

HUNDRED AND THIRTY-THIRD REPORT

PUBLIC ACCOUNTS COMMITTEE (1982-83)

(SEVENTH LOK SABHA)

LOCAL PRINTING OF INLAND LETTER CARDS
AND CONSTRUCTION OF STAFF QUARTERS
MINISTRY OF COMMUNICATIONS
(P. & T. BOARD.)



Presented in Lok Sabha on
Laid in Rajya Sabha on

LOK SABHA SECRETARIAT
NEW DELHI

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CORRIGENDA TO HUNDRED AND THIRTY-THIRD
REPORT OF PUBLIC ACCOUNTS COMMITTEE
(SEVENTH LOK SABHA)

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12th November, 1982

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

PUBLIC ACCOUNTS COMMITTEE

(1982-83)

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2. Shri K. C. Rastogi—*Chief Financial Committee Officer*
3. Shri M. G. Agarwal—*Senior Financial Committee Officer*

INTRODUCTION

1. The Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Hundred and Thirty-Third Report on paragraphs 26 and 32 of the Report of the Comptroller and Auditor General of India for the year 1980-81, Union Government (P&T) relating to "Local Printing of Inland Letter Cards" and "Construction of Staff Quarters at Annanagar", respectively.

2. The Report of the Comptroller and Auditor General of India for the year 1980-81, Union Government (P&T) was laid on the Table of the House on 23 April, 1982.

3. In this Report the Committee have highlighted several irregularities in the local printing of Inland Letter Cards of which a huge stock of 3.06 crores worth Rs. 16.39 lakhs was lying unsold in the Postal Circle of P.M.G., U.P. in October, 1981. In this case, not only the lowest tender was disregarded resulting in extra expenditure of Rs. 8.86 lakhs but the Inland Letter Cards were printed on inferior paper resulting in huge accumulation. The Committee has observed that it is the duty of a vigilant administration to initiate remedial action on irregularities of the nature pointed out by Audit in this case as soon as these are brought to notice rather than wait for the Committee's examination to be over. In another case, i.e. construction of staff quarters at Annanagar, the Committee's examination has revealed a number of disquieting features. The plot of land for the staff quarters was purchased at an exorbitant rate of about Rs. 0.90 lakh per acre as against the rate of Rs. 0.18 lakh per acre at which land was acquired by the Government of Madras in a nearby area, resulting in an extra expenditure of Rs. 18 lakhs. The deal was finalized with a private party directly instead of going through the normal process of land acquisition. The Committee has recommended that an inter-ministerial enquiry should be instituted to ascertain why the prescribed procedure was not followed by the P&T Department as well as by other Central Government Departments which also purchased land from the same party.

4. The Public Accounts Committee (1982-83) examined the above paragraphs at their sittings held on 11 and 12 November, 1982. The

Committee considered and finalised this Report at their sitting held on 18 March, 1983. The Minutes of sittings of the Committee form Part II* of the Report.

5. A statement containing conclusions and recommendations of the Committee is appended to this Report (Appendix I). For facility of reference these have been printed in thick type in the body of the Report.

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

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

NEW DELHI;

March 22, 1983

Chaitra 1, 1905 (S)

SATISH AGARWAL,

Chairman,

Public Accounts Committee.

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REPORT
CHAPTER I

Local Printing of Inland Letter Cards

Audit Paragraph

1.1 Due to a strike (January to May 1978) in Security Press, Nasik, the Press was not in a position to meet fully the requirement of inland letter cards (ILCs) of the post offices. The Director General, Posts and Telegraphs (DGPT) therefore, decided (March 1979) to permit each Head of Postal Circle to get blank ILC forms to the extent actually required, not exceeding 10 lakhs, printed locally. The guidelines in this regard issued by the DGPT, stipulated *inter alia*, that (i) the circles were to assess their requirements properly, (ii) the cost of ILCs was not to exceed 6 paise each and (iii) the quality of paper to be used for the ILCs, its dimensions and patterns were to conform to the one printed by the Security Press, Nasik.

1.2 Pursuant to the above decision, the Postmaster General, Uttar Pradesh (PMG, U.P.) invited tenders for 10 lakh ILCs. The tenders were opened on 16th March 1979 and a rate of Rs. 49,940 per 10 lakh cards quoted by firm 'A' was found to be the lowest. The PMG asked firm 'A' on 19th March 1979 to furnish the sample of paper to be used together with its size, weight and colour although the notice inviting tender (NIT) provided that the paper to be used should be the same as per the ILCs available at Post Office counters. This course of action was objected to by the Internal Finance Wing of the PMG, who then decided (April 1979) to issue a fresh NIT.

1.3 On 18th April 1979, fresh tenders were invited and the tenderers were asked to enclose a sample of the paper to be used and also to put gum on the small flap of the ILC. The tender of firm 'B', though not the lowest, was accepted keeping in view the quality of the paper to be used by that firm and an order was placed (May 1979) for printing 10 lakh ILCs at a cost of Rs. 51,500. No formal agreement to safeguard the interest of the Department was signed with the firm. The supply was to be completed by 3rd July 1979. In June 1979, firm 'B' approached the PMG for permission to use paper of a slightly different colour, which was stated to be of better quality than the approved sample. This proposal of firm 'B' was

accepted in June 1979 by the Director, Postal Circle and the fact was later also brought to the notice of the PMG in July 1979. Against the scheduled date (3rd July 1979) of supply of the material, the firm completed it by 7th August 1979. No penalty was imposed on the firm for delayed supply even though clause 12 of the NIT contained a provision to this effect.

1.4 In the meantime, the DGPT further authorised (July 1979) the Heads of Postal Circle to enter into contracts for the production of blank ILCs locally in 1979-80 and to get two months requirements after making proper assessment. U.P. Circle then assessed its two months requirements at 11.44 crore of ILCs. This assessment was on the high side as would be evident from the following:

- As against the assessment of 11.44 crore ILCs as two months requirements, the total sale of the ILCs for the whole year varied from 3.29 crores to 5.77 crores during 1977-78 to 1979-80.
- The requirement intimated by the Dehra Dun Head Post Office alone was for 20 crore ILCs for 4 months, while that of the whole circle except Dehra Dun Head Post Office was 2.65 crores for 4 months. This obvious mistake remained undetected.
- On the PMG, U.P. intimating requirement of 22.87 crore ILCs, the Controller of Stamps Stores (CSS), Nasik informed him (February 1980) that the total requirement of ILCs for the whole country for one year including 3 months reserve, as intimated by the DGPT was 125 crores, but the requirement for the U.P. Circle alone was assessed at 22.87 crore ILCs for 4 months only.
- The total revenue of U.P. Circle under the head "sale of stamps" which included post cards, ILCs, envelopes and postage used for registered letters and parcels during the years 1977-78, 1978-79 and 1979-80 was Rs. 11.50 crores, Rs. 13.26 crores and Rs. 13.14 crores respectively. If the assessed requirement of 22.87 crores ILCs of the U.P. Circle for 4 months was taken as realistic, the revenue earned from the sale of ILCs alone would work out to be more than the total annual revenue earned by the sale of all items covered under "sale of stamps".

1.5 Having incorrectly assessed the requirement, the PMG, U.P. Circle issued a NIT in October 1979 for manufacture and supply of

10 crore ILCs. Out of 8 tenders, received by 16th November 1979, the lowest quotation was from firm 'H' which had quoted the rate of 39.50 per 1000 ILCs. For evaluation of the offers, the Purchase Committee constituted in December 1979 held two sittings, first in the beginning of January 1980 and the second in the middle of January 1980. In the minutes of the second sitting of this Committee, it was stated that the sample of the lowest rate was being sent to Government of India Press, Aligarh for getting the quality checked. No quality test was however done. Meanwhile the PMG, U.P. circle had already placed orders for supply of 3 crore ILCs during the period from August 1979 to November 1979 on firm 'B' which had earlier supplied 10 lakh ILCs in August 1979. The firm was asked to supply 3 crore ILCs without inviting tenders and also without formal agreement. As nothing came out of the deliberations of the Purchase Committee, a further order for printing of 4 crore ILCs was placed in March 1980 on the same firm 'B' again without any formal agreement. The supplies of the ILCs were paid for at the rate of Rs. 51.50 per 1000 against the lowest rate of 39.50 per 1000 received against the tender floated in October 1979. Total difference in cost of 7.10 crore ILCs was Rs. 8.86 lakhs. In June 1980, by which time the U.P. circle had received complete supplies against their order of 7.10 crore of ILCs and also since the strike in Security Printing Press, Nasik was called off, the PMG decided to treat the tenders called in October 1979 as cancelled.

1.6 It was further observed that the U.P. circle had come to know in January 1980 that the Security Press, Nasik had resumed supply of postal stationery, nevertheless, order for 4 crore ILCs was placed on firm 'B' in March 1980. From the stock so received, 3.06 crore ILCs were still lying unsold with the U.P. circle (July 1980). The Department stated (October 1981) that the public was reluctant to purchase these ILCs due to their poor quality and that the expenditure of Rs. 16.39 lakhs incurred in getting 3.06 crore ILCs printed locally in excess of actual requirement was infructuous.

1.7 In November 1980, a Member of Parliament brought to the notice of the Minister of Communications that the local printing of ILCs was sub-standard, the quality of paper was poor and that there was no gum on the flaps. The matter was examined and the PMG, Lucknow found that the paper used by the firm 'B' was inferior to the one used by the Security Press, Nasik. He further informed the DGPT that since the local printer had no mechanical device for gumming the flaps of the ILCs, this condition was not insisted upon.

