

CENTRAL GOVERNMENT

AUDIT REPORT

RAILWAYS



सत्यमेव जयते

1970





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TABLE OF CONTENTS

	PARAGRAPH NUMBERS	PAGE NUMBERS
CHAPTER I		
Comments on the Appropriation Accounts, 1968-69 and connected documents :—		
Financial Results	1—3	1—3
Budgetary Control	4—8	4—7
Other Topics	9—10	7—10
CHAPTER-II		
Losses, Nugatory Expenditure, Financial Irregularities and other Topics of Interest :—		
Purchases and Stores	11—17	11—22
Manufacturing Operations	18—20	22—27
Maintenance of Assets	21	27—30
Utilisation of Assets	22—24	30—32
Works Expenditure	25—31	32—38
Traffic facilities	32—33	38—40
Operation	34—35	40—42
Earnings	36—39	42—45
Expenditure on staff	40—41	45—47
Other Topics of Interest	42—46	47—52

PREFATORY REMARKS

The Report contains the results of test audit of the accounts of the Indian Government Railways for 1968-69. Chapter I deals with a general review of the Appropriation Accounts of Railways for 1968-69 and certain other connected documents. Chapter II deals with specific instances of financial irregularities etc. noticed in the course of audit. It includes a few irregularities pertaining to earlier years which could not be dealt with in previous Reports. Certain matters relating to the period subsequent to the year 1968-69 have also been included.

The points brought out are not intended to convey or to be understood as conveying any general reflection on the financial administration by the Railway Administrations/Ministry of Railways.

CHAPTER I

Comments on the Appropriation Accounts, 1968-69 and connected documents

FINANCIAL RESULTS

1. For the third year in succession the working of the Railways showed a deficit in 1968-69. Against a nominal surplus of Rs. 1.00 crore anticipated in the Budget, the accounts for the year closed with a deficit of Rs. 7.86 crores which was made good by withdrawal of an equivalent amount from the Revenue Reserve Fund. The balance in the Revenue Reserve Fund at the end of the year stood at Rs. 3.49 crores.

The deficit occurred mainly due to an increase of Rs. 16.57 crores in the Revenue expenditure which was partly counter-balanced by an increase of Rs. 6.38 crores in the gross Receipts and a reduction of Rs. 1.33 crores in the payments to General Revenues:—

Particulars	(In crores of Rupees)		
	Budget	Actuals	Variation
1. Gross Receipts	892.69	899.07	(+)6.38
<i>Deduct</i>			
2. (a) Revenue Expenditure	739.69	756.26	(+)16.57
(b) Payment to General Revenues	152.00	150.67	(—)1.33
3. Surplus/deficit	(+)1.00	(—)7.86	(—)8.86

The amount of Rs. 150.67 crores paid to General Revenues comprised :—

	(In crores of rupees)
Payment in lieu of passenger fare tax	16.25
Payment to assist the states for financing safety works	1.58
Interest on loan capital at the average borrowing rate of the Central Govt. applicable to commercial undertakings	122.30
Balance which is treated as contribution	10.54

2. Receipts

The increase in gross receipts occurred mainly under goods earnings (Rs. 17.79 crores) partly offset by shortfall in the passenger earnings (Rs. 12.90 crores) as shown below:—

Particulars	(In crores of rupees)		
	Budget	Actuals	Variation
1. Goods earnings	545.00	562.79	(+)17.79
2. Passenger earnings	278.00	265.10	(—)12.90
3. Other earnings (including suspense and miscellaneous receipts)	69.69	71.18	(+)1.49
TOTAL RECEIPTS	892.69	899.07	(+)6.38

The Budget estimates of goods earnings took into account an increase of Rs. 21·00 crores anticipated to accrue from the increase of 6 to 7 million tonnes in the originating revenue-earning traffic over 1967-68 and about Rs. 15·00 crores due to an increase of 3 per cent. in the Supplementary charge on all goods (excluding postal, military and railway materials and stores other than coal). The total originating revenue-earning traffic actually carried during the year was 170·84 million tonnes as against 162·38 million tonnes carried during the previous year. The actual goods earnings exceeded the Budget by Rs. 17·79 crores and was more than that of the previous year by Rs. 60·00 crores of which Rs. 21·00 crores was anticipated to accrue from the additional traffic.

