

PUBLIC ACCOUNTS COMMITTEE
(1971-72)

(FIFTH LOK SABHA)

FOURTEENTH REPORT

[Action taken by Government on the recommendations of the Public Accounts Committee contained in their 112th Report (Fourth Lok Sabha) on Appropriation Accounts (P & T), 1967-68 and Audit Report (P & T), 1969].



सर्वथा सर्वथा

LOK SABHA SECRETARIAT
NEW DELHI

July, 1971 / Sravana 1893 (Saka)

Price : Rs. 0.90 Paise

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CORRIGENDA TO FOURTEENTH REPORT OF P.A.C.
 (1971-72) PRESENTED TO LOK SABHA ON 18.11.71.

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PUBLIC ACCOUNTS COMMITTEE
(1971-72)

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Shri Era Sezhiyan

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3. Shrimati Mukul Banerji
4. Shri C. C. Desai
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21. Shri Shyam Lal Yadav
22. Shri Sheel Bhadra Yajee

SECRETARIAT

Shri B. B. Tewari—*Deputy Secretary.*

Shri T. R. Krishnamachari—*Under Secretary.*

INTRODUCTION

1, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Fourteenth Report on the Action Taken by Government on the recommendations of the Public Accounts Committee contained in their 112th Report (Fourth Lok Sabha) on Appropriation Accounts (P&T), 1967-68 and Audit Report (P&T), 1969.

2. On the 8th July, 1971, an "Action Taken" Sub-Committee was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Reports. The Sub-Committee was constituted with the following Members:

- | | | |
|--------------------------|---|-----------------|
| 1. Shri B. S. Murthy— | } | <i>Convener</i> |
| 2. Shri Bhagwat Jha Azad | | |
| 3. Shri Ram Sahai Pandey | } | <i>Members</i> |
| 4. Shri C. C. Desai | | |
| 5. Shri Thillai Villalan | | |
| 6. Shri Shyam Lal Yadav | | |

3. The Action Taken Notes furnished by the Government were considered by the Action Taken Sub-Committee of the Public Accounts Committee (1970-71) at their sitting held on 18th November, 1970. Consequent on the dissolution of the Lok Sabha on the 27th December, 1970, the Public Accounts Committee ceased to exist from that date. The Action Taken Sub-Committee of the Public Accounts Committee (1971-72) considered and adopted this Report at their sitting held on the 3rd August, 1971 based on the suggestions of the Sub-Committee of PAC (1970-71) and further information received from the Department of Communications (P&T Board). The Report was finally adopted by the Public Accounts Committee on the 31st August, 1971.

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

(vi)

5. The Committee place on record their appreciation of the commendable work done by the Convener and the Members of the Action Taken Sub-Committee (1970-71) in considering the Action Taken notes and offering suggestions for this Report which could not be finalised by them because of the sudden dissolution of the Fourth Lok Sabha.

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

NEW DELHI;
August 31, 1971.
Bhadra 9, 1893 (S).

ERA SEZHIYAN,
Chairman,
Public Accounts Committee.

Inadequate utilisation of expanded capacity of telephone exchanges.
Paras 1.44 to 1.49—Sr. Nos. 10 to 15.

1.6. In paragraphs 1.37 to 1.43 of their 112th Report (Fourth Lok Sabha), the Public Accounts Committee had dealt with the loss of potential revenue on account of inadequate utilisation of expanded capacity of Telephone Exchanges. The Committee made the following observations in paras 1.44 to 1.49:

- “1.44. In successive reports, the Committee have expressed anxiety over the inadequate utilisation of the installed telephone exchange capacity in the country. The experience of the two exchanges at Agra and Sinidih mentioned in the Audit paragraph shows how unsatisfactory the position is.
- 1.45. The exchange at Agra which was expanded by stages between February, 1967 and December, 1967 to handle 6,600 lines had a connectable capacity of 5,930 lines. However, between one-fourth to one-sixth of this capacity remained unutilised upto November, 1968. Paradoxically, the exchange had during this period on its waiting list subscribers who could have more than taken up the unutilised capacity. It was not till January, 1970 that the exchange was able to use its connectable capacity fully.
- 1.46. The exchange at Sinidih had likewise unutilised capacity ranging from about a half to a third of its connectable capacity, with a number of intending subscribers on the waiting list. In fact, the exchange has still not been able to utilise its capacity to the extent of about two-fifth.
- 1.47. The non-utilisation of capacity in both these exchanges should have resulted in substantial loss of revenue to Government (i.e., a few lakhs of rupees).
- 1.48. The Committee observe from the information furnished by the P&T Department that about a fifth of the 'nominal' capacity of telephone exchanges in the country remained unutilised as on 1st April, 1969. The main difficulty that the Department has been facing is in getting adequate supplies of underground cables. Due to their non-availability, the Department has not been able to provide telephone connections to the extent of 1.5 lakhs, which could have been easily accommodated by the available capacity in exchanges. These represent a fifth of the Fourth Plan target of additional connections (7.6 lakhs connections). The loss of revenue involved must be immense.

1.49. The Committee feel that this situation will persist unless energetic measures are taken by Government. The annual requirements of the P&T Department for cables has over the last three years nearly doubled from 3,750 KMs in 1966-67 to 7,350 KMs in 1968-69. The only source of indigenous supply, i.e., Hindustan Cables, has not been able to meet more than half the requirements. Quick and effective steps will have, therefore, to be taken to expand indigenous production. The Committee have made detailed suggestions in this regard in paras 1.26 and 1.27 of their Eighty-Fifth Report (Fourth Lok Sabha). They would like these to be implemented early."

1.7. In their reply dated the 30th October, 1970, the Department of Communications (P&T Board) have stated:

- "1. *Agra Exchange*: The capacity of Agra exchange was further expanded from 6600 to 6800 lines on 31.3.70. On 30-9-70, the working connections at Agra were 6269, 92.2 per cent of expanded capacity. In addition there were 56 connections temporarily closed due to non-payment which could be re-opened within a period of 6 months of date of closures on payment of normal charges in this regard. Thus the total committed capacity was (6269 plus 56) i.e. 6325 which is 93 per cent of 6800. Thus the connectable capacity has thus been nearly fully utilised.
2. *Sinidih Exchange*: As regards Sinidih, against a nominal capacity of 300 lines on 30th September, 1970, there were 148 working connections and a waiting list of 8. These 8 connections on the waiting list are mainly the demand in interior Coal-field areas requiring long open wire lines. Efforts are being made to release these 8 connections immediately.

The total demand (i.e. working connections plus the waiting list) at Sinidih in 1963, when the scheme for further expansion of the exchange from 200 to 300 lines nominal capacity was conceived, was 176 and there was an annual growth of demand at the rate of 12 per year. The demand was thus expected to grow beyond the capacity of 200 lines planned till then within a few years. Unfortunately, the telephone demand at Sinidih has come down to 156 now in place of further rising. Thus the capital to the extent of Rs. 2.67 lakhs has been temporarily blocked at this place. This is, however, a nominal business risk which a commercial Organisation has to take when it seeks to plan to meet the future demands by advance planning.

The blocked capital of Rs. 8.67 lakhs has to be reviewed against the annual investment of over Rs. 50 crores a year on telephones."

3. *Cable production*: Regarding the expansion of indigenous production of underground cable the Government has approved the project for setting up a new factory at Hyderabad to manufacture communication cables with an initial capacity of 5,000 SKMs per annum.
4. Every effort is also being made to ensure that the expansion programme of public sector unit at Roopnarainpur gets completed early."

1.8. The Committee note that further expansion of Sindih Exchange from 200 to 300 lines was considered as early as in 1963 when the demand was for 176 connections, on the basis of an anticipated growth rate of demand of 12 per year. It is evident from the details given in second sub-para of para 1.39 of Hundred and Twelfth Report (Fourth Lok Sabha) that the anticipation of the P & T Department did not materialise over the years 1964 to 1968 and what is more, the demand had actually come down to 156 as on 30.9.1970. The Committee are, therefore, of the opinion that the Department were not well advised in expanding the capacity in January, 1968 to 300 lines on the basis of mere surmise made in 1963 without observing the actual trend of demand at that time. They hope that such mistakes will not occur in future.

Procedure followed by Government in procuring advertisements

Para 1.84(i)—Sr. No. 19(i).

1.9. Commenting on the procedure followed by the various Departments of the Government in procuring advertisements, the Committee had made the following observation in para 1.84(i) of their 112th Report:

"Certain issues which have a bearing on the procedure to be followed by Government in procuring advertisements arise out of this case:

- (i) The established procedure in the P. & T. Department has been to procure advertisements through agents with whom contracts are periodically concluded for this purpose. These contracts provide for the agents guaranteeing to the Department a certain minimum revenue. The agents are

entitled to get a commission of 25 per cent up to the guaranteed minimum gross revenue and 40 per cent for the revenue in excess of the guaranteed amount.

During evidence, the representative of the P. & T. Department expressed the view that it may not be desirable for the Department to procure the advertisements directly. It was stated that this might lead to "undesirable" practices and, besides, might result in entertainment of staff on a scale which might not be commensurate with the extra revenue derived by Government. The Committee, however, find that one of the Zonal Railway has been procuring advertisements for time-tables directly without the intervention of agents. Even where the procedure for employing agents is adopted, a uniform practice is not being followed by various departments of Government. The P. & T. Department pay commission at 25 per cent 40 per cent, with a guarantee from the agents for a minimum revenue, the All India Radio pays 15 per cent, without a guarantee, while some of the Zonal Railways which employ agents, pay 15 per cent if advertising revenue secured by the agents exceeds a stipulated figure. Even advertisements from Government Departments are routed through agents.

The Committee are not happy over Governments/public undertakings advertisements for the telephone directory or any other government publication being routed through another agency to whom the same rate of commission has to be paid as is done by a private advertiser. The Committee feel that such advertisements ought to be either procured direct by Government or the rate of commission payable for them should be nominal. The Committee would like a comprehensive review of the existing procedures in different departments to be made with a view to determining whether the services of agents should be employed or not and if so, at what rate they should be remunerated and whether the arrangements with agents need at all cover advertisements from Government Departments and public Sector Undertakings. A uniform procedure for observance by all the Departments should be introduced, if possible, after such a review."

1.10. In their reply dated the 30th October, 1970, the Department of Communications (P. & T. Board) have stated:

“The recommendations above relate to all the Government Departments who procure advertisements for their various publications. It has not been possible to complete collection of full data from all concerned departments. As the examination of the case can be completed only in the light of complete information the action to be finalised on these recommendations will require some more time.”

1.11. The Committee desire that the review of procedures followed by all the concerned departments for procuring advertisements should be completed expeditiously and uniformly in the matter effected as far as possible. The Committee in particular would like Government to consider whether it is necessary to procure advertisements from Government Departments and public sector undertakings through agents.

