

**PUBLIC ACCOUNTS COMMITTEE
(1966-67)**

**SIXTY-SIXTH REPORT
(THIRD LOK SABHA)**

[Appropriation Accounts (P. & T.), 1964-65, Audit Report
(P. & T.), 1966 and Audit Report (Commercial), 1966.]



सत्यमेव जयते

**LOK SABHA SECRETARIAT
NEW DELHI**

336.3951R December, 1966/Agrahayana, 1888 (Saka)
Price: Re. 0.70 Paise

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CORRENDIA TO SIXTY-SIXTH REPORT OF P.A.C.-
 (1966-67) (PRESENTED TO LOK SABHA ON 2.12.66)

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
3	1.3	9	expenditur	expenditure
8	2.4	4	absolutey	absolutely
11	3.9	3	sent	send
16	4.1	5	Workship	Workshop
21	5.1	14	0.4	0.44
24	5.15	1	Lineman	lineman
25	5.18	3	thro	there
25	5.19	11	3,368	5,368
27	6.1	8	posts	Posts
35	3.5	3	awaited.	awaited.*
40	5.18	2	acknow- edging	acknowledging

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CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE, 1966-67	(iii)
INTRODUCTION	(v)
CHAPTER I. Revenue Position	1
CHAPTER II. General Results of Appropriation Audit and Control over Expenditure	7
CHAPTER III. Revenue	9
CHAPTER IV. Workshops	16
CHAPTER V. Stores	21
CHAPTER VI. Other Topics of Interest	27
CHAPTER VII. Overseas Communications Service	31
APPENDICES:	
I. Loss of stores in 1964-65	32
II. Summary of Recommendations/Conclusions	34

PART II*

Minutes of the 74th sitting held on 29-10-1966

Minutes of the 75th sitting held on 31-10-1966

Minutes of the 80th sitting held on 30-11-1966

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*Not printed. (One cyclostyled copy laid on the Table and 5 copies placed in the Parliament Library).

PUBLIC ACCOUNTS COMMITTEE

(1966-67)

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4. **Shri Ram Dhani Das**
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20. **Shri M. C. Shah**
21. **Shri B. K. P. Sinha**
22. **Col. B. H. Zaidi.**

SECRETARIAT

Shri H. N. Trivedi—Deputy Secretary.
Shri R. M. Bhargava—Under Secretary.

*Resigned his seat in Lok Sabha with effect from the afternoon of 29-11-66.

INTRODUCTION

1. The Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Sixty-sixth Report on Appropriation Accounts (P. & T.), 1964-65, Audit Report (P. & T.), 1966 and Audit Report (Commercial), 1966.

2. The Appropriation Accounts (P&T), 1964-65 and Audit Report (P&T), 1966 were laid on the Table of the House on the 5th April, 1966. The Audit Report (Commercial), 1966 was laid on the Table of the House on the 17th May, 1966. The Committee examined these at their sittings held on 29th and 31st October, 1966. The Minutes of these sittings form part of the Report (Part II)*.

3. The Committee considered and finalised the Report at their sitting held on the 30th November, 1966.

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

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

6. They would also like to express their thanks to the officers of the P&T Board, Ministry of Finance, Ministry of Communications etc. for the co-operation extended by them in giving information to the Committee during the course of evidence.

NEW DELHI;
December 1, 1966.
Agrahayana 10, 1888 (S).

R. R. MORARKA,
Chairman,
Public Accounts Committee.

*Not printed. (One cyclostyled copy laid on the Table of the House and 5 copies placed in Parliament Library).

POSTS AND TELEGRAPHS DEPARTMENT
AUDIT REPORT (P. & T.), 1966

Revenue position, Paras 1—3, pages 1—4:

1.1. The total revenue receipts of the Posts and Telegraphs Department as budgetted for and realised during the five years ending with 1964-65 are given below:—

Years	Budget	Actuals	Variation	Percentage of variation
(In crores of rupees)				
1960-61	75.40	77.14	+1.74	+2.3
1961-62	81.00	87.89	+6.89	+8.5
1962-63	89.22	97.87	+8.65	+9.7
1963-64	107.51	109.70	+2.19	+2.0
1964-65	127.00	123.78	-3.22	-2.5

The revenue realised during 1964-65 was less than the budget estimates, unlike in previous years when it exceeded the budget estimates. This was primarily due to less sales of stamps (including post cards) than estimated.

The budget estimates of 1964-65 and the actual receipts under the main heads of revenue are compared below:—

Main heads of revenue	1964-65		
	Budget estimates	Actuals	Variations
(In crores of rupees)			
(i) Sale of ordinary stamps (including post cards)	40.00	35.90	-4.10
(ii) Sale of service stamps	9.30	8.94	-0.36
(iii) Postage realised in cash	7.65	7.11	-0.54
(iv) Receipts on account of money orders, Indian postal orders, etc.	7.42	7.16	-0.26
(v) Telegraph charges realised in cash.	10.55	10.29	-0.26

Main heads of revenue	1964-65		
	Budget estimates	Actuals	Variations
(vi) Rent of wires and instruments leased to railways, canals, etc.	4.40	3.56	-0.84
(vii) Telephone revenue on account of rentals and local and trunk call fees, etc.	44.60	42.94	-1.66
(viii) Advance rentals under 'Own Your Telephone' scheme	0.65	3.45	+2.80
(ix) Other receipts (net)	2.43	4.43	+2.00
TOTAL	127.00	123.78	-3.22

1.2. The growth of revenue during the five years ending 1964-65 is indicated in the table below:—

Main heads of revenue	1960-61	1961-62	1962-63	1963-64	1964-65	Increase during the five-year period	
						Amount	Per-centage
(Amounts in crores of rupees)							
(i) Sale of ordinary stamps	26.55	29.06	31.08	36.36	35.90	9.35	35.2
(ii) Sale of service stamps	7.73	7.96	8.20	8.50	8.94	1.21	15.7
(iii) Postage realised in cash	4.49	5.15	5.67	6.77	7.11	2.62	58.4
(iv) Receipts on account of money orders, Indian postal orders, etc.	5.14	5.51	5.84	6.60	7.16	2.02	39.3
(v) Telegraph charges realised in cash.	4.28	4.79	6.17	7.41	10.29	6.01	140.4
(vi) Rent of wires and instruments leased to railways, canals etc.	1.76	2.04	2.24	1.80	3.56	1.80	102.3
(vii) Telephone revenue on account of rentals and local and trunk call fees, etc.	25.29	29.15	33.29	37.10	42.94	17.65	69.8
(viii) Advance rentals under 'Own Your Telephone' scheme	0.86	1.62	1.58	2.12	3.45	2.59	301.2
(ix) Other receipts (net)	1.04	2.61	3.80	3.04	4.43	3.39	326.0
TOTAL	77.14	87.80	97.87	109.70	123.78	46.64	60.5

The major increases during the five year period were in the amounts realised from sale of stamps and telephone revenue.

