



REPORT
OF THE
POSTS AND TELEGRAPHS
ACCOUNTS ENQUIRY
COMMITTEE, 1931

सत्यमेव जयते

SIMLA
GOVERNMENT OF INDIA PRESS
1931

**The total expenditure incurred on the Posts and
Telegraphs Accounts Enquiry Committee
is about Rs. 15,300.**



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With the compliments
of the
DEPARTMENT OF INDUSTRIES AND LABOUR.

Dated ~~Bett~~ Simla, the 10th of September, 1931.



I. D. 10.

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CHAPTER I.

Introductory.

1. The Posts and Telegraphs Accounts Enquiry Committee was constituted under the orders, and with the terms of reference, contained in Resolution No. 1012-E.A., dated the 11th February 1931, of the Government of India in the Department of Industries and Labour, which is reproduced below :—

- “ The accounts of the Indian Posts and Telegraphs Department were reorganised, with effect from the 1st April 1925, in accordance with the principles followed in commercial accountancy so as to show *inter alia* the extent to which the Department as a whole imposed a burden on the general tax-payer or brought in additional revenue to the Central Government, whose declared policy is that the operations of the Department should be so regulated as to avoid, in the long run, either of those results. The new form of the accounts attracted a considerable amount of attention and criticism, more specially in the course of the last year, due to the large deficit shown in the accounts of the Department for the year 1928-29.
2. Before the changes in the system of accounts could be introduced it was necessary to take certain decisions on matters of fundamental importance, such as, for instance, the method of determining the annual contribution to the depreciation fund, the liability of the Department for interest, pensionary charges, etc. It was recognised at the time that some of these decisions, arrived at as they were in the absence of reliable or complete data, were of a tentative character and it was always intended that such decisions as well as other matters connected with these accounts should be revised as soon as sufficient experience thereof was acquired.
3. In their report on the accounts of the Central Government for the year 1927-28 the Committee on Public Accounts recommended the constitution of a small committee to consider, how far the system of accounting at present in force in the Indian Posts and Telegraphs Department really provides a true picture of the commercial working of the Department, and, as the chief part of the enquiry, to investigate the actual results of the existing provision for depreciation and to consider, in particular, its adequacy having regard to replacements which are likely to be necessary, and to the foundation on which the Capital account as it stands at present is built up. During the consideration of the report of the Public Accounts Committee by the Legislative Assembly at their session held on the 7th July 1930, an assurance was given to the House on behalf of Government that necessary action would be taken without undue delay for the formation of the committee recommended by the Public Accounts Committee.

4. In fulfilment of that assurance the Governor General in Council is now pleased to constitute the Posts and Telegraphs Accounts Enquiry Committee with the following personnel :—

Sir Cowasjee Jehangir (Junior), K.C.I.E., O.B.E., M.L.A.,
Chairman.

Mr. G. Kaula, C.I.E., I.A. & A.S.,	}	<i>Members.</i>
Officiating Controller of Civil Accounts.		
Mr. F. J. Pearson, I.S.O., formerly Deputy Comptroller and Ac- countant General, General Post Office, London.		

Mr. S. P. Varma, M.Sc.,
Deputy Financial Adviser,
Posts and Telegraphs. *Secretary.*

5. The Committee will examine the existing system of accounting in the Indian Posts and Telegraphs Department with a view to seeing how far it achieves its object of presenting a true picture of the commercial results of the Department's working, and will submit recommendations on the subject. One of the most important matter that will call for investigation in this connection is the provision made for depreciation but the Committee's enquiry will, of necessity, embrace a number of other matters, chief amongst which may be mentioned the assessment of the Department in respect of pensionary liability and interest charges, the allocation of the sale proceeds of unified stamps, and the credits allowed on account of services rendered to other Departments, etc."

2. Mr. F. J. Pearson arrived in Bombay on 23rd January 1931 and assumed charge of his duties on the 24th January 1931.

Mr. G. Kaula joined Mr. Pearson on the 9th February 1931 at New Delhi.

Sir Cowasjee Jehangir arrived at New Delhi on the 15th February 1931, and the formal sittings of the Committee commenced the next day.

3. At the outset of our deliberations we transmitted to the Press, a small communiqué, on the 21st February 1931 intimating that the Committee's investigations would, of necessity, embrace, a number of matters other than the rates for depreciation, and that chief amongst these would be the pensionary liability of the Department, interest charges, allocation of the sale proceeds of unified stamps, credits taken on account of services rendered to other Departments of Government, etc. The communiqué contained a request for such written evidence as may be tendered by the 10th March 1931 by Associations interested in the accounting system of the Indian Posts and Telegraphs Department.

We also addressed a circular letter on the same lines to the various Chambers of Commerce, and other commercial bodies, and to certain Honourable Members of the Council of State and the Legislative Assembly who had, in the past, evinced special interest in the accounts of the Indian Posts and Telegraphs Department.

4. We held forty-seven meetings, and recorded the evidence of a number of witnesses, official and non-official.

5. The following is a list of the witnesses examined :—

1. Mr. H. A. Sams, C.I.E., I.C.S.,
Director General of Posts and Telegraphs.
2. Mr. F. W. Leake,
General Manager for India,
Messrs. The British Insulated Cable Company, Ltd.,
Calcutta.
3. Mr. W. H. Thompson,
General Manager,
Bengal Telephone Corporation, Ltd.,
Calcutta.
4. Sir Hugh Cocke, Kt., M.L.A.,
Messrs. Fergusson and Co., Bombay.
5. Mr. A. C. Banerjee,
Chief Engineer, Posts and Telegraphs.
6. Mr. M. L. Pasricha, C.I.E.,
Deputy Director General, Telegraphs.
7. Mr. J. Fairley,
Director, Telegraph Engineering, Northern Circle.
8. Mr. R. S. Purssell, O.B.E.,
Deputy Chief Engineer, Telegraphs.
9. Mr. G. A. Hopkins,
Postmaster General, Bihar and Orissa Circle.
10. Mr. J. N. Mukerji, O.B.E.,
Electrical Engineer-in-Chief.
11. Mr. F. C. Alfrey,
Divisional Engineer, Telegraphs.
12. Mr. N. Mukerji, M.A., B.L., A.I.A.,
Actuary to the Government of India.
13. Mr. M. R. Coburn, O.B.E.,
Financial Adviser, Posts and Telegraphs.

14. Lt.-Col. K. A. Appleby, O.B.E.,
Postmaster General,
Punjab and North-Western Frontier Circle.
15. Mr. P. J. Edmunds, M.A., B.Sc.,
Director of Wireless.
16. Mr. L. S. Vaidyanathan, M.A., F.I.A.,
Assistant Actuary,
Oriental Government Security Life Assurance Co., Ltd.,
Bombay.
17. Mr. K. D. Tembe,
Deputy Director General, Postal Services.
18. Mr. J. S. Pitkeathly, C.M.G., C.I.E., C.V.O., C.B.E., D.S.O.,
Chief Controller of Stores,
Indian Stores Department.
19. Mr. A. C. Badenoch, M.A., I.C.S.,
Officiating Controller of Civil Accounts,
formerly Accountant General,
Posts and Telegraphs.
20. Mr. Jagat Prasad, M.A., B.Sc.,
Accountant General, Posts and Telegraphs.
21. Mr. P. N. Mitra,
Controller of Telegraph Stores, Calcutta.
22. Mr. D. Colin Campbell, C.A.,
Director of Commercial Audit.
23. Rai Bahadur P. N. Mukerji, M.A., M.R.A.S., F.E.Met.Soc.
(London),
Deputy Director General, Staff.

6. We were supplied by the Financial Adviser, Posts and Telegraphs, with a comprehensive memorandum dealing with the subject of our enquiry. This was supplemented, when necessary, by information on specific matters supplied in compliance with enquiries addressed to the various Departments of the Government of India.

CHAPTER II.

Accounts prior to Commercialisation.

7. By our terms of reference, reproduced in *extenso* in the previous chapter, we are required to "examine the existing system of accounting in the Indian Posts and Telegraphs Department with a view to seeing how far it achieves its object of presenting a true picture of the commercial results of the Department's working". The form of the accounts of any undertaking depends on the character of its operations, on the conditions in which its work is done and finally on the general policy governing its activities. In order, therefore, to fulfil the obligations laid upon us, we attempt to describe briefly the various characteristics of the Indian Posts and Telegraphs Department which are reflected in its accounts.

8. Under the Indian Post Office Act and the Indian Telegraph Act, the Governor General in Council has the exclusive privilege of conveying letters by post, and of establishing, maintaining and working telegraphs within British India; and the Indian Posts and Telegraphs Department of the Government of India is entrusted with the exercise of this exclusive privilege of Government. Actually, the Department provides facilities for communication not only within British India but also in a great number of Indian States. Lastly, as India is one of the parties to the international agreements and conventions on postal and telegraph matters the departmental organisation of mail and telegraph lines, etc., forms one of the units that together make up the international communications of the world.

9. From the very nature of its functions the organisation has to be highly centralised so as to secure the maximum of uniformity, and yet room has to be found for the great differences in methods of work and operation in different areas due in turn to the varying stages of economic and cultural development reached by various parts of the Indian Empire. On the one hand, therefore, the Department has to keep abreast with the most modern developments of highly technical sciences and on the other, it has to be content in some rural areas with providing a weekly service through a postman on foot.

10. Again by the nature of its organisation, the Department is directly represented in the most distant and out of the way localities, and so provides an agency for the discharge of various miscellaneous obligations of other Departments of the State which could be discharged directly by the latter only at prohibitive expense. For instance, at one end of the scale the Department is found selling packets of quinine and issuing licenses for the sale of salt, and at the other, it is entrusted with the management of a large Savings Bank system which is rapidly growing in the extent and volume of its operations.

11. The accounting system depends on the policy governing the operations of the Department, and it is therefore of some advantage to our enquiry to trace the development of the policy of Government for the working of the Indian Posts and Telegraphs Department. Prior to 1914, the Post Office and the Indian Telegraph Department were two independent Departments, each working under a separate Director General. The foundations of the present organisation of the Post Office were laid by the Post Office Act (Act XVII) of 1854, according to the provisions of which,

the Postal Department in the whole of India was placed under the control of a Director General assisted by Postmasters General in the larger provinces, and Deputy Postmasters General, at first designated Chief Inspectors, in the less important provinces and the principal political agencies. Similarly, the beginnings of the Indian Telegraph Department can be traced back to 1851 or 1852.

12. The earliest declaration of policy, governing the operations of the Indian Telegraph Department, that we have come across is that contained in Resolution No. 2414, dated the 8th March 1867, published in the Supplement to the Gazette of India, dated April 6th, 1867, relevant extracts from which are given below :—

“ *Resolution.*—In the 13th and five following paragraphs of his memorandum, Colonel Glover has fully shown that the greater number of the Indian lines have been undertaken for political and administrative purposes. Many lines which are of great value in this view would never have been constructed, and could never be maintained were the directly remunerative character of the Government Telegraph its only object.

2. Even such lines, however, are often not wholly unremunerative in an economical point of view, in so much as they conduce to greater energy of administration and afford means of more directly controlling public expenditure. To the community also they are often of important service ; and, even though not giving a return which would justify their construction or retention as commercial undertakings, have indirectly contributed no doubt to the increasing prosperity of the country.
3. As regards those lines which might properly be regarded as commercial lines,—lines, that is, connecting the great centres of commerce, Colonel Glover has also shown that it is scarcely fair to judge their remunerative nature by a comparison with the commercial lines of England or of any European country.
4. The far greater distance between the centres of commerce in India, and the greater difficulty of maintaining the lines arising from causes connected with the nature of the country through which they pass, and of the climate, put the case wholly on a separate and special footing and make it difficult to render even such lines very remunerative.
5. At the same time it has been, as the Officiating Director General points out, the careful study of the Government of India to avoid constructing, as far as possible, lines which do not at least pay their own working expenses ; but as already indicated above, the importance of lines to the Government and to the public is not in any degree to be measured by the magnitude of their returns ; and the exigencies of the Public Service and Political and Military considerations must, in a large majority of instances, override all considerations of economy. Under these circumstances, and with regard to the general working and to the manner in which telegraphic communication has been introduced into India, the Governor General in Council is not disposed to consider the financial results, disclosed by Colonel Glover's papers, as wholly unsatisfactory.”

13. The operations of the two Departments developed side by side with the general development of the country, and by the year 1888, it became possible to regard the Post Office and the Telegraph Department as *quasi* commercial Departments which, according to Resolution No. 4145, dated the 28th July 1888, issued by the Government of India in the Department of Finance and Commerce, "are maintained for the purpose of rendering particular services on payment made, for the services rendered or for the articles supplied, and the functions of which are not part of the ordinary ideas of Government or administration."

14. It is a far cry from 1867 to the present times, and the lapse of time is evidenced in the change of policy that has taken place in the interval. The first public indication of the new orientation, that we have been able to trace, is contained in a speech made by the Hon'ble Sir (then Mr.) Malcolm Hailey, Finance Member of the Government of India, in the budget debates of the Legislative Assembly on the 10th March 1921, when he stated that "the Telegraph Department like the Postal Department is a source of revenue to the country, but we have not, I can admit to the House, been able hitherto to get the exact amount of net revenue which the Posts and Telegraphs Department brings us in".

15. The most recent declaration of the policy of the Government in respect of the combined department is contained in the following statement made by the Hon'ble Sir Atul Chatterjee, Member in charge of the Department of Industries and Labour, in the Legislative Assembly on the 12th March 1924 :—

"I entirely agree with Mr. Neogy in considering that the Post Office should be looked upon as public utility service. But in the same way as the Railways and any other organisations which are for the benefit of the general public and are looked upon as public utility services should at the same time pay their way, I consider that the Post and Telegraph Department should pay its own way and I have the authority of my Honourable Colleague, the Finance Member, in saying that the Government do not look to the Postal and Telegraph Department as a revenue earning Department. I hope this statement will satisfy my Honourable friend. At the same time, I wish him to understand that there is no reason whatever why the Postal and Telegraph Department, if it is properly managed, should be a burden on the taxpayer. It has to be remembered that the Government enjoy a valuable monopoly in the Postal and Telegraph Department and in my view, that monopoly should be so worked as to be a source of benefit to the general tax-payer without being a burden on him."

16. The changes in policy have always reacted on the system of accounts. Prior to 1st April 1914, the Post Office and Telegraphs were two separate Departments each with its own accounts. The gross receipts of the two Departments formed part of the revenues of the Government of India, who found all the money required for expenditure, whether working expenses or capital. A capital head of accounts was not allotted, in the general scheme of Government accounts, to either Department; and all expenditure, whether Capital or Working Expenses, was included under the same major head. Moreover, expenditure incurred in the Public Works Department on buildings meant for the two Departments was recorded under the Public Works heads of accounts. A *pro forma* statement of

the Capital Outlay in the Indian Telegraph Department was included, however, in the Telegraphs section of the Finance and Revenue Accounts of the Government of India, beginning with the year 1871-72.

17. The two Departments were combined in 1914 but the only important change then made was that the receipts and expenses of both the Departments were shown under a single major head in the Finance and Revenue Accounts. A statement of Capital Outlay on Telegraphs continued to be attached as an Appendix.

18. This arrangement continued until the reorganisation of the accounts made in connection with the constitutional changes consequent on the passing of the Government of India Act, 1919. The changes effected in 1921-22 were as follows :—

- (i) Two capital heads were provided for recording Capital Outlay, one outside, and the other within, the Revenue Accounts of Government.
- (ii) It was decided that the expenditure incurred by the Public Works Department on buildings meant for the use of the Indian Posts and Telegraphs Department should be recorded, finally, under the Capital heads mentioned above.
- (iii) The original Capital Outlay incurred by the Public Works Department in the past on Posts and Telegraphs buildings was also transferred to those heads, but without any financial adjustment.
- (iv) Commencing with the accounts for 1921-22 Capital Outlay on Telegraphs, other than that on stores and suspense, was debited to "Capital Outlay not charged to Revenue". Outlay on the purchase of stores for Telegraphs and all Capital Outlay on Postal buildings continued however to be charged to "Capital Outlay charged to Revenue".
- (v) Changes were also made in the accounts of working expenses of the Department. Interest on Capital Outlay was charged for the first time in the accounts for the year 1921-22, a separate major head being opened for the purpose in the Revenue section of Government accounts. Superannuation allowances and pensions were debited to the Department for the first time in the accounts for the year 1923-24, while credits for work done by the Department on behalf of other Departments, like those in connection with the Savings Bank and Cash Certificates, etc., were included in the departmental accounts for the first time in 1924-25.

19. The changes described in the preceding paragraphs relate to the official accounts of the Government of India as presented annually to Parliament. In addition, *pro forma* statements, purporting to show the general financial position of the Post Office and of the Telegraph Department used to be prepared and included in the annual Administration Reports submitted by the heads of the separate Departments prior to 1914, and by the Director-General of Posts and Telegraphs, after that date, to the Government of India up to the year 1924-25; but our conclusion, reached as a result of our examination of the methods in force before the

1st April 1925, is that the accounts for the years ending with the financial year 1924-25 were not commercial accounts in the real and accepted sense of the term. It is evident, therefore, that no attempt at a comparison of the profits or losses on the working of the Department after the commercialisation, with those shown in the accounts prior to that date, is possible at this stage. Any estimate that may, therefore, be prepared of the aggregate surplus or deficit on the working of the Department in the past is likely to be erroneous and misleading.



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CHAPTER III.

Commercialisation.

20. The commercialisation of the accounts effected from 1st April 1925 is merely the outward expression of the policy definitely announced on the floor of the Legislative Assembly in 1924, and the next stage in the development in the accounting system which was taking place slowly but steadily. The re-organisation of the accounts was rendered essential by the economic changes resulting from the Great War which necessitated drastic revisions in postal and telegraph tariffs, the development of telephone and wireless systems and the rapid growth of enlightened public opinion on these subjects. Every year, the need was becoming more urgent for a new system of accounts that would exhibit as accurately and as clearly as possible, the true financial position of the Department and enable all concerned to ascertain readily therefrom :—

- (1) the extent to which the Department as a whole was imposing a burden on the general tax-payer or bringing in revenue to the exchequer ;
- (2) how far each of the constituent branches of the Department was contributing towards this result ; and
- (3) as a direct deduction from (2) whether the rates charged to the public for the various postal, telegraph and telephone services were inadequate or excessive.

21. The following decisions were either made or reaffirmed in connection with the commercialisation of the accounts :—

- (i) A proper Block Account of the assets of the Department will be instituted and the initial amount at the charge on 1st April 1925 will be the " present value " of the assets on that date. The " present value " will be calculated on the basis of expected lives and residual values of various classes of assets, by the straight line method for providing depreciation.
- (ii) The balance of the Stores and Workshop Suspense accounts will be part of the working capital of the Department.
- (iii) A Depreciation Fund account will be maintained, with effect from the 1st April 1925, on a sinking fund basis.
- (iv) The expenditure on renewals and replacements of assets, existing on the 1st April 1925, will be financed partly from the Depreciation Fund, and partly from interest bearing advances. The maximum cumulative amount of such advances will be the difference between the original value of the assets, and the " present " or depreciated value of those assets on 1st April 1925 ; and the amount of these advances will go to write up the Capital Account of the Department.
- (v) The Department will pay interest on the total amount shown at charge of the Capital Account, and the interest will be included as a component part of the Profit and Loss account.

- (vi) The Department will receive a rebate or pay a surcharge, as the case may be, in respect of interest on the net profit or loss on the working of the commercial branches of the Department as determined by the accounts.
- (vii) A real profit and loss account of the Posts and Telegraphs Department will be prepared as an integral part of, and within, the Government accounts. This profit and loss account will show separately the profit or loss on each branch of the Department, *viz.*, Post Office, Telegraphs, and Telephones. (Originally the accounts of Radio-telegraphs were included with those of the Telegraph Branch, but subsequently with effect from the accounts of 1929-1930, the Profit and Loss account of Radio-telegraphs was also separated.)
- (viii) The annual profit and loss account will be based, to the extent that may be necessary and expedient, on "earnings" and "working expenses" instead of "actual receipts" and "actual payments".
- (ix) The Posts and Telegraphs Department will make, each year, a contribution to general revenues to cover its pensionary liability, and the amount of this contribution should be based not on actual payments of pensions during the year but on the pensionary liability to be met on the retirement of employees then in service.

22. The decisions enumerated in the preceding paragraph indicate broadly the various matters which fall within our terms of reference. We are required to examine the reasons for, and validity of, each of these decisions, to ascertain and report the extent to which the decisions have been given effect to in the accounts as they are being prepared, and to offer such recommendations as we may consider necessary to rectify the defects or imperfections that may come to our notice. We also consider that we should report to Government any omissions, for whatever reason, to bring into the accounts of the Department adequate credits for services rendered, directly or indirectly, by it to members of the public, and to other Departments of Government, both Central and Provincial, and, *per contra*, omissions of expenditure incurred elsewhere on behalf of the Department.

CHAPTER IV.

Capital and Block Accounts.

23. As its name indicates, the Capital Account shows the total amount of Capital Outlay on fixed assets, such as land, buildings, plant and machinery, and of working capital in the shape of stores and capital suspense accounts. It also includes capital receipts. The term "Block Account" is used to indicate "a valued register of assets", the maintenance of which is essential to a commercial system of accounts. The total of the Block Account represents the value of fixed assets and is thus included in the Capital Account.

24. The development of the Capital Account of the Department to the eve of "commercialisation" and thereafter has been described briefly in the preceding two chapters. It is, however, necessary to state here that although the two capital heads of accounts, "56—Capital Outlay not charged to Revenue" and "18—Capital Outlay charged to Revenue", were continued after 1st April 1925, the method of booking was altered substantially. All Capital Outlay in the Department including that on "stores" and on "works in progress" in the workshop, is initially recorded under "56—Capital Outlay not charged to Revenue". Subsequently, the amount relating to Post Office buildings and Railway Mail vans is transferred to "18—Capital Outlay charged to Revenue". This, however, does not make any difference to the finances of the Department; as stated before interest is charged on all capital outlay.

25. A valuation of telegraph assets was made in 1872 and a valuation of the assets of the combined Department was made in the years 1924 and 1925 in connection with the commercialisation. An inventory of all assets, existing on 1st April 1925, was obtained from the officers in charge, and the assets were valued either on the basis of recorded information, or by the application of certain average costs per unit. In the sequel, a deficit was found and had to be written off. The details of the deficit are explained below.

The recorded Capital Outlay at charge of the combined Department at the end of 1924-25 was :—

	Rs.
Capital Outlay not charged to Revenue ..	3,40,01,064
Capital Outlay charged to Revenue ..	18,49,44,790
Total ..	21,89,45,854

As a result of the valuation, the capital of the Department was fixed at Rs. 20,20,23,566 leaving a deficit of Rs. 1,69,22,288. Subsequent investigations, chiefly in connection with buildings, reduced, by the end of 1929-30, the amount of this deficit to Rs. 1,29,83,517 composed of the following items :—

	Rs.
(a) Errors in accounting	17,44,602
(b) Value of assets which had ceased to belong to the Department	5,51,048

	Rs.
(c) Net transfers from Capital ..	—4,77,083
(d) Unexplained differences net (details given below)	1,11,64,950
Total ..	<u>1,29,83,517</u>

The details of the unexplained differences included above, were as follows :—

	Decrease of Capital at charge.	Increase of Capital at charge.
	Rs.	Rs.
Buildings .. ..	..	17,30,807
Lines and Wires	96,32,428	..
Apparatus and Plant	32,98,055	..
Masts and Aerials .. ..	..	34,726
	<u>1,29,30,483</u>	<u>17,65,533</u>

Net decrease of Capital Rs. 1,11,64,950

26. If retrospective effect is given to these corrections which were made in various years since 1925-26 inclusive, the net amount left at charge of the Capital Account on 1st April 1925 would be Rs. 20,59,62,337 comprising :—

	Rs.
Fixed assets	18,98,99,933
Stores and Suspense	1,60,82,238
Total ..	<u>20,59,82,171</u>
Deduct Receipts on Capital Account ..	19,834
Net Total ..	<u>20,59,62,337</u>

27. As mentioned at item (1) of paragraph 21 it was decided that the initial amount at charge of the Block Account should be the depreciated value of existing assets as on 1st April 1925. The next stage of the valuation undertaken in the years 1924 and 1925 consisted, therefore, of a calculation of the depreciated value, which together with the accrued depreciation, or " arrears in depreciation " as it has been termed in the Valuation Report, makes up the original value of the fixed assets as shown in the previous paragraph. For this purpose, the Chief Engineer, Telegraphs, fixed the expected effective " lives " and " residual values " of various classes of assets. But the difficulty of the problem did not end

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with this because very little information was available in the Department, as to the dates of the original construction or last reconstruction prior to 1st April 1925, of a large portion of the property. This difficulty was finally overcome, by the officer entrusted with the valuation, by estimating, for property for which reliable information was not available, an average age on 1st April 1925. This having been done the problem became simple ; and the accrued depreciation was calculated by the application of the usual straight line method.

28. The accrued depreciation on 1st April 1925, as originally fixed in the Valuation Report was Rs. 9,30,76,950. As a result of corrections made subsequently, the amount at the end of 1929-30 was Rs. 9,09,85,728. The capital account on 1st April 1925, as fixed in 1930, comprised the following items :—

Rs.

I. Fixed assets—

Depreciated value, as on 1st April 1925 of
assets constructed to end of 1923-24
Rs. 8,84,11,268.

Original cost of assets constructed during
1924-25 Rs. 1,05,02,937 9,89,14,205

II. Stores and Manufacture Suspense—Opening
balances 1,60,82,238

Total .. 11,49,96,443

III. Deduct Receipts on Capital Account .. 19,834

Net .. 11,49,76,609

29. The opening balance of the Stores and Manufacture Suspense Account (Rs. 1,60,82,238) included in the Capital Account of the Department for 1925-26 represented the book value of the stores, etc., on 1st April 1925. No attempt was made at the time of commercialisation to determine separately the book value of obsolete and unserviceable stores held in stock and included in the opening balance. From the Appropriation Accounts of the Department for the five years 1925-26 to 1929-30 it appears, however, that a total sum of Rs. 21,64,643 has been written off during that period, by debit to Working Expenses, as the loss incurred in the disposal of unserviceable and obsolete stores. The revised estimate for 1930-31 contains a further provision of Rs. 2,55,000 for the same purpose. In addition, a sum of Rs. 5,91,000 has been debited to the Working Expenses of the Department in the three years 1927-28 to 1929-30 on account of the 'writing down' of the value of serviceable stores which were borne on the books at too high a rate. We understand that these writes-off have been sanctioned as a result of investigations made by a special committee appointed by Government to deal with a large accumulation of old stores.

30. We consider that the stores in stock immediately prior to commercialisation should have been examined, and that the value of only such stores as were serviceable should have been included in the opening

balance of the Stores Account on 1st April 1925. Similarly, stores which were serviceable should have been included only at their proper written down value. We think it is unfair to burden the commercial accounts of the Department, as constituted from 1st April 1925, with the abnormal loss on the disposal of a large amount of unserviceable material accumulated in the past. The Department has suffered a further loss in that it has had to pay interest on this total amount of Rs. 30,10,643 from the date of commercialisation to the various dates on which different lots of this material were disposed of or to the date when the value was written down. We recommend that both the items of loss should be taken into account in assessing the net result of the working of the Department after commercialisation.

31. The Capital Account includes a sub-head entitled "Receipts on capital account" intended to provide for the reduction of the capital at charge, in cases in which the sale-proceeds of an asset are substantially in excess of the amount included in the Block Account in respect of that asset. Sir Arthur Dickinson who was requested by Government to examine the propriety of this arrangement, made the following remarks :—

"The realised surplus over original cost, less accrued depreciation resulting from the disposal of a fixed asset should be credited to a capital reserve account, to which should be charged any losses due to sales of similar assets for sums less than the difference between the original cost and the amount standing to the credit of depreciation fund in respect of those assets."

We agree that as a matter of correct accounting it would be preferable to have a capital reserve account so that such credits may not appear as part of the main Capital Account.



CHAPTER V.

Depreciation and Lives of Wasting Assets.

32. The question of the rates for calculating the annual depreciation of the wasting assets of the Posts and Telegraphs Department has received specific and prominent mention in our terms of reference, and has received a very large amount of detailed examination at our hands. Depreciation is a true element of cost and, in modern accountancy, a proper proportion of the capital invested in the wasting assets of an undertaking is always included, in one form or another, in the cost of the products manufactured or services rendered.

33. There are several methods for determining the proportion of capital that should be set aside in each year or other accounting period, but they have all one object in view, which is to secure that by the time the asset is expected to become useless, the capital invested in it is recovered from the earnings. The estimating of the period during which the asset is likely to render useful service, or the 'life' as the period is termed by Accountants, is therefore a matter of prime importance. If the life is under-estimated the cost per unit goes up, and as prices are generally competitive the accounts of the undertaking show a loss. If on the other hand the lives are over-estimated, the cost is understated and the accounts show an exaggerated profit.

34. As mentioned before, the 'lives' of different classes of assets used in the valuation and adopted for the Depreciation Fund calculations, were fixed by the Chief Engineer, Telegraphs, on the best information then available to him. They are shown in Appendix 1 attached to this report. We have ascertained that the net life of each class was arrived at, after making deductions from the estimated physical life, for climatic conditions, accidents, reconstructions, obsolescence and, in the case of copper wire, even for thefts. In other words, the lives fixed were net effective lives for each life group.

35. From the documents placed at our disposal, we also learn that it was intended that the estimate of lives and the working of the Depreciation Fund should be reviewed after a few years' experience had accumulated. The experience has been striking, and the disparity between the amounts contributed to the Depreciation Fund during the period from 1st April 1925 and the amounts actually spent on renewals and replacements was noticed by the Accountant-General, Posts and Telegraphs, in his Report on the Appropriation Accounts of the Department for 1927-28. The matter was discussed by the Public Accounts Committee in their sittings of 1929 and their discussions led eventually to the appointment of our Committee. A detailed comparison between the annual contributions and the annual expenditure on renewals and replacements, in respect of various classes of assets, has been instituted in a statement supplied by the Financial Adviser, Posts and Telegraphs, reproduced as Appendix 2 to this report, and the total amounts for the six years ending 1930-31 are as follows :—

				Renewals and Contributions. Replacements.	
				Rs.	Rs.
Buildings	..	..	..	5,30,525	3,07,312
Posts	..	..	..	68,36,417	16,76,671

		Renewals and Contributions. Replacements.	
		Rs.	Rs.
Iron wire (Telegraphs)	..	26,54,411	13,43,350
Iron wire (Telephones)	..	6,63,015	43,732
Copper wire	..	30,09,503	4,36,441
Accumulators	..	6,32,359	2,44,869
Manual Exchange	..	3,88,844	3,58,401
Automatic Exchange	..	5,02,331	13,266
Subscribers' Apparatus	..	8,21,651	21,508
Masts and Aerials	..	85,678	7,910
Other items	..	15,96,242	3,48,265
Electric Installation	..	4,10,141	87,505
Cables	..	6,57,214	2,73,519
Total	..	1,87,88,331	51,62,749*

*N.B.—This is the gross expenditure on the renewal of assets of the kinds mentioned. Only a part of it aggregating about Rs. 13 lacs was found from the Depreciation Fund while the balance was met from interest bearing advances.

36. The disparity is admittedly very large, but it is necessary to mention certain considerations which must deter one from drawing any definite conclusions as to the correctness of the annual contributions on the basis of these figures. The annual contribution is determined not only by the life span of the asset but also by the original cost. Consequently, even in a running concern of considerable age if there is a series of years in which there was a marked increase in the cost per unit of plant due to a rise in prices, the contributions for depreciation during the succeeding years will be heavier than usual; and this disparity will not disappear until the plant erected in the period of high prices has been reconstructed, at the end of the life span at rates which are markedly lower, if not entirely normal. Again, with assets the estimated life span of which is fairly long, e.g., 30 years for posts, 24 years for iron wire and 75 years for buildings, the experience of six years or even more cannot be a reliable guide as to the correctness of the assumed life. Lastly, there is the consideration that the assumed life is an average figure fixed after taking into consideration a number of factors, such as climate, soil, accidents, etc. Even in the same class of assets these factors have varying influence in determining the actual date of reconstruction. Experience in other countries has shown that even in respect of a homogeneous life group of assets, subject to the same climatic and other conditions, reconstructions do not all become necessary exactly on the expiry of the life, but are spread over some years before and after that date. Remembering the great variety of conditions to which the plant of the Posts and Telegraphs Department is subject throughout India and also the variety of material in the same life group of assets, it is clear that there will be a very marked tendency for reconstructions to spread themselves over several years both before and after the date of expiry of the life. Taking these considerations into account the testimony of the figures contained in the statement is not by itself sufficient for questioning the suitability of the lives fixed by the Chief Engineer, Telegraphs.

37. We accordingly decided to obtain as large a body of direct evidence as was possible from gentlemen competent to express an authoritative opinion on these matters. The names of the witnesses who appeared before us have been given elsewhere. We examined a number of selected officers of the Department who had large experience of the plant used by the Department. In addition, the Chief Engineer, Public Works Department, New Delhi, was good enough to furnish us his views on the life of buildings through the Chief Controller of the Indian Stores Department. Lastly, we also examined two gentlemen of the commercial community engaged on business involving the manufacture and use of plant similar to that used by the Department. The unanimous opinion of all these witnesses is that the lives fixed in 1925 and used in the Valuation Report are, in the majority of cases, largely under-estimated.

38. After weighing the large body of evidence that became available to us, we have come to the same conclusion, and, except in one or two cases, our proposals involve a lengthening of the 'life' for each class of asset. The lives which we recommend and the reasons therefor are set out below, but we desire to state that the life as recommended by us is, in every case, the net effective life, fixed after taking into consideration, all the usual factors, *viz.*, the influence of climate, soil, and atmosphere, liability to damage by accidents, storms, floods, and cyclones, and ordinary obsolescence. Moreover, they are 'averages' applicable to the plant in its entirety and not to a particular plant or to that in a particular area or locality. The residual values recommended by us represent percentages applicable to the original value *in situ*. The lives and residual values of such assets as are not dealt with specifically should, in our opinion, be left unchanged at the present figures.

(i) *Buildings*.—The life of buildings varies naturally with the design, the material and the climate, etc. Under the rules for allocation in force in the Department, temporary structures and buildings of small value are not included in the Block Account. Moreover, the bulk of the cost of the departmental buildings has been incurred in Presidency towns and large cities, and at the headquarters of districts where, invariably, the buildings are constructed by competent engineers and the structures are soundly designed and of good material. We also examined the register of buildings maintained by the Accountant-General, Posts and Telegraphs and obtained specific evidence from witnesses with personal knowledge who testified to the good condition and large residual life of some very old buildings which are in use at present. We recommend, after making allowance for obsolescence, that the net life of buildings should be fixed at 100 years, the present life being 75 years. Following the present practice we do not propose to fix any residual value.

(ii) *Electric lights and fittings, etc.*—The 'life' of these assets fixed at present is 12 years net, with a residual value of 5 per cent. We recommend a net life of 16 years with a residual value of 3 per cent.

(iii) *Underground cable*.—The life fixed at present is 24 years with a residual value of 5 per cent. We recommend the life being increased to 36 years net, as an average for all classes of underground cable used in the Department, whether laid 'solid', or directly underground. We leave the residual value of 5 per cent. unchanged.

(iv) *Submarine cable*.—The life fixed now is 12 years net without any residual value. After taking into consideration the great liability of this class of asset to damage and loss from accidents in rivers, we recommend a net life of 20 years without any residual value.

(v) *Aerial cable*.—The present life is 10 years, with a residual value of 5 per cent. In view of the rapid deterioration to which aerial cables are subject in India, we recommend that the life be left unchanged at 10 years net, but that the residual value be reduced to 3 per cent.

(vi) *Posts (including brackets)*.—The Department uses three kinds of posts, viz., wooden, rail, and galvanized tubular. The number of the first named is very small and may be left out of consideration. The present estimate of the life of posts is 30 years net, with a residual value of 10 per cent. On the evidence before us we should be justified in increasing the life to at least 50 years, but to be on the safe side, we recommend a life of 45 years net as an average for all kinds of posts. We would leave the residual value unchanged at 10 per cent.

(vii) *Copper and bronze wire*.—The amount of bronze wire used is very small. The life taken in the Valuation Report for both kinds of wire is 27 years with a residual value of 20 per cent. As an average for the whole of India, we recommend a net life of 40 years and we would raise the residual value to 30 per cent.

(viii) *Iron Wire, Telegraph Circuits*.—The life prescribed at present is 24 years with a residual value of 4 per cent. As an average for the whole of India and taking into account the liability to corrosion of wires near the sea coast we recommend a net life of 36 years with the old residual value of 4 per cent. The evidence before us would have justified our fixing a longer life but we prefer to take a cautious view.

(ix) *Iron Wire, Telephone Circuits*.—The life of this class of wire is low, as it is generally light gauge wire. The life fixed at present is 10½ years with a residual value of 4 per cent. On the evidence before us, we recommend an average net life of 15 years with no change in the residual value.

(x) *Wireless masts, aeriels and earths*.—This is a composite life group, the life of masts being very much longer than that of 'aeriels and earths'. The difference in life is compensated for, however, by the difference in the proportional costs of the two components in the average wireless installation. Moreover, this class of plant is, in the present condition of wireless telegraphy and telephony, liable to rapid obsolescence. The present life is 30 years with a residual value of 10 per cent. Taking into consideration the respective lives and comparative values of the components, we recommend an equated life of 15 years net for the whole group, or a reduction of 15 years on the present life. We also recommend reducing the residual value from 10 per cent. to 8 per cent.

(xi) *Manual Exchanges, Private Switch Boards*.—The life fixed at present is 12 years with a residual value of 5 per cent. We recommend a net life of 15 years but with the same residual value.

(xii) *Engines, Motors and Switch Gears, etc.*—The life fixed at present for all kinds of this plant including those used in wireless stations is 12 years with a residual value of 5 per cent. In view of the rapid obsolescence of wireless plant, we recommend that the group should be

divided into two portions, one for wireless and another for the plant in other branches. For the former we recommend a net life of 12 years and for the latter a net life of 16 years. We recommend a residual value of 2 per cent. for either class.

(xiii) *Automatic Exchanges*.—Practically no experience of the effective life of automatic telephone plant is available at present. The life fixed now is 20 years net with a residual value of 10 per cent. As we desire to be conservative, we recommend a life of 25 years net with a residual value of 5 per cent.

(xiv) *Subscribers' Apparatus*.—The life fixed at present is 8 years with a residual value of 5 per cent. On the evidence before us, we feel justified in recommending a life of 10 years with a residual value of 5 per cent.

(xv) *Electric and Telegraph Instruments*.—The life fixed at present for this class, including plant used in wireless stations, is 12 years net with a residual value of 5 per cent. As in the case of "Engines, motors and switch gears, etc.", we recommend that the group be divided into two sub-groups, so that wireless instruments and apparatus may be separated from other varieties. For the former we recommend a life of 10 years without any residual value, while for "the electric and telegraph instruments" of other branches we recommend a life of 25 years with a residual value of 5 per cent.

(xvi) *Accumulators*.—We do not recommend a change either in the life or in the residual value of accumulators and our recommendation in favour of the present estimates applies equally to all accumulators including those used in wireless stations.

(xvii) *Workshop Plant and Machinery*.—The present estimate of life is 20 years and we would leave it unchanged. The residual value should be reduced from 10 per cent. to 5 per cent.

(xviii) *Motor Vehicles and Launches*.—We would leave unchanged the life fixed at present, viz., 10 years with a residual value of 10 per cent.

39. We have given our recommendations as to the residual values of various classes of plant in the preceding paragraph when dealing with the lives. We revert however to our recommendation to increase the residual value for copper wire from 20 per cent. to 30 per cent. Some of the witnesses have recommended the residual value being placed much higher. We are, however, impressed by the large fluctuations in the market price of new copper, which naturally controls the price that can be obtained from the sale of scrap copper, and consider that on the whole 30 per cent. is the most appropriate figure.

40. The lives and residual values recommended by us as well as those in use at present are given in Appendix 1 to this report.

CHAPTER VI.

Allocation of expenditure between Renewals and Replacements and Working Expenses.

41. Some of the causes of the disparity between the actual expenditure on renewals and replacements, and the amounts of the annual contributions to the Depreciation Fund, have been indicated in paragraph 36. As a result of our proposals for the refixation of lives, the disparity will be remedied to the extent it was due to the under-estimation of the effective lives of assets. Our examination of the matter leads us to think, however, that the disparity is not due solely to the inappropriateness of the lives hitherto adopted, but also to other causes. For instance, the average amount spent annually on the renewal and replacement of assets in the Posts and Telegraphs Department is about .5 per cent. of the original value of the plant, while in the British Post Office it is as much as 2 per cent. This may be due either to the standard of maintenance being higher in India than in Great Britain or to the Indian rules governing the allocation of expenditure between 'Working Expenses' on the one hand and 'Renewals and Replacements' on the other, being such as to prevent expenditure which really relates to the latter head from being debited to it.

42. Under the allocation rules the following items of expenditure are debited, *inter alia*, to 'Working Expenses' :—

- (i) Cost of reconstructing a portion of a building, if Rs. 1,000 or less.
- (ii) Cost of replacing a motor vehicle or launch if less than Rs. 10,000.
- (iii) Cost of replacing parts of subscribers' telephone apparatus.
- (iv) Cost of replacing internal telephone wiring in subscribers' premises if the cost is Rs. 50 or less.
- (v) Cost of replacing any other asset if the amount is Rs. 250 or less.
- (vi) Expenditure on the dismantlement, shifting or re-alignment of lines and wires.
- (vii) Cost of replacing or renewing an asset when it is not debitable to renewals and replacements.

43. Similar limits have also been prescribed in the rules for allocation of expenditure between Capital and Revenue, but we consider that the application of the same rule in allocations between a Depreciation Fund and Working Expenses vitiates the accounts to a serious degree. If in the case of an asset, the whole cost of which was charged to Capital, only a small portion has to be replaced, at a cost falling within these limits, the expenditure is debited to Revenue in spite of the fact that Revenue has been contributing to a fund created for this contingency ever since the original asset was erected. The aggregate amount of such items in a large undertaking will be very large. We have obtained from the Department a statement of the cost of erecting a single unit of each class of plant, and we find that the monetary limits imposed at present in respect of renewals and reconstructions are high enough to cover the cost of erecting. to quote a few examples, several new posts, several spans of copper wire and several miles of iron wire.

44. It has been suggested to us that the imposition of these monetary limits saves the preparation of a large number of detailed estimates for petty works of reconstruction, as they can be charged to the grant for maintenance for which detailed estimates are not necessary. We do not consider this a sufficient justification for a rule which vitiates the accounts so considerably. The saving in clerical and other work involved in the preparation of estimates, can also be effected by some suitable device like that of a single omnibus estimate to cover all such expenditure during the year. We are strongly of the opinion, therefore, that there should be no monetary limits in the matter of expenditure debitable to renewals and replacements, and that in accordance with the practice followed on State Railways the cost of replacing complete units should be charged to the Depreciation Fund. We understand that the application of the 'unit' principle was considered when the rules were framed but that it was found impossible to define precisely what constituted a unit. We consider, however, that the difficulties should not be insuperable.

45. There is yet another way in which expenditure chargeable to renewals and replacements is being possibly debited to Working Expenses. Some officers of the Department have deposed before us that the cost of repairing damage done by storms is charged almost entirely to Working Expenses despite the fact that the liability to serious damage by floods, cyclones and storms was taken into account in fixing the normal effective life of plants. The Accountant General to whom the matter was referred has stated that the expenditure on storm repairs is allocated according to the character of the work involved irrespective of the cause. It was not possible for us, during the time at our disposal, to investigate this matter in detail but we have no doubt as to the impropriety of debiting the cost of replacements necessitated by storms and accidents to Working Expenses, when this contingent liability was and is definitely provided for by the annual contributions for depreciation. We recommend, therefore, that this matter should be investigated fully and necessary orders issued so as to ensure that the contribution is utilised for the purpose for which it is made.

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46. There is yet another provision in the allocation rules deserving of comment. A portion of the annual expenditure on the maintenance of lines and wires is transferred annually to the debit of the Depreciation Fund. The amount to be transferred in this manner is determined in accordance with the instructions contained in the following extract from the Posts and Telegraphs Initial Account Code, Volume II—Engineering Account Code :—

“ 110-A. Petty expenditure on replacement of posts including brackets, stays, couplings, etc., and wires including insulators, which is recorded under the head “ Repairs to Telegraph and Telephone lines—Pure Maintenance ” under “ XV.—Deduct Working Expenses ” is a proper charge to the head “ 56-I (b)—Renewals and Replacements of Wasting Assets ”, as such replacement has the effect of prolonging the lives of the assets concerned. A portion of the expenditure booked against “ Pure maintenance charges ” under Working Expenses should, therefore, be transferred annually by the Deputy Accountant-General, Posts and Telegraphs, Telegraph

Branch, Calcutta, to the head " 56-I (b)—Renewals and Replacements " at the rates given below :—

TELEGRAPHS.

Stores.—50 per cent. of the gross value of stores issued to pure maintenance.

Cash.—30 per cent. of the value of stores transferred together with freight charges.

TELEPHONES.

Stores.—20 per cent. of the gross value of stores issued to pure maintenance charges.

Cash.—30 per cent. of the value of stores transferred together with freight charges.

Of the amounts thus transferred to the head 56-I (b) 50 per cent. should be allocated to Posts and the other 50 per cent. to Wires—Iron and Copper—in proportion to the wire mileage under each. The final distribution of this amount between the head 56-I (b) and the Depreciation Fund will be determined in accordance with the principle laid down in Article 46 of the Posts and Telegraphs Initial Account Code, Volume I.

In order to enable the Deputy Accountant-General, Posts and Telegraphs, Telegraph Branch, Calcutta, to allocate the charges between Iron and Copper wire, the Divisional Engineers, Telegraphs, should furnish him early in June every year, a statement showing the total wire mileage under each as it stood on the 31st March preceding."

47. It was explained that this arrangement had been authorised on the consideration that the replacement of small parts, which is effected at the cost of maintenance, serves to prolong the life of the plant. If, as recommended by us, all expenditure incurred in renewing or replacing a ' unit ' asset is debited, irrespective of the amount, to ' Renewals and Replacements ', there may still be, we expect, some necessity for continuing this practice. We suggest, therefore, that the practice should be continued for one or two years and the matter reviewed in the light of results of the changes in the allocation rules suggested by us.

CHAPTER VII.

Accrued Depreciation.

48. Having expressed our view of the decisions taken by Government in respect of the Block Account, and having made our recommendations for the revision of the expected life and residual value of each class of assets, we have now to consider the effect of the latter on the amount of accrued depreciation and on the amount initially at charge of the Block Account on 1st April 1925. To do this it is necessary to examine in some detail one aspect of the calculations made in 1925. We have already stated that for a great portion of the property of the Department reliable information as to the date of the original construction or last reconstruction prior to the commercialisation, was not forthcoming at the time, and that the difficulty was overcome by assuming in respect of each class of asset, the average expired life on 1st April 1925.

49. We have had the advantage of discussing the procedure then adopted with the officer who was entrusted with this duty.

We have also discussed the matter with other witnesses, and they are unanimously of opinion that a better attempt is no more possible now than it was then. After careful consideration we have come to the conclusion that having regard to the complete absence of reliable information as to the date of original construction, or last reconstruction prior to 1st April 1925, in respect of a large proportion of the assets of the Department, and to the fact that the effective 'lives' of various classes of assets had been fixed by competent authorities, the method followed and the results achieved in 1925 were the best that were possible.

50. There is, however, an aspect of the matter to which we desire to draw pointed attention as it underlies the principle which we have adopted for our recalculation of accrued depreciation. In the Report on the valuation of the assets certain expired lives were assigned, on particular dates, to plant the exact dates of construction of which were not known. We felt doubtful of the accuracy, even approximately, of any estimate of the average expired life that was possible in the conditions in which the valuation was made. A number of engineers, with experience of such matters, who appeared before us as witnesses, joined in stating that while an actual inspection of the plant and its general condition could enable an estimate being made of the residual life, or, in other words, the further period for which the property may be expected to last, it was impossible to estimate the expired life or age. The same view has been placed before us in another form by an expert commercial Accountant.

We accept this view and reach the conclusion that the assumptions as to age, made by the officer entrusted with the valuation of the property, were really assumptions as to the residual life of the old property on 1st April 1925, but expressed in another form, and further that in fixing the age and consequently the residual life, he was influenced, as was only right and proper, by the expected life of the plant as fixed by the Chief Engineer, Telegraphs.

51. Going a step further, the natural result of this conclusion is that, in cases where we have recommended a modification of the expected life, the estimates of the residual life on 1st April 1925 should also be reconsidered.

We decided however to place this problem before the Director of Commercial Audit, and his reply is quoted verbatim :—

“ I would suggest that depreciation over or undercharged, should under no circumstances be written back at once. I would leave the estimated figure for plant as it is until the registers now in preparation are complete or nearing completion. Any discrepancy can then be suitably dealt with in the accounts.”

52. This view coming from the source it does has received our earnest attention. In deciding the matter, we have been influenced by the consideration that the interests of exact accounting demand the inclusion of the modifications that may be necessary as a result of the reassessment of the expected lives of different classes of plant. The general lengthening of the expected life recommended by us should lead to a decrease in the ‘ arrears of depreciation ’ or the initial opening balance of the straight line Depreciation Fund recommended by us in the next chapter. If on the other hand our recommendation as to the latter proves unacceptable, the decrease in arrears of depreciation will lead to a consequent increase in the Block Account and the interest chargeable thereon.

53. As regards the recalculation itself, we desire to emphasise that the data available to us to-day are in reality no better than those available to the officers entrusted with the valuation in 1925, and that the method we had to follow is also the same. All that we have been able to do is to re-assess the residual life of each class of asset on 1st April 1925, proportionately with the increase in the expected life recommended by us. Having re-assessed the residual life we have simply recalculated, on the straight line method, the accrued depreciation and the depreciated value on 1st April 1925, of assets of each class constructed prior to 1st April 1924.

54. The method followed may now be described in detail. The original value of each class of asset was divided into two portions, one representing the value of plant the exact date of construction of which is known, and the other that of property about which reliable information is not forthcoming. For the former, the accrued depreciation has been calculated by applying the usual straight line method on the basis of the lives and residual values recommended by us. In respect of the latter we re-assessed the unexpired life on 1st April 1925 increasing or decreasing it as compared with that fixed in 1925 proportionately with the increase or decrease in the life span. An instance will make the method clear. In the Valuation Report all telegraph posts dating prior to 1st April 1906 were assumed to have a prospective life, on 1st April 1925, of six years out of a total life of thirty years. In other words, the residual life was taken at a fifth of the total life. As the life now proposed by us is forty-five years we estimated the residual or unexpired life at nine years. The resultant figures for the ages on 1st April 1925 and 1st April 1906 were thus fixed at thirty-six years and seventeen years, respectively, as against twenty-four years and five years taken in the Valuation Report.

55. For those assets the exact date of construction or last reconstruction of which is not known, we thus fixed, separately for each class, the prospective lives and the ages on 1st April 1925, as shown in the sub-

joined table. For purposes of comparison we have also shown in the same table the ages and prospective lives on the same date as fixed in the Valuation Report.

Residual life and age on 1st April 1925 (of assets for which actual dates of construction or reconstruction are not known).

Class of asset.	As in the valuation Report.			As fixed by the Committee.		
	Normal effective life.	Residual life.	Age or expired life.	Normal effective life.	Residual life.	Age or expired life.
<i>Telegraph.</i>	Years.	Years.	Years.	Years.	Years.	Years.
Posts	30	6	24	45	9	36
Copper wire ..	27	4	23	40	8	32
Iron wire	24	1	23	36	2	34
Submarine cable ..	12	..	12	20	1	19
Underground cable ..	24	5	19	36	8	28
Instruments ..	12	7	5	25	15	10
Engines, motors, etc.	12	7	5	16	9	7
<i>Telephone.</i>						
Posts	30	6	24	45	11	34
Iron wire	10½	..	10½	15	..	15
Underground cable ..	24	..	24	36	2	34

We have to add that, as the total original cost of buildings and electrical installations, the actual date of construction of which is not known, is very small, *viz.*, Rs. 2,98,429 out of a total original cost on 1st April 1925 of Rs. 3,62,65,618, we did not consider it necessary to recalculate the arrears of depreciation in respect of such buildings. For others, the ages of which are known a recalculation has been made.

56. Having fixed anew the expired life of each class of asset on 1st April 1925 the arrears of depreciation have been recalculated in the ordinary way on the basis of the new lives and residual values on the "straight line" formula. The detailed results of our calculations are set out in Appendix 3 to this Report. The accrued depreciation on 1st April 1925 comes to Rs. 8,25,35,096 compared with Rs. 9,09,85,728 fixed at present (*vide* paragraph 28). The aggregate decrease in the arrears of depreciation due to the revision of lives and residual values is thus Rs. 84,50,632. The results are summarised in the following table separately in respect of each branch of the Department :—

Branch of the Department.				Original value on 1st April 1925.	Arrears of depreciation on 1st April 1925.	Depreciated value on 1st April 1925.
				Rs.	Rs.	Rs.
Post Office .. ..	..	..	..	2,37,25,998	58,48,201	1,78,77,797
Telegraphs .. ..	..	..	..	14,62,89,457	6,98,72,526	7,64,16,931
Radio telegraphs ..	..	..	..	47,01,157	27,96,873	19,04,284
Telephone .. ..	..	..	..	1,51,83,321	40,17,496	1,11,65,825
Total ..				18,98,99,933	8,25,35,096	10,73,64,837

57. The accrued depreciation and depreciated values on 1st April 1925 may be classified as follows according as they relate to assets acquired on a date prior to the 31st March 1917 inclusive, or to those acquired subsequently :—

Branch.	Assets of the period up to 31st March 1917 inclusive.		Assets of the period from 1st April 1917 inclusive.		Total original value.
	Accrued depreciation.	Depreciated value.	Accrued depreciation.	Depreciated value.	
	Rs.	Rs.	Rs.	Rs.	Rs.
Post Office ..	55,96,378	1,27,89,423	2,51,823	50,88,374	2,37,25,998
Telegraphs ..	6,69,93,689	3,86,25,245	28,78,837	3,77,91,686	14,62,80,457
Radios ..	23,08,958	9,72,478	4,87,915	9,31,806	47,01,157
Telephone ..	29,45,638	22,80,716	10,71,858	88,85,109	1,51,83,321
Total ..	7,78,44,663	5,46,67,862	46,90,433	5,26,96,975	18,98,99,933

58. In conclusion we desire to point out that the correction of the figure for accrued depreciation recommended by us is purely an exceptional measure justified by the exceptional circumstances in which our Committee has been called together and has made its enquiries. The recalculation recommended by us should not be quoted as a precedent for re-opening past transactions whenever, on subsequent occasions, it is found necessary in the light of further experience, to revise the lives or residual values as now fixed by us. The reasons for this view are fairly obvious. Such revisions of the expected lives of plant are incidents common to commercial accounting, and are inevitable as more experience is gathered of accounting incidental to the institution of a depreciation fund. If every such revision of the life leads to a re-fixation of the accrued depreciation it will be impossible to achieve any stability in the results of working as portrayed in the accounts. All that should be permitted or attempted in such a case should be a readjustment of the future contribution for depreciation regard being paid of course to over or under provision already made. We understand that the principle we recommend for adoption in the Indian Posts and Telegraphs Department in this regard is being actually followed in the British Post Office.

CHAPTER VIII.

Straight Line *versus* Sinking Fund.

59. We now advert to an examination of the financial effects, on the Posts and Telegraphs accounts, of the decisions of Government relating to the Block Account, the institution of a depreciation fund, and the financing of the expenditure on renewals and replacements. The decisions may be recapitulated as follows :—

- (i) The initial amount at charge of the Block Account should be the depreciated or “ present ” value of the fixed assets as on 1st April 1925 calculated on the ‘ straight line ’ method.
- (ii) The depreciation fund should be worked on the sinking fund plan, under which the interest payable on deposits in the fund should be credited to the fund itself and not to the revenues of the Department. This fund will be required to provide only such depreciation as accrues after the 1st April 1925.
- (iii) In view of the above decisions, the expenditure actually incurred, each year, on the renewal and reconstruction of assets, after deducting therefrom an amount equivalent to so much of the depreciation of the renewed or replaced assets as might be regarded as having accrued after the 1st April 1925, should be treated as “ capital advances ”.
- (iv) The aggregate amount that may be debited to capital as a consequence of (iii) will be limited to the arrears of depreciation existing at the time of opening the depreciation fund. Owing, however, to the impossibility of identifying a particular asset, with a view to determining its age at the time of replacement or renewal, and distributing the expenditure on replacement between current and accrued depreciation, it will be assumed that, except in special cases of premature replacement, etc., each asset when replaced or renewed after the 1st April 1925 has then lasted out its normal life.

60. The decision at (ii) of the preceding paragraph in favour of a sinking fund was made on two grounds. It was considered that, in a state commercial undertaking, there is not the same necessity, as in a commercial concern, for accumulating in the depreciation fund amounts that will, at every stage of the life of each asset, be equal to the accrued depreciation, and that it is sufficient if the original cost of the asset is available in the fund on the date on which replacement is expected. The second and much the more important reason was that in the state of the Department’s finances at the time, it was important that the annual contributions for depreciation should be kept as low as possible.

61. The relative burdens upon the revenues of a concern, in operating a straight line depreciation fund and a sinking fund, are illustrated by the calculations given by us in Appendix 4 to this report. An examination of this Appendix leads to the following conclusions :—

- (1) Taking into consideration the interest payable on the capital at charge, the interest receivable on the depreciation fund assets, and the contributions for depreciation to be set aside from revenue, a sinking fund is more expensive than a straight line depreciation fund.

- (2) At every stage during the life of the asset the amount available in a sinking fund is less than the amount available in a straight line depreciation fund ; and the deficit increases with every year of expired life until after about half the life has expired when it begins to decrease.
- (3) The decrease in the deficits for successive years after about half the life has expired, and the ability of the sinking fund to produce, on the expiry of the full life, the full amount of the original value of the asset are both due to the facts that compound interest is credited to the fund and that the multiplication of interest is more rapid in the latter half of the life period.

62. The conclusions set out in the previous paragraph demonstrate that in the case of an old established progressive concern, the relative expensiveness of straight line and sinking fund methods is a matter which depends on a number of factors some of which counterbalance each other, e.g., rate of 'acceleration' in the annual capital outlay, homogeneity of the assets, uniformity of climatic and other conditions to which the assets are subject, fluctuations in prices, regularity of reconstructions, etc. But, the most important one is, whether the average age of plant on the particular date is more or less than half the expected life.

63. We can now apply these theoretical considerations to the facts of the commercialisation of the accounts of the Department. The original value of the 'fixed assets' of the Department on the 1st April 1925 was Rs. 18,98,99,933. Subtracting from this Rs. 1,67,62,339 being the residual value of the assets the amount to be depreciated comes to Rs. 17,31,37,594. The accrued depreciation on the same date, as recalculated by us, and which is the monetary index of the average age of the plant, amounts to Rs. 8,25,35,096. The average age of the plant of the Department on that date comes therefore to 825/1731ths of the full life. In other words, the average age of the plant was nearly half the full life. Consequently, the cost of providing depreciation on the straight line method should not differ appreciably from that on the sinking fund plan provided that in either alternative a depreciation fund was instituted simultaneously with the creation of the Department, and not at an intermediate date as was actually done.

64. The effect of interest may now be considered. The rate at which interest has been charged to the Department on its capital outlay, and that which has been granted on its depreciation fund during the six years of commercialised accounting are shown below :—

Year.	Rate per cent. on Capital Outlay.	Rate per cent. on Depreciation Fund balances.
1925-26	5.66	4.5
1926-27	5.43	3.75
1927-28	5.38	3.75
1928-29	5.63	4.00
1929-30	5.31	4.5
1930-31 R. E.	5.68	5.68

It will be noticed that excepting for the year 1930-31 the former rate has been considerably higher than the latter, the maximum difference being 1.68 per cent. in 1926-27. Again, as will appear from paragraph 57, the bulk of the arrears of depreciation by which the capital account was reduced relates to a period for which the rate of interest on capital outlay has been fixed in perpetuity at 3.3252 per cent. On the other hand the rate charged on interest bearing advances, for renewals and replacements, is the current rate of interest as shown in the second column of the table given above, and therefore the rate of interest that the Department has to pay and will continue to pay is much higher than if the capital account had not been written down.

65. There was also a further disturbing factor consisting of a mistake in the method of calculating the annual charge for depreciation, the full effects of which do not seem to have been realised. The defect is best described by an illustration. Take an asset with an original value of Rs. 1,000 without any residual value, with an average expected life of 40 years. Suppose also, that both its expired age and remaining life on 1st April 1925 are 20 years so that the depreciated value on that date is Rs. 500. The amount that should have been provided is an amount which, contributed yearly, would have, at compound interest, yielded Rs. 500 at the end of the 'unexpired life' period. The amount to be provided, in the hypothetical case taken, should have been Rs. 15,938 per year. What was actually provided was a sum which would, with compound interest provide Rs. 1,000 in 40 years. This amount for this particular case is Rs. 9,343 per year. It will therefore be seen that the actual amount set aside for depreciation was smaller than what was actually required. The amount that would thus be available at the end of 20 years will be Rs. 293 instead of Rs. 500 as required.

66. Speaking in general terms, to give full effect to the decisions of Government as regards the allocation of the cost of reconstructing an asset between interest bearing advances and the Depreciation Fund, it was necessary that the calculations should be made as if the Department had to maintain two Sinking Funds, one for the assets borne on its Block Account at their depreciated value, and another for those constructed or reconstructed after 31st March 1924. The rate of contribution per rupee of the amount to be depreciated, in respect of the first sinking fund, should have been one that would have yielded the depreciated value of the assets, less residual value, in the estimated unexpired life of those assets. The corresponding rate for the second fund should have been one which would have yielded the original value less residual value, at the end of the full life of that class of asset. In view of the more rapid accumulation of compound interest in a sinking fund in the latter half of the life cycle of an asset than in the earlier half, the rate for the first would be higher than that for the second, the actual disparity depending on the unexpired life of the old assets on 1st April 1925.

67. The increased cost to the Department of providing for depreciation, due to its depreciation fund being started without an appropriate opening balance on 1st April 1925 is shown in the following table based on the lives and residual values recommended by us. The table shows, for each year of commercialised accounting that has passed, the amounts that should have been contributed, on the basis of lives and residual values now fixed by us, to a sinking fund with an appropriate accumulated balance

at its credit on 1st April 1925 (Column 2), amounts that should have been contributed, on the basis of the new lives and residual values, in order to give full effect to the decision that the Department must find all depreciation accruing after 1st April 1925 (Column 3) and lastly the amounts actually contributed, on the basis of old lives and residual values (Column 4).

Sinking Fund Contributions.

