

**PUBLIC ACCOUNTS COMMITTEE
1961-62**

**THIRTY-EIGHTH REPORT
(SECOND LOK SABHA)**

[Appropriation Accounts (Post & Telegraphs), 1959-60 and
Audit Report, 1961]



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NEW DELHI**

September, 1961
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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(1961-62)

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Shri C. R. Pattabhi Raman

MEMBERS

2. Shri Rohan Lal Chaturvedi
3. Shri Aurobindo Ghosal
4. Shri Hem Raj
5. Shri R. S. Kiledar
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21. Shri Rajeshwar Prasad Narain Sinha
22. Shri Jai Narain Vyas

SECRETARIAT

Shri V. Subramanian—*Deputy Secretary*

Shri Y. P. Passi—*Under Secretary*

INTRODUCTION

1, the Chairman of the Public Accounts Committee, having been authorised by the Committee to present the Report on their behalf, present this Thirty-eighth Report on the Appropriation Accounts (Posts and Telegraphs) 1959-60 and Audit Report, 1961.

2. The Appropriation Accounts (Posts and Telegraphs) 1959-60 together with Audit Report thereon were laid on the Table of the House on the 17th March, 1961. The Committee examined these Accounts, etc. at their sittings held from 3rd to 5th July, 1961.

3. A brief record of the proceedings of the sittings of the Committee has been maintained and forms part of the Report (Part II).

4. The Committee considered and approved this report at their sitting held on the 5th September, 1961.

5. *In the course of their examination of these Accounts the Committee came across cases of inordinate delays on the part of the administration. In one case even after a proposal to utilise an air-conditioning plant had been given up, it took the Department more than five years to return the plant to the supplying firm. In another case 13 years after the purchase of an unwanted generator set, the Department decided to dispose it of. In yet another case a Weigh Bridge purchased on the recommendation of the Stores Committee could be installed after a lapse of 8 years. 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 qui vive; 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.*

6. The Committee had in the past urged the need for tightening up the internal checks and supervision to minimise the cases of frauds, etc. During the year under report also, the Committee came across cases in which there had been laxity on the part of some of the supervisory officials in the discharge of their duties. In one case the routine manner in which the deputy post-masters and post-master of a post-office passed payment orders had facilitated the misappropriation of a sum of Rs. 32,136 by a clerk. In another case a Circle Office passed the bills of a contractor for the carriage of mails for the same maundage day after day for a period of 11 years merely on the basis of the

post master's counter-signature on the bills of the contractor. *The Committee feel that such cases of slackness at supervisory levels should be dealt with severely so as to create a sense of live responsibility in them.*

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

8. 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.

C. R. PATTABHI RAMAN,

*Chairman,
Public Accounts Committee.*

NEW DELHI-1;
The 5th September, 1961.
Bhadra 14, 1883 (Saka).

POSTS & TELEGRAPHS DEPARTMENT

I

CONTROL OVER EXPENDITURE

Financial Working of the P & T Department

The following table shows the original and final grants and charged appropriation and expenditure actually incurred there-against during the year 1959-60.*

(In lakhs of Rupees)			
	Original Grant or Ap- propria- tion	Final Grant or Ap- propria- tion	Actual Expendi- ture
Total Expenditure met from Revenue—			
Voted	66,35	67,35	66,94
Charged	3,63	3,63	3,51
Total Expenditure met from Capital—			
Voted	34,18	34,18	27,83
Totals—			
Voted	100,53	101,53	94,77
Charged	3,63	3,63	3,51
	104,16	105,16	98,28

2. There was thus a saving of Rs. 6,88 lakhs or 6.5 per cent over the final grant and appropriation during the year under review as against a saving of about 3.4 per cent in 1958-59 and 1.6 per cent in 1957-58.

Savings on Voted Grants & Charged Appropriation—paras 6—10, Audit Report, 1961, pages 26—31

3. There was a saving of Rs. 12 lakhs or 3.3 per cent in charged appropriation under Grant No. 86—Expenditure met from Revenue and of Rs. 6,36 lakhs or 18.6 per cent under Grant No. 131—Capital Outlay outside the Revenue Account during

*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. Total actual recoveries against all grants and appropriations are given below :

		Actuals (in Lakhs)
		Rs.
Charged		4
Voted		24,88
Total		24,92

the year under report as against savings of 0.3% and 6.3% respectively during 1958-59. Out of a total of Rs. 5.7 crores surrendered from Grant No. 131, Rs. 2.9 crores were surrendered in the month of March, 1960. The entire surrender under the charged section of Grant No. 86 was made on the last day of the financial year.

4. In evidence the Committee were informed that the bulk of the expenditure under Grant No. 86—Charged, consisted of payment of interest to General Revenues on the capital at charge. During the year under report there was a reduction in interest charges (12.15 lakhs) due to large savings on the capital expenditure under Grant No. 131. Out of the total savings of Rs. 6.36 crores under Grant No. 131, a saving of Rs. 5.35 crores occurred under Sub-head 69-A—Outlay on New Assets. Two schemes viz. Co-axial Cables Project and Electrification Project accounted for savings of Rs. 1.15 crores and 2.56 crores respectively and there was a saving of Rs. 80 lakhs in the provision for land and buildings. The savings under the Co-axial Cable Project were mainly due to non-receipt of cables and equipment from abroad in time. Difficulties in timely acquisition of land or slow progress in the construction of buildings etc. and tight foreign exchange position accounted for savings in the other cases. The Department had approached the Ministry of W. H. & S. for strengthening the P. & T. Wing of the C. P. W. D. which was not adequate to cope with the work of the P. & T. Department.

5. *While the Committee note the difficulties of the Department in executing Capital works, they view with concern that the savings under Grant No. 131 have progressively increased from 0.7% 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 overbudgeting 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 and forecast of expenditure the savings could be minimised.*

Incurring of expenditure on major works without provision in the budget estimates—para 11(v), page 34—

6. During the year under report expenditure was incurred on 278 Major Works involving an outlay of Rs. 105.14 lakhs or about 9.1% of the total outlay during the year without provision in the budget. Out of this, 35 works related to "Land and Buildings", 158 to "Lines and Wires" and 85 to "Apparatus and Plant".

7. In evidence, the representative of the Department stated that out of 278 works, 44 were emergent works relating to the Ministries of Railways, Defence and Irrigation and were executed with the approval of the Ministry of Finance. 69 were works for which the amount sanctioned in the previous year had been surrendered (due to non-execution) for re-grant during the year under report. 41 works formed other components of budgeted works and 124 were works carried over from the previous year. The Department proposed to discuss with Audit a proposal to have a lump sum provision every year for expenditure on minor works of emergent and unforeseen nature as was the practice earlier which would go to reduce the number of such non-budgeted works. *The Committee would like to be informed of the final decision in this regard.*

8. *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 by Parliament. The Committee trust that instructions issued by the D.G.P. & T. in June, 1960 (Vide Annexure XI to 31st Report of PAC—1960-61) will be strictly followed by all concerned to avoid recurrence of such cases.*

II

STORES, WORKS AND WORKSHOPS

Unproductive capital outlay due to non-execution of a work para 23, page 41—

9. In 1942, the P. & T. Department sanctioned the installation of a standby Generator set in the Madras Central Telegraph Office at a cost of Rs. 43,058 against possible failure of electricity mains. The work could not be taken up immediately on account of wartime restrictions. The Generator set, costing Rs. 17,900 was made available to the Department only in 1947. Meanwhile, the accommodation previously earmarked for installation of the generator had been utilised otherwise and the necessity for a standby set had also largely ceased due to general improvement in public electricity supply. In 1957, i.e., 10 years after the receipt of the generator, orders were issued for its return to the Stores Depot. The generator being of D.C. type could not be utilised elsewhere in the Department and its conversion into A.C. type, estimated to cost Rs. 15,000 was considered uneconomical. The total expenditure charged to capital on account of this work was Rs. 22,138 and the interest charges so far paid by the Department on this unproductive outlay amounted to Rs. 9,353.

10. In evidence, the Committee were given to understand that the generator set had since been handed over to the D.G.S. & D. for disposal and it was expected to fetch an amount equivalent to the price paid for it.

11. *The Committee note that no financial loss is anticipated in this case. 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.*

Infructuous expenditure on the purchase of an air-conditioning Plant—para 24, page 41—

12. An order was placed through the D.G.S. & D. in October, 1953 for purchase of equipment at a total cost of Rs. 44,050 for air-conditioning the second floor of a telephone exchange building in Bombay. The Central Public Works Department advised in November, 1953 against the installation of the equipment as the second floor was not expected to take the load. No attempt was made to cancel the contract as it was intended to locate the plant on the ground floor. The import licence was granted on 15th January, 1954 and the

equipment delivered in August, 1954 was accepted in February, 1955. The proposal for utilising the plant was, however, given up subsequently (August, 1955) as another scheme mooted in October, 1953 for air-conditioning the whole of the building by a higher capacity plant was approved in August, 1954.

13. The Committee were informed in evidence that the supplying firm had agreed to take back the air-conditioning plant on payment of Rs. 1,050 as renovation charges by the Department.

The Committee enquired why the Department accepted the plant even when the C.P.W.D. advised against its installation on the second floor. They were informed that the C.P.W.D. had only advised that the capacity of the second floor should be taken into consideration before installing the plant. In the tender also it was provided that the layout of the plant should be such that the second floor could take the load. But actually when the plant was received, it was found that the second floor would not take the load. In reply to a question it was stated that no action could be taken against the contractor as it was not stipulated in the contract that the equipment supplied should be such as could be installed on the second floor. Further the Department having accepted that the plant would be installed on the ground floor, the Ministry of Law advised that the contract was not vitiated.

14. In justification of processing the order for this plant further when the Department had under consideration a scheme for air-conditioning the entire building by a larger plant, the representative of the Department stated that this plant was required immediately as some equipment at the Trunk Exchange was fast deteriorating. The working conditions in the Trunk Exchange were also unsatisfactory and the installation of the plant of a larger capacity was likely to take considerable time. Further as the scheme for air-conditioning the whole building was approved only in August, 1954, cancellation of the order for the smaller plant at that time would have involved payment of full compensation to the suppliers.

15. *The Committee are not satisfied with the explanation in this case. In their opinion as the Department had under consideration in October, 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 install the plant was abandoned a year later.*

16. *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, resulting in unnecessary locking up of capital. This is yet another case in which the administrative machinery failed to take quick and clear decisions.*

Overpayment of sales-tax on imported equipment—para 25, pages 41-42—

17. In connection with the automatisisation scheme of the Bombay Central Telegraph Office, sales-tax amounting to Rs. 94,484 had to be paid on equipment worth Rs. 10,07,835 imported through the agency of a local firm. The Department felt a doubt about the payment of sales-tax on imported equipment and consulted the Ministry of Law who held on 31st October, 1956 that the sales-tax was payable but pointed out that a correct categorisation under the Act would reduce the amount of tax to half the sum claimed by the Company. The entire amount of sales-tax was, however, reimbursed to the firm on 28th March, 1958 on the advice of the Central Government Solicitor as the amount of tax levied by the sales-tax authorities was final.

At the instance of Audit, clarification about the categorisation of the equipment was subsequently obtained direct from the sales-tax authorities who informed in October, 1959 that tax at only the reduced rate was payable (as opined by the Ministry of Law). The failure to consult the sales-tax authorities earlier resulted in an excess payment of about Rs. 47,000.

18. The Committee enquired why in the face of the opinion of the Ministry of Law the Department made the payment to the firm without consulting the sales tax authorities. According to the representative of the Department, the Ministry of Law had only stated that the Department should take the advice of the Central Government Solicitor before reimbursing the amount of sales tax to the firm which the Department did. Thereafter, the Ministry of Law was again consulted before making payment to the firm.

The Commissioner of Sales Tax of the Maharashtra State with whom the matter was taken up had observed that the advice of the Additional Collector, Sales Tax in his letter dated the 5th October, 1959 to the Divisional Engineer, Telegraphs, Bombay that the tax at the reduced rate was payable was an extra statutory expression of opinion which had no relevance to the assessments for the years 1955-56 and 1956-57 which were complete long before that opinion was

given. The Commissioner had also stated that as the payment made was of lawfully assessed dues, the question of refund of any part thereof did not arise.

19. The Committee felt that the legality of the assessment did not necessarily imply that the assessment was correctly made. They, therefore, enquired why on receipt of the clarification from the Additional Collector of Sales Tax an appeal was not preferred against the assessment. The witness stated that before the matter came to the notice of the Directorate the sixty days' time allowed for appeal was already over. The Department had, however, decided to refer the matter to arbitration. The payment of about Rs. 12,000 due to the firm had also been withheld. *The Committee await the outcome of the arbitration.*

*Installation of a 60-Ton Weigh Bridge in a Departmental workshop—
para 28, pages 42-43.*

20. In the Telegraph Workshop, Jabalpur a project for the installation of a 60-Ton Weigh Bridge and extension of the Railway siding was sanctioned in August, 1952 at an estimated cost of Rs. 50,623. This was revised to Rs. 74,417 in November, 1956 on the basis of the detailed estimate furnished by the Railways who were entrusted with the work of extension of the Railway siding.

The Weigh Bridge had already been acquired in 1951 before the project was sanctioned and the installation of the Weigh Bridge was considered in January, 1958 to be of doubtful utility. An unsuccessful attempt to re-sell it to the suppliers was made by the Department in April, 1958 after the estimate for installation had been sanctioned. Subsequently in May, 1958, orders were issued to instal the machine, and the work was completed by the suppliers by the end of 1959. Although the work had been completed, according to Audit, it had not been possible to put the Bridge into actual use.

21. In evidence, the Committee were informed that the installation of the Weigh Bridge was decided on the recommendation of the Stores Committee. It was useful for checking the weights of materials received from the Railways and other sources and detecting cases of shortage etc. and also for weighing the materials dispatched by the workshop. The Manager of Workshop who had his own doubts about the utility of the Weigh-Bridge had on his own initiative tried to dispose it of in April, 1958 though the Department considered it as absolutely essential; again he was responsible for the delay in putting the Weigh Bridge into use. The Committee were also informed that the Weigh Bridge had since been put to use and

the Manager of the workshop had given incorrect information to Audit. He had since been transferred from the Workshop and had also been reverted to a lower grade.

The delay in sanctioning the estimates and the installation of the Weigh Bridge was due to the long time taken by (i) Railways in sanctioning the detailed and revised estimates for siding, (ii) by the Department in sanctioning the project for want of provision for the installation in the Budget estimates and (iii) by the Department in installing it.

22. The Committee are distressed to note that the machine 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. & 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 examination at the Directorate level are not held up in such a manner at the lower executing levels.

Uneconomic manufacture in Departmental Workshops—para 29, pages 43-44—

23. The cost of manufacture of some items of stores in P. & T. Workshops is reported to be nearly double the cost at which such stores can be obtained from the market.

24. In evidence, the representative of the Department stated that the items in question were not commercial items but specialised items used mostly by the P. & T. Department. It was not also certain that the private sector had the capacity to supply these items in time especially when required urgently, and at the same price when there was an increase in the demand. The main reasons for the difference between the prices as quoted by the private suppliers and the cost of manufacture in the P. & T. Workshops were high overhead charges and higher wages and better amenities to workers. These were, however, only two or three items out of over 10,000 components produced by the P. & T. Workshops, the cost of departmental production of which was higher than that in the private sector.

The Chairman, P. & T. Board, however, promised to re-examine the desirability of entrusting the production of these items to the private sector, if such a course is more economical to Government.

25. The Committee drew attention in this connection to para 55 of the 113th Report of the Estimates Committee suggesting that

there should be proper allocation between the departmental workshop and the private sector workshops regarding the manufacture of components as there might be quite a number of items which could profitably be obtained by the Department from the private sector. The witness stated that the Department was already following this policy and steps had been taken to encourage the indigenous production of a number of items which were either in short supply or not taken up for manufacture so far.

26. 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 the departmental workshops should also be fully utilised.

Infructuous expenditure incurred on the construction of acid storage tank in a workshop—para 30—Page 44—

27. In the Telegraph Workshop, Jabalpur, a project was sanctioned in January, 1955 at an estimated cost of Rs. 41,230, for the construction of a concrete sulphuric acid storage tank. The work was to be done partly by the Central Public Works Department and partly by the Posts and Telegraphs Department, the former being responsible for the construction work, and the latter for the lining of the tank with lead sheet, etc. The work was started in October, 1955 and was completed by both the Departments in August, 1957 at a cost of Rs. 46,439. It was handed over in September, 1957 to the Workshop. The storage of acid in the tank commenced in November, 1957 but within a few months, the tank started leaking. The Central Public Works Department authorities who were informed of the leakage in March, 1958 reported on 7th May, 1959 after inspection of the site, that the damage was very severe and that it would not be worthwhile undertaking repairs. A two-man Committee consisting of a representative each from the P. & T. and C.P.W.D. was appointed to investigate into failure of the tank.

28. In evidence the Committee were informed that both the Departments executed their part of the work according to the specifications prepared by the Manager of the Workshop. No advice of any specialist was taken even though both the Departments had no, previous experience of the work. The two-man Committee which carried out a lengthy investigation into the causes of the leakage had submitted its report in December, 1960. According to that report some lapses had occurred but it was difficult to fix the responsibility on either Department. The P. & T. Department had, however,

directed the General Manager of that Workshop to submit a report after a personal investigation into the matter. His report was under consideration by the P. & T. Directorate. The question of fixing responsibility was also under consideration.

Explaining the causes for the leakage the representative of the C.P.W.D. stated that the main cause for the failure of the tank was that the lead lining was not impervious and its thickness was only $4\frac{1}{2}$ inches according to the drawings furnished by the Manager of the Workshop whereas it should actually have been $3\frac{1}{2}$ inches. As a result of leakage of acid through the lead lining it also passed through the acid proof bricks resulting in the failure of the tank. As the two-man Committee that investigated into this case had not clearly established the reasons for the failure of the tank, there was a proposal to call for an expert opinion.

29. *The Committee are distressed to note the manner in which this work 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. *Another disquieting feature of this case is the fragmentary approach of each Department to the execution of the work, neither having cared to 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.*

Defective tube-well in a Posts and Telegraphs colony—note 7, pages 121-122 of Appropriation Accounts.

31. A tube-well sunk for the Posts and Telegraphs colony, at Ambala at a cost of Rs. 46,121 to overcome the scarcity of water in the area started functioning from 21st January, 1958; but the pump developed defects within a fortnight and went permanently out of order from 6th February, 1958. The pump was replaced at a cost of about Rs. 11,600 by January, 1960.

32. In evidence the Committee were informed that the Chief Engineer of the Ministry of Food and Agriculture (Agriculture

Department) who was an expert in the work of the installation of such pumps was appointed in August, 1960 to enquire into the causes of the failure of the pump. His report submitted in October 1960 was discussed by the officials of both the Posts and Telegraphs and Central Public Works Departments in December, 1960 and the question of departmental action against the delinquent officials was under consideration. The defective pump had also been sent to an expert firm with a view to examining whether the pump could be repaired at a small cost or in the alternative whether it could be disposed of. The report from the firm was awaited.

The Chairman, P. & T. Board, informed the Committee that according to the report of the Enquiry Officer, there were many lapses on the part of both the C.P.W.D. and P. & T. and both were to blame.

