

**PUBLIC ACCOUNTS COMMITTEE
1964-65**

**THIRTIETH REPORT
(THIRD LOK SABHA)**

[Appropriation Accounts (P&T), 1962-63 and Audit Report (P&T), 1964 and Para 62 of Audit Report (Civil), 1964]



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 1964

Agrahayana 1886 (Saka)

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CORRI GENDA TO THIRTIETH REPORT OF P.A.C. (1964-65)
(PRESENTED TO LOK SABHA ON 23-12-1964)

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
Cover page		last	Rs 2.64	Rs 2.65
Contents		29	Delete "in respect of	
	(1)	30	guaranteed Telegraph Office"	
			position	position in respect
				of Guaranteed
				Telegraph Offices
	(11)	6	DAC	PAC
5		9	964-65	1964-65
18		2	that that	that
33	20	26	utilisation	utilisation/
36	23	25	repairs or	repairs of
47	29	9	Jabalpur	Jabalpur have
48	32	2	item IV	item (iv)
49	32	10	that the	the
52	38	19	Therefore	Thereafter
53	39	8	item vi	item vi)
60	45	12	per annum	per unit
61	46	2	<u>For</u> "finally at the end of	
			December, 1959 and brought into	
			use in" <u>Read</u> "of the P&T Board	
			that the Weigh-Bridge was acquired	
			in 1951"	
82	60	2	was invested	was with Govern-
			with Govern-	ment and earned
			ment at	
86	64	6	dead	dead Accounts*
			Accounts	
86	64		<u>Add</u> the following as a foot note:-	
			**The latest position regarding total	
			No. of P.O.SB Accounts treated as	
			dead, as furnished by F&T Board on	
			22-12-1964 is as follows:	
			1958-59	42,672
			1959-60	2,78,659
			1960-61	2,82,265

P.T.O

<u>Page</u>	<u>para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
			1961-62	47,108
			1962-63	1,11,135
			1963-64	Nil
121		2	<u>Delete</u> 33,	
137	Annex- ure III	9	In column (3) against 1962-63 <u>for</u> "837,000"	<u>read</u> "18,37,000"
		9	In column (4) against 1962-63 <u>for</u> "024,600"	<u>read</u> "20,24,600"
177	2	14	Telegdaph	Telegraph
215	Col. 4	12	<u>Delete</u> "in the case cited above,"	
220	Col. 4	20	Appendix XXIV	Appendix XIV
225	Col. 3	7	Do	<u>Do</u> All other Ministries
227	Col. 4	5	Slotting	Slotting
230	Col. 4	9	other	other Ministries/
230	<u>Insert</u>		the following after entries for S.No.53:-	
	"53A	56	P&T Board	Information desired on para 24 of Audit Report (P&T), 1964 is still awaited."
Last page			Page 23	234
234	Col. 4	12	year after	year even after
234	Col. 3	18	All other Ministry	All other Ministries

CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE, 1964-65	(v)
INTRODUCTION	(vii)
CHAPTER I—Financial working of the P & T Department, 1962-63	1
CHAPTER II—General Results of Appropriation Audit and Control over Expenditure	15
CHAPTER III—Revenue	21
CHAPTER IV—Stores Purchase and Control	25
CHAPTER V—Workshops	41
CHAPTER VI—Works Expenditure	67
CHAPTER VII—Miscellaneous	80
CHAPTER VIII—Outstanding Recommendations	87
CHAPTER IX—General	90
APPENDICES	
I. Statement furnished by the P.&T. Board giving the break-up of actuals under sales of ordinary stamps, service stamps and telephone charges realised in cash etc.	93
II. Terms of reference of Consultants as furnished by the P.&T. Board.	94
III. Statement furnished by the P.&T. Board regarding Broadcast Receiver Sets without licences detected by Anti-Piracy Staff during 1959—63	96
IV. Note explaining the excess over Grant No. 98 as furnished by the P. & T. Board	97
V. Statement relating to old outstanding dues [para 8(i) of Audit Report (P.&T.), 1964]	102
VI. Note furnished by P.&T. Board giving the latest position of recovery of outstanding dues in respect of Guaranteed Telegraph Offices	104
VII. Note from P.&T. Board giving the latest position	106
VIII. Statement furnished by the P.&T. Board showing the comparative values of stores imported by the P&T Department, stores purchased indigenously and stores produced in the P.&T. Workshops	108
IX. Statement furnished by the P.&T. Board showing the quantity and value of Ebonite and Bakelite items the stock of which would last for more than five years	110
X. Note furnished by the P.&T. Board relating to value of scrap in the unserviceable stores and steps taken by the P.&T. Board to eliminate delays in the disposal of unserviceable stores	111
XI. Statement showing losses of stores during the year 1962-63 [Para 16 of Audit Report (P.&T.), 1964]	113

	PAGE
XII. Statement furnished by the P.&T. Board with regard to information asked for in connection with the examination of para 17 of Audit Report (P&T), 1964	119
XIII. Extract from the letter written by Secretary P.&T. Department to the Secretary, Ministry of Steel and Mines on 31-12-1962. (As read out at the sitting of DAC held on 26-10-64)	120
XIV. Notes furnished by the P.&T. Board relating to information called for by the Committee on para 18 of Audit Report (P.&T.), 1964	121
XV. Notes furnished by the Ministry of Steel and Mines (Department of Iron and Steel) relating to para 18 of Audit Report (P&T), 1964	143
XVI. Statement showing the variations in the cost of production in different Workshops [Para 20(i) of Audit Report (P.&T.), 1964]	146
XVII. Information furnished by the P.&T. Board on para 20(i) of Audit Report (P.&T.), 1964	148
XVIII. Note furnished by the P. & T. Board on para 20(ii) of Audit Report (P.&T.), 1964	158
XIX. Note furnished by P&T Board and joint note furnished by the P.&T. Board and the Railway Board relating to para 21 of Audit Report (P&T), 1964 on utilisation of 60-ton weigh-bridge	160
XX. Statement showing machinery in Jabalpur Workshop not put to use—Para 22(a) of Audit Report (P.&T.), 1964	175
XXI. Machine used sparingly in the Jabalpur Workshop—para 22(a) of Audit Report (P.&T.), 1964	176
XXII. Note furnished by the P.&T. Board regarding the correct position of installation of Vertical Slotting Machine	177
XXIII. Statement showing non-utilisation of stores for long period—para 23 of Audit Report (P.&T.), 1964	178
XXIV. Note furnished by the P.&T. Board on the steps being taken to eliminate delays in the execution of works.	184
XXV. Extract from Statement giving full particular of projects mentioned at item 15(ii) of Appendix XXIII	189
XXVI. Statement furnished by the P.&T. Board showing the latest position about the works mentioned in Appendix XXIII	190
XXVII. Statement showing defalcation or loss of public money during 1962-63 (Para 27 of Audit Report (P.&T.), 1964	194
XXVIII. Note furnished by the P.&T. Board regarding burglary in Tezpur Letters Sorting Office	195
XXIX. Note furnished by the P.&T. Board showing the latest position of disposal of outstanding Inspection Reports—Para 29 of Audit Report (P.&T.), 1964	197
XXX. Note furnished by the P.&T. Board on introduction of Incentive Schemes and its working	203
XXXI. Summary of main conclusions/recommendations of the Committee	210

PART II—Proceedings*

Proceedings of the 22nd Sitting held on 21-10-1964.

Proceedings of the 23rd sitting held on 22-10-1964.

Proceedings of the 24th sitting held on 23-10-1964.

Proceedings of the 25th sitting held on 24-10-1964.

Proceedings of the 26th sitting held on 26-10-1964.

Proceedings of the 35th sitting held on 18-11-1964.

Proceedings of the 42nd sitting held on 15-12-1964.

PART-III.*

Statements/notes showing action taken on the recommendations of the P.A.C. contained in their earlier Reports on P.&T. Accounts

*Not Printed. (One cyclostyled copy laid on the Table and five copies placed in the Parliament Library).

**PUBLIC ACCOUNTS COMMITTEE
(1964-65)**

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SECRETARIAT

Shri H. N. Trivedi—Deputy Secretary.

Shri R. M. Bhargava—Under Secretary.

INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Thirtieth Report on Appropriation Accounts (P&T), 1962-63 and Audit Report (P&T), 1964 and Para 62 of Audit Report (Civil), 1964.

2. The Appropriation Accounts (P&T), 1962-63, Audit Report (P&T), 1964 and Audit Report (Civil), 1964 were laid on the Table of the House on the 11th March, 1964. The Committee examined these at their sittings held on 21st, 22nd, 23rd, 24th and 28th October and 18th November, 1964. A brief record of the proceedings of each sitting has been maintained and forms part of the Report (Part II*).

3. The Committee considered and finalised the Report at their sitting held on the 15th December, 1964.

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

5. The Committee also considered the replies of the P&T Board/Department indicating action taken or proposed to be taken on the earlier recommendations of the Committee which are included in Part III* of this Report. Their comments on a few selected items are contained in Chapter VIII of the Report.

6. The Committee place on record their appreciation of the assistance rendered to them in their examination of these accounts by the Comptroller & Auditor General of India.

They would also like to express their thanks to the officers of the P&T Board and Ministries of Steel and Mines (Department of Iron and Steel) and Industry and Supply (Department of Supply and Technical Development), for the co-operation extended by them in giving information to the Committee during the course of evidence.

R. R. MORARKA,
Chairman,

Public Accounts Committee.

NEW DELHI;

December 16, 1964.

Agrahayana 25, 1886 (Saka).

*Not printed (One cyclostyled copy laid on the Table of the House and five copies placed in Parliament Library).

I

POSTS AND TELEGRAPHS DEPARTMENT

Financial working of the P.&T. Department, 1962-63.

The following table shows the Grants and Charged Appropriations and expenditure actually incurred there-against during the year 1962-63 :

		Amount of	
		Grant or	Expenditure
		Appropriation	
		Rs.	Rs.
Working Expenses—	<i>Charged</i>	60,000	34,649
	Voted	90,46,73,000	90,20,47,088
Dividend to General Revenues and Appropriations to Revenue Funds—			
	Voted	13,92,00,000	15,62,51,137
Capital Outlay on Posts and Telegraphs (not met from Revenue)—			
	<i>Charged</i>	1,03,000	..
	Voted	25,58,09,000	30,01,84,963
TOTAL	<i>Charged</i>	1,63,000	34,649
	Voted	1,29,96,82,000	1,35,84,83,188
GRAND TOTAL		1,29,98,45,000	1,35,85,17,837

As the Grants and Appropriations are for gross amounts, the above details do not include the recoveries which are adjusted in the accounts in reduction of expenditure. The total of actual recoveries against all the Grants amounted to Rs. 17,02,09,765.

Revenue Position—para 1 of Audit Report, pages 1-2

2. The total revenue receipts of the Posts and Telegraphs Department as budgeted for and realised during the five years ending with 1962-63 are given below:—

Year	Budget	Actuals	Excess	Percentage of excess
(In crores of Rupees)				
1958-59	63·64	66·31	2·67	4·2
1959-60	69·24	70·40	1·16	1·7
1960-61	75·40	77·14	1·74	2·3
1961-62	81·00	87·89	6·89	8·5
1962-63	89·22	97·87	8·65	9·7

The variation from the budget was the highest during 1962-63; this was accounted for mainly by substantially increased revenue from stamps and telephones as shown below:—

1962-63			
	Budget Estimates	Actuals	Variations
(In crores of Rupees)			
(i) Sale of ordinary stamps (including posts cards)	27·53	31·08	+3·55
(ii) Sale of service stamps	7·30	8·20	+0·90
(iii) Postage realised in cash	5·50	5·67	+0·17
(iv) Receipts on account of money orders, Indian postal orders, etc.	5·65	5·84	+0·19
(v) Telegraph charges realised in cash	7·00	6·17	-0·83
(vi) Rent of wires and instruments leased to railways, canals, etc.	1·56	2·24	+0·68
(vii) Telephone revenue on account of rentals and local and trunk call fees etc.	30·34	33·29	+2·95
(viii) Advance rentals under "Own Your Telephone" Scheme	0·90	1·58	+0·68
(ix) Other receipts (net)	3·44	3·80	+0·36
TOTAL	89·22	97·87	+8·65

Explaining the reasons for large variations (9.7%) between the Budget Estimates and the Actuals of Revenue during 1962-63, the representative of the P. & T. Board stated in evidence that unfortunately the Board did not have a direct control on Revenue and a great deal depended on the traffic that might be generated. The traffic depended on the general economic trend in the country. He added that they were not able to get very accurate figures from month to month—that was the main reason why in spite of their best efforts to get as close to the estimates as possible they did not succeed. He added further that the revised estimates for the year 1962-63 were increased to Rs. 96.40 crores (as against the budget figure of 89.22 crores) when the figures for the first six to eight months were available and if this figure was taken into consideration the percentage of excess would be 1.5 only. He stated further that while framing the estimates for 1962-63 an increase of Rs. 8 crores was provided for in anticipation of increase in traffic and other sources of Revenue.

Asked what were the special reasons for further increase in percentage of variations as compared to 1961-62 (which was due to phenomenal increase in traffic), it was stated by the representative of the Board that as in 1961-62, during 1962-63, also, there was a further phenomenal increase in traffic. Part of it was stated to be in keeping with the trend of increasing commercial prosperity resulting in the growth of traffic, opening of new post offices, new telephone exchanges etc., and a part of it was stated to be due to the "sudden increase in traffic because of the Chinese trouble that upset this particular estimate". It is, however, significant to note that the original estimate of Rs. 89.22 crores had been revised to Rs. 96.40 crores in November, 1962, against which the actual figure was Rs. 97.87 crores. Thus the increase in revenue receipts was anticipated in November, 1962 itself, and it is difficult to appreciate how it could be ascribed to the Chinese trouble which was unforeseen.

Admitting that the Board were not very happy about the time lag between the time of getting the actual figures and preparation of estimates, the representative stated that as there were difficulties in collecting figures for preparation of Revenue estimates from the Circles based on the trend of past traffic (as suggested in paragraph 2 of the 14th Report of the Public Accounts Committee—Third Lok Sabha) P. & T. Board had appointed foreign Experts in accounts as Consultants who were assisted by two officers, one nominated by the Comptroller and Auditor General and the other nominated by the P. & T. Directorate and also some representatives of private Chartered Accountants. The consultants were investigating into P. & T. procedures for keeping the accounts, making forecasts,

methods of costing, tariffs etc. The Consultants were at present going round and examining the accounts. It was hoped that some improvements would be made when P. & T. Board got definite suggestions from these Experts.

The Chairman of the P. & T. Board informed the Committee further that the Consultants had been charged specially to look into the accounts and accounting procedure regarding the Telecommunication Branch (which includes Telephones, Telegraphs, Radios and allied subjects) but not the postal side. It was also stated that the Consultants were appointed in August, 1964 and their report was expected to be submitted in January, 1965. The Team consisted of 4 Consultants and one Supervisor from the firm. While explaining the background about the appointment of the Consultants the representative of the P. & T. Board stated that when the P. & T. took a loan from the International Development Association, it was one of the conditions of the loan that on the telecommunications side the whole accounting procedure and the budgeting etc. should be reviewed by a Team of Consultants to be appointed in consultation with the World Bank. He stated, however, that the responsibility for framing the estimates of P. & T. was solely the concern of the P. & T. Department and the Consultants would indirectly help in devising various mechanisms which would help the P. & T. Department in getting correct and useful data in time.

With regard to item (v) "Telegraph charges realised in cash", the representative of the Board explained that the variations against item (i) and item (v) were interconnected. As an experimental measure the affixing of the stamps on the telegram forms was done away with. It was expected that to that extent direct cash realisation from the telegraphs would increase but this expectation did not materialise fully; hence the shortfall. It was added that in spite of the fact that telegraph charges were being realised in cash there was a continuous increase in stamps Revenues. This was due to high rate of increase in traffic. The Committee desired to be furnished with a note giving the break-up of Actuals under item (i)—sale of ordinary stamps and item (v)—Telegraph charges realised in cash, indicating to what extent the discontinuance of affixing the stamps on the telegram forms had brought down the sale of stamps. The *Statement furnished by the P. & T. Department is at Appendix I.

As regards the variations of Rs. 2.95 crores in "Telephone Revenue on account of rentals and local and trunk call fees etc." (Item vii), the Committee desired to be furnished with a statement showing the figures of variations in the Telephone Revenue (Circle-wise) during 1962-63 giving the reasons therefor,

*Not vetted by Audit.

In a *note furnished to the Committee the P. & T. Board have stated that the revenue budget for the year 1962-63 was framed centrally, based on past trends and other factors in accordance with the then practice and estimates from the individual circles were not obtained. The suggestion of the Public Accounts Committee (in para 2 of their 14th Report—Third Lok Sabha) to collect figures from Circles also for preparation of Revenue estimates has been adopted in framing the revenue budget prepared thereafter namely that for 1964-65. Hence there were no Circle-wise figures of budget for 1962-63.

The Committee enquired as to the various steps taken by the P. & T. Board to implement the suggestions made by the Public Accounts Committee in para 2 of their 14th Report (Third Lok Sabha) about the need for greater accuracy in the preparation of estimates. The Chairman, P. & T. Board while explaining the inability of the field units to give correct and full statistics and the difficulties in the Circles in getting Revenue income figures stated that they were trying to improve P. & T. Accounting System in consultation with the Experts (as mentioned earlier). The Committee were also informed that P. & T. Board were of the opinion that the Circles should be associated more closely with the Revenue income figures so that P. & T. Board got quicker figures, for better management control in the field both of Revenue income as well as expenditure.

While the Committee note that the P. & T. Department did not have a direct control on Revenue and were not able to get any accurate figure from month to month, they are unable to appreciate that this could be the only or even the main reason why there was a continuing tendency to underestimate the Revenue. In spite of the fact that there is a continuous all round development in the various services offered by the P. & T. Department which is known to the Department, it is surprising to the Committee that the percentage of excess (budget Rs. 89.22 crores, actuals Rs. 97.87 crores) during 1962-63 has been 9.7, which is the highest recorded so far.

The Committee note the expectation of the Department that some improvements would be made in Revenue estimates when some definite suggestions are made by the Experts (Consultants) who are now looking into the accounts and accounting procedure. A copy of the note indicating the terms of reference of the Consultants as furnished to the Committee is enclosed in Appendix II.

*Not vetted by Audit.

The Committee would like to be furnished with the Report of the Consultants when received, together with a detailed note indicating the action proposed to be taken on the recommendations of the Consultants.

The Committee, however, note that the suggestions of the Experts would not cover all the aspects of this matter in view of the fact that the terms for Consultants cover the Tele-communication side only and not the postal side.

The Committee, therefore, suggest that the question of improving the technique of budgeting on the postal side should be examined separately by the P. & T. Board, if necessary by appointing a separate committee of experts. In this connection it will also be worthwhile, in the opinion of the Committee, to consider the feasibility of obtaining accurate figures month by month and of associating the circles more closely with their Revenue income figures.

Growth of Revenue—Increase under main heads, para 2 pages 2-3

3. The Growth of Revenue for the five years period ending 1962-63 is indicated in the table below. The main increase occurred under Telephone Revenue.

Main heads of revenue	1958-59	1959-60	1960-61	1961-62	1962-63	Increase	
						Amount	Percentage
(i) Sale of ordinary stamps	25.06	26.04	26.55	29.06	31.08	6.02	24.0
(ii) Sale of service stamps	6.71	7.69	7.73	7.96	8.20	1.49	22.2
(iii) Postage realised in cash	3.88	4.19	4.49	5.15	5.67	1.79	46.1
(iv) Receipts on account of money orders, Indian postal orders etc.	4.53	4.80	5.14	5.51	5.84	1.31	28.9
(v) Telegraph charges realised in cash]	3.71	3.95	4.28	4.79	6.17	2.46	66.3
(vi) Rent of wires and instruments leased to railways, canals, etc.	1.14	1.14	1.76	2.04	2.24	1.10	96.5
(vii) Telephone revenue on account of rentals and local and trunk call fees etc.	18.47	21.00	25.29	29.15	33.29	14.82	80.2
(viii) Advance rentals under 'Own Your Telephone' scheme	0.99	0.71	0.86	1.62	1.58	0.59	59.6
(ix) Other receipts (net)	1.82	0.88	1.04	2.61	3.80	1.98	108.8
TOTAL	66.31	70.40	77.14	87.89	97.87	31.56	47.6

Explaining the reasons for the higher increase under the Telephone Revenue (Item vii) during the five years period ending 1962-63 (figures for 1962-63 were higher by 80.2 per cent as compared to 1958-59) the representative of the P. & T. Board stated that as the Third Plan was progressing, more places were covered and more lines were given with the result that the Revenue was increasing year by year. He added that in the year 1962-63 the expansion was practically one and half times of what it was in the previous year. In the local telephone installation, the number went up by 61 per cent. In the trunk telephone channels the increase was 56 per cent.

Asked whether the improvement was only quantitative or qualitative as well, the representative of the Board stated that it was both. He admitted, however, that qualitative improvement had taken place on the main routes only. In another two or three years the services in the interior of the country would be much better. As regards the potentiality for increasing trunk telephone services it was stated that it depended on financial resources and facilities to provide trunks Circuits. As regards provision of new telephone connections it was urged that the demand was so great that they were not able to meet it. In support of this, it was stated that whereas at the time of Partition there were only 118,000 telephones in the whole country, during 1962-63 alone about 79,000 more new telephones had been provided. The witness added that there was paucity of funds and of foreign exchange which stood in the way and it was not therefore possible to say when the demand would be fully met.

As regards item (v)—“Telegraph charges realised in cash”, the Committee enquired whether stamps sold were also accounted for in this item. The representative of the Board stated that in a few Telegraph Offices like Bombay Central Telegraph Office and Calcutta Telegraph Office, P. & T. Board introduced, as an experimental measure, cash payment, which is credited as Revenue to the Telegraph Branch. A National Cash Register is also maintained in the large Telegraph Offices for this purpose. This cash payment system had nothing to do with the other system of affixing stamps on the Telegraph form which was prevalent in other Telegraph Offices. A percentage of Telegraph Revenue is worked out of the total Stamps Revenue and on the basis of that percentage, money is allocated to the Telegraph Branch.)

As regards item (ix)—“Other Receipts”, the representative of the Board explained that these constituted advertisement charges, rents collected on some petty items, fees for pupils in night classes, Contributory Health Services, Kiosks for advertisements and sale of publications. They also collected fees for broadcast receiver licences. Moreover, in 1961-62 there were large adjustments on account of recoveries made towards Savings Bank work performed by P. & T. Board on behalf of Ministry of Finance. The rates were revised from 1st April, 1959 which took place only in 1962-63. One instalment of about Rs. one crore was realised in 1961-62 and another of Rs. 1.4 crores in 1962-63. This accounted for the sudden jump under this item.

The Committee feel that there is considerable scope for improving the Telecommunication (Telegraph and Telephone) services in the country. Paucity of funds and of foreign exchange have been offered as reasons for the inability of P. & T. Department to meet the demands fully. The Committee find it difficult to accept this fully in view of the inordinate delays in the execution of various projects already sanctioned, as referred to in the subsequent paras 54-55 (Chapter VI) of this Report. The Committee would like the P. & T. Board to give a sense of urgency to the execution of various projects for which funds have been allocated to increase the telecommunication facilities so as to meet the increasing demand. The Committee also hope that every endeavour will be made by the P. & T. Department to improve the quality of the services by reducing delays and improving efficiency all-round.

4. The Committee were informed in the course of evidence that item (ix) of the Audit para (Other Receipts) included *inter alia* Revenue on account of broadcast receiver licence fees collected by the P. & T. Department. At the instance of the Committee a note* showing the number of broadcast receiver sets detected without licences/with expired licences during 1959—1963 had been furnished by the P. & T. Board (Appendix III). While the Committee are glad to note that there had been some increase in the number of detections during 1963 as compared to 1961 and 1962, they hope that anti-piracy campaign would continue to be pursued with greater vigour and the defaulters dealt with suitably. They would also like to be informed of the action taken (*i.e.* levy of penalty, realisation of licence fees etc.) in the number of cases detected during each year (1959—1963).

*Not vetted by Audit.

Growth of Revenue in Four Branches of the Department as compared with the increase in Expenditure—para 3—pages 3-4.

5. The growth of revenue in the four branches of the Department as compared with the increase in expenditure (inclusive of interest/dividend paid to general revenues but excluding contributions/appropriations to the Renewals Reserve Fund) during the five years ending 1962-63 is indicated below:—

Years	Revenue	Expenditure	Percentage of expenditure to revenue
(In crores of Rupees)			
<i>Postal Branch :</i>			
1958-59	37·87	36·47	96·3
1959-60	39·22	38·22	97·5
1960-61	40·78	41·55	101·9
1961-62	45·62	43·29	94·9
1962-63	50·95	50·06	98·3
<i>Telegraph Branch:</i>			
1958-59	8·26	7·62	92·3
1959-60	9·10	7·99	87·8
1960-61	9·85	9·83	99·8
1961-62	11·06	9·92	89·7
1962-63	11·55	11·43	99·0
<i>Telephone Branch:</i>			
1958-59	20·03	13·12	65·5
1959-60	21·96	14·11	64·3
1960-61	26·38	17·66	66·9
1961-62	31·06	21·99	70·8
1962-63	35·08	26·29	74·9

Years	Revenue	Expenditure	Percentage of expenditure to revenue
(In crores of Rupees)			
<i>Radio Branch :</i>			
1958-59	0·15	0·19	126·7
1959-60	0·12	0·31	258·3
1960-61	0·14	0·24	171·4
1961-62	0·15	0·33	220·0
1962-63	0·29	0·14	48·3
<i>TOTAL (Department as a whole):</i>			
1958-59	66·31	57·40	86·6
1959-60	70·40	60·63	86·1
1960-61	77·14	69·28	89·8
1961-62	87·89	75·53	85·9
1962-63	97·87	87·92	89·8

The results of the Radio Branch, are, in fact, not comparable as there were adjustments, relating to previous years. If those adjustments are excluded the figures for three years ending 1962-63 would be as follows :—

Years	Revenue	Expenditure	Percentage of expenditure to revenue
1960-61	0·18	0·14	77·8
1961-62	0·18	0·26	144·4
1962-63	0·21	0·31	147·0

The percentage of expenditure to revenue showed an increase during 1962-63 as compared with 1961-62 in all the branches.

The percentage which the expenditure of the Department as a whole bore to its total revenue was the highest in 1962-63 during the above five years. This was partly due to the revision of rates of dearness allowance and consolidated allowances of extra-departmen-

tal employees from 1st November, 1961 and of travelling allowance from 15th September, 1962 as also due to grant of children's education allowance from 1st March, 1962.

Explaining the increase in Revenue by Rs. 5.33 crores and increase in expenditure by Rs. 6.77 crores in the Postal Branch during 1962-68 as compared to 1961-62, the representative of the Board stated that the increases were due to the inherent characteristics of the services provided in the post offices, wherein with increase in traffic, there was rapid increase in man power and also increase in expenses. He elucidated this further by adding that the postal service was all manual, and a large number of men were employed. Hence even a slight increase in the dearness or other allowances or facilities reflected to a very large extent in expenditure.

In reply to a question, the Committee were informed that in the case of Telegraph Branch, the refund given to public for sending telegrams by post was also taken into account while calculating the net Revenue for the Telegraph Branch. In this connection the Committee desired to be furnished with:—

A statement showing the total number of telegrams transmitted during 1961-62, 1962-63 and 1963-64 and the number out of them transmitted incorrectly.

The Committee were furnished with a statement giving the total number of paid telegrams booked during the last three financial years (These figures are given in the next para). As regards the number of telegrams transmitted incorrectly in relation to the total number of telegrams transmitted, it has been stated that such statistics are not maintained by the Telegraph Offices. The Committee suggest that such statistics may be maintained in future as it will serve as a good index of efficiency.

6. As regards delay in transmitting telegrams, the representative of the Board stated that delay took place due to human factor in transmitting telegrams from Circuit I to Circuit II and so on, which was known as "Circulation delay". P. & T. Department hoped to introduce "Gentex System" in the next few years by putting in automatic exchange at various large centres for passing messages directly. P. & T. Department was also building up a net work of very high frequency radio Circuits for the interior routes for transmitting messages which were not subject to the vagaries of the weather to the extent that land line was.

At the instance of the Committee, in a statement furnished by the P. & T. Department relating to the percentage of posted telegrams, the following figures have been furnished:—

Year	No. of Booked Telegrams	No. of telegrams sent by post	Percentage of posted telegrams to telegr- ams booked
	(Millions)	(Millions)	
1961-62	40·36	2·61	6·74
1962-63	40·66	2·38	5·85
1963-64	41·80	1·49	3·57

It has been stated that separate statistics for refund granted on posted traffic alone are not maintained, but that on an average Rs. 20 lakhs are refunded by the Telegraph Department under all counts namely refund of overcharges, un-utilised late fees, reply paid vouchers and all sorts of service lapses including delay due to posting.

The Committee feel concerned to note the large number of telegrams sent by post during the last three years. Although the percentage of posted telegrams to telegrams booked is showing a downward trend, the Committee feel that every effort should be made to avoid the circumstances necessitating despatch of telegrams by post, since the time factor is of main significance in the despatch of a telegram. If, due to unavoidable circumstances, which should be very rare, the telegrams have to be sent by post then the senders should be informed immediately and the amounts of telegraph charges refunded without waiting for a formal application.

The Committee hope that with the completion of the "Gentex System" and net work of high frequency radio Circuits for the interior routes, the number of complaints about delays in receipt of telegrams will be substantially reduced.

7. As regards the Radio Branch, in answer to a question as to why the results of Radio Branch were not comparable, the representative of the P. & T. Board stated that Radio Branch was in peculiar position. Apart from the fact that Radio Branch was first of all for the maritime services, it provided a stand-by link to the normal channels of communications. The result was that so far as the stand

any channels were concerned, the revenue that accrued from these channels, went to the particular Branch, either telegraph or telephone and not to the radio.

In answer to the specific question why while the Revenue in both 1960-61 and 1961-62 was Rs. 0.18 crores, the percentage of expenditure to revenue had gone up from 77.8 (1960-61) to 144.4 (1961-62) the C. & A.G. pointed out that when a telegram was booked the receipts were appropriated to Telegraph Branch. But it might be that the radio channels had to be used as the telegraph line was not working in particular cases. Therefore while the money was spent on radio channels the receipts had gone to the telegraph Branch. That accounted really for the continuous deficit for this particular Branch.

The representative of the P. & T. Board, however, stated that the question of amalgamating the radio expenses with telegraph or telephone expenses was under consideration.

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

Renewals Reserve Fund—para 4—page 5.

8. It was stated in paragraph 3 of the Audit Report, 1963, that, while examining the adequacy of the balance at the credit of the Renewals Reserve Fund, the Department had held that an appropriation of 4 per cent per annum of the "present Value" of the telecommunication assets would be necessary and that for this purpose the present value was considered by the Department to be roughly twice the book value. Subsequently the question of due contributions to the Renewals Reserve Fund was re-examined by the Department which came to the conclusion in July 1963 that the present value of telecommunication assets should be taken as twice the book value of assets constructed upto 1950-51 and one-half times the book value of assets constructed between 1951-52 and 1959-60. The extent of shortfall in the Fund is under examination by the Department. On the basis of the assumed lives of the different classes of assets and the present value of the assets, it is estimated in audit that at the end of 1959-60 the deficiency in the amount at the credit of the Renewals Reserve Fund would be of the order of Rs. 30 crores. During 1960-61 to 1962-63 Rs. 7.8 crores of this shortfall were made good as follows:—

	(In crores of rupees)
1960-61	0.56
1961-62	4.84
1962-63	2.40

The estimated deficiency in the Renewals Reserve Fund at the end of 1962-63 was thus of the order of Rs. 22 crores.

From 1960-61 onwards the contributions to the Fund are being regarded, not as part of the working expenses, but as appropriations of the net surplus arrived at after meeting the working expenses and paying the dividend to general revenues. The Public Accounts Committee in paragraph 3 of their 2nd Report (1962-63) recommended that the contribution to the Renewals Reserve Fund should be treated as a charge on the working expenses and not as an allocation out of the surplus. It has been decided that the recommendation of the Public Accounts Committee will be given effect to from 1964-65.

The Committee were informed by C&AG that the present value of Assets owned by the P&T Department as on 31st March, 1961 on the basis of the formula previously claimed by the P&T Department worked out to an estimated figure of Rs. 263 crores. On the basis of the formula finally adopted i.e., on certain valuations for assets acquired before 1952, certain Assets acquired between 1952 and 1960 and so on, the value was now computed at Rs. 214 crores. The arrears on account of Renewals Reserve Fund had been calculated on the present value (Rs. 214 crores) plus Assets acquired after 31st March, 1961. He added that as regards the question of the rate at which the contribution should be made to the Renewals Reserve Fund on the various categories of Assets, Government would have to take a final decision on what exactly the contribution should be. It was under consideration at present.

The Committee would like this matter of rate of contribution to the Renewals Reserve Fund to be settled by Government at an early date.

II
GENERAL RESULTS OF APPROPRIATION
AUDIT AND CONTROL OVER EXPENDITURE

Excess over voted grants—paras 5 and 6—pages 6-7.

9. *General.*—The following table compares the expenditure during the year 1962-63 with the total of voted grants and charged appropriations:—

(1)	Actual expenditure	Excess (+) Saving (—)	Percentage of col. 3 to col. 1
(1)	(2)	(3)	(4)
<i>Voted (in crores of rupees) :</i>			
Original	122·03		
Supplementary	7·94		
Final	129·97	135·85	+5·88
			4·5
<i>Charged (in lakhs of rupees) :</i>			
Original	1·63	0·35	—1·28
			78·5

The excess expenditure of Rs. 5·88 crores in the voted section was the net result of—

- (i) an excess of Rs. 1·70 crores in Grant No. 98—Posts and Telegraphs Dividend to General Revenues and Appropriations to Reserve Funds;
- (ii) an excess of Rs. 4·44 crores in Grant No. 140—Capital Outlay on Posts and Telegraphs (not met from Revenue); and
- (iii) a saving of Rs. 26 lakhs under Grant No. 97—Posts and Telegraphs Working Expenses.

Excess requiring regularisation—

Excess over voted grants.—The excess over the two grants referred to in the previous paragraph requires to be regularised under Article 115 of the Constitution:—

Number and name of Grant	Amount of Grant	Expenditure	Excess	Percentage
	Rs.	Rs.	Rs.	
1) 98—Posts and Telegraphs Dividend to General Revenues and Appropriations to Reserve Funds	13,92,00,000	15,62,51,137	1,70,51,137	12.2
140—Capital Outlay on Posts and Telegraphs (Not met from Revenue)	25,58,09,000	30,01,84,963	4,43,75,963	17

Item 1.—The excess was due to—

- (i) an increase in the amount of dividend paid to general revenues by Rs. 9,93,725 as a result of increased capital outlay during the year; and
- (ii) a large surplus being available for transfer to the Renewals Reserve Fund after payment of dividend to general revenues (Rs. 9,95,39,412 against Rs. 8,34,82,000 budgeted for).

The excess was primarily as a result of the adjustments made when the actual surplus was known after close of the financial year.

Item 2.—The excess of Rs. 4.44 crores was 17.3 per cent as compared with a saving of 6.1 per cent which occurred in 1961-62. The excess occurred mainly under "Telephones—General projects" where the expenditure exceeded the original budget provision of Rs. 5 crores by Rs. 3.53 crores. The excess has been explained as mainly due to better progress than was anticipated in acquisition of sites and construction of buildings and in the supply of cables and equipment relating mainly to telephone works. The excess came to notice only after the close of the financial year.

No supplementary grant was obtained for the excess in either case.

The excess over voted grant "No. 98—Posts and Telegraphs Dividend to General Revenues and Appropriations to Reserve Fund" has been explained in a note furnished by the Department (Appendix IV). It has been stated that this grant is fixed at an amount equal to the difference between the budgeted "Revenues" of the Department and its budgeted "Net Working Expenses". Thus any improvement in Revenue or reduction in expenditure in relation to the budgeted

amounts will automatically cause an excess over this grant. The excess is comprised of Rs. 11.22 lakhs under the head "Dividend to General Revenues" due to larger capital outlay than anticipated and Rs. 159.29 lakhs under "Appropriation to Renewals Reserve Fund" due to more surplus being available than anticipated after payment of dividend to General Revenues. The excess in this demand, it is stated, actually represents an improvement in the financial position of the Department over what was anticipated.

The Chairman P. & T. Board admitted in evidence that P. & T. Board regarded the excess under Grant No. 140 as a major irregularity and assured the Committee that abundant care would be taken to ensure that such irregularities were reduced to the minimum. He urged in extenuation, however, that this irregularity was due to various factors including diffidence on the part of the officials, booking of expenditure of Rs. 6 crores as late as March when it was not possible to revise the estimates and much more increased supply, than anticipated, from the Indian Telephone Industries, Hindustan Cables and D. G. S. & D. which made it rather difficult to estimate correctly.

Explaining the position in further detail the representative of the Board added that during the year under consideration, they took strong action all round to see that no amount lapsed and the factories and workshops were asked to step up production. Although the Board considered that the estimate of Rs. 14.19 crores provided for was on the low side, they did not dare to go in for a higher figure due to lack of confidence based on past experience. That is why they did not go in for a supplementary grant. It was added that whereas the progressive expenditure for the month of January (which was received only by 15th March) showed an expenditure of only about Rs. 10 crores, March figures went upto Rs. 17.75 crores. Had it been known that the debits would go up to that extent, they would have come forward for supplementary grants. But they could not do so as the accounts were three months behind schedule.

In reply to a question it was stated that the Board never thought that they would spend Rs. 17.75 crores, although they thought that they would spend more than what was provided for and had, therefore, increased by Rs. 1 crore, the provision under "Capital", by re-appropriation.

The Committee desired to know whether the difficulties enumerated were inherent in the existing procedure whereby excesses came to notice only after the close of the year. The Comptroller and Auditor General pointed out that Government had issued orders to

all Departments that Controlling Authorities should maintain Liability Registers. He, therefore, thought that that the system of collecting information about commitment and payments for the proper maintenance of the Liability Registers as enjoined by the orders of Government, did not work properly. The real and important thing was, therefore, for the departments to tighten up the procedure.

The Committee were informed that the Board maintained Liability Registers at circle levels only where the expenditure was actually incurred. Liability Registers were not maintained at Central level. The main difficulty was that the P. & T. Board got information rather late from the Circles and if the delays in getting information from the Circles could be cut out, a central Liability Register could be maintained. It was admitted that unless some improvement was effected or procedural changes made to ensure that intimation about expenditure was received in time, much reliance could not be placed on the Liability Registers. The Chairman P. & T. Board stated further that a quarterly review of the progress of expenditure and revenue both on the capital as well as on the revenue side was made. Such meetings were held on 24th November, 1962 and 4th February, 1963. but inspite of these the Board had slipped in this case.

Asked whether the Circles had asked for additional funds more or less to the extent of Rs. 3.56 crores in their final estimates, the representative of the Board admitted that it was so, but urged in extenuation that from their past experience it was found every year that while the Circles asked for more funds at the end of the year. they did not spend that much. That was the reason for not coming up for a supplementary grant.

Asked about the system of financial control that existed in the P. & T. Department and the stand taken by the representative of the Finance in the P. & T. Board, in this case, the Member (Finance) of P. & T. Board stated that there was a representative of the Finance Ministry in the P. & T. Board whose function was mainly recommendatory and he had no special control over the disbursements of P. & T. In the case of Grant No. 140, P. & T. Board instead of seeking advice for going for a supplementary grant, asked for a reappropriation to the extent of Rs. 1 crore from the R. R. Fund and Telephone Development Fund where the expenditure was expected to be less, to which the representative of the Finance Ministry readily agreed.

In reply to a question, the Member (Finance) P. & T. Board stated that efforts were being made by him to have the reviews made more often and in greater detail and for this purpose, he even went

down to the field and had a direct review made there. His suggestions would be brought before the P. & T. Board.

While explaining the relationship between the Member (Finance) and the P. & T. Board, the Chairman P. & T. Board stated that the Finance Ministry functioned in the same manner in relation to P. & T. Board as in the case of other administrative Ministries except to the extent that a Joint Secretary (Finance) who is Financial Adviser to the P. & T. Board is also a Member of the Board. The Member (Finance) therefore was much more acquainted personally with the day to day working of the Administrative side than a normal Joint Secretary (in the Finance side) in any other administrative Ministry. He pointed out however that the review of expenditure and of estimates was done by the Expenditure Control Committee in the P. & T. Board. The Member (Finance) was a member of this Committee but basically the responsibility rested on the administrative Members of the Board and not on the Member (Finance). It was added that the Expenditure Control Committee reviewed the expenditure of every one of the grants every quarter.

The Committee regret to note the lapse on the part of the P. & T. Board in incurring this large expenditure of Rs. 4.44 crores without the authority of Parliament. The Committee note that the prescribed procedure was not being followed inasmuch as the intimations about expenditure are not received promptly from the paying authorities (in India and in the U.K.) and hence upto-date information about expenditure and liabilities incurred are not known.

The Committee were informed in the course of evidence, that in their final estimates when the Circles asked for additional funds more or less to the extent of Rs. 3.56 crores, the Department did not consider it necessary to obtain a supplementary grant on the ground that from their past experience it was found that every year while the Circles asked for more funds at the end of the year, they did not spend that much. The Committee are not fully convinced of this reason. In their opinion, estimates made by Circles should have been improved in the past when they proved incorrect, instead of ignoring them. They find no justification for the rejection of the requests from the Circles for additional funds without a thorough examination of the reasons advanced or the information furnished by the Circles in support of their request.

The Committee hope that in future a complete and thorough examination of the proposals from the Circles would be made before a decision is taken thereon by the P. & T. Board.

In order to get a better appreciation of the reasons for this excess, the Committee desired to have a detailed statement containing the list of individual projects, works in which the excess expenditure had been incurred indicating the reasons for the excess in each case. A perusal of this statement showed that in a number of cases, the reason given was "higher priority given". The Committee fail to understand why additional expenditure was not anticipated and provided for when a higher priority was given to a scheme.

The fact that such a large sum of money as Rs. 4.44 crores had been spent in excess of the funds authorised by Parliament and this too came to notice only after the close of the financial year is, in the opinion of the Committee, a disturbing feature. The Committee note that the Chairman of the P. & T. Board who admitted that this was a major irregularity has assured the Committee that abundant care would be taken to ensure that such irregularities were reduced to the minimum. They hope that all precautionary steps, including changes in procedure etc. as may be necessary, will be taken by the Department, at the earliest possible opportunity, to avoid a recurrence of such irregularities.

Subject to these observations the Committee recommend that the excesses under Voted Grants referred to above may be regularised by Parliament in the manner prescribed in Article 115 of the Constitution.

III REVENUE

Charges for installation of Telephones—Para 7—page 8.

10. The installation cost for each telephone connection from departmental exchanges and also from private exchanges and private branch exchanges was estimated by a departmental committee in 1958 at about Rs. 50. The committee, however, felt that charging this amount might discourage the demand for new connections and recommended the charges to be recovered might be fixed at Rs. 40 per connection. Government accepted the recommendation with effect from April 1960 and this rate is still in force.

As the waiting lists for new telephone connections are generally large, the justification for charging a lower amount than the estimated cost is not apparent. In 1960-61 the number of telephone connections from such exchanges increased by about 40,000 while in 1961-62 the number further increased (over that of 1960-61) by about 57,000. The fixation of a concessional installation charge has thus resulted in the Department foregoing a recovery of rupees four to five lakhs every year.

Asked for the reasons why installation charges for telephones collected by the Department were less than the actual expenditure, the representative of the P. & T. Board informed the Committee that previously the charge was fixed at Rs. 10. The Tariff Review Committee appointed by the P. & T. Board found that the expenditure on the installation of telephones, was on an average, of the order Rs. 50. Keeping in view the various aspects, the Tariff Review Committee made the following recommendation:

“The installation charge should cover ordinarily the department's expenses on the formalities of giving a new connection and the cost of wiring at the subscriber's premises. At the same time, the charge should not be so heavy as to discourage the demand for new connections.”

Balancing these two considerations, the Review Committee suggested a figure of Rs. 40. Since it was a well-reasoned suggestion, Government accepted it.

The Committee were further informed that the cost of the installation was now less than Rs. 40 because of the improvement in the technique of wiring.