Year.			Had a fund existed prior to 1925-26 (New lives and residual values) @ 4½%.	To a fund started initially in 1925-26 (New lives and residual values) @ 4½%.	Actuals (Old lives and residual values).
1			2	3	4
			Rs.	Rs.	Rs.
1925-26	..	..	17,71,576	30,08,849	31,30,657
1926-27	..	..	18,18,339	33,63,207	30,05,142
1927-28	..	..	18,82,203	31,20,894	32,75,454
1928-29	..	..	19,29,463	31,42,614	33,47,935
1929-30	..	..	19,79,015	31,40,611	33,63,445
1930-31	..	..	19,87,864	31,08,290	31,33,000
			1,13,68,460	1,88,84,465	1,92,55,633

68. A comparison of the figures in column 2 with those in column 3 of the table makes it clear that a sum of Rs. 75,16,005 represents the extra cost, imposed on the Department, of providing for depreciation accruing after 1st April 1925, by the fact that the depreciation fund was started at an intermediate stage in the history of the Department. The total amount that should have been contributed on the basis of the revised lives is shown to be Rs. 1,88,84,465, while the amount actually contributed on the basis of the lives and residual values hitherto in force was Rs. 1,92,55,633. That the effect of the original underestimation of lives has been sufficient to compensate for the error made in calculating the annual amount that should have been charged to working expenses to cover depreciation accruing after 1st April 1925 is a mere coincidence. If there had been no underestimation of the lives in the first instance, the amount actually available in the depreciation fund to-day would have been very much less than the amount that should have been there to meet the liability imposed on the Department. Conversely, the annual contributions that should have been made to the sinking fund from 1st April 1925, on the basis of the old lives and residual values, should have been very much higher than what they actually were.

69. We are inclined to think that at the time the sinking fund was preferred to a straight line depreciation fund, on the ground of cheapness, due regard was not paid to the various complications. We consider, therefore, that the whole basis must be re-examined anew.

70. The arrangement whereby the general exchequer makes interest bearing advances for meeting, partially, the cost of renewing assets borne on the Block Account at their depreciated value, is essentially favourable to the general exchequer and unfavourable to the Department. As stated in paragraph 57, the total "arrears of depreciation" as calculated by us comes to Rs. 8,25,35,096, and of this Rs. 7,78,44,663 appertains to the period ending 1916-17, the rate of interest, on capital outlay, for which period has been fixed in perpetuity at 3.3252 per cent. As and when, the old assets are renewed, and advances are taken, the Department will have to pay interest at the new rates which have never been less than 5 per cent. since 1925. On the rehabilitation of its assets, therefore, the Department has lost and will lose in the shape of interest, at the rate of nearly 2 per cent. per annum. The total amount of interest bearing advances taken for reconstruction in the six years ending 1930-31 comes approximately to Rs. 47,83,884 and the additional charge for interest, calculated at the difference per cent per annum between the rate of interest actually charged on capital outlay in those years and 3.3252 per cent. comes to Rs. 1,05,617 per annum. This increase is a recurring and ever increasing burden and the only prospect of its diminution lies in a fall in the general rate of interest payable on Government borrowings to 3.3252 per cent.

Then again, the decision to write down the capital account instead of giving the Department an opening balance in its depreciation fund equal to the arrears of depreciation on 1st April 1925, imposes an unnecessary and unjustifiable burden on the finances of the Department over a large number of years to come, whether the depreciation is calculated on the straight line or on the sinking fund plan. The extent of this unnecessary burden, if the sinking fund plan is retained, has been indicated in paragraph 68,—that on the straight line would have been heavier still.

71. We consider, however, that all these results are misleading and a correct perspective can be obtained only by a reconstitution of the depreciation fund account on the following basis :—

- (1) that the capital account of the Department is left unchanged at the amount shown in the Finance and Revenue Accounts on 31st March 1925 except for Rs. 1,29,83,517 which was written off as representing errors in accounting, wrong allocation of expenditure and value of assets lost or abandoned, etc. ;
- (2) that the Department should pay interest on the full amount of the capital at charge at 3.3252 per cent. in respect of outlay incurred up to the year 1916-17 inclusive, and at varying rates for outlay in subsequent years ;
- (3) that the depreciation fund of the Department is given an initial opening balance of Rs. 8,25,35,096, being the amount of the arrears of depreciation on 1st April 1925 ; and
- (4) that as the arrears of depreciation are calculated on the straight line method, the depreciation fund should continue to be worked on the same method and interest on the depreciation fund balances should, following the usual practice, be credited to the revenues of the Department.

72. The account of the straight line depreciation fund for the six years ending 1930-31 would be as follows :—

Depreciation Fund Account (Straight line).

Year.	Opening balance.	Contribution.	Withdrawals for reconstruction.	Closing balance.
	Rs.	Rs.	Rs.	Rs.
1925-26	8,25,35,096	41,98,309	10,80,375	8,56,53,030
1926-27	8,56,53,030	43,38,713	11,06,976	8,88,84,767
1927-28	8,88,84,767	45,18,390	10,29,202	9,23,73,955
1928-29	9,23,73,955	46,75,079	11,31,485	9,59,17,549
1929-30	9,59,17,549	48,02,794	8,40,915	9,98,79,428
1930-31	9,98,79,428	48,31,155	9,07,000	10,38,03,583
Total .. ..	..	2,73,64,440	60,95,953	..

73. The effects on the profit and loss account of the Department would have been as shown in the subjoined table, but we would point out that the rates of interest on the balances of the depreciation fund are those which were actually allowed by Government in the respective years, and not the rates charged in those years on the capital outlay of the Department.



Effects on the Profit and Loss account, of the straight line Depreciation Fund from 1st April 1925 to 31st March 1931.

Year.	Increase in interest on Capital outlay.	Contribution for Depreciation.				Additional expenditure in the year (column 2+5).	Interest earned on Depreciation Fund balances.	Surplus + or deficit — of column 7 compared with column 6.
		Amount re-quired on the straight line basis.	Amount actu-ally contri-buted on the Sinking Fund basis.	Additional amount re-quired (column 3—4).				
1	2	3	4	5	6	7	8	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
1925-26	28,53,969	41,98,309	31,30,657	10,67,652	39,21,621	37,84,233	—1,37,388	
1926-27	27,86,352	43,38,713	30,05,142	13,33,571	41,19,923	32,72,584	—8,47,339	
1927-28	27,42,728	45,18,390	32,75,454	12,42,936	39,85,664	33,98,601	—5,87,063	
1928-29	27,06,880	46,75,079	33,47,935	13,27,144	40,34,024	37,65,830	—2,68,194	
1929-30	26,55,183	48,02,794	33,63,445	14,39,349	40,94,532	44,05,432	+3,10,900	
1930-31 (Revised Es-timate).	26,26,578	48,31,155	31,33,000	16,98,155	43,24,733	57,84,597	+14,59,864	
	1,63,71,690	2,73,64,440	1,92,55,633	81,08,607	2,44,80,497	2,44,11,277	—69,220	

It will be seen from the table given above that on the basis of the lives and residual values proposed by us a straight line depreciation fund operated on the basis of a settlement like the one sketched out in paragraph 68, would not have been more expensive than the sinking fund that was actually adopted. The final result on the six years' working would have been more or less what is now shown by the accounts but the Department would have the prospect of increasing benefits from the straight line system in future.

74. We recommend, accordingly, that the Block Account and the depreciation fund account should be revised retrospectively from the 1st April 1925 on the basis suggested by us. The only argument that can perhaps be urged against our proposal would seem to lie in the fact that while the Department will be required to pay interest at the rate of 3.3252 per cent. in respect of capital outlay incurred up to 1916-17 inclusive, the interest earned on the accumulations in the depreciation fund is at the rate current for the year. This may be favourable to the Posts and Telegraphs Department and unfavourable to the general exchequer. We consider, however, that such an objection would be based on a misapprehension of the nature of the two transactions. The capital expenditure of the Department is represented by fixed assets of long life and was found, directly or indirectly, from perpetual loans at a low rate of interest. There can be no question of returning those loans just as there can be no question of dismantling and withdrawing the fixed assets. The assets of the depreciation fund on the other hand are liquid assets which are utilised year after year by Government for financing their Ways and Means programme. They are more mobile and can be reasonably expected to earn the same rate of interest as is paid by Government on its borrowings.

75. An incidental advantage of the settlement worked out on the lines indicated by us in paragraph 68 would be the great simplification in all accounting relating to the depreciation fund. Some of the directions in which this simplification could be effected are indicated below :—

(a) At present, the cost of the reconstruction of an asset has to be distributed between the depreciation fund and interest bearing advances. Owing to the lack of reliable information as to the age of the individual asset on the date of reconstruction a broad assumption is made to the effect that the asset has lasted its expected life on the date of reconstruction. The results of this assumption are not as definite as the formula would indicate because the life of any class of asset however homogeneous it be is an average figure, and the actual date of reconstruction may be some years before or some years after the date of expiry of the average life. Lastly, as the life of wasting assets as recommended by us may be as much as a hundred years, the capital liability of the general exchequer will remain unliquidated for a very large number of years, a state of affairs which in our opinion is not desirable.

(b) As explained in paragraphs 65 and 66 two sinking funds will have to be maintained from 1st April 1925, for a very long time to come, one for the assets borne at their depreciated values on 1st April 1925 and one for those borne at

their original value. This would have been unsatisfactory enough if the former was an unchanging amount. As a matter of fact however as any money is spent on reconstruction either out of the depreciation fund or out of interest bearing advances its amount must be adjusted by deduction from first and addition to the second.

- (c) The calculations on the annual depreciation and checks on the adequacy of the assets in the depreciation fund are undoubtedly very much simpler on the straight line plan than on the sinking fund method.

76. The disadvantages, some of which are enumerated in the previous paragraph, would all disappear if the straight line plan is adopted, as recommended by us, retrospectively from 1st April 1925, with a consequent saving in the matter of accounts both in executive offices which are responsible for preparing the estimates of works and in the accounts offices where the value accounts are consolidated and maintained.



CHAPTER IX.

Receipts and Payments on account of Interest.

A.—Preliminary Remarks.

77. Interest on capital enters into a number of calculations of the cost of services rendered to or by the Posts and Telegraphs Department but this aspect of the question is dealt with only briefly at the end of this chapter which deals mainly with the more important matter of the interest on capital outlay and, if the term may be used, on the cash assets or liabilities of the Department. Under this category is to be included the interest paid or received by the Department, on the following amounts:—

- (i) the total amount at charge of capital account;
- (ii) the balance at credit of depreciation fund; and
- (iii) the accumulated loss or profit on the working of the Department after the accounts were commercialised.

B.—Interest on Capital Outlay.

78. The history of the decisions affecting the capital account has been given in an earlier chapter of this report; and it is therefore sufficient here to recapitulate that the total amount now at charge of the capital account comprises the following items:—

- (a) depreciated value, as on 1st April 1925, of assets constructed up to the 31st March 1924;
- (b) original cost of the acquisition or construction of new assets after 1st April 1924;
- (c) interest bearing advances made after 1st April 1925 for the renewal and replacement of assets, representing the utilisation of the arrears of depreciation;
- (d) balance at charge of the stores and manufacture suspense accounts; and
- (e) a deduct item being the aggregate of receipts on capital account.

79. Interest on outlay incurred up to 1916-17 is charged at a fixed rate of 3.3252 per cent.; from 1917-18 it is calculated at a rate fixed from year to year by the Government of India.

Interest on the capital outlay of the Department was charged for the first time in the accounts for 1921-22 but the debits in that and the three succeeding years were limited to interest payable on the outlay on telegraphs not charged to revenue. As stated in paragraph 21 it was decided in connection with the commercialisation of the accounts that interest should be charged on the total capital outlay of the Department, i.e. irrespective of the source from which the money had been found, whether from borrowed funds or from the cash balances or the revenue surpluses of the Government of India.

80. The decision to charge interest on the entire capital outlay of the Department has been the subject of criticism in various quarters, on the ground that in the past capital expenditure was found out of the revenue

surpluses of the Government of India, and that these surpluses of Government were partly built up by large surpluses surrendered by the Posts and Telegraphs Department. It has been claimed that the Department should now be exempted from the payment of interest on a large portion of its capital outlay. We have accordingly examined this claim and have discussed it with witnesses competent to express an authoritative opinion on the matter. Before proceeding to consider the two sides of the question and recording our own conclusions we should recall that prior to the commercialisation of the accounts the responsibility for meeting the losses on the working of the Posts and Telegraphs Department, both before and after the amalgamation of the two branches, lay entirely on the Government of India, and that in earlier years the Telegraph Department, and possibly also the Post Office, were run at considerable loss. Naturally, therefore, whenever there was a profit on the working of the Department the profit was appropriated to general revenues.

In chapter IV of this report we have indicated the nature of expenditure which was and is shown under the head "Capital Outlay charged to Revenue" in the Finance and Revenue Accounts of the Government of India. The fact of certain amounts appearing under this head does not, however, prove conclusively that the amount was actually found out of surplus revenues or cash balances. As regards the allegation that the capital outlay was found from surplus revenues of the Department we have already recorded our opinion, reached after an examination of the old accounts, that no reliance can be placed on any estimate of surpluses earned by the Department in the past based on the old accounts. To our minds, it is not inconceivable that the reconstruction of the accounts of those years on a commercial basis may give a wholly different result. Such a reconstruction is now impossible and a claim based solely on supposition cannot be admitted.

81. We are inclined to think that some of the objections raised to the charging of interest, are based on the practice followed in the accounts of certain commercial undertakings. As a matter of fact, the propriety of including interest has been the subject of a prolonged controversy in accounting circles in which eminent exponents of accounting theory and practice are found in opposite camps. The authorities opposed to the inclusion of interest (other than interest on debentures) have advanced the following grounds in support of their view :—

- (i) interest is not an item of cost its inclusion in cost results in an inflation of inventory values and an anticipation of profits ;
- (ii) interest is an anticipated expense and an item of this nature cannot therefore be included in "total cost", or taken into account in "cost finding" ;
- (iii) the inclusion of interest introduces an unnecessary complication without any commensurate advantage, for instance, every revision of the rate of interest on a loan from bankers would require a revision of the cost formulæ.
- (iv) interest is a return on capital and consequently it is profit on capital whether it be the capital of a sole trader, of a partnership, or of a company.

Others holding the opposite view maintain that interest is a charge for the use of capital and as capital is used in different amounts in different departments and services it is only right and proper that a proper share of this cost should be included in the cost of the operations. There are a number of cases in which even the most convinced opponents of including interest are prepared to admit that interest should be taken into account. For instance, interest is regarded as a proper element of cost where materials have to be stored for long periods while a seasoning process is being completed. Again, interest on working capital is regarded as a proper charge against the profit and loss accounts of some concerns. A close examination of the arguments and counter arguments summarised in this paragraph leads us to consider that the analogy from commercial practice is not very apt.

82. The question has to be decided on broad considerations of equity and financial and administrative policy as applicable to the case of large commercial departments of the State. These departments exist either for the benefit of the country, or because the magnitude of the business is so large that private concerns can rarely be found to undertake the responsibility. The Posts and Telegraphs Department partakes of both of these characteristics, and although it is not supposed to make a profit on the whole it should not be a continuous drain on the exchequer. As no undertaking can obtain the use of capital without paying for such use either by way of dividends or of interest, it is necessary in order to obtain a true account of the financial position of the Department, and a true test of the correctness of the rates charged for its services, that interest should be included in the accounts of the Department.

There is yet another important argument. To the extent that interest is excluded from the departmental accounts profits will be exaggerated and the existence of such profits will tend to lack of economy. After weighing all the arguments both in favour and against the decision taken in 1925 we have come to the conclusion that interest must be taken into consideration when ascertaining the real profit or loss on the working of the Department.

83. The rate of interest per cent. per annum is the same as is charged on the capital expenditure on major irrigation and other works, that is, on the capital outlay of commercial departments generally. A rate of 3.3252 per cent. has been fixed in perpetuity in respect of capital outlay up to 1916-17. For subsequently outlay the rate has varied from year to year and the rates actually charged in the accounts of the Posts and Telegraphs Department, with effect from 1st April 1925-26 are as follows:—

	<i>Per cent.</i>			
1925-26	5.66
1926-27	5.43
1927-28	5.38
1928-29	5.53
1929-30	5.31
1930-31 Revised Estimate	5.68

The rate chargeable in the accounts of any particular year is calculated according to a method which aims at determining an average rate which should correspond to the actual cost to Government of raising the funded permanent interest-bearing debt outstanding at the time. In making this calculation all debt that has been raised for a specific purpose and applied thereto, and all interest paid thereon, are left out of the account.

84. We have compared the method in India with the method for charging interest followed in the commercial accounts of the British Post Office. In the latter, interest in respect of the capital outlay incurred in any year is calculated at the rate of interest proper to the year, and is not liable to change in subsequent years. We are of the opinion that the method followed in the British Post Office gives more accurate results which are fairer to the Department. In view, however, of the fact that the system followed in India is applicable to all other Departments of Government we are not inclined to recommend a special treatment for the Posts and Telegraphs Department which may cause disturbance in Government accounts.

C.—Interest on the assets of the Depreciation Fund.

85. We have noticed that, in the past, the rate of interest allowed by the Government of India, on the assets of the Posts and Telegraphs Depreciation Fund, held by them on deposit, has been one per cent. below the rate charged on advances to the Provincial Loans Fund. In effect it has been considerably lower than the average rate of interest paid by Government on their borrowings and charged to the Department on its capital outlay. The exact differences are shown by the following comparison:—

Year.					Rate per cent. on capital outlay.	Rate per cent. on Depreciation Fund balances.
1925-26	..	..	..	..	5.66	4.5
1926-27	..	..	..	..	5.43	3.75
1927-28	..	..	..	..	5.38	3.75
1928-29	..	..	..	..	5.63	4.00
1929-30	..	..	..	..	5.31	4.5
1930-31	..	..	..	..	5.68	5.68

86. We have noticed that in the revised budget estimate for the year 1930-31 the two rates have been equalised, and we understand that the question of making this equality in the two rates permanent is under the consideration of Government. In consideration of the fact, that the assets of the Depreciation Fund are available to Government for such use as they may like to make, in their Ways and Means programme, we are strongly of the opinion that the rate of interest paid by Government on the assets of the depreciation and other funds of the Department, should be the same as that charged on the capital outlay. In view of the loss met by the Department we would suggest, for the consideration of Government, the making good to the Department of an amount which would compensate it for the difference between the rates charged on the capital outlay and the rates actually allowed on the depreciation fund balances, year by year, since 1925-26.

D.—Interest on accumulated profit or loss on the working of the Department.

87. As stated at item (vi) of paragraph 21 the Posts and Telegraphs Department receives a rebate or pays a surcharge, as the case may be, in respect of interest on the net profit or loss on the working of the commercial branches of the Department as determined by the accounts. To give effect to this decision, the rebate or surcharge is calculated on the ascertained accumulated profit or loss, and in practice it means that it is based, for inclusion in the accounts of any one year, on the progressive result of working up to the end of the previous year. Thus the amount to be included in the accounts for 1930-31 will be a surcharge, at the rate applicable to capital outlay, on a sum of Rs. 95,14,984 which was the progressive loss on the working of the entire Department to the end of the year 1929-30. The loss on the working of the non-commercial portion of the Wireless Branch of the Department is excluded when computing the amount of the surcharge.

We have considered the equity of this decision and have come to the conclusion that it is both sound in principle and useful in practice. It retains to the Department the benefits from any profit that it may earn and thus provides a continuous incentive for economical working.

88. We have examined the method of exhibiting the charge for interest in the Profit and Loss account of the Department in the Finance and Revenue Accounts and find that the amount shown as 'interest on capital outlay' includes the rebate or surcharge allowed to or recovered from the Department. We consider that this method is not appropriate and that the entry should be made in such a way as to show, separately, the amount of interest on the capital at charge of the Department and that of the rebate or surcharge.

89. We have a further suggestion to make. As stated above, the loss on the working of the non-commercial portion of the Wireless Branch of the Department is excluded in calculating the progressive profit or loss on which rebate is granted or surcharge levied. It is not unlikely that similar decisions may be taken in the future, in respect of other activities of the Department. It is therefore of some importance that the amounts on which interest is actually charged or credited to the Department should be shown clearly in the published accounts of the Government of India. In our opinion, this object would be best gained by appending to the Profit and Loss account a subsidiary statement containing an analysis of the profit or loss on the working of each branch of the Department, set out in such a fashion as to exhibit clearly how the amount, in respect of which the Department incurred the liability for surcharge or earned the title to a rebate, has been arrived at.

E.—Interest in Cost Calculations.

90. In addition to the main items of interest dealt with in the preceding portion of this chapter, interest enters into the calculations of the amount charged by, or paid to, the Department as remuneration for various services. Our views about the method of including interest in these calculations are given in a subsequent chapter, but there is one item which is more suitably dealt with at this place. Railway Mail Service vehicles used for carrying mails are constructed in accordance with various

arrangements made by Government. The broad principle of these arrangements, however, is that, if the capital cost of the vehicles is found by the Railway Department, the Posts and Telegraphs Department, has to pay the interest on the capital cost in addition to the charge for hauling the vehicles with their mails. We understand that the rates of interest charged to the Posts and Telegraphs Department on the capital cost of such vehicles, and the rate paid by the Railway Department to general revenues on their own capital account have not always been the same. It is difficult to institute a rigorous comparison in the time at our disposal, but we understand that the comparison attempted in the following table gives a fairly accurate idea :—

Interest charged to the Post Office.		Interest on Railway Capital Outlay.	
Period.	Rate.	Period.	Rate.
Up to June 1898 ..	4%	..	Fixed rates of 4 or 3½ %.
From 1st July 1898	5½%	From 1906-07 to 1918-19.	Actual average rate for the year on the mean non-specific debt. The rates charged varied from 3·2964 to 3·500.
....	..	1919-20 ..	3·4076% on expenditure to end of 1916-17 and 5·9328.
From 1st April 1922	6½%	..	From 1920-21 the rate on expenditure to end of 1916-17 has remained constant at 3·252. The rate on subsequent expenditure has been as follows :—
Expenditure incurred after 3rd June 1922.	5½%	1920-21 ..	5·1979
		1921-22 ..	5·1038
		Subsequently	Varying rates not exceeding 5·6900.

It will be seen that sometimes the rate charged to the Posts and Telegraphs Department has been appreciably higher than the rate paid by State Railways on their own capital outlay. We are of the opinion that the two rates should be equal.

CHAPTER X.

Pensions.

91. Previous to the year 1923-24 actual payments of pensions to retired employees of the Commercial Departments of the Government of India were charged to general revenues. In 1924 it was decided that with effect from the accounts for 1923-24 the amount of these payments should be shown under the appropriate heads in the accounts of the respective departments themselves. The amounts actually charged in the Posts and Telegraphs accounts in the years 1923-24 and 1924-25 were Rs. 32,51,608 and Rs. 33,60,683, respectively.

92. In connection with the commercialisation of the accounts, it was decided that the actual payments of Posts and Telegraphs pensions will be debited to general revenues, and that the Posts and Telegraphs Department will make, each year, a contribution based, not on actual payments during the year, but on the pensionary liability to be met on the retirement of employees then in service. In the absence of and pending a reliable actuarial estimate of this liability, the annual contribution was fixed at Rs. 50 lacs exclusive of extraordinary pensions and those granted under the provisions of the Workmen's Compensation Act. This sum was adopted in the accounts for 1925-26, 1926-27, and 1927-28, as a round sum comprising roughly a fifty per cent. increase on the actual pension payments of the Posts and Telegraphs Department in the year 1923-24. In view of the growth of expenditure upon departmental establishments, the amount was raised to Rs. 58 lacs in the accounts for 1928-29 and Rs. 60 lacs in those for 1929-30. An actuarial investigation was also started meanwhile, and its results became available early during the last financial year.

93. The annual pensionary liability of the Department, has been defined as the actuarial present value of the proportionate amount of the pensions ultimately payable to the existing employees which would be earned by them in any particular year. The formula on which the Department is at present authorised to work is as follows :—

“ The annual charge equal to the annual pensionary liability of the Department should be 8.2 per cent. of the total pay and leave salary of the pensionable establishment excluding any special pay and allowances that do not count for pension.”

It will be seen, that under the arrangement, Government undertake the liability for finding the pensions for all service rendered prior to 1st April 1925, without demanding any contribution. They also undertake to find the money for all pensions that may be granted in respect of service rendered after that date in return for a contribution calculated on an actuarial basis.

94. The large amount of the increase in the pension charges of the Department that has occurred as a result of the commercialisation has attracted criticism in some quarters, and it has been urged that the amount appearing in the annual Profit and Loss account of the Department should be limited to that of the actual payments of pensions made in the year to retired employees of the Department. It is urged that

there is no danger of the Posts and Telegraphs Department either becoming bankrupt or ceasing to exist and that the Department is as much a part of the Government of India as other departments. Consequently it is held that there is no necessity to include in its annual accounts an estimated amount to cover its liability instead of the actual amounts paid to pensioners.

95. We have examined this argument and are convinced that it frustrates the whole principle of the commercialisation of accounts the object of which is to ascertain the true cost of the operations of the Department. The liability for pensions of employees is one which materialises a long time after the service which earns the pension is rendered ; and its true nature is consequently apt to be overlooked. Pension is of the nature of deferred pay and therefore an intrinsic part of the cost of establishment. It should accordingly be taken into account along with immediate payments for establishments when determining the cost of running the Department as a whole, or that of rendering a particular service. The same practice is followed in the commercial accounts of the British Post Office and we do not see any reason for recommending a reversion to the old practice of taking only actual payments into account.

96. Having accepted as correct the decision to include the estimated amount of the pensionary liability of the Department we investigated for ourselves the basis on which the formula of 8.2 per cent. given in paragraph 93 was fixed. The calculations had been made by the then Actuary to the Government of India and his successor appeared before us to give oral evidence and also furnished us with a memorandum describing the basis of the calculations. We also arranged to examine as a witness an Actuary with experience of life insurance and actuarial work who, before giving evidence, had a conference with the Government Actuary.

97. It has been stated to us that the Government Actuary defined the scope of the enquiries which concluded only during the last financial year as follows :—

“ The idea, I take it, is to charge the Posts and Telegraphs Department henceforward in each year the cost or, in other words, the actuarial present value of the proportionate amount of the pensions ultimately payable to the existing employees which would be earned by them in that year. This cost would be as a percentage of the actual annual pay of the pensionary establishment of the Department. The fact that no provision was made in past years would be ignored and no charge would now be made of the proportionate amount of present employees' pensions corresponding to past service ”.

98. We understand that this definition was accepted as correct and steps were taken to collect the following information in respect of each class of pensionable officials :—

- (i) Number in service ;
- (ii) Scale of pay ; and
- (iii) Pension rules.

It took a long time to collect this information and the Government Actuary agreed to work on the information supplied only if he was given the average age at entry into pensionable service and the average length of service at retirement in respect of each class of officials. The information finally submitted to the Actuary about the end of 1928 did not contain these two last items in full and he had therefore to make such assumptions as he considered suitable. The following table shows the groups under which the Government Actuary classified the entire staff of the Posts and Telegraphs Department and also some of the assumptions made in the calculations and the resultant pensionary percentages :—

Staff groups.	Average age (in years) of entry into pensionable service.	Average length of service (in years) at re- tirement.	Annual pensionary charge expressed as a <i>percentage</i> of the annual pay bill at $4\frac{1}{2}$ % per annum compound interest.
(i) Inferior servants	20	32	2.3
(ii) Postmen and others in higher ranks who joined the Depart- ment as postmen.	21	32	11.6
(iii) Telegraphists and others in higher ranks who joined the De- partment as telegraphists.	22	32	9.1
(iv) Clerk and others in higher ranks who joined the Department as clerks.	23	32	9.2
(v) Gazetted officers	25	30	11.2
(vi) All classes .. ..	..	..	9.125

99. In addition to the assumptions tabulated above the Government Actuary had to make certain assumptions as to the average length of service at entry into various higher ranks of the non-gazetted establishment. On the basis of the assumptions the Actuary prepared hypothetical life and service tables applicable to the five groups of officials taking the same number in each group as that actually employed in the Department. Allowance was made for death after retirement on pension. The percentages shown in the table were all calculated on a $4\frac{1}{2}$ per cent. interest basis. It is understood that the Finance Department decided, however, that the rate of interest should be taken at 5 per cent. instead. A detailed recalculation on the 5 per cent. basis was not made, but a rough calculation indicated that the overall average of $9\frac{1}{2}$ per cent. should be reduced to 8.2 per cent.

100. During the course of our discussion it was discovered that a mistake had been made in the statistics supplied to the Government Actuary as regards the number of higher appointments to which men of the postmen group could expect promotion. The departmental representatives and the Government Actuary both stated to us that the data supplied to the Government Actuary on which he had to make his calculations

tions were not very reliable. Our investigation of the matter convinces us that this is not an understatement of the case. Although certain information supplied recently by the Department to the Government Actuary bears out generally the appropriateness of the assumptions made by him in his calculations we feel that those assumptions still remain to be substantiated by more suitable and sufficient statistics. The comparative importance of such a verification of the assumptions is illustrated by the fact that the various factors entering into an actuarial calculation of pensionary liability arrange themselves in the following order based on the magnitude of their effect :—

- (i) Length of service at retirement ;
- (ii) Scale of salary ;
- (iii) Rate of interest ; and
- (iv) Mortality both during service and after retirement.

Partly because of the mistake in the information supplied to the Government Actuary and partly because of other considerations we decided that the matter requires further investigation to be undertaken in three different stages.

101. An immediate calculation was obviously required to rectify the mistake in the statistics relating to the promotion of postmen to higher classes. It was also considered that it would be more satisfactory to have detailed recalculations made on the basis of a 5 per cent. rate of interest. The Government Actuary undertook to make this calculation after verifying, as far as possible, the data used by him in consultation with the Department and we quote his report to us on the results of the revision :—

“ The results given previously have now been found out to be wrong owing to the defective data supplied by the Department in respect of the postmen. The statements furnished by that Department showed that the number of selection appointments to which the postmen were eligible to rise was 11,968 whereas the correct number was 3,600. Had the latter figure been adopted previously, the results at $4\frac{1}{2}$ per cent. and 5 per cent. rate of interest would have been as follows :—

Class of official.	Annual pensionary charge expressed as a percentage of the annual pay bill on the basis of—	
	$4\frac{1}{2}$ % rate of interest.	5% rate of interest.
Inferior servants	2.288	1.992
Postmen	8.953	7.947
Telegraphists	9.145	8.093
Clerks	9.193	8.165
Gazetted Officers	11.162	9.943
All classes	8.424	7.465

102. The immediate revision described in the preceding paragraph does not, in our opinion, give a result which is fully reliable. We are of the opinion that a further detailed investigation should be undertaken which can be completed within the next few months. In consultation with the Government Actuary we have drawn up the following instructions to indicate the lines on which this revision should be undertaken :—

I. The entire staff of the Department should be divided into large groups and suitable sub-groups on the basis of the rules of recruitment, scales of pay and conditions of promotion, etc. As an example the non-gazetted establishment in the Postal Branch may be grouped as follows :—

Group I.—Inferior servants 32,000 men.

Group II.—Postman class (includes mail guards, postmen, village postmen, etc.) .. 32,000 men.

Group III.—Departmental Branch Postmasters class (includes also Overseers, Head Postmen, Reader Postmen and Sorter Postmen) 32,000 men.

Group IV.—Ministerial establishment—

(a) Time-scale 29,000 men.

(b) Selection grade—(includes also Inspectors, Head Clerks, Head and Sub-postmasters in the selection grade and clerks and others in the selection grade) 2,000 men.

II. The history of the services of a suitable number of men in the various classes should be tabulated in such a way as to enable the prospects of promotion from a lower to a higher grade being expressed numerically.

(a) For instance, Inferior servants (Group I) can be promoted to the postmen class (Group II). The history of the service of ten postmen at the bottom of the scale in each postal division should be collected and analysed. As there are roughly between 150 and 200 postal divisions, the analysis would cover the experience of between 1,500 and 2,000 men out of a total establishment of 32,000 men and would enable statistics being prepared both for the average probability, and the average age at the time, of promotion to the Postman class.

(b) Again, Group III consists of Departmental Branch Postmasters, Overseers, Head Postmen, etc., and constitutes a promotion group for men of the Postman class. The necessary statistics should be collected by analysing the history of services of five men of this group at the bottom of the time-scale in each postal division.

(c) Promotions from Group III to Group IV are very few and may be neglected. Promotions from sub-group (a) to sub-group (b) of Group IV is an important factor in the determination of the pensionary liability. The statistics should be obtained by analysing the history of services of five men at the bottom of the scale of sub-group II comprising Inspectors, Head Clerks, etc., in each division.

III. In the case of gazetted officers, whose total number in the Department is not large, we are of the opinion that the statistics should be collected to cover as large an experience as possible.

IV. The statistics of retirement should cover the following information :—

- (a) Date of birth.
- (b) Age of entering into service qualifying for pension, inferior or superior.
- (c) Length of service from the date shown against the previous item, at the time of retirement.
- (d) Nature of pension granted,—whether invalid, superannuation or retiring.
- (e) The group or sub-group, as determined in connection with item (I) above, in which the officer was substantive at the time of retirement.

V. To secure accurate results it is necessary that suitable forms of service cards should be prepared to meet the varying requirements of each group. These should be filled up from the records of service and then furnished to the Government Actuary for his investigation. At our request, the Government Actuary kindly drew up service cards for the various groups and these are appended as Appendix 5 to this report.

103. The method outlined by us in the preceding paragraphs has been designed to furnish fairly reliable results in the minimum of time, but the continued accuracy and reliability of the percentages must be checked from time to time. In order that this may be done it is necessary, so we are advised, to maintain a hypothetical Pension Fund account as from 1st April 1925. The account should be started with an initial opening balance equal to, the sum of the capitalised value of the pensions which were being paid on 1st April 1925 to the retired employees of the Posts and Telegraphs Department, and of that of the proportion of pensions which had been earned by the staff employed on 1st April 1925 in respect of their service to that date. To this Fund should be added year by year amounts calculated on a proper actuarial basis to cover the pension earned by service in each of those years and also the interest earned on the accumulations in the Fund. The actual payment of pensions would be charged to the Fund ; and actuarial investigations at intervals of 5 to 7 years could then be made to ascertain whether there has been a deficit or a surplus as a result of the transactions since the last valuation.

104. To maintain this account on the lines indicated in the preceding paragraph it is necessary that life and service tables should be maintained in respect of all the employees of the Department, so that the necessary actuarial calculations may be made whenever required. It is also necessary that reliable information should be available as to the amounts of actual payment of pensions in each year. We addressed the Auditor General in regard to the latter necessity. He has, in reply, pointed out certain difficulties in the matter. For instance, the correct allocation of the actual payment of pensions will involve an examination of the details of service rendered by all existing pensioners. The matter is also complicated by the fact that under the existing arrangements with local Governments all pensions, including those of Posts and Telegraphs employees,

sanctioned before 1st April 1921 and paid in India, are borne by the provinces by whom they were paid at the time. As regards the future, we quote the Auditor General's opinion *in extenso* :—

“ If, however, the idea of the Committee is merely to ascertain very approximately the actual amounts of pensions paid in each year to retired employees of the Posts and Telegraphs Department, it may be possible, though not without some extra labour, to arrange for the necessary figures being collected by the Accounting Officers in India and in England. Under this arrangement the pensions of all those who were serving in the Posts and Telegraphs Department at the time of their retirement may be taken as chargeable to that Department and, as a set off, no portion of the pension of any officer who retired from other departments should be taken as chargeable to the Posts and Telegraphs Department, even though a portion of his service was spent in the latter Department. The figures calculated under this arrangement will not, however, give a precise idea of the total amount of pensions actually debitable to the Commercial Accounts of the Posts and Telegraphs Department.”

105. The difficulties in the way of determining the actual payments, due to a portion being paid by Provincial Governments, will tend to disappear, in a few years' time, as the pensioners who retired before 1st April 1921 die. The difficulty in determining the incidence between the Posts and Telegraphs Department and other departments will continue to exist, but we do not think that it will prove insuperable.

106. The other requirement for the maintenance of the account consists of reliable statistics of past experience, and we consider that arrangement should be made, if the expense involved is not considerable, for the maintenance of proper service cards of all employees of the Posts and Telegraphs Department.

107. We now proceed to examine the appropriateness of the amounts charged on account of pensionary liability to the Posts and Telegraphs Department since 1st April 1925. We consider that the percentages now determined by the Actuary as the result of the preliminary investigation should be applied retrospectively to determine the total amount that the Department should have paid on this account. In making this calculation, the proper way is to apply the particular percentage rate appropriate to each of the five groups mentioned in paragraph 98 to the annual pensionable pay bill of the staff included in that group. Theoretically such a calculation should yield a more accurate result than the application of the over-all average rate to the pay bill of the entire pensionary establishment, because the over-all average is a weighted average which will yield accurate results only so long as the relative numbers of the employees in the different groups continue unchanged.

108. We have calculated the amounts of the pensionary contributions both on the basis of the separate average rates as recommended by us in the preceding paragraph and on the over-all average rate as prescribed by Government, and the results are compared in the subjoined table. For purposes of comparison, we have also shown the amounts actually contributed by the Posts and Telegraphs Department since 1925-26.

officers of the All-India and Central Services, Class I. We are inclined to think, therefore, that there should be separate rates of contribution for the two classes of gazetted officers. This can be attended to, if necessary, in the next actuarial investigation recommended by us in paragraph 102. Until then as already decided by Government the over-all average rate should be adopted. On this basis the contributions actually made by the Department in the five years 1925-26 to 1929-30 exceed the amount required on an actuarial basis by Rs. 17,24,969. We recommend that the over-charge should be adjusted forthwith, but would point out that really the credit to the Posts and Telegraphs should be larger. The contribution rate has been applied to the entire amounts shown in the accounts under the detailed head " pay " which includes certain emoluments which are not always taken into account when determining the amount of pension, *e.g.*, pay of substitutes, officiating pay, etc.



CHAPTER XI.

Unified stamps.

110. Unified stamps, i.e., stamps authorised to be used both for paying postage or paying revenue, were first introduced on the recommendation of the Director-General of the Post Office with effect from 1st October 1905. The one anna and half anna stamps were the only ones unified at the time, and their use was authorised for "the payment of stamp duty in cases in which the one anna adhesive stamps are required under the provisions of the Indian Stamp Act, 1899 (II of 1899)". From the same date, the sale of the one anna receipt stamp in use up to that date was stopped, stamps in the possession of stamp vendors were recalled for destruction along with those remaining in stock in the Government depots and treasuries; but stamps in the possession of the public continued to be used for the purposes of stamping documents though they could not be used for postal purposes. The two anna and four anna postage stamps were unified in 1925.

111. As regards the allocation of the sale-proceeds of the unified stamps, it was decided that the gross amount would be credited to postal revenues, and that certain amounts would be credited as the stamp revenue of the different Local Governments and Administrations. The aggregate amount to be credited to non-postal revenues, in the year 1906-07, was fixed at Rs. 18,75,000 and was calculated on the basis of the average quinquennial increase in the sales of the one anna receipt stamps from 1885-86 to the year 1905-06, separately in respect of each province. In fixing the amount, a deduction was made on account of the cost of manufacture and freight. These amounts remained unchanged excepting for small adjustments, and the aggregate amount credited to non-postal revenues in the year 1923-24 was Rs. 19,40,000.

112. On the introduction of the Constitutional Reforms in 1921, provincial finance was separated from central finance, and the various Provincial Governments claimed increases in their assignments on the ground that their stamp revenue from the sale of one anna receipt stamps would have increased considerably in the interval. A revision of the amounts was undertaken, and as a result of discussion between the financial representatives of the Government of India and of the Provinces two methods were evolved for determining the revised amounts. The first method was based on the application, to the current revenue from general stamps, of the proportion that the revenue from one anna receipt stamps bore to the revenue from general stamps before 1906. The second method was based on the application, to the current revenue from general stamps, of the proportion that the sum of the revenue from (a) one anna receipt stamps and (b) one anna coloured impressions, bore to the revenue from general stamps before 1906. The mean of the results of the two calculations was taken as the basic amount, and to this was added an arbitrary percentage, different for different provinces, to cover the following increases in stamp duty which had been brought into effect from 1st October 1923 :—

(a) from one anna to two annas in respect of

- (1) Certificate of share of credit,
- (2) Letter of allotment of shares,
- (3) Letter of credit, and

(4) Proxy ;

- (b) From one anna to two annas for promissory notes of amount or value between Rs. 250 and Rs. 1,000, and from one anna to four annas in respect of promissory notes exceeding Rs. 1,000.

The revised assignments were agreed to, from 1st April 1924, for a total period of five years. A further revision was due with effect from 1st April 1929 but has been completed, we understand, only recently.

113. The amounts that have been credited to non-postal revenues and the amounts derived from the sale of stamps and postal stationery from the year 1923-24 are as follows :—

Year.			Sale of ordinary postage stamps and postal stationery.	Amounts credited to Civil Department.
			Rs.	Rs.
1923-24	..	..	6,80,21,755	19,01,000
1924-25	..	..	7,05,08,000	47,39,000
1925-26	..	..	7,16,22,900	47,39,000
1926-27	..	..	7,13,52,000	47,39,000
1927-28	..	..	7,51,85,000	47,95,000
1928-29	..	..	7,58,38,000	47,95,000
1929-30	..	..	7,76,56,000	47,57,000
1930-31-R. E.	..	..	7,19,90,000	47,87,000
1931-32-B. E.	..	..	7,30,12,000	47,87,000

114. Through the courtesy of the Finance Department of the Government of India, we have been informed of the methods of calculation which it is proposed to adopt for the new revision which was due from 1st April 1929. We find that, broadly speaking, the methods are the same as those followed for the calculations made in the years 1923-24 and 1924-25, but account has been taken of the modifications in the stamp duties sanctioned by Provincial Governments during the interval, and of other causes affecting the proportion between the hypothetical revenue from the sale of one anna receipt stamp (if it had continued in use) and the revenue from general stamps. We understand that the results of the calculations indicate a probable increase of about Rs. 4,00,000 in the aggregate of the assignments payable to the Civil Department.

115. It has been urged before us by the Posts and Telegraphs Department that the method of apportionment described above yields results which are unfair to the Posts and Telegraphs Department ; and there has been a certain amount of support for this view in criticisms appearing in the public press. We have examined the matter in the light of the practice followed in some other countries. We understand that in the United States of America stamps are not unified but the Post Office is required to sell revenue stamps along with postage stamps and to make over the sale proceeds to the Revenue Department. In England, on

the other hand, the stamps are unified and, we understand, that the apportionment between the Post Office and the Inland Revenue Department has been the matter of a controversy which was recently referred to the Actuary to the British Government. As a result of his recommendations, the British Post Office now makes over to the Inland Revenue Department 80 per cent. of the total value of all two-penny stamps issued, and the matter is to be reviewed in 1932. At the other extreme, we find that in the Union of South Africa, although the stamps are unified and are used both for postage and revenue purposes the gross sale-proceeds are retained by the postal administration. A remark to this effect is made in the annual Administration Report but apparently no attempt is made to ascertain or indicate the proportion creditable to the Revenue Department.

116. The nature of the case is such that no method of apportionment can be suggested without being open to challenge as being inappropriate. The problem in India, is, to our minds, even more difficult than in England. In the latter country the initial and most common rate of stamp duty for which unified stamps are used is two pence, while the initial postage rate for letters and postcards is one and a half pence. It was thus possible for the Actuary's Department in England to evolve the formula described in the preceding paragraph. In India, on the other hand, the initial rate for stamp duty and the initial letter rate are the same, *viz.*, one anna.

117. Certain important criticisms of the methods and calculations adopted hitherto suggest themselves. In the first place, the increase in the amount payable to the Civil Department is calculated on the basis of the increase in revenue from general stamps, without any reference to the fluctuations in the sale proceeds of postage stamps. We understand that the possibility of devising a method of calculation based on the sales of postage stamps was considered at one time but was given up as likely to yield unreliable results, the proportion of the Civil Department's share of the gross sales being small.

118. Another criticism that suggests itself is that in the calculations no allowance has been made for the remission of stamp duty on cheques and bills of exchange sanctioned in 1927. The second method by which the assignments are calculated is such that a fall in the revenue of a Province derived jointly from the hypothetical sale of the one anna receipt stamp and from one anna coloured impressions has to be made good by increasing the assignments and the entire amount of these is found from postal revenue. As the remission of the duty on cheques and bills of exchange must have resulted in a diminution of the gross sales of the one anna unified stamp and in a much larger diminution in the revenue from one anna coloured impressions, postal revenues have to bear not only the actual diminution in the gross sales of the one anna, unified stamps, but also to make good to the Provincial Governments the fall in the revenue from the one anna coloured impressions. We do not know if the Government of India are committed to make good to the provinces the fall in revenue from the remission of the duty on cheques and bills of exchange but, be that as it may, there appears to be no justification for calling upon the Posts and Telegraphs Department to make good to the provinces this fall in revenue. We understand that the diminution in revenue from this remission was estimated at Rs. 7 lacs in 1929, and we consider that this amount must be taken into the calculations.

119. The fall in the revenue from one anna coloured impressions is shown in the following table :—

Province.	Average annual revenue for the triennium.		
	1902-05.	1919-22.	1926-29.
	Rs.	Rs.	Rs.
Madras	31,911	79,828	41,000
Bombay	59,246	3,30,000	1,18,000
Bengal	97,782	2,84,417	1,54,000
United Provinces	14,134	36,694	20,269
Punjab	22,010	49,296	*
Burma	16,775	59,225	*
Bihar and Orissa	1,413	3,209	1,496
Central Provinces .. .. .	..	3,220	3,420
Assam .. .. .	..	142	564

*Information not available.

Seeing that the figures in the last column of the table relate to the years 1926-29, i.e., before the present economic depression became most acute, it seems indicated that the bulk of the decrease of revenue from coloured impressions is due to the remission of the duty on cheques and bills of exchange. This conclusion is further strengthened by certain figures of the revenue from instruments impressed or denoted with a stamp duty of one anna in the Madras Presidency in the ten years ending 1921-22. According to these figures out of a total revenue, for the ten years, of Rs. 5,98,102-2-0, Rs. 5,11,163-8-0 was contributed by the duty on cheques and Rs. 32,954-8-0 by the duty on bills of exchange. It is not possible for us to attempt an estimate of the amount of the reduction in the assignment from postal revenues on this account but that it should be fairly appreciable is indicated by what is stated in the succeeding paragraph.

120. As stated in paragraph 112 two methods of calculation have been adopted and the assignment to each province is fixed at the mean of the two results. The second formula is

$$\frac{c+k}{100} \times \left\{ (z-i-c-a) \frac{x}{-y} - (z-i-c-a)-c \right\}$$

where k = arbitrary percentage to cover increases in stamp duty sanctioned in 1923 (para. 112).

z = average annual revenue (1926-29) from general stamps, including assignment and coloured impressions,

i = average annual revenue (1926-29) from increased provincial duties,

c = average annual revenue (1926-29) from coloured impressions,

a = current assignment,

x = average annual revenue from general stamps in the years 1902-05, including revenue from one anna receipt stamps and one anna coloured impressions, and

y = average annual revenue from one anna receipt stamps and coloured impressions in 1902-05.

The formula can be resolved as follows :—

$$\begin{aligned} & \frac{100+k}{100} \times \left\{ (z-i-c-a) \left(\frac{x}{x-y} - 1 \right) - c \right\} \\ &= \frac{100+k}{100} \times \left\{ (z-i-c-a) \frac{y}{x-y} - c \right\} \end{aligned}$$

It will be seen that, as c increases the assignment decreases, and *vice versa*. The amount of this decrease or increase is :

$$\begin{aligned} & \frac{1}{2} \times \frac{100+k}{100} \left\{ \frac{(c_1-c_2)y}{x-y} + (c_1-c_2) \right\} \\ &= \frac{100+k}{200} \left\{ \frac{y}{x-y} + 1 \right\} \left\{ c_1-c_2 \right\} \\ &= \frac{100+k}{200} \times \frac{x}{x-y} (c_1-c_2) \end{aligned}$$

Where c_1 and c_2 represent the revenue from coloured impressions in any two years respectively.

As the variables of the formula vary from province to province a separate calculation will have to be made in respect of each and the sum of these results will give the total decrease in the assignment from postal revenues. It is to be noted that as the remission of duty on cheques and bills of exchange was made from 1st July 1927, while 'x' and 'y' relate to the years 1926-29 the calculation made on the basis of the above formula will not represent the true effect of the remission.

121. To test the fairness of the present allocation we addressed the Chambers of Commerce to help us with figures of the comparative use, by their members, of postage stamps for postal (and telegraph) purposes on the one hand and revenue purposes on the other. The statistics supplied by them indicate that roughly the face value of stamps used for revenue purposes is between one-sixth and one-seventh of the face value of stamps purchased. The proportion of stamps used by large business houses and firms for revenue purposes must obviously be the least favourable to the Posts and Telegraphs Department. On the other hand, the bulk of stamps sold by the Department is used by the average literate citizen whose requirements for revenue stamps are extremely small. Again, the ratio of the value of stamps used for revenue purposes to the gross sales of ordinary stamps and postal stationery, will be smaller than that indicated by these statistics, as these commercial concerns use very little embossed stationery.

122. Lastly, we understand that the amount handed over by the British Post Office to the Inland Revenue Department as the latter's share of the sales of unified stamps is only 1/20th of the gross sales of stamps and stationery. In Great Britain, the unit of stamp duty for which unified stamps are used is two pence while the main letter rate is one pence and a half. In India, on the other hand, the main letter rate and the main rate for denoting stamp duty are the same, *viz.*, one anna. Other things

being equal, therefore, the ratio between the assignment to the Civil Department and the gross sale of postage stamps and stationery must be very much less.

123. Taking all the factors into consideration we are of the opinion that the present proportion whereby more than 1/15th of the cost of postage stamps and postal stationery is made over to the Civil Department is considerably too high and unfair to the Posts and Telegraphs Department.

124. It is difficult however to suggest a method of distributing the gross sales of postal stamps between postal revenues and the Civil Department which would be equally fair to either. The difficulty of the problem is best illustrated by the practice in South Africa, alluded to earlier. Our own examination of the matter and of the statistics collected by us leads us to the conclusion that no mathematical or statistical method of computing the respective shares will command the confidence of all parties. We consider, therefore, that the only way to obtain a fair and reliable basis on which to make a distribution in future years is to introduce separate revenue stamps for a limited period of, say, 3 years and then to revert to the use of unified stamps. The ratio found to subsist between the sales of the separate revenue stamps and those of the postage stamps can then be adopted as the basis for distribution in the future. We realise that the proposal might inconvenience the public to a certain extent ; we therefore suggest that the separation should be a temporary measure. In this connection we would suggest that as in the United States of America the Posts and Telegraphs Department should be required to sell these separate revenue stamps at all its offices.

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CHAPTER XII.

Press Traffic.

125. The rates for Inland Press telegrams introduced from 1st January 1882, were as shown below :—

Class.	Unit number of words.	Unit rate.	Each additional 4 words.	Address.
		Rs. as.	Rs. as.	
Urgent	32	2 0	0 4	Free.
Ordinary	32	1 0	0 2	Do.
Deferred	32	0 8	0 1	Do.

A reorganisation of the tariff was effected in 1905, to give effect to the desire of Government for cheapening information for the benefit of the reading public and the smaller newspapers. Two revisions were effected in the year 1905, and the rates levied at present, which are given in the next paragraph, are the same as those introduced from November 1905 except that the telegrams were then classed as "deferred" or "ordinary", instead of being styled "ordinary" or "express" as at present.

126. The existing rates for Inland 'Private' and Press telegrams compare as follows :—

For Inland private telegrams.

Class.	Unit number of words.	Unit rate.	Additional words.	Address.
			Each word"	
		Rs. as.	Rs. as.	
Express	12	1 8	0 2	Charged for do.
Ordinary	12	0 12	0 1	

For Inland Press telegrams.

			For each 6 words.	
Express	48	1 0	0 2	Free.
Ordinary	48	0 8	0 1	do.

It will be seen that the Inland Press rates are one-sixth of the inland Private rates for both the express and ordinary classes. In addition, there is another special concession to the Press in that, inland multiple press messages, addressed to several places, are charged for as a single message whether all the addresses are in the same town or not, a copying fee of only four annas per 100 chargeable words, *plus* 4 annas for the excess, being charged for each destination after the first. In the case of private multiple telegrams, the concession of being charged only a

copying fee, for every telegram after the first, is limited to messages delivered at two or more addresses in the same free delivery area of a telegraph office.

127. The reasons for which these concessional rates have been sanctioned to the Press fall outside our terms of reference, as they constitute questions of the general policy of the Government of India. The concessions are not unusual, being granted on one scale or another in most civilized countries ; and, the grant of similar concessions on foreign press telegrams is also provided for in the Conventions and Treaties drawn up at the International Telegraph Conventions. We note, however, that according to the information at our disposal, there is at least one important country, Germany, where no concession whatever seems to be granted on Inland Press telegrams.

128. We are concerned, by the terms of our reference, with the effect of this concession on the results of the commercial working of the Department as pictured in the accounts. The loss accruing to the Department from its Press traffic formed the subject of comment by the Accountant General, Posts and Telegraphs, in his Appropriation Report on the accounts of the Posts and Telegraphs Department for the year 1923-24, and his estimates of the loss under varying conditions were as follows :—

- “ (a) if no concession is given to Press telegrams and if they are charged for as private telegrams, the Department would have received an additional revenue of a little over Rs. 50 lacs ;
- (b) if the concessional rate for Press telegrams is removed and the multiple Press concession remains, the additional revenue would amount to about Rs. 24 lacs ;
- (c) if the concessional rate remains, and the multiple message concession is removed a rough estimate of the increase in revenue is Rs. 4 lacs ;
- (d) if the rates for Press telegrams are increased in proportion to the increase in rates effected for private telegrams since 1905, and the multiple message concession is allowed to remain, the increased revenue would amount to about Rs. 10 lacs ;
- (e) if the rates for Press telegrams are increased in proportion to the increase in rates effected for private telegrams since 1905 and if the multiple concession is withdrawn, the revenue would be increased by something like Rs. 20 lacs.”

The number of Press telegrams dealt with during 1923-24 was 445,320. This number increased to 505,450 during 1929-30 and the estimated loss referred to above will now be correspondingly increased.

129. We have examined the estimates of the Accountant-General. We do not think that the difference between the amount actually recovered, and that recoverable at the rates applying to public traffic, is a true measure of the loss incurred by the Department, for, an enhancement sufficient to raise the Press traffic rates to the level of those chargeable on ordinary traffic must inevitably reduce the volume of traffic. We consider that a truer measure of the loss is the saving that could be effected if no Press traffic had to be handled ; and, at our request, the Director

General of Posts and Telegraphs, has kindly prepared an estimate of this amount, based on the statistics for 1929-30. His estimate is summarised below :—

Number of inland Press telegrams	505,450.
Corresponding number of signalling operations ..	$505,450 \times 2.86 \times 3 \times 4.72$ $= 2,04,69,511.$

N.B.—These factors are conversion factors meant to allow for the length of Press messages and for multiple telegrams, and must be applied to determine the actual amount of work involved in the disposal of this traffic.

Amount of saving if the traffic is not handled.

	Rs.
On pay of Telegraph Masters, Operative telegraphists and clerks including leave reserve, etc. ..	16,07,000
Pensionary charges at 8 per cent. of pay ..	1,28,000
Delivery charges	50,000
Engineering charges	8,92,000
Audit charges	21,000
Total saving ..	26,98,000
Deduct receipts from Inland Press messages ..	5,45,000
Net saving; ..	21,53,000 per annum.

130. It will be readily admitted, we trust, that a private telegraph system, like the one operating in the United States of America, would grant only such concessions on its press traffic, as it could afford to meet from the profit it derived from its other traffic. From this standpoint, the following statement comparing the proportions between the amount of the revenue from, and the amount of expenditure on, Press and Private telegrams, in India and in Great Britain, during the year 1929-30 is interesting and instructive :—

	Inland Press.		Private.	
	Percentage of gross income on cost.	Percentage of loss on cost.	Percentage of gross income on cost.	Percentage of loss on cost.
Great Britain	31.50	68.50	75.00	25.00
India	20.20	79.80	91.48	8.52

Speaking with the reserve that is necessary when dealing with statistics relating to two different countries and prepared on two different systems, the figures do indicate that the concession granted to the Press in India, is on a larger scale than that granted in Great Britain. In the latter country the loss on Press traffic is only 43.5 per cent. of the gross working cost, higher than that on private traffic, while in India the loss is 71.3 per cent. higher than that incurred in respect of private traffic.

131. We have also examined the possibility of reducing the loss, by providing differential rates as is the practice in Great Britain, for day and night press traffic. We have come to the conclusion, however, that such an arrangement will not bring about any economy, and may possibly lead to increase in expenditure.

132. After considering the question in all its aspects, we are of the opinion, that because the Posts and Telegraphs Department is not at liberty to levy the rates which would be justified on principles of commercial accountancy, or of traffic rating, it is entitled to be reimbursed the loss it incurs on its Press traffic, calculated as indicated in paragraph 129. In case it is found impossible to arrange for an actual credit to the Department, by debit to some other head of account, it should be arranged that this loss should be exhibited separately in a subsidiary statement analysing the profit and loss on the working of each branch, and that its amount should be excluded when determining the amount of surcharge or rebato, payable by or to the Department, on the progressive loss or profit on its working.

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CHAPTER XIII.

Concessional Rates for Foreign State Telegrams.

133. Telegrams on Government business sent within Indian limits are charged for at the same rates as are payable by private persons ; but " Foreign " telegrams on the business of the Imperial, Indian, Dominion and British Colonial Governments are charged for at half the rates leviable from the public for private foreign telegrams. This concession is granted jointly by all the telegraph administrations over which the telegrams are transmitted, *viz.*, the British, the Dominion and the Colonial Government, the Cable Companies, the Indian Radio Telegraph Company and the Indian Posts and Telegraphs Department.

134. The concession of half rates granted on the Indian Telegraph system applies both to telegrams originating or ending in India, and to those passing over Indian wires on their way between two foreign systems. The total charge for private " ordinary " telegrams to Great Britain and Europe generally is, at present, Rupee one a word *via* the Eastern Telegraph Company and annas twelve a word *via* Indian Radio Telegraph Company. The corresponding charges on State telegrams are eight annas and six annas. The charge per word for a State telegram is apportioned between the Telegraph Administrations concerned in the following manner :—

	<i>Via</i> <i>Eastern</i>	<i>Via</i> <i>I. R. T.</i>
	fr.	fr.
Indian terminal charge .. ..	.115	.115
British terminal charge .. ..	.075	.075
Share of the Company .. ..	.710	.510
	<hr/>	<hr/>
Total .. ..	.900	.700
	or	or
	*(8 as.)	*(6 as.)
	<hr/>	<hr/>

*NOTE.—The exchange rate between the gold franc, which is the money unit in international telegraph accounts, is fixed at present at Fr. 1 = .54 Rs.

135. The reduction by one-half of the Indian terminal charge, *i.e.*, the Indian share of the charges on telegrams originating or ending in India, was introduced with effect from 1st August 1905, in the case of messages exchanged with Europe and transiting Europe, Aden and Africa ; and with effect from the 1st July 1906 in all other cases.

The similar reduction in the ' transit ' charge, *i.e.*, the Indian share of the charge on telegrams passing over Indian wires on their way from one foreign system to another, was made with effect from the 1st January 1907.

When the concessions were granted originally, Government authorised the Indian Posts and Telegraphs Department to take credit, *pro forma*,

for the difference between the charges at public rates and those at the concessional rates, in the financial statements appended to the Administration Reports. The amount that appeared in the statement for 1923-24 was Rs. 78,686. One of the principles adopted at the time of the 'commercialisation' was that only real credits should be included in the accounts. The practice of showing this item as a credit was, therefore, discontinued.

136. We have ascertained that on the foreign State telegrams received in and sent from India, the loss of revenue resulting from the application of half the Indian 'terminal' rate was approximately as follows :—

<i>Year.</i>					<i>Rs.</i>
1926-27	..	..	..	..	56,271
1927-28	..	..	..	..	59,887
1928-29	..	..	..	..	71,095

The average annual loss is thus Rs. 62,400. Similarly, the average loss from the surrender of half the Indian 'transit' charge on British and Colonial Government messages is Rs. 8,544 a year.

We have also been furnished with the following statistical estimate of the loss.

For the month of April 1930, the number of, and India's share of the charges on, such concessional messages were :—

	<i>No.</i>	<i>Value.</i>
		<i>Rs.</i>
Originating in India	1,466	5,087
Terminating in India	1,330	1,895
Transiting India	367	654

If the concession is abolished the annual gain to the Department would thus be—

<i>Rs.</i>
61,044 on messages originating in India,
22,740 on messages terminating in India.
7,848 on messages transiting India.

91,632

The greater part of the gain to the revenues of the Department would be at the expense of Indian revenues and the losers would be—

- (i) the Departments of the Government of India, their subordinate and attached offices, and local Governments and Administrations as regards outward messages from India,
- (ii) the India Office and the High Commissioner for India as regards the inward messages received in India.

137. We have considered the difficulties arising from the fact that the concession has been granted jointly by a number of parties. As regards the cable and radio companies, we would point out that they are commercial concerns working for profit, that they charge half rates for State traffic in virtue of the provisions of their agreements with the State, and that this concession is part of the price they pay to obtain the landing or operating rights. On the other hand, the Indian Posts and Telegraphs Department does not work for a profit and the levy of half terminal and transit rates on traffic which costs the Department just as much to handle as ordinary traffic represents a dead loss. There can thus be no question of the companies withdrawing the concession. The British Post Office can, however, follow up the increase in the Indian shares by a corresponding increase in the British shares from .075 to .15 franc. If it does, the further additional cost to Indian revenues as a whole would be about Rs. 33,000 a year, and this amount will go to the British Post Office.

NOTE.—For the calculations made in this paragraph it has been estimated that 90 per cent. of the foreign state telegrams sent from India are to Great Britain, and that 33 per cent. of the state messages received in India are from the High Commissioner's office the expenditure in which is debited to Indian revenues.

138. We appreciate that the position involves factors which may lead to complications if the Indian shares of the tariff are raised to the normal level. At the same time there does not appear to be sufficient reason for depriving a commercial department of revenue admittedly due to it. Having considered the matter in all its aspects, we are of the opinion that the difference between the normal (public) and concessional terminal charges on foreign telegrams on state business, originating from or terminating in India, should be reimbursed to the Department through an annual adjustment in the accounts. Whether the Central Government should recover from the Provincial Governments the shares proper to them is a matter for the former to decide. The aggregate amount of credit to the Department, and the shares allocable to Provincial Governments and the Departments of the Central Government, should be based on the results of an actual count of the traffic for two specific periods of two weeks each, carried out each year along with the census which is taken by the Telegraph Check Office for determining the telegraph share of the sales of stamps. We make no recommendation in respect of messages transiting India, as the amount involved is small, and the matter is not free from complication.

CHAPTER XIV.

Concessions to Indian States.

139. The Indian Posts and Telegraphs Department makes a grant, free of charge, of service postage stamps to certain Indian States which are in postal unity with the Department. In the case of a few other States in postal unity, the Department has undertaken to carry free of charge, within the territories of the State, correspondence and postal articles sent by State officials on the business of the State.

