

**PUBLIC ACCOUNTS COMMITTEE
(1971-72)**

(FIFTH LOK SABHA)

SECOND REPORT

[Appropriation Accounts (P & T) 1968-69 and Audit
Report (P & T), 1970].



**LOK SABHA SECRETARIAT
NEW DELHI**

July, 1971 / Asadha, 1893 (Saka)

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CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (1971-72) . . .	(iii)
INTRODUCTION	(v)
REPORT—Posts and Telegraphs (P. & T. Board)	i

APPENDICES

I. Copy of the special instructions issued to the General Manager- Telephones, Bombay vide 60/c of file 97-2/69-TPS on 26-12-69.	71
II. Extract of Rule 215 of the Indian Post Office Rules, 1933 relating to the gratuities to be paid to Masters of Ships	72
III. Extract from DGP&T Memo No. 2/26/65-TR, dated 19-8-65, Revised Procedure for disconnection as laid down by DGP & T	73
IV. Summary of main conclusions/recommendations	75

PART II*

Minutes of the 23rd sitting held on the 30th September, 1970 FN

Minutes of the 3rd sitting held on the 6th July, 1971 AN

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

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PUBLIC ACCOUNTS COMMITTEE

(1971-72)

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Shri B. B. Tewari—*Deputy Secretary.*

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

*Since resigned from the Committee with effect from 17th June, 1971.

INTRODUCTION

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1. I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Second Report of the Public Accounts Committee (Fifth Lok Sabha) on Audit Report (P&T), 1970 and Appropriation Accounts (P&T), 1968-69.

2. The Appropriation Accounts (P&T), 1968-69 and Audit Report (P&T), 1970 were laid on the Table of the House on the 3rd April, 1970.

3. The Committee of 1970-71 examined the paragraphs at their sitting held on the 30th September, 1970. Consequent on the dissolution of the Lok Sabha on the 27th December, 1970, the Public Accounts Committee (1970-71) ceased to exist with effect from that date. The Committee of 1971-72 considered and finalised the Report at their sitting held on the 6th July, 1971 based on the evidence taken and the further information furnished by the Department of Communications (P&T Board). Minutes of these sittings form part II* of the Report.

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

5. The Committee place on record their appreciation of the commendable work done by the Chairman and the Members of the Public Accounts Committee (1970-71) in taking evidence and obtaining information 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 the examination of these accounts and Audit paragraphs by the Comptroller and Auditor General of India.

7. The Committee would like to express their thanks to the officers of the Department of Communications (P&T Board) and the Department of Industrial Development for the cooperation extended by them in giving information to the Committee.

NEW DELHI;

July 9, 1971.

Asadha 18, 1893 (*Saka*).

ERA SEZHIYAN,

Chairman,

Public Accounts Committee.

*Not printed. One cyclostypled copy laid on the Table of the House and five copies placed in the parliament Library.

REPORT
POSTS AND TELEGRAPHS

Inadequate utilisation of a new Cross-bar Telephone Exchange

Audit Paragraph

1.1. A 10,000 lines new Cross-Bar telephone exchange, installed at a cost of Rs. 112.15 lakhs mainly from imported equipment, was commissioned in August, 1968. The department expected to give 9400 connections from that exchange, but could provide only 6019 (by April 1969). Further increase in the working connections could not be made due to inadequacy of the common traffic control equipments. To utilise fully the installed capacity of the exchange, a proposal to instal additional equipment costing Rs. 24.66 lakhs is under consideration. Loss of potential revenue through inadequate utilisation of the exchange is about Rs. 30 lakhs per annum.

1.2. The inadequacy of the traffic control equipment to cope with the full load was due to omission to take into account the traffic load which was likely to develop by the time the equipment was expected to be received and installed.

[Para II of the Audit Report (P. & T.) 1970]

1.3. The Audit para deals with Bombay Fort Exchange. While commenting on the inadequate utilisation of two other Cross-Bar telephone exchanges viz. Bombay City Exchange and Kalbadevi Exchange, the Committee had made the following observations in paras 1.32 and 1.33 of their 112th Report (Fourth Lok Sabha):

“1.32. 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.”

“1.33. 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 phenomenon 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 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, resulting in substantial unutilised capacity in the exchange."

1.4. In the note submitted to the Committee, with reference to the above observations, the P. & T. Department stated: "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."

1.5. During evidence the Committee were informed that the originating traffic from subscribers in Bombay Fort Exchange went up by 75 per cent as against the Departmental estimate of about 20 per cent. These estimates were made in 1962 and the orders for the equipment were placed in 1964. The Senior Member (Finance), P. & T. Board stated: "We have put up such exchanges at Madras, Delhi Karol Bagh, Delhi Jor Bagh, Mysore, Ernakulam, Shillong and so on and none of these gave us this unusual experience which we had in Bombay Fort, Bombay City and Kalbadevi. We have just cut over the Jorbagh exchange and there is no difficulty. In Bombay, the Bombay City, Bombay Fort and Kalbadevi area

is a very concentrated area of residences, offices and professional people. The High Court is there, the advocates, solicitors, barristers and all these people are there. At certain times in the day the load is terrific, then at night the load falls much below the average. It was this peculiar condition that confronted us with the inadequacy of the common control equipment."

1.6. Asked as to when it was noticed that the estimates were not correct, the witness said: "When the traffic observations in City and Kalbadevi started coming in, the indication was there and in the case of Fort we decided that because of the peculiar phenomenon of the two earlier exchanges, we should have a complete observation on the system. If we had taken too early an action, we would not have got an exact estimate of the additional requirement. In May, 1969, when the exchange was established final traffic observations were taken and on the basis of that in November, 1969, we ordered the additional equipment. Of course, this could have been done a couple of months earlier. In the earlier exchanges the speed of ordering machinery and equipment was faster."

1.7. The Committee desired to know the year-wise percentage of traffic growth for the period from 1962-63. The witness stated that in 1962-63 it was estimated at 3.96; in 1969 it was found to be 6.9., almost double. As per the statistics of successful calls maintained by the Department, original figure (in 1962-63) was 11.5 per subscriber per day and after stabilisation it went up to 13.4 and at present the figure was 17.04.

1.8. When asked about the latest position of the connections, the witness stated: "The latest position is there are 6526 direct connections and 9310 extensions. Generally we make a provision in the project estimate for 30 per cent extensions. Actually we have taken a second look at the matter. We think it will be better to do on regional basis rather than on all India basis. At some places it may be more. The original project estimate for Bombay Fort provided for 30 per cent extensions. If it is 9,000 direct lines to be connected on an exchange, it will be round about 2,700 extensions. As against that, we have got 9,510 extensions with a reduced number of direct exchange lines." The witness added: "There is another problem in the Cross-Bar system. Even when the people are speaking internally, not trying to get an outside number, the load comes to on the exchange. In the Fort area, there are a very large number of extensions. About the question of the correctness of the traffic estimates, we have looked into the matter further. This problem may arise in all the exchanges in future. To avoid that, we are now designing an equipment which will measure the incidence of originating calls from the Strowger Exchange. At present, that facility is not available. We are designing a portable

equipment which can be taken from exchange to exchange to get the realistic estimate of the traffic. We are designing an instrument by which when an extension comes to the main instrument, the common control equipment is not engaged. This is at a developing stage. It may take a long time to put it at the production stage. Once that happens, the artificial traffic that goes into the exchange will be eliminated and we will be on surer grounds as to how much we can handle." Asked whether internal calls (from extensions to main and *vice versa*) were paid for, the witness answered in the negative.

1.9. To another question, the witness deposed: "According to rental calculations the ratio between direct exchange line and extension is 2:1. We can assume that two extensions are more or less equivalent to one direct exchange line on this basis, the actual loading at the Fort Exchange comes to 11,281 lines which is beyond the nominal capacity of an exchange and is thus an indication that the traffic carrying capacity of this exchange is heavily overloaded."

1.10. When asked by the Committee about the capital cost ratio between the Strowger system and the Cross-Bar system, the witness stated: "The only difference is in the cost of the exchange equipment. At present, the Cross-Bar exchange equipment costs about Rs. 1,150 per line whereas the Strowger system costs about Rs. 800 per line. As regards revenue, there is no change. There is a standard tariff. Although the capital cost of the Cross-Bar system exchange is more than of Strowger system, its revenue capacity is also more because it is able to carry much heavier rate of traffic. Secondly, it is more convenient for the subscriber also because the common control equipment connects a call and then leaves the call and connects another call and then connects a third call and so on."

1.11. As regards the income ratio between the new system and the old system, the witness stated that it would vary with the city or the town depending on the traffic. By and large the Cross-Bar revenue was better than the other (Strowger revenue) but it would differ from exchange to exchange. In reply to a question the Department intimated to the Committee in writing that in Madras (Mambalam) where the Strowger system was replaced by the Cross-Bar system the average income per line prior to replacement was Rs. 887 and Rs. 1088 thereafter.

1.12. As regards the loss of potential revenue in regard to Bombay Fort Exchange, mentioned in the Audit Paragraph, the witness explained: "There has been no loss of revenue as compared to the original estimate because although the number of lines given were less than anticipated, the traffic has been so heavy that there has been no loss in revenue. Our assessment shows that the additional revenue due to higher calling rate of

this exchange is of the order of Rs. 34.9 lakhs per annum, as against the potential revenue loss as shown in the Audit Report of Rs. 25.20 lakhs on account of the direct exchange lines. The position is that though the number of direct exchanges lines in this exchange is less than what was specified in the original project estimate the traffic has been exceptionally heavy."

1.13. When pointed out by the Committee that it was not really valid to argue that there had been no loss of potential revenue because that would imply an assumption that had all the additional lines been available, the Department would not have had any extra traffic, the witness stated: "I really accept that if the quantity of the required common control equipment had been foreseen, right from the beginning, we would have earned more revenue than we have actually earned. I do not wish to plead something which is not correct. All that I said was that in the project estimate, a certain revenue was estimated and that has been surpassed." He further clarified: "But it is not actual loss, because we did not provide that service. Providing that service would have entailed some expenditure also."

1.14. According to the information furnished by the Department, order for additional equipment to increase the traffic capacity was placed on Messrs Indian Telephone Industries in November, 1969. Equipment supply had commenced and barring a few important items like printed cards etc., which were likely to be delayed, ITI had promised to complete the supply by November, 1970. The installation was, therefore, expected to commence by November/December, 1970 and full utilisation of the exchanges was expected by the end of 1971.

1.15. The Committee wanted to know the reasons for not placing the order for additional equipment to increase the traffic capacity on Messrs Indian Telephone Industries earlier than in November, 1969. The witness stated: "The traffic observations which finally gave us the correct load, were taken in May, 1969 and immediately thereafter the engineering specifications were given to the I.T.I. so that the I.T.I. could start the manufacture. Only the formal order was given in October. They have given the common control equipment for the other two exchanges. The common control equipment is expected to arrive by the end of this year or the beginning of 1971 and we hope to complete the additional lines by June-July, 1971."

1.16. Asked whether the additional equipment could not have been imported, the witness admitted: "If we had ordered the additional common control equipment from abroad, we might have got in quicker" and added: "We tried to save the foreign exchange and decided to get it manufactured in Bangalore." According to the witness the import would have involved

foreign exchange of about Rs. 15 lakhs. Elaborating further, the witness stated: "The total cost would have been the same, but by getting it from ITI, we have saved a considerable amount of foreign exchange, though not the whole amount, because ITI also imports something to make these things." The Department subsequently intimated that the foreign exchange component involved in the indigenous manufacture was estimated to be approximately Rs. 6.66 lakhs.

1.17. The Committee asked whether the Department tried to get the technical know-how from outside, before they introduced the Cross-Bar system. The witness stated: "This particular equipment is according to the design of the foreign manufacturer, the Bell Telephone Manufacturing Co. of Belgium. It is entirely their design but we do the engineering here. We assess what the traffic is and how it should be inter-connected with various other exchanges. We give this information to the B.T.M. and they design the exchange accordingly. This is with regard to the three Bombay exchanges and the three other exchanges. But the subsequent exchanges we engineered, manufacture it ourselves but the traffic design we got it from B.T.M." The Committee were further informed: "There is a collaboration agreement between ITI and BTM. Under this agreement we got the technical know-how and the designs. Now the designing of subsequent exchanges is being done by ITI and not by any foreign expert."

1.18. In view of the difficulties experienced, the Committee wanted to know whether there was any technical defect in the system. The witness deposed: "We did not experience any technical difficulty. It was only the quantitative inadequacy of the common control equipment which has been rectified. There is no technical defect in that system. In fact it is a better system. It has not happened in 7 or 8 other centres. It has happened only in three centres and we are very much alive to this problem. The first is devising an instrument which while talking to the main instrument, will not load the main exchange. Secondly, we are developing a portable equipment so that we can measure the incidence of calls. This is the main difference between the Strowger and Cross-Bar systems. We are also concerned with the frequency and incidence of the originating calls. In this case it was shown that the frequency of the calls have been high and upsets the calculations. We are now developing an equipment so that we can use it. For converting the Strowger system into Cross-Bar system, by using the data collected the traffic can be forecast and we can design a common control equipment. By this the possibility of overloading the common control equipment will be eliminated. This system is not new any longer. It is now quite familiar to us. The system is not defective. It is our method of estimating future traffic in a new project

which was defective and it has now been rectified. The system is all right technically." (b) (1)

1.19. The Committee enquired whether the Department had consulted the foreign suppliers about the problem of traffic density. The witness stated: "It was a system which was new at that time. All of us were sailing in the same boat. Our engineers are as good as any engineers the world over. But it is just we did not have the experience of the system. Traffic density is known but the effect of that traffic density on the common control equipment was not known. That was a thing which has to be learnt by experience. The suppliers were also just starting the system. It was so new at that time in the world."

1.20. The Committee find that as against a traffic increase of 20 per cent assumed in 1952 for the Bombay Fort Exchange, the observations in May, 1969 after the exchange was established, disclosed an actual increase of the order of 75 per cent. The Committee would like to know whether any intermediate observations were made and necessary corrective on the basis thereof applied to the traffic projections made in 1962. Had these been done, the Department could have taken timely action to procure additional equipment before the commencement of the exchange.

1.21. Admittedly the ordering for the additional equipment after the necessity of the control equipment was known, was not prompt enough. The Committee were given to understand that the additional equipment could have been imported sooner than expected from the IIT on whom the orders were placed. As the import would have involved additional foreign exchange of Rs. 8.34 lakhs only taking into account the foreign exchange component in the indigenous equipment, the Committee would like to know whether the feasibility of import was specifically examined at Government level in view of the recurring loss of substantial amount of potential revenue.

1.22. Till September 1970, 6526 direct connections and 9510 extensions had been given in this exchange. According to the representative of the P&T Board, a provision for 30 per cent extension is generally made and the project estimate of the Bombay Fort Exchange contained a similar provision. However, extensions to the extent of 146 per cent of the direct connections had been given. The peculiarity of the Cross-Bar exchanges, as explained by the representative, is that even internal calls between the extension and main telephone instruments, which are not paid for, load the exchange. The Committee have thus reason to believe that existence of such a large number of extensions had limited the capacity of the exchange to handle remunerative calls thereby reducing the revenue potential. The Committee find that on the basis of rental ratio of 2:1 between the

direct line and extension, the capacity of the exchange is already utilized does not appeal to the Committee. The Committee would like the matter to be investigated to avoid recurrence.

1.23. The Committee were informed that the Department was devising an ~~arrangement~~ which would obviate the internal calls loading the exchange as also a portable equipment which could be used to measure the incidence of calls on the Strowger system accurately so that difficulties met with in the past in replacing the Strowger system by the Cross-Bar system of adequate capacity, might not be encountered in future. The Committee may be apprised of the outcome of the efforts in this regard.

Delay in utilisation of expanded capacity

Audit Paragraph

1.24. The capacity of a telephone exchange was expanded from 7500 lines to 8500 lines on 31st March 1965. Allowing a technical reserve of 6 per cent, the connectable capacity of the expanded exchange was 7990. The number of working connections, however, were 7156 on 30th September 1965, 7401 on 31st March, 1966, 7375 on 30th September, 1966, 7325 on 31st March, 1967, 7513 on 30th September, 1967 and 7879 on 31st March, 1968 despite heavy demand from subscribers. Full capacity could only be utilised by August, 1968.

1.25. The Department explained that the full expanded capacity could not be utilised during all this period for want of cables and telephone instruments. It is, however, seen that indents for cables and instruments were placed in April-May 1965 only after commissioning of the exchange, 1500 telephone instruments were also lying spare in another division in the same circle during the same period.

1.26. Due to non-utilisation of the expanded capacity, there was loss of Rs. 23.28 lakhs of potential revenue (based on the average earnings of one telephone connection from that exchange during the period April 1965 to July 1968).

1.27. The Department stated in January 1970 that connections temporarily closed (i) under shift and/or (ii) due to non-payment should be treated as working connections. Such cases are, however, covered by the normal reserve of 6 per cent for engineering purposes.

[Para 12 of the Audit Report (P&T) 1970]

1.28. During evidence the ~~Committee~~ were informed that in so far as this ~~Committee~~ (Kampur) was concerned there was no shortage of cable and instruments. However, it took some time to fully utilise its capacity. The witness clarified: ".....the reference to the shortage of cables made in the Audit para largely relates to the inability to provide connections in certain areas and hence the necessity to skipping over certain applications in the waiting list rather than to the inability to open new connections."

1.29. The Committee understood from Audit that the position of utilisation of the exchange between September, 1965 and March 1968 was as follows:—

	Equipped capacity	Connectable capacity after leaving 6% spare	Working Connections	Spare capacity	No. of subscribers on the waiting list
September, 1965	8500	7990	7156	834	6789
March, 1966	8500	7990	7494	839	7368
September, 1966	8500	7990	7375	615	7984
March, 1967	8500	7990	7325	665	8628
September, 1967	8500	7900	7513	477	8385
March, 1968	8500	7900	7879	111	8772

1.30. When the attention of the witness was drawn to the above position, he stated: "In March, 1965, our actual utilisation was 90.3 per cent of working connections. I may mention that recently the Board has taken a view that the utilisation in terms of subscribers lines as a ratio of the nominal exchange capacity should be somewhat 90 to 94 per cent. The last 6 per cent is kept as the engineering reserve. In April, we added a thousand line exchange and the capacity went upto 8500 lines. Naturally the percentage fell off. In March, 1966 it became 87.2 per cent and in March, 1967, it was 86 per cent. After that there has been a spurt of giving connections and in March, 1968, it was 98.3 per cent. In March, 1970 the utilization was 97 per cent. This excludes the disconnections due to non-payment. So what we probably slipped up in the early stage, we have subsequently covered up."

1.31. Asked whether it was really necessary to keep the reserve at 6 per cent, the witness said: "There is difference of opinion, but this has been going on. 6 per cent was thought to be a reasonable reservation— not too high and not too low. But as suggested by you, we shall

have a look at this question." As regards the position in this regard abroad, he continued, "We shall certainly make a study of this. We shall check the position in certain exchanges abroad and see if we can have a more rational system built up."

1.32. Regarding the loss of potential revenue of Rs. 23.28 lakhs mentioned in the Audit para, the Committee were given to understand that the loss would be less if the shiftings and disconnections due to non-payment are taken into account. The Committee pointed out that these were to be included in the reserve of 6 per cent. The witness deposed: "..... ordinarily it should be included in 6 per cent. But, if in actual fact, the figure goes beyond six per cent, you cannot hedge it. I am trying to point out that on 31st March, 1967 the number of connections temporarily closed for non-payment was as much as 485. The number of shifts was 91, if you add 480 and 91, it would go beyond 6 per cent, apart from the reserve we require for our operations. The number of people wanting shifts is also quite high. So while normally 6 per cent should accommodate, in this particular case a situation arose where as much as 480 telephones were closed for non-payment."

