*Statement showing action taken or proposed to be taken on the recommendations made by the Public Accounts Committee in their Thirty-eighth Report (Second Lok Sabha.)*

S.No.	Para No.	Conclusions/recommendations	Remarks of the Ministry
1	6(Intro).	The Committee feel that cases of slackness at supervisory levels should be dealt with severely so as to create a sense of live responsibility in them.	The observation of the Committee has been brought to the notice of all Ministries etc., and they have been urged that the authorities concerned with the supervision of financial matters should further tighten up the internal checks and supervision so as to minimise the cases of frauds, embezzlement, misappropriation, etc. The responsibility of officers, slack at supervisory levels, should be clearly fixed in cases where loss has been caused due to their laxity and appropriate action taken in their cases.

(A. D. PANDE)  
*Joint Secretary to the Government of India.*

## ANNEXURE IX

*Ref. S. No. 19 of the Statement*

**MINISTRY OF TRANSPORT AND COMMUNICATIONS**  
**(DEPARTMENT OF COMMUNICATIONS AND CIVIL AVIATION)**  
**(POSTS AND TELEGRAPHS BOARD)**

**MEMORANDUM**

No. 29-23/61-NA

*Dated at New Delhi, the 9th August 1962*

*18th Sravana, 1884 (Saka)*

**SUBJECT:—Public Accounts Committee—Thirty-eighth Report, 1960-61 (2nd Lok Sabha)—Infructuous Expenditure on the purchase of an air conditioning plant [Para 24 of Audit Report (P&T), 1961].**

In Serial No. 7(i) of Appendix II to the Thirty-Eighth Report of the Public Accounts Committee 1961-62 (Second Lok Sabha), the Committee observed that in “their opinion as the Department had under consideration in October, 1953 a scheme of air-conditioning the entire building by a large plant, placing of the order for the smaller plant at the same time lacked justification. The plea that the plant was required urgently as some equipment at the trunk exchange was fast deteriorating is not convincing as there was no indication to show that on receipt of the equipment, the Department directed its efforts to its early installation. Further, the proposal to install the plant was abandoned a year later.”

In Serial No. 7(ii), *ibid*, the Committee were also concerned to note that even after the proposal to utilise the plant was given up in August, 1955 it took the Department more than 5 years to return the plant to the supplying firm, resulting in unnecessary locking up of capital.

2. It is submitted for consideration of the Public Accounts Committee that the question of air-conditioning the entire building was taken up as part of a larger scheme of expansion and although it was originally mooted in October, 1953 a final decision was taken only in August, 1954. This scheme of provision of the larger air-conditioning plant was likely to take considerable time and working conditions in the trunk exchange were so poor that service was

unsatisfactory and a large number of complaints were being received from the public of Bombay. With a view to improve the service and reduce the number of complaints, the Department pursued the scheme of installation of the smaller plant which was anticipated to be implemented quickly.

On receipt of equipment in 1955 for air-conditioning the trunk exchange, all possible efforts were made to ensure early installation. Unfortunately, the suppliers were unable to meet the technical requirements of installation although they had accepted the stipulations of the tender. Efforts were also made to get the equipment installed on another floor but this too was not found feasible by the suppliers.

As soon as it became apparent that the plant as supplied could not be installed in the central exchange premises, the Director General of Supplies and Disposals through whom the purchase had been made was addressed on 11th November, 1955 to cancel the contract. The Director General of Supplies and Disposals examined the matter in consultation with the Ministry of Law and were doubtful about the possibility of cancellation of the contract at that stage. Thereupon the possibility of utilising the plant at other stations was also examined. This too was not found possible and ultimately the firm was persuaded to take back the plant in December, 1959. But the firm has not yet taken back the plant.

This has been seen by the Accountant-General, Posts and Telegraphs, Simla.

P. M. AGERWALA,  
Member (*Telecommunications Operations.*)

## ANNEXURE X

*Ref. S. No. 21 of the Statement*

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT AND COMMUNICATIONS

(DEPARTMENTS OF COMMUNICATIONS AND CIVIL AVIATION—P&T BOARD)

No. 15-29/61-WK.      *Dated at New Delhi, the 4th January 1962*

SUBJECT:—P.A.C.—Thirty-eighth Report, 1961-62—Installation of a 60-Ton Weigh Bridge in a departmental workshop.

In a Telegraph workshop a weigh bridge was acquired in 1951. The project for its installation was sanctioned in August, 1952 and revised in November, 1956. The question of the usefulness of the project was considered by the Manager of the workshops, who tried to dispose it of in April, 1958. Subsequently in May, 1958, orders were issued to instal the machine and the work was completed by the end of 1959. The P.A.C. have adversely commented upon the unduly long period taken for its installation and completion of the project. The Committee have also, observed that being a commercial department, our decisions should be prompt and their implementation expeditious and that the department should always be alert.

