

PUBLIC ACCOUNTS COMMITTEE
(1972-73)

(FIFTH LOK SABHA)

EIGHTY-FIFTH REPORT

**[Report of the Comptroller and Auditor General of
India for the year 1970-71—Union Government
(Posts and Telegraphs)]**



LOK SABHA SECRETARIAT
NEW DELHI

April, 1973 | Chaitra, 1895 (SAKA)

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<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
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PART II*

Minutes of the sittings of the Committee held on

25-9-1972 (A.N.)

26-9-1972 (F.N)

23-4-1973 (A.N.)

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(1972-73)

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Shri Avtar Singh Rikhy—*Joint Secretary*

Shri T. R. Krishnamachari—*Under Secretary*

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Eighty-fifth Report (Fifth Lok Sabha) on Report of the Comptroller & Auditor General of India for the year 1970-71—Union Government (Posts and Telegraphs).

2. The Report of the Comptroller & Auditor General of India for the year 1970-71—Union Government (Posts and Telegraphs) was laid on the Table of the House on the 4th April, 1972. The Committee examined the Audit Report relating to Posts and Telegraphs at their sittings held on 25th and 26th September, 1972. The Committee considered and finalised this Report at their sitting held on 23rd April, 1973. Minutes of these sittings form part II* of the Report.

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

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

5. The Committee would also like to express their thanks to the Ministry of Communications (P & T Board) for the cooperation extended by them in giving information to the Committee.

NEW DELHI;
April 23, 1973
Vaisakha 3, 1895 (Saka)

ERA SEZHIYAN,
Chairman,
Public Accounts Committee.

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

REPORT REVENUE POSITION

Audit Paragraph

1.1. The total revenue receipts of the Posts and Telegraphs Department as budgeted for and realised during the five years ended with 1970-71 are given below:—

Year	Budget	Actuals	Variation	Percentage of variation
(crores of rupees)				
1966—67	165·14	159·34	—5·80	—3·5
1967—68	182·62	174·31	—8·31	—4·6
1968—69	212·67	209·20	—3·47	—1·6
1969—70	226·66	233·76	+7·10	+3·1
1970—71	256·82	271·10	+14·28	+5·6

The revenue realised during 1970-71 exceeded the budget estimates as in the previous year. The excess was due primarily to more collections under telephone revenue than anticipated. The budget estimates and the actual receipts under the main heads of revenue during 1970-71 are given below:—

Main heads of revenue	Budget estimates	1970—71 Actuals	Variation
(Crores of rupees)			
(i) Sale of ordinary stamps (including post cards)	65·64	60·59	—5·05
(ii) Sale of service stamps	11·60	12·52	+0·92
(iii) Postage realised in cash	14·60	13·98	—0·62
(iv) Receipts on account of Money Orders, Indian Postal Orders etc.	13·54	12·43	—1·11
(v) Telegraph charges realised in cash	19·89	20·16	+0·27
(vi) Rent of wires and instruments leased to railways, canals, etc.	4·00	3·91	—0·09
(vii) Telephone revenue on account of rentals and local and trunk call fees etc.	108·23	119·34	+11·11
(viii) Advance rentals under Own Your Telephone and other Schemes.	7·50	10·94	+3·44
(ix) Other receipts (Net)	11·82	17·23	+5·41
TOTAL	256·82	271·10	+14·28

2. The growth of revenue during five years ended with 1970-71 is indicated below:—

Main heads of revenue 1966-67, 1967-68, 1968-69, 1969-70, 1970-71

Increase in 1970-71 as compared to 1966-67
Amount percentage

	(crores of rupees)						
(i) Sale of ordinary stamps.	39.61	44.02	53.97	57.26	60.59	20.98	53.0
(ii) Sale of service stamps	9.05	8.78	10.71	11.55	12.52	3.47	38.3
(iii) Postage realised in cash	8.32	9.06	11.90	12.78	13.98	5.66	68.0
(iv) Receipts on account of Money orders, Indian Postal Orders etc.	8.46	9.00	11.00	12.39	12.43	3.97	46.9
(v) Telegraph charges realised in cash.	14.62	15.47	17.07	17.61	20.16	5.54	37.9
(vi) Rent of wires and instruments leased to railways, canals etc.	2.88	4.59	5.16	4.52	3.91	1.03	35.8
(vii) Telephone revenue on account of rental and local and trunk call fees, etc.	68.30	74.41	84.91	101.78	119.34	51.04	74.7
(viii) Advance rentals under Own Your Telephone and other Schemes,	2.60	2.44	6.28	7.48	10.94	8.34	320.8
(ix) Other receipts (Net)	5.50	6.54	8.20	8.39	17.23	11.73	213.3
TOTAL :	159.34	174.31	209.20	233.76	271.10	111.76	70.1

3. The growth of revenue in the four branches of the Department compared with the increase in expenditure (inclusive of dividend and contributions to Renewals Reserve Fund/depreciation on historical cost and supplementary depreciation towards inflationary element) during the five years ended with 1970-71 is indicated below:—

Year	Revenue	Expenditure	Percentage of expenditure to revenue
1	2	3	4
(crores of rupees)			
Postal Branch			
1966-67	70.15	78.49	111.1

1	2	3	4
1967—68	74.23	88.35	119.0
1968—69	93.98	100.14	106.6
1969—70	97.81	102.95	105.3
1970—71	110.54	111.50	100.9
Telegraph Branch			
1966—67	16.96	22.79	134.4
1967—68	19.95	26.99	135.3
1968—69	22.52	29.23	129.8
1969—70	24.51	30.04	122.6
1970—71	27.47	34.50	125.6
Telephone Branch			
1966—67	71.92	60.88	84.6
1967—68	79.77	71.26	89.3
1968—69	92.26	79.41	86.1
1969—70	110.88	86.75	78.2
1970—71	131.73	101.65	77.2
Radio Branch			
1966—67	0.31	0.28	90.3
1967—68	0.36	0.28	77.8
1968—69	0.44	0.54	122.7
1969—70	0.56	0.64	114.3
1970—71	1.36	0.54	39.7
Total (Department as a whole)			
1966—67	159.34	162.44	101.9
1967—68	174.31	186.88	107.2
1968—69	209.20	209.32	100.1
1969—70	233.76	220.38	94.3
1970—71	271.10	248.19	91.5

The percentage of expenditure to revenue in the telegraph branch showed an increase during 1970-71 compared to 1969-70.

[Paragraphs 1, 2, 3 of the Report of the Comptroller and Auditor General of India for the year 1970-71—Union Government (Post & Telegraphs)].

1.2. The Committee desired to know the reasons for the actual receipts being in excess of the Budget Estimates during the years 1970-71. The Secretary, Ministry of Communications stated: "I would like to mention briefly that the method of budgeting has been the same. Actually, when we prepare the budget estimate, this is done some time in January and we have the actuals for the seven months, and we have also the actuals for the previous year. With these, we prepare the revised estimates for that particular year, and we also prepare the budget estimates for the coming year. These estimates are based on anticipated returns for the remaining five months of the year and on the same basis the anticipated returns for the coming year are also framed. Unfortunately, in the sale of ordinary stamps, somehow, our budget estimates went wrong, and the actual collections were about Rs. 5 crores below what we had anticipated, and in the case of telephone revenue, the collection was much higher than our anticipations, because we got about Rs. 11 crores extra."

1.3. The Committee asked if the excess collection in respect of telephone revenue was due to some arrears collected during the year. The Secretary, Ministry of Communications explained the position saying "As far as arrears are concerned, the position has been more or less static at the beginning of the year and at the end of the year. The larger collections of nearly Rs. 11 crores were not very much due to our clearance of the arrears. This is mainly due to the increase in the telephone revenue for 1970-71."

1.4. The Committee asked whether the changes proposed to be made in tariff and likely increase in traffic were taken into consideration in framing the budget estimates in January. The Secretary, Ministry of Communications stated: "As far as the budget estimates are concerned, we did take into account the anticipated increase in revenue due to the budget proposals on the assumption that these proposals would go through Parliament. The Budget comes before Parliament in May, but estimates are prepared at the beginning of the year. At that time itself, we make a rough calculation of the anticipated increase in revenue. In that, we may go wrong. As far as the number of postal articles handled is concerned, the revenue is not directly proportional to the figure we have given because this is based on statistical samples. It is not the actual number of articles handled." The Committee asked how the revised estimates of the Postal Branch were reduced from 110.47 crores to 106 crores, while the actuals come to Rs. 110.54 crores. Senior Member (Finance) P & T Board explained: "In January when we prepare the revised estimates, we have before us the actuals of the first seven months. We have also before us the actuals of the five months of the preced-

ing year. Then we have also by that time a certain idea of the growth, and we also know the proportion which the first seven months' revenue has to the five months' revenue of the later part. Keeping all these in view, we prepare out revised estimates which are a little more realistic than the budget estimates because by that time we have with us 7 months' actuals. When we prepare the budget estimates, we do not have any actuals before us. We only project on the basis of revised estimates for the previous year."

1.5. In a written reply the Ministry of Communications have given the following reasons for shortfall of Rs. 5.05 crores in the actuals of sale of ordinary stamps as compared to Budget Estimates during the year 1970-71: —

"The Budget Estimates for a year are framed on the basis of the Revised Estimates fixed for the immediately preceding year and which in turn are based on the trend of actuals of the previous years and of the portion of the current year then available and other relevant data.

At the time of framing the Revised Estimates for 1969-70 and the Budget Estimates for 1970-71 the actuals upto the year 1968-69 and of the first 7 months of the year 1969-70 were available. The actuals of the first 7 months of the year 1969-70 were Rs. 28.79 crores and those of the last 5 months of the year 1968-69 amounted to Rs. 29.28 crores. It was estimated that there would be an increase of about 10 per cent in the last 5 months of the year 1969-70 over the corresponding actuals of the year 1968-69. The percentage increase was based on the trend during previous years and other information then available such as revision of tariffs, misclassification etc. On this basis the estimate worked out to Rs. 59.90 crores.

The other method applied for working out the estimate was the actuals of the first 7 months of the year 1969-70 plus the percentage of the corresponding increase that would be reflected in the last 5 months over the first 7 months of the year 1969-70 itself (based on the previous year's trends). On this basis the estimate worked out upto Rs. 58.44 crores.

Based on these assumptions RE. 69-70 was fixed at Rs. 58.50 crores. The actuals of 69-70 were however, Rs. 57.26 crores.

For the year 1970-71 an increase of 6 per cent was anticipated over the Revised Estimates of the year 1969-70 (Rs. 58.50 crores) though this percentage was on the low side as compared with the percentages of increase during the immediately two preceding years. The Estimate on this basis worked out to Rs. 62.01 crores. The AGP & T suggested BE 70-71 at Rs. 58.00 crores in his letter No. BBI-2031/BE-3-69 dated 12-1-70 which was the same figure as that of the RE 69-70. After providing for an increase estimated at Rs. 3.64 crores due to revision of tariffs with effect from 15-5-70 the BE 70-71 was fixed at Rs. 65.64 crores. Against this the actuals turned out to be Rs. 60.59 crores only.

The shortfall of Rs. 5.05 crores in the actuals of sale of ordinary stamps as compared to Budget Estimates of 1970-71 was as such mainly due to the fact that the provision made for the likely increase in the year 1970-71 over the Revised Estimate of 1969-70 and the increase estimated due to revision of tariffs did not prove realistic. The shortfall (1.24 crores) in the Actuals of 1969-70 as compared to the Revised Estimates of 1969-70 also contributed to the B.E. 1970-71 proving to be on the high side to some extent".

1.6. The excess of Rs. 11.11 crores in respect of the telephone revenue was explained in the Ministry's reply as follows:

"Here also the BE 70-71 were framed mainly on the basis of RE. 69-70. In this case also the estimates were examined from various angles as under:—

- (i) Actuals of the first 7 months of the year 1969-70 plus provision for increase during the remaining 5 months based on the trend noticed during previous years.
- (ii) Actuals of the first 7 months of the year 1969-70 plus the revenue likely to be realised during the remaining 5 months based on the proportions which the actuals of the last 5 months of the previous years bore to those of the first 7 months of those years.
- (iii) Calculations were also made on the basis of average revenues anticipated per telephone connection and Trunk Call.

Based on the above mentioned three calculations the figures came to Rs. 97.02 crores, Rs. 95.76 crores, and Rs. 97.56 crores, RE 1969-70

was fixed at Rs. 97.50 crores. This, however, proved on the low side as the actuals for the year 1969-70 came to Rs. 101.78 crores.

In fixing the BE for the year 1970-71 provision for increase was made on account of normal growth over the RE 1969-70 @ 10 per cent in respect of Telephone Rentals, Local Calls fees and 8 per cent in respect of Trunk and PCO Call fees. These calculations placed the figure at Rs. 106.55 crores.

Applying the other method of calculation the estimate on the basis of average revenue per telephone connection and trunk call the figure came to Rs. 106.72 crores. After providing for the additional revenue of Rs. 2.23 crores anticipated from revision of tariffs with effect from 15-5-70 the BE 1970-71 was fixed at Rs. 108.23 crores. Actuals of 1970-71 however turned out to Rs. 119.34 crores.

As regards the excess of Rs. 11.11 crores in the Actuals of 1970-71 as compared to the Budget Estimates of 1970-71 it was partly due to the Estimate fixed for RE 69-70 having proved to be less by Rs. 4.28 crores as compared to the Actuals of the year 1969-70 and partly due to unprecedented larger revenue booked in the month of March 71 as may be seen from the following details:

Telephone revenue booked in March (in crores)

<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
7.83	10.61	13.61	20.16

The telephone revenue collection made during the year 1970-71 includes about Rs. 9.00 crores pertaining to the previous years."

1.7. The Committee desired to be furnished with a statement showing the Budget estimates, Revised Estimates and Actuals of Revenue of Postal Branch, Telegraph Branch, Telephone Branch and Radio Branch for the last five years, and also the steps taken or proposed to be taken to improve budgeting techniques. In a written reply the Ministry of Communications have stated as follows:

"Revenue Estimates are not prepared branchwise. These are prepared under main head of revenue as shown in para I of the Report of the Comptroller and Auditor General of India (P&T) for the year 1970-71. The Estimates|Actuals of revenue pertaining exclusively to a particular Branch is allocated to the Branch. But in respect of Joint heads, the revenue is allocated to the Branches concerned according to the prescribed rules of apportionment for working out the profit and loss of each Branch. The revenue thus allocated to the four Branches during the last

five years at various stages of estimates is shown along with the actuals in the statement reproduced below:

(Rs. in crores)

Name of Branch	1966-67			1967-68			1968-69			1969-70			1970-71		
	BE	RE	Actuals	BE	RE	Actuals	BE	RE	Actuals	BE	RE	Actuals	BE	RE	Actuals
Postal	68.35	71.25	70.15	74.02	72.46	74.23	99.38	90.74	93.98	95.99	99.58	97.81	110.48	106.82	110.54
Telegraph	16.04	17.09	16.96	19.77	20.10	19.95	21.22	21.01	22.52	21.61	23.92	24.51	26.80	28.89	27.47
Telephone	80.42	76.76	71.91	88.41	79.80	79.77	91.72	95.79	92.26	108.49	108.18	110.88	118.91	124.63	131.73
Radio	0.33	0.40	0.32	0.42	0.34	0.36	0.35	0.56	0.44	0.57	0.63	0.56	0.63	0.54	1.36
TOTAL	165.14	165.50	159.34	182.62	172.70	174.31	212.67	208.10	209.20	226.66	232.31	233.76	256.82	260.93	271.10

Efforts are already being made to prepare the estimates as accurately as possible, after collecting as much data as possible. However, in view of the large number of the offices involved, the wide spread activities and the ever changing market trends the difficulties in framing estimates with total exactitude are obvious. Still efforts are afoot to fix the estimates on as realistic a basis as possible so that the same are not much different from the actuals."

