



**CENTRAL GOVERNMENT**

**AUDIT REPORT**

**RAILWAYS**

**1968**





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## PREFATORY REMARKS

The Report contains a general review of the results of test audit of the accounts of the Indian Government Railways. The points brought out are not intended to convey or to be understood as conveying any general reflection on the financial administration by the Railway Administrations/Ministry of Railways.

## CHAPTER I

### Comments on the Appropriation Accounts, 1966-67 and connected documents

#### FINANCIAL RESULTS

For the first time since 1947-48, the working of the Railways showed a net deficit in the year 1966-67. Against a surplus of Rs. 22.19 crores anticipated in the Budget, the accounts closed with a net deficit of Rs. 18.27 crores. The deficit was made good by withdrawal of an equivalent amount from the Revenue Reserve Fund. The balance in the Revenue Reserve Fund at the end of the year stood at Rs. 44.70 crores, while the balance in the Development Fund was Rs. 3.37 crores.

The net deficit was due to a shortfall of Rs. 26.54 crores in the estimated gross receipts and increase of Rs. 15.03 crores in the anticipated revenue expenditure.

| Particulars                               | (In crores of rupees) |          |            |
|---|-----------------------|----------|------------|
|   | Budget                | Actuals  | Variations |
| 1. Gross Receipts . . . . .               | 795.54                | 769.00   | (—)26.54   |
| <i>Deduct</i>                             |                       |          |            |
| 2. (a) Revenue Expenditure . . . . .      | 639.85                | 654.88   | (+)15.03   |
| (b) Payments to General Revenues. . . . . | 133.50                | 132.39   | (—)1.11    |
| 3. Net Surplus/Deficit. . . . .           | (+)22.19              | (—)18.27 | (—)40.46   |

#### 2. Receipts

The shortfall in gross receipts occurred mainly under goods earnings (Rs. 24.91 crores).

| Particulars   | (In crores of rupees) |         |            |
|---|-----------------------|---------|------------|
|   | Budget                | Actuals | Variations |
| 1. Goods earnings . . . . .   | 506.53                | 481.62  | (—)24.91   |
| 2. Passenger earnings . . . . .   | 227.20                | 229.34  | (+)2.14    |
| 3. Other earnings (including suspense and miscellaneous receipts) . . . . . | 61.81                 | 58.04   | (—)3.77    |
| 4. Gross receipts . . . . .   | 795.54                | 769.00  | (—)26.54   |

N.B.—The figures given under Budget do not take into account the figures of Revised Estimates and Supplementary provisions.

The Budget Estimates of goods earnings included additional earnings of Rs. 18·10 crores expected to accrue from the proposed levy of 3 per cent supplementary charge on all freight traffic (other than iron ore and manganese ore for export, military, postal and Railway material traffic and certain high rated commodities) as also some enhancement in the rates for commodities like coal, hard coke and salt for distances beyond 800 kilometres by revision of the existing taper in the telescopic rates.

Despite sizeable shortfalls in the anticipated goods traffic during the three years 1963-64 to 1965-66, the Budget Estimates also took into account an increase of 11 million tonnes of originating traffic over 1965-66. This growth of traffic, however, did not fully materialise as the total originating revenue earning traffic actually carried during the year was 164·2 million tonnes representing an increase of only 2·2 million tonnes over that carried in the previous year. The Railways' own traffic was 37·4 million tonnes compared to 41·0 million tonnes carried in the previous year.

At the time of presenting the Revised Estimates for the year, along with the Budget for the following year in March, 1967, it was explained that according to the indications then available additional traffic was unlikely to exceed 5 million tonnes. The Revised Estimates for goods earnings were, therefore, placed at Rs. 13·53 crores less than the Budget. The actual shortfall, however, was Rs. 24·91 crores.

### 3. Revenue Expenditure.

The break up of the increase of Rs. 15·03 crores in the anticipated revenue expenditure is as under:—

| Particulars   | Budget | (In crores of rupees) |            |
|---|--------|-----------------------|------------|
|   |        | Actuals               | Variations |
| A.—Working Expenses—  |        |                       |            |
| (i) Staff—Administration including Staff Welfare and Operating . . . . .  | 187·54 | 192·58                | (+)5·04    |
| (ii) Repairs and Maintenance . . . . .  | 164·63 | 169·95                | (+)5·32    |
| (iii) Fuel . . . . .  | 103·78 | 110·17                | (+)6·39    |
| (iv) Miscellaneous Expenses including operation other than staff and fuel, payments to worked lines and suspense . . . . .                              | 52·91  | 53·05                 | (+)0·14    |
| (v) Appropriation to Depreciation Reserve Fund . . . . .  | 100·00 | 100·00                | ..         |
| (vi) Appropriation to Pension Fund . . . . .  | 13·50  | 13·50                 | ..         |
| B.—Miscellaneous Expenditure such as cost of Railway Board and its attached offices, Surveys, Audit and Subsidy paid to Branch Line Companies . . . . . | 5·49   | 5·60                  | (+)0·11    |
| C.—Open Line Works—Revenue . . . . .  | 12·00  | 10·03                 | (-)1·97    |
| Total Revenue Expenditure . . . . .   | 639·85 | 654·88                | (+)15·03   |



The Budget Estimates of staff expenditure included Rs. 2.66 crores for the maintenance of additional track, yards and other assets expected to be brought into use during the year. The provision was fully utilised. Another Rs. 2.04 crores was provided for meeting the cost of additional staff required for moving the additional traffic anticipated during the year. Against this provision, a saving of Rs. 1.49 crores was shown in the Appropriation Accounts due to non-operation or delay in operation of additional posts, reduced payments on account of overtime etc.

The Budget Estimates also included Rs. 1.36 crores for increased running repairs to stock in line with the anticipated increase in traffic. The actual expenditure on this account exceeded the Budget Estimates by Rs. 0.67 crore.

The Budget Estimates for cost of fuel included additional provision of Rs. 3.00 crores for the following reasons:—

|  | (In crores of rupees) |
|--|-----------------------|
| (i) Expansion of diesel traction for moving additional traffic   | 1.66                  |
| (ii) Expansion of Electric traction on five Railways   | 1.83                  |
| (iii) For increase in traffic under steam traction on certain Railways   | 0.53                  |
| TOTAL  | 4.02                  |
| Partly counterbalanced by reduction in the consumption of coal on certain Railways owing partly to progressive substitution of steam traction by diesel traction and lower rate of consumption of coal | 1.02                  |
| Net increase   | 3.00                  |

The actual expenditure due to increased consumption of coal and diesel oil was more than the Budget Estimates by Rs. 1.80 crores, while the reduction in expenditure on the consumption of electricity was of the order of Rs. 66 lakhs only.

The above increases in working expenses which were specifically provided for in the Budget Estimates to cope with increase in traffic adversely affected the financial results of the Railways during 1966-67 to the extent of Rs. 9.38 crores of which Rs. 2.66 crores was on the maintenance of additional track, yards and other assets. The total originating traffic (revenue and non-revenue) moved during the year was 1.4 million tonnes less than the traffic moved in the previous year.

The creation of a new Zonal Railway with effect from 2nd October, 1966 resulted in further additional expenditure of Rs. 31 lakhs on the personnel required for the Zonal Headquarters for a period of about 6 months. Another Rs. 11 lakhs was spent on re-organisation of Personnel branch on the South Eastern Railway.

### BUDGETARY CONTROL

4. In pursuance of the recommendations of the Railway Convention Committee, 1965 (approved by Parliament in December, 1965) to utilise the interest earned on the balance in the Revenue Reserve Fund towards amortisation of unproductive capital, the Ministry of Railways had withdrawn Rs. 2.39 crores from the Fund by operating "Demand No. 20—Withdrawal from Revenue Reserve Fund". The number of Demands voted during the year 1966-67 thus increased to 19 from 18 in the previous year.

The number of supplementary grants obtained during the year was 10 (for Rs. 42.55 crores) as against 14 (for Rs. 49.33 crores) in the previous year.

The number of Charged Appropriations obtained during the year was 9 as against 7 in the previous year. The increase was due to provision made under two of the works grants 'No. 13—Open Line Works—Revenue' and '15—Open Line Works—Capital, Depreciation Reserve Fund and Development Fund'. The number and amount of supplementary appropriations obtained during the year, however, showed an increase—8 (for Rs. 0.33 crore) as against 5 (for Rs. 0.07 crore) in the previous year.

The actual total disbursements during the year under report showed a net saving of Rs. 87.68 crores over the total Grants and Appropriations (including supplementary grants and appropriations) obtained during the year, as shown below :—

| Particulars  | (In crores of rupees) |                        |          |
|--|-----------------------|------------------------|----------|
|  | Voted Grants          | Charged Appropriations | Total    |
| 1. Original]   | 1,434.90              | 0.90                   | 1,435.80 |
| 2. (a) Supplementary   | 42.55                 | 0.33                   | 42.88    |
| (b) Advance from Contingency Fund                              | 0.50                  | ..                     | 0.50     |
| 3. Total (1 & 2)   | 1,477.95              | 1.23                   | 1,479.18 |
| 4. Total disbursements   | 1,390.59              | 0.91                   | 1,391.50 |
| 5. Net saving  | 87.36                 | 0.32                   | 87.68    |
| 6. Proportion of net saving to total Grants/<br>Appropriations | 5.9%                  | 26.0%                  | 6.0%     |
| 7. Proportion of net saving in the previous year               | 1.1%                  | 33.0%                  | 1.1%     |

### 5. Savings in Grants and Appropriations.

The net saving of Rs. 87·36 crores under voted Grants was made up of savings under 16 Grants totalling Rs. 87·44 crores partly offset by excess of Rs. 8 lakhs under one Grant.

At the time of presenting the Revised Estimates for the year in March, 1967, along with the Budget for the ensuing year, it was explained that the working of the Railways during the year would result in a net deficit of Rs. 15·27 crores instead of a surplus of Rs. 22·19 crores anticipated in the Budget. It was decided to make good this deficit by utilising the Revenue Reserve Fund. The Ministry of Railways accordingly obtained a supplementary grant for Rs. 15·27 crores in March, 1967 under "Demand No. 20—Withdrawal from Revenue Reserve Fund". Later, in June, 1967, the Ministry of Railways decided to exhibit the amount as a deduct entry under "Demand No. 12—Payments to General Revenues", resulting in the entire amount of supplementary grant obtained under "Grant No. 20—Withdrawal from Revenue Reserve Fund" remaining unutilised. The entire Budget provision of Rs. 22·19 crores under "Grant No. 18—Appropriation to Development Fund" also remained unutilised due to no surplus being available for appropriation to the Fund. Thus, these two Grants accounted for Rs. 37·46 crores of the total savings of Rs. 87·44 crores in the voted Grants.

The three Works Grants, namely (i) "No. 15—Open Line Works—Capital, Depreciation Reserve Fund and Development Fund" (Rs. 25·75 crores), (ii) "No. 14—Construction of New Lines" (Rs. 11·75 crores) and (iii) "No. 13—Open Line Works—Revenue" (Rs. 1·96 crores) together accounted for an aggregate saving of Rs. 39·46 crores. The saving under these works grants occurred mainly due to slower progress of works, non-receipt or delay in receipt of materials and debits therefor and delay in finalisation of plants and contracts.

The seven Grants relating to Revenue Working Expenses, that is, Grants 4 to 10 accounted for a total saving of Rs. 9·19 crores. In respect of these Grants, additional provision aggregating to Rs. 26·91 crores was obtained during the last week of March, 1967, through supplementary grants. Besides, an advance of Rs. 50 lakhs from the Contingency Fund was obtained on 31st March, 1967 under "Grant No. 9—Revenue—Miscellaneous Expenses" for adjustment of a loss written off in March, 1967 (see Para 6 also).

