

336.54
Au 4 Rail
1954.

NATIONAL ARCHIVES OF INDIA
LIBRARY
NEW DELHI

Class No. 336.54/Aw 4 Rail

~~See~~
Book No. 64401

962
CENTRAL GOVERNMENT

AUDIT REPORT
RAILWAYS
1954



सत्यमेव जयते

PRINTED IN INDIA BY THE MANAGER
GOVERNMENT OF INDIA PRESS SIMLA

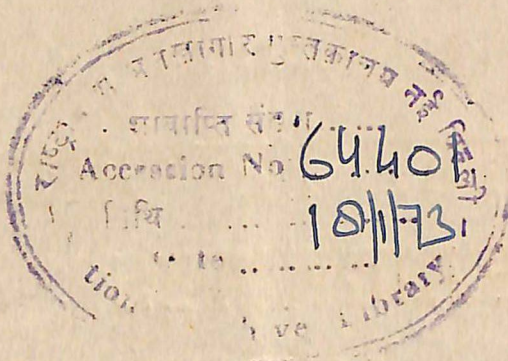


TABLE OF CONTENTS

	Paragraph Numbers	Page Numbers
Prefatory Remarks		(i)
CHAPTER I—Comments on the Appropriation Accounts and connected documents and the Railway Board's Review thereof—		
Introductory	1	1
General Review of the Results of Audit—		
Review of the demands placed before the Parliament ..	2	1
Supplementary grants	3	2
General results of appropriation audit	4	2
Control over expenditure	5—6	4
CHAPTER II—Losses, Nugatory Expenditure, Financial Irregularities, and other Topics of Interest—		
(i) Buildings & Rents	7	7
(ii) Pay and Allowances	8—9	7
(iii) Contracts	10—11	9
(iv) Other Cases of Losses	12	12
(v) Loss on Railway Collieries	13	12
(vi) Other Topics of Interest	14—19	12
Appendix		27

PREFATORY REMARKS

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

2. The Appropriation Accounts themselves are accompanied by a Review of the Accounts prepared by the Railway Board.

3. The Accounts have been scrutinised in detail by the Railway Accounting Authorities and test-checked by the staff working under the Director of Railway Audit. Certificates have been recorded by the Chairman, Railway Board, and the Financial Commissioner of Railways as Secretaries to the Government of India and by the Comptroller and Auditor General, below the Grand Summary of the Appropriation Accounts. The certificate of the Comptroller and Auditor General is subject to the comments in the report.

4. The Block Accounts (including Capital Statements comprising the Loan Accounts), Balance Sheets and Profit and Loss Accounts of Railways appended to the Appropriation Accounts of Railways in India have been certified by the Director of Railway Audit, and the Balance Sheets of individual railways and Railway Collieries have been certified by the Audit Officers of the railways concerned and the Controller of Coal Accounts respectively.

5. In this Report, irregularities discovered alike by the internal check authorities, viz., the Railway Accounts Department, and by the Audit Department, have also been included in accordance with the recommendations of the Public Accounts Committee for 1930-31.

6. Comments have been confined, as far as possible, to audit points of outstanding interest or importance. Cases of irregularities, etc., included in the Audit Report relate ordinarily to the year 1952-53. The Report includes also cases relating to previous years which could not be dealt with in the earlier reports, as well as some matters relating to 1953-54,

CHAPTER I

Comments on the Appropriation Accounts and connected documents and the Railway Board's Review thereof.

(In this Chapter, unless otherwise stated, the figures are in thousands of rupees)

INTRODUCTORY

The financial results for the year are briefly indicated in paragraphs 4 to 8 of the Appropriation Accounts of Railways in India for 1952-53—Part I—Review. The budget estimate for gross traffic receipts proved to be optimistic to the extent of about Rs. 12 crores. The supplementary grants obtained during the course of the year proved to be excessive or unnecessary in most of the cases, and increased the overall saving of 7.44 per cent on the original grants to 8.37 per cent on the final grants. The overall budgeting during the year under Revenue, Capital, etc., expenditure showed a considerably higher percentage of variations than in the preceding year, as shown below :—

Year 1	Total grant and appropriation 2	(In lakhs of Rupees)	
		Saving(—) or Excess (+) 3	Percentage of column 3 to 2 4
<i>Expenditure met from Revenue</i>			
1951-52	2,88,98	+2,18	0.75
1952-53	2,88,29	—13,63	4.73
<i>Expenditure met from Capital, Depreciation Reserve Fund, Revenue Reserve Fund and Development Fund.</i>			
1951-52	73,64	—6,94	9.42
1952-53	75,97	—16,87	22.21

GENERAL REVIEW OF THE RESULTS OF AUDIT

2. *Review of the total demand placed before the Parliament.*—Twenty-two demands for grants aggregating 3,73,68,07 were presented to the Parliament in February 1952. A 'Vote on Account' for 94,93,60 was obtained in March 1952. The demands for grants for the whole year aggregating 3,60,60,37, against the original amount of 3,73,68,07, were presented to the new Parliament in May 1952, and voted by them in July 1952. The Appropriation Act was assented to by the President on 19th July 1952. The reduction in the demands was due to elimination of adjustments in the accounts of freight charges for the carriage of railway stores from 1952-53, counterbalanced by the adoption of the system of gross budgeting (excluding credits and recoveries) from that year. No appropriation was made for any charged expenditure on the Railways.

3. *Supplementary grants during the year.*—During the year, seven supplementary demands for grants aggregating 3,65,86 were placed before the Parliament, which were passed. The percentage of supplementary grants to the total of original grants was 1.01.

GENERAL RESULTS OF APPROPRIATION AUDIT

4. (i) The following statement compares the total grants and appropriations for the year with the corresponding disbursements :—

Particulars.	(Figures in Units)		
	Charged	Voted	Total
1	2	3	4
1. Original grants and appropriations—			
(a) Voted by the Parliament .. ..	..	3,60,60,37,000	3,60,60,37,000
(b) Appropriation to meet charged expenditure of Railways .. ..	..	..	..
2. Supplementary grants and appropriations—			
(a) Supplementary grants .. ..	..	3,65,86,000	3,65,86,000
(b) Supplementary appropriations to meet charged expenditure of Railways.	..	..	..
3. Net aggregate grant or appropriation ..	..	3,64,26,23,000	3,64,26,23,000
4. Aggregate disbursements	52	3,33,76,11,072	3,33,76,11,124
5. Less(—) more (+) than granted ..	+52	—30,50,11,928	—30,50,11,876
6. Percentage of 5 to 3 .. ..	..	—8.37	—8.37

(ii) *Savings on voted grants.*—Savings occurred in nineteen out of twenty-two voted grants. A list of important cases is given below :—

(Figures in Units)

No. and name of the grant	Original grant	Supplementary grant	Final grant	Expenditure	Saving	Percentage of saving
1	2	3	4	5	6	7
3—Revenue—Miscellaneous Expenditure.	71,29,000	18,62,000	89,91,000	76,90,441	13,00,559	14.47

(Figures in units)