1.8. The Secretary, Communications stated during evidence that "We have made a study of this during the last few weeks, where exactly we go wrong in spite of the fact that we have been following the same budgetary procedure. We have all along been taking the increase as an arithmetical ratio of the previous figure. We find that in telephone revenue that does not hold. We have still got to do some research how to arrive at a more precise figure." The Committee pointed out that as the revision in tariff was linked with deficit in revenue, the estimates should be realistic. The Secretary, Communications stated: "I do appreciate the position. We want to give as precise figures as possible in the budget. We are ourselves worried about this and are thinking how to make them more in keeping with the real position." The Committee asked if a comparison had been made over a period of five years to work out a formula that could be useful for future. The witness replied: "We shall examine it. The whole problem is vitiated by periodic tariff revisions also."

1.9. The Committee observed from the Statement showing the growth of Revenue during the past five years ending 1970-71 that the amount due on instruments leased to Railways, etc. had gone down in 1969-70 and 1970-71 to Rs. 4.52 and 3.91 crores respectively from Rs. 5.16 crores in 1968-69. The Committee desired to know if the Department had withdrawn some of these instruments. The Secretary, Ministry of Communications stated, "For 1970-71 the figure shown is Rs. 3.91 crores. We had raised a debit against the railways for Rs. 1.2 crores and the actual adjustment was made in the subsequent year. In 1968-69 also we collected some previous arrears."

1.10. About telegraph Branch, the Committee desired to know the reasons for the percentage of expenditure to revenue going up in 1970-71. The Secretary, Ministry of Communications stated: "There are two reasons. One was the higher inter departmental adjustment. For every telegram booked in a post-office the telegraph branch pays the post-office a handling charge, which used to be 46

paise per telegram in the past. In 1970-71 it was raised to 62 paise. This works out to an additional expenditure of nearly Rs. 60 lakhs for the telegraph branch. Secondly, for petty works in the previous years it was an ad-hoc contribution to capital. In 1970-71 this ad-hoc contribution was stopped and it was made on the basis of percentage. The percentage fixed was $3\frac{1}{2}$ per cent, which resulted in a contribution of approximately Rs. 1.7 crores more than in the previous year. The additional expenditure in 1970-71 was nearly Rs. 2.3 crores as compared to 1969-70".

1.11. Referring to the revised estimates for the year 1971-72, the Committee desired to know the reasons for inter-branch adjustment of an expenditure of Rs. 8.35 crores under Telegraph Branch. The Secretary, Communications stated: "All these years the long distance lines were telegraph assets. Later on we put telephone lines but they continued as telegraph assets, and the Telephones Branch was paying to the Telegraph Branch something like rental for the actual number of circuits used by the Telephones Branch. At present the majority of circuits is used by the Telephones Branch and the maintenance expenditure is borne by the Telegraph Branch. What we have done in the 1971-72 accounts is that we have transferred all these assets to the Telephones Branch because the Telephones Branch is the main user and the Telegraph Branch now pays for the actual telegraph circuits which they are using. We thought that this was a much more rational way of appropriation".

1.12. In a written reply, the Ministry have furnished the following position regarding the loss suffered by the P. & T. Board on sale of post cards, inland letters and the money orders during the years 1967-68 to 1969-70:

"There was no loss to the P. & T. Department on the sale of postal covers during the years 1967-68, 1968-69 and 1969-70 and money orders for 1969-70. The estimated loss suffered by the P. & T. Department on sale of postcards and inland letters for the years 1967-68 to 1969-70 and on money orders for the years 1967-68 and 1968-69 are furnished hereunder. The costing and determination of estimates of loss/profit on the postal services for the year 1970-71 are in progress.

(Figures in lakhs of Rs.)

		1967—68	1968—69	1969—70
Estimated loss on post cards.	(—)	(—) 776.25	(—) 757.97	(—) 614.75
Estimated loss on Inland Letters	(—)	(—) 193.12	(—) 233.74	(—) 161.37
Estimated loss on Money orders.	(—)	(—) 68.51	(—) 65.52	No loss "

1.13. During the year 1970-71 the actual revenue receipts of the Posts and Telegraphs exceeded the budget estimate by Rs. 14.28 crores which works out to 5.6 per cent as against 3.1 per cent in 1969-70. While the receipts from sale of stamps fell short of the budget estimates by 5.05 crores (7.6 per cent), the telephone rentals, fees etc. exceeded the estimates by Rs. 11.11 crores (10.2 per cent). The Committee regard these variations in the receipts from the sale of stamps and telephone rentals, fees etc., which are the major sources of the revenue, to be high. The Committee have been informed that in view of the large number of offices involved, wide spread activities and ever-changing market trends, there are difficulties in framing estimates with total exactitude. It was admitted during evidence that the present method of preparing the estimates by increasing the previous figures in arithmetical ratio does not hold good in the case of telephone revenue and some research had to be done to arrive at a more precise formula. The Committee hope that the P. & T. Board will pay serious attention to this question and make efforts to devise a method of framing estimates on a more realistic basis.

1.14. The Committee desired to be furnished with (i) a detailed note stating the difficulties felt by the P. & T. Department in getting the good quality of paper and ink, difficulties regarding supply of other items of stationery and stores which affect the working of the Department, (ii) the efforts so far made to take up the matter with the Ministry of Supply and result, and (iii) the way the position can be rectified. In a written reply, the Ministry of Communications stated as under:—

“The following difficulties are experienced by the P. & T. Department in getting adequate quantities of paper, other items of stationery and stores which affect adversely the working of the P. & T. Department:

- (i) PAPER: Printing paper is required in large quantities (Twelve-thousand tonnes) by the P. & T. Department, not only for printing operational forms required by the various arms of the Department but also telephone directories for distribution to the subscribers. Here, even though the P. & T. Department is a big consumer of paper, yet the requirements of this Department are not directly placed on D.G.S. & D. The indents for

paper are placed on the Controller of Stationery, Calcutta, who, in turn, gets allotment of paper from the D.G.S. & D. Inasmuch as the Controller of Stationery, Calcutta, consolidates the requirements not only of the P. & T. Department, but also of the various other Departments of Government of India, if there is a cut in the allotment of paper by the D.G.S. & D. to the Controller of Stationery, Calcutta, the P. & T. Department has to suffer. Any cut in the allotment of paper of the P. & T. Department tends to throw the working of the Department out of gear since paper is essentially required not only for printing various forms required but also for printing telephone directories. In this connection, it will be pertinent to observe that directories. In this connection, it will be pertinent to observe that the other big consumers of paper like the Railway Board and the Defence Ministry have been permitted to directly place their indents on the D.G.S. & D.; while the requirements of the P. & T. Department are still canalised through the Controller of Stationery, Calcutta. Because of this additional level between the user (P. & T. Department) and the supplier, there is the inevitable additional time lag. Further, the P. & T. Department is also not in a position directly to take up with the D.G.S. & D. Here, if the P. & T. Department is allowed to place its requirements of paper directly on the D.G.S. & D., then there will not only be increased efficiency in the processing of indents for paper, but also better supplies.

One particular difficulty experienced by the P. & T. Department in the matter of supply of paper relates to procurement of paper of low grammage required for the printing of certain P. & T. forms which have to be prepared in duplicate, quadruplicate, etc. The requirements of paper in 44 GSM and 45 GSM are estimated at about 2800 tonnes per annum for the printing of P. & T. forms. An additional 3000 metric tonnes of paper in 52 GSM is required annually for the printing of telephone directories. The C.C.P. & S. (under whom the Controller of Stationery, Calcutta, functions) informed the P. & T. Department on 5th August, 1971 that there is a marked reluctance on the part of R. C. holding paper mills to supply paper of

gramage lower than 56 GSM due to alleged low profitability etc. In view of this position, the D.G.S. & D. (as has been informed by the C.C.P. & S.) was not able to make any provision for supply of paper in 44 GSM in the rate contracts concluded with the paper mills for 1970-71 and 1971-72. The use of higher gramage paper for printing of P. & T. forms will result in indistinct carbonic impressions in those cases where the forms have to be prepared in triplicate, quadruplicate, etc. Further, due to this use of higher gramage of paper, an additional annual expenditure of about Rs. 4 lakhs has also to be borne by the P. & T. Department. The matter was taken up with the Ministry of Industrial Development demi-officially on 30th June, 1972 and 5th August, 1972 to persuade the mills for arranging supply of paper of 44 GSM at least to the extent of 300 metric tonnes to the Government of India Presses for printing of P. & T. forms. The matter is being pursued further with the Ministry of Industrial Development and with the D.G.S. & D. Unfortunately, since we are not directly indenting authorities on the D.G.S. & D. in respect of paper supplies, difficulties are experienced in effectively pursuing this case.

(ii) **CARBON PAPER:** This item is also supplied by the Controller of Stationery, Calcutta, on whom indents are being placed by the P. & T. Units. The Controller of Stationery, Calcutta, after receipt of indents places direct orders on the concerned firms. The supply position of carbon paper is very irregular and most of the P. & T. Circles have to resort to local purchase at higher prices to meet their urgent requirements. During 1969-70 and 1970-71, no contract was finalised by the Controller of Stationery in this regard and considerable difficulty was experienced by the P. & T. Department on this score.

(iii) **RUBBER STAMPS:** The rate contract for supply of rubber stamps are concluded by the Controller of Stationery, Calcutta and the P. & T. Units place supply orders directly on the firms. The Controller of Stationery, Calcutta, generally takes a long time to finalise the rate contracts. The rate contract for the

year 1969-70 was not concluded for want of acceptable offers. Under these circumstances, more often the P. & T. offices have to make local purchases at substantially higher rates.

(iv) BAGS OF VARIOUS DESCRIPTIONS: Here again, the indents are placed on the D.G.S. & D. who concludes A/Ts with the concerned firms for supply of this item of store. The supply position is generally unsatisfactory and results in considerable difficulties in the day-to-day working of the P. & T. Department.

A few examples to serve as illustrations in this regard are detailed below:—

An indent for over 2 lakhs of blue airmail bags was placed on the D.G.S. & D. on 1st April, 1968. The A/T was finalised on 13th February, 1969, i.e. after 10 months and 12 days and the D/P was fixed upto 14th December, 1969 i.e. with another time-lag of 10 months. But, by the end of the D/P, only about 60,000 bags (i.e. 30 per cent) were received from the firm and for the balance, the D.G.S. & D. had to float another enquiry after cancelling the earlier orders placed on the firm. No penalty was imposed. In this case, vitally needed stores have been delayed for nearly three years.

Again, indents for supply of 13,200 and 29,700 delivery bags for postmen were placed through the DGS&D and the supplies were to be completed by the end of 1967 and 1968 respectively. A supply of over 16,000 numbers of these bags is still outstanding after 4 years and the original supply order had to be cancelled.

Indent was placed on the Director of Supplies and Disposals, Calcutta on 30-11-1971 for 34,00,000 jute mail bags for three types of CI, CII and CIII. The supply order was given to 15 firms on 1-6-72 fixing the delivery period as 31-8-72. Supply position is as under:—

Type	Quantities ordered	Quantities supplied so far
CI	10,30,500	96,000
CII	13,59,500	7,43,430
CIII	8,38,500	20,000

Two months extension in delivery period has been granted to the firms by DGS&D.

(v) OTHER ITEMS OF STORES: Most of the other items of stores required by the post offices for the day-to-day working are procured through the DGS&D. The supply position generally remains unsatisfactory as could be seen from a few examples detailed here:—

Indents for supply of steel ledger almirahs for the savings Bank Branch of the Post Offices were placed on DGS&D on 28-12-68 and A/T was finalised on 29-12-69 (i.e. after one year). The firm on whom the A/T was placed could supply only 200 of these almirahs by the end of December 1970 (i.e. after another year) out of the total number of 1,072 indented, i.e. 18 per cent. For the balance which were not supplied, fresh tenders were called for in April '72 and a fresh A/T was finalised on 18-9-72 after another lapse of 6 months.

Another instance of supplies being seriously delayed related to the indents placed on DGS&D for supply of parcel and letter scales during the period from 1962 to 1969. No worthwhile supplies have yet materialised against these indents, even after 10 years.

Again with regard to locks (even though this is not an item of stores exclusively required by the P&T, yet P&T is a big consumer of this item of store), an indent was placed on DGS&D on 23-3-1971. The A/T was finalised after more than a year and the delivery period was fixed in the first quarter of 1973. Thus, with regard to an indent placed in 1971, deliveries could be expected only two years later even though locks are not an unusual item of store.

The letter boxes are not supplied with the delivery period, as can be seen from the statement as below:

Indent placed on	A/T finalised on	Quantity indented	Quantity Outstanding	Original delivery period
2-2-65	29-9-70	1306	1306	15-6-71. D/P not extended in spite of reminders.
Do.	20-7-70	12000	1398	28-2-72. D/P extended upto 10-5-72.
Do.	28-6-71	4674	1629	30-6-72. D/P not extended in spite of reminders.
16-2-58	26-5-59	7335	4404	31-3-72. D/P extended upto 31-12-72.
17-1-59	2-1-70	2000	1248	15-12-71. D/P extended upto 15-9-72.
12-2-72	21-9-71	180	180	31-3-72. D/P not extended in spite of reminders.
Do.	Do.	2610	2610	28-2-72. D/P extended upto 22-9-72.

Generally, for all these cases where the supply position is not satisfactory, the matter is taken up at the appropriate level semi-officially with the DGS & D. Instances are also there when the matter has been taken up at the level of the Minister (Communications), who, in turn, took up the matter with his counterpart in the other Ministries. However, in a commercial department like the P & T Department, delays in supplies result in considerable adverse criticism from the Members of Parliament and public besides having an impact on the efficiency and smooth working of the Department. It is not always possible to trouble the Minister of Communications every now and then since irregular supplies have become more or less a regular feature".

1.15. The Secretary, Ministry of Communications stated during evidence, "We buy Rs. 40 crores worth of supplies and it is difficult to get them". He added: "Suppose I am given a free hand to go to the market and buy as I like, I can do much better."

