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CENTRAL GOVERNMENT

**AUDIT REPORT
RAILWAYS
1955**



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INTRODUCTORY

This report recounts only important financial irregularities, etc., noticed in the course of audit of the accounts of the year 1953-54 and of previous years, which could not be dealt with in the earlier reports. It also includes some matters relating to a later year than 1953-54.

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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)

The financial results for the year are indicated in paragraphs 4 to 8 of the Appropriation Accounts of Railways in India for 1953-54—Part I—Review. The surplus anticipated in the Budget estimate was Rs. 9.31 crores but the actual results for the year showed a much lower surplus, viz. Rs. 2.56 crores. This wide variation was mainly due to the substantial increase of Rs. 10½ crores under ordinary working expenses partly offset by an increase of Rs. 2 crores under gross traffic receipts. Although the overall budgeting during the year has disclosed only a relatively small percentage of saving under the total vote, large savings, however, occurred in 12 grants offset by fairly large excesses in 7 grants, out of the total number of 20 grants. Supplementary grants obtained during the course of the year also did not cover the expenditure in most of the cases. This has now to be regularised by an excess vote.

GENERAL REVIEW OF THE RESULTS OF AUDIT

2. *Review of the total demand placed before the Parliament.*—Twenty demands for grants aggregating 5,46,94,41 were presented to the Parliament in February, 1953 and voted by them. The Appropriation Act received the assent of the President on 19th March, 1953. No appropriation was made for any charged expenditure on the Railways.

3. *Supplementary Grants during the year.*—During the year, ten supplementary demands for grants aggregating 33,17,68 were placed before the Parliament, which were passed. The number and magnitude of the supplementary grants and their proportion to the original grants during the year, as compared with the previous two years, were as under:—

Year	No. of original demands	No. of supplementary demands	Amount of original grants	Amount of supplementary grants	Percentage of supplementary to original grants
1	2	3	4	5	6
1951-52 . . .	22	16	3,46,28,35	16,33,46	4.72
1952-53 . . .	22	7	3,60,60,37	3,65,86	1.01
1953-54 . . .	20	10	5,46,94,41	33,17,68	6.07

No supplementary charged appropriation was sanctioned during the year.

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 . . .	..	5,46,94,41,000	5,46,94,41,000
(b) Appropriation to meet charged expenditure of Railways . . .	..	..	..
2. Supplementary grants and appropriations—			
(a) Supplementary grants . . .	..	33,17,68,000	33,17,68,000
(b) Supplementary appropriations to meet charged expenditure of Railways . . .	..	..	..
3. Net aggregate grant or appropriation	..	5,80,12,09,000	5,80,12,09,000
4. Aggregate disbursements . . .	52	5,63,11,34,010	5,63,11,34,062
5. Less (—) more (+) than granted . .	+52	(—)17,00,74,990	(—)17,00,74,938
6. Percentage of 5 to 3 . . .	..	(—)2.93	(—)2.93

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

(Figures in units)

No. & name of the grant	Original grant	Supplementary grant	Final grant	Expenditure	Saving	Percentage of saving
1	2	3	4	5	6	7
	Rs.	Rs.	Rs.	Rs.	Rs.	
3—Revenue—Miscellaneous Expenditure . . .	1,26,95,000	..	1,26,95,000	1,15,22,912	11,72,088	9.23
12B—Open Line Works—(Revenue)—Other than Labour Welfare	4,45,03,000	..	4,45,03,000	3,20,91,804	1,24,11,196	27.89
13—Revenue—Appropriation to Development Fund	9,31,00,000	..	9,31,00,000	2,55,70,918	6,75,29,082	72.53
15—Construction of New Lines	1,68,23,000	..	1,68,23,000	75,41,732	92,81,268	55.17
16—Open Line Works—Additions	1,88,54,44,000	8,47,03,000	1,97,01,47,000	1,95,21,38,333	1,80,08,667	0.91
17—Open Line Works—Replacements	43,45,36,000	2,66,81,000	46,12,17,000	41,66,71,939	4,45,45,061	9.66
18—Open Line Works—Development Fund	13,78,27,000	..	13,78,27,000	9,81,46,108	3,96,80,892	28.79
19—Capital Outlay on Vizagapatam Port	43,62,000	..	43,62,000	37,76,566	5,85,434	13.42
20—Revenue—Dividend payable to General Revenues	34,76,94,000	..	34,76,94,000	34,35,77,403	41,16,597	1.18

(iii) *Excesses over voted grants.*—Seven cases of excesses over voted grants, as against 2 cases in the previous year, are detailed in paragraph 53 of the Railway Board's Review. The more important ones are given below:—

(Figures in units)

No. and name of the grant	Original grant	Supplementary grant	Final grant	Expenditure	Excess	Percentage of excess
1	2	3	4	5	6	7
	Rs.	Rs.	Rs.	Rs.	Rs.	
4—Revenue—Working Expenses—Administration	26,73,31,000	68,54,000	27,41,85,000	27,90,16,263	48,31,263	1.76
5—Revenue—Working Expenses—Repairs and Maintenance	66,13,74,000	2,31,30,000	68,45,04,000	69,19,21,619	74,17,619	1.08
7—Revenue—Working Expenses—Operation (Fuel)	22,78,37,000	41,29,000	23,19,66,000	23,98,13,491	78,47,491	3.38

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

227.152

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[CHAPTER I

7. 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(c)(i) of this Report, indicate that there is scope for improvement in the overall budgetary standard and control over expenditure on the Railways. The measures taken by the Railway Board to improve the standard of budgeting as per 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) CONTRACTS

23/1/50 ✓
8. *Overpayment to a Manufacturing Company.*—On 7th September, 1948, the Ministry of Railways (Railway Board) entered into an agreement with an Indian Company for the supply of Pig Iron and its subsequent conversion into Cast Iron Sleepers. This agreement was originally for one year commencing from 1st April, 1948, but it was extended for another year upto 31st March, 1950, with certain modifications but the balance of outstanding supplies on 31st March, 1950, continued to be made under this contract upto 31st August, 1951.

The Government paid to the Company for the Pig Iron at a rate which was made up of:—

- (a) Works cost *plus* profit, and
- (b) Place extra.

The procedure for recovering freight on the despatches from the Company's works to the various destinations is that they charge separately for

- (1) freight from the nearest port to destination (called place extra) and
- (2) excess of freight from the Works to the destination over place extra, distributed *pro-rata* per ton of total despatches (called freight disadvantage).

The Pig Iron supplied against the Railway Board's contracts was used at the Company's works itself and was not moved at all. The question of paying any freight in the shape of place extra would not normally arise. In case, however, for the purpose of calculation of freight disadvantage, the Pig Iron supplied against the Railway contracts was included, the question of adjustment on account of freight (place extra) would have arisen. As, however, this was not taken into account while calculating the freight disadvantage, the Company were not entitled to retain place extra. A reference was made to the Iron and Steel Controller and he also expressed the opinion that "place extra" paid by the Railway was in excess of the fair retention price to which only the Company were entitled.