1.8 The Department stated (October 1981) that "the supplies from Security Press, Nasik were not very regular . . . It was, therefore, not advisable to depend wholly on the supplies from Nasik. As such placing of orders was continued . . . The stock has been lying only due to non-availability of 25 paise Postage stamps . . . These stocks cannot be taken as a loss to the Government as they are serving the purpose of reserve stock and would be used after affixing 25 paise stamps . . . Some of the postmasters did return blank Inland Letter cards . . . This was because fresh supplies of Inland Letter Cards started coming from Nasik and affixing of 25 paise stamps would involve extra labour."

1.9 Summing up—The following points emerge:—

- Orders for manufacture and supply of 7.10 crore ILCs (costing Rs. 38.02 lakhs) were placed on firm 'B' in 1979-80 without taking a decision on the tenders invited in October 1979 and without entering into any formal agreement with firm 'B'.
- The difference between the cost at which 7.10 crore ILCs were got printed from firm 'B' and the cost according to the lowest quotation in the tenders (October 1979) which remained under consideration of the Department was Rs. 8.86 lakhs.
- The quality of paper used by firm 'B' was inferior as compared to the one used by Security Press, Nasik.
- 3.06 crore ILCs of inferior quality worth Rs. 16.39 lakhs were still lying unsold in the Postal Circle of PMG. UP (October 1981) since July 1980.
- This requirement was not scaled down even when the CSS Nasik informed the PMG in January 1980 that the requirement of U.P. circle was on high side. On the contrary, orders for additional 4 crore ILCs were placed in March 1980.

[Paragraph 26 of the Report of the Comptroller and Auditor General of India for the year 1980-81, Union Government (P&T)]

1.10 The Committee enquired about the system in the Department with regard to the provisioning, indenting and execution of

orders and stocking of ILCs or envelopes. Secretary, Ministry of Communications stated in evidence:

"We are normally not required to purchase them from outside, but get them through indents placed on the India Security Press, Nasik. I am sorry these purchases are somewhat unusual, and some procedural violations were there. These purchases were made as exceptional cases, because thanks to a strike which took place in that Press, there was acute shortage practically all over India in the matter of ILCs. When we could not get them printed from outside we had to live with the shortage. For inland card, except for the stamped portion of the ILC, we could get the rest of it printed from outside to meet the shortage because there was criticism in Parliament. The inland letters have been very popular with the public over the years. In the case of ILC we resorted to purchase them with the help of tenders from outside, though some amount of the purchases were made on repeat order basis without calling for fresh tenders. As a deviation from the normal procedure, in view of the acute and critical shortage, we had reason to believe that this will not continue for long though it continued for several months."

1.11 Asked whether, in normal times Security Press, Nasik, was in a position to meet requirement of the Department in full, the witness replied:

"They have several operational problems.....There is an inter-ministerial Committee where this was discussed. They can produce more if they spend more on overtime to the workers but there is a limit to it. So even without a strike they could not meet our demand. Because the machine capacity was limited, they had to pay overtime allowance to the workers to make them work longer hours, to meet our demands, though not fully. Even without overtime expenditure, because of the limitation of overtime expenditure they could not meet our demands."

1.12 Asked about the system of assessing the annual requirements of ILCs for the entire country, the representative of the Department replied:

"For that, we have a system of annual forecast. We submit it to the Nasik Press in advance in September (for the next year beginning from 1 April.....). Their capacity was

far less than the requirement of the country as a whole because their machinery had become old. They had not been able to increase the capacity."

The witness added:

"They (India Security Press, Nasik) are not in a position to cater to the entire requirements because of accommodation and other factors. But we are in the process of taking over the stocking and distribution."

1.13 Clarifying further, the Secretary, Ministry of Communications stated:

"We are taking it over ourselves. It will function under the Post Master General because we felt that complaints were coming from practically all circles. This was not an important part of their business; they are discharging it as an agency on our behalf because these were to be stocked there. They had to distribute to different Post Offices. The Post Masters General were complaining that we should take it over ourselves if we were to discharge our responsibilities to the public satisfactorily. As far as the capacity of the Press is concerned, it is a different issue. We have been taking it with the Finance Ministry which is the appropriate authority by saying that over the years you have been supplying them less than we have been indenting for and this has caused shortage. It is not only in the matter of ILC but also in the matter of post cards and the stamps that we have asked them to increase the capacity in the printing presses. So, they have taken action and now we are reaching a situation where the shortage will be a thing of past. They are setting up a new Press and are installing some additional machines in the Nasik Press."

1.14 The Committee enquired whether any similar shortage of ILCs was experienced by the Department in the past and if so, what procedure was adopted then by the Department to meet the shortage. The Ministry of Communications (P&T Board) have stated:

"A shortage of ILCs was experienced by the Department in 1968-69 also. At that time orders for printing 10 crores

of ILCs were placed on various firms which took about eight months to effect the supplies. Details regarding the procedure adopted for local printing at that time are being ascertained and would be furnished as soon as available."

1.15 In a further note on the subject the Ministry have furnished the following details of the requirement of ILCs based on the forecasts given by the Circles and the supplies made by the ISP, Nasik during the last three years:

Year	Forecast of requirement	Actual supplies
(in crores)		
1979-80	127.7	78.98
1980-81	135.0	103.27
1981-82	140.0	130.22"

1.16 The Committee desired to know the projected requirements of ILCs during the next three years and the way these were proposed to be met. The Department stated in a written reply:

"The projected requirements for the next three years are as under:—

Year	ILCs (in crores)
1983-84	151.3
1984-85	156.9
1985-86	162.9

The manufacturing capacity of ISP, Nasik has been increased and a second Security Printing Press has been established at Hyderabad for the production of various items of postal stationery. It is felt that these two presses among themselves would be able to take care of the projected requirements."

1.17 The Committee enquired why PMG, U.P., did not accept the lowest tender of Firm 'A' instead of inviting fresh tenders asking the tenderers to enclose a sample of paper to be used and also to put gum on the flaps of ILCs. The Ministry of Communications (P&T Board) in a note furnished to the Committee have stated:

"The lowest tender received in response to the first tender was complete in all respects though unaccompanied by a

*Awaited.

sample of paper whereas other tenders had the samples of paper also. As it was considered inappropriate to consider the sample of paper subsequently received, after opening of tenders, fresh tenders were called for. While issuing second NIT a specific indication regarding providing of the adhesive in each ILC was also made as no such provision found place in the NIT issued in the first instance."

1.18 The Committee called for the details of tenders received in response to the fresh NIT of 18 April, 1979. The Ministry of Communications (P&T Board) have stated:

"Four tenders were received in response to the 2nd NIT, the details of which are as under:—

Name of Tenderers	Price quoted for 1 million ILCs.	Conditions
M/s. G.B. Printer, Lucknow	Rs. 14.73 paise per thousand for printing (without paper)	<ol style="list-style-type: none"> 1. Rate does not include cost of paper, blocks etc. 2. Paper to be supplied by the Government.
M/s. Deepak Printing Centre, Lucknow.	Sample 'A'— Rs. 55980/- Sample 'B'— Rs. 53890/- Sample 'G'— Rs. 51970/- Sample 'D'— Rs. 48998/- (with paper).	<ol style="list-style-type: none"> 1. Plus 5% extra if supply needed within 45 days. 2. Rates subject to supply accepted up to 90 days.
M/s. Puri Printing Press, Lucknow	Sample 'N'— Rs. 49000/- Sample 'M'— Rs. 51500/- Sample 'Y'— Rs. 53500/- Sample 'X'— Rs. 52000/- Sample 'X'— Rs. 54,000/- (with paper)	Sales Tax Extra.
M/s. Haryana Printing Press, Delhi.	Rs. 3850/- per lakh (with paper)	<ol style="list-style-type: none"> 1. F.O.R. Delhi 2. 90% payment against delivery and the balance 10% within 30 days demanded. 3. No earnest money receipt enclosed, security amount of 10% to be provided on receipt of certain confirmations."

1.19 The Committee wanted to know why the Department did not consider the lowest tender in response to the second NIT and continued to place orders at higher rate inspite of the fact that there was a wide difference between the rates quoted in the lowest tender and the rate at which the orders were placed on firm 'B'. The Ministry of Communications (P&T Board) have stated:

"The lowest tenderer did not deposit earnest money as prescribed *vide* para 6 of N.I.T. The tender was, therefore, incomplete. Besides, the tender was also conditional, and therefore, was considered inadmissible for acceptance."

1.20 To a further question why the Department did not wait for the sample of the paper to be submitted by firm 'A'. before cancelling the tenders, the witness stated in evidence:

"Actually the position is that PMG did not ask for the sample of the paper. In the tender notice, they said that the paper which is used for the post offices, that type of the paper should be used. The lowest tenderer did not submit the sample of the paper. Other tenderers did supply."

1.21 In this regard, another witness from the Ministry clarified:

"In the tender notice there was no mention of supplying any sample paper. Since PMG later on asked for the sample the IFA took the objection that the sample should not be asked for later, and that too only from one firm."

1.22 In reply to a further question, the Secretary, Ministry of Communications stated:

"Actually when we discussed the matter with the PMG, he could not give a fully satisfactory reply. But they thought that as a measure of abundant caution, these particulars should be asked."

1.23 The Committee enquired why all the specifications of blank ILC forms proposed to be printed, were not incorporated in the NIT. The Secretary, Ministry of Communications replied:

"That is because of lack of knowledge in the DGP&T that this paper will not be available. Somehow or the other we were under the impression that this paper will be available from the market. We came to know later that this paper will not be available from the market to the

tenderers and print and supply because this paper is specially imported."