**Incentive Schemes in Departmental Workshops—para 1.106—
Sr. No. 23.**

1.12. In paragraphs 1.99 to 1.105 of their 112th Report (Fourth Lok Sabha), the Public Accounts Committee had dealt with in detail the Incentive Schemes introduced in various Departmental Workshops. Referring to the additional production *vis-a-vis* incentive wages paid, the Committee made the following observation in para 1.106 of the Report:

“1.106. In the absence of information from the P. & T. Department about the value of additional production *vis-a-vis* incentive wages paid, the Committee are unable to come to any definite conclusion about the success of the incentive schemes in the P. & T. workshops. The Committee would like to await the information as promised in this regard. The committee would, however, like to point out that nearly 6 years after the scheme was started, it actually covered only about 37 per cent of the eligible workers in the Jabalpur workshop, 56 per cent in the Calcutta

workshop and 66 per cent in the Bombay workshop. The data given in the Audit Report would also show that in the Calcutta workshop, less than 50 per cent of the eligible workers actually earned incentive pay. The quantum of incentive pay earned by the workers in this workshop has gone down from Rs. 1.85 lakhs in 1965-66 to Rs. 1.34 lakhs in 1967-68."

1.13. In their reply dated the 17th October, 1970, the Department of Communications (P. & T. Board) have stated:

"The additional information regarding the value of additional production *vis-a-vis* incentive wages paid is being furnished separately.

2. The incentive scheme in Galvanising shop of the Telecom. Factory, Calcutta covering 136 workers remained suspended from 1st September, 1967 and is still to be revived.

The Working of the scheme in the Ferrous Foundry shop has not yet improved owing to peculiar pattern of absenteeism between the two trades of moulders and carters causing unbalance in production. To overcome this problem and for effective utilisation of the available strength, introduction of a new category of workers capable of performing both the jobs of moulding, core making, and carrying hot metals, as the case may be, is under consideration.

3. In the Telecom. Factory, Jabalpur, workers in the Tube-making shop are still not responding fully to the scheme.
4. In the Telecom. Factory, Bombay, the scheme is working satisfactorily in all shops/sections where it has been introduced. The scheme has further been extended to shaping and milling sections from 16.4.70 covering 25 more workers."

1.14. At the instance of the Committee, the Department of Communications (P. & T. Board) in a note dated 12th December, 1970 furnished information regarding increase in production as a result

of introduction of incentive scheme separately for all the three workshops at Bombay, Jabalpur and Calcutta, which is as under:

(i) The information regarding increase in production vis-a-vis incentive wages paid is given below:—

Year	Value of additional production (excluding cost of material)	Incentive wages paid
<i>(Figures are in lakhs of rupees)</i>		
(a) Telecom. Factory, Calcutta		
1966-67	10.34	1.63
1967-68	10.22	1.34
1968-69	12.30	1.45
1969-70	9.26	1.01
(b) Telecom. Factory, Jabalpur		
1966-67	12.03	2.82
1967-68	12.15	2.57
1968-69	13.34	2.59
1969-70	15.98	2.07
(c) Telecom. Factory, Bombay		
1966-67	15.95	2.36
1967-68	23.53	3.11
1968-69	19.11	2.38
1969-70	25.75	2.84

As regards information regarding increase in production in quantity, it may be pointed out that majority of items of production contain various components involving various processes of manufacture in different shops/section. Some of these shops are under incentive scheme and some are not. It is, therefore, difficult to furnish the information regarding quantitative increase in finished products. Such information in respect of individual components in units where incentive are in force is being collected and will be furnished separately".

1.15. In connection with the visit of the Public Accounts Committee to Telecommunication Factory, Bombay in October, 1970, the

P. & T. Department furnished the following analysis of the working of the incentive scheme in Bombay Factory where the Scheme is working satisfactorily.

Year	No. of workers covered	Incentive earned by the workers Rs.	Savings in man hours	Savings accrued	
				in Value	In percentage
1964-65	564	82,505	1,13,534	3,98,306	24.80
1965-66	580	1,77,164	2,63,586	9,18,792	24.23
1966-67	733	2,36,188	3,40,611	13,58,999	28.47
1967-68	836	3,11,316	4,73,053	20,41,660	30.94
1968-69	722	2,38,337	3,56,206	16,72,498 (Less due to shifting to new site)	25.63
1969-70	928	2,85,631	4,25,715	22,77,160	31.97

1.16. The Committee desired to be furnished similar analysis in respect of Jabalpur and Calcutta workshops:

The Department of Communications (P. & T. Board) in a note dated the 12th December, 1970 furnished the following information:

Year	No. of workers covered	Incentive earned by the workers	Saving in man hours	saving accrued	
				In value	In percentage
1	2	3	4	5	

(a) Telecom. Factory, Calcutta

		Rs. in lakhs	Rs. in lakhs
1964-65	1169	0.93	183312
1965-66	1214	1.85	260853
1966-67	1214	1.63	228655
1967-68	1002	1.34	153478
1968-69	1002	1.45	260852
1969-70	800	1.01	167035

1	2	3	4	5	6
(b) Telecom. Factory, Jabalpur					
1964-65	622	2.44	399441	8.76	
1965-66	673	2.62	397091	9.05	
1966-67	722	2.82	395325	9.21	
1967-68	686	2.57	361477	9.58	
1968-69	686	2.59	397092	10.75	
1969-70	730	2.07	284922	13.91	

The saving accrued in percentage is being worked out and will be furnished to the Committee shortly.

1.17. The Committee find from the data regarding value of additional production vis-a-vis incentive wages paid in all the three workshops, furnished to them, that the Department was able to effect considerable savings in the cost of production as a result of the introduction of incentive scheme. However, in order to appreciate the extent of increase in production achieved the Committee would await the statistics of increase in production in respect of individual components in units where incentive scheme is in force.

1.18. The Committee desire that Government should come to an early decision on the introduction of a new category of workers in the ferrous foundry shop of the Tele-Communication Factory, Calcutta and ensure that the incentive scheme registers an improvement therein in view of the fact that there has been a noticeable decline in an already unsatisfactory position in the factory inasmuch as the value of additional production (excluding cost of material) achieved as a result of the scheme has come down from Rs. 12.30 lakhs in 1968-69 to Rs. 9.26 in 1969-70.

Para 1.107—Sr. No. 24.

1.19. Referring to the need for a review of the progress of the incentive scheme and a realistic fixation of norms for production, the Committee made the following observation in para 1.107 of the Report:

“1.107. The Committee appreciate the fact that with raw material shortages that are stated to have occurred, the scope for extra production and payment of incentive pay would have been limited. However, the statistics of production of major items show that in respect of some items like stalks, sockets etc. production in the Calcutta workshops in 1967-68 was higher than in 1965-66. The Committee would like Government to undertake a review of the progress of the incentive schemes with a view to identifying the factors that have inhibited the scope for their expansion, particularly in the Calcutta and Jabalpur workshops, so that these would be tackled. To ensure that these schemes achieve their intended purpose, norms for production will have to be realistically fixed, so that additional production achieved is comparable with incentive wages earned.”

1.20. In their reply dated the 17th October, 1970, the Department of Communications (P. & T. Board) have stated:

“The working of the incentive scheme is being reviewed in every meeting of the Board of Management of the Telecom. Factories. The norms for production of each and every worker have already been fixed.”

1.21. The Committee note that the working of the Incentive Scheme is being reviewed at every meeting of the Board of Management of Telecommunication Factories. The review should be comprehensive enough to bring out the factors that inhibited the scope for expansion of the scheme in the various units especially in Jabalpur and Calcutta factories. The Committee desire that necessary follow-up action as a result of such a review should be taken to improve the working of the scheme.

1.22. As regards the norms for production, the Committee feel that these should be uniform for comparable items produced in all the three factories and that these should be fixed by an independent authority.

Foundry at Calcutta Workshop—Para 1.124—Sr. No. 25.

1.23. In paragraphs 1.108 to 1.123 of their 112th Report (Fourth Lok Sabha), the Committee had dealt with in detail the working of the Foundry at Calcutta Workshop. Referring to its poor performance, and the increase in the loss of metal, the Committee made the following observation in para 1.124 of the Report:

“1.124. The Committee cannot help feeling that in spite of partial mechanisation of the foundry, the performance of the Calcutta Workshop has not improved. The data in the Audit Report would show that production of good castings in the workshop foundry has come down from 4,030 tons in 1965-66 to 3,238 tons in 1967-68 with a corresponding increase in loss of metal. The representative of the P. & T. Department attributed the higher wastage to the product mix of the Workshop and stated that, if the production was oriented towards bigger items, the wastage would be less. However, in the absence of data from the Department about actual rejections on various operations in relation to prescribed norms, the Committee are reluctant to accept this explanation.”

1.24. In their reply dated 30th October, 1970, the Department of Communications (P. & T. Board) have stated:

“No norm for rejection was fixed prior to August, 1969. The Manager, Telecom. Factory, Calcutta issued procedural orders giving effect from 1st August, 1969 for recording of performances, measures for control and accounting procedure in the foundry according to which the difference between the total metal charged and good castings obtained should not exceed 23 per cent. This includes melting loss of 7 per cent and scrappage due to runners, risers, spillage, ladle residue, etc. to the extent of 16 per cent. The above percentage is provisional.

2. No separate percentages for rejections for different types of castings have been fixed. The wastage at different stages to the extent of 16 per cent out of 23 per cent of total wastage can be reused in the foundry.

3. With norms not having been fixed prior to August, 1969, no comparison of rejections relating to period prior to August 1969 is possible."

1.25. The Committee regret to note that there were no prescribed norms for rejection of iron castings in the foundry prior to August, 1969. They, however, desire that the norms fixed in August, 1969 should be compared with those of other foundries in production units of Railways and Defence. The revised norms should be fixed on a realistic basis independently by a fairly higher authority in the Department.

CHAPTER II
RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN
ACCEPTED BY GOVERNMENT

Recommendations

The Committee are concerned to find that the Postal, and Telegraphs Branches of the Posts and Telegraphs Department are continuing to run at a very heavy loss. The loss on the Postal Branch was Rs. 6.16 crores in 1968-69 and according to present estimates will go upto Rs. 7.06 crores in 1969-70. On the Telegraph side, the loss which was Rs. 6.71 crores in 1968-69, is expected to increase in 1969-70 to Rs. 6.86 crores. It has been only due to surpluses earned by the Telephone Department that these losses have been largely neutralised.

[Sl. No. 1 of Appendix IV Para 1.9 of 112th Report of Fourth Lok Sabha].

The Committee observe that in spite of enhancement in the Postal and Telegraph tariff proposed during 1970-71, these branches are expected to operate at a loss. The loss has been estimated at Rs. 2.27 crores in regard to the Postal Branch and Rs. 7.16 crores for the Telegraph Branch.

[Sl. No. 2 of Appendix IV Para 1.10 of 112th Report, Fourth Lok Sabha].

In successive reports, the Committee have expressed their concern over the continuing losses incurred by these Branches. These losses have acted as a drag on the development of Telecommunication services by eroding the surpluses generated in that Branch.

[Sl. No. 3 of Appendix IV Para 1.11 of 112th Report, Fourth Lok Sabha].

Action taken

The Department is keeping under constant review the financial position of the Postal and Telegraph Branches with a view to reducing their losses. Action taken in this regard has already been indi-

cated in this Directorate Memos. No. 19-2/70-PRP dated 25th September, and 111-1/69-T.2 dated 8th September, 1970 (copies enclosed) in reply to paras 1.12 and 1.13 respectively of this Report.

