

**FRAUDS COMMITTED BY
EXTRA DEPARTMENTAL STAFF**

MINISTRY OF COMMUNICATIONS
(DEPARTMENT OF POSTS)

**PUBLIC ACCOUNTS
COMMITTEE
1989-90**

EIGHTH LOK SABHA

**HUNDRED AND EIGHTY-SECOND
REPORT
PUBLIC ACCOUNTS COMMITTEE
(1989-90)**

(EIGHTH LOK SABHA)

**FRAUDS COMMITTED BY EXTRA DEPARTMENTAL
STAFF**

**MINISTRY OF COMMUNICATIONS
(DEPARTMENT OF POSTS)**

[Action Taken on 132nd Report (Eighth Lok Sabha)]



*Presented in Lok Sabha on 11-8-1989
Laid in Rajya Sabha on 11-8-1989*

**LOK SABHA SECRETARIAT
NEW DELHI**

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THE COMMITTEE ON PUBLIC ACCOUNTS
(1989-90)

CHAIRMAN

Shri P. Kolandaivelu

MEMBERS

Lok Sabha

2. Shri Abdul Hannan Ansari
3. Shri Chhitubhai Gamit
4. Shri M.Y. Ghorpade
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20. Vacant**
21. Vacant‡
22. Vacant †

SECRETARIAT

1. Shri G.L. Batra — *Joint Secretary*
2. Shri K.K. Sharma — *Director*
3. Shri A. Subramanian— *Senior Financial Committee officer*
4. Shri N.M. Jain — *Under Secretary*

* Elected w.e.f. 3.8.89 vice Sarvashri Bh. Vijay Kumar Raju, S. Jaipal Reddy and Saifuddin Chowdhary resigned from the Committee w.e.f. 10.5.89, 12.5.89, 5.6.89 respectively.

** Due to resignation by Shri Parvathaneni Upendra from membership of the Committee w.e.f. 12.5.89.

† Due to resignation by Sarvashri Jaswant Singh and Virendra Verma from membership of the Committee w.e.f. 15.5.1989.

INTRODUCTION

1. The Chairman of Public Accounts Committee as authorised by the Committee, do present on their behalf this Hundred and Eighty-second Report on Action Taken by Government on the recommendations of the Public Accounts Committee contained in their 132nd Report (8th Lok Sabha) on "Frauds committed by Extra Departmental Staff".

2. In their earlier Report, the Committee had pointed out that even though the extent of frauds in the Extra Departmental Post Offices is small, as compared to the totality of transactions, these require special consideration as they involve rural population who are mostly illiterate and for whom their savings are precious taking into account their meagre resources. The Committee had, therefore, recommended that it would be worthwhile to associate some public men through an Advisory Committee, to have some kind of supervision over the single-handed Extra Departmental Post Offices so that, in the event of any complaint, the depositor may approach the Advisory Committee. In the present Report, the Committee have noted that their recommendation for constitution of Advisory Committee has been accepted by the Ministry with the modification that the Advisory Committee will be set up at the divisional level under the chairmanship of Divisional Supdt. of Post Offices with a membership of 15 persons to be drawn from account holders, representatives of various interest groups like agricultu.c, business, social service, teaching community and district administration. The Committee have desired that they may be informed of the actual implementation of this recommendation and hope that the Advisory Committee would be so constituted as to ensure appropriate representation from the village level including women and weaker sections so that the objective for which the Advisory Committee has been suggested by the Committee, is duly achieved.

3. For facility of reference and convenience, the recommendations/ observations have been reproduced in the Appendix to the Report.

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

NEW DELHI;

11 August, 1989

20, Sravana, 1911 (Saka)

P. KOLANDAIVELU

Chairman,

Public Accounts Committee.

CHAPTER I REPORT

This Report of the Committee deals with the action taken by Government on the Committee's recommendations and observations contained in their 132nd Report* on Frauds Committed by Extra Departmental Staff.

