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CENTRAL GOVERNMENT

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AUDIT REPORT  
RAILWAYS  
1959





## CHAPTER I

### Comments on the Appropriation Accounts and connected documents and Railway Board's review thereof

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

The financial results of the year are indicated in paragraphs 3 to 8 of the Appropriation Accounts of the Railways in India for 1957-58, Part I—Review. The actual surplus was Rs. 13·38 crores as compared with the budget estimate of Rs. 30·83 crores. The gross traffic receipts increased by Rs. 1·88 crores and the net miscellaneous expenditure decreased by Rs. 1·55 crores, as compared with budget estimates, while the working expenses and dividend payable to general revenues registered increases of Rs. 20·27 crores and Rs. 0·61 crores respectively.

#### GENERAL REVIEW OF THE RESULTS OF AUDIT.

2. *Review of the total demand placed before Parliament.*—Nineteen demands for grants aggregating 8,96,66,03 were presented to Parliament in March, 1957 and a 'vote on account' for 3,46,43,41 covering seventeen demands aggregating 8,31,44,19 was obtained in March, 1957 to meet the estimated expenditure for the first five months of the financial year. The 'vote on account' received the assent of the President on the 30th March, 1957. Nineteen demands for grants for the whole year aggregating 9,04,17,22 against the original amount of 8,96,66,03 were presented to Parliament on the 14th May, 1957, and were voted on the 22nd July, 1957. The Appropriation Act received the assent of the President on the 24th August, 1957. The increase in the demands was mainly due to the appropriation to the Development Fund of the higher surplus corresponding to the increase in earnings on account of the enhancement of the supplementary charge on goods and parcel freight from the 1st July, 1957.

A sum of 70,25 was appropriated to meet charged expenditure.

3. *Supplementary Grants during the year.*—During the year fourteen supplementary demands for grants aggregating Rs. 44,98,39 were presented to and were voted by Parliament. The number and magnitude of the supplementary grants and the percentage which they bear to the original grants as compared with the number and percentage in each of the previous two years are as below:—

Year	Number of original demands.	Number of supplementary demands.	Amount of original grants.	Amount of supplementary grants.	Percentage of supplementary to original grants.
1	2	3	4	5	6
1955-56	20	17	6,53,42,61	45,41,19	6·95
1956-57	20	10	8,10,50,40	12,15,40	1·50
1957-58	19	14	9,04,17,22	44,98,39	4·98

A supplementary charged appropriation of 571 was also sanctioned during the year.

#### GENERAL RESULTS OF APPROPRIATION AUDIT

4. The following statement compares the total grants and appropriations for the year with the disbursements against them:—

Particulars.	(Figures in units)		
	Charged	Voted	Total
I	2	3	4
1. Original grants and appropriations.—	Rs.	Rs.	Rs.
(a) Voted by Parliament . . . . .	..	9,04,17,22,000	9,04,17,22,000
(b) Appropriation to meet charged expenditure of the Railways. . . . .	70,25,000	..	70,25,000
2. Supplementary grants and appropriations:—			
(a) Supplementary grants . . . . .	..	44,98,39,000	44,98,39,000
(b) Supplementary appropriations to meet charged expenditure . . . . .	5,71,000	..	5,71,000
3. Net aggregate grant or appropriation . . . . .	75,96,000	9,49,15,61,000	9,49,91,57,000
4. Aggregate disbursements . . . . .	49,98,509	9,39,22,29,839	9,39,72,28,348
5. Less(—)more(+) than granted . . . . .	(—)25,97,491	(—)9,93,31,161	(—)10,19,28,652
6. Percentage of 5 to 3 . . . . .	(—) 34.20	(—) 1.05	(—) 1.07

7. *Savings (or excesses) on voted grants and charged appropriations (separately and combined) as compared with previous years:—*The statement furnished below shows how savings (or excesses) in grants and appropriations in the year under report compared with those in the previous year:—

(In lakhs of rupees)

Year	Total grant and appropriation	Saving (—) or Excess (+)	Percentage of Col. 3 to 2
I	2	3	4
<i>Expenditure met from Revenue.</i>			
1956-57	<i>Charged</i>	+ 3	50.00
1957-58	6	—27	35.26
	<i>Voted</i>		
	76		
1956-57	3,95,24	—8,29	2.10
1957-58	4,35,54	—13,99	3.21
	<i>Voted and Charged</i>		
1956-57	3,95,30	—8,26	2.09
1957-58	4,36,30	—14,26	3.27
<i>Expenditure met from Capital, Depreciation Reserve fund and Development fund.</i>			
	<i>Charged</i>		
1956-57	..	..	..
1957-58	—	+1	..
	<i>Voted</i>		
1956-57	4,27,41	—26,43	6.18
1957-58	5,13,62	+4,06	.79
	<i>Charged and Voted</i>		
1956-57	4,27,41	—26,43	6.18
1957-58	5,13,62	+4,07	.79
<i>Total:—(Revenue, Capital, Depreciation Reserve Fund and Development Fund)</i>			
	<i>Charged</i>		
1956-57	6	+ 3	50.00
1957-58	76	—26	34.21
	<i>Voted</i>		
1956-57	8,22,65	—34,72	4.22
1957-58	9,49,16	—9,93	1.05
	<i>Charged and Voted</i>		
1956-57	8,22,71	—34,69	4.22
1957-58	9,49,92	—10,19	1.07

8. *Excesses over voted grants*:—In the year under report there were excesses over nine voted grants as mentioned below. These excesses which require to be regularised by Parliament have also been indicated in para 55 of the Railway Board's Review. ]

(Figures in unit s)

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 .	30,71,16,000	1,03,91,000	31,75,07,000	32,21,61,785	46,54,785	1.47
5—Revenue—Working Expenses—Repairs and Maintenance.	93,91,98,000	6,75,28,000	1,00,67,26,000	1,04,57,18,255	3,89,92,255	3.87
7—Revenue—Working Expenses-Operation (Fuel).	50,76,06,000	3,09,61,000	53,85,67,000	54,34,89,538	49,22,538	0.91
8—Revenue—Working Expenses—Operation Other than staff and fuel.	16,84,36,000	1,19,82,000	18,04,18,000	19,37,71,349	1,33,53,349	7.40
9—Revenue-Working Expenses—Miscellaneous Expenses.	24,99,60,000	2,12,55,000	27,12,15,000	27,36,15,827	24,00,827	0.89
12—Revenue—Dividend Payable to General Revenues.	43,78,73,000	45,46,000	44,24,19,000	44,39,93,370	15,74,370	0.36
15—Construction of New Lines	18,13,23,000	2,20,43,000	20,33,66,000	20,45,55,205	11,89,205	0.58
16—Open Line Works— Additions	3,71,72,16,000	10,60,37,000	3,82,32,53,000	3,87,41,43,813	5,08,90,813	1.33
17—Open Line Works—Replacements	63,96,35,000	14,62,04,000	78,58,39,000	84,12,02,131	5,53,63,131	7.05



9. *Excesses over charged appropriations*:—During the period under report, excesses occurred in the following three cases as compared to two in the previous year which require regularisation:—

(Figures in units)

No. and name of the grant	Original appropriation	Supplementary appropriation	Final appropriation	Expenditure	Excess	Percentage of excess
1	2	3	4	5	6	7
	Rs.	Rs.	Rs.	Rs.	Rs.	
6—Revenue—Working Expenses—Operating Staff . . . . .	..	..	..	54,962	54,962	100
15—Construction of New Lines . . . . .	..	..	..	45,002	45,002	100
16—Open Line Works—Additions . . . . .		5,000	5,000	10,801	5,801	116.02

NOTE:—Reasons for the excesses over voted grants and charged appropriations have been furnished in paragraph 55 of the Appropriation Accounts of the Rlys. in India for 1957-58, Part I—Review.

10. *Excesses over voted and charged appropriations as compared with previous years:*—The statement given below compares the number and amount of excesses during the period under report with those of the four preceding years:—

(Figures in units)

Year	Excess over voted grants.		Excess over charged appropriations.	
	No. of cases	Amount	No. of cases	Amount.
		Rs.		Rs.
1953-54	7	2,86,46,921	1	52
1954-55	8	8,91,29,445	..	..
1955-56	2	4,65,84,321	1	77
1956-57	5	3,69,59,555	2	2,84,546
1957-58	9	17,33,41,273	3	1,05,765

11. *Inadequate or injudicious surrenders :—*

(i) In the following cases surrenders made were inadequate :—

No. and name of the grant.	Amount surrendered	Final savings
I	2	3
2—Revenue—Miscellaneous Expenditure . . . . .	19,61	23,62
6—Revenue—Working Expenses—Operating Staff. . . . .	82,21	87,49
8—Revenue—Working Expenses—Operation other than staff and fuel (Charged)	7,17	15,23
9—Revenue—Working Expenses—Miscellaneous Expenses—(Charged) . . . . .	7,03	9,85
14—Open Line Works—Revenue—Other than Labour Welfare . . . . .	1,38,22	1,70,05
20—Appropriation to Development Fund . . . . .	9,17,48	17,45,13

(ii) *In the following cases, the surrenders were injudicious :—*

No. and name of the grant	Amount surrendered.	Excess or saving over final grant	Excess over final grant less surrenders
I	2	3	4
9—Revenue—Working Expenses—Misc. Expenses . . . . .	8,92	24,01 (Excess)	32,93
15—Construction of New Lines . . . . .	69,95	11,89 (Excess)	81,84
16—Open Line Works—Additions (Charged) . . . . .	5	6 (Excess)	11
18—Open Line Works—Development Fund . . . . .	7,78,11	6,68,44 (Saving)	1,09,67

