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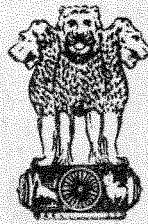
PUBLIC ACCOUNTS COMMITTEE

1957-58

FIRST REPORT

(SECOND LOK SABHA)

[Appropriation Accounts (Posts and Telegraphs),
1954-55 and Audit Report, 1956 Part II and Au-
dit Report (Posts and Telegraphs),
1957 Part I]



सम्मेव जयते

**LOK SABHA SECRETARIAT
NEW DELHI**

September, 1957

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE 1957-58

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SECRETARIAT

Shri S. L. Shakhder - *Joint Secretary.*
Shri V. Subramanian - *Deputy Secretary.*
Shri R. C. Ghei - *Under Secretary.*

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1. The Public Accounts Committee has examined the accounts of the Government of India for the year 1997-98. The Committee has observed that the Government has made significant progress in the implementation of the 73rd and 74th Amendments to the Constitution. The Committee has also noted that the Government has taken steps to improve the efficiency of its administration. The Committee has recommended that the Government should continue to focus on improving the efficiency of its administration and should take steps to reduce the expenditure on the public sector. The Committee has also recommended that the Government should take steps to improve the quality of its services to the public.

INTRODUCTION

I, the Chairman of the Public Accounts Committee having been authorised by the Committee to present the Report on their behalf present this First Report on the Appropriation Accounts (Posts and Telegraphs) 1954-55 and Audit Report, 1956, Part II and Audit Report (Posts and Telegraphs), 1957-Part I.

2. The Appropriation Accounts (Posts and Telegraphs) 1954-55 and Audit Report, 1956 Part II were laid on the Table of the House on the 19th December, 1956. The Audit Report (Posts and Telegraphs) 1957 Part I was laid on the Table of the House on 27th May, 1957. The Committee examined these Accounts etc., at their sittings held on the 4th and 5th July, 1957.

3. In their Report the Committee have again drawn attention to a number of cases of losses, frauds, misappropriation of public money etc., in which Departmental Officials were involved. The Committee observe that disciplinary proceedings against the delinquent officials have been delayed. While they appreciate the difficulties expressed by the Posts and Telegraphs Department in this respect, the Committee feel that such difficulties are not insurmountable. They trust next year's accounts will show improvement in this respect.

4. The Committee regret that information desired by them in regard to certain cases was not received by them in time for drafting their report. They had, therefore, to defer consideration of these cases.

5. A statement showing the summary of the principal recommendations of the Committee is appended to the Report (Appendix VIII).

6. 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,
The 11th September, 1957.

T. N. SINGH,
Chairman,
Public Accounts Committee.

POSTS AND TELEGRAPH DEPARTMENT

Control over Expenditure

Financial working of the Posts and Telegraphs Department

1. The following table shows the original and final grants and charged appropriation and expenditure incurred against each during the year 1954-55:

(in lakhs of rupees)

	Original Grant or Appropriation.	Final Grant or Approp- riation.	Actual Expenditure.
Total Expenditure met from Revenue Voted.	46,52	46,52	46,10
Charged	1,97	1,97	1,94
Total Expenditure met from Capital Voted.	16,34	16,34	12,87
Totals			
Voted	62,86	62,86	58,97
Charged	1,97	1,97	1,94
Grand Total	64,83	64,83	60,91

(As the grants and Appropriation are for gross amounts, the above details do not include the recoveries which are adjusted in the accounts in reduction of expenditure.)

There was thus a saving of Rs. 392 lakhs or about 6% over the total final grant during the year under review. There was a saving of 0.5% in 1953-54 and excess of 0.5% in 1952-53.

There was a saving of Rs. 42 lakhs or 0.9% in the voted expenditure met from Revenue; of 347 lakhs or 21.2% in the expenditure met from Capital; and of about Rs. 3 lakhs or 1.7% in charged appropriations. No supplementary grant or appropriation was obtained during the year under report.

2. Under Grant No. 111- Capital Outlay (Outside Revenue Account) the saving of Rs. 347 lakhs (or 21.2%) occurred during the year due mainly to execution of less number of works than anticipated, (Rs. 282 lakhs) and non-receipt of stores and equipment, non-raising of debits by other Departments and smaller purchases of stores etc. (Rs. 65 lakhs). During the course of evidence the Committee were informed that in as many as 350 works (estimated cost Rs. 256 lakhs) no expenditure was incurred although provision therefor had been made in the Budget estimates; out of these, 133 works could not be undertaken as land could not be acquired. In a number of cases even land acquisition proceedings had not been started during the year. The Committee were further informed that in the previous year also there had been a saving of Rs. one crore on account of difficulties in acquiring land for building works.

In extenuation it was urged by the representative of the Ministry of Finance (Communications) that although the provision made in respect of certain items had been over-optimistic, they had to view it in the context of the over-all provision made in the Five Year Plan which had to be spent in the Plan period and the small expenditure incurred in the first year of the Plan. In order to examine this case in further detail, the Committee had desired to be furnished with:

- (1) A statement showing break-up of the provision made and the expenditure incurred under Land Acquisition and Construction of Buildings.
- (2) A note giving reasons why the P & T Department could not surrender the excess provisions at the time of the revised estimates.

The Committee regret that this information has not yet been supplied to them.

3. The Committee are not satisfied with the explanations given. In their opinion the tendency to provide funds in the Budget Estimates on the basis of the Plan targets without a realistic appraisal of spending capacity would only hamper the progress of the Plan by locking up funds which could be profitably utilised elsewhere. This tendency is noticeable in other Ministries also. A more accurate estimation of the spending capacity is very necessary especially in the context of the present financial stringency and it is hoped all Ministries will take due note of the observations of the Committee in this regard.

From the facts placed before them, the Committee are led to the conclusion that in this case proper financial control had not been

exercised either in the initial stages or in subsequent stages despite the fact that similar lapses had been pointed out by the Committee in previous years.

4. During this year again 655 major works involving an outlay of Rs. 75 lakhs *i.e.*, over 7% of the total outlay, were carried out without any specific provision being made for them, in the budget. The corresponding number for the previous year was 868 and the outlay thereon was Rs. 95.6 lakhs. The Committee regret to observe that the number of works carried out without specific budget provision is still excessive. As has been often stressed by the Committee, the execution of a large number of works without specific provision therefor in the Budget Estimates presented to Parliament detracts from the efficacy of Parliamentary control over expenditure. It is desirable that the number of such non-budgeted works should be reduced to the minimum in future.

II

Losses, Nugatory Expenditure, Financial Irregularities and other topics of interest.

Para 2 - Excess payment of labour wages in Engineering Divisions.

5. According to the standing instructions, schedules of labour rates are to be drawn up in the Posts & Telegraphs Department on the basis of the average local rates for labour as prescribed by the local authorities, full reasons being indicated for allowing any increase over the local rates. Contrary to these instructions, in certain Engineering Divisions in a Postal Circle, labourers engaged on departmental works paid at rates higher than the local rates. The adoption of higher rates over a period of 2½ years had resulted in excess payment of over Rs. 1,51,000/-. The rates have since been brought down approximately to the local level.

In evidence the representatives of P & T Department admitted that the officers concerned in this case had acted contrary to the existing instructions in paying higher rates to labour without assigning specific reasons. They, however, contended that the excess payments were not necessarily established as under the existing instructions payment at higher rates was permissible provided adequate reasons were recorded for the same.

In the opinion of the Committee, the primary irregularity in this case was that the payment had been made contrary to the existing instructions issued by the Department. The fact that it has since been possible to work at the local rates strongly supports the view that there has been avoidable extra expenditure. The Committee,

therefore, desire that the P & T Department should investigate this case and fix responsibility on the persons concerned for making payments at higher rates without recording reasons.

Para 3 - Defective Working of a Postal Stock Depot.

6. This case revealed several defects in the working of a Postal Stock Depot. There was neither proper storing arrangements nor proper store accounting procedure. The Depot was formed in November 1953 but primary account records were not opened upto April, 1954. The physical verification of stock was not conducted till April, 1955 when a shortage of stores worth about Rs. 17,960/- was revealed. It was also noticed that cloth worth over Rs. 1,89,000/- was purchased over and above the initial purchases made on the basis of anticipated requirement for the year without linking the previous indent for cloth, thus resulting in a net surplus of 88,000 yards which represented nearly one and a half years' normal requirements. This cloth could not also be utilized in the following year as the requirements for that year had been separately indented for and obtained.

In the course of evidence the Committee were informed that the shortage in stock had been re-assessed at Rs. 1,743/-. The representative of the Department admitted that no physical verification of stock was carried out during the first year. The excess purchase of cloth was due to failure to check up the indent with the previous purchases. The Department was taking action to fix responsibility on the persons at fault.

The Committee deplore the purchase of materials in this case without reference to the stock in hand. The Committee desire that the department should take prompt steps to guard against such lapses. They would also like to know the action taken by the P & T Department against the persons responsible for over-indenting of cloth.

Para 4 of Audit Report 1957 - Part I - Infructuous expenditure on the acquisition of accommodation for housing a departmental telephone workshop

7. At a suggestion from a State Government the Posts & Telegraphs Department requested the State Government on 5th November, 1948 to set aside a portion of 30,000 square feet (later revised to 61,000 square feet) of accommodation already requisitioned by that State Government, for housing an existing telephone workshop. The State Government suggested in January, 1949 that the Posts & Telegraphs Department might instead

acquire the entire property and let out any surplus accommodation to them at the same time intimating that the property was mortgaged to a bank (in liquidation). In March, 1949 the Reserve Bank of India informed the Ministries of Finance and Communications of the complicated nature of the title to the property and suggested reference to the Law Ministry before the purchase was finalised. But negotiations for the purchase continued. In May, 1949 valuation of the property was made by the Consulting Surveyor to the State Government on behalf of the Government of India who was paid a fee of Rs. 5,293/-. On 3rd June, 1949 the Department requested the State Government to extend the period of requisition. Ultimately, it was decided not to purchase the premises and the property was derequisitioned on 27th July, 1949. After some negotiations with the State Government, a sum of Rs. 45,137/- on account of rental charges was paid to the State Government. The entire expenditure including the fee paid to the Surveyor proved infructuous as the premises were never utilised by the Department.

During evidence the Committee were informed that the Reserve Bank had recommended the purchase as it had advanced funds to a bank (in liquidation) to whom the property was mortgaged and had suggested that the payment might be made to it (Reserve Bank) direct. The Standing Advisory Committee approved of the purchase on the 11th June, 1949 at the value of Rs. 19 lakhs as assessed by the Surveyor to the State Government. Since the owner of the property was not agreeable to this valuation, he served a legal notice on 24th June and it was finally decided on 4th July, 1949 'at a high level' to drop the proposal.

The Committee are unable to appreciate the reasons for subsequently abandoning the proposal to acquire the building after protracted negotiations. The infructuous expenditure could have been avoided if the Department had, before examining the question of purchasing the property, made full enquiries into the title to the property and the price acceptable to the vendor.

