

**PUBLIC ACCOUNTS COMMITTEE**  
**1960-61**

**THIRTY-FIRST REPORT**

(SECOND LOK SABHA)

[Appropriation Accounts (Posts & Telegraphs),  
1958-59 and Audit Report, 1960]



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

*December, 1960*  
*Agrahayana, 1882 (Saka)*

*Price : Rs. 2.00*

THIRTY-FIRST REPORT OF THE PUBLIC ACCOUNTS  
COMMITTEE (1960-61).

C O R R I G E N D A

| <u>Reference</u>                             | <u>For</u>             | <u>Read</u>           |
|--|------------------------|-----------------------|
| Contents page, page No. against Chapter III. | 01                     | 10                    |
| Contents page, lines 8&6 from bottom.        | 1958-59                | 1960                  |
| Contents page, line 2 from bottom.           | relating               | relating to           |
| Page-5, line 6.                              | police                 | police                |
| Page 10, para 33 heading, line 1.            | of                     | for                   |
| Page 15, foot-note, line 1                   | Com                    | Committee             |
| line 2                                       | eing                   | being                 |
| Page 21, line 2.                             | Account &              | Accounts              |
| Page 24, lines 7-11.                         | Ex-offices             | <del>Ex-officio</del> |
| Page 28, line 11.                            | recommendation         | accommodation         |
| Page 30, para 93, line 2.                    | charge                 | charges               |
| Page 31, para 94, line 9.                    | July                   | June                  |
| Page 34, last line.                          | 195                    | 1956                  |
| Page 40, line 1.                             | article                | articles              |
| Page 42, line 7.                             | Shri Upendra-          | Shri Maneklal         |
|  | nath Barman - Chairman | Maganlal Gandhi       |
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\*Earlier sittings relate to the consideration of the Appropriation Accounts relating Railways, Civil, etc.

# COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE

1960-61

## CHAIRMAN

Shri Upendranath Barman

## MEMBERS

2. \*Shri Rohan Lal Chaturvedi
3. Shri Maneklal Maganlal Gandhi
4. Shri R. S. Kiledar
5. Shri Vinayak Rao K. Koratkar
6. Shri T. Manaen
7. Shri G. K. Manay
8. Shri S. A. Matin
9. Shri Baishnab Charan Mullick
10. Shri T. R. Neswi
11. Shri Shamrao Vishnu Parulekar
12. Shri Purushottamdas R. Patel
13. Shri Radha Raman
14. Dr. N. C. Samantsinhar
15. Pandit Dwarka Nath Tiwary
16. Shrimati Sharda Bhargava
17. Shri Jashaud Singh Bisht
18. Shri Surendra Mohan Ghose
19. Dr. Shrimati Seeta Parmanand
20. Shri V. C. Kesava Rao
21. Shri Mulka Govinda Reddy
22. Shri Jaswant Singh.

## SECRETARIAT

Shri V. Subramanian—*Deputy Secretary.*

Shri Y. P. Passi—*Under Secretary.*

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\*Elected on the 25th November, 1960 *vice* Shri Feroze Gandhi died.

## INTRODUCTION

1. The Chairman of the Public Accounts Committee, having been authorised by the Committee to present the Report on their behalf, present this Thirty-first Report on the Appropriation Accounts (Posts and Telegraphs), 1958-59 and Audit Report, 1960.

2. The Appropriation Accounts (Posts and Telegraphs), 1958-59 together with Audit Report thereon were laid on the Table of the House on the 6th April, 1960. The Committee examined these Accounts, etc. at their sittings held on the 4th July, 1960.

3. A brief record of the proceedings of the sittings of the Committee has been maintained and forms part of the Report (Part II).

4. The Committee considered and approved this report at their sitting held on the 29th November, 1960.

5. Successive Public Accounts Committees have drawn attention to the large number of cases of defalcation or loss of public money in the P. & T. Department. This year also the Committee came across similar cases. They were concerned to note that the amount defalcated and/or the loss of public money incurred during the year under report was the heaviest so far recorded in the P. & T. Department and the employees of the Department were responsible for a high proportion of such losses as in the past. The Committee observed that non-enforcement of existing departmental rules regarding rotation of staff had been one of the contributing causes in a Savings Bank fraud case. *They feel that in an Organisation like the P. & T. Department with a network of offices handling thousands of transactions involving cash, strict observance of the prescribed rules and regulations is of great importance. While, in their opinion, the rules and regulations are so devised that they contain certain built-in safeguards against possible frauds, their strict observance will throw up quickly such frauds. As regards supervision, the Committee were informed that the supervisory staff in charge of Post Offices has been augmented with a view to tightening up the control. While the Committee welcome this, they feel that deterrent action is called for against those who are found guilty of laxity in supervision if the number of frauds is to be reduced.*

6. While examining the cases of losses of insured articles, the Committee were informed that although the rules prohibit acceptance for insurance of articles which exceed Rs. 5,000 in value, there

was no provision in the rules to ensure that an article must be insured for its full value. In the absence of such provision, there had been cases where articles had been insured with Post Offices only for a nominal value and the rest of the amount under-written with some insurance company. It was explained by the Department that in the event of loss of the article in such cases, the responsibility of the Department was limited to the actual amount for which it was insured. However, in cases where such articles had been recovered, they were restored in full to the rightful owners. The Committee were also informed that even in cases where a person insured an article for a sum greater than its intrinsic value, no prosecution was usually launched even though it was a criminal offence.

*The above position appears to the Committee to be anomalous. They apprehend that insurance of an article for less than its actual value would tend to increase the chances of fraud if the persons handling such articles happened to know the actual value of the articles insured. The Committee, therefore, feel that the Department should give consideration to this aspect of the matter and devise remedial measures. The Committee also feel that where the amount of insurance is greater than the intrinsic value of the articles insured, launching of prosecution will have a deterrent effect.*

7. A statement showing the summary of the principal conclusions| recommendations of the Committee is appended to the Report (Appendix IV).

8. The Committee place on record their appreciation of the assistance rendered to them in their examination of these Accounts by the Comptroller and Auditor General of India.

NEW DELHI-1;  
The 1st December, 1960.  
Agrahayana 10, 1882 (Saka).

UPENDRANATH BARMAN,  
Chairman,  
Public Accounts Committee.

# POSTS & TELEGRAPHS DEPARTMENT

## I

### CONTROL OVER EXPENDITURE

#### *Financial Working of the Posts & Telegraphs Department*

The following table shows the original and final grants and charged appropriation and expenditure actually incurred against each during the year 1958-59:—

(In lakhs of Rupees)

|  | Original Grant or Appropriation | Final Grant or Appropriation | Actual Expenditure |
|--|---------------------------------|------------------------------|--------------------|
| <b>Total Expenditure met from Revenue—</b> |                                 |                              |                    |
| Voted                                      | 62,97                           | 62,97                        | 61,61              |
| Charged                                    | 3,17                            | 3,19                         | 3,17               |
| <b>Total Expenditure met from Capital—</b> |                                 |                              |                    |
| Voted                                      | 30,09                           | 30,09                        | 28,20              |
| <b>Totals :</b>                            |                                 |                              |                    |
| Voted                                      | 93,06                           | 93,06                        | 89,81              |
| Charged                                    | 3,17                            | 3,19                         | 3,17               |
|  | 96,23                           | 96,25                        | 92,98              |

2. There was thus a saving of Rs. 3,27 lakhs or 3.4% over the final grant and appropriation during the year under review as against a saving of about 1.6% in 1957-58 and 1.2% in 1956-57.

*Savings on Voted Grants—paras 5—10, pages 23—31.*

3. There was a saving of Rs. 1,36 lakhs or 2.2% under Grant No. 89—Expenditure met from Revenue and of Rs. 1,90 lakhs or 6.3% under Grant No. 131—Capital Outlay outside the Revenue Account during the year under report as against savings of 2.0% and 0.7% respectively during 1957-58. Savings to the extent of Rs. 1,03 lakhs and Rs. 1,25 lakhs were surrendered under the above Grants only at the end of the year.

4. Explaining the reasons for the increase in the percentage of savings under Grant No. 131, the D.G.,P.&T. stated in evidence that as a result of the decision of the Planning Commission in September, 1958, the plan outlay for the P. & T. Department had to be reduced

N. B. As the grants and appropriations are for gross amounts, the above details do not include the recoveries which are adjusted in the accounts in reductions of expenditure. The total actual recoveries against all grants and Appropriations are given below :

|         |               |
|---------|---------------|
|         | Actuals (Rs.) |
| Voted   | 22,34         |
| Charged | 4             |
|         | 22,38         |

1

from Rs. 63 crores to Rs. 54 crores. Consequently, the Department had to revise the programme of capital works. Accordingly 62 works costing Rs. 5 lakhs and above could not be taken up for execution during the year as originally planned. In reply to a question, it was admitted that the savings could have been surrendered earlier instead of at the end of the year. The Committee were given to understand that the P. & T. Department had been advised of a cut of Rs. 12 crores for the plan outlay earmarked for the year 1958-59 as early as in May 1958 (within a couple of months of the commencement of the financial year). *It is disappointing that the Department, as a commercial department, should have taken such a long time in re-phasing its development programme for the year.*

5. At the instance of the Committee the Director General, P. & T. apprised the Committee of the various difficulties the Department had to face in the execution of the capital works, e.g., shortage of raw materials like steel and zinc, of cables to the extent of one-third of its requirements and of foreign exchange for procuring imported stores as the P. & T. Department had been accorded a low priority in this matter. Further, processing of indents through foreign sources generally took a long time. There were also delays in the construction of buildings by the C.P.W.D. which in turn upset the schedule for erection of plant and machinery. He informed the Committee that to overcome delays in construction a separate wing of the C.P.W.D. was being formed for the execution of the P. & T. Works exclusively. This Wing would be under the supervision of the P. & T. Board. The new set-up would enable the Board not only to expedite its building programme but also to bring about better co-ordination between the completion of building projects and the installation of the machinery, etc.

6. *The Committee welcome the above proposal. They trust that there will be sufficient work for the proposed wing of the C.P.W.D. all the year round.*



## II

### STORES, WORKS AND WORKSHOPS

#### *Co-axial Trunk Cable Scheme—Para 21, pages 36—38*

7. A scheme was undertaken by the P. & T. Department to lay co-axial cables at a cost of about Rs. 8 crores on the route Bombay-New Delhi-Calcutta with provision for installation of carrier equipments and for repeater stations over the entire route at suitable distances. The scheme was approved by the Departmental Finance Committee in October, 1955 and the project estimate was sanctioned in August, 1956. In the memorandum to the Departmental Finance Committee it was proposed to complete the entire programme in the Second Five Year Plan (end of 1960-61). However, this target is not expected to materialise.

8. The delay in the completion of the project was ascribed to the severe curtailment of the supply of cables due to shortage of foreign exchange. However, from September, 1960 onwards the Department expected to get the supplies of cables from Hindustan Cables Ltd., whereafter it would be possible to accelerate the programme of laying cables. The entire scheme was expected to be completed by 1963.

9. *The Committee trust that the revised target date will be adhered to by the Department.*

#### *Incurring of expenditure far in advance of actual requirements— para 23, page 39.*

10. Consequent on a decision to expand the capacity of an automatic exchange at a certain station urgently, the Director General placed orders with the Indian Telephone Industries in February and July, 1957 for the supply of necessary equipment. A power plant costing Rs. 49,600 and other exchange equipment valued at Rs. 1,37,000 were supplied by the Indian Telephone Industries during 1957-58 and 1958-59. The project estimate amounting to Rs. 26,53,364 was, however, sanctioned only in February, 1959, and the detailed estimate for the exchange equipment alone was sanctioned in March, 1959, thus enabling the Divisional Engineer to make payment of the pending bills received from the Indian Telephone Industries. The estimate, however, did not provide for some equipments ordered early in 1958.

and supplied by a Telegraph Store Depot in March, 1959 at a cost of Rs. 7,700 even though the estimate was prepared and sanctioned after the placing of the above order.

The construction of the building in which the equipment is to be installed has not yet been taken up (July, 1960). Although the first estimate for the building was received in May, 1957 it underwent successive revisions and was ultimately sanctioned in July, 1959.

11. It was admitted in evidence that the delay in the construction of the building could have been avoided with careful initial planning and better coordination with the C.P.W.D. In reply to a question as to why the order for the equipment was placed so much ahead of the building programme, the Committee were informed that it was with a view to forestalling possible delay on the part of the Indian Telephone Industries in supplying the equipment. *It was surprising how while showing so much forethought in placing orders for the equipment, the P. & T. Department did not pursue the building programme with equal zeal. The time taken (about 2½ years) for finalising the detailed estimates of the building, after placing orders for the equipment was unconscionable.* The Committee understand that the construction of the building would take one year to 18 months. *The Committee cannot help observing that this is a typical case of bad planning which has led to unnecessary locking up of capital on equipment.*

12. *The Committee trust that the construction of the building will now be expedited to prevent deterioration of the equipment by long storage, and to minimise losses.*

*Loss of copper wire from spare lines—Para 24, pages 39-40*

13. Consequent on the shifting of a City Exchange and Repeater Station to a new building in June, 1954, copper wire weighing 20,880 lbs. became surplus on three alignments in the area. Though a proposal for the dismantlement of the lines was submitted in July, 1953, the Department apparently lost sight of the matter and nothing was done either to dismantle or look after the lines. It was only on receipt of a report from the Police regarding thefts of copper wire that the Department took notice of the earlier report. A detailed survey then undertaken revealed that 8,205 lbs. of copper wire had already been lost by theft.

The scrap value of the stolen material has been assessed at Rs. 6,437. The line was dismantled in April-June, 1957 and the materials used elsewhere or returned to stock.

14. It was admitted in evidence before the Committee that there had been laxity on the part of the Divisional Officer in not providing for the dismantling of the lines in the detailed estimates of works on receipt of the proposal in 1954. The matter came to notice only in 1956 when the Police reported some thefts of copper wire. About 100 lbs. of copper wire had been recovered through Police authorities and the balance of 8205 lbs. of copper wire stolen could not be traced.

15. The Committee desired to know whether action was taken against the Divisional Officer by the Post Master General in 1956 on receipt of the Police reports. They were informed that the Directorate of P. & T. came to know of this case only in October, 1959 when the Audit para was received and the matter was under examination in consultation with the P.M.G. concerned.

16. *The Committee are concerned at the delay in the disposal of this case. They desire that such cases should be handled expeditiously and instructions to that effect should be issued to all concerned. Further, losses due to theft should be reported immediately by the Circles to the Directorate so as to enable the latter to keep a close watch on the disposal of such cases.*

*Loss on account of delay in connecting an electric sub-station with a telephone exchange—Para 25, page 40.*

17. An electrical sub-station was installed at a Telephone Exchange and completed at a cost of Rs. 44,288 in April, 1956 so that the supply of electricity could be obtained at a cheaper "bulk" rate. The sub-station was not, however, connected with the Exchange till February, 1958 mainly because the Department had not adopted the suggestion to use overhead wire as agreed to by the Electricity Company and its failure to buy in time 85 yards of under-ground power cable at a cost of Rs. 2,000 offered by the above Company in June, 1956. Ultimately, the Department agreed in July, 1957 to use overhead wires. But it was noticed then that the switch and the oil-circuit-breaker were not within six feet of the Company's meter as required under the Indian Electricity Rules. It became necessary, therefore, to extend the sub-station building by another 8 to 10 feet. This was arranged in January, 1958 and the sub-station was commissioned on 3rd February, 1958. According to the Audit Report, between the period July, 1956 to January, 1958 the Department spent a sum of Rs. 33,500 more on electricity charges. The Department, however, holds that the additional charges were only Rs. 12,000.

18. It was urged before the Committee that the suggestion of the Company to use overhead wires was not accepted because the D.E.T.

considered that some wire locally available could be utilised for this purpose, to which the Company agreed. Later on the wire in question was not found suitable and, therefore, it was decided to use under-ground cables. As for not purchasing the under-ground cable offered by the Company, the Committee were informed that the offer was open for 15 days only which was too short for processing the deal.

19. The Committee understand that the offer from the Company was not dealt with immediately either by the P.M.G. concerned or the Directorate. By the time the P.M.G. approached the Directorate for sanction, the offer had already expired and the Directorate took over 3 months to communicate the sanction. *The Committee are concerned at such delays in a commercial Department like the P & T Department.*

20. *The Committee were also surprised to note that the Department overlooked even the Indian Electricity Rules and failed to locate the switch and the oil-circuit breaker within the distance prescribed under these rules and, therefore, had to extend the sub-station building by 8 to 10 feet at a later stage resulting in a further delay of about 9 months in connecting it with the telephone exchange. In their opinion, it was a case of gross negligence which occasioned avoidable expenditure and, therefore, deserves serious notice.*

*Irregularities in the execution of certain building works—Para 26, page 40.*

21. On receipt of certain complaints of alleged irregularities in March, 1957 in an Engineering Division in the construction of twelve postmen's quarters during 1956-57, the matter was investigated by the Director of Telegraphs concerned. It was found that whereas similar quarters constructed during 1955-56 had cost Rs. 3,415 each, those constructed in 1956-57 cost Rs. 4,998 each. The higher cost was accounted for by the provision of certain unnecessary and extravagant items outside the standard design approved for those quarters. Besides, it was suspected that some items of work provided in the estimates and paid for had not been executed at all. An examination of the relevant measurement books and the travelling allowance bills of the building overseer concerned revealed certain discrepancies raising doubts on the accuracy of his measurements. A local audit investigation during 1957-58 also confirmed the suspicion. Remeasuring of all the works executed during 1956-57 under the charge of the building overseer revealed discrepancies in measurements.

22. In evidence, the Committee were informed that a closer scrutiny and re-checking of 168 cases of measurements carried out by

the building overseer, by two overseers under the supervision of the D.E.T. revealed several discrepancies. It was found that the estimates themselves provided for more work to be carried out than was necessary and there were discrepancies in measurements also. It was also found that there had been excess payment on the bills already paid. There were still a large number of bills awaiting payment. Following notice of a civil suit served by the contractors, the Law Ministry had advised that payment of the outstanding bills be made to the contractors on the basis of final measurements.

23. The Committee were concerned at the delay in handling this case. In reply to a question, the Committee were informed that this case came to the notice of the Directorate only in December, 1958 and that the second revised measurements had been completed only by May-June, 1960 when it was decided to hand over the case to the S.P.E. The overseer concerned had been transferred to another Division. It was admitted in evidence that the measurement work could have been completed much earlier and there was a *prima facie* case for suspending the overseer.

24. From a note submitted by the D.G.P. & T. (Appendix II), at their instance, the Committee note that the building overseer has since been placed under suspension with effect from the 18th July, 1960.

25. The Committee also observe that even the Divisional Office had apparently failed to notice and exercise check on the unnecessary and extravagant items included by the building overseer in the estimates for the quarters outside the approved standard design. Further although the D.E.T. was required to inspect the works occasionally and exercise a percentage check of the recorded measurements under Rule 489 of the P. & T. Manual he had failed to detect the various irregularities. The Committee note that action against the D.E.T. concerned is now under consideration.

26. *The Committee regret to state that despite their repeated observations in the past and the departmental instructions pursuant thereto such omissions and delays continue.*

*Loss on account of manufacture of unnecessary articles in Posts and Telegraphs Workshops—Para 27, pages 40-41.*

27. During the years 1948-49 to 1951-52, the manufacture of certain articles of stores was undertaken in a Posts and Telegraphs Workshop on demands from the Controller of Telegraph Stores. The progress of the manufacture was, however, slow because of pressure of other urgent work. The progressing of demand was not also

watched by the Stores branch. Between 1952 and 1956, the stock position in respect of these items improved considerably and the Workshop authorities were asked in April, 1952 (in respect of one item) and in June, 1954 (in respect of the others) to suspend production, but these instructions were disregarded.

In 1957, following a significant fall in the demand for these items a review of the position was ordered. It was, thereafter, decided in October, 1958 to stop further manufacture. The continuance of the manufacture of the stores, despite the falling demand and the instructions to discontinue production after 1954, resulted in accumulation of semifinished components valued at Rs. 2,25,000. Of these, components worth Rs. 60,000 were expected to be utilised on other orders leaving the balance to be disposed of as surplus.

28. The Committee were informed in evidence that when the Workshops were asked in 1952 to suspend production of certain items, the General Manager, P. & T. Workshops, thought it fit to discuss the matter with the Chief Controller of Telegraph Stores and persuade him not to cancel the order as the manufacture of components had progressed to a considerable extent in the meantime, and stoppage of their manufacture at that stage would upset the production programme. As a result, it was only in 1958 that the manufacture of articles was finally stopped.

29. It was admitted that with the steady fall in demand for the articles in question the chances of their coming into use again would be remote. And stoppage of further manufacture thereof was requested first in 1952 and again in 1954. *Therefore, in the Committee's opinion, the action of the General Manager, Workshops in insisting upon continuance of production despite the instructions of the indenter to the contrary clearly lacked justification. The Committee also understand that out of the total outlay of Rs. 2.25 lakhs (approx) for the bulk of the orders placed by the Controller of Telegraph Stores, an amount of Rs. 28,000 only had been incurred by the P. & T. Workshop by the end of 1951-52. The plea that stoppage of manufacture would have upset the workshop's production programme is, therefore, unconvincing. It has been admitted that progress of this work was slow because of pressure of other urgent work. If so, it would have been more prudent to stop further production at least in 1954 on the receipt of the second cancellation order. The action of the General Manager, Workshop has resulted in accumulation of unwanted goods. The Committee consider that the Stores Organisation is also not free from blame in so far as its progressing of demands left much to be desired. They, therefore, desire that the P. & T.*

*Board should impress on the Workshops and the Stores Organisation the necessity of a close watch on the progress of work and indents respectively so that such instances do not recur.*

*Stock verification in the Stores Depots—Para 28, pages 41-42*

30. The P. & T. Department had issued instructions in December, 1957 that the disposal of statements of discrepancies arising as a result of stock verification in the Store Depots should be expedited and a time limit fixed for their disposal at various stages. However, 290 discrepancy statements relating to the years 1955-56 to 1958-59 were to be received by Audit with proper explanation till September, 1959.

31. In evidence, the representative of the Department stated in extenuation that to some extent discrepancies were inevitable. However, the latest position was that out of 218 discrepancy statements pertaining to General Stores and 72 relating to Workshop Stores only 145 and 27 statements respectively remained to be settled.

32. *The Committee note the reduction in the number of discrepancy statements and desire that the settlement of discrepancies be further expedited, for delay in investigation and disposal of discrepancies in stores leads to the possibility of continuance of irregular practices and consequent losses to Government. Action against persons responsible for shortage may prove difficult with the efflux of time. In this connection, the Committee would again invite the Department's attention to their recommendation in para 62 of their 22nd Report (1st Lok Sabha).*

### III

## LOSSES, NUGATORY EXPENDITURE, FINANCIAL IRREGULARITIES AND OTHER TOPICS OF INTEREST

*Defalcation or loss of public money and compensation of losses—  
paras 12 and 14—pages 31-32.*

33. The total number of cases of defalcation or loss of public money which came to light during the year under report, was 1,274 involving an amount of Rs. 9,79,949. The amount involved during 1958-59 was the heaviest so far recorded in the P. & T. Department. There had been an increase in the cases of misappropriations in all the branches of the Department with the exception of Savings Bank and Post Office Certificates transactions. In respect of the last two branches the amounts defrauded registered a fall though the number of cases had increased slightly.

Departmental officials were responsible for 54% of these losses. In 269 cases involving an amount of Rs. 3,06,084 (31 per cent) responsibility for the loss could not be fixed till October, 1959.

34. The amount of compensation paid during 1958-59 on account of the insured and other articles lost or damaged in transit was Rs. 1.93 lakhs which was more than that paid in the previous year (Rs. 1.61 lakhs). Departmental officials were responsible for about 45 per cent of the loss suffered as against the corresponding percentage of 36 during the previous year. About 40 per cent of the amount of compensation paid on account of the negligence or dishonesty of departmental officials was ordered to be recovered from the officials concerned. No responsibility had been fixed in respect of Rs. 49,233 paid as compensation representing about 26% of the total loss.

35. The D.G. P. & T. stated in evidence that the bulk of the increase in the amounts defalcated or lost was in the Money Order transactions. A special M.O. form had since been devised on which erasures could be detected more easily. As regards losses of insured articles, the offices in which the incidence of such cases was high were being kept under special supervision. It was, however, admitted by the D.G.P. & T. that there had been laxity in the supervisory control, and with a view to tightening this up, about 60 more inspectors had been appointed. This, he hoped, would secure more effective supervision and quick detection of cases.



36. The Committee were also informed that out of 269 cases in which responsibility for the defalcation or loss of public money could not be determined till October, 1959, responsibility for loss had since been fixed in 85 more cases. Responsibility had also been fixed in respect of Rs. 12,734 out of Rs. 49,233 paid as compensation for the insured and other articles lost or damaged.

37. *The Committee regret to note the increase in the incidence of cases of defalcations and loss of public money for a high proportion of which the employees of the Department were responsible as in the past. They consider that apart from action against the delinquent officials for criminal offences, deterrent action should be taken against those who are found guilty of violating the prescribed rules and regulations or not exercising the prescribed checks.*

*Alleged frauds in Savings Bank Branch—para 15 (i), pages 32-33.*

38. A sub-postmaster of a one-man sub-office was alleged to have misappropriated a sum of Rs. 76,405 from 50 Savings Bank accounts between the period 10-11-1952 and 31-7-1957, mainly by omitting to account for sums tendered for deposit and, in some cases, by means of fraudulent withdrawals on the authority of forged applications of withdrawal and warrants of payments. The loss was noticed on 10-9-1957 when a wrong balance was detected by the Head Post Office in a Savings Bank account. The sub-postmaster was arrested by the Police on 14-9-1957 and dismissed from service with effect from 1-9-1958. A criminal case filed against him was still pending.

39. The loss was apparently rendered possible owing to the following contributory lapses on the part of officials of the Head Post Office in the discharge of their duties:

- (a) Retention of excess cash by the sub-postmaster was not challenged.
- (b) Cash remittances were sent to the sub-post-office indiscriminately and without proper check on the basis of fictitious liabilities written on the sub-office daily accounts which were not properly scrutinised.
- (c) Signatures on the applications for withdrawals were not compared with the specimen signatures on record in the Head Post Office.
- (d) The pass books were not called for by the Head Post Office for entry of interest as required under the rules.
- (e) The sub-postmaster was retained in charge of the post office for a period of over 12 years as against the normal period of 3 years. He was not transferred even after the temporary ban on rotational transfers, imposed in January, 1949, was lifted in May, 1954.

40. The Committee were informed that as a result of further verification of the work of the sub-postmaster, more frauds had come to light including which the amount defrauded was likely to increase to about a lakh of rupees. Out of the heavy loss sustained by the Department a sum of Rs. 300|- only had been recovered so far from the surety of the accused.

41. In reply to a question as to why the sub-postmaster was retained in-charge of the post office for a period of over 12 years (as against the normal period of 3 years) even after the temporary ban on rotation of officers having been lifted the representative of the Department stated in evidence that the supervisory officers concerned had been asked to explain the non-observance of the Departmental rule and appropriate action would be taken on receipt of their explanations.

42. The Committee were surprised to learn that the sub-post office was inspected by the Inspector of Post Offices eight times in a period of 5 years during the currency of that fraud, but the fraud was not detected. Disciplinary action was being taken against this official for his failure. The departmental action against forty-three officials whose contributory negligence facilitated the commission of the fraud was kept pending on the advice of the Special Police Establishment who, however, permitted in July, 1959, to institute departmental proceedings against 37 officials including Superintendents of Post Offices whose evidence was not necessary for conducting the prosecution. *The Committee would like to be informed of the final outcome of this case.*

*Alleged fraudulent encashment of Post Office Certificates—Para 16, page 34*

43. Three National Plan Savings Certificates, each of Rs. 5,000 denomination, missing from the stock of a Post Office since September 1957 and notified as such were fraudulently encashed in October, 1958 in the very same Post Office. Departmental investigations revealed that the signature of the Post-master was forged and a bogus application of purchase had been inserted in the file of applications. The Police to whom the matter was reported in November, 1958 had not been able to find any clue and had treated the case as untraced. Departmental action against two out of the three officials held responsible for contributory negligence had been finalised; final orders in the case of the third official were to issue shortly. The recovery of Rs. 2,520 was ordered to be made from the Death-cum-Retirement Gratuity of the Head Clerk who retired in January 1959. But this could not be made as he had refused to make payment. A sum of Rs. 2,400 has been ordered to be recovered from the other official.

