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CENTRAL GOVERNMENT

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AUDIT REPORT
RAILWAYS

1952

PART I

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PREFATORY REMARKS.

The Audit Report on the accounts of the Railways in India including the Appropriation Accounts is prepared in accordance with paragraph 13(1) (i) and (iii) of the Government of India (Audit and Accounts) Order, 1936, as adapted under the India (Provisional Constitution) Order, 1947, read with Article 149 of the Constitution of India and Article 151(I) of the Constitution of India. It includes also such comments as are considered to be necessary on the accounts of receipts and of stores and stock audited with reference to paragraph 13(2) of the Order in Council. The Audit Report is submitted by the Comptroller and Auditor General of India to the President to be laid before each House of Parliament.

2. The Audit Report thus contains, apart from any comments of general interest, the following:—

- (a) A narration of cases involving financial irregularities, losses of public money due to fraud or negligence, wasteful or nugatory expenditure and criticisms or comments thereon, and
- (b) Comments and criticisms arising out of the Appropriation Accounts *e.g.* accuracy of budgeting, control of expenditure, excesses and savings etc.

3. Matters falling under (a) in para 2 above are separable from (b), but the preparation of the latter part usually takes a much longer time owing to the fact that it has to await the completion of Appropriation Accounts. During the last few years this delay has been unavoidably greater than in the past for various reasons. Both the Comptroller and Auditor General and the Public Accounts Committee have been feeling that cases involving serious financial irregularities, and losses of public money involving fraud, negligence or inefficiency ought to come under the review of the Public Accounts Committee and Parliament in the minimum time possible after their occurrence. At the suggestion of the Comptroller and Auditor General, therefore, the Public Accounts Committee agreed in July, 1952 that whenever any delay is anticipated in the completion of the Appropriation Accounts, the Comptroller and Auditor General, may at his discretion, present an advance Audit Report, (to be described as Audit Report Part I), dealing with matters falling under (a) of paragraph 2, and a supplementary Audit Report (to be described as Audit Report Part II) dealing with matters falling under (b) *ibid* together with audit comments on any new or outstanding cases of financial irregularities etc., as are ready for report.

4. The Railway Board has not yet been able to complete the Appropriation Accounts for 1950-51. In accordance with the new procedure, therefore, this Audit Report Part I contains only matters falling under (a) of paragraph 2.

5. In this Report, irregularities discovered alike by the internal check authorities *viz.* the Railway Accounts Department and by the Audit Department have been included without distinction, this being in accordance with the recommendations of the Public Accounts Committee for 1930-31.

6. Comments have been confined as far as possible to audit points of outstanding interest or importance. Cases of irregularities etc., included in the Audit Report relate ordinarily to the year 1950-51. The Report includes also cases relating to previous years which could not be dealt with in the earlier reports as well as some matters relating to a later year than 1950-51. Every effort has been made to obtain an agreement on the statements of facts from the Ministry of Railways to whom draft paragraphs are sent for the purpose.

Losses, Nugatory Expenditure, Financial Irregularities and other Topics of Interest.

(i) ENGINEERING WORKS.

1. *Madras and Southern Mahratta Railway—Avoidable expenditure incurred due to non-observance of rules regarding acceptance of tenders.*—In connection with an Engineering piece work contract relating to a certain sub-division of the Railway three tenders were received in October, 1948 in response to an open tender notice allowing three weeks for the submission of tenders. The tenders received were as under :—

Tender of firm A	..	..	Rs. 2,08,780
Tender of firm B	..	..	Rs. 2,33,554
Tender of firm C	..	..	Rs. 2,50,478

The Tender Committee's recommendations were as follows :—

“ ‘ C ’ is the highest tender and is, therefore, not accepted. ‘ A ’ is the lowest, but this person is not much known. He was contractor's agent and also contractor for this sub-division years ago, but there is nothing on record about his capabilities. He does not appear to have done any contract work since 1942.

‘ B ’ are well known contractors and have done quite good work for the Railway. They are known to be reliable and with plenty of financial backing and although they are 10 per cent higher than ‘ A ’, we recommend their tender for acceptance.”

The then Chief Engineer accepted this recommendation and the contract was awarded to ‘ B ’.

The rules provide that when the lowest tender is received from a contractor not in the approved list and his tender itself is satisfactory, steps should be taken by the Administration to ascertain whether he is capable of executing the work in a proper manner, and if the enquiries prove satisfactory his tender may be accepted. If on the other hand, the enquiries prove unsatisfactory in consequence of which the order is not placed with the contractor, the result of the enquiries is required to be placed on record invariably.

No such enquiries were made. The Administration contend that enquiries were to be made only regarding tenders considered satisfactory and that as the then Chief Engineer did not make these enquiries, it should be deemed that the tender was not considered satisfactory for the reasons stated by the Tender Committee.