[Department of Communications (P. & T. Board) (O.M. No. 4-27/70-B, dated 7-10-1970)].

Recommendation

The progressive deterioration in the working of the Telegraph Branch also underlines the need for quick measures to reduce cost of operations through detailed studies to be conducted by the Costing Cell set up in the P & T Directorate. The Committee would like in this connection to invite attention to their recommendations in paragraph 1.21 of their Eighty-Fifth Report (Fourth Lok Sabha).

[Sl. 5 of Appendix IV, Para 1.13 of 112th PAC Report IV Lok Sabha].

Action taken

The observations of the P.A.C have been noted. The Costing Cell has already reviewed the tariffs vis-a-vis the cost structure of practically all the telegraph services and tariffs are constantly being reviewed and revised wherever necessary and feasible. Tariffs for phonograms, greetings telegrams, etc. were revised recently on this basis.

[Department of Communications (P. & T. Board) (O.M. No. 111-1/69-T-2, dated 8-9-1970)].

Recommendation

The Committee would like to point out that the arrears of telephone revenue are substantial. A sum of Rs. 3.22 crores was awaiting realisation as on 1st October, 1969 with Government subscribers accounting for a little over 50 per cent of the arrears (Rs. 1.62 crores). The bulk of the recovery from this category of subscribers (i.e. Rs. 1.13 crores) was pending for a year or more. The Committee would like the Telephone Department to launch a special drive for liquidating these arrears within the next six months. This drive should also cover arrears amounting to Rs. 1.12 crores from other subscribers which have been pending for a year or more.

[Serial 6, Para 1.20 of Public Accounts Committee (1969-70), 112th Report (Fourth Lok Sabha) Appendix IV].

Action taken

Instructions have been issued to all Heads of Circles/Districts to make all out efforts to liquidate all arrears upto 1967-68 by the end of November, 1970. They have, in this connection, been asked also to send a special report showing the progress made in the liquidation of arrears every month as from September, 1970 onwards. Accordingly, the result of the drive so launched, as desired by the Public Accounts Committee, will be known only after some time. This is for the information of the P.A.C.

[Department of Communications (P. & T. Board) O.M. No. 23-1/70-TR, dated 25-9-70.]

Recommendation

In successive reports, the Committee have expressed anxiety over the inadequate utilisation of the installed telephone exchange capacity in the country. The experience of the two exchanges at Agra and Sinidhi mentioned in the Audit paragraph show how unsatisfactory the position is.

The exchange at Agra which was expanded by stages between February, 1967 and December, 1967 to handle 6,600 lines had a connectable capacity of 5,930 lines. However, between one-fourth to one-sixth of this capacity remained unutilised upto November, 1968. Paradoxically, the exchange had during this period on its waiting list subscribers who could have more than taken up the unutilised capacity. It was not till January, 1970 that the exchange was able to use its connectable capacity fully.

The exchange at Sinidhi had likewise unutilised capacity ranging from about a half to a third of its connectable capacity, with a number of intending subscribers on the waiting list. In fact, the exchange has still not been able to utilise its capacity to the extent of about two-fifth.

The non-utilisation of capacity in both these exchanges should have resulted in substantial loss of revenue to Government (i.e. a few lakhs of rupees).

The Committee observe from the information furnished by the P. & T. Department that about a fifth of the 'nominal' capacity of telephone exchanges in the country remained unutilised as on 1st April, 1969. The main difficulty that the Department has been facing is in getting adequate supplies of underground cables. Due to

their non-availability, the Department has not been able to provide telephone connections to the extent of 1.5 lakhs, which could have been easily accommodated by the available capacity in the exchanges. These represent a fifth of the Fourth Plan target of additional connections (7.6 lakhs connections). The loss of revenue involved must be immense.

The Committee feel that this situation will persist unless energetic measures are taken by Government. The annual requirements of the P. & T. Department for cables has over the last three years nearly doubled, from 3750 KMs in 1960-61 to 7,350 KMs in 1968-69. The only source of indigenous supply, i.e. Hindustan Cables, has not been able to meet more than half the requirements. Quick and effective steps will have, therefore, to be taken to expand indigenous production. The Committee have made detailed suggestions in this regard in paras 1.26 and 1.27 of their Eighty-fifth Report (Fourth Lok Sabha). They would like these to be implemented early.

[Sl. No. 10 to 15 of Appendix IV and paras 1.44 to 1.47 of 112th Report
—IV Lok Sabha].

Action Taken

1. *Agra Exchange*: The capacity of Agra exchange was further expanded from 6600 to 6800 lines on 31-3-70. On 30-9-70, the working connections at Agra were 6269, 92 per cent of expanded capacity. In addition there were 46 connections temporarily closed due to non-payment which could be reopened within a period of 6 months of date of closures on payment of normal charges in this regard. Thus the total committed capacity was (6269 plus 56) i.e. 6325 which is 93 per cent of 6800. Thus the connectable capacity has thus been nearly fully utilised.

2. *Sinidih Exchange*: As regards Sinidih against a nominal capacity of 300 lines on 30-9-70, there were 148 working connections and a waiting list of 8. These connections on the waiting list are mainly the demand in interior Coal-field areas requiring long open wire lines. Efforts are being made to release these 8 connections immediately.

The total demand (i.e. working connections plus the waiting list) at Sinidih in 1963, when the scheme for further expansion of the exchange from 200 to 300 lines nominal capacity, was conceived, was 176 and there was an annual growth of demand at the rate of 12 per year. The demand was thus expected to grow beyond the capacity of 200 lines planned till then within a few years. Unfortunately, the

telephone demand at Sinidih has come down to 156 now in place of further rising. Thus the capital to the extent of Rs. 2.7 lakhs has been temporarily blocked at this place. This is, however, a nominal business risk which a commercial Organisation has to take when it seeks to plan to meet the future demands by advance planning. The blocked capital of Rs. 2.67 lakhs has to be reviewed against the annual investment of over Rs. 50 crores a year on telephones.

3. *Cable production.* Regarding the expansion of indigenous production of under-ground cable the Government has approved the project for setting up a few factories at Hyderabad to manufacture communication cables with an initial capacity of 5,000 SKMs per annum.

4. Every effort is also being made to ensure that the expansion programme of public sector unit at Roopnarainpur gets completed early.

[Department of Communication (P&T Board) (O.M. No. 14-4/69-PHA dated the 30th October, 1970].

Recommendation

The Committee observe that the Telephone Department is losing substantial revenue due to its inability to provide facilities for metering of calls in some of the exchanges in the country. The loss of revenue in respect of just two exchanges mentioned in the Audit Paragraph amounted to Rs. 9.4 lakhs per annum. The information furnished to the Committee shows that in 21 other exchanges in the country, where the line capacity stipulated for introduction of meters has been reached, metering facilities have not been made available. Besides these exchanges, there are other exchanges (number not specified by the P. & T. Department) where the stipulated capacity has been reached, but meters have not been provided, as these exchanges employ a non-multiple type of Board which does not lend itself to metering.

The Committee note that, apart from cables, the major bottleneck in introducing the metered system in these exchanges has been the shortage of metres. The major source of supply of meters is the Indian Telephone Industries which is at present not capable of meeting the Departments requirements in full. The Committee, have, in para 2.26 of their Fortieth Report (Fourth Lok Sabha) already touched on the need to encourage other sources of supply of

meters available in the country. The Committee would like Government to draw up a programme for this purpose, so that metering facilities could be expeditiously introduced in all the exchanges where the stipulated line capacity has been reached.

[Sl. No. 16 & 17 of Appendix IV—Paras 1.58 & 1.59 of 112th PAC Report 1969-70, IV Lok Sabha].

Action Taken

With regard to the availability of adequate number of meters, the matter had been taken up with M/S Indian Telephone Industries. Apart from making efforts to improve their own production of the subscribers' meters, they have also succeeded in establishing a source of supply from an ancilliary industry. As a temporary measure, P. & T. is taking action to import 2 lakh subscribers' meters. The Department is also exploring the possibility of manufacturing meters in the P&T Telecom. Factories.

2. With these steps it is hoped that the position of supply of subscribers' meters would improve in the next two years. It is hoped that it will be possible to introduce metering in the existing C.B. multiple and auto-exchanges as they reach the stipulated in capacity from 1972 onwards.

3. As already stated these steps will take sometime to take effect. On the basis of calls that generate in a 300-line exchange at which capacity measured rate system is being introduced, the Department suffers from loss in revenue for the rate system having not been introduced. The loss is estimated to be little less than Rs. 100 per subscriber per annum and on the basis of data available for the year 1969-70, the reduction in the revenue on account of exchanges not being metered could be estimated at Rs. 24 lakhs. The Department had to decide whether to expand the capacity of the exchanges without metering facilities and thus provide service to the prospective subscribers and earn revenue flowing from these exchanges on flat rate basis or deny the service as well and to lose the revenue in the absence of meters. It was felt that it would be preferable to continue to provide the service even on flat rate basis for the time being and introduce metering as early as possible.

[Department of Communications (P&T Board) O.M. No. 27-1/69-PHB dated 30th October, 1970].

Recommendation

(iii) The agents employed by the P. & T. Department are required according to the terms of the agreement, to furnish a bank

guarantee to cover their obligations to Department. As an agreement covers three or four successive issues of a directory, it is essential to ensure that the bank guarantee runs for the full period of the agreement and further that the Department is not left without adequate guarantee, should the guarantee be invoked for default on the part of the agent in remitting Government's share of revenue in respect of the earlier issues of the directory. The Committee note that in the case mentioned in the Audit paragraph there were difficulties of this nature and the Ministry of Law, who were consulted, advised the Department to carry out modifications to the standard form of the agreement, so that Government's interests could be fully protected. The Committee would like suitable action to be taken in this regard.

(iv) The Telephone Directory Standardisation Committee had pointed out that there were "Adventurers" in the advertising field whom it was necessary to eliminate. Two cases of default by agents have so far come to the Committee's notice: how many other such cases there have been is not known, as the Deptt. have not furnished information on this point to the Committee. However, to protect itself against unscrupulous agents, the Department should consider raising the quantum of earnest money to be furnished by the agents. The provisions in the agreement regarding recovery of liquidated damages should also be made sufficiently stringent to operate as a deterrent against the temptation on the part of agents to delay remittance of Government dues. Failure to make payment of Government dues in time should entail liquidated damages which should invariably be collected.

[Sl. Nos. 19(iii) & (iv) of Appendix IV. Paras 1.84 of 112th PAC Report 1969-70 (Fourth Lok Sabha)].

Action Taken

(iii) Action has already been taken to issue necessary instructions for incorporation of a suitable amendment to the bank guarantee form as advised by the Ministry of Law.

(iv) The P&T Board has accepted the proposal of the Telephone Directory Standardisation Committee regarding raising the quantum of earnest money. Instructions in this respect are under issue. As regards provision in the Agreement regarding recovery of liquidated damages, it may be stated that this aspect was gone into in sufficient detail about a year and a half back. As a result of advice of the Law Ministry it was decided to incorporate in the agreement with the

advertising agent a clause that interest would be charged at the rate of 12 per cent to the advertising agents, should they delay payment of the Government share of money. The basis on which the rate of interest at 12 per cent was decided was that on the one hand it should be deterrent enough to the advertising agents being somewhat higher than the market rate and on the other the imposition of such an interest should not be questioned by a Court of Law. The instructions in this respect were issued only on 15.11.1968. As the effect of this change is yet to be known, it is not proposed to make any changes in the existing rules at this stage.