44. The Committee understand that the fraud was due to lack of notice from the Ministry of Finance to the P. & T. Department regarding the introduction of a new series of such certificates from 1st June, 1957. Consequently the P. & T. Department could not have the printed certificates ready for sale on that date. The purchasers of these certificates were issued only preliminary receipts. Later the printed certificates were written up by a number of officials drawn from different branches of the office. In this process the loss of three blank certificates was noticed on 24th September, 1957 but responsibility could not be fixed on any individual as the blank certificates were not distributed among the officials under individual receipts.

45. *It is clear that there was lack of proper co-ordination between the Ministry of Finance and the P. & T. Department before putting the new series on tap. It is surprising that the P. & T. Department did not appreciate that the blank certificates issued to the officials for writing up were valuable documents requiring care and vigilance. The Committee were assured that steps had been taken to streamline the procedure with a view to fixing responsibility for losses of certificates. They trust that such losses will not recur.*

*Unauthorised occupation of a departmental quarter by an ex-employee—para 18, pages 34-35.*

46. An employee of the Department who resigned from service on 9th August, 1949 has not yet surrendered the departmental quarter in his occupation nor is he paying any rent. The Department served a legal notice on him to vacate the quarter only on 12th March, 1951, followed by an eviction suit which was instituted on the 20th May, 1952 after a further period of 14 months. An *ex-parte* decree was granted to the Department in the lower Court in July, 1954 requiring the ex-employee to vacate the quarter by 15th July, 1954, and to pay up the claims of the Department. An appeal filed by the employee against the *ex-parte* decision was dismissed on 26th September, 1955. While the question of execution of the decree of the lower Court was under examination in consultation with the legal advisers, the employee filed a second appeal in the High Court in March, 1956, which was dismissed with costs, on 6th August, 1958. Meanwhile the eviction decree of the lower Court as it had not been registered had become barred by limitation. The amount of rent unrealised so far and the legal expenses incurred in the lower Court and in the High Court has been assessed at Rs. 5,235.

47. The Committee inquired why the decree passed by the lower court was not executed and was allowed to become barred by limitation. In extenuation it was urged that the Government pleader, who

conducted this case under instructions from the Post-Master General concerned, was under a misapprehension that during the pendency of the suit the decree could not be executed. The matter had been brought to the notice of the State Government concerned. It was added that eviction proceedings had since been launched against the official on 17th November, 1959, under the Public Premises (Eviction of Unauthorised Occupants) Act, 1958.

48. *The Committee regret to note that there had been considerable delay at every stage in handling this case. First, there was an initial delay of over a year in serving the legal notice to the employee and then a further period of 14 months was taken to file a suit in the court. The Department again failed to execute the decree even during the period of six months after the appeal in the court of the Second Additional Judge was decided on 26th September, 1955. (The appeal in the High Court was filed by the employee in March, 1956). The Committee did not get any explanation for the delays. They, therefore, desire that this matter should be investigated further and a report submitted to them. They trust that in future the Department will act expeditiously in such cases.*

*Loss due to avoidable payment of State-tax on electricity and non-recovery of electric charges from the occupants of residential quarters—para 19, page 35.*

49. The staff taken over from a Telephone Company, acquired by Government on 1st April, 1943 was brought under Departmental rules from 1st April, 1946 and those among them who were in occupation of residential accommodation in certain Telephone Exchange buildings on the latter date as also those who were allotted such accommodation afterwards, became liable to pay for the electricity consumed by them. No recovery of electric charges was, however, made from any of the occupants from 1st April, 1946 to 24th March, 1955 on the ground that no specific orders to that effect were issued though necessity for the recovery was suggested by Audit in 1951. There were also no separate meters in these buildings to record the consumption of electricity in the residential portions and the question of installation of such meters was taken up with the Central Public Works Department only in March, 1954. Even after the installation of separate meters in March, 1955, recoveries were not made regularly till November, 1957. Orders were issued in September 1956 for recovery with retrospective effect from 1st April, 1946, where necessary, of the outstanding consumption charges calculated at an average of three months' consumption after the date of installation of separate meters. Dues amounting to about Rs. 4,538 on the above basis in respect of

the period 1st April, 1946 to 24th March, 1955, have not, however, been recovered from the parties concerned and orders of the Government for waiving the recovery are awaited.

50. Central Government offices situated in a State are legally exempt from the payment of duty levied by that State Government on the electricity consumed for official purposes. The Posts and Telegraphs Department had, however, to pay the dues of about Rs. 14,000 upto March, 1954, in respect of electricity consumed in these Exchanges as no separate meters had been installed to record the consumption for official purposes alone, as required under the Electricity Duty Rules of the State.

51. In evidence it was stated before the Committee that the occupants of these quarters were certain essential class IV staff required to be on duty on the spot round the clock who were exempt from payment of such dues while under the Company. The actual orders bringing the staff on to the departmental terms and conditions from 1st April, 1946 were issued in 1948. As the accommodation was much below the prescribed standard and the staff was required to be there in the interest of service, the General Manager, Telephones felt that these charges should not be recovered from the occupants, especially when no notice had been given to them and they were staying there in some cases against their wishes and losing the normal house rent allowance admissible in that place. Therefore, the matter was taken up with the Ministry of Finance suggesting that as a special case, as recommended by the General Manager, Telephones, these charges should be waived. The matter was still under the consideration of Government.

52. The Committee were also informed that the meters to record the consumption of electricity in Exchanges for official purposes were installed on different dates between 1951 and 1953 but the individual meters for residential quarters were installed on 24th March, 1955.

53. *The Committee, however, did not get any satisfactory reply for the delay in the installation of meters both for recording consumption for official use and that consumed in residential portions. They, therefore, desired to be furnished with a note in this regard. The note is still awaited.\**

*Disposal of outstanding Audit objections and inspection reports—  
Paras 30-31, pages 42-43*

54. The total number of objections outstanding in the books of Branch Postal Audit Offices at the end of August 1959 and the money value thereof were 88,645 and Rs. 24.82 crores respectively out of

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\* Note since received (Appendix III) but could not be considered by the Com-  
ing received late (6-12-60).

which the number and amount of objections raised during 1958-59 were 62,033 and Rs. 16.83 crores respectively. Some of the objections dated back to periods from 1943-44 and included the following defective features:

- (a) delay in the issue of sanctions to establishment.
- (b) want of sanctions to estimates of works.
- (c) non-realisation of Telegraph Revenue in respect of deposit accounts and press bills.
- (d) non-realisation of cost of phonogram messages.
- (e) want of detailed bills, vouchers and other miscellaneous information.

55. The total number of Inspection Reports issued up to 31st March, 1959, and the items of irregularities, outstanding in the books of the Audit offices at the end of August, 1959, were 1,089 and 9,178 respectively. Some of these objections dated back to periods from 1943-44. According to Audit important irregularities, etc. noticed during these inspections were immediately reported to the Department but delay in furnishing replies to the Inspection Reports continued.

56. In evidence, it was stated that the latest position was that total number of objections outstanding had been brought down from 88,000 to 56,000 out of which 35,882 related to 1958-59. As regards inspection reports there was no item pending relating to periods prior to 1947-48 except one relating to 1943-44 in which case it had been decided to give *ex-post-facto* sanction. The number of outstanding inspection reports and items of irregularities had been reduced from 1,089 and 9,178 to 1,048 and 7,959 respectively.

57. *The Committee are concerned to note that despite their repeated comments and the instructions issued by the D.G.P. & T. in October, 1957 emphasising the importance of prompt disposal of Audit objections, the number of outstanding Audit objections continued to be fairly large. They suggest that the Department might in consultation with Audit consider the feasibility of adopting the procedure that is being followed on the Defence side for clearing the old outstanding objections expeditiously.*

## IV

### OUTSTANDING RECOMMENDATIONS

#### *Alleged substitution of contents of insured letters—Para 19 of 1st Report (Second Lok Sabha).*

58. In para 19 of their 1st Report (Second Lok Sabha) the Committee desired to be informed of the result of the departmental investigation in the case relating to substitution of contents of five insured letters valued at Rs. 19,400 in May, 1954.

59. From a note received from the D.G.P. & T. (Appendix I, annexure VI) the Committee regret to note that it took the Department about six years to complete the departmental proceedings in this case and one official held responsible for contributory negligence had been punished on 2nd April, 1960 (after nearly six years) with a recovery of Rs. 3,180 from his death-cum-retirement gratuity. *The Committee observe that this is another instance of undue delay in taking disciplinary action against delinquent officials which has been repeatedly commented upon by the Committee.*

#### *Outstanding telephone revenue—Para 29, page 42 of Audit Report, 1960 and Paras 65-68 of 22nd Report (Second Lok Sabha)*

60. In paras 65-68 of their 22nd Report (Second Lok Sabha) the Committee, commenting upon the heavy outstandings of telephone revenue, observed that as a commercial Department the P. & T. Department should be businesslike in its methods to bring down the outstandings.

61. The total amount of telephone revenue outstanding on 1st July, 1959, in respect of bills issued upto 31st March, 1959, amounted to over Rs. 147 lakhs (including about Rs. 3.3 lakhs on account of bills of ex-State systems outstanding from the pre-integration periods) out of which about Rs. 88 lakhs related to bills issued during 1958-59. A major portion of these outstandings related to Government subscribers. A test audit of telephone revenue accounts revealed instances of short recoveries and failure to issue bills to the extent of Rs. 6.79 lakhs, which were duly brought to the notice of the authorities concerned by Audit for necessary action.

62. The total outstandings on 1st January, 1960 in respect of bills issued upto 30th June, 1959 were reported to be Rs. 94.80 lakhs, the break-up of which was as follows: Rs. 4.25 lakhs from former princely

States, Rs. 24.66 lakhs from Defence Ministry, Rs. 23.71 lakhs from other Government Departments and Rs. 42 lakhs from private persons and institutions. As one of the steps taken to recover the outstanding dues, Circle Committees had been formed about 3 years ago to examine all cases of defaulters, both Government Departments and private subscribers. As a result of discussions with the Government Departments some of the arrears had already been realised. As regards private parties the Department was exploring every possibility to realise these arrears and in many cases recourse to legal action had been taken. Recovery of current dues was reported to be more prompt after 1st April, 1960 when Government subscribers were placed on par with non-Government subscribers in regard to the time-limit within which telephone bills were to be paid.

63. *The Committee are not satisfied with the progress in realisation of arrears (amounting to Rs. 21.40 lakhs on the 1st January 1960 relating to bills issued upto 31st March, 1956) relating to earlier years. While the Committee would like to stress the imperative need to effect prompt recoveries of current dues and accelerate the recovery of arrears, they feel that the Department should now make a realistic assessment of its outstanding.*

*Postal Life Insurance Organisation—Para 33, page 44 of Audit Report, 1960 and Paras 75—79 of 22nd Report (Second Lok Sabha).*

64. In para 79 of their 22nd Report (Second Lok Sabha) the Committee commenting upon the heavy accumulation of unposted items of premium realised in the respective accounts of the insured persons emphasised the imperative need to bring the work up-to-date and to ensure that the work is always current in future.

65. In a note submitted to the Committee (Appendix I, annexure XXIV) the Department had stated that as a result of systematic drive the number of unposted items had been brought down from 2,89,000 on 31st March, 1957 to 83,305 by the end of March, 1960. Sustained efforts were being made to clear them and also to decrease steadily the incidence of fresh unposted items.

66. The Committee notice that the business of postal life insurance in case of both the Civil and Military Wings had continued to decline rapidly. There was a fall in the Civil Wing of about 16.7% in the number of new policies issued and 12.1% in the total sum assured during 1958-59 as compared to the corresponding figures of the previous year, the decrease in value being to the extent of Rs. 18.43 lakhs. In the case of Military Wing also there was decline to the extent of 27.9% in the number of new policies issued and 33.6% in



the total sum assured as compared to the corresponding figures of the previous year. The fall in new business had been ascribed by the Director, Postal Life Insurance, to the nationalisation of Life Insurance and want of active publicity measures in respect of Postal Life Insurance. It was also contended in evidence that the business of PLI had not decreased as compared to what it was in 1950, 1952 and 1953. It was stated that there was a temporary spurt in business in the years 1954-56 due to publicity drive then undertaken which was, however, given up later on as a result of audit objection. The Committee were, however, informed by Audit that the total number of policies issued during 1958-59 was only 6,969 as against 9,993 and 8,363 issued during 1952-53 and 1951-52 respectively. The total sum assured during 1958-59 was also Rs. 1,66 lakhs only as against Rs. 2,44 lakhs and Rs. 2,27 lakhs in 1952-53 and 1951-52 respectively.

67. In view of the rapidly dwindling business of the Postal Life Insurance since the nationalisation of Life Insurance, the Committee enquired whether it was not desirable to merge the business of PLI with that of LIC. It was urged before the Committee that the PLI offered certain facilities to its policy holders e.g. monthly deductions from the salary bills, which were not available in the case of LIC policies. However, it was for Government to consider whether for commercial or administrative considerations the business of PLI should be merged with that of LIC.

68. *The Committee feel that with the nationalisation of Life Insurance the Postal Life Organisation has become a duplicate organisation. It will be advantageous to transfer the administration of PLI to LIC as it will result in economy and secure better administration of Postal Life Insurance Fund. The facility of deduction of premia from monthly salaries can be continued in respect of existing subscribers to PLI and the question of extending it to all the constituents of LIC may be examined.*

NEW DELHI-1;  
The 1st December, 1960  
Agrahayana 10, 1882 (Saka)

UPENDRANATH BARMAN,  
Chairman,  
Public Accounts Committee.

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**PART II**

**Proceedings of the sittings of the Public Account & Committee held on 4th July and 29th November, 1960.**

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**Proceedings of the Third Sitting of the Public Accounts Committee  
held on Monday, the 4th July, 1960 (Forenoon).**

69. The Committee sat from 9:00 to 12:25 hours.

**PRESENT**

Shri Upendranath Barman—*Chairman*

**MEMBERS**

2. Shri Feroze Gandhi
3. Shri Maneklal Maganlal Gandhi
4. Shri R. S. Kiledar
5. Shri Vinayak Rao K. Koratkar
6. Shri T. Manaen
7. Shri G. K. Manay
8. Shri S. A. Matin
9. Shri Baishnab Charan Mullick
10. Shri T. R. Neswi
11. Shri Purushottamdas R. Patel
12. Dr. N. C. Samantsinhar
13. Pandit Dwarka Nath Tiwary
14. Shrimati Sharda Bhargava
15. Shri Jashaud Singh Bisht
16. Shri Surendra Mohan Ghose
17. Dr. Shrimati Seeta Parmanand
18. Shri Mulka Govinda Reddy
19. Shri Jaswant Singh

Shri G. S. Rau, *Addl. Deputy Comptroller & Auditor General.*

Shri R. K. Khanna, *Accountant General, Posts & Telegraphs.*

**SECRETARIAT**

Shri V. Subramanian—*Deputy Secretary.*

Shri Y. P. Passi—*Under Secretary.*

## WITNESSES

*Ministry of Transport & Communications (Deptt. of Communications & Civil Aviation)*

Shri M. M. Philip—*Secretary.*

*Directorate General, Posts & Telegraphs*

Shri V. Shankar—*D. G. P. & T., Chairman, P. & T. Board*

Shri S. S. Shiralkar—*Financial Adviser.*

Shri R. V. Marathe, *Senior Deputy Director General*

Shri R. C. Vaish, *Chief Engineer (D)*

Shri P. M. Agerwala, *Chief Engineer (O)*

Shri S. C. Jain, *Deputy Director General (SB).*

} *Ex-offices Members,  
P & T Board,*

*Ministry of Finance  
(Budget Division)*

Shri A. R. Shirali—*Additional Budget Officer.*

*Ministry of Works, Housing & Supply*

Shri M. L. Nanda—*Addl. Chief Engineer, C.P.W.D.*

*Appropriation Accounts (P & T), 1958-59 and Audit Report, 1960.*

*Savings on Voted Grants—Paras 5—10, pages 23—31.*

70. There were savings of 2·2% and 6·3% under Grant No. 89—Expenditure met from Revenue and Grant No. 131—Capital Outlay outside the Revenue Account during the year 1958-59 as against savings of 2·0% and 0·7% respectively during the preceding year.

71. Explaining the reasons for the increase in the percentage of savings under Grant No. 131 the D. G. P. & T. stated that as a result of the decision of the Planning Commission in September, 1958, the plan outlay for P. & T. Department had to be reduced from Rs. 63 crores to Rs. 54 crores. Consequently the Department had to revise the programme of capital works as a result of which some works could not be taken up for execution during the year as originally planned. He, however, admitted that there was delay in surrendering the savings and had the reallocation of the expenditure been expedited the savings could have been surrendered earlier instead of at the end of the year.

72. In reply to a question the Committee were informed that the Department had to face various difficulties in the execution of the capital works, viz., shortage of raw materials like steel and

zinc, cables to the extent of one-third of their requirements and of foreign exchange in procuring imported stores especially when the scheme of priority have accorded the P. & T. Department a low position. Further, processing of indents through foreign sources generally took a long time. There were also long delays in the completion of the construction of buildings hampering progress in the erection of plant and machinery. To overcome such delays, it was proposed to set up a separate wing of the C.P.W.D., to work under the close supervision of the P. & T. Board, for the execution of P. & T. works only. It will not only result in expediting the Board's building programme but would also result in better correlation between the completion of building projects and the installation of the telephones and telegraphs, etc.

73. In reply to a question the Committee were informed that the savings under sub-head 'Amenities to staff in Grant No. 89 were mainly due to the non-implementation of certain additional welfare measures like establishment of a dispensary and water coolers, and reservation of a large number of beds for T.B. patients provided for during the year.

*Working of the Telegraph Branch—Financial Review, Para 2, page 2.*

74. Explaining the reasons for the deficit of Rs. 6.04 lakhs in the working of the Telegraph branch during the year under report as against a surplus of Rs. 41.89 lakhs during the preceding year, the witness stated that it was due to less credits received during the year for the rent of the lines hired to Railways, Telephones and other Departments. He added that the Telegraph Branch had contended that it was not getting proper return for their capital assets lent to such Departments. The P. & T. Department had, therefore, appointed a cost ascertainment Committee to look into the question of cost structure of the Telegraph branch. The D. G. P. & T. promised to circulate a note to the Committee explaining the reasons for the fluctuations in the revenue position of the Telegraph Branch.

*Defalcations or loss of public money and compensation for losses—  
Paras 12 and 14—pages 31-32*

75. The total number of cases of defalcation or loss of public money which came to light during the year under report was 1274 involving an amount of Rs. 9.80 lakhs. The amount defalcated and/or the losses of public money incurred during 1958-59 was the heaviest so far recorded in the P. & T. Department. Similarly the amount of compensation paid (Rs. 1.93 lakhs) during 1958-59 on account of the insured and other articles lost or damaged in transit.

was more than that in the previous year (Rs. 1.61 lakhs). In both the cases the departmental officials were responsible for 54% and 45% of the total amount of losses respectively.

76. Elucidating the position the representative of the Department stated that though in the case of Saving Bank and Post Office certificates transactions there had been a fall in the amount defrauded, there had been an increase in the case of money orders and insured articles.

77. Explaining the steps taken to tighten up the procedure to reduce the number of such cases, the witness stated that in order to check the loss of insured articles, the offices in which the incidence of such cases was high were being kept under special observation. In reply to a question the D. G. P. & T. admitted that there had been laxity in the supervisory control. He added that about 60 more inspectors had been appointed to secure by more effective supervision earlier detection of cases especially in areas where the incidence of fraud cases was high. In the case of money orders, a special form had been devised wherein erasures could be found out more easily.

78. The Chairman observed that it was not only lack of proper supervision but also non-enforcement of the existing rules which contributed to the recurrence of such frauds. He drew attention in this connection, to para 15 of the Audit Report according to which the sub-postmaster involved in the fraud case in the savings bank branch was retained in charge of the post office for a period of over 12 years as against the normal period of 3 years and was not transferred even after the temporary ban on rotational transfers imposed in January, 1949 was lifted in May, 1954. The representative of the Department stated that explanations had been called for from the supervisory staff concerned for the non-observance of the rule. Appropriate action would be taken on the receipt of the explanations.

79. Asked whether there were any loopholes in the existing procedure facilitating such frauds, the representative of the Department stated that most of the frauds were due to lack of proper supervision rather than defect in the procedure. Every case of fraud was examined carefully with a view to finding out whether it was due to any defect in the rules and if any such defect was noticed, the relevant rules were tightened up in consultation with the Accountant General.

In reply to a question the Committee were informed that out of 269 cases in which responsibility for the defalcation or loss of public money could not be fixed till October, 1959, the responsibility for the loss had since been fixed in 85 more cases.

The Committee inquired whether the setting up of the Vigilance Organisation had resulted in speedy detection of cases. The witness stated that that organisation did not detect cases. Detection was the responsibility of the field organisation. The Vigilance Organisation was invested only with overall supervision of such cases. Having regard to the nature of its work it had been working satisfactorily.

Explaining why only 40% of the amount of compensation paid on account of the negligence or dishonesty of departmental officials was ordered to be recovered from the officials concerned, the representative of the Department stated that under the rules the recovery of losses was restricted to one year's pay of the officials concerned payable in 3 years. Primary offenders and others convicted by courts for proved dishonesty were, however, dismissed from service, officials proved dishonest in departmental proceedings were also generally dismissed from service. Recovery of losses even from the latter, had, however, to be limited to 12 months' salary, as a rule.

80. In reply to a further question the Committee were informed that though there was a limit of Rs. 5,000/- fixed upto which articles can be insured, there was no provision that an article must be insured for its full value. Thus a person could insure an article only for a nominal value. In such cases, in the event of loss of the article, the responsibility of the Department was limited to the actual amount for which it was insured.

However in cases where such articles had been recovered, they were restored in full to the rightful owners. On the other hand, if a person insured an article for a sum more than its intrinsic value, it was a criminal offence. In such cases, the Department took care to see that the claim made was not for an amount in excess of the value of the lost article. No prosecution was usually launched.

*Incurring of expenditure far in advance of actual requirements—  
Para 23, page 39.*

81. Consequent on a decision to expand the capacity of an automatic exchange at a certain station, the Director General placed orders with the Indian Telephone Industries in February and July, 1957 for the supply of necessary equipment. Though equipment worth Rs. 1,86,600 had already been received, the estimate for the building, in which the above mentioned equipment was to be housed, received in May, 1957, under-went revisions before it was ultimately sanctioned in July, 1959 and the work had not commenced so far.

1501 (Aii) LS—3.



82. Explaining the reasons for purchasing the equipment before the construction of the building was taken up, it was stated that as the I.T.I. would have taken 2-2½ years to supply the equipment the Department was authorised to place orders for the equipment on the I.T.I. with a view to avoiding delay in the receipt of equipment.

As for the reasons for the delay in the construction of building the representative of the Department stated that the original provision of Rs. 2·27 lakhs made by the P & T Department for the building was low (the preliminary estimates received from C.P.W.D. were for Rs. 3·67 lakhs). Therefore, the recommendation provided for in the original plan had to be reduced and the revised estimates on the basis of revised drawings were received in November, 1957. However, the same had to be revised again for providing accommodation for certain other important items and the revised estimates were ultimately received in November, 1958. Thereafter detailed drawings were issued on 23rd October, 1959, and the tenders invited on that basis. According to the present estimates the cost was expected to be Rs. 5·67 lakhs. In reply to a question it was admitted that the delay in the construction of the building could have been avoided.

83. The Committee were also informed that out of the equipment worth Rs. 1·87 lakhs received so far, the Department would be able to utilise equipment worth Rs. 1·37 lakhs for other works.

*Loss of Stores—Para 13, pages 31-32.*

84. Out of 5,386 cases of loss of stores, 5036 cases involving an amount of Rs. 10·02 lakhs pertained to thefts of copper wire from the existing alignments. The number of cases and the amount involved in the losses of stores particularly those involving thefts of copper wire were on the increase.

85. The Committee wanted to know the result of the experiment to substitute copper wire by aluminium wire. The witness stated that though the experiments had not yet concluded, it was unlikely that it would be possible to have aluminium wire as a substitute for copper wire. No other country had so far utilised aluminium wire. However, copper weld wire was being substituted for copper wire, to the extent of its availability, on those sections where the incidence of copper wire thefts was the maximum.

*Alleged fraudulent encashment of Post Office Certificates—Para 16, page 34.*

86. Three National Plan Savings Certificates each of Rs. 5,000 denomination missing from the stock of a post office since Septem-

ber, 1957 and notified as such were fraudulently encashed in October, 1958 in the very same Post Office.

87. Giving the latest position, the witness stated that the police had not been able to find any clue and had treated the case as untraced. However, the departmental action against two out of three officials held responsible for contributory negligence had been finalised. In the case of the third official also the report of the enquiry officer had been received and the final orders would be issued by the end of July.

88. Explaining the circumstances under which the certificates were lost the representative of the department stated that the Ministry of Finance decided to change the series of the National Plan Savings Certificates from 1st June, 1957, of which the P & T Department as usual did not get any prior notice although it was responsible for getting forms of the certificates in the new series printed. However, the printed certificates were available only in August, 1957. In the meantime only preliminary receipts were issued to the purchasers of these certificates. The loss of blank certificates was noticed on 24th September, 1957 during the course of writing of certificates which were given for writing to a number of officials called from different branches of the office. Though the matter was reported to the police on the same day the police reported the case as untraced. A departmental enquiry was also held in the case but as the blank certificates were not distributed among the clerks under receipt and they passed from hand to hand, responsibility could not be pinned down on any one person. The particulars of the lost certificates were, however, circulated to all the post offices.

89. In reply to a further question the Committee were informed that now-a-days the stocks of blank certificates were in the custody of the post offices and were given to the person at the counter against proper receipt so that in the event of loss the responsibility could be fixed.

*Unauthorised occupation of a departmental quarter by an ex-employee—Para 18, pages 34-35.*

90. An employee of the Department who resigned from service on 9-8-49 has not yet surrendered the departmental quarter in his occupation nor is he paying any rent. There was a delay of over a year in serving a legal notice and a further delay of 14 months in filing a suit in the court. Even the eviction decree passed by the lower court was not executed during the pendency of the appeal by the employee against the decree in the High Court with the result that it had become barred by limitation.

91. The Committee were informed that this question was dealt with by the P.M.G. in consultation with the Government Pleader who was of the opinion that during the pendency of the suit the decree could not be executed and the point that the decree was becoming time-barred was lost sight of.

The Committee were also informed that eviction proceedings have been launched against the official on 17th November, 1959 under the Public Premises (Eviction of Unauthorised Occupants), Act, 1958.

*Loss due to avoidable payment of state tax on electricity and non-recovery of electric charges from the occupants of residential quarters—Para 19, page 35.*

92. The staff taken over from a Telephone Company acquired by Government on 1-4-43 was brought under Departmental rules from 1-4-46 and those among them who were in occupation of residential accommodation in certain Telephone Exchange buildings on that date as also those who were allotted such accommodation afterwards became liable to pay for the electricity consumed by them. No recovery of electric charges was, however, made from any of the occupants, from 1-4-46 to 24-3-55 as no specific orders to that effect were issued. There were also no separate meters in these buildings to record the consumption of electricity in the residential portions. The meters were installed only in March, 1955, though audit pointed out the necessity for recovery of electric charges in 1951. It has been proposed to waive the recovery of the dues amounting to about Rs. 4,538 in respect of period from 1-4-46 to 24-3-55 and the sanction of the Government to this effect was awaited.

