



UNION GOVERNMENT

APPROPRIATION ACCOUNTS

(POSTS AND TELEGRAPHS)

1973-74

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...l Telegraphs Department by the Director General of
...Telegraphs and the financial review and the accounts
...st Office Insurance Fund prepared by the Director,
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<i>Page</i>	<i>Reference</i>	<i>For</i>	<i>Read</i>
4	Last column	'Nil' against Voted	'Nil' against Amount surrendered during the year.
16	Last but one line		
	Col. 4	16,0	16.0
	Col. 6	10,6	10.6
22	Para 7.2, Sl. 4 of the table	Cards etc.	Cards, etc.
32	Para 12, line 17	Column 2 to Column	Column 2 to Column 1
46	Line 2	7, and 11	7, 8 and 11
53	Col. 1, against 4(a) (As shown in 1972-73)	22530.94	22539.94



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(POSTS AND TELEGRAPHS)

1973-74

(Containing also the financial review of the working of the Posts and Telegraphs Department by the Director General of Posts and Telegraphs and the financial review and the accounts of the Post Office Insurance Fund prepared by the Director, Postal Life Insurance.)



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**APPROPRIATION ACCOUNTS OF THE INDIAN POSTS
AND TELEGRAPHS DEPARTMENT FOR THE YEAR
1973-74**

INTRODUCTORY

This compilation contains the Appropriation Accounts of the Posts and Telegraphs department for the year 1973-74, the financial review of the working of the Posts and Telegraphs department by the Director General of Posts and Telegraphs and the financial review and accounts of the Post Office Insurance Fund for the year 1973-74 prepared by the Director, Postal Life Insurance.

The Appropriation Accounts present the accounts of sums expended in the year ended 31st March 1974 compared with the several sums specified in the schedules appended to the Appropriation Acts passed under Articles 114 and 115 of the Constitution.

The Appropriation Accounts exhibit the total grant/appropriation, actual expenditure and saving/excess for the grant/appropriation as a whole and draw attention by way of suitable explanatory notes under each grant/appropriation to important cases of variations which call for comments, giving relevant particulars about the group heads in which these have occurred.

In these Accounts :

‘O’ stands for original grant or appropriation.

‘S’ stands for supplementary grant or appropriation.

‘R’ stands for re-appropriations, withdrawals or surrenders sanctioned by a competent authority.

Charged appropriations and expenditure are shown in italics.

SUMMARY OF APPROPRIATION ACCOUNTS FOR
1973-74

Page No.	Number and name of grant or appropriation	Total grant or appropriation	Expenditure	Excess	Saving
1	2	3	4	5	6
		Rs.	Rs.	Rs.	Rs.
4. <i>Grant No. 16</i>					
	Posts and Telegraphs Working Expenses				
	<i>Charged</i>	50,000	<i>Nil</i>		50,000
	Voted	3,41,78,82,000	3,36,33,77,238	..	5,45,04,762
7. <i>Grant No. 17</i>					
	Posts and Telegraphs Dividend to General Re- venues, Ap- propriation to Reserve Funds and Repayment of Loan from General Revenues				
	Voted	68,98,61,000	50,42,00,317	..	18,56,60,683

1	2	3	4	5	6
8. <i>Grant No. 18</i>					
Capital Outlay on Posts and Tele- graphs (not met from Re- venue)					
Voted	1,24,97,00,000	1,27,54,50,010	2,57,50,010		
Total					
<i>Charged</i>	50,000		..	..	50,000
Voted	5,35,74,43,000	5,14,30,27,565	2,57,50,010	24,01,65,445	
Grand Total	5,35,74,93,000	5,14,30,27,565	2,57,50,010	24,02,15,445	

The excess over the voted Grant "18-Capital Outlay on Posts and Telegraphs (not met from Revenue)" requires regularisation.

The grants and appropriations are generally for gross amounts of expenditure (*i.e.* exclusive of recoveries which are adjusted in the accounts in reduction of expenditure). The expenditure figures shown above are accordingly exclusive of such recoveries. The actual recoveries during the year were Rs. 1,03,44,72,605 as shown in the statement at page 57.

The Appropriation Accounts have been prepared and examined under my direction in accordance with the requirements of Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. On the basis of the information and explanations that my officers required and have obtained, I certify that these accounts are correct, subject to the observations in my Report on the Posts and Telegraphs for the year 1973-74.



(A. BAKSI)

Comptroller and Auditor General of India.

NEW DELHI;

the.....

Grant No. 16—Posts and Telegraphs Working Expenses

	Rs.	Rs.	Rs.	Rs.
		Total grant or appropria- tion	Actual expenditure	Excess + Saving —
<i>Charged</i>				
<i>Original</i>	50,000	50,000	<i>Nil</i>	—50,000
Amount surrendered during the year				
Voted				Nil
Original 3,19,30,36,000				
Supplemen- tary 22,48,46,000		3,41,78,82,000	3,36,33,77,238	—5,45,04,762
Amount surrendered during the year				3,00,00,000
<i>Notes and comments :—</i>				(Lakhs of rupees)
1. Savings occurred mainly under :				
Joint (Postal and Telecommunication)				
NA-Depre- ciation on Historical Cost trans- ferred to Capital				
O	2430.39			
R	—123.75	2306.64	2306.64	

The saving of Rs. 123.75 lakhs was due to the value of fixed assets being less than anticipated.

J—Postal Expenses

II—Post Offices

O	7694.87	}	8590.56	8659.74	+69.18
S	2248.46				
R	—1352.77				

The saving was mainly due to expenditure during the year on increased pay and allowances consequent on the implementation of the recommendations of Pay Commission being less than anticipated.

2. The above savings were partly offset by excesses under :—

J—Postal Expenses

III—Sorting and other charges of R.M.S.

O	1963.58	}	2119.78	2146.69	+26.91
R	156.20				

The excess of Rs. 183.11 lakhs was due mainly to more expenditure under salaries and on purchase of mail bags etc. than anticipated.

J—Postal Expenses

IV—Conveyance of Mails

O	1822.05	}	2114.18	2087.85	—26.33
R	292.13				

The net excess of Rs. 265.80 lakhs was due to more payments to Railways than anticipated as a result of revision of rates of haulage charges.

Telecommunications

(c) Operating charges

O	4957.49	}	5267.31	5285.77	+18.46
R	309.82				

The excess of Rs. 328.28 lakhs was due to more payments on account of upward revision of pay scales, dearness allowance etc. than anticipated.

Telecommunications

(e) Engineering (Maintenance and Petty works)

O	4837.87	}	5018.27	4945.88	—72.39
R	180.40				

The net excess of Rs. 108.01 lakhs was due to more payments on account of revision of pay scales, dearness allowance, etc. and more maintenance works than anticipated.

*Grant No. 17—Posts and Telegraphs Dividend to General Revenues,
Appropriation to Reserve Funds and Repayment of Loan from
General Revenues*

	Rs.	Total grant Rs.	Actual expenditure Rs.	Saving Rs.
Voted	68,98,61,000	68,98,61,000	50,42,00,317	18,56,60,683
Amount surrendered during the year				33,74,70,000

Notes and comments :—

Anticipating a surplus of Rs. 6898.61 lakhs, the following provision was made in the budget :—

	(Lakhs of rupees)
(i) Dividend to General Revenues	1769.57
(ii) Appropriation to P & T Revenue Reserve Fund	529.04
(iii) Appropriation to P & T Capital Reserve Fund	4600.00
Total	<u>6898.61</u>

The accounts for 1973-74, however, closed with a surplus of Rs. 5042.00 lakhs. The shortfall of Rs. 1856.61 lakhs was due to (i) increase in working expenses (original provision Rs. 31930.36 lakhs; actual Rs. 33633.77 lakhs) mainly due to payment of more pay and allowances consequent on the implementation of the recommendations of Third Pay Commission, and (ii) shortfall in the Revenue earnings (estimated Rs. 36200.00 lakhs; actuals Rs. 36079.00 lakhs).