Para 5 of the Audit Report 1957 - Part I - Infructuous expenditure on rent of building occupied by Refugees.

8. A Carrier Repeater Station housed in a building constructed by the Defence Department on a requisitioned property was taken over by the Posts and Telegraphs Department in April, 1947 on a monthly rent of Rs. 1,062/-. Equipments were installed in the main building, but the sheds and outhouses were left vacant. On being pressed by the Defence Department in August, 1947 for release of the building, while the equipments were being transferred to another building, the sheds and out-

houses were occupied by refugees in September, 1949. When the transfer of the equipment to the other building was completed in April, 1951 the entire premises were occupied by the refugees and continue to be occupied by them. The total infructuous expenditure on account of rental of the premises has been estimated to be over Rs.1,23,000/- upto the end of 1956 in addition to compensation claimed by the owner of property for damages caused to the building by the refugees.

A similar case of infructuous expenditure which still continued to be incurred by the Posts and Telegraphs Department was commented upon in paragraphs 14 to 17 of the 13th Report of the Committee. The Committee felt concerned at the recurrence of such cases and the inability of the Department to rid themselves of the rental liability for the property. They would observe that in the case under consideration, even though it was known that the refugees had occupied the sheds and out-houses 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. Explaining the legal difficulties in evicting the refugees, the representative of the Department stated that the Department could neither take action under the Government Premises Eviction Act, 1950 which had been declared *Ultra vires* by the Calcutta High Court nor could they resort to the Rehabilitation of Displaced Persons and Eviction of Persons in the Unauthorised Occupation of Land Act 1951 since they were not the owners of the property. The only course now open to them was to requisition the premises and thereafter take action for eviction of the unauthorised persons.

10. While the Committee appreciate the legal complication 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.

10. *Para 6 Inadequate Planning in a Postal Seal Workshop*

In a Postal Workshop set up for manufacturing impressing stamps and seals two furnaces were purchased by the department in March, 1949 at a cost of Rs.9,318/- in order to improve the quality of seals by proper tempering. One of these, though installed in 1950, was not put

to use on account of non-availability of electric power and the other was not installed for want of accommodation. It was later found that no scheme or proper lay-out for installation of the furnaces was prepared before acquiring them. One of the furnaces was sold to an industrial cooperative and the disposal of the other was under consideration of the Department.

It was stated in evidence that prior to March, 1949 the seals were manufactured by private contractors. Since that arrangement was not satisfactory, the Department had decided to set up a small workshop. But while the proposal was still in the process of planning, an Officer of the Department purchased the two furnaces which he found lying in a Military Transportation Department. Eventually, in view of the difficulties about staff, accommodation and power supply, the proposal was dropped and it was decided to entrust the work to an industrial cooperative workers' society consisting of the same contractors and their employees who were originally doing the work.

The Committee disapprove the manner in which the equipment was purchased in this case without proper planning and investigation regarding its usability. The Committee trust that in future the Posts and Telegraphs Department would not embark on the purchase of plant and machinery without a definite plan for using them.

11. *Para 7 - Expansion of the Bangalore Telephone System.*

The Bangalore City Telephone System was taken over by the Posts & Telegraphs Department on the 1st April, 1950. At the time of taking over the State Government had already sanctioned a sum of Rs. 63.5 lakhs for expansion of the system and equipment worth Rs. 4.1 lakhs had been received against an order for stores worth Rs. 31.4 lakhs. After integration, the Posts & Telegraphs Department decided upon further expansion of the system and the amalgamation of the existing scheme amounting to Rs. 87,29,788 was sanctioned by the Government in June, 1954, by which date an outlay of Rs. 65,85,890 had already been incurred on the project. Some estimates still remained unsanctioned and expenditure on the project to the extent of Rs. 69,90,424 remained uncovered by sanction upto March, 1956.

A large quantity of cables ordered by the State was of a higher grade as compared to the Departmental standards and had to be

transferred to stock, or other works. Cable worth Rs. 3.61 lakhs were rendered surplus for which disposal action was being taken by the Department.

12. Explaining the delay in the preparation of the estimates, the representative of the Posts & Telegraphs Department stated in evidence that some delay had occurred in deciding upon the usability of the cables ordered by the Mysore Government which were of a higher grade. The P & T Department however continued to incur expenditure on the project on the assumption that the scheme had been sanctioned by the Mysore Government and the commitment made by the State Government had to be honoured. The Committee were further informed by the Financial Adviser that the Ministry of Finance came to know of the revised scheme only in 1953 when the Project Estimate was submitted to them. However, budget provision was made during the years 1950-51 to 1953-54 only to the extent of the amount necessary to fulfil the contractual obligations of the Ex-Mysore State which devolved on the Government of India consequent on the financial integration of the State.

The Committee were not fully convinced with the explanations given and desired to have the following further information:-

- (i) Before making the budget provisions, whether the Ministry of Finance had enquired from the P & T Department that the provision made was in respect of orders placed by the old Mysore State and that the scope of the scheme had not been substantially revised in the intervening period, and whether all the preliminaries such as preparation of estimates, obtaining of technical and administrative sanction, etc., had been completed by the Department.
- (ii) In case, the scheme prepared by the old Mysore State was revised by the P & T Department, at what stage was the revision made and what part of the expenditure was in respect of the orders placed by the old Mysore Government and the P & T Department respectively.

This information has ^{not} yet been supplied to the Committee.

They therefore, reserve their comments till they are in possession of the full facts of the case.

13. The attention of the Committee was also drawn to an order issued by the D.G. P & T in September 1952 which made it mandatory that no work should be undertaken without prior financial sanction, except in cases of emergencies. Further, according to this order, in case these instructions were disregarded, the question of reversion of the officers concerned would be considered. The Director General, Posts & Telegraphs informed the Committee that since the issue of these orders no case had come to his knowledge in which works had been undertaken without sanction of the detailed estimates. The Committee find themselves in entire agreement with the contents of that order and would like to examine how far that order had been complied with in the Bangalore case, after the information on the points mentioned above has been received.

In the course of the examination of this paragraph, the Comptroller and Auditor General pointed out that his attention had been drawn to a number of other instances where the orders of September 1952 appeared to have been disregarded. The Committee desire that the D.G. P & T should keep a strict watch on all works of this nature.

Para 8 of the Audit Report 1957 - Part I - Failure of a tailoring contractor to account for materials supplied by a Postal Stock Depot for delivery of finished garments.

14. A Firm of Tailoring Contractors to whom materials were issued by a Circle Office Stock Depot for supply of finished garments failed to deliver the required quota of finished articles and could not satisfactorily account for the total quantity of materials issued to them. The Arbitrator held the contractor liable for a sum of Rs. 32,000. The case was pending in the Court for enforcing the Arbitrator's award. The store accounts of the Depot revealed that large quantities of materials were issued without reference to actual requirements and before the materials already issued had been accounted for.

In evidence, the representative of the P & T Department

admitted that the Manager of the Stock Depot had failed to exercise the normal check expected of him and was responsible for the excess issue of cloth without reference to actual requirements and without watching the receipt of the stitched uniforms from the contractor. Departmental proceedings had been instituted against the Manager for the recovery of loss sustained from his pension and gratuity. The High Court had also been moved for an injunction to stop payment of the security deposits of the contractor amounting to Rs. 18,000/- with the Railways and Controller of Stationery. The Committee would like to be apprised of the final outcome of the proceedings against the Manager of the Depot and the contractor.

15. *Para 10 of the Audit Report 1957 - Part I - Alleged frauds in the establishment pay bills of a head post office.*

A sum of Rs. 10,900/- had been drawn by a Head Post Office on various dates since April, 1952, as salary in the names of fictitious persons. The fraud was detected in September, 1954. The Accountant of the Post Office, who voluntarily refunded a sum of Rs. 5,650/- had been dismissed from service with effect from 20th March, 1957 following his conviction in a Court of Law.

Explaining the delay in instituting departmental proceedings in such cases the representative of the Department stated that frauds in the post offices generally led to the discovery of a series of other frauds on investigation by the Police and for that reason the Department was hesitant to hold up the Police investigation. The Committee wish to reiterate the importance of expeditious departmental action against the delinquent officials and trust that the Posts & Telegraphs Department will take steps to achieve this end.

The Committee were informed that the accused had preferred an appeal in the High Court. They would like to be apprised of the final outcome of this case.

16. *Para 11 - Alleged theft at a Post Office Treasury.*

As a result of Police investigations into a case of alleged theft of Rs. 63,495/- in cash and Rs. 4,186/4/- in insured letters from a post office on 29.8.56 the Deputy Postmaster, the Head Treasurer, a postman and an outsider were taken into police custody. A sum of Rs. 57,196/4/- out of the total loss of Rs. 67,681/4/- was recovered by the Police. Further enquiries were in progress.

In this case, it was explained to the Committee that departmental proceedings could not be initiated before the police enquiry as any delay in handing over the cases to the police would have hindered the chances of recovery of the money from the Postmaster.

The Committee suggest that it will be conducive to better discipline if departmental proceedings are also started simultaneously.

17. *Para 12(1) - Alleged Frauds in the Savings Bank Branch.*

In a Savings Bank Account in a Head Post Office withdrawals to the extent of Rs. 20,900 were allowed against forged credit entries in the Post Office Ledger Account and the Pass Book. In evidence it was stated that the fraud had been facilitated as in this particular post office Savings Bank transactions took place even at night. The initials of the Deputy Post Master on duty in the day were forged and this could not be detected by the Deputy Postmaster on duty at night while allowing the withdrawals from the account. Although suspicion in this case was confined to the six persons who handled the Savings Bank Ledger, it had not been possible for the Police to detect who committed the fraud.

The Committee were informed that the existing system of payments which facilitated such frauds was inherently defective. They desire that the Department in consultation with Audit should urgently consider the revision of the procedure with a view to obviate the possibility of recurrence of such frauds. They would also watch further developments in this particular case.

18. *Para 12(ii) and (iii).*

The Audit para reported two other cases of misappropriation amounting to Rs. 12,000 and Rs. 13,570 from Savings Bank Accounts of Sub Post Offices. In the first case the accused had been sentenced to nine months imprisonment and a fine of Rs. 100/- each on two counts, while in the other case, the Sub Postmaster concerned was being prosecuted in a Court of Law. The Committee would like to know the outcome of the Court case in due course.

From the cases of misappropriation and embezzlement of public money in Sub Post Offices brought out in the Audit Reports year after year, the Committee are led to the view that the entire Savings Bank procedure in Post Offices needs a thorough examination with a view to

better safe-guarding of the interests of the State while at the same time effecting simplifications in the procedure in the interests of the depositor.

19. *Para 13 of the Audit Report 1957 - Part I - Alleged substitution of contents of insured letters.*

In May 1954 five insured letters valued at Rs. 19,400/- were stated to have been received in a damaged condition at a delivery office and were found, when opened, to contain blank pieces of paper. Investigations by the Police and the Department were reported to be in progress.

