

**PUBLIC ACCOUNTS COMMITTEE**  
**(1967-68)**

**SIXTH REPORT**  
**(FOURTH LOK SABHA)**

[ Action taken by Government on the recommendations of the  
Public Accounts Committee contained in their 43rd and 66th  
Reports ( Third Lok Sabha ) relating to P. & T. Accounts ]



**LOK SABHA SECRETARIAT**  
**NEW DELHI**

*October, 1967*  
*Kartika, 1889 (Saka)*

**Price : Rs. 1.75**

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CORRIGENDA TO THE SIXTH REPORT OF P.A.C. (1967-68)  
PRESENTED TO LOK SABHA ON 16TH NOVEMBER, 1967.

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(1967-68)

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Shri R. M. Bhargava—*Under Secretary.*

## INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this 6th Report on the Action Taken by Government on the recommendations of the Committee contained in their 43rd and 66th Reports (Third Lok Sabha) relating to P. & T. Accounts.

2. On 27th June, 1967, an 'Action Taken' Sub-Committee was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Reports.

The Composition of the Sub-Committee is as follows:—

- |                                |   |          |
|--------------------------------|---|----------|
| (1) Shri D. K. Kunte           | } | Convener |
| (2) Shri C. K. Bhattacharyya   |   | Members. |
| (3) Shrimati Tarkeshwari Sinha |   |          |
| (4) Shri M. C. Shah            |   |          |
| (5) Shri B. K. P. Sinha        |   |          |

3. The Draft Report was considered and adopted by the Sub-Committee at their sitting held on 4th October, 1967 and finally adopted by the Public Accounts Committee on the 28th October, 1967.

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

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

NEW DELHI;

October 28, 1967.

Kartika 6, 1889 (Saka).

M. R. MASANI,

Chairman,

Public Accounts Committee.

## CHAPTER I

### GENERAL

In this Report the Committee have dealt with the action taken by Government on the recommendations contained in their 43rd and 66th Reports (Third Lok Sabha) which were presented to the House on 24th February, 1966 and 2nd December, 1966 respectively.

1.2 The number of recommendations contained in each Report and the number out of them to which interim or no replies have so far been received are as follows :—

No. of Report	Date of Presentation	Total No. of Recommendations.	No. of Recommendations to which no Reply has been received till 29th Sept., 1967.	No. of Recommendations to which only interim replies have been received.
1	2	3	4	5
43rd	24-2-66	81	—	3
66th	2-12-66	30	—	1

1.3 It will be seen that interim replies have been received in respect of 3 recommendations pertaining to 43rd Report and 1 recommendation pertaining to 66th Report. List of Recommendations in respect of which replies of interim nature have been received is given in Appendix I.

1.4 The statement showing action taken on the recommendations of the Committee contained in their 43rd and 66th Reports (Third Lok Sabha) have been categorized under the following headings :—

- (i) Recommendations/observations that have been accepted by Government.
- (ii) Recommendations/observations which the Committee do not desire to pursue in view of the Government's reply.
- (iii) Recommendations/observations in respect of which replies of Government have not been accepted by the Committee or which require reiteration.
- (iv) Recommendations/observations to which Government have furnished interim replies.

1.5 In respect of a number of recommendations, the Committee observe that the Ministries/Departments have replied as 'noted'. It



is not clear from such replies as to what specific action Government have taken or intended to take to give effect to the Committee's recommendations in letter and spirit. The Committee desire that Government's replies should be explicit and self-contained. In particular, where remedial measures are called for, the details of action taken or intended to be taken should be specifically spelt out.

1.6 The recommendations/observations in respect of which Government's replies have not been accepted by the Committee or which require reiteration have been dealt with in Chapter II.

## CHAPTER II

*Recommendations/observations in respect of which replies of Government have not been accepted by the Committee or which require reiteration by the Committee:*

*Arrears of Telephone Revenue, Para. 3.4 of 43rd Report and Paras. 3.10 to 3.12 of 66th Report (Third Lok Sabha).*

The Public Accounts Committee have felt concerned, from time to time, over and mounting arrears of telephone revenues.

2.2 In para. 3.4 of their 43rd Report, it was stated, "The Committee regret to find that a very heavy sum of Rs. 4.52 crores of telephone revenue as on 1st July, 1964 has fallen into arrears. What is more regrettable in this case is that during the last four years the percentage of uncollected arrears to the amount collected has increased steadily from 8.5 in 1960-61 to 12.2 in 1963-64."

2.3 Similarly the Committee in para. 3.10 and 3.12 of their 66th Report had stated "The Committee regret to find that inspite of the assurance given by the P. & T. Board para 3.3 of the 43rd Report (1965-66), no appreciable progress appears to have been made in bringing down the arrears of telephone revenue. As a matter of fact, the arrears as on 1st July, 1965 increased to Rs. 6.04 crores, when compared to the figure of Rs. 4.52 crores, as on 1st July, 1964. In the opinion of the Committee, the Department should set up some procedure whereby the old arrears and the current dues are maintained separately so that the Department can intensify their efforts for recovery of old arrears, and watch the progress of recovery from time to time. The steps so far taken by them have not yielded, appreciable results and hence the Committee feel that the P. & T. Board should be more vigilant and take more vigorous steps to liquidate old arrears of telephone revenue."

"3.12 In regard to the realisation of Government arrears the Committee find that these arrears which amounted to Rs. 361 lakhs on 1st April, 1965, were reduced to Rs. 180 lakhs as on 1st June, 1966. The Committee desire that the P. & T. Department should intensify their efforts to liquidate these arrears. In this connection, the Committee reiterate their earlier recommendation as contained in para 3.7 of 43rd Report (1965-66) for revising the procedure for expediting the payment of Government Bills."

2.4 From the Audit Report, Posts & Telegraphs, 1967, the Committee also find that the collection of telephone revenue in respect of bills issued up to 31st March, 1966 was in arrears to the extent of Rs. 6.11 crores as on 1st July, 1966.

2.6 In the action taken note on paras 3.5, 3.10 to 3.12 of the 66th Report, the P. & T. Board has, stated *inter alia*:

"The Department is doing its best to realise the arrears of telephone revenue. It is a fact that three month's old outstandings as on 1-7-65 has increased to that of the earlier year. But a review of the subsequent trend in the outstandings would indicate that not only the increasing trend has been arrested but a downward trend had started. The three month old outstandings on the dates as indicated below will explain the position:

As on 1-7-65 . . . . .	Rs. 604 lakhs.
As on 1-8-66 . . . . .	Rs. 555 lakhs.
As on 1-10-66 . . . . .	Rs. 524 lakhs.
As on 1-1-67 . . . . .	Rs. 523 lakhs.

"The accumulation of arrears against Government Departments was partly due to not strictly enforcing disconnection of Government telephones in the past so as to avoid dislocation of public work. As this attitude was found to be detrimental to the interests of the Department in the matter of realising the dues, it was decided that Government subscribers should be treated on par with private subscribers in all respects. There is at present no differentiation in the matter of time limit for payment of dues or disconnection procedure between Government and private subscribers except in the case of exempted categories like high dignitaries of Government. Suitable instructions have also been issued to take special steps for arresting the increase in Government outstandings. As has been pointed out by the Committee, three months old outstanding against Government subscribers came down from 361 lakhs to 180 lakhs on 1-6-66."

2.6 The Department has further stated, "It is hoped that the measures taken regarding prompt disconnection of telephones for non-payment, treating Government subscribers at par with private subscribers, the monthly review of the outstanding at the Directorate level and keeping a close watch over outstanding will accelerate the collection machinery and yield better result in future."

2.7 *The Committee find that 3 months old outstanding arrears of telephone revenues were Rs. 4.52 crores on 1st July 1964 ; Rs. 6.04 crores on 1st July, 1965 ; Rs. 6.11 crores on 1st July, 1966 and Rs. 5.23 crores on 1st January, 1967. The Committee note that the P. & T. Board has taken certain measures to reduce these outstandings of telephone revenues. They, however, regret to note that the various measures taken so far have not yielded results. The Committee need hardly stress the necessity for early realisation of these outstanding telephone revenues. They desire that the P. & T. Board should keep*

a close watch over the realisation of telephone revenues from Government Departments and private subscribers as the efforts so far made by them have by and large not been successful.

2.8 The Committee would also impress upon the P. & T. Board that while taking action against the subscribers like disconnecting a telephone the Board should ensure that the bills are prepared correctly by the Department and sent in time. The Department must set their own house in order by preparation of the telephone bills correctly and by sending them in time to the subscribers. They hope that this will also be kept in view by the Department.

[Agreement with Standard Telephone and Cables Ltd. (U.K.)  
Paras. 4.51, 4.53, 4.58 of 43rd Report (Third Lok Sabha)].

2.9 The Public Accounts Committee in para 4.51 of their 43rd Report (Third Lok Sabha) had observed :

“The Committee are not able to understand how the original agreement could be signed without knowing the requirements of the country thus committing the country for 20 years. There must be some rationale behind such an agreement. 25 per cent of the country's requirements were tied down to this firm for the coming 20 years from 1949 and this placed the Government in a disadvantageous position, particularly by underestimating the projected needs of the country. It passes their comprehension how any body could have imagined in 1949 in the P. & T. Department that the country's requirements for the cables and the production would remain the same for 20 years”.

“The Committee doubt if there would be any other case where Government have agreed to pay a royalty for 20 years at the rate fixed on the production which was rather small at that time, without taking into consideration that production would be increasing manifold in the course of 20 years and thus giving the collaborators an unintended receipt which is not justifiable.”

2.10. The Ministry of Industrial Development and Company Affairs (Department of Industry) in their action taken note have *inter alia* stated that the agreement signed between the Government and the foreign collaborator did not operate to the disadvantage of the country during the first 10 years of the agreement. As soon as it was noticed that the price charged by the collaborator under the 'compulsory purchase' clause of the agreement was higher than the price quoted by other parties, negotiations were started with the collaborators to bring down the prices. As a result of the negotiations the collaborator agreed to reduce the "Agreement Price" by 5 per cent. in case of coaxial cables and 10 per cent. for all other cables. Further the rates of royalty as well as charges payable to the collaborator for

technical know-how were reduced, despite the fact that according to the agreement the collaborator need not have made any concession whatsoever.

2.11. The Department of Industrial Development further stated in their note:

“As regards duration also every effort was made to restrict the period of 5 years but it was of no avail since M/s. Standard Telephone and Cable Ltd. insisted on maintaining the stipulated period of 20 years.”

It may also be pointed out in this connection that in those early years when the process of industrial development was taking shape, even in comparatively simple industries, arrangement with foreign parties for duration of 10 to 15 years was being normally permitted as the emphasis then was for rapid industrialisation. In many of these cases extension was also agreed to for another 10 or 5 years. Royalty in most of the cases was of the order of 5 per cent. or higher. On the other hand the royalty asked for by Standard Telephone and Cable Ltd., viz., 2 per cent. taxable was low and it was not considered advisable to forego such favourable terms and permit the negotiations to break, because of the disagreement regarding the duration of agreement or over the ‘25 per cent. compulsory purchase clause’ . . . . . In this connection, it will be appreciated that even today the rates of royalty in comparable cases are seldom less than 3 per cent. and the rate of 2 per cent. agreed to in 1949 should be deemed reasonably low and was, therefore, justified. In fact in order to obtain some compensation for the low rate of royalty agreed to by them, that the collaborators insisted upon ‘guarantee of purchases.’

2.12. *The Committee reiterate the observation contained in para. 4.51 of their 43rd Report. They feel that before signing the original agreement, a proper assessment should have been made of the requirements of cables of the country during the next 20 years. The Committee also feel that the period of 20 years during which the agreement was to remain in force was too long. The Committee hope that, in future, before entering into agreements for long periods, a thorough examination of all the aspects, viz., increase in indigenous production, demand, nature of products and alternative sources of supply will be carried out so that the cases of this type do not recur.*

2.13. The Committee had also observed in para. 4.53 and 4.58 of their 43rd Report:—

“The Committee need hardly point out that because of this agreement the company are deriving very large amounts by way

of unintended bounty and to that extent the Public Exchequer is suffering financial loss which was by no means unavoidable.

The Committee feel unhappy to note that orders for 25 per cent. of the requirements of the Government have to be placed with the company for 20 years irrespective of the prices that may be charged by the company, which is often much higher than the competitive rates."

2.14. In reply to para. 4.53, the Department of Supply have stated in their action taken note that "in respect of orders placed on Standard Telephone & Cables Ltd. under the agreement during the period 1961-63, D.G.S.&D. had to pay an extra amount of Rs. 52.22 lakhs as compared to the lowest acceptable offers received from other sources, on the basis of global tenders. As had been pointed out earlier, D.G.S.&D. had no choice in this matter as according to the terms of the agreement entered into with the firm by the Ministry of Industry, D.G.S.&D. had no alternative but to place orders upto 25 per cent. of the Government's requirements on the firm."

2.15. *The Committee find that the large amount of Rs. 52.22 lakhs which accrued to the firm Standard Telephone & Cables Ltd. in the shape of unintended bounty was due to the clause regarding compulsory purchase in the agreement. It was this clause of '25 per cent. compulsory purchase' in the agreement which led to the payment of higher price for cables to the company irrespective of the lower prices prevailing elsewhere. The Committee feel that the future needs of cables for the country should have been assessed correctly and alternative methods of procuring cables at cheaper rates should have been insisted upon when this agreement was signed. In this case, with the increase in the demand of cables, there was also a corresponding increase in the quantity of cables purchased within the limit of 25 per cent. of compulsory purchase clause. The Committee feel that but for this unusual clause in the agreement, which militated against the interest of the country, the need for payment of such an extra amount of Rs. 52.22 lakhs for purchases made during 1961-63 period alone to the company, would not have arisen at all.*

2.16. *The Committee hope that the Ministry of Industry will take note of the various lacunae which have come to notice in this agreement and strictly avoid them in future agreements.*

2.17. The Committee have been informed subsequently by the Department of Industrial Development that according to the latest arrangement between the Standard Telephone & Cables Ltd. and the Hindustan Cables Ltd., the following clause has been included by exchange of letters:—

4. (i) "With effect from 1st December, 1962 and applicable to orders placed after that date, the F.O.B. London prices to be

charged by Standard Telephone & Cables Ltd. for requirements ordered by the Government of India under clause 8(2) of the Heads of Agreement shall be equivalent to B.P.O. prices current at the time of such order(s) plus 2½ less 5 per cent. for coaxial cables and less 10 per cent. for all other cables.

(ii) It is agreed that if either party does not wish to take up or supply (as the case may be) the full 25 per cent. of the requirements of the Government for coaxial cables, the value of the part of such requirements not taken up or supplied shall be transferred to other items within the field of the Agreement."

2.18. *The Committee hope that full advantage is being taken by the P. & T. Board and the D.G.S.&D. of Clause 4(ii) referred to above. They hope that in cases where the Government does not get 25 per cent. requirements of the coaxial cables from the Standard Telephone & Cables Ltd., the value of the part of such requirements not taken up, are transferred to the other items where the difference between the International price and those of the S. T. C. is the minimum.*

2.19. The Committee would also like to draw the attention of the Government to the observations contained in paras. 4.103 and 4.104 of the 68th Report. In para. 4.103, the Committee had suggested that the opinion of the Ministry of Law should be taken and the case taken up with the British Post Office so that a suitable method was evolved for getting a clear and satisfactory certificate from the British Post Office. In para. 4.104, the Committee had desired that "the advice of the Attorney General should be obtained regarding interpretation on the meaning of sub-clause 2 of clause 8 of the agreement with the Standard Telephone & Cables Ltd., so that the correct position was made clear to all concerned. It should be clearly brought out whether the Government is required to buy 25 per cent. of only such products from Standard Telephone & Cables Ltd. which are not produced in their factory or whether, even in respect of products which are produced, 25 per cent. of the excess requirements have to be purchased from the Standard Telephone & Cables Ltd."

2.20. *The Committee have no doubt that while referring the case for advice to the Attorney General, Ministry of Law, the Deptts. of Supply, Industry & Communications (P. & T. Board) will take every care to submit complete documents and papers so as to facilitate advice. They need hardly add that the observations of the Public Accounts Committee and the doubts raised by them should be specifically brought to the notice of Attorney General/Ministry of Law.*

## APPENDIX I

(Vide para 1.3 of the Report)

*List of Recommendations of the Committee in respect of which replies of interim nature have been received.*

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Para. No. of P.A.C. Report	Serial No.	Ministry/Department concerned.
<i>43rd Report—Appendix XX</i>		
8.4	75*	P. & T. Board
8.19	80	-do-
8.20	81	
<i>66th Report—Appendix II</i>		
4.20	4	P. & T. Board

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\*S. Nos. 9.14 and 64(ii) of Appendix XXXI to the 30th Report of P. A. C. (Third Lok Sabha).



## APPENDIX II

Recommendations/observations that have been accepted by Government (43rd Report 1965-66).

### Recommendations

*The Committee are glad to note that the variation from the budget during 1963-64 was substantially less than in the two preceding years. They hope that the P. & T. Deptt. would maintain a greater degree of close approximation between the budget estimates and actuals in future years.*

[Sl. No. 1 (Para. 1.3) of Appendix XX to 43rd Report, 1965-66.]

### ACTION TAKEN

The observations of the Committee have been noted.

### FURTHER INFORMATION

The budget estimates are framed taking into consideration the trend of actuals during previous years and that of the monthly actuals for the first 8 months of the current year as well as new schemes and developments, which are likely to affect the revenue receipts during the next year (for which budget estimates are framed) e.g., revision of tariffs, provision of additional telephone connections, extension of facilities such as subscriber trunk dialling. The estimates are made carefully taking into consideration the current trends, known or anticipated developments and expansion in the Department as well in the national economy.

### Recommendation

*The Committee find from the statement that receipts on account of fees for Broadcasting Receiver Licences had increased from Rs. 43.88 lakhs in 1959-60 to Rs. 70.36 lakhs in 1963-64. They also note that the question of increasing or decreasing the rate of commission in view of the introduction of licensing in book form which was expected to reduce the departmental work, was under consideration. The Committee feel that the Commission of Rs. 2 per licence charged by the P. & T. Departments somewhat on the high side. The Committee would like this question to be decided early.*

[Sl. No. 2 (Para. 1.17) of Appendix XX to 43rd Report, 1965-66.]

## ACTION TAKEN

Under Section 4(2) of the Indian Telegraph Act, 1885, the Central Government in the Ministry of Communications have delegated its powers to issue licences for the various types of telegraphs to the Telegraph Authority, namely the Director General of Posts & Telegraphs. Wireless receiving apparatus come under the statutory definition of the term 'telegraph'. The Director General, Posts & Telegraphs as the licensing authority is more than a fee collecting agency; he administers the Indian Telegraph Act and the Indian Wireless Telegraphy Act, frames the statutory rules thereunder, prevents evasion of the licensing rules through a fullfledged whole-time organisation and is accountable both to the Parliament and the public in all matters connected with the licensing of wireless receivers. The Ministry of Information & Broadcasting have lately been holding the view that the P. & T. undertakes the licensing work *on behalf of* the All India Radio, that the P. & T. is, therefore, committed to doing the licensing work on remuneration equal to the actual cost and that the cost of BRL work is decreasing in proportion to the increase in the number of licences. The proposal to reduce the P. & T. share of this revenue has originated from the above view.

2. It will be clear from the following that the P. & T. is not doing wireless licensing work on an agency basis on behalf of the All India Radio. Even before the All India Radio or its predecessor the Indian State Broadcasting Service came into existence the Director-General, Posts & Telegraphs had been issuing licences for wireless receiving apparatus. In 1936 the P. & T. undertook the function of preventing evasion of licensing rules and the Central Government decided that 20 per cent. of the total revenue will be retained by the P. & T. The annual licence fee then was Rs. 10 and when in 1937 the renewal fee was reduced to Rs. 8, the P. & T. share was fixed at Rs. 2 per licence so that its share would in no case fall below 20 per cent. of the revenue. When the renewal fee was restored to Rs. 10 in 1940, the P. & T. share continued to be Rs. 2 per licence. During and after the World War II it was pointed out by the Accountant General, Posts & Telegraphs that the P. & T. was incurring a loss on the basis of the share at Rs. 2 per licence. In 1949 the fee for domestic licence was raised from Rs. 10 to Rs. 15. The question of raising the P. & T. share from Rs. 2 to Rs. 3 was taken up, but no decision could be arrived at.

3. On the other hand, the original agreed basis of P. & T. retaining 20 per cent. of the revenue has over the years been progressively eroded by (i) conversion of the percentage rate to the fixed rate per licence though the licence fee for the various types of

licences was steadily rising, (ii) the sharing of revenue realised from possession licences (issued under the Indian Wireless Telegraphy Act) which was not covered in the Government's original orders (Communication K 401, dated 6-5-1937 of the Government of India in the Department of Industries and Labour) and (iii) not sharing the revenue on account of surcharge which was introduced in 1940. On the other hand the cost of BRL work has been rapidly increasing on account of increase in expenditure on staff since 1936 and the higher cost of supervision, inspection, stationery, accommodation, furniture and numerous other components of the expenditure. For issue and renewal of licences P. & T. employs staff on the basis of time factors determined *vis-a-vis* the conditions of work in the operative offices. The post office does not and cannot engage full time staff for BRL work the year round; had this been the case the benefits of economy would have flowed from fuller utilisation of the existing staff as the number of licences increased.

4. Broadcast Receiver Licensing work is at present done through 364 Head Post Offices, 14,087 sub-offices and 82,400 branch offices. The postal arm of the P. & T. works, on the reckoning of the financial year 1964-65, at a loss of Rs. 1.28 crores. This is due to the fact that principles of commercial working are not strictly observed because of other over-riding considerations of public interest. Not only many of the branch offices work at a loss, but individual items of service rendered by post offices, such as the money order, transmission of registered letters and parcels, registered newspapers and post cards are all incurring substantial losses. As a commercial department the P. & T. cannot obviously afford to discharge its statutory function of wireless licensing on the basis of actual cost. Also, if for instance, a rural post office issues only three licences in a year it is clear that the organisational arrangements necessary for BRL work at that office would cost much more than the amount of Rs. 6 that would accrue in this regard to the income of that post office.

5. As regards the new scheme of issuing licences in book form it is true that the time taken for renewal of licences in the book form will be less than before. Under the old system the work involved in issuing a new licence or renewing an old one was the same. Under the new scheme the work in connection with the issue of a new licence remains the same while that in respect of renewal has been reduced. In respect of the reduction in the cost of renewal of a licence on account of the book form, the cost per licence in relation to the share of Rs. 2 is not likely to be less than what it was when the rate was originally fixed. There is no authority or basis for viewing the P. & T. share on BRL revenue as a commission

charged per licence and the proper course would be to relate the P. & T. share to the total revenue as a percentage keeping in view the proportion of 20 per cent. originally fixed by the Government of India in the Ministry of Communications. This has been taken up with the Information & Broadcasting Ministry; an early settlement is expected.

This has been seen by the Accountant General, Post & Telegraphs, Simla.

#### ACTION TAKEN

Action Taken by Ministry of Information and Broadcasting.

The question was discussed with the P. & T. authorities and it was decided "that the P. & T. share in the revenues from B R Licences may be fixed at 12 per cent. for 1967-68, at 11½ per cent. for 1968-69 and at 11 per cent. for 1969-70. The question can, thereafter, be further discussed in the light of actual position obtaining in these three years."

The gross income from licences and the P. & T. share for the last few years were as under :

Year	Gross licence Revenue	P. & T. Share	Percentage col. (3) to col. (2)
1	2	3	4
	Rs.	Rs.	
1961-62	4,19,76,052	59,70,781	14.3
1962-63	4,89,77,692	71,45,487	14.6
1963-64	6,27,83,724	82,26,541	13.1
1964-65	7,52,11,716	98,93,957	13.2
1965-66	8,71,00,000*	1,14,96,742	13.2

\* Estimated.

It will be noticed that under the arrangement now arrived at the share of the P. & T. Department in the revenues from B R Licences has been decreased as recommended by the P. A. C.

#### FURTHER INFORMATION

In the earlier note furnished to the Committee *vide* P. & T. Board Memo. No. 24-2/65 BRL, dated the 16-9-66, it was *inter alia*

stated that the matter had been taken up with the I. & B. Ministry. The present position is as under:—

An agreement has been reached with the Ministry of I. & B. according to which the P. & T. share of BRL revenue would be fixed at 12 per cent. for 1967-68, at 11½ per cent. for 1968-69 and 11 per cent. for 1969-70, subject to the position being reviewed thereafter. This will mean a substantial reduction in the existing P. & T. share of BRL revenue as will be judged from the figures of earlier years given below :

Year	Gross Licence Revenue	P. & T. Share	Percentage of Col. (3) to Col. (2)
1	2	3	4
	Rs.	Rs.	
1961-62	4,15,73,139	60,86,957	14.6
1962-63	4,98,19,165	89,64,084	17.9
1963-64	6,27,83,724	82,26,541	13.1
1964-65	7,52,11,716	98,93,957	13.2
1965-66	8,71,00,000*	1,14,96,742	13.2

\* Estimated.

It will be seen that as against an average of 13.7 per cent. of total BRL revenue the P. & T. was hitherto getting, it would get only 11.5 per cent. on an average for three years from 1967-68 to 1969-70.

The agreement referred to above has been arrived at without prejudice to the basic stand of this Department, viz., that it is not a mere collection agency for the BRL revenue on behalf of the All India Radio; on the other hand it is legally constituted licencing authority for possession and operation of wireless apparatus and that in this view the argument that the Department's share of BRL revenue was in the nature of an agency commission was hardly tenable. The arrangement which involves a reduction in the share of the Department has been agreed to only out of deference to the views of the A. I. R. for getting a larger share to enable them to meet their increasing expenditure.

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

### Recommendations

*From the statement the Committee find that because of the introduction of the automatic system there had been a tremendous increase in the number of calls (ranging from 31 times to 75 times) and that the revenue has increased between 4 to 10 times in different routes. The Committee welcome this trend. They hope that as more routes under subscribers trunk dialling system are put into operation there would be increase in revenue and decrease in expenditure gradually as a result of automatisation.*

[Sl. No. 3 (Para. 1.14) of Appendix XX, 43rd Report, 1965-66.]

### ACTION TAKEN

The observations of the Committee have been noted.

### FURTHER INFORMATION

The following STD routes have been put into operation since August 1965 :—

- (i) Delhi-Meerut
- (ii) Delhi-Jullundur
- (iii) Kanpur-Varanasi
- (iv) Madras-Bangalore
- (v) Delhi-Simla
- (vi) Delhi-Ahmedabad
- (vii) Delhi-Jammu (opened on 16-9-67).

A comparative statement of pre-STD and post-STD traffic and revenue in respect of these routes is given in Annexure I to this note. A similar statement in respect of STD routes commissioned upto August, 1965, is at Annexure II.

Annexure III to this note shows the progress of Telephone revenue and expenditure for the years from 1963-64 to 1965-66.

Slight increase in the percentage of expenditure is mainly due to increases in the rates of dearness allowance admissible to Central Government employees during 1964-65 and 1965-66.

If this effect is excluded from the expenditure, the percentages of expenditure to revenue will work out to 92.5 and 91.2 for the years 1964-65 and 1965-66 respectively as against 93.4 in 1963-64.

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

[P. & T. Board U. O. No. 1-23/66-B, dated 23rd October, 1967.]

**ANNEXURE I**

**Statement regarding pre-STD. and present day STD. (April 1967) traffic and Revenue for Routes Commissioned after August 1965.**

STD. routes and dates of cut-over	Distance between stations in K Ms.	Pre-STD. Calls and Revenue		Post-STD. Calls and Revenue			Increase in No. of Calls (In time)	Increase in Revenue (In time)
		No. of calls per day	Charge for an ord. call of 3 minutes duration. Revenue per day	No. of calls per day	Charge for a call of 3 minutes duration.	Revenue per day (estimated)		
1. Delhi—Meerut (February, 1966)	59	350	Rs. 2.00 1,120	18,930	Rs. 1.50 5,916	54	5	
2. Kanpur—Varanasi (March, 1966)	204	105	5.00 840	6,706	4.50 3,251	64	4	
3. Delhi—Jullundur (March, 1966)	328	200	5.00 1,608	13,770	4.50 15,077	68	9	
4. Madras—Bangalore (March, 1966)	296	800	5.00 6,400	18,151	4.50 16,904	23	2.5	
5. Delhi—Simla (November, 1966)	270	120	5.00 960	4,612	4.50 5,988	38	6	
6. Delhi—Ahmedabad (April, 1967)	775	140	8.00 1,883	4,800	6.75 5,925	34	3	

- NOTE.—**1. All post-STD. data are for one day in April, 1967. Pre-STD. data are for the period just preceding cut-over of STD.  
 2. In calculation of revenue, account has been taken of urgent and priority-calls, concessional tariffs etc.  
 3. STD. calls are charged for the actual duration of the call and not in units of 3 minutes as for non-STD. calls.

**ANNEXURE II**

**Statement regarding pre-STD and present day STD (April 1967) Traffic and Revenue for Routes Commissioned by August 1965**

2 PARLIAMENT/67

STD. Routes and dates of cut-over.	Distance between stations in K. Ms.	Pre-STD. Trunk Traffic and Revenue			Present day STD. Traffic and Revenue			Increase in No. of calls (in times)	Increase in No. of Revenue (in times)
		No. of calls per day	Charge for an ord. call for 3 min. duration	Revenue per day	No. of calls per day	Charge for a call of 3 minutes duration	Revenue per day (estimated)		
1. Lucknow-Kanpur (November, 1960)	75	440	Rs. 1-00	Rs. 598	19,896	Rs. 1-50	6,740	46	11
2. Delhi-Agra (July, 1962)	200	500	3-00	804	21,831	2-25	10,053	44	12
3. Delhi-Jaipur (September, 1964)	430	400	3-00	1,895	21,938	4-50	18,266	55	10
4. Delhi-Kanpur (February, 1965)	500	550	4-00	1,892	36,612	4-50	18,174	66	9-5
5. Kanpur-Agra (February, 1965)	300	200	3-00	656	10,704	4-50	5,483	53	8
6. Delhi-Patna (July, 1965)	1,090	65	8-00	792	0,531	6-75	10,131	100	13
7. Delhi-Lucknow (August, 1965)	575	415	4-00	2,274	16,948	4-50	16,592	41	7

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NOTES 1.—All Post-Std. data are for one day in April, 1967. Pre-STD. data are for the period just preceding the cut-over of STD

2.—In calculation of revenue, account has been taken of urgent and priority calls, concessional tariffs etc.

3.—STD. calls are charged for actual duration of the call and not in units of minutes as for non-STD. calls.

4. As some of the circuits on Lucknow-Kanpur route have not been provided with traffic meters, proportionate traffic has been taken into account for accessing present-day number of calls and revenue.

