

ADMINISTRATIVE REFORMS COMMISSION

Report

4
9236
on

**POSTS
AND
TELEGRAHPS**



MAY 1970

Administrative Reforms Commission

REPORT

ON

**POSTS
AND
TELEGRAPHS**



May, 1970

CONTENTS

CHAPTER	PAGE
I Introduction	1
II Organisational Set-up	5
III Reorganisation of the P & T Board	12
IV Finance and Accounts	24
V Field Organisation	34
VI Stores and Equipment	46
VII Personnel	54
VIII Relations with the Public	59
IX Summary of Recommendations	65
APPENDIX I	73
APPENDIX II	77
APPENDIX III	79

CHAIRMAN,
ADMINISTRATIVE REFORMS COMMISSION
GOVERNMENT OF INDIA
New Delhi.

May 15, 1970.

My dear Prime Minister,

I am presenting herewith the Administrative Reforms Commission's report on 'Posts and Telegraphs'. This is the nineteenth report of the Commission.

2. With a capital investment of Rs. 349 crores, an annual revenue of Rs. 230 crores, a staff of over 5.3 lakhs and a projected investment of Rs. 490 crores in the Fourth Plan, the Posts and Telegraphs Department is, after the Railways, the second largest public enterprise run by Government.

3. The departmental activities are steadily growing, indicating in a measure, the economic progress the country is making. However, they are neither meeting fully the requirements of the times, nor making both ends meet. The Department incurred an average annual loss of about Rs. 5.78 crores between the years 1965—1969.

4. The Commission appointed a Working Group with Comrade Ram Kishan as Chairman, and senior officers of the department and two Members of Parliament, Shri S. M. Joshi and Shri N. R. M. Swamy as members. Shri Joshi is an acknowledged labour leader. The Working Group submitted its report in two parts containing much useful material. The Commission has formulated its recommendations on the basis of the report and valuable additional evidence. We are thankful to the Group and also to others who tendered evidence.

5. The growth and the responsibilities of the department are such that in management requirements, they are akin to those of Railways. We have, therefore, recommended that the department may function as a Ministry, being renamed as 'the Ministry of Posts and Telecommunications', with a separate budget of its own to be presented to Parliament. The Posts and Telegraphs Board should be autonomous, entrusted with full financial responsibilities subject to parliamentary accountability. The Financial Adviser is to be an integrated Member of the Board shedding his present dual role. The Board, in turn, will have to delegate financial and administrative functions and responsibilities to lower levels to facilitate speed and efficiency in administration.

6. The Overseas Communications Service and the Wireless Planning and Co-ordination Branch which are important services at present located in the existing Ministry of Communications should be integrated with the Posts and Telegraphs Board. For better co-ordination between production on the one hand, and construction, installation and operation on the other, the administrative responsibility in respect of the Indian Telephone Industries, the Hindustan Teleprinters and the Hindustan Cables should vest in the re-organised P&T Board.

(ii)

7. There is a large waiting list of about 4.4 lakhs for telephones, and yet about 14% of the connectable capacity in telephone exchanges of over 1,000 lines remains unutilised. The remedies are better planning and more efficient execution of works. Formation of four telecommunications zones for the whole country, and rationalisation of the jurisdiction of the P&T circles as well as postal divisions are recommended, taking into consideration, *inter alia*, the changing pattern and increasing volume of traffic.

8. The arrangements for the procurement, storage and supply of the large variety of stores required in the P&T department have been found to have inadequacies and lacunae. Modern techniques of materials management should be introduced and the staff specially trained in these techniques, so as to reduce the burden of excessive inventories, and unnecessary storage of obsolescent items and items for which there is very little demand.

9. There has been much discussion on two issues : Whether the Posts and Telegraphs Department as a whole or any part of it should be converted into a public corporation and whether the telecommunications services should be separated from the postal branch. Since we have recommended an autonomous Board of the type of the Railway Board, there is no need for a corporation. We do not think that a corporation can do better than an autonomous Board. The establishment of a corporation is likely to result in increased expenditure on staff and salaries. The separation of the telecommunications services from the postal branch is inadvisable as things stand. Separation involves again increased expenditure. The crucial point in our view is that people who get both services at one place now may then have to go to different places, thereby adding an inconvenience so far as the public is concerned.

10. The training facilities need to be enlarged for increasing the competence of the staff, to educate them in the new techniques and to equip them to handle the new installations and systems. Above all, we have stressed the importance of inculcating in the staff the true spirit of service, courtesy and helpfulness on which the public image of the department largely depends. Today that image of the department is unfortunately not what it was and what it ought to be. Sincere effort is called for, on the part of all concerned, to make 'Service before self' which is the motto of the department, the practising faith of its employees.

Yours sincerely,

Sd./-

(K. HANUMANTHAIYA)

Smt. Indira Gandhi,
Prime Minister,
New Delhi,

CHAPTER I

INTRODUCTION

Communication through the written message must be as old as writing itself. Writing and communication can be regarded as the twin factors that marked the dawn of civilisation. Governments through the ages have maintained systems of sending and receiving messages for administrative purposes. As one of the most ancient civilisations, India had her own systems, and postal systems can be traced back to the earliest period of her recorded history. Their nomenclatures have been lost in the mists of antiquity, though the "dak" of the Mughal Empire and the "anche" and the "anchal" of the Southern Kingdoms still linger in our memory. The British took over the prevailing system, made it more generally available to the public and extended it to cover the whole country. Along with some Western countries, India was one of the earliest to adopt the electric telegraph. The first telegraph line was commissioned in 1851, a decade or so after its invention. The communications system has since acquired a new dimension and a new tempo through scientific and technological advances that have speeded up the transmission of written and spoken messages through cable, wireless and airlinks.

2. A Telegraph Department and a Post Office Department were established in 1853 and 1854 respectively. Described at its inception as "an engine of power", the telegraph system, in particular, proved of great assistance to the British in quelling the 1857 uprising by enabling a quicker and more efficient transmission of intelligence.

3. The two departments were merged into one in 1914. At that time the combined department had a staff of about one lakh and a revenue of Rs. 5.17 crores. There were at that time, 18,946 post offices, 3,396 telegraph offices and 180 telephone exchanges with 5,193 telephone connections. The Posts and Telegraphs Department has now grown into a giant organisation that constitutes, in a manner of speaking, the nervous system of government and society. Whether for military or civil purposes, the services provided by the Department are of basic importance. Indeed the volume and efficiency of the postal, telegraph and telephone services can be taken as an index of the national progress itself. In 1968-69, the Department had a revenue of Rs. 209.20 crores (Rs. 93.98 crores for the postal and Rs. 115.22 crores for the telecommunications wings). It employed more than 5.3 lakhs of men and women, of whom about 1.81 lakhs were part-time workers termed as extra-departmental employees. Thus, the Posts and Telegraphs employees are the second largest among the civilian personnel under the Central Government, the Railways being the first.

4. The P&T Department manages a vast net-work of postal and telecommunications services throughout the length and breadth of the country. At present, there are over a lakh post offices, about 10,400 telegraph offices, 3,400 telephone exchanges and 11.20 lakh telephone connections. In 1968-69, it handled over 615 crores of postal articles, 4.8 crores of

telegrams and 7.1 crores of trunk telephone calls. Besides, the postal wing handled money orders numbering 9.6 crores and valued at over Rs. 558 crores.

5. The P&T Department has also been assigned additional responsibilities outside the area of communications. It undertakes extensive agency functions on behalf of other departments of Government, e.g., issue of broadcast receiver licences, operation of the Post Office Savings Bank, promotion of other forms of small savings, etc. In 1968-69, Savings Bank facilities were available at over 80,444 post offices, and even in the remotest corners of the country. The number of depositors was 1.8 crores and the turn-over in terms of deposits and withdrawals was estimated at Rs. 889 crores.

6. As against this vast volume of transactions and the handling of large amounts of cash and the provision of country-wide net-work of services, the capital invested in the department is only Rs. 349 crores, of which the telecommunications wing (*viz.*, telephone, telegraph and radio) accounted for Rs. 327 crores and the postal wing for Rs. 22 crores. In the years after Independence the demand for the postal as well as the telecommunications facilities has vastly increased. On the postal side, the growth in literacy and the increased tempo of economic activity have produced—and will continue to produce—more and more traffic which must be handled efficiently. Every endeavour has, therefore, necessarily and constantly to be made to meet the growing demand and ensure an efficient service. The telegraph service has to be rendered more prompt and effective in order to make telegrams worth the expense in these days of speedy and expanding air links. The demand for telecommunications services, especially the telephone, is growing so fast that, the plans and efforts, commendable as they have been, are proving inadequate. The number of telephones increased nine-fold between 1948 and 1968, but so has the quantum of unsatisfied demand. The gap between the demand and supply is still very wide. Against about 11 lakh telephones now working, there are today 4.4 lakhs of intending subscribers waiting to be provided with telephones and the pending list is steadily growing. The department expects to invest, provided the funds can be found, a sum of Rs. 466 crores in the Fourth Plan and instal an additional 7.6 lakh telephones. Even so, the waiting list will continue to be large and the backlog will be considerable. This is not surprising since the development of the telephone has a distinct impact on and is in its turn influenced by, the economic growth of the country. Even in everyday life, for social or other purposes the possession of a telephone has become such an essential facility that it has acquired great popularity despite the considerable expense involved. This aspect of the public psychology and the importance of the time factor, coupled with the growing needs of industry, commerce and administration have produced such a pressing demand for the telephone that a rapid and commensurate expansion of this facility has become imperative.

7. The P&T Department has, in common with other departments concerned with development, passed through a period of intense activity during the last two decades. Considering the limitations imposed by the lack of adequate funds, the shortage of technical manpower and the pressure generated by the very urgency of its efforts, it has, on the whole, done its best to meet the public demand. However, efficiency, and productivity have not kept pace with growth for various reasons, not all of them of the depart-

ment's own making. There are complaints of deterioration in the standards of service. Constructive and long-term measures for improvement, which almost always mean extra investment, have been held back for lack of resources. The organisational pattern has also not been readjusted to the new tasks. Above all, and obviously in some measure owing to the very factors enumerated, the department, as a whole, has been working at a loss for the past few years. While, the telephones have shown a varying picture of surplus, the telegraph and postal services have shown considerable losses. Though the losses have been ascribed mainly to rising establishment charges consequent upon successive increases in dearness allowance, they do present a disquieting feature. The policies followed by the department in the expansion of its facilities and in the implementation of its plans and programmes have been under examination or review from time to time during the recent past. On the postal side, the criticism is that these policies have been too liberal. On the telecommunications side, the need for more broad-based planning and more expeditious and coordinated implementation of the works programmes has been highlighted. The level of discipline among the employees has also, it has been pointed out, deteriorated. The over-all efficiency and consequently the quality of the service have suffered. During the last decade alone, the P&T services were hit by two major strikes causing widespread dislocation of normal activity and much inconvenience to the public. Instances of go-slow, wild cat strikes and deliberate defiance of authority have also been numerous. These unfortunate developments have affected not only the quality of service but also the finances of the department. The staff unions have not, in our view, shown the same concern for improving the productivity of their members and the efficient running of the department as for their conditions of service. It has not been realised sufficiently that improvements in the conditions of service can only flow from the diligent discharge of their obligation to render more efficient service. There is, therefore, a need to step up the productivity of the employees and indeed of the organisation as a whole by adopting measures which would bring about an optimum utilisation of the resources of men as well as material.

8. While specific aspects of the postal and telecommunications services have been examined in detail at various times, we found that a comprehensive examination of the adequacy or otherwise of the administrative set-up had seldom been attempted. With their high potential for growth and rapidly advancing technology involving greater sophistication, the P&T services have constantly to aim at qualitative improvement. Though they are essentially of the nature of public utilities, they are also a commercial undertaking. The Department is expected to pay to the General Revenues a dividend on the invested capital at a prescribed rate in the same manner as the Railways. The large capital investment already made on the provision of these services and the even larger outlays, which would in future be called for, deserve closer attention. The proper administration, sound financial management and adequate stewardship of these services have, therefore, become a matter of prime public importance. Above all, this essential public enterprise must be made a financial success lest it become a drag on the national economy.

9. Accordingly we felt the need of having the problems of the P&T department examined in order to assess its deficiencies and suggest remedial measures. Dr. Ram Subhag Singh, the then Minister of Communications,

also felt the need for such a review of the department and he requested the Commission to set up a working group for this purpose. After finalising the scope of enquiry in consultation with the Department, a Working Group was set up under the chairmanship of Shri Ram Kishan (formerly Chief Minister of Punjab). The members were Shri S. M. Joshi, M.P., Shri N. R. M. Swamy, M.P., Shri M. Dayal, Sr. Member (Posts), P&T Board and Shri S. K. Kanjilal, Sr. Member (Telecom. Operations) P&T Board. Shri L. K. Narayanaswamy, Member, (Administration), P&T Board, was the Member-Secretary. Shri A. V. Seshanna, Deputy Secretary, Administrative Reforms Commission, was the Joint Secretary of the Working Group. The Group has, in its report (submitted in two parts) ably examined the major areas of the administration of P&T services which require Government's immediate attention. It has considered the organisational structure at the top level, the details of the field organisation of the P&T services, the financial management, accounting and budgeting arrangements, personnel matters, etc. We are grateful to the Working Group for its labours in this direction and we would like to record our appreciation of its valuable work.

10. In our report we have concerned ourselves mainly with the broad and more important aspects of the organisation and operation of the postal and telecommunications services dealt with by the Working Group. We have not felt it necessary to make any recommendations on matters of detail which the Group has touched upon. Except where we have differed from it, its recommendations and observations may, therefore, be taken, generally speaking, as supplementing our own. We hope that the recommendations of the Working Group which have not been specifically discussed in this report will also receive the consideration of Government on their merits.

CHAPTER II

ORGANISATIONAL SET-UP

Present Structure

Several of the P&T network are the branch post offices and sub offices. Several of these offices are grouped under a head post office. These offices are organised into a Postal Division under the control of a Divisional Engineer, Posts. Similarly, on the telecommunications side, telegraph offices and telephone exchanges form the backbone of the network. A number of these are grouped into a Telegraph Engineering Division under a Divisional Engineer, Telegraphs. Several Postal and Telegraph Engineering Divisions form a P&T Circle which is normally co-terminous with the State boundary. Each P&T Circle is in charge of a Postmaster General with the exception of the J&K Circle which is under a Director. There are fifteen P&T Circles at present. The telephone network in some of the bigger cities has, however, been organised into separate Telephone Districts. At present there are eight such districts in Delhi, Calcutta, Bombay, Madras, Poona, Bangalore, Ahmedabad and Hyderabad. There is a Technical and Development Circle under the Additional Chief Engineer at Jabalpur. There are three Telecom factories at Calcutta, Jabalpur and Bombay which are run departmentally. These are controlled by the General Manager, Telecom factories, whose headquarters is at Calcutta. Recently two General Managers (Projects) have been posted at Calcutta and Madras for special construction and installation works. The P&T Circles and the other field units mentioned above work directly under the P&T headquarters.

2. At the apex of the P&T organisation is the P&T Board. It coordinates the activities in the P&T circles, telephone districts, etc., and advises the Minister of Communications on policy matters. The P&T Board consists of seven members, viz., the Chairman, three Senior Members for (a) Telecommunications Operations, (b) Posts and (c) Finance respectively and three Members for (d) Administration, (e) Telecommunications Development and (f) Banking and Insurance, respectively. The Senior Members have been given the status and pay of *ex-officio* Additional Secretaries to the Government of India and the Members those of *ex-officio* Joint Secretaries.

The Sub-Boards

3. (a) The constitution of the P&T Board provides for the formation of Sub-Boards. Two Sub-Boards have been organised in this manner, namely, the Postal Sub-Board and the Telecommunications Sub-Board. We understand that the Postal Sub-Board has not met for the last three years. The Telecommunications Sub-Board, however, meets occasionally to discuss merely the matters pertaining to the telecommunications needs of the Ministry of Defence. At present hardly any other case of importance is referred to it.

(b) Besides the Sub-Boards, there is also a Board of Management of the Telecom Factories. The Board of Management of the Telecom Factories meets regularly and along with its Standing Finance Committee, it exercises the same powers as the P&T Board in relation to the Telecom Factories organisation.

Organisation of the P&T Directorate

4. The Director General, P&T, is an entity distinct from the P&T Board and so is the organisation under him, viz., the P&T Directorate. Certain financial and administrative powers have been delegated to the DG, P&T, for the purpose of day-to-day administration besides the powers vested in him under the relevant statutes. The Director General is *ex-officio* Chairman of the P&T Board. The Members of the Board have, however, not similarly been fitted into the organisation of the Directorate and technically they are outside it. The P&T Board as such has no office worth the name, the latter consisting of only a Secretary in the grade of Deputy Secretary to Government and an Assistant Secretary in the grade of Section Officer. In all administrative and financial matters the Chairman and Members are assisted by the officers of the P&T Directorate. Also by convention and practice, the Members of the Board deputise for the Director General in the exercise of his powers.

Corporation status and separation issue

5. Before we take up the consideration of the organisational structure of the P&T Department, it is necessary to refer to two ancillary, but nonetheless important, issues which were specifically referred by us to the Working Group. These are, (i) whether the P&T Department as a whole or any part thereof should be converted into a public corporation, and (ii) whether the postal and the telecommunications wings of the Department should be separated or whether they should continue to function together.

Corporation Status

6. It was urged before the Working Group that the telecommunications wing should be constituted into a public corporation for the following reasons :

- (a) The telecommunications wing can go directly into the money market and raise adequate funds for development because the return on telecommunications investment is fairly high.
- (b) It can have a system of capital allocation for a number of years with an agreed rate of return, and the quality and quantity of the service to be provided. This is better suited to the needs of the telecommunications services. This is not possible as long as the wing works as a Government department.
- (c) It has been the experience in other countries notably Japan, that after conversion into a corporation, telecommunications services have accomplished a phenomenal expansion and progress.
- (d) Under the present system of accounting, it is not possible to have a timely appreciation of the financial position of the services, because the accounts are maintained by an outside agency,

namely, the Indian Audit and Accounts Department on the governmental pattern and accurate figures become available only after three to six months of the actual transactions. A system of commercial accounting can be introduced after conversion into a public corporation.

- (e) It can adopt a flexible policy in personnel administration.
- (f) It can prescribe more efficient and suitable procedures of its own for the procurement of stores and equipment, for the printing of forms, etc., and thus avoid the rigidities and delays experienced in the existing governmental procedures.

Conclusions of the Working Group

7. The Working Group has come to the conclusion that there is no case for the conversion of the P&T Department, either as a whole or in part, into a public corporation. It has felt that none of the advantages claimed to arise out of conversion into a corporation is likely to fructify. The Government will have to allocate the available scarce resources in the best interests of all-round development. The analogy of Japan is not wholly appropriate. In that country the stores and equipment necessary for telecommunications expansion are mostly produced indigenously and are easily available. These conditions do not, however, obtain in India. The Group also feels that while, in theory, the public corporation may be competent to raise resources from the open market, Government's permission would be necessary for floating all loans, debentures, etc. Since Government has necessarily to control the overall credit policy, no corporation can have absolute freedom in this matter. The "Own Your Telephone" scheme which can be considered as an attempt at raising resources from the open market has contributed only about three per cent. of the capital requirements of telecommunications expansion. Thus it has not been a great success.

8. On the advantages claimed for a corporate structure in the spheres of incentives, remuneration, etc., the Working Group has felt that these are not real since no corporation can have absolute freedom in this matter and every one of them has necessarily to conform to the practices generally prevailing in the public sector. On the question of parliamentary scrutiny of the detailed working of these services, it is of the view that "the focusing of Parliamentary attention may prove to be a help rather than a hindrance in obtaining the necessary resources for development". It concedes that in the present set-up there are several inhibiting factors, e.g., the limitations on the financial powers and on the use of surplus funds by the P&T Board, etc. These are, however, matters which are not incapable of being resolved by a suitable change in the Board's powers and functions. There is thus no advantage, in the view of the Working Group, in converting into a corporation either the Department as a whole or any part thereof.

Separation of the telecommunications from the postal wing

9. The case for separating the telecommunications wing from the postal wing of the Department has been pressed for sometime and has been dis-

cussed off and on in the recent past. The arguments in favour of separation which are discussed by the Working Group are briefly as follows :—

- (a) The nature of the services provided and the clientele served by the postal and the telecommunications wings are quite different. The postal services are labour-intensive while the telecommunications services are capital-intensive. The standards for judging the efficiency of the two services are also different.
- (b) In the P&T Board, there is no community of interest between the various Members, unlike that in the Railway Board where all the Members are concerned with a common purpose of movement of passengers and goods. Except for the two Members from the telecommunications services, the others could not, it is suggested, make worthwhile contribution to the discussions concerning the telecommunications branch.
- (c) In the present system, no suggestions for the improvement of telecommunications services can be considered without taking note of the repercussions on the postal side. Further, as the postal side employs three times as many persons as telecommunications, even small benefits would involve considerable expenditure.
- (d) At the Circle level, the telecommunications problems are not being given proper attention due to the head of the Circle not always being fully qualified to deal adequately with them. The same consideration would apply to the postal problems also.
- (e) The nature of the telecommunications services is such that they have to be organised on a regional pattern and their span of control cannot be arbitrarily restricted to the Circle boundaries. For the efficiency of telecommunications services, it is desirable that not only the end points but also the circuits and channels are brought under one unified control to the extent possible. This is not feasible at present since the end points are generally controlled either by the heads of P&T Circles or Telephone Districts.
- (f) The profit made by the telecommunications wing is offset to a great extent by the need to subsidise the postal services, with the result that the development of the telecommunications services suffer. Because of the losses incurred by the postal wing, the P&T Department has defaulted in the payment of the dividend on the sums advanced from the General Revenues. This factor goes against the Department when the latter seeks the allocation of capital from the General Revenues. This position is bound to continue and stand in the way of securing adequate finances for telecommunications development.
- (g) The World Bank has advised that the best long term solution from the point of view of telecommunications would be the setting up of an autonomous entity for the telecommunications wing.
- (h) With the rapid expansion after Independence, the combined Department has become very unwieldy. The separation of the

two wings will enable both the postal and telecommunications services to function as viable administrative units, and will thus improve the efficiency of the services.