2. The manner in which the entire case has been dealt with clearly indicates lack of proper planning and efficient execution. The delay in the execution of the project not only holds up the desired purpose but also unnecessarily blocks up Capital which can otherwise be utilised on more pressing projects. It is imperative that schemes decided upon after careful examination at the directorate level are not held up at the executing level without the approval of the competent authority in each specific case.

3. It may please be ensured that these instructions are noted by all concerned.

B. G. DESHMUKH,  
*Secretary, P. & T. Board.*

No. 15-29/61-WK.

*Dated, Dec., 1961.*

Copy forwarded to all other Heads of Circles and Administrative Offices for information and guidance.

B (75 Copies) |TP|TP (BC) | NA Sections of the Directorate.

## ANNEXURE XI

Ref. S. No. 24 of the Statement

No. P 6-92/55(Pt. 2)

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT AND COMMUNICATIONS

(DEPARTMENTS OF COMMUNICATIONS AND CIVIL AVIATION)

(POSTS AND TELEGRAPHS BOARD)

*Dated at New Delhi, the 24th September, 1962/2nd Asvina, 1884  
(Saka)*

**SUBJECT:**—*Thirty-eighth Report of the Public Accounts Committee 1961-62 (Second Lok Sabha)—Defective tube-well in P.&T. colony at Ambala (Note 7 at pages 121-122 of the Audit Report (P&T) 1961).*

In serial No. 12 of Appendix II to the 38th Report the Public Accounts Committee have called for reports on the following:—

- (i) Fixation of responsibility for the irregularities and lapses pointed out by the Enquiry Officer and the nature of action taken; and
- (ii) outcome of the enquiry for fixation of responsibility for not taking action against the supplier of the pump.

2. As regards (i) above, the lapses on the part of the Central Public Works Department officers included non-award of the work to a specialised firm, not giving complete details of specifications of the pumping set, settling the final bill of the contractor before the expiry of the maintenance period of two months, not observing proper procedure in handing over the pumping set to the P.&T. authorities, etc. The Ministry of Works, Housing and Supply have intimated that the Assistant Engineer concerned has been warned to be more careful in future, for his lapses in not observing the proper procedure in handing over the pump to the P.&T. authorities. The Executive Engineer concerned has also been warned to be more careful in future for the various items of lapses detailed above and the warning is being placed in his Character Roll. A copy of U.O. No. Cont. 23(8)61 dated 21st February, 1962 from the Ministry of Works, Housing and Supply in the matter is attached.

3. The lapses on the part of the P.&T. officials were their taking over the pump for maintenance in the absence of proper making over and when the electric installation was not in a complete condition and also removing the pump set and having attended to it locally. It has to be pointed out that the P.&T. Colony at Ambala had been experiencing much water difficulty since some years. The pump for which the estimate had been sanctioned in October, 1955, was actually brought into commission by the Central Public Works Department only in January, 1958. Though the electric installations had not been provided with necessary voltmeter, ammeter, etc., the Assistant Engineer (Carrier) undertook to run the pump apparently with the knowledge of the Divisional Engineer, Telegraphs, Ambala, as they had presumably felt that the only effort involved was in starting and switching off the motor. If they had insisted on the completion of all the formalities, the commissioning of the pump would have been delayed for a much longer time and the P.&T. staff in the colony would have been put to greater difficulties. The shifting of the switchboard from one position to another cannot be said to have caused any technical defect in the working of the pump. The Assistant Engineer concerned retired on 29th July, 1958 and the Divisional Engineer on 13th April, 1961. As the taking over of the installation by them was done in good faith for the benefit of the P.&T. staff of the colony, no action against them has been considered necessary.

4. When the pump failed on 6th February, 1958, steps were taken by the Divisional Engineer, Telegraphs, Ambala, to contact the Central Public Works Department Executive Engineer (Electrical) New Delhi, who offered to send his representative to Ambala. But, in view of the delay in Central Public Works Department staff reaching Ambala, the Divisional Engineer Telegraphs had, as per his understanding during telephone talk with the Executive Engineer (Electrical)—a matter which was later disputed by the Central Public Works Department—consulted an Assistant Engineer of the State Public Health Department, a specialist in this field, and under his advice had removed the pump, got it repaired and re-installed it. On restarting, the pump worked only for a few hours and then again failed. It is obvious, however, that the Divisional Engineer Telegraphs had taken the initiative and got the repairs, etc., attended to in good faith for the benefit of the residents of the colony. As there has been no negligence on the part of the officer, no action against him has been considered necessary.

5. As regards (ii), the Central Public Works Department had stated before the Committee about their inability to proceed against

the supplier in view of the pump having been taken out by the P.&T. Staff. The circumstances under which the pump had been removed and reinstalled by the Divisional Engineer, Telegraphs, have been explained in para 4 above.

6. The defective pump has been examined by a firm in Bombay. As they have reported that the starter would have to be imported in the absence of any arrangement for rewinding it in India and as the efficiency of the pump even after repair is in doubt, the Central Public Works Department have recommended that the pump may be disposed of. Accordingly, action is being taken for its disposal.

