

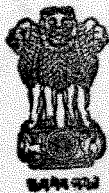
PUBLIC ACCOUNTS COMMITTEE

(1958-59)

ELEVENTH REPORT **(SECOND LOK SABHA)**

**[Appropriation Accounts (Posts and Telegraphs) 1955-56
and Audit Report, 1957 (Part II)]**

VOL. I—REPORT



LOK SABHA SECRETARIAT
NEW DELHI

November, 1958.

Price : Rs. 1.05

CORRIGENDA

Eleventh Report of the Public Accounts Committee (Second Lok Sabha) (1958-59) on Appropriation Accounts (Posts and Telegraphs) 1955-56 and Audit Report, 1957 (Part II), Volume I - Report.

- Contents page, Item IV, for 'Indian telephone' read 'Indian Telephone'
- Part II, line 4, for 'Sittings' read 'Sitting'
- Page 1, para 3, line 1, for '16,89' read '16.89'
- Page 2, line 11, for '52,84' read '52.84'
- Page 6, footnote, line 4, insert 'the' after the word 'for'
- Page 7, footnote, insert 'Vol.' before 'II'
- Page 9, line 18, for 'Department' read 'Departmental'
- line 19, for 'twenty-second' read 'Twenty-second'
- Page 10, para 22(1), line 4, for 'steel' read 'steam'
- Page 12, para 26, line 1, for 'twenty-second' read 'Twenty-second'
- para 27, line 4, for 'Heads' read 'Head'
- para 27, line 7, for 'appraised' read 'apprised'
- Page 13, line 2, for 'store-accounts' read 'Store-Accounts'
- para 30, line 2, for 'arears' read 'arrears'
- para 32, line 3, insert '(Appendices XVI and XVII)' after 'censured.'
- Page 14, para 35, line 3, for 'as' read 'its'
- Page 30, line 1 of heading of para 62, insert a hyphen after 'Limited'
- Page 34, line 4 for 'Department of Communications and Civil Aviation' read '(Department of Communications and Civil Aviation)'
- Page 36, line 6 from bottom insert a comma after 'stores'
- Page 38, line 6 from bottom, for 'industries,' read 'Industries,'

- Page 39, para 83, line 7, for 'repaid' read
'repaired'
- Page 41, para 89, line 6 for 'in a note' read
'in notes'
- para 90, line 5, insert a comma after
'consideration'
- Page 48, for, Thirteenth Report (Accounts for
1950-51 and 1951-52)' read 'Thirteenth
Report (Accounts for 1951-52 and 1952-53)'
- Page 48, S.No.3, column 7, for 'S.No.14' read 'S.No.4
S.No. 4, column 3, for '(introduction)'
read '(Introduction)'
- Page 49, S.No.6(i) column 5, line 17, for 'In action'
read 'Inaction'
- Page 54, S.No. 13, column 5, line 2, for 'Departmenta
read 'Departmental'
- Page 58, S.No.20, column 7, line 3, for 'Rota Prnt'
read 'Rota Print'
- Page 59, for 'First Report (Second Lok Sabha Accounts
for 1954-55)' read 'First Report
(Second Lok Sabha) (Accounts for
1954-55)'
- S.No.24, column 6, line 9, for 'feels' read
'feel'
- Page 60, S.No.26(i) column 5, line 17, for 'strigency
read 'stringency'
- Page 64, S.No. 35, column 7, line 1, for '(See para 3
Introduction) read 'See para 3
(Introduction)'
- Page 65, S.No. 38, column 7, lines 6 and 7 for
'Commtee' read
'Committee'
- Page 67, S.No. 45, column 65 line 4, for 'compassione
read 'compassionate'
column 5, line 5, for 'completion'
read 'completion'
- Page 68, S.No.48, column 5, lines 4 and 5,
for 'implecations' read 'implications'
- Delete the words 'of office' occurring in
column 1 between S.Nos. 48 and 49.
- Page 73, S.No. 17, column 4, line 1, for
'tha' read 'that'

CONTENTS

PAGES

Composition of the Public Accounts Committee, 1958-59	i
---	---

Part I

Introduction	iii—iv
I. Control over Expenditure	1—4
II. Losses, Nugatory Expenditure, Financial Irregularities and other topics of interest	5—8
III. Outstanding Recommendations	9—16
IV. Indian telephone Industries (P) Ltd.	17—19

Part II

Proceedings of the Public Accounts Committee—

*Seventeenth Sitting—P. & T. Accounts	25—32
Eighteenth Sitting—P. & T. Accounts	33—42
**Thirty-first Sitzings—consideration of draft Report	43—44

*** Appendices

I. Statement showing action taken or proposed to be taken on the outstanding recommendations of the Public Accounts Committee (P&T)	47—68
II. Summary of the main conclusions/recommendations of the Eleventh Report of the Public Accounts Committee (Second Lok Sabha)	69—75

*Earlier sittings relate to the consideration of the Accounts of the Govt. of Himachal Pradesh and Railways.

**Nineteenth to Thirtieth sittings relate to the consideration of Accounts of the D.V.C. and Defence Services.

***The Appendices referred to in the body of the Report are being printed separately as Volume II of this Report.

PUBLIC ACCOUNTS COMMITTEE 1958-59

*Shri N. G. Ranga—*Chairman*.

MEMBERS

2. Dr. Ram Subhag Singh
3. Shri Arun Chandra Guha
4. Shri N. R. M. Swamy
5. Pandit Jwala Prasad Jyotishi
6. Shri Rameshwar Sahu
7. Shri T. Sanganna
8. Shri Upendranath Barman
9. Shri Prabhat Kar
- †10. Shri Raghubar Dayal Misra
11. Shri H. C. Dasappa
12. Shri Khushwaqt Rai
13. Shri N. Siva Raj
14. Shri Aurobindo Ghosal
15. Shri Jaipal Singh
16. Rajkumari Amrit Kaur
17. Shri Amolakh Chand
18. Shri T. R. Deogirikar
19. Shri S. Venkataraman
20. Shri M. Govinda Reddy
21. Shri Rohit Manushankar Dave
22. Shri M. Basavapunnaiiah.

SECRETARIAT

1. Shri S. L. Shakdher—*Joint Secretary*.
2. Shri V. Subramanian—*Deputy Secretary*.
3. Shri M. C. Chawla—*Under Secretary*.

* Shri N.G. Ranga was appointed as Chairman of the Committee on the 11th September, 1958 for the unexpired portion of the term of the Committee ending on the 30th April, 1959 *vice* Shri T. N. Singh, resigned from Lok Sabha.

† Elected on the 23rd September, 1958 *vice* Shri T.N. Singh, resigned from Lok Sabha.

INTRODUCTION

I, the Chairman of the Public Accounts Committee having been authorised by the Committee to present the Report on their behalf present this 11th Report on the Appropriation Accounts (Posts and Telegraphs) 1955-56 and Audit Report 1957 (Part II).

2. The Appropriation Accounts (Posts and Telegraphs) 1955-56 and Audit Report 1957 (Part II) were laid on the Table of the House on the 11th September, 1957. The Committee examined these Accounts etc. at their sittings held on the 30th and 31st July, 1958. The recommendations of the Committee in regard to the excess in Grant No. 6—Posts and Telegraphs Expenditure met from Revenue—as disclosed in these Accounts have been incorporated in Para 7 of their Ninth Report which was presented to the House on the 9th September, 1958.

3. The Committee have in the past commented *upon the delays on the part of Government in taking disciplinary action against delinquent officials. Despite this, a number of cases have again come to their notice where considerable delays have occurred in finalising departmental action against the delinquent officials; in certain cases such officials have retired from service before disciplinary proceedings were launched against them and in others disciplinary proceedings were initiated only after the Committee had suggested such action.

The Committee deplore this state of affairs. The departments are expected to investigate the irregularities as soon as they come to their notice and take suitable action against delinquent officials.

In the course of their examination of certain cases involving serious financial irregularities which merited both departmental action and simultaneous prosecution for alleged criminal misconduct reference to which has been made in the later part of this report, their attention was drawn to the orders issued in Ministry of Home Affairs, Office Memorandum dated 7-6-1955, by which disciplinary action by the Departments concerned against delinquent officials could proceed with criminal prosecution *pari passu*. *Long delays in taking departmental action in such cases is not in the financial interests of the State as it involves payment of avoidable substantial subsistence allowance. The Committee trust the Posts and Telegraphs Department would look into the matter and impress upon their subordinate offices the necessity of prompt and adequate disciplinary action.*

*Para 4 (Introduction)—Twenty-second Report.

Para 3 (Introduction)—First Report (Second Lok Sabha).

(iv)

4. The examination of the Posts and Telegraphs Accounts was conducted under the Chairmanship of my predecessor, Shri T. N. Singh. The Committee place on record their sense of appreciation of his work.

5. A brief record of the proceedings of each sitting of the Committee has been maintained and forms part of this Report (Part II).

6. A statement showing the summary of the principal recommendations of the Committee is appended to the Report (Appendix II).

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

NEW DELHI;
Dated the 1st November, 1958.

N. G. RANGA,
Chairman,
Public Accounts Committee.

POSTS & TELEGRAPHS DEPARTMENT

I

CONTROL OVER EXPENDITURE

Financial Working of the Posts & Telegraphs Department

The following table shows the original and final grants and charged appropriation and expenditure actually incurred against each during the year 1955-56:

(In lakhs of Rupees)

	Original grant or Appropriation	Final grant or Appropriation	Actual Expenditure
Total Expenditure met from revenue			
Voted	48.85	49.10	49.11
Charged	2.37	2.37	2.21
Total expenditure met from Capital			
Voted	26.03	26.03	22.46
Totals :—			
Voted	74.88	75.13	71.57
Charged	2.37	2.37	2.21
GRAND TOTAL	77.25	77.50	73.78

As the Grants and Appropriations are for gross amounts, the above details do not include the recoveries which are adjusted in the accounts in reduction of expenditure. Total actual recoveries against all grants and appropriations are given below.

Actuals

Voted	17.52
Charged	2.53

2. There was thus a saving of Rs. 3.72 lakhs or about 4.8% over the total final grant and appropriation during the year under review as against a saving of about 6% in 1954-55 and about 0.5% in 1953-54.

3. *Savings on Voted Grant and Charged Appropriation:*

There was a saving of Rs. 16.89 lakhs or 7.1% under the charged appropriations.

The sanctioned appropriation was Rs. 237.44 lakhs against which the revised estimate framed in January 1956 was put at Rs. 226.16 lakhs, thus anticipating a saving of Rs. 11.28 lakhs. A further saving of Rs. 2.63 lakhs was anticipated in the finally modified estimates (March 1956), which was put at Rs. 223.53 lakhs. *The savings of Rs. 13.91 lakhs were, however, surrendered only on the last day of March, 1956.*

The saving under Capital Grant No. 108 amounted to Rs. 356.5 lakhs or 13.7% of the sanctioned grant of Rs. 2602.78 lakhs. The revised estimate framed in January 1956 was fixed at Rs. 2549.94 lakhs anticipating a saving of Rs. 52.84 lakhs. The finally modified estimates (March 1956) were put at Rs. 22,96.26 lakhs thus anticipating a further saving of Rs. 253.68 lakhs. The total savings of Rs. 306.52 lakhs were surrendered only in the last week of March 1956.

On an enquiry by the Committee why the above savings could not be anticipated a little earlier than March, the representative of the Posts and Telegraphs Department stated that as a result of corrective action taken during the last two or three years, the final provision was now known by November and December. As against the 13% savings under Grant No. 108 in 1955-56, the saving under the same grant in 1956-57 was only 2% and these were expected to be less than 1% in 1957-58.

In the case of Capital Grant, the following analysis would show that no expenditure was incurred on 421 out of 750 works costing more than Rs. 1 lakh each for which substantial funds were obtained. Apparently funds were asked for schemes before they were ready for execution.

1	No. of budgeted works exceeding Rs. 1 lakh	Total amount budgeted for works in Col. 2	No. of works on which no expenditure was incurred during 1955-56	Total amount budgeted for works in Col. 4
I	2	3	4	5
Buildings	319	1,78,45,800	257	1,08,89,900
Lines & Wires	256	1,80,61,000	92	75,76,200
Apparatus & Plant	175	2,59,65,500	72	54,34,400
TOTAL	750	6,18,72,300	421	2,39,00,500

Further 409 major works (75 related to Buildings, 178 to Lines and Wires and 156 to Apparatus and Plant) involving an Outlay of

Rs. 42.58 lakhs were executed during the year without any specific provision; the corresponding number for the years 1954-55 and 1953-54 being 655 and 868 respectively.

4. *The Committee pointed out that despite the assurance given to them when they examined the Posts and Telegraphs Accounts for 1953-54 (c.f. para 3 of the 22nd Report) that with the enhancement of the ceiling for minor works, the number of such non-budgeted works would decrease in future years, no perceptible improvement has been noticed by the Committee in the year under report.*

5. In extenuation, it was stated by the representative of the Posts and Telegraphs Department that out of 409 works, 400 involving Rs. 29.25 lakhs were works which had been approved by Parliament in previous years and completed but in respect of which some adjustments of expenditure incurred in previous years had been carried out and brought into accounts in the year 1955-56. Out of the remaining nine works, some were departmental works of emergent nature, which were not shown in the Demands for Grants, but executed with the concurrence of the Ministry of Finance. In the other cases, the major works were approved by Parliament but the expenditure was incurred under a different sub-head other than the one anticipated. It was added that as compared to 1951-52, there had been a gradual decline in 1956-57 in the number of cases involving expenditure of large sums of money on works without budget provision.

The Committee are not convinced of the reasons put forth in this case. In their opinion, the standards of accuracy in budgeting in the Department are below expectations. Maintenance of Liability Registers in the form laid down by the Ministry of Finance for other civil Departments would prevent cases of expenditure without provision being made.

From a note furnished to the Committee at their instance (*Appendix I) the Committee observe that instructions had been issued to all Heads of Circles, etc. on 30th November, 1955 for the maintenance of Liability Registers. As, however, only 16 of the 32 controlling units had complied with these instructions, further instructions were issued on 19th August, 1958.

The Committee desire that a watch should be kept to see that instructions issued by the D.G.P. & T. are invariably followed by all Heads of Circles and Controlling Units and there is no laxity in such matters.

6. *Major works carried out without sanctioned estimates—Pages 213 of the Account—Note 2—Item (iii).*

According to the instructions issued by the Director General, Posts and Telegraphs in September, 1952, no work should be undertaken

*Vol. II of Eleventh Report (Second Lok Sabha).

without prior financial sanction, except in emergent cases. The Committee note from the statement regarding Capital works that there were nine instances where expenditure had been incurred without sanctioned estimates in contravention of those instructions. In this connection the Committee drew the attention to para 13 at page 9 of the First Report of the Public Accounts Committee 1957-58 (Second Lok Sabha), wherein the Director General, Posts and Telegraphs, informed the Public Accounts Committee in July, 1957, that since the issue of the above orders no case had come to his knowledge. The representative of the Department stated that out of these nine works seven had since been sanctioned and two had been abandoned.

The Committee would like to be informed when they next take up examination of the Posts and Telegraphs Accounts, the number of cases in which action has been taken by the D.G.P. & T. against the Engineering officers concerned who were responsible for violating the instructions issued by him in September, 1952.

II

LOSSES, NUGATORY EXPENDITURE, FINANCIAL IRREGULARITIES AND OTHER TOPICS OF INTEREST

Compensation for losses—Para 13 of Audit Report

7. Payments on account of compensation to the senders of insured and other articles, lost or damaged in transit are not booked under head "Losses etc., written off" but are charged off separately under "Miscellaneous Post Office Expenses" in the accounts of the circle in which they occur. Recoveries if any are credited to the revenue receipts in the accounts of the circle concerned.

During the year under report, a sum of Rs. 2,42,965 was paid to various parties as compensation for the insured and other articles lost or damaged in transit. Departmental Officials were responsible for about 22 per cent of the loss suffered by the Department on payment of such compensation as against 37 per cent during the previous year. About 39 per cent of the amount of compensation attributed to negligence or dishonesty of the Departmental Officials was ordered to be recovered from the officials concerned. No responsibility has yet been fixed in respect of Rs. 22,217 paid as compensation, which represents about 9 per cent of the total loss.

The net amount of loss on account of payment of compensation was about 4·8 per cent of the total amount of insurance fee realised by the Department during the year, which was about the same as in the previous year.

8. In the course of evidence, the representative of the P. & T. Department drew attention to the difficulty in fixing responsibility in respect of the sum of Rs. 22,217 paid as compensation owing to many cases still pending in courts or under police investigation which stood in the way of finalising departmental action against the persons concerned. According to him the recent instructions of the Ministry of Home Affairs were that in cases of fraud, abstraction or manipulation of accounts, etc., departmental action should not be initiated where the case had been handed over to the Police. Further that in each of the cases referred to in the Audit para, they could not suspend a person just because of a minor act of contributory negligence. They could suspend an employee only when a substantial charge had been levelled against him. The statement made by the representative of

the Posts and Telegraphs Department was contradictory to what had been earlier stated by his predecessor before the Committee.*

Further under Rule 12 of the Central Civil Services (Classification Control and Appeal) Rules, 1957 a Government servant could be placed under suspension where an enquiry into his conduct was contemplated or was pending or a complaint against him of any criminal offence was under investigation or trial.

9. In this particular case, the Committee would point out the recommendation made by them in Para 13 of their 13th Report that the existing procedure for disposal of disciplinary cases, which require that in every case when a criminal act was in question, the departmental proceedings should not be held up pending the result of the criminal prosecution, needed revision, as it led to delay which helped the delinquent officials to escape punishment. This recommendation had been accepted by the Ministry of Home Affairs and necessary changes had been made by them in the existing procedure, [c.f. Appendix XXII of the 22nd Report of the P.A.C. (1956-57)]. *The Committee are surprised why the departmental witness should be oblivious of these decisions.*

10. The Committee next looked into the reasons for frauds in Savings Banks Accounts and thefts of insured articles and enquired what steps had been taken to prevent the recurrence of such cases. The representative of the Posts and Telegraphs Department stated that at this stage when efforts were being made to popularise the small savings campaign, introduction of more checks and stricter supervision would retard the progress of the campaign. He added that the Small Savings Committee set up by Government were already endeavouring to improve the security of the scheme without affecting its popularity. The Posts and Telegraphs Department is considering the revision of the Savings Bank procedure in Post Offices in consultation with Audit with a view to both safeguarding the interests of the State and effecting simplifications in the procedure for the convenience of the depositors (Appendix XLI). *The Committee would like to watch the results of the working of the revised procedure being introduced by the Posts and Telegraphs Department.*

11. As regards the thefts of insured articles, the Committee were informed that the Department was satisfied with the working of the existing system of insurance.

*The following sentence appears in para 106 of their 22nd Report, 1956-57 :

"The representative of the D. G. Posts and Telegraphs informed the Committee that the revised procedure for instituting departmental proceedings against Government servants involved in criminal misconduct without waiting for judgement of the Court had been brought into force since October, 1955 and all cases which arose after that date were being dealt with in accordance with the revised procedure."

From a note (Appendix* II) furnished giving comparative percentages of cases of defalcations, losses etc. where departmental officials were involved in respect of the years 1955-56 and 1956-57, the Committee note that the percentage of officials involved in such cases was 40·27 in 1955-56 and 40·11 in 1956-57. *The Committee are not, therefore, happy at the complacency of the Ministry. They feel that the existing procedure requires to be tightened up to bring down the percentage of losses due to Departmental lapses.*

Grainshops—Para 14 of Audit Report

12. The Fair Price Shops which were opened for the supply of food stuffs, etc., to Government servants at controlled rates were closed down during 1954-55.

The net loss, viz., Rs. 2·16 lakhs sustained by the Department in the running of the shops in all the Circles during the post-partition period from the 15th August, 1947 to their closure in 1954-55 was reported to the Department for obtaining orders of the Government for writing it off. Out of this, sanction for write off of Rs. 8,993-4-6 has been issued. The orders of the Government for the write off of the balance are awaited.

13. In evidence, the Committee were informed by the representative of the Ministry of Transport and Communications that not much headway had so far been made in writing off the balance of the net loss mentioned in the Audit Para. The Financial Adviser stated that the case had been referred to him only recently.

14. *The Committee do not see any justification for the delay in this case. They desire that the matter should be settled speedily as otherwise it would be difficult for Government to take necessary action with regard to losses. They desire that before sanctioning the write off of the loss of Rs. 2·16 lakhs sustained by the Department in the running of the shops, the Ministry of Finance should satisfy themselves about the causes leading thereto and also whether responsibility for acts of commission and omission on the part of the staff concerned has been fixed and disciplinary action taken against them. The Committee would like to be informed in due course of the further developments in this case.*

Postal Life Insurance Organisation—Para 17 of Audit Report read with Appendix 4

15. In para 69 of their First Report on the accounts for 1948-49, the Public Accounts Committee suggested that the Postal Insurance Organisation after its transfer from the Audit Department to the Posts and Telegraphs Department should be run on commercial lines and that a balance sheet in respect thereof duly countersigned by the Audit Officers be appended to the Commercial Appendix to the Appropriation Accounts.

According to the Audit Report, the balance sheets were to be prepared after the fund was divided and valuation of Pakistan policies completed. As an interim arrangement, statements showing (i) the business of the Post Office Insurance Fund, (ii) the policies issued, discharged, lapsed and surrendered and (iii) receipts and payments during 1955-56 together with the Financial Review on the working of the Fund during the year and audit comments thereon have been exhibited in Appendix 4 of the Accounts under report (Pages 228—244).

16. In evidence it was stated that the question of bifurcating the Revenue Account of the Fund on the basis of the Life Insurance Fund as on the 14th August, 1947 was being pursued and a provisional balance sheet had already been drawn up. Further, considerable progress had been made in the clearance of arrears in (i) posting of unadjusted items to the Ledger Accounts and (ii) classification of accounts and the consequent arrears in the maintenance of Broadsheet and other records of Civil wing of the Fund.

17. *The Committee would like to watch the results of the steps taken to clear these arrears through the next year's Audit Report.*

III

OUTSTANDING *RECOMMENDATIONS

Loss due to delay in reaching decisions—para 18 of the 22nd Report

18. In this case delay of 9 years in reaching a decision to acquire two plots of land resulted in an unnecessary expenditure of about Rs. 35,000. The Public Accounts Committee (1956-57) had held the view that the officers concerned in this case had failed to appreciate the urgency.

19. In evidence, it was stated that the delay occurred because the Ministry of Communications could not get certain information from the Postal Circle where this matter seemed to have been dealt with at a lower level. *The Committee deplore the manner in which matters which were to be dealt with by senior officers at their level are being allowed to take their usual course. They stress that senior officers should take quick and prompt decisions, especially in cases involving financial implications.*

Item 11—Misappropriation of the value of Money Orders by an Extra-Department Branch Post Master—Para 32 of 22nd Report.

20. In para 32 of their twenty-second Report, the Committee desired to be apprised of the results of the departmental action and of the appeal preferred in the High Court by the Post Master who was reported to have misappropriated a sum of Rs. 17,700 being the value including commission of Money Orders tendered by "Toddy Licencees" at the Post Office for remittance to the Superintendent of Excise. The Committee had also suggested that a procedure should be evolved whereby Posts and Telegraphs Department could get, at regular intervals, a report from the various Government Departments of cases of non-receipt of payments collected by the Post Offices on their behalf.

21. The Committee were informed in a note (Appendix III) that the Post Master was dismissed from service with effect from 30-4-56 and that action against other delinquent officials was in progress. As regards the improvement in procedure the Committee were informed in a note (Appendix IV) that a suitable procedure had since been evolved in consultation with the Ministry of Finance for reporting periodically to the Superintendent of Post Office concerned cases of non-payment of Money Orders sent to the Central Excise and Customs Authorities by the licencees for prompt investigation and that the Ministry of Finance

*See Appendix (I) containing the Statement showing action taken or proposed to be taken on the Outstanding recommendations relating to P. & T. Accounts etc. as revised and brought up-to-date

had issued instructions on the subject. *The Committee desire that periodical report about the practical working of this procedure should be called for by the Posts and Telegraphs Department from the Central Excise and Land Customs Collectories.*

Item 12—Loss due to abandonment of works—Jabalpur Foundry Project—Paras 36 and 37 of the 22nd Report.

22. A total expenditure of Rs. 6,84,500 had been incurred upto the end of 1954-55 on the construction of a manually operated Foundry in Jabalpur started in 1945. The decision to start working the Foundry from January, 1955 was taken and raw materials worth Rs. 3,69,000 were obtained. But the scheme was abandoned in February, 1955. The Committee of 1956-57 were informed that proposals for utilisation of the Foundry shed in the Telegraphs Workshop at Jabalpur had been put up before the Workshops Board. The Committee desired to be informed about the final outcome of the examination of the proposal and the circumstances in which Chief Engineer advised the General Manager, Posts and Telegraphs Workshops to postpone the operation of the Foundry. The proposal for the abandonment of the Foundry in February, 1955 was not referred to the Ministry of Finance.

The Committee considered the Memorandum (Appendix VI) furnished by the Ministry in this case. The latest position (September 1958) with regard to disposal of the raw materials and plant and machinery and the utilisation of the floor space of the Jabalpur Foundry were stated to be as follows:—

(i) *Raw Materials:* All raw materials originally procured for Jabalpur Foundry and which had become surplus would be utilised by the P. & T. Workshops. The important items requiring disposal are pig iron, steel, coal and limestone. The latest position in regard to these items is given below:—

(a) *Pig Iron:* There was a total stock of 1098 tons of pig iron at Jabalpur on the 7th August, 1958 and it is being sent gradually to the Alipore Workshops where it will be consumed in about $3\frac{1}{2}$ months at the rate of 300 tons per month. About 650 tons of pig iron has already been sent to the Alipore Workshops.

(b) *Steam Coal:* The present stock at Jabalpur is about 500 tons. This will be utilised at Jabalpur for normal consumption in the Workshops at Jabalpur and will be consumed in about a year.

(c) *Lime Stone*: The disposal of lime stone is presenting some difficulty as there is little prospect of local disposal since Jabalpur is in lime stone area. It is proposed to transfer the stock of lime stone to Calcutta after working out the economics of the proposition.

(ii) *Plant and Machinery*: (a) The following items of plant and machinery which had become surplus as a result of the abandonment of the Foundry Project at Jabalpur are proposed to be utilised at the P & T Workshops,

Alipore:—

	Nos.
(1) M. S. Cupolas (5 tons)	two.
(2) Rumbling Barrels	two
(3) Moulding Boxes	One set.
(4) Blower Set	One

(b) The following items of surplus plant and machinery cannot, however, be utilised in the Posts and Telegraphs Workshops and it is proposed that they should be disposed of through the D.G.S. & D:—

	No.
(1) Cupolas (5 tons)	Two
(2) Cupola (3 tons)	one
(3) Soorkey Mill	one
(4) Goods Lift	one

The proposal for the disposal of the items has been approved by the P. & T. Workshops Board. The necessary allocation estimates in regard to the disposal of these items have also been prepared. Necessary action for according Government sanction for the disposal of these items is being taken separately.

(iii) *Floor Space*: The Floor space of the Foundry Shed at Jabalpur is being fully utilised to store M.S. Sheets, Ammonium Chloride and other miscellaneous items of stores of the P. & T. Workshops at Jabalpur.

23. This case discloses considerable want of careful planning on the part of the persons, in the Posts and Telegraphs Department, responsible for the formulation of this Project. They have noted that the same officer who had put forth proposals for the starting of the Foundry advised within a year, that the scheme might be abandoned. The Committee would like to be informed of the final outcome of the disposal of the surplus materials and of the plant and machinery as well as the ultimate loss to Government on the abandonment of this Project which was obviously ill-conceived and the action taken against the concerned officers.

Item 13—Alleged Fraudulent Transaction in regard to the issue and discharge of Post Office Certificates—Embezzlement of the sale proceeds of the Postal Certificates—Misappropriation of the sale proceeds of the Certificates—Paras 38—47 of the 22nd Report.

24. In their Twenty-second Report, the Committee had dealt with certain cases of frauds, embezzlements and misappropriations in which officials of the Posts and Telegraphs Department were involved. They desired to be informed of the result of disciplinary action taken against the officials concerned. In a note (Appendix VIII) furnished to the Committee, it has been stated by the Posts and Telegraphs Department that in the case referred to in para 38 of the 22nd Report, orders had been passed for recovery of Rs. 8,108.50 nP. from six officials concerned. In the absence of any corroborative evidence no action could be taken against the Seventh official.

As regards the cases referred to in paras 41—47 of the above Report, it has been stated in notes (Appendices IX, X, XI and XXVII) that disciplinary proceedings have been finalised in all the 12 cases; four persons have been warned and censured, recovery of Rs. 3456-2-0 ordered from four persons and 4 let off. In one case, after deciding to recover an amount of Rs. 2,280 from an employee, it was waived by the Post Master-General in his capacity as appellate authority as the charges were not in his opinion proved against the official.

25. *The Committee are concerned at the delay in taking action in regard to disciplinary proceedings against guilty officials. In certain cases, it had taken 6 to 9 years to arrive at a final decision while in some other cases sterner action would have been more appropriate considering the gravity of the charges. By such delays, the guilty officials are enabled or allowed to retire from service by the time responsibility is fixed.*

Item 14—Alleged Misappropriation of cash by a Treasurer of a Post Office—Paras 53 & 54 of the 22nd Report.

26. In paras 53 and 54 of their twenty-second Report, the Committee had desired to be informed of the action taken against the officers as a result of whose negligence a sum of Rs. 24,578|- of Government money had been misappropriated.

27. In a note submitted by the Ministry (Appendix XIV) the Committee were informed that action against 13 out of 18 officials involved in this case had been finalised. *Further certain suggestions for tightening the procedure for handling cash and stamps in the Heads and Branch Post Offices, were under the consideration of the D.G., P. & T. and final orders would be issued in due course. The Committee should be appraised of the progress made in this case.*

*Item 16—Unsatisfactory store-Accounts in the P. & T. Department—
Para 60 of the 22nd Report.*

28. In para 60 of their Twenty-second Report the Committee had expressed concern about the dilatory manner in which the problem of clearing the arrears in store-accounts was being tackled, and desired the fixation of a target date for completion of this work.

29. In evidence, it was, stated by the representative of the Ministry that the reconciliation of the discrepancies of balances in the price ledgers had been completed upto 1956-57 but 7,128 items relating to the year 1957-58 were still pending.

30. *The Committee regret to note that the target dates fixed for the clearance of these arrears were not being adhered to in spite of the fact that this matter had been pending for the last few years and the Committee had expressed their concern over this. They trust that by the time they take up examination of the next year's Accounts the arrears would be wiped off.*

Items 17 & 18—Defective Stock-verification and delay in disposal of discrepancy statements and Irregularities in auction sale of stores—Paras 62 and 66 of the 22nd Report.

31. In para 62 of their Twenty-second Report, the Committee had desired to be informed about the progress of disciplinary action against officials responsible for submitting 'Nil' discrepancy statements without actually verifying stock.

In para 66 *ibid* the Committee also desired to be informed about the disciplinary action taken against the officials responsible for the serious procedural irregularities.

32. The Committee note (Appendix XV) that in the first case the stockholders concerned had been warned in the first instance and as a result of further review censured. In the second case, (Appendices XVI to XVIII), one Assistant Engineer had been removed from service with effect from 12th February, 1958 and another censured. Stockholders concerned had been warned.

33. *The Committee trust that in all such cases, the censure, warning etc., is recorded in the Confidential Reports of the officers concerned.*

Item 19—Stock position—Paras 69 to 71 of the 22nd Report.

34. In paras 69—71 of their Twenty-second Report, the Committee had emphasised the desirability of speedy disposal of all surplus stores and *inter alia* suggested that the disposal procedure should be reviewed with this object in view. The Committee were informed that only Rs. 0.77 lakhs worth of stock declared surplus was in hand.

35. *The Committee understand from the Comptroller and Auditor-General of India that the Surplus Stores Committee had not been functioning well. They would like to watch as working through the next Audit Report.*

Item 27—Excess payment of labour wages in Engineering Divisions—Para 5 of 1st Report (Second Lok Sabha).

36. In Para 5 of their First Report (Second Lok Sabha), the Committee had suggested an investigation of the payments to labour in certain Engineering Divisions of the U.P. Circle at rates higher than local rates without recording any reasons therefor and the fixing of the responsibility on the persons concerned. The Committee were told at that time (4-7-1957) that the Post-Master General, U.P., had been asked to fix the responsibility on the persons concerned.

37. In a note dated the 14th September 1957 (Appendix XX) furnished to them in the first instance, it was stated that while the Post-Master General, U. P. Circle was seized of the matter, two officers and a senior subordinate who were considered to be responsible for the irregularities had retired from service on 3-1-56, 17-11-56 and 1-8-55 respectively. In a subsequent note dated the 8th July, 1958, (Appendix XXI) it was stated that on the basis of the report received from the Post-Master General, U. P. Circle, the explanations from one Director of Telegraphs, 2 Divisional Engineers and one Assistant Engineer and 2 L. D. C.s were called for. The explanations from 3 officials had been received while those from other 3 officials were still awaited. *Thus even after the lapse of about 10 months, the case remained at its preliminary enquiry stage although in this case the excess payment involved was Rs. 1,51,000.*

38. *The Committee view with strong disfavour the manner in which this case has been dealt with by the Posts and Telegraphs Department. They desire that the case should be processed more expeditiously and a report submitted to them by the end of January next.*

Calcutta Telephone Automatisation Project—Remunerativeness—Para 15 of the Director-General's Financial Review read with Item 43—of the Statement of Outstanding recommendations (Appendix I).

39. In para 61 of their Tenth Report, the Public Accounts Committee had asked the Ministry of Finance (Communications) to examine the effect of delay in the execution of the project on its remunerativeness and submit a note to them in this respect. The Committee of 1957-58 considered this question further and called for further information with regard to the detailed break-up of the capital outlay, working expenses, revenue receipts and the profit for the years 1952-53 to 1956-57 in respect of this Project.

40. The Committee examined the statement showing the detailed break-up (Appendix XXII) from which it was revealed that though the number of new connections given during 1955-56 was 4,623, the

profit in that year showed a decline as compared to the figures for the preceding three years when the number of new connections given was comparatively less.

In evidence, the representative of the Posts and Telegraphs Department stated that while taking charge of the Calcutta Telephones, the assets were taken over at a highly depreciated value and, therefore, the working expenses were extremely small. In the process of replacement of old exchange equipment by new ones requiring a total capital of about Rs. 14 crores, the capital cost went up at an accelerated pace. The additional revenue would take sometime to materialise. This will be a temporary phenomenon and would soon disappear. In fact the profit in 1956-57 which was Rs. 25 lakhs was going up. He added that once the capital programme of expansion of this Project was completed, every new connection would mean additional revenue.

The Committee would like to watch the results of the financial working of the Project through the successive Audit Reports.

Item 22—Introduction of an effective Cost Accounting system in the Posts and Telegraphs Workshops—Para 23 of the 1st Report (Second Lok Sabha).

41. The Public Accounts Committee, (1956-57) were informed that a Cost Accounts Officer had been appointed to study the system of cost accounting in the Posts and Telegraphs Workshops and considerable progress had been achieved in the preparation of labour and material schedules. The Committee of 1957-58 were not satisfied with the state of cost accounting in the Posts and Telegraphs Workshops.

In evidence it was stated that the Cost Accounts Officer who was appointed in April, 1956 started actual work only in September, 1956 and there were 2,669 items of stores manufactured in Alipore Workshops alone and that out of this, the Cost Accounts Officer had only 131 items left to examine. As regards percentage of variable and invariable overheads, the General Manager, Posts and Telegraphs Workshops observed that the overheads for each of the Workshops at Calcutta and Jabalpur had been separated and consequently they were able to allocate the cost to the proper heads. The other step which they proposed to take was to put down the overheads of the various shops in Jabalpur as well as in Bombay and this they were doing with effect from 1st October, 1958.

As regards the average overheads percentage for the 3 Workshops, the Committee were informed that in the Bombay Workshop, it would be the highest being of the order of 320%. In Jabalpur it would also be about the same and in Calcutta a little less.

42. The Committee are of the opinion that the progress made has been rather slow considering the results achieved during the period of

two years since the appointment of the Cost Accounts Officer. They hope that by the time they take up examination of the next year's accounts, all the items would have been reviewed completely and the schedules drawn up.

