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सत्यमेव जयते

GOVERNMENT OF INDIA

AUDIT REPORT  
POSTS AND TELEGRAPHS  
1963





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## CHAPTER I

*General*—As mentioned in the Audit Report, 1962, the Posts and Telegraphs Department pays a dividend to the General Revenues with effect from 1960-61 at the rate\* in force from time to time in the Railways, calculated on the mean capital at charge during the year reduced by the amount of the accumulated surplus at the credit of the Department in the *pro forma* account on the 31st March, 1960. The surplus left over after paying the dividend to General Revenues is to be utilised for making adequate contribution to the Renewals Reserve Fund and the balance, if any, is to be utilised for building up the Posts and Telegraphs Development Fund and the Revenue Reserve Fund. The cost of all replacements of assets (including inflationary and improvement elements) is to be borne by the Renewals Reserve Fund.

2. The estimated and actual figures of revenue receipts, working expenses and appropriations to Renewals Reserve Fund during the five years ending 1961-62 were as follows:—

Years	Revenue	Expenditure met from revenue (including interest/ dividend paid to General Revenues but excluding appropriations to Renewals Reserve Fund)	Surplus	Appropriation to Renewals Reserve Fund
1	2	3	4	5
(in crores of rupees)				
<i>1957-58</i>				
Original budget estimates . . . . .	62.08	55.63	6.45	2.50
Actuals . . . . .	61.63	55.42	6.21	2.50
<i>1958-59</i>				
Original budget estimates . . . . .	63.64	58.80	4.84	2.50
Actuals . . . . .	66.31	57.40	8.91	2.50
<i>1959-60</i>				
Original budget estimates . . . . .	69.24	61.79	7.45	3.25
Actuals . . . . .	70.40	60.63	9.77	4.64
<i>1960-61</i>				
Original budget estimates . . . . .	75.40	71.03	4.37	4.35
Actuals . . . . .	77.14	69.28	7.86	7.84
<i>1961-62</i>				
Original budget estimates . . . . .	81.00	74.47	6.53	6.53
Actuals . . . . .	87.89	75.53	12.36	12.36

\* The rates of dividend for 1960-61 and 1961-62 were 4 and 4.25 per cent respectively.



It will be seen that the Revenue realisation exceeded the budgeted figures by Rs. 6.89 crores in 1961-62. The variation (8.5 per cent) was more prominent in this year than in earlier years (*e.g.* 2.3 per cent in 1960-61 and 1.7 per cent in 1959-60). The increase accrued mainly in the Postal and Telephone branches.

In regard to the working expenses, the trend towards overestimation was reversed and there was an excess of Rs. 1.06 crores (1.4 per cent) over the estimates during 1961-62.

3. The Revenue surplus for 1961-62 exceeded the budget estimates by Rs. 5.83 crores. The entire surplus of Rs. 12.36 crores was appropriated to the Renewals Reserve Fund. The contribution to the Fund during 1961-62 was the highest for the five years ending 1961-62.

When the question of adequacy of the amounts standing to the credit of the Renewals Reserve Fund was examined between 1956 and 1959, it was held by the Department that an appropriation of 4 per cent per annum of the "present value" of the assets would be necessary even without allowing for any further increase in prices or for premature replacements. For this purpose, the "present value" of the tele-communication assets was considered by the Department to be roughly 200 per cent of the book value. This worked out to Rs. 263 crores on the 31st March, 1961 and the contribution at 4 per cent of this figure would amount to Rs. 10.52 crores. The amounts appropriated to the Renewals Reserve Fund from the Telegraph and the Telephone branches in 1960-61 and 1961-62 are shown below:—

Year	Amount due for appropriation from Telegraph and Telephone branches	Amount actually appropriated	Shortage — Excess +
(in crores of rupees)			
1960-61 . . .	10.52	7.74	—2.78
1961-62 . . .	11.40	12.21	+0.81
Total . . .	21.92	19.95	—1.97

The deficiency of Rs. 1.97 crores is to be made up in future years.

The Department informed the Public Accounts Committee in July, 1962 (paragraph 2 of the Second Report—Third Lok Sabha) that there was quite a substantial leeway to be made and proposed to review the position in 1966.

The Public Accounts Committee [in paragraph 3 of their Second Report (1962-63)] recommended that the contribution to the Renewals Reserve Fund should be treated as a charge on the working expenses (instead of as an allocation out of the surplus). The matter is stated to be under consideration.



The allocation as between the four branches of the Department of the total amount available for appropriation to the Renewals Reserve Fund does not follow any set principle. The actual branch-wise distribution for 1960-61 and 1961-62 and the percentage which it bears to the book value of the assets of the branches are indicated below:—

	Amount in crores of rupees		Percentage of the book value of the assets	
	1960-61	1961-62	1960-61	1961-62
Postal . . .	0.10	0.10	1.1	1.0
Telegraphs . . .	1.00	1.00	2.4	2.2
Telephones . . .	6.74	11.21	7.6	11.6
Radios . . .	..	0.05	..	4.3

The Public Accounts Committee (1962-63) was not satisfied with the existing arrangements for determining the contributions to be made to the fund by the different branches and suggested, in paragraph 2 of their Second Report, that the allocation of the contribution to the fund among the various branches should be on commercial principles and should bring out a correct presentation of the accounts of each branch. The matter is stated to be receiving attention.

4(i). The growth of revenue in the different branches of the Department and the increase in working expenses during the five years ending 1961-62 are indicated below:—

Years	(In crores of rupees)			
	Postal		Telegraphs	
	Revenue	Working Expenses	Revenue	Working Expenses
1957-58 . . .	34.88	36.42	8.24	7.22
1958-59 . . .	37.87	36.47	8.26	7.62
1959-60 . . .	39.22	38.22	9.10	7.99
1960-61 . . .	40.78	41.55	9.85	9.83
1961-62 . . .	45.62	43.29	11.06	9.92

  

	Telephones		Radios	
	Revenue	Working Expenses	Revenue	Working Expenses
1957-58 . . .	18.39	11.58	0.12	0.19
1958-59 . . .	20.03	13.12	0.15	0.19
1959-60 . . .	21.96	14.11	0.12	0.31
1960-61 . . .	26.38	17.66	0.14	0.24
1961-62 . . .	31.06	21.99	0.15	0.33

The increasing trend in the revenue receipts continued in all the branches. The substantial increase of Rs. 4.84 crores (11.9 per cent) during 1961-62 in the Postal branch was mainly due to increased realisations under "postage" (3.17) and under "Fees and other receipts" (1.13)\*. The Telephone branch also showed a substantial increase (4.68) during 1961-62, mainly due to more income on telephone rentals and call fees.

There has been a continuous rise in the total expenditure as well as in the expenditure of the individual branches, generally under all categories like pay charges, allowances, contingencies, etc. The highest increase (Rs. 4.33 crores) during 1961-62 occurred under the Telephone branch (24.5 per cent) against which the corresponding increase in revenue (Rs. 4.68 crores) was only 17.7 per cent.

Some special features resulting in the increase in expenditure were (a) increased rent adjusted for the trunk wires due to revision in rate and (b) increased expenditure under "Petty and other Works" (from Rs. 1.61 crores in 1959-60 to Rs. 4.89 crores in 1961-62) due to revision in the allocation rules increasing the monetary limit for the cost of new works to be charged to Revenue.

(ii) *Opening of unremunerative Telegraph (or Combined) Offices, Public Call Offices and Telephone Exchanges during the Second Five Year Plan*—During the Second Five Year Plan, Government sanctioned the provision of tele-communication facilities in rural areas and other small towns subject to a cumulative limit of Rs. 40 lakhs for the loss in respect of telegraph facilities and a similar sum for the loss on account of extension of telephone facilities during the period 1956-61.

The Director General, Posts and Telegraphs, had also been directed in January, 1957 to submit quarterly reports to the Government in order to keep a watch that the prescribed limit of loss was not exceeded. As, however, no record showing the actual loss incurred year by year in respect of these offices has been kept by the Department except for guaranteed combined offices, it is not possible to verify that losses incurred in the opening of telegraph and telephone offices during the Second Plan period did not exceed the limits laid down by Government.

(iii) *Arrears in collection of telegraph revenue*—The amount of telegraph revenue due from senders of messages upto the end of 1961-62 and awaiting collection on the 1st July, 1962 amounted to Rs. 3.5 lakhs. Out of this, a sum of Rs. 3.2 lakhs† related to cases where the condition of pre-payment has been relaxed. The balance represents mostly short charges on telegrams and cost of phonograms awaiting recovery.

A sum of Rs. 16.92 lakhs was pending recovery on the 1st July, 1962 from Foreign Telegraph and Radio Administrations in respect of bills issued upto March, 1962. This amount was made up of (a) dues from Pakistan Government (Rs. 13.20 lakhs) in respect of the period 1947-48 to 1961-62 and (b) dues from other foreign administrations (Rs. 3.72 lakhs) relating mostly

\* This includes a sum of Rs. 1 crore being the first instalment of the arrears (total Rs. 2.42 crores) due to the revision with retrospective effect of the rates of recovery of the cost of Savings Bank and Cash Certificate work.

† Includes Rs. 1.16 lakhs recoverable from the United Press of India, Limited (now under liquidation).



to the year 1961-62. The matter in respect of realisation of the outstanding dues from Pakistan is reported (November, 1962) to have been taken up with that Government.