The Committee were informed that the police investigations had been rendered difficult in this case on account of certain omissions and commissions on the part of departmental officials. The representatives of the P & T Department undertook to take departmental action against the persons responsible for failure to observe the prescribed rules. The Committee await the results of departmental investigations in this case.

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.

20. *Para 14 - Audit of Telephone Receipts.*

The total amount of telephone revenue outstanding on 1st September, 1956 in respect of bills issued upto 31st March, 1956 amounted to about Rs. 75 lakhs, the major portion of which related to Government subscribers. The test audit of Telephone Revenue Accounts revealed instances of short recoveries and failure to issue bills to the extent of Rs. 2.40 lakhs.

In a note submitted to the last Committee (Appendix X to the 22nd Report), they were informed that a number of steps had been taken by the P&T Department to speed up recoveries including instructions to proscribe Government offices in cases of default. The number of Telephone Revenue Offices also increased from 9 to 12. As a result, the Committee were informed, the amount of telephone revenue outstanding had been reduced from Rs. 2.28 crores to Rs. 71.4 lakhs on 1.10.1955. The Committee see no reason why the outstandings could not be brought down considerably.

21. *Paras 15 and 16 - Disposal of outstanding Audit objections and Inspection Reports.*

The total number of objections and the money value thereof

outstanding in the books of Branch Audit Office at the closure of September 1956 accounts were 47,453 and Rs. 10,64 lakhs respectively. The total number of inspection reports issued upto 31st March 1956 and the items of irregularities outstanding in the books of the Audit Offices at the end of September 1956 were 926 and 7,835 respectively.

The Committee were concerned that delays in furnishing replies to Audit still continued. The Committee would reiterate their previous recommendations made in paras 38 and 84 of their First Report (1951-52) and Seventh Report respectively, and desired the P&T Department to impress upon all the officers the importance of prompt attention to Audit Observations. They trust that the position in this respect will show an improvement when they examine the next year's accounts.

22. *Para 18 - Losses of Stores.*

The total number of cases of losses of stores during 1955-56 was 4255 involving an amount of Rs. 10.65 lakhs. Out of these thefts of copper wire from existing alignments alone accounted for a loss of Rs. 9.03 lakhs. An alarming feature of the situation was that the losses had been steadily rising from year to year.

In evidence the representative of the P&T Department explained that the theft of copper wire was essentially a law and order problem and they had taken up the matter with the State Governments but without any tangible results. As an alternative the Department was considering the feasibility of using aluminium wires which were being tried as an experimental measure in some countries.

In view of the magnitude of the losses involved, the Committee would suggest that the Department should study this problem in the light of the measures adopted by other countries in such cases.

III

Store Accounting and Workshops.

23. *Para 9 - Stores and Workshops.*

The state of store accounting in Store Depots and cost accounting in workshops continued to be unsatisfactory. The following defects

were brought out in the Audit Report:-

- (i) There were over 29000 discrepancies in the quantity balances shown in priced ledger cards maintained in Accounts Office and the stock cards maintained in Store Depots upto 1955-56.
- (ii) The value balances of stores computed as on 31-3-55 did not show the correct position on account of the existence of minus balances of stores in very large number of cases in the priced ledger cards.
- (iii) Charges on account of customs duty and freight charges amounting to Rs.7,45,544 and Rs.4,89,620 respectively were not included in evaluating the price of stores at the time of revision of rates.
- (iv) (a) The abnormal delay in the closure of work orders which was commented upon in the 13th report of the P.A.C. still continued.
- (v) (b) The manufacture accounts continued to exhibit large variations between the actual and estimated cost of production.

The Committee were concerned to see that despite repeated assurances given to them the state of store accounting in the P. & T. Department had not shown any improvement. The representative of the P. & T. Department explained during his evidence before the Committee that discrepancies relating to the year 1955-56 had since been reconciled and reconciliation for 1956-57 was in progress. With regard to the failure to include the customs duty in the price of stores he stated that a revised procedure had since been introduced which would obviate such mistakes. The Committee were also informed that the closure of work orders and the preparation of labour and material schedules were in progress and the P. & T. Department expected to complete these by October, 1957 and December, 1957 respectively.

The Committee trust that the P. & T. Department would be able to adhere to these target dates. They desire that a progress report be submitted to them. They would also like that the comments of Audit on the revised procedure referred to above, be reported upon in the next Audit Report.

IV

Outstanding Recommendations.

24. The Committee will now proceed to deal with some of the items outstanding from their previous Reports on the Posts & Telegraphs Accounts in respect of which Memoranda/Notes stating the action taken have been received by them.

Calcutta Telephone Automatisation Project - Para 61 of the 10th Report of the Committee.

25. In para 61 of the 10th Report, the P.A.C. had desired that the Ministry of Finance (Communications) should carefully examine the effect of delay on the remunerativeness of the Calcutta Automatisation Project and submit a note to them. As this was not submitted earlier, the Committee could not consider this case in their 13th and 22nd Reports.

In a note now submitted by the Ministry (Appendix I) it has been stated that the revised estimates for the Projects were still under preparation with the Posts & Telegraphs Department. According to the revised time-schedule prepared in 1951, the Project was expected to be completed in December, 1957. By the end of 1957-58, the number of connections were expected to go up to 40,800 and the profit for 1957-58 was estimated at Rs. 21.10 lakhs.

In order to enable them to examine this case in further detail, the Committee have called for the following further information:

The detailed break-up of the Capital outlay, working expenses, revenue receipts and the profit for the years 1952-53 to 1956-57 and the estimated figures under the corresponding heads for the Five Years after completion of the Scheme together with a comparative statement showing the number of connections existing and given during these years.

This information is still awaited.

Execution of the Telephone Expansion Project in the Bombay Telephone District - Para 29 of the 13th Report.

26. From the note submitted by the Ministry of Communications

(Appendix II), the Committee gather that the reconstruction of the accounts of the Project is still in progress. The Committee would like to be informed of further progress in the matter.

*26. Alleged fraudulent withdrawals from Defence Saving Accounts -
Para 10 of the 22nd Report.*

27. From the two notes submitted to the Committee by the Ministry of Communications (Appendices III & IV), the Committee observe that although 2 Charge sheets had been served on the Supervisor on the 4th July, and the 30th October, 1956, the disciplinary proceedings had not yet been completed. As regards the justification for releasing the Supervisor from suspension, it has been stated that the Senior Superintendent of Post Offices took a compassionate view of the Official's pitiable condition due to his continued unemployment from 26.8.1952 - the date of his dismissal following his conviction in the first case - to 17.2.1956 - the date of his reinstatement on acquittal by the higher Court. On reinstatement the Supervisor was placed under suspension pending departmental proceedings, but was released from suspension on 27.2.1956 by the Senior Superintendent of Post Offices on compassionate grounds. It has further been stated that the propriety of the action taken by the Senior Superintendent would be examined after the departmental proceedings are completed.

The Committee are surprised that the Senior Superintendent, Post Offices should have thought it fit to reinstate the official on compassionate grounds pending completion of the disciplinary proceedings against him. In their opinion, the Senior Superintendent had gravely erred in allowing his judgement to be influenced by compassionate considerations instead of the merits of the case and the larger interest of the administration.

The Committee would await a further report in this case.

27. Loss due to delay in taking action against the extra departmental branch postmaster - Paras 14 & 15 of the 22nd Report.

28. The Committee have noted the instructions issued by the Posts and Telegraphs Department (Appendix V). They would also like to be informed of the action taken against the officers concerned in this case.

28. Loss due to delay in reaching decisions - Para 18 of 22nd Report.

29. From the instructions issued by the Director General Posts & Telegraphs (Appendix VI) the Committee observe that this case was dealt

with for over 1½ years at the section officer's level. The desire that disciplinary action should be taken against the persons concerned who had contributed to the delay of nine years in reaching a decision in this case.

Loss due to delay in revision of Telephone rentals in a Telephone District - Paras 28 & 29 of 22nd Report.

30. The Committee note that instructions have since been issued by the Posts and Telegraphs Department for timely review of cases involving financial implications.

From a note furnished by the Cabinet Secretariat the Committee understand that adequate procedure exists in the Central Secretariat Manual of Office Procedure to safeguard the loss of official records and also to fix responsibility on the officers concerned. The Committee trust that the instructions in this regard would be strictly followed in future.

Infructuous expenditure on leasing rented accommodation for location of offices - Para 87 of 22nd Report.

31. From a note submitted by the Ministry of Transport and Communications (Appendix VII) the Committee observe that despite the protracted correspondence between the Government of India and the Chief Secretary West Bengal Government, no tangible results have been achieved in getting the premises vacated. The Ministry was now considering the suggestion made by the West Bengal Government to requisition the premises in the first instance under the Requisitioning and Acquisition of Immovable Property Act, 1952 and thereafter to take proceedings for eviction.

T. N. SINGH,

Chairman,

Public Accounts Committee.

NEW DELHI,

The 11th September, 1957.

PART II

PROCEEDINGS OF THE SITTINGS OF THE PUBLIC ACCOUNTS
COMMITTEE HELD ON THE 4TH AND 5TH JULY, 1957, AND 11TH
SEPTEMBER, 1957.

PROCEEDINGS OF THE ^{*}FOURTH SITTING OF THE PUBLIC ACCOUNTS
COMMITTEE HELD ON THURSDAY, THE 4TH JULY, 1957.

32. The Committee sat from 3 P.M. to 6 P.M.

PRESENT

Shri T. N. Singh

Chairman

MEMBERS

2. Shri Ram Subhag Singh
3. Shri N. G. Ranga
4. Shri Radhelal Vyas
5. Shri A. C. Guha
6. Shri N. R. M. Swamy
7. Shri Upendranath Barman
8. Shri H. C. Dasappa
9. Shrimati Tarkeshwari Sinha
10. Shri Prabhat Kar
11. Shri Vijayarama Raju
12. Shri P. T. Louva
13. Shri R. M. Deshmukh
14. Shri M. Govinda Reddy
15. Shri Jaswant Singh

Shri A. K. Chanda, *Comptroller and Auditor General of
India, New Delhi.*

Shri P. C. Padhi, *Additional Deputy Comptroller and
Auditor-General.*

Shri K. Charan, *A. G. P. & T., Simla.*

SECRETARIAT

Shri R. C. Ghei

Under Secretary.

WITNESSES

Ministry of Communications

1. Shri M. M. Philip, I C S, *Director General, P. & T.*

* Earlier sittings relate to the Consideration of the Accounts of the Damodar Valley Corporation.

2. Shri S. D. Nargolwala, A.C.A., I.C.S., *Financial Advisor
Ministry of Finance (Communications)*
3. Shri D. C. Das, I.C.S., *Joint Secretary*
4. Shri C. V. Cunningham, *Senior Deputy Director General, P. & T.*
5. Shri R. C. Vaish, *Chief Engineer, P. & T.*

Ministry of Finance. (E. A. Department)

Shri Shiv Naubh Singh, *Deputy Secretary.*

Posts & Telegraphs Department

Appropriation Accounts, P. & T. 1954-55 and Audit Report, 1956 - Part II.