43. As regards the overheads, the Committee feel that they are rather high. They learn that the P. & T. Department have been able to secure some orders from the Railway Department. While by increased production it would be possible to bring down the incidence of overheads on the end products, the Committee would emphasise the need for gradual reduction of the overheads to a regulated figure and thus reduce the cost of production.

IV

INDIAN TELEPHONE INDUSTRIES (P) LTD.

Indian Telephone Industries (P) Ltd., Bangalore—Para 43 of Audit Report (Civil) 1957 Vol. I, Sub-para (1)—Large amounts of outstanding book debts.

44. The book debts due to the Company as on 31st March, 1956 amounted to Rs. 229·42 lakhs, a large portion of which was due from the Posts and Telegraphs Department. *The amount of bills outstanding for more than a year was Rs. 71·20 lakhs as on 31st March, 1955, while the amount of bills outstanding for more than two years on this date was Rs. 22·70 lakhs.* As a result of these large outstanding dues, the Company was compelled to borrow money both from Government and the Bank and had to pay interest charges of Rs. 1,06,500 during 1954-55 of which Rs. 61,800 was the payment to the Bank.

45. The following statement set forth the amounts of outstanding book debts and the loans raised by the Company from the Government of India and the State Bank of India during the last 4 years ending on 31-3-1958:

	As on 31-3-55	As on 31-3-56	As on 31-3-57	As on 31-3-58
	Rs.	Rs.	Rs.	Rs.
Outstanding Sundry Debtors .	3,04,96,334	2,29,42,306	2,16,42,754	1,28,11,322
Loans from Govt. of India. .	51,84,200	51,84,200	63,84,200	75,84,200
Over-draft from State Bank of India .	51,98,279	..	62,58,838	10,85,687

The total interest paid or accrued upto 31st March 1958, on Government of India and State Bank of India loans is Rs. 8,56,685 and Rs. 5,41,685 respectively.

Out of the total Book debts amounting to Rs. 1,28,11,322 outstanding on 31st March, 1958, a sum of Rs. 92,71,372, *i.e.* more than 72% is due from the Posts and Telegraphs Department. The above outstandings relate to the following periods:

	Rs.
(a) More than one year (Bills issued upto 31-3-57)	16,74,446
(b) More than two years (Bills issued upto 31-3-56)	32,88,434
(c) More than three years (Bills issued upto 31-3-55)	10,25,590
(d) Less than one year (Bills issued during 1957-58)	68,22,852
TOTAL	1,28,11,322

46. In the course of evidence the representative of the Ministry explained that the position had since improved and on 1st July, 1958, the outstanding against the Posts and Telegraphs Department was Rs. 61.6 lakhs only. The Posts and Telegraphs Department had been making quick payments since last year. The representative of the I.T.I. observed that whatever interest the I.T.I. paid to the Banks it had to be added to the cost and the Posts and Telegraphs Department had to pay it indirectly.

47. *The Committee are unable to understand why there are such heavy outstandings against the Posts and Telegraphs Department.* According to the agreement between the Posts and Telegraphs Department and the I.T.I., 90% of the value on the basis of the I.T.I. delivery challan had to be paid to the I.T.I. Apparently this is not being followed. They learn that the Railways and Defence Ministries have agreed to make 100% payment as soon as bills were sent after despatch of materials by the I.T.I. *It is surprising why the Posts and Telegraphs Department, (also a commercial Department) the principal customers of the I.T.I., should not make payment for the supplies made to it by the I.T.I. like these Ministries. The Committee desire that the Posts and Telegraphs Department should issue instructions to all the units indenting stores from the I.T.I. that they should settle the bills from the I.T.I. expeditiously. In any case payment of bills of the I.T.I. by the Posts and Telegraphs Inspection Units situated at the I.T.I. should be settled on a cash and carry basis.*

Loss—Sub-para (3) of para 43 of Audit Report (Civil), 1957..

48. In December, 1954, a quantity of 1,369 gallons of varnish purchased by the Indian Telephone Industries in previous years was declared unsuitable for use as it had been kept in stock for a much longer period than its normal shelf life of only six months. The varnish was disposed of in auction on 20th January, 1955 and 21st March, 1958 for a sum of Rs. 1,055 resulting in a loss of Rs. 34,960 which had to be written off.

The dates of receipt of varnish and its consumption are given below:

Receipt of varnish		Consumption of varnish	
Date	Quantity	Date	Quantity
15-12-50	400 gallons	1950	5 gallons
2-6-51	95 "	1951	65 "
12-6-52	200 "	1952	30 "
11-8-52	400 "	1953	90-7/24 "
22-12-52	395 }	1954	75-1/8 "
	125 }		
9-1-53	30 "		
TOTAL	1,645 gallons	Total	265-5/12 gallons

49. The Secretary to the Ministry (who is also the Chairman, Indian Telephone Industries) stated in evidence that though the actual monthly average consumption was only 0·7 gallons, the Consultants and Collaborators of I.T.I. had put it at 3·6 gallons. An explanation was called for this variation. But in the meanwhile the varnish got spoiled on the shelf.

When asked why they purchased 400 gallons in 1950 when the actual consumption was only 5 gallons, the *Managing Director, Indian Telephone Industries*, admitted that there was lack of co-ordination and it was not necessary to order all the quantities of varnish during these years. Further, they had not at that time introduced stock control procedure.

50. The Committee trust that such a lack of co-ordination in the working of the various wings of the I.T.I. would not recur in future. The Indian Telephone Industries should also frame realistic estimates of their replacement of such materials to be kept in stock as these are subject to deterioration quicker.

NEW DELHI;
Dated the 1st November, 1958.

N. G. RANGA,
Chairman,
Public Accounts Committee.

PART II

**Proceedings of the Sitzings of the Public Accounts
Committee held on the 30th and 31st July and
1st November, 1958.**

CONTENTS

	PAGES
1. Savings on Voted Grant and Charged Appropriation (Grant Nos. 6 & 108)	26-27
2. Excess over Voted Grants (Grant No. 6)	27
3. Calcutta Telephone Automatisation Project (Para 15 of the Director General's Financial Review & item 43, statement of outstanding recommendations—Appendix I)	28-29
4. Compensation for losses [Para 13 of Audit Report]	29-30
5. Government Telephones Board (Private) Ltd., (Para 16 of the Director General's Financial Review)	30
6. Execution of Major Works [Para 11 (4) of Audit Report]	31
7. Expenditure incurred without sanctioned estimates. [Page 213—Note 2 item (iii) of Appropriation Accounts P.&T. 1955-56]	31
8. Grain shops (Para 14 of Audit Report 1957)	32
9. Postal Life Insurance Organisation (Para 17 of Audit Report)	32
10. Indian Telephone Industries (P) Ltd., Bangalore	38-40
11. Outstanding Recommendations :	
(i) Loss due to abandonment of Works	34-36
(ii) Unsatisfactory store-accounting in the P&T Department	36
(iii) Defective Stock-verification and delay in disposal of discrepancy statements and irregular auction sale of stores.	36
(iv) Stock position	36-37
(v) Introduction of an effective Cost Accounting system in the P&T Workshops	37
(vi) Loss caused due to delay in taking decisions for over 9 years	40
(vii) Action taken in regard to cases of misappropriation of the value of moneyorders by an Extra Departmental Branch Post Master.	40
(viii) Fraudulent transactions embezzlements and misappropriation of sale proceeds of Post Office Certificates	40
(ix) Alleged misappropriation of cash by a Treasurer of a Post Office	40
(x) Excess payment of labour wages in Engineering Divisions in the U.P. circle	41
(xi) Examination of the existing procedure for handling of cash and postage stamps	41
(xii) Infructuous expenditure on leasing rented accommodation for the location of offices	41
12. Consideration of Draft Reports by the Committee	41-42
13. On the spot study visits by Working Groups to the various Projects/Undertakings coming within their sphere of work	42
14. Approval of draft Report on P&T Accounts	43-44

PROCEEDINGS OF THE SEVENTEENTH SITTING OF THE
PUBLIC ACCOUNTS COMMITTEE HELD ON WEDNESDAY,
THE 30TH JULY, 1958

51. The Committee sat from 10·00 hours to 13·05 hours.

PRESENT

Shri T. N. Singh—*Chairman*.

MEMBERS

2. Dr. Ram Subhag Singh
3. Shri Arun Chandra Guha
4. Shri N. R. M. Swamy
5. Shri Rameshwar Sahu
6. Shri T. Sanganna
7. Pandit Jwala Prasad Jyotishi
8. Shri Upendranath Barman
9. Shri Prabhat Kar
10. Shri N. G. Ranga
11. Shri H. C. Dasappa
12. Shri Khushwaqt Rai
13. Shri N. Siva Raj
14. Shri Aurobindo Ghosal
15. Shri Jaipal Singh
16. Shri T. R. Deogirikar
17. Rajkumari Amrit Kaur
18. Shri S. Venkataraman
19. Shri Rohit Manushankar Dave.

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

Shri A. Kalyanaraman, *Deputy Comptroller & Auditor General*.

Shri Kali Charan, *Accountant General, Posts & Telegraphs*.

SECRETARIAT

Shri V. Subramanian—*Deputy Secretary*.

Shri M. C. Chawla—*Under Secretary*.

WITNESSES

*Ministry of Transport and Communications**(Department of Communications and Civil Aviation)*Shri M. M. Philip, *Secretary*.Shri D. C. Das, *Joint Secretary*.*Directorate General, Posts & Telegraphs*Shri Shankar Prasad, *Director General, Posts & Telegraphs*.Shri R. C. Vaish, *Chief Engineer (P & T)*.Shri C. V. Cunningham, *Sr. Deputy Director General, (P & T)*.Shri P. M. Agerwala, *Chief Engineer (Planning, P & T)*.Shri B. D. Sud, *General Manager, Posts & Telegraphs Workshops*.*Ministry of Finance*Shri S. S. Shiralkar, *Financial Adviser (Communications)*.Shri R. Saran, *Deputy Secretary (E.A. Division)*.*(Shri R. G. Kamath, Chairman, Public Accounts Committee, Mysore Legislative Assembly accompanied by Shri Thimappa Gowda, Assistant Secretary, Mysore Legislature was also present to watch the proceedings.)*

52. The Committee took up consideration of the Appropriation Accounts (Posts and Telegraphs) 1955-56 and Audit Report, 1957—Part II.

Savings on Voted Grant and Charged Appropriation Grant Nos. 6 & 108.

53. There was a saving of Rs. 16.89 lakhs or 7.1 per cent under the charged section of Grant No. 6. The savings of Rs. 13.91 lakhs were surrendered only on the last day of March, 1956.

Similarly, the savings under Capital Grant No. 108 amounted to Rs. 356.5 lakhs or 13.7% of the sanctioned grant of Rs. 2602.78 lakhs. Savings of Rs. 306.52 lakhs were surrendered only in the last week of March, 1956.

The above savings were stated to be the result of several causes such as execution of a lesser number of works than anticipated, non-receipt of stores, smaller expenditure under stores suspense, reduction in interest charges etc.

The Committee wanted to know why such savings could not be anticipated a little earlier than March. The representative of the Posts and Telegraphs Department stated that as a result of examination of accounts, they had been able to take corrective action during

the last two or three years by foreseeing the final position sometimes in the month of November and December. As against the 13% savings under Grant No. 108 in 1955-56, the savings under the same Grant in 1956-57 was only of the order of two per cent and these were expected to be less than 1% in 1957-58. Thus the difficulties that were inherent in 1955-56 accounts were reduced and the variations would not be as large in future.

Excess over Voted Grants—Grant No. 6

54. The original Voted Grant provided for an expenditure of Rs. 48,85,41,000. This was supplemented by another grant of Rs. 25,00,000 obtained on 20th March, 1956 mainly for making increased contribution to the Telephone Development Fund as a result of larger collections of advance rentals under the "Own Your Telephone Scheme." This supplementary grant, however, proved to be insufficient and there was actually an excess expenditure of Rs. 1.01 lakhs under this Grant.

The representative of the P & T Department stated that this excess was mainly due to allowances, honoraria and other payments to staff, sporadic traffic increases, increased expenditure on postage stamps and post cards, on stores and workshops etc. Elucidating the matter further, he stated that matters pertaining to the question of allowances etc. of the staff remained quite indefinite for a long time as they affected other departments and services of the Government of India. Such decisions were sometimes taken extremely late in the year.

The Committee drew attention to the note [Appendix IV of the Ninth Report (Second Lok Sabha)] submitted by the Director-General Posts and Telegraphs explaining the circumstances leading to the above excess. The P. & T. Department had contended that had it not been for the excess collection under the 'Own Your Telephone Scheme', there would have been no net excess expenditure.

The Committee enquired the details of the accounting procedure followed in the case of the advance rental collections under this Scheme. The representative of the P. & T. Department stated that under the 'Own Your Telephone Scheme', advance rentals (at the rate of Rs. 2,500 per connection in Bombay and Calcutta and Rs. 2,000 in other places) were realised to cover the capital cost of the telephone connection. The advance rentals thus realised were credited to revenue receipts, while an equivalent amount was contributed from Working Expenses to the Telephone Development Fund created for the purpose of financing the capital expenditure incurred for extension and development of telephone services. In other words, the entire amount thus collected was capitalised and this fund was earmarked for the development of telephones.

*Calcutta Telephone Automatisation Project—Page 11, para 15 of the Director General's Financial Review read with item 43 of the *Statement showing action taken or proposed to be taken on the outstanding recommendations of the P. A. C.*

55. The Committee pointed out that in the statement (Appendix XXII) showing the break-up of the capital outlay etc. of the Calcutta Automatisation Project, the profit in respect of the year 1955-56 had been shown as Rs. 19.14 lakhs although the number of new connections given had been stated as 4,623. They wanted to know the reasons for this decline in the profit as compared to the figures for the preceding three years when the number of new connections given was comparatively less.

The representative of the P. & T. Department stated that while taking charge of the Calcutta Telephones, the assets were taken over at a highly depreciated value and, therefore, the working expenses were extremely small. *In the process of replacement of old exchange equipment by new ones requiring a total capital of about Rs. 14 crores, the capital cost had increased in a higher proportion to the additional revenue expectations.* Thus the profit margin had gone down in the first instance. Once this optimum limit had been reached, the exchanges would yield more profit. In case of Calcutta, this limit was reached in 1955-56. Referring to the statement *ibid*, he pointed out that the profit in 1956-57 was Rs. 25 lakhs and it had been going up. He maintained that once the capital programme of expansion of this Project was complete, every new connection would mean additional revenue.

In reply to a question, the representative of the P & T Department stated that the rate of depreciation allowed in the case of Telephone equipment ranged between 4 to 4.50% on the capital outlay.

56. The Committee then discussed the rationalisation of the rate structure for telephone traffic. The representative of the P & T Department informed the Committee in this connection that Government had appointed a Departmental Committee to examine the telephone rate structure etc. That Committee, he said, had considered *inter alia* the future capital structure of the Department, the amount of contributions to be made either to the 'Renewals Reserve Fund' or to the Telephone Development Fund.' The Committee desired that a copy of this report as also action taken thereon by Government should be furnished to them as soon as ready.

In reply to another question, the representative of the P & T Department stated that since the commencement of the First Five Year Plan, they had increased their assets in the Telephone Branch by four fold, *but they had not been able to cope with the growing demand in the country owing to the industrial development during the Second*

Five Year Plan. He stated that this capacity was limited very largely not by the lack of demand but by the lack of resources.

Compensation for losses—Para 13 of Audit Report, Page 30.

57. During the year under report, a sum of Rs. 2,42,965 had been paid as compensation to the senders of insured and other articles, lost or damaged in transit. The Committee noticed from the statement showing detailed analysis of this amount given in Appendix I of the Accounts under consideration that *Departmental official were responsible for about 22% of the loss suffered by the Department on payment of such compensation as against the corresponding percentage of 37 during the previous year.* About 39 per cent of the amount of compensation paid on account of negligence or dishonesty of the departmental officials was ordered to be recovered from the officials concerned. No responsibility had yet been fixed in respect of Rs. 22,217 paid as compensation which represented about 9% of the loss.

58. When asked about the difficulty in fixing responsibility in respect of Rs. 22,217 paid as compensation, the representative of the P & T Department stated that many cases were either pending in the court of law or were under Police investigation and in such circumstances it was not possible to finalise departmental proceedings against the persons concerned. The Committee, however, drew attention to the recommendation made by them sometime back that the existing procedure for the disposal of disciplinary cases, which required that in every case when a Criminal act was in question, *the departmental proceedings should not be held up pending the result of the criminal prosecution, needed revision, as it led to delay and helped the delinquent officials to escape punishment.* This recommendation, it was pointed out, *had been accepted by the Ministry of Home Affairs and necessary changes had been made by them in the existing procedure.* The representative of the D.G., P & T, however, averred that only recently they had received instructions from the Ministry of Home Affairs that in cases of fraud, abstraction or manipulation of accounts etc. where a case had been made over to the Police, departmental action should not be resorted to at once.

Attention of the representatives of the P & T Department was then drawn by the Committee to para 106 of the 22nd Report of the P.A.C. wherein it was stated that the revised procedure as envisaged by the Committee (briefly referred to above) had been brought into force since October, 1955. It was pointed out that the present statement of the representatives of the P & T Department ran counter to what had been earlier stated by them. The representative conceded that they had no intention whatever of resiling from that position. But they felt the need of some flexibility in the observance of the revised procedure.

On the matter being pressed further, the representative of the P & T Department stated that when an employee was prosecuted in a court for dishonesty, they could suspend him pending the decision of

the court. They could not, however, suspend a person just because of a small act of contributory negligence on his part. They could suspend a person only when a substantial charge had been levelled against him*.

59. When asked to indicate the number of cases disposed of or where the police investigations had been completed, the representative of the P & T Department stated that no responsibility was fixed in respect of Rs. 22,217. He promised to furnish the detailed breakup of the amount. To another question, he replied that in many cases, the officers involved were still in service and in some cases they had retired. On the Committee pointing out the increase in the percentage of fraud cases, etc., for which departmental officers were responsible, the representative promised to furnish a note giving percentage of officials involved and the comparative figures for the last two years.

In view of the cases of fraud on savings banks accounts and of theft of insured articles, the Committee wanted to know whether these cases were merely due to the dishonesty of the officials or due to some lacuna in the procedure which made detection of frauds difficult in time.

60. In regard to Savings Bank Accounts, the representative of the P & T Department stated that they were endeavouring to build up the small savings campaign and any precautionary measures such as more checks, intensive supervision, etc. would necessarily result in a certain measure of slowing down of the campaign and making it less popular. He added that they had set up a Small Savings Committee who were already seized of this problem and were endeavouring to find the best means of increasing the security without affecting the popularity of the system.

61. So far as the insurance system was concerned, the representative of the P & T Department stated that the Department was generally satisfied that the existing system was working well. *Government did not contemplate introducing a system by which they could have re-insurance for the articles which had been insured in the Post Office so that the losses that might arise on account of theft or destruction could be compensated through reinsurance coverage.*

Government Telephones Board (Private) Limited Page 11, para 16 of the Director General's Financial Review.

62. The Committee were informed that the Bombay Telephone Company had been liquidated in March, 1958 and that the Government Telephone Board would shortly go into liquidation.

*On the 31st July, 1958, the C & A.G. read out to the Committee the Rule, [Rule 12 of the Central Civil Services (Classification, Control and Appeal) Rules, 1957] under which an officer could be placed under suspension even when merely an enquiry into his conduct was contemplated.

Page 29—para 11(4) of the Audit Report.

63. This para relates to the execution of 409 major works involving an outlay of Rs. 42·58 lakhs without any specific provision in the budget.

The representative of the P & T Department explained that 400 out of 409 works amounting to Rs. 29·25 lakhs were works which had been approved by Parliament and which had been executed and physically completed but in which some adjustments of expenditure relating to the previous years had been carried out and brought into proper accounts in this particular year under report. Out of the remaining 9 works, some were departmental works of an emergent nature which were not shown in the Demands for Grants and for which Parliament's sanction had not been taken. But these were executed with the concurrence of the Ministry of Finance. In the other cases, the major works were approved by Parliament but the expenditure was incurred under a different sub-head other than the one anticipated. He assured the Committee that there had been a gradual decline in the number of cases involving large sums of money without provision in the budget from 1126 in 1951-52 to 305 in 1956-57.

When the representative explained the practical difficulties experienced in a large majority of cases where expenditure was adjusted on completed works in subsequent years, the C & A. G. suggested the maintenance of a 'Liability Register' in respect of each work as enjoined by a circular issued by the Finance Ministry.

64. The Committee then referred to the list of items appearing at pages 211 and 212 of the Audit Report where the progressive expenditure on certain major works exceeded the sanctioned cost of works by more than 10%. The representative of the P & T Department explained that it was due to two reasons *viz.*, (a) rise in the cost of materials and (b) change of specifications during the progress of the work or in the early stages of its execution.

Page 213—Note 2—Item (iii) of Appropriation Accounts (P & T), 1955-56.

65. This statement brings out nine instances where expenditure was incurred without sanctioned estimates. The representative of the P & T Department stated that out of these nine works, seven works had been sanctioned and two had been abandoned. There was only a question of issuing either a revised formal sanction for the work or when the cost of the work went beyond 10%, it had to be re-sanctioned again.

Grain Shops—Page 30—Para 14 of Audit Report, 1957.

66. The Committee understood that not much headway had so far been made in writing off the balance of the net loss referred to in this para. The Financial Adviser, however, promised to take quick action in this regard.

Postal Life Insurance Organisation—Pages 31-32, para 17 read with Appendix 4 Pages 228—231.

67. The Committee desired that the P & T Department should examine the question as to why the percentage of expenditure of the Postal Life Insurance Organisation was comparatively higher on the civil side than in the military wing.

In reply to a question, the Committee were informed that the question of bifurcating the Revenue Account of the Fund on the basis of the Life Insurance Fund as on 14th August, 1947 was being pursued and a provisional balance sheet had already been drawn up.

Considerable progress had also been made in the adjustment of items of arrears referred to in para 3 at page 232 of the Appropriation Accounts.

The Committee then adjourned till 10 A.M. on Thursday, the 31st July, 1958.

PROCEEDINGS OF THE EIGHTEENTH SITTING OF THE
PUBLIC ACCOUNTS COMMITTEE HELD ON THURSDAY,
THE 31ST JULY, 1958

68. The Committee sat from 10.00 to 13.10 hours.

PRESENT

Shri T. N. Singh—Chairman.

MEMBERS

2. Shri Arun Chandra Guha
3. Dr. Ram Subhag Singh
4. Shri N. R. M. Swamy
5. Pandit Jwala Prasad Jyotishi
6. Shri Rameshwar Sahu
7. Shri T. Sanganna
8. Shri Upendranath Barman
9. Shri Prabhat Kar
10. Shri N. G. Ranga
11. Shri H. C. Dasappa
12. Shri Khuswaqt Rai
13. Shri N. Siva Raj
14. Shri Aurobindo Ghosal
15. Shri Jaipal Singh
16. Shri Amolakh Chand
17. Shri T. R. Deogirakar
18. Shri S. Venkataraman
19. Shri Rohit Manushankar Dave
20. Shri M. Basavapunnaiah

Shri A. K. Chanda, Comptroller and Auditor General of India, New Delhi.

Shri A. Kalyanaraman, Deputy Comptroller and Auditor General.

Shri Kali Charan, Accountant General, P. & T.

Shri S. Venkataramanan; Accountant General, Central Revenues.

Shri P. N. Bhandari, Director of Commercial Audit.

SECRETARIAT

Shri M. C. Chawla—Under Secretary.

WITNESSES

*Ministry of Transport and Communications**Department of Communications and Civil Aviation*Shri M. M. Philip, *Secretary.*Shri D. C. Dass, *Joint Secretary.**Directorate General, Posts and Telegraphs*Shri Shankar Prasad, *Director General, Posts and Telegraphs.*Shri R. C. Vaish, *Chief Engineer (P. & T.).*Shri C. V. Cunningham, *Sr. Dy. Director General (P. & T.).*Shri P. M. Agerwala, *Chief Engineer (Planning), (P. & T.).*Shri B. D. Sud, *General Manager, Posts & Telegraphs Workshops.**Ministry of Finance*Shri S. S. Shiralkar, *Financial Adviser (Communications).*Shri R. Saran, *Dy. Secretary (Deptt. of Economic Affairs).**Indian Telephone Industries (P) Ltd., Bangalore*Shri Jagdeesh Prasad, *Managing Director.*

[Shri R. G. Kamath, *Chairman, Public Accounts Committee, Mysore Legislative Assembly, accompanied by Shri Thimappa Gowda, Assistant Secretary, Mysore Legislature, was also present to watch the proceedings.*]

POSTS AND TELEGRAPHS DEPARTMENT

Statement showing action taken or proposed to be taken on the Outstanding Recommendations

Loss due to abandonment of works.—Item 12.—Paras 36 & 37 of the 22nd Report.

69. The Committee considered the Memorandum (Appendix VII) furnished by the Ministry of Transport and Communications (Department of Communications) in this case and wanted to know the action taken on the observations made by them in their 22nd Report.

The representative of the Ministry stated that all the raw materials originally procured for the Foundry were being utilised by the P. & T. Workshops themselves except steam coal (worth about Rs. 10,560) and limestone valued at about Rs. 9,800. The steam coal, he said, would actually be used in place of Smithy Coal in view of the general shortage of the latter. The limestone might deteriorate in course of time. As regards the utilisation of the surplus machinery, he stated that out of 5 cupolas, two would be utilised at Alipore workshops. The balance would be disposed of through the D. G. S. & D. Similarly the Soorkey mill and the other goods left would be disposed of through

the D. G. S. & D. while the rumbling barrels would be utilised. The Committee, however, sounded a note of caution that care should be taken to ensure that the D.G.S. & D. did not dispose of the cupolas in question to a firm from whom these might be purchased later on by Government.

On his attention being drawn that the Memorandum furnished to the Committee did not make any mention about the point raised earlier by the Committee that the proposal for the abandonment of the Foundry was not even referred to the Ministry of Finance, the representative of the Ministry of Transport and Communications (Department of Communications) stated that he found in the files only a record about discussion at a high level where the Financial Adviser (Communications) was himself present. He could not say why the file was not formally referred to the Ministry of Finance. He admitted that a slip had been made in this case.

70. Referring to the proposal to set up a workshop at Maithon, the representative of the Ministry stated that it was dropped as the Damodar Valley Corporation had pleaded their inability to give them the site and building as originally agreed to by the latter.

As regards the setting up of an additional workshop somewhere else, he stated that it was not so urgent now due to a shrinkage of work.

Referring to the investments of the Jabalpur Foundry Project, the representative of the Ministry gave the following information:

Buildings	Rs. 5.31 lakhs
Plant & Machinery	Rs. 1.33 lakhs
Raw Material	Rs. 3.69 lakhs
Contingencies	Rs. .20 lakhs

Restating that they were utilising all these raw materials except steam coal and limestone, he informed the Committee that the loss due to deterioration of limestone would come to Rs. 5,000. As regards the expenditure on establishment, he stated that as the foundry was not established, they had incurred only installation charges. They had not employed any extra staff for operating it.

71. In reply to a question as to who was the officer who took the decision to purchase the raw materials etc. the General Manager, Posts and Telegraphs Workshops stated that *apropos* the decision taken by the P. & T. Workshops Board on 25th November, 1954 that the General Manager should take all steps to start the foundry by January, 1955, orders were placed for raw materials. In December 1954, instructions were issued to the General Manager, Posts and Telegraphs Workshops by the Chief Engineer, P. & T. who was also the Chairman, P. & T. Workshops Board to go slow in view of the proposal to set up a workshop at Maithon. As regards recruitment of staff, the General Manager, P. & T. Workshops elucidated that they had a workshop at

Jabalpur which employed about 1,600 persons. The foundry was only an additional activity. He added that they did not recruit any staff specifically for this foundry, as they had thought of getting some men from Alipore Workshop. But those men were not willing to go to Jabalpur.

72. When questioned about the production of the existing P. & T. Foundry, the representative of the Ministry explained that production had lately increased from an average of 250 tons per month to 320 tons. He added that they were introducing a study of time and motion in the P. & T. Workshops. They were also trying to get trial orders from outside and had recently booked an order from Railways to the tune of Rs. 1·8 lakhs.

Unsatisfactory store-accounting in the P. & T. Department.—Item 16.—Para 28(i) of the 13th Report & Para 60 of the 22nd Report.

73. In para 60 of their 22nd Report, the Committee had desired that a target date should be fixed for clearance of arrears in stores accounting. The Committee wanted to know as to why these targets were not adhered to and what were the difficulties. The representative of the Ministry stated that according to the information available with him, the reconciliation of the discrepancies of balances in the price ledger had been completed upto 1956-57. As regards 1957-58, 7,128 items were pending.

Defective stock-verification and delay in disposal of discrepancy statements and irregular auction sale of stores.—Items 17 and 18.—Paras 62 and 66 of the 22nd Report.

74. As regards the disciplinary action taken against the two Assistant Engineers found responsible for irregular auction sale of stores, the Committee were informed that one had been censured, while the other had been removed from service with effect from 12th February, 1958.

The Committee then enquired about the working of the Technical Survey Committee set up by the P. & T. Department to ensure a more detailed review of the Stores declared surplus, referred to in Para 6 of the Ministry's note (Appendix XVII) under consideration. The Ministry's representative informed the Committee that he understood from the General Manager of P. & T. Workshops, who was also a member of the Committee, that it had worked well and thus proved its utility.

As regards the disciplinary action against the officials responsible for submitting "Nil" discrepancy statements, without actually verifying the stores the Ministry's representative informed the Committee that the stock holders had been censured.

Stock position.—Item 19.—Paras 69 to 71 of the 22nd Report.

75. The Committee desired to be informed of the latest position in regard to disposal of surplus stores. The Ministry's representative stated that out of Rs. 30 lakhs worth of stores, about Rs. 12·12 lakhs

worth were declared surplus and written off. Stores worth about Rs. 11 lakhs were also stated to have been sold at cost price and there was another Rs. 11.52 lakhs worth of stores which had been similarly sanctioned to be written off. In reply to a question, it was stated by the representative of the Ministry that only Rs. 77 lakhs worth of stock was in hand described as surplus. When asked as to whether the Surplus Stores Committee was functioning well, the Ministry's representative expressed his satisfaction. At this stage, the Comptroller and Auditor General, however, pointed out to the Committee that it was not so and that he was including a para criticising the working of the Committee in his next Audit Report.

Introduction of an effective Cost Accounting system in the P. & T. Workshops.—Item 22.—Para 92 of the 22nd Report and Para 23 of the First Report of Second Lok Sabha.

76. The Committee had desired to be apprised of the progress made in this behalf. While thanking the Committee for having stressed the need for introducing the cost accounting system, the Ministry's representative stated that Government were satisfied with the progress made in this connection. They were now able to control the cost at shop level even while the job was in progress. He added that the system was reducing their expenditure by making the whole management cost-conscious. Not only they were putting down the cost, but they were getting information regarding the costs, shop by shop, while the production was in progress to ensure proper control over expenditure. Asked as to whether the cost of production had been minimised, it was stated that it was too early to give concrete figures at this stage. The Committee were also informed that the Cost Accounts Officer who was appointed in April, 1956 started actual work only in September, 1956. The Committee felt that the period of two years for a newly appointed Cost Accounts Officer should be enough to show results. In this connection, it was stated that there were 2,669 items made in Alipore Workshops alone and that out of this the Cost Accounts Officer had only 131 items left to be examined.

77. Asked about percentage of variable and invariable overheads, the General Manager, P. & T. Workshops, explained that the overheads for each of the workshops at Calcutta and Jabalpur had been separated and consequently they were able to put the cost to where it belonged instead of getting it all mixed up. The other step which they proposed to take was to put down the overheads of the various shops in Jabalpur as well as in Bombay and this they were doing with effect from 1st October, 1958. He reiterated that the procedure whereby the management was kept informed about the cost even when the work was in progress would be extended to Jabalpur and Bombay Workshops in the next few months.

78. Asked about the average overhead percentage for the 3 workshops, it was stated that in Bombay it would be the highest being in the order of 320%. In Calcutta and Jabalpur it would also be the same, it might be a little less at Calcutta.

Indian Telephone Industries (P) Ltd.

79. The Committee then proceeded to take up examination of para 43 of the Audit Report (Civil) 1957, Vol. I, relating to Indian Telephone Industries (P) Ltd., Bangalore.

Sub-para (i)—Outstanding Book Debts

80. Out of the total book debts amounting to Rs. 1,28,11,322 outstanding on 31st March, 1958, a sum of Rs. 92,71,372, i.e., more than 72% was due from the P. & T. Department. The Committee wanted to know the reasons for the large outstandings against the P. & T. Department and the steps taken to clear the outstandings which had involved the company in interest charges to the extent of Rs. 13.98 lakhs upto 31-3-1958. The Ministry's representative explained that the position had since improved. He added that the monthly sale of the Company was about Rs. 24 lakhs. According to the agreement with the P. & T. Department, 90% would be paid within a month of the issue of despatch receipt and 10% within the next 6 months. The Ministry's representative stated that taking Rs. 24 lakhs as monthly sales on the above basis, there would be a minimum of Rs. 38 to 40 lakhs outstanding.

81. Stating the latest position he said that out of the sum of Rs. 1,28,00,000, Rs. 88,00,000 were due from the P. & T. Department on 31-3-1958 and the balance from the Railways and Defence Departments. The Company, he added, had discussed the matter with the Department and they had agreed to make full payment on the issue of its despatch note. The Company, it was stated, proposed to take up this question with P. & T. also with whom the agreement was to last for five years. On 1st July, 1958, the outstanding against the P. & T. Department was stated to be Rs. 61.6 lakhs.

82. Asked whether the Indian Telephone Industries had not claimed interest from the P. & T. Department and other customers, the Managing Director, Indian Telephone Industries, stated that the 90% referred to was a relic of the past when goods were imported. In those days, he said, the practice was to pay 90% on the production of shipping documents and 10% when the goods were received and installed. The same practice was continued by the Indian Telephone Industries without entering into any regular agreement with P. & T. Department and this had caused accumulation of arrears. He pointed out that the P. & T. Department had been making quick payments since last year and, therefore, the outstandings had been reduced to Rs. 61 lakhs. The Managing Director, Indian Telephone industries, further stated that it could not come down lower than Rs. 10 lakhs in so far as P. & T. Department was concerned and that too, if the P. & T. Department agreed to pay 100% on receipt of goods. It was further disclosed that the monthly rate of supply was worth between Rs. 25 and 30 lakhs.

Asked why they were not charging interest from the customers, as was being done in commercial concerns, it was stated that even there that particular clause was seldom enforced. He, however, added that whatever interest they paid, it had to be added to the cost and the P. & T. Department had to pay it indirectly.

(ii) *P.A.B.X. Equipment.*

83. It was explained by the Managing Director, Indian Telephone Industries with regard to delay in reporting the damage that the testing literature about the new equipment had arrived long time after the equipment was received from U.K. There was some further delay even after the literature was received. He added that they had wrongly estimated the loss due to damage at Rs. 62,700. When the consignments were actually repaid, they found the loss to be less than Rs. 30,000, being the amount recovered from the Insurance Co. The actual cost, however, came to Rs. 27,000. Therefore, they had to refund Rs. 3,000 to the insurers.

The Managing Director of the Indian Telephone Industries assured the Committee that such cases would not recur since the equipment was now made in India and the literature was always supplied along with it.

(iii) *Losses.*

84. In December, 1954, a quantity of 1369 gallons of varnish purchased by the Indian Telephone Industries in previous years (1952 to 1953) was declared unsuitable for use as it had been kept in stock for a much longer period than its normal shelf life of only six months. This varnish was disposed of in auction on 20th January, 1955 and 21st March, 1955 for a sum of Rs. 1,055 resulting in a loss of Rs. 34,960 which was written off.

In extenuation, the Secretary to the Ministry (who is also the Chairman, Indian Telephone Industries) stated that though the actual consumption was only 0.7 gallons, the *A.T.E.'s had put it at 3.6 gallons. An explanation was called for this variation. But in the meanwhile the varnish got spoiled on the shelf.

Asked why they purchased 400 gallons in 1950 when the actual consumption was only 5 gallons, *the Managing Director, Indian Telephone Industries admitted that there was a lack of co-ordination and it was not necessary to order all the quantities of varnish during these years. Further, they had not at that time introduced stock control procedure.*

Asked as to whether any A. T. E. personnel were on their staff, the Managing Director, Indian Telephone Industries replied in the negative.

When asked as to whether they were trying to use, as far as possible, indigenous raw materials, it was stated that they had succeeded in

*Consultants and Collaborators of I.T.I.

getting 75% of materials from sources in the country and that only 25% was imported.