1.33. To another question, the witness replied: "I may say that I am beginning to have some doubts after this experience of Kanpur Exchange, and I am considering whether we can give some more connections either by reducing the reserved quota or in not allowing a subscriber to retain a sort of line on his telephone for six months even when he does not pay the bills. I think that period, in my opinion, is a bit too long and we are considering seriously the question of shortening this period."

1.34. During evidence the Committee were informed that in Kanpur Exchange, shortage of cable or instrument did not come in the way of full utilisation of capacity. The capacity of the exchange expanded in March, 1965 could be fully utilised only by August, 1968 despite a long waiting list of 7,000 and above for fresh connections. The Committee would like to know the specific reasons for the delay in utilising the expanded capacity.

1.35. The Committee note that the ~~capacity~~ capacity of an exchange is only 94 per cent after allowing for a reserve of 6 per cent for engineering purposes. As it is stated that there is already difference of opinion in regard to the necessity of maintaining 6 per cent reserve, the Committee would urge that the position in ~~exchanges~~ in other countries may be ascertained to see whether there is scope for reducing the percentage of reserve especially in view of a large ~~unmet~~ demand for ~~tele-communication~~ in the country.

1.36. At present a subscriber retains a 'sort of lien' on his telephone for six months even when he does not pay the bills. As the telephone is liable to be disconnected in the event of non-payment by the 22nd day of the issue of the bills, the period of six months allowed for the restoration of the connection on payment appears to be too long. In order to have an effective deterrent against delays in payment as also to avoid loss of revenue due to non-utilisation of the capacity of the exchange to this extent the Committee suggest that the Department may consider the feasibility of curtailing the period to three months.

Delay in providing telex connections

Audit Paragraph

1.37. To meet the heavy demand of connections from subscribers on the waiting list, the capacity of a telex exchange was expanded from 200 lines to 500 lines. It was anticipated that about 200 connections would be given immediately after commissioning and ultimately 300 connections within one year after commissioning. The additional 300 lines were commissioned on 14th September, 1966. Allowing for a technical reserve of 6 per cent, the available connectable capacity, out of the expanded capacity, was 282. Notwithstanding a heavy demand for additional connections, the connections actually given were only 52 by 31st December, 1966, 118 by 31st March 1967 and 159 by 30th June, 1967. Against the expectation of full utilisation of the additional capacity by September, 1967, the exchange carried a spare capacity of 90 connections on 30th September, 1967, 67 on 31st December, 1967, 39 on 31st March, 1968 and 17 on 30th June, 1968. The delay in giving connections was due to non-availability of dialling units. Due to delay in providing connections and consequent under utilisation of the expanded capacity, the loss of potential revenue during November, 1966 to July, 1968 is estimated to be Rs. 14.12 lakhs (based on the average earnings of a telex connections from that exchange). [Para 13 of the Audit Report (P&T) 1970]

1.38. In a note submitted to the Committee, the P&T Department intimated the details of sanction for the expansion of Telex Exchange, the orders placed on the I.T.I. for the supply of dialling units and the actual supply as given below:

"The President's sanction for the project of expansion of Telex Exchange in question was issued on 17th February, 1964.

The orders for procurement of 300 dialling units for this work were placed by the Directorate under Order No. 5-47/64-NA dated 10th July, 1964 with the I.T.I. direct.

The schedule for supply of telex equipment for expansion of Bombay Telex from 200—500 lines (expansion—1) was reviewed with I.T.I. in February, 1965 and at that time itself the I.T.I. had indicated that the supply of the dialing units would be only progressively made for the telex exchanges under installation then. The schedule of supplies indicated in February, 1965 was, however, not kept and the dialing units for the Bombay Expansion—1 were received only progressively as indicated below:

Delivery challan No. and date	Date on which actually received	Qty.
A 522139, dated 11-12-65 . . .	16-12-65	60
A 523716 dated 28-12-65 . . .	5-1-66	82
A 532023 dated 19-3-66 . . .	24-3-66	80
A 712845 dated 26-8-67 . . .	22-10-67	20
A 717463 dated 13-9-67 . . .	4-12-67	10
A 723704 dated 9-12-67 . . .	25-2-68	15
A 732782 dated 28-2-68 . . .	20-4-68	25
A 800738 dated 16-4-68 . . .	28-6-68	8
		300

1.39. During evidence when the Committee pointed out the delay in providing connections, the witness stated: "In the project estimate they had said that out of 300 connections we would be giving 200 connections immediately after the cut over and 100 connections within one year. We have failed to do that. Looking back, we feel we could have taken more expeditious action. We had all the equipments with us. But the Telex exchange was installed in Central Telegraph Office building and from there all the service had to be extended to our new building, which was commissioned a year later. So, they had to lay some cables and give the connection. Of course, that could have been given earlier; I admitted that; unfortunately, there was some delay. Subsequently, we have corrected the position because in the subsequent year when it was further expanded we have actually been able to give as many as 120 or 150 connections per month. In the case of these 200 connections, unfortunately, there was some avoidable delay." The witness further informed the Committee

that subsequently the position had been corrected and that the progress in giving connections after the receipt of the Audit paragraph had been very rapid. The capacity of the exchange had been expanded further. As against the present capacity of 1500, total connections given were 1277.

1.40. By March, 1966, the Department had received 222 dialling units; but the connections given upto 31st December, 1966 were only 52. On his attention being drawn to this fact, the witness stated: "We have received (222 units) well before the exchange was commissioned. Actually, we should have given all the connections as soon as the exchange was commissioned. Of course, that was rather a difficult thing to do because to give connections immediately after the exchange was commissioned was extremely difficult. We would have been able to do it in two or three months but there was some contributory delay on account of having to do a substantial amount of cable work in this area. But I do admit that we could have taken some advance action. Whatever we did we could have done earlier."

1.41. The Committee were informed by Audit as follows:

"While vetting the Department's 'Notes' to the Public Accounts Committee, it became evident that non-receipt of dialling equipment could not be a reason for delay in releasing connections in this case because 222 such equipments had been received well before the cut over of the exchange. Accordingly it was suggested to the Posts and Telegraphs Board that the exact reasons for not releasing 200 connections immediately after cut over of the additional 300 lines as originally planned for might be intimated to the Public Accounts Committee. In reply thereto, they have intimated that the reasons for not releasing 200 connections immediately on cut over, despite adequate stock of dialling equipments, were as follows:

- (i) Unsatisfactory position of junction cables between the Telex Exchange and the Waudby Road Exchange.
- (ii) Some of the required cables were available in December, 1966 and some others in February, 1969. Completion of release formalities were not undertaken due to unsatisfactory cable position.
- (iii) Necessity of keeping reserves for conversion of the 'printerogram' circuits to telex working, orders for which were issued in January, 1967."

1.42. The Committee are distressed to note that due to lack of proper advance action the capacity of the Bombay Telex Exchange expanded from 200 to 500 connections in September, 1969 could not be utilised fully until August, 1968 notwithstanding a heavy demand for additional connections, which entailed a loss of potential revenue of about Rs. 14.12 lakhs. The Committee trust that such lapses, would be avoided in future, by advance planning and coordinated action to ensure that cables, dialling units, are available in time.

Inadequate utilisation of expanded capacity

Audit Paragraph

143. With a view to meet the growing demand for new telephone connections, the capacity of two telephone exchanges in the same station was raised from 8,500 lines to 9,900 lines and 5,300 lines to 6,900 lines respectively. The first unit was to provide 1,300 new connections and the second 1,500. The two units were commissioned in November, 1967 and January, 1969 respectively. Actually, the department has given 550 new connections from the first unit upto August, 1969 and no new connection from the second unit has been provided upto October, 1969. The number of applicants on the waiting list for both the units was over 9,000 from September, 1968 onwards. One of these two units is being further expanded by 2,400 lines at the estimated cost of Rs. 68.43 lakhs. The department thus lost potential revenue of Rs. 22.65 lakhs per annum due to delay in providing 2,800 connections from the two expanded units.

1.44. The department explained in January, 1970 that inadequate utilisation of available capacity was due to inadequate supply of cables and that bulk connections are likely to be provided in the next few months as special instructions are being issued in the matter. [Para 14 of the Audit Report (P. & T.) 1970].

1.45. The Committee were given to understand that the two exchanges mentioned in the Audit paragraph were Mandvi I and Mandvi II exchanges in Bombay telephone system. During evidence, the Senior Member (Finance), P. & T. Board stated:

"The Bombay Telephone district took the cable which was for this exchange. It was diverted to more priority exchanges with the result that the exchange suffered. It was the overall shortage which came in the way of full utilisation of this exchange."

1.46. In a note dated 19th September, 1970 submitted to the Committee, the P. & T. Department intimated the present position of utilisation of the exchanges as follows:

"Mandvi I

Date of sanction of the project for expansion	11-2-64
Date of Commissioning	1-11-67
Nominal exchange capacity	9900
Working connections	8900
Percentage utilisation	90%

In addition, 34 Advice Notes have been issued for installation of connections which could be provided during the course of October, 1970.

Mandvi II

Date of sanction of the expansion project	28-4-65
Date of commissioning	1-1-69
Nominal capacity	6900
Working connections	5279
Percentage utilisation	76.5%

In addition, 491 Advice Notes have been issued for provision of Telephone connections which would be installed during the course of October, 1970."

1.47. Dealing with shortage of cables in Bombay Telephone District, the Department further stated in the note as follows:—

"In case of Bombay Telephones these shortages have continued to accumulate from year to year. The following table gives the cable requirements based on the programme of commissioning of exchanges each year and the actual cable as received:

Sl. No.	Year	Cables required in Kms.	Cables received in Kms.	Cables laid in Kms.
1.	Carried over from 1962-63	110	98 (in stock)	..
2.	1963-64	444	235	196
3.	1964-65	332	491	454
4.	1965-66	270	288	354
5.	1966-67	472	272	275
6.	1967-68	488	260	189
7.	1968-69	222	245	364
	TOTAL	2338	1889	1832

It will be seen that there has been shortage all along and the cumulative shortage by the end of 1968-69 is of the order of about 450 Kms.

The local authorities had to pool their entire cable resources and use them on various works. Thus, even though some cables were received on these projects, the Bombay Telephones used them to provide connections from exchanges commissioned earlier.

In case of these two exchanges, the local authorities were finally able to lay the essential cables towards the end of 1969 when it became possible to release the telephone connections. It is about same time that the draft para had been received and instructions were issued to the local authorities to take steps to utilise the exchange capacities quickly.

* * * * *

From the figures of telephone connections working, it will be seen that about 717 connections have been provided from the Mandvi-I and 802 connections from Mandvi-II exchange since the issue of these instructions 34 additional telephone connections in case of Mandvi I and 491 connections in case of Mandvi-II are expected to be installed in the next one month."

1.48. A copy of the instructions issued by the General Manager, Telephones, Bombay on 16.12.1969 is reproduced in *Appendix I*.

1.49. The Committee have dealt with the problem of overall shortage of cables in paras 2.28 and 2.37 of their 40th Report (Fourth Lok Sabha) and paras 1.37 and 1.49 of their 112th Report (Fourth Lok Sabha).

1.50. The Committee wanted to know the additional potential telephone connections that could not be provided on account of shortage of revenue. The Department in a note, furnished the following information:

"As regards the loss of revenue on account of shortage of cables, the spare exchange capacities are available in a large number of stations. It is impossible to precisely allocate the extent of non-utilisation of exchange capacities due to cables and other reasons in each case. An estimate of potential loss on an overall basis, has, therefore, been attempted.

In general, the Department has been planning telephone exchanges to meet the demands arising upto the date of commissioning of the exchange. This policy applies in case of stations with exchanges of 1,000 lines and above. In case of smaller stations with exchanges of less than 1,000 lines, the policy has been to plan capacities adequate to meet the demands arising upto 3 years after commissioning of the exchange its expansion.

At larger stations it is thus expected that about 90 per cent of the exchange capacity should be utilised within about 6 months of the commissioning of the exchange. At smaller stations the expanded capacity would be available to meet the demands for the next three years. On an overall basis, taking the country as a whole, an 85 per cent utilisation would be a reasonable target to work on. Against this, the overall utilisation of exchange capacities in the country on 31st March, 1967, 31st March, 1968, to 31st March, 1969 and 31st March, 1970 was 81 per cent, 79.2 per cent, 77.3 per cent and 79.5 per cent."

1.51. On the above basis, the Department worked out the number of connections that could not be provided at the end of 1969-70 as 61,084 and the loss of potential revenue for 3 years ended 31st March, 1970 as Rs. 18.43 crores. The following tables indicate the details as given by the Department:—

TABLE A.—Calculation of additional potential connections that could not be provided

	Equipped capacity	Working connections	% utilisation	Potential working connections at 85% utilisation	Additional connections possible over (3) with 85% utilisation
31-3-67	8,42,105	6,81,651	81.0%	7,15,790	34,138
31-3-68	9,39,500	7,44,757	79.2%	7,97,575	53,818
31-3-69	10,52,421	8,11,709	77.3%	8,94,558	82,849
31-3-70	11,20,490	8,91,327	79.5%	9,52,411	61,084

TABLE B: Calculation of approximate revenue loss in 3 years.

Year	Potential connections that could not be provided during the year			Approximate loss of potential revenue (a) Rs. 1000/- per connection (Rs. crores)
	Beginning of year	End of Year	Average of the year	
1967-68	34,138	53,818	43,978	4.40
1968-69	53,818	82,849	68,335	6.83
1969-70	82,849	61,084	71,966	7.20
		TOTAL		18.43

Elaborating on this, the representative of the Ministry of Industrial Development and Internal Trade stated: "So far as Hindustan Cables Factory at Rупnarainpur is concerned, they have got a capacity of 3,200 km. in two shifts. If they work on the third shift it will be about 4,000 km. But unfortunately the actual production has been only about 50 to 60 per cent due to the peculiar situation prevailing in that area. We have also to get the machinery. So far as the expansion is concerned, all the indigenous machinery will be in position by the end of this year. Imported machinery will be in position by June, 1971. By March, 1972, we hope to achieve the full production unless certain other difficulties crop up. About the second cable factory, the intention is to set up a capacity of 5,000 km. on three shifts. We have already got the project report. The Finance Ministry has cleared it in principle. We have issued orders for appointment of a project officer who has been deputed from the P. & T. It will take two or three years to go into production. That is why we may not be able to get the full benefit of it by the end of the Fourth Plan. The second factory will give benefit only in the Fifth Plan." The estimate of indigenous production of 25,000 kms. during the Fourth Plan period included a small quantity of output from the second factory. With the commissioning of the second unit the total capacity would be of the order of 16,000 kms. per year.

1.58. The Committee have observed in para 2.37 of the 40th Report (Fourth Lok Sabha) as follows:

"In view of the large gap thus left and the current indications regarding non-availability of foreign assistance for imports, the Committee would like Government to consider how best the gap could be bridged indigenously by encouraging private manufacturers to undertake the manufacture of cables. The Committee would like a speedy decision to be taken by Government on requests already stated to have been received from some units in the private sector for permission to manufacture these cables by utilisation of spare capacity."

1.59. In reply Government stated: "To consider the question of meeting the future requirements of telephone cables by establishment of a second cable factory and/or manufacture of telephone cables in the private sector, a couple of meetings were convened last year by the Planning Commission. In pursuance of the decision taken in these meetings, a technical team comprising of representatives from the DGTD, HCL and P&T Directorate has been constituted to visit M/s. Traco (A Government of Kerala Undertaking) and other private power sector units to assess their ability/capacity to manufacture telephone cables as also additional equipment and foreign exchange needed by these units. This team has since submitted its report on M/s. Traco and it has been decided in a meeting taken by Minister of Industrial Development Internal

Trade and Company Affairs on 24th May, 1969 to immediately allow this undertaking to set up capacity to manufacture 1,000 SKMS of Telephone cables annually and it is expected that M/s. Traco would take about two years to establish the manufacture of the cables. The technical team has also been advised to visit the other units and expedite its report on the possibilities of the manufacture of telephone cables by these units. The report when received will be examined by the Ministry of Industrial Development and Internal Trade and Company Affairs on an urgent basis and submit the same to the P.P.E. Committee of the Cabinet for a decision."

1.60. After considering the above reply, the Committee have urged in para 1.26 of their 85th Report (Fourth Lok Sabha) that they would like Government to come to a decision, without delay, on the question of expanding indigenous production of cables in the appropriate sector, which was again reiterated in para 1.49 of their 112th Report (Fourth Lok Sabha).

1.61. During evidence the Committee were informed that private sectors were manufacturing only power cables and not the underground tele-communication cables required by the P&T Department. Asked whether there was any objection to allow them to take up manufacture of underground tele-communication cables, the representative of the Ministry of Industrial Development and Internal Trade replied:

"Under the Industrial Policy Resolution, 1956, tele-communication cables are reserved under schedule A, exclusively for the public sector. Depending on the requirements of P&T, one unit was set up under Hindustan Cables in Rupnarainpur. Initially, the capacity was lower; later, it was raised to 3,200 kms. As and when the demand went up, it was decided to expand the capacity to 8,000. Now, as a result of a review, we decided that the total requirement would be of the order of 16,000 Kms. This was sometime in 1963 or so. On that basis, it was also decided to set up one more unit for 8,000 Kms., that is, the present unit to be expanded to 8,000 and a second unit to produce another 8,000—total 16,000.

Then when this discussion was going on, there was a decision by P&T to change the product-mix, that is, in the Second Cable factory, wherever it was to be located, 5,000 should be plastic insulated cables and 3,000 PLC. When this decision was taken, recession came up. The private cable manufacturers came up and requested that they should be permitted to utilise the idle capacity and take up manufacture of tele-communication cables. As a result, a Committee was set up which went into the question in detail. They recommended that 3 units should be permitted to take up manufacture of this item, as the quantity required

was large and there it was going to be economical. The matter was considered by the Cabinet.

Before that, the Ministry of Industry felt that there should be no difference between one unit and another and it would be desirable to allow every unit to go into a capacity of 1,000 Kms. per unit. We also thought of State sector concerns like Remco in Mysore and Traco Cables in Kerala and the Ordnance Cable Factory in Chandigarh. But the decision and recommendations by the Ministry of Industrial Development were that they should all be considered for 1,000 Kms. When the matter went to the Cabinet, the decision was something different. These were the considerations then taken into account: (1) the item was already reserved for the public sector, (2) what would be the extra investment, what would be the return and how much time would it take for them to go into production and whether this would be desirable. The ticklish question was whether after they have been allowed to go into production, it would not be possible to ask them to stop production of tele-communication cables.

Another aspect considered was whether they could be forced to export the entire extra production.

Considering all these aspects, the Cabinet decided that it would not be desirable to permit these private sector units to take up manufacture which would also take the same period as a public sector project which had to be set up. They decided that the second cable project which we had in view earlier should be immediately started; planning on that should proceed immediately. For the interim period, it was also decided that P&T should import whatever cable was needed.

We have also the other difficulty of placing an order for indigenous machinery with our own public sector projects. There have been some difficulties and delays in getting equipment. We are likely to get indigenous equipment and instal it before the end of 1970.

So far as the Hindustan Cables at Rupnarainpur is concerned, we should go into production on the basis of the new target in the course of the next year.

With regard to the second factory, we have now revised the requirements on the basis of the new product mix suggested by P&T. We have already decided to appoint an officer. A survey has been undertaken. We will implement the project without any further delay and see that the requirement of P&T is met by both these units."

1.62. The Committee enquired whether their specific recommendations contained in their earlier Reports were placed before the Cabinet when the question of allowing private sector to take up manufacture of underground tele-communication cables was considered. The Ministry of

Industrial Development and Internal Trade stated in a note dated 2-11-70 submitted to the Committee as follows:

"The Cabinet discussed this question in their meeting held on the 22nd January, 1970 which the 85th Report was presented to the Lok Sabha on the 3rd March, 1970 and the 112th Report on the 30th April, 1970. It would not have been possible to bring these specific observations of the P.A.C. to the notice of the Cabinet at that time.