The balance of the savings amounting to Rs. 1.33 crores was made up of comparatively small amounts under other Grants.

Under Charged Appropriations savings occurred under 9 out of the 11 Appropriations (including supplementary) obtained during the year mainly due to non-finalisation or delay in finalisation of court cases contrary to expectations. No variation occurred under one Appropriation.

6. *Advance from Contingency Fund and Supplementary Grants.*

On 31st March, 1967, the Ministry of Railways sanctioned an advance of Rs. 50 lakhs from the Contingency Fund of India to cover expenditure under "Grant No. 9—Revenue—Miscellaneous Expenses" on account of the write off of the cost of imported steel lost in a vessel which was abandoned in mid ocean on 15th December, 1962. The Contingency Fund of India Rules, 1952, as amended from time to time envisage that advances from the Fund shall be made for the purpose of meeting unforeseen expenditure including expenditure on a new service not contemplated in the Budget. The nature of the expenditure in this case, that is, loss due to sinkage of a vessel, was known to the Ministry before the Budget for 1966-67 was framed by them. A proposal for the write off of the loss amounting to Rs. 54.60 lakhs was before the Ministry as early as June, 1965, but no provision was made in the Budget.

Besides, additional provision of Rs. 67.78 lakhs obtained under the same Grant through a supplementary grant a few days before the close of the financial year also proved to be entirely unnecessary as the Grant account closed with a final saving of Rs. 185.55 lakhs.

In a few other cases, the additional funds obtained through supplementary grants, towards the close of the year, proved to be in excess of the requirements as shown below:—

(In lakhs of rupees)

| No. and Name of the Grant                                       | Amount of supplementary grant obtained in March, 1967 | Amount of final savings | Percentage of final savings to supplementary grant |
|---|---|-------------------------|--|
| 4. Revenue—Working Expenses—Administration                      | 301   | 60                      | 20.0   |
| 5. Revenue—Working Expenses—Repairs and Maintenance             | 961   | 306                     | 31.8   |
| 8. Revenue—Working Expenses—Operation other than staff and fuel | 233   | 110                     | 47.2   |

### 7. Excess over a Grant and an Appropriation.

There were excesses under one voted Grant and one charged Appropriation aggregating to Rs. 7.69 lakhs as against excesses under 4 voted Grants totalling Rs. 164.15 lakhs in the previous year, thus showing a marked improvement.

The details of the excesses during 1966-67 which require to be regularised under Article 115 of the Constitution are as under:—

(In units of rupees)

| No. and Name of the Grant/<br>Appropriation | Final<br>Grant/<br>Appropriation | Actual<br>Expendi-<br>ture | Excess   | Percentage<br>to Final<br>Grant/Ap-<br>propriation |
|---|----------------------------------|----------------------------|----------|--|
| A.—Grants.                                  |                                  |                            |          |  |
| 2. Revenue—Miscellaneous Ex-<br>penditure   | 3,89,15,000                      | 3,96,83,074                | 7,68,074 | 2.0  |

The excess which occurred under Miscellaneous Establishments was mainly due to adjustment of heavier debits in respect of Railways' share of expenditure on Central Bureau of Investigation than indicated by them at the Revised Estimates' stage (Rs. 13.52 lakhs); partly set off by savings resulting from receipt of less debits for printing and publicity charges (Rs. 3.34 lakhs) and non-filling up of certain vacancies (Rs. 1.13 lakhs).

In the previous year also, an excess of Rs. 10.20 lakhs occurred under this grant for similar reasons.

### B.—Appropriations.

|                             |        |        |     |     |
|-----------------------------|--------|--------|-----|-----|
| 13. Open Line Works—Revenue | 26,000 | 26,479 | 479 | 1.8 |
|-----------------------------|--------|--------|-----|-----|

The excess was marginal and was due to provision made in thousands.

## OTHER TOPICS

### 8. Losses.

Particulars of losses adjusted in the accounts for the year are mentioned in "Annexure 'H' to the Appropriation Accounts of Railways in India—Part II—Detailed Accounts." The total amount of losses adjusted during the year was Rs. 228 lakhs as against

Rs. 184 lakhs adjusted in the previous year. The details of the losses under broad categories are given below:—

| (In lakhs of rupees)   |        |
|--|--------|
| Reasons for losses   | Amount |
| 1. Damage to Railway properties caused by accidents  | 65     |
| 2. Thefts (including thefts of fittings in Rolling Stock)  | 53     |
| 3. Loss of steel due to sinkage of a vessel in December, 1962  | 55     |
| 4. Losses caused by natural calamities such as floods, storm, fire, etc.   | 17     |
| 5. Loss arising from civil disturbances  | 13     |
| 6. Inefficient balances under suspense heads and irrecoverable overpayments to staff, contractors, etc., written off | 8      |
| 7. Other losses  | 17     |
| Total  | 228    |

The losses due to accidents were adjusted on six Railways, namely, Central (Rs. 26.6 lakhs), South Central (Rs. 15.1 lakhs), South-Eastern (Rs. 7.6 lakhs), Northern (Rs. 6.6 lakhs), Southern and Western (Rs. 4.4 lakhs each) Railways. No loss on account of accidents was adjusted on Eastern, North Eastern and Northeast Frontier Railways for the three years ended 1966-67.

The phenomenal increase in the total amount of loss attributed to thefts during 1965-66 was commented upon in Para 14 of the Audit Report, Railways, 1967. The total amount of loss on this account adjusted during the year under report showed a further increase of Rs. 3 lakhs over that in the previous year. As in that year, bulk of the loss was adjusted on the following Railways:—

| (In lakhs of rupees) |         |         |
|----------------------|---------|---------|
|                      | 1965-66 | 1966-67 |
| 1. Southern          | 13.8    | 17.1    |
| 2. Central           | 11.2    | 9.8     |
| 3. South Central     | ..      | 6.3     |
| 4. Eastern           | 14.1    | 11.9    |
| 5. Northern          | 7.8     | 4.5     |
| TOTAL                | 46.9    | 49.6    |

The Public Accounts Committee in their 32nd Report (Third Lok Sabha) desired that the losses attributable to theft of fittings should be assessed separately. These losses have, however, not been exhibited separately except by Northern (Rs. 2·87 lakhs), Northeast Frontier (Rs. 15 thousand) and South Central (Rs. 6·24 lakhs) Railways although the Ministry of Railways issued directions to the Railway Administrations in November, 1965, as to the procedure to be adopted for determining the losses due to thefts of fittings and as to the method of assessment of their value. The Ministry of Railways also instructed that the losses should be investigated with a view to taking adequate remedial action.

9. *Remission of wharfage and demurrage charges.*

The wharfage and demurrage charges remitted during the year were Rs. 3·20 crores against the total accrual of Rs. 12·68 crores. The amount remitted and percentage thereof to the total accrual (25·2 per cent.) were the highest since 1957-58.

10. *North Eastern Railway—Inefficient balances under suspense accounts.*

The Public Accounts Committee in their 53rd Report (Third Lok Sabha) observed that the effectiveness of measures already taken should be reviewed with a view to finding out what further steps should be taken to liquidate the old outstanding under suspense accounts and prevent heavy accumulation in future. It was noticed that on North Eastern Railway the position of suspense balances was still unsatisfactory as indicated below:—

- (i) The outstanding balances under "Stores-in-Transit—Coal" were not transferred periodically to Revenue—Miscellaneous Advance (Coal)/Stock Adjustment Account (Coal), as required under the extant rules and consequently a debit balance of Rs. 11·69 lakhs and a credit balance of Rs. 10·11 lakhs relating to the period from 1961-62 to 1965-66 had accumulated under the suspense heads. The credit balance is now proposed to be set off against the outstanding debit balance and adjustment of the net debit of Rs. 1·58 lakhs is under consideration of the Ministry of Railways.
- (ii) At the end of March, 1955, a difference of Rs. 68·04 lakhs between the Coal priced ledgers and the General books remained unreconciled. Out of this difference, an amount of Rs. 45·15 lakhs was adjusted in February, 1959 and July, 1960, whereas an amount of Rs. 3·93 lakhs was cleared by write off. The difference of Rs. 18·96 lakhs still remains to be located and adjusted.

### 11. *Ex-gratia pension to Railway employees not governed by Pension Scheme.*

Railway employees governed by the Indian Railway Contributory Provident Fund Scheme are not entitled to pension and their contributions, along with the contributions of the Railways, are paid to such employees on retirement in full and final settlement of their accounts. However, the Ministry of Railways decided to grant, with effect from 1st January, 1967, *ex-gratia* pensions ranging from Rs. 15.00 to Rs. 22.50 per mensem to those employees who retired prior to 1st April, 1957, after completing 20 years of continuous service on pay upto Rs. 500 per mensem. This was done on the analogy of *ad hoc* increase in pensions granted from time to time to civil pensioners to compensate for increase in cost of living. The financial effect of these payments is expected to be about Rs. 4.5 crores spread over a period of 3 to 4 years.

### 12. *Accumulation of scrap on Railways.*

In para 12 of the Audit Report, Railways, 1963, it was reported that, over the years 1957-58 to 1961-62, there had been a steady increase in the percentage of the value of surplus stores to that of total stores balances. The Ministry of Railways (Railway Board) had then explained that in the case of some of the Railways, surplus stores included ferrous scrap which could not be disposed of because of a ban imposed on their disposal, and that the position was likely to improve on account of the lifting of the ban, decontrol of certain categories of ferrous scrap and large demand for such scrap for defence purposes.

The position of accumulation of scrap on Railways did not appreciably improve despite the removal of restrictions on disposal of ferrous scrap in November, 1962. The scrap at the end of the year under review was valued at Rs. 10.81 crores or 8 per cent. of the Stores balance of Rs. 135 crores.

| At the end of Year | Total Stores Balance | Value of scrap |         |       | Percentage of scrap to total stores balance |
|--------------------|----------------------|----------------|---------|-------|---|
|                    |                      | Ordinary       | Surplus | Total |   |
| 1960-61            | 85                   | @              | @       | 6.23  | 7.3   |
| 1961-62            | 85                   | @              | @       | 7.16  | 8.4   |
| 1962-63            | 102                  | 4.40           | 3.34    | 7.74  | 7.6   |
| 1963-64            | 126                  | 5.03           | 3.42    | 8.45  | 6.7   |
| 1964-65            | 147                  | 5.61           | 2.73    | 8.34  | 5.7   |
| 1965-66            | 134                  | 5.91           | 3.47    | 9.38  | 7.0   |
| 1966-67            | 135                  | 7.13           | 3.68    | 10.81 | 8.0   |

@Break-up not available.



## CHAPTER II

### Losses, Nugatory Expenditure, Financial Irregularities and Other Topics of Interest

#### INTRODUCTORY

13. This chapter deals with certain financial irregularities noticed in the course of audit of the accounts for the year 1966-67. It includes a few irregularities pertaining to earlier years which could not be dealt with in previous Reports. Certain matters relating to the period subsequent to the year 1966-67 noticed during concurrent audit have also been included, wherever considered necessary.

#### PURCHASES AND STORES

##### TRACK MATERIALS

14. *South Eastern Railway—Avoidable expenditure in the removal of I class rails from the main line.*

The Ministry of Railways (Railway Board) arranged for the import of 1,01,000 tonnes of I Class 90 lbs 'R' rails under two contracts concluded in September, 1960 and September, 1961, with a foreign firm. The rails received under the contract were consigned to the various Railways after the same were duly inspected by the Director General, India Supply Mission, London.