In reply to a question, it was stated that Hindustan Cables did not manufacture the type of cables needed by them.

Loss caused due to delay in taking decisions for over 9 years.—Para 18 of the 22nd Report.

85. The Committee expressed their concern over the long delay.

Action taken in regard to cases of misappropriation of the value of Money-orders by an Extra-Departmental Branch Post Master.—Item 11—Para 32 of the 22nd Report.

86. The Committee desired to know what procedure had been evolved to check such misappropriations.

In a note (Appendix IV) submitted to the Committee in this case, it had been stated that a suitable procedure had been evolved in consultation with the Ministry of Finance, whereby non-payment of money-orders sent to the Excise and Customs authorities by the licensees would be reported periodically to the S.P.Os. concerned for prompt investigation. The Committee desired that the periodical report about the working of this procedure should be called for by the P. & T. Department.

Fraudulent transactions, embezzlements and misappropriation of sale proceeds of Post Office Certificates—Item 13—Paras 40, 43 and 47 of the 22nd Report.

87. With reference to Memo (Appendix IX) submitted by the Ministry, the Committee wanted to know the reasons for waiving the recovery of Rs. 2,280 from the Supervisor, Meerut. The representative of the Ministry stated this was done by the P. & T. Department in their capacity as appellate authority, when it functioned in a semi-judicial manner. The Ministry's representative pleaded that charges were not proved against him.

In reply to a question, it was stated that this person had since retired from service.

Alleged misappropriation of cash by a Treasurer of a Post Office—Item 14—Paras 53 and 54 of the 22nd Report.

88. In this case, 18 officials were involved against 14 of whom no decision regarding disciplinary action had yet been arrived at.

Excess payment of labour wages in Engineering Divisions in the U.P. circle—Item 27—Para 5 of the First Report of P.A.C. (Second Lok Sabha).

89. The Committee pointed out that although the representative of the P. & T. Department had told them on the 4th July, 1957 that the Post Master General, U. P. had been asked to fix responsibility on the persons concerned in this case, not much headway had been made and the matter was still pending for action by the Post Master General as stated in a note (Appendices XX and XXI) submitted to them.

The Committee were critical of the manner in which this case had been handled by the P. & T. Department.

Examination of the existing procedure for handling of cash and Postage stamps—Item 14(iii)—Paras 53 & 54 of the 22nd Report.

90. Regarding the system of checks and counter-checks in regard to handling of cash and postage stamps etc. in the Head and Branch Post Offices, as recommended by the Committee, they were informed that although certain matters affecting improvements in the checks were under consideration in the meantime orders had since been issued introducing certain changes in the existing procedure.

Infructuous expenditure on leasing rented accommodation for the location of offices—Items 21 and 49—Paras 87 of the 22nd Report and 31 of the First Report (Second Lok Sabha).

91. The Committee considered the note furnished by the Ministry in this case (Appendix XXXII). They were informed that the building in question had since been vacated and vacant possession given to the landlord in April, 1958. Asked about the owner's claim regarding the cost of repairs, etc., the Ministry's representative stated that the P.M.G. had been asked to consult the Law Officers in this behalf and take appropriate steps.

(The witnesses withdrew).

Consideration of Draft Reports by the Committee

92. Before the Committee rose, the Chairman outlined the procedure he proposed to follow in the matter of consideration of the Draft Reports of the Committee. He observed that the minutes of each sitting of the Committee prepared by the Secretariat would be circulated to the Working Group concerned, so that they might look into them and offer their comments thereon, if any. On this basis the draft report would be prepared by the Secretariat and referred to the Working Group concerned who would place it before the main Committee along with their comments. This would facilitate not only the passing of the Report by the Committee but also save a lot of

time and avoidable discussion on minor and unimportant issues. The draft Report would then be circulated to the Committee more or less a week in advance of the date fixed for consideration of the report by them. The Committee could take up the Report Chapter by Chapter and approve it after such modifications as they might consider necessary.

On-the-spot study visits by Working Groups to the various Projects/Undertakings coming within their sphere of work.

93. The Chairman suggested that the various Working Groups might visit the Projects/Undertakings etc., with which they were concerned for an on-the-spot study. In case, any other member not belonging to a particular Group desired to join that Group in their Study tour for a special reason that could be arranged.

The Committee adjourned *sine die*.

PROCEEDINGS OF THE THIRTY-FIRST SITTING OF THE
PUBLIC ACCOUNTS COMMITTEE HELD ON SATURDAY,
THE 1ST NOVEMBER, 1958.

94. The Committee sat from 10·00 to 13·40 hours.

PRESENT

Shri N. G. Ranga—*Chairman*.

MEMBERS

2. Dr. Ram Subhag Singh
3. Shri Arun Chandra Guha
4. Shri N. R. M. Swamy
5. Shri Rameshwar Sahu
6. Shri T. Sanganna
7. Shri Upendranath Barman
8. Shri Prabhat Kar
9. Shri Raghubar Dayal Misra
10. Shri H. C. Dasappa
11. Shri Khushwaqt Rai
12. Shri N. Siva Raj
13. Shri Amolakh Chand
14. Shri T. R. Deogirikar
15. Shri S. Venkataraman
16. Shri M. Govinda Reddy
17. Shri M. Basavapunnaiiah

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

Shri A. Kalyanaraman, *Deputy Comptroller & Auditor General of India.*

Shri P. K. Basu, *Director of Audit, Defence Services.*

Shri G. Swaminathan, *Accountant General, Central Revenues, New Delhi.*

Shri P. V. R. Rao, *Director of Audit F.R.S.C.S. & M.*

Shri P. H. Bhandari, *Director of Commercial Audit.*

SECRETARIAT

Shri V. Subramanian—*Deputy Secretary.*

Shri M. C. Chawla—*Under Secretary.*

*

*

*

95. Thereafter, the Committee considered and approved the following Draft Reports:—

- (i) Draft Tenth Report on the Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), 1955-56.
- (ii) Draft Eleventh Report on the Appropriation Accounts (Posts and Telegraphs), 1955-56 and Audit Report, 1957—Part II.

The Committee authorised the Chairman to sign these Reports and to present them to the Lok Sabha.

The Committee also authorised Shri M. Govinda Reddy to present these Reports to the Rajya Sabha.

The Committee then adjourned *sine die*.

The asterisks indicate portions omitted which relate to examination of Appropriation Accounts of Defence Services, 1955-56 and Audit Report, 1957.

APPENDICES

APPENDIX I

Statement showing action taken or proposed to be taken on the previous recommendations of the Public Accounts Committee: Ministry of Transport and Communications (Department of Communications) and D. G., P. & T.

Serial No.	Item No. as per summary of recommendations	Para No. of Report	Ministry/Deptt. concerned	Particulars of Item	Remarks of Ministry	Comments of the Committee
I	2	3	4	5	6	7
I	43 (See S. No. 43 also)	61	Finance/ Communications.	10th Report (Accounts for 1950-51) The Ministry of Finance (Communications) should carefully examine the extent to which the element of delay in the execution of this Project is likely to effect its remunerativeness at the time of revision of the 1949 estimates, which were stated to be under consideration of the Government.	A note was submitted to the Committee (1957-58) — Appendix I of First Report of Second Lok Sabha.	See paras 39 and 40 of the Report.
2	46	65	Do.	The holding of stores worth about Rs. 95 lakhs by the I.T.I. shows a lack of proper planning and foresight on the part of the previous	A note has been submitted (Appendix XXV). The Ministry have come to the conclusion that it is not	No comments.

1	2	3	4	5	6	7
				<p>management in investing lakhs of public money in indiscriminate purchases. The Committee should like to know the disciplinary action taken against the officials at fault.</p>	<p>possible to fix responsibility for the over-stocking on any particular officer or officers. The Ministry are also satisfied that there is no evidence to prove any <i>mala fide</i> against any officer responsible for ordering of materials for production or construction.</p>	
<p><i>Thirteenth Report (Accounts for 1950-51 and 1951-52)</i></p>						
3	15	29	P. & T. Deptt.	<p>The P. & T. Department should furnish the Committee with information called for by them on points arising from para 27 of Audit Report (P. & T.) 1954—Execution of the Telephone Expansion Project in the Bombay Telephone District much in advance of the time when they take up examination of the next year's Audit Report.</p>	<p>A memo was submitted to the Committee—Appendix XXVII of 13th Report, Vol. II. The Committee had desired a further note. This note has been submitted. (Appendix I of First Report of Second Lok Sabha.)</p>	<p>See comments against S. No. 14.</p>
<p><i>Twenty-Second Report (Accounts for 1953-54)</i></p>						
4	I (See S. No. 25 also.)	4 (Introduction)	All Ministries	<p>A point to which successive Committees on Public Accounts have drawn attention is the delay in the submission to them of the notes/memoranda on points arising from the Accounts examined by them. They would once again emphasize that the Ministries concerned should attach the greatest importance to the supply of information</p>	<p>The Ministries have noted and brought this to the notice of all concerned for guidance and compliance.</p>	<p>No comments.</p>

				asked for by the Committee within the time schedule laid down for the purpose. With the passage of time the utility of examination of such material by the Committee is considerably reduced.	
5	2	3	D.G., P. & T.	The Committee would like to watch the results of the measures adopted by the P. & T. Department for bringing down the number of non-budgeted works by enhancing the ceiling for minor works.	D. G., P. & T. have stated Every effort is being made to keep down the non-budgeted works to the absolute minimum.
6	3	5	Do	<p>(i) Though the number of cases of frauds and the amount involved appears small in comparison to the total volume of business, the Committee would like to point out that the proportion of cases in which employees of the Department were involved preponderate and the cases where disciplinary action has not been taken are numerous. They would, therefore, urge that in the matter of taking disciplinary action against official responsible for these losses and frauds, both speed and firmness are essential. In action over long periods and undue tolerance will defeat the purpose in view.</p> <p>(ii) The Committee also desire that a report on the disposal of the pending cases should be submitted to them at the time they take up next year's Accounts.</p>	<p>Suitable instructions have been issued. Heads of Circles have been requested to ensure that there is no delay on the part of the investigating officers to initiate and finalise departmental proceedings against officials for losses or frauds.</p> <p>A *Report will be submitted to the Committee.</p>
					<p>No comments.</p> <p>See para 3 (Introduction) of the Report.</p> <p>Awaited.*</p>

*Note received on 1-12-58—too late to be included in this volume.

1	2	3	4	5	6	7
7	5	10	D. G. P., & T.	<p>(i) The Committee are amazed to observe that it should have taken the Posts and Telegraphs Department 9 years to deal with the cases referred to in Para 2 of Audit Report (P. & T.) 1955—Part I regarding fraudulent withdrawals from the Defence Savings Bank Accounts. They are also concerned at the erratic manner in which the Departmental action had been started in this case.</p> <p>(ii) The Committee also regret that although more than five months have elapsed, the D.G., P. & T. have not so far been able to furnish either the note promised by them or the information called for by the Committee. The Committee, therefore, reserve their comments on this case till they are placed in possession of the full facts.</p>	<p>A Memo. has been submitted. Appendix III of First Report (of Second Lok Sabha) and Appendix XXVI of the Eleventh Report (Second Lok Sabha) Vol. II.</p>	<p>See comments against S. No. 45.</p>
8	6	14	Do.	<p>(i) The Committee very much deplore the manner in which the case referred to in Para 3 of the Audit Report (P. & T.) 1955—Part I relating to loss due to delay in taking action against the extra-departmental Branch Post Master, has been handled by the Posts and Telegraphs Department at different stages. They are constrained to observe that not only had the Senior Superintendent of</p>	<p>Note submitted. (Appendix XXVIII).</p>	<p>See comments against S. No. 46.</p>

				<p>Post Offices failed to exercise his powers and to take responsibility in this case, but neither the Post Master General, nor the Director General, Posts and Telegraphs pointed out this failure on his part when the case was referred to them. On the other hand the Post Master General also did not take a decision in the matter and referred the case to the Director-General Posts and Telegraphs for orders, who in turn, took another 10 months before coming to a decision.</p>		
		15	D.G., P. & T.	(ii) The Committee feel that this case typifies the reluctance on the part of the Officers to take decisions and assume responsibility where it belongs to them. The Committee would like Government to impress upon all their subordinate officers the desirability of duly exercising the powers vested in them and take serious notice of cases where responsibility is shirked by Senior Officers.	Cabinet Sectt. (O.&M/Dn.) have issued necessary instructions in this regard to all Ministries. (Appendix XXIX.)	No comments.
			All Ministries.			
9	8	27	Ministry of Communications.	The Committee would like to be apprised in due course of the result of (a) the review of provisional pricing of equipment supplied by I.T.I. to the P. & T. Department stated to have been undertaken by the Costing Unit of the Indian Telephone Industries and (b) the application of the Rate List issued by the I.T.I. for the new items of equipment to be supplied to the P. & T. Department.	A Memo. has been submitted. (Appendix XXX.)	The Committee may be apprised of the latest position as regards the review of provisional pricing and issue of supplementary schedules of rates.
			Indian Telephone Industries (Private) Ltd.			

1	2	3	4	5	6	7
10	9	29	D.G., P. & T.	The Committee feel that the review of important cases affecting the revenues of the P. & T. Department should not be left to chance or memory, but a systematic procedure should be devised to ensure that such cases are reviewed when due.	D.G., P. & T. have issued suitable instructions, (O. O. No. 41, dated 29-10-1956).	See S. No. 48.
11	10	32	D.G., P. & T.	<p>(i) The Committee would like to be apprised in due course of further progress in the case referred to in Para 4 of Audit Report, 1956 Part I relating to the mis-appropriation of the value of money Orders by an extra-departmental Branch Post-Master in so far it related to the institution of Departmental action against the Post-Master and the result of the appeal preferred by him in the High Court.</p> <p>(ii) In the meantime, the Committee would suggest that with a view to preventing the recurrence of such cases of mis-appropriation of cash, the Posts and Telegraphs Department should in consultation with the Government Departments/Bodies on whose behalf they collect such payments evolve the procedure whereby the P. & T. Department could get at regular intervals, a report of cases of non-receipt of payments</p>	<p>Notes have been submitted. (Appendices III and IV.)</p> <p>Instructions have been issued. (Appendix V.)</p>	See paras 20 and 21 of the Report.

12	II	36 & 37	<p>Ministry of Communications.</p> <hr/> <p>D.G., P. &T.</p>	<p>into the Post Offices to enable that Department to investigate into those cases.</p> <p>(i) The Committee are puzzled by the variety of explanations given for the decision to suspend the operation of the Jubbulpur Foundry in February, 1955, after incurring about Rs. 4 lakhs on the purchase of raw materials in January, 1955. In the context of the retarded progress of the scheme the Committee see little justification for incurring very substantial expenditure on purchase of raw materials.</p> <p>(ii) The Committee are surprised to observe that the proposal for the abandonment of the Foundry in February, 1955 was not even referred to the Ministry of Finance.</p> <p>(iii) The Committee should like to be informed of the final outcome of the Workshops Board's examination of the proposal for utilisation of the foundry shed in the Telegraph Workshops and (ii) of the circumstances in which the Chief Engineer advised the General Manager to postpone the operation of the foundry till the proposal for opening of a new Workshop at Maithon was examined in grater detail about which there is no provision in the final proposal for the Maithon's Project.</p>	<p>(A memo. has been submitted. (Appendix VII.)</p>	<p>See paras 22 and 23 of the Report.</p>	53
----	----	---------	--	--	---	---	----

1	2	3	4	5	6	7
13	12	40	D.G., P. & T.	(i) The Committee would like to be informed of the Departmental action against the delinquent postal Officials and the steps taken to make good the loss caused by the fraudulent encashment of 12-year National Saving certificates.	A note has been submitted. (Appendix VIII.)	See paras 24 and 25 of the Report.
		43	Do.	(ii) The Committee feel that without counterchecks, the system of accounting in sub-Post Offices is open to risks and desire that steps be taken by Posts and Telegraphs Department to devise a method by which recurrence of such frauds could be prevented. They would also like to be apprised of the result of the disciplinary proceedings instituted against the officials at fault in the case reported in sub-para (ii) of Para 9 of Audit Report 1956—Part I.	Notes submitted to the Committee. (Appendices IX, X, XI).	
		47	Do.	(iii) The Committee fail to understand why action against the remaining two officials could not be taken so far. They desire that action against them should also be expedited and a note submitted to the Committee in due course.	A note has been submitted. (Appendices IX & XXVII).	The recoveries may be watched by Audit.
		See also item 14 (iii)		(iv) The three cases commented in para 9 of Audit Report (P. & T.) 1956 Part I indicate that besides procedural defects, there has	A note has been submitted. (Appendix XIII.)	A copy of the final instructions issued in the matter of tightening of checks and

14	14	53 & 54	Do.	<p>obviously been a lack of proper supervision and inspection on the part of the immediately higher authorities. The Committee, therefore, suggest that supervision over the handling of cash transactions in the Post Offices should be strengthened and the frequency of inspection be increased.</p> <p>(i) The Committee desire that adequate action should be taken against the Inspecting Officers concerned for their failure in discovering the fraud committed by the Treasurer in the Head Post Office.</p> <p>(ii) The Committee should also be informed in due course of the result of the appeal preferred in the High Court as also the action taken against other officials whose contributory negligence resulted in the misappropriation of public money in this case.</p> <p>(iii) The Committee would further like the P. & T. Department to examine the existing procedure for handling of cash and postage stamps etc. in the Head and Branch Post Offices and tighten the checks and counter-checks to be exercised by the local officers and the Inspecting staff. A note stating the action taken in this respect may be furnished to the Committee.</p>	<p>counter-checks over cash transactions in the Post Offices may be furnished to the Committee.</p> <p>Notes have been submitted. (Appendices XII, XIII & XIV.)</p> <p>See paras 26 and 27 of the Report.</p> <p>See Comments against item 13(iv) <i>ibid.</i></p>
----	----	---------	-----	--	--

1	2	3	4	5	6	7
15	15	57	D.G., P. & T.	The Committee trust that it would now be possible for the Posts and Telegraphs Department to prepare a balance-sheet of the Postal Life Insurance Organisation on commercial lines to be appended to the Appropriation Accounts (P. & T.) for the next year.	Efforts are being made to expedite preparation of the Balance-sheet of the Postal Life Insurance Fund.	See paras 15-17 of the Report.
16	16	60	Do.	In the opinion of the Committee the plea that non-availability of personnel and accommodation hindered in the clearance of the arrears in stores, can be hardly considered as valid. They feel concerned about the dilatory manner in which the problem is being tackled. They would urge that a target date should be fixed for completing the work and the same adhered to.	A target date has been fixed to complete the work and efforts are being made to adhere to the same.	See paras 28-30 of the Report.
17	17	62	Do.	The Committee desire that the P.&T. Department should impress upon all the officers concerned the urgency and importance of the expeditious disposal of discrepancy statements. They consider it a serious matter that false statements should have been furnished without actually verifying the stock. They would, therefore, like to be informed about the progress of the disciplinary action against the officials responsible.	Notes have been submitted. (Appendices XV and XVI)	See paras 31-33 of the Report.

18	18	66	Do.	<p>The Committee desire to be (i) informed in due course of the disciplinary action taken against the officials for submitting an incorrect "Stores-for disposal memo" and of the responsibility of Members of the Surplus Stores Committee in not actually surveying the articles in question ; and</p> <p>(ii) furnished with a note stating the remedial measures that the P.&T. Department propose to adopt to safe-guard against such lapses in future.</p>	Note submitted. (Appendices XVII and XVIII)
19	19	69	Do.	<p>(i) The Committee would once again stress the urgency of speedy disposal of all surplus stores. In this connection they would re-iterate their oft-repeated observation that the maintenance of excessive stocks involved the taxpayer in a fourfold loss : loss of interest on capital unnecessarily locked up : loss arising from the possibility of the stores becoming obsolete and unsaleable or disposable only at a rate lower than the cost price ; expenditure on care and maintenance staff besides expenditure on storage accommodation.</p>	A memo has been submitted (Appendix XIX)
		70	Do.	<p>(ii) The Committee would like to be informed of the latest position in regard to the disposal of workshop stores still lying undisposed of.</p>	

See paras 34 and 35 of the Report.

1	2	3	4	5	6	7
		71	Do.	(iii) The Committee also feel that the present procedure followed by the P.&T. Department in the disposal of surplus stores is cumbersome and dilatory. They would suggest that the P.&T. Department should examine the whole procedure in consultation with the Ministry of Finance and Works Housing and Supply with a view to making it more expeditious and effective.		
20	21	82	D.G., P. & T.	The Committee would like to be apprised of the developments to be effected in the matter of adequate supply of forms to the P.&T. Department as a result of the Report by the Committee set up by the Ministry of Works, Housing and Supply to examine the supply, printing and distribution of forms and stationery.	A Memo. has been submitted (Appendix XXXI)	A further report on the method of installation of Rota print machines in the various Postal Circles may be furnished.
21 (See S. No. 49 also)	22	87	Communications.	The Committee trust that the Ministry of Communications will persuade the West Bengal Government to provide alternative accommodation to the un-authorised squatters and thus get themselves relieved of further liability in respect of the building rented by the P.&T. Department in 1948 on account of which they have already incurred an infructuous expenditure of Rs. 7.2 lakhs. The Committee would like to be apprised of	A note has been submitted. (Appendix XXXII)	No Comments

22 (See S. No 42(ii) also)	24	92	D.G., P. & T.	further developments in this case. The Committee would like to watch the effect on the progress achieved towards the maintenance of cost accounting system in the P.&T. Workshops as a result of the appointment of the Cost Accounts Officer.	Observations of the Committee have been taken note of and efforts are being made to achieve progress in Cost-Accounting in P.&T. Workshops.	See paras 41-43 of the Report.
	23	25	95	Do.	The Committee trust that the cumulative effect of all the measures taken by the P.&T. Department for speeding up recoveries of outstanding telephone revenue would result in improving the situation and they would be presented with a better picture at the time they next take up examination of the P.&T. Accounts.	The observations of the Committee have been taken note of. See Comments against No. 39.

First Report (Second Lok Sabha Accounts for 1954-55)

24	1	3 (Intro- duction)	D. G., P. & T. Home Affairs.	The Committee observe that disciplinary proceedings against the delinquent officials involved in cases of losses, frauds etc., have been delayed. While they appreciate the difficulties expressed by the Posts and Telegraphs Department in this respect the Committee feels that such difficulties are not insurmountable. They trust next year's accounts will show improvement in this respect.	Suitable instructions have been issued by D. G., P.&T. (Appendix XXXIII)	No Comments. See para 3 (Introduction) of the Report.
	2	4 (Intro- duction.)	D. G., P. & T. Min. of Transport & Com.	The Committee regret that information desired by them in regard to certain cases was not received by them in time for drafting their	Every effort will be made to submit the memos in time.	No comments.

25
See
S. No
4 also)

1	2	3	4	5	6	7
26	3	3	<p>Transport & Com. /Finance (Com)/ All Ministries.</p> <p>Finance (Communications)/Transport & Communications.</p> <p>Transport & Communications/D.G., P.&T.</p>	<p>report. They had, therefore, to defer consideration of these cases.</p> <p>(i) The Committee are not satisfied with the explanations given for savings under grant No. III. In their opinion the tendency to provide funds in the Budget Estimates on the basis of the plan targets without a realistic appraisal of spending capacity would only hamper the progress of the Plan by locking up funds which could be profitably utilised elsewhere. This tendency is noticeable in other Ministries also. A more accurate estimation of the spending capacity is very necessary especially in the context of the present financial stridency and it is hoped all Ministries will take due note of the observations of the Committee in this regard.</p> <p>(ii) The Committee are led to the conclusion that in this case proper financial control had not been exercised either in the initial stages or in subsequent stages despite the fact that similar lapses had been pointed out by the Committee in previous years.</p> <p>(iii) The Committee regret that the information desired by them has not yet been furnished by the D.G., P.&T.</p>	<p>Suitable instructions issued by D.G., P.&T. (Appendix XXXIV)</p> <p>A memo has been submitted. (Appendix XXXV)</p> <p>Do.</p>	<p>No comments.</p> <p>No comments.</p> <p>No comments.</p>

27	4	5	Do.	<p>In the opinion of the Committee the primary irregularity in the case referred to in para 2 of Audit Report, 1957 Part I was that the payment had been made contrary to the existing instructions issued by the P. & T. Department. The fact that it has since been possible to work at the local rates strongly supports the view that there has been avoidable extra expenditure. The Committee, therefore, desire that the P.&T. Department should investigate this case and fix responsibility on the persons concerned for making payments at higher rates without recording reasons.</p>	Notes have been submitted. (Appendices XX and XXI)	See paras 36-38 of the Report. ■
28	5	6	Transport & Communications/D.G., P.&T.	<p>The Committee deplore the purchase of material in the case referred to in para 3 of Audit Report P.&T. 1957 Part I without reference to stock in hand. The Committee desire that the department should take prompt steps to guard against such lapses. They would also like to know the action taken by the P.&T. Department against the persons responsible for over-indenting of cloth.</p>	A memo will be submitted to the Committee.	May be awaited.
29	6	7	Do.	<p>The Committee are unable to appreciate the reasons for subsequently abandoning the proposal to acquire the building after protracted negotiations. The infructuous expenditure could have been avoided if the department had</p>	The observations of the Committee have been taken note of.	No comments.

1	2	3	4	5	6	7
30	7	8	D.G., P.&T.	<p>before examining the question of purchasing the property made full enquiries into the title of the property and the price acceptable to the vendor.</p> <p>(i) The Committee observed that in the case referred to in para 5 of Audit Report, 1957 Part I, even though it was known that the refugees had occupied the sheds and out-houses by September, 1949, adequate security measures were not taken to protect the remainder of the property at the time of vacating it in June, 1951.</p> <p>(ii) While the Committee appreciate the legal complication in the case, they cannot but express their concern at the large infructuous expenditure which still continues to be incurred in the rental of these buildings. They would once again stress the urgency of finding a solution to save the Exchequer from this recurring liability and the Government of West Bengal should be strongly urged to help in a final solution of this tangle.</p>	<p>A note has been submitted. (Appendix XXXVI)</p> <p>A note has been submitted (Appendix XXXVI)</p>	<p>The Committee may be apprised of the latest position in the matter.</p> <p>Do.</p>
31	8	10	D.G., P. & T.	<p>The Committee disapprove the manner in which the equipment was purchased in the case referred to in para 6 of Audit Report, 1957 Part I, without proper planning</p>	<p>Suitable instructions issued. (Appendix. XXXVII.)</p>	<p>No Comments.</p>

				and investigation regarding its usability. The Committee trust that in future the Posts and Telegraphs Department would not embark on the purchase of plant and machinery without a definite plan for using them.		
32	9	12	Do	(i) The Committee reserve their comments in the case referred to in para 7 of Audit Report, 1957 Part I till the information desired by them is made available by the D.G., P.&T.	A Memo has been submitted. (Appendix XXXVIII).	Further information as promised in the concluding portion of the Memo may be furnished.
		13	Do	(ii) The Committee desire that the D.G., P.&T. should keep a strict watch on all works undertaken without prior financial sanction.		
33	10	14	D.G., P & T.	The Committee would like to be apprised of the final outcome of the proceedings against the Manager of the Depot and the contractor involved in the case referred to in para 8 of Audit Report, 1957 Part I.	A Memo will be submitted to the Committee.	Awaited.
34	11	15	Do	The Committee wish to reiterate the importance of expeditious departmental action against the delinquent officials involved in frauds in Post Offices and trust that the P. & T. Department will take steps to achieve this end. They would like to be apprised of the final outcome of the case referred to in para 10 of Audit Report, 1957 Part I.	A note has been submitted. (Appendix XXXIX).	See para 3 (Introduction) of the Report. Further report regarding departmental action against the delinquent officials concerned may be furnished to the Committee.

1	2	3	4	5	6	7
35	12	16	D.G., P & T/Home Affairs.	The Committee suggest that it will be conducive to better discipline if departmental proceedings are started against delinquents simultaneously with the police enquiry.	Note* will be submitted.	(See para 3 Introduction) of the Report.
36	13	17	D.G., P.&T.	The Committee were informed that the existing system of payments in Saving Banks Accounts was inherently defective. They desire that P. & T. Department in consultation with Audit should urgently consider the revision of the procedure with a view to obviate the possibility of recurrence of such frauds. They would also watch further developments in the particular case.	Notes have been submitted. (Appendices XL and XLI).	The Committee should be informed about the final decision taken to evolve a suitable procedure to eliminate frauds in Savings Bank Branches of Post Offices.
37	14	18	Do	(i) The Committee would like to know the outcome of the court case in due course. (ii) The Committee are led to the view that the entire Savings Bank procedure in Post Offices needs a thorough examination with a view to better safe-guarding of the interests of the State while at the same time effecting simplifications in the procedure in interests of the depositors.	(i) A note has been submitted. (Appendix XLII). Notes have been submitted. (Appendices XLI and XLIII)	The Committee should be informed about the further progress of the case pending before Court. See comments against S.No. 36 <i>Ibid.</i>

38	15	19	Do	The Committee would await the results of the Departmental investigations in the case referred to in the para 13 of Audit Report, 1957 Part I. At this stage, the only comment which the Committee like to make is that although more than three years have elapsed very little progress appears to have been made.	A note has been submitted. (Appendix XLIV).	The latest position regarding the departmental action taken against the officials concerned should be intimated to the Committee.
39 (See S. No. 23 also).	16	20	D.G., P & T	The Committee see no reason why the outstandings of the Telephone Revenues could not be brought down considerably.	Every effort is being made to bring down the outstanding telephone revenues.	The Committee may be apprised of the progress so far made by the department to speed up recoveries of outstanding telephone revenues.
40	17	21	Transport & Communications/ D.G., P. & T.	The Committee were concerned that delays in furnishing replies to Audit still continued. The Committee would reiterate their previous recommendations made in paras 38 and 84 of their First and Seventh Reports respectively and desire the P. & T. Department to impress upon all the officers the importance of prompt attention to Audit observations.	The Ministry have issued instructions to all concerned. (Appendix XLV).	No comments.
41	18	22	D.G., P. & T.	In view of the magnitude of losses of copper wire, the Committee would suggest that the P. & T. Department should study this problem in the light of measures adopted by other countries.	The question of re-placing the copper wire by aluminium wire is being examined and experiments are afoot.	The result of the experiments conducted for replacing the copper wire by aluminium wire should be intimated to the Committee.

1	2	3	4	5	6	7
42 (See S. No. 22 also).	19	23	D. G. P. & T.	<p>(i) The Committee were concerned to see that despite repeated assurances given to them the state of store accounting in the P. & T. Department had not shown any improvement.</p> <p>(ii) The Committee were informed that the closure of work orders and preparation of labour and material schedules were in progress and the P. & T. Department expected to complete these by October, 1957 and December, 1957 respectively. The Committee trust that the P. & T. Department would be able to adhere to these target dates.</p> <p>They desire that progress report may be submitted to them.</p>	<p>(i) A memo has been submitted (Appendix XXIII).</p> <p>(ii) A memo has been submitted. (Appendix XXIV).</p>	See paras 41-43 of the Report.
			Comptroller and Auditor General of India.	(iii) The Committee would also like that the comments of Audit on the revised procedure regarding inclusion of the customs duty in the price of stores adopted by the P. & T. Department be reported upon in the next year's Audit Report.		Awaited.
43 (See S. No. 1 also):	20	25	Transport & Communications/ Finance (Com.)	The Committee should be furnished with the information desired by them. (Remunerativeness of the Calcutta Telephone Automation Project)	A note has been submitted. (Appendix XXII).	See paras 39 and 40 of the Report.

44 (See S. No. 3 also).	21	26	Transport & Communications.	The Committee would like to be informed of the progress in the reconstruction of the accounts of the Telephone expansion project in the Bombay Telephone District.	Notes have been submitted. (Appendices XLVI and XLVII)	Further progress made in the closure of accounts of various estimates forming part of this project may be intimated to the Committee.
45 (See S. No. 7 also)	22	27	Transport & Communications. and D.G., P. & T.	The Committee are surprised that the Senior Superintendent, Post Offices, should have thought it fit to reinstate the official on compassionate grounds pending completion of disciplinary proceedings against him. In their opinion, the Senior Superintendent had gravely erred in allowing his judgement to be influenced by compassionate considerations instead of the merits of the case and the larger interest of the administration. The Committee would await a further report in this case.	A note has been submitted. (Appendix XXVI)	No Comments.
46 (See S. No. 8 also)	23	28	Do.	The Committee would like to be informed of the action taken against the officers concerned in this case.	Note submitted. (Appendix XXVIII)	Disciplinary action taken against the officers who are stated to be still in service may be intimated to the Committee.
47	24	29	Do.	The Committee desire that the disciplinary action should be taken against the persons concerned who had contributed to the delay of 9 years in reaching a decision in this case.	Note submitted. (Appendix XLVIII) A decision has been taken not to take disciplinary action. Suitable instructions issued.	See paras 18 and 19 of the Report.

1	2	3	4	5	6	7
48 (See S. No. 10 also)	25	30	Transport & Communications and D.G., P. & T.	The Committee trust that the instructions issued by P. & T. Department for timely review of cases involving financial implecations and those laid down in the Central Secretariat Manual of Office Procedure to safeguard the loss of official records would be strictly followed in future.	The instructions of the Committee have been noted.	No Comments.
of office						
49 (See item 21 ibid also)	26	31	Do.	The Committee observe that despite the protracted correspondence between the Government of India and West Bengal no tangible results have been achieved in getting the premises vacated.	A note has been submitted. (Appendix XXXII) The premises have since been vacated.	No Comments.
50		34	D.G., P. & T.	At the instance of the Committee, the P. & T. Department undertook to furnish the following information : (i) Reasons for the continuous loss in the Telegraphs Branch from the year 1953-54 and the disproportionate increase in expenditure as compared with the income. (ii) Reasons for the continued losses in the working of the Post Offices from the year 1948-49 onwards.	A note has been submitted. (Appendix XLIX). The present position of the working of the Postal Department seems to be satisfactory.	No Comments.

APPENDIX II

Summary of main conclusions/recommendations contained in the Eleventh Report (Second Lok Sabha) of the Public Accounts Committee on the Appropriation Accounts (P & T), 1955-56 and Audit Report (P. & T.), 1957, Pt. II.