The Committee were informed that the Department would review the adequacy of the installation charges during the next quinquennial review of the tariff structure to be held in 1965. **The Committee suggest that at the time of this review, the installation charges for telephones should be fixed on "No profit no loss" basis.**

Old outstanding dues—para 8 (i)—pages 8-9.

11. When lines are erected or instruments provided by the Posts and Telegraphs Department for the railway and canal administrations, advice notes (intimating erection of the lines/supply of the instruments and showing the date from which rent is to commence) are issued to those administrations for acceptance and on the basis of those accepted advice notes rents are recovered from them. Delays in issue of the advice notes and in obtaining their acceptances, and the consequent delay in the recovery of rents (amounting to Rs. 4.40 lakhs). are brought out in the table given in Appendix V.

The Committee enquired the reasons for delay in the issue of advice notes to Railway and Canal Administrations and obtaining their acceptance and the consequent delay in the recovery of rents in certain cases where services were rendered to these Departments. The representative of the P. & T. Board stated that many cases referred to in the Audit para had actually been settled. It was added, however, that now that this matter had come to notice, they would take action to improve the procedure and in cases where delay could be attributed to human failure, disciplinary action would be taken.

The Committee find no justification for the long delays (extending upto 10 years) in the issue of advice notes and in obtaining their acceptance which resulted in delay in the recovery of rents amounting to Rs. 4.40 lakhs. They trust that such laxity would not recur.

They would also like the Department to fix a suitable time-limit within which other Departments should send intimation regarding acceptance (or otherwise) of the advice notes, after which they should be taken as accepted.

At the instance of the Committee the P. & T. Board have furnished a* note giving the latest position about the recovery of outstanding dues (Appendix VI). The Committee note that a sum of about Rs. 1.97 lakhs in respect of 21 cases, out of Rs. 4.40 lakhs mentioned in Sub-para (i) of the Audit Para has been realised. The Committee were surprised to learn that in one case the work was not actually carried out, but an advice note claiming a sum of Rs. 5,882 for the work was issued. The Committee would like the P. & T. Board to take suitable steps to avoid such mistakes in future.

The Committee also desire to be informed of the result of the first review to be conducted by the Heads of Circles in January, 1965 and steps taken to clear all old arrears.

Old outstanding dues—para 8 (ii)—page 10.

12. Other old outstanding dues as on 30th June 1963 were as follows:—

Particulars of outstandings	Amount	Remarks	
	Rs.		
(a) Default by seven mail motor contractors in Kashmir Circle in payment of royalties for the privileges of carrying mails.	1952 to 1958 1959 to 1960	12,900 4,500	The contracts were terminated as the contractors defaulted in payment of their dues. The cases were referred to the Director General Posts & Telegraphs, for arbitration in March and September, 1963 and his decision is awaited (January, 1964).
TOTAL	17,400		
(b) Amounts due from local bodies and private persons as guarantors for making good the losses suffered by guaranteed telegraph offices.	Upto 1956-57 1957-58 1958-59 1959-60 1960-61	26,300 15,693 11,821 9,792	From 3 local bodies Rs. 6,590. From 17 private persons Rs. 57,016. This includes Rs. 12,890 recoverable from a private party in Mysore Circle relating to the period from March, 1956 to March, 1961.
TOTAL	63,606		

*Not vetted by Audit.

In regard to the dues in respect of Guaranteed Telegraph Offices mentioned in para 8(ii) (b), the note* given in Appendix VII gives the latest position. From this note, the Committee find that against the amount of Rs. 63,606 involved as per Audit para, the amount settled is only Rs. 5,219. The Committee feel that the progress of recovery is very slow. They desire that the P&T Board should take special measures to settle these old outstanding dues.

*Not vetted by Audit

IV

STORES PURCHASE AND CONTROL

Import of Stores—para 9—page 11

13. The stores utilised in the Posts and Telegraphs Department fall under two categories, viz (i) General Stores which are stocked in the five main stores depots at Calcutta, Delhi, Jabalpur, Madras and Bombay and the Circle stores depots and are meant for direct use on works and (ii) Workshop Stores which are stocked in the departmental workshops for use in the manufacture of components etc.

The value of stores purchased during 1962-63 was Rs. 14.61 crores (General Stores Rs. 12.33 crores and Workshop Stores Rs. 2.28 crores) as against Rs. 8.21 crores purchased in 1961-62. These include imported stores valued at Rs. 1.98 crores purchased in 1962-63 as against Rs. 9 lakhs purchased in 1961-62.

Asked whether there were any special reasons why the value of imported stores purchased during the year 1962-63 rose to Rs. 1.98 crores from Rs. 9 lakhs in the previous year, the representative of the P&T Board stated that it was due to greater foreign exchange release on account of loan from International Development Association and placing to that extent larger number of orders abroad. The Committee were also informed that the P&T Department tried to get whatever they could from indigenous sources. If however, an article was not available in sufficient quantity then it was imported. The Committee desired to be furnished with a statement showing the comparative value of stores imported by P&T Department, stores purchased indigenously and stores produced in the P&T Workshops during the last three years which has since been furnished* (Appendix VIII).

The Committee find from the statement that the value of imported stores purchased through the India Store Department, London, and the approximate value of stores imported forms a

* Not vetted by Audit.

substantial part of the total value of stores purchased. In the course of evidence the Committee were informed that in order to keep pace with the developmmts it would be difficult to eliminate imports of stores altogether.

While the Committee note that it may not be possible to eliminate imports altogether they feel that if efforts are made to increase the capacity of the P. & T. Workshops and new items are designed indigenously to keep pace with the latest developments dependence on imports could be gradually reduced. With the increased industrial production due to technological developments it should be possible to manufacture most of the items except very complicated or newly developed items. The Committee hope that suitable steps in this direction would be taken by the P. & T. Board.

Absence of penalty clause in purchase orders—para 10—page 11.

14. The purchase orders issued by the Chief Controller of Telegraphs Stores do not contain any penalty clause for failure on the part of the suppliers in completing the supplies according to the terms of the orders. The desirability of including a penalty clause in the purchase orders was suggested by Audit to the Chief Controller of Telegraph Stores in December, 1959.

The Audit para has cited an instance given below where, in spite of prolonged delay on the part of a supplier, the Department was unable to cancel the contract and make purchases at the risk and cost of the defaulting supplier.

An order for supply of 5,000 120 A.H. lead acid cells at Rs. 80 each was placed by the Chief Controller of Telegraph Stores in March, 1961 on a manufacturing firm. The supply was to be completed by September, 1961. No supplies were made by that date and even upto 31st August 1963 only 3,700 cells were supplied. Orders were therefore placed in July, 1961 and October 1962 for the purchase of 334 and 1000 cells from two other firms at a price of Rs. 120 and Rs. 110 per cell respectively resulting in an extra expenditure of Rs. 43,360. As no risk purchases could be made in the absence of a penalty clause in the purchase order, the Department secured, by negotiation, a reduction of Re. 1 in the price of each cell supplied by the firm from 1st August, 1962 onwards, and a modification in the terms of delivery from F.O.R. Bangalore to F.O.R. destination.

Asked about the reasons for the absence of penalty clause in purchase orders of the P. & T. Department, the representative of the

P. & T. Board stated that in the beginning the clause was not introduced in the orders which the Chief Controller of Telegraph Stores generally placed, as these orders were in the nature of developmental orders. It was apprehended that if there was any penalty clause in such orders, the firms might not come up at all. This aspect of the problem weighed with the Department in not introducing the penalty clause. The witness added that the Board had since then accepted that there should be a penalty clause and they were looking into the details as to the form in which the clause should be introduced.

In reply to a question it was stated by the representative of the Board that the allocation of power to place orders as between the Chief Controller of Telegraphs Stores and the Director General of Supplies & Disposals was both on the basis of financial limit and the variety of stores to be supplied. In the case of stores which were in common use by the other Departments the Chief Controller of Telegraph Stores could place orders direct only upto Rs. 10,000. But if there were cases in which the stores were used only by the P. & T. Department, then exemptions were given and orders could be placed direct after completing the formalities. The acid Cell referred to in the present case was a specialised item used only by the P. & T. Department.

The Committee regret to note that in the case cited above, higher price had to be paid to two other firms for the purchase of cells due to the original order not being complied with by the manufacturing firm concerned. The extra expenditure of Rs. 43,360 could not be realised from the defaulting firm, due to the absence of the penalty clause. The Committee feel that some of the items have been developed long ago and hence this penalty clause should have been finalised and introduced much earlier. The Committee would like this clause to be introduced as a rule in all contracts given by the Chief Controller of Telegraph Stores.

Excessive stocks—Para 11 (i)—pages 11-12.

15. The stock limits of general stores are fixed every year based on their turnover and the time required for procurement. The stock limits of workshop stores, however, are fixed *ad hoc* on the basis of the production targets. Instances where the balances of individual stores on 31st March 1963 in the Posts and Telegraphs

Workshops were much in excess of the maximum limits fixed for them are given below.

Name of Workshop	No. of items of stores which exceeded the permissible limits	Total value of stock held on 31st March, 1963	Total value of the permissible limits for the stores in col. 2.
I	2	3	4
(In lakhs of rupees)			
Alipore	22	2.76	0.42
Jabalpur	25	7.24	0.56
Bombay	34	5.04	2.03

The large stock balances were due to excessive purchases of these stores between 1960-61 to 1962-63 as indicated below :—

Name of workshop	Stock on 1st April, 1960	Purchase between 1960-61 to 1962-63	Issues during 1960-61 to 1962-63	Stock on 31st March 1963
(In lakhs of Rupees)				
Alipore	0.51	3.54	1.07	2.76
Jabalpur	1.90	6.80	1.67	7.24
Bombay	1.38	6.28	3.30	5.04

The Committee were informed in evidence that the overall limits of the stock balances of the workshops were fixed on an *ad hoc* basis every year. It was pointed out by the Comptroller & Auditor General that though overall limits were fixed, in the case of a large number of individual items no limits were fixed. He added that the P. & T. Board had revised the over-all limit upwards but had failed to fix limits in the case of several individual items. The latest position about the balances referred to in the Audit para as given by him was—Alipore Rs. 1.5 lakhs, Jabalpur Rs. 2.6 lakhs and Bombay 2.49 lakhs as some of the large stocks had been utilised in the succeeding years.

It was stated by the representative of the Board in reply to a question that the over-all limits fixed for three workshops during 1961-62 and 1962-63 were Alipore Rs. 60 lakhs, Jabalpur Rs. 70 lakhs and Bombay Rs. 60 lakhs.

The Committee feel that fixing only over-all limits of stock balances of the workshops, on an ad hoc basis, is not of much use, if in a large number of items no limits are fixed at all. With such a system, the possibility of overprovisioning of some items going undetected cannot be ruled out. Such overprovisioning apart from capital being unnecessarily locked may also result in losses due to deterioration, wastage of storage space, extra expenditure on watch and ward etc. The Committee desire the Department to examine this matter carefully and arrive at a more rational and effective system of fixing limits of the stock balances of the workshops.

Ebonite and bakelite rods and sheets—para 11 (ii)—page 12.

16. There was a stock of ebonite and bakelite rods and sheets valued at Rs. 50,000 in the Bombay Telephone workshop on 31st March, 1963; out of these, a quantity valued at Rs. 27,000 had remained unused for more than 9 years and the rest had remained unused for 5 to 9 years. Their average annual consumption during the period 1960-61 to 1962-63 was only Rs. 2,944. It has been stated by the General Manager, Posts and Telegraphs Workshops, that stores valued at Rs. 30,700 have become surplus. Audit has pointed out that similar materials valued at about Rs. 24,000, which had been taken over from the ex-Bombay Telephone Company in 1943-44 and has remained in stock in Bombay Telephone Workshop, were written off in 1962 as their insulation had deteriorated due to age.

Asked whether P. & T. Department had a system of periodic reviews for the stocks held, the representative of the Board stated that they had a system of periodic reviews of the stocks held in the workshops. When it was found that the stocks had become obsolete due to change in methods or due to the use of a new type of equipment, the surplus had to be disposed of. Asked when the stocks of ebonite and bakelite rods at Bombay workshop were declared surplus, the representative of the P. & T. Board stated that ebonite and bakelite rods were imported material and it was difficult to obtain them and so instead of declaring them as surplus and disposing them of through normal disposal process, they were trying to use them at the Indian Telephone Industries or by offering them to other sister organisations within the department. Asked

whether ebonite and bakelite rods and sheets had also become obsolete due to new processes coming into existence, the representative of the Board stated that ebonite rods of 1½" size were stocked for manufacture of sleeves for board plugs etc.

Asked about the general policy relating to the period for keeping of stores in stock, the representative of the Board stated that it all depended on the procurement of a particular item. In the case of imported items the stocks were kept upto three years and in the case of items to be manufactured indigenously, six months stock was considered sufficient.

A statement* showing the quantity and value of Ebonite and Bakelite items the stock of which would last for more than five years as furnished by the P. & T. Board is given at Appendix IX.

The Committee are not convinced that proper efforts were made during the last 9 years to see whether these stores could be properly utilised or not. The Committee are surprised to note from the statement furnished that the P. & T. Department are unable to say when some items of ebonite and bakelite were originally purchased as the records are not there. The Committee hope that all possible efforts will now be made to utilise the quantity lying in stock for the last several years. The Committee would also like the P. & T. Board to ensure that such heavy accumulation of stores much in excess of normal requirements does not take place.

17. As regards the materials valued at about Rs. 24,000 which had been taken over from the ex-Bombay Telephone Company in 1943-44 and written off in 1962, the Committee were informed that it was an imported item, and that efforts were made to make use of it or to give it to their sister organisations. It was, however, admitted by the representative of the P. & T. Board that it should not have taken 19 years for this process to be completed.

At the instance of the Committee, in a note *furnished by the P. & T. Board it has been stated that

“the Bombay Telephone Workshop was not manufacturing any item of equipment in which these imported insulating materials could be used. Since, however, periodically new items of equipment and changes in designs are introduced for manufacture in the Workshops, there could have been a possibility of using these items which were imported and were otherwise difficult to obtain.

*Not vetted by Audit.

Apparently under this expectation, these items were not disposed of. However, no records are available to indicate specifically why the position regarding the disposal was not reviewed earlier."

The Committee are unable to accept the justification advanced for the abnormal delay of 19 years in deciding about the utility of the materials. Owing to this delay, by the time a decision was taken in the matter, the utility of the materials had probably been lost. It is also surprising that no records are available to indicate specifically why the position regarding disposal was not reviewed earlier. The Committee feel unhappy to note that such a state of affairs should exist in the workshop. They desire that suitable steps should be taken early to remedy the position by having reviews of stock at regular intervals and keeping proper records thereof.

Components parts required for repairs of telephone dials, para 11 (iii)—page 13.

18. In the Bombay Telephone workshop certain component parts (valued at Rs. 1.83 lakhs) required for repairs of telephone dials were in stock at the end of March, 1963. This included stores valued at Rs. 21,000 and Rs. 18,000 which had not been required for use during the preceding three years and six years respectively. On the basis of their consumption during 1960-61, 1961-62 and 1962-63, the balance of the rest of the components on 31st March, 1963 represented requirements for 3 to 20 years and more.

Non-utilisation of these component parts had been stated to be due to an order issued in December, 1953, prohibiting repairs if the cost of such repairs would exceed 50 per cent of the market price of the articles.

The Committee were informed that the component parts in the Bombay Telephone Workshop were acquired for repairs of telephone dials on the basis of a programme of repairs drawn up in 1956-57 and 1957-58.

The Comptroller and Auditor General stated in this connection that orders were issued in 1953 that repairs should not be undertaken if the cost of such repairs was more than 50% of the market price of the article. According to the Director General Posts and Telegraph's letter dated January, 1964 to Audit, the Indian Telephone Industries had developed and standardised their special type dials and spares, and it was then found that repairs would cost much more than 50% of the price of the newly developed dials. Because of the new development, the cost of repairs which was less than 50% in the beginning became more than 50% later. The Committee

were further informed by the representative of the P & T Board that the dial was developed by the Indian Telephone Industries in 1954 and supply in substantial quantities started from 1957. The Comptroller and Auditor General pointed out that although the stock was acquired for 20,000 dials, actually between 1950-59 and 1961-62, 34,900 numbers had been repaired and still there was a surplus of the old material purchased for old type dials. Therefore there was an over-indenting of materials even on the basis of 20,000 numbers.

The representative of the Board stated in extenuation that in a dial there were about 100 components and there were some parts which frequently went out of order whereas other parts did not.

The Committee feel that in this case not only was there over-indenting of materials to a large extent, but also there was failure to conduct review of the stores from time to time during all these years. The Committee would like to know what remedial action has been taken or is proposed to be taken by the P. & T. Department to guard against such a situation arising in future.

Loading coils, para 11 (iv)—page 13.

19. Out of 216 loading coils (costing about Rs. 1,800 each) received between May, 1957 and January, 1958 against the orders placed with Messrs Indian Telephone Industries, Limited in September, 1955, 55 coils (Value Rs. 1 lakh) were lying unissued in the Madras stores depot, upto June, 1963.

Explaining the background of the case the representative of the Board stated that the Circles required a certain number of coils but they overlooked the fact that in one unit, 14 coils were put so that if they indented for 10 units, they were likely to be supplied with 140 coils. That was clearly an oversight or mistake.

The Committee were also informed in evidence that there was a procedure whereby when it was detected that the coils were in excess of requirements, the Circles informed the P. & T. Board or the Controller of Purchase. It was added that the balance of the coils as on 31-8-1964 was 'nil'.

While the Committee are glad to note that the balance of the coils have since been utilised, they hope that such mistakes and oversights in placing indents would not recur.

Impedence coils—para 11 (v)—page 13.

20. Against orders for impedence coils placed in 1957 on the Alipore workshop, supplies were received only after 4 years in 1961 and

1962 by which time the demand for those coils had ceased. Coils valued at Rs. 22,000 were lying in stock in the Alipore stores depot.

The Committee were informed that P. & T. Board were examining the possibility of using the impedance Coils lying in stock in some way or the other.

Asked a question as to why the order placed in September, 1957 could not be cancelled when it was found in 1959 that the coils were not necessary the representative of the Board stated that this could not be done because indent etc. had been placed and certain parts had already been manufactured. Other components were manufactured earlier and the supply of Swedish wire was awaited which took about three years. It was added that if the manufacture had been abandoned, the components would not have been worth even scrap value.

The Committee in this connection have been informed that in a *note submitted by the P. & T. Board that the cost of the imported material viz Swedish Iron Wire used in the manufacture of Impedance Coils was Rs. 1312·50.

The Committee learn from Audit that although in July, 1959 General Manager P. & T. Workshop did not agree to the cancellation of the order on the ground that bulk of the articles had been manufactured, the manufactured articles were supplied only in 1961 and 1962. In that case, the Committee find it difficult to accept the plea offered by the representative of the Board for not cancelling the order in 1959. They would like to be informed of the progress of utilisation disposal of the impedance coils.

Delay in Repairs to Serviceable Stores—para 12—pages 13-14.

21. In paragraph 17 of the Audit Report, 1962, it was mentioned that repairable stores worth Rs. 2·9 lakhs and Rs. 13·6 lakhs were kept in stock, without repairs, by the Telegraph stores depots in Madras and New Delhi respectively. The Public Accounts Committee were informed by the Department in 1962 that a repair centre had been opened in Madras and that another was proposed to be opened in New Delhi in order to facilitate the execution of the repairs. The following points had come to notice in this connection:—

- (i) Rs. 3·1 lakhs worth of repairable stores were collected at the Madras stores depot from 1955 upto March 1963, but no repairs have been executed so far. A repair centre

*Not vetted by Audit.

opened at Madras in November 1961 is repairing the equipments of the Madras Telephone District only. The repairable stores of the Engineering Divisions continue to accumulate in the Madras stores depot.

- (ii) In the Alipore stores depot repairable stores returned by the units (book value of Rs. 1.69 lakhs) have accumulated from 1960-61 to 1962-63 and are awaiting repairs due, it is stated to the fuller utilisation of the Alipore workshop capacity for production.
- (iii) Repair shops have been established in the telephone exchanges in Delhi. Out of Rs. 13.6 lakhs worth of stores despatched as repairable to the New Delhi stores depot upto April 1961, stores worth Rs. 11.5 lakhs (about 84 per cent) were found unserviceable. Stores worth Rs. 96,000 were taken to stock without repairs. Out of the balance (Rs. 1.1 lakhs) which was repairable, stores worth Rs. 41,000 are still awaiting repairs (August 1963).
- (iv) Of Rs. 15.58 lakhs worth of stores returned as repairable to the Jabalpur stores depot upto March, 1963, 78 per cent were declared as unserviceable.

Explaining the reasons for the delay in repairs to serviceable stores, the representative of the P. & T. Board stated that delays occurred to some extent from a change in Policy. The Departmental Workshops were first set up as repairing and manufacturing organisations. As for a manufacturing organisation to be efficient, the repair work had to be taken out of it, a decision was taken to do so. P. & T. Board set up repair organisations in the four Telephone Districts to start with, but the tempo of repairs was not very fast. However, efforts were being made to gear up the tempo and it was hoped that the repairs would be expedited.

The Committee drew attention of the witness to the fact that the Committee were informed two years ago that a repair centre was opened and yet repairable stores continued to accumulate in the Madras Store Depot [Item (i) of the Audit para refers]. The representative of the Board stated that the repair centre at Madras put greater stress on repairs of equipment belonging to Madras Telephone District but P. & T. Board recently issued instructions that the repair centre of the Madras Telephone District should undertake repairs of the material that was lying with the C.T.S.S. Store Depot Madras also. The Madras Repairs Centre had some accommodation

and with some additional machines they would be able to cope with this additional work and the arrears would be cleared by the end of 1964. The Committee enquired whether repairs of a similar character were done in all the three repair workshops and what was the co-ordination between those workshops. The representative of the Board stated that actually the workshops repaired ordinary items like telephone or switch boards, otherwise the items would have to be transported over long distances which would cause further damage to stores.

The Committee feel that the earlier efforts of the P. & T. Department to stream-line the process of repairs had not borne fruit due to the fact that the instructions had not been fully given effect to. Now that further instructions have been issued and efforts have been made to expedite the repairs, the Committee would like to watch the progress made in this matter through future Audit Reports.

22. As regards item (iii) in the Audit para the Committee desired to know the circumstances under which the stores sent for repairs became unserviceable without being repaired and were disposed of. It was explained by the representative of the P. & T. Board that the Divisions were asked to send all their stores which they thought could be repaired to the repair shops. In the repair shops the stores were examined in greater details to see whether they were worth repairing or were unserviceable. If the repair shop felt that they could not be repaired or the expenditure on them would be too high and these could not be repaired economically, then the stores were declared unserviceable. The unserviceable or unrepairable stores were sold by auction either through the D.G.S. & D. or by the P. & T. Department. The representative added that in September, 1962 P. & T. Board issued orders for setting up Circle Scrapping Committee. The Circle Committees saw whether the articles were worth repairing and worth being sent out to the four repair shops at Calcutta, Bombay, New Delhi and Madras. The special Technical Survey Committee appointed in June, 1964 would again scrutinise the articles at the four repair shops before they were ordered to be repaired.

The large percentage of stores originally sent to Delhi and Jabalpur depots as repairable, but actually found to be unserviceable indicates that an adequate preliminary examination was not being made in the circles to determine whether it would be economical to undertake repairs to the stores proposed to be sent to the Depots. This resulted in infructuous expenditure on packing, freight etc. and

wastage of transport capacity. The Committee trust that with the setting up of the Circle Committees and the Special Technical Survey Committee, there would be an all round improvement and delay in the repairs to serviceable stores reduced to the minimum, if not eliminated.

Delay in disposal of unserviceable stores—para 13—page 14.

23. In paragraph 18 of the Audit Report, 1962, it was brought out that unserviceable stores valued at Rs. 11.41 lakhs declared for disposal during 1953-54 to 1959-60 had not yet been disposed of. According to the Department the accumulation was mainly due to the restrictions on disposal of scrap imposed under the Iron and Steel Control Order.

In August, 1962 Government decided that price and distribution control on all categories of scrap, other than fresh unused defective, re-rollable scrap and ingot moulds, should be removed. Despite this, unserviceable stores valued at Rs. 29 lakhs, which were declared for disposal during 1953-54 to 1962-63, have not yet been disposed of (June 1963). Of these, stores which had been declared for disposal prior to April 1960 amounted to Rs. 2.23 lakhs.

The Committee were informed in evidence that one of the factors for delay in the expeditious disposal of unserviceable stores was the limitation of financial powers and P. & T. Board was actively considering the question of enhancement of financial powers of the various officers.

The Committee have been informed in a note* [Appendix X Item (ii)] subsequently that with a view to speeding up the work of disposal of unserviceable stores, Stores Scrapping Committees had been formed with effect from 1st November, 1962 and authority delegated to them to declare certain kinds of stores as unserviceable. The question of including more items of stores in the list of disposal by these Committees and the question of having repairs or serviceable stores done locally within the Circles and reorganisation of Circles and Divisional Store Depots were under consideration.

The Committee hope that all these questions will be finalised early so as to streamline the entire procedure of repairs and disposal of stores. They would also like to be informed of the final outcome of these proposals under consideration.

*Not vetted by Audit.

As regards the latest position the representative of the P. & T. Board stated that out of a total of Rs. 25.52 lakhs of general stores kept, stores worth Rs. 8.44 lakhs had been disposed of upto January, 1964; Rs. 7.21 lakhs worth of stores had been declared for disposal; balance about which no action had been taken was about Rs. 7.44 lakhs. (The addition of the value of the scrap in the unserviceable general stores stated to be Rs. 2.38 lakhs would make up the total of Rs. 25.47 lakhs).

The Committee also desired to be informed as to what was the value of scraps in the unserviceable stores which were declared surplus for disposal during 1953-54 to 1962-63. The Committee have been informed* (Appendix X) subsequently that the value of scrap in the unserviceable stores was Rs. 3.39 lakhs.

The fact that the unserviceable stores valued at about Rs. 29 lakhs included scrap valued at Rs. 3.39 lakhs indicates the need of exercising greater caution in making purchases of stores. The Committee would like the P. & T. Department to take vigorous steps to dispose of the balance of unserviceable stores and apprise the Committee of the progress made in the matter.

Stock verification—para. 14—page 14.

24. The table given below indicate the number of statements of discrepancies noticed in stock verification, in regard to which final action, after necessary investigation, is awaited.

Year	Discrepancy statements awaiting final disposal	Value of surpluses	Value of shortages
	Numbers	(In lakhs of Rupees)	
1959-60	52	1.36	1.84
1960-61	44	1.81	1.80
1961-62	81	1.17	0.57
1962-63	176	2.89	1.31

*Not vetted by Audit.

In reply to a question, the representative of the P. & T. Board stated that if the discrepancies found in stock verification were irreconcilable they had to be written off.

As to the reasons for such a large number of surpluses appearing in the discrepancies, the Committee were informed that it was really a matter of accounting and issues to work orders. The witness added that the number of discrepancy statements pending at present was 119.

The Committee do not feel happy over the large number of discrepancies disclosed in stores verification, nor do they appreciate this long delay in the final adjustment of discrepancies. They would desire the P. & T. Department to take definite and urgent steps to improve the position.

*Defective maintenance of stock in the postal stock depot in Madras—
para 15—pages 14-15.*

25. According to the departmental rules, physical verification of perishable goods in postal stock depots is to be conducted half-yearly and that of non-perishable goods annually. In the postal stock depot in Madras, this was not done for over three years and when the work was taken up in January-April, 1961, the following stores were found damaged and unserviceable:—

- (i) 1040 pairs of chappals received from the Government Harness and Saddlery Factory, Kanpur, prior to 1958-59 were found unserviceable and unfit for issue to staff due to long storage. These were disposed of by auction in November, 1961 for Rs. 700 resulting in an estimated net loss of Rs. 10,220.
- (ii) 544 pairs (Rs. 5,712) of old chappals became shrunken and unfit for issue to staff. Samples were sent in 1962 to the Government Harness and Saddlery Factory, Kanpur, for redesigning them or utilising them in the best manner possible.

Admitting that the departmental rules required verification of perishable stores every half year and non-perishable stores every year, the representative of the P. & T. Board stated in extenuation that though there was a stock verification in Madras Postal Stock Depot, it was not a complete physical verification in as much as owing to lack of time and staff the officers could not check up the condition of every single pair of chappals which had accumulated over a period of years (from 1953-54 or even earlier). He added that the chappals

were packed in gunny bags and for want of space they were kept in storage in the bags. Therefore, some of them got damaged in transit and in storage. He also stated that out of 1.21 lakhs of chappals received in the past 7-8 years, only 1040 pairs were rendered unserviceable. He stated in reply to a question that in this case there was no neglect of duty or failure to go by departmental rules but he thought that this case arose because the distribution was not effected in a systematic manner and storage arrangements were not altogether satisfactory. However, very detailed instructions had been issued that stores should be disposed of as soon as they were received and in the chronological order of their receipt.

The Committee regret that the stock verification at the Madras Postal Stock Depot had been perfunctory as a result of which 1040 pairs of chappals were rendered unserviceable. They trust that the detailed instructions now issued in the matter will be scrupulously followed by all concerned and such cases would not recur.

Losses of Stores—para 16—page 15.

26. The figures of losses for the years 1960-61, 1961-62 and 1962-63 are given below:

Year	Number of cases of losses of stores	Amount involved	(Amount in lakhs of Rupees)	
			Copper wire thefts included in columns 2 & 3	
			Number	Amount
1	2	3	4	5
1960-61	5,462	12.08	4.967	9.51
1961-62	5,801	15.07	5.376	12.19
1962-63	5,873	13.94	5.591	12.56

An analysis of the losses by main categories and the agencies responsible is given in Appendix XI.

Asked a question as to what measures were taken to reduce the loss of copper wire by theft and how far they had been found effective, the representative of the Board stated that wherever the thefts

were heavy, copper wire was being replaced by copper-weld wire. Unfortunately, the persons who were involved in the theft moved from one place to another and so it looked as though the only permanent solution was to replace all the copper wire by the copper weld-wire in the country.

Asked what were the 'other reasons' for the losses mentioned under item 'Loss in Transit' in Appendix XI the representative of the Board stated that in these cases the loss was due neither to theft nor to accident and as it was not possible to find finally as to what it was due to, these losses in transit had been put under 'due to other reasons'. In reply to a question it was stated that the reason for the increase in the number of cases where responsibility could not be fixed (S. No. 3 of Appendix XI) was that P. & T. transactions were increasing year by year.

The Committee desired to be furnished with a statement showing the number of cases (out of 5,873 cases of loss of stores in 1962-63 referred to in Appendix XI) where prosecutions were launched, the number of cases in which convictions were secured and the amount of recoveries made.

The Committee have been informed subsequently in written notes* that in the cases of copper wire theft during 1962-63, in 208 cases there were convictions by Courts, 44 cases were acquitted and 90 cases were still under trial in Courts. (Some of the Court cases may relate to theft cases of earlier years, according to the P. & T. Department). The recoveries made in these cases were insignificant. As regards other losses of stores in 1962-63, prosecutions were launched in 11 cases and convictions were secured in 7 cases, the amount recovered being Rs. 387 only.

The Committee cannot view with equanimity the number of thefts especially of copper wire (which is an imported item) occurring year after year, and P. & T. Board being helpless in the matter. The Committee feel that greater efforts are needed with the help of State Governments and Police Authorities to bring to book the guilty in the cases of losses due to theft, specially in the case of theft of copper wire, which accounted for a loss of as much as about Rs. 12.56 lakhs during 1962-63 alone. The Committee would also like to be informed of the progress made in the use of copper-weld wire.

*Not vetted by Audit.

V

WORKSHOPS

General—Para 17—page 16.

27. The following table gives certain data on the working of the Posts and Telegraphs workshops during the three years ending 1962-63—

	Alipur			Jabalpur			Bombay		
	1960-61	1961-62	1962-63	1960-61	1961-62	1962-63	1960-61	1961-62	1962-63
1. *Total outlay (rupee s lakhs)	136.07	135.47	152.39	103.70	108.98	148.59	60.73	64.87	89.90
2. Percentage of overheads to direct labour	216	207	219	260	259	263	301	309	258

The Committee were informed in evidence that the correct figures of total outlay in 1962-63 at Alipore and Bombay Workshops were Rs. 151.53 lakhs (instead of Rs. 152.39 lakhs) and Rs. 87.83 lakhs (instead of Rs. 89.90 lakhs) respectively but the percentage of overhead to direct labour remained the same.

Asked what was the reason for the wide variation between the figures of the total outlay in the three workshops for 1961-62 and 1962-63, (showing an increase in the total outlay) the representative stated that there was an all round increase and the percentage of increase depended on various factors such as availability of raw materials, limitation of space etc. He added that the figures of production for the three workshops for 1962-63 were Alipore Rs. 1.49 crores, Jabalpur Rs. 1.55 crores and Bombay Rs. 83 lakhs. He further explained that there were two sets of figures for production. One was the actual figure based on the value of raw materials and various other costs. The second figure was based on the standard cost because it was only on the basis of standard cost that they could compare the performance of the workshops from year to year. It was, therefore, decided that even though for production purposes for 1964-65, the actual production based on the value of the materials and labour would be shown, for comparison purposes the figures which would be arrived at on the basis of 1962-63 figures would be taken, so as to give the correct position of production.

*Total outlay of P&T Workshops represents direct labour, material and overheads. (Annexure A to Appendix XII)

Asked a question, the representative of the Board stated that labour cost was going up because of the various benefits that were being given to labour. The scheme of incentive bonus for workshops had not worked very well so far. When it worked well, the labour cost per unit would come down.

The Committee while inviting attention to the last sub-para of para 24 of the 14th Report of P.A.C. (Third Lok Sabha) at page 24, desired to be furnished with a statement showing the reasons for the increase in the percentage of direct labour and overheads in Alipore workshops during 1961-62 and 1962-63 as compared with the previous year (1960-61) inspite of increase in production. The Committee also desired to be furnished with a note showing the position in 1963-64 in the case of Alipore Workshop regarding percentage of overheads to production.

A *note explaining the reasons for the increase in percentage of direct labour and over-head charges during 1961-62 and 1962-63 in Alipore Workshop has been furnished (Appendix XII). It has been stated in the Annexure 'A' to this note that the ratio of Material, Direct Labour and Overhead to total production or total outlay will vary from year to year depending on the nature of products and quantity produced each year. Thus the ratio of Direct Labour and Overheads to total production cannot be compared from year to year. **In view of this the Committee feel that it is difficult to assess clearly what progress is being achieved by the Workshop, on the basis of the information furnished. The Committee would like the P. & T. Department to improve the system of maintenance of statistics relating to Workshops, in consultation with the Audit, so as to give a correct and clear picture of their achievements from year to year, to enable the assessment of comparative progress.**

The Committee are unhappy to learn that the scheme of incentive bonus has not worked very well so far. They were also informed in evidence that the response of the labour in the Telegraph Workshop at Calcutta had been very poor. The Committee trust that the Department will conduct a detailed enquiry into the reasons for the failure of the scheme and make every effort to improve the position in this regard.

28. When the representative informed the Committee about the figures of production in the three Workshops as a result of incentive schemes, the Committee enquired whether there was any scope for

*Not vetted by Audit.

increasing the total production assuming that raw materials were available and whether the workshops were already working to the optimum capacity. The representative stated that production could be increased but it was a question of time, additional space, additional machines and training up additional personnel, if required.

The Committee desired to be furnished with information on the following points:—

- (i) Had the P & T Board considered the desirability of running the workshops in two or three shifts in order to reduce the overheads as compared to the cost of lay out etc. in order to increase the economic efficiency of the workshop.
- (ii) if so, what were the difficulties that stood in the way.
- (iii) In case the difficulty was about raw materials, whether the items of raw materials were imported ones or were indigenous.

In a note* furnished to the Committee (Appendix XII) it has been stated that introduction of additional shift is primarily to be determined on the amount of work load placed on the workshops and other considerations such as whether the job is machine intensive or labour intensive. Apart from these, it has further been stated that raw material difficulties also exist. (Mild Steel Sheets, Brass rods and sheets are in short supply. The supply position of M. S. Sheets from indigenous sources continues to be difficult. Brass rods and sheets are made from copper which is imported.) It has been stated that in Calcutta and Jabalpur Workshops there are 2 shifts and 3 shifts shops whereas in Bombay there are 2 shifts shops.

In the opinion of the Committee it is desirable that in order to improve the "economic efficiency" of the workshops by reducing the overheads and increasing the production by fuller utilisation of the capacity both by increasing the production per shift and increasing the number of shifts should be considered, subject to availability of raw material and other considerations.

Extra expenditure on purchase of tubes due to insufficient supply from workshops—para 18—page 16 of Audit Report (P&T), 1964.

29. Galvanised tubes required for telegraph and telephone poles are manufactured in the Jabalpur workshops, but the production is not adequate to meet the entire demand. The prices at which the

*Not vetted by Audit.

rest of the requirements have been purchased, mostly through the Director General, Supplies and Disposals, have been higher than the all-inclusive manufacturing cost of the tubes in the workshop by about 18 to 38 per cent. Thus, in respect of the purchase orders placed in 1961, 1962 and 1963, the extra cost amounts to Rs. 118 lakhs.

It was decided in May 1962 to introduce a second shift in the tube-making shop in the Jabalpur workshop, but so far (September 1963) the second shift is stated to have not been introduced owing to the non-availability of mild steel sheets.

It is understood that the suppliers on whom orders are placed by the Director General, Supplies and Disposals, for supply of galvanised tubes obtain from him quota certificates and other assistance for obtaining the required supplies of mild steel sheets through the agency of the Iron and Steel Controller. While assistance is thus being rendered by Government to firms which supply galvanised tubes to the Posts and Telegraphs Department, the Department itself has not been able so far to obtain supplies for starting a second shift in the Jabalpur workshop where the cost of production is much lower.

The Committee were informed in evidence by the representative of the P&T Board that the second shift had been started only partially from August, 1964 and the delay in starting the second shift was due to inadequate supply of steel. He urged that while the Iron and Steel Controller was willing to give the P&T Deptt. steel quota for the existing level of production, he was not prepared to give the P&T Department anything extra.

The Chairman P&T Board stated that the P&T Department got their full quota of steel fixed on the basis of their previous production and requirements. When they asked for additional quota to increase the capacity apparently due to overall shortage of steel sheets in the country, the Iron and Steel Controller did not consider it advisable to increase their quota because they felt that this would probably starve somebody else who was entitled to a certain quota.

The Committee were further informed that the Workshop Board in its 46th Meeting held on 7-6-1962 directed the General Manager, P&T Workshop to introduce the second shift in the tube making shop in the Jabalpur Workshop. The Workshop Board reconsidered the whole matter first on 30th October, 1962 and then in January, 1963 and directed that the recruitment and training of additional workers required for the second shift should be started only after ensuring that adequate supplies of stock of raw materials for the plant on the two-shift basis was available.

In reply to a question whether as suggested by the Estimates Committee *vide* para 28 of their 113th Report (Second Lok Sabha) that in order to increase the production of tubes, the Department should take up the question of adequate supply of iron and steel with the Iron and Steel Controller and if necessary with the Planning Commission, action was taken, the representative of the P&T Department stated that in pursuance of the decision taken in May, 1962 to go in for a second shift and to review the position about steel requirements for the second shift, the Secretary of the P&T Department wrote on 31-12-1962 (Appendix XIII) to the Secretary of Ministry of Steel and Mines asking for additional steel and also to arrange for steel sheets to be given to P&T Board on priority basis.

In a note submitted in this connection [Appendix XIV—item (iii)] about the efforts made by the P&T Department to obtain steel for “the requirements of P&T Workshops and Telecommunication Buildings”, it has also been stated that the question of allotment of sheets “is now being pursued with the Iron and Steel Authorities to give us a direct quota and in adequate quantities”.

The Committee enquired whether the attention of the Iron and Steel Controller was drawn by the P&T Department to the fact that there was necessity of increase in production by introduction of a second shift which would result in a saving to the exchequer as it would not then be necessary to buy from the market at higher cost.

In the note furnished by the P&T Board [Appendix XIV—item (i)] on this aspect, it has been stated that “it was not pointed out to any authority connected with the Ministry of Iron and Steel in specific terms that by not giving supplies to Jabalpur Workshops and by giving it to private parties Government was losing large sums of money.” In the evidence given later on also it had been admitted that the attention of the Iron and Steel Controller was never drawn specifically to the fact that there was necessity of increased production by introduction of a second shift which would result in a saving to the exchequer. It was also admitted in evidence that while asking for additional allotment of steel, it was mentioned as requirements for particular years and not as required for increased production.

The representative of the Iron and Steel Controller stated that the Secretary of the Department of Iron and Steel forwarded to the Iron and Steel Controller a copy of the letter dated 31-12-1962 written by the P&T Department to the Secretary, Ministry of Steel and Mines and asked that the supplies against the orders placed by the P&T Workshops should be expedited.

The representative of the Iron and Steel Controller added that in so far as allocation of priorities by the Iron and Steel Controller was concerned after the emergency started in 1962 three grades of priorities were given for supply of iron and steel; the first priority was given to the Defence operational needs (which was very restricted); the second priority was given to the Core Projects and portions of Railway Demand. The third priority was given to most of the processing demands which included P&T demands also. Only with regard to certain orders for supply of tubes placed with private parties, the Chief Controller of Telegraph Stores wrote to the Iron and Steel Controller in January, 1963 that some of the tubes were needed for border roads operational purposes, and asked for an operational priority for about 15,000 tons, which was given. But the P&T Workshops never approached the Iron and Steel Controller for supply of steel on operational priority.

The Iron and Steel Controller stated that if P&T Department had pointed out to the Iron and Steel Controller that the end product i.e. tubes were required for defence purposes, he would have given operational priority. In fact, Iron and Steel Controller did so in the case of private suppliers. The representative of P&T Board stated in this connection that they were pressing continuously for release of steel and towards the end of 1962, they asked for additional steel and it was then that the operational priority came into play. Iron and Steel Controller replanned the order and 1258 tons of steel were diverted from Rourkela with whom the original indent was placed, to Tatas.

The Committee desired to be furnished with a statement (by both P&T Board and Iron and Steel Controller) showing the details of indents for supply of steel made by P&T Department on the Iron and Steel Controller from July, 1961 onwards (itemwise dates) indicating the quantities indented for, the dates on which they were actually supplied and the quantities actually supplied.

The P&T Board have furnished the required information (Appendix XIV—Annexure VI). Information as furnished by the Department of Iron and Steel is enclosed as Appendix XV (Annexure).

The representative of Iron and Steel Controller added that D.G.S.&D. contractors ordered for 51,000 tons of steel from 1961 onwards up-to-date and the total supply so far made to them was only 21,000 tons, of which 15,000 tons were on operational priorities and about 6,000 tons against other orders. In the case of P&T Workshop

as against about 13,000 tons, about 12,000 tons had been supplied including supplies from imports. In the case of P. & T. order which was diverted from Rourkela to Tatas in 1962, he added, the supply had not been completed as the Tatas were also heavily booked.

In a note furnished by the Department of Iron and Steel in this connection (Appendix XV) it has been claimed that considering the overall shortage of steel sheets and the usual time lag between the date of booking of order and date of supply, the supplies to P&T Workshop, Jabalpur been quite satisfactory.

The Committee were informed by the representative of the Iron and Steel Controller that had the P&T Department booked the orders earlier, they would have got the sheets much earlier as the D.G.S.&D. Contractors booked orders earlier for the same material and got it earlier. He added that had P&T Department pressed their demand strongly, Iron and Steel Controller could have transferred their demand to other producers.

The Committee were also informed that Rourkela was in a position to supply steel sheets in 1961. Early in 1962 the machinery at Rourkela broke down and they could not supply steel sheets of exact size required by the P&T Department. When it came to the notice of the Iron and Steel Controller he arranged some imports from Russia and these supplies were made to meet the P&T requirement.

The Committee have been informed in evidence and in the notes furnished by the P&T Board that all along they had been making efforts to obtain the supply of steel but they did not succeed. The representative of the Iron and Steel Controller on the other hand has stressed that while indents for supply of steel sheets were placed with the Iron and Steel Controller in 1961 the orders were actually finally booked with the Steel Plant by the P&T Department only in March, 1964 and the supplies started immediately. The representative of the Iron and Steel Controller further pointed out that the P&T Department had never asked specially for priority for steel. Nor did the P&T Department ever bring it to the notice of the Iron and Steel Controller that the steel sheets were required for starting a second shift which would result in a great deal of saving to the exchequer. The Committee further observe that even in the letter dated 31st December, 1962 from the Secretary P & T. Department to the Secretary, Ministry of Steel & Mines, there is no specific mention about the need for mild steel for introducing second shift for manufacture of tubes, in Jabalpur Workshop. The contentions of the Iron and Steel Controller's representative have been corroborated by the P&T Board in their written notes and in the evidence given by their representative.