2. The Committee's Report contains 5 observations/recommendations. Action Taken Notes have been furnished by government in respect of all the recommendations. These have been broadly divided into four categories as shown in Appendix.

3. The Committee will now deal with action taken by Government on some of their observations/recommendations.

Advisory Committee for supervision over the single-handed Extra Departmental Post Offices

(S. No. 5, Para 30)

4. In their earlier Report the Committee had noted that the Extra Departmental Post Offices are the hard core of the postal network in the rural sector of the country. However, the amount involved in detected frauds had been increasing year after year. It was Rs. 77,55,674 in 1985-86. The figure, however, stood at Rs. 46,28,054 in 1986-87. The Committee had pointed out that even though the extent of frauds in these Extra Departmental Post Offices is small, as compared to the totality of transactions, these require special consideration as they involve rural population who are mostly illiterate and for whom their savings are precious taking into account their meagre resources. The committee had, therefore, recommended that it would be worthwhile to associate some public men through an Advisory Committee, to have some kind of supervision over the single-handed Extra Departmental Post Offices. In the event of any complaint, the depositor may approach the Advisory Committee. The committee had suggested that the institution of Panchayat might be utilised for the purpose. In their action taken notes the Department of Posts have accepted the above recommendation but added that the Advisory Committee will be set up at Divisional level under the chairmanship of a Divisional Supdt. of Post Offices with a membership of 15 persons, representing account holders, representatives of various interest groups like agriculture, business, social service, teaching community and district administration.

5. The Committee note that their recommendation for constitution of

* 132nd Report (8th Lok Sabha) on Paragraph 53 of the Report of the Comptroller and Auditor General of India for the year 1985-86, Union Government (Posts & Telecommunications).

Advisory Committee has been accepted by the Ministry with the modification that the Advisory Committee will be set up at the divisional level under the chairmanship of Divisional Supdt. of Post Offices with a membership of 15 persons to be drawn from account holders, representatives of various interest groups like agriculture, business, social service, teaching community and district administration. The Committee may be informed of the actual implementation of this recommendation and hope that the Advisory Committee would be so constituted as to ensure appropriate representation from the village level, including women and weaker sections, so that the objective for which the Advisory Committee has been suggested by the Committee, is duly achieved.

CHAPTER II
RECOMMENDATIONS AND OBSERVATIONS THAT HAVE BEEN
ACCEPTED BY GOVERNMENT

Recommendation

The Committee note that the Extra Departmental Post Offices were responsible for 75 per cent of the detected frauds involving more than 50 per cent of the total amount involved in such frauds, amounting to Rs. 8.50 lakhs in the year 1983-84 and Rs. 13.96 lakhs in 1984-85 (excluding information from one Postal Circle).

The Committee also note that the amount involved in such detected frauds has been increasing year after year rose to Rs. 77,55,674 in 1985-86. However, in 1986-87, the amount came down to Rs. 46,28,054. The Committee also note that the total deposits in the Savings Bank accounts have been increasing continuously and the total post office deposits stood at Rs. 21,473.10 crores and Rs. 24,656.72 crores during the years 1985-86 and 1986-87, respectively.

The Department of Posts have pleaded that when the extent of frauds is viewed against the phenomenal growth and the magnitude of the savings bank work handled in the post offices, the number of frauds and the amount involved is quite insignificant.

The Committee are of the opinion that even though the extent of frauds in the Extra Departmental Post Offices is small as compared to the totality of transactions these require special consideration as these involve rural population who are mostly illiterate and for whom the savings are precious taking into account their meagre resources. The Department stated during evidence that the amount defrauded is paid back to the depositor in full along with interest for the period during which the amount has been defrauded. Still the committee are of the opinion that frauds are capable of causing not only financial loss to the Department but also generate deep anguish and avoidable tension to the depositors mostly belonging to low income group but they also tarnish the image of POSB, which is bound to have repercussions on the Small Savings Movement itself. It is, therefore, imperative that every care and precaution is taken to minimise frauds involving Extra Departmental Post Offices. The Committee expect the Department to ensure that all the instructions on the subject are observed scrupulously and preventive checks are exercised meticulously so that all such frauds are nipped in the bud. The machinery for detection of frauds should be strengthened and closely monitored.