After meeting the liability of the department for payment of dividend to General Revenues (Rs. 2233.20 lakhs) the balance of surplus was appropriated to "Posts and Telegraphs Revenue Reserve Fund" (Rs. 78.53 lakhs) and "Posts and Telegraphs Capital Reserve Fund" (Rs. 2730.27 lakhs). This resulted in a saving of Rs. 1856.61 lakhs under this Grant.

Grant No. 18—Capital Outlay on Posts and Telegraphs (not met from Revenue)

	Total grant	Actual expenditure	Excess + Saving—
Rs.	Rs.	Rs.	Rs.
Voted—			
Original 1,06,67,00,000	1,24,97,00,000	1,27,54,50,010	+2,57,50,010
Supplementary 18,30,00,000			
Amount surrendered during the year			Nil

Notes and comments :—

(Lakhs of rupees)

1. Excess occurred mainly under:—

IV—Stores and Manufacturing Suspense Account

A—Stores Suspense Account

O	664.00	} 2025.00	2618.18	+593.18
R	1361.00			

The excess of Rs. 1954.18 lakhs was mainly due to larger payments to the Director General, Supplies and Disposals for imports (Rs. 10.53 crores) and indigenous purchases (Rs. 5.16 crores) and less issues to works (Rs. 3.54 crores).

2. This excess was partly offset by savings as under:—

I—Postal

O	821.78	}	652.20	666.38	+14.18
R	— 169.58				

Net saving of Rs. 155.40 lakhs was mainly due to slow progress of acquisition of land and R.M.S. mail vans and construction of buildings.

II—Telecommunications

C. Telephones

3. Co-axial Cable
Projects

O	648.32	}	1255.70	1344.97	+89.27
S	1400.53				
R	—793.15				

4. Microwave Pro-
jects

O	1475.83	}	840.15	756.25	—83.90
R	—635.68				

5. Railway Electri-
fication Scheme

O	129.13	}	70.49	13.05	—57.44
R	—58.64				

Savings were mainly due to less supply of co-axial cables and equipments (Rs. 703.88 lakhs), less receipt of microwave equipments (Rs. 719.58 lakhs) and less execution of railway electrification works (Rs. 116.09 lakhs).

**FINANCIAL REVIEW OF THE WORKING OF THE POSTS
AND TELEGRAPHS DEPARTMENT BY THE DIRECTOR
GENERAL OF POSTS AND TELEGRAPHS FOR THE
YEAR 1973-74**

(Amounts are in lakhs of rupees except where otherwise stated)

1.1. Financial results of the working of the Department compared with the estimates for the year under report and actuals for the previous year are indicated below:—

	Actuals 1972-73	Budget Estimates 1973-74	Revised Estimates 1973-74	Actuals 1973-74
Revenue	320,96	362,00	348,00	360,79
Working Expenses :				
(i) Depreciation	25,44	29,98	28,31	28,31
(ii) Other Working Expenses	270,45	289,33	313,48	308,03
Gross Working Expenses	295,89	319,31	341,79	336,34
Deduct—Recoveries	26,44	26,30	26,53	25,97
Net Working Expenses	269,45	293,01	315,26	310,37
Dividend due for the year	14,39	17,70	21,58	22,33
Total Expenditure	283,84	310,71	336,84	332,70
Surplus	37,12	51,29	11,16	28,09

i.2. The progress of Revenue and Gross Working Expenses (excluding contribution to Renewals Reserve Fund/Depreciation) for the last ten years is shown in the table below :

Year	Revenue			Gross Working Expenses		
	Amount	Increase over previous year	Per centage increase	Amount	Increase over previous year	Per centage increase
1964-65 .	123,78	14,08	12.8	115,84	16,63	16.8
1965-66 .	137,77	13,99	11.3	134,18	18,34	15.8
1966-67 .	159,34	21,57	15.7	151,63	17,45	13.0
1967-68 .	174,31	14,97	9.4	174,28	22,65	14.9
1968-69 .	209,20	34,89	20.0	196,18*	21,90	12.6
1969-70 .	233,76	24,56	11.7	204,74**	8,56	4.4
1970-71 .	271,10	37,34	16.0	233,76	29,02	14.2
1971-72 .	299,81	28,71	10.6	251,73	17,97	7.7
1972-73 .	320,96	21,15	7.1	270,45	18,72	7.4
1973-74 .	360,79	39,83	12.4	308,03	37,58	13.9

*Includes expenditure met from Contingency Fund of India (1,99).

**Excluding expenditure met from Contingency Fund of India (1,99) incurred in 1968-69.

2. The results of the working of each Branch of the Department for the year 1973-74 compared with those for 1972-73 are as follows :—

	1972-73	1973-74	Increase in 1973-74 over previous year	
			Amount	Percentage
<i>Postal</i>				
Revenue . . .	118,25	134,25	16,00	13.5
Administrative, operative, main- tenance, pension- ary and other charges . . .	130,00	147,23	17,23	13.3
Inter-branch adjust- ments . . .	(—)4,41	(—)6,45	(—)2,04	(—)46.3
Petty and other works . . .	1,55	1,72	17	11.0
Depreciation . . .	51	59	8	15.7
Dividend to General Revenues due for the year . . .	1,99	6,66	4,67	234.7
Deficit (—) (taking into account the full dividend due for the year) . . .	(—)11,39	(—)15,50	(—)4,11	(—)36.1
<i>Telegraphs</i>				
Revenue . . .	40,98	40,06	(—)92	(—)2.2
Administrative, operative, main- tenance, pension- ary and other charges . . .	18,80	21,70	2,90	15.4
Inter-branch adjust- ments . . .	11,07	13,71	2,64	23.8
Petty and other works . . .	1,18	1,54	36	30.5
Depreciation . . .	1,34	1,45	11	8.2

	1972-73	1973-74	Increase in 1973-74 over previous year	
			Amount	Percentage
Dividend to General Revenues due for the year.	21	5,96	5,75	2738.1
Surplus (taking into account the dividend due for the year) .	8,38	(—)4,30	(—)12,68	(—)151.3
<i>Telephones</i>				
Revenue	161,33	186,26	24,93	15.5
Administrative, operative, maintenance, pensionary and other charges	70,52	84,57	14,05	19.9
Inter-branch adjustments	(—)5,62	(—)6,22	(—)60	(—)10.7
Petty and other works	20,84	23,87	3,03	14.5
Depreciation	23,44	26,12	2,68	11.4
Dividend to General Revenues due for the year.	12,02	9,58	(—)2,44	(—)20.3
Surplus (taking into account the dividend due for the year)	40,13	48,34	8,21	20.5
<i>Radios</i>				
Revenue	40	22	(—)18	(—)45.0
Administrative, operative, maintenance, pensionary and other charges	98	1,28	30	30.6
Inter-branch adjustments	(—)1,04	(—)1,04	—	—

	1972-73	1973-74	Increase in 1973-74 over previous year	
			Amount	Percentage
Petty and other works . . .	14	15	1	7.1
Depreciation . . .	15	15	—	—
Dividend to General Revenues due for the year .	17	13	(—)4	(—)23.5
Surplus (taking into account the dividend due for the year) .	—	(—)45	(—)45	
<i>Total</i>				
Revenue . . .	320,96	360,79	39,83	12.4
Administrative, operative, maintenance, pensionary and other charges . . .	220,30	254,78	34,48	15.7
Petty and other works . . .	23,71	27,28	3,57	15.1
Depreciation . . .	25,44	28,31	2,87	11.3
Dividend to General Revenues due for the year .	14,39	22,33	7,94	55.2
Surplus (taking into account the dividend due for the year) .	37,12	28,09	(—)9,03	(—)24.3

Branchwise surplus/deficit during the ten years ending 1973-74 are shown in Annexure I.

3. Accumulated Surplus

The accumulated surplus of the Department under the previous arrangements (upto 1959-60) which stands merged in the General Revenues is Rs. 29,78 lakhs. A rebate in dividend is allowed on this sum as a permanent measure.