33. Para 5 of Audit Report 1956 - Part II - Savings on Voted grants.

Explaining the large saving of 21.2% under grant No.111 Capital Outlay (outside the revenue account) the representative of P. & T. Department stated that this was due mainly to buildingworks not undertaken on account of the difficulties in acquisition of land. Out of 350 cases in which no expenditure was incurred although provision had been made, in 133 cases construction could not be undertaken as land could not be acquired. In reply to a question, he stated that there would be a number of cases in which acquisition proceedings could not be started at all during the year. The Committee were surprised to note that the P. & T. Department did not surrender the excess provisions even at the time of the revised estimates. They were informed that in the previous year also there had been a saving of about Rs.1 crore on account of difficulties in acquiring the land. The Committee felt that the long delay in acquisition of land was not an unknown factor and it was surprising that the P. & T. Department instead of making allowance therefor, continued to overestimate their spending capacity.

The Committee wanted to know the control exercised by the Ministry of Finance in this matter. The representative of the Ministry of Finance (Communications) admitted that the provision made in respect of certain items had been over-optimistic and these factors could have been foreseen to a certain extent. He, however, urged in extenuation that the budget provision had to be viewed in the context of the over-all provision made in the Five Year Plan and the small expenditure incurred in the first year of the Plan, i.e. 1951-52. As regards the scrutiny exercised by the Finance at the time of the revised estimates, the representative of the Ministry of Finance stated that although the Ministry were aware of

the monthly progress of expenditure, they had to rely upon the expectations of the administrative Ministry regarding their ability to spend the money in the remaining part of the year. The Committee were not convinced by the explanations given and were of the view that proper financial control had not been exercised either in the initial stages or in the subsequent stages despite the fact that similar lapses in the previous years had been pointed out by the Committee.

Para 2 of Financial Review by Director General, P. & T. for the year 1954-55 Annexure II - Statement showing profit and loss in the working of the P. & T. Department.

31a. At the instance of the Committee, the P. & T. Department undertook to furnish the following information:-

1. Reasons for the continuous loss in the Telegraphs Branch from the year 1953-54 and the disproportionate increase in expenditure as compared with the income.
2. Reasons for the continued losses in the working of the Post Offices from the year 1948-49 onwards.

Audit Report 1957. Part I.

Para 2 - Excess payment of Labour Wages in Engineering DivisionA.

35. After some discussion, the representative of the P. & T. Department admitted that contrary to the existing instructions the labour engaged on departmental works were paid rates higher than the corresponding local rates without assigning any reasons. He further stated that the P.M.G. had been asked to fix responsibility on the persons concerned. The Committee observed that it should not have taken the P. & T. Department over five years to investigate this case. They stressed that unless prompt action was taken in such cases the purpose in view would be defeated.

Para 3 - Defective Working of a Postal Stock Depot.

36. The Committee were informed that the shortage in stock had been reassessed at Rs.1,743. In reply to a question, the representative of the P. & T. Department admitted that no physical verification of stock was done during the first year. The excess purchase was due to failure to check up the indent with the previous purchases. The Department was taking action to fix responsibility on the persons at fault.

The Committee observed that purchase of stores without reference to requirements and without arranging for storage accommodation and the staff to look after them was a kind of lapse which has been noticed not for the first time. They desired that the Department should take prompt steps to improve matters.

Para 4 - of the Audit Report 1957 Part I - Infructuous expenditure on the acquisition of accommodation for housing a departmental telephone workshop.

37. The Committee wanted to know why the P. & T. Department had persisted with the negotiations for the purchase of the property even after it had been informed by the Reserve Bank of the complicated nature of the title to the property. The representative of the P. & T. Department stated that since the Reserve Bank had advanced funds to the bank (in liquidation) to whom the property was mortgaged, it recommended the purchase of the property and suggested that payment might be made to the Bank direct. The Standing Advisory Committee approved of the purchase on the 11th June, 1949 at the value of Rs.19 lakhs as assessed by the Surveyors. Since the owner of the property was not agreeable to this valuation, he served a legal notice and soon after, the proposal was dropped on 4.7.1949.

Para 5 - Infructuous Expenditure on Rent of Buildings occupied by Refugees.

38. The Chairman drew attention of the Committee to a case which was commented upon in paras 14 to 17 of their 13th Report and desired to know what action had been taken by the P. & T. Department to rid themselves of the liability for payment of rent. The representative of the P. & T. Department explained that in spite of prolonged correspondence with the Chief Secretary, West Bengal Government, they were not able to arrive at a solution. The Committee were further informed that the Government Premises Eviction Act 1950 had been declared ultra vires by the West Bengal High Court. Neither could the P. & T. Department take action under the Rehabilitation of Displaced Persons and Eviction of Persons in Unauthorised Occupation of Land Act as they were not the owners of the property. The West Bengal Government suggested that the only course was to requisition the premises and thereafter take proceedings for eviction of the unauthorised persons. The Committee were informed that in addition to payment of rent, the P. & T. Department would also have to restore the building to its original condition. They were concerned that a settlement in this matter had taken so long.

Para 6 - Inadequate Planning in a Postal Seals Workshop.

39. The representative of the P. & T. Department informed the Committee that prior to March, 1949 the seals were manufactured by private contractors. Since that arrangement was not satisfactory, the Department decided to set up a seals workshop. But while they were still in the process of planning, an officer of the Department purchased two furnaces which were lying in a military transportation depot. Eventually in view of the difficulties about staff, accommodation and power supply it was decided to entrust the work to an industrial co-operative society consisting of the same contractors. One of the two furnaces had been sold to this society at a small profit and the other had been sent to the D.G.S. & D. for disposal. In reply to a question it was stated that the departmental officials did ordinarily go round and order for machinery and equipment in this manner and this practice would in future be discouraged.

Para 7 - Expansion of the Bangalore Telephone System.

40. The Committee deprecated the tendency of P. & T. Department to undertake works without preparing estimates and obtaining financial sanction, in spite of the repeated recommendations made by the Committee on the subject. The representative of the P. & T. Department pleaded in defence that at the time when the exchange was taken over by the P. & T. Department on 1-4-1950, the Mysore State Government had already sanctioned an estimate for Rs.63.5 lakhs and placed the orders for cables and equipment. This commitment had to be honoured by the Government of India. The P. & T. Department revised the scheme in order to integrate the existing manual exchange and also to provide for more connections. Since the cables ordered by the Mysore Government were of a higher grade, some delay occurred in deciding upon their usability; and the preparation of the estimates was consequently delayed. The Committee observed that the work had continued for four years without the preparation and sanction of estimates, and desired to know whether the Finance Ministry was aware of the fact that expenditure was being incurred without proper estimates and sanction. The representatives of the Ministry of Finance (Communications) stated that the Ministry of Finance came to know of the revised scheme only in 1953 when the project estimate was submitted to them. At this stage, the Comptroller and Auditor General invited attention of the Ministry to two letters written by the D.G. (P. & T.) in 1950, one to a firm in London and another to High Commissioner, London, both implying acceptance of financial liabilities by the Government of India. The Committee wanted to know whether these letters were issued with the concurrence of the Ministry of Finance and in case the Ministry was unaware of the scheme, how provision was made in the budget prior to 1954. The representative of the Ministry of Finance undertook to furnish this information on the following day.

The Committee then adjourned till 9 A.M. on Friday, the 5th July, 1957.

PROCEEDINGS OF THE FIFTH SITTING OF THE PUBLIC
ACCOUNTS COMMITTEE HELD ON FRIDAY, THE 5TH JULY,
1957.

41. The Committee sat from 9 A.M. to 1 P.M.

PRESENT

Shri T. N. Singh - *Chairman*

MEMBERS

2. Shri Ram Subhag Singh

3. Shri N. G. Ranga

4. Shri A. C. Guha

5. Shri N. R. M. Swamy

6. Shri Upendranath Barman

7. Shri Prabhat Kar

8. Shri Vijayarama Raju

9. Shri P. T. Leuva

10. Shri R. M. Deshmukh

11. Shri M. Govinda Reddy

12. Shri Jaswant Singh

Shri A. K. Chanda, *Comptroller and Auditor General*

Shri P. C. Padhi, *Additional Deputy Comptroller and
Auditor-General*

Shri K. Charan, *Accountant General, Posts & Telegraphs.*

SECRETARIAT

Shri R. C. Ghei - *Under Secretary.*

WITNESSES

Ministry of Communications

1. Shri M. M. Philip, I.C.S., *Director General, P. & T.*
2. Shri D. C. Das, I.C.S., *Joint Secretary.*
3. Shri R. C. Vaish, *Chief Engineer, P. & T.*
4. Shri C. V. Cunningham, *Senior Dy. Director General, P. & T.*

Ministry of Finance (Communications)

5. Shri S. D. Nargolwala, A.C.A., I.C.S., *Financial Advisor.*

Ministry of Finance (E. A. Department)

6. Shri Shiv Naubh Singh Deputy Secretary.

*Posts and Telegraphs Department (contd)**Para 7 of the Audit Report P. & T. 1957 - Part I Bangalore Telephone System (Contd).*

42. The Committee resumed discussion on Para 7 of the Audit Report relating to the Bangalore Telephone system. With reference to the query made by the Committee on the previous day, the representative of the Ministry of Finance (Communications) stated that the two letters referred to by the Comptroller and Auditor General had not been issued with the concurrence of the Ministry of Finance. As regards the provisions made in the budget during the years 1950-51 to 1953-54, he explained that these were made in fulfilment of the contractual obligations of the ex-Mysore State which devolved on the Government of India consequent to the integration of the State. In this connection the Committee wanted the following further information :-

(1) Before making the budget provisions, whether the Ministry of Finance had enquired from the P. & T. Department that the provision made was in respect of orders placed by the Mysore State and that the scope of the scheme had not been revised in the intervening period, and whether all the preliminaries such as preparation of estimates, obtaining of technical and administrative sanction, etc., had been completed by the Department.

(2) In case, the scheme prepared by the Mysore State was revised by the P. & T. Department, at what stage was the revision made and what part of the expenditure was in respect of the orders placed by the Mysore Government and the P. & T. Department respectively.

The representatives of the Ministry of Finance and P&T Department undertook to supply this information at a later date.

The attention of the Committee was drawn to an order issued by the D.G. P&T in September, 1952 which made it mandatory that all officers in the department should ensure that no work was undertaken without prior financial sanction, except in cases of emergency. Further, according to this order, in case these instructions were disregarded the question of reversion of the Directors or the Divisional Engineers would be considered. The Committee wanted to know whether any action had been taken by the D.G. P&T in pursuance of these orders. The D.G. P&T stated that since the issue of these orders no case had come to his knowledge in which works had been undertaken without sanction of the detailed estimates. The Committee found it difficult to accept this statement and at their instance the Comptroller and Auditor General undertook to forward to the D.G. P&T a statement of works which were undertaken without the requisite sanctions after 1952. The D.G. P&T also undertook to investigate the matter and report to the Committee.