33. *This is similar to the case dealt with in paras 27—30 of this report. The Committee desire that the responsibility for the irregularities and lapses pointed out by the Enquiry Officer should be fixed and the Committee apprised of the action taken.*

34. The Committee enquired why no action was taken to impose any penalty against the supplier when the first pump had failed much before the guarantee period of 3 months was over. It was stated by the representative of the CPWD that the P & T authorities having themselves taken out the pump after its failure and reinstalled it after redoing the circuits, etc., Government's case against the supplier became weak. The D. G. P. & T. promised to enquire into this aspect for fixation of responsibility. *The Committee would like to be informed of the outcome of the enquiry.*

Unnecessary purchase of clock calculographs—page 122, Note 8—

35. During 1958-59, the Department received supplies of 993 foreign-made clock calculographs for use in telephone exchanges against orders placed on two firms in October, 1956 at a cost of Rs. 9.17 lakhs. At the time of placing orders there were 417 such instruments in stock and 575 were expected to be received against previous orders which were more than three years' requirements on the basis of the average annual consumption of 240 instruments. A proposal was also under consideration at that time for discontinuing the use of these calculographs. In February, 1959, a decision was taken to discontinue them from 1st April, 1959, in four major trunk exchanges and gradually in other exchanges also till the existing stock was exhausted.

36. The Committee enquired why orders for calculographs were placed when there was a proposal to discontinue their use. They were informed that in 1956 there was a proposal to replace the

calculograph with a view to saving foreign exchange and the ITI was therefore asked to develop another instrument—clock No. 44—to replace it. The Department, however, had an apprehension that the ITI might not be able to supply the new instrument in time and to the extent required. Further, in 1956, the Department decided to instal 1200 additional boards during the Second Five Year Plan and each board required one calculograph. In these circumstances the Department placed orders in October 1956 for the supply of these calculographs. Subsequent events had established that the placing of the order in 1956 was justified as the ITI had not been able to supply the equipment to the extent required in time and during the last three years all the imported calculographs except 442 had been used. The balance was sufficient to meet one year's requirements only. The consumption of 240 calculographs as intimated to Audit by the CCTS related to maintenance and replacement only. It did not take into account the requirements on the planning side for expansion purposes, which was being dealt with by the P & T Board at the headquarters.

37. It was brought to the notice of the Committee by Audit that the Chief Engineer had issued a letter on the 26th February, 1959 to all the heads of circles directing 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. This would perhaps explain the larger consumption of the stock of calculographs. The representative of the Department stated that generally no calculograph was withdrawn from use unless the cost of repairing it was prohibitive. However, as he was not aware of the instructions in question he promised to furnish a note to the Committee. *This note is still awaited. The Committee would invite attention in this connection to the recommendation contained in sub-para 2 of para 72 of their First Report 1951-52.*

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

III

LOSSES, OVERPAYMENTS, NUGATORY EXPENDITURE, ETC.

Alleged misappropriation in the Money Order Branch—para 17, page 37—

39. A clerk in the Money Order Branch of a Head Post Office was alleged to have misappropriated a sum of Rs. 32,136.62 nP., during the period from May 1956 to December, 1956, from cash drawn from the Treasury Branch of the Post Office against Money Order pay-orders presented by local commercial banks at the Post Office for encashment. The *modus operandi* was that he obtained authorisations for payment of the pay-orders partly in cash and partly by cheque, even though payments were desired by cheques and misappropriated the cash so drawn. This was being covered up by splitting the amount of subsequent pay-orders for payment. Some embezzlements committed by the official earlier in a Presidency Post Office came to light in July, 1956 and he was accordingly required to be reverted to his parent office. But the Post-master of the Head Post Office did not revert him till December, 1956 during which period a large portion of the fraud took place. This loss came to light in July, 1958 after investigation into the complaints lodged by a Bank in February, 1957 and the case was reported to the Special Police Establishment on 2nd August, 1958.

40. In evidence the Committee were informed that the accused who was granted bail by the court had absconded. He had, therefore, been treated as a deserter and dismissed from service with effect from 12th June, 1961. The bail amount was forfeited from the surety of the accused. Action was also being taken against the post-master for contributory negligence. As the Deputy Post-Masters concerned (four in number) had, however, either already retired or died no action was possible against them. In reply to a question it was admitted that there was avoidable delay in investigating this case on the receipt of the complaint from the Bank in February, 1957 and disciplinary action would be taken against the officials responsible for delay in conducting the enquiry. As a remedial measure orders have since been issued providing for the payment of pay-orders in cash only. This would avoid the recurrence of such cases.

41. *It is apparent that the post-master and the deputy post-masters 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.

42. The Committee would invite attention in this connection 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.

43. 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 such cases action against the delinquent officials will, in future, be finalised without delay.

*Overpayment of dearness allowance to Extra-Departmental Agents—
para 18, pages 37-38—*

44. The employees of the State Government and local bodies employed as Extra-Departmental Agents by the Posts and Telegraphs Department draw basic allowances from that Department in addition to the pay and allowances drawn from their parent offices. According to Government orders issued in October, 1955, the dearness allowance payable by the Posts and Telegraphs Department to such Extra-Departmental Agents, was to be refixed on Central Government scales after taking into account the pay and allowances drawn by them in their parent offices as well as the basic allowance drawn from the Posts and Telegraphs Department. The rate of dearness allowance payable by the Posts and Telegraphs Department was also to be revised whenever there was a change in the rate of pay or dearness allowance in the parent office. However, in Bombay and Central Circles these instructions were not followed and the maximum dearness allowance admissible to the Extra-Departmental Agents was paid to them. It was also noticed that instead of an interim relief of Rs. 2 allowed to Extra-Departmental agents, an interim relief of Rs. 5 p.m. was irregularly taken into account in fixing dearness allowance. These irregularities resulted in an overpayment of Rs. 2.41 lakhs in these two Circles.

45. In evidence the representative of the Department stated that in those two Circles the Department experienced great difficulty in ascertaining the pay and allowances which, the school masters, who were employed as extra-Departmental Agents, received from their own Department. There were too many resignations and representations from these Agents against the implementation of these orders. In order that the continuity of postal service in the rural areas in these two Circles was not disrupted it was finally decided in February, 1961 by the P. & T. Board to rescind the earlier orders (issued in October, 1955). The revised orders were given retrospective effect as the Extra-Departmental Agents being very poor had no means to pay back the amount overpaid which had already been spent by them.

46. *The Committee are not happy with the manner in which the P. & T. Board have dealt with this case. 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. & 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.*

47. *The Committee consider that in such cases, it will be in the interests of smooth administration, 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.*

Excess payments to a contractor for carriage of mails, para 20, pages 38-39—

48. A contractor had been paid for over 8 years from 1951 for the conveyance of mails at the average assumed maundage of 12 maunds per day each way in the U.P. Circle on the basis of the post-master's counter-signature on the bills of the contractor, instead of actual weightment being made on the 11th and 21st day of each month as provided for in the contracts. Similarly, for the earlier period from 1948 payment to the contractor was made at this assumed maundage instead of the actual maundage as provided in the contract. The matter came to notice during local audit in February, 1958. On the basis of weightments of mails undertaken as a test check for 5 days

in August, 1959 the average weight was about 6 maunds per day each way only. Computed on this basis, there has been an excess payment of over Rs. 2. lakhs to the contractor.

49. In evidence, the Committee were informed that the reasons for making the payment to the contractor on the assumed basis without actual weighment of the mails as provided in the contract were still under investigation. On some occasions weighments were taken prior to 1956, but the records being old had been destroyed and therefore the exact weights of mails carried from point to point could not now be established. The Department had however held up the payment to the contractor from 1st October 1959 and as advised by the Ministry of Finance the matter was being referred to arbitration. The Post Master General of the U.P. Circle had been asked to look into the question of taking disciplinary action against the delinquent officials. No enquiry had, however, been initiated so far.

50. *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 a 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 this excess payment. They would also urge that the post masters 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. *The Committee would also like to express their displeasure at the inordinate delay in taking disciplinary action against the delinquent officials in this case.*

*Excessive expenditure on conveyance of goods by bullock carts—
para 21, pages 39-40—*

52. In Bihar Circle, a contract was entered into for transportation of goods by bullock carts between the postal stock depot and the Railway Station, for a period of three years with effect from 15th February, 1957 according to which the contractor was to be remunerated at the rate of 87 nP. per trip for a cart-load of 20 maunds. The contractor terminated the existing contract by serving in November, 1957 a notice of three months as provided in the

contract, and when fresh tenders were called for on 3rd February, 1958 he again made an offer under a different name. His tender being the lowest was accepted and a fresh contract was entered into from 16th June, 1958. Under the terms of the new contract, the contractor was to be paid on the basis of a schedule of charges on a slab system which worked out to Rs. 10.20 nP. for the same maundage for which he was remunerated earlier at the rate of 87 nP. The glaring contrast in the rates was not noticed by the Circle authorities till June, 1959.

When the new contract was terminated with effect from 1st October, 1959 after giving 3 months' notice on 27th June, 1959, between the period 16th June 1958 and 30th September 1959 during which the new contract was in force, the contractor was paid Rs. 13,000 more than he would have been, at his earlier rate.

53. It was explained to the Committee that soon after the contractor had given notice in November 1957 for terminating the contract, fresh instructions were issued by the Directorate of P. & T. introducing a new slab system of payment for conveyance of goods on the basis of weight, distance and the number of packages conveyed to various points. The new system pushed up the charges for the carriage of mails considerably and, therefore, the basis for the payment of carriage of mails was again revised to the original one and the contract was also terminated. It was also urged in extenuation that the overpayment was of the order of Rs. 9000 only and not Rs. 13,000 as calculated by Audit based on the old rates of 87 nP. as the Post Master General had to engage carts at the rate of Rs. 2 per cart load come forward after the termination of the second contract.

54. *The Committee regret to observe that the glaring difference in the rates for the carriage of mails (87 nP. 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 the officials responsible for this lapse.*

Non-recovery of royalty due from a contractor for conveyance of mails—Para 32, page 45—

55. In the Uttar Pradesh Circle, a contractor was engaged for the conveyance of mails by motor vehicles on a certain route for three years from 1st October, 1955. Under the terms of the contract, the contractor was to pay a sum of Rs. 525 p.m. to the Department as royalty for carrying mails, which was received by the Department.

only upto the 31st May, 1956, after which the payment¹ was stopped by the contractor though he continued to carry mails upto 15th December, 1958. The Department decided in December, 1956 to terminate the contract, but it was only on 16th December, 1958 that a new contractor was appointed on a reduced royalty of Rs. 225 p.m. A sum of Rs. 16,004 is recoverable from the old contractor for the period from the 1st June, 1956 to the 15th December, 1958.

56. In evidence, the Committee were informed that the financial position of the contractor was not verified by the Department before entering into a contract with him. Further as there was delay in the registration of the contract, there was delay in terminating it. No tenders came forward to pay royalty for the carriage of mails. Ultimately the Department succeeded in getting an offer of a royalty of Rs. 225 p.m. It was claimed that the delay in entering into the new contract happened to be beneficial to the Department.

The question of the recovery of royalty from the first contractor had been referred to arbitration and the arbitration proceedings were expected to commence shortly. *The Committee would await the results of arbitration.*

57. *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 (Annexure V to Appendix I) they note that the matter is still under consideration of the Ministry of Transport and Communications. The Committee desire that the final decision in this case should be expedited.*

Loss due to non-revision of standard rent of residential buildings owned by the Department—page 106 of Appropriation Accounts, Note 2—

58. According to the existing rules, rent of residential buildings owned by the Department is recoverable on the basis of standard rent thereof or 10 per cent of the emoluments of the occupants, whichever is less. Also, the standard rent of a residential building has to be recalculated on the expiry of five years from the date of last calculation and the responsibility for periodical reassessment devolves on the Head of the Circle. In Uttar Pradesh Circle, it was noticed in the year 1955-56 that standard rents had not been recalculated for about two decades as records relating to residential

buildings had not been maintained in a proper manner. On the irregularity being pointed out by Audit the Department intimated in January, 1956 that the work of review of rents had been taken up.

59. In evidence the Committee were informed that it was only when the matter was brought to the notice of the Directorate by Audit, the P.M.G. of the Circle was asked to undertake this work and the reassessment of standard rent had been completed in respect of about 800 buildings. In most of these cases, the officials were either entitled to free quarters or 10 per cent of the emoluments were recovered from them. Therefore, the actual loss involved was small.

60. *The Committee were given to understand by Audit that certificates regarding periodical revision of the standard rent had been furnished to Audit perfunctorily by the Department. They take a serious view of this and desire that the cases should be investigated with a view to fixing responsibility and taking deterrent action.*

61. *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.*

IV

OUTSTANDING RECOMMENDATIONS

Outstanding Telephone Revenue—para 31, pages 44-45 and paras 60—63 of 31st Report (1960-61)—

62. Commenting upon the heavy outstanding of telephone revenue in paras 60—63 of their 31st Report (Second Lok Sabha) the Committee had stressed the imperative need to effect prompt recoveries of current dues and accelerate the recovery of arrears and had also suggested that the Department should make a realistic assessment of its outstandings.

The total amount of telephone revenue outstanding on 1st July, 1960 in respect of bills issued upto 31st March, 1960 amounted to Rs. 153 lakhs (including about Rs. 3.15 lakhs on account of bills of ex-State systems outstanding from the pre-integration periods) out of which about Rs. 83 lakhs related to bills issued during 1959-60. A substantial portion of these outstandings (about Rs. 76 lakhs) related to Government subscribers.

63. The Committee were informed that the total outstandings as on 1st April, 1961 in respect of bills issued upto 31st March, 1960 had come down to Rs. 75.29 lakhs. The percentage of outstandings as compared to revenue had also come down from 6.3 in 1951 to 2.9 in 1960-61. It was, however, admitted that there was scope for further improvement.

Explaining the steps taken to clear the long outstanding bills, the representative of the Department observed that the Department had been examining each case individually and writing off the dues after proper investigation wherever recovery was not possible. An amount of Rs. 60,000 was accordingly written off during the year 1960-61. As a result of steps taken by the Department the outstandings in respect of bills issued upto 31st March, 1956 had come down to Rs. 15.42 lakhs on 1st May, 1960. As regards bills outstanding against Government Departments, it was proposed to take up the matter at demi-official level with senior officers. The time allowed for the payment of current telephone bills had been reduced from two months to 15 days only. The procedure for the proscription of

subscribers for non-payment of trunk call bills and for disconnection of telephones had been tightened up. The telephone revenue account offices had been decentralised to improve the system of issuing bills. It was also proposed to examine the adequacy of the existing executive organisation for the collection of revenue.

As regards continuing instances of short recovery and non-issue of bills (amounting to Rs. 9.4 lakhs during 1959-60) the representative of the Department stated that there was already an inspection organisation and efforts would be made to tighten up the inspection.

64. *The Committee would like to watch the results of the measure adopted by the P. & T. Department through subsequent Audit Reports.*

Disposal of outstanding Audit objections and Inspection Reports— paras 34-35, page 46—and paras 54—57 of 31st Report—

65. The total number of objections outstanding in the books of Branch Postal Audit offices at the end of August, 1960 and the money value thereof were 98,707 and Rs. 32.22 crores respectively out of which the number of objections raised and the amount thereof during 1959-60 were 66,157 and Rs. 19.65 crores respectively. Some of the objections dated back to periods from 1943-44. Similarly, the total number of Inspection Reports on the various P. & T. Offices issued by the Audit offices upto March 31, 1960 and the items of irregularities outstanding in the latter's books at the end of August, 1960 were 1125 and Rs. 7,825 respectively.

66. In evidence, the Committee were apprised of the latest position. They were not happy with the progress made. They enquired what action had been taken on their recommendation in para 57 of the 31st Report (1960-61) regarding the adoption of the procedure followed on the Defence side for the clearance of old audit objections. The representative of the Department stated that *ad hoc* Committees for the settlement of these outstanding audit objections would be set up soon.

67. *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.* .

Postal Life Insurance Organisation—para 36, pages 46-47—and Paras 64—68, 31st Report—

68. As in the past, the business of Postal Life Insurance continued to decline. In the case of Civil Wing there had been a fall of about 20·8 per cent in the number of new policies issued during the year and 23·1 per cent in the total sums assured as compared to the corresponding figures of the previous year. In the case of Military Wing also there had been a fall of 13·8 per cent in the total number of new policies issued and a fall of 5·1 per cent in the total sum assured.

69. The Committee enquired what action had been taken on their recommendation in para 68 of the 31st Report (1960-61) that the P.L.I. be merged with the L.I.C. as it would result in economy and secure better administration of the P.L.I. Fund. The representative of the Department stated that this matter was discussed threadbare even when the L.I.C. was set up. Considering the various facilities given by the P.L.I. scheme it was felt that it should be kept as a separate entity. The Chairman, P & T Board, however, stated that in the light of the recommendation made by the Committee he would have the matter re-examined at a high level.

70. *The Committee would like to be informed at an early date of the final decision taken on this matter.*

NEW DELHI;
The 5th September, 1961.

Bhadra 14, 1883 (Saka)

C. R. PATTABHI RAMAN,
Chairman,
Public Accounts Committee.

PART II

**Proceedings of the Sittings of the Public Accounts
Committee held on the 3rd, 4th, 5th July and
5th September, 1961**

PROCEEDINGS OF THE SECOND SITTING OF THE PUBLIC
ACCOUNTS COMMITTEE HELD ON MONDAY, THE 3RD
JULY, 1961

The Committee sat from 10.00 to 12.45 hours.

PRESENT

Shri C. R. Pattabhi Raman—*Chairman.*

MEMBERS

2. Shri Rohan Lal Chaturvedi
3. Shri Aurobindo Ghosal
4. Shri Hem Raj
5. Shri R. S. Kiledar
6. Shri G. K. Manay
7. Dr. Pashupati Mandal
8. Shri S. A. Matin
9. Dr. G. S. Melkote
10. Dr. N. C. Samantsinhar
11. Pandit Dwarka Nath Tiwary
12. Shri Ramji Verma
13. Shri K. K. Warior
14. Dr. Shrimati Seeta Parmanand
15. Shri Lalji Pendse
16. Shri V. C. Kesava Rao
17. Shri Mulka Govinda Reddy
18. Shrimati Savitry Devi Nigam
19. Shri Rajeshwar Prasad Narain Sinha
20. Shri Jai Narain Vyas

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

Shri G. S. Rau, *Addl. Dy. Comptroller & Auditor General.*

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

SECRETARIAT

Shri V. Subramanian, *Deputy Secretary.*

Shri Y. P. Passi, *Under Secretary.*

WITNESSES

Directorate General, Posts & Telegraphs

Shri V. Nanjappa, *Chairman, P. & T. Board.*

Shri M. Dayal, *Member (Posts), P. & T. Board.*

Shri R. C. Vaish, *Member (Development), P. & T. Board.*

Shri S. C. Sen Gupta, *Member (Banking & Insurance).*

Shri S. S. Shiralkar, *Member (Finance).*

Shri Uma Shanker, *Dy. Director General (T).*

Ministry of Finance (Deptt. of Economic Affairs)

Shri R. K. Mukherjee, *Under Secretary.*

Audit Report (P. & T.) 1961*Budgeting and control over expenditure—savings over Voted Grants and Charged Appropriations—paras 6—11, pages 26—34—*

2. During the year 1959-60 the percentage of savings under Grant No. 86 (Charged)—Expenditure met from Revenue—was 3.3% as against the corresponding percentage of 0.3 in 1958-59. In the case of Grant No. 131—Capital Outlay on the P. & T. (not met from Revenue) the percentage of savings during 1959-60 was 186 as against 6.3 in 1958-59.