[S.No. 1 Appedix III Para 22—25 of Hundred and Thirty Second Report
of PAC (Eighth Lok Sabha)]

Action Taken

The suggestions have been accepted and fresh instructions vide No. 8-3/85-Inv. dated 14.7.88 have been issued (copy enclosed).

Signature of Dy. Director General
(Postal Finance & Accounts)

[Department of Posts O.M.No. 35-49/86-SB(Pt.) dated 12.10.88]

Government of India,
Ministry of Communications,
Department of Posts,
New Delhi-110001.

No. 8-385-INV

Dated the 14-7-1988

To,

All Heads of Circles,

SUBJECT:— *Frauds in EDBOs/EDSOs and speedy action against the officials found involved or for contributory negligence.*

In recent times frauds in Savings Bank and Cash Certificates branches of the Post Office are showing an increasing trend. In spite of the fact that several checks for prevention of the frauds in these branches have been prescribed and also laid down in the manuals, these checks are not carried out resulting in not detection of frauds.

Even though the extent of frauds in ED Post Offices is small as compared to the totality of transactions, yet these require special considerations as the people who suffer as a result of these actions mainly belong to rural areas and are mostly illiterate. Many times, their life savings are involved and they are hard hit due to these frauds. Though instructions exist that as soon as a case of fraud is noticed, the claims of the defrauded persons should immediately be obtained, considered and disposed of without waiting for the police investigations or the court verdict yet it is seen that these instructions are not scrupulously observed and there is abnormal delay in the settlement of claims of the defrauded depositors. These delays generate inaction, deep anguish and tension to the depositors who mostly belong to the low income group and also tarnish the image of the Post Office Savings Bank and has wide repercussions on the small savings movement. It is, therefore, imperative that every care and precaution is taken to frauds involving ED Post Offices and that claims are settled expeditiously.

Various preventive steps and checks prescribed, if properly followed may result in quick detection of the frauds and the amount involved may not increase because of the late detection which is the case in most of the frauds noticed. There may be several constraints on the part of the operative staff and the field staff yet proper monitoring of their duties and work may result in better efficiency and follow up action.

Following are some of the preventive checks that have been prescribed in respect of S.B and Cash Certificates business. These may be reiterated again to all the concerned officers for guidance and follow up.

(1) Maintenance of Special Error Book for noting the particulars of pass books which are not received for entry of interest after 1st April in which transactions has taken place and getting the same verified.

(2) Maintenance of special registers showing particulars of SB accounts opened in the Branch Post Offices and EDSOs and noting the date of receipt of pass books for posting of interest in the register.

(3) Preparation of lists of accounts for which the pass books have not been received from the Branch Offices and EDSOs and sending those lists to the Sub Divisional Inspectors for getting the balances verified with reference to the pass books to be obtained from the depositors.

(4) Verification of the withdrawals of Rs. 2500/- and above taken place in EDBOs/EDSOs and Single Handed S.O.

(5) Verification of the balances of SB Pass Books of a few Single Handed SOs selected by the Divisional Supdt. especially in those cases where the pass books have not been received for posting of interest.

(6) Maintenance of special registers for keeping watch over the verification lists SB accounts received from SDIs and Mail overseers for verification of balanced done by them during their visits/inspections.

(7) Checking of signatures of depositors in respect of withdrawals over the prescribed limit by the ledger clerk in the HO in respect of transactions in S.Os. and B.Os.

(8) Verification of the complete SB work of one EDBO/EDSO in each Division every month.

(9) Keeping the SB ledgers and SB index cards securly in the binder almiraahs and index card cabinets under lock and key during night.

(10) Agreement of ledger agreements by the SBCO staff.

(11) Maintenance of the index to ledger in the Head Post Offices and making suitable remarks whenever such accounts are closed or transferred or any change is incorporated in the nature of the account.