Sl. No.	Para No. of Report	Ministries or Departments concerned	Conclusions/recommendations
I	2	3	4
I	3 (Introduction)	D.G.P. & T. All Ministries.	<p>The Committee have in the past commented upon the delays on the part of Government in taking disciplinary action against delinquent officials. Despite this, a number of cases have again come to their notice where considerable delays have occurred in finalising departmental action against the delinquent officials ; in certain cases such officials have retired from service before disciplinary proceedings were launched against them and in others disciplinary proceedings were initiated only after the Committee had suggested such action. The Committee deplore this state of affairs. The Departments are expected to investigate the irregularities as soon as they come to their notice and take suitable action against delinquent officials.</p> <p>Long delays in taking departmental action in such cases is not in the financial interests of the State as it involves payment of avoidable substantial subsistence allowance. The Committee trust the Posts and Telegraphs Department would look into the matter and impress upon their subordinate offices the necessity of prompt and adequate disciplinary action.</p>

1	2	3	4
2	5	<p>Ministry of Transport & Communications (Department of Communications)</p> <hr/> <p>D.G.P. & T.</p>	<p>The Committee are not convinced of the reasons put forth in this case by the Ministry for taking up items of major work without prior financial sanction except in emergent cases. In their opinion, the standards of accuracy in budgeting in the Department are below expectations. Maintenance of Liability Registers in the form laid down by the Ministry of Finance for other Civil Departments would prevent cases of expenditure without provision being made.</p> <p>The Committee desire that a watch should be kept to see that instructions issued by the D.G.P. & T. are invariably followed by all Heads of Circles and Controlling Units and there is no laxity in such matters.</p>
3	6	<p>Ministry of Transport & Communications (Department of Communications)</p> <hr/> <p>D.G.P. & T.</p>	<p>The Committee would like to be informed when they next take up examination of the Posts and Telegraphs Accounts the number of cases in which action has been taken by the D.G.P. & T. against the Engineering officers concerned who were responsible for violating the instructions issued by him in September, 1952, to the effect that no work should be undertaken without prior financial sanction except in emergent cases.</p>
4	9	Do.	<p>The Committee are surprised why the departmental witnesses appearing before the Committee should be oblivious of the decisions of the Ministry of Home Affairs in the matter of instituting disciplinary proceedings against the delinquent officials.</p>
5	10	Do.	<p>The Committee would like to watch the results of the working of the revised procedure regarding Savings Bank which is being introduced by the Posts and Telegraphs Department.</p>

1	2	3	4
6	11	Ministry of Transport & Communications (Department of Communications) <hr/> D.G.P. & T.	The Committee are not happy at the complacency of the Ministry regarding the percentage of cases of defalcations, losses etc., where departmental officials were involved and they feel that the existing procedure requires to be tightened up to bring down the percentage of losses due to departmental lapses.
7	14	Do. <hr/> Ministry of Finance (Communications)	<p>The Committee do not see any justification for the delay in writing off the net loss sustained by the Department in this case. They desire that the matter should be settled speedily as otherwise it would be difficult for Government to take necessary action with regard to losses. Further, before sanctioning the write-off of the loss of Rs. 2.16 lakhs sustained by the Posts and Telegraphs Department on the running of grain shops, the Ministry of Finance should satisfy themselves about the causes leading thereto and also whether responsibility for acts of commission and omission on the part of the staff concerned has been fixed and disciplinary action taken against them.</p> <p>The Committee would like to be informed in due course about the further developments in this case.</p>
8	17	Ministry of Transport and Communications (Department of Communications) <hr/> D.G.P.&T.	<p>The Committee would like to watch the results of the steps taken to clear the arrears in respect of :</p> <p>(i) posting of unadjusted items to the ledger accounts of the Post Office Insurance Fund; and</p> <p>(ii) Classification of accounts and consequent arrears in the maintenance of Broad-sheet and other records of Civil Wing of the Post Office Insurance Fund through the next year's Audit Report.</p>

1	2	3	4
9	19	D.G.P. & T. All Ministries.	The Committee deplore the manner in which matters which were to be dealt with by the senior officers at their level are being allowed to take their usual course. They stress that senior officers should take quick and prompt decisions especially in cases involving financial implications.
10	21	Ministry of Transport & Communications D.G.P. & T. Ministry of Finance (Department of Revenue).	The Committee desire that periodical Reports about the practical working of the procedure since evolved in respect of cases of non-payment of money orders sent to the Central Excise and Customs Authorities by the licencees should be called for the by Posts and Telegraphs Department from the Central Excise and Land Customs Collectors.
11	23	Ministry of Transport & Communications D.G.P. & T.	The case discloses want of careful planning on the part of the persons in the Posts and Telegraphs Department responsible for the formulation of the Jabalpur Foundry Project. The Committee have noted that the same officer who had put forth proposals for the starting of the Foundry at Jabalpur advised within a year that the scheme might be abandoned.
12	25	Do.	The Committee would like to be informed of the final outcome of the disposal of surplus materials and of the plant and machinery as well as the ultimate loss to Government on the abandonment of this ill-conceived Project and the action taken against the concerned officers. The Committee are concerned at the delay in taking action in regard to disciplinary proceedings against guilty officials. In certain cases it had taken 6 to 9 years to arrive at a final decision, while in some

1	2	3	4
			<p>other cases sterner action would have been more appropriate, considering the gravity of the charges. By such delays, the guilty officials are enabled or allowed to retire from service by the time the responsibility is fixed.</p>
13	27	<p>Ministry of Transport & Communications</p> <p>D.G. P. & T.</p>	<p>The Committee should be apprised of the progress made in respect of the suggestions which were stated to be under consideration of the D. G. P. & T. for tightening the procedure for handling cash and stamps in the Head and Branch Post Offices.</p>
14	30	Do.	<p>The Committee regret to note that the target dates fixed for the clearance of arrears in store accounts were not being adhered to in spite of the fact that this matter had been pending for the last few years and the Committee had expressed concern over this. They trust that by the time they take up examination of the next year's Accounts, the arrears would be wiped off.</p>
15	33	<p>D.G.P. & T.</p> <p>All Ministries.</p>	<p>The Committee trust in all cases the results of disciplinary action such as censure, warning etc. are entered in the confidential Reports of the officers concerned.</p>
16	35	<p>Ministry of Transport & Communications</p> <p>D. G. P. & T.</p>	<p>The Committee would like to watch the working of the Surplus Stores Committee set up by the Posts and Telegraphs Department through the next Audit Report.</p>
17	37-38	Do.	<p>The Committee note that even after the lapse of about 10 months, the case relating to excess payment of labour wages in certain Engineering Divisions of the U. P. Circle remained in its preliminary enquiry stage although it involved an excess payment of Rs. 1,51,000/-.</p>

1	2	3	4
			<p>The Committee view with strong dis-favour the manner in which this case had been dealt with by the Posts and Telegraphs Department. They desire that the case should be processed more expeditiously and a report submitted to them by the end of January next.</p>
18	40	<p>Ministry of Transport & Communications. D. G. P. & T.</p>	<p>The Committee would like to watch the results of the financial working of the Calcutta Telephone Automation Project through the successive Audit Reports.</p>
19	42	Do.	<p>(i) The Committee are of the opinion that the progress made in the matter of introduction of an effective Cost Accounting system in the Posts and Telegraphs Workshops has been rather slow considering the results achieved during the period of two years since the appointment of the Cost Accounts Officer. They hope that by the time they take up examination of the next year's Accounts all the items would have been reviewed completely and the labour and material schedules drawn up.</p>
	43		<p>(ii) As regards the overheads, the Committee feel that they are rather high. The Committee would emphasize the need for gradual reduction of the overheads to a regulated figure and thus reduce the cost of production.</p>
20	47	<p>Ministry of Transport & Communications I.T.I.</p>	<p>(i) The Committee are unable to understand why there are such heavy outstandings against the P. & T. Department for stores supplied by the I.T.I. (P) Ltd., Bangalore. They desire that the Posts and Telegraphs Department should issue instructions to all the units indenting stores from the I.T.I. that they should settle the bills from the I.T.I. expeditiously.</p>

1	2	3	4
21	50	Ministry of Transport & Communications <hr/> I.T.I.	(ii) In any case, payment of bills of the I.T.I. by the Posts and Telegraphs Inspection Units situated at the I.T.I. should be settled on a cash and carry basis. The I.T.I. should frame realistic estimates of their replacement of such materials as varnish to be kept in stock as these are subject to deterioration quicker.

LIST OF AUTHORISED AGENTS FOR THE SALE OF PARLIAMENTARY PUBLICATIONS OF THE LOK SABHA SECRETARIAT NEW DELHI—1.

<i>Agency No.</i>	<i>Name and Address of the Agent</i>	<i>Agency No.</i>	<i>Name and Address of the Agent</i>	<i>Agency No.</i>	<i>Name and Address of the Agent</i>
1.	Jain Book Agency, Connaught Place, New Delhi.	19.	The Kashmir Book Shop, Residency Road, Srinagar, Kashmir.	36.	Students Stores, Raghunath Bazar, Jammu-Tawi.
2.	Kitabistan, 17-A, Kamla Nehru Road, Allahabad.	20.	The English Book Store, 7-L, Connaught Circus, New Delhi.	37.	Amar Kitab Ghar, Diagonal Road, Jamshedpur-1.
3.	British Book Depot, 84, Hazaratganj, Lucknow.	21.	Rama Krishna & Sons, 16-B, Connaught Place, New Delhi.	38.	Allied Traders, Motia Park, Bhopal.
4.	Imperial Book Depot, 266, Main Street, Poona Camp.	22.	International Book House Private, Limited, 9, Ash Lane, Bombay.	39.	E. M. Gopalkrishna Kone (Shri Gopal Mahal), North Chitrai Street, Madurai.
5.	The Popular Book Depot, (Regd.) Lamington Road, Bombay-7.	23.	Lakshmi Book Store, 42, M. M. Queensway, New Delhi.	40.	Friends Book House, M. U. Aligarh.
6.	H. Venkataramiah & Sons, Vidyavidyalaya Book Depot, New Statue Circle, Mysore.	24.	The Kalpana Publishers, Trichinopoly-3.	41.	Modern Book House, 286, Jawahar Ganj, Jubalpur.
7.	International Book House, Main Road, Trivandrum.	25.	S. K. Brothers, 15A/66, W.E.A., Karol Bagh, Delhi-6.	42.	M. C. Sarkar & Sons (P) Ltd., 14, Bankim Chatterji Street, Calcutta-17.
8.	The Presidency Book Suppliers, 8-C, Pycroft's Road, Triplicane, Madras-5.	26.	The International Book Service, Deccan Gymkhana, Poona-4.	43.	People's Book House, B-2-829/1, Nizam Shahi Road, Hyderabad Dn.
9.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	27.	Bahri Brothers, 188, Lajpat Rai Market, Delhi-6.	44.	W. Newman & Co. Ltd., 3, Old Court House Street, Calcutta.
10.	Book Centre Opp. Patna College, Patna.	28.	City Book Sellers, Sohan-ganj Street, Delhi.	45.	Thacker Spink & Co. (1938) Private Ltd., 3, Esplanade East, Calcutta-1.
11.	J.M. Jaina & Brothers, Mori Gate, Delhi-6.	29.	The National Law House, Near Indore General Library, Indore.	46.	Hindustan Diary Publishers, Market Street, Secunderabad.
12.	The Cuttack Law Times Office, Cuttack-2.	30.	Charles Lambert & Co., 101, Mahatma Gandhi Road, Opp. Clock Tower, Fort, Bombay.	47.	Laxami Narain Agarwal, Hospital Road, Agra.
13.	The New Book Depot, Connaught Place, New Delhi.	31.	A. H. Wheeler & Co. (P) Ltd., 15, Elgin Road, Allahabad-1.	48.	Law Book Co., Sardar Patel Marg, Allahabad.
14.	The New Book Depot, 79, The Mall, Simla.	32.	M.S.R. Murthy & Co., Visakhapatnam.	49.	D. B. Taraporevala & Sons Co. Private Ltd., 210, Dr. Naoroji Road, Bombay-1.
15.	The Central News Agency, 23/90, Connaught Circus, New Delhi.	33.	The Loyal Book Depot, Chhipi Tank, Meerut.	50.	Chanderkant Chiman Lal Vora, Gandhi Road, Ahmedabad.
16.	Lok Milap, District Court Road, Bhavnagar.	34.	The Good Companion, Baroda.	51.	S. Krishnaswamy & Co., P.O. Teppakulam, Tiruchirapalli-2.
17.	Reves & Co., 29, Park Street, Calcutta-16.	35.	University Publishers, Railway Road, Jullundur City.	52.	Hyderabad Book Depot, Abid Road, Gunfoundry, Hyderabad.
18.	The New Book Depot, Modi No. 3, Nagpur.				

PRINTED AT THE PARLIAMENTARY WING OF THE GOVERNMENT OF INDIA PRESS,
NEW DELHI AND PUBLISHED BY THE LOK SABHA SECRETARIAT UNDER RULE
382 OF THE RULES OF PROCEDURE AND CONDUCT OF BUSINESS IN
LOK SABHA (FIFTH EDITION.)

PUBLIC ACCOUNTS COMMITTEE

1958-59

ELEVENTH REPORT

(SECOND LOK SABHA)

[Appropriation Accounts (Posts and Telegraphs), 1955-56
and Audit Report, 1957—Part II]

VOL. II - APPENDICES



LOK SABHA SECRETARIAT

NEW DELHI

November 1958

Price Rs. 1.30

CORRIGENDA

Eleventh Report of the Public Accounts Committee (Second Lok Sabha) Volume II- Appendices.

- Page(i) Appendix No. XIII, line 2, delete 'of' after
'handling'
- Page(ii) Appendix No. XXXV, line 2, insert 'on' after
'Savings'
- Page 17, line 3, for '11-17-58' read '11-7-58'
- Page 18, para 2, line 4, delete full stop at the end
of the line
- Page 35, para 2, line 1, for 'Schaduled' read 'schedules'
- Page 40, column 2, against '1956-57 (Estimated) A', for
'40' read '40'
- Page 43, line 5 from bottom for 'Dpopots' after
'Workshop' read 'Depots'
- Page 44, Para 2, omit line 6.
- Page 51, para 3, line 1, for 'send' read 'seen'
- Page 54, para 2(i), line 8, for '20:75' read '20.75'
- Page 56, line 6, for 'Infructuous' read 'location'
- Page 58, line 8, for 'Auditor' read 'Audit'
- Page 62, Annexure II, line 12, for 'D & W' read 'L & W'
- Page 72, line 4, for '8-Para 12(I)' read '8-Para 12(I)'
- Page 82, line 3 from bottom for 'SHANKER PRASADA,'
read 'SHANKAR PRASADA,'
- Page 86, para 11, line 3 from bottom for 'of' read 'or'
- Page 92, Annexure, Column 4, against 'K*-Telegraph
Traffic' for '22,22' read '2,22'.
- Page 98, para 3, line 12, for full stop after 'earlier'
insert a comma.

CONTENTS

APPENDIX No.		PAGES
I.	Note of D.G.P. & T. regarding Maintenance of Liability Registers in the P. & T. Department	1—4
II.	Note of D.G.P. & T. regarding Compensation for losses 1955-56, Para 13 of Section I of Audit Report, 1957	5
III.	Note of D.G.P. & T. stating action taken pursuant to para 32 of the Twenty-second Report of the P.A.C.—Misappropriation of the value of money orders by an Extra-departmental Branch Post Master.	6
IV.	Supplementary Note to Appendix III	7
V.	Circular issued by D.G.P. & T. to all Heads of Circles regarding non-payment of money orders sent to the Excise and Customs authorities by licensees	8—10
VI.	Memorandum (Advance copy) from the Ministry of Transport & Communications (Deptt. of Communications & Civil Aviation) stating action taken pursuant to paras 36 and 37 of the Twenty-second Report of P.A.C.—Loss due to abandonment of works, Jabalpur Foundry	11-12
VII.	Memorandum from the Ministry of Transport & Communications (Deptt. of Communications & Civil Aviation) stating action taken pursuant to para 37 of the Twenty-second Report of P.A.C.—Utilisation of the Foundry Shed in Jabalpur Workshop and reasons for postponement of operation of the Foundry	13
VIII.	Note of D.G.P. & T. stating action taken pursuant to para 40 of the Twenty-second Report of P.A.C.—Fraudulent encashment of 12 year National Savings Certificates	14
IX.	Note of D.G.P. & T. stating action taken pursuant to para 43 and sub-para to para 47 of the Twenty-second Report of PAC—Embezzlement of sale proceeds of Postal Certificates and misappropriation of sale proceeds of certificates	15-16
X.	Supplementary Note to Appendix IX	17
XI.	Supplementary Note to Appendix X	18
XII.	Note of D.G.P. & T. stating action taken pursuant to paras 53 and 54 of the Twenty-second Report of PAC—Alleged Misappropriation of cash by a Treasurer of a Post Office	19—23
XIII.	Note of D.G.P. & T. stating action taken pursuant to para 54 of the Twenty-second Report of PAC—Procedure for handling of cash and postage stamps etc. in the Head and Branch Post Offices	24-25
XIV.	Supplementary Note to Appendices XII & XIII	26-27
XV.	Note of D.G.P. & T. stating action taken pursuant to para 62 of the Twenty-second Report of PAC—Defective stock verification and delay in disposal of discrepancy statements.	28—30
XVI.	Supplementary Note to Appendix XV	31
XVII.	Note of D.G.P. & T. showing action taken pursuant to para 66 of the Twenty-second Report of PAC—Irregular auction sale of stores.	32-33
XVIII.	Supplementary note to Appendix XVII	34

(ii)

	PAGES
XIX. Note of Ministry of Transport & Communications (Deptt. of Communications), showing action taken pursuant to para 70 of the Twenty-second Report of P.A.C.—Disposal of surplus stores in Workshops	35
XX. Note of D.G.P. & T. showing action taken pursuant to para 5 of the First Report (Second Lok Sabha) of PAC—Excess payment of labour wages in Engineering Divisions	36
XXI. Further note to Appendix XX—Excess payment of labour wages in Engineering Divisions	37
XXII. Note of D.G.P. & T. showing action taken pursuant to para 15 of the Director General's Financial Review and para 61 of the Tenth Report of PAC—Calcutta Telephone Automatization Project—Remunerativeness	38—41
XXIII. Note of D.G.P. & T. showing action taken pursuant to paras 91-92 of the Twenty-second Report and pursuant to para 23 of the First Report (Second Lok Sabha) of PAC—Store Accounting and Workshops	42—45
XXIV. Note of D.G.P. & T. showing action taken pursuant to para 23 of the First Report (Second Lok Sabha)—Store Accounting and Workshops.	46-47
XXV. Office Memorandum from the Ministry of Transport & Communications (Department of Communications & Civil Aviation) showing action taken pursuant to para 65 of Tenth Report of PAC —Excess stock of stores lying with Indian Telephone Industries.	48-49
XXVI. Note of D.G.P. & T. showing action taken pursuant to para 27 of the First Report (Second Lok Sabha) —Alleged fraudulent withdrawals from Defence Savings Accounts.	50
XXVII. Note of D.G.P. & T. showing action taken pursuant to para 47 of Twenty-second Report of PAC—Misappropriation of sale proceeds of National Savings Certificates.	51
XXVIII. Note of D.G.P. & T. showing action taken pursuant to para 28 of First Report (Second Lok Sabha) of PAC—Loss due to delay in taking action against extra-departmental Branch Post Master	52
XXIX. Copy of D.O. letter issued by O.M. Division of Cabinet Secretariat regarding exercise of powers and responsibilities vested in subordinate officers pursuant to para 15 of Twenty-second Report of PAC	53
XXX. Memorandum from the Ministry of Transport & Communications (Deptt. of Communications) showing action taken pursuant to para 27 of the Twenty-second Report of PAC—Contracts	54
XXXI. Note of D.G.P. & T. showing action taken pursuant to para 82 of the Twenty-second Report of PAC —Provision of a separate Press for P & T Department	55
XXXII. Note of D.G.P. & T. showing action taken pursuant to para 31 of the First Report (Second Lok Sabha) of PAC —Infructuous expenditure on leasing rented accommodation for location of offices	56
XXXIII. Copy of instructions issued from the Office of D.G.P. & T. pursuant to para 3 (Introduction) of the First Report (Second Lok Sabha) of PAC—Disciplinary proceedings against delinquent officers involved in cases of losses, frauds etc.	57
XXXIV. Copy of instructions issued from the office of D.G.P. & T. pursuant to para 3 of First Report (Second Lok Sabha) of PAC—Control over Expenditure — Savings under Grant No. III	58-59
XXXV. Note of D.G.P. & T. showing action taken on para 3 of the First Report (Second Lok Sabha) of PAC—Savings Voted Grant No. III	60-62

	PAGES
XXXVI. Note of D.G.P. & T showing action taken pursuant to paras 8 and 9 of the First Report (Second Lok Sabha) of PAC—Infructuous expenditure on rent of buildings occupied by refugees	63-64
XXXVII. Copy of Memorandum issued by the office of D.G.P.&T. pursuant to para 10 of the First Report (Second Lok Sabha) of PAC—Inadequate planning in a postal seal workshop	65-66
XXXVIII. Note of D.G.P. & T. showing action taken pursuant to paras 12 & 13 of the First Report (Second Lok Sabha) of PAC—Expansion of Bangalore telephone System	67—70
XXXIX. Note of D.G.P. & T showing action taken pursuant to para 15 of the First Report (Second Lok Sabha) of PAC—Alleged frauds in the establishment pay bills of a Head Post Office	71
XL. Note of D.G.P. & T. showing action taken pursuant to para 17 of the First Report (Second Lok Sabha) of PAC—Alleged frauds in the Savings Bank Branch.	72
XLI. Note of D.G.P. & T. showing action taken pursuant to paras 17 & 18 of the First Report (Second Lok Sabha) of PAC—Alleged frauds in the Savings Bank Branch	73—75
XLII. Note of D.G.P. & T. showing action taken pursuant to sub-para of para 18 of the First Report (Second Lok Sabha) of PAC—Alleged frauds in the Savings Bank Branch	76
XLIII. Note of D.G.P. & T. showing action taken pursuant to para 18 of the First Report (Second Lok Sabha) of PAC—Alleged Frauds in the Savings Bank Branch	77
XLIV. Note of D.G.P. & T. showing action taken pursuant to para 19 of the First Report (Second Lok Sabha) of PAC—Alleged substitution of contents of insured letters.	78
XLV. Copy of instructions issued by the office of D.G.P. & T, pursuant to para 21 of the First Report (Second Lok Sabha) of PAC — Disposal of outstanding Audit objections and Inspection Reports	79-80
XLVI. Note of D.G.P. & T. showing action taken pursuant to para 26 of the First Report (Second Lok Sabha) of PAC—Execution of Telephone Expansion Project in Bombay Telephone District.	81
XLVII. Further Note to Appendix XLVI	82
XLVIII. Note of D.G.P. & T. showing action taken pursuant to para 29 of the First Report (Second Lok Sabha) of PAC—Loss due to delay in reaching decisions	83—87
XLIX. Note of D.G.P. & T. giving further information regarding profit and loss in the working of the P. & T. Department by Branches— in Page 12 of Appropriation Accounts P. & T. of 1954-55, Annexure II to D.G's Financial Review Statement (Para 34 of First Report of (Second Lok Sabha).	88—92
L. Note of D.G.P. & T. showing action taken pursuant to para 16 of the First Report (Second Lok Sabha) of PAC—Alleged theft at a Post Office Treasury	93—100

APPENDIX I

(Reference Para 5 of the Report)

Note of D. G. P. & T. No. 16-38/58-B dated 17-9-58

A Note regarding the Maintenance of Liability Registers in the P.&T. Department on which the P. A. C. desired to have information at their sittings held on 30th and 31st July, 1958 in connection with the examination of the Appropriation Accounts (P. & T.) 1955-56 and Audit Report 1957—Part II.

POINT 2. PAGES 142-44—APPROPRIATION ACCOUNTS P. & T. 1955-56.
GRANT No. 108.

“Is the P. & T. Department maintaining a liability register as laid down in Ministry of F. (OM) No. F. 15(I)-E.G.I./55, dated 3-8-55 and also complying with the instructions contained therein.”

On receipt of Ministry of Finance O.M. No. F.15(I)-E.G.I./55, dated 3rd August, 1955 necessary instructions were issued to all Heads of Circles and other Controlling Officers of the P.&T. Department in this office Memo. No. B. 16-82/55 dated 30th November, 1955 (Annexure I) to maintain liability registers. The form of the register as prescribed by the Ministry of Finance was also adapted with slight modifications with the concurrence of that Ministry.

2. Enquiries which have now been made indicate that the instructions communicated in this office Memo. No. B 16-82/55, dated 30th November, 1955 have been complied with by 16 of the 32 controlling units. Out of the rest, some of the units have not maintained the register up to 1957-58 and have started maintaining it only from the current year while some others have been maintaining the register only in respect of important items of expenditure while yet some others have been maintaining the register in a different form. Suitable instructions have again been issued to all concerned in this office Memo. No. 16-38/58-B, dated 19th August, 1958 (Annexure III) to ensure that the instructions already issued are strictly followed without any exception or deviation.

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

C. V. CUNNINGHAM,
for Director General of Posts & Telegraphs.

ANNEXURE I

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

Office of the Director General of Posts and Telegraphs

Memo. No. B 16-82/55.

Dated at New Delhi the 30th November, 1955.

SUBJECT:—Control of expenditure—Maintenance of Liability Registers.

A reference is invited to the instructions contained in the D.G.'s General Circular No. 7 dated 22nd May, 1952, regarding the proce-

cedure to be followed by Heads of Circles and other Controlling Officers of the P.&T. Department for controlling expenditure and reconciling departmental figures with audit figures. As no specific procedure has been prescribed in the abovementioned circular for recording particulars of "Undischarged liabilities", i.e. commitments in respect of which payment will be required to be made during the financial year and/or in the following year, it has been decided that the Heads of Circles and Other Controlling Officers of the Department should in future follow the procedure indicated below for maintaining "Liability Registers" for this purpose.

2. All Controlling Officers should maintain a record showing the particulars of liabilities in respect of which they have already made specific commitments. Form EE (Annexure II) has been prescribed for this purpose. A register in this form should be maintained by all Controlling Officers. A suitable number of pages should be allotted to each head of account in the register. At the end of each month, the last entry in column 10 of the Form EE will show the amount of liability, bills in respect of which are awaited for acceptance or payment. An extract from the Register in Form EE should be submitted so as to reach the circle office by the 5th of the 2nd month following.

3. A similar register in form EE should be maintained in the Circle Office to show the amount of commitments made by the Circle Office itself. A suitable number of pages should be allotted for each head of account in this register. The balance of commitments for the Circle Office upto the end of the month will be available from Col. 10 of the register. At the end of the entries for a month in the Circle Office register, the progressive figures shown in Col. 10 in the statements received from the various units will be incorporated for the purpose of consolidating the figures for the circle as a whole.

4. The position of unaccepted liabilities communicated every month by the subordinate authorities should be reviewed by the circle office from time to time, so as to ensure an effective control over expenditure and correct preparation of budget estimates.

5. These orders will take effect immediately.

P. SRINIVASAN,
Director of Accounts..

To,

All Heads of Circles etc.,
No. B16-82/55 Dt. New Delhi, the 30th November, 1955.

Copy forwarded to:

- (1) A. G. P. & T., Simla.
- (2) All D. As. G. P. & T.
- (3) All Sections of the Directorate.

P. SRINIVASAN,
Director of Accounts..

ANNEXURE II

FORM EE

Subsidiary Register showing progress of discharge of outstanding liabilities in Division/Circle for the month of—Head of Account (Major, Minor, and Detailed Head).

Sl. No.	Nature of Liability	No. and date of indent or connected letter.	Agency on which indent is placed or demand is made.	Estimated cost	Progressive amount of commitments.	Probable month in which the expenditure will be accounted for in the Depttl. expenditure statement.	Initials of the officer.	Record of Payment or acceptance of bill.	Balance or commitments (Col. 6- Col. 9).	Initials of the officer.	Remarks.
I	2	3	4	5	6	7	8	9	10	11	12

NOTE :-—Entry in Column 9 should be made as soon as cash payment is made or bill accepted for book adjustment. The cash payment will automatically go in the monthly actuals. The amount in respect of accepted bills shall be entered simultaneously in Form 'E'.

ANNEXURE III

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

Office of the Director General of Posts and Telegraphs

To

All Heads of Circles and Administrative Units (By Name)

No. 16-38/58-B

*Dated at New Delhi the 19th August 1958.***SUBJECT:—Control of expenditure—Maintenance of liability Registers**

Kindly refer to Directorate's Memo No. B. 16-82/55 dated 30th November, 1955 (Annexure I) on the above subject.

2. While examining the replies received to the query made by this office regarding the maintenance of liability registers, it has come to notice that the instructions contained in the above Memo. have not been strictly followed by some Circles and the following types or irregularities have come to notice:

- (1) Some Units have not maintained the Register.
- (2) Some Units have maintained the Register only for certain important items of Expenditure.
- (3) Some Units have not maintained the Register in the prescribed form.

3. In case any doubt was felt in implementing the orders of November, 1955 referred to above, clarification or further instructions should have been sought for from this Directorate. The above irregularities, therefore, call for suitable notice by the Heads of Circles etc. It should be ensured immediately that the orders contained in this office Memo. No. B. 16-82/55 dated the 30th November, 1955 (Annexure I) are strictly followed by all concerned without any exception or deviation and compliance reported to this office by the 1st September, 1958 positively.

P. SRINIVASAN,
Director of Accounts.

APPENDIX II

(Reference Para 11 of the Report)

Note of D.G.P. & T. No. 20-12/58-FRD dated 23-9-58

Compensation for losses, 1955-56

In connection with the discussion on 30th July, 1958 on the subject of Compensation for losses 1955-56, para 13 of Section I of Audit Report 1957, the P.A.C. desired a note to be furnished to them showing the actual percentage of cases of all defalcations or losses (e.g. S.B. CC. M.O. Insured losses etc.) for the year, where departmental officials were involved along with the comparative figures for the year 1956-57 and 1957-58.

2. As the figures for 1957-58 have not yet been compiled the comparative percentages for the years 1955-56 and 1956-57 are given below:

Year	Total No. of cases of defalcations and losses	Percentage of total number of cases for which Departmental employees are responsible			
		Including Departmental Agents	Extra-Departmental Agents	Excluding Departmental Agents	Extra-Departmental Agents
1	2	3		4	
1955-56	787	57.94		40.27	
1956-57	905	55.91		40.11	

3. The aforesaid percentages exclude cases for which responsibility could not be fixed at the time of the compilation of the annual figures.

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

C. V. CUNNINGHAM,

For Director General of Posts and Telegraphs.

APPENDIX III

(Reference Para 21 of the Report)

Note for D.G.P. & T. No. 78-PT-48/54/FRD dated 20-11-57.

A note for submission to the Public Accounts Committee with reference to their recommendations contained in para 32 of their Twenty Second Report 1956-57.

In para 32 of their Twenty Second Report 1956-57, the P.A.C. desired to know further progress of the case in so far as it related to (a) the institution of departmental action and (b) the result of appeal preferred by the accused Postmaster in the High Court.

As regards (a) the Postmaster was dismissed from service with effect from 30th April 1956. Departmental action against other delinquents has not yet been finalised as photostat copies of the relevant records required in this connection were not kept by the Superintendent of Post Offices concerned, before filing of the documents in the Court, due to non-communication of the D.G.'s instructions to him by the P.M.G. as the D.G.'s relevant circular letter was misplaced in the Circle Office.

As the appeal preferred by the accused has since been dismissed, efforts have been made to get the documents released. Departmental action against the delinquent officials will be taken as soon as the exhibits are released.

As regards (b) the appeal has since been dismissed.

2. In regard to the suggestion of the Committee regarding the evolution of a suitable procedure, the matter is still under examination.

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

M. M. PHILIP,

Director General of Posts and Telegraphs.

APPENDIX IV

(Reference Para 21 of the Report)

Note of D.G.P. & T. No. QB. 78-PT-48/54/FRD dated 11-7-58.

A Note for submission to the P.A.C. with reference to their recommendations contained in para 32 of their Twenty-Second Report 1956-57.

A note on the above subject was submitted to the Committee under Ministry of Transport & Communications Memo. No. QB. 78-PT-48/54/FRD dated 20th November 1957 (Appendix III) wherein it was indicated that departmental action against the delinquent officials would be taken as soon as the exhibits were released. The exhibits have since been released on 6th September, 1957 by the court and disciplinary action against the delinquents is in progress.

2. A suitable procedure has also been evolved in consultation with the Ministry of Finance, whereby the non-payment of money orders sent to the Excise and Customs authorities by the licencees would be reported to the S.P.Os. concerned by the Central Excise Land Customs Collectorates for prompt investigation. Copy of the instructions issued to Heads of Circles (Appendix V) has already been supplied with Memo. No. 27-40/57-B dated 3rd June, 1958.

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

SHANKAR PRASADA,

Director General of Posts and Telegraphs.

APPENDIX V

(Reference S. No. 11 in Appendix I of Vol. I of the Report)

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

To

All Heads of Circles. (By Name).

No. 13/15/57-CI.

New Delhi, dated the 15th March, 1958

Phalguna 24, 1880 (Saka)

SUBJECT:—Recommendation of the Public Accounts Committee on complaints regarding the wrong payment or non-payment of a M.O.

In one case, the amount of certain money orders tendered by "Toddy Licensees" at the Post Office for remittance to the Superintendent of Excise was misappropriated by a Postmaster. From the *modus operandi* adopted it was found that this was possible because the payee was a Government Department, which did not make any complaint regarding non-receipt of the money order.

2. In order to reduce possibility of recurrence of such cases, it has been decided in consultation with the Ministry of Finance that cases of non-payment of money orders sent to the Excise and Customs authorities by the licensees should be reported periodically to the Superintendent of Post Offices concerned by the Central Excise Land Customs Collectorates. A copy of the instructions issued by the Ministry of Finance to the subordinate authorities is enclosed (Annexure I). The procedure should be brought to the notice of the Divisional Superintendents who may be instructed to deal with such cases of non-payment promptly and expeditiously.

3. Similar procedure for receipt of statements from the State authorities in respect of State excise dues remitted by money orders may be introduced in your circle in consultation with the State Governments.

DIRECTOR POSTAL TECHNICAL.

Copy forwarded to:—

1. Ministry of Finance (Deptt. of Revenue) with reference to their Memorandum No. 40/141/57-CXI dated 1-2-58.

2. Central Board of Revenue with reference to their Memorandum No. 100/14/58-LCI dated 17-2-1958 (Annexure II).

R. P. MOHLA,
for Director Postal Technical.

ANNEXURE I

Copy of letter No. 40/141/57-CXI dated 1-2-58 from the Government of India, Ministry of Finance (Department of Revenue), New Delhi to the Collector of Central Excise, Allahabad/Bangalore/Baroda/Bombay/Calcutta/Delhi/Hyderabad (Dn.)/Madras/Nagpur/Patna/Dinapore Cantt. (Bihar)/Shillong.

The Collector of Customs and Central Excise, Pondicherry.

Sir,

SUBJECT:—Central Excise—non-receipt of Special Revenue. Money Orders sent by assesseees in respect of Central Excise duty—Submission of reports to the P.&T. Department by the Departments of the Government of India.

I am directed to say that the P. & T. Department have brought to the notice of this Ministry that "in a case the amount of certain money orders tendered by 'Toddy Licensees' at the post office for remittance to the Superintendent of Excise was misappropriated by a postmaster. From the *modus operandi* adopted it was found that this was possible because the payee was a Government Department which did not make any complaint regarding non-receipt of the money orders. The Public Accounts Committee has, therefore, recommended that the P. & T. Department should obtain, at regular intervals, a report of any non-payment of the amounts from the Government Deptts. concerned."

2. The suggestion of the P.A.C. has been considered in this Ministry and in so far as the payment of Central Excise duty and other dues by Special Revenue Money Order is concerned, it has been decided that a statement of cases of non-payment of money orders, if any, should be sent by the Chief Accounts Officer in the Central Excise Collectorates to the Supdt. of post offices concerned with the office of issue. The statement should be sent quarterly and should have the following particulars.

- (i) Date of issue of money order and No. of the receipt given to the remitter.
- (ii) Post Office of issue.
- (iii) Name of the remitter.
- (iv) Amount and purpose for which sent.

3. Attention in this connection is invited to para 303 (c), (d) & (e) of the Tobacco Excise Manual according to which it would be possible for the Chief Accounts Officer who receives information regarding remittance of duty by means of Special Money Order from two sources—The Treasury Officer and the Assessing Officer—to send such a report as desired by the P. & T. Department.

F. C. PATHAK,

For Under Secretary to the Govt. of India.

ANNEXURE II

Copy of letter No. 100/14/58-LCI, dated 17th February, 1958 from the Under Secretary, Central Board of Revenue, New Delhi to the Collector of Land Customs, Calcutta/The Collector of Central Excise, Shillong.

SUBJECT:—*Land Customs Revenue—Payment of—by 'special money orders'—Submission of reports to the P. & T. Deptt.*

Sir,

I am directed to refer to the Board's letter No. 100(44)-Cus.III/49, dated the 5th May, 1951, wherein it was laid down that Land Customs duties were to be remitted by importers or exporters by 'Special Money Orders' to the Treasury Officers concerned. It has now been decided in consultation with the D.G. P. & T. that a statement of cases of non-payment of 'Special Money Orders', if any, should be sent by the Chief Accounts Officer in the Collectorates to the Superintendent of Post Offices concerned with the office of issue. The statement should be sent quarterly and should have the following particulars :

1. Date of issue of money order and No. of the receipt given to the remitter.
 2. Post Office of issue.
 3. Name of the remitter.
 4. Amount and purpose for which sent.
-

APPENDIX VI

(Reference Para 22 of the Report)

[Advance copy of the Memorandum from Ministry of Transport & Communications (Deptt. of Communications & Civil Aviation) No. 15-WF (12) /58, dated September, 1958].

OFFICE MEMORANDUM

SUBJECT:—*Memorandum to the Public Accounts Committee regarding the working and utilisation of the Jabalpur Foundry—Public Accounts Committee—Appropriation Accounts (Posts & Telegraphs) 1955-56 and Audit Report 1957—Part. II.*

The Public Accounts Committee at its sittings held on the 30th and 31st July, 1958, in connection with the examination of the accounts mentioned above, desired to be furnished with a note stating the latest position with regard to the working and utilisation of the Jabalpur Foundry together with any additional information available on the subject.