140. This arrangement has been the subject of discussion in the Public Accounts Committee on more than one occasion, and they made the following recommendation in para. 18 (4) of their report dated the 22nd July 1930, on the Appropriation Accounts of 1928-29 :—

“ We notice that not much progress has been made in the disposal of questions relating to adjustments between the Posts and Telegraphs and other Departments. We desire to press the recommendation made by our predecessors last year that the settlement of the items should be expedited, as, meanwhile, the true commercial results of the working of the Department cannot be ascertained. In particular, we desire that the question of the free grant of postage stamps to Indian States should be examined in order to see whether the Department should not get a credit for the amount in view of the commercialisation of the accounts.”

141. The relations between the Indian Posts and Telegraphs Department and Indian States came under the examination of the Indian States Committee, 1928-29 and we subjoin extracts from their report so far as they are relevant to our examination of the same problem.

“ *Paragraph 97.*—The efficiency and security of the postal arrangements of India are matters of Imperial concern, in which the public in British India and the States are equally interested. The services of the Imperial post office are enjoyed by the Indian States in common with the rest of the country. Fifteen states have their own postal departments and are outside postal unity. Five of these states have conventions with the Imperial post office and work in co-operation with it. In the other ten states the greater part of the correspondence within the state is carried by the local post offices while branches of the Imperial post office exist at most important places and carry correspondence across the state frontiers. In most of the convention states, Imperial post offices exist only on territory which is British for purposes of jurisdiction, such as railway stations, the residency area, etc. The state postage stamps of the five convention states are valid for correspondence to any part of India, but not overseas, while the stamps of the other ten states are not valid anywhere outside their respective states. The existing arrangements work well and it would not be in the interests of the public in either British India or the States

to alter them. We do not see our way to recommend an extension of the convention system as desired by certain states. In the five convention states no questions arise that cannot be settled in the ordinary course as at present. In the ten states where the British and State postal systems exist side by side questions may arise as to the opening of new post offices. This is at present a matter of joint discussion and we recommend no change."

* * * * *

"*Paragraph 101.*—A claim is also advanced that state correspondence should be carried free within the state or that a liberal allowance of service stamps should be allotted to the states for this purpose. Allowances of service stamps are given in certain cases on no apparent principle. We recommend a settlement of this question once for all on definite principles."

142. Our own examination of the documents placed at our disposal leads us to endorse the view of the Butler Committee that the grants of service stamps have been made on no general principle. Broadly speaking, however, the concessions have been made in most cases to attain throughout India a unified postal system, which would conduce to the general convenience of the public, and the ultimate advantage of the Department. We are not, therefore, in a position to recommend, immediately, either the stoppage of these concessions or the allocation of the cost thereof to any other department of Government. Moreover, since the Round Table Conference has recommended that Posts and Telegraphs should form a federal subject, the question of concessions to Indian States will be discussed fully in the immediate future. In the circumstances, we prefer not to express any definite opinion on the general principle involved in this matter, but we suggest that no further concessions should be granted, at the expense of the Department, until the constitutional issues have been settled.

143. We would, however, like to draw attention to one aspect of the matter which seems to have escaped attention in the past. Most, if not all, of these grants were made in connection with postal operations and the relations between the Department and the states in the matter of telegraph and telephone communications are governed by an entirely different set of principles. The service postage stamps which are given free of charge to the states should not, in our opinion, be available for paying charges on telegrams, but from the evidence before us we are clearly of the opinion that as a matter of fact some portion of these grants is being used for this purpose. We recommend that suitable steps should be taken, say by means of a special overprint, to prevent the use of these stamps for paying charges on telegrams.

CHAPTER XV.

Departmental versus Combined Telegraph Offices.

144. The Indian Posts and Telegraphs Department deals with its telegraph traffic in two kinds of offices called Departmental Telegraph Offices and Combined Post and Telegraph Offices. Departmental Telegraph Offices are manned by telegraphists who may belong either to the General or to the Station Service, and are under the control of a Telegraph Master. On the other hand, the telegraph branch of a Combined Office is staffed by postal clerks who have been trained in signalling and who work under the control of the Postmaster.

Departmental telegraph offices perform only telegraph work and are opened for specific reasons which may be technical, military or political in nature. From the standpoint of the Posts and Telegraphs Department, a departmental telegraph office is opened only when it is found that efficient telegraph service cannot be rendered by postal signallers in a combined office.

145. The average monthly pay of a postal clerk is Rs. 101, that of a Station Service Telegraphist is Rs. 123 and that of a General Service Telegraphist is Rs. 175.

Thus, there is a difference, (i) of Rs. 22 a month or Rs. 264 a year between the pay of a Postal Signaller and that of a Station Service Telegraphist, and (ii) of Rs. 74 a month or Rs. 888 a year, between the pay of a Postal Signaller and that of the General Service Telegraphist. In addition to his pay, a General Service Telegraphist is entitled to free quarters or to house-rent allowance of approximately Rs. 35 a month in lieu of free quarters.

146. In para. 97 of their report, the Posts and Telegraphs Department Committee of 1924-25 (Ryan Committee) recommended that the policy of converting Departmental Telegraph Offices into combined offices should be vigorously and consistently pursued.

The Committee also observed, in para. 94 of their report, that if for purely military or political reasons the Indian Posts and Telegraphs Department "is compelled to provide an office with a more expensive establishment than is justified by departmental requirements, there seems no equitable reason why those departments whose demands are responsible for the extra expenditure, should not be required to make an equivalent contribution in order to cover it".

147. We find that the Department has consistently pursued the policy of the conversion of departmental into combined offices as is shown by the following statistics :—

Year.	Number of	
	Combined Offices.	Departmental Offices.
1924-25	3,488	154
1930-31	4,234	81

Of the eighty-one departmental offices which exist at present, we understand, that only 62 are required for departmental reasons.

148. An idea of the additional cost involved by the maintenance of departmental offices where combined offices would have sufficed, can be gathered from paragraph 92 of the Ryan Committee's Report wherein it is stated that in 1923-24 the conversion of twelve small offices from departmental to combined yielded an annual saving of Rs. 34,000 approximately. The conversion of nineteen offices should therefore lead, on the 1923-24 basis, to a saving of roughly Rs. 54,000 per year.

149. We fully endorse the view of the Ryan Committee that a commercial department like the Posts and Telegraphs Department should not be required, for extra-departmental reasons, to employ an agency which is unnecessarily expensive, without being reimbursed the additional expenditure incurred by it. If it is found impossible to convert these nineteen offices into combined offices, the only deduction that we can draw at present is that these nineteen offices are being maintained for the needs or convenience of some other department of Government. We, therefore, recommend that a credit for the extra expenditure caused by keeping them as Departmental Telegraph Offices should be given forthwith to the accounts of the Posts and Telegraphs Department, by making recovery from the department concerned.



CHAPTER XVI.

General Service and Station Service Telegraphists.

150. Closely connected with the question of Departmental Telegraph Offices *versus* Combined Post and Telegraph Offices, is that of the employment of the two kinds of telegraphists, General Service and Station Service. This matter was dealt with at some length by the Ryan Committee in paragraph 98 *et seq* of their report.

151. We understand that the qualifications and training of General Service and Station Service Telegraphists are precisely similar, and that there is no question as to the relative efficiency of the two for the discharge of their duties. The General Service Telegraphist is however liable to transfer at any time to any part of India while the Station Service Telegraphist cannot be transferred from the station to which he is attached. For this liability to transfer, the General Service Telegraphist receives not only pay on a higher scale than his Station Service compeer but in addition the benefits of free quarters or a house-rent allowance of Rs. 35 per mensem. The average monthly cost of a General Service Telegraphist including allowances is stated to be about Rs. 210 while that of a Station Service Telegraphist is Rs. 129 or Rs. 112 according as he is, or is not, attached to certain expensive localities.

152. When the Ryan Committee submitted their report to Government the proportion of the General Service to Station Service Telegraphists was 80 : 20. This indicated that 80 per cent. of the signalling staff in departmental Telegraph Offices was transferable to meet fluctuations in traffic or to enable staff being found for places where local recruitment of Station Service Telegraphists was not possible. The Ryan Committee recommended that the proportion of General Service Telegraphists should be reduced to 50 per cent. and stated that the attainment of this proportion will result in an annual saving, on the then expenditure, of approximately Rs. 7 lacs in pay and Rs. 4,30,000 in house-rent allowances or Rs. 11,30,000 in all.

153. In view of the large reduction in the number of Departmental Telegraph Offices which has occurred since the Ryan Committee submitted their report and the rapid development of educational facilities which is taking place, we consider that even a proportion of 50 per cent. recommended by the Ryan Committee, is excessive as compared with the requirements of the Department in the matter of transferable staff. It was not possible for us to test our view by collecting statistics of the average number of transfers actually made every year, but we find that Station Service Telegraphists are being employed in such stations as Ootacamund, Darjeeling and Peshawar, and a number of places in Burma, where it was anticipated local recruitment of telegraphists would present difficulties.

154. The respective numbers of the members of the two services, as also the strength of the local service to which recruitment has since been

stopped, on 31st March 1926 and 1930, were as shown in the sub-joined table :—

	Telegraph Masters.		Telegraphists.	
	31st March 1926.	31st March 1930.	31st March 1926.	31st March 1930.
General Service	322	302	2,356	2,183
Local Service	29	15	108	64
Station Service	2	4	540	533
Total	353	321	3,004	2,780

According to the table Telegraph Masters and Telegraphists of the General Service still number 80 per cent. of the total staff of Telegraph Masters and Telegraphists. Thus, it will be seen that the Ryan Committee's recommendation does not appear to have been given effect to. We understand that the annual casualties amongst this staff come to 189 and that the staff required to fill the vacancies is recruited on the results of a competitive examination and by promotion, in the proportion of 92 General Service Telegraphists and 97 Station Service Telegraphists. Even if it be assumed that all the casualties will take place amongst the General Service and Local Service staff, a period of about 10 years must elapse, on the present basis of recruitment, before the approved proportion of 50 per cent. can be attained.

155. We are of opinion that the General Service scheme is now not necessary for the work of the Department. We understand that it sometimes happens that a General Service Telegraphist or Telegraph Master is able to stay in the same place, often the place of his choice, for many years without transfer. Thus while enjoying the better pay and the house rent concession, he is virtually a Station Service Telegraphist or Telegraph Master though he has always to face the chance of a transfer.

156. Our terms of reference preclude us from dealing with questions of policy and retrenchment, but no commercial undertaking would face with equanimity the prospect of unnecessary expenditure amounting to several lacs of rupees per year. Seeing that the employment of a more highly paid staff than is required is not necessary for departmental reasons, any figures purporting to show the cost of the Department must be vitiated to this extent. In the circumstances we recommend that at least further recruitment to General Service should be stopped forthwith. Our terms of reference do not make it necessary for us to study the conditions of employment of the General Service men. But we would suggest the adoption of a scheme whereby all Telegraph Masters and Telegraphists should in future be employed on a uniform scale of pay, with liability to transfer on payment of extra remuneration for the period of transfer. Such a scheme would then enable the Department to make a charge against other departments, such as the Military Department, if the transfer has to be made for the requirements, or on the initiative, of such other department

CHAPTER XVII.

Adjustments for services rendered.

A.—Rents charged to Railways and Canals for use of wires and apparatus supplied to them.

157. Although in the early days of Telegraphy Indian Railways were allowed to construct their own telegraph lines it was decided by the Government of India, in 1871, that full control over such telegraph lines should be vested in the Telegraph Department ; and as a result of this decision all such lines constructed by railways were acquired by, and added to the assets of, that department. Thereafter, the Telegraph Department recovered from the railways, the cost of maintenance of these lines. Protracted and highly controversial discussions followed regarding the assessment of the maintenance charges, but for our purposes it is sufficient to state that since the 1st April 1909 a flat annual rental of Rs. 24 per mile of wire has been charged to railways for all telegraph wires leased to them by the Posts and Telegraphs Department. Since 1909, the cost of maintaining lines has been affected to a considerable extent by price fluctuations, as well as by the increasing use of copper wire instead of iron wire in the construction of such lines.

158. For some years past the Posts and Telegraphs Department has been endeavouring to work out revised rentals to cover the cost of maintaining telegraph lines rented to railways. This examination has since been carried out, and the annual rates for wires rented to railways would be, it is reported, as follows :—

		Iron wire.	Copper wire.
		Rs.	Rs.
Interest	.. .. .	8.96	21.90
Depreciation	.. .. .	4.83	7.63
Maintenance	.. .. .	7.66	7.66
		<hr/>	<hr/>
		21.45	37.19
		<hr/>	<hr/>
or roundly	.. .. .	21-8-0	37-0-0
		<hr/>	<hr/>

These rentals if accepted by the railway authorities would bring in additional revenue of approximately Rs. 4 lacs per annum, to the Department on the basis of the present wire mileage in use by the railways.

159. The Posts and Telegraphs Department also constructs and maintains telegraph lines along canals, and prior to the 1st April 1930 recovered the maintenance charges at a flat rental of Rs. 24 per annum per mile of wire. This rental was revised with effect from the 1st of April 1930, and the following rates were substituted :—

Iron wire	.. .. .	Rs. 34 per annua.
Copper wire	.. .. .	Rs. 50 per annum.

In arriving at these rates, however, a more or less arbitrary assumption was made regarding the division of establishment charges in connection with the maintenance of telegraph lines. The investigations now completed would seem to indicate that the correct average rental for lines off railways should be Rs. 40 per annum for iron wire and Rs. 56 per annum for copper wire. The question of further enhancing the canal rates in accordance with these conclusions is therefore under consideration.

160. The question of the revision of the rent which railways and canals have to pay to the Posts and Telegraphs Department for the use of telegraph wires and apparatus supplied to them has received the attention of the Public Accounts Committee on various occasions in the past few years. The importance of the question to the commercial accounts of the Department will be realised from the following statement comparing the revenue from this source, and the total receipts of the Telegraph and Radio Branches of the Department, during the last few years :—

		Rent of wires and instruments leased to rail- ways and canals.	Total revenue.
		Rs.	Rs.
1925-26	..	42,19,377	2,87,83,979
1926-27	..	44,32,790	2,84,39,847
1927-28	..	49,20,034	2,89,40,639
1928-29	..	50,96,832	2,96,90,093
1929-30	..	54,09,963	2,80,34,013
1930-31 (R. E.)	..	58,00,000	2,71,97,000
1931-32 (B. E.)	..	58,00,000	2,81,17,000

161. Apart from such general considerations as the rise in the cost of establishment, material, transport, etc., which has occurred in the interval since 1908, it is obvious that a rent which is economic for iron wire cannot be sufficient to cover the supply of copper wire which is considerably more expensive. We understand that the demand of Indian Railways for copper wire circuits is increasing rapidly, and that of late a demand has arisen for copper wire of gauges heavier than that of the standard copper wire hitherto supplied by the Department. It would appear, therefore, in the absence of an adequate rent for copper wire that the Department has been incurring a certain amount of actual loss on this transaction, and that this loss is increasing rapidly. This case is one in which, in our opinion, early settlement is very desirable.

B.—Revenue from telegrams booked at licensed telegraph offices.

162. Under the orders contained in Resolution of the Government of India, Public Works Department, No. 203-35-T., dated the 2nd May 1882, reproduced as Appendix 6 to this report, revenue from inland telegrams addressed to any place in India, handed in at Railway Telegraph Offices is retained in full by the Railway administrations. Similarly, the Posts and Telegraphs Department on its side retains receipts from telegrams handed in at its Telegraph Offices for delivery from Railway Telegraph Offices. It has been brought to our notice, that the credit received by the Posts and Telegraphs Department under this arrangement is not a fair equivalent of the work performed or service rendered.

163. We understand that this case has been under examination for a very long time. A note detailing the proposals was submitted to the Railway Board some years ago. Certain criticisms and counter-claims were made by the Board. We are informed that the figures in the original note are being revised and that further negotiations are contemplated. In the circumstances we have not thought fit to examine this question in detail, from the point of view of both the Departments, but we are strongly of opinion that there should be no further delay in the negotiations. If the Departments cannot come to an understanding within a reasonable distance of time, we would suggest the appointment by Government of an arbitrator to effect an early settlement.

C.—Miscellaneous Services.

164. Besides the important cases discussed in detail in the preceding sections of this chapter there are several instances of such services rendered by the Posts and Telegraphs Department to various parties for which no charge is recovered from them at present. We understand, however, that in some of these cases the question of remunerating the Posts and Telegraphs Department is under consideration. Some of these instances are :—

- (a) Heads of Governments or Administrations and some high Government officers mentioned in the list given in rule 2 (2), Appendix A of the Posts and Telegraphs Manual, Volume VII, have been granted the privilege of special mail bags while on tour. This enables early transmission and delivery of paid correspondence both registered and unregistered addressed to them in "camp" without any post town.
- (b) Paid inward foreign correspondence both registered and unregistered not addressed to a post town for Heads of Governments or Administrations and the high officers mentioned in the list given in Rule 12, Appendix A of the Posts and Telegraphs Manual, Volume VII, is forwarded in special bags either to their headquarters or in accordance with their tour programmes.
- (c) Abbreviated telegraphic addresses of Government officials are registered free of charge, whereas the following charges are levied in the case of members of the public or firms :—

For one address—Rs. 15 a year.

For the first ten addresses of a single firm—Rs. 15 each a year.

For the second ten such addresses of a single firm—Rs. 7-8-0 each a year.

For each subsequent one—Rs. 4-8-0 each a year.

We understand that the British Post Office does not render such service free of charge to Government officials.

- (d) *Issue of Salt Licenses.*—The Posts and Telegraphs Department issues salt licenses in certain localities on behalf of the Salt Revenue Department. This Department does not charge any remuneration for this work, but the officials who actually issue the licenses receive a small commission of three annas per license issued.

165. As the proposal to levy suitable charges for these services is said to be under contemplation, we do not feel called upon to make any specific recommendation in regard to any of them. We should like, however, to make the general observation that while the amounts due to the Department may be small in respect of these services individually the aggregate cost incurred by the Department may be quite appreciable, and we recommend therefore that this consideration should be kept in view in dealing with such matters.

166. We should like to close our remarks in this connection with one general observation. We are inclined to believe that in the case of certain classes of employees such as counter clerks, the amount of waiting time is much larger than is generally realised. For instance we understand that an investigation into this matter made by the British Post Office revealed in some cases a proportion as high as 70 per cent. of total time. We suggest therefore that this factor should be taken into account in making calculations of the cost of services rendered to or on behalf of other departments.

D.—Inter Branch Adjustments.

167. As the Profit and Loss account of the Department is required to show the results of working each constituent branch, inter-branch adjustments are necessary in respect of services rendered by one branch to another. The final result of the working of each branch must therefore depend on the suitability and accuracy of the methods by which these mutual services are evaluated and adjusted between the branches. We understand that the heads of the various branches affected by this system are consulted when the methods of calculation for these adjustments are settled, and that the methods actually adopted have received their concurrence.

We understand that the various overhead charges that go to make up the aggregate cost of a service are taken into account in fixing the amounts chargeable to different branches of the Department or different Departments of Government ; but we have noticed that the authorised code containing the instructions for these apportionments does not contain any general statement or instruction to this effect.

E.—Guarantee calculations.

168. We understand that the Department obtains from interested parties a guarantee against loss when undertaking to provide facilities under unremunerative conditions, and that the amount of the guarantee is calculated in accordance with certain standard formulæ. In this connection, we have considered the desirability of maintaining separate commercial accounts for each unit of departmental activity such as a post office, local telephone system or a single trunk telephone line. The usefulness of such accounts is obvious, but the cost would be very heavy, if not altogether prohibitive. We think, therefore, that the present arrangement under which such calculations are made as and when required, according to standard instructions contained either in the departmental codes or issued separately for the occasion, is satisfactory. We understand also, that the Accountant-General has been asked to maintain for the first three years of their existence profit and loss accounts, on a simple plan, of small telephone exchanges opened under the orders of Heads of Circles. We desire

to emphasise however that any standard method of ascertaining the results of the working of an office, that may have been laid down in the past or may be evolved in the future, should be reviewed at periodical intervals, so as to ensure that the Department does not undertake to provide a new service or lease out a part of its monopoly rights without full knowledge of its financial implications.

F.—General suggestions.

169. The two cases dealt with in paragraphs 157 to 163 relating respectively to the rent for wires leased to railways and to the apportionment of telegraph revenue of licensed telegraph offices illustrate the difficulties and delays that are likely to occur in the settlement of claims of one Department against another if they are left to be settled by discussion or correspondence. This is not surprising as such claims are based on calculations which are, to say the least, of a very intricate nature and sometimes involve, at some stage or other, certain assumptions which can be made only on the judgment of the officers most conversant with the technicalities of the situation. On the other hand, the Department that is called upon to meet an increased claim naturally wants to satisfy itself that the calculations are fair. Discussions may thus go on indefinitely while the accounts suffer in accuracy. We suggest that suitable machinery should be devised for expediting the final settlement of such cases. For instance, it may be arranged that both the Departments should state their sides of the case, and that the two statements should be submitted to an impartial authority for adjudication. We hasten to add however that the evidence placed before us in respect of the two cases referred to does not in any way lead us to think that the delay in the settlement has been caused by the Railway Department of the Government of India. Our impression is that the delay has been due to the complexity of the problem, and to the long time that has been taken to collect the data necessary for the calculation.

170. The services for which the Department receives credit from other parties, or for which inter-branch adjustments are made, are so numerous and their nature is so varied, that it was not possible for us, in the limited time at our disposal, to assess the suitability of the particular methods employed for determining the actual cost of each individual service or to test the accuracy of the rates charged.

We have, however, examined generally the principles underlying the methods adopted, and we find that they are both fair and correct. Some of the methods were revised recently, others are, we understand, under revision, but there are yet many which were in existence several years ago, *i.e.*, before the accounts of the Department were placed on a commercial basis. We are glad to note that the Department is alive to its responsibilities in the matter, but we would like to emphasise the need for an early revision of all such methods and formulae as were determined before 1925 when the full implications of a commercialised system of accounting were perhaps not realised by the Department.

171. We suggest further that definite instructions should be issued by Government and incorporated in one of the recognised codes, that a proper proportion of charges of the following nature, should always be included in every calculation of cost or rate per unit, and in determining the lump sum amounts that may be due to the Department for services rendered by it.

I. Supervision charges—

- (a) Subordinate non-gazetted supervision.
- (b) Gazetted supervision.
- (c) Circle office charges.
- (d) Charges of the Directorate.
- (e) Accounts and audit charges.

NOTE.—The charges should be inclusive of the cost of leave whether incurred in the shape of pay of a leave reserve or otherwise, and a fair share of travelling allowance and contingencies.

II. Contribution for pension levied at the percentages fixed by the Government Actuary for determining the contribution made by the Department to general revenues. The amount to be included in the cost calculation should be based on the pay of the staff directly engaged on the work, as well as on the allocated share of the pay of supervising staff.

III. Recurring expenditure on buildings whether incurred in the shape of rent paid by the Department to owners of buildings or as interest depreciation, maintenance charges and rates and taxes. The amount chargeable in respect of buildings should be so regulated as to cover the cost of accommodating the supervising establishments.

IV. Interest, depreciation and maintenance in respect of such assets, other than buildings, as may be required in rendering the service.

The rate of interest should be fixed high enough to cover the amount charged by Government on the capital outlay of the Department.

V. Miscellaneous charges relating to Store-keeping inclusive of a suitable amount to cover normal incidental losses.

172. Finally we suggest that the calculations should be reviewed periodically and revised to suit changing conditions of accounting and administration, and that the Accountant General, Posts and Telegraphs should be consulted in and his concurrence obtained to, all revisions of the methods of determining the rates and amounts charged for various services, and where necessary of the rates and amounts. It will be desirable to include instructions to this effect in one of the codes.

CHAPTER XVIII.

Miscellaneous.

A.—Royalties from Telephone Companies.

173. We have considered the propriety of the inclusion, in the commercial accounts of the Telephone Branch, of the royalty recovered from the licensed Telephone Companies in India. These are the Bengal Telephone Corporation, Ltd., operating in Calcutta, the Bombay Telephone Company, Ltd., in Bombay, Ahmedabad and Karachi; the Madras Telephone Company, Ltd., in Madras; and the Rangoon Telephone Company, Ltd., in Rangoon and Moulmein. Under clause 3 (3) of the first schedule of the license granted to these companies, the royalty payable to the Department is fixed at five per cent. on the gross amount of every sum of money paid or payable to the licensees. In respect, however, of telephone wires which are situated beyond the limits specified in the license, a royalty of six per cent., is payable. The total amounts of these royalties received during the past few years were as follows :—

Year.					Rs.
1923-24	..	..	..	..	2,65,712
1924-25	..	..	..	..	2,45,284
1925-26	..	..	..	..	2,73,797
1926-27	..	..	..	..	3,09,434
1927-28	..	..	..	..	3,36,791
1928-29	..	..	..	..	3,65,041
1929-30	..	..	..	..	3,83,165

174. The only argument against the present practice of treating these royalties as departmental revenue that we can think of is the consideration that this revenue is not derived from the employment of any capital assets of the Department. The source of a receipt is not, however, the only criterion for deciding its allocation; and due weight must be given to the principles which regulate the accounts of commercial departments equally with those of non-commercial departments, to the declared policy governing the operations of the Department, and lastly, to the inherent rights of the Department to extend its operations and activities. From the standpoint of general principles of accounting, we are of the opinion that there is no other Department of Government with a better title to this revenue, and our view is borne out by the practice in the British Post Office the accounts of which, it is understood, are credited with similar revenue.

As regards the second consideration, we invite a reference to the declared policy of Government in respect of the working of the Department reproduced earlier in this Report. Taking into account the various stages of commercial and educational development reached in the country, it is obvious that, in order to secure the accrual neither of profit nor of loss on the whole of its activities, the Department must counterbalance gains of one kind or in one area against losses of another nature or incurred in other places. As licenses to operate telephone systems would be sought for by private companies only for those areas where profits can be secured, for example, in Presidency towns and large centres of commerce and

industry, it follows that the grant of such licenses prevents the Department from obtaining the gains which it requires to counterbalance inevitable losses of other kinds or in less profitable areas. From this standpoint, the royalty represents merely the *quid pro quo* for the restraint placed on the operations of the Department.

Lastly, the grant of licenses is due either to a desire to avoid raising large amounts of capital or to encourage private enterprise. Neither of these considerations can, in our opinion, detract from the inherent right of the Department to treat these royalties as its departmental revenue.

B.—Adjustment for ‘lags’ and ‘throwforwards’.

175. The accounts of a commercial concern are based on “earnings” and “working expenses”, while those of Government are based on “actual receipts” and “actual payments”. The reasons for the former practice are fairly obvious. A trading or manufacturing concern is set up generally with the sole aim of making a profit and distributing it to its partners or shareholders. The personnel of the partners or shareholders is liable to change by demise of partners or transfer of shares, and it is therefore of prime importance to determine the actual profit and loss for each accounting period with exactitude, so that each partner or shareholder may receive the full amount of his profit or accept responsibility for his share of the loss during the period of his connection with the enterprise. Further, a business concern is subject to taxation and is also subject to be wound up at any time.

176. The adoption of the commercial practice in the Posts and Telegraphs accounts was considered at the time of commercialising the accounts. It was realised that the conditions in a great Department of State created for providing a public utility service are somewhat different. The making of profit and the distribution thereof is not its primary function. In fact, under the terms of the policy governing its operations the Department is precluded from making a profit or from incurring a loss. A cessation of its operations is unlikely and so is the possibility of its being subjected to taxation. The Profit and Loss account of such a Department partakes, therefore, of the nature of a cost account designed to show whether the Department is paying its way, or is a drag on the general exchequer and consequently a burden on the general tax-payer. It was accordingly held by Government that a rigorous adoption of the commercial method of treating receipts and disbursements in accounts is not necessary, that such action is likely to involve expenditure incommensurate with the results obtained, and that an adjustment to allow for the divergence between “earnings” and “working expenses” on the one side, and the actual “incomings” and “outgoings” on the other, should be made only in respect of such items of receipts or expenditure as are subject to violent fluctuations from year to year.

177. Based on these principles, the following changes were adopted at the time of the commercialisation :—

- (i) The stores and manufacture suspense accounts were transferred to a capital head outside the revenue accounts of the Department and of the Government of India.
- (ii) A depreciation fund was instituted to provide for renewals and replacements as they fall due.

- (iii) The annual charge for pensions was based not on the actual payments of pensions to retired employees in any particular year but on the present worth, calculated on an actuarial basis, of the future pensions in respect of the service rendered in the year.

We have examined the figures of various classes of receipts and expenditure booked in the commercial accounts commencing from 1st April 1925, and have come to the conclusion that no further changes are necessary, at present, in order to allow for the divergence between cash and accrued figures. We should add, however, that a decision on a matter like this cannot hold true for all time, and we suggest that the position should be examined from time to time to determine the necessity or otherwise of making similar adjustments in respect of other classes of receipts or expenditure.

C.—Cost of manufacture of and freight on stamps.

178. One item of expenditure which seems to require particular attention in this respect, is the cost of manufacture of, and freight on, stamps and postal stationery. The violent fluctuations that occurred in the years 1923-24 to 1925-26 were incidental, we understand, to the termination of the old practice of obtaining supplies from England and the commencement of the manufacture of stamps and stationery in the Security Printing Press at Nasik. Similar fluctuations in the next four years were due to the necessity for building up adequate balances of stamps in treasuries. This process is probably reaching completion and in future years the fluctuations from year to year will not be material. Nevertheless, as stated earlier, this matter should receive periodical attention.

179. We observe also that the ratio of the cost of manufacture of, and freight, etc., on stamps to the gross sales is very high. As a commercial department interested in getting its supplies as cheaply as possible, it behoves the Department to keep a keen watch on any tendency either to an increase in this ratio or even to its stabilisation at the present high figure. With the steady fall in prices and the expansion of business in the Security Press the ratio between the cost of manufacture and the gross sale proceeds should tend to fall and fall steadily. To be useful this scrutiny must be exercised systematically from year to year, and we suggest that suitable arrangement should be made for obtaining the necessary figures and for their review by competent authorities.

D.—Cost Statistics.

180. A commercial account, supplemented by a system of accurate statistics, is an index of the loss or profit on the working of an individual branch of the Department. It is also of use in the checking of extravagance, and the prevention of the leakage of revenue; and finally, it affords a clear indication of the directions in which the rates charged for service provided by the Department require amendment. We have examined the statistics showing percentage increases of postal, telegraph and telephone rates levied at present, compared with those charged in 1914, and also the effect of these on the volume of traffic as distinguished from the effects of other causes. We had also to use some of the statistics published in the annual Administration Reports. As a result, we have reached the conclusion that, although the Department collects a large amount of

statistical information relating to various descriptions of traffic, full use of these statistics is not made in the revision of rates, in the tapping of new sources of revenue and in ascertaining the remunerativeness or otherwise of a particular unit or branch of the Department. In order that the Department might reap the full benefits of a commercialised system of accounting and of its statistics, we consider that adequate action should be taken to revise the standard methods of costing for the more important services rendered by the Department to the public and of the statistics themselves.

181. A suitable system of cost statistics would be useful in dealing with improvements in the pay and allowances of the staff. It is an accepted principle that in a commercial department the rate of pay to be given to particular individuals or classes of employees should have a direct relation to the kind and quality of the work for which they are engaged, and to the remunerativeness of that work to the Department. In the absence of a proper "costing" system, it is not unlikely that greater weight may sometimes be given, when dealing with proposals for revisions of pay, to considerations of a general character, e.g., rate of pay sanctioned for staff with similar qualifications employed in other Departments or recruited in particular localities, etc., than would be warranted if due consideration was given to the remunerativeness or otherwise of the nature of the work on which the staff would be employed.



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CHAPTER XIX.

Conclusions and Recommendations.

182. The principal conclusions reached and recommendations made by us are now summarised.

(i) The 'lives' of various classes of assets as fixed by the Chief Engineer for calculating the depreciated value of fixed assets on 1st April 1925, and for calculating future depreciation, are inappropriate and generally underestimated. The average lives and residual values should be fixed as shown in Appendix 1. (Paragraphs 38 and 40.)

(ii) The estimates of unexpired lives made at the time of the valuation in respect of assets, of which the date of construction (or last reconstruction) was not known, were based on the expected lives fixed by the Chief Engineer. As the latter are to be revised the former should also be changed *pari passu*, and the accrued depreciation on 1st April 1925 recalculated. The amount of accrued depreciation on 1st April 1925 should be reduced from Rs. 9,09,85,728 to Rs. 8,25,35,096. (Paragraph 56.)

(iii) (a) The decisions to write down the value of fixed assets, by the amount of accrued depreciation, to their depreciated value on 1st April 1925, and to finance reconstructions partly by making advances bearing current rates of interest, have imposed an unfair burden on the finances of the Department. (Paragraph 70.)

(b) The institution of a Sinking Fund, to provide for depreciation accruing after 1st April 1925, in preference to a straight line depreciation fund, was probably sanctioned under a misapprehension of the comparative net cost of the two methods. (Paragraph 73.)

(c) The use of one method for calculating and providing for arrears of depreciation on 1st April 1925, and another for depreciation accruing after that date, has led to complications with a liability of mistakes occurring in the accounts. (Paragraphs 65 and 75.)

(d) We recommend (paragraphs 71 and 74) that

- (1) The initial capital account of the Department should be fixed at the amount at charge on 31st March 1925, as shown in the Finance and Revenue Accounts for that year, less Rs. 1,29,83,517 which was written off as representing errors in accounting and value of assets lost or abandoned, etc. As shown in paragraph 26 the amount will be Rs. 20,59,62,337.
- (2) The Department should pay interest on the full amount of the capital at charge at 3.3252 per cent. per annum in respect of outlay incurred up to the year 1916-17 inclusive, and at varying rates on outlay in subsequent years. (Paragraph 71.)
- (3) The Depreciation Fund of the Department should be instituted with an initial opening balance of Rs. 8,25,35,096, being the amount of the accrued depreciation on 1st April 1925. (Paragraph 71.)

- (4) The Depreciation Fund should be worked on the straight line method retrospectively from 1st April 1925 and interest on the depreciation fund balances should be credited as the revenue of the Department. (Paragraph 71.)

N.B.—The net effect of the changes recommended at items (d) (2) and (4) on the commercial results of working would be to increase the loss accumulated in the years ending 1929-30 by Rs. 15,29,084.

(iv) Interest on capital is correctly included in the Profit and Loss account, irrespective of the source from which the capital outlay was financed. (Paragraph 82.)

(v) During the five years 1925-26 to 1929-30, the rate of interest allowed on the assets of the Depreciation Fund has been considerably lower than charged on the capital outlay (incurred after 1916-17). In equity the two rates should always be equal ; and we suggest that Government consider the question of giving retrospective effect to the equality in rates. If the equality in rates adopted in the Revised Estimates for 1930-31 had existed from 1st April 1925, the effect of the changes stated at items (iii) (d) (2) to (4) above would have been to increase the revenue of the Department, for the five years ending 1929-30 by Rs. 62,46,420. (Paragraph 86.)

(vi) The rules for allocation of expenditure between working expenses and renewals and replacements are very complicated, and tend to throw an unnecessary and unjustified burden on the annual working expenses. They should be simplified and revised to meet the requirements of a straight line depreciation fund. The entire cost, irrespective of its amount, of renewing a unit asset should be charged to renewals and replacements (i.e., depreciation fund). The present practice of transferring a portion of the annual maintenance charges to renewals and replacements will probably still be necessary and should be continued therefore until experience has been gathered of the working of the new rules. (Chapter VI and paragraph 75.)

(vii) The inclusion, in the Stores Suspense section of the commercial accounts instituted from 1st April 1925, of the book value of all stores, a considerable portion of which was immediately afterwards found to be either unserviceable or borne at too high a rate has reacted to the disadvantage of the commercial results of working in two ways. Departmental working expenses had to meet, in the five years ending with 1929-30, a total loss of Rs. 27,55,643 incurred in the disposal of unserviceable materials and writing down inflated values. It had also to meet the interest on this amount from 1st April 1925 to the various dates of disposal. As these stores must have accumulated over a long period before the commercialisation of accounts the commercial accounts have been vitiated. (Paragraph 30.)

(viii) The principle of the grant of a rebato or the levy of a surcharge, as the case may be, in respect of interest on the net profit or net loss on the working of the commercial branches of the Department is endorsed. It is necessary, however, that losses that may be incurred by the Department on its non-commercial activities or on special services which the Department is called upon to render below cost should be left out of account in determining the amount liable to surcharge. (Paragraphs 87 to 89.)

(ix) (a) Pension is of the nature of deferred pay and an amount to cover this liability calculated on a proper actuarial basis is therefore correctly included in the Profit and Loss account. (Paragraph 95.)

(b) The formula adopted for calculating the annual charge, in the revised estimate for 1930-31 and the budget estimate 1931-32, is 8.2 per cent. of the total pay and leave salary of the pensionable establishment excluding pay and allowances not counting for pension. This should be reduced to 7.465 per cent. with retrospective effect from 1925-26. The sum of Rs. 17,24,969 which has been contributed by the Department in excess of that required by the formula, in the five years ending 1929-30, should be restored to the Department. (Paragraph 109.)

(c) We recommend that a further investigation should be carried out on the simple plan outlined by us, within the next few months, and the re-calculated rate should be adopted for the future. (Paragraph 102.)

(d) We consider that a hypothetical pension fund account should be maintained as from 1st April 1925, in order to check from time to time, the continued accuracy and reliability of the percentages employed to determine the annual contribution. We have made suggestions as to how this account should be opened and maintained. (Paragraph 103.)

(x) (a) The formula used at present to determine the amount payable to Local Governments and Administrations as their share of the revenue from unified stamps is unsuitable, and yields results which are unfair to the Posts and Telegraphs Department. In our opinion, it is impossible to deduce any mathematical or statistical method which will be fair alike to all parties. We recommend that to secure a proper basis for calculating these assignments in the future, separate revenue stamps should be introduced as a temporary measure for two or three years. The ratio found to subsist between the actual sales of the separate revenue stamps and those of postage stamps of corresponding values should be adopted as the basis. (Paragraph 124.)

(b) Until the first results of the test become available the minor defects indicated in the report should be rectified. (Paragraph 118.)

(xi) The rates charged on inland press telegrams are neither remunerative in their results nor commercial in their basis, and the Department incurs a large annual loss on this traffic. We recommend that the Department should be re-imbursed this loss as measured by the estimated savings in working expense, etc., which would result if this traffic was abolished. In case it is found impossible to arrange for an actual credit to the Department, the amount of loss should not be taken into account when determining the amount of surcharge on the progressive loss on working. For the year 1929-30, the loss has been estimated at Rs. 21,53,000. (Paragraph 132.)

(xii) The Posts and Telegraphs Department should receive credit for the amount of the difference between the normal (public) and concessional terminal charges, on foreign telegrams on State business originating or terminating in India. The annual loss incurred by the Department is about Rs. 71,000. (Paragraph 138.)

(xiii) As the Round Table Conference has recommended that Posts and Telegraphs should form a federal subject, the question of concessions to Indian States is likely to be discussed in full in the immediate future.

We do not, therefore, recommend immediately either the stoppage of the concessions already granted, or the allocation of the cost to any other Department of Government. We suggest, however, that suitable steps should be taken to prevent the use of the service stamps granted free, for paying charges on telegrams, and that further concessions should not be granted at the expense of the Posts and Telegraphs Department until the constitutional issues have been settled (Paragraphs 142 and 143).

(xiv) The accounts of the Posts and Telegraphs Department should be credited with the amount of the extra expenditure incurred in maintaining Departmental Telegraph Offices solely for the needs or convenience of some other Department of Government (Paragraph 149).

(xv) We are of opinion that Telegraph Masters and Telegraphists recruited on the General Service scheme are not necessary for the work of the Department. We recommend that at least further recruitment to General Service should be stopped forthwith. We suggest the adoption of a scheme whereby all Telegraph Masters and Telegraphists should be employed in the future on a uniform scale of pay with liability to transfer on payment of extra remuneration for the period of transfer (Paragraph 156).

(xvi) The claim of the Posts and Telegraphs Department for revised rentals for wires and apparatus supplied for use by Railways and Canals, and for a share of the revenue from telegrams booked at Railway Telegraph Offices, should be settled expeditiously by mutual negotiation. If the cases cannot be settled within a reasonable period, they should be referred to an Arbitrator (Paragraphs 161 and 163).

(xvii) Suitable machinery should be devised for expediting the final settlement of claims of one Department against another (Paragraph 169).

(xviii) A few suggestions have been made for reviewing the methods in use for determining the cost of various services and for the maintenance of a proper system of cost statistics. (Chapter XVII, Sections D, E and F and Chapter XVIII.)

183. In view of the facts that the accounts of the Posts and Telegraphs Department were placed on a commercial basis with effect from 1st April 1925, and that the Department receives or pays rebate or surcharge on the accumulated profit or loss of its working from the same date, we are of the opinion that full retrospective effect should be given to all our recommendations summarised in the previous portion of this chapter. Unless this is done it is impossible to obtain a true picture of the commercial results of the working of the Department as a whole. As a further argument in support of our view that full retrospective effect should be given to our recommendations, we would draw attention to the rule contained in Article 215 (a) of the Account Code issued under the authority of the Government of India. While generally prohibiting the correction of errors in the annual accounts after the latter have been closed, it makes an exception in respect of errors affecting the revenue and expenditure of different Governments, a capital head outside the revenue account, or the transactions of a commercial Department. For such errors, the rule directs that a correction should be made as soon as the mistake is discovered. Retrospective effect is equally justified on grounds of equity. Some of the changes in the accounting system decided upon in connection with the commercialisation were to a certain extent introduced only

gradually. For instance, the loss on the working of the non-commercial portion of the Wireless Branch of the Department was excluded in the calculation for surcharge for the first time in the accounts for 1928-29. Again, as we have shown, there are still some instances of services rendered, or of unremunerative expenditure incurred, by the Posts and Telegraphs Department to and for the benefit of other Departments of Government for which the Department does not receive adequate credit. In the circumstances it would be unfair to penalise the Department by levying a surcharge on the results of accounts which have not been correctly commercialised.

184. The amounts of the Profit or Loss on the working of the Posts and Telegraphs Department in the five years ending 1929-30, as they appeared in the Finance and Revenue Accounts of the Government of India are as follows :—

Profit (+) or Loss (—) since commercialisation as in the Finance and Revenue Accounts.

Year.	During the year.		Cumulative result.
	Rs.		Rs.
1925-26	37,03,280		37,03,280
1926-27	10,24,962		47,28,242
1927-28	—26,15,138		21,13,104
1928-29	—53,83,557		—32,70,453
1929-30	—62,44,531		—95,14,984

From the total cumulative figure of Rs. 95,14,984 shown in the table should be deducted a sum of Rs. 6,85,697 being the loss on non-commercial activities of the Wireless Branch during 1929-30. The net loss on the working of the Department accumulated during the five years comes therefore to Rs. 88,29,287.

185. Our investigations in the matter as set out in this report lead us to the conclusion that these figures are misleading. We have accordingly prepared a statement of the Profit or Loss for the whole Department for each of the five years ending 1929-30 and this is attached as Appendix 7. The recalculated profits or losses are shown below :—

Profit (+) or Loss (—) as recalculated.

Year.	During the year.		Cumulative amount.
	Rs.		Rs.
1925-26	38,73,720		38,73,720
1926-27	5,36,531		44,10,251
1927-28	—22,96,514		21,13,737
1928-29	—50,16,728		—29,02,991
1929-30	—53,47,996		—82,50,987

186. The method followed in reaching the results tabulated above may be explained. The immediate changes that have been made in the figures appearing in the published accounts are as follows :—

- (i) The charge for pensionary contribution has been revised so as to agree with that calculated on the actuarial formula of 7.465 per cent. of the total pay and leave salary of the pensionable establishment.

- (ii) The amounts debited to working expenses on account of the losses incurred in the disposal of unserviceable stores held in stock, and on account of the writing down of the value of serviceable stores, have been omitted, but the consequent saving in interest on stores balances has not been included.
- (iii) Interest has been charged on the original value of fixed assets.
- (iv) Credit has been taken for the interest on the balances of the depreciated fund to be operated on the straight line method. The initial opening balance of the Fund has been taken to be equal to the accrued depreciation on 1st April 1925. The rates of interest on depreciation fund balances are, however, the same as were actually allowed by Government in the respective years.
- (v) The entire cost of reconstructions has been charged to the depreciation fund account and consequently the capital account remains unaffected except for outlay on new assets.

187. Over and above the changes in the Profit and Loss account shown in paragraph 186, further credits will also have to be taken for various losses incurred for non-departmental reasons, in order to present a true picture of the results of commercial working. These modifications cannot be included in the main accounts the final results of which are given in paragraph 185, unless and until decisions are taken to provide actual credits. They are shown in a statement appended to this Report as Appendix 8, which has been prepared on the lines recommended by us in paragraph 89. The effect of these modifications is to show the true amount on which the Department should get a rebate or pay a surcharge in respect of interest.

188. Taking these changes into account, the profit or loss in each of the five years ending 1929-30 will be as shown below :—

Year.					Profit (+) or Loss (—)
					Rs.
1925-26	..	..	..	..	60,98,000
1926-27	..	..	..	..	28,82,000
1927-28	..	..	..	..	1,73,000
1928-29	..	..	..	..	—23,97,000
1929-30	..	..	..	..	—19,25,000

In our opinion these figures give the true picture of the working of the Department in the past.

189. The correct amount of the cumulative commercial results of working at the end of 1929-30 is thus a profit of Rs. 48,31,000 as against a loss of Rs. 95,14,984 shown in the Finance and Revenue Accounts.

190. Adopting the figures of the latest budget estimates we have also reconstructed the Profit and Loss account for the years 1930-31 and 1931-32 and the results are as follows :—

Year.	Profit or Loss as it appears in the Estimates.	Profit or Loss as recalculated by us.
	Rs.	Rs.
1930-31	—1,36,36,000	—1,16,12,000
1931-32	—1,41,19,000	—1,28,61,000

191. Taking into account modifications similar to those referred to in paragraph 187, the correct loss will be as follows :—

	Rs.
1930-31	—79,89,000
1931-32	—91,91,000

192. The figures given in the body of the Report and in the Appendices represent, almost, in all cases, only the final results of detailed calculations. The latter have not been reproduced but files containing these detailed calculations will be submitted separately for record and reference.

We regret that we were not able, due to the shortness of the time at our disposal, to get our calculations checked by the Accountant General, Posts and Telegraphs.

193. It now remains for us to acknowledge the great advantage that we have derived from the information and advice placed at our disposal by the large number of witnesses, both non-official and official. We desire to thank these gentlemen for all the trouble they undertook for our benefit. In particular our acknowledgments are due to the various Departments of the Government of India, and to the officers at the headquarters of the Posts and Telegraphs Department who have given us all the assistance that we required.

194. It also gives us great pleasure, before closing this Report, to place on record our appreciation of the valuable assistance which we have received from our Secretary, Mr. S. P. Varma, Officiating Financial Adviser, Posts and Telegraphs, who had, in addition, to discharge the duties of the office which he holds. But for Mr. Varma's indefatigable energy, his detailed knowledge of the financial and accounting arrangements of the Posts and Telegraphs Department, and his remarkable capacity to marshal and present facts and figures, we should have found it impossible, within the limited time at our disposal, to complete our task which was more onerous than was originally anticipated.

COWASJEE JEHangIR (Junior).

Dated the 23rd April 1931.

G. KAULA.

Dated the 21st May 1931.

F. J. PEARSON.

S. P. VARMA,

Secretary.

APPENDIX 1.

(Vide CHAPTER V.)

Lives and residual values of assets as fixed now and as recommended by Committee.

Class of Assets.	Life.				Residual values.		Remarks
	As at present.		As fixed by the Committee.		As at present.	As fixed by the Committee.	
	Normal.	Allowance for accidents.	Effective.	Effective.			
					(years)	(years)		(years)	(Per cent.)	(Per cent.)
	Permanent	..	..	Permanent	Nd.	Nd.	
	75	Nd.	75	100	5	3	
	16	—4	12	16			
<i>All Branches.</i>							
1. Land .. .. .	..	..	..	..	..	..
2. Buildings .. .. .	..	..	..	..	..	..
3. Electric house installations and electric fans, etc.	..	..	..	..	..	..
<i>Post Office.</i>							
4. Railway Mail Vans	30	Nd.	30	30	Nd.	Nd.	
<i>Telegraphs, Radios and Telephones.</i>							
Underground Cable	32	—8	24	36	5	5	
6. Submarine Cable	15	—3	12	20	Nd.	Nd.	
7. Aerial Cable	15	—5	10	10	5	3	
8. Posts (including brackets)	34	—4	30	45	10	10	
9. Copper or Bronze wire	35	—8	27	40	20	30	
10. Iron wire-Telegraph circuits	27	—3	24	36	4	4	
11. Iron wire-Telephone circuits	12	—1½	10	15	4	4	
12. Masts, aereals and earths	34	—4	30	15	10	8	
13. Manual Exchange, Private switch board	16	—4	12	15	5	5	
14. Engines, motors, switch gears, etc., of all kinds.	16	—4	12	16(a)	5	2(a)	(a) Other than wireless.
15. Automatic exchange	25	—5	20	16(b)	10	2(b)	(b) Wireless.
16. Subscriber's apparatus	12	—4	8	25	5	5	
17. Telegraph instruments of all kinds and wireless apparatus.	16	—4	12	25(c)	5	5(c)	(c) Other than wireless.
18. Accumulators	8	Nd.	8	10	10	Nd.	(d) Wireless.
19. Workshop plant and machinery	20	Nd.	20	20	10	5	
20. Motor vehicles and launches	10	Nd.	10	10	10	10	

APPENDIX 5.

(Vide CHAPTER X.)

*Service Cards.**A.—For Postmen group.*

1. Age at entry into service qualifying for pension, inferior or superior.

2. Scale of pay drawn immediately previous to promotion to the postmen group.

3. Length of service at the time of substantive promotion to the postmen group.

N.B.—Age should be taken as at the nearest birthday, *i.e.*, 6 months and over should be taken as a year and periods less than 6 months should be ignored.

B.—For Head Postmen Group.

1. Age at entry into service qualifying for pension, inferior or superior.

2. Scale of pay drawn immediately previous to promotion to the postmen group.

3. Length of service at the time of substantive promotion to the postmen group.

4. Length of pensionable service at the time of substantive promotion to the Head Postmen Group.

5. Scale of pay after substantive promotion as Head Postmen.

N.B.—Age should be taken as at the nearest birthday, *i.e.*, 6 months and over should be taken as a year and periods less than 6 months should be ignored.

C.—For Inspectors Group.

1. Age at entry into service qualifying for pension, inferior or superior.

2. Length of pensionable service at the time of promotion to the Inspectors' Group.

N.B.—Age should be taken as at the nearest birthday, *i.e.*, 6 months and over should be taken as a year and periods less than 6 months should be ignored.

D.—For men of higher non-gazetted rank promoted from the class of Inspectors.

1. Age at entry into service qualifying for pension, inferior or superior.
2. Length of pensionable service at the time of promotion to the Inspectors' Group.
3. Length of pensionable service at the time of substantive promotions to the higher rank.
4. Scale of pay after substantive promotion to the higher rank.

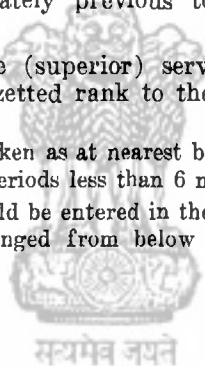
N.B.—Age should be taken as at the nearest birthday, *i.e.*, 6 months and over should be taken as a year and periods less than 6 months should be ignored.

E.—For Gazetted Officers.

1. Age at entry into pensionable (superior) service.
2. Length of pensionable superior service at the time of substantive promotion from non-gazetted to gazetted rank.
3. Scale of pay immediately previous to substantive promotion to gazetted rank.
4. Length of pensionable (superior) service at the time of substantive promotion from each gazetted rank to the next higher rank as shown below.

N.B.—(1) Age should be taken as at nearest birthday, *i.e.*, 6 months and over should be taken as a year and periods less than 6 months should be ignored.

(2) The various ranks should be entered in the cards by the Director General of Posts and Telegraphs, arranged from below upwards, separately for each recognised chain of promotion.



APPENDIX 6.

(Vide CHAPTER XVII, SECTION B.)

Copy of Resolution of the Government of India, Public Works Department, No. 203-35-T., dated 2nd May 1882.

In the Resolution of the 14th of November 1881, it was stated that “the Government of India is willing and anxious to forward any scheme for developing and facilitating communication by telegraph, so far as this can be done without risk to the interests of the general tax-paying community ; but in the interests of that community, it is essential that the telegraph service should be self-supporting.”

2. In accordance with this Resolution, the attention of the Government of India has been drawn—

- I. to the relation which the railway telegraphs should bear to the Imperial Telegraph System, in so far as they may be permitted to be the carriers of public messages ; and
 - II. to the economy that must result in the combination of the maintenance of the Government and railway telegraphs whenever practicable.
3. The State Railway Telegraph Rules of 1874 were designed—

Primarily.—To make the railway telegraph lines subsidiary and auxiliary to the Government Trunk System ; and as such, they were allowed to retain certain shares of the receipts, varying in proportion to the distances messages were carried.

Secondarily.—To provide for the construction and maintenance, by the Government Telegraph Department, of all telegraph lines and apparatus which might be required by the State Railways.

4. The experience of working these rules for over 7 years has shown that, however justly they were designed, on the principle of the division of receipts varying in proportion to work, such differential division has in practice, caused an amount of account-keeping, not justified by the sums involved.

5. The Director General of Telegraphs has represented, that the shares of receipts in favour of railways under the above rules are out of all proportion to the work done, and has urged, therefore, that, in future, all telegrams should be regarded as appertaining to the Telegraph Department, on the principle in force in England, by which railway telegraphs act only as agents for the Government system, and receive merely a fixed commission for carrying each message.

6. The Governor General in Council, however, whilst admitting the force of the Director General's arguments and the equity of his proposals, is nevertheless desirous, in the interest of the senders of telegrams, that railways should be encouraged to carry public telegraphic messages, to as great an extent as is compatible, with the proper use of their telegraphs for the primary purpose of railway traffic ; and has therefore decided, after duly considering the present revenue of the Government Telegraph

Department, to waive the claims of the latter to a share of the receipts ; in the anticipation that any loss thereof will be more than compensated for, by the effect of the additional facilities thus given to the public.

7. With this object, and also to simplify account-keeping, to ensure uniformity of procedure, and to develop telegraphic communication, it is resolved—

- I. to extend to canal telegraphs also, the privilege of carrying telegraphic messages for the general public ;
 - II. that in future, every railway or canal, or other duly licensed telegraph office, at which a message may be tendered for despatch, shall retain the value of the message it sends, excepting such amounts as have to be again disbursed under the rules, for instance, for reply paid, post registered messages, etc. ;
 - III. that there shall be but one public telegraph message system throughout India, applicable to railway, canal or any other telegraphic system licensed to carry messages for the public ; and
 - IV. to provide for economical maintenance, the principle enunciated in Resolution, Public Works Department, Nos. 125-28-T., of the 4th March 1871, that the maintenance of Government and railway telegraphs, should be combined and vested in the Telegraph Department whenever practicable, is re-affirmed, and is now extended to canal telegraphs.
8. The accompanying set of rules, *viz.*—
- I. General Rules relating to the conduct of all Electric Telegraphs licensed under the Telegraph Act to transmit " Paid messages " for the public ;
 - II. Rules relating to the provision and maintenance of Electric Telegraphs, for the use of railways and canals,
- are therefore published, and are to come into force on 1st of January 1883.

APPENDIX 7.

*Profit or Loss on the working of the Posts and Telegraphs Department
for the years 1925-26 to 1929-30 as shown in Finance and Revenue
Accounts and as reconstructed.*

(Vide CHAPTER XIX.)



Profit or Loss on the working of the Posts and Telegraphs Department

and as

(Vide CHAP

	1925-26.		1926-27.	
	As shown in F. & R. accounts.	As re- constructed.	As shown in F. & R. Accounts.	As re- constructed.
<i>Receipts.</i>	Rs.	Rs.	Rs.	Rs.
A. Postage Message Revenue ..	8,03,22,896	8,03,22,896	8,23,98,486	8,23,98,486
B. Miscellaneous Revenue ..	2,18,14,646	2,18,14,646	2,29,05,498	2,29,05,498
Interest earned on Depreciation Fund balances.	..	37,84,233	..	32,72,584
Total Receipts ..	10,21,37,542	10,50,21,775	10,53,03,984	10,85,76,568
<i>Expenditure.</i>				
C. Direction ..	13,56,876	13,56,876	14,49,887	14,49,887
D. Accounts and Audit ..	30,37,957	30,37,957	32,39,843	32,39,843
E. Traffic Control ..	33,50,870	33,50,870	35,00,412	35,00,412
F. Engineering expenses ..	63,36,351	59,36,992	70,29,520	65,07,632
G. Pensionary Charges ..	49,89,048	45,78,908	50,02,895	47,44,749
H. Stamps, Post Cards, etc. ..	5,06,635	5,06,635	14,93,045	14,93,045
I. Stationery and Printing ..	16,52,271	16,52,271	22,03,361	22,03,361
J. Postal expenses ..	5,58,91,964	5,58,91,964	5,86,61,854	5,86,61,854
K. Telegraph Traffic ..	1,48,06,581	1,48,06,581	1,47,75,302	1,47,75,302
L. Radio expenses ..	6,99,265	6,99,265	7,82,307	7,82,307
M. Telephone expenses ..	15,74,445	15,74,445	16,12,558	16,12,558
N. Provision for depreciation ..	31,30,657	41,98,309	30,05,142	43,38,713
Total (Gross) working expenses..	9,73,32,920	9,75,91,073	10,27,56,126	10,33,09,663
O. Deduct Credits to Working ex- penses.	35,37,119	35,37,119	36,86,093	36,86,093
Net Working expenses ..	9,37,95,801	9,40,53,954	9,90,70,033	9,96,23,570
Interest on Capital Outlay ..	46,38,461	79,94,101	54,10,077	86,26,810
Interest on Accumulated Profit (—) or Loss (+) to end of previous year.	..	..	—2,01,088	—2,10,343
Total Interest ..	46,38,461	79,94,101	52,08,989	84,16,467
TOTAL EXPENDITURE ..	9,84,34,262	10,20,48,055	10,42,79,022	10,80,40,037
Net Profit (+) ..	37,03,280	38,73,720	10,24,962	5,36,531
Loss (—)				

DIX 7.

for the years 1925-26 to 1929-30 as shown in Finance and Revenue Accounts reconstructed.

TER XIX.)

1927-28.		1928-29.		1929-30.	
As shown in F. & R. Accounts.	As re- constructed.	As shown in F. & R. Accounts.	As re- constructed.	As shown in F. & R. Accounts.	As re- constructed.
Ra.	Ra.	Ra.	Ra.	Ra.	Ra.
8,47,68,326	8,47,68,326	8,59,96,182	8,59,96,182	8,81,80,492	8,81,80,492
2,35,02,720	2,35,02,720	2,43,69,126	2,43,69,126	2,47,69,141	2,47,69,141
..	33,98,601	..	37,65,830	...	44,05,432
10,82,71,046	11,16,69,647	11,03,65,308	11,41,31,138	11,29,49,633	11,73,55,065
16,09,808	16,09,808	15,16,071	15,16,071	14,13,849	14,13,849
32,51,585	32,51,585	33,98,222	33,98,222	35,12,567	35,12,567
34,65,515	34,65,515	36,61,459	36,61,459	39,18,090	39,18,090
83,69,581	72,13,482	75,09,716	71,59,023	77,60,971	74,33,367
50,03,696	49,57,520	58,32,343	52,76,165	60,34,881	55,17,689
19,78,635	19,78,635	23,36,739	23,36,739	20,46,807	20,46,807
24,81,693	24,81,693	27,29,952	27,29,952	27,32,921	27,32,921
6,19,01,248	6,19,01,248	6,57,81,666	6,57,81,666	6,85,51,440	6,85,51,440
1,52,95,289	1,52,95,289	1,54,98,945	1,54,98,945	1,55,52,268	1,55,52,268
9,91,720	9,91,720	9,77,165	9,77,165	11,02,404	11,02,404
18,25,100	18,25,100	20,23,693	20,23,693	21,80,196	21,80,196
32,75,454	45,18,390	33,47,935	46,75,079	33,63,445	48,02,794
10,94,49,324	10,94,89,985	11,46,13,906	11,50,34,179	11,81,69,839	11,87,84,892
40,96,144	40,96,144	51,30,174	51,30,174	55,53,664	55,53,664
10,53,53,180	10,53,93,841	10,94,83,732	10,99,04,005	11,26,16,175	11,32,10,728
57,87,384	88,09,592	63,84,101	93,62,864	64,04,328	93,38,184
-2,54,380	-2,37,272	-1,18,968	-1,19,003	1,73,661	1,54,149
55,33,004	85,72,320	62,65,133	92,43,861	65,77,989	94,92,233
11,08,86,184	11,39,66,161	11,57,48,865	11,91,47,866	11,91,94,164	12,27,03,061
-26,15,138	-22,96,514	-53,83,557	-50,16,728	-62,44,531	-53,47,996

APPENDIX 7—contd.

Profit or Loss on the working of the Posts and Telegraphs Department as shown in R. E. 1930-31 and B. E. 1931-32 and as reconstructed.

(Vide CHAPTER XIX.)

	R. E. 1930-31.		B. E. 1931-32.	
	As shown in R. E. 1930-31.	As reconstructed.	As shown in B. E. 1931-32.	As reconstructed.
	Rs.	Rs.	Rs.	Rs.
<i>Receipts.</i>				
A. Postage and Message Revenue	8,23,48,000	8,23,48,000	8,36,30,000	8,36,30,000
B. Miscellaneous Revenue	2,50,35,000	2,50,35,000	2,59,75,000	2,59,75,000
Interest earned on Depreciation Fund Balances ..	..	57,85,000	..	60,63,000
Total Receipts ..	10,73,83,000	11,31,68,000	10,96,05,000	11,56,68,000
<i>Expenditure.</i>				
C. Direction ..	11,93,000	11,93,000	11,45,000	11,45,000
D. Accounts and Audit ..	36,37,000	36,37,000	35,95,000	35,95,000
E. Traffic Control ..	43,26,000	43,26,000	44,95,000	44,95,000
F. Engineering Expenses ..	76,89,000	74,34,000	75,87,000	74,12,000
G. Pensionary Charges ..	62,29,000	56,85,000	64,22,000	58,01,000
H. Stamps, Post Cards, etc.	18,59,000	18,59,000	19,40,000	19,40,000
I. Stationery and Printing ..	23,32,000	23,32,000	23,82,000	23,82,000
J. Postal Expenses ..	6,87,73,000	6,87,73,000	7,05,30,000	7,05,30,000
K. Telegraph Traffic ..	1,59,09,000	1,59,09,000	1,58,57,000	1,58,57,000
L. Radio Expenses ..	11,01,000	11,01,000	11,19,000	11,19,000
M. Telegraph Expenses ..	23,11,000	23,11,000	24,61,000	24,61,000
N. Provision for depreciation ..	31,33,000	48,31,000	24,50,000	50,00,000
Working Expenses in England ..	7,59,000	7,59,000	7,53,000	7,53,000
Total (Gross) Working Expenses.	11,92,51,000	12,01,50,000	12,07,36,000	12,24,90,000
O. Deduct Credits to Working Expenses ..	58,15,000	58,15,000	57,10,000	57,10,000
Net Working Expenses ..	11,34,36,000	11,43,35,000	11,50,26,000	11,67,80,000
Interest on Capital Outlay ..	70,42,000	99,78,000	73,82,000	1,06,13,000
Interest on accumulated Profit (—) or Loss (+) to end of previous year ..	5,41,000*	4,69,000†	13,16,000*	11,86,000†
Total Interest ..	75,83,000	1,04,45,000	86,98,000	1,17,49,000
Total Expenditure ..	12,01,19,000	12,47,80,000	12,37,24,000	12,85,29,000
Net Profit (+) ..	—1,36,36,000	—1,16,12,000	—1,41,19,000	—1,29,61,000
Loss (—) ..				