(12) Checking up of any manipulation, over-writings, corrections and absence of signatures in the various records relating to SB and CC business.

(13) Making full signatures against each entry in the ledger card by the ledger clerk and initials of the APM/Postmaster.

(14) Maintenance of register NC-12(a) in the HPOs for keeping records of the NSCs supplied to and issued by the S.Os.

(15) Maintenance of stock register of blank pass books and verifying the correctness of the stock from time to time in the HPO and SOs. Proper upkeep of the invoices of blank pass books supplied to Sub Post offices in the Head Office.

(16) Verification of the stock of NSCs in the HPO and S.Os. at the time of inspection/visit and getting the correctness of the stock verified with reference to the invoices stock book and the special register maintained in the H.O. NC-12(a).

(17) Indication of the stock of unsold certificates in the S.Os. in the journal of NSCs issued on the last date of month and verification thereof with reference to the entries in the register NC-12(a) in the Head Office.

(18) Ensuring the preparation and submission of the annual list of unsold certificates in stock in the HPOs and its S.Os. to the Director of Account (P) on the due dates.

It should be ensured that all preventive steps indicated above are scrupulously followed and any laxity noticed against any one should be severely dealt with.

During the review of the enquiry reports in various fraud cases it has been noticed that action against the defaulting officials for committing the fraud or for contributory negligence is not initiated with utmost urgency and this aspect remain pending for years with the result that the impact of the disciplinary action which should be taken with expeditiously is wavered of with the passing of time. Instructions exists that the initiation of the disciplinary action for departmental lapses should not be postponed till the culmination of the police investigations or court trials and may be completed as soon as possible.

Please acknowledge the receipt of this letter.

(S. Balasubramanian)
Director (Complaints)

Copy to (1) DDG (S.B.O.)
(2) ADG (Inv.)/PC
(3) Guard fl. (Inv. Sec)

Recommendation

The Committee note that many of the fraud in the Savings Bank and National Savings transactions remain undetected for long periods mainly due to the non observance of the prescribed Departmental instructions. They accordingly, suggest that all unscrupulous unofficials who are responsible for defrauding depositors should be dealt with severely and there should be no hesitation in taking strict disciplinary action for contributory negligence and direct involvement, without exceptions, and with due promptitude so that the number of frauds is reduced and the faith of such depositors in the efficacy of the system is not eroded. The Committee would like to be apprised of further steps initiated by the Government in this direction.

[§. No. 2 Appendix III Para 26 of Hundred and Thirty Second Report of
PAC (Eighth Lok Sabha)]

Action Taken

The suggestions have been accepted and fresh instructions vide No. 8-3/85-Inv. dated 14-7-88 have been issued (copy enclosed).

Signature of Dy. Director General
(Postal Finance & Accounts)

[Department of Posts, O.M.No. 35-49/86-SB(Pt) dated 12-10-88]

Department of Posts,
New Delhi-110 001.

No. 8-3/85-INV

Dated the 14-7-1988

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Even though the extent of frauds in ED Post Offices is small as compared to the totality of transactions, yet these require special considerations as the people who suffer as a result of these actions mainly belong to rural areas and are mostly illiterate. Many times, their life savings are involved and they are hard hit due to these frauds. Though instructions exist that as soon as a case of fraud is noticed, the claims of the defrauded persons should immediately be obtained, considered and disposed of without waiting for the police investigations or the court verdict yet it is seen that these instructions are not scrupulously observed and there is abnormal delay in the settlement of claims of the defrauded depositors. These delays generate inaction, deep anguish and tension to the depositors who mostly belong to the low income group and also tarnish the image of the Post Office Savings Bank and has wide repercussions on the small savings movement. It is, therefore, imperative that every care and precaution is taken to frauds involving ED Post Offices and that claims are settled expeditiously.

Various preventive steps and checks prescribed, if properly followed may result in quick detection of the frauds and the amount involved may not increase because of the late detection which is the case in most of the frauds noticed. There may be several constraints on the part of the operative staff and the field staff yet proper monitoring of their duties and work may result in better efficiency and follow up action.