1.3. The growth of revenue in the four branches of the Department as compared with the increase in expenditure [inclusive of (a) interest/dividend paid to general revenues and (b) due contributions to the Renewals Reserve Fund] during the five years ending 1964-65 is given below:—

Years	Revenue	Expenditure	Per-centage of expenditure to revenue
(In crores of rupees)			
Postal Branch—			
1960-61	40·78	41·66	102·2
1961-62	45·62	43·41	95·2
1962-63	50·95	50·18	98·5
1963-64	56·62	53·18	93·9
1964-65	59·37	60·65	102·2
Telegraph Branch—			
1960-61	9·85	11·30	114·7
1961-62	11·06	11·46	103·6
1962-63	11·55	13·05	113·0
1963-64	12·82	14·49	113·0
1964-65	15·94	16·70	104·8
Telephone Branch—			
1960-61	26·38	22·72	86·1
1961-62	31·06	27·34	88·0
1962-63	35·08	31·93	91·0
1963-64	40·12	37·49	93·4
1964-65	48·15	45·26	94·0
Radio Branch—			
1960-61	0·14	0·28	200·0
1961-62	0·15	0·38	253·3
1962-63	0·29	0·20	69·0
1963-64	0·14	0·25	178·6
1964-65	0·32	0·35	109·4
Total (Department as a whole)—			
1960-61	77·14	75·96	98·5
1961-62	87·89	82·59	94·0
1962-63	97·87	95·36	97·4
1963-64	109·70	105·41	96·1
1964-65	123·78	122·96	99·31

The revenue of the Radio branch is derived from (a) meteorological messages, (b) services rendered for communications between ships and shore and (c) provision of Wireless communications on request from other Governments or parties. The wireless stations are used also for monitoring and training purposes and provide a standby link to the normal channels of communications provided by the Department; the portion of the expenditure allocable to these purposes is borne by the Radio branch. Since no revenue is derived from them, the Radio branch, discloses a loss. Further, the annual revenue and expenditure of the Radio branch shown above included substantial adjustments relating to other years. If those adjustments are included in the figures of the years to which they relate, the figures for the three years ending 1964-65 would be as follows:—

1962-63	0.21	0.37	176.2
1963-64	0.22	0.32	145.5
1964-65	0.33	0.32	97.0

The percentage of expenditure to revenue in the Postal branch has gone up considerably during 1964-65 as compared to the last 3 years. The percentage which the expenditure of the Department as a whole bore to its total revenue was the highest in 1964-65 during the previous five years.

1.4. The Committee enquired as to how the budget estimates for advance rentals under the 'Own Your Telephone' scheme, and 'other receipts (net)' were fixed low for the year 1964-65 when the collections under these heads had showed an increasing trend in the previous years. The witness stated that increase in the actuals under these heads was not regular. Giving the figures of collections under the 'Own Your Telephone Scheme' for the previous years the witness stated that in 1960-61 the actuals* were Rs. 88 lakhs; in 1961-62 it was Rs. 164 lakhs, in 1962-63 it was the same as in previous year and in 1964-65 it came to Rs. 348 lakhs.

1.5. As regards the reasons for fixing the budgeted estimates low during 1964-65, the witness stated that it was due to the fact that the State Governments had been exempted in 1963 from the payment of advance deposits for getting telephone connections. But the State Governments continued to deposit the advance in the expectation of getting telephone connections early. He further added that as against the budgeted estimates of Rs. 65 lakhs from private sector, the Deptt. received Rs. 71 lakhs and the Government's

* According to the data given at page 13 of Appropriation Accounts 1964-65, the actuals were 1960-61—Rs. 86 lakhs; 1961-62—Rs. 162 lakhs; 1962-63—Rs. 158 lakhs and 1964-65—Rs. 345 lakhs.

8

contribution was Rs. 277 lakhs. The Committee were further informed that the actuals for the year 1965-66 had amounted to Rs. 242 lakhs as against the budgetted estimate of Rs. 276 lakhs.

1.6. Explaining the fall in the sale of stamps the witness stated that at the time when estimates were prepared for the year 1964-65 the Deptt. had full figures of actuals for the year 1962-63 and part figures for 1963-64 and the increase in the traffic was 11 per cent in both these years. On the basis of these figures, the Deptt. over estimated the revenue from the sales of stamps.

1.7. The witness further added that it was very difficult to estimate the increase in the postal traffic which came to 6 per cent only as against 11 per cent in previous year. The short fall in collections were also due to the introduction of the system of cash payment, for telegrams, but the main reason for short fall in revenue was that the increase in postal traffic during 1964-65 was only half of what the Deptt. had experienced in previous years.

1.8. The Committee then referred to page 3 of the Audit Report and pointed out that leaving the telephone branch, the earnings were less than the expenditure in all other branches of the Department. Explaining the position of postal branch the witness stated that from 1st April, 1963 the postal rates were increased as a result of which the percentage of expenditure had gone down to 93.9 in 1963-64, as against 98.5 in 1962-63. The increase in the expenditure were due to the increase in dearness allowance of the postal staff from time to time. As a result of this the Department had to incur an additional expenditure of Rs. 3 to 4 crores. (The expenditure of Postal Branch, which was Rs. 50.18 crores in 1962-63, increased to Rs. 53.18 crores in 1963-64 and Rs. 60.65 crores in 1964-65). Secondly, the Deptt. was maintaining about 30,000 unproductive and uneconomic postal offices which were running at a loss of Rs. 1 crore.

1.9. As regards the revenue earned by the radio branch, the Committee were informed that the revenue from this item would continue to show losses so long as radio was shown separately. The Department was now thinking of changing the form of accounting in consultation with Audit. So far as the telegraph branch was concerned the witness stated: "I won't say that it is running at a loss". He further added that the telegraph branch had debits for certain items of expenditure shown as revenue but really they were of capital nature. If these debits were excluded from the direct expenditure, then the position would not look as bad.

1.10. Referring to page 4 of the Audit Report, the Committee pointed out that the percentage of expenditure to revenue was highest in the year 1964-65. The witness invited the attention of the Committee to Appropriation Accounts, 1964-65—Telegraph Branch, where the percentage was included in a different way. He further added that if the direct expenditure were related to direct revenue then this percentage would be as under:—

1960]-61	79.5 per cent.
1961-62	74.1 per cent.
1964-65	75 per cent.

1.11. 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% only as against 11 per cent in the previous year. The Committee would like the Department to analyse the causes for this phenomena and to take suitable remedial measures.

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

1.13. 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.

II

General Results of Appropriation Audit and Control over Expenditure

Excess requiring regularisation—para 6, page 6.

2.1. The excess over the following grant requires to be regularised under Article 115 of the Constitution:—

	Amount of Grant	Expenditure	Excess	Percentage
	Rs.	Rs.	Rs.	
145—Capital Outlay on Posts and Telegraphs (not met from revenue) .	48,04,00,000	49,07,67,921	1,03,67,921	2.2

The excess of Rs. 1.04 crores is mainly accounted for by the following heads:—

- (i) Capital Outlay on New Assets (Rs. 32.87 lakhs);
- (ii) Expenditure debitable to Posts and Telegraphs Development Fund (Rs. 2.14 lakhs);
- (iii) Expenditure debitable to Renewals Reserve Fund (Rs. 54.51 lakhs); and
- (iv) Stores and Manufacture Suspense (Rs. 14.15 lakhs).