It may, however, be stated that the P.A.C. have observed only in the 85th Report that the Government should come to a quick decision on the question of expanding indigenous production of cables in the appropriate sector (para 1.26). Even though this observation, as such, was not brought to the notice of the Cabinet, the urgency of our total requirements *vis-a-vis* the existing production was fully explained to the Cabinet. In fact this Ministry were also of the view that in order to tide over the difficulties, as an *interim* measure the private sector should be permitted to manufacture these telephone cables and hence this issue was taken before the Cabinet. The Cabinet, however, on larger policy considerations, decided that there should be deviation from the policy announced in the Industrial Policy resolution, 1956."

1.63. The Committee were further informed that the matter was under consideration for nearly two years.

1.64. When the Committee drew attention of the witness to the recommendation of the Administrative Reforms Commission that the responsibilities at present discharged by the Ministry of Industrial Development in respect of the Hindustan Cables Ltd. should be transferred to the P&T Board, he stated: "This is in correspondence between the two Ministries. Our Minister has already written to the other Minister. The ARC has recommended that a number of sectoral corporations should be opened and subjects transferred to the respective user Ministries. This is under consideration. I am not in a position to comment on it. The Senior Member (Financial) P&T Board added: "We have been in favour of having this factory under our control. This has been our view even before the ARC recommendation. It is now for Government to take a decision because it is a matter between two Ministries."

1.65. The Committee note that the delay in utilisation of the available capacity in the two exchanges Mandavi I and Mandavi II was due to overall shortage of cables in the country and that on receipt of adequate cables instructions for the utilisation of capacity had been issued in December, 1969 by the General Manager, Telephones, Bombay. The instructions

inter alia envisaged an immediate review of the capacity available in all the exchanges in Bombay area and the stage at which the cable works stood in order to draw up a programme of utilising the capacity within six months on a crash basis to the extent cable was available. In the opinion of the Committee, a similar review and a systematic programme of work are called for in all the Telephone districts/circles and a strict watch should be kept on the progress of utilisation of capacity already built up.

1.66. The Committee could not get an exact idea regarding the extent of unutilised capacity of all the telephone exchanges in the country on account of shortage of cables. They desire that Government should assess the position on the basis of the review suggested in the foregoing paragraph and apprise them.

1.67. The cable requirements during the Fourth Plan period had been scaled down finally to 44,000 standard kilometres. Taking into account the estimated indigenous production of 25,000 standard kilometres and orders placed for imports of 12,000 standard kilometres there is still a gap of 7,000 standard kilometres to meet even this reduced requirement. The Committee desire that early steps should be taken to bridge this gap.

1.68. The Committee note that the capacity of the Hindustan Cables Factory at Rupnarainpur is being expanded to 8,000 standard kilometres and that it is expected to go into full production by March, 1972. A second factory is also expected to be commissioned in about two to three years. The Committee trust that these projects will proceed according to schedule. In this connection the Committee would like to know the decision of Government on the Administrative Reforms Commission's recommendation that the responsibilities discharged by the then Ministry of Industrial Development, Internal Trade and Company Affairs in respect of the Hindustan Cables Limited should be transferred to the P&T Board.

1.69. The Committee feel that a High-Power Committee should go into the entire question of indigenous production vis-a-vis cable requirements with a view to ~~concrete~~ concrete measures to attain self sufficiency in cables before long. The Committee would like to know the steps taken in this regard.

1.70. As at the end of 1969-70 only 79.5 per cent of the existing capacity of exchanges had been utilised. The P&T Department intimated to the Committee that an overall target of 85 per cent utilisation of capacity would be reasonable. The Committee are unable to agree with this, in view of the ever rising waiting list which runs into several lakhs. According to the ~~Department's~~ own norm, 94 per cent ~~utilisation~~ after allowing for 6 per cent reserve should be aimed at. On this basis the number of connections that were not provided due to various reasons at the end of 1969-70 was 1.62 lakhs and the loss of potential revenue during the three years

ended 1969-70 was to the tune of Rs. 45.18 crores. This shows the extent to which the return is less for the capital already invested. The Committee, therefore, consider that the accent during the Fourth Plan period should be on utilising the existing capacity fully.

1.71. The Fourth Plan envisages additional 7.6 lakhs telephone connections of which only 0.80 lakh connections were given during the first year of the Plan viz., 1969-70. As pointed out earlier 1.62 lakhs further connections could be given merely by utilising the existing capacity. The Committee hope that the rate of additional connection in the remaining years of the Plan would be stepped up and the overall targets fulfilled.

Medical Treatment of Employees

Audit Paragraph

1.72. As per rules, whenever a departmental dispensary is established at a station it provides free medical attendance and treatment to all P&T employees drawing less than Rs. 500 per month as well as their families residing in the area served by the dispensary. The facility of reimbursement of medical charges, otherwise admissible to such employees, is withdrawn from the date the dispensary starts functioning.

1.73. In a new departmental dispensary in Rajasthan, which was to function from 1st August 1967, the medical officer-in-charge, the lady doctor, nursing orderly, dresser and two male peons joined duty between July and November 1967. (The date of opening the dispensary had, however, been deferred in subsequent orders dated 31st July, 1967). Necessary equipment, medicines, furniture etc., were also acquired by August 1967. However, no compounders were appointed till 1st January, 1969. On the issue of orders for opening of the dispensary there were protests from the staff against the medical officer-in-charge of the dispensary and they were not prepared to take treatment from him.

1.74. Writ petitions were filed on 10th May, 1968 and 18th July, 1968 in Orissa and Andhra Pradesh High Courts against Government's action in opening departmental dispensaries. The Orissa High Court issued temporary injunction restraining the department from making any changes in the existing medical facilities to the staff. Subsequently the injunction was vacated and the two writ petitions decided in favour of the department in December 1968 and August 1969; fresh orders were issued in December 1968 making it obligatory for all the P&T employees to receive treatment at the

P&T dispensary from 1st January 1969. No legal advice had been taken before opening the dispensary whether the employees could be compelled to receive treatment in the departmental dispensary only. Although the dispensary started functioning, with almost the full complement of staff and equipment by the end of November 1967, deferment of the issue of the orders resulted in the employees continuing to receive treatment from the existing authorised medical attendants and claiming reimbursement from the department. During December 1967 to December 1968, Rs. 1.95 lakhs were reimbursed to the employees as consultation and/or injection fees despite the services of the medical officer and lady doctor being available in the departmental dispensary. The medical officer-in-charge of the dispensary continues.

[Para 24 of the Audit Report (P&T) 1970]

1.75. The dispensary referred to in the Audit para, was started at Jaipur. During evidence the Committee desired to know the reasons for postponing the opening of the dispensary. The witness stated: "The opening was not postponed but the trouble was about the availability of the doctor. Even today we have 31 posts of doctors for which we have made *ad hoc* appointments because the Central Health Service are not able to provide the required number of qualified doctors." The Committee were further informed as follows: "In this particular case, we did open this dispensary and did appoint the staff, but the employees were reluctant to go to the dispensary because if they went outside they could resort to all sorts of things which they could not if they went to the dispensary. The legal position was not very clear whether they could be forced to go to the dispensary; in fact, in Orissa and Andhra Pradesh writ petitions were taken out. They were ultimately decided in our favour. So, from 1st January, 1969, the employees were compelled to go to the dispensary. In between, from the end of 1967 to 1st January, 1969, a period of about one year, it is not that nobody went to the dispensary. I am told that as many as 22,000 patients were treated at this dispensary during this period. But quite a large number continued to go outside because the legal position was not clear. Hence, there was this extra claim. The medicines were all utilised and there was no loss in medicines."

1.76. To a question, the witness stated that there was certain amount of delay in getting compounders and other qualified personnel like para medical officials. As regards the specific reasons for the delay in appointing the compounders for this dispensary, the P&T Department in a note had stated the following:

"It has been reported by the Postmaster-General, Jaipur that the Medical Officer appointed for the P&T Dispensary joined on the 20th July, 1967 and that according to the original plan,

the Dispensary was to start functioning with effect from the 1st August, 1967. Efforts were made for appointment of compounders through the Employment Exchange and also through open advertisement. However, these efforts proved futile and reference was made to the P&T Directorate in November, 1967 for permission to appointment compounders on deputation basis from the State Government. Details of the staff proposed to be so appointed and their pay scales, etc., were called for by the Directorate and by the matter was accordingly taken up by the Postmaster-General with the Director, Medical and Health Services, Jaipur. The names of two retired compounder were recommended by the Director, Medical and Health Services, Jaipur in the first week of February, 1968 and their case was forwarded to the Directorate immediately. Necessary approval for their appointment for a year was accorded by the Directorate on the 6th March, 1968. These compounders were not, however, appointed by the P.M.G. as the question of terminating the services of the Medical Officer and making treatment at the P&T Dispensary compulsory had in the meantime been taken up with the Directorate. The case of the Medical Officer was considered in the Directorate in all its aspects including the vigilance angle and although it was initially decided in July, 1968 to terminate his services, the matter was later reconsidered and the notice of termination of services was withdrawn in February, 1969. As regards the question of making treatment of the P&T Dispensary compulsory, the legal position was open to doubt in view of the injunction issued by the Orissa High Court in May, 1968 restraining the Department from making any changes in the existing medical facilities to the staff under the C.S. (M.A.) Rules, 1944. The Writ petition was ultimately dismissed by the Orissa High Court only in December, 1968 and necessary amendment to the C.S. (M.A.) Rules empowering the Central Government to appoint Authorised Medical Attendants was issued by the Ministry of Health only on the 30th December, 1968. Treatment at the P&T Dispensary was immediately made compulsory with effect from the 1st January, 1969 and the compounders were appointed from the same date.

The above facts explain reasons for delay in the appointment of compounders."

1.77. The Committee drew attention of the witness to the reference in the Audit para to the protests from the staff against the medical officer-in-charge of the dispensary. The witness stated that the Department was

not aware of any complaint at the time of appointment of the doctor. Later on, on receipt of certain complaints against the doctor from the Government of Rajasthan, the matter was examined and it was decided to dispense with his services. The case came up for reconsideration. It also transpired that the charge against the doctor had been dropped by the State Government. It was then decided not to terminate his services and the notice of termination already served was cancelled.

1.78. The treatment in the dispensary was made compulsory only with effect from 1st January, 1969. The Committee wanted to know the total number of employees who received treatment outside the dispensary upto 31st December, 1968 and cost of treatment reimbursed to them. The Department furnished the following information.

“Number of employees who received treatment outside the dispensary during the period from 1st August, 1967 to 31st December, 1968—2,008. Taking the dependents (8064) also, the total number of persons who received treatment would come to 10,072. Total amount reimbursed during the above period—Rs. 18,37,056.52.”

1.79. Asked about the method of recruitment of doctors for the dispensaries, the witness said: “Ordinarily we are expected to draw the requirements of doctors from the Health Ministry. That is what we call the CGHS. Through them only the doctors are appointed. In places where we are not able to appoint any doctors, we have a Departmental Committee consisting of Postmaster General, a representative of the Director of Health Services of the State and make *ad hoc* appointments. *Ad hoc* appointments are purely temporary and the doctors are liable to be discharged on a month's notice. This is the position. When I mentioned that we have got 32 vacancies on the date, I meant that they are posts manned by *ad hoc* doctors. According to the rules we have framed, the doctors are to be sent to us by the Health Ministry from the CGHS scheme.” These posts are encadred in the CGHS. The Central Health Service is recruited by the Health Ministry through the UPSC. The witness continued: “There are quite a few posts of doctors which are not included in the cadre. In this particular case of Jaiour dispensary, the CHS could not provide the doctor. The present doctor about whom the discussion has taken place is purely an *ad hoc* appointment. He was appointed because CHS was not in a position to supply a doctor.”

1.80. As to the number of dispensaries opened by the P&T so far, the Committee were informed: “We have opened 19 dispensaries so far. We set up committee consisting of representatives of the Directorate of Health Services and one of my colleagues to go into the question of open-

ing dispensaries. We are likely to take a policy decision of opening dispensaries in places where the total number of P&T staff is over 1000 in a particular area."

1.81. The Committee pointed out that only staff getting less than Rs. 500 per month are served by the dispensaries. The witness explained that the staff drawing more than Rs. 500/- could go to P&T dispensary or Authorised Medical Attendant appointed by the State Government in which case the cost of treatment could be reimbursed. It was further clarified: "Once Central Government Health Scheme is there, this distinction goes. Whatever be the status, all go to the same doctor."

1.82. As regards the comparative *per capita* cost of treatment through Authorised Medical Attendants *vis-a-vis* treatment in the P&T dispensaries, the witness deposed: "It varies from place to place. In some places, you will find that the cost goes up when the dispensary is opened there. In some places you will find that the cost goes down when the dispensary is opened there. It depends on various factors. If there are abuses outside and when a dispensary is opened, the cost goes down because those abuses are restricted. On the other hand, where there are no facilities and they have no doctors to go to and suddenly we open a dispensary there, then everybody goes to the dispensary and the cost goes up. There is no hard and fast conclusion."

1.83. The Committee desired to know the average amount of reimbursement of medical expenses per employee per month just before the opening of the dispensary at Jaipur and the cost of treatment just after the treatment at the dispensary was made compulsory *i.e.* with effect from 1st January, 1969. The Department, in a note submitted to the Committee, intimated as follows:

- (i) Average amount of reimbursement per employee per month prior to opening of Dispensary (*i.e.* prior to 1st August, 1967).

This has been calculated on the basis of expenditure on reimbursement for 3 months prior to 1st August, 1967, the number of employees being 2008.

Average monthly expenditure on reimbursement	Rs. 1,64,400.00
Average amount of reimbursement per employee per month	Rs. 1,64,400.00
	<hr/>
	2008

Rs. 81 approx.

- (ii) Actual cost of treatment per employee per month after 1st January, 1969.

This has been calculated on the basis of actual expenditure during the period from 1st January, 1969 to 31st October, 1970 (22 months) as detailed below; assuming that the strength of staff is not less than 2008. (The current figure of staff strength is not available.)

Medicines	Rs. 4,14,752.41
Establishment charges	Rs. 67,276.75
Rent of building	Rs. 5,500.00
Equipment and Furniture	Rs. 10,972.95
Other contingent and miscellaneous charges including uniforms to staff	Rs. 4,352.95
Total (for 22 months)	Rs. 5,02,828.06
Average monthly expenditure for all employees.	$\frac{5,02,828}{22}$ — Rs. 22,855 approx
Average monthly expenditure per employee.	$\frac{22,855}{2,008}$ — Rs. 11 approximately

Mentioning the different types of abuses under the Medical Attendance Rules, the witness stated: "There are two forms of abuse. One is the medicines are prescribed in collusion, they are not used by the patients, they are sold in the market and the money is shared half and half by the patient and the doctor. Another form is that repeated visits are made to the patients and the doctor goes on charging his fees. There have been cases. These were reported to the police and enquiries made. These are not unproved allegations."

1.84. The Committee enquired whether there were any cases of mal-practice in the medical reimbursement claims at Jaipur before the opening of the dispensary. The Department, in a note, stated that according to the report of the PMG Jaipur, during the period from 1st April, 1966 to 31st July, 1967, 28 cases of mal-practice in collusion with chemists and doctors were noticed. These were reported to Special Police Establishment. Of these, 12 are at present pending in the court, in 2 cases departmental action was in progress and in the remaining 14 cases police investigations were continuing.

1.85. At the instance of the Committee, the Department submitted the following note on the suspected fraud in the medical reimbursement at Vellore (Tamil Nadu):

"Suspecting huge frauds in the claims for reimbursement of medical bills, the Senior Superintendent of Post Offices, Vellore wrote a letter on 28th June, 1965 to the Vigilance Officer,

Madras, suggesting that the case might be reported to the S.P.E. Branch for probe. After preliminary inquiries by the SPE they found one Shri.....A.P.M., Vellore to be the main suspect.

Shri.....was suspected to have contacts with some medical firms, Authorised Medical Attendants and departmental employees and with the active connivance of all these parties he is alleged to have defrauded the P&T Department. His *modus operandi* was to issue chits to these firms containing names of officials or the members of their family and the names of medicines. The chemists would issue cash bills according to these chits. Having received the cash bills from the firms, Shri.....would attach them to blank 'A' certificate forms and hand them over to the selected Authorised Medical Attendants who returned all the blank 'A' certificate forms duly filled in and signed with the help of cash bills which contained names of the patients and name and designation of the Government servant. Shri..... would then prepare the claim application form also for signature by the claimants who forwarded them to the Senior Superintendent of Post Offices for counter-signature and return. Shri.....would then collect the entire amount of bills in return of some small amount originally advanced by him to the concerned officials. This fraud was operated with the assistance of medical shops, Authorised Medical Attendants and P&T officials who were also given some share.

A search of the house of Shri.....was conducted by the SPE on 27th February, 1966 when, among others, large quantities of incriminating documents were also seized.

Shri.....has been placed under suspension from 28th February, 1966. The S.P.E. Madras has registered a case for prosecution against Shri..... regarding false medical claims. Charge-sheets against 56 postal employees have been filled for false claims of medical reimbursement in which Shri..... was the motivating force. In all there are 64 persons including 57 postal employees involved in this case. The case has already come up for hearing on several dates. According to a report dated the 2nd November, 1970 from the Postmaster-General, Madras, so far 1456 exhibits have been marked. Chief examination and cross examination are likely to continue till the end of December, 1970.

It may be mentioned that on 29th August, 1969, when the case was heard the Judge framed 215 charges and read them over to the accused persons one by one. They all pleaded "Not Guilty."

1.86. According to a study on medical reimbursements undertaken by the P&T Board, Efficiency Bureau, over a period of six years from 1961-62 to 1967-68, the expenditure of the Department on medical reimbursements increased by 573 per cent whereas the number of employees increased by 38 per cent. The *per capita* medical reimbursement increased by 389 per cent during this period.

1.87. The conclusion that was reached was that "expenditure on medical reimbursements has been increasing at a high rate. The circumstances raise suspicions in many cases but in practice, it is hardly possible to prove that a medical claim is bogus. Departmental dispensaries have helped to reduce the expenditure. However, bogus claims are still possible." The Efficiency Bureau have given certain suggestions to improve the working of P&T dispensaries and to have better control on medical reimbursements. Stressing the need for rethinking on the entire scheme the report states: "Certain procedures and measures have been suggested for improving the control. It is, however, doubtful if the results of implementing the above recommendations will be commensurate with the effort involved. It is suggested that the present scheme of medical reimbursements should be reviewed and reimbursement allowed only for hospitalisation cases for investigations and for serious and long term ailments.

For other ailments, a fixed allowance would be preferable. A scale for allowance has been suggested and advantages of the scheme indicated.

The scheme of fixed allowance will help in controlling and reducing the expenditure.

If the idea of a fixed allowance is implemented employees may be allowed to opt either for allowance or for treatment from the P&T dispensary or the CGHS where these exist."

1.88. Asked about the decision on the report of the Efficiency Bureau, the witness stated during evidence: "We have considered the report. We have made many recommendations which are now to be dealt with by other Ministries, like the Health Ministry and the Finance Ministry."

1.89. The Committee find that although a dispensary was opened at Jaipur for P & T Employees in 1967, treatment therein was made compulsory only with effect from 1st January, 1969 following the Orissa High Court ruling and an ~~amendment~~ to the Central Services (Medical Attendance) Rules empowering the Central Government to appoint Authorised

Medical Attendance in December, 1968. In the meantime, 10,072 persons received treatment outside the dispensary and a total amount of Rs. 18.37 lakhs representing cost of treatment was reimbursed by the Department. The Committee feel that the Department should have obtained legal opinion from the Ministry of Law and in consultation with the Ministry of Health the treatment should have been made compulsory abinitio which would have avoided considerable expenditure on reimbursement of fees for professional services obtained outside the dispensary.