The witness submitted further:

"It would have been more in accordance with normal tender procedure to specify the sample (of ILC)."

1.24 The Committee enquired why the order for purchase of blank ILC forms was placed on firm 'B' without executing an agreement to safeguard the interests of the Department. In a written reply, the Ministry of Communications (P&T Board) have stated:

"Firm 'B' was entrusted with the job of printing the Inland Letter Cards without an agreement as it was an approved printer of Circle Office and had already deposited Security money of Rs. 3,000/- in the S.B. Account duly pledged to the President of India for undertaking printing work. Further, since the department did not supply paper to the printer, no special contract was considered necessary. Besides, the tender notice had suitable provisions in paras 11 and 12 about forfeiture of earnest money and deduction from the bill consequent on delays in fulfilling the orders."

1.25 Giving the reasons for not executing any agreement with firm 'B', the representative of the Ministry stated in evidence:

"The Puri Printing Press (Firm 'B') was the authorised printer for Postal Stores Depot, Lucknow for all the forms required by the Department. They had submitted security deposits. Here the paper is not being supplied by us; it will have to be purchased by the printer."

1.26 Elucidating the position further, another representative of the Department stated:

"If it is a one-time purchase, the notice inviting tender and the reply received from the party accepting the conditions are treated in the nature of an agreement. So, no separate formal agreement is entered into."

1.27 Asked whether the departmental rules did not provide for execution of such contract, the representative of the Ministry replied:

"Ab-initio when the contract is of a bulky nature, certainly a contract and an agreement should be entered into. But in

this case, the tender was invited only for 10 lakh forms. In such cases, this is the usual practice in the department, and it was done."

1.28 To the Committee's query whether there was any provision in the rules stipulating that execution of contract in such cases was necessary, the witness replied:

"There is no such rule, but this is the practice."

In this regard, the Secretary, Ministry of Communications added:

"... It was not obligatory under any of our codes to enter into an agreement in a case of unequal purchase, which is not part of the normal business. If it is a part of our normal business we should have had detailed rules or instructions as to what procedure should be followed in the matter. There were many irregularities and this was an unscheduled type of activity in emergent situation."

1.29 On his attention being drawn to Rule 419 of Posts and Telegraphs Manual, Vol. II, which provided for execution of contract in all such cases, the witness conceded:

"Your point is well taken, there is no exception to that."

1.30 The Committee then enquired whether any enquiry was made by the Department in this matter to find out whether instances of such irregularities had come to notice in any other circles also in the local purchase of blank ILCs. The Secretary, Ministry of Communications replied:

"... There has been no formal inquiry... It has not yet come to our notice but we will make enquiries because the case, frankly speaking, has some characteristics. So we would like to make enquiries from other PMGs."

1.31 The Committee desired to know why orders for 3 crore ILCs were placed on firm 'B' during the period from August 1979 to November 1979 without inviting tenders and without any formal agreement, at the rate of Rs. 51.50 per one thousand against the lowest rate of Rs. 39.50 per one thousand. In reply, the Department have stated:

"On receipt of fresh instructions from Directorate *vide* letter dated 18-7-1979 fresh tenders were invited for procurement of inland letter cards. A Purchase Committee was

formed to process the case. 8 tenders were received in response to N.I.T. The lowest rate was Rs. 39.50 per 1000 I.L.C. with conditions as (i) 95 per cent payment against R/R or C/R through bank (ii) Rate ex-godown (iii) Sales Tax extra. In the sample the weight of paper to be used was given as 6 Kg. per ream whereas as per N.I.T. paper of 7.7 Kg. per ream was required. Other tenderers did not give any such indication. The Purchase Committee therefore, decided to get the paper supplied by all the tenderers verified and tested obtaining full sheet of paper as sample. At first an attempt was made to get the sample tested by Government of India Press, Aligarh. But since Government of India Press, Aligarh had no such system to test the paper, the Government of India Press, Allahabad was approached. But there, too, testing could not be done. Ultimately, the National Test House, Calcutta was approached on the advice of the Controller Stationery Office, Calcutta. The process of testing of paper could not be completed and the tender could not be finalised during this long period. The Circle Office had to procure, from firm 'B', 3 crores I.L.Cs from August 1979 to November 1979 to meet continued shortage of stationery as the strike in the Security Press, Nasik had been continuing during this period."

1.32 The Committee enquired why further orders for 4 crore ILCs were placed on the same firm 'B' in March, 1980 without inviting tenders when the strike of Security Press, Nasik, had already been called off and the Security Press had resumed supply of postal stationery. In a written reply, the Ministry of Communications (P&T Board) have stated:

"Though the strike at Security Press, Nasik had been called off in January, 1980, adequate supply of Inland Letter Cards from Security Press, Nasik was not received in January and February, 1980.

It had been our experience that India Security Press was not in a position to meet the demands in respect of Inland Letter Cards even when the functioning was normal. Thus, in 1978-79 against our forecast of 122.20 crores ILCs the Press had been able to supply only 76.48 crores.

In view of the limited production capacity of the Press *vis-a-vis* the requirements of the ILCs, it was considered desirable to have atleast 4 months requirement with the Circle."

Asked why orders were placed three times on the same firm, the Secretary, Ministry of Communications stated:

"They were authorised under the Directorate's orders to place orders for not more than Rs. 10 lakhs though, in an irregular manner they placed repeated orders on that firm thrice. Then they perhaps found they were going on too far. A repeat order on the same firm, not on the basis of any tender, is totally irregular and unjustified."

1.34 The Committee then enquired whether any enquiry was instituted in this regard after receipt of the audit paragraph, the Secretary, Ministry of Communications stated:

"We are awaiting the ultimate comments of PAC to pursue this case."

1.35 Asked why the department should wait for the PAC to examine the matter, the witness submitted:

"Frankly speaking I did not know earlier about all the un-savoury dealings of this case. I have come to know them comparatively recently. This case is bristling with irregularities. We will institute a thorough enquiry very soon."

1.36 On his attention being drawn to the fact that the matter was brought to the notice of the Department at least a year earlier, the Secretary, Ministry of Communications stated:

"... According to the normal procedure which obtains, these things come to my personal notice with office noting at the final draft para stage. In any case I wanted to hear the PMG in person to know whether he has any explanation to offer on this but it seems he also cannot explain this."

The witness stated:

"... We are considering to issue a directive in the matter that where audit para discloses details which call for probe from the vigilance angle this should be referred to the Vigilance Officer. We have no such regular system. The Administrative Wing should have referred the case

to vigilance for a probe from the vigilance angle as brought out by the Audit in this case. This has not been done yet in this case."

1.37 The Committee enquired whether there was any system in the Department to monitor and prevent unauthorised printing of ILCs by the PMGs as had happened in this case, the representative of the Department stated:

"There is no such system to monitor but we will come to know of it at a later stage. If he goes on merely printing, we cannot stop him."

1.38 Asked whether the Department would consider setting up a cell immediately so that it could take suitable action after such cases requiring investigation came to notice, the witness stated during evidence:

"We will examine it immediately because we may need some approval."

1.39. The Committee wanted to know why the Department took about 8 months (from November 1979 to June 1980) to cancel the tenders received in response to third NIT. The Department stated in a written reply:

"Enough stock of inland letter cards had been procured as per requirement on reassessment made after the advice of India Security Press, Nasik dated 26th February, 1980 and in view of the fact that some supply from Security Press, Nasik, had started, it was decided to give up the idea of entering into contract for further procurement of inland letter cards, hence the tender which had been called for and were under process on account of testing of paper were ultimately cancelled on 9-6-80."

1.40 Referring to the request of firm 'B' made in June, 1979 to use paper of a different colour but of superior quality, the Committee enquired how the Department ensured that the quality of paper was actually better than the approved sample. The Department have stated in a written reply:

"Though the firm intimated that the paper proposed to be used by them was superior in quality to the approved one but of a different shade, it was considered by the Department to be of the same quality as earlier approved."

In view of the market position of the paper then obtaining, it was considered prudent to accept the revised sample with different shade.

The Superintendent, P.S.D. Lucknow, was asked to facilitate comparison at the time of acceptance of the supply. Besides a reference was also made to the India Security Press, Nasik Road. It was informed by the Press that they purchase paper through the DGS&D on Government rate and it may not be possible for the private party to procure the same quality of paper. "The paper supplied, was quite good for the inland letter cards."

1.41 The Committee enquired whether any action was taken to reduce the rate suitably to compensate for inferior quality of paper used by firm 'B' and for not gumming the flaps of the ILCs. In a written reply, the Department stated:

"The question of reducing the rate on account of inferior quality of paper did not arise as the quality of paper which was approved was already known to be inferior to the quality of paper being used at India Security Press, Nasik. No complaint or objection from the Superintendent, Postal Stores Depot, Lucknow, who received the supply from the printer with regard to the quality of paper used for printing of inland letter card and the sample approved was received. Therefore, the question of reduction of the cost on this count did not arise."

The local printers had no arrangement for processing and gumming the flaps of the Inland letter cards by automatic machines. The samples of the flaps gummed by brush revealed that the gum had the tendency of spreading over the body of the letter card and the letters getting struck over one another. Had this been resorted to, it would have resulted in a huge loss to the department by way of damage to the inland letter cards. Therefore, gumming was given up."

1.42 The Committee enquired the reasons for not detecting these deficiencies regarding use of inferior paper and not gumming the flaps of ILCs by the Department until it was brought to their notice by a Member of Parliament. The Secretary, Ministry of Communications replied:

"There are several irregularities in this case. We cannot justify all."