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### ANNEXURE III

*Growth of revenue in Telephone branch as compared with the increase in expenditure (inclusive of (a) interest/dividend paid to general revenues or accrued but not paid and (b) due contribution to the Renewals Reserve Fund) during the years 1963-64 to 1965-66.*

*(Figures in Crores of Rupees)*

Years	Revenue	Expenditure	Percentage of expenditure to revenue
1963-64	40.12	37.49 @	93.4 @
1964-65	48.15	45.26	94.0
1965-66	57.09	53.79	94.2

@ The figures of expenditure and percentage, as given in the Audit Report, 1965, were Rs. 31.42 crores and 78.3% respectively. This difference is due to the fact that the figures of expenditure given in the Audit Report, 1965 were exclusive of due contribution to Renewals Reserve Fund. The figures given in the above statement are however, inclusive of that contribution.

#### Recommendations

*The committee feel that with the introduction of a set formula the contributions to the Renewals Reserve Fund would now be steady. They further feel that even though no time limit has been fixed to liquidate the arrears, it is desirable that the Department attaches a sense of importance to this question and prepare a phased programme to liquidate the arrears within a reasonable period of time.*

[Serial 4 (Para. 1.19) of Appendix XX—Forty-third Report, 1965-66.]

#### ACTION TAKEN

The recommendation of the Committee has been noted. The due contribution to the Renewals Reserve Fund would now be steady.

Since 1960-61, the following amounts have been contributed to the Renewals Reserve Fund towards arrears:—

(In lakhs of Rs.)

<i>Year</i>	<i>Arrear contribution made</i>
1960-61	1,17
1961-62	5,30
1962-63	2,51
1963-64	1,98
1964-65	82
	Total
	11,78

During 1965-66, no amount towards arrears could be contributed as there was no available balance and the accounts for the year have disclosed a deficit. Even the Dividend to General Revenues could not be paid in full and a sum of Rs. 3.82 lakhs has been carried over to 1966-67 for being paid to General Revenues as dividend for the year 1965-66. The due contribution calculated on the basis of the current formula has, however, been made to the Renewals Reserve Fund during the year (1965-66). During 1966-67 provision has been made for payment of arrears of Rs. 3 Crores.

As regards making a phased programme to liquidate the arrears within a reasonable period of time, this seems to be difficult in view of the uncertain position of the Department's revenue surplus which is dependent on various factors. There has been upward revision of Dearness Allowance on several occasions during the past few years and the effect of each has been of the order of Rs. 3 to Rs. 4 crores. During the current year, a surplus of Rs. 4 crores is anticipated. In case there is an increase in D.A. during the current year on the recommendations of the Commission already set up, there would hardly be any surplus left. In future years also, owing to fluctuations in traffic, it is not unlikely that the revenue might not increase in the same proportion as expenditure, resulting in little or no surplus. However, depending upon the availability of surplus, every effort will be made to wipe them out as early as possible.

This has been seen by the Accountant General, Posts & Telegraphs, (D.G., P. & T. U.O. No. 28-70/63-B, dated, at New Delhi, the 6th October, 1966.)

### **Recommendations**

*The Committee find that due to double adjustment in the accounts for the year 1963-64 under a misapprehension an excess of Rs. 41,61,504*

*was shown under Grant No. 143. The Committee hope that suitable steps would be taken by Government in consultation with C. & A. G. to avoid such a situation, wherein the debit could be raised twice for the same item of stores.*

*In view of the recommendation of the Public Accounts Committee contained in para 7 of their 16th Report (First Lok Sabha) this amount shown as 'excess' does not need regularisation under Article 115 of the Constitution.*

[Sl. No. 5 (Para. 2.6) of Appendix XX to 43rd Report, 1965-66.]

#### ACTION TAKEN

With a view to avoiding the recurrence of such mistakes in future, it has been reported by the Accountant-General, Posts & Telegraphs, Simla that the accounting procedure in respect of stores purchased and received from abroad under the special agreements, specially in relation to the production of supporting documents in respect of debits raised in the Exchange Accounts relating to Foreign Aid transactions is under examination in the Comptroller & Auditor General's office in consultation with the Government of India, Ministry of Finance (Department of Economic Affairs) and the Accountant General, Central Revenues.

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

#### FURTHER INFORMATION

With a view to avoid recurrence of such mistakes in future, suitable accounting procedure in respect of stores purchased and received from abroad under the special agreements, specially in relation to the production of supporting documents in respect of debits raised in the Exchange Accounts relating to Foreign Aid transactions has since been prescribed by the Government of India, Ministry of Finance, (Department of Economic Affairs) in consultation with the Comptroller & Auditor General of India, New Delhi.

Letter No. F.8(14)E.C.A(A)/63, dated the 16th May, 1967 laying down the above accounting procedure is at Annexure.

[P&T Board U.O. No. 7-3/65-B, dated 8th Sept. 1967.]

#### ANNEXURE

Letter No. F.8(14)E.C.A(A)/63, dated 16-5-1967 from the Govt. of India, Ministry of Finance, Department of Economic Affairs to all Ministries etc. and copy to Comptroller and Auditor General's office, New Delhi.

## SUBJECT

*Accounting arrangements in respect of aid received from abroad—adjustment of transactions arising under Letter of commitment procedure—regarding.*

The accounting instructions issued from time to time by this Ministry in consultation with the Cr. & Ar. Genl. of India for the adjustment of transactions arising under the various loan/credit agreements signed by the Govt. of India with the foreign Govts./Institutions from time to time provide that the Accountant General, Central Revenues should raise debits for the rupee equivalents of the disbursements made by the foreign Govts./agencies under the letter of commitments procedure or direct payment procedure or other analogous procedure against the State Govts. concerned through the State Accountants Genl. by credit to 'O-Public Debit' on the strength of advices issued by this Ministry; wherever the imports towards which the disbursements have been made have been effected on behalf of State Electricity Boards or other authorities under the Control of the State Govts., the advices issued by this Ministry usually contain loan or credit agreements No., the name of the agency who made the disbursement, the amounts and the date of individual disbursements. It has been represented that a few more details may be furnished by this Ministry to enable the Accounts Officers to correctly adjust the debits raised to by the A.G.C.R., New Delhi.

The question has been considered in detail in consultation with the Cr. & Ar. General of India and it has been decided that the following procedure should be adopted in issuing the advances and in making the adjustments:—

- (i) This Ministry will issue specific advances in all cases for adjustments to be carried out by the A.G.C.R., New Delhi with copies to all concerned Accounts Officers also.
- (ii) Copies of such advices will be forwarded to the concerned project authorities also with the directions to furnish to their Accounts Officers, a statement giving the particulars of the loan, and the cost of the materials received together with their acceptance of the debit to be raised by the Accountant General, Central Revenues, New Delhi.
- (iii) The Accounts Officers in whose books the debits are finally adjustable will on receipt of the Ministry's advices, contact the Project authorities concerned and obtain the documents mentioned in (ii) above before adjusting the debit in their books.
- (iv) The A.G.C.R., New Delhi will always quote/reference to this Ministry's advice in support of debits raised by him in his exchange accounts.

It is requested that the procedure outlined above may please be brought to the notice of all concerned and strictly observed in future.

### Recommendations

(i) *The Committee feel that intimation regarding payment of the first instalment having reached in January, 1964 and intimation of shipment against the other order having been received on 25-2-64 it would not be quite appropriate to classify the expenditure as 'unforeseen'.*

(ii) *The Committee would in this connection, like to refer to Article 267 of the Constitution which states that the Contingency Fund shall be placed at the disposal of the President to enable advances to be made by him out of such fund for the purposes for meeting unforeseen expenditure by Parliament by law under Article 115 or Article 116. The Committee are doubtful whether the interpretation of the Deptt. regarding the expenditure being unforeseen can be fully justified in the present case on the basis of facts placed before the Committee. They find that the goods had been shipped and the intimation regarding the shipment of the first instalment was received by C.C.T.S. in November, 1963 and all along the Department were seized with the matter as well as of expenditure that it would involve. Since the Deptts. are already examining in consultation with the Ministries of Finance and Law whether in this case the circumstances fully justified the withdrawal of the advance from the Contingency Fund of India, the Committee would like to be apprised of the result.*

(iii) *The Committee regret to find that the expectation of the Deptt. to meet the expenses out of an expected saving of Rs. 1 crore did not finally materialise. This only shows that the expectation was not based on proper and correct assessment.*

[Sl. 6 (Para 2.13) of Appendix XX to 43rd Report, 1965-66.]

### ACTION TAKEN

(i) *Payments to be made against the shipments were anticipated at the time of framing Revised Estimates 1963-64. After taking into account these payments an additional requirement of Rs. 3.62 crores under the Stores Grant was estimated. At the suggestion of Finance Ministry (Budget Division), the position was re-examined and the additional grant was reduced to Rs. 2 crores in the hope that there would be a saving of about Rs. 1 crore under the works Grant. A supplementary grant on this basis was obtained in January, 1964. The position was reviewed in the middle of March, 1964 when it was found that the saving of Rs. 1 crore anticipated earlier under the works Grant would not materialise. At this stage it was too late*

to go in for another supplementary grant and hence an advance from the Contingency Fund of India was obtained.

(ii) Article 115 of the Constitution requires a Supplementary Demand to be presented if the amount authorised by law made in accordance with the provisions of Art. 114 is found to be insufficient or when a need has arisen for Supplementary or additional expenditure upon some new service. If there is no time "during the current financial year", to present a Supplementary Demand in accordance with this provision, the expenditure not having been provided in the Budget or through a Supplementary Demand, becomes "unforeseen" necessitating recourse to Article 267 (1) of the Constitution, pending the authorisation of such expenditure by Parliament by law. The term "unforeseen expenditure" covers both the categories of expenditure referred to in Article 115, viz., insufficient provision which cannot be augmented by valid reappropriation and requirement for a new service. It is not open to Government to deliberately create an excess over the sanctioned provision without violating Articles 114 (3) and 266 (3) of the Constitution. This position has also been clarified in the General Financial Rules of Government, vide Rule 71 and also Government Decision No. 3 below Rule 75.

Ministries of Finance and Law also agree with the views expressed above.

(iii) The observations of the Committee have been noted.

This has been seen by the Comptroller & Auditor General of India.

(28-50/64-B.)

### Recommendations

*The Committee further find that there is no proper co-ordination between the authorities (ISM, Washington) arranging supplies at Washington and those receiving them in India. In this connection the Committee would like to invite the attention of the Deptt. to the following recommendation of the PAC contained in para 5 of the 15th Report (Second Lok Sabha):—*

*"They feel that if the purchasing organisations abroad furnished such reports (regarding stores and shipment) to the indenting Ministries every fortnight from the end of January and weekly reports in the month of March, it would keep the indenting Ministries informed of the latest supply position and enable them to estimate their financial commitments more precisely."*

*The Committee feel that if the above recommendation of the Committee is properly implemented, the situation like the one that arose in the present case can be avoided.*

[Sl. No. 7 (Para. 2.14) of Appendix XX, 43rd Report, 1965-66.]

## ACTION TAKEN

The observations of the Committee have been taken note of. This has been seen by the Comptroller and Auditor General of India.

(No. 28-50/64-B)

## FURTHER INFORMATION

A copy of 'Action Taken Note' submitted to the Public Accounts Committee by the Ministry of Supply, Technical Development and Materials Planning is enclosed (Annexure). The Chief Controller of Telegraph Stores and General Manager, P&T Workshops who were asked to watch for the prescribed statements from the India Supply Missions have reported that during January to March, 1967 they did not receive the prescribed statements. The matter has been taken up with the Ministry of Supply and Technical Development and Material Planning.

## ANNEXURE

So far India Supply Missions in London and Washington have been rendering the required statements to the Ministry of Railways only. Since the Public Accounts Committee have reiterated their earlier recommendation again in their 43rd Report the Purchasing Missions abroad have been asked to submit the statements to all the Indenting Departments from January, 1967.

The work involved in preparing these statements will be laborious and time consuming. In view of this the Purchasing Missions abroad have been asked to try this at least for one season and then let this Department know the volume of extra work involved so that the question of appointing additional staff, if any, may be considered then.

**Recommendation**

*It is regrettable that huge arrears of Rs. 2.57 crores have been allowed to pile up with Government Departments over years. From a note furnished at their instance, the Committee find that a sum of Rs. 1, 417.52 has been lying unrecovered from Government Departments since 1946-47 while the total arrears more than six months old as on 1st June, 1965 come to Rs. 3,94,18,000.*

*The Committee find this position very unsatisfactory and desire that all out efforts should be made for speedy liquidation of the arrears. Amounts which are considered unrecoverable should be written off.*

[Sl. 9 (Para. 3.6) of Appendix XX, 43rd Report, 1965-66]

*The Committee fail to understand why the arrears from Govt. Deptts. amounting to Rs. 2.57 crores are not cleared. They desire that action should be taken immediately to reduce all these arrears and if necessary the procedure may be revised to expedite the payment of Govt. Bills.*

[Sl. 10 (Para. 3.7 of Appendix XX, 43rd Report, 1965-66)]

#### ACTION TAKEN

(1) The Government subscribers against whom the bulk of the outstanding stands, were exempt from disconnection in the past and this contributed to a very great extent accumulation of outstanding against such subscribers. Moreover, the outstanding against Government subscribers is never treated as irrecoverable hence is not written off. However, with a view to recover outstandings from Government subscribers, D.O. letters have been issued from the level of Minister of Communications, to all Chief Ministers of State Governments and other Ministers in the Central Government bringing to light the position of outstanding and requesting their assistance in the settlement thereof and also bringing home to them that telephones would be disconnected if the bills were not paid early. Consequently, the outstanding against Government Departments which stood at Rs. 2.57 crores on 1-7-1964 came down to Rs. 1.22 crores on 1-2-1966.

(2) *Reduction of collection centres.*—With a view to minimise the time-lag in receipt of intimation of payment in Telephone Revenue Accounts Offices, it has since been decided in November, 1965 to reduce the number of collection centres for payment of telephone bills. As against all the offices in the Exchange stations, only a few selected post offices will now receive payment of telephone bills. This will accelerate quicker noting of recoveries in the records and consequently result in speedier action in recovery.

(3) A decision has also been taken that the Government subscribers should in future pay for telephone bills in cash instead of by book adjustment as at present, with a view to accelerate payment of telephone bills by the Government subscribers. As a first step the revised procedure was introduced in Calcutta and subsequently in Bombay and Madras Telephone Districts. It is under contemplation to extend this to other places. It is hoped that with the introduction of the revised procedure, the recovery from the Government subscribers would be further stepped up.

(4) The old outstanding against some Departments relating to the year 1946-47 is at present Rs. 328.48 as against the sum of Rs. 1,417.52 indicated in the Report. Efforts are being made to clear the old outstandings as early as possible. In this case, it may be



mentioned that in case of Government subscribers, no amount is treated as unrecoverable and, therefore, not written off and that is why this amount is outstanding since long.

(5) In regard to private subscribers, orders have been issued on 1-6-65 for an effective pursuit towards their liquidation and take recourse to write off more liberally in respect of old outstanding upto 1956-57 where the prospect of recovery is very much bleak.

(6) With a view to accelerate recovery of telephone revenue, the system of issuing Regd. A.D. notices to defaulting subscribers has been abolished. This has been done to eliminate the time lag between the issue of bills and disconnection.

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

[U.O. No. 23-7/66-TR/PT, dated New Delhi-1, the 24th Sept., 1966]

### **Recommendation**

*The Committee are constrained to note that it had taken the Department quite a long time to take a final decision in regard to the question of the decentralisation of Accounts Offices. They are not at all happy to note that the Accounts Office of such a far off place as Baroda continues to function in Delhi. They are not convinced with the argument of the Deptt. that location of the office does not lead to the accumulation of arrears.*

[Sl. No. 11 (Para. 3.9) of Appendix XX, 43rd Report, 1965-66]

### **ACTION TAKEN**

A phased programme for decentralisation of Telephone Revenue Accounts Offices to Divisional level has been drawn up. Orders have already been issued for transfer of work in two Divisions in Orissa Circle. Orders are also under issue for decentralisation of work of other 21 Divisions in 6 Circles (Assam, Maharashtra, Kerala, Mysore, Madras and Rajasthan).

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

### **FURTHER INFORMATION**

A phased programme for decentralisation of Telephone Revenue Accounts Offices to Divisional level has been drawn up. Orders have already been issued for transfer of work in 25 Divisions in 8 Circles (Assam, Maharashtra, J&K, Kerala, Mysore, Madras, Orissa and Rajasthan). Orders for decentralisation of work of the offices

of A.O.T.R. (North) and Baroda are expected to be finalised and issued shortly.

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

[P&T Board U.O. No. 23-7/66-TR, dated 25th October, 1966]

### Recommendation

*In the course of evidence, the Committee were informed that even when payments of telephone bills were made, sometimes, it took a long time before they were brought into account as payments could be made in any post office and it took a long time before the accounts were received and adjusted. In this connection the Committee would suggest that the work of decentralisation should be carried out as early as possible because they find that it takes a long time for the Deptt. to get intimation regarding the payments of telephone bills and then to make final entries in the account books. Under these circumstances it was but natural that the list of unpaid bills would present a somewhat distorted picture.*

[Sl. No. 12 (Para. 3.10) of Appendix XX. 43rd Report, 1965-66]

### ACTION TAKEN

While best endeavour is being made to decentralise the work as advised by the Public Accounts Committee, orders have also been issued to reduce the number of collection centres to the barest minimum, *vide* this office letter No. 2-31/65-TR, dated 23-11-1965 (Annexure). This will go a long way in reducing the time involved from the date of payment to that when the same is finally brought to account.

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

### ANNEXURE

Indian Posts & Telegraphs Department.

Office of the Director General, Posts & Telegraphs.

No. 2/31/65-TR.

Dated, New Delhi, the 23rd November, 1965.

To

All Heads of Circles/Telephone Districts.

Subject :—Payment of telephone bills—reduction in the number of collecting centres.

1. At present telephone bills of subscribers may be paid into any Post Office situated within the jurisdiction of the concerned exchange. This gives a very wide choice of places for payment and

difficulties frequently arise in watching the payments of defaulting subscribers.

2. To obviate the practical difficulties experienced in dealing with a multiplicity of collecting centres and to ensure better control over collection of telephone revenue, it has been decided as below:—

The number of collection centres should be rationalised and reduced to the barest minimum. In respect of each exchange the collecting centres should be fixed by the Head of the Circle in consultation with the Divisional Engineer taking into account the density and dispersal of subscribers in a particular area and the geographical lay out of the city/town. The pay-in offices should also be located judiciously, so as to cause the minimum inconvenience to the subscribers.

3. The Heads of Circles and Districts will please examine the existing number of collecting centres for each exchange and re-fix the number of offices for receiving dues in accordance with the decision mentioned above.

Sd./- S. K. KANJILAL,  
Member (Telecom. Operations).

Copy forwarded to:—(1) all T.R.A.Os.  
(2) all Divisional Engineers.

Sd./- C. S. GOPALAN,  
Asstt. Dy. Director General (TR).

### Recommendation

*It is very unfortunate that Delhi, where the supervision of the Deptt. is supposed to be constant and efficient accounted for fifty per cent. of unpaid bills. The Committee are, however, glad to note that steps have been taken to reorganise the Delhi office and they trust that the current bills will not be allowed to fall into arrears while strenuous efforts would be made to liquidate the back log. They further hope that care would be taken to ensure that no part of the arrears become unrecoverable due to procedural delays.*

[Sl. No. 13 (Para. 3.12) of Appendix XX. 43rd Report, 1965-66]

### ACTION TAKEN

The observations of the Committee have been noted.

### FURTHER INFORMATION

The recommendations of the Committee were noted under P.&T. Board U.O. No. 23-6/66-TR/Pt., dated 24-9-1966. As a result of the

various steps taken for effecting improvement in collection of Telephone dues in the Delhi Telephone District, the collection efficiency in respect of current bills has improved to the extent indicated below:—

(In lakhs of Rs.)

Year	Amount billed for	Amount recovered during the year	Percentage of collections
1964-65	656	422	64.3
1965-66	780	558	71.5
1966-67	979	804	82.1

So far as the arrears are concerned, the recovery position has also improved as would be seen from the figures furnished below:—

(In lakhs of Rs.)

Year	Amount outstanding at the beginning of the year	Recovery made during the year	Percentage of recovery
1964-65	278	124	45
1965-66	385	215	56
1966-67	392	225	57

The percentage of outstandings on 1st July of last three years in respect of the amounts billed for during the immediately preceding year is indicated below:—

As on	In respect of bills issued during	Percentage of outstandings
1-7-1965	1964-65	29.96
1-7-1966	1965-66	15.00
1-7-1967	1966-67	7.40

A constant watch is being kept over recovery of outstanding and it is hoped that no part of the arrears will become unrecoverable due to the procedural delay.

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

[P. & T. Board U.O. No. 23/13/67-TR, dated the 27th Oct., 1967]

### Recommendation

*From the two statements the Committee find that out of the 43 cases, full adjustment of outstanding was made in respect of the 14 cases only while action was being taken to recover the arrears from 29 defaulters. There were 27 cases where telephone connections were not disconnected for a very long time even though the subscribers were in arrears. There were three instances (Three Agent, J. & K. Govt., Janpath Hotel and Asoka Hotel) where arrears were not settled promptly even though the subscribers were Govt./semi-Govt. agencies. The Committee desire that the Deptt. should take adequate steps to ensure that all these cases are not allowed to linger on any longer and are settled forthwith.*

*The Committee cannot appreciate the failure of the Deptt. to recover such huge amount of arrears and at the same time their reluctance to discontinue the telephone facilities to the defaulters. In the absence of any reason advanced by the Deptt. in these cases, as to why the telephones were not disconnected even though the subscribers were heavily in arrears they are inclined to infer that some deliberate relaxations have been given to these subscribers which were contrary to all rules. The Committee would like the Deptt. to investigate all these cases and fix responsibility on officials who failed to enforce the rules properly.*

*The Committee feel that if the Department were little more vigilant this loss of revenue could have been avoided.*

[Serials 14 (Para. 3.16), 15 (Para. 3.18) & 16 (Para. 3.22) of Appx. XX, 43rd Report, 1965-66]

### ACTION TAKEN

(Serials 14 to 16)

Out of 43 cases referred to in the report, 17 cases have been finally settled. In 9 cases, recovery is being made in instalments. In one case, the amount is being adjusted against the O.Y.T. Deposit. In another case, the amount due against M/s. National Project Construction Corporation, is Rs. 397.63 only as against Rs. 5,216.01 originally shown in the statement. The case is being pursued vigorously. All possible efforts are being made to settle the remaining 15 cases.

From the other list of 27 cases, 15 cases have been finally settled. One party is paying the dues in instalments. In one case of closed connection, the matter is under dispute with the Northern Railway Headquarters.

Remaining cases are being pursued vigorously.

With regard to the other three cases in which the telephones were not disconnected, the position is explained below:—

(1) Telephone No. 40506—Trade Commissioner, J&K Govt.

The matter is under correspondence with the Trade Commissioner. He had requested for extending the time limit to verify his records and settle the dues. But no payment has so far been made by him.

(2) Telephone No. 46881—Janpath Hotel. The outstanding dues are to be paid by the Director of Estates and not by the present management. The Director of Estates has promised to settle the dues shortly.

(3) Telephone No. 30110/111—Asoka Hotel. The matter is under correspondence with the Hotel Management. They wanted duplicate copies of bills, which have been supplied to them. The Management is being pressed for an early payment.

With regard to the 5 cases (Actually 6), referred to in para. 3.17 of the Report, it has already been made clear *vide* P. & T. Board Memo. No. 23/6/65-TR, dated 22-12-1965 to the Lok Sabha Secretariat, copy endorsed to the Accountant General, Posts & Telegraphs, Simla, that in three cases, the outstanding has already been settled.

The position of the remaining 3 cases is given below:—

(1) M/s. Handa & Co. Telephone No. 40809.

Final outstanding against the party as per defaulters list is Rs. 6,810.66 as against Rs. 9,758.60 originally shown in the list. The question of filing suit against the party is under examination.

(2) Indo-China Friendship Association. Telephone No. 40903—Final outstandings against the party is Rs. 1,187.12 as against Rs. 5,730.73 originally shown in the list. The General Secretary of the Association has been addressed at Bhopal to settle the claim.

(3) M/s. A. Lal S. Chander, Telephone No. 225831—Efforts are being made to trace the party who is reported to be at Sonapat.

Regarding deliberate relaxations for the parties, it may be mentioned that the cases have been thoroughly investigated. There did occur some delay in disconnecting the telephones but this delay can more appropriately be attributed to general delay in the pursuit of arrears in the Delhi Telephone District. In the last 3 or 4 years, the work of pursuit of outstanding in the Delhi Telephone District was heavily in arrears with the result that the defaulting subscribers could not be disconnected immediately after the normal period allowed for payment of bills was over. In order to strengthen control over the work and to improve the quality of work, number of supervisory posts have been enhanced and it is expected that we shall be able to achieve better results during the year.

The Accountant General, Posts & Telegraphs, Simla has seen this note.

[U. O. No. 23-6/66TR/Pt., dated the 24th September, 1966]

### Recommendation

*From the evidence the Committee find that the procedure of preferring bills and maintenance of records, is beset with multiple drawbacks. viz., there are considerable delays in submitting the bills, sometimes the bills are not received by the addressees, issue of reminders is irregular and it takes a long time to effect final entries into account books. They were however informed during evidence that because of mechanisation and the method of making payments in cash, the delay in issuing of bills and also the procedural delays have been cut down considerably. The Committee hope that these steps would result in reducing the arrears of telephone dues. They would like to watch the results through future Audit Reports.*

[Sl. No. 17, Para. 3.23. of Appendix XX, 43rd Report, 1965-66]

### ACTION TAKEN

The observations of the Committee have been noted.

### FURTHER INFORMATION

The result of the various steps taken were furnished to the Public Accounts Committee in the 'Action Taken Note' against serials 8 to 10 of the Report, *vide* P. & T. Board U.O. No. 23-7/66-TR-Pt, dated the 24th September, 1966, and the observation of the Committee contained at serial 17 were noted. *vide* P. & T. Board U.O. No. 27-9/66-B, dated the 3rd September, 1966. The Audit Report P. & T., 1967 has since been presented to the Parliament. It would be seen therefrom that the outstandings of Rs. 4.52 crores in respect of bills issued upto 31st March, 1964 as shown in Audit Report, P. & T., 1965 had come down to Rs. 2.11 crores as on 1st July, 1966.

2. The table below will indicate the position of Telephone Revenue collection from year to year *vis-a-vis* the three months old arrears as on 1st July following:

Year	Telephone Revenue collection	Percentage increase in the revenue collection over previous year	Three months old arrears as on 1st July following	Percentage increase in arrears
1962-63	33,29		3.21	
1963-64	37,10	11.4	4.52	40.8
1964-65	42,94	15.7	6.04	33.7
1965-66	53,65	24.9	6.11	1.0

It will be seen that during the year 1964-65 while the revenue collection increased from 11.4 per cent. to 15.7 per cent., the arrears had increased by 33.7 per cent. as compared to the earlier figure of 40.8. The position improved further during the year 1965-66 when the rise in the percentage of arrears was only 1.0 though the revenue collection rose from 15.7 per cent. to 24.9 per cent. The tendency towards increase of arrears from year to year has thus been arrested and the position is expected to improve further.

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

[P. & T. Board U.O. No. 23-7/66 TR-Pt, dated 24-4-66.]

### Recommendation

*As regards effecting disconnections the Committee are unhappy to note that no uniform procedure is being followed at present. Not only is there a distinction between Government users and the private users but also even among the private users the treatment varies from individual to individual. The Committee suggest that uniform criteria should be laid down, indicating the circumstances under which the telephone connections would be disconnected for failure to pay the telephone dues and these should be rigidly observed.*

[Sl. No. 19 (Para. 3.25) of Appendix XX. 43rd Report. 1965-66.]

### ACTION TAKEN

Although provision existed for disconnection of telephones of Government subscribers, this was not always rigidly followed with a view to avoid inconvenience to public work. However, instructions have been issued to enforce the order for disconnection of telephones of Government subscribers in case of non-payment as in the case of private subscribers. Certain telephones of high Government officials, e.g., President of India, Governors of States, Central and State Ministers, etc., are however exempt from disconnection purely for reasons of their duties to the State and the Country.

The Divisional Engineers have however authority to defer disconnection of telephones of important subscribers, both Government and Private.

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

[F. No. 23-7/66-TR.]

### FURTHER INFORMATION

A uniform procedure for disconnection of telephones of all subscribers, Government (except certain high Government officials under exempted category) and private who have not paid their bills within the stipulated period, exists. The Divisional Engineers are to follow



this uniform procedure of disconnection of telephones for non-payment of telephone bills. The Divisional Engineers have, however, authority to defer disconnection of telephones of important subscribers, both Govt. and private, and they have to exercise such discretion after considering the merits of individual cases.

Although provision existed for disconnection of telephones of Govt. subscribers, this was not always rigidly followed with a view to avoid inconvenience to public work. However, instructions have been issued to enforce the order for disconnection of telephones of Govt. subscribers in case of non-payment as in the case of private subscribers. Certain telephones of high Govt. officials, e.g., President of India, Governors of States, Central and States Ministers, etc., are however, exempt from disconnection purely for reasons of their duties to the State and the Country.

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

[P. & T. Board U.O. No. 23-7/66-TR, dated 25th October 1966.]

#### FURTHER INFORMATION

A uniform procedure for disconnection of telephones of all subscribers, Government (except certain high Government officials under exempted category) and private who have not paid their bills within the stipulated period, exists. The Divisional Engineers are to follow this uniform procedure of disconnection of telephones for non-payment of telephone bills. The Divisional Engineers have, however, authority to defer disconnection of telephones of important subscribers, both Govt. and private, and they have to exercise such discretion after considering the merits of individual cases.

Although provision existed for disconnection of telephones of Govt. subscribers, this was not always rigidly followed with a view to avoiding inconvenience to public work. However, instructions have been issued on 8th December 1964 to enforce the order for disconnection of telephones of Govt. subscribers in case of non-payment as in the case of private subscribers. Certain telephones of high Govt. officials, e.g., President of India, Governors of States, Central and States Ministers, etc., are however, exempt from disconnection purely for reasons of their duties to the State and the Country.

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

[P. & T. Board U.O. No. 23/7/66-TR, dated the 26th November 1966, Kartika, 1888.]

#### Recommendation

*The Committee, however, would like to point out that disconnection of telephones for failure on the part of subscribers to pay the*

*charges in time would be justified if and only if the Department can ensure that the bills prepared are correct, the amount has been properly charged and there has been no delay in presenting the bills to the appropriate person or authority. The Department should, therefore, set its own house in order before resorting to the drastic step of disconnecting the telephones of subscribers.*

[Sl. No. 20 (Para. 3.26) of Appx. XX, 43rd Report, 1965-66.]