In the opinion of Audit enquiries should be of a positive nature and the mere absence of ‘ record of his capabilities ’ is not sufficient ground for treating the tender as not being satisfactory and for passing over a tender. The non-observance of the rules in this case has possibly resulted in an avoidable extra expenditure of about Rs. 25,000/- to the Railway.

(ii) CONTRACTS.

2. *Oudh Tirhut Railway—Non-recovery of cost of Bridge staff from toll contractors.*—A contract was executed with effect from 1st April, 1944 for the collection of tolls on two rail-road bridges on a five year basis. The contract provided *inter alia* for an annual payment to the Railway of Rs. 5,000/- for the privilege of collecting tolls and for the recovery of the cost of the bridge staff from the contractor, although the staff were to be considered as railway staff. The cost of the staff, as initially stipulated, was Rs. 139/- p.m. (wages Rs. 75/- and dearness allowance Rs. 64/-) and it was made clear that these amounts were liable to fluctuations from time to time, any alteration, increase or decrease, to be intimated to the lessee.

It was noticed by Audit early in 1948 that although the cost of the staff had progressively increased under the various revisions of pay and allowances etc. approved from time to time, no steps had been taken by the Administration to intimate the additional liability to the contractor and that recovery was being made from him at the rate of Rs. 131/- p.m. against even the stipulated sum of Rs. 139/- p.m., apparently on the basis of the agreement which had been in force up to 31st March, 1944. The cost of cheap food rations which also formed a part of the cost of the staff, was also not being recovered. All this was pointed out to the Administration early in 1948 but no effective action was taken by them. The agreement with the contractor expired on 31st March, 1949 without recoveries at the enhanced rates having been effected. The loss in this case has been calculated at Rs. 27,040/- (wages and dearness allowance Rs. 24,186/- and cheap ration Rs. 10,781/- less Rs. 7,927/- actually paid).

One reason for this omission is said to be the faulty procedure followed in allocating the wages of the staff, which were debited to the final head of account instead of being allocated to Miscellaneous Advances recoverable from the contractor. This does not, however, explain why recoveries at correct rates were not made even when the omission to do so was pointed out by Audit early in 1948, and why no steps were taken to recover short recoveries relating to the past period when the contract was still in force. The question of apportioning responsibility for the loss is said to be under investigation by the Administration.

(iii) STORES.

3. *Avoidable expenditure on the purchase of certain equipment for experimental purposes.*—In December, 1948, the Railway Board decided to obtain eight Locopulseur Pulso, a propeller consisting of a single cylinder petrol engine for casual and intermittent shunting work, for trial purposes in the yards of certain Railways, and authorised four Railway Administrations to place orders for two such equipments each on a certain firm through the Director General, Industries and Supplies. Orders were placed by these four Railway Administrations on different dates between December, 1948 and February, 1949 for a supply to be made within a period ranging from 2 to 5 months from the

date of placing the orders. One Administration reported to the Railway Board early in February, 1949 that the demonstrations given to them by the Agents of those propelling units had indicated that the propeller could hardly push about 100 tons, and that it was very cumbersome to handle and would not be of much use, but the Railway Board decided to adhere to their decision as the equipment was stated to be really required to place wagons on exact position and not for 'general' shunting purposes. Eight units were thus purchased by the Railways at an approximate cost of Rs. 56,800/-.

As a result of the trials conducted, after purchase of the equipment, the four Railways were unanimous in their opinion that the equipment could not be usefully employed. Thereafter, in March, 1950, an attempt was made by the Railway Board to return the 8 units of equipment to the selling firm in India but the firm refused to take back the same. In December, 1951, it was decided by the Railway Board to dispose of the equipment in the best public interest and write off the loss, if any, sustained thereby.

The decision to purchase this equipment was taken by the Railway Board without financial concurrence and when the case came to the notice of the Finance Branch of the Railway Board in October, 1951, they did not approve of the action of the Railway Board in the purchase of such a large number of Locomotives at one time for experimental purposes when experiment could have been done with a lesser number of such equipment. The expenditure on the Railways to the extent of Rs. 56,800/- thus continues to be under objection.

Audit comments.

(i) When adverse opinion was expressed by one Administration in February, 1949 steps should have been taken to suspend action on the purchase of other sets till more extensive trials were made with the sets available in the country.

(ii) Though the Railway Board decided in December, 1951 to dispose of the equipment, the equipment had not been disposed of till December, 1952. This delay in disposal, leading to continued deterioration in the equipment is likely to increase the loss.

(iv) GRAINSHOPS.