1.43 Referring to the highly inflated requirement of 20 crores ILCs for four months, intimated by the Dehra Dun Head Post Office, the Committee enquired why this mistake remained undetected. The P&T Department have stated:

"It is true that inadvertently no check could be exercised on the incorrect assessment made by Post Master, Dehra Dun in the beginning, it was detected later on the basis of 20 crores as the requirement of Dehra Dun Head Office, the printing for the entire circle was restricted to about 7 crores."

1.44 The Committee desired to know the follow up action taken by the Department when the Controller of Stamp Stores, Nasik intimated the PMG, U.P. that the requirement of ILCs for U.P. Circle as assessed by him appeared to be far in excess. The Department stated in a written reply:

"When intimation was received from the Controller of Stamps Stores, Nasik, that the assessment of U.P. Circle was far in excess of actual requirement, inland letter cards to the extent of 3 crores equal to the requirement of 3 months had already been procured. After this intimation, 4 crores inland letter cards, 3 crores as reserve stock equal to the requirement of 3 months and 1 crore of the remaining 1 month's requirement were procured and further procurement was stopped. This has prevented excess stocking to the extent of 15.87 crores. It will thus be seen that there was much less procurement of inland letter cards (about 7 crores) than that originally estimated (about 22 crores)."

1.45 In this context, the Committee enquired about the in the Department to check the indents submitted by the different circles. The Secretary, Ministry of Communications stated in evidence:

"Although indenting is done properly in time and reasonably efficiently. In this case, one particular division submitted a fantastically high indent. Apparently, they added a zero to the figure or some such thing. So, if we have our own organisation doing the work of checking the indents etc. the estimates are likely to be more accurate."

1.46 The Committee wanted to know the stock position of ILCs in the U.P. Circle on 1 April, 1979 and the requirement assessed for

the quarter April to June, 1979. The Department in a written reply stated as follows:

The stock position of ILCs as on 1st April, 1979 was =
60,44,637 Nos.

Indents made for the quarter April—June 79=2,53,28,600 Nos.

1.47 The Committee desired to know whether there had been other such instances of over-indenting or procurement of sub-standard ILCs in the recent past. In a written reply, the P&T Department have stated:

“No other instance of over-indenting or procurement of sub-standard ILCs has come to the notice of the Department so far.”

1.48 The Committee enquired whether the question of availability of stamps for affixing them on blank ILCs was considered before getting them printed locally. In a written reply, the Department have stated:—

“The question of availability of stamps for affixing them on blank ILC was not considered for the simple reason that the shortage of such postage stamps was not anticipated. The sale of such Inland Letter Cards to the tune of 5 crores 14 lacs out of 7 crores itself indicates the availability of stamps. The India Security Press, Nasik was approached on 27.8.79 for supply of postage stamps of 20|25 P. denomination when the shortage of such stamps was noticed. The shortage was, however, only temporary and sufficient stocks of stamps were soon made available for affixing the necessary stamps on Inland Letter Cards.”

1.49 The Committee desired to know the latest stock position of locally printed ILCs. In a written reply, the Department have stated:

“The present position of stock of unutilised locally printed ILCs is being ascertained. On 30-6-81, the balance of such ILCs with the Head Post Offices in U.P. Circle was Rs. 1.86 crores. There is no stock of locally printed ILCs with the Stamp Depot.”

1.50 The Committee also wanted to know as to how the Department proposed to utilise them. In reply the Department have stated:

"The Postmasters have been directed to sell the locally manufactured ILCs after affixing the necessary stamps. It is expected that their stock would very soon be exhausted."

1.51 Giving the latest position in this regard, the Secretary, Ministry of Communications stated during evidence (November, 1982):

"All sold out. There may be odd pieces in some Post Offices now. In fact, at the end of last month, it was estimated to be 10 lakhs out of the lot of 7 crores."

1.52 Asked about the steps the Department proposed to take to obviate such cases of printing of sub-standard ILCs and other postal stationery, the Department have stated in a written reply:

"To avoid such situation in future, a general ban has been imposed on the local printing of stationery by Heads of Circles."

1.53 The examination by Public Accounts Committee of Para 26 of C & AG Report 1980-81, Union Government (P&T) regarding local printing of Inland Letter Cards has brought to light the following irregularities:

- (i) Orders for manufacture and supply of 7.10 crore Inland Letter Card forms (ILCs) were placed on firm 'B' disregarding the lowest tender of firm 'A' resulting in an extra expenditure of Rs. 8.86 lakhs.
- (ii) Despite clear instructions to the effect that not more than 10 lakh ILCs or to the extent of actual requirements, whichever was less, should be got printed locally repetitive orders were placed by PMG, UP on firm 'B'—for 10 lakh ILCs in May 1979, 3 crore ILCs during the period from August 1979 to November 1979 and a further 4 crore ILCs in March 1980. No formal agreement was signed with the firm at any stage.
- (iii) While it was clearly stipulated in the guidelines issued by the D.G.P & T that the quality of paper to be used for ILCs, its dimensions and patterns were to conform to the

one printed by the Security Press, Nasik, the firm's request for permission to use paper of a slightly different colour, which was claimed by the firm to be of better quality than the approved sample, was accepted. It later turned out that the paper used by the firm was of sub-standard quality, with the result that a huge stock of 3.06 crore ILCs worth Rs. 16.39 lakhs was lying unsold in the Postal Circle of P.M.G., U.P. (October 1981). The Department also did not take any action to get the rate of the ILCs reduced by the firm on account of inferior paper and non-gumming of the flaps.

(iv) The order for printing of 4 crore additional ILCs was placed on firm 'B' in March 1980 disregarding the fact that the Security Press, Nasik had resumed supply of postal stationery in January 1980 on termination of the strike in the Press. What is worse, the order was placed without taking a decision on the tenders invited in October 1979 and without signing any agreement with the party.

(v) The excessive orders placed on the firm were due to faulty assessment of requirements particularly by the Dehra Dun Head Post Office which intimated its requirements to be of the order of 20 crore ILCs for 4 months as against the requirements of the whole Circle, except Dehra Dun Head Post Office, of the order of 2.65 crores for 4 months.

1.54 The Committee are constrained to point out that no action was taken by the Department on the various irregularities that had already come to their notice at least a year earlier through the draft Audit paragraph. It was only when the Committee took up the matter for examination that the Department came to realize the irregularities in the unusual purchases and the procedural violations involved therein. The Secretary, Ministry of Communications, admitted in evidence:

"Frankly speaking, I did not know earlier about all the unsavoury dealing of this case. I have come to know them comparatively recently. This case is bristling with irregularities. We will institute a thorough inquiry very soon."

While appreciating the frank admission on the part of the representative of the Government in this case, the Committee would like to point out that it is the duty of a vigilant administration to initiate remedial action on irregularities pointed out by Audit as

soon as they are brought to their notice in the form of a draft audit paragraph or otherwise. It would be indeed unfortunate if Government were to wait for the Committee's examination to be over. In fact, it is neither possible nor necessary for the Committee to examine each and every Audit paragraph. The Committee would therefore like to emphasize in very strong terms the need for the Government departments to take conclusive action on the points high-lighted in the Audit paragraphs as soon as these are brought to their notice.

1.55 So far as the present case is concerned, the Committee trust that the assurance given by the Secretary, Ministry of Communications for instituting an inquiry into the whole affair, would be implemented expeditiously. The Committee would like to be apprised of the findings and the action taken by Government in pursuance thereof, as soon as possible.

The Committee further suggest that in the light of experience in this case, the Ministry should devise a suitable procedure for assessment of the requirements of postal stationery on a realistic basis so that necessary follow-up action to meet these requirements on a systematic basis can be taken and the complaints often received with regard to the shortage of stamps, inland letter cards etc., are obviated.

1.56 From the information furnished, the Committee find that the actual supplies of ILCs have fallen short of the projected requirements by nearly 48 crores in 1979-80, 32 crores in 1980-81 and 10 crores in 1981-82. The Committee have been informed that the manufacturing capacity of the India Security Press, Nasik has since been increased and a second Security Printing Press has been established at Hyderabad for production of various items of postal stationery. The Committee trust that these two Presses would be able to take care of the growing requirements.

1.57 So far as the question of stocking and distribution of the postal stationery is concerned, the Committee were informed that in view of complaints from practically all the Circles, it has been decided that the P&T Department should take over this function from the India Security Press, Nasik. The Committee would like the Ministry of Communications to examine in depth the entire procedure for indenting, stocking and distribution of postal stationery with a view to streamlining the system so that the public could be assured of uninterrupted supplies.

CHAPTER II

CONSTRUCTION OF STAFF QUARTERS AT ANNANAGAR

Audit Paragraph

2.1. Departmental rules provide that when land is required by the Posts and Telegraphs (P&T) Department, it should be acquired through the revenue authorities of the State Government. The Department, however, directly purchased a plot of land measuring 25.03 acres at Annanagar in Madras (1971) at a cost of Rs. 22.83 lakhs (excluding overheads Rs. 0.68 lakh) from a private company through negotiations. The land so purchased formed part of 78.51 acres of land which had previously been acquired by the Tamil Nadu Housing Board (TNHB), but whose owner (a company) had subsequently obtained exemption from acquisition on the plea that the land was required by him for extracting clay and for factory purposes. The land, however, was not used for the purpose for which it was got released from the State Government. On the contrary, it was sold to a number of Central Government departments including the P&T Department at a cost ranging from Rs. 0.90 lakh to Rs. 0.91 lakh per acre which, according to the Government of Tamil Nadu was an exorbitant rate. In proximate village Koyambedu, land was acquired by the State Government at the rate of Rs. 0.18 lakh per acre.