#### ACTION TAKEN

While all possible effects are being made to avoid mistake in the bills but due to human failure mistakes occur in certain cases. It has, however, been found that the number of incorrect bills is small as compared to the total number of bills issued. As regards presenting the bills in time, it is stated that in some cases due to various reasons, such as shortage of staff, machines, etc., bills are not issued in time. Such cases are under constant review and action is taken to eliminate the delay. Further, with the introduction of mechanised system of billing in Calcutta Telephones with the help of 1 B. M. Service Bureau the bills in Calcutta Telephones are issued in time. It is now proposed to introduce mechanised billing in Delhi, Bombay and other big telephone systems. Steps have also been taken to decentralise telephone revenue accounts offices to Divisional Offices and Orders for decentralisation of telephone revenue accounts offices to 25 Divisions have already been issued. It is expected that with the decentralisation of TR offices to the divisional level, stricter supervision will be available and it would be possible to issue bills promptly and correctly. This has been seen by the A. G. P. T., Simla.

[P. & T. Board U.O. No. 23/7/66-TR, dated 25th October 1966.]

#### FURTHER INFORMATION

While all possible efforts are made to avoid mistakes in the preparation of bills still due to human factor mistakes do occur in certain cases. It has, however, been found that the number of incorrect bills is small as compared to the total number of bills issued. As regards presenting the bills in time, it is stated that in some cases due to various reasons, such as shortage of staff, machines, etc., bills are not issued in time. Such cases are under constant review and action is taken to eliminate the delay. Further, with the introduction of mechanised system of billing in Calcutta Telephones the bills in Calcutta Telephones are issued in time. It is now proposed to introduce mechanised system of billing in Delhi, Bombay and other big telephone systems too. Steps have also been taken to decentralise telephone revenue accounts offices to Divisional level and order for decentralisation of telephone revenue accounts offices to 25 Divisions

have already been issued. It is expected that with the decentralisation of TR offices to the Divisional level, stricter supervision will be available and it would be possible to issue bills promptly and correctly.

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

[P. & T. Board U.O. No. 23/7/66-TR, dated 26th November 1966.]

#### FURTHER INFORMATION

All possible efforts are being made to avoid delay in submission of bills and to ensure that correct bills are sent.

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

[F. No. 23-7/66-TR.]

#### Recommendation

*From the evidence tendered, the Committee find that delay in the submission of completion reports have been mainly responsible for the delay in finalising the guarantee amounts with the results that out of 36 telegraph sections of post offices (mentioned in the Audit Report) completion reports could not be finalised in respect of 10 cases even though they pertained to the period 1951-61 and out of 104 cases pertaining to the Gujarat and Central Circles the actual expenditure incurred for providing the facilities could be settled in 16 cases only even though the provisional guarantee amounts were fixed during 1947-63.*

*They further note with regret that the Department had taken nearly five years to take a final decision on certain proposals emanating from the Heads of Circles conference for the expeditious finalisations of completion reports. The Committee cannot but deprecate such inordinate delays.*

[Sls. 21 and 22 (Paras. 3.30 and 3.31) of Appendix XX—43rd Report, 1965-66.]

#### ACTION TAKEN

The observations of the Public Accounts Committee about the delays in the finalisation of rent and guarantee amounts in respect of certain cases have been noted for future guidance. With a view to reduce delay in finalising the guarantee amounts, suitable instructions have already been issued to all the Heads of Circles, etc., in P. & T. Directorate circular letter No. 11/54/60-NB, dated 17-11-64.

As regards submission of completion reports in respect of the pending cases mentioned in serial No. 21 above, 5 more cases relating to telegraph sections in Post Offices and 21 cases of long distance

telephone connections have since been finalised. Thus out of 36 and 104 cases, 5 and 67 cases respectively remain for finalisation. The Officers concerned are being reminded regularly to finalise the outstanding cases expeditiously.

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

[U.O. No. 7-1/66-NB, dated the 26th September, 1966, Bhadra, 1888 (Saka).]

### Recommendation

*The Committee are inclined to feel that the pace of the work of finalisation of the amounts can be accelerated if instead of following the present cumbersome procedure, the Department are able to fix some ad hoc figure worked out on the basis of past experience and the estimated cost, and make it applicable on an experimental basis instead of charging provisional amount of guarantee. After the system has worked favourably for some time, it may be possible for the Department to devise a formula which would be fair and equitable and which could be renewed after every two or four years.*

[Sl. 23 (Para. 3.32) of Appendix XX—43rd Report, 1965-66.]

### ACTION TAKEN

Suitable instructions for the fixation of final rent on the basis of estimated capital cost increased by 15 per cent. has since been issued to all concerned vide Memo. No. 3-35/65-R, dated 27-8-1966 (Annexure).

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

U.O. No. 6/8/66-R(I), dated 18th October, 1966.]

### ANNEXURE

INDIAN POSTS & TELEGRAPHS DEPARTMENT  
OFFICE OF THE DIRECTOR GENERAL, POSTS & TELEGRAPHS.  
No. 3-35/65-R. Dated, New Delhi-1, August 27, 1966.

To

All Heads of Circles/Telephones Districts.

*Subject.*—Fixation of final rental for telephone and telegraph installations where rental has to be charged on capital cost basis.

The present rules for fixation of final rental where rental has to be charged on capital cost basis are cumbersome and often result in

considerable delay in arriving at the final rental and guarantee. In order to eliminate such delays in future and to finalise all pending cases of fixation of final rental, the following procedure has been prescribed.

2. When a demand for any service is received, for which rental has to be quoted on capital cost basis, and it is considered feasible to provide the service within a reasonable time, an estimate for the work should be prepared taking all foreseeable expenses into consideration based on current prices. The capital cost should be worked out on the basis of this estimate and rental quoted to the applicant based on such capital cost *plus* 15 per cent. thereof. Once the rental quoted has been duly accepted by the applicant, such rental should be treated as final, subject to the conditions that in case preparation of a revised estimate is found necessary in accordance with paras. 217 and 218 of P. & T. Manual Vol. X before providing the service to the party, the final rental would be based on the revised estimate *plus* 15 per cent. thereof.

3. The procedure outlined in the previous paragraph will ensure that for services to be provided in future, the final rental is fixed before the services are provided. This necessitates utmost care in the preparation of the estimates. All cases, where the actual cost of a work exceeds the estimated cost *plus* 15 per cent. thereof, should be reported to the Circle Office with full details.

4. In respect of those works also, which have been completed but for which final rental has not been fixed yet, such rental should be determined by adding 15 per cent. to the capital cost assessed for purposes of provisional rental. If there is any considerable deviation from the original estimate, such as the change of alignment or the variation of prices, a reassessment of the cost of the work should be made and rental should be fixed finally on the basis of the re-assessed capital cost *plus* 15 per cent. thereof.

5. This memo. issues with the concurrence of Ministry of Finance (Communications) *vide* their U.O. No. 3642-PT 1/66, dated 1-8-1966.

Sd./- D. R. Narang,  
Assistant Director General (Rates).

### **Recommendation**

*The Committee are amazed that the department should have taken 10 years to finalise the rental in the Calcutta-Kumardhubi case. The committee desire that the Department should scrutinise the different stages through which this case had passed to find out to what extent the delay was caused because of defective office*

*procedure, and due to the negligence of the officials. The Department should also take immediate steps to plug the procedural loopholes, if any, which had caused this delay and initiate suitable disciplinary action against the delinquent officials.*

[Sl. 24 (Para. 3.30) of Appendix XX—43rd Report, 1965-66.]

#### ACTION TAKEN

The progress of the case through different stages has been scrutinised and it has been found that the non-quoting of the final rental to the party has not been due to any individual omission but was due to a *bona fide* misunderstanding, that, unless, the approximate rental quoted in the allotment order underwent any change, it was unnecessary to quote the same again as final.

2. Suitable instructions have since been issued so that in all cases the rental quoted in the final allotment order, if shown in an approximate form, should invariably be indicated in the final form immediately the office comes to know that there is no likelihood of any revision on account of dismantlement, construction, etc.

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

[P. & T. Board U.O. No. 49-8/66-T-I, dated 25th October, 1966.]

#### Recommendation

*The Committee find that because of the loss of records the Department had to resort to an ad hoc method of calculating the bills of the Public Call Offices on the basis of their average earnings. The Committee feel that this method would not give correct results, as the period for which the records were missing was ten years and it would be unrealistic to relate the figures of the first year with those of the tenth year. Even with this method, the Committee find that all the pending cases have not been cleared up. The Committee would, therefore, urge that the remaining cases should be processed quickly and every effort should be made to ensure that no such stalemate resulting from the loss of important official documents recurs.*

*The Committee fail to understand why collections were not made from year to year but they were allowed to remain unrealised for nearly ten years and in the mean time the arrears continued to accumulate. The Committee would like to know the reason for this lacuna. If, as stated in evidence, it was a lapse on the part of the circle offices, they would like to know what effective control the*

**directorates exercised over the circles and why in this case the control was slackened.**

[Sl. Nos. 25 & 26 (Paras. 3.39 and 3.40) of Appendix XX—43 Report, 1965-66.]

#### ACTION TAKEN

It is admitted that the *ad hoc* method based on average earnings would not reflect the correct results. But as pointed out in the evidence, the Department, in the absence of records had to devise a method by which the bills could be issued and the cases finalised. The best course open *was to issue* the bills taking into account the average of the period before and after that period for which record was missing. On this basis, the bills wherever necessary have been issued and action is already under way for getting settlement of the bills in the normal course.

To ensure that there is no recurrence of such lapses in future, suitable instructions have been issued to all concerned, a copy of which is enclosed for information (Annexure).

The Committee further desired to know why collections were not made from year to year but allowed to remain unrealised for ten years. While this lapse is attributable to human failure to certain extent, the several changes and disposition of the Telephone Revenue Accounting Offices which took place during this period also contributed to a great extent. The work regarding the Public Call Offices was done in the Accounts Officer Telephone Revenue (Central) Delhi (now at Poona) and was transferred to Accounts Officer Telephone Revenue (Baroda) Delhi and was ultimately decentralised to the divisional level and transferred to Ahmedabad. In the process of shifting of offices from one unit to another some of the records were misplaced or lost resulting in non-issue of bills. There is however no lacuna in the rules.

Though an overall control is exercised by the Circle Offices and the Directorate on the working of the Telephone Revenue Accounting units, the issue of bills is a matter of detail and is the responsibility of the Telephone Revenue Accounting Office concerned. However, the system has been tightened and with the issue of the instructions as in the copy of the letter enclosed, an effective responsibility is devolved on the Telephone Revenue Accounting Offices and the Circle Offices in the matter of issue of bills and this type of lapse is not likely to recur.

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

[U.O. No. 23-7/66-TR(Pt), dated 15th October, 1966.]

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

No. 23-7/66-TR(Pt.)

Dated, New Delhi, the 13th Sept. '66.

**To**

All Heads of Circles and Telephone Districts.

**SUBJECT:** Issue of deficit guarantee bills in respect of guaranteed Public Call Offices and Trunk lines.

The deficit in revenue to be made good by the guarantors of Public Call Offices is worked out from records showing the inward and outward telephone calls pertaining to each call office available in the T.R.A.O. Under para. 220 of P. & T. Manual, Vol. XIV (P.I.), in respect of guaranteed lines and offices, the Trunk Billing section of the T.R.A.O. should furnish statistics regarding calls passing over the line to the rent accounting clerks who should consolidate the information in a manuscript register for issue of deficit guarantee bills. Further in this office letter No. TR-20-61/53, dated 18th July 1956 it was enjoined that rebate for outward calls should be calculated from the outward Trunk Call Tickets received from the exchanges and that in respect of inward calls the Officer-in-Charge of the parent exchanges of the respective P.C.O.s should send a monthly statement of inward calls by the first week of the following month in the prescribed form.

It has however, come to notice that in a number of cases records showing the inward and outward calls of a number of P.C.O.s were not available for different periods with the result that the deficit guarantee bills could not be issued. The Public Accounts Committee came upon heavily on this subject and remarked why collections were not made from year to year and allowed to remain unrealised for years together.

The Director General has taken a serious view of the situation and feels that this could have been avoided if only proper supervision and effective control had been exercised in the T.R.A.Os. With a view therefore to ensure that bills for such guaranteed lines are promptly issued and deficit guarantee realised, it has become necessary to take measures to tighten the system. Suitable instructions may therefore be issued to all Accounts Officers, Telephone Revenue under your jurisdiction to strictly maintain necessary records and to issue bills by the prescribed dates for the realisation of the deficit



guarantee amount and that any laxity in this regard will be viewed seriously. The necessity for the prompt submission of the statistical information by the engineering authorities may also be impressed. The Head of the Circle should also obtain a certificate during the first week of June every year from the A.Os. T.R. as in the annexure enclosed. Cases of non-issue of bills and the reasons therefor should be investigated and suitable action taken. The Directorate should also be appraised of any special situation calling for action from this end.

Receipt of this letter may please be acknowledged.

P. B. DAS,

*Director of Accounts.*

Copy to All Accounts Officers, Telephone Revenue.

C. S. GOPALAN,

*Asstt. Dy. Director General (T.R.).*

### **Recommendation**

*The Committee regret to note the light-hearted manner in which the question of recovery of water charges was dealt with by the department in this case. In spite of the fact that the lapses were brought to light by Audit in 1956-57, the circle office took two years to take up the matter with the Audit. Even then the matter was not pursued vigorously and between 1960 and 1964 it was allowed to stagnate in the circle office. The Committee hope that suitable instructions will be issued to ensure that prompt and adequate action is taken on the Audit objections. The Committee further find that tenants of the quarters are being charged on the basis of average of the water consumed only because there happens to be only one water meter for 32 taps-20 for residential quarters and 12 for office buildings. The Committee feel that the Department should take up the question of providing separate water meters to the tenants, with the local authorities immediately, not only at Allahabad but in respect of all other places where similar situation might still exist.*

[Sl. 27 (Para. 3.44) of Appendix XX—43rd Report, 1965-66.]

### **ACTION TAKEN**

The Postmaster General, U.P. has been instructed to attend promptly to all audit objections and to take action as per Rules 84, 85 and 86 of the P. & T. Financial Handbook, Vol. I. General instructions have also been issued to all Heads of Circles to give due attention to the objections raised by audit specially those involving short/non-recovery of amount.

Instructions have also been issued to Heads of Circles, etc., *vide* this office letter No. 7/5/64-NB, dated 21st March 1966 (Annexure) to take immediate steps to provide separate water meters or sub-meters for the office portion and also to provide separate meters/sub-meters for each quarter to ensure recovery of water charges on the basis of actual consumption.

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

[7-5/64-NB.]

### ANNEXURE

#### INDIAN POSTS & TELEGRAPHS DEPARTMENT

*Office of the Director General of Posts & Telegraphs.*

No. 7/5/64-NB.

Dated, New Delhi, 21st March 1966.

To

All Heads of Circles,

All Heads of Telephone Distts.

Heads of other Administrative Offices.

**SUBJECT:—**Recovery of water charges consumed in residential quarters—provision of separate water meters or sub-meters for correct assessment of charges.

Cases have come to the notice of this Directorate where occupants of residential quarters in the P. & T. buildings or colonies were not being charged at all or undercharged for water consumed by them because there happened to be one common water meter for supply of water to residential quarters as well as to office buildings. The Public Accounts Committee has made an adverse observation in one such case recently.

2. It is, therefore, necessary that in the case of P. & T. colonies with metered water supply and where common water meter exists for the residential quarters and the office buildings, immediate steps should be taken to provide separate meters or sub-meters for the office portion of the colony. It is also desirable that separate meters/sub-meters are provided for each residence to ensure recovery of water charges on the basis of actual consumption by approaching the local municipal authorities. Similar action should be taken in respect of departmental buildings housing the office and residential quarters. As regards the rented buildings, the landlords should be persuaded to provide separate water meters in the residential portions.

3. These instructions should be brought to the notice of all concerned for guidance. The receipt of this letter may please be acknowledged.

(Sd.)/- K. K. MALHOTRA,  
Asstt. Chief Engineer(T).

### **Recommendation**

*The Committee note that the change of decision, viz., doing the work departmentally, had contributed to the delay in this case to some extent. The Committee are unhappy that the CPWD took two years to communicate about the non-availability of a private contractor which only shows negligence. They are, however, glad to be told that there was now improvement in the situation owing to the work being done by the Engineers of the Department and hope that such cases would not recur in future.*

[Sl. 28 (Para. 4.44) of Appendix XX of 43rd Report, 1965-66.]

### **ACTION TAKEN**

The observations of the Committee have been noted.

### **FURTHER INFORMATION**

We have now a full-fledged Civil Wing in the P. & T. and all the work of execution including designing and planning is dealt with by our own Architects and Engineers. Instructions have been issued to all the officers concerned to call for composite tenders for buildings including services as far as possible. In any case, where it is not possible to include any particular service item in the main tender itself, the officers have been issued strict instructions to ensure that action for completion of the work on the items left out is taken well in time, so that all the ancillary service items like water supply, sanitation and electrical installation are completed along with the final completion of the building.

This has been seen by the Accountant General, Posts & Telegraphs.  
[P. & T Board U.O. No. 9(62)65-W(P.T.), dated New Delhi the 28th September 1967.]

### **Recommendation**

*In this connection the Committee would like to stress that the question of providing ancillary services like water, electricity, sewerage, etc., should invariably be taken up along with the construction of the quarters so that there may not be any time lag*

*between the completion of the quarters and in providing these facilities as a result of which the quarters may remain vacant and Government put to financial loss. The Committee would like to be informed of the dates when 952 type II (a) quarters at Ramkrishnapuram and 144 type II quarters at Poona are allotted, the period for which they remained vacant and the loss suffered as a result thereof.*

[Sl. No. 29 (Para. 4.6) of Appendix XX to 43rd Report, 1965-66.]

#### ACTION TAKEN

The recommendations of the Committee have been noted. Measures already taken to eliminate/reduce time-lag between completion of building portion and provision of services and which were intimated to the Public Accounts Committee during the course of examination of Audit Report in October, 1965 as referred to in Para. 4.2 of the Report, are being pursued. Further, orders regarding inviting of composite tenders in respect of works more than Rs. 40,000 have also been issued.

2. Regarding information about quarters at Ramkrishnapuram and Poona, it is to be stated that 144 Type II Quarters at Poona were allotted on 21st March 1966. The building portion of these quarters having been completed in July, 1965, the quarters remained vacant for five months taking into consideration the period of three months required for completion of external services as per departmental instructions issued, *vide* Memo. No. 9(2)/64-W(P&T)/3834, dated 1st December 1964. The probable loss of revenue sustained by the Government works out to Rs. 30,000 as per Annexure I.

3. 952 Type II (a) Quarters were allotted in April, 1966 (by the General Manager, Telephones), New Delhi, on 28th April 1966, by the Chief Superintendent, Central Telegraph Office, New Delhi on 13th April 1966 and by the Director, Postal Services on 12th April 1966). However, as water was released into the mains of the colony by the Corporation in the end of May, 1966 only, the allottees were allowed, by a subsequent order, to occupy the quarters by 28th May 1966.

Building portion of 604 Quarters was completed during 15th April 1965 to 20th May 1965 (taking mean date of completion as 1st May 1965) and that of 348 quarters on 10th September 1965. As per departmental instructions, external services are to be provided within three months of completion of building portion. Accordingly, 604 quarters should have been fit for occupation by 1st August 1965 and the remaining 348 quarters by 10th December 1965. Consequently, the former remained vacant for 10 months and the latter for about 5½ months. Loss of revenue to the Government due to this comes to Rs. 3.34 lacs as per Annexure II.

4. In case of 952 Type II (a) quarters at Ramkrishnapuram, it will be observed that the quarters remained vacant due to inability of the Corporation to spare water for this colony and that as soon as water was made available by the Corporation, the quarters were occupied. As such, it is felt that this case does not fall under the category of quarters lying vacant due to delay in providing electrical and water supply installations to which the Audit para. under reference relates.

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

[P. & T. Board U.O. No. 9(62)/65-W(P&T), dated 25th October 1966.]

#### ANNEXURE

*Calculation of loss sustained by the Government due to 144 quarters lying vacant for want of electric installations and connection.*

No. of Quarters . . . . .	144 Type II (a)
Entitlement . . . . .	Rs. 110-249
Average of above scale . . . . .	Rs. 164-00
C.C.A. % $7\frac{1}{2}$ % . . . . .	Rs. 12-30
	<hr/>
Total . . . . .	Rs. 176-30
Say . . . . .	Rs. 176-00
	<hr/>
Average House Rent payable by an official for Type II	
(a) Quarters @ 10% of pay plus C.C.A. . . . .	Rs. 17-60
Average H.R.A, drawn by the official @ 15% of pay i.e. Rs. 164-00 . . . . .	Rs. 24-60
	<hr/>
Total . . . . .	Rs. 42-20
Say . . . . .	Rs. 42-00
	<hr/>

Building portion of the quarters was completed in July, 1965. As per departmental instructions, external services are to be completed within three months of the completion of building work. Accordingly, the quarters should have been fit for allotment by 1-11-1965. However, as the quarters could actually be allotted on 21-3-1966, the same remained vacant for about 5 months.

∴ Loss sustained by the Govt.  $144 \times 5 \times 42$   
Rs. 30,240/-  
Say Rs. 30,000/-

## ANNEXURE II

*Calculations for loss sustained by the Government due to 952 Quarters in R. K. Puram, New Delhi, lying vacant for want of Electric/Water connections.*

No. of quarters	...	...	...	952 Type II
Entitlement	...	...	...	Rs. 110-249
Average of above scale	...	...	...	Rs. 164
C. C. A. @ 8%	...	...	...	Rs. 13
				<hr/>
Total	...	...	...	Rs. 177
Say	...	...	...	Rs. 177
				<hr/>
Average House Rent payable by an official for type II quarters @ 10% pay plus C.C.A., i.e., on Rs. 177	...	...	...	Rs. 17.70
Average H. R. A. drawn by the official @ 15% of pay, i.e., Rs. 164.00	...	...	...	Rs. 24.60
				<hr/>
Total	...	...	...	Rs. 42.30
Say	...	...	...	Rs. 42.00
				<hr/>

Building portion of 604 was completed during 15-4-1965 to 20-5-1965 and that of 348 on 10-9-65. As per departmental instructions, external services are to be completed within three months of the completion of building work. Accordingly, the quarters should have been fit for occupation by 1-8-1965 and 10-12-1965 respectively. However, as water-supply was made available by the Municipal Corporation in the end of May, 1966 only, 604 quarters remained vacant for 10 months and 348 for 5½ months.

∴ Loss sustained	604 × 10 × 42 plus 348 × 5½ × 42
	Rs. 3,34,068/-
Say	Rs. 3,34 lakhs.

**Recommendation**

*The Committee find from the note that whereas the annual revenue earned prior to commencement of the co-axial cables were Rs. 84.64 lakhs, the revenue had gone upto Rs. 377.23 lakhs in 1965 after the co-axial cables came into operation.*

[Sl. 30 (Para. 4.13) of Appendix XX to 43rd Report, 1965-66.]

**ACTION TAKEN**

The observation of the Committee has been noted.

30th Sept. 1967.

**FURTHER INFORMATION**

The Committee have found that the revenue earned prior to commencement of coaxial cables was Rs. 84.64 lakhs which has increased to Rs. 377.23 lakhs in 1965 after coaxial cables came into operation. No further action appears necessary on the part of the Posts & Telegraphs Board.

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

**Recommendation**

*The Committee are unable to appreciate the differences that exist, in the methods of dealings with I.T.I. and H.C.L. despite the fact that major percentage of their products are purchased by the P.&T. Department. They note, however, that this matter was being discussed with the Department of Industry and certain proposals were being formulated. The Committee hope that a decision in the matter will be taken early so that a better and more efficient procedure of dealings could be devised. The Committee also suggest that question of the P.&T. Department placing their orders directly on the H.C.L. Ltd., instead of through the D.G.S.&D. as is the case with the I.T.I. may be examined from the point of view of reducing unnecessary time and efforts.*

[Sl. No. 33 (Para. 4.24) of Appendix XX.]

**ACTION TAKEN**

The question of placement of orders directly on Hindustan Cables Ltd., by the P. & T. Department was pursued. The Ministry of Industry and Supply (Department of Supply and Technical Development) have recently agreed to the P. & T. Department placing direct orders for underground cables on M/s. Hindustan Cables Ltd. A working arrangement is now being evolved. Pending finalisation of this arrangement the Department has already started placement of direct orders on Hindustan Cables, Ltd.

**ACTION TAKEN BY MINISTRY OF WORKS, HOUSING & SUPPLY**

While the Indian Telephone Industries are able to meet the entire requirements of Posts & Telegraphs, the Hindustan Cables Ltd. were unable to do so till recently. As considerable quantities had to be imported from abroad, the purchases from H. C. L. and their imports were handled by the D.G.S.&D. hitherto. Since the imports have

now dwindled down, it has been decided to permit the P. & T. Department to deal direct with H. C. L.

#### DEPARTMENT OF COMMUNICATIONS, P. & T. BOARD

##### Recommendations

*The Committee note with regret that the efforts made to obtain copper at producers' prices had not met with success. Since there was a world shortage of copper and India needed copper not only for meeting the requirements of P.&T. Department but also for D.G.O.F. and other purpose which could not be met from indigenous sources, the Committee would like Government to give this problem their serious consideration so that some satisfactory arrangements could be made for obtaining regularly copper at producers' price from organisations to find out how the use of copper could be reduced in the manufacture of items required by the P.&T. Department and the Director General of Ordnance Factories.*

[Sl. No. 34 (Para. 4.32) of Appendix XX to 43rd Report, 1965-66.]

##### ACTION TAKEN

Although this has been marked to P. & T. Board alongwith other Ministries, it does not relate to P. & T. This serial has been accepted by the Ministry of Supply & Technical Development for taking necessary action.

##### ACTION TAKEN BY MINISTRY OF WORKS, HOUSING & SUPPLY

The Committee's recommendations regarding the possibility of making long term arrangements for the supply of copper at Producers' prices have been noted. Efforts made in the past for concluding long term contracts with the producers have not yielded any fruit. This recommendation has been brought to the notice of the major indentors, viz., Defence, Railway, P. & T. and the Ministry of Commerce and they have been requested to furnish their long term indents for further action. On receipt of firm indents, efforts will be made to obtain regularly supply of copper at producers' price form abroad.

As regards the extent to which the use of copper can be reduced in the manufacture of items required by P&T/Defence/Railways, D.G.T.D. have furnished notes (not printed) indicating the reduction of copper content in the manufacture of the following items:

Automobile Industries; Heavy Electrical Industries; Scientific Instruments; Industrial Machinery; Paper Machinery and Chemical Machinery; Rice, Dal, Flour and Oil Milling Machinery; Tea



Processing machinery; Cement Mill Machinery, Reduction Gears, Valves and Regulators for L. P. Gas Cylinders and Boiler Mounting.

A note received from the P.&T. and a copy of the letter received from the Rlys. are enclosed.

DEPARTMENT OF COMMUNICATIONS, P. & T. BOARD

**Recommendations**

*The Committee are surprised to find that neither D.G.S.&D. nor P.&T. Department could make available the information regarding the total amount spent by Government for the purchase of cables or other materials from the Standard Telephone & Cables Ltd., under the agreement which is still operative: the Committee would like to be assured that complete papers, documents and files relating to the agreements with this firm are actually available with the Departments. They would like to be furnished with full information. In this connection the Committee would also like the Ministry of Finance to issue suitable instructions to all Ministries etc. that files, papers, and documents relating to current agreements and contracts should be carefully preserved until such time as all matters pertaining thereto are finally settled. The Committee further suggest that in such cases a constant watch should be kept on the prices paid under the contracts vis-a-vis; the world prices prevalent from time to time.*

[Sl. No. 35 (Para. 4.36) of Appendix XX to 43rd Report, 1965-66.]

**ACTION TAKEN**

Although this has been marked to P. & T. Board alongwith other Ministries, it does not relate to P. & T. This serial has been accepted by the Ministry of Supply & Technical Development for taking necessary action.

**ACTION TAKEN BY MINISTRY OF WORKS, HOUSING & SUPPLY (DEPT. OF SUPPLY)**

The agreement with M/s. Standard Telephones and Cables was entered into by the Ministry of Industry in 1949 and a number of orders have also been placed on the firm under the Agreement since that date. It is difficult, now, after the lapse of about 17 years, to indicate the exact amount spent in the purchase of cables from STC under the agreement. However, an effort in this direction has been made and a detailed list of purchases made under the Agreement including those made by DG, ISM, London which amounted to Rs. 621.78 lakhs (approximately) is enclosed (Annexure).

The Committee's recommendation regarding the necessity of keeping a watch on the prices paid under the contracts to STC in relation to prevalent world prices has been noted.

## ANNEXURE

*A/Ts placed on S. T. C. under the agreement.*

Sl. No.	A/T No. and date	Value (in lakhs of Rs.)
1.	SE-3/1659-B/I/1517 dated 16.6.51 . . . . .	14.44
2.	SE-3/1466-B/I/1598 dated 31.7.51 . . . . .	41.36
3.	SE-3/2690-B/I/STC/1753 dated 23.1.52 . . . . .	0.20
4.	SE-3/4166-B/I/STC/1885 dated 26.3.52 . . . . .	7.38
5.	SE-3/299-C/I/STC/1943 dated 24.4.52 . . . . .	10.93
6.	SE-3/3599-B/I/STC/1974 dated 2.5.52 . . . . .	9.97
7.	SE-3/1466-B/I/STC/2022 dated 3.6.52 . . . . .	26.59
8.	SE-3/299-C/I/STC(II)/2888 dated 31.10.52 . . . . .	32.77
9.	SE-3/673-D/I/STC/2716 dated 29.9.53 . . . . .	46.64
10.	SE-3/1673-F/I/STC/3529 dated 23.12.51 . . . . .	4.56
11.	C-3157-C/1661/56 dated 18.10.56 . . . . .	24.30
12.	C-3278-C/1717/56 dated 11.1.57 . . . . .	10.00
13.	C-3279/1699/56 dated 11.1.57 . . . . .	23.90
14.	C-3321-C/1718/56/I dated 18.1.57 . . . . .	3.10
15.	C-3357-C/1741/56 dated 5.2.57 . . . . .	1.62
16.	SE-3/7250-7313-L/I/STC/6528 dated 7.8.61 . . . . .	67.52
17.	SE-3/7104-M/I/STC/6561 dated 23.2.62 . . . . .	39.18
18.	SE-3/7201-M/I/STC/6774 dated 13.7.62 . . . . .	129.25
19.	SE-3/7804-N/I/STC(UK)/7707 dated 1.10.1963 . . . . .	128.07
	TOTAL	621.78

MINISTRY OF FINANCE (DEPTT. OF EXPENDITURE)

ACTION TAKEN

The observations of the Committee regarding preservation of records relating to contracts/agreements have been noted and suitable instructions have been issued to all the Ministries, in consultation with the C. & A. G. as desired by the P.A.C., vide this Ministry's O.M. No. F. 12(42)-E(Coord)/66, dated 5-7-1967 (copy enclosed).