The total supplies of Pig Iron made by the Company under this contract were 1,40,868 tons. The total freight thus paid to the Company, in excess, was Rs. 10,03,410.

The matter was taken up by Audit with the Ministry of Railways (Railway Board) on 1st May, 1952, who took up the question of refund with the Company on 18th June, 1954, after a lapse of more

*Estimated
amount
of loss—Rs.*

discovered that the stores actually supplied were mostly from those sold as a lot of 391 chipping hammers and 173 holder-on-rivets for a total sum of Rs. 1,800 by the Government of India, Disposals Organisation, in September, 1949, to a firm whose whereabouts are not known.

A sum of Rs. 2,79,950 has so far been paid in regard to these items. This amount represents 90 per cent. of the purchase price and the balance of 10 per cent. has not so far been paid. As the stores are reported to be obsolete with only scrap value, the amount paid is likely to prove to be a total loss. The exact loss can, however, be known only when the stores are disposed of.

2,79,950

(ii) *Timber.*

Agreements executed between December, 1950 and March, 1951, for construction of coaches by contractors provided for supply of timber by or through the Railway Administration, the cost thereof being deducted from the contractors' bills. Against 350 tons of timber valued at about Rs. 2.66 lakhs ordered on this account on 20th November, 1950, 191 tons of timber costing Rs. 1.45 lakhs were received and issued to contractors, but one contractor returned timber worth Rs. 45,336 as not required. The purchase was not made through the Supply Department nor by invitation of open tenders, but it was effected from a particular firm on 20th November, 1950, after local enquiries. This firm had, on 7th November, 1950, offered to sell 50 tons of C.P. Teak lying in stock at Rs. 400 per ton and on 14th November, 1950, offered to sell 250 tons, of which 100 tons were ex-stock, at Rs. 600/750 per ton and on 20th November, 1950, at Rs. 760 per ton. The purchase was effected at Rs. 760 per ton on 20th November, 1950. The Supply Department rate at which the supply had been made was about Rs. 420 per ton. 27 tons of timber required for construction of salt wagons were purchased from the same firm on 8th January, 1951, at Rs. 760 per ton, although the Controller of Stores had on 27th December, 1950, recommended the purchase of ready cut-planks from another firm at Rs. 9/15/6 per cubic foot or about Rs. 500 per ton.

21,800.

(iii) *Wire gauzes.*

During the period 13th June, 1951 to 11th July, 1951, 72 purchase orders were placed for galvanised iron, brass and copper wire gauze of a total value of about Rs. 3.5 lakhs. The purchase orders for copper and brass wire gauze were signed by the Chief Mechanical Engineer for the Controller of Stores, after the purchase sanction

	<i>Estimated amount of loss—Rs.</i>
<p>applications prepared by him had been sanctioned by the General Manager. The purchases were made from one particular firm, without calling for tenders and the rates paid, viz. Rs. 2-4-0 per s. ft. for galvanised iron, Rs. 6-14-0 per s. ft. for brass and Rs. 4-4-0 per s. ft. for copper wire gauze, were higher than the current market rates.</p>	1,42,514
<p>(iv) <i>Stainless steel flushing pans and wash-hand basins.</i></p> <p>Between July and October, 1951, 21 purchase orders were placed on a firm without calling for open tenders for 200 of each of the above at a rate of Rs. 295 and Rs. 185 respectively, when the market rates were only Rs. 200 and Rs. 85 each, respectively.</p>	39,000
<p>(v) <i>Contracts for fitting vacuum brakes and cylinders in wagons.</i></p> <p>Tenders were invited from 12 firms in June, 1951 for equipping 210 wagons with vacuum brake fittings. The lowest quotation was Rs. 774 per wagon. No Tender Committee was constituted to consider the quotations. In July, 1951, however, orders were placed on 6 firms at Rs. 950 per wagon. 5 of these firms had quoted rates exceeding Rs. 950 and the sixth firm was the one which quoted the lowest rate of Rs. 774. Offers of firms which had quoted less than Rs. 950 were ignored without recording any reasons. The rate of Rs. 950 was based on an estimated price of Rs. 700 per vacuum cylinder and Rs. 250 for labour charges. The rate, however, charged by a first class firm for the vacuum brake cylinders was only Rs. 305 each. The execution of the work departmentally also cost the Railway only about Rs. 522 per wagon.</p>	36,908
<p>(vi) <i>Masonite sheets.</i></p> <p>Between May and July, 1951, 13 purchase orders were issued for the supply of 362 masonite sheets at a rate of Rs. 120 each against the prevailing market rate of Rs. 90 and the Supply Department rate of Rs. 110 each. The purchases were made in spite of the fact that the Controller of Stores had stated in his letter of 4th April, 1951 that there was no need for this item. The orders were placed on firms some of whom were not regular dealers in this line.</p>	3,620
<p>The total amount of loss resulting from these transactions is Rs. 5,23,792.</p>	

As a result of departmental investigation carried out between January and April, 1952, which disclosed the above irregularities, the ex-General Manager, the ex-Chief Mechanical Engineer and the ex-Financial Adviser and Chief Accounts Officer were suspended from

service with effect from 14th May, 1952. Charge sheets were then issued in October, 1952 against these three officers as also the then Controller of Stores who was placed under suspension from 25th January, 1954. Final disciplinary action against them is still awaited.

11. *Building certain Rail-Cars and Trailers.*—A provision of Rs. 2 lakhs was made in the Budget for 1950-51 for providing automatic vacuum brakes to certain goods wagons on an ex-State Railway. As the delivery of the material was not expected within the year, the General Manager sought the approval of the Railway Board on 27th March, 1951 to divert this provision to the purchase of fans and dynamos, etc., for stock purposes. On 29th March, 1951, he, however, advised the Board that he proposed to utilize this provision for building four additional Rail-Car units at an estimated cost of Rs. 2.20 lakhs. He did not indicate any urgency or offer any justification for this work. He also re-appropriated the amount without waiting for the Board's sanction or obtaining their approval to the design of the Rail-Cars and to the resultant increase in the authorised stock of the Railway.