These rails were not to be inspected again after their receipt in India. However, since the relevant inspection certificates could not be produced before the Additional Commissioner for Railway Safety at the time of opening of the track on one of the sections of South Eastern Railway (which had received 20,020 tonnes) the rails were got retested. Rail pieces from three casts failed in the tests prescribed in the specifications (rails from two casts in the hammer test and rails from the third cast in the hammer test and the falling weight test).

According to specifications, in the event of such failure, additional tests of selected rails from the defective cast were to be carried out before all the rails from that cast could be rejected. The South Eastern Railway Administration, however, removed 1,974 numbers out of 2,312 numbers (1,295 tonnes) of the I Class rails from the three casts from the main line track and relaid 722 pieces in the sidings, without carrying out the additional tests, incurring an expenditure

of Rs. one lakh. Utilisation of these rails in sidings treating them as II Class rails meant a further loss of about Rs. 98 thousand.

No amount could be recovered from the suppliers since, in terms of the relevant contracts, the inspection of India Supply Mission, London was final and conclusive and rejections, if any, could be at sellers' works only.

The Ministry of Railways stated (October, 1967) that it was not possible to carry out the additional tests since there were no means of selecting rails for the additional tests in the manner specified. It was further stated that since there was no report from other Railways of any of these rails having failed in the track even after the expiry of guarantee period of 5 years, the India Supply Mission, London could not be held responsible for any lapse by way of improper inspection.

Apparently the action of the South Eastern Railway Administration in removing the rails involving an expenditure of Rs. 1.98 lakhs was not justified.

15. *Loss due to non-utilisation of ferrous scrap available with the Railways.*

In view of the shortage of pig iron the Ministry of Railways (Railway Board) had decided, while placing orders for Cast Iron Sleepers on private manufacturers for the year 1964-65, to restrict the use of pig iron to 75 per cent. of the weight of sleepers and use scrap to the extent of 25 per cent. The scrap was to be supplied free by the Railways and where Railway scrap was not available the private manufacturers were to use their own scrap for which a price of Rs. 400 per tonne was agreed upon. Orders for 1965-66 were also placed on the same basis.

At the time of placing the orders for 1964-65 the scrap available with the Railways for the purpose of manufacture of Cast Iron Sleepers was assessed at 30,000 tonnes. The Railway Board, however, placed orders for sleepers utilising only 22,187 tonnes and for the remaining sleepers 77,750 tonnes of manufacturers' scrap was utilised. However, the assessment of 30,000 tonnes was also incorrect as it did not take into account substantial quantities of scrap released from track renewals etc., lying with the engineering subordinates. Further, in response to a directive issued by the Railway Board in April, 1963, the Administrations were submitting to the Railway Board quarterly statements of ferrous scrap available with them, in order that the latter may keep a watch on the disposal of the scrap forming part of the stores balance of the Railways.

According to these statements the Grade I scrap available with the Railways as on 31st March, 1964, that is, prior to the placement of orders for 1964-65 was 36,821 tonnes.\* As substantial quantities of scrap were arising every year from the track renewal and other programmes undertaken by the Railways more sleepers could have been ordered with Railway scrap than was actually done.

The arisings of scrap during 1964-65 were 1,03,156 tonnes and the balance of Grade I scrap available with the Railways as on 31st March, 1965, that is, prior to the placement of orders for 1965-66, was 51,432 tonnes.\* But a quantity of only 27,000 tonnes was taken into account for placing the orders for 1965-66. The remaining sleepers were ordered with manufacturers' scrap. The position regarding the availability of more scrap than earlier assessed was brought to the notice of the Railway Board in the later half of 1965 by which time bulk of the orders for 1965-66 were finalised with manufacturers' scrap. However, the Railway Board could finalise the remaining orders with Railway scrap, thus utilising a total of 34,110 tonnes of scrap on orders placed upto 31st March, 1966.

As no fresh orders were proposed for the year 1966-67, instructions were issued to the Railways in September, 1966 to dispose of two thirds of scrap accumulations before December, 1966 in order to reduce the stores balance. The Grade I scrap available with the Railways as on 31st March, 1966 was 59,068 tonnes.\* About 34,000 tonnes of Railway scrap was then auctioned in 1966-67 at rates ranging between Rs. 219 and Rs. 270 per tonne. Even after adding the freight charges at Public Tariff rates which the Railways have to bear in delivering the scrap to the foundries from the scrap depots, the sale value would have been between Rs. 230 and Rs. 330, that is much less than Rs. 400 per tonne which the Railways had to pay for manufacturers' scrap. The total quantity of manufacturers' scrap paid for at the rate of Rs. 400 per tonne against 1965-66 contracts was 27,400 tonnes. The scrap available with the Railways as on 31st March, 1967, that is, after the auction of the above quantity, was 60,811 tonnes.\*

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\*The balances do not take into account the scrap with the engineering subordinates of the Railways as the relevant figures are not available. If the quantities pertaining to the Central Railway, which are available, are included the balances would be as follows:—

|           |               |
|-----------|---------------|
| As on     |               |
| 31-3-1964 | 42,596 tonnes |
| 31-3-1965 | 57,082 "      |
| 31-3-1966 | 65,868 "      |
| 31-3-1967 | 73,451 "      |

Thus, on account of the failure to properly take into account the scrap available with the Railways, scrap which could have been utilised in the manufacture of sleepers was actually sold subsequently at rates lower than those paid to the private manufacturers for their scrap entailing an estimated loss of more than Rs. 10 lakhs. The loss would work out to a higher figure if the scrap available with the engineering subordinates is taken into account.

The Ministry of Railways (Railway Board) explained (February, 1968) that the scrap available as on 31st March of any year could not be taken as being available for issue against sleeper contracts of the ensuing year as 30 to 40 thousand tonnes should be reserved as a minimum for issue to the Railway Workshops. It was further explained that the arisings during the course of the year would normally be available after the monsoon.

#### 16. *Procurement of steel trough sleepers.*

A sleeper plant was erected at the Hindustan Steel Ltd., Durgapur in 1961 to meet the requirements of B. G. steel trough sleepers of the Railways to be used on tracks laid with 90 lbs. and 105 lbs. rails. A total of 27.27 lakh sleepers (2.08 lakh tonnes) were supplied to the Railways from 1961-62 to 1966-67.

The plan, layout, equipment etc., of the plant were finalised in consultation with the Ministry of Railways (Railway Board). However, sleepers supplied by the Steel Plant contained defects and deviations from permissible tolerances given in the specifications. The main defects and deviations were (i) depression formed from the impression of the punching dies which reduced the bearing area of the rail seat and the key drive, (ii) burrs around the holes, and (iii) verticality of the punched holes. These defects were attributed to the sleeper press and the design of dies adopted by the Plant as also due to the process of producing sleepers by simultaneous forming and punching.

The process and the equipment have not so far been modified/changed although the Ministry of Steel, Mines and Metals stated (December, 1967) that action had been taken (i) to minimise die depression and (ii) remove the burrs by rigorous chipping and filing. It was, however, stated that the verticality of the punched holes insisted by the Railways could not be achieved in all cases. The Ministry further stated that the Plant was put into two shifts operation from August, 1966 because of "inspection difficulties".

In the opinion of the Research, Designs and Standards Organisation of the Railways, these defects increased the chances of the keys (which hold the rails on the sleepers) getting loose and drop-

ping out under moving trains. It was, however, decided to relax the specifications and accept the sleepers as a temporary measure (initially upto June, 1962 and later upto December, 1963) in the overall interest of the country.

Although the date for accepting the sleepers not conforming to the standards was not relaxed beyond 31st December, 1963, large quantities of defective sleepers were received by the Railways even subsequently and a report to this effect was received by the Railway Board in September, 1965 from the General Manager, Northern Railway. A joint investigation into the defects was conducted in April, 1966 by the representatives of the Railways, Director General, Supplies and Disposals and the Steel Plant and thereupon the inspection of sleepers on behalf of the Railways was tightened.

The Ministry of Railways (Railway Board) directed the Railway Administrations in June, 1966 (nine months after the report from Northern Railway) to segregate the defective sleepers and hold the payment made therefor provisional, enclosing copies of the report received from the Northern Railway as also the joint note of investigation. Consequently 2.94 lakh sleepers received in 1965-66 and 1966-67 were kept segregated. These represented about 23 per cent. of the 12.64 lakh sleepers received during the two years. The value of the segregated sleepers was Rs. 1.6 crores.

Meanwhile, in August, 1967, the Ministry had instructed the construction organisation of the Northern Railway Administration that 5,885 sleepers out of a total of 24,998 sleepers segregated as defective by them should be paid for at the rate of only 75 per cent of the full contract price and the balance 19,113 sleepers at 90 per cent. of the full contract price.

The matter was taken up in Audit in July, 1967. The Ministry of Railways conducted a detailed examination in October, 1967 and came to the conclusion that the sleepers were classified by the Railways as defective after "only a very cursory inspection" and that some of the defects were minor. They, therefore, instructed the Administrations to have these sleepers properly inspected with a view to finding out what quantity could be classified as first class and used without restrictions on main lines. If after this inspection some sleepers were still considered to be below specification, the Railways were instructed to lay them in track in one or more convenient lengths and keep a watch over them for a period of one year in the first instance.

The Ministry of Railways (Railway Board) stated (February, 1968) that the position regarding the actual quantity of defective sleepers.

is expected to be available by the second quarter of 1968 as a result of the instructions issued in October, 1967.

17. *Non-utilisation of fish plates imported at higher rates.*

Global tenders were invited in June, 1962 for the import of 12,500 tonnes of fish plates of 105 lbs., 90 lbs. and 60 lbs. sections as the requirement was considered very urgent since the rails for various track renewal and other works to be completed by 1962-63 were either already received or expected to be received during 1962-63 and the indigenous production was not considered adequate.

The lowest offer received in response to the global tenders was from a Japanese firm for Rs. 916 per tonne (landed cost) which was comparable to the indigenous rate of Rs. 912 per tonne. This offer could not, however, be availed of owing to non-availability of 'Yen' credit. As finance from U.S. non-project loan alone was then available, an order for the import of 12,500 tonnes was placed in November, 1962, on the only U.S. firm who responded to the global tender, at a high rate of Rs. 1,330 per tonne (landed cost). No reassessment of requirements with a view to restricting the quantity was made. Import of another 4,000 tonnes was, however, subsequently arranged with the same Japanese firm in August, 1963 when 'Yen' credit became available at the same rate of Rs. 916 per tonne. Full supply from the U.S. firm materialised by June, 1963 and that from the Japanese firm by March, 1964.

At the time of arranging the imports the requirements of fish plates were assessed at 32,509 tonnes on the basis of 9.29 lakh tonnes of rails already received or expected to be received during 1962-63. Out of the 9.29 lakh tonnes of rails planned 8.80 lakh tonnes of rails were actually received by September, 1963 (the receipts upto March, 1963 being 8.03 lakh tonnes).

Thus, while almost the full quantity of rails were received by the time the imported fish plates arrived, the fish plates were not fully utilised. During 1963-64 only a quantity of 7,702 tonnes of fish plates out of 12,625 tonnes actually received from the U.S. firm was utilised. A further quantity of 2,367 tonnes was utilised in 1964-65 leaving a balance of 2,556 tonnes to be utilised subsequently.

The non-utilisation of fish plates was partly due to underassessment of the indigenous capacity for production. In order to step up the indigenous production of fish plates the Ministry of Railways and the Iron and Steel Controller had arranged for the import of 22,000 tonnes of fish plate quality billets for being supplied to the indigenous re-rollers. These billets were also actually received by October, 1962. However, while assessing the capacity of indigenous

production, a receipt of only 7,032 tonnes of fish plates during 1962-63 was taken into account. The actual receipts from indigenous production during 1962-63 was 10,405 or 3,373 tonnes more than anticipated.