The estimate of passenger earnings assumed an increase in passenger traffic of 3·5 per cent. over the last year. In addition, the increase in fares of air-conditioned classes, revision in the charges for sleeping berths in the Second and Third classes as also the temporary surcharge on passenger fares was expected to bring an additional revenue of Rs. 10·52 crores. The actual passenger earnings, however, fell short of the Budget by Rs. 12·90 crores mainly on account of a check in the growth of passenger traffic which was even less than that of the previous year by 2·0 per cent. against an increase of 3·5 per cent. anticipated in the Budget. This was the first time in the recent years when the originating passenger traffic carried during the year showed a decline over that of the previous year.

3. Revenue Expenditure

The break-up of the net increase of Rs. 16·57 crores in the estimated revenue expenditure is given below:—

Particulars	(In crores of rupees)		
	Budget	Actuals	Variation
A.—Working Expenses—			
(i) Staff-Administration including Staff Welfare and Operating	222·88	227·38	(+)4·50
(ii) Repairs and Maintenance	200·68	209·04	(+)8·36
(iii) Fuel	131·69	139·13	(+)7·44
(iv) Miscellaneous Expenses including operation other than staff and fuel, payments to worked lines and suspense	58·93	61·48	(+)2·55
(v) Appropriation to Depreciation Reserve Fund	100·00	95·00	(-)5·00
(vi) Appropriation to Pension Fund	9·93	9·90	(-)0·03
B.—Miscellaneous Expenditure such as cost of Railway Board and its attached offices, surveys, Audit and subsidy paid to Branch Line Companies	6·58	6·66	(+)0·08
C.—Open Line Works—Revenue	9·00	7·67	(-)1·33
TOTAL REVENUE EXPENDITURE	739·69	756·26	(+)16·57

The increase of Rs. 12·86 crores under 'Staff' and "Repairs and Maintenance" was mainly due to:—

- (a) (i) Post-budget enhancement in the rates of dearness allowance sanctioned with effect from 1st September, 1968 (Rs. 6·35 crores);
- (ii) the effect of merger of part of dearness allowance with pay from 1st December, 1968 (Rs. 3·03 crores), and
- (iii) the increase in the rates of mileage, overtime and running allowances to running staff and travelling allowances to other staff (Rs. 3·09 crores);
- (b) more expenditure on repairs to permanent way, equipment etc. owing to damages caused by floods, cyclone, accidents etc. (Rs. 2·45 crores);
- (c) additional payment of rental for Posts and Telegraphs cables and line wires including arrears (Rs. 2·43 crores) and
- (d) aggregate of other minor variations (Rs. 0·78 crore).

The increases were partly set off by a saving resulting from non-operation and non-filling up of certain posts and less expenditure on staff training (Rs. 5·27 crores).

The increase of Rs. 7·44 crores under 'cost of fuel' occurred mainly on account of:—

- (a) heavier consumption of diesel oil including more payments of excise duty and sales tax thereon (Rs. 2·91 crores);
- (b) increase in the prices of coal from 1st July, 1968 (Rs. 1·85 crores); and
- (c) more expenditure on electricity for traction purposes owing to electrification of certain sections, increase in the tariff by suppliers and increased cost of generation (Rs. 1·03 crores).

While presenting the revised estimates for 1968-69 alongwith the Budget for 1969-70 it was explained that the withdrawal from the Depreciation Reserve Fund would be about Rs. 6·00 crores less than the Budget estimates of Rs. 100·00 crores and that the contribution to the Fund was also reduced to Rs. 95·00 crores from the Budget grant of Rs. 100·00 crores. While the contribution of Rs. 95 crores to the Fund was maintained, the actual withdrawal from the Fund during the year under report was Rs. 80·39 crores including Rs. 0·14 crore relating to Production Units for which separate contribution was made.