4. *Oudh Tirhut Railway—Heavy shortages in stocks of foodstuffs.*—Certain wastage due to handling of foodstuffs is unavoidable, and percentages for permissible shortages in stock held in Reserve Stock Depots and Grainshops due to retail sale, storage, driage, leakage etc. were laid down with effect from the 28th September, 1946. In the Oudh Tirhut Railway, several hundreds of old outstanding stock sheets, showing shortages in stock, accumulated. To facilitate the clearance of those outstandings, the Administration decided to

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enhance considerably the permissible limits of shortages up to December, 1948. They reverted to the old percentages from 1st January, 1949 which were further reduced with effect from 1st December, 1949 to accord more or less with those prevailing on other Railways.

The statement below shows the changes made in the permissible limits and compares the position *vis-a-vis* other Railways:—

Oudh Tirhut Railway

	From 28-9-46 (old)	Revised up to 31-12-48	From 1-1-49 to 30-11-49	From 1-12-49	
				Shop	Depot
Cereals, Dals	1%	2.5%	Old		
Sugar	2%	2%	"	1%	½%
Gur	"	5%	"	"	"
Ghee	"	2%	"	"	"
Mustard Oil	"	3%	"	½%	½%
Salt	"	"	"	2%	1%

	Eastern Punjab Railway		Great Indian Peninsula Railway	Bombay Baroda & Central India Railway	East Indian and Bengal Nagpur Railways
	Depot	Shop			
Wheat25%	.5%	1%	Below 2%	Differently calculated and assessed.
Rice .. .. .	.25%	.6%	"	Do.
Dal .. .. .	.50%	.75%	"	Do.
Sugar .. .. .	.25%	.5%	.625%	Do.
Gur	3%	2%	.75%	Do.	
Mustard Oil .. .. .	.25%	1%	1%	Do.

The Administration has stated that prior to September, 1946, permissible wastage in foodstuffs was not limited to any fixed percentage, every case of shortage detected being dealt with on its merits, that the percentages fixed in September, 1946 were lower than those actually allowed in practice till then, and were applied retrospectively to all pending cases, that the staff involved protested and held up the disposal of stock sheets, and that the enhancement of 1948, was therefore, made with reference to the conditions of work and practicability of recovery of the debits raised against the staff on the basis of reduced percentages.

Audit Comments.

(i) The adjustment of permissible limits of wastage to accommodate the staff responsible for shortages and to facilitate disposal of Stock Sheets is highly objectionable.

(ii) The amount of loss to the Railway due to the enhancement of permissible limits has yet to be worked out by the Administration.

(iii) Even after allowing enhanced percentages for wastage, stock holders, who have already been discharged or have left for Pakistan, were responsible for shortages valued at over one lakh of rupees. Some instances are given below :—

Mr. A	..	..	..	..	..	..	Rs. 23,000 approximate.
Mr. B	..	..	..	..	..	..	Rs. 30,000 ,,
Mr. C	..	..	..	..	..	..	Rs. 10,000 ,,
Mr. D	..	..	..	..	..	..	Rs. 13,000 ,,

Recoveries due from some of the staff now in service are so heavy that, considering their pay, there is no hope of the recovery being effected in full. A few instances are given below:—

				Rate of pay	Approximate debit	Amount recovered	Balance yet to be recovered
				Rs.	Rs.	Rs.	Rs.
Mr. E	..	..	..	95	22,300	1,300	21,000
Mr. F	..	..	..	70	12,000	1,000	11,000
Mr. G	..	..	..	95	14,200	200	14,000
Mr. H	..	..	..	85	11,000	2,000	9,000
Mr. I	..	..	..	64	15,000	1,000	14,000

5. *East Indian Railway—Loss due to delay in the revision of selling price of soft coke.*—Under the Railway Grainshops policy, soft coke is sold to the railway employees, where permissible on the basis of 'cost price' i.e., purchase price plus a percentage to cover overhead charges. In accordance with this policy, the Railway Administration fixed the retail price of soft coke sold to the railway employees at Re. 1/- per cwt. when the price of soft coke obtained by it from collieries in Bengal and Bihar was Rs. 17/- per ton. Subsequently when the Ministry of Industry and Supply (now Production) raised the price of soft coke from Rs. 17/- per ton to Rs. 22-11-0 per ton with effect from the 22nd August, 1947, the Railway Administration, instead of enhancing the corresponding retail price of soft coke sold to the railway employees from 19th September, 1947 the date on which the notification raising the price was sent to the Railway, allowed the then existing selling rate of Re. 1/- per cwt. to continue until 4th November, 1947 when the sale rate was provisionally fixed at Rs. 1-2-0 per cwt. without taking into account complete overhead charges. The selling rate was, however, finally fixed at Rs. 1-5-0 per cwt. inclusive of overhead charges with effect from 12th January, 1948. Due to the delay in giving effect to the orders of the Government of India and the omission to include all the overhead charges in the provisional rate fixed from 5th November, 1947, the Railway Administration have sustained a loss of Rs. 41,742/- approximately.