The records show that the work was not actually started during 1950-51, but certain dates of official records appear to have been ante-dated as indicated below :—

- (i) An estimate for Rs. 2,89,276 for 4 Rail-Cars was certified by the Financial Adviser and Chief Accounts Officer, as requiring the sanction of the Railway Board and passed on to the General Manager on 2nd April, 1951. This date has been altered to 31st March, 1951.
- (ii) Subsequently, the work was split up into two estimates, one for 3 Rail-Cars and 6 Trailers amounting to Rs. 1,74,150 and the other for 1 Rail-Car and 2 Trailers amounting to Rs. 58,050. These fresh estimates, verified by the Financial Adviser and Chief Accounts Officer with respect to the incidence of charges only and stating that the competency of sanction depended on the approval of the Railway Board to the programme, were passed on to the General Manager with an endorsement, dated 8th May, 1951 and this date appears to have been altered to 28th March, 1951. The estimates were, however, sanctioned by the General Manager himself and his sanction was received in the Accounts Office on 9th June, 1951, but the sanction is shown as having been accorded on 31st March, 1951.
- (iii) The General Manager took no action to regularise the matter until the detailed estimates were called for by the Railway Board on 21st June, 1951. Even then, he submitted two estimates, each for a set of 2 Rail-Cars and 4 Trailers, quite different from those actually sanctioned by him.
- (iv) The Railway Board was informed on 28th July, 1951, by the General Manager that the work on the estimates as split up by him was undertaken in consultation with the Financial Adviser and Chief Accounts Officer. On a

further reference from the Railway Board in October, 1951, the General Manager informed them on 2nd November, 1951, that definite commitments had been entered into in February, 1951, and that the work to the extent of Rs. 1.65 lakhs, was completed by the end of the year 1950-51. On the other hand, the papers show that the proposal for building the Rail-Car units was initiated only on 29th March, 1951, i.e. three days before the close of the financial year, and the two agreements with the Contractors for the estimates were dated as 31st March, 1951. The date of sale, as indicated by the Stamp Vendor on one of the stamped agreement forms, however, showed that it had been purchased only on 27th October, 1951.

- (v) The amount of Rs. 1.65 lakhs charged to the accounts of 1950-51 comprised two bills submitted by the Contractors. One of the bills for Rs. 61,125 for the supply of 3 Chevrolet chassis, on which the Rail-Cars were to be built, was dated 30th March, 1951. It was paid on 31st March, 1951, while the chassis, which required execution of some initial work by the Railway were actually delivered to their Workshops only on 30th April, 1951. The other bill for Rs. 1,03,875 for making 3 Rail-Cars and 6 Trailers was dated 15th April, 1951, but bears a stamp of the Accounts Office as having been passed for payment on 31st March, 1951, even though the cheque was made over to the contractor on 9th May, 1951 only.
- (vi) The bills in question were not accepted by the District Loco Officer concerned, but the Chief Mechanical Engineer on his behalf.
- (vii) The length of the Trailers shown in one of the two agreements for 2 Trailers was 18' while in the other agreement for 6 Trailers it was 24'. The actual length of all the Trailers built was 19'. The Contractors were, however, paid Rs. 4,444 for extra length of 1' for all the 8 Trailers, instead of limiting it to 2 Trailers and effecting recovery from the contractor for short length of 5 ft. in each of the remaining 6 Trailers. This resulted in a loss of about Rs. 20,000.

These serious irregularities have been under investigation by the Administrative authorities since November, 1953, in connection with certain other serious cases. The results of that investigation have not been finalised yet.

12. *Supply of Defective Cylinders.*—A contract for 100 'W.G.' locomotives was placed by the India Stores Department, London, with a firm in the United Kingdom. The deliveries were to commence in January, 1950, and were to be completed by September, 1952. The locomotives were put on rail in India from September, 1950 onwards. The first report of a cylinder of one of the locomotives having cracked was received from the ex-B.N. Railway, in July, 1952, followed by a similar report from the Western Railway in November,

1952, whereafter the cracking of the cylinders became "epidemic". By the middle of 1955, about 159 cylinders out of the total 200 fitted in the locomotives (each locomotive is provided with 2 cylinders) supplied by the above firm had cracked. Similar cracking was also observed in about 90 cylinders out of the 268 supplied directly by another United Kingdom firm, for fitting into the 'W.G.' locomotives under manufacture by the Chittaranjan Locomotive Works.

A Committee of three officers reported in March, 1953, that the cracking of the cylinders was attributable mainly to defects in their design, including a corehole 10" x 2", and the poor finish of the castings. They suggested the replacement of those, which were beyond repairs and in other cases they proposed certain measures to repair the cracks or to avert them.

Attempts were made by the India Stores Department, London, in April and May, 1953, to obtain from the firm which manufactured 100 'W.G.' locomotives, 23 cylinders in replacement of those that cracked, but they were not successful, and the same had, therefore, to be purchased elsewhere. Again in October, 1953, the India Stores Department, London, claimed free replacement of 114 and 61 cracked cylinders respectively from the two firms on the ground that the design of the cylinders and the workmanship were defective. The manufacturing firm adopted the design of 'W.P.' locomotives previously manufactured by them, but instead of providing a stronger web for the comparatively larger steam load of a 'W.G.' cylinder they actually reduced the thickness of the web and provided a corehole which weakened the web. No satisfactory reply to the above reference was received from the firm which supplied the 'W.G.' cylinders directly to Chittaranjan Locomotive Works. The firm which supplied 100 'W.G.' locomotives, however, repudiated the claim in December, 1953, on the following grounds—

- (1) The cylinders were manufactured by them in accordance with the drawings approved by the Consulting Engineers.
- (2) They were at all stages of manufacture subject to the inspection and requirements of the Inspecting Engineers.
- (3) There was no guarantee clause in the agreement.

They also stated that their Managing Director had discussed this matter with the Railway Board, while he was at Delhi, and the latter had agreed to drop the matter. This position was brought to the notice of the Railway Board by the India Stores Department, London, in January, 1954. In April, 1954, the Railway Board pointed out to the India Stores Department, London, that they had not reached any final agreement with the firm for the disposal of the claim for the supply of the defective cylinders, and their view was that the case should be finalised in terms of the actual agreement. The matter was then again taken up by the India Stores Department, London, with the firm, but they reiterated in November, 1954, that the 'W.G.' cylinders were supplied without guarantee and in the circumstances they could not accept any liability. Later on, the Railway Board reviewed the position again and informed the India

Stores Department, London, on 31st December, 1954, that in their opinion the responsibility for the defective design of cylinders rested on the manufacturers and the approval of the drawings by the Consulting Engineers could not absolve them from that responsibility. They, therefore, suggested to the India Stores Department, London, that the case should be re-opened with the firms concerned on the basis of the defects reported to them earlier. The matter was accordingly pursued by India Stores Department, London, with both the firms, who replied in about April, 1955, that the matter was discussed between the Railway Board and one of the Managing Directors of the firm which supplied 100 'W.G.' locomotives, in Delhi, and it was agreed to be considered as closed. The Railway Board, however, do not now accept the position and they are investigating what remedies are open to them in terms of the agreement.

The question of responsibility of the Inspecting staff and the Consulting Engineers in the United Kingdom for their failure in this case has not yet been examined but is now receiving the attention of the Railway Board. In the case of the firm which supplied cylinders directly to the Chittaranjan Locomotive Works, the cylinders were subject to that firm's inspection, and as such, their responsibility cannot be waived.

The Ministry have so far incurred an expenditure of Rs. 1.3 lakhs on preventive repairs and have also purchased 40 cylinders for the purpose of replacement of cracked cylinders at a cost of Rs. 7½ lakhs (exclusive of customs and freight charges). The actual number of cylinders that have had to be replaced up till now is 20 at a cost of Rs. 3.75 lakhs. The actual loss thus incurred so far is about Rs. 5 lakhs. In addition, the Railways have suffered loss and inconvenience as the locomotives were out of commission. Of the cylinders to which preventive repairs were made, 9 have cracked again.