In regard to the other points raised in the recommendation a note has already been submitted to the P.A.C. by the Ministry of Works, Housing and Supply *vide* their O. M. No. 45(1)/66/PI, dated the 9th June 1967 (Annexure).

### ANNEXURE

No. F. 12(42)-E(Co)/66, Government of India Ministry of Finance, Department of Expenditure.

[New Delhi, the 5th July, 1967.]

**SUBJECT:**—43rd Report of the P.A.C. (3rd Lok Sabha) recommendation No. 35—Preservation of documents relating to contracts and agreements.

With reference to a case in which certain information called for by the P. A. C. relating to a contract could not be furnished to them as the relevant files and other records were not properly preserved, the Committee have, *inter alia*, observed in para. 4.36 of their 43rd Report (3rd Lok Sabha) as follows:—

“.....The Committee would also like the Ministry of Finance to issue suitable instructions to all Ministries, etc., that files, papers and documents relating to current agreements and contracts should be carefully preserved until such time as all matter pertaining thereto are finally settled.”

The matter has been examined in consultation with the C. & A. G. in the light of the provisions in Appendix 13 of General Financial Rules 1963 and in the D. G. S. & D.'s Manual of Office Procedure for Supplies, Inspection and Disposals and it has been decided that documents relating to contracts, agreements, etc., should be preserved for a period of at least five years after the contract/agreement is fulfilled or terminated. In cases where audit objection have been raised, however, the relevant files and documents shall not, under any circumstances be allowed to be destroyed till such time as the objections have been cleared to the satisfaction of the audit authorities or have been reviewed by the Public Accounts Committee. Attention is also invited to the provisions of Note 2 below Annexure to Appendix 13 to General Financial Rules 1963 which should be borne in mind by the administrative authorities while weeding out such records relating to contracts/agreements etc., for destruction.

The Ministry of Commerce, etc., are requested kindly to note the above and issue suitable instructions to all authorities concerned under them.

**N. N. K. NAIR,**  
*Deputy Secretary to the Government of India.*

To

All Ministries/Departments of the Government of India.

No. F. 12(42)-E(Coord)/66

Copy forwarded for information to:—

- (i) All Civil Expenditure Branches in Expenditure Department ;
- (ii) C. & A. G. of India ;
- (iii) Defence Division (Budget Section) ;
- (iv) Lok Sabha Secretariat (P. A. C. Branch) ;
- (v) A.G.C.R. ;
- (vi) P. & T. Finance Branch ;
- (vii) E.II(A) Branch.

N. N. K. NAIR,

*Deputy Secretary to the Govt. of India.*

#### **Recommendations**

*The Committee are surprised to note that no efforts were made to check up through other sources as to what were the actual B. P. O. prices and whether the prices actually certified were the B.P.O. prices. The need for ascertaining the correct B.P.O. price assumes importance if it is borne in mind that when the tenders were invited in 1959 while the agreement price was Rs. 110.83 lakhs the competitive tender rate was Rs. 102.67 lakhs only.*

[Sl. No. 36 (Para. 4.44) of Appendix XX to 43rd Report of 1965-66.]

#### **ACTION TAKEN**

Serial No. 36, has been marked to P. & T. Board but no action is to be taken by P. & T. Board. The department of Supply and Technical Development who are concerned have sent the action taken note to A. G. C. W. M. for vetting.

#### **MINISTRY OF WORKS HOUSING & SUPPLY (DEPT. OF SUPPLY)**

#### **ACTION TAKEN**

Contracts which are the subject matter of the present Audit Paras. were placed from 1955 to 1959. During this period the price quoted by STC were got verified by D.G., I.S.M., London direct through the British Post Office. For this purpose, D.G., I.S.M., London used to furnish to the British Post Office a statement indicating the types of Cables proposed to be purchased, the rates quoted by STC, the copper

and lead contents of the cable and the prices of copper and lead on which the quotations were based. The British Post Office used to certify the correctness of the copper and lead content and whether the prices quoted were the same which they would have paid in similar circumstances. In view of the fact that the British Post Office, were themselves certifying the prices, the need for getting the prices verified by some other sources was not felt by D.G.S.&D. It may also be added that no other source appeared feasible.

[No. 45(1)/66-PI, dated 6-6-67.]

DEPARTMENT OF COMMUNICATIONS, P. & T. BOARD

**Recommendation**

*In the course of evidence the Committee enquired why while paying the STC did D.G.S. & D. assume that their metal prices were the L.M.E. prices. The witness stated that prices were quoted on L.M.E. prices for comparison. They said that these were the prices which they would have quoted on those L.M.E. prices to B.P.O. That was the certification that D.G.S. & D. wanted through D.G.I.S.M. The Committee are unable to understand why the D.G.S. & D. did not follow the normal procedure and ask the S.T.C. to produce a clear certificate from the B.P.O.*

[Sl. No. 36 (para. 4.44) of Appendix XX to 43rd Report of 1965-66.]

**ACTION TAKEN**

Although this has been marked to P. & T. Board alongwith other Ministries, it does not relate to P. & T. This serial has been accepted by the Ministry of Supply & Technical Development for taking necessary action.

[62-2/66-NA.]

GOVERNMENT OF INDIA, MINISTRY OF WORKS, HOUSING AND  
SUPPLY (DEPARTMENT OF SUPPLY)

**ACTION TAKEN**

The Agreement entered into with M/s. Standard Telephones and Cables does not stipulate that the prices to be paid to the firm for purchases made by the Indian Government should be the same prices as those paid by British Post Office. Such a stipulation could not have been implemented in practice as the types of cable being purchased by the Indian Government are not always similar to those purchased by the British Post Office. The price of copper is also subject to significant fluctuations in the world market and prices of cables undergo changes in accordance with the change in the price of copper. For these reasons, it was indicated in the Agreement

itself that the prices of cables to be paid to S.T.C. would be the same as would be acceptable to the British Post Office.

The question of the B.P.O. furnishing a more comprehensive certificate of prices was taken up with them by the India Supply Mission, London. The B.P.O. have expressed their inability to disclose the prices paid by them for corresponding cables as these are to be kept as confidential between them and the tenderers. They have, however, intimated the procedure they follow in certifying the prices for the D.G.S. & D. An extract from their reply is reproduced below :

“In all our contracts for the supply of cable, we specify that copper and lead are to be covered at prices ruling two days after the date on which we ask the contractor to supply. In the case of copper the prices under present arrangements is an average of 30 per cent. at spot each price and 70 per cent. at the three months” price. These prices are published in the Press and elsewhere. Providing the order date is known, the copper and lead prices can be checked up we could do this for you as we have this information readily available. As already stated in my letter dated the 17th May, 1965 we can certify prices that would be acceptable to the Post Office adjusted by the percentage laid down in your Agreement. Given the date of order to fix the raw material prices, we proceed as follows :

- (a) We select the nearest equivalent B.P.O. Standard Cable and the latest known price therefore adjusted for the requisite material prices.
- (b) We assess the difference in the quantities of materials to meet the requirements of the cable ordered.
- (c) We assess the differences in labour requirement.
- (d) We then Price (b) and (c) from the costs data and knowledge of manufacturing techniques held in the Department and apply as necessary to (a) ”.

D.G.S. & D. has not placed any order on S.T.C. since October, 1963. Director General, India Supply Mission, London have informed that upto February, 1964 the prices paid by B.P.O. to S.T.C. were based on L.M.E. prices. This means that in adjusting the prices to L.M.E., D.G.S. & D. have been following the same procedure as adopted by B.P.O. and a departure from the price followed by the B.P.O. as envisaged by the Public Accounts Committee, was not, in fact, ever made. It was only after February, 1964 that the B.P.O. got the firm to agree to prices based on L.M.E. rate or Producers' rate, whichever was less, subject to the condition that where the firm was unable to book copper at Producers' rates, they may do so at L.M.E. rates. D.G.S. & D. has had no occasion so far to avail

itself of this concession offered by the firm to B.P.O. as D.G.S. & D. has not placed any order on this firm under the Agreement after February, 1964. Director General, India Supply Mission, London has already been asked to take up this matter with the firm with a view to persuading them to accept the same term as are being offered by them to B.P.O. This point will be taken into consideration at the time further orders are placed on S.T.C.

As regards the circumstances under which the original agreement with the S.T.C. was signed, Ministry of Industry had already submitted a detailed Note in March, 1967 pursuant to S. No. 39 (para. 4.51) of Appendix XX of 43rd Report (3rd Lok Sabha). The D.G.S. & D. have no comments to offer in this connection.

[No. PI-45(1)/66.]

### **Recommendations**

In the opinion of the Committee, these lapses could have been avoided if proper thought was given to the agreement and all its pros and cons examined properly beforehand.

[Sl. No. 38 (Para. 4.46) of Appendix XX to 43rd Report of 1965-66.]

### **ACTION TAKEN**

Serial No. 38 has been marked to P. & T. Board but no action is to be taken by P. & T. Board. The department of Supply and Technical Development who are concerned have sent the action taken note to A.G.C.W.M. for vetting.

P. & T. Board U.O. No. 62/2/66-NA, dated the 27-10-1966.

### **MINISTRY OF WORKS, HOUSING & SUPPLY (DEPARTMENT OF SUPPLY)**

#### **ACTION TAKEN**

This Department have no comments to offer because the agreement was concluded by the Ministry of Industry. They are being requested to take action on this recommendation.

No. 45(1)/66-PI.

Dated the 6th June, 1967.

Sd./- K. RAM  
Secretary.

### **GOVERNMENT OF INDIA, DEPARTMENT OF COMMUNICATIONS**

(P. & T. Board)

#### **FURTHER INFORMATION**

The observations of the Committee have been noted. The Ministry of Industrial Development & Company Affairs (Department of Industrial Development) who are responsible for the agreement

and also the Ministry of Works, Housing & Supply who operate on that agreement have been requested to note the observations of the Committee.

This has been seen by Accountant General, Posts & Telegraphs. D.G.P. & T. U.O. No. 62/2/66-NA, dated the 26-10-1967.

### **Recommendation**

*The Committee are unable to appreciate the arguments advanced for allotting work of construction of groups of 312 and 348 quarters to Class I contractors only even though, earlier, no class I contractor had quoted for 96 quarters of group C and competition amongst class I contractors in Delhi was very small. Since the officers of C.P.W.D. themselves have to supervise the work of the contractors in addition to the supervision by the staff of contractors, the plea of better supervision of work in the case of class I contractors would not have much force. The Committee would, therefore, suggest that in suitable and appropriate cases as visualised in the departmental rules class II contractors should also be given opportunity to tender for building works, especially when the response from class I contractors is poor.*

[Sl. No. 45 (Para. 4.71) of Appendix XX to 43rd Report, 1965-66.]

### **ACTION TAKEN**

As the power to throw open the tenders to the next lower class of contractors vests in the Chief Engineer (Civil) the observations of the Committee have been noted by him for future guidance.

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

[5-2/64-A. & C.]

## **GOVERNMENT OF INDIA, MINISTRY OF WORKS, HOUSING AND URBAN DEVELOPMENT (WORKS DIVISION)**

### **ACTION TAKEN**

Para. 6.330 of the C.P.W.D. Manual, Vol. II enjoins that, if response to tenders from contractors of the appropriate class is poor, the tenders may be thrown open to the contractors in the next lower class with the prior approval of the Chief Engineer/Additional Chief Engineer but not to a particular contractor. In view of the Public Accounts Committee's observations, instructions have again been issued that, in suitable and appropriate cases as visualised in the departmental rules, class II contractors should also be allowed to tender for building works especially when the response from class I contractors is poor.



## DEPARTMENT OF COMMUNICATIONS

(P. &amp; T. Board)

**Recommendation**

The Committee would also like the Government to review whether the limit of Rs. 5 lakhs fixed for awarding the work to Class I contractors needs upward revision due to large scale "increase in costs" in recent years.

[Sl. No. 46 (Para. 4.72) of Appendix XX to 43rd Report, 1965-66.]

**ACTION TAKEN**

The P. & T. Works are awarded to contractors registered with C.P.W.D., Railways and M.E.S., and no separate enlistment in Classes I to IV is done by this Department.

The tendering limit of Class II (B. & R.) contractors has since been raised from Rs. 5 lakhs to Rs. 10 lakhs. This limit will be applied by this Department also while allotting work of construction to contractors.

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

MINISTRY OF WORKS, HOUSING & SUPPLY (DEPTT. OF  
WORKS) FORMERLY

MINISTRY OF WORKS, HOUSING & URBAN DEVELOPMENT  
(WORKS DIVISION)

**ACTION TAKEN**

As desired by the Public Accounts Committee, the limit of Rs. 5 lakhs (Rupees five lakhs) fixed for awarding works to Class II contractors has been reviewed and the limit has been raised to Rs. 10 lakhs (Rupees ten lakhs) *vide* Memo. No. CE/Con/414, dated the 10th June, 1966. The contractors registered with the Central P.W.D. in class II (B. & R.) have been informed of the decision.

DEPARTMENT OF COMMUNICATION, P. & T. BOARD

**Recommendation**

*From the information given in evidence, the Committee find that even though sanctions for the construction of the new building were accorded in 1958, it could be completed only in 1961 because there had been delays in acquiring land and there had been a further delay in installing electric connections because of the poor response from the tenderers. The Committee would suggest that in order to ensure that a building after it is constructed does not remain vacant, issue of tenders for other allied installations should synchronise with the construction of the building. The Committee feel that with a better co-ordination between the Ministries of Communications and Transport the whole matter could have been better planned and much of the present difficulty could have been avoided. They trust that the alternative site will soon be acquired and the work of installing the aerial undertaken, without delay.*

[Serial No. 47 (Para. 4.78) of Appendix XX to 43rd Report, 1965-66.]

**ACTION TAKEN**

All information necessary for issue of notification of acquisition of alternative site has been received by the Mysore Government and the matter is being pursued with that Government with a view to expediting the acquisition proceedings.

In view of the likely delay in the acquisition of the alternative site and with a view to avoiding the buildings remaining unutilised, it was decided to erect the aerials across the Highway provided the State P. W. D. authorities had no objection and would agree to meet the cost of shifting the aerials to the plot of land to be made available to the P. & T. Department, in lieu of the land required by them for the construction of the Highway. This arrangement was agreed to by the State Government on 30-12-1964, and accordingly the work of erecting the aerials was undertaken. Both the Transmitting and Receiving stations were shifted to the new buildings and they started working from the new premises with effect from 17-6-1965.

In regard to obviating time-lag between completion of building portion and provision of services in the buildings, instructions have already been issued for inviting composite tenders as far as possible.

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

[3-5/61-WT.]

### Recommendation

*The Committee are constrained to note that it had taken nearly seven years to carry out a departmental order. Even though the carrier system was declared unnecessary in November, 1953, instructions for disposal of dismantled equipment were solicited in December, 1955 (i.e., after two years) and the Directorate had taken more than 4 years to take a decision which was conveyed in April, 1960. Estimates for dismantling equipment were approved in October, 1960 and the dismantling was effected in December, 1961, i.e., after nearly seven years from the date of the issuance of the first order. It is all the more regrettable that even though the Directorate itself was a party to this colossal delay, they were not able to find out the causes for it. The Deptt.'s plea that it was not possible to locate the delay because 'it was a very trivial case as the sale proceeds showed that it fetched Rs. 50 only' is not acceptable to the Committee, as it is possible that Rs. 50 only was realised because of the delay and deterioration.*

[Sl. No. 49 (Para. 4.83) of Appendix XX to 43rd Report, 1965-66.]

### Recommendation

*It is undesirable for a Govt. Deptt. first to show negligence in carrying out an order and then trying to justify the delay on the ground of triviality of the matter. The Committee hope that such inexplicable delays in the implementation of orders would be avoided in future.*

[Sl. No. 49 (Para. 4.83) of Appendix [X to 43rd Report, 1965-66.]

### ACTION TAKEN

[Sl. No. 48 and 49.]

The instructions of the Public Accounts Committee have been noted for future guidance.

[149-7/64-TPL.]

### FURTHER INFORMATIONS

[Sl. No. 48 and 49.]

The observations of the Public Accounts Committee have been noted for future guidance.

In the meantime instructions have also been issued to all the field units of the department to ensure that recurrence of any such case is avoided. They have been requested to take stock of any equipment lying spare within their jurisdiction at the moment and arrange for immediate disposal of the same. They have also been

told that in future whenever any equipment becomes spare, expeditious action should be taken for the disposal of the same.

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

B. D. SUD

[P. & T. Board U. O. No. 149-7/64-TPL, dated the 30th Sept. 67.]

### **Recommendation**

*In this case too, the Committee note with regret that the Department had taken nearly 9 years from the date when the three channel carrier equipment was declared surplus (1956) and the time when it was finally disposed of (1965). It has been stated in evidence that the delay was because of the prescribed procedure which had to be followed. Since the Deptt. have already issued instructions to examine the matter with a view to fixing responsibility in this case, the Committee would like to stress that human failure alone cannot be the sole contributing factor for this inordinate delay and as such the Department should also examine the existing procedure critically so as to ensure that delays do not occur in future because of faulty procedure. The Committee are further of the opinion that the present procedure of evaluating obsolete material is defective as it gives an exaggerated picture of the cost of the machinery compared to the actual value which it fetches on sale. Further with the increasing use of more sophisticated machinery it is desirable that the formula for determining the sale value of obsolete material should also be adjusted suitably.*

[Sl. No. 50 (Para. 4.88) of Appendix XX to 43rd Report, 1965-66.]

### **ACTION TAKEN**

Regarding delay in disposal of the system, it has been desired by the Committee that the Department should examine the existing procedure critically so as to ensure that delays do not occur in future because of the faulty procedure. It is submitted that the existing procedure for disposal of obsolete or unserviceable stores has already been streamlined. The Stores Scrapping Committees have been formed in each circle and these Committees have been empowered to scrutinise all sorts of obsolete and unserviceable stores and arrange for their disposal locally. It is expected that the new procedure will obviate delays in disposal of such stores hereafter.

It has also been pointed out that the present procedure of evaluating obsolete materials is defective as it gives an exaggerated picture of the cost of the machinery compared to the actual value which it fetches on sale. The Committee have desired that the

formula for determining the sale value of obsolete material should be adjusted suitably. It may be mentioned that in accordance with the revised procedure, the Stores Scrapping Committees are competent to make recommendations regarding scrapping of all types of obsolete and recovered stores and wherever such stores are ordered to be scrapped, the anticipated sale proceeds will be worked out more realistically on the basis of the scrapped market value of the stores. The evaluation of the obsolete/unserviceable stores at depreciated book value in such cases will also not arise.

Regarding fixing of responsibility for delay in dismantlement of the equipment, necessary action has already been initiated.

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

[149-7/64-TPL.]

#### **Recommendation**

*The Committee would like to stress in this connection that in order to avoid delay in the case of indents placed on D.G.S. & D., the indenting Ministry/Department should on their part always complete all the preliminaries and details (e.g., sanction, specification, foreign exchange clearance, etc.) before placing the indents so that the D.G.S. & D. are not required to enter into correspondence for clarifications, etc., later on, which contributes partly to the delay.*

[Sl. No. 51 (Para. 5.8) of Appendix XX to 43rd Report, 1965-66.]

#### **ACTION TAKEN**

Necessary instructions have been issued to all concerned.

MINISTRY OF FINANCE (DEPTT. OF EXPENDITURE)

ACTION TAKEN

The observations of the Committee have been noted and brought to the notice of all the Ministries for guidance and issue of suitable instructions to all concerned under them *vide* the Ministry of Finance O.M. No. F.12(39)-E(Coord)/66, dated 20-9-1966.

[Min. of Fin. U.O. No. F.12(39)-E(Coord)/66, 26th Aug., 1967.]

GOVERNMENT OF INDIA, DEPARTMENT OF  
COMMUNICATIONS, (P. & T. BOARD)

**Recommendation**

*The Committee note that there was considerable delay in the modernisation of Calcutta Workshops. They hope that this work would now be taken up expeditiously.*

[Sl. No. 52 (Para. 5.10) of Appendix XX to 43rd Report, 1965-66.]

ACTION TAKEN

The observations of the Committee have been noted. "The workshops organisations has in fact already prepared a tentative plan which would now be scrutinised by the Civil Wing".

**Recommendation**

*From the note (Appendix X) furnished by the P. & T. Department the Committee are glad to find that it will be possible to manufacture small castings at cheaper rates in the workshops and it has been decided to partially mechanise the Foundry which was expected to bring down the cost of manufacture. The Committee are also glad to be informed that production of as many as 45 items the cost of manufacture of which was higher has been completely or partially stopped during 1964-65.*

[Sl. No. 53 (Para. 5.13) of Appendix XX to 43rd Report, 1965-66.]

ACTION TAKEN

The observations of the Committee have been noted.

FURTHER INFORMATION

Considerable progress has been made towards the partial mechanisations of the foundry in the Calcutta Workshops. All the machines required for the purpose have since been procured and installed. Trial production runs have been made and the operators

have been put under training. Action is also in progress for the manufacture in the Workshops or of purchase (as might be found economical and expedient) of equipments required for speedy and efficient handling of sands, mould boxes and finished moulds, etc.

This has been seen by Accountant General, Posts and Telegraphs. [P. & T. Board U. O. No. 15-11/67-WK, dated New Delhi the 5th Oct., 1967.]

### **Recommendation**

*The Committee would like to watch the progress of the Incentive Scheme through future Audit Reports.*

[Sl. No. 55 (Para. 5.16) of Appendix XX to 43rd Report, 1965-66.]

### **ACTION TAKEN**

This has been taken note of.

Accountant General, Posts & Telegraphs, Simla has seen this note.

[P. & T. Board U. O. No. 15-4/66 WK, dated 15th Oct. '66.]  
No. 15-11/67-WK/Pt.

### **FURTHER INFORMATION**

In Serial No. 55 of Appendix XX to their 43rd Report, 1965-66, the Public Accounts Committee desired to watch the progress of the Incentive Scheme through the future Audit Reports. This is a matter for the Audit. No reply is called for.

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

### **Recommendation**

*The Committee would like to watch the position in this respect through future Audit Reports.*

[Sl. No. 55 (Para. 5.21) of Appendix XX to 43rd Report, 1965-66.]

### **ACTION TAKEN**

The observation of the Committee has been noted.

[U.O. No. 15-5/66-WK, dated 6th Oct., 1966.]

### **Recommendations**

*The Committee view with concern the slow progress in survey and sanctioning the disposal of surplus stores and their actual disposal. It is surprising that stores worth Rs. 4.69 lakhs, which had been*

*lying unused in stock for 7 to 22 years were declared surplus in 1961 and were actually disposed of for Rs. 18,200 only in March, 1965. If these stores were disposed of earlier, not only a better price could have been obtained but also loss to Government due to attendant risk of their deterioration besides expenditure on their care and custody and interest on capital unnecessarily locked up could have been avoided.*

[Sl. No. 58 (Para. 6.7) of Appendix XX to 43rd Report, 1965-66.]

#### ACTION TAKEN

The surplus stores in question were mostly spares and kept in stock as "Insurance Spares" for maintenance of pre-2000 type old exchanges as manufacture of spares for this type of equipment had been stopped in U.K. Five exchanges of pre-2000 type equipment were working at Bombay and these stores were kept for emergency and break-down repairs. What items would be required in case of break-down could not be anticipated. In September, 1961 the surplus stores worth Rs. 5.09 lakhs were scrutinised by the surplus stores Committee and they recommended their disposal after replacement of important and vital parts in use so that as far as possible the recovered used items may be sold. The Department in an effort to make the best use of the equipments, utilised stores worth Rs. 0.40 lakhs, during the period 1961 to 1963. The remaining surplus items were disposed of by the D.G.S.&D. by public auction for Rs. 18,2000 on 11-3-65 after observing necessary formalities. It was known then that the pre-2000 type equipments will be replaced by modern equipments. The delay in disposal after surplus stores Committee's recommendations, was partly due to recirculation of the lists for utilisation of stores to the maximum extent and partly due to the formalities which have to be completed before disposal takes place. Every effort would hereafter be made to minimise delays in disposal of stores.

#### Recommendation

*The Committee fail to understand why there was so much delay in the final disposal of the stores, if the surplus stores Committee checks up the list of such stores every year. The Committee therefore desire that the matter of disposal of unserviceable stores should receive more serious attention of the Department so as to avoid unnecessary delay that are even now taking place.*

[Sl. No. 59 (Para. 6.8) of Appendix XX to 43rd Report, 1965-66.]

#### ACTION TAKEN

The observations of the P.A.C. have been noted and circulated to all concerned for guidance with a view to eliminate delays in disposal



of surplus and unserviceable stores in future. For minimising delays, the department has set up Stores Scrapping Committees in September, 1965 in each circle. These Committees have recently been authorised scrutiny and disposal of all unserviceable stores locally. It is expected that in future the delays in disposal would be minimum.

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

[P. & T. Board U.O. No. 29-9/65-NA, dated 25th October, 1966.]

### Recommendation

*The Committee note with concern that inspite of the various steps taken by P.&T. Department a total quantity of 2,83,000 Kgms. of copper wire valued at Rs. 15.66 lakhs was lost due to theft during 1964-65. The Committee hope that greater efforts would be made by P.&T. Department with the help of the State Governments and police authorities to bring to book the guilty in this regard.*

[Sl. No. 60 (Para. 6.15) of Appendix XX to 43rd Report, 1965-66.]

### ACTION TAKEN

A Bill for amending the Telegraph Wires (Unlawful possession) Act, 1950 has been introduced in Rajya Sabha to simplify it and make it more effective. In the amending Bill

- (a) a minimum sentence has been made mandatory even for the first offence, and
- (b) police officers instead of having to be specially empowered for taking cognizance of offences under this Act have been empowered by general designation thus making it easier to take action.

2. Union Minister of Communications has issued a letter to the Chief Ministers of all States requesting them to exercise greater vigilance in detecting and checking of copper wire thefts.

3. Vigorous efforts are being made to apprehend copper wire thieves immediately after thefts. With the active assistance of police group, maintenance officials of the P.&T. Department have been able to arrest three gangs of copper wire thieves in the last three months in Maharashtra. This pressure will be kept up.

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

(1-12/66-NM)

### FURTHER INFORMATION

The present position of the case is given below:—

The Telegraph Wire (Unlawful possession) Act, 1950 had been passed by the Rajya Sabha on the 27th July, 1966 and it was to be placed thereafter before the Lok Sabha. Before this could be brought

up, the Third Lok Sabha was dissolved. The bill therefore got lapsed. Necessary *ab initio* steps have already been taken for the introduction of legislation in Parliament.

The Chief Ministers of all States have also been requested again by the Minister of Communications to bestow special attention on this problem and suitably instruct their police authorities. Intensified patrolling in the vulnerable areas has also been suggested to the State Law and Order authorities. The Chief Ministers of different States have assured that the concerned personnel have been alerted to make all out efforts and to adopt severe measures to minimise and eradicate such thefts.

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

### **Recommendation**

*In the opinion of the Committee the selection of this particular denomination of the stamp which could be used only for postage to particular European countries limited its use and thereby defeated the purpose of issuing a commemorative stamp, to a great extent. Moreover, when it was known that the stamp could be used only in restricted cases and not in wider circles, the printing of the stamp in such a large number was not justified.*

[Sl. No. 61 (Para 7.12) of Appendix XX to 43rd Report 1965-66.]

*The Committee would like to emphasize that while printing commemorative stamps it is essential to ensure that it has the widest possible publicity both within India and abroad and for that purpose the denomination should be in popular rates currently in use. The number of such stamps to be printed should also be fixed after a careful appraisal of the requirements of the general public and the philatelists.*

[Sl. No. 62 (Para 7.13) of Appendix XX to 43rd Report 1965-66.]

*The Committee suggest therefore that suitable instructions should be issued by P.&T. Deptt. to ensure that the commemorative stamps are not printed excessively in large number and in such denominations as cannot be used over a reasonable period of time.*

[Sl. No. 63 (Para 7.14) of Appendix XX to 43rd Report, 1965-66.]

### **ACTION TAKEN**

(Serial 61-63)

Recommendations of the Committee have been noted.

(H-1-8/60)

### **FURTHER INFORMATION**

As soon as the programme for the issue of special/commemorative postage stamps is finalised by the Philatelic Advisory Committee, the same is widely publicised through all the newspapers and philatelic

magazines in the country. The information is also circulated to all our Embassies abroad as also to publishers of important philatelic magazines in India and foreign countries. Before issue, the facsimile of the stamps and other particulars are again released to the press. The photoprints of the stamps are also sent to the foreign publishers of important philatelic magazines.

The Commemoration stamps are now brought out in the popular denomination of 15 paise, the rate currently in use for letters within the country.

Quantities of such stamps are now generally printed to the extent of 2 millions only.

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

[P. & T. Board U.O. No. H-1-8/60, dated 10th Oct., 67.]

### **Recommendation**

*The Committee note that in both these cases the machines were found later on to be not as simple to operate as was given out with the result that trained personnel were required to operate them. They suggest that in these circumstances the P.&T. Department would do well in future to ascertain well in advance about the working of the machines they proposed to purchase and then plan properly in advance about the staff and other matters connected with the working of the machine so that there is no delay in putting them into operation after they are purchased.*

[Sl. No. 64 (Para 7.21) of Appendix XX to 43rd Report 1965-66.]

### **ACTION TAKEN**

The observations of the Committee have been noted and suitable instructions have been issued to all concerned for future guidance vide this office order No. 15 (24-1/65-MI), dated 19-4-1966.

M. Dayal

Senior Member (Posts)

### **Recommendation**

*In the course of evidence, the Committee were informed that there was still a very large number of savings bank fraud cases (144) and fraud cases in respect of insured articles (143) during 1963-64. About these cases the Board had taken up a more detailed study which had not been undertaken in the past. The Committee would like to be informed of the further steps contemplated to be taken in this regard and the improvements made in this matter.*

[Sl. No. 65 (Para 7.26) of Appendix XX to 43rd Report, 1965-66.]

## ACTION TAKEN

The P.&T. Board in their meeting No. 12 of 1965-66 held on 1-12-1965 discussed thoroughly the procedure of working of various branches of post offices and measures already taken to prevent loss and fraud cases and took the following decisions:—

- (a) Quarterly circulars, should be issued explaining how infringement of rules and laxity on the part of supervisory staff facilitated commission of frauds as also their immediate non-detection. It was to be impressed upon the officials concerned that they should avoid recurrence of similar omissions in their own interest.
- (b) It was decided that control over the supervisory staff should be tightened and they should be made to perform their duties fully.
- (c) It was observed that in S.B. Branch, difficulty was experienced in effecting the periodical ledger agreement due to the long time taken in reconciliation of discrepancies between the P.O. and audit records. The Board felt that in those cases where the audit had reconciled piece meal and discrepancies between the Audit and Post Office records, the difficulty in ledger agreement could have been avoided if the Postmasters concerned had invariably intimated to their Control Organisation the corrections effected in their ledger balances.