It is, therefore, apparent that no serious efforts were made by the P&T Department during the years 1961 to 1963 when they placed orders with private parties for the supply of tubes involving an extra cost of Rs. 118 lakhs, either to increase production in the existing workshop in the first shift which they were running or by introducing a second shift. On the other hand, the P&T Department chose the easier but costlier method of obtaining their supplies from private trade. It is indeed surprising that in spite of the recommendations made by the Estimates Committee in March, 1961 (Para 28 of the 113th Report of Estimates Committee—Second Lok Sabha), no serious attempts were made by the P&T Department for ensuring regular supply of steel for manufacturing the tubes in the workshop. The Committee regret to note that the recommendation of the Estimates Committee was not given the attention it deserved. The delay in the supply of steel from the Rourkela Steel Plant has been clearly and squarely laid at the door of the P&T Department as they themselves delayed booking the final orders from 1961 to March, 1964 after settling the terms, conditions, specifications, etc.

30. Incidentally the Committee note from Annexure VI to Appendix XIV that although in the case of first two indents, there was no delay on the part of the Iron & Steel Controller in planning the orders, in the case of some other items there were delays ranging from 3 to 9 months in planning the orders. The Committee feel that this delay on the part of the Iron & Steel Controller was avoidable.

31. In reply to a question whether there was enough steel to ensure the running of a single shift, the representative of the P&T Board stated that against their minimum requirement of 4,000 to 4,500 tons, allocation of only 1300 tons had been made. They would have to take up this matter at the highest level as Iron & Steel Controller was unable to do anything in the matter.

The Committee are perturbed to note that even for running the single shift for tube making in Jabalpur Workshop there is now uncertainty about the regular and adequate supply of steel sheets. It is really a matter of regret that only now the P&T Board propose to take up this question at the highest level. This again indicates how lop-sided and haphazard has been the approach of the P&T Department to this important matter.

32. In regard to the availability of zinc, in a note (Appendix XIV-item IV) submitted to the Committee, the P&T Board has stated *inter alia*:

“owing to the chronic shortage of foreign exchange, more money could not be spared for the import of zinc than

was being allowed till then and this was, therefore, another difficulty in the way of starting the second shift”.

During the course of evidence, however, the representative of the P&T Board stated that if they had known that they were going to get adequate quantities of steel at the proper time they might have been able to arrange for zinc with the foreign exchange available with them.

In the opinion of the Committee, this indicates that no attempts had been made by the P&T Department to ensure that the supply of enough zinc and that the question of starting the second shift in the Jabalpur Workshop was never given the serious consideration it deserved.

33. The representative of the P&T Board stated in evidence that when the order was placed with Rourkela by Iron and Steel Controller, there was a lot of difference in specifications of sheets from what they wanted. The P&T Department use 10, 12 and 14 gauges of sheets but the order placed on Rourkela was for 11, 13 and 15 gauges. Secondly, after the Shearing Plant in Rourkela broke down it was given in rolled sheets instead of cut pieces. Even though they tried to use these sheets by cutting them, they failed as these were not suitable for use by their machines.

Asked a question as to how, Iron and Steel Controller had enough steel for making bulk allotment to D.G.S. & D. who in turn distributed steel among private contractors with whom they placed orders, whereas for indents placed by P. & T. Board on the Iron and Steel Controller in 1961 booking could not be made till March, 1964, the representative of the Iron and Steel Controller stated that when the indent from the P&T Department was received in July, 1961 the indent was passed on to Rourkela Steel Plant in August, 1961 itself. After considerable correspondence between P&T Workshop and Rourkela about the terms and sizes of the sheets (Specification) to be supplied, final work orders were issued by the P&T Department in March, 1964 only against July, 1961 orders.

In a note furnished by the Department of Iron and Steel (Appendix XV) it has been stated *inter alia*:

“The Shearing Plant had two units. One of the Units did not give satisfactory service from the very beginning. The other Unit also could give only very small supply of sheets.”

It is therefore apparent that the so called 'break down' of the Shearing Plant did not make any difference in the supply of steel sheets. The difficulties, if any, existed from the very beginning. The Committee regret that correct information had not been given to them in the first instance.

34. The Committee were also informed by the representative of the Iron and Steel Controller that in 1963, the imported material to be obtained from Russia was also of different specifications for which Calcutta Office of the P&T Department was consulted before placing the order. The representative of the P&T Board urged, however, that they were compelled to accept material of different specification because it had been imported without P&T Department's prior approval and the steel sheets had arrived in this country and demurrages were piling up. In this connection, the Committee desired to be furnished with a copy of the letter giving P&T Department's clearance before Iron and Steel Controller decided to import steel sheets of different specification.

It transpires from the note (Appendix XV) subsequently furnished by the Department of Iron and Steel, however, that no prior consultation with Jabalpur Workshop was held but only an informal discussion took place with the Office of the Chief Controller of Stores (P&T), Calcutta.

The Committee feel that even if there was shortage of time, written clearance should have been taken by the Iron and Steel Controller from the proper authorities in the P&T Department about the import of steel of specifications different from those indented by the P&T Department.

35. The Committee also desired to be furnished with a note indicating the exact amount of demurrage, P&T Board had to pay for steel sheets imported from Russia for the requirement of P&T Department and other relevant details. In the note (Appendix XIV, item x) furnished by the P.&T. Board subsequently, it had been stated that a sum of Rs. 20,627.77 became payable to the Handling Agents for transport and removal charges. It was also admitted in evidence later that no demurrages had to be paid.

The Committee find that the argument advanced by the P&T Board that they had been compelled to accept the imported sheets of different specifications because demurrage charges were piling up, had no substance.

From this it is also apparent that sheets of different specification could be used for the manufacture of these tubes and therefore the

Committee regret to observe that the delay in placing the orders finally with Rourkela on the score of settling the issue of specifications etc. was avoidable.

36. Asked a question why in the month of August, 1964 the production of tubes was 30,966 nos. (the figure for July, 1964 was 26,765) while in September, 1964 after the second shift was started partially, it came down to 21,585 nos., the representative of the P&T Board stated that there was some difficulty in getting rivets. This again would indicate that proper planning for starting the second shift had not been done.

It is indeed interesting to note that in spite of all the arguments advanced for the non-introduction of the second shift at Jabalpur Workshop, the second shift was actually started though partially in August, 1964 without any improvement in the supply of Steel sheets and zinc (hardly two months before the matter came up for examination by P.A.C). Surprisingly enough, the production after the introduction of second shift went down in September, 1964 to 21,585 nos. as against 30,996 nos. produced in August, 1964 and 26,765 nos. produced in July, 1964.

37. With regard to the figures of production furnished to the Committee (Annexure II, Appendix XIV), it was pointed out that there was a footnote in the statement where it was stated that the figures represented the number of tubes "challaned" to C.C.T.S. which would be different from the figures of actual production. It was stated in extenuation that owing to acute shortage of tubes a separate stock room or a separate stock register for finished tubes was not being maintained.

The Committee feel that in a commercial organisation like the P&T Department the records should be maintained in such a manner as would give a clear and correct picture of the actual figures of production. They hope that necessary steps in the matter would be taken early.

38. In reply to a question, the representative of the DGS&D informed the Committee that since the DGS & D did not buy steel on behalf of the DGP & T, they were unable to issue quota certificates for the requirements of the Jabalpur Factory. He stated further that the DGS & D did not know the factory cost and therefore he was not able to say by how much the prices were higher, but there was an estimate given in the indent sent by the P&T Department and the DGS&D could make purchases within a limit of 15% above the estimates.

The Committee were further informed that since the P&T Department was unable to get extra steel, they placed indents for additional requirements of tubes on the DGS&D and quoted their own rates. DGS&D called for tenders and orders were placed with private parties. The private parties were given steel quota on the recommendations of the P&T Board.

Asked why in spite of private Industry's failure to supply any tubes during 1960-61 and 1961-62, P&T Board placed further orders for 18,37,000 tubes in 1962-63 with private Industry (*vide* statement in Annexure III to Appendix XIV), the representative of the Board stated that during emergency defence requirements were given priority and so P&T Department who had no alternative, recommended private Industry with priorities for supply of raw materials and only during 1962-63, the private Industry started the supplies.

The representative of DGS&D stated in this connection, that delivery of tubes contracted for during 1960-61 and 1961-62 depended on supply of steel. At that time production schedule was 10,000 nos. per month only if all the steel had been received. Steel was really received after emergency started in October, 1962. Therefore, the production had been coming up according to the declared capacities.

The Committee desired to know since the private trade failed to supply the tubes during 1960-61 and 1961-62 and the P&T Department claimed that they were making efforts to obtain steel, why were further orders placed with the private firms instead of trying to produce these in the Workshop. It was stated in reply, that in private trade the capacity to produce was available. If, however, DGS&D had pointed out that supplies could not be obtained within two years, the P&T would have thought over the matter again. In the P&T Workshop man-power capacity was not available and the Manager of the Workshop had pointed out that 206 additional workers would be required for starting the second shift and they would have to be trained in rivet-making, galvanising, bending and cutting etc. for 6 months for which Rs. 27,000 per month would have to be spent and yet production during this period would be on an average 25% of the normal production.

39. In reply to a specific question, the representative of the P&T Board stated that at the time of placing the orders with private firms they were not aware of the price differential (the difference in the cost of production in the workshop and the market price); they came to know of it through the audit para.

The Committee desired to be furnished with the following information in this connection:—

Did the P&T Board purchase the Tubes from the market before 1961? Were the Board aware at that time or later that there was difference between the price at which these could be produced in the P&T Workshops and the price at which they had to be purchased?

In a note (Appendix XIV; item vi submitted subsequently in this connection, it was stated, "we were aware of the difference between the price at which tubes could be produced in the P&T Workshops and the price at which they were purchased by the DGS&D". The representative of the P&T Board stated in evidence that they had made further investigations in the matter and found that they were aware that there was a price difference.

The Committee regret that they were not informed of the correct position in evidence in the first instance and that there should have been such a major discrepancy in such a vital matter.

It is, therefore, clear that orders were placed with private firms by the P&T Board with the full knowledge that there was a great deal of difference between the cost of production in the P&T Workshop of the tubes and their market price, which has resulted in such a heavy loss to the Exchequer which could have been avoided. In the circumstances now disclosed the Committee are unable to escape the conclusion that the blame for the loss of Rs. 118 lakhs to the Exchequer entirely rests on the P&T Department.

40. After a detailed examination of all the aspects of this case, the Committee are constrained to come to the following conclusions:—

- (i) The P&T Department failed to make serious effort to procure the steel sheets in time even with the support lent by the Estimates Committee for increasing production. This delayed the starting of the second shift in the Jabalpur Workshops and resulted in placing of orders with the private trade.
- (ii) This failure becomes all the more glaring when it is noted that while the P&T Department were not able to arrange for adequate supply of steel for manufacture of tubes in their own workshop, they arranged for steel for private trade on 'operational priority'.
- (iii) The P&T Department delayed placing the final orders on Bourkela Steel Plant on the ground of settling the speci-

fications etc., but actually did accept steel sheets of different specifications.

- (iv) **The P&T Department did not make any serious effort to ensure the supply of enough zinc, another raw material, necessary for manufacturing tubes.**
- (v) **Even when the private contractors failed to supply anything against contracts placed during 1960-61 and 1961-62, P&T Board placed further order for 18,37,000 tubes in 1962-63 with the private industry.**
- (vi) **All this clearly indicates the failure in the P&T Department to appreciate the position in its correct perspective and their lack of initiative which resulted in extra expenditure of Rs. 118 lakhs, which could have been avoided.**
- (vii) **The action of the P&T Department becomes inexplicable in view of the fact that the Committee came across several instances where P&T Workshops produced items of stores at higher costs while these were available at cheaper rates in the market, whereas in the present case they chose to purchase tubes at rates higher than that at which they could be produced in the Workshop.**

41. **The Committee would only like to recommend in conclusion that in order to stop further drainage of public funds, the P&T Department should even now wake up to the situation to ensure that all the future requirements of galvanised tubes are met by the P&T Workshop itself and not by purchasing them from the market at much higher rates.**

The Committee would in this connection strongly recommend that the Chairman of the P&T Board should arrange a meeting with the Secretary, Ministry of Steel & Mines and the Secretary, Finance (and other Authorities like Development Wing, etc.) to plan out regular and adequate supply of steel sheets and obtain release of foreign exchange needed for the import of zinc and take all necessary steps to increase the production of galvanised tubes by introducing two or more shifts, as may be needed, so that all the requirements of the Department of galvanised tubes are met by the P&T Workshop itself.

Rejections in Manufacture—para 19, pages 16-17

(a) *Switch Board Plugs*

42. **In the Bombay Telephone workshops, out of 3,500 switch board plugs manufactured during 1958 to 1961 for departmental use at a**

cost of Rs. 29,600, 2,065 numbers, valued at Rs. 17,500 approximately, were rejected due to the defective manufacture. The rejected plugs were disposed of as scrap for a price of Rs. 1,100. Further, out of 4,000 components for plugs manufactured during 1958 to 1959, 1,520 were rejected involving an amount of Rs. 4,600 approximately. The total loss in the two cases amounted to Rs. 21,000 approximately.

The heavy rejections have been attributed to the manufacture of plugs being under development. It is not clear why the execution of an experimental order for a smaller number and a careful inspection of the product were not undertaken with a view to minimising the loss during the development stage.

Asked a question why the manufacture of switch board plugs was not done on a modest scale on an experimental basis, the representative of the Board stated that experimentation had to be done in 2 or 3 stages, in any manufacture. The first stage was to prepare small samples. Then tests were carried out to see whether they fulfilled the standards and requirements of specifications. The next stage was to do it on a larger scale. The last stage was to undertake commercial production. In the case of switch board plugs, on the basis of the tests carried out on small samples, the department thought that the experiment would succeed and they undertook manufacture of a batch of 3,500. He urged that considering the department's requirements, 3,500 was not a large quantity. He stated further that as the required degree of insulation could not be reached, the experiment was unsuccessful resulting in so many rejections. The Chairman, P&T Board informed the Committee that the P&T Department consumed about 5 lakh nos. of this item per year. Attempts to manufacture these in the workshop and efforts to obtain them through private tenders were not successful. The Indian Telephone Industries were now hopeful that they might be able to produce them in the next few months. If Indian Telephone Industries succeeded in the production, there would be saving in foreign exchange.

The Committee would like to be informed of the developments in the production of Switch Board Plugs by the Indian Telephone Industries and the actual savings of foreign exchange on this account.

(b) Spacing strips, page 17

43. Spacing strips (for use in switch boards) are regularly manufactured in the Bombay Telephone workshop.

In eight work orders (issued between January 1957 and December 1960) for the manufacture of 17,500 spacing strips, the material issued

was adequate for the production of this number plus 5 per cent. to allowed for losses during manufacture but only 14,312 usable strips were produced. The rejections in respect of individual work orders ranged from 7 to 34 per cent. Taking the eight work orders together, the rejections averaged 18 per cent. which meant a loss of about Rs. 13,000.

The higher percentage of rejection is attributed by the management to the use of indigenous ebonite sheets in the manufacture.

The Committee were informed in evidence that the Development Wing of the Ministry of Commerce and Industry and the P.&T. Board thought that some orders for ebonite sheets should be given to indigenous manufacturers. The specifications were also relaxed by the P.&T. Department. When, however, the material was actually supplied by the indigenous manufacturers, it was found that they were not standing upto the requirements. So the rejections became very heavy. Even after protracted efforts, it was not possible to find suitable indigenous material and the Department had started importing them.

The Comptroller and Auditor-General enquired whether it was necessary to manufacture as many as 17,500 spacing strips before it could be decided whether it would be successful or not. In reply, the representative of the P.&T. Board stated that a bulk purchase of the particular raw material sufficient for so many spacing strips was made. Indents for certain quantities had been placed on the DGS & D. Before arranging imports the Development Wing of the Ministry of Commerce and Industry was consulted and then it was decided to get this manufactured through indigenous sources.

The representative of the P.&T. Board agreed that after manufacturing a few thousand numbers, it could have been found out that it was not successful.

At the instance of the Committee, the P.&T. Department have intimated* that the consumption of spacing strips for the last three years is as follows:—

Year	Spacing Springs 20 pairs	Spacing Strips 10 pairs
1961-62	8386	3095
1962-63	10453	5095
1963-64	11744	4248

*Not vetted by Audit.

In the opinion of the Committee, in cases where specifications are relaxed to encourage indigenous production, efforts should always be made to produce items on a trial basis initially. Only when trial production is found to be successful according to the standards fixed, should bulk production be undertaken.

Variations in the costs of production, para 20 (i), page—17.

44. Differences in the cost of production of the same article in different workshops of the department have been noticed.

Appendix XVI indicates that the cost of production of one type of switch board in the Alipore workshop was higher than in Bombay workshop by 13 per cent. while the cost of production of two other types of switch boards was higher in the Bombay workshop by 13-14 per cent. than in the Alipore workshop. The cost of production of five articles in the Alipore workshop was higher than in the Jabalpur workshop by 11—19 per cent., while the cost of production of another article in the Jabalpur workshop was higher than in the Alipore workshop by 50 per cent.

It has been noticed in this connection that there are wide variations, ranging from 19 to 500 per cent., in the standard schedules for Labour in different workshops as indicated below:—

Stores	Labour hours required for manufacture of 1000 articles as per standard labour schedules		Percentage of difference
	Alipore workshop	Jabalpur workshop	
1. Bracket channel iron 4 wire telegraphs 12" separation.	205·00	116·30	76
2. Bracket channel iron 4 wire telephones	200·00	101·40	97
3. Bracket channel iron 4 wire telegraphs 15" separation.	240·00	116·00	107
4. Copper strips 12"	0·80	4·80	500
5. Stalks 5-1/4"	83·00	69·88	19
6. Bracket attachment double	914·33	366·80	149

Asked on what basis the estimates of cost of products were prepared in advance, the representative of the P. & T. Board stated that the estimate of the cost of the material, cost of labour on it (the total number of man-hours employed on it, and the standard rate of man-hours put in) etc. were taken into account for arriving at the manufacturing cost of the products. Thereafter, the standard overheads in the P.&T. workshops were added and the final figure arrived at. He admitted that they had never compared the actual cost of production in the workshop with the cost of similar articles in the market, but added that it might have been done in individual cases.

The Committee desired to know whether it was not reasonable to stop production of those items in the workshop, where the cost of production excluding the profit element was higher than the cost of production in the private sector inclusive of profit element, provided the private sector had the capacity to produce these items. The representative of the P.&T. Board stated that as a result of a review conducted production of quite a few items, which were readily available from the market at lower prices, had been given up. He added that they would not undertake the manufacture of any new item which could be got cheaper in the market. They had also decided that they would like to keep some nucleus production in the workshop and some nucleus staff to serve as an effective check on the prices.

The Committee, in this connection, desired to be furnished with,—

- (i) a complete statement of such items whose cost of production in the P. & T. Workshops was higher than the market price and whose production was given up after the review;
- (ii) a note showing the method of calculating the cost of production of various items and different elements which were taken into consideration (overheads).

The Committee also desired to be furnished with a statement about the number of work orders in 1962-63 in the P.&T. Workshops (workshop-wise) and the percentage of work orders already completed. All this *information has been furnished by the P.&T. Department and is at Appendix XVII.

Asked about the reasons for wide variations in the labour-hours required for manufacture of 1000 articles as per standard labour schedules, between the Alipore and Jabalpur workshops for the manufacture of the same item of store, the representative of the

*Not vetted by Audit.

P.&T. Board explained that apart from the general reason that some of the workshops had better machinery and more modern methods of production, this kind of variation in cost was more a paper variation. However, this matter was being looked into.

Asked about item 6 (Bracket Attachment Double) where the variation was 149%, the representative of the Board stated that the difference was in the labour schedule. In Alipore, the labour content was 0.70, whereas in Jabalpur it was 0.49. Oowing to the use of different kinds of machines, in one case, more men were employed and in another lesser man-power was used.

The Committee feel that the P&T Department would do well in future to concentrate on the manufacture of those items which could be done cheaper in the workshop than in the private trade and not lock up their capacity of production in manufacturing stores which are easily obtainable from the market at cheaper rates. They would, therefore, suggest that this matter might be examined and the decision taken implemented to avoid uneconomic production in the workshops resulting in financial loss to the Exchequer.

Variation in labour cost—Para 20 (ii), Page 18.

45. The actual labour cost per unit in five work orders issued during 1960 to 1962 for manufacturing wooden cabinets for C.B. non-multiple switch boards in the Alipore workshop are shown below:—

Year of work order	No. of work orders	Labour cost per unit
		Rs.
1960	3	{ (i) 159 (ii) 193 (iii) 116
1961	1	151
1962	1	222

The Committee were informed in evidence that the variation in the labour cost per unit related to wooden cabinet. Originally the order was for the use of Burma teak. As this kind of wood was not available for a number of years, the Department started using C.P. teak, in which were more rejections and re-work was more.

Asked why the labour cost per unit was Rs. 116 and Rs. 193 respectively in the same year (1960) when the cost of raw materials was stated to be Rs. 895 in both the cases, the representative of the P.&T. Board promised to furnish a note giving specific reasons for variations in labour costs for the two work orders.

From the note* (Appendix XVIII) furnished by the Department, the Committee note that the variation was mainly due to the quality of logs used. Some panels developed bucklings and cracks and in some cases joints gave way. The panels which developed more of these defects were used in the costlier amongst the two work orders of 1960. The rectification of these defects required more labour and consequently the labour cost per annum was higher.

In the opinion of the Committee, the reasons advanced do not fully justify such a wide variation (Rs. 193 and Rs. 116) in the labour cost per unit in the same year, i.e., 1960. They feel that this matter needs further investigation.

Utilisation of 60-ton weigh-bridge in the Jabalpur Workshop—Para 21, page 18

46. In paragraph 28 of the Audit Report, 1961, mention was made about the delay in installation and putting to use of a 60-ton weigh-bridge acquired in 1951. The Department informed the Public Accounts Committee in July, 1961 that the weigh-bridge had been put to use.

After the weigh-bridge had been brought to use in June, 1961, the work of converting it for recording weights in metric system was entrusted to the Central Railway who had originally constructed the foundation and the weigh-house. In October 1961, the Railway authorities reported that the wall of the pit in which the weigh-bridge had been installed had developed cracks and that water had seeped in, parts of the weigh-bridge had become rusty, and the machine could not be used. The repairs to the pit-wall and the weigh-bridge were completed only by the end of July 1963, after a delay of about one year and nine months. Consequently, only 22 out of 1300-1400 wagons which had been received during June, 1961 to July, 1963 were weighed on the weigh-bridge. The probable loss to the Department owing to non-weighment of wagons is difficult to assess. In September 1963, cracks had again developed in the foundation and there was continuous seepage of water into the pit. The Railway authorities have again been requested to repair the foundation.

*Not vetted by Audit.

The Committee were informed in evidence by the representative finally at the end of December, 1959 and brought into use in The project for its installation was sanctioned in August, 1952 and revised in November, 1956. The question of the utility of the project was considered by the Manager of the Workshop who tried to dispose it of in April, 1958. Subsequently in May 1958, orders to install the Bridge were issued and work was completed by the end of 1959.

The Committee, in this connection, desired to know (i) on what date was the Weigh-Bridge actually installed finally; and (ii) what was the total amount spent by the P.&T. Board on this project. In a note* furnished by the P. & T. Board [Appendix XIX (Annexure I)] it has been stated that the Weigh-Bridge was actually installed finally at the end of December, 1959 and brought into use in February, 1960 and the total cost and installation charges was Rs. 57,311.

Asked about the action taken between 1951 (when the weigh-bridge was acquired) and 1958 (when orders to install the weigh-bridge were issued), the representative stated that on 9th July, 1951, the General Manager, P.&T. Workshop suggested a change in the site; estimate for extension of railway line and the crossover was received from the Railways on 27th August, 1951. The project estimate was sent by the Manager, Jabalpur Workshop to higher authorities on 7th April, 1952 and sanction was issued on 10th September, 1952. Subsequently, detailed plan was received from the Railways in May, 1953, approval to which was communicated to them in July, 1953 and again a revised estimate was received from them in June, 1954. Sanction for the estimate was obtained in March, 1955 and in April, 1955 the Railways were requested to take up the work. The foundation pit was completed in 1956. At this stage, after repeated reminders, the firm asked for increase in supervision charges in June, 1957, which was granted in June, 1958. The firm's Engineer visited the site in December, 1958. In the meantime Railways continued their work which was completed in April, 1958.

The representative of the Board, in reply to a question, stated that the weigh-bridge was first put to use in February, 1960. It remained in use from February, 1960 to August, 1961 after which date it had to be placed out of use to be re-calibrated for Metric Units. The Comptroller and Auditor-General pointed out that D.G.P.&T. had informed Audit that the machine was in use from February, 1960 to August, 1961, when it had to be put out of use for re-calibration into Metric Units. But the Workshop Manager informed Audit that the weigh-bridge was used from June, 1961 to August, 1961 and not from February, 1960 to August, 1961.

*Not vetted by Audit.

The representative of the Railway Board stated that as far as they were concerned, they completed the construction in 1959 and on an enquiry made from the Manager of the Workshop they were informed that it was brought into use in June, 1961.

The Committee are unhappy to note that different dates were communicated to Audit by the D. G. P. & T. and the Workshop Manager about the period during which the weigh-bridge was actually used. They hope that such discrepancies would not occur in future.

47. With regard to the responsibility of the Railway authorities for the re-calibration of the machine and repair work, the representative of the Railway Board stated that they were given specific work to do at different times. They were to see that the machine worked properly and gave correct reading. In October, 1961 they were asked to re-calibrate the weigh-bridge to give the weight in Metric Units. Their Inspector of Weighing Machines did the calibration to convert it into Metric Units but he found that the machine was not recording the correct weight. He said that it was not possible to set the weigh-bridge right because the whole pit was full of water. At that time there were certain defects in the walls of the pit. It was only one year after that, in a joint inspection in September, 1962 that the Railways were given the task of repairing the masonry work. Owing, however, to some delay in getting tool vans and test wagons, there was a delay of about 6 months. That was why there was delay from October, 1962 to June, 1963 before they could get the equipments for testing. The representative stated in reply to a question that re-calibration would take only 10 to 15 days and it was pointed out by them in a letter to the P&T Department in November, 1961 that the weigh-bridge had been re-calibrated but it did not function properly.

As regards appearance of cracks on the wall within two months of the completion of the foundation work of the pit, the representative of the Railway Board added that most of the water which collected was surface water and for months together the water stood in the pit and damaged the masonry wall. Their latest report was that there were defects in the plastering. He added that the repair work was also finished in the beginning of the monsoon. Throughout the monsoon period the whole thing was drowned in water and in October when it was inspected it was found to be damaged. He denied that there was inadequacy of supervision on their part in this work.

He added that the weigh-bridge went out of order twice, both times during the monsoon, because the whole place was filled with

water. It was built as per the data furnished by the supplier of the weigh-bridge and their (Railways') own knowledge.

When the representative of the Railway Board stated that in August, 1959 they had pointed out to the P.&T. Department that water got into the pit and a pump was necessary for pumping out water, the Committee enquired what action the P.&T. Board took in this matter. The representative of the P.&T. Board stated that there was a hand trailer pump and it was being used. But it was not sufficient in rains.

The Committee are of the view that there has been a failure on the part of the P&T Department in not taking adequate action, when the Railway Authorities pointed out the need for a pump in August, 1959. Such a failure has to a great extent contributed to the delay in the proper functioning of the weigh-bridge.

48. The Committee were informed by the representative of the Railway Board that calibration was done in October, 1961, as reported by the Inspector of Weighing Machines. But the Comptroller and Auditor-General pointed out that according to a letter from the Manager, Telegraph Workshop, Jabalpur, to the Divisional Engineer, Central Railways, the calibration was done in July, 1963.

As there seemed to be a good deal of lack of clarity on the question of dates and other facts relevant to the case, the Committee desired to be furnished with a joint note by the P. & T. Board and the Railway Board giving all relevant facts and dates of the case in chronological order from the period 1961 onwards. The Committee desired that the note should also include information on the following points:—

- (i) the period for which the weigh-bridge had actually been made use of;
- (ii) how the requirements of weighment were met since 1949 (when a decision to install the bridge was taken);
- (iii) what were the reasons for deciding in 1958 to do away with the bridge completely.

The P.&T. Board and the Railway Board have submitted a joint note* giving a chronological statement of relevant events commencing from June, 1961 [Appendix XIX (Annexure II)]. The P.&T. Board have also stated in the note* furnished [Appendix XIX (Annexure I)] that the weigh-bridge had actually been made use of from February, 1960, to August, 1961; August, 1963 to 24th September, 1963;

*Not vetted by Audit

and from November, 1963 to date (2-10-1964). In this note the details of the manner in which the requirements of weightment were being met since 1949, have also been given.

In reply to the question as to what were the reasons for deciding in 1958 to do away with the bridge completely, the P.&T. Board have stated in the note* furnished [Appendix XIX (Annexure I)] that there was no such decision made. The P.&T. Department were considering the pros and cons in view of the abnormal delay that had occurred in the installation of the weigh-bridge.

The Committee are surprised that the P&T Board should take this stand now, when in 1961, the P&T Department informed the Public Accounts Committee in evidence that "The Manager of Workshop who had his doubts about the utility of the weigh-bridge had on his own initiative tried to dispose it of in April, 1958" (Para 21 of 38th Report of P.A.C. (1961-62)).

The Committee would like to emphasise that this is a typical case showing how delays are caused even in a simple matter like the installation of a weigh-bridge. First, the decision to install the Bridge was taken in 1949, but it could not be brought into use before 1960, even though it was purchased in 1951 and installed in 1959. Even then there were defects resulting in further delay and loss of time till November, 1963 since when the weigh-bridge is stated to be functioning without a break.

The Committee are distressed to note that there has been unconscionable delay of more than 8 years even in installing the weigh-bridge (purchased in 1951 and installed in December, 1959). The Committee cannot but point out that there have been avoidable delays both on the part of P&T. Authorities and the Railway Authorities in attending to the problems arising out of the installation of the bridge. Lack of co-ordination has also affected the progress of work. Re-calibration had to be done twice, the pit had to be repaired twice and for all this work, it appears from the notes furnished, the authorities were not alive to the urgency of the situation. The Committee take serious notice of such delays and lapses and emphasise that the P. & T. and the Railway Authorities should enjoin upon all their officers and staff that such cases should not recur.

Idle machinery—Para 22(a), page 18

49. Eight machines, costing Rs. 32,299 (*vide Appendix XX*) which were received in the Jabalpur workshop over 14 years ago, have not been put to any use so far (November, 1963). (Three have not yet been installed).

*Not vetted by Audit.

Five of those machines (costing Rs. 16,731) were declared surplus in March 1963, and are awaiting disposal; one is being retained, while the remaining two machines, whose disposal is under consideration, have not yet been declared surplus.

One other machine, costing Rs. 4,651 (*vide* Appendix XXI) which was installed in 1956 has been used sparingly (three years) in the past and is not in use at present. Its disposal is under consideration

Explaining the reasons for not using 8 machines (Appendix XX) received 14 years ago, the representative of the P.&T. Board stated that so far as machines mentioned in items 1 to 4 and 6 to 8 in Appendix 3(a) to the Audit Report were concerned, they were procured prior to 1947 and the Department was not able to trace the circumstances which necessitated their procurement and the jobs for which they were intended.

He added that items 1 and 2 (Sand Papering Machine) had been auctioned on the 20th March, 1964 for Rs. 2,025 and Rs. 6,980 respectively; item 6 (Vaccum Impregnating Plant) had been retained as standby for the present, and it was being considered whether item 7 (Vertical Slotting Machine) and 8 (Mitiring Machine) could be made use of. The Engraving Machine (item 5) had been obsolete. As regards item 7, it was stated in evidence that this machine (Vertical Slotting Machine) had been installed and then taken out as it was not found useful. The Committee were subsequently informed in a note* by the P.&T. Board (Appendix XXII) that the Manager, Telegraph Workshop, Jabalpur, has been directed to examine the possibility of its economic utilisation in the Tool Room of his organisation.

The Committee would like to be informed of the result of this examination.

The real regret of the Committee in this case is that till the receipt of the audit para the P. & T. Department did not know that these machines were lying idle or that they were surplus or that they were there at all. It is also surprising that in the case of seven machines out of eight, the department had not able to trace the circumstances which necessitated their procurement and the jobs for which they were intended. The Committee desire that a survey of the machines which are lying unused in the workshops and other places under the P. & T. Department should be undertaken in order to see whether these can be utilised. If not, steps should be taken to dispose them of.

*Not vetted by Audit.

Installation of Engine Generator—para 22 (b), Page 19

50. One engine generator purchased from Messrs Indian Telephone Industries, Limited, Bangalore, for Rs. 18,396 in 1955-56 for installation at Bagador for the work "Installation of a 12-channel carrier telephone system between Calcutta and Kanpur" was not installed at that centre owing to the conversion of the Bagador station to A.C. working in 1958.

It was decided in August, 1959 that the equipment should be disposed of. The disposal was not, however, effected until August, 1962, when it was decided to instal the generator in Suratgarh repeater station. More than a year thereafter (October, 1963) it was stated that the equipment was still in the process of transfer to Suratgarh.

The Committee were informed that the generator which was bought in 1955-56, for installation at Bagador was found superfluous after the electrification of the Bagador station. Attempts were made to find out whether it could be used at other stations, but in 1958 it was found that this generator could not be used at all. The latest position was that this generator had become really unnecessary and had been offered for disposal very recently.

The Committee would like to be informed of the disposal of the Engine Generator and the amount realised therefrom.

VI

WORKS EXPENDITURE

Loss of revenue due to quarters remaining vacant—para 62, of Audit Report (Civil), 1964—page 75.

51. The construction of thirty residential quarters of different types for the staff of the Overseas Communications Service in Delhi, estimated to cost Rs. 3.26 lakhs, was commenced, partly in July, 1959 and partly in July, 1960, and was completed in stages, in March, 1961, May, 1961 and March, 1962. These quarters were, however, finally handed over to the Overseas Communications Service in January, 1964, as the water in the region had been found to be unfit for human consumption. A tube-well for drinking-water could be provided only in September, 1962; an electric pump for drawing water from the tube-wells was completed by the Central Public Works Department only in December, 1963.

The unsuitability of the water in the region had been noticed in February, 1959; the delay in finalising the scheme for providing a tube-well and its execution, and the non-installation of electrical services in time, have resulted in a loss of rent of Rs. 21,000 upto December, 1963; in addition there was avoidable expenditure amounting to about Rs. 14,000 on account of house-rent allowance paid to the staff during the same period.

Explaining the full facts of the case the Chairman, P&T Board stated in evidence that Overseas Communications Service Station at Chattarpur near Delhi started functioning in 1958. In 1958, eight 'H' type quarters were constructed for Chowkidars of the station and were occupied. In 1957-58, 30 more quarters were asked to be constructed to which the Audit para related. For the eight quarters initially constructed, it was decided to use 3 or 4 open wells of the locality for supply of drinking water and to have a small pumping system and a small overhead reservoir. It would have been rather expensive to have a complete new deep-bore type of water supply for only eight quarters. In the original estimate, for the new quarters which were sanctioned on 3-2-1959 water supply was provided for from the old open wells.

In 1958 itself the staff in the eight quarters started complaining about the bad quality of water causing illness amongst them. When

the authorities consulted specialists in the matter in February, 1959, advice was given that water from one well was not fit for human consumption and water from two wells could be made potable after chlorination. But these two wells had a very small yield. This fact was brought to the notice of the C.P.W.D. when construction had just started. After consultation with Government Geologist and test of samples of water by specialists, it was recommended by specialists in December, 1960 that tube-wells would be the correct and feasible thing and not the open wells. The prevalence of illness and death of one Chowkidar in 1962 and discontent amongst the local residents was the main reason why it was considered necessary to change back to deep well arrangement rather than pumping from open wells. In addition, there was uncertainty about availability of water especially during summer months. He added that in May, 1961 the C.P.W.D. submitted their revised estimates for a deep-well bore, which was sanctioned on 29-7-1961 and communicated to C.P.W.D. on 4th August, 1961. The well duly fitted with Electric Supply and pumping arrangements was completed in December, 1963 and the buildings were occupied in January, 1964.

The representative of the Ministry of Works & Housing informed the Committee that after administrative approval was given in August, 1961 the C.P.W.D. published notices inviting tenders. But it was found that the specialised firms were not interested. Then the Exploratory Tube-wells Organisation was requested to undertake this work and they completed the actual boring in September, 1962. The time taken for the actual boring was only four months, out of this period of 12 months (August 1961 to September, 1962). Thereafter data regarding water level in the bore, the optimum rate of pumping etc. had to be collected and specifications for equipment and indents had to be prepared. An indent for the purchase of pump was placed on 15-12-1962 through the D.G.S&D. and the pump was received in June, 1963. It was then installed and the first test took place on 12-10-1963. But it was found in test that the pump was not running properly. Then it took two or three months to set it right and water supply from the tube-well was not assured till December, 1963.

In reply to a question whether it was not possible in advance to know what type of pump would be necessary, the representative of the C.P.W.D. stated that after the tube-well had been bored, certain tests were carried out to find out the yield of the tube-well and the depth. This took a little time. Thereafter the specifications of the pump had to be prepared. He admitted that they had an estimate of the capacity of the pump depending on the strata etc., but added that, whether they would have sufficient water or not, could not be predicted unless the boring was completed.

The Committee desired to know if it was normal for the C.P.W.D. to take 28 months to instal a tube-well particularly when the matter was urgent. The representative of the Ministry of Works and Housing stated that it all depended on the particular facts and circumstances—whether a particular period was excessive or whether the time could have been cut down or delays could have been eliminated.

The Committee, in this connection desired to be furnished with a note explaining the delay of 28 months in various stages and the reasons therefor in the installation of a tube-well by the Ministry of Works and Housing. The Committee desired that the note should also state if any part of the delay was avoidable.

The Committee regret to state that the note is still awaited.

52. The Committee were informed that the estimates for boring the tube-well were received in June, 1960 by the Overseas Communications Service. There was delay in taking decision about the steps to be taken till the necessary data were available. Finally the revised estimates were received in May, 1961. After consulting the Finance Ministry, the sanction for the revised estimates was communicated to the CPWD on 4th August, 1961.

The Committee enquired whether any alternative site very near the wireless station, where better water supply could be tapped, was thought of for construction of the quarters. The representative of the Board stated that as the station was based at this site, the essential staff had to live nearby. Further, the plant as such had to be fully air conditioned. Soft water supply had to be provided on the spot once the transmitter had fixed there. By the time water supply was found to be unfit for human consumption in 1959-60, the transmitter had already been erected. The wireless station started functioning in 1958.

In reply to a question the Committee were informed that the cost for sinking, boring and bringing the pumping set into commission works out to Rs. 78,925.

The Committee desired to be furnished with a note as to what would have been the cost if water was taken from the nearest water pipe-line for supply to this project, and whether this question had been examined before taking up the project for tube-well. The representative promised to furnish a note on the subject.

It is regrettable that this note is also awaited.

53 Asked why, before quarters were constructed the details of water supply were not looked into, the representative of the P. & T.

Board stated that the old wells were in use by the people residing in that neighbourhood. When it was found that water was not fit for human consumption, the Chowkidars were supplied with potable water which was carried in the Department's lorries and tanks.

The Committee regret that the question of assuring supply of good drinking water to the residents of the area had not been given as much consideration as it deserved, as a result of which there was prevalence of illness amongst the staff and even a death. They have not so far been informed, as requested, if the question of supplying drinking water from the existing nearest pipe-line, had at all been examined and what the cost of such a scheme would have been. If this examination had not been done, the lapse is really regrettable. When these 30 new quarters were ordered to be constructed, the problem of water supply was neglected even though for the existing 8 quarters they were facing serious difficulty. Necessity of providing suitable water supply should have been obvious to those responsible for this project.

As regards the delay of 28 months (details of which are still awaited), the Committee are not at all convinced that a project of this nature should take as long as that. The Committee are not convinced with the explanation given by the C.P.W.D. for 28 months delay in an important project like this which concerned the life of the people living in that area. This delay lacks justification especially in view of the fact that the C.P.W.D. authorities were aware of the urgency. If this delay could be justified as normal, it is high time a probe was made into the working of the C.P.W.D. in order to ensure that the organisation works efficiently by cutting out all procedural delays and laxity amongst the staff.

The Committee feel that loss incurred in this case could have been avoided with more careful planning of the project.

Non-utilisation of stores for long periods—para 23 of Audit Report (P.&T.), 1964, page 20.

54. Stores aggregating Rs. 24.20 lakhs obtained for certain projects remained unutilised for varying periods upto 5-6 years mainly owing to delay in execution of projects, as shown in Appendix XXIII. In three instances, construction of the buildings (in which equipments are to be installed) had not commenced though stores worth Rs. 3.4 lakhs had been obtained one and a half to two and a half years earlier.

The Department has issued instructions in November, 1963 that indents for stores should only be placed as and when the stores are required, and not all at the same time.

Asked a question about the reasons for the various kinds of delays that occurred in the utilisation of stores, the representative of the P. & T. Board explained that the reasons were two-fold. One main reason was that the Department had not sufficient supply of all the types of materials that were required, with the result that although certain items were issued to the works, they could not be put into use because other corresponding items were not available. The Department was trying to devise various methods by which all the items of stores could be made available in time. With the help of the loan from the International Development Association, it was hoped that the position of imported stores would improve to a considerable extent. The other reason was that there were certain procedural difficulties. Previously the project estimate was sanctioned first and thereafter the land acquisition proceedings were started. In some cases such proceedings took a very long time. To get over this difficulty P. & T. Department had now decided firstly that the land required during the next 15 years should be purchased in advance. It was hoped that with this measure delays would be cut to a certain extent. It had also been decided to construct buildings a little in advance, instead of waiting for the full formalities to be completed. In case the construction of the building was not progressing as pre-planned, the equipment was diverted from there to some other work.

As regards the cases mentioned in Appendix XXIII, the Committee were informed as follows:—

*Item 1.—(Auto-Exchange at Jamshedpur).—*There was much delay in acquiring the land. Then tenders for building works had to be called six times and even then negotiations had to be undertaken with the tenderer.

*Item 2.—(Auto-Exchange at Shillong).—*The building was expected to be completed by March, 1965. As soon as the building or the equipment room was available, installation work would start. Main equipment had not yet come. The work was sanctioned in 1959 but taken up for the first time in December, 1963. Tenders had to be called twice in this case.

*Item 4.—(Auto-Exchange at Mambalam).—*It was decided to expand the present exchange in the existing building by some re-arrangement. The capacity was increased and as a result stores that were received were utilised in the Madras area itself. The new exchange building was ready and the newest type of equipment for which order had been placed abroad was expected some time by the middle of the next year.

Item 10—(Public Call Office at Kishtwar)—It related to a remote area where poles were not available. Procurement took some time. The work had been completed on the 20th of October, 1964.

Item 11.—(Combined Office at Karnah).—This also related to a remote area where transport was not properly developed. This work had been given up and all the stores had been transferred elsewhere.

Item 15(ii).—The work was completed in 1963. It was admitted, however, that there was no justification for the delay of 9 years. It was only lack of co-ordination between the canal authorities and the P. & T. Department. Earlier action should have been taken to transport the material.

Item 15(xii).—(*Erecting lines and wires between Dera Baba Nanak and Fatehgarh*).—In this case the canal authorities placed a requisition on the P.&T. Department but they had not constructed the building. The line had been taken to the site.

The Chairman, P. & T. Board explained in this connection that land acquisition and construction of buildings were the main causes for the delay. As regards buildings, P. & T. Board had taken over the wing of C.P.W.D. on 1st July, 1963 which worked under P. & T. Board and it was hoped that this would secure greater co-ordination. As regards other reasons, as certain items required were not readily available (as at present it was a seller's market and not a buyer's market) they were purchased in advance whenever available. Such items which were likely to deteriorate were properly packed and stored for use.