The reasons for the excess under the above heads have been explained as under:—

(i) *Capital Outlay on New Assets.*—The original grant of Rs. 20.05 crores under this head was increased by Rs. 5.55 crores (Rs. 5.10 crores by obtaining a supplementary grant in February, 1965 and Rs. 45 lakhs by reappropriation from the head “Stores and Manufacture Suspense”) to meet the additional capital works expenditure. An advance of Rs. 1.80 crores was also obtained from the Contingency Fund of India in March, 1965. The actual expenditure from out of the sanctioned advance was Rs. 1.40 crores, which remained debited to that Fund in the accounts of 1964-65. Even then, the expenditure exceeded the voted grant under this head by Rs. 32.87 lakhs.

(ii) *Expenditure debitable to Posts and Telegraphs Development Fund.*—The excess was stated to be due to more progress in Telephone Exchange building works at Durgapur Steel Plant than anticipated.

(iii) *Expenditure debitable to Renewals Reserve Fund.*—The excess of Rs. 54.51 lakhs has been explained due to larger expenditure on (i) Renewals and replacement of telegraph works and (ii) Renewals and replacement under railway electrification scheme works.

(iv) *Stores and Manufacture Suspense.*—The excess of Rs. 14.15 lakhs was after off-setting a saving of Rs. 64.5 lakhs from out of supplementary grant of Rs. 90 lakhs obtained in 1964-65 for recouping the advance of Rs. 90 lakhs taken from the Contingency Fund during 1963-64 against which the actual expenditure was, however, Rs. 25.5 lakhs. The excess was mainly due to lesser issues of stores to works.

2.2. Asked whether the Board was maintaining properly liability registers, the representative of the Board stated that as per the recommendation of the P.A.C. the Board was now maintaining liability registers. Moreover, the forms had since been revised and checks had been carried out in various circles to make sure that the liability registers were being maintained there.

2.3. As regards the reasons for excess over expenditure, the witness stated that the excess in this case was due to too many adjustments. But the main changes were in customs duty, labour costs, foreign exchange etc. The escalation was added and settled later and these all when added resulted in variation. The witness however regretted this variation in the estimated expenditure and stated that the efforts were being made to tighten up the procedure as far as possible.

2.4. On being pointed out that these reasons put for escalation in estimated expenditure were normal which did not justify deviation from the amount already sanctioned by the Parliament, the witness stated: "That is absolutely correct, Sir, and we regret this".

2.5. 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.

2.6. 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.

III

Revenue

Arrears of telephone revenue—Para 7, Page 7.

3.1. The arrears in collection of telephone revenue as on 1 July, 1965 for bills issued upto 31st March, 1965 as compared to the arrears as on 1 July, 1964 for bills issued upto 31st March, 1964 are indicated below:—

	Arrears as on 1 July, 1964 for bills issued upto 31 March, 1964	Arrears on 1 July 1965 for bills issued upto 31 March 1965
	(In crores of rupees)	
Government subscribers	2.57	3.61
Other subscribers	1.95	2.43
TOTAL	4.52	6.04

The increase in arrears of revenue during 1964-65 was 34 per cent as against 16 per cent increase in revenue during the year.

Of the total arrears of Rs. 6.04 crores, Rs. 3.33 crores relate to bills issued during 1964-65.

3.2. The Committee desired to know the reasons for the increase in the percentage of arrears to the revenue collected. The representative of the P. & T. Board admitted that the arrears had gone up from Rs. 4.52 crores on 1 July, 1964 to Rs. 6.04 crores on 1 July, 1965. He stated that one of the reasons for this was the increase in collection of revenues (the revenue collection had gone up from Rs. 3.81 crores during 1963-64 to Rs. 5.84 crores during 1964-65). He, however, added that the Departments were tightening up the procedure for recovery of arrears and for dis-connection of telephones for non-payment of arrears. Although this procedure yielded some favourable results yet it had not become completely effective. It helped to reduce the arrears and the result was that from 1 January, 1963 to 1 January, 1966, the arrears which were more than 6 months old had gone up from Rs. 220 lakhs to Rs. 454 lakhs, and after the above procedure these were reduced to Rs. 431 lakhs on 1 July, 1966.

3.3. The witness further added that they had issued instructions at all levels to see that telephones were dis-connected promptly for non-payment of arrears. As far as the old arrears were concerned, the

subscribers had to be given a chance to go into the records and satisfy themselves that they were neither overcharged nor wrongly charged.

3.4. In reply to a question the Chairman, P. & T. Board stated that the outstandings of Rs. 604 lakhs on 1 July, 1965 had now been brought down to Rs. 322 lakhs.

3.5. The Committee desired to be furnished with the year-wise break-up of the arrears of telephone revenue outstandings from 1 January, 1963 to date. The Committee regret that the note had not been furnished yet.*.

3.6. Asked to explain if there was any reduction in the arrears of revenue for the period 1946-47 to 1954-55 as shown in Appendix I to the Audit Report, the witness stated that the figures collected by them for the period upto March, 1961 and previous years amounted to Rs. 62.20 lakhs and they had been able to reduce these to Rs. 56.59 lakhs.

3.7. Asked about the position in respect of arrears as old as 14 years, the witness stated that older the arrears the more difficult it was to trace and realise them. Even then they were making efforts to realise such old arrears and some suits had been filed, some were under arbitration while some records were being reconciled. The subscribers had raised certain objections and they were being suitably replied, so as to collect the entire arrears. Asked to explain whether these arrears were brought down by actual collection or there were any write-off, the witness stated that the write off was very small but most of it was by way of collection.

3.8. The Committee desired to know why there was increase in the arrears from Rs. 2.57 crores on 1st July, 1964 to Rs. 3.61 crores on 1st July, 1965 of the dues from the Government Departments and why these were not collected in time. The witness explained that they had started putting pressure since last year and it was bearing fruit. He added that they were not going to exclude Government Departments from the revised procedure except in the case of some essential services. He added that the total arrears due from Government Departments had come down to Rs. 180 lakhs as on 1st June, 1966.

3.9. Asked if there was any special organisation to realise the very old arrears starting from 1946-47, the witness stated that no special machinery was set up for this purpose. What they intended to do was to set up special cells on the pattern of Delhi. For Delhi they

*The note has since been received on 2-12-66.

had opened special cells as according to the P. & T. Board, 'Delhi was a very bad case.' These Cells consisted of accountants who had to go through the old arrears, reconcile them and sent out bills. The witness added that it would not be possible at this stage to determine what part of the arrears of 1946-47, were recoverable, because such cases were being scrutinised and as long as they were pending on the accounts of the P. & T. Board they were considered to be realisable. When such arrears were definitely proved to be unrealisable these were written off. The first action they generally took was to disconnect the phone. Then they enquired about the assets of the party concerned which they could attach with the help of the Court. But whenever there were no assets nor the whereabouts of a party were known, then it became difficult to realise the arrears.