43. *Para 8 - Failure of a Tailoring Contractor to account for materials supplied by a postal stock depot for delivery of finished garments.*

The representative of the P&T Department admitted that the Manager of the Stock Depot was responsible for the excess issue of cloth without reference to actual requirements and without watching the receipt of the stitched uniforms from the contractor. Departmental proceedings had been instituted against the Manager for the recovery of loss sustained from his pension and gratuity. He further stated that the High Court had also been moved for an injunction to stop payment of the security deposit of this contractor amounting to Rs. 18,000 with the Railways and the Controller of Stationery.

44. *Para 9 - (i) Store Accounting.*

The Committee were perturbed that despite the repeated assurances given to them, the state of store accounting in the P&T Department had not shown any improvement. The representative of the P&T Department explained that discrepancies relating to the year 1955-56 had since been reconciled and reconciliation for 1956-57 was in progress. With regard to the failure to include the customs duty in the price of stores, he stated that *a revised procedure* had since been introduced which would obviate such mistakes. The Committee were also informed that the closure of work orders and the preparation of labour and material schedules were in progress and the P&T Department expected to complete these by October,

1957 and December, 1957 respectively. The Committee desired that a progress report be submitted to them.

45. *Para 10 - Alleged frauds in the establishment Pay bills of a Head Post Office.*

In this case the Committee wanted to know whether departmental proceedings could have been instituted before the commencement of the prosecution in the Court. The representative of the P&T Department explained that this case had occurred prior to the issue of revised orders by the Home Ministry regarding institution of departmental proceedings. He further added that the frauds in the Post Offices generally led to the discovery of a series of other frauds on investigation by the police. At the instance of the Committee, he however agreed to examine the possibility of obtaining photostat copies of the relevant documents before these were submitted for police investigation.

46. *Para 11 - Alleged Theft at a Post Office Treasury.*

In this case it was explained by the representative of the P&T Department that departmental proceedings could not be initiated as any delay in handing over the case to the Police would have hindered the chances of recovery of the money from the Postmaster. The Committee, however, observed that in the majority of cases there was a time-lag between the discovery of the fraud and the prosecution by the Police. In such cases they thought that departmental proceedings should be instituted before the case was sent to the Police.

47. *Para 12 - (i) Alleged Frauds in the Savings Bank Branch.*

Explaining the *modus operandi* of the fraud, the representative of the P&T Department stated that in Bombay Savings Bank, transactions took place even at night. In this case the initials of the Deputy Postmaster on duty in the day were forged. The Deputy Postmaster on duty at night could not make out whether the initials were forged and allowed the withdrawal of money. Although the fraud was committed by one of the six persons who handled the Savings Bank ledger, it had not been possible for the Police to detect who committed the fraud. The Committee desired that the D.G. P&T in consultation with the Comptroller and Auditor General might revise the existing procedure with a view to obviating the possibility of such frauds.

48. *Para 12 - (ii)* The Committee were informed that the accused had since been sentenced to nine months' imprisonment and a fine of Rs. 100/- each on two counts.

49. *Para 13 - Alleged substitution of contents of insured Letters.*

The Committee were informed that the Police investigations in this case had been rendered difficult on account of certain omissions and commissions on the part of the departmental officials. The representative of the P & T Department undertook to take departmental action against the persons responsible for failure to observe the prescribed rules.

50. *Para 15 - Disposal of Outstanding Audit Objections.*

The Committee observed that a very large number of audit objections was outstanding and their clearance appeared to have been delayed without adequate reasons. The Committee particularly emphasised the necessity for expeditious realisation of telephone dues. They felt that one of the contributory factors in this respect was the delay in the preparation of telephone bills and desired that the P & T Department should take steps to improve matters in this respect.

51. *Para 16 - Disposal of Inspection Reports.*

The Committee observed that delay in furnishing replies to the inspection reports still continued. They emphasised that unless the irregularities pointed out by Audit were attended to promptly the same irregularities were likely to recur.

52. *Para 18 - Losses of Stores.*

The representative of the P & T Department explained that the theft of copper wires was essentially a law and order problem. They had taken up the matter with the State Governments but with no tangible results. One solution to the problem would be to use underground cables but that would be very expensive. The Department was also considering the use of aluminium wires which were being tried as an experimental measure in some countries.

53. *Outstanding Recommendations.*

The Committee observed that replies to the recommendations made in their 22nd Report had not been received in a number of cases and desired that these should be expedited. It was decided that the examination of these recommendations would be taken up by the Sub-Committee appointed to examine the D.V.C. and P & T accounts.

(The witnesses then withdrew. The Committee had an informal discussion about the programme of work during the current session and the procedure to be followed in regard to the examination of the accounts).

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PROCEEDINGS OF THE 18TH SITTING OF THE PUBLIC ACCOUNTS
COMMITTEE HELD ON WEDNESDAY, THE 11TH SEPTEMBER, 1957.

54. The Committee sat from 3 P.M. to 5 P.M.

PRESENT

Shri T. N. Singh

Chairman

MEMBERS

2. Shri N. C. Laskar
3. Shri N. G. Ranga
4. Shri A. C. Guha
5. Shri N. R. M. Swamy
6. Shri J. M. Mohamed Imam
7. Shri H. C. Dasappa
8. Shri N. Sivaraj
9. Smt. Pushpalata Das
10. Shri P. T. Leuva
11. Shri Shyam Dhar Misra
12. Shri M. Govinda Reddy
13. Shri Jaswant Singh

Shri P. C. Padhi, *Addl. Dy. Comptroller & Auditor-General
of India, New Delhi.*

Shri K. Charan, *Accountant General, Posts & Telegraphs.*

SECRETARIAT

Shri V. Subramanian

Deputy Secretary

Shri R. C. Ghei

Under Secretary

55. The Committee approved their draft First Report on the Appropriation Accounts (Posts and Telegraphs) 1954-55 and Audit Report 1956 Part II and Audit Report, 1957 Part I subject to a few alterations here and there.

* Sixth to Seventeenth sittings relate to the consideration of the Appropriation Accounts, (Defence Services) and (Railways) 1954-55 and Accounts of the Delhi Road Transport Authority for 1954-55 and Audit Reports thereon etc.

The Committee authorised the Chairman to present the Report on their behalf to Lok Sabha on the 12th September, 1957 and Shri M. Govinda Reddy to lay a copy thereof on the Table of the Rajya Sabha simultaneously.

The Committee then adjourned.

APPENDICES

Appendix I
(See para 25)

Ministry of Finance (Communications)

A NOTE DISCUSSING THE VARIOUS ASPECTS OF THE REMUNERATIVENESS OR OTHERWISE OF THE CALCUTTA TELEPHONE AUTOMATISATION PROJECT AS A RESULT OF REVISION OF THE 1949 ESTIMATES, AS REQUIRED BY THE PUBLIC ACCOUNTS COMMITTEE OF 1953-54.

In para 61 of their Tenth Report on the Accounts of the Posts and Telegraphs Department for the year 1950-51, the Public Accounts Committee observed that the delay in the execution of the Calcutta Auto Project was ultimately bound to affect its remunerativeness and desired that the Ministry of Finance (Communications Division) should carefully examine in detail this vital aspect of the matter at the time of revision of the 1949 estimates which at that time were stated to be under consideration of the Government.

2. The scheme for automatisation of Calcutta Telephone System was approved by the Standing Finance Committee in their meeting held on 8.1.49. The scheme was estimated to cost Rs.13.40 crores. The scheme was divided into 5 stages and the time schedule for each stage was laid down as under:

- Stage I to be cut over in March, 1952.
- Stage II to be cut over in December, 1952.
- Stage III to be cut over in December, 1953.
- Stage IV to be cut over in June, 1954.
- Stage V to be cut over in December, 1954.

It was expected at the time of Standing Finance Committee meeting that the recurring expenditure on the project would amount to Rs.216.4 lakhs. It was anticipated that 34,200 connections would be given in the first year after completion of the project and this would bring in a revenue of Rs.191 lakhs. Thus it was expected that the project would show a loss of Rs.25.4 lakhs in the first year of its completion. The Department hoped that the scheme would become remunerative approximately 3 years after its completion and by the end of 5th year by which time 50,600 connections would have been given, the revenue would go up to Rs.264 lakhs, showing a profit of Rs.47.6 lakhs.

3. It has not been possible for the Posts and Telegraphs Department to prepare the revised estimate of the project owing to delay in supply of complete British Post Office rate schedule and in finalisation of approved rates for items manufactured and supplied by Indian Telephone Industries (Private) Ltd. The revision of the estimates has been taken in hand by the General Manager, Calcutta Auto and according to figures, so far available the total expenditure on this project is expected to be Rs.1381.46 lakhs. Compared to the sanctioned project of Rs.1340 lakhs, the revised estimate shows an excess of Rs.41 lakhs or about 3.1% of the sanctioned cost. Although the total excess is within the permissible limit of 10%, the variations under some of the components, e.g., lands, buildings and general administration are more than 10% and the revised estimate when finalised will be put up to the Standing Finance Committee (now Expenditure Finance Committee) for their approval.

4. The 1949 time-schedule as indicated in para 2 above, was prepared by the Department before the scheme had been worked out in detail. In 1951 when the full details were worked out, it was found that the time schedule was unrealistic and was not capable of being put into practice. A revised time-schedule was then prepared according to which the various stages of cut over were as under. (For facility of reference the original time-schedule is also shown in juxta position):-

	Original time schedule	Revised time schedule
Stage I	March, 1952	Middle of 1953
Stage II	December, 1952.	Middle of 1955.
Stage III	December, 1953.	March, 1956.
Stage IV	June, 1954.	December, 1956.
Stage V	December, 1954.	December, 1957.

Subsequent developments have shown that the revised schedule prepared in 1951 is realistic and the work is actually proceeding in accordance thereto.

5. As stated earlier, the original expectation was that the scheme would become remunerative approximately 3 years after its completion, i.e., in December, 1957. If the time-lag between the completion of the project and its becoming remunerative had been the same, the project according to the revised time-schedule, should become remunerative in December, 1960.

6. A detailed scrutiny has been made of the working results of the Calcutta Telephone System for 1952-53 onwards, as the first stage of the project was cut over from the next year, i.e., 1953-54. The scrutiny has revealed that the result of the working of Calcutta Telephone system for these years was as under:-

1952-53	Profit 42.52 lakhs.
1953-54	Profit 25.83 lakhs.
1954-55	Profit 31.68 lakhs.
1955-56	Profit 19.14 lakhs.
1956-57 (Estimated)	Profit 25.06 lakhs.
1957-58 I (Estimated immediately on completion of Auto Project in December, 1957.)	Profit 3.06 lakhs.
1957-58 II (Estimated at the end of the year)	Profit 21.10 lakhs.

Although in the original scheme, it was anticipated that 34,200 lines would be given on the completion of the project, actually 34,592 connections (including approximately 900 manual connections for non-Director suburban exchanges) have already been given upto the end of December, 1956. It is anticipated that before the end of the year 1956-57, the number of connections would have reached 36,000 and is likely to go up further to 40,800 by the end of 1957-58. As indicated above, the profit for 1957-58 (whole year) is estimated at Rs.21.10 lakhs.