*Includes abatement of Interest on Non-Commercial activities of wireless branch.

†Interest on Non-Commercial activities of wireless branch has not been deducted here but it has been separately exhibited in the Subsidiary Statement.

APPENDIX 8.

Subsidiary Statement of amounts by which the loss has to be reduced or profit increased.

(Vide CHAPTERS IX AND XIX.)

Nature of Correction.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	R. E. 1930-31.	B. E. 1931-32.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
L.—Loss from concessional rates for Foreign State Telegrams ..	71,000	71,000	71,000	71,000	71,000	71,000	71,000
II.—Loss on Inland Press Traffic ..	21,53,000	21,53,000	21,53,000	21,53,000	21,53,000	21,53,000	21,53,000
III.—Loss on non-commercial portion of the Wireless Branch ..	..	..	..	..	6,86,000	6,56,000	4,90,000
IV.—Total ..	22,24,000	22,24,000	22,24,000	22,24,000	29,10,000	28,80,000	27,14,000
V.—Add, additional Rebate in respect of Interest on IV ..	..	1,21,000	2,46,000	3,96,000	5,13,000	7,43,000	9,56,000
VI.—Total ..	22,24,000	23,45,000	24,70,000	26,20,000	34,23,000	36,23,000	36,70,000
VII.—Amount of Profit or Loss as per Appendix 7 ..	38,74,000	5,37,000	22,97,000	—50,17,000	—53,48,000	—1,16,12,000	1,28,61,000
VIII.—True commercial Profit or Loss on which rebate or surcharge should be based ..	60,98,000	28,82,000	1,73,000	—23,97,000	—19,25,000	—79,89,000	—91,91,000
IX.—If Committee's suggestion (vide paragraph 86) is accepted and interest on Depreciation Fund is allowed at the rates charged on Capital Outlay, revenue will be further increased by ..	9,75,000	14,96,000	14,77,000	15,35,000	7,93,000	..	..

Explanatory Notes.—

I.—The figures have been shown correct to the nearest thousand.

II.—The annual loss on concessional Foreign State messages has, in the absence of statistical information for all the years, been taken at an average of Rs. 71,000 for all the years (vide paragraph 182 (xii)).

III.—The loss on Press Traffic in the years prior to 1929-30 has been shown, in the absence of special calculations, at the amount estimated for 1929-30 (vide paragraph 182 (xi)).

IV.—The loss on non-commercial radios has not been worked out for years previous to 1929-30.

V.—Rebate or surcharge in respect of interest has not been calculated on item IX above.

L.M.T.&P.—900—29-8-31—GIPS

REPORT

(INTERIM)

OF

THE POSTS AND TELEGRAPH
SUB-COMMITTEE

OF

THE RETRENCHMENT ADVISORY
COMMITTEE



SIMLA
GOVERNMENT OF INDIA PRESS
1931

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PART I.
General.



सत्यमेव जयते

CHAPTER I.

INTRODUCTORY.

The Posts and Telegraphs Sub-Committee of the Retrenchment Advisory Committee was constituted by notification No. 371/Ret., dated the 17th June 1931 issued by the Government of India in the Finance Department with the following personnel :—

Sir COWASJEE JEHANGIR (Junior), K.C.I.E., O.B.E., M.L.A.

(Chairman).

The Hon'ble Mr. B. K. BASU	..	} Members.
Mr. AMAR NATH DUTT, M.L.A.	..	
Mr. MOHAMMAD YAMIN KHAN, C.I.E., M.L.A.	.. ..
Mr. F. C. ANNESLEY	.. ..
Mr. N. V. RAGHAVAN	.. ..
Mr. S. P. VARMA (Secretary).		

Terms of Reference.

2. The general terms of reference of the Sub-Committee are as follows :—

“ To make recommendations to the Committee for effecting forthwith or by stages all possible reductions in the public expenditure of the Government of India under review of the Sub-Committee, having regard especially to the present and prospective position of the revenue. In so far as questions of policy are concerned these will be left for the exclusive consideration of the Government but it will be open to the Sub-Committee to review the expenditure and to indicate the economies which can be effected if particular policies are either adopted, abandoned or modified.”

3. In addition to the general terms of reference which are common to all the Sub-Committees, the following subsidiary terms of reference were laid down for the Posts and Telegraphs Sub-Committee :—

“ 1. Review specific possible measures of retrenchment which will be placed before the Committee by Government for advice ; with particular reference in some cases to the question of the allowance, if any, to be made for the protection of vested interests in connection with the adoption of otherwise desirable measures of economy.

2. Advise on the principles which should guide Government in framing proposals for the remuneration of future entrants in the Posts and Telegraphs Department : particularly whether new entrants who are likely to be employed mainly or altogether locally should be remunerated on separate local scales of pay, as at present ; or on uniform low Circle, or All-India, basic scales *plus* variable compensatory allowances according to the special circumstances of different stations.

3. Review the policy of Government in relation to—
 - (a) the extent of the facilities offered to the public, and
 - (b) the maintenance of the Radio service.
4. Review the arrangements for exercising control over expenditure and other financial matters, both at headquarters and in the Circle offices.
5. Ascertain whether the present organisation is over-centralised and whether more economical working cannot be secured by further delegation of financial and administrative authority to subordinate officers.
6. Review the extent to which purchase and inspection of stores have been transferred to the Indian Stores Department and to which consequent savings have been or might be effected in the Posts and Telegraphs Stores."

Visits and Meetings.

4. We assembled at Bombay on the 15th July 1931 when all the members were present and continued to sit until the 29th idem, when we adjourned our sittings to reassemble at Simla. Our Chairman and Mr. Annesley with the help of the Secretary had, however, started the preliminary work of examining the various documents that were placed at our disposal by the Finance Department. The Chairman also issued a Press Communique dated the 3rd July 1931 inviting suggestions for economy and retrenchment in the Posts and Telegraphs Department from the general public. We reassembled at Simla on the 25th August 1931 when all the members, excepting the Hon'ble Mr. B. K. Basu who joined on the 15th September 1931, were present. In all we held 43 meetings.

5. During the interval between adjournment at Bombay and assembly at Simla Messrs. B. K. Basu and Amar Nath Dutt were enabled through the courtesy of the Director-General of Posts and Telegraphs to examine the working of the various offices and institutions of the Department situated in Calcutta and Burdwan; while Mr. Raghavan made similar enquiries in the office of the Postmaster General, Madras. During our stay at Bombay we were, through the courtesy of the Director-General of Posts and Telegraphs and the Postmaster General, Bombay, able to go round the Presidency Post Office, the Central Telegraph Office, the Sorting Office at Ballard Pier and the Wireless Station at Santa Cruz. Two of our members, Messrs. Annesley and Raghavan, were also deputed by us from Simla to visit the Telegraph Workshops, the Stores Yard, the Wireless Workshops and the office of the Electrical Engineer-in-Chief situated at Alipore. During their visit they were accompanied by the Chief Engineer, Posts and Telegraphs and as explained hereafter, by Mr. R. C. Frain, Superintendent, Metal and Steel Factory, Ishapore and Mr. Mathews, Superintendent, Gun and Shell Factory, Cossipore, both of which factories are under the Army Department of the Government of India. These visits to various kinds of offices and institutions enabled us to visualise and appreciate the conditions under which work has to be done in this Department to an extent which was perhaps impossible otherwise.

Evidence collected.

6. The materials required to enable us to fulfil the obligations laid upon us have been collected from various sources. The Finance Department supplied us with a report dealing with the growth of expenditure on the Posts and Telegraphs Department during the years 1924-25 to 1929-30 (Revised estimate). They also supplied us with a note on retrenchment in the Department prepared by an officer who was placed on special duty for the purpose during April and May 1931. The various suggestions made in this note were further amplified in a series of memoranda kindly prepared for us by the Director-General of Posts and Telegraphs. During our sittings at Bombay we prepared and issued two questionnaires, one addressed especially to the Director-General of Posts and Telegraphs, while the other was meant for issue to such officers of the Department as we selected for examination as witnesses. Both the Director-General and individual officers of the Department responded cordially to our request and supplied us with material which was comprehensive. Evidence, written or oral or both, was thus obtained from the following officers :—

I.—At Bombay.

(Both oral and written.)

- (1) Mr. G. V. Bewoor, I.C.S., Postmaster General, Bombay Circle.
- (2) Mr. J. N. Mukerjee, B.A., O.B.E., Postmaster General, Central Circle.
- (3) Mr. G. B. Singh, Director of Telegraph Engineering, Bombay Circle.
- (4) Mr. P. W. McKie, Chief Superintendent, Central Telegraph Office, Bombay.
- (5) Mr. W. B. Roderick, Presidency Postmaster, Bombay.
- (6) Mr. M. D'Souza, Deputy Postmaster General, Traffic, Bombay.
- (7) Lieutenant-Colonel W. A. Smith, O.B.E., Deputy Postmaster General, Bombay.
- (8) Mr. R. M. Kewalramani, Divisional Engineer, Telegraphs, Bombay.
- (9) Mr. H. S. Jassawalla, Assistant Postmaster General, Bombay.
- (10) Rao Sahib T. R. R. Iyengar, Deputy Postmaster General, Traffic, Madras.
- (11) Mr. K. L. N. Iyer, Postmaster, Ahmedabad.
- (12) Mr. G. D. Bajpai, Postmaster, Poona.

(Oral evidence only.)

- (1) Mr. S. Banerjee, Divisional Engineer, Wireless, Bombay.
- (2) Rao Bahadur G.N. Naidu, Superintendent of Post Offices (on leave).

17.—At Simla.

(Both oral and written.)

- (1) Mr. P. J. Edmunds, M.A., B.Sc., Director of Wireless.
- (2) Rai Bahadur P. N. Mukerji, M.A., M.R.A.S., Deputy Director General, Postal Services.

(Written evidence only.)

- (1) Mr. W. D. MacGregor, M.I.E.E., Chief Engineer, Posts and Telegraphs.
- (2) Mr. M. L. Pasricha, C.I.E., Officiating Chief Engineer, Posts and Telegraphs (on leave).
- (3) Mr. R. S. Purssell, O.B.E., Deputy Director General, Telegraphs.
- (4) Mr. P. N. Mitra, Controller of Telegraph Stores.
- (5) Mr. H. P. Bhaumik, B.A., A.M.I.E. (Ind.), Electrical Engineer-in-Chief.
- (6) Mr. H. Sur, B.A., Director of Posts and Telegraphs, Sind and Baluchistan Circle.
- (7) Mr. G. W. Butcher, Assistant Director General.
- (8) Rai Bahadur A. K. Mukerji, Assistant Director General.

In addition to obtaining the formal evidence of the gentlemen whose names have been mentioned we made full use of their offer to help us by discussing with them informally both at Bombay and at Simla particular matters as they arose during our enquiry. We also had the great advantage of discussing various matters of importance with Mr. T. Ryan, C.I.E., Joint Secretary to the Government of India in the Department of Industries and Labour, Sir Hubert Sams, C.I.E., Director-General of Posts and Telegraphs and other officers of the Directorate.

Evidence from Associations.

7. At the instance of the Retrenchment Advisory Committee, the Government of India in the Home Department issued a memorandum No. F. 146/3/31-Ests. dated the 13th July 1931 laying down the procedure to be followed by Service Associations in submitting their views and suggestions for the consideration of the various Sub-Committees. We received written memoranda containing various suggestions for economy and retrenchment from the following recognised associations :—

- (1) All-India and Burma Postmasters' Association, Bombay.
- (2) All-India (including Burma) Postmen and Lower Grade Staff Union, Bombay.
- (3) The Indian Telegraph Association, Ltd., Calcutta.
- (4) The All-India Telegraph Union, Calcutta.
- (5) All-India (including Burma) Postal and R. M. S. Union, Delhi.
- (6) The Association of All-India Postal and R. M. S. Inspectors and Divisional Head Clerks, India and Burma, Calcutta.
- (7) The All-India Postal and Telegraph (including R. M. S.) Administrative Offices Association, Lucknow.

Secretary's Note.—The memorandum of the Telegraph Engineers' Association was not received through the prescribed channel in time for consideration in connection with this report.

(8) The Postal Officers' Association, Calcutta.

As and when memoranda were received from the Chairman, Main Retrenchment Committee, we issued a questionnaire to each of these Associations and asked them to submit replies through the Chairman, Main Retrenchment Committee ; but to save time we authorised them to send copies direct to us. Representatives of the following Associations were also examined by us orally on the dates noted against each :—

- | | |
|---|----------------------|
| (1) All-India (including Burma) Postal and R. M. S. Union represented by seven* gentlemen | 31st August 1931. |
| (2) Indian Telegraph Association, Limited, represented by five† gentlemen | 2nd September 1931. |
| (3) All-India Telegraph Union, represented by four‡ gentlemen | 4th September 1931. |
| (4) Postal Officers' Association, represented by two§ gentlemen | 17th September 1931. |
| (5) All-India (including Burma) Postmen and Lower Grade Staff Union, represented by fourteen \|\| gentlemen | 17th September 1931. |

8. We have already mentioned that our Chairman had, in anticipation of our formal meetings, issued a Press Communiqué inviting suggestions for economy and retrenchment in the Department from members of the public. The response to this request has been most gratifying and suggestions have been forthcoming from retired employees and people in various walks of life who come in contact with the activities of the Department. Finally, the Director-General of Posts and Telegraphs very kindly placed at our disposal a summary of the various suggestions that he had received from various employees of the Department of all ranks and of all classes.

* Mr. S. C. Joshi, M.A., LL.B., President.

Mr. N. C. Sen Gupta, General Secretary.

Mr. C. C. Chatterjee, Assistant, P. M. G.'s Office, Lucknow (and also Secretary of All-India Postal and Telegraph (including R. M. S.) Administrative Offices Association.

Mr. R. C. Chatterjee, Clerk, Calcutta, G. P. O.

Mr. K. G. Kalekar, Inspector, Sorting, P. M. G.'s Office, Bombay.

Mr. A. Rahman Khan, Inspector of Post Offices, Central Circle.

Mr. D. N. Mukherji, Clerk, Calcutta G. P. O.

†Mr. F. P. Fox, President.

Mr. H. Barton, General Secretary.

Mr. G. M. DeSa.

Mr. A. A. Xavier.

Mr. Manikum Mudaliar.

‡Mr. S. Chakravarti, General Secretary.

Mr. Bannerjee, Telegraphist, Calcutta.

Mr. Sham, Telegraphist, Calcutta.

Mr. Samanand, Clerk, Telegraph office, Simla.

§Mr. Brij Bhushan Lal.

Mr. S. R. Kothavala.

|| Mr. A. H. Kirtikar, Bar.-at Law, General Secy., Bombay Presidency Union.

Mr. D. K. Tendulkar, Assistant Secretary.

Mr. Rama Nand Lal, Calcutta.

Mr. Mahabir Prasad Lal, Calcutta.

Mr. Hayat Mohmud, Lahore.

Mr. L. V. Jaskar, Poona.

Mr. Aladita, Rawalpindi.

Mr. K. G. Parab, Bombay.

Mr. Mansukh, Simla.

Mr. Nek Ram, Simla.

Mr. Sirdar Khan, Lahore.

Mr. Mohd. Saraj-ul-Haq, Lahore.

Mr. Beant Singh, Amritsar.

Mr. Gobind Singh, Lahore.

9. The mass of evidence and information that we managed to obtain in the manner described above has enabled us to view each problem and each suggestion from the most divergent standpoints.

10. We have to note that our colleague Mr. Mohamad Yamin Khan could not, due to pressure of work in the Legislative Assembly, attend our meetings after the 7th September 1931 when the session opened, except on one occasion and we regret that we were deprived of his help and advice in our later discussions.

Scope of present report.

11. This report is an *interim* report prepared as rapidly as possible in compliance with the desire of the Chairman, Retrenchment Advisory Committee; but we have tried to make it complete in respect of the subjects dealt with. It was, however, impossible to complete our investigations of some items which we would have taken up if time had permitted. To facilitate subsequent enquiries we have set out all these in Appendix I to this report.

The report is unanimous except as indicated in the minutes of dissent which are appended. It is arranged in four parts. The first part is introductory and deals with matters of general interest, and the second contains our proposals for specific economies, which can be realised most quickly. The third part deals with the important question of economies in rates of pay for future entrants while the fourth contains the several minutes of dissent and appendices.

12. The part dealing with specific economies contains recommendations for the abolition of a number of appointments. We realise that these proposals will not effect immediate retrenchments. We have not in all cases made specific proposals with regard to the manner in which the superfluous staff can be absorbed or retrenched. This question is common to all Departments of Government. We do, however, recommend that there should be no distinction between the treatment accorded to different classes of Government servants.

CHAPTER II.

POSTS AND TELEGRAPHS FINANCES.

13. The evidence that we have collected during our enquiry leads us to think that there is a considerable amount of misconception of the policy of Government in respect of the Indian Posts and Telegraphs Department. Popularly, it is regarded as a "commercial" Department, with the result that a number of analogies are drawn not all of which are applicable. To remove this misconception, we quote below the most recent declaration of the policy of the Government as made by the Hon'ble Sir Atul Chatterjee, Member in charge of the Department of Industries and Labour, in the Legislative Assembly on the 12th March 1924 :—

"I entirely agree with Mr. Neogy in considering that the Post Office should be looked upon as a public utility service. But in the same way as the Railways and any other organizations which are for the benefit of the general public and are looked upon as public utility services should at the same time pay their way, I consider that the Posts and Telegraphs Department should pay its own way; and I have the authority of my Honourable Colleague, the Finance Member, in saying that the Government do not look to the Postal and Telegraph Department as a revenue-earning Department. I hope this statement will satisfy my Honourable friend. At the same time, I wish him to understand that there is no reason whatever why the Postal and Telegraph Department, if it is properly managed, should be a burden on the tax-payer. It has to be remembered that the Government enjoy a valuable monopoly in the Postal and Telegraph Department and in my view that monopoly should be so worked as to be a source of benefit to the general tax-payer without being a burden on him".

14. In consonance with this policy, the accounts of the Department were put on a commercialized basis with effect from the 1st April 1925. The accounting system of the Department has been recently the subject of enquiry by a Committee whose report has just been published by Government. Copies of this report were made available to us and we find that the recommendations are mostly of a technical character and of only indirect interest to a Retrenchment Committee. Certain adjustments have been recommended as between the accounts of the Posts and Telegraphs Department on the one hand, and those of the other Departments of Government on the other, as a result of which the accounting deficit in the working of the Department would be reduced by about Rs. 50 lakhs per annum.

15. The report of the Posts and Telegraphs Accounts Enquiry Committee is still, we understand, under the consideration of Government; but whatever be the final decisions on the recommendations, the report makes it amply clear that the real deficit on the working of the Posts and Telegraphs Department as an integral part of the multifarious activities of Government will remain unaffected. We would also like to express at this stage our view on the point that has been made on several occasions from various quarters that one branch of the Department is working at a loss while another is working at a profit. Such opinions overlook the implications of the declaration of the policy of Government which was accepted by the representatives of the people constituting the Legislative Assembly. As we read that declaration, Government expect the Department as a whole to be self-supporting irrespective

of the results of working of individual branches. This implication moreover derives support from common experience. The results of the working of a large utility Department like the Posts and Telegraphs which provides facilities for communication of a most varied nature, must depend on a variety of factors some of which are almost beyond control. It is not unreasonable to expect that in such circumstances some times it will be one branch and some times another which will show a profit while other branches are showing a loss. For instance, we understand that in a good many countries the telegraph branch is running at a loss while the postal side has been yielding handsome profits.

16. The observations made in the previous paragraph indicate our attitude in approaching the task that has been set to us by Government. Being a Retrenchment Committee, we are not directly interested in the loss or profit on the working of individual branches of the Posts and Telegraphs Department but of the entire Department. The magnitude of this loss will be realised from the following table in which we compare the figures for receipts and expenditure of the Indian Posts and Telegraphs Department for the years 1925-26, 1929-30, and the budget estimate for 1931-32. We have selected the year 1925-26 as the basis for comparison because in the words of the Posts and Telegraphs Accounts Enquiry Committee "no attempt at a comparison of the profits or losses on the working of the Department after the commercialisation with those shown in the accounts prior to it is possible at this stage." It will be seen that the budget for 1931-32 provides for a net estimated loss of Rs. 1,41,19,000 and that the gross receipts are less than the actual out-of-pocket expenditure by Rs. 25.14 lakhs to which deficit are to be added the amounts for depreciation, pensions and interest, less the credits to working expenses received for work done for others.

(In thousands of rupees.)

	1925-26.	1929-30.	Budget estimate, 1931-32.
1. Pay of officers	49,88	52,36	52,23
2. Pay of permanent establishment	5,78,62	7,07,01	7,47,20
3. Pay of temporary establishment	4,67	6,98	4,24
4. Allowances and honoraria	54,99	70,29	69,78
5. Repairs	30,58	31,90	38,35
6. Contingencies	51,64	59,68	57,65
7. Subsidies and payments to Railway Companies, etc.	94,19	1,03,64	1,01,16
8. Stamps, postcards, etc.	5,07	20,47	19,40
9. Stationery and printing	16,52	27,32	23,82
10. Other miscellaneous expenditure	8,15	10,07	7,36
Total	8,94,31	10,88,72	11,21,19

(In thousands of rupees.)

	1925-26.	1929-30.	Budget estimate, 1931-32.
<i>Deduct</i> —Credits to working expenses ..	37,48	55,54	59,65
<i>Add</i> —Provision for depreciation ..	31,31	33,63	24,50
Provision for pensions	49,89	60,35	64,22
Interest on capital	46,38	65,78	86,98
Total expenditure ..	9,84,41	11,92,94	12,37,24
Gross receipts	10,21,38	11,29,50	10,96,05
Profit (+) or loss (—)	36,97	—63,40	—1,41,19

17. The preceding table has been given solely to convey an idea of the magnitude of the loss involved in the working of the Department but it should not be regarded as governing our attitude in dealing with the question of economy and retrenchment. As we understand our duty, we are not expected necessarily to recommend economies which will in the aggregate be sufficient to wipe out the loss but such economies and retrenchments as may be possible with due regard to all relevant considerations.

18. A close study of the table given in paragraph 16 is interesting as indicating the possible sources from which economy may be hoped for. Out of the total expenditure of nearly Rs. 13 crores provided for in the budget estimate for 1931-32, the following amounts are not susceptible of reduction :—

	Rs.
Depreciation	24,50,000
Interest on capital	86,98,000
Total ..	1,11,48,000

Out of the balance, payments in connection with the personnel of the Department account for :—

	Rs.
Pay of officers	52,23,000
Pay of permanent establishment other than officers ..	7,47,20,000
Pay of temporary establishment	4,24,000
Sub-total ..	8,03,67,000
Allowances and honoraria	69,78,000
Provision for pension	64,22,000
Total ..	9,37,67,000

Subsidies and payments to Railways or in short the charges for the transport of mails, other than by runners, and for handling telegraph traffic, account for another Rs. 1,01,16,000. The details of this amount are as follows :—

	Rs.
Interest on Railway vans set apart for use by Post Office ..	2,50,000
Special trains	3,10,000
Conversion of Railway vans	50,000
Other payments	45,32,000
Subsidies to Steamship Companies	18,52,200
Subsidies to others—voted	26,45,000
Subsidies to others—non-voted	50,000
Gratuities to Masters of ships	27,500
Subsidies to Eastern and Associated Cable Companies ..	1,05,000
Payments under the Postal arrangements with the Lords of His Majesty's Treasury—voted	2,94,000
Total ..	1,01,15,700

19. The head "Other payments" chiefly includes payments to Railways for the haulage of mail vans or carriage of mails on what is known as weighment system. The head "Subsidies to others" covers payments to outsiders for the most varied assortment of transport facilities, e.g., motor, horse, camel, mule, tum-tum, tonga, jutka, ekka, camel cart, bullock cart, cycle, trolley, and boat services, etc. It will be seen that more than half of the total amount is payable to Railways under the terms of orders issued by Government from time to time or to Steamship Companies in accordance with the terms of the contracts executed with them. These are not susceptible of any large reductions immediately. Of the amounts shown against "Subsidies to others" the bulk is spent on motor mail services in important towns and also across country. Thus out of a gross expenditure of Rs. 12,96,89,000 we are left with a balance of Rs. 1,46,58,000 corresponding to what would be regarded in an ordinary Department of Government as controllable expenditure susceptible of reduction without touching salaries or reducing establishments. This amount comprises the following items :—

	Rs.
Repairs to buildings, lines, etc.	38,35,000
Contingencies	57,85,000
Stamps	19,40,000
Stationery and printing	23,82,000
Other miscellaneous expenditure	7,36,000

20. In conjunction with this analysis it is of interest to consider the growth in gross receipts, number of employees and principal items of business transacted by the Department during the 6 years' period 1924-25 to 1929-30, shown in the following statement :—

—		1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	Percentage of increase over 1924-25.
1. Gross Revenue	Rs.	9,96,98,000	10,21,38,000	10,53,04,000	10,82,71,000	11,03,65,000	11,29,50,000	13.3
2. Strength of staff	..	120,418	122,079	124,154	125,724	129,902	131,917	9.5
3. Postal Traffic (transactions)	..	1,278,570,756	1,308,893,915	1,330,728,056	1,387,180,039	1,426,305,783	1,432,372,358	12.03
4. Paid Telegraph Traffic (messages)	..	19,842,600	18,768,178	19,022,602	19,374,034	20,241,004	19,476,184	—1.08
5. Radio Telegraph Traffic (messages)	..	19,551	21,072	23,476	25,245	26,885	26,896	37.5
6. Telephone connexions	..	14,785	15,926	17,115	20,042	19,935	21,810	47.6

CHAPTER III.

VESTED INTERESTS.

21. Our attention has been drawn pointedly, by the first paragraph of the subsidiary terms of reference, to the existence of certain provisions in the orders issued by Government from time to time under which the prospect of promotion to a certain number of appointments and to a certain extent, has been held out to some classes of Government servants. We have also been asked to advise on the question of the allowance to be made with regard to the pledges given in connection with these "vested interests" when considering the adoption of otherwise desirable measures of economy. The two cases in which this question of vested interests is particularly important are those of:—

- (1) the promotion of officers of the Superior Telegraph Engineering Branch to administrative rank, and
- (2) the promotion of Telegraphists to the posts of Telegraph Masters and other higher appointments.

Promotion of officers of the Engineering Branch to administrative rank.

22. The Government of India announced in Resolution No. 830-833, dated the 24th January 1912, issued by the Department of Commerce and Industry, their intention to examine the practicability of amalgamating the separate Departments of Posts and of Telegraphs. In paragraph 5 of that Resolution they stated that—

"The Government of India earnestly desire that, in such steps as may be taken towards the amalgamation of the two services, all possible protection should be afforded to the personal interests and prospects of the existing staff of both Departments in all grades."

They further laid down—

"that there shall be no loss of emoluments caused by any experiment in amalgamation which he (the Director-General of Posts and Telegraphs) may attempt, to any members of the staff either of the Post Office or of the Telegraph Department."

23. The effect of the amalgamation which was announced in Resolution No. 3062-3066-101, dated the 24th April 1914, by the Government of India in the Department of Commerce and Industry, was the creation of a separate organisation for dealing with the Telegraph Traffic work of the Department which had till then been entrusted along with the Engineering work to the old Telegraph Department. Paragraph 9 of this Resolution dealt with the question of superior appointments open to the officers of the old Telegraph Department and is quoted below *verbatim* :—

"* * * This scale will continue in force as long as there remain in the Department any officers now in service who would, but for the amalgamation, have risen to enjoy the rates of pay hitherto admissible to the officers now holding the 11 administrative appointments in question. Promotions to a higher rate of pay according to the scale prescribed above will be subject to the continued efficiency of the officer in question."

24. The scales of pay quoted in the Resolution of 1914 have been revised since, as stated elsewhere in this report, but the promise contained in the portion in italics of the extract from the Resolution has been fully kept in regard to the number of appointments to the administrative grade. We understand that not infrequently during the past years when it so happened that 11 officers of the Telegraph Engineering Branch were not all holding administrative appointments, pay at the administrative rate was disbursed even though some of the officers were holding appointments of inferior status. We understand that at present the following appointments of administrative rank are being held by Telegraph Engineers :—

- 1 Chief Engineer, Posts and Telegraphs.
- 3 Postmasters General.
- 5 Directors of Telegraph Engineering.
- 1 Electrical Engineer-in-Chief.
- 1 Deputy Chief Engineer, Telegraphs (temporarily held in abeyance at present).
- 1 Deputy Director General, Telegraphs.
- 1 Controller of Telegraph Stores.

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(Under the orders of the Secretary of State, the appointment of the Controller of Telegraph Stores, when held by a Telegraph Engineering officer is not counted towards the 11 guaranteed appointments.)

25. It will be seen that this promise was made only to protect the interests of the officers who were in service at the time of the amalgamation of the Postal and Telegraph Departments, and the period of continuance of this concession will be determined as soon as the last of those officers has quitted the service. We understand that of the officers eligible for this concession there is only one who is not at present holding an appointment in the administrative grade, and that he will attain the age of 55 years in 1938. We also understand that if the number of administrative appointments open to these officers continues to be 11 in the future this officer will attain administrative rank in or about 1934.

Promotion of members of the signalling establishment.

26. The other effect of the amalgamation of the Postal and Telegraph Departments carried out in 1914 was the creation of a separate organisation for Telegraph Traffic. Paragraph 4 (viii) of the amalgamation Resolution of 1914 sanctioned the creation of the following superior appointments in the Telegraph Traffic Branch :—

- (a) Deputy Director-General, Telegraph Traffic .. 1
- (b) Superior Traffic Branch, I Division 12
- (c) Superior Traffic Branch, II Division 27

The same paragraph went on to say that "to commence with 21 appointments in the Superior Traffic Branch will be filled by superior officers now serving in the Telegraph Department who would otherwise form a surplus owing to the reduction in the establishment of Directors, Superintendents, and Assistant Superintendents of Telegraphs", but that "eventually, the Telegraph Traffic Branch will consist of specially selected and trained Traffic Officers and will be recruited as far as possible from subordinates selected at any stage of their service."

27. Paragraph 11 of the same Resolution dealt with the question of recruitment to the reorganised Telegraph Branch, Engineering and Traffic. The portion dealing with recruitment to the Superior Traffic Branch is quoted *verbatim* :—

"In the case of Superior Traffic Branch the majority of the appointments will be filled, as the surplus staff of officers belonging to the present superior and upper subordinate establishments is exhausted, by the selection of specially qualified officers from the upper subordinate staff of the Department. In order, however, to guard against the possibility of a dearth of suitable officers for the highest Traffic appointments, and with a view to obtaining when necessary from other sources, including other telegraph administrations, the services of officers possessing special qualifications, the Director-General will be at liberty to make direct appointments to the Superior Traffic Branch from outside the ranks of the signalling establishment at any position in the scale which may be considered suitable."

28. The resolution of 1914 ended with the following sentence :—

"Finally, the scheme not only assures adequate protection of their prospects to all Telegraph officers now in service, but it also offers them a more congenial range of duties, while affording, for the first time, to competent subordinates a prospect of advancement to well-paid appointments."

29. The question of the promotion of subordinates to the Superior Traffic Branch was again examined by Government in connection with the Report of the Islington Commission. The orders of Government on the relevant recommendation of the Commission are contained in Commerce Department Resolution No. 2956, dated the 11th June 1920. Paragraph 7 of this Resolution which dealt with the recruitment to the Superior Traffic Branch is quoted *in extenso* :—

"They (the Government of India) are also unable to agree to the wide departure from the existing practice of appointment by selection from the subordinate ranks which is involved in the recommendation that, as soon as existing officers of the old Telegraph Department have been provided for, it should be obligatory on the Director-General to fill one-fourth of the vacancies in the Telegraph (Traffic) Branch by direct recruitment. In the opinion of the Government of India, direct recruitment to this Branch should be limited to exceptional cases of the kind referred to in paragraph 4 of this Resolution."

30. Another aspect of the same case came under the examination of the Telegraph Committee of 1921 presided over by Rao Bahadur T. Rangachariar, M.L.A. Dealing with the question of the manner of filling the additional appointments in the executive grade of the Superior Telegraph Engineering Branch that had recently been sanctioned by the Secretary of State, the Committee expressed the following opinion : [Report, page 29, item (r)]—

“ The Committee consider that the transfer of Engineering officers now employed on the Traffic side back to the Engineering side in the vacancies which have now occurred is eminently desirable as the men in the Traffic Branch have not had a chance of being promoted to the 1st Division of that Branch for over 7 years and they also consider that the proposal to transfer 5 of these Engineering officers back to the Engineering side is the utmost that in the circumstances can be done at present, and recommend the adoption of those proposals in their entirety ”.

31. Next came the Posts and Telegraphs Department Committee, 1924-25 (“ The Ryan Committee ”), which was appointed “ to investigate possible methods of economy in the Posts and Telegraphs Department not entailing any general revision of pay ” (Report, page 1, paragraph 1). With respect to the Telegraph Traffic Branch of the Department the Committee recommended *inter alia* the following measures of economy :—

- (a) Further conversion of the smaller departmental telegraph offices into combined post and telegraph offices, there being no reason to doubt that the telegraph service rendered by combined offices was reasonably efficient and reliable ; departmental telegraph offices to be retained only where the traffic was of such bulk and complexity that it could not be dealt with efficiently by the postal staff. (*Ibid*, pages 37—40, paragraphs 89—97) ;
- (b) Adoption of a more reasonable standard for calculating the strength of the operative staff of Telegraphists. [*Ibid*, page 48, paragraph 121 and page 67, paragraph 171 (*h*)] ; and
- (c) Raising of the ratio which Station Service Telegraphists bear to General Service Telegraphists from one-fifth to one-half. (*Ibid*, page 44, paragraph 110).

32. These proposals evoked a storm of protests from the Indian Telegraph Association, which demanded the suspension of action on the recommendations pending the appointment of a further committee, on which the Association should be represented, to re-examine them (paragraph 1, of the letter cited below).

Thereupon the Government of India in letter No. P.-1, Camp, dated the 11th November 1925, from the Secretary, Department of Industries and Labour, to the Director-General of Posts and Telegraphs, made an important pronouncement of policy which merits full quotation, all the more since the Government of India ordered that their letter should be communicated to all

branches and members of the Indian Telegraph Association and other members of the telegraph staff—

“ Though, owing to the prominence which has been given to this matter, I have been instructed to state so fully the reasons for the decision of the Government of India, I am to observe that they recognise no right on the part of the Indian Telegraph Association to be consulted by them, or to tender advice to them, on the policy they may deem fit to adopt for the organisation of the telegraph service in India, except in so far as it affects the interests of existing members of the Association. The Government of India would have attached more importance to the representations of the Association against the conversion of departmental into combined offices had it been able to contend with a show of reason that the pay or prospects of its members would in any way be affected by the continuance of the policy of conversion. It has not done so. On the contrary a specific assurance was given to the Association last July (1925) by the Honourable Member in charge of the Department of Industries and Labour, and more recently by the Director-General of Posts and Telegraphs, that the pay and prospects of existing members of the telegraph staff would not be adversely affected by this or the other recommendations of the Departmental Committee against which the Association have protested. I am to repeat this assurance, and to explain, so that there may be no misunderstanding, that it is not, and has never been, the intention of the Government of India to accelerate the pace of conversion by discharging departmental Telegraphists. It is, as you are aware, solely for this reason, and to avoid hardship to departmental Telegraphists who would otherwise be displaced that they are not proceeding as rapidly as they could wish this year (1925) with the conversion of departmental into combined offices. They propose, however, steadily to pursue the policy of conversion by adjusting future recruitment, and they hope thereby to obtain valuable economies, resulting from the substitution of a less highly paid for a more highly paid class of signallers, which without loss of efficiency may ultimately assist them in reducing telegraphic charges ”.

33. It will be seen that a pledge was given only “ that the pay and prospects of existing members of the telegraph staff would not be adversely affected by the recommendations of the Departmental Committee ”, that is to say, this particular Committee of 1924-25. Accordingly, the pledge would not be applicable and effective in respect of other proposals. On the other hand, it may be argued that the Government of India apparently recognise the right of the Indian Telegraph Association to be consulted by them on the policy they may deem fit to adopt for the organisation of the telegraph service in India “ in so far as it affects the interests of existing members of the Association.” It will be informative, therefore, in this connection to quote further from the same letter No. P-1-Camp, of the

11th November 1925, the remarks of Government on the attitude then adopted by the Indian Telegraph Association :—

“ 10. The Government of India would have been glad to have left the matter at a reply to the definite request of the Indian Telegraph Association ; but the tone of the Association's communications, and the action that the Association have seen fit to take in support of their representations do not permit them to do so. I am to recite the following facts :—

“(i) In the representation of October 19th from the headquarters branch of the Association in Calcutta, and from a number of other branches, a demand was made for a reply within three days, accompanied by a threat that, if it was not received, the Association could not guarantee the continuance of co-operation by the staff in the measures protested against.

“(ii) On the 24th October after they had been informed that their representations were being considered by the Government of India, the executive of the Association in Calcutta attempted to enlist outside support by addressing a circular letter to all Chambers of Commerce and Trades Associations.

“(iii) On the 5th November, the Association at a meeting in Calcutta passed a Resolution that no co-operation should be given in carrying out the recommendations of the Departmental Committee.

“(iv) The Government of India are further in possession of definite proof that the executive of the Association in Calcutta have obtained access to telegraphic communications between you (Director-General) and a Postmaster-General, and have utilised those communications for the purpose of their present agitation.

“ 11. The Indian Telegraph Association is a service Association ; and the attitude of insubordination which these incidents reveal, would fully justify the Government of India in withdrawing recognition from it. They have considered very carefully whether they ought not to do so. They observe, however, that many of the branches of the Association have couched their representations in reasonable terms and in particular have not threatened non-co-operation if their demands are not met ; and they are not therefore convinced that the attitude and actions of the executive of the Association and its head-quarters branch have the general support, or even the support of a majority, of the members of the Association. For this reason, and because, if it confines itself to its legitimate functions and exercises them with the restraint required of a body consisting of service members, the Government of India welcome the existence of a properly organised Association representative of the interests of numerous employees of the State, they have decided not to withdraw recognition ”.

34. The promise of protection from loss of prospects given to the Superior Telegraph Engineering officers in 1914 has been fully implemented throughout these 17 years. Similarly, in the Superior Traffic Branch, First Division,

there are at present 14 appointments as against the 12 sanctioned in 1914 and all these appointments are at present being held by officers of the Traffic Branch, as distinguished from Engineering Officers lent to Traffic Branch although not in a permanent capacity. In the Superior Traffic Branch, Second Division, there are now 35 appointments as against the 27 sanctioned in 1914, and all are now filled by officers promoted from amongst Traffic subordinates, gazetted and non-gazetted. In effect, therefore, the prospects of promotion opened out in 1914 to the subordinates of the Telegraph Department have been maintained throughout these years.

35. Having recounted the history of the theory of "vested interests" in relation to the Engineering and Traffic Branches, respectively, we now proceed to offer our own views and remarks. We start by drawing attention to the fact that in our view, the difference between promises and assurances such as those described in the preceding paragraphs of this Chapter, and the rules and conditions attaching to Government service in general is only one of degree. We believe that we will not be contradicted in the statement that one of the chief attractions of service under the State is its greater permanency and freedom from loss of employment or reduction in pay except of course as a measure of disciplinary action which may in extreme cases amount to discharge or dismissal from service. Our view in this matter is reinforced by the consideration that one of the results of the constitutional changes effected by the Government of India Act of 1919 has been to give a statutory character to a great number of rules regulating the rates of pay and allowances, pensions, and other conditions of service.

36. So far as there are legal implications either in the general body of rules applicable to Government service, or in the assurances that may have been given to any class of employees, we feel that as a Retrenchment Committee we are not in a position to offer any useful advice to Government. Leaving aside, therefore, the legal aspects of the case, we consider that all assurances and pledges whatever their form, cannot escape being affected, modified or even withdrawn owing to a change in the circumstances prevailing at the time they were given. For instance, the work for which the appointments were created may undergo such changes as to render the continued existence of those appointments unnecessary. The existing rules explicitly provide for such a contingency and authorize Government to abolish the appointments by granting their incumbents suitable compensation. As a concrete instance, we would quote the recent dissolution of the Indo-European Telegraph Department of the Government of India. We think, therefore, that no greater regard can be paid to the existence of these "vested interests" at the present time than it would be at any other, and that if it is found that the only difficulty in carrying out otherwise desirable measures of economy is the existence of these pledges, considerations of economy and good administration require that the "vested interests" must give way. In order to soften the hardship to particular officers or class of officers it may be considered necessary or desirable to offer them some compensation for the loss of career and prospects but what the amount of such compensation should be is not a matter that in our opinion can be dealt with by our Committee.

PART II.

Immediate Economies.

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CHAPTER IV.

GENERAL REMARKS AND CONSIDERATIONS.

37. In view of the imperative need for economy and in accordance with the instructions of the Main Retrenchment Advisory Committee, we devoted at the outset our attention to the examination of such economies as are capable of being realised most quickly, without touching the pay and allowances of employees of various classes. The necessity for this course is obvious and was emphasised to us by the representatives of various Associations who appeared before us for oral evidence. We would like, however, to enter a caution to the effect that all proposals for economy must be explored and effected if suitable, side by side and that there can be no question of deferring retrenchment affecting personnel until after other proposals have been tried and found insufficient.

38. While we recognise the necessity for exploring all possibilities of reducing expenditure without touching the pay and allowances of employees, we would before indicating the results of our enquiry draw attention to the fact that in the working budget of the Posts and Telegraphs Department the expenditure on salaries and allowances constitutes a very large item, amounting to Rs. 8,73,00,000 per annum. The economies that we include in this part of our report can be broadly classified as being of two classes *viz.*, (a) reduction of contingent and other controllable expenditure and (b) abolition of appointments which are no longer necessary for the efficient performance of the work of the Department. In dealing with the proposals falling into either class, our general attitude has been the same as that described in paragraph 17. We have taken care not to make proposals simply for the sake of procuring economies but have paid due consideration to the actual requirements of the public and of the Department.

39. As an introduction to the proposals that we have to make in this behalf, we should like to note with appreciation the results of the efforts which the Department has been making to economise in its expenditure during the last few months. We understand that the Department has surrendered from its budget grant for the year, an aggregate amount of Rs. 10 lakhs distributed under various heads, as shown below :—

					In thousands of rupees.
(1) Travelling allowances	..	..	..	..	1,82
(2) Temporary establishment	..	..	..	..	10
(3) Repairs to buildings	—	—	..	..	58
(4) Repairs to lines	..	..	..	..	1,57
(5) Repairs to apparatus and plant	..	..	..	..	5
(6) Purchase and repair of furniture	—	—	..	..	25
(7) Purchase of mail bags	—	—	..	..	26

(8) Extra despatches	26
(9) Maintenance of gardens	41
(10) Liveries and uniforms	75
(11) Fixed establishment	25
(12) Stationery and printing	2,17
(13) Allowance to learners of telegraphy	30
(14) Stores and workshop expenditure	1,00
(15) Other contingencies	23
Total	10,00

Some of these items have also been examined by us and our remarks thereon will be found in their proper places in this report.



CHAPTER V.

ECONOMIES INVOLVING SACRIFICES FROM THE PUBLIC.

A. —Curtailement of ordinary mail deliveries.

40. It was suggested to us from various quarters that at some places the number of daily deliveries of mails is in excess of the requirements of the situation and could be curtailed with resulting economy without encroaching upon the convenience of the public. We discussed the matter in great detail with various witnesses competent to advise us and also obtained a detailed statement of the numbers and hours of deliveries in respect of the more important post offices in India. Our examination of this statement which is reproduced as Appendix II has convinced us that the suggestions are in some cases well founded. Calcutta provides the most noticeable instance as there are 10 deliveries during the course of the day at 7, 8, 9, 10, 11-30, 12, 13, 15-30, 17 and 19 hours. Similarly, Alipur has seven deliveries while Howrah, Bombay, Rangoon, Madras and Benares City have five each. We are convinced that such a large number of deliveries is not necessary. In our opinion there should not be more than four deliveries in a working day. In important places like Calcutta, Bombay, Rangoon, Cawnpore, Lahore, etc., the number may, however, be increased to five in the day, provided no extra expenditure is involved.

41. It is difficult to estimate, during the time available to us, the savings that will accrue from this suggestion ; but we have reason to believe that they will not be negligible. For instance, the saving in Calcutta alone will be Rs. 35,000.

B.—Curtailement of special foreign mail deliveries.

42. We understand that up to 1930 special deliveries of the inward foreign mails were made from 131 post offices in the whole of India and Burma, 70 of which were made on payment of over-time to the staff concerned. As a result of a review carried out by the Director General in 1930, special deliveries were abolished in respect of 23 offices, 5 of which were such as involved the payment of over-time. At present there are 108 post offices which make special deliveries and of these 65 involve over-time expenditure to the extent of a lakh of rupees a year.

43. We have considered the feasibility of economising on this expenditure and have given due weight to the convenience afforded to the public at large and to the commercial community by the present arrangements. We have come to the conclusion that the circumstances of the case do not justify the expenditure involved. We would recall that the outward Indian mail to England reaches London generally on Saturdays, but is not sent out for delivery until the following Monday. Moreover, the institution of the Air Mail and the introduction of cheap rate telegrams has provided quick means of communication between India and the various foreign countries at very reasonable rates. There is therefore not the same urgency for the delivery of the inward mails as used to be the case a few years ago. We recommend therefore that all special deliveries of the foreign mails should be stopped forthwith and that such delivery should be made along with the first succeeding delivery of the inland mail. If necessary, the delivery of the packet mail may be delayed still further so that it may be

made without incurring any extra expenditure. As a result almost the entire amount spent at present in effecting special deliveries can be saved.

44. Closely connected with this question of special deliveries is the expenditure on sorting at Ballard Pier. The annual expenditure on this account is Rs. 1,22,000. In view of its importance we visited the Ballard Pier Sorting Office while the mails were being sorted. After full consideration, we have come to the conclusion that the over-time expenditure on this work is not only justified but necessary in the interest not of the citizens of a particular station but of the public throughout India and Burma and is also the most economical way of dealing with the mails. We recommend therefore that the present arrangements for sorting, in force at Ballard Pier, should be continued but that efforts should be made to keep the expenditure to a minimum by reducing the rates at which over-time is paid and other contingent expenditure.

C.—Curtailment of special bags for high officials.

45. In this connection we would draw attention to the arrangement by which inward foreign correspondence for certain high officials, not addressed to a post town, receives special treatment at Ballard Pier. Such correspondence is received in Bombay every week by the inward mail steamer in bags marked "India unsorted". Correspondence for high officials of Government included in these bags is sorted out and closed in special bags for the officers concerned, and these bags are forwarded to their headquarters in the absence of any instructions to the contrary. We understand that formerly a large number of officers received this privileged treatment but, on the recommendations of the Posts and Telegraphs Departmental Committee 1924-25, their number was greatly reduced. As a result of a further review in 1929 it was decided that the concession should be restricted to the following officers :—

- (1) His Excellency the Viceroy, (2) His Excellency the Commander-in-Chief, (3) Members of the Viceroy's Executive Council, (4) Governors of Provinces, (5) Heads of minor administrations, (6) Agents to the Governor General and Residents in Indian States, (7) Officers to His Excellency the Viceroy, (8) Military Accountant General, (9) Financial Adviser, Military Finance, (10) Director, Intelligence Bureau, (11) Director General, Indian Medical Service, (12) Chief Commissioner, Railways, (13) Members, Railway Board, (14) Financial Commissioner, Railways and (15) Director-General of Posts and Telegraphs.

46. We have given this matter our careful consideration and are of the opinion that the list of officers is susceptible to further reduction and that the concession should be rigidly restricted to the highest officials such as His Excellency the Viceroy, His Excellency the Commander-in-Chief, Governors of Provinces, Officers to His Excellency the Viceroy. We would also allow the arrangement being continued for the Director-General of Posts and Telegraphs because we understand that foreign postal administrations address a number of communications to the Director-General without giving the post town and it is of importance for the efficiency of the Department that such communications should receive attention with the utmost promptitude. It has been stated to us

that the reduction of the list will not result in any economy but will help in reducing the dead weight of the work that has to be done. Such a result is not undesirable in itself and we would further point out that this work has of necessity to be done at high pressure by the staff engaged on payment of over-time in the special weekly sorting on the arrival of the inward mail steamers at Bombay.

D.—Curtailement of postal special trains.

47. At present there are two special trains run under special arrangements between the Department and the Railways for the carriage of foreign mails. The total cost provided for this item in the budget for 1931-32 is Rs. 3,10,000. Of this amount Rs. 77,740 is spent on the Bombay-Madras special train which is run once a fortnight. The bulk of this cost is, however, recovered in the shape of territorial transit charges from various postal administrations situated to the East of India whose mails are also carried by this train. The Director-General has worked out certain revisions in the arrangement by which the net cost is expected to be reduced by about Rs. 10,000 per annum.

48. The second and the more important train is the Imperial Indian Mail which runs once a week between Calcutta and Bombay and Bombay and Calcutta *via* the East Indian and G. I. P. Railways. On the down journey it touches important junctions like Bhusaval, Itarsi, Jubbulpore, Cheoki, Moghulsarai, Patna, Kiul and Asansol. On the up journey, however, it takes the Grand Chord line of the East Indian Railway from Asansol to Moghulsarai when it comes on to the main line again. The rake includes three bogie mail vans the charge for which, if they were attached to ordinary mail or passenger trains, would be Rs. 1-2-0 per mile, for each of the up and down trains. Actually the Department has to pay Rs. 1-8-0 per mile hauled. It has been stated to us that the normal charge for postal specials is Rs. 2 per mile. But in this case it has been reduced to Rs. 1-8-0 in consideration of the facts that the accommodation available to the Posts and Telegraphs Department is restricted to three bogie vans and that Railways can attach ordinary coaches for the accommodation of passengers from whom they recover the ordinary first class fare plus an extra charge of Rs. 25-8-0.

49. The average annual expenditure incurred by the Department in connection with this train is Rs. 2,16,000. The Department has examined in great detail the possibilities of reducing the expenditure in connection with this train and the results of the investigation were reported to us. If it were to be assumed that the total mails to be carried between Bombay and Calcutta can be divided into two portions so that two bogie loads are carried by the Bengal Nagpur Railway and one by the East Indian Railway and further that the railways in question will be in a position to carry the extra loads on their mail trains only once a week, a saving of about Rs. 51,000 per annum may be achieved. We are assured, however, that the railways concerned will find it impossible to carry these extra loads except perhaps in the slack season. Apart from this we find that the adoption of the alternative would involve the Department and the entire public served by the Indian Posts and Telegraphs Department in the greater part of India and Burma in very great inconvenience. It will upset all the timings for the posting and delivery of foreign mails as well as the timings of

the steamer mail service between Calcutta and Rangoon. The arrangements that will have to be made may also conceivably involve a certain amount of extra expenditure which will reduce in part the saving of Rs. 51,000 mentioned earlier. We have therefore come to the conclusion that the economy would be dearly purchased.

50. We understand, however, that the Posts and Telegraphs Department propose to examine, in consultation with the Railway Board, whether the charge to the Department for the haulage for this train cannot be reduced to Rs. 1-2-0 per mile, that being the amount chargeable at the standard rate of six annas per bogie vehicle per mile hauled by ordinary trains. This possibility should be fully explored.

E. Closing of unremunerative offices.

51. During the years 1924 to 1929 the Posts and Telegraphs Department followed an intensive policy of extending postal facilities, by the opening of new post offices chiefly in rural areas as will be seen from the sub-joined table.

31st March of year. 1	Total number of post offices, permanent and experimental. 2	Increase or decrease on corresponding date of previous year. 3	Number of experimental post offices. 4	Remarks. 5
1924.. ..	19,619	—237	128	Intensive policy of extending postal facilities.
1925.. ..	20,333	714	692	
1926.. ..	20,836	503	739	
1927.. ..	21,699	863	973	
1928.. ..	22,885	1,186	1,288	
1929.. ..	24,137	1,252	1,117	
1930.. ..	24,146	9	258	Abatement of such extension.
1931.. ..	24,291	145	106	

During the last two years, however, due to increasing financial depression the process has suffered abatement; while for the current financial year no funds whatsoever have been allotted for the opening of fresh experimental post offices.

52. In order to control the expenditure on new post offices the Department maintains a very careful watch by means of special returns on the business done in the new post offices as well as on the reduction in the business of the older offices in the neighbourhood. These returns indicate whether the business attracted is sufficient to cover the expenditure involved, and if it is found that this is not the case the office is liable to be closed except under certain conditions. Until December 1930, under orders of the Government of India,

any office the working of which showed a loss exceeding Rs. 500 per annum had to be closed down. As a result of the financial stringency this limit was reduced to Rs. 120 per annum from the date mentioned. From our enquiries we understand that there are considerable difficulties in the way of giving immediate and complete effect to these orders as local Governments and Indian States sometimes take up the attitude that a decision should not be based on the financial results of any particular post office but only on those of a group of post offices.

53. The following table gives particulars of unremunerative post offices in the month of August 1931 :—

	Number.	Monthly income.	Monthly cost.	Monthly loss.	Annual contributions.
		Rs.	Rs.	Rs.	Rs.
(a) Temporarily unremunerative in <i>British India</i> ..	1,270	79,425	1,16,493	37,068	316
(b) Definitely and permanently unremunerative in <i>British India</i> ..	1,059	62,508	1,14,347	51,839	12,779
(c) Temporarily unremunerative in <i>Indian States</i> ..	334	21,686	29,828	8,142	352
(d) Definitely and permanently unremunerative in <i>Indian States</i> ..	376	17,634	30,544	12,910	4,768
Total	3,039	1,81,253	2,91,812	1,09,959	18,215*

Net annual loss = Rs. $(1,09,959 \times 12)$ —18,215=13,01,293.

It will be seen that the existence of these offices involves the Department in a net annual loss of about Rs. 13 lakhs.

54. The time that has elapsed since Government issued their orders reducing the minimum limit has been so short that their effect has not been fully realised. We do not desire therefore to make any further recommendations. Moreover in view of the difficulties and complications alluded to and of other considerations such as public convenience it is not possible to contemplate a ruthless closing down of all these offices. It is also not unlikely that as a result of the various economies that we expect will be achieved, either on the initiative of the Department itself or on our recommendations, the loss incurred at present may be reduced considerably and that some offices which are regarded at present as unremunerative may cease to deserve that qualification. Taking all these facts into consideration we are of the opinion that the orders of December 1930 fixing the permissible limit of loss on the working of post offices at Rs. 120 lay down a fair and reasonable basis for controlling the extension of and for retaining postal facilities. In our opinion these orders should be given effect to wherever possible, due regard being paid to other relevant considerations. From the nature of the case it is not possible for us or for the Department to make any estimate of the saving that may accrue by the closing down of offices which continue to be unremunerative after retrenchment has been effected.

CHAPTER VI.

ECONOMIES IN CONTINGENT AND OTHER EXPENDITURE.

A.—Stationery and printing.

—	1925-26.	1929-30.	Budget Estimate 1931-32.
Stationery	Rs. 3,04,564	Rs. 3,49,475	Rs. 1,90,000
Printing—			
Departmental presses	7,950	7,856	8,000
Government of India presses and others	13,39,757	23,75,590	21,84,000
Total	16,52,271	27,32,921	23,82,000

55. The budget provision for 1931-32 under this head is Rs. 23,82,000, out of which Rs. 1,90,000 is meant for issue of stationery properly so called while the rest is required to meet the cost of printing books and forms inclusive of the cost of paper, binding material, etc. The Department has got no large press of its own and the total annual expenditure on the two small presses, one at Calcutta and the other at Bombay, is only Rs. 8,000. It draws all its supply of stationery and paper from and gets all its printing work done by the Department of Stationery and Printing of the Government of India. Any economies that may be effected in the Stationery and Printing Department the expenditure of which is being scrutinised by another Sub-Committee would therefore be reflected in the budget of the Posts and Telegraphs Department. Nevertheless we are of opinion that the Posts and Telegraphs Department too on its side can help in the matter by restricting its demands as far as possible. We have already mentioned that the Director-General has issued orders by which he expects to secure an economy of Rs. 19,000 per annum in the charge for stationery and also for the curtailment of indents for forms. As will be seen from the figures given earlier, the bulk of the expenditure is incurred on the printing of forms, etc., some of which are meant for use by the Department's clientele. We understand that there is at present a great wastage of such forms as, money orders, telegrams, etc., and that the Department has to allow a percentage of as much as 25 for the wastage of forms used by the public.

56. We have the following suggestions to make for reducing the expenditure on printing and forms :—

- (a) As proposed by the Director-General of Posts and Telegraphs the percentage for wastage of forms used by the public should be reduced from 25 to 10. When this has been effected it should be seen whether it cannot be reduced still further.
- (b) A departmental enquiry should be instituted with a view to abolishing unnecessary forms that may be in use and for standardising the size of such as have to be retained.

- (c) The number of copies of periodical publications should be curtailed so as to reduce to the absolute minimum the number that may remain unutilized or unsold by the time the next issue is due.
- (d) There are at present several publications the contents of which over-lap ; such as the Posts and Telegraphs Guide, the Quarterly List of Indian Post Office, Classified list of Indian Post Offices, a list of Indian Posts and Telegraphs offices. All contain lists of various offices arranged to suit various purposes. We are of opinion that some, if not a good many, of these could be dispensed with without any inconvenience.
- (e) We are of opinion that some economy may be effected in producing the annual report by reducing the number of photographs of the past officers of the Department.

57. As mentioned earlier the Department has surrendered Rs. 2,17,000 out of its grant of Rs. 23,82,000 for stationery and printing for the current year. We consider that this saving of nearly 10% should be maintained.

B.—Maintenance of telegraph lines.

58. The following figures give the expenditure on the repair and maintenance of telegraph and telephone lines of the Department.

	1925-26.	1929-30.	Budget estimate 1931-32.
	Rs.	Rs.	Rs.
Telegraph lines	10,48,000	11,10,000	12,40,000
Local Telephone lines	1,31,000	2,94,000	3,64,000
Total	11,80,000	14,04,000	16,04,000

59. We understand that at present the annual budget grant for this purpose is calculated at a rate per mile of wire or line to be maintained, the rate varying from circle to circle and division to division according to geographical and climatic conditions. It is understood that the grant for ordinary maintenance covers a certain amount of expenditure on the regular overhauling of all the lines every year.

60. It is now proposed by the Posts and Telegraphs Department that in future the repair and maintenance of lines should be carried out in accordance with the following plan :—

- (i) Annual maintenance (systematic repair and overhaul) of lines and wires should be carried out only on certain main lines which, after careful consideration, it may be decided, must be repaired annually in the interests of satisfactory working.
- (ii) Maintenance of all other lines to be carried out every two or three years instead of annually as at present.
- (iii) To prevent petty faults from developing into very serious ones, Linemen and Sub-inspectors should carry out petty repairs during

their periodical patrols ; while special repairs of damages done by storms, floods, etc., should be carried out as soon as occasion arises.

61. The question has been the subject of independent enquiry by us and we are convinced that the proposal is well worth a trial. The results of the experiment should be carefully watched and if it proves a success the arrangement should be made permanent. It has been reported to us that the savings from this proposal may be estimated at Rs. 1 lakh a year. In this connection we would also suggest that advantage should be taken of the enquiries that will be necessary before the experiment is launched to see whether the flat rates per mile of wire, which will be granted for the lines to be repaired annually, biennially or triennially as the case may be, cannot be reduced so that further savings can be secured.

C.—Liveries and uniforms.

62. We understand that a comprehensive scheme for the supply of liveries and uniforms and water proof garments to certain classes of employees of the Posts and Telegraphs Department was sanctioned by Government in 1928, but the effect was being given to it only gradually so that certain orders remained uncomplied with by the beginning of the current financial year. We have already mentioned in a previous paragraph that the Director-General has issued orders stopping the issue of uniforms during this year subject to certain exceptions. In view of the large amount spent by the Department on clothing its employees, the matter has received our careful attention.

Generally speaking we are of opinion that the class of employees entitled to the issue of uniforms are such as, in the interest of the Department, should be properly clad. As the same time our enquiries convince us that a certain amount of reduction is possible in this expenditure. For instance under the existing rules warm clothing is supplied at the stations coming under the following categories :—

- (a) Stations in the plains in the Sind and Baluchistan, Punjab and N. W. F. P., United Provinces, Central and the Bengal and Assam Circles.
- (b) All stations in the plains in the Bombay, Burma and Bihar and Orissa Circles north of the 22nd degree of latitude, a hill station meaning a station situated at an altitude not below 4,000 ft. above the sea level.

63. The Director-General who has been investigating the matter has proposed tentatively certain changes in the rules for the supply of uniforms, etc., and made them available for our perusal. On examination we have come to the conclusion that the changes should be given a trial and that in our opinion some economy will be achieved without inflicting any real hardship on the staff.

64. We have also had an opportunity for examining samples of the various kinds of material used for making the uniforms and the procedure at present followed in purchasing the material and preparing, stocking and issuing the garments. We are satisfied that the arrangements are generally satisfactory and that no economy can be secured by using cheaper material.

In this connection we attach as Appendix III, a statement showing the cost per set of various kinds of liveries and uniforms.

D.—*Training expenditure.*

65. The Posts and Telegraphs Department trains its entire signalling establishment, consisting of postal signallers in combined post and telegraph offices, and incurs a considerable amount of expenditure on this account. For instance, the budget estimates for 1931-32 originally provided Rs. 60,000 for allowances to postal signallers under training, although it has since been reduced as mentioned in para. 39. Similarly, men intended for employment as telegraphists are recruited on the results of a competitive examination either from the open market or from amongst departmental employees. These are then attached either to departmental telegraph offices or to special training classes where they undergo training for a period of 12 months. During this period of training they are paid a monthly allowance of Rs. 30. In addition to the allowances paid to telegraphists and signallers under training, expenditure is also incurred in travelling allowances and in providing instructors, buildings and necessary apparatus.