The Administration has explained that this was not a straight-forward case of refixing the rate, since it was not clear whether the rate of Rs. 22-11-0 was the retail rate or the wholesale rate requiring the addition of necessary overhead charges and reference to more than one department of the Railway had to

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be made. Audit is, however, of the view that (i) the question of regarding the revised rate as retail price did not arise since this was the rate the collieries charged to the Railway and that (ii) since this rate was in modification of the previous selling rate of Rs. 17/- to which an addition of Rs. 3/- was made by the Railway as overhead charge, there was no valid ground for delaying the fixation of the revised rate.

(v) REVENUE EXPENDITURE.

6. *Bengal Nagpur and South Indian Railways—Loss in the working of the Catering Department.*—(a) On the South Indian Railway, ten Vegetarian Refreshment rooms and one Light Refreshment stall are under departmental management. The results of the working of the departmental catering since 1944-45 are given below.

Year	Profit	Loss
1944-45	Rs.	Rs.
1945-46	13,550	45,576
1946-47	64,446	..
1947-48	..	84,569
1948-49	..	2,74,063
1949-50	..	3,32,184
1950-51	..	2,01,000

The increase in the loss since 1948-49 is attributed mainly to the additional expenditure consequent on the introduction of higher scales of pay to staff, Hours of Employment Regulations and the Adjudicator's Award. The Railway Board issued orders in October, 1950 that the South Indian Railway should run its catering on a NO LOSS basis by increasing the charges if necessary, but should not go back to catering by contractors.

There was an increase in the rates in July, 1949, but no increase in rates has been ordered even after the issue of the Board's orders in October, 1950 though losses continued. The reduction in loss in 1950-51 as compared to the 1949-50 figure was due to the work of cleaning vessels, which was done departmentally prior to 1st April, 1950, being let out on contract as an experimental measure in three rooms during 1950-51. This system has since been extended to all rooms during 1951-52.

(b) The Bengal Nagpur Railway manages departmentally all its European style refreshment rooms and dining cars and Indian Catering as also an Aerated Water Factory and two hotels at Ranchi and Puri respectively. The financial

results of these undertakings during the period from 1945-46 onwards disclosed losses year after year as shown below :—

Year	Loss
	Rs.
1945-46	1,86,344
1946-47	3,31,874
1947-48	3,47,288 (provisional)
1948-49	4,53,792
1949-50	3,69,252
Total ..	16,88,550

An analysis of these figures by each service showed that while there was a net profit of Rs. 85,798/- during this period in respect of Indian Catering the loss involved in other services was as indicated below :—

	Rs.
European Catering (Station Refreshment Rooms and Dining Cars) ..	15,36,227
Aerated Water Factory	1,40,135
Ranchi Hotel	60,449
Puri Hotel	37,537
Total ..	17,74,348

These losses do not take into account *proforma* rent of buildings and the *per capita* loss attributable to issue of food grains at concessional rates to the Catering Staff.

Certain suggestions for economy in expenditure and increasing receipts were made by Audit in 1948. These have been accepted by Administration with the result that the loss in running the Catering Department has been reduced by over Rs. 18½ thousands per annum.

The Administration has also stated that more intensive efforts are being made to reduce the loss by increasing tariff charges for Western style catering in restaurants and hotels, closing down unremunerative restaurants etc. These measures are expected by the Administration to increase the receipts by about one and a quarter lakhs of rupees per annum.

(vi) PAY AND ALLOWANCES.

7. *Madras and Southern Mahratta Railway—Employment of Labour in Engineering Workshops, Arkonam.*—The Works Manager of a certain Workshop reported to the Chief Engineer at the end of March, 1947 that he required about 200 men for over 10 months to cope with heavy arrears in Foundry and Saw Mills. The Employment Exchange was addressed in May, 1947 stating that the

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men would be required for about 3 months and their services would be terminated after that period. The Manager of the Exchange assured the Works Manager that he could supply the workmen required at the current market rates. The Chief Engineer was duly informed of this on 20th May, 1947 and the Works Manager added in this communication to the Chief Engineer that these men would be paid at local market rates. The Chief Engineer, however, authorised the recruitment of the labour in a temporary capacity *i.e.* at 8 annas per day *plus* interim relief and dearness allowance and grainshop facilities. 188 men were actually recruited in June, 1947 on this basis after interview on 13th June, 1947 and they were discharged on 5th December, 1947.