The import of fish plates from the U.S. firm could have been restricted to the quantity that was immediately required by 1963-64, and the balance arranged through imports from the Japanese firm when 'Yen' credit became available. Even a curtailment of 2,556 tonnes (the quantity of fish plates remaining unutilised by the end of 1964-65) in the import would have avoided an extra expenditure of Rs. 10.6 lakhs apart from saving foreign exchange to the extent of Rs. 26 lakhs.

The Ministry of Railways stated (February, 1968) that since it was not known at the time of placement of contract on the U.S. firm as to whether 'Yen' credit would be available subsequently during the course of next year, the entire requirement of 12,500 tonnes had been placed on the U.S. firm and the question of reassessment of requirements did not arise.

The Ministry further stated that the entire quantity of imported fish plates could not be utilised in view of more indigenous production than expected and less receipt of rails.

#### ROLLING STOCK AND COMPONENTS

##### 18. *Avoidable expenditure on purchase of M. G. bogie Petrol Tank Wagons.*

In October, 1961, the Ministry of Railways (Railway Board) placed an order on a firm for the manufacture of 100 MG bogie petrol tank wagons at the rate of Rs. 26,000 each to be supplied by 30th June, 1963. In August and September, 1963 the firm represented for cancellation of the order as it had been incurring heavy losses due to difficulties in the procurement of steel castings. The firm also represented that the excess steel be utilised against other wagon orders. The offer was, however, not accepted in view of the traffic requirements.

In December, 1964, in the context of the considerable shortage in B. G. tank wagon fleet and of M. G. tank wagons becoming surplus due to commissioning of pipelines, it was suggested by the Oil Companies that the cancellation of the order for 100 M.G. tank wagons and the possibility of the firm taking up manufacture of B. G. tank wagons in lieu might be considered. However, the Ministry of Railways rejected this suggestion in January, 1965, although the Ministry were at the same time, considering the problem of finding out means of utilising about 400 M. G. tank wagons rendered surplus consequent

on the commissioning of pipelines for petroleum products between Gauhati and Siliguri.

In March, 1965, it was ascertained that the firm had not commenced any work on this order and that it was still hoping to get the order either cancelled or modified. In July, 1965, the firm reiterated that they had been awarded various types of wagon orders and requested for cancellation of the order for these 100 wagons and furnished statements indicating the details of the raw materials and components which could be used against other wagon orders and which could not be so used. The firm also accepted responsibility for any material received by them beyond the quantities shown in the statements. The order was, however, not cancelled even at that stage.

Meanwhile, with a view to utilising the surplus M. G. tank wagons the Ministry of Railways (Railway Board) issued orders as early as March, 1965 for transport of POL traffic (both dangerous and non-dangerous) in bulk, in tank wagons from Gauhati, New Jalpaiguri and Barauni to Shakurbasti by the longer all M.G. route, freight charges being levied at special rates equal to normal tariff rates for the distance by all M.G. route minus 120 Kms. All Metre Gauge movement involves 1,406 Kms. from Barauni to Delhi area as against Broad Gauge movement of 1,165 Kms. Taking into account the extra freight earned by charging for additional distance and the additional haulage cost over the longer route the net loss incurred by the Railways in the movement of 34,175 tonnes of POL traffic over all M. G. route from 1st April, 1965 to 31st October, 1965 was Rs. 3.72 lakhs. The recurring loss per annum thus works out to Rs. 6.38 lakhs. (The above freight concession was extended to POL traffic moving to Palam with effect from 1st August, 1967).

An assessment made by the Railway Board in April, 1967 revealed that as against the fleet of 4,132 tank wagons as on 1st April, 1967 the requirement of M. G. tank wagons would be only 3,500 on the basis of targets proposed for turn-round of wagons.

Thus, on the one hand the Railways are incurring a loss in utilising the surplus M. G. tank wagons and on the other proceeding with the procurement of more M. G. tank wagons at a cost of about Rs. 26 lakhs.

The Ministry of Railways (Railway Board) explained (January, 1968) that the cancellation of the order would have meant an extra expenditure of Rs. 2 lakhs in the handling and freight charges in the utilisation of the materials procured by the firm and in the wastage involved in such utilisation. It was also explained that the turn-round anticipated in April, 1967 failed to material-



and repaint the surfaces at suitable intervals involving extra efforts and additional expense.

It has so far been established that a quantity of 12,215 tonnes of steel sheets have been received with deficient copper content. The rates at which these sheets and plates were purchased varied from 89 dollars per tonne to 139 dollars per tonne. The question of compensation from the firm is stated to be under negotiation.

20. *North Eastern and Central Railways—Injudicious procurement of axle boxes.*

Instances have come to notice where stores were procured without due regard to changes in the specifications resulting in non-utilisation of stores over long periods.

*North Eastern Railway.*

Indents were placed in November, 1953 and September, 1955 for the procurement of 6,090 and 2,100 axle boxes respectively although due to change in the specification of the journal to new Indian Railway Standards the consumption of these non-IRS axle boxes had sharply come down. The consumption in 1954-55 was only 2,909 against a consumption of 5,618 in 1952-53. A total of 7,990 axle boxes were received by the Administration between May, 1956 and January, 1958 against these indents, but only 706 axle boxes could be utilised till 1961, when it was decided to change the specification of the journal in the metre gauge brake-vans specifically with a view to utilising these surplus axle boxes. However, only 3,118 axle boxes could be used by the end of July, 1967, leaving a balance of 4,166 axle boxes valued at Rs. 3.21 lakhs.

*Central Railway.*

Out of 494 axle boxes procured in 1957 for the old type E.M.U. coaches which were replaced by new coaches fitted with roller bearings, only 88 axle boxes could be utilised till May, 1965. The value of the remaining 406 axle boxes was Rs. 52 thousand, but a Survey Committee, which recommended their scrapping, placed the scrap value at Rs. 2,040 only.

21. *Northern Railway—Import of incorrect loco steel tyres.*

The Railway Administration imported 145 steel tyres in November, 1962 at a cost of Rs. 67 thousand for use on their M.G. locomotives. It was realised in January, 1965, that because of an incorrect indent placed by the Controller of Stores, the tyres received were not of the type actually required. Only 54 tyres could be used till November, 1967, leaving a balance of 91 tyres five years after the

procurement. The Administration expect to utilise the remaining tyres within the next 5 to 7 years.

Responsibility for placing the incorrect indent has not so far (December, 1967) been fixed.

#### OTHER STORES

#### 22. *Southern, Northern and North Eastern Railways—Procurement of aluminium cables.*

In September, 1963, the policy of the Government on substitution of aluminium for copper in the cable industry was outlined in a letter issued by the Ministry of Industry to various firms manufacturing cables. This was followed by another circular letter by the Director General, Technical Development in November, 1963 stating that all cables except a few specialised requirements should be manufactured in aluminium instead of copper by October, 1964.

The Ministry of Railways, however, took up the matter with the Director General, Technical Development in December, 1963 stating that Railway signalling cables would necessarily have to be of copper until exhaustive studies in regard to use of aluminium for copper were made. The Director General, Technical Development had, accordingly, permitted a Bombay firm and two Calcutta firms in May, 1964, to continue the manufacture of Railway signalling cables with copper.

However, some Railway Administrations procured aluminium cables which could not be utilised.

#### *Southern Railway.*

Against the indent for multi-stranded signalling cables with copper conductors (two sizes) placed by the Southern Railway Administration in March, 1964, the Director General, Supplies and Disposals advised in April, 1964 that cables of one of the sizes could be manufactured only in aluminium. This was accepted by the Administration in May, 1964, contrary to the existing specifications for the cables. Orders for 6,00,000 metres of this size were, therefore, placed in September, 1964 on four firms. Three of the firms did not get the exemption referred to above, the quantity ordered on the fourth firm being negligible.

An attempt to cancel the indent was made only in February, 1965, as a result of which a small quantity of 34,500 metres could be cancelled. The balance quantity of 5,65,500 metres costing Rs. 3.64 lakhs were received between January and July, 1965.

The Administration stated (February, 1968) that the cables though not suitable for low voltage signalling could be used in power supply circuits and high voltage feeds and would be used in due course. The stock in January, 1968 was stated to be 1,54,250 metres, the balance quantities having been issued to the Signal and Electrical Departments or transferred to other Railways.

*Northern Railway.*

The Northern Railway Administration placed an indent for the supply of signalling cables with copper conductors on the Director General, Supplies and Disposals in October, 1964 but the latter placed an order in April, 1965 for the supply of 2,99,400 metres of cables with aluminium conductors at a value of Rs. 1.17 lakhs. The material was received in June-July, 1965, but the change of specification was noticed only in August, 1965, on receipt of a report from one of the consumers. On the advice of the Signal Department that the circuit carrying capacity of cables with aluminium and copper conductors were the same, the Administration decided, in December, 1965, to accept the supplies. It was only in March, 1966, that is, almost a year after the order was placed on the firm, that the Administration addressed the Director General, Supplies and Disposals enquiring how the specification in the indent had been changed without informing the Railway. Meanwhile, instructions were issued by the Administration in March, 1967, on the advice of the Signal Department again, that the cables with aluminium conductors were not to be used in railway signalling circuits connected to train operation. The Administration stated (February, 1968) that 33,000 metres were utilised in circuits not connected with train operation and for other electrical works.

*North Eastern Railway.*

Against the indents placed by the Administration for the supply of train lighting cables with copper conductor of a particular size, required for coach wiring, the Director General, Supplies and Disposals offered supply of cables with aluminium conductor of a different size. As the offer was accepted by the Administration the Director General, Supplies and Disposals placed orders for the cables and a total quantity of 19,300 metres of such cables valued at Rs. 70 thousand was received on the Railway between February and June, 1965. The Administration stated (February, 1968) that about 8,300 metres of cables were in stock in December, 1967.

23. *Western Railway—Loss of H.S.D. oil due to seepage.*

High speed diesel oil for fuelling diesel locomotives was being stored in concrete tanks at Bandra shed from the year 1947-48. Due

to heavy seepage noticed in 1960 two mild steel tanks were ordered to be transferred from another station in June, 1961. In April, 1962 it was decided to shift only one tank which was received in October, 1963, but was erected only in January, 1967. The tank is expected to be commissioned when the flow meters are received.

Meanwhile, an estimated 93 kilolitres of oil costing about Rs. 58 thousand is reported to have been lost due to seepage in the years 1964-65 to 1966-67.

The Administration stated that part of the losses were attributable to handling, retail issues etc., and the exact quantum of loss due to seepage could not be assessed.

### WORKS EXPENDITURE

#### 24. *Western Railway—Defective construction of prestressed concrete girders.*

In the Godhra—Ratlam doubling Project, 20 bridges were constructed with prestressed concrete girder spans. The manufacture, supply and erection of the girders (37 spans in all) was entrusted to a contractor at a cost of Rs. 8.86 lakhs. The contractor was also responsible for the supply of the design calculations and the working drawings. The bridges were opened for goods traffic from October, 1958 to April, 1960 and to passenger traffic from October, 1959 to May, 1960.

Certain damages to girder ends were noticed in two of the bridges at Hadap and Panam (14 spans in all) in March, 1962 and February, 1963. Immediately speed restrictions of 3 to 10 Kmph were imposed on both the bridges. Detailed investigations revealed that the damage was attributable to (i) absence of full contact at the girder seat/bearing plate contact surface, (ii) incorrect seating of bed plates on the bed blocks, (iii) use of softer type of coarse aggregate at or near the surface, (iv) inadequately repaired girder ends where damage had occurred during erection of the spans and (v) inadequate cover over reinforcement bars. A detailed inspection of all the prestressed concrete girders revealed that the defect in regard to the improper seating of the girders on the bearing plates was found in almost all the girder ends. Speed restrictions ranging from 'Deadstop' and 8 Kmph to 50 Kmph were thereafter imposed on 13 other bridges in 1962-63.