4. Review of Revenue Expenditure

The actuals and percentage increases over preceding years in the revenue receipts under the important categories for the last few years are as under:—

Category	1969-70 Amount	1970-71		1971-72		1972-73		1973-74	
		Amount	Percentage increase over previous year	Amount	Percentage increase over previous year	Amount	Percentage increase over previous year	Amount	Percentage increase over previous year
1	2	3	4	5	6	7	8	9	10
1. Sale of stamps .	68,81	73,11	6.2	79,75	9.1	80,47	0.9	86,78	7.8
2. Postage realised in cash	12,78	13,98	9.4	14,97	7.1	15,29	2.1	15,01	(—)1.8
3. Net receipts from other Postal Administrations	2,58	1,60	(—)38.0	1,77	10.6	1,78	0.6	2,07	16.3
4. Receipts on account of Money Orders, Indian Postal Orders, etc.	12,39	12,43	0.3	13,95	12.2	16,43	18.0	26,28	60.0
5. Net Receipts from Broad- cast Receiver Licences	63	3,89	517.5	(—)56	(—)114.4	3,27	684.0	4,04	23.5
6. Telegraph charges realised in cash	17,61	20,16	14.5	23,23	15.2	23,95	3.1	24,55	2.5

	1	2	3	4	5	6	7	8	9	10
7. Net payments to other Telegraph Administrations and Radio Companies		(-)2,80	(-)2,96	5.7	(-)3,42	15.5	(-)2,90	15.2	(-)3,29	13.5
8. Rent of wires and instruments leased to Railways and Canals		4,52	3,91	(-)13.5	5,84	49.4	7,96	36.3	4,24	(-)46.7
9. Rental on telex installations		1,49	90	(-)39.6	1,33	47.8	8,41	8.0	11,95	42.1
10. Telex Call charges		2,73	4,84	77.3	6,46	33.5				
11. Telephone rentals, local call fees and trunk call fees (including receipts on consolidated bills)		101,78	119,34	17.3	143,39	20.2	159,31	11.1	184,73	16.0
12. Net other receipts		3,76	8,96	138.3	4,43	(-)50.6	6,99	57.8	4,43	(-)36.6
TOTAL		226,28	260,16	15.0	291,14	11.9	320,96	10.2	360,79	12.4
Advance rentals under Own Your Telephone and other Schemes		7,48	10,94	46.3	8,67	(-)20.7	*	*	*	*
TOTAL GROSS REVENUE		233,76	271,10	16,0	299,81	10,6	320,96	7.1	360,79	12.4

*The collections are accounted under "T-Deposits and Advances" from 1-4-1972.

5. The following important changes were made in Postal, Telegraph and Telephone Tariffs during the year 1973-74.

Postal

- (i) With effect from 1-7-1973, the concessional air mail surcharge admissible in certain sectors for second class mails was abolished and a uniform surcharge of 5 Paise for every 10 grams or part thereof on Inland postal articles other than letters, letter-cards, post-cards and Parcels posted for transmission by air at any post office in India prescribed. In the case of parcels, a uniform air surcharge of 30 Paise for every 100 grams or part thereof was fixed with effect from the same date.
- (ii) With effect from 15th August, 1973 a concessional fee of 50 Paise (as against the normal Re. 1) has been prescribed as Registration fees (in addition to the usual postage and V.P. posting fee) for registration of an Inland value payable article containing printed books the value of which does not exceed Rs. 5.

Telegraph

With effect from 1-4-1973 rates for Indo-Srilanka Telegrams were revised as follows:—

		Paise per word	
Ordinary	Private	20	} Subject to a minimum charge as for 7 words.
Telegrams	Telegrams		
Urgent	Private	40	
Telegrams	Telegrams		
Ordinary	Press	7	} Subject to a minimum charge as for 14 words.
Telegrams	Telegrams		
Urgent	Press	20	
Telegrams	Telegrams		

Telephones

With effect from 1-4-1973 charges for the telephone calls to Sri Lanka were revised as follows:—

(i) For purposes of charging, India will be divided into two zones, viz;

Zone I : States of Tamil Nadu, Kerala and Union Territory of Pondichery.

Zone II : Rest of India.

(ii) Charges :

	To any station in Sri-Lanka.			
	From Zone I		From Zone II	
	Ordinary Rs.	Urgent Rs.	Ordinary Rs.	Urgent Rs.
For initial three minutes	6	12	15	30
For each additional minute or part thereof	2	4	5	10

Report Fee :

	Zone I	Zone II
(a) For Non-particular person call	Re. 1	Rs. 2
(b) For particular person call	Rs. 2	Rs. 5

6.1. *Working Expenses*—The net working expenses (inclusive of provision for depreciation but exclusive of dividend) compared with the corresponding actuals of previous year and the Budget, Revised and Final Estimates for the current year are given below:

	Actuals 1972-73	Budget Esti- mates 1973-74	Revised Esti- mates 1973-74	Final Esti- mates 1973-74	Actuals 1973-74
Gross Working expenses . . .	295,89	319,31	341,79	338,79	336,34
Recoveries . . .	26,44	26,30	26,53	26,03	25,97
Net Working expenses . . .	269,45	293,01	315,26	312,76	310,37

6.2. The increase in amounts and percentage in the gross Working Expenses for the last ten years is given in the table in paragraph 1.2.

6.3. The actuals and percentage increases over preceding years in the important categories of expenditure for the last few years are given below:—

	1969-70	1970-71		1971-72		1972-73		1973-74		
	Amount	Amount	Percentage increase over previous year	Amount	Percentage increase over previous year	Amount	Percentage increase over previous year	Amount	Percentage increase over previous year	
	1	2	3	4	5	6	7	8	9	10
1. Pay & Allowances Interim Relief Contingencies	1,34,08 — 13,06	1,43,11 @9,13 13,67	6.7 — 4.7	1,52,82 11,75 15,33	6.8 28.7 12.1	Items 1 & 9= 2,01,84	10.4	Item 1 & 9= 2,32,66	15.3	
2. Accounts & Audit	3,27	3,63	11.00	3,95	8.8	4,31	9.1	5,13	19.0	
3. Pensionary Charges	4,47	5,18	15.9	5,44	5.0	5,70	4.8	5,86	2.8	
4. Stamps, Post-cards, etc.	3,06	2,41	(—)21.2	2,79	15.8	3,98	42.6	4,64	16.6	
5. Stationery, Printing, etc.	3,31	2,27	(—)31.4	5,66	149.3	4,17	(—)26.13	3,92	(—)6.0	
6. Maintenance of Assets	8,73	9,88	13.2	10,98	11.1	12,78	16.4	14,09	10.3	
7. Petty & Other Works	12,48*	18,51	48.3	20,43	10.4	23,71	16.0	27,28	15.1	

	1	2	3	4	5	6	7	8	9	10
8. Conveyance of Mails (Payment to Railways and Air Carriers) and Mail		10,92	13,41	22.8	10,79	(—)19.5	13,96	29.4	14,45	3.5
9. Other Items		2,60	2,56	(—)1.5	2,85	11.3	Vide item (1) above.	Vide item (1) above.		
10. Total		1,95,98*	2,23,76	14.2	2,42,79	8.5	2,70,45	11.4	3,08,03	13.9
11. Deduct-Recoveries	(—)17.50	(—)19,13		9.3	(—)23,66	23.7	(—)26,44	(—)11.7	(—)25,97	(—)1.8
12. Net		1,78,48	2,04,63	14.7	2,19,13	7.1	2,44,01	11.4	2,82,06	15.6
13. Transfer of Advance Rentals under OYT and other schemes to capital		8,76	10,00	14.2	8,94	(—)10.6	@@	@@	@@	@@
14. Contribution to Renewals Reserve Fund/Depreciation		18,31	20,37	11.3	21,58	5.9	25,44	17.9	28,31	11.3
15. Total net working expenses		2,05,55	2,35,00	14.3	2,49,65	6.2	2,69,45	7.9	3,10,37	15.2

*Excluding expenditure of 1,99 met from Contingency Fund of India during 1968-69.