66. We have received evidence which tends to show that there are now in various parts of the country certain private institutions where people can learn telegraphy up to the standard required of postal signallers. We consider that advantage should be taken by the Department of this increase in educational facilities for reducing its expenditure on training and that some retrenchment in the cost of training postal signallers will be rendered possible in this way. The following scheme is accordingly proposed for the consideration of Government :—

When recruiting clerks for the Upper Division, as suggested elsewhere in this report, a certain number of appointments should be set apart to be filled up by candidates who, in addition to the other qualifications required for appointment to the Upper Division, will be prepared to undergo training in telegraphy at their own cost in some private institution. The training should be taken at institutions which are specifically recognised by Government for the purpose and the candidates must be required to qualify up to the standard demanded of a postal signaller according to departmental rules and regulations. We believe that ultimately the entire cost of training postal signallers will be saved. It must be noted that for such clerks we have recommended an extra pay of rupees five to be given while employed as signallers.

E.—*Abolition of Aligarh Workshops.*

67. The Posts and Telegraphs Department has a small workshop at Aligarh which is engaged in the manufacture of locks, badges and letter boxes, etc. The institution is a very small affair and the total capital sunk in the equipment, which consists chiefly of the nature of loose tools, does not exceed Rs. 50,000. The value of the tools is not, on account of its insignificance,

included in the capital account of the Department. The expenses of the Workshops during 1925-26, 1929-30 and 1931-32 (budget estimate) are as shown below :—

				1925-26.	1929-30.	1931-32. (Budget estimate).
				Ra.	Ra.	Ra.
Pay* of officers	..	..	..	3,095	2,305	3,000
Establishments	..	..	..	19,196	20,016	17,700
Allowances	..	..	..	360	39	100
Contingencies	..	..	..	3,009	4,259	4,600

*The Superintendent of Government of India Press, Aligarh, is also Superintendent of Postal Workshops and a part of his pay is contributed by the Posts and Telegraphs Department.

68. The Posts and Telegraphs Department has decided to abolish the Workshops with effect from 1st January 1932 and to obtain all articles, excepting post office stamps and seals, which were manufactured in this Workshop through the Indian Stores Department. It is understood that the post office stamps and seals will continue to be manufactured at Aligarh under the supervision of the Superintendent, Government of India Press. We approve of this decision. We suggest that steps should be taken to dispose of the departmental building, if any, which was used for housing the Workshops. The abolition of the Workshops will lead to a saving of Rs. 30,000 a year.

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CHAPTER VII.

SPECIAL PAY AND ALLOWANCES.

A.—*Travelling allowances.*

69. The expenditure on travelling allowances is as follows :—

1925-26.	1929-30.	Budget estimate, 1930-31.
Rs.	Rs.	Rs.
17,70,430	23,82,181	21,54,750

The large increase in travelling allowances depicted by the figures given above has been due, we understand, partly to the fact that railways have withdrawn passes from a large number of departmental officers to whom such passes used to be issued in the past. Even so the figures show a large increase of expenditure under this head.

70. Travelling allowances are paid to all classes of officials chiefly on two occasions (i) for journeys on tour and (ii) for journeys on account of transfer. We understand that the revision of the existing travelling allowance rules is already receiving the attention of Government and we have therefore no remarks to offer on this aspect of the matter. We would, however, draw attention to the fact that comparatively heavy expenditure is incurred on the transfers of certain classes of employees which although working in the Circles are borne on All-India cadres. For instance, the General Service Telegraphists are all borne on an All-India cadre and so are Engineering Supervisors. We find that in order to avoid unnecessary hardships in the matter of transfers of telegraphists the Department has had to draw up elaborate transfer rules to determine which particular telegraphist employed at a station should or should not be transferred when the necessity arises. We understand that the existence of these transfer rules involves the Department in a considerable amount of expenditure on travelling allowances.

71. We do not think that it is proper or conducive to economy to have All-India scales for large non-gazetted cadres like those of Telegraphists or Engineering Supervisors and we suggest that immediate steps should be taken to 'provincialise' as many of such cadres as may be possible. Our discussions with the representatives of Associations convince us that departures from the rigid application of the transfer rules in the interest of economy will be accepted as inevitable.

72. We find that in several branches of the Department certain officials are classed, for the purposes of travelling allowances, in a class higher than that for which they are eligible in accordance with the provisions of Supplementary Rules 17 (b), and 17 (c) :—

Designation of Officials.	Pay.	Class in which actually included.	Class under S. R. 17(b) or 17(c).
	Rs.		
Assistant Superintendent of Telegraph Workshops.	375—975	I	I Class for a pay exceeding Rs. 750 and Class II for a pay not exceeding Rs. 750.
Assistant Engineers	350—700	I	II
Assistant Electricians	350—700	I	II
Officers of the 2nd Division of the Superior Traffic Branch.	350—700	I	II
Superintendents of Post Offices and R. M. S. including those employed as Assistants Postmaster General.	300—750	I	II
Probationary Superintendents of Post Offices.	200	II	Inter Class.
Inspectors of Post Offices and R. M. S.	160—250	II	} Inter class up to a pay of Rs. 200 and II Class for a pay above Rs. 200.
Engineering Supervisors	120—350	II	
Electrical Supervisors	120—350	II	Ditto.
Assistant Cable Foremen	150—350	II	Ditto.
Candidates under training for posts of Assistant Divisional Engineers, Telegraphs.	200	II	Inter Class.
Wireless Investigating Officers ..	160—250	II	Inter class up to a pay of Rs. 200 and II for a pay above Rs. 200.

73. It has been urged before us that Superintendents of Post Offices and the Railway Mail Service hold responsible positions, that they have considerable powers of sanction and that the whole work of the post office depends upon their efficiency. They have to travel about constantly and it is therefore important that they should be given every facility for travelling in comfort by night as well as by day. Lastly, it has been urged that they have been enjoying the concession of being treated as first class officers for purposes of travelling allowances ever since 1870. We have given these grounds our full consideration but are of the opinion that in the present financial stringency they are not sufficient to justify the additional expenditure involved by this special classification of the various officials including Superintendents of Post Offices

and R. M. S. We consider that all these officers should be classified in accordance with Supplementary Rule 17 (b) and (c).

From the nature of the recommendation and due to the shortness of time at our disposal, it was not possible for us to obtain any estimate of the savings from our proposals. But we have no doubt that in the aggregate they will be substantial.

B.—Free accommodation and house-rent.

74. The total expenditure incurred by the Indian Posts and Telegraphs Department on account of house-rent allowances amounts approximately to Rs. 16 lakhs. In addition, there is an indeterminate cost incurred by Government in providing free quarters. This question came under the examination of the Indian Retrenchment Committee of 1922-23 and an extract from paragraph 20 of Part III of their report is quoted :

“ We consider that the whole question of house-rent allowances should be reviewed. The reasons given for granting house-rent allowances to General Service Telegraphists is that they are liable to long transfers from one end of India to another at a very short notice. This gave rise to the question of providing them with quarters and, at places where quarters are not provided, compensation is given in lieu. We do not think that the granting of free accommodation or house allowances to four out of every five telegraphists can be justified. We are of the opinion that in cases where it is necessary to provide quarters for the staff reasonable rents should be charged and where such accommodation is not available house-rent allowances should be granted for a reasonable period only until the men transferred have had an opportunity of finding suitable accommodation.”

75. The following figures illustrate the increase in house-rent allowances granted to all classes of employees in the Department during the last six years :—

1925-26.	1929-30.	Budget estimate 1930-31.
Rs.	Rs.	Rs.
26,31,030	33,03,102	34,57,400

76. The authority for the grant of rent-free quarters or an allowance in lieu, to members of the establishment in the Telegraph Engineering, Traffic, and Wireless Branches is contained in Government of India, Commerce and Industry Department letter No. 13942-182, dated the 23rd August 1915, and Finance Department letter No. 1209-E.B., dated the 27th August 1915. The following classes of officials are covered by this authority :—

- (1) Members of the signalling establishment.
- (2) Deputy Superintendents and Officers of the 2nd Division Superior Traffic Branch.
- (3) Officers of the Engineering and Wireless Branches corresponding to those noted at item 2 above.

It has also been laid down that officers of the Second Division of the Superior Traffic Branch, Deputy Superintendents, Telegraph Masters, and

Telegraphists in-charge of departmental telegraph offices, as also the senior Testing Telegraph Master or Testing Telegraphist in an office should be provided with rent-free quarters in the telegraph office building.

77. On the postal side, Finance Department Resolution No. 1626, dated the 7th July 1873, permitted the grant of free quarters to Postmasters and such other establishment as it may be necessary for the proper discharge of the work of the Post Office to have remissions. The Postmaster is required to sleep on the office premises.

78. Government have also sanctioned the continuance of the grant of rent-free accommodation to the inferior servants of certain departmental telegraph offices to secure the proper performance of their duties. The inferior servants to whom this concession has been granted consist generally of sweepers, malis, bhistis, water-men, delivery peons, head peons, and jemadars.

79. Under the orders of Government of 1873 quoted in paragraph 77 above various classes of officials of the Postal Branch were granted by the Director-General, the concession of rent-free accommodation at various places and on various grounds. On the introduction of the Fundamental Rules the grant of such concessions under the old orders of 1873 ceased to be within the competence of the Director-General, and the Accountant General, Posts and Telegraphs, has challenged the continuance of the old sanctions as being unauthorised.

80. Where reasons for the grant of rent-free quarters are given they fall under one or other of the following headings :—

- (1) The officials have to perform their ordinary duties at night or at unusual hours ;
- (2) The presence of the officials on the premises day and night is necessary to safeguard Government property ;
- (3) No residential accommodation is available at a reasonable rent in the locality ;
- (4) The concession is allowed by the Local Government to officials of corresponding status ;
- (5) The officials are stationed at places, service at which entails separation from their families ;
- (6) The concession is granted in lieu of house-rent allowances ; and
- (7) The officials have enjoyed the concession for a long time past.

81. We have given the matter our careful consideration and think that due to the developments in transport facilities, private housing and other amenities of life that have occurred since the orders of Government were issued and to the changes in the conditions of service of certain classes of employees that have come about during the course of these years, the whole policy requires revision. In our opinion the mere fact that a Government residence is available for particular employees and that such residences are charged for at the

assessed rate not exceeding a percentage of the pay of the employees is in itself a great help and concession not available to Government or even private servants at large. Rent free accommodation, or house-rent allowance in lieu thereof, should, we think, be granted only in cases where such concession is undoubtedly justified and facilitates the transaction of public business. We recommend accordingly that the grant of accommodation at the expense of the State or house-rent allowances in lieu should be regulated in accordance with the following principles :—

- (a) For postmen, linemen, inferior servants and employees of corresponding status in all branches of the Department, the present arrangements should continue.
- (b) Non-gazetted officials, in all branches, of ranks above those of linemen, postmen and inferior servants, who on account of the nature of their duties have to live on the premises, should be exempt from rent.
- (c) Gazetted officers who on account of the nature of their duties have to live on the premises, should be charged the assessed rent subject to a maximum of 5 per cent. of their pay, etc.
- (d) All other officials whether non-gazetted or gazetted, if accommodated in Government buildings, should be required to pay the assessed rent subject to a maximum of 10 per cent. of pay.

82. We also recommend that the Posts and Telegraphs Department should institute a special enquiry into the rates of house-rent allowances that are paid at present and should revise them after due consideration of all the relevant factors including house-rent allowances that may be given by local Governments to their employees of corresponding status.

C.— Overseas pay and Lee Concessions.

83. We have considered in some detail the question of the effect on the expenditure of the Posts and Telegraphs Department of what are commonly known as the Lee Concessions. It is unnecessary for us to recapitulate the orders of Government that have been issued in this connection from time to time but it will suffice to say that the more important of these concessions consist of the grant of overseas pay and cost of passages to all members of non-Asiatic domicile and to a certain number of Indian officers of the Superior Services, and increased pensions. Under recent orders the passage concession has also been extended on a reduced scale to certain officers who do not belong to the Superior Services.

84. Out of a total of 115 officers in the Indian Posts and Telegraphs Department belonging to services or holding posts included in the Superior Civil Services Rules, 40 are in receipt of overseas pay in addition to pay or basic pay under rules 5 and 8 of the Rules, 6 are enjoying the sterling remittance concession, 47 are entitled to the passage concessions under rule 12 of the Rules and 112 (excluding 3 I. C. S. officers) are eligible for the pension benefit under rule 13 of the Rules.

85. There is another way in which the scope of the concessions has been extended. The rules for the determination of domicile, as originally inserted

in the Superior Civil Services Rules were amended in 1927 and as a consequence it became necessary, so we understand, to review the claims of certain officers of the Posts and Telegraphs Department along with officers in other departments, holding posts coming under the operation of these rules, that had been rejected under the old domicile rules. As a result of this review 12 officers of the Department became entitled to these concessions and there are, we understand, 5 other cases pending final decision.

86. There is a volume of Indian opinion which regards these concessions as an unfair burden on Government revenues and would like to see them abolished entirely. Our discussions with the representatives of Service Associations who appeared before us, have made it clear to us that there is a good deal of misconception about the nature of these concessions and it is overlooked that a part of these emoluments is an integral part of the officials' pay although it is shown separately for a special purpose.

87. As the Lee Concessions are admissible to a large number of officers employed in most departments of Government they will be examined, we presume, as a general matter by the General Purposes Sub-Committee and the Government of India: and they will no doubt consider all the various implications involved, including the fact that the amount of overseas pay expressed in rupees is converted into sterling by a special rate of exchange of 2 shillings to the rupee, irrespective of the actual market rate of exchange or the statutory rate. For our part we are of the opinion that the cut in pay of existing incumbents and the reduction in pay of future recruits which we have recommended in other chapters of this report should apply equally to overseas pay or the amount of remittance benefit. The question of passages is more complicated and we think that, as a measure of immediate economy, the number of passages standing to the credit of an individual officer and the members of his family should be reduced by one.

We are further of the opinion that the special medical benefits enjoyed by officers of non-Asiatic domicile should be withdrawn and only such benefits should continue to be available as are open to all Government officers irrespective of their domicile.

D. *Special pay and miscellaneous allowances.*

88. We have noticed during our enquiries that a very large amount of money is spent every year by the Department in the shape of special pay and allowances to employees. Some of these are granted for specific addition to duty, while others, *e.g.*, exposure allowance, kit allowance, Cutch allowance, etc., are granted for a variety of reasons. The question of special pay granted to incumbents of certain specific appointments have been dealt with incidentally at various places in this report and we have also made separate recommendations in connection with the grant of passages and special medical benefits to officers of non-Asiatic domicile. We had intended to investigate completely the other instances of special pay and other allowances but the time at our disposal did not permit of this being done. We recommend however that a thorough departmental enquiry should be instituted and that the amount of these allowances including special pay should be drastically reduced where it cannot be abolished altogether.

CHAPTER VIII.

RETRENCHMENT AND ECONOMIES IN STAFF.

89. As is well-known, the organisation of the Department is highly centralised and for the purposes of this Chapter we intend dealing first with the administrative offices including those of the Director-General of Posts and Telegraphs, the Postmasters-General, Controller of Telegraph Stores, Superintendent of Telegraph Workshops, and the Electrical Engineer-in-Chief, before proceeding to deal with the executive organisation which is divided, broadly speaking, into four different branches, namely, the Post Office, Telegraph Traffic, Telegraph Engineering, and Wireless.

A.—Office of the Director-General of Posts and Telegraphs.

90. The organisation of work and staff comprising the Directorate of the combined Department as it stood on the 1st April 1931 is illustrated by the chart appended as Appendix IV to this report. The organisation as depicted in the chart has been reached as a result of certain changes introduced in the working of the Directorate during the last few years. Compared with the strength in 1922-23 when the Inchcape Committee wrote their Report the gazetted establishment of the Directorate has decreased by one appointment of Assistant Director-General, Telegraphs, which post was transferred to the Agra Telegraph Office. In addition owing to the separation of the staff of the Electrical Engineer-in-Chief from the Directorate, there has been an apparent reduction of five officers in the latter.

91. As a measure of retrenchment two superior posts, one of Deputy Director-General, Staff, and other of Deputy Chief Engineer, Telegraphs, have been temporarily held in abeyance as an experimental measure, their places being taken by two officers of lower rank, i.e., an Assistant Director-General and a Divisional Engineer, Telegraphs, respectively.

Abolition of the post of Deputy Director-General, Staff.

92. It has been stated to us that it is too early yet to pronounce on the success of this experiment and it has been pointed out that no steps have so far been taken to delegate more extensive powers to Heads of Circles on which the success of this experiment was regarded as being contingent. We have examined the question and consider that there is no reason for apprehending that the experiment will not be a success, and in our opinion the appointment of the Deputy Director-General can be abolished permanently.

93. From the date of abolition of the Deputy Director-Generalship a temporary appointment of an Assistant Director-General has been created on a pay of Rs. 1,000—50—1,500 *plus* a special pay of Rs. 125. The question of retaining this temporary appointment is dealt with in a later paragraph where the question of reducing the number of Assistant Directors-General's

appointments has been discussed. For the purposes of this paragraph the saving is estimated as follows :—

	Average cost per mensem. Rs. A. P.
<i>Gross saving.</i> —Pay of Deputy Director-General Rs. 1,750—100— 2,250 <i>plus</i> special pay of Rs. 175	2,050 14 0 175 0 0
	<hr/> 2,225 14 0
<i>Deduct.</i> —Pay of Assistant Director-General Rs. 1,000—50— 1,500 <i>plus</i> a special pay of Rs. 125	1,186 8 0 125 0 0
	<hr/> 1,311 8 0
Net saving per mensem	914 6 0
Annual saving	11,000 0 0

Abolition of the post of Deputy Chief Engineer, Telegraphs.

94. One post of Deputy Chief Engineer, especially for telephones, was created in 1920 and a second in 1921 both being in the grade of Directors, Telegraph Engineering, namely Rs. 1,750—100— 2,150. They drew a special pay of Rs. 175 *plus* overseas pay and passage concessions when admissible. As a result of reorganisation of the Directorate carried out in 1928, one post of Deputy Chief Engineer, Telegraphs, was abolished, a post of Deputy Director-General, Staff, being created simultaneously. From the 10th of May 1931, the second post of Deputy Chief Engineer has been held in abeyance, experimentally as a measure of economy, and an officer of Divisional Engineer's rank has been appointed on his own pay *plus* a special pay of Rs. 100, to serve as Personal Assistant to the Chief Engineer. It is interesting to recall that the arrangement now made, as an experimental measure, is identical with what was authorised in 1914 when the Post Office and the Telegraph Department were amalgamated.

95. In the interval that has elapsed since 1928, the organisation of work in the Circles has been changed and improved as will be described in a later paragraph so that every proposal of importance that comes up to the Director-General on the Engineering side reaches him after having passed through a Divisional Engineer, an Engineer officer of administrative rank (in 5 Circles) and the Postmaster General himself. The Engineering Branch has moreover been relieved of all questions relating to personnel and establishment and is now concerned chiefly with the construction and maintenance of the technical equipment of the Department. In this connection, we would also refer to the fact that in the majority of provinces, the gazetted assistance provided for Chief Engineers of the Public Works Department consists of officers of Divisional rank and not of officers of the status of Superintending Engineers with whom the Director of Telegraph Engineering and the old appointments of Deputy Chief Engineers obviously correspond.

96. In the circumstances we are clearly of the opinion that the appointment of the Deputy Chief Engineer can be abolished forthwith, his place being

taken as at present by an officer of Divisional rank with a special pay of suitable amount. Our colleague, Mr. Mohammad Yamin Khan, dissents from this view, however, and is of the opinion that the Personal Assistant to the Chief Engineer should be of the status of Assistant Divisional Engineer, Telegraphs.

The saving from the replacement of a Deputy Chief Engineer's appointment by that of a Divisional Engineer is calculated below :—

						Average cost per mensem.		
						Rs.	A.	P.
<i>Gross saving.</i> —Pay of Deputy Chief Engineer Rs. 1,750—100—								
	2,150	plus	special	pay	of Rs. 175	..	..	..
						2,043	5	4
						175	0	0
						<hr/>		
						2,218	5	4
<i>Deduct.</i> —Pay of Divisional Engineer Rs. 625—1,375 <i>plus</i> special								
					pay of Rs. 100	..	..	..
						897	7	0
						100	0	0
						<hr/>		
						997	7	0
						<hr/>		
Net saving	..	..	..	..	..	1,220	14	4
Annual saving	..	..	..	..	..	14,650	12	0

Appointment of Controller of Telegraph Traffic.

97. A post of Controller of Telegraph Traffic in the Superior Traffic Branch, I Division (Pay Rs. 1,000—50—1,500) was created permanently from the 27th March 1922 after it had been temporary for two years. It was held temporarily in abeyance with effect from the 10th January 1923, as a measure of retrenchment, but it was recreated from the 7th April 1924, the special pay being reduced to Rs. 100 in May of the same year.

98. The necessity for this appointment was examined by the Posts and Telegraphs Department Committee of 1924-25, paragraphs 85-88 of whose report are reproduced *verbatim* :—

“ 85. Telegraph traffic control as generally understood is control exercised by one or more central officers who receive frequent (for instance, in America, hourly) reports from the outlying main offices as to the state of their traffic. The Controller, in the light of these current reports, gives instructions for the routing of all traffic so as to minimise delay. The local officers are required to carry out the Controller's instructions and there is no room for friction between any two offices the traffic of which he regulates.

“ 86. Traffic control in this sense does not exist in India. The so-called Traffic Controller here is a touring officer of the Director-General's headquarters staff, who does not regulate the hour to hour routing of traffic but whose functions appear rather to be more those of a general assistant to the Deputy Director-General in dealing with matters of general administration.

We have found no evidence of any special value being attributed to his operations from the traffic control point of view, though it is generally recognised that his visits to different offices enable him to give useful help in connection with staff questions. He appears in fact to have absorbed some of the duties of the Deputy Director-General (Traffic) and it appears doubtful whether this duplication is necessary.

" 87. If as we have proposed in paragraph 78 the Traffic Branch is relieved of the bulk of the troublesome establishment work which now devolves upon it, the burden of the Deputy Director-General, Traffic, should be considerably lightened and it would even appear that this officer might be able to dispose of the regular administrative work, and to undertake such occasional touring as might be necessary, without the assistance of the 'Controller' whose post could be abolished.

" 88. The Committee do not, however, feel justified in recommending an immediate decision to this effect. They are disposed to think, rather, that it would be best to arrange that the personal duties of the Traffic Controller and of the Deputy should be redistributed in such a way as to permit the functions of the former to assume more largely the character implied by the name, while the discharge of ordinary administrative and inspecting duties should devolve more extensively on the latter. After a reasonable trial of such an arrangement—for a period, say, of six months or a year—a decision could be taken upon a surer basis as to whether the lesser post need be retained at all."

99. In the reorganisation of the Directorate that has been effected during recent years the Traffic Branch has been relieved of all questions relating to personnel and establishment and has now to deal only with technical questions relating to the administration and development of telegraph and telephone traffic. Simultaneously with this reorganisation the Assistant Director-General, Telegraph Traffic, was transferred to the newly organised Staff and Establishment Branch leaving the Deputy Director-General, Traffic, with two gazetted assistants, namely, the Controller of Telegraph Traffic and the Assistant Deputy Director-General, Traffic, the latter being in the Superior Traffic Branch, Second Division. As a result the Traffic Branch has been divided into two sections, one of which has been placed in charge of the Controller of Telegraph Traffic. This officer has therefore tended to become a stationary officer engaged in the disposal of the ordinary office work of the Directorate and the post no longer serves the object for which it was ostensibly created.

100. The evidence before us also shows that traffic control of the kind practised in America by one or more centrally stationed officers has never been exercised in India, and that the Controller of Telegraph Traffic has not been of any great assistance in the disposal of telegraph traffic. We are of the opinion that the existing arrangements for disposal of this kind of traffic without the intervention of the Controller of Telegraph Traffic will meet all requirements and that this appointment should be abolished entirely. The pay of the appointment is Rs. 1,000—50—1,500 *plus* a special pay of Rs. 100 and the average monthly saving would be Rs. 1,286-8-0. The annual saving will be Rs. 15,438.

Assistant Directors-General.

101. Below the officers ranking as Deputy Directors-General and the Chief Engineer, are several officers of lower rank, namely a Traffic Controller a Personal Assistant to the Chief Engineer (in place of Deputy Chief Engineer), 2 Assistant Directors-General, Staff, including one temporary, 2 Assistant Directors-General, Establishment, 2 Assistant Directors-General Mails, 1 Assistant Director-General, Miscellaneous, 1 Assistant Director-General, Budget and 1 Assistant Deputy Director-General, Telegraphs.

102. In paragraph 8 of Part III of their report, the Indian Retrenchment Committee of 1922-23 recommended the abolition of one post of Assistant Director-General out of the 6 then existing. Eventually, this was found impossible and the reduction was not effected. Our recommendations in respect of these appointments are given in the succeeding paragraphs.

103. We have already dealt in paragraph 94 above with the temporary appointment of the Personal Assistant to the Chief Engineer. In our opinion this appointment should be made permanent. We have already recommended the abolition of the Controller of Telegraph Traffic.

104. Including the Assistant Deputy Director-General, Telegraphs, there are thus 9 appointments to help the Deputy Directors-General. Seeing that since the Inchoape Committee reported on the matter a reorganisation of the work in Circles and in the Directorate has been effected and in view of our proposals contained elsewhere in this report, relating to—

- (a) Delegation of further powers to Postmasters General,
- (b) Localisation of several of the existing All-India cadres, e.g., Telegraphists, Engineering Supervisors and officials of similar status, and
- (c) Simplification of work due to the introduction of the Civil Services (Classification, Control and Appeal) Rules,

we are of the opinion that by suitable redistribution of work 2 of these 9 appointments should be brought under reduction. For instance, the localisation of the cadres and delegation of powers to Postmasters General should reduce the staff and establishment work very materially so that the group of 4 officers dealing with staff and establishment matters can very well be reduced to 3. Similarly, the work at present entrusted to the Assistant Director-General, Miscellaneous, can be divided up between the Assistant Director-General, Budget, and the Chief Superintendent of the office, who although non-gazetted is on a high rate of pay, so that the post of Assistant Director-General, Miscellaneous, can be abolished.

105. The present pay of Assistant Directors-General is Rs. 1,000—50—1,500 *plus* a special pay of Rs. 125 and the abolition of the two appointments recommended by us will result in an average monthly saving of $2 \times (1,186-8-0 \text{ plus } 125) = \text{Rs. } 2,623$. The annual saving will be Rs. 31,476.

Reduction of the status and emoluments of Assistant Directors-General.

106. The Assistant Directors-General are at present in receipt of a pay of Rs. 1,000—50—1,500, which is the same as that of Deputy Postmasters General. In addition they receive a special pay of Rs. 125. It will thus be seen that Assistant Directors-General may be appointed from amongst

Deputy Postmasters General in which case their translation to the Directorate means an increase of only Rs. 125 per mensem. On the other hand, and we believe that this applies to the majority of cases, Assistant Directors-General are selected from among Superintendents of Post Offices the maximum of whose scale of pay is Rs. 750. A Superintendent of Post Offices therefore receives a minimum benefit of Rs. 375 on being made an Assistant Director-General. In our opinion, the emoluments are higher than the kind of work and responsibilities entrusted to these officers demand. We therefore think that this special grading for Assistant Directors-General should be abolished and they should receive a basic pay *plus* a special pay, of 30 per cent. of their basic pay. At the same time, their designations should be changed from Assistant Directors-General to Assistant Deputy Directors-General as one of the 9 officers is called at present.

107. We have a further recommendation to make as regards the filling up of the appointments of Assistant Deputy Directors-General. The work in the Directorate is of a mixed character. It requires a knowledge of the technical and special work done in the Department at large. In addition, the work is of a secretarial nature in which a knowledge of past discussions of problems of administration, scales of pay, and matters of policy, is equally essential. We consider therefore that it would add to the efficient discharge of work, and therefore economy, if the appointments of Assistant Deputy Directors-General were thrown open to the Superintendents of the Sections of the Director-General's Office. In short, we recommend that the 7 appointments of Assistant Deputy Directors-General should be filled from amongst Superintendents of Post Offices, Superintendents of Telegraph Traffic, Assistant Engineers, etc., and the Superintendents of Sections of the Office of the Director-General.

The conversion of the appointments as recommended by us, on the basis of the scales of pay in force at present for Superintendents of Post Offices and Superintendents of Telegraph Traffic will yield an annual saving of Rs. 78,700 as worked out in the table below :-

Present.				Proposed.			
No.	Designation.	Cost of each post.	Total cost.	No.	Designation.	Cost of each post.	Total cost.
		Rs.	Rs.			Rs.	Rs.
8	Assistant Directors-General—Pay Rs. 1,000—50—1,600.	1,187	10,496	5	Assistant Deputy Directors-General, Postal—Pay Rs. 300—20—600—25—750	524	3,405
	Special pay ..	125			Special pay 30 per cent. of pay ..	157	
	Assistant Deputy Director-General—Pay Rs. 350—20—550—30—700	396	496	2	Assistant Deputy Directors-General (Telegraphs)—Pay Rs. 350—20—550—30—700	396	1,028
	Special pay ..	100			Special pay Rs. 30 per cent. of pay ..	118	
	Total ..	..	10,992		Total ..	..	4,433

Saving—Rs. 6,559 per mensem.

Deduct—Saving of Rs. 2,623 per mensem shown in para. 105.

Net saving—Rs. 3,936 per mensem or Rs. 47,232 per annum.

Clerical establishment in the Director-General's office.

108. We find that the clerical establishment of the office of the Director-General of Posts and Telegraphs has undergone a process of reorganization since July 1928 and that its strength has been investigated once by a special officer and again by a special Departmental Committee. We are glad to note that retrenchment has received constant attention during these enquiries. As a result of the recommendations of the special officer, the establishment of the Electrical Engineer-in-Chief, which used to be borne on the cadre of the Director General's office, although it was located at Alipore, was separated and 25 clerical appointments and some inferior posts were reduced yielding a saving of about Rs. 78,000 per annum. The Departmental Committee recommended the retention of a staff of 14 Superintendents, 78 Assistants and 70 clerks with a leave reserve of 13 Assistants and 7 clerks. We understand that the recommendations of this Committee have been accepted with the modification that the entire leave reserve should be in the grade of clerks. The scheme is expected to yield a saving of Rs. 53,000 per annum. In view of the facts that the recommendations were made by an expert Committee and that they have been accepted by Government we have no wish to express any views.

Rates of pay for the clerical establishment in the Director-General's office.

109. The office of the Director-General of Posts and Telegraphs was reorganised in 1929 on the lines of an attached office of the Government of India and simultaneously substantial reductions were made in the strengths of the clerical and inferior establishments. With effect from 1st April 1930, with the approval of the Standing Finance Committee, the staff were given the rates pay which are applicable to the staff of other attached offices e.g., Chief Controller of Stores, Indian Stores Department, Director-General, Indian Medical Service, etc., etc. The scales of pay are as follows:—

Chief Superintendent	..	Rs. 600—40—800.
Budget Superintendent	..	Rs. 500—25—700.
Superintendents and 2 Budget Assistants	.. ..	Rs. 350—25—600.
Personal Clerk to the Director-General	.. ..	Rs. 150—10—300—12½—400 <i>plus</i> special pay of Rs. 50 (existing incumbent is on former scale of Rs. 300—20—500 <i>plus</i> special pay Rs. 50).
Assistants	.. ..	Rs. 120—8—160—10—350 (Efficiency bars at Rs. 200 and 300).
Stenographers	.. ..	Rs. 150—10—300—12½—400 (Efficiency bar at 250) (existing incumbents are on former scale of Rs. 100—300 <i>plus</i> special pay Rs. 25).
Head Clerks	.. ..	Rs. 160—5—175 (existing incumbents are on former scale of Rs. 160—10—200).
Clerks	.. ..	Rs. 75—4—155 (Efficiency bar at 155) (many are on former scale of Rs. 55—5—155).

110. As the scales of pay have been assimilated to those applicable to other attached offices of the Government of India, we do not feel competent

to advise as to how they should be modified. We expect, however, that this matter will receive the attention of the General Purposes Sub-Committee and we recommend that the Director General's office should receive the same scales of pay as may be recommended by the General Purposes Sub-Committee for the other attached offices. There is, however, one consideration which we should like to mention in this connection. We understand that these scales of pay are based on the consideration that the headquarters of the attached offices are at Simla. The headquarters of the Director-General are, on the other hand, at New Delhi and we understand that the bulk of the staff remains at New Delhi all the year round. As New Delhi is presumably a cheaper place than Simla, it is a matter for consideration whether the scales of pay for attached offices which remain permanently at New Delhi should not be lower than those offices which are supposed to have their headquarters at Simla.

B.—Circle Offices.

111. The direct administration of the Department excepting that of the four specialised branches, namely, Wireless, Stores, Workshops, and the Electrical Engineer-in-Chief, is entrusted to Heads of Circles of whom there are 8 Post-masters-General of the major Circles and one Director of Posts and Telegraphs, in charge of the Sind and Baluchistan Circle.

Under these Heads of Circles are a number of officers of lower grade as shown in the accompanying table:—

Circle.	Engineering.		Telegraph Traffic.		Postal.	
	Director.	Personal Assistant to Director.	Deputy Post-master General.	Superintendent of Telegraph Traffic or Personal Assistant to P. M. G.	Deputy Post-master General.	Assistant Post-master General.
Bengal and Assam ..	1	1	1	3	3	5
Bombay	1	1	1	2	2	3
Burma .. ..	..	1	1	1	1	2
Central .. ..	..	..	1	2	1	3
Madras	1	1	1	2	2	4
Punjab and N. W. F. ...	1	1	1	2	2	5
Sind and Baluchistan	..	..	..	1	..	1
United Provinces ..	1	1	1	2	2	3
Bihar and Orissa ..	..	..	1	..	1	3
Total ..	5	6	8	15	14	31

Superior Traffic Branch, I Division.

112. Prior to 1914, the Postal and Telegraph Departments were entirely separate organisations. They were amalgamated about that time and a number of appointments in the old Telegraph Department consisting chiefly of Engineers were brought under reduction. At the same time a Superior Traffic Branch divided into two divisions was created to deal with telegraph traffic questions of the country. Recruitment to this service was confined entirely to the promotion of subordinates in the Telegraph Branch consisting of Telegraphists, Telegraph Masters, and Deputy Superintendents, but until recently the higher appointments in the Telegraphs Traffic Branch were being filled by Engineer Officers seconded from the Engineering Branch under the arrangements sanctioned in Resolution No. 3062-3066-101, dated the 24th April 1914 issued by the Government of India in the Department of Commerce and Industry, announcing the amalgamation of the two Departments.

113. The Superior Traffic Branch, I Division (Pay Rs. 1,000—50—1,500) includes 14 appointments, namely, Assistant Director General, Telegraphs, at present engaged in the Establishment Branch of the Directorate, Controller of Telegraph Traffic, 4 Chief Superintendents of the Central Telegraph Offices at Bombay, Calcutta, Madras and Agra and 8 Deputy Postmasters General, Traffic, attached to Circles, shown in the table in paragraph 111.

The second Division of the Superior Traffic Branch includes 35 appointments of which 15 are attached to Circle headquarters either as Superintendents, of Telegraph Traffic, or as Personal Assistants to the Deputy Postmasters-General, Traffic, while the others are attached to various Telegraph Offices all over India and Burma. There is no leave reserve in either of the two divisions, this being provided in the cadre for Telegraphists.

114. Until about two years ago the 5 Directors of Telegraph Engineering were directly under the Director-General in the Engineering Branch, and were responsible for all engineering work throughout India, exclusive of Burma and Sind and Baluchistan. About that time the Circles were unified and the Directors were attached to the offices of the Postmaster-General concerned whose Engineering Advisers they became. In these 5 Circles, therefore, the Postmasters-General have now 2 officers of administrative rank to help him in dealing with telegraph matters exclusive of questions relating to telegraph personnel and establishment which are dealt with, as we understand, in the ordinary establishment branches of the Circle offices. We are of the opinion that there is no justification for this duplication of superior personnel for dealing with telegraph matters in these Circles and the question therefore resolves itself into deciding whether the appointments of Deputy Postmasters General, Traffic, or those of Directors of Telegraph Engineering, should be selected for reduction.

115. We have given the question of the alternative reduction of the posts of Deputy Postmasters General, Traffic or of the Directors of Telegraph Engineering, careful consideration. The evidence that has been tendered to us from various quarters leads us to the conclusion that the Directors of Telegraph Engineering can look after the work of Deputy Postmasters-General, Traffic and have also the time necessary for the purpose. On the other hand, Deputy Postmasters-General, Traffic, cannot look after the engineering work of the Department. These considerations coupled with the almost unanimous

evidence that we have received from competent witnesses makes us conclude unhesitatingly that 7 out of 8 Deputy Postmasters-General, Traffic, are superfluous and can be abolished without any detriment to the efficiency of the Department.

116. The appointments for abolition are as follows:—

(a) Deputy Postmasters-General, Traffic, in each of the 5
Circles to which Directors of Telegraph Engineering are
attached 5

(b) Deputy Postmaster General, Traffic, Central Circle . . . 1

This Circle has at present a Deputy Postmaster-General, Traffic, and two officers of the Second Division serving either as Superintendents of Telegraph Traffic or Personal Assistants. On the evidence before us, we are of the opinion that the Deputy Postmaster-General, Traffic's appointment can be abolished but the two appointments of the II Division should be retained.

(c) Deputy Postmaster-General, Bihar and Orissa Circle . . . 1

One Deputy Postmaster-General, Traffic, is attached to this Circle but there are no Superintendents of Telegraph Traffic, or Personal Assistants. There are only 3 departmental offices in the whole of the Circle, the most important of which at Patna, is in charge of a Deputy Superintendent. We are of opinion that this appointment of a Deputy Postmaster-General, Traffic, can be abolished but that it should be replaced by the appointment of Superintendent of Telegraph Traffic, to help the Postmaster-General.

(d) *Burma Circle.*—In the Burma Circle, there is one Deputy Postmaster-General, Traffic, and one Superintendent of Telegraph Traffic. This Circle is of about the same size as the Bihar and Orissa Circle but has a larger number of departmental telegraph offices one of which is Rangoon. Rangoon is a very important centre for telegraph traffic and has, like Madras, Calcutta and Bombay, to deal with a large volume of international traffic. In view of the importance of the office at Rangoon and the large number of departmental telegraph offices in Burma, we are of opinion that the post of Deputy Postmaster-General, Traffic, should be retained but that of the Superintendent of Telegraph Traffic should be abolished.

To sum up, out of the 8 of the existing appointments, 7 should be abolished and one new appointment of a lower status created.

117. We have already recommended the abolition of the appointment of the Controller of Telegraph Traffic. We have also recommended the conversion of the appointments of Assistant Directors General including that of the Assistant Director-General, Traffic, into those of Assistant Deputy Directors-General. Out of the 14 posts constituting the Superior Traffic Branch, First Division, we would thus reduce 9 appointments, leaving 1 each for the Circle headquarters at Rangoon, and the Central Telegraph Offices, at Bombay, Calcutta, Madras and Agra which in view of their importance require officers of this status.

118. The saving from the abolition of 7 appointments of Deputy Postmaster-General, Traffic, will amount to Rs. 8,305 per mensem or Rs. 99,660 per annum. The extra cost of creating an additional appointment of Superintendent of Telegraph Traffic for the Bihar and Orissa Circle will be included in the calculations relating to reductions of the appointments of Superintendents of Telegraph Traffic.

Directors of Telegraph Engineering.

119. We have further considered whether it is practicable to replace the five Directors of Telegraph Engineering by officers of lower standing notwithstanding the fact that they will be in charge of both Engineering and Traffic work in the Circle. The argument in favour of such action lies in the fact that the Postmaster General is now in charge of the entire organisation in his Circle and that the Directors have been relieved of the responsibilities attaching to them when they were in independent charge. We think, however, that in view of the importance of the combined traffic and engineering work in the major Circles which these officers will have to do this further change is inadvisable at present.

Superintendents of Telegraph Traffic.

120. Fifteen of these appointments are attached to Circle headquarters and they are distributed as shown in the table given in paragraph 111. The duties entrusted to these officers consisted of, in addition to assisting the Deputy Postmaster General, Traffic, inspecting the less important departmental telegraph and all combined telegraph offices. To save unnecessary expenditure in travelling allowances, the inspection of combined offices was entrusted to Superintendents of Post Offices. As a result the work assigned to Superintendents of Telegraph Traffic and Personal Assistants to Deputy Postmasters General has been reduced very considerably.

121. On the evidence before us we are of opinion that a number of these can be abolished and our recommendations in respect of each Circle headquarters are set out below :—

(a) *Bengal and Assam Circle.*—There are 3 Superintendents of Telegraph Traffic in this Circle. In view of the fact that the work of dealing with complaints relating to all foreign telegrams is centralised in this Circle, we consider that two appointments should be allowed and one reduced.

(b) *Bombay Circle.*—There are two appointments at present. It is noted that one of these officers looks after the telephone revenue accounts. In view of this consideration and the transfer of the traffic work to the Director of Telegraph Engineering, we recommend that one appointment should be retained and one abolished.

(c) *Burma Circle.*—There is one appointment of Superintendent of Telegraph Traffic, attached to the Burma Circle in addition to that of a Deputy Postmaster General, Traffic. For the reasons stated in paragraph 116 (d) we have recommended the creation of a post of Deputy Postmaster General in Rangoon; that recommendation is contingent on the abolition of the existing appointment of the Superintendent of Telegraph Traffic. This appointment should accordingly be abolished.

(d) *Madras Circle*.—There are two appointments of Superintendents of Telegraph Traffic, but we are satisfied that one is sufficient.

(e) *Punjab and North West Frontier Circle*.—In this Circle also there are two appointments but in our opinion only one is necessary.

(f) *United Provinces Circle*.—One of the two appointments that exist at present is unnecessary and may be abolished.

(g) *Bihar and Orissa Circle*.—As stated in paragraph 116(c), a Deputy Postmaster General, Traffic, is attached to this Circle. We have recommended elsewhere that that appointment should be abolished being replaced by a Superintendent of Telegraph Traffic.

In all, therefore, we recommend the abolition of six existing appointments and the creation of a new one for the Bihar and Orissa Circle. The net reduction, therefore, amounts to 5 appointments; and the total number of Superintendents of Telegraph Traffic (including Personal Assistants to the Deputy Postmasters General) should be reduced to 10.

122. The saving from the net reduction of 5 appointments, *i.e.*, after taking into account the cost of creating an additional appointment of Superintendent of Telegraph Traffic for the Bihar and Orissa Circle, will be Rs. 1,980 a month or Rs. 23,760 per annum.

Deputy Postmasters General—Postal.

123. On the postal side, the Postmasters General are assisted by Deputy Postmasters General, Postal (including R. M. S.) of which there are 14 appointments and Assistant Postmasters General of which there are at present 31 appointments distributed as in the table given in paragraph 111.

124. Of the 14 Deputy Postmasters General, 3 are attached to the Bengal and Assam Circle. Of these three, only one works at the Circle headquarters in Calcutta while the other two are in semi-independent charge of the range offices at Dacca and Shillong. The Director General has worked out a scheme whereby the two range offices will be abolished and one appointment of Deputy Postmaster General added to the Circle headquarters at Calcutta. We endorse the scheme which, in our opinion, should have been carried out long ago. We also accept the figure of Rs. 24,000 per annum as the estimated saving; but the details will no doubt be worked out carefully so that the maximum saving can be obtained.

125. After the abolition of separate range offices, there will be 13 Deputy Postmasters General throughout India and Burma. We have carefully considered various statistics such as number of post offices, volume of traffic, strength of staff, etc., which can serve as indices of the work devolving on the Circle headquarters and have come to the conclusion, keeping in view the proposals for delegating much larger powers to Postmasters General, that any further reduction in the number of these appointments is not practicable at present.

Assistant Postmasters General.

126. On the evidence before us, and after an examination of various statistics contained in the administrative report of the Department we are of the

opinion that the number of Assistant Postmasters-General can be reduced from 31 to 26. The five posts to be brought under reduction should be distributed as between the various Circles as shown below :—

Bengal and Assam	..	..	..	..	..	1
Bihar and Orissa	..	..	..	..	..	1
Bombay	..	..	..	..	..	1
Central	..	..	..	..	..	1
Punjab and North West Frontier Circle	..	..	..	..	..	1

127. The saving from the abolition of 5 appointments of Assistant Postmasters General (Pay Rs. 300—20—600—25—750 *plus* special pay of Rs. 100) will, on the average cost of Rs. 624 per appointment, be Rs. 3,120 per month or Rs. 37,440 per annum.

C.—Electrical Engineer-in-Chief.

128. Prior to the amalgamation of the Departments of Posts and Telegraphs in 1914, there used to be a post of Electrical Engineer-in-Chief which carried an administrative rate of pay. On the amalgamation, the post was abolished and a post of Chief Electrician created in the grade of Divisional Engineers with a special pay of Rs. 100 per mensem (raised to Rs. 175 with effect from 26th May 1924) sanctioned in view of the specialised nature of his work.

129. During the course of years the work and responsibilities tended to increase so that by October 1929 his duties came to consist of --

- (1) Special technical assistance and advice ;
- (2) Testing of all instruments and apparatus made or purchased for the Department ;
- (3) Designing of instruments and apparatus ;
- (4) Preparation of specifications for, and patterns of, stores and instruments ;
- (5) Fitting of specially large or important telegraph or telephone installations ;
- (6) Experimental work ; and
- (7) Technical instruction and examination of staff.

In view of this increase in the work and responsibilities of the appointment, the pay and status of the post were raised with effect from the 11th November 1929 to those of a Director of Telegraph Engineering.

130. We have carefully considered the possibility of reverting to the arrangement that was in force up to November 1929, namely, to grade the post with Divisional Engineers ; but have come to the conclusion that in the present organization of the Department the maintenance of a small technical staff is necessary to arrange for a co-ordinated study of all technical problems of the Department. We also understand that the system of work and signalling in force in India is somewhat different from that in other countries, having been specially adapted to suit local conditions. After careful enquiries which were

made by two members of our Committee, accompanied by the Chief Engineer, Posts and Telegraphs, at Calcutta we think that the need will continue to be felt in future as it has been in the past. In view of the importance of the work to the efficiency of the Department, we are of opinion that the pay and position of the Electrical Engineer-in-Chief should remain unchanged.

131. The budget estimate for 1931-32, sanctioned for the office of the Electrical Engineer-in-Chief, provides for the following amounts :—

						Rs.
Gazetted officers	..	..	..	..	..	1,13,900
Establishment	..	..	—	—	..	67,200
Allowances	..	..	..	..	..	48,200
Repairs to apparatus and plant	..	..	..	..	..	1,51,700
Contingencies	..	..	..	..	..	26,400

132. We understand that it may be possible to effect a certain amount of retrenchment in the total expenditure of the office in respect of the following items :—

(a) The Posts and Telegraphs Department is making an increasing use of the agency of the Indian Stores Department for the purchase of standardised articles and it may be possible to reduce the expenditure on the inspection and testing to which purchases of the Department are subjected by the Electrical Engineer-in-Chief.

(b) The curtailment of the syllabus for the training of the Engineering Supervisors, if it can be done without loss of efficiency.

133. As a measure of immediate economy, we think that (i) the status of the Junior Electrician, who is now an Assistant Divisional Engineer, may be reduced to that of an Assistant Engineer, and (ii) that one appointment of Electrical Supervisor may be abolished. The consequent saving will amount to Rs. 6,800 a year.

134. During the time at our disposal it has not been possible for us to subject this office to greater scrutiny as regards possibility of further retrenchment. It may be possible to re-organize the work and effect greater economy and we suggest that the matter be kept in mind by the Department and examined further.

D.—Telegraph Stores.

135. The Posts and Telegraphs Department has a Stores organisation of its own, under the Controller of Telegraph Stores, who is subordinate to the Chief Engineer, Posts and Telegraphs. There are several stores depots, the most important being at Alipore (Calcutta). The Stores accounts of the Department, i.e., the accounts relating to the purchase, custody and issue of stores, constitute a suspense account outside the Revenue Account of the Department. This suspense account is debited with the cost of all stores purchased by the Department together with all the incidental expenditure such as stock, establishment, buildings and overhead charges. When the stores are issued for consumption, the suspense account is credited and the value of the stores issued together with a proper share of the indirect expenditure is charged

to the proper account. The suspense account thus works from balance to balance which represents the value of serviceable stores in stock. We have reviewed generally the expenditure on the purchase of stores and of the necessary establishment, etc., as well as the figures of the value of stores issued for consumption during the last five years. Two of our colleagues, Messrs. F. C. Annesley and N. V. Raghavan, were good enough to enquire into the stores organisation by a visit to the Store Yard at Calcutta. They were accompanied by the Chief Engineer, Posts and Telegraphs, whose courtesy in the matter we desire to acknowledge. We attach a report prepared by our colleagues as an annexure to this section and fully endorse their observations.

136. We would draw particular attention to their observations on the existence of certain stocks which are expected to suffice for several years' consumption. The danger of loss from carrying unnecessary stocks is obvious and that it need not always be remote is shown by the fact that during the six years that have elapsed, since the accounts of the Department were placed on a commercial basis, it has had to bear a capital loss of over Rs. 30 lakhs in writing off the value of unserviceable material and writing down that of material bought at unduly high prices. We consider that the question of keeping stocks to the absolute minimum required for efficiency should receive unremitting attention.

137. On the consideration that the head of the Stores organisation is engaged on working out a scheme for reorganising it, from which economy may be expected, we refrain from offering any suggestions. In view of the fact that the greater portion of the stores obtained locally in India is now purchased through the Indian Stores Department and not directly by the Controller of Telegraph Stores, we are of the opinion that this appointment which is at present graded with that of Directors of Telegraph Engineering should be reduced in status and pay. In our opinion the Controller of Telegraph Stores, should be in the grade of Divisional Engineer, Telegraphs, and should get in addition a special pay of Rs. 100. The estimated annual saving comes to Rs. 13,000.

ANNEXURE.

Report on Telegraph Stores.

1. Among other things, we looked into the working of this office to see if there was any room for economy. Extravagance is possible under needless handling or rehandling of stores. We found no obvious case of such kind. In the course of our discussion with the Controller of Telegraph Stores, we found that this point has always been kept in view.

2. A second source of extravagance, viz., redundant staff, was also scrutinised. From 1929 a part of the work, viz., purchase of stores in India is being done by the Indian Stores Department and we wanted to make sure that this was reflected in reduced establishment charges. We found that 9 temporary appointments had been abolished since then. We understood that the Controller of Telegraph Stores, was shortly going to submit proposals about reorganising the work of his office whereby some economy will be possible. We suggest that this point be pursued and settled as early as possible. That will be

a good opportunity to improve the efficiency of the office by getting rid of some old men who are, we understand, not pulling their weight.

3. Lastly, we want to draw the Committee's attention to the fact that at present there seem to be no definite principles about regulating purchases and inspection by the Indian Stores Department on behalf of the Posts and Telegraphs Department. We venture to make some suggestions in the matter, our conclusions having been arrived at as a result of our discussion with the Controller of Telegraph Stores.

Indian Stores Department Purchases and Inspections.

(a) For proprietary articles of the class "Apparatus and Plant" by which is meant standard instruments, the use of which has been approved by the Department, it ought not to be necessary for the Department to go to the Indian Stores Department for arranging their purchase. At present the Controller of Telegraph Stores has the power to purchase such articles up to a cost of Rs. 5,000 for each item and Rs. 10,000 for purchases at a time. Stores costing more, have to be purchased through the Indian Stores Department. The Department specifies the articles to be purchased and the firm from which they have to be obtained, and it has to pay one per cent. of the cost to the Indian Stores Department for purchase, and one per cent. in some cases, for inspection. This expenditure can easily be saved, if the Director General is given powers to purchase direct, stores which are of a proprietary nature and belong to the "Apparatus and Plant" class (including underground cables). If purchase is made by the Posts and Telegraphs Department, inspection will of course have to be made in the Department itself.

(b) As regards other stores, all purchases except those of petty nature (which are now purchased direct by the Department) should be purchased through the Indian Stores Department. The purchases through its agency have so far been generally found useful and economical.

(c) As regards inspections, the Indian Stores Department has not got facilities to inspect certain class of stores which are peculiar to the Department, e.g., telegraph, telephone and radio apparatus, rectifiers and bulbs, measuring instruments, switch-board cables. The inspection of such stores should be undertaken directly by the Posts and Telegraphs Department and the one per cent. now charged for inspection saved to the Department. It is understood that the Indian Stores Department has admitted this and divided stores into various classes for purposes of inspection by itself and the Posts and Telegraphs Department. In cases of other stores, where the Indian Stores Department is competent to inspect, it should be allowed to do this work and charge extra for it, though in the past their inspection has not always been satisfactory. For example, we heard of a case in which, a consignment supposed to contain canvas bags of a specified nature, included a large number of inferior gunny bottomed bags. It has been explained by the Indian Stores Department that the contractors must have substituted inferior articles after the consignment was put up for inspection and a few items stamped. To prevent such mistakes it appears necessary to arrange for inspections to be made, not at the godowns of contractors before despatch, but at the Posts and Telegraph Stores Depots in the presence of the officers of the Department before the consignment is finally

taken over. A suggestion to this effect has already been made and is being followed to some extent in the case of raw material delivered to the Telegraph Workshops. If this is accepted in principle, matters of detail may easily be arranged in the case of material deliverable directly to the Posts and Telegraphs Department officers where there are no representatives of the Indian Stores Department Inspecting Staff.

4. It may be remembered that the Director-General in his note, dated the 20th August has given a list of items of stores which at the present rate of consumption will take four years to dispose of. As a matter of curiosity we wanted one of these items, viz., C. B. Desk Sets, to be traced to find out how such a large accumulation came to be made and whether this was due to unnecessary purchases on a large scale at some stage. We append a statement prepared by the Controller of Telegraph Stores for our information which shows how the accumulation came to be made. The main cause of accumulation is the displacement of the C. B. System by the Automatic System in various places. Whatever might have been the reasons in the past for such accumulation, all we can say is that if the procedure laid down for indents and purchases at present is followed there cannot be much risk of unnecessary accumulation except in cases of a sudden change of system necessitated by new inventions, etc.

SIMLA,

September 18, 1931.

F. C. ANNESLEY.

N. V. RAGHAVAN.

CENTRAL BATTERY SETS.

Year.						Receipts E. I.	Closing Balance.
1919-20	..	..	..	समयव जयते		1,900	1,563
1920-21	..	..	..	..	..	800	1,584
1921-22	..	..	..	..	..	1,450	2,547
1922-23	..	..	..	..	..	2,300	3,447
1923-24	..	..	..	..	..	2,000	5,825
1924-25	..	..	..	..	..	No Receipts.	6,021
1925-26	..	..	..	..	..	Do.	7,000
1926-27	..	..	..	..	..	Do.	6,352
1927-28	..	..	..	..	..	Do.	5,581
1928-29	..	..	..	..	..	Do.	5,184
1929-30	..	..	..	..	..	Do.	4,919
1930-31	..	..	..	..	..	Do.	3,757

E.—Telegraph Workshops.

138. The Posts and Telegraphs Department has a workshop of its own at Alipore (Calcutta). This workshop manufactures all the construction stores except wire and insulators used by the Department. In addition it manufactures a considerable quantity of Telegraph and Telephone apparatus and power switch boards and carries out all repairs to Telephone and Telegraph equipment.

139. We have examined statistics of the outturn of the shops, etc., and have come to the conclusion that no large economies are possible immediately without a reorganisation. We requested two of our colleagues Messrs. Annesley and Raghavan to visit the workshop on the 14th and 15th September 1931. Through the courtesy of the Army authorities they were also able to go round the Army factories at Ishapore and Cossipore. They were accompanied by the Chief Engineer, Posts and Telegraphs Major Crofton of the Army Ordnance Department, Mr. R. C. Frain, Superintendent, Metal and Steel Factory, Ishapore and Mr. Mathews, Superintendent, Gun and Shell Factory Cossipore. A copy of their report is attached as an annexure to this section.

140. We understand that the Superintendent of Telegraph Workshops has prepared a scheme for the reorganisation of the Workshops which if carried out should show some economy in the expenditure on staff and labour. As this scheme is still under examination by the Department, we refrain from offering an opinion. We suggest, however, that the scheme should be examined as expeditiously as possible and given effect to, if found suitable.

Possibility of transferring work from Telegraph Workshops to the Army Factories or vice versa.

141. Our colleagues were specially requested by us to examine the possibility of effecting economy by arranging that the work at present done separately by the Army factories at Ishapore and Cossipore and the Telegraph Workshops at Alipore be rearranged in such a way that two workshops should not be doing the same kind of work independently of each other. We draw particular attention to their remarks. They have mentioned certain items of work at present done by the Telegraph Workshops which can perhaps with some advantage be concentrated in the Army factories who would supply the Telegraph Workshops with all their requirements. They have also suggested the possibility of securing economy in the expenditure of the Army and Railway Departments by entrusting to the Telegraph Workshops the work which is at present done for those Departments in the way of manufacturing telegraph and signalling apparatus required by them. They have recommended that a Departmental Committee, which should include a Mechanical Engineer with experience of large Engineering works should be constituted, to undertake a detailed enquiry and submit definite recommendations for the consideration of Government. We endorse their suggestion in this respect. We also suggest that the terms of reference of this Committee, if it is set up, should draw specific attention to the various points mentioned by our colleagues in their report.

142. We would also like to draw particular attention to the observations of our colleagues contained in paragraph 4 of their report as to the considerations

which must be kept in view when considering any scheme for transferring the work of the Telegraph Workshops to the Army Workshops. The Telegraph Workshops are a necessity for the efficient maintenance of communications which is the business of the Posts and Telegraphs Department. In an emergency of the character mentioned by our colleagues it is essential that the facilities of the Department for its repair and construction work should not be curtailed as a result of any scheme of amalgamation that may be worked out and adopted.

ANNEXURE.

Report on the Telegraph Workshops.

1. In accordance with the instructions conveyed in Memorandum No. 1-P.T.R., dated Simla, 11th September, we visited the Telegraphs Workshops, Alipore on 15th September in company with Messrs. Tuckwell, Frain and Mathews. Major Crofton, Ordnance, also accompanied us at the request of Mr. MacGregor, Chief Engineer, Posts and Telegraphs.

2. It must be clearly understood that in view of (a) the short notice given us, and (b) the amount of time at our disposal, anything approaching a detailed and comprehensive report is out of the question, and our general recommendation is that the question of any rearrangement of work executed by the several Workshops should be examined in detail by a properly constituted Departmental Committee including in its personnel a Mechanical Engineer—preferably, a Manager of some large Engineering works.

3. A scheme of reorganisation for the Telegraph Workshops is under consideration, which if carried out should show some economy in staff and labour costs. This scheme should be borne in mind when considering the question of the possibility of interchange or re-arrangement of work.

4. The Telegraph Workshops are well equipped and admirably situated with good water frontage—facilitating receipt and despatch of material. The lay out also enables instruments manufactured, or repaired being passed on to the Electrical Engineer in Chief for testing, and the Controller of Stores for storage when ready in the most economical manner. Much of the work turned out is of a very high standard and extreme accuracy. We suggest that the following items might be closely investigated in the hope of more economical methods being discovered than those now in vogue.

- (a) Supply of metal (brass, cupro-nickel for springs) from Ishapore to Alipore.
- (b) Manufacture by Cossipore of stampings, such as springs, brass plates for telegraph instruments, baudot cases, screws, etc.
- (c) We noticed that Cossipore was manufacturing dummy key sets for training military telegraphists. The respective works costs should be examined with a view to handing over the work to the cheapest agency. Enquiry should also be made whether repairs to and manufacture of military Telegraph and Telephone equipment could be entrusted entirely to the Telegraph Workshops, who are well equipped for the work. It might also be

investigated whether they should not take over the work of electrical signalling apparatus required by the Railways. This procedure would, we think, be the soundest, as we have all along been somewhat dubious as to the wisdom of handing over Telegraph work to a military workshop, which in the event of a national emergency would have all its attention and resources concentrated on other work of an urgent and imperative nature and being compelled at short notice to hand back all work to the Telegraphs. This fundamental objection should be borne in mind throughout discussions on this question. Many of the items manufactured at Alipore, could be easily turned out at Cossipore works which have a magnificent outfit of the latest and up-to-date automatic machinery, but Cossipore "overheads" are necessarily unduly high, and the above mentioned fundamental objection must be kept in mind, together with the necessity of having staff trained in each works who could form the nucleus of expansion of output, should occasion demand. A second point to be remembered in this connection is that, even if the Military Department agrees to charge the Posts and Telegraphs Department no more than what it costs now to manufacture certain articles, the existing good machinery of the Telegraph Workshops cannot be scrapped straight off except at great loss. Lastly the Department ought to have facilities for testing instruments, etc., and the present equipment should continue to be maintained at any rate on this account. It may also be borne in mind that the Military workshops will not be able to undertake the assembling of complete telegraph apparatus, but would only be able to manufacture individual parts.

5. We also inspected the Foundry and Rolling Mills at Ishapore. It should be investigated whether it would not be advisable to arrange for this factory to supply such metal as may be required by Alipore (exclusive of pig iron and iron sheeting) rather than for the latter factory to manufacture or purchase its requirements from outside sources. To enable a Committee, such as we propose should be formed, to deal exhaustively with the project, much preliminary work should be carried out, in order that their labours may be accelerated. The Works Managers should draw up comprehensive schedules of each item of manufacture, costs, and quantity. Outside tenders should be invited for large quantities in order to compare prices. It must be remembered that much of the work turned out by the Telegraph Workshops is of a highly specialised technical character, involving great accuracy of construction. Each of the three factories is highly equipped and staffed for its own particular sphere, but it might be possible, if all the authorities concerned concur, in the interests of economy, for each workshop to take over certain duties, thus obviating overlapping of duties and redundancy of staff and labour. Transport problems inter factory by reason of the proximity of all three to the river should be minimised, but handling charges would of necessity be increased.

SIMLA,

F. C. ANNESLEY.

September 18, 1931.

N. V. RAGHAVAN.

F.—Telegraph Engineering Branch.

143. The Telegraph Engineering Branch is entrusted with the construction and maintenance of all Lines and Wires and Apparatus and Plant excepting those of the Wireless Branch. It is also entrusted with the traffic work of the Government telephone system.

144. Prior to the amalgamation of the Posts and Telegraphs Departments in 1914, Engineering officers were in charge of telegraph traffic as well. With the creation of a separate Superior Traffic Branch they were relieved of traffic duties. As a result of the unified control in Circles introduced recently and of our recommendations to entrust telegraph traffic work at Circle Headquarters, to Directors of Telegraph Engineering a certain amount of work will be unified again. It has been stated to us that the arrangement recommended by us may involve difficulties in future as junior members of the Superior Telegraph Engineering Branch do not now get the same opportunities for learning traffic work as in the past. We are not prepared to attach any great importance to this consideration but we mention it so that, if necessary, suitable provision may be made to avoid this difficulty.

145. It was not possible for us to make detailed enquiries into the expenditure incurred on the Engineering and Telephone Branches, and we have accordingly included this in Appendix I to this report.

G.—Postal and R. M. S. divisions.