3. Explaining the reasons for the savings under Grant No. 86—Charged, the representative of the P. & T. Department stated that the expenditure on the Charged portion of the Grant consisted mainly of payment of interest to General Revenues on the Capital at charge at the rate prescribed by Government and also some payments of decretal amounts. However, during the year under report, in spite of increase in the rate of interest on capital outlay from 3.53% to 3.55%, there was a reduction in interest charges (Rs. 12.15 lakhs) due to large savings on the capital expenditure under Grant No. 131.

As regards the savings under Grant No. 131 it was stated that out of the total savings of Rs. 6.36 crores under this Grant, a saving of Rs. 5.35 crores occurred under Sub-Head 69-A. Two schemes *viz.* Co-axial Cables Project and Electrification Project accounted for savings of Rs. 1.15 crores and Rs. 2.56 crores and there was a saving of Rs. 80 lakhs in the provision for land and building.

The savings under the co-axial cable project were mainly due to non-receipt of cables and equipment from abroad in time. Although indents for cables had been placed on the D.G.S. & D. in October, 1958, the cables reached in April, 1960, only. The D.G.S. & D. took

about six months in placing the order on a foreign firm and wrong diversion of the ships resulted in a further delay of four months. In reply to a question the Committee were informed that on the section Kanpur Banaras the imported equipment could not be utilised because of delay in the receipt of the requisite cables. Delays in acquisition of land and slow progress in the construction of buildings and difficulties in securing foreign exchange accounted for savings in the other two cases.

4. Asked why the savings under this Grant were not surrendered earlier the representative of the Department stated that out of the total saving of Rs. 6.36 crores under this Grant a sum of Rs. 1.78 had been surrendered in November, 1959. When it was pointed out by the Committee that the large savings indicated a persistent tendency of over-budgeting in the Department, the representative of the Department admitted that there was scope for improvement both in planning and in forecasting the requirement of stores.

Incurring of expenditure on major works without provision in the budget estimates and Non-incurring of expenditure on works provided for in the budget—para 11 (v), page 34—

5. During the year under report expenditure was incurred on 278 Major Works involving an outlay of Rs. 105.14 lakhs (about 9.1% of the total outlay during the year) without specific provision in the budget. Out of this, 35 works related to "Land and Buildings" (9.73), 158 to "Lines and Wires" (85.60) and 85 to "Apparatus and Plant" (9.81). On the other hand, in respect of 33 Major Works, costing over Rs. 5 lakhs in each case, no expenditure was incurred, although specific provision to the extent of Rs. 61 lakhs therefor was made in the budget estimates. Out of this 20 works related to "Land and Buildings including RMS Vans", 7 to "Lines and Wires" and 6 to "Apparatus and Plant".

6. Explaining the reasons for the execution of 278 works without specific provision in the budget, the representative of the Department stated that 44 of them were emergent works relating to the Ministries of Railways, Defence and Irrigation and were executed with the approval of the Ministry of Finance. 69 were works for which the amount sanctioned in the previous year had been surrendered (due to their non-execution) for re-grant during the year under report. 41 works formed other components of budgeted works and 124 were works carried over from the previous year. The Department proposed to discuss with Audit a proposal to have a lump sum provision every year for expenditure on minor works of an emergent and unforeseen nature as was the practice earlier which would go to reduce the number of such unbudgeted works.

7. As regards the non-utilization of funds for certain works specifically provided for in that budget, the representative of the Department stated that it was mainly due to difficulties in timely acquisition of land or in the construction of buildings. The wing of the C.P.W.D. for the P. & T. works was not adequate to cope with the work and the P. & T. Department had approached the Ministry of W. H. & S. for strengthening this wing.

Alleged frauds in the Savings Bank Branch—paras 16(i) to (iii), pages 36-37—

8. In all the three cases mentioned in this para there was misappropriation of public money from the Savings Bank Accounts either by omitting to account for sums tendered for deposit or by means of fraudulent withdrawals by forging the signature of the depositors.

The Committee were informed that as a result of further investigation into the first case, the loss was now estimated at Rs. 18,025 (excluding temporary misappropriation of Rs. 9,972 by the sub-Post Master). Seven cases against this sub-postmaster were pending before the court.

9. Explaining the present position regarding the departmental action against the delinquent officials in this case, the representative of the Department stated that the sub-postmaster had been dismissed from service. Disciplinary action was also in progress against 26 departmental officials responsible for contributory negligence. The police investigation into the case which commenced in March, 1960, was still in progress.

In reply to a question, the Committee were informed that due to a change in the name of the sub-post office, the sub-postmaster managed to remain in charge of that office for a period of six years as against the normal period of three years provided in the rules.

10. As regards the second case the Committee were informed that the extra-departmental stamp vendor had been dismissed from service. The clerk in charge of Savings Bank had also been suspended pending trial in the court. The police were awaiting the opinion of the handwriting expert. The Department had also contested the claim of the depositor in this case.

11. In regard to the third case, it was stated that action had been taken against seven departmental officials for contributory negligence. One Assistant Superintendent of Post Offices and the Deputy Post-master concerned had been punished with a recovery of Rs. 2,380 and Rs. 1,500 respectively from their death-cum-retirement gratuity. Recovery orders for Rs. 360 and Rs. 120 had also been issued against two ledger clerks, while an establishment clerk had been warned on 8th June, 1961. Action against 30 other officials was expected to be finalised shortly. The branch post-master had also been removed from service.

12. Explaining the remedial steps taken by the Department to check the recurrence of such frauds, the representative of the Department stated that besides providing for the rotation of staff, the Department had also provided for a more intensive and thorough inspection of the savings bank branches of the post offices and a standard inspection report form had also been drawn up. It was also proposed to increase the number of inspection of post offices in a year from one to two. The inspecting officers had also been instructed to have a random check of savings bank pass-books during inspection.

Alleged misappropriation in the Money Order Branch—para 17, page 37—

13. A clerk in the Money Order Branch of a Head Post Office was alleged to have misappropriated a sum of Rs. 32,137 during the period from May, 1956 to December, 1956 from cash drawn from the Treasury branch of the P.O. against M.O. pay orders presented by local commercial banks at the post office for encashment. The loss came to light in July, 1958 after investigation into the complaints lodged by a Bank in February, 1957 and the case was reported to the S.P.E. on 2nd August, 1958. Some embezzlements committed by the official earlier in another post office came to light in July, 1956 and he was accordingly required to be reverted to his parent office. But the post master of the head post office did not revert him till December, 1956 during which period a large portion of the fraud took place.

14. While admitting that it was a bad case, the representative of the P. & T. Board informed the Committee that the clerk had successfully managed to get authorisation for payment of the pay orders

partly by cheques and partly in cash even though payments were desired in cash. To avoid the recurrence of such cases the representative of the Department added that orders had since been issued providing for the payment of pay-orders in cash only.

In reply to a question it was admitted that there was avoidable delay in investigating this case on the receipt of the complaint from the Bank in February, 1957 and disciplinary action would be taken against the official responsible for the delay in conducting the enquiry.

15. Explaining the position regarding departmental action taken against the delinquent officials, the representative of the Department stated that as the clerk concerned had absconded he had been treated as a deserter and dismissed from service with effect from 12th June, 1961. The bail amount (Rs. 2,000) was also forfeited from the surety of the accused which had, however, been reduced to Rs. 1,200 by the High Court on appeal by the surety. Departmental action was also being taken against the post-master and four deputy post-masters for contributory negligence. Four deputy Post Masters also responsible for the loss had either retired or died.

*Over-payment of dearness allowance to Extra-Departmental Agents—
para 18, pages 37-38—*

16. As a result of non-observance of instructions issued by Government regarding fixation of dearness allowance of the extra-departmental agents in the Bombay and Central circles, an overpayment of Rs. 2.41 lakhs had occurred in these two circles.

17. Giving the reasons for not following Government instructions in this matter, the representative of the Department stated that in these two circles the Department experienced great difficulty in ascertaining the pay and allowances which the school masters, who were employed as Extra-Departmental Agents, received from their own Department. There were too many resignations and representations from these Agents against the implementation of these orders. In order that the continuity of postal service in the rural areas in these two Circles was not disrupted it was finally decided in February, 1961, by the P. & T. Board to rescind the earlier orders with retrospective effect. The Extra-Departmental Agents being very poor had no means to pay back the amount overpaid, as it had already been spent by them.

A special committee had been appointed to look into the question of the dearness allowance payable to Extra-Departmental Agents and the salary and D.A. of such Agents had been refixed.

Infructuous expenditure due to retention of a rented building without utilisation—para 19, page 38—

18. In this case the Department continued the retention of a vacant building taken on a rent of Rs. 750 p.m. since 1st July, 1959 to house the Telephone Revenue Accounts Office of Rajasthan Circle. The Office, however, did not shift to that building resulting in an infructuous expenditure of Rs. 10,415 to the Department by way of rent etc. till July, 1960.

19. The Committee were informed that the office had been shifted only in May, 1961.

20. Explaining the reasons for the delay in shifting the office, the representative of the Department stated that it was due to administrative difficulties as the staff, mainly Class III and IV, was unwilling to move from Delhi and, therefore, the Department had to call for volunteers who were willing to shift there. Further, as a result of the recommendations of the Second Pay Commission, the effect on the pay scales of the persons who were to be transferred from Delhi had also been considered. The strike by the P. & T. employees also delayed the shifting of the office.

In extenuation it was also urged that judging from the rent paid for accommodation by some other Departments viz. Salt Department, the Atomic Energy Commission and the Deputy Commissioner of Excise, the P. & T. Department would have to pay a monthly rent three times more had they given up the rented building and tried to get another building.

Excess payments to a contractor for carriage of mails—para 20, pages 38-39—

21. In this case a contractor has been paid for a period of over 8 years from 1951 for the conveyance of mails at the average assumed maundage of 12 maunds per day each way by the circle office on the basis of the post-master's counter-signature on the bill instead of actual weighment being made on the 11th and 21st day of each month as provided in the contracts. Similarly, for the earlier period from 1948 payment to the contractor was made at this assumed maundage instead of the actual maundage, as provided in the contract. The average weight on the basis of weighments of mail undertaken as a test check for 5 days in August, 1959 was about 6 maunds only each way. On the basis of test weighments the excess payment to the contractor would be over Rs. 2 lakhs.

22. Asked what was the reason for the payment having been made to the contractor without actual weighment of the mails, the representative of the Department stated that the matter was under investigation. It was admitted that it was extremely odd that the certifi-

cates had been given for the same maundage of mails everyday (*viz.* 12 maunds) over a period of 11 years. It was added that on some occasions the weighments were taken but being an old case all the records had been destroyed and there were no records to show the exact weight of mails carried from point to point. The Department had held up the payment to the contractor from 1-10-59 and as advised by the Ministry of Finance the matter was being referred to arbitration.

23. In reply to a question as to how the Department could substantiate their claim when the payment was made to the contractor on the basis of the countersignature of the post master certifying the weight of mail carried, the representative of the Department stated that the Department could contest the veracity of those documents as there could be the possibility of fraud also. In reply to a question, the Committee were informed that the arbitrator would be one of the officers of the P. & T. Department.

Asked what action had been taken against the post-master concerned, the representative of the Department stated that there were a number of incumbents of the post involved in this case. Two of them had, however, already retired. The Post Master General of U.P. Circle had been asked to look into this aspect.

24. The Committee enquired why the contractor was still being allowed to carry mails. The representative of the Department stated that it being a hilly area on the Tibet border no other contractor was available and carrying mail by runners as an alternative was not suitable.

*Excessive expenditure on conveyance of goods by bullock carts—
para 21, pages 39-40—*

25. In Bihar Circle, a contract was entered into for transportation of goods by bullock carts between the postal stock depot and the Railway Station, for a period of three years with effect from 15-2-1957 according to which the contractor was to be remunerated at the rate of 87 nP. per trip for a cart-load of 20 maunds. The contractor terminated the existing contract by serving in November, 1957 a notice of three months as provided in the contract, and when fresh tenders were called for on 3-2-1958 he again made an offer under a different name. His tender being the lowest was accepted and a fresh contract entered into from 16-6-1958. According to the revised agreement the contractor was to be paid Rs. 10.20 nP. for the same maundage for which he was remunerated earlier at the rate of 87 nP. The glaring contrast in the rates was not noticed by the Circle authorities till June, 1959 and it was only on 1-10-1959 that the new contract was terminated after giving 3 months' notice on 27-6-1959.

Between the period 16-6-1958 and 30-9-1959 during which the new contract was in force, the contractor was paid Rs. 13,000 more than he would have got at his earlier rate.

26. The Committee were informed in evidence that soon after the contractor had given notice terminating the contract, fresh instructions were issued by the D.G.P. & T. as to the manner in which such contracts should be entered into. The new system recommended by the D.G.P. & T. provided for payment not on cart-load basis, as was the practice earlier, but on a slab system on the basis of weight, distance and the number of packages conveyed to various points. This new system of payment was based on the system obtaining in the South-Eastern Region and Madras for carriage of goods by bullock-carts. It was, however, found later on that the charges for the carriage of mails were very high and, therefore, the basis for the payment was again revised to the original one and the contract was also terminated.

It was also urged in extenuation that the overpayment of Rs. 13,000 as calculated by Audit was based on the old rates of 87 nP. per car-load. However, no contractor was agreeable to carry the mails at the old rate under the new system of payment as was evident from the fact that after the termination of the second contract, the Post Master General engaged carts at the rate of Rs. 2 per cart-load. Therefore, the loss according to the Department was of the order of about Rs. 9,000 only. It was also added that under the new agreement entered into with the contractor, the contractor was liable for the payment of demurrage charges for delay in clearance of goods or any other loss incidental to the carriage of mails.

27. In reply to a question the Committee were informed that the contractor who quoted 79 nP. for a cart-load of 20 maunds did not turn up to accept the contract. However, a new contract had been entered into recently for the carriage of mails.

Unproductive capital outlay due to non-execution of a work—para 23, page 41—

28. In 1942 the Department sanctioned the installation of a stand-by generator set in the Madras Central Telegraph Office against possible failure of electricity mains. However, the generator set costing Rs. 17,900 was made available to the Department in 1947 due to war-time restrictions. Due to changed circumstances, the generator set could not be utilised. It was, however, only in 1957 that orders were issued for its return to the Stores Depot. The set has not been disposed of so far.

29. In evidence it was admitted by the representative of the Department that there had been inexcusable and unconscionable

delay in disposing of the generator set. The Committee were, however, informed that the set had since been handed over to the D.G.S. & D. for disposal and it was expected that it might fetch an amount equivalent to the price paid for it.

Questioned whether the need for the generator set was reviewed in 1947 before accepting it, the representative of the Department stated that the Company was not agreeable to take the set back as the order had already been placed.

Infructuous expenditure on the purchase of an air-conditioning plant—para 24, page 41—

30. In this case the Department purchased an air-conditioning plant at a cost of Rs. 44,050, for air-conditioning the second floor of a telephone exchange building in Bombay. Although the C.P.W.D. advised against the installation of the equipment as the second floor was not expected to take the load, the plant had been accepted in August, 1954 as it was then intended to locate it on the ground floor. The proposal for utilising the plant was, however, given up subsequently as another scheme for air-conditioning the whole of the building by a higher capacity plant was approved in August, 1954.

The Committee were informed that the supplying firm had agreed to take back the air-conditioning plant on payment of Rs. 1,050 for renovation charges.

31. The Committee inquired why the Department accepted the plant even when the C.P.W.D. advised against its installation on the second floor. The representative of the Department stated that the C.P.W.D. had only advised that the capacity of the second floor should be taken into consideration before installing the plant. In the tender also it was provided that the layout of the plant should be such that the second floor could take the load. But actually when the plant was received it was found that the second floor could not take the load. In reply to a question why no action was taken against the supplier for his failure to supply the plant according to the specifications, the representative of the Department stated that in the contract there was some lacuna as it was not provided in writing that the equipment supplied should be such as it could be installed on the second floor. Further, the Department having accepted the plant for installing on the ground floor, the Ministry of Law advised that no action could be taken against the contractor.

32. The Committee wanted to know why no attempt was made to cancel the order when the Department had under consideration a scheme for air-conditioning the entire building by a large plant.

The representative of the Department stated that the air-conditioning plant was required immediately as some equipment at the Trunk Exchange was fast deteriorating. The working conditions in the Trunk Exchange were also unsatisfactory and the installation of the plant of a larger capacity was likely to take considerable time. It was also added that whereas the indent for the first air-conditioning plant was placed in 1953, the telephone exchange was expanded in 1954 and then it was decided to air-condition the whole building. Further cancellation of the order would have involved payment of full compensation to the Company.

33. In reply to a question why no decision was taken for the disposal of the plant till 1961 even after the scheme for the air-conditioning the whole building had been approved in 1954, the representative of the Department stated that as air-conditioning plants were in short supply it was decided to examine the possibility of utilising the plant elsewhere; but ultimately it was found that it was not economical to instal the small plant and, therefore, it had been decided to return the plant to the firm.

34. In reply to another question the Committee were informed that the estimated cost of the air-conditioning plant of higher capacity was about Rs. 2 lakhs.

The Committee then adjourned till 10.00 hours on Tuesday the 4th July, 1961.

PROCEEDINGS OF THE THIRD SITTING OF THE PUBLIC
ACCOUNTS COMMITTEE HELD ON TUESDAY, THE 4TH
JULY, 1961

35. The Committee sat from 10.00 to 12.25 hours.

PRESENT

Shri C. R. Pattabhi Raman—*Chairman.*

MEMBERS

2. Shri Rohan Lal Chaturvedi
3. Shri Aurobindo Ghosal
4. Shri Hem Raj
5. Shri R. S. Kiledar
6. Shri G. K. Manay
7. Dr. Pashupati Mandal
8. Shri S. A. Matin
9. Dr. G. S. Melkote
10. Dr. N. C. Samantsinhar
11. Pandit Dwarka Nath Tiwary
12. Shri Ramji Verma
13. Shri K. K. Warior
14. Dr. Shrimati Seeta Parmanand
15. Shri Lalji Pendse
16. Shri V. C. Kesava Rao
17. Shri Mulka Govinda Reddy
18. Shrimati Savitry Devi Nigam
19. Shri Jai Narain Vyas

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

Shri G. S. Rau, *Additional Deputy Comptroller and Auditor
General.*

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

SECRETARIAT

Shri V. Subramanian, *Deputy Secretary.*

Shri Y. P. Passi, *Under Secretary.*

WITNESSES

Directorate General, Posts & Telegraphs

Shri V. Nanjappa, *Chairman, P. & T. Board.*

Shri R. C. Vaish, *Member (Development).*

Shri M. Dayal, *Member (Posts).*

Shri S. C. Sen Gupta, *Member (B. & I.).*

Shri Uma Shanker, *Dy. Director General (T).*

Shri S. S. Shiralkar, *Member (Finance).*

Ministry of Finance (Department of Economic Affairs)

Shri A. G. Krishnan, *Under Secretary.*

Overpayment of sales-tax on imported equipment—para 25, pages 41-42—

36. In connection with the automatisisation scheme of the Bombay Central Telegraph Office, sales-tax amounting to Rs. 94,484-8-6 had to be paid on equipment worth Rs. 10,07,835 imported through the agency of a local firm. The Department felt a doubt about the payment of sales-tax on imported equipments and consulted the Ministry of Law who held on 31st October, 1956 that the sales-tax was payable but pointed out that a correct categorisation under the Act would reduce the amount of tax to half the sum claimed by the Company. The entire amount of sales-tax was, however, paid to the firm on 28th March, 1958 on the advice of the Central Government Solicitor as the amount levied by the sales-tax authorities was final.