1.16. The Committee find that the P & T Department are experiencing difficulties in getting adequate quantities of paper, other items of stationery and stores which adversely affect the working of the Department. It has been stated that while other bulk consumers of paper like Railway Board and Defence Ministry have been permitted directly to place their indents on the DGS & D, the requirements of the P & T Department are still canalised through the Controller of Stationery Calcutta. Because of this additional level between the user (P & T Department) and the suppliers there is inevitable additional time lag. There is also difficulty in supply of paper of low gramage required by the P & T Department for printing of certain forms, because of reluctance of the manufacturers to produce such paper. In view of the fact that P & T Department are bulk users of paper and stationery, the Committee desire that the feasibility of their placing indents direct on the DGS & D, as is being done by the Railways and Defence Ministries, should be examined. As regards the low gramage paper required by the P & T Department, the Committee desire that the difficulties in this regard may be sorted out by the Department of Industrial Development and DGS & D with the manufacturers and necessary action taken in the matter.

1.17. As regards the delay experienced by the P & T Department in procurement of other items of stores through DGS&D, the Committee desire that Government should go into this question thoroughly and take necessary steps to minimise delays, so that efficiency of the Posts and Telegraphs Services is not allowed to suffer for want

of timely and adequate supply of vitally needed stores. The Committee would like to be informed of the action taken and improvements effected.

FUNCTIONING OF TELEPHONE METERS

Audit Paragraph:

1.18. The departmental orders provide that the meters installed in a telephone exchange to register the local calls made by the subscribers should be tested periodically to ensure their correctness. In two telephone exchanges at Bareilly this was not done from September, 1965. A test check indicated that for 45 telephone connections the meters registered a sharp fall in the number of local calls from July 1966. The average calls per quarter declined from 29810 in 1965-66 to 3680 in 1966-67 and 2285 in 1967-68 (quarter ending June 1968); but this went unnoticed till July 1968 when the Department investigated the matter and attributed the decline to faulty functioning of meters which were not tested. Testing of meters was restarted from August 1968 in one exchange and from January 1969 in another.

Based on the average earnings from July 1965 to June 1966, the loss of revenue from July 1966 to July 1968 for these 45 connections was about Rs. 33,000 and for the exchange as a whole, Rs. 2.67 lakhs. If account is taken of the increasing telephone habit of the community the loss may be much more. Even after re-introduction of meter testing, the revenue of the exchanges has not picked up to the level of 1965 although the working connections are more or less the same. The average revenue per telephone from February 1969 to February 1971 was Rs. 159 compared to Rs. 258 in 1965-66.

The Department stated (November 1971) that disciplinary action was in progress against the concerned officers. The Department further stated that a third exchange was opened for February 1969 in Bareilly and that a large number of subscribers having business interests were transferred from the two exchanges to the new exchange resulting in fall in the average revenue of the two old exchanges. It is, however, seen that 251 connections were transferred from the two exchanges and their average annual revenue calculated on the basis of earnings during six months after transfer was Rs. 369 against Rs. 203 during six months before transfer. Further the average annual revenue per connection in the old exchanges which was Rs. 179 in the two quarters after the transfer of connections to the new exchange declined to Rs. 153 during September 1969 to February 1971.

[Paragraph 8 of the Report of the Comptroller and Auditor General of India for the year 1970-71—Union Government (Posts and Telegraphs)].

1.19. The Committee desired to know how far the departmental orders for testing of all the meters periodically in an exchange were followed. The Secretary Ministry of Communications stated: "Sir, testing of meters is a rigid check which is observed in all the exchanges. But I would like to explain as to what happened in Bareilly. Bareilly case came to our notice in 1968 when we had a letter from one of the staff saying that there were some malpractices by which meters were put out of order. Of course, the revenue had been going down. Nobody had noticed it till this particular complaint came and the Director of Telegraphs from Lucknow went there and he ordered that all the meters should be tested and all the meters were tested. I cannot say as to whether the meters were tested previously or not. Apparently, they were not tested earlier. When he went there and ordered the testing of all the meters, he found that some of the meters were faulty. Now, meter testing is a very rigid test. If a meter shows less in 8 steps, it has got to be replaced. This is a very rigid test. This was noticed in some of the meters but still they were recording. Instead of ten, it used to be six or five or seven. Actually, what our surmise is that some elements in the exchange in collusion with the subscriber have short-circuited the meters. This is a manual board. Bareilly is a manual exchange. In a manual exchange, they have got about seven or eight boards and each board has got 10 cords. As soon as the cord circuit is connected between the calling subscriber and the called subscriber, it will automatically give one impulse to the calling subscriber's meter. This cord circuit went faulty because of the short of the meter. Relay started burning out. These cord circuits were replaced off and on. But it was only about two months back, when a very detailed investigation was carried out, we found that this particular relay in the cord circuit was giving trouble. Now, if the exchange had carried out the laid down procedure, this would have come to our notice much earlier. Our investigation which was carried out in July shows that all the tests were not carried out. What we did immediately was this. We wanted to check up whether similar lapses have occurred in other manual exchanges in the country. We sent round the people to all the manual exchanges and got reports from them and we found that, much to our surprise, the number of cord circuits which were found faulty, were very few and they were almost negligible. It was only in Bareilly that a large number of cord circuits were put out of action. As far as establishing a call was concerned, the call was established. But the meter did not operate. It did not give an impulse to the meter to operate. Actually, Sir, as I was mentioning, this particular aspect of the case came to our notice only about two months back. It was in July and since July we have

taken the readings. There has been a remarkable spur in the readings."

1.20. When asked about the persons found guilty of mal-practices at this Bareilly Exchange and the action, if any, taken against them, the Secretary, Ministry of Communications stated: "There were three officers involved and some non-gazetted staff. As against one of the Officers, charges were quite serious. So, we had to refer the case to the Central Vigilance Commission. As far as the non-gazetted staff were concerned, charge sheets were kept pending because we wanted to know what the Central Vigilance Commission is going to say. Subsequently, I have issued instructions to the authorities concerned that they should go ahead as far as the non-gazetted staff are concerned, and frame charge-sheets. Our recent investigations of July this year showed that there must have been some more officers against whom these charges can be levelled."

1.21. In reply to a question, the witness further stated that they had received the first complaint from a staff member about this Exchange in July, 1968. The Committee wanted to know if any time was lost in taking the action promptly. The Secretary, Ministry of Communications, stated: "The case came to our notice in July, 1968 and the same month we called for a report from the Vigilance Officer in the Circle Officer at Lucknow. In March, 1969, after nearly 8 months, we got an interim report from the Postmaster General, saying that there was some truth in the allegations and that he will send a complete report. In April, 1969, we wrote to the PMG's office again to expedite the detailed report; and in September, 1969, Audit intimated that they have submitted photo-stat copies to the PMG. In November 1969, we received a report from the Vigilance Officer of the PMG's office. His primary conclusion was that there was truth in the allegations and suspicion in the integrity of the Officer. In July 1970, the PMG was asked to hand over the case to the Special Police Establishment after receiving the report. In March, intimation was received from CBI, recommending departmental action, as criminal prosecution was not feasible. In April 1971, one month later, the PMG U.P. was informed of the CBI's recommendation, which was accepted by the Department. He was asked to issue a list of charges against the persons concerned and also take action against non-gazetted officers. PMG sent brief charge-sheets in July, 1971 against three officers, viz. one SDOT and two BEST. In October 1971 we referred the case to the CVC on the suggestion made by the Department. Now, in November, 1971, the CVC desired that the explanations of the officers concerned should be obtained first, be-

fore formal proceedings were initiated. In December, 1971, the PMG was told of the CVC's desire to get explanations. The PMG forwarded the explanation to the P&T Board in March 1972. In July 1972 DDG(MS) in the P&T Board suggested to the PMG that he should examine whether technical staff and also the clerical and revenue staff should not be proceeded against, for consistent low bills. The PMG was also asked to expedite action against non-gazetted staff. In August, 1972 the PMG was asked to send explanations of the remaining two officers, which were still pending. PMG sent the explanation of the DET in August 1972 and intimated that the SDOT has been transferred to Calcutta under the RDT there and he has not sent his reply".

1.22. When asked if pending the enquiry anybody had been suspended, the Secretary, Ministry of Communications stated: "No, Sir, but the SDOT who was incharge at that time, has been posted to Calcutta. He is now not an incharge of any exchange but he is doing technical work in regard to installation. Asked if any of the officers had been promoted, the witness replied: "Nobody has been promoted. Though the Departmental Promotion Committee met a number of times, but I know these people did not stand any chance for any promotion."

1.23. The Committee desired to know the remedial measure taken after detection of this case, the Secretary, Communications stated, "The meters that were being tested regularly and we have got records, but this particular test which I have mentioned earlier, was done on our investigation in July." Explaining the reasons for not doing it earlier, the Secretary, Ministry of Communications said, "I noticed it now. They were testing the meters all right. But they did not further test when the call was operating. That was now done which of course, is a lapse." When it was pointed out that it took about four years to detect this lapse, the witness further said, "I cannot say that the test has not been done. But I am convinced that it has not been done. 22 cord circuits were found faulty."

1.24 According to Audit Report it was found in November, 1971 that no check was exercised by the officer-in-charge of the Exchange on the meter testing register. The Secretary, Ministry of Communications explained: "There is little lacuna here. For example, in a minor exchange, certain alteration go on either adding on new lines or we modify these machines, etc. etc. I find that in an exchange a complete set of routine register to show that all these routines have been carried out, was not maintained. There are registers which show that meters have been tested; there are registers which show that

batteries have been tested but there is no register which shows that these have been carried to the Inspecting Officer and who can go on seeing that these routines have been done there. This is something which they are introducing now." When it was pointed out that there was a dereliction of duty by the officer, the Secretary, Communications replied: "That is true, Sir. This particular check has not been carried out at all."

1.25. Asked about the present position, the Secretary, Ministry of Communications stated: "I have got only six weeks figures which shows that there is an increase. It was only in July investigation that we found that it was not due to this calling rate or heavy calling subscribers but it was because this particular test had not been properly carried out. Now, this test was carried out. We found that 22 cord circuits were faulty and they were repaired and after they were repaired the calling rate has gone up." The witness further explained that the average number of calls per subscriber was fluctuating round about 140. In April it went upto 148. In May it came down to 116 and after repairs were carried out it has shot up to 205."

1.26. In a written reply the Ministry of Communications have stated that 8 gazetted and non-gazetted officers are involved in the alleged malpractices and that disciplinary proceedings have already been or are being initiated against them. Apart from this, the PMG is also examining the responsibility, in this respect of other non-gazetted staff of the SDOP Bareilly and the Telephone Revenue Accounts Office, Bareilly.

1.27. The Ministry have also stated that "the alleged *modus operandi* adopted by the officials was to keep the meters out of order deliberately so that all the calls made from certain specific numbers were not registered. A conspiracy between the officials concerned and the subscribers who had benefitted, is suspected.

As regards the remedial measures, the meters are being regularly tested so that there is no repetition of any such malpractice. In addition, DET|DEPS in-charge of the telephone exchange have been asked to maintain graphs separately for each exchange system under their charge and to investigate and take such action as deemed necessary if any steep fall in these figures is noticed."

1.28. The Committee enquired if there was any exchange other than Bareilly where periodical tests were not made, the Secretary, Ministry of Communications stated: "We are worried that this is not being carried at other places. There are 1034 manual exchanges in the country. We decided to check all of them. 67 were found

faulty. It is a very small number. Out of 67, 58 have been repaired and 9 put out of commission."

1.29. When asked whether the meters in Delhi were tested, the Secretary, Ministry of Communications stated: "In Delhi it is excess billing. If any member complaint for spurt in his billing, we give him provisional bill based on previous three quarters highest and then we investigate into it. The investigation consists of—we check his meter. We check his line whether there is any cross connection. We check his pot head cable connected with over-head line and then if necessary we actually put his telephone with his concurrence under observation. If those things show that there is possibility of increase in billed amount we give refund." The witness added: "Actually in Delhi we have got about 100,000 subscribers and every month we get about 500 to 600 complaints. In most of these complaints we find that calling rate is uniform. There is marginal up and down. We do get complaints where there has been a spurt. This can be due to: (1) merely because of clerical error which can be easily rectified. We go to the records and check whether there is any mistake in totalling. (2) Piracy of telephone—the line of one subscriber going to another subscriber."

1.30. When asked whether an individual subscriber could do this mischief, the Secretary, Ministry of Communications stated: "He can do it either himself directly or he can do it with the assistance of our line staff. But of late we find even the line staff are not required. There are other people who know how the lines are connected and who can give connections. I cannot put all the blame on the line staff." The witness further stated: "Each subscriber has got a pair of wires from his telephone to the exchange and there is individual meter on that pair of wires in the exchange which records whatever calls are made, these come from underground cables right up to your house in a colony. All these are connected to over-head wires and these are connected to the house. The box where underground cables are connected are at 4 to 5 feet height and it can be very easily opened. You can unscrew the wires from one subscriber and connect them to other subscriber. This is what was done. Last year, we caught seven-eight people doing this. This is done for a short time. At that time, you think that your telephone is not in order, but after sometime it starts working. Half an hour is enough if one puts a call to Bombay. It means Rs. 6/- per minute, Rs. 180/- is added to your telephone bill. This is a major problem for us. We have started raising all these junction boxes to height of 12—10 ft. so that nobody while standing on ground can do this. One has to climb

on the poles. We are doing on a phased programme basis. Half of this work has been over."

1.31. The Committee take a serious view of this case of alleged fraud in two Telephone Exchanges at Bareilly involving 8 gazetted and non-gazetted officers resulting in considerable loss of revenue (about Rs. 2.67 lakhs). The officials concerned deliberately kept the telephone meters out of order so that all calls made from certain specific number were not registered. The Department suspect a conspiracy between the officials concerned and the subscribers. Although the average calls per quarter registered a sharp decline from July, 1966 (the average calls per quarter declined from 29810 in 1965-66 to 3680 in 1966-67 and 2285 in 1967-68—quarter ending June 1968), this went unnoticed till July, 1968, when the Department investigated the matter on receipt of a complaint and attributed the decline to faulty functioning of meters which had not been properly tested. It is evident that the malpractice would have continued even after July, 1968 but for the complaint made by a staff member to the Department. The Committee have been informed that after detection of this case, all the 1034 manual exchanges in the country were checked and 67 were found faulty. The Committee desire that the Department should thoroughly review the present procedure of testing meters and inspection of telephone exchanges with a view to plugging loop-holes and strengthening vigilance over the exchanges.

1.32. Although the malpractices in this case came to the notice of the Department in July, 1968, no conclusive action has so far been taken against the 8 officers involved in the case. The Committee are dissatisfied with the slow progress in this regard and desire that necessary steps should be taken to expedite the departmental proceedings. The Committee would like to be informed about the action taken against the officers concerned.

1.33. The Committee find that there are complaints from subscribers in Delhi about excess billing. One of the reasons for excess billing is the piracy of the telephone, which is made possible by a subscriber tempering with connecting wires in the junction box either with the help of the line staff or without it. As a remedial measure the Department have started raising the height of the junction boxes to 10—12 feet so that no body standing on the ground can open them. The Committee desire that apart from this, vigilance over the junction boxes should also be made more effectively periodical and random checking.