29/1/57
13. *Avoidable expenditure on freight on 150 locomotives.*—A quotation was received in June, 1951, for the shipment to Bombay of 100 fully erected locomotives at £2,400 each, the tender being open for acceptance till 31st July, 1951. The rate was considered very high and the Brokers were asked to negotiate further for a reduction. The negotiations with the Company had not been completed by the 31st July and as a drop in freight rates was anticipated, and it was hoped to get better terms in negotiations that were proceeding elsewhere, an extension of the time for acceptance of the quotation was asked for and the time was extended to 30th November, 1951. The Brokers recommended acceptance of the quotation. Learning from the suppliers of locomotives that it would not be possible for them to commence delivery until March, 1952, and that the supply would not be completed before 12 months, the Brokers wrote to the Shipping Company on 28th November, 1951, for the extension of the period of shipment at the current quotation of £2,400 to 31st March, 1953. From a discussion that followed between the representatives of the Company and the Brokers consequent upon the issue of this letter, the India Stores Department was given to understand that the letter was regarded as altering the position and making it unnecessary for the India Stores Department to reply so promptly.

The offer was not accepted and it lapsed. The India Stores Department, however, overlooked the fact that to enable the locomotives to be shipped at the rates offered by the Company, the acceptance of the offer before 30th November, 1951, was obligatory. A new quotation of the Company received in December, 1951, for £2,475 each, for shipment to be completed to the end of April, 1953, was then accepted by the India Stores Department.

For further 50 locomotives which were to be shipped from continental ports to Madras, a quotation of £2,400 was received, expiring on the 14th of November, 1951. This was also allowed to lapse and a later quotation of £2,475 was accepted. It had been stated in explanation of the failure to take up the lower quotation that there was doubt whether there were adequate transshipment facilities at Madras. Later quotation of £2,475 was for shipment to Bombay or Madras and the shipment to Madras was subject to a further condition of availability of proper unloading facilities. Of the 50 locomotives, 10 were shipped to Madras and the remainder to Bombay. In relation to the quotation of £2,400 which lapsed on the 14th of November, enquiries should have been made to establish the facts as to the facilities at Madras and that meanwhile the quotation could have been accepted without any risk to Government revenues.

It seems probable that most, if not all, of 150 locomotives could have been shipped for £2,400 each with a saving of £75 on each.

(ii) PURCHASE OF RAILWAYS

✓ 14. *Central Railway—Purchase of Barsi Light Railway.*—The Barsi Light Railway, 202.57 miles in length, and owned by a Company was opened to traffic in 1906. Under the contract, Government had the option to purchase the line with effect from 1st January, 1954. With a view to deciding whether the option should be exercised or not, the Railway Board, in February, 1952, asked the Central Railway Administration to carry out a technical-cum-financial examination of the line. Though the Report of the Central Railway Administration in June, 1952, mentioned *inter alia* that a number of items of plant, machinery, rolling stock, permanent way and other structures had long passed their normal lives, it concluded with the remarks that the Workshops were working efficiently, the Rolling Stock were in a good state of repairs and efficiently maintained, that in the case of rails no extensive renewals were expected for the next 20 years and that the Company's programme of renewal of sleepers was adequate. On the 19th December, 1952, the Ministry of Railways issued notice that the line would be purchased on 1st January, 1954. A copy of this notice was endorsed to Audit on 13th May, 1953.

Towards the end of 1953, the Railway Board issued instructions to the Central Railway Administration, through whom the purchase of the Railway was being conducted, for necessary arrangements being made with the Government Inspector of Railways for a special inspection of the line and its assets, with reference to the contractual provisions and asking that technical officers of the Central Railway

be also associated. The inspection report dated 25th January, 1954, of the Government Inspector of Railways referred *inter alia* to certain arrears in the renewal of sleepers on certain sections, as compared to the programme drawn up by the Barsi Light Railway Company. The cost of these arrears of work which the Company had programmed to complete before the termination of the contract was about Rs. 4.99 lakhs. Certain certificates were also recorded by the officers of the ex-Barsi Light Railway Company on 31st December, 1953 and countersigned by the Government Inspector of Railways and two officers of the Central Railway Administration on 7th January, 1954, stating that the assets of the Company had been maintained in good working condition and repair. On the basis of this certificate, it was held by the Railway Board and the Central Railway Administration that no deduction was permissible from the purchase price payable to the Company under the contract, for defective maintenance. The Ministry of Railways explain that certificates were recorded by the ex-Barsi Light Railway Company Officers on 31st December, 1953 in the same way as done by them at the end of each year and that the countersignatures by the Government Inspector of Railways and the two technical officers of the Central Railway were in no way a routine acceptance of the Company Officers' certificates.

The relevant clauses in the contract defining the powers of Government to make deduction from the purchase price of the line are clauses 28 and 43. In terms of the first (clause 28) as interpreted by the Ministry of Law, in April, 1954, if at the time of its termination, any repairs, alterations or improvements should be necessary or desirable, to bring up the assets of the Railway to a proper standard of efficiency, Government could, *suo moto* and independently of the Government Inspector of Railways, issue notice to the Company to carry out the necessary works and on the Company's failure to do so, deduct the cost thereof, as assessed by the Government Inspector from the purchase price payable to the Company, provided notice in this respect had been given before the termination of the contract. Under the second clause (clause 43) Government was entitled to deduct any sums due from the Company in respect of depreciation or defective maintenance under the first clause. This latter clause was interpreted by the Ministry of Law as entitling Government to deduct from the purchase price only for defective maintenance under clause 28 of the contract, and not something again for depreciation. The Ministry of Law also held that failure by the Company to fulfil any of the triple obligations, *viz.*, (1) to comply with the Railways Act, (2) to maintain the Railway in proper standard of efficiency and (3) the securing of convenience and safety, as contemplated in clause 28 of the contract, and for which the Company was liable, "will be mostly defective maintenance but some of these omissions may, with equal propriety, be called omission to remedy depreciation; in fact, it is a case of overlapping". According to this interpretation of the contract by the Ministry of Law, Government was entitled to a deduction from the purchase price for not only defective maintenance but, to some extent, for "omission to remedy depreciation". The Ministry of Railways are, however, of the view that the legal opinion referred

to is to the effect that omission to remedy depreciation would normally result in defective maintenance and only in such cases recovery under the contract would be possible and that there can be no claim for depreciation based merely on the life of an asset which has not actually resulted in a state of assets that can be described as defective maintenance under the relevant clauses of the contract.