93. The Committee were informed that according to the terms and conditions of their service with the Company, no rent or charge for electricity were recoverable from the occupants of these quarters, who were certain essential Class IV Staff required to be on duty round the clock. The actual orders bringing the staff on to the departmental terms and conditions from 1st April, 1946 were received in 1948. In view of the fact that the accommodation was much below the standard and the staff was required to be there in the interest of service, the General Manager, Telephones was of the opinion that these charges should not be recovered from the occupants especially when no notice had been given to them and they were staying there in some cases against their wishes and losing the normal house rent allowance admissible in that place. Therefore the matter was taken up with the Ministry of Finance suggesting

that, as a special case, as recommended by the General Manager, Telephones, these charges should be waived. The matter was, still under consideration.

Asked why no steps were taken to instal separate meters to segregate and record consumption of electricity for official purposes which would have resulted in a saving of about Rs. 14,000 on surcharge paid to State Government on consumption of electricity for official purposes, the representative of the Department stated that this matter came to notice only as a result of audit inspection in 1951 and meters were installed on different dates between 1951 and 1953. The witness however, could not give any specific reasons for the delay of about two years in fixing the meters and promised to furnish a note on the subject.

*Co-axial Trunk Cable Scheme—Para 21, pages 36—38.*

94. The Committee were informed that due to shortage of foreign exchange, the supplies had been severely curtailed. However, since September onwards, the Department would be able to get the supplies of cables from Hindustan Cables Ltd., whereafter it would be possible to accelerate the programme of laying cables and the entire scheme was expected to be completed by 1963.

With reference to the statement in the Audit para that 'though the cables ordered in October, 1956 were to be supplied by February, 1957 in terms of contract, the initial supply commenced only in July, 1957 and the order was executed fully in February, 1959', the representative of the Department informed the Committee that according to the terms of the contract the supply of cables *was to commence* from February, 1957 (four months after the placing of the order in October, 1956) and was to be completed by February, 1959 at the rate of 4 miles of cables per week. The supply however, actually started in March, 1957 (not in June, 1957 as pointed out by Audit) and 80% of the supplies had been rendered up to the scheduled date (February, 1959).

In reply to a question why the services of a skilled engineer were retained for a period of 372 days on a payment of Rs. 3,800 per month, though the work was expected to be completed in about 190 days, the representative of the Department stated that there were a number of works which had to be undertaken before the actual work of laying the cables started.

In reply to a further question why were the services of the Joiner of the Company retained for a period of one year when the company itself recommended his services only for a few weeks for

training the departmental staff, the witness stated that as this was the first work of its kind in this country, a fresh assessment indicated that his services would be required for a longer time.

*Modernisation of a Central Telegraph Office—Para 22, pages 38-39.*

95. The Committee were informed that due to various reasons there had been increase in the cost of installation of the equipment, the revised estimate being Rs. 17·51 lakhs.

96. Explaining why the savings as anticipated earlier could not materialise, the witness stated that the original estimate of savings had been rather over-optimistic as it did not take into consideration the various difficulties that would be experienced during the operation of the new system. There had also been speedier growth in traffic than originally estimated. However, the Department was able to save the posts of about \*53 telegraphists.

*The Committee then adjourned till 15·00 hours.*

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\*According to Audit the number of posts of telegraphists saved was only 40.

**Proceedings of the Fourth Sitting of the Public Accounts Committee held on the 4th July, 1960 (Afternoon).**

97. The Committee sat from 15.00 to 17.30 hours.

**PRESENT**

Shri Upendranath Barman—*Chairman.*

**MEMBERS**

2. Shri Feroze Gandhi
3. Shri Maneklal Maganlal Gandhi
4. Shri R. S. Kiledar
5. Shri Vinayak Rao K. Koratkar
6. Shri T. Manaen
7. Shri G. K. Manay
8. Shri S. A. Matin
9. Shri Baishnab Charan Mullick
10. Shri T. R. Neswi
11. Shri Purushottamdas R. Patel
12. Dr. N. C. Samantsinhar
13. Pandit Dwarka Nath Tiwary
14. Shri Jashaud Singh Bisht
15. Shri Surendra Mohan Ghose
16. Dr. Shrimati Seeta Parmanand
17. Shri Mulka Govinda Reddy
18. Shri Jaswant Singh

Shri G. S. Rau, *Addl. Deputy Comptroller & Auditor General.*

Shri R. K. Khanna, *Accountant General, Posts & Telegraphs.*

**SECRETARIAT**

Shri V. Subramanian—*Deputy Secretary.*

Shri Y. P. Passi—*Under Secretary.*

## WITNESSES

*Ministry of Transport & Communications  
(Department of Communications & Civil Aviation)*

Shri M. M. Philip—*Secretary.*

*Directorate General, Posts & Telegraphs*

Shri V. Shanker, *D.G., P.&T., Chairman, P.&T. Board.*

Shri S. Shiralkar, *Financial Adviser.*

Shri R. V. Marathe, *Senior Deputy Director General.*

Shri R. C. Vaish, *Chief Engineer (D).*

Shri P. M. Agerwala, *Chief Engineer (O).*

Shri S. C. Jain, *Deputy Director General (SB).*

Ex-officio Members  
P. & T. Board.

*Ministry of Finance (Budget Division)*

Shri R. Saran—*Under Secretary.*

*Appropriation Accounts (P&T) 1958-59 and Audit Report 1960—Loss of copper wire from spare lines—para 24, pages 39-40.*

98. Consequent on the shifting of a city exchange Repeater Station to a new building in June, 1954, copper wire weighing 20,880 lbs. became surplus on three alignments in the area. However, the P & T Department failed to take action either to dismantle the lines or to look after them till reports about thefts of copper wire on these lines were received from the police authorities in December, 1956.

99. The Committee were informed that there had been laxity on the part of the Divisional Officer in not providing for the dismantling of the lines in the detailed estimates of works. The matter came to notice only in 1956 when police reported some thefts of copper wire. Though about 100 lbs. of copper wire had been recovered through police authorities, the balance of 8205 lbs. of copper wire stolen could not be traced.

100. The Committee enquired what action was taken to fix responsibility for this lapse when the police reported the matter in 1956. The witness stated that the D.G., P. & T. came to know of this only in October, 1959 when the Audit para was received by the Directorate. A report had since been received from the P.M.G. and certain further information had been called for on the receipt of which further action would be taken in the matter. The Committee wanted to be apprised of what action, if any, had been taken by the P.M.G. when the police reported theft in 1956.

*Loss on account of delay in connecting an electric sub-station with a telephone exchange—para 25—page 40.*

101. An electrical sub-station was installed at a Telephone Exchange and completed at a cost of Rs. 44,288 in April, 1956 so that the supply of electricity could be obtained at a cheaper 'bulk' rate. The sub-station was not, however, connected with the Exchange till February, 1958 mainly because the Department had not adopted the suggestion to use overhead wires as agreed to by the Electricity Company and its failure to buy in time 85 yards of underground power cable at a cost of Rs. 2,000 offered by the above Company in June, 1956.

102. The Committee were informed that it was the D.E.T. who had made the suggestion that some wire which was locally available should be utilised for connecting the sub-station with the Exchange building to which the Electricity company agreed. But later on the wire, in question, was not found suitable and, therefore, it was decided to use underground cables. It was, however, admitted that there had been lack of foresight and proper planning in this case and the Department should not have chosen to use underground cables instead of overhead wires.

103. Referring to the failure of the Department to buy in time the underground cable from the company, the witness stated that the offer for the purchase of cables was open for 15 days only but due to procedural delays the Directorate took 3-4 months in communicating the orders by which time the offer had already lapsed.

104. It was, however, pointed out that on the basis of average consumption of electricity during the period under consideration the additional amount paid for electricity charges would come to only Rs. 12,000 and not Rs. 33,500 as pointed out by Audit. On being pointed out that the facts of the case should have been settled by the Department in consultation with Audit when the Audit para was sent for factual verification, the witness stated that this fact came to notice only after the Audit para had been returned.

*Irregularities in the execution of certain building works—para 26—page 40.*

105. On receipt of certain complaints of alleged irregularities in an Engineering Division in the construction of twelve postmen's quarters during 1956-57, the Director of Telegraphs concerned investigated into the matter. An examination of the relevant measurement books and the travelling allowance bills of the building overseer concerned revealed certain discrepancies raising doubts on the



accuracy of his measurements. A local audit investigation during 1957-58 also confirmed the suspicion. Remeasuring of all the works executed during 1956-57 under the charge of the building overseer revealed discrepancies in measurements. Investigations for assessment of loss etc., were reported to be in progress in September 1959.

106. The Committee were informed that a closer scrutiny and re-checking of 168 cases of measurements carried out by the building overseer, by two overseers under the supervision of the D.E.T. revealed several discrepancies. It was found that the estimates themselves provided for more work to be carried out than was necessary and there were discrepancies in measurements also. It was also found that there has been excess payment on the bills already paid. However, there were still a large number of bills outstanding for payment. The contractors had given notice for a civil suit and the Law Ministry had advised that payment be made to the contractors for the balance due on the basis of final measurements. In the meantime the Department had also handed over the case to the Special Police Establishment.

107. Asked when this matter came to the notice of the Department, the representative of the Department stated that the Director of Telegraphs concerned started inspection in the 1st week of March, 1957, on a report received from an inspection party which found that the expenditure incurred on buildings in 1956-57 was higher than that in the previous year. The case came to the notice of the D. G., P. & T. only in December, 1958. In reply to a question, the Committee were informed that the overseer had not been suspended but was on duty in another Division to which he had been transferred.

108. Explaining the reasons for the delay in taking disciplinary action against the overseer the representative of the Department stated that the second revised measurements had been completed only 2-3 months back when it was decided to hand over the case to the S.P.E. He admitted that the measurement work could have been completed much earlier and there was a *prima facie* case for suspending the overseer rather than allowing him to continue in service. The Committee desired to be furnished with a note on the following points:

- (i) the officers responsible for authorising deviation from the standard specifications for the works and the action taken by the PMG against them;

- (ii) whether a test check of measurements carried out by the overseer was required to be done by the D.E.T. or any other officer before payment therefor could be made.

*Loss on account of manufacture of unnecessary articles in Posts and Telegraphs Workshops—para 27, pages 40-41.*

109. In this case as a result of continued manufacture of certain articles by a P. & T. Workshop despite the orders of Stores Branch to suspend manufacture in 1952 and 1954, there occurred an infructuous expenditure which was likely to exceed Rs. 1.6 lakhs.

110. The Committee were informed that though the General Manager, Posts & Telegraphs Workshop, was asked in 1952 to suspend production of certain items, the manufacture of components had started and progressed to a considerable extent in the meantime and the General Manager thought it fit to discuss the matter with the Chief Controller of Telegraph Stores and persuade him not to cancel the order as it would upset his workshop's production programme. As a result it was only in 1958 that the manufacture of articles was finally stopped. As for the utilisation of the articles manufactured, the Committee learnt that out of 7 items manufactured, 4 items of the value of about Rs. 60,000 could be utilised and there was no demand for the 3 main items costing about Rs. 1,65,000. *Stock verification in the Stores Depots—para 28, pages 41-42.*

111. Despite the issue of instructions by the Department in December, 1957 to expedite the disposal of discrepancy statements, as a result of stock verification in the stores Depots, and to fix time-limit for their disposal at various stages, the overall position continued to be unsatisfactory.

112. The Committee were informed that to some extent discrepancies were inevitable. The latest position was that out of 218 discrepancy statements pertaining to General Store and 72 relating to workshop stores only 145 and 27 statements respectively remained to be settled.

*Audit of Telephone receipts—para 29, page 42*

113. The total amount of telephone revenue outstanding on 1st July, 1959 in respect of bills issued upto 31st March, 1959 amounted to over Rs. 147 lakhs. Giving the latest position the representative of the Department stated that the total outstanding on 1st January, 1960 in respect of bills issued upto 30th June, 1959 were Rs. 94.80 lakhs. The break up of this amount was as follows: Rs. 4.25 lakhs from former princely States, Rs. 24.66 lakhs from Defence Ministry,

Rs. 23.71 lakhs from other Government Departments and Rs. 42 lakhs from private persons and institutions.

114. In reply to a question, it was admitted that the progress in realisation of arrears relating to earlier years had not been satisfactory and there were still arrears amounting to Rs. 21.40 lakhs on 1st January, 1960 relating to bills issued upto 31st March, 1956. The witness promised to furnish a statement giving the break up of these arrears and the chances of their recovery.

Explaining the steps taken to recover the outstanding dues, the witness stated that about 3 years ago Circle Committees had been formed to examine all cases both of Government Departments and private subscribers in which dues were outstanding. As a result of discussions with the Government Departments some of the arrears had already been realised. As regards private parties the Department was exploring every possibility to realise these arrears and many cases had been sent to courts for the recovery of the dues.

In reply to a question the Committee were informed that in respect of current dues the recoveries had been more prompt after the introduction of the new procedure according to which Government subscribers have been brought on par with non-Government subscribers with effect from 1st April, 1960 in the matter of allowing time-limit for payment of telephone Bills.

*Disposal of outstanding Audit objections and inspection reports—  
paras 30-31, pages 42-43.*

115. There were large number of outstanding Audit objections and Inspection Reports some of which dated back to periods from 1943-44. Giving the latest position the representative of the Department stated that the total number of objections outstanding had been brought down from 88,000 to 56,000 out of which 35,882 related to 1958-59. As regards inspection reports there was no item pending till 1947-48 except one relating to 1943-44 in which case also it had been decided to give *ex-post-facto* sanction. The number of outstanding inspection reports and items of irregularities had been reduced from 1,089 and 9,178 to 1,048 and 7,959 respectively.

116. Referring to the outstanding objections relating to 1943-44 the witness stated that there were three items only outstanding in respect of that year which related to advances of pay and T.A. granted to trainees in the technical and development Circle at Jabalpur. The matter was under correspondence with Audit and the sanction for writing off the three items was under issue.

117. Explaining the nature of outstanding objections, it was stated that these related to advances to various parties pending adjustment, want of sanction for estimates of work, want of detailed bills and vouchers for expenditure incurred, and non-availability of treasury receipts for money deposited into Treasuries by post offices, etc.

118. The Committee desired to know what steps were being taken to clear the outstanding objections. The representative of the Department stated that this matter was discussed at a meeting with the heads of Circles and the Accountant General wherein the need for quicker disposal of these objections was emphasized. The Accountant General had also issued instructions to all officers concerned to deal with the objections expeditiously and as a result of this there had been improvement to some extent in this regard.

*Postal Life Insurance Organisation—para 33, page 44.*

119. In view of the rapidly dwindling business of the Postal Life Insurance since the nationalisation of Life Insurance, the Committee enquired whether it was not desirable to merge the business of P.L.I. with that of L.I.C. The representative of the department stated that the P.L.I. offered certain facilities to its policy holders, viz., monthly deductions from the salary bills, etc. which were not available in the case of L.I.C. policies. However, it was for Government to consider whether for commercial or administrative considerations they would like to transfer the business of P.L.I. to L.I.C.

120. It was also contended by a witness of the Department that the business of the P.L.I. Fund had not decreased compared to what it was in 1950, 1952 or 1953. There was a temporary spurt in business in the years 1954—56 due to the publicity drive then undertaken. The latter was given up as a result of some audit objections although the drive was not undertaken without proper sanction of the Government. On this the Deputy Comptroller & Auditor General remarked that audit objection need not have been the basis for a change of Government policy.

121. On being pointed out that as stated in 22nd Report of the P.A.C. (Second Lok Sabha) one of the reasons for the P.L.I. being unpopular was the difficulty experienced by the policy holders in getting payment on the maturity of their policies, the representative of the Department stated that such cases were due to the arrears in postings of the premium realised. However, as a result of a systematic drive, the number of such pending items had been reduced to 85,000 at the end of February, 1960, as against 2,89,000 on 31st March, 1957. With the clearance of these arrears, the difficulties in making payments on matured policies will cease to exist.

*Alleged loss of insured article—Appropriation Accounts, page 85, note 4.*

122. An insured bundle containing seven letters insured for Rs. 35,000 was transmitted by a sub-post office on 5-11-1958 to an air-sorting office which despatched it after enclosing it in a mail bag to the post office at destination through a Railway Mail Section on 6-11-1958. On opening the bag at the delivery post office the insured letters were found missing.

123. The Committee were informed that the police had not been able to trace the culprit and had treated the case as closed. However, as a case of similar nature occurred in the same office and some clue was available, the police had reopened the former case and it might be possible to trace the culprit. As the Department had also not been able to locate the place of fraud, it had not been possible to fix responsibility on any individual. Pending police investigation, the claim of the sender had also not been entertained so far.

124. Referring to another case in which a mail bag containing 24 letters insured for Rs. 8,450 was found missing during the temporary absence of the sub-post-master, the Committee wanted to know the reasons for reviewing the adequacy of the departmental action against the sub-post-master. The Committee were informed that in this case as a result of departmental action, the sub-post-master was punished with a penal recovery of Rs. 1,920 from his emoluments in 36 monthly instalments. However, it was felt that the punishment awarded was not substantive and, therefore, it had been decided to review the case after the finalisation of the court case.

*Appropriation Accounts, page 113, note 2 (III)—Expansion and Renovation of Bihar Coal Field Exchanges.*

125. There were two cases (S. Nos. 2 & 4) relating to expansion and Renovation of Bihar Coal Field Exchanges, in which, although an expenditure of Rs. 36.46 lakhs had already been incurred, the estimates have not yet been sanctioned.

126. The Committee were informed that one of the two schemes (*viz.* S. No. 2) was approved in 1949 and the project estimate was sanctioned in 1951. However, when the detailed estimates were prepared it was found that the total cost would exceed the sanctioned amount by more than 10 per cent. The preparation of detailed estimates and reconciliation of certain discrepancies took considerable time. The revised project estimates and detailed estimates had since been submitted to the Ministry of Finance for sanction.

127. Asked as to why the work was started without the requisite technical sanction, the representative of the Department stated that in this case as the equipment in the Coal Field area, installed in 1923, had already outlived its utility and during the war period the work could not be taken up due to non-availability of machinery, an exception was made.

*Appropriation Accounts—page 123, note 15—Work in progress at Alipore Workshop.*

128. The value of work-in-progress in Alipore workshop during 1958-59 was Rs. 28·45 lakhs as against the fixed limit of Rs. 15 lakhs.

129. The Committee were informed that the limit was fixed on the basis of the average value of work-in-progress. The amount of work-in-progress in excess of the fixed limit had been regularised at the end of the year. It was also added that it was found in practice that the limit fixed was rather low and the Department was considering to raise this limit.

*Avoidable expenditure on the employment of Chowkidars—Appropriation Accounts, page 90.*

130. According to the Departmental orders issued in October, 1954, Chowkidars for guarding the cycles of the staff were not to be provided at Government expense. In certain telegraph offices, however, Chowkidars were employed mainly for guarding the cycles of the staff which involved an expenditure of about Rs. 25,568 during a period of about 3½ years, ending 15-4-1958.

131. The Committee were informed that these Chowkidars were mainly appointed for guarding the departmental cycles. The Committee, however, learnt that in one telegraph office three Chowkidars were appointed during the period of December, 1956 to April, 1957, when the number of departmental cycles was only four.

*The Committee then adjourned sine die.*

**Proceedings of the Twenty-fifth sitting of the Public Accounts Committee held on Tuesday, the 29th November, 1960.**

132. The Committee sat from 15.00 to 16.50 hours.

**PRESENT**

Shri Upendranath Barman—*Chairman*.

**MEMBERS**

Shri Upendranath Barman—*Chairman*

3. Shri R. S. Kiledar
4. Shri S. A. Matin
5. Shri T. R. Neswi
6. Shri Purushottamdas R. Patel
7. Shri Radha Raman
8. Dr. N. C. Samantsinhar
9. Pandit Dwarka Nath Tiwary
10. Shri Jashaud Singh Bisht
11. Shri Surendra Mohan Ghose
12. Shri V. C. Kesava Rao
13. Shri Jaswant Singh.

Shri G. S. Rau, *Addl. Dy. Comptroller & Auditor-General*.

**SECRETARIAT**

Shri V. Subramanian—*Deputy Secretary*.

Shri Y. P. Passi—*Under Secretary*.

133. The Committee considered their draft Thirty-first Report on the Appropriation Accounts (Posts & Telegraphs) 1958-59 and Audit Report, 1960 and approved it subject to certain modifications here and there.

134. The Committee authorised the Chairman to sign the Report and to present it to the Lok Sabha.

135. The Committee also authorised Shri Jaswant Singh to present the Report to the Rajya Sabha.

136. The Committee then adjourned till 14.30 hours on Thursday, the 1st December, 1960.

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## APPENDICES

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150 (Aii) S—4.





## APPENDIX I

*Statement showing action taken or proposed to be taken on the outstanding recommendations of the Public Accounts Committee relating to P and T Accounts.*

| Sl. No. | Para No. of Report | Ministry/Deptt. concerned | Particulars of items | Remarks of Ministry | Comments |
|---------|--------------------|---------------------------|----------------------|---------------------|----------|
| 1       | 2                  | 3                         | 4                    | 5                   | 6        |

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### *Twenty-Second Report (First Lok Sabha)*

- |   |    |              |   |  |   |
|---|----|--------------|---|--|---|
| 1 | 82 | D.G. P. & T. | <p>The Committee would like to be apprised of the developments to be effected in the matter of adequate supply of forms to the P. &amp; T. Department as a result of the Report by the Committee set up by the Ministry of Works, Housing and Supply to examine the</p> | <p>A note has been submitted (Annexure I).</p> | <p>The latest position may be intimated to the Committee.</p> |
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supply, printing and distribution of forms and stationery.

[Further comments of PAC 1959-60]

The Committee would like to watch further developments.

*First Report (Second Lok Sabha)*

2 8 D.G. P. & T.

(i) The Committee observed that in the case referred to in para 5 of Audit Report, 1957 Part I, even though it was known that the refugees had occupied the sheds and outhouses by September, 1949, adequate security measures were not taken to protect the remainder of the property at the time of vacating it in June, 1951.

9 Do.

(ii) While the Committee appreciate the legal complications in the case, they cannot

but express their concern at the large infructuous expenditure which still continues to be incurred in the rental of these buildings. They would once again stress the urgency of finding a solution to save the Exchequer from this recurring liability and the Government of West Bengal should be strongly urged to help in a final solution of this tangle.

[Further comments of the PAC 1959-60]

The Committee may be informed of the final outcome of the case.

A note has been submitted (Annexures II & III).

The Committee may be informed of the final outcome of the case.

See remarks against Serial No. 15.

A note has been submitted (Annexure IV).

(i) The Committee reserve their comments in the case referred to in para 7 of Audit Report, 1957, Part I till the information desired by them is made available by the D.G. P. & T.

(ii) The Committee desire that the D.G. P. & T. should

Do.

Do.

3 12

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keep a strict watch on all works undertaken without prior financial sanction.

4 15 D.G. P. & T.

The Committee wish to reiterate the importance of expeditious departmental action against the delinquent officials involved in frauds in Post Offices and trust that the P & T Department will take steps to achieve this end. They would like to be apprised of the final outcome of the case referred to in para 10 of Audit Report, 1957—Part I.

[Further comments of the P. A. C. 1959-60]

The Committee may be informed of final position in remaining two cases. A note has been submitted (Annexure V). No comments.

5 19 Do.

The Committee would await the results of the Departmental investigations in the . . . A note has been submitted (Annexure VI). See para 59 of the Report.

case referred to in para 13 of Audit Report, 1957, Part I. At this stage, the only comment which the Committee would like to make is that although more than three years have elapsed very little progress appears to have been made.

*Eleventh Report (Second Lok Sabha)*

6 6 Do.

The Committee would like to be informed when they next take up examination of the Posts and Telegraphs Accounts, the number of cases in which action has been taken by the D.G. P. & T. against the Engineering officers concerned who were responsible for violating the instructions issued by him in September, 1952, to the effect that no work should be undertaken without prior financial sanction except in emergent cases.

A note has been submitted (Annexure VII). See remarks against S. No. 15.

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Do.

The Committee trust in all cases the result of disciplinary action such as censure, warning etc. are entered in the confidential

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Reports of the officers concerned.

[Further comments of PAC, 1959-60]

The Committee may be informed of the decision of the Ministry of Home Affairs in the matter.

Necessary instructions have since been issued by the Ministry of Home Affairs (Annexure VIII).

No comments.

Instructions are being issued in P. & T. Department also.

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42

D.G.P. &amp; T.

(i) The Committee are of the opinion that the progress made in the matter of introduction of an effective Cost Accounting system in the Posts and Telegraphs workshops has been rather slow considering the results achieved during the period of two years since the appointment of the Cost Accounts Officer. They hope that by the time they take up examination of the next year's Accounts all the

items would have been reviewed completely and the labour and material schedules drawn up.

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Do.

(ii) As regards the overheads, the Committee feel that they are rather high. The Committee would emphasize the need for gradual reduction of the overheads to a regulated figure and thus reduce the cost of production.

[Further comments of PAC,  
1959-60]

51

The Committee may be appraised of the outcome of the various measures introduced by the P & T Workshops with a view to reducing the cost of production per unit of Workshop Products.

A note has been submitted (Annexure IX).

The Committee hope that the problems connected with the introduction of the incentive scheme will be resolved early. They may be apprised of the working of the scheme in due course.



22nd Report (Second Lok Sabha)

9 5 Transport & Com-  
(Intro.) munications  
D.G. P. & T.

The Committee feel that See S. No. 13.  
there is large scope for  
improvement in budgeting  
standards and the P. & T.  
Department should examine  
the adequacy of their ar-  
rangements for ensuring  
better forecast of expendi-  
ture.

10 6 Do.  
Do.

The Committee have found  
cases of regrettable delays  
on the part of the P & T  
Department.

11 Do. Do.

The observations of the Com-  
mittee have been taken note  
of See S. No. 33.

The Committee have also  
found that in most of the  
disciplinary cases there  
had been considerable delay  
in finalisation of depart-  
mental action against de-  
linquent officials though  
they have on previous oc-  
casions emphasised the  
necessity of prompt and  
adequate disciplinary action.  
The Committee trust that

the constitution of the P.&T. Board will cut short the delays in the Department and improve its efficiency

No comments.

The observations of the Committee have been taken note of by the P. & T. Department and also brought to the notice of all concerned by the Ministry of Finance (Department of Expenditure).

No comments.

Every effort is now made to include in the Budget within the plan ceiling only those works on which expenditure can be incurred during the Budget year. Suitable instructions have been issued to all concerned (Annexure X).

The Committee are perturbed at the explanation that precision in estimating the supplementary Grant in the course of the year is so much matter of chance. The Committee feel that with better planning and financial control and stricter watch over progress of expenditure the chances of recurrence of cases of this type can be minimised.

(i) The Committee have not been convinced by the arguments put forth by the P & T Department regarding non-incurring of expenditure on works provided for in the Budget. They find it difficult to understand why expectations should have been falsified to such an extent. They trust that the P. & T. Department will examine the adequacy of their arrangements to ensure better forecast of expenditure.

Do.

All other Ministries

Transport & Communications

D.G. P. & T.

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| 1   | 2   | 3   | 4   | 5                   | 6 |
|---|---|---|---|---------------------|---|
| <p>(ii) As a result of the recommendations of the P.A.C. in their Eighth Report (Second Lok Sabha) instructions have been issued by the Ministry of Finance in August, 1958 that provision should be made in the budget on sanctioned schemes only based on the actual requirements of the year. The Committee hope that such lapses of funds will not recur.</p> | <p>Provision is now made in the Budget only for sanctioned schemes. The suggestions of the Committee have been taken note of.</p> | <p>No comments.</p>   |   |                     |   |
| 14  | <p>II Transport &amp; Communications.</p> <p><u>D. G. P. &amp; T.</u></p>   | <p>The Committee are concerned to see that expenditure on works not provided for in the Budget continued to be incurred in the years under report in spite of their adverse comments on such a practice on earlier occasions. Considering the magnitude of the expenditure incurred on such works, the Committee apprehend that the tendency to start in the year works</p> | <p>A note has been submitted (Annexure XI).</p> | <p>No comments.</p> |   |

not specifically provided for in the Budget is becoming chronic. The Committee urge that this tendency should be checked as it vitiates financial control by Parliament.

