

CENTRAL GOVERNMENT

**AUDIT REPORT
RAILWAYS
1957**



सत्यमेव जयते

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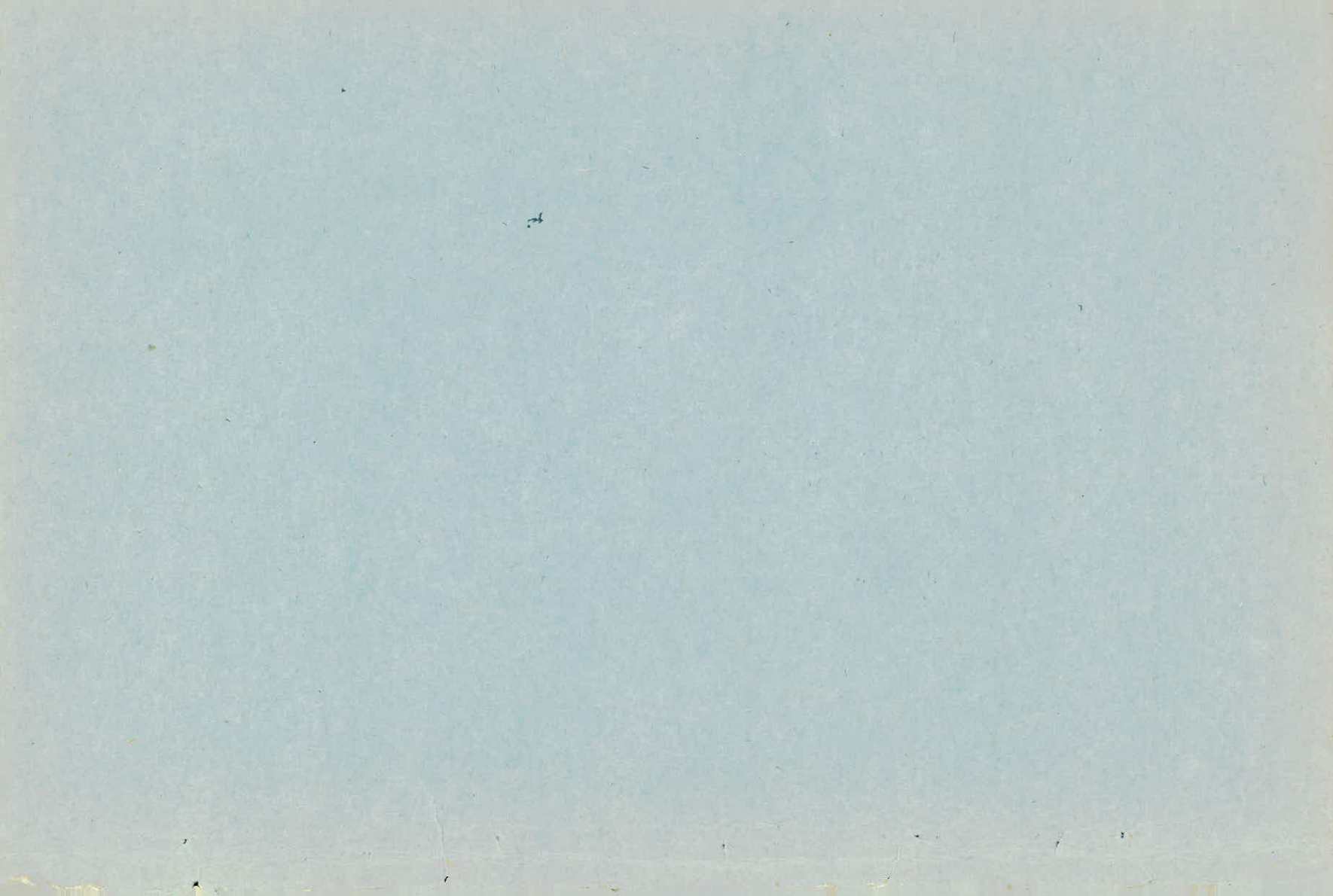


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CHAPTER I

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

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

The financial results for the year are indicated in paragraphs 4 to 8 of the Appropriation Accounts of the Railways in India for 1955-56, Part I—Review. The surplus anticipated in the Budget Estimates was Rs. 7·14 crores. The actual results for the year, however, showed a surplus of Rs. 14·22 crores. The increase was owing to an increase of Rs. 23·79 crores in gross traffic receipts offset by an increase of Rs. 0·23 crores in miscellaneous expenditure, in the dividend to general revenues of Rs. 0·05 crore, an increase of Rs. 16·42 crores in working expenses and a decrease of Rs. 0·01 crore in miscellaneous receipts.

GENERAL REVIEW OF THE RESULTS OF AUDIT

2. *Review of the total demand placed before Parliament.*—Twenty demands for grants aggregating 6,53,42,61 were presented to and were voted by Parliament in February 1955. The Appropriation Act received the assent of the President on 19th March, 1955. A sum of 12 was appropriated to meet charged expenditure.