The extra expenditure to the Railway resulting from the treatment of the men as "temporary" instead of on market rates was about Rs. 30,000/- as the total emoluments of temporary men were higher than the local market rates (which has been assumed at Re. 1/- per day, the rate current in the Mechanical Workshops in Madras being Re. 0-15-0). It was explained by the Administration that the period of about 3 months was given in the requisition on the Employment Exchange to avoid a likely awkward situation of being compelled to keep the labour on for the period shown in the requisition but that as the labour was estimated to be required for 10 months, the Works Manager was authorised to recruit the men on temporary basis. It was also stated that the men were actually found unnecessary after 5½ months due to cancellation by the Chief Engineer on 5th August, 1947 of an order for casting 24,000 C.S.T. Sleepers.

The decision to recruit the men on temporary basis in this case was not justified as there was no dearth of labour and the Employment Exchange offered to supply the requisite number of men at current market rates.

8. *Oudh Tirhut Railway—Misappropriation of Wages.*—As a result of comparison of thumb impressions on paid vouchers relating to temporary staff, the finger print staff of the Railway detected in January, 1947 a case of fraud committed by a station master, in collusion with his three assistants and the establishment clerk of the Head Office. The *modus operandi* was the drawal of wages against fictitious names and was spread over the wage period from December, 1942 to January, 1947. The total amount misappropriated in this manner was estimated to be Rs. 17,700/-. The fraud was rendered possible by the irregular procedure of the pay clerks leaving the pay bills with the Station Master for disbursement, instead of disbursing the amounts themselves. These bills were collected by the Pay Clerks on their return journey. The case was handed over for investigation to the Special Police Establishment who stated on 8th December, 1948 that there were only 17 names, involving a sum of Rs. 571/- against whom it could be definitely proved that the money was drawn and misappropriated, but in view of the fact that 3 out of the 4 persons involved in the fraud had gone to Pakistan, recommended departmental action. The case was not reported by the Railway Administration either to the Railway Board or to

Audit as required by the rules. This omission on the part of the Railway Administration was brought to the notice of the Railway Board by Audit in July, 1950 for taking suitable action. After a lapse of two years the Railway Board advised in July, 1952 that the original file having been lost, had to be reconstructed and the case being under investigation by the Special Police Establishment (investigations completed in December, 1948), the delay in finalising the case was unavoidable. The defective procedure was set right from 1950 and a suitable deduction is proposed to be made from the special contribution to Provident Fund of one of the Assistant Station Masters, who is still in service in India.

9. *Great Indian Peninsula Railway—Irregular expenditure on the Cadet Division of the St. John Ambulance Brigade (Overseas).*—The Railway Board authorised, sometime in January, 1946, the payment of Parade Allowance with effect from 1st April, 1945, to all members of the St. John Ambulance Brigade (Overseas) including members of the Nursing Division. Recruitment to the St. John Ambulance Brigade (Overseas) was from Railway employees, and to the Nursing Division from their wives and daughters. The General Manager of a certain Railway, however, without consulting the Railway Board, sanctioned formation of a third Division called the Cadet Division with effect from 1st January, 1946, recruiting sons, brothers and nephews of Railway employees and permitted them to draw the same allowances as were sanctioned by the Railway Board for the St. John Ambulance Brigade and the Nursing Division. The matter was reported to the Railway Board on 24th October, 1947 and their sanction to the grant of allowances asked for with retrospective effect. The Railway Board turned down the proposal on 5th August, 1949, and ordered that the Cadet Organisation should not continue at the expense of Railway revenues and that any expenditure already incurred should be regularised with the Board's sanction. The Railway Board's communication issued on 5th August, 1949 *i.e.* about 22 months after the reference made by the General Manager. Despite these orders, the Cadet Division was actually wound up only on 31st December, 1949. The total approximate expenditure involved was Rs. 12,600/- of which Rs. 2,000/- represented the cost of uniforms, Rs. 6,700/- the amount of Parade Allowance paid upto 5th August, 1949 and Rs. 3,900/- Parade Allowance for the period 6th August, 1949 to 31st December, 1949. All this expenditure as well as the issue of duty passes over the suburban sections of the Railways on Thursdays and Sundays to enable the Cadets to attend Parades, drill etc. was regularised by the *ex post facto* sanction of the Railway Board in May, 1951.

The Administration has explained that the delay in implementing Railway Board's decision of 5th August, 1949 was due to their efforts to justify the continuation of the Cadet Division.

In the opinion of Audit the entire expenditure was unauthorised, as the Railway Administration was not competent to incur any expenditure outside the scope of Railway Board's original sanction without their prior concurrence. The delay on the part of the Railway Board in arriving at a decision requires special notice.