1.90. The Committee note that even after opening the dispensaries, staff drawing salary more than Rs. 500/- per month are given an option to go either to the dispensaries or to the Authorised Medical Attendants appointed by the State Government. If they prefer the latter the cost of treatment is reimbursed to them. As under the Central Government Health Scheme there is no such distinction between the staff getting upto Rs. 500/- and those above Rs. 500/-, the Committee see no reason why the present practice should continue in the P & T Department. They would suggest that Government may examine whether it is not desirable to do away with the distinction by making such amendments as are necessary to the Central Services (Medical Attendance) Rules.

1.91. The Committee get a disturbing picture from the study undertaken by the P & T Board Efficiency Bureau. Over a period of 7 years from 1961-62 to 1967-68 the per capita expenditure on medical reimbursements increased by 389 per cent. In this connection it is interesting to note that the per capita cost of treatment which was about Rs. 81/- per month at Jaipur before opening the dispensary came down to Rs. 11/- after the treatment in the dispensary was made compulsory. As establishment of such dispensaries has helped to curtail the expenditure and reducing the possibilities of malpractices, the Committee would urge the Department to come to an early decision on opening dispensaries in areas where the total number of P & T staff exceeds 1000.

1.92. The Committee would like to know the action taken finally on the 28 cases of malpractices in collusion with chemists and doctors noticed at Jaipur during the period 1-4-66 to 31-3-67. The Committee would also like to know the outcome of the case of suspected fraud at Vellore involving 64 persons of whom 53 were reported to be Postal employees. Based on these cases; Government should lay down suitable guidelines for the controlling officers so that there may be effective scrutiny of medical claims.

1.93. The Efficiency Bureau has suggested that the present scheme of medical reimbursements should be reviewed and reimbursement allowed only for hospitalisation cases granting a fixed allowance for other ailments, with an option to be given to the employees to receive treatment from the

P & T dispensary or the CGHS wherever they exist. This suggestion deserves careful examination in consultation with the Ministries of Health and Finance. The Committee would also like Government to consider the feasibility of referring this suggestion to the Pay Commission.

Carrriage of Mails

Audit Paragraph

1.94. The Department decided in March, 1965 to tranship mails for Ceylon from an Indian port by country crafts. For that purpose, open tenders were not invited but oral quotations were obtained from two firms "A" and "B". Firms "A" demanded Rs. 1.25 per bag all inclusive while firm "B" asked for Rs. 10 per quintal plus Rs. 1.50 per quintal as labour and supervisory charges. The competent authority while conveying approval to the rates of firm "A" also stated that there was no objection to entrusting the work to firm "B" provided the charges payable did not exceed rates offered by firm "A" or the maximum of 28 paise per kilogram prescribed in the departmental rules. The department entrusted the work to firm "A" @28 paise per kilogram which works to nearly Rs. 5.9 per bag having an average weight of approximately 21 kilograms instead of the all inclusive rate of Rs. 1.25 per bag offered by the firm.

1.95. Entrusting the work to firm "A" at the higher rate of Rs. 0.28 per kilogram resulted in extra expenditure of about Rs. 2.26 lakhs during March 1965 to August 1967.

1.96. For transporting mails from Ceylon to India, the Ceylon administration was paying to firm "A" an all inclusive rate of Re. 1 per bag.

1.97. The department intimated in December, 1969 that the case had been investigated by the Central Bureau of Investigation and on the recommendation of the Central Vigilance Commission disciplinary proceedings were initiated against four officers, of whom two have since been exonerated. Action against some other officers is also under process.

[Para 20 of the Audit Report (P&T), 1970].

1.98. The transshipment of mails referred to in the Audit para was between Tuticorin Port and Colombo harbour. The Committee wanted to know the basis on which the rate of 28 paise per Kg. had been prescribed in the departmental rules and whether the rate prescribed in the rules was revised from time to time. The Department in a note stated: "The gratuity rates prescribed in Rule 215 of Indian Post Office Rules were fixed sometimes in 1908. These rates were worked out on the basis of

the then rates prescribed by the Rome Convention of Universal Postal Union of 1906 for charging sea transit by any member of the Universal Postal Union. Under Article 4 Universal Postal Union Rome Convention, the following rates were prescribed for the conveyance of A.O. articles (*i.e.* articles other than letters, postcards) by sea:

<i>Distance traversed</i>	<i>Charges per Kg.</i>
(a) Upto 300 nautical miles . . . . .	. 20 Postal Gold Franc.
(b) Between 300 nautical miles and 1500 nautical miles . . . . .	. 50 Postal Gold Franc
(c) Beyond 1500 nautical miles . . . . .	. 1 Postal Gold Franc

Thus, the A.O. rates varied between 20 Gold Franc and 1 Gold Franc and the intermediate rate namely .50 Gold Franc per Kg. was taken as the basis for fixing the gratuity rate. The Conversion rate at that time for 1 Gold Franc was annas 10 and so the rate for A.O. mails on the basis of .50 Gold Franc per Kg. was fixed at annas 2 per Lb. (28 NP per Kg.)”.

1.99. It was ascertained from the department subsequently that the distance between Tuticorin port and Colombo harbour is 140 nautical miles.

1.100. As regards revision of rules, the Department stated that the rates were revised for the first time on 1-1-1967. The basis was changed and the rates were now fixed on the basis of the prevailing general cargo rate. The rates fixed in 1967 were being revised from time to time.

1.101. An extract of Rule 215 of the Indian Post Office Rules, 1933 is given in Appendix II.

1.102. It was understood from Audit that the Department stated that stop-gap arrangement of sending unregistered mails by country boats was made very hurriedly and the question of inviting regular tenders, etc. was not considered necessary as the arrangement was purely for a limited period and as only the two parties who had submitted quotations were operating country boat services. Unfortunately, however, since the Railways later on decided not to reopen the ferry service the temporary arrangements continued longer than originally envisaged. The Department further added that the Superintendent of Post Office had written to the Assistant Director (Mails), Office of the Postmaster General, Madras, as early as 13th May, 1965 (hardly 3 months after entrusting the work to the contractor) that the Ceylon Administration was paying only Re. 1 per bag

irrespective of its size or weight—between Colombo harbour and Tuticorin. A reference, it appears, was made by Postmaster General, Madras, to Postmaster General Ceylon, on 28th May, 1966 but this was not pursued and the DGP&T was not aware of these developments.

1.103. The Committee desired to know the action taken in the Office of the PMG Madras on the letter of the Superintendent of Post Office dated 13-5-65 and the reason for not pursuing the matter with PMG Ceylon.

1.104. The Department in a note stated that the PMG Madras wrote a letter on 28-5-65 to the PMG Ceylon asking for the rate at which subsidy was paid to M/s. for conveying mail bags between Colombo harbour and Tuticorin port. It appears that a close watch over the receipt of reply from the PMG Ceylon was not maintained. The circle office, Madras apparently continued to wait for a reply from the PMG Ceylon.

1.105. Regarding present arrangement for conveying mails, the Department, in a note, stated: "The Surface mails intended for Ceylon are now sent by utilising the Ferry Service of the Shipping Corporation of India operating between Rameswaram and Talaimannar twice a week, from 1st January to 31st October. During the remaining months of November and December, the mails are conveyed from Tuticorin by country craft. Tenders for this purpose are called for once in two years and during the last three years M/s. have been the contractors. As per the latest contract in force for the years 1970 and 1971, the rates payable to M/s. Tuticorin for conveyance of Ceylon mails are:

(a) Conveyance of mails between Tuticorin Railhead and Port Rs. 0.27 per bag

(b) Conveyance from Tuticorin Port to Colombo Port Rs. 3.99 per bag

In this connection it is stated that the Postmaster General, Madras made a reference to the Ceylon Postal Administration recently with a view to ascertaining the rates paid by them for the conveyance of mails to India from Colombo when the Ferry Services of Shipping Corporation of India remain suspended during November and December every year. He was informed that one Mr. has been entrusted with the work at the rate of Re. 1/- per bag. However, Mr. is a Ceylon national and he is not interested in conveying mails from India to Ceylon."

1.106. The Committee desired to know the present position of disciplinary proceedings. The Department, in a note, stated that on the recommendation of Central Vigilance Commission, disciplinary proceedings were initiated against two officers. Proceedings against one official had since been concluded. In the case of other officer, the disciplinary proceedings were being finalised.

1.107. Apart from the officers mentioned above, the explanations of some other officers who were responsible at some stages for their failure to detect the irregularity had been called for and the same were under consideration.

1.108. The Committee are surprised to find that firm 'A' had been entrusted with the work of transshipping mails from Tuticorin Port to Colombo harbour at the rate of Rs. 5.9 per bag as against his tendered rate of Rs. 1.25 per bag with the result that an extra expenditure of Rs. 2.26 lakhs had to be incurred during March, 1965 to August, 1967. The Committee would like to know the action taken as a result of the disciplinary proceedings instituted against the officials concerned.

1.109. Incidentally the Committee find that the rate of 28 paise per kilogram prescribed in the departmental rules was based on the rates laid down under the Universal Postal Union Rome Convention (1905). The convention provided for three different rates for the conveyance of articles other than letters, postcards etc. by sea i.e. upto 300 nautical miles, between 300 to 1500 nautical miles and beyond 1500 nautical miles. The Department had taken the rate applicable to the distance between 300 and 1500 nautical miles and adopted it irrespective of distance. In this case the distance between Tuticorin and Colombo was only 140 nautical miles for which the rate prescribed by the Rome Convention would be 2/5th of the rate adopted by the Department. The Committee, however, note that the relevant rules had since been amended. The Committee would like to know why a uniform rate was initially prescribed without relating it to the distance as recommended by the Rome Convention, which continued unrevised for over 60 years. They would also like Government to arrange for a careful and periodic review of such rates in future having regard to the basis of their original fixation and the experience gathered subsequently.

Belated Acceptance of Tenders

Audit Paragraph

1.110. In a Telegraph Engineering Division tenders for transport of departmental stores during 1966-67 were invited on 30th March, 1966. The tenders were opened in the Divisional Office on 22nd April, 1966 and forwarded to the Postmaster General on 10th May, 1966. The Postmaster General gave his approval to the lowest tender on 11th October 1966. The lowest tenderer, however, refused to accept the work on the ground that the major part of the working period had already expired by that time.

1.111. The Divisional Engineering Telegraphs, thereupon recommended on 28th December, 1966 that the work be awarded to the next lowest

tenderer. The Postmaster General's approval thereto was accorded on 4th January, 1967 and the contract was signed on 21st January, 1967. During the intervening period the work got done by the preceding year's contractor who happened to be the same person with whom contract for the year was signed on 21st January, 1967. He did the work during the intervening period at his old rates, which were higher than those of the lowest tenderer as also his own for 1966-67. Belated finalisation of the tender for 1966-67 resulted in extra expenditure of Rs. 23,856. Subsequently revised to Rs. 25,404).

1.112. In the same Division again, tenders for 1967-68 for transport of stores in the plain and the hill areas were invited jointly on 30th December, 1966. Acceptance of the lowest tender received was recommended on 28th March, 1967. But instead of accepting a single tender for both the plain and hill areas, the Postmaster General accepted on 9th June, 1967 two tenders, one for the plains and the other for the hill areas, both being the lowest separately. One of the contractors so selected refused, however, to agree to partial acceptance of his tender. The matter was, therefore, referred back to the Postmaster General on 1st July, 1967 who decided on 9th October, 1967 to award the entire work to the contractor who had submitted the lowest joint tender. The relative contract was executed on 18th November, 1967. Pending execution of this contract, the work was got done from 1st April, 1967 to 17th November, 1967 by the same contractor at the rates contracted with him for the preceding year; those rates were higher than those tendered by him and accepted for 1967-68. The extra expenditure so incurred was Rs. 8,606. (Subsequently revised to Rs. 8,156). The department has intimated that disciplinary action is being taken against the defaulting officials.

[Para 16 of the Audit Report (P&T), 1970].

1.113. The tenders received for the transport of departmental stores during the year 1966-67 were opened in the Divisional Office on 22nd April, 1966 and forwarded to the Postmaster General on the 10th May, 1966. The Postmaster General approved the lowest tender only on the 11th October, 1966. The Committee asked for the reasons for the delay of 5 months in the office of the Postmaster General. The Department in a note stated that the delay was due to:

- (i) Exchange of correspondence between the Postmaster General's office and the Divisional office.
- (ii) The concerned officer being on long earned leave.
- (iii) The concerned file having been linked up in some other connection.
- (iv) Misrouting of file.

1.114. For the year 1967-68, acceptance of the lowest tender for both hill and plain areas jointly was recommended on 28th March, 1967. The Postmaster General accepted on 9th June, 1967 two tenders one for the plains and the other for hill areas, both being the lowest separately. The Committee desired to know whether it was permissible under the tender terms to split the work into that in the plains and that in the hill areas. The Department intimated: "In the tender notice there is no mention about the right of the department to split up and accept tenders in parts. However, this was done to effect economy for the department."

1.115. On refusal by the selected contractor to agree to partial acceptance of this tender, the matter was referred back to the P.M.G. on 1st July, 1967 who decided on 9th October, 1967 to award the entire work to the contractor who had submitted lowest joint tender. Explaining the delay of 3 months in the office of P.M.G. in giving a decision in the matter, the Department in a note stated that it was due to the following reasons:

- (1) Incomplete submission of the case by the dealing Assistant because of which the file had to be referred back a number of times.
- (2) Correspondence between PMG's office and Divisional office.
- (3) File being required in connection with the disposal of another reference.

1.116. On account of the delay in deciding the tenders in 1966-67 applicable for the years 1965-66 and 1966-67 respectively, i.e., from 1st and 1967-68 the work was got done by the same contractor at higher rates April 1966 to 20th January 1967 at 1965-66 rates and from 1st April 1967 to 17th November 1967 at 1966-67 rates, which involved an extra expenditure of Rs. 33,560. The Committee wanted to know whether it was correct to have got the work done in this manner under the old contracts the period of which had expired. The Department in a note stated that since the contract had expired there was no other alternative but to get the work done by the old contractor by mutual agreement in order to avoid dislocation of work.

1.117. As regards the present position of disciplinary action against the defaulting officials, the Department intimated that the explanation of the officer concerned had been received and examined and that further reference had been made to him for obtaining clarifications. The delay in the PMG's office had been investigated and no responsibility could be fixed on any particular individual.

1.118. To a question whether there was any such delay in deciding tenders in the previous year also and whether the same contractor was doing the work, the Department gave the following reply:

"For the years 1964-65 and 1965-66, approval from the PMG's office was communicated on 10th June 1964 and 29th May 1965 respectively and the same contractor was doing the work. There was no such delay in deciding tenders."

1.119. The Committee regret to note that on account of the delay in deciding the tenders by the Post Master General in both the cases and the partial acceptance of the tenders in one case, Government had to incur an extra expenditure of Rs. 32,192 during 1966-67 and 1967-68 in making payments for the transport of departmental stores at higher rates applicable to the previous years' contracts of the same contractor. The Committee are at a loss to understand why negotiations could not be held to have the rates reduced to his tendered rates for the periods of delay in deciding the tenders and on what authority his rates of the expired contracts were continued. The Committee would like to be assured that there was no collusion between the contractor and any departmental official.

1.120. Such explanations of the delay in the Post Master General's office as due to "the concerned officer being on long earned leave", "the concerned file having been linked up in some other connection", "misrouting of file" and "incomplete submission of the case by the dealing assistant" are hardly convincing. While the Committee note that responsibility could not be fixed on any particular individual for the delay, they trust that the Department would take suitable remedial measures so as to avoid such costly delays.

1.121. The Committee do not see any force in the argument that tenders for the year 1967-68 were accepted in parts to effect economy when there was no permissive clause therefor in the tender call notice issued by the Department. The Committee hope that such acts of indiscretion will not be committed and that the department would be well fortified by suitable conditions in the tender call notice in future.

Arrears of Telephone Revenue

Audit Paragraph

1.122. (i) For bills issued upto 31st March, 1969, collection of Rs. 6.64 crores as telephone revenue was in arrears on 1st July 1969 as indicated below:

	(In crores of Rupees)
Government subscribers	3.47
Other subscribers	3.17

1.123. Out of the total outstandings of Rs. 6.64 crores Rs. 3.22 crores related to the bills issued during 1968-69 and the balance of Rs. 3.42 crores to bills issued upto 1967-68. The year wise analysis of the arrears is given in Appendix I. [of Audit Report (P&T) 1970].

(ii) The percentage of the outstanding on 1st July, 1969 to the total amount collected during the year ending with the preceding March and the corresponding percentages in the three preceding years are given below:—

Year	Amount collected	Outstanding on 1st July following (including outstandings for the bills issued in the preceding years)	Percentage of the outstanding to the amount collected during the year.
(In lakhs of Rupees)			
1965-66	53.65	6.11	11.4
1966-67	68.30	5.61	8.2
1967-68	74.41	5.94	8.0
1968-69	84.91	6.64	7.8

(iii) Test check of telephone revenue accounts conducted during 1968-69 has shown many instances of short recoveries as well as of failure to issue bills. Of the instances brought to the Department's notice, short recoveries of Rs. 3.24 lakhs and failure to issue bills for Rs. 10.87 lakhs had not been made good by 30th June, 1969.

(iv) During 1968-69 telephone revenue written off was Rs. 17.19 lakhs. Recovery of Rs. 13.24 lakhs was under litigation on 1st July, 1969.

(v) In the Telephone District, Ahmedabad and in jurisdiction of Maharashtra and Gujarat Circles, disconnection of telephones for non-payment of telephone bills was effected in 1968-69, after delays ranging from 3 months to 1 year in case of 24 subscribers (17 in Maharashtra Circle, 2 in Gujarat Circle and 5 in Ahmedabad) and from 13 to 15 months in the case of 6 subscribers (4 in Maharashtra Circle and 2 in Gujarat Circle). Under departmental rules, this should have been done within about a month of the issue of the bills remaining unpaid. The amount still (September 1969) to be collected from these subscribers is about Rs. 0.36 lakh.

[Para 20 of the Audit Report (P&T), 1970]

1.124. The Committee desired to know the present position in regard to collection of arrears both from Government Departments and from other subscribers. In a note on this point, the Department stated that as on 1st March, 1970 a sum of Rs. 4.57 crores was outstanding in respect of bills issued upto 31st March, 1969. Of this Rs. 2.46 crores related to Government subscribers and the balance of Rs. 2.11 crores to other subscribers. The comparative position of year-wise break-up of arrears as on 1st July, 1969 and 1st March, 1970 is as follows:

Year	As on 1-7-69 for bills issued upto 31-3-69	As on 1-3-70 for bills issued upto 30-11-69
	(Rs. in lakhs)	(Rs. in lakhs)
Upto		
1958-59	11.26	10.12
1959-60	6.18	5.48
1960-61	13.78	11.72
1961-62	18.09	16.21
1962-63	21.80	19.25
1963-64	32.73	29.35
1964-65	34.45	31.42
1965-66	40.52	36.63
1966-67	55.59	49.95
1967-68	107.56	92.01
1968-69	322.39	154.63
	664.45	456.77
1969-70 (Upto November, 1969)		200.00
		656.77

1.125. There has been a reduction of only Rs. 0.40 crores in the arrears upto 1967-68, which amounted to Rs. 3.42 crores as on 1st July, 1969.

1.126. In the Telephone Revenue Conference held in September, 1968, it was decided to initiate action immediately to collect or write off within the next three months the old outstandings relating to the period upto 1958. The position as on 1st March, 1970 was that a sum of Rs. 10.12 lakhs was pending in respect of bills issued upto 1958-59. The Committee wanted to know the reasons for not collecting these old

outstanding dues so far. The Department intimated the reasons as follows:

"The older the arrears the more difficult it is to realise the same. The records in the P&T in many cases become unavailable or discrepant due to passage of time. Moreover, in many old cases the subscribers refuse to settle because of their inability to verify and scrutinise old bills in the absence of any records with them.