3. *Supplementary Grants during the year.*—During the year, seventeen supplementary demands for grants aggregating 45,41,19 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 supplemen- tary demands	Amount of original grants	Amount of supplemen- tary grants	Percentage of supp/e- mentary to original grants
1	2	3	4	5	6
1953-54 . . .	20	10	5,46,94,41	1,33,17,68	6·07
1954-55 . . .	20	8	6,06,73,59	12,00,60	1·98
1955-56 . . .	20	17	6,53,42,61	45,41,19	6·95

A supplementary charged appropriation of 189 was also sanctioned during the year.

GENERAL RESULTS OF APPROPRIATION AUDIT

4. (i) The following statement compares the total grants and appropriations for the year with the disbursements against them.

Particulars	(Figures in units)		
	Charged	Voted	Total
I	2	3	4
1. Original grants and appropriations—			
(a) Voted by Parliament . . . . .	..	6,53,42,61,000	6,53,42,61,000
(b) Appropriation to meet charged expenditure of the Railways	12,000	..	12,000
2. Supplementary grants and appropriations—			
(a) Supplementary grants . . . . .	..	45,41,19,000	45,41,19,000
(b) Supplementary appropriations to meet charged expenditure	1,89,000	..	1,89,000
3. Net aggregate grant or appropriation	2,01,000	6,98,83,80,000	6,98,85,81,000
4. Aggregate disbursements	2,01,077	6,80,03,31,291	6,80,05,32,368
5. Less(—) more(+) than granted	+77	—18,80,48,709	—18,80,48,632
6. Percentage of 5 to 3	+0.04	—2.69	—2.69

(ii) *Savings on voted grants*.—Savings occurred in eighteen cases out of twenty two grants as against eleven in the previous year. A list of the important savings is given below :—
(Figures in units)

No. and name of the grant	Original grant	Supplementary grant	Final grant	Expenditure	Saving	Percentage of saving
I	2	3	4	5	6	7
	Rs.	Rs.	Rs.	Rs	Rs	
3—Revenue—Miscellaneous Expenditure	1,40,80,000	6,40,000	1,47,20,000	1,28,04,013	19,15,987	13.02
5—Revenue—Working Expenses—Repairs and Maintenance	75,39,48,000	6,00,99,000	81,40,47,000	80,40,02,799	1,00,44,201	1.23
7—Revenue—Working Expenses—Operation (Fuel)	37,57,67,000	2,30,81,000	39,88,48,000	39,00,46,653	88,01,347	2.21
8—Revenue—Working Expenses—Operation other than staff and fuel.	14,65,10,000	46,00,000	15,11,10,000	14,69,38,059	41,71,941	2.76
9—Revenue—Working Expenses—Miscellaneous Expenses	36,02,69,000	..	36,02,69,000	32,19,25,789	3,83,43,211	10.64
9A—Revenue—Working Expenses—Labour Welfare	5,08,31,000	46,38,000	5,54,69,000	5,30,67,920	24,01,080	4.33
12A—Open Line Works—(Revenue)—Labour Welfare	1,07,45,000	22,55,000	1,30,00,000	98,46,327	31,53,673	24.26
12B—Open Line Works—(Revenue)—Other than Labour Welfare	4,61,18,000	1,08,82,000	5,70,00,000	4,98,87,263	71,12,737	12.48
14A—Withdrawal from Revenue Reserve Fund	..	..	..	—2,08,010	2,08,010	100.00
16—Open Line Works—Additions	2,54,01,66,000	12,07,69,000	2,66,09,35,000	2,53,04,10,371	13,05,24,629	4.91
17—Open Line Works—Replacements	46,82,85,000	6,92,77,000	53,75,62,000	51,60,62,605	2,14,99,395	4.00
18—Open Line Works—Development Fund	12,34,44,000	..	12,34,44,000	12,13,89,115	20,54,885	1.66
19—Capital Outlay on Vizagapatam Port	80,73,000	..	80,73,000	71,62,937	9,10,063	11.27

(iii) *Excesses over voted grants.*—Two cases of excesses over voted grants, as against eight cases in the previous year, are detailed in paragraph 55 of Railway Board's Review. The more important case is given below :—

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(Figures in units)

No. and name of the grant	Original grant	Supplementary grant	Final grant	Expenditure	Excess	Percentage of excess
I	2	3	4	5	6	7
	Rs.	Rs.	Rs.	Rs.	Rs.	
13.—Revenue—Appropriation to Development Fund	..	2,43,42,000	2,43,42,000	7,07,91,479	4,64,49,479	190·82

There was an excess of Rs. 77 under charged expenditure under Grant No. 3.—Revenue—Miscellaneous Expenditure.