2.2. The State Government wrote to the TNHB (February 1975) as follows:—

“Even though the company got the above land released in the guise of utilising the same for its own purpose, it has subsequently sold an extent of about 66.30 acres to various Central Government departments by private deals at highly inflated rates ranging from Rs. 89,965 to Rs. 90,750 per acre on 28-3-1970, 17-9-1971 and 28-8-1972.”

Since the Company got its land released from the State Government on a false pretext, the Housing Department of the State Government issued instructions (February 1975) to the Chairman of the Tamil Nadu Housing Board not to extend without its specific approval any service facilities developed by it in the area to any portion of his land.

2.3. After the purchase of land (1971), the construction of phase I comprising 102 type I and 150 type II quarters was sanctioned (October 1972) by the P&T Department. The construction of 42 quarters was taken up in July 1973, but the work was stopped at plinth level due to imposition of a ban by Government (August 1973) on the construction of non-functional buildings. Work on these and the remaining quarters was started again in July 1975 after the ban was lifted. The target date (March 1978) for the completion of the phase I was extended from time to time mainly because of the refusal of the Tamil Nadu Housing Board to provide water and sewerage facilities. The problem of water supply was met by sinking open wells in the area, but the sewerage problem continued to exist. It was seen in audit that though the Government of Tamil Nadu had made its stand (about non-provision of service facilities to this land) known in February 1975 itself, the P&T Department, without resolving the issue with the State Government, had resumed construction not only on the 42 quarters, but also on the remaining 210 quarters in July 1975. Almost 100 per cent of the construction work of the first phase (252 quarters) had been completed by September 1978 at a cost of Rs. 1.03 crores, but the quarters continued to remain vacant due to non-availability of sewerage facilities. During October 1978 to March 1981, the P&T staff was paid house rent allowance totalling Rs. 3.61 lakhs, which could have been avoided if the quarters on completion, could have been allotted to the employees in October 1978 itself. Besides, the Department could also have realised Rs. 2.35 lakhs by way of licence fee from the allottees of the quarters.

2.4. It was further observed in audit that even though the P&T Department could not resolve the issue with the State Government about the provision of service facilities to the quarters constructed in Phase I of the scheme, it had taken up (April 1976) the construction of 264 type I quarters and 224 type II quarters at an estimated cost of Rs. 94 lakhs under phase II; and expenditure of Rs. 17 lakhs had been incurred thereon upto March 1980.

2.5. The Department stated (August 1981) that in the absence of specific ban on sewerage construction by the State Government, it had thought it prudent to proceed with the construction and that the State Government had since agreed to provide temporary sewerage facilities.

2.6. However, it may be seen that the P&T Department undertook and completed (September 1978) construction of 252 quarters (cost Rs. 1.03 crores) in phase I and also took up further construction of 488 quarters (estimated cost : Rs. 94 lakhs and expenditure Rs. 17

lakhs up to March 1980) in phase II without securing provision for service facilities with the result that the quarters could not be allotted to the employees resulting in loss of Rs. 5.96 lakhs on account of house rent allowance and non-realisation of licence fee. Besides, land was directly purchased (cost: Rs. 22.83 lakhs) by the Department in contravention of the rules, and at the 'highly inflated' rate of about Rs. 0.90 lakh per acre against the rate of Rs. 0.18 lakh per acre at which land was acquired by the State Government in the proximate village.

[Paragraph 32 of the Report of the C&AG of India for the year 1980-81, Union Government (P&T)].

2.7. The Committee enquired when the local P&T authorities first took up with the DGP&T the question of constructing staff quarters. In reply, the Ministry of Communications (P&T Board) have stated:--

"Construction of Staff Quarters is a continuous process. In August 1970, a study team had been constituted by P&T Board to survey the needs of P&T Lands & Buildings in the Metro cities. It was at this stage that additional requirement of land at Madras for Staff Quarters construction was assessed by the team. As far as Annanagar site is concerned, local P&T unit took up the purchase of land for construction purposes in December, 1970."

2.8. The Committee wanted to know the precise requirement of land for construction of quarters and their proposals in this behalf. The Ministry of Communications (P&T Board) have stated:

"The precise requirement of land for achieving staff satisfaction factor of 25 per cent was 70 acres, including the land already available with them in Madras for staff quarters. The proposal of Madras Telephones was to consider purchase of 16.5 acres of land at Ashok Nagar and 25 acres at Annanagar."

2.9. The Committee wanted to know the price at which the land was purchased and how it compared with the market price in the area in 1970, the representative of the Ministry stated:

"Rs. 5000 per ground, i.e., 2400 sq. ft. It was undeveloped land. Some land had been acquired in 1961 by the Tamil Nadu Housing Board in the vicinity. They acquired it at a certain rate, but the court has recently increased the

compensation. They are now required to pay Rs. 2534 per ground as on 1-11-1961. They have to add interest to that amount and then it becomes Rs. 4985."

2.10. The Committee wanted to know the rate at which the land was purchased by the State Government. In reply, the Ministry of Communications (P&T Board) have stated:—

"No land appears to have been acquired by the State Government, in the said area in the year 1971 when this department negotiated the rates. However, the State Government through Land Acquisition Act, 1894 have acquired land in the adjoining area at a cost of Rs. 908.48 per ground (Rs. 17,941 per acre) approximately. This purchase price was based on market value of land at the time of issue of Notification in 1961 under Section 4(i) of Land Acquisition Act.

The Report of Tehsildar, Saidapet vide L. Dis. 15866/A1/69 dt. 3-9-1969 indicates that adjoining land was sold by State Housing Board at Rs. 5500 per ground in 1967."

2.11. The Committee enquired whether the rate at which the department purchased the land from the private company was not excessively high and even exorbitant. The Ministry of Communications (P&T Board) have in a note furnished to the Committee, state:

"The rate was considered reasonable. The comparison made by Audit for the value of land in 1971 with that on 1961 is not valid. Even the Revenue Authorities valued this land at the rate of Rs. 5,800.00 per ground. The rate at which the purchase was effected by P&T was lower than the market value prevalent in 1971."

2.12. In reply to a further question as to how the price paid by the Department compared with the price paid by the State Government for similar undeveloped land in that area, the Ministry of Communications (P&T Board), have replied: -

"The site was purchased on the basis of recommendations of the High Level Negotiating Committee comprising of concerned Members of the P&T Board, Chief Engineer & Architect of P&T Department and local head (GM) of the Telephone Department. The Committee not only inspected

the site but satisfied themselves about the suitability of land with reference to its environments, soil, location, nearness to the basic needs like schools, marketing etc. The Civil Wing experts also examined the likely availability of basic amenities like water supply, drainage, electricity etc. and no difficulty was foreseen by them in providing these. Department was also aware of the plans of the T.N.H.B. for development of this locality for Housing Complex.

As regards the price, it was lower than

- (i) alternate proposal of Rs. 6500 per ground for site at Ashoka Nagar in 1971.
- (ii) site purchased for telephone exchange by P&T in the same area at Rs. 11600 per ground in 1970.
- (iii) valuation of Rs. 5800 per ground given to subsidiary Intelligence Bureau, by Revenue Department.

The State Government did not make any purchase of land in the locality in 1971."

2.13. Asked about the practice generally followed by the Department for acquiring land for construction of staff quarters, the Secretary, Ministry of Communications, stated in evidence:

"Mostly we adhere to purchase through the Land Acquisition procedure or through transfer if the land belongs to the State Government."

2.14. Asked why this procedure was not followed in the instant case, a representative of the Ministry of Communications stated:

"About 700 quarters were envisaged to be built. We needed vast quantity of land fairly within the city. This was meant for lower grades of staff and therefore, it had to be a place where most of the conveniences were available. We could not go to the outskirts of the city.

Central Excise and Customs had already brought 26 acres of land just by its side. We found it was quite suitable to us. Therefore, we bought it by private negotiations and not through Land acquisition procedure."

2.15. In reply to a question whether any request was made to the Tamil Nadu Government to make land available within a reasonable distance in the city of Madras, the representative of the Ministry of Communications stated:—

"No formal request was made. Actually, a letter was addressed to all the Chief Secretaries to this effect... When I go on tour to these places I meet the Chief Secretaries. But the response is not adequate. They also need lands and they have very limited lands.... We did not approach them for acquiring land in Madras city."

2.16. In a further note, the Ministry have stated:

"For the purchase of land at Annanagar, the State Government was not approached. The offer at Ashok Nagar was from the State Housing Board."

2.17. Asked whether any guidelines had been issued by the Ministry in regard to purchase of land from private parties, the representative of the Ministry stated in evidence:

"We have guidelines approving purchase from private parties through negotiations outside Land Acquisition Act subject to two conditions.

1. The need for construction should be urgent; and

2. That the purchase price should not be higher, had purchase been made through the Land Acquisition Act procedure."

2.18. In reply to a question about the urgency in the present case and whether the PMG obtained specific approval of the Ministry on this ground, the representative of the Ministry of Communications stated in evidence:

"The particular officers' Committee (the High Powered Committee constituted for purchase of this land) did not say in so many words that acquisition of this land directly from private party was an immediate requirement. But the urgency comes because of the poor satisfaction percentage in Madras City of staff in regard to Government accommodation."