3.10. 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 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.

3.11. During evidence, the Secretary, 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.

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.

Delay in introduction of measured rate system of Guntur telephone exchange para 8, page 7.

3.13. In Guntur there used to be a non-multiple telephone exchange and telephone subscribers used to be charged at flat rates. A central battery multiple exchange with a capacity of 800 lines replacing the existing exchange was installed there and commissioned in January, 1959. It is government's general policy that the measured rate system should be introduced in such exchanges (i.e. the one newly installed). Though all the essential stores for metering had been received by the October, 1959 and the system was ready for introduction of metering by the end of May, 1960, the measured rate system was introduced only from August, 1961. The reason appeared to be the lack of a meter routine tester (price about Rs. 400). Therefore, for about 14 months (from June, 1960 to July, 1961) the subscribers were charged at the flat rates.

3.14. The Committee desired to know the reasons for the delay in introducing the measured rate system at Guntur Telephone Exchange. The representative of the P. & T. Board explained that when the size of the telephone exchange increased beyond a certain level, they introduced meters, in such an exchange. This was primarily done to increase the efficiency of exchange. Because they used meters, the number of calls for subscriber went down and this could be handled easily by the operators. The wear and tear on the exchange equipment also was reduced considerably. They were also able to give more connections with the same amount of equipment.

3.15. The witness further added that apart from the delays in getting some other items of machinery such as switchboards, cables etc. the primary reason for the delay was in getting the meter tested. The meter tester was being manufactured in the workshop of the P. & T. Board with some equipment manufactured by some other industry and there was delay in getting these testers. They, therefore, took the decision to use the meter tester available from a neighbouring exchange at Vijayawada which was about a distance of 20 miles. They brought the meter tester and got all the meters tested and then only introduced the metering system. Before they introduced this system they wanted to be absolutely sure that the metering equipment was foolproof. In reply to a question the witness stated that all components required in the manufacture of these testers were to be obtained indigenously and there was delay in getting these components.

3.16. Asked about the delay in completing the scheme within the target date as a result of which the P. & T. Board suffered a loss of

about Rs. 44,000, the witness explained that the loss was not to this extent. This figure had been arrived at on the basis of the number of subscribers which existed one year later. According to their calculation, the loss for that particular period was only Rs. 17,000. In reply to a question, the witness added that they could not bring this to the notice of Audit.

3.17. The Committee desired to know why the equipment which was so simple and cost only Rs. 400, took such a long time for its manufacture. The witness explained that they had set out a programme of conversion of the non-metered exchange into metered ones. Quite a large number of exchanges were involved and they had a programme to manufacture these meter testers in accordance with that. There was delay in their supply.

3.18. Asked about the delivery period when the order for these testers was placed, another Member of P. & T. Board stated that in 1957 they took the decision to have metered exchanges and immediately there was a sudden spurt of demand for these meter testers. They required 81 testers in all and although they placed orders with their workshop, they could not get them in time. One of the difficulties in getting testers was that the small components which were to be obtained locally, could not be had for some time. Then the testers were found to be technically defective in their working and they had to change its design. This involved some time and these contributed for the whole delay. In reply to a question the witness stated that no delivery period as such was indicated in the order.

3.19. 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 the 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.

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

Delay in recovery of shifting charges from the Railway, Para 9, page 7:

3.21. In connection with the construction of a new railway track, the existing telegraph lines on three sections of a Railway were shifted at the instance of that Administration. The shifting was physically completed in December, 1958, May, 1959 and October 1960 respectively. Even though nearly five to seven years have elapsed from the completion of work, the accounts of the works have not been closed and the shifting charges amounting to Rs. 1.34 lakhs approximately have not yet (July, 1965) been recovered from the Railway.

3.22. The Committee desired to know the present position relating to the realisation of charges in respect of shifting of telegraph lines from the Railway Department. The witness explained that the completion reports had been closed. The bills were sent to the Audit Department for getting payment from the Railways. The Railways had accepted the charges. Now it was only a case of book adjustment.

3.23. Asked if there was any system under which such delays were automatically noticed in the P. & T. Board the witness explained that the work, which was started near Raipur sub-division, changed hands between the Divisional Engineers (three of them) who kept primary records. The records shifted from Division to another and hence there was delay in reconciling them. They were seized of the position and had issued instructions.

3.24. In reply to a question the Chairman P. & T. Board stated that on completion of a job, a report called completion report had to be prepared and the procedure prescribed for the preparation of the completion report was found to be a little cumbersome. Therefore a number of cases had been occurring which resulted in delay in preparation of completion reports. They had issued orders simplifying the procedure. The position was being watched and it could not be said that a definite improvement had been effected yet. There were many cases still of delays in the preparation of completion reports but the main contributory factor which resulted in delay of several years in the case under discussion was that the division and the sub-division were bifurcated and changed jurisdiction. Documents and files which should have been transferred were probably not transferred fully or taken care of with the change of the officers.

3.25. The Committee desired to know if the P. & T. Board had a system to know what arrears were due and remained unrecover-

able for a number of years, the witness stated that they had a system in their department but to collect the information as the Committee desired, they had to go to the lowest formations of their Department and they would take some months to collect it. Generally they depended on their auditors who brought such cases to their notice.

3.26. Asked to explain why they had to go to the lowest formation of their department if there was a proper system in their Department whereby they could automatically get the information about pending arrears, the witness stated "we will set up such a system." In reply to a further question the witness stated that they would consult their Member for Finance and set up a procedure for creation of a centralised system to make the financial control more effective with a provision setting a time limit for obtaining lists of arrears.

3.27. 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.

3.28. The Committee are glad to be assured by the Secretary, 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.

IV

Workshops

Failure to take advantage of discount in price—para 17, p. 12:

4.1. The Hindustan Steel Limited allow one per cent discount on their bills for sales of prime quality finished steel materials, if the bills are paid in full within twelve days from the date of invoice and within three days for consignments in Calcutta. In Jabalpur Workshop, a number of bills were not paid within twelve days of the dates of the invoices, resulting in a loss of Rs. 23,300 by way of discount.

4.2. Asked whether there was any instance before 1963 where the cash discount was availed of by the workshop authorities for supplies made by the Hindustan Steel Ltd., the witness stated that till the Government order was issued in 1964, it was not clear to anybody whether discount would invariably be given. Hindustan Steel in some cases insisted on 100 per cent payment which was authorised by P&T Board. In some cases they said that 1 per cent discount would be given if payment was made before a particular date. In some cases they did not mention this clause. They only indicated the total amount due and the P&T made the payment. There were 52 cases out of which in 30 cases they availed of this discount of 1 per cent.