DEPARTMENTAL MAIL MOTOR SERVICE

Audit Paragraph:

1.34. Prior to July 1967 the mail motor service at Gauhati was run through private contractors at an annual cost of Rs. 5.60 lakh. To achieve economy the service was departmentalised in July 1967. It was estimated that the annual cost under the departmental system would be about Rs. 5.53 lakh. Five three-wheeler vehicles (one stand-by) were purchased for about Rs. 0.47 lakh. To run the services, four drivers, one cleaner and three class IV staff were appointed between July 1967 and October 1967 and one mechanic from May 1970. In addition, one Assistant Postmaster on part-time basis was employed for the purpose.

Within Five months of departmentalisation, four vehicles began to suffer from frequent break-downs, the fifth one also doing so from the ninth month. The average number of days the vehicles remained off the road was 192 in 1968-69, 157 in 1969-70 and 289 in 1970-71. In May 1971 only one vehicle was in running condition. The expenditure on their repairs was about Rs. 0.36 lakh till 1970-71. Even these repairs did not make the vehicles regularly operational. As a result, taxis were hired on hourly basis for carrying the mails (without approval of the competent authority). The average annual expenditure on hiring charges was about Rs. 0.56 lakh from 1968-69 to 1970-71.

Although the mails were carried mainly in hired taxis, there was no reduction in the establishment of the departmental mail motor service, except that one driver from November 1970 on the ground that services of drivers and class IV staff were needed for escorting and exchange of the mails at various points and in the hope that the departmental vehicles would be repaired and pressed into service at any time. The average annual recurring establishment charges including repairs to vehicles was about Rs. 0.67 lakh from 1968-69 to 1970-71.

Thus, compared to the annual contractual rate of Rs. 0.60 lakh the annual expenditure in the post-departmentalisation period was about Rs. 1.23 lakhs.

The Postmaster General stated (October 1971) that the loss was due to procurement of unsuitable vehicles. The Posts and Telegraphs Board stated (December 1971) that the contention of the Postmaster-General was not quite correct as performance of similar vehicles supplied elsewhere was satisfactory and that the utility of such vehicles, however, was again being considered. The Posts and Telegraphs Board also stated that (i) the Postmaster

General had referred the case to the Special Police Establishment for investigating the affairs of the mail motor service, (ii) the indifferent performance of the mail motor service as mainly due to poor maintenance, (iii) to watch over gainful use of the vehicles, the post of a manager was sanctioned in December 1968, but no qualified person was available, (iv) in absence of departmental workshops, the vehicles had to be got serviced and repaired through the trade which charged exorbitant rates and also delayed service with the result that the vehicles were frequently off the road, (v) efficient running of the vehicles was plagued by non-availability of spare parts and (vi) maintenance of postal service was essential and to review the same from profit and loss angle would not be correct.

[Paragraph 9 of the Report of the Comptroller and Auditor General of India for the year 1970-71—Union Government (Posts and Telegraphs)].

1.35. Giving reasons for departmentalisation of Mail Motor Service at Gauhati—the Senior Member (Posts) stated that when we found that the contractor service does not run satisfactorily, he does not maintain the required number of vehicles, under these circumstances, we were compelled to introduce main motor department if no other contractor is forthcoming.”

1.36. The Committee asked how the average cost per kilometer was worked out at 0.40 paise per kilometer at the time of departmentalisation and whether the cost was deliberately estimated on low side to justify the departmentalisation, the contractor's cost being about 0.45 paise per k. m. The Senior Member (Posts) explained: “In 1966-69 the calculations made by the people who were there, unfortunately they are not available at present.” He added that when the service was introduced, the average cost was 90 paise for the four wheeler. We wanted to introduced cheaper vehicle and calculation for this vehicle was arrived at 40 paise. Unfortunately I have not been able to check the calculations” The witness further added: “The file is lost.”

1.37. The Committee drew attention to the remark of the PMG, Shillong when the case was referred to him, wherein he stated in 1971 it (loss) is the automatic outcome of placing unsuitable vehicles... Certain vested interests were perhaps behind this unhappy state of affairs and so the case has been taken up with Special Police Establishment for a thorough probe into the entire affairs of the departmental Mail Motor Service, Gauhati.” The Secretary, Ministry of Communications stated: “As far as the opinion of the

Postmaster General is concerned, apparently there were some vested interests as our subsequent investigations showed. I am not talking about the selection of tempos. I am talking about subsequent happenings in Assam." About the enquiry he stated that "We have got an interim report of the enquiry." The Senior Member (Posts) stated: "The case is already being investigated by the Special Police." About findings of the interim report the Senior Member (Posts) informed that "they have suspended one officer and disciplinary proceedings have also been taken up against two other officials." He also stated that the suspension was due to negligence of duty i.e. whatever precautions an individual is supposed to take, perhaps he has failed in it. The result of the disciplinary proceedings will show what charges are finally established."

1.38. Clarifying the position the Secretary, Ministry of Communications further stated: "I would like to clarify two points. When the Postmaster General says that the state of affairs was not a happy one, he is apparently referring to whatever happened after the tempos reached Gauhati. As far as the selection of tempos is concerned, also, he has given a remark. But the Postmaster General's remark is based on what he has seen over the last two or three years. With that experience, we too would have changed our opinion. But I would like to say that when the tempos were introduced, it was felt that those were commercial. They were introduced not only in Gauhati but in a number of other places also."

1.39. The Committee asked how the P&T Board had stated in December, 1971 that the opinion of the Postmaster General was not correct. The Senior Member (Posts) explained: "The Postmaster General's opinion that the vehicles were not suitable is something which we cannot accept because similar vehicles have been supplied to dozen different places."

1.40. The Committee wanted to know when the file was lost. The Secretary, Communications stated that "It came to my notice only two months ago." He further stated that "We will continue the enquiry and we will put our Director of Complaints on the job." In a written reply, the Ministry of Communications subsequently stated:

"A new file has since been reconstructed on the basis of the records available from the file of the Circle Office, Shillong. However it may be mentioned that the two files (one dealing with the introduction of departmental MMS Gauhati and another dealing with the procurement of vehicles and general correspondence)

have since been traced. It is seen from the notes recorded that one of the two contractors was using the Tempo pick up van for transport of mails from Head Post Office to the Air Port and *vice versa* prior to departmentalisation and that one of the Tempos of the air mail contractors was also made to visit each post office in order to study whether all the post offices could be reached by Tempo and that no difficulty was experienced on this score. It has been mentioned in the note that till we set up our own repair organisation, facilities to get the Tempos repaired locally are available in Gauhati. It has also been stated in the note that the Tempo delivery van would be quite suitable for this purpose. It appears that the low initial investment and low operational cost also have been taken into consideration for the selection of Tempo vehicles. From the above it can be seen that all the points have been examined before going in for Tempo vehicles.

As regards the genesis of 40 paise per K.M. as the departmental cost for MMS Gauhati, the same was worked out as per the practice followed for working out the departmental cost showing the anticipated running cost per K.M. The Departmental cost per K.M. was worked out taking into account the cost of 5 Tempo vehicles and the establishment charges for 4 posts of drivers. While working out the cost per K.M. the interest on Capital investment at the rate 7 per cent, cost of depreciation, pensionary charges at the rate of 42 per cent of the establishment charges by way of indirect charges, the cost of petrol, oils and lubricants, cost of maintenance, repairs and the Misc. contingent expenditure by way of direct charges have been taken into account. The Departmental cost works out Rs. 4400 (Rule 7000 miles) to 63 paise per mile (i.e. 40 paise per K.M.). Based on these calculations it was stated that the estimated cost of running the MMS worked out as 40 paise per K.M."

1.141. The Committee desired to know the reasons for the Department not having set up their own departmental workshop. The Senior Member (Posts) stated: In Gauhati, there were 4 vehicles and one stand-by. Opening of a departmental workshop for only 4 or 5 vehicles is not likely to be economical at all. The Departmental workshop would come but not immediately."

1.42. It was pointed out that the Department had themselves given justification for setting up a workshop while asking for creation of posts. The Senior Member (Posts) stated that "The difficulty arose because we did not have a suitable place for opening of workshop." He added, "There is another thing also. From 1968, we tried to get a manager appointed but we were not able to do so even though the UPSC advertised this post more than once. Un-

less we get a qualified Automobile Engineer, we cannot start a workshop. We should have Engineer in position."

1.43. While explaining the reasons for not getting an Automobile Engineer for this post, the Secretary Ministry of Communications stated: "We have to recruit through the PUSC and they have tried more than once. They have not been able to get one candidate. They have asked us as to why we should not offer a higher scale." The witness further stated that "in the latest advertisement, we have told the PUSC that we are prepared to give six advance increments. It is a class II scale - Rs. 350—900." Asked if the Department could not get an Engineer from another Department, the Senior Member (Posts) explained: "We had asked on loan from State Government, but we could not get."

1.44. In written reply, the Ministry stated:

"At the end of 1968 the post of a technical Manager in class II for MMS Gauhati was created. As per recruitment rules the post is to be filled through UPSC. Efforts were made to fill up the post through UPSC but no suitable officer has been selected by the UPSC so far. Efforts were also made to take an officer, an Automobile Engineer, on deputation from Assam State Road Transport. But the efforts made by the Postmaster General, Shillong in this respect also failed. When the Postmaster General Shillong approached the State Govt. for the loan of a technical officer they suggested the names of two officers. But those were not considered suitable as both of them were non-technical officers.

It may however be mentioned that the UPSC have made another attempt recently to recruit the Managers for Mail Motor Organisation. The candidates were interviewed by the UPSC in November, 1972 and it is expected that the result of their selection will be known shortly. In the absence of a qualified Manager, a full fledged departmental workshop could not be set up at Gauhati. However in Nov. 1970, an Automobile Mechanic has been posted to attend to the repairs departmentally and recently a Deputy Manager who has experience in running of the service has been posted at Gauhati from Siliguri to look after the service. The service is now running satisfactorily."

1.45. The Committee note that one of the considerations for departmentalisation of the Mail Motor Service at Gauhati by using 3 wheeler vehicles was economy in expenditure. The Committee however feel that the estimate of the running cost at 40 paise per kilometer prepared by the Department was on the low side. They desire that the reasonableness of this estimate should be gone into. It is indeed surprising that the departmentalisation was embarked upon without ensuring proper facilities for the repair and maintenance of the vehicles. The Committee desire that it should be thoroughly investigated how the vehicles started suffering frequent break-downs within five months of the departmentalisation. They would like to know the position regarding the establishment of the work shop and the utilisation of the vehicles.

1.46. The Committee find that certain irregularities in the running of mail motor service are under investigation by the Special Police Establishment. The Committee desire that the investigation should be completed expeditiously. The Committee would like to be informed about the outcome and the action taken against the officials concerned.

EXPENDITURE ON DELIVERY OF HEAVY MAIL

Audit Paragraph

1.47. The departmental rules provide for incurring of extra expenditure on labour on each occasion when weight of mails to be delivered exceeds 10 kgs. per postman. The expenditure in such cases is certified by the postmaster after recording the aggregate weight of articles sent out for delivery.

In course of test audit of a post office in the U.P. Circle it was noticed (July-August 1969) that the average monthly expenditure per postman in 1968-69 in the Head Office delivery zone was about Rs. 46.05. Test check of records disclosed the following:—

- | | |
|---|-------------|
| (i) Double/bogus payment | (5 cases) |
| (ii) Payments to the same labourer
for employment on different | (74 cases) |
| (iii) Payments not supported by
acquittance of payees | (127 cases) |

On the defects being pointed out (August, 1969) the average monthly expenditure per postman dropped from Rs. 46.05 in 1968-69 to Rs. 19.40 in 1969-70 and Rs. 13.30 in 1970-71. The total expenditure in 1969-70 and 1970-71 was Rs. 65.164 and Rs. 44,665 respectively against Rs. 1,54,677 in 1968-69. The Department was requested (October, 1971) to conduct a review of such expenditure in other post offices. The Department stated (December, 1971 that (a) cer-

tain arbitrary restrictions were imposed immediately after Audit pointed out the irregularities and hence the fall in expenditure and (b) that a review of such expenditure in other post offices had been undertaken.

[Paragraph 13 of the Report of the Comptroller and Auditor-General of India for the year 1970-71—Union Government (Post and Telegraphs)].

1.48. The Committee understand from the Audit that after the defects were pointed out, the expenditure came down substantially as below:—

September, 1969—March, 1970	Rs. 14,028
(excluding December, 1969 for which figure is not available).	
1970-71	44,665
1971-72	41,095

The average monthly expenditure per postman decreased as follows:—

1969-70	19.40
1970-71	13.30
1971-72	11.80

In other words, compared to the year 1968-69, the reduction in expenditure was about 58 per cent in 1969-70, 71 per cent in 1970-71 and 73 per cent in 1971-72.

1.49. It is further learnt from audit that when the irregularity was brought to the notice of the Post-master General, Lucknow, the latter stated (January, 1970) that 2339 vouchers of different months were examined, but no irregularities of the nature mentioned by Audit were found. However, no detailed report on the specific instances brought out by Audit has been sent so far (April, 1972) except the five cases of bogus|double payments which were found established. The Postmaster-General, Lucknow, however, stated in September, 1970 that the reduction in expenditure subsequent to audit objection was achieved 'at the cost of depriving the delivery staff of their rightful dues'. It was, however, admitted that as the treasury work in the Lucknow post office was performed by Contractor, checking of vouchers was not done by the agents of the treasury contractor as carefully as required.

1.50. The Committee desired to know whether the investigation into all the specific cases of irregularities pointed out by the Audit

in the Head Post Office had been completed and if so, the result of the investigation made and action taken in each case. In reply the P. & T. Board intimated as follows:

"The Audit had pointed out that investigation should be made in respect of 320 vouchers. Out of the 320 vouchers, 16 vouchers have been reported by the Postmaster General U.P. Circle to be not traceable. The Postmaster General, U.P. Circle has been requested to take suitable disciplinary action against those responsible for the loss of these 16 vouchers. Out of the remaining 304 vouchers, disciplinary action has been initiated in respect of 64 vouchers. In addition to the 40 departmental employees involved in the 64 cases, the Treasury Contractor and his employees at Lucknow General Post Office were also responsible for the irregularities. The Treasury Contractor has been called upon to make good the amount of losses involved. There is no possibility of taking any disciplinary action against the Treasury Contractor; the Contractor's services are however being terminated with effect from 1st August, 1972, in pursuance of a policy decision taken by the Department.

In respect of the remaining 240 vouchers also, disciplinary proceedings would be initiated shortly".

1.51. According to the Audit, the P. & T. Board informed (July/December, 71) that the fall in expenditure in 1969-70 and 1970-71 was due to the following reasons:—

- (i) Immediately after Audit pointed out the irregularity, a blanket ban was imposed restricting the expenditure arbitrarily to Rs. 50/- on an average per day, although the work load did not justify such a measure. The restriction was operative from September, 1969 to March, 1970 and was gradually relaxed.
- (ii) Prior to September, 1969, letter mail articles were included in calculating the total weight of articles for the determination of the limit of 10 Kg. From September, 1969 these are being excluded for the purpose.