2. In order to give effect to the decisions of the P.&T. Board the following specific steps have been taken:—

- (i) A quarterly circular is being issued explaining how non-observance of rules or laxity of supervision led to commission of frauds or their non-detection immediately, impressing upon the officials to follow the rules.
- (ii) In order to tighten up supervision over the working of various branches of the Post Offices, instructions have been issued for effective supervision upto the lowest level and severe action has been ordered to be taken against other officials responsible for facilitating frauds so that others may avoid infringement of various rules and instructions.
- (iii) The P.&T. Board found that in the S.B. Branch, the misappropriation of deposits by branch Postmasters and single-handed sub-postmasters could not be prevented until and unless the depositors keep a watch on the receipt of acknowledgement for the deposits made as required by rule 5 of P.O.S.B. Rules 1960 or the Govern-

ment insist on the production of such an acknowledgement by the depositor for binding the department for the deposit made in addition to the entry in the pass book. This step was considered by the Government to be not in the interest of the National Savings movement and that a calculated risk has to be undertaken by the Government as a Banker. In other cases the frauds were facilitated by laxity of supervision for the tightening of which steps have been taken. Delay in detection of frauds in a couple of cases was due to delay in effecting ledger agreement during the initial period of taking over from audit and the existence of lakhs of discrepancies between the P.O. audit balances. Action is being taken to bring the work upto date.

- (iv) In respect of loss or abstraction of insured articles, examination of the recent cases has shown that those have been facilitated by laxity in supervision. Suitable instructions have been issued.

3. In addition to the above measures, about 10 cases of loss and fraud involving amounts exceeding Rs. 2,000 each, are being reviewed by the P.&T. Board quarterly. Further remedial steps are taken whenever necessary.

4. The case has been seen by the Accountant General, Posts & Telegraphs, Simla.

(No. 14/1/66-INV.)

### **Recommendation**

*The Committee hope that with the appointment of certain ad hoc Committees for the circles where there was a large number of pending audit objections, it will be possible to settle all the remaining cases at an early date and accumulation of such objections also would be avoided.*

[Sl. No. 66 (Para. 7.29) of Appendix XX to 43rd Report, 1965-66.]

### **ACTION TAKEN**

The observations of the Committee have been noted.

(30-24/65-B.)

### **Recommendation**

*The Committee regard this position as unsatisfactory and hope that the units which have been formed would take suitable steps to clear the old cases as early as possible.*

[Sl. No. 67 (Para 7.32) of Appendix XX to 43rd Report, 1965-66.]

## ACTION TAKEN

The observations of the Committee have been noted.

(30-24/65-B.)

## FURTHER INFORMATION

(S. No. 66-67)

The nature of action taken on these two recommendations of the Public Accounts Committee is indicated below.

Suitable instructions have been issued to all Heads of P. & T. Circles for expeditious clearance of outstanding items and to avoid recurrence of irregularities leading to audit objections. The progress of settlement of outstanding Audit Objections and Inspection Report items raised upto the end of the year 1962-63 as shown in the Audit Report 1965 is given in the table below.

	Audit objections raised upto 1962-63		Inspection Report items raised upto 1962-63	
	No.	Amount (in crores)	No. of Reports	No. of Items
Remaining unsettled at the end of August, 1964.	44,643	4.93	1,316	7,750
Remaining unsettled at the end of August, 1966.	9,003	1.58	689	2,347

It will be seen from the above table that as a result of special efforts made by the Heads of Circles and by the *ad hoc* Committees, the number of outstanding items as shown in the Audit Report, 1965, has reduced considerably. At present also, the *ad hoc* Committees are functioning in 8 Circles where there is a large number of pending items. It is hoped that the number of outstanding items will further come down in the near future.

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

## Recommendation

*The Committee find from the note that as a result of the inter-departmental meeting held on 11-1-63 decisions were taken on which amounted to an undertaking by the Ministry of Defence to bear the*

*entire burden of the P.L.I. fund in respect of extrarisks (both peace time and war-risks) on the lives of Defence Services personnel. The Controller of Insurance, therefore, recommended in his valuation report for the triennium 1962-63 that there would be no need to maintain the account of Defence Wing separately. So the Civil and Military Wings were amalgamated with effect from 1-4-1964. It has also been decided that from 1-4-1965 extra premium need not be paid in each individual case. The Committee hope that by the introduction of the new system there would be simplification of procedure all round, resulting in some economies.*

[Sl. 68 (Para. 7.39) of Appendix XX to 43rd Report, 1965-66.]

#### ACTION TAKEN

The observations of the Committee have been noted. It is confirmed that the introduction of the new system has resulted in simplification of procedures resulting in some economy also.

#### Recommendation

*It is, therefore, clear that the examination of the point raised by the P.A.C. had not yet been finally completed and therefore the reply given by the P.&T. Board that the Committee's recommendation had been carefully considered and as a result of the careful consideration it had not been able to accept it, was not quite correct.*

[Sl. 69 (Para. 7.51) of Appendix XX to 43rd Report, 1965-66.]

#### ACTION TAKEN

The observations of the Committee have been noted.

#### FURTHER INFORMATION

The question involved in this para. was further discussed in para. 7.70 of the 43rd report (Third Lok Sabha) and was linked with the recommendations of the Committee contained in para. 7.69 thereof. Since a detailed 'action taken' note on these two paras has already been furnished to the Lok Sabha Secretariat by the Ministry of Finance (E. A. D.) under their O.M. No. F.8(44)-B/65, dated 11-8-66, no action is required on the part of the P. & T. Board.

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

#### Recommendation

*The Committee regret to note the manner in which the recommendation of P.A.C. contained in para. 60 of their 30th Report (Third*

*Lok Sabha) had been dealt with. The Committee expect that their recommendations shall be given the full and proper consideration at the highest level, before Government indicate their inability to accept them. In case delay is anticipated in taking the final decision in the matter, an interim reply stating the reasons for delay should be furnished to the Committee. They desire that the Ministry of Finance should issue suitable instructions in the matter.*

[Sl. 70 (Para. 7.52) of Appx. XX to 43rd Report, 1965-66.]

#### ACTION TAKEN

Instructions on the general point raised in the above recommendation are to be issued by the Ministry of Finance. No action is required on the part of the P. & T. Board.

#### MINISTRY OF FINANCE

(DEPARTMENT OF EXPENDITURE)

#### ACTION TAKEN

The recommendation has been considered by Government at the highest level and it has been decided that in cases where a Ministry after due examination, finds itself unable to accept a recommendation of the Committee, the matter should be submitted to the Minister-in-charge for orders, before communicating the decision of Government to the Committee. Where the Minister-in-charge considers it necessary to place the matter before Cabinet, the decision of the Cabinet will be obtained before submitting a final reply to the Committee. Suitable instructions have been issued to all the Ministries.

[No. F.12(43)-E(Coord)/66, dated the 21st December, 1966.]



## DEPARTMENT OF COMMUNICATIONS

## P. &amp; T. BOARD

**Recommendations**

*The Committee desire that the final action taken on their recommendation referred to above may be communicated to them at an early date.*

*From the note the Committee observe that Ministry of Finance have not so far agreed to increase the rate of interest on the PLI Fund. The Committee would like the Ministry of Finance to re-examine the question of raising the rate of interest on PLI Fund at least to the extent of the rate given to the deposits in the Provident Fund. They would also like the question of the rate of interest on the provident Fund amounts being made applicable to the PLI Fund from year to year to be examined.*

*As regards investment of PLI Fund, the Committee observe that there is some confusion about the implication of the recommendation of P.A.C. Even when the PLI Funds are invested, according to the pattern of the LIC, only about 20 per cent. of that fund will be permitted to be invested outside, and not the entire fund. 80 per cent. of that fund would still remain with Govt. or in Govt. securities. Whatever can be taken out ultimately can be only Rs. 4 crores or Rs. 5 crores i.e., 20 per cent. of Rs. 20 crores and therefore the arguments advanced by the representative of the P.&T. Board against this suggestion would lose much of their force. However, the Committee feel that the suggestion made in the previous para would meet the requirement just as well.*

[Sl. Nos. 71, 72 & 73 (Paras. 7.54, 7.69 and 7.70) of  
Appx. XX to 43rd Report, 1965-66.]

**ACTION TAKEN**

The recommendation referred to at Sl. 71, viz., investment of the PLI Fund on the same lines as the LIC was under examination in the Ministry of Finance when the 43rd report of the Committee was received. Ministry of Finance were requested to keep in view the recommendations of the Committee at Serials 72 and 73 while taking a decision.

It has been decided that with effect from 1-4-66, the balances in the PLI Fund would be allowed interest at  $\frac{1}{2}$  per cent. below the rate applicable to the balances in the Provident Fund, which is at present 4.6 per cent. A detailed note explaining the Government's decision has been sent to the Committee separately by the Ministry of

Finance *vide* their F.8(14)-B/66, dated 23-8-66. In view of this decision and the observations of the Committee in para. 7.70 of their 43rd report to the effect that an examination of the question of rate of interest on the Provident Fund being made applicable to the PLI Fund from year to year would meet the requirements just as well, the question of investment of the balances in the PLI Fund on the lines of the LIC, referred to in the serial 71 above, was not pursued.

This has been seen by the Ministry of Finance—Expenditure Division—Communication Branch, Economic Affairs Department—Budget Division—and the Accountant-General, P. & T., Simla.

[P. & T. Board U.O. No. 26/6/66-LI, dated 25th October, 1966.]

## MINISTRY OF FINANCE

(DEPARTMENT OF ECONOMIC AFFAIRS)

### ACTION TAKEN

(S. No. 72)

As regards investment of PLI Fund, the Committee observe that there is some confusion about the implication of the recommendation of P. A. C. Even when the PLI Funds are invested, according to the pattern of the LIC, only about 20 per cent. of that fund will be permitted to be invested outside, and not the entire fund. 80 per cent. of that fund would still remain with Government or in Government securities. Whatever can be taken out ultimately can be only Rs. 4 crores or Rs. 5 crores, i.e., 20 per cent. of Rs. 20 crores and therefore the arguments advanced by the representative of the P. & T. Board against this suggestion would lose much of their force. However, the Committee feel that the suggestion made in the previous para. would meet the requirement just as well.

### ACTION TAKEN

(S. No. 73)

It has since been decided that with effect from the current year the PLI Fund may be allowed interest at  $\frac{1}{2}$  per cent. below the Provident Fund rate. A note explaining the Government's decision is enclosed. (Annexure.)

ANNEXURE

No.F.8(44)-B/65

MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

New Delhi, the 11th August, 1966.

SUBJECT:—Interest on Postal Life Insurance Fund.

The recommendation that the Postal Life Insurance Fund should be allowed interest at the same rate as is admissible on the Provident Fund deposits has been considered.

2. The basis on which interest on the PLI Fund has hitherto been allowed has already been explained in a note submitted to the Committee on 30th November 1965. Briefly, the PLI Scheme was placed on the same footing as a commercial activity and therefore extra commercial considerations were not taken into account in the matter of the determination of the interest rate. In particular, it was not considered appropriate to treat the accumulation in the Fund in the same manner as Small Savings or Provident Fund deposits for purposes of interest. Having regard to the fact that the balances in the Fund represent an accumulation over a period of years and also the concessions enjoyed by the scheme such as cheap cost of administration, facilities for collection of premia at source and exemption from income-tax, the Fund has been allowed interest at 3½ per cent. since 1956. No increase in this rate was considered justified when proposals for its enhancement were received, as the average cost of past borrowing did not exceed 3½ per cent. by a margin which was more than the cost of the benefits enjoyed by the Fund. Moreover, the premia rates of the PLI as well as its bonus rates were invariably more favourable to the policy holders than those of the LIC.

3. The Provident Fund Scheme, on the other hand, has never been considered as a commercial activity of Government. It is essentially an amenity to Government servants and consequently the Provident Fund deposits have been allowed interest at a rate calculated every year on the basis of the average redemption yield of Government of India securities with unexpired term exceeding 5 years, during the immediately preceding five calendar years. No

allowance is made either on account of the tax concessions admissible in respect of the contributions to or interest on the Provident Fund deposits as also the cost of administration, including the facility of deduction at source, borne by Government. This year it has been decided to apply a slightly more liberal formula for determining the interest rate, *viz.*, the average redemption yield of Government of India securities with an unexpired term exceeding 7 years, during the immediately preceding 3 calendar years. Accordingly, the rate of interest which was 4.25 per cent. last year has been increased to 4.6 per cent. this year.

4. The PLI Fund and the Provident Fund are, in the matter of interest, on par to the extent that both represent the accumulation of the net accretions to the Funds each year arising over a period of years. Further, contributions to both the Funds count for purposes of tax benefits in an identical manner. There is therefore undoubtedly some justification for linking the rate of interest on the PLI Fund with that on the deposits in the Provident Fund. There are however differences also between the two arising mainly out of the fact that the PLI Scheme a commercial activity, is run departmentally by Government and these cannot be ignored. Thus, though the Government as well as the private Provident Funds enjoy similar tax concessions, the PLI scheme enjoys tax concessions which are not available to life insurance concerns. For example, the LIC is liable to pay tax and that too at a fairly high rate. Again, the Provident Fund is an amenity to Government servants and contribution to its also now almost entirely obligatory. This is not so in the case of the PLI Scheme and consequently, the cost of running the latter should appropriately, as in the case of life insurance concerns, be borne by the policy holders and not by the general tax-payer. Lastly, the entire surplus of the PLI accrues to the policy holders and no part of it comes to Government revenues. On the other hand, LIC makes over 5 per cent. of its surplus profits to Government.

5. An attempt has been made to evaluate the concessions enjoyed by the PLI which are not available to the life insurance concerns. The actuarial valuation of the PLI Fund for the period 1960-63 disclosed a surplus of Rs. 147.33 lakhs with the reserve for bonuses being Rs. 115.46 lakhs. If the PLI Fund were to notionally pay income-tax on the same formula as is applicable to the LIC, the amount of tax payable in a year would work out to about Rs. 9.5 lakhs. On the basis of available information, the cost to Government of the administration of the PLI is about Rs. 7 lakhs. The payment to Government of 5 per cent. of the inter-valuation surplus of the PLI as is done by the LIC would work out to about Rs. 2.5 lakhs.

Thus, the aggregate monetary value of the concessions enjoyed by the PLI amounts to about Rs. 19 lakhs in a year on a life fund of Rs. 22 crores. If treated as a wholly commercial activity, the balances in the Fund should appropriately be allowed interest at about .85 per cent. below the rate of interest on Provident Fund deposits. However, having regard to the view that the PLI Scheme may be treated in part, as an amenity to the staff, it has been decided, with the Finance Minister's approval, that with effect from the 1st April, 1966, the PLI Fund may be allowed interest at  $\frac{1}{4}$  per cent. below the Provident Fund rate. Accordingly, the PLI Fund will earn interest at 4.1 per cent. this year as against 3.5 per cent. last year.

## DEPARTMENT OF COMMUNICATIONS

### P. & T. BOARD

#### **Recommendation**

*The Committee are glad to note that notes pursuant to "action taken" on all the recommendations of the Committee contained in their 30th Report (Third Lok Sabha) have been furnished by the P. & T. Board.*

[Sl. No. 74 (Para. 8.2) of Appendix XX to 43rd Report, 1965-66.]

#### **ACTION TAKEN**

The observations of the Committee have been noted.

[No. 27-4/66-B, dated 1st September 1966.]

#### **FURTHER INFORMATION**

The observations of the Committee have been noted. All possible efforts will be made to maintain this position in future.

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

[P. & T. Board U.O. No. 27-4/66-B, dated 27th September, 1967.]

No. 1-20/65-B.

Dated, the 25th October, 1966.

In paras. 8.3 and 8.4 of its Forty-third Report (Third Lok Sabha) the P.A.C. desired to be informed of the final position of the case.

2. A list of important recommendations of the Consultants accepted/implemented up to 31st July 1966 was furnished to the Secretary, Lok Sabha, in connection with Lok Sabha starred question No. 566 of 16th March 1966. Other recommendations of the Consultants are still under consideration.

3. The P. & T. Board has approved in principle the introduction of a commercial accounting system in the P. & T. Department, inclusive of Postal services. In subsequent discussions with the Ministry of Finance and Comptroller and Auditor General of India, it was decided to set up a Working Group of three officers nominated respectively by the Ministry of Finance, Department of Communications (P. & T. Board) and Comptroller & Auditor General of India

to work out details to enable effective implementation of the recommendations of the Consultants relating to introduction of a system of commercial accounts in respect of the Telecommunications Branch, both on the existing basis and on the basis of separation of accounts function from the Audit. A copy of the Memorandum setting up the Working Group is attached. Further action will be taken on receipt of the Report of the Working Group.

4. It is proposed that introduction of system of commercial accounts in the Postal Branch will be considered on the finalisation of action with regard to the Telecommunications Branch of the Department. Further action in the matter will be taken, if necessary, by appointing a separate Committee of experts, after a final decision has been taken in respect of the Telecommunications Branch.

5. According to the existing procedure, the Accountant-General, Posts & Telegraphs is furnishing the monthly figures of 'actuals' booked under different heads of Revenue and Expenditure. The Circles are also being associated in the work of preparation of revenue estimates. The forecast in respect of revenue and traffic is obtained from the Circles at the time of the framing of the R. E. and Budget and final estimate is prepared in the Directorate after taking into consideration this forecast.

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

[Sl. No. 75 (Para. 8.4) of Appendix XX to 43rd Report, (S. No. 1(iii) of Appendix XXXI to 30th Report.)

#### FURTHER INFORMATION

In Para. 8.3 and 8.4 of its Forty-Third Report (Third Lok Sabha) the Public Accounts Committee desired to be informed of the final position of the case.

2. A list of important recommendations of the consultants accepted/implemented up to 31st July 1966 was furnished to the Secretary, Lok Sabha, in connection with Lok Sabha starred question No. 566 of 16th March 1966. Other recommendations of the Consultants are still under consideration.

3. The P. & T. Board has approved in principle the introduction of a commercial accounting system in the Posts and Telegraphs Department, inclusive of Postal Services. In subsequent discussions with the Ministry of Finance and Comptroller and Auditor General of India, it was decided to set up a Working Group of three officers nominated respectively by the Ministry of Finance, Department of Communications (P. & T. Board) and Comptroller and Auditor General

of India to work out details to enable effective implementation of the recommendations of Consultants relating to introduction of a system of commercial accounts in respect of the Telecommunications Branch, both on the existing basis and on the basis of separate of audit and accounts. A copy of the Memorandum setting up the Working Group is attached. Further action will be taken on receipt of the Report of the Working Group.

4. It is proposed that introduction of system of commercial accounts in the Postal Branch will be considered on the finalisation of action with regard to the Telecommunications Branch of the Department. Further action in the matter will be taken, if necessary, by appointing a separate Committee of experts, after a final decision has been taken in respect of the Telecommunications Branch.

5. According to the existing procedure, the Accountant-General, Posts & Telegraphs is furnishing the monthly figures of 'Actuals' booked under different heads of Revenue and Expenditure. The Circles are also being associated in the work of preparation of revenue estimates. The forecast in respect of revenue and traffic is obtained from the Circles at the time of the framing of the R. E. and Budget and final estimate is prepared in the Directorate after taking into consideration this forecast.

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

Dated, New Delhi-1, the 15th September, 1967.

#### FURTHER INFORMATION

The Working Group set up to work out details for the effective implementation of the recommendations of the Consultants relating to the introduction of a system of commercial accounts in the Telecommunication Branch has since submitted its Report. Government orders on the changeover to the Commercial system are expected to be issued shortly.

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

No. 16-60/64-B

Dated, New Delhi, the 14-10-66

In para. 8.3 and 8.4 of its Forty-Third Report (Third Lok Sabha), the P.A.C. desired to be informed of the final position in the case of amalgamation of Radio expenses with Telegraph expenses.

2. The team of British Consultants on the Accounting Procedure of Telecommunications Operations have recommended that for the purpose of published accounts, the Radio and Telegraph Branches should be merged. A Working Group consisting of three officers,



one each nominated by the Ministry of Finance, Ministry of Communications and Comptroller & Auditor General of India, has been constituted to work out details to enable effective implementation of the recommendations of the Consultants relating to introduction of a system of commercial accounts in Telecommunications Branch. The question of amalgamation of the accounts of the Radio & Telegraph branches is under consideration of this Study Group. Further action in the matter will be taken on receipt of the report of that Working Group.

[S. No. 75 (Para. 8.4) of Appendix XX to 43rd Report, S. No. 6 of Appendix XXXI to 30th Report.]

S. K. KANJILAL,

*Senior Member (Telecom. Oprns.)*

No. 16-60/64-B, dated the 18th September, 1967.

#### FURTHER INFORMATION

The Working Group, constituted to work out details for the implementation of the recommendations of the Consultants relating to the introduction of a system of commercial accounts in the Telecommunication Branch, has since submitted its Report. This Working Group has drawn up *proforma* for the presentation of commercial accounts. For purposes of commercial accounts, the results of the Working of the Telegraph and Radio branches would be combined. Government orders on the presentation of the commercial accounts embodying these recommendations are expected to issue shortly.

This has been seen by Accountant General, P. & T.

#### Recommendation

*The P.A.C. desired to be apprised of the final position relating to serial No. 42 of Appendix XXXI to the P.A.C.—30th Report regarding manufacture of items which could be done at cheaper rates in the P. & T. Workshops.*

[S. No. 75 (Para. 8.4) of Appendix XX to 43rd Report, S. No. 42 of Appendix XXXI to 30th Report.]

#### ACTION TAKEN

The production in the Workshops are being reviewed each year so as, amongst other things, to rationalise the items of production in the P. & T. Workshops. Generally, in cases where the costs of manufacture are higher and outside rates are favourable and definite outside source are established, manufacture in workshops of those items is gradually given up after consuming the available raw material

and components already in stock. As a result of such reviews, manufacture of more items of stores have been given up in the P. & T. Workshops. It has further been decided to compare the cost of production of the same item of stores from year to year, from workshops to workshops and where necessary, workshops to outside market. When the cost of production is higher by 10 per cent. or more, the reasons for the same are to be investigated with a view to seeing whether it would be possible to reduce the cost of production by improving the manufacturing method or technique, improving lay-out of shops, etc., or it would be possible to give up the production after a definite source of supply has been established.

In respect of a few items of stores whose cost of manufacture is higher in the Workshops as compared to outside market price, the manufacture has to be continued because of availability of capacity in men, material and machines for a long time but constant watch is kept on methods/techniques so as to bring down the cost of production.

A.G., P. & T., Simla has seen this memo.

[P. & T. Board U.O. No. 15/25/66-WK. dated 25th October, 1966.]

No. 22-34/62-NA. dated the 17-8-1966.

The Public Accounts Committee, *vide* Serial No. 48 of Appendix XXXI to their 30th Report 1964-65 desired to be informed of the disposal of the Engine Generator Set and the amount realised therefrom. At serial 75 of Appendix XX of their 43rd Report (1965-66) the Public Accounts Committee have observed that the Committee would like to be apprised of the final position of this case.

The Engine Generator Set in question has been auctioned on the 12th April, 1966 by the Director-General Supplies & Disposals and the highest bid for Rs. 1,425 was accepted.

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

No. F. 5(2) (14)/65-B. & A.

## MINISTRY OF LAW

### Recommendation

*The Committee feel that the Law Ministry have aimed more at giving a practical advice than stating the correct legal position in the case referred to in para. 24 of the Audit Report (P. & T.), 1964.*

[S. No. 75 (Para. 8.4) of Appendix XX to 43rd Report.]

[S. No. 54 of Appendix XXXI to the Public Accounts Committee's Thirtieth Report (Third Lok Sabha).]

## ACTION TAKEN

The remarks of the Public Accounts Committee have been duly brought to the notice of the officer concerned as well as to the notice of the other officers of the Legal Affairs Department of this Ministry to ensure that whenever advice on any legal issue is called for, the legal position should be duly examined and the comments on the practical aspect of the matter should be made only when such comments are really called for.

23rd March, 1966.

5th May.

## GOVERNMENT OF INDIA

## DEPARTMENT OF COMMUNICATIONS

(P. & T. Board)

**Recommendation**

*The Committee desire that since most of the accounts, especially in rural areas represent the hard-earned income of the people with meagre means, P. & T. Board should conduct the experiment in rural areas and small towns before arriving at any final conclusion. On the basis of experiments made at New Delhi Head Post Office only.*

[S. No. 77 (Para. 8.14) of Appendix XX to 43rd Report, 1965-66.]

*The Committee note that it would not be feasible to send intimation to and to try to trace out as many as 45 lakhs depositors, whose accounts have been dead for several years. But they feel that in rural areas, where the population is not mobile as in the case of big cities, it may be possible to trace out the depositors or their legal successors more easily. The Committee feel that it should be possible to adopt this course, at least in a limited number of cases, where the amount to the credit of the party exceeds Rs. 100.*

[S. No. 79 (Para. 8.16) of Appendix XX to 43rd Report, 1965-66.]

*They would also like to be informed about the results of the experiments conducted in rural areas.*

[S. No. 79 (Para. 8.16) of Appendix XX to 43rd Report, 1965-66.]

## ACTION TAKEN

In para. 64 of the 30th Report (Third Lok Sabha) the Public Accounts Committee had suggested that the P. & T. Board might consider the feasibility of instructing all the Post Offices to make efforts on their own initiative to trace out the clients of "dead accounts" or their legal successors as the case may be and inform them of the position.

With a view to assess the quantum of work involved and the results achieved, an experiment was carried out at New Delhi Head Office in respect of 134 accounts treated as dead in 1956-57 and 1959-60. Intimations could be sent only to 123 depositors as the addresses of the remaining 11 depositors were incomplete. Only 30 intimations could be delivered and none of the 30 depositors presented his pass book. The percentage of intimations which could not be delivered worked out to 75.

In paras. 8.14 and 8.15 of their 43rd Report (Third Lok Sabha) the Committee have desired that the P. & T. Board should conduct the experiment in rural areas and small towns before arriving at any final conclusion. The Committee also desired to examine the feasibility of sending intimations to and tracing out the depositors of accounts treated as dead where the amount in the accounts exceeds Rs. 100. In para. 8.16, the Committee expressed a desire to be informed about the results of the experiment conducted in the rural areas.

200 notices each were issued by 4 Head Offices in rural areas to the depositors of accounts treated as dead in the last 2 lists and the overall results are detailed below:

(1) Number of notices delivered to the depositors	415
(2) Number of notices returned with the remark "depositor not known"	229
(3) Number of notices returned with the remark "Address incomplete"	93
(4) Number of notices returned with remark "Depositor dead"	62
(5) Claims received and cases settled	1

Out of 415 depositors to whom the notices have been delivered, 62 depositors have already applied for revival of accounts. The percentage of intimation returned undelivered is 48. This is likely to be much more in case of accounts treated as dead earlier.

The Postmasters of the 4 Head Offices were also addressed to contact the claimants of the 62 deceased depositors. Only 15 heirs could so far be contacted. The heirs were not in possession of the pass books and they were not interested in putting in their claims as the balance in each of the accounts was less than Rs. 20.

To find out the number of dead accounts with balances more than Rs. 100, some of the Postmasters were addressed to check up one or two lists of dead accounts. The total number of dead accounts as per these lists, the number of accounts with balances of more than

Rs. 100 and the percentage of such accounts to the total No. of accounts is indicated below:

Name of Head Office	Total No. of dead accounts (last 2 lists)	No. with more than Rs. 100	Percentage
New Delhi	13,861	1,156	8.3
Bangalore	3,045	152	5.0
Udaipur	908	54	5.5
Bhuj	540	42	7.8
Mercara	499	13	2.6
Calicut	2,205	81	3.7
Narnaul	255	18	7.0

The total number of such dead accounts may be between 2 and 2.5 lacs. In several head offices, the old lists of dead accounts are not available. Arrangements are being made to obtain in such cases the particulars namely, number of account, name of depositor and balance in each of the accounts with a balance over Rs. 100 from the audit office. Notices will thereafter be issued to as many depositors as possible for which complete records are available.

The Memo has been seen by the Accountant General, Posts & Telegraphs, Simla.

[U.O. No. 109-1/65-F, dated, New Delhi-1, the 30th Sept., 1966.]

In respect of the above recommendations of the Public Accounts Committee, a Note was furnished to them, *vide* the Posts & Telegraphs Board U. O. No 109-1/65-F, dated 30-9-1966. In that Note, it was, *inter alia*, stated that arrangements were being made to obtain particulars from Audit of dead accounts with a balance of over Rs. 100 to enable notices being issued to the depositors.

2. The latest position in the matter is that Audit have intimated having already supplied lists of *all* dead accounts to the Head Post Offices in the Postal Circles of Delhi, Madras, Kerala, Mysore and Andhra Pradesh, and that similar lists in respect of dead accounts would be furnished soon in respect of the Head Post Offices in the remaining Postal Circles. In the meantime, instructions have been issued to all the Head Post Offices through the heads of Circles, *vide* the Director General, Posts & Telegraphs letter No. 109-3/66-F, dated 7-9-1967 (copy enclosed) to send intimations to the depositors

concerned. The actual manner of doing the work has also been communicated to them in detail in that letter for their guidance.

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

No. 109-3/66F, dated the 26-10-67.

## INDIAN POSTS & TELEGRAPHS DEPARTMENT

OFFICE OF THE DIRECTOR GENERAL OF POSTS & TELEGRAPHS

To

All Heads of Postal Circles.

No. 109-3/66-F

Sardar Sq., Parliament Street, New Delhi-1

*Dated the 7th September, 1967.*

*Subject.*—P. O. S. B.—30th Report of the Public Accounts Committee 1964-65—Issue of intimations to holders of Silent (Dead) accounts with balances above Rs. 100.

The Public Accounts Committee, in their 30th Report 1964-65, desired that efforts should be made to trace the depositors or their legal heirs, in the case of death of depositors, in respect of all Silent (Dead) Accounts and to apprise them of the position regarding the balances in their accounts, with a view to settle their claims.

2. It has been decided that initially efforts should be made to contact only those depositors, (or their legal heirs in the case of death of depositors), of accounts included in the last 3 lists of Silent (Dead) Accounts and in whose account the balance is over Rs. 100 and their address is available.

3. Necessary action as indicated in the following paras. should be taken with the help of the List of Silent (Dead) Accounts received by Head Offices from the Branch Audit Offices. The Head Offices in Madras, Mysore, Kerala, Anhdra and Delhi Circles have already been supplied the Lists of Silent (Dead) Accounts by the concerned Branch Audit Offices. The Accountant General, Posts and Telegraphs, Simla, has been requested to instruct the Branch Audit Offices to expedite the supply of the Lists of Silent (Dead) Accounts to the remaining Head Offices also where they have not yet been supplied and it is expected that the Branch Audit Offices will start sending these lists to the concerned Head Offices from 1-10-67. The Circles concerned should pursue vigorously with their Branch Audit Offices, the despatch of the lists to the Head Offices under them where not received already. A close watch over the receipt of these

lists should be kept, both by the Head Offices as well as by the Circle Offices.