7. This Memo has been seen by the Accountant General, Posts & Telegraphs, Simla.

U. SHANKAR,  
Member (Telecommunications),  
Posts and Telegraphs Board.

COPY

IMMEDIATE

GOVERNMENT OF INDIA

MINISTRY OF WORKS, HOUSING AND SUPPLY

SUBJECT:—Action taken or proposed to be taken on the recommendations contained in the 38th Report of the P.A.C.—  
Paras 31—34.

Will the Directorate General of Posts & Telegraphs please refer to their U.O. No. P. 6-92/55, dated the 12th January, 1962 on the above subject? Departmental proceedings against the officers of the Central Public Works Department for the lapses (in so far as the Central Public Works Department is concerned) have been completed and the Assistant Engineer concerned has been warned to be more careful in future for his lapses in not observing the proper procedure in handing over the pump to the Posts & Telegraphs authorities. The Executive Engineer concerned has also been warned to be more careful in future for his lapses in—

- (a) not awarding the work to a specialised firm;
- (b) not giving complete details and specifications and description of the pumping set;
- (c) settling the final bill of the contractor before the expiry of the maintenance period of two months;

(d) not observing the proper procedure in handing over the Pumping set to the P.&T. authorities.

The warning is to be placed in his Character Roll.

2. This information may be incorporated in the note to be furnished to the Public Accounts Committee by the P.&T. Department. Three copies of the note for the P.A.C. when finalised may kindly be supplied to this Ministry.

Sd. V. T. CHARI,  
*Under Secretary.*

*Directorate General of Posts & Telegraphs*

Ministry of W.H. & S. U.O. No. cont. 23(8)/61 dt. 21-2-62.

## ANNEXURE XII

Ref. S. No. 33 of the Statement

No. 1-26/60-D

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT AND COMMUNICATIONS

(DEPARTMENTS OF COMMUNICATIONS AND CIVIL AVIATION)

(POSTS AND TELEGRAPHS BOARD)

Dated at New Delhi, the 10th January, 1962

20th Pausa, 1883

SUBJECT:—*Thirty-eighth Report of P.A.C. 1961-62 (Second Lok Sabha)—Non-recovery of royalty due from a contractor for conveyance of mails (Para 32 of the Audit Report, 1961).*

In serial No. 21 of Appendix II to the Thirty-eighth Report of public Accounts Committee, 1961-62 (Second Lok Sabha) the Committee have enquired about the results of the arbitration regarding recovery of royalty from the first contractor.

2. The arbitrator in his award dated the 19th August, 1961 has decided that the contractor shall pay to the President of India a sum of Rs. 14,700 inclusive of the amount of security deposit and also inclusive of all costs incurred by the President in this connection up-to-date. A sum of Rs. 1575 was deposited by the contractor as security deposit and the balance would be recovered from him after a decree from the Court is obtained. Necessary action for obtaining a decree from the Court having jurisdiction in the matter is being taken.

3. In serial No. 8 of Appendix I and No. 22 of Appendix II to the Thirty-eighth Report of the Public Accounts Committee 1961-62 (Second Lok Sabha), the committee have desired, that the final decision regarding vesting of powers in the Central Government to compel the private operators to carry mails be expedited.

4. The matter was discussed with the Ministry of Transport and Communications and Law and it was decided to work out the overall financial implications of the proposal. The required information has since been furnished and final reaction of the Ministry of Transport and Communications and Law is awaited.

5. In the meantime another note has been sent to the Ministry of Law for their advice whether an amendment to the I.P.O. Act 1898 on the line of Section 40, *ibid*, can be made so as to make the private motor operators and State Transport Undertakings, who are governed by the Motor Vehicles Act, 1939 to carry mails at the rates fixed by the Central Government and whether it will be repugnant to the provisions of the said Motor Vehicles Act and the Constitution.

6. Advice of the Ministry of Law on this point is awaited.

This Memo. has been seen by the Accountant-General, Posts and Telegraphs, Simla.

M. DAYAL  
Member (Posts),  
P. and T. Board.

### ANNEXURE XIII

Ref. S. No. 34 of the Statement

No. 1-39/60-D

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT & COMMUNICATIONS  
(DEPARTMENTS OF COMMUNICATIONS AND CIVIL AVIATION)

(Posts & Telegraphs Board)

*Dated at New Delhi, the 16th August, 1962*

*25th Sravana, 1884.*

SUBJECT:—*Thirty-eighth Report of P.A.C. 1961-62 (2nd Lok Sabha)—  
Absence of agreement for conveyance of mails owing to  
delay in finalisation of form of contract (Para 19 of the  
Audit Report 1958).*

In serial No. 8 of Appendix I of the Thirty Eighth Report of P.A.C. 1961-62 (Second Lok Sabha), the Committee observed:—

- 8(i) The Committee are concerned to note the delay in the finalisation of the formal agreement with the operators. They trust that it will now be expedited.
- 8(ii) In order to obviate the difficulties experienced in executing contracts with private operators for carriage of mails, the Committee had suggested in para 64 of their 22nd Report (1959-60) that the Central Government should acquire some enabling powers to compel the private operators to carry mails. From a note submitted to the Committee, they note that the matter is still under consideration of the Ministry of Transport & Communications. The Committee desire that the final decision in this case should be expedited.