1	2	3	4	5	6	7
7—Revenue— Working Expenses— Operation (Fuel).	23,00,01,000	64,09,000	23,64,10,000	23,44,14,328	19,95,672	0·84
9—Revenue— Working Expenses— Miscellaneous Expenses.	18,53,41,000	..	18,53,41,000	17,43,62,860	1,09,78,140	5·92
9A—Revenue— Working Expenses— Labour Welfare.	3,89,51,000	31,73,000	4,21,24,000	3,95,35,042	25,88,958	6·15
10—Revenue— Payments to Indian States and Companies.	37,60,000	..	37,60,000	29,46,934	8,13,066	21·62
12A—Open Line Works— (Revenue)— Labour Welfare.	1,44,98,000	..	1,44,98,000	1,18,33,128	26,64,872	18·38
12B—Open Line Works— (Revenue)— Other than Labour Welfare.	4,12,78,000	..	4,12,78,000	2,87,15,938	1,25,62,062	30·43
14—Revenue— Appropriation to Revenue Reserve Fund.	11,47,07,000	..	11,47,07,000	1,18,76,617	10,28,30,333	89·65
14A—With- drawal from Revenue Reserve Fund.	..	..	..	—4,03,048	—4,03,048	100·00
15—Construc- tion of New Lines.	48,97,000	25,00,000	73,97,000	32,87,320	41,09,680	55·56
16—Open Line Works— Additions.	13,37,94,000	..	13,37,94,000	7,13,76,580	6,24,17,420	46·65

(Figures in units)

1	2	3	4	5	6	7
17—Open Line Works—Replacements.	50,95,50,000	..	50,95,50,000	43,48,00,954	7,47,49,046	14·67
18—Open Line Works—Development Fund.	10,71,29,000	..	10,71,29,000	8,10,57,374	2,60,71,626	24·34
19—Capital Outlay on Vizagapatam Port.	18,05,000	..	18,05,000	8,57,872	9,47,128	52·47
20—Revenue Dividend payable to General Revenues.	34,00,16,000	11,22,000	34,11,38,000	33,99,47,514	11,90,486	0·35

(iii) *Excesses over voted grants.*—Two cases of excesses over voted grants are detailed in paragraph 54 of the Railway Board's Review.

There was an excess of Rs. 52 under charged expenditure under Grant No. 3—Revenue—Miscellaneous Expenditure.

CONTROL OVER EXPENDITURE

5(a) *Excessive supplementary grants*—The following are the more important cases where supplementary grants proved unnecessary or excessive :—

No. and name of the grant	Supplementary grant	Final saving
1	2	3
3—Revenue—Miscellaneous Expenditure	18,62	13,00
7—Revenue—Working Expenses—Operation (Fuel)	64,09	19,96
9A—Revenue—Working Expenses—Labour Welfare	31,73	25,89
15—Construction of New Lines	25,00	41,10
20—Revenue—Dividend payable to General Revenues	11,22	11,90

(b) *Inadequate and injudicious surrenders.*—(i) The following were the important cases where surrenders made at the time of final grant were inadequate :—

No. and name of the grant	Amount surrendered	Final saving
1	2	3
3—Revenue—Miscellaneous Expenditure	10,80	13,00
9A—Revenue—Working Expenses—Labour Welfare	3,51	25,89
12A—Open Line Works—(Revenue)—Labour Welfare	15,42	26,65
12B—Open Line Works—(Revenue)—Other than Labour Welfare.	41,09	1,25,62
15—Construction of New Lines	25,62	41,10
16—Open Line Works—Additions	5,07,54	6,24,17
17—Open Line Works—Replacements	3,57,39	7,47,49
18—Open Line Works—Development Fund	1,71,97	2,60,72

(ii) In the following cases, the amount surrendered at the time of final grant was injudicious :—

No. and name of the grant	Amount surrendered	Final excess or saving
1	2	3
4—Revenue—Working Expenses—Administration	2,93	2,06 (Excess)
5—Revenue—Working Expenses—Repairs and Maintenance	27,75	29 (Saving)
6—Revenue—Working Expenses—Operating Staff	5,98	10,89 (Excess)
9—Revenue—Working Expenses—Miscellaneous Expenses	1,27,74	1,09,78 (Saving)
13—Revenue—Appropriation to Development Fund	2,51,92	2,51,92 (Excess)
14—Revenue—Appropriation to Revenue Reserve Fund	11,47,07	10,28,30 (Saving)

(iii) The following are the more important instances on individual railways, where provision of funds by re-appropriation proved to be unnecessary:—

Railway	No. and name of the grant	Amount obtained	Saving on final grant
1	2	3	4
North Eastern ..	5—Revenue—Working Expenses—Repairs and Maintenance.	4,197	6,297
Western ..	Do.	5,047	5,80
Eastern ..	8—Revenue—Working Expenses—Operation other than Staff and Fuel ..	1,227	2,68
Central ..	9A—Revenue—Working Expenses—Labour Welfare.	2,06	2,92
Southern ..	16—Open Line Works—Additions ..	18,91	39,09
Eastern ..	17—Open Line Works—Replacements ..	67,28	82,04

6. The instances of defects in budgeting, etc., included in Annexure B of the Railway Board's Review—Part I and those in paragraphs 4(ii) and 5 of this Report, indicate that the overall budgetary standard and control over expenditure on the Railways continued to be unsatisfactory. The measures taken by the Railway Board in this direction as a result of the recommendations contained in paragraph 13 of the Public Accounts Committee—Tenth Report—1953-54, will be watched in Audit.

CHAPTER II

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

(i) BUILDINGS AND RENTS

7. *Southern (ex-South Indian) Railway—Delay in the Introduction of Government Rent Rules.*—In paragraph 42 of the Railway Audit Report, 1951, it was mentioned that on the ex-South Indian Railway the Company Rent Rules continued in force in respect of quarters, in spite of the Railway Board's orders in May 1949, requiring "immediate steps" to be taken for the introduction of Government Railway Rent Rules. The continuance was justified by the Railway Administration on the ground that the scales of pay applicable to the staff on the Railway were much lower than those on the Government Railways. This disparity, however, ceased with the introduction from 1st January 1947, of the Prescribed Scales of Pay on all the Railways, which resulted in substantial increases in pay. Nevertheless, the Railway Administration represented to the Railway Board in April 1950 that the increase of rent leviable under the government rules would cause discontent among the staff and suggested that it might be effected gradually, in four stages. To this, no reply was received from the Railway Board for about two years.

As, in the meantime, the ex-South Indian Railway had been amalgamated with the ex-Mysore and the ex-Madras and Southern Mahratta Railways from 14th April 1951, the Railway Administration appointed a Committee on 17th March 1952, to frame a uniform set of rent rules for the entire Southern Railway. Even though the staff were warned at the time that the recovery of rent from 1st March 1952, was provisional and subject to increase retrospectively from that date, the increased rates were subsequently given effect to only from 1st October 1953, with the further concession that the increase was to be given effect to in four half-yearly stages, beginning from 1st October 1953. The Government Railway Rent Rules would thus be fully effective from 1st April 1955. The loss in revenue as a result of delay is about Rs. 6 lakhs per annum.

(ii) PAY AND ALLOWANCES

8. *North Eastern Railway—Continuance of unsanctioned posts.*—The rules regarding the payment of personal claims of Railway employees lay down that in exceptionally urgent cases where it is necessary to anticipate sanctions, payments may be made provisionally for periods not exceeding three months in each case on a definite request in writing by the Head of the Department accompanied by a statement that sanction has already been applied for, or will be applied for within a week. It was found, however, that on 30th April 1953, as many as 8,863 posts (pertaining to the North Eastern Railway) were being operated by different departments of the Railway, in many cases for over a year, without the sanction of competent authority and even without a definite request in writing from the departments concerned. The Administration state that a proper watch could not be kept, because of the abnormal conditions following the war, the partition of the country, and the regrouping of Railways.