4. The Head Offices should mark off all Silent (Dead) Accounts with balances over Rs. 100 in the last three lists of Silent (Dead) Accounts including the one referred to in the preceding para. A summary of such accounts should then be drawn up in the following form and copy sent to the Circle Office :

Name of Dead List.	Period	Total number of accounts	Number of a/cs with balance over Rs. 100	Remarks
1	2	3	4	5

Thereafter, an intimation as in the form attached (Form A) should be sent under registered post to the depositor of each of these accounts at the last address given in the ledger. The intimation will go in the form of an Inland letter card. Arrangements should be made to print these letters locally in English/Regional Language. The language of the intimation should be generally in the case the depositor's specimen signature is recorded especially in the case of rural depositors. The intimation form should be so folded as to give the address on the top for facility of posting.

5. In respect of accounts where as a result of issue of these intimations, the depositors are found to be dead, Postmasters should initiate action for the settlement of the deceased claim cases provided, the particulars of their heirs can be ascertained.

6. With a view to keeping a close watch on the issue of intimations by the Head Offices, the H. O. should furnish a monthly progress report as in the enclosed *proforma* (Form B) to the Head of the Circle concerned by the 10th of the next month. The Circle Office should compile the information referred to in para. 3 for the entire circle and send a copy to this office. Thereafter, a monthly consolidated progress report should be sent to this office in a similar *proforma* as prescribed for the H. Os. so as to reach this office by the 20th of the month following the one to which it relates.

7. The receipt of this letter may be acknowledged to ADG (SB) Shri Panjwani. As the case relates to a P. A. C. para, immediate action will be greatly appreciated.

A. M. NARULA,  
Director (Savings Bank).

**FORM A**  
**INDIAN POSTS & TELEGRAPHS DEPARTMENT**

To

Shri/Shrimati.....

Name Stamp

of

Post Office

No.

Dated

Subject.—Post Office Savings Bank Account No.

standing at ..... P. O.

Dear Sir/Madam,

We find from the records of this office that there have been no transactions in your account since the last more than six years. The balance at the credit of your account stands at Rs..... Kindly let us know if this is due to any shortcoming on our part so that we may be able to render better service to you.

Assuring of our best services.

POSTMASTER.

**FORM B**

Monthly progress report of.....H. O.  
for the month of.....

Number of accounts in which	Up to the end of previous month	Durnig the month	Total
1. Intimations issued			
2. Intimations returned undelivered			
(a) Refused			
(b) Dead			
(c) Not known, left, etc.			
Total			
3. Replies received			
4. Number of accounts reopened			
5. Remarks			

No.....

Dated.....

Copy forwarded to the Postmaster General..... Circle.....  
with reference to his No....., dated.....

POSTMASTER.



## 66th REPORT (1966-67)

## GOVERNMENT OF INDIA

(DEPARTMENT OF COMMUNICATIONS)

(P. &amp; T. Board)

## Recommendation

*The Committee regret to find a general decrease in the percentage of collection of the revenue during 1964-65. The Committee learn from evidence that the estimates of the Department for the revenue from the sale of stamps for 1964-65, which were prepared on the basis of the figures of the previous years, proved to be an over-estimate. Moreover, the increase in postal traffic for the year came to 6 per cent. only as against 11 per cent. in the previous year. The Committee would like the Department to analyse the causes for these phenomena and to take suitable remedial measures.*

[S. No. 1 (Para. 1.11) of Appendix II to 66th Report, 1966-67.]

## ACTION TAKEN

The observations of the Committee with regard to decrease in the percentage of collection of the revenue and the estimate of the revenue from sale of stamps for 1964-65 having proved an over-estimate have been noted.

2. The estimate for revenue receipts for 1964-65 was as usual, based on past actuals and anticipated increase. Due, however, to an unexpected set-back in the general economy during the year, the realisations turned out to be less than those estimated. It may be mentioned in this connection that the experience of the Railways during the year under review was also similar. They made an estimate of movement of additional goods traffic during 1964-65 based on assessment of such traffic by other Ministries. The revenue budgetted for by the Railways for goods traffic on the basis of this assessment was not, however, realised in full. The actuals fell short of the estimated amount due to lesser movement of coal and general merchandise. This apparently had its impact on P. & T. side also.

3. While there was increase of only 6.1 per cent. in the postal traffic during 1964-65, the increase during next year, 1965-66 was to the extent of 13.1 per cent. Thus it appears that the traffic had picked up during next year.

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

[P. & T. Board U.O. No. 1-11/67-B, dated the 23rd September, 1967.]

### **Recommendation**

*They would like to be informed of the change in the form of accounting now being contemplated in consultation with Audit.*

[S. No. (Para. 1.12) of Appendix II to 66th Report, 1966-67.]

### **ACTION TAKEN**

While discussing the revenue and expenditure of the Radio branch, the Departmental representative informed the Public Accounts Committee that the revenue earned from the Radio Branch would continue to show losses so long as the Radio Branch was shown separately. The P. A. C. were also informed that a change in the form of accounting was under consideration in consultation with audit.

A working group consisting of representatives of the Ministry of Finance, Comptroller and Auditor General of India, and the Posts and Telegraphs Board was constituted to suggest detailed procedures for introduction of a system of Commercial accounts in the Telecom branch both on the basis of the existing arrangements of combination of accounts and audit and alternatively on the basis of separation of audit and accounts. This working Group submitted their report in November, 1966. On examination of the report, Government have in consultation with the C. & A. G. decided that (i) the maintenance of Telecommunication accounts should be taken over by the P. & T. Board from the Indian Audit and Accounts Department, (ii) the results of the working of the Telecommunication branch should be exhibited in a commercial form, namely, with a Balance-sheet and Profit and Loss Account, (iii) the outlay on works of a capital nature met from revenue should be exhibited in two parts—those costing upto Rs. 2,500 and those costing above this limit so that Petty works of a capital nature could be more easily identified from the accounts and, (iv) the sub-heads of appropriation accounts under certain Abstracts of Expenditure should be redrawn and revised to suit compilation of commercial accounts. The Commercial accounts as now recommended will also show the financial results of the Radio and Telegraph Branch together.

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

[P. & T. Board U. O. No. 1-11/67-B, dated the 29th Sept., 67.]

### Recommendation

*The Committee would also like to stress that while preparing budget estimates, care should be exercised so that the difference between the expected revenue and the actual receipts is as narrow as possible.*

[S. No. 1 (Para. 1.13) of Appendix II to 66th Report, 1966-67.]

### ACTION TAKEN

The observations of the Committee have been noted.

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

[P. & T. Board U. O. No. 1-11/67-B, dated the 30th Sept., 67.]

### FURTHER INFORMATION

At the time of framing the budget estimates, the actual receipts for the previous years as also those for the first 8 months of the current year are known. The budget estimates are, therefore, framed based on the trends of these actuals as well as other known or anticipated developments, which are likely to affect the revenue receipts during the next year (for which budget estimates are to be prepared), viz., revision of tariffs, steps to provide more telephone connections, extension of the facilities, e.g., subscribers trunk dialling, etc. The observations of the Committee have been noted and all possible efforts will be made to frame the revenue estimates as accurately as possible.

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

[P. & T. Board U. O. No. 1-11/67-B, dated the 5th Oct., 67.]

### Recommendation

*In evidence the representative of the P. & T. Board admitted that the reasons put for escalation in estimated expenditure were normal and did not justify deviation from the amount already sanctioned by parliament. The Committee hope that such cases would not recur. They would also like to watch the results of the Department's efforts to reduce the variation between the amount of grant and expenditure.*

[S. No. 2 (Para. 2.5) of Appendix II to 66th Report, 1966-67.]

**ACTION TAKEN**

The recommendations and observations of the Public Accounts Committee have been noted for guidance. A. G., P. & T. has seen this memo.

[P. & T. Board U. O. No. 10-3/67-P(BC), dated the 5th May, 1967.]

**FURTHER INFORMATION**

In this office U.O. of even number dated the 5th May, 1967, the recommendations and observations of the Public Accounts Committee were noted for guidance.

In continuation thereof, necessary instructions for exercising effective control of expenditure over the Grant have since been issued to all the Heads of Circles.

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

[P. & T. Board U. O. No. 10-3/67-P(BC), dated the 30th Sept, 1967.]

**Recommendation**

*Subject to this observation, the committee recommended that the excess over grants mentioned in para. 6 of the Audit Report (P&T), 1966 may be regularised under Article 115 of the Constitution.*

[S. No. 2 (Para. 2.6) of Appendix II to the 66th Report (Third Lok Sabha), 1966-67.]

**ACTION TAKEN**

For regularisation of the excess over the grant, the Ministry of Finance (Department of Economic Affairs) are taking necessary action. They will present the Demands for Excess Grants relating to the year 1964-65 to the Parliament in due course.

This issues with the concurrence of the Ministry of Finance (E.A.D.), vide their U.O. No. 1155-BIII/67, dated 14-4-1967.

A.G., P.&T. has seen this memo.

[P.&T. Board U.O. No. 7-1/66-B, dated New Delhi, the 19-5-1967.]

**Recommendation**

*The Committee feel that the P&T Department did not take proper precautions to ensure that all equipments needed for launching the scheme of measured rate system at Guntur Telephone Exchange were made available in time. At the very outset the Department felt the shortage of the meter testers which were required to ensure that metering system in all Exchanges was fool-proof in all respects. The manufacture of meter-testers which was being done indigenously*

could not be done within the target date as the workshop to which this work was entrusted had not been given any definite delivery period. As a result, the work went on lingering for a long time resulting in postponing the scheme and the Department incurring a loss.

The Committee feel that the P&T Department should benefit from this instance and should ensure proper co-ordination in launching similar future schemes.

[S. No. 3 (Paras. 3.19 & 3.20) of Appendix II to 66th Report, 1966-67.]

#### ACTION TAKEN

Necessary instructions have been issued to all the Heads of Circles and Telephone Districts to ensure that cases of introduction of measured rate system at telephone exchanges are properly watched to ensure that the installation, testing and cut-over is carried out in a co-ordinated manner and as soon as possible. They have also been asked to review the existing cases within their respective jurisdictions in the light of those instructions, to avoid delays to the utmost extent possible.

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

[P.&T. Board U.O. No. 31-36/65-PHB, dated 27th March, 1967.]

#### Recommendations

The Committee regret to note that the P&T Board had no system to know what arrears were due from other departments like Railways, etc. During evidence it was revealed that the Department had to go to their lowest formation, to collect such information, on each occasion if and when required.

The Committee are glad to be assured by the Chairman, P&T Board that they would set up a procedure for creation of a centralised system to make the financial control more effective. The Committee would like to be furnished with the details thereof.

[S. No. 3 (Paras. 3.27 & 3.28) of the P.A.C. Sixty-sixth Report (Third Lok Sabha), 1966-67.]

#### ACTION TAKEN

The matter has been examined. Delay in recovery of departmental dues from other Govt. Deptts/Railways etc. for the Services rendered by the P&T may be either (i) due to delay in payment of bills already preferred or (ii) belated issue of bills. Debits for P.&T. dues in respect of certain types of services, e.g. Rent of wires leased to Railways

& Canals, contribution works carried out for other Govt. Deptts/Railways etc. are directly raised by the P.&T. Audit offices. While in other cases, bills are issued by the Accounts Officers, Telephone Revenue.

2. Although the P&T Department is a Commercial Deptt., its accounts have hitherto not been prepared wholly on a commercial basis with the result that the Department was not able to know the actual position of arrears due from other departments like Railways etc. for various types of services rendered to them and the department had to collect such information on each occasion, if and when required. Following the recommendations made by a team of Accounting Consultants, it has been decided to introduce a system of Commercial accounts for the Telecommunications Branch. When the accounts are presented under the revised system which includes preparation of a Profit and Loss Account and a Balance Sheet. the Balance Sheet will show the outstanding revenue and dues against various debtors. A statement of sundry debtor accompanying the commercial accounts would contain details of all revenue billed for but awaiting collection. The commercial accounts will thus exhibit the current picture of revenue and expenditure after adjustment of accrued revenue and pending liabilities. This improvement would enable more effective financial control in the Department so far as dues billed for are concerned.

3. Belated issue of bills may be either due to non-submission/delay in submission of (i) Completed Advice Notes to Telephone Revenue Accounts Officers or (ii) Completion Reports to audit by Engineering authorities.

4. The causes of delay in submission of completed Advice Notes, are at present scrutinised at the Circle level and for this purpose, the Accounts Officers, Telephone Revenue submit to the Head of the Circle concerned a monthly statement of delay of more than one month in submission of Advice Notes by the Engineering Divisions, *vide* para. 155 of P. & T. Manual, Vol. XIV. The para. also provides for submission of a quarterly report by the Heads of Circles to the D.G., P. & T. on the cases of delayed submission of Advice notes by the executive officers brought to their notice by the T.R.A.O. With a view to keeping a watch on belated submission of completed Advice Notes, it is now proposed to ask the Heads of Circles to furnish in the quarterly statement referred to above, details of cases of non-submission/delayed submission of completed advice notes which are six months old or over indicating *inter alia* against each item the causes of delay and the nature of action taken thereon. It is expected that this will bring about an improvement in the matter. Further the Telephone Revenue offices are being gradually decentralised to the divisional level and will form integral parts of the Engineering

Divisions. The time hitherto lost in correspondence between the Accounts Officers Telephone Revenue and the Divisional Engineers Telegraphs for non receipt of Advice Note or supplying of omissions therein will be totally eliminated. The staff responsible for issue of bills will, under the revised arrangement, be able to collect relevant information from the office itself.

5. In pursuance of the recommendations of the Public Accounts Committee in sl. 10(ii) of App. XXXI to their 30th Report (Third Lok Sabha), orders were issued by the Directorate *vide* Memo. No. 6-12/63-R, dated 8-2-1965 fixing a time limit of 6 months within which other Deptts. should send intimation of acceptance of Advice Notes after which the Advice Notes would be taken as accepted (copy enclosed). The Audit offices are required to raise debits for those items also *vide* P. & T. Directorate letter No. 6-12/63-R, dated 27-1-1966 (copy enclosed). The Branch Audit Offices working under the Accountant General, Posts & Telegraphs, are required to watch for the adjustment of the debits.

6. As per Rule 455-A of the P. & T. Manual, Volume X, in cases in which the cost of shifting wherever recoverable from Railway administration does not exceed Rs. 10,000 the Head of the Circle has to approach the Railway administration to accept the provisional debit in advance. Cases in which the cost exceeds Rs. 10,000 or where the Railway administration raises a dispute about the amount of charges recoverable, have to be referred to the Directorate for decision in consultation with the Railway Board. In all cases, acceptance of the Railway administration for the final debit of the charges recoverable, has to be obtained by the Head of the circle on completion of the work and furnished to the audit office for raising necessary debit against the administration concerned.

7. A half yearly report by heads of Circles to the D.G.P. & T. of delay over six months in receipt of acceptance of the final debit indicating against each item particulars of action taken to settle it is now proposed to be prescribed as a further step to make the control more effective. The Directorate will watch the clearance of the pending items and take suitable action where necessary.

8. The reasons for the delay in submission of Completion Reports were investigated and suitable instructions had been issued to Heads of Circles *vide* this Directorate letter No. 111/54/60-NB, dated 17-11-1965 (copy enclosed), simplifying certain conditions for the closure of Works, estimates and timely submission of Completion Reports. The Heads of Circles are required to submit a quarterly statement of outstanding Completion Reports to Audit. It has now been decided that copies of these statements should also be endorsed to P. & T. Directorate where the delay in submission of Completion

Reports will be further scrutinised with a view to expedite their submission. With the streamlining of the procedure as indicated above, it is expected that the control over issue of bills and realisation thereof from parties, specially Government Departments will improve.

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

[ P. & T. Board U.O. No. 35-3/67-B, dated 30th September, 1967.]

*Indian Posts & Telegraphs Department*

OFFICE OF THE DIRECTOR GENERAL, POSTS & TELEGRAPHS.

No. 111/54/60-NB dated, New Delhi-1, the 17-11-1965.

To

All Heads of Circles.

All Heads of Telephone Districts.

SUBJECT: *Completion Reports on works.*

With a view to reducing delay in submission of Completion Reports to the concerned Audit Office by Engineering Divisions a proposal for relaxation of the existing procedures as laid down in the P. & T. Manual Vol. X (P. I.) and the P. & T. Financial Hand Book, Vol. III—Engineering—Part I was under consideration of the Director General.

2. It has been decided in consultation with the Ministry of Finance and the Accountant General, P. & T. to relax the rules as follows:—

(i) The words "agree fairly" and "considerable discrepancy" occurring in para. 273 of the P. & T. Manual Vol. X (P.I.) may be read to mean 5 per cent. variation between the actual expenditure and the sanctioned cost or Rs. 1 lakh whichever is less. Where the excesses/savings in regard to a work are within 5 per cent. or Rs. 1 lakh whichever is less, a certificate by the Divisional Engineer in place of the explanation, as laid down in this rule, to the effect that the savings/excesses are not due to any change in specification, will suffice.

(ii) Transfer of tools, instruments and stores (including those purchased under cash grant) from one work to another may be done. Transfer of stores within the same Division should be effected by transfer entries with proper intimation to the Audit office at the end of each month. The procedure as laid down in para, 354 of the P. & T.



Manual, Vol. X (P. I.) will continue to be followed in the case of contribution works and where such transfers affect two accounting units.

- (iii) Outstanding cash payments or outstanding debits for cash expenditure, incurred in regard to a work which has been completed, such as expenditure incurred by Public Bodies, State/Central Governments or Quasi-Government Organisations, etc., against the works of the P. & T. Department may be adjusted in the same manner as laid down in rule 210 of the Financial Hand Book, Volume III (Part I). For any mistakes/omissions upto Rs. 100 the accounts of a work, if already closed need not be re-opened. For such mistakes/omissions upto Rs. 100 and detected after the accounts of a work have been closed, the procedure prescribed in rule 208(i) of P. & T. Financial Hand Book, Vol. III (Part I) will apply.
- (iv) If the major portion of a work has been completed and if the balance of the work (not yet done) cannot for any reason be done for quite long, the accounts of the completed portion of the work may be closed (and completion report for that portion of the work prepared) provided the balance of the work (not yet done) does not affect the scope of the project and its revenue earning capacity. To the portion of the work the accounts of which may thus be closed what has been stated in paragraph 2(i) above will apply and for that purpose 'the sanctioned cost' should be taken to mean the estimated provision for the same quantum of work (the accounts of which are to be closed). For works on which the actual expenditure on the completed portion of the work exceeds by more than 10 per cent. of the estimated provision for the same quantum of work, a revised estimate should be prepared and sanction thereto obtained.

The residual items of works may be taken up separately for execution, if and when necessary, under a supplementary estimate as prescribed in para. 217 of the P. & T. Manual, Volume X (P. I.)

Those relaxations will apply to all works for which completion reports have not yet been prepared and verified by Audit as also to future works.

3. Action to amend the relevant rules will be taken separately.

Sd./- P. S. JOSHI,

*Deputy Chief Engineer (T).*

A copy is forwarded for information to:—

1. The Accountant General, Posts & Telegraphs, Simla with reference to his U. O. No. Engg. 1753/C(32)53 Coll. IV, dated 27-10-65.
2. All Directors of Audit and Accounts, P. & T.

Sd./- N. C. MAJUMDAR,  
Section Officer (N.B.)

Copy to Budget, TP (Budget Cell), TP (L), NM, TRC, and NA sections of the P. & T. Directorate.

Sd./- N. C. MAJUMDAR,  
Section Officer (NB).

*Indian Posts & Telegraphs Department*

OFFICE OF THE DIRECTOR GENERAL, POSTS & TELEGRAPHS.

No. 6-12/63-R, dated, at New Delhi-1, the 27-1-1966.

All Heads of Circles.

**SUBJECT:—**Delay in Recovery of rent for lines and wires rented to Railway and Canal administration.

Consequent on the issue of the instructions contained in the P. & T. Board's letter No. 6-12/63-R, dated 8-2-65 the P. & T. audit offices are required to raise debits for those items also for which acceptances have not been received from the Railway or Canal administration concerned within a period of six months from the date of issue of the advice note. To facilitate the work of audit the following instructions are issued for the guidance of all concerned:

(i) In the half yearly return of alterations to be sent to audit by the Engineering Division in accordance with para. 277 of P. & T. Financial Hand Book, Volume III (Part I) particulars of the advice notes (together with their number and date of issue) for which acceptances have not been received within a period of six months from the date of issue of advice notes should also be entered separately in the half yearly return.

(ii) Accepted copies of the advices received after the expiry of six months from the date of issue of advice notes, may be sent to audit for record with a suitable note giving a reference to the return in which they were included for raising the debits.

(iii) The monthly schedule of works expenditure should distinctly indicate the particulars of the works which are to be executed for

the Railway and Canal administrations to be leased to them on rent basis and on physical completion thereof, a note to this effect should be made in the remarks column of the schedule of works expenditure showing that the work has been physically completed and that an advice note has been issued to the administration concerned.

Sd./- P. B. DAS,  
Director of Accounts.

Copy forwarded for information and necessary action to:—

1. All Divisional Engineers Telegraphs/Telephones.
2. Accountant General, P. & T., Simla. His letter No. Eng. 1920-R (43)64, dated 19-11-1965 and No. Eng. 1197/R(43)/64, dated 23-8-1965 refers. Necessary action to amend the provisions of Rule 277 of P. & T. Financial Hand Book, Vol. III (Part I) and para. 453(2) of P. & T. Manual Vol. I is being taken separately.
3. All Directors/Dy. Directors of Audit and Accounts P. & T.
4. Budget Section (Code Revision). Action may please be taken to amend the provisions of Rule 277 of P. & T. Financial Hand Book Vol. III (Part I).

Sd./- S. D. NARANG,  
Asstt. Director General (R).

GOVERNMENT OF INDIA .

(Department of Communications)

P. & T. Board.

No. 6-12/63-R. Dated, at New Delhi-1, the 8-2-1965.

*Subject* — Delays in Recovery of rent in respect of lines and wires or instruments rented to Railway and Canal administrations.

When lines and wires are erected for a railway or Canal administration or when an apparatus is handed over to such an administration, a notice of alteration in form Eng. 50 (Advice Note) is issued and sent to the administration concerned for acceptance. The accepted advice note when received back from these administrations is forwarded by the Divisional Engineer to the audit office with the half yearly returns (in form ACE 84) for issue of bills.

Many cases have come to light in which acceptance of the Railway or Canal administrations is delayed for years together (extending upto 10 years) on one plea or the other. Consequently the recovery of departmental dues is either delayed or become time-barred. Such delays have been severely criticized by the Public Accounts Committee of the Parliament during their sittings held in October/November, 1964. The Public Accounts Committee in serial No. 10 of Appendix XXXI to their 30th Report (1964-65) recommended that the P & T department should fix a suitable time limit within which other departments should send intimation regarding acceptance (or otherwise) of the advice notes, after which they should be taken as accepted. These recommendations of the Public Accounts Committee have been accepted and a time limit of 6 months has been prescribed for this purpose.

Ministry of Railways (Railway Board) and Ministry of Irrigation and Power are now requested to issue suitable instructions to their subordinate Railway and Canal Divisions (of state Governments) that acceptance or otherwise of the notice of alteration (advice notes) issued for the erection of lines and wires or for the supply of any instrument should be communicated to concerned Divisional Engineer Telegraphs within six months from the date of issue of the notice of alteration after which the notice of alteration (advice note)

will be taken as having been accepted by the Department concerned and rent charged accordingly.

Sd./- S. K. KANJILAL,  
Member (Telecom. Operations).

### **Recommendation**

*The Committee regret to find that the P. & T. Deptt. failed to take advantage of the 1 per cent. discount offered by Hindustan Steel Ltd., inspite of the fact that they were paying the bills within the stipulated period. In the course of the evidence the Secretary, P. & T. Deptt., admitted, "this is a case of failure of our officers to claim the amount". The Committee feel that the P. & T. Board should not have waited for the Hindustan Steel Ltd., to stamp on all the bills the words "less 1 per cent. discount". But once they found that such a concession was offered even in one bill they should have promptly availed of it and thus made a saving of Rs. 23,300. The Committee desired that that Deptt. should issue necessary instructions to all concerned so that they would be vigilant in future.*

[Sl. 4 (Para. 4.5) of Appendix II, of 66th Report (1966-67.)]

### **ACTION TAKEN**

Necessary instructions have been issued to all concerned in P. & T. Board letter No. 15-2/67-WK dated 15th February, 1967.

### **Recommendation**

*As regards difficulty in completing the formalities within the stipulated period of 12 days for making claims of discount, the Deptt. should scrutinise the procedure more closely to get-over the difficulties, so that the formalities can be completed within the stipulated period.*

[Sl. 4 (Para. 4.6) of Appendix II, of 66th Report (1966-67.)]

### **ACTION TAKEN**

The P. & T. Workshops authorities at Calcutta and Jabalpur who are the main consumers of steel, had, after examination of the procedure, streamlined the same and issued instructions in October-November, 1965. It has now been reported that the new procedure has been working satisfactorily in-as-much as there has not been any case of failure till 31st March, 1967 in the Workshops.

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

[P. & T. Board U.O. No. 15-2/67-WK dated Sardar Square, Parliament Street, New Delhi-1, the 29-5-1967.]

### **Recommendation**

*The Committee regret to find that the P. & T. Department has not yet finalised Departmental action against those officials who were found guilty of fraud, even after the Special Police Establishment had submitted its Report after full investigation, in December, 1964. The Departmental proceedings were unduly delayed over a period of 2 years.*

[Sl. 4 (Para 4.12) of Appendix II of 66th Report (1966-67.)]

### **ACTION TAKEN**

The observations of the Committee have been noted. This has been seen by Accountant General, Posts & Telegraphs.

[P. & T. Board U.O. No. 15-3/67-WK dated the 31-5-67.]

### **FURTHER INFORMATION**

The observations of the Committee have been noted. Disciplinary proceedings against the two delinquent officials have been finalised and they have been dismissed from service with effect from 1-6-1967 forenoon.

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

[P. & T. Board U.O. No. 15-3/67-WK dated the 30th August, 1967.]

### **Recommendation**

*4.13 The Committee feel that in such cases the P. & T. Department should have speeded up the departmental proceedings and taken suitable disciplinary action, leaving the Special Police Establishment free to take the necessary action, on their part. The Committee desire that the P. & T. Department should get the procedure revised in consultation with the authorities concerned to avoid such abnormal delays in future. The Committee would like to be informed of the final outcome in this case.*

[Sl. 4 (Para. 4.13) of Appendix II and of the 66th Report (1966-67.)]

### **ACTION TAKEN**

The question of reducing the time taken in the conduct of disciplinary proceedings has been examined in consultation with the

Ministry of Home Affairs. The position is that the matter has already been considered by the Committee on Prevention of Corruption (Santhanam Committee). The recommendations of the Committee have been accepted by the Government and incorporated in the OCS (CCA) Rules, 1965. While making the recommendations aimed at simplifying the disciplinary procedure, the Committee observed that "in view of the constitutional requirements and Judicial pronouncements, it is not possible to radically simplify the procedure unless the Constitution is suitably amended". The question whether any amendment should be made in Article 311 of the Constitution to simplify the disciplinary procedure in cases involving bribery and corruption is separately under consideration in the Administrative Vigilance Division of the Ministry of Home Affairs.

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

[P. & T. Board U.O. No. 43/1/67-Disc. Dated the 11th Aug. 1967.]

#### FURTHER INFORMATION

The following may kindly be added after the third sentence of para. 1 of P. & T. Board U.O. No. 43/1/67-Disc. dated the 11th August, 1967 regarding the action taken note on Para. 4.13 and serial 4 of Appendix II of 66th Report (1966-67) of the Public Accounts Committee :—

"Extracts of sub rules (7), (11) and (15) of Rule 14 *ibid*, which are relevant, are reproduced in the annexure along with a note below the extracts."

[P. & T. Board U.O. No. 43/1/67-Disc. dated 31-10-67.]

#### ANNEXURE

Extracts of sub-rules (7), (11) and (15) of Rule 14 of CCS (CCA) Rules, 1965.

(7) The Government servant shall appear in person before the inquiring authority on such day and at such time within ten working days from the date of receipt by him of the articles of charge and the statement of the imputations of misconduct or misbehaviour, as the inquiring authority may, by a notice in writing, specify in this behalf, or within such further time, not exceeding ten days, as the inquiring authority may allow.

\* \* \* \* \*

(11) The inquiring authority shall, if the Government servant fails to appear within the specified time or refuses or omits to plead, require the Presenting Officer to produce the evidence by which he

proposes to prove the articles of charge, and shall adjourn the case to a later date not exceeding thirty days, after recording an order that the Government servant may, for the purpose of preparing his defence.

(i) inspect within five days of the order or within such further time not exceeding five days as the inquiring authority may allow, the documents specified in the list referred to in sub-rule (3).

(ii) submit a list of witnesses to be examined on his behalf.

NOTE—If the Government servant applies orally or in writing for the supply of copies of the statements of witnesses mentioned in the list referred to in sub-rule (3), the inquiring authority shall furnish him with such copies as early as possible and in any case not later than three days before the commencement of the examination of the witness on behalf of the disciplinary authority.

(iii) give a notice within ten days of the order or within such further time not exceeding ten days as the inquiring authority may allow, for the discovery or production of any documents which are in the possession of Government but not mentioned in the list referred to in sub-rule (3).

NOTE—The Government servant shall indicate the relevance of the documents required by him to be discovered or produced by the Government.

\* \* \* \* \*

(15) If it shall appear necessary before the close of the case on behalf of the disciplinary authority, the inquiring authority may, in its discretion, allow the Presenting Officer to produce evidence not included in the list given to the Government servant or may itself, call for new evidence or recall and re-examine any witness and in such case the Government servant shall be entitled to have if he demands it, a copy of the list of further evidence proposed to be produced and an adjournment of the inquiry for three clear days before the production of such new evidence exclusive of the day of adjournment and the day to which the inquiry is adjourned. The inquiring authority shall give the Government servant an opportunity of inspecting such documents before they are taken on the record. The inquiring authority may also allow the Government servant to produce new evidence, if it is of the opinion that the production of such evidence is necessary in the interests of justice.

NOTE—New evidence shall not be permitted or called for or any witness shall not be recalled to fill up any gap in the evidence. Such



evidence may be called for only when there is an inherent lacuna or defect in the evidence which has been produced originally.