(iii). *Unnecessary Supplementary grants :—*

The following are the more important cases where supplementary grants proved excessive or wholly unnecessary:—

No. and name of the grant	Supplementary grant	Final savings
I	2	3
6—Revenue—Working Expenses—Operating Staff. . . . .	2,19,87	87,49
10—Revenue Working Expenses—Labour Welfare . . . . .	19,58	19,68

(iv). In the following cases provision of funds by reappropriation proved to be unnecessary :—

Railway	No. and name of the grant.	Amount obtained	Saving on final grant
I	2	3	4
North Eastern Railway . . .	3—Payments to Worked Lines and Others . . .	3	72
Northern Railway . . . . .	9—Revenue-Working Expenses-Misc. Expenses (Charged) . . . . .	65	105
Southern Railway . . . . .	Do. (Voted) . . . . .	1254	1413
Western Railway . . . . .	Do. (charged) . . . . .	94	94
Eastern Railway . . . . .	8—Revenue-Working expenses—Operation other than staff and fuel (Charged) . . . . .	182	221

12. *Control over Expenditure.*—The accounts of the year show a net saving of Rs. 14·26 lakhs or 3·27 per cent under Revenue Expenditure over the total grants and appropriations. This is slightly higher than the percentage of saving in the previous year *viz.* 2·09 per cent. Under Capital, Depreciation Reserve Fund and Development Fund, there is an excess of 407 or 0·79 percent as compared to saving of 6·18 percent in the previous year. The percentage of savings on all the voted grants and appropriations was, however, 1·07 as compared to 4·22 last year.

Expressed as percentages, the savings in case of voted grants are small. These are, however, the net results of large savings under nine and corresponding excesses under an equal number of grants. Control over expenditure in so far as it was to be directed to the prevention or limitation of excesses over grants and appropriations was less effective than in the previous year. The Railway Ministry state that remedial instructions have been issued. They further explain that the excesses have to be appreciated broadly in the context of increased safety measures undertaken to prevent accidents to the maximum extent possible, of special efforts to clear compensation claims and of additional shipment of materials from abroad, the tempo of which could not be gauged with any reasonable degree of precision.

## CHAPTER II

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

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#### INTRODUCTORY

13. This Chapter deals with important financial irregularities noticed during the course of audit of the accounts of the year 1957-58. It includes a few irregularities pertaining to earlier years which came to notice subsequently and which are important enough to justify inclusion. Also, certain matters relating to years subsequent to the year 1957-58 noticed during concurrent audit have been included.

#### (i) CONTRACTS AND AGREEMENTS

14. *Loss due to short supply of Cast Iron Sleepers ordered on indigenous Sleeper Manufacturers against 1955-56 Programme.*—As a result of open tenders invited by the Ministry of Railways in April, 1955, 9 contracts were placed in May, 1955 with indigenous sleeper manufacturers for the supply of 1,46,500 tons of cast iron sleepers by the 31st March, 1956. In terms of the contract agreements, the responsibility for arranging the raw materials required for the manufacture of the sleepers rested entirely on the contractors. With a view, however, to facilitate the availability of the raw materials and to ensure timely deliveries, the Ministry of Railways undertook to advise the then Ministry of Commerce and Industry (now the Ministry of Steel, Mines and Fuel) and the Iron and Steel Controller to allot 75 per cent of the raw materials to each contractor out of Tata off-grade and the Iron and Steel Company Manganese Grade III pig iron, reserved for the manufacture of cast iron sleepers in 1955-56. The balance of 25 per cent of raw materials and the melting losses were to be arranged by each contractor himself. This meant that each contractor was required to supply 4 tons of sleepers for every 3 tons of raw material arranged by the Ministry of Railways. The total supply actually received against all the contracts was 1·18 lakh tons.

Pig iron was on free sale when these 9 contracts were finalised on the 27th May, 1955, meaning thereby that the contractors could obtain pig iron against these contracts on the authorisation of the Iron and Steel Controller. About two weeks later, that is, on the 9th June, 1955, all bookings and despatches of pig iron on free sales were suspended under orders of the Government.

Of the 9 contracts, it was subsequently found that one of the contractors was incapable of manufacturing sleepers and his contract for the supply of 2,000 tons of sleepers was cancelled. Two other contractors who had undertaken to supply 3,000 and 500 tons sleepers, after having received over 735 and 292 tons of raw materials on the authorisation

issued by the Iron and Steel Controller, failed to supply any sleepers. The security deposit amounting to Rs. 5,000 of one of the contractors has been forfeited and action in respect of the other contractor is said to be under the consideration of the Railway Administration concerned.

Out of the remaining six contracts, supplies made by only three contractors were either equal to or more than 4 tons of sleepers for every 3 tons of pig iron provided by the Government. The other three contractors, who received 38,935 tons of raw materials against the 75 per cent reserved quota, should have supplied at least 51,913 tons sleepers. They, however, supplied only 46,605 tons and the shortfall was 5,308 tons. Two of these contractors were awarded further contracts in January, 1957 for the supply of cast iron sleepers manufactured with their own materials, at rates which were Rs. 240 per ton higher on an average than the rates agreed to in 1955. On the basis of this difference in price there would have been a saving of about Rs. 12.74 lakhs to the Government had the contractors supplied 4 tons of sleepers for every 3 tons of pig iron arranged by the Ministry of Railways against the 1955-56 orders.

The Ministry of Railways admit that strictly according to the contracts, the firms were required to supply 4 tons of sleepers for every 3 tons of pig iron supplied to them through the Iron and Steel Controller. They, however, hold that this was in the context of the free sale of pig iron which was then in vogue and that once the free sale of pig iron was stopped, this basis was altered because the manufacturers could not obtain all the raw materials from the open market to enable them to make the full supplies. The ban on the free sale of pig iron did not, however, completely shut out other sources of supply of alternative permissible raw materials like iron scrap. It is significant to note that three of the contractors were able to make the supplies under identical conditions.

The Ministry of Law to which the case was referred by the Ministry of Railways in February, 1959 have expressed the view that according to the *force majeure* clause of the agreement, the contractors cannot be held liable for any shortfall in supplies attributable to the stoppage or hindrance in the supply of raw materials. They also consider that the contractors cannot be called upon to supply four tons of sleepers for every three tons of pig iron arranged by the Government because no such provision exists in the formal agreements executed with the contractors. It may, however, be mentioned that both the tender documents and the letters of acceptance of tenders stipulated that pig iron to the extent of 75 per cent of the contracted quantity would be made available by the Government, the balance of the requirements of raw materials to be arranged by the contractors themselves.

The Ministry of Railways state that the shortage of sleepers, which continues even at present, was so acute during the last three years, that even if there were no shortfalls against the 1955-56 orders, the quantities ordered in subsequent years would have remained the same and the question of any possible saving having accrued does not, in their opinion, arise.

15. *Avoidable expenditure on sea freight.*—On the basis of a tender accepted by the Ministry of Railways, the Director General, India Store

Department, London, entered into a contract in July, 1955, with a continental firm for the supply of 2,050 '0' type railway wagons on f.o.b. terms during the period April, 1956 to October, 1956. The firm was called upon to furnish its packing specification to enable the India Store Department to settle the freight payable on the shipment of the wagons. The information was received from the firm on the 21st March, 1956 and shipping arrangements were finalised shortly thereafter. It was not, however, noticed at that stage that the packing specification of the firm per unit would cover more shipping space entailing more freight charges as compared to the packing specifications of two other firms, one British and the other continental, which were supplying similar wagons in terms of different orders placed earlier. On the 5th July, 1956, that is, about 4 months later, the firm was advised to follow the shipping specification of the other continental firm and it agreed to revise its system of packing. By this time 400 wagons had already been packed according to the firm's own specification. Had the instruction regarding packing been issued in time, there would have been a saving of £ 9200 on the freight of these 400 wagons.

The packing specification of the British firm already supplying similar wagons was even more economical from the point of view of freight. But the Railway Adviser in London attached to the India Store Department was not sure whether the economy in freight possible by this packing specification would not be off-set by the extra cost involved in reerecting the wagons in India. On the 14th December, 1955 the Railway Adviser wrote to the Inspecting Officer at Vienna and endorsed a copy of this letter to the Ministry of Railways stating that he was not clear about the best method of packing this type of wagons so as to cut down transport costs or alternatively erection cost and time. He further stated that the firms were being instructed to continue the existing method of packing pending receipt of particulars regarding the comparative overall cost. On the 5th July, 1956 the Railway Adviser wrote again to the Ministry of Railways stating that the British method of packing would be cheaper and asked for instructions. The Ministry informed the India Store Department on the 24th August, 1956, that the cost of erection in India would remain the same irrespective of the method of packing, and that the most economical shipping specification should, therefore, be adopted for all future consignments. As the order for erection of wagons at a flat rate irrespective of the degree of assembly of the component parts, was placed by the Ministry of Railways on a private firm as early as in July, 1955 this instruction could have been issued soon after the receipt of the Railway Adviser's endorsement of the 14th December, 1955. In that case it might have been possible to adopt the British method of packing for all the 2050 wagons with a saving of about £ 30,485 in freight. Further, the Ministry's directive of the 24th August, 1956 was also not acted upon by the India Store Department and no attempt was made to suggest to the firm the British supplier's methods of packing. Even if the directive of the Ministry had been implemented, say after a month from the date of receipt of the directive, (actually 800 wagons were shipped during the period October to November, 1956) there would have been a saving of at least £ 8,800 on these 800 wagons.