37. At the instance of Audit, clarification about the categorisation of the equipment was subsequently obtained direct from the sales-tax authorities who informed in October, 1959 that tax at only the reduced rate was payable (as opined by the Ministry of Law). The failure to consult the sales-tax authorities earlier has resulted in an excess payment of about Rs. 47,000 and the question of recovery of the amount overpaid from the firm was reported to be under consideration (January, 1960).

38. The Committee inquired why the Department made the payment to the firm without consulting the sales-tax authorities in the face of the opinion of the Ministry of Law. The representative of the Department stated that the wording of the Audit para was to some extent, misleading as the Ministry of Law had stated that the Department should take the advice of the Central Government Solicitor before re-imbursing the amount of sales-tax to the firm and the Department made payment to the firm as advised by the Government Solicitor. In reply to a question the Committee were

also informed that after obtaining the opinion of the Government Solicitor the Ministry of Law was again consulted before making payment to the firm.

39. When pointed out by Audit that the Chief Engineer of the P. & T. Department had admitted in a letter dated the 11th October, 1960 that the firm did not adopt the correct classification of material and therefore had paid sales-tax at a higher rate, the D.G.P.&T. stated that the opinion of the Chief Engineer was not correct as the tax was finally assessed by the sales-tax authorities. It was added that the matter was taken up with the Commissioner of Sales-Tax of the Maharashtra State also who stated that the advice of the Additional Collector, Sales Tax, in his letter dated the 5th October, 1959 to the Divisional Engineer, Telegraphs, Bombay, was an extra statutory expression of opinion which had no relevance to the assessments for the years 1955-56 and 1956-57 which were complete long before that opinion was given. The Commissioner had also stated that as the payment made was of lawfully assessed dues, the question of refund of any part thereof did not arise.

40. The Committee observed that while the legality of the assessment was not in dispute, it does not follow that the assessment was correctly made. Therefore on receipt of the classification from the Additional Collector of Sales-Tax, an appeal should have been preferred against the assessment. The representative of the Department stated that when the matter came to their notice an appeal had already become time-barred. The Department had, however, decided to refer the matter to arbitration. The Committee were also informed that payment of about Rs. 12,000 due to the firm had also been withheld.

Loss in connection with the opening of combine offices—para 26, page 42—

41. In the Rajkot Division lines and wires erected by the Engineer Branch could not be commissioned into service in three cases for a long time (1½ to 3 years) as the buildings in which the combined posts and telegraph offices were to be housed could not be arranged for in time by the Postal Branch.

42. Asked why the Department took up the work of erecting the circuits without settling the essential preliminaries of selecting the buildings, the representative of the Department stated that in order to ensure the commissioning of circuits in time the Department tried to take up the work of erection of lines simultaneously with the action for securing buildings. It generally took 2-3 years for the

erection of lines, etc. from the date of the sanctioning of the estimate for the work and this period was considered sufficient in this case for securing the buildings. In the cases mentioned in the Audit para, however, there had been prolonged delay in securing suitable accommodation due to unforeseen circumstances. It was, however, added that such cases of delay in securing buildings were rare. The Committee were also informed that all the three offices had since been opened.

Indenting of stores in advance of requirements—para 27, page 42—

43. Stores worth Rs. 3,25,900 had been procured by the Department by March, 1958 on priority basis for the erection of a new alignment from Pathankot to Udhampur. The work, however, could not be taken in hand as the construction of the road (about 85 miles in length), which was to be completed by the C.P.W.D., had not been completed.

44. Explaining the reasons for procuring the stores much in advance of the requirements, the representative of the Department stated that the equipment was intended for providing an alternative channel of communication in that area to serve any emergency. The Ministry of Transport & Communications had intimated that the road was already jeepable and the P. & T. Department could transport the stores, etc. Therefore, the stores were procured by the Department, but later on it was found that the actual condition of the road was different and the stores could not be transported.

45. Explaining the present position, the representative of the Department stated that although the road had been completed, four bridges were yet to be constructed. The P. & T. Department had started the construction of the line from either end but had to leave the work at bridge ends pending completion of the bridges.

The Committee were also informed that in this case the stores at the site were mostly tubes and iron wire which were generally kept in open even in the stores depots. Therefore, there was hardly any possibility of any extra loss or deterioration of stores due to the stores being at site. The copper wire had been diverted for use on other circuits.

*Installation of a 60-Ton Weigh Bridge in a Department Workshop—
para 28, pages 42-43—*

46. Explaining the justification for the installation of the weigh-bridge when it could not be put into use, the representative of the Department informed the Committee that the Weigh-bridge had actually been put into use. It was the Manager of the workshop who had intimated Audit wrongly.

47. When pointed out that, as stated in the Audit para, even in January, 1958 the Weigh-bridge was considered to be of doubtful utility, the representative of the Department stated that it was only the Manager of the workshop who had his doubts about the utility of the Weigh-bridge and he was also responsible for the delay in putting the weigh-bridge into use. It was again the Manager of the workshop who on his own initiative tried to dispose of the Weigh-bridge in April, 1958 though the Department considered it as absolutely essential. The Manager had since been transferred from the workshop and had also been reverted to a lower grade. The installation of the weigh-bridge was decided on the recommendation of the Stores Committee. It was useful for checking the weights of the materials received from the Railways and other sources to detect cases of pilferage, etc., if any, and also weighing the materials despatched by the workshops.

48. As regards the delay in sanctioning the estimates and the installation of the machine the representative of the Department stated that it was due to delay on the part of Railways in sanctioning the detailed and revised estimates for siding, absence of provision in the original estimates for the expenditure on installing the machine and the long time taken in installing it. It was, however, admitted that 'it was a very bad case in which there had been undue delay and lack of adequate direction and leadership on the part of the P. & T. Directorate in this case.'

Uneconomic manufacture in Departmental Workshops—para 29, pages 43-44—

49. The cost of manufacture of some items of stores in P. & T. Workshops is reported to be nearly double than the cost at which such stores can be obtained from the market. The uneconomic manufacture of these items is continuing and their continued manufacture also prevents the manufacturing capacity of the workshop being utilised on specialised items which the Department cannot purchase from the open market.

50. Explaining the reasons for the uneconomical continuance of the manufacture of these items, the representative of the Department stated that the items in question were not commercial items but specialised items used mostly by the P. & T. Department. It was not also certain that the private sector had the capacity to supply these items in time especially when required urgently and at the same price when there was an increase in the demand. The main reasons for the difference between the prices as quoted by the private suppliers and the cost of production in the P. & T. workshops were high overhead charges, occasioned by higher wages and better ameni-

ties to workers. There were only two or three items out of over 10,000 components produced by the P. & T. Workshops in which it had been found that the cost of departmental production was higher than that in the private sector. The D.G.P. & T., however, promised to look into these items with a view to securing them from the private sector.

51. The Committee drew attention to the recommendation of the Estimates Committee in their 113th Report, wherein it had been suggested that decisions should be taken early as to what items were to be produced in the workshops and what items could be left for manufacture by the private sector. There might be quite a number of items which could profitably be obtained from the private sector. The representative of the Department intimated that this policy was already being followed and steps had been taken to encourage the private sector to produce such items which were in short supply or not manufactured in India. A decision had also been taken to purchase from the private sector all the minor components to the extent possible.

In reply to a question the Committee were informed that recently a decision had been taken to decentralise the P. & T. Workshops, in view of the increased demand for the products of P. & T. workshops and the department proposed to have small workshops in all the Postal Circles.

Infructuous expenditure incurred on the construction of acid storage tank in a workshop—para 30, page 44—

52. Giving the reasons in details for the leakage in the concrete tank constructed for storage of sulphuric acid the representative of the Department informed the Committee that the Manager of the workshop himself had prepared the drawing showing the specifications of the tank. Both the C.P.W.D. and the P. & T. Department carried out their respective portions of the work on the basis of these specifications without taking the advice of any specialist in this regard, even though both the Departments had no previous experience of constructing these tanks. The two man Committee appointed by the P. & T. consisting of the Deputy-General Manager, P. & T. and the Superintending Engineer of the C.P.W.D. carried out a lengthy investigation into the cause of the leakage. The Committee which submitted its Report in December, 1960 came to the conclusion that some lapses had occurred but found it difficult to fix the responsibility on either Department. The P. & T. Department had, however, directed the General Manager, Workshops, to submit a report after a personal investigation into the matter. His report was under consideration by the P. & T. Directorate. The question of fixing responsibility was also under consideration.

53. Explaining the position from their point of view, the representative of the C.P.W.D stated that the main cause of the failure of the tank was that the thickness of the lining was only 4½ inches whereas it should actually have been 13½ inches. The officers of the C.P.W.D acted on the basis of drawing furnished by the Manager of the workshop and did not ensure whether the thickness of the lining was sufficient for the acid not to percolate through. As a result of leakage of acid through the lead lining it also passed through the acid-proof bricks resulting in the failure of the tank. The representative of the D.G.P. & T., however, intervened to say that even admitting that the lead was defective it was not clear why the bricks and the mortar which were supposed to be acid resistant gave way. As these points had not been satisfactorily answered, the P. & T. Department proposed to call for an expert opinion.

Non-recovery of royalty due from a contractor for conveyance of mails—para 32, page 45—

54. Explaining the reasons for the delay in appointing another contractor, the representative of the Department stated that in the first instance there had been delay in the registration of the agreement with the first contractor as a result of which there was delay in terminating the contract with him. Thereafter, non-availability of the tenderers who were prepared to pay royalty to the Department for the carriage of mails delayed the matter. Ultimately the Department got an offer of a royalty of Rs. 225 per mensem. The Committee were also informed that the question of the recovery of the arrears of royalty from the old contractor had been referred to arbitration and the arbitration proceedings were expected to commence shortly.

55. Asked whether the financial position of the first contractor had been ascertained before entering into a contract with him, the representative of the Department stated that although the matter was referred to the Tehsildar, as was the usual procedure, the contractor did not present himself before the Tehsildar to give a statement regarding his financial position. To obviate any dislocation in the service, the Department relaxed the rule in this case and awarded the contract to the contractor without obtaining a certificate from the Tehsildar on the presumption that the financial position of the contractor was sound as he had been given a permit for plying the vehicle. The contractor deposited a sum of Rs. 1,575 as earnest money.

The Committee, however, learnt in reply to a question that the financial position of the contractor had not been ascertained even subsequently.

56. The Committee inquired whether it was not desirable to have arrangements with the State Governments that the persons who were granted permits for plying buses would have to carry mails at certain reasonable rates. The representative of the Department stated that though the Department had approached the Regional Transport Authorities, who had power to enforce the provisions of the Motor Vehicles Act, they were averse to impose such a condition. The result was the P. & T. Department had to pay much higher rates than prescribed by the Central Government. Even in the case of State Transport Undertakings it had been difficult to arrive at an agreement regarding the rates for carriage of mails. The Department had not been able to prevail upon the private operators or the R.T.A. to agree to the subsidy for carriage of mails at the rates fixed by the Central Government.

57. When his attention was drawn to the suggestion made by the P.A.C. in para 64 of their 22nd Report that the Central Government should acquire some enabling powers to compel the private operators to carry mails, the representative of the Department stated that the matter was still under consideration of the Ministry of Transport & Communications.

Telephone Revenue—para 31, pages 44-45—

58. The total amount of telephone revenue outstanding on 1st July, 1960 in respect of bills issued upto 31st March, 1960 amounted to Rs. 153 lakhs (including about Rs. 3.15 lakhs on account of bills of ex-State systems outstanding from the pre-integration periods) out of which about Rs. 83 lakhs related to bills issued during 1959-60. A substantial portion of these outstandings (about Rs. 76 lakhs) related to Government subscribers.

59. The Committee were informed that the total outstandings as on 1.4.61 in respect of bills issued up to 31st March, 1960 had come down to Rs. 75.29 lakhs. The percentage of outstandings as compared to revenue had also come down from 6.3 in 1951 to 2.9 in 1960-61. It was, however, admitted by the representative of the Department that there was scope for further improvement and necessary steps had been taken in this regard.

60. Explaining the steps taken to clear the long outstanding bills, the representative of the Department observed that the Department had been examining each case individually and writing off the dues after proper investigation wherever recovery was not possible. As a result of steps taken by the Department the outstandings in respect of bills issued upto 31st March, 1956 had come down to Rs. 15.42 lakhs on 1.5.60. As regards bills outstanding against Government Departments it was proposed to take up the matter at demi-official level

with senior officers. The time allowed for the payment of telephone bills had also been reduced from two months to 15 days only. The procedure for the prescription of subscribers for non-payment of trunk call bills and for disconnection of telephones had also been tightened up. The telephone revenue account offices had also been decentralised to improve the system of issuing bills. It was also proposed to examine the adequacy of the existing executive organisation for the collection of revenue.

61. Asked about the reasons for the amount of Rs. 50 lakhs outstanding on 1-1-61 against private subscribers who under the rules were to pay the telephone rent in advance, it was stated that there was a time-lag between the issue of bills and the disconnection of telephones. In some cases the dues were outstanding even after the disconnection of telephones. The figure of Rs. 50 lakhs also indicated outstanding rent in respect of circuits, etc.

In reply to a question as to how the Department intended to check up the continuing instances of short recovery and non-issue of bills (amounting to Rs. 9.4 lakhs during 1959-60), the representative of the Department stated that there was already an inspection organisation and efforts would be made to tighten up the inspection.

62. The Committee wanted to know whether the Department had considered the feasibility of having deposits from subscribers in respect of trunk calls. The representative of the Department stated that although such a system existed earlier, it had been abolished recently as it was found expensive and it complicated the accounting procedure. There were also complaints from public. Further there were also difficulties in ascertaining the amount of advance deposit to be taken from a subscriber at the beginning and also in ensuring that the balance of deposit did not go below a fixed limit.

Delay in settlement of accounts with Treasuries in respect of payments into Treasuries—para 33, pages 45-46—

63. All disbursing officers making payments into Treasuries during a month were required to effect reconciliation of such transactions with the Treasuries concerned at the end of the month. Consolidated Treasury Receipts of such payments were to be obtained from the Treasury at the end of the month by the disbursing office and to be sent to Audit soon after the submission of their monthly accounts. In Bihar Circle this was not done by 13 Post Offices and one Engineering Division and in some of these cases the treasury receipts relating to the year 1956-57 were still (September, 1960) pending thereby delaying the reconciliation of transactions amounting to over Rs. 9

crores. Due to similar reasons reconciliation of transactions amounting to over Rs. 5 crores was pending in West Bengal Circle.

64. Explaining the steps taken to improve the position in this regard, the representative of the Department stated that the outstandings were largely due to delay in the treasuries. The matter was taken up with the Finance Secretaries of the Governments of Bihar and West Bengal. As a result, the outstandings in respect of Bihar circle had been wiped out whereas in the case of West Bengal it had come down to Rs. 337 lakhs as against Rs. 5 crores previously. It was added that as a result of the separation of the P. & T. finances with effect from 1.10.60 it will not be necessary to send the consolidated Treasury receipts to the treasuries after that date and therefore, the problem would not arise in future.

The Committee then adjourned till 10.00 hours on 5th July, 1961.

PROCEEDINGS OF THE FOURTH SITTING OF THE PUBLIC
ACCOUNTS COMMITTEE HELD ON WEDNESDAY, THE 5TH
JULY, 1961.

65. The Committee sat from 10.00 to 12.30 hours.

PRESENT

Shri C. R. Pattabhi Raman—*Chairman*

MEMBERS

2. Shri Aurobindo Ghosal
3. Shri Hem Raj
4. Shri R. S. Kiledar
5. Dr. Pashupati Mandal
6. Shri S. A. Matin
7. Dr. G. S. Melkote
8. Dr. N. C. Samantsinhar
9. Pandit Dwarka Nath Tiwary
10. Shri Ramji Verma
11. Shri K. K. Warior
12. Dr. Shrimati Seeta Parmanand
13. Shri V. C. Kesava Rao
14. Shri Mulka Govinda Reddy
15. Shrimati Savitry Devi Nigam
16. Shri Rajeshwar Prasad Narain Sinha
17. Shri Jai Narain Vyas.

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

Shri G. S. Rau, *Add. Dy. Comptroller & Auditor General*
(R).

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

SECRETARIAT

Shri V. Subramanian, *Deputy Secretary.*

Shri Y. P. Passi, *Under Secretary.*

WITNESSES

Directorate General of Posts & Telegraphs

- Shri V. Nanjappa, *Chairman, P. & T. Board*
 Shri M. Dayal, *Member (Posts), P. & T. Board.*
 Shri R. C. Vaish, *Member (Development)*
 Shri S. C. Sen Gupta, *Member (Banking and Insurance).*
 Shri Uma Shanker, *Deputy Director General (T).*
 Shri S. S. Shiralkar, *Member (Finance).*

Ministry of Finance (Deptt. of Economic Affairs)

- Shri R. K. Mukherjee, *Under Secretary.*

*Disposal of outstanding Audit objections and Inspection Reports—
 paras 34-35, page 46—*

66. The total number of objections outstanding in the books of Branch Postal Audit offices at the end of August, 1960 and the money value thereof were 98,707 and Rs. 32.22 crores respectively out of which the number of objections raised during 1959-60 and the amount thereof were 66,157 and Rs. 19.65 crores respectively. Some of the objections dated back to periods from 1943-44. Similarly, the total number of Inspection Reports on the various P. & T. Offices issued by the Audit officers upto March 31, 1960 and the items of irregularities outstanding in the latter's books at the end of August, 1960 were 1125 and 7,825 respectively.

67. Explaining the present position the representative of the Department stated that so far as the audit objections from 1943-44 to 1947-48 were concerned, a few items still left unsettled related mostly to advances of pay and T.A. granted to trainees of T. & D. circle. As the relevant records in these cases were not available the question of writing them off was under consideration. Seven other objections relating to 1947-48 were still under correspondence with Audit. As regards audit objections relating to the period up to 1959-60, the number and value of objections raised upto 1959-60 had come down from 98,707 and Rs. 32.22 crores on 31.8.60 to 67,468 and Rs. 15.52 crores on the close of the accounts for September, 1960. Out of these, the items relating to 1959-60 were 41,000 and their money-value was Rs. 8.12 crores.

68. In evidence, the witness stated that at the last conference of heads of circles the importance of expeditious disposal of audit objections was impressed on them. Routine and technical irregularities should be settled with Audit by discussion on the spot so that

they do not swell the number of outstanding objections. When the Committee wanted to know the number of such technical objections the representative of the Department promised to furnish a note giving a break-up of the audit objections. The Committee were, however, informed by Audit that after the last conference objections worth about Rs. 3-4 crores, which were purely of technical nature, had been settled. For other objections replies were still awaited from the Department.

69. The Committee enquired what action had been taken on their recommendation in the 31st Report (1960-61) regarding the introduction of the procedure followed on the Defence side for the clearance of audit objections. The representative of the Department stated that *ad hoc* Committees for the settlement of these outstanding audit objections would be set up soon. He admitted that there had been delay in the implementation of the recommendation of the Committee.