[Department of Communications P&T Board O.M. No. 27-3/68-PHB-Coll. III dated the 30th October, 1970].

Recommendation

The Committee are disturbed to find that test-checks carried out by the Department have brought to light short collections in public call offices in respect of metered calls, ranging from 2 per cent to 87 per cent in different telephone circles. The Committee recognise of course that this could be due to several factors, not the least of which is the fact that unscrupulous elements have found ways to make calls without paying for them. To minimise the possibility of such misuse, the Department are stated to be experimenting with a new type of pre-payment coin box to be installed in these call offices. The Committee would like to be apprised of the results of the experiments and the steps taken by the Department in the light of these results.

[Sl. No. 20 of Appendix IV-Para 1.94 of 112th PAC Report 1969-70 Fourth Lok Sabha)].

Action Taken

(i) The Bombay Telecom. Factory has developed a pre-payment type coin Collecting Box. The working of the prototype C.C.B. has been found to be satisfactory in the factory tests. It is now to be put on field trial.

[Department of Communications P&T Board O.M. No. 7-2/70-PHA dated 30th October, 1970].

Recommendation

The Committee appreciate the fact that, with raw material shortages that are stated to have occurred, the scope for extra production and payment of incentive pay would have been limited. However, the statistics of production of major items show that in respect of

some items like stalks, sockets etc. production in the Calcutta Workshop in 1967-68 was higher than in 1965-66. The Committee would like Government to undertake a review of the progress of the incentive schemes with a view to identifying the factors that have inhibited the scope for their expansion, particularly in the Calcutta and Jabalpur Workshops, so that these would be tackled. To ensure that these schemes achieve their intended purpose, norms for production will have to be realistically fixed, so that additional production achieved is comparable with incentive wages earned.

(Sl. No. 24 of Appendix IV Para No. 1.107 of Report 1969-70).

Action Taken

The working of the incentive scheme is being reviewed in every meeting of the Board of Management of the Telecom. Factories. The norms for production of each and every worker have already been fixed.

[Department of Communications (P&T Board) O.M. No. 15-5/70-TF/II dated 7-10-1970].

Recommendation

The data about the cost of production of major items in the workshop shows that the unit cost has gone up in respect of as many as 20 out of 26 items between 1966-67 and 1968-69. The increase in unit cost has been particularly marked in respect of different types of channel iron brackets, sole plates and charging boards. The Committee would like steps to be taken by the Department to bring down the cost.

(Sl. No. 26 of Appendix IV Para 1.125 of 112th Report, 1969-70).

Action Taken

The rise in the cost of production is mainly due to increase in the prices of raw material from time to time as also increase in the wage bills of the workers. While the management is vigilant about the unit cost of production, all the concrete efforts and remedial measures are nullified by the soaring prices of raw materials and increase in the wage bills. However, a programme of cost reduction of some of the items for implementation during the current year has been drawn up.

[Department of Communications (P&T Board) O.M. No. 15-6/70-TF/II dated 30-10-1970].

Recommendations

The Committee can see no justification for the District Manager, Telephones having appropriated for use in his own offices teleprinters supplied to him for allotment to subscribers in the waiting list. The needs of the public should have received priority over departmental requirements, particularly when there was a waiting list of customers. It has been stated by the Department that the installation of these teleprinters had brought about a saving of Rs. 10,638 in annual expenditure. The Committee find this explanation ingenious but unconvincing. Besides it is apparent from the reply given by the Department that the teleprinters would have been put to better use by the subscribers.

The Committee would like steps to be taken by the P&T Department to have these teleprinters withdrawn from Departmental use and supplied to the customers.

The Committee are not convinced by the explanation of the Department that District Manager, Telephones, Hyderabad, had taken these teleprinters for experiments and no special sanction was required in this case. The Department itself had accorded *ex-post-facto* sanction.

[Sl. Nos. 27 & 28 of Appendix IV, Para Nos. 1.134 & 1.135 of the 112th PAC Report (Fourth Lok Sabha)/.

Action Taken

1. The observations of the Committee have been noted.
2. The teleprinters have been withdrawn from Departmental use with effect from 4th July, 1970, and taken over for use in the Hyderabad telex Exchange for allotment to the customers.

[Department of Communications (P&T Board) O.M. No. 49-2/68-T-I dated 11-10-1970].

Recommendations

The Committee note that bulk of the losses of the P&T Department were caused by thefts and mostly they were of copper wire. The thefts on this account have reached alarming proportions: they have shot up from Rs. 15.90 lakhs in 1965-66 to Rs. 72.62 lakhs in 1967-68. The Committee appreciate that this is primarily a law and order problem, as the thefts are perpetrated by gangs moving from place to place. Regular patrolling and better co-ordination

with the police authorities might check these thefts. The Committee would also like Government to consider whether the penalty for these thefts, which is proposed to be made more stringent by an amendment to the "Telegraph Wires (Unlawful Possession) Act, 1950", could be made even more severe, as the Department have expressed the view that even the proposed amendment may not offer much relief.

[Sl. No. 29 (Para No. 1.143) of Appendix IV of the 112th Report of 1969-70 (Fourth Lok Sabha)].

Action Taken

A draft bill containing an amendment to provide more severe penalty to the copper wire thieves is pending consideration before the Lok Sabha. The effect of this enhanced penalty will be watched for sometime, after the amendment is finally passed, and if found necessary, suitable action for further enhancing the penalty will be taken.

[Department of Communications P&T Board U.O. No. 1-20/70-NM dated the 7-8-1970].

Recommendations

The Committee have already suggested in their earlier reports the progressive substitution of copper wire by copper weld wire and aluminium conductor steel reinforced wires, so that the inducement to thefts could be minimized. The Committee trust that a scheme for this purpose will be implemented by stages to cover within a stipulated period all alignments using copper wire.

[Sl. No. 30 (Para No. 1.144) of Appendix IV of the 112th Report of 1969-70 (Fourth Lok Sabha)].

Action Taken

(1) A scheme for manufacturing copper coated steel wire in the country in collaboration with a Japanese firm has been finalised. The trial production, it is hoped, may start in 1971-72.

(2) This Department has also started using aluminium wires. The type of wire is in short supply at the moment. Out of the limited quantity obtained so far, 20, 280 Km has been allotted to different circles for replacement of copper wires in sections severely affected by thefts. 10,100 Km of copper wire has already been replaced by Aluminium wire during 1969-70.

(3) A programme for progressive replacement of all available copper wire on telegram alignments by wire ACSR or copper weld is being drawn up. Depending on the availability of the wire ACSR/Copper-weld, the programme may take six to ten years for completion.

[Department of Communications (P&T Board) U.O. No. 1-20/70-NM (i) dated the 7-8-1970].

Recommendation

The Committee note that defalcations or frauds caused a loss of Rs. 19.43 lakhs in 1967-68 as compared to Rs. 14.25 lakhs in 1966-67. Savings Banks frauds alone accounted for a loss of Rs. 5.76 lakhs and the number of cases of such frauds increased from 250 in 1966-67 to 319 in 1967-68. The Committee note that the Department are alive to the need to take precautions to avert frauds of this and other types and trust that constant vigilance will be maintained. Deterrent action should also be taken against all departmental officials found to be involved in such cases.

[Sl. No. 31 of App. IV-Para 1.51 of 112th P.A.C. Report 1969-70, (Fourth Lok Sabha)].

Action Taken

Pursuant to earlier recommendations of the Public Accounts Committee, the Department has been exercising effective vigilance over the cases of loss and fraud by conducting quarterly reviews at the P&T Board level. Special attention is paid to cases involving large amounts. Instructions have been issued to tighten up the supervision and taking remedial measures as and when called for.

These instructions have been reiterated recently. All concerned have again been directed to take deterrent action against departmental and extra departmental officials, found involved in cases of losses and frauds.

A copy of the said instructions is enclosed. The observations of the committee regarding the need for deterrent action in such cases has been noted and would be acted upon.

[Department of Communications (P&T Board) (O.M. No. 14-2/66-INV dated 28-8-1970)].

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

Sardar Square, Parliament Street, New Delhi-1.

No. 14-2|68-Inv.

Dated 16-7-1970.

To

All Heads of Circles.

SUBJECT:—Recommendation of Public Accounts Committee (1969-70)

Your attention is invited to the instructions issued *vide* this Directorate letter No. 14-1|68-Inv dated 30-4-69 wherein it was emphasized that all heads of circles should review the situation in their circles and adopt remedial and preventive measures to plug the loopholes in the working of the offices under their jurisdictions so that mischief monger from among the departmental and extra departmental officials may not get an opportunity to commit such offences as may put the department to a loss of Govt. money. It has been observed that despite the issue of these instructions the cases of frauds/defalcations particularly on the savings bank side are still on the increase.

2. The Public Accounts Committee have observed that the department are alive to the need to take precautions to avert frauds of all types and further hoped that constant vigilance would be maintained and deterrent action taken against all departmental officials found to be involved in such cases.

3. Pursuant to the recommendations of the Committee it is requested that all Heads of Circles should make all out efforts to minimise the incidence of losses and frauds and take deterrent action against the departmental as well as extra departmental officials found to be involved in such cases.

4. Suitable instructions may also kindly be issued to all concerned to tighten up supervision at all levels. Deterrent action should also be taken against the supervisory officials if lack of supervision on their part facilitates frauds resulting in loss to the Government.

Assistant Director General (Inv.)

Recommendation

The Committee are not happy about prolonged and infructuous investigations that took place in these cases of thefts which involved

a loss of Rs. 1.44 lakhs. There was delay of two to eight months in investigating these cases departmentally before the matter was reported to the police. There was a further delay of over a year on the part of the police authorities in completing the investigations, before the cases were finally closed. The Committee take a serious view of such delays in cases of theft or shortages. Better liaison will have also to be maintained by the Departmental authorities with the police to ensure swift investigation of all cases.

[Sl. No. 32 of App. IV and Para 1.157 of 112th PAC Report—IV Lok Sabha)].

Action Taken

Suitable instructions in the matter have been issued to subordinate units to avoid delay in departmental investigation of theft cases and also in making reports to police. They have also been instructed to keep better liaison with police for ensuring swift investigation by that agency.

[Department of Communications (P&T Board) (O.M. No. 29-5/69-NA dated, 12-10-1970)].

Recommendations

Though the amount of overpayments in this case was not large, the Committee feel that the irregularity which occurred was serious in nature. In 77 cases, covering a number of employees who were on leave between April, 1966 and October, 1968, a test-check by Audit revealed that duty pay had been paid to the employees for periods when they were actually on leave. The fact that this occurred over a period of two years and that the irregularity was rectified by the Department only after audit raised the matter shows how careless the Department had been in preparing the pay-bills. Apparently not one of the 77 employees pointed out at any time that they had been paid duty-pay for periods during which they were on leave. The Committee would like the Department to investigate these cases and fix responsibility for the negligence that occurred.