The Ministry of Works, Housing and Supply has observed that the contract did not provide for any particular packing specification and that any suggestion in this regard was not legally enforceable in terms of the contract. While this is correct, the firm did change its packing

specification when instructed in July, 1956 and adopted a system which involved less freight than under their own method. This shows that the firm was co-operative in such matters. This is further confirmed by the fact that while asking for the Ministry of Railways' instructions about the mode of packing, the India Store Department did not anticipate any difficulty about getting the supplier to agree to whatever style of packing was desired by Government.

No satisfactory explanation is forth-coming for the delay of about 4 months in issuing the instruction to adopt the other continental packing specification in the case of the first 400 wagons and for not acting upon the directive of the Ministry of Railways sent in August, 1956 that the British specification which was the cheapest from the point of view of freight, should be adopted for all future consignments of these wagons. It has, however, been explained that although the Ministry's directive reached the India Store Department on the 31st August, 1956 the letter is not traceable. The Ministry of Railways observe that the Railway Adviser's first letter of the 14th December, 1955 did not directly seek any clarification and that they share the views of the Director General, India Store Department that advantages resulting from any general review of packing and shipping specifications with a view to economising in freight in the light of past experience, should be viewed as a matter of progressive improvement. But in this case the Ministry of Railways was in a position to resolve the doubt of the Railway Adviser and the Director General, India Store Department about the most economical method of packing before the shipment of the wagons commenced.

16. *Extra expenditure in the purchase of locomotive component parts and assemblies.*—In November, 1956 tenders were invited by the Ministry of Railways from some established locomotive manufacturers abroad for the supply of 70 items of locomotive components and assemblies. The last date for the receipt of tenders was 16th February, 1957 and the tenders were opened on the 6th March, 1957.

Quotations were received for 59 items from these manufacturing firms and the offers were open for a period of 90 days from the 16th February, 1957. The lowest quotation for seven items technically acceptable was received from a British firm which agreed to keep its offer open upto 31st May, 1957. As the orders to be placed could not be finalised within the validity period of the offers, the firms were requested to keep their offers open upto the 30th June, 1957. All the firms excepting the British firm agreed to do so. The British firm was prepared to extend the validity period beyond 31st May, 1957 subject to a price increase of 10%. The contracts could not be finalised by the 30th June, 1957 and the Railway Board requested the firms to extend the validity date of their offers upto the 31st October, 1957.

The technical report for all the quotations were received from the Central Standards Office on the 27th April, 1957 and the Ministry of Finance was approached on the 14th May, 1957 for the first time to release the necessary, foreign exchange of £ 3,94,038 which was required for the purchase of these items. On the 21st May, 1957 the Ministry of Finance suggested that the number of items to be purchased should be curtailed, if possible, in view of the acute foreign exchange position. The requirements were, therefore, reviewed in the Railway Board's office and



a revised list for 42 items involving £343,000 in foreign exchange was furnished to the Ministry of Finance on the 23rd May, 1957. The sanction from the Ministry of Finance for the foreign exchange required was received on the 28th June, 1957.

The Tender Committee met on the 9th October, 1957 and action to place orders on the British firm for seven items and for other items on other firms was approved by the Ministry of Railways on the 21st October, 1957. The advance letter of acceptance communicating the decision of the Railway Board to place orders for 7 items valued at £146,677 was issued to the firm on the 26th October, 1957. As the order was not placed before the 31st May, 1957, the last date of the validity of the offer, the price accepted was 10% more than the prices quoted in the tender. The Tender Committee in their recommendation had stated that the reduction in the number of items to be imported in view of the tight foreign exchange position involved protracted correspondence with the Chittaranjan Locomotive Works, Telco and the Indian Ordnance Factories, for examining the possibilities of manufacturing some of these items in their works. All the indenting Railways also had to re-examine their demands. This took time and the contract could not, therefore, be finalised within the validity period of the offer. It was, however, known to the Railway Board that in respect of the British offer for 7 items, a price increase of 10% would have to be allowed if the order was not placed before the 31st May, 1957. The revised requirements were furnished to the Ministry of Finance on the 23rd May, 1957. If, at this stage, the Ministry of Finance were specially approached for the immediate release of foreign exchange required for the purchase of the 7 items in question, the order could possibly have been placed before the 31st May, 1957 resulting in a saving of about £13,201 or Rs. 1.76 lakhs thereby.

The Ministry of Railways have explained that it would have been difficult to get the concurrence of the Ministry of Finance for such a large amount of foreign exchange within the few days intervening before the 31st May, 1957. Even if it were possible to do so, the concurrence in itself would not have been of much value because after securing the foreign exchange release in June, 1957, the scope for indigenous procurement had to be explored further and the order could be placed only in October, 1957. The Ministry hold that variations in expenditure resulting from normal processes of work are inherent in the functioning of a large organisation and cannot be the basis for any inference of either additional expenditure or positive economy.

It is suggested that in all such cases the preliminaries for allocation of foreign exchange and the assessment of indigenous capacity should be settled before tenders are invited abroad.

17. *South Eastern Railway—Erection of imported wagons.*—In July, 1955, the Railway Board placed an order of the value of Rs. 37.04 lakhs with a certain firm for the assembly and erection of 10,800 broad gauge wagons which were being imported from abroad in a semi-knocked down condition. The firm agreed, that as soon as they were fully equipped, they would deliver a minimum of 30 wagons a working day or 750 wagons a month in fully erected condition ready for service, provided the wagon components and materials were offered in required numbers. At this agreed rate of out-turn the work should have been completed within 15 months from the date of commencement. The erection was to be done

at Visakhapatnam where a new yard costing about Rs. 5.53 lakhs was provided for the purpose. The firm started receiving the wagon components and other materials from October, 1955 onwards and the erection work commenced towards the end of April, 1956. Owing to the congestion at the Visakhapatnam port the Railway Board decided in December, 1956 that some of the wagons should be diverted to Calcutta and the number of wagons to be erected at Visakhapatnam was reduced to 8,446. At the agreed monthly average rate of 750 wagons the work should have been completed by March, 1957. From the 29th April, 1956 to March, 1957 only 4,822 wagons were erected. Of the remaining 3,624 wagons, 2,238 wagons were erected up to the end of March, 1958 leaving a balance of 1,386 wagons still to be erected. For each month of delay the Railway Administration incurred an extra expenditure of about Rs. 6,393 on the cost of establishment engaged for supervision, apart from the loss of revenue which would have been derived from the wagons, had they been put into service earlier. The work started in April, 1956 and the formal agreement with the contractor was executed on the 11th June, 1958. The agreement provides for liquidated damages at the rate of half percent of the sum equivalent to the contract value of the uncompleted works for each week or part of week the contractors are in default. The question of assessing what penalty can justifiably be claimed from the contractor is being examined by the Administration.

18. *Purchase of Railway Stores at higher cost for reasons of early delivery.*—In February, 1955, the Director General, India Store Department, London, invited tenders for the supply of 85 sets of machined main bar frames and 65 sets of unmachined main bar frames which were required to be delivered to the Chittaranjan Locomotive Works at the rate of 7 to 8 sets of machined and 7 sets of unmachined frames per month, commencing from August, 1955. It was notified that punctual delivery was to be the essence of the contract. The lowest offers for the machined frames were from two United Kingdom firms, both under the same management, for the supply of 55 sets and 15 sets respectively, at a price of £1100 per set, the deliveries commencing in the one case at the rate of 5 sets per month from June, 1955, and in the other at the rate of 2 sets per month commencing from August, 1955. Except for a German firm whose price for a machined frame was £1200 per set, no other tenderer offered suitable delivery terms. Acceptance of the offers of the two United Kingdom firms was communicated to them on the 23rd March, 1955. On the 30th March, 1955, these two firms advised the India Store Department that they would not be able to comply with the delivery terms previously offered by them, but that one of them would supply 5 sets per month commencing from September, 1955, and the other would supply 3 sets per month from August, 1955. This revised schedule was acceptable to the Indentor provided the firms guaranteed the deliveries. The firms, however, could not offer this guarantee on the ground that deliveries were dependent on the timely supplies of materials by their steel producers. Thereupon, the order for 55 sets on one of the United Kingdom firms was cancelled. The Director General, India Store Department, London, then started negotiations for this quantity with the German firm. The German firm guaranteed to supply 55 sets before the 31st March, 1956 at the rate of 7 to 8 sets per month commencing from August, 1955, and also agreed to reduce its price from £ 1200 to £ 1150 per set. This offer was accepted. Actually, how-

ever, the German firm delivered only 36 sets by the 31st March, 1956, and the delivery of the remaining 19 sets was completed in August, 1956. Although a higher price of £ 50 per set as compared to the lower rate of the United Kingdom firm had been allowed in this case solely in consideration of the early delivery, the usual Price Preference Clause was not incorporated in the contract, nor is there any record to show whether this aspect was considered by the India Store Department before finalising the contract. The result is that it is not possible to recover from the defaulting firm the difference between the contract amount and the lower offer of the United Kingdom firm which amounts to £ 2,750. The India Store Department has explained that in the absence of any acceptable tender after the cancellation of the order on the United Kingdom firm the question of the inclusion of this clause in the contract with the German firm was not pressed.

The amount of liquidated damages leviable in terms of the contract for the delay in deliveries is £3,197. But in view of the certificate recorded by the Chittaranjan Locomotive Works Administration that it suffered no loss owing to the delay in the supply of the materials, it is not possible to recover damages. If the delivery schedule was not so vital, there was no special justification for placing the order on the German firm at a higher rate.

19. *North-East Frontier Railway-Avoidable payment to a contractor through arbitration.*—In November, 1953, a contract for the manufacture and supply of quarry products of the value of about Rs. 1,54,000, during the period November, 1953 to October, 1954 was let out to a contractor. It was stipulated in the contract (i) that the explosives required by the contractor for blasting would be supplied by the Railway and charged for; (ii) that any failure or delay by the Administration in giving any necessary materials etc. would not entitle the contractor to damages or compensation but in such a case the Administration might grant extensions of time as considered reasonable; and (iii) that the Administration might at their discretion require the contractor to suspend any part of the work.