1.52. The expenditure of the Head Post Office Zone in 1970-71 and 1971-72 was Rs. 44,665 and Rs. 41,095 respectively which is much less than the expenditure of Rs. 1,54,677 in 1968-69 even after the restriction of Rs. 50/- on average per day was withdrawn. The Committee, therefore, desired to know whether it did not establish that there was real scope or reduction in the expenditure. Explaining the position the P. & H. Board have stated:

"In addition to the two reasons already stated by the P. & T. Board earlier regarding the fall in expenditure in 1969-70, the following factors were also responsible for the fall in expenditure during 1970-71 and 1971-72, when compared with the expenditure in 1968-69:

(i) There was a general strike and 'go slow' in September, 1968, which led to widespread dislocation of mail services and consequent accumulation of mails all over the country. The clearance of this accumulation would have led to an additional expenditure on coolie charges during the following months in the expenditure during October, 1968 and November, 1968 exceeded Rs. 15,000 per month. The situation which obtained during September, 1968 was of an unusual character and would have contributed to the higher expenditure during 1968-69.

(ii) In September, 1970 the strength of the postmen in Lucknow General Post Office was augmented by 10 postmen. This addition of the postmen to the strength of General Post Office resulted in fall of expenditure in Coolie charges because excess mails got distributed among the additional staff.

All the factors enumerated above have contributed to the increased expenditure during 1968-69. The Supervisory official found responsible is also being suitably dealt with".

1.53. The Committee enquired whether the two measures taken by the Board accounted for 71 per cent and 73 per cent reduction in expenditure in 1970-71 and 1971-72 respectively as compared to the expenditure in 1968-69, the P&T Board replied:

"It is difficult to quantify the percentage increase in expenditure during 1968-69, due to the unusual conditions which prevailed in the aftermath of the general strike of September, 1968, and subsequent 'go slow' of the staff. Again, to what precise extent the blanket ban restricting the expenditure arbitrarily to Rs. 50/- a day contributed to a fall in expenditure in the subsequent years compared with the expenditure during 1968-69, is difficult to say now. All that can be said is that there were some factors which were responsible for the increased expenditure during 1968-69 which were not in existence during 1970-71 and 1971-72."

1.54. Asked about the results of the review conducted in other P&T Circles, the Department replied as follows:—

“The results of review conducted in other Circle (i.e., except the U.P. Circle) reveal the following:—

The Postmaster General, Bihar Circle has reported some irregularities in Muzzafarpur Postal Division and he is taking necessary action to guard against such irregularities.

In the remaining other Circles (barring U.P. Circle), the review conducted do not reveal any irregularities or malpractices.”

1.55. From the facts as furnished to the Committee it is evident that there was a regular racket going on in the particular Head Post Office during 1968-69 to cheat Government in connection with the delivery of heavy mails. The test check by Audit disclosed a variety of irregularities and malpractices indulged in by the postal staff. Departmental investigations have revealed that besides the postal staff, the Treasury contractor and his employees were responsible for the irregularities. As many as sixteen vouchers are stated to be not traceable and a large number of postal employees are said to be involved in this conspiracy to defraud the Government and obtain bogus payments on fake or fictitious vouchers. The departmental enquiry having already established that irregularities were committed, the Committee desire that the case should be handed over to the police with a view to bringing the offenders to book according to the law of the land. Simultaneously departmental action should be taken to punish the staff found guilty of dereliction of duty, negligence or slackness in supervision. The Committee would like to be informed of the final outcome of the cases.

1.56. The Committee note that the review conducted in other Post Circles has revealed irregularities in one Postal Division in Bihar. The Committee desire that the P&T Board should, in consultation with audit, tighten up the procedure regarding delivery of heavy mails so that recurrence of such irregularities and malpractices would be obviated.

TRENCHING MACHINES

Audit Paragraph

1.57. Four trench digging machines costing about Rs. 3.17 lakhs were imported in February, 1965 for trenching work in the Bombay-Madras colaxial cable project. The machines were proposed to displace manual labour for digging trenches and were expected to

be economical in operation. They were sent to the project in May-June 1965 when trenching work in that project was already over. Immediately thereafter, they were diverted (at a cost of Rs. 5,450) to the Madras—Ernakulam co-axial cable project where trenching work was in progress; but the machines could not be used there as some parts were missing and some were damaged. After repairs at a cost of Rs. 3,893 they were brought to use between August 1965 and February 1966; but as they could work only on long stretches of soft or moderately hard terrain, they were used for trenching only 72 kilometres (about 10 per cent of the total route length of the project and 13 per cent of the route length trenched after the machines were received). In addition, they were used for trenching 45 kilometres in the Trichi—Madurai route. In March 1969 and March 1970 the machines were diverted (at a cost of Rs. 1,600) to the Madras—Calcutta co-axial cable project, but there also they remained un-utilised (December 1971). Thus during the entire period of more than 6½ years upto December 1971 the machines costing Rs. 3.17 lakhs were used for trenching only 117 kilometres. During that period about Rs. 36,370 were spent on pay and allowances of their operating staff, Rs. 3,893 on repairs and Rs. 7,050 on transportation to different projects.

The Department stated (November 1971) that the decision to purchase the machines was taken keeping in view the large quantities of cables proposed to be laid during the Third Plan period and the difficulties generally felt in mustering labour for trenching work, but because of the special efforts made by the project staff to recruit labour, bulk of the cables was laid before the machines arrived. The Department also stated that the machines would be utilised in future trenching works where the nature of terrain was found suitable.

[Paragraph 12 of the Report of the Comptroller and Auditor-General of India for the year 1970-71—Union Government (Post and Telegraphs)].

1.58. The Committee wanted to know the purpose for ordering the Trenching machines and reasons for their poor utilisation during the last six years. The Secretary, Communications stated: "In 1963, we were having a very large co-axial cable laying programme. We felt we must have some means by which these cables could be laid rapidly. In the west, these machines are used very extensively in almost all cable laying except in the city limits. So we ordered these from DGS&D. At the time of placing order, work was going on in a number of places. We felt these could be used when they arrived. Actually when the machines were des-

patched to the point where the work was going on, most of the work had already been completed. This was only part of the work completed because the co-axial cable laying programme is a continuous one. Even now we are having a very large cable laying programme. Looking back, I do admit there was no proper planning. The machines could be used only on certain sections of the route. The construction parties should first have made a survey of the entire route, selected the places where the trenching machines could be used, earmarked them only for such places and get the rest of the work done by contract or hired labour. This was not done, and everytime the machine was sent to a place, it was found work there had already been completed and had to be shifted somewhere else. Of course, in the meantime, quite a lot of trenching work has been done by these machines, but certainly they could have been used much more." The witness added that "these machines were ordered in November 1964. We had 743 kilometres where lines were to be laid. By the time the machines arrived in April 1965 we had laid everything but 63 kilometres. These 63 kilometres were near the urban areas where these machines could not be used. My experience is that for long stretches of routes these machines could be profitably used. I admit that they have not been used properly." About the present position of the machines the Secretary, Communications stated. "We have got these 8 machines. They were ordered at the same time." The Member (TD) P&T Board stated: "The Audit Para however, mentions about 4 machines. There are 4 other machines used in the North." About the performance of the 4 machines used in the North, the witness stated: "They have been used quite extensively. On a route of 400 km we used them for 224 km."

1.59. The Committee also desired to know whether the machines referred to in the Audit Report have been used after December, 1971. The Ministry of Communications in a note stated: "The machines referred to in the Audit para have not yet been used after December, 1971. As already mentioned they are expected to be used in future cable laying works."

1.60. In a written reply, the Ministry stated:

"The information on the utilisation of the machines in the Northern and Southern Regions is given below:

Region	Period of use	Extent of trenching done
Southern	August 1965 to March 1970	117 Kms.
Northern	Up to December 1971	250 Kms.

(i) The Trenching Machines were ordered primarily for expediting the cable laying works in Bombay—Madras and New Delhi—Bombay Co-axial Routes. By the time these machines were actually received, most of the cable laying works on these Routes were completed by mustering large number of labour by special efforts. These machines were, therefore, diverted to other Projects. In Southern Region these machines were used in Madras—Ernakulam and Tiruchy—Madurai Routes. These machines could be used only for short lengths as they could not be operated too close to the tree line or on rocky soil, culverts, etc. or on narrow berms of road embankment.

(ii) In the Northern Region these machines have been used to a considerable extent in New Delhi—Bareilly—Lucknow route where trenches to an extent of about 200 kms. were dug with these machines out of a total route length of about 500 kms. Here again, they could not be utilised for a greater length due to the reasons given above.

We have a number of co-axial cable Schemes in hand both in the Southern and Northern Regions. We propose to utilise these machines to the extent possible for digging trenches for cable laying in both these Regions. Instructions have been issued to the Project officials to survey and earmark the stretches of Routes on which the Trenchers could be used to advantage."

1.61. When asked if the Department had made a proper study as to why these machines were imported, the Secretary, Communications stated: "I do not think a separate study was made on these lines, but in the proposal, there was some anxiety shown for completing the cable work as quickly as possible." The witness added: "The proposal to import these machines came from our Planning Branch of the P&T Directorate. They are technical people and they have made a deep study." The Secretary, Communications stated: "The decision to import the machines was taken on 4th December 1963. Indent was placed on DGS&D in February 1964. They called for tenders in 1964. The machines were received at port on 27th January 1965 and 18th February 1965." Asked whether any delivery period was indicated to the DGS&D, the witness replied: "We indicated immediate delivery."

1.62. Regarding obtaining sanction for the import of these machines, the Secretary, Communications stated: "We got the approval of the Economic Affairs Department in January 1964 and the indent was placed on the DGS&D in February 1964. But the estimates were sanctioned much later. Once the Government's ap-

proval for purchase is there, according to the usual procedure—I do not say whether it is correct or not—the detailed estimate is prepared when the full costs are known. The orders were placed in February 1964.” In a written reply, the Ministry of Communications stated:

“The EFC Memo for the Project had been approved before the indents were placed. The approval of the Ministry of Finance (E.A.D.) was also obtained for the release of Foreign Exchange before the indents were actually released. Again the concurrence of Finance was obtained before placing orders for the Trenchers. Only the detailed estimates were prepared after the details of all the charges were known and then sanctioned by the competent authority.”

1.63. The Committee pointed out that the work was targetted to be completed in 1964 but the order itself was placed in February 1964, the Secretary, Communications explained: “I am trying to justify what has been done. Cabling is not one short job. It was not only one cable to be laid. It is a continuous process. Even today we are laying cable.” The Senior Member (Finance), P&T Board stated: “We in the Finance Department also went into this question before giving our approval as to what will happen to these machines when the work on these two projects is finished because they were importing the machines specifically for these projects. Then we were told that these machines will continue to be used on other projects after the completion of work on these two projects. So, the idea was not that these machines will be utilised only for these two projects but for other projects also.”

1.64. The Committee desired to know whether the suitability of the machines for terrains of the country was examined before ordering the purchase. In a written reply the Ministry of Communications stated:

“When the proposals to purchase the trencher were mooted it had been noted that while only about 400 kilometres of cable had been laid in 1962/63, a target of 2500 kms. was set for 1964-65. It was felt that this volume of work could be carried out only by supplementing the labour force with Trenchers. No specific difficulties appear to have been envisaged at that time in the utilisation of the machines.”

1.65. When asked whether the Department have worked out the economies of the use of machines and if so, whether the machines were found more economical, the Secretary, Communications replied: “We have made a comparative cost study of uti-

lising the machine and trenching by manual labour. We have found that the saving per KM with the trencher is of the order of Rs. 700. We have now 3831 KM of cables to be laid on 8 routes."

1.66. The Committee desired to know if the Department has worked out the costs keeping in view the expenditure incurred on maintaining the staff for these machines, the expenditure incurred on repairs etc. The Secretary, Communications stated: "The machine has got digging claws. It digs into the ground. The claws have to be replaced. They wear out.

He further explained that the expenditure which has been worked out as Rs. 700/- per km, it includes all items."

1.67. The Ministry in a written communication, have stated as follows the up-to-date position regarding expenditure on pay and allowances of the operating staff, repairs and transportation of machines:

"The details of up-to-date expenditure on pay and allowance of the operating staff, repairs and transportation of the 4 machines referred to in the Audit Para are given below:

	Rs.
(i) Expenditure on pay and allowances of the operating staff	30,244.25
(ii) Total cost on repairs :	
(a) for setting right the machines initially due to damage in transportation;	3,893.00
(b) on the maintenance and repairs of machines during operation	4,551.51
(iii) Total expenditure in transportation	7,050.00

1.68. Regarding the future trenching operations, the Secretary Communications stated: "We know the trenchers can be used. We have made a survey on each of these individual routes as to which are the exact points at which the machines can be used. Hereafter we will make an advance survey as to which are the places where the trenches can be dug."

1.69. When asked whether these machines were capable of digging 5', it was stated by the Secretary, Ministry of Communications that these machines could do only 4'. He further explained that "at that time, our standard was only 4' deep. We changed to 5' later because experience showed that if it is 4' the chance of damage is more."

1.70. The Committee asked if the Department checked the machines thoroughly when these were received at Calcutta and whe-

ther some of the parts were already damaged and defective, the Secretary Communications stated: "There was no provision for inspection but the inspection was to be at the destination. The machine comes in a dismantled condition and it has got to be assembled. We could not assemble it at the port of disembarkation and we have got to take it to the site where it is going to be used and when it arrived at the site, it was at that point we found that some parts were missing."

1.71. About the missing parts, the witness stated: "We have taken it up with the DGS&D. They said that the insurance does not cover this clause." The Member (TD) P&T Board stated: "In spite of the protracted correspondence with the DGS&D, they said the cost is to be borne by us and it cannot be claimed from the suppliers." The witness also stated that "It is not a manufacturing defect. It is a case of parts missing and here the loss could not be pinpointed. It was detected only at the destination."

1.72. The Secretary, Ministry of Communications stated: "To avoid such things, for future, we have provided, there should be insurance covering upto the point of installation."

1.73. The Committee asked whether there was any clause in the agreement about penalty for missing parts, the Secretary Communications stated: "When we import machines through D.G.S&D inspection is also his responsibility. We took this up with them. But they declined to make good and said we cannot recover from suppliers." The witness further stated: "that after protracted correspondence the DGS&D finally replied that according to the terms of contract the Director-Inspection, DGS&D was to carry out inspection at final destination only and not at port of entry. Transit from port of entry to the port of destination is not covered, by insurance. Some parts were missing. It could not be found whether it was Missing *en route* or when it was unloaded or while transit from the point of entry." As regards inspection of machinery imported by the Department at the time of disembarkation, the Secretary Communications stated: "Now inspection is done at site, not at the time of disembarkation. Now the insurance is extended from port of entry to the port of destination." The witness also stated that "it is very difficult to inspect the machines at the time of disembarkation."

1.74. This case indicates lack of planning in ordering and utilisation of imported machines. Eight trenching machines imported in 1965 for digging trenches with a view to expeditiously completing the co-axial cable laying projects in the Third Plan arrived after the

trenching work had been completed. The Committee are surprised how the P&T Department expected at the time of placing the indent in February, 1964 that the machines would arrive in time to be utilised for the projects.