2. The position with regard to each item is indicated below seriatim:—

*Serial 8(i) of Appendix 1 to Thirty-eighth Report of P.A.C. 1961-62  
(Second Lok Sabha)*

The draft forms have been seen by the Ministries of Law, Transport & Communications (Dept. of Transport) and Finance including the A.G.P. & T. Before the forms are finally issued and printed the question of incorporating the units of weight, measurement and distance in metric units, those of the value in Naye Paise, wherever they occur is under consideration. As soon as the equivalents are

decided in consultation with the Finance Branch, the forms would be printed and issued. The views of P. & T. Department relating to the amendments proposed by the Government of Madras were duly communicated to the said Government by the Postmaster-General, Madras on 7-12-1960 and after repeated reminders it has now been intimated by the said Government that the question of rate of payment to the private operators be decided first. In May 1960, the Government of Madras suggested the rate of 6 and 8 pies per maund per mile in the plains and hill roads respectively with a minimum of Rs. 25 p.m. per route. These could not be accepted as they were higher than those accepted by the Government. The matter was discussed with the Chairman of the State Transport Advisory Committee, Madras in January, 1962 by the P. & T. Department along with a representative of the Finance Ministry and the State Government offered to reduce the rate to 5½ pies and 7 pies per maund per mile in the plains and hill roads respectively with a minimum of Rs. 20 per route per month. These rates were also more than those accepted by the Government and as such the Transport Secretary has been requested to persuade the Government of Madras to agree to the rates on the basis of the award, viz., passenger fare divided by 165 for a pound of mails, given by his predecessor and accepted by the P. & T. Department. On the basis of this award the rate in the case of Madras State comes to 3½ pies per maund per mile.

*Serial 8(ii) of Appendix I to Thirty Eighth Report of P.A.C. 1961-62  
(Second Lok Sabha)*

3. In order to examine the question of vesting powers in the Central Government to compel private operators to carry mails, the Ministry of Law desired in December, 1961 to have some concrete proposal to amend the Motor Vehicle Act so that they could examine it and the Ministry of Transport and Communications requested for the same. The requisite information was accordingly furnished to the Transport Ministry in February, 1962. They have, however, again asked for some additional information in March, 1962 with a view to solving the problem without resorting to legislation. While furnishing the information the P. & T. Department have suggested that early action as originally suggested by the P.A.C. be taken as without the proposed enactment proper and stable solution to the problem of compelling the private operators to carry mails at the rate decided by the Government and execution of agreement in the Standard form, cannot be found.

4. This Memc. has been seen by the A.G.P. & T. Simla.

M. DAYAL,

*Member (Posts), P. & T. Board.*

## ANNEXURE XIV

Ref. S. No. 35 of the Statement

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

(OFFICE OF THE DIRECTOR GENERAL OF POSTS AND TELEGRAPHS)

No. 26/149/60 NB.

New Delhi, dated the 14th March, 1962

To

All Heads of Circles/Distts. etc.

SUBJECT:—Revision of Standard Rent of residential buildings owned by the Department.

Instances have come to the notice of this office where it was observed that the work of periodical recalculation of Standard Rent as required under SR 324 was not being attended to properly. This gives rise to the possibility of heavy losses in such of the cases where the Standard Rent before such recalculation was lower than 10 per cent. of the emoluments of the occupants and on revision it showed an increase. The imperative necessity of keeping this work upto-date has been stressed from time to time but the results are not quite encouraging. It is once again emphasised that failure in complying with the rules on the subject, should be taken seriously and persons responsible should be suitably dealt with. It is necessary that an officer in the Circle office should be entrusted with the personal responsibility to ensure that this work is promptly and regularly attended to. The inspecting officers when carrying out their local inspections should particularly look into this item of work and satisfy themselves that this work is handled satisfactorily in accordance with the rules.

Receipt of this letter may please be acknowledged.

Sd/- S. SUBBURATNAM,  
Dy. Chief Engineer (T).

## APPENDIX II

Ref. para 8 of the Report

No. 10-1/62-P(BC)

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT AND COMMUNICATIONS,  
(DEPARTMENT OF COMMUNICATIONS AND CIVIL AVIATION),  
(POSTS AND TELEGRAPHS BOARD)

Dated at New Delhi the 17th July, 1962/26th Asadha, 1884

### OFFICE MEMORANDUM

**SUBJECT:**—Public Accounts Committee—Excess of Rs. 25,794 over grant No. 130—Capital Outlay on Indian Posts & Telegraphs (Not met from Revenue)—Charged—regularisation of—[Para 9(ii) of the Appropriation Accounts 1960-61 and Audit Report, (P. & T.), 1962].