In April, 1954 the contractor demanded additional payment, outside the contract, on the ground that he had to remove heavy over-burden for opening new faces to complete the supply and that he had sustained heavy losses owing to delay in the supply of explosives. The Administration could not supply explosives for about 3½ months from April, 1954 and the contractor claimed compensation for the wages of idle labour. The demand for additional payment for the removal of over-burden was rejected by the Chief Engineer of the Railway in May, 1954 on the ground that the contract was for supply of quarry materials and did not provide for separate payment for removal of over-burden or opening of new faces. He held that as the contractor had quoted a slightly higher rate than in the previous year, he knew that his rate covered the work of removal of overburden as in the past. The description of the work in the previous years' contracts was 'Manufacturing and supplying pitching stone each weighing 80 lbs. to 120 lbs. with all leads and lifts and descents including clearing of jungles, earth of thickness etc., where-as the particular item in the contract under reference only mentioned

'Manufacture and supply of pitching stone etc.' without any specific stipulation as regards the other ancillary works. The Administration, however, decided that the work of removal of overburden and jungle clearance formed an integral and necessary part of the process of manufacture of quarry products and that the words "clearing of jungles" etc. occurring in the corresponding item in the earlier contracts were superfluous. The contractor on the other hand, argued that the omission of the words relating to the removal of over-burden etc. in the schedule contrary to past practice, gave him the impression that the work would either be paid for separately or would be done by the Administration through some other agency. Not satisfied with the decision of the Administration the contractor lodged claims before an Arbitrator appointed in May, 1956, for a total compensation of Rs. 1,75,000 which included Rs. 75,000 on account of removal of layers of earth, opening up new faces and for descents, Rs. 70,000 on account of idle labour and establishment charges and Rs. 30,000 for damages for non-payment of the above amounts in time. The Administration in their submission to the Arbitrator contended that under the terms of the contract the contractor was not entitled to any claim in connection with over-burden, that he did not maintain sufficient number of labourers and that his labour was never idle. It was also argued that the contractor had informed the Administration on the 8th October, 1954, that it would not be possible for him to carry on the work for want of labour force and accordingly the quarry was handed over to the State Government of Assam on the 13th October, 1954, for the supply of boulders in connection with Dibrugarh town protection works.

The Arbitrator gave an award in March, 1957 for Rs. 60,000 inclusive of an unpaid final bill of Rs. 7,909 in favour of the contractor without specifying reasons upon which it was based. The payment was sanctioned by the Administration in October, 1957.

## (ii) WORKS EXPENDITURE

20. *Western Railway—Avoidable expenditure on acquisition of land:—* 575.48 acres of land were acquired by the Railway between April and June, 1949 and possession of the land was taken before awards had been made without strictly following the provisions of the Land Acquisition Act. The land was required for the construction of metre gauge lines by the ex-Gaekwar Baroda State Railway from Bhaili to Bhardran and from Sojitra to Dholka, as a famine relief measure. On the merger of the ex-Gaekwar Baroda State Railway with the ex-Bombay Baroda and Central India Railway, the necessity for the projects was reviewed afresh and the Ministry of Railways decided in July, 1949 that no further work should be undertaken. The question whether the land should be utilised for laying Railway lines, or for the construction of roadways by the Bombay Government, remained under correspondence from October, 1949 to February, 1953, when in the absence of any decision, the Railway Administration requested the State Government to notify the surrender of the land already acquired and to intimate the compensation that would have to be paid consequently. The Bombay Government stated in July, 1953 that as the possession of the land had been taken, land acquisition proceedings could not be abandoned and that

the return of the land which was not required should be negotiated with the original land owners. The Government also pointed out that the Railway would be liable for compensation with interest for the period the land remained in their possession. In spite of this, no action was taken to finalise the land acquisition proceedings. Meanwhile it came to light that the ex-Baroda State Government had made over at the time of merger a sum of Rs. 112.7 lakhs in the form of a reserve fund to be utilised *inter alia* for capital improvements, extensions and developments exclusively of the Baroda Railway System. Since there was a possibility that in terms of the undertaking in regard to this reserve fund the construction of these lines may be resumed, the Railway Administration considered it undesirable to relinquish the land at that stage. The Ministry of Railways in September, 1954, ordered the investigation of the traffic prospects of the projects for deciding the disposal or otherwise of the land. It was finally decided in July, 1958 on the basis of the traffic survey reports, which were received by the Ministry of Railways in February, 1958, that the construction of the lines was not justified.

Although nine years have elapsed since the acquisition of the land the question of its retention or relinquishment has not yet been decided. No awards have yet been declared nor has any compensation been paid. In case the land is acquired, the Railway Administration would have to pay Rs. 8.63 lakhs towards the cost of the land and Rs. 1.29 lakhs as solatium charges under the Act and incidental expenses of Rs. 5,000. Besides this, the Administration may have to pay interest at 4 per cent. on the cost of the land for the period intervening the date of possession and the date of payment of compensation. The amount payable on this account upto 31st March, 1959, is about Rs. 3.40 lakhs. The Administration has, however, stated that the land was only nominally taken over and most of the land has remained under cultivation with the owners and that the interest charges payable on the cost of the land in its effective possession may amount to about Rs. 20,000 only, instead of Rs. 3.40 lakhs. If, however, the acquisition proceedings are withdrawn the loss would be about Rs. 60,000 comprising rent for land in effective possession, incidental expenses and other payments. The Railway Board has stated that these figures are approximate as the actual area of land acquired and in possession of the Administration is not still determined. A joint survey by the Railway Administration and the State Government with a view to suggest to the Board the most practicable course to be adopted for the relinquishment of the land, has been undertaken, the result of which is still awaited.

21. Western Railway—*Premature construction of a locomotive shed.*—A diesel locomotive shed constructed at Radhanpur during 1955, at a cost of Rs. 2,45,748 and equipped with storage tanks for fuel and lubricating oils and a deminerolit plant at a further cost of Rs. 91,507 has remained unutilised so far. This shed was constructed on the basis that out of the 45 diesel locomotives which would be imported to meet the traffic requirements of the Palanpur-Gandhidham section, 40 would be housed in the shed constructed at Gandhidham as part of the Kandla-Dessa Railway Project and the remainder would be housed at Radhanpur. Actually however, only 20 diesel locomotives, have been imported. The construction of the Radhanpur shed which has thus proved to be unproductive so far could have been postponed, had the Railway

Administration taken due note of the advices rendered from time to time by the Ministry of Railways. The Ministry of Railways had advised the Administration in October, 1952 that only 20 diesel locomotives would be ordered in the first instance. In November, 1952, the Ministry of Railways advised that until the 20 diesel locomotives to be ordered had been tested in service, it was not likely that any more diesels would be ordered. In December, 1954 the Ministry of Railways reaffirmed their earlier decision that further diesel locomotives would be ordered only after the 20 then on order had proved themselves satisfactory in service. Notwithstanding these advices, the construction of the Radhanpur shed was commenced in January, 1955. Of the equipment, two lubricating oil storage tanks costing Rs. 11,920 are being transferred for use in another loco shed and the Deminerolit Plant costing Rs. 49,587 is being removed for storage at Gandhidham.

### (iii) STORES.

22. *Avoidable expenditure on Railway Freight*:—On the basis of quotation accepted by the Indian Railways Purchasing Mission sent abroad in May, 1957 the Director General, India Store Department, London entered into a contract with a German firm in August, 1957, for the supply of 4465 tons of Mild Steel Plates to be completed by the end of 1957. The delivery terms were F.O.B. a German Port, subject to instructions from the Director General, India Store Department, London, who was responsible for making the shipping arrangements. The purchase was arranged by the Railway Mission on behalf of the Ministry of Steel, Mines and Fuel. On being asked by the Ministry of Railways, the Deputy Director, Railway Stores (Steel) attached to the office of the Iron and Steel Controller, Calcutta, furnished on the 18th September, 1957 the particulars of Mild Steel Plates arranged to be obtained by import and these showed that 332 tons of material on order in this case were required at Bombay for issue to a wagon manufacturer there. Despite this intimation, the Ministry of Railways cabled to the Director General, India Store Department, London on the 30th September, 1957 to ship the entire quantity of 4465 tons to Calcutta Port. The Ministry have explained that the instructions to ship the entire quantity to Calcutta was issued because the Iron and Steel Controller was nominated as the consignee for the entire quantity of Mild Steel Plates ordered by the Purchase Mission to facilitate the issue of materials to the wagon builders who are located mostly in and around Calcutta. On the 28th October, 1957 the Ministry of Railways revised their earlier cable instructions to the Director General, India Store Department, London and directed the supplying firm, through an ordinary letter, to ship part of the quantity required at Bombay to that port instead of to Calcutta. The revised instructions reached the supplying firm on the 4th November, 1957 after the shipment had been effected on the same date. Consequently 332 tons Mild Steel Plates out of this consignment had to be re-transported from Calcutta to Bombay resulting in an avoidable expenditure of Rs. 29,571 on railway freight.