A note will be submitted to the Note awaited. Committee. The question of enhanced delegation of powers to the Circles is still under consideration of the Ministry of Finance (C).

The Committee are convinced that commencement of works before detailed estimates had been prepared and got sanctioned by the proper authority will lead to lack of control over expenditure and consequently to avoidable waste. As one of the measures to improve matters, the Committee would suggest that the existing financial power of the authorities at the various levels to sanction the estimates should be reviewed with a view to examining the possibility of delegating further powers in this regard so as to avoid long delays in the sanctioning of the estimates and obviating violation of the codal provisions.

15 14 Do.

16 18 Transport & Communications  
D G. P. & T. The observations of the Committee have been taken note of. No comments.

The Committee would like to draw attention to para 5 of their 11th Report (Second Lok Sabha) wherein they have suggested that Ministries should maintain 'Liability Registers' to keep track of their commitments. Had the P & T Department followed this procedure the liabilities in the present case would not have been overlooked. They trust that the instructions proposed to be issued by the Ministry of Finance will be strictly followed by all concerned to avoid recurrence of such cases in future.

17 21 Do. The remarks of the Committee have been taken note of. No comments.

The Committee would like to watch the result of the measures adopted by the P. & T. Department to avoid losses of copper wire through subsequent Audit Reports.

|    |    |  |   |  |   |
|----|----|--|---|--|---|
| 18 | 24 | Do.  | (i) The Committee trust that with the changes made in the procedure for the disposal of surplus stores it would be possible for the P. & T. Department to dispose of the surplus stores expeditiously. They would like to watch the results through future Audit Reports.   | The observations of the Committee have been taken note of.   | No comments.  |
|    |    |  | (ii) The Committee feel that there is need for greater coordination between the production, indenting and stores wings to reduce the accumulation of stores surplus to requirements.  | A note has been submitted to the Committee (Annexure XII).   | No comments.  |
| 19 | 27 | Do.<br><hr/> D.G. P. & T.<br><hr/> W.H. & S. | The Committee regret to observe that the Inspectorate of the D.G.S. & D. failed in its duty to carry out proper inspection of the scales. The Committee are also disturbed to note that the D.G. S. & D. failed to provide a clause in the contract regarding the guarantee for the performance of these scales and to pursue the matter with the firm to | The observation of the Committee has been taken note of by the D.G. P. & T.<br><br>A note by Min. of W.H. & S. has been submitted (Annexure XIII). | The Committee trust that precise instructions have been issued indicating the scope of inspection in such cases where orders have been placed to manufacture stores which were hitherto imported. |

set right the defects in the scales when the complaints regarding their unsuitability were received by them from the P. & T. Department. The Committee would urge that all contracts entered into by the D.G.S. & D. should be drawn up in precise and unambiguous terms providing for all such safeguards.

20 28 Transport & Communications  
D.G.P. & T.  
W.H. & S.

The Committee consider that the P. & T. Directorate was not also blameless in this matter. Although the Head of a Circle reported to the Directorate in April, 1949, regarding the unsuitability of these scales for the Post Offices and R.M.S. Section when only 15 scales had been supplied, the Directorate did not inform the D.G. S. & D. till February, 1950 that further indents should be cancelled or their supply withheld. The

A note will be submitted.

Note awaited.

Committee could see no reason for this delay. They desire that this matter should be investigated further and responsibility fixed for this lapse which resulted in loss to Government.

The Committee also note that no decision has yet been taken regarding the disposal of these scales either through the D.G. S. & D. or otherwise. They would suggest that an early decision should be taken to dispose of these scales, which has already been considerably delayed and a report submitted to them in due course.

21 31 Transport &  
Communications

D.G., P. & T.

W.H. & S.

The Committee feel that] inspection of all cables intended for the P. & T. Department could well be undertaken by the P. & T. Department itself especially where P. & T. workshops were stated to be equipped with satisfactory arrangements for testing purposes.

A note has been submitted to the Committee (Annexure XIV). No comments.



The Committee note that this matter is under consideration of the D.G.S. & D. and the P. & T. Department and trust that an early decision will be reached after taking their views in para 31 into consideration.

Transport & Communications

D.G., P. & T.

W.H. & S.

The Committee would also reiterate that stores should be inspected in all cases, as acceptance of manufacturer's test reports without actually testing the stores is always fraught with risk.

Do.

The Committee trust that the P. & T. Department will ensure that cases of such unnecessary purchase of stores do not recur.

Transport & Communications

D.G., P. & T.

The Committee trust that early and effective steps will be taken for the modernisation of the workshops to

Do.

The observation of the Committee has been taken note of and necessary instructions issued (Annexure XV).

No comments.

A note has been submitted to the Committee (Annexure XVI).

No comments.

See remarks against S. Nos. 21, 22.

increase their output with a view to bring down the high overheads. In the meantime, efforts should also be made to utilise all the machines in the workshops to their optimum capacity.

|    |    |     |   |  |                |
|----|----|-----|---|--|----------------|
| 26 | 41 | Do. | The Committee view with dis-favour the tendency to exceed the prescribed monetary limit in respect of works undertaken by the various P. & T. Workshops. They desire that this tendency be stopped. | The observations of the Committee have been taken note of and instructions have been issued to all concerned. (Annexure XVII). | No comments    |
| 27 | 44 | Do. | The Committee would like to watch through future Audit Reports the position regarding the working of the time-limit laid down for the closure of work-orders.                                       | The observations of the Committee have been taken note of.   | No comments.   |
| 28 | 46 | Do. | The Committee would point out that though the number of cases of frauds and the amount involved appears to be small in comparison with the total volume   | The observations of the Committee have been taken note of and instructions issued to all concerned.                            | See S. No. 33. |

of business transacted, the proportion of cases in which employees of the Department were involved still preponderates and the cases where disciplinary action was not finalised, are numerous.

The Committee would like to be informed of the final outcome of the proposals for increasing the number of Inspectors according to a phased programme with a view to reviving second inspection and how far these have proved effective.

Transport & Communications  
D.G.,P. & T.

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See para 35 of the Report.

The Committee would like to watch the practical effect of the working of all the measures taken to eliminate frauds in savings bank branches through future Audit Reports.

Do.

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No comments.

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|----|----|-----|---|--|---|
| 31 | 54 | Do. | <p>The Committee regret to observe that disregard of rules regarding the proper upkeep of the Savings Bank Accounts both by the Head Office and the sub-Post Office facilitated the fraud in this case. They trust that rules and regulations will be strictly observed in future and Departmental Officers during the course of their local inspection of the Head and Branch Post Offices will invariably review the position to ensure that there had been no deviation.</p> | <p>The observation of the Committee has been taken note of and instructions have been issued to all concerned. (Annexure XIX).</p> | No comments.  |
| 32 | 57 | Do. | <p>The Committee would like to be informed in due course of the final outcome of the case mentioned in para 17 of Audit Report, 1959.</p>   | <p>A note has been submitted to the Committee (Annexure XX).</p>   | <p>The Committee may be informed of the final outcome of this case.</p> |
| 33 | 60 | Do. | <p>The Committee need hardly emphasise the necessity of prompt and adequate disciplinary action being taken against the delinquent offi-</p>  | <p>A note has been submitted to the Committee (Annexure XXI).</p>  | No comments.  |

cial to safeguard not only the financial interest of the State but also the integrity of the Services. One of the reasons for delay in some cases was stated to be the long time taken by the Courts and Police in returning the documents. The Committee suggest that close liaison should be maintained by the Department with the Police in such cases. As suggested by the Committee on previous occasions while commenting upon such delays, whenever original documents were required to be filed with the Court, the Department concerned should invariably keep photostat copies of such documents as have got an important bearing on the disposal of the case involving disciplinary action against the delinquent officers.

D. G., P. & T.

(i) The Committee are concerned over the continuance of the existing arrangement for the conveyance of mails without any formal contract as it is fraught with risk and does not in any manner indemnify the Government against any possible losses etc. They trust that it will be possible for the P. & T. Department to finalise the contract with the contractors without any further delay.

A note has been submitted to the Committee. (Annexure XXII).

Finalisation of the formal agreement with the operators may be expedited and a report submitted to the Committee.

Do.

(ii) The Committee suggest that the Government should give earnest consideration to the proposal put forth by the P&T Department to obviate the difficulties experienced in executing contracts with private operators for carriage of mails.

A note has been submitted to the Committee. (Annexure XXII).

The final decision of Govt. may be intimated to the Committee.

Do.

The Committee should be informed of the final outcome of the proposals to minimise the delay in the issue of trunk call bills and how

A note has been submitted to the Committee. (Annexure XXIII).

The Committee would like to watch the position through future Audit Reports

far these have helped in improving the situation by the time they next take up this matter.

68 Transport &  
Communication

D. G., P. & T.

All other Ministries

The Committee regret to observe that despite their repeated comments made in their 13th and 22nd Reports (First Lok Sabha) & 1st Report (Second Lok Sabha), the position regarding the liquidation of the outstanding telephone revenue has not shown any substantial improvement. As a Commercial Department the P&T Department should be business-like in its methods to bring down the out-standings. The Ministries and Departments of the Government of India should also pay off the telephone dues within the stipulated period and set an example to private customers.

See para 63 of the Report.

The suggestion of the Committee has been taken note of by the P&T Department and has also been brought to the notice of all concerned by the Ministry of Finance (Deptt. of Expenditure).

The Committee would like to watch the position through future Audit Reports.

Do.

The Committee suggest that to save time the question of recovery of the arrears of rent for telegraph and teleprinter circuits from other Government Departments may be dealt with at a high level inter-ministerial meet which should be attended by the representative of the associate Finance also. As regards the dues from Newspapers and 'Other Parties' the Department should take recourse to the relevant penalty clauses in the contract form and enforce recovery from all defaulters as early as possible.

The Committee feel that action should have been taken to withdraw telegraph and teleprinter facilities from the Agency in March, 1956 itself when the Agency defaulted in payment of both the arrears and the current dues and thus the loss ultimately sustained by the P. & T. Department could have been minimised.

37 71 Transport & Communications

38 74 Transport & Communications  
D. G., P. & T.



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The Committee would, however, like to be informed of the final outcome in this case after the liquidation proceeding was over.

The Committee may be informed of the final outcome of this case.

39 Transport & Communications  
D. G., P. & T.

In the opinion of the Committee the arrears especially in regard to clearance of unposted items are still fairly heavy. With such a large number of unposted items, the accounts of the policy holders will not be accurate and up-to-date which will in turn led to delay in the settlement of their claims. The Committee would, therefore, emphasise the imperative need to clear up these arrears and ensure that accumulation of unposted items does not recur.

A note has been submitted to the Committee. (Annexure XXIV).  
No comments.

40 82

Do.

The Committee desire that the P&T Department should consider the possibility of fixing a time-limit within

A note has been submitted to the Committee. (Annexure XXV).

No comments.

which all the cases of disciplinary action pending with the Department or police should be got settled.

41 85 Do. No comments.

The Committee find it difficult to accept the plea put forth by the D.G.P., & T. in this case. In their opinion over-indenting of stores, be they susceptible to loss or not, should be avoided by the Department as it locks up funds unnecessarily. They trust the Department will take steps to prevent this in future.

42 88 Do. A note has been submitted. (Annexure XXVII). No comments.

(i) The Committee consider the plea of urgency hardly tenable in this case, as the contractor was allowed to delay supply of stitched garments upto December, 1954, although the work was required to be finished within two months according to the agreement signed on the 12th February, 1954. Evidently, the Manager

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of the Depot did not act with due caution despite the instructions of the Assistant Director, Postal Services not to issue materials exceeding the amount of security and earnest money paid until the Revenue Authorities' Report was received. They understand that the Manager retired in January, 1955 and the Law Ministry had opined that he could not be proceeded against under Article 351-A of the Civil Service Regulations as the departmental action was not instituted within a year of the date the official was last on duty. The Committee would like to know the circumstances under which action was not taken in time and what action has been taken against the persons responsible for the delay.

(ii) The Committee further understand that the decree

against the contractor has been awarded by the High Court. They would like to be apprised of the progress made in the realisation of the decretal amount from the contractor.

The Committee are not satisfied with the explanations furnished in this case. They do not agree with the contention of the D. G., P. & T. that the Directorate was mainly concerned with the writing off of the loss and not with the removal of the Branch Post-Master. As such, the officers dealing with this case in the Directorate and the Circle did not look into the latter aspect. The Committee feel that the Directorate should have seen whether action on the case was complete in all respects and if not, pointed out the omissions to the appropriate authorities.

The Committee consider that the disciplinary aspect of the case should be pursued.

The observations of the Committee have been taken note of and instructions issued to all concerned. (Annexure XXVIII).

No comments.

43 90 Transport & Communications  
D. G., P. & T.

44 92 Do. Do.  
A note has been submitted to the Committee. (Annexure XXIX).

## ANNEXURE I

No. 25-7/60-M.I.

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT AND COMMUNICATIONS,

(DEPARTMENTS OF COMMUNICATIONS AND CIVIL AVIATION),  
(Posts & Telegraphs Board)

*Dated at New Delhi, the 8th June, 1960.*

**SUBJECT:** *Twenty-second Report of P.A.C. 1959-60 (Second Lok Sabha)—Serial No. 4 of Appendix I—Installation of Rota Print machines in various P. & T. Circles.*

In the note attached to the Ministry of Transport and Communications (Department of Communications and Civil Aviation) Memorandum No. 13-26/59-MI, dated 14-7-1959 (Appendix XVII of Twenty-second Report of P.A.C. for 1959-60, Volume II) (Second Lok Sabha) the Public Accounts Committee were informed that only one Rota Print machine had been installed in the West Bengal Circle Office, and that the question of further installation of such machines had to be considered in the light of the report of the P. & T. Forms Committee who had submitted their report on the 18th March, 1959 and which was under consideration of the Government. It was, however, mentioned that the P. & T. Forms Committee had not recommended the installation of such machines to other Circles due to the reasons detailed in the note.

2. In Serial No. 4 of Appendix I to their Twenty-second Report for the year 1959-60, the **Public Accounts Committee** have now desired that they would like to watch further developments in the matter.

3. The P. & T. Board has since examined the recommendations of the P. & T. Forms Committee made in this behalf and agreed to review the matter after the Director General has looked into the working of the machine installed in the Circle Office, Calcutta during his next visit to Calcutta.

The Director General accordingly visited Calcutta in the third week of April and came to the conclusion that Rota Print Machine was doing useful work and that with full utilisation, it would become

an economic proposition. He also felt that the Machine would be useful during periods of shortage of forms which were unfortunately become frequent and prolonged. He is also of the view that in view of their utility and economic costs one Rota Print Machine should be supplied to each circle. The matter will now be placed before the Board for final decision.

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

Sd./- V. SHANKAR,

*Chairman, Posts & Telegraphs Board.*

## ANNEXURE II

No. 31-45/48-NB (Coll. VII Pt)

GOVERNMENT OF INDIA,

MINISTRY OF TRANSPORT AND COMMUNICATIONS,

(DEPARTMENTS OF COMMUNICATIONS AND CIVIL AVIATION),

(Posts & Telegraphs Board).

Dated at New Delhi, the 8th June, 1960.

**SUBJECT:** *Para 5 of P. & T. Audit Report, 57 Pt. I—Infructuous Expenditure on renting of a building occupied by refugees in Calcutta (Belghoria).*

In serial No. 6 of Appendix I to their Twenty-second Report of P.A.C. 1959-60 (Second Lok Sabha) the Committee desired that they might be apprised of the latest position in this matter. It has already been brought to the notice of the Committee that steps had been taken with a view to ensuring that the recurring expenditure of Rs. 350/- per month, being the rent of the premises that is at present payable to the landlord by the P. & T. ceases as quickly as possible.

2. The West Bengal State Government have taken steps to acquire the land under the Land Development Act which provides for compensation only at the rates prevailing in 1946. The landlord who will lose heavily is likely to start litigation and delay the proceedings. It was, therefore, suggested that the land be acquired under the Continuance of Powers Act. But as the cost of the acquisition of the properties under the provision of Land Development and Planning Act, 1948 is considerably lower it was decided that the acquisition proceedings under the Land Development and Planning Act should be proceeded with.

3. The P.M.G., West Bengal Circle, Calcutta, is constantly in touch with the State Government with a view to ensuring that the Acquisition Proceedings are completed as quickly as possible. The D. G. also contacted the Chief Minister of West Bengal on 31-3-60 and was assured by him that the proceedings would be started shortly. The

P.M.G. Calcutta has also been asked to examine when a claim can be made for compensation for our tenancy right, out of the amount that would be awarded. If the claim is accepted it might be a set-off against the expenditure incurred on rent.

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

Sd./- V. SHANKAR,  
Chairman,  
P. & T. Board.



**ANNEXURE III**

**No. 31-45/48-NB (Coll. VII. PT)**

**GOVERNMENT OF INDIA,**

**MINISTRY OF TRANSPORT AND COMMUNICATIONS,**

**(DEPARTMENTS OF COMMUNICATIONS AND CIVIL AVIATION),**

**(Posts & Telegraphs Board)**

**Dated at New Delhi, the 14th November, 1960.**

**SUBJECT: Twenty-second Report of P.A.C. 1959-60 (Second Lok Sabha)—Serial No. 6 of Appendix I—Infructuous expenditure on renting of a building occupied by refugees in Calcutta (Belghoria) (Para 5 of P. & T. Audit Report, 1957—Pt. I).**

A reference is invited to Memo. of even No. dated the 8th June, 1960 (Annexure II) in which the position obtaining on that date, was explained. In para 3 of that Memorandum it was stated that out of the amount that would be awarded to the landlord as compensation after the acquisition, the P. & T. Department would prefer claim for compensation for its tenancy right.

2. The case has now been further examined in consultation with the Law Ministry who have advised that since eventually the compensation is payable to the landlord by the Central Government and since the tenancy of the P. & T. arises only as a result of internal arrangement between the Ministry of Defence and P. & T., both being parts of the Central Government, no useful purpose will be served by making the claim.

3. In the circumstances the question of preferring a claim has been dropped and the P.M.G. Calcutta is being asked to keep the matter under constant watch so that the responsibility of the P. & T. for rent ceases as soon as the acquisition proceedings are completed.

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

**Sd/- V. SHANKAR,**  
**Chairman,**  
**P. & T. Board.**

**ANNEXURE IV**

**No. P(BC) 10-2/56**

**GOVERNMENT OF INDIA**

**MINISTRY OF TRANSPORT AND COMMUNICATIONS**

**(DEPARTMENTS OF COMMUNICATIONS AND CIVIL AVIATION)**

**(Posts & Telegraphs Board)**

*Dated at New Delhi, the 25th June, 1960.*

**SUBJECT: Expansion of Bangalore Telephone System—Para 7 of Audit Report (P. & T.) 1957—Part I.**

1.1. In serial No. 7 of Appendix I to their Twenty-second Report 1959-60 (Second Lok Sabha) Vol. I, the Public Accounts Committee have desired to be furnished with further information on "Commencement of Works without the sanction of project and its detailed estimates" promised at item (iv) of the Note forwarded under Ministry of Transport and Communications (Deptt. of Commns. and Civil Aviation) (Posts and Telegraphs), Memo. No. P(BC) 10-2/56 dated 2-9-58 (App. XXXVIII of Eleventh Report of P.A.C. Vol. II). The required information is furnished below:—

|  |      |
|--|------|
| No. of cases in which works were taken up for execution without sanction of estimates for the period from 1-10-52 to 31-12-57: | 342. |
|--|------|

|                        |                    |
|------------------------|--------------------|
| Total amount involved: | Rs. 3,05.32 lakhs. |
|------------------------|--------------------|

1.2. A scrutiny of these cases has revealed that in certain cases works were undertaken without sanction due to emergency, or for unavoidable reasons as permitted by the Departmental Rules and in a majority of the remaining cases the expenditure on these works was incurred on the authority of the Heads of Circles or the Directorate to release indents for issue of stores and supply of equipments in anticipation of issue of formal sanction, as it was essential to do so in order to maintain telegraph and telephone service efficiently and to provide for urgent demands. In the remaining cases also, works were undertaken by the Executive Officers with the same objects in view.

The tabular statement below indicates the total number of works and amount involved under each of the three categories:

| Sl. No. | Description of categories  | No. of cases | Amount involved (in thousands of Rs.) |                |                |
|---------|--|--------------|---------------------------------------|----------------|----------------|
|         |  |              | Cash                                  | Stores         | Total          |
| I.      | Cases of emergent works permitted to be undertaken prior to sanction of detailed estimates <i>vide</i> paras 143 to 144 of P & T Man. Vol. X (P. I.) | 162          | 1,56,78                               | 34,80          | 1,91,58        |
| II.     | Cases of works which were undertaken on the authority of Heads of Circles of Directorate prior to formal sanction to Detailed Estimates.             | 90           | 8,83                                  | 99,76          | 1,08,59        |
| III.    | Remaining works undertaken by the Subordinate Executive Officers.  | 90           | 40                                    | 4,75           | 5,15           |
|         |  | <b>342</b>   | <b>1,66,01</b>                        | <b>1,39,31</b> | <b>3,05,32</b> |

2. These categories are discussed below:

### CATEGORY I.

2.1. These works were undertaken due to emergency as permitted under Departmental rules (Enclosure A). A broad view of urgency in such cases has to be taken to meet the pressure of other authorities on the plea of urgent necessity or to make payments for very urgent items *e.g.* acquisition of land, freight for goods that have arrived, payments for indented stores delivered, works undertaken to complete a programme by target date.

### CATEGORY II.

2.2. Out of 90 cases involving Rs. 108.59 lakhs (Cash Rs. 8.83 lakhs and Stores Rs. 99.76 lakhs), 12 cases involving Rs. 76.97 lakhs (Cash Rs. 1.82 lakhs and Stores Rs. 75.15 lakhs) relate to Calcutta Auto Project. Expenditure under 'Stores' represents the stores supplied by the Departmental Stores Organisation like cables and other equipments required in connection with this project whereas the cash expenditure is mainly on underground cable laying for subscribers net

work in Calcutta City. It may also be mentioned that the work relating to this project had to be specially undertaken for expeditious execution of the project with a view to giving more connections against pressing pending demands. Other works in this category comprise generally of items which had to be undertaken due to pressure of public demand. The earlier completion of these works has yielded extra revenue and resulted in reduced public discontent.

### CATEGORY III.

2.3. The expenditure on 90 works is 5.15 lakhs comprised of Cash Rs. 0.40 lakhs and Stores 4.75 lakhs. The bulk of the expenditure was thus incurred for Stores supplied by departmental store depots. The P. & T. Department is a large Department next only to the Railways consisting of as many as 118 sub-Divisions which have to carry out works for providing Telecommunication facilities to the public, and 90 instances where expenditure was incurred on estimates in anticipation of formal sanction or authority do not work to even 1 work per Sub Division in the entire period of about 5 years. Generally speaking, the completion of these works has resulted in more revenue and reduced public discontent. Similarly, the amount involved on these works is only Rs. 5.15 lakhs which works out to about 0.11 per cent of the total works expenditure of Rs. 45.34 crores (exclusive of over head charges) during the period under review.

3. An examination of the works show that out of 342 works, 114 estimates were duly sanctioned within three months, 52 estimates between three and six months, 86 estimates after 6 months but within a year and 86 estimates after over a year. Only in 4 cases sanctions are yet to issue and these are still under examination.

4. The above works may further be categorised as follows according to the amount of expenditure incurred thereon prior to issue of formal sanction:

| <i>Category</i>   | <i>No. of Works</i> |
|---|---------------------|
| 1. Where expenditure incurred was less than Rs. 1,000             | 80                  |
| 2. Where expenditure incurred was between Rs. 1,000 and Rs. 5000  | 62                  |
| 3. Where expenditure incurred was between Rs. 5000 and Rs. 20,000 | 81                  |
| 4. Where expenditure incurred was between Rs. 20,000 and 1 lakh   | 68                  |
| 5. Where expenditure incurred exceeds Rs. 1 lakh.                 | 51                  |
| <b>TOTAL</b>  | <b>342</b>          |

5. The need for incurring expenditure against proper and timely sanctions is fully realised. The percentage of unauthorised expenditure of this nature is less than 1%. It is considered that in a far-flung public service working under pressure of public demand and time and in respect of which there is considerable divergence between public demand and the capacity of the department to meet it, a certain amount of latitude to the officers is necessary in order to keep down public discontent or utilise stores and funds which but for such utilisation would be unused lapse. The action of the officers was thus *bona fide* and no action is proposed to be taken.

6. In the light of experience gained during the last seven years, the question whether any changes in the orders issued in 1952 are necessary is under consideration separately.

7. This note has been seen by the Accountant General, Posts and Telegraphs, who could not verify in most of the cases whether instructions for commencement of works without sanctioned estimates were actually issued and whether the justification was placed on record as the relevant files being old and not readily available, could not be sent to him.

Sd./- V. SHANKAR,  
Chairman,  
Posts & Telegraphs Board.

## ENCLOSURE 'A'

EXTRACT OF PARAS 143 & 144 OF P. & T. MANUAL, VOL. X (P.I.)

\*                     \*                     \*

143. The specific sanction to a project authorise commitments to the extent (plus or minus 10 per cent of the total) of all the provisions made therein but the actual execution of a work may not be commenced until a properly detailed estimate for that work has been duly sanctioned by the competent authority. From this rule it follows that no authority for the commencement of a work, forming an entry in the budget but otherwise unsanctioned, is conveyed by the permission for its retention granted by the Government of India in the orders on the budget of the Department, or by the Director-General while passing the budget of a Circle, for expenditure on it during the year. Such permission is granted on the implied understanding that, before any expenditure is incurred, the estimates will have been duly examined and sanctioned by competent authority.

*Note.*—This rule does not apply in cases where it is imperative that immediate action be taken to restore communication or prevent a breakdown of communication or in a similar emergency. In such cases the authority, likely to be the authority competent to sanction the detailed estimates when they can be prepared and submitted, may at his discretion, authorise the commencement of work in anticipation of receipt and sanction of the corresponding estimates.

144. A strict adherence to the principle laid down in the foregoing paragraph, is an implied condition in the delegation of all authority to sanction expenditure. In cases of real emergency only, to be immediately reported and duly explained to the next superior authority, can this injunction be infringed, excepting in regard to certain classes of petty works, for which special rules are provided.

In any case in which whether on grounds of urgency or otherwise, an executive officer is required to carry out a work for which no estimate has been made out or for which no financial provision exists (whether the estimate has been sanctioned or not) the orders of the officer authorising the work should be conveyed in writing. On receipt of such written orders, the officer who is directed to carry

out the work should, unless he has sufficient funds at his disposal, immediately intimate to the Audit Officer concerned that he is incurring a liability for which there is no provision, or inadequate provision of funds and should at the same time, state approximately the amount of the liability which it is likely he will incur in compliance with the written orders which he has received.

*Note.*—This report need not be submitted to Audit in respect of works falling within the powers of sanction of a Divisional Engineer or his subordinates.

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**ANNEXURE V**

**No. QB 81-5/56**

**MINISTRY OF TRANSPORT AND COMMUNICATIONS**

**(DEPARTMENTS OF COMMUNICATIONS AND CIVIL AVIATION)**

**(Posts & Telegraphs Board)**

***Dated at New Delhi the 24th May, 1960.***

**OFFICE MEMORANDUM**

**SUBJECT: *Para 15 of First Report, 1957-58 (Second Lok Sabha) Alleged frauds in Establishment Pay bills of a Head Office (Para 10 of P. & T. Audit Report, 1957— Part I.).***

In serial No. 9 of Appendix I to the Twenty-second Report of the Public Accounts Committee 1959-60 (Second Lok Sabha) Vol. I the Committee have desired to be informed of the final position in the remaining two cases.

2. Departmental action has been finalised against the remaining two delinquent officials. A sum of Rs. 124-85 nP. has been ordered to be recovered from one official and sum of Rs. 1,749-03 nP. has been recovered from the Death-cum-Retirement gratuity of the other official.