10. *Assam Rail Link Project—Irregular payment of Compensatory Allowance.*—In May, 1948, the Ministry of Railways sanctioned the grant of compensatory allowance to the staff employed on the Project at 20 per cent of pay subject to a maximum of Rs. 100/- p.m. It was noticed in audit that the compensatory allowance was also being paid to staff of the Project stationed outside the territorial jurisdiction of the Project at places like Allahabad, Banaras etc. As the sanction issued in May, 1948 did not specify the grant of allowance at places referred to above, the payment was objected to in audit in November, 1948. The Engineer-in-Chief stated in March, 1950 that he could not agree with the Audit views as the nature of duties at these places was no less arduous. The matter was accordingly reported by Audit to the Railway Board in April, 1950. The Railway Board, pending a detailed examination of the question, tentatively stopped the payment of the allowance only from 1951. Eventually out of the total amount of Rs. 3,172/- overpaid, a sum of Rs. 2,727/- became irrecoverable. As timely action was not taken by the Administration to recover the amount from the staff concerned, the Railway Board have refused to accord *ex post facto* sanction to its write-off and the amount has thus remained under objection. The question of disciplinary action is still under the consideration of the Railway Board. The Railway Board have explained the original errors by the Administration as being due to the orders issued by them not being precise and the delay in coming to a final decision being due to the need for discussing the issue and clarifying the whole position.

Audit Comments.

(i) The terms of the sanction of May, 1948 being not quite specific, the matter should have been referred by the Administration to the Railway Board when Audit raised the objection in November, 1948. Even in 1950, the reference to the Railway Board had to be made by Audit and not by the Administration.

(ii) The rules provide that if Audit objects to any payments of a recurring nature and it is considered necessary to continue them pending settlement of the objection, they may be made provisionally and subject to recovery, the payee being so informed. This precaution was not taken.

(vii) EARNINGS.

11. *Bengal Nagpur and Great Indian Peninsula Railways—Special rates for Manganese Ore Traffic.*—In December, 1947 the Railway Board issued a directive, in accordance with their post-war rating policy, that, with effect from 1st May, 1948 freight in respect of commodities moved to ports should ordinarily be charged at tariff level if the traffic could bear it. Reduced station to station rates for manganese ore were quoted from Mining Centres in Madhya Pradesh to Vishakhapatnam from 1st January, 1948 and to Bombay from 11th June, 1949. In view of the general policy to maintain rates at the tariff level if the traffic could bear it, the advisability of cancelling the concessional rates was suggested

by Audit in December, 1949 specially in view of the devaluation of the rupee and the consequent increase in the F.O.B. rupee prices for this commodity by Rs. 9/- per ton.

As it was found on a detailed examination of the question that even after the cancellation of the concessional rates, it would be possible for the trade to do business in manganese ore with a fair margin of profit, it was decided by the Railway Board on a reference to them that all station to station rates quoted for manganese ore from stations in Madhya Pradesh to Vishakhapatnam and Bombay should be withdrawn from 1st January, 1951 and the tariff wagon load scale rates applied from that date. This will have the effect of bringing in increased revenue to the extent of over Rs. 14,36,000/- per annum.

12. *East Indian Railway—Leakage of revenue at a station.*—The periodical inspections of the accounts of a station carried out by an Inspector of Station Accounts in October, 1947 and by a Transportation Inspector in January, 1948 revealed certain serious irregularities in the station accounts. Thereupon, a joint Inspector's enquiry was arranged by the Administration in June, 1948 and it was discovered that such irregular practices were continued from March, 1947 to February, 1948 by (1) allowing the removal of goods before collection of freight charges and (2) by falsifying the station records with the intention of committing fraud in respect of wharfage and demurrage charges due to the railway on the consignments delivered to a certain firm. The Joint Enquiry Committee held the goods clerk and the tally clerk responsible for the short recovery of the wharfage and demurrage charges to the extent of Rs. 18,030/- due from that firm. After negotiations with the firm, it finally agreed in May, 1951 to pay Rs. 10,559-8-0 which represented 50 per cent wharfage, full demurrage and legal expenses. The amount was duly realised in instalments by December, 1951.

Legal proceedings against the staff responsible for the irregularities were not undertaken as the Administration was advised that it would not be possible to establish the charge of cheating and mis-appropriation in a court. It was decided, therefore, in August, 1949 to take departmental action against the staff concerned and a report was made to the Railway Board accordingly. Actually, however, there was prolonged delay in completing the departmental enquiries, and it was only on 21st January, 1952 *i.e.* nearly 2½ years later that the services of the Goods Clerk involved in the case were terminated after giving him a month's pay in lieu of notice.

Audit comment is that after responsibility had been definitely fixed by a Departmental Enquiry Committee there should have been no undue delay in taking disciplinary action. It has been explained that the delay was due to the necessity of the General Manager having to personally pass the orders in this case.