Reference Lok Sabha Secretariat O.M. No. 2/VIII/2/62-PAC dated 18-5-62 on the subject.

The final accounts for the year 1960-61 show an excess of Rs. 25,794 over the 'Charged' appropriation under Demand No. 130—Capital Outlay on Indian Posts and Telegraphs (Not met from Revenue).

	Rs.
Original Appropriation . . . . .	..
Supplementary Appropriation . . . . .	..
 Total Appropriation . . . . .	 ..
 Actual Expenditure . . . . .	 25,794
Excess . . . . .	25,794

2. The excess has occurred due to the fact that the amount paid as additional compensation decreed by a Court of Law in favour of the owner of a plot of land acquired by the Department for the construction of a Telephone Exchange was booked under "Charged" while the provision for the same was made under "Voted".

3. The land was acquired through the Land Acquisition Officer of the State of Maharashtra and the decree by the High Court was awarded against that State. The payment was made by the State Government and the debit passed on to the Posts and Telegraphs

Department by book adjustment. As the decree in this case was not enforceable against the Posts and Telegraphs Department, the expenditure cannot be "Charged" to the Consolidated Fund of India and should, therefore, have been booked under "voted" in the Posts & Telegraphs books as per the decision contained in the Ministry of Finance (Department of Economic Affairs) letter No. F. 2(43)-B/59, dated the 12th September, 1959 (copy enclosed).

4. The excess which is due to a misclassification in the accounts may, in view of the position explained above, be ignored as it will not actually require any regularisation in view of the fact that the consequential addition in the "voted" Section of the Grant would be covered by the Savings under that Grant.

5. This Memo. has been seen by the Accountant-General, Posts & Telegraphs, Simla.

Sd. (S. S. SHIRALKAR),  
Member (Finance),  
Posts & Telegraphs Board.

## ENCLOSURE

Copy of letter No. F. 2(43)-B/59 dated 12th Sept., 59 from the Govt. of India, Ministry of Finance (Dept. of Economic Affairs) New Delhi addressed to the Finance Secretaries of all the State Govts. and copy forwarded to the Comptroller & Auditor General of India.

**SUBJECT:—***Payments made in satisfaction of Court decree and Arbitral awards, against State Govts. in disputes arising out of the acquisition of buildings and properties for Union purpose.*

A question has arisen whether the payments made in satisfaction of Court decrees or Arbitral awards given against State Govts. in cases of disputes arising out of the acquisition of building and properties by States for the purposes of the Union Govt., are to be 'Charged on the Consolidated Fund of India or the Consolidated Fund of the State concerned'.

2. Government have been advised that since in such cases, the court decrees or arbitral awards are against the State Govts., they would have to be satisfied initially by those State Govts. from their own consolidated funds. In other words the liability for the initial payment in satisfaction of the decree or award would devolve upon them which would be 'charged' on their Consolidated Funds in accordance with the provision of Article 202(3) (c) of the Constitution. Subsequent reimbursement by the Central Government would be merely an inter-Governmental adjustment to which the provisions of Article 112(3) (f) of the Constitution would not be applicable since the decree is not enforceable against the Government of India *cum* the Consolidated Fund of India.

3. It is requested that in all such cases the procedure suggested above may be adopted in future and provisions made accordingly.

### APPENDIX III

Ref. Para 9 of the Report

No. 7—4/62-B

GOVERNMENT OF INDIA,

MINISTRY OF TRANSPORT AND COMMUNICATIONS,

(DEPARTMENT OF COMMUNICATIONS AND CIVIL AVIATION)

(POSTS AND TELEGRAPHS BOARD).

Dated at New Delhi, the 5th July, 1962/14th Asadha, 1884

### OFFICE MEMORANDUM

SUBJECT:—Public Accounts Committee—Excess of Rs. 77,40,659 over grant No. 85—P. & T. Dividend to General Revenues and Appropriations to Reserve Funds for the year 1960-61 Regularisation of—[Para 9(i) of the Appropriation Accounts (P. & T.) 1960-61 and Audit Report (P. & T.), 1962].

Reference Lok Sabha Secretariat Memo. No. 2/VIII/2/62/PAC dated 18-5-1962 on the subject.

From the final accounts for the year 1960-61 it is seen that an excess of Rs. 77,40,659 over the Voted Grant has occurred under Demand No. "85-P. & T. Dividend to General Revenues and Appropriations to Reserve Funds" as shown below:—

	Rs.
Original Grant. . . . .	8,83,99,000
Supplementary Grant. (Feb., 1961). . . . .	2,4,30,000
<hr/>	
Total Grant. . . . .	11,32,29,000
Actual Expenditure. . . . .	12,09,69,659
<hr/>	
	77,40,659
Excess.	

This excess requires regularisation by Parliament by an excess Vote under Article 113 of the Constitution.

2. The total amount of this grant is the difference between the budgeted revenues of the Department and its budgeted net Work-

ing Expenses (i.e. equal to net receipts). Thus, any improvement in revenue or reduction in expenditure in relation to the budgeted amounts will automatically cause an excess over this grant. This feature is inherent in the system.