The Committee in this connection desired to be furnished with a note indicating all steps taken or proposed to be taken to eliminate all the delays and to keep each work under constant vigilance so that delays could be avoided and speedier implementation ensured. A note* received in this connection from the P. & T. Board is at Appendix XXIV.

The Committee are distressed over the abnormal delays in executing these projects and utilisation of stores as disclosed in these cases. While the Committee appreciate that there could be delays in acquisition of land, they find that out of 15 cases mentioned in Appendix XXIII, only in two cases (items 1 and 3) the delay was due to acquisition of land. In other cases, the delays have been stated to be due to delay in construction, non-receipt of stores and receipt of incomplete stores and equipment. It is also surprising that in many cases even though sanction was given 7-8 years ago, the work had either not been commenced or had been commenced only in 1963. Such delays only show lack of proper planning and co-ordination, apart

*Not vetted by Audit.

from laxity of control over the works and projects undertaken. At the instance of the Committee the P. & T. Board furnished a detailed statement giving full particulars of the projects. In the case of item 15(ii), (relevant extract given in Appendix XXV), the Committee were surprised to find the delay being attributed to difficulties in transporting the stores. The Committee are at a loss to understand how a delay of more than eight years could take place for transporting stores. This only confirms the view of the Committee that there has been a lack of proper planning and co-ordination in the Department over such matters.

The Committee would like to point out that the delay in completing the projects automatically increases their cost and causes lot of inconvenience to the public. Besides, the imported or even locally purchased stores when not utilised for several years lose their efficacy apart from locking up public funds (including foreign exchange). The P. & T. Board have furnished a *statement (Appendix XXVI) showing the latest position about the works mentioned in Appendix XXIII.

The Committee would like the P. & T. Board to expedite implementation of the action proposed to be taken to eliminate delays in the execution of works, so that there is an early improvement in the situation.

They would also like the P. & T. Department to strictly adhere to the revised targets for completion of the various works which still remain unfinished, as indicated in the statement given in Appendix XXVI.

55. In the course of evidence the Committee were informed that in some cases the work was subsequently given up and stores were transferred elsewhere. They also find that in the case of item 12 of Appendix XXIII stores worth Rs. 15,590 had been returned as surplus.

These cases lead the Committee to believe that there should be quite a lot of infructuous expenditure owing to delays in completion of works and projects. The Committee would, therefore, suggest that while sanctioning projects/works estimated to cost not less than Rs. 1,00,000, the target date for the completion of the project/work should be prescribed and delays in completing the project/work within the target dates and their financial implications should be mentioned in the Annual Reports of the P. & T. Board. The Committee suggest that similar information should be included in the Annual Reports of other Ministries/Departments concerned.

Local Purchase of Iron wire at prices higher than the controlled prices—para 24, page 20.

56. Heads of circles were authorised during 1961-62 and 1962-63 to purchase iron wire locally for providing telephone connections essentially and urgently required. During this period about 465 (metric) tons of iron wire were purchased in Andhra Pradesh and Kerala at prices higher than the controlled rates (in contravention of the Iron and Steel Control Order) as follows:—

Quantity purchased (metric tons)	Per cent higher price paid
7.46	22
205.31	28
138.57	29
59.52	36
54.45	38

The purchases resulted in an extra expenditure of Rs. 1.6 lakhs.

The Department clarified in October 1962 that the purchases were to be made at controlled prices. The Department has also enquired of the Ministry of Steel, Mines and Heavy Engineering whether any action can be taken against the suppliers who charged rates higher than the controlled rates.

The Committee enquired under what circumstances the purchases mentioned in the Audit para were authorised and how it was that the Heads of Circles were authorised to allow prices much higher than controlled prices, (in contravention of the Iron and Steel Control Order which was in force at that time). The representative of P&T Board stated in evidence that there was short supply of Iron wire from 1959 onwards. Supply of Iron wire became acute during the period 1961-62 and 1962-63. At that time a large number of new connections were to be given. He added that P&T Department had a special quality of telegraph wire which was in use. When this special quality of Telegraph wire was in short supply, they began to use what was called commercial type of Iron wire for short telephone loops. In the case of non-stock issue items, according to the procedure in existence, the Circle Authorities and lower organisations are authorised to purchase these items on a circle level. On that basis, the officers at Circle levels were asked to go ahead after completion of formalities like tenders etc. and get the required Iron wire. There

was all round shortage of Iron wire in the country. In reply to a question he added that when higher prices were paid, P&T Deptt. did not know that they were contravening the Iron and Steel Control Order. He added that the suppliers gave proper bill and receipts. The Director of Posts & Telegraphs, Kerala specifically took up the question of supply of the item with the industries department of Kerala State but he was told that nothing was available at controlled price. Thereafter, the Director of P&T Kerala, ordered that as shortage of Iron wire was holding up the work for very long time, they should try to procure the wire from open market. Only in September-October, 1962, they came to know of the price control of Iron and Steel when they wrote to the Ministry of Steel and then they issued orders to the Circles that no further purchases of Iron wire should be made.

In this connection the Committee desired to be furnished with information on the following points:—

- (i) Which officers of P&T Department in Andhra Pradesh and Kerala made purchases of Iron wire during 1961-62 and 1962-63 from private suppliers at prices higher than controlled rates in contravention of Iron and Steel Control Order?
- (ii) What were the financial limitations to the powers of purchase of these officers?
- (iii) What were the circumstances in which 20 orders all broken up into 1089 Kgms, were placed in Trichur Division on the same date in March, 1962 on the same firm? (similarly in the other divisions also in Kerala).
- (iv) Did the officers of P&T Department approach Kerala Government either in April 1962 or afterwards for getting more stock of Iron wire? If so, with what results?

This information is still awaited.

57. Asked a question the representative of the P&T Board stated that out of 15 firms involved one party had agreed to refund the amount in instalments and the replies from others were awaited. The representative of the P.&T. Board stated that out of a sum of Rs. 1.6 lakhs which the exchequer lost, they "got refund of Rs. 25,000 only." The representative of the Iron and Steel Controller added that the other firms requested to drop the matter on the ground that they had no knowledge of the existing price control on iron and steel wires and they would not be able to refund the excess amount.

As regards action taken against officers guilty of paying the higher price and contravening the Iron and Steel Control Order, the representative of the Ministry of Iron and Steel stated that Law Ministry's advice was sought in the matter and no action was taken against the officers. The legal opinion given by the Law Ministry was stated as under:—

“Clause 4 of the Iron and Steel Control Order, 1956 makes it incumbent on every person to acquire any iron or steel from a producer, a stock holder or a person holding stocks of iron and steel under the authority of the Controller and in conformity with such conditions as imposed by the Controller in a general or special order issued by him. In the instant case, the P&T Department, Hyderabad and Kerala Circles effected purchase of galvanised wires by inviting tenders. It is stated that the firms from whom the department purchased the material are not producers or stock holders. Presumably they will be covered by the expression “a person holding stocks of iron and steel” mentioned in clause 4. Even such purchases fall within the ambit of clause 4. Therefore, the department concerned acted in derogation of clause 4 in effecting purchases as they did.

So far as the firms are concerned, it is gathered from the letters written by them that they did not happen to acquire the material under clause 4. Therefore, the disposal of the material by them would not fall under clause 5. The instant sales normally would have fallen under clause 10 which empowers the Controller to call upon any person holding stock of iron and steel acquired by him otherwise than in accordance with the provisions of clause 4 to sell the whole or any part of the stock to such person as may be specified in the order. Clause 15 which deals with the power of the Controller to fix prices also provides that where the stocks are required by a special order of the Controller to be moved from one place to another, the Controller may direct that the maximum price fixed under sub-clause 1 or 2 of clause 15 shall not apply and may in respect of such stocks specify maximum prices at which iron and steel could be sold.

There appears no warrant for calling upon the firms to refund the excess, as proposed on page... since the circumstances in which the purchases were effected by the P&T Department attract the Controller's power to fix the

price beyond the controlled rates, as envisaged in clause 15.

We do not consider it expedient to initiate any action against the firm, specially in a matter where the department which has purchased the material is itself at fault."

The Committee feel that the Law Ministry have aimed more at giving a practical advice than stating the correct legal position.

58. The representative of the P&T Board stated further in extenuation that the Engineers of the P&T Department purchased iron wire after calling tenders etc. for which competitive rates were quoted in writing by retail shop-keepers and they acted in *bona fide* manner and secondly, in view of the shortage of iron wire, the Engineers acted in the normal commercial interests of the Department. By purchasing this wire even though at a higher price, they were able to provide about 12,000 new telephone connections. The total revenue from the new connections in a period of one year was Rs. 12 lakhs. The mistake of paying a higher price was a *bona fide* one.

While the Committee note that by purchasing the Wire at higher prices, the P. & T. Department were able to provide about 12,000 new telephone connections and earn a revenue of Rs. 12 lakhs during the year, they feel unhappy to note that in their anxiety to expediate the work, the officers, in their ignorance of the Iron and Steel Control Order had purchased iron wire at a price higher than the control price and thus contravened the provisions of the Iron and Steel Control Order. The Committee would like the Department to appreciate, when the officers of Government had contravened the Iron and Steel Control Order in their ignorance, how much more difficult the position would be for the general public. The Committee hope that strict instructions on the subject will be issued by the Department to avoid contravention of all laws and regulations by the officers of the Department.

Avoidable expenditure in the construction of a post office building at Palani—para 25, pages 20-21.

59. The construction of a building for the post office at Palani, which had been entrusted to a contractor in December 1959, was suspended in January 1960, as the Municipality objected to the lay-out of the building. No advance intimation of the construction had been given in this case to the Municipality.

The State Government clarified in December 1960 that, under the Government Building Act, 1889, local regulations would not apply

to Government buildings intended for public purposes, provided reasonable advance notice of the construction was given to the Municipality in such cases.

When the work was resumed, the contractor's claim for enhanced rates for the remaining portion of the work had to be conceded and it was decided in October 1961 to allow an increase of 21.8 per cent over his original tendered rates. This resulted in an extra expenditure of about Rs. 11,000 which might have been avoided, had advance notice of the construction been given to the Municipality.

Asked whether P. & T. Department generally informed the Municipalities and obtained their approval prior to the construction of a building in the Municipal area limits, the representative of the Board stated that they generally did so in respect of every building work but in Madras that practice was not prevalent and no advance notice was issued. This omission had, however, been brought to the notice of the Chief Engineer, CPWD who had been executing the work on behalf of the P. & T. Department in the past.

Explaining the position in detail the representative of the P. & T. Board stated that oral intimation was given in February, 1960 by the C.P.W.D. Executive Engineer to the Municipal Commissioner that they were going to take up this work. As no objection was raised the work was started. Later on in March, 1960 the Municipal Commissioner wrote back stating that the building should be shifted 15 feet. The C.P.W.D. informed the Post Master General, Madras that the work had been stopped some time in July. Attempts were then made to find an alternative site but it was not available. Then the officers met the Secretary of the Madras Government and at that stage it was discovered that there was no need to give notice to put up buildings of the Central Government under the Madras Town Planning Act. Reconstruction of the work was started in November, 1961 in the same place. During these 10 months the prices had gone up. C.P.W.D. took up the question of 21.8 per cent. increase in the tendered rates with the Works Advisory Board and sanction was given for the higher rates.

Asked why the CPWD, before going in for the work had not consulted the Municipal Authorities as the site for the building was in the Municipal area limits, the representative of the Board stated that they had to give notice only and no consultation was necessary. The only lapse on the part of CPWD was that they did not send a written notice.

The Committee were informed during evidence that oral intimation was given in February, 1960 by the C.P.W.D. Executive Engineer to the Municipal Commissioner that they were going to take up this work. If so the Committee are unable to appreciate why this was not confirmed in writing. The Committee regret to note that the CPWD failed to give advance notice in writing to the Municipal Authorities at Madras as a result of which the complication and delay occurred. They would urge in this connection that the P. & T. Authorities and other Organisations should make it a point in all cases of construction work to ascertain beforehand from municipal or other authorities the correct position regarding provision of relevant Acts and bye-laws so that such lapses do not recur.

VII MISCELLANEOUS

Postal Life Insurance Organisation—para 26—page 22

60. While the number of new policies issued in 1962-63 showed a decrease, the total sum assured exceeded that in 1961-62 by 29.2 per cent in the Civil Wing and by 14.6 per cent in the Military Wing. This has been attributed to the introduction of the rebate system from 1st April 1961 under which rebates on premia are allowed at the rate of 3 nP. per month per thousand of sum assured on policies of Rs. 3,000 and above but less than Rs. 5,000 and at 5 nP. per month per thousand of sum assured on policies of Rs. 5,000 and above.

The increasing trend in the number of policies in force and the amount covered by them has continued as indicated below:—

At the end of	Number of policies in force	Amount in lakhs of of rupees
1960-61	1,55,405	35.66
1961-62	1,58,862	36.36
1962-63	1,62,031	37.57

Compared to 1961-62, the percentage of expenses to the premium income in 1962-63 in the Civil Wing has shown a decrease but in the Military Wing there has been an increase as shown below:—

Year	Civil Wing	Military Wing
1961-62	9.96	1.61
1962-63	8.53	2.18

The closing balance of the Fund on 31st March 1963 according to departmental figures was Rs. 19.42 crores as against Rs. 19.34 crores booked in the accounts. The difference of Rs. 8 lakhs is under settlement.

Asked a question as to the reasons for decrease in the percentage of expenses to premium in the Civil Wing and increase in the Military Wing, the representative of the P. & T. Board stated in evidence that the decrease in the Civil Wing was a continuous decrease in the expense ratio and progress was being maintained in this regard which had been favourably commented upon both by the AG

and the Controller of Insurance. As regards the Military Wing, certain charges like rent of buildings, electric charges and other incidental charges were not debited to Military Wing and there was therefore some difficulty about the proper allocation of charges in the past. It was explained further that the number of policies and the amount assured were not increasing in the Military Wing in the same proportion as in the Civil Wing. Therefore the expense ratio in the Military Wing had gone up slightly, but it was still very much less than that of the Civil Wing. Except for the year 1961-62 when due to faulty allocation of charges the expense ratio had gone down to 1.61, it had been above 2 in subsequent years in the Military Wing. As regards expense ratio, although the PLIO did not spend on the cost of collecting premium directly, this organisation had to incur additional expenditure owing to difficulties in maintaining the accounts on the basis of incomplete schedules of deductions rendered to them by heads of offices; besides each ledger account had to be posted 12 times as the premiums were paid monthly (by deductions from pay bills).

Explaining how the total cost of the management of the Postal Life Insurance Organisations had gone down due to reformed procedures leading both to economy and efficiency, the representative of the P. & T. Board stated that reforms introduced were in the matter of issue of policy with the aid of mechanisation, printing of forms and documents etc. and improved method of maintenance of ledger accounts by shortening the whole process.

The Committee were informed that the premium rates for postal insurance compared favourably with the rates in L.I.C. (e.g. The rate of a PLI policy taken at the age of 20 and maturing at the age of 45 was Rs. 39.60 as against Rs. 41.25 charged by LIC). Similarly claim ratio was also stated to be more favourable compared to LIC. The procedure for settling claim in the case of death of the insured person was also stated to be simpler when compared to LIC. PLI allowed claim upto Rs. 5,000 to be made without a succession certificate while LIC allowed it upto Rs. 1,000 only. Also no proof of age was required at the time of settlement of the claim.

The average size of policy in postal insurance was Rs. 2624 in 1963-64 as against Rs. 4179 of LIC and PLI were able to give higher bonus. The average time for settlement in case of a matured policy was about a couple of weeks and in case of death, it was less than 3 months.

The Committee are glad to know that the PLI is making all round progress. They hope that the progress will be maintained.

The Committee were informed that the Postal Life Insurance Fund which stood at Rs. 19 crores was invested with Government at an interest of 3½ per cent per annum. About the PLI Fund the Committee feel that as the return for the investment is not adequate, the P. & T. Board should examine the feasibility of investing the PLI Fund on the same pattern as the LIC Fund, consistent with the security and safety of the fund. This would enable them to reduce their rates of premia further or to give larger bonuses to the policy holders.

Defalcation or loss of public money—Para 27—pages 22-23

61. In 1962-63, 1274 cases of loss of public money entailing a total loss of Rs. 10.98 lakhs came to light. These cases have been analysed in the statement given in Appendix XXVII, according to more important categories and the agencies responsible therefor.

The employees of the Department were responsible for the bulk of these losses (57 per cent). In 252 cases amounting to Rs. 3.77 lakhs (34 per cent of the loss) responsibility could not be fixed till the time of report (September 1963). In 414 cases relating to 1961-62 and previous years, departmental action was pending on 31st July 1963.

Asked the reasons for increase in cases of defalcation or loss of public money pertaining to insured articles, the representative of the P. & T. Board stated that one major case which occurred in 1962-63 was at Tezpur where a theft amounting to Rs. 1 lakh of insured articles took place. In spite of that, the percentage of total loss was stated to be very small viz. 0.0041.

The Committee were further informed in evidence that the total number of cases where responsibility could not be fixed (Item 4 of Appendix XXVII) as on 1st April, 1963 was 252 and the amount involved was Rs. 377,261. After 1st April, 1963, out of 252 cases, responsibility was fixed in 99 cases involving an amount of Rs. 1 lakh.

The Committee in this connection desired to be furnished with a note giving the details of the case of defalcation at Tezpur by a Chowkidar, of a sum of Rs. 1 lakh of insured articles. The Committee desired that the note should also indicate if this case was also included in item 4 of Appendix XXVII.

In the *note (Appendix XXVIII) furnished by the P. & T. Board it has been stated that the case of defalcation of Rs. 1 lakh at Tezpur

*Not vetted by Audit.

was included by the Directorate in item 4 of Appendix XXVII under the Heading "responsibility not fixed". The Board have added that this case should have been taken as one in which responsibility had been fixed because a sum of Rs. 25,682 had been recovered by the Police and it was known who was responsible for the burglary.

Asked if there was any agency in the P. & T. Board which examined the frauds committed by Departmental people, to see whether the extent of fraud committed by departmental people was decreasing or increasing, the representative of the Board stated that in every case a detailed examination took place, disciplinary action was taken wherever necessary and if necessary police action taken. It was also examined whether the frauds were on the increase or decrease.

As regards steps taken to minimise the frauds in Savings Bank Accounts, the representative of the Board stated that the total amount handled by postal employees during 1962-63 in savings bank was Rs. 623 crores, whereas frauds committed amounted to Rs. 3.57 lakhs which worked out to 0.0067 per cent. There was a constant pressure from the Ministry of Finance, whose agents the P. & T. Department were, to expand facilities and grant concession to depositors in order to push up the national savings and they pointed out that a certain amount of banking risk had to be taken. It was added that the increase in the number of frauds had been in the Branch Post Offices where supervision was very remote. The Committee desired to be furnished with a statement showing particulars of action taken against persons involved in 1274 cases of frauds etc. referred to in col. 12 of Appendix XXVII. In an interim *note furnished by the Board on this subject it has been stated that in 215 cases the frauds were committed by persons unconnected with the Department. Hence the Department was not in a position to take any action in such cases. In 252 cases responsibilities could not be fixed. In the remaining 807 cases two types of officers were involved, one was directly responsible and the others whose responsibility is that for contributory negligence. It has been stated that particulars of action taken against persons involved in these 807 cases would have to be collected from the Divisions through the circles as the Directorate keeps a watch only on cases involving a loss of more than Rs. 2000.

In view of this, the Committee would like to know the number of cases involving a loss of more than Rs. 2000 out of 807 cases and particulars of action taken in those cases only.

*Not vetted by Audit.

The Committee were informed that for prevention of money order frauds, the P. & T. Board had considered various measures. Action had recently been taken to tighten up vigilance and better verification of paid money orders. From July, 1964 money orders were being advised in red ink which could not be easily erased without leaving an impression on the Money Order form. The value ranges were also being punched on the M.O. form. There was also a proposal to use chemically sensitized paper for M.O. forms so that erasure of an entry would not be possible.

In the course of evidence, the Committee were informed that the percentage of total loss due to defalcation or loss of public money pertaining to insured articles was 0.0041. In the case of Savings Bank fraud cases, it was stated that the percentage worked out to 0.0067. In the opinion of the Committee, in the cases of frauds, percentage would not be of much significance in the sense that the total amount of defalcation or loss of public money during 1962-63 is as high Rs. 10,98,395. Prevalence of fraudulent practices in the P. & T. Department is an evil which should be ruthlessly eradicated by taking drastic measures. The Committee would, therefore, like the P. & T. Board to tighten up supervision, control and checks in addition to steps already taken or proposed to be taken, as in the case of money orders.

Disposal of outstanding Audit objections—Para 28—page 23.

62. The Public Accounts Committee wished to watch, through future audit reports, the progress made in settlement of audit objections by the *ad hoc* committees set up in the Circles, *vide* paragraph 39 of their Fourteenth Report (Third Lok Sabha). The *ad hoc* Committees were set up in 1962 and 1963 in seven Circles and functioned for 4 to 6 months. Upto 15th September 1963, 11,659 objections were settled in this manner.

The number of objections raised upto 1961-62 and remaining unsettled at the end of August 1963 was 38,248 involving a total amount of Rs. 3.59 crores. The numbers and amounts of the more important classes of objections are given below:—

Class of objection	Number	Amount (In lakhs of rupees)
(a) Want of detailed bills (Rs. 1 lakh) and non-submission of vouchers (Rs. 34 lakhs)	10,531	35
(b) Expenditure incurred in excess of sanctioned estimates	396	12
(c) Execution of works without sanctioned estimates	372	11
(d) Want of sanctions to payments	1,290	49
(e) Want of sanctions to establishment	2,461	13

The Committee were informed in evidence that *ad hoc* Committees for settlement of audit objections had been functioning now in Assam, Bihar, Gujarat, Madras, Mysore, Orissa, Punjab, Rajasthan, U.P. and Calcutta Circles and Delhi Telephone District. Out of 10,000 items of outstanding audit objections dealt with by the Committees, 7099 were accepted by Audit and the rest were still under correspondence.

The Committee hope that it will be possible to settle all the remaining cases at an early date, and that such a heavy accumulation will not be allowed to occur again.

Disposal of Inspection Reports—Para 29—page 23.

63. The total number of inspection reports on the Posts and Telegraphs offices issued by the Audit Offices upto 31st March 1962 and the number of irregularities mentioned therein still outstanding at the end of August 1963 were 1,184 and 5,925 respectively.

The following are some common types of irregularities which were noticed during inspections in 1962-63:—

(a)	Annual verification of services not done	5	Offices
(b)	Errors in computing periods of leave and duty	65	„
(c)	Security not obtained or not renewed	71	„
(d)	Stock register of receipt books not maintained	29	„
(e)	Specimen signature slips of savings Bank depositors not obtained or the specimen signature not maintained properly	41	„
(f)	Specimen signature of the officers of treasury or bank not obtained and kept on record	23	„
(g)	Payments made without reference to contracts	14	„
(h)	Non-execution of mail motor contracts	11	„
(i)	Non-renewal of lease deeds of rented buildings	16	„
(j)	Annual physical verification of stock not done	33	„

The Committee were informed in evidence that instructions to the Heads of Circles were issued to ensure personally that the inspection reports were attended to promptly. The Special Committees were also examining the question of early settlement of the pending reports.

The Committee desired to be furnished with a note showing the latest position relating to the clearance of the outstanding inspection reports. The latest position of the Inspection Reports issued upto 31st March, 1962 has been furnished by the P. & T. Board in a* note (Appendix XXIX).

*Not vetted by Audit.

The Committee find that the position of pending cases in Andhra, Bombay, Calcutta (Central), Delhi Telephone District, Mysore and U.P. Circles is far from satisfactory, the numbers being quite high. The Committee desire that suitable steps be taken to clear the outstanding inspection reports as early as possible.

Savings Bank Account

64. Incidentally, while dealing with the P. & T. Accounts the Committee would like to state that in reply to Unstarred Question No. 409 in Lok Sabha, it was stated on 16th August, 1958 that as on 31st March, 1958. the number of Post Office Savings Bank Accounts in respect of which no transactions had taken place for 4 years was 38,73,681 and the total amount of deposit in dead Accounts on that date was Rs. 8,02,98,813.

The Committee feel that in the case of money in the dead Accounts it is possible that the clients or their legal successors in case of death, might not be aware that their money is locked up. Since most of the accounts, especially in rural areas, represent the hard-earned income of the people of meagre means, the Committee suggest that P. & T. Board might consider the feasibility of instructing all the Post Office authorities to make efforts on their own initiative to trace out the clients or their legal successors, as the case may be, and inform them of the position. They also recommend that a special column should be provided in the account opening form to include the name of the successor of the account holder to whom the money may go in the event of his death.

The Committee further suggest that the information about (a) the number of dormant accounts (b) the number of dead accounts and (c) the amounts involved in (b) on the last date of the financial year should be included in the Annual Report of the P. & T. Board.

VIII

OUTSTANDING RECOMMENDATIONS

65. The Committee now proceed to deal with some of the more important items outstanding from their previous reports on Posts & Telegraph Accounts. Replies received from the Posts & Telegraphs Board and other Ministries/Departments concerned showing the action taken or proposed to be taken on the recommendations of the Committee contained in Appendix VIII to their 14th Report (1963-64) have been included in Part III of this Report. Notes etc. indicating action taken have been received in the case of 37 out of 38 items.

The Committee are glad to note that notes pursuant to "action taken" on all the recommendations of the Committee contained in their 14th Report (Third Lok Sabha) have been furnished by the P. & T. Board (except part of recommendation in Serial No. 30 Appendix VIII of 14th Report). They trust that in future also the P. & T. Board will maintain this promptness in furnishing the notes.

66. From the notes submitted by the P. & T. Board the Committee observe that replies furnished in respect of items at Serial No. 2 in regard to combining the Telegraph and Telephone Branches for accounting purposes and Serial No. 16 in regard to devising a suitable stocking formula, of Appendix VIII to the 14th Report (Third Lok Sabha) are of interim nature. **The Committee would like to be appraised of the final position in these two cases.**

67. The Committee also observe that in respect of item at Serial No. 36 (items at Serial Nos. 1 and 33 of Appendix I to Second Report 3rd Lok Sabha) cases were either *Sub-judice* or under arbitration.

The Committee would like to be informed of further progress made in respect of these cases.

Cost Accounting in P. & T. Workshop—Introduction of Incentive Scheme and its working—Serial No. 2 Appendix I of Second Report (Third Lok Sabha) and (Para 40) of 14th Report (Third Lok Sabha).

68. The Committee of 1962-63 were informed that the details of the incentive scheme in the P. & T. Workshops were under negotiations

with Unions and it had been revised and introduced as an experimental measure in one Section of each of the three Workshops with effect from 1st June, 1962. It was also stated that the scheme would be progressively introduced in other Sections also. The Committee desired to be informed of the results achieved with the introduction of the incentive scheme and various other measures taken by the Department for reduction in the cost of production per unit in the P. & T. Workshops.

In a note furnished to the Committee (Appendix XXX) which also gives the details of the incentive scheme for P. & T. Workshops, it has been stated that "a review of the first six months working of the scheme showed that there had been no increase in production in the Calcutta and Bombay Workshops while in the Jabalpur Workshops there had been a slight improvement in certain operations relating to the manufactures of Stalks." It has further been stated that a review of the working of the scheme for the quarters ending September, 1963 and December, 1963 shows that there has been an average increase of 44 per cent. in the Cord Assembly shop and Press shop and 73 per cent in the Drilling and Tapping Section of the machine shop in Bombay. In Jabalpur Workshop also there has been an increase of 55 per cent. in the production in the Forging shop. In the Calcutta Workshops, however, the scheme has not made much headway.

The Committee feel unhappy to note that the incentive scheme introduced with effect from 1st June, 1962 in certain selected shops in each of the three workshops, did not make any appreciable impact on the production and in order to make the scheme more attractive it had to be revised with effect from 1st May, 1963. Although as a result thereof some improvement has been noticed, it is unfortunate that the position is still far from satisfactory. In the opinion of the Committee in order to run the P. & T. Workshops efficiently and on proper commercial lines it is necessary that the production in the workshops is increased to the maximum extent possible and all measures taken to reduce the cost of production and overheads. The Committee would like to watch the progress made in this matter through future Audit Reports. In this connection the Committee would like to invite attention to para 27 of this Report.

Loss of ferrous scraps in a workshop—Para 35 of 14th Report of P.A.C. (Third Lok Sabha).

69. The annual stock verification in a workshop conducted by the Department in July, 1958 disclosed a shortage of about 83 tons of ferrous scraps valued at Rs. 28,000 representing cut-pieces recovered in

the manufacturing processes. In this connection, it was alleged that a firm to whom certain ferrous scrap (667 tons) had been sold by auction in November, 1957 removed 475 tons from the workshops premises by actual weighment, between December, 1957 and January 1958, but in regard to the balance, they were allowed to remove the scrap without weighment and in doing so, they removed an excess quantity. The Committee (1963-64) were informed in evidence that the enquiry against the gazetted officer had been completed about 2-3 months back but no decision had yet been taken on the report of the enquiry, and that the enquiry, against other officials was still pending. The Committee were also informed that the firm which was suspected of being involved in this case had been blacklisted and the matter had also been taken up with the Ministry of Law for examining whether a suit could be filed against the firm. The Committee had desired that the departmental action should be finalised expeditiously and a report submitted to them at the earliest. The Committee had also desired to be informed of further action, if any, taken against the firm.

The Committee have been informed in a note that the case was referred to the Law Ministry, who advised that a legal notice should be issued by the Government pleader to the firm. The Government pleader was, however, of the opinion that a fresh notice was not necessary because earlier the Department had given notice. But the Law Ministry advised that Legal suit notice was required and must be given. The draft had now been received and was being referred to the Law Ministry for vetting.

The Committee regret to observe that the report called for by them regarding the departmental action taken in this case has not yet been submitted. The Committee are of the view that this case has been avoidably delayed for about six years from the date of detection and for more than one year even after the Committee recommended expeditious finalisation. They would like the P. & T. Board to take expeditious action in the matter and intimate the result both regarding the departmental action as also legal action, if any, proposed to be taken against the firm.

IX

GENERAL

70. The Committee in the course of their examination of the P. & T. Accounts and para 62 of Audit Report (Civil), 1964 came across several instances where the representatives of the P. & T. Board/Ministries concerned furnished information which later on turned out to be incorrect. In one case the information furnished in a note was in contradiction of what had been stated before the Committee in 1961 which is also on record. (Para 48 of the Report). In the case relating to para 18 of Audit Report (P. & T.), 1964 which has been dealt with by the Committee in paras 29—41 of this Report, there were several instances where factual discrepancies were noticed in oral evidence and in the notes furnished subsequently.

The Committee feel unhappy to note several instances of such lapses. Various Audit Objections contained in the Audit Reports are known to Ministries much in advance. The Audit Reports are laid on the Table of the House usually during the budget session. Sufficient advance notice is given to the Ministries before Audit Reports are taken up for consideration by the Public Accounts Committee. There should, therefore, be no difficulty for the representatives of the Ministries to equip themselves with full facts concerning the subject matter, when they appear before the Committee to give evidence. They would like to reiterate in this connection the observations made by the Committee in para 106 of their 19th Report (First Lok Sabha) that "the representatives of the Ministries concerned should see that they are properly briefed and are in possession of all the factual and relevant information when they appeared before the Committee".

NEW DELHI;
December 16, 1964.
Agrahayana 25, 1886 (Saka).

R. R. MORARKA,
Chairman,
Public Accounts Committee.

APPENDICES

APPENDIX I

(Reference Para 2 of the Report)

DEPARTMENT OF COMMUNICATIONS

P. & T. Board

O.M. No. 4-24/64-B (Pt I)

Dated 27th November, 1964.

A note giving the break-up of the actuals under item (i) Sale of ordinary stamps and item (v) Telegraph charges realised in cash shown in para 1 of the Audit Report, 1964, indicating to what extent the dis-continuance of affixing stamps on the telegram form has brought down the sale of stamps.

Figures from 1959-60 to 1962-63 under 'Sale of Stamps' and under "Telegraph Charges realised in Cash" are given below:—

	ACTUALS			
	1959-60	1960-61	1961-62	1962-63
Sale of Ordinary Stamps	26,04	26,55	29,06	31,08
Sale of Service Stamps	7,69	7,73	7,96	8,20
TOTAL STAMPS	33,73	34,28	37,02	39,28
Telegraph Charges realised in Cash	3,95	4,28	4,79	6,17
TOTAL	37,68	38,56	41,81	45,45

The system of payment for telegrams in Cash instead of in stamps was introduced in Departmental Telegraph Offices all over India from 1st April, 1962, and in Combined Post and Telegraph Offices in Rajasthan Circle alone from 1st January, 1963.

Under Telegraph charges realised in cash, against an increase of Rs. 33/51 lakhs in the first two years, the increase in 1962-63 is Rs. 1.38 crores. The increase in 1961-62 over 1960-61 was somewhat larger than usual due to the general elections held in February, 1962. Thus it can be assumed that about Rs. 100 lakhs is the effect on the receipts under the head "Telegraph Charges Realised in Cash" in 1962-63 due to the new system. To this extent the head "Sale of Stamps" is to be assumed to have come down.

APPENDIX II

(Reference Para 2 of Report)

TERMS FOR CONSULTANTS

SUBJECT:—*Review of the Accounting procedures of the Telecommunications Operations of the P. & T. Department.*

In common with the general system of account of Government Departments, the accounts of the Telecommunication Operations of the P. & T. Department are primarily a receipt and payments account. No allowance is made in them for revenue realised in advance without corresponding services having been rendered, or, conversely, for services rendered for which revenue has not been realised; the record of expenditure is also only a record of the payments made during a year without taking into account the liabilities remaining to be discharged. Pension payments charged in the accounts are the actual cash payments and not actuarial liability. Though the Department is a commercial department, its accounts conform only partially to the true commercial character. No balance sheet is drawn up, no assessment of the true profit or loss as a percentage of the Capital-at-charge is available. Its methods of billing for revenue were evolved decades ago.

2. Taking the above factors into account, the President in consultation with the Comptroller and Auditor General is pleased to appoint the British Post Office and Messers Peat, Marwick, Mitchell & Co. as consultants to undertake an examination of the present procedures and system of (i) billing for, and relation of, revenue; (ii) payments for supplies and services; (iii) maintenance and submission of initial and compiled accounts of the Telecommunications (including its stores workshops and projects) of the Indian Posts and Telegraphs Department:—

The consultants will particularly direct their attention to the following aspects: namely—

- (a) how far the present procedures and form of accounts conform to modern commercial requirements and standards;
- (b) how far the initial and compiled accounts are useful and adequate for the purposes to be served at the various operational and administrative levels; and

- (c) having regard to the Constitutional position and laws, rules or orders made thereunder recommend to the Comptroller and Auditor General of India and the Government of India such improvements and changes in the present methods as well as in the maintenance and exhibition of accounts as may be deemed desirable to bring them in line with modern practices of advanced telecommunication systems and to make the accounts a more effective instrument of assistance to the Department in its working, budgetary control, periodical financial assessments and in presenting the overall picture to Parliament and the general public.

3. The consultants will be assisted by two officers—one in the Junior Administrative Grade to be nominated by the Director-General, Posts and Telegraphs and one officer in the Junior Administrative grade to be nominated by the Comptroller and Auditor General.

4. The consultants will make their best endeavour to submit their report within six months of the date of their entering upon their duties.

APPENDIX III

(Reference Para 4 of the Report.)

Statement furnished by the P. & T. Board on 22nd October, 1964 regarding the Broadcast Receiver Sets without licences detected by the anti-piracy staff of the Department during the last five years.

	1959	1960	1961	1962	1963
(a) Number of B. R. Sets detected without licences	15232	12348	24085	25091	29873
(b) Number of sets detected with expired licences	20400	22901	15323	10582	20835

APPENDIX IV

(Reference Para 9 of the Report)

No. 7-11/63-B

GOVERNMENT OF INDIA.

DEPARTMENT OF POSTS AND TELEGRAPHS,
(Posts and Telegraphs Board)

Dated New Delhi the 17th March, 1964.
27th Phalguna, 1886.

OFFICE MEMORANDUM

SUBJECT:—Excess over Grant No. 98—P. & T. Dividend to General Revenues and Appropriation to Reserve Funds for the year 1962-63—Regularisation of (Para 6 of the Audit Report P. & T., 1964 Item—1).

From the final accounts for the year 1962-63 it is seen that an excess of Rs. 1,70,51,137 over the Voted Grant has occurred in Grant No. "98—Posts and Telegraphs Dividend to General Revenues and Appropriations to Reserve Funds" as per details given below:

	Rs.
Total Grant	13,92,00,000
Actual Expenditure	15,62,51,137
EXCESS	<u>1,70,51,137</u>

The excess is comprised of Rs. 11.22 lakhs under the head 'Dividend to General Revenues' due to larger Capital outlay than anticipated and Rs. 1,59.29 lakhs under 'Appropriation to Renewals Reserve Fund' due to more surplus being available than anticipated after payment of Dividend to General Revenues. This excess requires regularisation by Parliament by an excess Vote under Article 115 of the Constitution of India.

2. This Grant is fixed at an amount equal to the difference between the budgeted 'Revenues' of the Department and its budgeted 'Net Working Expenses'. Thus any improvement in Revenue or reduction in expenditure in relation to the budgeted amounts, will automatically cause an excess over this Grant.

3. In the original budget for 1962-63 the amount of the grant was estimated at Rs. 13,92 lakhs, but in the final accounts it turned out to be Rs. 15,62.51 lakhs as per details indicated below:

(Figures in lakhs of Rs.)

	Original Budget Estimates	Revised Estimates	Actuals	Difference between Revised Estimates and Actuals	Difference between Original Budget Estimates and Actuals
Revenue	89,22.00	96,40.00	97,87.37	(+)1,47.37	(+)8,65.37
Gross Working Expenses	82,53.33	90,47.33	90,20.82	(-)26.51	(+)7,67.49
Deduct Recoveries	7,23.33	7,47.83	7,95.96	(+)48.13	(+)72.63
Net Working Expenses	75,30.00	82,99.50	82,24.86	(-)74.64	(+)6,94.86
Net Receipts i.e. amount of Grant No. 98	13,92.00	13,40.50	15,62.51	(+)2,22.01	(+)1,70.51

To a large extent the increases in revenue as well as under working Expenses were foreseen in the Revised Estimates, and Supplementary grant obtained under Working Expenses. The net receipts (which determines the amount of the grant under review) were then anticipated to be somewhat less than in the budget and hence no supplementary grant could be taken under Grant No. 98.

4. The reasons for variations of actuals under the above heads from revised estimates are broadly as follows:

Revenue: The Revenue Receipts of the Department exceeded the Revised Estimates by Rs. 1,47.37 lakhs. The increase is mainly due to unusually heavy receipts under the head 'Sale of Ordinary Stamps.'

At the time of preparation of Revised Estimates actuals were available for the first 8 months and the approximate actuals for the 9th month. The trend of actuals under "Sale of Ordinary Stamps"

during 1st 9 months and last 3 months of the previous 5 years had been as under:

(In lakhs of Rupees)				
Year		Actual 1st 9 months	Actual last 3 months	Percentage of Col. 3 to Col.2
	(1)	(2)	(3)	(4)
1957-58	17,28	6,96	40
1958-59	18,28	6,78	37
1959-60	19,05	6,99	37
1960-61	19,01	7,54	40
1961-62	20,76	8,30	40
1962-63	21,13	8,87 (Estimated)	42
			9,95 (Actuals)	47

The provision in Revised Estimates 1962-63 for anticipated realisation in the last 3 months viz., Rs. 8,87 lakhs was 42 per cent of the actuals for 1st 9 months as against 40 per cent in the previous two years and hence was not an underestimate. However, the actuals during last 3 months amounted to Rs. 9,95 lakhs i.e. 47 per cent of the actuals for 1st 9 months. This increase during last 3 months of 1962-63 was abnormal and could not be anticipated. The increase is mainly due to unusually heavy receipts booked in March, 1963. Final and Supplementary accounts to the tune of Rs. 4,40 lakhs which is more than the corresponding actuals of the previous year by Rs. 1,84 lakhs without any significant variation in the actuals of the earlier months.

Gross Working Expenses: The Gross Working Expenses were less by Rs. 26.51 lakhs than the sanctioned Grant (including the Supplementary Grants of Rs. 7.94 lakhs obtained during the year), which was mainly due to non-adjustment of expenditure on P. & T. Wing of C.P.W.D. (Rs. 17.42 lakhs). When the P. & T. Wing of the C.P.W.D. was formed, it was decided that the expenditure relating to the Wing would initially be met from the C.P.W.D. Budget and would be transferred to the P. & T. Department at the end of the year. These orders were to take effect from 1st April, 1962. Based on the requirements for 1962-63, communicated by the

Chief Engineer, C.P.W.D. a Supplementary Grant for Rs. 25 lakhs was taken in the November Session of the Lok Sabha. This was intended to cover the cost of the:

- (i) P. & T. Wing debitable to "P. & T. Working Expenses" upto Superintending Engineer's level plus a percentage charge for technical direction and services rendered by officers above that level from 1st April, 1962 to 30th November 1962; and
- (ii) the entire expenditure of the P. & T. Wing from 1st December, 1962 onwards.

On page 15 of the notes Explanatory to Supplementary Demands, the Budget Division of the Ministry of Finance had specifically stated that the provision already made in the Budget for the P. & T. Wing of C.P.W.D. in Grant No. 101—Public Works would not be utilised. At the end of the year 1962-63, the C.P.W.D. expressed their inability to get the debits of actual expenditure realised in the accounts of 1962-63 itself as the debits on the usual percentage basis had already been raised by them against the P. & T. Department for 1962-63.

Recoveries: The actuals for Recoveries which are taken in reduction of expenditure for the purpose of working out the 'Net Receipts' were more than the Revised Estimates by Rs. 48.13 lakhs mainly due to larger number of transactions and consequent larger recoveries therefor in respect of Savings Bank and Postal Certificate work (Rs. 41.73 lakhs). The provision in the estimates for this recovery was based on the assessment taking into account the number of transactions recorded in the first half of the year concerned as well as in the second half of the previous year. The actuals were more than the provision in Revised Estimates 1962-63 thus made, as indicated below:

(In thousands)

1961-62		1961-62		Per-centage of (2) to (1)	1962-63		Per-centage of (5) to (4)	Actual 2nd 6 months	Per-centage of (7) to (4)
1st 6 months actuals	2nd 6 months actuals	1st 6 months actuals	2nd 6 months actuals		1st 6 months actuals	2nd 6 months actuals			
1	2	3	4	5	6	7	8		
Savings Bank and Certificates transactions									
1,86,13	1,86,65	100.3	1,81,64	1,93,91	106.7	2,34,17	128.9		

As a result of the above noted increase in number of transactions and other small items the recovery were more by Rs. 41.73 lakhs than estimated. In addition the recoveries under Workshop on-cost were also higher by Rs. 8.74 lakhs.

5. Due to the above factors the actuals under this grant amounted to Rs. 15,62.51 lakhs resulting in an excess of Rs. 1,70.51 lakhs against the sanctioned grant of Rs. 13,92 lakhs. Thus the excess in the case of this Demand actually represents an improvement in the financial position of the Department over what was anticipated.

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

(S. D. NARGOLWALA)

Member (Finance)

Posts and Telegraphs Board.

To

The Chairman and the Members of the Public Accounts Committee.

APPENDIX V

(Reference Para 11 of the Report)
Old outstanding Ducs

Action outstanding	Num-ber of cases	Year in which lines were erected for, or instruments provided to, the railway and canal administrations	Extent of delay	Amount of rent out-standing	Remarks
(1)	(2)	(3)	(4)	(5)	(6)
1. Advice note not issued—In Punjab Circle.	1	June 1954	Not yet issued (September 1963).	0.05 (November 1963)	
2. Delay in issuing advice notes	14	Upto 31st March 1961	One to nine years	1.44	In 11 of these cases there has been also delay in obtaining acceptance of the advice notes issued. Their amounts have been
(a) Punjab Circle				(Rupees Lakhs)	

6

departmental claims more than three years old cannot be accepted except for special reasons. included in the figure shown against serial No. (3)(a) below.

(b) Rajasthan Circle 2 March 1958 About five years 0.65

3. Delay in obtaining acceptance of the advice notes issued.

(a) Punjab Circle 42 Upto 31st March 1961 Acceptances not yet received (September 1963) although 1½ to 9 years have passed after the advice notes were issued. 1.94 (November 1963)

(b) Andhra Circle 18 1955-56 to 1960-61 Acceptances not yet received (September 1963) although 1 to 4½ years have passed after issue of the advice notes. 0.32 (November 1963)

Total 4.40

APPENDIX VI

(Reference Para 11 of the Report)

No. 6-12/63-R

GOVERNMENT OF INDIA

DEPARTMENT OF COMMUNICATIONS

(P. & T. Board)

Dated New Delhi the, 23rd November 1964.