	1	2	3	4	5	6	7	8	9
<i>O. T. Railway</i>									
1945-46	1	..
1946-47	2	..
1947-48	..	1	4	4	..	..	..	3	15
1948-49	..	4	16	60	..	..	..	29	32
1949-50	..	6	24	414	3	3	2,020	58	19
1950-51	..	55	326	6,491	5	14	20,473	452	53
<i>E. P. Ry.</i>									
1947-48	13	..
1948-49	1	7	30,366	62	..
1949-50	..	13	26	12,275	..	..	..	77	58
1950-51	..	10	31	2,516	3	3	11,103	232	275
<i>Mysore Ry.</i>									
1950-51	1	1	62	..	6
<i>C.L.W.</i>									
1949-50	1	11
1950-51	..	7	8	6,506	5	9	30,942	88	108
<i>S. Ry. Trichy.</i>									
1947-48	1
1948-49	5	4
1949-50	9	18
1950-51	..	4	20	2,39,335	..	..	..	54	88
<i>W. Ry. Bhavnagar</i>									
1948-49	..	2	2	26,357	..	..	..	28	19
1949-50	..	4	4	58,719	4	8	528	121	151
1950-51	..	12	19	12,184	7	15	9,36,708	329	86
<i>Sc. State Ry.</i>									
1949-50	1	..
1950-51	..	8	21	2,63,450	..	..	..	70	15
<i>M. & S. M. Ry.</i>									
1946-47	7	11
1947-48	12	3
1948-49	..	17	339	10,890	3	5	7,235	22	22
1949-50	..	16	56	39,674	9	26	1,49,256	101	99
1950-51	..	25	29	3,90,097	6	11	89,301	152	157

14]

	1	2	3	4	5	6	7	8	9
<i>C.C.A.</i>									
1947-48 .. ..	..	..	..	..	9	57	39,132	..	28
1948-49 .. ..	..	..	..	..	9	92	2,14,151	..	25
1949-50 .. ..	..	..	..	..	8	131	35,921	..	94
1950-51 .. ..	..	..	..	..	32	35	5,02,087	173	397
<i>E. I. Ry.</i>									
1947-48	4	7	1,78,605	2	3	2,975	1	..	..
1948-49	3	4	1,547	1	2	390	23	12	..
1949-50	8	10	555	7	11	6,669	64	65	..
1950-51	43	51	14,39,890	21	35	3,50,313	341	383	..
<i>C. Ry. including Dholpur Ry.</i>									
1944-45 .. ..	..	..	..	2	13	358	..	40	..
1945-46 .. ..	..	..	..	..	..	..	..	1	..
1946-47 .. ..	..	..	..	1	1	24	8	73	..
1947-48	1	1	19	4	15	1,234	33	260	..
1948-49	2	2	7	15	159	5,703	87	434	..
1949-50	13	22	34,703	28	58	8,726	225	737	..
1950-51	31	40	4,12,691	37	212	29,753	312	1,882	..
<i>W. Ry. including Cutch Ry.</i>									
1947-48 .. ..	..	..	..	1	1	8,697	..	..	..
1948-49 .. ..	..	..	..	3	9	1,938	1	48	..
1949-50	4	5	361	21	61	8,278	42	113	..
1950-51	90	167	8,271	31	87	89,542	309	248	..
<i>Assam Ry.</i>									
1945-46 .. ..	..	..	..	1	3	2,746	..	..	..
1947-48	1	1	131	..	..	..	..	..	..
1948-49	8	32	2,001	..	..	..	6	15	..
1949-50	14	29	2,05,834	2	2	1,517	13	60	..
1950-51	21	49	2,22,943	2	4	817	193	131	..
<i>C. Ry. (Secunderabad)</i>									
1950-51 .. ..	..	..	..	..	..	..	11	8	..

	1	2	3	4	5	6	7	8	9
<i>B. N. Ry.</i>									
1947-48 .. ..	..	..	..	..	..	..	..	4	33
1948-49	1	1	821	7	10	13,663	12	58	
1949-50	8	26	7,721	6	10	31,520	24	43	
1950-51	17	32	1,28,650	19	43	54,504	96	185	
<i>Jodhpur Ry.</i>									
1-7-50 to 31-3-51 ..	3	5	6,729	..	..	..	201	216	
<i>Bikaner Ry.</i>									
1-7-50 to 31-3-51 ..	3	3	51,982	1	6	55	144	93	
<i>Rajasthan Ry.</i>									
1-7-50 to 31-3-51 ..	2	2	2,430	2	3	7,733	7	9	
<i>Jaipur Ry.</i>									
1-7-50 to 31-3-51 ..	1	1	220	..	..	..	14	38	