3. In the Original Budget for 1960-61 the amount of this grant was estimated at Rs. 8,83.99 lakhs. In the Revised Estimates, gross revenue receipts were expected to be Rs. 150 lakhs more than in the budget while a decrease of Rs. 59.74 lakhs was expected in the gross Working Expenses. Recoveries which are taken in reduction of Working Expenses for the purpose of working out net receipts were expected to be Rs. 38.56 lakhs more. As a result of these changes, the amount of this Grant was expected to be Rs. 1132.29 lakhs i.e. Rs. 248.30 lakhs more than in the Original Budget to meet which a Supplementary Grant was obtained, in February, 1961. When the actual for the year became available, it was seen that the gross revenue receipts exceeded the Revised Estimates by Rs. 24.70 lakhs and that there was less expenditure by Rs. 72.45 lakhs under Gross Working Expenses and a shortfall of Rs. 19.74 lakhs under Recoveries. In the result, the amount of appropriation to the Reserve Fund increased to Rs. 1209.70 lakhs entailing an excess of Rs. 77.41 lakhs over the grant.

4. This has been seen by the Accountant-General, Posts and Telegraphs.

Sd. (S. S. SHIRALKAR),  
*Member (Finance),  
 Posts and Telegraphs Board.*

## APPENDIX IV

### *Summary of main conclusions/ recommendations*

Sl.No.	Para No.	Ministries/ Departments concerned	Conclusions/recommendations
1	2	3	4
1	1	D.G., P. & T.	The Committee trust that necessary steps would be taken by the Department to improve the standard of budgeting. They would in this connection also invite attention to the instructions issued by the Ministry of Finance in August 1958 to improve the technique of estimating and financial control over expenditure.
2	2	Do.	The Committee are not satisfied with the present arrangements for making contributions to the Renewals 'Reserve Fund' by the different Branches. As the accounts of the Department are maintained separately for each Branch it is essential that the allocation of the contribution to the Fund among the various Branches should be on commercial principles so as to represent the true statement of accounts for each Branch.
3	3	Do.	The Committee also fail to understand the reasons for changing the system of making contribution to the Fund and treating it as an appropriation of the surplus instead of as a part of working expenses as was the practice prior to 1960-61. They would like to observe that according to the normal commercial principles and the practice followed on the Railways, such contributions to the Fund should be treated as a part of working expenses so as to present the correct picture of the revenue/deficit of each Branch.

1	2	3	4
4	4	D.G., P. & T.	The Committee desire that a comprehensive note should be submitted to them showing the position in respect of the revision of rentals payable by the Railways and the other parties to whom circuits have been leased out.
5	5	Do.	The Committee feel concerned to note this increasing trend of working expenses in the various Branches of the Department. They suggest that the position may be analysed in detail and remedial measures taken to keep the percentage below 100, by curtailing the working expenses to the maximum extent possible.
6	6	Do.	The Committee observe that there has been progressive increase in the savings under Grant No. 130 and year after year the same reasons have been advanced for these savings. It indicates a persistent tendency of over-budgeting without taking into account the difficulties experienced in the execution of capital works. Had the Department made due allowance for these difficulties on the basis of its past experience, the estimates would have been more realistic. The Committee would like to emphasise the need for estimating the requirements for funds correctly and working up to these estimates with the closest degree of approximation making a periodical review of progress of expenditure during the year.
7	7	Do.	The Committee were glad to learn that the percentage of savings under this Grant had come down to 5.9 during 1961-62 and 22.3 during 1960-61. They hope that this improvement will continue during the subsequent years also. The Committee are however, disappointed to learn that the creation of a separate wing of the C.P.W.D. for P & T Works had not improved the tempo of the execution of works, even in 1961-62. They

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hope that more effective steps will be taken to improve the position from 1962-63 onwards.

8      8      D.G., P. & T.      The Committee trust that the instructions of the Ministry of Finance regarding adjustment of payments made in satisfaction of Court decree and Arbitral awards against State Governments would be followed by all concerned to avoid misclassifications in future.

9      9      Do.      Subject to the observations of the Committee upon the standard of budgeting in the P & T Department in para 10 of this Report, they recommend that the excess under 'Voted' grant referred to in para 8 may be regularised by Parliament in the manner prescribed in Article 115 of the Constitution.

10     10     Do.      The Committee would like to be informed of the final decision regarding making provision in the Budget for the entire projects and not component-wise. They would also urge that it should be ensured by the P & T Department that the instructions issued by them in June, 1960 to reduce the number of unbudgetted works (*vide* Annexure XI of the 31st Report of the P.A.C.—Second Lok Sabha) are strictly followed by all concerned to avoid the recurrence of such cases.

11     11     Do.      The Committee regret to note that while the installation of the plant and machinery within the exchange was completed in March 1960, even the detailed estimates for cable laying were sanctioned as late as February, 1960. The time taken (more than two years) in finalising the detailed estimates can hardly be justified. Further, as the project involved both installation of the plant and machinery inside the exchange and cable laying outside the

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exchange, procurement of stores both for expansion of internal and external plant should have been planned simultaneously. It is apparent that there had been lack of proper planning and coordination in the execution of the work.