2. The latest position with regard to disposal of the raw materials and plant and machinery and the utilisation of the floor space of the Jabalpur Foundry is as follows:—

- (i) *Raw Materials.*—All raw materials originally procured for Jabalpur Foundry and which had become surplus would be utilised by the P. & T. Workshops. The important items requiring disposal are pig iron, steam coal and lime stone. The latest position in regard to these items is given below:—
 - (a) *Pig Iron.*—There was a total stock of 1098 tons of pig iron at Jabalpur on the 7th August, 1958, and it is being sent gradually to the Alipore Workshops where it will be consumed in about 3½ months at the rate of 300 tons per month. About 650 tons of pig iron has already been sent to the Alipore Workshops.
 - (b) *Steam Coal.*—The present stock at Jabalpur is about 500 tons. This will be utilised at Jabalpur for normal consumption in the Workshops at Jabalpur and will be consumed in about a year.
 - (c) *Lime Stone.*—The disposal of lime stone is presenting some difficulty as there is little prospect of local disposal since Jabalpur is in lime stone area. It is proposed to transfer the stock of lime stone to Calcutta after working out the economics of the proposition.
- (ii) *Plant and Machinery.*—(a) The following items of plant and machinery which had become surplus as a result of the abandonment of the Foundry project at Jabalpur, are

proposed to be utilised at the P. & T. Workshops, Alipore :—

	No.
(1) M. S. Cupola (5 tons)	Two.
(2) Rumbling Barrels	Two.
(3) Moulding Boxes	One set.
(4) Blower set	One

(b) The following items of surplus plant and machinery cannot, however, be utilised in the P. & T. Workshops, and it is proposed that they should be disposed of through the D. G. S. & D. :—

	No.
(1) Cupolas (5 tons)	Two.
(2) Cupola (3 tons)	One.
(3) Soorkey Mill	One.
(4) Goods Lift	One.

The proposal for the disposal of the items has been approved by the P. & T. Workshops Board. The necessary allocation estimates in regard to the disposal of these items have also been prepared. Necessary action for according Government sanction for the disposal of these items is being taken separately.

(iii) *Floor Space.*—The floor space of the Foundry Shed at Jabalpur is being fully utilised to store M. S. Sheets, Ammonium Chloride and other miscellaneous items of stores of the P. & T. Workshops at Jabalpur.

*Joint Secretary,
to the Govt. of India.*

APPENDIX VII

[Reference S. No. 12(ii) in Appendix I of Volume I of the Report]

Memorandum No. 19-WF (10)/57, dated 25th October, 1957 from the Ministry of Transport and Communications (Department of Communications).

Memorandum to the Public Accounts Committee regarding utilisation of Foundry Shed in the Jabalpur Workshops and the reasons for Postponement of operation of foundry there.

In para 37 of their 22nd Report, the Public Accounts Committee wanted to be informed (i) of the final outcome of the Posts & Telegraphs Workshops Board's examination regarding the utilisation of the foundry shed at Jabalpur and (ii) of the circumstances in which the Chief Engineer advised the General Manager to postpone the operation of the foundry.

2. Information on these points is furnished below:—

- (i) The Posts & Telegraphs Workshops Board are of the view that the foundry shed could with advantage be used for storage of raw materials and finished goods of the Jabalpur Workshops. Accordingly the shed is being used at present for the storage of raw materials and finished goods.
- (ii) At their fourth meeting held on the 25th November, 1954, the Staff & Finance Committee of the Posts & Telegraphs Workshops Board directed the General Manager, Posts & Telegraphs Workshops to ensure that there was no delay in starting the foundry at Jabalpur. The General Manager, however, recommended concentrating foundry work at the proposed Maithon Workshops on economic and other considerations—proximity to raw materials, facilities of transport, etc. The General Manager also pointed out that there was no urgency in opening of the foundry at Jabalpur as the Department's requirements of foundry articles in connection with execution of schemes included in the Five Year Plan could be met by farming out order. The matter was thereafter discussed at high level and it was decided that the Chief Engineer should issue instructions to the General Manager to delay starting of a foundry at Jabalpur. Instructions were accordingly issued by the Chief Engineer to the General Manager to delay starting of the foundry at Jabalpur.

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

D. C. DAS,
Joint Secretary to the Govt. of India.

APPENDIX VIII

(Reference Para 24 of the Report)

Note No. QB. 81-9/55 of D. G. P. & T. dated 11-11-1957

A Note for submission to the Public Accounts Committee with reference to their recommendations contained in Para. 40 of their 22nd Report 1956-57.

In para 40 of their Twenty Second Report, 1956-57, the Public Accounts Committee desired to know the Departmental action against the delinquent Postal officials and the steps taken to make good the loss caused by the fraudulent encashment of 12 years N.S.Cs.

Out of the seven officials of the Postal Department involved in this case disciplinary proceedings against 6 officials have been concluded and the final orders for recovery of Rs. 8108.50 nP. from them have been passed as detailed below:—

Amount ordered to be recovered		Rs.
1. Shri Hira Lal Parh, Clerk, Midnapore		1152/-
2. Shri S. Bhattacharjee, Dy. P. M., Midnapore		2376/-
3. Shri B. Banerjee, S.P.M., Egra		2268/-
4. Shri A. Pal, Clerk, Midnapore		100/-
5. Shri A. N. Goswami, Clerk, Howrah		1200/-
6. Shri R. S. Sircar, Offg. T.I., Asansol H.O.		1012.50
TOTAL		8108.50

No action could be taken against Shri J. N. Ghosh, Supervisor, Burnpur S.O. in the absence of any corroborative evidence as the discharged certificate could not be obtained from the Posts and Telegraphs branch Audit Office at Calcutta from where it was reported to have been stolen.

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

M. M. PHILIP,

Director-General, Posts and Telegraphs.

APPENDIX IX

(Reference Para 24 of the Report)

Note of D.G. P. & T. No. QB 81-6/55 dated 25-11-57

A Note for submission to the P.A.C. indicating action taken on Para. 43 and sub-para to Para 47 of the 22nd Report of the P.A.C. for 1956-57.

In their recommendation contained in para 43 of their Twenty-Second Report, 1956-57, the Public Accounts Committee desired, *inter alia*, to be apprised of the disciplinary proceedings instituted against the officials at fault.

2. The following ten officials involved in the case were charge-sheeted by the Postmaster, Meerut H.O. and the Senior Superintendent of Post Offices, Meerut on the date noted against each, for contributory negligence:—

1.	Shri Shiv Shankar Sharma, Clerk, Meerut H.O.	21-4-1956.
2.	„ Har Pal Singh „ „	23-4-1956.
3.	„ Raj Bahadur Singh Arora „ „	7-4-1956.
4.	„ Ajay Singh „ „	9-4-1956.
5.	„ R. C. Asthana „ „	9-4-1956.
6.	„ T. N. Mittal „ „	26-9-1956.
7.	„ Sangat Ditta „ „	29-9-1956.
8.	„ D. N. Dixit S.P.M. Belvedere	13-4-1956.
9.	„ K. M. Singhal, Clerk, Meerut Kutchery P. O.	10-8-1956.
10.	„ R. C. Khanna, Supervisor, Meerut	7-9-1956.

The defence of all the officials mentioned above has since been received. Disciplinary proceedings have already been finalised against the following officials on the dates and with the results noted against each :

1.	Shri Shiv Shankar Sharma	30-7-56 Severely warned.
2.	„ Raj Bahadur Singh Arora	10-10-56 Censured.
3.	„ T. N. Mittal	5-10-56 Severely warned.
4.	„ Harpal Singh	30-7-56 Let off without any punishment.
5.	„ R. C. Khanna	11-2-57. Originally awarded punishment of a recovery of Rs. 2280/-. Out of this amount, a sum of Rs. 315/- was ordered to be recovered from the leave salary of the official who is on L. P. R. and the balance by reducing his pension. But, on appeal, orders of recovery of Rs. 2280/- were set aside and he was censured.

The departmental action against the remaining officials could not be finalised as the S.S.P.Os., Meerut considered that the punishments awarded by the P.M. Meerut H.O. to the officials referred to at

serials 1 to 3 above were very light. The S.S.P.Os., therefore, suggested enhancement of the punishment already awarded to the said officials at serials 1 to 3 and the matter was reviewed by the P.M.G. Lucknow who considered the punishments to be adequate. He has issued necessary instructions to the S.S.P.Os. and P.M. Meerut to finalise the remaining cases.

3. As regards the recommendations of the P.A.C. contained in item 12 (ii) of Appendix XXVIII of their 22nd Report, these are under examination.

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

M. M. PHILIP,

Director-General of Posts & Telegraphs.

APPENDIX X

(Reference Para 24 of the Report)

Note of D.G. P. & T. No. QB 81-6/55 dated 11-17-58

A Note for submission to the P.A.C. indicating further action taken on Para 43 and sub-para to Para 47 of the 22nd Report of P.A.C. 1956-57.

A note on the above point was submitted to the Committee under Ministry of Transport and Communications (Department of Communications and Civil Aviation) Memo. No. QB 81-6/55 dated 25-11-57 (Appendix IX). The disciplinary proceedings against the remaining 5 officials referred to at items 4, 5, 7, 8, and 9 of para 2 of the note have since been finalised and the punishment imposed on each of them is indicated below:—

<i>Name of official</i>	<i>Designation</i>	<i>Punishment awarded</i>
1. Shri Ajay Singh	Clerk, Meerut H.O.	Censured.
2. Shri R. C. Asthana	Do.	*Recovery of Rs. 1200/- from the pay.
3. Shri Sangat Ditta	Do.	Exonerated.
4. Shri D. N. Dixit	S.P.M., Belvedere.	Recovery of Rs. 100/- from his pay.
5. Shri K. M. Singhal	Clerk, Meerut Kuchery P.O.	Recovery of Rs. 1296/- from his pay.

*The official has appealed and his appeal is pending with the P.M.G. Lucknow.

2. As regards the other recommendations of the P.A.C. contained in item 12(ii) and 12(iv) of Appendix XXVIII of their 22nd Report, these are still under examination.

3. This note has been seen by the Accountant General of Posts and Telegraphs.

(SHANKAR PRASADA),
Director-General of Posts & Telegraphs.

APPENDIX XI

(Reference Para 24 of the Report)

Note of D.G. P. & T. No. 30-3/57/CI dated 23-9-58

A note for submission to the P.A.C. with reference to Item 12(ii) of Appendix XXVIII to their Twenty-Second Report 1956-57.

While discussing para 9(ii) of P. & T. Audit Report, 1956 Part I, the P.A.C. in para 41-43 of their Twenty-Second Report desired *inter alia* that the P. & T. Department should devise a method by which recurrence of such National Savings Certificates frauds could be prevented. The only suggestion calculated to prevent frauds in sub-offices altogether was to withdraw the stocks of Postal Certificates from single handed sub-offices. This was considered by the P. & T. Small Savings Board. As the proposal involved withdrawal of facilities for the purchase of Postal Certificates on the same day on which the amount is tendered from over 4,000 Post Offices and as instances of frauds committed at single handed sub-offices were very few the Board did not consider it necessary to accept the proposal. The Board, however, desired that the Department should consider other methods of prevention of frauds.

2. In order to tighten up the checks and counter-checks further, it has been decided that all Head Offices should maintain for each of their sub-offices a register of certificates supplied to and issued from Sub-offices with a view to keep a check on the numbers of certificates in stock. The inspecting officers will be required to prepare, while inspecting sub-offices, a list of unsold certificates lying in the office and to get it verified by the H.O. Necessary instructions are under issue. This measure will only lead to earlier detection and serve as a deterrent but will not be a positive proof against occurrence of such frauds.

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

C. V. CUNNIGHAM,
For Director-General of Posts & Telegraphs.

APPENDIX XII

(Reference S. No. 14 in Appendix I of Vol. I of the Report)

Note of D.G. P. & T. No. QB 72-RJN-6/54, dated 9-12-1957

A note for submission to the P.A.C. with reference to their recommendations contained in paras 53 and 54 of their 22nd Report, 1956-57.

In paras 53 & 54 (item 14 of Appendix XXVIII) of their Twenty Second Report, the P.A.C. desired that:

- (i) adequate action should be taken against the inspecting officers concerned for their failure in discovering the fraud;
- (ii) the result of the appeal preferred in the High Court as also the action taken against other officials whose contributory negligence resulted in the misappropriation of Public Money be intimated to them; and
- (iii) the P. & T. Department to examine the existing procedure for handling of cash and postage stamps in Head and Branch Post Offices and tighten the checks and counter-checks to be exercised by the local officers and the inspecting staff.

2. As regards (i) above, Memos. of charges in respect of 2 Gazetted Officers are under preparation and will be served on them shortly. Memos. of charges against one I.P.O. and one Complaints Inspector were served on 6-9-1957 and 8-7-1957 respectively. The Memos. of charges against another I.P.O. were sent by the S.P.O. Gwalior to the S.S.P. Ajmer on 23-5-1957 but as the official was under orders of transfer as I.P.O. Damoh, the same was returned by the S.S.P. Ajmer to the S.P.Os. Gwalior on 26-6-1957. The S.P.Os. Gwalior sent the same to the S.S.P. Jabalpure in July, 1957 for serving the same on the official.

3. As regards item (ii) of para 1 above, an appeal was preferred in the High Court on 1-9-1956 against the decision of the Lower Court acquitting the accused official. The High Court has admitted the appeal but no date of hearing has been fixed so far. Disciplinary proceedings against the officials whose contributory negligence resulted in the misappropriation of Public Money have been instituted and the position is as under:—

- (a) Orders for recovery of Rs. 720 and Rs. 1,248 from 2 officials have been passed on the 10-6-1957. Recoveries amounting to Rs. 60 have been made up to September, 1957 in respect of Rs. 720. As regards Rs. 1,248, no recovery has yet been effected as the official has since retired.

- (b) Orders for recovery of Rs. 3,720 were passed against the Postmaster, Lashkar (now retired) on 13-5-1957. The entire amount of recovery, i.e., Rs. 3,720 has been credited on 14-8-1957 at Meerut H.O. by the official concerned.
- (c) Charge-sheets have been issued on 6-7-1957, 6-9-1957, 24-5-1957, 3-5-1957 and 24-5-1957 to 5 officials and to 4 other officials on 25-5-1957 who represented in June, 1957 that the charge-sheets issued to them were not in accordance with the revised rules of Classification, Control and Appeal Rules. Fresh charge-sheets have been issued to 3 officials on 9-9-1957 and to the 4th official, it will be issued shortly.
- (d) As regards one official who retired long before the fraud actually came to light, the question of imposing recovery and reduction of Pension is under consideration of the competent authority.

The present position of the action taken against each official is given below:—

Sl. No.	Name of officer and designation	Present position of the case	Remarks
1	2	3	4

Gazetted:—

- | | | |
|---|--|---|
| 1. Shri T. S. Chawla.
S. P. Os. Gwalior
(now S.S.P. Meerut) | The draft charge sheet has been sent to the Directorate for serving on the officer. | } Memos. of charges are under preparation and will be served on them shortly. |
| 2. Shri V. B. Lal.
(S. P. Os. Gwalior) | The memo. of charges has been prepared and will be served on the officer very shortly. | |

Non-Gazetted —

- | | |
|---|---|
| 1. Shri S. N. Roy.
I.P.Os. Gwalior
(now I.P.Os. Jodhpur) | The memo. of charges was served on the official under S. P. Jodhpur No. B3 Roy dated 3-9-57 and was delivered to him on 6-9-57. The official has asked on 9-9-57 for certain records which have been called for from the S.P.Os. Gwalior. The official has been asked to submit his defence by 25-9-57. |
| 2. Shri J. P. Tiwari,
Complaints Inspector,
Gwalior. (now I.P.Os.
Sojat Road.) | Memo. of charges was served by the S. P. Jodhpur under his No. B3-4/100 dated 3-7-57 on the official and was delivered to the official on 8-7-57. The official on 8-7-57 addressed the S. P. Jodhpur for certain records which have been called for from the S.P.Os. Gwalior. |

1	2	3	4
3. Shri Shiam Lal, Postmaster, Lashkar (now Postmaster Jodhpur).	Memo. of charges was served on the official by the S. P. Jodhpur under his No. B3-15/243 dated the 6-7-57 and was delivered to the official on 8-7-57. The official on 14-7-57 has asked for certain records which have been called for from the S.P.Os. Gwalior.		
4. Shri Kanwar Sarup, Postmaster, Lashkar H.O. (now I.P.Os. Gwalior.)	As there was a discrepancy in the total amount involved during his time as P. M. Lashkar, the S.P. Gwalior cancelled the previous charge sheet issued to the official on 14-1-57 and issued a fresh charge sheet under his memo No. F4-306/54-55 dated 6-9-1957. The date of submission of his defence has been fixed as 25-9-1957.		
5. Shri Aya Ram Postmaster, Lashkar (now retired).	The S.P. Os. Gwalior in his memo. No. F4-306/54-55 dated 13-5-1957 has decided the case and has ordered a recovery of Rs. 3,720/-. Shri Aya Ram credited the entire amount of recovery, i.e., Rs. 3,720/- on 14-8-57 at Meerut H.O. where he is residing now.		
6. Shri N. A. Sapkal, P.M., Lashkar. (now S.P.M. Bhind).	The S.P.Os. Gwalior in his memo. No. F4-306/54-55 dated 10-6-57 has finally decided the case and has ordered a recovery of Rs. 720/-. Rs. 60/- has been recovered upto 1-9-57. The actual recovery started from salary for June paid in July '57.		
7. Shri S. V. Parodkar, Freasurer, Lashkar H.O. (now Supervisor, Guna).	The S.P.Os. Gwalior in his memo. No. F4-306/54-55 dated 10-6-57 has finally decided the case and has ordered a recovery of Rs. 1,248/-. As the official has since retired no recovery could be effected from him. The official has given a declaration to the S.P.Os. Gwalior that he would credit the entire amount out of the amount of L.C.R. gratuity that he will get. The D.A.G.P. & T. Nagpur has not yet issued the C&R in his favour for the amount of D.C.R. gratuity.		
8. Shri P. S. Killedar, Treasurer, Lashkar H.O. (now S. P. M. Marwar.)	The memo. of charges was served on the official by the S.P.Os. Gwalior under his No. F4-306/54-55 dated 18-5-57, and was delivered to him on 24-5-57. The defence of the official was received on 12-6-57 but as the records concerning this period are with the S.P.O. Jodhpur, the same have been called for from him by the S.P.Os. Gwalior and on receipt of the same the case will be decided very shortly.		

1

2

3

4

9. Shri P. S. Tisgaoukar (now clerk Guna). The memo. of charges was served by the S.P.Os Gwalior on the official under his No. F4-306/54-55 dated 3-5-57. No defence of the official was received and as such the S.P.Os. Gwalior under his memo. of even No. dated 24-6-57 decided the case *ex parte* and only censured the official as he was not directly concerned with the fraud. He was merely ordered by the then P.M. Lashkar Shri Kanwarsurup to copy and complete the register of ex-State stamps which was not filled up by the treasurer concerned for some period.
10. Shri D. M. Kale (now clerk Lashkar City). The memo. of charges was served on the official by the S.P.Os. Gwalior under his No. F4-306/54-55 dated 18-5-57 and was delivered to him on 24-5-57. The defence of the official was received on 12-6-57 but is pending for final settlement as the records concerning to that period are lying with the S.P.Os. Jodhpur which have been called for by the S.P.Os. Gwalior.
11. Shri R. K. Dey, I.P.Os., Gwalior (now I.P.Os. Damoh). The memo. of charges was sent by the S.P.Os. Gwalior to the S.S.P. Ajmer in May '57 but as the official was relieved from the appointment of I.P.Os. Udaipur and was transferred as I.P.Os. Damoh, the same was returned by the S.S.P. Ajmer to the S.P.Os. Gwalior in June '57. The S.P. Gwalior sent the same to the S.S.P. Jabalpur for serving on the official in July '57.
12. Shri Jhabuial, Treasurer, Lashkar (now clerk Lashkar). The memo. of charges was served by the S.P.Os. Gwalior on the official under his No. F4-306/54-55 dated 18-5-57 and was delivered on 25-5-57 but the official in June '57 represented that the charge sheet should have been issued according to the new procedure as laid down in the Revised Classification, Control and Appeal Rules. As such S.P.Os. Gwalior under Rule 34 of the above rules will issue a fresh charge sheet after obtaining the concerned records from the court which are lying there in connection with the appeal case.

1	2	3	4
13. Shri Gulabkhan, Cash Overseer, Lashkar.	The memo. of charges was served by the S.P.Os. Gwalior on the official under his No. F4-306/54-55 dated 18-5-57 and delivered on 25-5-57, but the official in June '57 represented that charge sheet should have been issued according to the revised procedure as laid down in the Classification, Control and Appeal Rules. As such the S.P.Os. Gwalior under Rule 34 of the above rules has issued fresh charge sheet under his aforesaid memo. No. dated 6-9-57 and it was delivered on 9-9-57. The last date for receipt of the defence has been fixed as 25-9-57 when the case will be finally decided.		
14. Shri Motilal, Sorting Postman, Lashkar.		Do.	
15. Shri Madanlal, Head Postman, Lashkar.		Do.	
16. Shri B. K. Dey, P. M., Lashkar, retired on 28-3-53.	As the official retired long ago before the fraud actually came to light the question of imposing recovery and reduction of pension is under consideration of the competent authority.		

4. As regards item (iii) of para 1 above, certain proposals are now under examination in consultation with the Accountant-General, Posts and Telegraphs.

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

M. M. PHILIP,
Director-General of Posts & Telegraphs.

APPENDIX XIII

(Reference S. No. 14 in Appendix I of Vol. I of the Report)

Note of D.G. P. & T. No. 29-1/57-CI, dated 8-7-1958

A note on Para 54 [Item 14 (iii) of Appendix XXVIII] of the Twenty-second Report of the P.A.C. 1956-57

In para 54 of their Twenty-second Report, 1956-57, the P.A.C., *inter alia*, desired that the P. & T. Department should examine the existing procedure for handling of cash and postage stamps in Head and Branch post offices and tighten the checks and counter-checks to be exercised by the local officers and the inspecting staff.

2. The matter was thoroughly examined in consultation with certain Heads of Circles. It was found that while the checks already prescribed in the existing rules were, generally speaking, adequate, improvement in the result of these checks might be possible if the frequency of inspection of the offices by the Inspecting Officers and the period of inspection could be raised. These matters, along with certain suggestions for tightening the procedure of handling cash and stamps, are under consideration, and final orders will be issued in due course. In the meantime, orders have been issued introducing certain changes in the procedure in this office letter No. 29-1/57-CI, dated 17-2-1958 (Annexure).

3. This note has been seen by A.G.P.&T.

SHANKAR PRASADA,

Director-General of Posts & Telegraphs.

ANNEXURE

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

Office of the Director General of Posts and Telegraphs

To

All Heads of Circles.

No. 29-1/57-CI.

Dated at New Delhi, the 17-2-1958.

SUBJECT:—Cash and postage stamps—Handling in Head & Branch Offices—exercise of checks & counter-checks by local and inspecting offices—Recommendations by Public Accounts Committee 1956-57.

There have been instances of misappropriation of Government money by the postal officials of the treasury branches, by showing inflated stamp balances. In order to check the recurrence of such frauds and to tighten the existing procedure of handling the cash and

postage stamps, various proposals are under consideration of the Directorate. Decision on all such proposals may take time. In the meantime, it has been decided to make the following changes in the procedure to be enforced as early as possible.

1. Under Note 3 of rule 66 of the P.&T. Financial Hand Book, Volume II, stamp registers are at present maintained in offices where the authorised stamp balance is Rs. 500. The stamp registers may now also be maintained in offices where the authorised stamp balance is above Rs. 200.

2. It is proposed to introduce a separate column in the S.O. Account and the B.O. account for the value of stamps received. Till this is done, the value of stamps received daily by the sub and branch offices during the month to which the account relates should be noted in the 'Remarks' column of the S.O. account or/and B.O. abstract.

3. According to note below rule 30 (a) of the Financial Hand Book Volume II, in offices where a separate Assistant treasurer is sanctioned independent of the treasurer, he will be responsible for sale, custody etc. of stamps, saleable publications etc. The Assistant treasurer can also be exempted from any of these duties by the 1st Class Postmaster or Superintendent. It has now been decided that in case of 1st Class Head Offices having a number of officials working in the treasury branch, it should be so arranged that the official or officials handling stamps do not ordinarily handle cash.

4. *This refers to your replies to Shri Singh's D.O. No. 29-1/57-CI, dated 11-4-1957.

Sd/-MADAN KISHORE,
Director of R.M.S.

Copy to the Accountant General, Posts & Telegraphs, Simla with reference to his U.O. No. Rep. 1-1657/4(a)32, dated 18-1-1958.

Sd/-MADAN KISHORE,
Director of R.M.S.

Copy to B(CR) section for taking necessary action to amend rules in the Financial Hand Book.

Sd/-MADAN KISHORE,
Director of R.M.S.

*For PMG, CA, BY, MS, NP, LW, DPT-CK, JP only.

APPENDIX XIV

(Reference Para 27 of the Report)

Note of D.G. P. & T., No. QB 72-RJN-6/54, dated 13-8-1958

**A Note for submission to P.A.C. with reference to paras 53 & 54
(Item 14 Appendix XXVIII) of 22nd Report 1956-57**

In continuation of the note submitted to the P.A.C. under Ministry of Transport and Communications Memo. No. QB 72-RJN-6/54, dated 9-12-1957 (Appendix XII) the progress of action taken against the (i) accused officials, and (ii) inspecting and other staff whose contributory negligence resulted in the misappropriation of public money, is given below:—

(i) The accused official who was acquitted by the Additional City Magistrate, Lashkar, has, on appeal by the State of Madhya Pradesh, been sentenced to 3 years' rigorous imprisonment and a fine of Rs. 1,000 or in default further rigorous imprisonment for six months, by the High Court under Section 409 I.P.C.

As regards the second charge against him under Section 467 I.P.C., he has been ordered to be committed to the court of Sessions, inasmuch as he could not have been tried by the Additional City Magistrate who acquitted him.

(ii) Further developments in the disciplinary proceedings against the officials, whose cases were not decided finally, are given below:—

Sl. No.	Name of Officers/ officials	Further Developments
GAZETTED	1. Shri T. S. Chawla .	The draft charge sheet is under submission for approval of the Government.
	2. Shri V. B. Lal .	The charge sheet was issued on 3-6-58. His Defence is awaited.
NON-GAZETTED	1. Shri S. N. Roy .	Recovery of Rs. 450/- has been ordered on 11-3-58. Recovery commenced from 1-4-58.
	2. Shri J. P. Tiwari .	Recovery of Rs. 360/- has been ordered on 10-3-58. Recovery completed.
	3. Shri Shyam Bihari Lal	Recovery of Rs. 1,500/- ordered on 28-11-57. Recovery completed.
	4. Shri Kanwar Sarup .	Case has been dropped for non-availability of certain records which were destroyed under normal rules.

Sl. No.	Name of officers/officials	Further Developments
5.	Shri P. S. Kiledar	Recovery of Rs. 1,104/- ordered in October, 1957. Recovery commenced from 1-11-57.
6.	Shri D. M. Kale	Recovery of Rs. 1,104/- ordered in October, 1957. The official appealed against the recovery orders. D.P.T., Jaipur, has passed orders for <i>de novo</i> trial.
7.	Shri R. K. Dey	Proceedings are in progress with the S.S.P., Jabalpur.
8.	Shri Jhabulal	Censured.
9.	Shri Gulab Khan, Cash Overseer.	Recovery of Rs. 300/- has been ordered on 7-6-58. He retired from 1-7-58. Recovery to be made from D.C.R. Gratuity.
10.	Shri Moti Lal	Recovery of Rs. 300/- has been ordered on 7-6-58 and recovery commenced from 1-7-19 58.
11.	Shri Madan Lal	-Do-
12.	Shri B. K. Dey. (Retired on 28-3-53)	The official's defence received on 9-7-1958 and is under examination.
13.	Shri S. V. Parodhkar	Recovery ordered from D.C.R. Gratuity has been made on 4-3-58.

2. As regards tightening the checks and counter-checks to be exercised by local officers and inspecting staff, a note has been submitted to the Committee under Ministry of Transport and Communications (Departments of Communication and Civil Aviation) Memo. No. 29-1/57-CI, dated 8-7-1958 (Appendix XIII).

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

SHANKAR PRASADA,

Director-General of Posts & Telegraphs.

APPENDIX XV

(Reference Paras 31-33 of the Report)

Note of D.G. P. & T., No. 29-6/55 (PT), dated 30-12-57

A Note for submission to the Public Accounts Committee on the recommendation contained in Para 62 of their 22nd Report, 1956-57.

In para 62 of the 22nd Report of the Public Accounts Committee (1956-57), the Committee desired that (i) the P. & T. Department should impress upon all the officers concerned the urgency and importance of the expeditious disposal of discrepancy statements and (ii) that the Committee should be informed about the progress of disciplinary action against officials responsible for submitting false discrepancy statements without actually verifying the stores.

2. Suitable instructions (Annexure I) have been issued to all the Controllers of Telegraph Stores to ensure expeditious settlement of discrepancy statements and to keep a careful watch over the progress of disposal in order to avoid the occurrence of delays in future.

3. As regards disciplinary action, it has been observed that in one of the Depots, nil discrepancy statements have been submitted in regard to certain quarterly periods without indicating that no verification had been carried out. The stock holders responsible for this have since been warned.

4. In view of the impracticability of carrying out complete stock verification in the course of six months, it has been decided in consultation with A.G., P. & T., Simla, that in future the verification will be spread over a period of 12 months. Copy of the instructions issued in this regard is enclosed (Annexure II).

5. This note has been seen by A.G. P.&T.

M. M. PHILIP,

Director-General of Posts & Telegraphs.

ANNEXURE I

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

Office of the Chief Controller of Telegraph Stores, 5, Council House Street, Calcutta-1.

Our Reference: C-611/55-56/136 Dated, the 7th May, 1957.

To

(1) Shri S. Rajan, Controller of Tele. Stores, Calcutta.

(2) Shri T. N. Pardasani, Controller of Tele. Stores, Jabalpur.

- (3) Shri M. P. Gopala Menon, Controller of Tele. Stores, Bombay.
- (4) Shri K. S. Raghunathan, Controller of Tele. Stores, Madras.
- (5) Shri K. J. Thomas, Controller of Tele-Stores, New Delhi.

SUBJECT: *Audit Para re. Delay in disposal of discrepancy statements.*

In the twenty-second report of the P.A.C. on the appropriation accounts (P.&T.) 1953-54, the Committee desired that the urgency and importance of the expeditious disposal of the discrepancy statements should be impressed upon all concerned.

Instructions were issued to you from time to time to pay personal attention in regard to the expeditious disposal of the discrepancy statements. In this connection a reference is invited to this office letter No. C. 611/14/55 dated 15th November, 1955 and C. 611/dated 3rd January, 1956.

It is reiterated that you will kindly take effective steps for disposal of all discrepancy statements as expeditiously as possible and keep a careful watch over the progress of disposal so as to avoid a recurrence of such delays in future.

Please acknowledge receipt.

(Sd.) P. SEN GUPTA,
For Chief Controller of Tele. Stores.
CALCUTTA-1.

Copy forwarded to the Director-General of Posts and Telegraphs, New Delhi, for information with reference to para 2 of his letter No. NA 29-6/55 Pt. dated 23rd April, 1957.

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

No. NA 26-1/56 Dated at New Delhi the 27th September, 1957.

To

The Chief Controller of Telegraph Stores,
5-Council House Street,
Calcutta-1.

SUBJECT: *Progressive stock-taking of stores in Store depots.*

Article 213 of I.A.C. Vol. II (P.I.) provides *inter alia* for half yearly progressive stock-taking of all the stores in stock. On account of the huge increase in the varieties of items of stores and in the quantity

of stores and also with a view to avoiding conflict in the P.S.T. and I.S.V. required to be done under Article 215, *ibid*, the question of making the P.S.T. yearly instead of half-yearly has been under the consideration of this office for some time past. It has now been decided with the concurrence of Ministry of Finance and the A.G., P.&T., Simla, that the Progressive stock-taking of stores in Depots should henceforth be once in a year.

2. The time taken in each case would depend on the nature of the stores to be verified, the number of items of stores in a Store Depot, the quantity of stock held, etc. You are requested kindly to fix as early as possible on the basis of past experience, a separate time limit for completion of Progressive stock-taking in Main, Branch and Divisional Store Depots under intimation to this office. You are also requested to ensure that the P.S.T. is positively completed within the ceiling time limit prescribed. In case of non-completion of such verification within the scheduled period, the respective officer-in-charge should furnish detailed reasons for the same. It is also emphasized that the discrepancy statements should be settled as early as possible and there should not be any abnormal delay in their settlement. Necessary instructions on the subject should be issued to all concerned.

3. In addition to the Progressive Stock-taking once a year, an Independent Stock Verification by the Staff of the C.A.O., S. & W., Calcutta, as provided in Art. 215 of I.A.C., Vol. II (P.I.), should continue to be done annually as before.

(Sd)

A.C.E. (T).

Copy to:

1. A.G., P.&T., Simla, w.r.t. his U.O. No. Engg. 194/S (23) 45, dated 17-5-57. He will kindly arrange to issue necessary modification in the rule.
2. D.A.G., P.&T., S. and W., Calcutta.
3. All Cs.TS.
4. 'NA' Section.

(Sd.)

Asstt. Chief Engineer (T).

APPENDIX XVI

(Reference Paras 31-33 of the Report)

Note of D.G., P. & T., No. 29-6/55 (PT) NA, dated 16-8-58

Supplementary Note for submission to the Lok Sabha Secretariat, New Delhi, in connection with the Twenty-second Report of the P.A.C. 1956-57.

In para 3 of the note submitted along with the Ministry of Transport and Communications (Department of Communications and Civil Aviation, P. & T.) Memo. No. 29-6/55(Pt)/NA dated 30th December, 1957 (Appendix XV) it was stated that the stock holders responsible for the submission of Nil Discrepancy Statement without indicating that no verification had been carried out, were warned. The cases were reviewed further as a result of which the officials concerned have been censured.

2. The note has been seen by Accountant General, Posts and Telegraphs, Simla.

SHANKAR PRASADA,

Director-General of Posts and Telegraphs.

APPENDIX XVII

(Reference Paras 31-33 of the Report)

Note of D.G., P. & T. No. NA 29-7/55, dated 9-12-57

A Note for submission to the P.A.C. with reference to their recommendations contained in para 66 of their 22nd Report, 1956-57 vide item 18 of Appendix XXVIII, *ibid*.

Under the Ministry of Communications Memorandum No. NA-29-7/55 dated 29th October, 1956, a note was furnished to the P.A.C. (Appendix III of 22nd Report) regarding the irregular auction sale of stores related in para 8 of Audit Report (P.&T.), 1956, Part I. In that note, the irregularities that led to the sale of the switchboard and the officials responsible for these irregularities were indicated. It was also stated that as suggested by A.G., P.&T., the question of assessment of the extent of responsibility of the Surplus Stores Committee and the adoption of suitable remedial measures for ensuring against such lapses in future was under consideration in the Directorate.

2. As regards the disciplinary action, it may be pointed out that the Special Police Establishment who investigated the case thoroughly did not observe any *mala fide* intentions on the part of any one. They held it to be a case of carelessness and negligence on the part of officials involved. In their opinion, the switchboard was removed under a misconception.

3. The stock holder of concerned godown, and the Head Clerk of the Returned Stores Godown have been warned for the lapses on their part. One of the two Assistant Engineers found responsible for the irregularities has been censured. The other Assistant Engineer was on long leave on medical grounds. He resumed duty on the 21st March, 1957 but has been absent again without permission from the 14th June, 1957 and has asked on the 21st June, 1957 for permission to retire from service. The case is under examination in the P. & T. Directorate.

4. As regards the further irregularities mentioned in para 6 of the note under reference, a Sub-Storekeeper and a Stock Holder were considered to be responsible for failure to check up the items of stores received against a pending indent. The Sub Store-keeper has since retired from service. The Stock Holder has been warned. Regarding the failure to tally items of stores against a corresponding entry in the Stock Card during verification, the Stock Verifier concerned has been warned.

5. The question of assessment of the extent of responsibility of the Surplus Stores Committee has been examined further. The present

practice does not make it incumbent on the Surplus Stores Committee to make a physical or visual examination of the stores before making any recommendation. Where the members are not familiar with the type of stores proposed to be disposed of as surplus, they generally obtain samples if these stores are in Store Depots outside Calcutta. The main function of the Surplus Stores Committee is to consider the alternative use of the stores treated as surplus, in order to reduce the loss to the department by their disposal. In this particular case, as the members were already familiar with the switchboard, they had not carried out a personal examination. For these reasons, it has been held that no responsibility attaches to any of the members of the Surplus Stores Committee.