After a perusal of the records of the Barsi Light Railway Company, Audit brought out the following specific items on which claims could have been enforced against the Company, at least in part, if not to the full extent, on account of "omission to remedy depreciation" as explained by the Ministry of Law:—

	Figures in lakhs of Rupees.
(i) Renewal of the rapidly deteriorating sleepers which had been laid over 47 to 56 years back, against the normal life of 35 years and which, in some cases, were in a very bad condition making it difficult to maintain the gauge on the section—item referred to in the inspection report by Government Inspector of Railways.	4.99
(ii) Renewal of the rapidly deteriorating sleepers which had been laid over 47 to 56 years back, against the normal life of 35 years and which, in some cases, were in a very bad condition making it difficult to maintain the gauge on the section—work programmed in continuation of (i) above and which should have been completed by 1954-55.	4.02
(iii) Renewals of 35 lb. section rails on a length of 54 miles where the rails had been laid between 47 to 50 years back.	14.27
(iv) Renewals of assets which had outlived their normal lives.	16.47
TOTAL:	39.75

The payment on account of the first three items was, in fact, withheld in the first instance, but was made later on. The Barsi Light Railway Company were accordingly paid the entire capital expenditure on the line amounting to Rs. 1.78 crores, without any deduction whatsoever, either on account of defective maintenance or omission to remedy depreciation.

Audit also pointed out that the cost of abandoned assets of the value of Rs. 62,914 lying at the debit of Capital was required to be written back from the Capital Account, before the purchase price was determined. The Company, however, did not agree, putting forward, *inter alia* the plea that some of the assets concerned had only been moved to some other places though they could not be located easily and that in some cases the assets were destroyed during disturbance in the country, for which they were not liable. The Company were, however, persuaded to accept a deduction of half this amount, which they did.

(iii) EARNINGS

15. *Western (ex-Saurashtra) Railway—Non-recovery of interest and maintenance charges for sidings.*—In respect of the sidings provided for private parties etc., on the ex-Saurashtra Railway, complete records were not maintained to show the sidings, the cost of construction and the interest and maintenance charges recoverable from the parties. The Administration state that before the formation of the ex-Saurashtra Railway, when the lines constituting this Railway were owned by the ex-rulers of the States, no distinction was made in respect of the sidings provided for the Railway Departments and for other parties.

The unsatisfactory position continued even after the control of the Railway had passed on to the Central Government from 1st April, 1950. Although Audit drew the attention of the Railway Administration in July, 1950, to this unsatisfactory state of affairs, it continued unrectified and the line was merged into the Western Railway system in November, 1951. Only in July, 1952, the Western Railway Administration, prepared an inventory and it was found that the Railway had 79 sidings in all, that agreements existed in respect of 32 only, that no recoveries for interest and maintenance charges were being made in respect of as many as 55 and that even for the remaining 24 sidings, the recoveries were being made at considerably lesser rates than due. Even now after the lapse of about five years after the control passed on to the Central Government, the position is not satisfactory. Complete particulars of the costs of the sidings, their allocation between the Railway and the parties concerned, the dates of their opening, and the written agreements with parties are not available, in a large number of cases. It has, therefore, not been possible to enforce the recoveries due. The Administration have explained that a time-lag was inevitable to take stock of divergences from the code practices and to consider action to eliminate them and that in spite of their best efforts it has not been possible for them to obtain authentic information especially on fundamental facts like the real ownership of the sidings. In many cases the siding holders are also stated to have disputed the right of the Railway to recover interest and maintenance charges from them.

Notices were issued by the Administration to the parties concerned in January, February, and July, 1953, that they were liable to enter into agreements, with effect from 1st April, 1950, on the standard forms adopted by the Railway, but no finality has yet been reached either in the execution of fresh agreements or in the revision of the old ones. In the meanwhile the Administration has preferred between April, 1953, and July, 1955, claims against the parties concerned aggregating to Rs. 2,08,084 for interest and maintenance charges from 1st April, 1950, to 31st March, 1955, calculated provisionally on the estimated cost of the sidings, at the rates prevailing on the Western Railway. The Administration is also considering the feasibility of stopping the siding facilities and not reviving them until the charges are paid by the parties. The amount recovered upto July, 1955, was, however, Rs. 50,154 only.

(iv) REVENUE EXPENDITURE

25/1/56

16. *Southern Railway—Loss incurred on the working of the Sagara—Talaguppa Railway.*—The Sagara-Talaguppa Section, 9.51 miles in length, constructed at a cost of Rs. 6.32 lakhs, was opened for traffic in November, 1940. The construction was primarily intended to serve the Hydro Electric works of the Mysore State. Consequently, it had been agreed, that the cost of construction, as well as the loss in working of the section, was to be borne in equal proportions by the Railway and Electrical Departments of the State. The line has always been working at a loss, the average loss for the four years from 1st April, 1950, the date of the Federal Financial Integration, being about Rs. 1.29 lakhs (Rs. 1.39 lakhs after taking into account interest on the portion of Capital expenditure borne by Railway), per annum. With the Federal Financial Integration, the Indian Railway Administration became liable for the entire loss as the Mysore Government repudiated the liability of their Electrical Department, contending that the previous arrangements held good only so long as the Railways were their property and did not impose upon them a perpetual liability. The view of the State Government has, however, not been accepted by the Railway Board and they have informed the former on 3rd May, 1955, that the existing arrangement under which half of the working loss is to be borne by their Electrical Department should be implemented otherwise they would be free either to continue to work the line or close it down.

As the area covered by the Railway is well served by good roads and there is no prospect of rail traffic improving, the dismantlement of the line was suggested by the Southern Railway Administration to the Railway Board in July, 1952 and again in December, 1954, though the Mysore State did not favour this proposal. The retention of this unremunerative line particularly when suitable roads exist to serve the area, is causing a loss of more than a lakh and a quarter of rupees per annum.

25/1/56

17. *Northern Railway—Wasteful expenditure due to excessive sanction of cleaners in the Loco Running Sheds of a Division.*—In the course of a review by Audit of the strength of the Loco Running Sheds in an ex-E.I. Railway Division in August, 1953, it was noticed that, in calculating the number of cleaners required with effect from 1st January, 1952, the Administration had made provision for leave reserve twice over, once on the basis of average actual absentees according to the procedure in force on the ex-E.I. Railway, and again at 20 per cent of the staff thus worked out, in accordance with the orders issued by the Railway Board in August, 1951, which were in supersession of the then existing procedure. This double provision remained undetected in the Accounts Office where the revised strength was vetted in November, 1951. As a result, 109 cleaners were provided for in excess of the admissible number from 1st January, 1952. Fresh recruitment in vacancies of cleaners was stopped by the Administration from 1954 and the sanctioned strength brought down to the correct basis in May, 1955. The expenditure on the staff engaged in excess of the sanctioned

strength amounted to over Rs. 2 lakhs. The Administration, however, contend that the number of staff actually employed was not in excess of requirements as the sanctions did not cover certain items of work which were also being done. The fact, however, remains that the items of work for which extra staff has now been sanctioned and which were stated to have been done during those years, were not required to be done by the cleaners according to the standards laid down in 1951 and at no time during the years 1952 and 1953 was there any demand for extra staff for these items of work.