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

**Sd./- V. SHANKAR,  
Chairman, P. & T. Board.**



**ANNEXURE VI**

**No. QB 75-UP-2/54 Inv.**

**GOVERNMENT OF INDIA**

**MINISTRY OF TRANSPORT AND COMMUNICATIONS**

**(DEPARTMENT OF COMMUNICATIONS AND CIVIL AVIATION)**

**(Posts & Telegraphs Board)**

**Dated at New Delhi, the 30th June, 1960**

**SUBJECT: *Twenty-second Report of P.A.C., 1959-60 (Second Lok Sabha)—Serial No. 13 of Appendix I thereto—Alleged substitution of contents of insured letters (Para 19 of First Report 1957-58).***

The Postmaster-General, U.P. Circle, initiated departmental proceedings for contributory negligence against three officials of Agra H.O. Charge Sheets were issued on 19-5-59 and the defence statements were called for by 25-6-59. The officials requested for inspection of certain documents and their request was granted and documents shown to them on 10-6-59. The officials wanted some more time to prepare their defence after examining the documents and were, therefore, allowed to submit their statements by the first week of July, 1959. The statements were received on 8-7-59. After examining these statements, an Enquiry Officer was appointed on 5-9-59. The report of the Enquiry Officer was received on 7-1-1960 but as certain details were wanting, the report was returned to him on 12-1-60 and received subsequently with details on 14-2-1960.

2. On receipt of Enquiry Officer's report, the Postmaster General, U.P. Circle, decided to drop the proceedings against two of the 3 officials because the Enquiry Officer had in his report found that the allegations against these officials had not been proved. All the allegations except one against the third official were found to have been proved. Hence, he has been punished on 2-4-1960 with a recovery of Rs. 3,180.00 from his Death-cum-retirement gratuity.

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

**Sd./- V. SHANKAR,**  
**Chairman, P. & T. Board.**

**ANNEXURE VII**

**No. 10-22/58 P (BC)**

**GOVERNMENT OF INDIA**

**MINISTRY OF TRANSPORT AND COMMUNICATIONS**

**(DEPARTMENT OF COMMUNICATIONS AND CIVIL AVIATION)**

**(Posts & Telegraphs Board)**

*Dated at New Delhi, the 30th June, 1960.*

**SUBJECT:** *Twenty-second Report of P.A.C. 1959-60 (Second Lok Sabha)—Serial No. 20 of Appendix I—Major works carried out without sanctioned estimates [Pages 213 of the Appropriation Account 1955-56—Note 2-Item (iii)].*

In para 6 of their Eleventh Report 1958-59 (Second Lok Sabha) the P. A. C. desired to be informed the number of cases in which action has been taken by the D.G., P. & T. against the Engg. Officers concerned who were responsible for violating the instructions issued by him in September, 1952.

2. The circumstances in which expenditure was incurred on the nine works before formal issue of sanction are indicated briefly in the Enclosure. After examining the delay in sanctioning the estimate in the respective cases the department is satisfied that the delays were entirely procedural and that no responsibility can therefore be fixed.

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

Sd./- V. SHANKAR,  
Chairman, P. & T. Board.

**ENCLOSURE**

*Statement showing Particulars of Seven Works referred to in para 2.*

| Serial No.<br>of 2<br>(iii) on page<br>213 of<br>App. A/Cs<br>No. 55-56 | Description of work | Remarks | Engg. Officer responsible for<br>the irregularity, if any, and<br>action taken therefor |
|---|---------------------|---------|---|
| (1)   | (2)                 | (3)     | (4)   |
|   |                     |         | (5)   |

1. Ahmedabad—Construction of P. & T. Colony at.

This represents the cost of land acquired with the prior approval of the Ministry of Revenue and Civil Expenditure, Departmental Financial Committee having already approved of the project. The Administrative approval to the project was conveyed in the Memo. No. NB. 32-8/52, dated 2-1-57 and expenditure sanctioned for land component was issued in Memo. No. NB. 32-8/52, dated 24-9-57. The estimates could not be got sanctioned in time as the project could not be finalised

In view of the position explained in 'Remarks', Col. question of responsibility of any irregularity does not arise.

and the question of number of quarters to be constructed and their Unit cost (in the light of the direction of the Departmental Financial Committee) could not be decided whereas payment of land acquisition was required to be made urgently.

Work was carried out in accordance with the rules. There was no irregularity. The question of fixing any responsibility does not arise.

This work connected with shifting of Western Command to Simla was an Army work of very emergent operational nature falling within the purview of Note under para 143 of P. & T. Manual Vol. X (P. I). The detailed estimate had to be sanctioned on the basis of actual expenditure duly reconciled with the Audit figures. The work was however, ultimately sanctioned on 4-12-57 vide D.G., P. & T., Memo. No. 2-288/57-P. dt. 4-12-1957.

In view of the position explained in 'Remarks' Col. question of responsibility for any irregularity does not arise.

3. 4 Simla-Erecting Cu. Wire Trunk at Ambala.

3. 2 Construction of 152 E Type Quarters at Factory Road, New Delhi.

4. 3 Construction of 152 E and 96 H Type Quarters at Factory Road, New Delhi.

Expenditure on these works was incurred as part of the project for construction of 300 quarters at Factory Road, for which Governor General's administrative approval and expenditure sanction was issued under D.G., P. & T. Memo. No. NB. 40-19/47/Pt. II, dated 21-2-49. The expenditure sanction was also issued to the project besides administrative approval in that Memo. but no further sanction was issued against individual works forming component parts of this project at that time. Since the

(5)

(4)

(3)

(2)

(1)

construction of quarters was also carried out in two places by the C.P. W.D, namely Factory Road and Timarpur (Old Sectt.), these two works have been treated as 'Un-sanctioned Works'. However, a revised sanction is being issued to meet the requirements of audit.

In the circumstances stated in the 'Remarks' Col. no question of fixing responsibility for any irregularity arises.

After the merger of the different States in the Union of Saurashtra, the Govt. of Saurashtra State approached the Govt. of India for providing trunk telephone facilities at various places in Saurashtra. As a part of this Scheme (in addition to several other works), three separate works were envisaged namely (i) Erection of a pair of wires from Rajkot to Bhavnagar for opening a PCO, and (ii) Erection of a pair of wires from Rajkot to Junagadh for opening a PCO which had been sanctioned in September '49 and March '49 respectively and (iii) erection of a pair of wires from Rajkot to Porbander for opening a P.C.O.

5. Erecting a new Carrier alignment between Rajkot and Jetalsar.

2. It was originally estimated that these three pairs of copper wire could be erected on

the existing alignment between Rajkot and Jetalsar which was a common route for all the three pairs. From Jetalsar, the three pairs were to run on separate alignments. The stores and other requisite items had been obtained against these works including the portion between Rajkot-Jetalsar. The Additional Chief Engineer, Jabalpur inspected the route and suggested on 13-3-49 that for technical reasons, it will be necessary to erect a new alignment between Rajkot and Jetalsar. This was accepted in the Directorate in May '49 and revised project was prepared in May '49 for a separate alignment on the section Rajkot-Jetalsar. As the Govt. of United State of Saurashtra was pressing for these Public Call Offices, this work was viewed as an important one by the Directorate and it was desired that it should be completed as early as possible. Hence stores obtained on the individual works mentioned earlier (*vide* para 1) were transferred to the new work *i.e.* new alignment between Rajkot-Jetalsar in anticipation of issue of formal sanction thereto. Thus this expenditure on the new work (Rajkot-Jetalsar) have been treated as without sanction when the stores were transferred

3. Sanction was subsequently issued *vide* D.G., P. & T. Memo No. P. 193/49, dated 20-8-57.

(5)

(4)

(3)

(2)

(1)

In view of the circumstances explained in the 'Remarks' col. the question of fixing any responsibility does not arise.

This work formed part of the project 'Bangalore Telephone Expansion Project' included in para 7 of the Audit Report, '57 Part I. This Project was a sanctioned work of the Ex. Mysore State which after integration required to be revised according to P. & T. standards resulting in widening the original scheme. Orders for cables and equipment had been placed by the Ex. State authorities with certain foreign firms and orders were being compiled with at the time the Department took over the Telephone system. The detailed estimates were to be prepared taking into account the expenditure incurred upto the period and the expenditure anticipated to be incurred in future. The detailed estimate in question was sanctioned on 24-9-57 *vide* D.G., P. & T. Memo. No. P. 1-501/56, dated 24-9-57.

6. Bangalore—Laying Underground cables for expansion.

The proposal was originally approved by the Government in 1945 for 400 lines Auto Exchange and orders for equipment were placed but no supply was received till 1948. In the meantime the importance of the town increased and installation of a 1000 lines auto exchange was considered necessary. Accordingly the cable scheme

7. Indore—Expansion of Exchange.

7.

and other components had to be revised and since there was delay in getting equipment ordered for this project equipments ordered for other places had to be diverted in view of the importance of expanding the old and small Manual Exchange at Indore. The revised project was approved by the Government on 26-4-1954. The project estimate was sanctioned on 13-7-1954. All the detailed estimates were however sanctioned by 2-5-1958 after a protracted correspondence for reconciliation of figures of expenditure.

8. Madras—Instn. of HP }  
Wireless Link. }  
9. Calcutta—Instn. of HP. }  
Wireless Link. }

In view of the position explained in 'Remarks' col. there appears to be no question of fixing responsibility.

These relate to the project "High Power wireless link" which was approved by the Standing Finance Committee on 8-1-1949 and orders for equipment placed in 1950 with the approval of Ministry of Finance. The case for sanctioning the Project could not be finalised as Ministry of Finance (Communications) raised certain queries. This remained under consideration till 1953 and equipments were received in India in 1952-54. However, as per later decision of the Ministry of Communications the equipments started were transferred to O.C.S. and the scheme was ultimately abandoned in 1955. The expenditure incurred on detailed estimates requires to be written back as the equipments have been sold to the O.C.S. Action is being taken to make necessary adjustments.



**ANNEXURE VIII**

**No. 39/12/59-ESTS (A)**

**GOVERNMENT OF INDIA**

**MINISTRY OF HOME AFFAIRS**

*New Delhi-11, the 23rd April, 1960/3rd Vaisakha, 1882*

**OFFICE MEMORANDUM**

**SUBJECT:** *Orders of punishment—Keeping of their copies in the confidential rolls.*

It has been decided that if as a result of disciplinary proceedings any of the prescribed punishments (*e.g.*, censure, reduction to a lower post, etc.) is imposed on a Government servant, a record of the same should invariably be kept in his confidential roll. Further, if on the conclusion of the disciplinary proceedings, it is decided not to impose any of the prescribed punishments but to administer only a warning or reprimand, etc. (as explained in this Ministry's Office Memorandum No. 39/21/56-Ests (A), dated the 13th December, 1956), a mention of such warning, etc. should also be made in the confidential roll.

2. In so far as persons serving in the Indian Audit and Accounts Department are concerned, these orders are issued in consultation with the Comptroller & Auditor-General.

Sd./- B. SHUKLA,

*Dy. Secy. to the Government of India.*

## ANNEXURE IX

No. 15-4/60-WK

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT AND COMMUNICATIONS

(DEPARTMENTS OF COMMUNICATIONS AND CIVIL AVIATION)

(Posts & Telegraphs Board)

Dated at New Delhi, the 27th August, 1960.

SUBJECT: *Twenty-second Report of P.A.C., 1959-60 (2nd Lok Sabha)*  
*—Introduction of effective Cost Accounting System in the*  
*P. & T. Workshops.*

In serial No. 36 of Appendix I to their 22nd Report, 1959-60, the P.A.C. wanted to watch further developments of the progress made in the matter of introduction of an effective Cost Accounting System and to be apprised of the outcome of the various measures introduced by the P. & T. Workshops with a view to reducing the Cost of Production per Unit of Workshops products.

The various measures introduced by the P. & T. Workshops for reducing Unit cost of production by the introduction of an effective Cost Accounting System and the outcome of the same are indicated below:—

(a) *Ascertainment of Cost on a rational basis*

This has been achieved with the introduction of shop on cost and is the first step for introducing measures of cost control.

(b) *Control of material cost by*

(i) *Fixation of standards.*—The usage of materials is being controlled and the preparation of detailed estimates has become simpler.

(ii) *Reducing rejections by statistical quality control and other methods.*—In Calcutta Workshops, statistical quality control measures have resulted occasionally in reducing rejections in Sole Plate D and Anchor for stay and in foundry shop also by constant supervision.

(c) *Control of labour cost by*

(i) *Fixation of standards.*—This has provided a measuring Unit for efficiency and increased productivity by constant watch over variation.

- (ii) *Watching performance with reference to standard while the job is in progress.*—This is helping in effecting check over schedules, booking of labour and low productivity due to lack of supervision or any other reason. The measurement of productivity and consequent action for improvement has resulted in increase in efficiency in ferrous foundry and Tarring shops in Calcutta Workshops.
- (iii) *Active part in productivity projects.*—Some of the officers have been trained by the National Productivity Council and action is being taken according to the advice of the experts for creating better atmosphere of work and increasing productivity.
- (iv) *Steps for incentive.*—The incentive scheme is under active consideration. There is bright prospect for reduction in cost if the various problems connected with this issue can be solved and the scheme is introduced. It is expected that the scheme will be introduced shortly in a limited sphere.

(d) *Control of Overheads by*

- (i) *Analysis of expenses according to production centres.*—Shop on-cost has been introduced and as a result, it has been possible to collect expenses for different production centres in a systematic manner. Thus a uniform basis for comparison has now been established whereby it has been possible to co-relate expenses with production.
- (ii) *Re-grouping of shops for attaining uniformity in production centres.*—The shops in three workshops have now been standardised with effect from 1-4-1960 with a view to achieve uniform basis of comparison and collect expenses according to production centres and functions.

(e) *Methods improvement and development*

As a result of suggestions received from the workers, there has been various improvements in methods and developments resulting in economy.

(f) *Training*

The following systems of training have been introduced for improving efficiency:—

- (1) *Training within industry.*
- . .

## (2) In-shop training for improving

- (a) efficiency in one's own post,
- (b) efficiency for better prospects.

*(g) Good House-keeping*

As a result of good house-keeping competition, the working conditions are better and the cleanliness in shops and offices has improved considerably. This also helps in increasing productivity.

As a result of introduction of these measures, there have been reduction in the net cost of production, in many cases some instances of which are furnished in the Enclosure.

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

Sd./- V. SHANKAR,  
*Chairman, Posts & Telegraphs Board.*

## ENCLOSURE

| Items  | Units     | Average cost |              |              |
|--|-----------|--------------|--------------|--------------|
|  |           | 57-58<br>Rs. | 58-59<br>Rs. | 59-60<br>Rs. |
| <i>Calcutta</i>                              |           |              |              |              |
| Back U-BI . . . . .                          | Per cent. | 92·29        | 79·10        | ..           |
| Fuse Glass Tube 'C'. . . . .                 | Do.       | 158·32       | 133·22       | ..           |
| P.C. T 51 Pattern 10 lbs 20<br>Prs . . . . . | Each      | 270·23       | 233·86       | ..           |
| Sw.Bd.Magnets 50 lines . . . . .             | Do.       | 3097·79      | 2960·22      | ..           |
| Sw. Bd.10 + 100 lines CB . . . . .           | Do.       | 6053·76      | 5186·70      | ..           |
| <i>Jabalpur</i>                              |           |              |              |              |
| Tubes D.8 'C' . . . . .                      |           | 54·43        | 53·07        | 51·04        |
| Tubes C.8 'C' . . . . .                      |           | 34·45        | 34·48        | 32·30        |
| Magnet to Sw.Bd. 5 lines . . . . .           | Each      | 844·48       | 718·71       | ..           |
| <i>Bombay</i>                                |           |              |              |              |
| Sw.Bd.1 3 lines cordless . . . . .           | Each      | ..           | 738·89       | 725·66       |
| Sw.Bd.3 9 cardless . . . . .                 | Do.       | 1781·93      | 1671·13      | 1656·70      |
| T. 43 Regular position . . . . .             | Do.       | 5205·13      | 5146·71      | 4314·10      |
| Cords Sw.Bd. 3 cards . . . . .               | Do.       | 4·58         | 3·14         | 3·87         |

## ANNEXURE X

### INDIAN POSTS AND TELEGRAPHS DEPARTMENT

OFFICE OF THE DIRECTOR GENERAL OF POSTS AND TELEGRAPHS

No. 10-11/60-P(BC) Dated New Delhi the 2nd June, 1960

To

All Heads of Circles and Administrative Offices

**SUBJECT:** *Recommendations of the Public Accounts Committee 1959-60—Steps to minimise the number of budgeted works on which no expenditure is incurred.*

The Public Accounts Committee while examining the Appropriation Accounts of the P. & T. Department for the year 1956-57 and 1957-58 have commented very critically regarding the large number of Major works which were provided for in the budget, but on which no expenditure was incurred. The number of such items relating to 1956-57 was 102 and for 1957-58, it was 73. The performance in the subsequent years indicated that there has not been much improvement on this aspect of budgeting and the figures for 1958-59 are 83. The items which are classified in the Appropriation Accounts under this category are:—

- (i) Projects which are budgeted, but the detailed estimates for which are not sanctioned in time and hence no expenditure incurred thereon.
- (ii) In respect of certain projects budgeted, no expenditure is incurred on certain components for which provision is made in the budget year.

2. In regard to the first category, the non-incurrence of expenditure on budgeted projects is due to the fact that proposals are made in several cases without full and proper examination and the cases not having reached a stage when expenditure can definitely be anticipated in the budget year. Detailed estimates are not submitted or otherwise not sanctioned in time, for release of indents and raising of debits during the year in which they are budgeted. In order to avoid such

a contingency, it is necessary that each proposal for inclusion as a new project in the budget should be scrutinised from all aspects and the project estimate must be ready at the time of putting up proposals for inclusion in the New Items.

3. In regard to the second category, the budget provision for each component of a project is intimated by the Circles both in respect of new items and in respect of works-in-progress. It would appear from a study of the provisions made that they are merely *ad-hoc* and do not have any reference to the preliminaries to incurring expenditure being completed and expenditure ensured in the budget year. For example, in the case of works where acquisition of land is involved, provision is made under building component also, which gets lapsed when the site does not become ready. It is necessary that amount of provision for major works both in respect of new items and in respect of works-in-progress is scrutinised by a senior engineering officer in the Circle Office, bearing in view the scope for expenditure against each component. It may not be possible to indicate very accurately the amount of provision required under each component at the time of submitting the budget estimates, but it should be possible to know whether any expenditure is likely or not in the budget year. Provision should be made after a proper assessment of the position relating to sanction of estimates, availability of stores, equipment, etc.

Sd./- B. RAJAGOPALAN,  
Deputy Chief Engineer (P).

ANNEXURE XI

INDIAN POSTS & TELEGRAPHS DEPARTMENT

OFFICE OF THE DIRECTOR GENERAL OF POSTS AND TELEGRAPHS

To

All Heads of Circles  
& Administrative Offices.

No. 16-4/59-P (BC).

Dated New Delhi, the 1st June, 60.

11 Jyaistha, 1882.

SUBJECT: *Provision of funds for non-budgeted works.*

Attention is invited to instructions contained in this office letter No. 10-21/59-P(BC) dated 5-3-59, 16-4/59P(BC) dated 12-10-59 and 19-1/59-P(BC) dated 1-1-60 pointing out that steps should be taken to include works on which there is any possibility of expenditure in the ensuing year in the corresponding Works-in-Progress or Lapses for Re grants Statements.

2. The number of non-budgeted carry over works for 1959-60 has gone up in comparison with the number of such works in 58-59. That increase has been adversely commented upon by the Ministry of Finance (Communications). The incidence of non-budgeted works itself has been severely criticised by the P.A.C. when they considered the Appropriation Accounts for 1957-58 *vide* extract enclosed for information.

3. To reduce the number of non-budgeted works, it is again emphasised that instructions contained in the letters cited above should be kept in view at the time of preparation of Works-in-Progress Statement or Lapses for Re grants Statement. Every project which has been physically completed in the current year, or is likely to be completed, should be included in the Budget for next year with token amount under each component, unless it is definitely known from available records such as liability Register etc., that there is absolutely no possibility of expenditure in the coming year. In respect of dormant works (Works already completed in past years), a careful study of



them should be made to ascertain this possibility of expenditure getting incurred during the next year and budget provision made wherever expenditure is so anticipated.

4. Of late it is noticed that the number of new non-budgeted works is also on the increase. To guard against such increases it is emphasised that a careful review of both departmental works and other Administration works should be made at the time of submission of New Items. Any work likely to be undertaken in the ensuing year should not be lost sight of. The main users of P.&T. facilities should be asked to intimate their requirements for the ensuing year well in advance and also told that it is not possible to meet any unforeseen demands of theirs in case received late after submission of New Items statements. In this connection reference is also invited to this office letter No. 8-4/60-P(BC) dated 18-4-60 in which detailed instructions for preparation and submission of Capital Works Programme (New Items) have been communicated.

The receipt of this letter may kindly be acknowledged.

Sd./- B. RAJAGOPALAN,  
*Deputy Chief Engineer (P)*..

## **ANNEXURE XII**

**No. 29-13/59-NA**

**GOVERNMENT OF INDIA**

**MINISTRY OF TRANSPORT AND COMMUNICATIONS**  
**(DEPARTMENTS OF COMMUNICATIONS AND CIVIL AVIATION)**  
**(Posts & Telegraphs Board)**

*Dated at New Delhi, the 27th July, 1960.*

**SUBJECT: Para 16 of Audit Report, 1958—Delay in disposal of Surplus Stores.**

In Serial No. 10(ii) of Appendix II to their Twenty-Second Report of P.A.C., 1959-60 (Second Lok Sabha), the Committee have observed that there is need for greater co-ordination between the production, indenting and stores wings to reduce the accumulation of stores surplus to requirements.

2. The Stores Organisation procures its requirement of Stores by placing orders on the D.G., S.&D. or on the Workshops Wing of the Department. In the case of stores in current use, the forecast of requirements is based on past averages while in the case of stores not extensively used, procurement action is taken only to cover the demand that has actually arisen by way of pending indents on the stores Organization. The orders placed on the Workshops are reviewed from time to time with a view to seeing what amendments are required in them after taking into account the pending demands and the progress made on the completion of pending orders. A co-ordination between production, indenting and Stores Wings is thus maintained as far as possible.

3. It may be mentioned that surplus stores also result from time to time due to changes in technology or methods of use, for example, change of D.C. and A.C. supply, etc. and utilisation of newer and more economical type of equipments, materials, etc.

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

**Sd./- V. SHANKAR,**  
**Chairman, P. & T. Board.**

### ANNEXURE XIII

*Note from the Ministry of W.H.S. relating to S. Nos. 11 & 13-15 of Appendix II of 22nd Report (Second Lok Sabha) received vide O.M. No. B-5(6)/60 dated 21st November, 1960 (S. Nos. 19, 21-23 of Appendix I to this Report)*

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**S. No.**      **Para No.**      **Particulars of the conclusions/recommendations**      **Action taken or proposed to be taken by the Ministry**

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**I**                      **2**                      **3**                      **4**

**11**                      **27**                      The Committee regret to observe that the Inspectorate of the D.G.S. & D. failed in its duty to carry out proper inspection of the scales. The Committee are also disturbed to note that DGS&D failed to provide a clause in the contract regarding the guarantee for the performance of these scales and to pursue the matter with the firm to set right the defects in the scales when the complaints regarding their unsuitability were received by them from the P & T. Deptt. The Committee would urge that all contracts entered into by the

Prior to the contract, in question, the scales were being imported and Inspection Wing carried out functional tests to verify the test certificates of the manufacturers. The indigenous capacity for the manufacture of the scales had yet to be developed. In order to encourage development of indigenous source, an order was placed on the firm. Unfortunately, the Inspector Wing undertook inspection upto the same standard as in the case of imported stores. It is, however, stated that according to existing instructions, inspection officers have to carefully assess the capacity of the firm in the context of skilled labour machinery etc. available with them and thereafter process the trial

D G S & D should be drawn up in precise and unambiguous terms providing for all such safeguards.

order right from the stage of collection of raw materials till the report of the consignee regarding the suitability of the finished products. It is incumbent on the officers of the Inspection Wing to render technical assistance in establishing successful indigenous manufacture of stores hitherto imported.

The Scales, in this case, were not of a complicated type which required erection. It is only in the case of contracts for plant and Machinery which require erection at site that the DGS&D provide for a guarantee clause under which the contractor is held responsible for any defects that may develop during erection and after commissioning the plant in terms of the contract and also under proper use arising from faulty materials, design or workmanship in the plant or from faulty erection of the plant by the contractor and should remedy such defects at his own cost when called upon to do so by the purchaser, who should state in writing in what respect the portion is faulty etc. As the scales ordered were not of an erection type, no such guarantee was incorporated in the contract.

All contracts are placed subject to general terms and conditions of contract and also special conditions, where necessary which are drafted in consultation with the Ministry of Law, the DGS&D have to obtain specific approval of Govt. for any departure from the normal terms and conditions of contract. The general terms and conditions have been reviewed in consultation with the Ministry of Law and revised edition has been issued which incorporates all amendments which are required to be enforced immediately.

13 The Committee feel that inspection of all cables intended for the P&T Deptt. could well be undertaken by the P&T Deptt. itself especially where P&T workshops were stated to be equipped with satisfactory arrangements for testing purposes.

It has been decided that as far as possible all imported cables for which orders are placed abroad in U.K. or European Continent, will be inspected during manufacture at works of the suppliers by the ISD London. Where this inspection is not possible or where the cables have to be ordered from available stocks in India, as far as the P&I Deptt. is concerned, the inspection would be entrusted to P&T Deptt. but with regard to other indentors who have no testing facility, the responsibility for inspection would still rest with DGS&D. In respect of indentors other than P&T, DGS&D insert a warranty clause valid for a period of one year as well as ask for production of Works' Test Certificate. In the case of inspection by P&T Deptt. DGS&D would, however, only ask for a warranty clause. This would be done right at the stage of the tender enquiry.

14 The Committee note that this matter is under consideration of the DGS & D and the P&T Deptt., and trust that an early decision will be reached after taking their views in para 31 into consideration.

The above decision has been communicated to all concerned.

15 The Committee would also reiterate that stores should be inspected in all cases, as acceptance of manufacturer's test reports without actually testing the stores is always fraught with risk.

Instructions have been issued to the Regional inspectors that in future no cables should be accepted merely on manufacturer's Test Certificate.

Sd/- T. SIVASANKAR

Secretary.

**ANNEXURE XIV**

**No. 29-25/58-NA (Pt)**

**GOVERNMENT OF INDIA**

**MINISTRY OF TRANSPORT AND COMMUNICATIONS**

**(DEPARTMENTS OF COMMUNICATIONS AND CIVIL AVIATION)**

**(Posts & Telegraphs Board)**

*Dated at New Delhi the 3rd August, 60.*

**SUBJECT:** *Twenty-Second Report of P.A.C., 1959-60 (Second Lok Sabha)—Losses due to supply of defective cables (Para 21 of Audit Report, 1959).*

In Serials 13, 14 and 15 of Appendix II to their 22nd Report, the P.A.C. recommended as follows:

- (i) that inspection of all cables intended for the P. & T. Department could well be undertaken by the P. & T. Department itself, especially where P. & T. Workshops were stated to be equipped with satisfactory arrangements for testing purposes;
- (ii) that this matter is under consideration of the D.G., S. & D. and the P. & T. Department and the Committee trust that an early decision will be reached after taking their views in para 31 into consideration; and
- (iii) that stores should be inspected in all cases, as acceptance of manufacturer's test reports without actually testing the stores is always fraught with risk.

2. The D.G., S. & D. were requested, *vide* this office letter of 12th November, 1959, to delegate the inspection, besides the underground cables, of indigenous stores like Earthen Ware Battery Jars, Motor Generators, Insulated wire for telephones and telegraph purposes, Overhead Lines wire and other stores peculiar to the Posts and Telegraphs Department, to that Department as adequate testing and inspection facilities for these stores existed in the Department itself.