6. As far as the disposal procedure is concerned, it is observed that had the existing procedure been strictly followed in the Telegraph Storeyard, the switchboard would not have been irregularly sold. The irregularity has been the result of certain lapses on the part of officials as indicated already. No revision of the Rules is, therefore, considered necessary. In order, however, to ensure a more detailed review of the stores declared surplus, Technical Survey Committees have been constituted at all main Depots.

7. This note has been seen by A.G., P. & T.

M. M. PHILIP,

Director-General of Posts and Telegraphs.

APPENDIX XVIII

(Reference Paras 31-33 of the Report)

Note of D.G., P. & T., No. NA 29-7/55, dated 10-4-58

A Note for submission to the P.A.C. with reference to their recommendations contained in para 66 of their 22nd Report, 1956-57, vide item 18 of Appendix XXVIII, ibid.

In para 3 of the note submitted under the Ministry of Transport and Communications (Department of Communications and Civil Aviation) No. NA. 29/7/55 dated 9th December, 1957. (Appendix XVII) regarding the irregular auction sale of stores related in para 8 of Audit Report (P.&T.) 1956, Part I, it was stated that of the two Assistant Engineers, found responsible for irregularity, one had been censured while the case about the other was under examination in the P.&T. Directorate. The latter has been removed from service with effect from 12th February, 1958. The irregularity in this case was one of the charges pending against him.

2. The note has been seen by the A.G., P.&T., Simla.

SHANKAR PRASADA,
Director-General of Posts and Telegraphs.

APPENDIX XIX

(Reference S. No. 19 in Appendix I of Vol. I of the Report)

Note No. 19-WF(13)/57, dated 24-10-57 from the Ministry of Transport & Communications (Deptt. of Communications)

SUBJECT:— *Memorandum to the Public Accounts Committee regarding disposal of surplus Workshops stores.*

In their 22nd Report (Serial 19/II of the Summary of Recommendations), the Public Accounts Committee desired to be informed of the latest position in regard to the disposal of surplus stores in the Workshops.

2. The General Manager, Workshops, has forwarded scheduled of surplus stores in the Alipore, Jabalpur and Bombay Workshops for according necessary sanction for the write off involved in the disposal. The value of these stores which are considered as war-time surpluses are as follows:

Telegraph Workshops, Alipore	Rs. 3.61 lakhs
Telegraph Workshops, Jabalpur	Rs. 9.62 lakhs
Bombay Telephone Workshops, Bombay	Rs. 10.72 lakhs
TOTAL	<u>Rs. 23.95 lakhs</u>

3. In view of the stringent position regarding foreign exchange, it is also proposed to re-examine the various items included in these schedules the purchase of which will involve foreign exchange with a view to see whether the retention of these stores for a long period will be necessary. After the schedules have been re-examined in this manner, necessary action for sanctioning the disposal will be taken in consultation with the Ministry of Finance. The physical disposal of the stores will be entrusted to the Director General of Supplies and Disposals.

4. In their 22nd Report (Serial No. 19/III of the summary of recommendations), the Public Accounts Committee had desired that the present procedure of disposal of surplus stores should be examined in consultation with the Ministries of Finance and Works, Housing and Supply with a view to making it more expeditious and effective. In accordance with this suggestion, discussions were held with the representatives of the concerned Ministries when the present procedure was reviewed. Further steps for expediting the disposal procedure are under examination.

This Memorandum had been seen by the Accountant General, Posts and Telegraphs.

D. C. DAS,
Joint Secretary to the Government of India.

APPENDIX XX

(Reference Paras 36-38 of the Report)

Note of D.G., P. & T., No. NB 7-3/56, dated 14-9-57

Para 2 of the P.&T. Audit Report, 1957 (Part I)—Excess Payment of Labour Wages in Engineering Divisions.

"Has any action been taken to fix responsibility on the Divisional Engineers concerned for having allowed the increased rate of daily wages in this case contrary to existing instructions and for not having recorded the reasons therefor?"

The P.M.G., U.P. Circle, in whose jurisdiction these two irregularities have been noticed was asked to fix responsibility for the irregularities and take disciplinary action against them. Explanations from the officers concerned are awaited. These explanations will be examined to determine the disciplinary steps to be taken further.

2. Two more officers who were considered to be responsible for the irregularities have retired from service on 3rd January, 1956 and 17th November, 1956 respectively. Similarly, the Head Assistant (Engineering) of the U.P. Circle office who was also considered to be responsible has also retired from service on 1st August, 1955.

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

R. C. VAISH,
for Director-General.

APPENDIX XXI

(Reference Paras 36-38 of the Report)

Note of D.G., P. & T. No. NB 7-3/56, dated 9-7-58

A Note for submission to P.A.C. with reference to para 5 of First Report of P.A.C. 1957-58 (Second Lok Sabha) (Para 2 of the P. & T. Audit Report, 1957, Pt. I—Excess payment of Labour Wages in Engineering Divisions.)

A note indicating the position of Departmental action taken against the officials was submitted to the Committee under Ministry of Transport and Communications Memo. No. NB 7-3/56 dated 14th September, 1957 (Appendix XX). The progress of the case is indicated below:—

2. The P.M.G. U.P. Circle was asked to investigate and fix responsibility for the irregularities. His report has been received and on the basis of the report explanations from one Director of Telegraphs, two Divisional Engineers, one Assistant Engineer and two L.D. Clerks were called for. The explanations from three officials have been received while those from other three officials are awaited. Further action will be taken on receipt of the explanations.

3. This note has been seen by the Accountant General of Posts & Telegraphs.

SHANKAR PRASADA,

Director-General of Posts and Telegraphs.

APPENDIX XXII

(Reference Paras 39-40 of the Report)

Note of D.G., P. & T. No. B. 27-24/54 Pt. II dated 9-9-57

Statement showing action taken or proposed to be taken on the recommendations contained in the 22nd and earlier Reports of the Public Accounts Committee

ITEM No. (1).—REMUNERATIVENESS OF THE CALCUTTA TELEPHONE AUTOMATIZATION PROJECT.

A note giving (i) the detailed break up of the Capital outlay, working expenses, revenue receipts and the profits for the years 1952-53 to 1956-57 and the estimated figures under the corresponding heads for five years after completion of the scheme, and (ii) comparative statement showing the number of connections given during these years (year-wise).

A statement showing the detailed break-up of the Capital outlay, working expenses, revenue receipts and the profits for the years 1952-53 to 1957-58 (1957-58 being the year of completion) and estimated figures for 1958-59 to 1962-63, i.e., for five years after completion of the project with comparative statement showing the number of connections given during these years (year-wise) is enclosed. (Annexure).

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

R. C. VAISH,
for Director-General.

ANNE

Statement Showing the Details of Break-up of Capital Outlay etc. in

Note : The letters 'M', 'A' & 'T' stand for

(Figures in Lakhs of Rs.)

Year		Details of the Break-up of Capital Outlay at the end of each year						
		Land	Buildings	Ele. Instal- lation	L. & W.*	Cables	A. & P.**	Total
1		2						
1952-53	M	7.14	12.51	...	40.66	117.83	110.22	288.36
	A	85.56	140.95	1.26	...	93.41	201.04	522.22
	T	92.70	153.46	1.26	40.66	211.24	311.26	810.58
1953-54	M	7.14	13.46	...	40.66	121.60	116.59	299.45
	A	87.75	176.73	2.05	...	130.28	334.05	730.86
	T	94.89	190.19	2.05	40.66	251.88	450.64	1030.31
1954-55	M	7.14	13.85	...	40.66	125.17	130.12	316.94
	A	87.99	194.67	6.04	...	190.02	457.71	936.43
	T	95.13	208.52	6.04	40.66	315.19	587.83	1253.37
1955-56	M	7.14	13.85	...	40.66	126.60	145.65	333.90
	A	86.73	206.57	6.52	...	247.08	572.52	1119.42
	T	93.87	220.42	6.52	40.66	373.68	718.17	1453.32
1956-57 (Estimated)	M	7.14	13.85	...	40.66	126.60	145.65	333.90
	A	86.73	152.41	6.52	40	278.88	646.66	1234.20
	T	93.87	229.26	6.52	40.66	405.48	792.31	1568.10
1957-58 (Estimated)	M	7.14	14.25	...	41.23	126.60	152.11	341.33†
	A	86.74	201.02	22.68	1.10	273.00	692.51	1377.05
	T	93.88	215.27	22.68	42.33	499.60	844.62	1718.38
1958-59 (Estimated)	M	7.14	14.25	...	20.93	126.60	18.35	187.27
	A	86.74	201.02	22.68	1.10	373.00	707.51	1392.05
	T	93.88	215.27	22.68	22.03	499.60	725.86	1579.32
1959-60 (Estimated)	M	7.14	14.25	...	20.93	126.60	18.35	187.27
	A	86.74	201.02	22.68	1.10	373.00	719.26	1403.80
	T	93.88	215.27	22.68	22.03	499.60	737.61	1591.07
1960-61 (Estimated)	M	7.14	14.25	...	20.93	126.60	18.35	187.27
	A	86.74	201.02	22.68	1.10	373.00	719.26	1403.80
	T	93.88	215.27	22.68	22.03	499.60	737.61	1591.07
1961-62	}	The same as for 1960-61.						
1962-63								

* L. & W.—Lines and Wires.

** A. & P. —Apparatus and Plant.

XURE

respect of Calcutta Automatisation Project from the year 1952-53 to 1962-63

'Manual' 'Auto' and 'Total' respectively

Columns 2 to 5.)

Working expenses (Recurring Expenditure)	Revenue Receipts	Profit	No. of (new) Connections given during the year	No. of connections at the end of each year	Year	Remarks
3	4	5	6	7	8	9
			21,820			As on 31-3-52.
83.89	126.41	42.52	895	22,715	1952-53	
112.21	138.04	25.83	849	23,564	1953-54	
116.78	148.46	31.68	3,041	26,605	1954-55	
153.57	172.71	19.14	4,623	31,228	1955-56	
176.84	201.90	25.06	4,772	36,000	1956-57	
183.94	232.48	48.54	4,800	40,800	1957-58	†This includes credit of Rs. 154.06 lakhs for stages I to V which is expected during 1957-58 after completion of the project.
209.57	264.61	55.04	6,000	46,800	1958-59	
212.15	296.44	84.29	4,700	51,500	1959-60	
213.86	310.43	96.57	...	51,500	1960-61	

APPENDIX XXIII

(REFERENCE S. No. 42 (i) IN APPENDIX I OF VOL. I OF THE REPORT)

Note of D.G., P. & T. No. 27-34/57, B dated 13-11-57

ITEM 6—PARA 9(I) OF P. & T. AUDIT REPORT, 1957 (PART I)—STORE ACCOUNTING

- (i) (a) What are the reasons for Minus Balances having been shown in the priced ledger cards?
- (b) What steps are proposed to be taken to remedy this state of affairs?
- (ii) A report stating the up-to-date progress in clearance of discrepancies in the Store Accounts.

(i) (a) Minus Balances in priced ledger cards are one of the features in store accounts envisaged in Article 408 of P. & T. Initial Account Code Volume II (Provisional Issue), which is reproduced below:

“408: It is a fundamental principle that the balances in the ledger accounts should always be efficient and should represent the correct values of stores in stock. The occurrence of a balance exhibiting any of the features noted below should be regarded as an irregularity to be investigated into and rectified with the least possible delay.

- (i) Quantity without value or *vice versa*.
- (ii) Minus quantity with plus value or *vice versa*.
- (iii) Minus quantity with no value.
- (iv) Minus quantity with minus value.
- (v) Value balance which appreciably differs from the value of the quantity in stock at the Rate List rate.”

The minus balances arise from one or other of the following reasons:—

- (i) Under the existing system, rate revision is not carried out concurrently except in a limited number of cases where the rates of acquisition vary from the issue rates by more than 10%. Since in a majority of instances, where the variations are less than 10% rates are revised only half-yearly or annually, the aggregate value of issues sometimes exceeds the opening balance *plus* the aggregate value of receipts on account of variation between the acquisition rates and issue rates, giving rise to minus balances.

- (ii) Instances do occur in which receipt transactions cannot be accounted for in the priced ledgers for want of complete information or absence of relevant vouchers. Issues, however, proceed uninterrupted in the meanwhile at the prescribed issue rates, thus resulting in minus balances. Suitable instructions have been issued to Accounts Officers to return all Store vouchers which do not contain information for correct accounting.
- (iii) Balancing and other arrears due to omissions and commissions, both manual and mechanical (under the Hollerith system) also do occur in the processes of valuation and posting of ledger cards, resulting in minus balances.

The existing rules contained in Articles 409 and 410 of P. & T. Initial Account Code—Volume II (Provisional Issue) no doubt prescribe a systematic review of the ledger cards three times a year with a view to rectify irregular balances. But the arrears in ledger postings and reconciliation of quantity balances which persisted till recently was a factor which militated against this systematic review.

- (i) (b) The arrears in reconciliation of quantity balances referred to above having since been overtaken, action is now under way to see that the systematic review prescribed in the rules is undertaken systematically and carried out properly. A copy of the instructions issued in this connection by the Chief Accounts Officer Stores and Workshops, to his Regional Accounts Offices is enclosed (Annexure I).
- (ii) The reconciliation of discrepancies in quantity balances in priced ledger cards referred to in para 6(a) of P. & T. Audit Report, 1956 (Part I) and para 9(i) (a) of P. & T. Audit Report, 1957 (Part I) has since been completed, thus, clearing all arrears in reconciliation of quantity balances up to the end of 1955-56.

The progress so far made and the approximate dates by which value adjustments arising out of numerical reconciliation of stores balances upto 1955-56 are expected to be completed, are furnished below:—

Name of Depot	Approximate date by which the work is likely to be completed
Madras Main & Its Divisional Depots	already completed.
Bombay Main Depot	already completed.
Bombay Divisional Depots	already completed.
Jabalpur Main Depot, Workshop Depots and Divisional Depots	31-10-1957.
Delhi and its Divisional Depots	31-10-1957.
Alipore Divisional Depots	31-10-1957.
Alipore Main Depot including the Workshops	31-12-1957.

Postings of ledgers and reconciliation of discrepancies in respect of transactions for the year 1956-57, accounts in respect of which have recently been closed are in progress.

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

M. M. PHILIP,
Director General.

ANNEXURE I

Copy of letter No. N-7A dated 19th November, 1956 from the C.A.O. Tele: S&W., Calcutta addressed to A.O. Tele: Stores and W'shops, Alipore/JBL/BY etc.

SUBJECT:—Review of priced Ledger Cards and rectification of irregular balances.

The occurrence of irregular balances (including 'Minus Balances'), in the priced Ledger Cards has been the subject of adverse comments in the proposed draft Audit Para for '57. Now that additional clerical staff and Accountant have been sanctioned for the purpose of accelerating the progress of Ledger reconciliation and other itmes of arrear work, C.A.O., desires that the review of all the Ledger Cards should be carried out systematically as laid down in Article 409 of I.A.C. Vol. II (P.I.). The work should be so arranged that all the ledger cards are reviewed thrice a year and the number of cards to be reviewed monthly should be so fixed that there is no lapse on the account. A monthly progress report (as per 'proforma' enclosed) (Annexure II) should be incorporated in the monthly state of work report commencing with the progress report for November, 1956.

2. All priced ledger cards having value balances of Rs. 5,000 and over should be reviewed personally by the Accountant entrusted with the Ledger Reconciliation work and those below Rs. 5,000 by Senior Clerks, of the Ledger Section. Separate statements should be prepared for "General Stores and Workshops Stores" respectively for additional A.O., Alipore.

3. The proforma herein prescribed supersedes one previously in vogue at Alipore.

4. The receipt of this communication may please be acknowledged immediately.

Sd/-
For Chief Accounts Officer,
Tele: Stores & Workshops.

ANNEXURE II

Part I. *Statement showing the progress of Review and Rectification of irregular Balances in the priced Ledger Cards for the month of _____*

Name of Depot.	No. of Ledger Cards having value balces. of Rs. 5000/- & over awaiting reconciliation and review at the beginning of the month (for posting upto the end of 1955-56). (Class-wise in the case of Head Depot, in other cases, consolidated figures).	No. of such ledger cards reviewed during the month class-wise in the case of Head Depot, in other cases, consolidated figures.	Progressive total No. of ledger cards reviewed upto the end of this month for the I, II or III review (previous month figures & Col. 3)	Blc. No. of L.R. cards awaiting review at the end of the month for the I, II or III review. (Col. 2—Col. 4).	No. of cards in respect of which value adjustments for rectification of irregular blces. have been prepared during the month.	Total amount of value adjusts made during the month (Net debit credit under A/c. head '36')	Progressive total of such value adjusts upto the end of month for the I, II or III Review. (figure for previous month & Col. 7).	No. of cards with irregular blces. in respect of which proposals for rate revision has been sent to C.A.O. during the Month.	Remarks.
I	2	3	4	5	6	7	8	9	10

Part. II (Cards having value balances less than Rs. 5000/-).

No. of Ledger cards having value balces. from Rs. 500/- to Rs. 4999/-	Do.	Do.	Do.	Do.	Do.	Do.	Do.	Do.
---	-----	-----	-----	-----	-----	-----	-----	-----

- N.B. —(1) The statement should be compiled separately for Genl. Stores & Workshops Stores respectively.
 (2) The Statement should be an enclosure to the statement of work report.
 (3) The Statement for "Workshops Stores" may be compiled according to the 'Godowns'.

APPENDIX XXIV

(Reference S. No. 42 (ii) in Appendix I of Vol. I of the Report)

Memorandum No. 19-WF (5)/56 dated 8th January, 1958 from the Ministry of Transport and Communications (Department of Communications).

Memorandum to the Public Accounts Committee regarding preparation of Labour and Material Schedules in Workshops and closure of work orders.

In para 23 of their first Report—1957-58— the Public Accounts Committee have desired that a report stating the progress made in the closure of work orders and preparation of Labour and Material Schedules in the Workshops be submitted to them.

2. The requisite information is furnished below:—

- (i) The number of work orders issued upto 31st March, 1956 remaining unclosed as on 1st September, 1957 was 510 (Alipore 397, Jabalpur 97 and Bombay 16). All work orders relating to the preparation period have been closed.
- (ii) The position regarding the preparation of Labour and Material Schedules in respect of the three Workshops at the end of September, 1957, was as under:—

	Number prepared	Balance to be prepared
Alipore Workshops	2,787	30
Bombay Workshops	2,352	148
Jabalpur Workshops	1,079	..
TOTAL	6,218	178

3. Early in 1957, the Board of Management for the Posts & Telegraphs Workshops had approved that the time-limit for closure of work orders be revised to 6 months for line construction stores and 9 months for instrument items and these are being followed in respect of work orders opened since then.

4. The Labour and Material Schedules which have been prepared were based on past performance. They are, however, being reviewed from time to time on the basis of the experience gained and

revised, where necessary, after Time and Motion Study. The Time Study of *all* items of production is expected to take considerable time. However, the important production items comprising largest money values have been taken up for Time and Motion Study under the guidance of a foreign Time and Motion Study Expert whose services have been obtained for the purpose. The Schedules will be suitably revised accordingly. It is hoped to cover a substantial number of the principal items in the next two years.

5. The Memorandum has been seen by the Accountant General, Posts and Telegraphs.

(D. C. DAS),

Joint Secretary to the Government of India.

APPENDIX XXV

(Reference S. No. 2 in Appendix I of Vol. I of the Report)

Office Memorandum No. 2-TF(28)/54 from the Ministry of Transport & Communications (Deptt. of Communications and Civil Aviation) dated 21-5-58.

SUBJECT:—Action taken on the recommendations contained in the Tenth Report of the Public Accounts Committee

The undersigned is directed to refer to S. No. 15 of the statement enclosed to the Lok Sabha Secretariat Office Memorandum No. 30 (2)PAC/56, dated the 11th August, 1956, regarding the recommendation of the Public Accounts Committee in its Tenth Report about the over-stocking of stores by the Indian Telephone Industries (Private) Ltd., Bangalore. The Committee desired to know the disciplinary action taken against the officials concerned for the over-stocking of stores and this Ministry had informed the Committee that though the actual value of materials in over-stock after taking into consideration the requirements of the I.T.I. for one year was only Rs. 38.86 lakhs and not Rs. 95 lakhs, as had been mentioned by the Committee in its Report, the matter was being further investigated in order to find out whether responsibility for over-stocking can be fixed on any particular officer or officers. The question has now been examined in detail and this Ministry have come to the conclusion that the reasons for the over-stocking were as follows.

2. During the Korean War there was an acute shortage of raw materials required for production and there was a genuine apprehension that if the I.T.I. did not maintain adequate stocks of raw materials for its production, it may have to stop production, later on, when the shortage of materials became very acute. The question of purchase of raw materials was discussed at almost all the meetings of the Board of Directors of I.T.I. during that period. The Managing Director was also deputed to go abroad with a view to locating possible sources for the purchase of raw materials for the Company. Had there been no stock-piling of essential materials the increase in the cost of the basic materials during the subsequent two or three years would have involved greater expenditure on subsequent procurement. Procurement time in those days was also substantially longer than in subsequent years. For building stores it was considered desirable at that time to purchase the basic raw materials in advance due to apprehensions of short supply.

Apart from this, there was no strict system of stock control in the I.T.I. in the earlier years of the Company. This has since been introduced. Orders for materials in certain instances were, therefore, sometimes in excess of requirements for production and stock. The technical staff who were responsible for the preparation of estimates etc., of materials required, namely, the Works Manager, the Methods

Engineer, the Planning Engineer, etc., were all officers whose services had been obtained on secondment from the Automatic Telephone & Electric Company Ltd., London. They might have prepared the estimates on the basis of the requirements of the A.T.E. in England, and this was on the high side, since A.T.E. were manufacturing most of the components themselves while I.T.I. at that time was manufacturing only some of the components and importing a majority from the A.T.E. All these factors appear to have contributed to a general over-stocking of materials.

3. It may, however, be mentioned that most of the materials that figured in 1954 statements have since been used by the I.T.I.(P) Ltd itself during the course of its normal manufacture, and certain others have also been disposed of in the open market. Out of the over-stocks of the value of about Rs. 35 lakhs in question, the I.T.I. had on hand on 30th June, 1957 surplus stores over one year's requirements to the value of Rs. 9,94,793/- if the receipts since the date of preparation of 1954 statements are ignored. If, however, one year's requirements and order level requirements were taken into account, the corresponding value of the surplus stores on that date would be Rs. 5,80,359/- ignoring receipts since the date of the previous statements.

4. On the whole this Ministry have come to the conclusion that it is not possible to fix responsibility for the over-stocking on any particular officer or officers. This Ministry are also satisfied that there is no evidence to prove any *mala fide* against any officer responsible for the ordering of materials for production or construction.

5. The undersigned is to request that the position as conveyed above, may be placed before the Public Accounts Committee.

6. This has been seen by Audit (Deputy Director of Commercial Audit, Bangalore).

(M. M. PHILIP)

Secretary to the Government of India.

APPENDIX XXVI

(Reference S. No. 7 in Appendix I of Vol. I of the Report)

Note of D.G.P. & T. No. QB 81-9/54/FRD dated 14-8-58

A Note for submission to the P.A.C. with reference to para 27 of first report 1957-58 (Second Lok Sabha) on alleged fraudulent withdrawals from Defence Savings Bank Accounts—para 10 of the Twenty Second Report of P.A.C.

Enquiries made show that the official personally represented his case for reinstatement to the P.M.G. in the presence of the S.S.P. His case was therefore re-examined by the S.S.P. in the light of those discussions. It was found that the official would have remained under suspension for a long time as the documents necessary for the commencement of departmental proceedings were in the Court. The department would have unnecessarily suffered a loss in the shape of subsistence allowance and as there was no risk of the official tampering with the evidence he was reinstated in conformity with the instructions contained in Note 2 below Rule 21 of the P. & T. Manual Vol. II. Though the official pleaded his reinstatement on compassionate grounds and his plea led to the reconsideration of his case the final reinstatement was not, as stated above, based merely on those grounds.

2. Departmental proceedings against the official have since been finalised and the official has been punished with reduction in pay by two stages for one year.

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

(SHANKAR PRASADA)

Director General of Posts and Telegraphs.

EXTRACTS FROM POSTS AND TELEGRAPHS MANUAL, VOLUME II

(Chapter II—Discipline)

*

*

*

*

NOTE 1. Where documentary and oral evidence has already been collected and the risk of an official tampering with evidence (documentary or oral) no longer exists, the order of suspension should be cancelled. Where, however, there is still such a risk, he should be transferred.

APPENDIX XXVII

[Reference S. No. 13 (iii) in Appendix I of Vol. I of the Report]

Note of D.G. P. & T. No. QB 81-5/55 dated 16-9-57.

A Note for submission to the Public Accounts Committee with reference to their recommendations contained in paras 44-47 of their 22nd Report, 1956-57.

In the first sub-paragraph of paragraph 47 of the Twenty Second Report 1956-57, the Public Accounts Committee desired that action against the remaining two officials should also be expedited and a note submitted to the Committee in due course.

2. After departmental proceedings, one official has been exonerated and orders for recovery of Rs. 860-2-0 from the pay of the second official have been passed.

3. This Memo. has been send by the Accountant-General Posts and Telegraphs.

C. V. CUNNINGHAM,
for Director General.

APPENDIX XXVIII

(Reference S. Nos. 8 and 46 in Appendix I of Vol. I of Report)

Note of D. G. P. & T. No. 43/3/58-Disc. dated 9-7-58.

A Note for submission to the P.A.C. with reference to their recommendations contained in para 28 of their 1st Report 1957-58 (2nd Lok Sabha).

LOSS DUE TO DELAY IN TAKING ACTION AGAINST THE EXTRA DEPARTMENTAL BRANCH POSTMASTER

The Committee have desired to be informed of the action taken against the Officers concerned in this case. An examination of the relevant papers in the Divisional Office, Circle Office and the the Directorate has shown that most of the Officers, who dealt with the case in the Divisional and Circle Offices had retired from service, before these lapses on their part were examined. As regards the other Officers, who are still in service, their explanations have been called for by the Directorate and the matter is under consideration. The names of officers who have already retired from service together with the date of retirement are given below:—

1.	Shri K. K. Chatterji	Supdt. of P. Os.	. . . . .	21-3-49
2.	Shri Y. R. N. Rao	do	. . . . .	18-1-53
3.	Shri N. Doyal	A.P.M.G.	. . . . .	4-10-52
4.	Shri N. Chandra	D.P.S.	. . . . .	30-12-51
5.	Shri P. K. S. Chari	P.M.G.	. . . . .	25-9-57
6.	Shri S. C. Dutt	the then D.P.S.	. . . . .	1-9-57

This note has been seen by the Accountant General of Posts & Telegraphs.

(SHANKAR PRASADA)

Director General of Posts and Telegraphs.

APPENDIX XXIX

[Reference S. No. 8(ii) of Appendix I of Vol. I of the Report]

D.O. No. 9/15/57-O & M dated 31-3-58 issued by the O.M. Division of the Cabinet Secretariat to O and M officers of the Ministries including D.G. P. & T., U.P.S.C. and Planning Commission.

SURJECT.—*Twenty second Report of the Public Accounts Committee—Reluctance on the part of the officers to take decisions and exercise responsibility where necessary.*

My dear

In my D.O. letter No. 9/15/57-O & M dated the 20th July, 1957, I had occasion to write to you about one of the recommendations made by the Public Accounts Committee in their twenty-second Report regarding loss of Government files. Paragraph 15 of the same report contains certain observations of the Committee emphasising the need for all subordinate officers to exercise the powers and responsibilities vested in them and suggesting that serious notice should be taken where responsibility is shirked by senior officers. I had not drawn your special attention to it due to the fact that since its very inception, the O & M Division has been repeatedly stressing the need for every officer to refrain from submitting cases to higher levels or making unnecessary references to other offices/sections, and a further repetition was hardly necessary in respect of offices where the O & M drive had been initiated.

2. However, you will agree that it is not enough that unnecessary vertical and horizontal references are eliminated in the Departments of the Government of India only. It is equally necessary that effective steps are taken to prevent references from subordinate organisations to higher formations when the heads of such organisations are fully competent to dispose of the matters under their own powers. This tendency can be cured to a large extent if instead of accepting or dealing with such needless or responsibility-shirking references, the receiving Department returns them to the referring authority with a suitable admonition. I suggest, therefore, that you might, with the approval of your Secretary, issue instructions accordingly.

3. I shall be grateful to have a copy of whatever instructions are issued by you in this matter.

Yours sincerely,
(S. B. BAPAT)
Director, O & M.

COPY TO SECRETARIES.

APPENDIX XXX

(Reference S. No. 9 in Appendix I of Vol. I of the Report)

Office Memorandum No. 2-TF/8-57 dated 8-10-57 from the Ministry of Transport and Communications (Department of Communications).

SUBJECT:—*Twenty-second Report of the Public Accounts Committee 1956-57 on the Appropriation Accounts (Posts and Telegraphs) 1953-54 and Audit Report 1955—Parts I and II and Audit Report 1956—Part I etc.*

In para 27 of their Twenty-second Report 1956-57, the Public Accounts Committee desired to know the result of—

- (i) The review of the provisional pricing of equipment supplied by Indian Telephone Industries to the Posts & Telegraphs Department stated to have been undertaken by the Cost Check Unit, and
- (ii) The application of the Rate List issued by the Indian Telephone Industries for the new items of equipment to be supplied to the Posts & Telegraphs Department.

2. The information is furnished below, seriatim:—

(i) *Review of provisional pricing.*—The review of provisional pricing by the Cost Check Unit in respect of claims preferred by the Indian Telephone Industries upto 31st March, 1956 has been completed, which has disclosed that a sum of Rs. 60 lakhs was due to Posts & Telegraphs as having been claimed in excess of the terms stipulated in the contract executed in November, 1955. A sum of 20.75 lakhs has already been recovered from the Indian Telephone Industries in this connection.

(ii) A schedule of rates relating to a major number of items of supply, based on cost of production thereof during 1955-56, has been issued by the Indian Telephone Industries on the 30th May, 1957. Supplementary schedules for the residual number of items are expected to be issued progressively and made available by 31st March, 1958. Arrangements have been made to check the rates indicated in the Indian Telephone Industries' rate lists by a Posts & Telegraphs Cost Check Unit installed in the Indian Telephone Industries.

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

(B. N. JHA),
Secretary to the Government of India.

APPENDIX XXXI

(Reference S. No. 20 in Appendix I of Vol. I of the Report)

Note of D.G. P. & T. No. 3-39/52-M dated 31-8-57.

*A Note for submission to the P.A.C. with reference to paras 79-82 of the Twenty Second Report of the Public Accounts Committee—
Provision of separate Press for the P. & T. Department.*

In para 82 of their Twenty Second Report 1956-57, the Public Accounts Committee desired to be apprised of the developments to be effected in the matter of adequate supply of forms to the P. & T. Department, as a result of the Report by the Committee set up by the Ministry of Works, Housing and Supply to examine the supply, printing and distribution of forms and stationery.

2. The setting up of a Committee to examine the question of printing, distribution, consumption and accounting of P. & T. forms and stationery has been sanctioned by the Government on 2-7-1957. The Committee are to submit their recommendations within 3 months of their formation (*vide* Ministry of Transport and Communications Memo. No. 3-15/51, dated 2-7-1957).

3. As regards the provision of a small job Press for each Circle, it was reiterated by the Chief Controller of Printing and Stationery that the provision of job presses would be a hasty step and that this matter might be held over till the expansion schemes of the Printing and Stationery Department materialise fully. Later on, in a meeting held on 1-10-1956 between the representatives of the P. & T. and the Printing and Stationery Departments it was decided that instead of small printing units being attached to each Post Master General, the question of providing a Rota Print for such of the Circle where the volume and nature of work would permit of this being done, might be considered. One Rota Print machine has been installed in the office of the Post Master General, West Bengal Circle, Calcutta on 25-5-56, as an experimental measure for printing of forms etc. in times of emergencies. Provision of such machines in other Circles, will be considered in consultation with the Chief Controller of Printing and Stationery in case the machine installed in the West Bengal Circle proves useful.

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

(C. V. CUNNINGHAM)

for Director-General Posts & Telegraphs.

APPENDIX XXXII

(Reference S. Nos. 21 & 49 in Appendix I of Vol. I of the Report)

Note of D.G. P. & T. No. 38-4/57-N.B. dated 26-7-58.

A Note for submission to the Public Accounts Committee Para 87 of 22nd Report—Infructuous Expenditure for Leasing Rented Accommodation for Infructuous of Offices-Squatters in 77/C, Part Street Building, Calcutta.

In para 31 (item 26 of Appendix No. VIII) of the First Report of the Public Accounts Committee 1957-58 (Second Lok Sabha), the P.A.C. observed that despite protracted correspondence between the Governments of India and West Bengal, no tangible results had been achieved in getting the premises vacated.

2. The building has since been got vacated and vacant possession of the building has been given to the landlord in April, 1958. In accepting the possession of the property, the landlord has stated as below:—

“As it appears that the lessee does not intend to carry out the work of repairs and restoration, I am accepting possession of the property with a view to its protection and carrying out the work of repairs and restoration, strictly without prejudice to any of my contentions as contained in my previous letters on the subject and in particular without prejudice to my right to claim the costs of such repairs and restoration from the lessee by way of damages and also damages by way of loss of rent during the period necessary for carrying out such work of restoration and repairs.”

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

SHANKAR PRASADA,
Director-General of Posts & Telegraphs.

APPENDIX XXXIII

(Reference S. No. 24 in Appendix I of Vol. I of the Report)

Instructions issued by Director of Complaints, No. 81-36/57 F.R.D. dated 12th October, 1957 to all Heads of Circles and all Administrative Offices.

SUBJECT:—*Recommendations of the Public Accounts Committee in connection with the disciplinary proceedings against the delinquent officials involved in cases of losses, frauds etc.*

An extract of the recommendations of the First Report of the Public Accounts Committee on Appropriation Accounts (P. & T.) 1954-55 and Audit Report, 1956 Part II and Audit Report 1957 Part I is reproduced below for information.

"The Committee observe that disciplinary proceedings against the delinquent officials involved in cases of losses, frauds etc., have been delayed. While they appreciate the difficulties expressed by the Posts & Telegraphs Department in this respect, the Committee feel that such difficulties are not insurmountable. They trust next year's accounts will show improvement in this respect."

In view of the observations made by the P.A.C. Heads of Circles etc., are requested kindly to take immediate steps to complete disciplinary proceedings against the delinquent officials involved in the pending cases of losses and frauds as early as possible so that the number of disciplinary cases pending in the current year is reduced to the minimum.

Sd- H. C. MAHINDROO,
Director of Complaints.

APPENDIX XXXIV

(Reference S. No. 26 (i) in Appendix I of Vol. I of the Report)

Instructions issued from the office of D.G. P. & T. No. 27-42/57-B dated 1st May, 1958 to all Heads of Circles and Administrative Units.

SUBJECT:—First Report of the P.A.C. on the Appropriation Accounts (P. & T.), 1954-55 and Audit Report, 1956-Part II and Auditor Report (P. & T.) 1957 Part-I.

A copy of Ministry of Transport and Communications (Deptts. of Communications and Civil Aviation) Memo. No. 9-CD(26)/58 dated 14th April, 1958 (Annexure) is forwarded herewith for guidance. The contents of the recommendation of the P.A.C. may please be taken special note of and also brought to the notice of all concerned.

P. SRINIVASAN,
Director of Accounts.

Copy forwarded to:

- (i) TP Section (5 copies).
- (ii) Postal Planning.
- (iii) MI Section.
- (iv) M-II Section.
- (v) NA Section.
- (vi) NB Section.

M. K. DAS GUPTA,
Accounts Officer (Budget).

ANNEXURE

Copy of letter No. 9-CD(26)/58 dated 14th April, 1958 from the Ministry of Transport and Communications addressed to DG P&T ND etc. etc.

SUBJECT:—First Report of the Public Accounts Committee on the Appropriation Accounts (P&T) 1954-55 and Audit Report, 1956 Part II and Audit Report (P. & T.), 1957. Part I.

Sir.