@Sanctioned with effect from 1-3-1970.

@@The deposits under OYT and other schemes are taken to 'T-Deposits and Advances' from 1-4-1972.

7.1. The table below shows the percentage of various items of expenditure of different branches to revenue earned by these branches during the year 1973-74:—

	Postal	Tele- graphs	Tele- phones	Radios	Total
1. Operative, administrative, staff cost, etc .	94.1	80.5	39.7	200.0	64.5
2. Conveyance of mails . .	10.7				4.0
3. Stationery and Printing .	2.5	0.8	0.2		1.1
4. Stamps, Post cards, etc. .	3.5				1.3
5. Maintenance of assets . .	0.5	5.5	5.9	22.7	3.9
6. Petty and other works . .	1.3	3.8	12.8	27.3	7.5
7. Pensionary charges .	2.1	1.8	1.2	9.1	1.6
8. Audit and Accounts charges . .	3.0	1.1	0.3	4.5	1.4
9. Depreciation .	0.4	3.6	14.0	27.3	7.9
10. <i>Deduct—Credits</i>	11.5	1.3	5.3	9.1	7.2
11. Dividend to General Revenues .	5.0	14.9	5.2	22.7	6.2
12. Working Expenses and Dividend .	111.6	110.7	74.0	304.5	92.2
13. Surplus (+) Deficit(—) .	(-)11.6	(-)10.7	(+)26.0	(-)204.5	7.8
TOTAL . .	100.0	100.0	100.0	100.0	100.0

7.2. The table below furnishes the percentage which each major item of Working Expenses bears to the total Working Expenses of that branch during the year 1973-74.

	Postal	Tele- graphs	Tele- phones	Radios	Total
1. Operative, administrative, staff cost, etc . . .	88.3	84.0	57.7	71.0	75.0
2. Conveyance of mails . . .	10.1	..	..		4.6
3. Stationery & Printing . . .	2.3	0.8	0.2	..	1.3
4. Stamps, Post cards etc. . .	3.2	..	..		1.5
5. Maintenance of assets . . .	0.5	5.8	8.6	8.1	4.5
6. Petty and other works . . .	1.2	4.0	18.6	9.7	8.8
7. Pensionary charges . . .	2.0	1.9	1.8	3.2	1.9
8. Audit and Accounts charges	2.8	1.2	0.4	1.6	1.6
9. Depreciation	0.4	3.8	20.4	9.7	9.1
10. <i>Deduct</i> —Credit to Working Expenses . . .	10.8	1.5	7.7	3.3	8.3
NET TOTAL . . .	100.0	100.0	100.0	100.0	100.0

7.3. Tables exhibiting the results of comparison of the annual revenue with direct working expenses for the Department as a whole and for the Postal, Telegraph and Telephone branches are given on the following pages.

STATEMENT SHOWING REVENUE AND EXPENDITURE OF POSTS AND TELEGRAPHS DEPARTMENT

	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74
Total revenue as per account (T)	2,09,20	2,33,76	2,71,10	2,99,81	3,20,96	3,60,79
Less 'Own Your Telephone' collections	6,28	7,48	10,94	8,67	..@	..@
Balance	2,02,92	2,26,28	2,60,16	2,91,14	3,20,96	3,60,79
Add portion of 'Own Your Telephone' collection allocable as revenue for the year	1,58	1,79	2,26	2,33	..@	..@
TOTAL REVENUE (A)	2,04,50	2,28,07	2,62,42	2,93,47	3,20,96	3,60,79
Working expenses (excluding petty and other works, contributions to Renewals Fund/Depreciation and Transfer of advance rentals to Capital (B)	1,58,04	1,66,00	1,86,12	1,98,70	2,20,30	2,54,78
Petty and other works (P)	*19,84	**12,48	18,51	20,43	23,71	27,28
Transfer of advance rentals under Own Your Telephone and other schemes to capital	5,00	8,76	10,00	8,94	..@	..@
Contribution to Renewals Fund Reserve	16,58	18,31	..	..	..	..
Depreciation	..	..	20,37	21,58	25,44	28,31
Dividend due for the year (Y)	11,85	12,84	13,19	13,02	14,39	22,33
TOTAL EXPENSES (C)	*2,11,31	**2,18,39	2,48,19	2,62,67	2,83,84	3,32,70

	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74
Percentage of working expenses (B) to Revenue (A)	77.3	72.8	70.9	67.7	68.6	70.6
Percentage of total expenses (C) to Revenue (A)	103.3	95.8	94.6	89.5	88.4	92.2
Percentage of (B) plus (Y) to Revenue (A)	83.1	78.4	75.9	72.1	73.1	76.8
Percentage of (P) to (T)	9.5	5.3	6.8	6.8	7.4	7.6

*Including 1,99 met from Contingency Fund of India.

**Excluding 1,99 met from Contingency Fund of India during 1968-69.

@With effect from 1-4-1972 these collections are accounted under T-Deposits & Advances.

STATEMENT SHOWING REVENUE AND EXPENDITURE OF POSTAL BRANCH

	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74
REVENUE (A)	93,98	97,81	1,10,54	1,10,64	1,18,25	1,34,25
Working expenses (excluding petty and other works and contribution to Renewals Reserve Fund/Depreciation (B))	97,30	1,00,41	1,08,53	1,14,63	1,25,59	1,40,78
Petty and other works	1,55	1,00	1,21	1,33	1,55	1,72
Contribution to Renewals Reserve Fund	31	34	—	—	—	—
Depreciation	—	—	39	44	51	59
Dividend due for the year(Y)	98	1,20	1,37	1,65	1,99	6,66
TOTAL EXPENDITURE (C)	1,00,14	1,02,95	1,11,50	1,18,05	1,29,64	1,49,75
Percentage of working expenses (B) to Revenue (A)	103.5	102.7	98.2	103.6	106.2	104.9
Percentage of (B) plus (Y) to (A)	104.6	103.9	99.4	105.1	107.9	109.8
Percentage of total expenditure (C) to Revenue (A)	106.6	105.3	100.9	106.7	109.6	111.5

STATEMENT SHOWING REVENUE AND EXPENDITURE OF TELEGRAPH BRANCH

	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74
REVENUE (A)	22,52	24,51	27,47	35,76	40,98	40,06
Working expenses (excluding petty and other works, contribution to Renewals Reserve Fund/Depreciation (B)	18,64	19,64	22,54	25,42	29,87	35,41
Petty and other works	*4,58	**2,43	4,14	88	1,18	1,54
Contribution to Renewals Reserve Fund	2,68	2,90	..	..	..	..
Depreciation	..	..	3,22	1,20	1,34	1,45
Dividend due for the Year (Y)	4,06	4,34	4,60	3	21	5,96
TOTAL EXPENDITURE (C)	*29,96	**29,31	34,50	27,53	32,60	44,36
Percentage of working expenses (B) to Revenue (A)	82.8	80.1	82.1	71.1	72.9	88.4
Percentage of (B) plus (Y) to (A)	100.8	97.8	98.8	71.2	73.4	103.3
Percentage of total expenditure (C) to Revenue (A)	133.0	119.6	125.6	77.0	79.5	110.7

*Including 73 met from Contingency Fund of India.