Conclusions of the Working Group

10. On a consideration of the pros and cons, the Working Group has not favoured the separation of the telecommunications wing at the present time for the reason that the existing combination has not been demonstrably disadvantageous to either side. Though it concedes that the question may have to be considered at a later stage when the two branches have become unwieldy, that stage has not, in its view, yet been reached in our country.

Views of the Commission

11. We have carefully considered the issues involved in the matter of conversion of the P&T Department or any part of it into a public corporation as well as of the separation of the postal from the telecommunications wing.

12. The reasons advanced in favour of converting the telecommunications wing into a corporation are generally similar to those advanced for converting the Railways into a corporation. In this connection, the observations made by us in our report on Railways apply *mutatis mutandis* here as well. (Appendix I). What applies to the telecommunications wing will apply with equal force to the postal wing. Considering the present scale of investment of public funds in the P&T Department, its increasing magnitude in the years to come and the need for optimum utilisation of the investments made to promote efficient service, we have no doubt that the directing body of the P&T Department should be vested with the necessary autonomy in the administrative and financial fields. Further the extensive nature of operations with which the department is charged throughout the length and breadth of the country requires for proper management the attributes, in a high measure, of quick decision-making, initiative and drive, and boldness and speed in execution. It is true that the conversion of the department into a corporation is not necessarily a panacea for all its ills and we agree that at best such conversion will bring about a change more of degree than of kind. However, we do consider, as we said in the case of the Railways, that the methods of working and the relationship of the Board with the Government should be so adapted as to introduce a commercial approach in the functioning of the department. In this view of the matter a corporation form of organisation has much to recommend it. In fact we note that very recently, the postal and telecommunications services in the U.K. were placed under a corporation. In this connection, a relevant consideration is that the P&T Department is currently engaged in a vast programme of expansion and development involving an investment of about Rs. 500 crores during the next five years. Any radical change in the organisational set-up of the Department may, besides giving rise to other difficulties, have an adverse effect on the pace of planned expansion. In our view, therefore, the present would not be the most opportune moment for such conversion. This is specially so when we consider that the advantages of a corporation form can, in practice, be realised even with the structure of a government department by suitable changes in the powers and responsibilities of the P&T Board. We are of the view that the P&T Department should be enabled to function

on sound business and commercial principles, within the confines of public accountability, like any other public sector enterprise. Accordingly, it should be given an organisational set-up suitable for functioning on autonomous lines.

13. On the question of separation of the postal and telecommunications wings, it is clear that there are differences in the manner and content of their operations, because while one branch, *i.e.*, the Postal, now relies largely on the management of manpower, the other subsists mostly on the employment of specialised techniques. But there is no getting away from the fact that the two services are inextricably connected over a vast area of the country and are separated only in a few principal cities. Besides, even between the two sister services of the telecommunications wing, namely, the telegraph and the telephone, to a considerable extent the same qualitative and quantitative gap exists as that between the postal and telecommunications wings. The pattern and structure of a vast net work of departmental activities like that of P&T must take note of the predominantly rural character of the country. Moreover, the manner in which the two branches are now organised under one umbrella is such that while they are administered together there is ample scope for each to develop on the lines most suited to its requirements. The telecommunication wing does depend on the post offices for running the telegraph portion of its services and to some extent the telephones also in the rural areas. There are certain services such as personnel, budget and finance and accommodation, which, if administered in common, as they now are to some extent, make for economy. We also note that, at present, the functions in respect of the posts on the one side and the telecommunications on the other, are in fact so organised and directed that neither can be said to suffer from inadequacy or neglect on this score. Below the level of the P&T Board, it is only at the personal level of Postmaster General in the P&T Circles that the two services come together. This arrangement has not been found to be disadvantageous. On the other hand, a common authority for all communications services in the field has much merit from the point of view of convenience to the public. The next higher level at which they come together is at the level of the Board. As the Working Group has rightly pointed out, the defects that have been noticed at this level have arisen from inadequacies in the constitution and powers of the Board and not from the combination of the two services.

14. The main problem, in our view, is that of the psychology of those who administer the two services. We cannot help observing that the psychology of separatism is not the one that should be acquired by these two services nor the one that should be encouraged. The fact that the one is more mechanised and automated than the other, does not necessarily justify a touch-me-not attitude in either or both. Within the common management of the two services, ways and means can be devised to ensure that each functions with the maximum degree of autonomy and is enabled to develop successfully in its own way its operations and ensure its efficiency, expansion and development. We are not impressed by the argument that since the telephone is a paying service while the postal operations are incurring losses, they should be separated. Investment in the telephone system comes out of public funds and Government has a right—and indeed is under an obligation in the circumstances of scant resources—to utilise the surpluses in the most expedient manner. If as at present, some of the surplus is set off against the losses

in the postal operations, this can by no means be considered to be an unreasonable arrangement. In a planned economy the claim of any public enterprise to the exclusive appropriation of its surpluses is untenable. Moreover, we cannot lose sight of the fact that while the postal services with an investment of Rs. 22 crores yield a revenue of nearly five times that amount, the telecommunications services which employ Rs. 327 crores of capital bring in only a third of that amount. This indicates that the telephone services are capital intensive while the postal services are labour intensive. If the postal services are not making the profits which they were making till recently or as the telephones do at present, it is partly because their network is spread over a much wider area and they cater to the needs of the vast masses of our population. The same applies to the other allied service—the telegraphs—which is also running at a loss. The services provided by these branches are complementary to some extent; they are inter-dependent in some respects. In our view, their integrated management is feasible. It would also be economical and conducive to general convenience. While the finances of the two branches have necessarily to be linked, the organisational, and to some extent, even the financial pattern should permit the development and growth of the two services on their own lines, without the one acting as a drag on the other. We would not, therefore, be inclined to favour the separation of the two wings of the Department at the present juncture. The need for a review of the position would arise only when the pace and intensity of development overwhelm the present administrative unity.

Recommendation :

1

We recommend :

- (1) The postal and telecommunications services need not be converted into a public corporation at the present juncture. The P&T Department should, however, be enabled to function on sound business and commercial principles within the confines of public accountability like any other public sector enterprise.
- (2) The postal and the telecommunications services need not be separated at present. The question of separation may have to be reviewed when inter alia the pace and intensity of development overwhelm the present administrative unity.

CHAPTER III

REORGANISATION OF THE P&T BOARD

Powers of the P&T Board

The P&T Board was constituted in its present pattern in 1959. Prior to that, it was an attached office with a Director General, P&T, at the head, and functioning under the Ministry of Communications. After the reconstitution, the Director General, P&T, was designated as the Chairman with the rank of *ex-officio* Additional Secretary and the senior officers under him as *ex-officio* Members of the P&T Board. The Board was vested with the administrative powers previously exercised by the Ministry of Communications. The decisions of the Board are on the basis of the majority vote. The Chairman has the powers to suspend action in case he differs from the majority and to refer the case to the Minister for orders.

2. The Board was authorised to take decisions without reference to the Secretary of the Ministry of Communications but with the approval of the Minister when such approval was necessary. In 1961, all the Members were given the *ex-officio* status of Joint Secretary to the Government of India. In 1966, the three Members in charge of Posts, Telecommunications (Operations) and Finance were upgraded to the *ex-officio* status of Additional Secretary and designated as Senior Members. The post of the Director General, P&T, has been held in abeyance since 1963 and the Secretary of Department of Communications has been performing the duties of the Director General; consequently he also functions as the Chairman of the P&T Board. The position has become somewhat, though not quite, analogous to that of the Railway Board.

3. On the reconstitution of the Board, its financial powers were also enhanced. In financial matters, the Board was to exercise the powers which were vested in the Ministry of Communications at the time of its reconstitution in 1959 under the arrangement of internal finance. The enhanced financial powers which were delegated to the Ministries by the Delegation orders of 1962 and 1966 have not, however, been similarly delegated to the P&T Board, with the result that the latter is not now in the position of a Ministry of Government in financial matters. In respect of financial matters outside the competence of the Ministry of Communications and requiring the approval of the main Ministry of Finance, it has been provided that the Member in charge of Finance will deal with P&T matters on behalf of the Ministry of Finance in his capacity as an Additional Secretary of that Ministry. The Senior Member (Finance) is thus not only an officer of the P&T Board but also of the Ministry of Finance. If any question before the Board involves a financial issue and the Senior Member (Finance) dissents from the majority decision of the Board, he may require that the matter be placed before the Minister for orders through the Secretary of the Ministry of Communications. (As already mentioned above, the posts of Director General, P&T and Secretary of the Ministry were held by different persons till 1963 but in that year they were combined in the same person). If the matter is covered by the financial powers of

the Ministry of Communications, the Minister can overrule the Senior Member (Finance). However, in other Ministries the powers of overruling the financial adviser in such matters rest with the Secretary himself. Thus in this respect, the practice in the P&T Board is a departure from that prevalent in other Ministries.

Defects in the working of the P&T Board

4. The question of organising the P&T headquarters on the lines of the Railway Board continued to engage the attention of the Government for a long time—for nearly 40 years—and when it was finally organised on a Board pattern in 1959, the structure that was adopted fell short of the Railway Board pattern in certain important aspects. We understand that this had to be done as a matter of compromise in view of the reluctance on the part of the Ministries of Communications and of Finance at that time to adopt the railway pattern *in toto*. The choice was between the *status quo* and some steps forward on the way to the Railway Board type of functioning. The choice was rightly made, in our view, in favour of the latter. The stage has now been reached when further measures have to be taken to achieve the parity and to make the analogy complete.

5. The Working Group has pointed out some defects in the existing constitution and powers of the Board which hamper the efficient functioning of the P&T services and the speedy disposal of business entrusted to them. These are, *inter alia*, as follows :

(a) The Board is not a homogenous body. The Chairman who is also the Secretary of the Department of Communications is of a higher rank than the other Members. Even among the Members, there are two gradations. The Chairman is not *primus inter pares*, but is officially superior to the rest of the Members of the Board. The structure is, therefore, monolithic with the ultimate authority in all matters flowing from the Chairman, in consequence of which the decision-making process is pushed up and results in delays and disadvantages.

(b) There has been no real delegation of powers to the individual Members in respect of their own charges with the result that even the most routine cases suffer delay. "It is strange but nonetheless true that after the reconstitution of the Board, instead of any large scale delegation of powers to the Members, certain powers, previously enjoyed by the Director General like the appointment of Class II officers, for example, have been taken over by the Board".

(c) The procedures laid down by the Government for bringing matters, specially those involving financial issues, before the Board, are dilatory in effect and cases which took hardly a week to decide before the Board was set up, now take several months to come to a conclusion. It has been stated that during the past four years only routine types of cases have been discussed in the Board while matters of major importance were never placed before it.

(d) A serious handicap is that except in the case of the Senior Member (Finance), there is no delegation of authority to the lower officers in those spheres which are under the charges of the other Members. This results

in a large number of routine cases having to come to the concerned Senior Member or Member.

(e) An important factor which has militated against the efficient functioning of the P&T Board, even within the limitations imposed on it, is the existing system of financial advice. When the Board came into existence in the present form, it was envisaged that it should have such additional financial powers as would be necessary for the efficient management of the P&T services. No such delegation was, however, made. On the other hand, the enhanced powers delegated to the Ministries under the Delegation Orders of 1962 and 1966* were somehow or other not made applicable to the P&T Board. The Finance Ministry of the Government of India has reserved for itself certain financial powers such as expenditure on works, contracts exceeding a certain limit, scales of pay of the staff, etc., and also the residuary powers not specifically delegated to other Ministries. This field of financial powers is described as "external finance" in relation to the Ministries generally. The powers delegated to and exercisable by the P&T Board are only in the field of delegated or 'internal finance'. The Senior Member (Finance) is the financial adviser of the P&T Board in internal as well as external financial matters. In the internal field, he is responsible to the Minister of Communications. On any matter in the internal field where he disagrees with the majority decision of the Board, he may require the case to be put up for orders to the Minister of Communications who is competent to over-rule him. In the field of 'external finance' he acts on behalf of the Finance Ministry in his capacity as Additional Secretary to that Ministry. The line of demarcation between external and internal finance is, however, not always distinct and as a result the authority which the Minister of Communications has even on internal finance matters is often nullified.

Our conclusions

6. There is much substance in the observations of the Working Group. In our view, however, the defects enumerated above were not necessarily inherent in the scheme of 1959. That scheme was based on the premise that a statutory Board could be avoided and yet the Board system of working introduced within the structure of a government department functioning under the normal rules of business. In such a structure, elasticity in the relationship between decision-making authorities is of the essence, and rigidity is inimical to progress and efficiency. From the Working Group's report and the evidence of the Senior Member (Finance), P&T Board, before us, it is clear that the Board system of functioning has not been practised generally in the manner envisaged, whether on the institutional or personal plane. What appears to have been given with one hand seems to have been mostly taken away by the other. Moreover, as mentioned above, what was given to other Ministries has also been withheld from the P&T Board.

7. A decision was taken in 1967 by the Minister of Finance to the effect that the powers of the P&T Board should be enlarged so as to conform to the enhanced delegations made in the orders of 1962 and 1966 and that the Senior Member (Finance) and the finance officers under him

*Minister of Finance O. M. No. F. 10 (4)-E [Coord], 62 dated 1st June, 1962 and F. 10/50-E [Coord]/65 dated 15th March, 1966.

should be fully integrated with the P&T organisation. It was further envisaged that the Senior Member (Finance) of the P&T Board should function in the same manner as the Financial Commissioner does in the Railways. We understand that so far no additional powers have been vested in the P&T Board as envisaged. It is somewhat unfortunate that so much delay should have occurred in settling such a comparatively simple though very important matter. Moreover, Senior Member (Finance) has at present a dual responsibility. He has access to the Minister of Communications over the decisions of the Board and also in certain matters to the Minister of Finance over the decisions of Minister of Communications. We feel that this duality of role and responsibility would inhibit that complete integration of finance with the organisation on which we have laid great stress in our reports, e.g., on Public Sector Undertakings and Railways. The fact that the Senior Member (Finance) can invoke his special position with the two Ministers is bound to lend him special weight during the Board's deliberations and to discourage other Members from pursuing their point of view to its logical conclusion. In our view, this duality may have resulted in too many references to the Finance Ministry—a factor of which mention has been made by the Working Group. This has been rightly considered not to be consistent with the autonomy of the Board. As matters stand, the arrangements envisaged in 1967 have not yet materialised. It is essential in our view that steps should be taken to bring the relationship between the Member (Finance) and his colleagues on the P&T Board on a par with that recommended by us in respect of the Railway Board in our report on Railways. We have, in that report,* already indicated, our views on how financial controls should be applied in an essentially commercial undertaking.

8. We are not aware of the circumstances in which the financial delegations of 1962 and 1966 were not extended to the P&T Board. The Board could have been formed with the Director General, functioning both as *ex-officio* Chairman and Secretary, as originally contemplated, thereby avoiding the pressures emanating from a Secretary operating from outside, i.e., the Department of Communications. The fact that all these posts have since been combined in the same officer makes no real difference. The innovation of having two levels of Members, which has been detrimental to the smooth working of the Board system, was made in the Board. Our primary concern must, therefore, be to salvage the scheme of 1959 from its present diluted and whittled down state and to build on it a structure analogous to that of the Railway Board. This is the only approach consistent with the public interest as well as commercial efficiency.

The re-constitution of the P&T Board

9. In its present magnitude of business and scale of operations, the P&T department corresponds roughly to the position of the Railways in 1948-49. At that time the Railways had a revenue of Rs. 213 crores and employed about 8.5 lakh persons. The P&T department today has a revenue of about the same amount and employs over 5.3 lakh persons. The Railway Board has constituted with three Members more or less in the present form as far back as in 1908. The Working Group has, there-

*The relevant extract may be seen at Appendix II.

fore, proposed that the P&T Board should be reorganised as a compact body with three Members of the status of Secretaries to Government—one drawn from the postal side and responsible for the mail, banking and other agency services, another from the telecommunications side and responsible for the telecommunications operations and development, and a third responsible for the financial and accounting services. Each Member will be fully responsible for the working of his branch. To assist the Members in the discharge of their functional responsibilities there should be three Additional Members of the status of Additional Secretaries. There need be no separate Chairman, and the Member on the postal side or the Member on the telecommunications side should be alternately designated as such. The Member (Finance) should be fully integrated with the P&T Board in the same manner as the Financial Commissioner is with the Railway Board. In regard to the P&T finances and the matters which do not impinge or have repercussions on the financial policy of the Government of India, the P&T Board should, under the authority of the Minister of Communications, exercise full powers. The P&T budget should be separated from the general budget and presented separately by the Minister of Communications to Parliament in the same manner as the Railway budget.

Views of the Commission

10. In view of the expansion of the P&T services in India and the pattern of organisation which has developed in other modern P&T administrations, we feel that the time has come to proceed generally on the lines suggested by the Working Group, but not necessarily in its entirety. The P&T services should be given an organisational set-up which will enable them to function on really commercial lines, to develop management practices to suit such working and to gauge their efficiency and financial results in a manner more suited to the world of commerce and industry rather than to that of a government department.

11. Basically, this objective can be attained only through the methods and procedures applicable to commercial and business ventures. This means that the highest level of the P&T administration should have the authority to make its own decisions in administrative and financial spheres within the ambit of general policy. Secondly, all officers, high and low, should be empowered to take decisions on day-to-day matters falling within their spheres. Subordinate officers in the field organisations should be delegated adequate powers of their own. In other words, even though the P&T services are organised as a government department, their functioning should be regulated broadly on the pattern of public sector undertakings, with the P&T Board occupying a position similar to a Board of Directors. The members of the Board should have the status appropriate to their responsibilities and functions. The Chairman, P&T Board, should also be *ex-officio* Secretary of the Department in the same manner as we have suggested in the case of the Railways in our report thereon. The Board should have the administrative powers of a Ministry and in respect of its own finances, the financial powers of the Government of India in the same manner as the Railway Board. Consequently the continuance of the Ministry of Communications in its present form would need to be reviewed,

12. The existing Ministry of Communications is directly responsible for the administration of only the following items :

- (i) The two production units, namely, the Indian Telephone Industries Ltd., Bangalore and the Hindustan Teleprinters Ltd., Madras;
- (ii) Wireless Planning and Coordination; and
- (iii) Overseas Communications Service.

We are suggesting elsewhere in this report the transfer of the responsibility for the two public sector production units to the P&T Board. We also agree that the Wireless Planning and Coordination Branch may be transferred to the P&T Board as suggested by the Working Group. The question of merging the Overseas Communications Service with the Posts and Telegraphs has been considered a number of times, after it was nationalised in 1947. The Estimates Committee recommended in 1960-61, that such integration should be considered after the P&T Board had become stabilised. The proposal has not been accepted so far on the ground that the technologies of the internal and of the external telecommunications services were different and that the efficiency of the latter might suffer. We consider that the technology of internal telecommunications has made rapid advances in the last decade and there is a growing affinity between the two. With the increasing overseas traffic the dependence of the O.C.S. on the internal telecommunications network will grow correspondingly. The continued efficiency of the O.C.S. can be ensured by maintaining it as a distinct unit under the P&T Board. Therefore, we agree with the Working Group that technically as well as administratively the merger of the O.C.S. with the P&T Board will be beneficial and the two should be integrated.

13. The organisation of the Director General, Overseas Communications Service as well as the Wireless Planning and Coordination Branch in the Ministry of Communications should, however, form distinct units under the P&T Board. Necessary arrangements should be made, as we describe later, to ensure that the special problems of these two branches receive due consideration by the P&T Board. The staff of the O.C.S. and the W.P.C. Branch who will be transferred to the P&T Board should be allowed to carry any service conditions/rights special to them and adequate steps should be taken to ensure that their service conditions/promotion prospects are protected. The status and rank accorded to the Wireless Adviser and the Director General, Overseas Communications Service, in the new set-up should be appropriate to their functions and compare favourably with those of other officers under the P&T Board having similar duties and responsibilities.

14. With the transfer of these organisations and services to the P&T Board and with the vesting in it of the enhanced powers in administrative and financial spheres, the Ministry of Communications should cease to exist in its present form and should be replaced by a Ministry of Posts and Telecommunications with the Chairman, P&T Board functioning as *ex-officio* Secretary of the Ministry. The Board and the proposed Ministry would function on the same lines as the Railway Board and the Ministry of Railways function at present. This reorganisation will, as indicated by the Working Group, also result in some economy.

Recommendation :

2

We recommend.

- (1) The existing P&T Board should be reorganised on a pattern analogous to that of the Railway Board as recommended by us in our report on Railways. The P&T Board should exercise the full powers of a Ministry of Government in the administrative sphere, and with respect to its own finances, those of the Government of India.
- (2) The Overseas Communications Service and the Wireless Planning and Coordination Branch should be merged with the P&T Board and the Ministry of Communications should be replaced by a new Ministry of Posts & Telecommunications.
- (3) On their transfer to the P&T Board, the heads of the O.C.S. & the W.P.C. Branch may be given the status and rank appropriate to their functions.