(v) STORES

18. *Purchase of British Standard locomotive components and fittings in dollars (hard currency) instead of sterling.*—In June, 1948 the Railway Board took up with the Director General, India Stores Department, London, the question of procurement of British standard locomotive components and fittings, technically called British "specialities" from the United Kingdom, in connection with the order for 470 W.P., Y.P., and Y.G. Locomotives placed through the India Supply Mission, Washington, in Canada and United States. It was proposed initially that in order to avoid any delay that might be caused in the supply of these "specialities", the orders for these should be placed on the United Kingdom manufacturers by the Director General, India Stores Department, London. Subsequently, however, as a result of strong representations by the United States and Canadian manufacturers, duly supported by the India Supply Mission, Washington, that they should be allowed to place their own orders mainly to avoid the divided responsibility for deliveries, and also with a view to avoid possible excuses on their part for the late delivery of the locomotives due to late supply of components from the United Kingdom, it was decided that the American Locomotive builders be permitted to place their own orders for these components and fittings on suppliers in the United Kingdom instead of getting them through the Director General, India Stores Department, London.

The cost of the British "specialities" was included in the cost of the locomotives in dollars, as a result of which India paid in dollars for stores which it could have purchased with sterling had the contracts been placed by the India Stores Department or arrangements made with the suppliers for payment in sterling for these "specialities".

The main purpose for which permission was granted to the American Locomotive builders to place orders for these "specialities" was that the deliveries would be expedited. In actual practice, however, it was found that the deliveries of locomotives from Canada were delayed very considerably and the American Locomotives though they were delivered in time, were without the fittings. The American Locomotive builders could not themselves procure the "specialities" and they had ultimately to obtain the help of the India Stores Department to progress their contracts in the United Kingdom. As a result, the deliveries of "specialities" fell behind the requirements and a large number of locomotives had to be shipped to India incomplete, i.e. without the fittings, which had to be shipped

direct from the United Kingdom to India. The Locomotive manufacturers had also made certain alterations in the design in order to meet the American building practice and consequently the fittings which had already been ordered for according to standard designs could not be used on these locomotives and substantial alterations were required to be made in the fittings as well.

The total value of the locomotives ordered in Canada and America was \$55,215,000 and out of these, a sum of \$1,702,910 was due to be paid to the United Kingdom in dollars for British made components and fittings. The arrangements referred to above cost the Indian Exchequer a total dollar liability (hard currency) of about \$1.7 millions, which could have been avoided, had the orders for "specialities" been placed direct on the suppliers in the United Kingdom. Further, there has been a loss of about Rs. 20 lakhs on account of devaluation as 370 out of 470 locomotives were delivered after September, 1949, after devaluation.

(vi) OTHER CASES OF LOSSES

19. The following are the other less important cases of losses, etc., mentioned below the Appropriation Accounts of the grants concerned:—

Page of the Appn. A/cs for 1953-54 (Pt. II —Detailed Appn. A/cs)	Number and name of the grant	Total No. of minor losses or irregularities	Total amount of minor losses etc. under each grant	Brief subject
1	2	3	4	5
11	3—Revenue-Miscellaneous Expenditure.	1	75	Loss of tools and plant.
16-17	4—Revenue—Working Expenses—Administration.	70	10,554	Loss of cash through robbery, waiver of overpayments to staff, losses of stores and equipment due to accidents, theft, etc.
22—24	5—Revenue—Working Expenses—Repairs & Maintenance.	27,819	32,80,103	Losses arising out of floods, accidents, fire, rain, etc., theft of stores, waiver of overpayments to staff and other miscellaneous losses.
27—30	6—Revenue—Working Expenses—Operating Staff.	87	26,304	Waiver of overpayments to staff, loss due to fraudulent payment to substitutes and losses on account of accidents.
33	7—Revenue—Working Expenses—Operation (Fuel).	57	17,272	Losses of Coal and other stores through various causes and waiver of overpayment of bonus to staff.
37—43	8—Revenue—Working Expenses—Operation other than Staff and Fuel.	1,620	1,96,215	Losses on account of compensation paid for goods damaged by fire and losses arising out of accidents, thefts, frauds, etc.

1	2	3	4	5
49	9—Revenue—Working Expenses-Miscellaneous Expenses.	269	97,538	Loss of grainshop commodities due to disturbances in Andhra State, losses arising out of fires, accidents, thefts, etc., and waiver of overpayments to staff.
51	9A—Revenue—Working Expenses—Labour Welfare.	617	12,290	Losses due to cyclone, accidents etc., loss of stores in transit, theft of stores and waiver of overpayments to staff.
55	12A—Open Line Works—(Revenue)—Labour Welfare.	3	218	Losses on account of shortages in stores and condemned stores.
58	12B—Open Line Works—(Revenue)—Other than Labour Welfare.	2	1,829	Losses due to purchase of an unsuitable machine and damage caused by a cyclone.
66	15—Construction of New Lines.	37	10,385	Losses due to flood, rain, etc., and loss of stores in transit.
75—77	16—Open Line Works—Additions.	549	43,657	Losses of stores and other articles due to fire, rain, and thefts, materials lost in transit and waiver of overpayments to staff.
82—84	17—Open Line Works—Replacements.	95	1,13,030	Theft of various stores and materials, losses due to accidents, fire, etc., and stores lost in transit.
87	18—Open Line Works—Development Fund.	1,173	62,574	Compensation paid to staff due to an accident, damage caused by accidents, cyclone, etc., and loss of materials in transit.
TOTAL .		32,399	38,72,044	

(vii) OTHER TOPICS OF INTEREST

20. *Rationalised distribution of stores and reduction in stores balances on Railways.*—Mention was made in paragraph 38 of the Railway Audit Report, 1953, that, against an anticipated reduction of stores balances on Railways of Rs. 10 crores between October, 1951 and December, 1952, the overall reduction, actually achieved upto March, 1953, was only of the order of Rs. 77 lakhs. During the year 1953-54, a further reduction of Rs. 4.95 lakhs has been made.

The Ministry have pointed out that the view expressed by the Shroff Committee in April, 1951 that a reduction of stores balances to the tune of **Rs. 10 crores** was possible, was in the context of recommendations made by them, particularly for the transfer of procurement of items peculiar to Railways from the Ministry of Works, Housing and Supply to the Ministry of Railways and these have not yet been implemented. They further stated that at the end of 1951-52 there was an increase of Rs. 5.26 crores in stores balances over 1950-51 owing to a number of factors like the increase in the general price level and with it the price of stores, the creation of a special reserve of imported stores in view of the international situation in

Rs. 6,000 per month. No target date has been fixed for overtaking the arrears. The General Manager's displeasure has been communicated to two Accounts Officers for their negligence in not bringing to the notice of the Administration the correct picture and their failure to initiate appropriate action to overtake the arrears. Disciplinary proceedings against the subordinate supervisory staff are also in progress.