**Excluding 73 met from Contingency Fund of India during 1968-69.

STATEMENT SHOWING REVENUE AND EXPENDITURE OF TELEGRAPH BRANCH

	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74
Total revenue as per account	92,26	1,10,88	1,31,73	1,52,74	1,61,33	1,86,26
Less : "Own Your Telephone" collections	6,28	7,48	10,94	8,67	@	@
BALANCE	85,98	1,03,40	1,20,79	1,44,07	1,61,33	1,86,26
Add portion of "Own Your Telephone" collections allocable as revenue for the year	1,58	1,79	2,26	2,33	(@)	@
TOTAL REVENUE (A)	87,56	1,05,19	1,23,05	1,46,40	1,61,33	1,86,26
Working expenses (excluding petty and other works, contributions to Renewals Reserve Fund/Depreciation and Transfer of advance rentals under OYT and other Schemes to Capital (B)	41,93	45,70	54,92	58,55	64,90	78,35
Petty and other works	*13,59	**8,95	13,04	18,10	20,84	23,87
Transfer of advance rentals under OYT and other schemes to Capital	5,00	8,76	10,00	8,94	..(@)	..@
Contribution to Renewals Reserve Fund	13,48	14,95	..	..	..	..
Depreciation	..	..	16,63	19,80	23,44	26,12
Dividend due for the year (Y)	6,66	7,14	7,06	11,18	12,02	9,58
TOTAL EXPENSES (C)	*80,66	**85,50	1,01,65	1,16,57	1,21,20	1,37,92
Percentage of working expenses (B) to Revenue (A)	47.9	43.4	44.6	40.0	40.3	42.1
Percentage of (B) plus (Y) to (A)	55.5	50.2	50.4	47.6	47.7	47.2
Percentage of total expenses (C) to Revenue (A)	92.1	81.3	82.6	79.6	75.1	74.0

*Including 1,25 met from Contingency Fund of India.

**Excluding 1,25 met from Contingency Fund of India during 1968-69.

@With effect from 1-4-1972 these collections are accounted under T-Deposits & Advances.

8. *Posts and Telegraphs Revenue Reserve Fund.*—This Fund was constituted in the year 1960-61 with the introduction of the new financial convention between the General Revenues and the Posts and Telegraphs Department. Credits to the Fund are made out of the surplus of the year after payment of the dividend to General Revenues. The balances in the Fund are utilised to meet deficits in the working results of the Department, if any, as well as to cover deficiencies, if any, in the payment of dividend to the General Revenues. Repayments of loans (and interest thereon) taken from General Revenues during previous years, if any, are also made out of balance in the Fund. In case the balance in the Fund is not sufficient to meet these deficits or deficiencies, loans taken from General Revenues for the purpose are initially credited to the Fund. Interest on the balance in the Fund at the average rate of interest for the year is credited to the Fund, and with effect from 1-4-1970 a setoff equal to the difference in interest at average and dividend rates is also made from the Dividend payable by the Department and is credited to the Fund.

The results of the working of the Fund for the five years are given in Annexure II.

9. The table gives the financial results of Capital Outlay:

	Actu- als 1972- 73	Budget Esti- mates 1973- 74	Revised Esti- mates 1973- 74	Final Esti- mates 1973- 74	Actu- als 1973- 74
	1	2	3	4	5
<i>Gross</i>					
134-Capital outlay on Posts and Tele- graphs					
Fixed Assets	98,53	97,00	115,30	102,50	98,56
Suspense . . .	33,34	6,64	7,45	20,25	26,19
Manufacture Sus- pense . . .	2,77	3,03	2,22	2,22	2,80
Total Gross	134,64	106,67	124,97	124,97	127,55

	1	2	3	4	5
<i>Recoveries :</i>					
Credits for sale and abandonment of assets	3	18	19	21	1
Expenditure met from advance rentals under OYT and other schemes transferred to Capital	—	9,00	17,00	17,00	—
Expenditure met from P&T Capital Reserve Fund	36,15	25,45	17,14	17,39	17,39
Amount transferred from revenue	19,26	23,73	22,70	22,70	22,70
Depreciation on historical costs transferred from revenue	19,71	24,30	23,07	23,07	23,07
Extraordinary receipts on Capital Account	—	—	—	—	—
Sale of unserviceable stores and recovered materials	—	1,34	2,00	3,73	—
Suspense	8,02	8,78	11,15	8,65	11,58
Manufacture Suspense	2,25	2,89	2,72	3,22	2,73
<i>Total Recoveries</i>	85,42	95,67	95,97	95,97	77,48
Net Capital outlay of the P&T Department	49,22	11,00	29,00	29,00	50,07

10.1. *Details of Capital outlay on fixed assets.*—The gross and net outlay after allowing for credits on account of sale and abandonment of assets during the year under review are given below under the main heads :

	Gross outlay	Credits on account of sale and aban- donment of assets	Net outlay
Post Office buildings, Mail Vans and Apparatus and Plant	6,66	1	6,65
Telegraph buildings, Cables, Lines and Wires and Appa- ratus and Plant (Other than Railway Electrification Sch:- me)	2,87	..	2,87
Railway Electrification Sch:- me	13	..	13
Radio buildings, Masts, Aerials and Apparatus and Plant . .	27	..	27
Telephone buildings, Lines and Wires and Apparatus and Plant (Other than Bombay Telephone Expansion, Mi- crowave and Coaxial Cable Projects)	67,58	..	67,58
Bombay Telephone Expansion Project	4		4
Coaxial Cable Project	13,45	..	13,45
Microwave Project	7,56	..	7,56
TOTAL	98,56	1	98,55

10.2. The following table shows the increases in amounts and percentages of the net outlay on fixed assets for the last ten years:

Year	Capital Outlay on fixed assets	Increase over pre- vious year	
		Amount	Peren- tage
1964-65	26,36	1,00	3.9
1965-66	30,21	3,85	14.6
1966-67	33,22	3,01	10.0
1967-68	36,70	3,48	10.5
1968-69	36,36	(—)34	(—)0.9
1969-70	57,00	20,64	56.8
1970-71	51,10	(—)5,90	(—)10.4
1971-72	81,21	30,11	58.9
1972-73	98,50	17,29	21.3
1973-74	98,55	5	0.1

Table showing the percentage of profit and loss (without taking into account the Depreciation and expenditure on Petty and Other Works charged to Revenue) to Capital outlay on fixed assets is in Annexure III.

11. *Stores balance (including works-in-progress)* :—The stock balance of the General, Workshop and Civil Engineering Stores increased by 14,61 against a decrease of 2,14 provided in the Budget Estimates. This is mainly due to larger payments towards procurement and lesser issues than anticipated. The value of works-in-progress in the three Telecommunication Factories at the end of the year increased by 8 against 14 provided in the Budget.

12. The stock balances of stores and the value of works-in-progress at the end of the year are as follows:

	Balance
General Stores	41,35
Workshop Stores	6,82
Civil Engineering Stores	(—)34
Value of Works-in-Progress	3,40
TOTAL	51,23

Balance under sub-suspense heads other than Stores in-transit	3,21
TOTAL	54,44

The balance of the works-in-progress in respect of the three telecommunication factories for 1973-74 are shown below :

	Balance of the Works-in-Prog- ress
Calcutta	1,76
Jabalpur	36
Bombay	1,28

The issues during the year were 204% of the value of stock at the beginning of the year as shown below :

Stock balance/Opening balance	Issues from Stock	Percentage of Column 2 to Co- lumn
(1)	(2)	(3)
45,52	92,87	204

13. Net progressive dividend bearing outlay to the end of the year :

Opening balance	3,43,06*
Addition during the year	50,07
Progressive total to the end of the year	3,93,13

*Differs from the closing balance of 1972-73 due to proforma correction in rectification of misclassification relating to previous years carried out during the year (Rs. 9 lakhs).

14. *Depreciation.*—The P&T Renewals Reserve Fund intended to meet replacement costs of assets has been abolished with effect from 1st April, 1970 and the balance at the credit of the Fund (Rs. 118,77,30,027) was setoff against the capital-at-charge by proforma correction without financial adjustment in accordance with Government of India, Ministry of Finance (Department of Economic Affairs), New Delhi O.M.No. F.1(2)/B/70 dated 1-2-1971 circulated under P&T Board No. 16-43/71-B

dated 25-3-1971. All expenditure on renewals and replacements hitherto debitable to the Renewals Reserve Fund is treated as fresh capital outlay. From 1st April, 1970 the value of the assets of the Department is shown as reduced by the amount of depreciation calculated on the historical cost of assets. The depreciation would be charged upon the working expenses of the Department and transferred annually to meet a part of the capital expenditure. In addition to the depreciation on the historical cost, a supplementary provision towards inflationary element of the cost of replacement of assets is made annually from the working expenses and appropriated to the P&T Capital Reserve Fund for financing capital expenditure.