2.19. In a further note in this respect, the Ministry have stated:

"It is submitted that no provisions of rules have been overlooked. P&T has resorted to Rule 460 of P&T Manual Volume-III (Annexure-I) for purchase of land by direct negotiations from private persons. In this case, a special high level negotiating committee was appointed by the Government of India, Ministry of Communications for purchase of this site vide DG P&T No. 63-53/70-TPS (BG) dated 10-8-71.

The recommendation of this Committee to purchase 25 acres of land at Annanagar at Rs. 5000 per ground was approved by the Minister of Communications on 15-9-1971."

2.20. In reply to a further question whether any perspective plan had been prepared with regard to the requirement of land for constructing the staff quarters, the representative of the Ministry stated in evidence:

"In fact we have given authorisation to the General Managers and the Postmasters-General to acquire land which will be needed for 20 years as such.... This was done in 1978. A letter was addressed to all State Governments that they should make available lands at the required places."

2.21. The Committee drew the attention of the representative of the Ministry to a letter dated 20th March 1975 from the Secretary to the Tamil Nadu Government (Housing Department) addressed to the Secretary to Government of India, Ministry of Works & Housing/ Finance, where in it was *inter-alia* stated.

"The Collector of Chingleput has reported that M/s. Krishna Tiles and Potteries Limited had actually sold 66.30 acres out of 78.51 acres to various Central Government Departments by private negotiations at highly inflated rates of Rs. 89,965/- and Rs. 90,750/- per acre on 28/3/70, 17/9/71, 24-9-71 and 28-8-72. The purchasers were the Collector of Central Excise, trustees of Employees Provident Fund and Family Pension, Madras Telephones and the Reserves Bank of India. The fact that such a large chunk of land had been sold to different parties and on different dates at exorbitant rates would show that the firm was not sincere in its request and it had sold the land at highly inflated rates to various organisations or Departments of the Central Government. It is not clear how even Central Government Agencies went about making purchase by private nego-

tiations instead of going through the normal process of land acquisition through the agency of the State Government.

In respect of the lands which were acquired, by the State Government on behalf of the Housing Board, the land acquisition officer adopted a rate of Rs. 11,000/- and Rs. 11,850/- per acre for the neighbourhood scheme in question. The High Court on appeal by the owners of these lands fixed the rate of Rs. 32,500/- per acre in respect of lands falling within the jurisdiction of the Saidapet taluk. The decision of the High Court was mainly based on the fact that there was a sharp upward trend in the market value of the lands in those areas. As the compensation amount of Rs. 32,500/- per acre fixed by the High Court was considered very high the Government have now appealed against the judgement of the High Court to the Supreme Court and the matter is pending before the Supreme Court. The clandestine disposal by M/s. Krishna Tiles of the area excluded at exorbitant rates has thus resulted in the Government of India Departments paying a high price for the lands purchased by them. The lands belonging to M/s. Krishna Tiles and Potteries were undeveloped waste land and it was because of the advent of the housing project in the area and the consequent amenities such as roads, drainage, electricity etc. provided by the Housing Board, the Tile Company had exploited these improvements to its own advantage. The owners of the land are now liable to pay betterment fee as per the provisions of the Housing Board Act, over and above what they have already paid towards the cost of the lands.

I am therefore, to request you to kindly look into the circumstances in which it was found necessary by the Government of India Departments to go in for direct purchases at such exorbitant prices and take appropriate action, as deemed fit by Government of India."

2.22. Asked about the action taken by the Department on the above Communication, the representative of the Ministry stated:

"We will check it up once again, but I don't think we received a copy of this letter."

2.23. In a written submission on the subject, the Ministry of Communications have stated as follows:

"The referred letter does not seem to have been received in our office as a thorough search in our records has not revealed

its trace. Ministry of Works & Housing have been addressed to indicate if they actually had endorsed their letter to us. On receipt of the reply from Ministry of Works & Housing, a final reply could be given.”*

2.24. The Committee desired to know whether the P&T Department was not in touch with the Customs and Central Excise Department which had purchased land in the area earlier. The Ministry of Communications (P&T Board) have stated:

“The local P&T unit was in touch with the Central Excise Department prior to the purchase of land at Annanagar, but not after the purchase.”

2.25. Asked whether the Customs and Central Excise Department had alluded to the above letter at any stage, and whether the P & T authorities made any further enquiries in the matter the Ministry of Communications (P & T Board) have stated:

“The Excise Department also did not inform about the said letter to the local P & T Unit or DGP & T. Since the P & T Department was unaware of this letter, the local P & T unit made no further enquiries.”

2.26. The Committee enquired whether there had been similar instances of land having been purchased through direct negotiations either for office building or staff quarters during the last 5 years. In reply, the Ministry of Communications (P&T Board) have stated.

“A large number of purchases have been made from private parties for office buildings or staff quarters or Post Offices’ buildings during the last five years. The details of the cases are furnished in the annexure enclosed. (Reproduced in Appendix I).”

2.27. The Committee further drew the attention of the witnesses to a letter from the Tamil Nadu Government, dated 19 December 1975, which reads as follows:

“It has been brought to the light of the Government that the former tehsildars and Revenue Divisional Officers of Saidapet have furnished the market value of the lands in Koyambedu village, direct to the Central Government and other agencies without bringing the fact to the notice of the Collector or District Revenue Officers. Further, the tehsildars and revenue divisional officers had not worked

*Awaited.

out the market value correctly. They appear to have relied on the sales effected by the Housing Board of lands, which were developed plots, whereas the lands purchased by the Central Government Departments were not developed at the time of purchase. The rate at which the Housing Boards was selling well-developed pieces of small house sites could not, by any stretch of imagination, be applied to the sale of large blocks of undeveloped land, which might never get amenities. This resulted in undue gains to the land owners, besides causing embarrassment to the Housing Department. All the Collectors and District Revenue Officers are, therefore, instructed to ensure that no valuation report or certificate is given by any of their subordinates, except through the Collector, to any other States or Central Government Departments or Corporations or Companies or Undertakings, and the Collector's office should invariably consult the Land Acquisition Section also before sending out any valuation certificate.

This procedure should be followed scrupulously in future. The receipt of this circular may be acknowledged at once.

2.28. Asked why the Department did not try to obtain the requisite certificate from the Collector himself instead of depending on a junior functionary of the revenue department, the Secretary, Ministry of Communications replied:

"I concede that it would have been more appropriate to contact the Collector."

2.29. In reply to a question whether the Ministry were satisfied that the officers had acted prudently in this case, the Secretary of the Ministry stated:

L LL LLLL

"At this distant date it will be very difficult for me to get all the relevant facts on the basis of conditions as obtaining then. . . . we will try and report the results by the end of January 1983."

2.30. The Committee enquired whether the building plans of the project were got approved from the Municipality or local authorities before starting construction of the quarters. In reply, the Ministry of Communications (P & T Board) have stated:

"Building plans of the project were duly approved by the Deputy Director Town Planning vide Government of Tamil Nadu letter No. 75669|MD|73-II dated 5-12-1973. . . . It is reasonable to presume that the local authorities concerned will provide the sewerage and water supply at the

appropriate time as T.N.H.B. was developing the entire area for a housing colony.”

2.31 The Committee desired to know if the department explored the possibility of obtaining the sewerage facilities from the local authorities when construction work of the second phase was taken up. The Ministry of Communications (P & T Board) replied in the affirmative and added:

“P & T department took up the case for providing water and sewerage arrangement to Annanagar Colony with T.N.H.B. in March 1973. However T.N.H.B. indicated that:

- (i) They did not have sufficient yield from their tube-wells to meet P & T's requirements.
- (ii) The capacity of sewerage did not permit taking of further load.

Case was not taken up further during 1973—75 due to ban on construction of non-technical buildings. Several alterations for providing these were discussed with officer of T.N.H.B. by P & T Civil Engineers. But Department became aware of the restrictions imposed by the State Govt. on T.N.H.B. in providing these facilities to the land purchased from the private party, only in March, 1977.”

2.32. The department had stated that the State Government had agreed to provide temporary sewerage facilities and a sum of Rs. 3.06 lakhs was paid to the MMWSS Board. The Committee desired to know when the payment was made by the department and whether the sewerage facility had since been provided. In reply, the Ministry of Communications (P & T Board) have stated, (20-7-1982):

“The payment of Rs. 3.06 lakhs was made on 23-3-1980. The MMWSS Board has almost completed the work and they have allowed the occupation of the quarters in a phased manner and 114 Type I quarters have already been allotted. Within another one month, the remaining quarters are likely to be occupied.”

2.33 The Audit paragraph has brought to light a case of purchase of a plot of land measuring 25.03 acres by the P&T Department at Annanagar in Madras in September, 1971 at an exorbitant rate of about Rs. 0.90 lakh per acre as against the rate of Rs. 0.18 lakh per acre at which land was acquired by the Government of Madras

in a nearby area resulting in extra expenditure to the tune of over Rs. 18 lakhs. The evidence tendered before the Committee has brought to light the following disquieting features of the deal:—

- (i) The deal in question was entered into by the P&T authorities with a private party (M/s. Krishna Tiles & Potteries (Madras) Pvt. Ltd.) through direct negotiations instead of going through the normal process of land acquisition through the concerned agency of the State Government.
- (ii) Rule 460 of P&T Manual, Volume II, permits purchase of land by direct negotiations from private parties provided.
 - (a) the need for construction is urgent; and
 - (b) the price to be paid through direct negotiations is not higher than the price at which such land could be purchased through land acquisition proceedings.

? While the plea of urgency in a matter like construction of staff quarters which is a continuous process, is obviously flimsy, the other condition was ignored altogether in this case.