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CONTROL OVER EXPENDITURE

5. (a) *General Remarks.*—The accounts of the year show a net saving over the total grant of about Rs. 3,30 lakhs or 0.92 per cent. under Revenue Expenditure. Under Capital, Depreciation Reserve Fund, Revenue Reserve Fund and Development Fund, there was a saving of about Rs. 15.51 lakhs or 4.57 per cent. These compare with the results of the preceding year as below:—

Year	Total grant and appropriation	Saving (—) or Excess (+)	(In lakhs of rupees)
			Percentage of Col. 3 to Col. 2
I	2	3	4
<i>Expenditure met from Revenue</i>			
1954-55	3,36,42	(—) 6,95	2.07
1955-56	3,59,64	(—) 3,30	0.92
<i>Expenditure met from Capital, Depreciation Reserve Fund, Revenue Reserve Fund and Development Fund.</i>			
1954-55	2,82,32	(—) 6,15	2.18
1955-56	3,39,22	(—) 15,51	4.57

Expressed as percentages, the savings appear to be small. These percentages, however, are the net result of large savings under eighteen and excesses under two of the total number of twenty-two grants. The more important instances have been shown in the statements in paras 4(ii) and 4(iii). The savings indicate the tendency to overestimate requirements immobilising funds which could have been used for beneficial purposes. The excesses require regularisation by an excess vote. While control over expenditure compared to the last year showed an improvement in the matter of excesses over voted grants, it deteriorated in respect of savings over voted grants, unnecessary or excessive supplementary grants, and inadequate surrenders.

(b) *Excessive 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
1—Revenue—Railway Board	6,02	1,35
3—Revenue—Miscellaneous Expenditure	6,40	19,16
4—Revenue—Working Expenses—Administration	93,00	21,39
5—Revenue—Working Expenses—Repairs and Maintenance	6,00,99	1,00,44
7—Revenue—Working Expenses—Operation (Fuel)	2,30,81	88,01
8—Revenue—Working Expenses—Operation other than staff and fuel	46,00	41,27
9A—Revenue—Working Expenses—Labour Welfare	46,38	24,01
12A—Open Line Works—(Revenue)—Labour Welfare	22,55	31,54
12B—Open Line Works—(Revenue)—Other than Labour Welfare	1,08,82	71,13
16—Open Line Works—Additions	12,07,69	13,05,25
17—Open Line Works—Replacements	6,92,77	2,14,99
20—Revenue—Dividend Payable to General Revenues	9,17	4,47

(c) *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
1—Revenue—Railway Board	80	1,35
3—Revenue—Miscellaneous Expenditure	93	19,16
4—Revenue—Working Expenses—Administration	16,36	21,39
7—Revenue—Working Expenses—Operation (Fuel)	82,98	88,01
8—Revenue—Working Expenses—Operation other than staff & fuel	8,50	41,72
9A—Revenue—Working Expenses—Labour Welfare	5,63	24,01
12A—Open Line Works—(Revenue)—Labour Welfare	10,94	31,54
12B—Open Line Works—(Revenue)—Other than Labour Welfare	24,19	71,13
16—Open Line Works—Additions	8,27,68	13,05,25
17—Open Line Works—Replacements	1,58,19	2,14,99
18—Open Line Works—Development Fund	19,75	20,55
19—Capital Outlay on Vizagapatam port	5,18	9,10

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

No. and name of the grant	Amount surrendered	Final excess or saving
I	2	3
5—Revenue—Working Expenses—Repairs and Maintenance	1,17,70	1,00,44 (Saving)
9—Revenue—Working Expenses—Miscellaneous Expenses	4,61,54	3,83,43 (Saving)
15—Construction of New Lines	7,08	1,35 (Excess)

(iii) In the following cases provision of funds by re-appropriation proved to be unnecessary.

Railway	No. and name of the grant	Amount obtained	Saving on final grant
I	2	3	4
Southern	9A—Revenue—Working Expenses—Labour Welfare	1,08	2,01
Central	9A—Revenue—Working Expenses—Labour Welfare	26	4,54

CHAPTER II

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

INTRODUCTORY

6. This Chapter deals with important financial irregularities noticed during the course of audit of the accounts of the year 1955-56. 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 1955-56 noticed during concurrent audit have been included. Irregularities in respect of which adequate remedial measures, including suitable disciplinary action where necessary, have been taken, have been excluded.

(i) REVENUE EXPENDITURE

7. *Southern Railway—Excessive rates for handling work paid to a contractor at a station.*—The number of Meter Gauge wagons available at Arkonam was usually insufficient to carry the goods arriving in Broad Gauge wagons for stations on the Meter Gauge. The existing facilities for transshipment of goods at the Transshipment Shed at Arkonam being limited, continuous restrictions had to be placed on the movement of traffic from stations in the North to the stations in the South. To remove this restriction and to avoid the detention to Broad Gauge wagons a dump shed was constructed at Arkonam to hold goods until Meter Gauge wagons became available. The dump shed was brought into operation towards the end of 1955 with a holding capacity of about 200 Meter Gauge wagon loads.