(iv) *Arrears of rent for telegraph and teleprinter circuits*—The rentals for telegraph and teleprinter circuits provided by the Department for use by the Government Departments, the Press and other private parties are payable quarterly in advance. A sum of Rs. 7.6 lakhs, however, remained outstanding from various parties on the 1st October, 1962 in respect of bills issued upto the 31st March, 1962 as detailed below:—

(1) Government Departments—

(a) Defence . . . . .	Rs. 5.2 lakhs
(b) Others . . . . .	Rs. 0.6 lakhs
(2) News Agencies . . . . .	Rs. 1.8 lakhs

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Rs. 7.6 lakhs

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Out of this, a sum of Rs. 2.94 lakhs relates to 1960-61 and earlier years. The amount due from News Agencies related wholly to the United Press of India, which went into voluntary liquidation in 1959. The liquidation proceedings are not yet over.

(v) *Arrears in telephone revenue*—The total amount of telephone revenue awaiting collection on the 1st July, 1962, in respect of bills issued upto the 31st March, 1962, amounted to Rs. 2.57 crores. A substantial portion of these outstandings (about Rs. 1.38 crores) relates to Government subscribers. The statement given in Appendix 1 shows the position of these outstandings analysed according to the years to which they relate. Out of the total outstanding of Rs. 2.57 crores, a sum of about Rs. 1.09 crores relates to bills issued in 1960-61 and earlier years.

The following steps are under consideration by the Department to improve the position regarding recovery of outstanding telephone revenue and accounting—

- (a) de-centralisation of telephone revenue accounting offices, first into large divisional units and then to attach them to each telephone exchange;
- (b) mechanisation of accounting for expediting the accounts and reducing staff; and
- (c) delegation of powers to write off irrecoverable dues.

A test audit of telephone revenue accounts conducted during 1961-62 brought to light instances of short recoveries (Rs. 1.96 lakhs) and failure to



issue bills (Rs. 13.21 lakhs) to the extent of Rs. 15.17 lakhs. The corresponding amounts for the ~~the~~ last four years in respect of these are as follows:—

Year	Failure to issue bills	Short recoveries	Total
	(in lakhs of rupees)		
1957-58 . . . . .	4.38	1.22	5.60
1958-59 . . . . .	5.83	0.96	6.79
1959-60 . . . . .	7.69	1.71	9.40
1960-61 . . . . .	10.76	2.21	12.97

The short collection was mainly due to incorrect valuation of trunk call tickets, under-charges due to billing at old rates, etc.

(vi) *Concessions for Press Telegrams*—Press Telegrams are charged for at concessional rates in accordance with International practice. As the quantum of concession varies according to the class of telegrams, time of booking, etc., a computation of the value of the concession is not possible, but in regard to inland Press Telegrams, it has been estimated that the value of the concession during the years 1958-59 to 1961-62, computed on a rough basis, is of the order of Rs. 187.55 lakhs as indicated below:—

Year	Number of telegrams	Amount (in lakhs of rupees)
1958-59 . . . . .	2,25,323	37.92
1959-60 . . . . .	2,52,457	41.96
1960-61 . . . . .	2,84,482	46.38
1961-62 . . . . .	3,59,294	61.29
Total . . . . .	11,21,556	187.55

The telegram charges in force from time to time since 1950 are given below:—

From	Ordinary Inland Press Telegrams		Ordinary Inland Telegrams other than Press		
	Charge for minimum wordage	Charge for each additional 5 words	Charge for minimum wordage	Charge for each additional word	Cost of a telegram of 50 words
1-4-1950	50 words 12 annas	1 anna	8 words 12 annas	1 anna	Rs. 3-6-0
1-4-1956	50 words 12 annas	1 anna	8 words 13 annas	1 anna	Rs. 3-7-0
1-4-1957	50 words 75 nP.	7 nP.	8 words 80 nP.	7 nP.	Rs. 3-74 nP.
10-6-1957	50 words 75 nP.	7 nP.	8 words 80 nP.	8 nP.	Rs. 4.16 nP.

The rates of charge for inland private telegrams have been revised from time to time from 1950, but those for the Press Telegrams have practically remained the same all these years.

5. *Special Services*—(a) *Leased Circuits*—Telegraph wires (circuits) are taken on lease by the Railways, private parties and other Government Departments either in connection with the Teleprinter Service or otherwise. The leased circuits provide for exclusive facility of transmission of messages on the lines during the specified period.

The Railways are charged for the leased wires (circuits) at no profit basis, while the rates fixed for private parties and other Government Departments are intended to include a margin of profit. The News Agencies and the Press are, however, charged at a special lower rate.

The rates of rental chargeable for the telegraph wires leased to the Railways were revised from time to time as indicated below, owing to the all-round increase in cost, maintenance, etc:—

	Rate per mile per annum from 1-4-1939	Revised from 1-4-1956	Proposed to be revised from 1-4-1961
	Rs.	Rs.	Rs.
Iron wire . . .	19	39	60
Copper wire . . .	31	49	87

The News Agencies and the Press, private parties and other Government Departments mostly take the telegraph circuits on lease in order to avail themselves of the Teleprinter Service. The revenue earned during 1961-62 on account of the leased circuits given for teleprinter service was Rs. 41.87 lakhs.

The rates of rental for telegraph circuits leased to News Agencies and the Press were last fixed in August, 1943 at Rs. 30 per mile per annum and those for the telegraph circuits leased to private parties and other Government Departments were fixed in 1947 at Rs. 60 per mile per annum for the first 25 miles, at Rs. 45 per mile per annum for the next 475 miles and at Rs. 30 per mile per annum thereafter. Though the rates for Railways which had been fixed on no profit basis were revised and raised from time to time, the rates of charges payable by private parties and other Government Departments have not been revised since 1947.

(b) *Teleprinter Machines*—Teleprinter machines are rented by the Telegraph branch to News Agencies, private parties and other Government Departments in connection with improved services like Teleprinter, Telex and Printergram services.

In the teleprinter service, the subscriber enjoys the privilege of exclusive use of a leased telegraph circuit connecting two terminal stations for transmission of messages directly. For this purpose, a teleprinter machine is required to be installed at each of the terminal stations.

The rental for the teleprinter machine is intended to cover the recurring charges on account of (i) interest on capital, (ii) depreciation and (iii) maintenance.

The rate was fixed at Rs. 1,000 per annum in 1947 and was allowed to continue after review in 1958. The capital cost of the machines has further gone up beyond the 1958 level (Rs. 5,434 in 1961-62 as compared with prices ranging from Rs. 3,605 to Rs. 4,326 in 1958) and on the basis of the increased costs the rental would work out to Rs. 1,300 (approx.) per machine per annum.



In the Telex service, two distant stations are connected by means of teleprinter exchanges set up at these stations and the subscriber at one station can contact a subscriber at the other station or at the same station by direct dialling through the teleprinter machine installed at the subscriber's premises.

In the Printergram service, the collection and delivery of telegrams are speeded up. Telegrams intended to be transmitted by the subscriber are passed on to the telegraph office, through the teleprinter machine installed at his premises and similarly messages received in the telegraph office are transmitted to the subscriber through the teleprinter machines; thus a considerable time is saved in delivery and collection of message to and from the telegraph office.

The rental for the teleprinter machines given in connection with the telex and printergram services was fixed at Rs. 600 per machine per annum in 1955 in view of the fact that these machines are put to less use than those given for the teleprinter services and the maintenance expenditure would, therefore, be lower.

Owing to the increase in the cost of the teleprinter machines, the rental for the teleprinter machine given for telex service was raised from Rs. 600 to Rs. 700 per annum with effect from the 1st April, 1962. The rental for the teleprinter machine given in connection with the printergram service has not however been raised correspondingly.

6. *Capital Outlay*—The Capital Outlay of the Department on the 31st March, 1962 stood at Rs. 152·32 crores as against Rs. 99·82 crores on the 31st March, 1957, thus recording an increase of Rs. 52·50 crores or 52·6 per cent during the five year period.

The increase in revenue under the Telegraph and Telephone branches during the same period as compared to the corresponding increase in their capital outlay is shown below:—

Branch	Increase in Capital Outlay		Increase in Revenue	
	Amount	Percentage	Amount	Percentage
	(amounts in crores of rupees)			
Telegraphs . . .	13·34	34·9	3·37	43·8
Telephones . . .	34·14	61·4	14·75	90·4

While the revenue of the Telephone branch increased by 90·4 per cent as against the increase of 61·4 per cent in the capital outlay, the revenue of the Telegraph branch showed a much smaller increase of 43·8 per cent, against the corresponding increase of 34·9 per cent in its capital outlay. The capital outlay of the Telegraph branch includes the value of the trunk telephone assets, which are borne by that branch, but rented out to the Telephone branch. In return, the Telephone branch pays to the Telegraph branch rent for those assets at the prescribed rates, which do not include any profit element, the result being that the entire profit from those assets accrues to the Telephone branch.

The question of rationalisation of inter-branch adjustments of rentals between Telegraph and Telephone branches is under consideration of Government and this was mentioned to the Public Accounts Committee [*c.f.* para 4 of the Second Report of the Public Accounts Committee (Third Lok Sabha)].