The D.G., S. & D. has stated on 10-5-60 as under:—

“The cables in question were manufactured in the Continent, but were purchased from the Indian Firm Ex-Stock. As it was not convenient to test them in the Government Test House, Alipore, the stores were accepted on the makers’ test certificate. These cables would have been tested and inspected at the manufacturers’ premises, had these not been supplied ex-stock. As once the stores are manufactured they can be tested for electrical and mechanical performances only. It has been agreed that in future in the case of imported cables purchased ex-stock, inspection will be assigned to consignee i.e. P. & T. Department and this will invariably be incorporated in the Acceptance of Tender.”

As regards other stores, the Supply Organisation is not agreeable to the transfer of testing and inspection of stores to the P. & T. Department for the reason that they consider that inspection at the manufacturers’ end is very essential. They feel that they have competent staff for the purpose. They, however, added that according to the conditions of the contract, in spite of their inspection, consignees had the right to re-examine or re-test stores at their premises within a reasonable period.

With reference to the latter, it has been suggested to D.G., S. & D. on 8-6-60 that in such cases where they do all the testing prior to supply they should be responsible for any incidental losses that may be incurred in rejecting stores which they declare as passed on inspection by them but which on tests carried out by the Departmental Testing Organisation fail to come up to the specified standards. The acceptance of the D.G., S. & D. to this proposal is awaited.

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

Sd./- V. SHANKAR,  
Chairman, P. & T. Board.

ANNEXURE XV

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

OFFICE OF THE DIRECTOR-GENERAL OF POSTS AND TELEGRAPHS

To

The General Manager,  
P. & T. Workshop, Calcutta.  
The C. C. T. S., Calcutta.

No. 15-5/60 WK

Dated at New Delhi the 31st May, 60.

SUBJECT: *Twenty-Second Report of P.A.C. 59-60 (Second Lok Sabha)—Unnecessary purchase of stores.*

An extract of paras 34 and 36 of the Twenty-second Report of P.A.C. is reproduced below:

*Unnecessary purchase of stores*

"34. An indent for the supply of 15,120 lbs. (135 cwts.) of seamless copper tubes was placed on 6th June, 1956, by a Telegraph Workshop on the Director General of Supplies and Disposals. An advance order was placed accordingly by the latter on a firm on 23rd August, 1956. The accepted rate was Rs. 567 per cwt.

Meanwhile an error in calculating the requirements having been detected, the indenter revised the order on 24th August, 1956 to 650 lbs. only. The supplier who was approached made a provisional offer to supply either the revised quantity of 650 lbs. of copper tubes at an enhanced rate of Rs. 648 per cwt. or the entire quantity of 15,120 lbs. at the contractual rate of Rs. 567 per cwt. The Department decided to purchase the full quantity of 15,120 lbs. at the original rate of Rs. 567 per cwt., although this raw material was not much in demand. (Upto the end of 1957-58, only 2059 lbs. out of the supply of 15,120 lbs. could be utilised. There were no issues during the period from 1st April to 31st October, 1958 and the anticipated issues upto 31st March, 1959 were only 200 lbs.).



36. The Committee trust that the P. & T. Department will ensure that cases of such type do not recur in future."

It was obviously unwise on the part of the Departmental Officers concerned to have purchased such a large stock which was not much in demand. All concerned should therefore please take note of this case with a view to guarding against recurrence of such cases. Suitable instructions may also be issued by you accordingly to all concerned.

Sd./- P. SRINIVASAN,  
*Director of Accounts.*

ANNEXURE XVI

No. 15-21/60-WK

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT AND COMMUNICATIONS

(DEPARTMENTS OF COMMUNICATIONS AND CIVIL AVIATION)

(Posts & Telegraphs Board)

Dated at New Delhi the 16th August, 60.

SUBJECT: *On-the-spent-study of P. & T. Workshops, Alipore (Calcutta)—Serial No. 17 of Appendix II to their Twenty-Second Report of P.A.C., 1959-60 (2nd Lok Sabha).*

In serial No. 17 of Appendix II to their Twenty-Second Report, the P.A.C. observed that early and effective steps should be taken for the modernisation of the workshops to increase their output with a view to bring down the high overheads and in the meantime, efforts should also be made to utilise all the machines in the Workshops to their optimum capacity.

2. Steps taken in this direction are indicated below:

(a) MODERNISATION OF WORKSHOPS

(i) *Purchase of machines*

In the 1st and 2nd Plan period, 217 machines worth Rs. 12 lakhs (approximately) have been installed upto the end of 1959-60. It is proposed to modernise and augment the machinery during the Third Five Year Plan for which proposals are under-way.

(ii) *New Techniques in operation of Plant*

The modern techniques for heating Galvanising bath are under introduction. New machines for Die casting and improvement in the methods of material handling and raw material testing in the foundry are in progress. Some items of production like Cable Route Indicator, Power Board for Float Charger, U-Back, Telegraph Commutator (New Type) for increasing efficiency and economy have been developed.

*(iii) Efficiency Drive*

Training scheme, Good House Keeping competition, statistical quality control measures and application of productivity techniques have been introduced.

*(iv) Incentive*

Some incentive measures are proposed to be introduced.

*(v) Revised layout of shops and sections*

Improvements have been made in foundry layout and Telephone Shop. Certain changes have also, been made in the methods of production in Light and Heavy Machine Shop with a view to increasing the number of manufactured items.

**(b) UTILISATION OF MACHINES TO THE OPTIMUM CAPACITY**

The Machines can be divided into three categories:

- (i) Production where uniform flow exists.
- (ii) Special purpose.
- (iii) Maintenance.

Full utilisation of the machines in Category (i) is made in keeping with the availability of raw materials and orders. As regards (ii) & (iii), the machines have to remain idle for some period.

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

Sd./- V. SHANKAR,  
*Chairman, P. & T. Board.*

ANNEXURE XVII

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

To

The General Manager,

P. & T. Workshops, Calcutta.

No. 15-20/60-WK

Dated at New Delhi the 31st May, 60.

SUBJECT: *Twenty-Second Report of P.A.C. 1959-60 (Second Lok Sabha)—Works-in-progress—tendency to exceed the prescribed monetary limit.*

The tendency to exceed the prescribed monetary limit in respect of works-in-progress has been adversely commented upon by the P.A.C. An extract of the Recommendations/Conclusions of the P.A.C. in this regard is reproduced below:—

“The Committee view with disfavour such a tendency to exceed the prescribed monetary limit in respect of works undertaken by the various P. & T. Workshops. They feel that this tendency be stopped”.

Suitable steps should be taken to ensure that the prescribed monetary limit in respect of works-in-progress is not exceeded under any circumstances.

Sd./- P. SRINIVASAN,  
Director of Accounts.

Copy to Budget Section.

ANNEXURE XVIII

No. 28-44/60-PE

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT AND COMMUNICATIONS

(DEPARTMENTS OF COMMUNICATIONS AND CIVIL AVIATION)

(Posts & Telegraphs Board)

*Dated at New Delhi, the 13th July, 1960.*

**SUBJECT:** *Twenty-second Report of P.A.C., 1959-60—(2nd Lok Sabha)—Revival of Second Inspection of Post Offices—Para 47.*

In serial No. 21 of Appendix II to the Twenty-second Report of P.A.C., 1959-60 (Second Lok Sabha), the Committee have desired to be informed of the final outcome of the proposals for increasing the number of Inspectors according to a phased programme with a view to reviving second inspection and how far these have proved effective.

2. The present position in regard to the above proposals is given below:

With a view to intensifying inspections especially in those offices where the work is particularly unsatisfactory orders have been issued in January, 1960 for the creation of 60 posts of Sub-Divisional Inspectors. The Heads of Circles have been asked to create these posts and utilise them for the re-introduction of the second inspection of Post Offices so that offices which were markedly unsatisfactory should receive priority in the matter of inspection. The Heads of Circles have also been asked to intimate the results achieved after a year when the position will be further reviewed.

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

Sd./- V. SHANKAR,

*Chairman, P. & T. Board.*



interest after the receipt of interest statement in the Head Office should be accepted and should not be refused on the ground that posting of interest in the ledgers was not complete. The work of posting interest in the ledgers and also of adding interest in the pass books presented at the Head Office and Sub Offices on receipt of the interest statement should continue side by side.

(2) Rule 491 of P. & T. Manual, Volume VI, requires that after sub-Postmasters and Branch Postmasters have been instructed to send to the Head Office, pass books for examination and entry of interest as required by rule 489 (2), *ibid*, if any transaction is noticed by the ledger clerk to have taken place in an account opened at a subordinate office he should see that the pass book has been received. If the pass book has not been received, the fact has to be reported to the Postmaster and the irregularity noted in the Error Book and also brought to the notice of the Supdt. of P.Os. concerned.

It is hereby ordered that every Head Office should maintain a Special Error Book for each year for this purpose with immediate effect. On the top of the first page of the Error Book the following information will be noted:

- (i) Date of receipt of interest statement from the Audit Office.
- (ii) Date on which instructions to subordinate offices sent for submission of pass books *vide* rule 489 (2).

In this Error Book, in addition to the number of the Savings Bank account the pass book of which is not received from the Sub Office, the name of the depositor of each account will also be noted in the particulars of the irregularity against the office reported. Apart from sending extracts from this Error Book to the Supdt. of P.Os., to notice the irregularities, the Head Office will communicate to the depositor of each account by registered post the balance at his credit in the sub-joined *proforma* of a letter. Particulars of these registered letters will be noted in the last column of the Error Book against the accounts concerned and also in the extracts to be sent to the Supdt. of P.Os., who apart from any other action that he may take for the irregularity, may also recover from the delinquent sub or branch Postmaster the cost of the registered letter. Care should be taken to see that the address on the registered letter is complete.

The Special Error Book will be examined every day by the supervising officer and test-checked once a week by the Head of the Office and also by the inspecting and visiting officers during the course of their visits.

(3) Rule 492(1) lays down that the pass book received from subordinate offices should immediately be placed before the Head Postmaster (APM/DPM/Supervisor to whom the duty may be delegated) who himself should compare the last balance entered in each pass book with the corresponding balance in the ledger, initial the pass book in token of having done this comparison and also carefully see whether there are any suspicious erasures or alterations in the pass book since its last examination in the Head Office.

There are reasons to believe that these provisions in the rule are not being carried out at all.

(4) Quite a few Savings Bank fraud cases went undetected for a long time as officials at the Head Office failed to compare with the specimen on record, the depositor's signature on applications for withdrawal/warrants of payment. The attention of all concerned is drawn to rules 440 and Note 1 under para 2 thereof and 444 of P. & T. Manual, Volume VI.

2. The Heads of Offices must ensure that the officials doing Savings Bank work in their offices are conversant with these and other rules on the subject and follow them scrupulously. They will be held personally responsible for any disregard of the rules or instructions on the subject already issued or that may be issued hereafter.

From

The Postmaster,

---

To

Shri.....

No.

Dated

Dear Sir,

The Pass Book of your S.B. account No. \_\_\_\_\_ in/from which a deposit/withdrawal of Rs.....was made on.....was not received for addition of interest. Kindly forward the same. The balance at your credit after the transaction mentioned above is Rs. (in words and figures). If nothing is heard from you to the contrary within a fortnight, it will be presumed that you have accepted this balance as correct and the Post Office will not be responsible for any discrepancy.

Yours faithfully,  
**POSTMASTER.**



Advance copy forwarded to:—

1. All Heads of Postal Circles. Their attention in this connection is invited to this office letter No. F. 91-62/55, dated the 8th August, 1957, to the Postmaster-General, Calcutta, a copy of which was forwarded to all Heads of Circles under this office endorsement of the same number dated the 29th January, 1958. The Inspecting Officers and Officers of the Circle Office on their visits to Head and Sub Offices should see that the officials concerned are familiar with the different rules and also test-check the Special Error Book prescribed in sub-para (2) of paragraph 1 above with reference to S.O. ledgers. Specific questions have been added to the Collection of Post Offices Inspection Report Forms of the Head Office and Sub-Office, and amendments have already been circulated under this office letter No. 68-10/60-F, dated the 27th May, 1960.

The irregularities are so persistent that they have rightly attracted the attention of the P.A.C. (1959-60) who have observed in their Twenty Second Report (Second Lok Sabha)—Volume I on Appropriation Accounts (P. & T.) for 1956-57 and 1957-58 and Audit Reports thereon, that they trust that rules and regulations would be strictly observed in future and the departmental officers during the course of their local inspection of offices would invariably review the position to ensure that there is no deviation. In order to ensure compliance with the rules and a general improvement in the working of the Savings Bank branch it is desired that lapses should be very severely noticed.

2. The Accountant-General, Posts & Telegraphs, Simla.

3. All Dy. Accountants-General, Posts & Telegraphs.

Sd./- S. P. VEERKAR,  
Director (Complaints).

ANNEXURE XX

No. 20-16 (By)/58-FRD

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT AND COMMUNICATIONS

(DEPARTMENTS OF COMMUNICATIONS AND CIVIL AVIATION)

(Posts & Telegraphs Board)

*Dated at New Delhi, the 8th June 1960.*

**SUBJECT: Para 17 of the Audit Report, 1959—Loss of cash in a Post Office.**

In Serial No. 24 of Appendix II of their 22nd Report 1959-60 (2nd Lok Sabha) the Public Accounts Committee desired to be informed of the final outcome of the claim of Rs. 11,500/- preferred against the Insurance Co. on 24-7-1959.

2. The New India Assurance Co., Ltd., have declined on 28-9-59 to admit the claim of the Department against the fidelity guarantee bond on the ground that it has not been proved that the Contractor or his employees were responsible for the alleged shortage of Rs. 11,500/-. The Contractor has denied his liability for the shortage and has also applied for arbitration in accordance with the terms of the contract. The Insurance Co., have, however, promised on 28-9-59 to consider the claim further after the arbitrator's decision.

3. Documents in connection with the arbitration proceedings have been received in the Directorate on 18-4-60 from the P.M.G. Bombay, and are under examination. The decision taken will be communicated in due course.

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

Sd./- V. SHANKAR,  
Chairman, Posts & Telegraphs Board.

## ANNEXURE XXI

No. 13-1/60-Vig.

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT AND COMMUNICATIONS,

(DEPARTMENTS OF COMMUNICATIONS AND CIVIL AVIATION)

(Posts & Telegraphs Board)

*Dated at New Delhi, the 23rd July, 1960.*

**SUBJECT:** *Delay in finalisation of departmental action against Government servants responsible for losses and defalcations of public money (Para 29 of Audit Report, 1959).*

In Serial No. 3 and 25 of Appendix II to their Twenty-second Report, 1959-60 (Second Lok Sabha) Volume I, the Public Accounts Committee have emphasised the necessity of prompt and adequate disciplinary action being taken against the delinquent officials to safeguard not only the financial interest of the State but also the integrity of the Services. The Committee suggested that close liaison should be maintained by the Department with Police and they also, emphasised the need of keeping photostat copies of documents made over to the Police or filed in the court to avoid delays in finalisation of departmental proceedings.

2. Instructions have been issued from time to time to the subordinate authorities drawing their attention to the importance of finalising disciplinary action in fraud and loss cases as early as possible. After the instructions issued in this Directorate letter No. 43-1/59-Disc. dated the 24th February, 1959 [*vide* Appendix XXIV, to the Twenty-second Report of the P.A.C. (1959-60) Vol. II], further detailed instructions were again issued in this office Memo. No. 6/8/59-Disc. dated the 9th July, 1959 (Enclosure A), dealing specifically with the various difficulties encountered by the disciplinary authorities. As a result of the various instructions issued some progress has been achieved. A general survey of the fraud and loss cases dealt with during the years 1957, 1958 and 1959 showed that disciplinary action had been finalised in about 56 per cent of the cases before prosecution was launched by the Police. In the remaining cases, disciplinary action was finalised in quite a few cases against the primary offenders but could not be finalised against the subsidiary offenders as the Police objected to this on the ground that it may affect the court cases. Some of the subsidiary offenders are cited as prosecution

witnesses by the Police and the Police are anxious to see that these officials give proper evidence in the court. The Special Police Establishment have also, recently stated that in cases entrusted to them for investigation, disciplinary action against primary or subsidiary offenders should be initiated or finalised only on their report and simultaneous investigations by departmental authorities should not be carried on.

3. The nature of the majority of loss and fraud cases in the P. & T. Department is such that reports to the Police have got to be made as soon as they come to light. There are however, a few cases in which reports to the Police can be delayed without affecting prosecution and in the latest instructions issued (*vide* Memo. No. 13-1/60-VIG dated 15-6-1960—Enclosure B), the Disciplinary authorities have again been asked to finalise departmental action in all such cases before making a report to the Police so that there may be a further reduction in the number of cases of delay in finalisation of departmental action. These instructions also draw their attention to other lapses noticed as a result of the review of fraud and loss cases and suggest remedial measures. A copy of these instructions is attached.

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

Sd./- V. SHANKAR,  
Chairman, Posts & Telegraphs Board.

ENCLOSURE A

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

OFFICE OF THE DIRECTOR GENERAL OF POSTS AND TELEGRAPHS

To

All Heads of Circles and Administrative Offices.

No. 6/8/59-DISC

*Dated at New Delhi, the 9th July, 1959.*

**SUBJECT:** *Delay in finalisation of departmental action against Government Servants responsible for losses and defalcation of public money.*

In their Thirteenth report the Public Accounts Committee had expressed the opinion that the then existing procedure of holding up the departmental proceedings pending the result of prosecution needed revision as this led to delay in the disposal of disciplinary cases against delinquent officials. The Committee apprehended that these delays often enabled the officials concerned either to tamper with or concoct evidence and thus escape punishment. The Committee urged Government to re-examine the matter with a view to amending the existing rules so as to enable Government to take suitable departmental action against their employees in cases of irregularities committed by them without having to wait for the outcome of the prosecutions that may be launched in such cases.

2. The above recommendation was accepted by the Ministry of Home Affairs who issued instructions in their O.M. No. 39/30/54-Estt. dated the 7th June, 1955. Under these instructions the previous procedure of waiting for the finalisation of the court proceedings before concluding departmental action was modified and in cases of criminal misconduct committed as a Government servant disciplinary proceedings are normally to be initiated as soon as sufficient evidence is available for the purpose and the question of prosecution is to be considered after the departmental proceedings have been finalised. These instructions were forwarded to all Heads of Circles and Administrative Offices with Directorates letter No. SEA. 6-7/55 dated the 12th October, 1955.

3. As the revised procedure was a complete departure from the previous long established procedure, many doubts about the detailed application of the orders were expressed. The various points were clarified and detailed instructions were issued in this office letter No. SEA 6-7/55 dated the 6th December, 1956.

4. It was expected that with the issue of the clarifications mentioned above there would be substantial improvement in the speed of finalization of departmental proceedings. Important cases of loss and fraud involving Rs. 1000/- or more detected during the period from 1st January, 1957 to 30th September, 1957 have been reviewed in the Directorate and it is seen that while some of the cases have been finalised promptly in other cases there have been heavy delays. The Heads of Circles have pointed out certain difficulties which have arisen in the implementation of Govt. orders. These difficulties have been examined in the Directorate. The delays generally occur in two stages viz. (i) in completing departmental investigation and (ii) in initiating and completing disciplinary proceedings. The main difficulties pointed out and the suggestions to meet them in order to avoid delay at different stages of enquiry in future are given in the succeeding paragraphs.

*5. Time taken in the completion of preliminary departmental investigations.*

Delay in the completion of departmental investigations may be due to one or more of the following reasons:—

- (i) Complicated nature of the case and number of instances of misappropriations and defalcations involved.
- (ii) Inadequacy of investigating personnel.
- (iii) Delay in supply of Audited documents.
- (iv) Lack of proper co-ordination in the utilization of documents by the police and departmental authorities.
- (v) Necessity of enquiries extending over more than one Division or Circle.
- (vi) Procedure adopted for verification of the work of the delinquents.

*Remedies suggested*

(i) A case of a complicated nature which presents special features for investigation should be reported to the Directorate demi-officially by the Head of the Circle, so that investigations may be taken up certainly by a specialized staff which is being appointed in the Directorate.

(ii) It may be that the number of fraud and loss cases in a Division at any one time may be quite heavy and the investigating staff in the Division may not be in a position to carry out depart-

mental investigations expeditiously. In such cases the attention of the Head of the Circle should be drawn to this fact and he will render assistance from his own Investigating staff. In exceptional cases the matter may be reported demi-officially to the Directorate by the Head of the Circle for seeking the assistance of the Central Investigating Agency in the P & T Directorate.

(iii) It has been observed that when an Audited document is requisitioned from the concerned Branch Audit Office a query is raised by the Audit as to whether a photostat copy will not serve the purpose. The answering of this query delays the investigations. It will, therefore, be advisable while requisitioning the audited documents to state clearly whether or not a photostat copy of the document will serve the purposes.

The Audit Office may also be requested to supply the Audited document to the Departmental authorities who will make out a true copy of the document and get a certificate from the delinquent officials concerned that they have seen the original and the copy is a true one. Thereafter the document may be returned to audit with the request that it should be supplied again to the Departmental authorities after keeping photostat copies in audit. For purposes of departmental proceedings and further investigations the Audit may be requested to supply an extra photostat copy for the use of the disciplinary authorities. In no case should the original audited documents be passed on by the departmental authorities except for purposes of obtaining the opinion of the handwriting expert and that too after Audit has kept a photostat copy and a formal request through the Inspector General of Police has been made to the Accountant-General, Posts and Telegraphs.

(iv) Before handing over the unaudited documents to the police authorities or even when they are in their custody, copies of the relevant documents or portions thereof should be made out and got attested by the official(s) concerned. If proper liaison is maintained with the police authorities it should not be difficult to examine the records and to allow the official(s) to consult them.

(v) When the enquiry extends over the jurisdiction of more than one Division the Head of the Circle should arrange joint enquiries under the guidance of the Circle Investigating Agency. If the enquiry extends over more than one Circle the matter should be reported to the Directorate for the assistance of the Central Investigating Agency.

(vi) It has been observed that generally a cumbersome process of verification of the work is adopted e.g., the depositors of S. B. accounts are personally contacted. It would be sufficient to intimate

by registered post at his last known address the balance at the credit of the depositor telling him that if no communication is received from him it will be presumed that the balance as given in the ledger is correct.

*6. Time taken in initiating and completing disciplinary proceedings after the preliminary departmental investigations have been completed and the evidence against the delinquent officials collected.*

Certain difficulties have been experienced in instituting or completion of disciplinary proceedings. The difficulties experienced and the remedies suggested to meet them are detailed below:

*(a) Cases of burglary, theft, highway robbery etc.*

It is appreciated that in cases of burglary, theft, highway robbery, fire etc., the primary offender may usually be an outsider but in some cases collusion of a departmental official may also be suspected. In such cases if sufficient evidence to make the conduct of the official doubtful is available disciplinary proceedings against him should be drawn up and exemplary punishment imposed if in the opinion of the Disciplinary Authority the negligence was of such a high order as would make the retention of the official in service undesirable. While dealing with such cases, subtle niceties need not be allowed to overshadow the broad facts. While it should be seen that natural justice is done and no innocent person is punished the moral convictions of the Disciplinary Authorities should be eclipsed at least by pettifogging arguments.

Departmental proceedings against subsidiary offenders responsible only for contributory negligence can certainly be initiated and finalised without waiting for the police investigations to be completed. Generally, in such cases, there should be no fear of prosecution being affected by Departmental proceedings.

*(b) Delay in obtaining Handwriting Expert's opinion*

In some cases the opinion of the handwriting expert may be considered necessary by the Disciplinary Authorities to be fully convinced of the charges framed against the officials. In such cases the disciplinary proceedings should be drawn up and brought to a stage at which the opinion of the handwriting expert is necessary *viz.*, the oral inquiry to be held under rule 15 of the Central Civil Services (Classification, Control and Appeal) Rules, 1957. There should be no delay in the first instance on the part of the departmental authorities in supplying the documents on which the opinion of the handwriting expert is required. After the matter



has been referred to the expert by the police Authorities a close liaison should be maintained to have the matter expedited both through the police authorities and directly with the handwriting expert.

(c) *Delaying tactics adopted by the accused officials*

It is observed that in some cases the officials who are proceeded against departmentally resort to delaying tactics and make attempts to hold up the progress of disciplinary proceeding by asking for copies of irrelevant documents, giving pleas of illness and submitting medical certificates. While it is necessary that all reasonable facilities for defence should be given to the accused officials it is equally important that frivolous and vexatious attempts of such Government servants should be dealt with a firm hand. A time limit should be set for the person to inspect and take copies/extracts of relevant documents. Supply of documents etc., which are not considered relevant should be refused and reasons for refusal should be recorded in writing. If the Government servant pleads illness he should be required to submit a medical certificate in support of his statement and the authorised medical attendant may be requested to countersign it and advise whether the official concerned is in a position to submit his written statement of defence or to attend the oral inquiry as the case may be.

(d) *Inability of police to withhold prosecution*

It is observed that in some cases although a close liaison was maintained with the police authorities and they were requested by the departmental authorities to withhold prosecution until the departmental proceedings were finalized, the chargesheets were filed in the court. The matter has been examined afresh and it has been held that the police cannot withhold or delay submission of a chargesheet to the Court after their investigation is complete. Therefore, in cases where the prior sanction of the competent departmental authority is not necessary for the prosecution of the accused Government servant the police are bound to submit the chargesheet to the court as soon as their investigation is completed and when such a chargesheet is submitted to the court, the departmental proceedings if they are based on the same fact must necessarily be held in abeyance. In cases where sanction of the competent departmental authority to prosecute is a condition precedent for valid institution of criminal proceedings, the police authorities will have to postpone the submission of the chargesheet to the court till sanction is accorded. It might be possible to complete the departmental proceedings before such sanction is given.

Departmental proceedings should be instituted as soon as evidence is sufficient for the purpose and for this purpose the completion of police investigation need not be awaited. It is also not necessary to specifically ask the police authorities as to whether they have any objection to departmental proceedings being instituted before their investigations are completed or before the prosecution is launched.

(e) *Determination of the loss caused to Government for the purpose of departmental proceedings*

It has been argued that the exact amount of loss caused to Government after taking into account the payments made and recoveries effected as a result of imposition of fines etc., on the principal offender is not generally available until after conclusion of court proceedings. Disciplinary proceedings cannot, therefore, be initiated at all or where initiated are not finalized. Holding up of departmental proceedings on this ground is not justified. In such cases the Disciplinary Authorities should proceed on the basis of the total amount of fraud or loss. Though the settlement of claims may take some time and may be deferred on the request of the police authorities in some cases the question of admissibility of the claims should be considered immediately on the basis of the available evidence and the amount of loss determined accordingly. In this context attention is invited to the instructions issued in Directorate's letter No. 13/27/58-CI dated the 2nd April, 1959.

If recoveries from other sources become possible subsequently the orders of punishment already passed may be reviewed if such a review is justified.

(f) *Procedure to be followed in the departmental proceedings*

The nature and magnitude of the offence on the part of such official determine the penalty *prima facie* justified. Therefore, the Disciplinary Authority should, before initiating departmental proceedings, determine whether action should be taken under rule 15 or rule 16 of the Central Civil Services (Classification, Control and Appeal) Rules, 1957. If only one of the minor penalties is called for, action should normally be taken under rule 16 *ibid* so that the proceedings are not delayed unnecessarily.

(g) *Need for joint proceedings*

In cases where two or more Government servants are involved in the same case it is important that as far as possible the disciplinary proceedings should be conducted by the same authority so that the evidence and the defence statements submitted by the

different officials may be examined together. This is possible under rule 17 of the Central Civil Services (Classification, Control and Appeal) Rules, 1957 even though the officials may be in different grades and are working under the jurisdiction of different Disciplinary Authorities. Therefore, as soon as a case has occurred where two or more Government servants are concerned and the Disciplinary Authorities in respect of them are different, the following particulars should be furnished to the Directorate for obtaining President's sanction for a joint proceeding under rule 17 of the Central Civil Services (Classification, Control and Appeal) Rules, 1957:

- (i) Names of Government Servants.
- (ii) Substantive and officiating appointments held by them.
- (iii) Allegations against each Government Servant.
- (iv) Normal Disciplinary Authority in respect of each Government servant: (separately for major and minor penalties).
- (v) The Authority which should be nominated as the Disciplinary Authority for the purpose of common proceedings.
- (vi) The penalties specified in rule 13 of the Central Civil Services (Classification, Control and Appeal) Rules, 1957, which the Disciplinary Authority shall be competent to impose; and
- (vii) Whether the procedure prescribed in rule 15 or rule 16 *ibid* may be followed.