A handling contract for a period of three years from 1st November, 1955 to 31st October, 1958 was awarded to the lowest tenderer at a rate of 15½ annas per ton. The agreement stipulated, however, that if reloading was undertaken after 24 hours of unloading it should be treated as a new operation and paid for again at the rate of 15½ annas per ton. The contractor's bills paid by the Administration showed that the bulk of the operations was of the latter type involving two separate payments. The Administration agrees that there was no justification for making payment at double the rate if certain operations happened to take place after the initial period of 24 hours, and has explained that the provision was retained in the agreement as the exact implication of the relevant clause in the contract was not fully realised at the time tenders were invited and the agreement executed. The provisions in the contract had not been concurred in by the Financial Adviser and Chief Accounts Officer. It is reported by the Railway Board that the contract has been terminated from 1st August, 1957 owing to unsatisfactory performance of the contractor. The Administration has received fresh tenders for this work and has assured that the defects of the present contract would be avoided. The extra payment on account of reloading after 24 hours from November, 1955 to March, 1957 to the present contractor amounted to Rs. 1,06,825. The question of disciplinary action against staff responsible for the

incorporation of the liberal provision for the separate payments to the contractor for the operation of unloading and loading of the same goods is under consideration.

8. *Eastern Railway—Loss on account of damage to and deficiencies of stores and fittings in wagons.*—Heavy damages were noticed in the wagons returned by certain colliery sidings. These wagons had been examined before despatch from the Railway by the Train Examiner. The deficiencies had to be made good by the railway at considerable cost to make the wagons serviceable once again. Losses occurred in wagons either at the time they were in the custody of the colliery owners or were lying within the railway area. The losses for the 7 months from August, 1955 to February, 1956 amounted to Rs. 7,770. A monthly report of such losses for which the collieries were responsible was sent by the Head Train Examiner to the Divisional Mechanical Engineer, Carriage and Wagon, but debits against the collieries could not be raised in all cases for want of proper evidence. The nature of the working of colliery sidings is such that it is not possible to fix responsibility for the loss of wagon fittings in most cases. In the absence of an effective procedure for allocation of responsibility for such losses between the collieries and the railways, recurring liability falls on the railway. The Railway Administration addressed the various mining and colliery owners' associations in March 1957 suggesting a procedure for the fixation of responsibility for losses. It remains to be seen how far the action taken will safeguard the Railway against future losses.

(ii) EARNINGS

9. *South Eastern Railway—Heavy arrears in the recovery of rent for Railway land leased to outsiders.*—Railway land in station areas at a number of stations such as Shalimar, Garden Reach and Cuttack was leased to private parties for use in the movement of their merchandise by rail. The agreement with the lessee provides for the recovery of occupation fees monthly/half yearly in advance, and for the appropriation of the security deposit towards amounts due from him. So far as Cuttack is concerned, the Railway Administration is also empowered to take recourse to summary proceedings to eject the defaulters in extreme cases under the Government Premises Eviction Act, 1950. Notwithstanding these safeguards, encroachments in a large number of plots took place as far back as 1948, and the recovery of rent from lessees is heavily in arrears. The extent of outstandings of three stations alone was over Rs. 2.05 lakhs which was reduced to Rs. 1.68 lakhs by subsequent recoveries as shown below:—

Station	No. of lessees	Approximate amount of unrealised rent	Recoveries made	Amount still outstanding for recovery	Period for which recovery is due.
1	2	3	4	5	6
Shalimar	26	Rs 71,000	Rs 3,217	Rs 67,783	3 to 10 years upto the end of 1955.
Garden Reach.	25	Rs 24,000	Rs 4,783	Rs 19,217	2 to 12 years upto the end of 1955.
Cuttack	143	Rs 1,10,000	Rs 28,725	Rs 81,275	1 to 7 years upto the end of 1954.
Total		Rs 2,05,000	Rs 36,725	Rs 1,68,275	

The Administration state that as none of the railway's officers has yet been appointed as the 'competent authority' under the Government Premises Eviction Act, 1950, the railway is not empowered to execute summary eviction on any plot-holder. Also, as the said Act was declared *ultra vires* by the Calcutta High Court, no recourse to summary proceedings for eviction was possible in the case of plots at Shalimar and Garden Reach. Eviction notices have been served on most of the defaulting plot-holders at Shalimar and Garden Reach and legal proceedings have also been instituted. As regards Cuttack, where the occupation fee was increased by 150% to 233% with effect from 1-10-1950, the licensees protested and most of them stopped payment of rent in protest. After discussion in the Users Consultative Committee it was decided in July, 1955, that the enhanced rate of license fees fixed in October, 1950, should hold good and recoveries have commenced.

The longer the recoveries are delayed, the smaller will be the chances of recovery.