7. As already explained in para 4 above, the 1949 time schedule was unrealistic and was not capable of being put into practice. The 1951 time-schedule was more realistic in character and work is actually proceeding in accordance thereto. Actually, therefore, there has been no delay in completing execution of the project and hence the question of such delay affecting its remunerativeness does not arise at all.

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

JOINT SECRETARY TO THE GOVERNMENT
OF INDIA, MINISTRY OF FINANCE (COMMUNICATIONS DIVISION), NEW DELHI.

Appendix II
(See para 26)

A NOTE ON THE POINTS RAISED HAVING REFERENCE TO ITEM
36 - BOMBAY TELEPHONE EXPANSION PROJECT IN BOMBAY
TELEPHONE DISTRICT, OUTSTANDING IN THE 13TH REPORT OF
THE P. A. C.

Information has been called for on the following points:

- (a) What is the present position of the case in which investigation has been made, as referred to in Para 2(a)(iii) of the note furnished by the DG P & T.
- (b) What is the present position regarding the reconstruction of proper accounts of the Project and what is the nature of irregularities that have been revealed as a result thereof and what action has been taken to set them right and fix responsibility therefor?

2. As regards (a) above, it was stated in Para 2(a)(iii) of the note referred to, that 5 cases relating to cable estimates were under investigation. The investigation of these cases has been completed and it has revealed that irregularities detailed in Para 3(ii) below had occurred and that the cases require to be regularised as below:-

- (i) By issue of revised sanctions in three cases in view of the actual cost exceeding the original sanctioned cost by over 10% in each case and also by according approval of the competent authority to certain changes in specification in each of these estimates. In one of the three cases, revised sanction has been issued on 26-9-56.
- (ii) By obtaining approval of the competent authority in the remaining two cases for certain changes in specifications. Necessary approval has since been issued in both the cases on 24-10-1956.

The changes in specifications were necessitated by non-availability of the types of cables provided in the original estimates on account of which substitute cables from available stock had to be obtained and used. The excesses over the sanctioned estimates were mainly due to variation in the cost of cables and in addition in one case, due to variations in labour cost and in the amount of compensation paid to the Municipal Authorities for reinstatement of roads. The excesses in some

cases were also due to incorrect estimates in 1948-49 and 1949-50. The issue of revised sanctions in the remaining two cases relating to Item (i) above is under consideration. Investigation into the instances of excesses over the estimates and changes in specifications referred to above did not reveal any instances of *mala fides*. No case of wasteful or avoidable comes to notice before the accounts of the remaining works are closed, suitable action will be taken.

3. The position relating to Item (b) above is as follows:-

(i) *Reconstruction of Accounts:*

The reconstruction of the accounts of the Project is in progress.

(ii) *Nature of irregularities:*

The irregularities were found to relate to wrong booking of expenditure against the different estimates and changes in sizes and lengths of cables, as compared to original provision.

(iii) *Action taken to set them right:*

Certain readjustments have been made in the accounts of the relevant estimates, while some more adjustments still remain to be made.

(iv) *Responsibility therefor:*

It may be stated that the ex-company officials lacked knowledge and experience of the procedural rules of the Department, which provide for obtaining prior sanction of the competent authority for excess over sanctioned estimates or major changes in specifications. They were also not quite conversant with departmental methods of accounting. At this late stage, it is, therefore, difficult to assess responsibility for the the failure to follow the prescribed rules and procedure.

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

Director-General, Posts & Telegraphs.

Appendix III
(See para 27)

Ministry of Transport and Communications.

A NOTE ON THE FRAUDULENT WITHDRAWALS FROM THE DEFENCE SAVINGS BANK ACCOUNTS FOR SUBMISSION TO THE PUBLIC ACCOUNTS COMMITTEE WITH REFERENCE TO PARA 2 OF P. & T AUDIT REPORT, 1955 PART 1 TO PART 1

During the period of was, a scheme for savings by deposits under the Defence Savings Bank had been introduced. It was decided that these accounts should be closed after 31.3.1947. This resulted in an unprecedented rush at the counters of the post offices. At Meerut Head Office alone over one lakh of D.S.B. Accounts were closed between 31.3.47 and 1.10.1950.

2. Taking advantage of the rush referred to above, certain miscreants including departmental employees indulged in fraudulent withdrawals from these accounts. In all 62 cases of frauds came to light, which included 50 reported by audit.

3. In all these cases, all officials of the Meerut Post Office were involved

1. Shri Raj Bahadur Singh	<i>Supervisor, DSB</i>
2. Shri Rameshwar Dutt	<i>Counter Clerk</i>
3. Shri J. P. Garg	<i>Ledger Clerk</i>
4. Shri Harpal Singh	<i>do</i>
5. Shri Prem Chand Jain	<i>do</i>
6. Shri Ram Darshan	<i>do</i>
7. Shri Tejpal Singh	<i>do</i>
8. Shri Attar Singh	<i>do</i>
9. Shri Benarsi Dass	<i>do</i>
10. Shri Sardari Lal	<i>do</i>
11. Shri Richpal Das	<i>Postman.</i>

Investigations into

4. Investigations into all these cases have shown that these frauds were committed practically simultaneously. The first case came to light departmentally on 1.12.1947 which involved 7 accounts. This was investigated into departmentally by the Postmaster, Head Post Officer, Meerut and a report was made to the police on 28.8.1948.

5. In the meanwhile, the D.A.G., P. & T. Madras reported the 50 fraud cases referred to in the audit para through audit objections.

A report relating to these was also made to the police by the Investigating Inspector, Lucknow Circle on the same date, namely, 28.8.1948.

6. Shri Raj Bahadur Singh was cited as a prosecution witness by the police in the case involving 7 accounts and the police authorities were of the opinion that the case relating to 50 accounts should be challaned after that case was decided. Accordingly, the police authorities decided to challan the first case relating to 7 accounts. In actual fact, however, they sent only two cases (out of the seven accounts) to Court as a result of which Shri J. P. Garg was convicted to R.I. in one case and in the other his conviction was set aside on appeal. The other five cases were ultimately dropped.

7. In regard to 50 cases mentioned by audit which were sent to the police for investigations, it appears that in the beginning the police at a lower level had advised that the case could not be challaned and that the departmental action should be resorted to. This advice by the police was not acceptable to the department and they took up the matter with the police at a higher level. There appears to be a considerable avoidable delay in arriving at a final decision. Ultimately, the police reported on the 2nd March, 1954 that in the absence of warrants of payment, the case was not likely to succeed in a Court of Law and advised departmental action. There was some delay in initiating departmental action after receipt of the Police Report on 2-3-1954, as information for the preparation of the chargesheets was not available in one place and had to be collected. Chargesheets were served on two officials, then in service, on 7-9-1954 and 29-10-1954 and final orders passed on 29-6-1955 and 13-4-1955. Particulars of departmental action taken against the officials have been indicated in paragraphs 8 and 10 infra.

8. In the meanwhile, another case relating to 4 different accounts came to light and a case was registered with the police on 4.5.49. The police after investigation decided to register two cases in respect of these four accounts - one against Sarvashri Raj Bahadur Singh and Sardari Lal and the other against Sarvashri Raj Bahadur Singh and Rameshwar Dutt. In the first case, the accused were convicted on 26.8.1952 after which both Sardari Lal and Raj Bahadur Singh were dismissed from service with effect from the same date. In the second case, the accused were convicted on 25.10.1952. In both the cases, the accused appealed to the higher courts and their appeals were allowed on 1.12.1954 and 9.2.1956 respectively. On acquittal by the higher court as a result of his appeal, Shri Raj Bahadur Singh was reinstated in service on 17.2.56 and was placed under suspension pending departmental proceedings. It appears that he was released from suspension on 27.2.56 and served

with a memorandum of charges on 1-7-56. He was allowed a period of 30 days for submitting his defence but he has proceeded on leave on medical certificate (which incidentally has been countersigned by the Civil Surgeon) for three months from 13-7-56. The other official Shri Sardari Lal was reinstated on 31-12-1954 afternoon and was served with a Memo. of charges on 26-5-1955. Final orders awarding the punishment of recovery from pay of Rs. 118/10/- were issued on 29.6.1955. The question whether the removal of suspension orders was at all justified is being looked into and a further report on this point will be sent to the Public Accounts Committee.

9. Yet another case was registered with the police on 10-8-1948 against Richpal Das, a Postman for wrong identification of the depositor. This ended in conviction of the accused on 29-12-1950. He was awarded one year's rigorous imprisonment and a fine of Rs.100/- which has been credited to the P. & T. Department.

10. It will be seen from the foregoing that out of the 11 persons involved in all these cases, Sarvashri Richpal Das and J. P. Garg have been convicted by the court. Out of the remaining, Sarvashri Raj Bahadur Singh, Rameshwar Dutt and Sardari Lal took up their appeals before the courts of law but were eventually acquitted. As regards departmental action, Shri Richpal Das was automatically dismissed from service on his conviction by the court of law. Disciplinary proceedings were started against the following permanent officials on ground of contributory negligence and punishment of recovery from pay, of the amounts indicated against their names, was awarded.

<i>Name</i>	<i>Amount of Recovery</i>	<i>Month in which recovery was commenced.</i>
1. Shri Attar Singh	Rs.1128/14/-	May '55 (Pay for April).
2. Shri Banarsi Das	Rs.1100/-	Aug.55(Pay for July, 55).
3. Shri Sardari Lal	Rs. 118/10/-	July,55(Pay for June, 55).

The following were temporary employees of the Department and even though they were discharged or resigned from service, amounts indicated against their names were recovered from their sureties.

1. Shri Rameshwar Dutt	discharged on 13-10-49	Rs.300/-
2. Shri J. P. Garg	discharged on 27-1-48	Rs.300/-
3. Shri Harpal Singh Malik	discharged on 24-2-48	Rs.300/-
4. Shri Prem Chand Jain	resigned on 7-1-48	Rs.292/1/-
5. Shri Ram Darshan	resigned on 18-12-47	Rs.194/4/-

"The question of recovery from the surety of Shri Tej Pal Singh who resigned from service on 12-10-1949, has not yet been finalised and steps are being taken to expedite the case".

11. A recovery of Rs.300/- was also made from the surety of Shri Raj Bahadur Singh on his dismissal. The period of absence from duty has not yet been regularised pending disciplinary action which is still in progress and the Postmaster General, Lucknow has been requested to expedite disposal of this case.

12. The Committee has also desired to know the date on which the case was reported to audit. It may be mentioned in this connection that the audit officers were fully in the picture from time to time with the details of the case - the first report having been sent to audit on 24-9-1948 in respect of 50 D.S.B accounts. Reports in one case and in seven cases were sent to Audit on the 19th July, 1949 and 19th October, 1949 respectively. As regards the remaining 4 cases, no report was sent to Audit presumably as the amount of loss involved in these cases was small, being less than Rs.200/-

(B. N. Jha)

Secretary to the Government of India.