23. *Outstanding Objections and Inspection Reports.*—All important irregularities and defects in accounts, noticed during the local inspections of Executive and Administrative Offices, are included in Inspection Reports which are communicated 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 objections 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.

The total number of Audit Objections outstanding with the Railway Administrations were 20,946. The money value of 2,364 objections is Rs. 1,47.94 lakhs, while in respect of the balance of objections, the money value is not known. Some of the Audit Objections date back to periods as far back as 1946-47 and include the following important objections, the clearance of which appears to be delayed without adequate reasons or justification, and delay in the settlement of which is likely to lead to the continuance of such irregularities:—

Eastern Railway.

(a) Non-recovery of cost of clerks employed exclusively for the work of a non-Railway institution.	Rs. 16,000
(b) Short recovery of rent for buildings occupied by the Police Department, after re-assessment.	Rs. 85,000
(c) Non-recovery of maintenance charges for sidings provided for the Aviation Department.	Rs. 1,40,000

Northern Railway.

Delay in the revision of maintenance charges for a road-way bridge at Jamuna, recoverable from a State Government.	Rs. 16,756 per annum.
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Southern Railway.

(a) Loss due to non-revision of rates for lands leased.	Rs. 39,322
(b) Uneconomical arrangement for supply of water at a station.	Rs. 96,000 per annum.

Western Railway.

(a) Non-recovery of demurrage charges from a Cement Factory.	Rs. 66,778 up to September, 1951 (figures for subsequent periods not available)
(b) Non-recovery of siding charges from the Salt Department.	Figures not available.

Full details of the objections outstanding on 31st March, 1954, but not cleared upto 1st December, 1954, showing the Railways concerned, the years to which they relate and the nature, in brief, of important objections will be found in the Appendix. It will be seen that the Western, North Eastern and Eastern Railways are the biggest defaulters.

24. *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—*

*Para. 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 nine years now since the premises were taken over by the Administration.

(B) *Railway Audit Report, 1951—*

*Para. 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, 1953—*

(i) *Para. 16—Vehicles reserved for the exclusive use of other Government Departments—*The Railway Board issued instructions to the Railways on 23rd April, 1955, for raising debits on revised basis against the Defence Department, in respect of Military Cars with back effect from 1st April, 1953. The actual recovery from the Defence Department is still outstanding.

(ii) *Para. 29—North Eastern (ex-Assam) Railway—Non-payment of Railway dues by a Commercial concern—*The amount of Rs. 1.07 lakhs due from the Company is still outstanding for recovery.

(D) *Railway Audit Report, 1954—*

*Para. 15—Annexure ‘A’ of the Appropriation Accounts of Railways in India for 1952-53 (Part II)—Statement of Unsanctioned Expenditure—*The following arrears etc., still continue:—

(i) Incomplete and inaccurate postings in Works Registers remain to be set right in respect of 1,558 works.

(ii) Reconciliation of Accounts Office Works Registers with Departmental Works Registers in respect of 121 works remains to be completed.

(iii) Rectification of the differences revealed by the reconciliation of Accounts Office Works Registers with Departmental Works Registers remains to be completed in respect of 1,437 works.

NEW DELHI,
The 22nd November, 1955.

S. GUPTA
Director of Railway Audit.

Countersigned.

NEW DELHI,
2 DEC 1955
The.....

A. K. CHANDA
Comptroller and Auditor General of India.

APPENDIX

(Paragraph 23 of the Report)

Details of objections outstanding on 31st March, 1954, but not cleared upto 1st December, 1954.

Railway and 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
I	2	3	4	5	6	7	8	9
<i>Central</i>								
1946-47 .	..	..	..	..	..	..	4	8
1947-48 .	I	I	4,875	I	I	63	12	17
1948-49 .	I	I	11,990	6	16	5,596	46	87
1949-50 .	3	3	357	9	19	384	101	267
1950-51 .	10	10	7,363	6	27	1,023	132	368
1951-52 .	9	13	445	7	23	755	186	457
1952-53 .	30	49	42,309	22	37	8,307	290	670
1953-54 .	56	93	1,22,816	47	145	10,132	927	2,598
<i>Chittaranjan Locomotive Works</i>								
1950-51 .	..	..	..	..	..	..	I	I
1951-52 .	I	I	469	..	..	..	I	2
1952-53 .	2	2	6,350	I	I	500	6	..
1953-54 .	I	I	228	I	I	49	51	..
<i>Eastern</i>								
1948-49 .	..	..	..	..	..	..	3	I
1949-50 .	5	8	14,283	I	I	1,757	9	6
1950-51 .	8	8	3,88,281	5	7	1,46,798	11	8
1951-52 .	18	19	4,79,256	16	21	56,555	30	40
1952-53 .	34	48	5,28,859	36	67	12,91,158	171	230
1953-54 .	70	121	22,25,569	50	103	7,27,155	761	551

1	2	3	4	5	6	7	8	9
<i>Northern</i>								
1948-49	..	..	..	2	8	86,412	2	..
1949-50	1	1	12,938	..	..	..	3	7
1950-51	..	..	..	..	..	..	8	9
1951-52	11	15	1,05,293	3	3	76,638	40	93
1952-53	4	6	3,41,599	3	7	52,559	109	155
1953-54	30	52	14,41,019	15	24	4,19,939	391	702
<i>North Eastern</i>								
1947-48	..	..	..	..	..	..	2	1
1948-49	6	28	6,223	..	..	..	133	3
1949-50	2	4	217	1	1	702	32	25
1950-51	17	96	2,171	3	6	1,661	83	69
1951-52	24	112	28,428	2	4	5,249	247	138
1952-53	23	115	1,03,586	15	22	48,438	253	365
1953-54	60	284	8,65,470	24	41	70,624	815	1,328
<i>Southern</i>								
1946-47	..	..	..	..	..	..	..	6
1947-48	..	..	..	..	..	..	3	..
1948-49	..	..	..	1	1	658	4	3
1949-50	..	..	..	1	1	6	13	31
1950-51	1	1	500	1	1	479	57	47
1951-52	7	12	2,37,825	3	4	73,746	112	124
1952-53	8	8	55,426	14	21	94,724	167	218
1953-54	16	22	3,06,541	26	39	1,85,547	198	638
<i>Western</i>								
1946-47	..	..	..	..	..	..	4	..
1947-48	..	..	..	..	..	..	1	..
1948-49	1	1	26,350	..	..	..	7	9
1949-50	6	10	1,92,195	1	1	279	28	79
1950-51	19	32	53,447	7	18	1,599	139	136
1951-52	31	65	15,23,824	12	27	61,233	373	214
1952-53	56	136	8,56,186	22	97	2,71,997	476	515
1953-54	73	142	8,29,701	28	49	2,69,392	978	936

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

Rs.