The existence of such unsanctioned posts was brought to the notice of the Administration, both by the Accounts and Audit Departments, from time to time. In July 1952, the matter was specially taken up by Audit in respect of 3,183 posts (pertaining to the ex-Oudh Tirhut Railway) which had remained unsanctioned for varying periods exceeding three months upto 31st December 1951. The Financial Adviser and Chief Accounts Officer was also asked to report this serious state of affairs to the Railway Board and to place the amounts involved under objection. These suggestions were not carried out by the Railway Administration for over a year, on the grounds that the continuance of the unsanctioned posts did not necessarily mean that the same posts were running unsanctioned for over three months, and that it was not possible to identify the posts running unsanctioned for over three months. The case was ultimately reported to the Railway Board on 31st October 1953.

General sanctions were accorded in March 1953, by the General Manager for the continuance of a large number of these posts so as to regularise the position. The Financial Adviser and Chief Accounts Officer, while observing in several cases that proper justification for the continuance of the posts had not been furnished by the Departments, concurred in the issue of the sanctions. In respect of the 3,183 posts, objected to by Audit in July 1952, no less than 1,994 posts, involving an expenditure of about Rs. 2½ lakhs p.m., were so allowed to be continued without detailed scrutiny of the justification for their continuance.

9. *Central (ex-Great Indian Peninsula) Railway—Overpayment of Special Pay.*—In June 1950, the Chief Traffic Manager submitted for the sanction of the General Manager a proposal for certain additional staff in a particular office and for the grant to them and also to the existing staff of that office of a special pay at 30 per cent. In recommending the proposals to the General Manager the Finance Branch of the Accounts Office stated that the additional staff asked for was within his own powers of sanction, but that the grant of special pay required the sanction of the Railway Board. The General Manager, however, accorded his sanction to both the proposals in August 1950, without obtaining sanction of the Railway Board in respect of the special pay. The need for higher sanction was again brought to the notice of the General Manager by the Accounts Office in September 1950, but no action was taken by the General Manager to amend his sanction.

The special pay drawn by the Office concerned in the first pay bill (viz., for September 1950) was disallowed by the Accounts Office. The Chief Traffic Manager thereupon represented to the General Manager that he should instruct the Accounts Office to pass the special pay. This proposal was rejected by the General Manager in October 1950, but a copy of the communication was not endorsed by him to the Accounts Office. The Chief Traffic Manager also did not advise the office responsible for the preparation of the pay bills that the General Manager had not agreed to the grant of special pay. A copy of the General Manager's original sanction, obtained by the Pay bill Checking Branch of the Accounts Office from their Finance Branch in October 1950, was construed by the former as permitting the drawal of the special pay, which was then passed for payment with retrospective effect from September 1950, and continued to

be so passed till it was discontinued from August 1951, on the fact coming to the notice of the General Manager. The irregular payment aggregated to Rs. 8,829. The General Manager first ordered recovery of the overpayments in August 1951, but later approached the Railway Board in January 1952, for their waiver on the grounds that (i) the amounts had been drawn in good faith and (ii) that if the matter was taken to the Payment of Wages Court, it was most unlikely that the decision would be in favour of the Railway. The Financial Adviser and Chief Accounts Officer, did not, however, subscribe to the latter view. The Railway Board sanctioned the waiver of recovery in April 1952.

The General Manager has explained that in accepting the proposals of the Chief Traffic Manager, he failed to indicate clearly that the proposal for special pay would require the sanction of the Railway Board and that no payment should be made till such sanction was received. He further felt that the circumstances of the case were unfortunate. Steps have, however, been taken for a better co-ordination of work in the Finance and Accounts Branches of the Organisation of the Financial Adviser and Chief Accounts Officer of the Railway and to guard against a recurrence of such cases in future.

(iii) CONTRACTS

10. *Western (ex-Saurashtra) Railway—Coal handling work at a Port.*—The Chief Mechanical Engineer of the ex-Saurashtra Railway invited tenders in December 1950, for the handling of sea-borne coal arriving at a port during 1951. The handling involved two operations, viz., (i) unloading the coal from wagons and dumping it into the yard, and (ii) re-loading it into wagons subsequently as might be necessary. The lowest tender at annas ten per ton for each operation was accepted by him.

On a representation by another contractor who had done this kind of work in the past, the General Manager of that Railway appointed him for the same work at a rate of Rs. 1-8-0 per ton for each operation. The fact of this appointment was advised by him to the Chief Mechanical Engineer telegraphically on the 12th February 1951.

The Chief Mechanical Engineer entered into a formal agreement, however, with the first contractor and obtained the required security deposit from him on the 14th February 1951. He did not advise the General Manager till the 24th April 1951, that he had already given a contract for the work to another contractor at annas ten per ton after inviting tenders.

Though the agreement with the first contractor had not been terminated and that with the second contractor had not been executed formally, the Chief Mechanical Engineer allowed the second contractor to handle two shipments—one in February 1951, and another in March 1951. The formal agreement with the second contractor was executed by the Chief Mechanical Engineer on the 17th May 1951. The Railway Administration state that this was done apparently under the verbal orders of the General Manager. The higher rate was, however, confirmed by the General Manager in October 1951, without recording any reasons for having ignored the concluded agreement on the basis of the lowest tender.

During the year 1951 four shipments in all weighing 29,086 tons were either unloaded or reloaded by the second contractor and payments were made to him at the rate of Rs. 1-8-0 per ton. The amount paid in excess of the lowest tender was Rs. 25,450.

The first contractor, who was not allowed to perform the work, has claimed damages of Rs. 7,272 towards his 'loss of business'. This claim is under consideration, on its merits, by the Railway Administration.

11. *Central (ex-Great Indian Peninsula) Railway—Loss on the cancellation of a supply order.*—With a view to strengthen the track in station yards with released rails, which were available in stock with necessary fittings, except 'keys', the Engineering Department asked a firm in March 1947, to manufacture a few steel keys for trial. They also placed an indent with the Stores Department in May 1947, for two lakh steel keys, subject to drawings being furnished later, without waiting for the result of the trial, with the object of securing the requisite steel quota. In June 1947, an Engineer of the Department, without consulting his superior officers altered the description of the keys to that of a specific type, which according to the rules could only be ordered by the principal officer of the Department.

The indent for the keys, valued at Rs. 1 lakh, was placed by the Stores Department with the Director General, Industries and Supplies (now Supplies and Disposals) in August 1947, while the drawings for the keys were supplied to the latter by the Engineer concerned in October 1947. The Deputy Chief Engineer, who countersigned the drawings, states that he did so under the impression that these were for experimental keys under manufacture by the firm. Neither were the drawings marked "Experimental" nor were the Stores Department or the Director General advised that the keys were still at an experimental stage. The order for the keys was placed by the Director General in August 1948, as a firm order, with the same concern who were manufacturing the trial keys for the Railway, but at a cost of Rs. 1,57,292 against the value of indent of Rs. 1 lakh. This raised the price of the non-standard key from 8 annas as estimated to 12 annas 7 pies each. The price for standard keys purchased by the Railway in 1947 was 13 annas 7 pies each only.

The Director of Inspection reported in November 1948, that the keys had been manufactured by the firm with only 3/16" instead of with 1/4" thick metal, as specified. The Engineer concerned, however, agreed to take over 10,000 such keys already manufactured by the firm, provided the balance of supply was of 1/4" steel. This involved an expenditure of about Rs. 3,000 above the estimated cost of the keys. A working test of these keys in February 1949, showed that the metal was soft and the ends had a tendency to burr even with 4½ lbs. hammer blows.