15. In our view, the reorganised P&T Board should consist of a Chairman and five members. Their charges may be broadly distributed as follows :

Chairman

Co-ordination, overall planning, research, WPC Branch, public sector undertakings under the P&T Board and matters of an inter-service character, such as, vigilance staff welfare and relations with staff unions.

(For this purpose, he should have the assistance of a Deputy Director General (Administration).)

Member, Finance

Finance and accounting services.

Member, Telecommunications Operations.

Operation of telegraph, telephone, radio and overseas communications.

Member, Telecommunications Development

Planning for telecommunications expansion and construction and installation.

Member, Postal Services

Postal operations and Railway Mail Service and Philately.

Member, Banking and Agency Services.

Post Office Savings Bank, Savings Certificates, Postal Life Insurance, Broadcast Receiver Licences and other agency services.

16. All the members should have the same status. As we said in our report on the Railways, we are not in favour of the institution of Additional Members since this arrangement tends, in our view, to dilute the responsibility of the full Members. If any Member needs additional aid or help due to heavy workload, this may be provided by having deputies with certain powers of disposal delegated to them. Similarly, we are not in favour of a proliferation of posts carrying secretariat status. The Chairman alone need be designated as *ex-officio* Secretary to Government. The Members can acquire the appropriate status on the basis of their standing

and pay. The Members and specified officials below them may, by suitable notification, be given the necessary authority to sign or authenticate orders, documents, etc., on behalf of the President. The Chairman should have the overall powers vested in the Director General by statute. In respect of their individual charges, these powers may be delegated to the concerned Members of the Board. The decisions of the Board should be on the basis of the majority vote. However, the Chairman should have the power to over-rule his colleagues in case he differs from the decision of the majority, but where he does so, he should bring it to the notice of the Minister.

17. It is not necessary, as suggested by the Working Group, that the Chairman should be chosen alternately from the postal or telecommunications members. The posts of Chairman and Members should be treated as selection posts and merit should be the main criterion for selection. The Chairman should normally be selected on merit from among the Members of the Board, and the departmental officers of the same status who may be serving outside.

18. We broadly agree with the suggestions made by the Working Group regarding the number and grade of officers below the level of Members in the P&T Board. At this level, the Board should have for its efficient functioning the assistance of the requisite number of officers of adequate rank and seniority. Their number and gradation would obviously be determined by considerations of workload and the nature of their duties and responsibilities.

Recommendation :

3

We recommend :

- (1) **The P&T Board should consist of a Chairman and five Members in charge of the following :**

- (i) **Finance**
- (ii) **Telecommunications Operations**
- (iii) **Telecommunications Development**
- (iv) **Postal Services**
- (v) **Banking and Agency Services.**

The Chairman will be responsible for coordination, overall planning, research, WPC Branch, public sector undertakings, and matters of an inter-service character such as vigilance, staff welfare and relations with staff unions.

- (2) **The Chairman of the P&T Board should be ex-officio Secretary of the proposed Ministry of Posts and Telecommunications in the same manner as the Chairman of the Railway Board.**
- (3) **All the Members should have the same status. They need not have any secretariat status. The Members and specified officers below them may be authorised to sign and authenticate documents, orders, etc., on behalf of the President.**

- (4) The posts of Chairman and Members should be treated as selection posts, for which selection should be made on the criterion of merit only. The Chairman should normally be selected on merit from among the Members of the Board and the departmental officers of the same status who may be serving outside.
- (5) Below the level of Members, the Board should have the assistance of officers of adequate rank and seniority.
- (6) The Board should function in a manner similar to the Board of Directors of a public sector undertaking, with the Chairman functioning as the head of the team. The Chairman should exercise the statutory powers vested in the Director-General under the existing enactments. In respect of their individual charges, these powers may be delegated to the concern Members.
- (7) The decisions of the Board should be on the basis of a majority vote. If the Chairman disagrees with the majority decision, he may over-rule his colleagues. Where he does so, the matter should be brought to the notice of the Minister.

Working arrangements

19. The Board should concern itself only with questions of policy and matters of importance to the working of the department as a whole. The Working Group has drawn attention to the large number of cases of lesser significance which move up, or are submitted, to the Board at present in consequence of which decisions on even routine matters get delayed. We agree that this practice is not only wasteful of the time of high functionaries, but also detrimental to efficiency. Adequate powers should, therefore, be delegated to each Member of the Board to take final decisions in matters pertaining to his charge within the general policy decided by the Board. There should be adequate delegation of powers also to the Board's officers below the level of Members. Likewise, the Sub-Boards on the postal and telecommunications sides should be empowered to decide on specific matters which may not be delegated to individual Members but which at the same time need not go to the full Board. In other words, the Sub-Boards should function more or less as Standing Committees of the Board in regard to the postal and the telecommunications matters as the case may be. This will help in expediting decisions and also secure adequate attention to the particular problems of either wing of the department.

20. Ordinarily, the P&T Board should concern itself mainly with the following matters :

- (i) Tariffs, overall budgetary and financial policies.
- (ii) Overall planning.
- (iii) Policy regarding pay, allowances, service conditions, etc.
- (iv) Policies regarding public sector undertakings under the P&T Board.
- (v) Vigilance, staff welfare, relations with staff unions.
- (vi) Coordination between the postal and the telecommunications wings.

(vii) Other matters not specifically delegated.

In all other matters the powers to take final decisions should be delegated to the Sub-Boards concerned with the postal and telecommunications matters respectively. These Sub-Boards should meet as often as necessary, but at least once a month. The proceedings of the Sub-Boards should be forwarded to the Chairman, P&T Board, who may, in case of disagreement, over-rule the decisions of the Sub-Boards. He should, however, bring such cases to the notice of the Minister. The constitution of the Sub-Boards should be as follows :

(a) *Telecommunications Sub-Board*

- (i) Member (Telecommunications Operations);
- (ii) Member (Telecommunications Development);
- (iii) Member (Finance); and
- (iv) D. D. G. (Administration),
with the senior of the two service Members as Chairman.

(b) *Postal Sub-Board*

- (i) Member (Postal Services);
- (ii) Member (Banking & Agency Services);
- (iii) Member (Finance); and
- (iv) D.D.G. (Administration),
with the senior of the two service Members as Chairman.

Recommendation

4

We recommend :

- (1) The Members should be fully responsible for the administration of their charge and empowered to take final decisions in this regard within the policy decided by the Board.
- (2) Ordinarily, the P&T Board should concern itself only with policy matters such as tariffs, budgetary and financial policies, pay and allowances and matters of an inter-service character such as staff welfare, relations with staff unions, vigilance, and coordination between the postal and telecommunications wings. Powers to take decisions in other matters should be delegated to the Sub-Boards.
- (3) The existing Postal and Telecommunications Sub-Boards must be activated. They should be reconstituted on the lines suggested in para 19 and empowered to take final decisions on matters delegated to them by the Board. The decisions of the Sub-Boards will be by a majority vote but the Chairman of the P&T Board should have powers of overruling them in case of disagreement. In such cases, he should bring the matter to the notice of the Minister.

21. To ensure that the problems relating to overseas communications and wireless planning and coordination receive proper attention, the D.G.,

O.C.S., and the Wireless Adviser should be invited to attend the meetings of the Telecommunications Sub-Board whenever matters concerning their organisations come up for discussion. The Board of Management of the Telecom. Factories can continue to have its present composition. It may be renamed as the Workshops Sub-Board in conformity with the existing practice in regard to other Sub-Boards.

A separate budget

22. We have already drawn attention to the suggestions made by the Working Group for the adequate and efficient financial management of the P&T services. In this connection, we are inclined to agree with the suggestion made by it that the budget of the P&T department should be separated from the general budget. For some time past, the balance of the P&T department has been separated *pro forma* from the balances of the Central Government though it continues to be treated as a part of the general balances for regulating the ways and means arrangements. It will be advantageous if the process is carried forward and the P&T budget is formally separated from the general budget. It will provide greater opportunity for the department to manage its affairs as a self-contained public enterprise. The separation will engender a greater sense of awareness and responsibility in the Board in the matter of raising revenues and in their overall financial management. It will enable the department to get better attention from Parliament and also afford an opportunity of a closer and more detailed scrutiny of the working of the P&T services, their efficiency, etc., from the financial and operational points of view. It will, in addition, facilitate the evolution of commercial accounting practices and the growth of modern budgetary systems which the P&T services urgently need.

Role of the Financial Adviser

23. The importance of the duties and functions and the special role of Member (Finance) of the P&T Board have also to be clearly recognised. In this connection, the views expressed in our report on the Railways on the role of the Financial Commissioner of the Railways would be equally apt and applicable here also. The Working Group has recommended that the functions of the Finance Member of the P&T Board should be the same as those of the Financial Commissioner in relation to the Railways. We have already said that though the P&T will continue to be a department of Government, its manner of functioning and actual operations should be regulated on the lines of those of an undertaking in the public sector. Therefore, the financial management of the P&T services should follow the pattern we have suggested for public sector undertakings (in our report thereon), both at the levels of the Board as well as the constituent units. Accordingly, Member (Finance) should function as a fully integrated Member of the P&T Board in respect of the financial matters affecting the P&T services except in cases where the decision may be in conflict with the general financial policy laid down by the Ministry of Finance or affect adversely the financial interests of Government as a whole. The same would apply *mutatis mutandis* to finance officers subordinate to Member (Finance). This delicate balance has to be achieved on the institutional plane by working procedures which should be clearly laid down. The Member (Finance) should be the principal financial adviser to the P&T Board on all financial matters. If on any question of policy having financial implications, he

differs with his colleagues in the Board, he may require the case to be referred to the Minister, P&T, who may over-rule him on his own if the matters concerns the P&T exclusively, or after consulting the Finance Minister, if it impinges, or has repercussions, on the financial policy of the Government.

Recommendation :

5

We recommend :

- (1) The P&T budget should be separated from the general budget.
- (2) The Member (Finance) and his officers should be fully integrated with the P&T set-up and should function as such. If the Member (Finance) differs with his colleagues on any policy question affecting financial matters, he may require the case to be referred to the Minister of P&T, who may, if necessary, over-rule him on his own if the matter concerns the P&T exclusively or with the concurrence of the Finance Minister, if it impinges, or has repercussions, on the financial policy of the Government of India.

A statutory P&T Board

24. The Working Group has suggested that it would make for better stability and would be a recognition of the importance of P&T services, if the P&T Board is set up under a statute on the lines of the Indian Railway Board Act of 1905. We agree with the Working Group and recommend that necessary legislation should be sponsored at an early date. However, since the pressure of parliamentary business may not permit an early consideration of such a measure, the changes recommended by us in the structure and powers of the existing P&T Board may, for the present, be brought about by executive order.

Recommendation :

6

We recommend :

The P&T Board should be set up under an enactment on the lines of the Indian Railway Board Act, 1905. Pending such enactment, the changes we have recommended in the structure and powers of the P&T Board should be given effect to by executive order.

CHAPTER IV

FINANCE AND ACCOUNTS

Despite the difficulties created by the partition of the country and the scarcity of resources, great expansion has taken place in the postal and telecommunications services in the years since Independence. The disturbances which occurred in the wake of partition resulted in the breakdown of communications at several places and loss of departmental properties including cash and valuable securities. There was some depletion of experienced staff as well, resulting in dislocation at places. These problems and the problems arising from the growing demand for postal and telecommunications facilities in the post-Independence years had to be met with the available personnel and resources. The revenue surpluses of the department were small, and even when they showed an increase, they were far too inadequate to meet the requirements. Therefore, the department has had to look for allocations from the general revenues for financing its schemes of expansion and development. Though progressively bigger allocations were made in the successive Plans, they have not matched the needs of the community for P&T facilities, or even the capability of the department to utilise such allocations. This will be clear from the following table of allocations for the development of the P&T services :

	<i>Allocations made</i>	<i>Remarks</i>
I Plan	Rs. 40.00 crores	Fully utilised
II Plan	Rs. 54.00 crores	Fully utilised
III Plan	Rs. 56.56 crores	Fully utilised
IV Plan	Rs. 492.25 crores	

2. On the telecommunications side the shortage of funds has resulted in a large volume of unsatisfied demand and on the postal side, the much needed measures for the modernisation of operations and of buildings have not made much headway. Measures to promote staff welfare have also been halting and inadequate. For example, hardly 4% of the staff have been provided with residential accommodation. In contrast, the Railways appear to have done much better for their staff. Progressively bigger as the successive allocations have been and large as the latest allocation undoubtedly is, the stage of the resources in sight being commensurate with the requirements appears to be still far off. The development of posts and telecommunications, specially of the latter, is closely linked with the growth of the economy. These services not only assist trade, commerce and industry but also promote and accelerate the economic growth by providing a vital element of infra-structure of the country. Thus they have to be an integral part of our successive Plans and the future programmes of economic development. Investment in telecommunications, in particular, involves not only no financial risks but results in attractive returns. We feel that investment in this area should be conceived and planned with greater faith and vision and the allocations made, to the extent feasible, on a more generous scale.

Recommendation :

7

We recommend :

Planning for the expansion of P&T services in general, and telecommunications services in particular, should aim at not only meeting the immediate needs, but it should be forward-looking and also have in view the demands of a decade in advance. Adequate funds should be provided in time for this purpose.

Planning Machinery

3. The planning machinery in the department should be geared to the task of ensuring that the available resources are put to the most effective use both from the service as well as the commercial angle. It has, for instance, been pointed out that as much as 14% of the connectable capacity of telephone exchanges (of more than one thousand lines) remains unutilised for one reason or the other. Idle capacity represents locked-up capital, and what is worse, lost revenues. It should not be difficult, with more care, foresight and prudence to reduce the idle capacity. Similarly, it should be the endeavour of all concerned to reduce the time taken in the completion of individual projects, as also the gestation period of completed ones, since the sooner a project reaches the completion stage, the earlier it begins to earn and add to the revenues of the department. In selecting projects, a favourable rate of return should be one of the main factors to be taken into account. For undertaking coordinated planning, right selection and proper phasing of projects, the department should organise a system of expert planning appraisal and evaluation. In our report on the Machinery for Planning* we have suggested that each Ministry or Department of Government should be equipped with a Planning Cell adequately staffed with the needed expertise. The P&T Board should have such a cell in particular for telecommunications planning. In planning a project, however, the department should have prominently before it the financial and economic aspects with a view to assessing clearly the ultimate return in financial terms as also the total costs in terms of outlays of capital and resources from the inception of an individual project. It is, therefore, essential that apart from the telecommunications specialists, the cell utilises the services of experts from other relevant disciplines like cost accountants, economic and systems analysis, etc.

Recommendation :

8

We recommend :

A Planning Cell should be established on the lines suggested by us in our report on the Machinery for Planning. This should include, besides the telecommunications officers, experts from other relevant disciplines.

*Recommendation No. 7, page 18 of the Report.

The financial position of the P&T services

*4. Taken as a whole the postal, telegraph and telephone services have worked at a loss since 1965-66. The department ran into a deficit of Rs. 5.3 crores in 1965-66 which rose to Rs. 12.57 crores in 1967-68. The deficits were reduced to some extent in the succeeding year by raising the tariffs. For 1969-70 the department is estimated to have a surplus of Rs. 6.9 crores. Only the telephone service produced a surplus during all these years. This surplus was, however, more than offset by the losses incurred by the postal and telegraph services, the annual average amount of which was Rs. 7.76 crores and Rs. 6.34 crores respectively during the period 1965-66 to 1969-70. The increased cost of establishment due to the successive increase in the dearness allowance of the staff is said to be the main reason for these deficits. Be that as it may, the financial picture presented by the P&T services is none too bright. The mere fact that they are a public utility service does not justify the grant of permanent or frequent subsidy from the general revenues; they are also a commercial undertaking and consistently with their public utility aspect, they should pay their way and also produce a reasonable return on the capital invested.

The Telegraphic Service

5. Except in the years 1959-60 and 1961-62, the telegraph service has been incurring losses continuously for the last 12 years. The estimated loss for 1969-70 is Rs. 6.86 crores. Immediate steps are necessary to control the cost of handling telegraph messages and to effect other economies. A departmental committee is, we understand, making a study of these problems at present. Efforts should also be made to expand and popularise the Telex Service, which is more remunerative than the ordinary telegraph service, so as to improve the financial viability of the telegraph service as a whole.

Recommendation :

9

We recommend :

The financial viability of the telegraph service should be improved, by controlling the cost of handling telegrams, effecting economies, and expanding and popularising the Telex Service.

The Postal Branch

6. The Postal branch ran into a deficit of Rs. 1.3 crores in 1964-65. The deficit went on increasing in the succeeding years and reached the figure of Rs. 14.11 crores in 1967-68. Even with the raise in tariffs there was a deficit of Rs. 6.04 crores in 1968-69. A deficit of Rs. 7.06 crores has been anticipated in the revised estimates for 1969-70. The losses sustained by the postal branch can be attributed to two main factors : (a) developmental measures; and (b) unremunerative operations. As a part of Government policy, the P&T Department has opened—and is opening every year—a large number of post offices in the rural areas even though the cost of maintaining these facilities is much higher than the income derived therefrom.

*The figures mentioned in this para and paras 5 and 6 for the period up to 1967-68 have been taken from the Detailed Annual Report of the P&T Department for 1968-69 while the figures for the subsequent years have been taken from Explanatory memo of Budget.

At present the department have no ready means of assessing the actual quantum of such loss. The Working Group is of the opinion that the losses incurred on the post offices newly opened and the continuing losses on old unremunerative post offices must be running into a few crores of rupees. Except for the letter post, the tariffs fixed for other items of postal services such as the post-card, registered newspapers, the registered post, money orders and printed books are not commensurate with the operational expenses incurred.

7. The question of tariffs was recently examined by the P&T Tariffs Enquiry Committee (1968) presided over by Shri Mahavir Tyagi. On the recommendations of this Committee, the postal rates were increased in 1968-69. Further increases have also been proposed in the budget of 1970-71, and these are expected to limit the postal deficits to Rs. 2.27 crores in 1970-71. The Working Group has felt that a clear policy would need to be enunciated in respect of the finances of the postal branch. Such a policy should aim at making the postal operations able, on the whole, to pay their way. For this purpose, the tariffs should be generally fixed so as to meet the costs and leave a small surplus, with the exception that all postal services and the items of traffic whose low tariff is deemed to be in the public interest must be subsidised from the general revenues to the extent of 75 per cent of the loss incurred. It is only the remaining 25 per cent that should be expected to be made good from the surplus generated in the postal operations as a whole. In the opinion of the Working Group, in the existing circumstances, there are only three services which fulfil the criteria mentioned above :

- (i) the opening of rural post offices;
- (ii) the registered newspapers service; and
- (iii) the post card service.

8. While we would agree with the proposition of the Working Group that the postal branch as a whole should, as far as possible, pay its way, we feel that any subsidy from the general revenues would be inconsistent with the approach which we have recommended for the management of the P&T operations on efficient commercial lines and also with the proposed administrative and financial autonomy in their working. We do not, therefore, support any system of general subsidies. In our view there is justification for a subsidy only in the case of the registered newspapers service. Even though the Department is now incurring a loss of over Rs. 3 crores annually on this account, newspapers and periodicals should continue to have the benefit of low postal tariffs in the larger national interest. However, the structure of tariffs could be rationalised so as to take into account the relative capacity to bear the postal charges. It has to be ensured that the small, weak and nascent part of the Press, which greatly needs such assistance derives the maximum relief from the postal concessions. We suggest that this question may be examined by the P&T Department with a view to evolving rational and acceptable criteria for fixing the tariffs; not only on the basis of the matter carried but on other considerations such as the proportion of advertisements etc.

9. This question apart, we are in favour of the postal branch being allowed to fix its other tariffs in such a way as to balance its costs on each major category of operation and leave a small surplus. The surplus

generated should be such as not only to cover the losses on the registered newspapers service, but also to finance the measures for improvement and modernisation of the service and for staff welfare. The postal branch should devise ways and means of effecting economies, specially on its services in the rural areas. Some postal rates have been revised with effect from 15th May 1970. As already mentioned, this is likely to reduce the deficit of the postal branch from Rs. 7.06 crores* to Rs. 2.27 crores by the end of 1970-71. Efforts should be made to wipe out even this greatly reduced deficit, by taking measures to bring down the expenditure on items such as over-time payments, re-imbursement of medical charges, sanction of new establishment, travelling and other allowances, stores, forms, etc. The P&T Board may consider the question of setting monetary targets for such economies in each circle and impressing on the heads of circles the need for ensuring the achievement of the targets. Further it appears to us that the trial period of ten years for unremunerative rural post offices is on the high side; this may be reasonably reduced. The local authorities may also be asked to bear a portion, say, one half of the loss incurred on unremunerative rural post offices.

Recommendation :

10

We recommend :

- (1) The Department should examine the question of rationalising the tariffs on registered newspapers taking into account relative capacity to bear the postal charges and the need to give the maximum relief to the small, weak and nascent part of the Press.
- (2) The tariffs on other items should be fixed in such a manner that losses on some operations where they are inevitable are met by surpluses on other items so that on the whole the branch has some surplus funds for reserves.
- (3) Economies should be effected in the postal branch by reducing the expenditure on items such as over-time payments, re-imbursement of medical charges, new establishments, etc. The trial period of unremunerative rural post offices may be reasonably reduced. The local authorities may be asked to bear one half of the losses incurred on such post offices. The small deficit anticipated in 1970-71 may be wiped out by setting monetary limits for economy for each circle.