OFFICE MEMORANDUM

SUBJECT:—*Public Accounts Committee—Consideration of para 8 of Audit Report P&T 1964—Outstanding dues.*

Lok Sabha Secretariat may kindly refer to their O.M. No. 2/VIII/64/PAC dated 6-11-1964 (item 2 of the list of points of PAC sitting dated 22-10-1964). The Public Accounts Committee desired the following information:—

“The Committee may be informed of the results of the review made by different circles and steps taken to clear all the old arrears”.

The position is explained below:—

Para 8(i) Recovery of rent from Railway and Canal Administrations.

Out of 66 cases in which a sum of Rs. 4.40 lakhs has been mentioned as outstandings in the above mentioned audit para, a sum of about Rs. 1,97,000 in respect of 21 cases has since been realised as per information furnished by Branch Audit Offices.

In one case the work was not actually carried out and advice note was inadvertently issued. This advice note had to be cancelled and thus a sum of Rs. 5,882/- shown as outstanding is not actually recoverable.

In one case there has been a decrease in wire mileage instead of increase and as such a sum of Rs. 5,935/- shown recoverable is not outstanding.

In 6 other cases covering a sum of Rs. 8,286/- the accepted advice notes had already been sent to the Branch Audit Office, Kapurthala for preferment of claim. His report is still awaited.

In 13 cases for Rs. 15,530/- the acceptance of the concerned Railway and Canal Administrations have since been obtained. These advice notes are being forwarded to Branch Audit Offices early for preferment of claims against the concerned administrations.

For the remaining cases in which advice notes have not been accepted by the concerned Railway or canal administrations the D.Es.T. have been instructed to make special efforts. A close watch is also being kept by this office.

3. In pursuance of the instructions issued by this office the first review with a view to seeing that advice notes in respect of all wires/instruments handed over to Railway/Canal Administrations are duly issued and forwarded to the concerned administration for acceptance without any delay and that suitable steps are taken by them in getting acceptance of these advice notes is to be conducted by the heads of Circles in January 1965. The result of this review will be intimated to the Public Accounts Committee in due course.

APPENDIX VII

(Reference para 12 of the Report)

DEPARTMENT OF COMMUNICATIONS

(P. & T. Board)

O.M. No. 6-12/63—R dated 23rd November 1964.

Dated New Delhi the, 23rd November 1964.

Para 8(ii) (b) of Audit Report, P&T, 1964—Dues in respect of Guaranteed Telegraph Offices.

Out of the twenty cases which have figured in the Audit Para, one case has since been finally settled and in another case part of the deficits have already been recovered and action for recovery of the balance is in progress. Out of the total sum of Rs. 63,606 shown as outstanding in the Audit Para a sum of Rs. 58,387 is now outstanding.

Action for recovery of the outstanding dues is already on hand. The Circle Offices concerned have been asked to take all possible steps towards an expeditious settlement of these cases and to submit monthly progress reports to the Directorate till these cases are finally settled. The latest position of these cases is summarised below:—

	No. of Cases.	Amount involved	Amount Settled
		as per Audit Para	
		Rs.	Rs.
1. Cases in which deficits have since been paid.	1	4,411	4,411
2. A part of the deficits have already been paid and action for recovery of the balance is in progress.	1	2,347	781
3. Law suits have been filed against the guarantors.	7	22,239	27
4. Cases have been entrusted to the Govt. Pleaders.	4	23,853	..
5. Final notices have been served upon the Guarantors and the cases will be entrusted to the Govt. Pleaders if the deficits are not paid within the notice period.	2	3,387	..
6. Final guarantees are being fixed and suitable further action is being taken.	4	6,430	..
7. Final guarantee since fixed and further action being taken.	1	939	..
TOTAL	20	63,606	5,219

The case which has been specifically mentioned in the Audit para is that of Sirigere C.O. in Mysore Circle and in the case of that office Government Pleader has already been requested to prepare the case and file it in a Court of Law.

Comments of the Accountant General Posts and Telegraphs, Simla will be communicated in due course.

APPENDIX VIII

(Reference para 13 of the Report)

No. 29-16/63-NA

GOVERNMENT OF INDIA

DEPARTMENT OF COMMUNICATIONS

(P. & T. Board)

Dated at New Delhi the, 21st November, 1964.

OFFICE MEMORANDUM

SUBJECT:—Public Accounts Committee—Consideration of para 9 of Audit Report (P&T), 1964—Stores purchase and Control.

Lok Sabha Secretariat may kindly refer to their Office Memorandum No. 2/VIII/64/PAC dated 6-11-1964 (Item 3 of the list of points of Public Accounts Committee sitting on 22-10-1964). The Public Accounts Committee desired that:—

“A statement showing the comparative values of stores imported by P&T Department, stores purchased indigenously and stores produced in the P&T Workshops during the last three years may be furnished”.

The information is furnished below:—

(Figures in lakhs of rupees)

	1961-62	1962-63	1963-64
<hr/>			
1. <i>Imported stores purchased through I.S.D. London.</i>			
(i) General Stores	5.51	196.58	465.50
(ii) Workshop Stores	3.20	1.39	1.99
TOTAL	<u>8.71</u>	<u>197.97</u>	<u>467.49</u>
<hr/>			

(Figures in lakhs of rupees)

	1961-62	1962-63	1963-63
2. *Stores purchased indigenously viz. <i>Indian Purchases through D.G., S&D. from other Govt. Deptts. and Local Purchases.</i>			
(i) General Stores	653·65	1,036·22	1,533·28
(ii) Workshop Stores	158·44	226·44	225·82
TOTAL	812·09	1,262·66	1,759·10
3. Stores produced in the Workshops	314·77	391·56	418·08
*Approximate value of stores <i>imported but paid for in India included in item 2 above as statistics was not being maintained prior to 1-4-1964 for such stores separately.</i>			
(i) General Stores	123·10	230·04	634·40
(ii) Workshop Stores	35·95	82·00	75·76
TOTAL	159·05	312·04	710·16

The comments of Accounts General Posts and Telegraphs, Simla will be furnished in due course.

Sd/- S. K. KANJILAL,

Member (Telecom. Operations), P&T Board.

To LOK SABHA SECRETARIAT

APPENDIX IX

(Reference para 16 of the Report)

DEPTT. OF COMMUNICATIONS

(P. & T. Board)

O.M. No. 15-12/63-WK Dated 20th November, 1964.

Statement showing Ebonite and Bakelite items, the stock of which will last for more than 5 Years.

(As on 2-11-1964).

S. No.	Part No.	Description	Rate per Kg.	Quantity in Stock	Value
			Rs.	Kg.	Rs.
1.	24294	Ebonite Rod 1.8"	44.71	332.90	14,883.96
2.	24307	Ebonite Rod 1.1/4"	11.49	595.00	6,836.55
3.	25306	Dilecto Sheet 3/16"	8.53	186.32	1,589.31

Notes:—

- S. No. 1. Purchases were made during the years 1957 and 1958.
- S. No. 2. The stock of this item was brought forward on a fresh stock card on 7-8-53. The old stock card is not now available so that it is not possible to say when the quantity was purchased prior to August, 53.
- S. No. 3. Less than half the quantity was purchased in July, 48 and the remaining was already in stock. In respect of old stock, the records do not clearly say whether this item of store was taken over from the Bombay Telephone Co.

APPENDIX X

(Reference Para 23 of the Report)

No. 29-15/63-NA

GOVERNMENT OF INDIA

DEPARTMENT OF COMMUNICATIONS

(P. & T. Board)

Dated New Delhi-1, the 21st November, 1964.

SUBJECT:—Public Accounts Committee—Consideration of Para 13 of Audit Report (P. & T.) 1964—Delay in disposal of unserviceable stores.

The Lok Sabha Secretariat may kindly refer to their O.M. No. 2/VIII/64/PAC dated 6th November, 1964 on the subject noted above. In item 4 of the list of points of their sitting on 23rd October, 1964 the Public Accounts Committee desired:—

- 4 (i) What is the value of scrap in the unserviceable stores valued at about Rs. 29 lakhs which were declared surplus for disposal during 1953-54 to 1962-63?
- (ii) The Committee in evidence had been informed that one of the factors of delay in the expeditious disposal of unserviceable stores was the limitation of financial powers of various officers and P. & T. Board was actively considering the question of enhancement of financial powers of the officers.

The Committee may be informed of any steps the P. & T. Board have taken or propose to take in this regard.

The position is as stated below:—

(i)	Total Unserviceable Stores	Value of scrap
General Stores	25.52	2.38
Workshops Stores	3.26	1.01
TOTAL	28.78	3.39

Regarding item (ii) it is stated that with a view to speeding up the work of disposal of unserviceable stores, Stores Scrapping Committees have been formed with effect from 1st November, 1962 and

authority delegated to them to declare the following kinds of Stores as unserviceable:

- (1) Telephone instruments of all types, secraphones, PBXs, CB and Magneto Boards and
- (2) Telegraph instruments of various types.

The question of including more items of stores in the list of disposal by these Scrapping Committees is under consideration. The questions of having repairs of serviceable stores done locally, within the Circles without the stores being returned to the Store Depots and reorganisation of Circle and Divisional Store Depots are under consideration.

The comments of the Accountant-General, Posts and Telegraphs will be communicated in due course.

Sd.-(S. K. KANJILAL).

Member (Telecomn. Operations).

To

Lok Sabha Secretariat,
NEW DELHI-1.

APPENDIX XI
(Reference Para 26 of the Report)
STATEMENT SHOWING LOSSES OF STORES DURING THE YEAR 1962-63
[Referred to in Paragraph 16 at Page 15 of Audit Report (P & T) 1964.]

S. No.	Persons responsible for the loss		Losses due to theft		Losses due to accidents fire, flood, etc.,		Losses due to other reasons		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1	2	3	4	5	6	7	8	9	10	
										Rs.
										Rs.
1 Persons unconnected with the Department—										
	(a)	Loss from stock	10	3,990	1	78	..	..	11	4,068
	(b)	Loss from existing alignment, etc.	3,275	8,36,843	4	233	1	72	3,280	8,37,148
	(c)	Loss in transit	..	..	..	..	30	47,867	30	47,867

1	2	3	4	5	6	7	8	9	10
2 Departmental Employees—									
(a) Loss from stock . . . . .	..	..	..	..	..	1	34	1	34
(b) Loss from existing alignment, etc.	3	509	..	..	..	..	..	3	509
(c) Loss in transit	1	135	..	..	..	1	220	2	355
3 Losses for which responsibility could not be fixed—									
(a) Loss from stock	178	19,683	4	2,766	..	6	28,994	188	51,443
(b) Loss from existing alignment, etc.	2,416	4,41,674	..	..	..	..	..	2,416	4,41,674
(c) Loss in transit	2	69	..	..	..	58	10,382	60	10,451
TOTAL—1962-63	5,885	13,02,903	9	3,077	..	97	87,569	5,991	13,93,549
TOTAL—1961-62	5,541	12,42,510	65	2,25,614	..	195	39,116	5,801	15,07,240

N.B.—The figures shown under "Losses from existing alignment, etc." include 5,582 cases of theft of copper wire from existing alignments involving Rs. 12.51 lakhs.

APPENDIX XII

(Reference Para. 27 and 28 of the Report)

No. 15-38/63-WK

GOVERNMENT OF INDIA

DEPARTMENT OF COMMUNICATIONS,

(P. & T. Board)

Dated New Delhi-1, the 24th November, 1964.

MEMORANDUM

SUBJECT:—Public Accounts Committee—Consideration of Appropriation Account (P. & T.), 1962-63 and Audit Report (P. & T.), 1964-Para 17 General-Workshops (Item 6 of list of points of P.A.C. sitting dated 23rd October, 1964)

While considering para 17 of the Audit Report (P. & T.), 1964 regarding General-Workshops, the P.A.C. wanted further information on the following items:—

- (i) A statement showing the reasons for increase in the percentage of direct labour and overhead in Alipore Workshops during 1961-62 and 1962-63 as compared with the previous corresponding years, in spite of increase in production.
- (ii) In the Alipore Workshops during last year there was an increase in the percentage of overheads to production while in the case of other workshops there was decrease in the percentage of overheads to production. What was the position in 1963-64 in the case of Alipore Workshops.
- (iii) Has P. & T. Board considered the desirability of running the workshops in two or three shifts in order to reduce the overheads as compared to the cost of lay-out etc. in order to increase the economic efficiency of the workshops? If so, what are the difficulties that stand in the way? In case the difficulty is about raw materials, it may be indicated whether the items of raw materials are imported ones or are indigenous.

2. A note explaining the reasons for the increase in percentage of direct labour and overhead during 1962-63 in the Alipore Workshops is enclosed—Annexure 'A'. The reasons for increase in percentage of direct labour and overhead during 1961-62 in the Alipore Workshops have been explained in this Board's Memo No. 15-19/62-WK, dated the 24th November, 1964.

3. The percentage of overhead to production in 1963-64 in the case of Alipore Workshops is 37. Introduction of additional shifts is primarily to be determined on the amount of work load placed on the Workshops and other considerations such as whether the job is machine intensive or labour intensive. Additional shifts are being run in certain shops in the Workshops *vide* statement attached (Annexure B).

Apart from the consideration stated above, raw material difficulties also exist. The following raw materials are in short supply:—

- (i) M. S. Sheets.
- (ii) Brass rods and sheets.

The supply position of M. S. sheets from indigenous sources continues to be difficult. The position in this regard has been explained in detail in our reply on points arising out of para 18 of Audit Report (P. & T.), 1964. As regards, Brass Rods and Sheets, they are made from Copper which is imported.

4. Comments of Accountant-General, Posts and Telegraphs, will be forwarded in due course.

Sd/- S. K. KANJILAL,

Member (Telecomn. Operations)

To

The Lok Sabha Secretariat,

NEW DELHI-1.

ANNEXURE 'A'

The outlay of Workshops represents direct labour, direct material and overheads and yield against this outlay is the total return which represents total production, increase or decrease in balance of work-in-progress and net loss or gain on estimates (difference between actual and estimated cost). Since the Workshops work on no-profit no-loss basis, the total outlay will always be equal to total outturn as may be seen from the comparative figures furnished below. The figures in respect of 1962-63 have since undergone some revision as shown in column 4 below due to incorporation of final figures which were not available at the time of compilation of Audit Para.

Statement of outlay and outturn for Alipore Workshops

(Figures in lakhs of rupees)

	1961-62	1962-63 (as per Audit Report)	1962-63 (Revised)
(1)	(2)	(3)	(4)
<i>Outlay :</i>			
Direct Material	60.63	69.66	69.39
Direct Labour	24.34	25.59	25.75
Overheads	50.50	56.38	56.39
TOTAL	135.47	151.63	151.53
<i>Outturn.</i>			
Total production	131.77	155.63	155.22
Increase ()			
Decrease (—) in value of works-in-progress . . . . .	.20	9.00(—)	8.69(—)
Net loss or gain on Estimates and loss in the process of manufacture.	3.50	5.00	5.00
TOTAL	135.47	151.63	151.53

NOTE 1—The figures under 'Direct Material' have been arrived at by deducting the 'value of components manufactured and redrawn for use in manufacture' from the 'value of raw materials and components drawn for manufacture'. The value of components manufactured and re-drawn for use in manufacture is also deducted from the figure of components manufactured and taken to "Workshops Stores Manufactured" in order to arrive at the "total production" figure. This is necessary because the components which are manufactured and drawn for further processing or assembly do not form part of raw material except at the initial stage or of production at the final stage of assembly.

NOTE 2—The stores are valued at estimated rates and the difference between estimated rates and actuals is booked under "Net loss or gain on estimates". The figures booked under this head is therefore to be added to the total production in order to arrive at the figure of total production at actual rate.

NOTE 3—Overhead is charged at a percentage on direct labour. However, the figures for overheads are not actual overheads for the year under reference but figures calculated on the basis of percentages which were prescribed for those years taking into consideration the actuals of the year before the preceding one in each case, as the account data are not available at the time of preparation of forms for prescribing the overhead percentage. The ratio of Direct Material, Direct Labour and Overhead to Total Production or total outlay will vary from year to year depending on the nature of products and quantity produced each year. Thus the ratio of Direct Labour and overheads to total production cannot be effectively compared from year to year.

ANNEXURE 'B'

Statement showing shops where more than one shift is running

Name of Workshops	2 shifts shops	3 shifts shops
Calcutta . . .	Ferrous Foundry	Forging Galvanising Heavy Machine Light Machine.
Jabalpur . . .	Light Machine . Tube making .	Forging Heavy Machine Galvanising.
Bombay . . .	Light Machine Cordage	..

APPENDIX XIII

(See para 29 of Report)

Extract from the letter written by Secy. P. & T. Department to the Secy. Ministry of Steel and Mines on 31st December, 1962, (As read out at the sitting of P.A.C. held on 26th October, 1964).

“In this Board’s U.O. No. 14-20/62-WK dated 5th June, 1962 the Ministry of Steel and Heavy Industries were requested that the schemes regarding tele-communication projects including requirement of P. & T. workshops and tele-communication buildings may be classified under the first priority and other P. & T. buildings under the second priority. It appears that the matter is still under the consideration of your Ministry. The present emergency has imposed additional responsibilities on the P. & T. workshops for the manufacture and supply of tele-communication stores which are required to meet immediate as well as long-term defence requirements. The department has decided to work additional shifts in the workshops to meet the increased demand. This can be done only if the supply of essential raw materials, particularly, steel, is ensured on a top priority basis. I shall, therefore, be grateful if you would kindly issue early orders according first priority for the supply of steel for tele-communication projects including requirements of P. & T. workshops as already requested by this Department.”

APPENDIX XIV

(Reference paras 29, 30, 32, 33, 35, 37, 38, 39 of the Report)

No. 27-11/64-B

GOVERNMENT OF INDIA

DEPARTMENT OF COMMUNICATIONS

(P. & T. Board)

Dated New Delhi 16th November, 1964.

OFFICE MEMORANDUM

SUBJECT:—Public Accounts Committee—Consideration of Appropriation Accounts (P. & T.), 1962-63 and Audit Report (P. & T.), 1964.

Lok Sabha Secretariat may kindly refer to their Office Memorandum No. 2 VIII/64/PAC dated 5-11-1964 in which a note on the points arising out of para 18 of Audit Report (P. & T.), 1964 was desired to be furnished.

An advance copy of the note not vetted by Audit is enclosed. The comments of the Audit will be furnished in due course.

S. K. KANJILAL

*Member (Telecom. Operations)
P & T. Board.*

To

Lok Sabha Secretariat,
New Delhi.

**POINTS ON WHICH FURTHER INFORMATION WAS CALLED
BY THE PUBLIC ACCOUNTS COMMITTEE AT THE MEET-
INGS HELD ON THE 22ND AND 26TH October, 1964.**

Para 18 of Audit Report, (P. & T.), 1964:

- (i) Whether the P. & T. Board had at any time pointed out to any authority (Department of Iron & Steel or Iron and Steel Controller) that by not giving the supply of steel to Jabalpur Workshop and by giving it to a private party, Government was losing large sums of money on purchase orders placed during 1961-62 and 1963 (Rs. 118 lakhs). If so, particulars thereof may be furnished.

It was not pointed out to any authority connected with Ministry of Iron and Steel in specific terms that by not giving supplies to Jabalpur Workshops and by giving it to private parties, Government was losing large sums of money. As, however, explained in answer to point (iii) below, continuous efforts were being made to get extra supplies of steel.

- (ii) When did P. & T. Board make its first request to the Iron and Steel Controller for release of Steel for production of Galvanised tubes at Jabalpur Workshops?

Jabalpur Workshops had been set up in 1942 and since then it has been producing galvanised tubes. Ever since, the Iron and Steel Controller has been approached periodically for release of steel, not only for the production of tubes but also for all other requirements of Workshops.

- (iii) The Estimates Committee (1960-61) had suggested in para 28 of their 113th Report in March, 1961 that in order to increase the production of Tubes, P. & T. Board should take up the question of adequate supply of steel with the Iron and Steel Controller and if necessary with the Planning Commission.

What steps the P. & T. Board took to implement this recommendation of the Estimates Committee?

The Estimates Committee in para 28 of its 113th Report had made the following recommendations:—

“The Committee suggests that the P. & T. Deptt. may take up the question of supply of Iron and steel with the

Iron and Steel Controller, and if necessary, with the Planning Commission. They hope, that a satisfactory solution for assuring regular supply of iron and steel to the Workshops will be reached soon. This should not be much of a problem with the increase in the output of iron and Steel in India”.

The major difficulty in the P. & T. Department receiving adequate quantity of steel was the low priority allotted to its requirements as the Producers would execute orders planned by the Iron and Steel Controller only in accordance with the priorities given to such planned orders. The highest priority had been accorded to what were popularly known as “Core Projects” which included schemes pertaining to expansion in production of steel, coal, power and development of irrigation and transport, numbering about 48. The second priority was allotted to Steel processing Industries and Irrigation and Power Project not included in the “Core”. The P. & T. Department was not included in the “Core” and the question of giving a higher priority to the P. & T. Department had been taken up, even before the recommendations of the Estimates Committee, with the concerned authorities including the Planning Commission, the Ministry of Industry and Supply and Ministry of Steel, Mines and Fuels. Indeed, in the year 1959, the Planning Commission had given the impression that they would be able to obtain the necessary priority for maintenance of our production at the normal level as Core Projects. Subsequently, however, it was found that we had failed to get the required priority. Efforts were, therefore, continued, both formally and informally, to give us the necessary priority.

With the Rourkela Plant going into production, as hoped by the Estimates Committee, the position was expected to ease. The Iron and Steel Controller for the first time in 1961 planned our indents for supply from Rourkela. This was from August, 1961 to December, 1961. Vigorous efforts were made with the Iron and Steel Controller and Hindustan Steel, Rourkela, to get supplies. When these efforts did not produce results, Member (Development), P. & T. Board, himself visited Rourkela in May, 1962 and followed it up by a personal letter to G.M. Hindustan Steel. It, however, so happened that at about the same time, Rourkela's shearing unit No. 4 started giving trouble and they were not in a position to supply sheets according to the sizes required by us. This was brought to the notice of the Iron and Steel Controller on 1st August, 1962 and the Iron and Steel Controller agreed to re-plan the order for certain gauges on Tatas amounting to 1,771 tons as against 5,916 tons originally planned on Rourkela. Supplies against this started coming in from December, 1962. In December, 1962, the matter was taken up by D. G. P. & T.

with the Secretary, Ministry of Steel and Heavy Industries referring to our request for giving first priority to the requirements of P. & T. Workshops and Tele-communication bulidings, wherein he also informed Secretary, Ministry of Steel and Heavy Industries about the decisions of the Department to work additional shifts in the Workshops to meet the increasing demand, which could be done only after the supply of essential raw materials, particularly steel, was ensured on a top priority basis. On the 10th January, 1963, the Secretary, Ministry of Steel and Heavy Industries informed the D. G. P. & T. that the question of allotment of priority had been considered by them and it had been felt that mere fixation of priority would not serve the purpose. What was required was break-up of the requirements. He, therefore, wanted a break-up of requirements of various types indicating the required date of delivery and the purpose, after which instructions would be issued to the Iron and Steel Controller. This break-up was given to the Secretary, Ministry of Iron and Steel wherein it was mentioned that most of our requirements were for steel sheets, channels etc., which were required for making poles etc. fabricated in the Calcutta and Jabalpur Workshops. To this, a reply was received in August, 1963 from the Ministry of Steel and Heavy Industries saying that the only difficult item was sheets. Our total requirements during 1963-64 indicated by us were 26,000 tons, including 8,000 tons for the private fabricators, but the Steel Controller expected to supply from indigenous sources (TISCO and IISCO) about 6,000 tons only, as Rourkela at the time was unable to cut hot rolled sheets to the specific sizes required by our Department, due to a break-down in their Shearing machine. The Department was, however, prepared to supply us sheets in coils which was not acceptable to us as our existing machinery installed in the Jabalpur Workshops is not in a position to handle the coils in the sizes in which Rourkela was in a position to supply. In the meantime, some imported sheets were also arranged by the Iron and Steel Controller from Russia.

Consequent on the recommendations of the Raj Committee, the procedure of allotment of sheets has undergone a change and the Workshops have now to obtain the quota certificate from the Development Wing of the Ministry of Industry and Supply before indents can be placed on the Iron and Steel Controller. The Development Wing has allotted to us only 1,310 tons sheets for the whole of the year 1964-65 against our requirements of about 12,000 tons. This matter is now being pursued with the Iron and Steel Authorities to give us a direct quota and in adequate quantities.

- (iv) A not stating what other reasons, apart from the non-availability of steel, were responsible for the delay in

starting the second shift for manufacture of Tubes at Jabalpur Workshops, may be furnished.

No indent on the D. G. S. & D. for purchase of tubes from outside the market had been placed since 1955 and it was only in 1960 that we placed indents for tubes on D. G. S. & D. for purchase of tubes from outside market. The manufacture of these tubes requires not only the use of steel but also of zinc which is an imported item. Owing to the chronic shortage of foreign exchange, more money could not be spared for the import of zinc than was being allowed till then and this was, therefore, another difficulty in the way of starting the second shift. The second difficulty was that it takes at least 6 months to train labour and we would have been left with over 200 idle labour on our hands unless we were able to see far ahead and ensure that steel and zinc were available in adequate quantities not only at a given point of time but continuously thereafter in order to enable us to keep both the shifts running economically.

In this connection, it may be mentioned that the question of requirements of the stores by the Department vis-a-vis the production in the Workshops had been reviewed by the Department in 1961 and it was found that in order to meet the expansion programme of the Department, the production in the Workshops will have to be stepped up. It was accordingly decided in October, 1961 to appoint a Committee to ascertain the total requirements of tele-communication stores of the P. & T. Department during the Third Five Year Plan and amongst other things to suggest ways and means of increasing the production in the P. & T. Workshops. In the meantime, it was estimated, that to meet the full requirements of tubes during the Third Five Year Plan, it would be necessary to increase the production in the Jabalpur Workshops to the extent of 5 lakhs per annum. A Project report, was, therefore, prepared to set up a new unit for the manufacture of these tubes. This was in November, 1961. Government, however, felt that the possibility of buying our requirements from outside sources had not been fully explored. Several tube factories were understood to have been licenced and some of them had gone into production. With greater competition among themselves, prices ought to come down. If there was any resistances, negotiation could be tried. It was therefore at that time decided to consider this question further in the light of the report of the Tele-communications Stores Committee. This Report was received in November, 1962. The Committee also recommended setting up of a plant for the manufacture of tubes in Jabalpur Workshops but an automatic one. A revised project report has since been prepared and is being finalised in consultation with concerned Ministries. It will be appreciated that introduction of a second shift under these

conditions may not have been in the interest of the Department as there is a likelihood of labour becoming surplus. This is also one of the important difficulties in the way of recruiting more men for having a full second shift under the present methods of manufacture.

It may be mentioned that the P. & T. Workshops Board had decided, in principle, to start a second shift in June, 1962 when the stock position of steel sheets in the Jabalpur Workshops was fairly satisfactory. The stock position, however, continued to deteriorate and in November, 1962, when the Board reviewed the progress made in regard to its decision of June, 1962, the stock had gone down to 2,619 tons of steel as against 4,256 tons in June, 1962. A statement (Annexure I) showing the stock sheets in Jabalpur Workshops as on the 1st of each month applies received, issues made, indents placed during the month as well as outstanding at the end of each month for the period 1st April 1959 to 30th September, 1964 is attached. The position was further reviewed in January, 1963 when the Board decided, taking into consideration the stock position of sheets which was only 1,815 tons, not to allow recruitment of additional labour unless an adequate supply of steel was assured. The stock position continued to be at an unsatisfactory level practically throughout the year 1963 and the highest stock held by Workshops during this year was 2,245 tons in March, 1963 which had come down at one time in August, 1963 to 805 tons. The stock position showed improvement in March, 1964, when the stocks stood at 4,242 tons which was considered adequate to start a second shift on a partial basis, keeping always in view that the additional staff to be recruited should be so much as could be absorbed in the other shops of the Workshops one a decision became available about setting up of an automatic plant. The second shift was started partially in August, 1964 after due training for staff.

A statement (Annexure II) showing the production of tubes of all sorts in the Jabalpur Workshop during the period 1st April, 1959 to 30th September, 1964 is attached.

- (v) A statement showing the present strength of labour employed and the strength of labour that would be employed after the modernisation of the Jabalpur Workshops may be furnished.

The present strength of workers in the tube making shop at Jabalpur in the two shifts (second shift is partial only) is 391 and according to the present estimates the labour requirement to run

the new automatic tube-making plant will be approximately 198. The figure of full second shift, if introduced, is estimated to be 544.

- (vi) Did the P&T Board purchase the tubes from the market before 1961? Were the P&T Board aware at that time or later that there was difference between the price at which these could be produced in the P&T Workshops and the price at which they had to purchase them?

The last indents placed on the DGS&D for purchase from outside market were in 1955 and the next indents in 1960. There were no indents between 1955 and 1960. The first A/T in respect of the indents placed in 1955 was issued by DGS&D in 1956 and in respect of indents placed in 1960, in September, 1961.

A statement (Annexure III) showing the orders placed for tubes of all sorts on the Jabalpur Workshop, indents placed on DGS&D and supplies received during the period 1960-61 to 1963-64 is attached.

We were aware of the difference between the price at which tubes could be produced in the P&T Workshops and the price at which they were purchased by the DGS&D. It may, however, be mentioned that in comparing the two prices, we had to take into account the fact that, while the P&T Workshops were using imported zinc the private manufacturers had to obtain zinc from the open market at a much higher price. In fact, certain enquiries made in the market indicate that today the difference between the imported price and the open market price is as much as Rs. 3,000 per ton. Even in 1961, the difference between the price of imported zinc and the price at which it was available in the open market was about Rs. 1,650 per ton or about Rs. 1.65 per Kg. Considering that the most common type of tube viz., B-8 requires about 2½ Kilos of zinc, this alone will account for a difference of about Rs. 4.25 per tube in 1961 and for a much higher figure if the present imported price of zinc and the price in the open market is taken into consideration. It may also be mentioned that the question of private suppliers' charging a higher price had been gone into in great detail in 1961 when the first A/T was issued by the DGS&D in respect of indents placed in 1961 when the private manufacturers had quoted two rates one on the basis of zinc made available at imported price by release of foreign exchange and the other if they were to use their own zinc. It had been calculated at that time that the quotation without foreign exchange was 11 per cent higher than the quotation with foreign exchange assistance for import of zinc. Added to this is the reason that while in the P&T Workshops, we have been insisting for the supply of particular sizes of sheets, we

could not ignore the fact that private manufacturers had quite often to use other sizes leading to greater wastage and, therefore, higher cost. Another factor to be borne in mind in this connection is that while the cost of production in the workshops does not include any element of profit, the Workshops working on a no-profit no-loss basis, a private supplier must necessarily include some margin of profit in his quotations.

- (vii) A statement showing the break-up of the estimates of the rates of manufacture at the Workshop of various items of tubes, indicating the other charges like overheads etc., may be furnished.

A statement (Annexure IV) showing the break-up of the estimates of the rates of manufacture as well as the actuals (Annexure V) at the Workshops of various items of tubes, indicating the charges under labour, material and overheads, is enclosed.

- (viii) Was the attention of Iron and Steel Controller drawn to the fact that there was necessity of increased production by introduction of a second shift which would result in a saving to the Exchequer.

The attention of the Iron and Steel Controller was not specifically drawn to the fact that there was necessity of increased production by introduction of a second shift which would result in a saving to the Exchequer. However, as mentioned earlier, constant efforts have been made and it has been repeatedly urged not only on the Iron and Steel Controller but also on the Deptt. of Iron & Steel that most of our requirements were for steel sheets, iron channels, etc., which were required for making poles etc., fabricated in the Departmental Workshops at Calcutta and Jabalpur. It was also mentioned that it had been decided to work additional shifts in the Workshops to meet the increased demand of line stores which could be done only if the supply of essential raw materials particularly steel was ensured on a top-priority basis.

- (ix) A statement showing the details of indents for supply of steel made by the P&T Department on the Iron and Steel Controller from July, 1961 (item-wise dates) indicating the quantities indented for, the dates on which they were actually supplied and the quantities actually supplied may be furnished by the P&T Board.

A statement (Annexure VI) showing the details of indents for supply of steel made by the P&T Department on the Iron and Steel Controller from July, 1961, indicating the quantities indented

for, the dates on which they were actually supplied and the quantities actually supplied, is attached.

- (x) A note indicating the exact amount of demurrage the P&T Board had to pay for the steel sheets imported from Russia for their requirements, and other relevant details, may be furnished.

It was on 13th December, 1962, that the Assistant Iron and Steel Controller, Bombay, informed the Manager, Jabalpur Workshops, about the allotment of 2,490 M.T. of steel sheets from incoming Russian imports which were expected to arrive at Bombay between December, 1962 and January, 1963. This as the first information received by one in the Workshops Organisation about the import of Russian sheets and even this information did not indicate the full specifications. The fact that these sheets were of rimmed quality (ST-3) became known to the Manager, Jabalpur Workshops, only on 19th December, 1962. As the sheets did not conform to the specifications, the Manager Workshops had to seek specific orders of the competent authority to accept these sheets. This consultation between the Manager, General Manager (Workshops) and the P&T Board did take some time and the final despatch instructions were issued on 10-1-63. It may be mentioned that it was only because of the urgent need of the Workshops for steel sheets that it was agreed to accept these sheets despite the additional financial cost involved due to thickness and difference in sizes. The free limit, however, upto which the imported sheets could be kept at the jetty was 5-1-63 which expired before the despatch instructions were received by the Dy. Iron and Steel Controller in Bombay and the Handling Agents. This necessitated removal of the sheets from the jetty to the importer's godown and the removal charges, 2 per cent remuneration on the C.I.F. price and forwarding charges from the Handling Agent's godown to the railway booking station amounting to Rs. 20,627.77 became payable to the Handling Agents.

ANNEXURE I

Statement showing the Opening Stock of Sheets on 1st of each month, Supplies received, Issues Made, Indents placed, and outstanding indents in each month in the Telegraph Workshops, Jabalpur, M.P.
(All figures in Metric Tonnes)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Opening Balance	Receipts	Issues	Closing Balance	Indents placed during the Month.	Indents out-standing at the end of Month.
1959-60						
April '59	• • • • • 4762	• • • • • 1	• • • • • 280	• • • • • 4483	• • • • •	• • • • • 2839
May '59	• • • • • 4483	• • • • • 89	• • • • • 74	• • • • • 4498	• • • • •	• • • • • 2749
June '59	• • • • • 4498	• • • • •	• • • • • 313	• • • • • 4185	• • • • •	• • • • • 2749
July '59	• • • • • 4185	• • • • •	• • • • • 245	• • • • • 3940	• • • • •	• • • • • 2749
August '59	• • • • • 3940	• • • • • 87	• • • • • 293	• • • • • 3734	• • • • • 900	• • • • • 3562
September '59	• • • • • 3734	• • • • • 21	• • • • • 267	• • • • • 3488	• • • • •	• • • • • 3541
October '59	• • • • • 3488	• • • • • 66	• • • • • 283	• • • • • 3271	• • • • • 2000	• • • • • 5475

November '59	3271	..	238	3033	..	5475
December '59	3033	176	250	2959	..	5299
January '60	2959	108	263	2304	..	5191
February '60	2804	71	169	2706	..	5120
March '60	2706	123	333	2496	4708	9705
TOTAL (1959-60)		742	3008		7608	
1960-61						
April '60	2496	203	199	2500	..	9502
May '60	2500	157	259	2398	..	9345
June '60	2398	88	336	2150	..	9257
July '60	2150	1	253	1898	..	9256
August '60	1898	112	369	1641	..	9144
September '60	1641	..	148	1493	..	9144
October '60	1493	257	500	1250	..	3887
November '60	1250	91	328	1013	2000	10796
December '60	1013	50	253	810	..	10746
January '61	810	134	383	561	..	10612
February '61	561	321	321	561	..	10291
March '61	561	3041	478	3124	..	7250
TOTAL (1960-61)		4455	3827		2000	

(1)

1961-62

	(2)	(3)	(4)	(5)	(6)	(7)
April '61	3124	21	210	2935	..	7229
May '61	2935	22	196	2761	..	7207
June '61	2761	2249	296	4714	136	5094
July '61	4714	1501	550	5665	5000	8593
August '61	5665	26	240	5451	..	8567
September '61	5451	22	242	5231	2396	10941
October '61	5231	49	314	4966	..	10892
November '61	4966	..	322	4644	..	10892
December '61	4644	..	328	4316	..	10892
January '62	4316	4	206	4114	..	10888
February '62	4114	1600	699	5015	..	9288
March '62	5015	482	429	5068	477	9283

TOTAL (1961-62)

5976

4032

8009

1962-63

April '62	5068	58	5	5121	..	9225
May '62	5121	..	580	4541	..	9225
June '62	4541	..	285	4256	3300	12525
July '62	4256	35	333	3958	50	12540
August '62	3958	1	372	3587	..	12539
September '62	3587	..	339	3248	..	12539
October '62	3248	..	306	2942	..	12539
November '62	2942	5	328	2619	1120	13654
December '62	2619	..	557	2062	..	13654
January '63	2062	116	363	1815	..	13338
February '63	1815	518	406	1927	*118.75	13139
March '63	1927	902	584	2245	..	12237
TOTAL (1962-63)	1635	4458	4588.75			

(1)	(2)	(3)	(4)	(5)	(6)	(7)
1963-64						
April '63	2245	27	204	2068	350	12560
May '63	2068	65	280	1857	..	12491
June '63	1857	53	355	1555	..	12438
July '63	1555	157	338	1374	..	12281
August '63	1374	44	613	805	..	12237
September '63	805	1540	403	1942	200	10897
October '63	1942	496	491	1947	888	11289
November '63	1947	573	328	2192	..	10716
December '63	2192	89	329	1952	..	10627
January '64	1952	175	243	1884	7000	17452
February '64	1884	..	361	1523	..	17452
March '64	1523	3135	416	4242	..	14317
TOTAL (1963-64) :		<u>6358</u>	<u>4361</u>		<u>8438</u>	

1964-65

April '64	4242	1075	3167	14317
May '64	3167	237	2930	14317
June '64	2930	2254	644	4540
July '64	4540	878	715	4703
August '64	4703	114	524	4293
September '64	4293	243	782	3754
TOTAL (1-4-64 TO 30-9-1964)	3489	3977	..	..
GRAND TOTAL (1-4-1959 TO 30-9-1964)	22655	23663	30643	

N.B.—(i) *Figures have been rounded off.

(ii) Month of supplies received in the month when supplies received were actually entered in the Stock Ledger.

(iii) Indent for 7,000 tons placed on 14-1-1964 has not been accepted by the Iron & Steel Controller and returned by him on 10-4-1964 to be submitted along with a quota certificate from the competent authority in view of the new steel distribution policy enforced by Government with effect from 1-3-1964 consequent on the Raj Committee recommendations. As the indent was placed before the introduction of new procedure, it has been included in indents outstanding.

(iv) Two more indents placed on 30-9-1964 for 4260 and 2711 tons and not accepted by Iron & Steel Controller have not been shown as outstanding as they were not in accordance with the new procedure.

ANNEXURE II

Production of Tubes—Jabalpur Workshops (Of all types)

(Figures in numbers)

Month	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65
April	13,380	11,670	13,755	14,089	18,240	22,860
May	11,500	10,450	13,442	17,192	19,826	17,143
June	13,300	17,270	9,512	18,200	23,809	23,227
July	9,800	15,676	18,170	16,415	22,558	26,765
August	13,860	13,391	19,304	17,584	18,414	30,966
September	12,150	18,727	12,180	14,940	17,102	21,585
October	15,040	17,509	15,430	18,519	17,104	..
November	13,615	17,429	13,760	19,716	16,252	..
December	14,510	14,501	15,220	22,772	16,998	..
January	11,990	13,924	12,110	21,585	16,905	..
February	14,160	21,811	12,406	17,561	17,433	..
March	12,735	16,804	18,967	20,780	23,440	..
TOTAL :	1,56,040	1,89,162	1,74,256	2,16,308	2,28,081	1,42,546

NB:—The above figures represent the number of tubes challaned to C.C.T.S.

ANNEXURE III

Statement showing orders placed for tubes of all sorts on Jabalpur Workshops, indents placed on D.G. S&D and supplies received from 1960-61 to 1963-64.

(1)	Orders placed on		Supplies received from		Total	D.G. S.&D.	Total	Remarks.
	(2)	(3)	(4)	(5)					(6)	(7)	(8)
1960-61	373,749	284,000	657,749	172,962	..	..	172,962	
1961-62	139,000	342,000	481,000	179,758	..	..	179,758	
1962-63	187,600	837,000	1,024,600	216,344	145,630	145,630	361,974	
1963-64	135,000	624,000	759,000	233,337	395,399	395,399	628,736	
GRAND TOTAL	835,349	3,087,000	3,922,349	802,401	541,029	541,029	1,343,430	

ANNEXURE IV

Statement showing the estimated cost of manufacture of different types of tubes in the Telegraph Workshops, Jabalpur.

Type of Tubes manufactured 1	Constituents of the cost of manufacture 2	Estimated cost of manufacture			
		1955-56 3	1961-62 4	1962-63 5	1963-64* 6
A 4'	Labour . . .	1.41	1.64	1.64	1.43
	Material . . .	8.30	8.86	8.55	8.89
	On Cost . . .	2.60	3.44	3.40	3.08
	TOTAL . . .	12.31	13.94	13.59	13.40
A 8'	Labour . . .	1.70	1.96	1.84	1.95
	Material . . .	12.29	12.48	12.94	11.55
	On Cost . . .	3.15	4.11	3.85	3.98
	TOTAL . . .	17.14	18.55	18.63	17.48
B 4'	Labour . . .	..	1.78	1.43	1.69
	Material . . .	..	12.51	11.11	10.67
	On Cost . . .	..	3.80	2.93	3.56
	TOTAL . . .	..	18.09	15.47	15.92
B 8'	Labour . . .	2.10	2.57	2.37	2.30
	Material . . .	17.25	19.14	18.92	18.36
	On Cost . . .	3.89	5.23	4.82	4.70
	TOTAL . . .	23.24	26.94	26.11	25.36
C 4'	Labour . . .	..	..	..	2.19
	Material . . .	..	..	..	15.06
	On Cost . . .	..	..	..	4.50
	TOTAL . . .	..	..	..	21.75
C 8'	Labour . . .	2.51	3.17	3.03	2.91
	Material . . .	25.27	25.72	26.14	23.12
	On Cost . . .	4.63	6.63	6.18	5.93
	TOTAL . . .	32.41	35.52	35.35	31.96

1	2	3	4	5	6
D 8'	Labour . . . . .	..	4.70	4.08	4.53
	Material . . . . .	..	37.74	37.98	37.90
	On Cost . . . . .	..	9.94	8.38	9.83
	TOTAL . . . . .	..	52.38	50.44	52.26
E 8'	Labour . . . . .	..	..	..	7.23
	Material . . . . .	..	..	..	58.51
	On Cost . . . . .	..	..	..	15.50
	TOTAL . . . . .	..	..	..	81.24
F 8'	Labour . . . . .	..	..	..	7.74
	Material . . . . .	..	..	..	84.11
	On Cost . . . . .	..	..	..	16.56
	TOTAL . . . . .	..	..	..	108.41**
T 8'	Labour	2.45	2.85	2.23	2.39
	Material	9.03	9.60	9.63	8.59
	On Cost	4.54	7.34	4.74	4.97
	TOTAL	16.02	19.79	16.60	15.95

*The estimated cost is without upper band.

**Including cut pieces.

ANNEXURE V

Statement showing the actual cost of manufacture of different types of tubes in the Telegraphs Workshops, Jabalpur.