Following are some of the preventive checks that have been prescribed

in respect of S.B. and Cash Certificates business. These may be reiterated again to all the concerned officers for guidance and follow up.

(1) Maintenance of Special Error Book for noting the particulars of pass books which are not received for entry of interest after 1st April in which transactions has taken place and getting the same verified.

(2) Maintenance of special registers showing particulars of a SB account opened in the Branch Post Offices and EDSOs and noting the date of receipt of pass books for posting of interest in the register.

(3) Preparation of lists of accounts for which the pass books have not been received from the Branch Offices and EDSOs and sending those lists to the Sub Divisional Inspectors for getting the balances verified with reference to the pass books to be obtained from the depositors.

(4) Verification of the withdrawals of Rs. 2500/- and above taken place in EDBOs/EDSOs and Single Handed S.O.

(5) Verification of the balances of SB Pass Books of a few Single Handed SOs selected by the Divisional Supdt. especially in those cases where the pass books have not been received for posting of interest.

(6) Maintenance of special registers for keeping watch over the verification lists SB accounts received from SDIs and Mailoverseers for verification of balanced done by them during their visits/inspections.

(7) Checking of signatures of depositors in respect of withdrawals over the prescribed limit by the ledger clerk in the HO in respect of transactions in S.Os. and B.Os.

(8) Verification of the complete SB work of one EDBO/EDSO in each Division every month.

(9) Keeping the SB ledgers and SB index cards securely in the binder almirahs and index card cabinets under lock and key during night.

(10) Agreement of ledger agreements by the SBCO staff.

(11) Maintenance of the index to ledger in the Head Post Offices and making suitable remarks whenever such accounts are closed or transferred or any change is incorporated in the nature of the account.

(12) Checking up of any manipulation, over-writings, corrections and absence of signatures in the various records relating to SB and CC business.

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(14) Maintenance of register NC-12(a) in the HPOs for keeping records of the NSCs supplied to and issued by the S.Os.

(15) Maintenance of stock register of blank pass books and verifying the correctness of the stock from time to time in the HPO and S.Os. Proper upkeep of the invoices of blank pass books supplied to Sub-Post Offices in the Head Office.

(16) Verification of the stock of NSCs in the HPO and S.Os. at the time

of inspection/visit and getting the correctness of the stock verified with reference to the invoices stock book and the special register maintained in the H.O. NC-12(a).

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(18) Ensuring the preparation and submission of the annual list of unsold certificates in stock in the HPOs and its SOs to the Director of Accounts (P) on the due dates.

It should be ensured that all preventive steps indicated above are scrupulously followed and any laxity noticed against any one should be severely dealt with.

During the review of the enquiry reports in various fraud cases it has been noticed that action against the defaulting officials for committing the fraud or for contributory negligence is not initiated with utmost urgency and this aspect remain pending for years with the result that the impact of the disciplinary action which should be taken with expeditiously is wavered of with the passing of time. Instructions exists that the initiation of the disciplinary action for departmental lapses should not be postponed till the culmination of the police investigations or court trials and may be completed as soon as possible.

Please acknowledge the receipt of this letter.

(S. Balasubramanian)
Director (Complaints)

Copy to (1) DDG (S.B.O.)
(2) ADG (Inv.) / PC
(3) Guard fl. (Inv. Sec.)

Recommendation

The Post Office Savings Bank Pass Book contains number of "do's" and "dont's", but these are only for the depositors. These "do's" and "dont's" will be of help to literate or semi-literate depositors but these do not seem to be adequate enough for the illiterate depositors. The Committee note that recently the Department of Posts have brought out a Post Office Savings Bank Hand Book wherein they have put a separate chapter on the control measures against frauds. These contain certain instructions to the staff which are, however, not known to the depositors.