Review of financial arrangement with general revenues

10. The financial arrangements in respect of the Posts and Telegraphs are governed by a convention agreed upon between the Department and the Ministry of Finance. The convention provides *inter alia* for the rate of dividend on the net capital advanced from the general revenues, the mode of utilisation of surpluses, sanction of advances from the general revenues, interest charges, etc. These arrangements have been patterned more or less on the convention in force in the Railways. However, the convention governing the relationship between the P&T and the general revenues is not operative for a specified period of time, nor is there any provision for its

*Revised Estimates for 1969-70.

periodic review. We feel that in view of the large investment planned for the P&T services and the increasing magnitude of their operations, the convention between the general revenues and the P&T should be put on a more stable footing. The arrangement should, in our view, be in operation for a fixed period and necessary provision should exist for its periodic review.

Recommendation :

11

We recommend :

The present convention between the P&T and the general revenues should be out on a more stable footing by providing that it would be in operation for a fixed period. Necessary provision should be made for its periodic review.

The Accounting System

11. In a commercial undertaking, the management responsibility must have as its concomitant the financial responsibility also and the accounting system should constitute the main inspiration and source of the range of financial information needed for proper management. It is important that the two functions should be located in close proximity to each other so that there is unity of purpose and commonness of objective, there is smooth flow of the full range of information required for management and a relationship of mutual respect and understanding is created between the management and the accounting wings. The accounting system under modern management practices must fulfil two requisites. First, it should be an instrument of budgetary control and secondly, it should serve as a tool of management.

12. The accounts in the P&T department are today kept, by and large, by the Accountant General, Posts and Telegraphs, who is outside the P&T organisation and functions under the Comptroller and Auditor General. However, a decision has recently been taken to make the department itself responsible for keeping the accounts of the telecommunications branch and this is being implemented in a phased manner. But the accounts of the postal branch continue to be maintained by the organisation under the Comptroller and Auditor General. In this connection, the Working Group has referred to the observations made by a team of accounting experts from the U.K.* who were entrusted with the duty of examining the accounting procedures of the telecommunications operations of the P&T Department. In their reports, the team highlighted the deficiencies and weaknesses of the existing system and recommended *inter alia* that the accounting function should be divorced from audit and placed under the direct control of the P&T department, closely linked with management at all levels.

13. The deficiencies pointed out by the British team of consultants and the arguments advanced by the Working Group for the transfer of the accounting responsibility to the P&T department are of general applicability and are well-known. However, in the case of this department, there are some other considerations which are valid and which would deserve mention here. The Working Group has pointed—rightly in our view—to the consi-

*Report of M/s. Peat, Marwick & Mitchel & Co., who were appointed as consultants by the Department of Communications (P&T) Board under their letter No. 9-11/63-B dated 23rd July, 1964.

deration that from the point of view of prompt redress of public complaints, the transfer of accounting functions will be beneficial. As is well-known; the postal transactions have increased tremendously in magnitude and they inevitably give rise to a sizeable number of complaints. The settlement of many of these complaints will be facilitated and expedited if the relevant records are maintained by the department itself. For instance, it is pointed out that in 1968-69, money orders numbering over 9 crores and valued at more than Rs. 559 crores passed through the post offices. Then again, the post office savings-bank has on its registers depositors numbering 1.84 crores with a turnover of about Rs. 889 crores. The prompt redress of many of the complaints under these items will be facilitated, it is contended, if the relevant records are maintained within the department. This argument has no doubt considerable force behind it.

14. The transfer of the accounting responsibility to the P&T department is, it is argued, likely to have beneficial effects on the department in another sphere also. We notice that at present a large number of audit objections arise during the course of external audit. The number of those pending settlement as on 31-8-1968 is reported to be of the order of 72,000. Many of these audit objections arise, no doubt, out of ignorance on the part of the staff of the elementary principles of account-keeping or out of a lack of consciousness of the importance, or even the need, of the maintenance of proper accounts. This lack of consciousness may be attributed to the fact that the final responsibility for the maintenance of accounts lies with an agency outside, and not within the department. Moreover, a large number of these audit objections relate to technical or minor irregularities though their final settlement entails a time-consuming process and involves considerable correspondence, discussion, etc. This could well be avoided if there was in existence in the department itself a system of internal audit. This organisation could at the earliest point to the irregularities and suggest remedial measures for their rectification, thus relieving the statutory audit of the necessity of detailed checks on individual transactions. The external audit will thereby be enabled to concentrate its attention on the over-all performance of the department and the soundness or otherwise of the accounting system. Thus, the present duplication of work and effort and also of records could be avoided and a better financial management would be facilitated by the installation of a proper organisation for internal audit. In the existing circumstances of an unduly large number of audit objections, this seems to be urgently called for and its operations could be considerably facilitated if the accounting functions are also vested in the department, since the internal audit would function as an integral part of the accounting organisation.

15. Financial considerations cannot, however, be ignored in the examination of any proposal for the transfer of accounting responsibilities to administrative departments. For instance, when the question of separating the accounting functions in relation to the telecommunications branch was considered recently, the Ministry of Communications estimated that an additional cost of the order of Rs. 22 lakhs would have to be incurred over and above the present cost incurred in the Indian Audit and Accounts Department on the accounting functions alone. It has not been possible for us to have an estimate of the additional cost involved in the transfer of the accounts relating to the postal branch. Any such proposition would, however, involve financial liability which may be of a sizeable order. It will be

recalled that in our report on Finance, Accounts and Audit, we examined the general issue of separation of accounts from audit and expressed the view that transfer of responsibilities for the compilation of accounts from the audit department to the administrative ministries and departments is not feasible as a matter of general policy and that the present system is flexible enough to permit of variations where the advantages of a change demonstrably outweigh the disadvantages of higher cost.

16. After a careful consideration of the various aspects, we feel that there are in the case of this department special circumstances justifying the transfer of the full responsibility for the maintenance of accounts to it. The department is, by and large, a commercial organisation and there are very frequent transactions with the public in general. The vast number and magnitude of the transactions give rise to numerous public complaints which would call for immediate remedial action; this could be facilitated and expedited if the relevant records were kept within the department itself. Moreover, accounts in respect of the telecommunications branch are already in the process of transfer to the department. Hence it will be, on the whole, advantageous if the entire accounting responsibility is transferred over a period of time to the P&T department. This transfer should be effected, however, in a phased manner over a number of years, since this department has had, unlike the Railways and the Defence department no traditions of a strong, well-organised accounting organisation of its own, which is still to be built up. This arrangement will also be in consonance with our concept of the operation of the P&T services on commercial lines and of their operational and financial autonomy.

17. The accounting organisation will be placed under the administrative control of the Member (Finance) at the Board level. The post of Member (Finance) will have to be redesignated in order to absorb the functions in respect of accounting which the incumbent will have to discharge. The functionary should be known as Member (Finance & Accounts). He should be responsible to the Board for all accounting and finance matters and should be the head of the accounting and finance organisation in the department.

18. If the department assumes full responsibility for the accounting function, and if an effective system of internal audit and financial advice is established, it would become necessary to build up a regularly constituted accounts service. Though there is, at present, a small departmental accounts service, this does not constitute a strong and viable accounts cadre which could, besides handling the accounting functions, adequately discharge other functions such as cost accounting, internal audit, etc. It would, therefore, be necessary, in due course, to create such a cadre on the analogy of the accounts cadres of the Railways and the Defence Services. Already the first steps have been taken by the P&T Department in assuming the accounting functions presently discharged by the Comptroller and Auditor General in respect of the telecommunications wing. We have recommended above that the P&T Board should take over, in a phased manner, the accounting functions in respect of the postal side also. We are also suggesting below the enlargement of the scope of financial control functions in project organisations and in the proposed zones. It is, therefore, desirable that a distinct P&T Accounts Service should be organised and built up to assume the duties and responsibilities envisaged for it. Till such time as this service has become fully established and acquired the requisite experience and

expertise, the P&T department could obtain on deputation the services of the officers of other Accounts cadres.

Recommendation :

12

We recommend :

- (1) The responsibility for maintaining the accounts of the postal wing should, as is being done in the case of the telecommunications wing, also be transferred to the P&T Board under a phased programme.
- (2) In due course, a regular P&T Accounts Service should be organised on the lines of the Accounts Services in the Railways and Defence.
- (3) The Member (Finance) should in due course be designated as Member (Finance and Accounts).

Financial control

19. The changes which we consider necessary in financial management at the top level have already been dealt with earlier in Chapter III. Changes only at the highest level are, however, not enough. Operational efficiency and quick implementation of projects will be considerably facilitated if the enhanced delegations are passed down to the lower levels in the administrative set-up. There should, therefore, be adequate delegation of financial powers to the regional formations, for example, the P&T circles, the telephone districts, the proposed telecommunications zones, etc. With the re-organisation of the P&T Board as suggested by us, the entity of the Director-General of Posts and Telegraphs will exist for certain statutory purposes only. The Working Group has suggested that the limited financial powers which at present vest in that authority should devolve on the regional formations, except that the P&T Board may reserve for itself such of those subjects and items as would have an all-India bearing, like the fixation of establishment standards, etc. We understand that the question of the delegation of financial powers has been engaging the attention of the P&T Board and that a departmental committee was recently (1969) appointed by them to review these delegations to the heads of circles, etc. and to make recommendations in respect of their enhancement. The financial powers of the Director-General with the exception of such of those as have an all-India bearing should, generally speaking, be delegated to the circles, districts, etc. These financial powers of the Director-General, P&T, have been exercised for a long time without any financial advice and, therefore, if, as suggested by us, these powers are delegated to the heads of circles, etc., these should be capable of being exercised by the latter without financial advice.

20. The Working Group has suggested that the position of the regional heads should be strengthened further by the delegation of more financial powers. As recommended by us in our report on Delegation of Financial and Administrative Powers, the approach in making such delegations should be "the maximum possible", in the circumstances rather than "the minimum necessary". We, therefore, agree with the Working Group that apart from the delegation to the heads of circles, etc. of the powers now exercised by the Director-General, P&T, the powers of the P&T Board itself should, to

the extent possible, be delegated to the regional heads. When this is done, the question of providing for financial advice in the exercise of such enhanced powers would arise. We, however, understand that the expenditure in the regional formations of the P&T is, by and large, accounted for by that on establishment and on the purchase of stores and equipment etc. The expenditure on the latter item, in particular, relates mainly to the supplies made by either the departmental factories or the production units in the public sector or other governmental agencies. There should, therefore, be no justification for attaching internal financial advisers to the heads of the P&T circles and of telephone districts. In our view this need may arise only in project organisations and in the proposed telecommunications zones, where the scales of expenditure are likely to be much higher. The necessity for the provision of internal financial advisers should be determined in the light of the facts and circumstances of each case and not on any *a priori* considerations.

21. The function of such officers should be to tender to the chief of the project organisation or zonal head proper financial advice with a view to ensuring that financial considerations are given full weight. The role of these officers should be one of assistance to the executive officers acting in the interests of a common enterprise. The head of the project organisation or zone should have the powers to take a decision on matters within his purview, after obtaining financial advice. However, the internal financial adviser should, like his counterpart in the Railway zones, be enabled to have any matter in which he has been overruled referred to the P&T Board through the head of the project organisation or zone, as the case may be.

Recommendation :

13

We recommend :

Greater financial powers should be delegated on the lines indicated in our report on Delegation of Financial and Administrative Powers to regional, zonal and such other administrative formations. An internal financial adviser may be provided in the project organisations or zones if the nature and volume of work clearly warrant such an appointment.

CHAPTER V

FIELD ORGANISATION

P&T Circles and Telephone Districts

The main field units of administration under the P&T headquarters are the P&T circles and the telephone districts. A P&T circle is headed by a Postmaster-General who is in the senior administrative grade except in Jammu & Kashmir, where there is a Director in the junior administrative grade). A P&T circle is normally coterminous with a State and its jurisdiction extends over all the post offices, telegraph offices and telephone exchanges in that area. The telephone administration of the cities of Bombay, Calcutta, Delhi and Madras has been placed under General Managers in the senior administrative grade, while that of the cities of Hyderabad, Bangalore, Ahmedabad and Poona is under District Managers in the junior administrative grade. The former are termed as major districts and the latter as minor districts. While the post of PMG may be held either by a postal or telecommunications officer, General Managers and District Managers of Telephones belong to the telecommunications wing.

Special needs of telecommunications

2. The arrangements that exist for the planning, installation, maintenance and operation of the telecommunications network are as follows :

(a) In respect of local telephone exchanges, the P&T circles and the major as well as minor telephone districts undertake the preliminary planning for expansion. The telephone districts carry out the detailed planning of the main automatic telephone exchanges while this work in respect of the P&T circles is done by the planning branch of the P&T Board. All other aspects of planning are centralised in the P&T Board.

(b) The work of construction and installation is also shared by more than one authority. While the major telephone districts undertake the installation of their main automatic exchanges, the Additional Chief Engineer, Jabalpur, is responsible for the installation of the main automatic exchanges in the P&T circles and minor telephone districts and of the larger carrier stations in all units. The installation of the smaller exchanges and the trunk exchanges and the construction of lines and underground cables are undertaken by the P&T circles and telephone districts themselves. Two special project organisations have been recently established under General Managers at Calcutta and Madras for the execution of large coaxial and micro-wave schemes.

(c) The acceptance testing of only the automatic exchanges and trunk installations is carried out by the Additional Chief Engineer. There are at present no arrangements for the acceptance testing of other installations.

(d) The circles and districts carry out most of the normal maintenance of the telecommunications networks within their jurisdiction. The maintenance of long distance telecommunications lines which run across several

circles and of trunk exchanges and teleprinters is, however, attended to by four Regional Directors of Telecommunications at Calcutta, Bombay, Madras and Delhi who function directly under the P&T Board. A centralised team has also been constituted to carry out quality of service tests in local telephone systems all over the country.

3. The Working Group has found several shortcomings in the existing arrangements for the planning, installation and maintenance of the telecommunications network. These are :

(a) While the end-points of a long distance circuit may lie in two separate circles districts, the circuit may itself traverse several circles. The maintenance of different segments of such a circuit is at present the responsibility of different circles. This is not a satisfactory arrangement and as a result operational efficiency suffers. The organisation of Regional Directors, Telecommunications, exercises only a second line supervision which has not been found to be adequate. For continued efficient operation more effective arrangements have to be made for maintaining long distance circuits.

(b) Though each P&T circle has one or more directors of Telegraphs, it does not possess a suitable specialist organisation for the purpose of detailed planning, installation and maintenance of the small automatic exchanges, manual exchanges, trunk exchanges, and for construction of lines and underground cables, etc. This has an adverse effect on the quality of installation and maintenance. Efforts made in the past to provide such a specialist support organisation have not been successful. A study made in one of the biggest circles showed that the total workload did not justify an independent organisation though the necessity for such specialist support was evident.

(c) There is also no organisation at present which is specifically charged with the acceptance testing of newly installed transmission equipment and of the smaller exchanges and new circuits installed in the circles. In its absence it becomes difficult to secure a satisfactory quality of service.

(d) Major works of installation such as big exchanges, and coaxial and micro-wave transmission systems are undertaken by the Additional Chief Engineer of the special project organisations, while the construction of lines and underground local cables which branch off from the main transmission lines etc., is done by the P&T circles or districts. Difficulties arise in coordinating the work of equipment installation and local cable construction since the latter is controlled by fifteen different P&T circles and eight different telephone districts.

4. In order to get over these difficulties, the Working Group has suggested the setting up of four zonal organisations in the north, south, east and west, for integrated planning and installation and for catering to other special technical requirements of telecommunications in groups of P&T circles and minor telephone districts. While the latter would continue to be responsible for the normal functions such as preliminary planning, minor works, commercial operations, day-to-day maintenance and administration of the telecommunications services, the work of detailed planning of projects, installation, special maintenance, acceptance testing and measurement of quality of service should be the responsibility of a new set-up which should function on a zonal and not on a circle basis. Thus, there should be four telecommunications zones for the whole country with headquarters at

Delhi, Calcutta, Madras and Bombay, each under a Zonal Manager. The following Circles and districts will be included in each zone :

- (i) Maharashtra, Gujarat and Madhya Pradesh circles, and Ahmedabad and Poona Telephone Districts—Zonal Manager, Bombay.
- (ii) Kerala, Tamil Nadu, Mysore and Andhra Pradesh circles, and Telephont Districts of Hyderabad and Bangalore—Zonal Manager, Madras.
- (iii) Orissa, West Bengal, Bihar and Assam circles—Zonal Manager, Calcutta.
- (iv) Jammu & Kashmir, Punjab, U.P. and Rajasthan circles—Zonal Manager, Delhi.

5. The Working Group has suggested that the Zonal Managers should exercise "technical and functional control" over the Directors of Telegraphs in the circles and over the Managers of minor telephone districts for the purposes enumerated above. The General Managers of the major telephone districts are not included in the scheme proposed by the Working Group, which has felt that they already have at their command the needed specialised support.

6. We are inclined to agree generally with the Working Group on some of its conclusions. We have already alluded to the fact that the existing arrangements for the planning of telecommunications expansion are unsatisfactory. The Public Accounts Committee of Parliament has pointed out that nearly 14% of the connectable capacity in exchange of over 1,000 lines remains unutilised, due to a shortage of cables. Another factor contributing to the less than optimum utilisation is the difficulty which, according to the Working Group, is experienced at present in coordinating the work of installing the exchange equipment with that of construction of local cables and lines. Because of the very nature of telecommunications systems which cut across circle boundaries, it is essential to adopt an integrated approach to planning as well as the actual construction/installation, and to make adequate provision for any special maintenance requirements.

7. More than in any other field, rapid technological developments are taking place in the field of telecommunications. New systems of transmission such as the coaxial and micro-wave, and of switching such as the cross-bar, have already been adopted and are being steadily extended. The adoption of more advanced technologies such as internal communication *via* satellite, and electronic switching, is not far off. In the circumstances, the need for an organisation equipped with the latest technological expertise and specialised skill, between the levels of the circles and districts and of the P&T headquarters, becomes patent. It can be argued that these needs can be met by creating special project organisations for new installations. On the completion of such installations, their maintenance and normal operation may be made over to trained personnel in the circles and districts, and the project organisations wound up. Such a system which may be well suited for the needs of departments such as the Railways, and of irrigation projects, etc. will not, however, be adequate for the telecommunications services. First, telecommunications expansion and improvement is a continuous process and

secondly, the maintenance and operation of modern telecommunications systems involves sophisticated technology of a much more specialised type. The provision of separate specialised units proficient in the rapidly changing technology in all the P&T circles and telephone districts numbering 23 does not seem to be feasible in the present circumstances. In the first place, the skill and the expertise will be too thinly spread and secondly, it will make the proposition an expensive one. A good solution to this would be to pool together the specialised needs of the various units and provide for them on a zonal pattern. The large schemes of telecommunications expansion which are programmed for the near future cannot also, in our view, be efficiently directed from a central point whether it be the Additional Chief Engineer or the P&T headquarters. The adoption of a zonal pattern for certain purposes has also a public relations aspect. Integrated planning, installation and adequate attention to special maintenance requirements will result in better availability of facilities and quicker rectification of defects, thereby affording a more efficient service to the public. Efforts in this direction are at present hampered on account of the involvement of a number of authorities, leading to confusion and avoidable delay.

8. We are, therefore, in favour of setting up telecommunications zones, generally on the lines suggested by the Working Group. We do not, however, agree with the Working Group that the general managers of the major telephone districts should be left out of the ambit of the zonal scheme. Since coordinated planning and installation is of the essence of the scheme it would be illogical to leave the main telecommunications terminal points of Calcutta, Bombay, Delhi and Madras out of it altogether. We, therefore, suggest that the general managers of the major telephone districts should also be brought within the zonal scheme. On the question of placing the directors of telegraphs or managers of telephone districts under the "technical and functional control" of the zonal managers, we feel that instead of any general provision of this kind, it would be better to define precisely the spheres of action and responsibility to the zonal managers on the one hand and of the directors of telegraphs and heads of telephone districts on the other, and to indicate clearly the nature of co-ordinating function and superintendence that the zonal managers would need to exercise in respect of the circles and districts. The directors of telegraphs in the circles are under the administrative control of the head of the circle, while the general managers of major districts and the district managers of minor districts are working directly under the administrative control of the P&T Directorate. This administrative arrangement which has functioned well in the past need not be disturbed and it may continue as heretofore. In the discharge of their new functions and responsibilities the proposed zonal organisations will, however, have to lean a great deal on the assistance and willing cooperation of the officers at the circle/district level. Necessary administrative arrangements may be made to ensure that such cooperation and assistance is forthcoming in ample measure and that the zonal authority is able to exercise the requisite measure of superintendence and technical supervision in matters falling within its jurisdiction. The main items of work with which the zonal organisation will be concerned will be the following and in respect thereof, it should have the powers to issue necessary instructions, to ensure compliance and also to obtain periodic or special reports :

- (i) Detailed planning for telecommunications in the entire zone in consultation with and with the cooperation of the circles and districts;

- (ii) Installation of all major works including the bigger local cable net-works;
- (iii) Acceptance testing of all newly installed transmission and exchange equipment;
- (iv) Annual technical inspection, overhaul and major repairs of all telecommunications installations within the zone; and
- (v) Evaluation of the quality of service, cost analysis, etc., in respect of installations.