In order to remedy the defects it was considered necessary by the technical experts to replace the steel bearings by elastomeric bearing pads, besides attending to some repairs immediately. While

the repairs had cost about Rs. 3 thousand, the provision of elastomeric pads for one bridge (for two girders) had cost Rs. 31 thousand.

While the speed restrictions on the bridge provided with the bearing pads and 8 other bridges had been progressively relaxed upto 75 Kmph and upto 50 Kmph in the case of two other bridges, the speed is still limited to 8 to 10 Kmph on the Panam and Hadap bridges (5½ years after the defects came to notice) thus affecting the passage of trains on the important Bombay—Delhi main line.

Similar defects were also noticed on the girders constructed by the same firm for 3 bridges (17 girders) in the Indore-Dewas-Ujjain construction, while on 22 girders constructed, also by the same firm, in Bhildi-Raniwara construction, longitudinal haircracks were noticed even at the time of their opening in April, 1958. The firm went into voluntary liquidation in 1962.

The Administration stated (October, 1967) that the defects in the girders for Godhra-Ratlam doubling were attributable to certain design defects and that there was no lack of supervision. The designs were, however, checked and approved by the Railway Administration and the Research and Designs Organisation of the Railways, before the construction. Further, the defects arising from launching of girders and the use of softer aggregates could have been prevented with adequate supervision.

25. *Western Railway—Failure of a contractor in Guna-Maksi Construction Project.*

The proposed new line between Guna and Maksi was divided into six sections and tenders were invited for the earthwork and construction of bridges in June, 1962. A New Delhi firm were the lowest tenderers for both earthwork and bridge work in two of the sections. Though the firm was not on the approved list of the contractors of the Railway, the contracts were awarded to the firm at an aggregate cost of Rs. 44.75 lakhs on verification of their financial soundness and considering their experience in developing some housing colonies in New Delhi.

The firm, however, failed in all the four contracts after carrying out work valued at Rs. 10.32 lakhs. The contracts were thereupon rescinded in May, 1965 and fresh contracts were awarded at higher rates to complete the remaining work at the risk and cost of the firm. The approximate extra cost to the Administration came to Rs. 19.47 lakhs against which the Administration had withheld security deposit and dues totalling Rs. 1.89 lakhs. Six guarantee bonds

for Rs. 1.04 lakhs were, however, not renewed in time and the Administration had lost the opportunity of withholding that amount. No other Railway or Government Department had awarded contracts to this firm.

In order to discourage big contractors from obtaining large contracts and working as middlemen by employing intermediaries and petty contractors for the actual work and in order to encourage smaller contractors locally available thereby ensuring better competitive rates, the Ministry of Railways (Railway Board) had suggested in August, 1959 and November, 1960 that, as far as practicable, the contracts for earthwork in doublings and new constructions should be limited to a value between Rs. 50 thousand and Rs. 1 lakh. The division of the work into six sections, the earthwork in each of which was estimated to cost between Rs. 6.2 lakhs and Rs. 13.3 lakhs, and the award of earthwork contracts for two of the sections at an aggregate estimated cost of Rs. 22.4 lakhs to one contractor were not in consonance with the above suggestion.

25. *Northern Railway—Avoidable extra expenditure in the construction of gang quarters.*

A contract for the construction of 19 gang quarters in Lucknow-Sultanpur-Zafraabad section of Lucknow Division at an estimated cost of Rs. 1.9 lakhs was awarded in May, 1959 stipulating completion by the 30th September, 1960. The accepted rates were 40 per cent. and 24.5 per cent. above the Schedule of Rates for wood work and other items respectively. In spite of the grant of two extensions (first upto 30th June, 1961 and then upto 31st December, 1961) the contractor could complete only 9 gang quarters mainly due to difficulties in procurement of bricks. His request for further extension upto 30th June, 1962 was not accepted, but no notice for termination of the contract was served on him.

Fresh tenders for the remaining work were invited in January, 1962, but, as the rates offered were very high, tenders were reinvited, after a lapse of 10 months, in November, 1962. The original contractor was also asked in February, 1963, to intimate his willingness to complete the work at the rates already tendered by him. The contractor in reply requested for increase in rates, change in the site of some of the quarters, change in specification from surkhi to cement and extension for completion of work upto 31st December, 1964. A fresh contract with another contractor was finalised on the 27th May, 1963, after negotiations, at 95 per cent. and 68 per cent. above the Schedule of Rates for wood work and other items of work respectively, though, meanwhile, the existing contractor had delivered a letter, on 25th May, 1963, indicating his willingness to complete the remaining job

at his original rates. It may be mentioned that the new contractor was allowed change in the site of 3 quarters and to use cement in place of surkhi.

In June, 1963, when the Railway Administration informed the original contractor about his liability for extra expenditure likely to be incurred in getting the work completed, he demanded arbitration. The arbitrator was appointed in September, 1964. Against Railway Administration's claim of Rs. 42,978 on account of extra expenditure the contractor demanded full and final settlement of his contract on payment of Rs. 38,033 and disputed Railway Administration's claims for the payment on the grounds of inordinate delay in the finalisation of the tenders for getting the remaining work done by another agency, failure of the Administration in not terminating the contract before letting out a new contract and his willingness to complete the work at the old rates. The arbitrator set aside the Railway's claims and awarded payment of a sum of Rs. 34,975 to the contractor in full and final settlement of all the claims.

The Administration stated (August, 1967) that a letter addressed to the old contractor on 30th November, 1961, refusing extension of time upto 30th June, 1962, constituted a notice of termination. Since the Administration themselves had again asked the contractor in February, 1963 to intimate his willingness to complete the work, the letter dated 30th November, 1961 could not have been construed as a notice of termination.

If the earlier contract had been terminated with proper notice at the time of entering into a fresh contract, the Administration would have been on stronger grounds to press their claims for the recovery of extra expenditure amounting to Rs. 43 thousand.

#### *27. Central Railway—Non-occupation of gang quarters.*

On Diva-Panvel Section of the Railway (opened for traffic from December, 1964) 16 units gang quarters constructed at a cost of Rs. 50 thousand, out of a total of 27 units provided for the track maintenance staff, remained unoccupied since their construction in May, 1964. The other 11 units were occupied after a delay of 2 years and 5 months from September, 1966. There were thefts of fittings in the vacant quarters.

Similarly, on Panvel-Uran and Panvel-Apta Sections (opened for goods traffic from January, 1966 and April, 1966 respectively), out of 24 gang quarters, 16 units provided at an estimated cost of Rs. 68 thousand remained unoccupied since their construction. Only one unit is occupied by regular staff while 7 units were rented out to casual labour.

The Administration stated (October, 1967) that, on Diva-Panvel section, quarters remained unoccupied due to insecure living conditions in the area and, on the other two sections, the quarters remained unoccupied pending opening of the line for passenger traffic.

It may be mentioned that number of staff employed for maintenance of the track is the same for both goods and passenger traffic. Had due attention been paid to the necessity of the quarters and their location, the expenditure of Rs. 1.18 lakhs would not have become infructuous.

**23.** *South Eastern Railway—Additional facilities at Tatanagar and Adityapur yards.*

In order to deal with the additional traffic on account of TISCO's expansion programme for increased production of steel from three quarter million tons to two million tons per year by June, 1958, the South Eastern Railway Administration undertook a scheme, during the Second Five Year Plan, for providing additional facilities at Tatanagar and Adityapur yards, at an estimated cost of Rs. 2.23 crores. The abstract estimate sanctioned by the Ministry of Railways (Railway Board) in January, 1958 provided for 65 lakh cft. of earthwork assessed on a rough calculation. Based on actual survey undertaken subsequently a revised abstract estimate for Rs. 2.71 crores providing 167 lakh cft. of earthwork, including 66 lakh cft. required for regrading was sanctioned in October, 1961. During execution of the work, the plan was further revised providing a hump in the yard, extension of length of the lines in the Marshalling Yards etc., and a second revised abstract estimate for Rs. 4.45 crores providing 243 lakh cft. of earthwork was sent to the Ministry of Railways (Railway Board) in March, 1967.

The original abstract estimate of 1957, the revised abstract estimate of 1960, and the second revised abstract estimate sent to the Railway Board in March, 1967, were all prepared to deal with the same additional traffic resulting from the expansion programme of TISCO. There had been no increase in the traffic forecasts which necessitated revision of estimates from time to time. It is understood that TISCO have also no further expansion programme till 1972-73.

Further, according to the original plan the yard was to be regraded to 1 in 400 but 66 lakh cft. earthwork required for this regrading was omitted to be included in the original abstract estimate of 1957. This quantity was subsequently included in the first revised abstract estimate of 1960.



The first contract for 101 lakh cft. of earthwork was awarded to a contractor in July, 1958. He had executed about 86 lakh cft. of earthwork by the middle of 1959 and no further progress could be made due to non-availability of land. The Administration awarded fresh contracts from time to time to three other contractors at higher rates resulting in extra expenditure of Rs. 4.46 lakhs.

Thus, inadequate planning and inaccurate estimation of the physical requirements resulted in the cost of the work being almost doubled and the earthwork increasing by about 274 per cent.

The Ministry of Railways (Railway Board) to whom the second revised estimate was submitted in March, 1967, decided in October, 1967 that the scope of the work should be brought down to the extent possible.

## UTILISATION OF ASSETS

### LINE CAPACITY

#### 29. *Northeast Frontier Railway—Avoidable remodelling of yards at Siliguri and Alipurduar.*

The remodelling of Siliguri and Alipurduar yards was sanctioned in March, 1962, as part of the scheme for providing Centralised Traffic Control on Siliguri-Alipurduar-Chengsari section of the Northeast Frontier Railway. Although the two yards had just then been remodelled to cope with increased traffic needs, it was considered necessary to remodel them further to cater to the traffic level of 700 wagons (M.G.) per day east of Siliguri expected to be reached on completion of the Centralised Traffic Control. The level of traffic handled before the actual commencement of the remodelling was 413.7 wagons per day, the peak having been reached in March, 1963 at a level of 543 wagons.

In September, 1963, it was decided to shift part of Centralised Traffic Control Scheme to the North Eastern Railway and confine it to Bongaigaon-Chengsari section as, with the extension of B.G. line upto Bongaigaon and consequent diversion of traffic from Metre to Broad Gauge, the level of M.G. traffic was not expected to exceed 550/600 wagons per day. The Administration was instructed by the Railway Board even earlier, in June, 1963, to stop all further works connected with the C.T.C. as its transfer was under contemplation. Nevertheless, the remodelling of Alipurduar (commenced in May, 1963) and Siliguri (commenced in August, 1963), to deal with a level of 750 wagons per day, were proceeded with. Specific instructions of the Railway Board in August, 1964 to curtail the scope of the work to a level of 550/575 M.G. wagons per day had also been ignored

and the remodelling of Alipurduar and Siliguri yards was completed in March, 1964 and August, 1965 respectively.

Against the initial provision (January, 1963) of Rs. 43.20 lakhs the actual expenditure was Rs. 84.45 lakhs (Rs. 43.96 lakhs for Siliguri and Rs. 40.49 lakhs for Alipurduar), for which the Railway Board had accorded *post facto* sanction in August, 1966, no sanction to any estimate for these works having been given by them earlier.