Disconnection of telephones now on account of old bills when current bills already stand settled is not considered proper. Hence, efforts are made towards settlement by persuasion. The rules do not permit write off of telephone dues against working connections. Nor can the telephone dues against Government subscribers be written off under the rules. These circumstances give rise to the problem of not being able to collect or write off the entire old bills upto 1957-58.

On the eve of the Conference, the arrears upto 1957-58 as on 1st July, 1968 were of the order of Rs. 12.38 lakhs. The same as on 1st July, 1970 were Rs. 5.15 lakhs, a reduction of Rs. 7.23 lakhs being achieved in the meanwhile."

1.127. As regards the short recovery of dues of Rs. 3.24 lakhs and failure to issue bills for Rs. 10.87 lakhs mentioned in sub-para (iii) of the Audit para the Department in a note dated 19th September, 1970 intimated that short recoveries of Rs. 2.44 lakhs had been made good leaving a balance of Rs. 0.80 lakh. In respect of failure to issue bills, Rs. 9.90 lakhs had been made good leaving a balance of Rs. 0.97 lakh.

1.128. Explaining the reasons for the failure to issue bills, the Department stated that the instances of failure to issue bills were due to failure of human element and more particularly due to inexperienced staff employed consequent on decentralisation of telephone revenue work. These instances which resulted from not following the rules for billing and accounting work were viewed seriously. Suitable action against the officials responsible was taken.

1.129. The amount of telephone revenue written off as irrecoverable during 1969-70 was of the order of Rs. 14 lakhs. The Department further informed the Committee that the number of cases which are pending before courts as on 1st July, 1970 was 1,318 and the amount involved was Rs. 16.58 lakhs.

1.130. With reference to sub-para (v) of the Audit para, the Committee desired to know the reasons for the delay in disconnecting the tele-

phone connections for non-payment of bills. In a note submitted to the Committee, the Department stated that there were delays in the disconnection of telephones in the Ahmedabad and Maharashtra Circles due to administrative reasons, e.g. decentralisation, absenteeism etc. A sum of Rs. 0.14 lakh had, however, been recovered out of Rs. 0.36 lakh.

1.131. An extract of the revised procedure for disconnection as laid down by the DG, P&T in August, 1965 as supplied by the Department is reproduced in Appendix III.

1.132. The Committee are unhappy to note the slow progress of recovery of telephone dues pertaining to the period upto 1967-68. Out of the dues upto 1967-68 amounting to Rs. 342.06 lakhs outstanding as on the 1st July, 1969 only a sum of Rs. 39.92 lakhs could be recovered upto 1st March, 1970. As by the efflux of time it becomes difficult to realise the dues especially from private subscribers, the Committee would urge the Department to initiate a special drive to recover to arrears. They would suggest that the matter should be resolved without further delay in so far as the arrears relate to Government subscribers. In respect of other subscribers it may be advisable to prepare consolidated arrear bills with relevant particulars for the working connections and systematically pursue them with parties concerned so as to effect recoveries expeditiously.

1.133. The Committee take serious view of the large scale short recoveries and failure to issue bills dealt with in the Audit para. Although these have been attributed to failure of human element, the Committee would like to stress the need for providing necessary safeguards such as surprise checks to ensure correct and prompt billing and recovery of dues fully and in time.

Under billing of telephone calls

Audit Paragraph

1.134. In paragraph 7(v) of the Audit Report (P&T) 1968, cases of under billing due to limited capacity of the 4 digit metres were pointed out. The department had informed Audit (in March 1968) as well as the Public Accounts Committee (in August 1968) that till the 4 digit metres are replaced by 5 digits metres, orders had been issued for metre reading to be taken fortnightly or even at lesser intervals, if necessary. A test check in two telephone exchanges disclosed that such readings were taken monthly instead of fortnightly. There was also failure while billing to take account of such readings leading to under billing (in 215 cases) of Rs. 3.14 lakhs during March 1968 to August 1969.

[Para 9 of the Audit Report (P&T), 1970]

1.135. According to the instructions issued in June, 1967 by the Department, meter readings of all subscribers in telephone exchange systems having STD should be taken every fortnight. The Committee understood from Audit that the Department stated that the staff had missed these instructions.

1.136. Asked whether any action was being taken against the staff responsible for the failure and whether supervisors were required to conduct a surprise check of the fortnightly readings of the metres, the Department in a note stated that disciplinary action against the staff responsible for the failure was in progress and that no surprise check was called for from supervisors. The Committee also wanted to know whether the billing staff was required to point out cases where there was a very wide variation in meter readings as compared to the previous quarter. The Department intimated that they were not required to do so. Instructions had, however, been issued on 28th September, 1970 that the Telephone Revenue Accounting Office should maintain a list of heavy callers *i.e.* subscribers who made calls to the tune of over 5000 per quarter. A watch should be kept in the T.R.A.O. Branch over the bills of those subscribers from time to time so as to ensure the possibility of failing to bill a complete cycle. In case the number of calls against those telephones was found to be on the low side in any quarter, the matter should be taken up with the officers-in-charge of the exchanges to ensure correctness of the calls.

1.137. At the instance of the Committee, the Department furnished in their note dated 26th September, 1970 the particulars of under billing in other exchanges (STD station) noticed during the past one year, as follows:

Name of Circle/Distt.	No. of cases detected	Total amount		Remarks
		involved	recovered	
		Rs.	Rs.	
U. P. Circle	5	7,500	4,500	
Bangalore Distt.	61	1,27,600	1,16,247	58 cases settled
Bombay Distt.	44	1,43,006	49,119	20 cases settled
Delhi Distt.	88	3,35,894	3,28,394	86 cases settled
Madras Distt.	1	3,000	2,000	Case settled
Ahmedabad Distt.	7	10,500	10,500	All cases settled.
Poona Distt.	2	9,000	4,500	
Gujarat Circle	1	6,950	6,950	Case settled
Other circles	Nil	..	..
Tamil Nadu	1	2,674	2,674	
	210	6,46,124	5,24,884	

1.138. As regards non-STD stations, the Department intimated subsequently that there were 7 cases involving Rs. 10,980 of which Rs. 6,206 had been recovered in Calcutta District. Information relating to Bihar and Orissa Circles were stated to be awaited.

1.139. In reply to paragraphs 2.25 and 2.26 of the 40th Report of Public Accounts Committee (Fourth Lok Sabha), the Department of Communications had informed the Committee in July, 1969 that in 1964 the Department had decided to replace the 4 digit meters by 5 digit meters as soon as possible and that efforts were being made for arranging supplies from Indian Telephone Industries Ltd. as well as for establishing indigenous sources for manufacture and supply of 5 digit meters in the private sector. M/s. Indian Telephone Industries had indicated the supply programme of 5 digit meters for the next five years as below:

Year	ITI meters	Indigenous purchases	Total availability	Normal expansion requirements	Available for replacement
(All figures in lakhs)					
1969-70	0.95	1.70	2.65	1.20	1.45
1970-71	0.95	1.70	2.65	1.25	1.40
1971-72	1.20	1.65	2.85	1.29	1.56
1972-73	1.20	1.65	2.85	1.44	1.41
1973-74	1.20	1.64	2.84	1.85	0.99
TOTAL	5.50	8.34	13.84	7.03	6.81

1.140. The Committee desired to know to what extent the supply programme indicated by the Indian Telephone Industries had materialised. The Department in a note stated that the actual supplies had fallen short of earlier programme indicated by the I.T.I. During 1969-70 the P&T received 30,684 number of 5 digit meters (23110 from ITI's own production and 7754 from the production of one another ancillary industries) against the anticipated supply of 2.65 lakhs.

1.141. The Committee also desired to know the progress that had so far been made in replacement of the existing 4 meters by 5 digit meters. The Department, in a note stated that the total number of 4 digit meters replaced by 5 digit meters in STD stations so far had been 4366.

1.142. The Committee are concerned to find that the instructions issued by the Department in June, 1967 which provided for taking meter readings every fortnight were missed by the staff and that the readings were continued to be taken monthly with the attendant risk of failure to bill a complete cycle as recorded by the 4 digit meters. They would like the Department to review the position in this regard in all the S.T.D. exchanges and to take appropriate action against the staff responsible for the failure. The Department may also examine the cases of heavy cellers in these exchanges to see whether there was failure to bill a complete cycle by comparing the bills for a few quarters and effect necessary recoveries.

1.143. The Committee would like to know the reasons for such wide spread under-billing in as many as 432 cases involving Rs. 9.71 lakhs during the period of a year and a half between March, 1968 to August, 1969. The Committee hope that pending replacement of 4 digit meters by 5 meters which should be expedited, the instructions issued on 28th September, 1970 to obviate the possibility of underbilling would be strictly followed.

1.144. The Committee note that as against the anticipated supply of 2.65 lakh 5 digit meters to replace the 4 digit meters and to meet normal expansion requirements during 1969-70, only 30,684 could be procured. As there is an urgent need for 5 digit meters to eliminate the possibilities of leakage of revenue, Government should take necessary measures to step up indigenous production and in the meanwhile, with the limited availability of these meters the P&T Department should give priority for the replacement of 4 digit meters in heavy exchanges. The Committee would also suggest that Government may consider the matter in all its aspects to explore the ways and means of meeting urgent requirements of 5 digit meters.

Cases of delay/short recovery and non-recovery of Posts and Telegraphs revenue from Defence Department and others

Audit Paragraph

1.145. (A) The Department provides telephone, telegraphs and speech circuits for the exclusive use of other Govt. departments on rental basis the rental being recoverable in advance. The rules prescribe that advice notes should be issued to the billing authority within a week of installation of circuits and bills should be issued immediately thereafter. It was, however, noticed that in two P. & T. circles either the advice notes were not issued or were issued late with the result that the corresponding bills were not issued or were issued very late, resulting in accumulation of arrears of rentals of about Rs. 85 lakhs upto 1969. The outstandings were reduced to Rs. 40 lakhs in January 1970.

1.146. One circuit was provided in 1955-56, one in 1961-62, seven circuits in 1962-63, nineteen in 1963-64, fourteen in 1964-65, one hundred and six in 1965-66, twenty-seven in 1966-67, twelve in 1967-68 and sixteen in 1968-69.

1.147. Ninety-nine circuits out of the above 203 circuits had been closed by the end of 1968 and the outstanding rental for these closed circuits is about Rs. 3.89 lakhs.

(B) (i) In October 1963 the department provided a line for the exclusive use of Defence Department on rental basis. Rent was, however, recovered at the flat rate of Rs. 34,800 per annum instead of @ Rs. 2.23 lakhs based on the capital cost. Revised rental on capital cost basis was accepted by the Defence authorities only on 14th October, 1966. Recovery of arrears on account of difference in rentals amounting to Rs. 11.27 lakhs upto October 1969 is still awaited (January 1970).

(ii) Rental for cables is recoverable @ 18 per cent of the capital cost per annum or at the standard prescribed flat rates, whichever is higher. In six cases in which cables were laid for Defence Department on 23rd May 1968, rent for the period upto March 1970 was recovered @ 18 per cent of the capital cost although rent at flat rates was higher. This resulted in short recovery of Rs. 23,358.

(C) In the case of circuits provided in some Engineering divisions for the exclusive use of Defence Department/other parties during 1961 to 1968 installation charges amounting to Rs. 59,390 were not recovered so far (January 1970). It had been stated that bill for Rs. 13,600 have been sent. The amounts of the bills are under reconciliation with Defence Department.

[Para 10 of the Audit Report (P. & T.), 1970.]

Sub-para (A)

1.148. The Department in a note dated 19th September 1970 submitted to the Committee stated that out of the outstanding arrears of rentals of Rs. 40 lakhs, recovery of Rs. 20.68 lakhs had been effected. There had been delays ranging from one to fifteen years in the recovery of dues and out of a sum of Rs. 85 lakhs, a sum of Rs. 65.68 lakhs had been recovered only after the non-recovery was pointed out by audit. Some of the circuits had already been closed. The Committee desired to know whether there was any lacuna in billing in the two P&T circles referred to in the Audit para and elsewhere. The Department in a note stated as follows:

“The office of A.O.T.R. (North) was decentralised to seven Engineering Divisions during 1967-68. So also the telephone revenue work relating to J. & K. The work relating to J. & K was initially decentralised to one division to two divisions. In

the case of Punjab Circle, the key statement of the audit para referred to non-availability of Rent Ledgers in several cases. The Rent Ledgers in many cases could be traced and the Audit was informed that the non-availability of the rest did not prove that bills had not been issued and recoveries effected prior to the decentralisation of the offices. The delay in the two Circles would, thus, appear to be due to unsettled conditions created by decentralisation of the telephone revenue work. There, however, does not exist any lacuna in billing except to the extent attributable to human failures."

1.149. Asked to state the number of jobs on behalf of other departments/parties which had been closed prior to December, 1969 and for which the bills had not been issued so far and the total amount still to be recovered from them, the Department intimated that the information had been called for.

1.150. The Committee asked for the reasons for not recovering the rentals in advance. The Department, in a note, stated: "As would be seen all three circuits had been allotted to Government Departments and as per the rules as then existed and even now exist, there is no question of recovering rentals in advance from them. The recovery of rentals from them are effected on the commissioning of the circuits."

The Committee understand from Audit that in these cases the initial rental is recovered on commissioning of the circuits, but after these are commissioned, recoveries are to be made from year to year in advance of the rental period. This was not done.

Sub-para (B)

The Committee were informed in March, 1971 that the amount of Rs. 11.27 lakhs representing the difference between the rentals referred to in sub-para B(i) had been subsequently remitted by the Defence authorities.

1.151. The Committee desired to know whether there had been any other cases where rent was recovered at a flat rate initially pending fixation of rent based on capital cost. The Department stated: "A reference was made to all the subordinate units and replies have so far been received except from Assam, Bihar and Madhya Pradesh Circles. Only Rajasthan and Punjab Circles have reported a few cases during the last three years, others having reported no such cases. Details of these are given below:

(i) *Punjab Circle*

Provision of 25 lines PAX for Director Terminal Ballistics Research Laboratory, Chandigarh.

Provisional rent on flat rate basis:

Rs. 1500 PA

Rental on capital cost basis:

Rs. 8197 PA

Bill from 3rd August 1966 to 2nd August 1970 issued at 8388/- P.A. and paid on 9th April 1970 (Actually in this case excess recoveries have been made. These will be settled).

(ii) *Rajasthan Circle*

Telephone connection for Indian Airlines at Udaipur

Initially provided at Rs. 75/- per quarter on flat rate on 18th May 1969. Rental revised to Rs. 2,999 per annum on capital cost basis. Matter taken up with the I.A.C. by D.E.T. Ajmer.

(iii) *Rajasthan Circle*

Telephone connection for Hindusthan Zinc Ltd., Debari, Udaipur

Provided on 4th December 1969 at flat rate of Rs. 1125 per annum. Revised to Rs. 1740/- on capital cost basis. Arrears bill paid by the party on 1st September 1970.

It will be seen from the above details that in all these cases rentals have been initially charged on flat rate basis and later on charged on capital cost basis as indicated separately in each case. In all these cases except one, short recoveries have already been realised. In the one exceptional case, action is being taken to recover the balance amount.

A further report will be submitted with regard to Assam, Bihar and Madhya Pradesh circles."

1.152. The Department further intimated that the short recovery of Rs. 23,358 referred to in sub-para B(ii) had been subsequently made good.

Sub-Para (C)

Referring to the arrears of installation charges amounting to Rs. 59,390/ relating to the circuits provided in some Engineering Divisions for the exclusive use of Defence Department/other parties during 1961-68, the Committee wanted to know the latest position. The Department in a note stated that recovery of Rs. 0.38 lakh had since been effected. Thus, out of Rs. 0.59 lakh of installation charges, stated to have not been recovered, a balance of Rs. 0.21 lakh still remained to be made good.

1.153. That the arrears of rentals for the telephone, telegraph and speech circuits provided for the exclusive use of other Government Departments since 1955-56 could be brought down from Rs. 85 lakhs to Rs. 19.32 lakhs after the non-recovery was pointed out by Audit, shows that the P&T Department were not taking effective steps in recovering the

dues in the past. The decentralisation of telephone revenue work in the two P. & T. circles in 1967-68 cannot adequately explain the delay in recovery over a period ranging upto 15 years. The Committee hope that in future recovery of dues would be effected promptly on the commissioning of the circuits.

1.154. The Committee note that rental for cables laid for other departments is recoverable at the rate 18 per cent of the capital cost per annum or at the standard prescribed flat rates, whichever is higher. Such cases of short recovery of rent on flat rate basis as have been noticed reveal that there is no systematic arrangement of verifying the correctness of initial recovery after the capital cost becomes known. The Committee hope that strict instructions would be issued to guard against such lapses involving short recoveries in future.

Locking up of Capital

Audit Paragraph

1.155. A project costing Rs. 5.18 lakhs for erecting lines and wires between two cities was sanctioned in January, 1965. The detailed estimate costing Rs. 3.86 lakhs (Stores Rs. 3.64 lakhs and cash Rs. 0.21 lakh) was sanctioned only in September 1965. It was to earn profit of Rs. 5471 per annum after 5 years of its commissioning. A preliminary survey of the proposed route was not conducted before sanction of the project or indenting for the stores. It was only in November 1967 when stores worth Rs. 2.04 lakhs (Rs. 2.02 lakhs in 1965-66 and Rs. 0.02 lakh in 1966-67) had already been received that the route was surveyed. The survey revealed the existence of a high tension power line near the route, necessitating change in the route to avoid hazards of power parallelism. Stores worth Rs. 1.33 lakhs were received in 1967-68 and by March 1968 stores worth Rs. 3.37 lakhs had accumulated.

1.156. A decision to re-route the line was taken in July, 1968. The work has not yet commenced (August 1969).

1.157. Meanwhile stores worth Rs. 1.25 lakhs have been transferred to other works while stores worth Rs. 2.12 lakhs are lying unutilised.

1.158. The delay in commissioning the project has not only resulted in locking up capital from 1965-66 onwards but has also deprived the department of the potential revenue the project would have earned.

[Para 21 of the Audit Report (P&T), 1970]

1.159. The Committee desired to know the circumstances in which the project was sanctioned before conducting a survey of the route. The Department, in a note, stated that a survey was not always carried out before preparing a project estimate. Only a general assessment of technical feasibility was necessary.

1.160. The project was sanctioned in January, 1965 but the route was surveyed only in November, 1967 when stores worth Rs. 2.04 lakhs had already been received. The Committee called for the reasons for the delay of 2½ years in undertaking the survey after sanction of the project.

1.161. The Department in a note intimated that Postmaster General, Orissa had already been asked to investigate in detail the apparent failure of the Circle to carry out any survey at the time of preparation and sanction of the detailed estimate, to fix responsibility for any lapses that come to light and to ensure that there was no scope left for any repetition. The results were awaited. In the particular case, the preliminary survey was undertaken only after receipt of many items of stores and the work was ready to commence.

1.162. The Committee wanted to know the reasons for the delay in commencing the work after the decision to reroute the line was taken in July, 1968. The Department informed the Committee that the commencement of the work depended upon selection of an alternative route for the erection of the line and carrying out its detailed survey. Since the finding out of the alternative route and its survey was expected to take some time, the Circle was authorised meanwhile to divert the copper weld wire received by them in December, 1967 for that work to another very urgent work in the Circle. The Circle had, therefore, to wait (even after finding out the alternative route) for the receipt of fresh wire in lieu of what had been diverted. Due to acute shortage in supplies, the required wire could not immediately be allotted to the Circle and was supplied to them only in January, 1970 after which the Circle commenced the work in February, 1970.

1.163. As regards the present position, the Department stated that erection of the post line had been completed over the whole distance except for three miles and four spans of railway bridges, where bridge fixtures had yet to be fixed by the Railways.

1.164. The Committee are surprised that the detailed estimates had been prepared and sanctioned and stores intended for without even a preliminary survey of the proposed route.