I am directed to say that the Public Accounts Committee in Paragraph 3 of its First Report on the Appropriation Accounts (Posts and Telegraphs), 1954-55 and Audit Report, 1956 Part II and

Audit Report (Posts and Telegraphs), 1957 Part I has recommended as follows:

"The Committee are not satisfied with the explanations given for savings under grant No. 111. In their opinion the tendency to provide funds in the Budget Estimates on the basis of the plan targets without a realistic appraisal of spending capacity would only hamper the progress of the Plan by locking up funds which could be profitably utilised elsewhere. This tendency is noticeable in other Ministries also. A more accurate estimation of the spending capacity is very necessary especially in the context of the present financial stringency and it is hoped all Ministries will take due note of the observations of the Committee in this regard.

It is requested that the contents of the above recommendations may kindly be brought to the notice of all concerned in your office for guidance.

The receipt of this letter may kindly be acknowledged.

Sd/- D. S. NIM,

14-4-1958.

APPENDIX XXXV

(Reference S. No. 26(ii) of Appendix I of Vol. I of Report)

Note of D.G. P. & T. No. 10-11/57 P. (BC) dated 23-12-1957.

PARA 5 OF THE AUDIT REPORT, P. & T., 1956—(SAVINGS ON VOTED GRANT No. 111)

(i) A statement showing the break-up of the amount provided for under this Capital Grant and the actual expenditure during the year 1954-55 in respect of the various Circles and Divisions under the following heads:—

- (a) Land Acquisition, and
- (b) Construction of buildings.

(ii) The reasons why the unspent amount could not be surrendered at the time of the Revised Estimate may please be stated.

(i) There was no separate Account head for accommodating expenditure on "Acquisition of Land" during the year 1954-55 and, as such separate figures for 'Land' and 'Buildings' Circle-wise and Division-wise are not available. The Division are empowered to execute Building Works only up to Rs. 5,000 and all Works exceeding this limit are executed by the C.P.W.D. and Budget provisions in respect of such works are made by Circles and actual expenditure controlled by them. Accordingly, a statement showing the break-up of the amount provided for under the Capital Grant for both land and buildings taken together and the actual expenditure incurred during the year 1954-55 Circle-wise is given in *Annexure I*. The break-up of the amounts follows the arrangements in the Detailed Appropriation Accounts for 1954-55.

(ii) The sanctioned grant under Grant No. 111 Capital outlay on P&T (not met from Revenue) for the year 1954-55 was Rs. 16.34 lakhs against which the Revised Estimate was put at Rs. 15.91 lakhs, thus, anticipating a saving of 43 lakhs as detailed in *Annexure II*. A further saving of Rs. 247 lakhs could be anticipated only in the finally modified Grant which was put at Rs. 13.44 lakhs against the Revised Estimate of Rs. 15.91 lakhs. The actuals turned out to be Rs. 12.87 lakhs which was less than the finally modified grant by Rs. 57 lakhs. The entire saving of Rs. 290 lakhs which could be anticipated in the finally—modified grant was surrendered in March, 1955. The further saving of Rs. 57 lakhs which occurred in the actuals in comparison to the finally modified grant could not be surrendered, as it was not foreseen. The saving of Rs. 43 lakhs in the Revised Estimate as compared to the sanctioned grant was not formally surrendered at the time of the Revised Estimates, but was duly indicated in the Ways and Means Estimates submitted to the Ministry of Finance, although it was formally surrendered to them along with the further savings that occurred, as already stated, in due course in March, 1955. The following tabular statement illustrates in detail the position stated above.

Capital Outlay on P. & T. (not met from Revenue)
GRANT NO. III

(In lakhs of Rupees).

Head	Sanctioned Grant	Revised Estimate	Finally modified grant	Actuals	Variations compared to sanctioned Grant	Variations, compared to finally modified Grant	Surrendered in March 1955
69-A .	12,75	11,25	10,75	9,84	(—)2,91	(—)91	(—)2,00
9-B .	1,00	1,00	1,00	98	(—)2	(—) 2	..
69-C .	1	1	..	..	(—)1	..	(—)1
Store							
Suspense	2,09	3,08	1,11	1,47	(—)62	(+)36	(—)98
Manufacture	49	57	58	58	(+)9	..	(+)9
Suspense							
Total	16,34	15,91	13,44	12,87	(—)3,47	(—)57	(—)2,90

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

M. M. PHILIP,
Director-General.

ANNEXURE I

Circlewise statement showing Budget Provision and actuals during 1954-55 in respect of Building Works.

(i) All Major works (Other than Calcutta Auto, Bombay Expansion) specifically shown in the Appropriation Accounts.

Name of Circle	Budget Provision	Actuals
(1)	(2)	(3)
Andhra	3,46,000	4,21,477
Assam	4,48,000	19,420
Bihar	11,31,600	87,637
Bombay	20,55,800	21,16,376
Central	16,05,500	6,55,729
Madras	22,60,600	5,97,582
Orissa	3,83,000	9,088
Punjab	21,85,900	3,53,888
Rajasthan	7,09,900	1,59,349
U.P.	8,43,500	93,985
West Bengal	7,68,800	42,198
Bombay District	13,39,200	390
Calcutta District	1,12,700	21,596
Delhi District	39,48,000	13,64,819
Madras District	1,43,500	31,952
C.C.T.S.	4,00,000	43,544
P. & T. Workshops	3,25,200	50,621
TOTAL(i)	1,90,07,200	60,69,651

(ii) All other major works shown collectively in the Appropriation Accounts	92,48,300	17,59,253
(iii) Minor works	13,10,400	15,64,397
(iv) ETP Estt. Freight and indirect charges	33,72,300	11,08,933
GRAND TOTAL	3,29,38,200	1,05,01,304
Deduct probable savings	52,44,200	..
Net total 69A (Excluding By. Expn. CA Auto & TDF).	2,76,94,000	1,05,01,304
Bombay Expn. Project (including overheads)	8,100	26,036
Calcutta Auto Project (including overheads)	30,70,000	16,62,944
Telephone Development Fund (including overheads)	3,28,300	(—) 98,469
GRAND TOTAL 69A	3,11,00,400	1,20,91,815
69-B	6,05,400	7,43,157
GRAND TOTAL 69-A & 69B	3,17,05,800	1,28,34,972

ANNEXURE II

(Figures in lakhs of Rupees.)

69-A-Capital Outlay on New Assets	B.E.	R.E.	Variations in R.E. as compared to B.E. Saving(—) Excess(+)
Buildings	2,77	1,21 (—)	1,56
D. & W.	4,21	3,10 (—)	1,11
A. & P.	2,93	3,57 (+)	64
Bombay Expansion Project	50	42 (—)	8
Calcutta Auto.	1,59	2,20 (+)	61
Other Projects	75	75	..
TOTAL	12,75	11,25 (—)	1,50

The variation against each component detailed above was accounted for either by less works than anticipated or more works than anticipated in the revised works programme.

69-Store Suspense Account.

India	2,04	3,03 (+)	99
England	5	5	..
TOTAL	2,09	3,08(+)	99

The excess of 99 was due to larger purchases than anticipated (70), larger receipt of manufactured articles than anticipated (19) and less issue of stores (to Capital and Renewal works) (10) than anticipated.

Manufacture Suspense Account	49	57 (+)	8
--	----	--------	---

The excess of 8 is due to large debits (27) partly offset by larger issues of manufactured articles than anticipated (19).

TOTAL	15,33	14,90 (—)	43
------------------------	--------------	------------------	-----------

APPENDIX XXXVI

(Reference S. No. 30 in Appendix I of Vol. I of Report)

Note of D.G. P. & T. No. NB.31-45/48 dated 16th July, 1958

A Note on paras 8-9 of First Report of the P.A.C. Building occupied by refugee (Balgharia) (Para 5 of P & T Audit Report, 1957—Part I). Infructuous expenditure on renting of a building occupied by refugees in Calcutta (Balgharia East Repeater Centre).

In para 9 of their First Report, the Public Accounts Committee stressed the urgency of finding a solution to save the Exchequer from the recurring liability and desired final solution of this tangle. With a view to minimising the recurring liability, the following decisions have been taken in consultation with the Ministry of Defence and associated Finance:—

- (a) P.&T. Department will pay full rent of Rs. 1,062 per month upto the end of July, 1951;
- (b) P.&T. Department will pay a lump sum of Rs. 20,000 for the repeater station building. The building will thereafter be the property of the P&T Department.
- (c) the P.&T. will pay interest at the rate of 3 per cent from 1-8-1951 to the date of actual payment of the sum of Rs. 20,000; and
- (d) the P.&T. will continue to pay ground rent of Rs. 350 per month for the land till the property is de-requisitioned or handed over to the Defence Ministry whichever is earlier.

Regarding (a) above, the Postmaster-General has been asked to intimate the total amount to be paid to the Ministry of Defence upto 31st July 1951, for the issue of the requisite financial sanction.

Regarding (b) & (c) above, the Postmaster-General, Calcutta, has paid Rs. 20,000 as cost of transfer of the building and Rs 3,950 as interest upto 28-2-1958.

Thus, the recurring expenditure of the P.&T., in this connection, has been reduced to the barest minimum of Rs. 350 per month being the ground rent of the premises. The Postmaster-General, Calcutta, has been asked to contact the West Bengal Government authorities for assistance in getting the un-authorised occupants moved out of the building (13, Nimta Road, Balgharia) as they did in the case of 77/C, Park Street. Instructions have also been issued to the Postmaster-General, Calcutta, to make over vacant possession of the premises to the Army authorities as soon as the building is vacated by

the refugees so that the P.&T. is absolved from any further liability in respect of this building. As the repeater station building will be the property of the Department, this will be disposed of or made over to the landlord of the premises on terms most favourable to the Department.

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

SHANKAR PRASADA,

Director General, Posts and Telegraphs.

APPENDIX XXXVII

(Reference S. No. 31 in Appendix I of Vol. I of the Report)

Memorandum issued by the Office of D.G. P. & T. No. M. 22-9/54/NA dated 13th December, 1957.

To give heat treatment at different temperatures to the seals at Postal Seals Workshops, Aligarh, two electric furnaces were purchased in March 1949. One of the furnaces only could be installed while the other could not be installed for want of accommodation etc. The case regarding inadequacy of Planning featured in audit para for submission to the P.A.C. The facts of the case were explained to the P.A.C. who have made certain observations in their first Report 1957-58, an extract of which is reproduced below:—

10. Para 6—*Inadequate Planning in a Postal Seal Workshop.*

In a Postal Workshop set up for manufacturing impressing stamps and seals two furnaces were purchased by the Department in March, 1949, at a cost of Rs. 9,318 in order to improve the quality of seals by proper tempering. One of these though installed in 1950, was not put to use on account of non-availability of electric power and the other was not installed for want of accommodation. It was later found that no scheme or proper layout for installation of the furnaces was prepared before acquiring them. One of the furnaces was sold to an Industrial Co-operative Society and the disposal of the other was under consideration of the Department.

It was stated in evidence that prior to March, 1949 the seals were manufactured by private contractors. Since that arrangement was not satisfactory, the Department had decided to set up a small workshop. But while the proposal was still in the process of planning, an officer of the Department purchased the two furnaces which he found lying in a Military Transportation Department. Eventually, in view of the difficulties about staff, accommodation and power supply, the proposal was dropped and it was decided to entrust the work to an industrial co-operative workers' society consisting of the same contractors and their employees who were originally doing the work.

The Committee disapprove the manner in which the equipment was purchased in this case without proper planning and investigation regarding its usability. The Committee trust that in future the Posts and Telegraphs Department would not embark on the purchase of plant and machinery without a definite plan for using them.

The remarks of the P.A.C. may kindly be noted carefully for future guidance.

To

All Heads of Circles.

The General Manager, Telephones, Bombay/Calcutta.

The District Manager, Telephones, New Delhi/Madras.

The Chief Controller, Telephone Stores, Calcutta-1.

A. K. MULLICK,
Asstt. Chief Engineer (T).

Copy for information to General Manager, P.&T. Workshops, Calcutta.

Copy for information and guidance to all Officers in the Directorate.

Copy for information and guidance to B/TP/MI/MII/PP/G/NM/NB/M & D. Section of the Directorate.

Asstt. Chief Engineer (T).

APPENDIX XXXVIII

(Reference S. No. 32 in Appendix I of Vol. I of the Report)

Note of D.G. P. & T. No. P. (BC) 10-2/56 dated 30th August, 1958.

Note on the points raised by the Public Accounts Committee having Reference to Audit Report (P&T) 1957 (Part I) Para 7.

(i) While making provision in the budget did the Ministry of Finance enquire from the P&T Department at any stage before February, 1954.

(a) Whether expenditure which was being provided for in the Budget estimates was in accordance with the sanctioned scheme or whether any revision had been made in the scope of the original scheme since April, 1950.

(b) Whether all the preliminaries such as the preparation of the detailed estimates, issue of the technical and administrative sanction had been completed by the P&T. Department before they decided to incur expenditure on this scheme.

No provision for this project was made in the budget estimates for 50-51. At the time of making budget provision in the subsequent years the work was shown as an ex-state work-in-progress and the budget provision appears to have been made on the basis of this statement. No specific enquiry was, however, made by the Finance Ministry on the lines indicated in the P.A.C. Report.

(ii) What is the amount of expenditure incurred by the P&T. Department in respect of:—

(a) Cables, equipment, etc. which had been ordered by the Ex-Mysore Government.

(b) Equipments cables etc. ordered by the P&T. Department prior to sanction by the Departmental Finance Committee.

(a) The amounts of Ex-State commitments and expenditure corresponding thereto incurred upto 1-3-54, the date of sanction of the Departmental (Now Expenditure) Finance Committee, are indicated below. As the figures of ex-State commitments do not include overhead charges, in comparing these with actual expenditure only cost under cash and stores (where stores items were

substituted for those acquired under cash purchases), excluding overhead charges, has been taken into account.

(Figures in hundred)

Item	Ex-State Commitments (Sanctioned)	Expenditure upto 1-3-54 including pre-integration expenditure & value of surplus stores being utilised on other works
1	2	3
	Rs.	Rs.
Cables	31,36,5	33,65,6
Equipment including Air conditioning	26,59,3	24,69,4
Building	5,54,3	5,04,4
TOTAL	63,50,1	63,39,4

(b) Expenditure upto 1-3-54 other than that against the *Ex-State* Commitments was Rs. 36,946 (excluding overheads) on account of Electric Installations in the Building.

NOTE:—The figures of expenditure given above differ from the audit office figures and this difference is under reconciliation.

(iii) When was it decided by the P.&T. Department to revise the scope of the original scheme? What were the financial implications? Were the Ministry of Finance consulted at that time?

There is no information to show as to when and how the scope of the scheme was ordered to be widened and whether the Ministry of Finance (Communications) was consulted then. However, necessity for revising the scheme became apparent early in 1951-52 for reasons explained in para 2 (*Annexure*) of the D.F.C. Memo. submitted to Government in February, 1954. After completing planning and collecting necessary data, Ministry of Finance (Communications) were consulted early in 1953-54. Revised cost of the scheme was Rs. 87,29,800 including overheads (or Rs. 73,74,000 excluding overheads). The financial implications are included in the D.F.C. Memo. The additional costs were due primarily to inclusion of cash expenditure for installation of exchange, laying of cables and fitting of subscribers offices and the modifications made as mentioned in para 4 of the D.F.C. Memo. (*Annexure*). These were not included in *Ex-State* sanctions.

(iv) Commencement of work without the sanction of project and its detailed estimates:—

What are the (i) No. of cases which occurred after the issue of orders by the D.G.P.&T. in September, 52 in which works were started without the detailed estimates relating thereto having been sanctioned; (ii) amount involved; and (iii) action taken by the D.G.P.&T. against the

Divisional Engineers, Directors of Telephones and Postmasters-General concerned in whose jurisdiction such lapses took place? This is under examination by the Department.

R. C. VAISH,

For Director-General, Posts and Telegraphs.

ANNEXURE

EXTRACTS FROM D.F.C. MEMO

1. Concise statement of the proposal and reasons thereof.

The Bangalore City Telephone system consisting of 1600 lines was taken over by the P.&T. Department on 1-4-50. At the time of taking over, the Mysore State Government had already sanctioned a scheme for the expansion of this system to 3,160 lines. They had sanctioned a sum of Rs. 63.5 lakhs for the buildings, cables and equipment. The expenditure required for installations etc., had still to be sanctioned. Orders were placed on foreign firms for underground cables and accessories worth about Rs. 31.4 lakhs but only a few minor items of the value of approximately Rs. 4.1 lakhs had been received by the time of taking over. The bulk of the equipment and cables arrived after the integration of the telephone system with the P. & T.

2. After integration it was considered desirable to amalgamate the Bangalore City and the Cantt. Exchanges. Bangalore Cantt. had only a manual exchange of 500 lines belonging to the Department and when a new auto-exchange was being installed in the vicinity, there was no point in continuing a separate manual exchange for the Cantt. Taking into account the needs of Bangalore City as well as Bangalore Cantt. it was considered necessary to expand the telephone system to 3,560 lines. While amalgamating the two exchanges it was decided to utilise the equipment already ordered by the Mysore State Government for 3,160 lines and to salvage equipment or 400 lines from amongst the 1,600 lines of the Bangalore City Telephone system.

3. After the integration, the State Government refused to hand over the site which was originally earmarked for the new telephone exchange and allotted in its place another site. This necessitated redesigning of the building plan. The P. & T. Department had thus to start the entire plan all over again.

4. In the revised Scheme, a large proportion of cables obtained under 'Cash' on the Ex-State foreign order could not be made use of and so these were transferred to other works and the required type of cables had to be indented for separately. The original ex-State Scheme had thus to be modified to provide for the following:

- (i) Expansion of the cable net-work, according to P. & T. Standards, to cover the Civil Station and City areas.

(ii) Increasing the capacity of the new exchange from 3,160 to 3,560 lines (utilising 400 lines from existing exchange).

(iii) Expansion of the trunk exchange.

At present there are about 2,100 telephone connections at Bangalore City and Cantt. and there is a waiting list of about 1,000 applicants. The total No. of connections on the completion of the project will thus come to about 3,100 leaving a capacity of approximately 450 lines which will be absorbed in the next two or three years.

5. The building is ready. The electric installation work and the installation of the auto equipment have just been commenced.

APPENDIX XXXIX

(Reference S. No. 34 in Appendix I of Vol. I of Report)

Note of D.G. P. & T. No. QB 81-5/56 FRD dated 11th July, 1958.

A Note for submission to the P.A.C. with reference to their recommendations contained in Para 15 of their First Report 1957-58 (Second Lok Sabha)—Alleged Frauds in the Establishment Pay Bill of a H.O. (Para 10 of Audit Report 1957-Part I).

The appeal preferred by the accused, Shri S. S. Krishnan, in the High Court was dismissed on 28-10-1957 and the judgment of the lower Court confirmed except that the fine under Sec. 471 I.P.C. was set aside.

2. On 18-3-1958 the Inspector-General of Police, S.P.E., informed the D.G., P. & T. that he had no objection to departmental action being taken against the 25 subsidiary offenders and the P.M.G. Madras was requested on 31-3-1958 to arrange to finalise departmental action against the 25 delinquent officials without delay. A report in respect of action taken against these officials is, however, still awaited from the P.M.G. Madras.

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

SHANKAR PRASADA,
Director General, Posts & Telegraphs.

APPENDIX XL

(Reference S. No. 36 of Appendix I of Vol. I of Report)

Note of D.G. P. & T. No. QB 81-4/56 Pt. dated 31st August, 1957

3. PARA 12(I) OF THE P. & T. AUDIT REPORT, 1957—PART I-FRAUDS IN THE SAVINGS BANK BRANCH

(i) What measures do the P. & T. Department propose to take to prevent the recurrence of the type of frauds committed in this case?

1. The possibility of evolving a suitable procedure to eliminate such frauds will be examined in consultation with A.G., P. & T. Simla and the result will be reported to the Committee in due course.

2. This note has been shown to the Accountant-General, Posts and Telegraphs, Simla.

Sd./- C. V. CUNNINGHAM,
For Director-General.

APPENDIX XLI

(Reference S. Nos. 36 & 37 (ii) in Appendix I of Vol. I of the Report)

Note of D.G. P. & T. No. QB 81-4/56 dated 29th August, 1958.

A Note for submission to the P.A.C. with reference to their recommendations contained in Para 17 and Sub Para 2 of Para 18 of First Report 1957-58 (Second Lok Sabha)

1. In paras 17 & 18 of their First Report 1957-58 the P.A.C. while examining cases of mis-appropriation of public money from Savings bank accounts at post offices, desired that the revision of the savings bank procedure in Post Offices should be considered in consultation with audit, with a view to safeguarding the interests of the States and at the same time effecting simplifications in the procedure in the interests of depositors.

The Post Office Savings Bank pass book is the final record which shows the liability of Government to each individual depositor. In single-handed sub offices if the Sub Postmaster accepts the amount of deposit, makes an entry in the pass book and mis-appropriates the amount of deposit, there is no check with the Department. In other offices the entries in the pass book are incorporated in the various account records of the post office and checked by a supervising official before the pass book is returned to the depositor. This check in offices other than single handed sub offices, though a safeguard against mis-appropriation of the amount of deposit by the counter-clerk operates as an impediment to the expeditious disposal of work at the counter. As a solution to both these difficulties, a suggestion was made to do away with the pass book as an evidence of final record of the liability of the Government to each individual depositor and introduce the system of grant of a receipt for the deposits from a serially numbered receipt-book. The matter, after careful consideration in the Directorate, was referred to the P. & T. Small Savings Board consisting of the Director-General Posts and Telegraphs, the Deputy Director-General, (Savings Bank), Accountant General, Posts & Telegraphs, Joint Secretary, Ministry of Finance (NS Branch), Joint Secretary, Ministry of Finance (Expenditure Division Communications), the National Savings Commissioner and the Chief Officer, Department of Banking Development, Reserve Bank of India. The views of the Board are recorded below:—

"The Accountant General pointed out that the proposal to introduce numbered receipts for deposits will not serve any useful purpose as far as most of the Post Offices are concerned as they are single-handed, viz., there is only one clerk who attends to all post office work—savings bank, money order, registration, ordinary dak, etc. It was also stated by the Accountant

General that while examining fraud cases, it is invariably examined whether the fraud has been facilitated by any defect in the existing rules or procedure, and the defect, if any, is duly pointed out. The Board felt that a certain element of risk was inherent in the running of the Post Offices Savings Bank work through the widespread organisation of the Post Offices and agreed that the number and amount of frauds did not justify the proposal in question. It was also felt that in present conditions the importance of the pass book as an evidence of the amount due to the depositor cannot be dispensed with. The abolition of the system of passing a receipt in the pass book was likely to be very unpopular amongst the general public who will find it difficult to preserve the receipts granted to them."

In view of the above opinion of the P. & T. Small Savings Board the proposal has been dropped.

II. The Second-type of *modus operandi* followed was that of fraudulent withdrawals from savings bank accounts by forging the signatures in the application for withdrawal with the help of the specimen signatures in the custody of counter clerk when he happened to get possession of the pass book and sometimes even without it. These application forms for withdrawals are available loose in any number. The Department, therefore, proposed to the Board introduction of the serially numbered security printed withdrawal Forms instead of the present loose forms. The views of the Board on this subject are reproduced below:—

"As regards the introduction of a serially numbered Security printed withdrawal form instead of the present loose form of withdrawal, the Accountant General pointed out that the printing, storing, supply and maintenance of records of numbered withdrawal forms would involve tremendous work in Post Offices and was also likely to prove irksome to the depositors, particularly in rural areas. The members felt that the amount of frauds of this category did not justify the acceptance of the proposal as the cost of the proposal may be more than the amount of frauds. The Chairman pointed out that the remedy suggested was much more expensive and cumbersome than the disease itself. After referring to a statement of frauds of this nature committed during the last four years, the Board decided that the proposal be dropped."

III. The third form of *modus operandi* was manipulation of balances in the savings bank pass books and ledgers. Accounts are opened in fictitious names for small amounts. Balances in the pass book as well as in the ledger are then inflated and withdrawal made subsequently by a postal official. Before such manipulations are detected in Audit considerable period lapses and it is then too late.

To provide a safeguard against such frauds certain proposals to set up a more effective internal check in Head Office in place of the present system will be considered in consultation with the Accountant General.

Certain steps are being considered by the Department with a view to secure expeditious disposal of business at the counter in Head and large Sub Offices by provision of a separate counter for deposits and withdrawals, introduction of token system, and separation of Head Office and Sub Office ledgers.

2. The P.A.C. also desired to know the further developments in the case referred to in Para 12(i) of P. & T. Audit Report 1957-Part I. It may be stated that disciplinary action could not be taken against any official for want of evidence.

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

C. V. CUNNINGHAM,
For Director General of Posts and Telegraphs.

APPENDIX XLII

(Reference S. No. 37(i) in Appendix I of Vol. I of the Report)

Note of D.G. P. & T. No. QB 81-7/56 dated 21st July, 1958.

A Note for submission to the P.A.C. with reference to sub-para 1 of Para 18 of their First Report, 1957-58 (Second Lok Sabha)—Alleged frauds in the S.B. Branch (Para 12(iii) of P. & T. Audit Report, 1957-Pt. I).

In sub-para 1 of Para 18 of their First Report, 1957-58 (Second Lok Sabha) the P.A.C. desired to know the outcome of the Court case.

The case was heard on the 6th and 7th June, 1958, when prosecution witnesses were examined. It was adjourned to the 30th June, 1958, for further examination of prosecution witnesses.

In sub para 2 of para 18 of the same Report, the Committee also desired that the entire Savings Bank procedure in post offices should be examined with a view to better safeguarding the interests of the State, while, at the same time, effecting simplifications in the procedure in the interests of the depositors. A note on this subject is being submitted to the Committee separately in connection with another case (Appendix XLI).

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

APPENDIX XLIII

(Reference S. No. 37(ii) in Appendix I of Vol. I of the Report)

Note of D.G. P. & T. No. QB 81-8/56 dated 30th August, 1957.

PARA 12(II) OF THE P. & T. AUDIT REPORT 1957 (PART I)—FRAUDS IN
THE SAVINGS BANK BRANCH

*What action has been taken against the Post Office staff who are
involved in this case?*

It may be stated that no other official excepting the Sub-Postmaster, since convicted in a Court of Law, is involved in this case. The Sub-master pleaded guilty in the Court of Law and was thereupon convicted and sentenced to R.I. for nine months and a fine of Rs. 100/- only in each case on two counts, both the sentences running concurrently. The amount of fine, if recovered, has been ordered to be paid to the P. & T. Department. The fine has not as yet been paid by the accused.

The Sub-Postmaster has been dismissed from service with effect from 2-1-1957.

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

C. V. CUNNINGHAM,
For Director-General.

APPENDIX XLIV

(Reference S. No. 38 of Appendix I of Vol. I of the Report)

Note of D. G. P. & T. No. 75-UP-2/54-FRD dated 21st July, 1958.

A note for submission to the P.A.C. with reference to Para 19 of their 1st Report 1957-58 (Second Lok Sabha)—Alleged substitution of contents of insured letters—Para 13 of Audit Report, 1957-Part I.

The Director-General appointed a Committee under the Chairmanship of the Deputy Director-General, P. & T. with Directors of Postal Services, Patna and Lucknow as members to determine the place of abstraction of the contents of the insured letters. The Committee after due consideration has come to the conclusion that abstraction of the contents of three insured letters amounting to Rs. 10,400 took place at Agra Head Post Office while abstraction in respect of the other two articles of the value of Rs. 9,000 was committed at Patna R.M.S. The Postmasters-General are initiating disciplinary proceedings against officials responsible.

2. This note has been seen by the Accountant-General, Posts & Telegraphs.

APPENDIX XLV

(Reference S. No. 40 in Appendix I of Vol. I of the Report)

Instructions issued to all Heads of Circles and Heads of Administrative Units No. 27-56/57-B dated 19th October, 1957.

Para 21 of the First Report of the Public Accounts Committee of the Second Lok Sabha in which the Committee have expressed concern at the delays in furnishing replies to Audit objections and Audit Inspection Reports is reproduced below for information:

"21. Paras 15 and 16: Disposal of outstanding Audit objections and Inspection Reports.

The total number of objections and the money value thereof outstanding in the books of Branch Audit Office at the closure of September 1956 accounts were 47,453 and Rs. 10.64 lakhs respectively. The total number of inspection reports issued upto 31st March, 1955 and the items of irregularities outstanding in the books of the Audit Offices at the end of September, 1956 were 926 and 7,835 respectively.

The Committee were concerned that delays in furnishing replies to Audit still continued. The Committee would reiterate their previous recommendations made in paras 38 and 84 of their First Report (1951-52) and Seventh Report respectively, and desired the P. & T. Department to impress upon all the officers the importance of prompt attention to Audit observations. They trust that the position in this respect will show an improvement when they examine the next year's accounts.

2. Instructions have been issued from time to time impressing the need and importance of prompt attention to Audit observations. The large number of items which are outstanding and also the long periods for which many of them are pending would indicate that the matter is not dealt with due importance but is allowed to drift and linger. Attention is specially drawn to the fact that for some time past in the half-yearly list of pending items sent by the Branch Audit Offices there are separate columns in which the Branch Audit Office is required to (1) specify the nature of action that is required to be taken to satisfy the Audit objection and (2) cite references to previous correspondence. These items of information appearing in the list of old items should facilitate taking effective action and quick liquidation of such items. The D.G. feels that the existence of a large number of old objections in a Circle can be only an indication of in-action. It is once again impressed

that it is of utmost importance that most prompt attention should be bestowed on the Audit objections and their clearance effected within as short a period as possible. D.G. would like the head of the Circle to periodically personally review the progress in the clearance of Audit objections and satisfy himself that the liaison officers entrusted with the clearance of audit objections bring to bear on this work the necessary amount of energy, enthusiasm with tangible results.

Sd./- C. V. CUNNINGHAM,
Senior Deputy Director General.

APPENDIX XLVI

(Reference S. No. 44 in Appendix I of Vol. I of the Report)

Note of D. G. P. & T. No. B. 26-27/55 dated 11th September, 1957

A Note relating to Item No. 36-Bombay Telephone Expansion Project in Bombay Telephone District, outstanding in the 13th Report of the P.A.C. for submission to P.A.C.

A Note stating the present position of the reconstruction of the accounts of the project.

The reconstruction of the accounts referred to arose on account of certain wrong booking of expenditure in the accounts of certain estimates forming part of the Bombay Telephone Expansion Project II. The accounts of all the old estimates forming part of this project have been reviewed and it is reported by the G.M.T. Bombay that the transactions in the accounts of about 15 estimates now remain to be rectified, where necessary. The exact position in this respect will be known when completion reports in respect of all the component works are prepared and verified by Audit. It is expected that this work would be completed before the end of the current financial year.

2. The position with regard to the progress of the closure of accounts of the various estimates forming part of the Project is as indicated below:—

Item.	As on 30-6-1957.
Number of works completed	497
No. of completion reports verified by audit.	408
No. of completion reports submitted to audit and not yet accepted	30
Completion reports to be sent to audit.	59

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

R. C. VAISH,
For Director-General.

APPENDIX XLVII

(Reference S. No. 44 in Appendix I of Vol. I of the Report)

Note of D. G. P. & T. No. B. 26-27/55 P (BC) dated 19th July, 1958.

A Note on para 26 of the Public Accounts Committee's First Report, 1957-58 (Second Lok Sabha)—Execution of Telephone Expansion Project at Bombay.

In pursuance of item (2) of the list of points accompanying Lok Sabha Secretariat O.M. No. 43-PAC/57 dated 15th July, 1957, a note indicating the position of the reconstruction of accounts of the project was submitted to the Committee (Appendix XLVI) under Ministry of Transport and Communications Memo. No. B. 26-27/55 dated 11-9-1957.

The present position is that the reconstruction of the accounts is almost complete except that completion reports in respect of two Detailed Estimates relating to the years 1950-51 and 1951-52 are yet to be sent to Audit. Action has been taken by the G.M.T., Bombay, in consultation with D.A.G., P. & T., Nagpur, to finalise these two cases.

2. The position with regard to the progress of the closure of accounts of various estimates forming part of the project is indicated below:

Sl. No.	Item	As on 1-5-58.
1.	No. of works completed.	548
2.	No. of Completion Reports verified by Audit	487
3.	No. of Completion Reports submitted to Audit and not yet accepted.	8
4.	Completion Reports to be sent to Audit.	53

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

SHANKER PRASADA,
Director-General, Posts and Telegraphs.

APPENDIX XLVIII

(Reference S. No. 47 in Appendix I of Vol. I of the Report)

Note of D.G. P. & T. No. NB. 27-6/51 dated 6th December, 1957

A note on item No. 9 (Acquisition of two plots) in the list of points on which the Sub-Committee of the Public Accounts Committee desired to be furnished with further information stating what action—disciplinary or otherwise—the D.G. P. & T., proposes to take against the Section Officer concerned and also fix responsibility on the other officers who had contributed to the delay of 9 years in reaching a decision in the case.

This case which featured in para 4 of the P. & T. Audit Report of 1955 relates to the loss incurred by the Department due to delay in reaching a decision regarding the acquisition of certain lands in Madras. A brief history of the case is given below to facilitate an appreciation of the disciplinary aspect involved and the action taken by the Directorate.

2. On 1-4-43, the management of the Madras Telephone system was taken over by the P. & T. Department from the Madras Telephone Co. As a result of this, plots of land bearing survey numbers No. RS-11378/17 and RS-11378/20 came into the possession of the Department. These plots were originally alienated or assigned to the Madras Telephone Co. subject to payment of annual ground rent of Rs. 1446/4 and Rs. 196/4 respectively. The Company had constructed on these plots buildings to house the Central Exchange and general offices. Ground rent was paid to the State Government by the Company upto 30-3-43.

3. When the management of the Telephone System was taken over by the Department, payment of ground rent was suspended as the liability of the P. & T. Department as a Government Department to pay ground rent was held in some doubt. The State Government intimated in October, 1944 that the Department was liable to pay ground rent and suggested that the plots may be formally relinquished by the P. & T. Department, resumed by the State Government and then transferred to the P. & T. Department on payment of half the free-hold value which amounted to Rs. 47,403/2.

4. The proposal of the State Government was, in the first instance, referred to the Legislative Department for advice whether any ground rent in respect of departmental lands was due to a State Government and whether the proposal to relinquish the lands and getting them conveyed back to the Government of India was in order. Before any final advice could be given, it was necessary to ascertain from the Madras Telephone District whether the property was free-hold or lease-hold and whether any ground rent was paid prior to 1937. The District was also asked to furnish the covenant and conditions of lease. The Telephone District, in turn, had

to obtain this information from the Registration and Revenue Departments of the Government of Madras and it was only in July, 1945, that the necessary information and the documents were received from the Telephone District. After an examination of these documents, the Legislative Department advised that the payment of ground rent arose out of contractual liability and had to be paid. The case was thereupon submitted to the Government for approving the proposal made by the Madras Government for relinquishing and reconveying the property. In doing so, this office had arrived at the figure of Rs. 23,500/- as the amount to be paid to the State Government for the purchase of the property in question. The proposal was approved by the Secretary to the Government in September 1945. The Finance Department, Communications Branch also agreed with the proposal in principle, and held the views of the Directorate in regard to the valuation as reasonable. The Madras Government was thereupon informed on 22-11-45 that as one of the plots (RS-11378/17) vested in the Centre, its market value was not payable again to the State Government and that the same will have to be deducted from the total free-hold value of Rs. 94,806/4 as intimated by the State Government earlier. The reply to this letter was received from the State Government only in July, 1947. In this reply, the State Government clarified that plot No. RS-11378/17 did not actually vest in the Central Government as the full market value had not been recovered from the old Madras Telephone Co. That Company had paid only Rs. 55/12 for the occupancy right and thereafter was regularly paying the ground rent. The State Government offered to reduce the free-hold value by Rs. 55/12/-, the amount already paid by the Telephone Co. and to transfer the property to the P. & T. at a slightly lower figure of Rs. 47,347/6. This Department, however, held the view that although only a small amount had been paid for one of plots, the full market value should be treated as having been paid by the Ex-Company. On this assumption the amount to be paid to the State Government was only Rs. 23,742 being half of Rs. 94,806-4-0, the free-hold value of the two plots minus Rs. 47,322-5-0 being the proportionate market value of plot No. RS-11378/17. The question at the time was whether according to the title deed, the Department was not the unfettered owner of plot No. RS-11378/17.

5. To clarify this issue, the case was referred to the Ministry of Law through the Ministry of Finance in January, 1948. Ministry of Finance held this issue as a disputed and legal one. Before giving a final decision in the matter, the Ministry of Law on 14-2-48, desired to see any papers explaining the circumstances under which the P. & T. was not paying ground rent in a number of other cases elsewhere. The information required had to be obtained from various Circles and it was only in May, 1950, that the Law Ministry's conclusive decision in the matter was obtained.