The case came to the notice of the Chief Engineer in March 1949. He expressed his dissatisfaction and ordered that such cases should in future come up to him for sanction. He also ordered the suspension of the bulk order, pending results of further vigorous tests. The firm having not agreed to the suspension of the order at that stage, while agreeing to supply some more sample keys for tests, were asked in May 1949, to proceed with the work to the

full extent. It was reported in June 1949, that even the further samples of keys supplied by the firm were found to have buckled in tests. Some further modifications in design suggested by the Engineer in September 1949, were not agreed to by the firm, as the raw material of the required thickness was not available. Thereafter the Engineer concerned, on his own responsibility, asked the Director General in October 1949, and again in January 1950, to settle the terms with the firm for a cancellation of the order.

The Director General reported the case to the Railway Board in April 1950, as one of purchase by the Railway Administration of keys not tested beforehand, with possibilities of compensation being claimed by the firm. He further intimated in September 1950, that the firm had claimed Rs. 25,780, a major portion of which was stated to be admissible. The Railway Board state that they did not receive the original letter of April 1950. They called for the remarks of the Railway Administration on the 4th October 1950, and the papers were received by the Chief Engineer and the Financial Adviser and Chief Accounts Officer on the 16th October 1950. In the meantime the Engineer concerned had been declared medically unfit on the 2nd August 1950, and a clearance certificate in his favour was issued by the Personnel Officer of the Chief Engineer on the 17th October 1950, i.e. immediately after the receipt of enquiry papers from the Railway Board. The payment of his Provident Fund dues was made on the 27th October 1950.

An Enquiry Committee appointed (in December 1951) under the orders of the Railway Board, in their report of January 1952, held the Engineer alone as responsible for all the irregularities. They could not suggest, at that stage, withholding the sum of Rs. 24,000, already paid as compensation to the firm from the dues of the Officer, as he had since retired. Certain recommendations made by them to prevent the recurrence of such irregularities have since been adopted by the Railway Administration. The more important of these were that the specifications and drawings of indents for Rs. 50,000 or more should be approved by an officer at Administrative level, who should also approve any subsequent alterations in quantity, nomenclature and specifications; that in case of doubt about the possibility of material departures from the indent, a 'Cautionary remark' that indenter should be consulted during settlement of the tender, should be given on the indent; that orders placed by the Director General, Industries & Supplies (now Supplies & Disposals) should be compared with indents and excesses in price of over 10 per cent thereon should be brought to notice of Administrative office either for approval of the purchase or for limiting the commitments; and that if the financial commitments subsequently exceed by more than 10 per cent, prior concurrence of the Financial Adviser and Chief Accounts Officer should invariably be obtained.

In this case, bulk orders for a non-standard article, still under trial, were placed by a comparatively junior officer, in contravention of the rules. The high price at which the order was actually placed (57 per cent over the estimated cost) and which vitiated the justification for the purchase of non-standard keys was not taken up by the Administration with the Director General. The issue of a clearance certificate by the Personnel Officer of the Chief Engineer

in favour of the Engineer on the 17th October 1950, and payment of his Provident Fund dues on the 27th October 1950, after receipt of the enquiry papers by the Departments concerned on the 16th October 1950, and without taking any action against him in respect of the amount involved in the compensation, was not correct especially when the Chief Engineer had expressed dissatisfaction in this case in March 1949.

(iv) OTHER CASES OF LOSSES

12. Apart from the cases of losses mentioned individually in this Report other cases of losses, etc., mentioned below the Appropriation Accounts of the grants concerned, are included in the Appendix.

(v) LOSS ON RAILWAY COLLIERIES

13. A review of the annual accounts of the Railway Collieries for 1952-53 indicates that out of the total number of eleven collieries, which are under the control of the Chief Mining Engineer, losses aggregating Rs. 62,03,017 were incurred on six of them. These six collieries are Kurhurbaree, Serampore, Sawang, Jarangdih, Deulbera and Talcher. In the case of Kurhurbaree, Serampore and Talcher, the losses were as high as Rs. 22,54,946, Rs. 19,75,841 and Rs. 6,90,100 respectively. A further comparison of the results of working of the Collieries for the past few years also reveals that there have been appreciable losses over successive years on the Kurhurbaree, Serampore, Talcher and Jarangdih Collieries, as will be evident from the following figures :—

(In units of rupees)

Year	Names of the Collieries together with the losses incurred for the different years			
	Kurhurbaree	Serampore	Talcher	Jarangdih
1948-49	14,94,039	14,34,917	84,688	6,62,723
1949-50	20,82,930	20,14,736	3,10,911	3,57,726
1950-51	27,73,542	20,00,641	5,86,617	4,02,982
1951-52	28,81,674	19,97,259	5,62,184	4,87,167
1952-53	22,54,946	19,75,841	6,90,100	4,75,890

(vi) OTHER TOPICS OF INTEREST

14. *Provisional payments.*—The rules governing provisional payments on Railways permit these being made for a definite period not exceeding three months, in exceptionally urgent cases, where a clear sanction is anticipated, and on a definite request in writing to that effect accompanied by a statement that sanction has been applied for or will be applied for within a week. Such a request is to be made by the General Manager of a Railway in the case of payments to Gazetted Officers; and by the Head of a Department or a lower authority to whom powers may be delegated, in other cases.

A review of the position on all railways (except the North Eastern Railway for which figures are not yet available), showed that there were a large number of cases involving heavy amounts, and awaiting regularisation over a long period. The position on 31st March 1953, is indicated in the table below :—

Railway 1	Particulars of provisional payments without sanction for a period of more than 3 months on 31st March 1953		Earliest date from which the provisional payments referred to in column 2 commenced to be made 3
	No. of cases	Amount (in units of rupees)	
Central	1,119	52,16,494	October 1951.
Eastern	2,346	23,48,842	January 1948.
Northern	184	3,24,772	1st January 1947.
Southern	688	3,43,161	1st April 1950.
Western	187	2,00,970	1st September 1951.
	4,524	84,34,239	

15. *Annexure 'A' of the Appropriation Accounts of Railways in India for 1952-53 (Part II)—Statement of Unsanctioned Expenditure.*—The Statement of Unsanctioned Expenditure compiled by the North Eastern Railway could not be verified by Audit as the maintenance of the initial records of the Accounts Office, such as the Objectionable Items Registers and the Works Registers was not satisfactory, the latter in many cases being incomplete or not posted up-to-date. Full particulars of sanctions, progressive totals of expenditure and in some cases even the details of expenditure incurred were not recorded. The expenditure incurred on certain works up to the date of their transfer from the Registers of the Financial Adviser and Chief Accounts Officer to those of the Regional Accounts Offices was not passed on to the latter. Similar defects were also noticed in the Departmental Works Registers. Their "reconciliation" with the Accounts Office Registers was belated and heavily in arrears. The difference in the two sets of Registers, in respect of 605 works (out of about 1,800) reconciled up to May 1953, was Rs. 65 lakhs, of which about Rs. 7 lakhs only had been adjusted up to December 1953. Immediate steps are necessary for remedying these defects.