15. *Posts and Telegraphs Capital Reserve Fund.*—This Fund was constituted with effect from 1st April, 1968 with a view to facilitating utilisation of the funds for financing such part of the Department's capital expenditure as may be decided upon from time to time. This Fund was instituted in replacement of erstwhile Telephone Development Fund and the P&T Development Fund the balances at the credit of which at the end of 1967-68 were transferred by correction without any financial adjustment to the Capital Reserve Fund as its opening balance for 1968-69.

Upto 1969-70 interest on the balances at the credit of the Fund was credited to the Fund itself. With effect from 1970-71, the balances in the P&T Capital Reserve Fund did not carry interest as these were netted against capital-at-charge. With the revision of 'Convention' this Fund has become interest bearing with retrospective effect from 1-4-1970 and the interest on the balance in this Fund at the average rate of interest for the year is credited to the Fund. A setoff equal to the difference in interest at average rate and dividend rate is also made from the dividend payable by the Department from 1-4-1970 and credited to the Fund. With effect from 1st April, 1970, the supplementary provision towards the inflationary element of the cost of replacement of assets made annually from working expenses is also appropriated to the Fund.

The results of the working of the Fund since 1968-69 are given in Annexure IV.

NEW DELHI

Dated, the 1st February 1975.

(N. V. SHENOI)

*Director-General,
Posts and Telegraphs.*

ANNEXURE 1

(Referred to in paragraph 2)

Statement showing Branchwise Surplus or Deficit.

(+ indicates 'Surplus' and (-) indicates 'Deficit'

(In thousands of rupees)

Year	Postal	Telecommunication Branch			Total (Cols. 3+4+5)	Total (Cols 2+6)
		Telegraph	Telephone	Radio		
1	2	3	4	5	6	7
1964-65	(-)1,28,47	(-)83,21	(+)2,14,36	(-)2,68	(+)1,28,47	—
1965-66	(-)3,28,33	(-)5,25,09	(+)3,30,98	(-)12,37	(-)2,06,48	(-)5,34,81
1966-67	(-)8,33,61	(-)5,83,36	(+)11,04,11	(+)2,99	(+)5,23,74	(-)3,09,87
1967-68	(-)14,11,76	(-)7,04,43	(+)8,50,53	(+)8,21	(+)1,54,31	(-)12,57,45
1968-69	(-)6,15,59	(-)7,44,44	(+)11,59,85	(-)10,80	(+)4,04,61	(-)2,10,98
1969-70	(-)5,14,29	(-)4,80,01	(+)25,38,54	(-)6,34	(+)20,52,19	(+)15,37,90

1	2	3	4	5	6	7
1970-71	(—)95,24	(—)7,02,54	(+)30,07,73	(+)81,54	(+)23,86,73	(+)22,91,49
1971-72	(—)7,40,87	(+)8,23,27	(+)36,16,46	(+)15,37	(+)44,55,10	(+)37,14,23
1972-73	(—)11,38,74	(+)8,37,80	(+)40,13,19	(—)48	(+)48,50,51	(+)37,11,77
1973-74	(—)15,50,38	(—)4,30,14	(+)48,33,85	(—)44,53	(+)43,59,18	(+)28,08,80

1. The surpluses/deficits for the years 1965-66 and 1966-67 have been worked out after taking into account the full dividend payable for the year including the unpaid dividend and dividend paid by withdrawal from Revenue Reserve Fund during 1965-66.

2. The surplus/deficit for the year 1967-68 has been worked out after excluding the arrear dividend for the years 1965-66 and 1966-67 paid during the year.

3. The surplus/deficit for the year 1968-69 has been worked out after including the expenditure (1,99,47) incurred during the year but met from the Contingency Fund of India.

4. The surplus/deficit, for the year 1969-70 has been worked out after excluding the expenditure (1,99,47) met from Contingency Fund of India during the year 1968-69 recouped in 1969-70.

5. The surplus/deficit for the year 1973-74 has been worked out after taking into account the arrear dividend of Rs. 2,95,82 since 1970-71 due to revision of 'Convention' governing relations between P&T and General Revenues with retrospective effect from 1-4-1970.

ANNEXURE II

(Referred to in Paragraph 8)

Position of the Posts and Telegraphs Revenue Reserve Fund

(In thousand of rupees)

Year	Bal- - ance at the be- ginning of the year	Amou- nt Ap- propri- ated from sur- plus/ loan taken from the Gene- ral Reven- ues	Inter- est on the ba- lance at the credit of the Fund	With- drawals from the Fund	Balance at the end of the year
1969-70	..	13,38,43	1,37	12,76,52	63,28
1970-71	63,28	12,91,49	10,42	9,58,76	4,06,43
1971-72	4,06,43	2,14,23	23,88		6,44,54
1972-73	6,44,54	11,77	31,02	..	6,87,33
1973-74	6,87,33	78,53@	34,72	..	8,00,58

@ Includes arrears of rebate admissible on the Fund balance as a result of retrospective revision of convention *vide* Govt. of India, Ministry of Finance, Department of Expenditure (CD) O.M.No. 13-1/72-B dated 21-5-1974.

ANNEXURE III

(Referred to in paragraph 10.2)

Statement showing percentage of Profit/Loss (without taking into account the depreciation and expenditure on Petty and other works charged to revenue) to Capital outlay on fixed assets

(In thousands of rupees)

Branches	Capital outlay on fixed assets to the end of 1973-74	Total Revenue 1973-74	Working Expenses (Excluding depreciation & petty other works) & Dividend 1973-74	Profit(+) Loss(—) 1973-74	Percentage of Profit/Loss to fixed assets	
					1972-73	1973-74
Postal	52,16,32	134,24,65	147,44,51	(—)13,19,86	(—)30.1	(—)25.3
Telegraphs	31,75,48	40,05,83	41,36,41	(—)1,30,58	76.1	(—)4.1
Telephones	659,21,84	186,26,55	87,93,70	(+)98,32,85	13.8	14.9
Radios	4,12,99	21,81	36,44	(—)14,63	(—)30.3	(—)3.5
TOTAL	747,26,63	360,78,84	277,11,06	(+)83,67,78	13.3	11.2

Note:— The percentage of profit/loss shown against the Postal branch is not comparable with those of the other branches as the capital outlay on the Postal branch compared with its total revenue is very small and it consists mainly of the cost of buildings.

ANNEXURE IV

(Referred to in paragraph 15)

Position of the Posts and Telegraphs Capital Reserve Fund

(In thousands of rupees)

Year	Opening balance at the beginning of the year	Contributions	Interest on balance	Withdrawals	Closing balance at the end of the year
1968-69	2,19,81	..	9,56		2,29,37
1969-70	2,29,37		7,51	1,20,00	1,16,88
1970-71	1,16,88	14,23,06		4,23,06	11,16,88
1971-72	11,16,88	39,11,46		14,36,00	35,92,34
1972-73	35,92,34	42,73,41	..	36,14,79	42,50,96
1973-74	42,50,96	32,54,26 ⁽ⁱ⁾	5,65,31 ⁽ⁱⁱ⁾	17,39,33	63,31,20

⁽ⁱ⁾ Includes arrears of rebate admissible on the Fund balances as a result of retrospective revision of convention *vide* Government of India, Ministry of Finance, Department of Expenditure (CD) O.M. No. 13-1/72-B dated 21-5-1974.

⁽ⁱⁱ⁾ Includes arrears of interest from 1-4-1970 as a result of the Fund becoming interest bearing *vide* Govt. of India, Ministry of Finance, Department of Expenditure (CD) O.M. No. 13-1/72-B dated 21-5-1974.