\* \* \* \* \*

NOTE—The time limits prescribed in the above provisions of C.C.S. (CC & A) Rules, 1965, are intended to effect a saving of time, to the extent possible, in the conduct of disciplinary proceedings.

### Recommendation

*The Committee find that disposal of surplus stores as recommended by the Surplus Stores Committee takes 7 to 8 years in some cases whereas according to witness the time taken in this matter should be between 3 to 8 months. The delay in the disposal of surplus stores is stated to be because of the fact that though the Surplus Stores Committee suggest certain stores as surplus, the Directorate further reviews the feasibility of their utility. It has also been found that nearly 40 per cent. of the stores declared surplus by the Surplus Stores Committee, were ultimately utilised in different circles.*

[Sl. 5 (Para. 5.9) of Appendix II of 66th Report (1966-67).]

*The Committee desire that the P. & T. Department should review the position at an early date and streamline the entire procedure of disposal of stores so as to ensure that the Stores which have become obsolescent and which are no longer required by the Department are disposed of, without undue delay.*

[Sl. 5 Para. 5.10) of Appendix II of 66th Report (1966-67).]

### ACTION TAKEN

The conclusions/recommendations contained in paras. 5.9 and 5.10 of the Public Accounts Committee's Report on the subject of disposal of surplus stores in the P. & T. Department have been noted and action is being taken to review the procedure of disposal of surplus stores in the P. & T. Department.

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

[P. & T. Board U.O. No. 29-4/67—NA dated 17th May, 1967.]

### Recommendation

*The Committee are glad to note the progress made in acknowledging the receipt of the stores and hope that the balance of stores pending acknowledgement would also be settled soon.*

[Sl. 5 (Para. 5.17) of Appendix II of 66th P.A.C. Report (III Lok Sabha) (1966-67).]

**ACTION TAKEN**

The observations of the Committee have been noted.

**Recommendation**

*They would also like the Department to stress upon the offices concerned the necessity of being prompt in acknowledging the receipt of stores received by them and hope that there would be improvement in the system.*

[Sl. 5 (Para 5.18) of Appendix II of 66th P.A.C. Report (III Lok Sabha) (1966-67).]

**ACTION TAKEN**

Necessary instruction have since been issued vide this office circular No. 29-18/66-NA dated 5-11-66 stressing upon the indenting officers the need and urgency of acknowledging the receipt of issue vouchers promptly in future.

The Accountant General Posts & Telegraphs has seen this memo.

[P. & T. Board U.O. No. 29-2/67-NA dated the 17th May, 1967.]

**FURTHER INFORMATION**

In order to expedite finalisation of the remaining unacknowledged vouchers, several D.O. letters were issued to concerned circles by name. Ultimately a letter dated 24-5-1967 was sent to defaulting Postmasters General, Bhopal, Lucknow and Hyderabad by name asking them to finalise the remaining vouchers on top priority and submit a fortnightly progress report to the P. & T. Directorate till such time as all the vouchers are finally settled.

2. The Postmaster General, Bhopal has now finalised all his unacknowledged vouchers and Postmasters General Lucknow and Hyderabad only have to settle the outstanding vouchers. These Circles have, however, intimated that in the absence of complete details, the P. & T. Units are not in a position to acknowledge the remaining vouchers. Another D.O. letter of even number dated 17-10-1967 has been issued to both these circles (copy enclosed) requesting them to expedite disposal of issue vouchers without further delay.

3. Accountant General Posts & Telegraphs has seen this Memo.

[D.G.P. & T. U.O. No. 29-2/67-NA dated 26-10-1967.]

Copy of D.O. No. 29-2/67-NA dated 17-10-1967 from Shri S. N. Ranganathan, Dy. Director General (S & M) to S/Shri S. M. Ghosh, Postmaster General, Lucknow and A. V. Rayudu, Director of Telegraphs, Hyderabad.

As you are aware, the need and importance of prompt acknowledging of vouchers issued by stores depots to Engineering divisions has already been stressed in this office circular letter No. 29-18/65-NA dated 5-11-66 to all Heads of Circles etc., as a result of Public Accounts Committee Para. on this subject. Subsequently, several office reminders and D.O. letters from Dy. Chief Engineer (T) have also been sent to you requesting for urgent finalisation of outstanding vouchers.

2. It has been observed that quite a large number of vouchers still remain to be acknowledged by your Circle. It is gathered from the correspondence received from your circle that the hold-up in acknowledging these vouchers is mainly due to lack of full and correct details of vouchers. In order to ensure early finalisation of these vouchers, you are advised to obtain requisite information in respect of the outstanding vouchers from the concerned store Depots and/or audit office where necessary.

3. I shall be grateful if the vouchers are acknowledged without further delay and a fortnightly progress report sent to this office as already requested in Massand's letter of even No. dated 24-5-1967.

#### **Recommendation**

They would also like the Department to stress upon the offices concerned the necessity of being prompt in acknowledging the receipt of stores received by them and hope that there would be improvement in the system.

[Sl. 5 (Para. 5.18) of Appendix II of 66th P.A.C. Report (III Lok Sabha) (1966-67).]

#### **ACTION TAKEN**

Necessary instructions have since been issued *vide* this office circular No. 29-18/66-NA dated 5-11-66 stressing upon the indenting officers the need and urgency of acknowledging the receipt of issue vouchers promptly in future.

The Accountant General Posts & Telegraphs has seen this memo.

Sd./- S. K. KANJILAL,

*Senior Member (Telecom. Operations).*

The Chairman and Members of Public Accounts Committee.

[P. & T. Board U.O. No. 29-2/67-NA dated Sardar Square, Parliament Street, New Delhi-1, the 17th May, 1967.]

#### **Recommendation**

*The Committee feel concerned that the number of cases of theft of copper wire have gone up inspite of the efforts made by the Department. Such large-scale thefts result not only in a huge monetary loss*

but also in dislocating the traffic and causing great inconvenience all round.

They would like the Department to finalise the Scheme for manufacture of copper welded wire in the country as early as possible so that the process of replacing copper wire by copper welded wire is expedited, and the magnitude of the problem of thefts of copper wire is considerably brought down.

The Committee hope that the introduction of new microwave or co-axial system will also be expedited.

[Sl. No. 5 (Paras 5.23, 5.24 & 5.25) of Appendix II of 66th Report (1966-67).]

#### ACTION TAKEN

Necessary action for amending the Telegraph Wires (unlawful possession) Act to simplify it, is already in hand which would go a long way towards minimising the theft cases. In the amendment :—

- (a) A minimum sentence has been made mandatory even for the first offence ; and
- (b) Police officers instead of having to be specially empowered for taking cognizance of offences under this Act have been empowered by general designation thus making it easier to take action.

The amendment as approved by the cabinet, was passed by the Rajya Sabha and it will be placed before the Lok Sabha during the next session.

The problem of copper wire theft, *inter alia*, was also discussed in the meeting of the Central P. & T. Advisory Council held at New Delhi in August last and the State Government representatives who had attended the meeting were requested to impress on the State law and order authorities to afford greater protection to the overhead P. & T. alignments and to prevent copper wire thefts to the maximum possible extent. The State Governments are also being requested formally to take suitable steps in this direction as early as possible.

As regards the manufacture of copper weld wire in the country, Secretary of Communications has already written to the Secretary of Ministry of Industry, stressing the importance of manufacture of this type of wire in India and requesting to finalise the scheme in this behalf as early as possible. It is understood that tenders have already been received for establishing the factory and are under consideration.

As regards the introduction of new microwave and coaxial systems, Calcutta—New Delhi—Bombay—Madras coaxial route is almost complete but for the Section Poona—Bangalore which is likely to be commissioned shortly. Calcutta—Shillong and Ambala—Chandigarh—Simla and Jullundur—Pathankot Microwave projects are complete and Jullundur—Udhampur—Jammu—Srinagar shall be cut over shortly. Besides this, a number of other projects are also in hand. This has been seen by the Accountant General, Posts & Telegraphs.

[P. & T. Board U.O. No. 1-4/67-NM dated 31st March, 1967.]

### **Recommendation**

*The Committee regret to note that there was a lapse on the part of the Department in furnishing information to Audit which was later found to be contrary to the actual facts.*

*The Committee are surprised to learn that preparation of sale deed in connection with the purchase of hotel took such a long time. The requisite amount for the purchase of the hotel was deposited in the treasury a year before the actual possession of the hotel was taken. The Committee feel that due to this delay in the preparation of sale deed the P. & T. Board lost one Year's revenue due to non-possession of the building.*

[Sl. 6 (Para 6.15 and 6.16) of Appendix II of 66th P.A.C. Report (III Lok Sabha 1966-67).]

### **ACTION TAKEN**

Suitable instructions have been issued to all concerned to ensure that extreme care is taken while furnishing facts and figures to audit, and to avoid all such lapses in future as referred to in para 6.16 of the report, *vide* this office letter No. 97-4/65-TPS(Bldg.) dated 4th March, 1967.

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

P. & T. Board U.O. No. 97-4/65-TPS(Bldg.) dated 11. 8. 67.

### **Recommendation**

*The Committee learn from the evidence that the occupation position of this hotel was not satisfactory. The Committee desire that suitable steps should be taken to improve the occupation ratio.*

[Sl. 6 (Para 617) of Appendix II of 66th P. A. C. Report (III Lok Sabha) (1966-67).]

**ACTION TAKEN**

The occupation ratio of the residential quarters has already shown improvement in the last 3 years. In respect of the holiday home portion, action is being taken for improving the occupation ratio.

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

K. N. R. PILLAI.

*Member (Telecom. Development).*

The Chairman & Members of the P. A. C.

P. & T. Board U. O. No. 97-4/65-TPS(Bldg) dated 11-8-67.

**Recommendation**

*The Committee would like that early steps be taken so that the internal audit wing starts functioning without any further delay.*

[Sl. 7 (Para 7.3) of Appendix II to para 7.3 of 66th Report (1966-67).]

**ACTION TAKEN**

The internal audit unit started functioning in the Overseas Communications Service with effect from the 7th December, 1966.

### APPENDIX III

*Recommendations/observations which the Committee do not desire to Pursue in view of the Government's Reply. (43rd Report 1965-66.)*

DEPARTMENT OF COMMUNICATIONS  
(P. & T. BOARD)

#### Recommendation

*They further find that over a period of three years (1962-65) a sum of Rs. 4,93,000 had to be written off because the subscribers were either dead or not traceable. They are further astonished to learn that legal provisions for the recovery of arrears are not very satisfactory as a result of which unscrupulous defaulters can well escape payment. The Committee feel that the Department should re-examine the whole question from a legal angle and initiate necessary action to make suitable provision so that defaulters are not able to avoid payment.*

[Sl. 18 (Para 3.24) of Appendix XX, 43rd Report, 1965-66.]

#### ACTION TAKEN

1. A sum of Rs. 4.93 lakhs has been written off over a period of 3 years (1962-65), as the amount was ultimately found irrecoverable despite all possible efforts made by the Department. The total telephone revenue during this period of 3 years was Rs. 113 crores and the amount of Rs. 4.93 lakhs is only .04 per cent. of the revenue for this period. The amount written off may not, therefore, be considered to be high specially when compared to the amount written off in other foreign administrations. For example, the amount written off in U. K. in the year 1961-62 as compared to the total telephone revenue was .11 per cent.

2. The amount is written off only in the case of those closed connections of private subscribers from whom it is not possible to recover the dues despite all possible efforts made by the Department. After disconnection of the telephones, the subscriber is pressed for payment through letters and personal contacts by departmental officials. When this fails, enquiry is made through departmental officials and Revenue/Police authorities as to the whereabouts of the party (if this is not known) and regarding his solvency so as to admit of the amount being realised by a decree in a Court of Law. When, however, the whereabouts of the party concerned are not known or when the party is not solvent enough, the amount is written off. In cases where the

amount outstanding is less than Rs. 50/-, suits are not normally instituted and the amount is written off. It would thus be clear that the amounts of writing off the outstanding dues are small.

3. Regarding examination of the procedure of recovery from a legal angle, it is stated that if some legal provision similar to one for recovery of land revenue is made, it may, to some extent accelerate the recovery of dues, but it would be only in those cases of closed connections of Private subscribers whose whereabouts are known and they are solvent. In such cases even under the present procedure, no amount is written off normally. The question of recovery of telephone revenue as land revenue was examined in the year 1963 in consultation with the Ministry of Law. While legislation was possible without offending the relevant provisions of the Constitution, it was not considered necessary. One of the main reasons for accumulation of arrears was in non-inclusion of arrears in the current bills which delay settling amounts with subscribers. The solution to the problem therefore was to lighten up the billing procedure rather than have recourse to legislation. The amount ultimately written off as irrecoverable was also extremely small, the figure being far lower than in many other Administrations. It was, therefore, not felt appropriate that a Commercial Department like P. & T. should take recourse to special legislation.

4. The Department has taken various steps to eliminate delays which are indicated below :

- (i) In the bills issued under the mechanised system through the agency of I. B. M. in Calcutta Telephone District, the amount of arrears is also indicated in the combined bills issued to the subscribers. As a result the amount of arrears is now known to the subscribers and it is possible to recover the arrears in these cases more easily. The mechanised system of billing and accounting is proposed to be introduced in other Telephone Districts gradually.
- (ii) Limitation of payment centres for quicker noting of recoveries and consequent early action against defaulters will also help in reducing the arrears to a great extent.
- (iii) Another reason for accumulation of arrears was the issue of registered remainder notices to the subscribers prior to the issue of disconnection order. This procedure has now been changed and the defaulting subscribers are now straightway disconnected seven days after giving a telephonic reminder.

It is hoped that with the introduction of the revised procedures the realisation of revenue will be accelerated and amount written



off will be correspondingly smaller. It may, however, be mentioned that, in a large Department working on commercial lines, and also doing public utility service where substantial amounts are billed for in arrears to a large number of customers, there will always accumulate a certain percentage of bad debts for various reasons.

5. In the circumstances explained above, it has not been considered expedient to adopt special legislation for recovery of outstanding dues.

6. Accountant General, Posts & Telegraphs has seen this memo.

### Recommendation

*The Committee also observe that the Cable Project was expected to be completed by 1963 but it was stated in evidence that the execution of the entire project would now be completed by March or April, 1966 only. Had the entire project been completed by the target time viz., 1963, the P. & T. Department would have started earning a gross of Rs. 6.74 crores per annum against the anticipated gross revenue of Rs. 3.77 crores during 1965. The Committee trust atleast now the project will be completed by March-April, 1966, the revised target.*

[Sl. 31 (Para. 4.14) of Appendix XX, 43rd Report, 1965-66.]

### ACTION TAKEN

With regard to the observations regarding delay in execution of the work, it is stated that this has been due to circumstances beyond the control of the P. & T. Department. The main cause of the delay in completion of the project is the delay in availability of foreign exchange and also delay in supply of cable by the Hindusthan Cables Ltd. The following table gives the availability of the Large Tube Cable for the main route from the various sources from time to time:

1958-59	132 miles (211 Kms)	STC U.K. (imported)
1959-60	236 miles (278 Kms)	Siemens West Germany (imported)
1960-61	222 miles (355 Kms)	Ericsson Sweden (imported)
1960-61	27 miles (43 Kms)	HCL
1961-62	115 miles (184 Kms)	HCL
1962-63	380 miles (608 Kms)	HCL
1963-64	424 miles (678 Kms)	HCL
1964-65	370 miles (592 Kms)	Sumitomo, Japan (imported)

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1906 miles (3049 Kms)

In addition to the above quantity, 100 miles (160 Kms) small tube coaxial cable has been received only by March-April, 1966. We are still to receive the jointing material and tool kits for this cable. The supplies for these are expected to be made in three to four months. Thus, it would be seen that a major portion of the cable has been received only after 1963 and a part is yet to be received.

The position regarding availability of equipment has also been difficult. The equipment on this project has by and large been imported from the various foreign manufacturers in different lots depending upon the availability of foreign exchange. A portion of equivalent has been obtained indigenously from Messrs. Indian Telephone Industries. The equipment for the whole of the main route, Calcutta-New Delhi-Bombay, has been received and has been installed. The equipment for small tube coaxial cable for the spur route between Jodhpur and Beawar is expected to be received from Indian Telephone Industries in the next few months (1966-67).

It would be seen that the delay in execution of the project has been mainly due to the delay in availability of materials, particularly the difficult foreign exchange position.

As regards the anticipated date of completion of the project, the present position is that the main coaxial cable route has been brought into service on Calcutta-New Delhi, Patna-Sasaram, Lucknow-Kanpur and Agra-Jaipur-Ahmedabad-Baroda Sections. This brings a total of about 1580 miles (2528 Kms) of route length into service against the total route length of about 2000 miles (3200 Kms). The sections yet to be commissioned into service are Baroda-Surat-Bombay and Jodhpur-Beawar. The materials for Baroda-Bombay section have been received. Cable has been laid. Equipment installation and testing is in progress. Earlier it was expected that the work on this section would be completed by April, 1966. Due to various technical problems this has not been materialised. The route is expected to be commissioned by July/August, 1966. As regards Jodhpur-Beawar section, it is expected to be completed by December, 1966, provided the supply of the cable from Hindusthan Cables Ltd. and the equipment from Indian Telephone Industries is completed in the next three months.

### **Recommendation**

*The Committee would in this connection like to refer to paras. 7,8 and 9 of the 31st Report of P. A. C., (1960-61) according to which the project was to be completed by 1963, whereas according to the note furnished, the revised date for the completion of the whole work is December, 1966 (Jaipur-Ahmedabad-Bombay route is expected to be completed by April, 1966 and the spur route Jodhpur-Beawar by*

December, 1966). *The Committee feel that as a result of this delay, there has been loss of revenue and some increase in the cost of the project.*

[Sl. 32 (Para. 4.17) of Appendix XX, 43rd Report, 1965-66.]

#### ACTION TAKEN

The Coaxial Cable Scheme connecting Bombay-Delhi and Calcutta and the principal cities *en route* was sanctioned in August, 1965 at a cost of Rs. 7.95 crores. This project has been in progress since 1958 and the cost of the scheme has gone up due to various reasons. A revised financial sanction has been issued in August, 1965 for the project at a cost of Rs. 9.66 crores. The increase in cost is Rs. 1.71 crores, but the scheme as executed now provides for a greater capacity.

As regards observation of the Committee that the delay in execution has resulted in loss of revenue and increase in cost of the project, it may be stated again that the delay has been due to reasons beyond the control of the Department. The increase in cost has been mainly due to changes in specification of the scheme and increase in customs duty and excise duty. The changes in the specification were due to the desirability of providing for more capacity and circuits on account of the increased traffic estimated as a result of our experience in the Calcutta-New Delhi section. The scheme now provides a 4-tube coaxial cable between Ahmedabad-Bombay against 2-tube cable proposed in the original project and provided on the rest of the route. The 4-tube cable provides a circuit capacity of 1920, against 960 which is the circuit capacity of the rest of the route. Also, we are providing a small tube coaxial cable between Jodhpur and Beawar which was not envisaged in the original scheme. Another important reason of increase in the cost has been increased in the Customs duty and Excise duty on cable from about 25 per cent. initially to nearly 100 per cent. subsequently.

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

[Sl. 39-26/64-TPL, dated 29-8-1966.]

(C. P. Vasudevan)

#### Recommendation

*The Committee hope that the P. & T. Department would keep a constant watch on the production in these workshops with a view to ensuring that their capacity is utilised for the production of those items where they can produce more efficiently and economically.*

[Sl. 54 (Para. 5.14) of Appendix XX, 43rd Report, 1965-66.]

**ACTION TAKEN**

The observations of the Committee have been noted. However, in cases where the cost of manufacture is higher and outside rates are favourable and definite outside source is established, manufacture in Workshops is gradually given up after consuming the available raw material and components already manufactured before that source was established. It does happen sometimes that after an initial satisfactory arrangement, supplies from outside sources fail later either with respect to quality or delivery resulting in serious setback to programmes for which these supplies were required. In such circumstances, the Workshops are compelled to manufacture such items even if they are costlier than the price quoted by the outside market. Similarly, Workshops manufacture has to be continued in respect of such items as might be available cheaper in the market in respect of which capacity in men, material and machines has been in existence for long, but all the same efforts are constantly made to reduce the manufacturing cost by introducing incentive or changes in lay-out or installation of better machines.

Accountant General, Posts & Telegraphs, Simla has seen this note.

[P. & T. Board U.O. No. 15-4/66-WK, dated 15-10-1966.]

**Recommendation**

*The Committee hope that now that the P. & T. Department are alive to the delay that has already occurred in this case and have realised its implications, they would make every effort to see that the project is analysed and the machines commissioned as early as possible.*

[(3rd Lok Sabha) Sl. 57 (Para. 5.27) Appendix XX of 43rd Report, 1965-66.]

**ACTION TAKEN**

The proposal for setting up of the Plant for manufacture of Stalks in the P. & T. Workshops was considered in detail, but in view of the difficult foreign exchange position and of resources generally and having regard to the fact that the capacity now available in the country is sufficient to meet the overall requirements, it has been decided to drop the proposal for the time being. However, for increasing the production capacity of the P. & T. Workshops without large outlay of funds, attempts are being made to get suitable machines manufactured indigenously.

3. Accountant General, Posts & Telegraphs has seen this Memo.

[P. & T. Board U.O. No. 15-3/366-WK, Dated 30 Jan. '67.]

### Recommendation

*The Committee are glad to note that certain actions have already been initiated for procurement of steel and zinc, that action was being taken to decide the process of manufacture to be adopted in the proposed new plant and that the project report is under preparation. The Committee would like the P. & T. Board to take expeditious action in the matter and intimate the progress made in the setting up of the new plant. In the meantime the existing plant and the machinery should be fully utilised by introducing multiple shifts working to avoid as far as possible purchase of tubes from private parties at comparatively higher rates.*

[Sl. 76 (Para. 8.9) of Appendix XX 43rd Report, 1965-66.]

### ACTION TAKEN

The first part of the recommendation is in relation to a proposal for setting up of a new plant for the manufacture of tubes in the Posts & Telegraphs Workshops. This proposal has since been re-examined in consultation with the Ministries concerned and, in view, mainly, of the acute foreign exchange difficulties, it has been decided not to proceed with this proposal. The existing capacity, however, is proposed to be increased by installation of additional machines of indigenous manufacture. Preliminary action for this purpose is already under way. Meanwhile the production of the tube making shops has gone up to 40,000 tubes during March, 1966 by working of incentive and diverting of labour from other sections of the Workshops who were rendered surplus due to improved techniques in those sections. After the additional machines have been installed, the capacity is expected to increase further, which according to present estimation, is likely to be of the order of 50,000 tubes per month.

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

### FURTHER INFORMATION

The first part of the recommendation is in relation to a proposal for setting up of a new plant for the manufacture of tubes in the Posts & Telegraphs Workshops. This proposal has since been re-examined in consultation with the Ministries concerned and, in view of the difficult foreign exchange position and of resources generally, it has been decided not to proceed with this proposal, for the time being. The existing capacity, however, is proposed to be increased by installation of additional machines of indigenous manufacture without large outlay of funds. Preliminary action for this purpose

is already under way. Meanwhile the production of the tube making shops has gone up to 40,000 tubes during March, 1966 by working of incentive and diverting of labour from other sections of the Workshops who were rendered surplus due to improved techniques in those sections. After the additional machines have been installed, the capacity is expected to increase further, which according to present estimation, is likely to be of the order of 50,000 tubes per month.

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

[P. & T. Board U.O. No. 15-6/66-WK, dated the 21st March, 1967.]

Dated, New Delhi-1, the 18th Sept., 1967.

#### FURTHER INFORMATION

The undersigned is directed to refer to Shri R. M. Bhargava's D. O. letter No. 2/VIII/2/67/PAC, dated the 17th August, 1967 and to say that the overhead wire network of telegraph and telephone communications is carried on telegraph and telephone poles. These poles are formed by an assembly of Standard Tube made in a conical form from mild steel sheets. On account of technological developments this system is being replaced by underground coaxial, cables, microwave system etc. With this development the requirement of poles has registered a sharp decrease so that now the P. & T. Workshops themselves are in a position to meet all the requirements. Therefore the tubes are no longer being purchased from the outside market.

The information required, however, is furnished as far as it is now available :

- (i) The estimated cost of the tube making plants was Rs. 58 lakhs of which foreign exchange components was Rs. 21 lakhs (pre-devaluation rate).
- (ii) At the time the project for setting up of the integrated tube making plant was prepared, the intention was to set up a plant employing modern methods and techniques in the manufacture of tubes. No such machines were indigenously available.
- (iii) The requirements of tubes during the 4th Five-Year Plan period were estimated to be 67,00,000. This estimate, however, no longer holds good as explained in the preceding paragraph. The P. & T. Workshops would now be in a position to meet all the revised requirements of tubes during the 4th Plan period.
- (iv) Reply is in the negative.

- (v) The tubes are of various sizes and their price varies with the size. An average standard tube called 'B8' was produced during 1965-66 in the P. & T. Workshops at an estimated cost of Rs. 27.57 and the purchase price from the outside market during 1962-63 and 1963-64 was Rs. 33.58.
- (vi) According to the present indications and in view of the position explained above there is no likelihood of the revival of the proposal.

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

#### 66TH REPORT (1966-67)

#### **Recommendation**

*The Committee feel that the P. & T. Department should have taken a much advance action in preparing and getting approved the designs of the new postcard when the Parliament had already announced their decision. There was no reason for them to wait till the Finance Bill was passed, for provisionally finalising all preliminary steps. The Committee feel that had the Department taken timely action, the unnecessary printing of postcards of old denomination and consequent extra expenditure could have been avoided. The Committee are also of the view that just as the increase in the rates of the postcards requires the approval of Parliament, similarly, the reduction in the size of the postcard which means the reduction in the quantum of service offered should also be done with the approval of Parliament.*

[Sl. 6 (Para. 6.10) of App. II of 66th Report, 1966-67.]

#### **ACTION TAKEN**

The observations of the Committee that advance action would be taken in such cases have been carefully noted. With regard to the observations of the Committee that the reduction in the size of the postcard which means the reduction in the quantum of service offered, should also be done with the approval of Parliament, it may be stated that the Central Government are empowered by an Act of Parliament *vide* Section 21(2)(e) of the Indian Post Office Act to frame rules to regulate weights, dimensions, etc., of postal articles. In accordance with this provision, Rule 11 in the Indian Post Office rule has been framed which prescribes that the maximum and minimum dimensions for postcards of private manufacture should not be greater than 15×10.5 cm and less than 10×7 cm. The dimensions have been fixed on the basis of the Regulation of the Universal

Postal Convention and it is the practice to apply the same to the departmentally manufactured postcards. It may be mentioned that it is not possible to fix any rigid size because privately manufactured postcards of different sizes within the prescribed limits are also permitted to be used, and it would amount to a curtailment of the facilities already enjoy by the public if a fixed size was prescribed. In the circumstances so long as the size of the postcard is kept within the above maximum and minimum dimensions, it is felt that there would not be any necessity to obtain the approval of Parliament.

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

[P. & T. Board U.O. No. 28-7/65-B/H, dated the 23rd June. 1967.]



## APPENDIX IV

### RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE OR WHICH REQUIRE REITERATION.

(43rd Report 1965-66)

Government of India  
Department of Communications  
(P. & T. Board)

#### Recommendations

*The Committee regret to find that a very heavy sum of Rs. 4.52 crores of telephone revenue as on 1st July, 1964 has fallen into arrears. What is more regrettable in this case is that during the last four years the percentage of uncollected arrears to the amount collected has increased steadily from 8.5 in 1960-61 to 12.2 in 1963-64.*

[Sl. 8 (Para. 3.4) of Appendix XX, 43rd Report, 1965-66.]

#### ACTION TAKEN

Out of a sum of Rs. 4.52 crores of telephone revenue outstanding as on 1-7-1964, a sum of Rs. 2.57 crores represents outstanding against Government subscribers and the remaining Rs. 1.95 crores against private parties. Out of the above amount of Rs. 4.52 crores, Rs. 1.96 crores relate to bills issued upto 31-3-1963.

The overall position of outstanding amount is that out of sum of Rs. 4.52 crores outstanding as on 1-7-1964, a sum of Rs. 2.27 crores has been settled upto January, 1966 leaving a balance of Rs. 2.25 crores only. (Government subscribers Rs. 1.22 crores, Other subscribers Rs. 1.03 crores). In other words, the outstanding has been brought down to less than half in a short period of 1½ years and it is hoped that with the measures adopted the outstanding would further be reduced to a great extent in a short time.

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

[U.O. No. 23-7/66-TR/Pt. dated, New Delhi-1, the 24 Sept. 1966.]

### Recommendations

*The Committee are not able to understand how the original agreement could be signed without knowing the requirements of the country thus committing the country for 20 years. There must be some rationale behind such an agreement. 25 per cent. of the country's requirements were tied down to this firm for the coming 20 years from 1949 and this placed the Government in a disadvantageous position, particularly by underestimating the projected needs of the country. It passes their comprehension how anybody could have imagined in 1949 in the P. & T. Department that the country's requirements for the cables and the production would remain the same for 20 years.*

*The Committee doubt if there would be any other case where Government have agreed to pay a royalty for 20 years at the rate fixed on the production which was rather small at that time. Without taking into consideration that production would be increasing manifold in the course of 20 years and thus giving the collaborators an unintended benefit which is not justifiable.*

[Sl. No. 39 (Para. 4.51) of Appendix XX, 43rd Report of 1965-66.]

### ACTION TAKEN

Although this has been marked to P. & T. Board alongwith Ministry of industry and Supply, it does not relate to P. & T. This serial has been accepted by the Ministry of Industry for taking necessary action. (F. No. 62-2/66-NA)

ACTION TAKEN BY MINISTRY OF INDUSTRIAL DEVELOPMENT & COMPANY  
AFFAIRS (DEPTT. OF INDUSTRIAL DEVELOPMENT) FORMERLY  
MINISTRY OF INDUSTRY

The background to the signing of the agreement is briefly as follows :—

In 1948, it was decided that in view of the urgent necessity for improving the communication facilities in the country, steps should be taken to start a Government factory for the manufacture of communication cables. In view of the advanced technology involved, it was decided to obtain technical know-how from abroad for the purpose. Enquiries were made from 4 leading manufacturers of telephones cables in U.K., U.S.A. Czechoslovakia etc., asking them whether they would be interested in offering assistance for such a

factory and the terms they would accept. There was response only from three U.K. firms, S.T.C. British Insulated Cables Co., and Pirelli General Cable Works. Of these, the rates quoted by S.T.C. were the lowest. Taking this into view and also the eminent position occupied by M/s. S.T.C. in the communication field, it was decided to negotiate with them for the supply of technical know-how. After obtaining Cabinet's approval, negotiations were started with the firm in 1949.