10. *North Eastern Railway—Delay in the revision of siding charges.*—A siding was provided by the Railway in 1926 from Tinsukhia station to the bulk oil installation of an oil company for the carriage and distribution of their oil products. For the traffic carried over the siding, a lump sum charge of Rs. 6,000 a year (Rs 500 a month) was recovered from the Company. As a result of the special investigation carried out in 1948 with regard to the adequacy of this charge it was discovered that against the recovery of Rs. 6,000 a year, the Railway actually incurred an expenditure of Rs. 37,560 (Rs. 3,130 a month) during 1947-48 calculated on the basis of engine shunting hours and the cost of special staff employed on the siding. The Company was accordingly informed on the 18th November, 1948, that with effect from the 1st January, 1949, the siding charge would be enhanced to Rs. 3,130 a month. The increased charge was paid by the Company for three months from January to March, 1949; thereafter they objected to making further payments on the ground that the shunting hours adopted on the basis of the yearly average for 1947-48 were far in excess of the actuals and that certain other expenses were incorrectly included in the cost of haulage. Pending finalisation of the charge recoverable from the Company the Railway Administration decided on the 8th October, 1949, to levy provisionally Rs. 1,855 a month from the 1st January, 1949, based on the minimum of six engine hours a day at Rs. 7 an hour and the cost of special staff employed by the Railway. The recoveries with effect from the 1st January, 1949, were made from the Company at the above rate. This rate was found to be inadequate as average shunting hours came to 6 1/12 a day and the cost ranged from Rs. 17 to Rs. 20 an hour and as early finalisation was not in sight, the Financial Adviser and Chief Accounts Officer, proposed in December, 1954, that an additional amount of Rs. 1.66 lakhs for the period 1-1-49 to 31-10-54 might be recovered provisionally from the Company representing the difference between the recoveries already made at the rate of Rs. 1,855 a month and the siding charge on the basis of actual shunting engine hours and the cost of shunting engines as stated above. A bill for this amount was accordingly made out in December, 1954, but was not preferred against the Company in view of the considerable progress

which was stated to have been made in the fixation of the siding charge. The charge recoverable from the Company has, however, still not been finalised. The Railway Administration has now issued a letter to the Company claiming a revised charge on the basis of six shunting hours a day multiplied by the actual yearly average cost of operating a shunting engine increasing from Rs. 17.42 per hour in 1948-49 to Rs. 26.62 (provisional) in 1956-57. On this basis, a sum of Rs. 2.66 lakhs is due from the Company in respect of the period 1-1-49 to 31-12-56. The inordinate delay in the finalisation of the siding charge has resulted in an accumulation of heavy outstandings which, apart from the loss of interest, may lead to difficulties in recovering the full amount from the Company.

11. *South Eastern Railway—Outstanding freight bills against a firm.*—A firm on the South Eastern Railway was authorised in May, 1951 to pay freight charges by credit notes on furnishing a security deposit of Rs. 25,000. Amounts due on the credit notes tendered by it up to January, 1952, were not paid in many cases, and the firm's cheque given for payment in one case was dishonoured. The total dues amounting to Rs. 18,596 were, therefore, adjusted against the firm's security deposit in March, 1952, leaving a balance of Rs. 6,404 with the Railway. The credit facility to the firm was stopped in February, 1952, and it was advised to replenish the security deposit if it wished to continue enjoying the privilege. There was, however, no response from the firm and it subsequently came to light that it had been adjudicated as insolvent by the High Court on 4th April, 1952. Up to January, 1952, the firm also continued to get their coal wagons booked under the "weight only" system; this was not authorised as its name was not included in the Coal Tariff. A bill for Rs. 13,433 pertaining to August, 1951, remained unpaid. No steps were, however, taken to stop the firm's bookings and such bookings continued up to January, 1952. The outstandings against the firm increased to Rs. 40,075. After setting off the balance of the security deposit of Rs. 6,404 with the Railway and an overcharge of Rs. 516, the net loss to the Railway amounted to Rs. 33,155. A claim for this amount was made to the Official Assignee through the Railway's Solicitors in May, 1955; but according to the latest information received in September, 1956, there is no prospect of realising the amount. A committee has been appointed to hold an enquiry and to fix responsibility of the staff to consider disciplinary action in this case.

12. *Western Railway—Non-recovery of siding charges at the revised rates.*—The Railway Board, in February, 1947, instructed the Railway Administrations to review the adequacy of the rates of siding charges in force. As a result of the review, the Western Railway Administration fixed the revised siding charges in February, 1950, to take effect from 1st April, 1950. The siding owners were, however, asked only in May, 1951, to accept the revised rates from the 1st April, 1950. Twenty siding owners accepted the revised rates from this date, while four agreed to pay the revised rates from the dates of their acceptances. The amount outstanding for recovery from the latter from 1st April, 1950 to the dates of acceptances is Rs. 9,793. Twenty-five siding owners refused to accept the revised rates. The difference between the recoveries at old rates already

1955 were enquired telegraphically by the Director General, Supplies and Disposals on the 7th May, 1955. In reply it was stated by the inspecting authority that this was not done owing to other urgent work and also drew attention to the statement of the partner of the firm made on the 24th April, 1955. Meanwhile, the firm disposed of the timber and claimed from the Government a sum of Rs. 10,000 by way of damages. The arbitrators held the Government responsible for breach of contract owing to the negligence of the inspecting authority in not carrying out the inspection in time and awarded the sum of Rs. 10,000 against Government. The award was contested in a Court of Law, but was upheld by the Court. The Ministry of Railways, however, is enquiring into the circumstances of the case, and do not accept, at this stage, that there was any negligence on the part of the Inspecting Authority.

16. *Central Railway—Infructuous expenditure on freight charges.*—An indent was placed by the Controller of Stores on the Director General, Supplies and Disposals in January, 1955 for tie bars required for track renewals. The indent included 55,025 tie bars for the Bhusawal-Itarsi Section and 38,800 for relaying the Mathura-Delhi Section to be supplied at Mandwa and Kosi Kalan, respectively. The orders for these tie bars were placed by the Director General, Supplies and Disposals in June, 1955 with a firm in Kanpur.