## CHAPTER II—GENERAL RESULTS OF APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

7. *General*—The following table compares the expenditure during the year 1961-62 with the total of voted grants and *charged* appropriations:—

Grants/Appropriations	Actual expendi- ture	Excess + Saving —	Percentage of column 3 to column 1
<i>Voted</i> (in crores of rupees)			
Original . . . . .	106·89		
Supplementary . . . . .	5·10		
Final . . . . .	111·99	113·69	+1·70
			1·5
<i>Charged</i> (in lakhs of rupees)			
Original . . . . .	0·60		
Supplementary . . . . .	4·50		
Final . . . . .	5·10	0·15	—4·95
			97·1

The excess of Rs. 1·70 crores in the voted section was mainly due to the excess of Rs. 2·97 crores under Grant No. 88 as a result of the transfer of a larger amount to Renewals Reserve Fund (*c.f.* para 2 above) counter-balanced by a saving of Rs. 1·25 crores under Grant No. 133—Capital Outlay on Posts and Telegraphs (not met from Revenue). These are further considered in the following paragraphs.

The savings under the grant for Capital Outlay amounted to 6·1 per cent in 1961-62 as against 22·3 per cent in 1960-61. The main projects under which the savings occurred are the same as those on which large savings occurred in the previous year also as indicated below:—

Project	Year	Funds provid- ed	Actual expen- diture	Main reasons for savings during 1961-62
1	2	3	4	5
	(in crores of rupees)			
Railway Electrification Scheme	1960-61	3·70	1·40	Delay in receipt of imported cables and non-receipt of claims for supplies received late in the year.
	1961-62	1·90	1·48	
Bombay Telephone Long Term Expansion project.	1960-61	1·45	0·73	Shortage of cables and the con-sequential postponement of cable works.
	1961-62	1·57	1·05	
Co-axial Trunk Cable Scheme connecting Bombay—New Delhi and Calcutta.	1960-61	1·53	0·82	Non-receipt of cables from the Hindusthan Cables, Limited and other imported equipment and corresponding savings under laying charges.
	1961-62	1·01	0·52	

In regard to Grant No. 87—Expenditure met from Revenue, there was a close correspondence between the actual expenditure and the total amount voted; there was a saving of only Rs. 2 lakhs against the total grant of Rs. 77·23 crores.

*Excess requiring regularisation—*

8. *Excess over voted Grant*—An excess occurred over Grant No. 88 as shown below, which requires to be regularised under Article 115 of the Constitution:—

Number and name of Grant		Amount of Grant	Actual expenditure	Excess	Percentage
		Rs.	Rs.	Rs.	
88—Dividend payable to General Revenues and Appropriations to Reserve Funds	Original	11,56,77,000			
	Supplementary	2,79,87,000			
	Final	14,36,64,000	17,33,27,517	2,96,63,517	20.6

The excess over the Grant was the result of:—

- (a) a saving of Rs. 6 lakhs in the amount provided for payment of dividend to General Revenues\*.
- (b) an excess of Rs. 3.03 crores over the provision for transfers to Renewals Reserve Fund as a result of increased surplus disclosed by the actual working results of the Department for the year. A supplementary Grant of Rs. 2.80 crores obtained in March, 1962 to cover the excess anticipated at that stage proved inadequate.

Cases of excessive provision of funds, surrenders where savings were not available and non-utilisation of funds have been indicated in the comments under the respective Appropriation Accounts (published separately).

\*The exact amount of dividend payable is adjusted in the accounts after the close of the year when the mean capital at charge during the year is ascertained.



### CHAPTER III—WORKS EXPENDITURE

9. *Extra expenditure in cable-laying*—It was specifically enjoined at the time of framing a project for the expansion of the Bombay Telephone System that different types of cables to be laid along the same route should be laid at the same time, instead of being laid at different times. This principle was not, however, followed in two cable-laying works of 1958-59, resulting in an avoidable expenditure of about Rs. 21,000 as indicated below:—

Particulars	Date of submission of estimates	Date of sanction	Period of execution	Charges for the re-instatement of roads
1. Cable-laying 100/40 lbs.	September, 1957	November, 1957	April—July, 1958	Rs. 21,159
2. Cable-laying 800/10 lbs.	March, 1958.	July, 1958.	November, 1958— January, 1959	33,150

The roads re-instated partially at a cost of Rs. 21,159 by the Bombay Corporation, had to be opened up for the second cable-laying and were re-instated once again after the second operation.

The Department have stated that the urgency of laying 100/40 lbs. cables for relieving congestion in an exchange and non-availability of 800/10 lbs. cables in stock resulted in the works being carried out at different times.

10. *Defective building works*—In respect of a number of building works executed by a contractor during 1954-55 and 1955-56 in Jabalpur Engineering Division, measurements were taken in 1957 long after the completion of the works. In April, 1958 an *ad hoc* reduction was made in the final claim of the contractor to the extent of Rs. 22,208 on account of bad work, use of inferior quality materials, bad finish, etc. The contractor refused to accept the reduction on the grounds that the measurements had been delayed by over two years and that the defects had not been communicated to him for rectification in time. He also contended that the buildings had not been properly maintained between the dates of completion of the works and the dates on which measurements were taken. He also appealed to the Director-General, Posts and Telegraphs, in April, 1959 for settlement of his claim. As a result of fresh investigations completed as late as 1961, it was decided that the reduction originally made in the contractor's claim could not be justified even though the works were not considered entirely faultless. The claim of the contractor was restored in February, 1962 for payment in full with the exception of a small sum of about Rs. 1,400. The facts seem to indicate that the failure to record measurements in time and the absence of proper supervision during the execution of the work have made it difficult for Government to enforce their claim against the contractor.



11. *Equipment lying unutilised*—In the following cases, equipment purchased about five years ago for being utilised in telephone exchanges have not been commissioned into service so far (November, 1962). The Department is paying interest to the General Revenues on the Capital Outlay at charge, and the locking up of funds ~~in the following cases~~ has resulted in unnecessary payment of interest to the extent of about Rs. 35,000.

(a) Meters for recording local telephone calls were installed in the exchanges in the Jammu and Kashmir by December, 1957 at a cost of nearly Rs. 51,000, but have not been brought into service so far (November, 1962). It has been stated (November, 1962) that the question of introducing measured rates in place of flat rates has been held in abeyance for the present.

The meters had been procured partly through the Controller of Telegraph Stores at Rs. 1,135 each and partly directly from the Indian Telephone Industries at Rs. 442 each. The procurement at higher price through the departmental stores organisation has involved an extra expenditure of about Rs. 20,000. The reasons for the difference in prices are stated to be under examination.

(b) In the Madras Telephone District, a 'speaking clock' costing Rs. 1.08 lakhs, intended to announce the time in Hindi, was included as a part of the project for the expansion of an exchange sanctioned in August, 1954. The equipment, which had to be imported, was ordered in April, 1954 and was received in November, 1957. Before it was installed, it was decided by Government to instal a bilingual clock. It was again decided early in 1960 that the announcement should be made in English. Orders were placed for the English announcement tapes in October, 1961 and the receipt of the tapes is still awaited (October, 1962). The Hindi 'speaking clock' is lying unused.

(c) Sanction was accorded in August, 1957 to a detailed estimate for the installation of a power plant and test desk sets at a cost of Rs. 1.19 lakhs in the telephone exchange at Colaba, Bombay. The power plant and other stores required for the installation of the equipment were received during 1957-58 and 1958-59, but have not yet been installed owing to undue delay at different stages of execution of the project.

The drawings for the extension of the buildings to accommodate the plant had been approved in May, 1957, but the administrative approval and expenditure sanction were accorded nearly a year later, in April, 1958. The work, estimated to cost Rs. 85,800, was commenced only in April, 1959 after a delay of one more year and completed in June, 1961.

The engineering and installation details were furnished by the suppliers (The Indian Telephone Industries, Bangalore) only in July, 1959. These were further revised in October, 1960 to suit local convenience. The exact location of piers and chases for mounting the M.G. sets associated with the plant could not, therefore, be decided upon earlier. The Central Public Works Department, who were ultimately asked in February, 1961 to undertake this construction, furnished a supplementary estimate in September, 1961 which was administratively approved in February, 1962 and completed the work in July, 1962. The installation of the power plant and the test desk sets is still in progress (September, 1962).

## CHAPTER IV

12. *Telephone Expansion Projects*—A capital expenditure of Rs. 20·07 crores was incurred in the Telephone branch during the three year period ending 1961-62.

The bulk of this expenditure related to the installation of new exchanges, expansion of the capacity of the existing exchanges and development of the trunk net work by circuits and carrier systems on open wire routes and underground cables.

The statement below indicates some of the projects executed in the Madras, Punjab and Uttar Pradesh circles and in the Delhi Telephone District where there has been considerable delay in execution as compared with the target dates originally envisaged. As the number of intending subscribers on the waiting list is much more than the available projected capacity, such delays in the completion of projects result in the loss of potential revenue. Each telephone connection is expected to earn a minimum revenue of Rs. 200 per annum as rent apart from the revenue on local and trunk calls.

Particulars of Project	Remarks
1. Installation of 1200 lines Automatic Telephone Exchange at Tiruchirapalli (in place of 600 lines manual exchange). Sanctioned in March, 1956.	The exchange is not yet completed as the land originally acquired in 1956-57 was found to be unsuitable and an alternative site was acquired in exchange only in November, 1960.
Sanctioned estimate Rs. 17·32 lakhs. Expected to be completed in 1958.	A part of the demand had to be met by an interim expansion of the existing manual exchange by 200 lines, and by opening a sub-exchange of 400 lines.
2. 12 channel carrier from New Delhi to Bhatinda. Sanctioned in October, 1956.	The lines and wires portion of the work has been completed while land for the installation of equipment is yet to be acquired (March, 1962).
Sanctioned estimate Rs. 26·2 lakhs.	In the meanwhile, a 3 channel carrier has been installed in December, 1961 at a cost of Rs. 13,000 as an interim measure.