BUDGETARY CONTROL

4. The number of Demands voted during the year 1968-69 was 20, the same as in the previous year. The number and amount of supplementary Grants, however, showed an increase during the year—11 for Rs. 28.49 crores in 1968-69 against 10 for Rs. 23.43 crores in the previous year.

The number of charged Appropriations obtained for the year was 7, the same as in the previous year. There was, however, an increase in the number and amount of supplementary Appropriations obtained during the year under report—9 for Rs. 0.69 crore as against 6 for Rs. 0.18 crore in the previous year.

The actual total disbursements during the year 1968-69 showed a net saving of Rs. 51.00 crores over the total Grants and Appropriations (including supplementaries) obtained during the year as shown below:—

	(In crores of rupees)		
Particulars	Voted grants	Charged Appropriations	Total
1. Original	1,531.97	0.63	1,532.54
2. Supplementary	28.49	0.69	29.18
3. Total (1+2)	1,560.40	1.32	1,561.72
4. Total Disbursement	1,509.61	1.11	1,510.72
5. Net savings	50.79	0.21	51.00
6. Proportion of net savings to total Grants/Appropriations	3.3%	15.9%	3.3%
7. Proportion of net savings in the previous year	4.5%	17.1%	4.5%

5. Excessive and Unnecessary Supplementary Grants/Appropriations

(a) The Supplementary Grant of Rs. 1.00 crore obtained in March, 1969 under "Demand No. 9—Revenue—Miscellaneous Expenses" proved unnecessary as the actual expenditure was even less than the original Grant by Rs. 1.05 crores resulting in a total saving of Rs. 2.05 crores. The supplementary grant was obtained mainly for meeting the post-budget increase in Dearness Allowance from September, 1968 and the effect of merger of a portion of the Dearness Allowance with Pay from December, 1968 (Rs. 1.58 crores) and more payments of special contribution to Provident Fund/gratuities, rent, rates etc. (Rs. 0.69 crore) partly off-set by savings

resulting from less Government Contribution to the Provident Fund consequent upon more staff opting for pensionary benefits (Rs. 0.98 crore) and reduction in the quantum of transactions routed through suspense (Rs. 0.20 crore). The final saving of Rs. 2.05 crores occurred due chiefly to adjustment of more revenue liabilities representing mostly arrear payments to 'final heads' by operation of 'Demands payable' (Rs. 2.44 crores) than what was provided for at the time of obtaining the supplementary grants.

A sum of Rs. 0.96 crore or 96 per cent. of the supplementary grant was surrendered by the various Railway Administrations in the very month in which the supplementary grant was obtained.

(b) In the following cases, additional funds obtained through supplementary Grants/Appropriations proved largely in excess of requirements:—

(In thousands of rupees)

No. & Name of the Grant/Appropriation	Supplementary Grants/ Appropriation	Final savings in- clusive of surrenders
A.—Grants :—		
2. Revenue—Miscellaneous Expenditure	31,43	24,39
4. Revenue—Working Expenses-Adminis- tration	1,80,05	80,48
6. Revenue-Working Expenses-Operating Staff	5,11,84	1,65,41
B.—Appropriations :—		
7. Revenue-Working Expenses-Operation (Fuel)	38	20
9. Revenue-Working Expenses—Miscel- laneous Expenses	9,57	4,27
15. Open Line Works-Capital, Depreciation Reserve Fund and Development Fund	24,24	9,38

In the case of charged appropriations the bulk of the final savings were anticipated and surrendered by the Railway Administrations in the very month (March, 1969) in which the supplementary appropriation was obtained.

6. Savings in Grants and Appropriations

The net saving of Rs. 50.79 crores under voted Grants was made up of savings under eighteen grants totalling Rs. 50.90 crores which was partly off-set by excess of Rs. 0.11 crore under one grant.