146. The sanctioned cadre for the Superintendents of Post Offices and R. M. S. includes 174 working charges and 6 appointments to constitute a reserve. Recruitment to the cadre is made partly from the open market and partly by the promotion of departmental employees who have passed the necessary qualifying examination. Direct recruits are first appointed as Probationary Superintendents on a fixed pay of Rs. 200 per mensem and there are 11 such appointments at present in addition to the cadre of 180. The establishment list corrected up to 15th May 1931 shows that 42 departmental employees had qualified themselves for promotion and are waiting for vacancies.

147. Of the 174 sanctioned working charges one is vacant at present and the remaining 173 are utilised as follows : —

Assistant Post Masters General	..	..	..	31
Postal divisions	..	..	..	118
City Superintendents in Bombay, Calcutta, Madras and Rangoon	..	..	..	8
R. M. S. divisions	..	..	..	16

The possibilities of reducing the number of Assistant Postmasters General have been dealt with in paragraph 126 in connection with economies in the Circle Offices.

Postal divisions.

148. The question of reducing the number of postal divisions was dealt with in Chapter III of the Posts and Telegraphs Department

Committee of 1924-25. After rejecting some special schemes which were proposed to them that Committee came to the conclusion that in view of the improvement in transport facilities all over the country the areas of postal divisions could perhaps be enlarged. Apparently it has not been found possible to give effect to this recommendation of the Ryan Committee because there are at present 118 divisions.

149. During our enquiry various schemes for reducing the number of postal divisions were suggested to us. For instance it was suggested that the inspection of town sub-offices should be entrusted to the Postmasters of the head offices concerned and the Superintendents' work relieved thereby ; that Superintendents should be relieved of their responsibilities for inspecting second class head offices ; and finally that head postmasters on the scale of Rs. 250—350 be invested with the powers of first class or gazetted postmasters, who are independent of and exercise the same powers as Superintendents of Post Offices. We examined all these possibilities and have come to the conclusion that none of these schemes offer any scope for large economies. In fact, some of them may lead to serious administrative inconvenience.

150. We are at the same time of opinion that the recommendation first made by the Ryan Committee for extending the territorial areas of postal divisions will lead to a considerable saving. The following statement shows the number and other particulars relating to the postal divisions in various circles.



Statement showing the number, size and composition of Postal divisions as in July 1931.

Name of Circle.	Number of postal divisions.	Average area of a postal division in square miles.	Area of the smallest postal division.	Area of the largest postal division.	Average number of post offices under the control of a Superintendent.			Average number of employees under a Superintendent.		Reduction.
					Head offices.	Sub-offices.	Branch offices.	Superior.	Inferior.	
1	2	3	4	5	6	7	8	9	10	11
Bengal and Assam ..	23	6,571	1,012	22,654	1.3	42	147	351	220	3
Bihar and Orissa ..	9	9,240	6,214	14,926	2.2	50	138	418	286	1
Burma ..	9	19,887	12,614	30,595	2.5	38	32	266	77	1
Central ..	10	33,285	12,071	76,300	2.1	46	170	351	398	1
Madras ..	18	10,634	3,730	22,570	2.0	54	198	397	200	2
Punjab and N. W. F. ..	18	14,223	2,803	63,049	1.8	37	194	323	186	2
United Provinces ..	15	6,333	3,335	8,878	2.7	45	127	421	219	2
Sind and Baluchistan ..	3	60,666	20,000	85,000	.6	43	104	234	221	..
Bombay ..	13	12,321	4,600	17,000	1.6	43	200	890		1
Total ..	118	..	..	..	..	..	..	..	..	13

151. It will be seen that the average area as well as the areas of individual divisions are widely divergent in different circles. It was not possible for us in the time at our disposal to enter into the details of the divisional organisation throughout India. But the statistics in the tables as well as the evidence we have received leads us to the conclusion that 13 postal divisions can be brought under reduction by a suitable rearrangement of territorial areas. Broadly speaking, we would distribute the reduction as shown in the last column of the table.

The appointment for the Bombay Suburban division which is vacant should also be abolished.

R. M. S. divisions.

152. There are 16 such divisions at present *viz.*, 3 each in the Bombay and Bengal and Assam Circles, one each in Burma and the Sind and Baluchistan Circles and 2 in each of the other 4 Circles. We understand that sometime ago a scheme was worked out for the United Provinces Circle whereby side lines and offices of the R. M. S. would be distributed among divisional Superintendents of Post Offices, while the main lines and offices would be placed under the control of a R. M. S. Superintendent attached to the Circle office. This scheme, if successful, would enable one of the two R. M. S. divisions in the U. P. Circle being abolished. We consider that this scheme should be taken in hand immediately in the United Provinces, as an experimental measure, and that if it is found successful it should be extended to the other circles as well. For the present we refrain from making any recommendations for reducing R. M. S. divisions.

We also understand that the Postmaster General, Bombay, has submitted a scheme for reorganising the work in connection with the foreign mails and that the scheme involves the abolition of the Foreign Mails division. As the Department's examination of this scheme, which promises a certain amount of economy, is still incomplete, we refrain from offering any definite remarks. But we trust there will be no undue delay in giving effect to it.

City Superintendents.

153. City Superintendents are placed under the immediate control of the Presidency Postmasters, Bombay, Calcutta, Madras and Rangoon and are entrusted with the supervision, etc., of the town sub-offices subordinate to those post offices. The Director General of Posts and Telegraphs agrees that three of these appointments can be abolished as shown below :—

Calcutta from 3 to 2 ; Madras from 2 to 1 ; and Rangoon from 1 to 0.

On the evidence before us we are, however, of the opinion that it is no longer necessary to employ officers of the rank of Superintendents for the work entrusted to City Superintendents and that the 5 posts, which will remain after the abolition of the 3 posts, should be replaced by the appointment of 5 Postmasters working under the orders of the Presidency Postmasters. Where the reduced number of appointments exceeds one, one of the posts should be that of a gazetted Postmaster and the other should be non-gazetted ; where only one post is left it should be gazetted.

Reserve Superintendents.

154. The appointments of Reserve Superintendents were sanctioned, we understand, several years ago when under the rules it was necessary to obtain the sanction of the Secretary of State for the creation of each appointment. The changes that have occurred since have rendered this arrangement unnecessary and the Government of India decided in 1921 that the reserve should be gradually extinguished. Apparently it has not yet been possible to do so. We are of opinion that the decision of 1921 should be implemented and that the officers holding the reserve appointments absorbed as soon as possible. This recommendation will not lead to any immediate saving in pay as we understand that in practice the reserve is utilised for manning leave vacancies.

Probationary Superintendents.

155. We observe from the printed establishment list, corrected up to the 15th May 1931, that it is proposed to reduce these appointments to 8. We endorse this proposal, subject to such remarks as we may have to offer in connection with the method of recruitment to the cadre of Superintendents.

156. We now summarise the result of the various recommendations made by us on the cadre strength of Superintendents.

Reductions.—Assistant Postmasters General 5; Postal divisions 14; City Superintendents 8; Reserve Superintendents 6; Probationary Superintendents 3—Total 36.

Additions.—Assistant Deputy Directors General 5.

Net reduction.—31 appointments.

From its present figure of 180 appointments *plus* 11 appointments of Probationary Superintendents, the cadre would be reduced to 152 appointments *plus* 8 appointments for Probationary Superintendents.

The net saving from the proposals made in this section, leaving out of account the cost of Assistant Deputy Directors General and Assistant Postmasters General which has been accounted for elsewhere, is Rs. 1,51,824 per annum.

H.—Superintendents and Deputy Superintendents of Telegraph Traffic.

157. Of the 35 appointments constituting the cadre of the Second Division of the Superior Traffic Branch, 19 are at present attached to various Telegraph Offices, and 1 is in charge of the Darjeeling and Sikkim-Tibet combined P. and T. line. Three of these were previously attached to Circle headquarters but being found superfluous there, they were transferred to Telegraph Offices at Calcutta, Madras and Lahore to be employed, as stated to us, "with advantage as additional Superintendents to strengthen the control and supervision of the Instrument Rooms in those offices". We are of opinion that these appointments should have been abolished long ago and recommend that they should be abolished in any case now.

Superintendent of Posts and Telegraphs, Darjeeling and Sikkim-Tibet line.

158. We understand that the question of the abolition of the Sub-division by handing over the control of this combined line to the various Branch

Officers entrusted with the controlling of adjoining territory has been considered before but was dropped. On the evidence before us we consider that the proposal should be revived and completed and the special appointment brought to an end.

159. The saving from the abolition of these 4 appointments is calculated below :—

	Rs.
(i) Abolition of 3 Superintendents of Telegraph Traffic, attached to Signal Offices	1,188 p.m.
or Rs. 14,256 per annum.	
(ii) Abolition of the Sikkim-Tibet combined P. and T. line or 546 p.m.	
or Rs. 6,552 per annum.	

I.—Signalling Establishment.

160. The question of the relation between the signalling establishment employed in departmental telegraph offices and the number of signalling operations was dealt with in paragraph 9 of the report of the Indian Retrenchment Committee of 1922-23 who concluded their observations with the following remark :—

“ We think that the figures we have quoted indicate that there is a considerable field for economy in the staff employed in the telegraph offices.”

The question of the staff employed in departmental telegraph offices was also dealt with at length by the Posts and Telegraphs Department Committee of 1924-25 who made three important recommendations in this connection :—

- (a) Conversion of the smaller departmental telegraph offices into combined offices,
- (b) The replacement of telegraphists employed on non-operative duties, and
- (c) An increase in the standard of outturn per operator per year, on the basis of which the operative staff was sanctioned, from 42,000 operations to 47,000 operations.

We understand that the results of the action taken on these recommendations are as follows :—

- (d) The number of departmental telegraph offices which stood at 154 in 1924-25 has been reduced to 81 by the end of 1930-31. We also understand that the conversion of more offices is under examination.
- (e) The Ryan Committee recommended that at least 78 telegraphists employed on non-operative duties could be replaced by clerks. We understand that there are at present only 20 telegraphists employed on such duties.
- (f) Government have raised the standard³⁴ outturn from 42,000 operations to 45,000 operations per year. The Department is of opinion that a further increase in the standard outturn is not practicable at present, but when the use of keyboard perforators has become widespread, it may be feasible to calculate the staff on the basis of a higher annual outturn and to make a reduction

161. We give below a table instituting a comparison between the signalling establishment sanctioned and the volume of traffic disposed of in departmental offices :—

Year.	Estimated number of signalling operations.	Actual number of signalling operations.	Strength of staff sanctioned with staff actually required.				Number recruited as Telegraphists in the year to—	
			Telegraphists (including Military Telegraphists each reckoned at 3/5ths of a Civil Telegraphist.)		Telegraph Masters.		General Service.	Station Service.
			S.	R.	S.	R.		
1925-26	} Not available.	91,062,833	3,031	..	353	..	57	19
1926-27		82,752,714	2,958	2,752	347	353	46	24
1927-28		87,942,389	2,882	2,897	348	353	46	34
1928-29	87,456,117	86,590,215	2,829	2,830	346	326	41	25
1929-30	87,803,933	86,934,588	2,838	2,830	320	326	94	102
1930-31	83,484,522	83,484,522	2,831	2,782	326	326	..	..

S—Sanctioned.
R—Required.

162. All the three recommendations made by the Ryan Committee have contributed to a reduction in the number of Telegraphists required by the Department. We observe, however, that adequate steps have not been taken to restrict the recruitment of signalling establishment in departmental offices to actual requirements and that 196 departmental Telegraphists were recruited in 1929 who, after training, have become available for duty in the current year. We understand that during the current year there will be about *228 Telegraphists surplus to requirements*. As the annual number of casualties due to retirements, etc. in this class of staff is 92, it will take, provided the bulk of traffic remains what it was in 1930-31, roughly two years to absorb the surplus. It is somewhat difficult to estimate the unnecessary expenditure involved by the existence of this surplus, as there are several scales of pay for Telegraphists. Assuming that the entire surplus establishment is in receipt of the minimum pay admissible to station service Telegraphists, namely, Rs. 55 per month, the additional expenditure comes to Rs. 1,50,000 per annum, exclusive of the cost of providing for pensions. We are of opinion that immediate steps should be taken for utilising and absorbing this surplus, and we would suggest the following steps in this connection :—

- (a) Surplus Telegraphists should be employed in the more important combined offices in place of postal signallers. The representa-

tives of one of the most important Telegraph Associations who appeared before us stated that there could be no objection to a Telegraphist serving in a combined office as an emergency measure designed to absorb the surplus if it were arranged that the Telegraphists so employed do not suffer in their prospects and promotion, and if they are withdrawn from combined office for employment in departmental offices as the surplus is reduced and opportunity arises.

- (b) At another place we have recommended that 140 appointments of Telegraph Masters should be replaced, while the surplus continues to exist, by the appointment of Telegraphists.
- (c) Telegraphists should be detailed for such duties as their technical training fits them for in place of recruiting new personnel for such duties.
- (d) We consider that a combination of these methods will enable the Department to utilise the surplus establishment to the best advantage, but if these methods be found insufficient, Government should examine the possibility of retiring a certain proportion of the staff prematurely.
- (e) The ultimate saving from the abolition of 228 Telegraphists' appointments is estimated at Rs. 3,42,000.

Non-operative Telegraphists.

163. A number of Telegraphists are employed on non-operative duties such as those of Training Instructors, Repeater Supervisors, etc. In 1929, the total number of such Telegraphists was fixed at 436 but it is understood that since then the number has been reduced to about 400. The duties on which these men are employed are sometimes such as require technical qualifications while there are a number of posts for which these qualifications are not necessary. The Posts and Telegraphs Department Committee, 1924-25, estimated that in 78 appointments of the latter category, Telegraphists could be replaced by clerks. During the interval, replacements have been effected in respect of 58 appointments but the replacement of the remaining have been delayed somewhat due to the existence of a surplus of Telegraphists. We are assured that the matter is receiving attention and we do not therefore express any views.

164. We understand that some of these Telegraphists employed on non-operative duties are in receipt of special pay at the rates shown below :

1. Duties requiring technical qualifications.

(i) Traffic Supervisors	} Rs. 20 p.m. each.
(ii) Telegraphists in charge	..	..	..	..	..
(iii) Training Instructors	..	..	..	..	..

(iv) Testing Telegraphists	} Rs. 20 p.m. each.
(v) Locally trained Baudot Supervisors ..	..	..	..	..	..
(vi) Wheatstone Supervisors .. .. .	..	..	..	..	..
(vii) Repeater Supervisors .. .. .	..	..	..	..	..
(viii) Alipore trained Baudot Supervisors	Rs. 40 p.m.

2. Duties not requiring technical qualifications.

(i) Desk Supervisors	} Rs. 20 p.m. each.
(ii) Enquiry Office .. .. .	..	..	..	..	..
(iii) Complaints Branch .. .. .	..	..	..	..	..
(iv) Delivery Branch .. .. .	..	..	..	..	..
(v) Public Counter .. .. .	..	..	..	..	..
(vi) Paid Calls refund .. .. .	..	..	..	..	..
(vii) Press	

We have the following recommendations to make in respect of these charge allowances or special pay :—

- (a) The special pay of Rs. 20 p.m. granted at present to Traffic Supervisors should be withdrawn, and
- (b) The multiplicity of designations each denoting particular duties entrusted to the men leads, we understand, to a certain amount of waste of effort, loss of efficiency and, therefore, unnecessary expenditure. We suggest that the separate designations should be abolished and all the appointments should be regarded as being those of Technical Supervisors. The men who should be selected for filling these appointments should be required to possess the required qualification after suitable training, if necessary, that will enable them to undertake all kinds of technical and supervision work such as the testing of lines, charge of small offices, supervision of Repeater and Baudot sets, etc.

Telegraph Masters.

165. As will be seen from the table given in paragraph 161 the number of Telegraph Masters employed during the last few years has been about 326. This strength is determined in accordance with paragraph 4 of letter No. 72-P.T.E., dated the 17th June 1929, from the Government of India in the Department of Industries and Labour to the Director General of Posts and Telegraphs. The number of posts is determined by dividing by 9, the sanctioned number of operative and non-operative Telegraphists and Signal-room Clerks, excluding leave reserves, in those departmental telegraph offices which employ 10 men or more. An additional post of a Telegraph Master is also sanctioned if the fraction left after dividing the number of Telegraphists, etc., by 9 exceeds 4. As the number of Telegraph Masters is in a direct arithmetical ratio with the number of Telegraphists employed in the larger telegraph offices, the increase in the standard outturn per operator from 42,000 to 45,000 signalling operations per year should have led to a reduction in the number of Telegraph Masters.

166. This has not occurred, we understand, due to a desire on the part of Government to deal as sympathetically as possible with any case of adverse effect on the prospects of promotion of Telegraphists to the supervisory grades as a result of adopting the recommendations of the Ryan Committee, 1924-25. In practice, a number of appointments of Telegraph Masters equal to the difference between the number calculated on the ultimate basis of one operative Telegraphist for every 42,000 operations and on that of one Telegraphist for every 45,000 operations is sanctioned every year as supernumerary. We understand that the various service Associations interested in the matter are inclined to regard this protection of the prospects of promotion as a vested interest promised to them under a definite pledge by Government. We deal with this aspect of the matter at some length in another part of the report. At this place it will suffice to say that in our opinion the present financial position of the country does not warrant the continuance of this practice of sanctioning appointments supernumerary to requirements.

167. From the evidence before us we find that the Telegraph Master is at present overburdened with a large amount of clerical and non-technical duties and that if suitable assistance were provided to relieve him of such duties, he could be put in charge of a larger number of Telegraphists and Clerks. The evidence before us would have justified our recommending a much smaller proportion of Telegraph Masters to the staff under them but we are of opinion that if the services of a clerk are made available one Telegraph Master's post should be sanctioned for every 18 men or a fraction thereof. Although we are convinced that a clerk would be able to give all the assistance that Telegraph Masters require, we are of opinion, in view of a large surplus of Telegraphists, that for such time as this surplus continues, Telegraphists should be employed instead of clerks to help Telegraph Masters.

168. We have worked out the reduction in the number of Telegraph Masters and the equivalent increase in Telegraphists' appointments in respect of each Circle with the following results :—

Circle.	Present number of Telegraph Masters.	Proposed number of	
		Telegraph Masters.	Telegraphists.
Central	12	6	6
Burma	21	11	10
Sind and Baluchistan	13	7	6
Bombay	74	40	34
Bihar and Orissa	6	4	2
Bengal and Assam	59	30	29
Madras	45	25	20
United Provinces	36	19	17
Punjab and N. W. F.	38	22	16
Total	304	164	140

One hundred and forty appointments of Telegraph Masters would thus be replaced by an equal number of Telegraphists. The gross saving from this proposal is estimated at five lakhs of rupees on the basis of the pay of Telegraph Masters. This amount should be taken into account as an immediate saving as the pay of the surplus Telegraphists is being borne by the Department. As the Telegraphists employed to help Telegraph Masters are replaced by Clerks, the net saving on this scheme alone will be Rs. 3,30,000 ultimately leaving out of account the saving from the abolition of 228 Telegraphists' appointments which are surplus at present.

J.—Extended employment of Lower Division clerks.

169. Prior to 1928, the entire clerical establishment of the Posts and Telegraphs Department drawing time-scales of pay was included in one grade and this staff was supposed to look after all kinds of work involving responsibility of the most varied degree. In accordance with letter No. 158-P. T. E., dated the 16th May 1928, from the Government of India in the Department of Industries and Labour, a Lower Division was created for clerks on lower rates of pay shown in Appendix V(i).

170. The shortness of the time-scale applicable to the Lower Division clerks is explained by the fact that it was the intention that this class of clerical establishment should be recruited from the lower grades of the Department such as postmen, linemen, task-work messengers, etc., etc., and that under this system the recruits are generally at the end of their service when they are selected for promotion to this division.

171. Considerable progress has been made with the substitution of clerks in the ordinary time-scale by those in the Lower Division and we understand that 11 per cent. of the total clerical cadre consists of Lower Division clerks. Copies of the Government orders introducing the Lower Division scales of pay and of the Director-General's letter No. S.A./183/28, dated the 23rd December 1929, to the General Secretary, All-India (including Burma) Postmen and Lower Grade Staff Union, Bombay, are attached to this report as Appendix V and a perusal of these letters will make it clear that although one of the objects of the scheme was to improve the prospects of postmen, mail guards, etc., an unqualified undertaking was not given to the staff that the Lower Division would be filled entirely by promotion of such employees. In practice, however, the process of replacement has been limited by two considerations, namely, the occurrence of vacancies, and the existence of a sufficient number of staff of lower status found to be suitable for the work expected from Lower Division clerks. The Unions, on the other hand, are inclined to interpret the orders referred to by us as giving them a distinct undertaking that all appointments in the Lower Division must be recruited exclusively from amongst the lower staff. We cannot agree with this interpretation of the orders of Government.

172. The evidence before us compels us to the conclusion that the restriction, in practice, of the recruitment for the Lower Division, to postmen and other staff of lower grades, involves the Department in a considerable amount of unjustifiable expenditure. Our inspection of the General Post Office, Bombay, and the statements of witnesses of all classes has made it clear to

us that in the Department as a whole there is a large mass of work which does not require intelligence of a very high order and that there should be no difficulty in devising criteria for discriminating between work involving higher responsibility or greater intelligence from that of a routine and mechanical nature. If recruitment had not been restricted, as it has been in practice to the lower grade staff, all this work could have been entrusted to men recruited from the open market on rates of pay appreciably lower than the regular time-scales in force in different Circles. The evidence before us also leads us to the conclusion that some of the recruits to the Lower Division obtained from amongst lower grade staff are of doubtful quality and can be entrusted with work only of the easiest and the most mechanical character.

173. We are of opinion therefore that if direct recruitment from the open market is resorted to, a considerable proportion of the present clerical establishment drawing time-scales of pay could be replaced by cheaper agency without any detriment to the efficiency of the work. We would also like to stress the fact that the idea of employing two grades of clerks in the same office is by no means novel. We understand that in the Posts and Telegraphs Accounts Offices a lower grade of clerks has been employed for a number of years on work of a mechanical nature. We also understand and that in the Railway Accounts Offices under the control of the Financial Commissioner, the clerical establishment is divided into three grades.

174. We recommend therefore that direct recruitment to the Lower Division should be resorted to at once and that the minimum qualification for such recruits should be a pass in the Matriculation examination of an Indian University or any other examination accepted as being equivalent thereto. We do not by any means intend, however, that the entire Lower Division should be filled by direct recruitment. The avenue for promotion of postmen created by the institution of a Lower Division should be left wide open as heretofore but only such postmen and officials of corresponding classes should be promoted as are fully qualified for the work they will be asked to undertake. Direct recruitment should be restricted to obtaining such number of men as may be required to fill up, after promoting all suitable postmen eligible under the rules, the actual number of posts included in the Lower Division.

175. The question of the proportion of the existing clerical cadres which can safely be converted into Lower Division posts has received considerable investigation at our hands. Seeing that the bulk of the clerical staff hitherto employed in the Posts and Telegraphs Department did not possess a qualification higher than a pass in the Matriculation examination, it would appear *a priori* that at least 50 per cent. of the clerical establishment on the time-scales could be converted. We do not desire, however, to adopt this line of argument. Our proposals are based entirely on a suitable discrimination between different kinds of work based on the degree of responsibility involved and of intelligence required. Witnesses competent to advise us in this important matter have produced statistics which tend to show that as much as 40 per cent. of the time-scale appointments could be converted. We want, however, to be conservative and place our estimate at 33 per cent. of the entire cadre in the Department.

Estimate of savings.

176. Taking the existing scales of pay sanctioned for the ordinary time-scale clerks and the Lower Division clerks, the conversion of each appointment means on the average a saving of Rs. 25 per mensem. If the present rates of pay continue unchanged a conversion of 33 per cent. of the appointments would lead to an ultimate saving of Rs. 20,24,000 per annum. This saving would not accrue at once but only as existing Upper Division appointments are replaced by those in the Lower Division as vacancies occur. Due to the fall of traffic some of these vacancies may not have to be filled up at once and the process would therefore remain slower than normal as long as the present depression in the traffic of the Department continues.

177. We consider further, however, that the existing scale of pay sanctioned for Lower Division clerks is unsuitable and that it can be reduced substantially with resulting economy of a considerable amount. This question is, however, one of revision of pay and allowances and will be dealt with in the third part of our report.

K.—Larger employment of Extra Departmental Agents.

178. The Department has at present some 17,704 gentlemen, who are not its employees, to run small post offices in various localities on an allowance not exceeding Rs. 20 a month. This allowance covers house-rent, etc., and the Department has only to supply a certain amount of furniture and the requisite forms and stationery. Hitherto these Extra Departmental Agents were in charge of branch post offices only. It is now proposed to extend the system to sub offices by employing retired postal employees and to small combined posts and telegraphs offices when retired signallers can be obtained.

179. While we are conscious of the difficulties which may be experienced in obtaining the services of suitable persons we are in entire sympathy with the proposals put forward. We recommend that, if it be found necessary to attract a suitable quality of men such as respectable shopkeepers, etc., Government should agree to increasing the allowance to Rs. 30 or even Rs. 40.

180. Some idea of the saving that will be secured if the proposals can be carried into effect may be obtained from the following simple calculation. The quarterly list of post offices shows that at the end of February 1931, there were 18,435 branch post offices of which 1,484 were departmental. While for the average extra departmental office the *present* cost would not exceed Rs. 20 per mensem, that of the average departmental branch office works out *at present* to about Rs. 69 per mensem exclusive of the cost of providing leave reserves, pensions, etc. The work in both classes of branch offices is of the same nature, the only difference being in the volume, which, in our opinion, does not justify the great disparity in the cost to the Department. Here again it is not possible for us to make an estimate of the actual savings that may be achieved but, if the scheme is worked up an annual figure of Rs. 5 lakhs is by no means optimistic. This saving would of course be reduced if our proposals for the future rates of pay of departmental employees are accepted.

CHAPTER IX.

ECONOMIES IN THE WIRELESS BRANCH.

181. Under the subsidiary terms of our reference we have been asked to review the policy of Government in relation to the maintenance of the Radio service, which is one of the Branches of the Indian Posts and Telegraphs Department. According to the existing organisation, the control of the Wireless Branch is vested in a Director of Wireless working under the Director General of Posts and Telegraphs and the Chief Engineer, Posts and Telegraphs. The Wireless Branch is concerned with the erection and maintenance of the Civil Wireless Telegraph Stations throughout India and Burma but has nothing to do with the Wireless Stations belonging to the Army Department, the Indian State Broadcasting Service, or the Beam Wireless Stations of the Indian Radio Telegraph Company. In addition to this the Wireless Branch of the Posts and Telegraphs Directorate has to advise the Government of India on all wireless matters generally.

182. The accounts of the receipts and expenditure of the Wireless Branch are an integral part of the accounts of the Posts and Telegraphs Department but, as in the case of the three other branches, the profit or loss on the working of the Wireless Branch is shown separately in the accounts of the Department. Further, in recognition of the fact that a portion of the existing wireless system is maintained on a non-commercial basis for the general purposes of Government, the annual loss on the non-commercial activities of the Branch is neglected in calculating the surcharge in respect of the interest chargeable to the Department as accumulated loss on its working. This Branch is also required to provide wireless communication facilities in connection with Civil Aviation. This has been done so far either from existing stations in which case suitable charge is made to the Aviation Department, or through stations specially erected for the purpose. In the latter case the Aviation Department has to make good to the Wireless Branch the recurring expenditure including interest and depreciation involved.

Lastly, some of the Wireless Stations have been erected under guarantee against loss given by various local Governments.

183. The receipts and expenditure of the Wireless Branch were shown separately for the first time in the accounts for 1928-29 and the progress of expenditure can be ascertained from the table below :—

	1928-29.	1929-30.	Actuals for 1930-31 up to March final 1931.	Budget estimate 1931-32.
	Rs.	Rs.	Rs.	Rs.
I.—Working Expenses—				
Direction	1,07,571	1,34,891	1,52,727	1,04,000
Accounts and audit ..	27,186	31,026	52,681	33,000
Control—Circle offices ..	..	..	..	6,000

	1928-29.	1929-30.	Actuals for 1930-31 up to March final 1931.	Budget estimate 1931-32.
Control—				
Engineering expenses ..	30,945	1,09,186	1,71,358	1,44,000
Pensionary charges ..	54,114	60,060	66,822	76,000
Stationery and printing ..	27,300	27,329	22,389	24,000
Radio expenses ..	9,77,165	11,02,404	10,87,194	11,19,000
Provision for depreciation	1,45,546	1,52,565	1,05,211	1,07,000
Inter branch adjustments ..	—7,42,137	—7,86,751	—6,83,255	—7,66,000
Expenditure in England ..	..	..	..	44,000
Gross working expenses ..	6,27,690	8,30,710	9,75,127	8,91,000
Deduct credits to working expenses	20,894	23,257	43,624	23,000
Net working expenses ..	6,06,796	8,07,453	9,31,503	8,68,000
Interest on capital outlay	1,71,905	1,90,384	2,38,624	2,56,000
Total expenditure ..	7,78,701	9,97,837	11,70,127	11,24,000
Deduct receipts ..	2,53,989	3,12,140	3,04,292	6,34,000
Net loss ..	—5,24,712	—6,85,697	—8,65,835	—4,90,000

184. The total number of the stations under the control of the Department including those which are rapidly nearing completion is 30. This number includes also the wireless station in Kamaran Island which although not belonging to the Government of India is looked after by the Posts and Telegraphs Department. These stations can be grouped into 5 categories according to the purposes for which they are used.

Stations laid up.

185. Two stations, namely, those at Maymyo in Upper Burma and Bonnington in the Andamans are at present laid up. The apparatus and plant at Maymyo has been dismantled and removed and only the buildings and the masts remain. The buildings are being utilized for military purposes for which rent is being received. The station at Bonnington was completed only recently under guarantee from the Government of India in the Home Department but its opening has been postponed on financial grounds and the station has now been laid up as a temporary measure.

Coast stations.

186. These are (1) Karachi Radio, (2) Bombay, (3) Madras Radio, (or St. Thomas's Mount), (4) Calcutta, (5) Rangoon, (6) Port Blair, (7) Diamond

Island and (8) Victoria Point. The last two do not maintain a continuous watch throughout the 24 hours, but are available for communication with ships at sea. The other six have been notified internationally for the purpose of maintaining wireless communication with ships at sea.

187. The International Conference for the safety of life at sea which assembled in London in 1929, at which India was represented, made *inter alia* the following recommendation as regards the safety of navigation :—

“ 9. *Radio aids to navigation.*—The International Conference on safety of life at sea recommends that the contracting Governments should establish and maintain an adequate system of Radio aids to navigation and should take all necessary measures to ensure the efficiency and reliability of such services”.

(Page 115 of the International Convention for the Safety of Life at Sea, 1929.)

188. Further, under the Indian Merchant Shipping Act, 1923, as amended by the Act of 1928, ships of certain categories are required to be provided with a Wireless Telegraph installation of the prescribed standard and to maintain a wireless service of the nature laid down by Government.

It will be seen therefore that although there is no legal obligation on the Government of India as to the number of Wireless Stations or the extent of the Radio service for communication with ships at sea there is an International Agreement that the number of such stations and the extent of the service should be what the Government of India may regard as adequate. The provisions applicable to vessels of certain classes also emphasize the moral obligation of Government to provide such service. Taking into consideration, the extensive coast line of India and Burma we cannot regard that the six continuous watch stations and the two stations, Diamond Island and at Victoria Point, are excessive to requirements. It may also be pointed out that 2 of these coast stations are utilised also for Civil Aviation while 5 help in maintaining the general telegraph system of the country.

189. It has been stated to us that the total recurring cost of the coast stations comes to about Rs. 6 lakhs to meet which the following amounts are received from different sources in return for services rendered :—

	Ra.
(1) From the Telegraph Branch of the Indian Posts and Telegraphs Department for service rendered in connection with ordinary telegraphic communication	2,15,000
(2) From Civil Aviation	33,000
(3) Payments on account of guarantees	24,000
(4) Message revenue consisting chiefly of messages exchanged between shore and ships	1,20,000
Total ..	3,92,000

The net loss on the working of the coast stations may therefore be put at Rs. 2,08,000 per year.

Aviation stations.

190. Seven of the thirty stations maintained by the Posts and Telegraphs Department are maintained entirely for Aviation purposes and their cost is recovered from the Civil Aviation Department. Two of them, namely, at Jodhpur and Gaya, were constructed sometime ago and have been working throughout 1930-31. Five others are under construction at Akyab, Sando-way, Chittagong, Basscin and Rangoon. Wireless services required in connection with Aviation are also rendered by two of the coast stations, namely, Karachi and Calcutta, and by Delhi and Allahabad which are inland stations. For Jodhpur and Gaya the Aviation Department paid the entire cost which amounted to Rs. 40,186 during 1930-31. For the other 4 stations in operation, the amounts payable by the Aviation Department are as follows :—

Stations.	Percentage of total cost.	Amount for 1930-31 (March 1931, final).
		Rs.
Karachi	20	32,929
Delhi	30	13,672
Allahabad	20·4	2,648
Calcutta	10·4	2,836

NOTE.—As the Aviation stations under construction have not begun to operate, no recovery is being made from the Aviation Department excepting the interest chargeable while the works are under construction.

191. It is obvious that the stations required for Aviation purposes must be maintained by the Department so long as a demand for this service is made on it by the Aviation authorities and the cost thereof is reimbursed. The scrutiny of the expenditure of the Civil Aviation Department has been entrusted to the General Purposes Sub-Committee of the Retrenchment Advisory Committee and the recommendations of that Sub-Committee will undoubtedly react on the accounts of the Wireless Branch. We presume that in case any of the existing stations maintained or operated for Aviation purposes ceases to be required by the Aviation authorities in the future, the financial details will be so arranged that the resulting loss does not fall on Posts and Telegraphs revenues.

Inland stations.

192. The other stations maintained by the Posts and Telegraphs Department are all included under this category. Of these, the stations at Madras and Rangoon are engaged entirely in handling the ordinary commercial traffic of the Department between Burma and India and the entire cost of these stations (Rs. 5,20,386, March final, 1931) is borne by the Telegraph Branch of the Department. The coast stations at Madras (St. Thomas' Mount) and Port Blair and the inland stations at Rangoon (Monkey Point) and Calcutta also handle a considerable amount of ordinary traffic of the Department and a certain proportion of their expenditure is borne by the Telegraph Branch. The total amount of the share borne by the Telegraph Branch in respect of these stations came to Rs. 2,21,859 in 1930-31 March final. The total amount payable by the Telegraph Branch to the Wireless Branch in return for the latter's handling of a portion of the ordinary telegraph traffic of India came thus to Rs. 7,42,245. Excluding

stations which are engaged either in providing wireless services to shipping and aircraft or for handling ordinary telegraph traffic of the country, the following other stations are maintained by the Department for the general purposes of Government: Jutogh, Lahore, Mhow, Nagpur, Peshawar, Poona, Quetta and Secunderabad. Of these stations the one at Peshawar, we understand, communicates with Kashgar with which place there is no other means of communication. The others are maintained at present solely for providing telegraph communications when the ordinary telegraph and telephone lines are out of action for any reason.

193. The following table shows the net loss to the Wireless Branch from stations of each kind during 1930-31 upto March 1931, final.

Stations.	Total expenditure (including interest and depreciation).	Revenue.	Receipts from guarantors, etc.	Loss or Profit.
	Rs.	Rs.	Rs.	Rs.
Coast stations ..	6,00,000	1,20,000	2,72,000	—2,08,000
Purely Aviation stations ..	47,633	..	47,633	..
Other stations	12,64,739	10,420	5,96,484	—6,57,835
Total ..	19,12,372	1,30,420	9,16,117	—8,65,835

194. The analysis of the expenditure on, and the description of the functions of the various wireless stations attempted in the previous paragraphs make it clear that a greater part of the Wireless Branch has to be maintained and expenditure incurred in order to meet the needs of other Government Departments. It also makes it clear that no large economy in the expenditure in the Wireless Branch is practicable without affecting the interests of other Departments of Government. For instance, in the interests of shipping and the safety of life at sea, in which the Commerce Department are primarily interested, the coast stations cannot be shut down. In spite of the existence of an economic crisis, we are not prepared to recommend that any of these coast stations should either be dismantled or put under care and maintenance. Again, unless the activities of the Civil Aviation Department are curtailed, the stations erected for Aviation purposes cannot also be dismantled. It is also not desirable to close down the wireless stations that carry an appreciable amount of ordinary telegraph traffic.

195. We are therefore left with the stations mentioned in paragraph 192. We are given to understand that excepting Peshawar which has a small amount of commercial traffic with Kashgar, the other stations are maintained entirely as an insurance against complete breakdown of all inland telegraph com-

munications. We understand further that in accordance with the Inchcape Committee's recommendations some of these stations were put under care and maintenance but that they were later reopened.

196. We have given the question of closing down some of these purely inland stations very careful consideration and after taking all the relevant factors and the evidence that we have received into account, we are of opinion that the stations at Jutogh, Lahore, Nagpur, Mhow, Quetta, Poona and Secunderabad should be put under care and maintenance, the expenditure being reduced to the absolute minimum necessary to prevent the apparatus from suffering deterioration, and for keeping it in such order that the station can be re-opened when occasion requires on reasonable notice being given. The actual details of a scheme are stated in the annexure to this chapter which was kindly prepared for us by the Director of Wireless. The estimated saving amounts to Rs. 89,000 per annum, inclusive of pensions, or Rs. 75,000 excluding them.

Superior staff at headquarters.

197. At present the Director of Wireless has two Engineers under him at headquarters, namely, one of Divisional and one of Assistant Divisional rank. We understand that the Director General appointed a senior officer at headquarters to report on the possibility of abolishing one post and that the officer, after careful investigation, has come to the conclusion that no retrenchment is possible. Notwithstanding this conclusion we are of opinion that a suitable reorganisation of work might make it possible to retrench one of the two posts.

Wireless Research and Experimental division.

198. In addition to the two wireless divisions for erection and maintenance of wireless stations, there is a third wireless division with headquarters at Calcutta. This is called the Wireless Research and Experimental division and is in charge of a Divisional Engineer, Wireless, with a suitable subordinate and clerical establishment. We understand that this staff is engaged in carrying out experimental work and in training the subordinate wireless staff. From the evidence before us, we are not satisfied that the work is sufficient in volume to justify the whole-time employment of an officer of this rank and we consider that the possibility either of abolishing this post or of replacing it by one of lower rank should be investigated by the Department.

199. During the time at our disposal, it was not possible for us to enquire fully into all items of wireless expenditure and we propose that this should be taken up subsequently.

ANNEXURE.

The Sub-Committee desired information as to the saving which would be effected if certain stations, which do not appear to be justified by the commercial requirements of the Department, were placed under "care and maintenance"

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i.e., to say, kept in such a condition that they could be worked at any time if provided with staff. The stations in question are Lahore, Nagpur, Secunderabad, Jutogh, Mhow, Quetta, Poona.

2. With the exception of Poona the establishment laid down for each of these stations is one Wireless Supervisor, four Wireless Operators and one Engine Driver ; Poona is a much smaller station and has only one Supervisor and one Operator. The cost of these seven stations is very approximately as follows :—

				Average rate of pay. Rs.	Cost per mensem. Rs.
7 Supervisors *	..	..	..	300	2,100
25 Operators	..	..	..	168	4,200
25 Operators' house rent allowance	..	..	..	25	625
6 Engine Drivers	..	..	..	80	480
					<hr/> 7,405
Maintenance	..	..	..	..	1,300
Pensionary charges	..	..	..	..	1,600
					<hr/> 10,305

or Rs. 1,23,660 per annum.

3. For "care and maintenance" the staff could be reduced to one experienced Operator per station and cost would be—

7 Operators *	..	..	..	220	1,540
6 Engine Drivers	..	..	..	80	480
Maintenance	..	..	..	..	450
Pensionary charges	..	..	..	..	400
					<hr/> 2,870

or Rs. 34,440 per annum.

Saving Rs. 89,220 per annum.

4. With regard to supervision, the staff proposed has been reduced to an absolute minimum and frequent inspection will be necessary to avoid undue depreciation of apparatus. It is considered therefore that no saving can be effected under supervision.

5. The pay has been taken at the rates now sanctioned and the savings are ultimate. The majority of the present staff are still drawing wireless allowances previously admissible ; on the other hand, the staff is approximately 20 per cent. under establishment. The actual saving cannot be calculated without detailed examination of the pay of each individual. Moreover, it would be necessary to consider the period necessary to absorb the staff thus released which again depends on the decision regarding other stations which are maintained on behalf of Civil Aviation.

6. Detailed information as to the interest and depreciation charges is not available in this office. The amount for the seven stations is estimated very roughly at Rs. 55,000 per annum.

* Quarters available.

CHAPTER X.

MISCELLANEOUS.

A.—Financial Adviser.

200. The post of Financial Adviser, Posts and Telegraphs was created on the recommendation of the Indian Retrenchment Committee of 1922-23 contained in paragraph 40 of Part III of their report. It has been represented to us from several quarters that this appointment is not necessary and that it can be abolished if the duty of preparing the budget and the giving of financial advice is entrusted to the Accountant General, Posts and Telegraphs, who is an officer of the Finance Department but whose pay and expenses are charged to the accounts of the Posts and Telegraphs Department. We have examined the suggestion in the light of the views of the Departments of Finance and of Industries and Labour of the Government of India, which were specially obtained by us. We have come to the conclusion that the suggestion is not a good one and that the continuance of the separate appointment of the Financial Adviser, Posts and Telegraphs, is advisable in the interests of the Posts and Telegraphs Department. We feel that if the post is abolished the necessary financial check on the working of the Department cannot be properly exercised unless a whole-time officer of suitable status is set apart for the purpose in the Finance Department.

B.—Expenditure on audit and accounts.

201. The accounts of the Posts and Telegraphs Department are maintained and audited by the Accountant General, Posts and Telegraphs and his Deputies. The Accountant General, Posts and Telegraphs is an officer of the Finance Department working under the administrative control of the Auditor General in India; but the entire cost of the Posts and Telegraphs Accounts Department is borne by the Posts and Telegraphs budget. We are therefore naturally interested in this item although the detailed enquiry into the Posts and Telegraphs audit expenditure comes within the scope of the Audit and Accounts and Public Works Department Sub-Committee of the Retrenchment Advisory Committee. We had hoped that we should examine the possibilities of economy in the Posts and Telegraphs Accounts Department in consultation with our sister Sub-Committee, but for various reasons it was not possible to do so. We understand, however, that that Committee is likely to make recommendations which will yield a permanent recurring saving of 2½ lakhs a year and a temporary saving for 2 years of Rs. 30,000.

At present the debit to the Department on account of audit and accounts is about Rs. 36 lakhs—a big sum. It is possible that the scale of pay in the audit offices is higher than that in the post offices. As a matter of fact, this point was stressed by some of the Service Associations. As explained above, the administrative control in this case is under another Department and the inconvenience caused by considerable differences in pay between the two Departments is obvious and need not be stressed. It appears to us that the question of co-ordinating the pay of clerical staff in the two Departments should be carefully considered and some working arrangement arrived at so that the scales of pay are about the same.

C.—Selection Versus Seniority.

202. From the evidence tendered to us we feel that there is ground for complaint against the manner in which the higher appointments in the Department are filled at present. In respect of all administrative appointments of importance the rules lay down, as far as we are aware, that merit and suitability for the higher appointments should be the most important considerations in selecting men for filling them. It has been stated to us that in practice seniority is being given perhaps undue weight at the expense of qualification and suitability. We are not in a position, nor can we be expected, to examine the extent of truth in this complaint but we would like to point out that inefficiency generally leads to lack of economy and the higher the appointments the greater the effects. We suggest therefore that instructions be issued to ensure that merit and suitability are given preponderating weight in making such appointments. We also suggest that steps be taken to see that the instructions are complied with.

D.—Decentralisation of work and delegation of powers.

203. The possibility of delegating increased powers to Heads of Circles and lower authorities has been mentioned specifically in our terms of reference. It was not possible for us, during the short time at our disposal, to go minutely into this question and to suggest specific measures of delegation but a good many of our recommendations for retrenchment are based on the consideration that all powers that can possibly be delegated will be so delegated. We recommend that the Director General should retain in his hands only such powers as cannot possibly be delegated to Heads of Circles.

Similar considerations apply in our opinion to the present system of All-India cadres. At another place in this report we have recommended that the cadres of such employees as Telegraphists and Engineering Supervisors, etc., should be "provincialised". That recommendation should be taken as applying to all other cadres where such a possibility is found to exist.

CHAPTER XI.

CUT IN PAY AND ALLOWANCES OF PRESENT INCUMBENTS.

204. The analysis of the financial position of the Posts and Telegraph Department attempted in the Chapter II of this report indicates clearly that the bulk of the expenditure of the Department is incurred on its establishments and therefore it will not be possible to effect immediate economy commensurate with the magnitude of the present economic crisis unless the emoluments of the existing staff are reduced. The recommendations contained in the preceding chapters will yield ultimately a saving of Rs. 44,06,300 exclusive of pensionary contributions. In Appendix I of this report we give a list of various suggestions which we could not investigate during the time available for submitting this *interim* report. These suggestions for economy should be investigated in due course but we do not anticipate any large amount by way of retrenchment.

205. We have given very careful consideration to the question of recommending a cut in pay of existing incumbents. It will be an unprecedented move in unprecedented times. A number of Governments, notably, Japan, Poland, Germany, several of the Republics of South America and now Great Britain have been compelled to resort to a reduction in pay of existing incumbents to meet the financial crisis through which their countries are passing. Even so, we would not have recommended a cut in the pay of existing incumbents if we were not convinced that the rates of pay that are being paid to the employees of this Department are susceptible of such reduction. We have in a subsequent portion of this report recommended rates which although lower than those sanctioned at present are in our opinion fully adequate for the services that the Department requires of its employees. With great reluctance and after considerable thought we have come to the conclusion that a cut in the pay of existing incumbents is unavoidable and is not unjustified.

206. This question came up for discussion with the various witnesses examined by us and also with the representatives of certain recognised Associations who appeared before us for their oral evidence. While they were opposed to a cut in the pay of existing incumbents they realised that a sacrifice may be unavoidable even after all other sources of economy had been exhausted. They also emphasised that in the contingency of a reduction in the pay of existing incumbents being found unavoidable the sacrifice demanded should be equitable and suitable to the circumstances of various grades of employees.

207. We have also considered the question whether the cut should be imposed in the form of a uniform percentage of pay or salary applicable to all classes of Government servants or whether it should be on a sliding scale, a heavier reduction being made upon the pay and salary of the more highly paid servants than of men on lower rates of pay. A uniform percentage applicable to all classes and all grades of pay has the merit of simplicity. But in its effects and incidence it may lead to hardship in some cases. We thought it would be conceded that a reduction of Rs. 10 out of a pay of Rs. 100 would be felt more severely than the reduction of Rs. 100 out of a pay of Rs. 1,000. In our opinion, therefore, the needs of the situation will not be met by a uniform cut applicable to all classes.

208. It will be readily understood that there was some difference of opinion amongst us with regard to the rate of the cut and its scope. Since the question was to have been considered by the Main Retrenchment Advisory Committee, we came to some tentative conclusions and authorised our Chairman to place them before the Main Committee which, we understood, would have the proposals of the other Sub-Committees before them for consideration.

209. We now understand that the Retrenchment Advisory Committee has come to the following conclusions, with which after consideration we find ourselves in general agreement.

It is proposed that all pay, including allowances counting as pay as well as such compensatory allowances as are subject to income-tax actually drawn by an employee, should be subject to a reduction determined in accordance with the following scale :—

Amount of pay and allowance per mensem.	Rate of cut.
For the first Rs. 30	$\frac{1}{2}$ anna per rupee.
For an amount exceeding Rs. 30 but not exceeding Rs. 100.	1 anna per rupee on the excess over Rs. 30.
For an amount exceeding Rs. 100 but not Rs. 500.	$7\frac{1}{2}\%$ on the excess over Rs. 100.
For an amount exceeding Rs. 500 but not Rs. 1,500.	10% on the excess over Rs. 500.
For an amount exceeding Rs. 1,500 but not Rs. 3,000.	15% on the excess over Rs. 1,500.
Above Rs. 3,000	20% on the excess over Rs. 3,000.

210. It will be seen that the amount of reduction to be made from the salary of each employee will have to be calculated separately and it was therefore not possible for us to obtain a reliable estimate of the total saving that may be expected from this proposal. At a very rough calculation, we think that the total saving on a year's expenditure will be Rs. 50 lakhs approximately.

211. Compensatory locality allowances should be assimilated to those sanctioned by local Governments to their employees of corresponding status.

CHAPTER XII.

SUMMARY OF RECOMMENDATIONS FOR IMMEDIATE SAVINGS.

212. The economies and retrenchment that can be effected immediately and the amount of savings to the extent that we have been able to estimate are now summarised in the table below. It must be understood in this connection that some of the amounts have been entered under the head "Immediate Savings" on the assumption, that the Government of India will be able, within a short time, to pass final orders on the recommendations for abolishing superfluous appointments or substituting appointments on lower rates of pay as the case may be.

Amount of savings per annum.	
Immediate.	Ultimate.
Ra.	Ra.

Economies involving sacrifices from the public.

(i) The number of deliveries of ordinary mails should not exceed 4 in a working day but may be increased in important places to five provided no extra expenditure is involved. [Chapter V-A]	..	..	Not estimated.
(ii) All special deliveries of the foreign mails should be stopped forthwith and the foreign inward mails delivered with the first succeeding delivery of the inland mail. [Chapter V-B]	..	1,00,000	1,00,000*
(iii) Overtime and other contingent expenditure incurred in the special sorting of the inward foreign mail at Bombay should be reduced to a minimum. [Chapter V-B]	..	..	Not estimated.
(iv) Concession of preparing special bags of foreign correspondence received at Bombay addressed to certain high officials should be rigidly restricted. [Chapter V-C]	..	..	" "
(v) Revision of the arrangement in connection with the Bombay Madras special train. [Chapter V-D]	..	10,000	10,000
(vi) Unremunerative post offices the annual loss on the working of which exceeds Rs. 120, after giving effect to retrenchment, should be closed down wherever possible. [Chapter V-E]	..	..	Not estimated.

Economies in contingent and other expenditure.

(vii) Various economies in the matter of printing of forms and periodicals. [Chapter VI-A]	..	*2,17,000	*2,17,000
(viii) Systematic repair and overhaul of lines and wires which are done at present annually as part of maintenance should be carried out only at certain main lines while that of other lines should be done every two or three years. [Chapter VI-B]	..	1,00,000	1,00,000
(ix) A draft of certain revisions in the rules regulating the supply of liveries and uniforms prepared by the Department is accepted. [Chapter VI-C]	..	..	Not estimated.

*This amount has already been surrendered by the Department from its grant for the current year.

Amount of savings
per annum.
Immediate. Ultimate.
Rs. Rs.

(x) Expenditure on the training of postal signallers can be reduced if part of the recruitment to the upper division of the clerical cadre in the Postal Branch is restricted to men prepared to undergo a telegraph training of the required standard at their own expense at recognised private institutions. We have recommended that postal signallers should receive a special pay of Rs. 5 p. m. for the time they are employed as signallers. [Chapter VI-D]

60,000 60,000

(xi) We endorse the decision of the Posts and Telegraphs Department to close down the Postal Workshops at Aligarh. [Chapter VI-E]

30,000 30,000

Special pay and allowances.

(xii) The present system of sanctioning All-India cadres for certain classes of employees as General Service Telegraphists, Telegraph Masters and Engineering Supervisors involves a large number of unnecessary transfers and hardship to the staff. This and other cadres of similar status should be "provincialised" so that travelling allowance on transfers is saved. The present practice of classifying officials in the various branches of the Department, for the purposes of travelling allowances, in a class higher than that for which they are eligible in accordance with the provisions of Supplementary Rule 17 (b) and (c) should be stopped and the officers concerned should be graded in accordance with the rules mentioned. [Chapter VII-A]

Not estimated.

(xiii) The grant of free quarters or house-rent allowance in lieu thereof should be regulated as follows : -

Not estimated.

- (a) The present arrangement in respect of postmen, line-men, inferior servants and other employees of corresponding status should continue.
- (b) Non-gazetted officers in all branches of ranks above those mentioned at item (a) above should be exempt from paying rent for quarters if, on account of the nature of their duties, they have to live on the premises.
- (c) Gazetted officers, who on account of the nature of their duties, have to live on the premises should be charged the assessed rent subject to a maximum of 5 per cent. of their pay, etc.
- (d) All other officers whether non-gazetted or gazetted should be required to pay the assessed rent of the Government building occupied by them subject to a maximum of 10 per cent. of pay. [Chapter VII-B.]

(xiv) A departmental enquiry should be instituted and the rates of house-rent allowance paid at present revised, if necessary. [Chapter VII-B.]

(xv) (a) The question of the continuance or otherwise of the Lee Concessions is one of general interest

The percentage cut in pay of existing incumbents, as recommended later, as also a proportionate reduction of pay of future incumbents recommended elsewhere should apply equally to overseas pay or the amount of the sterling remittance concession ..

Not estimated.

Amount of savings
per annum.
Immediate. Ultimate.
Rs. Rs.

(b) As a measure of immediate economy, the number of passages standing to the credit of an individual officer or the members of his family should be reduced by one Not estimated.

(c) The special medical benefits authorised for officers of non-Asiatic domicile should be withdrawn and only such benefits should continue to be given at the cost of the State as are open to all Government officers irrespective of their domicile. [Chapter VII-C] Not estimated.

Retrenchment and economies in staff.

Directorate.

(xvi) The post of Deputy Director General, Staff, should be abolished permanently. The saving shown opposite takes into account the cost of the temporary appointment of Assistant Director General created in lieu of the Deputy Director-Generalship. As regards this latter appointment; please see item (xix) below. [Chapter VIII-A] 11,000 11,000

(xvii) The post of Deputy Chief Engineer, Telegraphs, should be replaced by an officer of the rank of Divisional Engineer, Telegraphs, to work as Personal Assistant to the Chief Engineer on his own pay *plus* a special pay of Rs. 100. [Chapter VIII-A] 15,000 15,000

(xviii) The appointment of Controller of Telegraph Traffic should be abolished. [Chapter VIII-A] 15,000 15,000

(xix) The number of Assistant Directors General should be reduced from 9 (including one temporary created in place of Deputy Director General, Staff, *vide* item (xvi) above) to 7. [Chapter VIII-A] 31,000 31,000

(xx) 7 Assistant Directors-General should be replaced by officials designated Assistant Deputy Directors-General, as one of the officers now attached to the Directorate is designated. The pay of the Assistant Deputy Directors General should consist of pay on their own scale *plus* a special pay of 30 per cent. [Chapter VIII-A] 47,000 47,000

(xxi) The orders of Government reducing some clerical appointments in the office of the Director-General on the recommendation of an expert committee are noted. [Chapter VIII-A] 53,000 53,000

(xxii) The rates of pay of future recruits to the office of the Director-General should be such as may be fixed by Government for other attached offices after duly taking into account that the office of the Director-General is permanently located at Delhi and that therefore presumably the rates of pay should be lower than those for attached offices, the headquarters of which are at Simla Not estimated.

Circle Offices.

(xxiii) The appointments of Deputy Postmasters-General, Traffic, attached to the Bengal and Assam, Bihar and Orissa, United Provinces, Punjab and N. W. P., Central, Bombay and Madras Circles should be abolished. [Chapter VIII-B] 1,00,000 1,00,000

(xxiv) Five appointments of Superintendents of Telegraph Traffic, attached to Circle offices are recommended for reduction after taking into account the creation of one appointment of Superintendent of Telegraph Traffic, for Bihar and Orissa Circle. [Chapter VIII-B] 23,000 23,000

Amount of savings
per annum.
Immediate. Ultimate.
Rs. Rs.

(xxv) The two range offices at Dacca and Shillong should be abolished and an additional post of Deputy Postmaster-General Postal, attached to Circle headquarters at Calcutta. [Chapter VIII-B] 24,000 24,000

(xxvi) One appointment of Assistant Postmaster-General should be reduced from the headquarters gazetted strength of each of the following Circles :—

Bengal and Assam, Bihar and Orissa, Bombay, Central,
Punjab and N. W. F. [Chapter VIII-B] 37,000 37,000

(xxvii) The status and pay of the Junior Electrician in the Office of the Electrical Engineer-in-Chief, should be reduced to those of an Assistant Engineer from those of an Assistant Divisional Engineer [Chapter VIII-C] 4,000 4,000

One appointment of the Electrical Supervisor attached to the Office of the Electrical Engineer-in-Chief should be abolished. [Chapter VIII-C] 2,300 2,300

(xxviii) As the scheme for reorganising the work of the Telegraph Store-yard is being worked out, the only retrenchment that we recommend is the reduction of the status and pay of the Controller of Telegraph Stores from that of a Director of Telegraph Engineering to that of a Divisional Engineer, Telegraphs. In addition to his basic pay as Divisional Engineer, the Controller should receive a special pay of Rs. 100. [Chapter VIII-D] 13,000 13,000

(xxix) As a scheme for reorganising the Telegraph Workshops at Alipore is under examination in the Department we have no recommendations to make. We suggest the appointment of a special Committee to enquire into and report on the possibilities of transferring work between the Telegraph Workshops, the Metal and Steel Factory, Ishapore, the Gun and Shell Factory, Cossipore, and the Railway Workshops so as to obtain the maximum of economy. [Chapter VIII-E.]

(xxx) We are not at present in a position to recommend any economies in the Engineering Branch of the Department but this matter will come under enquiry in connection with some of the items detailed in Appendix I of this Report.

(xxxi) The following reductions in the cadre of Superintendents of Post Offices and R. M. S. are recommended :—

13 appointments of officers in charge of the Postal divisions.

1 appointment for the Bombay Suburban division which is vacant at present.

3 appointments of City Superintendents, viz., one each in Calcutta, Madras and Rangoon.

The remaining 5 appointments of City Superintendents to be replaced by those of Postmasters,
3 of whom should be gazetted and 2 non-gazetted.

6 appointments of Reserve Superintendents.

3 appointments of Probationary Superintendents.

Amount of savings
per annum.
Immediate. Ultimate.

Rs. Rs.

Against the gross reduction of 35 appointments, 5 appointments will have to be added to provide for a maximum of 5 appointments of Assistant Deputy Directors-General from the postal side. [Chapter VIII-G]

1,52,000 1,52,000

(xxxi) We recommend that the experiment of entrusting the side-lines and offices of the Railway Mail Service to the Superintendents of Postal Divisions and transferring the main lines and offices to the Superintendents, R. M. S., attached to the Circle headquarters, should be tried in the United Provinces Circle. If the experiment proves successful, it will lead to a saving of one R. M. S. division in this Circle and can then be extended to other Circles. [Chapter VIII-G.]

(xxxii) The abolition of 3 Superintendents of Telegraph Traffic which were attached to signal offices a few years ago on becoming surplus from Circle Offices, and of one appointment to the combined Postal and Telegraph Darjeeling-Sikkim-Tibet Line, are recommended. [Chapter VIII-H]

21,000 21,000

(xxxiv) We have made the following recommendations for retrenchment in the signalling establishments employed in departmental telegraph offices:—

(a) Steps should be taken for absorbing existing surplus of 228 Telegraphists. The lowest estimate of the unnecessary expenditure due to this surplus establishment incurred at present is Rs. 1,50,000 per annum on pay alone

3,42,000

(b) The practice of sanctioning supernumerary appointments of Telegraph Masters should be abolished. There are 22 such appointments at present resulting in an unnecessary expenditure of Rs. 82,000 per annum.

(c) The number of Telegraph Masters in departmental telegraph offices employing ten men or more (telegraphists and clerks) can be reduced if Telegraph Masters are provided with suitable assistance to relieve them of their clerical and non-technical duties.

Normally, the assistance should take the form of experienced clerks, but until such time however as there is a surplus of telegraphists this surplus should be utilized to provide necessary assistance to Telegraph Masters. According to our estimates the number of Telegraph Masters can be reduced from 304 to 164 [Chapter VIII-I]

5,00,000 3,30,000

(xxv) A Lower Division of clerks was instituted in 1928 for the performance of work of a routine nature. In practice recruitment to this division is restricted to postmen and other employees of corresponding status. We find that a sufficient number of postmen, etc., suitably qualified for promotion to a Lower Division of clerks is not available everywhere and that the work that can be

Amount of savings
per annum.
Immediate. Ultimate.
Rs. Rs.

entrusted to them is generally of the simplest nature. This fact and the consideration that an appointment can be transferred from the time-scale to the Lower Division only on the occurrence of a vacancy has retarded the realisation of the economies expected from this scheme. We are of opinion that the entire work of the Department should be reorganised in such a way that work of routine nature or such as involves comparatively minor responsibilities can be entrusted to a Lower Division of clerks recruited partly from the open market and partly by promotion of employees of lower status. We estimate that 33% of the clerical cadre can be converted into Lower Division appointments as against the 11% that exist at present. [Chapter VIII-J]

20,24,000

(xxxvi) We endorse the proposal of employing extra departmental agents consisting of retired employees of the Department and others for manning the 1,484 departmental branch offices that existed in February 1931 as well as such other sub offices including combined offices, as it may be found possible. [Chapter VIII-K].. ..

5,00,000

(xxxvii) The inland wireless stations at Jutogh, Lahore, Nagpur, Mhow, Quetta, Poona, and Secunderabad should be put under care and maintenance and the expenditure reduced to the absolute minimum necessary to prevent the apparatus from suffering deterioration and for keeping the station in such order that it can be reopened on reasonable notice being given. (Chapter IX)

75,000 75,000

(xxxviii) The pay and such allowances as are subject to the income tax should be subject to a cut on a graduated scale rising from 3½% to 20% (Chapter XI)

50,00,000 ..

Total .. 66,40,300 43,36,300

213. The total estimated amount of savings resulting from our proposals comes to Rs. 66,40,300 of which Rs. 61,33,300 is under pay and allowances counting for pension. There will consequently be a further saving of Rs. 5,02,603 calculated at 8.2% of the pay in the pensionary contribution which the Department has to pay to General Revenues.

214. We have not, however, tried to take into account the cost of compensation and other pensions to the retrenched personnel, and this fact should be borne in mind in determining the total reduction in the expenditure of Government.

215. We understand that in their *interim* report, the Audit and Accounts and Public Works Department Sub-Committee of the Retrenchment Advisory Committee have recommended economies in the expenditure of the Posts and Telegraphs Audit and Accounts Department, amounting to Rs. 2,25,000 permanent, and a temporary saving for two years of Rs. 30,000 per annum.

PART III.

Economic rates of pay for future entrants.

CHAPTER XIII.

GENERAL CONSIDERATIONS.

216. The question of the rates of pay for future entrants in the Posts and Telegraphs Department has been referred specifically for our advice in paragraph 2 of the subsidiary terms of reference, reproduced in the first chapter of Part I of our report. Before stating our recommendations and the reasons underlying them, we would like to offer some general observations. The various Associations of employees of the Posts and Telegraphs Department, who have submitted memoranda for our consideration or have appeared for oral evidence, have uniformly opposed any reduction in pay and allowances of future recruits. They maintain that there has been no appreciable fall in prices to justify any reduction in the scales of pay, some of which were sanctioned by Government only recently. They have stressed the fact that conditions of work in the Posts and Telegraphs Department are very different from those in other Departments, that hours of work are longer, holidays are fewer and the work is of such a character that it cannot be allowed to fall into arrears. The rates of pay in force at present are shown in Appendix VI to this report.