12 12 D.G., P. & T. The Committee view with concern instances of lack of co-ordination in the procurement of stores and the execution of works resulting in avoidable storage and interest charges on Stores procured, besides loss of revenue due to delay in the execution of works as disclosed in para 12 of the Audit Report. They desire that remedial measures should be taken to ensure that such cases do not recur.

13 13 Do. While the Committee note the difficulties in the construction of buildings they cannot overlook the fact that some of these plots were acquired as far back as 1926-27. It is, therefore, apparent that due attention had not been paid to the utilisation of these vacant sites. The Committee trust that all these cases would now be examined in detail by the P & T Board and early decision taken regarding utilisation/disposal of the vacant plots. The Committee would like to be furnished with a comprehensive statement giving the details of the vacant sites acquired by the Department indicating the place, the date of acquisition, the amount paid etc.

14 14 Do. Since the accumulation of obsolete stores results in avoidable expenditure on care and maintenance staff and on storage accommodation, besides loss of interest on capital unnecessarily locked up, the Committee desire that a suitable procedure should be evolved for periodical review and disposal of such stores.

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15 15 D.G.,P&T. The Committee desire that the clearance of outstanding balances under stores suspense accounts especially of old items pertaining to period upto 1955-56 should be expedited. They trust that the setting up of the proposed Committee for the clearance of these balances would result in substantially reducing the outstanding balances.

16 16 D.G.,P.&T.  
W.H.&S. The Committee regret to note that not only was the revised date for the installation of Air-conditioning Plant not adhered to by the firm but the insulation and deducting had been done by some material which had been considered unsuitable by the P & T Department. The delay in replacing the insulation by other suitable material was also inordinate. The Committee were informed that the question of claiming compensation from the firm for delay in commissioning the plant was under consideration of the D.G.S.&D. They would like to be informed of the final decision taken in this regard and the amount recovered from the firm.

17 17 D.G.,P.&T. The Committee trust that with the setting up of the repair Centres at Delhi and Madras the delays in repairs to stores will be avoided. They would like to watch the position in this regard through future Audit Reports.

18 18 Steel & Heavy Industries (Dept. of Iron and Steel). The Committee would like to be informed of the proposals of the Scrap Committee regarding withdrawal of restrictions on sale of scraps and the decisions taken by Government thereon.

19 19 D.G.,P.&T.  
W.H. & S. The Committee trust that the instructions issued by the D.G.S. & D. for passing on promptly credits for sale of stores to the P & T Department would be followed by all concerned to avoid the delays in passing on such credits.

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20	20	D.G., P.&T.	The Committee would like to be informed of the final decision taken regarding devolution of further authority for the disposal of unserviceable stores.
21	21	Do.	The Committee would like to be informed in due course of the decisions regarding appointment of a fairly high level police officer in the P & T Department to coordinate with the State Governments, the measures for reducing cases of loss of copper wire. They are of the view that the matter requires close and constant attention of the P & T Board till the theft cases are brought down substantially, if not eliminated altogether.
22	22	Do.	The Committee observe that there had been inordinate delay in fixing responsibility for delay in utilisation or disposal of Repeater. They would invite attention in this connection to para 6 (Introduction) of their Twenty-second Report (Second Lok Sabha) and trust that prompt action would now be taken against the delinquent officials.
23	23	Do.	The Committee note that although about 10 years have elapsed since the Generator set was recovered from the Exchange, no final decision has yet been taken regarding its disposal. They could not get any satisfactory reply for this inordinate delay. They suggest that an early decision should be taken to dispose of the set and a report submitted to the Committee.
24	24	Do.	The Committee regret to note that the Departmental authorities had not only failed to make proper test of the coils before making over to the Controller of Telegraphs Stores but also failed to follow the instructions issued by the P & T Department in March, 1951 regarding inspection of the Stores by the indentors. They desire that this matter should be looked into and the responsibility fixed.

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25      25      D.G., P. & T.      The Committee would invite attention to para 39 of their 22nd Report (1959-60) wherein they had recommended that early and effective steps should be taken for the modernisation of the Workshops. They desire that this matter should receive urgent attention.

26      26      Do.      It is unfortunate that disregard of the fundamental principles of undertaking a trial order before establishing the manufacture of new item resulted in avoidable loss to the Department in the case mentioned in para 22(b) of Audit Report. The Committee trust that the instructions now issued by the Department would be strictly followed to avoid such cases in future.

27      27      Do.      The Committee observe that apart from locking up of capital funds, and possible deterioration by long storage, the saving in expenditure which had been estimated in 1956 at Rs. 1,655 per month by means of not pickling process has not been realised as a result of the delay of over fifteen years in bringing the boilers into use. They desire that prompt and adequate disciplinary action should be taken against the delinquent officials and a report submitted to them.