The actual traffic handled in these yards was far below 750 wagons (MG) per day and the number of wagons dealt with after the completion of the Broad Gauge line in May, 1965 never exceeded 500 wagons per day. On the other hand, the average detention to wagons at Siliguri Junction (for which statistics are available) increased from 17.4 hours in 1963-64 to 22.6 hours in 1965-66 and 22.0 hours in 1966-67.

Thus, the failure of the Administration to take into account the known impact of the new Broad Gauge line on Metre Gauge traffic and to stop the subsidiary works when the principal work had already been transferred resulted in avoidable capital expenditure of Rs. 84.45 lakhs of which safety works on electrical and electro-mechanical signalling accounted for Rs. 21.12 lakhs.

The Administration stated (February, 1968) that the real test of traffic in the strategically vulnerable points would be during periods of emergency and the facilities should, therefore, not be considered on the liberal side. It may be mentioned that the number of wagons dealt with at Siliguri in September, 1965 was also less than 500 wagons per day.

### 30. *Northeast Frontier Railway—Avoidable provision of facilities at crossing stations.*

The construction of 258 Kms. of B.G. line upto Jogighopa was undertaken on priority basis in October, 1963 and was opened for goods traffic in May, 1965. It was decided in August, 1963 to provide crossing stations at every eight miles (12.8 Kms) upto New Bongaigaon. However, three crossing stations were provided beyond New Bongaigaon also, that is, between New Bongaigaon and Jogighopa (34 Kms.).

The three crossing stations were completed at a cost of Rs. 7.25 lakhs between September, 1964 and March, 1966. They were opened for traffic between April, 1966 and August, 1966 but were closed in November, 1966 as the traffic earnings were meagre.

The Administration stated (December, 1967) that the construction of the B.G. line was undertaken on top priority basis to meet defence needs and a traffic survey was neither called for nor undertaken. It may be stated that the construction of the stations commenced in September, 1964 and there was adequate time to ascertain traffic prospects at these stations.

The facilities provided included station buildings, platforms, approach roads and quarters for the track maintenance and traffic staff. Excluding the station buildings and quarters for track maintenance staff, the cost of avoidable facilities came to about Rs. 4 lakhs.

### 31. *Western Railway—Remodelling of station yard at Jaipur.*

Additional facilities for handling goods and parcel traffic were provided at Jaipur station at an approximate cost of Rs. 10.85 lakhs, as an all round rapid development of parcel and goods traffic was expected due to the increasing importance of Jaipur, being the capital of Rajasthan. It was anticipated that the parcel traffic would increase from 1400 maunds to 2800 maunds per day and goods traffic from 89 wagons to 164 wagons per day. The work was completed in February, 1963. The anticipated traffic did not, however, materialise and the traffic handled during 1965-66 was 895 maunds of parcels per day and 97 wagons of goods traffic per day showing a decrease in the parcels traffic and a marginal increase in goods traffic compared to the traffic handled prior to the undertaking of the work.

The parcel facilities included provision of 2 parcel sidings with platforms, each capable of holding 11 four wheeled parcel vans for inward and outward parcel traffic. The goods facilities included provision of a new covered goods shed with platform to deal with 50 wagons for inward goods traffic, a separate covered goods platform, capable of dealing with 18 wagons per day, for outward traffic, and a separate transshipment platform to deal with 16 wagons per day for transshipment purposes.

If the facilities had been created on a more realistic anticipation of the traffic needs, an expenditure of Rs. 3.25 lakhs could have been avoided.

### 32. *Western Railway—Premature doubling of Maksi—Ujjain Section.*

In order to cope up with the additional traffic of 3 trains expected to be moved on the new Guna-Maksi Line, it was decided to double the Maksi-Ujjain section (40.4 Kms.) of Ratlam Division at an estimated cost of Rs. 2.2 crores. This section had a capacity of 18 trains before the doubling was undertaken against the actual traffic of

11.5 trains. It was expected that by the end of the Third Plan, with the completion of the Guna-Maksi line, 21 trains would be required to be moved on the section. The actual number of trains moved in the peak season of 1965-66 was, however, only 14.6 trains, that is, less than the capacity available before doubling.

The Guna-Maksi line, the construction of which commenced in April, 1962, had been slowed down in view of the general shortfall in traffic coupled with financial stringency and is now expected to be completed only by October, 1969, the overall physical progress by the end of February, 1967 being only 46 per cent. The doubling of Maksi-Ujjain section was, however, completed and opened for goods traffic from March, 1964 to October, 1965 by stages. Thus, due to lack of synchronisation of the two connected works, additional capacity generated by the doubling of Maksi-Ujjain section at a cost of Rs. 2.2 crores remained unutilised.

The Administration stated (October, 1967) that the shortfall in traffic on this doubling was due to shortfall in coal production in the Central India Coal fields and Pench Chanda fields. Apparently the doubling work was proceeded with regardless of the progress towards targetted production in the above coal fields and the progress of Guna-Maksi line.

### 33. *South Eastern Railway—Delay in the utilisation of Kottavalasa—Bailadilla line.*

(a) The construction of a new Railway line from Bailadilla mines to Kottavalasa (448 Kms. in length) was undertaken on an urgency certificate in 1960, to provide annual transport of 4 million tonnes of iron ore commencing from 1966 for export to Japan under Indo-Japanese agreement. An abstract estimate amounting to Rs. 55.32 crores was sanctioned in 1962 and the Railway line was targetted for completion and opening for goods traffic in January, 1966.

In November, 1964, it was anticipated that the iron ore mine at Bailadilla would be commissioned only after October, 1966 and the traffic at the rate of 4 million tonnes per annum would materialise only in October, 1967. The target date for opening for goods traffic was accordingly revised to October, 1966.

While the line had been completed in January, 1967 and is being used for departmental traffic, movement of ore traffic commenced in May, 1967 and, upto December, 1967, only about 2.4 lakh tonnes were moved.

(b) A contract for providing Standard III interlocked signalling for this line was awarded in September, 1965. The work was to be completed by March, 1968. Meanwhile, the Administration undertook the provision of non-interlocked signalling at 28 stations between April, 1966 and November, 1966 at an estimated cost of Rs. 3.92 lakhs (out of which materials valued at Rs. 1.68 lakhs only were reclaimable) though it was quite clear even as early as November, 1964, that the expected traffic of 4 million tonnes was not likely to materialise before October, 1967. On a reference made to the Railway Board in July, 1966 the latter had directed the Administration in November, 1966 to expedite the completion of Standard III interlocked signalling as originally provided so that provision of non-interlocked signalling was avoided. The Administration had, however, already incurred an expenditure of Rs. 57 thousand in providing the interim arrangements at five stations, of which Rs. 22 thousand was stated to be recoverable with the introduction of full interlocking.

#### PLANT AND MACHINERY

#### 34. *Eastern, Southern, North Eastern and South Eastern Railways— Non-utilisation of tropenaz convertors.*

In May, 1957, the Ministry of Railways (Railway Board) decided to make suitable tropenaz steel ingots from scrap in the steel foundry at Ajmer and have them rerolled in the rerolling mill at Jamalpur. Accordingly, the Jamalpur Workshops obtained 136 tons of ingots from Ajmer Workshops between September, 1957 and March, 1959. On rerolling, the round ingots showed transverse cracks which were attributed to high sulphur and phosphorus contents. It was held that tropenaz (Bessemer) steel was not suitable for loco components or nuts and rivets but can be used for rerolling tie bar flats.

The Railway Board, however, directed all the Railways in July, 1961, to provide, in one of their workshops, a combination of a melting furnace and a rolling mill in order to utilize steel scrap arisings on the Railways to the maximum extent possible and to give experience to Railway engineers in steel conversion. In pursuance of this directive steps were taken by some Railways to set up tropenaz convertors in their workshops but these melting units remained unutilised because of unsatisfactory working of the plants.

### *Eastern Railway*

The convertor installed in Jamalpur workshop towards the end of 1960 at an expenditure of Rs. 78 thousand went into regular operation from May, 1962, and produced 399 tons of castings till March, 1965. From the very beginning the castings were of sub-standard quality owing to high sulphur and phosphorus contents. The working of this plant was stopped from April, 1965.

### *Southern Railway*

A 2 ton convertor and cupola was fabricated and erected in Perambur workshop at a cost of Rs. 2.62 lakhs. Though the blower was installed in July, 1966 the correct quality of steel could not be obtained until July, 1967. The convertor has not been put to use on production basis so far (February, 1968).

### *North Eastern Railway*

A 2 ton convertor and cupola was fabricated and erected in Izatnagar workshop in July, 1966 at an estimated cost of Rs. 35 thousand. Regular production was started from 24th September, 1966 but the percentage loss of metal was high due to heavy rejections and bad castings.

### *South Eastern Railway*

A 2 ton convertor and auxiliaries were transferred from Chittaranjan Locomotive Works and erected in Kharagpur workshop in May, 1965 at a total expenditure of Rs. 25 thousand. The tropenaz convertor was run intermittently on an experimental basis for a couple of months but since it was not possible to restrict the sulphur and phosphorus contents it was not considered advisable to continue production of sub-standard castings. The tropenaz convertor is at present lying idle in the workshop.

If a proper evaluation of the results of providing the units at Ajmer and Jamalpur had been done before deciding on the extension of the scheme to the other Railways, the expenditure of Rs. 3.22 lakhs incurred on Southern, North Eastern, and South Eastern Railways could have been avoided.

### 35. *Central Railway and Research, Designs & Standards Organisation—Utilisation of motor trollies manufactured in Railway Workshops.*

In order to develop capacity for the manufacture of motor trollies in Railway Workshops, the Ministry of Railways (Railway Board)

suggested to the Research, Designs and Standards Organisation in December, 1958 to carry out trials on motor trollies fitted with Royal Enfield 350 C.C. engines. The Research, Designs and Standards Organisation, however, considered the horse power of these engines too high for duties for which these motor trollies were being developed. The position was accepted by the Ministry of Railways in September, 1959 and an order for the manufacture of 100 motor trollies with 150 C.C. engines was placed on the Research, Designs and Standards Organisation in July, 1960. The delivery of trollies commenced from January, 1961.

These trollies were, however, found unsuitable on the graded sections and quite a number of them failed on such sections. Reports on the poor performance of the trollies started coming in from October, 1961 by which time 23 trollies were manufactured.

But, on the basis of instructions issued in May, 1961 to provide motor trollies to the Assistant Officers of the Civil Engineering and Signal Departments in place of push trollies, it was decided in June, 1962 that 300 motor trollies should be manufactured in Railway Workshops (37 by the Research, Designs and Standards Organisation, 60 by the Central Railway and 203 by the North Eastern Railway).

In October, 1962, however, the Railway Board decided that in view of the poor performance of the trollies, the engine should be replaced by a higher horse power engine. Notwithstanding these orders the Research, Designs and Standards Organisation continued to manufacture trollies fitted with 150 C.C. engines and by March, 1963, 100 trollies were manufactured at a cost of Rs. 3.5 lakhs against the estimated cost of Rs. 7.12 lakhs. Similarly, Central Railway completed the manufacture of 60 trollies in January, 1965 at a cost of Rs. 4 lakhs.

Subsequently, a revised design developed by the Research, Designs and Standards Organisation using a 395 C.C. engine, was approved and an order for the manufacture of 203 trollies was placed on North Eastern Railway in June, 1964.

If the engine of a higher power had been used, as initially suggested, and adequate field trials conducted before undertaking the manufacture on a large scale, bulk of the expenditure of Rs. 7.5 lakhs incurred on the manufacture of the trollies with 150 C.C. engine could have been avoided. Most of the trollies are lying idle with the Railways.