4.3. Asked why they did not claim the discount in some cases even though they paid the bills in time, the witness stated: "this is a case of failure of our officers to claim the amount". A general order was issued in April, 1964. This governed all major producers. There was only one single case after the issue of general order. Prior to that some producers were giving discount while others were not. Hindustan Steel Ltd., to whom these related were giving discount. There were rubber stamps on some bills to indicate that discount was given but there were no such stamps on other bills. This failure to affix the stamp did not mean that they should not give the discount. It was the duty of the officers and accountants to check up and claim the discount. They had since then put forward a claim and it was under consideration.

4.4. In reply to a question the witness stated that a claim of Rs. 23,300 was pending against HSL. He also informed the Committee that it was difficult for them (in some cases) to complete the formalities within the period of 12 days stipulated by HSL. They

had introduced the procedure where by such cases were immediately noticed and necessary action taken on them.

4.5. The Committee regret to find that the P. & T. Deptt. failed to take advantage of the 1% discount offered by HSL inspite of the fact that they were paying the bills within the stipulated period. In the course of the evidence the Secretary, P. & T. Board 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 HSL to stamp on all the bills the words "less 1% 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 desire that the Department should issue necessary instructions to all concerned so that they would be vigilant in future.

4.6. 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.

Shortage of teak-wood in the Bombay Workshop—para 18, page 12:

4.7. The physical stock verification in the Bombay Workshop conducted in November and December 1963 disclosed a shortage of teak-wood valuing approximately Rs. 82,000. In December, 1963 the case was reported for investigation to the Special Police Establishment who, after investigation, have submitted their report in October, 1964 and departmental proceedings have been initiated.

4.8. Asked whether any departmental action had been initiated against the officials at fault for shortage of the teak-wood the representative of the P&T Deptt. stated that the case was handed over to the SPE. After holding certain enquiries they suggested that disciplinary action should be taken reserving their right to prosecute the persons concerned after the results of the disciplinary action were known. So, disciplinary action had been initiated. The Commissioner for Departmental Enquiries who worked under the Central Vigilance Commission had already held an enquiry and his report had just been received with comments of C.V.C. and was under consideration. They hoped to take a decision shortly on the disciplinary action to be taken. Thereafter, the SPE would be informed and they would decide whether to prosecute the person or not.

4.9. In reply to a question the witness stated "Here the *Modus operandi* was that there was collusion between the supplier, and the

head clerk in-charge, a clerk and the store-keeper. They were not entering the teak-wood that came but instead they were entering it against the previous stock." The witness added that they were tightening up the procedure to prevent this kind of fraud occurring in future.

4.10. In reply to a question the witness stated that the SPE would take the criminal action after the departmental action was taken. In this particular case they had given this advice. After the departmental action, if the SPE decided to prosecute them, in the prosecution they could include the contractor also if they had enough material against him.

4.11. Asked about the report of the SPE and the delay in taking departmental action, the witness stated that SPE submitted their report after detailed investigation in December, 1964. The departmental proceedings did take a long time. It was very difficult to expedite the departmental proceedings because opportunities had to be given to the persons concerned and that prescribed procedure had to be followed. In this case, though the departmental enquiry report was completed in February, 1966, yet they received the report from CVC only in October, 1966 with their comments. Then they had to complete further formalities. In some cases a reference to UPSC was necessary. On the question of short circuiting the procedure in order to bring the guilty to book early, the witness stated that the Home Ministry was seized of the problem. P&T Deptt. sent returns from time to time to the Home Ministry. They watched the progress. In the case of gazetted officers each case had to be examined by that Ministry. But it was true that this procedure did take a long time to finalise.

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

4.13. The Committee feel that in such cases the P. & T. Deptt. should have speeded up the departmental proceedings and taken suitable disciplinary action, leaving the SPE free to take the necessary action on their part. The Committee desire that the P. & T. Deptt. 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.

Extra expenditure in manufacture of Cordage and over-payment to contractor—para 19, page 12:

4.14. The Bombay Telephone Workshop entered into a contract with a firm in November 1961 for rubberisation of tinsel required for manufacturing cordage for telephone exchanges switchboards. The firm applied heavier coating of rubber, causing extra expenditure of Rs. 55,000 on account of consumption of more stores in ten work orders closed in 1962-63 and 1963-64.

The contract with the firm provided for payment on the basis of the weight of bare tinsel. Even though the firm manufactured over-sized rubberised tinsel and in the process used more rubber and less tinsel in weight than in a normal consignment of the same length, the weight of tinsel was arrived at as for a normal consignment and payment made accordingly, resulting in an overpayment of about Rs. 19,600. Further, 902 kilograms of bare tinsel valuing Rs. 31,000 supplied in January, 1963 are still lying with the supplier (November, 1965).

4.15. The Committee desired to know whether the P&T Deptt. had looked into the case to ascertain the correct position of extra expenditure and how they intended to recover the overpayment of Rs. 19,600. The witness stated that the extra expenditure of Rs. 55,000 was because while the rate list price was fixed for the cordage to be supplied to the P&T shop at the rate of Rs. 25 per K.G. The cordage was measured in length whereas it was supplied in weight. If 28 K.G. of cordage was properly rubberised, i.e. if the rubber coating was of proper quality, then it would provide the P&T thousand meters of cordage. Because it was over-rubberised, for the same weight, the length of cordage became less. Greater weight had to be used to get the same length. But what the suppliers did was that instead of 28 K.G. they used 34 K.G. So long as the rate list was in K.G. of Rs. 25, the Audit was right in saying that Rs. 55,000 was the booked loss. But, this was not the actual loss because after all, it was the tinsel which was the main thing. So far as the tinsel was concerned, some other quantity of tinsel was used for getting thousand meter cordage.

4.16. Asked whether the contractor was actually charging the P&T Deptt. more price than what was stipulated in the contract, the witness stated that the condition of the contract was that this contractor should satisfactorily account for using the CCT. and should return the necessary visible scrap and other spare materials with him. If he returned it without rubberising then the P. & T. Department would lose Rs. 19,000 because thereby the contractor had been over-

paid for rubberising that by a lesser quantity of tinsel. The P. & T. had raised a claim for the return of 900 K.G. of tinsel (Price Rs. 31,000), which, the department claimed was with the contractor. The witness explained that they had tried to convince the suppliers that they had oversized the tinsel and hence some tinsel was due from them.

4.17. Asked why the material was accepted when it was not according to specification the witness stated that the cordage was required for the switch-boards. So the specifications were relaxed. While relaxing the specifications they provided for an overweight of rubber. By the relaxation the technical quality did not suffer because extra rubber meant only too much of insulation. So the electrical quality did not suffer. If any thing it became slightly better.

4.18. In reply to a question the witness stated that they claimed 902 K.G. of tinsel which the firm disputed on the ground that they had used every thing. But there was a clause in the contract for arbitration and the P. & T. Department would try to prove that there had been over rubberising. In reply to another question the witness stated that the same firm had yet another contract for plasticising but the P. & T. Department were not satisfied with the firms work.

4.19. Asked whether this work could not be done in P. & T. workshop, the witness stated that this was a special work which could not be done departmentally. If they were to do this work in their workshop, they would have to invest a lot of money on machinery. They were therefore getting such work done through these firms. This firm had to be paid about Rs. 70,000 and it had been held back.