9. A telecommunications zone will be primarily concerned with project planning, installation, evaluation and the maintenance of long-distance lines, trunk exchanges, teleprinters, etc. The responsibility for the normal and the day-to-day maintenance of the local net-work has to be laid squarely on the circles/districts which operate the services. If necessary the staff should be specially trained for this purpose. For any special maintenance jobs the circles/districts should be enabled to indent on the services of the zonal organisation. The circles/districts will also continue to be responsible for the normal functions such as commercial operations, day-to-day administration, preliminary planning, minor works, etc. Our proposal will involve the strengthening of the existing organisation of Regional Directors of Telecommunications and building into it the requisite expertise to enable it to discharge adequately its new functions and responsibilities. On such reorganisation the telecommunications zones will take over the functions at present being discharged by the regional directors of telecommunications and the project organisations, and some of the functions of the Additional Chief Engineer, T&D Circle. The Additional Chief Engineer will then be left with residuary functions which will relate mainly to standardisation, issue of specifications, engineering instructions, testing of materials, etc.

Recommendation :

14

We recommend :

- (1) Four separate telecommunications ones may be established with headquarters at Delhi, Bombay, Madras and Calcutta, under Zonal Managers (Telecommunications) to cater to the special needs of planning and installation of major works, maintenance of long distance lines, etc., and for technical supervision.
- (2) Each Zonal Manager should be responsible for the functions enumerated in para 8, in groups of P&T circles and telephone districts falling within a zone. For the adequate discharge of his responsibilities and the exercise of his functions, the Zonal Manager should have the powers to issue necessary instructions, to ensure compliance with them and also to obtain periodic or special reports in matters falling within his jurisdiction.
- (3) The Zonal Managers should exercise administrative control over the regional directors (telecommunications), and special project organisations created for the execution of large coaxial and micro-wave schemes which, at present, come under the Addi-

tional Chief Engineer, T&D circle. The special project organisations under the General Managers (Projects), Calcutta and Madras should be merged with the zonal organisations.

P&T Circles

10. The Working Group has felt that some of the circles have become much too large in terms of the traffic handled and of the administrative units to be supervised, to permit of efficient management. The volume of work devolving on different heads of P&T circles has also been found to vary greatly. In this connection, the example of the Orissa and Uttar Pradesh circles has been quoted; in the latter the volume of work is stated to be roughly four times as large as in the former. The Maharashtra and West Bengal circles which contain the big traffic generating cities of Bombay and Calcutta are also in the same position as the Uttar Pradesh circle. The Working Group has felt that the heavy load of work which now devolves on the Postmasters-General of these circles does not permit of adequate supervision of their charges and therefore these charges should be made smaller by bifurcating the U.P. circle into two P&T circles and by constituting the cities of Bombay and Calcutta into separate Postal circles. We do not, however, agree with the Working Group. The problem of ensuring adequate supervision can be solved by giving the Postmasters-General assistance of additional officers of suitable status and the heavier work load shouldered by them can be recognised by raising the status of their office wherever justified. In any case, the division of the existing circles and the formation of more circles does not appear to be the only solution. Before the reorganisation of States, many P&T circles comprised more than one State and it was only thereafter that more P&T circles were created so as to conform to the new State boundaries. This arrangement was intended to secure greater attention to the postal and telecommunications problems of the respective States. However, it does not suit some of the operational requirements. The problems relating to telecommunications have already been touched upon. On the postal side, it has been stated, for instance, that the movement of mail is better administered on a regional rather than a State basis. There is undoubtedly a need for coordinated planning and supervision in certain respects on a regional basis. We think that the question of the reorganisation of the P&T circles and their rationalisation deserves a much closer examination. It should be viewed in a broader perspective in the context of changing circumstances and requirements of traffic, and not necessarily on the basis of each State being given a P&T circle. We suggest that the P&T Board should itself take up the study and examination of this aspect.

Postal Divisions

11. The Working Group is of the view that the existing policy of creating new postal divisions on the basis of staff strength, has resulted in the creation of too many administrative units of this type. We agree that this kind of fragmentation is not conducive to efficient supervision at the level of the circle. It has been suggested that the minimum size of a postal division should be that of a revenue district, though in sparsely populated areas, a postal division may comprise more than one revenue district. In our view, mere setting of limits on a territorial basis to the area of a postal division will not meet the requirements of efficient administration and the needs of

the public. A field organisation has necessarily to take note of other factors including trends of traffic. It is true that prior to Independence the district was accepted as the unit for postal administration as well. Since then, however, the volume and pattern of traffic have shown a marked change. With increasing urbanisation and industrialisation, the traffic tends to gravitate towards and concentrate in the urban centres and new clusters of industries. This reinforces the need for a fresh look at the traditional pattern of the machinery of supervision in the field. In most countries including the U.K., the management of the postal services in the field is centred round the unit of the head post office. We suggest that the question of reorganising the divisional set-up of the postal side may be studied in all its aspects in the context of the relevant circumstances including the trend of traffic and its changing pattern. This question as well as that of the reorganisation of P&T circles would merit study and examination and we would commend this to the P&T Board.

Recommendation

15

We recommend :

The reorganisation of the P&T circles and postal divisions and rationalisation of their areas/jurisdictions should be taken up for study and examination in the context of the present circumstances including the trend, movement and volume of traffic on account of increasing urbanisation/industrialisation. This task should be taken up by the P&T Board itself.

Postal Operations Research Cells in the circle headquarters

12. For movement of mail from one station to another, the Department is now entirely dependent on the bus transport system, the Railways and the Indian Airlines. Its own transportation arrangements are limited to the movement of mail within city limits and from post offices and mail offices to the closest rail-head or air port. Though the carrying capacity of the railways and the airlines has increased in recent times, the capacity available for postal traffic has not kept pace with its mounting requirements. The P&T department needs, therefore, to supplement rail and air transportation facilities. This is specially so in the case of the great urban centres where there is heavy concentration of traffic. Mechanised road transport is spreading fast in the rural areas and an increasing number of bus routes are being opened. A close watch needs to be kept on the expansion of these facilities in order to achieve better routing and quicker delivery. No arrangements exist for either a systematic watch over the developing road network or for a study of the economics of different modes of transportation of mail. The mails branches of the circle offices deal mostly with the routine function of routing of the mail to newly opened offices and adjusting routing with the periodical changes in railway and airline timings, etc. Practically no thought has been given to the possibility of having departmental transportation from the bigger cities to neighbouring destinations by road. The bigger rail centres are literally choked with all kinds of traffic; in consequence it is becoming increasingly difficult to get enough rail accommodation for all the mail emanating from them and detention of mail has almost become the rule rather than the exception. All these and the related questions need a close study. The Working Group has recommended that the mails branch of each

circle office should have an operations research cell, whose special responsibility should be *inter alia* to undertake studies of the question of the relative economics of rail/air transportation and departmental road transportation of mail over trunk routes. It should examine the possibility of establishing the department's own mail motor services over important routes and of running special mail carrying trains and shuttle services over the heavier routes. It would also be responsible for keeping a watch over the improvement in the bus routes in the mofussil areas; and for this purpose it should maintain liaison with the State Transport authorities. A common difficulty experienced at present is the unwillingness of road operators to carry mail at reasonable rates. The Working Group has suggested that these cells should take up with the State Transport authorities the question of compelling road operators to carry mail at rates which are imperative in the public interest, by getting the Motor Vehicles Act amended, if necessary. We are in general agreement with the Working Group, but we feel that the rates may be settled through negotiation failing which there should be a provision for arbitration.

Recommendation

16

We recommend :

The mails branch of each P&T circle should have an operations research cell, whose special responsibility should be the following :

- (i) studying the economics of mail/air transportation of mails vis-a-vis road transportation of mails;
- (ii) keeping a watch over the extension of the road transport system in the rural areas and constantly exploring the feasibility of better and quicker routing of the mails; and
- (iii) maintaining liaison with the State Transport authorities with a view to adequately projecting the needs of the department for the movement of mail and with a view to securing the transport of mail at reasonable rates. The rates should be settled by negotiation failing which there should be a provision for arbitration. The Motor Vehicles Act may be amended, if necessary.

Modernisation of postal operations

13. In advanced countries machines are being harnessed for increasing the productivity of the postal services. Special equipment has been designed and installed for the handling as well as sorting of mail. This has become imperative in consequence of all-round growth in postal business, a spiralling wage structure and the high cost of working space in the cities. The traditional solution of employing more hands to cope with increasing traffic has been seen to be uneconomic in many foreign countries, especially where there is heavy concentration of traffic. A similar phenomenon is discernible in India and the Working Group has felt that at least in the larger urban centres the mechanisation of postal operations would be beneficial. Though some halting steps have been taken to mechanise certain elementary operations and provide mechanical aids, these have touched only a fringe of the problem. The Working Group has expressed the view that the mechanisation and automation of the handling and sorting of mail will have to be considered in selected centres. We agree with the Working Group.

14. A feeling is generally current in the country—particularly in many trade union circles—against mechanisation, on the ground that it will lead to the displacement of staff and curtailment of fresh employment potential. The argument is not necessarily valid. In other countries, mechanisation has not resulted in unemployment. It may create some imbalances to start with, but if its introduction is phased to keep pace with retirements, actual retrenchment can be avoided. In the long run, mechanisation will in itself generate industrial growth and greater employment possibilities in the country. In the bigger cities, an efficient postal service is fast becoming a race against time and a fight for precious and often unavailable working space. The continuance of an efficient and economical service which the public has come to expect in an increasing measure, will depend greatly on the ability of the Department to surmount these difficulties. A mere increase in manpower employed would not be of real help and selective mechanisation appears to be inevitable in the future. Any programme of mechanisation will involve the investment of funds, but the investment made should result in quick return in the form of overall savings and improved efficiency of the postal operations. A large scale import of needed equipment and machinery making demands on foreign resources is not being advocated here. What is being suggested is that the necessary equipment should be designed and fabricated within the country.

15. To assist in this process a Mechanisation Research Cell, headed by a Deputy Director General, should be set up immediately at the headquarters. It should be the responsibility of this Cell to examine in the first instance all aspects of postal operations in the cities of Delhi, Calcutta, Bombay and Madras and work out the relative advantages and also the feasibility of mechanising the postal operations. This Cell should be able to draw upon the research work, which has already been done in many foreign countries on postal mechanisation, and also call upon the good offices of the Universal Postal Union in working out its schemes.

Recommendation

17

We recommend :

A Mechanisation Research Cell on the postal side should be established in the P&T Board to examine the feasibility of mechanisation in the postal operations, particularly in the cities of Delhi, Calcutta, Bombay and Madras, and to work out the economic and administrative aspects of mechanising the operations. The design and manufacture of the required equipment should be undertaken in the country to the maximum possible extent.

The civil engineering wing

16. The construction of P&T buildings is handled by the civil engineering wing of the Department under the charge of Chief Engineer (Civil) in the P&T Board. The field organisation under the Chief Engineer (Civil) consists, at present, of four Senior Architects and three Superintending Engineers. The organisational set-up and the procedures have been modelled on those of the Central Public Works Department. As is well-known the latter is a centralised construction agency serving a large number of different government departments spread all over the country. In the case of the

P&T Civil Engineering Wing, which has to service only the P&T organisation, however, the pattern will have to be different. It should enable a closer integration of the Civil Engineering Wing with the regional organisation of the P&T Department. This would result in greater co-ordination and expedition of the construction work. The headquarters of the four Senior Architects should be relocated at convenient centres, preferably at Delhi, Calcutta, Bombay and Madras. The Senior Architects may be attached to the Managers of the proposed zones in order to promote better coordination between the circles, districts and zones on the one side and the Architects on the other. Similarly, the three Superintending Engineers should be deployed in such a manner as may be most convenient from the point of view of the area and the load of work. The Senior Architects and Superintending Engineers would, however, continue to be under the technical and administrative control of the Chief Engineer (Civil).

17. The maintenance of buildings and construction of minor works in the circles are at present handled by the Divisional Engineer (Telegraphs). While each item of such works is quite small, the total work load in any Division is considerable and claims a good deal of the personal attention of the Divisional Engineer (Telegraphs). This tends to divert his attention from his primary task of the maintenance and operation of the telecommunications services. With the realignment of the regional units of the Civil Engineering Wing so as to conform to the regional and the proposed zonal units of the P&T, these items of work should be entrusted to the Civil Engineering Wing. For this purpose, the services of the building staff should be transferred from the Telegraph Engineering Divisions to the Civil Wing.

Recommendation

18

We recommend :

- (1) The headquarters of the senior architects in the P&T Civil Engineering Wing should be re-located at convenient centres, in order to promote greater coordination between the circles, districts and proposed zones on one side and the civil engineering units on the other. Likewise the headquarters of the Superintending Engineers should be so located as to meet the needs of the load of work and area where it occurs.
- (2) The maintenance of buildings and the construction of minor works should be entrusted to the Civil Engineering Wing. For this purpose, the services of the building staff should be transferred from the Telegraph Engineering Division to the Civil Wing.

Overseas Communications Service

18. This service provides India's telegraph and telephone links with the external world. With the increasing volume of activities in the fields of international trade and commerce and, diplomacy, the service has been called upon to expand and modernise itself commensurately. While international traffic has grown steadily, the means of communication has been simultaneously transformed by the advances in technology. However, the growth of facilities in terms of the number of channels made available has not kept

pace with the requirements. Today, the O.C.S. operates the following international telecommunications links from its four "gateway centres" at Bombay, Calcutta, Madras and Delhi :

- (a) 2 submarine telegraph cable links.
- (b) 31 direct radio-telegraph links.
- (c) 10 direct international telex links.
- (d) 34 direct radio-telephone links.

The O.C.S. can now provide telephone, telex and radio-photo services, respectively to 146, 100 and 28 foreign points, through arrangements with other administrations. The telegraph service is available for practically any place in the world. The international services of the OCS are provided through a close co-ordination with the internal telecommunications network. The communication from any point within the country to the "gateway centres" of the OCS and *vice-versa* is provided by the P&T Department.

19. An important technical advance, which will be achieved shortly, is the establishment of a link with the international telecommunications satellite over the Indian Ocean. An "earth station" is being completed at Arvi near Poona and will be commissioned by July 1970. When this link is established, direct communication will be possible with all the countries within the "visibility" of the satellite. These will comprise most of the countries lying on the periphery of the Indian Ocean, provided they participate in the programme. A second "earth station" is proposed to be set up at Delhi during the Fourth Plan. The satellite facility is expected to increase the number of channels available and also ensure a greater degree of effectiveness and efficiency than the existing system. Improved effectiveness of the overseas links will stimulate a bigger demand and correspondingly the domestic telecommunications network will be required to be made more efficient and effective to cope with the increased traffic.

Relative merits of cables and wireless

20. Overseas telecommunications from and to India today are based predominantly on the use of wireless as distinct from cables. The existing facilities are worked mostly through high frequency radio. The forthcoming satellite facility will be worked through microwave. The use of wireless for telecommunications has, however, been found to have certain disadvantages. It is prone to atmospheric disturbance, as a result of which a large proportion of the traffic is rendered infructuous. It is not free from noise and is not quite satisfactory from the point of view of security. While communication *via* satellite is expected to be an improvement over the present system in many respects, it would suffer from the same defects in respect of security. On the other hand, transmission by cable, we understand, is superior to wireless in all these respects. Europe is linked with North America by marine cable under the Atlantic. A trans-Pacific cable has already been laid from the U.S.A. upto Singapore and its extension to India and Ceylon has been under consideration. We understand that India's participation in this programme has been under discussion for some time. However, on a consideration of costs and quicker availability, priority was accorded to the Indian Ocean satellite programme.

21. As far as India is concerned, the satellite facility will cover only some of the countries with which it has overseas communications links. In this connection, we note that in the present state of the technology, satellite communication does not supplant, but only supplements cable communication. Since cable communication ensures secrecy, it is indispensable from the point of view of defence, external relations and of other Government organisations requiring a high degree of secret communication with countries overseas moreover, cables will continue to be used as a means of transit from earth stations to further destinations. We understand that such transit traffic is highly remunerative. We would, therefore, urge that in planning for the expansion of overseas communications facilities, the relative merits and advantages of cable and wireless transmission should be carefully assessed and investments made in the most beneficial manner. As far as we can see, we shall have to rely on both the satellite and cable systems. Investment in both would be administratively prudent and financially sound since the demand for overseas communications is of such order that the amount invested would be recovered in a short compass of time.

Recommendation

19

We recommend :

The relative merits and advantages of cable and wireless transmission should be carefully assessed in planning for the expansion of overseas communications facilities. It would be administratively prudent and financially sound to invest in both satellite and cable system.

CHAPTER VI

STORES AND EQUIPMENT

Being a nation-wide public utility service, the P&T organisation has an enormous volume of daily transactions with the public; it also utilises sophisticated engineering techniques for providing its services. As such, it consumes large quantities of equipment, components, spares and other stores of a wide range and variety. Its requirements are broadly those of (a) telecommunications engineering stores, (b) other stores and stationery which are peculiar to the Department as well as common to other Government departments and (c) forms and stamps.

2. Telecommunications and related engineering stores such as transmission, switching and exchange equipment, cables and teleprinters are supplied by the Indian Telephone Industries, Bangalore, the Hindustan Teleprinters, Madras, and the Hindustan Cables, Rupnarainpur, West Bengal. These three undertakings are in the public sector. The departmentally run telecommunications factories at Calcutta, Bombay and Jabalpur supply switch boards, trunk boards and construction stores such as tubes, stalks etc. The stores which are not supplied by the above units are procured through the Directorate General of Supplies and Disposals. The forms and stationery required in the department are printed or arranged for, by and large, by the Chief Controller of Printing and Stationery. The India Security Press, Nasik, prints and supplies all the postage stamps and postal stationery required by the Department.

Production units and position of supplies

3. The capacity of the production units on which the department depends for its normal operation as well as expansion is not adequate for its needs. The existing arrangements for forecasting future requirements and for indenting, procurement and supply to the units also suffer from defects. The production of cables which is a vital component needed for the provision of telecommunications facilities has fallen short of the requirements by a wide margin. In the ITI the progress in manufacturing cross-bar equipment has not come up to expectations. We understand that the production capacity of the Hindustan Cables as well as the Indian Telephone Industries is being stepped up and a second unit of the latter is being set up shortly at Naini (Allahabad). A second cable factory has also been planned. We feel that these projects have already been delayed inordinately. There is no doubt that inadequacy of capacity in relation to demand has been one of the factors delaying the various telecommunications projects. Without adequate production capacity, integrated planning and implementation cannot materialise. The required expansion is, therefore, urgently needed in view of the ambitious plans for telecommunications development in the near future. It is also essential that the production units supplying the telecommunications services should keep abreast of the latest developments in the relevant technology. Telecommunications are a field where the earlier technology is being rapidly superseded by new invention and the day may not be far off when interference from weather and other natural elements may be eliminated. It is, therefore, of the

utmost importance that the production units are constantly on guard against the dangers of obsolescence.

Recommendation

20

We recommend :

The production of telecommunications equipment in the existing public sector undertakings or others which may come up in future, should be so organised that the country keeps pace with modernisation and developments in other countries and our telecommunications system keeps abreast of the latest technology.

4. The Working Group has suggested the following measures for improving the performance of the Indian Telephone Industries *vis-a-vis* the Department :

- (a) The ITI should concentrate only on the production of sophisticated and specialised equipment as well as parts which go into the manufacture of such equipment which are not produced in other sectors of industry. The capacity thus released should be devoted to the production of essential and sophisticated spare parts;
- (b) Efforts should be made to farm out production of items which outside industry is in a position to turn out provided that subsidiary manufacturers will be able to deliver the proper quality of such items in the right quantities and within the required time schedules;
- (c) The departmental telecommunications factories should be encouraged to undertake the manufacture of spare parts and for this purpose, assistance may be provided for the installation of new plant, wherever necessary;
- (d) The Department should give the ITI a larger profit margin for spares so that an incentive may be provided for their production by better utilisation of the existing capacity without, **at the same time**, affecting the production of capital equipment; and
- (e) **There should be effective coordination between the P&T Department and the ITI in matters relating to production, supply, installation and maintenance of the relevant equipment.**

We support the recommendations of the Working Group except item (c) with regard to new plant for manufacture of spares in the departmental telecommunications factories and item (d) with regard to the provision of larger profit to the ITI for spares. We feel that there is no escape from this or other similar undertaking itself manufacturing the needed spares for its capital equipment or arranging for their supply through other undertakings or units in the field of ancillary or feeder industries to which the manufacture of spare parts could be entrusted or farmed out. No useful purpose will be served by providing a special inducement for the production of spares since this will involve the diversion of production capacity from the manufacture of capital equipment to that of spares. The answer really lies in increasing the total capacity for production of telecommunications equipment of all types including components, spares, etc.

Recommendation

21

We recommend :

- (1). The public sector undertakings should provide all the necessary spare parts for the equipment supplied to the Department, either by manufacturing them, or by getting them manufactured in other undertakings or units in the ancillary and feeder industries.
- (2). There should be effective coordination between the P&T Department and the public sector units in planning and in important aspects of production, supply, installation and maintenance of telecommunications equipment.

Responsibility for production units

5. At present, the Ministry of Communications discharges the functions of an administrative department in respect of the Indian Telephone Industries and the Hindustan Teleprinters. With the reorganisation of the P&T Board, as suggested by us, the functions of the Ministry of Communications will devolve on the P&T Board. Consequently, the responsibility for these undertakings should be borne by the Board.