As in the previous year, the bulk of the savings occurred under the three Works Grants which together accounted for a total saving of Rs. 36.48 crores of which Rs. 32.52 crores related to Grant No. 15—Open Line Works—Capital, Depreciation Reserve Fund and Development Fund. (of which expenditure to be met from Depreciation Reserve Fund on renewal/replacements alone

accounted for as much as Rs. 8.71 crores). The savings under these grants included savings arising from non-finalisation or delay in finalisation of plans, estimates, contracts etc. (Rs. 5.57 crores), non-materialisation of procurement of steel and imported stores (Rs. 4.92 crores) and double provision made in the Budget for cost of certain steel indented for a Production Unit (Rs. 1.62 crores). Savings to the extent of Rs. 14.56 crores on account of the above factors occurred during the previous year also. A realistic assessment of the requirement of funds for works *vis-a-vis* the progress of planning is called for.

The actual contribution to the Depreciation Reserve Fund was reduced to Rs. 95.00 crores resulting in a saving of Rs. 5.00 crores under "Grant No. 11—Appropriation to Depreciation Reserve Fund" (para. 3 above).

The balance of the savings amounting to Rs. 9.42 crores was made up of comparatively small savings under fourteen Grants.

The bulk of the net saving of Rs. 0.21 crore under charged Appropriations occurred under three Appropriations, namely, No. 8—Revenue—Working Expenses—Operation other than staff and fuel (Rs. 6 lakhs), No. 9—Revenue Working Expenses—Misc. Expenses (Rs. 4 lakhs) and No. 15—Open Line Works—Capital, Depreciation Reserve Fund and Development Fund (Rs. 9 lakhs). Supplementary Appropriations obtained in March, 1969 under three appropriations, that is, No. 7, 9 and 15 proved largely in excess of the requirements (para. 5 above).

7. Excess over Voted Grants and Charged Appropriations

During the year under report, there were excesses under one voted Grant amounting to Rs. 10.31 lakhs and two charged Appropriations totalling Rs. 299 as against excesses under five voted Grants aggregating to Rs. 162.45 lakhs during the previous year, thus showing a marked improvement.

The details of the excesses during 1968-69 which are required to be regularised under Article 115 of the Constitution are as under:—

Number & Name of the Grant/ Appropriations	Final Grant/ Appropriations	Actual Expenditure	Excess	Percentage to Final Grant/ Appropriations
A. Grants :—				
16. Pensionary charges—Pension Fund	6,32,45,000	6,43,26,498	10,81,498	1.7

The excess was mainly due to more debits received from the Civil Accounts Officers and more claims cases settled owing to more retirement of staff and more number of persons opting for pensionary benefits.

B. *Appropriations* :—

4. Revenue-Working Expenses— —Administration	23,000	23,120	120	0.5
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The excess was due mainly to the South Eastern and Western Railways having incurred expenditure without any provision either in the Budget or the Final Grant. The excess was partly offset by savings on other Railways.

10. Revenue-Working Expenses- Staff Welfare	12,000	12,179	179	1.5
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Minor variations due to provision having been made to nearest thousand instead of to the next higher thousand.

8. Inadequate Surrenders

During the year under report, surrenders made by the Railway Administrations in their final modification under seven grants proved inadequate as the final savings (inclusive of surrenders) were largely in excess of the surrenders as shown below:—

No. and Name of the Grant	Amount surrendered by the Railway Administrations in their final modification	Final saving inclusive of surrenders
2. Revenue—Misc. Expenditure	5	24
4. Revenue-Working Expenses—Admn.	4	80
6. Revenue-Working Expenses—Operating Staff	12	1,65
9. Revenue-Working Expenses—Miscellaneous Expenses	96	2,05
10. Revenue—Working Expenses—Staff Welfare	37	92
13. Open Line Works—Revenue	59	1,31
14. Construction of New Lines	1,42	2,64

(In lakhs of rupees)

OTHER TOPICS

9. Heavy accumulation of Station Outstandings.

Station Outstandings represent unrealised traffic earnings accrued to the Railways on account of service already rendered to the Railway users. The heavy accumulation of station outstandings on

five Railways was commented upon in Para. 40 of Audit Report (Railways) 1961. The Public Accounts Committee in Para. 76 of their 40th Report (Second Lok Sabha) expressed concern at the heavy outstandings and felt that any delay or complacency on the part of Railway staff dealing with outstandings should not be countenanced. The Committee, therefore, desired that the Ministry of Railways (Railway Board) should tighten up the then existing procedure by introducing such changes as were found necessary. The Ministry of Railways (Railway Board) in a memorandum submitted to the Public Accounts Committee stated that periodical reviews of station outstandings were carried out both at the Railway level and in the Railway Board's office to ensure direct watch over the outstandings and to act as a safeguard against any delay or complacency on the part of the staff. The Ministry of Railways (Railway Board) also admitted that the position was not satisfactory and assured the Committee that they would continue to pursue the problem until normalcy was achieved.