1.75. The Committee find that these machines were very poorly utilised on other works to which these were subsequently diverted. In the Southern Region, 4 of the machines were used for digging trenches of 117 kilometres during the period August 1965 to March 1970 and in the Northern Region, the other four machines were used for trenching 250 kilometres upto December 1971. The machines have not been used since December 1971. It was admitted by the Ministry that the poor utilisation of these machines was due to lack of proper planning in not making a survey of the entire route and earmarking the stretches suitable for machine operations and manual labour. In the meanwhile expenditure on the pay and allowances of the operating staff was continued to be incurred by the Department (the upto date expenditure on the staff of the 4 machines referred to in the Audit Paragraph is stated to be Rs. 30,244).

1.76. The Committee understand that the Department have a number of co-axial cable schemes in hand both in the northern and southern regions where these machines are proposed to be utilised. The Committee however understand that the machines are capable of digging trench to a depth of 4 ft. while the Department have changed the specification to 5 ft. The Committee presume that it will be found feasible to use the machines for trenching upto 4 ft. depth and manual labour for an extra foot. The Committee would like to be informed about the utilisation of the machines in the new projects and the economics of their operations.

1.77. The Committee must place on record their displeasure at this example of sheer incompetence. They would like the case to be studied in depth with a view to issuing instructions to all concerned indicating how such matters should be handled so as to avoid frustration and infructuous expenditure.

Teleprinter signal generators

Audit Paragraph

1.78. Between June 1964 and October 1966 the Department placed orders on a public sector undertaking, Indian Telephone Industries Limited, for supply of forty-nine teleprinter signal generators for Rs. 7.48 lakhs. These instruments were meant for generating all

characters transmitted on teleprinter circuits, and to make them operational they needed auxiliary access relay sets to be designed and manufactured separately to suit the user's requirement. This fact was not known to the Department as orders were placed before literature on the equipment was completed by the Telecommunication Research Centre and subsequently also this point was lost sight of. Thus no action was taken for designing and ordering the relay sets.

Sixteen instruments were received by March 1966 and these were supplied to various telegraph offices and telex stations by October 1967; but the consignees could not make any use of them for want of relay sets. By January 1969, thirty-three more instruments were received and six of them were issued to other telex stations between February 1968 and August 1968. In February 1969, the Department decided not to issue them further. All the instruments costing Rs. 7.48 lakhs are lying unutilised so far. (December 1971).

The Department stated (November 1971) that the design for relay sets had been completed and orders placed for them on the undertaking and on receipt of the relay sets the instruments would become operational

[Paragraph 13 of the Report of the Comptroller and Auditor-General of India for the year 1970-71—Union Government (Post and Telegraphs)].

1.79. The Committee asked for the reasons for the Department placing orders for teleprinter Signal Generators designed by TRC, without relay sets required for operating them. The Secretary, Communications stated: "In the Telecommunication Centre we have got prototype semi automatic telex. This signal generator was tried on the telex and it worked well. TRC felt quite happy and did not pursue the matter. These instruments were made in the ITI and sent to the destination. At the destination they could not work. It was at that point we found that the local teleprinter exchanges did not have the inter-facing relay sets. There was a lot of correspondence between the user and the ITI. ITI have said, we have made according to the design. This correspondence went on between the user and the ITI for quite some time. They came up to the Maintenance Section. It took up with the TRC. They said there is one relay set. We have to put in exchange. Before that you can use it. I admit there was a lot of delay in eventually coming to the observation that the relay sets have not been supplied."

1.80. The Committee asked why the TRC did not realise that the generators could not be used in the local teleprinter exchanges without relay sets, the Secretary, Communications stated: "It was lost sight of." When it was pointed out whether the Department should not have checked up how the equipment was used, the witness stated: "This is organisational deficiency. There is no particular person on whom we can put the blame."

1.81. Explaining the procedure followed in placing orders for equipment developed by TRC, the Secretary, Communications stated: "TRC designs the instrument and they give the designs to ITI. TRC also informs the Maintenance Branch DTE here is the instrument which can be used for this purpose. There are three or four purposes in which this can be used. You ask the units to place an indent and the Maintenance Section tells the users to place the indents."

1.82. The Committee asked if it was not the responsibility of the Maintenance Section to satisfy themselves whether the user could use the equipment before, recommending it to the user. The Secretary, Ministry of Communications stated that the Maintenance Section of the Directorate also did not know that this particular part was required.

1.83. The Committee pointed out that 9 sets were received by the Department in March, 1965 and asked about the reasons for delay in taking up the matter with I.T.I. The Secretary, Ministry of Communications stated that the first letter from Madras to DG P and T, Planning about the non-supply of hand book was dated 9th March, 1966. Explaining the reasons for delay in supplying the equipment to the users, the witness stated "The procedure is like this. We have got a Chief Controller of Stores. He places orders on ITI for supply of instruments and the ITI supplies them to the stores in Bangalore. These 9 instruments . . . must have been supplied from the Stores at Bangalore because they issued them to exchange users in instalments—in May 1967, February 69 and so on." Asked when the users wrote about the equipment, the witness replied: "The first letter from the users is dated 22nd September, 1967 . . . He got it on 25th August, 1967 and he wrote to the ITI on 22nd September, 1967 . . . He wanted to know how to use the instrument." The witness further stated: "They (ITI) told him it should be used with semi-automatic telex exchanges. They did not give him the hand-book." The witness added that they received this reply on 24th October, 1967 and then the PMG,

Madras wrote to the Regional Director of Telecommunications on 24-7-1968.

1.84. The Committee pointed out that even after it was known in October, 1967 that the equipment could not be used without semi-automatic telex-exchange, 33 sets were received by the Department. The Secretary, Ministry of Communications stated: "It was only in January, 1969 that the Regional Director of Telecommunications wrote to the P and T Directorate saying that the generators were received without relay sets."

1.85. The Committee asked why the matter was not referred to the P and T Directorate till January, 1969 when in October 1967 the Department came to know that these instruments could not be used without semi-automatic telex-exchange. The Secretary, Ministry of Communications stated "it is very difficult to answer this question, Sir. I do feel that it has taken quite a long time." He added: "Actually, the ITI had said that these could be used with ordinary telex exchanges. The ITI gave wrong information. They did not supply the handbook but simply said that these can be used only with semi-automatic exchanges."

1.86. Regarding the present position of the utilisation of the generators, the Secretary Communications stated: "Even now, they are not in use. These were first prepared by the TRC but it is now designed by the ITI and we had discussions with ITI earlier. They promised us to supply a few relay sets in July/August and a few relay sets have been received by us." The witness added that "the first set has been installed in Bangalore and we have got a report that it has been working satisfactorily."

1.87. In a written reply furnishd subsequently, the Ministry of Communications stated: "Out of 49 anxiliary relay sets on order, 30 sets have been received at the Stations.

10 sets are in actual use at present. The remaining sets are expected to be in service within 3 months."

1.83. The Committee find that in this case there has been lack of foresight in designing a new equipment and inordinate delay in utilising it. The net result has been that 49 sets of teleprinter signal generators manufactured at a cost of Rs. 7.48 lakhs had remained unutilised for several years after their manufacture. The Tele-communication Research Centre which designed the Teleprinter signal generator tested it on the semi-automatic telex available with them but

ignored the fact that the local teleprinter exchanges for whom the equipment was meant were not equipped with the requisite machinery to operate it. The P&T Department placed orders for the manufacture of sets on the Indian Telephone Industries without going into the question whether the users have the wherewithal to use them, as the literature on the equipment was not completed by the Tele-communication Research Centre. It was long after the manufacture of the equipment that it was realised that auxiliary access relay sets were also required to make it operational.

1.89. The first batch of sets was received from ITI in March, 1965 without any hand book about using them. The Department did not issue the sets to the users till May, 1967, and the question of method of using the set was taken up by the user only in September, 1967 with ITI who surprisingly did not give accurate information to the Department. It was not till January, 1969 that the matter was brought to the notice of the P&T Board. This bald narration of the story of this equipment from the design stage with stage of utilisation is enough to show how very inefficient all concerned have been and how utterly unmindful every one has been of the extent of delay at every stage of the cost to the public exchequer of the delay and of the inconvenience to the user. The Committee can only place on record its utter dismay at so much indifference and incompetence, and hope that well conceived measures will hereafter be taken to effect better coordination between the Tele-communication Research Centre, I.T.I. and the field organisation to obviate recurrence of such lapses.

Key Sender Equipment in Trunk Exchanges

Audit Paragraph:

1.90. For use in various trunk exchanges the departmental Tele-communication Research Centre designed (October 1960) a key sender equipment which was expected to reduce considerably the fatigue caused to the operators due to repeated dialling operations besides lessening the time required to pulse out a number and decreasing the chances of error. After the prototype was tested in the laboratory simulating actual working, the Department decided (July 1961) to instal them in all the T-43 trunk exchanges in the country. Due to limited manufacturing capacity orders for manufacturing the equipment were placed (July 1961) on the Bombay Tele-communication factory covering, in the first instance, the requirements of the four telephone districts in Bombay, Calcutta, Delhi and

Madras. In September 1961, bulk orders for other T-43 exchanges were placed.

162 key senders (Rs. 14.75 lakhs) were manufactured by the Bombay telecommunication factory and issued to the various units between 1962-63 and 1967-68. On their installation in the trunk exchanges, it was noticed that in a number of cases the equipment could not be used due to operational defects, faults, etc. A review of the working of the equipment in 33 units disclosed that out of 138 key senders supplied to them, 83 were installed. Of those installed only 66 were working in 13 units and the remaining 17 (Rs. 1.55 lakhs) were lying idle because of operational difficulties (9) and non-availability of spares and other essential stores to rectify the faults (8). The remaining 55 key senders (Rs. 5.01 lakhs) were lying uninstalled in those units for 3 to 7 years for the following reasons:—

(i) Operational difficulties	19
(ii) Incomplete/damaged equipment	17
(iii) Shortage of accommodation	7
(iv) Auto exchange not installed	3
(v) Other reasons	9
TOTAL	55

The Department stated (October—December 1971) that (a) there was no inherent defect in the design of the equipment, (b) non-utilisation in some cases was due to reluctance of operative staff to take to new methods, (c) due to limited manufacturing capacity, there were difficulties in obtaining spares which were not in the regular production line, (d) the equipment could not be used in some cases as building construction/expansion was not completed to target dates and (e) efforts were being made to commission the idle equipment as early as possible.

[Para 14 of the Report of the Comptroller and Auditor General of India for the year 1970-71—Union Government (Posts And Telegraphs)]

1.91. Explaining the background of the new equipment, the Secretary, Communications stated: "For Use in various trunk exchanges, the Tele-communication Research Centre of the P&T Directorate designed in October, 1960 a Key Sender equipment. With this equipment the degits of the numbers to be dialled are

to be punched on Keys (buttons). This equipment is in extensive use abroad though the foreign machine is not identical with this equipment. In the first instance when this was designed by the TRC, this machine was tried out in the laboratory and was found to be working satisfactorily. And they asked the Bombay Telephone Workshops to manufacture this. Unfortunately now, we feel that it has not been accepted and it has got some valid reasons why they are not working it. We know what the reasons are. But one of the most important reasons is that when they tapped these digits on the keys—one very important thing was missing—they did not know the progress of the call. When we dial, we hold the receiver to hear and as we dial we hear the clicks and you know that the calls are progressing. But in this one there is absolutely no such indication. In places like Bombay where there is a heavy density of traffic and where there is large number of engaged numbers, the operator finds that after dialling each digit, that is after the whole thing is over, she finds the number is engaged. So there was a psychological resistance to the use of these machines and today there are not using them.

1.92. To a query if the other countries using this equipment had the same difficulty and if so, how, they were able to overcome them, the Secretary, Communications state: "There is a slight difference between the equipment that we made and what is available in other countries. For example, here is an equipment of four boards. The actual three racks which feed four boards that is four operators share three racks of equipment with the result if an operator wants to send a pre-digit number, she has to press start key and she has to wait till the light comes and only then she can proceed to digit further. This is really a snag in the operation and the operators do not like it and they do not want to wait till the common equipment is prepared to receive her digit."

1.93. Asked whether the new instrument saved some time of the operator, the Secretary, Communications stated: "It takes some time. But the time taken by the operator to press the button is very much shorter—for example, after a particular number she has got to dial. She can straightway press that number and immediately she can press this without waiting for anything". The witness further stated that "As far as operator is concerned, it will give her some relief. She will finish that work and it will give her a little pause before she starts the next operation."

1.94. Asked whether the TRC had a field test for these equipment, the Secretary, Communications stated: "This was the same

procedure we adopted in the earlier one (Teleprinter Signal generators). In the telex system we did not have a field test." Asked if it was not desirable to have a field test the witness stated: "It is not necessary. But we are trying in some cases."

1.95. The Committee desired to know how these key senders equipment were presently being utilised. In a written reply the Ministry of Communications have stated: "Key Senders are not being utilised generally in any station although they can be used."

1.96. In reply to a question, the witness stated: "The equipment is meaknt only for six digits."

1.97. The Committee desired to know how the Department propose to utilise these machines in the face of reluctance of the operators. The Ministry in their written reply have stated as follows: "TRC has been directed to study and suggest minor modifications to the Key Sender equipment and try the modifications in the equipment installed at Delhi to see whether better utilisation can be made of the equipment. In case the modifications are found unsatisfactory, the racks and relay plates will be dismantled and all the component parts will be utilised for other items of manufacture such as the relays and coils etc., the standard items used in several circuits."

1.98. During evidence the Secretary Communications stated that a High Powered Committee has been appointed to go into the working of Tele-communication Research Centre and to suggest improvement in its working. In a written reply the Ministry furnished the following terms of reference of the High Powered Committee :

"1. To review the research and development work being done in the field of telecommunications by various organisations under the Ministry of Communications, viz., the Telecommunications Research Centre of the P&T Department and its Telecommunication Workshops as well as the public sector undertakings and the Overseas Communications Service, and take into account work in this field in other institutions and organisations in the country.

2. To suggest measures whereby work in this field, being carried out by different organisations in the country can be effectively co-ordinated.

3. To suggest measures to expand the scope of research and development work in this field in the country and to accelerate its pace.

4. To locate areas in which the research and development effort is found to be lacking or inadequate and recommend measures for making good the deficiencies.

5. To bring indigenous designs and technology on par with those obtaining in advanced countries.

6. To suggest measures to enable the Telecommunication Research Centre of the P&T Department and other organisations mentioned above under the Ministry of Communications to progressively undertake research and development work on par with similar work being done abroad.

7. To recommend steps to build up supporting facilities commensurate with these objectives.

8. To recommend financial support needed for the effective implementation of the above programmes.

9. To suggest ways and means by which the transfer of design and development work to production can be expedited.

10. To suggest appropriate administrative and personnel policies for efficient implementation of the Committee's recommendations.

The date of submission of the Report by the High powered Committee was extended from 30th September, 1972 to the end of December, 1972.