Postal Life Insurance Fund—para 36, pages 46-47—

70. As in the past, the business of Postal Life Insurance continued to decline. In the case of Civil Wing there had been a fall of about 20.8% in the number of new policies issued during the year and 23.1% in the total sums assured as compared to the corresponding figures of the previous year. In the case of Military Wing also there had been a fall of 13.8% in the total number of new policies issued and a fall of 5.1% in the total sum assured.

71. Explaining the reasons for the decline in the business of P.L.I., the representative of the Department stated that it was mainly due to the nationalisation of life insurance and lack of publicity in respect of the special features of the P.L.I. scheme. As an experimental measure, 4 inspectors had been appointed a few months back and they had been able to secure 3,013 proposals and the total sum assured was about Rs. 63.38 lakhs. It was, therefore, felt that with greater publicity the declining trend in the P.L.I. business could be checked.

As regards the recommendation of the Committee in their 31st Report (1960-61) that the P.L.I. be merged with the L.I.C. the representative of the Department stated that this matter was discussed thread-bare even when the LIC was set up. But it was felt that considering the various facilities given by the PLI scheme it should be kept as a separate entity. Asked whether the matter had been re-examined in the light of the recommendation made by the Committee, the Chairman, P & T Board observed that he would have the matter re-examined at a high level. |

72. Explaining the special facilities provided by the PLI scheme, the representative of the Department stated that the premium rates of PLI were lower than that of the LIC and even in the case of persons in hazardous services, *viz.* army and air force, etc. there was no extra premium payable for the risk involved. The premium could also be deducted from the salary bills of the insured. Further, as the Department had a large number of post-offices which acted as premium collecting agencies for the PLI the Department was in more favourable position than the LIC in extending the benefit of insurance to the rural population—the scheme being open to all Government servants, both Central and State and to semi-Government institutions like municipalities, village panchayats, etc.. Settlement of claims on the maturity of the policies was also effected without difficulty.

Loss in the working of the Radio Branch—Financial review by the D.G.P. & T.—para 2, page 2—

73. The working of the Radio Branch of the Department during the year 1959-60 showed a deficit of Rs. 19.03 lakhs as compared to a deficit of Rs. 5.50 lakhs in 1958-59.

74. Explaining the reasons for the loss in the Radio Branch, the representative of the Department stated that the services rendered by the Radio Branch *viz.* giving information to planes and ships, carrying out monitoring functions and provisions of wireless communications, were unremunerative. These services increased in the year under report resulting in increased expenditure.

Appr. Accounts (P&T) 1959-60.

Stt. of Losses, etc. written off—

(B) Net Gain or Loss on Estimates—pages 63-64—Note 6—

75. During 1959-60, work orders numbering 5,399 were closed in the different Posts and Telegraphs Workshops and a net loss amounting to Rs. 9,98,107 was booked in the accounts under the head "C.I.C.—Net gain or loss on estimates".

76. The Committee were informed that the loss in this case represented the excess of the actual cost of manufacturing the items over the estimates therefor. The main reason for the excess was the rise in the price of raw materials during the period between the preparation of the estimates and the closure of the work orders.

77. The Committee enquired whether the work orders included items of work for other Departments and outside bodies. The representative of the Department stated that only stores worth Rs. 8-10 lakhs had been sold to other Departments. As for orders from outside bodies a special watch was kept on them so as to ensure that no loss was incurred by the Department in executing those orders.

Irregular payment for police escorts for conveyance of Cash, page 88, Note 1—

78. An expenditure of Rs. 5,758 was incurred by a Post Office during January, 1950 to September, 1954 on providing police escorts for conveying cash and stamps from a Post Office to Treasury, on a directive issued by the Superintendent of Post Offices, whereas the contractors were responsible for the safe conveyance of cash.

79. The Committee were informed that the expenditure incurred in this case was due to wrong interpretation of the orders by the Superintendent of Post Offices. The officer had since died. On the advice of the Ministries of Law and Finance no action was taken to recover the amount from the contractor.

Alleged fraudulent encashments of Post Office certificates—page 89—Note 2—

80. During January and February, 1960, National Savings Certificates were fraudulently encashed in a certain Head Post Office on two occasions, resulting in a loss of Rs. 22,500. Police and the departmental investigations were in progress but no arrests had been made till July, 1960

81. The Committee were informed that the case had been closed by the police as untraced. Five officials found responsible for various lapses were punished with a total recovery of Rs. 4,100. Out of 3 other officials against whom departmental action was pending, two had been suspended.

82. When pointed out that during the last few years a series of frauds involving heavy amounts had been committed in the same post-office, the representative of the Department stated that detailed instructions had been issued by the Department based on their experience in these cases and it was hoped that such frauds would not recur. In reply to a question the Committee were informed that the same official was involved in two cases in this post office.

Loss due to non-revision of standard rent of residential buildings owned by the Department, page 106—Note 2—

83. According to the existing rules, standard rent of the residential buildings owned by the Department has to be recalculated on the expiry of five years from the date of last calculation for the purpose of recovery of rent from the employees and the responsibility for periodical reassessment devolves on the Head of the Circle. In U.P. circle, however, such reassessment had not been made for the last two decades. Even though the failure for such reassessment had been pointed out by Audit in 1955-56, the work of re-assessment was still incomplete.

84. In evidence it was admitted by the Chairman of P. & T. Board that it was a bad case and there had been avoidable delay in re-assessment of the standard rent. An enquiry into the reasons for the delay was under way and individual responsibility therefor would be fixed. The Committee were, however, informed that when the matter came to the notice of the P. & T. Board, the P.M.G. of the Circle was asked to undertake the work of re-assessment of standard rent and it had been completed in respect of about 800 buildings. Instructions had also been issued in the meantime to recover rent @10% of the emoluments of the occupants (which is the maximum amount recoverable from Government servants under the rules) in those cases where the standard rent was yet to be revised. In order to safeguard against the recurrence of such cases, it has been enjoined on the Inspecting Organisation through the standard questionnaire form to look into this work at the time of inspection.

It was also stated in extenuation that in most of these cases either the officials were either entitled to free quarters or 10% of the emoluments were recoverable from them. Therefore, the actual loss involved was small.

85. When the Committee drew attention to the fact that certificates regarding the periodical revision of standard rent had been furnished to Audit perfunctorily the Chairman, P. & T. Board, promised to look into it and fix responsibility.

Defective tube-well in a Posts & Telegraphs colony—para 7, pages 121-22—Note 7—

86. A tube-well sunk for the P. & T. colony at Ambala at a cost of Rs. 46,121 went permanently out of order from 6th February, 1958 within a fortnight of its functioning. The expenditure on the replacement of the pump amounted to Rs. 11,600. The new tube-well had not been taken over by the P. & T. for want of suitable technical personnel to work and maintain it.

87. In evidence the Committee were informed that the work of installing the tube-well was carried out by the CPWD. On the failure of the pump the Chief Engineer of the Ministry of Food & Agriculture (Agriculture Department), who was an expert in the work of installation of such pumps was requested to enquire into the causes of the failure of the pump. According to his report (submitted in October, 1960) the major portion of the blame was that of the CPWD but the P. & T. Department also could not be completely absolved of their part in it. The report was discussed by the officials of both the Departments (C.P.W.D. & P. & T.) in December, 1960 and the question of the departmental action against officials concerned was under consideration. The defective pump had also been

sent to an expert firm with a view to examining whether the pump could be repaired at a small cost or in the alternative whether it could be disposed of. The report from the firm was awaited.

88. Giving the reasons for the delay in taking over the new pump the representative of the P. & T. Board stated that as a measure of abundant caution the Department wanted the CPWD to work it for one month before taking over. The new pump had since been taken over on the 20th June, 1961 and its maintenance handed over to the State PWD.

89. The Committee enquired whether there was no guarantee period provided for the first pump and if so, why no penalty was imposed against the supplier for its failure. The Chief Engineer of the CPWD stated that a guarantee period of 3 months was provided in this case. But as the P. & T. Department took it out when it went out of order and re-installed it after some repairs, no action could be taken by the CPWD against the supplier. When asked as to why even the P. & T. Department did not take any action against the supplier, the representative of the Department stated that the matter would be enquired into and the responsibility fixed therefor.

Unnecessary purchase of clock calculographs—page 122, Note 8—

90. During 1958-59, the Department received supplies of 993 foreign-made clock calculographs for use in telephone exchanges against orders placed on two firms in October, 1956 at a cost of Rs. 9.17 lakhs. At the time of placing orders a proposal was under consideration for discontinuing the use of these calculographs and there were 417 such instruments in stock and 575 were expected to be received against previous orders, which were more than three years' requirements, on the basis of average annual consumption of 240 instruments. In February, 1959, the decision was taken to discontinue the use of calculographs from 1st April, 1959, in four major trunk exchanges and gradually in other exchanges also till the present stock was exhausted.

91. Explaining the reasons for placing the orders for calculographs in spite of the proposal to discontinue their use the representative of the Department stated that in 1956 there was a proposal to replace the calculograph in order to save foreign exchange and therefore, the I.T.I. was asked to develop another instrument—clock No. 44—to replace it. However, there was an apprehension that the new instrument might not be supplied in adequate numbers by the I.T.I. in time. Further in 1956, the Department decided to install 1200 additional boards during the Second Five Year Plan and each board required one calculograph. Therefore, taking into consideration the requirements for maintenance and replacement and

future expansion and the time-lag involved in the procurement of stores from abroad, the Department placed orders for the supply of these calculographs. In retrospect, the placing of the order was justified by the fact that the I.T.I. had not been able to supply the equipment to the extent required in time and during the last three years all the imported calculographs except 442 had been used. The remaining stock was sufficient to meet one year's requirements only.

92. When pointed out that the Chief Controller of Telegraph Stores had intimated the requirements of calculographs for annual consumption as 240, the representative of the Department stated that the annual consumption as intimated by the CCTS was for maintenance and replacement only. As the P & T Board was dealing with the planning side, the CCTS was not aware of the requirements for expansion purposes.

93. The Committee pointed out that according to a letter from the Chief Engineer to all the Heads of circles instructions had been issued that no expenditure should henceforth be incurred on repairs to calculographs and that all calculographs which went out of order should be replaced by new one. When enquired as to how many of these calculographs were withdrawn from use without repairs, the representative of the Department stated that generally no calculograph was withdrawn from use unless the cost of repairing it was prohibitive. He, however, promised to submit a note to the Committee in this regard.

Losses of stores, para 14 of Audit Report, page 35—

94. The incidence of loss due to theft of copper wire from the existing alignments continued to be heavy. During the year the amount involved in copper wire thefts was Rs. 10.65 lakhs as against 10.02 in 1958-59 and Rs. 9.63 in 1957-58.

95. 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, where the incidence of copper wire theft was high, to have the law and order situation tightened up. An Act had also been passed increasing the punishment for such thefts. But no substantial results had been achieved so far. The Department was also replacing the copper wire by copper-weld wire as recommended by the D.I.G. of Police specially appointed for recommending measures to check this evil. As part of the measures the overhead lines were being replaced by underground cables.

96. The Committee enquired what action had been taken by the Department to set up its own special agency to prevent such thefts as intimated by the Department to the Committee (1959-60). The representative of the Department stated that on examination it was found that the expenditure involved for having such an agency would not be commensurate with the value of the copper wire lost.

Loss of stores by theft—Note 2—Page 68—

97. A large quantity of stores, recovered from the manual exchanges as a result of automatisation of the telephone system in Calcutta was dumped in an exchange godown, pending disposal. On 2-6-1959, a case of pilferage from stock was reported and a stock-taking undertaken thereafter disclosed shortage of stores worth about Rs. 70,000 (book-value).

98. It was admitted in evidence that it was a bad case. The Committee were informed that disciplinary action against the stock holder was under progress and was expected to be finalised shortly.

Loss of Stores sold to Army, page 62, Note 2—

99. A receipt obtained from the Defence Department for a consignment of stores was, as a result of confusion, misconstrued as relating to another consignment of stores worth Rs. 5,313 despatched in June 1948 to that Department by another C.T.S. The sales bill preferred against the Defence authorities was returned unaccepted in September, 1955 on the ground that the stores in question were not received by them. The stores ultimately could not be traced.

100. The Committee were informed that these stores were not sold to the Army, but were required by them during the period of disturbances in 1948 when they were helping the Department in keeping the lines of communications in working order.

Loss due to damage to costly equipment, Page 121, Note 5—

101. Two teleprinters costing Rs. 5,523 were received in September, 1953 by a sub-Divisional Officer for Telegraph Office, Bhavnagar, and the receipt thereof acknowledged by him without opening the packages and examining the contents. The teleprinters were actually not installed in the office but returned to the stores branch in July, 1954. An inspection of the teleprinters in the telegraph workshops revealed that these were damaged beyond repairs and also some components were missing.

102. The Committee were informed that as a result of technological investigation, it was decided that in order to secure better working of teleprinters only one type of teleprinters should be used in one zone and the teleprinters which were sent to Bhavnagar were returned to Calcutta and were damaged in transit. In the first

instance the C.C.T.S. considered that the teleprinters were damaged beyond repairs. But on re-examination it was found that these could be repaired at a small cost. The teleprinters would be brought into use after repairs.

Closure of work order in P. & T. Workshops, Page 140, Note 2—

103. In March, 1957, the Posts and Telegraphs Workshops Board prescribed time limits of 6 and 9 months for the closure of work orders, relating to line stores item and instrument items respectively. The time limits could not, however, be adhered to in a good number of cases.

104. The Committee enquired the reasons for the non-observance of the time-limit prescribed for the closure of work orders. The representative of the Department stated that in some cases it was not found possible to close these work orders due to delays in securing foreign components, or raw materials. In some cases, owing to the limited capacity of the workshops, work orders had to be kept pending when other urgent works had to be taken up. However, the Department was taking action to close work orders as early as possible. The situation would improve with the setting up of new workshops in other circles also. The possibility of expanding the present capacity of Calcutta and Bombay workshops would also be examined.

Shortage of bags in a Head Post Office—page 89, Note 3—

105. In Bombay G.P.O. there was a discrepancy in the number of postal bags as shown in the invoice (15,500) and as per stock register (10,750) of the Post Office.

106. Explaining the reasons for the discrepancy, the representative of the Department stated that as against an indent of 14,000 bags, the Bombay Store Depot, which was attached to the Bombay G.P.O., despatched 18750 bags but accepted the receipts for 14,000 bags only. Later on, the Depot failed to account for the extra bags satisfactorily. Departmental action was proposed to be taken against the Head Clerk and the joint Head Clerk of the Depot.

107. The Committee enquired the reasons for delay in taking action against the delinquent officials in this case which occurred in 1958. The representative of the Department stated that although the Presidency Post-Master, G.P.O., held an enquiry into this case earlier, the Department was not satisfied with his findings and, therefore, directed the Post-Master General to conduct a fresh enquiry into this case.

The Committee then adjourned till 10.00 hours on Thursday, the 6th July, 1961

PROCEEDINGS OF THE TWENTY-SIXTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON TUESDAY, THE 5TH SEPTEMBER, 1961.

The Committee sat from 16.00 to 16.35 hours.

PRESENT

Shri C. R. Pattabhi Raman—*Chairman.*

MEMBERS

2. Shri Rohan Lal Chaturvedi.
3. Shri R. S. Kiledar.
4. Dr. Pashupati Mandal.
5. Dr. N. C. Samantsinhar.
6. Kumari Mothey Vedakumari.
7. Shri Ramji Verma.
8. Shri K. K. Warior.
9. Shri Mulka Govinda Reddy.
10. Shri Rajeshwar Prasad Narain Sinha.
11. Shri Jai Narain Vyas.

Shri G. Swaminathan, *Additional Deputy Comptroller and Auditor General.*

SECRETARIAT

Shri V. Subramanian—*Deputy Secretary.*

Shri Y. P. Passi—*Under Secretary.*

108. The Committee considered and approved, subject to certain modifications here and there, their draft Thirty-eighth Report on the Appropriations Accounts (Posts & Telegraphs), 1959-60 and Audit Report, 1961.

109. The Committee authorised Shri Rohan Lal Chaturvedi to present the Report to Lok Sabha, in the absence of the Chairman, Shri C. R. Pattabhi Raman. They also authorised Shri Rajeshwar Prasad Narain Sinha to lay a copy of the Report on the Table of Rajya Sabha.

110. *The Committee then adjourned.*

APPENDICES

APPENDIX I

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

Sl. No.	Para No. of Report	Ministry/ Deptt. concerned	Particulars of items	Remarks of Ministry	Comments
1	2	3	4	5	6
1	82	D.G.P. & T.	<p>The Committee would like to be apprised of the development to be effected in the matter of adequate supply of forms to the P. & T. Department as a result of the Report by the Committee set up by the Ministry of Works, Housing and Supply to examine the supply, printing and distribution of forms and Stationery.</p> <p><i>(Further comments of P.A.C. (1960-61)</i></p> <p>The latest position may be intimated to the Committee.</p>	Two Memoranda have been submitted. (Annexure I).	No comments.

Ist Report (2nd Lok Sabha)

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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 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.

The West Bengal Government had issued a notification on 12th April, 1960 under 5158-L. Dev. requisitioning this property under the West Bengal Land Development and Planning Act 1948 (West Bengal Act XXI of 1948). Meanwhile the landlord has filed a writ petition in the Supreme Court praying for the West Bengal Government to be res-

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

[Further comments of PAC
(1960-61).]

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

trained from implementing their Notification on the ground that this would result in payment of much less compensation than what he is entitled to under Requisitions of Land (Continuance of Powers) Act 1947. Besides that, the petitioner has also raised the question that some alterations and damages have been caused to his property for which at the time of original renting, he had been promised some compensation. The case is *sub judice* in the Supreme Court.

Eleventh Report (Second Lok Sabha)

- 3 42 D.G. P. & T. (i) 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

(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.

[Further comments of P.A.C. 1959-60]

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.

A Memo. has been submitted (Annexure II)

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

Twenty-Second Report (Second Lok Sabha).

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|---|----|--|--|----------------------------|--|
| 4 | 14 | <u>D.G.P.&T.</u>
Finance. | 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. | A Memo. will be submitted. | 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. |
| 5 | 27 | <u>D.G.P. & T.</u>
<u>W.H. & S.</u> | The Committee regret to observe that the Inspectorate of the D.G.S. & D. failed in its duty to carry out proper inspection of scales. The Committee are also disturbed to note that the D.G.S. & D. failed to provide a clause in the | | |

contract regarding the guarantee for the performance of these scales and to pursue the matter with the firm to set right the defects in the scales when the complaints regarding their unsuitability were received by them from the P. & T. Department. The Committee would urge that all contracts entered into by the D.G.S. & D. should be drawn up in precise and unambiguous terms providing for all such safeguards.

(Further comments of P.A.C. 1960-61)

The Committee trust that precise instructions have been issued indicating the scope of inspection in such cases where orders have been placed to manufacture indigenously stores which were hitherto imported.

Instructions have been issued to all concerned by the D.G.P. & T. and Ministry of W. H. & S. (Annexure III)).

No comments.

The Committee consider that the P. & T. Directorate was not

A Memo. has been submitted (Annexure IV).

The Committee observe that the P. & T. Directorate

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.

The Committee also note that no decision has yet been taken regarding the disposal of these scales either through the D.G. S. & D. or otherwise. They would suggest that an early decision should be taken to dispose of these scales, which has already been considerably delayed and a report submitted to them in due course.

failed to take any action against the Superintendent concerned between Feb. 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.

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.