A review of the station outstandings, however, shows that it has recorded a steady rise from year to year as indicated below :—

Year	All Railways (Amount in crores of rupees)				
	Total out-standings	Outstand-ings over one year old	Gross earnings	% of Col. (2) to Col. (4)	% of Col. (3) to Col. (4)
I	2	3	4	5	6
1964-65	10.68	1.92	664	1.6	0.29
1965-66	14.75	2.40	746	2.0	0.32
1966-67	22.43	2.85	775	2.9	0.37
1967-68	25.02	3.56	821	3.0	0.43
1968-69	31.03	5.08	901	3.4	0.56

The latest outstandings for the year ending 31st March, 1969 amounting to Rs. 31 crores are on account of the following factors:—

Category	(In crores of rupees)	
	Total outstandings	Over-one year old
(a) Freight on consignments on hand	8.18	0.35
(b) Freight on consignments not to hand	16.69	2.42
(c) Wharfage and demurrage charges	3.70	1.37
(d) Admitted debits	0.39	0.21
(e) Objected debits	1.64	0.62
(f) Miscellaneous.	0.43	0.11
TOTAL	31.03	5.08

The details of the outstandings over one year old and over 10 years old are as indicated below :—

Railways	Total out-standings (in crores)	outstandings Over one year old (in crores)	outstandings Over 10 years old (in thousands)
Central	2.98	0.25	..
Eastern	6.70	2.13	149
Northern	5.71	0.43	55
North Eastern	1.90	0.43	98
Northeast Frontier	1.74	0.42	33
Southern	3.31	0.21	10
South Central	0.88	0.22	..
South Eastern	3.86	0.58	249
Western	3.95	0.41	19
TOTAL	31.03	5.08	613

It may be seen from the above that the Eastern Railway alone accounted for 21.6% of the total outstandings and 41.9% and 24.3% respectively of the outstandings over 1 year old and over 10 years old.

10. Deteriorating position of late start of goods trains on the Railways.

Goods trains on the Railways are ordered depending on the availability of load, path, power, the time required for completion of certain formalities such as attending to carriage and wagon defects, etc. But, often the ordered trains have to start late on account of failure of any of these factors.

The late starts may cause poor utilisation of engines and other rolling stock by keeping the locos and formed rake detained. Depending upon the circumstances of each case of delay, extra expenditure or other financial implications may be involved on account of fuel on engines or overtime or running allowance to staff or non-utilisation of chartered paths. Late starts are also an unsatisfactory feature of operation.

A review of statistics relating to late start of goods trains has revealed that the late start hours on the following Railways have

increased very considerably in the recent years as compared with their past performance.

Railway	Past Performance			1967-68			1968-69	
	Year	Late start hours			Late start hours			Late start hours
		Total per goods train.			Total per goods train			Total
		Hrs.	Hrs.	Mt.	Hrs.	Hr.	Mt.	Hours
Central (B.G.)	1959-60	85,113	0	38	2,01,745	1	10	2,17,059
North Eastern (M.G.)	1963-64	9,525	0	07	23,591	0	16	*
Northeast Frontier (M.G.)	1964-65	17,607	0	28	20,461	0	34	23,558
Southern (B.G.)	1960-61	31,000	0	40	45,580	0	46	34,026
(M.G.)		13,629	0	11	34,939	0	29	46,297
Western (B.G.)	1964-65	26,957	0	18	38,893	0	23	*
(M.G.)		18,593	0	10	24,097	0	13	27,255

*Figure for 1968-69 not available.