Particulars of Project	Remarks
<p>3. Installation of 1600/2600 lines Auto Exchange at Surat.</p> <p>Sanctioned in 1958.</p> <p>Sanctioned estimate (Revised in October, 1960) Rs. 31.77 lakhs.</p>	<p>A plot of land was acquired in 1949 itself but was exchanged for another in 1954 for the construction of a Post Office and a Telecommunication building.</p> <p>The work was entrusted to the State Public Works Department in November, 1961 and is expected to be completed by June, 1963.</p> <p>Stores for the proposed exchange started coming in from 1957-58 (Rs. 1.5 lakhs upto the end of 1961-62). Some of them are reported to have been utilised to provide additional connections in the area.</p>
<p>4. Expansion of Central Exchange at Madras from 3500 to 8000 lines.</p> <p>Sanctioned in August, 1954.</p> <p>Sanctioned estimate Rs. 125.76 lakhs.</p> <p>Expected to be completed by 1958.</p>	<p>As a result of delay in completion of the building work, the auto equipment was installed and commissioned only in September, 1961.</p> <p>Cable work is still in progress and full capacity has not been utilised (only 5989 connections were working on the 31st March, 1962 against a capacity of 8000 lines).</p>
<p>5. Expansion of Amritsar Telephone System (2000 lines).</p> <p>(a) First expansion from 2000 to 3000 lines.</p> <p>Sanctioned in September, 1956.</p> <p>Sanctioned estimate Rs. 15 lakhs.</p> <p>(b) Second expansion from 3000 to 3900 lines.</p> <p>Sanctioned in May, 1959.</p> <p>Sanctioned estimate Rs. 11 lakhs.</p>	<p>The installation of equipment in the first project was completed in December, 1958 but cable-laying took two more years (upto December, 1960).</p> <p>In the second case, the equipment was installed by March, 1961 and cable-laying is still in progress (March, 1962).</p> <p>Full capacity has not been utilised due to delay in cable-laying (only 2949 connections given upto the end of March, 1962 out of 3900).</p>

Particulars of Project	Remarks
<p>6. Installation of 2500 lines Auto Exchange at Agra.</p> <p>Sanctioned in September, 1954.</p> <p>Sanctioned estimate Rs. 41.57 lakhs.</p>	<p>The project took over five and a half years to be completed and the Auto Exchange was opened in February, 1960.</p> <p>The delay was mainly on account of delay in acquisition of land and in completing the building work (April, 1960).</p> <p>Full capacity was not utilised due to delay in cable-laying and erection of lines and wires.</p>
<p>7. Installation of 2500 lines Auto Exchange at Varanasi.</p> <p>Sanctioned in July, 1954.</p> <p>Sanctioned estimate Rs. 44.44 lakhs.</p> <p>Expected to be opened in 1957.</p>	<p>Land was acquired only in February, 1957 and the building was completed in 1958.</p> <p>Exchange was opened in November, 1960 with only 1354 connections working out of the available 2375.</p> <p>Full capacity was not utilised due to delay in cable-laying (completed in March, 1961) and construction of lines and wires (not completed upto March, 1962).</p>
<p>8. Installation of 3000 lines Auto Exchange at Allahabad.</p> <p>Sanctioned in June, 1959.</p> <p>Sanctioned estimate Rs. 31.30 lakhs.</p> <p>Expected to be opened towards the end of 1961.</p>	<p>Land acquisition was not finalised till the 31st March, 1962 and the building work has been consequently delayed.</p> <p>An interim expansion of the existing manual exchange by 1000 lines has been taken up. This will involve subsequent shifting of the equipment to the new building.</p>
<p>9. Installation of 4000 lines Auto Exchange in Delhi (Delhi-Gate). Sanctioned in June, 1957.</p> <p>Sanctioned estimate Rs. 67.19 lakhs.</p> <p>Expected to be opened by the middle of 1958.</p>	<p>The possession of land, free of all encumbrances, could be taken only in March, 1958.</p> <p>The exchange was opened only in January, 1963, but cable-laying and lines and wires works are still incomplete.</p>

A statement showing the position regarding some of the smaller projects in the Punjab Circle is given in Appendix 2 at page 34.



## CHAPTER V—STORES PURCHASE AND CONTROL

13. *Introductory*—The stores transactions are accounted for under “Stores Suspense Account” and fall under two categories, *viz.*, (i) General Stores meant for direct use on works and (ii) Workshop Stores required for the manufacture of components, etc., in the Posts and Telegraphs Workshops.

The value of stores purchased during 1961-62 was approximately Rs. 8.21 crores (General Stores Rs. 6.59 crores and Workshop Stores Rs. 1.62 crores).

The stores are stocked in the five main Stores Depots at Calcutta, Delhi, Jabalpur, Madras and Bombay and are issued to the Engineering Divisions, etc., direct or through sub-depots.

14. *Stores balances*—The stores transactions of the Department and the balances as compared with the authorised limits for the three years ending 1961-62 are indicated below:—

### (i) General Stores

Years	Opening balance*	Receipts	Issues	Closing balance	Closing balance including stores-in- transit but excluding other sub- suspense heads	Authorised limits against column 6
1	2	3	4	5	6	7
(In crores of rupees)						
1959-60	5.19	7.48	9.09	3.58	4.53	5.00
1960-61	3.57	8.87	8.85	3.59	4.01	5.00
1961-62	3.58	10.18	10.45	3.31	4.13	7.25

The limit for General Stores is fixed every year in accordance with a formula devised in 1954, based on the turn-over of stores as provided for in the budget estimates for the year and the procurement time required for different stores according to the source of supply, making due allowance for non-moving items such as surplus and obsolete stores. The limit was raised from Rs. 5 crores in 1959-60 and 1960-61 to Rs. 7.25 crores in 1961-62. The actual balance (Rs. 4.13 crores), however, remained well within the old limit.

\* The differences between the opening and closing balances in successive years are due to adjustments made without financial effect after the closure of the accounts for the year.

## (ii) Workshop Stores

Years	Opening balance*	Receipts	Issues	Closing balance	Closing balance including stores-in-transit but excluding other sub-suspense heads	Authorised limits against column 6
1	2	3	4	5	6	7
(In crores of rupees)						
1959-60	1.45	2.72	2.61	1.56	1.63	1.50
1960-61	1.57	3.53	3.22	1.88	1.70	1.50
1961-62	1.89	3.46	3.53	1.82	1.86	1.90

The limits under this category are fixed *ad hoc* on the basis of the production targets. They are stated to be reviewed every year but the limits are generally fixed for two or three years at a time.

The question of evolving a revised formula for fixing more realistic limits is stated to be under the consideration of the Department.

15. *State of balances under sub-suspense heads*—The total balances outstanding under the sub-suspense heads of the stores suspense account at the end of the four years ending 1961-62 are indicated below:—

Years	Balances under				Total	
	Purchases in England	Purchases in India	Sales	Stores-in-Transit		
1	2	3	4	5	6	
(In lakhs of rupees)						
1958-59	.	15.99	—141.75	7.25	54.29	—64.22
1959-60	.	2.62	—95.72	—8.32	54.22	—47.20
1960-61	.	—0.58	—24.59	1.12	39.72	15.67
1961-62	.	—3.42	—80.30	—1.55	50.46	—34.81

\* The differences between the opening and closing balances in successive years are due to adjustments made without financial effect after the closure of the accounts for the year.



Columns 2 and 3 represent mainly the value of stores purchased and brought on to stock in respect of which payments have not been made or have not yet been brought to account and *vice versa*. Column 4 represents the value of stores sold but not realised and *vice versa* and Column 5 stores-in-transit not acknowledged by the receiving units.

The outstandings at the end of 1961-62 are heavier than those of the previous year. Some of the items relate to the periods as far back as 1948-49. A yearwise analysis of the outstandings at the end of 1961-62 is given in Appendix 3 at page 35.

The Public Accounts Committee in paragraph 15 of their Second Report (1962-63) recommended that the clearance of outstanding balances, especially the old items, should be expedited.

16. *Surplus Stores*—(i) With effect from April, 1959, the procedure for examination and disposal of surplus stores was revised by the Department and the Public Accounts Committee in paragraph 24 of their Twenty Second Report (Second Lok Sabha) desired to watch the effect of the new procedure through future audit reports.

Stores valued at Rs. 13·8 lakhs were declared surplus by the Surplus Stores Committee between April, 1959 and December, 1961 and were awaiting disposal in September, 1962.

It is noticed that though 35 lists were reviewed by the Surplus Stores Committee and forwarded to the sanctioning authorities with recommendations (mostly before the end of the year 1960-61), sanction for disposal has been issued only in respect of 9 lists (Rs. 0·35 lakhs) and no item has been disposed of by sale so far (September, 1962).

(ii) Apart from the stores actually declared as surplus, stores worth over Rs. 22 lakhs, as indicated below, have been in stock for long periods without any issue:—

	In stock without issue for more than			Total
	3 years	4 years	5 years	
	(In lakhs of rupees)			
General stores	2·79	1·92	3·24	7·95
Workshop stores	4·33	2·86	7·38	14·57
Total	7·12	4·78	10·62	22·52

17. *Defective storage and losses*—(a) Certain cases of deterioration in stock for want of proper storage have come to notice as indicated below:—

(i) In the Jabalpur Workshops, serviceable items of mild steel stores valued at over Rs. 2 lakhs were stored in the open for a long time, and when they were inspected in October, 1961 by the Iron and Steel Controller, who had been approached for their sale, they were

found to have been heavily rusted and pitted. The parties to whom the stores had been sold were not willing to take delivery. It is now reported that stores worth Rs. 1.6 lakhs (upto November, 1962) have been taken back for regular manufacturing purposes and that the balance is awaiting disposal.