Appendix IV
(See para 27)

Ministry of Transport and Communications

A NOTE FOR SUBMISSION TO THE P.A.C. INDICATING ACTION
TAKEN ON THE RECOMMENDATIONS CONTAINED IN PARAS 10
AND 11 OF THE 22ND REPORT OF THE PUBLIC ACCOUNTS,
COMMITTEE, 1956-57.

Reference is invited to paras 8 and 10 of the Note on the fraudulent withdrawals from the Defence Savings Bank Accounts, which was forwarded to the Lok Sabha Secretariat under this Ministry's O.M.No.QB.81.9/54 dated 1st May, 1957, for submission to the Public Accounts Committee with reference to para 2 of P. & T. Audit Report, 1955 (part I). Further information regarding (i) the question whether the removal of suspension orders against Shri Raj Bahadur Singh was at all justified; and (ii) the question of recovery from the surety of Shri Tej Pal Singh who resigned from service on 12-10-49, is furnished below:

(i) The question as to how far the release from suspension of Shri Raj Bahadur Singh was justified was taken up with the P.M.G., U.P., who reported that the Senior Superintendent of Post Offices, Meerut, who is the competent authority in this case, took a compassionate view of the official's pitiable condition due to his continued unemployment since the date of dismissal, viz. 26-8-1952, and released him from suspension with effect from 27-2-1956 pending completion of departmental proceedings against him. The propriety of this action taken by the Senior Superintendent, Meerut, will be examined after this officer has concluded the departmental proceedings against Shri Raj Bahadur Singh.

The question of taking departmental action against the official in respect of the lapses noticed against him was taken up only after his release from suspension. A charge-sheet could not, however, be issued as some of the records were still in the Law Court. The matter was taken up with the Law Court for the release of those records. In the meantime, however, on 4th July, 1956, a charge-sheet was issued to the official in respect of the irregularities and lapses committed by him in 50 D.S.B. cases for which the records were available. Subsequently, another charge-sheet was issued to the official on 30th October, 1956, in respect of the irregularities alleged to have been committed by him in the two cases that had been taken to the Court. The charges enumerated in both the charge-sheets are in respect of breach of rules and contributory negligence.

(ii) Inquiries into this case have revealed that although the official, Shri Tej Pal Singh, had remitted a premium of Rs. 2/- to the Co-operative Society by Money Order on 16-9-47, for the issue of a Fidelity Bond, timely steps were not taken to obtain and place on record a valid Fidelity Bond. It has, therefore, not been possible to enforce any recovery from the Co-operative Society so far.

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

Secretary to the Government of
India

Appendix V
(See para 28)

INDIA POSTS AND TELEGRAPHS DEPARTMENT
OFFICE OF THE DIRECTOR GENERAL 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 unwilling-

ness of officers to assume responsibility or to arrive at quick decisions.

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.

Assistant Director General (O. & M.)

Appendix VI
(See para 29)

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

OFFICE ORDER No. 27

Dated New Delhi, the 28th June,
1955.

Detailed examination of a case included by Accountant General in a recent Audit Report has revealed that after a decision was reached to effect certain payment to a State Government for acquiring free hold of certain premises, the payment was delayed by over 1½ years by entering into further correspondence with the State Government at Sectional Officer's level without the case being submitted to the Chief Engineer or the Branch Officer concerned. This delay formed the subject of adverse comment in the Audit Report.

I would like, therefore, to reiterate my oft-repeated orders that all cases involving important decisions should invariably be submitted by Sectional Officers to Branch Officers.

Director General.

Appendix VII
(See para 31)

No. NB.38-21/46-III

Government of India
Ministry of Transport and Communications
(Deptts. of Communications and Civil Aviations)
(Posts and Telegraphs)

Dated at New Delhi, the 2nd August,
1957.

Subject: Note for submission to the Public Accounts Committee
Para 18 of the P. & T. Audit Report 1953 - Rented Accommodation.

In para 87 of their Twenty Second Report 1956-57 on the Accounts of the P. & T. Department for 1953-54, etc., the Public Accounts Committee observed as under:

"The Committee trust that the Ministry of Communications will persuade the West Bengal Government to provide alternative accommodation to the unauthorised squatters and thus get themselves relieved of further liability in respect of the building rented by the P. & T. Department in 1948 on account of which they have already incurred an infructuous expenditure of Rs.7.2 lakhs. The Committee would like to be apprised of further developments in this case".

2. In furtherance of the aforesaid directive, the matter was taken up demi-officially with the Chief Secretary, West Bengal Government (Annexure A) in which the legal position was discussed at length. It was proposed that the West Bengal Government may depute one or more of their representatives to attend a meeting in Delhi to discuss ways and means of securing vacant possession of the premises in accordance with the provisions of either (1) the Rehabilitation of Displaced persons and Eviction of persons in unauthorised occupation of Land Act, 1951 (West Bengal Act - XVI of 51) or (2) the Ordinary Law of the country relating to the eviction of persons in forcible occupation of property belonging to other persons. The West Bengal Government did not re-act favourably to these proposals. The Chief Secretary, West Bengal Government, in his reply (Annexure B) intimated that the *bona fide* refugees residing in 77-C, Park Street, Calcutta will be accommodated in new tenements to be put up by Government as soon as the terms and conditions under which the property will be administered are finalised between the Central Government and the State Government.

It was felt from this reply that while on the one hand the tenements would take a long time to come up, on the other, the problem of dealing with people, who may not be *bonafide* refugees would still remain unsolved and the eviction of such persons, under the normal process of law, would involve a great deal of delay and expense.

3. The Chief Secretary, West Bengal Government, was again addressed demi-officially (Annexure C) in which the difficulties mentioned in the foregoing paragraph were stated and it was once again proposed that the West Bengal Government may reconsider the original proposal of deputed representatives of his Government for discussion of the problem or alternatively to agree to the problem being discussed by representatives of the Central Government at Calcutta. In his reply dated 6-5-1957 (Annexure D) enclosing a copy of the letter dated 9-4-1957 addressed by him to the Postmaster General, West Bengal, the Chief Secretary, West Bengal Government expressed the opinion that the matters were not likely to improve by discussions because of the legal difficulties involved. He, however, agreed that the Central Government may, if they consider necessary, depute their representative to come to Calcutta for a discussion, after consultation with their law advisers, specially on the point that the Government Premises (Eviction) Act, 1950 has been declared *ultra vires* in the State of West Bengal by a High Court decision. It was further pointed out that as the Postal Department is a monthly tenant of the premises it cannot make the application under the Rehabilitation of Displaced Persons and Eviction of Persons in unauthorised occupation of Land Act, 1951 (Act XVI of 1951) not being an owner as required under Section 2 of the Act and that the only practicable proposition is to requisition the Premises under the Requisitioning and Acquisition of Immovable Property Act, 1952 and thereafter to take proceedings for eviction of persons in unauthorised occupation.

4. In the various exchanges of correspondence with the State Government, it has all along been taken for granted that no action can be taken under the 'Government Premises (Eviction) Act, 1950'. The proposal all along has been that the eviction of squatters was to be secured either under the (1) West Bengal Act XVI of 1951 or the (2) ordinary law of the country relating to the eviction of persons in forcible occupation of property belonging to other persons. It was felt that notwithstanding the fact whether action is taken against one or the other of the two Acts mentioned above or under the Requisitioning and Acquisition of Immovable Property Act, 1952 (Act No. 30 of 1952) after requisitioning the premises as suggested by the West Bengal Government, a stage would come where the State Government would be called upon to render police help. The Central Government wished to be assured that such help would be forthcoming when the need arose.

5. The suggestions made by the State Government are being examined. The representatives of the Central Government would be deputed to

Calcutta, if such a course would appear to be fruitful. The Premises may have to be requisitioned under the Requisitioning and Acquisition of Immovable property Act, 1952 for taking effective steps under Section 4 of the said Act for obtaining possession after evicting the persons in unauthorised occupation with the help of police. The proceedings are likely to be long-drawn and there are no prospects of an early cessation of this liability.

6. The Accountant-General, P. & T. has also seen this note.

Secretary to the Government of India.

To

The Chairman & Members of the Public Accounts Committee.

(ANNEXURE A)

Copy of a D.O. letter No.NB.38-21/46 dated the 19/20-10-1956 from Shri B. N. Jha, Secretary, Ministry of Communications, New Delhi to Shri S. N. Ray, I.C.S., Chief Secretary to the Government of West Bengal, Calcutta.

.....

You are perhaps aware that the premises of 77-C, Park Street and 23, Nimta Road, Calcutta which are on lease with the P. & T. Department were forcibly occupied by the refugees from East Bengal during 1948 and still continue to be in their possession. The P. & T. Department have been paying nearly Rs. 8,000/- every month as rent for these premises. It is a heavy and unnecessary drain on P. & T. resources, and has rightly drawn adverse comments from the Public Accounts Committee.

2. Efforts were made from time to time to evict the 'squatters' from these premises. During 1952 all legal formalities prescribed by the Govt. Premises (Eviction) Act, 1950 were completed and the stage for forcible eviction reached, but the West Bengal Govt. did not agree to provide the necessary police help on the ground that the law and order situation in Calcutta was such that the forcible eviction of these unlawful occupants would have serious repercussions. In the meantime, the Government Premises (Eviction) Act, 1950 was declared *ultra-vires* in the State of West Bengal and it has not been possible to have recourse to this Central Act to get the premises vacated.

3. The Government of India (P. & T.) are now left with no alternative but to take steps under either (1) the Rehabilitation of Displaced Persons and Eviction of Persons in Un-authorized Occupation of Land Act, 1951 (West Bengal Act - XVI of 51) or (2) the Ordinary law of the Country relating to the eviction of tenants by landlords. It is not possible to have recourse to the former, as the premises are held by the Central Govt. on month-to-month tenancy basis and as they do not satisfy the requirement of being lease-holders of the property. On the other hand, proceedings under the ordinary law would be long-drawn out and would involve considerable expenditure. In either case, as we see it, a stage may sooner or later come when force may have to be used to evict the occupants of these premises and it is on this point that we are anxious to consult your Government.

4. It is now proposed to convene a meeting in Delhi to decide upon the most suitable method of securing vacant possession of the premises. Besides the nominees of the Ministry of Communications, representatives of the Ministries of Finance, Law and Rehabilitation of the Central Government will be requested to attend. I shall be obliged if you could depute one

or more representatives of the West Bengal Govt. also to participate in the discussions. It is hoped that the meeting would be able to evolve a complete and feasible plan for speedy eviction of these unlawful occupants from the premises.

5. On hearing from you, the D G., P. & T. will forward an agenda for the meeting and also notify the date. I hope that some date early in November will suit your nominees.

With kind regards,

(ANNEXURE B)

Copy of a D.O. letter No.10924-P dated the 27th November, 1956 from Shri S. N. Ray, Chief Secretary to the West Bengal Govt. Calcutta to Shri V. M. Bhide, I.A.S., Deputy Secretary to the Govt. of India, Ministry of Communications, New Delhi.