(h) As far as possible after the irregularities on the part of an official have been detected and disciplinary proceedings against him are contemplated, he should not be transferred out of the jurisdiction of the Disciplinary Authority who is to conduct the departmental proceedings even though it may some time be found desirable to transfer the official to a different station (within the jurisdiction of the same Disciplinary Authority). If an official in the Selection grade in a different Division is considered to be responsible for lapses etc., which would justify departmental action, the question of his transfer to the Division where the fraud or loss has occurred and where all the records etc., would be available for inspection etc., should be examined and the Circle Office addressed for necessary action.

7. Departmental proceedings should be instituted at the earliest possible stage and it is necessary that while conducting the preli-

minary departmental investigations, the lapses on the part of the various officials, the oral and documentary evidence necessary for departmental action should be collected. So far as the primary offenders are concerned, it is not necessary to wait till the completion of investigations into all the irregularities. As soon as a few clear cases of misappropriation can be established, disciplinary proceedings should be initiated.

8. While it is important that every official responsible for misconduct or negligence should be suitably dealt with it is of equal importance that the concept of 'contributory negligence' should be correctly understood by the Disciplinary Authorities and there should not be any attempt to somehow or other effect recovery of the entire loss sustained by the Department by imposing punishments on officials who are guilty of only minor omission. In the interest of expeditious action, it is important that 'contributory negligence' should be correctly assessed in a realistic manner and while determining any omissions or lapses on the part of an official the bearing of such lapses on the loss considered and the extenuating circumstances in which the duties were performed shall be given due weight. For instance in the case of burglary in a post office, if normal precautions are taken in the locking of the office or safe, holding an official responsible for contributory negligence for the simple reason that on certain previous occasions he had allowed the office safe to be opened in his presence by a Class IV official would be a far-fetched hypothesis in regard to contributory negligence and would cause undue hardship to officials and delay in the finalisation of disciplinary proceedings.

9. A copy of this Memorandum may please be supplied to every Disciplinary Authority under acknowledgement and the acknowledgements kept on record.

Sd/- R. V. MARATHE,  
Deputy Director-General (Staff).

ENCLOSURE B

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

To

*All Heads of Circles/Administrative Offices.*

No. 13/1/60/Vig

*Dated New Delhi, the 15th June, 1960*

**SUBJECT:** *Delay in finalisation of departmental action against Government servants responsible for losses and defalcation of public money.*

In the Twenty-second Report (Second Lok Sabha), the P.A.C. have again emphasised the necessity of prompt and adequate disciplinary action against delinquent officials to safeguard not only the financial interest of the State, but also the integrity of the services. Instructions in this regard have been issued from time to time, and detailed instructions were issued in this office Memo. No. 6/8/59-Disc. dated the 9th July, 1959, indicating how the various difficulties experienced in the application of Government orders of 1955 could over-come.

2. There are, however, reasons to believe that the implications of the instructions contained in the Ministry of Home Affairs Memo. No. 39/30/54-Estt. dated the 7th June, 1955, forwarded with the office No. SEA. 6-7/55 dated the 12th October, 1955, have not been fully appreciated. It was stated *inter alia* in para 2 of that communication that after the departmental proceedings are concluded and the penalty finally imposed as a result thereof the question of prosecution should be considered in the light of such material as may have become available as a result of the investigation. Cases have occurred in which, as a result of simultaneous investigation by the Department and the Police, prosecutions were launched by the latter before departmental action could be finalised since the Police will not withhold prosecution after completion of their enquiries. While in most cases of fraud or loss that occur in the Department, an immediate report has to be made to the Police, and hence it may not be possible to avoid the position stated above, it is felt that even in such cases if the disciplinary authorities acted with promptitude and prudence there would be a substantial improvement. There are, for instance, cases in which an official commits a series of frauds, such as misappropriation of the

value of V.P. articles or money orders or fraudulent withdrawals from S.B. accounts. The Police usually put up a challan against the official after complete investigation of all the cases. Departmental action need not, however, wait for completion of enquiries in respect of all such cases. As soon as sufficient evidence is collected in one or two cases, departmental action could be initiated and finalised with regard to them. Attention is invited to para 7 of the instructions issued in this office Memo. No. 6/8/59-Disc. dated the 9-7-59 in this connection.

3. Cases have also occurred in which the disciplinary aspect of the case had not always been kept in view by the investigating or disciplinary authorities. In a few cases the disciplinary authorities were unable to proceed against the delinquents, particularly subsidiary offenders, even after the conclusion of the case in the court against the principal offender, as there was unavoidable delay in obtaining the relevant records back from the court. If instructions in item (iv) of para 5 of the letter of the 9th July, 1959, had been followed, these delays could have been avoided.

4. Similarly, there have also been delays because some of the subsidiary offenders in the meantime had been transferred to other units. In the first instance, such transfers need not have been ordered *vide* instructions contained in item (h) of para 6 of the letter of instructions, and if for some reason, this was unavoidable, recourse could be had to the instructions in item (g) of para 6, *viz.* by appointing a common disciplinary authority. In this connection it is further clarified that it is not necessary that every case of joint enquiry should have a sanction from the President. Under rule 17(1) of the CCS (CCA) Rules 1957, an authority competent to impose the penalty of dismissal from service *on all* such Government servants can make an order directing that disciplinary action against *all the* Government Servants concerned may be taken in common proceedings. The powers of dismissal should, however, be carefully verified by reference to the appropriate schedule and actual orders of appointment to see that they are applicable in respect of every one of the officials concerned.

5. The Vigilance Officer attached to your office should make it a point to keep a close watch on the expeditious disposal of cases in which disciplinary action has been initiated.

6. The Director-General trusts that these instructions will be rigidly adhered to and that instances will not arise in future where the disciplinary authorities are found wanting in the discharge of their responsibilities in this regard

Sd./- M. DAYAL,  
Deputy Director General (I).

## ANNEXURE XXII

No. 1-39/60-D

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT AND COMMUNICATIONS

(DEPTTS. OF COMMUNICATIONS & CIVIL AVIATION)

(Posts & Telegraphs Board)

Dated at New Delhi the 29th June, 1960.

SUBJECT: *Twenty-second Report of P/A/C 59-60 (Second Lok Sabha)—Absencement of agreement for conveyance of mails owing to delay in finalisation of form of Contract—(Para 19 of Audit Report, 1958).*

In serial Nos. 2, 26 and 27 of Appendix II to the Twenty-Second Report of the P.A.C., 1959-60 (Second Lok Sabha) the Comm.tee observed:

- (i) that there were cases of regrettable delays on the part of P. & T. Department;
- (ii) that the continuance of the existing arrangement for the conveyance of mails without any formal contract is fraught with risk and does not in any manner indemnify the Government against any possible losses etc. and that it should be possible for the P. & T. Department to finalise the Contract with the Contractors without any further delay.
- (iii) that the Government should give earnest consideration to the proposal put forth by the P. & T. Department to obviate the difficulties experienced in executing contracts with private operators for carriage of mails.

The position with regard to each item is indicated below serially:—

- (i) **PARA 6 INTRODUCTION OF THE REPORT AND SERIAL NO. 2 OF APPENDIX II TO 22ND REPORT OF P.A.C. 1959-60 (SECOND LOK SABHA) VOLUME I.**

The reasons for delay in finalising the agreement forms as had been recommended by the Standardisation of forms Committee have in the past been brought to the notice of the P.A.C. in the note sent to the

Lok Sabha on 26-9-1959. There is nothing further to add except that the recommendations of the Standardisation of Forms Committee have been examined in this office and the drafts have been sent to Ministry of Law/Ministry of Transport/and the Associated Finance on 25-5-1960 for their comments or concurrence as the case may be. With regard to the adopting of the Standard Forms of Agreement as was recommended by the Government of Madras, and amendments proposed by us in September, 1958 as an interim measure, the said Government have forwarded their comments to the Postmaster-General, Madras on 14-5-1960 and have further stated that the question relating to revision in the rate of subsidy would be referred to the Government of India. The proposal of the Government of Madras regarding revision of the agreement forms is under consideration.

The immediate need in this case is to have the agreements executed and security deposited by the Contractors and as such the Madras Government would be requested not to link up the question relating to revision of rates with the question of revision of the agreement forms.

(ii) *PARA 63 OF THE REPORT AND SERIAL 26 OF APPENDIX II 'IBID'.*

In view of the recalcitrant attitude of the operators, pressure can be put on them only through the Government of Madras. Every possible effort has been made but without any finality being reached. In the meantime, there is no alternative to continuing the operations on the existing basis.

(iii) *PARA 64 OF THE REPORT AND SERIAL 27 OF APPENDIX II 'IBID'.*

The Ministry of Transport and Communications (Department of Transport) have been addressed on 12-4-60 to give their earnest consideration to the proposal made by the Department to obviate difficulties experienced at present in executing contracts with private operators for carriage of mails.

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

Sd./- V. SHANKAR,  
Chairman, P. & T. Board.



ANNEXURE XXII

No. 23/4/60-TR

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT AND COMMUNICATIONS

(DEPTTS. OF COMMUNICATIONS AND CIVIL AVIATIONS)

(Posts and Telegraphs Board)

Dated at New Delhi-1, the 19th August, 1960

SUBJECT: *Serial No. 28 of Appendix II to Twenty-second Report of P.A.C., 1959-60 (Second Lok Sabha) Outstanding Telephone Revenue (Para 28 of Audit Report, 1958 and Para 23 of Audit Report 1959).*

In Serial No. 28 of Appendix II of their 22nd Report, the Public Accounts Committee have desired to be informed of the final outcome of the proposals to minimise the delay in the issue of trunk call bills and how far these have helped in improving the situation.

2. With the introduction of the Revised Tariffs on Local Telephone Services with effect from 1st April, 1960, which provide for quarterly billing of rental and local call charges in measured rate areas and annual or monthly billing in the flat rate areas, it has been decided that bills in respect of trunk calls made by subscribers should continue to be issued on monthly basis. It has also been decided with the concurrence of the Comptroller and Auditor General that the phonogram charges will also be included in the trunk call bills after making certain admendments in the existing procedure. This decision will have effect from 1st September, 1960.

3. While there has been some improvement in reducing the delay in the issue of trunk call bills, the delay still persists extending from one to three months in 5 out of the 15 Telephone Accounting Offices due mainly to the staff justified by the standards not having been sanctioned pending an examination of proposals to reorganise billing procedure and also on account of the ban imposed by the Department in April, 1959 and by the Government in

January, 1960 on the creation of new posts. While the general ban imposed by the Government on creation of posts has been relaxed on 26th May, 1960 the question of withdrawing the ban imposed in April, 1959 by the Directorate on the creation of clerical posts in T.R.A.Os. is under consideration and as soon as the ban is removed, additional staff will be sanctioned for the T.R.A.Os. A decision on quarterly billing of rental and call charges in measured rate areas has also been taken. Every effort is being made to bring the work upto-date in these offices as early as possible.

4. Till recently Government subscribers were specially allowed about 2 months time for making payment of telephone bills. It has been decided to discontinue this special treatment to Government subscribers with effect from 1st April, 1960. The Government subscribers are now treated on par with private subscribers and are allowed only a period of 15 days for making payment of their bills. This measure is expected to accelerate payment by Government subscribers and thus reduce outstandings.

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

Sd./- V. SHANKAR,  
*Chairman, P. and T. Board.*

## ANNEXURE XXIV

No. 26-10/59-LI

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT AND COMMUNICATIONS

(DEPTTS. OF COMMUNICATIONS & CIVIL AVIATION)

(Posts & Telegraphs Board)

Dated at New Delhi the 25th June, 1960.

SUBJECT: *Postal Life Insurance Organisation (Para 35 of Audit Report, 1959).*

In serial No. 32 of Appendix II to their Twenty-Second Report of the P.A.C. 1959-60 (Second Lok Sabha) Volume I, the Committee observed that the arrears especially in regard to clearance of unposted items were still fairly heavy and emphasised the imperative need to clear up the arrears and to ensure that the accumulation of unposted items does not recur.

2. The position of arrears with reference to unadjusted items of monthly credits of premia is stated below:—

At the end of 31st March, 1957 the number of outstanding unadjusted items for postings upto December, 1956 was 2,89,000. This figure has been brought down to 33,964 items at the end of March, 1960.

Subsequently with the progress of postings of accounts for January, 1957 onwards about 3,08,401 new unadjusted items arose during the period 1st April, 1957 to 31st March, 1960. Out of this 2,59,060 items were settled and only 49,341 items remained outstanding on 31st March, 1960.

Thus as a result of systematic drive the number of pending unadjusted items has been brought down from 2,09,000 on 31st March, 1957 to 83,305 by the end of March, 1960. Sustained efforts are being made to clear these and also to decrease steadily the incidence of fresh unadjusted items.

Unadjusted items result from irregularities in the preparation of the monthly schedules by the Drawing and Disbursing Officers which are sometimes not duly rectified by the Audit Officers while

preparing certified lists of Postal Life Insurance recoveries. Omissions to furnish correctly policy numbers or names of the insurants erroneous or illegible manuscript entries, failure to furnish requisite remarks when new names are entered in manuscripts or when entries are scored out, etc., are some of the main reasons which contribute to a large number of unadjusted items. These lapses have been brought to the notice of the various Ministries, Accounts Officers and other departmental authorities by the Government of India, Ministry of Finance, the Comptroller and Auditor General of India and this Directorate. The recurrence of unadjusted items can be minimised only after the orders issued from time to time by the various authorities are rigidly followed by all concerned.

Failure on the part of the insurants to give intimation of the change of address on transfer from one office to another as laid down in Rule 30 of Post Office Insurance Fund Rules is also a contributory factor. Insurants have been addressed direct as well as advised through the press to intimate their change of address promptly to the Heads of Circles.

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

Sd./- V. SHANKAR,  
*Chairman, Posts and Telegraphs Board.*

ANNEXURE XXV

No. 13-2/60-VIG

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT AND COMMUNICATIONS.

(DEPTTS. OF COMMUNICATIONS & CIVIL AVIATION)

(Posts & Telegraphs Board)

Dated at New Delhi the 11th August, 1960.

**SUBJECT:** *Twenty-second Report of the P.A.C. 1959-60 (Second Lok Sabha) Serial No. 33 of Appendix II—Disciplinary action against delinquent officials responsible for frauds and losses.*

In para 82 of the Twenty-second Report of the P.A.C. 59-60 (Second Lok Sabha), Volume I, the Committee desired that P. & T. Department should consider the possibility of fixing a time-limit within which all the cases pending with the Department or with the Police should be got settled.

2. The position of the cases with regard to which these observations were made as on 1st September, 1956, 1st April, 1958, 1st September, 1959 and 16th May, 1960, is furnished below:

| For the Years | No. of cases pending in which investigation/disciplinary action not completed. |        |        |         |
|---------------|--|--------|--------|---------|
|               | 1.9.56   | 1.4.58 | 1.9.59 | 16.5.60 |
| 1952-53       | 72   | 28     | 9      | 3       |
| 1953-54       | 138  | 48     | 22     | 14      |
| 1954-55       | 245  | 75     | 19     | 14      |
|               | 455  | 151    | 50     | 31      |

Of the 31 cases pending on 16th May, 1960, 10 are pending in Courts and two with the Police. 19 cases are pending with the Department. Of the 2 cases with the Police, one case in Madras Circle is pending

as the primary offender has absconded. This case will be treated as closed as soon as information is received that the suspect has been declared an absconder. The official, however, stands removed from service with effect from 23rd February, 1953. The other case is still under investigation and the Head of the Circle (Director of Posts & Telegraphs, Cuttack) has taken up the matter with the I.G. Police.

3. As regards cases pending with the Department it may be mentioned that these cases relate to pre-1955 period when departmental action was taken only after the court proceedings were over. Court proceedings took a long time and further time was lost in obtaining records from the courts. The Vigilance Officers of the Circles, have, however, been asked to watch each case individually, and if necessary, to render assistance to the disciplinary authorities for their speedy disposal. Detailed information with regard to the progress of each case from stage to stage is also being collected and the disposal of each of these cases will also be watched by the Vigilance Section of the Directorate.

4. As regards the general question of fixing a time limit for the settlement of cases pending with the Department of Police it is regretted that this would not be administratively practicable. Once a case has been reported to the Police, further investigation is entirely controlled by them and it will not be possible for this Department to fix any time-limit. The time required for investigation varies according to the nature of the case. Instructions already exist that departmental officials should maintain close liaison with the Police. These instructions have been reiterated, *vide* this office letter No .13-2/60-VIG dated the 18-6-1960 to the Heads of Circles etc. (Enclosure). Similarly, it will be very difficult to fix or observe any time limit for departmental proceedings. Finalisation of departmental proceedings depends upon various factors. Apart from the nature of the case and the usual dilatory tactics adopted by the accused officials, there are quite a few cases in which the Police, particularly the SPE, do not desire initiation or finalisation of departmental action as they consider that this is likely to prejudice the prosecution of the main offender. This question has been taken up with the Ministry of Home Affairs on 9-6-1960 and further instructions will issue to Subordinate Officers, if found necessary, on receipt of their reply.

5. The Vigilance Officers attached to Circle Offices have been instructed to review fraud cases at intervals to see that disciplinary action is initiated and finalised without any avoidable delay. They have been ordered particularly to examine each case pending for

more than six months in detail with a view to securing its expeditious disposal. Disciplinary proceedings pending for more than one year will be subjected to similar scrutiny in the Vigilance Section of the P. & T. Directorate. It is hoped that the vigilance machinery in the Department as now organised will be in a position to secure substantial improvement in this regard.

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

Sd./- V. SHANKAR,  
*Chairman, P. & T. Board.*

**ENCLOSURE**

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

**To**

All Heads of Circles/Administrative Offices.

No. 13/2/60-VIG.

*Dated New Delhi, the 18th June, 1960/28th Jyaistha, 1882 (Saka)*

Instances have come to notice in which cases reported to the Police for investigation have remained pending with them for a very long time. Although it is not possible to fix any time-limit for completion of investigation of such cases, it is necessary in the public interest to see that the cases are finalised as speedily as possible. Rule 130 of P. & T. Manual, Volume II, *inter alia* lays down that the local officers of the Department should keep in close personal touch with the progress of the enquiry and should render the Police every possible assistance. It is hereby ordered that the local officers should also see that the Police investigation is completed early. Cases in which there are reasons to suspect dilatoriness on the part of the investigating police officers should be taken up with the higher authorities. Cases delayed for a long time should be reported to the Head of the Circle for being taken up with the IGP of the State, or with the State Government.

2. In this connection please also refer to Shri Cunningham's D.O. letter No. QB.33-15/56-FRD dated the 29-7-1957 to you.

Sd./- S. C. JAIN,  
*Deputy Director-General (SB).*



## ANNEXURE XXVI

### OFFICE OF THE DIRECTOR GENERAL POSTS AND TELEGRAPHS

No. 2-5/60-M. II.

New Delhi the 7th April, 1960.

To

18th Chaitra, 1882 (Saka)

All Heads of Circles.

**SUBJECT:** *Precautions against over-indenting of articles.*

Attention of all Heads of Circles is invited to the instructions issued in Shri S. C. Jain's D.O. letter No. M. 24-106/56, dated the 9th December, 1958 addressed to Shri G. N. Rebello, Director of Posts and Telegraphs, Rajasthan on the above mentioned subject, a copy of which was endorsed to all Heads of Circles. It has been noticed that there are still instances where the stock depots are placing demands which are not consistent with the actual requirements and consumption. This results in supply of excess quantities causing not only necessary locking up of funds but also deterioration and loss of stock articles in some cases. It is, therefore, very necessary that the indents which are placed by the circles are carefully prepared on a realistic basis with a view to ensuring that no unnecessary stocking of articles takes place. In the circumstances, you are requested to kindly issue suitable instructions to all concerned to this effect so that no excess indenting takes place. The following points may be kept in view before placing indents:—

- (1) Indents are sometimes placed by the Heads of circles on the Directorate by means of ordinary letter. Indents on the Directorate should be placed in the prescribed form only.
- (2) Indents should be systematically and methodically prepared by the stock depots before being placed on the Directorate. To ensure this, some of the stock depots are using forms with the following columns in order to work out the exact requirements:—
  - (1) Total consumption in the 4th preceding year.
  - (2) Total consumption in the 3rd preceding year.

- (3) Total consumption in the 2nd preceding year.
- (4) Total consumption during the 3 years mentioned.
- (5) Annual average consumption.
- (6) Quantity indented for in the preceding year.
- (7) Stock in hand.
- (8) Pending indents.
- (9) Quantity proposed to be indented.

It is felt that use of similar form by all the stock depots for their requirements, would to a great extent, eliminate chances of wrong or excess indenting.

(3) The indents should be placed on the Directorate strictly on the prescribed dates.

(4) The tendency to place supplementary indents on the Directorate should, as far as possible, be avoided. Whenever it becomes necessary to place a supplementary indent, the forwarding letter should clearly mention whether the supplementary requisition is in cancellation or in continuation of the previous demand already placed. In this connection, it may be kept in view that once the acceptance of tender is issued by the Director General, Supplies and Disposals, it is very difficult to cancel any of the requirements as it is likely to result in financial repercussions.

(5) Sometimes, stock depots place indents direct on the Director General, Supplies and Disposals and send copies to the Directorate. This is likely to result in double supply. It is, therefore, necessary that indents should only be placed on the P. & T. Directorate in all cases.

(6) The requirements in the indent submitted by the circles should clearly indicate the DGS & D's drawing number and the specifications. Where possible, the previous Acceptance of Tender number of DGS & D may also be indicated in the indent. In order to ensure that correct supply takes place upto-date copies of the drawings and specifications should be kept on record in the stock depot.

(7) Inspection by consignees also forms a vital part of the supply arrangements. The consignee has the right to reject the material if on receipt it is found to be not in conformity with his actual requirements. It is, therefore, necessary to ensure that articles, when received, are expeditiously opened and the contents checked in order to ensure that the department does not become saddled with any unwanted or unusable articles.

Sd./- DALJINDER SINGH,  
Director, Postal Technical.

**ANNEXURE XXVII**

No. 33-27|60-MII

GOVERNMENT OF INDIA

**MINISTRY OF TRANSPORT AND COMMUNICATIONS,**

(DEPARTMENTS OF COMMUNICATIONS & CIVIL AVIATION)

(*Posts & Telegraphs Board*)

*Dated at New Delhi the 22nd October, 1960.*

**SUBJECT:** *Paras 86 to 88 of 22nd Report of the Public Accounts Committee Report 1959-60—(2nd Lok Sabha). Failure of a Tailoring Contractor to account for materials supplied by a Postal Stock Depot for delivery of finished garments.*

In this case of failure of a tailoring contractor to account for the total quantity of material supplied by the Postal Stock Depot, Madras for delivery of finished garments, the Public Accounts Committee have desired to be apprised of the circumstances under which action was not taken in time against the Manager, Postal Stock Depot, Madras, and what action has been taken against the person responsible for the delay. They have further desired to be apprised of the progress made in the realisation of the decretal amount from the contractor.

2. In regard to the point as to why there was delay in initiating action against the Manager, Stock Depot, the matter has been further examined and the position is as follows. The records of the P.M.G.'s office, Madras on this case show that the question of contributory negligence on the part of the Manager and others was raised by the local Audit in January 1955 soon after the fraud came to light. As however, the case had been reported to the Police, and arbitration proceedings were also initiated, under the rules then in force, it was not possible to take departmental action against the delinquent until the police enquiries and court proceedings came to a close. Nevertheless the position was examined in detail as early as June 1955 and it was then held that since the Manager had in his statement clearly pointed out that there were no definite orders in respect of the quantity of cloth to be given to the contractor, there was no clear case of contributory negligence against the officer. The matter was, however, then allowed to lie over till the outcome of the arbitration award and the result of the police enquiry were known. The issue was again

examined in October, 1955 and November 1955. Even at this time it was felt for the reasons (1) that there was no ruling restricting the supply of cloth to the security amount and (2) the Arbitrator had also held the Contractor solely responsible for the shortages, that it was doubtful if the Manager could be proceeded against for contributory negligence for the loss. At this stage, however, the Circle Office took note of the fact that in the light of the latest orders of the Ministry of Home Affairs dated 7th June 1955 (communicated to all circles with D.G.'s letter No. SEA 6-7/55 dated 12th October 1955) it was now possible to initiate disciplinary action, if necessary, against the Manager, Stock Depot without waiting for the police report, which was received only on the 19th December 1955. A decision to proceed against the Manager Stock Depot was, therefore, taken in November 1955 apparently as a matter of abundant caution notwithstanding the fact that his responsibility for the loss had not been clearly established. The Manager had retired on 24th January 1955 and it was necessary to initiate action against him within 12 months of the date of retirement as provided in Article 351-A of the Civil Service Regulations. In applying for the requisite President's sanction in his letter dated 7th December 1955, the P.M.G., Madras, however, overlooked the fact that as the official had proceeded on leave preparatory to retirement on 21st December, 1954, the last date within which disciplinary proceedings could be initiated was 21st December, 1955 and not 24th January, 1956.

3. In the note submitted to the P.A.C. in April 1959, it had been fully explained that there is no justification for imposing a statutory penalty on the Manager in this case. After the quotations in reply to the tenders were examined on 2nd January 1954 and the selection of the contractor was decided upon, the A.D.P.S. recorded that the safeguard adopted during the previous year, namely, to issue materials not exceeding the amount of security and earnest money paid, until the Revenue Authorities' report was received, should be followed. At the same time, he had also stipulated that the work was to be finished within 2 months, namely, January and February 1954 as the department was required to be in a position to distribute the uniforms in March, 1954. The agreement with the Contractor was signed on the 12th February, 1954 and the work was of an urgent nature. The Manager had no reasons to doubt the Contractor's good faith or integrity. The contractor had also complained that if a equate quantity of cloth were not supplied the cutting department was sometimes left idle and there would not be an even flow of work. Accordingly cloth, much in excess of security deposit, had been issued by the Manager before 11th March 1954, the date of the receipt of the report from the Revenue Authorities. The issue of cloth in excess of the security amount during this period, however, did not in

any case contribute to default by the contractor because it is on record that the total amount of default is less than the amount of cloth issued subsequent to the receipt of the report of Revenue Authorities. After receipt of the report of the Revenue Authorities on 11th March 1954 there were no instructions for restricting the amount of cloth to be issued to the contractor. The main difficulty in this case was a procedural flaw in regard to the supply of material and its accounting. Till this case came to light there was no rule that the cloth supplied to the contractor should be in instalments only and limited to the amount of security furnished by him. It is only after this case had occurred that the defects in the procedure have been rectified, by issue of comprehensive instructions for the maintenance of proper ledger accounts showing the quantity and value of material supplied to the contractor, the value of finished garments supplied and the balance of material outstanding with him and also for ensuring that the cost of material with the contractor at any time was limited to the amount of security furnished by him.

4. From the above it will be clear that there was no culpable delay in initiating action against the Manager, although as mentioned in para 4 of the note submitted to the P.A.C. in April, 59 the Manager had acted in good faith and could at the most be held guilty only of indiscretion for which no penalty of recovery could have been justified.

5. In regard to the proceedings against the contractor, a decree was given by the High Court on 1st May 1959 in favour of the Department for the realisation of the amount. A copy of the decree was received by the Postmaster-General, Madras on the 5th August, 1959. The copy could not be had earlier due to the intervention of the summer vacations for the Court. The case for recovery of the amount was immediately initiated. Action for ascertaining the movable and immovable assets through the Revenue authorities was also taken. The Collector of Madras has in his letter dated 19th November 1959 intimated the Postmaster-General, Madras that the firm of B. Varada Sah & Sons is a defunct firm at present and that Shri Varada Sah is dead. It is also reported by the Collector that no movables belonging to the firm are lying at its premises and that the furniture etc. lying there are the personal property of the relatives of Varada Sah.