- (ii) In the Madras Telegraph Stores Depot, locally manufactured packing cases valued at Rs. 9,517 were written off between December, 1958 and March, 1961, due to deterioration by exposure for want of covered accommodation. They were sold for Rs. 1,400. Another lot of packing cases valued at Rs. 5,964 found unserviceable for the same reasons was awaiting sanction for write off (September, 1962).

(b) The total number of cases of losses of stores which occurred or were detected during 1961-62 was 5,644 involving an amount of Rs. 14.96 lakhs. The categories of these losses and the agencies responsible therefor have been analysed in the statement at Appendix 4. These losses include thefts of copper wire from the existing alignments.

The figures of losses for the years 1959-60, 1960-61 and 1961-62 are given below:—

Year	No. of cases of losses of stores	Amount involved (in lakhs of rupees)	No. of copper wire thefts	Amount involved in copper wire thefts (in lakhs of rupees)
1959-60 . . .	5,898	13.32	5,528	10.65
1960-61 . . .	5,462	12.08	4,967	9.51
1961-62 . . .	5,644	14.96	5,050	11.49

The incidence of loss due to theft of copper wire from the existing alignments continues to be heavy.



## CHAPTER VI—WORKSHOPS

18. *Introductory*—The Workshops Organisation of the Posts and Telegraphs Department consists of two Telegraph Workshops at Alipore and Jabalpur and one Telephone Workshop at Bombay. Certain data regarding their working during 1961-62 and the two preceding years are given below:—

(Value in lakhs of rupees)

Years	Alipore			Jabalpur			Bombay		
	1959-60	1960-61	1961-62	1959-60	1960-61	1961-62	1959-60	1960-61	1961-62
1. Total Outlay . . . . .	101.90	136.07	138.84	88.54	103.70	111.05	55.19	60.73	67.87
2. Total Production . . . . .	100.71	129.18	135.14	85.70	98.55	115.28	49.38	58.08	70.11
3. Percentage of overheads to Production . . . . .	42	36	37	30	30	27	64	63	54
4. Percentage of direct labour to the Production . . . . .	19	17	18	12	11	10	29	20	18

The Public Accounts Committee recommended in paragraph 39 of their Twenty Second Report (Second Lok Sabha) that early and effective steps might be taken for the modernisation of the workshops to increase their production, with a view to bringing down the high over-heads. The gradual increase in production with reduced percentage of over-heads to production as shown by the comparative statement given above is stated to be the result of the steps taken by the Department in this direction. To step up production, the introduction of incentive schemes in some of the shops in the three workshops has been approved by Government recently in May, 1962.

19. *Staff*—An expert committee, set up by Government in September, 1953 to examine the classification of industrial workers into highly skilled, skilled, semi-skilled and unskilled workers, recommended in February/July, 1954 the ratios of the different categories of workers in certain shops. In 1955, a Central Trade Test Board was also constituted by Government to fix similar ratios for all other shops. The Board submitted its recommendations in December, 1956. The fixation of strength was not done on the basis of these recommendations, but similar Boards were constituted in 1957, 1958, 1959-60 and 1961-62. It was finally decided in April, 1962 to abolish the system of having a Central Trade Test Board, as, by this time, the task was considered as a near impossible one for the reason that the items to be manufactured in the workshops changed from time to time and did not have any relation with the production of the previous year. It was also decided that the General Manager should be authorised to form local trade test boards for recruitment and promotion and that check on the strength of workers should be exercised by the General Manager, Posts and Telegraphs Workshops, annually through scrutiny of labour bookings on work orders and idle labour booking.

20. *Loss on estimates*—Finished manufactured articles are generally issued from the workshops as and when they are ready, at estimated rates, the difference between the estimated and the actual cost of manufacture being charged off to Revenue as loss or gain, after the work orders (*i.e.* the accounts) are closed. The issues are mostly for Departmental purposes but reasonably correct estimating is necessary for purposes of control. Out of 6,887\* work orders closed during 1961-62, 3,509 showed losses (Rs. 20.79 lakhs) and 3,332 gains (Rs. 13.05 lakhs) as compared with the estimates. The variations from estimates were between 10 and 25 per cent in 1,571 cases (Rs. 3.60 lakhs), between 25 and 50 per cent in 499 cases (Rs. 2.40 lakhs) and more than 50 per cent in 213 cases (Rs. 1.21 lakhs).

The variations have been attributed mainly to (*i*) rate revision and wrong valuation in estimates and stores vouchers; (*ii*) adoption of improved methods of productions; (*iii*) variation in on-cost as a result of rate variation in labour and (*iv*) inadequate or excess provision in the standard schedule for labour and material.

21. *Work Orders*—In paragraph 44 of their Twenty Second Report (Second Lok Sabha) on the accounts for 1956-57 and 1957-58, the Public Accounts Committee desired to watch through future Audit Reports the position of the working of the time-limits laid down by the Posts and Telegraphs Workshops Board for the closure of work orders.

In March, 1957, the Posts and Telegraphs Workshops Board prescribed time-limits of 6 and 9 months from the date of their opening for the closure of work orders relating to the stores items and instruments items respectively. Out of the total number of 7,352 work orders closed during 1961-62, these time-limits could not be adhered to in 2,929 cases (about 40 per cent), while 1,524 work orders where the time-limits had been exceeded were still to be closed on the 31st March, 1962. The extent of delay is indicated below:—

Workshops	Number of work orders closed during 1961-62 after the prescribed period, but			Number of work orders outstanding on 31-3-1962
	within 6 months of the prescribed date	between 6 months and 12 months of the prescribed date	after more than 12 months	
Alipore . . . . .	496	280	278	1,068
Jabalpur . . . . .	222	80	53	83
Bombay . . . . .	724	327	469	373
Total . . . . .	1,442	687	800	1,524†

\*Excludes certain work orders mainly relating to supplies for capital projects, where the difference is charged to the final heads.

†Out of the 1524 work orders, work was not commenced on 31st March, 1962 in 294 cases, while in 954 cases work was in progress on that date. In the remaining 276 cases work was completed but work orders were not closed.



Out of the 1,524 work orders outstanding on the 31st March, 1962, 166 related to 1959-60 and earlier years. The delay in closure of work orders has been attributed mainly to non-availability of raw materials in time, discrepancy in labour booking, priority to other jobs in hand, wrong valuation of stores and technical and other difficulties connected with the operation. Since a large number of old work orders pertaining to the years 1957-58 onwards are still outstanding, suitable steps for their early closure are called for.

22. *Uneconomic manufacture in Departmental Workshops*—(a) In paragraph 29 of the Audit Report, 1961, mention was made of the uneconomic manufacture of certain stores in Departmental Workshops. The Public Accounts Committee (1961-62) urged that the policy of the Government in regard to items of stores to be manufactured in Posts and Telegraphs Workshops should be clearly laid down [*vide* para 26 of their Thirty Eighth Report (Second Lok Sabha)]. An informal Committee was constituted by the Department in October, 1961 to go into the question and to suggest, *inter alia*, the ways and means of procurement of stores from outside sources, whenever this is found to be economical and practicable. The Committee submitted its report in November, 1962, which is under the consideration of the Department (January, 1963).

Meanwhile, manufacture of articles departmentally at uneconomic rates continued during 1961-62 as indicated below:—

Particulars of stores	Unit cost of manufacture		Unit cost of purchase 1961-62	Total quantity manufactured	Total excess cost of manufacture in 1961-62 (in lakhs of rupees)
	1959-60	1961-62			
1	2	3	4	5	6
	Rs.	Rs.	Rs.		
Heat coils—16 ohms—Earthing type—Black . . . . .	0.94	1.11	0.46	2,06,520	1.34
Heat coils—4 ohms—Red . . . . .	0.92	1.11	0.46	1,51,600	0.99
Heat coils—16 ohms—Breaking type—Green . . . . .	1.29	1.39	0.75	9,210	0.06
Heat coils—4 ohms 'D' type—White . . . . .	..	1.30	0.71	13,070	0.07
Protected cable terminals—10 lbs.—20 pairs . . . . .	..	323.71	153.30	334	0.57
Sockets B . . . . .	..	18.39	10.11	35,521	2.94
Sockets C . . . . .	..	26.78	15.40	19,591	2.23
Sockets D . . . . .	45.98	46.06	26.01	667	0.14

It has been stated by the Department (October, 1962) that the manufacture of heat coils had since been discontinued. The Protected Cable Terminals, which have become obsolete, are being manufactured for the time being in order to use up the components and to provide facilities till a new design is evolved. As regards sockets, it has been decided to continue manufacture on a smaller scale to act as a control on open market prices.

(b) In addition to the above, certain items of stores required for the consumption in the Alipore Workshops were manufactured during 1961-62 at rates higher than those at which these were obtained from the market, resulting in an extra expenditure of Rs. 24,000.

In the Bombay Telephone Workshops, Mild Steel Screws of various types were manufactured during 1961-62 at a total cost of Rs. 85,231. This entailed an extra expenditure of about Rs. 64,000 as compared with the rates quoted by the Indian Telephone Industries.