6. The Hindustan Cables Limited is under the control of the Ministry of Industrial Development, etc. The Ministry of Communications have been urging that the responsibility in respect of this undertaking be transferred to itself on the ground that the P&T is the largest user of the production of the Hindustan Cables Ltd., and its expansion programme will benefit greatly by a closer coordination of the production of the factory with the work of the department. On the other hand, the Ministry of Industrial Development, have been of the view that the Hindustan Cables Ltd. produces goods not only for the P&T Department but also for the open market and since that Ministry has to look after the general cable industry, it is better that this undertaking should continue to remain with them. The Working Group has, however, suggested the transfer of the undertaking to the P&T Board. In our report on Public Sector Undertakings, we have held the view that the major public sector undertakings should be grouped under sector corporations depending on the nature of the goods manufactured. Under this scheme, the Hindustan Cables Ltd., is to come under the sector corporation designated as the "Engineering Corporation". However, if sector corporations do not come to be set up, we feel that there is ample justification for the responsibility for this undertaking being transferred to the P&T Board who are, after all, the major consumers of its products. The mere fact that there are customers other than P&T for some of the production would not, in our view, be sufficient reason for the continuance of the present arrangement. As we see it, the demand for telecommunications cables will greatly increase in the near future, and will require the setting up of more units producing cables. The speedy expansion of telecommunications facilities would require close co-ordination of the agencies producing the capital equipment with the agencies responsible for installation and operation. In this view of the matter the responsibility for the undertakings producing cables should vest in the P&T

Board in the same manner as those producing other telecommunications equipment.

Recommendation :

22

We recommend :

The administrative responsibility in respect of the Indian Telephone Industries and the Hindustan Teleprinters should vest in the P&T Board. The responsibilities at present discharged by the Ministry of Industrial Development in respect of the Hindustan Cables Ltd. should be transferred to the P&T Board, in case the sector corporation designated as the "Engineering Corporation" recommended by us in our report on Public Sector Undertakings, does not come into existence.

Telecommunications Factories

7. The general policies in respect of the factories are decided by a Board of Management of Telecommunications Factories on which the departmental officers are represented. The powers of the P&T Board have been vested in the Telecommunications Factories Board in order to secure the autonomy and flexibility considered necessary for the management of the manufacturing units. However, adequate financial and administrative powers have not been delegated to the General Manager and to the heads of individual factories. As manufacturing units they should have more powers in order to work at optimum efficiency. Enhanced powers should be delegated to the General Manager, Telecom. Factories, Calcutta and to the Managers of the individual units, at Calcutta, Jabalpur and Bombay.

Recommendation :

23

We recommend :

Enhanced financial and administrative powers should be delegated to the General Manager, Telecommunications Factories, Calcutta, and to the Managers of the individual units at Calcutta, Jabalpur and Bombay.

Procurement procedures and stores organisation

8. Telecommunications stores are procured in the following three ways :

- (a) By placing indents on the DGS&D.
- (b) By direct orders placed on the departmental Telecommunications Factories, the Indian Telephone Industries, the Hindustan Teleprinters and of late, on the Hindustan Cables Ltd.
- (c) By purchasing directly from the market, such purchases, however, being confined to very special stores and subject to low financial limits.

9. It has been stated that some difficulties are being experienced with regard to the purchases made from the Indian Telephone Industries, Hindustan Cables, Hindustan Teleprinters and the Telecommunications factories. The supply is inadequate and delays are quite frequent. On

the other hand, it has been stated that the production units often get insufficient notice. An accurate assessment of the requirements of three to four years in advance and the placement of firm orders will enable the production units to plan and phase their production programme, arrange for equipment, raw materials, etc. and instal fresh capacity where necessary in time. This should eliminate some of the bottlenecks and meet some of the shortages being experienced at present.

10. It is stated that purchases made through the DGS&D are subject to delay partly as a result of the existing procedures. The DGS&D is also unable to procure always those goods and material to exact design, specification etc. of the department. While we would support the present system of centralised purchase by the DGS&D of the pooled requirements of several departments, we would like it to be recognised that stores which are special to the department need not be purchased centrally by the DGS&D. The Department should have the power to purchase items which are special to it without having to go through the DGS&D. Where necessary, the existing financial powers for local purchase should be enhanced.

Recommendation :

24

We recommend :

Purchase of stores peculiar to the P&T Department may be made direct without having to go through the DGS&D. The financial limits for local purchase may be enhanced, where necessary.

11. There are two separate stores organisations, one for the postal and the other for the telecommunications wing. Their function is to consolidate the indents of all the units, procure the stores and arrange for the storage and issue of the supplies. While no change on the postal side is called for, on the telecommunications side the increasing workload would call for the strengthening of the organisation. The Telecommunications Stores Organisation is headed by a Chief Controller of Telegraph Stores in the Junior Administrative Grade. In the last decade, the total value of the stores handled by the Chief Controller increased from Rs. 7 crores to Rs. 22.3 crores. In view of the increased workload the Working Group has felt that the post of the Chief Controller of Telegraph Stores should be in the Senior Administrative Grade and that he should be assisted by two Directors of Supply and of Accounts and Budget in the Junior Administrative Grade. The suggestion made by the Working Group is for consideration by the Department.

Forms and Stationery

12. The P&T Department uses a huge quantity of different kinds of forms. These forms are of two types and have been termed as "essential" and "non-essential" the terms originating in the source of printing and the scale of requirement. The "essential" forms are those required in large quantity and their supply is the responsibility of the Ministry of Works, Housing and Urban Development. The "non-essential" forms are printed in private local presses by the P&T heads of circles, etc., themselves under special power given to them. Some 9,600 tonnes of essential and 1,200 tonnes of non-essential forms are now required. Supplies from the Government presses are stated to be of the order of only 6,500 tonnes. The

shortfall is partly made up by printing ordered by the head of circles in local private presses. It is estimated that the P&T will need 16,500 tonnes of forms at the end of the Fourth Five Year Plan. We understand that the expansion of printing capacity planned by the WH&UD Ministry will not be able to meet these requirements. The P&T Department has, during the last decade, experienced a chronic shortage of forms and has been subjected to criticism on this score in Parliament and the Press, as well as in the advisory committees of the P&T, apart from receiving numerous complaints from individuals and other private bodies. The lack of adequate forms has also thrown avoidable additional work on the operative staff who are frequently obliged to improvise to carry on their work.

13. We would make two suggestions to meet the present situation :

(a) The complex and widely spread net-work of the P&T has to depend on documentation. Its need for forms of the right type, at the right time and place and in the right quantities cannot be over-stressed. The department should, therefore, have due share in the responsibility for planning, programming and printing of its forms, though the actual execution of the work may continue with the Ministry of WH&UD. Out of the presses under the CCP&S the required numbers should be specifically earmarked for the production of P&T forms. A separate cell should be in existence at the headquarters of the CCP&S to devote close attention to the requirements of the P&T Department. At the secretariat level, the P&T officers should be associated at all stages of the formulation of expansion programmes of the printing capacity by the WH&UD Ministry.

(b) Though the heads of circles have powers to order local printing, there are practical difficulties since they have to operate within the scheduled rates fixed by the CCP&S for printing work. Any rate which is in excess of the scheduled rates by more than 25% requires the approval of the CCP&S. The schedule of rates has not been revised since 1957, and, therefore, the P&T circles are facing a good deal of difficulty because the printers are not attracted by the existing terms. We would suggest that the powers of the heads of circles, etc. in this respect should be suitably enhanced.

14. While every effort should be made to ensure adequate supplies of forms, there should be regular and periodic review of the size, content, and the actual requirement of the forms. The size should, wherever feasible, be reduced and the obsolete and redundant forms deleted from the Schedule of Forms.

Postal stamps and stationery

15. Postage stamps and stationery such as post cards, embossed envelopes, inland letters, etc., are printed in the India Security Press and supplied to the post offices through the local treasuries. We understand that the Security Press has not been able to keep pace with the demands made on it by the P&T Department, mainly because timely action has not been taken to augment its capacity. Further, there is practically no systematic attempt at forecasting the requirements, phasing of supplies or forward planning. The Working Group has suggested that a P&T official should be posted as a deputy to the Master of the Security Press to assist him in improving matters. The suggestion may be considered by the departments concerned.

Charges for printing postage stamps and stationery

16. The P&T Department is being charged by the India Security Press an additional amount of 1/9th of the actual cost of supplies as profit. The Working Group points out that the P&T is not allowed to recover any profit on certain functions, which it performs on behalf of the Finance Ministry relating to the Post Office Savings Bank and Savings Certificates. It has felt that there is in this matter no justification for a differential treatment operating to the prejudice of the P&T Department which is expected to function and is, in fact, treated as a commercial department. *Prima facie*, there is force in the point made by the Working Group in respect of the India Security Press under the Ministry of Finance. The matter is important enough for examination and scrutiny with a view to arriving at a mutually satisfactory arrangement taking into consideration the basic fact that the P&T Department is expected to carry out its operations on a commercial basis.

Recommendation :

25

We recommend :

- (1) The officers of the P&T Board should be associated by the Ministry of Works, Housing and Urban Development at all stages of the formulation of expansion programmes in respect of printing capacity. The required number of presses under the CCP&S should be earmarked specifically for the printing of P&T forms and a separate cell should be in existence under the CCP&S to devote close attention to the requirements of the P&T Department.
- (2) Enhanced powers should be delegated in respect of printing to heads of circles etc.
- (3) The size, content and the requirements of forms should be reviewed periodically with a view to reducing their size and deleting the obsolete or redundant ones from the Schedule of Forms.
- (4) The question as to the basis on which the India Security Press is charging a profit on the stamps and stationery supplied to the P&T Department should be examined at an early date with a view to arriving at a mutually satisfactory arrangement taking into consideration the fact that the P&T is expected to carry out its operations on a commercial basis.

Materials Management

17. The discussion above would point to the necessity of proper materials management and inventory control, which are of great importance in the management of commercial undertakings. It has been estimated that in 1968-69, the financial outlay on projects shown as works in progress in the P&T Department was of the order of Rs. 74 crores, a substantial portion of which was accounted for by the cost of the materials to be used in the works. In the same year, the stores organisation on the telecommunications side, procured and issued stores and equipment worth about Rs. 27 crores, while on the postal side, the expenditure incurred on the printing, storage, distribution of stamps, forms and stationery, etc.,

was Rs. 6.39 crores. All this represents a large outlay, on materials, equipment and stores of various kinds, and involves the locking up of considerable capital and the unnecessary holding, in many cases, of slow moving items over long periods. Therefore, the question of efficient materials management becomes a matter of great importance from the operational as well as financial points of view. In our report on Public Sector Undertakings, we have emphasised the need for better organisation for materials management in the public undertakings, adoption of modern techniques of materials management, training in this field, simplification of the operating procedures, etc. The relevant extracts of our comments and recommendations will be found at Appendix III.

18. As already stated, the stores and equipment used in the department are procured not only by the central stores organisation of the department, but also by the consuming units through direct indents placed on the public sector undertakings. It is, therefore, all the more necessary to adopt procedures and methods which would ensure that capital resources are not tied up above the minimum limit necessary or for periods longer than absolutely necessary, that supplies are phased in the most economical manner, and that the facilities for storage and distribution are provided at optimum cost.

19. One of the main reasons for the wide disparity noticed at present between planning and execution is stated to be that the planning of procurement is based on indents received from circles and not on any advance estimation of material requirements based on the pre-determined schedule of execution of works on an all-India basis. The indenting procedure is thus faulty and there is abnormal administrative lead-time in procurement as well as failure to ensure timely deliveries of stores ordered. In the matter of stocking of standard items also, it is stated that there is no scientific system of inventory control in the stores organisation. It is, therefore, imperative for the department to adopt modern techniques of materials management. The holding of inventories should be the minimum in relation to the programmed investments obsolete items should be deleted from the stores inventory and the stock of obsolescent and slow moving items reduced. The personnel in the stores organisation and those in the field units engaged in large scale construction and operation should be trained in the latest practices of materials management.

Recommendation :

26

We recommend :

- (1) The Department should take steps to control their inventory holdings by better organisation in materials management and by adopting modern techniques in this respect.
- (2) Arrangements may be made to impart training in materials management to the concerned personnel.
- (3) There should be proper planning and programming, and advance estimation of materials requirements based on a schedule of execution of works on an all-India basis.

CHAPTER VII

PERSONNEL

The strength of the staff of the department (excluding the extra-departmental employees) as on 31-3-1969 was 3,49,510 in the non-gazetted and 3,505 in the gazetted categories. The extra-departmental employees (almost entirely on the postal side) numbered 1,81,287. Direct recruitment takes place to the Class IV cadre, certain grades of Class III and to Class I, while Class II posts are filled entirely by promotion. In addition to the usual method of making promotions through Departmental Promotion Committees, the P&T Department also uses the method of tests and examinations for purposes of promotion. The extra-departmental employees and the industrial workers of the Telecom. factories excepted, the rest of the staff is governed, in matters of control and discipline, by the Central Civil Services (Classification, Control and Appeal) Rules, 1959.

2. The Working Group has listed a number of suggestions received by it on the question of recruitment, training, appraisal of performance, promotion, discipline and other conditions of service, in the Posts and Telegraphs. These should be considered by the department in the light of the recommendations made by us in our report on Personnel Administration. Our recommendations therein would apply to the P&T departmental cadres, unless the circumstances are so exceptional as to warrant a departure. However, we are referring below to certain aspects of recruitment and training which have a special relevance to the P&T department.

Recommendation :

27

We recommend :

The recommendations made by us in our report on Personnel Administration on recruitment, training, appraisal of performance, promotion, discipline, etc., would apply to the employees of the P&T department, unless the circumstances are so exceptional as to warrant a departure.

Special recruitment problems

3. The Class IV staff is recruited by divisional units after obtaining nominations from the local employment exchanges and interviewing the candidates. The Class III staff is on the other hand recruited on a circle basis through open advertisement and selection is made on the basis of the marks obtained by the candidates in the matriculation examination. While no difficulties are experienced in recruiting Class IV personnel, the Department is facing problems of lack of sufficient response for recruitment to Class III especially in respect of the quota reserved for scheduled castes and scheduled tribes. In the case of non-reserved categories, the disparities in educational standards from State to State have, to some extent, resulted in an increase in regional imbalances, in consequence of the vacancies in a particular State often being filled by persons belonging to some

other States where educational standards are better. This also leads to some administrative difficulties at a later stage since such candidates press continuously for a transfer to their home States after joining the service.

4. The following are some of the suggestions made by the Working Group to get over the difficulties experienced in respect of recruitment to the Class III clerical and allied cadres :

- (a) Where it is not possible to get an adequate number of local candidates for the clerical and allied cadres through normal channels, the employment exchanges may be asked to suggest candidates. Selection may be made from among such candidates provided they have the minimum educational and other qualifications prescribed for the post. There need be no insistence on the usual test of marks obtained in the matriculation examination.
- (b) While discrimination should not be shown in the matter of employment on the basis of place of birth, recruitment should be confined to persons who know the language or languages ordinarily spoken in the States concerned. The knowledge of the language of the State should be made compulsory for entry into the P&T establishments in the State concerned. For this purpose, the State Governments should be asked to indicate the languages which they recognise officially in their respective areas. This stipulation need not, however, apply to technical cadres where the knowledge of the local language is not necessary.

We are in general agreement with the suggestions of the Working Group.

Recommendation :

28

We recommend :

- (1) If enough local candidates do not become available for clerical and allied cadres through the existing mode of recruitment, names may be called for from the employment exchanges and posts filled if the candidates come up to standard.
- (2) For the clerical and allied cadres, a knowledge of the language or languages officially recognised by the State Government should be insisted upon as a pre-requisite for recruitment to the P&T establishments in that State. An exception may, however, be made in the case of technical cadres where a knowledge of the local language need not be insisted upon as a pre-requisite.

5. In the context of the recent deterioration in discipline among the employees, the Working Group has recommended that an incentive may be provided for loyal and dedicated service by earmarking ten per cent of the vacancies for being filled from among the sons and daughters of P&T employees. It is understood that in the past preference was shown to the children of P&T employees in the matter of such employment. The Railways also had a similar provision till the Constitution came into force. It

is possible that the children of P&T employees do acquire a certain aptitude for the calling of their parents and should, therefore, be in a position to secure adequate share of employment in the P&T in the normal way. Any special reservation in their favour would, however, be unsupportable in the larger context. It militates against the constitutional provision of equality of opportunity to all citizens for employment under Government. We do not, therefore, agree with the recommendation of the Working Group in this respect.

Training

6. Much headway has been made in recent years in providing training facilities. Regional training institutions have been established at eight different centres. Four of these are on the postal side and they impart training to postal clerks and R.M.S. sorters while the other four are on the telecommunications side and impart training to engineering supervisors. In addition, on the telecommunications side each P&T circles or telephone district (except newly established ones) has a circle or district telecommunications training centre for the training of subordinate cadres such as mechanics, wiremen, linemen, telegraphists, telephone operators, etc. The Working Group has recommended that training centres be established in each circle for the postal side also. We agree with the recommendation in view of the increase in the rate of recruitment to the clerical and allied cadres of the postal wing, consequent upon its expansion.

7. There is need for a great measure of refresher training. In the lower cadres, specially in the technical branches, refresher courses must be arranged so as to enable the officials to keep abreast of the latest technical developments. Similar refresher training is also necessary on the non-technical side prior to or immediately after an official gets promoted to a supervisory post. A programme of such refresher training has, therefore, to be worked out. In recent years, a number of mid-career training courses have been arranged on new techniques like 'cross-bar' switching etc. With the phenomenal increase in the telephone traffic, special training courses should be organised for imparting instruction in the telephone traffic problems as well.

8. At present, the Department has no arrangement of its own for imparting management training to the middle levels of its management cadres. During the last four or five years some officers at the Junior Administrative level have been deputed to the Administrative Staff College, Hyderabad and the National Defence College, Delhi. These training courses are useful and the practice of sending officers to attend them should continue. However, these could, by no means, be adequate substitutes for regular management training, which should be given to every officer who is promoted to the grade of Director, preferably before such promotion, or immediately thereafter. The Working Group has suggested that the Department may explore the possibility of having a Staff College of its own, on the lines of the Railway Staff College at Baroda. We do not think, however, that such a proposition need be pursued for the present. While the Department should create facilities of its own for technical and refresher training, management training can be more profitably imparted through professional institutions of all-India importance which have built up the specialised skill and expertise in this line. We, therefore, suggest that the Department should fully utilise the services provided by institutions such as the

National Academy of Administration, Mussoorie the Indian Institute of Public Administration, Delhi, the Institute of Management, Ahmedabad, the Administrative Staff College, Hyderabad, etc.

Recommendation :

29

We recommend :

The existing training facilities should be expanded broadly so as to provide for the following :

- (i) Each circle should have a postal training centre;
- (ii) Refresher courses should be organised for serving personnel, technical as well as non-technical; and
- (iii) For management training, the Department should utilise fully the services of the existing professional institutions of all-India importance.

Personnel management in the public sector units

9. In the earlier chapters we have recommended that the responsibility for the three public sector undertakings, namely, the Indian Telephone Industries, the Hindustan Teleprinters and the Hindustan Cables should vest in the P&T Board. In this connection, we would like to draw attention to the recommendation* made by us in our report on Public Sector Undertakings that in public sector undertakings all necessary steps should be taken to reduce and eliminate the dependence on deputationists in manning posts in the public sector and that for manning senior posts, preference should be given to persons working in the undertakings, etc.

10. We understand that almost all the higher posts in the Indian Telephone Industries and the Hindustan Teleprinters are manned by P&T officers on deputation. The personnel directly recruited to these undertakings have voiced a grievance that they have been excluded from these higher posts, though they are qualified by knowledge and experience for manning them. The Indian Telephone Industries in particular has been in existence for over two decades. This period is long enough for higher technical and managerial talent of requisite quality to have developed in the organisation itself. Such talent should be encouraged and given adequate opportunities along with the deputationists for occupying the higher posts. It is also important that the personnel directly recruited by these units should be given opportunities of enlarging their experience, and shouldering progressively higher responsibilities. We would not, however, rule out the employment of P&T personnel on the same terms and conditions as are or would be applicable to deputationists to the public sector undertakings generally. The suspicion that the higher posts in these undertakings are the exclusive preserve of the P&T departmental cadres must be allayed.

11. The ITI has already become one of our biggest public sector undertakings in terms of the number of persons employed. The Hindustan Teleprinters is also bound to expand. When the responsibility for the Hindustan

*Recommendations No. 47 and 48 of ARC's Report on Public Sector Undertaking.

Cables is also transferred, as we have suggested to the P&T Board, the latter will have some measure of responsibility for a large body of technical and managerial personnel. Since these three undertakings are engaged in the manufacture of closely related equipment, it should be possible by mutual arrangement among the undertakings to have a system of interchange of their staff. Such mobility would make for healthier personnel management policies besides enlarging the opportunities of preferment for the staff concerned. This aspect of personnel management should be considered by the appropriate authorities.

Recommendation :

30

We recommend :

- (1) Personnel recruited direct to the Indian Telephone Industries and Hindustan Teleprinters should have equal opportunities of promotion to higher technical and managerial posts, along with deputationists provided they have the requisite qualifications and experience.
- (2) There should be provision for the interchange of personnel among the public sector undertakings connected with the P&T Board

CHAPTER VIII

RELATIONS WITH THE PUBLIC

The nature of its operations brings the P&T department into extensive and continuous contact with millions of people in all walks of life. It is not, therefore, surprising that numerous occasions arise for complaints. There has to be an adequate machinery not only for prompt redress and remedial action but for improving "customer-satisfaction" as well. As a commercial organisation, the department should set high value on cultivating good and harmonious relations with its customers—the general public.

Public complaints

2. In 1969, the department received over seven lakhs of complaints regarding its postal, telegraph and telephone services. The largest number of complaints relates to the registration service (2.39 lakhs) and the money orders service (2.77 lakhs). On the telecommunications side, there were 11,755 complaints of non-delivery of telegrams. The Working Group is of the opinion that the incidence of complaints is not large since it forms only 0.01% of the total traffic. We feel that this is not the right perspective in which the figures should be viewed. In absolute numbers the figures of complaints are quite high. Moreover, they represent grievances of only those who have taken the trouble of putting down their complaints in writing. There may be many more who refrain from doing so on account of innate inertia or cynical lack of faith in securing prompt redress. There is, therefore, considerable scope for improvement in this respect specially because the image of the P&T department is not as good as it ought to be. Communication is a matter of intimate and continuous concern for the individual concerned and, therefore, constant effort has to be made to ensure a flawless service to the extent possible.