1.165. The Committee would like to be apprised of the results of investigation into "the apparent failure to carry out any survey at the time of preparation and sanction of the detailed estimates" which was responsible for the delay in commissioning the project and consequently locking up of capital and loss of potential revenue.

Disposal of ~~unsettled~~ audit objections

Audit Paragraph

1.166. It would be seen from the following that during 1968-69, the position of outstanding objections has generally deteriorated as compared to that in the previous year.

Nature of Objection	Objection raised upto end of 1966-67 and remaining unsettled at the end of August, 1968		Objections raised upto end of 1967-68 and remaining unsettled at the end of August, 1969	
	Number	Amount (in lakhs of rupees)	Number	Amount (in lakhs of rupees)
(a) Want of sanction to establishment or continuance of establishment	3858	41	4894	50
(b) Want of sanction to miscellaneous and contingent expenditure	1156	10	1303	25
(c) Want of sanction to estimates or excess over sanctioned estimates	100	28	463	75
(d) Want of detailed contingent bills, vouchers, payees' receipts, stamped acknowledgements or documents	9841	118	10336	77
(e) Recoverable advances not recovered and adjusted within the prescribed period	14288	32	21496	56
(f) Want of agreement . . . . .	..	..	366	19
(g) Non recovery of overpayments or amounts disallowed in audit . . . . .	..	..	2433	10
(h) Irregularities in payment with reference to contracts . . . . .	..	..	145	3
(i) Want of sanctions to write off of loss or irrecoverable amounts . . . . .	..	..	233	4
(j) Objections raised on grounds of financial propriety . . . . .	..	..	127	1
(k) Other reasons	43033	1080	36978	700
TOTAL	72276	1309	78774	1020

[Para 26 of the Audit Report (P & T), 1970.]

1.167. The number of pending objections had recorded a steep rise from 61,369 as per Audit Report, 1967, to 78,774 as per Audit Report, 1970. The Committee desired to know the reasons for the deterioration in settlement of Audit objections. The P&T Department in a note submitted to the Committee clarified that the number of objections actually pending was less than what was shown in the Audit Report due to variety of reasons and that the matter had been taken up with the Accountant General, P&T.

1.168. According to the Audit para the number of cases where advances had not been adjusted during the prescribed period had gone up between August, 1968 and August, 1969 from 14,288 involving Rs. 32 lakhs to 21,496 involving Rs. 56 lakhs. The Committee wanted to know the steps taken by P&T Department to ensure that the advances were adjusted expeditiously. The Department intimated:

“By and large advances are recovered by the disbursing offices in time but due to non-linking of the corresponding debit and credit amount account in the Audit offices, the objections on advances continue to be shown as pending.

Out of 21,496 objections on advances involving Rs. 56 lakhs, 13,073 objections involving Rs. 38 lakhs remain pending as on 31-5-1970.”

1.169. Referring to item (f) in the Audit paragraph relating to 366 objections for want of agreement, the Committee desired to know whether there were cases where no agreement had been executed or whether the agreements had not been made available to Audit. The Department stated that the information was being collected and would be furnished to the Committee.

1.170. The Committee are distressed to note that according to the Audit Para as many as 78774 objections were raised up to the end of 1967-68 remained unsettled at the end of August, 1969. The Department however, informed the Committee that the number was less and that the matter had been taken up with the Accountant General, Posts and Telegraphs.

1.171. The Committee need hardly stress the necessity of settling the Audit objections promptly. Personal discussions with the Audit officers at the various levels could be helpful. The position of outstanding objections should be reviewed periodically at the Board's level on the basis of reports obtained from the various units.

1.172. The Committee consider it necessary that the department should go into the reasons for the persistence of Audit objections of the nature brought

out in the Audit para and take suitable remedial measures to obviate them. They would, in particular, like to draw attention to want of sanction to establishment or continuance of establishment, want of sanction to miscellaneous and contingent expenditure and want of sanctions to estimates or excess over sanctioned estimated. The Committee do not favour continuance of posts without prior sanction of competent authority and post facto regularisation which carry with it the risk of diluting the standard of scrutiny of justification for the posts. They would accordingly urge that the procedure for issuing sanction be streamlined to ensure that prior sanctions are obtained invariably.

Delay in disposal of Inspection Reports

Audit Paragraph

1.173. The total number of outstanding inspection reports on Posts and Telegraph Offices issued by the Audit offices upto 31st March 1968 and the number of irregularities pointed out therein but remaining unsettled upto the end of August 1969 were 2658 and 15480 respectively. 27 of those reports were issued more than ten years ago. Out of the 808 reports issued during 1968-69, till the end of August 1969, 82 reports were not received back with the first reply.

1.174. The following are some of the common types of irregularities noticed as a result of test check during inspections conducted in 1968-69:—

(a) Annual physical verification of stock of articles not conducted	47 Offices
(b) Security bonds not obtained/not renewed or not kept on record	110 Offices 7056 cases)
(c) Health certificates wanting	51 offices (2060 cases)
(d) Overpayment of Children's education allowance and tuition fees/Register for children's education allowance not maintained properly	43 offices (249 cases)
(e) Non-renewal and non-execution of lease of buildings	19 offices (174 cases)
(f) Irregularities in maintenance of service books and leave accounts	70 offices (1335 cases)
(g) Bi-monthly verification of savings bank ledger balances not done	74 offices
(h) Specimen signatures of savings bank depositors not on record	93 offices (70257 cases)

(i) Delay in release of completion reports for completed works	24 offices (298 cases)
(j) G. P. F. accounts of Class IV employees not maintained properly, nominations not obtained or kept on record	18 offices
(k) Irregular payment of OTA, Leave salary and T.A.	15 offices (170 cases)
(l) Reimbursement of inadmissible medicins.	9 offices (140 cases)

[Para 27 of the Audit Report (P & T) 1970.]

1.175. The Committee enquired about the present position of clearance of outstanding audit inspection reports. The following information was furnished by the Department in note dated 16th November, 1970.

	No. of Inspection Reports	No. of items.
No. issued upto 31-3-68 and outstanding on 31-8-69 as per Audit Report (P&T) 1970	2658	15,480
No. of outstanding on 31-5-7 as per 'B' Statements of Branch Audit Officer	2328	11,252

1.176. The Committee desired to know the steps proposed to be taken by the Department to clear the old inspection reports. The Department, in a note, stated that at the draft stage of para 27 of Audit Report (P&T) 1970, the Heads of Circles were instructed to take effective steps for liquidating the outstanding inspection reports which were more than ten years old. The instructions were reiterated in July 1970. Efforts were continuing to have the Inspection Reports cleared quickly.

1.177. There were delays of 5 months or more in giving even the first reply to 82 inspection reports issued during 1968-69. The Committee wanted to know the reasons for such delays. The Department, stated that reasons for delays had been called for. The attention of the Heads of Circles was drawn to Rule 97-A of P&T Financial Hand Book Volume I which prescribed that the Inspection Reports should be returned to Audit with reply within one month of its issue. The inspecting offices were specifically directed to see that the Inspection Reports/Audit objections were disposed of within the specified time limits. The instructions have been reiterated in September, 1970.

1.178. Out of 82 Inspection Reports, 79 Reports had since been returned to Audit with reply. The concerned offices had been directed to arrange early return of the remaining three Reports. Referring to the

common type of irregularities noticed as a result of test check conducted during 1968-69, the Committee desired to know whether the Department had gone into some of the typical cases so that remedial measures could be taken to avoid similar objections in future. The Department in a note stated:

The position in respect of items (g) and (h) of the Audit para is indicated below:—

- (i) Para 27(g). Bimonthly verification of S.B. ledger balances not done 74 offices.

This Department is keeping a strict watch over the work relating to the agreement of ledger balances in each H.O. Bimonthly statements are received and the position in respect of each office is reviewed, and necessary instructions issued to the offices concerned.

Out of 74 offices mentioned in the Audit Report (the list furnished by the Audit contains only 73 offices) the arrears now remain only in 21 offices, all of which are in U.P. Circle. Remedial steps have been taken to clear arrears at these and other offices as detailed below:

- (a) Heads of Circles have been requested to review the establishment of Savings Bank Control Organisation in each Head Office so as to sanction the additional staff when justified.
- (b) Heads of circles have been authorised to get the old arrears cleared on honorarium basis, wherever justified.
- (c) Special squads have been arranged to clear the arrears, wherever found necessary.
- (d) Heads of Circles have been personally addressed to ensure that the arrears are cleared early.
- (e) Monthly statements showing the progress are obtained from each Circle. The position of arrears in each office is noted in a special register in the Directorate to watch the progress. Any slackness noticed is pointed out and remedial steps taken.

- (ii) Para 27 (h): Specimen signatures of Savings Bank depositors not on record—93 offices (70257 cases).

In the Audit Report, the number of wanting specimen signatures was noted as 70,257. The correct total was, however, 69,661. Of these, 54,602 specimen signatures have since been obtained and the number remaining to be obtained is 15059.

A strict watch is kept in the Directorate by means of quarterly statements to know the position of wanting specimen signatures in each H.O. During this review, it has been noticed that in some offices, specimen signatures stated to be wanting were actually available in old books, from where these had not been removed. Information has been called for regarding the number of such specimen signatures actually available. This will further reduce the number of wanting specimen signatures.

Heads of Circles have been personally addressed to get the record completed as early as possible by utilising the services of Mail Overseers, Town Inspectors, Postman etc. to obtain the wanting specimen signatures. With the efforts being made it is expected that the wanting specimen signatures would be obtained and kept on record within a short time.

As regards other items, the study of cases relating to common types of irregularities pointed by Audit is being undertaken. The result and the measures taken to avoid similar irregularities will be furnished on finalisation."

1.179. Subsequently the Department furnished the following information in respect of the irregularity mentioned against item (e).

"Para 27 (e) of Audit Report, 1970.

Non-renewal and execution of lease of buildings.

The delay in execution of lease of building can be:—

- (i) at the time of renting of the building;
- (ii) at the time of renewal of the lease.

The difficulties faced by the department in execution of leases were (a) the landlord thrusting their own terms and conditions on the department; (b) not agreeing to bear the registration charges.

Reg (i) the Heads of Circles have been given powers to make minor changes to the Lease deeds in consultation with the local Government pleader in 1964. If the changes involve major legal or financial implications, the subordinate Units are required to refer such cases to the P&T Directorate for getting approval of the Finance and the Law Ministry.

Reg (b) Heads of Circles have been authorised to bear the charges on account of registration of lease deeds wherever the landlords do not agree to bear the registration and there is likelihood of the Department losing suitable buildings on this account. This is to be done after the Head of Circle personally approves of such a course of action.

The common difficulty at the time of renewal of lease is the landlords demanding higher rent. These cases have to be decided on merits, taking into account the local laws, Rent Control Act etc. and usually take time.

As regards the cases mentioned in the Audit Report, the Circles concerned have been asked to take action to liquidate the irregularities."

1.180. The Committee are unhappy about the pendency of Inspection Reports for over ten years. As suggested earlier there should be a periodical review of the position at the Board's level. The higher Departmental officers inspecting the various units should also look into the position of pending audit objections and inspection report with a view to giving necessary directions for their expeditious disposal.

1.181. The Department intimated to the Committee the results of the study of cases relating to common types of irregularities pointed out by Audit and the measures taken to avoid similar irregularities only in respect of three items. The Committee would like to be apprised of results of the study of other items as well.

Defalcations or loss of Public Money

Audit Paragraph

1.182. 2,029 cases of loss of public money involving Rs. 22.52 lakhs came to light in 1968-69. An analysis of these cases, showing *inter alia* the important classes and the agencies responsible for these losses, is given in Appendix III [of Audit Report (P. & T.) 1970].

1.183. The employees of the department were responsible for about 58 per cent of the loss reported during the year. Responsibility could not be fixed or has not yet been fixed (July 1969) in 372 cases in which Rs. 3.41 lakhs (*i.e.* 15.14 per cent of the total loss) were lost.

1.184. Out of the total loss of Rs. 22.52 lakhs, Rs. 3.63 lakhs were recovered upto July, 1969.

[Para 25 of the Audit Report (P. & T.) 1970.]

1.185. The P. & T. Department intimated the Committee in a note dated 19th September, 1970 that out of the loss of public money amounting to Rs. 22.52 lakhs in 1968-69, Rs. 3.63 lakhs were recovered upto July, 1968 and that further recoveries to the extent of Rs. 72,567 had been made till March, 1970. The responsibility could not either be fixed or was not fixed upto July, 1969 in respect of 372 cases involving a loss of Rs. 3.41 lakhs. Subsequently, responsibility had further been fixed in 181 cases involving an amount of Rs. 1,44,969 upto March,

1.186. The Committee desired to know whether the Department had conducted a general review of the *modus operandi* of the money order frauds committed during the last four to five years and taken any remedial measures as a result of such a review. The Department, in a note, furnished the following information:

- (1) The answer is in the affirmative.
- (2) Money order frauds are usually committed by adopting generally one or the other of five kinds of *modus operandi*:—
 - (i) Signatures or thumb impressions of the payees on the money order forms are forged by the paying officials independently or in collusion with outsiders and the amounts of money orders misappropriated.
 - (ii) Frauds are committed by outsiders by receiving payment of money orders by impersonation.
 - (iii) Frauds are committed by branch postmasters, sub-postmasters and clerks of Post Offices by accepting money orders with the amounts from the remitters and not crediting the same to the Government accounts. Such M.O. Forms are destroyed by them.
 - (iv) Fraudulent payment of money orders is made to an accomplice by altering the entries relating to amounts, names and addresses of the payees on money order forms after erasing the original entries with some chemicals by the paying official.
 - (v) Bogus money orders are prepared by using fake stamps and then these are inserted in the bundles of genuine money orders. Payment of such money order is received by the miscreants themselves or by their agents.

(3) Of the above methods, the one most easily amenable to prevention is item (v) viz., the preparation of bogus money orders of higher value and their insertion in the bundles of genuine money orders in transit. On account of the increasing incidence of this type of fraud, the Department thought it desirable to introduce the listing of money orders of value Rs. 200 and above while in course of transmission in which case the receipt of a high value money order without its particulars being included in the list of M.Os. prepared by the previous office of transit would at once arouse suspicion and the genuineness of such a M.O. would have to be specially verified before payment. This change in procedure was introduced from 1st June, 1964.

(4) While considering a quarterly analytical review in 1966, the P. & T. Board decided that a statistical analytical review of money order

frauds should be made. This was done and figures of amounts involved in M.O. frauds under the five kinds of *modus operandi* for the previous five years were compiled. The memo containing these particulars was considered by the P. & T. Board in its meeting on 27th September, 1967. The statistics attached to this memo. revealed two particular trends:—

- (i) The frauds committed in respect of bogus money orders of higher value went down on the introduction of the new listing procedure. To illustrate, the amount involved in such frauds went down from Rs. 33,110 in 1963-64 (before the new procedure was introduced) to Rs. 3,650 in 1964-65 and Rs. 1,400 in 1965-66.
- (ii) Money order frauds as a whole were going down from year to year. The total amount involved in M.O. frauds expressed as a percentage of the total monetary turn-over in respect of M.Os. was 0.002 in 1961-62 and this came down to 0.0014 in 1965-66.

(5) The above percentage in the subsequent 4 years has been worked out as follows:—

1966-67	..	..	..	..	0.0022
1967-68	..	..	..	..	0.0014
1968-69	..	..	..	..	0.0026
1969-70	..	..	..	..	0.0020

Thus the overall position in the matter of M.O. frauds has remained fairly satisfactory, although the downward trend of their incidence has not been consistently maintained. This has been found partly due to a fall in the effectiveness of the listing procedure introduced in 1964. For instance, a defalcation amounting to Rs. 43,575 involving a large number of bogus high value money orders took place in U.P. in 1967-68 and came to light in 1968-69. In this series of cases, such money orders were accompanied by bogus high value M.O. lists also, which was novel procedure. Instructions have been issued to guard against such frauds by taking the following measures:—

- (i) Entry of unauthorised persons into P.Os. or RMS offices to be strictly guarded against.
- (ii) High value M.Os. and their lists to be always enclosed in registered bags.
- (iii) Money Orders below the value of Rs. 200 also to be invariably bundled and enclosed in registered bags as required in the rules.

- (iv) Maintenance of proper accounts of both kinds of money orders and keeping up the prescribed abstract in respect of high value money orders.

Other instructions relating to special precautions in the payment of Telegraphic Money Orders have also been issued.

(6) It would thus appear that the matter is kept under constant review. The P. & T. Board reviews the position relating to M.O. and other frauds once every quarter and directs that special reviews should also be made as may be found necessary. Instructions are issued and remedial measures taken in the light of the facts emerging from such reviews from time to time.

1.187. The Committee would like to stress that responsibility for losses and defalcations should be fixed without delay in respect of the remaining 191 cases involving Rs. 1.96 lakhs.

Losses of Stores

Audit Paragraph

1.188. The losses of stores in 1966-67, 1967-68 and 1968-69 are given below:—

(Amount in lakhs of rupees)

Year	No. of cases of losses of stores.	Amount	Copper wire thefts included in columns 2 and 3	
			Number	Amount
1966-67	12538	37.80	11158	33.87
1967-68	16256	78.13	15149	72.62
1968-69	20953	120.32	17482	101.18

1.189. An analysis of these losses by main classes and the agencies responsible given in Appendix II [of Audit Report (P. & T.) 1970] would indicate that the number of cases of losses due to theft has gone up from 16,137 in 1967-68 to 20,815 in 1968-69, the amount having increased from Rs. 77.38 lakhs in 1967-68 to Rs. 118.08 lakhs in 1968-69.

[Para 23 of the Audit Report (P. & T.) 1970.]

1.190. The cases of losses due to theft of copper wire had gone up from 15,149 (Rs. 72.62 lakhs) in 1967-68 to 17,482 (Rs. 101.18 lakhs) in 1968-69. In reply to the recommendation of the Public Accounts Committee contained in paragraph 1.144 of their 112th Report (Fourth Lok Sabha), the Department had stated that a programme for progressive replacement of all available copper-wire on telegraph alignments by copperweld wire or wire ACSR was being drawn up. The Committee wanted to know the total length of copper wire which still required to be replaced by copperweld wire. The Committee also desired to know whether priority is given to areas which were susceptible of frequent thefts. The P. & T. Department in a note stated: "The total quantity of copper wire (including copper weld wire) on the alignments, as on 31st March, 1969, was 9,33,758 km. Of this about 50,000 Km. would be of copper weld wire. The quantity of copper wire alone thus works out to be about 8.8 lakhs Km. All this quantity may not require to be replaced by copper weld wire. Consequent on the commissioning of coaxial and microwave systems, the copper wire lines in the concerned sections are progressively being dismantled, leaving the minimum number of pairs to serve as 'stand by' during the failure of the coaxial or microwave systems and to feed small intermediate stations en-route. Recent experiments in the Departments have shown that in certain sections, the copperwire could be successfully replaced by suitable steel reinforced aluminium conductors. Taking these factors into consideration it is now estimated that in all about 5 lakhs Km. of copper wire would have to be substituted—4 lakhs by wire ACSR and one lakh by copper weld wire.

The available wire—copperweld or ACSR—has been/is being allotted on priority first to national routes which are not served so far by coaxial or microwave systems, Bombay-Nagpur, Bombay-Secunderabad-Vijayawada, Madras-Vijayawada-Berhampur, Bombay-Indore-New Delhi, Delhi-Dehradum, New Delhi-Lucknow-Varanasi, Patna-Katihar-Asansol and a few other routes come under this category, in some sections of which replacement work have already been completed. Priority is also given for replacement works in areas which are susceptible to frequent thefts. On this basis, bulk of ACSR wire that was procured last time had been allotted to U.P., Bihar and Andhra circles.

At present about one lakh Km. of ACSR wire and 15,000 Km. of copperweld wire are under procurement. These have been programmed for use in :

- (1) Remaining sections of national routes;
- (2) Secondary routes in high theft incidence areas;
- (3) Replacing copper wire leased to railways in high theft incidence areas.