Central Railway—

Less adjustment of an amount from Capital to Depreciation Reserve Fund in connection with a relaying work	13,368
Amounts outstanding under Miscellaneous Advances relating to the period from December, 1948 to March, 1951, recoverable from private parties	20,088

Amounts recoverable from a private party in connection with the construction of an assisted siding	Rs. 27,010
Loss due to supply of defective blank card tickets by a firm in Calcutta	13,613
Payment of overtime allowance, in contravention of rules, to the staff in a workshop	48,000

Eastern Railway—

Non-recovery of charges in respect of staff employed on behalf of outside bodies	35,074
Non-recovery of the cost of 4 clerks employed exclusively for the work of a non-railway institution	16,000
Short recovery of rent for buildings occupied by the Police Department, after reassessment	85,000
Non-recovery of maintenance charges for sidings provided for the Aviation Department	1,40,000
Raising of debits against the East Bengal Railway for 788 new B.G. sleepers lost in transit in Pakistan	13,315
Non-recovery of rent of Railway land	26,290
Loss due to theft of coal from pumping station at a station	31,441
Amount outstanding against millowners on account of siding and other charges	44,618
Execution of works without sanctioned estimates	1,16,139
Cost of repairs to the steamer " P.S. Crocodile", which could not be used by the Railway after repairs	7,76,560
Surplus Jack set snaps, lying in stock since 1947	2,99,813
Non-recovery of ground rent from a private company	20,000
Irregular grant of some additional concessions to the apprentices not covered by rules	79,740
Irregular payment of sales tax in respect of stores consumed outside West Bengal	54,088

Northern Railway—

Use of excessive material and earthwork in the construction of a Line	4,11,221
Non-recovery of certain expenditure on Rupar Talaura Section from Punjab Government, due to wrong allocation of expenditure	2,16,070
Overpayment to cabinmen due to incorrect fixation in prescribed scales	1,32,000
Incorrect allocation of expenditure between Revenue and Depreciation Reserve Fund on some Works	10,54,382
Irregular payment of Zonal Allowance	30,000
Loss of engineering stores in transit	24,235
Delay in the revision of the rate of maintenance charges for a roadway bridge, recoverable from a State Government	16,756

North Eastern Railway—

Irregular payment to casual labour on monthly basis and for all Sundays, paid and unpaid holidays	17,000
Issue of excess quantity of coal to contractors	4,08,035
Outstanding dues in respect of Railway Land used by the Railway employees for growing food	50,760
Wrong adjustment in accounts	67,437

<i>Southern Railway—</i>	Rs.
Loss due to non-revision of rent in respect of lands leased to Defence Department	29,000
Non-recovery of interest and maintenance charges on the saloons reserved for the exclusive use of high officials	21,020
Loss due to uneconomical drawal of water for railway use at a station	96,000 (per annum)
<i>Western Railway—</i>	
Discrepancies between accommodation billed for and actually supplied to the Postal Department	2,44,527
Irregular payment to contractor for the transshipment of coal at certain stations	38,318
Incorrect payment of House Rent Allowance to staff at a station	1,00,000
Non-recovery of demurrage charges	4,15,900
Loss on account of theft of cash bags from Travelling Cash Safe	11,200
Delay in clearance of disputed debits and their accumulation	86,625
Execution of additional quantity and supplementary items of work outside contract, without proper sanction	1,74,120
Excess over estimated cost of a bridge, not regularised	1,16,179
Direct and piecemeal purchase of timber without proper sanction	49,686
Non-recovery of wharfage charges	15,465
Non-recovery of cost of siding from a Sugar Mill	26,350

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

Central Railway—

Irregular issue of concessional rate provision cards to dependent relatives; excess grant of leave under ex-Great Indian Peninsula Company Rules; grant of higher rate of pay to relieving Controllers without holding independent charges of higher post; operation of 8 posts of Driver—Instructors without proper sanction; irregularities in maintenance of numerical ledgers; irregular balances appearing in check registers; non-recovery of house rent and other charges from an officer; irregular grant of increments, house rent, travelling allowance, wages, conveyance hire and mileage allowance to staff; sanctions accorded by General Manager not within his powers; irregular grant of rent free quarters to subordinate staff; irregular payment of overtime allowance to Press Staff; payment of Railway's contribution to Provident Fund in the case of a gazetted officer who resigned; irregular grant of special pay to permanent way timekeepers; irregular auction sales; acceptance of higher tenders; non-recovery of sales tax; issue of platform tickets at one anna per ticket on a Division instead of at two annas each; incorrect maintenance of materials-at-site accounts; employment of hamals at a station in excess of requirements; delay in regularisation of shortages and losses; incorrect classification of charges between Capital, Depreciation Reserve Fund, Open Line Works—Revenue, Development Fund and Revenue; incorrect and delayed adjustments; issue of passes to casual labour employed on works without sanction of competent authority; and irregular recoveries on account of diet charges.

Eastern Railway—

Non-recovery of siding charges from a firm; use of forged blank paper tickets; fraudulent use of railway receipts; and theft of materials (2 way keys) from track.

Northern Railway—

Incorrect fixation of pay of train clerks promoted as Guards; overpayment of protection allowance to certain post—1931 guards; delay in the revision of rent of land leased to outsiders; provision of peons to Travelling Inspector of Accounts; omission to recover siding charges; letting out of handling work to station masters without proper agreements and disparity in the rates paid to them; excessive number of servants quarters attached to officers' bungalows; and delay in regularisation of excessive leave reserves in certain categories of staff.

North Eastern Railway—

Recovery of rent from persons placed under suspension; missing tickets at a station; unaccounted for brick bats by an official; irregular grant of Central Pay Commission scales to casual labour employed on construction; irregular payment of pay, dearness allowance and house rent allowance; extension of period of sanction for hire of a building; irregularities in works registers, and scale check registers; and irregular grant of mileage allowance.

Southern Railway—

Irregular balances in suspense registers; surplus stocking of stores; increase in station outstandings due to diversion of traffic; irregular issue of passenger tickets out of series; incorrect debits to works; delay in the recovery of charges from outside Departments; and credits for released materials not afforded to works.

Western Railway—

Short recovery in respect of stores lost by clearing agents; work left incomplete by contractors and completed departmentally, without recovery of extra cost; irregular issue of passes; non-recovery of house rent, water charges and electric current charges from staff; abandonment of a section of Railway without estimate and sanction; excess expenditure incurred in setting right damages to earthwork caused by floods in respect of work not taken over by the Railway; grant of construction allowance to staff on a project without proper sanction; refund of sales tax on stores not claimed; drawal of construction allowance on the element of Dearness Pay; non-preparation of detailed estimate for service sidings dismantled; heavy variations allowed in quantities provided in contracts without calling fresh tenders; payment to labour without pre-audit of labour pay-sheets; nugatory expenditure on purchase of Block instruments found unserviceable on Indian Railways; wrong allocation of freight charges on heavy material; non-preparation of statement of losses for a project; non-revision of rebate payable to the Salt Department on the revision of rate structure in 1948; non-recovery of siding charges from the Salt Department; irregular payment of rebate on certain traffic; local purchase of stationery without proper sanction; and non-recovery of shifting charges for placement of wagons.