(Sl. 33 of App. IV—Para 1.165 of 112th PAC Report—IV Lok Sabha).

Action Taken

The cases referred to above have been investigated. All recoveries of overpayments of leave salary have since been made. The responsibility for the lapses has also been fixed and disciplinary proceedings against the defaulters are being initiated.

[Department of Communications (P&T Board) O.M. No. 10-2-69-PB dated 25-9-1970].

Recommendations

In the Committee's opinion this was a case of bad planning. The construction of quarters was undertaken without any detailed survey of the site or preparation of structural designs or drawings. Designs and drawings for the work, which was to be completed by November, 1961, were supplied by the department to the contractor only in February, 1963. The contractor abandoned the work shortly thereafter as the passage of time had rendered the rates he has originally quoted unremunerative. The Department also at this stage became aware that the site of construction was liable to flooding in monsoon and took up through another contractor construction of a bund which was completed in July, 1965. The building work was thereafter taken up and ultimately completed in April, 1966. The delay of over four years cost the Government about Rs. 60,000 on various counts.

The Committee cannot help feeling that a delay of this order in a petty work of this kind reflects badly on the method of working in the Department.

[Sl. Nos. 34 and 35 of Appendix IV and Para Nos. 1.171 and 1.172 of 112th PAC Report (Fourth Lok Sabha)].

Action Taken

Remedial measures have already been taken by creating a separate Civil Wing in the P & T w.e.f. 1st July, 1963. Action has also been taken for adequate augmentation of the Civil Wing and issue of necessary instructions to ensure that where the site conditions necessitate, action should invariably be taken for arranging earth filling, construction of approach roads etc. before building construction work is actually started.

To emphasise the importance of the above instructions, observations of the P.A.C. have been circulated vide this office No. 18(2)63-W(P&T)1677 dated 7th July, 1970 (copy enclosed) reiterating that earlier instructions regarding detailed surveying of sites and filling of low-lying areas and construction of approach roads (where necessary) should be rigidly followed.

[Department of Communications (P&T Board) O.M. No. 7(16)68-W (P&T), dated 28-8-1970].

DIRECTORATE GENERAL OF POSTS AND TELEGRAPHS
(Civil Engg. Wing)

Works Section

No. 18 (2) 63-W (P&T) | 1677

Dak Tar Bhawan, Parliament St.

Dated, New Delhi, the 7-7-1970

SUBJECT: *Extra expenditure because of delay in completion of works.*

In case of a project, some building works were taken up but completion thereof was abnormally delayed resulting in extra expenditure. The delay was namely due to the fact that in the course of execution it was observed that the area was subject to flooding and consequently the construction work could not proceed due to difficulty of storage space for building materials and approach roads etc. and to some extent on account of late issue of structural designs. Had detailed survey of the site been conducted initially, correct planning would have been possible and necessary works like protection of the site from water logging and construction of approach roads etc. could have been done before taking up the building construction work. This in turn would have avoided the delay in the completion of buildings and the consequent additional expenditure.

The matter came up before the Public Accounts Committee and they have criticised the Department for the same. An extract of their observations is enclosed.

In this office Memo No. W (P&T) 9 (27) 63/47 dated 27th December, 1965 importance of furnishing correct site particulars/surveys was stressed. This point was subsequently reemphasized in this office Memo Nos. 9 (27) 63-W (P&T) | 1396, dated 15th April, 1967 and W (P&T) -7 (12) 66|2920 dated 5th August, 1967. Further, in this office Memo No. W (P&T) --18 (2) 63|3896, dated 5th November, 1966, it was enjoined and all concerned that normal facilities like approach roads and filling up of earth in low lying areas (where necessary) should be given prior attention to facilitate building construction work.

Attention of all the S.Es. and E.Es. is once again invited to above mentioned Office Memos, and it is reiterated that the instructions regarding conduction of correct and detailed surveys of sites as also

about filling up of low land and construction or approach roads prior to taking up of actual building construction as contained in the said circulars should be followed rigidly.

This may please be brought to the notice of all concerned.

Sd/-

Chief Engineer (Civil) P&T.

Encls. As stated.

To

1. The Superintending Engineer (P&T), Civil Circle No. I, New Delhi|No. II, Bombay|No. 555, Calcutta|No. IV, New Delhi.
2. The Executive Engineer, P&T, Civil Aviation No. I New Delhi|No. II, New Delhi|No. I, Bombay|No. II, Bombay|No. I, Calcutta|No. II, Calcutta|Madras|Lucknow|Hyderabad|Patna|Indore|Bangalore|Ambala|Ahmedabad Electrical Division, New Delhi|Electrical Division, Calcutta. (with six spare copies).
3. The survey of Works I|II|III|IV under S.E. I (P&T) New Delhi|S.W. (Civil) under S.E. II Bombay|No. III Calcutta|No. IV, New Delhi, (With six spare copies).
4. The S.O. A&C, Civil Engg. Wing. P&T. New Delhi.
5. The S.O. (W) C.E. Wing P&T, New Delhi.
6. File No. 7(16)68-W(P&T).

Extract of P.A.C's Observations

1. In the committee's opinion this was a case of bad planning. The construction of quarters was undertaken without any detailed survey of the site or preparation of structural designs or drawings. Design and drawings for the work, which was to be completed by November, 1961, were supplied by the Department to the contractor only in February, 1963. The contractor abandoned the work shortly thereafter as the passage of time had rendered the rates he had originally quoted unremunerative. The Department also at this stage became aware that the site of construction was liable to flooding in monsoon and took up through another contractor construction of a bund which was completed in July, 1965. The building work was

thereafter taken up and ultimately completed in April, 1966. The delay of over four years cost the Government about Rs. 60,000 on various counts.

2. The Committee cannot help feeling that a delay of this order in a petty work of this kind reflects badly on the method of working in the Department.

Recommendations

The Committee observe that there was a failure on the part of the Chief Controller of Telegraph Stores to cancel orders placed in November, 1962 for voice frequency repeaters, supplies of which were accepted even after they had become obsolete. The orders specified supplies, in 1963-64 and by 1965 these repeaters had become obsolete, due to a change in technology. With some care, and better liaison with the field offices which had originally indented for these repeaters, the Chief Controller could have cancelled a part of the order (for supplies which were actually made after 1965). The Committee note that Government themselves have come to the conclusion that there was a definite lapse in this regard. The Committee would like Government to take suitable action in the light of this finding. Government should also investigate why none of the indentors asked for cancellation of the supply orders after 1965 and take appropriate action.

(Sl. No. 37 of Appendix IV and Para 1.184 of 112th PAC Report—IV Lok Sabha).

Action Taken

The Chief Controller of Telegraph Stores has been instructed to undertake a cyclical review of the orders vis-a-vis demands and off-take. This will enable that officers weed out/modify orders for slow moving/non-moving/obsolescent items.

2. The Government have also set up a Standing Committee on Stores comprising Senior Officers, including the Chief Controller of Telegraph Stores—the terms of reference of which include, *inter alia*, review of supplies needs for making changes as may become necessary to control the inventories. This Committee will afford guidance to the Chief Controller of Telegraphs Stores for re-appraisal and modification of his procurement orders.

3. The Public Accounts Committee have directed the Government to investigate why none of the indentors asked for cancellation of the supply orders after 1965. In this connection a kind reference is

invited to para 1.180 of the 112th Report and our note to the Committee wherein it has been clarified that the Chief Controller of Telegraph Stores had acted on forecasts from field officers in placing the order in 1962 for requirement during 1962-64, but before accepting delayed supplies after 1964, he had not ensured if the demand had continued to exist. The situation therefore stemmed from the fact that the Stores Organisation did not carry out periodic review of its orders *vis-a-vis* demands and off-take. The deficiency is sought to be made good by the issue of instructions mentioned in para 1 supra.

Incidentally all but 16 Nos. have been disposed of—45 Nos. to the Railways on sale. It is expected that these 16 Nos. will also be disposed of shortly.

[Department of Communications (P&T Board) No. 29-4-69/NA dated New Delhi, the 23rd October, 1970].

Recommendations

While the Committee agree that the Department was justified in having ignored the lower offer of firm 'A' in the light of the firm's subsequent performance, they would like to point out that the method followed for placing orders with firm B and C was not quite in conformity with the accepted procedures. For one item of store firm B's offer was in the first instance relatively lower. Orders were placed by the Department for this item on firm 'B' as well as on firm C by asking firm 'C' to reduce its rate to bring it on a par with that of firm 'B'. This was clearly tantamount to negotiation and under the rules, the Department was precluded from negotiating with firm 'C', as it was not the lowest tenderer. In any case, if negotiations had thus been resorted to, an opportunity should in fairness ought to have been given to other eligible tenderers also.

For the second item of store, for which firm C's quotation was lower than firm B's, the Department took cognisance of a reduction in rate offered by firm C, after the opening of tenders. This violated the sanctity of the tender procedure. Having thus departed from the recognised procedure for processing tenders, the Department did not take the step of starting negotiations with others, including firm 'B' which could have been asked to reduce its rate to the level of firm 'C'. Had that been done, the Department might have saved Rs. 18,900

The Committee would like the Department to issue instructions to ensure that in future the recognized procedure for acceptance of

tenders is followed and that, if negotiations are conducted with parties other than the lowest tenderers, other eligible tenderers are given a similar opportunity.

(Sl. No. 38—40 of Appendix IV—Para No. 1.199 to 1.201 of 112th PAC Report, IV Lok Sabha).

Action Taken

Suitable instructions have been issued to all officers concerned to ensure that in future the recognized procedure for acceptance of tenders is followed and that if negotiations are conducted with parties other than the lowest tenders, other eligible tenderers are also given a similar opportunity. The existing instructions regarding conduct of negotiations with lowest tenderers have again been reiterated. A copy of the instructions issued *vide* No. 29-3/68-NA dated 17-9-70 is enclosed.

[Department of Communications (P&T Board) (O.M. No. 29-3/68-NA dated 23 October, 1970].

INDIAN POSTS & TELEGRAPHS DEPARTMENT

OFFICE OF THE DIRECTOR GENERAL POSTS & TELEGRAPHS

No. 29-3-68—NA

Dated: New Delhi—1, the 17th Sept., '70.

To

The Chief Controller of Telegraph Stores,
3A, Chowringhee Place,
Calcutta—13.

SUBJECT:—P.A.C. Report 1969-70—Conditions/Recommendations in the matter of Purchase of A. V. Rs. Para 19—Audit Report P & T 1969.

Ref:—Your Office letter No. A. SII 9/28 dated 3.3.70.

The Committee has concluded as follows:—

1. The method followed for placing orders with firms E Rutonsha & Co. (P) Ltd., and Forbes Forbes Campbell & Co. was not quite in conformity with accepted procedures.

For one item of store offer from E. Ruttonsha & Co. (P) Ltd., was in the first instance relatively lower. Orders were placed for this item on this firm as well as on Forbes Forbes Compbell & Co., by asking the latter to reduce its rate to bring it on a par with that of the former. This was clearly tantamount to negotiation and under the Rules, no negotiations could be had with Forbes, Forbes Compbell and Co., as it was not the lowest tenderer. If for any reasons, negotiations had to be restored to in fairness, an opportunity should have been given to other eligible tenderers also.