3. The department has prescribed procedures and issued detailed instructions from time to time for the receipt and disposals of complaints in its lower formations. There is, however, great need for more effective supervision over the disposal in the field offices. The machinery at the headquarters for prompt attention to the complaints received direct and also for supervising the disposal and analysing the pattern of complaints in the lower formations has to be made more purposeful, effective and prompt. In the P&T Board this work is being looked after by a Director (Complaints) and a Deputy Director General (Vigilance), both of whom perform these duties in addition to the other work entrusted to them. The Working Group has remarked that the DDG (Vigilance) is mostly occupied with anti-corruption work and the Director (Complaints) with disciplinary cases. This is not, in our view, a satisfactory arrangement. Public complaints should receive the first attention and enjoy over-riding priority at the hands of both these officers and this work should not be relegated to a secondary position or consigned to the background. Only if the nature and volume of work is not adequate to claim their full time and attention, should any other item of work be entrusted to them. Subject to this consideration, the DDG (Vigilance) may continue to be responsible for vigilance work which is also

closely linked with the work of public complaints or redress of public grievances.

4. There is another major deficiency in the present system of dealing with complaints which has to be eliminated at an early date. The rules prescribed and the procedures laid down for dealing with public complaints are scattered over a large number of orders, memoranda, instructions, etc., which have accumulated over several decades; and many of which have been superseded or supplanted by those issued at subsequent dates. The latest departmental orders and rules are not readily available in a handy form. In many cases it is extremely difficult for the officials dealing with this work to lay hands on a set of rules which is up-dated and revised. Such officials, who have necessarily to be rotated, experience considerable difficulty in applying these rules and efficiently discharging their duties. To enable them to acquaint themselves easily with the current orders and to administer them properly, it is essential that the existing orders and instructions should be reviewed by the P&T Board at an early date and reduced to a set of rules or be manualised.

Recommendation

31

We recommend :

- (1) In the P&T Board the work relating to complaints should receive the first attention and enjoy over-riding priority at the hands, of the two officers concerned, namely, the Director (Complaints) and the Deputy Director General (Vigilance). Only if the nature and volume of work is not adequate to claim their full time and attention, should any other item of work be entrusted to them. Subject to this consideration, the DDG may continue to be responsible for the vigilance work in addition to his duties in connection with complaints.
- (2) The existing orders and instructions on the subject of public complaints should be reviewed by the P&T Board and reduced to a compendious form and incorporated in the manuals.

Complaint books

5. The department has prescribed that a suggestion/complaint book should be maintained in all post offices, which should be made available to the public who have a suggestion or complaint to make, even without their asking for it. Complaints which are recorded are to be disposed of by the head of the office by taking action himself if it is within his powers or by forwarding a copy thereof to the higher authority if it is not. A cursory examination of the complaint books maintained in a few offices shows that very few complaints are actually recorded. On an average the number recorded in a year is about 2 or 3. This indicates either general apathy on the part of the public or lack of awareness of the existence of the complaint books in the post offices. We feel that with better awareness of the existence of these books and with greater confidence in the readiness of the departmental authorities to take remedial action on complaints a more widespread use of the complaint books would be made by the public. We think that

the fact of the existence of complaint books should be more widely publicised through the display of suitable notices, posters and other publicity media.

Advisory Committees

6. Another method of acquiring a first hand knowledge of the public grievances and difficulties is through advisory bodies. The department has now constituted advisory bodies consisting of the Members of Parliament, the State Legislatures and representatives of State Governments, Chambers of Commerce, etc. At the national level, there is the Central P&T Advisory Council while the Regional P&T Advisory Committees function at the level of the circles. The Divisional Advisory Committees were also formed in the postal divisions in 1963. The latter were, however, wound up in 1966 as a measure of economy. We suggest the revival of the divisional advisory committees in order that the user public may have a forum for discussing their local requirements and difficulties with officers at the basic executive level of the department. We would, however, like to enter a caveat here. While certain categories of individuals and organisations have to find a place in these advisory bodies, it is necessary to ensure that persons who are likely to take an active interest in securing improvements in the P&T Services are inducted into these bodies. We further suggest that the members of the divisional advisory committees should be authorised to examine the complaint books maintained in the offices and take up with the authorities the cases which they consider to be deserving. The rules of business of these advisory committees should provide for a review of the work relating to complaints being presented by the officers concerned for the information of the members.

Recommendation :

32

We recommend :

- (1) The availability of complaint books in offices with which the public have dealings should be publicised through suitable notices, posters, etc. These books should be scrutinised regularly by all inspecting officers.
- (2) The divisional advisory committees which were in existence in postal divisions should be revived. Members of these committees should be allowed to examine the complaint books and to bring any deserving cases to the notice of the authorities.
- (3) While certain categories of individuals and organisations have to find a place in the advisory bodies, it should be ensured that such persons as are likely to take an active interest in the improvement of the P&T services are inducted.

Public Relations Organisations

7. The Working Group has mentioned that in many P&T administrations in other countries, there is, in addition to the normal machinery for redress of public complaints, a separate set-up charged with customer relations and that in India such an organisation is yet to be built up. At present a single

public relations officer posted at the headquarters attends to the work of issuing periodic display advertisements besides editing the house journal of the department. Press publicity of the departmental activities is arranged through the officers of the Ministry of Information and Broadcasting. The Working Group has referred to the absence of an organisation in the department to attend exclusively to the business of keeping in contact with the customers, assessing their needs, conducting traffic surveys, popularising some of the less known services and of educating the public on departmental regulations so as to prevent an emergence of complaints at the source. Arrangements for publicity, such as they exist, are available only at the headquarters of the department and not in the regions. In order to improve public relations, the Group has suggested the setting up of a fullfledged public relations organisation to look after not only the work of publicity, but also that of traffic surveys, public relations, etc. On a careful consideration we feel, the utility of such an organisation would be somewhat limited. The work of conducting traffic surveys and popularising the not-so-well-known services can be handled properly only by the administrative officers of the department who are in close touch with the day-to-day operations and problems. The forums provided by the advisory bodies at different levels could be utilised to a greater extent, not only for ascertaining the grievances or complaints of the public, but also for a constructive appraisal of and enlisting support for the measures taken by the department from time to time to improve its services. Both at the headquarters and in the regions, the publicity services provided by the Ministry of Information and Broadcasting should be utilised more purposefully.

Recommendation :

33

We recommend :

The advisory bodies that exist at different levels in the department should be utilised to a greater extent, not only for ascertaining the grievances and difficulties of the public but also for a constructive appraisal of and enlisting support for any measures of improvement. The publicity services provided by the Ministry of Information and Broadcasting should be utilised more purposefully.

Some Suggestions

8. The Working Group has referred to some suggestions received by it for improving the existing services and facilities in order to create greater customer satisfaction. Some of these have also been brought to our notice separately. We propose to touch upon two of these here.

(i) Information regarding new telephone connections :

It has been often mentioned—and no doubt there is a good deal of public dissatisfaction on this point—that an applicant for a new telephone has no ready means of knowing when he is likely to get it even though the installation of new facilities and provision of new lines is publicised occasionally through the Press. Such information of a general nature is not, however, very helpful and it provides but cold comfort to a long suffering applicant who has been waiting in the queue for years. It is only proper, in

our view, that wherever there is a sizeable waiting list of intending subscribers, the authorities of the circles/telephone districts concerned should take prompt and timely steps to keep the applicants informed of the latest position in a helpful and sympathetic manner. For example, after each meeting of the Telephone Advisory Committee a press communique should be issued indicating the progress made in the disposal of the pending applications, and to the extent possible, the trend of likely disposal in the near future.

(ii) *Closing of Post Offices on Sundays and holidays :*

For the last two decades it has been the practice to close almost all post offices for public transactions on Sundays and restrict the facilities normally available on other holidays. This causes considerable inconvenience and has been a constant source of grievance. Postal working on Sundays and holidays is, however, considered by the department to be an expensive proposition since the staff has to be paid at higher rates for working on those days. Besides, this will give rise to difficulties in the matter of disposal of cash since the treasuries and banks will generally remain closed on such days. However, we notice that the telegraph and telephone services of the telecommunications wing and the railway mail service branch of the postal wing continue their work almost round the clock on all days and no problems of extra wages have arisen. We are inclined to feel that with some adjustment in the rostering of the staff and with the cooperation of staff unions, it should be possible to enlarge the extent and coverage of the postal facilities now available on Sundays and holidays which are felt to be unduly limited.

Recommendation :

34

We recommend :

- (1) After each meeting of the Telephone Advisory Committee a press communique should be issued indicating the progress made in the disposal of applications for telephone connections and to the extent possible, the trend of likely disposals in the near future.
- (2) The department should make efforts to enlarge the extent and coverage of the postal facilities now available on Sundays and holidays.

9. Before we close, we may refer to a matter which is of great significance for projecting the correct image of the department as a nation-wide public utility service. In the past, the department justly enjoyed a reputation for its high standards of service. Its employees have displayed in a high measure the qualities of courtesy and helpfulness and the spirit of dedicated service that should inform the conduct of public servants in general. This tradition of good public relations built up over a century is still strong in the department. However, in the recent past, its reputation has suffered and the tradition has been somewhat besmirched by misguided actions on the part of some, may be an insignificant proportion, of the employees. The lost ground must be regained. Patience, courtesy and helpfulness in their dealings with the customers whom they serve, and a high sense of duty and

dedication to service, are qualities that have to be cultivated assiduously by the P&T employees who, in the words of the Working Group, "come into the most extensive and continuous contact with the public in all walks of life". It is important that these qualities are consciously inculcated from the beginning, that is, even during the initial training of the employees. Any lapse in this respect should be considered a serious matter and promptly dealt with. The courtesy and helpfulness displayed by an office towards the public and the absence of complaints on its part should be important factors in assessing its performance for the award of prizes, shields, etc.

We conclude by expressing the hope that the mottos of the Department "Service before self & अहंनिशं सेवामहे" will become the living credo of its employees, for the greater good of the service no less than that of the nation.

CHAPTER IX

SUMMARY OF RECOMMENDATIONS

Chapter II—Organization Set-up

1. (1) The postal and telecommunications services need not be converted into a public corporation at the present juncture. The P&T Department should, however, be enabled to function on sound business and commercial principles within the confines of public accountability like any other public sector enterprise.
- (2) The postal and the telecommunications services need not be separated at present. The question of separation may have to be reviewed when *inter alia* the pace and intensity of development overwhelm the present administrative unity.

Chapter III—Reorganization of the P&T Board

2. (1) The existing P&T Board should be reorganised on a pattern analogous to that of the Railway Board as recommended by us in our report on Railways. The P&T Board should exercise the full powers of a Ministry of Government in the administrative sphere, and with respect to its own finances, those of the Government of India.
- (2) The Overseas Communications Service and the Wireless Planning and Coordination Branch should be merged with the P&T Board and the Ministry of Communications should be replaced by a new Ministry of Posts and Telecommunications.
- (3) On their transfer to the P&T Board, the heads of the OCS and the WPC Branch may be given the status and rank appropriate to their functions.
3. (1) The P&T Board should consist of a Chairman and five Members in charge of the following :
 - (i) Finance.
 - (ii) Telecommunications Operations.
 - (iii) Telecommunications Development.
 - (iv) Postal Services.
 - (v) Banking and Agency Services.

The Chairman will be responsible for coordination overall planning, research, WPC Branch, Public Sector Undertakings and matters of an inter-service character such as vigilance, staff welfare and relations with staff unions.

- (2) The Chairman of the P&T Board should be *ex-officio* Secretary of the proposed Ministry of Posts and Telecommunications in the same manner as the Chairman of the Railway Board.

- (3) All the Members should have the same status. They need not have any secretariat status. The Members and specified officers below them may be authorised to sign and authenticate documents, orders, etc., on behalf of the President.
 - (4) The posts of Chairman and Members should be treated as selection posts, for which selection should be made on the criterion of merit only. The Chairman should normally be selected on merit from among the Members of the Board and the departmental officers of the same status who may be serving outside.
 - (5) Below the level of Members, the Board should have the assistance of officers of adequate rank and seniority.
 - (6) The Board should function in a manner similar to the Board of Directors of a public sector undertaking, with the Chairman functioning as the head of the team. The Chairman should exercise the statutory powers vested in the Director-General under the existing enactments. In respect of their individual charges, these powers may be delegated to the concerned Members.
 - (7) The decisions of the Board should be on the basis of a majority vote. If the Chairman disagrees with the majority decision, he may over-rule his colleagues. Where he does so, the matter should be brought to the notice of the Minister.
4. (1) The Members should be fully responsible for the administration of their charge and empowered to take final decisions in this regard within the policy decided by the Board.
 - (2) Ordinarily, the P&T Board should concern itself only with policy matters such as tariffs, budgetary and financial policies, pay and allowances and matters of an inter-service character such as staff welfare, relations with staff unions, vigilance, and coordination between the postal and telecommunications wings. Powers to take decisions in other matters should be delegated to the Sub-Boards.
 - (3) The existing Postal and Telecommunications Sub-Boards must be activated. They should be reconstituted on the lines suggested in para 19 and empowered to take final decisions on matters delegated to them by the Board. The decisions of the Sub-Boards will be by a majority vote but the Chairman of the P&T Board should have powers of overruling them in case of disagreement. In such cases, he should bring the matter to the notice of the Minister.
5. (1) The P&T budget should be separated from the general budget.
 - (2) The Member (Finance) and his officers should be fully integrated with the P&T set-up and should function as such. If the Member (Finance) differs with his colleagues on any policy question affecting financial matters, he may require the case to be referred to the Minister of P&T, who may, if necessary, over-rule him on his own if the matter concerns the P&T exclusively.

or with the concurrence of the Finance Minister, if it impinges, or has repercussions, on the financial policy of the Government of India.

6. The P&T Board should be set up under an enactment on the lines of the Indian Railway Board Act, 1905. Pending such enactment, the changes we have recommended in the structure and powers of the P&T Board should be given effect to by executive order.

Chapter IV—Finance and Accounts

7. Planning for the expansion of P&T services in general, and telecommunications services in particular, should aim at not only meeting the immediate needs, but it should be forward looking and also have in view the demands of a decade in advance. Adequate funds should be provided in time for this purpose.
8. A Planning Cell should be established on the lines suggested by us in our report on the Machinery for Planning. This should include, besides the telecommunications officers, experts from other relevant disciplines.
9. The financial viability of the telegraph service should be improved, by controlling the cost of handling telegrams, effecting economies, and expanding and popularising the Telex Service.
10. (1) The Department should examine the question of rationalising the tariffs on registered newspapers taking into account the relative capacity to bear the postal charges and the need to give the maximum relief to the small, weak and nascent part of the Press.
- (2) The tariffs on other items should be fixed in such a manner that losses on some operations where they are inevitable are met by surpluses on other items so that on the whole the branch has some surplus funds for reserves.
- (3) Economies should be effected in the postal branch by reducing the expenditure on items such as over-time payments, reimbursement of medical charges, new establishments, etc. The trial period of unremunerative rural post offices may be reasonably reduced. The local authorities may be asked to bear one half of the losses incurred on such post offices. The small deficit anticipated in 1970-71 may be wiped out by setting monetary limits for economy for each circle.
11. The present convention between the P&T and the general revenues should be put on a more stable footing by providing that it would be in operation for a fixed period. Necessary provision should be made for its periodic review.
12. (1) The responsibility for maintaining the accounts of the Postal wing should, as is being done in the case of the Telecommunications wing, also be transferred to the P&T Board under a phased programme.

- (2) In due course, a regular P&T Accounts Service should be organised on the lines of the Accounts Services in the Railways and Defence.
- (3) The Member (Finance) should in due course be designated as Member (Finance and Accounts).
13. Greater financial powers should be delegated on the lines indicated in our report on Delegation of Financial and Administrative Powers to regional, zonal and such other administrative formations. An internal financial adviser may be provided in the project organisations or zones if the nature and volume of work clearly warrant such an appointment.

Chapter V—Field Organisation

14. (1) Four separate telecommunications zones may be established with headquarters at Delhi, Bombay, Madras and Calcutta, under Zonal Managers (Telecommunications) to cater to the special needs of planning and installation of major works, maintenance of long distance lines etc., and for technical supervision.
- (2) Each Zonal Manager should be responsible for the functions enumerated in para 8, in groups of P&T circles and telephone districts falling within a zone. For the adequate discharge of his responsibilities and the exercise of his functions, the Zonal Manager should have the powers to issue necessary instructions, to ensure compliance with them and also to obtain periodic or special reports in matters falling within his jurisdiction.
- (3) The Zonal Managers should exercise administrative control over the regional directors (telecommunications) and special project organisations created for the execution of large coaxial and micro-wave schemes which, at present, come under the Additional Chief Engineer, T&D circle. The special project organisations under the General Managers (Projects) Calcutta and Madras should be merged with the zonal organisations.
15. The reorganisation of the P&T circles and postal divisions and rationalisation of their areas/jurisdictions should be taken up for study and examination in the context of the present circumstances including the trend, movement and volume of traffic on account of increasing urbanisation/industrialisation. This task should be taken up by the P&T Board itself.
16. The mails branch of each P&T circle should have an operations research cell, whose special responsibility should be the following :
 - (i) studying the economics of rail/air transportation of mails *vis-a-vis* road transportation of mails;
 - (ii) keeping a watch over the extension of the road transport system in the rural areas and constantly exploring the feasibility of better and quicker routing of the mails; and

- (iii) Maintaining liaison with the State Transport authorities with a view to adequately projecting the needs of the department for the movement of mail and with a view to securing the transport of mail at reasonable rates. The rates should be settled by negotiation failing which there should be a provision for arbitration. The Motor Vehicles Act may be amended, if necessary.
- 17. A Mechanisation Research Cell on the postal side should be established in the P&T Board to examine the feasibility of mechanisation in the postal operations, particularly in the cities of Delhi, Calcutta, Bombay and Madras and to work out the economic and the administrative aspects of mechanising the operations. The design and manufacture of the required equipment should be undertaken in the country to the maximum possible extent.
- 18. (1) The headquarters of the senior architects in the P&T Civil Engineering Wing should be relocated at convenient centres, in order to promote greater coordination between the circles, districts and proposed zones on one side and the civil engineering units on the other. Likewise the headquarters of the Superintending Engineers should be so located as to meet the needs of the load of work and area where it occurs.
- (2) The maintenance of buildings and the construction of minor works should be entrusted to the Civil Engineering Wing. For this purpose, the services of the building staff should be transferred from the Telegraph Engineering Division to the Civil Wing.
- 19. The relative merits and advantages of cable and wireless transmission should be carefully assessed in planning for the expansion of overseas communications facilities. It would be administratively prudent and financially sound to invest in both satellite and cable systems.

Chapter VI—Stores and Equipment

- 20. The production of telecommunications equipment in the existing public sector undertakings or others which may come up in future, should be so organised that the country keeps pace with modernisation and developments in other countries and our telecommunications system keeps abreast of the latest technology.
- 21. (1) The public sector undertakings should provide all the necessary spare parts for the equipment supplied to the Department, either by manufacturing them or by getting them manufactured in other undertakings or units in the ancillary and feeder industries.
- (2) There should be effective coordination between the P&T Department and the public sector units in planning and in important aspects of production, supply, installation and maintenance of telecommunications equipment.
- 22. The administrative responsibility in respect of the Indian Telephone Industries and the Hindustan Teleprinters should

vest in the P&T Board. The responsibilities at present discharged by the Ministry of Industrial Development in respect of the Hindustan Cables Ltd., should be transferred to the P&T Board, in case the sector corporation designated as the "Engineering Corporation" recommended by us in our report on Public Sector Undertakings, does not come into existence.

23. Enhanced financial and administrative powers should be delegated to the General Manager, Telecommunications Factories, Calcutta, and to the Managers of the individual units at Calcutta, Jabalpur and Bombay.
24. Purchases of stores peculiar to the P&T Department may be made direct without having to go through the DGS&D. The financial limits for local purchase may be enhanced where necessary.
25. (1) The officers of the P&T Board should be associated by the Ministry of Works, Housing and Urban Development at all stages of the formulation of expansion programmes in respect of printing capacity. The required number of presses under the CCP&S should be earmarked specifically for the printing of P&T forms and a separate cell should be in existence under the CCP&S to devote close attention to the requirements of the P&T Department.
- (2) Enhanced powers should be delegated in respect of printing to heads of circles etc.
- (3) The size, content and the requirements of forms should be reviewed periodically with a view to reducing their size and deleting the obsolete or redundant ones from the Schedule of Forms.
- (4) The question as to the basis on which the India Security Press is charging a profit on the stamps and stationery supplied to the P&T Department should be examined at an early date with a view to arriving at a mutually satisfactory arrangement taking into consideration the fact that the P&T is expected to carry out its operations on a commercial basis.
26. (1) The Department should take steps to control their inventory holdings by better organisation in materials management and by adopting modern techniques in this respect.
- (2) Arrangements may be made to impart training in materials management to the concerned personnel.
- (3) There should be proper planning and programming, and advance estimation of materials requirements based on a schedule of execution of works on an all-India basis.

Chapter VII—Personnel

27. The recommendations made by us in our report on Personnel Administration on recruitment, training, appraisal of performance, promotion, discipline, etc., would apply to the employees

of the P&T Department, unless the circumstances are so exceptional as to warrant a departure.