23. *Manufacture of bracket channel irons*—In connection with the manufacture of two items of bracket channel irons†, which are standard items of production in the Alipore Telegraph Workshops, the consumption of raw materials was far in excess of the standards laid down. Besides, the quantity of cut-pieces returned to stock was also substantially less than the estimate in one of the items as indicated below:—

	Bracket channel iron 8-wires (output: 30,000)	Bracket chan- nel iron 4-wires (output: 6,000)
	1959-61 Value Rs.	1959-60 Value Rs.
1. Standard consumption of raw materials . . . . .	2,85,648	22,855
Raw materials consumed . . . . .	3,36,181	36,252
Excess consumption . . . . .	50,533	13,397
2. Estimated value of cut-pieces to be returned . . . . .	58,310	3,174
Cut-pieces actually returned . . . . .	23,673	3,146
Short return . . . . .	34,637	28

24. *Idle machinery*—In the following cases, machinery purchased by the Department have not been utilised so far, thus indicating an incorrect assessment of the needs at the stage of purchase:—

(a) *Rivet making machine*—A machine for manufacturing rivets of sorts was purchased for the Jabalpur Workshops and installed in 1945 at a cost of Rs. 56,724. This has not been brought into use so far, as rivets were available in the open market at a competitive price and as the raw material, viz., annealed mild steel wire of close tolerance, for making the rivets was not readily available. The Jabalpur Workshops have been conducting experiments with scrap iron wire available with it, but wire of the required specification is yet to be obtained.

† Bracket channel irons are fitted on posts to carry telegraph and telephone wires.



(b) *Shearing machine*—This machine (costing Rs. 24,000) required for the manufacture of tubes was transferred to the Jabalpur Workshops from Calcutta in 1946. This was installed after eleven years in March, 1957 at a cost of Rs. 2,100 and has not so far been put to any use, as there are already two machines sufficient to meet the requirements of tube manufacture. It has been stated that it is not proposed to dispose of the machine as the project for another factory for manufacture of tubes is under consideration.

(c) *Moulding machine*—It was noticed in 1962 that a moulding machine (cost Rs. 11,908) for the production of switch board plugs, etc., had been incorrectly taken to stock in 1953, as an item of 'stores' instead of under 'plant and machinery' and had been lying idle for the last nine years. As it is found that the machine is extremely difficult to operate and cannot be put to any use, the Department is contemplating its disposal as a surplus and obsolete machine.

(d) *Weigh Bridge*—A project for the installation of a 10-ton Weigh Bridge in the Madras Store Depot was sanctioned in April, 1958 at a cost of Rs. 13,500. The Weigh Bridge (cost Rs. 9,734) was received by January, 1959, but has not been installed so far (October, 1962), pending finalisation of its location in the Store Depot compound, where construction of building, roads, etc., is also to be undertaken.

It has been stated by the Department in November, 1962 that the question of selecting the location of the Weigh Bridge could not be finalised earlier as the question of acquisition of the rented land on which the Store Depot was located was under consideration and the acquisition was finalised in October, 1961.

25. *Undue delay in disposal of stores*—(a) Nickel silver springs (122796 numbers) valued at Rs. 20,712 and nickel silver sheets (4311 kg.) valued at Rs. 20,566 rendered surplus and obsolete since 1956 have not yet been disposed of. It has been stated by the Department (December, 1962) that experiments are being conducted to find out whether these stores can be profitably utilised in the Posts and Telegraphs Workshops.

(b) Manufacturer's brass labels (18665 numbers) valued at Rs. 50,000 to be affixed on field telephones are lying in stock for over 12 years. These stores were recommended by the Surplus Stores Committee in October, 1961 to be scrapped and disposed of. The sanction of the Posts and Telegraphs Workshops Board for the disposal of the stores is still awaited (August, 1962).

26. *Loss of ferrous scraps in a workshop*—The annual stock verification in a workshop conducted by the Department in July, 1958 disclosed a shortage of about 83 tons of ferrous scraps valued at Rs. 28,000 representing cut-pieces recovered in the manufacturing processes. The matter is still under investigation and the departmental action is yet to be concluded (August, 1962).

## CHAPTER VII—LOSSES, DEFALCATIONS, ETC.

27. *General*—The number of cases of defalcations or losses of public money which came to light during 1961-62 was 1,332 involving an amount of Rs. 12.11 lakhs. These cases have been analysed in the statement given in Appendix 5 according to the more important categories of losses.

The total amount involved in defalcation cases and/or loss of public money during the year is the heaviest so far recorded.

As in the past, the employees of the Department were responsible for the bulk of these losses (59 per cent). In 312 cases, involving an amount of Rs. 2.77 lakhs (about 23 per cent), persons responsible for the fraud could not be traced till the time of report (September, 1962). There were 591 cases relating to 1960-61 and previous years where departmental action was pending and 141 cases in which the persons responsible could not be traced (October, 1962).

Some of the losses in the Savings Bank, etc., involving heavy amounts have been mentioned in the subsequent paragraphs. As a deterrent to the fraudulent practice of not crediting Savings Bank deposits in the Government accounts, the question of issue of receipts for Savings Bank deposits was examined by the Department and it was decided that the system might be tried at some selected post offices in the first instance. The details of the procedure have not yet been finalised by the Department (November, 1962).

28. *Mis-appropriation in the Savings Bank branch*—(i) Between the 18th June, 1958 and the 18th April, 1961 an extra-departmental branch postmaster is alleged to have misappropriated a sum of Rs. 47,969 (including temporary misappropriation of Rs. 13,543) by omitting to account for the deposits in the post office journals. Investigations were started on the 27th April, 1961 when a depositor requested the Head Post Office to have the balance at her credit checked with the ledger. As discrepancies were noticed, the matter was reported to the Special Police on the 6th May, 1961. The fraud came to light on the 17th May, 1961 while checking the pass books with the ledger entries on receipt of complaints from certain other depositors.

The postmaster, who had absconded earlier, surrendered in the Court on the 9th June, 1961. Disciplinary action has been taken against nine postal officials ordering a recovery of Rs. 15,398 from them for their contributory negligence. The police enquiries have been completed and the case is subjudice in a court of law (October, 1962).

(ii) A branch postmaster is alleged to have misappropriated a sum of Rs. 32,014 (including a temporary misappropriation of Rs. 6,015) by omitting to account for the deposits in the post office savings bank accounts, although entries had been made in the pass books to satisfy the depositors. The fraud extended from January, 1956 to January, 1962.

The loss was detected on the 16th January, 1962 as a result of investigations following the receipt of a complaint from a depositor on the 16th October, 1961 regarding the non-return of the pass book after the addition of interest.



The case was reported to the police and the branch postmaster was bailed out on the 18th April, 1962. As a result of departmental action, he was removed from service from the 17th January, 1962. The police and departmental investigations are under way (December, 1962).

29. *Misappropriation of value of money orders*—Between November, 1958 and November, 1961, an extra-departmental branch postmaster is alleged to have misappropriated a sum of Rs. 40,085 being the value of and commission on money orders tendered by Tehsildars, etc., at the post office for remittance of land revenue collected.

The fraud came to light on the 19th November, 1961 as a result of a departmental enquiry into a complaint made by a remitter in September, 1961. The branch postmaster surrendered to the court on the 13th December, 1961 and was bailed out.

No responsibility has so far been fixed in the matter (October, 1962).

30. *Compensation for losses*—A sum of Rs. 1.44 lakhs was paid to different parties during 1961-62 as compensation for the insured and other articles lost or damaged in transit. While the responsibility for Rs. 92,687 (64 per cent) of this loss lay on the departmental officials, as against 48 per cent during 1960-61, the responsibility in respect of Rs. 37,400 (25.9 per cent) is yet to be fixed.

Out of the total amount paid on account of the negligence or dishonesty of the departmental officials, a sum of Rs. 54,364 (59 per cent) was ordered to be recovered from them, against which Rs. 34,185 have been recovered.

The total payments on account of compensation reduced by recoveries from the staff at fault wherever possible, amounted to Rs. 45,088 which represents 1.1 per cent of the total insurance fee realised (Rs. 41.78 lakhs). The percentage was particularly high in respect of Uttar Pradesh Circle (7.2) and Central Circle (6.7).

31. *Expenditure in the publication of a journal*—The publication of the journal "Dak-Tar" was sanctioned by Government in 1954 at a cost not exceeding Rs. 8,000 for twelve consecutive monthly issues. It was then stated by the Department that the journal would become self-supporting in the course of two years. The position during the past six years is indicated below:—

Year	Income	Expenditure
	Rs.	Rs.
1956-57 (August-July)	6,917	36,314
1957-58 (August-March)	3,028	23,085
1958-59	4,763	39,904
1959-60	5,191	37,243
1960-61	3,807	31,064
1961-62	12,277	32,636

A large number of copies (26717) out of the total of 79550 copies printed *i.e.* about 34 per cent, remained surplus to requirements. In respect of 4460 copies, the accounts remained to be settled with the agents and 7526 had been issued as complimentary.

Two posts (one steno-typist and one clerk) were reduced from the 14th August, 1961 to bring down the expenditure by about Rs. 3,800 per annum.