6. In regard to the interim injunction obtained on 18th January 1956, restraining other Government departments from making payment of outstanding dues to the contractor, it has now been intimated by the Postmaster-General that there is now no possibility of any recoveries being effected from these sources since the Controller of

Stationery & Printing, Madras and the Senior Accounts Officer (W. & S.) Accounts, Southern Railway, Madras, who had security deposits of the ex-Contractor covered by the injunction order, have after the adjustment of their own claims now replied stating that no amounts are available for being credited to this Department.

7. The value of the cloth found short with the contractor was Rs. 33,973-18 nP. Against this, the following amounts are available for adjustment:—

|   |              |
|---|--------------|
| Amount of security deposit in the S. B. account pledged by the contractor                   | Rs. 5,500-00 |
| Interest on the above amount  | Rs. 646-51   |
| Balance of Stitching charges due to the contractor for which bills have not been preferred. | Rs. 917-56   |
| Total   | Rs. 7,064-07 |

Thus, the amount of unadjusted loss will be Rs. 26,909-11 nP.

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

Sd./- V. SHANKAR,  
Chairman, P. & T. Board.

ANNEXURE XXVIII

INDIAN POSTS & TELEGRAPHS DEPARTMENT

OFFICE OF THE DIRECTOR GENERAL OF POSTS AND TELEGRAPHS

No. 43/1/60 Disc.

New Delhi, the 17th May, 1960/Vaisakha, 1882 (Saka)

To

All Heads of Circles (Postal).

Please refer to this office letters No. QB.81-11/54 dated 8th June, 1955 and No. 4/29/57-OM dated 9th May, 1957. (Enclosures A & B).

2. The particular case of the E.D.B.P.M. was dealt within the Circle Office as also in the Directorate in connection with the question of write-off of the loss incurred. While examining the case for this purpose, the question of removal of the E.D.B.P.M. was not considered at any of these levels, apparently as the removal of the E.D.B.P.M. was within the competence of the Divisional Superintendent of Post Offices, and also his primary responsibility.

3. The Public Accounts Committee have taken a serious view of this lapse and have commented on it adversely. It is, therefore, ordered that in future while writing off losses or dealing with a case of defalcation for any other purpose, all aspects of a case including that of disciplinary action, preventive measures, etc. should be examined at all levels, and it should be ensured that appropriate action at every stage in all respects is complete.

4. Strict compliance with these instructions should be ensured.

Sd./- S. S. ANANTHAKRISHNAN,  
Dy. Director-General (Staff).

ENCLOSURE A

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

No. QB 81-11/54  
New Delhi, the 8th June, 1955.

To

All Postmasters General,  
All Directors, Posts and Telegraphs  
(including Director, Postal Services,  
New Delhi).

**SUBJECT:**—*Delay in taking disciplinary action and the loss caused to the Department thereby.*

It has been brought to the notice of the Director General that timely and prompt action is not always taken against the delinquent officials of the Department found guilty of serious offences. In a particular case in the U.P. Circle there was abnormal delay in taking adequate and timely action against an E.D.B.P.M. and although there was a *prima facie* charge against him, he was allowed to continue in the same post. This gave the E.D.B.P.M. concerned opportunities to commit fresh defalcations and thereby cause heavy loss to the Department. It is needless to point out that the Department could have been saved the heavy loss in this particular case had timely action been taken to remove the E.D.B.P.M. from service immediately.

2. With a view to avoid the repetition of similar cases, the Director General desires to impress on all officers the necessity for taking effective action with the utmost promptitude in such cases.

Sd./- C. V. CUNNINGHAM,  
*Senior Deputy Director General.*



## ENCLOSURE B

### INDIAN POSTS AND TELEGRAPHS DEPARTMENT

OFFICE OF THE DIRECTOR GENERAL OF POSTS AND TELEGRAPHS

No. 4/29/57-O&M.

Dated New Delhi, the 9th May, 1957.

To

All Heads of Circles and Administrative Offices.

SUBJECT: *Reluctance to make decisions and assume responsibility.*

A case has been brought to the notice of the Public Accounts Committee in which appropriate and timely action was not taken against an extra-departmental Branch Postmaster who reported two successive cases of thefts of Post Office cash, although the Senior Superintendent of Post Offices, as a result of departmental enquiries, considered that the retention of the extra-departmental Branch Postmaster in service after these incidents was full of risk to the Department. The result was that the indecision gave further opportunity to the same Branch Postmaster to commit further misappropriations of Government money.

2. The Public Accounts Committee have taken a very serious view of this case. They feel that this typifies reluctance on the part of officers to make decisions and to assume responsibility for such decisions. When powers—financial or administrative—are delegated to subordinate officers, it is the duty of the latter to see that the delegated powers are actually exercised by them. Every officer should, therefore, thoroughly acquaint himself with the powers that are delegated to him. He should also ensure that there is no occasion to make a reference to higher authorities in cases which are entirely within his competence. In cases having important implications, however, the higher officers should be kept informed of what is happening. But this does not mean that their orders should be awaited. Cases in which officers, especially senior officers, shirk their responsibility will be viewed seriously.

3. Officers at all levels should see that decisions are taken as quickly as possible without prevarication or postponement.

4. Serious notice will be taken of cases which display unwillingness of officers to assume responsibility or to arrive at quick decisions.

Sd./- R. P. SINGH,  
O. & M. Officer.

No. 4/29/57-O&M.

*Dated New Delhi, the 9th May, 1957.*

A copy is forwarded to all officers of the P. & T. Directorate for information and guidance.

A copy is also forwarded to the Director, O. & M. Division, Cabinet Secretariat, New Delhi, and Deputy Secretary (V), Ministry of Communications, New Delhi, for information.

Sd./- N. K. NAIR,  
*Assistant Director General (O.&M.)*

ANNEXURE XXIX

No. 15-16|60-WK

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT AND COMMUNICATIONS

(DEPTTS. OF COMMUNICATIONS & CIVIL AVIATION)

(Posts & Telegraphs Board)

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Dated at New Delhi the 27th August, 1960.

MEMORANDUM

*Memo. to the Public Accounts Committee regarding the Disciplinary aspect of the case regarding abandonment of Jabalpur Foundry Project—Para 5 of the Audit Report (Posts and Telegraphs) 1956 Part I.*

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In para 92 of their 22nd Report (Second Lok Sabha) on the Appropriation Accounts (P&T) 1956-57 and 1957-58 and Audit Reports thereon the Public Accounts Committee desired that the disciplinary aspect of the case regarding the loss caused to Government on account of abandonment of the Jabalpur Foundry project be pursued.

2. The matter has been examined. The history of the case is as follows:

- (a) The Project was initiated during the War Years in 1944 to meet the increased demand of Foundry items. Work on the Project commenced in December, 1944 but was put off temporarily in early 1945 due to cessation of the war. Afterwards the requirement of the Foundry items was reviewed and in 1948 it was decided to make a restart of the Project. Construction work of the sheds commenced in the same year and was completed in December, 1949. In 1950 it was proposed that the Foundry should be a mechanised one instead of a manually operated one as originally proposed for increased efficiency and economy. It took about four years to finalise the scheme of mechanisation as it had to be examined at various stages i.e. obtaining expert

opinion, examination of different plans and offers, preparation of plans and lay-outs etc. Considering the period it would take to complete the mechanised Foundry and also the shed and other equipments having been already erected for non-mechanised operation, it was decided by the P. & T. Workshops Board in May, 1954 to make a start of the operation of the Foundry. At their fourth meeting held on the 25th November, 1954, the Staff and Finance Committee of the P. & T. Workshops Board directed the General Manager Workshops to ensure that there was no delay in starting the Foundry. In the meantime the General Manager had been asked to prepare a scheme for the mechanisation of the Foundry and submit a Memo. for the D.F.C. to the Directorate. The General Manager was thus throughout acting under the instructions of the Board.

- (b) At about the same time a proposal for setting up a separate Factory at Maithon was under active consideration of the Government. On examination it was observed that the Project at Maithon would be a more economic proposition than the one at Jabalpur having regard to the location, availability of essential raw material, transport facilities etc. After careful consideration, the Project at Jabalpur was postponed in December, 1954 and ultimately abandoned in early 1955 after discussion between the then Minister, Secretary, Ministry of Communications and Director-General.

3. It will, therefore, be seen that the Project has a long history of about ten years having its origin in War time conditions and thereafter underwent changes in post-war conditions and developments. Due to rapid changes in circumstances the proposal made under certain conditions had to undergo revision under changed conditions. The proposal for the Project at Jabalpur was also reviewed in the context of the Maithon Project and the latter was considered to be favourable than the former and the ultimate decision was taken under the instructions of the then Minister, Secretary and Director-General. In the circumstances no individual officer can be held personally responsible for the loss incurred due to the abandonment of the Foundry Project.

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

Sd./- V. SHANKAR,  
Chairman, P. & T. Board.

## APPENDIX II

(Ref. para 24 of the Report)

No. 7-11[60-NB

GOVERNMENT OF INDIA

### MINISTRY OF TRANSPORT AND COMMUNICATIONS

(DEPARTMENTS OF COMMUNICATIONS AND CIVIL AVIATION)

(Posts & Telegraphs Board)

Dated at New Delhi, the 9th November, 1960.

SUBJECT: *Public Accounts Committee—Consideration of Appropriation Accounts 1958-59 and Audit Report, 1960—Irregularities in the execution of certain building works—Para 26 page 40).*

*Question (i).*—Is the Divisional Engineer not required under the rules to carry out a certain percentage check on the measurements entered in the measurement books by the overseer and certify to that effect before the payment to the contractor can be made?

*Ans.*—The Divisional Engineer is required to inspect the building works costing Rs. 1,000 and above occasionally and exercise a percentage check of the recorded measurements *vide* Rule 489 of P. & T. Manual Volume II (Enclosure). In regard to the payment of the bills, D.E.T. is guided by the certificate of completion furnished by the Officer Incharge supervising the work or the Building Overseer *vide* Rule 183 of P. & T. F.H.B. Volume III (Enclosure). The D.E.T. is also to receive a monthly progress report from the Building Overseer of the works done.

*Question (ii).*—What were the reasons for the delay of 3 years in the re-measurement of the works executed by the Building Overseer?

*Ans.*—The delay in the re-measurement of the works was due to:—

(a) paucity of the Building Overseers in the Circle and the difficulty of attending to re-measurement of such a large number of works in addition to the duties of the 3 Building Overseers in the Circle; (b) inability to reinforce the strength of Building Overseers in the Circle due to shortage of Overseers in the P. & T. Department as well as in the C.P.W.D.; (c) the huge work load involved in re-measurements of all the building works in the Ranchi Division for not only the works involved in this particular case but also relating to the works carried out in the years 54-55 and 55-56, as required by audit; (d) non-cooperation of the contractors who absented themselves during the work of re-measurements and were reluctant to sign the measurement books in token of acceptance of the same as required under the departmental rules; and (e) time taken for the final check of the quality and certain percentage of the work by another Divisional Engineer.

**Question (iii).—**Why were certain unnecessary and extravagant items outside the standard design provided in the case of postmen's quarters constructed during 1956-57? Who was responsible for authorizing these deviations?

**Ans.—**The unnecessary and extravagant items outside the standard design do not appear to have been specifically authorised by the Divisional Office. These had apparently been included deliberately by the Building Overseer who was responsible for the preparation of estimates according to the standards. The Divisional Office had apparently failed to notice and exercise check on these unnecessary and extravagant items.

**Question (iv).—**What were the reasons for great delay in taking the departmental action against the overseer in this case?

**Ans.—**Whilst from the very beginning the action of the Building Overseer was suspended, no final conclusion could be drawn until the full assessment of the irregularities committed by him and the extent of loss sustained by the Department was made after remeasurement. The case also got involved in the claims, persistent as well as pressing made by the Contractors under threat of Civil action. These claims had to be dealt with in consultation with the Government Pleader, Patna by the P.M.G. and with the Law Ministry by the Directorate. On account of the various reasons as enumerated against the reply to (ii) above and in accordance with the procedure settled in consultation with the Law Ministry, the remeasurements could not be completed till the end of March, 1960. It was then decided to hand over the case to the S.P.E.

The Building Overseer has been placed under suspension with effect from the 18th July, 1960 and action against the D.E.T. concerned is under active consideration.

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

Sd./- V. SHANKAR,  
Chairman, P. & T. Board.

## ENCLOSURE

### EXTRACT OF PARA 489 OF P. & T. MANUAL VOLUME II (THIRD EDITION)

489. In the case of original and reconstruction works costing Rs. 250 and more and in the case of all other works costing Rs. 1,000 and more, the subordinate officer who is entrusted with the supervision of the work or the building overseer should maintain a measurement book as laid down in Article 485-A of the Posts and Telegraphs Initial Account Code, Volume I. In the case of all works costing Rs. 1,000 and more the subordinate officer or the building overseer should submit monthly to the Divisional Engineer, Telegraphs concerned, a progress report showing the measurement and the calculation of the quantity of the work together with a return of materials at site and bring to notice any dilatoriness, bad work, deviation from plan and estimate or any other action of the contractor militating against the financial interest of the Department. The Divisional Engineer, Telegraphs, should also inspect the work occasionally and exercise a percentage check of the recorded measurements. All measurements should be taken in the presence of the contractor or his agent who should then sign the measurement book in token of his having accepted the measurements.

NOTE: No standard form for measurement books has been prescribed. For this purpose the form (P.W.A.-23) may be obtained from the Central Public Works Department for use in the Posts and Telegraphs Department.

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### EXTRACT OF RULE 183 OF F.H.B. VOL. III PART I (ENGINEERING)

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183. The bill should be checked by the Officer who received and passed the stores or who is incharge of the work. If it be for materials supplied for a work other than petty, a reference to the Numerical Account of Stores (Form A.C.E. 8) in which the articles were included should be quoted, but if it be for work done, the following certificate should be recorded, on both copies of the bill by the Officer-in-Charge or an officer directly supervising the work in the case of building work (the certificate given by the officer directly supervising building works to be, however, countersigned by the Divisional Engineer Telegraphs) and signed:

“Certified that the work for which payment is claimed in this bill has been done actually by the contractor claiming the payment, to my satisfaction, and in accordance with the terms specified in Contract Order No. dated \_\_\_\_\_ giving him the work”.

The Officer in charge should attach the record of measurements to the Bill; in respect of the works costing Rs. 1,000 and more.

In the case of a running bill, he should further record "that the amount passed for payment does not exceed nine-tenths of the value of the work done".

(inserted *vide*  
correction slip  
No. 58 dt.  
31-7-58) B  
CR)-4(12)/56

NOTE: "The checks prescribed in this rule apply *mutatis mutandis* to the bills in respect of works costing Rs. 1,000 and above paid by S.D.Os. and to the bills sent by them to the Divisional Offices for payments."

(inserted *vide*  
correction slip  
No. 66 dt.  
8-7-59) 4(4) B  
59-B (CR)

NOTE: "The bills sent to the Divisional Offices for payment should be checked by them with reference to the original measurement books which should be obtained for check before payment."

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### APPENDIX III

(Ref. para 53 of the Report)

No.42-43|59-NB

GOVERNMENT OF INDIA

#### MINISTRY OF TRANSPORT AND COMMUNICATIONS

(DEPARTMENTS OF COMMUNICATIONS AND CIVIL AVIATION)

(Posts and Telegraphs Board)

Dated at New Delhi, the 1st December, 1960.

**SUBJECT:** *Public Accounts Committee—Consideration of Appropriation Accounts (P&T) 1958-59 and Audit Report, 1960—Loss due to avoidable payment of State-Tax on electricity and non-recovery of electric charges from the occupants of residential quarters—para 19 (Page 35).*

**Q. (i).**—Why were separate meters not installed in the residential quarters occupied by the Ex-Company staff till March, 1955 though the necessity for recovery of electric charges from them was suggested by Audit as early as 1951?

**A. (i).**—The Ex-Company staff were in receipt of certain traditional benefits. One of them was exemption from payment of electric charges in the residence. The repercussions of withdrawing this benefit had to be considered. As a first step the possibility of effecting economy in the cost of installation of meters was examined. This could be done by having one meter (instead of a number of individual lines and meters) separating the entire residential portion. Consumption of electricity would then have been shared by all the occupants of the quarters. In 1953 a separate meter for the residential portion of the buildings was installed and the staff was asked to share the charges equally. The staff, however, did not agree and as a result of representation from the staff, the C.P.W.D. was requested in June, 1954 for installation of separate meters. The C.P.W.D. estimate was received on 6-12-54. It was sanctioned and returned on 20-12-54. The work was completed by them in March '55.

**Q. (ii).**—What were the reasons for great delay in the installation of separate meters to record the consumption of electricity for official purposes resulting in loss of about Rs. 14,000/- to the Department?

**A. (ii).**—As a result of further investigation now made it is revealed that the payment of State duty levied by the Electricity Company

on the electricity consumed for official purposes actually ceased with effect from the dates noted below against the exchanges involved:

- |                         |                 |
|-------------------------|-----------------|
| 1. Burrabazar Exchange. | April, 1951.    |
| 2. South Exchange.      | October, 1953.  |
| 3. Howrah Exchange.     | February, 1952. |
| 4. Dum Dum Exchange.    | February, 1954. |

In November, 1950, all Heads of P. & T. Circles were informed by P. & T. Directorate that the Article 287 of the Indian Constitution provided exemption from payment of taxes on electricity consumed by Government. They were, therefore, requested to obtain refund if such taxes had been paid. Again in April, 1951, the Heads of Circles were informed that in consultation with the Ministry of Law it had been decided that all taxes levied by and paid to State Governments on electricity consumed by offices of Central Govt. from 1st April, 1937 onward had been improperly levied. They were, therefore, requested to claim refund of all such over-payments wherever these had occurred since the aforesaid date.

Correspondence carried on by the General Manager Telephones, Calcutta with the Electricity Supply Co. revealed that State Duty had been levied by them at South, Howrah and Dum Dum exchanges only on a part of the energy consumed in these exchanges keeping in view that offices were exempted from duty. They also pointed out that no electricity duty was levied on energy consumed at Burrabazar Exchange as dutiable energy was not separately metered.

From the data collected by the General Manager Telephones, Calcutta, it is seen that the average State duty paid in the case of electricity consumed in the South, Howrah and Dum Dum Exchanges is -|10|- , -|7|- , -|12|- per month for each quarter respectively. These exchanges have 17, 5 and 2 sets of quarters respectively. The rate of duty levied by the State Government for electricity consumed is six pies per Unit upto 50 Units and when the consumption crosses the limit of 50 Units, electricity duty at the rate of -|1|- per Unit is leviable for the total consumption. It is clear that the duty paid was for only the consumption in residential quarters in these three exchanges. No excess duty has been paid in these cases.

In the Burrabazar Exchange, the duty paid from November, 1950 to April, 1951 (on which date the payment of duty ceased) amounts to Rs. 479|15|- only. The duty payment, however, ceased in April, 1951 and thus the delay in installation of meters did not really cause over-payment.

The question of installation of separate meters for these exchanges for recording the electricity consumed by the residential portion was taken up with the C.P.W.D. on 2-12-52. Meters were installed in 1953.

Q. (iii).—Have arrears of the period from 25-3-55 to 31-10-57 been realised?

A. (iii).—The amount of arrears to be recovered has been reduced to Rs. 118·94 nP. Full recovery is expected to be completed by the end of this financial year. The time taken in recovery is due to the fact that it has to be resorted to in instalments from the officials whose salary is small.

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

Sd/- V. SHANKAR,  
Chairman, P. & T. Board.

## APPENDIX IV

### *Summary of main conclusions/recommendations*

| Sl. No. | Para No.  | Ministries/Departments concerned                 | Conclusions/Recommendations   |
|---------|-----------|--|---|
| 1       | 2         | 3  | 4   |
| 1       | 5 (Intro) | Transport & Communications<br><hr/> D.G. P. & T. | The Committee feel that in an Organisation like the P & T Department with a network of offices handling thousands of transactions involving cash, strict observance of the prescribed rules and regulations is of great importance. While, in their opinion, the rules and regulations are so devised that they contain certain built-in safeguards against possible frauds, their strict observance will throw up quickly such frauds. As regards supervision, the Committee were informed that the supervisory staff in charge of Post Offices has been augmented with a view to tightening up the control. While the Committee welcome this, they feel that deterrent action is called for against those who are found guilty of laxity in supervision if the number of frauds is to be reduced. |
| 2       | 6 (Intro) | Do.  | The Committee apprehend that insurance of an article for less than its actual value would tend to increase the chances of fraud if the persons handling such articles happened to know the actual value of the articles insured. The Committee, therefore, feel that the Department should give consideration to this aspect of the matter and devise remedial measures. The Committee also feel that where the amount of insurance is greater  |

| 1 | 2  | 3  | 4   |
|---|----|--|---|
| 3 | 4  | Transport & Communications<br>D.G. P. & T. | <p>than the intrinsic value of the articles insured, launching of prosecution will have a deterrent effect.</p> <p>The Committee were given to understand that the P &amp; T Department had been advised of a cut of Rs. 12 crores for the plan outlay earmarked for the year 1958-59 as early as in May, 1958 (within a couple of months of the commencement of the financial year). It is disappointing that the P &amp; T Department, as a commercial department, should have taken such a long time in re-phasing its development programme for the year.</p> |
| 4 | 6  | Do.  | <p>The Committee welcome the proposal for the setting up of a separate wing of the C.P.W.D. for the execution of the P &amp; T works exclusively. They trust that there will be sufficient work for the proposed wing of the C.P.W.D. all the year round.</p>   |
| 5 | 9  | Do.  | <p>The Committee trust that the revised target date for the completion of the Co-axial Trunk Cable Project will be adhered to by the Department.</p>  |
| 6 | 11 | Do.  | <p>The Committee cannot help observing that the case dealt with in para 23 of Audit Report is a typical case of bad planning which has led to unnecessary locking up of capital on equipment.</p>   |
|   | 12 | Do.  | <p>(ii) The Committee trust that the construction of the building will now be expedited to prevent deterioration of the equipment by long storage, and to minimise losses.</p>  |
| 7 | 16 | Do.  | <p>The Committee are concerned at the delay in the disposal of the case relating to loss of copper-wire from spare lines. They desire that such cases</p>   |

| 1  | 2  | 3  | 4   |
|----|----|--|---|
|    |    |  | should be handled expeditiously and instructions to that effect should be issued to all concerned. Further, losses due to theft should be reported immediately by the Circles to the Directorate so as to enable the latter to keep a close watch on the disposal of such cases.  |
| 8  | 19 | Transport & Communications<br><hr/> D.G. P. & T. | The Committee are concerned that the delays referred to in this para should have occurred in a commercial department like the P & T Department.   |
|    | 20 | Do.  | (ii) The Committee were also surprised to note that the Department overlooked even the Indian Electricity Rules and failed to locate the switch and the oil-circuit breaker within the distance prescribed under these rules and, therefore, had to extend the sub-station building by 8 to 10 feet at a later stage resulting in a further delay of about 9 months in connecting it with the telephone exchange. In their opinion, it was a case of gross negligence which occasioned avoidable expenditure and, therefore, deserves serious notice. |
| 9  | 26 | Do.  | The Committee regret to state that despite their repeated observations in the past and the departmental instructions pursuant thereto such omissions and delays as mentioned in this case continue.   |
| 10 | 29 | Do.  | In the Committee's opinion, the action of the General Manager, Workshops in insisting upon continuance of production despite the instructions of the indenter to the contrary clearly lacked justification. The Committee also understand that out of the total outlay of Rs. 2.25 lakhs (approx.) for the bulk of the orders placed by the Con-  |

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| 11 | 32 | <p>Transport &amp; Communications</p> <hr/> <p>D.G.P. &amp; T.</p> | <p>troller of Telegraph Stores, an amount of Rs. 28,000 only had been incurred by the P &amp; T Workshop by the end of 1951-52. The plea that stoppage of manufacture would have upset the Workshop's production programme is, therefore, unconvincing. It has been admitted that progress of this work was slow because of pressure of other urgent work. If so, it would have been more prudent to stop further production at least in 1954 on the receipt of the second cancellation order. The action of the General Manager, Workshops, has resulted in accumulation of unwanted goods. The Committee consider that the Stores Organisation is also not free from blame in so far as its progressing of demands left much to be desired. They, therefore, desire that the P &amp; T Board should impress on the Workshops and the Stores Organisation the necessity of a close watch on the progress of work and indents respectively so that such instances do not recur.</p> <p>The Committee note the reduction in the number of discrepancy statements in the stores depots and desire that the settlement of discrepancies be further expedited, for delay in investigation and disposal of discrepancies in stores leads to the possibility of continuance of irregular practices and consequent losses to Government. Action against persons responsible for shortages may prove difficult with the efflux of time. In this connection the Committee would again invite the Department's attention to their recommendation in para 62 of their 22nd report (First Lok Sabha).</p> |

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| 12 | 37 | Transport & Com-<br>munications<br><hr/> D.G. P. & T. | The Committee regret to note the increase in the incidence of cases of defalcations and loss of public money for a high proportion of which the employees of the Department were responsible as in the past. They consider that apart from action against the delinquent officials for criminal offences, deterrent action should be taken against those who are found guilty of violating the prescribed rules and regulations or not exercising the prescribed checks.   |
| 13 | 42 | Do.   | The Committee would like to be informed of the final outcome of the case, dealt with in para 15(i) of the Audit Report.  |
| 14 | 45 | Do.<br><hr/> Finance                                  | It is clear that there was lack of proper co-ordination between the Ministry of Finance and the P & T Department before putting the new series of National Plan Saving Certificates on tap. It is surprising that the P & T Department did not appreciate that the blank certificates issued to the officials for writing up were valuable documents requiring care and vigilance. The Committee were assured that steps had been taken to streamline the procedure with a view to fixing responsibility for losses of certificates. They trust that such losses will not recur. |
| 15 | 48 | Transport & Com-<br>munications<br><hr/> D.G. P. & T. | The Committee regret to note that there had been considerable delay at every stage in handling the case mentioned in para 18 of the Audit Report. First there was an initial delay of over a year in serving the legal notice to the employee and then a further period of 14 months was taken to file a suit in the court. The Department again failed to execute the decree even   |



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during the period of six months after the appeal in the court of the Second Additional Judge was decided on 26th September, 1955. (The appeal in the High Court was filed by the employee in March, 1956). The Committee did not get any explanation for the delays. They, therefore, desire that this matter should be investigated further and a report submitted to them. They trust that in future the Department will act expeditiously in such cases.

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| 16 | 53 | Transport & Communications<br><hr/> D.G. P. & T. | The Committee did not get any satisfactory reply for the delay in the installation of meters both for recording consumption for official use and that consumed in residential portions. They, therefore desired to be furnished with a note in this regard. The note is still awaited.   |
| 17 | 57 | Do.  | The Committee are concerned to note that despite their repeated comments and the instructions issued by the D.G. P. & T. in October, 1957 emphasising the importance of prompt disposal of Audit objections, the number of outstanding Audit objections continued to be fairly large. They suggest that the Department might in consultation with Audit consider the feasibility of adopting the procedure that is being followed on the Defence side for clearing the old outstanding objections expeditiously. |
| 18 | 59 | Do.  | The Committee observe that the case mentioned in this para is another instance of undue delay in taking disciplinary action against delinquent officials which has been repeatedly commented upon by the Committee.  |

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| 19 | 63 Transport & Communications | D. G. P. & T. | The Committee are not satisfied with the progress in realisation of arrears (amounting to Rs. 21.40 lakhs on 1st January, 1960 relating to bills issued upto 31st March, 1956) relating to earlier years. While the Committee would like to stress the imperative need to effect prompt recoveries of current dues and accelerate the recovery of arrears, they feel that the Department should now make a realistic assessment of its outstandings.   |
| 20 | 69                            | Do.           | The Committee feel that with the nationalisation of life insurance the Postal Life Organisation has become a duplicate organisation. It will be advantageous to transfer the administration of PLI to LIC as it will result in economy and secure better administration of Postal Life Insurance Fund. The facility of deduction of premia from monthly salaries can be continued in respect of existing subscribers to PLI and the question of extending it to all the constituents of LIC may be examined. |