28. (1) If enough local candidates do not become available for clerical and allied cadres through the existing mode of recruitment, names may be called for from the employment exchanges and posts filled if the candidates come up to standard.
- (2) For the clerical and allied cadres, a knowledge of the language or languages officially recognised by the State Government should be insisted upon as a pre-requisite for recruitment to the P&T establishments in that State. An exception may, however, be made in the case of technical cadres where a knowledge of the local language need not be insisted upon as a pre-requisite.
29. The existing training facilities should be expanded broadly so as to provide *inter-alia* for the following :
 - (i) Each circle should have a postal training centre;
 - (ii) Refresher courses should be organised for serving personnel, technical as well as non-technical; and
 - (iii) For management training, the Department should utilise fully the services of the existing professional institutions of all-India importance.
30. (1) Personnel recruited direct to the Indian Telephone Industries and Hindustan Teleprinters should have equal opportunities of promotion to higher technical and managerial posts, along with deputationists provided they have the requisite qualifications and experience.
- (2) There should be provision for the interchange of personnel among the public sector undertakings connected with the P&T Board.

Chapter VIII—Relations with the Public

31. (1) In the P&T Board the work relating to complaints should receive the first attention, and enjoy over-riding priority at the hands of the two officers concerned, namely, the Director (Complaints) and the Deputy Director General (Vigilance). Only if the nature and volume of work is not adequate to claim their full time and attention should any other item of work be entrusted to them. Subject to this consideration, the D.D.G. may continue to be responsible for the vigilance work in addition to his duties in connection with complaints.
- (2) The existing orders and instructions on the subject of public complaints should be reviewed by the P&T Board and reduced to a compendious form and incorporated in the manuals.
32. (1) The availability of complaint books in offices with which the public have dealings should be publicised through suitable notices, posters, etc. These books should be scrutinised regularly by all inspecting officers.
- (2) The divisional advisory committees which were in existence in postal divisions should be revived. Members of these committees

should be allowed to examine the complaint books and to bring any deserving cases to the notice of the authorities.

- (3) While certain categories of individuals and organisations have to find a place in the advisory bodies, it should be ensured that such persons as are likely to take an active interest in the improvement of the P&T Services are inducted.

33. The advisory bodies that exist at different levels in the department should be utilised to a greater extent, not only for ascertaining the grievances and difficulties of the public but also for constructive appraisal of and enlisting support for any measures of improvement. The publicity services provided by the Ministry of Information and Broadcasting should be utilised more purposefully.

34. (1) After each meeting of the Telephone Advisory Committee a press communique should be issued indicating the progress made in the disposal of applications for telephone connections and to the extent possible, the trend of likely disposals in near future.

- (2) The department should make efforts to enlarge the extent and coverage of the postal facilities now available on Sundays and holidays.

Sd/-

K. Hanumanthaiya
Chairman

Sd/-

H. V. Kamath
Member

Sd/-

Debabrata Mookerjee
Member

Sd/-

T. N. Singh
Member

Sd/-

V. Shankar
Member

Sd/-

N. S. Pandey

Joint Secretary

NEW DELHI,

May 15, 1970.

**Extract from Administrative Reforms Commission's Report on Railways—
Chapter II, Paras 4 to 11.**

4. The Railways are, at present run on departmental lines. In fact, this was the reason why we did not deal with Railways (and Posts and Telegraphs) in our Report on Public Sector Undertakings (vide para 5 of Chapter I of the Report). Attempts have been made in the past to constitute an independent statutory authority for the management of the Railways. The first concrete step taken in this direction was the proposal for the setting up of a Federal Railways Authority under the Government of India Act, 1935. The idea, however, did not eventually materialise.

5. The question of reorganising the Railways was later considered by the Kunzru Committee (1947). This Committee recommended the setting up of a Statutory Railway Authority, primarily to remove the following defects of running the Railways on departmental lines :

(i) Decisions were often unduly delayed and the steady pursuit of any long range policy scheme was rendered very difficult for the reason that the Railway Board was a part of the secretariat of the Government of India, necessitating consultation with other Ministries before taking decisions on various matters of common interest.

(ii) The Railways were exposed to undesirable interference in their day-to-day working.

6. The Estimates Committee, 1955-56 (First Lok Sabha) in their 19th Report, considered the Kunzru Committee's recommendation for the setting up of a Statutory Railway Authority. While accepting that such an authority would assist in overcoming the two defects referred to above, the Estimates Committee felt that "with less than three months left to launch the Second Five Year Plan, any radical change in the Central Controlling Authority of the Railway will have far-reaching repercussions and this would adversely affect the progress of the Second Five Year Plan." The Committee, therefore, did not approve of any radical change of this nature. The question appears to have remained dormant since then.

7. The Study Team has recommended no change in the present structure of the Railway Board which, in its opinion, may continue to combine both the executive and secretariat functions. While recommending that the Chairman, Railway Board, should be relieved of the responsibility of a specific department, which has been allotted to his charge, in order that he may have more time to devote to higher problems of operations, planning, economy and development, the Study Team has made the following comments, among others, with regard to the present working :—

(i) "..... the policies, practices and procedures in other Departments of the Government, which may not quite suit a commercial-cum-industrial undertaking like the Railway,

should not be allowed to infiltrate into the Railway's working In a concern where 13.5 lakhs of employees are working and where punctuality and customer satisfaction are of paramount importance, a disciplined staff, owing loyalty to the Administration is an absolute necessity and this can be ensured only if the Railway Ministry has the freedom for regulating the conditions of service and in affording incentives to its staff."

- (ii) "..... the authorities at the higher levels have become too much engrossed in details of minor importance, with the result that they do not get enough time to attend to major issues. Much of it is due to questions raised by Members of Parliament, mostly on personal matters and the attention that has now to be given to influential parties. Even seat reservations in trains, arrangements for retiring rooms for parties, minor contract affairs, etc., are being attended to by the Railway Board, not in isolated cases but almost regularly. We are also told that the Ministers in the Railway Ministry receive daily a large number of letters from the Members of Parliament. The bulk of these representations are in respect of individual cases involving trans-fifteen per cent of these representations deal with the provision of passenger amenities like platforms, foot overbridges, level crossings and in a few cases construction of new lines. Only an insignificant number relates to some policy issues. All these have to be dealt with at the highest level in the Railway Board, the zonal Railways, and the Divisions. This results in the decision taken on minor matters at lower levels being questioned and consequently the authorities at the lower levels lose initiative and look for guidance from above. A lack of confidence entails delay in taking decisions and shirking of responsibility. In our contacts at the various levels of Railway administration, we found an unmistakable evidence of the morale being at a low ebb and a general feeling of frustration."

8. With regard to (i) the Study Team has recommended that 'The Railways should not be fettered with modifications or circulars issued by other Ministries from time to time'. In respect of (ii) it has sounded a note of warning that "unless the highest sovereign body in the country, namely, Parliament, decides to observe a self-denying ordinance in respect of internal matters, particularly those concerning routine matters, such as staff promotions, transfers, discipline, etc. and the Members of Parliament confine themselves mainly to broad issues of policy emanating from the Ministry, whatever the improvements we may suggest they are not likely to prove fruitful."

9. The Wanchoo Enquiry Committee on Railway Accidents, 1968, has also made the following observation in its Report :—

"A more radical and fundamental method of eliminating political influence in such matters may be to convert the Railway Board into an autonomous statutory corporation as is the case in the United Kingdom. It is not, however, within the purview of this Committee to investigate into the pros and cons of this proposal and to pronounce on its desirability."

10. There is thus almost unanimity among these bodies as to the need of avoiding interference in the day-to-day functioning of the Railways. Normally this should be possible if the Railways cease to be Department and acquire a commercial character. The main arguments in favour of the setting up of a statutory corporation for the management of the Railways are as follows :—

- (i) The corporation would be in a position to exercise its own initiative in day-to-day management without undesirable pressures from different interests being exerted on the management.
- (ii) The corporation would be able to enjoy the maximum practicable freedom of operation in its commercial affairs within the framework of guidelines which may be prescribed by Parliament for its working as respects national economy, social needs, financial policy, etc. It would, thus, be enabled to develop an independent policy of its own, without having to toe the line with other Ministries.
- (iii) Within the unified command which would thus result, it would be easy to pinpoint responsibility.
- (iv) The Ministry of Railways would be relieved of the routine matters concerning the day-to-day working of Railways. The Ministry will then be able to devote itself fully to problems of policy relating to general efficiency, economy safety, etc.
- (v) The statutory corporation would be a public authority in its own right and would act within the autonomy allowed in the interest of the corporation and without being subjected to undue pressures.
- (vi) The commercial character of Railways would receive greater emphasis if a corporation runs them.
- (vii) A clear demarcation of the functions in respect of the corporation would make for administrative efficiency.
- (viii) The major decisions of the corporation would, to some extent, be taken in the interests of the corporation itself, within the broad policy laid down by Parliament.
- (ix) The Railways would be able to develop independent personnel (including pay) policies, in particular, to suit their own requirements as they would not be rigidly bound by civil service rules and regulations.
- (x) The response from the Railway employees would be more favourable if they know that better working results would ensue if the Railways are run on commercial lines and they could participate in prosperity like the employees in other public sector undertakings.

11. We have given this question our serious consideration. Normally as our approach to the problems of public sector undertaking would indicate, we are in full sympathy with the plea for autonomy for commercial public undertakings. In the very nature of things, having regard to the scale of investment in the Railways and the varied and extensive operations throughout the length and breadth of the country, there has to be maximum of autonomy in the functioning of the Zonal Railways, so that the

work at the level of the Ministry of Railways is confined to policy matters. There is thus little scope for interference in the day-to-day conduct of affairs by political or other external authorities. Any reorganisation of the pattern of the Railway administration should allow for this broad requirement whether it functions as a department or as a statutory corporation. If the constitution of the Railways into a statutory corporation in the present context is not considered feasible, we are of the view that the Railways should be enabled to function on sound business and commercial principles within the framework of the policy laid down by Parliament and within the confines of public accountability, like any other public sector enterprise. Parliament will then exercise control over the Railway finances and policy through the discussions and voting on the Railway budget and Railway Demands for grants and also through Parliamentary Committees like the Public Accounts Committee and the Estimates Committee. Discussions on annual reports, audit reports, etc., will provide additional avenues of discussion for the Members of Parliament. While the avenue of interpellations should continue, questions regarding day-to-day management of the Railways will have to be avoided. This approach would be analogous to that prevailing in the United Kingdom with regard to the nationalised transport undertakings. In this connection, Lord Morrison in the course of the Dorab Tata Memorial Lectures in 1961, stated as follows :

"But when advantage was taken of this power to question Ministers on matters of day-to-day requirements, the Government decided that if they answered such questions they would in fact have to run the industry which would be contrary to Parliament's intention. They, therefore, refused to answer any questions dealing with matters of day-to-day administration. This refusal invoked the rule that if a Minister refuses to answer a certain category of questions, no further question in that category could be put down. But although Ministers could thus prevent questions they could not avoid adjournment debates, since they had the power to inform themselves on the circumstances, and to that extent were responsible to the House.

"Later it was ruled that if there was a happening which was of sufficient and fairly widespread public interest, he would allow a Parliament question to be put even though it involved day-to-day management."

We would commend the adoption of this approach to the Parliament exercising its responsibility for Railway Administration.

Recommendation :

1

We recommend :

The Railways should be enabled to function on sound business and commercial principles within the framework of the policy laid down by Parliament and within the confines of public accountability, but without any interference in its day-to-day working by political or other external authorities. Parliament in the exercise of its responsibilities may consider the adoption of the approach prevailing in the United Kingdom with regard to the nationalised transport undertakings outlined above.

Extract from Administrative Reforms Commission's Report on Railways—**Chapter II, Para 19.**

19. We would refer to the special position of the Financial Commissioner of Railways. The Study Team has suggested that the Financial Commissioner should be designated as Member-Finance and that he should continue to have his existing powers of vetoing any new item of expenditure and of placing financial matters, in which he has differences of opinion with the other Members of the Board, before the Railway Minister and the Finance Minister. We agree with suggestions of the Study Team. We have felt that though the Railways are a Department of the Government of India, in actual operations it should function, more or less on the lines of a public sector undertaking. The financial management of the Railways should accordingly be patterned on the lines, from the Railway Board downwards to the Divisional and District levels, as recommended by us for the Public Sector Undertakings. We have stated in our report on Public Sector Undertakings that the essential role of the Financial Adviser of Public Sector Undertaking should be that of the principal adviser to the chief executive in all financial matters. The main aim of the finance branch should be to :

- (1) feed management with timely information on the utilisation of resources;
- (2) make statistical analyses to bring out what the performance data truly signify;
- (3) explore and recommend possibilities of reducing costs, with due regard to the maintenance of efficiency and quality; and
- (4) generally advise on financial policies to be pursued and in particular the economics of new schemes.

We have recommended in that report that it is of the utmost importance that the Financial Adviser of an enterprise should regard himself as an integral part of the management team and should place greater emphasis on the management accounting aspect of the working. Accordingly, the Member-Finance, the Financial Adviser and Chief Accounts Officer of the Zonal Railways and the Divisional Accounts Officers in the Divisions should function in a like manner. The Member-Finance should function as a fully integrated Member of the Railway Board in respect of financial matters affecting the Railways except in cases where the decisions might be in conflict with the financial policy laid down by the Ministry of Finance or affect adversely the financial interests of Government as a whole. In such cases or where he differs with his colleagues on any policy question affecting financial matters, he may refer the case to the Railway Minister who may over-rule him on his own if the matter concerns the Railway exclusively or after consulting the Finance Minister if it impinges on the financial policy of the Government of India or has repercussions on such policy.

Recommendation :**8****We recommend :**

The officers of the Finance Branch of the Railway including the Member-Finance of the Railway Board should function as fully integrated members of the management team at the various levels in respect of financial matters affecting the Railway Board. If the Member-Finance differs with his colleagues on any policy question affecting financial matters, he may refer the case to the Railway Minister who may over-rule him on his own if the matter concerns the railways exclusively or after consulting the Finance Minister if it impinges on the financial policy of the Government of India or has repercussions on such policy.

**Extract from Administrative Reforms Commission's Report on Railways—
Sector Undertakings—Chapter VII, Paras 9—14***Material Management*

9. The efficient and economical use of materials is essential for the profitable operations of any undertaking. Materials management forms the most important part of the overall managerial effort at cost control. Except for the purely trading and financial concerns, a major share of the working capital of an undertaking relates to inventory holdings. Of the total working capital of Rs. 384 crores as at the end of 1965-66, relating to 40 running concerns of the Central Government, the inventories accounted for Rs. 361 crores. Of this, Rs. 222.5 crores was the value of raw materials, stores and spares (both of production and construction) and the remaining Rs. 138.5 crores related to works in progress, finished goods and other items. In addition to the funds that get tied up in this way, the inventory—carrying costs which are placed at 15 to 20 per cent of the value of the inventory also impose a heavy financial burden.

10. Materials management in the public undertakings was recently examined in detail by the Committee on Public Undertakings. Their findings as well as those of the experts committees that have been cited by the Study Team in its report indicate that many public undertakings have unduly large inventories. This is borne out from the comparison of the worth of inventory holdings of these undertakings with their net sales and cost of production. The sales-inventory ratio of the running concerns of the Central Government for the year 1965-66 is reported to be 2 : 1. The ratio was the same in 1964-65 also. This is less favourable than the ratio of 2.75 : 1 reported to be obtaining in the private sector. For the developed countries, this ratio is placed in the neighbourhood of 5 : 1. The same picture emerges on comparing the value of inventory holdings of public undertakings with their cost of production. In five undertakings, the inventory holdings were higher in value than two years' cost of production and, in five others, it was equivalent to less than two years' but over one year's cost of production. In their recent report on Materials Management, the Committee on Public Undertakings observed that "if the inventories of industrial running concerns could be reduced to 6 months' production—which would by no means be difficult—it would mean release of capital to the extent of Rs. 104 crores.....".

11. Based on its own study and the reports of the Parliamentary Committees and expert teams of the Planning Commission, the Study Team has pointed out the following deficiencies in the area of materials management :

- (i) the inventories of industrial running concerns were, in many cases, unjustifiably high;
- (ii) many undertakings were still to adopt scientific methods of inventory control;

- (iii) lack of materials and delays in delivery resulted in under-utilisation of capacity in some undertakings;
- (iv) several undertakings did not have proper storage and handling facilities or a proper system of physical verification and stores accounting; and
- (v) in many cases, purchase procedures were lengthy and involved a large number of references to the finance branch.

12. A considerable improvement in the above situation can be brought about through better organisation for materials management in the public undertakings, and by drafting and codifying procedures and instructions based on modern techniques of materials management like 'Codification and Classification' and 'ABC analysis'. Training in materials management and creation of permanent facilities for the purpose also requires special attention. This training should not be confined to the personnel of materials management department but imparted to the personnel of other concerned departments also, since the management of materials is an integrated programme which requires the cooperative action of all the concerned branches. Equally important is the simplification of the operating procedures to reduce the administrative lead-time in procuring the required materials.

Recommendation :

44

We recommend that :

- (1) Materials management should be accorded due recognition at the top management level where a Central Control Section should be set up for materials planning and for securing the introduction of modern techniques.
- (2) A Materials Management Manual should be drawn up to give concrete shape to the relevant scientific concepts in each public undertaking and to outline the prescribed procedures in order to facilitate the general adoption of improved technique.
- (3) Training in materials management should be given greater importance. In addition to having fully trained staff in the materials management organisation, it will be advantageous to have short-term training imparted to the personnel of other departments as well.
- (4) The operating procedures in the public undertakings should be simplified by taking among others, the following measures :
 - (a) On the basis of the annual and longer term plans of the undertaking, the Central Control Section for material management and planning should draw up its own plan and assess the volume of work to be done and the amount and type of materials to be procured;
 - (b) rules involving financial concurrence should be clearly laid down for open tenders as well as limited enquiry tenders and standing committees should be set up for scrutiny and sanction of tenders to avoid inter-branch reference within the undertaking;

- (c) purchases within pre-determined financial limits laid down in the budget should not normally require prior financial concurrence except for the very costly items; and
- (d) procedure for purchasing low cost items should be very much simplified, reducing or, if possible, even eliminating the need for enquiry and quotations.

13. It is also necessary to examine the cause which force the management to go in for heavy stocking of materials—external causes over which management has little or no control. In this area, Government have to shoulder a greater share of responsibility. These external causes and the resultant problems pointed out by the Study Team may be recounted as follows :

- (i) Surplus stocks and expensive construction equipment left over from the construction stage continue to inflate the inventory figures for several years after the project has gone into operation.
- (ii) Lack of knowledge about the likely consumption rates of spares and stores in the case of new plants causes management to procure items on the recommendations and pressures of the foreign collaborators and suppliers.
- (iii) Paucity of indigenous supply and resultant long procurement lead-times do not allow the permissible stock levels to be brought down.
- (iv) Lengthy and dilatory procedures in the Government, particularly those relating to the release of foreign exchange and issue of import licences make it difficult to reduce lead-time.

14. The problem of stores and equipment required during the construction phase suddenly becoming surplus on the completion of the project will be largely met with the setting up of sector corporations. As we have indicated earlier, they will be in a position to secure greater and a more rational utilisation of these items on different projects under their control. The estimates for the procurement of these items should be conservative so that excessive procurement based on an over-optimistic schedule of construction is avoided. A Central Planning Group for materials under the engineer in charge of construction should be entrusted with the task of planning the total requirements and phasing their procurement. Excessive stocking of slow moving items which are in the nature of 'insurance spares' against unforeseen breakdowns can be controlled to some extent by having a team of Indian experts to check the estimates given by the foreign collaborators. The effective long-time remedy, however, lies in the promotion of indigenous manufacture of these items. The public undertakings also face difficulties in having to procure items from indigenous manufacturers even though they are of unsatisfactory quality. Mostly, their deliveries are not made in due time. In many instances, the undertakings have to pay at rates which are 25 to 50% higher than the import prices of similar items.

Recommendation :

45

We recommend that :

- (1) Project authorities should be precise in estimating the requirements of items like earth-moving equipment, vehicles, common-

tools, etc., needed during the construction phase. In the larger projects, a Central Planning Group for materials should be set up, under the engineer in charge of construction, for planning the total requirements and phasing their procurement.

- (2) The recommendations made by foreign collaborators on the provision of spares should be scrutinised in comparison with the position prevailing in similar plants abroad, including the foreign collaborators' own plants.
- (3) A small cell comprising technical experts and materials management experts should be formed in each large project, and especially in those with substantial dependence on imported items, to identify and catalogue the spares and to obtain their manufacturing, drawings and specifications as a first step towards establishing their indigenous manufacture. Project authorities should take timely steps to create their own workshop facilities in respect of items required in small quantities and non-repetitively.
- (4) Government should evolve effective inspection arrangements to keep sufficient check on the quality of the products of indigenous manufacturers. They should not come to enjoy a monopolistic position, vis-a-vis the purchasing public enterprises under the shelter of Government's understandable desire to promote import substitution. Government should also formulate a uniform policy for the price preference that the public enterprises should extend to indigenous manufacturers to serve as guidelines for the public enterprises, the indigenous manufacturers and the Directorate General of Technical Development.
- (5) The recommendations made by the Mathur Committee for facilitating imports by public enterprises, and accepted by the Government, should be effectively implemented as soon as possible, particularly, the recommendations relating to the facilities of annual licensing and vesting of powers in project authorities to operate on foreign exchange within the sanctioned allocations.

H. D. 260
2500

Price : Inland Rs. 2.60 Paise.

Foreign 6 sh. 1 d. or 94 cents.