1	2	3	4	5	6
7	57	D.G.P & T.	The Committee would like to be informed in due course of the final outcome of the case mentioned in para 17 of Audit Report, 1959.	The Arbitrator has given his award on 15-4-61 holding the contractor entirely liable for the loss of Rs. 1,500/- from the Bombay G.P.O. Treasury Branch on 10-10-57. Further steps to file the award in the Court of Bombay are being taken.	No Comments.
8	63	Do.	(i) 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.	A Memo. has been submitted (Annexure V).	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.
	64		(ii) The Committee suggest that the Govt. should give earnest consideration to the proposal		See para 57 of the Report.

put forth by the P.&T. Department to obviate the difficulties experienced in executing contracts with private operators for carriage of mails.

(Further comments of P. A. C. 1960-61).

The final decision of Government may be intimated to the Committee.

9 66 D.G.P. & T.

The Committee should be informed of the final outcome of the proposals to minimise the delay in the issue of trunk call bills and how far these have helped in improving the situation by the time they next take up this matter.

(Further comments of P. A. C. 1960-61).

The Committee would like to watch the position through future Audit Reports.

The observation of the No comments. Committee has been taken note of.

10 71 Do.

The Committee suggest that to save time the question of recovery of the arrears of rent for telegraph and teleprinter circuits from other Govern-

ment Departments may be dealt with at a high level inter-ministerial meeting which should be attended by the representative of the associate Finance also. As regards the dues from Newspapers and 'other parties' Department should take recourse to the relevant penalty clauses in the contract form and enforce recovery from all defaulters as early as possible.

(Further comments of P. A. C. 1960-61).

The Committee would like to watch the position through future Audit Reports.

The observation of the Committee has been taken note of. No comments.

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 sus-

The liquidation proceedings are still not over.

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

tained 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.

Thirty-first Report (Second Lok Sabha)

12 5 (Intro) Transport &
Comm./D.G.
P. & T.

The Committee feel that in an Organisation like the P & T Department with a network of offices handling thousands of transactions involving cash, strict observance of the prescribed rules and regulations is of great importance. While, in their opinion, the rules and regulations are so devised that they contain certain build-in safeguards against possible frauds, their strict observance will throw up quickly such frauds. As regards supervision, the Committee were informed that the supervisory staff in charge of Post Offices has been augmented with a view to tightening up the control. While the Committee welcome this, they feel

See remarks against Serial No. 23.
No comments.

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that deterrent action is called for against those who are found guilty of laxity in supervision if the number of frauds is to be reduced.

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|----|-----------|-----------------------------------|--|---|--|
| 13 | 6 (Intro) | Transport and Comm./D. G. P. & T. | 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. | A memo. has been submitted (Annexure VI). | 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. |
| 14 | 4 | D.G.P. & T. | The Committee were given to understand that the P. & T. Department had been advised | A memo. has been submitted. (Annexure VII). | No comments. |

of a cut of Rs. 12 crores for the plan outlay earmarked for the year 1958-59 as early as in May, 1958 (within a couple of months of the commencement of the financial year). It is disappointing that the P. & T. Department, as a commercial department should have taken such a long time in rephasing its development programme for the year.

15	6	D.G.P. & T.	The Committee welcome the proposal for the setting up of a separate wing of the C.P.W.D. for the execution of the P. & T. works exclusively. They trust that there will be sufficient work for the proposed wing of the C.P.W.D. all the year round.	The observations of the Committee have been taken note of.	No comments.
16	9	Do.	The Committee trust that the revised target date for the completion of the Co-axial Trunk Cable Project will be adhered to by the Department.	The observation of the Committee has been taken note of.	No comments.
17	11	Do.	The Committee cannot help observing that the case dealt within para 23 of Audit Re-	The observations of the Committee have been taken note of.	No comments.

port is a typical case of bad planning which has led to unnecessary locking up of capital on equipment.

- 12 D.G.P. & T. (ii) The Committee trust that the construction of the building will now be expedited to prevent deterioration of the equipment by long storage, and to minimise losses.

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Do.

The Committee are concerned at the delay in the disposal 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.

Suitable instructions have been issued to all concerned. (Annexure VIII).

The Committee regret to observe from a note separately submitted to them (Annexure IX) 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 8,205 pounds of copper wire was lost as a result of theft. In their opinion had the matter been referred by either of the

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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.

- 19 19 Do. The Committee are concerned that the delays referred to in this para should have occurred in a commercial department like the P. & T. Department. Instructions have been issued to all Heads of Circles & Divisional Engineers. (Annexure X). No comments.
- 20 Do. (ii) 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 memo. will be submitted. Note awaited.

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20	26	D.G.P. & T.	The Committee regret to state that despite their repeated observations in the past and the departmental instructions pursuant thereto such omissions and delays as mentioned in this case continue.	Instructions have been issued to all concerned. (Annexure XI).	No comments.
21	29	Do.	In the Committee's opinion, the action of the General Manager, Workshops in insisting upon continuance of production despite the instructions of the indentor to the contrary clearly lacked justification. The Committee also understand that out of the total outlay of Rs. 2.25 lakhs (approx.) for the bulk of the orders placed by the Controller of Telegraph Stores, an amount of Rs. 28,000 only had been incurred by the P. & T. Workshop by the end of 1951-52. The plea that stoppage of manufacture would have upset the Workshop's production programme, is therefore, unconvincing. It has been admitted	Instructions have been issued to the Chief Controller of Stores and the General Manager, P. & T. Workshops, Calcutta (Annexure XI A-XI B).	No comments.

that progress of this work was slow because of pressure of other urgent work. If so, it would have been more prudent to stop further production at least in 1954 on the receipt of the second cancellation order. The action of the General Manager, Workshops, has resulted in accumulation of unwanted goods. The Committee consider that the Stores Organisation is also not free from blame in so far as its progressing of demands left much to be desired. They, therefore, desire that the P. & T. Board should impress on the Workshops and the Stores organisation the necessity of a close watch on the progress of work and indents respectively so that such instances do not recur.

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Do.

The Committee note the reduction in the number of discrepancy statements in the stores depots and desire that the settlement of discrepancies be further expedited, for delay in investigation and disposal of discrepancies in stores leads

The observations of the Committee have been taken note of.

No comments.

to the possibility of continuance of irregular practices and consequent losses to Government. Action against persons responsible for shortages may prove difficult with the efflux of time. In this connection the Committee would again invite the Department's attention to their recommendation in para 62 of their 22nd report (First Lok Sabha).

23

37 D.G.P. & T.

The Committee regret to note the increase in the incidence of cases of defalcations and loss of public money for a high proportion of which the employees of the Department were responsible as in the past. They consider that apart from action against the delinquent officials for criminal offences, deterrent action should be taken against those who are found guilty of violating the prescribed rules and regulations for not exercising the prescribed checks.

Instructions have been issued to all Heads of Circles. (Annexure XIII).

No comments.

24	42	Do.	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. will be submitted.	Note awaited.
25	45	Do.	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. will be submitted.	Note awaited.
26	48	Do.	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	A memo. will be submitted.	Note awaited.

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.

27 : 53 D.G.P. & T.

The Committee did not get any satisfactory reply for the delay in the installation of meters both for recording consumption for official use and that consumed in residential portions. They, therefore, desired to be

A memo. has been submitted. No comments.

(Appendix III, 31st Report
1960-61).

			furnished with a note in this regard. The note is still awaited.	
28	57	Do.	The Committee are concerned to note that despite their repeated comments and the instructions issued by the D.G. P. & T. in October, 1957 emphasising the importance of prompt disposal of Audit objections, the number of outstanding Audit objections continued to be fairly large. They suggest that the Department might in consultation with Audit consider the feasibility of adopting the procedure that is being followed on the Defence side for clearing the old outstanding objections expeditiously.	The suggestion of the Committee has been taken note of. See para 67 of the Report.
29	59	Do.	The Committee observe that the case mentioned in this para is another instance of undue delay in taking disciplinary action against delinquent officials which has been repeatedly commented upon by the Committee.	The observation of the Committee has been taken note of. No comments.
30	63	Do.	The Committee are not satisfied with the progress in realisation of arrears (amounting to Rs.	The observation of the Committee has been taken note of. No comments.

21.40 lakhs on 1st January, 1960 relating to bills issued upto 31st March, 1956) relating to earlier years. While the Committee would like to stress the imperative need to effect prompt recoveries of current dues and accelerate the recovery of arrears, they feel that the Department should now make a realistic assessment of its outstandings.

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D.G.P. & T.

The Committee feel that with the nationalisation of life insurance the Postal Life Organisation has become a duplicate organisation. It will be advantageous to transfer the administration of PLI to LIC as it will result in economy and secure better administration of Postal Life Insurance Fund. The facility of deduction of premia from monthly salaries can be continued in respect of existing subscribers to PLI and the question of extending it to all the constituents of LIC may be examined.

A memo. will be submitted to the Committee.

See para 70 of the Report.

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ANNEXURE I

Ref. S. No. 1 of the Statement

Memo. No. 25-7/61-MI

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT & COMMUNICATIONS,

(DEPARTMENTS OF COMMUNICATIONS AND CIVIL AVIATION),

(Posts and Telegraphs Board).

Dated at New Delhi the 27th May, 1961.

SUBJECT:—*Installation of Rota Print Machines in various P. & T. Circles.*

1. In serial No. 1 of Appendix I to their Thirty-first Report 1960-61, the Public Accounts Committee have desired to be informed about the latest position of the case.

2. In the P. & T. Board Memo. No. 25-7/60-MI dated the 31st December, 1960, (not printed) the Committee were informed of the P. & T. Board's intention that it was desirable to supply Rota Print Machines to the Circles on pool basis and that the requirements of paper for the Circles, the types and quantities of forms to be printed on these machines might be worked out and the Board approached for taking a final decision. The Public Accounts Committee were further informed that the Director General, Posts and Telegraphs had discussed the matter with the Chief Controller of Printing and Stationery, India and it was being further pursued in consultation with him in the light of the discussion.

3. The matter was further examined in consultation with the Chief Controller of Printing and Stationery, India, and it was estimated that in all 6 Rota Print Machines would be required for distribution among the Circles on pool basis for undertaking printing of about 150 loose essential forms as well as non-essential forms which could be conveniently printed on these machines. One such machine is already in use in the West Bengal Circle Office, Calcutta.

It was therefore proposed to instal 5 new Rota Print machines on a pool basis to serve the various units as below:—

<i>Station.</i>	<i>Circles/Offices to be catered.</i>
Calcutta.	West Bengal and Assam Circle, General Manager, Telephones, Calcutta, General Manager, P. & T. Workshops, Calcutta and Chief Controller of Telegraph Stores, Calcutta.
Madras.	Madras Circle, Mysore Circle and District Manager Telephones, Madras.
Bombay.	Bombay Circle and General Manager Telephones, Bombay.
Hyderabad.	Andhra, Central and Orissa Circles.
Lucknow.	U.P. and Bihar Circles.
Delhi.	Delhi, Punjab, and Rajasthan Circles, and General Manager Telephones, New Delhi.

Together with the above machines, one cutting machine to each unit, which is an essentiality, was also proposed to be supplied.

4. The Posts & Telegraphs Board have since (18-3-61) approved of the purchase of five Rota Print machines and five cutting machines for use on a pool basis and action is being taken for their supply.

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

Sd./- M. DAYAL,
Member (Posts),
Posts and Telegraphs Board.

ANNEXURE II

Ref. S. No. 3 of the Statement

No. 15-1/61-WK

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT & COMMUNICATIONS,
(DEPARTMENTS OF COMMUNICATIONS AND CIVIL AVIATION),
(Posts and Telegraphs Board).

Dated at New Delhi the 22nd June, 1961.

MEMORANDUM

SUBJECT: *Cost Accounting in P. & T. Workshops—Introduction of Incentive Scheme and its working.*

In serial No. 8 of Appendix I to their 31st Report 1960-61, the P.A.C. hoped that the problems connected with the introduction of the Incentive Scheme would be resolved early and wanted that they may be apprised of the working of the Scheme in due course.

2. To begin with, it has been decided to introduce the Incentive Scheme in the following shops as soon as adequate quantity of raw materials has been built up:—

- (1) Iron Foundry of the Calcutta Telegraph Workshops, for foundry castings.
- (2) Tube making and galvanising shops of the Jabalpur Telegraph Workshops, for tubes.
- (3) Cordage and Cord making shops and all shops and sections connected with Switch Board manufacture in the Bombay Telephone Workshops.

In November and December, 1960 there was an unforeseen Railway transport bottleneck when normal requirements of coal, coke and pig iron at Calcutta and acid at Jabalpur were not forthcoming. Supply of imported Mild Steel sheets for Jabalpur Workshops was delayed. Some of the raw materials in sufficient quantities have since been received. However, one or two essential items required for the introduction of the scheme are still in short supply. The

Scheme will be introduced on receipt of these items and P.A.C. will be apprised of its working in due course. The details of the incentive scheme are given in Enclosure to this Memo.

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

Sd./- R. C. Vaish,
Member (Development).

ENCLOSURE

Proposed Incentives Scheme for the Iron Foundry of Calcutta Workshops

It is proposed to introduce an incentive scheme in the Iron Foundry for improving efficiency and achieving higher production which will provide additional remuneration to the workers of the Foundry Shop.

2. It is proposed to be introduced in the Iron Foundry as a Pilot Scheme on experimental basis.

3. The scheme is based on the existing working conditions, working hours and methods of production. A change in any of these factors will naturally call for a revision of the scheme.

4. The proposed scheme covers all industrial employees of the Iron Foundry. The following are the salient points:

- (i) The extent of incentive payment each month will be based on the actual physical production turned out by the Foundry as a whole and passed by the Workshops/Sr. Elec. Engineer's Inspection. The payment will be made during the 3rd week of each month following the one for which it has been calculated.
- (ii) These workers, whose time is booked directly in the manufacturing process, *viz.*, Fettleers, Core Makers and Moulders, will be treated as direct workers while others who also contribute towards the completion of the job but whose time is not directly booked to the job, will be treated as indirect workers, *viz.*, Chargemen Sircars, Crane Drivers, Masons, Fitters General, Progressmen Gr. II, Cupola Mistry, Foundry Mistry, Foundry Cutters, Construction Assemblers, Counters, Put-out men, Tindals, Weighmen, certain Mazdoors and Inspection staff connected with the Foundry shop Production.
- (iii) Incentive earnings will be calculated @ the starting basic rate for each category of direct workers.
- (iv) The average production for the calendar year 1950 will be taken as the base for reference. The total production of various items during this period has been converted into a common unit, *i.e.*, points on the basis of standard

time for each item as assessed by Messrs. IBCONS and further checked up by Shri A. Melle and the Workshops Time Study Engineers.

5. Any proportionate increase in production in any month will be taken into account for incentive payment. In general, the direct workers will get the benefit of 1/3rd share of increase in proportionate production upto 50 per cent increase in production. For any increase in production over 50 per cent their share will be 1/2 of the increase in production. The incentives earnings of indirect workers will be 50 per cent of what the direct workers get.

6. While calculating the actual incentive earnings of a worker, his attendance during the month will be duly considered. The individual incentive earnings for any percentage increase in production will be multiplied by the attendance ratio, (which is defined as **the number of hours worked by the worker divided by total available working hours in the month**).

7. The management reserve the right to change the rate of incentive from time to time.

8. The management will have the right to transfer the workers from one category to another according to work-load by giving suitable training, if necessary.

9. Loading of jobs on the foundry shop will be entirely at the discretion of management. If, for any reason such as lack of orders, shortage of materials, tools breakdown etc. the work-load does not warrant operation of the incentives scheme, the management has the right to withdraw the scheme or suspend it for such period as may be considered necessary.

ANNEXURE III

Ref. S. No. 5 of the Statement

INDIAN POSTS AND TELEGRAPHS DEPARTMENT
Office of the Director-General of Posts and Telegraphs

To

All Heads of Circles.

No. 35/16/61/M-II

Dated at New Delhi, the 28th March, 1961.

SUBJECT: *Inspection of articles received through D. G. S. & D. by the consignees.*

Cases have been brought to the notice of the Director-General wherein required inspection of articles received against the Director-General of Supplies & Disposals acceptance of tenders has not been carried out by the consignees with the result that Government have sustained a considerable loss. With a view to avoid such losses in future it has been decided that all the articles received by you from the suppliers against the Director-General of Supplies & Disposals acceptance of tenders should be inspected by the gazetted officer of your Circle in respect of following:—

- (i) The store should be checked immediately on its receipt to determine that quantity of store tallies with the quantity indicated in the A/T and Railway receipt.
- (ii) Whether the store conforms to the particulars specified in the acceptance of tender and is in good condition.
- (iii) The receipt of the store should be checked with the details furnished in the Inspection Notes or annexure thereto to be submitted to him directly by the supplier or contractor as proof of acceptance of stores by the inspection authorities. Uninspected stores by the inspection authority of D.G., S. & D. should not be accepted on any account.

2. Special care may be taken to ensure thorough scrutiny of stores for which orders have been placed to manufacture indigenously which were hitherto imported.

3. After having carried out the inspection in the manner as suggested above if you are satisfied that the store is unacceptable, you have the right to reject the same. This right should however be exercised within 2 weeks time from the date of receipt of stores as delay may lead to legal and financial implications. It is also requested that for rejection of articles necessary documentary proof i.e. reasons for rejection of store should be made available for meeting the challenge from the supplier in case of disputes.

A copy of these instructions should please be kept on the order book of the postal stock depot and compliance reported.

Sd/- N. Chidambaram,
Director Postal Technical.

Instructions issued by the Directorate General of Supplies and Disposals to their Inspectorate vide their Memorandum No. IC-1/440 (1), dated 25th February, 1961 regarding inspection of articles

In a recent case where order was placed for the purchase of weighing scales, which were inspected by a DGS & D Inspector, but subsequently rejected by the Consignee, the Public Accounts Committee have observed that the Inspectorate of DGS & D failed to carry out proper inspection of the scales, which resulted in a loss of public funds.

Prior to the contract in question, the scales were imported and Inspection Wing carried out functional tests to verify the test certificate of the manufacturers. In order to encourage development of indigenous capacity, the order in question was placed on a firm in Calcutta. But unfortunately the Inspector adopted the same method of inspection as in case of imported store; even though the precise instructions about the scope of inspection of indigenous stores exist in para 381 of the DGS & D Manual.

According to the existing instructions, Inspecting Officers have to carefully assess the capacity of the firm in the context of skilled labour, machinery etc. available with them and thereafter process the trial orders right from the stage of collection of raw material till the report of the consignee regarding the suitability of the finished products. All the Inspecting Officers may be informed that they should keep the above instructions in mind while inspecting the indigenously manufactured stores which were hitherto imported.

Sd/- U. S. Savakoor,
for Dy. Director General (Inspection).

ANNEXURE IV

Ref. S. No. 6 of the Statement

No. 2-6/60-MII

MINISTRY OF TRANSPORT AND COMMUNICATIONS
(Department of Communications and Civil Aviation)
(Posts and Telegraphs Board)

New Delhi the 7th January, 1961.

OFFICE MEMORANDUM

SUBJECT.—Infructuous expenditure in the purchase of weighing scales.

The Public Accounts Committee have observed that although the Head of a Circle reported to the Directorate in April, 1949 regarding the unsuitability of these scales for post offices and R. M. S. Sections 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 have desired that this matter should be investigated further and responsibility fixed for this lapse which resulted in loss to Government. The Committee have also noted that no decision has yet been taken regarding the disposal of these scales either through the D.G.S. & D. or otherwise and have suggested that early decision should be taken to dispose of these scales which has already been considerably delayed, and a report submitted to them in due course.