16. *Efficiency of Internal Check.*—(i) In paragraph 35 of the Audit Report (Railways), 1953, mention was made of the general state of arrears and of certain other defects in internal check. The position in respect of more important arrears in the year under review, as it stood on 31st December 1953, is set out in the table below :—

Serial No.	Nature of arrears	Extent of arrears						
		Railways						
		Central	Eastern	North Eastern	Northern	Southern	Western	C. L. Works
1	2	3	4	5	6	7	8	9
1	No. of stock verification sheets, showing discrepancies in stock (noticed by Stock Verifiers), remaining undisposed of.	25	22,249	1,869	381	387	62	560
2	No. of stock verification reports remaining undisposed of.	349	301	..	..	..	..	..
3	Stock verifications, not conducted (man-days).	..	1,485	..	512	358	..	373
4	Inspection of initial accounts maintained at stations, offices, shops, etc., (man-days).	..	618	..	460	..	..	..
5	No. of Inspection Reports remaining undisposed of.	..	..	51	120	..	..	..
6	(i) Posting of various suspense and subsidiary registers and their reconciliation with General/Departmental Books.	..	Certain a/cs varying from 12/51 to 3/53	..	..	Certain a/cs varying from 1/52 to 3/53	..	One account for 1952-53.
	(ii) Review of Suspense Registers	..	..	..	4/51 to 3/53	..	..	..
7	Number of missing returns of stations	199	13,447	15,712	1,519	1,373	..	..

8	Check of fixation of pay in Central Pay Commission Scales and payment of arrears of pay (No. of cases).	Arrears not paid to a large number of staff.	5,442	5,551	34,039	..	..	..
9	Provident Fund—							
	(i) Disposal of applications of retired staff for payment of special contribution to Provident Fund and gratuity (No. of cases).	855	..	475	..	..	..	..
	(ii) Reconciliation of Bonus and of Provident Fund Ledgers with General Books (Years).	1 to 3	2 to 4	1	1 to 3	3	1 to 2	..
	(iii) Postings and attestation of Provident Fund ledgers, closing of accounts, issue of slips to members, and adjustment of bonus and interest on actual basis (Years).	2	1 to 4	½ to 2	..	..	1 to 3	..
10	Post—check of bills (Numbers)	..	..	500	..	25,901	..	..
11	Capital and Revenue Accounts of Residential Buildings (Years).	3	1	4 to 5	2 to 3	1	1	..
12	Check of Completion Reports (Numbers)	92	..	1,861	632	666 (up to 30-9-53)	..	..
13	Stores Priced Ledgers—Postings, reconciliation with Depot Ledgers and their review (Number of ledgers or months).	..	75,809	11,774 and certain depots from 18 to 48 months.	9,738	..	4,692	4,832

Other important items of arrears on individual Railways were :—

1. *Central Railway*—Linking of recoveries from Grainshop staff from April 1947 to March 1951 ; check of cash mema of certain Grainshops for 1952-53 ; and preparation of Financial Reviews for certain major works for varying half-years from 31st March 1952.

2. *Eastern Railway*—Intensive check of service books and leave accounts in respect of 97,950 employees ; reconciliation of muster rolls with time sheets for varying periods in two shops of a Workshop ; and accumulation of about Rs. 6½ lakhs in the Provident Fund accounts on the Bengal Nagpur zone, without having been credited to the accounts of employees, owing to defective preparation of deduction lists by Departments.

3. *Northern Railway*—Check of Manufacture Account for one year ; the reconciliation with General Books of 9,749 “stopped” Provident Fund accounts ; and adjustment of bonus and interest to 2,289 Provident Fund accounts of temporary staff, since confirmed.

4. *North Eastern Railway*—Comparison of muster rolls with the labour pay sheets of the Engineering Department from July 1951, for one district, and from September 1950, for other districts ; and reconciliation of Stores Priced Ledgers with General Books for various depots from April 1949.

5. *Southern Railway*—Adjustment of Rs. 6.29 lakhs to final heads of accounts, consisting of Rs. 1.29 lakhs being the charges for the carriage of Railway materials and Rs. 5 lakhs on account of payment made from station earnings.

6. *Western Railway*—Adjustment of differences on account of reconciliation of Stores Accounts with General Books for 1950-51, 1951-52 and partly for 1952-53. Review of on-costs in 3 shops from 1950-51.

(ii) Important defects in internal check, noticed on some of the Railways, are detailed below :—

(a) The maintenance of Allocation Registers was unsatisfactory on the North Eastern Railway. The Works Registers were not maintained properly in some offices of the Eastern and Northern Railways and in the Vizagapatam Port Accounts Office. Either the registers were incomplete or there were heavy arrears in their postings and reconciliation with the General Books.

(b) The test-check of the work of the Accounts staff by the Gazetted Officers and Subordinate Supervising staff, as required under the rules, was unsatisfactory in some offices on the Eastern, Northern, North Eastern and Southern Railways. It was in arrears for varying periods of 3 to 10 months in some cases, on the Central Railway. The importance of this test-check can hardly be over-emphasised.

- (c) The maintenance of Scale Check Registers, prescribed for the purpose of exercising a check over the number of posts, in the various time scales and grades, sanctioned from time to time was unsatisfactory in one or more offices on all the Railways. The registers were either not maintained or were incomplete.
- (d) Objectionable Items Registers, prescribed to watch the clearance of objections raised by the Railway Accounts and Audit Offices, were either not maintained at all or were maintained inefficiently in some of the offices on the Central, Eastern, Northern and Western Railways.
- (e) In two workshops on the Northern Railway, the prescribed reconciliation between muster rolls and time sheets was not done.
- (f) The arrangements for a regular and systematic watch over the recoveries of rent due from the occupiers of Railway buildings were either non-existent or were unsatisfactory in some of the offices on the Eastern, Northern and North Eastern Railways.
- (g) The test-check of running allowances drawn by Guards, Drivers, etc., with reference to the initial documents in the executive offices was not conducted during the year on one Division of the Northern Railway.
- (h) The comparison of the Indentor's foil of the Issue Notes for stores with the priced copy, accompanying the debit schedules, prescribed as a safeguard against frauds, was not done in respect of certain Departments on one Division of the Eastern Railway, and in respect of stores drawn by the Shops, otherwise than through the Progress Office on the Chittaranjan Locomotive Works.
- (i) The maintenance of the Registers of Foreign Service Contributions was not satisfactory on the North Eastern Railway and in some offices of the Eastern Railway. The Registers were incomplete and in some cases contributions had not been adjusted for some years.
- (j) The prescribed review of the unremunerativeness or otherwise of the assisted sidings had not been conducted in respect of 597 sidings on the East Indian zone of the Eastern Railway since 1948-49. In some of the Divisions of the Northern Railway, similar review had not been conducted for the last two to five years and the arrears, not yet paid by the parties for earlier periods, amounted to about Rs. 84,000. On the Western Railway recovery on account of the cost of staff has not been made in the case of one siding since 1943 and in the case of some other sidings since September 1947.

(k) The position of Suspense balances on the Eastern and North Eastern Railways was not satisfactory. There were heavy and irregular balances due to non-linking of items and existence of unclassified items.