2. Originally the S.T.C. wanted that they should be the only suppliers (other than the factory to be set up under the agreement with them) of communication cables to Government and to others for which Government has the power to make purchases. This was not agreed to and after protracted negotiations the S.T.C. indicated that they should supply at least 25 per cent. balance of requirements for cables of Government and other agencies for which Government had the power to make purchases until such time as the proposed factory did not meet the entire requirements. Since it was indicated firmly by the collaborators that they will not agree to any lower percentage the Government had no alternative but to agree to this condition. It may, however, be pointed out in this connection that until 1958 the rates according to the agreement were advantageous to us as these were found to be lower than other quotations received against global tender.

3. However, when it was noticed that the price according to the agreement was higher than the prices quoted by other parties, negotiations were started on 13-7-60 with the collaborators for effecting a revision. The negotiations were protracted since the collaborators were in the beginning very reluctant to consider any revision of the original agreement. However, technically the negotiations proved fruitful and the collaborators agreed to reduce the 'Agreement price' by 5% in the case of coaxial cables and 10% for all other cables.

4. As regards duration also every effort was made to restrict the period to 5 years but it was of no avail, since M/s. S.T.C. insisted on maintaining the stipulated period of 20 years.

5. It may also be pointed out in this connection that in those early years when the process of industrial development was taking shape, even in comparatively simple industries, arrangement with foreign parties for duration of 10 to 15 years was being normally permitted as the emphasis then was for rapid industrialisation. In many of these cases extension was also agreed to for another 10 or 5 years. Royalty in most of the cases was of the order of 5 per cent or higher. On the other hand, the royalty asked for by S.T.C. viz. 2 per cent taxable was low and it was not considered advisable to forego such favourable terms and permit the negotiations to break,

because of the disagreement regarding the duration of agreement or over the "25% compulsory purchase clause". The P.A.C. have observed that the Government have not taken into fact the amounts that would become payable by having the agreement for 20 years. This aspect was taken into consideration on 8-8-49 and since any lower period might have meant a corresponding increase in the rate of royalty which would have offset any advantage that might have accrued by limiting the agreement to a lesser duration, it was agreed to have the agreement valid for a period of 20 years. Any shorter period would probably have entailed extending the duration of the agreement and the advantage of the reduced rate of royalty would have been lost. In this connection, it will be appreciated that even today the rates of royalty in comparable cases are seldom less than 3% and the rate of 2% agreed to in 1949 should be deemed reasonably low and was, therefore, justified. In fact in order to obtain some compensation for the low rate of royalty agreed to by them, that the collaborators insisted upon 'guarantee of purchases'.

6. Realising the demand that will be generated in the country for communication cables and the urgent necessity for creating capacity for such cables, the Government were naturally interested in concluding this agreement. The collaborators have also shown continued interest in the proper implementation of the project and have been accommodating in the recent negotiations also. The rates of royalty as well as the charges payable to them for technical know-how and the prices payable to cables purchased from them have all been reduced by them despite the fact that according to the agreement, they need not have made any concessions whatsoever.

7. To conclude, it will be observed that the agreement has not operated to our disadvantage during the first 10 years. As soon as it was noticed that we were losing because of the 'compulsory purchase' clause negotiations were started with the collaborators to bring down the price. The rise in production in H.C.L. was also taken into account and on this basis, we have been able to reduce the rate of royalty still further.

The note has been seen and approved by the Secretary, Industry and vetted by Audit.

#### AUDIT OBSERVATIONS

The fact that the unusual clause in the Consultancy Agreement militated harshly against the interest of Government was realised by Government towards the end of 1959 *vide* para. 117 of the Central (Civil) Audit Report, 1966. Pending a final agreement regarding the reduction in the prices, *ad hoc* reductions were allowed by the firm

in respect of orders placed from 1st December, 1962 onwards. It thus took three years for Government to reach even an *ad hoc* arrangement in this matter.

## APPENDIX

Name of the firm	Name of the foreign collaborator	Terms of payment	Duration
1	2	3	4
Indian Cable Co., Calcutta.	M/s. British Insulated Callander Cables, U.K.	Fixed remuneration of £ 10,000 per annum.  10% Commission on Plant and Machinery.  2½% Commission on raw material except copper.	21 years from 1947.
M/s. Asian Cables	M/s. Phelps Darge Enfield International Corporation, U.S.A.	1¼% free of tax royalty.  Financial participation to the extent of 25%.	10 years from 1962.
M/s. Fortgloster Industries Ltd., Calcutta.	BICC U.K.	A fixed remuneration of £ 10,000 per annum.	Valid for 11 years from 1961.
M/s. Universal Cables.	Do.	Royalty £ 5,000 for the first two years.  £ 10,000 for the remaining period of the agreement.  3½% Commission on the cost of machinery purchased except copper.	10 years approved in 1960.

### Recommendation

*The Committee need hardly point out that because of this agreement the Company are deriving very large amounts by way of unintended bounty and to that extent the Public exchequer is suffering financial loss which was by no means unavoidable.*

[Sl. No. 40 (Para. 4.53) of Appendix XX, 43rd Report of 1965-66.]

### ACTION TAKEN

Serial No. 40 also have although been marked to P. & T. Board, the same actually relates to Ministry of Industry, who are taking necessary action in the matter.

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

[P. & T. Board U.O. No. 62/2/66-NA, dated 27th October, 1966.]

ACTION TAKEN BY MINISTRY OF WORKS, HOUSING & SUPPLY (DEPT. OF SUPPLY) FORMERLY MINISTRY OF SUPPLY TECHNICAL DEVELOPMENT AND MATERIALS PLANNING

### ACTION TAKEN

In respect of orders placed on S.T.C. under the Agreement during the period 1961-63, D.G.S.&D. had to pay an extra amount of Rs. 52.22 lakhs, as compared to the lowest acceptable offers received from other sources, on the basis of global tenders. As had been pointed out earlier, D.G.S.&D. had no choice in this matter as according to the terms of the Agreement entered into with the firm by the Ministry of Industry, D.G.S. & D. had no alternative but to place orders upto 25 per cent. of the Government's requirements on the firm.

[No. 45(1)/66-P1, dated 23-12-66.]

Government of India

Department of Communications

(P. & T. Board)

### Recommendation

*The Committee are surprised to learn, that even though the agreement was to remain in operation for levy period of 20 years, no review clause had been incorporated therein. The Committee would also like the P. & T. Department to make a reference to the Ministry of Law to ascertain whether the Agreement precluded the*

*Govt. from setting up another cable factory without attracting payment of royalty.*

[Sl. No. 41 (Para. 4.55) of Appendix XX.]

*The Committee desire that the advice of the Law Ministry should be taken regarding the interpretation on the meaning of sub-clause (2) of clause 8 of the agreement immediately so that the correct position may be known. It appears to the Committee that Government should buy 25 per cent. of only such products from S.T.C. which are not produced in their factory.*

[Sl. No. 43 (Para. 4.62) of Appendix XX.]

#### ACTION TAKEN/(Sl. 41 & 43)

These have been marked to P. & T. Board/Law but they do not concern P. & T. Ministry of Industry have taken necessary action.

This has been seen by the Accountant-General, P. & T., Simla.

(S. K. Kanjilal.)

[P. & T. Board U.O. No. 62/2/66-NA, dated, New Delhi, 25-10-1966.]

#### Recommendation

*The Committee feel unhappy to note that orders for 25 per cent. of the requirements of the Government have to be placed with the Company for 20 years irrespective of the prices that may be charged by the Company, which is often much higher than the competitive rates.*

[Sl. No. 42 (Para. 4.58) of Appendix XX, 43rd Report, 1965-66.]

#### ACTION TAKEN

Serial No. 42 has been marked to P. & T. Board but no action is to be taken by P. & T. Board. The department of Supply and Technical Development who are concerned have sent the action taken note to A.G.C.W.M. for vetting.

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

[P. & T. Board U.O. No. 62/2/66-NA, dated 27th October, 1966.]

#### Recommendation

*The only redeeming feature of the case is that the Government have though somewhat belatedly; decided to enter into a supplementary agreement to modify at least partially, some of the clauses*

of the original agreement. The Committee would like to be furnished with a copy of this supplementary agreement, when finalised.

[SL No. 44 (Para 4.63) of Appx. XX]

**ACTION TAKEN**

These have been marked to P. & T. Board, but they actually concern Ministry of Industry. That Ministry have stated that the agreement has not been signed. They will send copies of the agreement to P.A.C. as soon as the same is signed.

This has been seen by the Accountant-General, P. & T., Simla.  
P. & T. BOARD U.O. No. 62/2/66-NA dated New Delhi, the 25-10-66.

**ACTION TAKEN BY MINISTRY OF WORKS, HOUSING SUPPLY (DEPT. OF SUPPLY) FORMERLY MINISTRY OF SUPPLY, TECHNICAL DEVELOPMENT AND MATERIALS PLANNING.**

D.G.S. & D. is not aware of the progress made towards the conclusion of the Supplementary Agreement. This is a matter which is being finalised by the Ministry of Industry, who are being requested to intimate the progress to the P.A.C. However, the provisions of the Supplementary Agreement, in so far as they relate to purchase of Cables, have already been taken advantage of, in respect of contracts after 1-12-1962.

No. 45(1)/66-P1 dated 23-12-66.



GOVERNMENT OF INDIA

DEPARTMENT OF COMMUNICATIONS

P. & T. BOARD

**Recommendation**

*The Committee are surprised to learn that even though the agreement was to remain in operation for a long period of 20 years, no review clause had been incorporated therein. The Committee would also like the P. & T. Department to make a reference to the Ministry of Law to ascertain whether the Agreement precluded the Government from setting up another Cable factory without attracting payment of royalty.*

[Sl. No. 41 (Para 4.55) of Appendix XX]  
(43rd Report of 1965-66.)

ACTION TAKEN

As desired by the P.A.C., the advice of the Ministry of Law was obtained. (Copy attached).

**Recommendation**

*The Committee desired that the advice of the Law Ministry should be taken regarding the interpretation on the meaning of sub-clause (246) of clause 8 of the agreement immediately so that the correct position may be known. It appears to the Committee that Government should buy 25 per cent. of only such products from S. T. C., which are not produced in their factory.*

(Sl. No. 43 (Para. 4.62) of Appendix XX)  
(43rd Report of 1965-66.)

ACTION TAKEN

The advice of the Ministry of Law was sought on the interpretation of the meaning of sub-clause (2) of clause 8 of the agreement.

Clause 8(2) of the agreement states as follows :—

“Until the factory produces all of the Government’s requirements of the products within the field of this agreement 25 per

cent of the requirements of Government of such products which it does not itself manufacture shall be purchased from S.T.C. f.o.b., etc.”

The Ministry of Law have expressed the opinion that if the words “which it does not itself manufacture” are construed to qualify the words “products” immediately preceding them, it would mean that even if a small quantity of some of the products is manufactured by the Factory, the Government would be exempted from buying its requirements of such products from the S.T.C. Such construction would, however, conflict with the opening words of the sub-clause which are “until the Factory produces all the Government’s requirements”. For, so long as the Factory does not produce the full requirements of the Government of such products small quantities of which are manufactured by the Factory, the obligation imposed on the Government to buy 25 per cent. of the requirements would remain. On the other hand, the words “which it does not itself manufacture” if construed to qualify the words “the requirements of the Government of such products”, would mean that the obligation of the Government is restricted to the purchase of 25% of such requirements of the Government which are not produced by the Factory. The obligation to buy 25% of the requirements of the Government seems to be restricted to the balance of the requirements of the Government which is not met by the production of the Factory. If the 25% of the whole of the requirements of the Government including such part of them as are met by the production of the Factory is taken to be the proper interpretation, then the words which it does not itself manufacture would become a surplusage. For these reasons, the Ministry of Law are of the opinion that there is no escape from the Liability to purchase Government’s excess requirements to the extent of 25% from the S.T.C. till the factory set up under the contract is in a position to meet all the requirements of the Government. We have, in fact, already been fulfilling this contractual obligation.

### **Recommendation**

*The Committee feel unhappy to note that orders for 25 per cent. of the requirements of the Government have to be placed with the Company for 20 years irrespective of the prices that may be charged by the Company, which is often much higher than the competitive rates.*

[Sl. No. 42 (Para 4.58) of Appendix XX]

(43rd Report of 1965-66)

**ACTION TAKEN**

The observations of the committee have been noted.

**Recommendation**

The only redeeming feature of the case is that the Government have though somewhat belatedly decided to enter into a supplementary agreement to modify at least partially, some of the clauses of the original agreement. The Committee would like to be furnished with a copy of the supplementary agreement when finalised.

[Sl. No. 42 (Para 4.63) of Appendix XX]  
(43rd Report of 1965-66)

**ACTION TAKEN**

The observations of the Committee have been noted.

A copy of the supplementary agreement as and when signed or exchanged by the H.C.L. and S.T.C., London, would be furnished to the P.A.C.

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

P&T BOARD U.O. No. 62/2/66-NA. Dated at New Delhi 27-9-1967.

"Copy of U.O. No. 16052/65-Advt., dated 17-12-65 from Ministry of Law addressed to Department of Communications."

Clause 8(2) of the Agreement states as follows:—

"Until the factory produces all of the Government's requirements of the products within the field of this Agreement 25 per cent. of the requirements of Government of such products which it does not itself manufacture shall be purchased from S.T.C. f.o.b., etc."

From the wording of the above clause read with clause 4, it appears to me that when the Agreement with the S.T.C. was executed, it was expected that the factory set up under the said Agreement will, within a period of 20 years, produce sufficient quantity of all communication cables, associated accessories and fine enamel wires as will meet all the requirements of the Government in all its Departments for a period of 20 years calculated from the date of the Agreement. Under clause 10, the Government has also accepted the condition not to set up another factory in collaboration with any other producer of these goods during the period of the currency of the contract. Clause 8 of the Agreement expressly provides that till the factory is in a position to meet all the requirements of the Government, the Government shall buy 25% of the requirements not

met by the factory from the S.T.C. at a certain agreed price. Liberty is given to increase the demand from 25% to 75%, provided the excess over 25% is purchased in accordance with the rate contract to be entered into with the S.T.C. on terms to be mutually agreed upon. From all these conditions it appears that

- (i) During the currency of the contract the Government cannot set up another factory in collaboration with any other party supplying the necessary know-how and technical assistance,
- (ii) S.T.C. is bound to supply for a period of 20 years the know-how technical assistance and consultation service as required for setting up of only one factory and not two—*vide* clause 2,
- (iii) There is no escape from the liability to purchase Government's excess requirements to the extent of 25% from the S.T.C. till the factory set up under the contract is in a position to meet all the requirements of the Government; and
- (iv) In the absence of a second factory belonging to the Government, Government cannot avoid purchasing a minimum of 25 per cent of its excess requirements from the S.T.C.

Sd./- G. H. Rajadhyaksha,  
Additional Secretary.

66TH REPORT (1966-67)

GOVERNMENT OF INDIA

DEPARTMENT OF COMMUNICATIONS

( P. & T. BOARD )

**Recommendation**

*The Committee regret to note that the note on year-wise break up of the arrears of telephone revenue outstandings from 1-1-1963 is still awaited. (The note has since been received on 2-12-1966).*

*The Committee regret to find that inspite of the assurance given by the P. & T. Board vide para 3.3 of the 43rd Report (1965-66), no appreciable progress appears to have been made in bringing down the arrears of Telephone Revenue. As a matter of fact, the arrears as on 1-7-1965, increased to Rs. 6.04 crores, when compared to the figures of Rs. 4.52 crores, as on 1-7-1964. In the opinion of the Committee, the Department should set up some procedure whereby the old arrears and the current dues are maintained separately so that the Department can intensify their efforts for recovery of old arrears, and watch the progress of recovery from time to time. The steps so far taken by them have not yielded appreciable results and hence the Committee feel that the P. & T. Board should be more vigilant and take more vigorous steps to liquidate old arrears of telephone revenue.*

*During evidence, the Chairman, P. & T. Board said that, "Older the arrears, it becomes difficult to collect". The Committee feel that this is all the more reason why the arrears should not be allowed to become old. The Department should determine early the amounts out of old arrears that are unrealisable and write them off. In other cases, vigorous steps should be taken to realise the dues.*

*In regard to the realisation of Government arrears the Committee find that these arrears which amounted to Rs. 361 lakhs on 1-6-1965 were reduced to Rs. 180 lakhs as on 1-6-1966. The Committee desire that the P. & T. Department should intensify their efforts to liquidate these arrears. In this connection, the Committee reiterate their earlier recommendation as contained in para 3.7 of 43rd Report (1965-66) for revising the procedure for expediting the payment of Government bills.*

[S. No. 3 (para 3.5, 3.10 to 3.12) of 68th P.A.C. Report, 1966-67.]

## ACTION TAKEN

The yearwise analysis of the telephone revenue outstandings is available in the TRAOs. The outstandings of the current year are also analysed monthwise. The details of the outstandings, viz., amount outstanding against each subscriber are further recorded in a register known as outstanding register. Under the existing system of maintaining accounts, the old and the current arrears are exhibited separately.

The Department is doing its best to realise the arrears of telephone revenue. It is a fact that three month's old outstandings as on 1-7-65 had increased compared to that of the earlier year. But a review of the subsequent trend in the outstandings would indicate that not only the increasing trend had been arrested but a downward trend had started. The three months old outstandings on the dates as indicated below will explain the position.

	Rs.
As on 1-7-65	604 lakhs
As on 1-8-66	555 lakhs
As on 1-10-66	524 lakhs
As on 1-1-67	523 lakhs.

The above achievement has been possible only because of the various measures taken by the Department in the matter of realisation of arrears of telephone revenue. The first step taken was the introduction in September '65 of the abolition of Registered notices to defaulting subscribers on account of which collection of revenue and prompt disconnection of telephones was rendered possible. This has been followed by periodical instructions issued to Heads of Circles to take vigorous steps for prompt realisation of dues. The necessity for prompt disconnection of Government telephones also for non-payment barring the exempted categories was impressed. Recently instructions have been issued to all Heads of Circles relating to review of old outstandings for the period upto 1959-60. The progress regarding liquidation of outstandings is reviewed every month in the Directorate and suitable measures as may be called for in each case taken.

In the recovery of old outstanding, certain formalities have to be gone through. The review and recovery of old arrears is a continuous process. The initial effort is to recover the amount, by personal contacts through the field staff and where this effort fails, other possibilities are explored. Usually after ascertaining the solvency of the defaulting subscribers, the question of recovery through Court is considered. When once the case is taken up with the Court, the Department can do very little in expediting the

realisation of recovery which has to take its own time. In most of the cases, recovery is made by instalments only. In other cases, where it is definitely proved to be unrealisable, write off action is taken. Instructions have been issued (D.O. No. 23-3/67-TR dated 3-4-67) to examine all cases of outstandings against closed connections and initiate write off action in cases where the amounts are irrecoverable.

The accumulation of arrears against Government Departments was partly due to not strictly enforcing disconnection of Government telephones in the past so as to avoid dislocation of public work. As this attitude was found to be detrimental to the interests of the Department in the matter of realising the dues, it was decided that Government subscribers should be treated on par with private subscribers in all respects. There is at present no differentiation in the matter of time limit for payment of dues or disconnection procedure between Government and private subscribers except in the case of exempted categories like high dignitaries of Government. Suitable instructions have also been issued to take special steps for arresting the increase in Government outstandings. As has been pointed out by the Committee, three months old outstanding against Government subscribers came down from 361 lakhs to 180 lakhs on 1-6-66.

It is hoped that the measures taken regarding prompt disconnection of telephones for non-payment, treating Government subscribers at par with private subscribers, the monthly review of the outstanding at the Directorate level and keeping a close watch over the outstandings will accelerate the collection machinery and yield better results in future.

This has been seen by A.G.P. & T. Simla.  
[P. & T. Board U.O. No. 23/8/67-TR dated New Delhi, August, 11, 1967.]

#### APPENDIX V

*Recommendations/Observations to which Government  
have Furnished Interim Replies (43rd Report 1965-66).*

No. 6-3/66-R(II)

Department of Communications

(P. & T. Board)

Dated, the 18-10-1966.

#### Recommendation

The Committee suggest that at the time of this review of tariff structure in 1965, the installation charges for telephones should be fixed on "No profit, no loss" basis.

## ACTION TAKEN

In serial 75 of Appendix XX to 43rd Report, the Public Accounts Committee desired to be apprised of the final position of the outstanding case relating to serial 9 of Appendix XXXI to 30th Public Accounts Committee report regarding fixation of installation charges for telephone on 'no profit — no loss' basis which was referred to Telephone Tariff Revision Committee.

The Report of the Committee is still awaited. Further action in the matter will be taken on receipt of the Committee's report.

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

[S. No. 75 (Para. 84) of Appendix XX, 43rd Report (S. No. 4 of Appendix XXXI to 30th Report).]

## FURTHER INFORMATION

The Report of the Committee is still awaited. Further action in the matter will be taken on receipt of the Committee's report.

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

[P. & T. Board U.O. No. 6-8/66-R (II) dated 16-11-1966.]

At serial 75 of Appendix XX to their 43rd Report 1965-66 (Third Lok Sabha), the P. A. C. desired to be apprised of the final position regarding fixing of limits of stock balances in workshops.

The case regarding fixation of minimum and maximum stock balances in workshops is still under consideration and final decision will be communicated to the P.A.C. in due course. This has been seen by the A. G. P. & T., Simla.

[S. No. 75 (Para 8.4) of Appendix XX to 43rd Report (S. No. 14 of Appendix XXXI to 30th Report).]

[P. & T. Board U. O. No. 15-7/66-WK dated 25th October 1966.]

## FURTHER INFORMATION

Lok Sabha Secretariat may kindly refer to P. & T. Board U.O. No. 15-7/66-WK dated the 25th October, 1966 on the above subject. Based on the experience gained, a revised stock control procedure was adopted on 1.7.65 and introduced partially as an experimental measure in the Bombay Telephone Workshops. Out of the 7,218 numbers of existing items of stock in that Workshop, 3,046 have already been brought under the stock control review. The draft procedure is now under scrutiny from the point of view of its financial implications. On completion of the same, the adoption of this



procedure as a regular measure in the Bombay Telephone Workshops, and its extension to other two Workshops at Calcutta and Jabalpur will be considered.

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

[S. No. 75 (Para 8.4) of Appendix XX to 43rd Report (S. No. 14 of Appendix XXXI to 30th Report).]

In paragraph 8.4 of its Forty Third Report the Public-Accounts Committee 1965-66 (Third Lok Sabha) have desired to be informed of the final position in the case.

In continuation of this Department Memo of even number dated 5th February 1965 it may be stated that the Department has received a summons from the Allahabad High Court forwarding the appeal of the ex-contractor against the decree of the Addl. Civil-Judge, Saharanpur. The date of hearing was fixed on 11-3-1966. The result of the hearing is awaited.

The Committee will be apprised of the judgement of the High Court as and when pronounced.

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

[S. No. 75 (para 8.4) of Appendix XX to 43rd Report (S. No. 64(ii) of Appendix XXXI to 30th Report).]

#### FURTHER INFORMATION

In continuation of this Department Memo. of even No. dated 17-8-1966, it is stated that the appeal of Shri Ratan Lal, *Ex. Mail Motor Contractor* against the decision of the Additional Civil Judge, Saharanpur rejecting his application under section 33 of arbitration act in case No. 37 of 1962 is still pending in the High Court of Allahabad.

The additional Civil Judge having also passed a decree for Rs. 14,700/- against the *Ex Mail Motor Contractor*, the department moved for the execution of the decree. Necessary formalities have been completed for attachment of  $\frac{1}{4}$ th portion of the house owned by Shri Ratan Lal, the judgement debtor, and the date of auction of the house is to be fixed by the Court.

In the mean time Shri Ratan Lal, *Ex Mail Motor Contractor* has appealed in the High Court of Judicature at Allahabad for stay orders against the proceeding in progress for execution of decree. The case was heard on 15-3-1967 when counter affidavit was filed by the department. No further hearing has yet been held.

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

### Recommendation

*The Committee note that after a great deal of delay Departmental action has now been completed and the matter (relating to recovery from the firm) stands referred to the C.B.I. (Central Bureau of Investigation).*

[Sl. No. 80 (Para 8.19) of Appendix XX to 43rd Report, 1965-66.]

*The Committee hope that investigation by the Central Bureau of Investigation would be expedited. The Committee would like to be apprised of the result of the C.B.I. Investigation and further action taken to file a suit for recovering the cost of scrap.*

[Sl. No. 81 (para 8.20) of Appendix XX to 43rd Report, 1965-66.]

### ACTION TAKEN

( SERIALS 80-81 )

The Ministry of Law after examining the original investigation report and the statements of witnesses examined by the Investigating Officer of the Central Bureau of Investigation, advised the filing of a civil suit for recovery of the value of excess scrap against the firm. The civil suit has been filed in the Court of District Judge, Jabalpur on 12th July, 1966.

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

### FURTHER INFORMATION

This has reference to the Lok Sabha Secretariat's Office Memorandum No. 2/VIII/2/67-PAC, dated the 21-8-1967 on the subject noted above. The case is still in the Court of the 3rd Additional District Judge, Jabalpur and the date of next hearing is 12th September, 1967.

The Public Accounts Committee will be informed of the decision of the Court in due course.

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

### 66TH REPORT (1966-67)

### Recommendation

*The Committee feel that the P. & T. Department should have made enquiries about the working of the firm before awarding the contract for the manufacture of cordage to them. It appears that the tinsel advanced to the firm was not fully utilised by them as provided in the contract. The Committee note that the Deptt. had already lodged a claim for the return of 902 KG of tinsel from this*

firm and also that mean-time Deptt. is holding Rs. 70,000 due to this firm. The Committee would like to be informed of the final result.

[Sl. 4 (para 4.20) of Appendix II of sixtysixth Report, 1966-67.]

ACTION TAKEN

As the dispute arose between the Manager, Bombay Telephone Workshops, Bombay and the firm in respect of the contract for rubberisation of Cotton Covered Tinsel, The General Manager, P. & T. Workshops, Calcutta has appointed Shri A S Choudhuri, Additional Legal Adviser, Directorate General of Supplies and Disposal, New Delhi as sole arbitrator to adjudicate in terms of the provision of the contract. The arbitrator has entered upon the proceeding and final report will be submitted to the P A C, as soon as his award is available.

This has been seen by A G P & T.

[P. & T. Board U.O. No. 15-4/67-WK dated 9th May, 1967]

## APPENDIX VI

### Summary of Main Conclusion/Recommendation

Serial No.	Para No. of the Report	Ministry/ Department concerned	Conclusion/Recommendation
1	2	3	4
1	1.5	P. & T. Board	The Committee desire that Government's replies to their recommendations should be explicit and self-contained. In particular, where remedial measures are called for, the details of action taken or intended to be taken should be specifically spelt out.
2	2.7	P. & T. Board	The Committee find that 3 months old outstanding arrears of telephone revenues were Rs. 4.52 crores on 1st July, 1964; Rs. 6.04 crores on 1st July, 1965; Rs. 6.11 crores on 1st July, 1966 and Rs. 5.23 crores on 1st January, 1967. The Committee note that the P. & T. Board has taken certain measures to reduce these outstandings of telephone revenues. They, however, regret to note that the various measures taken so far have not yielded results. The Committee need hardly stress the necessity for early realisation of these outstanding telephone revenues. They desire that the P. & T. Board should keep a close watch over the realisation of telephone revenues from Government Departments and private subscribers as the efforts so far made by them have by and large not been successful.

**APPENDIX VI—contd.**

Serial No.	Para No. of the Report	Ministry/ Department concerned	Conclusion/Recommendation
1	2	3	4
3	2.8	P. & T. Board	The Committee would also impress upon the P. & T. Board that while taking action against the subscribers like disconnecting a telephone the Board should ensure that the bills are prepared correctly by the Department and sent in time. The Department must set their own house in order by preparation of the telephone bills correctly and by sending them in time to the subscribers. They hope that this will also be kept in view by the Department.
4	2.12	P. & T. Board Industry	The Committee reiterate the observation contained in para. 4.51 of their 43rd Report. They feel that before signing the original agreement, a proper assessment should have been made of the requirements of cables of the country during the next 20 years. The Committee also feel that the period of 20 years during which the agreement was to remain in force was too long. The Committee hope that, in future, before, entering into agreements for long periods, a thorough examination of all the aspects <i>viz.</i> increase in indigenous

production, demand, nature of products and alternative sources of supply will be carried out so that the cases of this type do not recur.

5

2.15

P. & T. Board  
Industry

The Committee find that the large amount of Rs. 52.22 lakhs which accrued to the firm Standard Telephone & Cables Ltd. in the shape of unintended bounty was due to the clause regarding compulsory purchase in the agreement. It was this clause of '25 per cent compulsory purchase' in the agreement which led to the payment of higher price for cables to the company irrespective of the lower prices prevailing elsewhere. The Committee feel that the future needs of cables for the country should have been assessed correctly and alternative methods of procuring cables at cheaper rates should have been insisted upon when this agreement was signed. In this case, however, with the increase in the demand of cables, there was also a corresponding increase in the quantity of cables purchased within the limit of 25 per cent of compulsory purchase clause. The Committee feel that but for this unusual clause in the agreement, which militated against the interest of the country, the need for payment of such an extra amount of Rs. 52.22 lakhs for purchases made during 1961-63 period alone to the company, would not have arisen at all.

6

2.16

P. & T. Board  
Industry

The Committee hope that the Ministry of Industry will take note of the various lacunae which have come to notice in this agreement and strictly avoid them in future agreements.

**APPENDIX VI—concl.**

Serial No.	Para No. of the Report	Ministry/ Department concerned	Conclusion/Recommendation
1	2	3	4
7	2.18	P. & T. Board W.H. & supply	The Committee hope that full advantage is being taken by the P. & T. Board and the DGS & D of Clause 4(ii) referred to above. They hope that in cases where the Government does not get 25 per cent requirements of the coaxial cables from the Standard Telephone & Cables Ltd., the value of the part of such requirements not taken up, are transferred to other items where the difference between the International price and those of the S.T.C. is the minimum.
8	20	P. & T. Board Law Industry W.H. & Supply	The Committee have no doubt that while referring the case for advice to the Attorney General, Ministry of Law, the Departments of Supply, Industry and Communications (P. & T. Board) will take every care to submit complete documents and papers so as to facilitate advice. They need hardly add that the observations of the Public Accounts Committee and the doubts raised by them should be specifically brought to the notice of Attorney General/Ministry of Law.

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26.	Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi.	23	32.	Hind Book House, 82, Janpath, New Delhi.	95
27.	Bahree Brothers, 188, Lajpatrai Market, Delhi-6.	27	33.	Bookwell, 4, Sant Narakari Colony, Kingsway Camp, Delhi-9.	96
28.	Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi.	66	MANIPUR		
29.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1.	68	34.	Sri N. Chaoba Singh News Agent, Ramlal Paul High School Annexe, Imphal.	77
30.	People's Publishing House, Rani Jhansi Road, New Delhi.	76	AGENTS IN FOREIGN COUNTRIES		
31.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88	35.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON, W.C.-2.	



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