217. We have given the fullest consideration to all the arguments, and our proposals have been made after giving due weight to each and all of them. Broadly speaking, we have been guided in our proposals by the following principle adopted by the Islington Commission in their report :—

“ Government should pay so much and only so much to their employees as is necessary to obtain recruits of the right stamp, and to maintain them in such a degree of comfort and dignity as will shield them from temptation and keep them efficient for the term of their service.”

Whilst therefore we have noted the general fall in prices which has taken place, as indicated by the fall in the index figures of the cost of living published in the Bombay Labour Gazette, we have not based any general recommendation on this ground.

218. We have also had to consider the respective advantages and disadvantages of remunerating staff on a continuous time-scale and on a graded system. It is well known that following the lead given by the Islington Commission in the matter of pay of superior services, the majority of Government employees are now on time scales of pay. The evidence before us is emphatic in asserting that the introduction of time-scales of pay throughout the Department has resulted in loss of efficiency as a certain number of men are content with doing the minimum amount of work required to ensure that their annual increments are not stopped. On the other hand, past experience has shown that a system in which every post or class of posts is placed in isolated grades unconnected with one another renders the flow of promotion uneven and causes hardship and discontent. After careful consideration, we have come to the conclusion that the solution of the difficulty lies in finding a *via media* between the two.

219. Where, therefore, we have formed the opinion that the existence of a continuous time-scale is not conducive to the efficiency of work we have

suggested the creation of separate grades. We have taken care, however, to ensure that each grade will have a sufficient number of appointments so as to provide for an even flow of promotion and that the pay for each grade will be on a time-scale basis so that within the limits of the grade every man will be assured of a steady increase in emoluments provided his service continues to be satisfactory. In making our proposals for revision of the scales of pay of different posts and classes, we have also kept in view the necessity for avoiding grounds for invidious comparisons as between co-ordinated grades in different branches of the Department, due regard being paid to the nature of work required of the men in each branch and each grade. We have also tried to smooth out such inequalities and anomalies in the rates of pay for different appointments as have, according to the evidence before us, contributed to unnecessary expenditure and difficulties in administration.

220. We would like to add that the rates of pay proposed by us in the subsequent chapters should be considered as subject to readjustments so as to secure co-ordination between the different Departments of Government.



CHAPTER XIV.

HIGHER GAZETTED APPOINTMENTS.

A.—*Director General of Posts and Telegraphs.*

221. The Director General of Posts and Telegraphs is the head of the entire Indian Posts and Telegraphs Department. This post was created in 1914 on the amalgamation of the old Post Office and Telegraph Departments. The pay of Rs. 3,500—100—4,000 as fixed then has not been changed since, but in common with other gazetted officers the Director General is entitled to certain concessions as regards passages, etc., if personally eligible thereto, but not to overseas pay. We recommend that the basic pay should be fixed at Rs. 3,000—100—3,500.

B.—*Chief Engineer, Posts and Telegraphs.*

222. The Chief Engineer is, under the Director General, the head of all the technical branches of the Department. The post as such was created in 1914 on the amalgamation of the Post Office and Telegraph Departments on a fixed pay of Rs. 2,750. In 1920, the pay was revised and fixed at Rs. 2,750—125—3,000. If personally eligible the Chief Engineer gets overseas pay in sterling of £13-6-8 and other concessions in accordance with the orders of Government passed on the Report of the Superior Civil Services Commission. We recommend a basic pay of Rs. 2,250—100—2,750.

C.—*Postmasters General and Deputy Directors General.*

223. Up to the 28th February 1930, Postmasters General and Deputy Directors General were graded together and received pay on the same scale, the Deputy Directors General who had to work at headquarters getting a special pay in addition to their basic pay. The scale of pay for these appointments sanctioned from 1st December 1919 was, in the case of officers of the Indian Civil Service, the I. C. S. scale *plus* a special pay of Rs. 250. For officers of the Department Rs. 1,750—100—2,250 with one selection post on Rs. 2,500.

224. The scales of pay for Postmasters General and Deputy Directors General were revised with effect from the 1st March 1930. On the ground of increased work and responsibility due to the unification of control over Engineering, Postal, and Telegraph Traffic work in the Circles, Postmasters General were given an increase in pay as follows :—

				Rs.
Officers of the I. C. S.	..	..	..	2,250—100—2,750
Non-I. C. S. officers	..	..	..	2,000—100—2,500

NOTE.—The P. Ms. G. in charge of the Bengal and Assam and Bombay Circles, whether belonging to the I. C. S. or not, receive a special pay of Rs. 250 p. m. in view of the alleged heavier work and responsibilities of their charges.

225. The rates of pay admissible for two out of the three appointments of Deputy Directors General, Postal, which were all previously graded with the appointment of Postmasters General, were left unchanged but that for one

appointment was increased, the designation of the post being also changed to that of Senior Deputy Director General. The incumbent of this appointment, if he belongs to the I. C. S., gets a fixed pay of Rs. 3,000. If he is a Departmental officer, he gets Rs. 2,750—125—3,000. The pay of the other two Deputy Directors General is the same as that sanctioned in 1919, namely Rs. 1,750—100—2,250. The special pay of the Deputy Director General was reduced from Rs. 200 to Rs. 175 in 1924.

226. It will be seen from the brief history of the revisions of pay attaching to these appointments that for officers of the Department the order of promotion has become as follows :—

- (1) Deputy Directors General ;
- (2) Postmasters General ;
- (3) Senior Deputy Director General.

We understand that this has caused a certain amount of administrative inconvenience which has reacted on the efficiency of work in the Directorate and unnecessary expenditure on transfers. As a result of the fact that the pay of Postmasters General is now higher than that of Deputy Directors General while that of Postmasters General is in its turn lower than that of the Senior Deputy Director General, officers working as Deputy Directors General have to be posted to Circles and back again to the Directorate when their turn for promotion is reached. We have given the matter our careful consideration. On the one hand is the argument that Postmasters General being in charge of Circles have to undertake responsibilities from which Deputy Directors General working directly under the Director General are absolved and that this extra responsibility of Postmasters General deserves recognition by the grant of a higher scale of pay. On the other hand, is the argument that an officer working as Deputy Director General has to shoulder the arduousness and the responsibility of working at the headquarters of Government. In our opinion the two arguments can be balanced against each other and we recommend that the distinction between the grades of Postmasters General and Deputy Directors General should be done away with and that all Postmasters General and Deputy Directors General should be in one grade and should receive a pay of Rs. 1,800—60—2,100.

Special pay.

227. We do not think that there is sufficient reason to differentiate between the work and responsibilities of the Postmasters General, Bombay and Calcutta and those of others, and we recommend that the special pay attached to the former two appointments should be withdrawn but in view of the secretarial nature of the work of the Deputy Directors General, we recommend however that they should get a special pay of Rs. 150.

228. We are not in a position to advise on the question of the Senior Deputy Director Generalship, which was created in 1930, as it is one of detailed administration which we think is outside the terms of our reference. We think, however, that there is no justification for grading this officer separately from other Deputy Directors General or Postmasters General and in our opinion the requirements of the situation will be met, if it is decided to continue this appointment by granting a special pay of Rs. 250 in place of the special pay of Rs. 150 recommended by us to other Deputy Directors General.

229. As regards the emoluments of officers of the I. C. S. working in the Department, there is a difference of opinion amongst us. The Chairman and Mr. Annesley think that the present arrangement whereby an officer of the I. C. S. receives slightly higher emoluments than an officer of the Department when holding similar appointments should continue in order to enable officers of the Indian Civil Service to join the Department. They are of the opinion that this differentiation should consist in the grant of a special pay of Rs. 250, in addition to the basic pay fixed for the appointment. Messrs. Raghavan, A. N. Dutt and B. K. Basu do not subscribe to this opinion for the reason stated in the separate note attached to this report.

D.—Deputy Director General, Telegraphs.

230. The Deputy Director General, Telegraphs, is an officer of the Telegraph Department and has hitherto been, in accordance with the arrangements brought in force on the amalgamation of the Post Office and the Telegraph Department effected in 1914, an officer of the Engineering Branch. The pay at present is Rs. 1,750—100—2,150 which is the pay fixed for Directors of Telegraph Engineering, *plus* a special pay of Rs. 175. We shall deal with the rate of pay for Directors of Telegraph Engineering in a subsequent paragraph. But as regards the Deputy Director General, Telegraphs, we are of the opinion that his pay should be assimilated with that of the other Deputy Directors General, excepting the Senior Deputy. We recommend accordingly that he should be placed on the scale of Rs. 1,800—60—2,100 *plus* a special pay of Rs. 150.

E.—Directors of Telegraph Engineering and Electrical Engineer-in-Chief.

231. Directors of Telegraph Engineering are members of the Superior Telegraph Engineering Branch of the Department which is one of the Superior Services and which has hitherto been entirely under the control of the Secretary of State in Council. Their pay was revised with effect from August 30th, 1919, when it was fixed at Rs. 1,750—100—2,150.

232. There are at present 5 Directors of Telegraph Engineering. Previous to 1929, Directors were in independent charge of the Telegraph Engineering work including telephones in their territorial areas and were directly under the Director General of Posts and Telegraphs in the Engineering Branch. They had separate budgets and were in full control of all engineering personnel. As independent Heads of Circles, they had to deal directly with local Governments. As a result of the unification of control in Circles, the Directors were placed under the Postmasters General and the 5 appointments have been attached to the Bengal and Assam, Bombay, United Provinces, Punjab and N. W. F., and Madras Circles. Simultaneously, with this they have been or, so we understand, will be relieved of all questions relating to personnel and establishment, which are now dealt with in other Branches of the Offices of Postmasters General. There has thus been a material decrease in their responsibilities and we are of opinion that the future scale of pay for these officers should be fixed, keeping in view the technical qualification and experience required of the incumbents of such posts, at Rs. 1,300—50—1,500.

233. There are two other appointments, Controller of Telegraph Stores, and the Electrical Engineer-in-Chief, which are at present classed with Directors.

According to our recommendations the status of the former will be reduced to that of a Divisional Engineer, but the latter will continue to rank as a Director. His pay should, therefore, be Rs. 1,300—50—1,500.

F.—Deputy Postmasters General.

234. The scales of pay of Deputy Postmasters General have been subjected to frequent revisions. Previously, these appointments were all graded on the following emoluments :—

Rs. 1,200—40—1,400.

Rs. 1,000.

Rs. 800.

From 1st July 1922, the graded system was replaced by a time-scale, all posts being given Rs. 800—60—1,400. The pay was again revised with effect from 1st April 1928 when it was made Rs. 1,000—50—1,500. In our opinion a scale of Rs. 900—40—1,300 should be sufficient for these appointments.

G.—Presidency Postmasters, Calcutta and Bombay.

235. These two appointments are at present graded along with Deputy Postmasters General. In view of the heaviness and responsibility of their charges, we are of the opinion that this arrangement should continue but as in the case of Deputy Postmasters General, Postal, their scale should be reduced from Rs. 1,000—50—1,500 to Rs. 900—40—1,300.

H.—Presidency Postmaster, Madras, and Postmaster, Rangoon.

236. The responsibility and heaviness of the charges held by these officers are at present recognised to be lower than those of the Presidency Postmasters, Bombay and Calcutta. The present pay which is Rs. 800—40—1,000 was fixed in 1920. We recommend a scale of Rs. 700—40—900.

I.—Deputy Postmasters General, Traffic, and Chief Superintendents in the Telegraph Offices at Calcutta, Bombay, Madras and Rangoon.

237. All these appointments are included in the first Division of the Superior Traffic Branch and the pay is Rs. 1,000—50—1,500. Their case is parallel with that of Deputy Postmasters General, Postal, and Presidency Postmasters both in the nature of duties and the source of recruitment. We recommend accordingly that the new scale should be Rs. 900—40—1,300.

J.—Assistant Deputy Directors General.

238. As recommended in Chapter VIII-A., Assistant Deputy Directors General will be recruited from amongst Superintendents of Post Offices, and officers of similar rank or from amongst Superintendents of the office of Director General. These officers should receive their basic pay as recommended subsequently, *plus* a special pay of 30% of the basic pay.

K.—Assistant Postmasters General.

239. Assistant Postmasters General receive pay on their scale as Superintendents of Post Offices *plus* a special pay of Rs. 100. All of us excepting our colleague Mr. Mohamad Yamin Khan who would reduce the special pay

to Rs. 50, are of opinion that this arrangement should continue. The basic pay will be that recommended by us subsequently.

L.—*Saving.*

240. The ultimate annual savings from the proposals made in this chapter are summarised below :—

Reference to paragraph.	Appointment.	Saving.
221	Director General of Posts and Telegraphs	Rs. 2,000
222	Chief Engineer, Posts and Telegraphs	4,000
223 to 230	Postmasters General and Deputy Directors General ..	38,000
231 to 233	Directors of Telegraph Engineering, Electrical Engineer-in-Chief and Controller of Telegraph Stores	55,000
234	Deputy Postmasters General, Postal	7,000
235	Presidency Postmasters, Calcutta and Bombay	1,000
236	Presidency Postmaster, Madras, and Postmaster, Rangoon	2,000
237	Officers of the Superior Traffic Branch, 1st Division ..	6,500
	Total ..	1,15,500

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CHAPTER XV.

OTHER GAZETTED APPOINTMENTS.

A.—Postal Branch.

Superintendents of Post Offices and R. M. S.

241. Officers of this designation are in charge of Postal and R. M. S. divisions and are entrusted with the control of post offices, other than Presidency post offices, or first class post offices situated within their territorial jurisdiction. Their status and pay are comparable with those of the provincial services working under local Governments. The cadre is filled partly by promotion of members of the subordinate establishment who have qualified themselves by passing a departmental examination and partly by direct recruitment from amongst candidates who qualify themselves at the competitive examination held by the Public Service Commission for recruitment to the Indian Audit and Accounts Service but are too low down on the list of successful candidates to be recruited for that service.

242. Before December 1919 the appointments were on the graded system, the various authorised scales being Rs. 500—20—600 ; Rs. 400—20—500 and Rs. 300—20—400. As a result of the recommendations of the Islington Commission a time-scale of Rs. 250—25—300—20—700 was sanctioned with effect from 1st December 1919. A further revision was effected in 1926 when the present scale of Rs. 300—20—600—25—750 was sanctioned. It will be noticed that in the case of these appointments the various revisions of pay that have been sanctioned between 1919 and now have amounted more to readjustments of the scale than increase in the emoluments. Keeping in view the duties entrusted to these officers, the method of recruitment, etc., and all other relevant considerations we recommend a scale of Rs. 250—25—650.

Probationary Superintendents of Post Offices and R. M. S. are direct recruits to the cadre of Superintendents of Post Offices and R. M. S while they are under training and probation and are waiting for confirmation as Superintendents.-

Prior to 1919, they were remunerated on fixed rates varying between Rs. 80 and Rs. 150. From 1st December 1919, they are given a fixed pay of Rs. 200. We recommend a fixed pay of Rs. 150.

Gazetted Postmasters.

243. There are 48 gazetted appointments of Postmasters at the more important places and they are remunerated on two different scales of pay. The Postmasters in charge of Delhi, Lahore, Poona, and Karachi post offices come next after the Presidency Postmaster, Madras, and Postmaster, Rangoon, in respect of work and responsibility and are at present in receipt of a pay of Rs. 700—25—800. We recommend a scale of Rs. 625—20—725. The other 44 gazetted appointments include Postmasters of a number of important offices like Ahmedabad, Lucknow, etc., as well as the Deputy and Assistant Postmasters in some of the largest offices. Their present scale of pay is Rs. 350—30—650 and we propose that it should be Rs. 300—20—600.

Treasurer, Calcutta General Post Office.

244. The cash and treasury work of the General Post Office at Calcutta is done departmentally and is in charge of a Treasurer who has to deposit a heavy security. The present rate of pay is Rs. 400—10—500. In view of the heavy monetary responsibilities that the Treasurer has to shoulder and other important considerations we are of the opinion that this rate of pay should remain unchanged.

B. Telegraph Traffic Branch.

Superior Traffic Branch, II Division.

245. The Second Division of the Superior Traffic Branch was created along with the First Division in 1914 on the amalgamation of the Post Office and the Telegraph Department, with 27 appointments. The rate of pay sanctioned then was a time-scale of Rs. 250—15—400—20—600. This scale was revised to Rs. 300—20—600 with effect from 1st March 1919. From 27th September 1920, the scale was further revised to Rs. 350—20—550—30—700. Members of this service are employed as Superintendents of Telegraph Traffic and Personal Assistants to Deputy Postmasters General, Traffic, both of which are attached to Circle headquarters. They are also appointed to hold independent charge of telegraph offices of intermediate importance and to serve as assistants to the Chief Superintendents of the larger telegraph offices. Broadly speaking, their status, work, and pay are comparable to those of Superintendents of Post Offices and R. M. S., including Assistant Postmasters General.

246. There is another consideration that is to be borne in mind in connection with this service. There is in addition to this service another class of posts called Deputy Superintendents divided into two grades ; Deputy Superintendents, Class II on Rs. 350—20—450 and Deputy Superintendents, Class I on Rs. 500—20—600. The appointments of Deputy Superintendents are meant for holding charge of the smaller telegraph offices and to provide assistance for Superintendents of Telegraph Traffic, and Chief Superintendents. Both the Superior Traffic Branch, Second Division and the two classes of Deputy Superintendents are recruited in practice from amongst the subordinate establishment although in theory it is open to the Department to appoint direct recruits to the Second Division of the Superior Traffic Branch. The distinction between the two services lies in the idea that recruits to the Second Division of the Superior Traffic Branch should consist of promising and fairly young subordinates who would in the course of time be suitable for holding important traffic appointments of Superintendents of Telegraph Traffic, as well as those in the First Division of the Superior Traffic Branch.

247. Taking all the relevant factors into consideration, we suggest that their scale of pay should be the same as that of Superintendents of Post Offices and R. M. S., viz., Rs. 250—25—650 even though the minimum of the proposed scale may be less than the maximum of certain subordinates.

Deputy Superintendents, Traffic, Classes I and II.

248. Deputy Superintendents, Traffic, are recruited from amongst subordinates in the Telegraph Traffic Branch and are divided into two classes.

					Rs.
Class II	..	..	..	..	350—20—450
Class I	..	..	..	..	500—20—600

It will be noticed that the rates of pay for the two grades if set out continuously, overlap the pay for the Superior Traffic Branch, Second Division. Although to a certain extent, there is not much distinction between the duties of a Deputy Superintendent and those of a member of the Superior Traffic Branch, Second Division, there is as explained in paragraph 246 a distinction in the method of recruitment and the future prospects and promise of work for the two classes of officers. We also understand that in practice there is no distinction between the work entrusted to Deputy Superintendents in Class II and those in Class I. We recommend that the existence of two classes should be discontinued and that all Deputy Superintendents should be remunerated on a continuous time-scale of Rs. 300—20—540.

C.—Telegraph Engineering and Wireless Branches.

Officers of the Superior Telegraph Engineering and Wireless Branches.

249. The cadre consists, excluding the appointments in the administrative grades, of Assistant Divisional Engineers and Divisional Engineers. The scales of pay are as shown below :—

Senior Scale—Rs. 625—2—675—725/2—50—1,025/2—50—1,275/2—1,375.

Junior Scale—Rs. 375—50—525/2—575—625/2—50—975.

Generally speaking, officers not holding charge of Engineering divisions or other charges deemed equivalent thereto, are remunerated on the junior scale while those holding charge of divisions or equivalent appointments draw pay on the senior scale. Recruitment is made partly in England by the Secretary of State and partly in India through the Public Service Commission. The recruitment in India is again made partly from the open market on the results of a competitive examination, and partly by promotion of specially selected subordinate officers employed in the Department. Members of this service, if personally eligible, are entitled to overseas pay, passage concessions, etc. We recommend the continuance of the present system of parallel scales of basic pay but would reduce them as follows :—

Junior Scale—Rs. 300—40—380—35—800

Senior Scale—Rs. 550—35—1,110 the senior scale to start in the 5th year of service instead of in the 4th year as at present.

Assistant Engineers, Telegraph, Telephone, Electrical and Wireless.

250. The Assistant Engineers occupy the same position in the Engineering Branch as do Superintendents of Post Offices and R. M. S. in the Postal Branch and Officers of the Superior Traffic Branch, II Division, and their scale of pay is also the same as that for the latter service. The parallelism between the Superior Traffic Branch and the Assistant Engineer goes further. In addition to Assistant Engineers there is a class of Deputy Assistant Engineers divided into two grades exactly parallel both in the matter of pay, status, and recruitment with Deputy Superintendents, Traffic. For the reasons which we have stated earlier in dealing with the case of the Second Division of the Superior Traffic Branch, we recommend a scale of Rs. 250—25—650.

Deputy Assistant Engineers, Telegraph, Telephone, Electrical and Wireless.

251. These officers are strictly comparable with Deputy Superintendents, Traffic. There is further the same distinction between Deputy Assistant Engineers and Assistant Engineers as there is between Deputy Superintendents, Traffic, and the Superior Traffic Branch, Second Division. For the reasons stated in dealing with the case of Deputy Superintendents, Traffic, we are of the opinion that the distinction between the two classes of Deputy Assistant Engineers should be abolished and they should be given a continuous time-scale of Rs. 300—20—540.

D.—Estimated savings.

252. The estimated annual savings that will be ultimately realised are—

Reference to paragraph.	Appointment.	Saving.
		Ra.
241—242	Superintendents of Posts Offices and Railway Mail Service	1,22,000
	Probationary Superintendents of Post Offices and Railway Mail Service	6,600
243	Gazetted Postmasters	47,400
245—247	Superior Traffic Branch, 2nd Division	14,800
248	Deputy Superintendents, Traffic	57,900
249	Superior Telegraph Engineering and Wireless Branches (Assistant Divisional Engineers and Divisional Engineers)	62,000
250	Assistant Engineers, Telegraphs (General, Telephone, Electric and Wireless)	9,700
251	Deputy Assistant Engineers, Telegraphs (General, Telephone, Electrical and Wireless)	1,29,000
	Total ..	4,49,400

CHAPTER XVI.

NON-GAZETTED APPOINTMENTS.

A.—*Staff on clerical rates of pay.*

253. According to the Administration Report of the Posts and Telegraphs Department, the number of subordinate officials who can be regarded broadly as being remunerated on clerical scales of pay on the 31st March 1930 was as follows :—

Designations.	Numbers.
Inspectors	514
Head Clerks of Superintendents	126
Other head and sub-postmasters in the non-gazetted selection grades ..	659
Clerks and others in non-gazetted selection grades	851
Sub-postmasters, clerks and others on the time-scale	30,860
Branch postmasters, departmental	1,432
Overseers, Sorting Postmen, etc.	2,125
Munshi clerks and others	950
	<hr/> 37,517 <hr/>

254. The lowest scale of pay is that applicable to the Lower Division clerks of whom there are 11 per cent. at present. This grade of clerks has up to the present been recruited only by the promotion of men of lower status such as mail guards, postmen, village postmen, etc., etc. Above the Lower Division is the ordinary time-scale for clerks and sub-postmasters, etc., who constitute the bulk of the subordinate establishment of the postal branch. This scale applies not only to clerks in post offices but also to those attached to Postal and R. M. S. Divisional Offices and to the offices of the Postmasters General. Above the time-scale are the junior and senior selection grades which constitute roughly about 8 per cent. of the total clerical cadre and which are meant to provide for appointments involving heavier work or responsibility.

255. The scales of pay for the 4 grades mentioned above are shown in the sub-joined table. The important point to be noticed in connection with these scales is that while the same rates are applicable respectively to the two selection grades throughout India and Burma, the scales for the Lower Division and the time-scale clerks are different for different places and areas as shown in the table.

Localities and Areas.	Lower division clerks.	Ordinary time-scale clerks.	Junior selection grades.	Senior selection grades.
	Rs.	Rs.	Rs.	Rs.
<i>Bengal and Assam Circle—</i>				
Calcutta and its vicinity	50—5—100	50—6—110 —5—160	160—10—250	250—20—350
Rest of Circle	40—4—80	40—5—140	Do.	Do.

Localities and areas.	Lower division clerks.	Ordinary time-scale clerks.	Junior selection grades.	Senior selection grades.
	Rs.	Rs.	Rs.	Rs.
<i>Bihar and Orissa Circle—</i>				
Patna and Ranchi	40—4—80	40—5—140	160—10—250	250—20—350
Rest of Circle	35—4—75	35—5—135	Do.	Do.
<i>Bombay Circle—</i>				
Aden, Bombay and its vicinity ..	60—4—100	60—5—160	Do.	Do.
Poona and Ahmedabad	50—4—90	50—5—150	Do.	Do.
Rest of Circle	40—4—80	40—5—140	Do.	Do.
<i>Burma Circle—</i>				
Rangoon	70—4—110	70—5—170	Do.	Do.
Rest of Circle	50—4—90	50—5—150	Do.	Do.
<i>Central Circle—</i>				
Nagpur and Jubbulpore	40—4—80	40—5—140	Do.	Do.
Rest of Circle	35—4—75	35—5—135	Do.	Do.
<i>Madras Circle—</i>				
Madras	40—5—90	40—6—100	Do.	Do.
		—5—150		
Madura, Bangalore, Hyderabad (Deccan) and Dhanushkodi.	40—4—80	40—5—140	Do.	Do.
Rest of Circle	35—4—75	35—5—135	Do.	Do.
<i>Punjab and N. W. F. Circle—</i>				
Lahore, Delhi, Peshawar, Rawal- pindi, Amritsar and Simla.	45—4—85	45—5—145	Do.	Do.
Ambala and Abbottabad	40—4—80	40—5—140	Do.	Do.
Rest of Circle	35—4—75	35—5—135	Do.	Do.
<i>United Provinces Circle—</i>				
Allahabad, Cawnpore, Agra, Luck- now, Meerut and Benares.	45—4—85	45—5—145	Do.	Do.
Rest of Circle	35—4—75	35—5—135	Do.	Do.
<i>Sind and Baluchistan Circle—</i>				
Baluchistan	60—4—100	60—5—160	Do.	Do.
Karachi and Persian Gulf (includ- ing Mekran Coast).	50—4—90	50—5—150	Do.	Do.
Rest of Circle	40—4—80	40—5—140	Do.	Do.

256. The existing scales of pay have been evolved over a long period of time. For the purposes of this report, it will be sufficient to go back to the year 1920 when the Government of India appointed a Postal Committee with Mr. H. N. Heseltine, C.I.E. as President "to enquire into the conditions of service of the non-gazetted supervisory, clerical, sorting, delivery and menial establishments employed in the Postal Branch and such subordinate establishments of the Telegraph Branch, including telephone staff, as have not been dealt with by the recent Telegraph Committee, with special reference to the rates of pay and allowances, the hours of duty, and the principles which have been laid for fixing the strength of the staff".

257. The Committee submitted their report on the 31st August 1920 and Government orders on their recommendations were issued in a series of resolu-

tions issued in that year and the next. The case of clerks of various post and other offices in the Postal Branch was dealt with in Chapters II to VI of the Committee's report. Roughly speaking, their recommendations consisted of the replacement of a graded system, which had been last revised as recently as 1st February 1920, by one on the time-scale, with a certain number of appointments in a selection grade remunerated on a more liberal scale. The scales of pay varied from locality to locality and were arrived at after laborious investigation. The recommendations of the Committee, as sanctioned by Government, resulted in an increase of over Rs. 150 lakhs in the cost of salaries of the clerical, delivery and menial staff for 1921-22.

258. The revisions of pay announced in 1920-21 failed to keep the staff satisfied for any length of time and the question of amelioration of conditions of service of the staff was the subject of constant discussion in the Houses of Legislature. In February 1925, Mr. Bepin Chandra Pal moved a resolution in the Legislative Assembly for the appointment of a Committee of Enquiry into the grievances of the postal staff. On the Hon'ble Member for Industries and Labour agreeing to receive a deputation from the staff to represent and discuss their grievances, the consideration of the motion was adjourned. A deputation of the All-India (including Burma) Postal and Railway Mail Service Union waited on the Hon'ble Member in charge of Industries and Labour and the Director-General of Posts and Telegraphs in March 1925, and represented a large number of grievances. As a result of the detailed examination of the question that was undertaken, improvements began to be effected commencing with the year 1926-27 and continued up to the year 1928-29. Details of these measures are given in Appendix VI to this report. The amounts shown there are those provided for in the budgets for the respective years when the proposals were put up for sanction. They do not by any means represent the annual increase in the expenditure of the Department. For instance, although the budgetted amount for the years 1926-27 and 1927-28 was Rs. 22,95,000, the cost for a full year of the measures sanctioned in those two years was estimated at Rs. 24,50,000. It has also been stated by the Accountant General, Posts and Telegraphs, in his Appropriation Accounts for the year 1929-30 that the estimates of the cost of the various schemes for revision of pay, etc., have proved to be incorrect although it is impossible even now to determine accurately what the actual cost has been or will be when the position due to recruitment and promotions on the one hand and retirements on the other has been stabilised. Without going into details, it will be seen from the table in paragraph 20 that, in the Department as a whole, while the increase in the numbers of the personnel has been 9.5 per cent., the increase in the cost thereof has been about 25 per cent.

259. In making our proposals for the rates of remuneration for future entrants in the clerical cadres of the Postal Branch, we have considered the respective merits and demerits of continuing the present arrangement wherein there are 8 different scales of basic pay applicable to 8 different groups of localities and areas on the one hand, and of having, on the other, a uniform basic scale of pay applicable throughout India and Burma, supplemented by the addition of suitable compensatory allowances to cover variations in the cost of living in those localities. In our view the present system is defective in its inception in as much as the so-called rates of basic pay include a certain amount which is obviously of the nature of a compensatory allowance. We also under-

stand that the existence of different scales of pay within each Circle and sometimes even within smaller areas included in the Circle leads to inconvenience in administration and unnecessary expenditure in the matter of transfers. Some of these defects have, we understand, been removed by a modification of Fundamental Rules 22 and 26. But in our opinion such measures are merely palliative and that the needs of the situation should be recognised by having one uniform scale of pay applicable throughout India and Burma, supplemented by suitable compensatory allowances so that such transfers as have to be made in the interests of work can be carried out without hardship to the employee on the one hand or waste of public funds on the other.

260. As recommended by us in Chapter VIII-J of this report, we consider that the clerical cadre of the branch should be divided into two divisions. One should be a Lower Division to provide for work of a routine nature or such as involves ordinary responsibility which a clerk of the lowest rank and status can reasonably be expected to undertake. Simultaneously, there should be an Upper Division of clerks to provide for work of a more difficult or responsible character. As recommended elsewhere, the Lower Division of clerks should consist of men obtained partly by direct recruitment from the open market of men with minimum educational qualification of having secured a pass in the Matriculation examination and partly from amongst postmen and men of corresponding status, i.e., of all ranks below that of Lower Division clerks. Similarly, the Upper Division should be recruited partly by promotion of men from the Lower Division and partly by recruitment from the open market. For direct recruits, we suggest that a pass in the Intermediate examination of an Indian University or any other examination recognised to be equivalent thereto, should be the minimum qualification. The promotion of Lower Division clerks to the Upper Division should be made on the suitable test regulated under departmental rules. In our opinion a maximum of 50 per cent. of the appointments vacant in the Upper Division may be recruited from amongst men in the Lower Division.

261. In view of our remarks contained in paragraph 219 we would divide each of the two divisions into two grades. Above the ordinary time-scales we would continue the two selection grades, Junior and Senior, that exist at present. The following table gives the rates of pay for the various grades applicable throughout India and Burma as also the average cost of each grade and the percentage of appointments to be included in each grade. Postal clerks employed as signallers should, we also recommend, get a special pay of Rs. 5 per mensem, in addition to their time-scale pay.

Grade.				Rate of pay.	Average cost.	Number of appointments in the grade.
(1) Lower Division—						
Second grade	..	..		35—35—2—55	48.4	20% of the total cadre.
First grade	..	..		55—2—75	68.4	13% of the total cadre.
Upper Division—						
Second grade	..	..		40—40—4—80	68.9	35% of the total cadre.
First grade	..	..		84—4—120	108.8	24% of the total cadre.

Grade.	Rate of pay.	Average cost.	Number of appointments in the grade.
(8) Selection grades—			
Junior	135—8—215	182.4	*
Senior	215—15—290	248.6	8% of the total cadre.

*The proportion between the numbers of appointments in the two selection grades will vary according to the number of appointments involving duties of a nature justifying pay on the one scale or the other. It is therefore not possible to fix the exact proportion between the appointments in the two scales, but for the present it may be assumed that the existing proportion will continue unchanged.

262. An examination of the figures given in the above table will show that against 33 per cent. appointments in the Lower Division there will be 59 per cent. in the Upper Division. We have also recommended that 50 per cent. of the appointments in the Upper Division may be filled by promotion of Lower Division clerks. In other words, 33 per cent. of the total cadre who will form the Lower Division can look forward, if qualified, to promotion to Upper Division appointments numbering 29.5 per cent. of the total cadre. We believe it will be conceded that in these circumstances the chances of promotion to the proposed Upper Division that will be, when things have become stabilised, such that no objection can be taken.

263. There are two important points of detail that we should like to mention here. In another place in this report we have explained the reason for the comparatively short scale sanctioned at present for the Lower Division clerks. In proposing the rates of pay for the Lower Division, we have not overlooked the matter of providing avenues of promotion to men of the postmen and other corresponding classes. We realise that the maximum of the rates of pay of the postmen will, in some cases, exceed the minimum for the Lower Division. But according to us it will be only the brighter men in the postmen and corresponding classes who can rightly expect and will receive promotion to the clerical cadre. These men will be comparatively junior in service when they are selected for such promotion and in that case the scales of pay proposed by us will not be in our opinion unsuitable for this class of the future Lower Division clerks.

264. The other point relates to the initial remuneration of men with higher educational qualifications. We understand that hitherto the Department has been given to graduates and undergraduates, recruited as clerks, starting pay higher than the minimum. Under our proposals, the minimum qualifications for the direct recruits to the Upper Division will be a pass in the Intermediate examination and we think that this will meet all requirements of the Department. In the circumstances, we do not think that it would be justifiable to

grant a starting pay higher than the minimum to graduates, who may be recruited as clerks in future. In this connection it must be remembered that graduates will naturally get preference in recruitment to the Upper Division.

265. In addition to the rates of pay, which we call basic pay, men in the Lower and Upper Divisions of clerks should receive the following compensatory allowances to cover the extra cost of living in the localities mentioned :—

	Ra.
	per mensem.
(i) Rangoon	30
(ii) Bombay, Calcutta, Aden, Quetta and all offices in Baluchistan	20
(iii) Karachi, offices on the Persian Gulf and the Mekran Coast and all places in Burma, except Rangoon	15
(iv) Poona, Ahmedabad, Delhi, Lahore and Madras	10
(v) Amritsar, Rawalpindi, Peshawar, Agra, Cawnpore, Lucknow, Meerut, Allahabad, Benares, Hyderabad (Deccan), Abbotabad and Simla	7

266. The compensatory allowances recommended in the previous paragraph are designed to cover the extra expensiveness of living in the localities mentioned and represent, in our opinion the proper equivalent, after paying due regard to the reduction in pay that we have effected, of the differences between the eight different rates of basic pay in force at present and the All-India basic rate of pay proposed by us. In addition to the basic pay which differs according as the locality is one or the other of the 8 groups, employees of the Department stationed in certain areas and localities receive compensatory allowances for various considerations. We understand that, generally speaking, these allowances are granted on the analogy and basis of similar allowances granted by local Governments to their employees of corresponding status stationed in the same localities. We approve of this principle of basing, what we may call, locality allowances on the practice of the local Government concerned, and we recommend that such locality allowance should be continued as at present, subject to the provisos, firstly, that they are reduced *pro tanto* as the corresponding allowance granted to employees of local Governments is reduced, and, secondly, that these special locality allowances are consolidated with the compensatory allowances recommended by us in the previous paragraph.

267. The ultimate annual saving will be Rs. 68,00,000.

B.—*Postmen, village postmen, mail guards and departmental stamp vendors in post offices other than Calcutta, Bombay, Madras and Rangoon.*

268. The general history of postmen is the same as that sketched out in connection with the clerks. Their scales of pay were improved and the time-scale plan adopted as a result of the enquiries of the Heseltine Committee. Since then various other measures have been carried out for improving their conditions of service, etc.

269. As in the case of clerks, postmen, including village postmen, etc., are remunerated at rates of pay which are different for different places. But unlike the case of clerks, there are only 5 such groups of localities having different rates of pay. We have carefully considered whether in this case also the

present system should not be replaced by one of uniform basic pay throughout India with suitable compensatory allowances as has been recommended by us in the case of clerks. While there are obvious attractions in one uniform plan for remunerating all classes of employees in the Department, other factors such as the mobility of labour, the recruiting market and the class of employees, etc. have also to be taken into consideration. In view of the fact that the postmen class is recruited from a somewhat different strata of society than the clerical class, we consider that the disadvantages of the plan adopted for the clerks outweigh the advantages. We are therefore of the opinion that the present system of granting different rates of pay in the 5 groups of localities should continue. The accompanying table compares the existing rates of pay for the various localities and those proposed by us ; it also gives the average cost of the existing and the proposed scales of pay.

Locality.	Present.		Proposed.	
	Scale of pay.	Average cost.	Scale of pay.	Average cost.
	Rs.	Rs.	Rs.	Rs.
1. A.— <i>Burma Circle</i> — Rangoon	30—1—50	41—0—0	27—1—45	37—11—0
B.— <i>Bombay Circle</i> — Bombay city and its vicinity Aden, Poona and Ahmed- abad.				
C.— <i>Sind and Baluchistan Circle</i> — Karachi and Persian Gulf ..				
D.—All places in Baluchistan ..				
2. A.— <i>Bengal and Assam Circle</i> — Calcutta, Alipore, Borisha, Vishnupur, Bartalla, Daccu- ria, Dak Junction, Tolly- gunje, Tiljala, Howrah, Sibpur, Botanic Garden and Sulkia.	25—1—45	34—15—0	22—1—40	32—11—0
B.— <i>Burma Circle</i> — All places other than Ran- goon.				
C.— <i>Sind and Baluchistan Circle</i> — Mekran Coast				
3. A.— <i>Madras Circle</i> — Madras City	23—1—43	33—5—0	21—1—39	31—11—0
B.— <i>Punjab and N. W. F. Circle</i> — Simla, Lahore, Delhi, Pesh- war, Rawalpindi and Am- ritsar.				
C.— <i>U. P. Circle</i> — Allahabad, Agra, Cawnpore, Lucknow, Meerut.				

Locality.	Present.		Proposed.	
	Scale of pay.	Average cost.	Scale of pay.	Average cost.
	Rs.	Rs.	Rs.	Rs.
4. A.— <i>Bengal and Assam Circle</i> — All places other than those mentioned at item 2—A				
B.— <i>Bihar and Orissa Circle</i> — Patna and Ranchi				
C.— <i>Bombay Circle</i> — All places other than those mentioned at item 1—B				
D.— <i>Central Circle</i> — Nagpur and Jubbulpore ..				
E.— <i>Madras Circle</i> — Madura, Bengalore, Hyderabad (Deccan), Dhanuskodi.	20—1—40	30—8—0	18—1—36	28—11—0
F.— <i>Punjab and N. W. F. Circle</i> — Ambala				
G.— <i>U. P. Circle</i> — Benares				
H.— <i>Sind and Baluchistan Circle</i> — All places in the Circle other than those included in groups 1 and 2.				
5. A.— <i>Bihar and Orissa Circle</i> — All places other than Patna and Ranchi.				
B.— <i>Central Circle</i> — All places other than Nagpur and Jubbulpore.				
C.— <i>Madras Circle</i> — All places other than those included in groups 3 and 4.	18—1—38	28—11—0	16—1—34	26—11—0
D.— <i>Punjab and N. W. F. Circle</i> — All places in the Circle other than those included in groups 3 and 4.				
E.— <i>U. P. Circle</i> — All places other than those included in groups 3 and 4.				

270. The ultimate annual saving is estimated at Rs. 7,37,000.

C.—*Traffic Subordinates.*

Telegraphists.

271. The signalling establishment employed in departmental telegraph offices consists of Telegraphists who work under the supervision of Telegraph

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Masters and other officers of the Telegraph Branch who are also recruited by promotion of Telegraphists. As will be seen from the figures given below the Department has been steadily and consistently following a policy of replacing small departmental telegraph offices by combined offices. This has been done by applying the following criteria which were clearly stated by Sir Lewis Tupper's Telegraph Committee of 1906-07 :—

“ Our opinion on the principles which should govern the opening and combining of certain offices is as follows :—

We consider that no signal office should be departmental except for traffic, technical, military, strategical or political reasons. The telegraph service should meet the commercial and public interests and we consider that a departmental office is justified on the grounds of traffic when it has been found that an efficient service cannot be rendered by the postal staff. The efficiency of the service depends on the class of postal candidates recruited, the training which they undergo, and the supervision which is exercised over them. Each proposal for the conversion of an office to departmental or combined should be considered on its merits The point for consideration in such cases is whether a reasonably efficient and reliable service can be offered to the public by a combined office and when this condition is satisfied there is no reason for having the office departmental. It is waste of force and money to keep a small office in charge of a well-paid departmental signaller if the work can be done efficiently by a cheaper postal signaller, and the question of converting such offices should be periodically examined as the work of the postal signaller improves in consequence of the higher standard to be introduced ”.

272. The conversion of departmental into combined offices received an impetus in the report of the Posts and Telegraphs Department Committee of 1924-25 presided over by Mr. T. Ryan, C.I.E., now Joint Secretary in the Department of Industries and Labour. When the Ryan Committee submitted their report, there were 150 departmental telegraph offices of which 83 had a total staff, operative, clerical and supervisory, of 10 men or less in each. By the end of 1929-30, the total number of departmental telegraph offices had come down to 81 and we understand that the further conversion of offices is also possible in view of the gradual improvement in the efficiency of the postal signallers and other reasons. The absorption of the present surplus of Telegraphists will at the most take about 2 to 3 years, so that there is no reason to anticipate that the Department will not have eventually converted all the 67 offices which the Ryan Committee had apparently in mind when writing paragraph 95 of their report. In fact it may be possible as a result of further developments to reduce the number of departmental telegraph offices still further.

273. The number of small departmental telegraph offices manned entirely by Telegraphists has an intimate relation to the methods of recruitment, the conditions of service, and the rates of pay for Telegraphists. Because of the

existence of a large number of such offices, frequent transfers of Telegraphists were necessary in order to keep all these offices fully manned in case of men being absent for one reason or another. To meet the situation the Department has been employing three classes of Telegraphists, viz., General Service Telegraphists, Local Service Telegraphists and Station Service Telegraphists.

The General Service Telegraphists have always been liable to service in any part of India and Burma at very short notice. In view of this liability to transfer they have been in receipt of special rates of pay and free furnished accommodation at the expense of the State.

The Local Service of Telegraphists was created as a result of the recommendations of the Tupper Committee of 1906-07 and its members were liable to service within certain limited areas, generally, a Telegraph Division, now called a Circle, specified at the time of recruitment. Members of this Service received a lower scale of pay but free accommodation.

274. The Telegraph Committee of 1920 found that this Local Service was local merely in name and that its members were subject to frequent transfers between the Divisions to meet fluctuations in traffic and other requirements. They recommended that it should be abolished, its members being absorbed, subject to certain condition, in the General Service. In its place, they recommended the creation of a Station Service of Telegraphists, members of which would be liable to service only within the limits of the particular stations for which they volunteered at the time of entering service. Members of this Service received an even lower scale of pay but the scale was different for different localities. They are not generally entitled to free accommodation.

To anticipate matters, it may be stated at this place that there are Telegraph Masters belonging to each of the three Services and that the remarks offered in the previous paragraphs apply *mutatis mutandis* to their case as well.

275. The numbers of Telegraphists and Telegraph Masters in the General, Local and Station Services as well as the numbers of men recruited as Telegraphists in 1929, who are now available for duty after completing their training are shown in paragraph 161 above. It is noted that the Local Service has almost ceased to exist and that almost the entire signalling establishment now consists, either of the General Service or of Station Service men.

276. The rates of pay for the General Service and for the Station Service are as shown below :—

I. GENERAL SERVICE		Rs. 80—5—100—10—250 (with e. b. at Rs. 200).
II. LOCAL SERVICE		Rs. 55—5—120—10—180 (with e. b. at Rs. 130).
III. STATION SERVICE.		
A.—Service.		
Rangoon .. ..	.. ..	Rs. 90—5—180 (with e. b. at Rs. 135)).
Calcutta and Bombay .. ..	.. ..	Rs. 80—5—170 (with e. b. at Rs. 125).
Madras and Karachi .. ..	.. ..	Rs. 70—5—160 (with e. b. at Rs. 115).

B.—Service.

- (i) Ahmedabad, Poona and Moulmein .. Rs. 70—5—160 (with e. b. at Rs. 115).
- (ii) Allahabad, Agra, Cawnpore, Lucknow and Meerut Rs. 65—5—155 (with e.b. at Rs. 110).
- (iii) Cuttack, Muzaffarpur, Ajmer, Indore, Bellary, Coanada, Cochin, Calicut, Mangalore, Negapatam, Bezwada, Ootacamund, Trichinopoly, Tuticorin and Vizagapatam .. Rs. 55—5—145 (with e. b. at Rs. 100).
- (iv) Delhi, Lahore, Peshawar, Rawalpindi and Simla Rs. 65—5—155 (with e.b. at Rs. 110).
- (v) Stations other than those mentioned above Rs. 60—5—150 (with e.b. at Rs. 105).

277. It will be seen that there is a considerable difference in the cost to the Department between the General Service Telegraphists and their Station Service brethren. It has been stated to us that there is no difference in the training or efficiency of the two classes of Telegraphists and that the quality and quantity of work expected of both are identical. The difference in the emoluments of the two is thus due to the liability of the General Service Telegraphists to transfers at short notice over all parts of the country. The necessity of these transfers was the governing factor in the conditions of service of the signalling establishment when there was a large number of departmental telegraph offices some of which employed comparatively a small number of Telegraphists. With the steady decrease in the number of such offices, this necessity has decreased in its urgency and various statistics of transfers that have been produced before us show conclusively that the number of occasions on which Telegraphists are transferred is not sufficient to justify the maintenance of such a large proportion of transferable establishment. The statistics also show that the frequency of transfers within the same circle is greater than that of transfers between circles. Thus the average number of transfers within the same circle in a year has been reported to be 622 while that of transfers between circles is 416. The average total strength of staff inclusive of Telegraphists, Telegraph Masters and Deputy Superintendents attached to departmental offices was 3,031. In other words, the total number of transfers constitutes a percentage of 34·2 of the total staff. The percentage of transfers within the circle to the total staff was 20·5 while that of transfers between circles was 13·7. We have been told that, generally speaking, transfer within the circles are necessary to meet fluctuations in traffic and to replace men going off duty for one reason or another. On the other hand, transfers from and to other circles are generally necessitated in connection with various occasions and public events which are expected to lead to a very large temporary increase in traffic such as the occurrence of a fair or the sittings of a conference.

278. We think that the maintenance of the General Service of Telegraphists is no longer required. The needs of the Department will be fully met if the present two classes of Station and General Service Telegraphists and Telegraph Masters are replaced throughout by Telegraphists enrolled on the condition that they will be ordinarily liable to transfer only within the circle

to which they are attached, but may temporarily have to go to any place outside their circles to meet any sudden requirements that may arise. We do not think these conditions can be regarded as onerous or unusual. As it is, postal clerks are liable to transfer within their divisions and after a certain stage within their circles. Again, Engineering Supervisors and officers of corresponding status in the Engineering Branch are, we understand, liable to transfer not only within their own circles but throughout India and Burma.

279. In fixing the scale of pay for the proposed Circle Service of Telegraphists, attention has to be given to another aspect of the case. We understand that the development of new methods of working telegraph traffic that may be expected within the next few years, will enable a great deal of signalling which is now done by hand being transferred to key board perforators for which men of the typists class will be suitable. In other words, there will not be the same good reasons for the present large disparity in the scale of pay of Telegraphists and Clerks. On the other hand, due regard has to be paid, in assessing the pay, to the technical training which a Telegraphist is expected to possess.

280. The scales of pay, sanctioned at present for Station Service Telegraphists and given in paragraph 276 serve as a suitable guide in the matter. For the reasons which have led us to propose, for the clerical cadre of the Department, a scale of pay lower than that sanctioned at present, we would have recommended a somewhat lower scale of pay for the Station Service Telegraphists but we refrain from doing so as we propose an entire change in the conditions of service of Telegraphists. Under our proposals, every Telegraphist recruited in the future, will be ordinarily liable to transfer within the circle, and may occasionally have to be called upon to proceed for short periods outside the circle to meet emergencies.

281. Taking all the considerations into account, we are of opinion that Telegraphists of the proposed Circle Service should receive a basic pay of Rs. 55—5—145 *plus* a compensatory allowance to meet the extra cost of living and other conditions in various localities and areas. This compensatory allowance should comprise fixed amounts as shown below, as well as special locality allowances on the basis of allowances that may be granted to employees of local Governments of corresponding status :—

	Rs. (per mensem).
(i) Rangoon	30
(ii) Bombay, Calcutta, Aden, Quetta and Baluchistan	20
(iii) Karachi, stations on the Persian Gulf and the Mekran Coast and in Burma excepting Rangoon.	15
(iv) Poona, Ahmedabad, Delhi, Lahore and Madras	10
(v) Amritsar, Rawalpindi, Peshawar, Agra, Cawnpore, Lucknow, Meerut, Allahabad, Benares, Hyderabad (Deccan), Abbotta- bad and Simla.	7

When sent temporarily to places outside their circles to meet sudden requirements Telegraphists should receive travelling and halting allowances of suitable amounts.

282. We have already said that Telegraphists of the General and Local Services are entitled to free furnished accommodation at the expense of the State. We consider that with the change in the conditions of service, this

concession should be withdrawn and Telegraphists should be brought under the rules for the grant of quarters or house rent in lieu recommended by us in Part II of this report. The annual saving is estimated at Rs. 19,45,000.

Telegraph Masters.

283. Telegraph Masters are recruited by the promotion of Telegraphists, and like them, may belong to one of the three services,—General, Local and Station. For the reasons stated when dealing with the case of Telegraphists, the present organisation should be abolished and all Telegraph Masters should belong to a service, members of which will be ordinarily liable to transfer only within their own circles but may be called upon to proceed outside the circles to meet emergencies. They should be remunerated on a basic pay of Rs. 170—10—220 applicable throughout India and Burma. In addition, they should receive a compensatory allowance in special localities and particular areas, based on the compensatory allowance granted by local Government to their staff of corresponding status and pay, if Telegraph Masters are entitled to such compensatory allowances at present. When stationed in Calcutta, Bombay, Madras, Rangoon, or Karachi, their compensatory allowance should be increased by Rs. 20. The annual saving is estimated at Rs. 5,87,000.

D.—Engineering subordinates.

Engineering Supervisors, General, Telephone, and Electrical.

284. The Engineering Supervisors are technically trained employees of the Engineering Branch of the Department and are recruited partly by promotion of selected employees of the Department and partly from the open market. After recruitment they receive a very complete and thorough technical training at Alipore in Calcutta. They are in charge, generally speaking, of the lines and wires, apparatus and plant, of the entire Telegraph and Telephone Branches. They are borne on an All-India cadre and receive one basic scale of pay throughout.

285. The rules for recruitment and the scales of pay were revised in 1928. The present scales of pay are as follows :—

- (1) “ Old recruits ” which term includes departmental Telegraphists who were in service on the 18th April 1927, and who would be eligible for promotion to the rank of Engineering Supervisors, are on such promotion brought on to the old scale of pay, viz., Rs. 80—5—100—10—250—20—350 and get a special pay of Rs. 40 subject to a maximum of pay and special pay of Rs. 350.
- (2) Those who entered the Department after the 18th April 1927 are brought on to the revised scale of pay of Rs. 120—5—140—10—290—20—350.

We confine our attention and recommendations to future recruits to the Department and propose the following scale of pay :—

Rs. 110—5—140—10—280—20—300.

Line Inspectors.

286. Line Inspectors are above Line Sub-Inspectors and are outdoor staff and we would deal with their case on parallel lines. The accompanying table summarizes our proposals in respect of these :—

	Present.		Proposed.	
	Scale of	Average	Scale of	Average
	pay.	cost.	pay.	cost.
	Rs.	Rs.	Rs.	Rs.
Burma	125—5—150	143	115—5—140	133
Bengal and Assam, Bombay, and Sind and Baluchistan Circles.	115—5—140	133	105—5—130	124
Rest of India	110—5—135	127	100—5—125	106

Line Sub-Inspectors.

287. Line Sub-Inspectors are outdoor staff employed in the Telegraph Engineering Branch and come next in rank above Linemen. There are 535 of these employees serving all over India and Burma, and they are remunerated on three basic scales of pay applicable in various localities to suit local conditions. We are of opinion that the present system of having different basic scales of pay for this class of employees should be continued and our proposals are summarised in the following table :—

	Present.		Proposed.	
	Scale of	Average	Scale of	Average
	pay.	cost.	pay.	cost.
	Rs.	Rs.	Rs.	Rs.
Burma	50—5—120	86	50—4—110	85
Bengal and Assam and Bombay Circles.	40—5—110	77	40—4—100	75
Rest of India	35—5—105	72	35—4—95	70

Linemen, Lineriders, etc.

288. Linemen and Lineriders are employed in the Telegraph Engineering Branch on the maintenance and erection of telegraph and telephone equipment chiefly lines and wires. They are outdoor employees with a certain amount of technical knowledge and experience gathered in the course of their duties. In status and pay, they correspond very nearly to postmen in the Postal Branch. Their rates of pay and allowances which were last re-organised with effect from the 1st May 1928 in letter No. 11-P. T. E., dated the 14th August 1928, from the Government of India in the Department of Industries and Labour are shown in the attached statement. In addition there is a provision that "linemen and lineriders whose scale of pay falls short of that of local postmen, are given compensatory allowance to make up the difference in the minimum and the maximum between their scale and that of the local postmen."

The nature of the duties entrusted to Linemen and Lineriders are very arduous and may in certain circumstances involve serious danger to life and limb. In view of these considerations, we are of opinion that no reduction should be made in the scales of pay admissible to them, but in view of our having recommended reduced scales of pay for postmen the special provision quoted at the end of the previous paragraph will in some cases lead to a small reduction in the case of individual linemen.

Scales of pay and compensatory allowances at present in force for Linemen and Lineriders.

		Pay. Compensatory allowance.	
		Rs.	Rs.
(1) <i>Bombay Circle—</i>			
(a) Bombay City and its vicinity*	.. ..	20—1—40	10
(b) Poona and Ahmedabad	.. ..	20—1—40	10
(c) All other places	.. ..	20—1—40	..
(2) <i>Central Circle—</i>			
(a) Nagpur and Jubbulpore	.. ..	18—1—38	2
(b) All other places	.. ..	18—1—38	..
(3) <i>United Provinces Engineering Circle—</i>			
(a) Allahabad, Agra, Cawnpore and Lucknow	.. ..	18—1—38	5
(b) Benares, Patna and Ranchi	.. ..	18—1—38	2
(c) All other places	.. ..	18—1—38	..
(4) <i>Burma Circle—</i>			
(a) Rangoon	.. ..	25—1—45	5
(b) All other places	.. ..	25—1—45	..
(5) <i>Northern Engineering Circle—</i>			
(a) Lahore, Delhi, Peshawar, Rawalpindi, Amritsar, Simla and Meerut	.. ..	18—1—38	5
(b) Ambala	.. ..	18—1—38	2
(c) All other places	.. ..	18—1—38	..
(6) <i>Madras Circle—</i>			
(a) Madras City	.. ..	18—1—38	5
(b) Madura, Bangalore, Hyderabad (Deccan) and Dhanushkodi	.. ..	18—1—38	2
(c) All other places	.. ..	18—1—38	..
(7) <i>Eastern Engineering Circle—</i>			
(a) Calcutta, Alipore and Howrah	.. ..	20—1—40	5
(b) All other places falling within Bengal and Assam Postal Circle	.. ..	20—1—40	..
(c) Places falling within Bihar and Orissa Postal Circle	.. ..	18—1—38	..
(8) <i>Sind and Baluchistan Circle—</i>			
(a) All places in Baluchistan and Karachi	.. ..	20—1—40	10
(b) All other places	.. ..	20—1—40	..

*The places in the vicinity of Bombay include Andheri, Bassein, Bassein Road, Bhayandar, Borivli, Malad, Santa Cruz, Ville Parle, Virar, Vesava, Gorai, Rai, Thana, Chembur, Dombivli, Ghat Kopar, Kalyan, Kurla and Trombay.

Savings.

289. The ultimate estimated annual savings come to : —

					Rs.
Engineering supervisors	..	..	..	..	80,000
Line Inspectors	..	..	..	..	6,000
Sub-Inspectors	..	..	..	..	11,000
Total					97,000

290. Grand summary of savings in this chapter :—

Para.					Rs.
267	Staff on clerical rates of pay	..	..	..	68,00,000
270	Postmen, Village Postmen, etc.	..	..	..	7,37,000
282 } 283 }	Traffic subordinates	25,32,000
290	Engineering subordinates	97,000
Total					1,01,66,000



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CHAPTER XVII.

INFERIOR ESTABLISHMENTS.

Jemadars and allied classes, e.g., Jemadars, Hall Jemadars, Habildars, etc.

291. The employees of this class are paid on time-scales the minima and the maxima varying according to the different localities. For the reasons stated in connection with postmen we would continue the present system of having different basic scales of pay to suit local conditions, etc., and the following table compares their present and proposed scales of pay.

Present.		Proposed.	
Scale of pay.	Average cost.	Scale of pay.	Average cost.
Rs.	Rs. a. p.	Rs.	Rs. a. p.
40	40 0 0	36	36 0 0
30—1—35	34 0 0	27—1—30	29 8 0
27—1—32	31 0 0	24—1—29	27 12 0
25—1—30	28 15 0	22—1—27	25 12 0
23—1—28	26 14 0	21—1—25	24 2 0
22—1—27	25 14 0	20—1—24	23 2 0
21—1—26	25 0 0	19—1—23	22 2 0
20—1—25	24 2 0	18—1—22	21 2 0
19—1—24	22 12 0	17—1—21	20 2 0

Duftries and allied classes.

292. This class includes Form suppliers, Markers, Record lifters, Duftries, etc. There are 156 employees in this class and there are six different scales of pay to suit local conditions. The table below gives the present and proposed scales of pay and compares the average cost of the two :—

Present.		Proposed.	
Scale of pay.	Average cost.	Scale of pay.	Average cost.
Rs.	Rs. a. p.	Rs.	Rs. a. p.
30—1—40	37 1 0	27—1—36	33 9 0
20—1—40	30 8 0	18—1—36	28 11 0
25—1—35	32 0 0	22—1—32	29 2 0
20—1—30	26 14 0	18—1—27	24 10 0
20— $\frac{1}{2}$ —25	23 10 0	18— $\frac{1}{2}$ —22	21 0 0
15—1—35	25 8 0	13—1—31	22 10 0

Runners.

293. There are 14,813 employees in this class remunerated on a time scale of which the minima and maxima are different while the rate of increment is the same, namely Rs. 0—4—0 per year. The work of Runners is of an extremely arduous and hazardous nature and exposes them to serious danger of life from man and beast. They have to traverse on foot many lines passing through inhospitable country. They have also to shoulder large responsibilities as quite often the mails that they have to carry include valuables.

In view of these considerations we think that the scales of pay which are shown below should remain unaltered :—

Rs. 17—0-4-0—22

Rs. 15—0-4-0—20

Rs. 14—0-4-0—19

Rs. 13—0-4-0—18

Taskwork peons.

294. These employees are attached to various departmental and combined telegraph offices and are in receipt of a small basic rate of pay *plus* a wage not exceeding 5 pies per telegram delivered. Their basic pay is in the nature of a retaining pay or subsistence allowance and we do not consider that the scales of pay which are as shown below are capable of being reduced. We think however that the rate of remunerating for delivery of telegraph messages should be capable of reduction and we suggest that Heads of Circles should be asked to take steps to reduce the delivery wage by an amount not exceeding 10 per cent.

Scales of pay.

Rs. 11—0-4-0—16

Rs. 10—0-4-0—15

Rs. 9—0-4-0—14

Rs. 8—0-4-0—13

Boy Messengers.

295. We have dealt with the case of these Boy Messengers on lines similar to those of other inferior servants, *i.e.*, in view of labour conditions and the class of men required it is not desirable to substitute a uniform basic scale of pay for the whole of India for the present system under which there are 8 scales of pay applicable to different localities. The table below shows the present and proposed scales of pay and their cost :—

Present.		Proposed.	
Scale of pay.	Average cost.	Scale of pay.	Average cost.
Rs.	Rs. a. p.	Rs.	Rs. a. p.
18—1/3—20	19 11 0	16—1/3—18	17 11 0
15—1/3—17	16 11 0	13—1/3—15	14 11 0
13—1/3—15	14 11 0	12—1/3—14	13 11 0
12—1/3—14	13 11 0	11—1/3—13	12 11 0
11—1/3—13	12 11 0	10—1/3—12	11 11 0
10—1/3—12	11 11 0	9—1/3—11	10 11 0
9—1/3—11	10 11 0	9—1/3—10	9 15 0
8—1/3—10	9 11 0	8—1/3—9	8 15 0

Other inferior servants.

296. This is a miscellaneous class of employees including Delivery Peons, Chowkidars, Hamals, Durwans, Office Peons, Farashes, Mail and Van peons,

Packers, Porters, Boatmen, Tindals, etc. ~~Daffadars~~ in Director-General's Office, Sweepers, Bhistis and Methors, etc. This class includes 17,369 employees and is in receipt either of fixed pay or of various time-scales varying in accordance with local and other conditions. The present and proposed scales of pay and their average costs are given below :—

Present.			Proposed.		
Scale of pay.	Average cost.		Scale of pay.	Average cost.	
Rs.	Rs. a. p.		Rs.	Rs. a. p.	
25— $\frac{1}{2}$ —30	28 2 0		22— $\frac{1}{2}$ —27	25 5 0	
22— $\frac{1}{2}$ —27	25 11 0		20— $\frac{1}{2}$ —24	23 2 0	
20— $\frac{1}{2}$ —25	23 10 0		18— $\frac{1}{2}$ —22	21 2 0	
18— $\frac{1}{2}$ —23	21 10 0		16— $\frac{1}{2}$ —21	19 10 0	
17— $\frac{1}{2}$ —22	20 11 0		15— $\frac{1}{2}$ —20	18 11 0	
16— $\frac{1}{2}$ —21	19 11 0		14— $\frac{1}{2}$ —19	17 11 0	
15— $\frac{1}{2}$ —20	18 10 0		13— $\frac{1}{2}$ —17	16 2 0	
14— $\frac{1}{2}$ —19	17 10 0		13— $\frac{1}{2}$ —17	16 2 0	
14—1/5—16	15 6 0		13—1/5—14	13 13 0	
17—1—22	20 5 0		15—1—20	18 5 0	
15	15		13	13	
21	21		19	19	
15— $\frac{1}{2}$ —20	17 9 0		13— $\frac{1}{2}$ —18	16 11 0	

Mechanics, Mistries, Engine Drivers, Carpenters, etc.