(iii) Some further instances of the complete or partial non-observance by individual Railways of the prescribed rules and orders are given below :—

1. *Chittaranjan Locomotive Works*—Formal agreements or bonds were still not executed by the staff of the Cash and Pay Office, nor was any security deposited by the staff handling stores.
2. *Central Railway*—(a) For leave on average pay to temporary staff, leave salary was passed at full instead of at average pay.
 - (b) The record of contribution to the Depreciation Reserve Fund, under the old rules of allocation, was not maintained since 1944-45.
 - (c) The General Cash Book was not attested by the Gazetted Officer daily, as prescribed.
3. *Eastern Railway*—(a) Arrears due to the re-fixation of pay under the Central Pay Commission award, in respect of staff engaged on behalf of private parties, are yet to be recovered from the parties concerned in all cases.
 - (b) Totals of salary bills were not being checked properly in one Division for the last few years.
 - (c) The pay drawn in the muster rolls was not compared with the service books or with that drawn in previous months for one Workshop.
 - (d) The credits in the Purchase Account Suspense were not verified before payment of bills on the Bengal Nagpur zone.
 - (e) The Capital and Revenue Accounts of Residential Buildings were not kept in the prescribed form on the Bengal Nagpur zone.
 - (f) The Siding Registers were not kept up-to-date in one Division since 1942, to watch correct recovery from the parties concerned.
 - (g) The stock verification of stores and tools and plant for one Workshop was not up to the prescribed quantum.
4. *Northern Railway*—(a) The check of finger prints and the system of witnessing payments to labour staff by the Accounts Department were not in force on one Division.
 - (b) Subsidiary records leading to the compilation of the Block Accounts were not maintained on one Division.
 - (c) On one Division the Bills Register was not attested by the Accounts Officers while passing bills, to safeguard against more than one payment.

- (d) The Contractors' bills passed for payment were not posted in their ledgers on one Division. Their final bills were also not checked with the Measurement Books.
- (e) The Travelling Allowance journals of Guards on one Division were not checked with reference to the Train Journals and were passed without certification by the controlling authorities.
- (f) On one Division the subscription to Provident Fund was recovered from staff on certain allowances and on full pay during suspension, contrary to the rules.
- (g) For Metre Gauge Section, classification of goods shown in the invoices was not checked cent per cent, as prescribed.
- (h) The Stock Adjustment Account and the Manufacturing Account were not maintained on one Division.
- (i) In a Workshop Accounts Office, the paid vouchers were not being subjected to post-check.
5. *North Eastern Railway*—(a) The Materials-at-Site accounts were not maintained in accordance with the prescribed rules.
- (b) The Stores-in-Transit account was not reconciled with the General Books in the Oudh Tirhut zone.
- (c) For one Stores depot, the stores Priced Ledgers were posted from abstracts of receipt and issue vouchers, instead of from the vouchers themselves. The continuity of serial numbers of vouchers was not watched and pairing of issue notes was also not done.
- (d) The monthly Financial Reviews were not prepared on the Oudh Tirhut zone for Stores and Manufacture Suspense, while those prepared for Works were incomplete and belated.
6. *Southern Railway*—(a) The omission to maintain the Materials-at-Site accounts on the ex-South Indian Railway portion, commented upon in the last two reports, continued even in 1952-53.
- (b) On two regions, there was no record to indicate that the Stores Priced Ledgers had been reconciled. In another region the prescribed review of the Ledgers was not done since October 1947.
7. *Western Railway*—(a) The maintenance of Stock Adjustment Account was incomplete.
- (b) No Manufacture Accounts were maintained in respect of certain manufacturing operations undertaken on a Construction, while those maintained for certain other operations were not checked by the Accounts Department.
- (iv) Certain important registers were either not maintained at all or were not maintained efficiently in one or more of the Divisional and other offices on the following Railways:—
1. *Central Railway*—Registers of Bills passed for payment.
 2. *Eastern Railway*—Register of Legal Charges ; Gang Registers ; Register of Bills passed for payment and Register of Security Deposits.

3. *Northern Railway*—Register of Bills passed for payment ; Register of Credit Notes kept pending ; Register of Debits not raised within time limit ; Register of Overpayments Waived ; Register of Serious Irregularities ; Provident Fund Index Register ; Register of Unposted Items and Unposted Accounts of Provident Fund ; Register of Capital and Depreciation Reserve Fund Expenditure ; and Grants Register.

(v) In spite of the special instructions issued by the Railway Board at the instance of Audit, in July 1953, that the documents required for test-audit should be made available to Audit by the Accounts Offices with the least delay, the position as on 31st March 1954, deteriorated on the Eastern Railway.

17. *Disposal of Audit Objections.*—All important irregularities and defects in accounts, noticed during the local inspections of Executive and Administrative Offices, are communicated in Inspection Reports to the Departmental Officers through the Accounts Officers. Objections raised as a result of test-audit of the Railway Accounts are communicated through Audit Notes, more important items being taken up through special letters. These communications from Audit should receive the prompt attention of the Departmental and Accounts Officers, who are required to see that suitable action is taken, either to regularise or to remove the objections. An analysis of the number of Audit Notes and Inspection Reports, outstanding on 31st March 1953, but not cleared up to 1st December 1953, together with the number of items and the amounts involved, are given in the statement below, indicating also the number of items of objections, in cases where money values cannot be assigned.

Railway & year	Test Audit Notes			Inspection Reports			Money value not known	
	No.	Items	Amount (in units of rupees)	No.	Items	Amount (in units of rupees)	T.A. Notes Items	Inspection Reports Items
1	2	3	4	5	6	7	8	9
<i>Central</i>								
1944-45 ..	..	..	..	..	..	..	..	7
1946-47 ..	..	..	..	..	..	..	7	24
1947-48 ..	2	2	11,467	2	2	145	18	58
1948-49 ..	2	2	12,019	10	23	6,397	54	158
1949-50 ..	7	9	2,440	16	29	3,050	157	470
1950-51 ..	11	11	10,516	14	49	15,555	168	798
1951-52 ..	16	35	42,681	15	72	10,797	263	769
1952-53 ..	65	153	10,19,457	40	168	10,607	574	1,204

1	2	3	4	5	6	7	8	9
<i>Southern</i>								
1946-47 .. .. .	..	..	..	..	..	..	4	6
1947-48 .. .. .	..	..	..	..	..	..	9	..
1948-49 .. .. .	..	..	..	1	2	1,693	15	7
1949-50	6	7	38,848	7	9	812	26	58
1950-51	5	9	2,06,131	6	10	9,260	111	99
1951-52	21	29	5,43,247	15	22	1,01,793	166	226
1952-53	20	27	2,48,356	46	79	8,65,804	298	410
<i>Western</i>								
1946-47 .. .. .	..	..	..	..	..	..	1	..
1947-48 .. .. .	..	..	..	..	..	..	1	..
1948-49	1	1	26,350	4	9	7,766	17	34
1949-50	4	5	1,07,243	6	20	3,340	90	153
1950-51	25	44	71,456	13	28	6,489	390	275
1951-52	60	102	19,02,821	21	48	96,916	833	421
1952-53	88	194	14,11,094	41	167	3,35,494	1,002	808

(a) Some of the more important objections, involving comparatively heavy amounts were :-

Central Railway—

	Rs.
Loss due to fire and theft of material in C.E. Workshop—Manmad	95,980
Loss due to supply of defective blank card tickets by a firm in Calcutta	13,613
Unnecessary extra expenditure incurred by way of wages, etc., of watchmen to look after works held over on grounds of economy, though the necessary material required had been collected	10,000
Loss due to absence of demand for barley in May 1944, which resulted in deterioration and consequent sale to a private firm	10,000
Whether a portion of the amount of Rs. 39,954 (relating to the value of cheap grain concessions), originally debited to the work B.K. Railway Restoration, is debitable to the Defence Department?	39,954
Verification of the quantity adjusted from the accounts of a work to the Depot Stock accounts, as surplus materials	1,08,225
Less adjustment of an amount from Capital to Depreciation Reserve Fund in connection with a relaying work	13,368
Irregular clearance of the balance under the head Materials-at-Site account to the final head of the works, after adjustment of all issues	7,77,000