36. *North Eastern Railway—Non-installation and under-utilisation of cranes.*

(a) A crane costing Rs. 54 thousand procured for the Gorakhpur Stores Depot in July, 1957 is yet to be commissioned (December, 1967).

(b) In order to handle heavy lifts offered for transshipment at Garhara, two road mobile diesel cranes were purchased at a cost of Rs. 3.85 lakhs in October, 1964. Though the parts were assembled by January, 1965 the cranes could not be commissioned. It was decided in May, 1965 to operate the cranes limiting the load to be lifted to 50 per cent. of the capacity of each crane (10 tons). One of the cranes was accordingly commissioned but capsized while lifting a bundle of iron rods weighing about 3 tons as it had been operated incorrectly and the ground was unsuitable.

The other crane was commissioned in September, 1965 and was being operated with 50 per cent. of its capacity. After about 8 months' working its hoist motor got damaged in May, 1966 but was again brought into use by utilising the motor of the other crane. Even with the restricted capacity, the crane was operated in a stationary position and was shut down on a number of occasions.

(c) While examining the mechanisation of handling facilities at transshipment points the Ministry of Railways (Railway Board) decided to procure a crane similar to Taylor Jumbo Speed Crane for trial purposes with a view to ascertaining its efficacy in the transshipment work and directed the North Eastern Railway in April, 1963 to procure one such crane urgently for use in the Garhara transshipment yard. The Railway Administration purchased an imported crane costing Rs. 1.08 lakhs from an indigenous firm on single tender basis. The crane was received at Garhara in October, 1965 but was brought to Gorakhpur in November, 1965 for use in the goods shed at Gorakhpur. However, as the crane was fast moving it was considered dangerous to use it in the goods sheds and was, therefore, transferred to Gorakhpur Workshop in November, 1966 where it is now working for about six hours a week on an average.

37. *Northeast Frontier Railway—Under-utilisation of an adzing and boring machine.*

An adzing and boring machine for use in the sleeper treatment plant at Naharkatia was imported at a cost of Rs. one lakh. The receipt of the machine with accessories was completed in April, 1959, but the machine was installed only in December, 1961. It was



commissioned in February, 1962 but brought into use after trials and resetting of the machine only in August, 1962, that is, after a delay of over three years after receipt. Even after its delayed commissioning, the machine remained idle on a number of occasions for want of suitable type of augers (517 days) and due to mechanical failures, repairs and other reasons (203 days), that is, for about two years in a period of about 5 years.

The capacity of the machine was 180 numbers of sleepers per hour or 37,440 sleepers a month for eight hours shift a day. The actual output never exceeded 29,000 sleepers per month and in 27 out of 43 months during which it was in working order the output was less than half the capacity. Consequently, sleepers had to be adzed and bored through a contractor at a cost of about Rs. 26 thousand from August, 1962 to June, 1967. Besides, the cost of idle labour worked out to Rs. 25 thousand.

The under-utilisation of the machine was attributed to non-availability of imported augers, the quality of indigeneous augers being considered unsatisfactory.

38. *Loss due to delay in the installation and commissioning of weigh bridges.*

The non-utilisation of a weigh bridge purchased in 1956 for over five years on the Western Railway was commented upon in Para 22 of the Audit Report, Railways, 1964. The Public Accounts Committee in their 32nd Report (Third Lok Sabha) desired that the Ministry of Railways should take suitable steps to ensure that such abnormal delays in the utilisation of costly plant and machinery be avoided.

A review of the utilisation of weigh bridges revealed that 23 weigh bridges and one loco balancing machine purchased between March, 1956 and September, 1966 on seven zonal Railways at a total cost of Rs. 16 lakhs are lying idle (February, 1968).

Of these, 15 weigh bridges have not yet been installed for various reasons such as delay in erecting foundation by the Engineering Department, transfer of the weigh bridge from one station to another due to change in location, certain parts being found missing or damaged, delay in getting replacement of the missing and damaged parts and the refusal of the suppliers to supervise installation before settlement of certain disputes.

Of the weigh bridges not yet installed, 8 weigh bridges were purchased prior to January, 1962 on the North Eastern and North east Frontier Railways at a cost of Rs. 4.40 lakhs. (The location of

one of the weigh bridges on the North Eastern Railway is stated to be still under consideration).

The remaining eight weigh bridges and one loco balancing machine, which were installed after delays ranging from 2 to 4 years are lying unutilised for reasons such as inundation by sub-soil water, defective working, absence of components and non-inspection.

The non-utilisation of these machines resulted in avoidable payment of dividend to General Revenues amounting to Rs. 2.50 lakhs upto 1966-67 on the cost of the assets without deriving any fruit from the investment.

Besides, the non-utilisation of weigh bridges results in booking the wagons without weighment and entails loss of revenue due to under-invoicing as wagons may escape weighment *en route* also.

On the Northeast Frontier Railway, due to delay in the utilisation of weigh bridge at one of the stations, the wagons were being hauled to another station over an extra distance of six Kms. before the same were despatched to destination. The avoidable expenditure on this haulage was Rs. 2.03 lakhs from April, 1962 to June, 1967.

## OPERATION

### 39. South Central Railway—Loss of revenue due to non-weighment of timber wagons.

Four out of seven major timber booking stations on the B.G. and M.G. sections of South Central Railway do not have weighing facilities. The wagons booked from three out of these four stations are marked for weighment *en route* at Kazipet. In practice, however, only a few wagons are being weighed at Kazipet on account of inadequate capacity of the yard and other operational considerations. In the case of consignments which could not be weighed *en route* and even at the destination stations freight is collected only for the minimum chargeable weight of 150 quintals in the case of B.G. wagons and 110 quintals in the case of M.G. wagons.

A test check of wagons booked from the stations without weigh bridge facilities during the period of four months from October, 1966 to January, 1967 disclosed that 74 per cent. of B.G. wagons and 48 per cent. of M.G. wagons were loaded beyond the minimum

chargeable weights. The loss of revenue due to non-weightment was assessed at Rs. 8,179, that is, about 4.5 per cent. of the invoiced freight of Rs. 1.80 lakhs in respect of the wagons covered by the test check.

40. *Eastern Railway—Loss of revenue due to delay in the notification of change in routing of traffic.*

A short interchange link between Katrasgarh on the Eastern Railway and Malkera on the South Eastern Railway had been closed down for traffic from 6th September, 1960 and coal consignments were being routed through Gomoh and other stations for operational reasons, involving longer distance. This change in routing was, however, notified late and was given effect from 5th June, 1963. Due to this delay in notifying the change, the traffic from the Eastern Railway stations to South Eastern Railway and beyond, booked through the link but moved by the longer route, was undercharged during the period from 6th September, 1960 to 4th June, 1963. The loss involved on account of the undercharges in freight on public coal was estimated at Rs. 2.62 lakhs for outward traffic from Eastern Railway.

41. *Northeast Frontier Railway—Delay in the notification of increased carrying capacity.*

The axle load capacity between Badulipar and Jorhat which was earlier restricted to 8 tons per axle was raised to 10 tons per axle in March, 1964 on relaying the track with 50 lbs. 'R' rails. The carrying capacity per 4 wheeler wagon was accordingly raised from 10.20 tons to 14.20 tons. The sanction of the Additional Commissioner for Railway Safety for opening of the section to higher axle load was also received in April, 1964.

The Railway Administration, however, delayed the notification of the increase in carrying capacity between Jorhat Town and Jorhat till the publication of the working Time Table for October, 1965. The stations, therefore, continued to book goods and charge freight on the restricted carrying capacity of 10.20 tons, as against the available carrying capacity of 14.20 tons, during the period from May, 1964 to September, 1965.

In respect of stone traffic, which was to be charged on the basis of the carrying capacity of the wagons, prompt notification would have enabled the Administration to earn Rs. 32 thousand more during this period.

42. *Central Railway—Unproductive haulage of engines.*

From 1st April, 1965 the engines of Deluxe/Southern Express, homed at Jhansi shed, were working the Taj Express (up and down) for one day before returning to Jhansi. On dieselisation of Deluxe/Southern Express from 1st April, 1966, this engine link was broken. Instead of evolving a suitable alternative link from that date, the engines meant for Taj Express were run double headed with Punjab Mail between Jhansi and Agra (215 Kms.) on alternate days. This resulted in avoidable expenditure to the extent of Rs. 17,760 per month on running allowance to staff and the cost of fuel, water, tallow, oil and repairs.

After the matter was taken up in Audit in February, 1967, a combined link for Janata Express and Taj Express was introduced from 1st April, 1967 resulting in discontinuance of the double heading. The extra expenditure incurred on running the engines double headed from 1st April, 1966 to 31st March, 1967 was Rs. 2.13 lakhs.

The Railway Administration explained (February, 1968) that the combined link could be introduced only when the same became operationally feasible after the opening of the Delhi goods avoiding line in 1967 between Delhi and New Delhi. It may be mentioned that the number of train paths required between Delhi and New Delhi for this purpose remained the same before and after 1st April, 1967 and movement of light engines could have been arranged by double heading any other train between New Delhi and Delhi Jn. (4 Kms.).

43. *Eastern Railway—Delay in recovery of charges in respect of sidings.*

Para 27 of Audit Report (Railways), 1961 brought out the delay in the recovery of interest, maintenance and establishment charges from the siding holders on the Eastern and other Railways.

The outstandings on this account, however, continued to accumulate. On the Eastern Railway an amount of Rs. 56.85 lakhs was outstanding at the end of December, 1966. Out of this amount, Rs. 5.32 lakhs related to periods upto 1961-62. The arrears were particularly heavy in Sealdah, Asansol and Dhanbad Divisions of the Railway where the outstandings at the end of December, 1966, amounted to Rs. 11.93 lakhs, Rs. 20.25 lakhs and Rs. 20.15 lakhs respectively.

The balance at the end of June, 1967 (in a few cases to end of August, 1967) was stated to be Rs. 33.27 lakhs.

44. *Central Railway—Delay in recoveries from Defence authorities.*

Interest, maintenance and depreciation charges in respect of rolling stock built or exclusively reserved for Defence authorities are required to be recovered from them. After it was pointed out by Audit in February, 1963 that recoveries in respect of the year 1958-59 for 55 coaches were not made from the Defence authorities, the Railway Administration preferred a claim for Rs. 5.26 lakhs in July, 1965. This claim was rejected by the Defence authorities in September, 1965 as time-barred. Further claims by the Administration for a sum of Rs. 5.32 lakhs on account of 9 coaches and 172 wagons for various periods from 1958-59 to 1963-64, preferred in June, 1966 and April, 1967, were also similarly rejected as time-barred. At this stage under-recovery of Rs. 5.40 lakhs for the years 1953-54 to 1963-64 also came to light. Recovery of amounts aggregating to Rs. 15.98 lakhs thus remains to be settled.

The Railway Administration stated (February, 1968) that the question of recovery of these charges was being closely pursued by the Ministry of Railways with the Ministry of Defence, and that disciplinary proceedings against some staff were in progress.

### EXPENDITURE ON STAFF

45. *Central Railway—Avoidable expenditure on a scheme for prevention of thefts.*

The principal duty of the Railway Protection Force is the protection and safeguarding of Railway property. In Jhansi Loco Shed, homing about 142 engines, there were 72 men of the Force. The loco shed was protected by a boundary wall except for a few yards which was covered by barbed wire fencing and the Railway Protection Force staff were posted at each of the five entries into the shed.