4.20. 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 this firm was not fully utilised by them as provided in the contract. The Committee note that the Department had already lodged a claim for the return of 902 K.G. of tinsel from this firm and also that meantime Deptt. is holding Rs. 70,000 due to this firm. The Committee would like to be informed of the final result.

V Stores

Delay in disposal of surplus stores—para 20, page 13.

5.1. In paragraph 24 of their Twenty-Second Report (Second Lok Sabha) and in paragraph 22 of their Fourteenth Report (Third Lok Sabha), the Public Accounts Committee had expressed concern about the delay in disposal of surplus stores. From 1959-60 to 1963-64, the Surplus Stores Committee recommended disposal of surplus stores of the value of Rs. 23.93 lakhs only as against the estimated value of Rs. 1 crore of obsolescent and surplus stores in 1959.

Of the stores recommended by the Surplus Stores Committee for disposal upto the end of 1963-64, Rs. 5.49 lakhs worth of stores have not yet (February 1966) been disposed of, the details of which (yearwise) are given below:—

Year in which the Committee recommended disposal	Value of Stores (In lakhs of rupees)
1959-60	0.4
1960-61	0.92
1962-63	0.31
1963-64	3.82

It has been stated by the Posts and Telegraphs Department that out of the above stores, stores worth Rs. 0.96 lakhs are pending disposal with the Director General, Supplies and Disposals, while stores worth Rs. 1.17 lakhs are being disposed of locally by the Controllers of Telegraphs Stores.

5.2. The Committee desired to know the functions of the Surplus Stores Committee of the P. & T. Board. The representative of the Board stated that the Committee, which was composed of all technical persons at the level of Directors, was expected to scrutinise all the items of stores and to recommend their disposal, if found surplus. Explaining the process involved in disposing of an item the Chairman of the Board stated that the Surplus Stores Committee had no authority to dispose an item or declare an item finally as surplus. The Committee prepared a list of items and then made recommendations whether a particular item was surplus

or not. These lists were then sent to Directorate where they were again examined and even put up to the Technical Member for scrutiny. Sometimes these lists were circulated to all the circles and field officers in order to find out whether these items could be utilised either in the same form or after some modifications. This procedure took time and thus the final sanction about the disposal of surplus items was delayed.

5.3. As regards the steps taken to minimise the delay in the disposal of stores as recommended by the Surplus Stores Committee, the representative of the Board stated that some delay was unavoidable because even after the Surplus Stores Committee had made their recommendation, the sanction had to be obtained for which different authorities had been prescribed and even the Ministry of Finance had to be approached in certain cases.

5.4. In reply to a question the Committee were informed that the time taken in disposing of an item, would vary between 3 to 8 months. Thereupon the attention of the witness was drawn to the Audit para according to which stores worth Rs. 0.44 lakhs, declared surplus by the Surplus Stores Committee in 1959-60 were still lying undisposed of. The Committee were informed that all the items of stores relating to the year 1959-60 had since been disposed off. The witness however, admitted that this was done after the receipt of the Audit para.

5.5. The Committee were further informed that the position of surplus items pending disposal had now improved. Giving the present position of the surplus stores, the Committee were informed that out of stores worth Rs. 5.49 lakhs, stores worth Rs. 2.52 lakhs remained to be disposed of. For the years 1961-62 and 1962-63 the Stores pending disposal were worth Rs. 0.02 lakh and Rs. 0.26 lakh respectively.

5.6. He further stated that the Department always made efforts to make the best use of the stores declared surplus. Out of the stores worth Rs. 23.45 lakhs declared surplus by the Surplus Stores Committee, stores of the value of Rs. 9.78 lakhs had been utilised subsequently in the Department. The witness stated that though composed of technical and capable persons the Surplus Stores Committee did not have the All India picture before them.

5.7. The Committee desired to know the stage at which the initiative to dispose of these stores is taken. The representative of the Board stated that every year the Chief Accounts Officer submitted a Report to the Controller, Telegraph Stores, stating that some items of stores had not moved. This Report, after scrutiny was

placed before the Surplus Stores Committee. These stores were brought before the Surplus Stores Committee after they remained unused for at least a year and it was a continuous process.

5.8. As regards the price obtained for the unused and surplus stores, the representative of the Board informed the Committee that the value of old equipment 'was practically nil' as they were sold only at throw away prices except in case of copper wire. He added that depending on the quantity of stores involved, the P. & T. Board either disposed them of, themselves, by auction or through DGS&D.

5.9. 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% of the stores declared surplus by the Surplus Stores Committee, were ultimately utilised in different circles.

5.10. 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.

Stores issued by Store Depots to Engineering Divisions but receipt not acknowledged by the consignees—para 21, pages 13, 14.

5.11. It was noticed during test check conducted in 1964 and 1965 that stores of the value of Rs. 17.87 lakhs issued by the six store depots in Calcutta, New Delhi, Jabalpur, Bombay, Madras and Bangalore, as indicated below, were not acknowledged upto 31 December, 1964 by the consignees to their own Divisions as well as to the Store Depots:—

Year in which stores were issued	Number of items	Value
1957-58	6	3,645
1958-59	1	6,737
1959-60	2	1,737
1960-61	23	5,273
1961-62	162	1,00,437
1962-63	128	72,051
1963-64	730	15,97,405
TOTAL	1,052	17,87,285

5.12. Explaining the reasons for the delay in acknowledging the receipt of stores issued from the depots, the representative of the Board stated that it was due to an error on the part of the subordinate office in sending out the acknowledgments late. The Board had already issued some instructions in this regard and they would reiterate them, so that the receipts for the stores from the depots are acknowledged in time. The witness added that out of stores worth Rs. 17.87 lakhs, the acknowledgements had since been sent for stores worth Rs. 17.38 leaving a balance of Stores worth about Rs. 49,000 for settlement.

5.13. As regards the procedure adopted in the despatch of the stores from the depots, the Committee were informed that at the time of despatch of these stores, from these depots, a duplicate challan was prepared. The person who received the stores signed one copy of the challan which was returned to depot as an acknowledgement for the stores received. The loss of the Stores comes to the notice of the Stores depot either when they did not receive issue voucher or it would come to their notice through an accounting process. The Accounts Officer issues vouchers. The Divisional Engineer sends the statement to the SDO and certifies that the stores had been received in the quantity mentioned in the statement. Thus there was a cross check.

5.14. The Committee then pointed out that inspite of the checks certain stores had not reached Jabalpore. The witness stated that the stores were despatched to lineman of Jabalpore Division. The relevant railway receipt in this case had also been sent by the stores depot. Moreover, it was within the knowledge of the accounting section that the stores were issued to the lineman of Jabalpore Division.

5.15. In case the stores did not reach the lineman, the lineman would point out that the railway receipt had come, but not the stores. There was another check also. The holerith statement with supporting issue vouchers informing the Divisional Engineer, Jabalpore, about despatch of stores, is issued. That office on receipt sends it to Sub-Divisional Officer to verify the receipt of the store in the accounts. The S.D.O. is supposed to certify about the receipt of these stores. That certificate is obtained from the lineman. If the lineman did not receive the stores he would intimate about the non-receipt of the stores. He added that this mistake would come to notice through the accounting process.