Chittaranjan Locomotive Works—

	Rs.
Loss of 5·21 lakhs of bricks stated to have been despatched from the abandoned Kanchrapara Workshop to Chittaranjan, but not received at the destination station, though the debit for the same was accepted in the accounts of the Chittaranjan Locomotive Works Project	20,776
Loss as a result of damage to corrugated iron sheets due to the working of the departmental cranes	11,966

Eastern Railway—

Raising of debits against the East Bengal Railway for 788 new R.G. Sleepers lost in transit to Pakistan	15,000
Recovery of maintenance charges of a siding from the Aviation Department ..	1,50,000
Recovery of rent from the Police Department	85,000
Recovery of rent of Railway land	26,290
Loss due to theft of coal from the Pumping station at Etawah	29,256
Theft of 2-way keys from track	1,02,740
Non-realisation of rent of land at Karemnasa cultivated by outsiders for a period of 8 years	15,675
Non-recovery of charges in respect of Railway staff employed on behalf of outside bodies	35,074
Appointment of substitutes in lieu of casual labour on seasonal work of Rolling Stock Department	25,800
Employment of 5 clerks against the sanction of 1 clerk to be engaged for E. C. C. S. work and non-recovery of the cost of 4 clerks from the E. C. C. S.	16,000
Shortage of timber at Kanchrapara	24,262
Deficiencies in the accountal of logs in the Haliashahar Stores Depot	60,000
Surplus Jack Set Snaps (about 18,000) lying in stock since 1947	2,99,813
Cost of repairs to the steamer P. S. 'Cocadile' which could not be used by the Railway after repairs	8,00,000
Non-realisation of dues on account of through traffic with the B. B. Light Railway	29,876
Non-realisation of outstanding dues from Light Railways for 1949-50	1,09,142
Shortage of 4,905 tons 13 cwts of steam coal in the running shed at Jamalpur ..	68,670
Irregular grant of Calcutta Compensatory Allowance and Calcutta House Rent Allowance to A. R. L. P. staff stationed at Bandel, Burdwan, Asansol etc., @ Rs. 2,000 p.m.	24,000
Irregular payment of sales tax in respect of stores to be consumed outside West Bengal	54,088
Loss on purchase of unsaleable washing soap	1,02,932
Irregular payment of the 90 per cent value of 9 sets of air conditioning equipment to a certain firm	5,15,109

Northern Railway—

Disparity in rates at which cereals are supplied by a State Government to the Railway Administration and to the Civil ration shop-keepers	3,46,758
Employment of trolley-men for the Cash & Pay Department without sufficient justification	15,000 p.a.
Irregular payment of Customs charges on imported stores	2,20,051
Non-recovery of rent for the land occupied by a State Government	17,329

	Rs.
<i>North Eastern Railway—</i>	
Loss due to the auction sale of pulses and empty bags at a certain grain depot ..	48,811
Irregular payment to casual labour on monthly basis and for all Sundays, paid and unpaid holidays	17,000
Non-realisation of demurrage charges from a handling contractor	37,500
<i>Western Railway—</i>	
Non-settlement of claims against the Traffic Department, preferred on account of short delivery of grainshop commodities	19,271
Irregular payment to contractors in connection with the transhipment of coal at certain stations	38,318
Balances of the amount outstanding against other Government Departments, out of the cheques issued in their favour, for purchase of food grains for the Railway	32,604
Recovery of the cost of siding for Sugar Mills at Dhola	26,350
Incorrect payment of House Rent Allowance to staff at Bhavnagar	20,000
Non-recovery of demurrage charges	3,43,900
Loss on account of cash bags stolen from a travelling cash safe	11,200
Extra expenditure due to some change in the structure of bridges in Zone No. 4 on K. D. Railway	69,050
Expenditure on the local purchase of timber, not covered by proper sanction ..	45,280
Less rebate claimed by the Railway from the contractors for work executed on changed specification	22,545
Construction of roadway for Defence Department, out of funds sanctioned for K. D. Railway Construction	84,726
Execution of additional quantity and supplementary items of work, not covered by contracts, requiring sanction of the competent authority	2,77,711
Expenditure in excess of the estimated cost of Banas Bridge, requiring sanction of the competent authority	1,16,179

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

Central Railway—

Incorrect maintenance of Materials-at-Site accounts and delay in regularisation of shortages and losses; incorrect allocation of charges between Capital and Depreciation Reserve Fund; incorrect and delayed adjustments; incorrect fixation of non-concessional rates for the supply of Grainshop commodities; irregular grant of Travelling Allowance to Grainshop staff; excess grant of leave under ex-Great Indian Peninsula Railway Company Rules; operation of 8 posts of Driver-Instructors without proper sanction; overpayment of officiating pay to running staff; irregular grant of officiating allowance; employment of Hamals at a station in excess of actual requirements for transhipment of sick wagons; issue of platform tickets at the rate of Re. 0-1-0 per ticket on the Secunderabad Division instead of at the uniform rate of Re. 0-2-0 per ticket as on Indian Railways; and admittance of workmen in Lallaguda Workshop up to one hour after opening time in the first spell of the day, in contravention of the code rules.

Eastern Railway—

Non-recovery of sales tax; irregular issues of rations to staff; irregular issue of card passes; overpayments of House Rent and other Compensatory Allowances; and incorrect fixation of pay of staff.

Northern Railway—

Irregular payment of House Rent Allowance to workshop apprentices ; overpayment as a result of irregular reclassification of posts of Yard Porters as Shunting Jamadars ; delay in the revision of maintenance charges recoverable from a State Government for road-ways over a bridge ; and non-recovery of rent from the Police Department for Railway buildings placed at their disposal.

North Eastern Railway—

Unnecessary detention of wagons loaded with stores ; missing tickets at a station ; non-recovery of the rebate due on a loco coal contract for the second half year of 1943-44 ; and missing coal wagons.

Southern Railway—

Non-examination since 1947-48 of the unremunerativeness of assisted sidings.

Western Railway—

Supply of bricks of smaller size and of inferior quality as also brickbats at a high rate by a contractor ; abandonment of Bhimasar-Bhachan Section of the late Cutch Railway without an estimate and sanction ; nugatory expenditure on staff kept for longer periods than necessary ; expenditure on wireless operators sanctioned in excess of requirement ; short recovery in respect of stores lost by clearing agents ; Construction Allowance sanctioned for open line staff under the Engineer-in-Charge ; works left incomplete by contractors and completed departmentally without recovery of extra cost ; excess cost on account of casual labour having been allowed Central Pay Commission scales ; irregular issue of passes ; and non-recovery of house rent, water charges and electric current charges from officers and staff.

18. *Eastern (ex-East Indian) Railway—Refusal to accord ex-post-facto sanction.*—In connection with certain orders placed by the ex-East Indian Railway in July and August 1943, for the supply of grainshop commodities, a dispute arose with a contractor, who resorted to legal proceedings in 1946. The case was decided against the Railway Administration, who have filed an appeal on 22nd October 1948, which is pending in a High Court.

In the conduct of the case, the Railway Administration were aware, as early as in 1946, that the legal expenses were likely to exceed Rs. 10,000, and therefore, required the sanction of the Railway Board. The Railway Board's sanction was, however, not sought until March 1949, by which time the Railway Administration stood committed to an expenditure of Rs. 48,130. The Railway Board at this stage expressed their dissatisfaction with and surprise at the way in which the case was handled by the Railway Administration and refused to accord their *ex-post-facto* sanction to the above expenditure, while authorising the liabilities to be honoured. When approached once again in September 1952, the Board still refused to accord the sanction and the expenditure continued to be considered as unsanctioned.