1.99. The Committee observe with regret that this is another case where an equipment designed by the Tele-communication Research Centre has not been used for several years. 162 key senders ordered to be manufactured by the Bombay Tele-communication Factory in 1961 at a cost of Rs. 14.75 lakhs on the basis of the design prepared by the Tele-communication Research Centre have not yet been put to use. It was admitted during evidence that there were some operational snags in the equipment and the operators do not like it. The Committee consider that a procedure should be devised whereby a new equipment is tested in the field on pilot basis and results evaluated before undertaking bulk manufacture.

1.100. The Committee have been informed that Tele-communication Research Centre has been directed to study and suggest minor modification to the Key sender equipment and try the modifications in the equipment installed at Delhi to see whether better utilisation can be made of the equipment. The Committee would like to be informed about the outcome of the modifications proposed to be made in the equipment.

1.101. The Committee find that a high powered Committee was appointed in March, 1972 to review the research and development work being done in the field of telecommunications by various organisations under the Ministry of Communications, including the Telecommunications Research Centre of the P&T Department. The Report of the Committee was due by the end of December, 1972. The Committee would like to be informed about the action taken on the recommendations of the high-powered Committee in so far as those relate to the Tele-communications Research Centre.

NON-UTILISATION OF VACANT PLOTS OF LAND

Audit Paragraph

1.102. In paragraph 13 of the Second Report (Third Lok Sabha) 1962-63, the Public Accounts Committee had recommended that the Department should examine in detail all cases of non-utilisation of vacant plots of land and take action for their early utilisation/disposal. In course of evidence the Department had stated that it was already seized of the matter and that delay in construction of buildings on vacant plots was due to financial stringency, slow progress of work by the Central Public Works Department and constructions following a scheme of priority.

For execution of building works a full-fledged civil engineering wing was formed within the Department in July 1963. Notwithstanding this, test checks disclosed that 134 plots of land acquired by the Department till December 1966 for Rs. 55.85 lakhs for construction of departmental buildings for office, rest houses and staff quarters were lying unutilised (June 1971). Out of the 134 plots, 34 plots were acquired for Rs. 15.31 lakhs between 1873 and 1962 and 1100 between 1963 and 1966 for Rs. 40.54 lakhs. Of the 134 plots of land, 5 plots costing Rs. 0.44 lakh were found unsuitable or inadequate for these purposes while 5 plots were under dispute. The annual rent for hired accommodation in 82 out of 134 places is about Rs. 20.20 lakhs. This is apart from the expenditure on house rent allowance paid to the staff for whom quarters were envisaged.

In addition construction of buildings was in progress (June 1971) in 31 more plots acquired for Rs. 23.19 lakhs. Sixteen of these were acquired between 1929 and 1962 for Rs. 4.30 lakhs and 15 between 1963 and 1966 for Rs. 18.89 lakhs. The annual rent for hired accommodation in 16 of these 31 places is about Rs. 1.66 lakhs.

The Department stated (December 1971) that a decision was taken in 1963 to acquire land in advance to meet the requirements for the next 15 years and that one reason for limited progress in construction of buildings was paucity of funds.

[Paragraph 15 of the Report of the Comptroller and Auditor General of India for the year 1970-71, Union Government (Posts and Telegraphs).]

1.103. According to Audit there are, at present, 21 divisions in the civil engineering wing with about 178 gazetted officers and 1758 non-gazetted staff.

1.104. Out of the 134 plots mentioned in the audit para and acquired by the Department between 1873 and 1966, 5 plots have been found unsuitable or inadequate. The Committee desired to know why these plots were purchased and how it was proposed to utilise them. The P&T Board have furnished the following information:—

Name of the Place	Why plots were purchased despite being unsuitable/inadequate	Proposed utilisation
1	2	3
1. Bhuj (Gujarat)	A Plot measuring 1666 sq. yds. belonging to the State Govt. was purchased in 1959 at a cost of Rs. 5000 for construction of telephone exchange building. This area was considered adequate as there was not much of telephone demand. On the request of the State Govt. this was exchanged with an equally good plot in 1962. Instructions that at least 4000 sq. metres of land should be purchased for telephone exchange purposes were issued in April 1963. Therefore case for acquiring additional adjoining land measuring 2188 sq. yds. is under correspondence with the State Government.	The plot will be utilised for construction of Telephone Exchange building as and when additional land becomes available.
2. Barakar (W. Bengal)	The plot measuring 0.29 acres was acquired at Barakar at a cost of Rs. 8785 for telephone exchange. Acquisition proceedings were started in 1955. It came to light only in June 1958 that the plot falls within the area notified unsafe by the State Govt. Before taking possession in July 1958 PMG requested the Acquiring Department to stop further action regarding acquisition. This request was not acceded to as the land acquisition was almost fina-	The land is being utilised as line store dump by Barakar telephones.

used. However, Inspector of Mines Department intimated officially only on 21-8-58 that the plot was unsafe.

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|-----------------------|---|---|
| 3. Duggada
(U.P.) | The Plot was acquired for construction of P.O. building. A plot measuring 730 sq. yds. was purchased from State Govt. at a nominal cost of Rs. 350 for construction of P.O. The location of the plot was considered suitable at that time but later on due to development of Duggada in another direction this plot was not found Central and the Municipal Board offered another plot free of cost at a Central place for construction of Post Office. | The old plot is purchased to be utilised for construction of staff quarters. Regional Architect has been asked to prepare drawing and submit these for approval. |
| 4. Nainital
(P) ; | The plot was transferred from Indian Veterinary Research Institute free of cost for construction of staff quarters. | Due to high cost of development, construction of quarters was deferred in 1967. The case is now being reviewed again. |
| 5. Karwar
(Mysore) | The land was taken over at the request of Ministry of Transport for improving the then existing coastal shipping facilities at Karwar. With the liberation of Goa and installation of high power transmitters over there was no need for improving the facilities at Karwar. Therefore, the project for wireless receiving station was dropped in 1967. | The question of alternative use was examined but in view of its location far away from town, it was not found suitable for staff quarters, Head Post Office or Telephone Exchange. Disposal of this site to the State Housing Board or other agencies is under examination. |

1.105. Regarding the other 5 plots stated to be under dispute the following information has been furnished:—

1. Mandi (Himachal Pradesh):

Encroachment not yet vacated.

2. Kurla (Maharashtra):

The landlord has filed a suit in the High Court for higher compensation.

3. Raipur (Madhya Pradesh):

The possession of land was not given to the Department, as the land in question is under dispute, which is not yet settled.

4. Didihat (U.P.)

The dispute has been settled and possession taken on 9-7-68.

5. Doda (J&K)

Dispute with the Animal Husbandry Department of the State is not yet settled."

1.106. Audit pointed out that in as much as 110 out of 134 plots mentioned in the paragraph formalities required to be completed before the commencement of the building works had not been completed although these should take two years' time as per norms laid down. In this connection the P&T Board have state as under:—

"A minimum period of 12 to 21 months for proper planning and designing is indicated in the provisions in para 86(A) of CPWD code. This time period of 21 months is meant to cover the formalities pertaining to preparation of preliminary drawings, preliminary estimate, working and detailed estimates and NIT.

In addition time is also required for completing other formalities like getting the proposals from subordinate units, scrutinizing the same, processing the building estimate with the Finance Advice section for issuing sanctions etc. After NIT, tenders have to be called for and on many occasions tenders have to be called repeatedly before the work can be awarded. There are also cases in which the tendered amount is higher than the provisions in the estimate. Additional funds have to be ensured for which approval of Finance Advice section is required.

Therefore, it is stated that the time required will depend upon individual circumstances. However the buildings works are expedited to the extent possible and to match with the availability of the equipments to be installed in the buildings."

1.107. The main reasons for delay in completion of the formalities are as follows:

(a) *Inadequate capacity of Architectural Strength:*

Prior to 1963, the construction of the buildings was entrusted to CPWD which took very long time in completing the work. Taking

this delay into consideration, a Civil Wing was formed in the Department in 1963 for expediting the works. Only 2 posts of Sr. Architects were created but their capacity was inadequate to cope with the work. Consequently, in 1966 two more posts of Sr. Architects were created to further expedite the works. Even now the capacity of Architectural Wing does not seem to be enough to cope with the increasing work load.

(b) *Paucity of Funds:*

Paucity of funds has been one of the main reasons in slowing down building construction activities. During the emergencies of 1963 and 1965, a ban on building construction was imposed as an economy measure. During 1966 to 1969, as the 4th Plan was not finalised, planning had to be done only on an annual basis. This had an adverse effect on sanctions to building estimates which involved a commitment for more than a year. Adequate organisation could not be provided in the Civil Wing. In spite of these difficulties, there had been stepping up of the construction activities as can be seen from the following figures:

Year	Cost of Building work executed in Rs. crores	No. of staff quarters		No. of other Blds.	
		Completed	Under construction	Completed	Under construction
1963-64	2.57	483	1623	63	184
1964-65	3.00	769	1865	99	161
1965-66	2.98	1413	465	92	190
1966-67	3.66	301	313	156	236
1967-68	4.18	203	331	116	310
1968-69	5.75	269	1162	99	304
1969-70	6.14	271	716	208	276
1970-71	6.94	517	2134	120	243

1.108. The Committee regret to note that inspite of the formation of a full-fledged engineering wing since July 1963 having 21 divisions with about 178 gazetted officers and 1758 non-gazetted staff, the progress in the utilisation of the vacant plots has not been satisfactory. The Committee find that as many as 134 plots acquired between 1873 and 1966 are still lying vacant. While it may be true that land values have appropated over the years and the Department has been a

gainer to that extent, the fact remains that the various objects for which the lands were acquired viz. construction of office buildings and telephone exchanges, providing amenities to staff etc. have not been fulfilled. Moreover the cost of construction has been rising rapidly from year to year and the Department is required to incur expenditure in safeguarding the plots against unauthorised encroachment and to pay heavy rent for hired accommodation for offices in places where these plots exist, besides incurring expenditure on house rent allowance to the staff for whom quarters were envisaged. In the interest of speedier utilisation of the vacant plots, the Committee would urge the P&T Board to draw up a perspective plan for the next ten years, allocate interse priority for various buildings and take up construction with due regard to resources available every year.

PAYMENT OF SALES TAX

Audit Paragraph

1.109. In may 1964 the Department prescribed a procedure for issue of teleprinters to the indenting officers. According to this procedure, the Posts and Telegraphs Directorate should issue a list allotting teleprinters to the indenting officers for the whole year on the basis of the production programme of a firm located in Madras. The indenting officers are required to complete the formalities of sanctions to estimates, etc. and place indents on the stores depot in Madras within one month of allotment. On receipt of such indents the Madras depot should issue instructions to the firm for despatch of the teleprinters direct to the indenting officers. In case the despatch instructions are not received by the firm by the time the teleprinters are ready for despatch they should be handed over by the firm to the Madras stores depot from where the teleprinters should be issued subsequently to the indentors on receipt of indents.

The teleprinters despatched by the firm direct to the indentors outside Tamilnadu are liable to Central Sales tax at 2 to 3 per cent while the teleprinters taken over by the Madras stores depot for subsequent issue to indentors are liable to State sales tax at 10 to 15 per cent. It was noticed that indents were not placed within a month of allotment in a large number of cases as a result of which the issues had to be routed through the Madras stores depot. This

resulted in extra payment of sales tax to the extent of Rs. 15.68 lakhs during the years 1964-65 to 1970-71 as detailed below:—

Year of issue from Madras stores depot	No of machines issued	Amount of additional sales tax (lakhs of Rs.)
1964-65	87	0.31
1965-66	314	1.53
1966-67	239	1.44
1967-68	440	2.63
1968-69	219	1.73
1969-70	276	1.67
1970-71	714	6.37
		<u>15.68</u>

The case was reported to the Posts and Telegraphs Directorate in October 1969. The Department stated (November 1971) that action was being taken to enquire into the delayed release of indents in each Circle and that the machines lying available with the firm for which indents were awaited had been sent (after September 1971) to the stores depots outside Tamilnadu for onward despatch to the indentors to avoid payment of extra sales tax.

[Paragraph 24 of the Report of the Comptroller and Auditor General of India for the year 1970-71, Union Government (Posts and Telegraphs).

1.110. Asked to state whether investigation had been made to find out the reasons of delay in placing the indents for the teleprinters, the P&T Board in their reply stated as under:

] “All Heads of P&T Circles/Telephone Districts were addressed under the office letter No. 49-1/71-TI dated 27-11-71 requesting them to examine the reasons for not placing indents in time causing heavy expenditure in the chape of sales tax. It has been stated in their replies that the release of indents by the Circles within one month of allotment is not practicable in all cases. This is because the rent and guarantee terms have to be quoted to the parties and only on receipt of their acceptance, the detailed estimates are prepared and sanctioned. As the in-

dents are to be placed against estimates sanctioned progressively and the supply will also be only progressive, there will certainly be some variation from the quantity programmed for manufacture as per anticipation of requirements, quantities allotted by the P&T Directorate and quantity actually despatched by the Controller of Telegraph Stores Madras after getting the indents."

1.111. Explaining the steps taken by the Department to avoid such cases of delay immediately after the cases were pointed out by Audit in October, 1969, the P&T Board have state as follows:—

"Instructions were issued to M/s. Hindustan Teleprinters Limited Madras under our letter No. 2-25/71-T-I dated 25-11-71 that no teleprinter machines should be delivered to the CTS Madras as an interim measure. Heads of Circles have been requested to place their indents on C.T.S. Madras in time and obtain the teleprinter machines direct from HTL Madras. Instructions were further issued under our letter No. 2-25/71-TI dated 28-12-71 to the H.T.L. Madras stating that after meeting the demands of the indentors whose indents are received in time, the rest of the available teleprinter machines and attachments should proportionately be despatched to all the remaining 4 stores Depots viz. C.T.S. New Delhi/Bombay/Jabalpur/Calcutta, under intimation to CTS Madras."

1.112. In another note it was stated:

"Revised instructions were issued under our No. 2-5/71-TI dated 20th April, 1972 in which it was stated that all the available stock to teleprinter machines and attachments after getting the demands of the indentors whose indents are received in time may be despatched to other Stores Depots in consultation with the CTS Madras who will advise distribution of Stores in cases where consignee particulars are not given. Instructions were also issued under Our No. 2-2/72-MMC dated 12-7-72 to All Heads of Circles/Districts stating that the stores will henceforth be stocked and issued by the Circles Store Store Depots. The Teleprinter machines will be despatched by H.T.L. to the Circles Stores Depots and not to the indentors direct. On the basis of the allotment the indenting officers will give the requisite sanctions and forward the indents to the A.E. Stores Planning who will arrange

expeditious compliance of the indents through the concerned Circle Store Depots. Teleprinter machines received at Circle Store Depots should be retained in the original packing and should not normally be opened for inspection in the Stores Depot as this would damage the weather proof sealings of the machines. The OCTS Calcutta|CTS Madras will exercise overall control for distribution of machines and attachments and will issue despatch instructions in favour of various Store Depots on the basis of allocations issued by the Directorate and stock balance|pending indents in the depots."