The Administration explain that there was no disregard of the intimation sent by the Deputy Director, Railway Stores (Steel) from Calcutta on the 18th September, 1957, which was taken as merely indicating the requirements of different wagon builders and not as an advice for assisting in the issue of consignee instructions. In their opinion there was no ground for not issuing the cable to the Director General, India Store Department, London on the 30th September, 1957, in pursuance of the general decision nominating the Iron and Steel Controller, Calcutta as the only consignee. The Administration also observe that when a statement was received on the 8th October, 1957 from the Iron and Steel Controller, showing the distribution of plates against different contracts, the list was scrutinised and necessary instructions were issued to the supplying firm in this particular case on the 28th October, 1957 to despatch a part of the consignment to Bombay. The fact that the whole consignment was sent to Calcutta inspite of this should according to the Administration be regarded as a purely unfortunate event which could not be completely obviated in the working of a vast administrative organisation.

23. *Eastern Railway—Extra expenditure on the purchase of caustic soda cells*—An indent for the supply of Caustic Soda cells was placed by the Controller of Stores, Eastern Railway on the Director General, Supplies and Disposals in December, 1954. The supply was required by the 31st July, 1955. Tenders were invited by the Director General in March 1955 and were opened on the 3rd May, 1955. The offers were open for acceptance upto the 3rd July, 1955. The purchase proposals were not, however, initiated until the 20th August, 1955. On the 13th October, 1955 the offers received were referred to the indenter who recommended acceptance of the tender for a proprietary brand of stores in preference to other lower offers. The Director General asked the indenter on the 16th January, 1956, to furnish a 'proprietary article certificate'. The certificate was received by him on the 8th February, 1956. Meanwhile the offers had expired. The tenderer whose offer was recommended for acceptance demanded increased prices on the 29th September, 1955 and the purchase had to be made at the increased prices. The delay in finalising purchase action in consultation with the indenter resulted in an extra expenditure of Rs. 14,710.

The Director General, Supplies and Disposals has explained that the delay in finalising this purchase was due to heavy pressure of work and that the extra expenditure in this case could have been avoided had the indenter furnished the proprietary certificate in the beginning. The indenting Railway Administration, on the other hand contends that the India Store Department Specification for the cells required was correctly quoted in the indent and that as there was only one offer which conformed to this specification, it was unnecessary to refer the case back to the indenter. Measures to avoid similar delays in finalising purchase action in future are being taken. The Director General, Supplies and Disposal's displeasure has been conveyed to the Assistant, who dealt with this case and the Section Officer has been warned to be more careful in future in dealing with such cases. The action taken, however, does not amount to imposition of penalties within the meaning of Discipline and Appeal Rules.

24. *Central Railway—Extra expenditure due to error in the indent.*—A store depot on the Central Railway was maintaining the stock accounts

of axle oil in terms of hundredweights while its annual indents for replenishment of stocks were in terms of gallons. The Depot estimated its requirements of heavy and medium axle oil for the 12 months from November, 1956 to October, 1957 at 23,820 cwt. and 14,400 cwt. respectively. While submitting the annual schedule of demands for stock items to the Controller of Stores, the Depot erroneously showed these identical quantities in gallons, whereas these should have been converted into gallons before indenting. The actual requirements were 2,96,427 and 1,79,200 gallons respectively. The Director General, Supplies and Disposals covered the requirements as indented under running contracts at Rs. 1.32 and Rs. 1.24 per gallon for heavy and medium oils respectively. The error came to light only when the supplies were found to be inadequate to meet the demands. The Controller of Stores placed therefore an *ad-hoc* indent on the 18th January, 1957 on the Director General, Supplies and Disposals to cover the shortfall of the previous order and also to meet additional requirements. It was not possible to procure these additional quantities against the running contracts except to the extent of 32,100 and 23,280 gallons of heavy and medium oils respectively. Fresh contracts at the rate of Rs. 1.61 and Rs. 1.53 per gallon had to be placed resulting in an extra expenditure of Rs. 1,10,787. The Administration contends that the exact amount of the extra expenditure cannot be assessed at this stage as the running contract rates are not firm and the suppliers are likely to claim a revision of the rates. The Administration also explains that the clerical mistake might not have led to an *ad hoc* indent and consequent extra expenditure but for the Suez Crisis, as additional requirements above the tolerance of 15 per cent. provided in the rate and running contracts were being accommodated against the contracts.

According to rules, the office of the Controller of Stores is required to frame and check the total annual requirements keeping in view the consumption during the previous year. Had this prescribed check been exercised the mistake made by the Depot in its schedule of demand would probably have been detected. The Administration has since issued charge-sheets against certain employees. Steps have also been taken to maintain the stock cards of these oils in terms of gallons instead of in terms of weight.

25. *Eastern Railway—Deterioration of woollen cloth owing to defective store keeping.*—Verification of stock in a Stores Depot during 1955-56 revealed that 10,514 yards of woollen cloth valued at Rs. 88,638 had been damaged by moth. It was decided to utilise the damaged cloth for the manufacture of garments for which a contract has since been given out. On the basis of the number of garments that may be obtained from each variety of cloth as quoted by the contractor, the estimated loss representing the value of extra lengths required over the standard scale has been calculated by the Administration at Rs. 27,405. This also includes cloth valued at Rs. 11,786 for the utilisation of which arrangements are being made by the Administration. The Administration attributes the damage to fresh supplies having been stacked on the existing stocks for lack of space and their issue before old stocks were exhausted though woollen cloth is susceptible to damage if stored for a long time. The loss in this case is thus due to the Administration's inability to work upto the accepted principle—'first in-first out'.



A Departmental Enquiry Committee appointed to enquire into this case submitted its report in April, 1957. The report is under the consideration of the Railway Administration.

26. *Western Railway—Loss due to supply of defective sleepers.*—Orders had been placed by the Railway Administration in July, 1955 and September, 1955, with two contractors for the supply of 80,000 and 60,000 wooden sleepers respectively, of the aggregate value of Rs. 11 lakhs. The sleepers were to be despatched by the contractors after they had been inspected and branded as passed by the Sleeper Passing Officer at the sources of supply. Upto December, 1956, altogether 14,621 and 50,010 sleepers valued at Rs. 5.60 lakhs had been received by the various Engineering Units on the line. Out of the supplies so received, 55,513 sleepers had been put on the line and 9,118 were on hand in December, 1956 when a report was received from the Special Police Establishment that certain irregularities had occurred in the execution of these contracts. Instructions were thereupon issued to the Executive Engineers to suspend further issues from the stock on hand. The Track Supply Officer conducted an inspection during the period January to May, 1957, of about 67 per cent. stock of sleepers on hand and a number of the sleepers put on the track and reported that in the lots inspected by him a certain number was below specification, that a small number of sleepers bore marks of rejection and some sleepers bore no marks at all. The matter is still under investigation by the Special Police Establishment. Departmental action against officers responsible for passing and accepting the defective sleepers is pending the finalisation of the case by the Special Police Establishment. Meanwhile payments amounting to Rs. 27,118 due to the suppliers have been withheld. The extent of loss involved in this case will be assessed after finalisation of the case by the Special Police Establishment.

#### (iv) PAY AND ALLOWANCES

27. *Eastern Railway—Extra expenditure on unskilled casual labour.*—The minimum wage payable to daily rated labour employed on road construction, building operations, etc. in Bihar and some other States was fixed at Rs. 1-12-0 per day with effect from the 18th March, 1952 by a notification of the Ministry of Labour. At that time the prevailing rate on the Railway was Rs. 1-8-0 per day. The Deputy General Manager instructed the Divisional Superintendent, Asansol on the 13th March, 1953 to pay the casual labour at the rate of Rs. 1-12-0 per day. Subsequently the Government of India in a notification issued on the 27th December, 1954 reduced the minimum rate to Rs. 1-8-0 per day. The Ministry of Railways endorsed this notification to the General Manager on the 12th May, 1955 and the latter forwarded it to the Divisional Superintendent, Asansol on the 2nd December, 1955, who, in turn, circulated it for guidance to the various engineering subordinates on the 11th January, 1956. Even after the delayed circulation of these orders, four engineering subordinates continued to make payments at the higher rate of Rs. 1-12-0 per day until the rate was questioned in audit in June, 1956. Payment at rates higher than the minimum was discontinued by one engineering subordinate from July, 1956 and by the others from March, 1957. If

the rates had been revised at least from the date of receipt of the notification by the engineering subordinates, the Administration could have avoided an extra expenditure of Rs. 21,357. There would have been a further saving of Rs. 13,073 if the notification were circulated and acted upon from the date of its issue. The Administration has explained that payment at rates higher than those under the Minimum Wages Order is not necessarily an over-payment and that in this somewhat unprecedented case in which minimum wages once notified were subsequently reduced, the practicability of immediate reduction of wages, particularly in the coal areas, should be taken into account, instead of proceeding from the fact that a reduction could be made at a later stage. There is, however, no evidence on record to show that attempts were made to recruit labour at the rate of Rs. 1-8-0 per day, after the receipt of the notification dated the 27th December, 1954.

#### (v) REVENUE EXPENDITURE

28. *Loss owing to delay in the payment of bills for the supply of electricity.*—The Companies supplying electricity to Railways generally allow their customers a cash rebate if their bills are paid within a specified period and levy a surcharge or forfeit the rebate if payments are delayed beyond the stipulated period. Some losses have occurred on the Railways as indicated below, owing to delay in the payment of electricity bills.

*Central Railway:*—The amount of rebate forfeited or surcharge paid during the years 1955-56 to 1957-58, some of which related to the bills for the periods from 1952-53 onwards was Rs. 25,619. The Administration have explained that out of this amount a sum of Rs. 5,190 may be regarded as loss; the balance of Rs. 20,429 was paid under protest. Out of the total loss of Rs. 5,190 an amount of Rs. 4,230 pertains to the periods during which organisational changes were introduced on the Railway, leading to delays in payments. As regards the amount of Rs. 20,429 paid under protest, the Railway Administration have stated that though the delayed payments were followed by timely payments for subsequent months, the companies adjusted the latter payments towards outstanding arrears of surcharge for earlier periods, resulting in incomplete payments for the latter periods for which also surcharge was consequently levied. The Railway Administration do not consider this method of levying surcharge as equitable. The question of obtaining refund is under correspondence with the companies concerned and is proposed to be followed up by personal discussion with them. The question of adopting remedial measures and of fixing responsibility for delayed payments is also under examination by the Administration.