.....

Please refer to your D.O. No.NB.38-21/46 dated November 12, 1956. It has been arranged that bonafide refugees occupying No.77-C, Park Street, Calcutta will be accommodated in new tenements to be put up by Government as soon as the terms and conditions under which the property will be administered are finalised between the Central Government and the State Government.

.....

(ANNEXURE C)

Copy of a D.O. letter No.MB.38-21/46 dated April 9, 1957 from Shri B.N. Jha, Secretary, Ministry of Communications, New Delhi to Shri S. N. Ray, I.C.S., Chief Secretary to the Govt. of West Bengal, Calcutta.

.....

In October last, I had written to you about two buildings in Calcutta which were rented out by the P. & T. but forcibly occupied by refugees from East Bengal. I am enclosing a copy of that letter for ready reference. I had suggested therein that the further steps that should be taken to obtain vacant possession of these premises should be discussed in a meeting to be attended by representatives of the West Bengal Govt. and the Central Govt.

2. In your reply to this letter dated November, 27, 1956 you have stated that bonafide refugees would be accommodated in new tenements under construction after certain terms and conditions have been finalised. You will observe from the history of the case, as given in my earlier letter, that even with the provision of such alternative accommodation to the bonafide refugees - the P. & T. Department will still have considerable difficulty in evicting those squatters who are not bonafide refugees as well as such of those bonafide refugees who refuse to accept alternate accommodation.

3. I, therefore, feel that it is still desirable to have a joint meeting wherein we can discuss the further steps to be taken in this long pending case. If you consider, it will be difficult for you to depute your representatives to Delhi, representatives of this Ministry will visit Calcutta during the month to discuss this matter further with your officers. Kindly let me know at an early date as to which of the above proposals is acceptable to you. I shall also be thankful if you could intimate the date which will be convenient for the representatives of your Government.

.....

(ANNEXURE D)

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Copy of a D.O. letter No.3340-P dated May 6, 1957 from Shri S. N. Ray, ICS, Chief Secretary, Calcutta to Shri B. N. Jha, ICS, Secretary to the Govt. of India, New Delhi.

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Please refer to your D.O. No.NB.38-21/46 dated 9th April, 1957.

I am enclosing a copy of a letter which I have written to the Postmaster-General, West Bengal Circle, regarding this matter. Personally, I do not think that matters will improve by discussion because of the legal difficulties involved. If you still wish to have a discussion, you may ask one of your officers to approach me for fixing a date at Calcutta but before convening a meeting for discussion, I think you should obtain the opinion of the Law Advisers of the Central Govt. specially on the point that the Government Premises (Eviction) Act, 1950, has been declared *ultra vires* in the State of West Bengal by a High Court decision, vide your letter of the 19th/20th October, 1956.

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Copy of letter No.2645 dated 9-4-1957 to the Postmaster General, West Bengal Circle, Calcutta from Chief Secretary, Govt. of West Bengal.

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Please refer to K. P. Sen's D.O.No.BDG/E-1033/II dated January 17, 1957. Our legal advisers confirm the position that as the Postal Department is a monthly tenant of the premises it cannot make the application under Bengal Act XVI of 1951, not being an "owner" as required under Section 2 of the Act. The only practical proposition seems to me for the Central Government to requisition the premises on notice to the owner and to the persons occupying the same and thereafter to take proceedings for eviction of the persons in unauthorised occupation. I am afraid there seems to be no other way out and it would be better for the Postal Department to take legal opinion from the Solicitor to the Central Government.

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APPENDIX VIII

Summary of the main conclusions/Recommendations of the First Report of the Public Accounts Committee (Second Lok Sabha) on Appropriation Accounts (Posts and Telegraphs), 1954-55 and Audit Report, 1956, Part II and Audit Report (Posts and Telegraphs), 1957 Part I.

Sl. No.	Para No.	Min. concerned.	Conclusions/Recommendations.
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1.	3(Introduction)	<u>D. G. P & T</u> Home Affairs.	The Committee observe that disciplinary proceedings against the delinquent officials involved in cases of losses, frauds etc. have been delayed. While they appreciate the difficulties expressed by the Posts and Telegraphs Department in this respect, the Committee feel that such difficulties are not insurmountable. They trust next year's accounts will show improvement in this respect.
2.	4(-dc-)	-dc-/ Min. of Transport & Com.	The Committee regret that information desired by them in regard to certain cases was not received by them in time for drafting their report. They had, therefore, to defer consideration of these cases.
3.	3	Transport & Com./Finance (Com) All Ministries.	i) The Committee are not satisfied with the explanations given for savings under grant No.111. In their opinion the tendency to provide funds in the Budget Estimates on the basis of the plan targets without a realistic appraisal of spending capacity would only hamper the progress of the Plan by locking up funds which could be profitably utilised elsewhere. This tendency is noticeable in other Ministries also. A more accurate estimation of the spending capacity is very necessary especially in the context of the present financial stringency and it is hoped all Ministries will take due note of the observations of the Committee in this regard.

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	Finance (Communi- cations)/ Transport & Communi- cations)		ii) The Committee are led to the conclusion that in this ^{case} proper financial control had not been exercised either in the initial stages or in subsequent stages despite the fact that similar lapses had been pointed out by the Committee in previous years.
	Transport & Communica- tions/D.G., P. & T.		iii) The Committee regret that the information desired by them has not yet been furnished by the D.G., P. & T.
4.	5	-dc-	In the opinion of the Committee the primary irregularity in the case referred to in para 2 of Audit Report, 1957 Part I was that the payment had been made contrary to the existing instructions issued by the P. & T. Department. The fact that it has since been possible to work at the local rates strongly supports the view that there has been avoidable extra expenditure. The Committee, therefore desire that the P. & T. Department should investigate this case and fix responsibility on the persons concerned for making payments at higher rates without recording reasons.
5.	6	Transport & Communica- tions/D.G., P. & T.	The Committee deplore the purchase of material in the case referred to in para 3 of Audit Report P. & T., 1957 Part I without reference to stock in hand. The Committee desire that the department should take prompt steps to guard against such lapses. They would also like to know the action taken by the P. & T. Department against the persons responsible for over-indenting of cloth.
6.	7	-dc-	The Committee are unable to appreciate the reasons for subsequently abandoning the proposal to acquire the building after protracted negotiations. The infructuous expenditure could have been avoided if the department

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			had before examining the question of purchasing the property made full enquiries into the title of the property and the price acceptable to the vendor.
7.		8 D.G., P. & T.	<p>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 out houses 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.</p> <p>ii) While the Committee appreciate the legal complication 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.</p>
8.	9	10 -do-	<p>The Committee disapprove the manner in which the equipment was purchased in the case referred to in para 6 of Audit Report, 1957 part I, without proper planning and investigation regarding its usability. The Committee trust that in future the Posts and Telegraphs Department would not embark on the purchase of plant and machinery without a definite plan for using them.</p>
9.	11	12 -do-	<p>i) The Committee reserve their comments in the case referred to in par 7 of Audit Report, 1957 part I till the information desired by them is made available by the D.G., P. & T.</p> <p>ii) The Committee desire that the D.G., P. & T. should keep a strict watch on all works undertaken without prior financial sanction.</p>
	13	-do-	

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10.	14	D.G., P. & T.	The Committee would like to be apprised of the final outcome of the proceedings against the Manager of the Depot and the contractor involved in the case referred to in para 8 of Audit Report, 1957 part I.
11.	15	-do-	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.
12.	16	D.G., P. & T./ Home Affairs.	The Committee suggest that it will be conducive to better discipline if departmental proceedings are started against delinquents simultaneously with the police enquiry.
13.	17	D.G., P. & T.	The Committee were informed that the existing system of payments in Saving Banks Accounts was inherently defective. They Desire that P. & T. Department in consultation with Audit should urgently consider the revision of the procedure with a view to obviate the possibility of recurrence of such frauds. They would also watch further developments in the particular case.
14.	18.	-do-	ii) The Committee are led to the view that the entire Savings Bank procedure in Post Offices needs a thorough examination with a view to better safe-guarding of the interests of the State while at the same time effecting simplifications in the procedure in interests of the depositors.
15.	19	-do-	The Committee would await the results of the Departmental investigations in the case referred to in the para 13 of Audit Report, 1957 part I. At this stage, the only comment which

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			the Committee like to make is that although more than three years have elapsed, very little progress appears to have been made.
16.	20	D.G., P. & T.	The Committee see no reason why the outstanding of the Telephone Revenues could not be brought down considerably.
17.	21	Transport & Communications/D.G., P. & T.	The Committee were concerned that delays in furnishing replies to Audit still continued. The Committee would reiterate their previous recommendations made in paras 38 and 84 of their First and Seventh Reports respectively and desire the P. & T. Department to impress upon all the officers the importance of prompt attention to Audit observations.
18.	22	D.G., P. & T.	In view of the magnitude of losses of copper wire the Committee would suggest that the P. & T. Department should study this problem in the light of measures adopted by other countries.
19.	23	-do-	<p>i) The Committee were concerned to see that despite repeated assurances given to them the state of store accounting in the P. & T. Department had not shown any improvement.</p> <p>ii) The Committee were informed that the closure of work orders and preparation of labour and material schedules were in progress and the P. & T. Department expected to complete these by October, 1957 and December, 1957 respectively. The Committee trust that the P. & T. Department would be able to adhere to these target dates.</p> <p style="text-align: center;">They desire that progress report may be submitted to them.</p> <p>C. & A.G. iii) The Committee would also like that the comments of Audit on the revised procedure regarding inclusion of the customs duty in the</p>

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			price of stores adopted by the P. & T. Department, be reported upon in the next year's Audit Report.
20.	24	Transport & Communications/Finance (Com.)	The Committee should be furnished with the information desired by them.
21.	25	Transport & Communications.	The Committee would like to be informed of the progress in the reconstruction of the accounts of the Telephone expansion project in the Bombay Telephone District.
22.	26	-do- D.G., P. & T.	The Committee are surprised that the Senior Superintendent, Post Offices should have thought it fit to reinstate the official on compassionate grounds pending completion of disciplinary proceedings against him. In their opinion, the Senior Superintendent had gravely erred in allowing his judgement to be influenced by compassionate considerations instead of the merits of the case and the larger interest of the administration. The Committee would await a further report in this case.
23.	27	-do-	The Committee would like to be informed of the action taken against the officers concerned in this case.
24.	28	-do-	The Committee desire that the disciplinary action should be taken against the persons concerned who had contributed to the delay of 9 years in reaching a decision in this case.
25.	29	-do-	The Committee trust that the instructions issued by P. & T. Department for timely review of cases involving financial implications and those laid down in the Central Secretariat Manual Procedure to safeguard the loss of official records would be strictly followed in future.

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26.	80	Transport & Communications./ D.G., P. & T.	The Committee observe that despite the protracted correspondence between the Governments of India and West Bengal no tangible results have been achieved in getting the premises vacated.