2. In regard to the delay in the cancellation of the outstanding supplies or the stoppage of further supply against the pending indents of Auto Scales the position is explained below:—

Two indents for a total of 99 Auto Scales were placed on the D. G. S. & D. The first indent for 10 Scales was placed on 20-11-47. The acceptance of tender for this indent was issued by the D.G.S. & D. on the 29th June, 1948. The second indent for 89 Auto Scales was made on 20-10-48 and the acceptance of tender for this was issued by the D.G.S. & D. on 3/10-12-48. In compliance with the first indent,

4 scales were inspected and passed by the D.G.S. & D. on 16-12-48 and 6 on 11-4-49. In compliance with the second indent 5 scales were inspected and passed by the D. G. S. & D. on 11-4-49. All these scales were for the Bombay Circle. In his letter dated 27th April, 1949 the Postmaster-General, Bombay reported that the cheap substitute for Avery Scale viz. Auto Scale was not found suitable for the Post Offices and R. M. S. Sections as the suppliers had no branches or agents at Bombay and that it was not possible to unpack and erect the scales at site and maintain them. The Postmaster-General, Bombay further reported that other firms in Bombay were not prepared to do the work, and that the 4 Auto Scales received in compliance with the first indent were lying unused because the post offices to which the scales had been supplied could not remove the mechanical packings in the scales and that the scales had also been damaged in transit. He enquired whether the suppliers could arrange for unpacking and erecting them at site without any extra charges and if not whether Avery Scales were to be indented as usual. A copy of this letter was forwarded by the Director of Postal Services in the P. & T. Directorate on 28-5-49 to the D. G. I. & S., New Delhi requesting the D. G. I. & S. to intimate whether the suppliers of Auto Scales would arrange for unpacking and erecting the scales at site without any extra charges. In this letter attention of the D.G.I. & S. was also invited to his earlier letter in which the D. G. I. & S. had written to the suppliers that the scales despatched by them to the Postmaster-General, Bombay were reported to have been received in damaged condition and that in accordance with the terms and conditions of the acceptance of the tenders consignees concerned should receive the stores in perfect condition, and wherein the D.G.I.&S. further asked the suppliers to take necessary steps to set the scales in order to enable the consignee to make use of them. The Directorate reminded the D.G.I.&S. on 16th July, 1949 to send an early reply. No reply was, however, received.

3. The Postmaster-General, Bombay had also taken up the matter direct with the D.G.I.&S. as well as with the suppliers. From a copy of the letter addressed on 28th May, 1949 to the suppliers by the Postmaster-General, Bombay it is seen that the suppliers had agreed to depute one of their mechanics to Bombay for unpacking, erecting at site, setting the scales supplied in working order. In a letter dated 17th October, 1949 addressed to the D.G.I.&S., New Delhi the Postmaster General, Bombay informed the D.G.I.&S., that a mechanic from the suppliers had come to Bombay on 14th June, 1949 and made efforts to unpack, erect at site and leave all the 15 scales supplied by them in working order, but could not bring any scale into proper working order. The Postmaster-General further reported that the mechanic could set only some of them which worked for a

day or so at the most and that he left on 28th June, 1949 and never returned, and that though the representative of the firm who had called on his office had promised to station a mechanic in Bombay for attending to the scales whenever required, he had left on 28th June, 1949 without leaving any address. In this letter the Postmaster-General, stated further that the firm had not responded to his letter dated 20th July, 1949 and reminder dated 4th August, 1949. He also pointed out that all the 15 scales supplied were unsuitable and were not required by the Department. The D.G.I.&S., informed, under his letter dated 23rd November, 1949 addressed to the Postmaster-General, Bombay that his office was not concerned with the question of the unsuitability of the scales supplied and that the removal of the mechanical packing and erection of the scales amounted to service at destination, which was not provided for in the contract and that in the absence of a provision to that effect in the contract the firm could not be bound down to do the service. A copy of this letter was endorsed by the D.G.I.&S. to the P.&T. Directorate, in which it was explained that no provision for unpacking and erection of scales at destination was made in the contract and the supplies were made after due inspection of the scales by the Director of Inspection, Calcutta, and that the firm could not be held responsible at that stage for the unsuitability of the scales as reported by the Postmaster-General, Bombay. The D.G.I.&S. further enquired whether on account of the difficulties experienced by the consignees in unpacking and erection of the scales for want of suitable assistance from the firm the P&T Department was still interested in supply of the quantities outstanding for delivery against the contract. In reply to this endorsement the P&T Department was still interested in supply of the quantities outstanding for delivery against the contract. In reply to this endorsement the P&T Directorate informed the D.G.I.&S. on 29th December, 1949 that a further communication would follow regarding the cancellation of the outstanding quantity of scales. In respect of the scales supplied to the U.P. Circle, the Postmaster-General, Lucknow was addressed by the P. & T. Directorate on the 29th December 1949 enquiring whether the scales supplied to him had been brought into use and were working properly and also whether that Circle was still interested in the supply of the outstanding quantity or whether the orders should be cancelled in view of the intimation given by the D.G.I.&S. A letter had also been addressed on 28th December 1949 to all the Heads of Circles to whom the supply of the Auto Scales was to be made in accordance with the indent placed on the D.G.I.&S. in which it was *inter alia* stated that on account of the Postmaster-General, Bombay's complaint about the unsuitability of these scales and non-availability of facilities for their installation and maintenance and also on account of the need for economy in expenditure the pend-

ing indents were being treated as cancelled. All these letters dated 29th December, 1949 and 28th December 1949 were signed by the then Superintendent of the Section, without putting up the file to any higher officer. A reply was received from the Postmaster-General Lucknow under his letter dated 2nd February, 1950 stating that as most of the offices had complained of the unsuitability of the scales and experienced difficulties in removing the mechanical packing and installing the scales, the orders for the outstanding scales might be cancelled. Accordingly, the D.G.I.&S. was addressed on 23rd February, 1950 to cancel the order for outstanding scales against the requirements of the Postmaster-General, Lucknow. The orders for outstanding scales were cancelled by the D.G.I.&S. on 21st March, 1950.

4. By the time the Postmaster-General, Bombay reported in April, 1949 regarding the unsatisfactory working of the scales, 15 scales had already been supplied to Postmaster-General, Bombay. Between April, 1949 and November, 1949 when the endorsement dated 23rd November, 1949 of the D.G.I.&S. enquiring whether the orders against the outstanding quantity of scales should be cancelled was received, the Department had already received 34 scales more. After November, 1949 and before February, 1950, 24 scales more were received by the Department. If cancellation had been made immediately on receipt of the endorsement from the D.G.I.&S. in the month of November, 1949 the supply of only these 24 scales would have been stopped. On the basis of the letter dated 27th April, 1949 of the Postmaster-General, Bombay no action could reasonably have been taken by the P.&T. Directorate for cancellation of the outstanding supplies of the scales unless it was established that the scales were beyond repair. The relevant portion of the letter of the Postmaster-General reads as follows:—

“The scales are found not suitable in post offices and R.M.S. sections in Bombay Circle as the suppliers have no branches or agents at Bombay and hence it is not possible to unpack, erect at site and maintain them. Under these circumstances, kindly let me know whether the suppliers can arrange for unpacking and erecting them at site without any extra charges and if not Avery Scales will have to be indented for this Circle as usual”.

It will thus be seen that at that stage it was not fully established that the scales were beyond repair. It was only after the receipt of the reply dated 23rd November, 1949 from the D.G.I.&S. enquiring whether the Department was still interested in the supply of the

quantity pending delivery against the contract, in view of the difficulties felt by the consignees in unpacking and erection of the scales for want of suitable assistance from the suppliers, that the P.&T. Department could have taken action for the cancellation of the outstanding supplies. However, when the Heads of Circles were addressed by the P.&T. Directorate on 28th December, 1949 informing them that the pending indents should be treated as cancelled due to the unsuitability of the scales, it would have been possible for the P.&T. Directorate to address the D.G.I.&S. also at the same time or earlier or immediately after the receipt of the endorsement dated 23rd November, 1949 requesting him to cancel the outstanding supplies. As stated earlier, the letter dated 29th December, 1949 to the D.G.L.&S. stating that a further communication regarding the cancellation of the outstanding supplies would follow and the letter dated 28th December, 1949 to the Heads of Circles stating that pending indents for Auto Scales were being treated as cancelled, were issued by the then Superintendent of the Section, without bringing the matter to the notice of any higher officer. He retired from service on 16th July, 1953. Further the Director of Postal Services to whom the letter dated 27th April, 1949 of the Postmaster-General, Bombay was put up also retired from service on 30th December, 1951. It will, therefore, not be possible to take any disciplinary action against any of them at this stage. It may however, be added that now the procedure laid down in the Central Secretariat Manual of Office Procedure regarding the perusal of Dak by Section Officers and Branch Officers is being followed so that important receipts receive due attention of the officers at the appropriate levels.

5. Regarding the disposal of scales, technical advice on the constructional features of the scales was obtained from the experts of the National Physical Laboratory who advised that scales were not sufficiently robust in construction and some vital parts like the knife edges, links etc. were rather flimsy and that it would be not economical to modify and repair them as the cost for making alterations would be high. The D.G.S.&D. was, therefore, addressed on 20th January, 1958 to institute thorough investigation into this matter and advise regarding the disposal of the scales. After issue of a number of reminders in the matter, the D.G.S.&D. in his U.O. dated 5th December, 1958 intimated that the A/T in question was placed some time in 1948 and the files relating to the subject, A/T of his office as well as those of the Director of Inspection, Calcutta who inspected the stores, had been destroyed. In view of this he could not offer definite comments on the case. He was, however, of the view that the scales in question might have become defective

mainly due to damage in the transit. D.G.S.&D. suggested in his U.O. note dated 5th December, 1958 that the D.G.P.&T. might consider the question of declaring the stores as surplus in accordance with the existing arrangement for disposing them of. As it was felt that a thorough enquiry should be made before the scales were disposed of the matter was taken up at a high level. The D.G.S.&D. was requested to look into the matter personally, with the help of the relevant records available in the P&T Directorate to have a thorough investigation carried out. The officers of the D.G.S.&D. personally came to the P&T Directorate and examined the concerned files. The P&T Directorate had been regularly sending reminders to the D.G.S.&D. for his report in the matter. An interim reply received from him dated 13th April 1960 was to the effect that the matter was being looked into and that a further communication would follow.

6. This note has been shown to the Ministry of Works, Housing and Supply who have examined it in consultation with the D.G.S.&D. In a reply dated 14th September, 1960 to this note the Ministry of Works, Housing and Supply have reiterated the views communicated in D.G.S.&D. U.O. note dated 5th December, 1958 in which the D.G.S.&D. had suggested declaring the stores as surplus in accordance with the existing arrangements for purpose of disposal. The Ministry of Works, Housing and Supply have further added that the subsequent correspondence which took place between the P&T Directorate and the Miscellaneous Stores Directorate of the D.G.S.&D may be treated as having no bearing on the question of the unserviceable stores. Accordingly action has been taken to declare the unserviceable scales as surplus stores for disposal through the D.G.S.&D.

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

(Sd.) V. NANJAPPA,
Chairman, P. & T. Board.

ANNEXURE V

Ref. S. No. 8 of the Statement

No. 1-39/60-D

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT AND COMMUNICATIONS

(Deptt. of Commns. & Civil Aviation)

(Posts and Telegraphs Board)

New Delhi, the 6th May, 1961.

SUBJECT.—*Absence of agreement for conveyance of mails owing to delay in finalisation of form of contract.*

In serial No. 34 of Appendix I of the Thirty-First Report of P.A.C., 1960-61 (Second Lok Sabha) the Committee observed:—

34 (i) Finalisation of the formal agreement with the operators may be expedited and a report submitted to the Committee.

(ii) The final decision of Government may be intimated to the Committee.

The position with regard to each item is indicated below serially:—

(1) *Serial 34 (i) of Appendix 'I' to Thirty First Report of P. A. C. 1960-61 (Second Lok Sabha)*

The draft forms have been examined by the Ministry of Law and the same have been sent to the Ministry of Transport and Communications (Deptt. of Transport) for their concurrence or comments as the case may be on 6-1-61. After receipt of the forms from the Ministry of Transport & Communications, (Deptt. of Transport), the same will be shown to the Associated Finance Branch and finally accepted. In the mean-time the recommendation of the Government of Madras relating to amendments to certain clauses in the agreement forms have been examined and the Postmaster-General, Madras asked on 4-11-60 to communicate the views of the P. & T. Department to the Government of Madras. The Ministry of Transport & Communications (Department of Transport) have also been informed about the views of the P. & T. Department in this regard on 26-11-60.

(2) *Serial 34 (ii) of the Appendix I ibid.*

In reply to the request for amendment of the Motor Vehicles Act for grant of powers to the Central Government enabling them to compel the private operator to carry mails on a subsidy fixed by the Central Government, it was stated by the Ministry of Transport and Communications that the Eighth Conference of the State Transport Undertakings held at Bangalore in April, 1960 had appointed a Special High Powered Committee under the Chairmanship of the Transport Secretary, to the Government of India, to go into the question of fixation of rates for the carriage of mails by the State Transport Undertakings and other points of dispute between the undertakings and the Posts and Telegraphs Department. It was also decided that as soon as the rates are finally decided on the basis of the decision of the said Committee, the State Governments would be requested to make the rates applicable to private operators as well.

3. The Committee has given its decision, that the rate for carriage of mails would be passenger fare of the lower class divided by 165 per pound of mails which also covers responsibility for the carriage of mails by the operators and the Ministry of Transport and Communications have communicated the same to the State Governments on 9-8-60. Most of the State Governments not having accepted the decision of the said Committee, the matter is under reconsideration of the Ministry of Transport and Communications. In the meanwhile, there have been more cases where carriage of mails had to be continued without formal agreement, as the rates of subsidy fixed by the Regional Transport Authorities were in excess of the P. & T. standards and the State Governments/State Transport Authorities have not interfered with the decisions of the Regional Transport Authorities.

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

Sd/-

M. Dayal,
Member (Posts),
P. & T. Board.

ANNEXURE VI

Ref. S. No. 13 of the Statement

No. 20-20/59-INV

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT & COMMUNICATIONS

(Departments of Communications & Civil Aviation)

(Posts and Telegraphs)

Dated at New Delhi, the 29th June, 1961.

SUBJECT.—*Compensation for losses.*

At serial No. 2 of Appendix IV to the Thirty-first Report of the Public Accounts Committee, 1960-61 (Second Lok Sabha), the Committee apprehended 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 articles insured. They desired that the Department should give consideration to this aspect of the matter and devise remedial measures. They also felt that where the amount of insurance was greater than the intrinsic value of the articles, launching of prosecution will have a deterrent effect.

2. The question of prohibiting under-insurance of articles, specially by banks, has been examined by the Department several times in the past, but *status quo* was not disturbed for the reason that if under-insurance was completely prohibited, it would hamper trade, finance, and commercial activities. It was also felt that this would mean curtailment of the existing facilities.

The question of over-insurance was referred to the Ministry of Law for their advice on the question of prosecution of the persons, who over-insure their articles. Ministry of Law opined that while it was possible to prosecute a person, who over-insures an article sent by him, for cheating under Section 420 of the I. P. C., provided the ingredients of Section 415 of I. P. C. were satisfied, it was not possible to resort to prosecution in cases where the difference in the value insured and the actual value of contents was reasonably small and the party insuring the article had rounded off the amount. It may also be stated that number of such cases brought to notice is very small.

3. With a view to ensuring that articles are insured for their actual value, the following proposals are under consideration:—

- (i) Amending Rule 72 of the I.P.O. Rules, so as to include currency notes also in proviso 2 of this rule. This would make it obligatory for the senders of insured articles to ensure that such articles containing currency notes are insured for their actual value.
- (ii) Prescribing a declaration from the senders regarding the actual value of the contents currency notes are sent under insured post. Such a declaration is at present required to be given only in the case of insured articles containing gold, coins or bullion. This step will enable the launching of prosecution of the senders under Section 64 of the I.P.O. Act, whenever the declarations given by them are proved to be false.
- (iii) Amending Rule 81(g) of I.P.O. Rules, to include insured articles containing currency notes. This would ensure that no compensation is paid to senders of insured articles containing currency notes, where they are not insured for the actual value.

The Committee will be apprised of the result of this examination in due course.

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

Sd/- (M. DAYAL)

Member (Posts),

Posts and Telegraphs Board.

ANNEXURE VII

Ref. S. No. 14 of the Statement

No. 10-2/61-P(BC)

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT AND COMMUNICATIONS

(Departments of Communications and Civil Aviation),

(Posts & Telegraphs Board)

Dated at New Delhi the 29th June, 1961.

SUBJECT:—*Control over expenditure—Savings on Voted Grants*

In Serial No. 3 of Appendix IV to the Thirty-first Report of the Public Accounts Committee, the Committee have observed as follows:—

“The Committee were given to understand that the P. & T. Department had been advised of a cut of Rs. 12 crores for the plan outlay earmarked for the year 1958-59 as early as in May, 1958 (within a couple of months of the commencement of the financial year). It is disappointing that the P. & T. Department as a Commercial Department, should have taken such a long time in rephasing its development programme for the year.”

2. Based on the re-appraisal of the Second Five Year Plan, the Planning Commission had addressed the Ministry of Transport and Communications in May, 1958, showing the revised allocations for the different Units under that Ministry. The revised ceiling for the P. & T. Department was shown as Rs. 51 crores, but the matter was again taken up by the Ministry for re-adjustment of allocations. The Planning Commission revised the allocation for the P. & T. Department to Rs. 54 crores after discussion in a meeting held with the representatives of the Ministry on 2-9-1958. On receipt of the decision thereof, the Capital Works Programme for 1958-59 was reviewed and as many as 198 works were dropped and the programme was finalised by 29th September, 1958. There had thus been no avoidable delay in the rephasing of the development programme for 1958-59 by this Department. It may be mentioned here that the

cut of Rs. 12 crores advised in the plan outlay of the Posts and Telegraphs Department related to the entire Second Five-Year Plan and not to the portion earmarked for the year 1958-59 alone.

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

Sd/- (R. C. VAISH),
Member Tele-communications Development.
P. & T. Board.

ANNEXURE VIII

Ref. S. No. 18 of the Statement

No. 5-21/58-NM

Indian Posts and Telegraphs Department

**OFFICE OF THE DIRECTOR GENERAL OF POSTS AND
TELEGRAPHS**

Dated New Delhi the February, 61.

To

All Heads of Circles.

SUBJECT:—*Theft of copper wire from spare alignments.*

It has been noticed in a particular case that copper wire had been stolen from spare alignments and the circle authorities had not become aware of it for a considerable time. Even after the theft was noticed further investigation in the matter had been unduly delayed. The Public Accounts Committee, who have examined this case, have expressed their strong disapproval in respect of these delays.

It is therefore desired that all spare lines should be kept under close watch and necessary action for their dismantlement expedited. Cases of theft of wire from such alignments should be handled expeditiously, and the losses should also reported to this office immediately so as to enable this office to keep a close watch on the disposal of such cases.

Kindly acknowledge receipt.

Sd/- (V. VAIDYANATHAN),
Asth. Dy. Director-General (NM).