297. There are 220 men employed in this group and they are remunerated on a varied assortment of scales. The scales of pay are broadly divisible into two groups those which have been recently revised and those which have not. For the former group, the existing and proposed scales of pay are summarised below :—

Present.			Proposed.		
Scale of pay.	Average cost.		Scale of pay.	Average cost.	
Rs.	Rs. a. p.		Rs.	Rs. a. p.	
120—5—145	138 12 0		108—5—133	127 4 0	
70—5—140	115 9 0		65—5—125	103 0 0	
60—5—130	102 6 0		55—5—115	93 0 0	
50—6—110—5—130	100 1 0		45—5—120	88 12 0	
50—5—120	85 15 0		45—5—110	85 1 0	
45—5—115	90 9 0		40—5—105	80 1 0	

The second group consists of Assistant Mistries and Motor Lorry Drivers. The present rates of pay have remained unrevised and we recommend that they should continue. They are as follows :—

Rs. 30—2—50	Assistant Mistries.
Rs. 30—2—40	} Motor Car and Motor Lorry Drivers and Motor Engine Drivers.
Rs. 50—3—80 ..	..	..	..
Rs. 80—3—110 ..	..	..	..
Rs. 85 (fixed, temporary)	..	..	..
Rs. 45 (fixed, temporary)	..	..	..
Rs. 61 (fixed, temporary)	

298. The ultimate estimated annual savings come to :—

Para.			Rs.
291	Jemadars and allied classes	.. ..	6,800
292	Daftries and allied classes	.. ..	5,300
295	Boy messengers..	.. ..	11,000
296	Other Inferior servants	4,40,000
297	Mechanics, mistries, etc.	24,000
Total			4,87,100



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CHAPTER XVIII.

CONCLUSIONS AND RECOMMENDATIONS.

I.

299. As shown in Chapter XII of this report the immediate saving including 'cuts' in pay of existing staff expected from our recommendations amounts to—

	Rs.
(i) Cuts in pay of existing staff	50,00,000
(ii) Savings from posts abolished or from reduction of pay ..	11,33,300
(iii) Contingent and other expenditure	5,07,000
	<hr/>
	66,40,300
Pensionary contribution on (i) and (ii) at 8·2 per cent. ..	5,02,603
	<hr/>
	71,42,903

II.

The ultimate savings from the economies recommended in Part II of the report excluding cuts in pay are—

	Rs.
(i) Savings from posts abolished or from reduction of pay ..	38,29,300
(ii) Contingent and other expenditure	5,07,000
	<hr/>
	43,36,300
(iii) Pensionary contribution on (i) at 8·2 per cent. ..	3,13,675
	<hr/>
	46,49,975

III.

We now summarise the total *ultimate* savings to be expected on the basis of the *existing strength of the staff employed in the Department*, by a revision of the scales of pay applicable to them. We would add, however, that the amounts shown below are not cumulative in all cases with those shown under II above.

Chapter.	Class of employees.	Ultimate annual savings.
		Rs.
XIV ..	Higher gazetted officers	1,15,500
XV ..	Other gazetted officers	4,49,400
XVI ..	Subordinate staff	1,01,66,000
XVII ..	Inferior staff	4,87,100
	Total ..	1,12,18,000
	Consequential saving on pensionary contribution at 8·2 per cent. of pay	9,21,000
	Total ..	1,21,39,000

300. The estimates of savings given in this Chapter as well as in Chapter XII are the best that we could make in the short time available to us. It was also not possible for us to get our conclusions checked by the Accountant General, Posts and Telegraphs, as we would otherwise like to have done. The files containing our calculations will be submitted separately for record and reference.

Acknowledgments.

301. It now remains for us to express our thanks to the various Departments of the Government of India, to the officers at the headquarters of the Posts and Telegraphs Department and those attached to the office of the Postmaster-General, Bombay, for all the help that they extended to us throughout our enquiries. We would also like to thank the various witnesses including representatives of Associations who submitted suggestions or supplied information either of their own accord or in reply to our questionnaires.

302. We have to note our appreciation of the work of the limited staff placed at our disposal, who made up for this limitation by putting in long hours on Sundays, week days, and also holidays. Although this is a report on retrenchment, we have to express the hope that their services will be appreciated by Government.

303. Finally, it gives us special pleasure to acknowledge our indebtedness to our Secretary, Mr. S. P. Varma, Officiating Financial Adviser, Posts and Telegraphs, for the very valuable assistance he has given us, even before the first formal sitting of the Committee in Bombay. We can safely assert, that had it not been for his initiative, intimate knowledge of the Department and his remarkable capacity for long hours of work, we should not have been able to get out this report, with the mass of details that it contains, within the limited time available to us. We therefore consider that he deserves our sincere thanks, more especially as he has had to perform this onerous work in addition to his own duties.

COWASJI JEHangIR (Junior), *Chairman.*

B. K. BASU.	} <i>Members.</i>
AMAR NATH DUTT.	
F. C. ANNESLEY.	
N. V. RAGHAVAN.	
MOHD. YAMIN KHAN.	

Simla, the 27th September 1931.

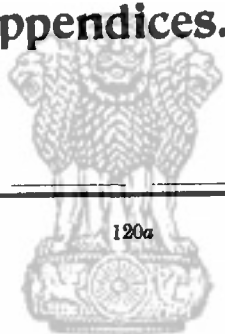
Simla, the 7th October 1931.

S. P. VARMA,

Secretary.

PART IV.

Notes by Members and Appendices.



120a

सत्यमेव जयते

A.—Concession on Multiple Press telegrams.

I want to draw attention to the special concession now given to the Press in respect of Inland Multiple Press messages which, though addressed to several places, are charged for as a single message whether all the addresses are in the same town or not, a copying fee of only 4 annas per hundred chargeable words plus 4 annas for the excess being charged for each destination after the first. I am of opinion that as in the case of private multiple telegrams, so in the case of Press Multiple telegrams, the concession should be limited to messages delivered at two or more addresses in the same free delivery area of a telegraph office. This matter, I know, falls outside our terms of reference; but I wish to place my views on record as this concession is very unusual and cannot be justified if for no other reason than that the large body of newspapers for whose benefit Press concessions are intended do not require the kind of concession now allowed in respect of Multiple Press telegrams. It is a concession enjoyed in practice only by one or two institutions and I fear that this certainly gives rise to the impression that this concession has been devised solely in their interest. If the multiple message concession is removed a rough estimate of the increase in revenue is Rs. 4 lakhs. I would also like to add that this question should be treated as coming under that portion of our work which may be described as reorganisation.

B. K. BASU,—27-9-31.

I agree with Mr. Basu's views.

AMAR NATH DUTT,—27-9-31.

B.—Recruitment of I. C. S. Officers for the Posts and Telegraphs Department.

It will be seen from Chapter XIV that at present I. C. S. officers when holding certain appointments get more pay than others. For example, an I. C. S. Senior Deputy Director-General gets Rs. 3,000 instead of Rs. 2,750—125—3,000. Similarly, the pay of I. C. S. Postmaster General is Rs. 2,250—100—2,750 against Rs. 2,000—100—2,500 drawn by others.

We think that there is no justification for such differential treatment in the case of such appointments. In the Audit and Accounts Service, for example, I. C. S. and non-I. C. S. Accountants General draw the same rate of pay.

In the case of existing incumbents, it may perhaps be difficult to do away with the difference. We recognise it and do not press the point.

As regards the future, however, we are emphatically of opinion that the further import of I. C. S. officers into the Posts and Telegraphs Department should be stopped altogether for a long time to come. More than one officer of the Department, in the course of the oral or written evidence, complained against the deadening effect of promotion by seniority, as against merit, to appointments in the administrative grades, which seem to have been pursued

as a regular policy. We feel that this complaint is well founded. An inevitable result is that really able officers of the Department lose heart and the Department itself gets somewhat discredited through the administrative officers who are not all picked men. To remedy this defect outsiders, in the shape of I. C. S. officers, are brought in, still further blocking the promotion of deserving departmental men with long experience. This double injury cannot but have a serious effect on the morale of the Department.

We are convinced that there is good material in the Posts and Telegraphs Department and that it must be given a chance to show what it can do. Unless such a chance is given, no amount of careful recruiting from outside can remove the effect of root evil. We feel therefore that the time has come to give the Department a real chance to show its worth.

One great advantage with which an I. C. S. officer starts in any specialised Department to which he may be sent, is his comparative youth. This can however be secured by strict selection according to merit so that deserving officers may be caught up young and promoted early to places where they can combine energy and experience. Ripe wisdom without energy cannot achieve much and if the departmental officer is promoted very late it is no blame to him that he cannot make himself felt. The present state of affairs in the Department is, we think, entirely due to the wrong policy—if it can be called by the name—of routine promotion by strict seniority.

We are not sure by any means that the presence in the past of the I. C. S. element in the Department, has guaranteed efficiency of administration.

N. V. RAGHAVAN,—26-9-31.

AMAR NATH DUTT,—26-9-31.

B. K. BASU,—26-9-31.

C.—Note by Mr. Amar Nath Dutt.

At the outset I have to observe with reference to the terms of reference that I have not been able to understand what the Government really mean by the words "vested interests" far less that any "vested interests" can stand in the way of any desirable measure of economy.

As regards the note prepared by our colleagues—Messrs. Annesley and Raghavan—about the Alipore Workshops I can only say that I had not the advantage of the guidance of the Chief Engineer during my visit to the Alipore Workshops; nor did I visit the factories at Cossipore and Ishapore. I undertook the visit to Alipore Workshops alone and if I had any idea that two other members will also be asked to visit the same I would have preferred to go with them to reap the advantage of expert guidance. To me at least the visit to the Alipore Workshops has been of no help and I cannot subscribe to the views as my own.

I was absent when the representatives of the Postal Officers Union were examined, as the same was held when the Assembly was sitting. I protested against holding any sittings during Assembly hours. So I had not the same advantage to form my conclusions as others who could attend.

As regards the closing of unremunerative post offices, I am emphatically of opinion that no post office should be closed which does not show a loss of Rs. 120 or more a year.

I am not prepared to hold that the post of Financial Adviser is necessary merely in the light of the views of the Departments of Finance and Industries and Labour, unless I have an opportunity of closely examining the matter personally.

I do not agree that graduates should not have higher starting pay. This will not ordinarily attract graduates to the clerical service of the Postal Department. In my opinion to attract men of the right type for higher posts, graduates should have better facilities than under-graduates and they should be given a starting pay of Rs. 60 at least.

In this interim report I am not prepared to pronounce in favour of time-scale of pay as compared with graded pay, unless I have more materials to show that the time scale has not stood in the way of efficiency.

I think also that the post of Publicity Officer is not justified.

One of the facts that has struck me was that Postmasters even of higher grades had to begin from the lower rungs of the ladder. This system was introduced by the Heseltine Committee which I do not think has brought about efficiency or economy.

I also wish to make it clear that I have signed the report and I agree with the conclusions subject to this minute of dissent, on the materials that were available, which did not appear to me to be exhaustive and I may have to revise my opinion in the light of more exhaustive materials which I hope to get.

AMAR NATH DUTT,—27-9-31.

D.—Note by Mr. Mohamad Yamin Khan.

1. I do not agree with the recommendation of the Committee that the lower grade clerks in the Department should be 33 per cent. When the qualifications of the lower grade clerks are to be Matriculation for direct recruitment which is the standard at present for all clerks, I am of opinion that 50 per cent. should be in the lower grade and 50 per cent. in the higher grade.

2. Recruitment should be made for the lower grade from amongst the Postmen as well as direct, say, half and half.

3. The higher grade clerks should be recruited half from those lower grade clerks who have been directly recruited and those postmen clerks who have passed Matriculation or equivalent examination; the rest be recruited direct.

4. We had no opportunity to discuss the future scales of pay of the gazetted officers and I think it was not a proper subject for interim report. I do not agree with the conclusions of the Committee as I had no opportunity to discuss and was not even informed that such a subject was going to be discussed during the Assembly Session and during the hours when Assembly was sitting. I think we must discuss it again.

5. We should also go carefully into the question of Lee Concessions and not make a report without due consideration.

MOHD. YAMIN KHAN,—7-10-31.

APPENDIX I.

LIST OF POSSIBLE ECONOMIES AWAITING INVESTIGATION.

- (1) *Capital outlay of the Department.*—The rate of growth during recent years to be scrutinised.
- (2) *Lapse of budget grant at the end of a year.*—It is complained that the automatic lapse of a grant results in the hurrying of expenditure and consequent extravagance.
- (3) *Budget Section of the Director-General's Office.*—The reorganisation of the Section requires scrutiny with a view to retrenchment.
- (4) *Rent paid by the Department for hiring buildings for its offices.*—It has been pointed out by one of the Service Associations that in many cases, rents have been put up by landlords.
- (5) *Scope of Audit inspection of departmental offices.*—Since all offices are inspected by departmental officers also, it is possible that there is some overlapping of inspections by two agencies and consequent extravagance.
- (6) *Compulsory insurance for departmental employees.*—To meet cases of extreme hardship of families of deceased employees left in indigent circumstances, the Department has a budget provision (Rs. 25,000) for payment of compassionate pension or gratuity. It is for consideration why the departmental rules should not insist on employees insuring their lives in the Post Office Insurance Fund.
- (7) *Subsidies for motor mail service.*—The Department spends something over Rs. 23 lakhs on such subsidies. There ought to be some room here for economy.
- (8) *Leave and acting allowance rules.*—The present rules appear to be extraordinarily liberal and require careful scrutiny.
- (9) *Loss on Telephones.*—Though the Telephone Branch shows a small profit, the result will be a loss if the royalty paid by private Companies is excluded. This compares unfavourably with the activity of private Companies which show a profit. This state of affairs requires special scrutiny.
- (10) *Rent for the Director-General's Office in the Imperial Secretariat, New Delhi.*—It appears that Rs. 1,30,000 a year is paid to the Government of India, Public Works Department. The amount is doubtless based on the floor area occupied by the office. The rent appears excessive for a single office and the question requires strict scrutiny.
- (11) *Disproportionately large number of clerks in the Audit Office for doing work which is attended to by a less number of men in departmental offices.*—It has been said by some one that in the Calcutta Audit Office there are 26 clerks attending to Savings Bank work against 10 men in the Calcutta General Post Office. If this is true the general question requires investigation.
- (12) *Separate Revenue and Telegraph Stamps.*—The present arrangement of having one stamp for postal, revenue and telegraph purposes throws extra work and expenditure on the Department in computing each share and should be revised if possible.
- (13) *Further reduction in the number of Superintendents of Telegraph Traffic and reduction in the number of Deputy Superintendents, Traffic.*
- (14) *Rent for the accommodation in Ballard Pier for foreign mail sorting.*—Rents have come down in Bombay.
- (15) *Leave reserve for clerks, etc.*—The whole question requires consideration. A subsidiary point is, should there not be a separate reserve for postal signallers. A case was reported in Madras, where for want of a substitute a combined office could not send telegrams.
- (16) *Testing rooms in the New Delhi Signal Office.*—The testing room in Agra was condemned as a needless luxury. Is the present arrangement in New Delhi really economical or not.

(17) *Railway Mail Service offices.*—Questions like the following have been raised. Why are Headquarters Inspectors necessary? What work is done by Head Sorters and Sorting Inspectors? Are both necessary? etc.

(18) *Retirement of officers at 55 or even earlier on completion of services for pension.*—To absorb excess or effect economy by substitution of cheaper agency.

(19) *Charges for coolies accompanying postmen during delivery.*—It has been suggested that there is some extravagance here.

(20) *Substitution of Overseers for Inspectors for inspecting branch offices.*—An important witness suggested this as a possible means of economy. It deserves to be scrutinised.

(21) *Unified cadre for Engineering, Baudot, Electrical, etc., Supervisors.*—The existence of separate grades like this necessarily results in extra expenditure, if at least on travelling allowance.

(22) *The necessity of two departmental offices in Delhi.*—It seems hardly necessary to have two offices within a distance of 5 miles of each other.

(23) *The possibility of employing cheaper coolies through contractor instead of—*

(a) Permanent departmental porters at railway junctions for shifting mails between trains.

(b) Boy messengers, etc., for delivery of messages or sending them from non-departmental offices to Central Telegraph Offices.

(24) *Getting Electric Companies to charge Government offices at privileged rates as for large consumers.*—At present several Government offices at the same place pay separately at retail rates.

(25) *Substitution of Markers by Clerks.*—Markers to help Baudot Signallers are at present Telegraphists. It seems possible to substitute clerks to a large extent. Tele-type instruments may be introduced gradually and do away with the necessity of Markers. In the meantime it appears necessary to scrutinise the point as a measure of immediate economy.

(26) *Accommodation for the offices of Superintendents of Post Offices.*—It has been suggested that some economy is possible if the offices of Superintendents of Post Offices and Inspectors are located in Post Office buildings instead of separately in hired buildings.

(27) *Appointments of Head Assistants.*—It appears that Circle Offices have an appointment of Head Assistant. The necessity for this requires to be scrutinised.

(28) *Pay of City and Town Inspectors.*—City and Town Inspectors of Post Offices draw pay in the Lower Selection Grade whereas Inspectors attached to Second Class Post Offices get time scale pay plus an extra allowance. It is for consideration whether the former should draw a higher scale of pay.

(29) *Costly office fittings in the Telegraph Office Testing room.*—Reference has been made in one place to the costly office fittings in the Telegraph Office Testing room which had to be abandoned. It is necessary to pursue the matter to find out how the mistake came to be made and how a recurrence of such costly errors can be prevented.

(30) *Overhead charges in connection with the printing and supply of stamps to the Posts and Telegraphs Department.*—It would appear that the Department is paying Rs. 8,000 a year more than what it costs to maintain a separate stock Depot in Calcutta.

(31) Reduction in the number of divisions and sub-divisions in the Engineering Branch.

(32) Reduction in the staff of the Wireless Branch in the Director General's office and in the Wireless Research and Experimental division at Calcutta.

(33) Substitution of clerks for Telegraph Masters on non-technical work.

APPENDIX II.

HOURS OF MAILS AND MAIL DELIVERIES IN IMPORTANT POST OFFICES.

Bengal and Assam Circle.

Serial No.	Name of Office.	Hours of receipt of mails.		Hours of delivery.		Hours of clearance of Letter boxes.	
			Total No.		Total No.		Total No.
1	Alipore ..	7-30, 9-0, 12-40, 14-40, 16-40, 18-0.	6	8-0, 10-30, 11-0, 12-0, 14-0, 15-0 17-30.	7	8-0, 9-45, 11-0, 13-15, 15-15, 17-0, 17-50, 20-15, 6-20.—Saturdays only.	8
2	Shillong ..	10-40, 11-15, 12-50, 17-0	4	8-0, 12-30, 16-30	3	6-15, 6-30, 12-30, 13-45	4
3	Chittagong	6-50, 8-50, 11-0, 12-5, 12-15, 14-0, 14-30L, 16-30, 17-10, 17-30L.	10	8-0, 10-0, 16-0..	3	7-0, 7-30, 8-0, 15-15, 18-10.	5
4	Mymensingh	6-0, 13-0, 14-0, 15-22	4	7-30, 8-0, 16-0..	3	7-30, 9-45, 11-0, 13-0, 15-15, 16-15, 17-25.	7
5	Darjeeling	9-50, 10-20L, 12-33, 13-30L, 13-40L, 13-50L, 14-26L, 16-0L, 16-10L, 16-25L.	10	10-30, 13-40, 16-30	3	10-15, 12-15, 14-0, 16-30	4
6	Dacca ..	5-30, 6-0, 8-30, 10-0, 12-30, 14-5, 15-35, 16-45, 17-0.	9	7-30, 12-0, 16-0	3	6-30, 7-0, 10-30, 11-30, 13-45, 15-30, 17-0, 17-30, 18-0.	9
7	Howrah ..	6-25, 6-30, 7-30, 7-40, 7-54, 8-30, 9-32, 11-14, 11-24, 11-45, 12-30, 13-30L, 13-45L, 15-30-L, 16-0, 16-30, 16-54, 17-0, 17-12, 17-24, 17-30, 17-54, 18-0, 18-30, 21-24.	25	7-0, 9-0, 10-0, 14-0, 17-30.	5	6-0, 7-15, 7-24, 11-24, 13-0, 14-24, 15-0, 15-30, 16-10, 18-30.	10
8	Calcutta ..	6-9, 6-19, 6-50, 7-24, 7-40, 8-0, 8-4, 8-5, 11-25, 11-50, 13-45, 18-30, 19-54, 20-10, 22-10.	15	7-0, 8-0, 9-0, 10, 11, 11-30, 12-0, 13-0, 15-30, 17-0, 19-0.	10	4-0, 7-0, 9-0, 11-0, 13-0, 14-0, 15-0, 16-0, 17-0, 18-0, 19-0.	11

Bihar and Orissa Circle.

1	Patna ..	5-30, 6-0, 8-0, 9-30, 10-0, 11-0, 15-0, 17-0.	8	8-0, 9-0 (a), 14-0 (b).	3	7-30, 9-15, 11-45, 13-45, 16-15, 17-5, 18-0.	7
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L=Local.

(a) Regd. articles, m. os. and unpaid letters.

(b) On Air Mail days at 14-32.

Bombay Circle.

Serial No.	Name of Offices.	Hours of receipt of mails.		Hours of delivery.		Hours of clearance of Letter boxes.	
			Total No.		Total No.		Total No.
1	Bombay ..	6-0, 6-30, 6-55, 7-0, 7-15, 7-20, 7-30, 7-45, 8-30, 8-45, 8-50L, 8-55, 9-0L, 9-15, 9-55, 10-0,* 11-0* 11-30L, 12-10, 12-20L, 13-0, 14-0, 14-45L, 14-50, 14-55, 15-20L, 16-0L, 16-15,* 16-20L, 16-50L, 17-25L, 17-30L, 17-40L, 17-45L, 17-55, 18-0L, 18-30, 18-40,* 19-40L, 20-0, 20-10, 20-15, 20-20L, 23-30L.	44 including 4 on Foreign Mail days.	8-0, 11-0, 13-0, 15-30, 18-0.	5	6-0, 10-0, 11-0, 13-0, 15-30, 17-0, 18-0, 18-45.	8
2	Poona ..	4-0, 6-45, 6-50L, 6-55L, 7-0, 7-15L, 7-30, 8-15L, 9-0, 9-45L, 9-50L, 11-45, 13-15L, 13-30, 13-45L, 14-0, 14-45L, 15-0L, 15-15L, 15-30L, 15-45, 17-30, 18-0, 18-30, 18-45L.	25	7-0, 10-0, 14-0, 15-30.	4	4-0, 6-0, 7-0, 7-30, 9-30, 12-30, 13-30, 15-0, 19-0.	9
3	Ahmedabad	5-0, 6-10, 7-5, 9-10, 9-50 L, 13-10.	6	8-0, 10-0, 12-15	3	5-25, 10-30, 13-10, 16-30, 17-50, 19-0, 19-30.	7
4	Aden ..	8-0, 8-20, 8-45, 10-0, 10-20, 12-15, 13-30, 15-0, 15-20, 15-45.	10	8-30, 10-30, 15-30	3	7-0, 9-0, 11-0, 14-0 ..	4

Burma Circle.

1	Rangoon	6-5, 7-0, 7-30, 7-50, 8-0, 8-15, 8-30, 9-0, 10-0, 10-30, 12-0, 13-25, 13-30, 15-15, 15-30, 16-5, 16-30, 17-0, 17-15, 17-25, 17-30, 17-40. Straits Mails—5 or 6 times a week. C. A. M. S. and Tavoy Mails—Every Monday. English Mails—Every Tuesday. C. A., Akyab and Chittagong, etc., Mails—Every Friday. Tavoy and Mergui Mails—Fortnightly on Wednesday.	22	8-0, 10-0, 10-30 (b), 10-0, 14-0 (a), 16-30.	6	6-0, 6-40, 7-0, 7-30, 7-50, 8-0, 8-30, 8-40, 9-30, 9-50, 10-0, 10-30, 10-40, 11-45, 12-0, 12-15, 13-0, 13-30, 14-0, 14-30, 15-20, 15-30, 15-45, 16-0, 16-30, 17-30, 18-0.	27
2	Mandalay	6-45, 12-30, 14-10, 17-50, 7-15—Fridays only.	4	8-30, 10-0(c) 15-0	3	Outside Letter boxes—7-0 to 7-50, 9-30 to 10-20, 11-30 to 12-20, 16-30 to 17-20. Office letter box—6-0, 8-0, 11-30, 13-45, 14-30, 18-0.	6

*On Foreign Mail days.

L= Local.

(a) Regd. articles and M. Os.

(b) Regd. articles.

(c) Unpaid articles.

Central Circle.

Serial No.	Name of office.	Hours of receipt of mails.		Hours of delivery.		Hours of clearance of Letter boxes.	
			Total No.		Total No.		Total No.
1	Jubbulpore	6-0, 7-0, 8-0, 10-15, 11-0, 13-35, 14-30, 15-30, 16-45.	9	7-30, 10-30, 17-0, 18-0—Window delivery only.	3	6-15, 13-15, 17-30 ..	3
2	Nagpur ..	6-20, 8-15, 9-15, 15-30, 17-15, 18-20.	6	7-15, 10-30, 16-30, 17-30—Window delivery only.	3	6-45, 7-45, 9-45, 13-0, 14-0, 16-15, 17-15, 18-0.	8

Madras Circle.

1	Madras ..	6-25, 6-50, 7-30, 7-45, 8-20, 9-25, 15-25.	7	7-45, 9-30, M. Os., only, 10-0, 11-30, 16-35.	5	6-30, 9-15, 12-30, 14-40, 16-10, 17-15, 17-40, 18-40.	8
2	Bangalore	6-0, 6-30, 8-50, 7-30, 8-15, 9-20, 10-20, 12-0, 16-20, 16-50, 17-30, 17-45, 17-50.	13	8-30, 10-30, 17-0	3	6-10, 6-30, 8-15, 8-45, 10-15, 10-45, 16-15, 18-20, 18-45.	9
3	Hyderabad (Deccan).	6-58, 8-15, 8-42, 15-45, 16-34, 16-35, 20-50, 22-20.	8	8-0, 10-30, *18-0	3	6-35, 8-20, 10-0, 15-20, 16-30, 18-0.	6
4	Madura ..	6-0, 11-45, 15-50 ..	3	7-30, +8-0, 13-30, *17-0.	4	10-45, 14-30, 18-0 ..	3
5	Dhanushkodi	8-0, 10-0, 17-15 ..	3	10-30 ..	1	8-15, 10-30, 15-0, 16-25 ..	4

Punjab and N. W. F. Circle.

1	Am'ala (b)	5-30, 7-40L, 14-0L, 14-10L, 14-30, 14-55L, 16-7.	7	8-0, 9-30(a), 15-30.	3	7 18, 9-20, 13-35L, 14-45, 16-15, 17-15L.	6
2	Amritsar (b)	5-30, 7-20, 8-30, 9-25, 11-0, 16-30L	6	8-0, 10-0(a), 16-30.	3	8-55, 17-55, 18-30 ..	3
3	Delhi ..	4-0, 5-30, 7-0, 7-45L, 8-0, 8-10, 29-0, 9-10, 9-35L, 10-20, 11-15, 15-30, 15-50, 18-0, 18-10, 18-20, 20-35, 14-40—On Fridays only.	17	8-0, 10-0 M. Os., 10-30, 16-0L.	4	6-35, 7-50, 10-20L, 15-50, 18-5, 19-30.	6
4	Lahore (b)	5-45, 8-45, 9-0, 9-35, 10-15, 12-30, 15-30, 17-0.	8	8-0, 9-0(a), 10-30, 11-0(a), 12-30, 17-30.	6	8-0, 16-55, 17-15, 18-30	4
5	Peshawar (b)	6-30, 8-0, 10-45L, 11-45, 15-30-L, 16-0, 16-15L, 16-30, 17-30L, 18-0.	10	8-30, 10-0(a), 16-0.	3	6-15, 8-20L, 9-50L, 11-0, 15-30, 15-50, 17-30, 19-0*.	8
6	Rawalpindi	6-0, 6-30, 9-30, 10-0L, 11-20, 14-0, 14-30L, 16-30L, 17-0, 17-30L.	10	8-30, 11-0, 18-0	3	*From April to October each year. 8-0, 10-30, 15-30, 17-15, 19-0.	5
7	Simla (b)	8-50L, 9-30L, 9-40L, 10-10L, 10-20L, 10-35, 11-10L, 12-15L, 12-30L, 13-15L, 13-20L, 14-0L, 14-5, 14-10L, 14-50, 15-30L, 16-0L, 16-5L, 16-20L, 16-45L, 17-10L, 17-20, 17-40L.	20	10-30, 12-0, 15-0, 18-0.	4	10-20L, 11-50L, 14-50L, 14-55, 16-5, 17-0, 17-40, 17-50L.	8

(a) Unpaid articles, m. os., regd. parcels and insured and v. p. articles.

(b) Does not perform sorting work, which is done in local mail or sorting office.

*Window Delivery.

†Regd., etc.

L=Local.

Sindh Baluchistan Circle.

Serial No.	Name of offices.	Hours of receipt of mails.		Hours of delivery.		Hours of clearance of Letter boxes.	
			Total No.		Total No.		Total No.
1	Karachi ..	7-30, 9-25, 16-35 (Daily)	3	10-30, 11-30(a), 18-15.	3	8-15, 9-0, 15-30, 16-50, 18-45.	5
		Midnight Saturday ..	..	..	..	6-0, 18-0, 19-0 (Thursdays)	..
		8-0, 16-30 (Thursday) ..	..	..	..	20-0 (Saturdays)	..
		8-0 (Monday)	..	..	..	..	..
		17-0 (Wednesday)	..	..	..	..	..
2	Quetta ..	6-45, 9-15, 10-45, 12-30, 15-30, 16-15, 17-25 (Daily).	7	11-0, 16-30 ..	2	6-20, 8-15, 10-45L, 12-40, 15-20, 16-15L, 17-40.	7
		12-20, 17-30 (Air Mail days).					

United Provinces Circle.

1	Cawnpore	6-0, 6-15, 7-30, 9-45, 11-0, 11-30, 12-25, 14-0, 15-35, 15-45, 17-20, 17-45.	12	8-0, 10-30, 13-0, 18-30.	4	Outside Letter boxes 6-5 to 7-20, 9-30 to 10-50, 12-5 to 13-25, 15-45 to 17-0.	4
						Office Letter box 7-30, 10-45, 14-0, 14-15, 16-30, 17-45, 18-30.	7
2	Meerut ..	6-0, 6-20, 7-41, 10-0, 10-30, 16-30, 16-0.	7	9-0, 10-30, 16-15	3	Outside Letter boxes 8-15 to 9-50, 13-50 to 3-25, 16-30 to 18-10.	3
						Office Letter box 8-15, 10-15, 15-15, 16-0, 16-50, 18-25.	6
3	Lucknow..	6-0, 7-0, 7-30, 12-0, 15-30, 15-45.	6	8-30, 9-30, 13-0, 17-0.	4	Outside Letter boxes 5-55 to 7-18, 8-15 to 9-38, 12-0 to 13-25, 16-54 to 18-9 or 16-24 to 17-30.	4
						Office Letter box 7-30, 10-15, 14-0, 6-0 or 6-30.	4
4	Allahabad..	6-0, 7-15, 10-15, 11-0, 11-45, 12-0, 15-15, 15-30, 16-5, 16-20, 16-30, 17-0, 18-0.	13	8-0, 9-30, 14-0, 17-0.	4	Outside Letter boxes 8-0 to 7-15, 8-45 to 10-0, 12-45 to 14-0, 15-45 to 17-0.	4
						Office Letter box 6-20, 7-30, 8-20, 9-30, 10-20, 11-0, 13-30, 14-30, 15-0, 16-20, 17-0, 17-30.	12
5	Benares City	6-5, 7-30, 7-45, 8-0, 9-5, 9-15, 10-50, 11-0, 11-30, 12-15, 12-30, 13-0, 13-40, 13-48, 14-15, 16-0, 16-30, 17-0, 17-15, 17-25, 17-30, 17-45.	22	9-30, 10-0, 10-30, 12-0, 17-30.	5	Outside Letter boxes 6-5 to 7-0, 11-35 to 12-30, 15-35 to 16-30.	3
						Office Letter box 9-5, 11-10, 14-30, 16-5, 17-30.	5
6	Agra ..	6-4, 7-30, 10-20, 10-30, 11-0, 11-15, 11-30, 12-30, 14-0, 15-0, 15-15, 15-30, 15-45, 15-50, 16-30, 16-40, 16-50, 17-0, 17-15, 17-30.	20	8-30, 10-30, 16-0	3	Outside Letter boxes 8-35 to 10-0, 14-5 to 15-30, 15-40 to 17-0.	3
						Office Letter box 8-15, 10-15, 10-30, 11-30, 15-30, 16-45, 16-0, 18-0.	8

(a) Parcels, M. Os. and unpaid articles.
L=Local.

APPENDIX III.

Cost per set of *liveries and uniforms.*

151

	1926-27 and 1927-28.				1928-29 and 1929-30.				1930-31.			
	Summer Uniforms.		Winter Uniforms.		Waterproof garments.		Summer Uniforms.		Winter Uniforms.		Waterproof garments.	
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Overseers	18 0 0	30 0 0	10 8 0	10 8 0	18 0 0	10 8 0	14 0 0	18 0 0	18 0 0	18 0 0	9 0 0	9 0 0
Postmen	18 0 0	30 0 0	10 8 0	10 8 0	14 0 0	10 8 0	14 0 0	18 0 0	14 0 0	18 0 0	9 0 0	9 0 0
Letter Box Peons	18 0 0	22 8 0	10 8 0	10 8 0	12 0 0	10 8 0	12 0 0	15 8 0	12 0 0	15 8 0	9 0 0	9 0 0
Mail Peons	18 0 0	22 8 0	10 8 0	10 8 0	12 0 0	10 8 0	12 0 0	15 8 0	12 0 0	15 8 0	9 0 0	9 0 0
Messengers	18 0 0	22 8 0	10 8 0	10 8 0	12 0 0	10 8 0	12 0 0	15 8 0	12 0 0	15 8 0	9 0 0	9 0 0
Village Postmen	18 0 0	22 8 0	10 8 0	10 8 0	9 0 0	6 14 0	9 0 0	6 14 0	9 0 0	6 14 0	..	..
<i>Railway Mail Service.</i>												
Porters	7 8 0	22 8 0	10 8 0	10 8 0	7 8 0	22 8 0	7 8 0	22 8 0	6 4 0	15 0 0	..	..
Van Peons	7 8 0	22 8 0	10 8 0	10 8 0	7 8 0	22 8 0	7 8 0	22 8 0	6 4 0	15 0 0	..	..
<i>Telegraph Traffic Branch.</i>												
Telegraph messengers	18 0 0	22 8 0	10 8 0	10 8 0	18 0 0	22 8 0	18 0 0	22 8 0	15 0 0	15 0 0	9 0 0	9 0 0
Office Peons	18 0 0	22 8 0	10 8 0	10 8 0	18 0 0	22 8 0	18 0 0	22 8 0	15 0 0	15 0 0	9 0 0	9 0 0
Durwans	18 0 0	30 0 0	10 8 0	10 8 0	18 0 0	30 0 0	18 0 0	30 0 0	15 0 0	20 0 0	..	..
<i>Engineering Branch.</i>												
Sub-Inspectors	18 0 0	30 0 0	10 8 0	10 8 0	18 0 0	30 0 0	18 0 0	30 0 0	15 0 0	20 0 0	9 0 0	9 0 0
Linemen	18 0 0	22 8 0	10 8 0	10 8 0	18 0 0	22 8 0	18 0 0	22 8 0	15 0 0	15 0 0	9 0 0	9 0 0
Boatmen	18 0 0	22 8 0	10 8 0	10 8 0	18 0 0	22 8 0	18 0 0	22 8 0	..	..	..	..
Cozwains	18 0 0	22 8 0	10 8 0	10 8 0	18 0 0	22 8 0	18 0 0	22 8 0	15 0 0	15 0 0	..	..
Other inferior servants	18 0 0	22 8 0	10 8 0	10 8 0	18 0 0	22 8 0	18 0 0	22 8 0	..	..	..	..

APPENDIX IV.

*Organisation of the Posts and Telegraphs Directorate.
April 1931.*

				<i>Sections.</i>
Director General.	Senior Deputy Director General.	..	Assistant Director General.	Establishment—A(12)
			Assistant Director General.	Establishment—B(8).
	Deputy Director General, Staff.		Assistant Director General.	Staff-A. (12).
		..		Staff-B. (13).
				Library (1).
			Chief Superintendent (non-gazetted).	General-A (27).
	Deputy Director General, Postal Services.		Assistant Director General.	Foreign Mails (10).
				General A (7).
			Assistant Director General.	Inland Mails (11).
			Assistant Director General.	Miscellaneous and Cash (8). General B (8).
Chief Engineer.	Deputy Chief Engineer.	..		Engineering Branch and Building (8).
			Traffic Controller	Telegraph and Phones A. (10).
	Deputy Director General, Telegraphs.		Assistant Deputy Director General.	Do. do. B (9).
			Assistant Director General and Assistant Director.	Wireless Branch (10).
Financial Adviser.	..	..	Assistant Director General.	Budget Branch (13).

NOTES :—

- (1) The 'Buildings' work of the Engineering Branch is submitted to the Chief Engineer through Assistant Director General, Miscellaneous.
- (2) The Budget Branch is part of the office of the Director General, but the Financial Adviser helps in the supervision of the work of this branch.
- (3) The numbers in brackets indicates the strength of the Sections.

APPENDIX V.

ORDERS RELATING TO THE LOWER DIVISION OF CLERKS.

(1)

No. 158-P.T.E.

GOVERNMENT OF INDIA.

DEPARTMENT OF INDUSTRIES AND LABOUR.

POSTS AND TELEGRAPHS BRANCH.

FROM

T. RYAN, Esq., C.I.E.,

Joint Secretary to the Government of India.

TO

THE DIRECTOR-GENERAL OF POSTS AND TELEGRAPHS.

*Dated Simla, the 16th May 1928.*SUBJECT :—*Creation of a new grade of Lower Division clerks in the Post Office and Railway Mail Service.*

SIR,

I have the honour to inform you that, with a view to reducing the cost of clerical work in the Post Office and Railway Mail Service and to improving the prospects of postmen and mail-guards, the Government of India have decided to create a new grade of clerks to be styled Lower Division clerks for the performance of certain duties of a routine nature. The scales of pay sanctioned for these Lower Division clerks will be as shown in the statement attached to this letter.

2. The duties for the performance of which clerical posts in the Lower Division should be created cannot at present be precisely defined but generally speaking, the intention is, as already stated, to employ this class for the discharge of intelligent routine duties in the Post Office and Railway Mail Service. I am to request you kindly to submit to Government as soon as possible your recommendations, showing in detail the item of work in the Post Office and Railway Mail Service which could be carried out satisfactorily by clerks in the new grade. To assist you and the Heads of the different Circles in framing their proposals under this head, the Government of India are placing at your disposal the services of Rai Bahadur J. P. Ganguli, Assistant Secretary to the Government of India, who examined the question as regards Post Offices in the Bombay Circle and made certain recommendations which are already under your consideration. In the meantime, the Government of India authorise you to create posts in this grade in replacement of posts in the ordinary clerical time scale as vacancies occur to the extent to which you consider that the circumstances clearly justify such action.

3. Appointment to the posts of Lower Division clerkships should be made as far as possible by the promotion of suitably qualified postmen and mail guards. Candidates should be submitted to such tests of their general qualifications and ability as you consider necessary to ensure their fitness for the proper discharge of the duties to be entrusted to them.

I have the honour to be,

SIR,

Your most obedient servant,

T. RYAN,

Joint Secretary to the Government of India.

A copy is forwarded to the Accountant-General of Posts and Telegraphs, for information.

Statement.

Circles.	Scale of pay.		
	Rs.		
<i>Bengal and Assam—</i>			
(i) Calcutta, Alipore and Howrah	50	5	100
(ii) Rest of Circle	40	4	80
<i>Bihar and Orissa—</i>			
(i) Patna and Ranchi	40	4	80
(ii) Rest of Circle	35	4	75
<i>Bombay—</i>			
(i) Bombay and its vicinity, Aden	60	4	100
(ii) Poona and Ahmedabad	50	4	90
(iii) Rest of Circle	40	4	80
<i>Burma—</i>			
(i) Rangoon	70	4	110
(ii) Rest of Circle	50	4	90
<i>Central—</i>			
(i) Nagpur and Jubbulpore	40	4	80
(ii) Rest of Circle	35	4	75
<i>Madras—</i>			
(i) Madras	40	5	90
(ii) Madura, Bangalore, Hyderabad and Dhanushkodi	40	4	80
(iii) Rest of Circle	35	4	75
<i>Punjab and N. W. F.—</i>			
(i) Lahore, Delhi, Peshawar, Rawalpindi, Amritsar and Simla	45	4	85
(ii) Ambala and Abbottabad	40	4	80
(iii) Rest of Circle	35	4	75
<i>United Provinces—</i>			
(i) Allahabad, Agra, Cawnpore, Lucknow, Meerut and Benares	45	4	85
(ii) Rest of Circle	35	4	75
<i>Sind and Baluchistan—</i>			
(i) Baluchistan	60	4	100
(ii) Karachi and Persian Gulf (including Mekran Coast)	50	4	90
(iii) Rest of Circle	40	4	80

(2)

COPY OF A LETTER FROM THE DIRECTOR GENERAL, POSTS AND TELEGRAPHS, NEW DELHI, TO THE GENERAL SECRETARY, ALL-INDIA (INCLUDING BURMA) POSTMEN AND LOWER GRADE STAFF UNION, 343, THAKURDWAR, BOMBAY-2, NO. S.A.-183/28, DATED THE 23RD DECEMBER 1929.

SUBJECT.—*Promotion of postmen to the Lower Division clerkships.*

With reference to your letter No. 64-B./29, dated the 9th November 1929, I am directed to say that the Presidency Postmaster, Bombay, has been instructed not to hold any formal examination for the purpose. I may add that the appointments graded for pay in the lower division should be filled by promotion from postmen, mailguards and telegraph messengers who have completed at least 5 years permanent service in each case. Candidates having the requisite service should be subjected to a practical test of their knowledge of the work which they will be required to perform. This test should include a test of the candidate's knowledge of English but no dictation paper is necessary.

APPENDIX VI.

RATES OF PAY IN FORCE AND THE PERSONNEL EMPLOYED IN THE INDIAN POSTS AND TELEGRAPHS DEPARTMENT, ON 31st MARCH, 1930.

Higher Gazetted posts.

Scales of pay.

Rs.	Rs.	Rs.	Rs.	Rs.
3,500—100—4,000.	(a) 3,000 (I.C.S.) (b) 2,750—125—3,000 (non-I.C.S.).	2,750—125—3,000.	(a) 2,250—100—2,750 (I.C.S.). (b) 2,000—100— 2,500 (non-I.C.S.).	1,750—100—2,250.
1 Director-General, Posts and Tele- graphs.	1 Senior Deputy Di- rector General.	1 Chief Engineer, Posts & Telegraphs.	8 Postmasters-Gener- al (11 I. C. S.) (7 non-I.C.S.).	1 Deputy Director- General, Postal Ser- vices. 1 Deputy Director General, Staff*.
				*Post temporarily held in abeyance and a post of A. D. G. created temporarily.

Scales of pay.

Rs.	Rs.	Rs.	Rs.	Rs.
50—100—2,150.	1,000—50—1,500.	800—40—1,000.	625—1,375 (625/2—675—725/2 50—1,025/2—50— 1,275/2—1,325/2— 1,375).	375—975 (375—50—525/2— 50—625/2—50—975).
1 Dy. D.-G., Tele- graphs. 5 Directors of Tel. Engineering. 1 Dy. Chief Engineer Telegraphs*. 1 Director of Wireless. 1 Electrical Engineer- in-Chief. 1 Controller of Tel. Stores	7 Asst. Directors- General, Postal (including 1 tempo- rary). 14 Dy. Postmasters- General, Postal. 8 Dy. P. Ms. G., Traffic. 1 Controller of Tel. Traffic. 1 Asst. Director- General, Tele- graphs. (a) { 4 Chief Supdts. in Tel. offices at Calcutta, Bombay, Madras, and Agra. 2 Presy. Post- masters, Cal- cutta and Bombay. 37	2 { Presy. Postmast- er, Madras. Postmaster, Ran- goon. सत्यमेव जयते	1 Asst. D. G., Wire- less. (b) 23 Divl., Engs. Tel. Engineering (including one tem- porarily employed as P. A. to Chief Engineer.) 3 Divl. Engrs., Wireless. 1 Supdt., Tel. Work- shops. 28	1 Asst. Director, Wireless. 1 Assistant Divi- sional Engineer, Wireless. (c) 23 Assistant Divi- sional Engineers, Telegraph En- gineering (including junior Electrical Engineer). 1 Assistant Con- troller of Tele- graph Stores. 1 Assistant Super- intendent of Tele- graph Workshops. 27
*Post temporarily held in abeyance and a post of a Di- visional Engineer created temporari- ly as Personal As- sistant to Chief En- gineer.	(a) 14 posts in the Superior Traffic Branch, 1st Division.		(b) Including Senior Electrical Engineer and Director, Posts and Telegraphs, Karachi.	(c) Including one to be absorbed.

Lower Gazetted posts and certain non-gazetted posts.

Scales of pay.						
Rs. 700—25—800.	Rs. 600—40—800.	Rs. 350—30—650.	Rs. 300—20—800 —25—750.	Rs. 350—20—550 —30—700.	Rs. 500—20—800.	Rs. 350—20—450.
Postmasters (Delhi, Lahore, Poona and Karachi).	(a) 1 Superintendent, Sec- retariat Branch (tem- porary). (b) 1 Chief Superintend- ent, office of Director- General of Posts and Tele- graphs.	44 Postmast- ers of 1st class head offices (other than Delhi, Lahore, Poo- na and Ka- rachi), in- cluding De- puty and Assistant Postmasters in larger offices.	180 Superin- tendents of Post Offices & R. M. S., including those em- ployed as Assistant Postmasters- General and one em- ployed as Publicity Officer (pro- visional) at- tached to Director-Ge- neral's office.	35 Superior Traffic Branch, 2nd. Divi- sion (in- cluding 1 Assistant Deputy Director- General, Tele- graphs). 21 Assistant Engineers, Telegra- phs (Gene- ral, Phone and Elec- trical). 2 Assistant Engineers Wireless.	(a) 20 Deputy Superin- tendents, Telegraph Traffic, Class I. (a) 38 Deputy Assistant Engineers (Engi- neering and Wire- less) Class I (includ- ing one supernu- merary in the Wire- less Branch). (b) 1 Instru- ment maker, Wireless.	(a) 32 Deputy Superin- tendents Telegraph Traffic, Class II. (a) 78 Deputy Assistant Engi- neers. (Engineering and Wireless) Class II (b) 6 Office Super- intend- ents Circle offices at Cal- cutta, Bombay, Madras, Lahore, Ran- goon and Lucknow. 2 Mana- gers, Dead Letter Offices at Cal- cutta and Bombay.
				58	59	118

(a) Gazetted.

(b) Non-Gazetted.

Non-Gazetted Workshops and Wireless Establishments.

Scales of pay.			
Rs. 500—20—700.	Rs. 400—20—500.	Rs. 200—10—300—20	Rs. 150—10—350.
2 Branch Managers.	1 Instrument maker, Wireless.	2 Foremen.	6 Assistant Foremen, Examiners, Instrument testers.
4 Foremen.			
1 Assistant Cable Engineer.			
1 Instrument mechanician.			5 Cable supervisors.
			11

Other Non-Gazetted Posts.

Scales of pay.

Rs. 500—25—700.	Rs. 350—25—600.	Rs. 400—10—500.	Rs. 250—20—350.	Rs. 200—15—500.
1 Budget Superintendent, Office of Director-General of Posts and Telegraphs.	*14 Superintendents (including 2 Budget Assistants') office of Director-General of Posts and Telegraphs.	1 Treasurer, Calcutta General Post Office.	28 Dead Letter Office Managers and Assistant Managers, Head Assistants, etc., in larger Circle offices and Superintendents in Circle offices at Patna, Nagpur and Karachi. 120 Postmasters, Sub-postmasters, Deputy Postmasters, Head Clerks, &c., in post offices. 26 Head Record Clerks, Railway Mail Service, and Head Clerks in Telegraph Establishments.	1 Upper Division Assistant, Secretariat (temporary).
			174	

* One to be abolished.

Scale of pay.

Rs. 275—10—325.	Rs. 200—10—250.	Rs. 180—10—230.	Rs. (a) 120—5—140—10—290—20—350 (new recruits). (b) 80—5—100—10—250—20—350 <i>plus</i> special pay Rs. 40 subject to a maximum of Rs. 350 (old recruits).	Rs. 200.	Rs. 160—10—250.
4 Telegraph Masters, General Service (including 4 Local Service men on General Service pay).	10 Telegraph Masters, Local or Station Service 'A'.	2 Telegraph Masters, Station Service 'B'.	292 Engineering Supervisors. 26 Wireless Supervisors. 318	* 11 Probationary Superintendents of Post Offices and Railway Mail Service.	Selection grade clerks in Circle offices and Dead Letter Offices including Postal Workshop, Aligarh. Postmasters, Deputy, Assistant or Sub-Postmasters, Accountants and other officials in Post Offices. 1,976 Inspectors of Post Offices and Railway Mail Service and Head Clerks to Superintendents of Post Offices. Head Sorters and other selection grade officials in the Railway Mail Service. Selection grade clerks in Telegraph Establishments (including Wireless).

* Will be reduced to 8.

Scale of pay.

Rs.	Rs.	Rs.	Rs.	Rs.
120—8—160—10—350.	160—5—175.	150—10—300—12½—400.	(a) 80—5—100—10—250. (b) 55—5—120—10—180.	(a) 90—5—180. (b) 80—5—170. (c) 70—5—160. (d) 65—5—155. (e) 60—5—150. (f) 55—5—145.
108 Assistants (1st Division clerks). Office of Director-General of Posts and Telegraphs.	2 Head Clerks, Office of Director-General of Posts and Telegraphs. (Existing incumbents are on former scale of Rs. 160—10—200.)	1 Personal Clerk to Director-General. 7 Stenographers, Office of Director-General of Posts and Telegraphs. 8 (Existing incumbents are on former scales of pay, viz., Rs. 300—20—500 for Personal Clerk to Director General and Rs. 100—300 for stenographers.)	TELEGRAPHISTS. (a) 2,374 General Service (including Wireless operators). (b) 50 Local Service.	536 Station Service.
<p style="text-align: right;">Total 2,960.*</p> <p>* Represents the number actually employed on 1st July 1931 (including 126 Wireless operators).</p>				

Scale of pay.

Rs.	Rs.	Rs.	Rs.	Rs.
(a) 70—5—170. (b) 60—5—160. (c) 50—5—110—5—160. (d) 50—5—150. (e) 40—5—100—5—150. (f) 45—5—145. (g) 40—5—140. (h) 35—5—135.	75—4—155.	(a) 125—5—150. (b) 115—5—140. (c) 110—5—135.	(a) 50—5—120. (b) 40—5—110. (c) 35—5—105.	(A) { 120—5—145. 70—5—140. 60—5—130. 50—5—110—5—130. 45—5—115. (B) 30—2—50. (C) { 30—2—40. 50—3—80. 80—3—110. 85 (Fixed, tempo- rary). 45 (Fixed, tempo- rary). 61 (Fixed, tempo- rary).
Ordinary clerical cadres. 30,320 Ordinary time-scale clerks in all branches (including sub-Postmasters, sorters, etc.) 530 Telephone Inspectors and Telephone operators, class I.	66 clerks, office of the Director General of Posts and Telegraphs.	40 Line Inspectors.	535 Line Sub-Inspectors.	220 Mechanics, Mistries Engine Drivers, Carpenters, Cable jointers, etc. (A) There are 4 groups of mistries, etc., who draw pay as follows:— Group (I).—Draw rates of pay same as for postal clerks on ordinary time-scale beginning with 16th year of service.

<p><i>Ordinary clerical cadres—contd.</i></p> <p>(a) According to localities, vide para. 54 of the Posts and Telegraphs Manual of Appointments and Allowances.</p>	<p>(Many are in the former scale of Rs. 55—5—155).</p>			<p>Group (2).—Draw rates of pay same as for postal clerks on ordinary time scale ending with pay for the 15th year of service.</p> <p>Group (3).—Draw lower division scales of pay.</p> <p>Group (4).—Draw postmen's rates of pay.</p> <p>(B) Existing scale of pay for Assistant Mistries. (Pay not yet revised.)</p> <p>(C) 11 Motor Car and Motor Lorry Drivers (including 3 temporary) and Motor Engine Drivers. (Pay not yet received.)</p>
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Scales of pay.

Rs.	Rs.	Rs.
<p>(a) 70—4—110 } (b) 60—4—100 } (c) 50—5—100 } (d) 50—4—90 } (e) 40—5—90 } (B) (f) 45—4—85 } (g) 40—4—80 } (h) 35—4—75 } (i) 40—4—100 } (D) (j) 50—3—110 } (E) (k) 50—3—80 }</p>	<p>(a) 30—1—50 } (b) 25—1—45 } (C) (c) 23—1—43 } (d) 20—1—40 } (e) 18—1—38 }</p>	<p>(a) 25—1—45 } (X) (b) 20—1—40 } (c) 18—1—38 }</p>

Lower Divisional Clerical Cadres.

Postmen Class.

1,432 Departmental Branch Postmasters.
 1,075 Mail and Cash Overseers.
 1,050 Overseer Postmen, Sorting or Reader Postmen and Head Postmen.
 950 Compositors and Printers, Stamp-vendors in Calcutta, Bombay, Madras and Rangoon and Munshi clerks, time-keepers, bill sarkars and other lower Division officials in Telegraph Establishments and Record Suppliers employed on semi-clerical duties.

30,400 Postmen and Village Postmen.
 414 Mail Guards.
 131 Departmental Stamp vendors in post offices other than Calcutta, Bombay, Madras and Rangoon.

3,627 Linemen and Line-riders.

4,507

30,945

- (B) According to localities (vide paragraph 54-A, of the Posts and Telegraphs Manual of Appointments and Allowances).
 (D) Sanctioned for B cadre clerks in Store Depots and Telegraph Workshops. (Their pay not yet revised.)
 (E) Sanctioned for Serangs in Burma.

- (C) According to localities (vide paragraph 72 of the Posts and Telegraphs Manual of Appointments and Allowances).

- (X) Linemen and line-riders whose scale of pay falls short of that for local postmen, are given compensatory allowance to make up the difference in the minimum and the maximum.

Inferior Establishments.

Scale of pay.

Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(a) 40 (fixed). (b) 30—1—35. (c) 27—1—32. (d) 25—1—30. (e) 23—1—28. (f) 22—1—27. (g) 21—1—26. (h) 20—1—25. (i) 19—1—24.	(a) 30—1—40. (b) 20—1—40. (c) 25—1—35. (d) 20—1—30. (e) 20—8/-—25. (f) 15—1—35.	(a) 17—4/-—22. (b) 15—4/-—20. (c) 14—4/-—19. (d) 13—4/-—18.	12—4/-—17. 11—4/-—18. 10—4/-—15. 9—4/-—14. 8—4/-—13.	(a) 18—1/3—20. (b) 15—1/3—17. (c) 13—1/3—15. (d) 12—1/3—14. (e) 11—1/3—13. (f) 10—1/3—12. (g) 9—1/3—11. (h) 8—1/3—10.	(a) 25—8/-—30. (b) 22—8/-—27. (c) 20—8/-—25. (d) 18—8/-—23. (e) 17—8/-—22. (f) 16—8/-—21. (g) 15—8/-—20. (h) 14—8/-—19. (i) 14—1/5—18. (j) 17—1—22. (k) 15 (fixed). (l) 21 (fixed). (m) 15—4/-—20.
176 Jemadars and allied classes, e.g., Jemadars, Hall Jemadars, Head Porters, Havildars, etc. (including 1 overseer of peons in Director-General's office).	166 Duffries and allied classes, e.g., Form Suppliers, Markers, Record lifters, Duffries etc. (including record lifters and duffries in Director-General's office).	14,813 Runners in post offices.	1,339 Task-work peons.	1,064 Boy messengers.	Other Inferior Servants. 17,369 Delivery peons (on fixed scale of pay), Chowkidars, Hamals, Office Peons, Faraashes, Mail and Van peons, Packers, Porters, Boatmen, Tindals, etc., Daffadars in Director-General's office, Sweepers, Bhistis and Motbors, etc., in Calcutta. (NOTE.—There are 17,704 Extra Departmental Agents in post offices, who are not regular servants of the Post Office. They receive small allowances from the Post Office).

Miscellaneous Establishments.

Scale of pay.

Rs.

40 (fixed).
75 (fixed).
100 (fixed).
150—5—175.
250—20—350.
30—1/5—35.
35—3/5—50.
40—1—50.
40—5—140.
45—3—65—4—105—5—140.

25 { Sanitary Superintendent,
Caretaker, Commissioner, Building overseer,
Conservancy Inspector
and allied classes.

APPENDIX VII.

MEASURES FOR IMPROVEMENT OF CONDITIONS OF SERVICE DURING THE YEARS 1924-25
TO 1931-32.

1924-25.

	Rs.
(1) Proposed grant of compensatory allowance to certain officials in Rangoon	10,000
(2) Provision for revision of the scales of pay to clerks in Postal Accounts Offices	1,30,000
(3) Proposed revision in the pay of time-scale clerks in Rangoon Post Office	45,000
(4) Proposal for counting continuous, officiating or temporary service as branch postmasters towards increments in time-scale pay for clerks	10,000
(5) Proposal for grant of compensatory allowance to certain officials of the Posts and Telegraphs Department in Rangoon, etc.	25,000
(6) Increase in the pay of certain menials in the Western Circle, Railway Mail Service	3,000
(7) Proposed transfer of telegraph masters and telegraphists from local to general service	28,000
(8) Proposed revision in the rates of telegraphists' allowances for 55 Military Telegraphists in the Traffic Branch	24,000
(9) Proposed revision of pay of time-scale clerks at Rangoon	11,000
(10) Grant of house rent allowance to telegraph masters and telegraphists proposed to be transferred from the local to the general service	19,000
(11) Proposed increase of Baudot Supervisors' allowance from Rs. 20 to Rs. 40 per mensem for 30 baudot supervisors for 6 months	4,000
(12) Proposed grant of compensatory allowance to certain officials of the Posts and Telegraphs Department in Rangoon	39,000
(13) Extra provision required for fixing the initial pay of temporary telephone operators who will be made permanent	6,000
(14) Proposed house rent and local allowance to men at places other than Calcutta, Bombay and Rangoon and proposed revision to house rent and local allowance at Calcutta, Bombay and Rangoon	50,000
(15) Proposed grant of compensatory allowance to certain officials in Rangoon	17,000
(16) Proposed grant of compensatory allowance to certain Wireless Branch officials in Rangoon	18,000

1925-26.

(1) Revision of time-scale of pay of clerks of Bombay	16,000
(2) Revision of time-scale of pay of clerks of Bombay	13,000
(3) Proposed grant of house rent and local allowances	12,000
(4) Employment of additional staff in Post Offices	36,000
(5) Increase in the percentage of reserve sorters	64,000
(6) Proposed grant of house rent allowance to Indian local service telegraph masters and telegraphists recruited on or before 1st March 1913	48,000

Rs.

1926-27.

(1) Revision of pay of postal Superintendents	38,000
(2) Conversion of existing grade of Rs. 350—20—650 for Gazetted Postmasters into the grade of Rs. 350—30—650 ..	8,000
(3) Revision of time-scales of pay of postal clerks at certain important stations	5,00,000
(4) Provision for substitutes in casual leave vacancies of postmen, mail guards and menials	1,00,000
(5) Refixation of house-rent allowances to postmen and menials in Post Offices	2,50,000
(6) Grant of house-rent allowances to certain sub-postmasters who are not provided with free quarters	30,000
(7) Grant of compensatory allowance to officials employed in certain expensive cities	2,00,000
(8) Grant of accommodation or house-rent allowance in lieu of the "married" scale to unmarried telegraphists who have families living with and wholly dependent upon them ..	50,000

1927-28.

(1) Revision of pay of clerical staff in the office of Director General, Posts and Telegraphs	10,000
(2) Grant of compensatory allowance to telegraph engineering subordinates	11,000
(3) Revision of pay of postal clerks on time-scale	5,81,000
(4) Revision of pay of selection grade appointments and Inspectors (Post Office and Railway Mail Service), Head Clerks to Superintendents of Post Offices and Town Inspectors of Post Offices	1,80,000
(5) Revision of pay of branch postmasters, overseers and postmen	80,000
(6) Revision of pay of Railway Mail Service sorters on time-scale	1,92,000
(7) Outstation allowance to Railway Mail Service sorters ..	50,000
(8) Additional staff for Railway Mail Service on new basis of duty	50,000
(9) Appointment of Head Record Clerks on Rs. 250—20—350 in the Railway Mail Service	22,000
(10) Equalisation of pay of engineering and traffic clerks ..	50,000
(11) Grant of house rent allowance to telegraph subordinate staff	97,000

1928-29.

(1) Revision of scales of pay of Assistant Director General (Postal), Deputy Postmaster-General (Postal), Presidency Postmaster and officers of the Superior Traffic Branch, 1st Division	18,000
(2) Improvement of pay and other terms of service of low-paid staff	13,18,000
(3) Compensatory allowances for low-paid staff	1,00,000
(4) Revision in scales and extent of supply of liveries and uniforms	2,00,000

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| (5) Increase in annual provision for grants to sports and recreation clubs | 9,000 |
| (6) Grant of house-rent allowance to certain Railway Mail Service mail guards and inferior servants | 12,000 |
| (7) Grant of house rent allowance to certain Railway Mail Service mail guards and inferior servants | 12,000 |

1929-30.

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| (1) Extra cost for increase in the number of Gazetted Postmasters or Assistant Postmasters as justified by the revised standard adopted to determine what posts should be of gazetted rank | 2,000 |
| (2) Compensatory and house rent allowances for new gazetted Postmasters or Assistant Postmasters to be created according to the revised standard. | 8,000 |

1930-31.

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| (1) Revision of pay of clerical and miscellaneous staff in the office of the Director-General of Posts and Telegraphs. | 9,000 |
| (2) Revision of pay of Postmasters-General and Senior Deputy Director-General, Posts and Telegraphs | 14,500 |
| (3) Revision of pay of clerks and certain other staff employed in Benares City | 13,300 |
| (4) Revision of compensatory allowance and special pay for certain classes of the non-gazetted subordinates | 50,000 |
| (5) Revision of rates of subsistence allowance of Task Work peons | 4,400 |

1931-32.

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|---|--------|
| (1) Training of candidates for appointment as Engineering Supervisors and increase in their cadre | 79,000 |
| (5) Revision of existing cadre in the Wireless Branch | 5,800 |