*Eastern Railway:*—A loss of Rs. 3,560 was incurred in respect of a bill received in February, 1956 in spite of instructions issued in December, 1955 for timely payment of bills. The question of fixing responsibility for the loss is under examination by the Administration.

*North Eastern Railway:*—A loss of Rs. 1,161 was incurred during the years 1954-55 to 1956-57, even though the procedure for payment of the bills was revised in 1953 so as to avoid delay. The question of fixing responsibility for the loss is under examination in one case. In the remaining cases staff could not be held responsible as there was no evidence of the original bills having been received.

*Northern Railway.*—The loss for a period of 5 years from 1952-53 amounted to Rs. 5,548. Remedial action has been taken in some divisions to guard against late payments.

*Southern Railway.*—The amount of rebate forfeited and surcharge paid for the years 1956-57 and 1957-58 was Rs. 8,773. The Railway Administration have decided not to examine the question of staff responsibility as the formative stages of the Divisional Scheme introduced during this period mostly accounted for the delay. Remedial measures to avoid the loss in future are being taken.

*Western Railway.*—The loss in respect of some bills for 1956-57 was Rs. 5,653, of which an amount of Rs. 1,403 was paid under protest. The procedure for the payment of bills has been revised in August, 1957 to avoid future losses.

## (vi) EARNINGS

29. *Central Railway—Non-recovery of siding and demurrage charges (ex-Nizam State Railway).*—According to the procedure on the ex-Nizam State Railway, stations were required to send periodically to the Chief Transportation Superintendent statements showing the detentions to wagons in the sidings and the Chief Transportation Superintendent was required in turn to forward the statements, after verification, to the Accounts Office for recovery of the demurrage charges at the prescribed rates from the industrial undertakings concerned. The periods prescribed for the submission of these statements ranged from ten days to one month. Owing to the failure of certain stations to submit the statements for long periods large amounts of demurrage charges had accrued against the undertakings concerned, as shown below:—

Serial No.	Name of the siding	Periods for which dues have been calculated.	Amount due	Periods for which dues are still to be calculated.	Remarks.
1	2	3	4	5	6
1	Bhadrachallam Colliery Yard	14-6-54 to March 1957 except April, 1955	Rs. 2,37,605	January, 1953 to 13-6-54 and April, 1955.	Claims have not yet been preferred (a) pending a decision regarding the basis of charges to be adopted as a copy of the agreement with the Collieries is not traceable and (b) pending examination of their complaint that the wagons were not removed from their Yards by the Railway because of congestion in Railway Yards.

1	2	3	4	5	6
2	Bellampalli Colliery Yard	January, 1954, February, 1954 and June, 1954 to March, 1957	2,14,261	January, 1953 to December, 1953 and March, 1954 to May, 1954.	Do.
3	Struttpit siding Singarreni Collieries.	November, 1951 to August, 1955.	*7,004	12-9-51 to 31-10-51.	Charges from September, 1955 onwards have been recovered regularly.
4	New 'B' power House siding :				
	(a) Siding charges for other than coal wagons.	..	..	26-12-54 to 30-6-57.	Charges from July, 1957 have been regularly recovered. The siding was open from 9-9-53 but the notification announcing its opening and the charges to be recovered was issued in January, 1956 after Audit pointed out the omission in January, 1955.
	(b) Demurrage charges for coal and other wagons.	..	..	9-9-53 to 30-6-1957.	
5	Detentions to sugar cane trucks on the Jankampet Bodan Section. ¶	1954-55	920	..	Bills against the factory have been preferred but have not yet been paid.
TOTAL .			4,59,790		

\*This figure has not been verified in audit.

The accumulated outstandings so far determined are of the order of Rs. 4.59 lakhs. This amount is still tentative owing to the difficulty of ascertaining at this distance of time how far the detentions were due to the congestion in the Railway Yard as contested by some of the collieries. The rate of demurrage charges has also not been finally fixed in some cases. The Ministry of Railways state that amounts recoverable from the firms, when finally worked out, will be considerably less.

No responsibility has been fixed for the omission on the part of the station staff to submit the statements in time or for the failure of the Accounts Office and of the Transportation Department to call for them. The Ministry of Railways have explained that consequent on the centralisation of the Traffic Accounts Office at Secunderabad and the appointment of a considerable number of new staff not conversant with the ex-Nizam State Railway procedure, the regular submission of detention statements through the Divisional Superintendents could not be properly watched by that office.

30. *Arrears in the recovery of rent for lands leased for growing food crops*—In connection with the 'GROW MORE FOOD' campaign, the Railways have been handing over surplus land to State Governments from 1942 onwards and more particularly from 1949 for leasing out to outsiders for growing food crops. Rents for these lands were to be fixed by the State Governments and a major portion of the receipts was creditable to Railways. On most of the Railways the particulars of rent collected and remitted by the State Governments are not being linked regularly with the credit advices issued by the Accountants General concerned. The State Governments have also not been regularly furnishing particulars of rents due and remittances made by them to the Railway Administration from time to time.

On the Central Railway, the only information available in the Chief Engineer's office is that about 1966 acres of land were handed over to seven State Governments during September, 1951 to March, 1955, out of which about 762 acres were in turn leased out by two State Governments.

The Eastern Railway Administration possesses only the particulars of lands handed over to the State Governments. They are trying to link the amounts deposited in the Civil Treasuries with the credit advices issued by the Accountants General concerned.

On the North Eastern Railway, according to the figures furnished by the Administration, a sum of Rs. 4,17,572 has been received against Rs. 6,90,374 due for the period 1952-53 to 1957-58.

On the North-East Frontier Railway, only Rs. 1,389 have so far been credited to the Railway towards its share of rent in respect of 2 out of 6 districts, though 2919.5 acres of land was handed over to the Civil Authorities from time to time since 1950. The Administration state that further sums of Rs. 16,246 and Rs. 21,808 have been deposited by the Governments of West Bengal and Bihar respectively.

On the South Eastern Railway, in respect of 2724.3 acres of land handed over to State Governments, challans and intimations regarding remittances of the Railway's share of rent to the extent of Rs. 20,793 have been received from different Accountants General, who have been addressed to furnish the necessary particulars for adjusting the credits in Railway's account.

On the Western Railway, in respect of 137.95 acres of land leased to Rajasthan Government in 1953-54, without executing agreement, the payment of rent has been disputed on the plea that the land was ceded to the Railway free of cost by the former Rajasthan State. The Ministry of Railways have not accepted this stand and have addressed the Rajasthan Government in May, 1957, to pay rent.

Attempts were made on the Southern Railway to maintain the registers in the Accounts Offices containing particulars of land leased, rental fixed, amounts recovered from the State Governments, etc., but the postings fell into arrears due partly to inefficient maintenance by the executive of the records of the lands handed over to the State Governments and partly to the failure on the part of the State Governments to intimate the particulars of rents fixed and their recovery. The progressive figures

of amounts recovered and the balance still outstanding, so far known as at the end of December, 1958, are stated to be Rs. 1,78,067 and Rs. 3,32,489 respectively.

The position obtaining on the Northern Railway is under investigation.

The Ministry of Railways observe that while admittedly rent recoveries from the State Governments are in arrears on a number of Railways, vigorous efforts are being made to bring the recoveries upto date and there is no reason to think that complete recoveries will not be effected from the State Governments. An Officer-on-Special Duty (Lands) in the Railway Board's office is following up this matter by personal liaison between the Railways and the State Governments. The Ministry further observe that as the main objective in handing over the spare land to State Governments is for 'GROW MORE FOOD' campaign and not for the purpose of deriving the maximum revenue, no meticulous verification of individual cases of leases is considered necessary.

#### (vii) DEPARTMENTAL CATERING

31. *Loss in the working of departmental catering on Railways.*—In pursuance of the recommendations of the High Powered Committee on Catering appointed by the Government in November, 1953 to go into all aspects of catering and to devise appropriate measures for all-round improvement in catering arrangements on Indian Railways it was decided by the Railway Board to introduce departmental catering from the 1st July, 1955 progressively on all Railways where it did not already exist. The objective underlying departmental catering was to set the standard for the supply of tasty and wholesome food at reasonable prices and ensure at the same time that the organisation runs on a 'no profit no loss' basis. Some of the measures suggested by the Railway Board to achieve economy in working were that the expenditure on staff should be modest and proportionate to the volume of business, that the vending of eatables and other articles should be arranged through vendors appointed on commission basis, that part-time workers should be appointed where whole-time staff are not justified and so on. It was also stipulated that the prices should be fixed in such a way as to make the budget of the catering department a balanced one.

Departmental catering was accordingly introduced on a limited scale at two stations on the Northern Railway from October, 1955, at three stations on the Central Railway and at two stations on the Western Railway from April, 1956, and at two stations on the North Eastern Railway from February, 1957. It was later extended to some other stations and certain train services during the course of the year 1956-57. Departmental catering already existed on the South Eastern Railway and on the Southern Railway.