Notwithstanding the posting of these Railway Protection Force men (at an annual cost of about Rs. 85 thousand) the authorities of the Jhansi Division introduced a scheme, with effect from 10th August, 1965, for eliminating thefts of costly fittings from locomotives, according to which one engine was to be entrusted to one shunter throughout the period of its homing and repairs in the shed. Accordingly, 32 running staff were put on this special duty round the clock in three shifts and the resultant vacancies were filled by chain promotion from lower categories, the vacancies in the lowest grade being filled by casual labour. Sanction of the competent authority for the employment of running staff in this manner was, however

not obtained. The scheme was given up after about a year, with effect from 27th August, 1966, without any recorded reason. The expenditure on the scheme was Rs. 46 thousand.

The Administration stated (January, 1968) that the *post facto* sanction of the competent authority had since been obtained and that the scheme was intended to ensure that engines were not handled by too many men. It may be stated that the multiple handling was not avoided as men were employed in shifts. Further, the thefts were not eliminated

46. *Southern Railway—Avoidable expenditure on Railway porters.*

The extant rules provide that sanctions to posts with a long period of currency as well as sanctions of a permanent nature should be reviewed periodically so that the sanctions may be revised if such a course is prompted by any event.

It was noticed in Audit in April, 1967 that, in respect of 16 stations, while employment of only 184 porters was justified on the basis of yard-sticks laid down by the Administration, the number actually employed was 411 involving an avoidable expenditure of about Rs. 3 lakhs per annum.

The Administration stated (December, 1967) that application of the yard-stick to individual stations had to take into account the layout of the station platform, the nature of the traffic etc., and hence the avoidable expenditure was not of the magnitude indicated. It was further stated that on a special review conducted on receipt of Audit observations for the 16 stations, 59 posts were surrendered and that a further review in respect of other stations was in progress. The avoidable expenditure in the operation of these 59 posts for the years 1965-66 and 1966-67 was Rs. 1.22 lakhs.

47. *South Eastern Railway—Avoidable expenditure on trollymen.*

A trolley allotted to an Assistant Block Maintenance Inspector of Bilaspur Division was sent for repairs in January, 1957 to the Engineering Workshops at Sini, where it was condemned in January, 1965. A new trolley was supplied to him in January, 1966. Although the official had no trolley for the nine intervening years, the full complement of four trollymen were continued in service at an approximate cost of Rs. 38 thousand apart from the cost of retirement benefits that would accrue to the incumbents for this period of their service.

The Administration stated (November, 1967) that the Inspector performed his normal trolley inspections during this period with trollies taken on loan from other officials and that the trollymen also

discharged other miscellaneous duties. The officials responsible were, however, censured.

48. *South Eastern and Northern Railways—Avoidable expenditure on staff employed on an experimental scheme.*

On the recommendations of an Officer appointed for introducing cost accounting system on Railways, the Ministry of Railways (Railway Board) issued instructions to five Zonal Railways between December, 1956 and February, 1957 to introduce the system of maintenance of engine-wise cost data and other subsidiary cost records for all classes of locomotives. Since the scheme was experimental, periodical reports on the cost data so collected were also called for. The Administrations were also instructed to advise the Railway Board of any difficulty in complying with their instructions.

On the South Eastern Railway, the scheme was implemented from August, 1957 by operating 15 posts of clerks sanctioned for varying periods between August, 1957 and February, 1966. Although monthly reports were being sent to the Railway Board neither the Administration nor the Railway Board specifically evaluated the usefulness of the scheme and the desirability of continuing it. After nearly 8 years, in June, 1965, the Administration informed the Railway Board that the main objective of the scheme, namely, control of the overhaul costs of locomotives was not achieved.

On the Northern Railway, the scheme was implemented from July, 1958 and 5 clerks were employed by October, 1959 but the scheme could not be implemented due to difficulties experienced in the booking of expenditure on stores. But no report was sent to the Railway Board. The latter did not also watch the receipt of such reports. A report was sent by the Administration only in March, 1964, that is, after operating the scheme for nearly six years.

The scheme had been implemented on Southern, Eastern and Western Railways, but, no additional staff were appointed.

The scheme was withdrawn in February, 1966. The Ministry of Railways (Railway Board) stated (February, 1968) that the scheme was withdrawn because control of labour cost was to be effected under incentive scheme.

The continuation of the experimental scheme for such long periods without a proper appraisal of the results thereof meant an avoidable expenditure of Rs. 2.97 lakhs.

## OTHER TOPICS OF INTEREST

### 49. *Central Railway—Loss due to short recovery of coal ashes.*

The residual droppings from coal consumed by the engines etc., are recovered and utilised for construction purposes and quantities surplus to the requirements of the Railways are sold to the public. An Expert Committee, which had gone into the question of coal consumption on Railways in 1958, had estimated that the quantity of coal ashes produced was about 22.5 per cent. of the total coal consumed.

A test check made in the Jhansi Division of the Central Railway revealed that the coal ashes collected were far below the percentage estimated by the Committee. The coal consumed by the Division was about 6 lakh tonnes in 1964-65 and 1965-66 from which about 1.35 lakh tonnes or 66 lakh cft. of ashes could have been collected in each year. Against this, only a quantity of 26 lakh cft. in 1964-65 and 27 lakh cft. in 1965-66 were collected by the Division.

Apart from the estimation of the Expert Committee, the quantities of coal ashes to be collected at each shed were fixed in 1963 on the basis of trials conducted by a Divisional Officer. A total of 57 lakh cft. were to be recovered in the Jhansi Division, in each year, according to these quantities.

The coal ashes actually collected and disposed of in the Division fetched rates ranging from Rs. 8.70 per hundred cft. to Rs. 67.50 per hundred cft. On the basis of these rates the loss suffered by the Railways due to short recovery of ashes with reference to the quantities fixed by the Divisional Officer was Rs. 10.36 lakhs in 1964-65 and another Rs. 9.65 lakhs in 1965-66.

The Administration stated (September, 1967) that the assessment made by the Divisional Officer was unrealistic as it did not allow for the differing yields on account of various imponderables such as type of coal, type of engine, load of train, etc. The total quantity fixed by the Officer for recovery was about 19 per cent. of the total coal consumed in the Division. The actual recovery worked out to less than 10 per cent. in each year.

### 50. *Northern Railway—Additional expenditure on the fitting of rubber tyres to platform trollies.*

With a view to avoiding noise, and damage to platform surface (the annual expenditure to repair which was assessed at Rs. 55 thousand) it was decided in August, 1962 to replace the iron wheels of



hand barrows (trollies) by rubber tyred wheels manufactured by a firm. On the basis of earlier trials under maximum load conditions, it was considered that the method of holding the tyre on the wheel centre as adopted by the firm was superior and did not allow the rubber tyre to get loose on the ring even under adverse stress conditions.

750 numbers of the wheels were procured from the firm at a cost of Rs. 34 thousand through three separate orders. In the second and third orders no provision was made for the inspection of the supplies before acceptance. In addition, 200 numbers were procured from another firm at a cost of Rs. 12 thousand. The supplies were received between October, 1962 and August, 1965, and put in use. But by March, 1965 the rubber tyres had gone off the wheels from at least 50 per cent. of the trollies.

The Administration stated (December, 1967) that rubber tyres got off the wheels due to non-observance of the limitations of load carrying capacity against the express decision to limit the loads.

At the time of taking a decision on the use of rubber cushion tyred wheels it was considered necessary to limit the loads so as to ensure good functioning of the trollies. The carrying capacity of the barrows fitted with rubber cushion tyred wheels was thus limited to 8 maunds when worked by 2 luggage porters and 12 maunds when worked by 4 porters as against 20 to 22 maunds carried by iron wheeled trollies worked by 2 porters. Consequently 75 additional porters were engaged at an annual cost of about Rs. 63 thousand.

Thus, in spite of the engagement of full complement of additional porters found necessary due to reduction in the carrying capacity of the barrows, the Administration failed to ensure that the load restrictions on the new type of barrows were strictly adhered to. As 50 per cent. of the trollies plied without rubber tyres, to that extent, the object of the additional expenditure, namely, elimination of noise and damage to the platform surface was not achieved.

51. *Eastern Railway—Excess payment of municipal taxes.*

The Administration acquired a company-managed Railway with effect from 1st April, 1957 with several holdings within the jurisdiction of Calcutta South Suburban Municipality. The holdings were valued for the quinquennials ended 31st March, 1958 and 31st March, 1963 at Rs. 22,770 and Rs. 38,820 respectively for the purpose of recovery of municipal taxes.

However, in a resolution adopted by the Municipality in January, 1962, all the holdings were amalgamated and were revalued at Rs. 1,76,400 on consideration of general appreciation of value of land and structures. The increase in the municipal taxes was given retros-

pective effect from 1st April, 1957 and was paid by the Administration.

As Sections 131 and 138 of the Bengal Municipal Act provided that, on amalgamation of several premises, tax assessment should not be greater than the sum of previous assessments, revision in the valuation of a holding during the quinquennial period being permissible only on account of errors of omission and commission, it was pointed out by Audit in October, 1964 that the revision of the valuation (valid upto 31st March, 1963) and the payment of municipal taxes on that basis with retrospective effect was not in order. The taxes excess paid for the period 1st April, 1957 to 31st March, 1963 came to Rs. 1.81 lakhs.

After protracted correspondence with Audit, the Railway Administration lodged a claim with the Municipality for refund of the excess tax paid in January, 1967, that is, more than 2 years and 3 months after the matter was taken up in Audit.

The Administration stated (February, 1968) that the Municipality had since agreed to refund the excess payment by way of adjustment through subsequent tax bills.

52. *Central, Eastern, Northern, North Eastern and Western Railways—Delivery of consignments to spurious parties.*

In para 33 of the Audit Report, Railways, 1962, payment of heavy compensation claims by the Northern Railway in cases where consignments were delivered to spurious parties against forged Railway Receipts, was brought out. The Ministry of Railways (Railway Board) issued instructions to all the Railways in May, 1963, in continuation of their earlier instructions issued in 1959, to take steps to prevent the occurrence of such cases. Cases of fraudulent deliveries, however, continued to occur on the Railways and, during the period from January, 1963 to June, 1965, there were 80 such cases involving compensation claims to the extent of Rs. 5.18 lakhs. The responsibility of Railway staff has not so far (February, 1968) been determined in 44 cases. Of the 12 cases in which staff were found responsible action has so far been finalised in only 3 cases.

53. *Eastern Railway—Misappropriation of wagon registration fees.*

In the course of local inspection of a station in July, 1966, serious irregularities were detected by Audit in the account of deposits and refunds of wagon registration fees. Further investigations conducted by the Administration revealed misappropriation of Rs. 1,08,220, spread over the period from January, 1964 to July, 1966. The *modus operandi* was (i) inclusion of money receipts in refund statements without corresponding cash deposits, (ii) showing the same money receipt numbers more than once in the refund statements and (iii) over-casting daily totals of refund statements.

Though the misappropriation continued over a period of two and a half years, it remained undetected in the central check of station returns conducted by the Accounts Department as also in the periodical local inspections of the station conducted by inspectors of Accounts and Commercial Departments.

The Administration stated (January, 1968) that no lacuna in the procedure of work in the Accounts Department came to notice and that disciplinary action against the Accounts and the Station staff was in progress.

54. *Recoveries at the instance of Audit.*

During the year 1966-67 an amount of Rs. 15.00 lakhs was recovered or noted for recovery at the instance of Audit. As a result of further review made by the Railways, of these and similar cases, a further amount of Rs. 4.08 lakhs was noted for recovery.

NEW DELHI;

A. K. Mukherjee

Dated the ~~29th~~ 29th February, 1968.  
~~10th~~ 10th Phal., 1889.

Director of Railway Audit

Countersigned

S. Rangarajan

NEW DELHI;

Comptroller and Auditor General of India

Dated the ~~29th~~ 29th February, 1968.  
~~10th~~ 10th Phal., 1889.

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