5.16. Explaining further the Chairman, P. & T. Board stated that immediate receipt was essential in all challans. He, however, admitted that there were failures, which however, did not mean that the stores had been lost in transit. The delay in acknowledging receipt of stores received only indicated that some further scrutiny was necessary in the case. The witness added that the delay in sending acknowledgement was due to human failure. He promised to improve upon the existing system.

5.17. 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.

5.18. 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.

Losses of stores—para 22, page 14.

5.19. The figures of losses of stores in 1962-63, 1963-64 and 1964-65 are given below:—

(Amount in lakhs of rupees)

Year	Number of cases of losses of stores	Amount involved	Copper wire thefts included in columns 2 and 3	
			Number	Amount
1	2	3	4	5
1962-63	5,873	13.94	5,591	12.56
1963-64	3,368	12.03	5,161	10.14
1964-65	7,495	18.56	6,098	14.18

An analysis of the losses by main categories and the agencies responsible is given in Appendix I.

5.20. Giving the reasons for the increase in the losses of stores and in theft of copper wire during 1964-65, compared to 1963-64, the representative of the Board stated that the theft of copper wire was due to the increase in price of copper. Where the copper wire losses were heavy, it was being replaced by copper welded wire. It could not be done on a large scale as it was an imported item. The Board had prepared schemes to manufacture the copper welded wire in the country. He admitted that the total number of thefts had gone up in spite of the efforts made by the Depots in this respect. He further added that the Minister in charge had also written to all the

Chief Ministers, and the Chairman of the Board also held a conference with the I-Gs of police, in this connection. The Department had put up electronic fault locators which immediately located the place of theft. There was also a effective liaison between the Board and the Police as a result of which several people had been caught redhanded.

5.21. The Committee were further informed that apart from the monetary loss of about Rs. 14 lakhs resulting from these thefts, the traffic on the Delhi-Bombay circuits was effected adversely and remained out of order for long time. This situation was likely to continue till the microwave or co-axial system was introduced. The Board was trying to replace this circuit by copper-welded wire as far as possible. In 1965-66, 800 tons of copper welded wires for 7200 miles of copper line were allotted. The Board would again allot over 1000 tons of copper welded wires during the current year for replacement where the incidence of theft was very heavy.

5.22. As regards the position for 1964-65, the witness informed the Committee that during that year number of cases of theft detected by the police was 239; number of cases closed as untraced was 1172, the number of cases disposed of was 29; the number of convicted was 276 and number of cases pending in courts was 2734. He added that very little of this material was recovered as it was immediately melted.

5.23. 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.

5.24. They would like the Deptt. 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.

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

VI

Other Topics of Interest

Avoidable expenditure on printing of 1 np. postage stamps—para 24, pages 15-16.

6.1. The price of postcards was increased from 5 np. to 6 np. with effect from 1st May, 1963. Though this decision was communicated by the Posts and Telegraphs department to the Security Press, Nasik, on 8th March, 1963, the new 6 np. postcards were not, however, printed and made available for sale to the public on 1st May of that year. Approval to the colour proof of the new 6 np. single postcard and reply paid postcard prepared by the Security Press was communicated by the posts and Telegraphs department on 9th May and 17th May, 1963 and their printing commenced from 17th May and 23rd May, 1963 respectively. Printing of the 5 np. postcards was, however, continued upto 24th May, 1963 and 80.6 million 5 np. postcards were printed in May, 1963. Out of this 24.4 million 5 np. postcards were printed after commencement of printing of the 6 np. postcards.

6.2. The Committee desired to know why the printing of 5 np. postcard was continued even after 17th May, 1963 when the printing of 6 np. postcard was also taken up, the witness stated that the P.&T. had taken advance action to have fresh designs prepared and by March, 1963 the Master of the Security Press had brought out a design. It was examined and certain defects were noticed in it. Fresh designs had to be prepared. These were received and examined but this involved some time. Approval of the samples was given and on 29th April, 1963 the P.&T. received the colour proof for the designs. In the meantime, there was a proposal to try and save some paper which would have saved some money. They wanted to reduce the size of the postcard by one-tenth and also wanted to indicate to the public how to address the postcard. They wanted to include this in the design. The design was finalised on 7th May and communicated to the Security Press.

6.3. Asked why the design could not be finalised earlier, the witness stated that the preliminary arrangements were initiated much earlier. Sometime in February they took the decision to raise the rate for the postcard. After that they got busy in getting the designs. It took two months to get it done. It was quite an elaborate procedure. In reply to a question, the witness stated

that the printing had to be done in a phased programme. It could not be switched over over-night. That would have rendered the machines idle.

6.4. Asked whether the printing of 80.6 million cards was unavoidable, the witness stated that there would have to be a time-lag. The ideal situation would have been if they had got the colour proof design approved before the Finance Bill was passed. It was only after that they had to issue instructions to the press to go into production. In reply to a question, the witness stated, "if that design had been approved somewhat earlier than 7th May, say, if we had the colour proof approved on the 28th April, then some unnecessary printing of this would have been avoided."

6.5. Asked whether the sanction of Parliament for reducing the size of the postcard was necessary, the witness replied in the negative. The limits laid down in the schedule to the Post Office Act were for an upward increase of the rate and not for the size of the card. So far as the designing of the card, the size of the stamp were concerned, these were done at the discretion of the P.&T. Department.

6.6. In reply to a question, the witness stated that Government suffered a loss of about Rs. 280 lakhs in selling a postcard at the rate of 6 np. per card. The manufacturing cost of one postcard was 0.8 paise but the operational costs, the handling charges, the transportation etc. had to be taken into account while calculating the cost.

6.7. The Committee desired to know whether after the decision was taken to introduce new cards, they could have slowed down the printing of old cards and switched over to another work, the Master of Security Press stated that these were specialised machines and it was very complicated and time-consuming process and compared to whatever time they had taken after giving approval, they would have taken much more time to change to any other product. He contended, that had they stopped the printing of 5 np. cards their manufacturing loss would have amounted to Rs. 6,44,800.

6.8. In reply to a question, the witness stated that it was well known much earlier that the rate was going up and they had produced the design but it was a complicated, time-consuming and a very skilled process. There was no change in the size of the card. There was only the change in the value and the colour.

6.9. Asked how much time was taken to change over from one denomination to another, the witness stated that last time when they changed over they were simultaneously printing for 6 months. It was the common practice that whenever the parity was changed, the old denomination was continued to be made side by side with the new denomination till all the machines were converted to the new denomination. This was because they had to keep a reserve stock in the treasuries and post offices as the demand was continuous. So they kept on printing stamps and postcards of the old design for a short period along with the new design to ensure continuous supply for the use of the public.

6.10. 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 Deptt. 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.

Purchase of hotel at Mussoorie—para 27, page 17.