28      28      Do.      The Committee regret to note that expenditure to the tune of Rs. 22,382 has been incurred on the purchase and repairs of the grinder machine without examining its utility to the Department. They also observe that after sending the machine to the Government Machine Tool Prototype Factory for repairs, the Department failed to take adequate steps to get the repairs expedited resulting in unnecessary locking up of funds. The Committee desire that an early decision should be taken regarding the disposal of the machine and a report submitted to them.

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29 29 D.G., P. & T. The Committee would like to watch the practical effect of the various measures taken by the Department to minimise the cases of defalcations or loss of public money through future Audit Reports.

30 30 Do. The Committee observe that in some of the cases of Savings Bank fraud brought to their notice, although the fraud was spread over a long period of time (three to five years) it remained undetected despite the Post Offices concerned having been visited several times by the Inspecting Officers. The Committee would urge that remedial measures should be taken to make these inspections more effective and laxity on the part of Inspecting Officers in exercising the prescribed checks dealt with promptly and suitably. Public continue to repose confidence with the P & T Organisation, particularly in matters pertaining to money transactions. In recent years there has been an enormous increase in the number of new offices opened, particularly in the rural areas. Therefore, in order that the confidence of the public may not get shaken, the Committee strongly recommend that a suitable programme of inspections of every office to take place strictly within a specified period should be laid down and implemented through an adequate inspectorial staff.

31 31 Do. The Committee would like to be informed early of the action taken against the delinquent officials for infructuous expenditure due to non-utilization of a vacant departmental building.

32 32 Do. The Committee feel concerned to note that there has been a progressive increase in the instances of short recovery and failure to issue telephone bills, the amount having increased from Rs. 2.9 lakhs in 1956-57 to Rs. 12.97 lakhs in 1960-61 with the same

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percentage of test check by audit. The representative of the Department promised to look into the question of progressive increase in the amount involved in these cases and furnish a note to the Committee. This note is still awaited.

The Committee would like the P & T Board to take effective steps to minimise the instances of short recoveries and failure to issue bills.

33 33 D.G., P.&T.

While it might not have been possible for the Department to have recovered the full rent for the canteens amounting to Rs. 18,500 it is not clear why a proportionate recovery based on the amount of royalty actually collected by the Associations from the contractors, (Rs. 15,900) could not have been effected instead of the nominal rent of Re. 1/- per month.

The Committee share the anxiety of the Department to keep these canteens running for the amenity of the staff. They would, however, observe that if according to the Postmaster-General it was not possible to run the canteens on co-operative basis or departmentally the alternative of running them through contractors should have been examined instead of acquiescing in the irregular practice.

34 34 Do.

The Committee need hardly emphasise the imperative need for expeditious disposal of audit objections which continue to be fairly large. They trust that the setting up of the committees to settle audit objections would accelerate the clearance of such objections. They would like to watch the position through future Audit Reports.

35 35 Do."

The Committee are concerned over cases of delays in a commercial Department like the P & T. They trust that in the

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D. G. P & T

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All other  
Ministries.

interest of economy and efficiency effective steps would be taken by the Department to avoid the recurrence of such cases.

The position in regard to the submission to the Committee of the notes, memoranda pursuant to action taken on the recommendations of the Committee or on points arising from the Accounts examined by them has continued to remain unsatisfactory. In some cases although more than one year has elapsed, the information called for by the Committee has not been furnished by the P & T Directorate. Further, despite the assurances given by the Chairman, P & T Board during the course of evidence in July 1962 to expedite the submission of the notes pursuant to 'action-taken' on the outstanding recommendations of the Committee, in a number of cases the notes are still awaited. The Committee, would reiterate their earlier recommendation in paras 6 and 7 (Intro.) of their 42nd Report and would emphasise that the Ministries concerned should attach greatest importance to the submission of notes etc. to the Committee within the time-schedule laid down for the purpose.

4. Jayana Book Depot, 48. Dhanwantra Medical  
Chapparwala Kunj, & Law Book House, 52. Shri N. Chacko Singh  
Kareli Bagh, New Delhi. 1522-Lajpat Rai Mar- MANIPUR  
ket, Delhi-6.

45. Oxford Book & Sta- 49. The United Book Agency, 52. Shri N. Chacko Singh  
tionary Company, Scin- 48, Amrit Kaur Mar- Newspaper Agent,  
dia House, Connaught ket, Paharganj, New School Annex, Imphal,  
Place, New Delhi-1. Delhi. AGENTS IN FOREIGN  
COUNTRIES

46. People's Publishing 50. Hind Book House, 2, U.K  
House, Rani Jhansi Janpath, New Delhi. 53. The Secretary Establish-  
Road, New Delhi-1.

47. Mehra Brothers, 50-G, 51. Bookwell, 4, Sant  
Kaliungi, New Delhi-19. Narankari Colony, High Commission  
Kingsway Camp, of India, India House,  
Delhi-9. Aldwych, LONDON,  
W.C.-2.



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