The Ministry of Railways (Railway Board) explained (December, 1969—January, 1970) that the increase in the late starts, in the recent years was attributed to the following:—

- (i) Increase in density of traffic, both coaching and goods, without a corresponding increase in the facilities for dealing with the same. Inadequate facilities at important yards and crucial sections leading to congestion and consequent loss of mobility.
- (ii) Mixed traction arising out of the need to have steam traction side by side with diesel/electric traction.
- (iii) Frequent interruption to communications caused by control failures, largely due to outside interference.
- (iv) Serious breaches on certain sections.
- (v) Agitations and civil disturbances.
- (vi) Interruption to through running resulting from accidents.
- (vii) Engineering blocks etc., during the process of remodelling of yards, execution of line capacity works on certain sections and the teething troubles of newly commissioned assets.
- (viii) Delays due to larger number of hot axles and other carriage and wagon defects.

The Ministry further explained that the position regarding late start is watched at all levels. Changes in the Running Allowance rules are also being introduced in order that they may serve as incentive to punctual running.

It is, however, observed that goods trains are ordered only after taking into account the availability of path, section capacity, load formation, power availability etc. Further, sufficient cushion by way of extra time is provided for attending to carriage and wagon defects. If any undue delays are expected on any occasion, cancellation of trains ordered is also resorted to.

CHAPTER II

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

PURCHASES & STORES

(ROLLING STOCK AND COMPONENTS)

11. Delay in the indigenous development of components for power packs used in Diesel Locomotives.

The Ministry of Railways (Railway Board) placed an order in November, 1967 on a German firm for power packs for the 33rd to 62nd broad gauge diesel hydraulic shunting locomotives to be manufactured at Chittaranjan Locomotive Works. The contract included 15 complete sets of power packs with Suri transmissions and reversing gear boxes and 15 sets without these items. It was expected that the Chittaranjan Locomotive Works would be able to make the Suri transmissions and reversing gear boxes for the 48th locomotive onwards with progressively increasing indigenous content.

As early as November, 1965, an indigenous firm sought the permission of the National Research Development Corporation for the manufacture of the Suri transmission with a request for exclusive licence. On being referred to by the National Research Development Corporation for advice, the Ministry of Railways (Railway Board) decided in November, 1965, that for railway purposes, the Suri transmission would be developed either in Railway Workshops or in the Public Sector and for other than railway purposes the licence could be issued to outside parties. But no decision was taken as to the agency which would develop the item for railway purposes. Meanwhile, in March, 1966, the Chittaranjan Locomotive Works Administration placed an order on a German firm (letter of intent issued in July, 1965) for 32 sets of power packs including the Suri transmissions and reversing gear boxes required for the first order of 32 diesel shunting locomotives programmed to be turned out from December, 1967 to November, 1968.

In October, 1966 the indigenous firm renewed their offer and after discussing the feasibility of indigenous manufacture with the Chittaranjan Locomotive Works Administration, confirmed in December, 1966 that they could manufacture and supply the Suri transmissions and reversing gear boxes for the diesel shunting locomotives

according to the requirements of Chittaranjan Locomotive Works after 15 months from the date of placement of the order. The firm also agreed not to insist on exclusive licence. The firm quoted Rs. 3,50,000 per loco set (with foreign exchange assistance of Rs. 50,000 approximately per loco set) and indicated that with their experience of manufacturing hydraulic torque converters, heavy duty hydraulic marine gears, drop boxes and final drives for industrial shunting locomotives, they were confident of manufacturing the Suri transmissions and reversing gear boxes to the entire satisfaction of Chittaranjan Locomotive Works. Even at this stage, the Ministry of Railways (Railway Board) did neither accept the offer of the firm nor take a decision as to whether Chittaranjan Locomotive Works or any other Railway workshop should develop the items, but invited limited tenders in March, 1967 from firms in Germany for the power packs including Suri transmissions and reversing gear boxes for the 33rd shunting locomotive onwards and ultimately placed the order on the same German firm (on whom the first order was placed) in November, 1967, which included 15 sets of Suri transmissions and reversing gear boxes. The estimated landed cost of Suri transmission and reversing gear box imported from Germany worked out to about Rs. 3,62,400 with foreign exchange element of Rs. 2,78,773 per loco set.