Types of Tubes manufactured	Constituents of the cost of manufacture	Actual average cost of manufacture			
		1955-56	1961-62	1962-63	1963-64
A 4"	Labour	1.24	1.61	1.58	1.50
	Material	7.17	8.54	9.13	8.92
	On Cost	2.29	3.77	3.25	3.10
	TOTAL	10.70	13.92	13.96	13.52
A 8'	Labour	1.61	1.97	1.96	1.84
	Material	11.45	12.78	13.63	13.20
	On Cost	2.98	4.13	4.01	3.75
	TOTAL	16.04	18.88	19.60	18.79
B 4'	Labour . . . . .	..	1.80	1.71	1.64
	Material . . . . .	..	10.37	13.38	13.69
	On Cost . . . . .	..	3.78	3.50	3.34
	TOTAL . . . . .	..	15.95	18.59	18.67
B 8'	Labour	1.96	2.53	2.51	2.30
	Material	15.70	18.84	18.22	19.99
	On Cost	3.63	5.31	5.14	4.34
	TOTAL	21.29	26.68	25.87	26.63
C 8'	Labour	2.41	3.11	3.08	2.70
	Material	17.11	26.36	26.89	26.84
	On Cost	4.46	6.62	6.35	6.09
	TOTAL	23.98	36.09	36.32	35.63
D 8'	Labour . . . . .	..	4.80	4.70	4.41
	Material . . . . .	..	36.64	39.08	40.17
	On Cost . . . . .	..	10.56	9.65	9.04
	TOTAL . . . . .	..	52.00	53.43	53.62
T 8'	Labour	2.17	2.81	2.73	2.26
	Material	8.54	9.84	10.03	9.01
	On Cost	4.01	5.87	5.66	4.67
	TOTAL	14.72	18.52	18.42	15.94

ANNEXURE VI

Particulars of Indents, Planning Orders, Work Orders and Supplies of Steel sheets from July, 1961 onwards.

Sl. No.	Indent No. and date	Quantity	I & SC Planning Order & Date	On whom planned	Work order No. & Date	Quantity received with date	Remarks
1	GMW/P-15/9 dated the 17-7-1961.	5000 MT	PPA/03/01/78-79 dated 23-8-1961.	Rourkela (3520)		1300 MT Received from April '64 to June '64.	8585 MT of Russian Steel have also been received since January '63 which is yet to be finally adjusted against individual pending indents. The over-all outstanding indents after adjusting the Russian imported sheets and taking into consideration pending indents before July, 1961, but including the indent for 7000 tons which has not yet been planned, as on 1st Oct. '64 are 10,828 tons.
2	GMWP-Steel/JB/61-62 dated 7-9-1961.	1636 MT	PPA/03/09/219/78-79 dated 4-10-61.	Rourkela		210 MT Received from April '64 to June '64.	
3	GMW/P-15/Steel/JB/62-63 dated 15-9-1961.	760	PPA/03/01/80 dated 1-12-1961.	Rourkela			
4	GMW/P-15/Steel/Sheet/JB/62-63 dt. 27-3-62.	477	PPG/03/09/124/82 dated 29-8-1962.	Rourkela			
5	MWBs No. SK-5011/JB/Steel/62-63 dated 19-6-1962.	3300	PPG/09/03/60/05/03/40 dated the 11-9-1962.	Rourkela	SHI/PID/Sheets/5976 dated 17-9-1962.	1258 MT Received from 31-12-1962 to 30-9-1963 from TATAS.	

*Replanned on TATAS.

Sl. No.	Indent No. and date.	Quantity	I & SC Planning Order & Date	On whom planned	Work order No. & Date	Quantity received with date	Remarks
6	MW's No. SK-5015/ JB/Steel/62-63 dated the 10-7-1962.	50	PPG/03/09/159/82-83 dated 30-7-1962	TATAS	SBI/PTD/Sheets/ 6002 dated the 17-9-1962.		
7	MW's No. SK-5022/ JB-Steel/62-63 dated 10-11-62.	950	PEC/09/03/3/09/04/ 119/dated 31-8-1963.	Rourkela	SR/CB/SH/64/0590 dated 31-3-1964.		
8	MW's No. SK-5023/ JB/Steel/62-63 dated 10-11-1962.	170					
9	MW's No. SK-5031/ JB-Steel/63-64 dated 15-2-1963.	118.75	PEC/09/03/3/09/04/109	Rourkela			
10	MW's No. 5037/JB- Steel/63 dated 19-4- 1963.	350					
11	15-Steel/JB-62-63 dated 15-9-1963.	200	PEC/09/03/3/09/05/18 dated 27-5-1963.	Rourkela	SBI/PT/Sheets/ 3853 dated 1-6-63.		
12	55/B/Steel/Russian/ 63-64 dated 5-10-63.	60					
13	SK-55/Steel/Russian/ 63-64 dated 19-10-63.	828					
14	SK-509/Steel-JB/65-66 dated 14-1-1964.	7000					Returned in April '64 because of change in procedure for indenting of controlled steel.

APPENDIX XV

Reference Paras 29, 33, 34 of the Report

MINISTRY OF STEEL AND MINES (DEPARTMENT OF IRON AND STEEL) O.M.
No. Sc. (I) 24 (26)/64 DT. 17-11-64 REFERS.

Note on the points on which further information was called for by the P.A.C. at their sitting held on 26th October, 1964—Para 18 of Audit Report (P. and T.) 1964

- (i) Materials collected and information is given in Annexure.
- (ii) Rourkela Steel Plant supplied Sheets in 1961-62 as under:—

1961	..	4,353 tons
1962	..	21,197 tons

(iii) It is understood from Rourkela works that the Shearing Plant of their Hot Strip Mill (which cuts 5 and 6 Plates and 10—14 G Hot Rolled Sheets) was never completely broken down. This Plant has two units. One of the units did not give satisfactory service from the very beginning. Upto February, 1962, this unit was utilised mostly for slitting coils and so only small quantities of sheets cut to size was produced. The other unit also could give only very small supply of Sheets against high priority orders as it mostly cut the Plates. After February, 1962 there was a fall in demand for slit coils and the second unit was engaged in cutting "untrimmed" sheets. Due to defects in the Plant it could not produce trimmed sheets cut to size. Until March, 1964, P. & T. Workshop did not accept untrimmed sheets and so no supply could be made to them by Rourkela against the outstanding orders. The second unit has been repaired and from July, 1964 onwards it is making trimmed sheets.

(iv) No written clearance of the P. & T. was obtained before arranging import, but the circumstances in which the import was made may be discussed as under. The fact that substantial quantities of M. S. Sheets were outstanding against the indents made by the P. & T. Department and also that prospects of supply from indigenous sources (Rourkela) were not satisfactory were known to this organisation. In August, 1962 an offer of 5,024 tons of M. S. Sheets were received from U.S.S.R. Trade Organisation at Calcutta

against Rupee Payment Agreement. The offer was valid for only 15 days. On scrutiny of the U.S.S.R. specification it was found that those were almost similar to those required by the P. & T. Dept. as obtained from their pending indents. The matter was also informally discussed with one of the Officers of the P. & T. Department (Shri Sastri of Chief Controller of Stores, Office at Calcutta), who thought that the materials should be suitable. There was no time for prior consultation with the P. & T. Workshop, Jabalpur. The Russian Suppliers, however, offered materials of different sizes. The sizes of 2490 tons was found to be very near to those indented for by P. & T. Department. These were accepted in anticipation of acceptance by the P. & T. Department as alternative sources of supply was not readily available. Thus after considering all the aspects of the case particularly the urgency of the demand the nearest sizes and specifications had been purchased and those were allotted to P. & T. Department and also finally accepted by them. If the P. & T. Department had not found the material suitable to their requirements, in that case the materials would have been utilised to meet the requirements of others. But we gave preference to the P. & T. needs.

(v) Imports are dependent on availability of foreign exchange and also materials of correct specification. Bulk of Iron and Steel Controller's direct imports are from East European Countries and U.S.S.R. on Rupee Payment. These purchases are made by negotiation. It is not always possible to get materials to exact specification required by us. The total quantity of sheets supplied from imports to the P. & T. Department is 8,500 M. Tons (appx.) and well over 3,000 tons have been supplied from indigenous sources. The orders at present outstanding with the Producers are likely to be executed by December, 1964. Considering the overall shortage of steel sheets and the usual time lag between date of booking of order and date of supply, the supplies to P. & T. Workshops, Jabalpur, have no doubt been quite satisfactory.

ANNEXURE

Reply on P.A.C. Point (i)

Quantity Indented Since July 1961			Supplies made from indigenous sources		Supplies made from imports	
Indent No.	Date	Tonnage	Period	Tonnage	Allotted on	Tonnage
1. GMW/P-15/9	17-7-61	5000	Upto 10/64	1381.73	15-12-62	801.280
2. GMW/Steel/JB/61/62	7-9-61	1636	12/63	45.66	3-1-63	413.390
			5/64 & 6/64	432.78	30-1-63	574.610
3. 15/Steel/JB/62-63	15-9-61	760	9/64 & 10/64	307.63	30-1-63	685.050
4. 15/Steel/Sheet/JB/62-63	27-3-62	477			17-9-63	184.460
5. SK-5011/JB/Steel/62-63	19-6-62	3300	12/62 to 9/63	1258.00	1-10-63	60.010
6. SK-5015/JB/Steel/62-63	10-7-62	50			7-11-63	2048.810
7. SK-5022/JB/Steel/62-63	11-10-62	950			6-12-63	2200.330
8. SK-5023/JB/Steel/62-63	10-11-62	170			19-12-63	674.320
9. SK-5031/JB/Steel/63-64	15-2-63	118.75			22-1-64	51.830
10. SK-5037/JB/Steel/63-64	19-4-63	350				
11. 15/Steel/JB/62-63	15-9-63	200				
13011.75				3425.80	8585.770	

145

N.B.—As the relevant records are not readily available the import position could not be fully checked. Some of the imports might not have been adjusted against the indents.

APPENDIX XVI

(Reference para 44 of the Report)

Statement Showing the Variations in the Costs of Production in Different Workshops

[Referred to in paragraph 20(i) on page 17 of Audit Report (P & T), 1964]

Stores	Unit Cost		Percentage excess	Quantity manufactured at the higher cost and amount of extra expenditure	Year of manufac- ture
A. SWITCHBOARDS—					
1. <i>Cost higher in Alipore workshop than in Bombay workshop—</i>					
Floor pattern 10+50 lines lamp signalling	6,407·39	5,692·37	13	Rs. 51 36,466	1960-61 to 1962-63
	(Alipore)	(Bombay)			
2. <i>Cost higher in Bombay workshop than in Alipore workshop—</i>					
(a) Switchboards (2+6) lines cordless	1,476·67	1,302·89	13	Rs. 131 22,765	1960-61 to 1962-63
	(Bombay)	(Alipore)			
(b) Switchboards (3+9) lines cordless	1,731·83	1,516·57	14	Rs. 287 61,780	1960-61 to 1962-63
	(Bombay)	(Alipore)			

B. BRACKET CHANNELS—

Cost higher in Alipore workshop than in Jabalpur workshop—

(a) Iron 4 wire telegraph 12" separation	5.30	4.78	11	Rs. 70,300	1961-62
	(Alipore)	(Jabalpur)		36,556	
(b) Iron 4 wire telephones	4.14	3.59	15	Rs. 33,150	1961-62
	(Alipore)	(Jabalpur)		18,233	
(c) Iron 4 wire telegraphs 15" separation	6.33	5.69	11	Rs. 45,470	1961-62
	(Alipore)	(Jabalpur)		29,101	

C. STALKS 5-1/4"—

Cost higher in Alipore workshop than in Jabalpur workshop

0.51	0.44	16	Rs. 40,250	1961-62
(Alipore)	(Jabalpur)		2,818	

D. BRACKET ATTACHMENT DOUBLE—

Cost higher in Alipore workshop than in Jabalpur workshop

4.76	4.01	19	Rs. 15,110	1961-62
(Alipore)	(Jabalpur)		11,333	

E. COPPER STRIPS 12"

Cost higher in Jabalpur workshop than in Alipore workshop

0.12	0.08	50	Rs. 11,58,500	1960-61
(Jabalpur)	(Alipore)		46,340	to 1962-63

APPENDIX XVII

Reference Para 44 of the Report

No. 15-42/63-WK

GOVERNMENT OF INDIA

DEPARTMENT OF COMMUNICATIONS

(P. & T. Board)

Dated New Delhi, the 5th December, 1964

SUBJECT:—Public Accounts Committee—Consideration of Audit Report (P. & T.), 1964—Para 20—Variation in the costs of production.

Lok Sabha Secretariat may kindly refer to their O.M. No. 2/ VIII/64/PAC dated 6th November, 1964 (Item 7 of the list of points of PAC sitting dated 23rd October, 1964) the Public Accounts Committee desired information to be furnished on the following points:—

- (i) The Committee, during evidence, were informed that P. & T. Board did conduct some review of the items which were readily available from the market and as a result of that review they have given up production of quite a few items.
- (ii) A complete statement of those items whose cost of production in the P. & T. Workshops was higher than their market price and whose production was given up after the review may be furnished.
- (iii) A note showing the method of calculating the cost of production of various items and the different elements which are taken into consideration (overheads) may be furnished.
- (iv) What was the number of work orders in 1962-63 in the P. & T. Workshops (Workshops-wise)? The percentage of the work-orders already completed may also be indicated in each case.

Item (i).—A list containing 97 items is appended at Annexure 'A'. In respect of these items a decision was taken in principle to give up manufacture in the P. & T. Workshops gradually as they

are of such a nature that can be readily procured from the market. The demands for many of these are sporadic and sufficient competitive tenders can be expected.

Item (ii).—A statement with explanatory note is appended at Annexure 'B' in respect of items where comparative price of production in the Workshops and outside procurement are available. The remarks therein indicate whether the items are to be given up or to be continued in production.

Item (iii).—A note showing the method of calculating the cost of production of various items and the different elements which are taken into consideration (over-heads) is appended at Annexure 'C'.

Item (iv).—A statement showing the number of work orders in 1962-63 as also the percentage of the work orders already completed is enclosed at Annexure 'D'.

Comments of the Accountant General, Posts & Telegraphs, Simla, will be communicated in due course.

(S. K. KANJILAL),
Member, (Telecom. Operations),
P. & T. Board.

To

The Lok Sabha Secretariat,
New Delhi.

ANNEXURE A

List of items of Stores the manufacture of which have been ordered to be stopped in P. & T. Workshops.

1. Anchor Large. |
2. Lewis Bolts 12" x 1".
3. Soldering Bolt Cu Medium.
4. Bkt. Joist H. Iron Tml. 8 Wire complete with flat.
5. Bkt. Joist C-8 Heavy Comp.
6. Caps for B.G.D.H. Rail.
7. Flat Pcs. for B.G.D.H. Rail for Struts.
8. Flat Pcs. for M.G.S.H. Rail.
9. Hook Iron for Marline Suspender.
10. Nail 3". |
11. Nail 6". |
12. Saddle Struts Large for A.I. Bkt.
13. Saddle Struts Small for A.I. Bkt.
14. Saddle Spl. for thornilly Bkt.
15. Cover for fuse mounting strips.
16. Contact burnisher.
17. Docket Boxes. |
18. Clock Electric 12" dial.
19. Tin Container of sorts. |
20. Binding Tools for 100 lbs.
21. Binding Tools for 150 lbs.
22. Binder Cu SWG 1' 6" 150 lbs.
23. Binder Cu 3 ft. long.
24. Binder Iron 50 lbs. 1' 6". ;
25. Binder Iron 75 lbs. 2' 6".
26. Binder Perrin Wire 2' 6".
27. Binder Iron 75 lbs. 1' 6". ;
28. B.J. Coil Cu 22 SWG 28" for Bronze Wire.
29. B.J. Coil 22 SWG 48".

30. B.J. Coil Iron 36" long. |
31. B.J. Coil Iron 75 lbs. |
32. B.J. Coil for Perrins Wires 12 SWG.
33. B.J. Coil for Perrins Wire 22 SWG.
34. B.J. Coil 292 for cable joint.
35. B. & N. for jointing table top.
36. B. & N. for Stay Shackle 1/2".
37. Bolts for table top legs. |
38. Eye Bolts for 150 lbs. Wire.
39. Eye Bolts for 300 lbs. & 400 lbs.
40. Eye Bolts 4" x 3/4".
41. Lewis Bolts C.I. for Table Top.
42. Bkt. for Spike for Trees.
43. Bkt. T.A. 4 Wires.
44. Bkt. Joist H. Iron Tml. 8W Heavy.
45. Caps for B.G.S.H. Rails.
46. Caps for M.G.S.H. Rails.
47. Card Holder Circuit Block Tin.
48. Clamp for Struts for B.G.D.H. Rail.
49. Cooking Compd. for B.I.R. Joints.
50. Cora Beri (Cooking Pot Holder).
51. Cross Feet for Swamp Socket.
52. Flat Pcs. for B.G.S.H. Rails.
53. Jack Dummy for Teak Wood 1".
54. Leg C.I. for Table Top.
55. Marline Suspender.
56. Nail Iron for Bkt. Houses.
57. Plate with hold Nuts and Screws.
58. Earth Plate Cu 1/16" x 2' x 2'.
59. Triangular end plated. |
60. Lead Plug and Caps of Sorts.
61. Cable Protection Box.
62. Ring CI for Table Top.
63. Saddle for C.I. Post. .
64. Saddle Spl.
65. Saddle Spl. to fit C.I. Bkt. on 'T' Tube with spcg. pcs.

66. Sleeve Twister upto 200 lbs. |
 67. Sleeve Twister upto 400 lbs.
 68. Spcg. Pcs. for B.G.S.H. Rail.
 69. Spcg. Pcs. for M.G.S.H. Rail.
 70. Strips for climbing post.
 71. Washer C.I. for Table Top Std. |
 72. Eye Spike of sorts. |
 73. Fixing Plates & Flats Pcs. of sorts.
 74. Bird Nest Remover.
 75. Dummy Strips of sorts.
 76. Teak Wood foot rule of sorts and associated figures.
 77. Jumpers ring of sorts.
 78. Bell Electric 60 Ohms. .
 79. Clip Letter Verticals.
 80. Line Test Case with Voltmeter.
 81. Key Leck D.P. .
 82. Key for D.P. Box.
 83. Bolts & Nuts of Sizes.
 84. Wire-fork N.P. |
 85. Bag Canvas lineman tools.
 86. Sleeve fibre for plugs of sorts.
 87. Tension gauges of sorts.
 88. Bag tool packet in leather case.
 89. Bell High resistance 220V.
 90. Decible Meter. |
 91. Detector G.P.O.
 92. Cross talk Meter. .
 93. Lamp cap extractor. |
 94. Testing lamp 40 volts. .
 95. Resistance adjustable 0.400 ohms.
 96. Voltmeter of sorts.
 97. Lamp extractor. .
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ANNEXURE B

Items whose cost of production in workshops are higher than purchase from outside

	Last purchase rate	Same year's W/s rate	Remarks
1. Socket 'A'	11·00 and 11·46	12·30	} The question of giving up production is under examination.
2. Socket 'B'	13·59	19·70	
3. Socket 'C'	15·25	25·56	
4. Socket 'D'	25·25 26·50		Costlier in Workshop. Not produced for the last two years.
5. Saddles 'A'	0·34 } 0·37 }	0·61	No longer produced.
6. Saddles 'B'	0·37	0·66	Manufacture to be given up after clearing existing orders.
7. Bracket Attachment Transpn.C-8	4·44	7·23	No longer produced.
8. SSNP 1/2"	3·37 4·50	4·12 } 4·13 } 4·22 }	} Same as in item 1-3.
9. Anchor Small	2·75 2·78	3·84	
10. Souder Dubern	89·75	139·54		Outside production not yet stable.
11. Charging Board A	1015·00 1150·00	1333·25	Do.
12. Charging Board B	1050·00	1327·73	Do.
13. Charging Board C	1050·00		Not supplied recently.

	Last Purchase rate	Same year's W/s rate	Remarks
14. Caps 'A' . . .	0.96	0.99	} Difference small Cap 'B' cheaper. Not being given up.
Caps 'B' . . .	1.55	1.39	
15. Ties 5 Bkt. . .	3.99	4.07	} Outside sources not yet stable.
Ties 6 Bkt. . .	4.99	6.03	
16. Backs UBI . . .	0.70 0.78	0.76	Difference small. Other Backs cheaper. Not being given up.
17. Saddle 'C' . . .	0.60 0.65	0.91	As in item 6.
18. Saddle Struts 'B' . . .	0.60	0.85	As in item 6.
19. Soleplate 'D' . . .	4.35	5.82	Outside sources not yet stable.
20. Fuse Glass Tube 1.5 amp.	0.22	0.37	Cost since reduced to 0.19 in Workshop.
21. Heat Coils 4 Ohms Red.	0.45	1.01	Outside sources not stable.
22. Heat Coils 16 ohms Black.	0.45	1.00	Do.

ANNEXURE C

Note indicating the method of ascertaining the cost of production in P and T Workshops

Whenever manufacturing work is undertaken in P&T Workshops a work-order No. is allotted for each job to identify it from other jobs. An estimate is prepared for each job, containing details of direct materials and direct labour in terms of quantity and value and also over-head expenses, as a predetermined percentage on Direct Labour.

Actual costs incurred to produce articles, under any work-order are collected month by month in an account card maintained for each work-order. On completion of the job, the total cost *viz.*, direct material, direct labour and overheads, collected in the Account card is divided by the total quantity produced to find out the unit cost of production.

The cost of production for each work-order under each element of cost *viz.* Direct material, direct labour and over-head is ascertained as follows:—

- (i) *Direct Material* is that which is required for the manufacture of the article and which can be directly identified to a production work-order as distinct from other materials such as Lubricating oil, Cotton-waste etc., which are charged against overheads. On the basis of the estimates of work order, manufacturing shops requisition materials which are issued to jobs by Stores godown against "Issue Vouchers". The issue-vouchers relating to a particular Work-Order are summarised and evaluated at rate-list rate (Standard rate) at the end of the month. Materials issued surplus to the requirement are returned back to godown against "Material credit notes". The total value of net issued of stores is posted in the Account card from month to month.
- (ii) *Direct Labour* is that labour which can be identified and booked directly to the production work-order as distinct from other labour such as required for handling of materials or supervisory labour which are charged to overheads. The actual labour hours spent on each job every day is noted by the shop-chargeman in the shop timebook against the respective worker. The labour hours spent by different workers in a particular work-

order are collected from the shop time book in a labour job card, one being maintained for each work-order, in each shop each month. Total labour hours spent in a particular Work-order is evaluated at shop average rate and the labour hours and amount posted in the Account card for the relevant work-order from month to month.

- (iii) *Over-head* expenses relating to a particular Work-order is charged as a predetermined percentage on direct labour, separate percentage being applied for separate shops. If the direct labour for a Work-Order is Rs. 100 and the pre-determined percentage of overhead for the shop concerned is 200%, the overhead charges applied to the Work order will be Rs. 200/-. The various elements of overhead expenses in P&T Workshops are shown in the enclosed list.

LIST ENCLOSED TO ANNEXURE 'C'

Statement showing the various components of the overhead charges in the three Workshops

1. Pay and allowances of administrative, supervisory, executive and clerical establishment.
 2. Workshop contingencies:— Indirect labour, Indirect stores, gas and electricity charges, office contingencies etc.
 3. Maintenance and Repairs to Workshop assets—Building Motor Vehicles and Plant & Machinery.
 4. Depreciation of Workshops assets—Building & Plant & Machinery.
 5. Stock adjustment expenses.
 6. Rent, Rates and taxes of Workshop Buildings.
 7. Stationery and Printing.
 8. Ammenities to Staff.
 9. Cost of service postage, telegrams and telephones.
 10. Payment under Workmen's compensation Act.
 11. Compassionate gratuity.
 12. Govt. Contribution to W.C.P.F./B.T.C.P.F.
 13. Pensionary charges.
 14. Share of Senior E.E.'s Office for inspection of raw materials.
 15. Share of G.M.W.'s Office.
 16. Share of Audit Office.
 17. Share of Directorate.
 18. Share of Chief Accounts Officer, Stores & Workshops, Calcutta.
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ANNEXURE D

Statement showing the number of work orders in 1962-63 as also percentage of the work orders already completed.

Name of Workshops	Total No. of work orders during the year 1962-63	No. of work orders closed within the prescribed period	No. of work orders outstanding beyond the prescribed period	No. of work orders closed after prescribed period upto 30-9-64	Percentage of work orders closed	No. of work orders outstanding as on 30-9-64	Percentage of outstanding work orders w/r to total of 62-63
1	2	3	4	5	6	7	8
Alipore	3554	1183	2371	2036	90.6	335	9.4
Jabalpur	1194	663	531	486	96.3	45	3.7
Bombay	7644	4624	3020	2928	98.7	92	1.3

APPENDIX XVIII

(Reference Para 45 of the Report)

No. 15-9/63-WK

GOVERNMENT OF INDIA

DEPARTMENT OF COMMUNICATIONS

(P. & T. Board)

Dated New Delhi-1 the 20-11-64

MEMORANDUM

SUBJECT: *Public Accounts Committee-Consideration of Audit Report (P&T) 1964-Sub-para (ii) of para 20—Variations in the cost of Production.*

Lok Sabha Secretariat may kindly refer to their O.M. No. 2/VIII/64/PAC dated 6-11-1964—Item 7(IV) of the list of points of public Accounts Committee sitting dated 23-10-1964.

In the course of discussion on para 20(ii) of the Audit Report (P&T) 1964, the Public Accounts Committee called for the following further information:—

“A note giving specific reasons for variations in labour costs for the two work orders in 1960 *viz.* Rs. 116 and Rs. 193 respectively, when the cost of raw material was stated to be the same *viz.* Rs. 895/- in both the cases, may be furnished.”

2. A note is appended. (Annexure)
3. This has been seen by the Accountant-General, Posts and Telegraphs, Simla.

S. K. KANJILAL,
Member (Telecom. Operations),
P. & T. Board

To,

Lok Sabha Secretariat,
New Delhi—1.

ANNEXURE

Para 20(ii) at page 17 of the Audit Report (P&T) 1964.

The wooden cabinets for the C.B. Non-multiple switch boards were manufactured from C.P. teakwood. The logs of this wood were hard and contained knots etc. and extra labour was required to bring the finished articles to the required specifications. The extent of extra labour would depend on the quality of the individual log used, depending on whether it was free from dead knots etc. Sometimes the boards develop defects like cracks and warpings which again required additional labour for rectification.

2. Some of the panels used in these two work orders developed bucklings and cracks. In some cases joints also gave way. The panels which developed more of these defects happened to be used in the costlier amongst the two work orders of 1960. The rectification of these defects required more labour and consequently the labour cost per Unit was higher than the cost in the case of the other work order of the same year.

APPENDIX XIX
(Reference Paras 46, 48 of the Report)

No. 15-14/63-WK

GOVERNMENT OF INDIA

DEPARTMENT OF COMMUNICATIONS

(P. & T. Board)

Dated New Delhi the 25-11-64.

SUBJECT:—*Public Accounts Committee—Consideration of Audit Report (P. & T.) 1964—Para 21—Utilisation of 60 Tons weigh Bridge in Jabalpur Workshops (Item 1 of the list of points of PAC sitting dated 23-10-1964).*

While considering para 21 of the Audit Report (P. & T.) 1964 at their sitting held on 23rd October, 1964, the Public Accounts Committee had desired further information on the following points:—

- (i) On what date was the weigh-bridge actually installed finally?
- (ii) What is the total amount spent by the P. & T. Board on this Project?
- (iii) What is the length, breadth and depth of the pit dug for the installation of the Weigh Bridge?
- (iv) A joint note by the P. & T. Board and the Railway Board giving all relevant facts and dates in chronological order from the period 1961 onwards may be furnished. The note should also include information on the following points:—
 - (a) The period for which the weigh-bridge has actually been made use of?
 - (b) How the requirements of weighing were met since 1949 (when a decision to instal the bridge was taken)?
 - (c) What were the reasons for deciding in 1958 to do away with the bridge completely?

2. Information in respect of each point is furnished in the enclosed statement at Annexure 'I'. A joint note giving all relevant

facts and dates in chronological order from the period 1961 onwards is appended at Annexure 'II'. A summary of the events prepared by the P. & T. Department is also enclosed at Annexure 'III'.

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

(Sd.) S. K. KANJILAL

(Telecom. Operations) P. & T. Board

To,

The Chairman and
Members of the PAC.

ANNEXURE I

Para 21 of Audit Report on P&T for 1964—PAC.

(P & T Board)

UTILISATION OF 60 TON WEIGH BRIDGE IN JABALPUR WORKSHOPS

- (i) On what date was the Weigh Bridge actually *installed* finally? Installed End—December 1959. Brought into use February 1960.
- (ii) What is the total amount spent by the P&T Board on this project? Cost and Installation Charges... Rs. 57,311.00
- (iii) What is the length, breadth and depth of th pit dug for the installation of the weigh bridge? 26' x 8' 6" x 6' 0" (inside)
- (iv) A joint note by the P&T Board and the Rly. Board giving all relevant facts and dates in chronological order from the period 1961 onwards may be furnished. A Joint Chronological statement is appended at Annexure II.
- (a) The period for which the weigh bridge has actually been made use of. Feb. 60 to August 1961. August 63 to 24-9-63. 9-11-63 to-date (2-10-64).
- (b) How the requirements of weighing were met since 1949 (when a decision to install the bridge was taken). Steel items consisting of rods, channels, angles and sheets despatched by the firms concerned were of standard size and the number of pieces/bundles along with the total weight were shown in the R/R previously. Standard weights for such items of manufacture were supplied by the firm and when the materials were received they were counted and multiplied by the standard weight to arrive at the proper weight. In case of Zinc Tiles number of pieces were always intimated and with the standard weight of each piece the total weight was calculated.
- (c) What were the reasons for deciding in 1958 to do away with the bridge completely? There was no such decision made. We were only then considering the pros and cons in view of the abnormal delay that had occurred in the installation of the Weigh Bridge.

ANNEXURE II

(P & T Board & Railway Board)

Joint Chronological Statement of Relevant Events commencing from June 1961 regarding 60 Ton Weigh Bridge at Jabalpur Workshops

- 22-6-1961 . . . D.O. from Shri D.C. Govil, Section Officer P&T Directorate to Shri S.K. Chatterjee, MW JB regarding use of Weigh Bridge from Feb. 1960 giving specific instances.
- 24-6-61 . . . MW JB informing Section Officer of the P&T Directorate specific instances of use of Weigh-Bridge (Rly/WB/60-61/56, dated 24-6-61)—Thrice in Feb. 60 by weighing Zinc Tiles and five times for weighing Zinc Tiles in Dec. 60 and four times for weighing M.S. Sections during June 1961.
- 23-6-61 . . . Letter from the Asstt. Engineer W/Shops (L) of the P&T Directorate to Dy. Genl. Manager P&T Workshops asking for total number of wagons received during 1959-60, and 1960-61 and from Feb. 60 to May 61 and the total number actually weighed during the period of Feb. 60 to May 61, with copy to MW JB.
- 26-6-1961 . . . Letter from MW JB to P&T Directorate with copy to GMW CA giving the total No. of wagons received during 1959-60 and 1960-61 and Feb. 60 to May 61 and total number of wagons actually weighed—

1959-60	313	}	Wagons received
1960-61	583		
Feb. 60 to May 61	640		Do.
Wagons actually weighed during Feb. 60 to June 61		}	12

Abbreviations used—

- MW JB Manager, Tele. Workshops, Jabalpur.
- DCS JD Divl. Commercial Supdt. C. Rly. Jabalpur.
- DS JB Division Superintendent, C. Rly. Jabalpur.
- GMW CA General Manager, P & T Workshops, Calcutta.
- DSTE Divl. Signal & Telecommunication Engineer.
- DME Divl. Mechanical Engineer.
- WMI Weighing Machine Inspector.
- DE(C) Divl. Engineer (Civil)
- A.E. Asstt. Engineer.
- Sr. Engr. Senior Engineer (Workshops)
- AMW Asstt. Manager (Workshops)

- 29-6-61 . . Letter from MW JB to Shri L. M. Ghosh, Divl. Commercial Supdt. C. Rly. JB intimating him that DSTE of the Rly. had not come for inspection for maintenance even on that date and confirming phone conversation with Shri Ghosh and for utilising the services of the pilot for weighing.
- 7-7-1961 . . (1) Letter from MW JB to DS JB intimating that no progress has been made even though personal contact was made by him with the previous DSTE and the DCS. Requested to give suitable instructions to the concerned sections so that maintenance of the weigh bridge and allowing the pilot to help in weighing is expedited, with a copy to GMWA CA and DCS JB.
- 7-7-61 . . (2) Copy of letter from DS JB to MW JB No. JBP/C/517/6101/P-II, dated 5-9-61 intimating MW that they are deputing one technical officer to inspect the weigh bridge within a week, and the weigh bridge would be put into commission very early, and also intimating that the siding charges based on revised shunting time would be levied from the date the weigh bridge is brought into use.
- 7-7-1961 . . T Letter from MW JB to DS JB to expedite maintenance and instruction for pilot engine.
- 18-7-61 . . Reminder letter on the letter of 7-7-61 from MW JB to DS JB.
- 27-7-61 . . MW JB letter to GMW CA intimating that the AMW had a discussion with the DSTE JB of Railways who assured inspection of the bridge shortly, after which DS would finalise the maintenance agreement.
- 27-7-61 . . MW JB letter to DS JB intimating that his AMW had discussion with the DSTE, who assured that the inspection will be done immediately after receipt of test wagon from Bhusaval, with a copy to GMW CA.
- 4-8-1961 . . MW JB's D.O to Dy. Genl. Manager, P&T Workshops. Use of the Bridge 13 times for weighing various ferrous materials by hand shunting, which takes lot of time hence it has not been possible to weigh all the wagons but only a small percentage. With regard to getting help of pilot engine contacts are being made with the D.S. and concerned officers to get things done.
- 7-8-61 . . Letter from DSTE JB of C. Rly. to AMW JB intimating that the test wagon is being called from DME BSL and on receipt it will be sent for inspection and setting up the weigh bridge.

- 8-8-61 . . . Letter from GMW CA to DS JB requesting him to finalise the arrangement with the MW JB for pilot engine for weighment of wagons on the weigh-bridge with copy to MW JB.
- 18-8-61 . . . Letter from MW JB to DS JB requesting for full details of works in connection with maintenance, repairs and overhauling for which the annual charges have been given *vide* DS JB letter No. JBP/C/517/G/O dated 28-11-60.
- 6-10-61 . . . From Asstt. Engineer (Stores) to Estate Officer, Tele: Workshops, Jabalpur asking for the services of Traylor pump, to pump out the water from the pit.
- 6-10-61 . . . WMI JB inspected the weigh bridge and pit.
- 9-10-61 . . . Letter from DS (Mech) Branch, C. Rly. JB to the GM (S&T) BS reporting the need for recalibration of weigh bridge in the metric system and asking for a W.O. to be issued and DME to get this work done, with copy to DSTE (Shop) MFT and copy to the MW JB and WMI JB.
- 9-10-61 . . . Work order issued on DSTE (Shops) MFT for calibration of the weigh-bridge steel yard into metric system
- 11-10-61 . . . MW JB to DS JB intimating that the steel yard of the weigh bridge had been handed over to Shri Gomes, WMI for recalibration to Metric system, with copy to GMW CA.
- 18-10-61 . . . MW JB to DS JB requesting fo the estimated cost against Work Order for recalibration of the 60 Ton weigh bridge steel yard in metric system.
- 27-10-61 . . . Letter from DS Mechanical Branch to DSTE(Shop) MFT asking to submit the estimated cost for the recalibration of the steel yard into metric system directing the MW JB.
- 28-10-61 . . . WMI JBP reported to DME JB that the steel yard of the 60 ton weigh bridge has been recalibrated into metric system and fitted, adjusted and tested on 26/27-10-61. One side corner of the weigh bridge was showing a difference of about 80 Kg. The WMI JBP further stated that the pit wall was cracked and required repairs. He also stated that the weigh-bridge levers were mostly in water and due to this the links, knife edges and bearings were rusty and the weigh bridge table was not functioning as required.

- 6-11-61 . . . DS (Mech.) Office JB intimated the MW JB of the above report intimating that the machine could not be brought into use and that the work would be taken in hand in the month of April 62 by which time the weigh-bridge pit would be dry.
- 11-12-61 . . . MW JB to DS JB intimating the pit of the weigh bridge had dried up and as such he was requested to take necessary action for adjustment of the weigh bridge as the matter was urgent, with a copy to the DME JB.
- 6-1-62 . . . MW JB's letter to DS JB with copy to DME JB (No. PM. 47/29 dt. 6-1-62) requesting him for taking urgent action for overhauling and adjustment of the weigh bridge, bringing attention to the letter of 11-12-61 wherein it was informed that the weigh bridge pit had dried and action should be taken most urgently.
- 30-4-62 . . . Letter to DS JB pointing out that the month of April is ending and none of the representatives had come for adjustment of weigh bridge as promised by DS JB in his letter No. N. 741/T. 4 dated 6-11-61 copy to DME with reference to WMI letter No. WM/Mech:5/43 dated 28-10-61.
- 11-6-62 . . . Letter from MW JB to DS JB pointing out that no representative had yet come for adjustment of the weigh bridge and requesting immediate action referring to the telephonic conversation which the AMW had with the DME on 8-6-62.
- 9-7-62 . . . Letter from MW JB to the DS JB drawing latter's attention to the reminders issued from time to time viz. No. PM. 47/24, dated 11-12-61, PM. 47/29 dated 6-1-62 and intimating neither the reply had been received nor WMI JBP had been deputed to attend to the same. Requested immediate action before end of July 62 with copies to WMI JB, DME JB.
- 30-7-62 . . . WMI JB. was directed to take immediate action, inspect the weigh-bridge and submit his full report.
- 1-8-62 . . . WMI JB reported that he inspected the weigh-bridge on 31-7-62 and found the weigh-bridge pit was completely cracked. He stated that it would not be possible to commission the weigh-bridge until the pit was replaced with cement concrete. He further stated that many adjustments had to be made in the links, knives and levers and the weigh-bridge requires complete overhauling. WMI added that he had brought this to the notice of the W/shop Manager, P&T Madan Mahal, who had directed him to send a complete report.

- 13-8-62 . . . MW JB to DME JB intimating that some of the officials from his office visited the Workshops on 31-7-62 and that there was no water in the pit when they had inspected, but no repair work was undertaken by the railway staff. Also it was requested when the repair works was expected to be carried out and completed.
- 25-8-1962 . . . Letter from DS JB to the MW JB giving a copy of the WMI JB letter No. WM/Mech./5/211 dated 1-8-62 and stating that the pit may be repaired first and then only the work of overhauling will be undertaken. He was asked to intimate when the work would be completed so that MWI JBP could be deputed to overhaul the weigh-bridge.
- 28-8-62 . . . D.O. letter from the Asstt. Manager to DME JB (No. PM 47 dated 28-8-62) pointing out the discussion the AWM had with him on that afternoon for repairs to the 60 Ton Weigh bridge and to bring it to use as quickly as possible and requesting that the work should be completed by the first week of Sept. 62.
- 1-9-62 . . . GMW CA to MW JB asking for information of the wagons weighed and the utility of the weigh bridge and any difficulty in weighing wagons.
- 4-9-62 . . . From Asstt. Mech. Engineer, Central Rly. JB to MW JB acknowledging the D.O. of Asstt. Manager of JB Workshops (No. PM 47 dt. 28-8-62) to Shri J.L. Decouto, DME stating that he and DME would be visiting the spot sometime in the second week of September.
- 13-9-62 . . . Reply to the GMW CA giving the information on his letter of 1-9-62. Also intimating contents of the Tatas confirmation telegram about acceptance by weight only. The difficulties experienced in weighing wagons also were mentioned as it was being done by hand shunting and gets complicated when wagons of Controller of Tele: Stores, JB come in between.
- 19-9-62 . . . DME and AME of Central Rly. alongwith Asstt. Manager Tel. Workshops inspected the weigh bridge pit. It was agreed that the Railway will undertake repairs to the pit walls and then overhaul and test the weigh bridge.
- 4-10-62 . . . MW JB to DME JB informing Rly. Officers' visit on 19-9-62 and the decision taken thereunder to take up the work immediately and get it completed. Nobody reported to the workshops for the execution of the work of repairing the damaged weigh bridge pit and levelling of the weighing machine. This was also reported to them by the Asstt. Engineer of the office of the MW JB on 1-10-62 personally in the office of the DSJB.

- 20-10-62 . . . Repairing the pit including its columns as well as overhauling and testing of the weigh bridge required the use of tool van. DS(M) BSL was accordingly addressed by DS JBP to send his tool van and test wagon with an escort to JBP as early as possible. A copy of this letter was also endorsed to the MW JB for his information
- 5-11-62 . . . MW JB to GMW CA giving the upto-date position with copy of letter from Rlys. asking for the test wagon and tool van from DS(M) BSL.
- 7-11-62 . . . BSM BSL advised that the test wagon was overdue POH and on availability of a suitable 4-wheeler to replace the above test wagon, he would send the same to DS JB.
- 13-11-62 . . . DS JB to DM(M) BSL pointing out that not only test wagon but tool van with an escort is required, with a copy to MW JB.
- 27-11-62 . . . From GMW CA to MW JB requesting for detailed report on the weigh bridge foundation which was damaged and the action taken by the railway authorities for necessary repairs and also about test wagon has since received or not.
- 30-11-62 . . . MW JB to DS(M) JB requesting for the approximate date by which 60 Ton weigh Bridge will be repaired and put into commission with copy to DME JB.
- 15-12-62 . . . MW JB to GMW CA informing him that the test wagon has not been received and Rly. authorities have not taken up the repair work on foundation.
- 31-12-62 . . . D.O. to MW JB from Dy. General Manager, P. & T. Workshops asking to work out the practical and economical aspects regarding utilisation of the weigh bridge and intimating the views of the Manager inclusive of the use of the pilot engine for shunting of the wagon.
- 30-1-63 . . . D.O. letter from DME JB to DME BSL with a copy to MW JB pointing out that the weigh bridge was out of commission for considerable length of time and requesting for despatch of the Test Wagon with the tool van very early.
- 30-1-63 . . . DME JBP advised DEN JBP that he expected the weigh bridge test wagon during the next week and therefore asked him to carry out the repairs to the weigh bridge pit before 15-2-1963. A copy of this letter was endorsed to AEN JBP for necessary action.
- 31-1-63 . . . D.O. from Shri D.C. Basu, Asstt. Engr. (P&M) of MW JB to DME JB requesting to expedite the repair work on the foundation giving him short summary of the case of the weigh bridge.

- 7-2-63 . . . D.O. reminder from DME JB to DME BSL (No. N. 741. T/4 dated 7-2-63) with copy to the MW JB and WMI BSL/JBP reminding that the working of the weigh-bridge had been held up for long due to the absence of test wagon and tool van from BSL. He had also directed WMI JB to escort the tool van.
- 23-2-63 . . . DME JBP again reminded DME BSL and told him that the test wagon was very urgently required to reset the weigh bridge of the P&T Department and requested him to expedite the despatch of the same to HTXR JB.
- 25-2-63 . . . (1) MW JB to DME JB intimating that the grouting and dressing up of the foundation had not been done even though it was pointed out by the DME that it should be completed by 15-2-63.
- (2) MW JB to DE JB requesting him to take up immediately the grouting and dressing of the foundation.
- 27-2-63 . . . DS(M) BSL stated that the test wagon would be released for POH during the second week of March 1963 and suggested that in view of the urgency, Jhansi test wagon should be obtained.
- 6-3-63 . . . Letter No. S. 741. T. 4 dated 6-3-63 from AME (C&W) JB to Asstt. Engr. Workshops of MW JB requesting that the grouting and repair work to be taken in hand immediately as tool van was expected very shortly, with copy to the MW JB referring to the personal conversation of the DS(M).
- 6-3-63 . . . DME BSL informed DME JBP that test weight wagon was overdue POH and availability of suitable four-wheeler to replace the test wagon, he would despatch the same to JBP.
- 6-3-63 . . . DME JBS was addressed and requested to send the Jhansi tool van.
- 7-3-63 . . . MW JB to DE JB requesting the date by which the above repairs to the weigh bridge were expected to be completed.
- 22-3-63 . . . DME Jhansi replied that Jhansi tool van could not be made available due to more work for the tool van on the Jhansi Division.
- 5-3-63 . . . Letter from MW JB to DME JB informing that the grouting and the dressing work of the foundation of the weigh bridge had been completed on 19-3-63. Also requesting that the work done by the DE C. Rly.

in the foundation to be checked up and requesting Mechanical staff to undertake the mechanical portion of the work with regard to levelling, setting right of defects in the machine as well as calibration etc. with a copy to the DE C. Rly.