## CHAPTER VIII—OTHER TOPICS OF INTEREST

32. *Postal Life Insurance Organisation*—The Financial Review of the Post Office Insurance Fund for the year 1961-62 prepared by the Director, Postal Life Insurance, along with statements containing particulars regarding—

- (i) the business of the Post Office Insurance Fund;
- (ii) the policies issued, discharged, lapsed and surrendered;
- (iii) the receipts and payments during 1961-62 and
- (iv) the expense ratio

has been included in the separate compilation containing the Appropriation Accounts of the Department.

The increasing trend in the number of policies in force and the amount covered by them has continued as shown below:—

At the end of	Number of policies in force	Amount in lakhs of rupees
1959-60	1,55,228	35,53
1960-61	1,55,405	35,66
1961-62	1,58,862	36,36

The number of new policies issued and the total amount covered by them during the three years ending 1961-62 are indicated below:—

Years	Civil Wing		Military Wing	
	Number of policies	Amount in lakhs of rupees	Number of policies	Amount in lakhs of rupees
1959-60	5,177	103	374	30
1960-61	4,799	98	273	15
1961-62	7,669	151	338	17

The new business has recorded a rise during the year under report as compared to the previous year. The increase in business is reported to be due to effective publicity measures.



Compared to the year 1960-61 the percentages of expenses to the premium income have shown a decrease during 1961-62 as shown below:—

Years	Civil Wing	Military Wing
1960-61	10.86	2.07
1961-62	9.96	1.61

The closing balance of the Fund on the 31st March, 1962 according to departmental figures works up to Rs. 18.21 crores as against Rs. 18.04 crores booked in the accounts. The difference of Rs. 17 lakhs is under settlement.

33. *Issue of post office certificates of lower denominations*—The Posts and Telegraphs Department is entrusted with the work of the issue and discharge of Post Office Certificates on an agency basis on behalf of the Ministry of Finance and is at present remunerated for this service at 69 nP for each transaction (issue, transfer or discharge). The following table indicates the issue of certificates of lower denominations during 1961-62 and the remuneration received by the Posts and Telegraphs Department:—

Particulars	Denominations			
	Rs. 5	Rs. 10	Rs. 50	Rs. 100
1. Number in lakhs	10.8	13.8	2.47	5.49
2. Value in lakhs of rupees	54	138	124	549
3. Remuneration to the Posts and Telegraphs Department for issue and discharge (in lakhs of rupees)	14.8	19.1	3.4	7.6
4. Percentages of 3 to 2	27.4	13.8	2.7	1.4

Thus for every certificate of Rs. 5 and Rs. 10 denominations issued by the Post Offices, only Rs. 3.62 and Rs. 8.62 are available to Government.

Government have stated that discontinuance of the issue of the certificates of lower denominations merely on the ground of the relatively high cost of collection would run counter to the objectives of the Small Savings movement.

34. *Conveyance of mails by Air*—The agreement for conveyance of mails by air entered into from the 20th August, 1960 by the Posts and Telegraphs Department with the Indian Airlines Corporation includes the following provisions:—

(a) The Department gives no guarantee of any minimum weight of the articles to be offered for conveyance, but will specify within fair approximation the maximum possible offerings for each day on the various services ex-different stations on the routes of the contractor as a subsisting arrangement to be periodically reviewed and amended by mutual consent. The contractor shall provide the necessary capacity on the above basis.

(b) Notwithstanding the estimate of the maximum possible offerings furnished to the contractor, payment to the contractor shall be made only for the actual load carried.

An examination of the records of the Air Port Sorting Offices showed that—

(i) The sector-wise allotments of weights fixed fell short of the requirements of the Department; the offerings were more than the allotments, and

(ii) a substantial quantity of mails was refused accommodation in the aircraft even though the offerings were within the prescribed limits accepted by the Indian Airlines Corporation as shown below:—

Place	Period	Total quantity of mails refused during the period	Number of days on which refusals occurred
1. Dum Dum, Calcutta	August, 1961 to August, 1962	12,676 kgms.	151
2. Delhi	August, 1961 to August, 1962	13,635 kgms.	48
3. Santa Cruz, Bombay	September, 1961 to August, 1962	4,386 kgms.	11
4. Madras	May, 1961 to August, 1962	3,649 kgms.	18

35. *Participation in the Indian Industries Fair, 1961*—The Department participated in the Indian Industries Fair, 1961. A total expenditure of Rs. 4.73 lakhs was incurred in this connection consisting of a sum of Rs. 1.84 lakhs for the construction of the Posts and Telegraphs Pavilion in the Fair and its electrification and decoration, Rs. 1.19 lakhs for the external and internal murals, models, etc., <sup>and</sup> Rs. 1.70 lakhs for rent and other miscellaneous expenditure.

The building materials valued at Rs. 80,000 were dismantled after the Fair was over and were sold out by public auction for Rs. 5,057 only. The external and internal murals, models, etc., have been stored after dismantlement in a rented building for which a proportionate rent of Rs. 126 p.m. is being paid since February, 1962.

36. *Disposal of outstanding audit objections*—The number of objections raised during 1960-61 and earlier years and remaining unsettled at the end of August, 1962 was 43,096 covering an amount of Rs. 5.59 crores. Some of the



objections date back to periods from 1947-48 and include the following types of defects, the rectification of which should not normally cause undue delay:—

Nature of irregularity	Number	Amount (In lakhs of rupees)
(a) Want of detailed bills (Rs. 2 lakhs), non-submission of vouchers (Rs. 27 lakhs) and non-supply of relevant information and other items (Rs. 3,08 lakhs)	33,137	337

The detailed bills are mostly in respect of miscellaneous office expenditure and in the absence of the bills, the actual details of the payments and their propriety and the existence of proper sanctions for the expenditure cannot be checked by Audit.

(b) Expenditure incurred in excess of sanctioned estimates	2,150	110
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Some of the major projects involved are:—

Name of project	Amount of excess (in lakhs of rupees)	When excess first appeared	Whether work has been completed and if so, when
1	2	3	4
(1) Calcutta Automatisation project (two estimates)	21.35	1953-54	1958-59
(2) Replacing 350 lines by 600 lines at Coimbatore	1.75	1948-49	1948-49
(3) Installation of semi-automatic tape relay exchange in Bombay Central Telegraph Office	1.62	1957-58	1957-58
(4) Modernisation of Jabalpur workshops by new items of plant and machinery	1.10	1958-59	1958-59

	Number	Amount (In lakhs of rupees)
(c) Execution of works without sanctioned estimates	1,102	32*
(d) Want of sanction to payments	2,081	65
(e) Want of sanction to establishment	2,809	14
(f) Advances not being recovered or adjusted within prescribed periods	1,817	1

\*Represents expenditure incurred; the total estimated cost is not available.

The reasons are non-finalisation of (i) travelling allowance bills, (ii) medical bills and want of particulars.

The above amounts do not include the following:—

Nature of objection	Amount (In lakhs of rupees)
(1) Items pending settlement with Pakistan	209
(2) Payments to Indian Telephone Industries covering the period from 1952-53 to 1960-61 for which final bills or acceptance of the stores by the consignees are awaited	40
(3) Frauds and losses under investigation	15
(4) Advances being recovered in instalments	3

37. *Disposal of Inspection Reports*—The total number of inspection reports on the Posts and Telegraphs Offices issued by the Audit Offices upto the 31st March, 1961 and the items of irregularities outstanding in the latter's books at the end of August, 1962 were 1,055 and 5,086 respectively. Some of these objections date back to 1950-51.

The following are some common types of irregularities which were noticed during these inspections:—

- (a) Annual verification of services not done . . . . . (8 offices)
- (b) Security not obtained or not renewed . . . . . (56 offices)
- (c) General Provident Fund accounts not maintained properly and non-recovery or short recovery of subscription . . . . . (5 offices)
- (d) Errors in computing periods of leave and duty . . . . . (41 offices)
- (e) Muster Rolls irregularities—absence of certificates of comparison of signature, money order acknowledgements, etc. . . . . (20 offices)
- (f) Stock register of receipt books not maintained . . . . . (9 offices)
- (g) Specimen signature slips of Savings Bank depositors not obtained or the register of specimen signature not maintained properly . . . . . (49 offices)
- (h) Insecure treasury arrangements . . . . . (4 offices)
- (i) Specimen signature of the officers of treasury or bank not obtained and kept on record . . . . . (12 offices)
- (j) Payments made without reference to contracts . . . . . (11 offices)
- (k) Non-execution of mail motor contracts . . . . . (11 offices)



- (l) Costly machines lying idle . . . . . (4 offices)  
 (m) Health certificates of some officials wanting . . . (42 offices)  
 (n) Non-renewal of lease deeds of rented buildings . . . (9 offices)  
 (o) Non-recovery of Income-tax . . . . . (7 offices)

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R. K. KHANNA

*Accountant General, Posts and Telegraphs**Countersigned*

NEW DELHI;

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A. K. ROY

*Comptroller and Auditor General of India*

## APPENDIX 1

*Statement showing amount of telephone revenue outstanding on the 1st July, 1962  
in respect of bills issued upto the 31st March, 1962*