6.11. A hotel in Mussoorie was purchased by the Department for Rs. 73,000 for use partly as residential quarters and partly as a holiday home. The amount was deposited in the treasury on 31st March, 1959, but due to delay in preparing the sale deed, possession of the building was taken after a year in March, 1960.

The building has fifteen suites, of which six were ear-marked for the holiday home up to March, 1963 and only two thereafter. During April, 1960 to December, 1964 the occupation ratio of the residential suites was only 42 per cent while during that period the occupation ratio (for the five season months April, May, June, September and October) of the holiday home portion was only 33 per cent.

6.12. The Committee were informed that the Department had informed Audit in January, 1966 that:

- (i) the building could not be utilised to the fullest extent because there was a temporary set back in the popularity

of the Mussoorie hill station and private residential accommodation became cheaper on annual basis. The quarters were, therefore, not occupied by the regular staff and only the seasonal staff occupied them during the summer season;

- (ii) the season which can be availed of by the staff for use of the holiday homes is primarily from 1st May to 30th June and one month during September and October. The demand for holiday home was lower these years due to reduced popularity of the hill station.

6.13. Asked as to how the Deptt. concluded that there was a set back in the popularity of the hill station, the representative of the Board stated that though the Board had informed the Audit about the unpopularity of the hill station but later enquiry did not support this view; and on the other hand the occupation of residential quarters at Mussoorie had increased up to 60 per cent.

6.14. The Committee then desired to know the reasons for hiring private accommodation instead of occupying the Department's own building there. The representative of the Board stated that the proposal to hire private accommodation originated as the earlier residential arrangements were not satisfactory. He further added that the percentage of occupation of the building had widely varied. It was 38 per cent in 1961-62, 63 per cent in 1962-63, 23 per cent in 1963-64, 48 per cent in 1964 for nine months and 60.5 per cent in 1965. The Department intended to provide accommodation to both the seasonal and permanent staff posted at Mussoorie. The occupation of the building varied from 2½ months to a year.

6.15. 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.

6.16. The Committee are surprised to learn that the 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.

6.17. 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.

VII

Over-seas Communications Service

AUDIT REPORT (COMMERCIAL), 1966

Over-seas Communication Service

Section XXVI, para 6, Internal audit page 274.

7.1. The proposal for the setting up of an Internal Audit Wing consisting of one Superintendent and two Assistants was approved in April, 1963. It has, however, not started functioning so far (January, 1966) because of reimposition of the ban on the creation of posts. The Ministry have stated (January, 1966) that "the matter is again being taken up."

7.2. On being asked whether the Internal Audit Wing of the Overseas Communication Service had since started functioning, the witness replied in the negative. He further added that the proposal to set up an Internal Audit Wing, which was approved only in principle in 1963, could not be implemented due to the imposition of ban on the creation of new posts. Since the lifting of the ban on the creation of posts, the Department was considering as to what jobs should be assigned to Internal Audit Wing about workload and how it will fit into their scheme of things. The witness further stated that the Department proposed to create these posts within a couple of months.

7.3. The Committee would like that early steps be taken so that the internal audit wing starts functioning without any further delay.

NEW DELHI;
December 1, 1966.
Agrahayana 10, 1888 (Saka).

R. R. MORARKA,
Chairman,
Public Accounts Committee.

APPENDIX I

[Referred to in paragraph 22 at page 14 of Audit Report (P. & T.), 1966]

LOSSES OF STORES IN 1964-65

Persons responsible for the loss	Losses due to theft		Losses due to accidents, (fire, flood, etc.)		Losses due to reasons not known		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
	Rs.		Rs.		Rs.		Rs.	
I. Persons unconnected with the Department.								
(a) Loss from stock	92	75,348	3	970	29	5,853	124	82,171
(b) Loss from existing alignment etc.	2,854	7,62,550	3	2,27,100	4	61,128	2,861	9,51,018
(c) Loss in transit	5	300	..	..	29	21,723	34	22,023
2. Departmental Employees								
Contributory negligence :								
(a) Loss from stock . . . . .	..	..	..	..	..	..	..	..
(b) Loss from existing alignment, etc. . . . .	..	..	..	..	6	2,167	6	2,167
(c) Loss in transit . . . . .	..	..	..	..	1	255	1	255
H. Directly responsible :								
(a) Loss from stock	4	798	..	..	..	..	4	798

APPENDIX II

Summary of main conclusions/recommendations

S. No.	Para No. of the Report	Ministry/Department	Conclusions/Recommendations
1	2	3	4
1.	I-11	P. & T. Board	<p>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 Deptt. 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 Deptt. to analyse the causes for this phenomena and to take suitable remedial measures.</p>
	I-12	--do--	<p>They would also like to be informed of the change in the form of accounting now being contemplated in consultation with Audit.</p>
	I-13	--do--	<p>The Committee would also like to stress that while preparing budget estimates, care should be exercised so that the difference</p>

between the expected revenue and the actual receipts is as narrow as possible.

2 2.5 -do- 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.

2 2.6 -do- Subject to this observation, the Committee recommend 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.

3 3.5 -do- The Committee regret to note that the note on year-wise break up of the arrears of telephone revenue outstandings from 1-1-63 is still awaited.

3.10 -do- 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

*The note has since been received on 2-12-66.

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.

3.11 P & T Board

During evidence, the Secretary, 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.

38

3.12 -do-

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.

3 3.19 -do-

The Committee feel that the P&T Deptt. 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 Deptt. felt the shortage of the meter testers which were required to ensure that the 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 with in 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 Deptt. incurring a loss.

3.26

-do-

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

3.27

-do-

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 Deptt. had to go to their lowest formation, to collect such information, on each occasion, if and when required.

3.28

-do-

The Committee are glad to be assured by the Secretary, 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.

4.5

-do-

The Committee regret to find that the P&T Deptt. failed to take advantage of the 1 per cent discount offered by HSL 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 HSL 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 the Deptt. should issue necessary instructions to all concerned so that they would be vigilant in future.

4.6 P & T Board

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.

4.12

-do-

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

4.12

-do-

The Committee feel that in such cases the P&T Deptt. should have speeded up the Departmental proceedings and taken suitable disciplinary action, leaving the SPE free to take the necessary action,

on their part. The Committee desire that the P&T Deptt. 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.

4.20

-d0-

The Committee feel that the P&T Deptt. 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 this 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.

5

5.9

-d0-

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.

5.10

-d0-

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.

5.17 P & T Board

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.

5.18 -do-

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.

5.23 -do-

The Committee feel concerned that the number of cases of theft of copper wire have gone up in spite of the efforts made by the Deptt. Such large-scale thefts result not only in a huge monetary loss but also in dislocating the traffic and causing great inconvenience all round.

5.24 -do-

They would like the Deptt. 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.

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

6.10 Do 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 Deptt. taken timely action, the necessary 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 post-cards 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.

6.15 Do 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.

6.16 Do The Committee are surprised to learn that the 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.

1	2	3	4
6-17	P & T Board	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.	
7	7-3	Do	The Committee would like that early steps be taken so that the internal audit wing starts functioning without any further delay.