The Committee recommend that the instructions meant for the staff who handle these transactions should also be brought to the notice of the depositors. These instructions may, preferably, appended to the pass book itself so that the public should know what are the services they can claim from the Post Offices and what services they should not seek from the members of the staff. It is also imperative that these instructions are given wide publicity through Radio and T.V. network so that the illiterate depositors are also apprised of these instructions. In this context the

Committee note that an expenditure of Rs. 1.60 crores was incurred during the last 3 years from 1983-84 to 1985-86 both by the National Savings organisations and D.A.V.P. on the utilisation of media for the education and guidance of the illiterate depositors in rural areas, women, labour class etc. about small savings. In the opinion of the Committee the amount spent is not adequate after taking into account the deposit mobilisation from the Post Offices. The Committee feel that these efforts need to be intensified further so that the depositors besides being apprised of the distinct features of the National Savings Scheme are also informed of the pre-cautions they are required to take to avoid being defrauded. The Committee would like to be apprised of further developments in this regard.

[S. No. 3 Appendix III Para 27-28 of Hundred and Thirty Second Report
of P A C (Eighth Lok Sabha)]

Action Taken

Instructions of Do's and Dont's have been printed in various types of the pass books. These are also periodically reviewed.

The suggestion has been accepted by the Ministry of Finance. The Department of Posts is processing implementation in consultation with National Savings Commissioner, Nagpur.

National Savings Commissioner under the Ministry of Finance is entrusted with publicity of Small Savings Schemes at national level. The publicity of the same in regional languages whether in print media or through regional station of AIR/TV is done by State Govts. The matter has been taken up with the Ministry of Finance.

Signature of Dy. Director General
(Postal Finance & Accounts)

[Department of Posts O.M.No. 35-49/86-SB(Pt) dated 12-10-88]

CHAPTER III

RECOMMENDATIONS AND OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES RECEIVED FROM GOVERNMENT

Recommendation

The Committee note that many of the frauds do not come to notice even after a lapse of one year or more. They come to notice only when the pass book is received for adding interest on deposits, actual deposits/withdrawal by the depositor himself or in the case of CTD/RD etc. after 5 or 10 years after the date of maturity for repayment. As one of the preventive measures, the Committee suggest that the Government may examine whether it will be possible to make zerox copies of the relevant pages of the ledger cards and hand the same over to the depositors at fixed intervals, say, once a year. They hope that the introduction of this additional check which will enable the depositors to know their balance periodically would act as a strong deterrent against frauds.

[S.No. 4 Appendix III Para 29 of Hundred and Thirty Second Report of P A C (Eighth Lok Sabha)]

Action Taken

This recommendation regarding supply of zerox copies of ledger cards to the depositors was examined with utmost care. It is found very expensive and difficult to implement.

Signature of Dy. Director General
(Postal Finance & Accounts)

[Department of Posts O.M.No.35-49/86-SB(Pt), dated 12.10.88]

CHAPTER IV

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

— NIL —

CHAPTER V

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

Recommendation

The Committee also feel that it would be worthwhile to associate some public men through an Advisory Committee, to have some kind of supervision over the single handed Extra Departmental Post Offices. In the event of any complaint, the depositor may approach the Advisory Committee. The institution of Panchayat might be utilised for the purpose. The Committee are of the opinion that such an arrangement will not militate against the secrecy of the banking transactions as in the situation contemplated, it would be the depositor himself, who would be utilising the agency of the Advisory Committee/ Panchayat. The Committee would urge the Government to start introduction of this scheme in some limited areas as an experimental measure and would like to apprise of further action in this regard.

[S.No. 5, Appendix III, Para 30 of Hundred and Thirty Second Report of P A C (Eighth Lok Sabha)]

Action Taken

Accepted with the modification that the advisory committee will be set up at Division level under chairmanship of a Divisional Supdt. of POs with a membership of 15 persons representing account holders, representatives of various interest groups like agriculture, business, social service, teaching community and district administration.

Sd/-

Signature of Dy. Director General
(Postal Finance & Accounts)

[Department of Posts O.M. No. 35-49/86-SB(Pt), dated 12-10-88.]