*[Referred to in paragraph 4 (v) at page 5]*

Serial No.	Years	Rent outstanding	Trunk call fees outstanding	Total
1	2	3	4	5
		Rs.	Rs.	Rs.
1	1946-47 . . . .	4,462	3,807	8,269
2	1947-48 . . . .	11,678	33,227	44,905
3	1948-49 . . . .	31,840	58,503	90,343
4	1949-50 . . . .	36,349	43,417	79,766
5	1950-51 . . . .	47,191	24,879	72,070
6	1951-52 . . . .	37,146	28,469	65,615
7	1952-53 . . . .	58,892	2,13,185	2,72,077
8	1953-54 . . . .	58,833	49,582	1,08,415
9	1954-55 . . . .	72,191	1,41,622	2,13,813
10	1955-56 . . . .	1,42,133	2,75,438	4,17,571
11	1956-57 . . . .	2,07,006	3,14,835	5,21,841
12	1957-58 . . . .	4,31,573	4,55,190	8,86,763
13	1958-59 . . . .	6,47,691	5,13,906	11,61,597
14	1959-60 . . . .	10,36,508	7,38,148	17,74,656
15	1960-61 . . . .	37,00,407	14,65,814	51,66,221
16	1961-62 . . . .	1,06,33,612	41,56,743	1,47,90,355
	Total . . . .	1,71,57,512	85,16,765	2,56,74,277



## APPENDIX 2

*Instances of delay in completion of telephone expansion works in the Punjab Circle**(Referred to in paragraph 12 at page 15)*

Projects	Remarks
<p>1. Expansion of Chandigarh telephone system from 700 to 1100 lines.</p> <p>Sanctioned in April, 1957. Sanctioned estimate Rs. 5.4 lakhs. No target laid down.</p>	<p>The main items of stores were received in May, 1957, but the work was completed more than 4 years later (December, 1961).</p>
<p>2. Expansion of Ludhiana telephone system from 800 to 1200 lines.</p> <p>Sanctioned in October, 1956. Sanctioned estimate Rs. 5.4 lakhs. Expected to be completed in about two years.</p>	<p>The stores indented for in 1956 had not been received till 1959 and as a result, the work was delayed (completed in November, 1961).</p>
<p>3. Expansion of Bhatinda telephone system from 300 to 500 lines and addition of six trunk positions.</p> <p>Sanctioned in January, 1960. Sanctioned estimate Rs. 3.8 lakhs. Expected to be completed within six months after receipt of stores.</p>	<p>Indents for stores were mostly released between October, 1960 and November, 1961 and the work is in progress.</p>
<p>4. Expansion of Karnal telephone exchange from 200 to 400 lines.</p> <p>Sanctioned in May, 1960. Sanctioned estimate Rs. 2.8 lakhs. No target laid down.</p>	<p>The land was available in 1957.</p> <p>The construction of building was not started upto September, 1962. The other works were not also commenced upto September, 1962.</p>
<p>5. Replacing 50 lines Magneto Board by 100 lines C.B. Exchange at Mansa.</p> <p>Sanctioned in 1958-59. Sanctioned estimate Rs. 0.18 lakhs. Expected to be completed within 15 days after receipt of stores.</p>	<p>A suitable building has not yet been rented as major items of stores are awaited. The work has not been commenced upto September, 1962.</p>
<p>6. Opening of a 50 lines exchange at Nuh.</p> <p>Sanctioned in 1956-57. Sanctioned estimate Rs. 0.09 lakhs. Expected to be completed in a month's time.</p>	<p>A suitable building has not yet been rented as major items of stores are awaited. The work has not been commenced upto September, 1962.</p>
<p>7. Installation of 25 lines SAX at Shahabad.</p> <p>Sanctioned in 1957-58. Sanctioned estimate Rs. 0.13 lakhs. Expected to be completed in one month after receipt of stores.</p>	<p>A suitable building has not yet been rented as major items of stores are awaited. The work has not been commenced upto September, 1962.</p>

## APPENDIX 3

*Statement showing yearwise analysis of the outstandings under the sub-suspense heads of the Stores Suspense Account at the end of 1961-62*

*(Referred to in paragraph 15 at page 18)*

Years	Purchases in England	Purchases in India	Sales	Stores-in- transit	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
1948-49 . . .	..	7,56,167	1,420	—42,953	7,14,634
1949-50 . . .	..	—16,02,539	255	2,18,020	—13,84,264
1950-51 . . .	..	—16,25,661	1,994	2,45,842	—13,77,825
1951-52 . . .	..	5,56,731	—3,775	—56,967	4,95,989
1952-53 . . .	..	6,85,101	3,490	2,67,959	9,56,550
1953-54 . . .	—6,371	—15,67,263	4,096	—16,990	—15,86,528
1954-55 . . .	..	—2,24,433	312	—44,285	—2,68,406
1955-56 . . .	34	—2,11,441	2,916	—2,34,226	—4,42,717
1956-57 . . .	..	5,55,778	—429	—55,760	4,99,589
1957-58 . . .	—1,65,735	—14,93,309	—531	49,567	—16,10,008
1958-59 . . .	—56,986	—3,69,552	13,906	99,649	—3,12,983
1959-60 . . .	—10,539	—4,77,217	16,534	1,04,313	—3,66,909
1960-61 . . .	—14,531	—4,15,397	27,674	2,18,109	—1,84,145
1961-62 . . .	—87,547	—25,89,661	—2,23,169	42,93,870	13,93,493
Balances yet to be split up yearwise . . .	..	—6,973	..	..	—6,973
Total . . .	—3,41,675	—80,29,669	—1,55,307	50,46,148	—34,80,503



APPENDIX 4

Statement showing losses of stores during the year 1961-62

[Referred to in paragraph 17 (b) at page 19]

Serial No.	Persons responsible for the loss	Losses due to theft or frauds		Losses due to accidents (Fire, Flood, etc.)		Losses due to other reasons		Total	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount
		3	4 Rs.	5	6 Rs.	7	8 Rs.	9	10 Rs.
1.	<i>Persons unconnected with the Department—</i>								
(a)	Loss from stock . . . . .	8	2,996	..	..	..	..	8	2,996
(b)	Loss from existing alignments, etc. . . . .	3,624	9,27,239	10	3,096	1	15	3,635	9,30,350
(c)	Loss in transit . . . . .	34	1,511	..	..	18	10,347	52	11,858
2.	<i>Departmental Employees—</i>								
(a)	Loss from stock . . . . .	6	4,437	..	..	..	..	6	4,437
(b)	Loss from existing alignments, etc. . . . .	20	393	..	..	..	..	20	393
(c)	Loss in transit . . . . .	1	129	..	..	..	..	1	129
3.	<i>Responsibility could not be fixed—</i>								
(a)	Loss from stock . . . . .	26	7,499	49	484	104	900	179	8,883
(b)	Loss from existing alignments, etc. . . . .	1,665	2,86,693	6	2,22,034	..	..	1,671	5,08,727
(c)	Loss in transit . . . . .	..	..	..	..	72	27,854	72	27,854
	Total 1961-62 . . . . .	5,384	12,30,897	65	2,25,614	195	39,116	5,644	14,95,627
	Total 1960-61 . . . . .	5,312	10,88,487	11	63,039	139	56,958	5,462	12,08,484

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N.B.—The figures shown under "Loss from existing alignments, etc." include 5,050 cases of theft of copper wire from existing alignments involving Rs. 11.49 lakhs.

## APPENDIX 5

*Statement showing defalcations or losses of public money during 1961-62  
(Referred to in paragraph 27 at page 25)*

Persons responsible for the loss	Savings Bank frauds		Post Office Certificates frauds		Money Order (including Telegraphic and Value Payable money orders) frauds		Insured article frauds and losses		Miscellaneous frauds and losses		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
	2	3 Rs.	4	5 Rs.	6	7 Rs.	8	9 Rs.	10	11 Rs.	12	13 Rs.
1. Persons unconnected with the Department . . . . .	9	7,422	4	212	28	9,990	6	3,058	162	13,869	209	34,551
2. Departmental Employees—												
(i) Departmental postmasters (including sub and branch postmasters) . . . . .	37	1,83,415	1	3,095	21	6,145	5	1,007	90	31,669	154	2,25,331
(ii) Extra-Departmental Agents (including those incharge of sub and branch post offices) . . . . .	38	87,325	..	..	169	90,076	14	2,878	129	25,746	350	2,06,025
(iii) Clerks . . . . .	18	1,22,746	..	..	18	12,930	30	29,610	73	68,894	139	2,34,180
(iv) Postmen and Village Postmen . . . . .	1	10	..	..	78	13,570	6	1,192	20	3,177	105	17,949
(v) Peons and other Class IV servants . . . . .	..	..	..	..	3	80	2	1,300	13	7,505	18	8,885
(vi) Other Officials . . . . .	..	..	..	..	..	..	3	251	39	19,969	42	20,220
3. Mail Contractors' Agents . . . . .	..	..	..	..	1	63	..	..	1	75	2	138
4. Other Government officials . . . . .	..	..	..	..	..	..	..	..	1	1,87,293	1	1,87,293
5. Persons responsible could not be traced . . . . .	14	33,736	1	2,034	47	28,824	126	1,20,790	124	91,525	312	2,76,909
<b>Total 1961-62 . . . . .</b>	<b>117</b>	<b>4,34,654</b>	<b>6</b>	<b>5,341</b>	<b>365</b>	<b>1,61,678</b>	<b>192</b>	<b>1,60,086</b>	<b>652</b>	<b>4,49,722</b>	<b>1,332</b>	<b>12,11,481</b>
<b>Total 1960-61 . . . . .</b>	<b>104</b>	<b>1,49,572</b>	<b>10</b>	<b>9,226</b>	<b>317</b>	<b>1,47,250</b>	<b>231</b>	<b>1,92,835</b>	<b>646</b>	<b>2,44,113</b>	<b>1,308</b>	<b>7,42,996</b>









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