2. The sanctity of the tender Procedure has been violated inasmuch as for the second item of store for which the quotation of M/S. Forbes, Forbes Compbell & Co., was lower than that of E. Ruttonsha & Co. (P) Ltd., Cognisance was taken of a reduction in rate offered by the former after the opening of tenders. Having thus departed from the recognised procedure for processing tenders, the step of starting negotiations with others including E. Ruttonsha & Co. was not taken, the latter could have been asked to reduce the rate to the level of Forbes, Forbes Compbell & Co. Had this been done, the department might have saved Rs. 18,900/-.

It is accordingly enjoined that in future the recognised procedure for acceptance of tenders be followed and that, if negotiations are conducted with parties other than the lowest tenders, other eligible tenderers be given a similar opportunity.

A copy of rules on Negotiations with lowest tenderers as obtaining at present is enclosed for guidance.

Sd/-

Asstt: Chief Engineer (T)

Copy to:—

1. All Heads of Circles/Telephone Districts and Administrative Officers for information and guidance.

Sd/-

Asstt. Chief Engineer (T)

Copy of letter No. 42/02/59—NA dated the 23rd October, 1961 from Asstt. Chief Engineer (T), P & T Directorate, New Delhi to all Heads of Circles/Telephone Distts.

SUBJECT: *Negotiations with tenderers*

The question as to whether it would be proper to enter into negotiations with the lowest tenderer has been under examination for some time in consultation with the Ministry of Law and Associated Finance.

It has been decided that negotiations with the lowest tendered with a view to bring down the prices in respect of items for which he has quoted unduly high rates is permissible and unobjectionable in law even after opening of the tender. Such negotiations should, however, be restricted to the lowest tenderer only. In this connection, a reference is invited to para 426 (i) of the P & T Manual Volume II and provisions of which would no more be applicable in case of negotiations with the lowest tenderer in the circumstances mentioned above.

Further Note:

The matter was again referred to the Finance during 1969-70 and they have clarified that the P & T authorities could enter into negotiations with the lowest tenderer with a view to bring down prices in respect of only such items for which he quoted unduly high rates compared to other tenderers. It has, however, been made clear that for such negotiations it is necessary that a provision should invariably be made in the tender enquiry form to the effect that acceptance of all items or any of the items mentioned in the tender would be optional.

Recommendations

The Committee feel that Government should have at least asked the supplier to reduce his rates before extending the delivery period stipulated in the contract, particularly as it has become evident by that time (through rates offered for identical stores in another tender) that there had been a fall in prices. The argument of the Department that they wanted to avoid litigation and keep more than one source of supply going is not convincing. The supplier had in this case clearly failed to comply with the terms of delivery and Government was therefore, under no obligation to extend the

period of delivery. Moreover, the store in question is a battery eliminator which apparently is not an item of production for which sources of supply are restricted. As the amount of extra expenditure involved is small (Rs. 15,000) and the supplier was a small-scale unit, the Committee do not wish to pursue the case further. Government should, however, ensure that purchase officers keep Government interests in mind while offering concessions to suppliers.

(Sl. No. 41 App. IV and Para 1.204 of 112th PAC Report, IV
Lok Sabha).

Action taken

The directions of the P.A.C. have been noted and the Chief Controller of Telegraph Stores instructed to ensure that the points made out by the Committee are carefully followed by him and all purchase officers under him in future.

[Department of Communications (P&T Board) O.M. No. 29-4/68—
NA (Pt) Dated, 12-10-1970].

CHAPTER III

RECOMMENDATIONS|OBSERVATIONS WHICH THE COMMITTEE DO NOT LIKE TO PURSUE IN THE LIGHT OF THE REPLIES OF GOVERNMENT

Recommendations

The Committee have already, in paragraph 1.8 of their Eighty-fifth Report (Fourth Lok Sabha) asked Government to come to an early decision on the important question raised by the P & T Tariff Enquiry Committee as to the duration of trial period for losing post offices. A decision on this point does not brook further delay. The question of economising on operational expenditure of this Branch, through standardisation of jobs and introduction of modern techniques should also receive urgent consideration of the Department as suggested in paragraph 1.13 of their Eighty-fifth Report (Fourth Lok Sabha).

(SI. 4 of Appendix IV para 1.12 of hundred and twelfth Report—IV Lok Sabha).

Action Taken

In paragraph 1.8 of their Eighty-Fifth report (Fourth Lok Sabha) the Committee asked the Government to come to an early decision on the question raised by the P & T Tariffs Enquiry Committee as to the duration of trial period for losing post offices.

The decision taken by the Government in this matter is that the existing trial period of 10 years for the Post Offices in the rural areas will continue for the time being. A reply in this connection has

already been given to the Committee in this Directorate's O. M. No. 19-1/69-PRP, dated 19-6-70, a copy of which is enclosed for ready reference.

As regards the other recommendation of the Committee in paragraph 1.13 of their Eighty-Fifth Report (Fourth Lok Sabha) regarding economy on operational expenditure of postal branch, the reply of the Government has also been sent to the Committee in this Directorate's O.M. No. 19-1/70-PRP, dated 27-8-70 a copy of which is enclosed for ready reference.

[Department of Communications (P&T Board) O.M. No. 19-2/70-PRP dated 25-9-1970].

Recommendations

The Committee are exercised to find that the losses in the working of the Postal Branch have been progressively increasing. The losses amounted to Rs. 1.28 crores in 1964-65, Rs. 8.34 crores in 1966-67 and Rs. 14.12 crores in 1967-68. The deteriorating position suggests the need for urgent and concrete steps to arrest the losses. In this context, the Committee are unhappy over the delay in taking a decision on the important question raised by the P. & T. Tariffs Enquiry Committee as to how long losing post offices should be retained on trial basis.

(Sl. No. 2 of Appendix Para 1.8 of 85th Report—IV Lok Sabha).

Reply of Government

The main recommendation of the P. & T. Tariffs Enquiry Committee in respect of un-remunerative offices was that the maximum trial period and the limits of the loss for such offices should be fixed more realistically. They expressed the view that normally a period of four years or so should be considered enough for assessing whether a post office has developed traffic and has become remunerative. The Committee also recommended that the opening and continuance of such offices should be subject to a minimum guaranteed income.

2. In order to examine the question of reducing the present trial period of 10 years, a survey was conducted in July 1968 which brought out the following position:—

Total number of of Experimental Post offices as on 1-6-1968 : 24,027

If the period of trial is reduced to	No. of experimental Post offices which can be confirmed	Percentage of the total No. of experimental Post Offices	Percentage of experimental Post offices which will have to be closed down
4 years and under	4,332	18.0	82.0
5 years	7,572	81.5	68.5
6 years	11,168	46.5	53.5
7 years	15,008	62.46	37.54
8 years	19,088	79.44	20.56
9 years	22,448	93.43	6.57
10 years	23,005	95.75	4.25

Reduction of the present experimental period from 10 years to even 6 years would thus result in the closure of more than half of the existing experimental post offices.

The accent at present is on the development of rural areas and backward regions. The Government feel that it would not be appropriate at the present time to deliberalise the conditions for providing postal facilities in such areas. It has, therefore, been decided to retain, for the time being, the existing trial period of 10 years for post offices in rural area.

3. The other recommendation of the Committee, namely, that 'the opening and continuance of such offices should be subject to a minimum guaranteed revenue' has been partially accepted. No post office would be opened unless the estimated revenue at the time of its opening is at least 25 per cent of its cost. According to the existing policy, a post office can be opened even when the estimated income at the time of opening is very meagre. The above decision will ensure that only such post offices should be opened as have a reasonable chance of qualifying for permanency after the trial period.

4. In brief, the present policy of opening new Post Offices in rural areas and backward regions and the present trial period will continue, except that there should be a minimum guaranteed revenue of 25 percent before opening a new Post Office.

5. It is also being impressed on all Heads of Circles in the P. & T. Department that a careful watch should be kept over the growth of revenue in such experimental Post offices and if at any time it is found that they are working beyond the permissible limits of loss, appropriate action should be taken to bring down the loss within the permissible limit or to close the offices if this cannot be done and no party is willing to make good the extra loss.

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

To

The Chairman and All Members of the Public Accounts Committee.

[O.M. No. 19-1/69-PRP dt. 19-6-1970].

Recommendations

As part of the measures to control losses in the Postal Branch, it is essential that various operations should be standardised and the standards evolved rigorously enforced. As the Postal Department is labour-intensive, particular emphasis should be laid on labour-saving techniques. The Committee note that two teams of work study unit are conducting studies in the field offices and the Directorate with a view to examining what economies are possible. The Committee would like the work in this regard to be phased properly, in accordance with a scheme of priorities, and completed expeditiously.

The Committee note from the information furnished that apart from the work study teams, the Staff Inspection Unit of the Ministry of Finance as well as the Postal Research Centre are engaged on the work of evolution of norms of certain fields of work. As it would appear that there are several agencies engaged on the question of standardisation of operations and prescribing of norms, the Committee trust that there would be no duplication or over-lapping of functions and the most competent available agency would be entrusted with the work of achieving economy in the field in which it has specialised.

[Sl. No. 3 of Appendix para 1.13 of 85th Report 1969-70].

Reply of Government

The observations made by the Committee in para one have been carefully noted.

Standards have been laid down practically for all cadres both operative and Supervisory after a proper study of the operations involved and staff is being sanctioned only according to these standards. Labour saving devices are also being progressively introduced particularly in the field of counter and—mail handling operations, with due regard to economy and efficiency.

As regards the recommendation that the work of the two teams of the work study unit in the Posts and Telegraphs Directorate should be phased properly and completed expeditiously, it is submitted that this aspect is always kept in view by the work study unit who are entrusted with items for work study only after the approval of and assignment of priorities by the Posts and Telegraphs Board.

With regard to the observation made in the second para that there should be no duplication or over-lapping of the functions of the work study unit, the Staff Inspection Unit and the Postal Research Centre and that the most competent available agency should be entrusted with the work, it is submitted that in so far as the Work Study Unit of the Posts and Telegraphs Department and the Postal Research Centre are concerned, they have clearly demarcated and distinct fields of studies. Whereas the Work Study unit carries out studies for evolution of work norms and simplification of work procedures, the Postal Research Centre conducts research for the mechanisation of Postal Operations. The aim of the Postal Research Centre in a nut shell is to identify problem in operations and find out a solution in respect of those as are amenable to mechanisation.

Further, the Staff Inspection unit of the Ministry of Finance, has, an over-all concurrent jurisdiction over the work study unit of Posts and Telegraphs Department, in accordance with the general decision of the Government not to exclude from the purview of the Staff Inspection unit any department, including those having their internal work study units.

In terms of the above, the Staff Inspection Unit includes the Posts and Telegraphs Department also in its programme of studies. Any over-lapping of studies, is to be avoided by mutual consultations etc.

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

To

The Chairman and Members of the Public Accounts Committee.