6. On receipt of this decision from the Ministry of Law, it was finally decided that the two plots of land be formally relinquished to the State Government and transferred back on payment of half the free-hold value of Rs. 47,347/6. At this stage, the project Section of the Directorate stated that there were no funds available for allotment and that the position may be reviewed on receipt of the supplementary grant. The Group Officer concerned, in this note dated 24-7-1950, ordered that the payment be deferred to the next year.

7. So far, there had been a delay of nearly five years in arriving at a final decision on the proposal of the State Government. The decision could not, however, be immediately implemented for want of funds. It may be worthwhile to review the position at this stage to see (i) whether the delay could have been avoided and (ii) whether any infructuous liability had accrued so far. As far as (i) is concerned, the delay perhaps, could have been cut down if the office had not attempted to satisfy itself on the legal implications involved. The delay was not a result of any carelessness or indifference on the part of any official. The action of the Branch Officer in referring the case to Ministry of Law was backed by a strong conviction that in a majority of cases, the P. & T. Department had not been paying any ground rent. In the first place, the Ministry of Law had to clarify that the payment was not by way of a tax or impost but was in accordance with an accepted liability in the lease deed. Secondly, the office had held a genuine doubt about the status of plot No. RS-11378/17 which was taken over by the Ex-Company on payment of partial market value. Though the State Government have clarified that this payment was for the occupancy right, they have, nevertheless, not denied that it was partial market value. There was, on the part of the office a genuine desire to cut down to the minimum the amount that the Department would be called upon to pay by way of acquisition of these two plots. In pursuance of this, the case had been examined in great detail at all stages. Further, the period of five years would have been considerably reduced but for the State Government taking nearly two years (from 22-11-45 to 17-7-47) to reply to certain queries regarding the freehold value of the plots. There was also a certain inevitable delay in obtaining information as required by the Ministry of Law from various Circles regarding instances where no ground rent had been paid.

8. As far as any infructuous liability is concerned, there has been little or no such infructuous element as the ground rent payable was almost equal to the interest on the capital outlay involved in the acquisition.

9. In 1950, the case took a rather unexpected turn. About the same time as when the Group Officer had ordered that the payment for the lands be deferred to the next year for want of funds, the State Government informed the Madras Telephone District that the ground rent for the two plots had been revised and refixed at Rs. 8,344/- per annum from 1-7-50 as against the rate of Rs. 1,642/8/- per annum that was prevailing till then. Since the State Government had all along been insisting on the payment of half the free-hold value and since this free-hold value was itself linked with the market value of the plot, the office apprehended that the amount to be paid to the State Government for acquiring the two plots would also be correspondingly increased. The District Manager, Telephones, was, therefore addressed on 2-11-50 by the Branch Officer of this office to ascertain from the State Government whether the free-hold value would also be revised accordingly. There was considerable delay in obtaining a reply from the State Government. Repeated reminders were issued and the Manager of the Telephone District was asked to contact the concerned officer in the State Government to expedite a decision. This decision was finally conveyed in the State Government Revenue Department letter dated 19-6-52, i.e. after a delay of nearly 1½ years which stated that the State Government

had decided to transfer the lands for Rs. 47,347/6 as already agreed to by them earlier and to collect the ground rent according to rules till this amount had been paid.

10. Sanction for the payment of the amount was issued on 6-8-1952 and the District Manager, Telephones addressed the State Government on 20-8-52 requesting them to raise the necessary debit for the transfer of the plots in question through the A.G., Madras. The State Government, however, wanted orders from the Government of India formally relinquishing the lands. These were issued on 21-11-52. The debit against the P. & T. Department was raised by A. G. Madras, in the exchange accounts of February, 1953, and adjusted in the final accounts of D.A.G., Madras, in March, 1953, the actual sum being credited to the State Government on 13-4-53. Though the lands were finally resumed on 29-6-53, the State Government has collected the ground rent only upto the date on which the amount of half the freehold value was credited to them, i.e. 13-4-1953. Here again, if the Department had resorted to cash payment to the State Government instead of adjustment through the exchange accounts, the liability towards the ground rent could have been reduced by about four months. The District Manager, had, however, chosen the procedure normally adopted in making these payments without evidently anticipating the delays that would occur.

11. The infructuous expenditure has cropped up as a result of the revised ground rent as applicable from 1-6-50 and the period of three years taken thereafter to acquire the plots. This delay was an outcome of the enquiry made with the State Government whether the revision in the ground rent also affected the freehold value of the property. This brings to focus the propriety of the action taken by the Branch Officer in making such an enquiry. The Branch Officer had three alternatives before him. The first one was to abide by the Government sanction already available and with the full knowledge of the revised rate of ground rent proceed with the purchase of the property at the valuation earlier intimated by the State Government. It may be appreciated that such a course involved the likelihood of acute embarrassment if the State Government had come up later for payment of the balance amount on the basis of the revised valuation of the property. The second alternative before the Branch Officer was to approach the Finance Department again and seek their advice on the further action to be taken in the light of the inordinate increase in the ground rent. It is doubtful if the Finance Department would have been in a position to give any final decision without knowing the exact financial commitments. The Branch Officer had apparently chosen the third alternative of ascertaining from the State Government if the earlier valuation held. This action in referring the case back to the State Government was taken in good faith. If anything, it has shown a lack of experience and an error of judgment. Considering the complicated nature of the issues involved in the case, the fact that the Madras Government had taken nearly two years to intimate whether the revised ground rent would affect the freehold value of the property and also keeping in view that the Branch Officer had shown no indifference, carelessness or malafides, it is proposed not to take any disciplinary proceedings against him.

12. Due note of the comments of the Public Accounts Committee on this case has been taken and suitable instructions have been issued to the Heads of Circles and other Administrative Offices of the Department (Annexure). It is hoped that a recurrence of such delays will not occur in future.

(M. M. Philip)
Director-General,
Posts and Telegraphs.

ANNEXURE

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

Office of the Director-General of Posts & Telegraphs

No. NB. 27-6/51

Dated at New Delhi the 24th May, 1957.

To

All Heads of Circles and
all other Administrative Offices.

SUBJECT:—*Payment of ground rent for plots of land held on lease-rent basis.*

A case has recently come to notice in which the P.&T. Department had to pay ground rent amounting to Rs. 35,000/- to a State Government for certain plots of lands held on lease-rent basis which were ultimately acquired by the Department. The facts of the case have revealed that officers of the Department did not exercise sufficient fore thought and prudence in the matter. The Director-General desires that at the time of taking a plot of land on lease-rent basis, the officers concerned should consider whether the plot/plots in question is/are likely to be required for the permanent use of the Department. In all cases in which the need for retaining the plots permanently *prima-facie* exists, the right course should be to acquire the plot on outright purchase basis. In other cases in which the plots are likely to be required for a number of years and the ground rent for the same is likely to be more or less equal to the purchase price, the question of acquiring the plot should be considered instead of leasing it.

It may be emphasised that all future cases in which the officers of the department are found to have entered into unprofitable commitments of the nature referred to will be seriously viewed.

Kindly acknowledge receipt of this letter.

(Sd.) I. K. GUPTA,
Deputy Chief Engineer (T).

APPENDIX XLIX

(Reference S. No. 50 in Appendix I of Vol. I of the Report)

Note of D.G. P. & T. No. 9-2/57-B, dated 27th December, 1957.

Page 12 of the Appropriation Accounts P.&T., 1954-55, Annexure II to D.G.'s Financial Review-Statement showing the Profit and Loss in the Working of the P.&T. Department by branches.

- (i) What are the reasons for the continuous losses in the Telegraph Department from the year 1953-54 onwards and the disproportionate increase in expenditure as compared with the increase in revenue?
- (ii) What are the reasons for the continuous losses in the working of post offices from the year 1948-49 onwards?
- (i) The Telegraph Branch had been working at a profit for a long period from 1940-41 to 1952-53 and for the first time, it commenced to show a loss in 1953-54. The results of working of this branch since 1952-53 are given below:—

TABLE 1

(Figures in lakhs of rupees)

Year	Revenue	Expenditure	Profit (+) or Loss (—)
1952-53	6,24	5,95	(+)29
1953-54	6,01	6,40	(—)39
1954-55	6,16	6,71	(—)55
1955-56	6,70	7,32	(—)62
1956-57 (RE)	7,27	7,67	(—)40

Telegraph revenue is collected partly by means of postage stamps affixed to messages and partly in cash. No separate stamps exist for the purpose of realising Telegraph revenue and the stamps which are used for postal purposes are also used for telegraph purposes. The revenue derived by the sale of stamps is pooled under a 'Joint head' and subsequently apportioned by the A.G. P.&T. among the branches. The stamp revenue thus apportioned to Telegraph Branch and the amount realised in cash since 1952-53 are indicated below:—

TABLE 2

(Figures in lakhs of rupees)

Year	Stamp revenue apportioned to Telegraph Branch.	Telegraph Revenue realised in cash.
1952-53	3,66	2,90
1953-54	3,28	2,85
1954-55	3,25	3,16
1955-56	3,54	3,47
1956-57 (R.E.)	3,70	3,70
1957-58 (B. E.)	3,70	3,95

The table below shows the percentage which the telegraph share of sale of stamps bears to the total sale of stamps from the year 1952-53:—

TABLE 3

Year	Total sale of Stamps	Telegraphs share.	Percentage of col. 3 to col. 2
(1)	(2)	(3)	(4)
1952-53	22,15	3,66	17%
1953-54	23,50	3,28	14%
1954-55	24,41	3,25	13%
1955-56	26,03	3,54	14%
1956-57 (R.E.)	28,64	3,70	13%
1957-58 (B.E.)	30,45	3,70	12%

The number of Telegraph Offices (including combined offices) and telegraph traffic figures, both inland and foreign, since 1952-53 are given below:—

TABLE 4

TELEGRAPH TRAFFIC
(Figures in millions)

Year	No. of Telegraph Offices (including combined offices)	Inland	Foreign	Total
1952-53	3,847	24.4	4.6	29
1953-54	4,064	25.2	4.1	29.3
1954-55	4,386	26.2	4.3	30.5
1955-56	5,142	29.1	4.4	33.5

The growth in capital of the telegraph branch and the consequential increased expenditure under maintenance, depreciation and interest charges from year to year since 1952-53 are indicated below:—

TABLE 5

(Figures in lakhs of rupees)

Year	Interest bearing capital at charge	Expendi- ture on Mtce.	Provision for Depre- ciation	Interest on Capital
1952-53	31,13	63	27	64
1953-54	32,32	61	34	69
1954-55	34,15	57	47	75
1955-56	35,62	63	47	85
1956-57 (R.E.)	38,09	69	30	95
1957-58 (B.E.)	40,43	73	60	105

The growth in expenditure of the Telegraph Branch from year to year since 1952-53 is due to increased expenditure on establishment and other charges of telegraph offices, Engineering Divisions, Direction, Audit, Pensions etc. coupled with growth in the capital at charge with consequential increases in maintenance, depreciation and interest charges. The loss in the working of this branch would, therefore, seem to be mainly attributable to the revenue not keeping pace with all-round increase in the expenditure, *vide* Annexure. The increase in revenue is not commensurate with the growth in traffic even though there was a revision in rates since 1952-53:—

Date of Rate Revision	Class of Telegram	Number of words	Basic charge	Additional charge per word
April, 1956	Ordinary	8	Raised from annas 12 to annas 13.	One anna per word as already existing.
"	Express	"	Raised from Rs. 1-8 to Rs. 1-10	Two annas per word as already existing

The declining trend in the telegraph share of sale of stamps given in Table 3 above attracted the attention of the P.&T. Directorate in February, 1954, when the loss in the working of this Branch was for the first time envisaged in the Revised Estimate for the year 1953-54. The matter was brought to the notice of A.G., who indicated that there was a gradual and steady decline in the average cost of telegram paid for in stamps.

It may be mentioned that the revenue of the Telegraph Branch includes rental of Telegraph lines and wires leased to Railways and Canals. The rates of rental, in so far as they relate to Railways, have been reviewed and the increased rates which will have effect from 1st April, 1956 have been communicated to the Railways for acceptance. These increased rates have been taken into account in the Budget Estimates for the current year (1957-58). It is proposed to adopt these increased rates in the Revised Estimates for the current year for inter-branch adjustment also between Telegraphs and Telephones in respect of rent of trunk telephone wires owned by the Telegraph Branch. It is estimated that this will reduce the loss of the telegraph branch by over Rs. 40 lakhs. The question of revising the rates of rental of telegraph lines and wires leased to Canal Administrations is also under active consideration. These measures coupled with the following revisions in rates are expected to result in the telegraph Branch showing a surplus with effect from the current year (1957-58):—

INLAND TELEGRAMS

	From 1st April, 1957		With effect from 10th June, 1957	
	Basic Charges		Basic Charges	
	Express	Ordinary	Express	Ordinary
First 8 words or less including address.	160 N.P. (Reduction of 2.5 N.P.)	80 N.P. (Reduction of 1.25 N.P.)	160 N.P.	80 N.P.
Each additional word after the first 8 words	14 N.P.	7 N.P.	16 N.P.	8 N.P.

(ii) The continuous losses in the working of post offices from the year 1948-49 onwards are mainly due to the phenomenal expansion in postal facilities since Independence. The policy adopted in opening new post offices was as follows:—

(a) Post Offices were to be opened in groups of villages with a minimum population of 2,000 within a distance of 2 miles provided no new post office was to be opened within three miles from an existing post office, unless it was self-supporting; and provided further that the loss on each post office did not exceed Rs. 750|- per annum. Priorities were to be given to villages situated at the Headquarters of Community Project areas or National Extension Service Blocks.

(b) Areas which are not developed on account of difficult terrain, sparse population, or lack of literacy were declared as backward and in those cases post offices could be opened under an increased limit of loss of Rs. 1000|- per post office per year.

The number of post offices opened during each year since 1948-49 is given below:—

Year	No. of post offices opened
1948-49	3204
1949-50	2965
1950-51	4162
1951-52	5218
1952-53	1933
1953-54	3223
1954-55	4304
1955-56	5795
1956-57	3687

A part of the loss in the Postal Branch is also attributable to the cost of many of the Postal services being more than the rates fixed for them. The results of working of this branch since 1948-49 are indicated in the following table.

(Figures in lakhs of rupees)

Year	Revenue	Expenditure	Profit (+) or loss (—)
1948-49	16,73	18,46	(—)173
1949-50	20,07	20,86	(—)79
1950-51	21,22	21,72	(—)50
1951-52	23,24	23,83	(—)59
1952-53	24,16	26,10	(—)194
1953-54	26,52	26,57	(—)5
1954-55	27,93	28,16	(—)23
1955-56	29,43	29,42	(+)1
1956-57 (R.E.)	32,82	31,69	(+)113
1957-58 (B.E.)	35,57	35,72	(—)15

For the first time after 1948-49 the post offices showed a small profit of one lakh in 1955-56 and according to the revised estimate for 1956-57, the profit for that year is estimated to be a sum of Rs. 113 lakhs. This profit, however, is more apparent than real, as it does not take into account the increased haulage charges payable to Railways w.e.f. 1st April 1956 in accordance with the revised increased rates. After allowing for an extra payment of Rs. 110 lakhs on this account, the real profit can be deemed to be only a small sum of Rs. 3 lakhs. Similarly, after eliminating this arrear payment of Rs. 110 lakhs included in the budget for the current year, the Postal Branch may be deemed to be working at a profit during the current year. It would, thus, appear that the Postal Branch has become remunerative since 1955-56.

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

M. M. PHILIP,
Director-General.

ANNEXURE

Statement showing Expenditure in the Telegraph Branch

(In lakhs of rupees)

Abstract	1952-53	1953-54	1954-55	1955-56	1956-57 (RE)
1	2	3	4	5	6
C—General Administration .	58	59	58	69	82
D—Account and Audit .	22	24	24	26	29
E—Control Circle Offices .	15	15	16	17	17
F—Engineering Expenses .	1,06	1,12	1,18	1,29	1,38
G—Pensionary charges .	31	33	37	41	43
H—Stamps Postcards, Ptg. & Sty.	25	25	25	19	21
I—Maintenance of Assets .	63	61	57	63	69
J—Postal Expenses .	..	..	..	..	..
K—Telegraph Traffic .	1,98	2,12	22,22	2,35	2,45
L—Radio Expenses .	..	..	..	..	..
M—Telephone Expenses .	..	..	..	..	..
N—Contribution to R.R. Fund	27	34	47	47	30
NN—Contribution to T.D. Fund	..	..	..	..	..
20—Interest on Debt .	64	69	75	85	95
Inter-branch adjustments .	+59	+72	+63	+72	+76
TOTAL .	6,68	7,16	7,42	8,03	8,45
0—Deduct Credits to Working Expenses .	73	76	71	71	78
Net Working Expenses	5,95	6,40	6,71	7,32	7,67
Revenue .	6,24	6,01	6,16	6,70	7,27

APPENDIX L

(Reference S. No. 35 in Appendix I of Vol. I of the Report)

Note of D.G. P. & T. No. 43-I/58 Disc. dated 25th October, 1958

A Note for submission to the P.A.C. with reference to their recommendations contained in para 16 of their First Report 1957-58 (Second Lok Sabha).

16. ALLEGED THEFT AT A P.O. TREASURY

In this case it was explained to the Committee that departmental proceedings could not be initiated before the Police Inquiry as any delay in handing over the cases to the Police would have hindered the chances of the recovery of money from the Postmaster. The Committee suggested that it would be conducive to better discipline if departmental proceedings are also started simultaneously.

The instructions already issued by the Ministry of Home Affairs in June, 1955 on this subject, which were circulated by the Director General of Posts and Telegraphs to all its subordinate offices and which were further clarified in subsequent letters (Annexure I to V) provide that normally in cases of criminal misconduct, departmental proceedings should be completed first and thereafter the question of starting prosecution examined. In the instructions issued to the subordinate offices, it has been emphasised that it is necessary to maintain a close liaison with the Police authorities so that departmental proceedings could be initiated as soon as sufficient evidence is available for this purpose whether on the basis of departmental inquiries or as a result of investigation carried out by the police authorities. It is recognized that in certain cases, it is not possible to initiate departmental proceedings because such action would weaken the prosecution. In such cases, where prosecution seems clearly indicated and can be launched with reasonable chance of success, it may be desirable to do so before initiating departmental proceedings. In order to ensure that the instructions issued are followed to the maximum extent possible and the cases where completion of departmental action before prosecution is not possible are scrutinized properly, specific instructions have been issued to the Heads of Circles, requiring them to examine each case where departmental action is not possible and to bring the matter to the notice of the Director General so that where necessary the case could be taken up with the Ministry of Home Affairs. A watch is being kept on the cases of this type and any drawbacks noticed, will be pointed out to the Heads of Circles for avoiding recurrence.

This Note has been seen by A.G., P. & T., and the Ministry of Home Affairs.

V. SHANKAR,
Director General of Posts & Telegraphs.

ANNEXURE I

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

Office of the Director General, Posts and Telegraphs
No. SEA.6-13/53

Dated New Delhi, the 28th April, 1953.

To

All Heads of Circles and
Administrative Offices.

SUBJECT:—*Keeping of Photostat copies of important documents before filing them in Court to avoid delay in disciplinary proceedings.*

In a case that came up before the Public Accounts Committee recently, it was explained that departmental proceedings could not be initiated promptly as the documents relating to that case had been filed in a Court of Law. The Public Accounts Committee have therefore recommended that, in future, steps should be taken to have copies taken of such documents having an important bearing on a disciplinary case before filing them in Court and that the plea of want of these documents as the cause of delay in initiating departmental proceedings should not be accepted.

2. The officers under your control may please be instructed first to satisfy themselves whether any of the documents to be filed in Court will be required simultaneously in connection with a pending disciplinary case. If so, they should make immediate arrangements to have them copied and attested by a gazetted officer before being filed in Court. If it is further felt that it would be imperative to produce the document in original in a disciplinary case, or where the handwriting as such has to be reproduced, photostat copies should be taken of those documents. All cases where the expenditure is likely to be considerable may be referred by the subordinate officers to you for advice. But the only criterion that should govern such a procedure is whether by the lack of photostat copies the disciplinary case is likely to be indefinitely prolonged.

3. The receipt of this letter may kindly be acknowledged.

Sd/- R. C. VASISH,
Dy. D. G. (S. & E.)

ANNEXURE II

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

Office of the Director General, Posts and Telegraphs
No. SEA.6-7/75

Dated the 6th December, 1956.

To

All Heads of Circles etc.

SUBJECT:—*Government servants involved in criminal misconduct—Departmental proceedings and prosecution.*

Kindly refer to this office letter No. SEA.6-7/55, dated the 12th October 1955, with which a copy of the Government of India, Ministry of Home Affairs' Office Memorandum No. 39/30/54-Estt., dated

the 7th June 1955 on the above subject was forwarded to you. Certain points and doubts relating to the revised procedure have been expressed and, therefore, the clarification issued in this letter may please be brought to the notice of all concerned. It is of utmost importance that the revised procedure should be understood clearly.

2. (i) The revised instructions apply only to cases where prosecution has not yet commenced. In other cases which are already under trial in courts, departmental action on the charges which are the subject matter of prosecution will have to be kept pending till the prosecution is over. But in such cases also, so far as subsidiary offenders are concerned, it is not necessary to hold up departmental action against them and the instructions forwarded with this office letter No. SEA.6-24/53, dated the 20th October, 1953 should be followed.

(ii) Under note 1 below rule 130 of P. & T. Manual, Volume II, prior approval of the Head of the Circle is necessary in cases where it is proposed to waive prosecution and take departmental action instead. Since under the revised procedure, departmental action is to precede in all cases, approval of the Head of the Circle for departmental action is not necessary. The question of suitably amending rule 130 of P. & T. Manual, Vol. II, is under consideration.

(iii) It is to be understood clearly that departmental action is not to be confined strictly to the evidence coming to light in the course of departmental enquiries. Action should be taken departmentally as soon as sufficient evidence is available for this purpose irrespective of whether such evidence become available in the enquiries conducted by the department or by the police (including the SPE). It is, therefore, essential that a close contact should be maintained by the departmental authorities with the police investigating officer.

(iv) It is clear from what has been stated above that it is not the intention that departmental proceedings should be concluded first and only thereafter a report of cognizable offence lodged with the police. It is desirable that a report should be lodged with the police as soon as it is found that there is a *prima facie* case against an official as has been the practice hitherto.

(v) It has been contended that once a report of a cognizable offence has been made to the police, further action is controlled by them and the department has no *locus standi* in the matter. The Ministry of Home Affairs have already addressed the State Governments suggesting that the revised procedure laid down in their Office Memorandum No. 39/30/54-Ests., dated the 7th June, 1955 should be followed by the State Governments in respect of their employees also and the police authorities should make the relevant records and date available to the departmental authorities for departmental action. The Sub-divisional and divisional officers in the Department in charge of the case should, therefore, keep in close contact with the police authorities and any difficulties experienced by them should be reported to the Circle office where the Head of the Circle should arrange to discuss any points of disagreement with the Inspector General, Police, or the other State authorities concerned. If there is still a difference of opinion and

prior prosecution of the accused official is considered necessary by the police, the matter should be reported to this office.

If in the course of departmental or police enquiries the opinion of the handwriting expert is considered necessary or the accused official wants to cross-examine any of the witnesses whose evidence is used in the departmental proceedings, it should be possible to arrange it with the co-operation of the police authorities and any difficulties encountered in this respect should be brought to the notice of the Circle office and discussed with the State authorities.

(vi) It has been enquired whether the services of temporary Government servants involved in fraud cases should be terminated under rule 5 of the CCS(TS) Rules, 1949. No hard and fast rule can be laid down in this respect and each case should be considered on merits. Attention is invited in this connection to this office letter No. SPB.29-1/56, dated the 8th September 1956 on this point.

(vii) It is not the intention that the departmental proceedings should be confined only to the violation of departmental rules and should not cover the charges relating to criminal misconduct for which prosecution may subsequently be launched against the Government servant. The departmental proceedings should cover all charges for which evidence is available irrespective of the fact whether any of the charges will subsequently form the subject matter of prosecution. The action to be taken in the event of the accused being acquitted in the criminal case subsequently launched against him, has been laid down in para 3 of Ministry of Home Affairs' Office Memorandum No. 39/30/54-Estt., dated the 7th June 1955. If on review by the punishing or any higher authority it is felt that the original/appellate orders passed in the departmental proceedings need revision in the light of the court's findings the case should be referred to the Director-General with all the relevant documents for obtaining Government orders. It should be understood that after the punishment/appellate orders have been passed in the departmental proceedings only Government can modify these orders.

(viii) In all cases where departmental action is taken, it is open to the punishing authority to impose any of the statutory penalties, including recovery from pay, as considered justified. If the police consider that departmental proceedings in the first instance are likely to weaken the prosecution, the case should be referred to the Head of Circle who would, if necessary, discuss the matter with the Inspector-General, Police, or other State authority. In the event of a difference of opinion or where it is considered that departmental proceedings should be held up and the court proceedings should be completed first, the matter should be referred to the Director-General.

(ix) It has been suggested that the delinquent official may refuse to submit his defence on the plea that any statement given by him may be used against him in the court. All such dilatory tactics have to be dealt with firmly and the accused officer should be clearly told that in the event of his failure to submit his defence in time, orders are liable to be passed *ex-parte*.

Sd/- R. V. MARATHE,
Deputy Director-General (Staff).

ANNEXURE III

D.O. No. 6/13/57-Disc.

OFFICE OF THE DIRECTOR GENERAL, POSTS AND
TELEGRAPHS*New Delhi-2, the 10th January, 1958*

My dear,

Please recall the discussions, which took place during the Conference of Heads of Circles held in New Delhi from the 28th October to 2nd November, 1957. One of the recommendations made was that the Heads of Circles should report concrete cases where they have experienced difficulties in the implementation of Home Ministry's orders requiring departmental action in cases which are simultaneously reported to the Police so that the Directorate might examine whether any modification in these orders is necessary. So far as the cases which have already gone to the Courts, no action is possible against the principal offenders in respect of the charges which are under inquiry in the Court. Action can, however, be taken against the subsidiary offenders and also against the principal accused in respect of the charges which do not form the subject matter of inquiry in the Law Court. Departmental action can also be taken against the officials in cases where the inquiries have been entrusted to the Police as soon as the evidence is sufficient for the purpose. It was pointed out in this office letter No. SEA.6-13/53 dated the 28th April, 1953 that where the documents are to be filed in the Court, steps should be taken to have copies taken of such documents having an important bearing on a disciplinary case before filing them in Court and in cases where it is imperative to produce the documents in original, where the handwriting as such has to be reproduced photostat copies should be taken of these documents. In other cases, where it has not been possible to take copies or photostat copies, the assistance of the Government Pleader may be sought in consulting the records filed in the Court. In cases where the Police object to departmental action being taken before the criminal proceedings are launched, it has already been pointed out in this office letter No. SEA.6-7/55 dated the 6th December, 1956 that the matter should be discussed by the Head of the Circle with the Inspector General of Police or the other State Authority concerned and if there is still a difference of opinion and prior prosecution of the accused official is considered necessary by the Police, the matter should be reported to this office.

I am desired by the Director General to request you kindly to let me know at regular intervals any cases where it has not been possible to initiate departmental action and resort has been taken to prosecution. Your first report covering the cases of the last three months may please be sent to me by the end of this month. Thereafter reports may be submitted regularly at the end of each month. In the absence of any such report, it will be assumed that during the period, there has been no case where prosecution has been initiated without first completing departmental action.

Receipt of this letter may please be acknowledged.

Yours sincerely,

Sd/- R. V. MARATHE.

ANNEXURE IV

D.O. No. 6/13/57-Disc.

OFFICE OF THE DIRECTOR GENERAL OF POSTS AND
TELEGRAPHS*New Delhi, Dated the 3rd April, 1958*

My dear,

In my D.O. No. 6/9/57-Disc. dated the 11th April, 1957, you were requested to review the cases of criminal misconduct on the part of P. & T. officials under your jurisdiction and to ensure that the instructions issued by the Ministry of Home Affairs in their O.M. No. 39/39/54-Ests., dated the 7th June, 1955 (circulated with this office letter No. SEA.6-7/55, dated the 12th October, 1955), as subsequently clarified in this office letter No. SEA.6-7/55 dated the 6th December, 1956 (Annexure II), were being observed properly by all the subordinate disciplinary authorities under your jurisdiction. The results of the review carried out by the Heads of Circles as intimated in their reports gave an impression that the position was quite satisfactory and the instructions about the revised procedure of departmental action preceding criminal prosecution were generally being followed.

2. Subsequently the statistical information received in reply to this office letter No. 43/2/57-Disc., dated the 14th June, 1957, showed that quite a substantial number of such cases, which occurred during the period from 1st April, 1956 to 31st March, 1957, had gone to the Law Courts without departmental proceedings having been initiated or completed. The reasons for such cases having gone to the Courts were not quite clear.

3. In my D.O. letter No. 6/13/57-Disc., dated the 10th January, 1958 (Annexure III), you were requested to let me have particulars of cases, where it is not possible to initiate departmental action and resort has been taken to prosecution. Information for the quarter ending 31st December, 1957 was required to be sent by the 31st January, 1958. It was stated in my D.O. that in the absence of any such report, it would be assumed that during the period, there has been no case where prosecution was initiated without first completing departmental action. Reports have not been received so far from several Circles namely, Orissa, West Bengal, Rajasthan Bombay and Bihar and having regard to the information received from these Circles earlier. I cannot say that they have had no case during this period.

4. I wish to bring it to your notice that the Public Accounts Committee and the Government attach a very great importance to this subject. The P.A.C. has particularly called for a report showing the result of the instructions issued by this office for adoption of revised procedure. It is, therefore, necessary to give them the necessary information and I shall be obliged if the cases which occurred during the period from 1st April, 1957 to 31st March, 1958 are reported in the proforma, attached with this letter. I would, particularly, like to draw your attention to the instructions issued in this office letter No. SEA. 6-7/55, dated the 6th December, 1956

(Annexure II), in which it was stated that if in any case, departmental proceedings cannot precede criminal proceedings, the facts of the case should be reported to the Head of the Circle, who in his turn should bring the matter to the notice of the Director General. Although there should be quite a number of such cases, the number of references received in the Directorate is very insignificant. I shall, therefore, like to emphasize again that it is absolutely necessary that such cases should be brought to the notice of the Directorate in good time so that where necessary, the case should be taken up with the Ministry of Home Affairs. It has also been noticed that in some cases prosecution was launched by the Police because the departmental Authorities, on the spot, had not kept a close liaison with the police Authorities and had made no request for withholding of prosecution until finalisation of the departmental proceedings. Apparently this is very necessary and clear instructions on this point should be issued to all the subordinate authorities under your jurisdiction. In the statement to be submitted in the attached *proforma* (Annexure V), full particulars of all cases, which have gone to the Law Courts, before completing the prosecution should be given and the reasons for not taking departmental action before prosecution should be indicated. If the case was not reported to the Directorate, the reasons therefor should also be clearly stated.

Your report may be submitted so as to reach me not later than the 15th May, 1958.

Kindly acknowledge receipt.

Yours sincerely,

Sd/- R. V. MARATHE.

To

All Heads of Circles and

Telephone Districts (By name).

ANNEXURE V

Statement showing the particulars of cases of criminal misconduct, which occurred between 1-4-1957 and 31-3-1958

Sl. No.	Date of occurrence of fraud, mis-appropriation or any other kind of criminal misconduct	Date of completion of preliminary inquiries	Nature of offence or criminal misconduct	Date on which report was made to the Police	Date of institution of departmental proceedings against the officials involved
1	2	3	4	5	6
Date of completion of departmental proceedings	Punishment inflicted	Whether Police took up the prosecution before departmental action was completed and if so, date of filing the papers in the Court	Result of action taken by the Police and reasons for launching prosecution before completing departmental action	Whether case reported to the Directorate	
7	8	9	10	11	

LIST OF AUTHORISED AGENTS FOR THE SALE OF PARLIAMENTARY PUBLICATIONS LOK SABHA SECRETARIAT

New Delhi-1.

Agency No.	Name and address of the Agent	Agency No.	Name and address of the Agent	Agency No.	Name and address of the Agent
1.	Jain Book Agency, Connaught Place, New Delhi.	19.	The Kashmir Book Shop, Residency Road, Srinagar, Kashmir.	37.	Amar Kitab Ghar, Diagonal Road, Jamshedpur-1.
2.	Kitabistan, 17-A, Kamla Nehru Road, Allahabad	20.	The English Book Store, 7-L, Connaught Circus, New Delhi.	38.	Allied Traders, Motia Park, Bhopal.
3.	British Book Depot, 84, Hazaratganj, Lucknow.	21.	Rama Krishna & Sons, 16-B, Connaught Place, New Delhi.	39.	E. M. Gopal Krishna Kone, (Shri Gopal Mahal) North Chitrai Street, Madura.
4.	Imperial Book Depot, 266, Main Street, Poona Camp.	22.	International Book House Private Ltd., 9, Ash Lane, Bombay.	40.	Friends Book House, M.U., Aligarh.
5.	The Popular Book Depot (Regd.), Lamington Road, Bombay-7.	23.	Lakshmi Book Store, 42, M. M. Queensway, New Delhi.	41.	Modern Book House, 286, Jawahar Ganj, Jabalpure.
6.	H. Venkataramiah & Sons, Vidyaniidhi Book Depot, New Statue Circle, Mysore.	24.	The Kalpana Publishers, Trichinopoly-3.	42.	M. C. Sarkar & Sons (P) Ltd. 14, Bankima Chatterji Street, Calcutta-12.
7.	International Book House, Main Road, Trivandrum.	25.	S. K. Brothers, 15A/65, W.E.A., Karol Bagh, Delhi-6.	43.	People's Book House, B-2-829/1, Nizam Shahi Road, Hyderabad Da.
8.	The Presidency Book Supplies, 8-C, Pycroft's Road, Triplicane, Madras-5.	26.	The International Book Service, Deccan Gymkhana, Poona-4.	44.	W. Newman & Co. Ltd. 3, Old Court House Street, Calcutta.
9.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	27.	Bahri Brothers, 188, Lajpat Rai Market, Delhi-6.	45.	Thacker Spink & Co. (1938) Private Ltd., 3 Esplanade East, Calcutta-1.
10.	Book Centre, Opp. Patna College, Patna.	28.	City Book Sellers, Sohanganj Street, Delhi.	46.	Hindustan Diary Publishers, Market Street, Secunderabad.
11.	J. M. Jaina & Brothers, Mori Gate, Delhi-6.	29.	The National Law House, Indore General Near Library, Indore.	47.	Laxami Narain Agarwal, Hospital Road, Agra.
12.	The Cuttack Law Times Office, Cuttack-2.	30.	Charles Lambert & Co., 101, Mahatma Gandhi Road, Opp. Clock Fort, Tower, Bombay.	48.	Law Book Co., Sardar Patel Marg, Allahabad.
13.	The New Book Depot, Connaught Place, New Delhi.	31.	A. H. Wheeler & Co. (P) Ltd., 15, Elgin Road, Allahabad.	49.	D. B. Taraporevala & Sons Co., Private Ltd., 210, Dr. Naoroji Road, Bombay-1.
14.	The New Book Depot, 79, The Mall, Simla.	32.	M.S.R. Murthy & Co., Visakhapatnam.	50.	Chanderkant Chiman Lal Vera, Gandhi Road, Ahmedabad.
15.	The Central News Agency, 23/90, Connaught Circus, New Delhi.	33.	The Loyal Book Depot, Chhipi Tank. Meerut.	51.	S. Krishnaswamy & Co. P. O. Teppakulam, Tiruchirapalli-2.
16.	Lok Milap, District Court Road, Bhavnagar.	34.	The Goods Companion, Baroda.	52.	Hyderabad Book Depot, Abid Road (Gun Foundry), Hyderabad.
17.	Reeves & Co., 29, Park Street, Calcutta-16.	35.	University Publishers, Railway Road, Jullundur City.		
18.	The New Book Depot, Modi No. 3, Nagpur.	36.	Students Raghunath Jammu-Tawi.		

PRINTED AT THE PARLIAMENTARY WING OF THE GOVERNMENT OF INDIA PRESS
NEW DELHI AND PUBLISHED BY THE LOK SABHA SECRETARIAT UNDER RULE
382 OF THE RULES OF PROCEDURE AND CONDUCT OF BUSINESS IN
LOK SABHA (FIFTH EDITION)