The work on the Bhusawal-Itarsi Section was carried out in December, 1954 with tie bars obtained from existing stocks in the Railway depots owing to urgency and the 55,025 tie bars ordered were no longer necessary for this work, though required for recouplement. The Assistant Engineer Khandwa, informed the Divisional Engineer on 19th January, 1955, that the tie bars indented for this work might be used on some other work in consultation with the Chief Engineer. The Administration decided, however, to allow the consignment instructions to stand, as most of the works for which tie bars were likely to be required were south of the Bhusawal-Itarsi Section. It was also considered that any change in consignment instructions incorporated in the Director General, Supplies & Disposals' contract might create difficulties.

Subsequently, in August, 1955, 22,000 tie bars became urgently necessary for relaying on the Poona-Raichur Section because of the impending use of W.P. locomotives immediately on that section. Since supplies from Kanpur for the Delhi-Mathura relaying had by that time reached Kosi Kalan and these were the only tie-bars available at the time, 22,000 tie bars were moved from Kosi Kalan to the Poona-Raichur Section according to the Chief Engineer's wireless messages dated 5th September, 1955 and 10th October, 1955.

This transfer caused a shortage of 22,000 tie bars in Kosi Kalan. Soon after, the Railway Board decided on 12th October, 1955, to run air-conditioned de luxe trains on the Delhi-Bombay and Delhi-Madras routes and it became necessary to undertake the Mathura-Delhi relaying on a priority basis to remove the 55 miles per hour speed restriction imposed on that section because of track weakness. This necessitated immediate recouplement of the shortage of 22,000 tie bars in Kosi Kalan. The supply of 55,025 tie bars indented for the Bhusawal-Itarsi Section commenced at Mandwa from Kanpur from

January, 1956 and was not completed till June, 1956. In February, 1956, at the instance of the Chief Engineer 22,500 of these tie bars were re-booked from Mandwa to Kosi Kalan, involving freight charges to the extent of Rs. 26,798. The freight charges already incurred on transporting them from Kanpur to Mandwa were Rs. 24,232. The Railway Board's decision to run air-conditioned de luxe trains over the Delhi-Mathura Section was communicated in October, 1955. No adequate explanation has been received why the Administration could not have changed the destination from Mandwa to Kosi Kalan, or alternatively to Kanpur for transportation to Kosi Kalan, to meet this known situation. It has resulted in unnecessary movement of the tie bars from Kanpur to Mandwa and back from Mandwa to Kosi Kalan. Had these tie bars been sent direct from Kanpur to Kosi Kalan the freight charges would have amounted to Rs. 9,978 and would have resulted in a saving of Rs. 41,052.

17. *Central Railway—Loss of permanent way materials.*—Four major works of doubling and relaying of track were carried out between Delhi and Agra during 1948—1951. Although it is usual to post Depot Store Keepers for the maintenance of the accounts of permanent way materials for major works, no Depot Store Keeper was posted to maintain the accounts of the permanent way materials required for these works; but five Permanent Way Inspectors, including three working in connection with the maintenance of the line, were made responsible for keeping these accounts.

The cost of materials obtained for use on specific works and projects is charged to the works concerned; but till they are actually used on the works, the cost is kept temporarily under a suspense head "Materials-at-site Account". As and when materials are issued, the cost thereof is charged to the work and the "Materials-at-site" account is eventually cleared. For this purpose the subordinate in charge of the work is required to furnish to the Divisional Office at the end of each month the "Materials-at-site" return showing the transactions during the month. The prescribed procedure was, however, not followed resulting in confusion in the accounts of permanent way materials. In a number of cases full quantities received from the depots for these works were not taken into account in the "Materials-at-site" ledgers. Numerical accounts of receipts and issues were also not maintained properly. The "Materials-at-Site" returns were not sent to the Divisional Office regularly each month. Correct accounts of the materials released from the relaying works, as also those transferred from one work to another, were not maintained. Some material got mixed up with material borne on the Stores Suspense Account and kept in the custody of the maintenance Permanent Way Inspectors. Departmental verification was not carried out, except in the case of one work, owing to the construction staff having been working under heavy pressure by night as well as by day to complete the works by the target dates. Accounts stock verification could not be done as it is stated by the Administration that the material was spread over miles along the track, close to the work sites where it was being progressively used on the works by the construction staff.

When the "Materials-at-site" accounts were checked on completion of the work, it was found that considerable quantities of materials, the cost of which was debited to the sub-head "Materials-at-site" account of the works, were not accounted for by the Permanent Way Inspectors concerned in the "Materials-at-site" ledgers and returns. This was attributed partly to materials in some cases having been unloaded while in transit by the construction staff without the knowledge of the Permanent Way Inspectors owing to the urgency and the exacting time schedule set for the completion of the works. To ascertain whether all materials, the cost of which was charged to the works, were properly utilised thereon, the quantities actually used on these works were physically counted at site during 1952—55 for comparison with the quantities charged to the works through stores vouchers. This revealed a shortage of materials worth Rs. 93,000. Of this, a loss of Rs. 2,231 has been written off by the Administration so far and the balance remains to be regularised.