- 3-4-63 . . . AEN JBP informed that repairs to the weigh-bridge pit and foundation were completed on 24-3-63.
- 17-4-63 . . . D.O. letter from AME. C&W JB to DME (C&W) BSL requesting for the tool van and test wagon urgently as engineering work for grouting and repairs has been completed.
 - (ii) AE (P&M) of MW JB's office had met AME (C&W) and had discussed the case urging immediate action. AME (C&W) promised to intimate MW's office about the progress made.
- 25-4-63 . . . DME (C&W) BSL replied that the tool van and the test wagon of BSL Division were due POH and as such they could not be sent to JBP.
- 30-5-63 . . . MW JB to DME JB requesting to intimate the present position of the case in putting the weigh bridge into commission.
- 27-6-63 . . . DME JBP addressed by CME BB demi-officially and explained the urgency of his requirement of a test wagon and a tool van. He also explained the efforts made so far to get these wagons from BSL and JHS Divisions and requested for his assistance to arrange supply of a test and the tool van required.
- 5-7-63 . . . Copy of letter from AME (C&W) to DME NGP with a copy to the MW JB requesting him to spare the test wagon and tool van of the Nagpur Division to the JBP for about three days.
- 8-7-63 . . . Dy. CME(L) BB instructed DME(II) BSL to send the test and tool vans to JBP immediately.
- 8-7-63 . . . WMI NGP intimated DS(M) JBP that test wagon had been despatched ex. NGP on 7-7-63.
- 15-7-63 . . . DS BSL intimated DS(M) JBP that the tool van was being used at Itarsi and arrangements were being made to send the same to JBP.
- 24-7-63 . . . Tool van and test wagon arrived JBP from BSL Division.
- 26-7-63 . . . Letter from MW JB to DME JB intimating that the test wagon had arrived and his staff had carried out the test and calibrated the weigh bridge. A request wa,

was made to DME to issue a test certificate in duplicate, to take up the case of weighing closed wagons at site by the MML station authorities.

- 27-7-63 . . . WMI JBP informed that NGP test and tool vans have not arrived so far but he has received the test wagon and the tool van from BSL on 24-7-63 and he had completed the work on the P&T Weigh-bridge on 26-7-63.
- 27-7-63 . . . Certificate from the WMI JB to the Manager that the weigh bridge was tested in the presence of the Asstt. Manager and Senior Engineer (IE) of MW JB and found correct. (WM/M/5/466 dated 27-7-63).
- 24-9-63 . . . MW JB to DME JB informing him that there was difficulty in the reading of the scale which shows an error of 1-1/2 to 2 tons approximately and about some cracks in the foundations consequent seepage of water in the pit.
- 26-9-63 . . . DME forwarded a copy of the letter received from the Manager, Tele: Workshops, Jabalpur to DEN JBP and requested him for necessary repairs to the weigh-bridge foundation.
- 3/4-10-63 . . . DEN JBP forwarded a copy of the above mentioned letter to the AEN JBP and asked him to do the needful and report compliance.
- 14-10-63 . . . DEN reminded AEN JBP.
- 16-10-63 . . . Letter from AMW to DE(C) JB requesting to depute his man to repair the bridge pit walls and the DME staff had repaired the weigh bridge partly.
- 16-10-63 . . . AEN JBP informed the DEN that the work of repairs was in progress.
- 7-11-63 . . . DEN inspected the weigh bridge and found that the repairs had been carried out and the weigh bridge was floating alright.
- 11-11-63 . . . Letter of WMI JB to MW JB giving Test Certificate that 60 Ton weigh bridge was tested on 9-11-63 and found correct in the presence of AE and AMW of the Workshops, with copies to DSE JB, DCS(M JB, and NC MML.

ANNEXURE III

*Utilisation of 60 Ton Weigh Bridge in Jabalpur Workshop—Para
21 of Audit Report P. & T. 64.*

SUMMARY

1. A 60 Ton Railway Weigh Bridge was required for weighment of railways wagons containing raw materials for the P&T Workshops at Jabalpur. An Indent for the weigh bridge was placed by the Director of Tele: Stores and Workshops, Calcutta on D.G.S&D., New Delhi. Since the work of installation of the weigh bridge was of a specialised nature involving extension of the railway siding and the design of the pit, installation of the weigh bridge etc. was required to be executed by the Railways. Accordingly after completion of the various formalities the work was entrusted to the Railways. The bridge was commissioned in February, 1960.

In September, 61 the P. & T. Authorities asked the railways to undertake the work of converting the weighing machine into metric system and recalibrate the same. Some water had collected in the weigh bridge pit and to enable the railways to do the work the Workshops authorities removed the water from the pit by means of a trailer pump. The Railways then calibrated the scales into metric system and found that adjustment could not be carried out since the water that had seeped into the pit had adversely affected the masonry work as also the knife edges and levers of the weighing machine which had become rusty. The WMI JB therefore asked DME JBP vide his letter No. WM|Mech: |5|43 dated 28-10-61 to completely overhaul the weigh bridge. They suggested that the work would be taken up again in April 62, by which time the pit is expected to be completely dry. The P&T authorities, vide their letter dated 11-12-61, intimated the DS JB that the pit had dried up and requested them to take necessary action for adjustment of the weigh bridge as the matter was urgent. Copy of this letter was given to the DME JB. Railways were further reminded on 6-1-62. Since no representative of the railway had come even upto April 62, the DS JB was reminded on 30-4-62. The DME was further reminded to this effect on phone on 9-6-62 and a letter was sent on 11-6-62 to DS JB with copy to DME JB referring to the phone conversation. Further reminder was sent to them on 9-7-62.

3. The WMI JB inspected the weigh bridge on 31-7-62 and found the walls of the pit cracked and stated that the weigh bridge cannot be commissioned until the pit walls are repaired with the cement concrete and various links and levers etc. are overhauled. On 13-8-62 the Manager again informed the DME JB that no repair work had been undertaken yet by the railway staff even though the pit is dry. The DS JB then replied on 25-8-62 that the pit has to be repaired first before he can take up the work for overhauling. On 30-1-63 the DME JB wrote to DE JB to get the pit repaired by grouting the foundation and doing other repair works.

4. Mean time from 20-10-62 the DS (M) JB pursued the case with DS(Mech:) DSL for getting the test wagon and tool van for doing the adjustment. The Manager Workshops wrote again on 30-11-62 to DS(M) JB for expediting the repairs to the pit and commissioning the bridge. JB Workshops further pursued the case with the DME JB by D.O. on 31-1-63. DME JB mean time reminded the DME BSL on 7-2-63 and 23-2-63 for despatch of the test wagon and the tool van. The Manager Workshops again requested DME JB on 25-2-63 asking that the repairs to the foundation have not been taken and a copy of this letter was sent to DE JB. On 27-2-63 DS (Mechanical) BSL suggested that since his test wagon can be released only in March 1963, the test wagon available at Jhansi may be obtained. DME JB addressed DME Jhansi on 6-3-63 for sending the tool wagon. On 7-3-63 the Manager again pursued with the DE JB to complete the repairs to the pit. On 22-3-63 DME Jhansi stated that the tool van could not be made available due to his own works.

5. The repair work to the pit foundation etc. was completed on 19-3-63 by DE, Central Railway, Jabalpur and Manager Workshops then again took up with DME JB on 25-3-63 to undertake the mechanical portion regarding adjustment of the weigh bridge. The DME JB pursued the case with DSM Bhusaval for the tool van etc. but could not get the same. He then approached the Central Railway H. Qr. at Bombay for getting the test wagon and tool van. They even approached on 5-7-63 DME Nagpur for a test wagon but could not get it. Ultimately the test wagon and tool van were obtained from Bhusaval on 24-7-63 and after adjustment WMI JB gave certificate on 27-7-63 that the weigh bridge was tested and found correct.

6. On 24-9-63 however the Manager Workshops informed DME that the scale presents difficulties in reading and it shows errors of 1½ to 2 Tons and that there were some cracks in the foundation. DME JB then took on 25-9-63 with DEN JB again for repairs of the foundation. By 7-11-63 the repairs of the pit were carried out. The

WMI then again tested the weigh bridge on 9-11-63 and gave a certificate that it was found correct. The weigh bridge is working satisfactorily since then.

7. It may be mentioned here that since this was a work of specialised nature, the work of designs and installation was entrusted to the railways and we had accepted their designs and sanctioned the estimates as submitted by them. Even in the year 1956 the Workshops had suggested to them that they should provide a pump in the pit to drain out the water. On 21-8-59 the DE said that the pump may be provided by the P&T and the P and T accordingly provided and used a portable trailer pump for dewatering, the pit. The delay in the repairs to the foundations and the walls of the pit and rusting of knife edges, levers etc. caused by water in the pit and the later difficulty in getting the test wagon and tool van by the railways to do the necessary adjustments resulted in the delays in the commissioning and use of the weigh bridge.

APPENDIX XX

(Reference para 49 of the Report.)

STATEMENT SHOWING MACHINERY IN THE JABALPUR WORK-SHOP NOT PUT TO USE

[Referred to in paragraph 22(a) on page 18 of Audit Report (P. T), 1964]

Machine	Value	Remarks
	Rs.	
1. Sand papering machine	5,605	Declared surplus in March 1963 and awaiting disposal.
2. Do.	6,650	Do.
3. Bench saw machine	1,238	Do.
4. Do.	1,238	Do.
5. Engraving machine	2,000	Do-Not yet installed.
TOTAL(1)	16,731	
6. Vacuum impregnating plant.	8,068	Not yet installed. Being retained.
7. Vertical slotting machine	6,000	Not yet installed. Disposal under consideration, but has not yet been declared surplus.
8. Mitiring machine	1,500	Disposal under consideration, but has not yet been declared surplus.
TOTAL (2)	15,568	
TOTAL (1) AND (2)	32,299	

APPENDIX XXI

(Reference para 49 of the Report)

MACHINE USED SPARINGLY IN THE JABALPUR WROKSHOP

[Referred to in paragraph 22 (a) on page 18 of Audit Report (P. T), 1964]

Machine	Value	Remarks
	Rs.	
Metal degreasing vapour type V-2 plant.	4,651	Installed in 1956. Disposal un- der consideration.

APPENDIX XXII

(Reference Para 49 of the Report)

No. 15-39/63-WK

GOVERNMENT OF INDIA

DEPARTMENT OF COMMUNICATIONS

(P. & T. Board)

Dated New Delhi the, 5th December, 1964.

SUBJECT:—Public Accounts Committee—Consideration of Audit Report (P. & T.) 1964—Para 22(a)—Idle Machinery.

Lok Sabha Secretariat may kindly refer to their Office Memorandum No. 2/VIII/64/PAC dated 6-11-64 (Item 8 of the list of points of PAC sitting dated 23-10-1964). In the course of discussion of para 22(a)—Idle Machinery—of the Audit Report (P. & T.) 1964, the Public Accounts Committee had called for the following information:—

“What is the correct position regarding installation of vertical slotting machine referred in item 7 at Appendix 3(a)—page 27 of Audit Report (P. & T.), 1964?”.

2. This machine was transferred from Calcutta. It was installed in Jabalpur but removed from the Machine Shop after use on its being found not useful. The said machine was put up for the approval of the Central Plant Screening Committee of the Workshops for its disposal in its meeting held on 3-8-64 at Jabalpur. The Committee considered that the machine was not actually Vertical-Slotter but a Punch-Shaping machine. As a similar machine was under procurement by the Bombay Telephone Workshops, the Committee suggested that the utilisation of this machine had to be considered by the Manager, Bombay Telephone Workshops before the question of its disposal was examined. The Manager, Bombay Telephone Workshops, however, found that the machine did not conform to the specification required by him and also that the machine was pretty-old. Now the Manager, Telegdaph Workshops Jabalpur has been directed to examine the possibility of its economic utilisation in the Tool-room of his organisation.

3. Comments of the Accountant General Posts and Telegraphs Simla will be communicated in due course.

To

(S. K. KANJILAL),

Member (Telecom. Operations) P. & T. Board.

The Lok Sabha Secretariat.

APPENDIX XXIII

(Reference Paras 54 and 55 of the Report)

STATEMENT SHOWING NON-UTILISATION OF STORES FOR LONG PERIODS

[Referred to in paragraph 23 on page 20 of Audit Report (P&T), 1964]

	Stores obtained		Installation/erection when commenced	Remarks
	Year	Value		
		Rs.		
1. Lines and wires and apparatus and plants for auto-exchange at Jamshedpur. Sanctioned in March 1959.	1960-61	1,04,874	Not commenced (August 1963)	Land for the exchange building was acquired only in August 1962. Construction of the building in which the apparatus and plants are to be installed has not yet commenced (August 1963).
	1961-62	65,381		
	1962-63	18,213		
				Stores worth Rs. 33,375 were diverted to other works during December 1961 to March, 1963.
2. Apparatus and plants for a new auto-exchange at Shilong. Sanctioned in June 1959. Revised estimate sanctioned in November 1962.	1958-59	187	Not commenced (August 1963)	Construction of building in which the apparatus and plants are to be installed has not started as the building estimates had to be revised more than once to provide for special type of construction needed in the seismic region of Assam. The revised estimate was sanctioned in November 1962.
	1959-60	43,907		
	1960-61	14,610		
	1961-62	1,700		
	1962-63	2,588		

3.	Cables etc., for installation of a 1,200 lines auto-exchange at Cuttack. Sanctioned in February, 1959.	1960-61 1961-62 1962-63	42,282 1,08,839 89,477	Not commenced (August 1963)	Construction of the building has not yet commenced. The land for the exchange building was acquired in April 1961. Project is under revision to provide for 3,000 lines.
4.	Apparatus and plants for a new auto-exchange at Mam-balam. Sanctioned in June 1957. Revised estimate sanctioned in December 1962.	1958-59 1959-60	54,194 85,162	Not commenced (August 1963)	The exchange building has been completed. However, the scope of the project was expanded in December 1962 and global tender for imported equipment is under finalisation. A part of the stores (value at Rs. 93,000 approximately) has been diverted to other works.
5.	Lines and wires for shifting and expansion of the telephone exchange at Khanna. Sanctioned in May 1956. Revised estimate sanctioned in March, 1960.	1960-61 1961-62 1962-63	22,796 11,370 9,048	August 1963	The stores remained idle because construction of the new building, in which the exchange was to be shifted, was commenced only in May 1962 and completed in August 1963.
6.	Stores for reconstruction of Secunderabad-Zaheerabad road alignment. Sanctioned in August 1960.	1960-61 1961-62 1962-63	37,104 9,36,675 61,214	August 1963	Work did not commence earlier for want of adequate number of tubes, sole plates etc.
7.	Copper wire for erecting Deputy Control circuit between Hubli and Poona for Railways. Sanctioned in June 1960.	1961-62	1,61,170	March 1963	The work was held up till March 1963 pending receipt of balance of the stores.

	Stores obtained		Installation/erection when commenced	Remarks
	Year	value		
		Rs.		
8. Stores for rehabilitation of main line between Visakhapatnam and Srikakulam. Sanctioned in May 1960.	1961-62	1,53,797	August 1963	The work was delayed for want of essential stores (B.8 and C.8 tubes etc., for poles).
9. Equipment for additional 12 channel carrier system between Bombay-Secunderabad. Sanctioned in September 1957.	1956-57	43,000	July 1963	The building in which the equipment is to be installed (at Indapur) had not been constructed.
10. Stores required for opening a public call office at Kishitwar. Sanctioned in December 1959.	1960-61 1961-62 1962-63	6,111 95,230 2,805	Not commenced (July 1963)	The work has been held up on account of delay in purchase of poles. Rs. 20,142 worth of stores have been transferred to other works in June 1963.
11. Stores for opening of a combined office at Karnah. Sanctioned in May 1955.	1955-56 1956-1957 1957-58	8,667 518 12,800	Not commenced (August 1963)	Stores worth Rs. 3,820 were transferred in 1957-58. Even though the Director General, Posts and Telegraphs, ordered in December 1961 that the work should be dropped for the time being as it was very un-remunerative, yet the remaining stores worth Rs. 18,165 have not been transferred.

12	Stores for opening of a combined office at Gurez. Sanctioned in August 1956.	Upto 1957-58 1960-61 1961-62	28,722 3,061 6,301	Not commenced (August 1963)	Of the stores received Rs. 15,590 worth of stores have been returned as surplus.
13.	Stores for introduction of new special service code at Simla. Sanctioned in August 1961.	September 1961	20,176	Not commenced (September 1963)	
14.	Stores for installation of signalling in channel trunk circuits at Ambala, Chandigarh and Nangal. Sanctioned in July 1960.	1961-62	11,204	Not commenced (September 1963)	
15.	Stores for erecting lines and wires for canal administrations—		19,428		
	(i) Jullundur. Sanctioned in September 1956.	Upto 1957-58		July 1963	Indents for stores were placed in November 1956 although the department did not know till January 1962 the exact location of the connections required as the canal had not been constructed.
	(ii) Between Head Kunthal and Head Karamsaran minor. Sanctioned in October 1954.	1954-55	17,769	February 1963	
	Between—				
	(iii) Chiram and Gohana. 7				

	Stores obtained		Installation/erection when commenced	Remarks
	Year	Value		
		Rs.		
(iv) Kaithal and Barot Rest House, and (v) Panjuana Rest House and Head Rori Branch. Sanctioned in October-December, 1957.	1957-58	32,727	Not commenced (September 1963)	
(vi) Amloh Bhakra Colony and Allowal Rest House. Sanctioned in August 1955.	Upto 1957-58	14,134		
(vii) Sirsapur Rest House and Prem-Beri. Sanctioned in March 1958.	1958-59	4,899	Not commenced (September 1963)	
(viii) Munk and Jani. Sanctioned in April, 1958.	1959-60 1960-61	4,936		
(ix) Panjgrain and Sri Hargobindpur. Sanctioned in June 1956.	Upto 1957-58	13,202	Not taken up	As late as in August 1962, the canal administration intimated that the particular circuit was not required and requested erection of another circuit between two other places.

(x) Kotla (Head of Sidder Canal and Jawali. Sanctioned in May 1957.

Upto
1961-62

18,598 Not taken up
(Rs. 14,283
upto
1957-58)

As late as in January 1963, the canal administration intimated that the circuit was not required.

(xi) Baij Nath. Sanctioned in November 1957.

Upto
1958-59

4,996 Not taken up

As late as in August 1963, the canal administration intimated that the circuit was not required.

(xii) Dera Baba Nanak and Fatehgarh. Sanctioned in September 1955.

Upto
1956-57

8,697 } Not commenced
(November 1963)

The building where the telephones are to be installed are not known. Hence the works have been held up.

(xiii) Goraya and Benga. Sanctioned in January 1957.

Upto
1957-58

17,145 }

APPENDIX XXIV

(Reference para 54 of Report)

P. T. BOARD

Notes on the steps being taken by the P. & T. Board to eliminate delays in the execution of Works

[O.M. No. 10-8-/64-P(BC), dated 28-11-64]

Major projects at present include a number of different components, such as land and building, apparatus and plant, and, lines and wires. These take a very long time to complete as many different items, which have often to be taken up in succession are involved—particularly lands and buildings. Shortages of material resources have also resulted in delays due to non-supply of all the material required for a work. Various types of actions have been taken with a view to improve the situation. These are discussed below.

Land

2. The likely time factor for acquisition of land is totally indefinite. In general, it does not take less than two years to obtain land by acquisition proceedings (excluding the very few cases processed on the basis of negotiations). On the high side, the time is totally indefinite. We have got 2 particularly bad cases i.e., of Allahabad in which acquisition proceedings were started in 1959 and were completed very recently; the other case is for the Ghatkopar exchange in Bombay for which acquisition was started some 10 years ago and the land is still not acquired.

3. Since 1960-61, we have generally been processing the cases of acquisition of land separately from the project for provision of telecommunication facilities. Since then the projects for such facilities are being taken up when land is actually available with the Department. Where land is also required, a separate project for land only is generally processed separately. Thus, one important factor leading to large delays in completion of individual projects has been generally eliminated.

4. In 1963-64, a policy decision was taken by the P. & T. Board to acquire land in advance for the next 15 years requirements. Apart from the delays in actual execution of individual projects, this policy would gradually enable quicker provision of services.

5. Recently we have been approving cases for taking over land by negotiation, though this has not yet been adopted as a general policy or even on an appreciable scale.

Buildings

6. In regard to the construction of buildings, administratively the position has improved. In November 1960, a separate P. & T. Wing was set up within the C.P.W.D. who were executing our building works thus enabling somewhat better concentration of efforts on the construction of P. & T. Buildings. Since July 1963, the building works of the P. & T. have been completely taken over by the P. & T. and a Civil Wing has been set up within the Department. This has further helped and after the initial teething troubles are over and an organisation on a proper scale is set up, the things should be much better.

7. Adequacy of the planning and design organisation so that designs etc. are available sufficiently quickly, would further help in expediting the building works. The attention of the P. & T. Board is at present concentrated on this issue.

8. The P. & T. buildings, most particularly the technical buildings, are necessarily large requiring special designs and construction. A contributory factor for the delays has been that in many cases, presumably due to large increase in the building activities in the country, no tenders are received on calls.

9. Recently we have started taking up more building works separately from combined projects. One case about the Taj building in New Delhi was recently sanctioned as an independent work. More cases on this basis are being processed. This would help to reduce delays on individual projects.

Stores and Materials:

10. For the telecommunication projects being undertaken by the P. & T. Department, a wide variety of materials are required ranging from line stores for the erection of overhead alignments to highly complicated equipment for the transmission and switching systems. Each major project utilises a number of items of different stores within this range. At the beginning of the Third Five Year Plan, the material requirements for telecommunication projects were obtained from the Indian Telephone Industries, Bangalore, Hindustan Cables Ltd., Rupnarainpur, the P. & T. Workshops and by imports to the extent of foreign exchange available or by local purchases depending upon the capacity of indigenous manufacturers. With the

prevailing foreign exchange shortage which affected not only the direct imports, but also in some cases the indigenous production where import of raw materials or components was involved, the supply of materials to different projects was somewhat uncertain and in some cases resulted in uncoordinated supplies or non-supply of a vital item of stores, even when it is of a nominal value, resulting in hold-up of completion of the projects. To overcome the difficulty of material resources, the P. & T. Department originated a case for a credit loan from the International Development Association for the import of finished products to supplement the shortfalls in indigenous manufacture. This loan covering \$ 42 million (Rs. 20 crores) was obtained in 1962 and as a result of this, it has been possible to import many vitally needed stores against the projects included in the Third Five Year Plan.

11. In order to increase the production of the indigenous factories, a second IDA Credit was asked for to cover the import of raw materials and components programmed by Indian Telephone Industries Hindustan Cables Ltd., Hindustan Teleprinters Ltd., and P. & T. Workshops. This loan amounting to \$ 33 million (Rs. 15.71 crores) was obtained this year and as a result it has been possible to plan for greater outputs from these factories.

12. The position of supply of stores has, therefore, improved to a considerable extent and the problem of uncoordinated supplies which was a regular feature in the past has been reduced to a large extent.

13. Regarding the utilisation of the stores also, administrative orders have been issued to the various field units to ensure that indenting for stores very much in advance of the completion of the various steps such as acquisition of land, construction of buildings etc. is avoided in future. A copy of the orders issued is attached. (Annexure).

ANNEXURE

Para 23 on page 20 of Audit Report, P. & T., 1964

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

All Heads of Circles and Telephone Districts

No. 2-14/62-P (BC) II dated at New Delhi, 4-11-1963

SUBJECT: *Sanction of project and detailed estimates under Circle and Divisional powers.*

It has been brought to notice by the Audit that several project and detailed estimates sanctioned by Circles remain uncompleted for a number of years. Some of these projects include acquisition of land and construction of building and it has been mentioned by the Audit that though the building construction has not commenced, stores required for the other components have been received and infructuous expenditure is being incurred in the shape of interest charges, watch and ward etc. Moreover, obtaining stores earlier than required, unnecessarily accentuates the shortage of stores, as while they may be lying idle in one place some other work may be held up for the same item. To avoid such difficulties it is requested that the instructions given below may please be carefully noted by all concerned.

Generally land is now being purchased on sanction of an independent project and, therefore, the commitments in respect of the rest of the work need only be entered into after making sure of the time at which the land will become available. It is well known that even after taking over land, considerable time is required for preliminary drawings to be prepared by the architect, building estimates to be prepared and sanctioned, working drawings prepared and tenders invited etc.

When once a project estimate is sanctioned, various detailed estimates may be sanctioned for the portions of work which are required to be carried out from time to time and it is not necessary that only one estimate should be sanctioned for each major component, e.g., building, L.&W., A.&P. etc. For instance, in case it is required to lay a small bit of cable in a project to meet the immediate requirement, it will be appropriate if only a detailed estimate

for that cable route is prepared and sanctioned, and not necessarily the entire cable work.

In any case even if the detailed estimate is sanctioned, indents for stores need only be placed as and when required and not for all of them as soon as the D/E is sanctioned. Allotment of some items of stores is controlled by the Directorate and in these cases, though the detailed estimate may have been sanctioned, indent for other items of stores should be released only after ascertaining the probable date when the major item(s) will become available so as to coordinate their receipt and use on the work. In this connection, instructions issued in our letter of even number dated 24th April, 1963, should also be kept in view. In addition to the items of stores mentioned therein, all sizes of SAXs and 100/600 type of PABXs are also allotted by the Directorate.

Extreme care should be taken when giving the estimated period for completion of the work in project and detailed estimates. A realistic date should be given taking into account the usual period taken for land acquisition, building construction and also taking into account the availability of stores.

The above instructions should be carefully noted and followed in future.

Sd/

JAGDEESH PRASAD

Member (Telecom. Development).

Copy forwarded for information to—

1. All officers in TPS and TPL Sections. 2. DCE (T).

APPENDIX XXV

(Reference para 54 of the Report)

DEPARTMENT OF COMMUNICATIONS

(P&T Board)

O.M. No. 10-8/64 P(BC) dt. 19-10-64.

Extract from particulars regardings projects listed in Appendix 4 (referred to para 23) of Audit Report (P&T) 1964

Item No.	Name of Project	Date of sanction	(i) Date of starting the work & (ii) the present position of completion	Reasons for delay, if any
1	2	3	4	5
**	**	**	**	**
15. (ii)	Between Head Kunthal and Head Karansaran	October 1954	(i) February '63 (ii) March '63	When the work was sanctioned, the Canal Department had agreed to arrange for the transport of stores to the site of work. However, on receipt of stores, they expressed their inability to do so. The area where the work was to be executed was desert having no roads. No departmental transport could ply there. Arrangements had to be made on contract basis for carriage of stores, and this took considerable time, no regular contractors being available in the area.

APPENDIX XXVI

Reference Para 54 of the Report

(P&T Board)

Particulars regarding projects listed in Appendix IV on page 28 of the Audit Report, 1964 showing the latest position.

Item No.	Name of Project	Present Position
1.	Installation of a 1500 line automatic exchange at Jamshedpur.	Building under construction. Target date for completion is mid-1965. The equipment installation will commence as soon as the technical rooms are ready and is likely to be commissioned into service during 1966.
2.	Installation of an automatic exchange of Shilong. Originally proposed auto-exchange size: 1200 lines Revised size : 2000 lines	Building is under construction and the target date for completion is April, 1965. Crossbar type of equipment has been recently ordered and will be installed as soon as it is received. Target date for commissioning the exchange is mid-1966.
3.	Installation of an automatic exchange at Cuttack Originally proposed auto exchange size : 1200 lines. Revised size : 3000 lines	The plans and estimates for the auto exchange building have been sanctioned. Notice for inviting tenders was issued on 25-7-1964. When the project was sanctioned, Cuttack had a manual exchange of 1000 lines. This has already been expanded to 1400 lines and a project for installation of another 500 lines temporary exchange has been sanctioned. Cables for these manual expansions are being laid as a part of the auto project.
4.	Installation of a 2400 line automatic exchange at Marhbalam in replacement of 600 lines auto.	The building for auto exchange has been completed. The old exchange of 600 lines has been expanded to 1930 lines. Practically all the equipment mentioned in the Audit Report was used for temporary expansions. The size of the exchange has been revised to 5000 lines of the Crossbar type. It is anticipated that the crossbar exchange will be commissioned by early 1966.

Item No.	Name of Project	Present Position
5.	Shifting of telephone exchange at Khanna to a new building.	Work completed in September, 1963.
6.	Reconstruction of Secunderabad-Zaheerabad road alignment.	The work on this project involved erection of a new line over 200 kms with two trunk pairs on the entire route. The execution of the work is in progress and the post erection has been nearly completed. The work of wire erection has been carried out in about 30% of the route. The work is expected to be completed by December, 1964.
7.	Erecting deputy control circuit between Hubli and Poona for Railways.	This work involved erection of a trunk pair between Hubli and Poona (470 kms). This work was started in March, 1963 and completed in August, 1964. The circuit was made over to Railways on 31-8-1964.
8.	Rehabilitation of main line between Visakhapatnam & Srikakulam.	This project involves (a) replacement of corroded post and wire materials and (b) retransposition of the existing trunk pairs over the section Srikakulam to Visakhapatnam. The work of replacing corroded materials has been completed. The work of retransposition is now in progress and is expected to be completed by December, 1964.
9.	Installation of 12-channel carrier system between Bombay & Secunderabad.	This project involved installation of a 12-channel carrier system between Bombay and Secunderabad entailing installation of equipment at Bombay, Poona, Indapur, Sholapur, Wadi & Secunderabad. With the installation of equipment at all stations except Indapur, the system was brought into service in January, 1960. Equipment at Indapur has also been installed on completion of the building at the station and has been brought into service on 15-9-1964.
10.	Opening of PCO at Kistwar.	This work involved construction of a new telephone pair over a route distance of 30 miles for opening a PCO at Kistwar. This work was started in July 1964 and completed in October, 1964.

Item No.	Name of Project	Present Position
11.	Opening a combined office at Karnah.	This work was cancelled and the stores received against this work have been diverted to other works in that area.
12.	Opening of a combined office at Gurez.	The work of this project involved erection of a trunk pair over a route distance of approximately 35 miles for opening a combined office at Gurez. This work is now in progress and is scheduled to be completed by November, 1964.
13.	Change of Special Services Codes at Simla.	Work completed in July, 1964.
14.	Installation of signalling in channel trunk circuits at Ambala, Chandigarh and Nangal.	This work involved installation of nine sets of signalling panels in association with the existing trunk circuits for improving the method of signalling. These panels when received had to be diverted for use on certain ARP circuits urgently required. They have since been received back and installed as originally planned.
15.	Erecting line and wire for Canal Administration.	
	(i) At Jullundur.	Completed July, 1963.
	(ii) Between Head Kuntal and Head Karanasarn.	Completed March, 1963.
	(iii) Between Chirana and Cohana.	Completed December, 1963.
	(iv) Between Kaithal and Barot.	Completed January, 1964.
	(v) Between Panjuana R.H. and Head Rori Branch.	Completed November, 1963.
	(vi) Between Amlah Bhakra Colony and Allowah RH.	Completed November, 1963.
	(vii) Between Siraspur RH and Prem Bari.	Completed November, 1963.
	(viii) Between Munk and Jani.	Completed December, 1963.

Item No.	Name of Project	Present Position
(ix)	Between Panjrain and Srihargobindpur.	Cancelled by Canal Administration.
(x)	Between Kotla and Jawali.	Cancelled by Canal Administration.
(xi)	At Baijnath	Cancelled by Canal Administration.
(xii)	Between Dera Baba Nanak and Fatehgarh.	Cancelled by Canal Administration.
(xiii)	Between Goraya and Banga.	Demand cancelled in part and the remaining work completed.

APPENDIX XXVII

(Reference para 61 of Report)

STATEMENT SHOWING DEFAUCATIONS OR LOSS OF PUBLIC MONEY DURING 1962-63

(Referred to in paragraph 27 at pages 22-23 of Audit Report P & T), 1964

Persons responsible for the loss	Savings bank frauds		Post Office certificates frauds		Money order (including Tele-graphic and value payable money orders)		Insured article frauds and losses		Miscellaneous frauds and losses		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.
1. Persons unconnected with the Department	15	17,528	4	23,269	35	9,467	9	5,715	152	29,626	215	85,605
2. Departmental employees—												
(i) Departmental post masters (including sub and branch post-masters)	37	155,876	1	208	18	15,878	12	9,471	67	33,849	135	215,282
(ii) Extra-Departmental agents (including those incharge of sub and branch post offices)	32	125,377	..	..	185	71,197	19	5,177	108	22,205	344	223,956
(iii) Clerks	25	48,698	3	174	18	14,096	27	17,226	59	17,162	132	97,256
(iv) Postmen and village postmen	1	400	..	..	116	37,947	9	892	17	8,236	143	47,475
(v) Peons and other class IV servants	..	..	..	..	6	3,811	7	5,648	13	5,804	26	15,263
(vi) Others	..	..	..	..	2	475	5	13,698	17	16,899	24	31,072
3. Mail Contractor's agents	..	..	..	..	..	..	1	3,000	2	2,125	3	5,125
4. Responsibility could not be fixed	6	10,092	..	1,500	27	39,202	123	259,303	96	67,164	252	377,261
TOTAL—1962-63	116	357,971	8	25,151	407	192,073	212	320,130	531	203,070	1274	10,98,395
TOTAL—1961-62	117	434,654	6	5,341	365	161,678	192	160,086	652	449,722	1332	12,11,481

APPENDIX XXVIII

(Reference para 61 of Report)

No. 14-15/63-INV-I

GOVERNMENT OF INDIA

DEPARTMENT OF COMMUNICATIONS

(P. & T. Board)

Dated New Delhi-1 the 20th November, 1964

SUBJECT: *Burglary in Tezpur letter sorting Office on the night of 20/21 November 1962-Para 27 of Audit Report, P. & T. 1964.*

In sub-Para (i) of Item I of the lists of points of the Public Accounts Committee sitting dated 24-10-1964 attached to Lok Sabha Secretariat O.M. No. 2/VIII/64/PAC dated 6-11-1964, the Public Accounts Committee has called for a note giving the details of the case of defalcation at Tazpur. They also want to know whether this case is included in item 4 of Appendix V at page 32 of the Audit Report. It is confirmed that the case was included by the Audit in item 4 of the Appendix V i.e. under the heading 'responsibility not fixed'. However, this case should have been taken as one in which responsibility had been fixed because a sum of Rs. 25,682/- had been recovered by the police and it was known who was responsible for the burglary. Further, departmental and police action were in progress against some of the officials of the Tezpur Sorting Office. Perhaps some Heads of Circles and Branch Audit Offices were under the impression unless the departmental action had been completed it cannot be treated as the case where responsibility had been fixed. Later the A.G. P. & T. gave a clarification in his letter No. Rep. I 2563/II (E) 35-Stores dated 11-2-1964, that a case where the responsibility may not have been formally fixed by the competent authority after following the usual disciplinary procedure but in which the department has come to the conclusion that some person is apparently responsible, should also be regarded as a case where responsibility has been fixed. These instructions have been circulated to all Units and, therefore, there should be no confusion in future.

2. A burglary was reported to have been committed in the Sorting Office at Tezpur on the night of 20/21-11-62, and 42 insured letters which were kept in deposit in the Sorting Office in a bag due to the

panic created in the wake of the Chinese advance were found to be missing. The total value of these insured letters was Rs. 1,00,596·75. All the staff of the night set had left the office and the night guard who arrived in the evening found the office locked. As he was not feeling well, he left for his quarters. Next morning when he came to office, he detected the burglary and reported the same to the local police station. On 27-11-62 the police recovered a sum of Rs. 25,682/- from two class IV officials of the Tezpur R.M.S. These two class IV officials and the wife of one of them were prosecuted. But the police did not prosecute the Head Sorter of Tezpur R.M.S. who was also suspected to be involved in this case. The latest position is indicated below:

Progress of action:

- (a) Amount recovered in the course of police enquiries—
Rs. 25,682/-.
- (b) Progress of the case in the Court:
- (i) Shri Class IV official of S.R.O. Tezpur
was convicted and subsequently dismissed from
service;
- (ii) Shri Sorter, Shri Haladhar Mali,
porter, Smt. wife of were
acquitted by the Additional Sessions Judge. The
question of filing an appeal against this acquittal order
is under examination.
- (c) *Departmental Action*:—Action against two subsidiary
offnders was initiated and penal recovery of Rs. 1,464/-
has been imposed against one of them. Action against
the other official is under progress.

A.G.P.&T. has seen this memo.

S. C. JAIN,

Member (Banking & Insurance).

Note: The amount of loss has increased to Rs. 1,03,279·75 nP.

APPENDIX XXIX

(Reference Para 63 of Report)

No. 28-34/63-B Vol. III

GOVERNMENT OF INDIA

DEPARTMENT OF COMMUNICATIONS

(P. & T. Board)

Dated New Delhi-1 the 20th November, 1964

SUBJECT:—*Disposal of outstanding Inspection Reports—(Para 29 of Audit Report, 1964).*

Reference Lok Sabha Secretariat O.M. No. 2 VIII/64/PAC dated 6-11-1964. (Item 2 of P.A.C. sittings dated 24-10-64).

The Public Accounts Committee at their sitting on 24th October, 1964 desired to be furnished with the latest position relating to the clearance of the outstanding Inspection Reports.

Information in regard to the number of outstanding Inspection Reports is available only from the Draft Audit Paras as well as Audit Report and as such the position subsequent to 31-3-1962 is not available. The Branch Audit Offices however submit statements to the P. & T. Directorate half-yearly on the 15th June and 15th December intimating the position with regard to pending irregularities as on 31st March and 30th September respectively in respect of Inspection Reports issued upto 30th September and 31st March. In these statements received from the Branch Audit Offices the number of irregularities are shown by all the 7 Branch Audit Offices but the number of Inspection Reports involved has only been indicated by Nagpur and Madras Audit Offices. The latest information regarding irregularities is, therefore, available with us. This relates to the period ending 31st March, 1964 and shows that 16,543 irregularities relating to Inspection Reports are pending. The statement showing the circle-wise break-up of these 16,543 irregularities is furnished in Annexure I. The information regarding day to day progress of settlement of these outstanding irregularities are not available with us. It is expected that this number which stood at 16,543 on 31-3-1964 has further come down, by now but the actual figure is not available, as explained above.

2. The latest position of the Inspection Reports upto 31-3-1962 mentioned in para 29 of the Audit Report, 1964 (P. & T.) is as follows:—

	Number as mentioned in the Audit Report as on 31-8-1963	Number as on 31-7-1964
Number of Inspection Reports	1,197	871
Number of Irregularities mentioned in the Inspection Reports.	6,088	3,639

A statement showing the Circle-wise break-up of these figures is furnished in Annexure II.

Comments of the Accountant General, Posts & Telegraphs, Simla will be communicated in due course.

M. DAYAL,

To,

Member (Posts), P. & T. Board

The Lok Sabha Secretariat,
New Delhi

ANNEXURE I

Statement showing the Circle-wise position of irregularities noticed through inspection reports issued upto 30-9-1963 and pending on 31-3-1964

Sl. No.	Name of Circle/Unit	Number of irregularities issued upto 30-9-1963 and pending on 31-3-1964.
1.	Andhra	2,840
2.	Assam	355
3.	West Bengal	711
4.	Bihar	573
5.	Bombay	1,201
6.	Bombay-Tele. Distt.	65
7.	Central	1,163
8.	C.C.T.S. Calcutta	131
9.	Calcutta Tele. Distt.	106
10.	C.A.O. T. S.&W. Calcutta	89
11.	Delhi	181
12.	Delhi Tele. Distt.	1,068
13.	Dy. Dir. PLI Calcutta	45
14.	D.E.W., Calcutta	4
15.	G.M. P&T W/S Calcutta	288
16.	G.M. Electrification	9
17.	Gujrat	329
18.	Hyderabad Tele. Distt.	271
19.	Jammu & Kashmir	89
20.	Kerala	624
21.	Madras.	588
22.	Madras Tele. Distt.	101
23.	Mysore Circle	1,368
24.	Orissa	334

Sl. No.	Name of Circle/Unit	Number of irregularities issued upto 30-9-1963 and pending on 31-3-1964
25.	Punjab	392
26.	Rajasthan	497
27.	U.P.	3,077
28.	Sr. E.E. P&T Calcutta.	1
29.	T&D Circle	35
30.	Telegraph Traffic	8
	TOTAL	16,543

ANNEXURE II

Statement showing the Circle-wise position of outstanding Inspection Reports included in Para 29 of Audit Report, 1964 in respect of Reports

Issued upto 1951-62

Sl. No.	Name of Circle/Unit	Inspection Reports as on 31-8-1963		Inspection Reports As on 31-7-1964	
		No.	Items	No.	Items
1.	Andhra	149	1,0385	124	599
2.	Assam	40	135	38	90
3.	West Bengal	55	189	48	137
4.	Bihar	62	213	38	82
5.	Bombay	60	169	37	86
6.	Bombay Tele. Distt.	2	14	2	8
7.	Central	85	339	54	165
8.	C.C.T.S.	52	81	30	37
9.	Calcutta Tele. Distt.	5	15	5	9
10.	C.A.O. S&W Calcutta.	22	29	11	15
11.	Delhi	32	71	13	24
12.	Delhi Tele. Distt.	19	143	19	120
13.	D.D.P.L.I. Calcutta	10	23	-	8
14.	D.E. Wireless, Calcutta.	2	2	..	..
15.	D.G. P&T	4	10	4	8
16.	D.G.M., P&T Workshops Calcutta.	61	173	27	63
17.	Gujrat	45	178	28	88
18.	Hyderabad Tele. Distt.	20	116	15	99
19.	Jammu & Kashmir	4	25	4	12
20.	Kerala	20	162	15	87
21.	Madras	47	268	28	78
22.	Mysore	33	602	22	404

Sl. No.	Name of Circle/Unit	Inspection Reports as on 31-8-1963		Inspection Reports as on 31-7-1964	
		No.	Items	No.	Items
23.	Madras Tele. Distt.	4	19	2	2
24.	Orissa	26	128	16	37
25.	Punjab	54	251	41	154
26.	Postal Seal Aligarh	4	7	4	7
27.	P.T.T.C. Saharanpur	2	4	2	4
28.	Rajasthan	36	192	29	136
29.	U.P.	228	1,473	203	1,075
30.	Sr. E.E. P&T Calcutta	2	2	1	1
31.	Telegraph Traffic	4	5	1	1
32.	T&D Circle	8	15	1	1
33.	Training Centre, Jabalpur			2	2
TOTAL		1,197	6,088	871	3,639

APPENDIX XXX

(Reference Para 68 of the Report)

No. 15-2/63-WK

GOVERNMENT OF INDIA

DEPARTMENT OF COMMUNICATIONS

(Post and Telegraph Board)

19 Asadha 1886

Dated New Delhi-1 the 10th July, 1964.

SUBJECT:—Public Accounts Committee—Fourteenth Report, 1963-64 (Third Lok Sabha)—Para 40—Cost Accounting in the P. & T. Workshops—Introduction of Incentive Scheme and its working.

In serial No. 2 of Appendix I to their 2nd Report (3rd Lok Sabha), the Public Accounts Committee desired to be apprised of the working of the Incentive Scheme in the P. & T. Workshops.

2. The Scheme was introduced with effect from 1st June, 1962 in certain selected shops in each of the three workshops. A review of the first six months working of the scheme showed that there had been no increase in production in the Calcutta and Bombay Workshops, while in the Jabalpur Workshops there had been a slight improvement in certain operations relating to the manufacture of Stalks. In order to make the Scheme more attractive, it was revised with effect from 1st May, 1963. A copy of the revised incentive scheme is enclosed (Enclosures A & B).

3. A review of the working of the scheme for the quarters ending September, 63 and December, 63 shows that although no increase in production has been obtained in the relay assembly shop of the Bombay Telephone Workshops, there has been an average increase of 44 per cent in the Cord Assembly shop and press shop and 73 per cent in the Drilling and Tapping Section of the machine shop of that workshop. In the Jabalpur Workshops there was an increase of 17 per cent in the production in the Forging shop in the quarter ending September, 63 and 55 per cent in the quarter ending December, 63. The corresponding figures for the Heavy machine shop being 6·89 per cent and 44·5 per cent. In the Calcutta Workshops, however, the scheme has not made much headway and only a slight increase in production of only one item (U-backs) has been recorded.