Procurement of these types of wires and their allotment and use will be phased out over a period of 3 to 4 years after supplies against present orders are received."

1.191. The Committee desired to know the number of cases in which the theft of copper-wire was reported to police and the number of cases in which the police had been able to trace the culprits. The Committee also enquired whether there were any cases where thefts had taken place in connivance with the Departmental staff. The Department intimated that every case of theft of copper-wire was reported to the police. During 1969-70, out of a total number of 17,050 cases of theft, culprits were caught in 876 cases. No instance had come to the notice of the Department where theft had taken place in connivance with the departmental staff.

1.192. In view of the high incidence of copper wire thefts, the Committee would urge the Department to complete the replacement of copper wire on telegraph alignments early. In the meanwhile, the Committee hope that efforts by the P&T Department and State Governments to arrest thefts and apprehend the miscreants would be intensified as lack of effective action so far is indicated by the steep rise in thefts over the years resulting in a loss of over a crore of rupees in 1968-69 besides causing widespread disruption in the vital means of communication.

Extra Expenditure

Audit Paragraph

1.193. For carrying out petty building works and annual repairs in two zones of an Engineering Division during 1968-69 a tender enquiry was issued on 2nd March, 1968 in response to which four tenders each from five parties were received. They were opened on 11th March, 1968 in the presence of four of the tenderers. Though none of the tenderers present raised any objection at the time of opening of the tenders, two of them who were present and whose quotations were higher than the lowest quotations complained to the Post Master General on the following day that (i) tenders other than theirs were received in unsealed covers, and (ii) the time allowed to the tenderers for submitting quotations was insufficient. The objection at (i) should have been raised only at the time of actual opening of the tenders when the complainants were present and not after these had been opened and disclosed. Similarly, the objection about insufficiency of time allowed for submitting the tenders could have been pleaded before the parties had actually submitted their tenders within the time already allowed. Accepting the objections, the Divisional Engineer rejected on 22nd April, 1968 all the tenders.

1.194. Fresh tenders, subsequently called for on 25th April, 1968 for the same works and accepted after negotiations (three from the parties whose quotations were lowest previously and one from the complainants), were higher by 15.20 per cent to 30.20 per cent than the lowest quotations received earlier. The action of the Divisional Engineer in cancelling the tenders received initially and calling fresh tenders, without sufficient reasons, resulted in extra payment of about Rs. 33,400. P. & T. Department intimated in December, 1969 that the case was being examined by the Special Police Establishment.

[Part 18 of the Audit Report (P. & T.) 1970.]

1.195. The Committee understood from Audit that the Department informed them in December, 1969, that after the case was examined by the Vigilance Section of the P. & T. Directorate, the Post Master General, Ambala, had been asked to hand over the case to Special Police Establishment, Ambala, for a detailed probe.

1.196. The Committee desired to know the conclusion of the Vigilance Section of the P. & T. Directorate. The Department in a note, stated that as there was *prima facie* a case against the officer concerned on the orders of Secretary the same was reported to the Special Police Establishment on 5th December, 1969 through Post Master-General, Punjab Circle, Ambala, for enquiry.

1.197. The Committee wanted to know the date on which the case was referred to the Special Police Establishment. The Committee also enquired whether the Department had received the findings of the S.P.E. and if so, its main findings and the action taken by Government thereon. The Department in a note, stated:

“The case was reported to the S.P.E., Ambala by the Post Master General, Ambala on 26th December, 1969. The findings of the S.P.E. have been received by the Department on 21st October, 1970. The S.P.E. has recommended such action as deemed fit by the Department against the then D.E.T., Chandigarh. S.P.E. has simultaneously sent a copy of their report to the Central Vigilance Commission whose advice is awaited. Further action will be taken on receipt of the Commission's advice.

1.198. The Committee are distressed to find that the action of the Divisional Engineer in cancelling the tenders received initially and calling fresh tenders, resulted in extra payment of Rs. 33,400.

1.199. They would like to know what action was taken on the advice of the Central Vigilance Commission against the persons at fault. The Central Vigilance Commission may be asked to expedite their advice if it had not already been received.

Electricity charges

Audit Paragraph.

1.200. To meet the electricity needs of a newly constructed building a load of 500 K.W. was applied for, but the N.D.M.C. sanctioned a load of 200 K.W. in May 1958 on the following conditions:—

- (i) As long as the energy is metered on the lower tension side, the charges will be levied on the prevailing lower tension rates for light and power, and in case the light and power circuits were not separated in the installations the entire consumption will be billed for at lights and fans rate.
- (ii) Commercial rates shall be applicable from the date on which metering is transferred to the high tension side irrespective of the date of sanction of the commercial rate.
- (iii) Metering shall be transferred to high tension side only when adequate power load is sanctioned and connected.

1.201. The light and power circuits were not separated in the relative installations and additional load was also not applied for until April 1965. The additional load of 300 K.W. was sanctioned in January, 1967 and commercial rates were made applicable from 1st March, 1967. Meanwhile, the department continued to pay electricity charges at the non-commercial rates and thereby incurred extra expenditure of about Rs. 3.37 lakhs between July, 1958 and February, 1967.

1.202. Out of the above amount of Rs. 3.37 lakhs, the Department could have saved Rs. 1.07 lakhs during the same period had it separated the light and power circuits, so that payment for power consumed could have been made at domestic power rates.

1.203. The Department stated in January 1970 that although the building was maintained by the Department from October 1958, the charge of the electric sub-station was taken over from the C.P.W.D. only in September 1961. The terms and conditions of the agreement for supply of energy came to their notice only in January 1965 when action was initiated for getting higher load sanctioned so as to enable the department to claim bulk rates for the entire consumption.

[Para 19 of the Audit Report (P&T) 1970.]

1.204. The Committee pointed out that although the building was maintained by the P&T Department from October, 1958, the charge of the electric sub-station was taken over from the Central Public Works Depart-

ment only in September, 1961. The Committee wanted to know how it took three years to take charge of the electric sub-station. The Department in a note submitted to the Committee stated:

"Although the Department occupied the building in October, 1958, the Sub-Station continued to be under the charge of the C.P.W.D. until the permanent equipment ordered for it, was received and installed in 1960. There was some delay afterwards in taking over the Sub-station by the Department from the C.P.W.D. since no trained personnel for maintenance of electric sub-station were available with the Department and they had to be got trained for the purpose. Consequently, the maintenance of sub-station was taken over in September, 1961."

1.205. The Committee desired to know how the terms and conditions of the agreement for the supply of energy, escaped the notice of the Department till January, 1965. The Department stated, "The records of the Department have been carefully scrutinised. There is, however, no evidence to show that the conditions stipulated by the New Delhi Municipal Committee regarding high tension connection and which were accepted by the Central Public Works Department were communicated to the P&T Department at the time of handing over of the Sub-Station to this Department. According to the records of this Department, these conditions came to the knowledge of the P&T Department from the New Delhi Municipal Committee only in January, 1965."

1.206. The Committee enquired whether the Department had verified that there were separate light and power circuits in other large buildings. The Department, stated:

"It has been verified that in buildings where High Tension Supply is contemplated to be obtained and the consumer provides his own electric sub-station, common distributing system comprising of light and power loads is provided for reasons of economy in cost of internal distribution and the same arrangement was followed in this case also."

1.207. The Committee are concerned to find that the terms and conditions on which power was obtained came to the notice of the P&T Department only in January, 1965 although the electric sub-station was taken over from the CPWD in 1961, with the result that additional load could not be applied for and obtained promptly to take advantage of the lower commercial rates of payment for the supply. They desire that necessary lesson should be learnt from this case and that in future at the time of taking over electric sub-stations from the CPWD, precise terms and conditions on which power is being received should be gone into with a view to taking action as necessary to have the most beneficial rates.

The Committee would also like Government to examine the position in this regard in all other large buildings maintained by the P&T Department so as to ensure that power is obtained at favourable rates. Further they feel that in respect of buildings/electric substations maintained by the CPWD, the P&T Department should, at the time of entering into agreements for the supply of power, be informed of the terms and conditions to enable them to watch that prompt action is taken by the CPWD at appropriate stage to obtain power at economic rates, as it is they who pay for the energy.

Purchase of cable distribution cabinets

Audit Paragraph

1.208. In December 1963 the department placed an order on firm 'A' for supply of 650 and 240 cable distribution cabinets of two different specifications at the rate of Rs. 418 and Rs. 630 each respectively. The supplies were to commence within 3 months after final approval of sample and to be completed in 12 months thereafter. Final approval of the prototypes was given on 18th September 1964 and 28th February 1967 respectively and delivery dates were fixed as 18th December 1965 for the first specification and 30th June 1968 for the second. In response to another tender enquiry issued in January 1966 the same firm quoted Rs. 510 and 790 respectively and order for 500 and 200 cabinets was placed on that firm on 30th June 1966. The delivery date was fixed as 30th June 1967 but the firm could commence supply only from August 1967 and November 1967 for the two specifications. Therefore, on 20th April 1968 the Department cancelled the first supply order after accepting supplies made by the firm upto 31st December 1967. By then the firm had supplied against that order only 510 and 72 cabinets of the two specifications. Since the rates of the first order were cheaper, the department incurred extra expenditure of Rs. 27,200 by cancelling the first order and making purchases from the second.

[Para 22 of the Audit Report (P&T) 1970.]

1.209. Asked to state when the samples were approved in respect of the second order placed on firm 'A' on 30th June, 1966, the Department stated in a note submitted to the Committee:

“Since firm 'A' (as referred to in para 22 of Audit Report, 1970) had been successful in producing a sample against the first order, production of a sample against the second order was not contemplated.”

1.210. The Committee understood from Audit that the Department had stated that according to the terms and conditions set forth in the pur-

chase order in 1963, there was no provision for effecting risk purchases or imposing liquidated damages in the case of default in supply. The Committee wanted to know the reasons for not providing for elementary clauses like risk purchase and liquidated damages. The department intimated to the Committee that the purchase orders and the terms and conditions governing the supply of stores issued prior to 1964 did not provide for levy of liquidated damages or risk purchase clause. They were introduced only from 1965 on the basis of the directions given by the Public Accounts Committee on the Audit Report, 1964 (*vide* 30th Report of the P.A.C. 1964-65).

1.211. The Committee desired to know the circumstances under which the Department cancelled the first supply order after accepting only 510 and 72 cabinets against the order of 650 and 240 cabinets, when the prices in the latter contract were higher. The Committee also enquired whether any efforts were made to persuade the firm to complete supply of the first order before starting supplies against the second order.

1.212. The Department, in a note, submitted to the Committee, stated that the firm was granted extension, from time to time and while granting the last extension, an amendment was issued to the 1963 order imposing liquidated damages at the rate of 2 per cent for deliveries made after 31st December, 1967. The firm did not agree to this clause and did not make any supplies after 31st December, 1967, and insisted on the Chief Controller of Telegraph Stores to treat this order as completed with the quantity delivered and accepted by the Department upto 31st December, 1967. The firm contended that the imposition of liquidated damages was not in order as the original order did not contain that clause. 651 numbers of 700 per cabinets were offered by the firm but only 510 passed the tests. 72 numbers of 1400 pairs were supplied by the firm which were accepted after test.

1.213. The Committee find that the final approval of prototypes of the two different specifications of cable distribution cabinets was given only on 18th September, 1964 and 28th February, 1967 respectively although the purchase order was placed on firm 'A' in December, 1963. The Committee may be informed of the reason for the delay in approving the prototypes.

1.214. Before the approval of the prototype in respect of the second specification, the Department placed further orders on firm 'A' in June 66, on the basis of the subsequent tenders fixing the delivery date as 30th June, 1967. The Committee would like to know whether the acceptance of the supply against the second contract was subject to the approval of the prototype and when the firm supplied the cabinets against the second contract.

1.215. The Committee are unable to appreciate the cancellation of the first contract in April, 1968 after accepting part supplies upto 31st December, 1967, when the delivery date fixed for the second specification of cabinets was 30th June, 1968. Further it is not clear how a second order could be placed on the same firm in June, 1966 when its past performance was hardly reassuring in as much as it did not even commence supply of the first specification although the delivery date was fixed as 18th December, 1965. The correctness of action in cancelling the earlier contract and propriety of placing the orders for the second time should be gone into in detail.

1.216. The Committee cannot rule out the possibility of the firm deliberately delaying the supplies as it has procured a second contract at higher rates. The Committee would like Government to investigate the case thoroughly and take action against those found at fault.

NEW DELHI;

July 9, 1971.

Asadha 18, 1893 (*Saka*).

ERA SEZHIYAN,

Chairman.

Public Accounts Committee.

APPENDIX I

(Para 1.48 of the Report)

Copy of the special instructions issued to the General Manager Telephones, Bombay vide 60/C of file 97-2/69-TPS on 26-12-1969

The Audit Para relating to inadequate utilisation of expanded capacity from 8500 to 9900 lines in case of Mandvi-I and from 5300 to 6900 lines in case of Mandvi-II emphasises the need for greater vigilance in giving telephone connections.

2. I understand that adequate cables have now been received and laid for giving telephone connections from these exchanges. I would like you to take special steps to see that the entire available connectable capacities in these exchanges are utilised in next 6 months.

3. Simultaneous steps should be taken to complete the commercial formalities and telephone installations on crash basis in all exchange areas where exchange capacity is available and cable work has been completed or likely to be completed in near future.

4. I would like you and your officers to undertake an immediate review of the exchange capacities available, the stage at which the cable works stand and draw up a programme of utilizing these capacities. In no case should there be a delay of more than six months in providing connections to the extent the cable and exchange capacities are available. These programmes should be reviewed by you any your officers once a month.

5. I would like to have a copy of the programme drawn up by the District in this regard for next six months and monthly progress report on the same together with the result of your review.

Sd/- K. N. R. PILLAI,
Member (Telecom. Development).

APPENDIX II

(Para 1.101 of the Report)

Indian Post Office Rules, 1933

Rule 215

VIII—Gratuities to be paid to Masters of Ships

215(1)—Gratuities shall be payable to the masters of ships in respect of postal articles and mail bags or other containers received by them for conveyance on behalf of the Post Office at the following rates, namely:—

	Rs.	P
Letters and post cards	2	62 per Kg.
Packets	0	28 „
Parcels	0	14 „
Mail bags and other containers	0	14 „

(2) In calculating gratuities payable under sub-rule (1) fractions of a naya paisa not exceeding one half shall be ignored and fractions of a naya paisa exceeding one half shall be counted as one naya paisa.

APPENDIX III

(Para 1.131 of the Report)

EXTRACT FROM D.G. P&T MEMO. NO. 2/26/65-TR, DATED 19-8-1965.

(Procedure for disconnections of Telephones)

* * *

1. Hitherto all subscribers who had not paid their telephone dues by the 15th day of the date of issue of the bill were remained for payment by the issue of a registered acknowledgement due notice requesting payment within seven days. The telephones of subscribers who did not pay within the period specified were disconnected subsequently.

2. The whole question of non-payment of bills within the stipulated time and the issue of reminders has been re-examined in the light of the recommendations made by the Consultants in this regard. It has now been decided that the following procedure should hereafter be adopted in respect of telephone bills which have not been paid within the stipulated time:—

- (i) The issue of registered acknowledgement due notice or of any written reminder to a defaulting subscriber should be discontinued.
- (ii) On the 15th day of the issue of the bill the defaulting subscriber should be telephoned regarding the non-payment and informed that his telephone would be disconnected if proof of payment is not forthcoming.
- (iii) The telephone of the defaulting subscriber should be disconnected if proof of payment is not forthcoming by the 22nd day of the issue of the bill.

3. These decisions should be implemented in regard to bills issued from 1st September, 1965.

4. Beginning from the issue of bills in September, 1965, no written reminder should be given in the form of registered acknowledgements due notices or in any other written form. Payment of the telephone bills should be noted promptly on a daily basis.

5. In respect of the exchanges situated in the head-quarters of the Telephone Revenue Office, the undermentioned action should be taken by the Office of the A.O.T.R.

5.1. After noting of the payments, on the 15th day of the issue of the bill, each defaulting subscriber should be rung up on the telephone and informed somewhat as below:—

“Bill relating to rent/trunk for period———for Rs. ———issued by us on———has so far not been paid by you. In the absence of proof of payment being produced immediately, your telephone will be disconnected. No further intimation will be given to you in this regard”.

5.2. Payments should be watched for a few more days and positively on the evening of the 21st day after issue of the bill a disconnection list in form A.C.E.-107 should be sent across to the Officer-in-charge of the local exchange through a messenger.

5.3. On receipt of this disconnection list, the local exchange should on the evening of the 22nd day of the issue of the bill disconnect the telephones of the listed subscribers in the M.D.F.

6. In respect of the subscribers of distant exchanges (*i.e.* not situated in the same station as the A.O.T.R.), the TRAO should on the 15th day of issue of bills send to the concerned exchange by registered post a disconnection list in form ACE-107. On receipt of this list, the exchange should arrange to telephone each defaulting subscriber in the same manner as prescribed in para 5.1 above. The TRAO should take into account further payments, if any, and should on the 20th day of the issue of the bill send to the Officer-in-charge of the exchange by registered post corrections to the disconnection list in form ACE-107 forwarded already. Except where proof of payment has been produced, the exchange should disconnect on the evening of the 22nd day of the issue of the bill the subscribers included in the disconnection list, as corrected by the subsequent intimation.

7. By the use of a suitable rubber stamp, the TRAO should arrange to record on the bill register the fact that the subscriber has been telephoned regarding his outstanding bill on———(date and time) in case of headquarter exchanges or that the item has been included in the disconnection list sent to the exchange in case of other exchanges. The exchange should also arrange to make a similar record on the disconnection list received by it. The TRAOs may make requisite re-adjustments in the arrangement of the work to facilitate the switch-over to the new procedures.

APPENDIX IV

Summary of main Conclusion/Recommendations

Sl. No.	Para No.	Ministries/Deptt. concerned	Conclusions/Recommendations
(1)	(2)	(3)	(4)
1	1:20	Department of Communications (P. & T. Board)	The Committee find that as against a traffic increase of 20 per cent assumed in 1962 for the Bombay Fort Exchange, the observations in May, 1969 after the exchange was established, disclosed an actual increase of the order of 75 per cent. The Committee would like to know whether any intermediate observations were made and necessary corrective on the basis thereof applied to the traffic projections made in 1962. Had these been done, the Department could have taken timely action to procure additional equipment before the installation of the exchange.
2	1:21	Do.	Admittedly the ordering for the additional equipment after the inadequacy of the control equipment was known, was not prompt enough. The Committee were given to understand that the additional equipment could have been imported sooner than expected from the ITI on whom the orders were placed. As the import would have involved additional foreign ex-

(1)	(2)	(3)	(4)
3	1'22	Department of Communications (P. & T. Board)	<p>change of Rs. 8.34 lakhs only taking into account the foreign exchange component in the indigenous manufacture, the Committee would like to know whether the feasibility of import was specifically examined at Government level in view of the recurring loss of substantial amount of potential revenue.</p> <p>Till September 1970, 6526 direct connections and 9510 extensions had been given in this exchange. According to the representative of the P. & T. Board, a provision for 30 per cent extensions is generally made and the project estimate of the Bombay Fort Exchange contained a similar provision. However, extensions to the extent of 146 per cent of the direct connections had been given. The peculiarity of the Cross-Bar exchanges, as explained by the representative, is that even internal calls between the extension and main telephone instruments, which are not paid for, load the exchange. The Committee have thus reason to believe that existence of such a large number of extensions had limited the capacity of the exchange to handle remunerative calls thereby reducing the revenue potential. The argument that on the basis of rental ratio of 2:1 between the direct exchange line and extension, the capacity of the exchange is already utilised does not appeal to the Committee. The Committee would like the matter to be investigated to avoid recurrence.</p>
4	1'23	Do.	<p>The Committee were informed that the Department was devising an instrument which would obviate the internal calls loading the exchange as also a portable equipment which could be used to measure the incidence</p>

of calls on the Strowger system accurately so that difficulties met with in the past in replacing the strowger system by the Cross-Bar system of adequate capacity, might not be encountered in future. The Committee may be apprised of the outcome of the efforts in this regard.