FINANCIAL REVIEW OF THE POST OFFICE INSURANCE FUND FOR THE YEAR 1973-74

1.1. The Post Office Insurance Fund was established by the Central Government in the year 1883 initially for the benefit of only the employees of the Postal Department. As Postal Life Insurance was found to be eminently suited to the needs of Government employees and as the demand from other quarters grew, the scheme was gradually extended to all employees of the Central and State Government, Local Bodies, Universities and Government aided Institutions, etc.

1.2. Shortly after Independence Postal Life Insurance was extended in the year 1949 to the Defence Services Personnel. The scheme was further extended in 1965 to the Industrial and work-charged employees of the Posts and Telegraphs Department whose pay is regulated under Fundamental Rules.

2. The business of the Fund at the beginning of the year under review, the new business secured, the number and value of policies discharged by death, maturity and surrender during the year, and the business in force at the end of the year have been shown in the appended statements 1 and 2. The principal features of the working of the Fund for the year 1973-74 are highlighted in the following paragraphs.

NEW BUSINESS

3.1. 31,296 new policies for the total sum assured of Rs. 13,98,46,700 were issued during the year under review.

3.2. The intake of new business during the last five years including the year under review was as below :

Year	No. of policies issued	Sum Assured
1969-70	23,872	8,92,39,500
1970-71	25,498	9,64,16,700
1971-72	24,968	10,16,65,800
1972-73	22,672	9,81,38,100
1973-74	31,296	13,98,46,700

It will be seen that during the year under review there has been an increase of 42.5% in new business (Sum Assured) over the previous year which is a record for the past decade.

3.3. A rise in the expenses of management vide Paragraph 10.1 *et seq* due to the general inflationary tendencies in the country and more particularly due to the rise in the wage bill of the organisation as a result of the implementation of the Third Pay Commission's recommendations was anticipated. The P.L.I. organisation, therefore, went all out to ensure a sizable expansion of new business during the year under review. This significant expansion of new business has helped in keeping the expense ratio from rising too steeply. Efforts to secure further expansion of business of a similar order in the following year are also being made.

3.4. The average value per policy issued during the year has gone up to Rs. 4,469 as against Rs. 4,329 in the previous year. Increase in the average value per policy helps in keeping down the expenses of management.

TREND OF TOTAL BUSINESS IN FORCE

4.1. At the end of the year under review 3,12,067 policies were in force as against 2,87,766 policies at the end of the previous year. The total business in force has been steadily rising as shown below:—

Year	No. of policies in force at the end of the year	Value of business in force at the end of the year	Percentage increase over previous year
1969-70	234249	Rs. 67,06,54,593	—
1970-71	254252	75,35,94,743	12.36
1971-72	271945	83,68,19,418	11.04
1972-73	287766	91,67,68,118	9.55
1973-74	312067	1,03,92,87,916	13.36

4.2. It will be seen from the above figures that the largest ever percentage increase in the value of business in force has taken place during the year under review as compared to previous years. It will also be seen that the value of business in force at the close of 1973-74 has increased by more than 50% as compared to the year 1969-70.

CLAIMS AND LAPSES

5. The total number of claims settled during the year under review is 6871 for the sum of Rs. 1,67,18,635 as compared to 6680 for Rs. 1,74,40,455 in the previous year. All out efforts were made during the year under review to ensure prompt settlement of claims.

6. Only 124 policies lapsed/cancelled during the year under review as compared to 171 in the previous year. The lapse ratio works out to less than 0.04%. The problem of lapsing of policies thus is almost non-existent in Postal Life Insurance. This is mainly due to the efforts made by the organisation to pin-point the causes of lapses and to remedy them.

LOAN SCHEME

7.1. The loan scheme was introduced in the year 1949 and continues to operate efficiently. Loans against Postal Life Insurance policies are granted in deserving cases even when previous loans are outstanding. More emphasis has been given during the year under review on recoveries of outstanding loans from insurants. The amount of loans advanced during the year was Rs. 57,50,747 as against Rs. 50,03,059 in the previous year. The amount of loan recoveries during the year was Rs. 36,88,676 as compared to Rs. 33,09,011 in the previous year. The amount of interest on loans received during the year was Rs. 9,39,560 as compared to Rs. 9,56,773 in the previous year.

7.2. The total receipts and payments (including refunds of excess recoveries) on account of loans aggregate to Rs. 46,28,236 and Rs. 57,55,754 as per departmental figures. The corresponding booked figures are Rs. 57,96,039 and Rs. 62,74,478. The differences of Rs. 11,67,803 and Rs. 5,18,724 respectively are under settlement.

EXTRA PREMIUM FUND

8. The system of collection of extra premium from Defence Services Estimates on each individual policy was abolished with effect from 1st April, 1965, and the maintenance of individual extra premium accounts was discontinued. Only a separate account of the total balance at the credit of the Extra Premium Fund which is treated as an "advance on account" is maintained. The balance at the credit of the Extra Premium Fund at the end of the year under review was Rs. 1,24,38,743, as compared to Rs. 1,17,90,595 at the end of the previous year (*vide* Statement No. 3).

NON-MEDICAL SCHEME

9. Under the Non-Medical Scheme introduced in June, 1972, an insurant below 28 years of age can take policies without medical examination. The maximum limit upto which such policies can be taken has been enhanced from Rs. 3,500 to Rs. 4,000 (in total) from 22-12-1973.

EXPENSE RATIO

10.1: The details of premium income and expenses of management for the year under review and the previous two years are as under:—

(In thousands of rupees)

Year	Premium Income			Expenses			Ratio of expenses to premium income		
	Ist Year	Rene-wal	Over-all	Ist year	Rene-wal	Over-all	Ist year	Rene-wal	Over-all
1971-72	4888	28408	33296	627	2035	2662	12.83	7.16	8.00
1972-73	4555	30644	35199	650	2368	3018	14.26	7.73	8.57
1973-74	5523	31896	37419	795	3130	3925	14.39	9.81	10.49

10.2 It will be seen that there has been a marginal increase of only 0.13% in the expense ratio of first year's business (New business). This was because of the all-out efforts by the entire organisation to expand new business at the minimum expenses. One of the steps taken in this regard was the utilisation of the services of retired P&T personnel to act as FIELD GUIDES. These Field Guides were given incentive of Re. 1 per thousand of sum assured on the effective business secured. No other expense is incurred on the Field Guides.

10.3. The renewal expense ratio has shown an increase of 2.08%. This was the unavoidable result of inflationary pressures and the implementation of the recommendations of the Third Pay Commission. The revised pay scales recommended by the Pay Commission were made effective from 1st January, 1973 resulting in the payment of arrears to the staff, including arrears for 3 months of the previous financial year 1972-73.

10.4. The overall expense ratio has shown an increase of 1.92% over the previous year. The overall expense ratio would have been considerably more but for the significant increase in new business.

10.5. It may be pointed out that the overall premium income during the year as per booked figures was Rs. 3,87,53,852. While arriving at the overall expense ratio of 10.49% indicated above, the departmental figure of overall premium income of Rs. 3,74,19,252 has been taken into account. The difference between the booked figure and the departmental figure, which is under settlement, is due to non-receipt of schedules of premium recoveries made. The booked figure represents the credits actually afforded to the Fund on account of premium recoveries. Based on this figure the overall expense ratio will actually work out to 10.13%, which will mean an increase of only 1.56% over the previous year.

INTEREST EARNING ON THE FUND BALANCES

11. Interest on the balance of the Fund (including Extra Premium Fund) as at the close of the year under review has worked out to Rs. 2,12,81,966 (*vide* Statement—3). The Fund earned interest at the rate of 5.5% during the year.

CLOSING BALANCE

12. The closing balance of the Fund as on 31st March 1974 as per departmental figures works out to Rs. 41,37,19,145. The booked figure as per Audit records is Rs. 41,18,53,789. The difference of Rs. 18,65,356 is under settlement.

NEW DELHI
Dated, the 28th November 1974.
S/S A G P&T/74—4

(R. N. DEY)

Director (P.L.I.)