1.113. Admittedly the procedure prescribed by the P&T Department in May 1964 regarding the issue of teleprinters to the indenting officers, was defective as it did not envisage that the release of indents by the Circles within one month of allotment was not practicable in all cases. This lacuna in the procedure resulted in extra payment of sales tax to the tune of Rs. 16.68 lakhs during the period 1964-65 to 1970-71. The Committee are surprised to find that even though the case was reported to the P&T Directorate by the Audit in October 1969, no action was taken to rectify the mistake till April 1972. Had the Directorate moved in the matter promptly they could have at least saved the additional sales tax of Rs. 6.37 lakhs which they had to pay during the year 1970-71. This is clearly indication of a lack of planning on the part of the P&T Directorate on the one hand and of coordination between the different authorities on the other. The Committee consider it a lapse which calls for investigation with a view to avoiding a recurrence of such cases in future.

NEW DELHI;

April 28, 1973

Vaisakha 3, 1895 (Saka)

ERA SEZHIYAN,

Chairman,

Public Accounts Committee

APPENDIX

Summary of main conclusions|recommendation

S. No.	Para No.	Mini/Deptt. concerned	Conclusions/Recommendations
1	2	3	4

I 13

P&T

During the year 1970-71 the actual revenue receipts of the Posts and Telegraphs exceeded the budget estimate by Rs. 14.28 crores which works out to 5.6 per cent as against 3.1 per cent in 1969-70. while the receipts from sale of stamps fell short of the budget estimates by 5.05 crores (7.6 per cent), the telephone rentals, fees etc. exceeded the estimates by Rs. 11.11 crores (10.2 per cent). The Committee regard these variations in the receipts from the sale of stamps and telephone rentals, fees etc., which are the major sources of the revenue, to be high. The Committee have been informed that in view of the large number of offices involved, wide spread activities and ever changing market trends, there are difficulties in framing estimates with total exactitude. It was admitted during evidence that the present method of preparing the estimates by increasing the previous figures in arithmetical ratio does not hold good in the case of telephone revenue and some research had to be done to arrive at a more precise formula. The Committee hope that the P&T Board

will pay serious attention to this question and make efforts to devise a method of framing estimates on a more realistic basis.

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I.16

Do.

The Committee find that the P&T Department are experiencing difficulties in getting adequate quantities of paper, other items of stationery and stores which adversely affect the working of the Department. It has been stated that while other bulk consumers of paper like Railway Board and Defence Ministry have been permitted directly to place their indents on the DGS&D, the requirements of the P&T Department are still canalised through the Controller of Stationery Calcutta. Because of this additional level between the user (P&T Department) and the suppliers there is inevitable additional time lag. There is also difficulty in supply of paper of low gramage required by the P&T Department for printing of certain forms, because of reluctance of the manufacturers to produce such paper. In view of the fact that P&T Department are bulk users of paper and stationery, the Committee desire that feasibility of their placing indents direct on the DGS&D, as is being done by the Railways and Defence Ministries, should be examined. As regards the low gramage paper required by the P&T Department, the Committee desire that the difficulties in this regard may be sorted out by the Department of Industrial Development and DGS&D with the manufacturers and necessary action taken in the matter.

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I.17

Do.

As regards the delay experienced by the P&T Department in procurement of other items of stores through DGS&D, the Committee desire that Government should go into this question thoroughly and

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P&T

take necessary steps to minimise delays, so that efficiency of the Posts and Telegraphs Services is not allowed to suffer for want of timely and adequate supply of vitally needed stores. The Committee would like to be informed of the action taken and improvements effected.

The Committee take a serious view of this case of alleged fraud in two Telephone Exchanges at Bareilly involving 8 gazetted and non-gazetted officers resulting in considerable loss of revenue (about Rs. 267 lakhs). The officials concerned deliberately kept the telephone meters out of order so that all calls made from certain specific numbers were not registered. The Department suspect a conspiracy between the Officials concerned and the subscribers. Although the average calls per quarter registered a sharp decline from July, 1966 (the average calls per quarter declined from 29810 in 1965-66 to 3680 in 1966-67 and 2285 in 1967-68—quarter ending June 1968), this went unnoticed till July, 1968, when the Department investigated the matter on receipt of a complaint and attributed the decline to faulty functioning of meters which had not been properly tested. It is evident that malpractice would have continued even after July, 1968 but for the complaint made by a staff member to the Department. The Committee have been informed that after detection of this case, all the 1034 manual exchanges in the country were checked

and 67 were found faulty. The Committee desire that the Department should thoroughly review the present procedure of testing meters and inspection of telephone exchanges with a view to plugging loop-holes and strengthening vigilance over the exchanges.

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I 32

Do.

Although the malpractices in this case came to the notice of the Department in July, 1968 no conclusive action has so far been taken against 8 officers involved in the case. The Committee are dissatisfied with the slow progress in this regard and desire that necessary steps should be taken to expedite the departmental proceedings. The Committee would like to be informed about the action taken against the officers concerned.

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I.33

Do.

The Committee find that there are complaints from subscribers in Delhi about excess billing. One of the reasons for excess billing is the piracy of the telephone, which is made possible by a subscriber tampering with connecting wires in the junction box either with the help of the staff or without it. As a remedial measures the Department have started raising the height of the junction boxes to 10—12 feet so that no body standing on the ground can open them. The Committee desire that apart from this, vigilance over the junction boxes should be made more effective by periodical and random checking.

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Do.

The Committee note that one of the considerations for departmentalisation of the Mail Motor Service at Gauhati by using 3 wheeler vehicles was economy in expenditure. The Committee however feel that the estimate of the running cost at 40 paise per kilo-

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			<p>meter prepared by the Department was on the low side. The desire that the reasonableness of this estimate should be gone into. It is indeed surprising that the departmentalisation was embarked upon without ensuring proper facilities for the repair and maintenance of the vehicles. The Committee desire that it should be thoroughly investigated how the vehicles started suffering frequent break-downs within five months of the departmentalisation. They should like to know the position regarding the establishment of the work-shop and the utilisation of the vehicles.</p>
8	I.46	P & T	<p>The Committee find that certain irregularities in the running of mail motor service are under investigation by the Special Police Establishment. The Committee desire that the investigation should be completed expeditiously. The Committee would like to be informed about the outcome and the action taken against the officials concerned.</p>
9	I.55	Do.	<p>From the facts as furnished to the Committee it is evident that there was a regular racket going on in the particular Head Post Office during 1968-69 to cheat Government in connection with delivery of heavy mails. The test check by Audit. disclosed a variety of irregularities and malpractices indulged in by the postal staff. Departmental investigations have revealed that besides the postal staff, the Treasury contractor and his employees were responsible for the</p>

irregularities. As many as sixteen vouchers are stated to be not traceable and a large number of postal employees are said to be involved in this conspiracy to defraud the Government and obtain bogus payments on fake or fictitious vouchers. The departmental enquiry having already established that irregularities were committed the Committee desire that the case should be handed over to the police with a view to bringing the offenders to book according to the law of the land. Simultaneously departmental action should be taken to punish the staff found guilty of dereliction of duty, negligence or slackness in supervision. The Committee would like to be informed of the final outcome of the case.

10 1.56 Do.

The Committee note that the review conducted in other Post Circles has revealed irregularities in one Postal Division in Bihar. The Committee desire that the P&T Board should, in consultation with audit, tighten up the procedure regarding delivery of heavy mails so that recurrence of such irregularities and malpractices would be obviated.

11 1.74 Do.

This case indicates lack of planning in ordering and utilisation of imported machines. Eight trenching machines imported in 1965 for digging trenches with a view to expeditiously completing the co-axial cable laying projects in the Third Plan arrived after the trenching work had been completed. The Committee are surprised how the P&T Department expected at the time of placing the indent in February, 1964 that the machines would arrive in time to be utilised for the projects.

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12	1 75	P&T	<p>The Committee find that these machines were very poorly utilised on other works to which these were subsequently diverted. In the Southern Region, 4 of the machines were used for digging trenches of 117 kilometer during the period August 1965 to March 1970 and in the Northern Region, the other four machines were used for trenching 250 kilometer upto December 1971. The machines have not been used since December 1971. It was admitted by the Ministry that the poor utilisation of machines was due to lack of proper planning in not making a survey of the entire route and earmarking the stretches suitable for machine operations and manual labour. In the meanwhile expenditure on the pay and allowances of the operating staff was continued to be incurred by the Department (the upto date expenditure on the staff of the 4 machines referred to in the Audit Paragraph is stated to be Rs. 30,244).</p>
13	1.76	Do	<p>The Committee understand that the Department have a number of co-axial cable schemes in hand both in the northern and southern regions where these machines are proposed to be utilised. The Committee however understand that the machines are capable of digging trench to a depth of 4 ft. while the Department have changed the specification to 5 ft. The Committee presume that it will be found feasible to use the machines for trenching upto 4 ft. depth and manual labour for an extra foot. The Committee would like to be in-</p>

formed about the utilisation of the machines in the new projects and the economics of their operations.

14 1.77 Do

The Committee must place on record their displeasure at this example of sheer incompetence. They would like the case to be studied in depth with a view to issuing instructions to all concerned indicating how such matters should be handled so as to avoid frustration and infructuous expenditure.

15 1.88 Do

The Committee find that in this case there has been lack of foresight in designing a new equipment and inordinate delay in utilising it. The net result has been that 49 sets of teleprinter signal generators manufactured at a cost of Rs. 7.48 lakhs had remained unutilised for several years after their manufacture. The Tele-communication Reserach Centre which designed the Teleprinter signal generator tested it on the semi-automatic telex available with them but ignored the fact that the local teleprinter exchanges for whom the equipment was meant were not equipped with the requisite machinery to operate it. The P&T Department place orders for the manufacture of sets on the Indian Telephone Industries without going into the question whether the users have the wherewithal to use them, as the literature on equipment was not completed by the Tele-communication Reserach Centre. It was long after the manufacture of the equipment that it was realised that auxiliary access relay sets were also required to make it operational.

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16	1.89	P & T	<p>The first batch of sets was received from ITI in March, 1965 without any hand book about using them. The Department did not issue the sets to the users till May 1967 and the question of method of using the sets was taken up by the user only in September, 1967 with ITI who surprisingly did not give accurate information to the Department. It was not till January, 1969 that the matter was brought to the notice of the P&T Board. This bald narration of the story of this equipment from the design stage with stage of utilisation is enough to show how very inefficient all concerned have been and how utterly unmindful every one has been of the extent of delay at every stage of the cost to public exchequer of the delay and of the inconvenience to the user. The Committee can only place on record its utter dismay at so much indifference and incompetence, and hope that well conceived measures will thereafter to be taken to effect better coordination between the Tele-communication Research Centre, ITI and the field organisation to obviate recurrence of such lapses.</p>
17	1.99	Do	<p>The Committee observe with regret that this is another case where an equipment designed by the Tele-communication Research Centre has not been used for several years. 162 key senders ordered to be manufactured by the Bombay-Telecommunication Factory in 1961 at a cost of Rs. 14.75 lakhs on the basis of the design prepared by the Telecommunication Research Centre have not yet been put to</p>

use. It was admitted during evidence that there were some operational snags in the equipment and the operators do not like it. The Committee consider that a procedure should be devised whereby a new equipment is tested in the field on pilot basis and results evaluated before undertaking bulk manufacture.

18 I 100 Do.

The Committee have been informed that Tele-communication Research centre has been directed to study and suggest minor modifications to the Key sender equipment and try the modifications in the equipment installed at Delhi to see whether better utilisation can be made of the equipment. The Committee would like to be informed about the outcome of the modifications proposed to be made in the equipment.

19 I 101 Do.

The omimtte find that a high powered Committee was appointed in March, 1972 to review the research and development work being done in the field of telecommunication by various organisations under the Ministry of Communications, including the Tele-communications Research Centre of the P&T Department. The Report of the Committee was due by the end of December, 1972. The Committee would like to be informed about the action taken on the recommendations of the high-powered Committee in so far as those relate to the Tele-communications Research Centre.

20 I 108 Do.

The Committee regret to note that in spite of the formation of a full-fledged engineering wing since July 1963 having 21 divisions with about 178 gazetted officers and 1758 non-gazetted staff, the pro-

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gress in utilisation of the vacant plots has not been satisfactory. The Committee find that as many as 134 plots acquired between 1873 and 1966 are still lying vacant. While it may be true that land values have appreciated over the years and the Department has been a gainer to that extent, the fact remains that the various objects for which the lands were acquired viz. construction of office buildings and telephone exchanges, providing amenities to staff etc. have not been fulfilled. Moreover the cost of construction has been rising rapidly from year to year and the Department is required to incur expenditure in safeguarding the plots against unauthorised encroachment and to pay heavy rent for hired accommodation for offices in places where these plots exist, besides incurring expenditure on house rent allowance to the staff for whom quarters were envisaged. In the interest of speedier utilization of the vacant plots, the Committee would urge the P&T Board to draw up a perspective plan for the next ten years, allocate *inter se* priority for various buildings and take up construction with due regard to resources available every year.

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I.113

P & T

Admittedly the procedure prescribed by the P&T Department in May 1964 regarding the issue of teleprinter to the indenting officers, was defective as it did not envisage that the release of indents by

the Circles within one month of allotment was not practicable in all cases. This lacuna in the procedure resulted in extra payment of sales tax to the tune of Rs. 16.68 lakhs during the period 1964-65 to 1970-71. The Committee are surprised to find that even though the case was reported to the P&T Directorate by the Audit in October 1969 no action was taken to rectify the mistake till April 1972. Had the Directorate moved in the matter promptly they could have at least save the additional sales tax of Rs. 6.37 lakhs which they had to pay during the year 1970-71. This is clearly an indication of lack of planning on the part of the P&T Directorate on the one hand and of coordination between the different authorities on the another. The Committee consider it a lapse which calls for investigation with a view to avoiding a recurrence of such cases in future.

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
DELHI			33.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1.	68
24.	Jain Book Agency Connaught Place, New Delhi.	11	34.	People's Publishing House, Rani Jhansi Road, New Delhi.	76
25.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	3	35.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88
26.	Atma Ram & Sons, Kashmeri Gate, Delhi-6.	9	36.	Hind Book House, 82, Janpath, New Delhi.	95
27.	J. M. Jaina & Brothers Mori Gate, Delhi.	11	37.	Bookwell, 4, Sant Narakari Colony, Kingsway Camp, Delhi-9.	96
28.	The Central News Agency, 23/90, Connaught Place, New Delhi.	15	MANIPUR		
29.	The English Book Store, 7-L, Connaught Circus, New Delhi.	20	38.	Shri N. Chaoba Singh, News Agent, Ramlal Paul High School Annexe, Imphal.	77
30.	Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi.	23	AGENTS IN FOREIGN COUNTRIES		
31.	Bahree Brothers, 188, Lajpatrai Market. Delhi-6.	27	39.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON, W.C.—2.	59
32.	Jayana Book Depot, Chaparwala Kuan, Karol Bagh, New Delhi.	66			

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PUBLISHED UNDER RULE 382 OF THE RULES OF PROCEDURE AND CONDUCT OF
BUSINESS IN LOK SABHA (FIFTH EDITION) AND PRINTED BY THE
MANAGER, GOVERNMENT OF INDIA PRESS, MINTO ROAD, NEW DELHI.