(a) The more important objections involving comparatively heavy amounts are:—

	Rs.
<i>O. T. Ry.</i>	1,780
Amount excess paid to a contractor on account of detention charges of ballast trains, not covered by rule.	
Short recovery on account of coal supplied to a contractor.	9,423
Avoidable payment of carting charges to contractors.	10,294
<i>E. P. Ry.</i>	35,000
Avoidable expenditure in engaging hot weather establishment on other than current market rates.	
Consignments delivered to Regional Food Commissioner without receipt and without collecting freight charges aggregating to.	30,366
Non-recovery of enhanced siding charges from a sugar Mill.	9,536
Purchase of steel F.O.R. Company's siding instead of at the more favourable term F.O.R. destination involving extra payment.	18,000
<i>M. & S. M. Ry.</i> ..	4,350
Omission to increase the rental charges for telephone services at Marmagoa Harbour and Vas-co da-gama.	
Non-recovery of overpayments.	5,900

14]

			Rs.
<i>E. I. Ry.</i>	..	..
		Credit notes outstanding against a firm. ..	7,822
		Occupation of Ry. land without payment of rent by outsiders.	1,24,665
		Outstanding debit against E. P. Ry. for cost of sleepers lost in transit in Pakistan.	15,000
		Non-recovery of rent for buildings occupied by Police Deptt. at enhanced rates.	85,000
		Supply of masur dal of inferior quality by a contractor.	9,370
		Compensation paid to a contractor relating to prepartition period wrongly charged to Indian Dominion accounts.	67,067
		Non-recovery of cost of manufacture of Pitching stones due from Pakistan Dominion.	3,15,540
		Excess issue of coal to Pumps. ..	90,000
		Shortage of coal in a running shed. ..	68,670
		Demurrage due from a mill siding relating to 1947-48.	7,673
		Charges due for extra accommodation in trains for Postal Deptt.	1,44,198
		Outstanding dues from Light Rlys.	} 1,09,142 21,876 8,000
		Hire and Demurrage charges due from Defence Department.	5,44,050
		Extra expenditure incurred on surplus pointsmen where cabins had been provided.	27,386
		Loss due to supply of defective materials.	40,000
<i>Assam Ry.</i>	..	..
		Incorrect payments made under C. P. C. Rules.	3,317
<i>B. B. & C. I. Ry.</i>	..	..
		Interest and maintenance charges due from a Sugar Mill.	8,697
		Cost of staff recoverable from cinder contractor.	5,460
		House rent allowance paid to ineligible persons on G.B.S. Ry.	12,800
		Extra expenditure due to non-fulfilment of work by a contractor.	5,969
		Overpayment of cash dearness allowance.	2,800
			P.A.
		Overpayments under the C.P.C. Rules . .	8,274
<i>Rajasthan Ry.</i>	..	..
		Non-recovery of incidental charges on staff engaged for a Saloon.	3,240
		Non-recovery of demurrage charges due from contractors, including handling charges overpaid.	6,248

(b) Other types of irregularities where money value has not been assessed are :—

O. T. Railway.—Short recovery of rent for railway plots, non-recovery of rent of bungalow from the Military Department and conservancy charges from other Departments as well as staff, delay in revision of rate of commission charges for collecting Visitors' Tax and Terminal charges and of shunting charges over assisted sidings, grant of more paid holidays than admissible to workshop staff; overpayment of Dearness, House Rent and Daily allowances; irregular fixation of pay; non-recovery of rent from employees; short recovery of value of coal supplied to contractors; irregular payment to staff opting out of grainshop concessions.

E. P. Railway.—Delay in recovery of amounts due for work done for Government Departments and Outsiders; irregular fixation of pay of train clerks promoted as guards; non-revision of the rate of rent chargeable to Messrs. Spencer & Co. for railway building; grant of consolidated T. A. in excess of the average amount actually earned by Special Ticket Examiners.

S. I. Railway.—Delay in the examination of earnings of Assisted sidings and in the revision of siding charges; omission to review the adequacy of charges recoverable from public for services rendered; delay in the revision of rent rules, in the revision of the rate of hire for rolling stock for a District Board Ry. and in the recovery of arrears of working expenses from the Peralam Karaikal Ry.; absence of a systematic arrangement for ensuring re-weighment of coal in spite of large variations from the quantity despatched and received at the Ports.

Assam Railway.—Overpayments due to incorrect application of the Overtime, Outstation and Under-Rest Allowances rules.

B. B. & C. I. Railway.—Incurrence of expenditure on departmental labour for an item of work included in a contract for Kandla Deesa Railway Construction.

Jodhpur Railway.—Wrong fixation of pay of the General Manager.

SIMLA,

The 8th December, 1952.

P. H. S. RAO,

Director of Railway Audit.

Countersigned.

NEW DELHI,

The.....1952.

V. NARAHARI RAO,

Comptroller and Auditor General of India.

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