- (iii) The plot of land in question was part of 78.51 acres of land which had earlier been acquired by the Tamil Nadu Housing Board but subsequently derequisitioned by them on the plea of the party that the same was required by it for extracting clay and for factory purposes. No attempt was made by the P&T authorities to ascertain from the State Government whether the private party would not be violating the condition of release by selling it for building staff quarters.
- (iv) The Department relied on the certificate given by a junior functionary of the revenue department about the fair value of the land instead of verifying the same from the District Collector.

2.34 The Committee find that in a communication dated 29 March, 1975 addressed to the Secretary, Government of India, Ministry of Works & Housing/Finance, the Tamil Nadu Government had inter alia pointed out that "it is not clear how even Central Government Agencies went about making purchase by private negotiations instead of going through the normal process of land acquisition through the agencies of the State Government...the clandestine disposal by M/s. Kishna Tiles of the area...at exorbitant rate has thus resulted in the Government of India departments paying a high

price for the lands purchased by them... the owners of the land are now liable to pay the betterment fee as per the provisions of the Housing Board Act, over and above what they have already paid towards the cost of land". The State Government therefore, urged the Ministries to look into the circumstances in which it was found necessary by the Government of India departments to go in for direct purchase at such exorbitant prices and take appropriate action as deemed fit. Curiously the P&T Department is not aware of the communication and no action has been taken.

2.35 The Committee further observe that in their letter dated 19 December, 1975 addressed to the revenue authorities, the Tamil Nadu Government pointed out that "the tehsildars and revenue divisional officers had not worked out the market value correctly. They appear to have relied on the sales effected by the Housing Board on lands which were developed plots, whereas the lands purchased by the Central Government departments were not developed at the time of purchase. The rate at which the Housing Board was selling well-developed pieces of small house sites could not by any stretch of imagination be applied to the sale of large blocks of undeveloped land, which might never get amenities. This resulted in undue gains to the land owners besides causing embarrassment to the Housing Department." Confronted with this letter, the Secretary, Ministry of Communications conceded in evidence that "it would have been more appropriate to contact the Collector."

2.36 The Secretary, Ministry of Communications had, during the course of evidence, promised to examine the entire question with a view to ascertaining if the officers concerned had acted prudently in this case and to furnish his findings by the end of January 1983. The Committee regret to point out that the results of this enquiry have not yet been made available to them.

2.37 In the circumstances of the case, the Committee recommend that an inter-ministerial enquiry should be instituted associating the P&T Department, Ministry of Works and Housing and Ministry of Finance with a view to ascertaining why the prescribed procedure was not followed in this case, how much extra payment was made and how much of betterment fee is to be paid by the various Central Government departments which had purchased the land from the private party and what remedial action, if any, was taken on the communication dated 20 March 1975 from the Government of Tamil Nadu. The Committee would like to be apprised of the findings within three months.

2.38 In order to obviate recurrence of such cases involving loss of huge amounts to the exchequer, the Committee would urge that strict instructions be issued by the Ministry of Finance/Works & Housing to the Ministries/Departments to the effect that in all cases, where land is proposed to be purchased from private parties for office buildings or for staff quarters, the State Government concerned should not only be kept fully apprised at all stages but also asked to verify the reasonableness of the price proposed to be paid before finalising the deal. Such verification should be obtained from an officer not below the rank of District Magistrate/Collector.

2.39 Another aspect of total lack of coordination with the State authorities concerns provisioning of the sewerage and water supply facilities to the staff quarters for which land was acquired by the P&T Department. The complacency of the Department is evident from a reply furnished to the Committee to the effect that "it is reasonable to presume that the local authorities concerned will provide sewerage and water supply at the appropriate time as TNHB was developing the entire area for a housing colony". As pointed out in the Audit paragraph, the Department undertook and completed construction of quarters of Phase I and part of Phase II without securing provision of service facilities with the result that the quarters could not be allotted to the employees resulting in loss of Rs. 5.96 lakhs on account of house rent allowance and non-realisation of licence fee. The Committee desire that necessary instructions should be issued to ensure that planning of such projects is done in a coordinated manner in future and that the State Government concerned is consulted at all stages.

NEW DELHI;
 March 22, 1983
 Chaitra 1, 1905 (S)

SATISH AGARWAL,
 Chairman,
 Public Accounts Committee.

APPENDIX - I

(Vide paragraph 2.26)

1	2	3	4	5	6
Name of Circle	Area of Land (a)	Location (b)	Cost per Sq. yard (c)	Evaluation done by	Purpose for which land is purchased & present usage
TELECOM, WING					
<i>Karnataka</i>					
	960 Sq. yards (including building)	Malleswaram Bangalore	223.91		Staff Quarters
	5905.03 Sq. yards	Attavar Mangalore	62.49	Head Quarters Assistant to District Collector	Administrative Office.
<i>Madhya Pradesh</i>					
	7.25 sq. yards. (along with bldg.)	Saptapur (Dharwar)	67.93	Tahasildar (Dharwar)	Sub-Divisional Officer, Phones
<i>Tamil Nadu</i>					
	5951 (Sq. yds)	Datia	7.57	Collector Datia	Staff Quarters
	2.64 acres	Dindigul	Rs. 90.00	Tahasildar Dindigul	Administration Office Staff Quarters.
	2.65 acres	Virudh Nagar	Rs. 1.07	Tahasildar Virudh Nagar	Auto-Telephone Exchange, De- partmental Telegraph Office & Administrative Office.
	1452 Sq. yards	Tiru Chendur	Rs. 3.10	Tahasildar Tiruchendur	Telephone Exchange & Staff Quarters.
	1 acre	Oddanchatram	Rs. 81.61	Tahasildar Palani.	Do.

Tamil Nadu

1113.2 Sq. yards	Pullinguid	34.71	Dy. Tahasildar Sivakasi	Telephone Exchange & Staff Quarters.
2.3 acres	Erode	Rs. 76.50	District Revenue Officer, Erode.	Staff Quarters
4501.2 Sq. yards	Tankasi	Rs. 23.14	Tahasildar Tenkasi	Do.
1 acre & 6641 Sq. ft.	Kumbakonam	Rs. 57.78	District Revenue Officer, Thanjavoor	Do.
6 acres	Thanjavoor	Rs. 13.75	Do.	Do.
1.73 acres	Bhavani	Rs. 22.66	Collector, Erode	Land acquired for Staff Quarters but will be utilised for MAX I also.
3.70 acres	Kaodikanal	Rs. 10.12	Tahasildar, Kodikanal	Staff Quarters

Uttar Pradesh

9594.3 Sq. yards	Lakhimpur, Kheri	Rs. 49.50 Sq. yd.	District Magistrate Lakhimpur, Kheri	Telephone Exchange, Departmental Telegraph Office, Inspection Quarters, Stores, Dump & Staff Quarters.
5111.11 Sq. yards	Gonda	Rs. 45.00 Sq. yrd.	District Magistrate Gonda.	Staff Quarters.

C.M. Projes Bimby

7108 Sq. yards	Khatauli (Muzaffarnagar)	Rs. 60.00	District Magistrate Muzaffarnagar	Telephone Exchange & Staff Quarters.
3608.75 Sq. yards	Dhantari	Rs. 27.00	Collector, Dhantari	Micro-wave Station & Staff Quarters.

POSTAL WING

Gujarat

Rs. 292 Sq. Yard

Sankhds

Rs. 445.21

Post Office

Mamlatdar Sankheda

Kerala

Rs. 1662.54 Sq. Yd.

Lalmvill
Necmaachil
Taluk
Kottayam

Rs. 165.29

Head Post Office

Collector

Madhya Pradesh

Rs. 1793.8 Sq. yd.

Khargaon
(Khandwa)

Rs. 18.00

Head Post Office & Staff Quarters.

Collector Khargon

Orissa

Rs. 1694 Sq. Yd.

Jaipur Road

Rs. 34.09

Post Office & Staff Quarters

Tahasildar

Tamil Nadu

Rs. 20585 Sq Yd.

Tirupattur
Town, North
Arcot Distt.

Rs. 18

Staff Quarters.

Sub-Collector
Tirupattur

Uttar Pradesh

Rs. 1750 Sq yards

Gulauthi

Rs 75.00

Post Office.

D. M. Bulandshahar

Karnataka

Rs. 1750 Sq. Yards

Doddaballapur
Chen

Rs. 98

Staff Quarters.

Asstt. Collector
Doddaballapur Sub-
Division (Bg)

2222.22 Sq. Yd.

Tahasildar, Goikak

Rs. 25 20

Divisional Office, Sub Divisional
Office Staff Quarters.

90 Guntas

Gokak

Rs. 31.50

Staff Quarters

Do.

105 x 105

Shivananda
Gokony
(Aristerei) HSN.

Asstt. Collector

Rs. 42.86

Karnataka

Rs. 130 x 100
1444.44 Sq Yrds

Hassan

Rs. 90.00

Head Post Office, Divisional
Office & Staff Quarters

Asstt. Collector
Hassan

89' x 50 alongwith
Building (4150 Sq. ft.
or 461.11 sq. yd.