The pro-forma profit and loss accounts showing the results of working of departmental catering during the years 1955-56, 1956-57 and 1957-58 have not been prepared by some of the Railways. Nevertheless, it

has been noticed that the service is not yet running at a 'no profit no loss' basis as contemplated. The loss incurred during the three years was approximately as under:—

(Figures in units of Rupees)

Railways	Net loss.		
	1955-56	1956-57	1957-58
Eastern.	3,06,433	2,24,601	5,30,628
Northern.	14,506	5,000	1,58,558
Southern.	1,31,031	1,94,030	1,99,473
South Eastern.	3,46,822	5,85,815	3,53,403
Western	..	9,296	69,281

(Figures for 1957-58 have been taken from the Report of the Officer on Special Duty, Catering, Railway Board.)

Steps so far taken by the Railways for reducing the losses in working of departmental catering through reduction in expenditure, curtailment of uneconomic services, increase of sales and raising of rates etc., have not yet yielded satisfactory results.

The Ministry of Railways observe that they are fully alive to the situation. They have explained that the annual loss in working on the Southern Railway has been reduced from Rs. 6 lakhs in 1952-53 to less than Rs. 2 lakhs in 1957-58 as a result of progressive improvements and that further improvements on that Railway and on the other Railways are expected with the extension of the activities of the catering department and adoption of the measures suggested by the officer who was placed on special duty in May, 1958 for the purpose. The Ministry further observe that in the initial stages most of the staff engaged by the contractors before departmental catering was introduced had to be kept on as a matter of policy and that savings will accrue when the strength of the staff come down over a period of time to that strictly justified by the requirements of the work.

#### (viii) OTHER TOPICS OF INTEREST.

32. *The Railway Electrification Project.*—In order to ease the congestion of passenger traffic at Howrah station a proposal for the electrification of suburban passenger trains was under consideration for some years past. Investigations suggested that it would be advantageous to introduce electric traction for all the traffic in that area rather than for the suburban passenger traffic only. In July, 1953, the Railway Board issued instructions for the preparation of a comprehensive scheme for the electrification of the suburban services with extensions to the coal fields, Khargpur and Tatanagar and also for a circular railway round the city of Calcutta. To start with, an abstract estimate for Rs. 11.84 crores was sanctioned by the President in June, 1954, for the first phase of the project covering 67 miles of the main line between Howrah and Burdwan and 21 miles of the Sheoraphuli—Tarakeswar branch of the Eastern Railway. This outlay was expected to yield a return of 5.6 per cent a year.

The service was expected to be commissioned in five stages between the 15th June, 1957 and the 15th December, 1957. But there was a delay of 2 to 8 months in each stage, the first section, Howrah-Sheoraphuli, being opened on the 1st December, 1957 and the last one, Memari-Burdwan, on the 15th August, 1958. This was caused by delays in the finalisation of plans, estimates and designs, delays in supply of materials

and execution of works by contractors on account of Suez crisis and also owing to the slowing down of the works from September, 1956 pending a decision as to whether the D.C. or the A.C. system should be adopted for traction and power not being available before September, 1957. The Railway Board had decided in March, 1954 to adopt the D.C. system. Subsequently this decision was revised and the Railway Board decided in November, 1957 that main line electrification on the Eastern and South Eastern Railways under the Second Five Year Plan should be on the A.C. system and that the first phase of the project since done on the D.C. system should eventually be converted into A.C. The outlay on the change-over was originally estimated at about Rs. 3.5 crores; it is not, however, possible to determine the cost precisely until the quotations for the conversion of the major items of equipment for alternative use elsewhere are finalised.

Detailed estimates were prepared and sanctioned, stage by stage, for each item in the Abstract Estimate as the works progressed. The latest estimate of expenditure as disclosed in the budget for 1958-59 is Rs. 13.45 crores. The excess being over 10 per cent a revised estimate to be sanctioned by the President has become overdue. A revised estimate is now under preparation. A forecast made in October, 1958 indicated a further excess of Rs. 1.73 crores on account of increase in contract values and additional rolling stock. Adding to this the cost of the change-over to the A.C. system, the ultimate cost of the project is likely to be about Rs. 18.68 crores. A re-assessment of the expected return on the outlay has, therefore, become necessary.

Eleven major contracts valued at Rs. 2.98 crores were awarded for the various works in connection with the project. The commitment against these contracts as assessed on the 31st August, 1958, was about Rs. 4.40 crores. The increase of Rs. 1.42 crores is due to price variation claims, increase in customs duty, changes in designs and specifications and additional works, which could not be foreseen. Formal agreements have been executed in respect of six of these contracts and the draft agreements in respect of the remaining five have been mutually accepted and are in the final stages of execution.

The electrification of about 1053 miles on the Eastern and South Eastern Railways on the A.C. system extending to Moghulsarai, Rourkela and the East Pakistan border has since been undertaken at an estimated cost of Rs. 89 crores. The administrative organisation for this work was set up in September, 1957 and an urgency certificate authorising an expenditure of Rs. 6.5 lakhs was sanctioned in November, 1957. An authorisation for Rs. 29.3 crores was issued under another urgency certificate in August, 1958 with the direction that the abstract estimate of the project should be submitted to the Railway Board in November, 1958. A technical collaboration agreement has been entered into with the French National Railways (S.N.C.F.) on a fee of £ 426,000 for the electrification of 970 route miles upto September, 1961. According to the draft agreement, in the event of an extension for a year beyond that date, the cost of establishment at site only will have to be paid, but a new agreement will have to be reached for any extension beyond the 1st September, 1962. In the extension clause, the amount of the fee, or of its agreed instalments, is not related to the performance of the French firm or to the progress of the works in India. The Administration has stated that before making payment of any instalment of fees, the General Manager and Chief



Engineer of the project records a certificate in regard to the work done by the consultants. A French Railway engineer has been appointed as Electrical Design Engineer for the Project. Under the technical collaboration agreement, 18 gazetted officers and 31 non-gazetted officers got training in France in the various spheres of A.C. electric traction. For the second phase of the Calcutta Electrification Project on D.C., which had been programmed before the Main Line Electrification on A.C. was decided in 1957-58, orders were placed, in advance in 1955, for 25 multiple unit electric coaches at an approximate cost of Rs. 12 lakhs for each unit, suitable for 3000 volts D.C. traction. Six units of these coaches have since been transferred to the first phase and the remaining 19 will be used in the 1500 volts D.C. traction system at Bombay after necessary conversion.

The Ministry of Railways has explained that the work on 3000 volts D.C. traction for the first phase of the Calcutta Electrification Project was undertaken in 1954 and advance orders for the second phase were placed in 1955. The Ministry considered it prudent at that time to adopt the D.C. system on grounds of economy and efficiency as the A.C. 50 Cycle System was then still in the initial stages of development in most countries. On the basis of later developments leading to the change-over to the A.C. system of traction in other advanced countries on technical as well as financial considerations, the Ministry of Railways, after detailed investigation, decided in 1957-58 to adopt the A.C. system for the main line electrification schemes. In the opinion of the Ministry any expenditure that may have to be incurred on the eventual change-over of the D.C. sections of the Calcutta area to A.C. is likely to be made up by the advantages of the overall adoption of the A.C. system. The Ministry, therefore, considers that it is not correct to add the expenditure on the change-over to the cost of the first phase of the project alone for the purpose of the re-assessment of the expected return on the outlay on this phase.

33. *Ganga Bridge Project.*—The construction of a rail-cum-road bridge across the Ganga at Hathidah at a cost of Rs. 11.84 crores was originally sanctioned in 1948 to provide an efficient and quick means of transport to and from North Bihar. An expenditure of Rs. 47.34 lakhs was incurred upto October, 1949 when it was decided to defer the project in view of the then difficult ways and means position. Thereafter it became necessary to review afresh the whole question of the location of the bridge and a special committee appointed to advise the Government on this point submitted its report in 1953, on the basis of which a firm decision as regards the site of the bridge was taken. In September, 1953, it was decided to restart the work and an abstract estimate for Rs. 14.62 crores, inclusive of the expenditure of Rs. 47.34 lakhs previously incurred, was sanctioned in April, 1954. The detailed project estimate was sanctioned in November, 1956 for Rs. 15.61 crores. The excess of Rs. 99 lakhs over the abstract estimate was mainly due to the acquisition of more lands, greater quantity of earth-work done at higher rates, increased provision for staff quarters and development works and increase both in the quantity and price of steel and concrete works. The Ministry of Transport has agreed to bear 40 per cent of the cost of the bridge proper amounting to Rs. 4.11 crores. The balance of Rs. 11.50 crores to be financed by the Railways was expected to give a return of 4.63 per cent per annum as against a minimum return of 4.25 per cent prescribed under the 1949 Railway Convention to justify a debit to the Capital Account.

In the abstract estimate, it was stated that the project would be completed before the end of 1958. In the detailed project estimate the date was extended to the end of 1959. Arrangements have been made to open the bridge to rail traffic on the 1st May, 1959. It is expected by the Administration that the project would be completed in all respects within the target date and also within the sanctioned estimate. Most of the earth work was completed before the monsoon of 1958 and earth moving machinery worth Rs. 52 lakhs purchased for this project has since been transferred to other railway works. Awards for land acquisition to the value of Rs. 84.39 lakhs have been made against the estimated cost of Rs. 100.33 lakhs. Disbursement to the end of June, 1958 amounted to Rs. 76.80 lakhs; besides, a sum of Rs. 7.59 lakhs was in deposit with the civil authorities.

On the basis of a global tender, formal orders to the value of about Rs. 5.14 crores were placed with the successful tenderer in September, 1954 for the construction of piers and super-structure of the main bridge, which were required to be completed by March, 1959. On-account payments to the extent of Rs. 4.41 crores have been made to the contractors to the end of August, 1958. Despite the lapse of 4 years a formal agreement with the contractors has not yet been executed. The Administration has explained that the formal letter of acceptance containing the rates and terms of payment and broad conditions governing the contract was issued to and acknowledged by the contractor in September-October, 1954. The delay in the execution of the agreement, which in its final form has been sent to the contractor for signature on 4th January, 1959, is due to the size of the agreement and the technical complications of the work which had to be discussed with the contractor and embodied in the contract after obtaining legal advice. It has also been stated that the delay is not due to any disputes having arisen between the Administration and the contractor.