The Railway Administration have explained that no action could be taken against the officer concerned, as he had already retired and been paid his dues on 21st March 1949. Necessary action, to avoid a recurrence of such cases, has since been taken by the Railway Administration.

19. *Points outstanding from previous Reports.*—Besides the matters noted in the "Statement showing action taken or proposed to be taken on the recommendations made by the Central Public Accounts Committee", the following others relating to previous Railway Audit Reports are outstanding :—

(A) *Railway Audit Report, 1950—*

Paragraph 32—ex-East Indian Railway—Hiring of a portion of the Esplanade Mansions, Calcutta, for the Public Relations and Publicity Offices— The lease for the premises has not yet been executed. It is more than eight years now since the premises were taken over by the Administration.

(B) *Railway Audit Report, 1951—*

Paragraph 42—Inadequacy of rent realised for railway quarters.

The question regarding the adequacy of the return on the expenditure incurred on residential buildings has not so far been settled by the Railway Board.

(C) *Railway Audit Report, 1952—Part II—*

Paragraph 24—ex-East Indian Railway—Loss due to non-revision of Passenger fares—

The loss of Rs. 49,183, resulting from the non-revision of the fares, has yet to be written off.

SIMLA,

The..... 16 DEC 1954

R. C. KHANNA

Director of Railway Audit.

Countersigned.

NEW DELHI,

The..... 19 DEC 1954

A. K. CHANDA

Comptroller and Auditor General of India.

APPENDIX

(Paragraph 12 of the Report)

Losses mentioned below the Appropriation Accounts of grants for 1952-53.

(Figures in units of rupees)

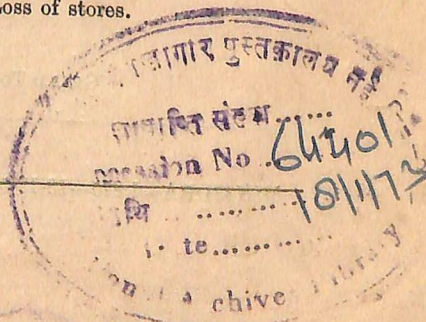
Page of the Appropriation Accounts for 1952-53 (Part II—Detailed Appropriation Accounts)	Number and name of the grant	Total number of minor losses, irregularities, etc. under each grant	Total amount of minor losses, etc., under each grant	Brief Subject
1	2	3	4	5
7	1—Revenue— Railway Board.	1	23	Waiver of overpayments of salary and allowances to staff.
	Total ..	1	23	
14	3—Revenue— Miscellaneous Expenditure.	128	1,837	Stores lost in transit, and other physical losses.
		1	347	Waiver of overpayments to labour staff.
	Total ..	129	2,184	
16-18	4—Revenue— Working Expenses—Ad- ministration.	50	55,904	Waiver of overpayments of salary and allowances, etc., to staff.
		8	3,939	Theft of stores, typewriters and calculating machines, etc.
		49	2,974	Stores lost in transit, and other physical losses written off.
		1	50	Loss of uniform of a Class IV servant.
	Total ..	108	62,867	

APPENDIX—contd.

1	2	3	4	5
23—24	5—Revenue— Working Expenses— Repairs and Maintenance.	4,107	20,58,729	Losses arising out of floods, accidents, fires, storms, etc.
		1,011	67,750	Stores lost in transit, and other physical losses.
		382	28,175	Losses on account of theft of stores.
		42	22,456	Waiver of overpayments of salary and allowances, etc., to staff.
		6	602	Miscellaneous losses.
	Total ..	5,548	21,77,712	
26	6—Revenue— Working Expenses— Operating Staff.	45	3,931	Waiver of overpayments of salary and allowances, etc., to staff.
		1	684	Shortage of uniform clothing.
		2	30	Miscellaneous losses.
	Total ..	48	4,645	
28	7—Revenue— Working Expenses—Op- eration (Fuel).	14	5,74,368	Loss of fuel and other materials through various causes.
	Total ..	14	5,74,368	
32—37	8—Revenue— Working Expens- es—Operation other than Staff and Fuel.	9,704	10,77,006	Losses due to compensation claims paid for consignments stolen or damaged by fire, etc.
		27	3,23,117	Losses of stores, carriage fit- tings, etc., due to theft.
		1,308	97,327	Materials lost in transit, and other physical losses.
		1	22,809	Loss due to three missing wagons, loaned to ex-B. A. Railway.
		3	14,382	Losses due to fraud.
		3	7,275	Losses arising out of accidents, etc.
		42	6,685	Miscellaneous losses.
	Total ..	11,088	15,48,601	

APPENDIX—contd.

1	2	3	4	5
42—43	9—Working Expenses—Miscellaneous Expenses.	1,478	58,719	Losses of food grains in transit due to drriage, wastage, etc., and other physical losses.
		1	3,124	Write off on account of the difference between the book value and the sale value of empty gunny bags.
		5	3,082	Losses of cash at stations through theft and on account of spurious notes and base coins.
		1	2,340	Write off on account of conservancy tax paid in excess to a Municipality.
		1	1,905	Write off on account of the costs of a court case decided against an outsider, but found irrecoverable.
		10	1,519	Theft of stores.
		48	1,259	Waiver of overpayments of salary, allowances and bonus advances, etc., to staff.
		1	1,040	Write off on account of the cost of excess supply of cereals to certain staff.
		1	751	Miscellaneous losses.
	Total ..	1,546	73,739	
46	9A—Revenue—Working Expenses—Labour Welfare.	1,111	5,191	Losses of stores due to theft, and other causes.
		4	611	Waiver of overpayments of salary and allowances, etc., to staff.
		2	58	Losses of cash due to theft in a canteen, and to irrecoverable school dues.
	Total ..	1,117	5,860	
53	12B—Open Line Works—(Revenue)—Other than Labour Welfare.	1	3	Loss of stores.
	Total ..	1	3	



APPENDIX—concl'd.

1	2	3	4	5
61	15—Construction of New Lines.	2	3,144	Losses arising out of fires, and floods.
		33	2,309	Losses of stores due to damage in transit, and thefts, etc.
	Total ..	35	5,453	
69—73	16—Open Line Works—Additions.	1	49,640	Loss on procurement of ready-made garments.
		86	28,469	Stores lost in transit, and other physical losses.
		617	11,979	Waiver of overpayments of salary and allowances, etc., to staff.
		70	7,238	Theft of stores.
		10	2,203	Miscellaneous losses.
	Total ..	784	99,529	
78	17—Open Line Works—Replacements.	102	1,30,178	Losses arising out of accidents, fires, floods, and storms, etc.
		22	31,437	Premature condemnation of unserviceable Rolling Stock.
		23	2,036	Losses of stores due to thefts, etc.
		2	851	Miscellaneous losses.
	Total ..	149	1,64,502	
81	18—Open Line Works—Development Fund.	1	650	Loss of stores due to damage in transit.
	Total ..	1	650	
	GRAND TOTAL ..	20,569	47,20,136	

रा०अ०धा०
N.A.I.-32

राष्ट्रीय अभिलेखागार पुस्तकालय
नई दिल्ली

National Archives Library

New Delhi

यह पुस्तक निम्नांकित तारीख तक इस पुस्तकालय
को वापस कर दी जाए ।

This book must be returned to the Library
on the date stamped below.

635NAI/71—GIPF.