4. Meanwhile, certain other measures viz. use of M.S. scrap in Cupola, reduction of percentage of rejection, change in the methods and process of manufacture, etc. has resulted in the reduction of cost of certain items of stores, a list of which is also enclosed (Enclosure C).

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

(Sd.) S. K. KANJILAL.

Member (Telecommunications Operations)
Posts & Telegraphs Board

The Chairman and Members of
the Public Accounts Committee.

ENCLOSURE A

COPY OF MEMO. No. 6-12/62-WK DATED 30-4-1963 FROM GOVERNMENT OF INDIA. MINISTRY OF TRANSPORT & COMMUNICATIONS, DEPARTMENTS OF COMMUNICATIONS AND CIVIL AVIATION, P. & T. BOARD TO THE GENERAL MANAGER, P. & T. WORKSHOPS, CALCUTTA.

SUBJECT:—*Introduction of Incentive Scheme in the Posts and Telegraphs Workshops.*

The question of revision of the incentive scheme in the P. & T. Workshops has been under the consideration of the Government for some time past. The President has now been pleased to decide that the scheme introduced in this Board's Memo. No. 6/12/62-WK, dated the 31-5-1962 and extended from time to time may be replaced by the scheme as detailed in the Appendix to this letter with effect from 1st May, 1963.

2. The incentive scheme shall continue in the sections or shops in the Workshops as indicated in this Board's Memo. dated the 31-5-1962 referred to above and may be extended to any shop/section as may be decided by the General Manager, P. & T. Workshops from time to time.

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

4. This issues with the concurrence of Ministry of Finance (C) vide their U.O. 2184 PT-I/63 dated the 27-4-1963.

Sd:- HIT PRAKASH,
Assistant Director General.

APPENDIX

Incentive Scheme for P. & T. Workshops

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

2. The incentive would be calculated on individual basis, as far as possible. Whether in a particular shop the incentive will be earned on individual basis or on a group basis shall be decided by the Manager of the Workshops concerned.

3. Where the incentive is earned on a group basis the operations will be grouped into convenient groups. For working out the increase in production, the output of the whole group against the standard shall be taken into account.

4. The extent of incentive payment to each worker in a month will be based on the actual increase in production turned out by him or his group, as the case may be. Production shall be considered as what is actually passed by the final inspection.

5. Those workers, whose time is booked directly in the manufacturing processes:—

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

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

(iii) Stalk Makers, Hammermen, Machine Operators, etc. will be treated as *direct workers*, whereas others, who contribute towards completion of the jobs but whose time is not directly booked to the jobs, will be treated as *indirect workers*.

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

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

(iii) Chargemen, Machine Setters, Tool Makers, Progressmen, etc.

(iv) Inspection staff.

6. For increase in production over the standard, a direct worker will be paid incentive at the rate shown in column 4 of Annexure 'A'. Indirect workers shall be paid at rates shown in Column 5 of Annexure 'A'. These rates correspond approximately to 75 per cent and 37½ per cent respectively of the basic hourly wage of direct and indirect workers.

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

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

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

10. The basic monthly wage would continue to be admissible to the worker irrespective of the production. Whereas all attempts shall be made to make raw materials and piece parts available in requisite quantities, the short supply of these shall not be made any ground for complaint.

11. The Management will have the right to transfer the workers from one category to another, according to work-load by giving them suitable training, if necessary. During the period of training specified by the Management, the worker would continue to draw the average of incentive wage earned by him during the last three months. Such payment during training would, however, be made only in cases where a worker is transferred to a category/shop to which incentive is applicable. If in any case the period of training is to exceed 15 days, the orders of the General Manager, P. & T. Workshops should be obtained.

12. Loading of job in the different shops will be entirely at the discretion of the Management. If, for any reason such as lack of orders, shortage of materials, tools breakdown, etc. the work load does not warrant operation of the incentive scheme, the Management will have the right to withdraw the scheme or suspend it for such period as may be considered necessary.

13. The revised scheme shall be introduced from 1st May, 1963. (6:12/62-WK).

ANNEXURE 'A'

Hourly Incentive Payment Rate

Sl. No.	Category	Scale of pay in Rs.	Incentive pay per hour for direct workers nP.	Incentive pay per hour for indirect workers in nP.
1	2	3	4	5
1.	Unskilled	Rs. 70-85 P.M.	28 nP.	14 nP.
2.	Semi-skilled	Rs. 75-100 P.M.	30 nP.	15 nP.
3.	Skilled	Rs. 110-155 P.M.	44 nP.	22 nP.
4.	Highly Skilled 'C'	Rs. 140-175 P.M.	56 nP.	28 nP.
5.	Chargeman Gr. II Highly Skilled	Rs. 150-205 P.M.		30 nP.
6.	Chargeman Gr. I	Rs. 205-240 P.M.		41 nP.
7.	Progressman	Rs. 110-155 P.M.		22 nP.

ANNEXURE 'B'

Example of Incentive calculation

TABLE 1

Name—Mr. A		Worker—Direct				
Month—April.		Shop—Assembly Shop. Scale 75/110 (Semi skilled)				
Date	Item work	No. of hrs. worked	Standard prodn. per hr.	Actual prodn.	Actual production in No. of hours of standard prodn.	Increase in production.
1.	Line Relat	8	2	20	20	10
					2	
2.	Cut-off Relay	7	3	30	30	10
					3	3
30	Total 200 hrs.					50

TABLE II
Group Incentive—Month : April.
Relay Assembly Group

<i>Name of Worker</i>	<i>Hours worked</i>	<i>Additional hours about</i>
A	200	50
B	220	40
C		
D		
Group Incentive- $\frac{400}{1000} = 40\%$		400

TABLE III

Group Incentive *vide* Table II—40%
 Incentive admissible to Mr. A for 200 hors. put in by him = $200 \times 40\%$
= 80 hrs.
 Incentive payment @ 30 nP. per hour $80 \times 30 = 24.00$

NOTE :- Tables II and III will not be applicable where incentive is not calculated on a group basis.

ENCLOSURE 'B'

COPY OF MEMO. NO. 6-12/62-WK DATED 13-12-1963 FROM GOVERNMENT OF INDIA, DEPARTMENT OF POSTS & TELEGRAPHS, P. & T. BOARD TO THE GENERAL MANAGER, P. & T. WORKSHOPS, CALCUTTA-1.

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

The President has been pleased to decide that the para 6 of the Appendix to this Board's letter No. 6-12/62-WK dated the 30th April, 1963, should be substituted by the following:—

“For increase in production over the standard, a direct worker will be paid incentive at the rate shown in Column 3 of Annexure 'A'. Indirect workers shall be paid at rates shown in column 4 of Annexure 'A'. These rates correspond approximately by 75 per cent and 37½ per cent respectively of the basic hourly wage calculated at the minimum of the scale of pay drawn by direct and indirect workers.”

2. The President has also been pleased to decide that the existing Annexure 'A' to this Board's letter No. 6-12/62-WK dated the 30th

April, 1963, as revised by this Board's letter No. 6-12/62-WK dated the 8th July, 1963, may be replaced by the revised Annexure 'A' appended herewith.

3. This issues with the concurrence of the Ministry of Finance (Communications) vide their U.O. No. 2411 TCF/63 dated the 3rd December, 1963.

Sd/- HIT PRAKASH,
Assistant Director General.

REVISED VIDE GOVERNMENT OF INDIA, DEPARTMENT OF POSTS AND TELEGRAPHS, POSTS AND TELEGRAPHS BOARD LETTER NO. 6-12/62-WK DATED THE 13TH DECEMBER, 1963.

ANNEXURE 'A'

Hourly Incentive Payment Rate

Sl. No.	Scale of Pay Rs	Incentive pay per hour for Direct Workers in nP.	Incentive pay per hour for Indirect Workers in nP.
(1)	(2)	(3)	(4)
1.	70—85 P.M.	34 nP.	17 nP.
2.	75—110 P.M.	36 nP.	18 nP.
3.	110—155 P.M.	50 nP.	25 nP.
4.	110—180 P.M.	50 nP.	25 nP.
5.	110—240 P.M.	50 nP.	25 nP.
6.	140—175 P.M.	62 nP.	31 nP.
7.	150—205 P.M.	72 nP.	36 nP.
8.	205—240 P.M.	94 nP.	47 nP.

ENCLOSURE C

Particulars	Unit	Previous cost	Cost determined in 1962-63
1. Stalk 5-1/4" Telephones	100	57·61	51·67
2. Stalk 6 5/8" Telegraph	100	61·94	57·11
3. Stay Rod 6 ft.	100	248·59	226·13
4. Caps 'B'	100	149·60	133·71
5. Caps 'C'	100	293·72	249·42
6. Sole Plates B & C	100	414·51	398·11
7. Cost of Galvanising	100	68·90	50·16
	SFT		
8. Switch Board 5+20 (L.S.)	Unit	4,51,741	4,479·15
9. Coin Collecting Box.	"	545·33	532·78

APPENDIX XXXI

Summary of main conclusions/recommendations

Serial No.	Para No. of Report.	Ministry/Deptt. concerned	Conclusion/recommendation.
1	2	3	4
1	2	P. & T. Board	<p>(i) It is significant to note that the original estimate of Rs. 89.22 crores, (Revenue budget) had been revised to Rs. 96.40 crores in November, 1962, against which the actual figure was Rs. 97.87 crores. Thus the increase in revenue receipts was anticipated in November, 1962 itself, and it is difficult to appreciate how it could be ascribed to the Chinese trouble which was unforeseen.</p> <p>(ii) While the Committee note that the P. & T. Department did not have a direct control on Revenue and were not able to get any accurate figure from month to month, they are unable to appreciate that this could be the only or even the main reason why there was a continuing tendency to underestimate the Revenue. In spite of the fact that there is a continuous all-round development in the various services offered by the P.&T. Department which is known to the Department, it is surprising to the Committee that the percentage of excess (budget Rs. 89.22 crores, actuals Rs. 97.87 crores) during 1962-63 has been 9.7, which is the highest recorded so far.</p>

(iii) The Committee would like to be furnished with the Report of the Consultants when received, together with a detailed note indicating the action proposed to be taken on the recommendations of the Consultants.

The Committee, however, note that the suggestions of the Experts would not cover all the aspects of this matter in view of the fact that the terms for Consultants cover the Telecommunication side only and not the postal side.

The Committee, therefore, suggest that the question of improving the technique of budgeting on the postal side should be examined separately by the P. & T. Board, if necessary by appointing a separate committee of Experts. In this connection, it will also be worthwhile, in the opinion of the Committee, to consider the feasibility of obtaining accurate figures month by month and of associating the Circles more closely with their Revenue income figures.

2

3

P. & T. Board

The Committee feel that there that is considerable scope for improving the Telecommunication (Telegraph and Telephone) services in the country. Paucity of funds and of foreign exchange have been offered as reasons for the inability of P. & T. Department to meet the demands fully. The Committee find it difficult to accept this fully in view of the inordinate delays in the execution of various projects already sanctioned, as referred to in the subsequent paras 54-55 (Chapter VI) of this Report. The Committee would like the P. & T. Board to give a sense of urgency to the execution of various projects for which funds have been allocated to increase the telecommunication facilities so as to meet the increasing demand. The Committee also hope that every endeavour will be made by the P. & T. Department to improve the quality of the services by reducing delays and improving efficiency all round.

1	2	3	4
3	4	Do.	While the Committee are glad to note that there had been some increase in the number of detections (of broadcast receiver sets without licences/with expired licences) during 1963 as compared to 1961 and 1962, they hope that anti-piracy campaign would continue to be pursued with greater vigour and the defaulters dealt with suitably. They would also like to be informed of the action taken (<i>i.e.</i> levy of penalty, realisation of licence-fees etc.) in the number of cases detected during each year (1959—1963).
4	5	Do.	As regards the number of telegrams transmitted incorrectly in relation to the total number of telegrams transmitted, it has been stated that such statistics are not maintained by the Telegraph Offices. The Committee suggest that such statistics may be maintained in future as it will serve as a good index of efficiency.
5	6	Do.	The Committee feel concerned to note the large number telegrams sent by post during the last three years. Although the percentage of posted telegrams to telegrams booked is showing a downward trend, the Committee feel that every effort should be made to avoid the circumstances necessitating despatch of telegrams by post, since the time factor is of main significance in the despatch of a telegram. If, due to unavoidable circumstances, which should be very rare, the telegrams have to be sent by post then the senders should be informed immediately and the amounts of telegraph charges refunded without waiting for a formal application.
6	7		The Committee hope that with the completion of the "Gentex System", and network of high frequency radio Circuits for the interior routes, the number of complaints about delays in receipt of telegrams will be substantially reduced. The Committee would like to be informed of the final decision taken in this matter relating to amalgamation of radio expenses with telegraph or telephone expenses.

The Committee would like this matter of contribution to the Renewals Reserve Fund to be settled by Government at an early date.

7 Do.

(i) The Committee regret to note the lapse on the part of the P. & T. Board in incurring this large expenditure of Rs. 4.44 crores without the authority of Parliament. The Committee note that the prescribed procedure was not being followed inasmuch as the intimations about expenditure are not received promptly from the paying authority (in India and in the U.K.) and hence up-to-date information about expenditure and liabilities incurred are not known.

8 P. & T. Board
Finance

(ii) The Committee are not fully convinced of this reason for not obtaining a Supplementary Grant. In their opinion, estimates made by Circles should have been improved in the past when they proved incorrect, instead of ignoring them. They find no justification for the rejection of the requests from the Circles for additional funds without a thorough examination of the reasons advanced or the information furnished by the Circles in support of their request.

P. & T. Board

The Committee hope that in future a complete and thorough examination of the proposals from the Circles would be made before a decision is taken thereon by the P. & T. Board.

Do.

(iii) The Committee fail to understand why additional expenditure was not anticipated and provided for when a higher priority was given to a scheme.

Do.

(iv) The fact that such a large sum of money as Rs. 4.44 crores had been spent in excess of the funds authorised by Parliament and this too came to notice only after the close of the financial year is, in the opinion of the Committee a disturbing feature. The Committee note that the Chairman of the P.&T. Board who admitted that this was a major irregularity has assured the Committee that abundant care would be taken to ensure that such irregularities were reduced to the minimum. They hope that all precautionary steps, including changes in procedure etc. as may be necessary, will be taken by the Department, at the earliest possible opportunity, to avoid a recurrence of such irregularities

Subject to these observations the Committee recommend that the excesses under Voted Grants referred to above may be regularised by Parliament in the manner prescribed in Article 115 of the Constitution.

9 10 P. & T. Board.

The Committee suggest that at the time of this review of tariff structure in 1965, the installation charges for telephones should be fixed on "No profit, no loss" basis.

10 11 Do.

(i) The Committee find no justification for the long delays (extending upto 10 years) in the issue of advice notes and in obtaining their acceptance which resulted in delay in the recovery of rents amounting to Rs. 4.40 lakhs. They trust that such laxity would not recur.

(ii) They would also like the Department to fix a suitable time-limit within which other Departments should send intimation regarding acceptance (or otherwise) of the advice notes, after which they should be taken as accepted.

(iii) The Committee note that a sum of about Rs. 1.97 lakhs in respect of 21 cases, out of Rs. 4.40 lakhs mentioned in Sub-para (i) of the Audit Para has been realised. The Committee were surprised to learn that in one case the work was not actually carried out, but an advice note claiming a sum of Rs. 5,882/- for the work was issued. The Committee would like the P. & T. Board to take suitable steps to avoid such mistakes in future.

(iv) The Committee also desire to be informed of the result of the first review to be conducted by the Heads of Circles in January, 1965 and steps taken to clear all old arrears.

- 11 12 Do. The Committee feel that the progress of recovery in the case referred to in para 8(ii)(b) of Audit Report is very slow. They desire that the P. & T. Board should take special measures to settle these old outstanding dues.
- 12 13 Do. While the Committee note that it may not be possible to eliminate imports altogether, they feel that if efforts are made to increase the capacity of the P.&T. Workshops and new items are designed indigenously to keep pace with the latest developments, dependence on imports could be gradually reduced. With the increased industrial production due to technological developments it should be possible to manufacture most of the items except very complicated or newly developed items. The Committee hope that suitable steps in this direction would be taken by the P. & T. Board.
- 13 14 Do. The Committee regret to note that in the case cited above, higher price had to be paid to two other firms for the purchase of cells due to the original order not being complied with by the manufacturing firm concerned. The extra expenditure of Rs. 43,360 could not be realised from the defaulting firm, due to the absence of the penalty clause. The Committee feel that some of the items have been developed long ago and hence this penalty clause should have been finalised and introduced much earlier. The Committee would like this clause to be introduced as a rule in all contracts given by the Chief Controller of Telegraph Stores.
- 14 15 Do. The Committee feel that fixing only over-all limits of stock balances of the workshops, on an *ad-hoc* basis, is not of much use, if in a large number of items no limits are fixed at all. With such a system, the possibility of over-provisioning of some items going undetected cannot be ruled out. Such over-provisioning apart from capital being unnecessarily locked may also result in losses due to deterioration, wastage of storage space, extra expenditure on watch and ward etc. The Committee desire the Department to examine this matter carefully and arrive at a more rational and effective system of fixing limits of the stock balances of the workshops.

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15	16	P & T. Board.	The Committee are not convinced that proper efforts were made during the last 9 years to see whether these stores could be properly utilised or not. The Committee are surprised to note from the statement furnished that the P. & T. Department are unable to say when some items of ebonite and bakelite were originally purchased as the records are not there. The Committee hope that all possible efforts will now be made to utilise the quantity lying in stock for the last several years. The Committee would also like the P. & T. Board to ensure that such heavy accumulation of stores much in excess of normal requirements does not take place.
16	17	Do.	The Committee are unable to accept the justification advanced for the abnormal delay of 19 years in deciding about the utility of the materials. Owing to this delay, by the time a decision was taken in the matter, the utility of the materials had probably been lost. It is also surprising that no records are available to indicate specifically why the position regarding disposal was not reviewed earlier. The Committee feel unhappy to note that such a state of affairs should exist in the workshop. They desire that suitable steps should be taken early to remedy the position by having reviews of stock at regular intervals and keeping proper records thereof.
17	18	Do.]	The Committee feel that in this case [dealt with in para 11(iii) of Audit Report] not only was there over-indenting of materials to a large extent, but also there was failure to conduct review of the stores from time to time during all these years. The Committee would like to know what remedial action has been taken or is proposed to be taken by the P. & T. Department to guard against such a situation arising in future.

18	19	Do.	While the Committee are glad to note that the balance of the coils have since been utilised, they hope that such mistakes and oversights in placing indents would not recur.
19	20	Do.	The Committee learn from Audit that although in July, 1959 General Manager P.&T. Workshop did not agree to the cancellation of the order on the ground that bulk of the articles had been manufactured, the manufactured articles were supplied only in 1961 and 1962. In that case, the Committee find it difficult to accept the plea offered by the representative of the Board for not cancelling the order in 1959. They would like to be informed of the progress of utilisation/disposal of the impudence coils.
20	21	Do.	The Committee feel that the earlier efforts of the P.&T. Department to stream-line the process of repairs had not borne fruit due to the fact that the instructions had not been fully given effect to. Now that further instructions have been issued and efforts have been made to expedite the repairs, the Committee would like to watch the progress made in this matter through future Audit Reports.
21	22	Do.	The large percentage of stores originally sent to Delhi and Jabalpur depots as repairable, but actually found to be unserviceable indicates that an adequate preliminary examination was not being made in the Circles to determine whether it would be economical to undertake repairs to the stores proposed to be sent to the Depots. This resulted in infructuous expenditure on packing, freight etc. and wastage of transport capacity. The Committee trust that with the setting up of the Circle Committees and the Special Technical Survey Committee, there would be an all-round improvement, and delay in the repairs to serviceable stores reduced to the minimum, if not eliminated.
22	23	Do.	(i) The Committee hope that all these questions regarding speeding up the disposal of unserviceable stores will be finalised early as so to streamline the entire procedure of repairs and disposal of stores. They would also like to be informed of the final outcome of these proposals under consideration.

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			(ii) The fact that the unserviceable stores valued at about Rs. 29 lakhs included scrap valued at Rs. 3.39 lakhs indicates the need of exercising greater caution in making purchases of stores. The Committee would like the P.&T. Department to take vigorous steps to dispose of the balance of unserviceable stores and apprise the Committee of the progress made in the matter.	
23	24	Do.	The Committee do not feel happy over the large number of discrepancies disclosed in stores verification, nor do they appreciate this long delay in the final adjustment of discrepancies. They would desire the P.&T. Department to take definite and urgent steps to improve the position.	
24	25	Do.	The Committee regret that the stock verification at the Madras Postal Stock Depot had been perfunctory as a result of which 1040 pairs of chappals were rendered unserviceable. They trust that the detailed instructions now issued in the matter will be scrupulously followed by all concerned and such cases would not recur.	216
25	26	Do.	The Committee cannot view with equanimity the number of thefts especially of copper wire (which is an imported item) occurring year after year, and P.&T. Board being helpless in the matter. The Committee feel that greater efforts are needed with the help of State Governments and Police Authorities to bring to book the guilty in the cases of losses due to theft, specially in the case of theft of copper wire, which accounted for a loss of as much as about Rs. 12.56 lakhs during 1962-63 alone. The Committee would also like to be informed of the progress made in the use of copper-weld wire.	
26	27	<u>P.&T. Board</u> <u>C.&A.G.</u>	The Committee feel that it is difficult to assess clearly what progress is being achieved by the Workshop, on the basis of the information furnished. The Committee would like the P.&T. Department to improve the	

system of maintenance of statistics relating to Workshops, in consultation with the Audit, so as to give a correct and clear picture of their achievements from year to year, to enable the assessment of comparative progress.

The Committee are unhappy to learn that the scheme of incentive bonus has not worked very well so far. They were also informed in evidence that the response of the labour in the Telegraph Workshop at Calcutta had been very poor.

The Committee trust that the Department will conduct a detailed enquiry into the reasons for the failure of the scheme and make every effort to improve the position in this regard.

In the opinion of the Committee, it is desirable that in order to improve the "economic efficiency" of the workshops by reducing the overheads and increasing the production by fuller utilisation of the capacity both by increasing the production per shift and increasing the number of shifts should be considered, subject to availability of raw material and other considerations.

The Committee have been informed in evidence and in the notes furnished by the P. & T. Board that all along they had been making efforts to obtain the supply of steel but they did not succeed. The representative of the Iron and Steel sheets Controller on the other hand has stressed that while indents for supply of steel sheets were placed with the Iron and Steel Controller in 1961 the orders were actually finally booked with the Steel Plant by the P.&T. Department only in March, 1964, and the supplies started immediately. The representative of the Iron and Steel Controller further pointed out that the P.&T. Department had never asked specifically for priority for Steel. Nor did the P.&T. Department ever bring it to the notice of the Iron and Steel Controller that the steel sheets were required for starting a second shift which would result in a great deal of saving to the exchequer. The Committee further observe that even in the letter dated 31-12-1962 from the Secretary, P.&T. Department to the Secretary, Ministry of Steel and Mines, there is no specific mention about the need for mild steel for introducing second shift for the manufacture of

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P.&T. Board

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tubes in Jabalpur Workshop. The contentions of the Iron and Steel Controller's representative have been corroborated by the P.&T. Board in their written notes and in the evidence given by their representative.

It is, therefore, apparent that no serious efforts were made by the P.&T. Department during the years 1961 to 1963 when they placed orders with private parties for the supply of tubes involving an extra cost of Rs. 118 lakhs, either to increase production in the existing workshop in the first shift which they were running or by introducing a second shift. On the other hand, the P.&T. Department chose the easier but costlier method of obtaining their supplies from private trade. It is indeed surprising that in spite of the recommendations made by the Estimates Committee in March, 1961 (Para 28 of the 113th Report of Estimates Committee—Second Lok Sabha), no serious attempts were made by the P.&T. Department for ensuring regular supply of steel for manufacturing the tubes in the workshop. The Committee regret to note that the recommendation of the Estimates Committee was not given the attention it deserved. The delay in the supply of steel from the Rourkela Steel Plant has been clearly and squarely laid at the door of the P.&T. Department as they themselves delayed booking the final orders from 1961 to March, 1964, after settling the terms, conditions, specifications etc.

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Steel Mines
(Deptt. of Iron &
Steel)

Incidentally, the Committee note from Annexure VI to Appendix XXIV that although in the case of first two indents, there was no delay on the part of the Iron and Steel Controller in planning the orders, in the case of some other items there were delays ranging from 3 to 9 months in planning the orders. The Committee feel that this delay on the part of the Iron and Steel Controller was avoidable.

30 31 P.&T. Board The Committee are perturbed to note that even for running the single shift for tube-making in Jabalpur Workshop, there is now uncertainty about the regular and adequate supply of steel sheets. It is really a matter of regret that only now the P.&T. Board propose to take up this question at the highest level. This again indicates how lop-sided and haphazard has been the approach of the P.&T. Department to this important matter.

31 32 Do. In the opinion of the Committee, the statement of the P.&T. Board indicates that no attempts had been made by the P.&T. Department to ensure the supply of enough zinc and that the question of starting the second shift in the Jabalpur Workshops were never given the serious consideration it deserved.

32 33 Steel & Mines In a note furnished by the Department of Iron and Steel, it has been stated
 (Deptt. of Iron & *interalia* :
 Steel)

 P.&T. Board “The Shearing Plant had two Units. One of the Units did not give satisfactory service from the very beginning.....The other Unit also could give only very small supply of sheets.....”

It is, therefore, apparent that the so called ‘break down’ of the Shearing Plant did not make any difference in the supply of steel sheets. The difficulties, if any, existed from the very beginning. The Committee regret that correct information had not been given to them in the first instance.

33 34 Steel & Mines The Committee feel that even if there was shortage of time, written clearance
 (Deptt. of Iron & should have been taken by the Iron and Steel Controller from the proper authorities in the P.&T. Department about the import of steel of specifications different from those indented by the P.&T. Department.

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P.&T. Board

The Committee find that the argument advanced by the P.&T. Board that they had been compelled to accept the imported sheet of different specifications because demurrage charges were piling up, had no substance.

From this it is also apparent that sheets of different specification could be used for the manufacture of these tubes and therefore the Committee regret to observe that the delay in placing the orders finally with Rourkela on the score of settling the issue of specifications etc. was avoidable.

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Do.

(i) Production of tubes came down from 30,966 nos. in August, 1964 (the figure for July, 1964 was 26,765) to 21,585 nos. in September, 1964, after introduction of second shift partially. This again would indicate that proper planning for starting the second shift had not been done.

(ii) It is indeed interesting to note that in spite of all the arguments advanced for the non-introduction of the second shift at Jabalpur Workshop, the second shift was actually started though partially in August, 1964 without any improvement in the supply of steel sheets and zinc (hardly two months before the matter came up for examination by P.A.C.). Surprisingly enough, the production after the introduction of second shift went down in September, 1964, to 21,585 nos. as against 30,996 nos. produced in August, 1964, and 26,765 nos. produced in July, 1964.

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Do.

The Committee feel that in a commercial organisation like the P.&T. Department the records should be maintained in such a manner as would give a clear and correct picture of the actual figures of production. They hope that necessary steps in the matter would be taken early.

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Do.

(i) The Committee regret that they were not informed of the correct position in the evidence in the first instance and that there should have been such a major discrepancy in such a vital matter.

(ii) It is, therefore, clear that orders were placed with private firms by the P.&T. Board with the full knowledge that there was a great deal of difference between the cost of production in the P.&T. workshop, of the tubes and their market price, which has resulted in such a heavy loss to the Exchequer which could have been avoided. In the circumstances now disclosed the Committee are unable to escape the conclusion that the blame for the loss of Rs. 118 lakhs to the exchequer entirely rests on the P.&T. Department.

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Do.

After a detailed examination of all the aspects of this case, the Committee are constrained to come to the following conclusions :—

- (i) The P.&T. Department failed to make serious effort to procure the Steel sheets in time even with the support lent by the Estimates Committee for increasing production. This delayed the starting of the second shift in the Jabalpur Workshops and resulted in placing of orders with the private trade.
- (ii) This failure becomes all the more glaring when it is noted that while the P.&T. Department were not able to arrange for adequate supply of steel for manufacture of tubes in their own workshop, they arranged for steel for private trade on 'operational priority'.
- (iii) The P.&T. Department delayed placing the final orders on Rourkela Steel Plant, on the ground of settling the specifications etc., but actually did accept steel sheets of different specifications.
- (iv) The P.&T. Department did not make any serious effort to ensure the supply of enough zinc, another raw material necessary for manufacturing tubes.

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(v) Even when the private contractors failed to supply anything against contracts placed during 1960-61 and 1961-62, P.&T. Board placed further orders for 18,37,000 tubes in 1962-63 with the private industry.

(vi) All this clearly indicates the failure in the P.&T. Department to appreciate the position in its correct perspective and their lack of initiative which resulted in extra expenditure of Rs. 118 lakhs, which could have been avoided.

(vii) The action of the P.&T. Department becomes inexplicable in view of the fact that the Committee came across several instances where P.&T. Workshops produced items of stores at higher costs while these were available at cheaper rates in the market, whereas in the present case they chose to purchase tubes at rates higher than that at which they could be produced in the Workshop.

The Committee would only like to recommend in conclusion that in order to stop further drainage of public funds, the P.&T. Department should even now wake up to the situation to ensure that all the future requirements of galvanised tubes are met by the P.&T. Workshop itself and not by purchasing them from the market at much higher rates.

The Committee would, in this connection, strongly recommend that the Chairman of the P.&T. Board should arrange a meeting with the Secretary, Ministry of Steel and Mines and the Secretary, Finance (and other Authorities like Development Wing, etc.) to plan out regular and adequate supply of steel sheets and obtain release of foreign exchange needed for the import of zinc and take

39	P.&T. Board	41
	Finance	
	Steel & Mines (Deptt. of Iron & Steel)	
	Commerce	

all necessary steps to increase the production of galvanised tubes by introducing two or more shifts, as may be needed, so that all the requirements of the Department of galvanised tubes are met by the P. & T. Workshop itself.

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| 40 | 42 | P.&T. Board | The Committee would like to be informed of the developments in the production of Switch Board Plugs by the Indian Telephone Industries and the actual savings of foreign exchange on this account. |
| 41 | 43 | Do. | In the opinion of the Committee, in cases where specifications are relaxed to encourage indigenous production, efforts should always be made to produce items on a trial basis initially. Only when trial production is found to be successful according to the standards fixed, should bulk production be under-taken. |
| 42 | 44 | Do. | The Committee feel that the P. & T. Department would do well in future to concentrate on the manufacture of those items which could be done cheaper in the workshop than in the private trade and not lock up their capacity of production in manufacturing stores which are easily obtainable from the market at cheaper rates. They would, therefore, suggest that this matter might be examined and the decision taken implemented to avoid uneconomic production in the workshops resulting in financial loss to the exchequer. |
| 43 | 45 | Do. | In the opinion of the Committee, the reasons advanced do not fully justify such a wide variation (Rs. 193 and Rs. 116) in the labour cost per unit in the same year i.e., 1960. They feel that this matter needs further investigation. |
| 44 | 46 | Do. | The Committee are unhappy to note that different dates were communicated to Audit by the D.G.P. & T. and the Workshop Manager about the period during which the weigh-bridge was actually used. They hope that such discrepancies would not occur in future. |
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45	47	<u>P. & T. Board</u> Railway Board	<p>The Committee are of the view that there has been a failure on the part of the P.&T. Department in not taking adequate action, when the Railway Authorities pointed out the need for a pump in August, 1959. Such a failure has to a great extent contributed to the delay in the proper functioning of the weigh-bridge.</p>
46	48	<u>P.&T. Board</u> Railway Board	<p>The Committee are surprised that the P.&T. Board should take this stand now, when in 1961, the P.&T. Department informed the Public Accounts Committee in evidence that "The Manager of Workshop who had his doubts about the utility of the weigh-bridge had on his own initiative tried to dispose it of in April, 1958". [Para 21 of 38th Report of P.A.C. (1961-62)].</p> <p>The Committee would like to emphasise that this is a typical case showing how delays are caused even in a simple matter like the installation of a weigh-bridge. First, the decision to install the Bridge was taken in 1949, but it could not be brought into use before 1960 even though it was purchased in 1951 and installed in 1959. Even then there were defects resulting in further delay and loss of time till November, 1963 since when the weigh-bridge is stated to be functioning without a break.</p> <p>The Committee are distressed to note that there has been unconscionable delay of more than 8 years even in installing the weigh-bridge (purchased in 1951 and installed in December, 1959). The Committee cannot but point out that there have been avoidable delays both on the part of P.&T. Authorities and the Railway Authorities in attending to the problems arising out of the installation of the bridge. Lack of co-ordination has also affected the progress of work. Re-calibration had to be done twice, the pit had to be repaired twice and for all this work, it appears from the notes furnished, the authorities were not alive to the urgency of the situation. The Committee take serious notice of</p>

such delays and lapses and emphasise that the P.&T. and the Railway Authorities should enjoin upon all their officers and staff that such cases should not recur.

47 49 P.&T. Board

(i) The Committee would like to be informed of the result of this examination about possibility of economic utilisation of the Vertical Slotting Machine.

(ii) The real regret of the Committee in this case is that till the receipt of the audit para, the P.&T. Department did not know that these machines were lying idle or that they were surplus or that they were there at all. It is also surprising that in the case of seven machines out of eight, the department had not been able to trace the circumstances which necessitated their procurement and the jobs for which they were intended. The Committee desire that a survey of the machines which are lying unused in the workshops and other places under the P.&T. Department should be undertaken in order to see whether these can be utilised. If not, steps should be taken to dispose them of.

48 50 Do.

The Committee would like to be informed of the disposal of the Engine Generator and the amount realised therefrom.

49 51 Works & Housing

The Committee desired to be furnished with a note explaining the delay of 28 months in various stages and the reasons therefor in the installation of a tubewell by the Ministry of Works and Housing. The Committee desired that the note should also state if any part of the delay was avoidable.

The Committee regret to state that the note is still awaited.

50 52 Do.

The Committee desired to be furnished with a note as to what would have been the cost if water was taken from the nearest water pipe-line for supply to this project, and whether this question had been examined before taking up the project for tubewell. The representative promised to furnish a note on the subject.

It is regrettable that this note is also awaited.

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P.&T. Board

Works & Housing

The Committee regret that the question of assuring supply of good drinking water to the residents of the area had not been given as much consideration as it deserved, as a result of which there was prevalence of illness amongst the staff and even a death. They have not so far been informed, as requested, if the question of supplying drinking water from the existing nearest pipe-line, had at all been examined and what the cost of such a scheme would have been. If this examination had not been done, the lapse is really regrettable. When these 30 new quarters were ordered to be constructed, the problem of water supply was neglected even though for the existing 8 quarters they were facing serious difficulty. Necessity of providing suitable water supply should have been obvious to those responsible for this project.

As regards the delay of 28 months (details of which are still awaited), the Committee are not at all convinced that a project of this nature should take as long as that. The Committee are not convinced with the explanation given by the C.P.W.D. for 28 months, delay in an important project like this which concerned the life of the people/living in that area. This delay lacks justification especially in view of the fact that the C.P.W.D. authorities were aware of the urgency. If this delay could be justified as normal, it is high time a probe was made into the working of the C.P.W.D. in order to ensure that the organisation works efficiently by cutting out all procedural delays and laxity amongst the staff.

The Committee feel that loss incurred in this case could have been avoided with more careful planning of the project.

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P.&T. Board

The Committee are distressed over the abnormal delays in executing these projects and utilisation of stores as disclosed in these cases. While the Commi-

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tee appreciate that there could be delays in acquisition of land, they find that out of 15 cases mentioned in Appendix XXIII, only in two cases (items 1 and 3) the delay was due to acquisition of land. In other cases, the delays have been stated to be due to delay in construction, non-receipt of stores and receipt of incomplete stores and equipment. It is also surprising that in many cases even though sanction was given 7-8 years ago, the work had either not been commenced or had been commenced only in 1963. Such delays only show lack of proper planning and co-ordination, apart from laxity of control over the works and projects undertaken. At the instance of the Committee, the P.&T. Board furnished a detailed statement giving full particulars of the projects. In the case of item 15(ii) (relevant extract given in Appendix XXV), the Committee were surprised to find the delay being attributed to difficulties in transporting the stores. The Committee are at a loss to understand how a delay of more than eight years could take place for transporting stores. This only confirms the view of the Committee that there has been a lack of proper planning and co-ordination in the Department over such matters.

The Committee would like to point out that the delay in completing the projects automatically increases their cost and causes lot of inconvenience to the public. Besides, the imported or even locally-purchased stores when not utilised for several years lose their efficacy apart from locking up public funds (including foreign exchange). The P.&T. Board have furnished a statement (Appendix XXVI) showing the latest position about the works mentioned in Appendix XXIII).

The Committee would like the P.&T. Board to expedite implementation of the action proposed to be taken to eliminate delays in the execution of works, so that there is an early improvement in the situation.

They would also like the P.&T. Department to strictly adhere to the revised targets for completion of the various works which still remain unfinished, as indicated in the statement given in Appendix XXVI.

53 55 P. & T Board
Finance
All other Ministries

The cases (dealt with in para 23 of Audit Report) lead the Committee to believe that there should be quite a lot of infructuous expenditure owing to delays in completion of works and projects. The Committee would, therefore, suggest that while sanctioning projects/works estimated to cost not less than Rs. 1,00,000, the target date for the completion of the project/work should be prescribed and delays in completing the project/work within the target dates and their financial implications should be mentioned in the Annual Reports of the P. & T. Board. The Committee suggest that similar information should be included in the Annual Reports of other Departments concerned.

54 57 P. & T. Board
Law
Steel & Mines (Deptt. of Iron & Steel)

The Committee feel that the Law Ministry have aimed more at giving practical advice than stating the correct legal position in the case referred to in para 24 of Audit Report (P.&T.), 1964.

55 58 P. & T. Board
Steel & Mines
(Deptt. of Iron & Steel)

While the Committee note that by purchasing the wire at higher prices, the P. & T. Department were able to provide about 12,000 new telephone connections and earn a revenue of Rs. 12 lakhs during the year, they feel unhappy to note that in their anxiety to expedite the work, the officers, in their ignorance of the Iron and Steel Control Order, had purchased iron wire at a price higher than the control price and this contravened the provisions of the Iron and Steel Control Order. The Committee would like the Department to appreciate, when the officers of Government had contravened the Iron and Steel Control Order in their ignorance, how much more difficult the position would be for the general public. The Committee hope that strict instructions on the subject will be issued by the Department to avoid contravention of all laws and regulations by the officers of the Department.

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P. & T. Board

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Works & HousingAll other Ministries

The Committee were informed during evidence that oral intimation was given in February, 1960, by the C.P.W.D. Executive, Engineer to the Municipal Commissioner that they were going to take up this work. If so, the Committee are unable to appreciate, why this was not confirmed in writing. The Committee regret to note that the C.P.W.D. failed to give advance notice in writing to the Municipal Authorities at Madras as a result of which the complication and delay occurred. They would urge in this connection that the P. & T. Authorities and other Organisations should make it a point in all cases of construction work to ascertain beforehand from municipal or other authorities the correct position regarding provision of relevant Acts and by-laws so that such lapses do not recur.

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P. & T. Board

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- (i) The Committee are glad to know that the P.L.I. is making all round progress. They hope that the progress will be maintained.

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- (ii) The Committee were informed that the Postal Life Insurance Fund which stood at Rs. 19 crores was with Government and earned an interest of 3½ per cent per annum. About the PLI Fund the Committee feel that as the return for the investment is not adequate, the P. & T. Board should examine the feasibility of investing the PLI Fund on the same pattern as the LIC Fund, consistent with the security and safety of the fund. This would enable them to reduce their rates of premia further or to give larger bonuses to the policy-holders.

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In the course of evidence, the Committee were informed that the percentage of total loss due to defalcation or loss of public money pertaining to insured articles was 0.0041. In the case of Savings Bank fraud cases, it was stated that the percentage worked out to 0.0067. In the opinion of the Committee, in the

- cases of frauds, percentage would not be of much significance in the sense that the total amount of defalcation or loss of public money during 1962-63 is as high as Rs. 10,98,395. Prevalence of fraudulent practices in the P.& T. Department is an evil which should be ruthlessly eradicated by taking drastic measures. The Committee would, therefore, like the P.& T. Board to tighten up supervision, control and checks in addition to steps already taken or proposed to be taken, as in the case of money orders.
- 59 62 P.&T. Board The Committee hope that it will be possible to settle all the remaining cases relating to outstanding Audit Objections at an early date, and that such a heavy accumulation will not be allowed to occur again.
- 60 63 Do. The Committee find that the position of pending cases of Inspection Report in Andhra, Bombay, Calcutta (Central), Delhi Telephone District, Mysore, and U.P. Circles is far from satisfactory, the numbers being quite high. The Committee desire that suitable steps be taken to clear the outstanding inspection reports as early as possible.
- 61 64 Do. (i) Incidentally, while dealing with the P.&T. Accounts, the Committee would like to state that in reply to Unstarred Question No. 409 in Lok Sabha, it was stated on 16th August, 1958 that as on 31st March, 1958, the number of Post Office Savings Bank Accounts in respect of which no transactions had taken place for 4 years was 38,73,681 and the total amount on deposit in dead Accounts on that date was Rs. 8,02,98,813. The Committee feel that in the case of money in the dead Accounts it is possible that the clients or their legal successors in case of death, might not be aware that their money is locked up. Since most of the accounts, especially in rural areas, represent the hard-earned income of the people of meagre means, the Committee suggest that P.&T. Board might consider the feasibility of instructing all the Post Office authori-

ties to make efforts on their own initiative to trace out the estates or their legal successors, as the case may be, and inform them of the position. They also recommend that a special column should be provided in the account-opening form to include the name of the successor of the account-holder to whom the money may go in the event of his death.

(ii) The Committee further suggest that the information about (a) the number of dormant accounts (b) the number of dead accounts and (c) the amounts involved in (b) on the last date of the financial year should be included in the Annual Report of the P.&T. Board.

The Committee are glad to note that notes pursuant to "action taken" on all the recommendations of the Committee contained in their 14th Report (Third Lok Sabha) have been furnished by the P.&T. Board (except part of recommendation in Sl. No. 30, Appendix VIII of 14th Report). They trust that in future also the P.&T. Board will maintain this promptness in furnishing the notes.

The Committee would like to be apprised of the final position in the two cases, viz, S. Nos. 2 and 16 of Appendix VIII to the 14th Report (Third Lok Sabha).

The Committee would like to be informed of further progress made in respect of the cases, viz., S. No. 36 of Appendix VIII to 14th Report (Third Lok Sabha) — [Items at Sl. Nos. 1 and 33 of Appendix I to Second Report (3rd Lok Sabha)] which were either *sub-judice* or under arbitration.

The Committee feel unhappy to note that the incentive scheme introduced with effect from 1st June, 1962 in certain selected shops in each of the three work-shops, did not make any appreciable impact on the production and in order to make the scheme more attractive it had to be revised with effect from 1st

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May, 1963. Although as a result thereof some improvement has been noticed, it is unfortunate that the position is still far from satisfactory. In the opinion of the Committee, in order to run the P.&T. Workshops efficiently and on proper commercial lines, it is necessary that the production in the workshops is increased to the maximum extent possible and all measures taken to reduce the cost of production and overheads. The Committee would like to watch the progress made in this matter through future Audit Reports. In this connection, attention is invited to para 27 of this Report.

66 69 P. & T. Board

The Committee regret to observe that the report called for by them regarding the departmental action taken in this case has not yet been submitted. The Committee are of the view that this case has been avoidably delayed for about six years from the date of detection and for more than one year after the Committee recommended expeditious finalisation. They would like the P.&T. Board to take expeditious action in the matter and intimate the result, both regarding the departmental action as also legal action, if any, proposed to be taken against the firm.

67 70 Do.
All other Ministry

The Committee feel unhappy to note several instances of such lapses. Various Audit objections contained in the Audit Reports are known to Ministries much in advance. The Audit Reports are laid on the Table of the House usually during the Budget Session. Sufficient advance notice is given to the Ministries before Audit Reports are taken up for consideration by the Public Accounts Committee. There should, therefore, be no difficulty for the representatives of the Ministries to equip themselves with full facts concerning the subject matter, when they appear before the Committee to give evidence. They would like to reiterate in this connection the observations made by the Committee in para 106 of their 19th Report (First Lok Sabha) that "the representatives of the Ministries concerned should see that they are properly briefed and are in possession of all the factual and relevant information when they appeared before the Committee".