APPENDIX I

Statement showing classification of the action taken notes furnished by the Government

- (i) Observations/Recommendations that have been accepted by Government;
Sl. Nos. 1 to 3.
 - (ii) Observations/Recommendations which the Committee do not desire to pursue in the light of the replies received from the Government;
Sl. No. 4
 - (iii) Observations/Recommendations replies to which have not been accepted by Committee and which require reiteration;
NIL
 - (iv) Observations/Recommendations in respect of which Government have furnished interim replies.
Sl. No. 5.
-

APPENDIX II

Statement of Recommendations/Observations

S. No.	Para No.	Ministry/ Deptt. Concerned	Recommendations/Observations
1	2	3	4
1	4-5	Deptt. of Posts	4. In their earlier Report the Committee had noted that the Extra Departmental Post Offices are the hard core of the postal network in the rural sector of the country. However, the amount involved in detected frauds had been increasing year after year. It was Rs. 77,55,674 in 1985-86. The figure, however, stood at Rs. 46,28,054 in 1986-87. The Committee had pointed out that even though the extent of frauds in these Extra Departmental Post Offices is small, as compared to the totality of transactions, these require special consideration as they involve rural population who are mostly illiterate and for whom their savings are precious taking into account their meagre resources. The Committee had, therefore, recommended that it would be worthwhile to associate some public men through an Advisory Committee, to have some kind of supervision over the single-handed Extra Departmental Post Offices. In the event of any complaint, the depositor may approach the Advisory Committee. The Committee had suggested that the institution of Panchayat might be utilised for the purpose. In their action taken notes the Department of Posts have accepted the above recommendation but added that the advisory committee will be set up at Divisional level under the chairmanship of a Divisional Supdt. of Post Offices with a membership of 15 persons, representing account holders, representatives of various interest groups like agriculture, business, social service, teaching community and district administration.

1

2

3

4

5. The Committee note that their recommendation for constitution of Advisory Committee has been accepted by the Ministry with the modification that the Advisory Committee will be set up at the divisional level under the chairmanship of Divisional Supdt. of Post Offices with a membership of 15 persons to be drawn from account holders; representatives of various interest groups like; agriculture, business, social service, teaching community and district administration. The Committee may be informed of the actual implementation of this recommendation and hope that the Advisory Committee would be so constituted as to ensure appropriate representation from the village level, including women and weaker sections, so that the objective for which the Advisory Committee has been suggested by the Committee, is duly achieved.

**PART II
MINUTES**

*Minutes of the 8th Sitting of the Public Accounts Committee held on
9.8.1989.*

The Committee sat from 1500 hrs. to 1600 hrs.

PRESENT

Maj. Gen. R.S. Sparrow — *In the Chair*

MEMBERS

2. Shri M.Y. Ghorpade
3. Shri Mohd. Ayub Khan
4. Shri Y.S. Mahajan
5. Smt. Usha Rani Tomar
6. Dr. Chandra Shekhar Tripathi
7. Shri Rameshwar Thakur

SECRETARIAT

1. Shri G.L. Batra — *Joint Secretary*
2. Shri K.K. Sharma — *Director*
3. Shri A. Subramanian — *Senior Financial Committee Officer*
4. Shri N.M. Jain — *Under Secretary*

REPRESENTATIVES OF AUDIT

1. Shri R. Parameswar — *Addl. Dy. CAG*
2. Shri V. Srikantan — *Director of Audit (P&T) Delhi*

2. In the absence of Chairman, the Committee chose Maj. Gen. R.S. Sparrow to act as Chairman for the sitting.

3. The Committee considered and adopted the following draft Action Taken Reports:

Action Taken Report on 132nd Report of PAC (8th LS) re.
Frauds Committed by Extra-Departmental Staff.

4. The Committee authorised the Chairman to finalise the draft Reports (indicated in paragraph 3) in the light of verbal and consequential changes arising out of factual verification by audit and present the same to the House.

The Committee then adjourned.