[O.M. No. 19-1/70-ERP dated the 27-8-70]

Recommendations

The Committee note that due to erroneous estimates of anticipated traffic load, control equipment ordered for two cross-bar exchanges installed at Bombay in November 1967 turned out to be inadequate. As a result, not a single additional line could be provided by one of these exchanges which was expected to provide at least 2,375 additional connections while in the other exchange, 2,000 lines remained unutilised. Potential revenue to the extent of Rs. 55 lakhs was thus lost.

Government have stated that the traffic load was assessed in 1962 on the basis of traffic observations on strowger equipment (which the cross-bar equipment replaced). These observations were invalidated due to certain technical phenomena peculiar to the working of the cross-bar system, which the Department could not have anticipated at that time, being unfamiliar with the working of that system. While the Committee recognise that this argument has some force, they are unable to understand why the Department did not check the accuracy of the original estimates framed in 1962 for the Bombay Exchange with reference to traffic observations on the cross-bar system installed at Madras in February, 1967. It would have enabled them to take remedial measures in time. It is also not clear as to why the same mistake of under-estimating traffic load occurred again for a third cross-bar exchange at Bombay Fort, where also control equipment ordered turned out to be inadequate, resultng in substantial unutilised capacity in the exchange.

[Sl. 7&8 of App. IV & para 1.32 & 1.33 of 112th PAC Report 1969-70, Fourth Lok Sabha].

Action Taken

The traffic observations on the Cross-bar equipment at Madras did not reveal any over-loading of the system and full loading of the exchange was possible soon after the opening of the exchange. Moreover traffic pattern is a feature individual to each exchange and it is not necessarily the same both for Madras and Bombay as

it has been actually observed in the case under examination. Another factor was that waiting for ordering for additional equipment, its receipt and installation would have delayed the opening of the exchanges and also affected the programme of installation of other exchanges.

The equipment for all the 3 exchanges, namely, Bombay City, Bombay Kalbadevi and Bombay Fort was ordered at the same time and installation commenced. However, due to impounding of imported equipment in Pakistan during the Indo-Pakistan conflict of August, 1965, there was delay in completing the Fort exchange installation. The exact additional equipment for Fort exchange could be estimated only after the cut over of the Fort exchange.

[Department of Communications (P. & T. Board) O.M. No. 20-9/68-TPS(I) dated 11-9-70].

Recommendations

The Committee cannot help feeling that in spite of partial mechanisation of the foundry, the performance of the Calcutta Workshop has not improved. The data in the Audit Report would show that production of good castings in the workshop foundry has come down from 4,030 tons in 1965-66 to 3,238 tons in 1967-68 with a corresponding increase in loss of metal. The representative of the P. & T. Department attributed the higher wastage to the product-mix of the workshop and stated that, if the production was oriented towards bigger items, the wastage would be less. However, in the absence of data from the Department about the actual rejections on various operations in relation to prescribed norms, the Committee are reluctant to accept this explanation.

[Sl. No. 25 of Appendix IV Para 1.124 of 112th Report, 1969-70].

Action Taken

No norm for rejection was fixed prior to August, 1969. The Manager, Telecom Factory, Calcutta issued procedural orders giving effect from 1st August, 1969 for recording of performances, measures for control and accounting procedure in the foundry according to which the difference between the total metal charged and good castings obtained should not exceed 23 per cent. This includes melting loss of 7 per cent and scrappage due to runners, risers, spillage, ladle residue, etc. to the extent of 16 per cent. The above percentage is provisional.

2. No separate percentages for rejections for different types of castings have been fixed. The wastage at different stages to the extent of 16 per cent out of 23 per cent of total wastage can be re-used in the foundry.

3. With norms not having been fixed prior to August 1969, no comparison of rejections relating to period prior to August 1969 is possible. . .

[Department of Communications (P. & T. Board) O.M. No. 15-6|70-TF|I dated 30-10-1970].

CHAPTER IV

**RECOMMENDATIONS/OBSERVATIONS REPLIES TO WHICH
HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND
WHICH REQUIRE REITERATION**

—Nil.—

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

Recommendations

The Committee note that the extra equipment required by these exchanges is now in the process of installation. They would like the work to be completed early, so that the potential capacity of these exchanges is fully utilised. Progressively, Government are planning to introduce the cross-bar system in all the major exchanges in the country. It would be necessary for the Department to ensure that assessments of requirements of control and ancillary equipment for these new cross-bar exchanges are as accurate as of experience so far gained.

[Sl. No. 9 of App. IV & para 1.34 of 112th PAC Report 1969-70,
Fourth Lok Sabha].

Action Taken

Installation of additional equipment of Bombay-Kalbadevi exchange has since been completed in May, 1970. Installation of additional equipment at Bombay City is in progress and is programmed to be Commissioned by March, 1971. Installation of additional equipment at Fort-Exchange would commence by Oct. 70.

Suitable instructions (copy enclosed) have been issued to the Field Units for assessing the traffic for the new exchanges or extension of the cross-bar exchanges.

[Department of Communications (P. & T. Board) O.M. No. 20-9/68-
TPS(i) dated 11-9-1970]

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

No. 97-10/68-TPS

Dated, New Delhi, the 22-6-70.

M E M O R A N D U M

SUBJECT: Planning of Cross-bar Exchanges-Computation of Traffic.

In the Audit Report on inadequate utilisation of Crossbar Exchanges in Bombay Telephone District, the Public Accounts Committee have commented that care should be taken to check periodically the accuracy of traffic forecasts before commissioning of the exchanges so that erroneous estimates of anticipated traffic after outover may not result in loss of potential revenue due to exchanges not being able to take full capacity on cut-over.

2. In case of planning of extensions to the existing Cross-bar exchanges this difficulty can by and large be avoided by considering the actual traffic in the existing exchanges in relation to the common control equipment provided. Necessary instruction for observation and compilation of traffic in Crossbar exchanges have already been issued *vide* Crossbar Information Circular Nos: 0008, 0009, and 0010. Difficulties however, arise when replacing manual or strowger exchange by a Crossbar exchange where the traffic forecasts based on the obseravtions made in the manual or strowger exchanges are not very reliable and are also not sufficient for planning of Crossbar Exchanges. It is desirable that traffic data should be observed on a large sample than what is being done at present for collecting such information. Furthermore, all the specifications for extensions as well as new installations should be reviewed once every six months in the light of fresh obseravtions of traffic made and in case it is found that the equipment provided in the specification is likely to fall short of the actual requirements necessary corrective action may be taken. Receipt of this Memorandum may please be acknowledged.

Sd/-
DDG (S)

To

All General/District Manager, Telephone Districts.

Recommendation

The Committee observe that the P. & T. Department entered into a contract in this case with a firm of advertising agents for procuring advertisements for four successive issues of a telephone directory. According to the information furnished by the Department, the agent did not pay a sum of Rs. 3.08 lakhs towards Government's share of advertising revenue in respect of the second issue of the directory. The recovery is pending, as the agent has contested his liability in this regard through a suit filed in court. The Committee would like to be apprised of the outcome of the suit.

[Sl. No. 189 Appendix IV and Para 1.83 of 112th Report of PAC 1969-70—(Fourth Lok Sabha)].

Action Taken

Srl. 18 para 1.83. The present position regarding the recovery of Rs. 3.08 lakhs from the advertising agent is as follows:—

The Advertising Agent, Messrs Union Agencies, filed two suits against the Department:

- (i) For grant of stay order against recovery of the money, namely, Rs. 1.08 lakhs against a bank guarantee given by M|s Syndicate Bank and Rs. 2 lakhs covered by the sureties.
- (ii) Applied the Court to appoint an arbitrator other than the D.G. P. & T. under section 20 of the Indian Arbitration Act.

The stay order was granted by the Lower Court. The General Manager, Telephones, New Delhi, however, successfully contested the stay-order and got it vacated by 9-6-70. M|s Union Agencies, however, filed revision petition in the High Court against the Judgment of the Lower Court. The High Court passed orders to the effect that M|s. Union Agencies, should furnish a bank guarantee from a nationalised bank for Rs. 2.00 lakhs by 17-8-1970. The existing bank guarantee for Rs. 1,08,350 given by M|s Syndicate Bank would remain operative. The Department would be entitled to interest on the outstanding amount at the rate of 8 per cent per annum *w.e.f.* 16-7-70. In the meantime the recovery of the said amount would be stayed till the decision of the application under Section 20 of the Indian Arbitration Act which is pending in the Lower Court.

The party did not give the required bank guarantee from a nationalised bank for Rs. 2 lakhs. Thus the stay order stands vacated. The Government Counsel and the Law Ministry advised that the GMT New Delhi should now take suitable legal action against the sureties to recover the amount. As regards the bank guarantee; steps are being taken to recover the amount from them.

In respect of the 4th issue it may be added that the associated Hindi version of the telephone directory could not be brought out with the help of advertising agent as the party had already taken some of his grievances to the court and further they would not extend the date of the Bank Guarantee which was a pre-requisite for accepting the advertisements. The result was that the GMT terminated their contract and brought out the Hindi issue without advertisements as appointment of a new advertising agent would have further delayed publication of the directory. Thus there is a shortfall in advertisement money in respect of the 4th issue by Rs. 24,675|-.

In this connection, a reference is invited to this Department's O.M. No. 27-3|68-PHB(7) dated 6-3-70 in which reply was given to question No. 7 of the list of points contained in Lok Sabha Sectt. O.M. No. 2|1|6|1|69-PAC dated 20-2-70. The balance against the 4th issue was shown as Nil. This was on the assumption that the Hindi edition would be published and the revenue therefrom as from past experience would be adequate to cover any shortfall. The Hindi edition, however, materialised without any advertisements for reasons stated above and this has resulted in a shortfall. The error in the earlier information is very much regretted.

[Department of Communications (P&T Board) O.M. No. 27-3/68-PHB-Coll. III dated the 30th October, 1970].

Recommendation

Certain issues which have a bearing on the procedure to be followed by Government in procuring advertisements arise out of this case:

- (i) The established procedure in the P. & T. Department has been to procure advertisements through agents with whom contracts are periodically concluded for this purpose. These contracts provide for the agents guaranteeing to the Department a certain minimum revenue. The agents are entitled to get a commission of 25 per cent upto the guaranteed minimum gross revenue and 40 per cent for the revenue in excess of the guaranteed amount.

During evidence, the representative of the P. & T. Department expressed the view that it may not be desirable for the Department to procure the advertisements directly. It was stated that this might lead to "undesirable" practices and, besides, might result in entertainment of staff on a scale which might not be commensurate with the extra revenue derived by Government. The Committee, however, find that one of the Zonal Railways has been procuring advertisements for time tables directly without the intervention of agents. Even where the procedure for employing agents is adopted, a uniform practice is not being followed by various departments of Government. The P. & T. Department pay commission at 25 per cent. 40 per cent, with a guarantee from the agents for a minimum revenue, the All India Radio pays 15 per cent without a guarantee, while some of the Zonal Railways which employ agents, pay 15 per cent if advertising revenue secured by the Agents exceeds a stipulated figure. Even advertisements from Government Departments are routed through agents.

The Committee are not happy over Governments|public undertakings advertisements for the telephone directory or any other government publication being routed through another agency to whom the same rate of commission has to be paid as is done by a private advertiser. The Committee feel that such advertisements ought to be either procured direct by Government or the rate of commission payable for them should be nominal.