The Railway Administration has stated that considering the abnormal conditions of the post-partition period during which the works were executed under an exacting time schedule, it was difficult for the staff to observe the rules and regulations prescribed for the maintenance of the accounts of materials. No individual responsibility for the shortages has been fixed as it is stated that several parties were engaged on the works and were connected with the receipt and account of the materials. They also held the view that the Assistant Engineer and Divisional Engineer cannot be considered responsible for any lapse. One of the Permanent Way Inspectors responsible for the maintenance of the accounts died in May, 1951 and another retired in June 1951.

The Railway Board has stated that the unsatisfactory state of the materials-at-site account was noticed in the offices of the Assistant Engineer and the Divisional Engineer, and repeated instructions were issued to the Permanent Way Inspectors concerned for their correct and regular submission. Several discrepancies noticed in the course of their check were also taken up. The Accounts Office-Inspection Party examining the materials-at-site account of one of the works also took up discrepancies in the course of their inspection of the office of the District Engineer. The Administration also state that as the works were being carried out under emergent conditions, the investigation of the discrepancies could not be completed, and the accounts straightened out till the works were completed.

(iv) PAY AND ALLOWANCES

18. *Non-Clearance of suspense items in connection with advance of pay given to displaced staff who migrated to India.*—In August, 1947, the Ministry of Railways (Railway Board) sanctioned the grant of advances to staff who migrated from Pakistan to India of two months' pay for officers and subordinates, one month's pay for class IV servants and 30 days' actual wages for daily rated staff recoverable in 3 monthly instalments as usual. This was relaxed on the 28th August, 1947, to recovery in 24 or 36 instalments as the employee may choose. Although this extension of the period of recovery involved some risk in the case of temporary staff, it was considered

justified in the special circumstances prevailing at that time. It was also provided in the orders issued in October, 1947, in relaxation of the normal procedure for disbursement of advances that the advances could be granted after interrogation of the staff. In December 1947 two months' pay as advance was sanctioned for all categories of staff.

The Transfer Officer, Ambala, disbursed advances amounting to Rs. 16,70,000 up to February 1948. This amount was placed under the suspense head "Miscellaneous Advances" by the ex-Eastern Punjab Railway pending recovery from the employee or the raising of debits against the Railways where the staff were absorbed. In a large number of cases, debits were not transferred to or accepted by the other Railways, for the following reasons:—

(i) Action was not taken at the time the staff were posted to raise debits against the Railways concerned.

(ii) In some cases, last pay certificates were not available in the Accounts Offices, while in others they do not seem to have been received at all.

(iii) In some cases the debits were wrongly passed on to the wrong Railways.

(iv) Statements of payments in some cases were awaited from the Transfer Officers who were finding it difficult to trace where the displaced staff had been posted.

Orders were issued by the Railway Board in March, 1950, that debits raised by the ex-Eastern Punjab Railway should be accepted in toto and that disputed items should be reported to the ex-Eastern Punjab Railway under a fresh transfer certificate. In spite of these instructions, the progress of clearance has not been satisfactory. The amount standing in the books of the Northern Railway (ex-E.P. Railway) on 31st March, 1955, was Rs. 1,03,000. Instructions were again issued by the Railway Board to all Railways in August 1955 to the effect that the outstandings in the books of the Northern Railway should be cleared by acceptance of debits expeditiously. In spite of these instructions, a debit balance of Rs. 70,000 lay in the books of the Northern Railway on 31st March, 1956. The balances in the books of the other Railways, viz. the Eastern and Western, which have not been cleared amounted to about Rs. 78,000 on 31st March, 1956, while on the North Eastern Railway, there was a credit balance of about Rs. 18,000 on that date because of inability to link the recoveries with the debits. A period of more than 8 years has elapsed, though the advances were to be recovered at the most in 3 years and should normally have been cleared by March, 1951. During the year 1955-56, a sum of Rs. 30,000 mainly pertaining to the Northern Railway, was cleared out of the balance of about Rs. 1.79 lakhs outstanding on 31st March, 1955.

Similar advances were also granted in respect of ex-B.A. Railway staff by the Transfer Officer, Chittagong/Calcutta. The balances in the books of the South Eastern and Eastern Railways which have not been cleared amounted to about Rs. 63,000 on 31st March, 1956, while on the North Eastern Railway, there was a credit balance of Rs. 12,000 on that date because of inability to link the recoveries with the debits. On the Eastern Railway, instead of the debit balance being reduced it increased by about Rs. 5,000 during the year 1955-56.

The Ministry explain that in the unprecedented situation following partition, staff who fled from Pakistan had to be given immediate relief even in the absence of proper transfer documents, but with such precautions regarding identification as were possible and they were to be posted immediately to new stations. Having regard to these difficulties they consider that the advances that remain to be recovered represent a small proportion. This is true, but as the advances granted to the staff have remained outstanding for many years, special and energetic action is required for their early clearance.