STATEMENT No. 1

(vide Paragraphs 2 and 3)

Business of the Post Office Insurance Fund during the year 1973-74/1972-73

	1973-74				1972-73			
	Number of policies issued	Amount insured	Amount received as premia including fines, medical fees, etc.	Amount of claims met including cost of management	Number of policies issued	Amount insured	Amount received as premia including fines, medical fees, etc.	Amount of claims met including cost of management
POSTAL LIFE INSURANCE								
Postal Department .	20852	8,34,61,800	2,12,46,869	84,41,686	13317	5,02,70,200	1,87,63,446	70,17,111
Other Departments .	10444	5,63,84,900	1,64,50,132	1,64,92,316	9355	4,78,67,900	1,66,38,568	1,65,13,319
TOTAL .	31296	13,98,46,700	3,76,97,001	2,49,34,002	22672	9,81,38,100	3,54,02,014	2,35,30,430

STATEMENT No. 2

(Vide Paragraphs 2, 4, 5 and 6)

Abstracts of Postal Life Insurance Policies including monthly allowance contracts issued, discharged, lapsed and surrendered during the year

POSTAL LIFE INSURANCE

	1973-74		1972-73	
	Number	Amount	Number	Amount
Opening Balance	2,87,766	91,67,68,118	2,71,945	83,68,19,418
Issued during the year	31,296	13,98,46,700	22,672	9,81,38,100
TOTAL	3,19,062	1,05,66,14,818	2,94,617	93,49,57,518
<i>Deduct</i>				
Discharged by Death	788	20,42,005	784	22,94,951
Discharged by Maturity	4,959	1,20,29,289	4,857	1,28,36,816
Discharged by Surrender	1,124	26,47,341	1,039	23,08,688
Discharged by Lapse	124	4,66,000	171	6,65,500
Discharged by Cancellation				
Effects of conversion/commutation	—	1,42,267	—	83,445
TOTAL	6,995	1,73,26,902	6,851	1,81,89,400
Balance on 31-3-1974/31-3-1973	3,12,067	1,03,92,87,916	2,87,766	91,67,68,118

STATEMENT No. 3

(Vidz Paragraphs 7, and 11)

Statement Showing the result of administration of the Post Office Insurance Fund at the end of the year 1973-74

C-I POSTAL LIFE INSURANCE

	1973-74		1972-73	
Balance on 1st April 1973/1972	36,90,11,427		2,59,499	33,86,57,630
Premia realised on PLI Policies during 1973-74/1972-73	3,76,60,171		3,53,74,533	
Medical fees recovered during 1973-74/1972-73	5,913		7,533	
Fines recovered during 1973-74/1972-73	30,431		19,472	
Assignment fees realised during 1973-74/1972-73	486		476	
Miscellaneous receipts	—		—	
Loan recovery (Principal)	36,88,676		33,09,011	
(Interest)	—		—	
TOTAL	9,39,560	4,23,25,237	9,56,773	3,96,67,798
Payments	41,13,36,664		37,85,84,927	
Policies paid (including monthly allowance)	1,90,97,683		1,89,00,473	
Surrender value	16,67,107		14,58,021	
Medical fees	1,02,910		72,192	
Refund of assignment from fees	—		—	
Refunds	2,40,919		2,02,503	
Loan payments	57,50,747		50,03,059	
Loan refunds	5,007		3,556	
Postal establishment including printing, etc.	38,25,383	3,06,89,756	28,97,241	2,85,37,045
TOTAL	38,06,46,908		35,00,47,882	

Interest on balance	2,06,33,493	1,89,63,545
Balance on 31st March 1974/1973	40,12,80,401	36,90,11,427

C-II EXTRA PREMIUM FUND

Balance on 1st April 1973/1972	1,17,90,595	(—)2,59,499
Premia realised during the year 1973-74/1972-73	Nil	1,14,35,735
TOTAL	1,17,90,595	1,11,76,236
Total establishment including cost of printing, etc.	325	325
TOTAL	1,17,90,270	1,11,75,911
Interest on balance	6,48,473	6,14,684
Balance on 31st March 1974/1973	1,24,38,743	1,17,90,595

Receipts and payments (other than loan) are departmental figures and they aggregate to Rs. 5,83,30,494 and Rs. 2,49,34,002 against the corresponding booked figures of Rs. 6,07,29,601 and Rs. 2,94,67,699 respectively. The differences of Rs. 23,99,107 and Rs. 45,33,697 on the receipt and payment side respectively are under settlement.

Receipts and payments relating to Extra Premium Fund shown in the statement are departmental figures and they aggregate to Rs. 6,48,473 and Rs. 325 against the corresponding booked figures of Rs. 6,49,119 and Rs. 625 respectively. The differences of Rs. 646 and Rs. 300 respectively are under settlement.

STATEMENT NO. 4

(Vide Paragraph—10)

Expense Ratio-1973-74

(a) *Expense ratio of first
year's business
1973-74*

	Rs.		Rs.
First year's premium income	—		55,22,754
Cost of issue policies	6,97,655		
Medical fees paid	1,02,910		
	<u>8,00,565</u>		
<i>Less</i> Medical fees rea- lised	(—)5,913		7,94,652
Expense ratio for new business	7,94,652		
	<u>55,22,754</u>	× 100	= 14.39%
Expense ratio for new business for 1972-73.			14.26%

(b) *Expense ratio for
renewals*

Premium income	3,74,19,252		
<i>Less</i> Ist year's income	<u>(—)55,22,754</u>		3,18,96,498

Cost of management	38,25,383		
<i>Add</i> excess debit of 1972-73 adjusted in 1973-74	8,629		
	<u>38,34,012</u>		
<i>Deduct</i> excess debit for 1973-74 to be adjust- ed in 1974-75	(—)6,302		
	<u>38,27,710</u>		
<i>Less</i> 1st year's cost	(—)6,97,655		31,30,055
	<u>31,30,055</u>		
Expense ratio of re- newals	$\frac{31,30,055}{3,18,96,498} \times 100$		= 9.81%
Expense ratio of re- newals for 1972-73			7.73%
<i>(c) Over all expense ratio</i>			
Premium income	3,76,60,171		
<i>Less</i> refund	(—)2,40,919		3,74,19,252
	<u>3,76,60,171</u>		
Cost of management	38,27,710		
<i>Add</i> Medical fees paid	1,02,910		
	<u>39,30,620</u>		
<i>Deduct</i> Medical fees realised	(—)5,913		39,24,707
	<u>39,24,707</u>		
Overall expense ratio	$\frac{39,24,707}{3,74,19,252} \times 100$		= 10.49%
Over all expense ratio for 1972-73			= 8.57%

POST OFFICE INSURANCE FUND

Balance Sheet of Extra Premium Fund as on 31st March 1974

LIABILITIES		ASSETS			
As shown in 1972-73		As shown in 1972-73			
Rs.		Rs.	Rs.		Rs.
1,17,90,594.65	Balance of the Fund	1,24,38,742.73	1,17,90,594.65	Investment with Government of India	1,24,38,742.73
<u>1,17,90,594.65</u>		<u>1,24,38,742.73</u>	<u>1,17,90,594.65</u>		<u>1,24,38,742.73</u>

POST OFFICE INSURANCE FUND

Extra Premium Fund Account for the year ending 31st March 1974

S/S AGP & T/74-5.

Particulars	Particulars		Rs.	P.
	Rs.	P.		
Expenses of the management	325.00	Balance of the Fund	1,17,90,594.65	
Closing balance of the Fund	1,24,38,742.73	Interest on cash balance	6,48,473.08	
	<u>1,24,39,067.73</u>		<u>1,24,39,067.73</u>	

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Comptroller and Auditor General of India
1975

PAGPT. 23. 73-74(N)
3,000

Price : *Inland Rs. 1.70*
Foreign £ 0.20 or 62 cents.

PRINTED BY THE MANAGER, GOVT. OF INDIA PRESS, R
AND PUBLISHED BY THE CONTROLLER OF PUBLICATIONS



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350.723 In 2.73 A