5. 1:34

Do.

During evidence the Committee were informed that in Kanpur Exchange, shortage of cable or instruments did not come in the way of full utilisation of capacity. The capacity of the exchange expanded in March, 1965 could be fully utilised only by August, 1968 despite a long waiting list of 7,000 and above for fresh connections. The Committee would like to know the specific reasons for the delay in utilising the expanded capacity.

6 1:35

(P. & T. Board)

The Committee note that the connectable capacity of an exchange is only 94 per cent after allowing for a reserve of 6 per cent for engineering purposes. As it is stated that there is already difference of opinion in regard to the necessity of maintaining 6 per cent reserve, the Committee would urge that the position in exchanges in other countries may be ascertained to see whether there is scope for reducing the percentage of reserve especially in view of a large unfulfilled demand for telephone connections in the country.

77

7 1:37

Do.

At present a subscriber retains a 'sort of lien' on his telephone for six months even when he does not pay the bills. As the telephone is liable to be disconnected in the event of non-payment by the 22nd day of the issue of the bills, the period of six months allowed for the restoration of

(1)	(2)	(3)	(4)
			<p>the connection on payment appears to be too long. In order to have an effective deterrant against delays in payment as also to avoid loss of revenue due to non-utilisation of the capacity of the exchange to this extent the Committee suggest that the Department may consider the feasibility of curtailing the period to three months.</p>
8	1'42	(P. & T. Board)	<p>The Committee are distressed to note that due to lack of proper advance action the capacity of the Bombay Telex Exchange expanded from 200 to 500 connections in September, 1969 could not be utilised fully until August, 1968 notwithstanding a heavy demand for additional connections, which entailed a loss of potential revenue of about Rs. 14.12 lakhs. The Committee trust that such lapses would be avoided in future, by advance planning and coordinated action to ensure that cables, dialling units etc. are available in time.</p>
9	1'65	Do.	<p>The Committee note that the delays in utilisation of the available capacity in the two exchanges Mandvi-I and Mandvi-II was due to overall shortage of cables in the country and that on receipt of adequate cables instructions for the utilisation of capacity had been issued in December, 1969 by the General Manager, Telephones, Bombay. The instructions <i>inter alia</i> envisaged an immediate review of the capacity available in all the exchanges in Bombay area and the stage at which the cable works stood in order to draw up a programme of utilising the capacity within six months on a crash basis to the extent cable was available. In the opinion of the Committee, a similar review and a systematic programme of work</p>

are called for in all the Telephone districts/circles and a strict watch should be kept on the progress of utilisation of capacity already built up.

10 1'66 Do.

The Committee could not get an exact idea regarding the extent of unutilised capacity of all the telephone exchanges in the country on account of shortage of cables. They desire that Government should assess the position on the basis of the review suggested in the foregoing paragraph and apprise them.

11 1'67 P. & T. Board
Industrial Development

The cable requirements during the Fourth Plan period had been scaled down finally to 44,000 standard kilometres. Taking into account the estimated indigenous production of 25,000 standard kilometres and orders placed for imports of 12,000 standard kilometres there is still a gap of 7,000 standard kilometres to meet even this reduced requirement. The Committee desire that early steps should be taken to bridge this gap.

12 1'68 Do.

The Committee note that the capacity of the Hindustan Cables Factory at Rupnarainpur is being expanded to 8,000 standard kilometres and that it is expected to go into full production by March, 1972. A second factory is also expected to be commissioned in about two to three years. The Committee trust that these projects will proceed according to schedule. In this connection the Committee would like to know the decision of Government on the Administrative Reforms Commission's recommendation that the responsibilities discharged by the then Ministry of Industrial Development, Internal Trade and Company Affairs in respect of the Hindustan Cables Limited should be transferred to the P. & T. Board.

(1)	(2)	(3)	(4)
13	1-69	P. & T. Board	<p>The Committee feel that a High-Power Committee should go into the entire question of indigenous production <i>vis-a-vis</i> cable requirements with a view to suggesting concrete measures to attain self sufficiency in cables before long.</p>
	1-70	Do.	<p>The Committee could like to know the steps taken in this regards.</p> <p>As at the end of 1969-70 only 79.5 per cent of the existing capacity of of exchanges had been utilised. The P&T Department intimated to the Committee that an overall target of 85 per cent utilisation of capacity would be reasonable. The Committee are unable to agree with this, in view of the ever rising waiting list which runs into several lakhs. According to the Department's own norm, 94 per cent utilisation after allowing for 6 per cent reserve should be aimed at. On this basis the number of connections that were not provided due to various reasons at the end of 1969-70 was 1.62 lakhs and the loss of potential revenue during the three years ended 1969-70 was to the tune of Rs. 45.18 crores. This shows the extent to which the return is less for the capital already invested. The Committee, therefore, consider that the accent during the Fourth Plan period should be on utilising the existing capacity fully.</p>
15	1-71	Do.	<p>The Fourth Plan envisages additional 7.6 lakhs telephone connections of which only 0.80 lakh connections were given during the first year of the Plan <i>viz.</i> 1969-70. As pointed out earlier 1.62 lakhs further connections could be given merely by utilising the existing capacity. The Committee hope that the rate of additional connections in the remaining years of the Plan would be stepped up and the overall targets fulfilled.</p>

16. 1'89

Do.

The Committee find that although a dispensary was opened at Jaipur for P&T Employees in 1967, treatment therein was made compulsory only with effect from 1st January, 1969 following the Orissa High Court ruling and an amendment to the Central Services (Medical Attendance) Rules empowering the Central Government to appoint Authorised Medical Attendants in December, 1968. In the meantime, 10,072 persons received treatment outside the dispensary and a total amount of Rs. 18.37 lakhs representing cost of treatment was reimbursed by the Department. The Committee feel that the Department should have obtained legal opinion from the Ministry of Law and in consultation with the Ministry of Health the treatment should have been made compulsory *ab initio* which would have avoided considerable expenditure on reimbursement of fees for professional services obtained outside the dispensary.

17. 1'90

Do

The Committee note that even after opening the dispensaries, staff drawing salary more than Rs. 500 per month are given an option to go either to the dispensaries or to the Authorised Medical Attendants appointed by the State Government. If they prefer the latter the cost of treatment is reimbursed to them. As under the Central Government Health Scheme there is no such distinction between the staff getting upto Rs. 500 and those above Rs. 500, the Committee see no reason why the present practice should continue in the P&T Department. They would suggest that Government may examine whether it is not desirable to

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do away with the distinction by making such amendments as are necessary to the Central Services (Medical Attendance) Rules.

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P & T Board

The Committee get a disturbing picture from the study undertaken by the P&T Board Efficiency Bureau. Over a period of 7 years, from 1961-62 to 1967-68 the *per capita* expenditure on medical reimbursements increased by 389 per cent. In this connection it is interesting to note that the *per capita* cost of treatment which was about Rs. 81/- per month at Jaipur before opening the dispensary came down to Rs. 11/- after the treatment in the dispensary was made compulsory. As establishment of such dispensaries has helped to curtail the expenditure and reducing the possibilities of malpractices, the Committee would urge the Department to come to an early decision on opening dispensaries in areas where the total number of P&T staff exceeds 1000.

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1'92

Do.

The Committee would like to know the action taken finally on the 28 cases of malpractices in collusion with chemists and doctors noticed at Jaipur during the period 1-4-1966 to 31-3-1967. The Committee would also like to know the outcome of the case of suspected fraud at Vellore involving 64 persons of whom 53 were reported to be Postal employees. Based on these cases, Government should lay down suitable guidelines for the controlling officers so that there may be effective scrutiny of medical claims.

- 20 1:93 Do. The Efficiency Bureau has suggested that the present scheme of medical reimbursements should be reviewed and reimbursement allowed only for hospitalisation cases granting a fixed allowance for other ailments, with an option to be given to the employees to receive treatment from the P&T dispensary or the CGHS wherever they exist. This suggestion deserves careful examination in consultation with the Ministries of Health and Finance. The Committee would also like Government to consider the feasibility of referring this suggestion to the Pay Commission.
- 21 1:108 Do. The Committee are surprised to find that firm 'A' had been entrusted with the work of transshipping mails from Tuticorin Port to Colombo harbour at the rate of Rs. 5.9 per bag as against his tendered rate of Rs. 1.25 per bag with the result that an extra expenditure of Rs. 2.26 lakhs had to be incurred during March, 1965 to August, 1967. The Committee would like to know the action taken as a result of the disciplinary proceedings instituted against the officials concerned.
- 22 1:109 Do. Incidentally the Committee find that the rate of 28 paise per kilogram prescribed in the departmental rules was based on the rates laid down under the Universal Postal Union Rome Convention (1905) The convention provided for three different rates for the conveyance of articles other than letters, postcards etc. by sea *i.e.* upto 300 nautical miles, between 300 to 1500 nautical miles and beyond 1500 nautical miles. The Department had taken the rate applicable to the distance between 300 and 1500 nautical
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miles and adopted it irrespective of distance. In this case the distance between Tuticorin and Colombo was only 140 nautical miles for which the rate prescribed by the Rome Convention would be 2/5th of the rate adopted by the Department. The Committee, however, note that the relevant rules had since been amended. The Committee would like to know why a uniform rate was initially prescribed without relating it to the distance as recommended by the Rome Convention, which continued unrevised for over 60 years. They would also like Government to arrange for a careful and periodic review of such rates in future having regard to the basis of their original fixation and the experience gathered subsequently.

84

23. 1.119 P & T Board

The Committee regret to note that on account of the delay in deciding the tenders by the Post Master General in both the cases and the partial acceptance of the tenders in one case, Government had to incur an extra expenditure of Rs. 32,192 during 1966-67 and 1967-68 in making payments for the transport of departmental stores at higher rates applicable to the previous years' contracts of the same contractor. The Committee are at a loss to understand why negotiation could not be held to have the rates reduced to his tendered rates for the periods of delay in deciding the tenders and on what authority his rates of the expired contracts were continued. The Committee would like to be assured that there was no collusion between the contractor and any department official.

24. I.120 Do.

The explanations of the delay in the Post Master General's office as due to "the concerned officer being on long earned leave", "the concerned file having been linked up in some other connection", "misrouting of file" and "incomplete submission of the case by the dealing Assistant" are hardly convincing. While the Committee note that responsibility could not be fixed on any particular individual for the delay, they trust that the Department would take suitable remedial measures so as to avoid such costly delays.

25. I.121 Do.

The Committee do not see any force in the argument that tenders for the year 1967-68 were accepted in parts to effect economy when there was no permissive clause therefor in the tender call notice issued by the Department. The Committee hope that such acts of indiscretion will not be committed and that the department would be well fortified by suitable conditions in the tender call notice in future.

26. I.132 Do.

The Committee are unhappy to note the slow progress of recovery of telephone dues pertaining to the period upto 1967-68. Out of the dues upto 1967-68 amounting to Rs. 342.06 lakhs outstanding as on the 1st July, 1969 only a sum of Rs. 39.92 lakhs could be recovered upto 1st March, 1970. As by the efflux of time it becomes difficult to realise the dues especially from private subscribers, the Committee would urge the Department to initiate a special drive to recover the arrears. They would suggest that the matter should be resolved without further delay in so far as the arrears relate to Government subscribers. In respect of other subscribers it may be advisable to prepare consolidated arrears bills with relevant

(1)	(2)	(3)	(4)
27.	I.133	P & T Board	<p>particulars for the working connections and systematically pursue them with parties concerned so as to effect recoveries expeditiously.</p> <p>The Committee take serious view of the large scale short recoveries and failure to issue bills dealt with in the Audit para. Although these have been attributed to failure of human element, the Committee would like to stress the need for providing necessary safeguards such as surprise checks to ensure correct and prompt billing and recovery of dues fully and in time.</p>
28.	I.142	Do.	<p>The Committee are concerned to find that the instructions issued by the Department in June, 1967 which provided for taking meter readings every fortnight were missed by the staff and that the readings were continued to be taken monthly with the attendant risk of failure to bill a complete cycle as recorded by the 4 digit meters. They would like the Department to review the position in this regard in all the S.T.D. exchanges and to take appropriate action against the staff responsible for the failure. The Department may also examine the cases of heavy cellers in these exchanges to see whether there was failure to bill a complete cycle by comparing the bills for a few quarters and effect necessary recoveries.</p>
29.	I.143	Do.	<p>The Committee would like to know the reasons for such wide spread under-billing in as many as 432 cases involving Rs. 9.71 lakhs during the period of a year and a half between March, 68 to August, 1969. The</p>

Committee hope that pending replacement of 4 digit metres by 5 metres which should be expedited, the instructions issued on 28th September, 1970 to obviate the possibility of underbilling would be strictly followed.

30. 1.144 Do.

The Committee note that as against the anticipated supply of 2.65 lakh 5 digit meters to replace the 4 digit meters and to meet normal expansion requirements during 1969-70, only 30,684 could be procured. As there is an urgent need for 5 digit metres to eliminate the possibilities of leakage of revenue, Government should take necessary measures to step up indigenous production and in the meanwhile, with the limited availability of these meters the P&T Department should give priority for the replacement of 4 digit meters in heavy exchanges. The Committee would also suggest that Government may consider the matter in all its aspects to explore the ways and means of meeting urgent requirements of 5 digit meters.

87

31. 1.153 Do.

That the arrears of rentals for the telephone, telegraph and speech circuits provided for the exclusive use of other Government Department since 1955-56 could be brought down from Rs. 85 lakhs to Rs. 19.32 lakhs after the non-recovery was pointed out by Audit, shows that the P&T Department were not taking effective steps in recovering the dues in the past. The decentralisation of telephone revenue work in the two P&T circles in 1967-68 cannot adequately explain the delay in recovery over a period ranging upto 15 years. The Committee hope that in future recovery of dues would be effected promptly on the commissioning of the circuits.

(1)	(2)	(3)	(4)
32.	I.154	P & T Board	<p>The Committee note that rental for cable laid for other departments is recoverable @ 18 per cent of the capital cost per annum or at the standard prescribed flat rates, whichever is higher. Such cases of short recovery of rent on flat rate basis as have been noticed reveal that there is no systematic arrangement of verifying the correctness of initial recovery after the capital cost becomes known. The Committee hope that strict instructions would be issued to guard against such lapses involving short recoveries in future.</p>
33.	I.164	Do.	<p>The Committee are surprised that the detailed estimates had been prepared and sanctioned and stores indented for without even a preliminary survey of the proposed route.</p>
34.	I.165	Do.	<p>The Committee would like to be apprised of the results of investigation into "the apparant failure to carry out any survey at the time of preparation and sanction of the detailed estimates" which was responsible for the delay in commissioning the project and consequently locking up of capital and loss of potential revenue.</p>
35.	I.170	Do.	<p>The Committee are distressed to note that according to the Audit Para as many as 78774 objections were raised up to the end of 1967-68 remained unsettled at the end of August, 1969. The Department, however, informed the Committee that the number was less and that the matters had been taken up with the Accountant General, Posts and Telegraphs.</p>

36. 1.171 Do.

The Committee need hardly stress the necessity of settling the Audit objections promptly. Personal discussions with the Audit officers at the various levels could be helpful. The position of outstanding objections should be reviewed periodically at the Board's level on the basis of reports obtained from the various units.

37. 1.172 Do.

The Committee Consider it necessary that the department should go into the reasons for the persistence of Audit objections of the nature brought out in the Audit para and take suitable remedial measures to obviate them. They would, in particular, like to draw attention to want of sanction to establishment or continuance of establishment, want of sanction to miscellaneous and contingent expenditure and want of sanctions to estimates or excess over sanctioned estimated. The Committee to not favour continuance of posts without prior sanction of competent authority and *post facto* regularisation which carry with it the risk of diluting the standard of scrutiny of justification for the posts. They would accordingly urge that the procedure for issuing sanction be streamlined to ensure that prior sanctions are obtained invariably.

38. 1.180 Do.

The Committee are unhappy about the pendency of Inspection Reports for over ten years. As suggested earlier there should be a periodical review of the position at the Board's level. The higher Departmental officers inspecting the various units should also look into the position of pending audit objections and inspection report with a view to giving necessary directions for their expeditious disposal.

(1)	(2)	(3)	(4)
39.	I.181	P & T Board	<p>The Department intimated to the Committee the results of the study of cases relating to common types of irregularities pointed out by Audit and the measures taken to avoid similar irregularities only in respect of three items. The Committee would like to be apprised of results of the study of other items as well.</p>
40.	I.187	Do.	<p>The Committee would like to stress that responsibility for losses and defalcations should be fixed without delay in respect of the remaining 191 cases involving Rs. 1.96 lakhs.</p>
41.	I.192	Do.	<p>In view of the high incidence of copper wire thefts, the Committee would urge the Department to complete the replacement of copper wire on telegraph alignments early. In the meanwhile, the Committee hope that efforts by the P. & T. Department and State Governments to arrest thefts and apprehend the miscreants would be intensified as lack of effective action so far is indicated by the steep rise in thefts over the years resulting in a loss of over a crore of rupees in 1968-69 besides causing widespread disruption in the vital means of communication.</p>
42.	I.198	Do.	<p>The Committee are distressed to find that the action of the Divisional Engineer in cancelling the tenders received initially and calling fresh tenders, resulted in extra payment of Rs. 33,400.</p>
43.	I.199	Do.	<p>They would like to know what action was taken on the advice of the Central Vigilance Commission against the persons at fault. The Central Vigilance Commission may be asked to expedite their advice, if it had not been already received.</p>

(1)	(2)	(3)	(4)
46.	I.214	P & T Board	<p>Before the approval of the prototype in respect of the second specification, the Department placed further orders on firm 'A' in June 66, on the basis of the subsequent tenders fixing the delivery date as 30th June, 1967. The Committee would like to know whether the acceptance of the supply against the second contract was subject to the approval of the prototype and when the firm supplied the cabinets against the second contract.</p>
47.	I.215	Do.	<p>The Committee are unable to appreciate the cancellation of the first contract in April, 1968 after accepting part supplies upto 31st December, 1967, when the delivery date fixed for the second specification of cabinets was 30th June, 1968. Further it is not clear how a second order could be placed on the same firm in June, 1966 when its past performance was hardly reassuring in as much as it did not even commence supply of the first specification although the delivery date was fixed as 18th December, 1965. The correctness of action in cancelling the earlier contract and propriety of placing the orders for the second time should be gone into in detail.</p>
48.	I.216	Do.	<p>The Committee cannot rule out the possibility of the firm deliberately delaying the supplies as it has procured a second contract at higher rates. The Committee would like Government to investigate the case thoroughly and take action against those found at fault.</p>

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.	Sat Narain & Sons, 3141, Mohd. Ali Basar, Mori Gate, Delhi.	3	34.	People's Publishing House, Rani Jhansi Road, New Delhi.	76
26.	Atma Ram & Sons, Kashmir Gate, Delhi-6.	9	35.	The United Book Agency, 48, Amrit Kaur Market, Pahar Gani, New Delhi.	88
27.	J. M. Jaina & Brothers, Mori Gate, Delhi.	11	36.	Hind Book House, 82, Janpath, New Delhi.	95
28.	The Central News Agency, 23/90, Connaught Place, New Delhi.	15	37.	Bookwell, 4, Sant Narankari 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. Chooba Singh News Agent, Ramlal Pasi High School Annex, Imphal.	77
31.	Bahree Brothers, 188 Lajpatrai Market, Delhi-6.	27	AGENTS IN FOREIGN COUNTRIES		
32.	Jayana Book Depot, Charparwala Kuan, Karol Bagh, New Delhi.	66	39.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON W.C.-2.	59

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