Shirali (Koor)

Rs. 37.35

Post Office

Asst. Collector
Kumta

1	2	3	5	6
2 acres alongwith Buildings	S. No. 513 of Kannagiri Village within TMO limits, Madikeri.	Rs. 20.66	Dy. Commissioner Kodagu	Divisional Office & Staff Quarters.
12.52 Sq. yards	Kaiwara Village	Rs. 2.06	Tahasildar Chintamani	Post Office
11082.6 Sq yards or 2.89 acres	Sirsi	Rs. 11.16	Asstt. Collector Sirsi	Staff Quarters

Appendix II

(Conclusion/Recommendation)

Sl. No.	Para No.	Ministry/Deptt;	Recommendation
1	2	3	4
1	1-53	Ministry of Communications (P&T Board)	<p>The examination by Public Accounts Committee of Para 26 of C&AG Report 1980-81, Union Government (P & T) regarding local printing of Inland Letter Cards has brought to light the following irregularities:</p> <p>(i) Orders for manufacture and supply of 7.10 crore Inland Letter Card forms (ILCs) were placed on firm 'B' disregarding the lowest tender of firm 'A' resulting in an extra expenditure of Rs. 8.86 lakhs.</p> <p>(ii) Despite clear instructions to the effect that not more than 10 lakh ILCs or to the extent of actual requirements, whichever was less, should be got printed locally repetitive orders were placed by PMG, UP on firm 'B'—for 10 lakh ILCs in March 1979, 3 crore ILCs during the period from August 1979 to November 1979 and a further 4 crore ILCs in March, 1980. No formal agreement was signed with the firm at any stage.</p>

- (iii) While it was clearly stipulated in the guidelines issued by the D.G. P & T that the quality of paper to be used for ILCs, its dimensions and patterns were to conform to the one printed by the Security Press, Nasik, the firm's request for permission to use paper of a slightly different colour, which was claimed by the firm to be of better quality than the approved sample, was accepted. It later turned out that the paper used by the firm was of sub-standard quality, with the result that a huge stock of 3.00 crore ILCs worth Rs. 16.39 lakhs was lying unsold in the Postal Circle of P.M.G., U.P. (October 1981). The Department also did not take any action to get the rate of the ILCs reduced by the firm on account of inferior paper and non-gumming of the flaps.
- (iv) The order for printing of 4 crore additional ILCs was placed on firm 'B' in March 1980 disregarding the fact that the Security Press, Nasik had resumed supply of postal stationery in January 1980 on termination of the strike in the Press. What is worse, the order was placed without taking a decision on the tenders invited in October 1979 and without signing any agreement with the party.
- (v) The excessive orders placed on the firm were due to faulty

assessment of requirements particularly by the Dehradun Head Post Office which intimated its requirements to be of the order of 20 crore ILCs for 4 months as against the requirements of the whole Circle, except Dehradun Head Post Office, of the order of 2.65 crores for 4 months.

2 1-54 Ministry of Communications
(P&T Board)

The Committee are constrained to point out that no action was taken by the Department on the various irregularities that had already come to their notice at least a year earlier through the draft Audit paragraph. It was only when the Committee took up the matter for examination that the Department came to realise the irregularities in the unusual purchases and the procedural violations involved therein. The Secretary, Ministry of Communications, admitted in evidence:

"Frankly speaking, I did not know earlier about all the unsavoury dealing of this case. I have come to know them comparatively recently. This case is bristling with irregularities. We will institute a thorough inquiry very soon."

While appreciating the frank admission on the part of the representative of the Government in this case, the Committee would like to point out that it is the duty of a vigilant administration to initiate remedial action on irregularities pointed out by Audit as soon as they are brought to their notice in the form of a draft audit paragraph or otherwise. It would be indeed unfortunate if Gov-

ernment were to wait for the Committee's examination to be over. In fact, it is neither possible nor necessary for the Committee to examine each and every Audit paragraph. The Committee would therefore like to emphasize in very strong terms the need for the Government departments to take conclusive action on the Audit paragraphs as soon as these are brought to their notice.

3 1.55 Ministry of Communications
(P&T Board)

So far as the present case is concerned, the Committee trust that the assurance given by the Secretary, Ministry of Communications for instituting an inquiry into the whole affair, would be implemented expeditiously. The Committee would like to be apprised of the findings and the action taken by Government in pursuance thereof, as soon as possible.

The Committee further suggest that in the light of experience in this case, the Ministry should devise a suitable procedure for assessment of the requirements of postal stationery on a realistic basis so that necessary follow-up action to meet these requirements on a systematic basis can be taken and the complaints often received with regard to the shortage of stamps, inland letter cards etc., are obviated.

4 1.56

Do.

From the information furnished, the Committee find that the actual supplies of ILCs have fallen short of the projected requirements by nearly 48 crores in 1979-80, 32 crores in 1980-81 and 10 crores in 1981-82. The Committee have been informed that the manufacturing capacity of the India Security Press, Nasik has since been increased and a second Security Printing Press has been established at Hyderabad for production of various items of postal stationery. The Committee trust that these two Presses would be able to take care of the growing requirements.

Handwritten signature

5 1.57

Do.

So far as the question of stocking and distribution of the postal stationery is concerned, the Committee were informed that in view of complaints from practically all the Circles, it has been decided that the P & T Department should take over this function from the India Security Press, Nasik. The Committee would like the Ministry of Communications to examine in depth the entire procedure for indenting, stocking and distribution of postal stationery with a view to streamlining the system so that the public could be assured of uninterrupted supplies.

6 2.33

Do.

The Audit paragraph has brought to light a case of purchase of a plot of land measuring 25.03 acres by the P&T Department at Annanagar in Madras in September 1971 at an exorbitant rate of about Rs. 0.90 lakh per acre as against the rate of Rs. 0.18 lakh per acre at which land was acquired by the Government of Madras in

a nearby area resulting in extra expenditure to the tune of over Rs. 18 lakhs. The evidence tendered before the Committee has brought to light the following disquieting features of the deal:—

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- (ii) Rule 460 of P&T Manual, Volume II, permits purchase of land by direct negotiations from private parties provided.

(a) the need for construction is urgent; and

(b) the price to be paid through direct negotiations is not higher than the price at which such land could be purchased through land acquisition proceedings.

While the plea of urgency in a matter like construction of staff quarters which is a continuous process, is obviously flimsy, the other condition was ignored altogether in this case.

(iii) The plot of land in question was part of 78.51 acres of land which had earlier been acquired by the Tamil Nadu Housing Board but subsequently derequisitioned by them on the plea of the party that the same was required by it for extracting clay and for factory purposes. No attempt was made by the P&T authorities to ascertain from the State Government whether the private party would not be violating the condition of release by selling it for building staff quarters.

(iv) The Department relied on the certificate given by a Junior functionary of the revenue department about the fair value of the land instead of verifying the same from the District Collector.

The Committee find that in a communication dated 20 March, 1975 addressed to the Secretary, Government of India, Ministry of Works & Housing/Finance, the Tamil Nadu Government had *inter alia* pointed out that "it is not clear how even Central Government Agencies went about making purchase by private negotiations instead of going through the normal process of land acquisition through the agencies of the State Government. . . . the clandestine disposal by M/s. Krishna Tiles of the area . . . at exorbitant rates has thus resulted in the Government of India departments paying a high price for the lands purchased by them. . . . the owners of the land are now liable to pay the betterment fee as per the provisions of the

Do.

2 34

7

Housing Board Act, over and above what they have already paid towards the cost of land". The State Government therefore, urged the Ministries to look into the circumstances in which it was found necessary by the Government of India departments to go in for direct purchase at such exorbitant prices and take appropriate action as deemed fit. Curiously the P&T Department is not aware of the communication and no action has been taken.

8 2.35 Do.

The Committee further observe that in their letter dated 19 December, 1975 addressed to the revenue authorities, the Tamil Nadu Government pointed out that "the tehsildars and revenue divisional officers had not worked out the market value correctly. They appear to have relied on the sales effected by the Housing Board on lands which were developed plots, whereas the lands purchased by the Central Government departments were not developed at the time of purchase. The rate at which the Housing Board was selling well-developed pieces of small house sites could not by any stretch of imagination be applied to the sale of large blocks of undeveloped land, which might never get amenities. This resulted in undue gains to the land owners besides causing embarrassment to the Housing Department." Confronted with this letters, the Secretary, Ministry of Communications conceded in evidence that "it would have been more appropriate to contact the Collector."

9 2.36 Do

The Secretary, Ministry of Communications had, during the course of evidence, promised to examine the entire question with a view to ascertaining of the officers concerned had acted prudently in this case and to furnish his findings by the end of January 1983. The Committee regret to point out that the results of this enquiry have not yet been made available to them.

10 2.37 Do.

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11 2.38 Do.

In order to obviate recurrence of such cases involving loss of huge amounts to the exchequer, the Committee would urge that strict instructions be issued by the Ministry of Finance/Works & Housing to the Ministries/Departments to the effect that in all cases, where land is proposed to be purchased from private parties for office buildings or for staff quarters, the State Government concerned should not

only be kept fully appraised at all stages but also asked to verify the reasonableness of the price proposed to be paid before finalising the deal. Such verification should be obtained from an officer not below the rank of District Magistrate/Collector.

12 2-39 Ministry of Communications
(P&T Board)

Another aspect of total lack of coordination with the State authorities concerns provisioning of the sewerage and water supply facilities to the staff quarters for which land was acquired by the P&T Department. The complacency of the Department is evident from a reply furnished to the Committee to the effect that "it is reasonable to presume that the local authorities concerned will provide sewerage and water supply at the appropriate time as TNHB was developing the entire area for a housing colony". As pointed out in the Audit paragraph, the Department undertook and completed construction of quarters of Phase I and part of Phase II without securing provision of service facilities with the result that the quarters could not be allotted to the employees resulting in loss of Rs. 5.96 lakhs on account of house rent allowance and non-realisation of licence fee. The Committee desire that necessary instructions should be issued to ensure that planning of such projects is done in a coordinated manner in future and that the State Government concerned is consulted at all stages.

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