The Committee would like a comprehensive review of the existing procedures in different departments to be made with a view to determining whether the services of agents should be employed or not and if so, at what rate they should be remunerated and whether the arrangements with agents need at all cover advertisements from Government Departments and public sector undertakings. A uniform procedure for observance by all the Departments should be introduced, if possible, after such a review.

[Sl. No. 19(i) of Appendix IV & para 1.84 of 112th Report of PAC 1969-70—Fourth Lok Sabha].

Action Taken

The recommendations above relate to all the Government Departments who procure advertisements for their various publications. It has not been possible to complete collection of full data from

all concerned departments. As the examination of the case can be completed only in the light of complete information the action to be finalised on these recommendations will require some more time.

[Department of Communications (P&T Board), (O.M. No. 27-3|68-PBH|Coll. II dated the 30th October, 1970)].

Recommendation

(ii) The P. & T. Department has apparently no yardstick to measure the reasonableness of the minimum guaranteed revenue offered by the agents. The Committee feel that the Department should evolve some norms for judging whether the terms offered by the agents are reasonable or not. The Telephone Directory Standardisation Committee set up by the P. & T. Department had suggested for this purpose a reserve rate to be worked out by the Department based on the cost of the relevant space in the directory. A procedure on these lines should be worked out.

[Sl. No. 19(ii) of Appendix IV and para 1.84 of 112th Report of PAC 1969-70—Fourth Lok Sabha].

(ii) The recommendation of the Telephone Directory Standardisation Committee for introduction of Reserve Rate for advertisements in the Telephone Directories has already been accepted in principle by the P. & T. Board. The manner in which the Reserve Rate should be computed is now under active consideration of the Department.

[Department of Communications (P&T Board), (O.M. No. 27-3|68-PBH|Coll. III dated the 30th October, 1970)].

Recommendation

One factor which could cause shortage in collection is pilferage by departmental staff. The Committee note that Department are themselves cognisant of this, but are not in a position to pin point it as the sole reason in any particular case. It would be possible to minimise such pilferages if each call office is provided with two coin boxes, one alternating with the other; ensuring also that coin boxes, which are removed for purpose of collection, are opened in one central place in the presence of a responsible official. In fact, instructions were issued in 1966 that two cash boxes should be provided for each telephone in a Public Call Office. This decision has not been fully implemented though over 3 years have passed. The Committee note that the production of cash boxes was not stepped up to any appreciable extent after the decision to provide duplicate coin collecting boxes was taken in 1966. Their production was

trebled only in 1968-69. The Committee cannot help arriving at the conclusion that the short collection of money from Public Call Offices during the past 3 years is largely due to the omission to provide the duplicate cash boxes for which failure the responsibility rests on the P. & T. Department.

The Committee note the assurance given by the Department that a set of two boxes would be allotted to each public call office, in about six months. They trust that this will be done.

[Sr. Nos. 21 & 22 of Appendix IV and paras 1.95 & 1.96 of 112th Report of PAC 1969-70—Fourth Lok Sabha].

Action Taken

(ii) Spare Cash boxes were required to be supplied for 2840 C.C.B. departmental P.C.Os. 1500 numbers have been made available by the Telecom Factories upto 30th September, 1970. Another 500 numbers will have been supplied during the current month. The balance requirement of 840 numbers is expected to be met by the Telecom Factories before the end of December, 1970. The number of such cash boxes that have been brought into use in the C.C.B. Departmental P.C.Os. is being collected and will be supplied to the P.A.C. in due course.

[Department of Communications (P & T Board), (O.M. No. 7-2/70-
PHA dated 30-10-1970)].

Recommendation

In the absence of information from the P. & T. Department about the value of additional production vis-a-vis incentive wages paid, the Committee are unable to come to any definite conclusion about the success of the incentive schemes in the P&T Workshops. The Committee would like to await the information as promised in this regard. The Committee would, however, like to point out that nearly 6 years after the scheme was started, it actually covered only about 37 per cent of the eligible workers in the Jabalpur Workshop, 56 per cent in the Calcutta Workshop and 66 per cent in the Bombay Workshop. The data given in the Audit Report would also show that in the Calcutta Workshop, less than 50 per cent of the eligible workers actually earned incentive pay. The quantum of incentive pay earned by the workers in the workshops has gone down from Rs. 1.85 lakhs in 1965-66 to Rs. 1.34 lakhs in 1967-68.

(Sl. No. 23 of Appendix IV para No. 1.106 of Report 1969-70)].

Action Taken

The additional information regarding the value of additional production *vis-a-vis* incentive wages paid is being furnished separately.

2. The incentive scheme in Galvanising shop of the Telecom. Factory, Calcutta covering 136 workers remained suspended from 1st September, 1967 and is still to be revived. The working of the scheme in the Ferrous Foundry shop has not yet improved owing to peculiar pattern of absenteeism between the two trades of moulders and carters causing unbalance in production. To overcome this problem and for effective utilisation of the available strength, introduction of a new category of workers capable of performing both the jobs of moulding, core making, and carrying hot metals, as the case may be, is under consideration.

3. In the Telecom. Factory, Jabalpur, workers in the Tube-making shop are still not responding fully to the scheme.

4. In the Telecom. Factory, Bombay, the scheme is working satisfactorily in all shops/sections where it has been introduced. The scheme has further been extended to shaping and milling sections from 16-4-70 covering 25 more workers.

[Department of Communications (P&T Board), (O.M. No. 15-5|70-
a TF|I dated 17-10-1970)].

Further Information

The information regarding increase in production *vis-a-vis* incentive wages paid is given below:—

Year	Value of additional production (excluding cost of material)	Incentive wages paid
1	2	3
(Figures in lakhs of rupees)		
(a) Telecom. Factory, Calcutta		
1966-67	10.34	1.63
1967-68]	10.22	1.34
1968-69	12.30	1.45
1969-70	9.26	1.01

Action Taken

Instructions have already been issued *vide* this office circular letter No. 97-2|69-TPL dated 26-2-1970 reiterating that action with regard to power parallelism be taken before estimates are sanctioned as per the standing instructions issued from time to time by the Department. For construction of new lines, cases of power parallelism will be settled after consulting State Electricity Boards with regard to their present and future plans of power line construction along the proposed telecom. routes. In all cases where a reference to the Power Telecommunication Co-ordination Committee, Jabalpur is necessary, a reference will also be made to that body. With these fresh instructions, cases of unfruitful expenditure or fatal accidents to personnel should not arise in future.

With a view to ascertaining as to why the prescribed procedure of getting clearance from the Power Telecommunication Co-ordination Body was not followed, the Postmaster General, West Bengal Circle, Calcutta has been asked to make a complete investigation of the case and fix responsibility on the Officers at fault. The Postmaster General, West Bengal Circle will be taking suitable action in the matter. The Committee would be informed about the development of the case as early as possible.

[Department of Communications (P&T Board) (O.M. No. 97-2/68-TPL dated 2nd Oct., 1970)].

NEW DELHI;
August 31, 1971.
Bhadra 9, 1893 (S).

ERA SEZHIYAN.
Chairman,
Public Accounts Committee.

Recommendation

Summary or Main conclusions observation

Sl. No.	Para No	Ministry/ Deptt. concerned	Recommendations/Observations
1	2	3	4
1	1.4	P&T Board.	The Committee hope that final replies in regard to those recommendations to which only interim replies have so far been furnished will be submitted to them expeditiously after getting them vetted by Audit.
2	1.8	-do-	The Committee note that further expansion of Sinidih Exchange from 200 to 300 lines was considered as early as in 1963 when the demand was for 176 connections, on the basis of an anticipated growth rate of demand of 12 per year. It is evident from the details given in second sub-para of para 1.39 of Hundred and Twelfth Report (Fourth Lok Sabha) that the anticipation of the P&T Department did not materialise over the years 1964 to 1968 and what is more, the demand had actually come down to 156 as on 30-9-1970. The Committee are, therefore, of the opinion that the Department were not well advised in expanding the capacity in January, 1968

1	2	3	4
			to 300 lines on the basis of mere surmise made in 1963 without observing the actual trend of demand at that time. They hope that such mistakes will not occur in future.
3	I. 11	P&T Board.	The Committee desire that the review of procedures followed by all the concerned departments for procuring advertisements should be completed expeditiously and uniformity in the matter effected as far as possible. The Committee in particular would like Government to consider whether it is necessary to procure advertisements from Government Departments and public sector undertakings through agents.
4	I. 17	-do-	The Committee find from the data regarding value of additional production <i>vis-a-vis</i> incentive wages paid in all the three workshops, furnished to them, that the Department was able to effect considerable savings in the cost of production as a result of the introduction of incentive scheme. However, in order to appreciate the extent of increase in production achieved the Committee would await the statistics of increase in production in respect of individual components in units where incentive scheme is in force.
5	I. 18	-do-	The Committee desire that Government should come to an early decision on the introduction of a new category of workers in the ferrous foundry shop of the Tele-Communication Factory, Calcutta

and ensure that the incentive scheme registers an improvement therein in view of the fact that there has been a noticeable decline in an already unsatisfactory position in the factory inasmuch as the value of additional production (excluding cost of material) achieved as a result of the scheme has come down from Rs. 12.30 lakhs in 1968-69 to Rs. 9.26 lakhs in 1969-70.

6 I. 21 -do-

The Committee note that the working of the Incentive Scheme is being reviewed at every meeting of the Board of Management of Telecommunication Factories. The review should be comprehensive enough to bring out the factors that inhibited the scope for expansion of the scheme in the various units especially in Jabalpur and Calcutta factories. The Committee desire that necessary follow-up action as a result of such a review should be taken to improve the working of the scheme.

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7 I. 22 -do-

As regards the norms for production, the Committee feel that these should be uniform for comparable items produced in all the three factories and that these should be fixed by an independent authority.

8 I. 25 -do-

The Committee regret to note that there were no prescribed norms for rejection of iron castings in the foundry prior to August, 1969. They, however, desire that the norms fixed in August, 1969 should be compared with those of other foundries in production units of Railways and Defence. The revised norms should be fixed on a realistic basis independently by a fairly higher authority in the Department.

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
DELHI					
24.	Jain Book Agency, Connaught Place, New Delhi.	11	33.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1.	68
25.	Set Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	2	34.	People's Publishing House, Rani Jhansi Road, New Delhi.	76
26.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	9	35.	The United Book Agency 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88
27.	J. M. Jaina & Brothers, Mori Gate, Delhi.	11	36.	Hind Book House, 82, Janpath, New Delhi.	93
28.	The Central News Agency, 23/90, Connaught Place, New Delhi.	15	37.	Bookwall, 4, Sant Naresari Colony, Kingsway Camp, Delhi-9.	96
29.	The English Book Store, 7-L, Connaught Circus, New Delhi.	20	MANIPUR		
30.	Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi.	23	38.	Shri N. Chaohe Singh, News Agent, Ramlal Puri High School Annex, Imphal.	77
AGENTS IN FOREIGN COUNTRIES					
31.	Bahree Brothers, 188 Lajpatnagar Market, Delhi-6.	27	39.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON W.C.-2.	59
32.	Jayana Book Depot, Chaparwala Kuan, Karol Bagh, New Delhi.	66			

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