ANNEXURE IX

Ref. S. No. 18 of the Statement

No. 5-21/58-NM

GOVERNMENT OF INDIA

**MINISTRY OF TRANSPORT & COMMUNICATIONS,
(Posts and Telegraphs Board).**

Dated at New Delhi the 24th May, 1961.

SUBJECT: Loss of copper wire from spare lines

The P.A.C. desired to be furnished with information on the following point:—

What action was taken by the P.M.G. on the receipt of the report from the police in 1956 to fix the responsibility for the failure to dismantle the lines after a proposal in that regard was submitted in July, 1953?

2. The information is furnished below:

A project estimate at a total cost of Rs. 5,32,300 including overheads for the work of installation of a 400 line C. B. Multiple Switch Board and T. 43 Exchange at Bhopal was accorded *post facto* sanction, *vide*, D. G. P. & T. No. P.605/52, dated 16-11-56. The project involved the shifting of the Telephone Exchange to a new building in Bhopal (in Indore Division) and as a result thereof certain alignments near Bhopal were rendered spare. Initially, the project estimate for the whole work was forwarded by the P.M.G. Nagpur in August 1953 to the D.G., P. & T. and the project contained a dismantlement estimate for the spare overhead lines also. The project was, however, returned to the P.M.G. Nagpur in December, 1953 with certain instructions for re-submission of the project and at that time the P.M.G. Nagpur was asked to submit a separate estimate for dismantling the overhead lines.

3. The Indore Division was under the P.M.G. Nagpur till 30-9-1953 but was transferred thereafter to Rajasthan Circle on its formation. The Jhansi Sub-Division which was in charge of the spare overhead lines was reconstituted in October, 1953 to form Itarsi Sub-Division with its headquarters being shifted from Jhansi to Itarsi under the newly-formed Jabalpur Division in the Central Circle. On reconstitution of the Indore Division and Jhansi Sub-Division the Bhopal

Exchange was placed under the D.E.T. Indore under Rajasthan Circle whereas the overhead lines formed part of the Itarsi Sub-Division under the charge of Jabalpur Division in the Central Circle.

3. The project required to be submitted *vide* para 1 above was forwarded to the Directorate by the D.P.T. Rajasthan in December, 1954. It seems, however, that the dismantlement estimate for the spare lines which were no longer part of the Rajasthan Circle was not included in the project. The main project was sanctioned in November, 1956.

5. The fact of the existence of the spare alignment was brought to the notice of the D.E.T. Jabalpur by the S.D.O.T. Jhansi in June, 1954. There had been certain correspondence thereafter between D.E.T. Jabalpur and D.E.T. Indore regarding the works to be carried out by either of the two Divisions. There appears to have been some confusion as to whose responsibility it was since this component of the original project was under a different Circle. In December, 1956, the Police apprehended some people cutting the spare copper wire and this was brought to the notice of the S.D.O.T. Itarsi as well as the D.E.T. Jabalpur. Out of the total quantity of about 20,880 lbs. of copper wire, about 8,205 lbs. of copper wire was lost as a result of the thefts while the balance was either recovered and used or suitably accounted for. For this purpose a dismantlement estimate for the spare lines was sanctioned by the D.E.T. Jabalpur in April, 1957. As indicated earlier, the main project had been sanctioned in November, 1956.

6. Briefly speaking, therefore, the position is that the project for the main work, namely, of installation of a 400 CB Multiple Switch Board and T. 43 Exchange at Bhopal, was sanctioned in November 1956 by the D.G. P. & T. as a project of the Rajasthan Circle whilst the dismantlement estimate was independently sanctioned by the P.M.G., Nagpur under whom the dismantled line remained in April, 1957. There was no appreciable delay between the sanction of the main project and the original component detailed estimate for dismantlement of the lines but it would appear that the entire case of sanction in this particular instance was delayed largely due to two factors, namely, (i) reconstitution and reorganisation of the Indore Engineering Division and Jhansi Sub-Division; and (ii) due to component parts of original main work having come under the jurisdiction of two different Circles. Besides though the Rajasthan Circle was formed in October, 1953, some works falling in that Circle continued to be executed by the Central Circle for sometime thereafter. While the jurisdictions may have been altered on paper, the actual transfer of records and responsibility for execution of works took place only in subsequent years.

Since both the circumstances and the timing of the two factors relating to this case are peculiar it has not been possible to fix responsibility for the loss of copper wire—the loss itself having occurred during the changes in the controlling office for the line concerned.

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

Sd./- (R. C. VAISH),
Member Telecommunications Development,
P. & T. Board.

ANNEXURE X

Ref. S. No. 19 of the Statement

INDIAN POSTS AND TELEGRAPHS DEPARTMENT
OFFICE OF THE DIRECTOR GENERAL POSTS AND TELE-
GRAPHS

To

- (1) All Heads of Circles.
- (2) All Divisional Engineer Telegraphs/Divisional Engineer, Phones.

No. 29-1/61-NA Dated at New Delhi, the 18th February 1961.

SUBJECT: *Local purchase of Engg.-Stores—Detailed Information Required for.*

Attention is invited to this Office memorandum No. 1-56/58-NA dated 4th July 1958 on the subject above. It was requested therein that Units, while submitting proposals for obtaining sanctions of local purchase to higher authorities, should invariably give full information and justification to enable expeditious settlement of the cases.

II. It is, however, observed that these instructions have not always been followed, thereby resulting in avoidable delay in the settlement of the cases, and in some cases giving rise to adverse comments of the Public Accounts Committee.

III. It is, therefore, reiterated that full information on the following points should be submitted alongwith the proposals for local purchases.

- (1) Full justification for the purchase indicating the nature of urgency for the purchase.
- (2) The probable loss of revenue in case the purchase is resorted through the D.G.S.&D. or the C.C.T.S. Calcutta.
- (3) Whether Stores required are stocked or non-stocked. If stocked items, rate-list numbers may be quoted.
- (4) In case of stocked items, whether indent was placed on the Controller of Telegraph Stores and if so, reasons for non-supply of stores by the C.T.S.

- (5) Whether competitive tenders have been called for and the lowest one is proposed to be accepted; and whether the rate of the material for purchase is the lowest available locally.
- (6) Whether funds are available and whether sanction to the relevant detailed estimate has been accorded.
- (7) The head of the account to which the expenditure is to be debited.
- (8) Whether the item is proprietary to the firm from whom it is proposed to purchase.

As the sanction for such local purchase is likely to be delayed in the absence of all the details called for above, you are requested to ensure that the proposals are complete in all these respects.

Please acknowledge receipt of this letter.

Deputy Chief Engineer (T)

ANNEXURE XI

Ref. S. No. 20 of the Statement

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

Office of the Director General of Posts & Telegraphs.

No. 7-11/60-WB

New Delhi, dated the 9th May, 1961

To

All Heads of Circles.

All Administrative Officers.

SUBJECT:—*Irregularities in the execution of building works—non-exercise of duties by the Departmental officers resulting in loss to the Government.*

A case has come to the notice of the D.G. where serious irregularities have been committed in a Division in the execution of building works departmentally due to negligence and non-exercise of duties by the Divisional Engineer and the Building Overseer resulting in heavy loss to the Government. In spite of standing Rules, there have been instances where the Divisional Engineers have failed to exercise proper check and keep adequate watch on the progress and quality of departmental building works or on the discharge of their proper functions by his subordinate officers.

In order to avoid such irregularities on the part of the Departmental officers, the following instructions are brought to your notice for strict compliance by all concerned.

(1) Rules 489 of the P. & T. Manual, Vol. II and Rule 183 of F.H.B., Vol. III, Part I and other standing rules concerned should be strictly followed by all concerned.

(2) The Divisional Engineers should make a percentage check of recorded measurements at the spot of all building works and also check whether the work has been executed satisfactorily with regard to the quality, quantity and also whether the work is being executed according to the approved specification of the work. No deviation should be made from the approved plans and specifications except on written authority. Such checks are essential for detecting bad work and other irregularities in the execution of building works and to avoid wrong or excess payments to the contractors.

(3) In case of any suspicion arising due to unsatisfactory execution of work or any irregularity in the measurement record or in estimates of the work the matter should be brought to the notice of the Heads of the Circle by the Divisional Engineers promptly and necessary action to stop the execution of the work according to the nature of the irregularity and to investigate the matter should be proceeded with without delay.

(4) The responsibility for such irregularity against the official concerned should be fixed and disciplinary action taken forthwith. Progress of such investigation and institution of disciplinary action should be reported to the Heads of the Circle every month by the Divisional Engineer concerned.

(5) It should be noted that inaction or delay in taking prompt action in such cases helps in the destruction of evidence and creates innumerable difficulties in the proper investigation of the case. Delay should be avoided at all stages in such cases.

These instructions should be brought to the notice of all concerned under acknowledgment. Lapses will render the officers concerned liable to disciplinary action.

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

ANNEXURE XIII

Ref. S. No. 21 of the Statement

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

Office of the Director General of Posts & Telegraphs

No. 15-3/61-WK.

Dated at New Delhi, the 4th March, 1961.

To

The General Manager, P. & T. Workshops, Calcutta-1.

SUBJECT:—*Loss on account of manufacture of unnecessary articles in P. & T. Workshops—Keeping a close watch on the progress of works—Public Accounts Committee's observations.*

Reference correspondence resting with your letter No. GMW/A-54/5A, dated the 4-2-1961 on the subject noted above.

2. As you are aware, while considering the case of the P. & T. Workshops on the subject noted above, the Public Accounts Committee have observed that the action of the General Manager, Workshops in insisting upon continuance of production despite the instructions of the indenter to the contrary clearly lacked justification and the action of the General Manager has resulted in accumulation of unwanted goods. They have further stressed the necessity of a close watch on the progress of work so that such instances do not recur. In your letter cited above, you have stated that the following steps have been introduced to avoid recurrence of such instances in future, viz.:—

- (1) Annual review of pending orders is undertaken in the beginning of the financial year jointly with the C.C.T.S. to ascertain which of the work orders could be discontinued or reduced, keeping in view the latest demands, change of design, economy, etc.
- (2) The Stores Supply Liaison Committee consisting of the General Manager, Posts & Telegraphs Workshops and the C.C.T.S. which meets in alternate months reviews pending orders.

- (3) The Stores Liaison Committees consisting of the Managers of Workshops and Controllers of Telegraph Stores which meet each month also review orders pending on the dates of the meetings.

Copies of reviews and the minutes of the meetings of the above mentioned Committee relating to pending orders may be furnished to this office as and when the reviews are held.

3. Any case of cancellation of orders by the Stores Organisation which in your opinion is not fit for compliance and in consequence, is likely to result in accumulation of finished articles or their components should also be brought to the notice of this office without delay with your detailed views, recommendations, etc., so that the matter can be examined in this office and, if necessary, taken up with the stores wing at the Directorate level.

The receipt of this letter may kindly be acknowledged.

Sd./- B. G. DESHMUKH,
Secretary, P. & T. Board.

ANNEXURE XIIB

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

Office of the Director General of Posts and Telegraphs.

No. 29-19/59-NA

Dated at New Delhi, the 16th February, 1961

To

The C.C.T.S.,
5, Council House Street,
Calcutta-1.

SUBJECT:—*Manufacture of unnecessary articles in the P. & T. Workshops A. G. para—P.A.C. observations.*

While considering the Department's case on the subject above, the P.A.C. of the Parliament has observed that the 'Stores Organisation' is also not free from blame in so far as its progressing of demands left much to be desired. They have further stressed the necessity of a close watch on the progress of work and indents respectively so that such instances do not recur. In view of this, you are requested to maintain a close liaison with the Workshop Organisation and subject the pending orders, which remain unimplemented by the workshops, to constant re-consideration. Any case of the nature as referred to above should be brought to the notice of this office immediately so that matter can be taken up with the Workshop Wing at the Directorate level.

The receipt of this letter may kindly be acknowledged.

Your office case mark is A-5035 dated 6/7th November, 1959.

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

ANNEXURE XIII

Ref. S. No. 23 of the Statement

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

Office of the Director General of Posts and Telegraphs

No. 20/16/59-INV

Dated, New Delhi, the 17th Feb., 1961

To

All Heads of Circles

SUBJECT:—*Departmental action against supervisory staff guilty of laxity, and officials who are guilty of violating the prescribed rules and regulations and not exercising the prescribed checks.*

In the thirty-first report (Second Lok Sabha), the P.A.C. have expressed their concern over the increase in the incidence of cases of defalcations and loss of public money for a high proportion of which the employees of the department are responsible and have emphasised the need for deterrent action against those who are found guilty of laxity in supervision and against officials who are found guilty of violating the prescribed rules and regulations and not exercising the prescribed checks. Instructions have been issued in this office letters No. 6/8/59-Disc., dated 9th July, 1959, and 13-1/60-Vig, dated 15th June, 1960, regarding the need for prompt and adequate action against officials, who come up for notice in connection with the investigations into fraud cases. The following instructions are intended to cover supervisory officials found guilty of laxity in supervision, and officials who are found guilty of violating the prescribed rules and regulations and not exercising the prescribed checks.

2. It has been observed that very often, the laxity on the part of the supervisory officials is not viewed as seriously as the negligence on the part of the operative staff. For instance in several cases relating to the fraudulent encashment of Postal Orders bearing signs of erasures, the counter clerks have been held to be more blameworthy than the supervisory officials who actually passed the order for payment. In such cases, it is not often realised that the error on the part of the supervisory official is even greater than that

on the part of the operative staff. While in the case of the operative staff, there may be extenuating circumstances like the pressure of crowd waiting at the counter, the supervisory official who works in the comparative seclusion of the inner sanctuary of the Post Office, is expected to be more vigilant and cannot normally plead the pressure of work as an excuse. This fact should be borne in mind by all disciplinary and appellate authorities.

3. Yet another instance where adequate notice is not taken of the laxity on the part of the supervisory officials is when they fail to go round the office, and exercise a personal watch over the operative staff. Very often frauds are facilitated due to the tendency of the supervisory officials to remain fixed to their seats, satisfied with merely checking the documents put up to them. It should be ensured that wherever it is part of the supervisory official's duty to move round and watch things personally, he carries out this duty and does not put forth the plea of pre-occupation with the checking of documents and registers as an excuse for neglecting this duty.

4. As regards the need for deterrent action against the staff found guilty of violating the prescribed rules and regulations and not exercising the prescribed checks, it may be mentioned that the irregularities which come to notice in the course of investigations may be divided into the following categories:—

- (i) Those which have directly facilitated the fraud;
- (ii) Those which have indirectly facilitated the fraud;
- (iii) Those which are responsible for delay in the detection of the fraud; and
- (iv) Those which may not be connected with the fraud either directly or indirectly, but are nevertheless violations of the prescribed rules and regulations. For instance, investigations into a fraud may reveal general failure to follow the memo of distribution of work. It is felt that adequate notice is not being taken of officials found guilty of the irregularities referred to at item (iv) above. It is needless to emphasise that such irregularities, if left unchecked, may result later on in other frauds.

5. The instances given above of laxity on the part of supervisory staff, and of failure on the part of officials to know the prescribed rules, are only suggestive and are by no means exhaustive. Detailed instructions may be issued by you, to all disciplinary and appellate authorities under your control, keeping in view that has been stated above and the spirit of the recommendations of the P.A.C. Your Vigilance Officers may please be directed to satisfy themselves

in the course of their reviews of fraud cases and visits to divisional offices that these instructions are being acted upon.

6. Please acknowledge the receipt, of this letter.

Sd/- K. RAMAMURTHI,
Director of Complaints.

Copy to:—

1. Budget Section with reference to their Memo No. 27-55/60-B, dated 5-1-1961.
2. Discipline Section.
3. Vigilance Section.

Sd/- K. RAMAMURTHI,
Director of Complaints.

APPENDIX II

Summary of Main Conclusions/Recommendations

Sl. No.	Para No.	Ministries/ Departments con- cerned	Conclusions/recommendations
1	2	3	4
1	5 (Intro)	D.G. P. & T.	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.
2	6 (Intro)	D.G. P. & T. <hr style="width: 100%; border: 0.5px solid black; margin: 0;"/> All other Ministries	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.
3	5	D.G. P. & T.	While the Committee note the difficulties of the Department in executing Capital works, they view with concern that the savings under Grant No. 131 have progressively increased from 0.7% 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 overbudgeting immobilises funds which cannot be diverted to other Projects, if not surrendered in time. Such lapses have been

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			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 and forecast of expenditure the savings could be minimised.
4	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 unbudgeted works.
5	8	Do.	The Committee regret to note that the percentage of expenditure on non-budgeted works to total outlay during the 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 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.
6	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.
7	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, 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

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- 16 D.G.P. & 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, resulting in unnecessary locking up of capital. This is yet another case in which the administrative machinery failed to take quick and clear decisions.
- 8 19 Do. The Committee await the outcome of the arbitration in the case mentioned in para 25 of Audit Report.
- 9 22 Do. The Committee are distressed to note that the Weigh Bridge purchased in 1961 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. & 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 examination at the Directorate level are not held up in such a manner at the lower executing levels.
- 10 26 Do. 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

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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 the departmental workshops should also be fully utilised.

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| 11 29 | D.G. P. & T.
<hr style="width: 100%;"/> W.H. & S. | (i) The Committee are distressed 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 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. |
| 12 32 and 33 | Do. | (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 Central Public Works Departments for which they were to blame. The Committee desire that the responsibility for the irregulari- |

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	34	D.G. P. & T. W. H. & S.	(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.
13	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 recommendation contained in sub-para 2 of para 72 of their first Report (1951-52).
	38	Do.	(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 Committee enquired how many calculographs were withdrawn from use without repairs in pursuance of the above directions. The information is still awaited.
14	41	Do.	It is apparent that the post-master and the deputy post masters 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

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			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 Augusti 1956.
15	42	D.G. P. & T.	The Committee would invite attention in this connection 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.
16	43	Do.	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 such cases action against the delinquent officials will in future be finalised without delay.
17	46	Do.	The Committee are not happy with the manner in which the P. & 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. & 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.

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18	47	D.G.P. & T.	The Committee consider that in such cases, it will be in the interests of smooth administration, 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.
19	50	Do.	(i) It passes the comprehension of the Committee how the Post master could fail to take the weightments 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 post masters 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	Do.	(ii) The Committee would also like to express their displeasure at the inordinate delay in taking disciplinary action against the delinquent officials in this case.
20	54	Do.	The Committee regret to observe that the glaring difference in the rates for the carriage of mails (87nP and Rs.

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			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.
21	56	D.G.P. & T.	The Committee would await the results of the arbitration regarding recovery of royalty from the first contractor in the case mentioned in para 32 of the Audit Report.
22	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 and Communications. The Committee desire that the final decision in this case should be expedited.
23	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 perfunctorily by the Department. They take a serious view of this and desire that the cases should be investigated with a view to fixing responsibility and taking deterrent action.
	61	Do.	(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

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22	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 and Communications. The Committee desire that the final decision in this case should be expedited.
23	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 perfunctorily by the Department. They take a serious view of this and desire that the cases should be investigated with a view to fixing responsibility and taking deterrent action.
	61	Do.	(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

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			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.
24	64	D.G.P. & T.	The Committee would like to watch through subsequent Audit Reports the results of the measures adopted by the P. & T. Department to clear the outstanding telephone bills.
25	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.
26	70	Do. <hr/> Finance.	The Committee would like to be informed at an early date of the final decision regarding the merger of P.L.I. with the L.I.C.