(v) OTHER CASES OF LOSSES

19. The following are 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 1955-56. (Pt II-Detailed App. A/cs.)	Number & Name of the grant	Total number of losses or irregularities	Total amount of losses etc. under each grant	Brief subject
1	2	3	4	5
15-18	4—Revenue—Working Expenses—Administration	153	Rs 2,28,625	Losses owing to the waiver of irrecoverable advances to staff and overpayments of wages and allowances, losses of cash and stores owing to theft and waiver of recoveries due from a firm for services rendered etc.
24-27	5—Revenue—Working Expenses—Repairs and Maintenance	21,269	37,19,600	Losses owing to floods, fire, accidents and of stores in transit, the waiver of irrecoverable advances to staff and overpayments of wages, thefts of stores, a fraudulent payment obtained by a firm, a fraudulent withdrawal from station earnings, waiver of the difference between the cost of transport of bus services rendered and actual recoveries made, the irrecoverable wages of a gate keeper from a company and other miscellaneous losses.

1	2	3	4	5
30	6—Revenue—Working Expenses—Operating staff.	135	Rs 7,126	Losses owing to the waiver of overpayments of wages and allowances, including overpayments owing to the incorrect interpretation of rules and irrecoverable advances, a fraudulent withdrawal of amounts from station earnings and other miscellaneous losses.
33	7—Revenue—Working Expenses—Operation (Fuel).	36	1,975	Losses of stores owing to thefts and damages in transit
38-43	8—Revenue—Working Expenses—Operation Other than staff and fuel.	3,447	4,70,653	Losses owing to fraudulent payments obtained by a firm written off, fraudulent withdrawals from station earnings, losses of stores owing to theft, fire and in transit, the waiver of overpayments to staff and infructuous expenditure towards the payment of the guaranteed minimum electrical charges for a Railway pump.
47-48	9—Revenue—Working Expenses—Miscellaneous Expenses	121	44,262	Losses of cash and stores owing to theft, shortages in transit, an arbitrator's award to a firm whose supplies of wheat were replaced by husk by the Railway staff, the waiver of irrecoverable advances and overpayments to staff on account of pay and dearness allowance.
51	9A—Revenue—Working Expenses—Labour Welfare	60	5,865	Losses of stores owing to theft ^s and in transit, the waiver of overpayments to staff of wages and allowances etc.
59	12B—Open Line Works—Revenue—Other than Labour Welfare	1	1,400	Losses owing to articles lost or stolen.
68	15—Construction of New Lines.	18	45,118	Losses owing to fire, thefts, cost of wagons condemned and written off, and infructuous expenditure on a work.
77	16—Open Line Works—Additions.	309	37,013	Losses of stores owing to damages in transit, thefts, fire, the waiver of irrecoverable advances and overpayments of wages and allowances and the cost of woodshavings thrown out to ward off fire etc.

			Rs	
83	17—Open Line Works— Replacements.	358	1,13,487	Losses owing to accidents, breakages, thefts of stores and losses in transit, the waiver of construction allowances incorrectly paid to certain staff etc.
86	18—Open Line Works— Development Fund.	199	14,892	Losses owing to the short recovery of freight charges from a contractor, to stores account of fire, thefts and losses in transit and the waiver of overpayments to staff.
TOTAL		26,106	46,90,016	

(vi) OTHER TOPICS OF INTEREST

20. *Points outstanding from previous Reports.*—Besides the matters 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 a previous Railway Audit Report up to the year 1955 are outstanding:—

Railway Audit Report, 1955

(i) *Para 16—Southern Railway—Loss incurred on the working of the Sagara Talaguppa Railway.*—The question whether this line should be retained or not is still under the consideration of the Ministry of Railways.

(ii) *Para 20—Rationalised distribution of stores and reduction in stores balances.*—Against Rs. 10 crores worth of surplus stores on Indian Railways on 31-3-51, stores worth Rs. 2.90 crores awaited disposal on 31-12-56. Scrap worth Rs. 2.81 crores also remained to be disposed of on that date. The Railway Board state that no further absolute reduction in stores balances can be anticipated in the context of the Second Five Year Plan, with many new assets coming into existence and the heavy increase in the holding of rolling stock and the general tempo of activity. As regards scrap, it is stated that cast iron scrap is being conserved for making cast iron sleepers as also scrap rails, boiler tubes etc., while non-ferrous scrap is being kept reserved for conversion or shop consumption.

(iii) *Para 22.—North Eastern (ex-Oudh Tirhut) Railway—Unsatisfactory state of stores priced ledgers.*—Out of 32,243 cards on 31-12-53, the reconciliation in respect of 5,585 cards remained to be done on 31-12-56. The Railway Board state that since then all cards showing a difference of over Rs. 150 have been reconciled, except

878 cards which are not traceable. 2,700 cards with differences below Rs. 150 are outstanding. The Railway Board are considering the waiver of their reconciliation as the labour and cost of the process appear to be incommensurate with the amounts involved.

New Delhi,

The

5 SEP 1957

G. H. PO SAW,
Director of Railway Audit,

Countersigned.

New Delhi,

The

5 SEP 1957

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