Along with the temporary accommodation built in Hathidah for the construction staff, 136 units of permanent type staff quarters were constructed at Mokameh Ghat on the South bank of the river at a cost of Rs. 5.44 lakhs. The original justification for constructing these quarters at Mokameh Ghat, which will lose its importance owing to the transfer of the transshipment work from the South to the North bank of the river after the opening of the bridge, is not available. The Administration, however, explain that the construction of these permanent quarters at Mokameh Ghat was taken in hand in the belief that these quarters along with the existing 600 units of permanent quarters there could be usefully planned for the accommodation requirements of different schemes under contemplation by the Railways. The use to which these permanent type quarters will be put after they are rendered surplus on the completion of the project, has not yet been decided. For the time being the Administration proposes to use them for the staff of the transshipment yard on the North bank to the extent such staff cannot be immediately accommodated in the railway colony on that bank.

34. *Central Railway—Khandwa Hingoli Railway Construction.*—The construction of the metre gauge line of 187 miles from Khandwa to Hingoli is intended to provide a through route between the M.G. systems of North and South India. The Traffic and Engineering Final Location

Surveys of the project were conducted by the ex B.B. & C.I. and N.S. Railways in 1946 and 1947. The reports and estimates prepared by them were consolidated and the ex N.S. Railway portion brought upto date by the ex B.B. & C.I. Railway in November, 1952. In November, 1953, the Railway Board accepted the alignment proposed in the Final Location Survey carried out by the ex B.B. & C.I. Railway in 1947 and decided that a fresh location survey for a revised ruling gradient was not necessary. The area of the construction fell within the Central Railway Zone on the integration of the Railways in November, 1951 and the project was entrusted to that Railway.

The cost of the project in the estimate prepared by the ex B.B. & C.I. Railway in 1952 was Rs. 6.77 crores, including Rs. 59.44 lakhs for rolling stock. The first revised abstract estimate, based on the quantities and general details contained in the Final Survey Report and the Construction Estimate prepared by the B.B. & C.I. Railway, compiled by the Central Railway in January, 1954 was for Rs. 10.5 crores including Rs. 1.61 crores for rolling stock. The excess of Rs. 2.72 crores (excluding Rolling Stock portion) in the first revised abstract estimate over the initial project estimate was mainly due to the low rates adopted in the initial estimates and to subsequent increase in the rates. The significant increases were in the cost of formation (Rs. 141.54 lakhs), permanent way (Rs. 60.68 lakhs) and bridges (Rs. 20.86 lakhs). The Administration pointed out at that time that no detailed field examination had been carried out by the Railway nor had it been possible within the time available to prepare detailed estimates and that the rates and costs adopted were liable to further revision. In March, 1954 the Railway Board sanctioned the construction at a cost of Rs. 8.90 crores, excluding the provision for Rolling Stock as the line was being constructed mainly on operational grounds. The construction commenced on the 17th March, 1954. While considering certain major tenders for this construction in December, 1956, the Railway Board anticipated heavy excesses over the estimate sanctioned in March, 1954 and they asked the Railway Administration to submit the construction estimates without delay. While submitting the second revised abstract estimate the Railway Administration explained that owing to the lapse of about 7 years after the original Final Location Survey, the original mattams were almost non-existent and a complete re-location of the line involving deviation from the original alignment at several places was necessary. It was also found that the technical details furnished earlier required drastic revision. By the time the need for field investigation became apparent, only about 6 months in the working season of 1954-55 were available and all the relocation work would not be completed before the monsoon of 1955. The second revised abstract estimate amounting to Rs. 12.39 crores (excluding rolling stock), accompanied by detailed estimates could, therefore, be submitted only in May, 1957. The excess of Rs. 3.50 crores in the second revised abstract estimate over the first one was mainly due to increased quantities and rise in the cost of materials and labour. The second revised abstract estimate was sanctioned in July, 1957.

The line was expected to be completed in three years in the initial project estimate, four years in the first revised abstract estimate and six years in the second revised abstract estimate. The Administration has explained that the work could not be taken in hand seriously upto October, 1955 mainly owing to the need for carrying out fresh field

investigations, and that the final completion of the project will depend upon the timely supply of permanent way materials and structural steel for girders. Three sections of the line totalling 50.76 miles have been opened for traffic between June, 1957 and April, 1958. About 53 per cent work was completed by March, 1958 the expenditure incurred being about Rs. 5.86 crores.

The return on the outlay on the project is now placed at 2.25 per cent against 3.12 per cent expected at the time of the project estimate.

The Railway Ministry observe that the estimate of 1952 was based on surveys carried out by the ex-B.B. & C.I. and the N.S. Railways in 1946 and 1947 and the first estimate strictly was the one submitted and sanctioned in 1954 which has been revised only once in 1957 as a result of fresh investigations about alignment. The Ministry further observe that the reduced return on capital consequent upon the re-assessment of the estimated outlay is not material as the line was sanctioned on considerations of operational necessity.

35. *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 other matters relating to the previous Railway Audit Reports upto the year 1956 are outstanding:—

(A) RAILWAY AUDIT REPORT, 1953.

(i) *Para 27—Purchase of defective and unserviceable rails.*—The question of fixing responsibility on the consignee for failure to report in time the defective nature of the rails received is still under the consideration of the Ministry of Railways.

(B) RAILWAY AUDIT REPORT, 1955.

(ii) *Para 16—Southern Railway—Loss incurred on the working of the Sagara Talaguppa Railway.*—The Railway Board state that the State Government is reluctant to agree to the dismantlement of this line particularly in view of the goods traffic to be carried over it in connection with the Sharawati Hydro Project. Steps are being taken by the Ministry of Railways to increase the revenue from and reduce the working expenses of this section. The State Government has agreed to issue directions for cancelling the existing permits on the route for passenger buses.

## (ix) OTHER CASES OF LOSSES

36. The following is a summary of the less important cases of losses etc. mentioned below the Appropriation Accounts of the Grants concerned.

(Figures in units)

Page of the App. A/cs. for 57-58 (Pt. II) Detailed App. A/cs.	Number & name of the grant	Total number of minor losses or irregularities	Total amount of minor losses etc. under each grant	Brief subject
1	2	3	4	5
			Rs.	
13	4—Revenue—Working Expenses—Administration.	25	33,808	Losses due to theft of cash and stores, write-off of overpayments of wages, travelling allowance and irrecoverable advance to staff and loss due to fraudulent payment taken by an employee.
18—19	5—Revenue—Working Expenses—Repairs & Maintenance.	43,415	34,01,833	Losses owing to floods, fire, accidents, storms and cyclones, thefts, leakages, breakages in transit, loss due to late payment of telephone bills by a railway and waiver of overpayments of wages, leave salary allowances and final settlement dues.
22—23	6—Revenue—Working Expenses—Operating Staff.	216	32,863	Loss due to write-off of pay and allowances of a clerk posted at a siding, overpayment of advances, C.P.C. arrears, running allowance etc., loss due to accidents and loss of stores in transit.
27	7—Revenue—Working Expenses—Operation (Fuel).	12	2,10,313	Write-off of the loss of sea freight on account of accident to a vessel and losses of coal owing to thefts.

1	2	3	4	5
34—39	8—Revenue—Working Expenses—Operation than staff and fuel	6,728	1,74,289	Losses due to theft of cash and stores, payment of compensation claims in respect of major railway accidents; losses of stores due to fire, running train thefts, mis-despatches of consignments & delivery on forged receipt, leakages, breakages in transit; loss due to non-recovery of cost of ice supplied to a dining car contractor & in the disposal of pulso machines.
44—45	9—Revenue—Working Expenses—Miscellaneous Expenses.	216	5,46,676	Losses on account of payment of compensation claims in respect of major railway accidents; losses of stores due to thefts, fire, rains, cyclones and civil disturbances; loss of station cash, loss due to unauthorised disposal of food grains; waiver of overpayments of Provident fund dues etc. and of irrecoverable amount on a/c of food supplied for Rly. Canteen and write-off of the value of liquor due to deterioration.
47	10—Revenue—Working Expenses—Labour Welfare	262	4,363	Losses of stores due to fire, thefts and in transit and write-off of irrecoverable hospital & diet charges.
51	13—Open Line Works—Revenue—Labour Welfare	1	120	Loss due to thefts.
56	15—Construction of New Lines.	113	27,565	Losses due to fire, floods & heavy rains; loss of stores owing to thefts and losses in transit.
65—66	16—Open Line Works—Additions.	704	2,59,030	Losses due to heavy rains & accidents; write-off of irrecoverable amount from a firm & of certain overpayments from staff; losses of stores owing to thefts, breakages and losses in transit.

1	2	3	4	5
71	17—Open Line works—Replacements.	900	1,02,922	Loss due to write—off of infructuous expenditure on certain works, to accidents, flood and other calamities and losses of stores owing to thefts & in transit.
73	18—Open Line Works—Development Fund	115	14,270	Losses due to accidents and storms & loss of stores due to thefts breakages & in transit; loss due to overpayment made to a contractor and destruction of sleepers by white ants.
TOTAL		52,707	48,08,052	

NEW DELHI

P. C. PADHI,  
Director of Railway Audit.

THE... 12 MAY 1959

**Countersigned**

NEW DELHI

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

THE... 12 MAY 1959