The indigenous firm represented again in August, 1967, that they should be given an opportunity to manufacture the Suri transmission and reversing gear boxes. Thereupon an order for 18 loco sets of Suri transmissions and reversing gear boxes was placed on this firm in November, 1967, at the rate of Rs. 2,20,183 per loco set with the stipulation that the Railway Administration would arrange for the free supply of components (worth Rs. 1,29,817 involving foreign exchange of Rs. 97,424 per loco set) to be imported from Germany and that the prototype would be delivered in October 1968 and regular supplies would commence from January, 1969 at the rate of 4 to 5 loco sets per month subject to the free supply items being made available three months in advance. The first instalment of free supply items imported from the German firm were delivered to the indigenous firm by March/April, 1969. The firm delivered the proto-type Suri transmission in September, 1969 which passed 100 per cent load test at Chittaranjan Locomotive Works in December, 1969. Meanwhile, the firm had commenced series supply from October, 1969 onwards. Proto-type reversing gear box, however, has not yet been delivered (December, 1969). The supply to the firm of some imported components which Railways were required to arrange free of cost has been delayed. On the other hand the 33rd diesel shunting locomotive which was

earlier expected to be turned out in November, 1968 is not likely to be turned out before January, 1970 inasmuch as only 26 shunting locomotives have been turned out upto October, 1969 and Chittaranjan Locomotive Works Production Programme does not exceed three shunting locomotives per month.

If a prompt decision had been taken on the agency for developing the indigenous manufacture of Suri transmission and reversing gear box in November, 1965 or at least in December, 1966 when the indigenous firm came up with repeated requests, it would have been possible to develop the indigenous manufacture of these components for power packs earlier and thereby reduce or even avoid the import of these items involving foreign exchange and extra expenditure.

The Ministry of Railways (Railway Board) stated (December, 1968) that the indigenous firm asked for exclusive licence in November, 1965 which could not be agreed to as it would have created monopoly. There was, however, a delay of one year in placing the order on the firm even after the firm offered in December, 1966 to manufacture the items without insisting on exclusive licence.

12. Failure of equalising beams on Metre Gauge I.R.S. Coaches.

A number of failures of equalising beams on the metre gauge I.R.S. coaches occurred during 1964 to 1968 on the North Eastern and Northeast Frontier Railways resulting in derailment of coaches in some cases. Investigations into the causes of such failures in the 1700 and 1800 series of coaches manufactured by an indigenous firm against 1963-64 Rolling Stock Programme revealed that they were due to the class of steel used and manufacturing defects like forging laps, dimensional inaccuracies and deviations from the approved drawings in the manufacture of the beams. The inspecting authority of the Directorate General of Supplies and Disposals who inspected and approved the equalising beams at the makers' works failed to detect these defects.

It was noticed that the problem of equalising beam failures was not confined only to the 1700 and 1800 series of metre gauge I.R.S. coaches and the Railway Board issued instructions in March, 1968 to the North Eastern and Northeast Frontier Railways to take immediate action for programmed renewal of all the defective beams. On the Northeast Frontier Railway all the metre gauge I.R.S. coaches of 1700/1800 series were withdrawn from fast main line

services and were subjected to intensive examination. It was observed that the equalising beams on all the 117 coaches supplied by the firm during February, 1966 to June, 1967 were defective and so, the Northeast Frontier Railway Administration had undertaken replacement of all the 468 equalising beams of these coaches. New equalising beams required for replacement have been procured from the Jamalpur and Kancharapara Workshops of the Eastern Railway and the Chittaranjan Locomotive Works at a cost of about Rs. 3.51 lakhs excluding freight, incidentals and labour charges. The Northeast Frontier Railway Administration and the Railway Board advised the firm in May and November, 1968 that the cost of replacement of all the beams should be borne by them, but no formal claim indicating the exact amount reimbursable to the Railway was preferred. The firm has not so far agreed to bear the cost of replacements on the ground that the failures in question were attributable to inadequacy of design and their liability was confined to defective materials or workmanship noticed within the warranty period (12 months) only.

On the North Eastern Railway rigid tests with magnaflux crack detectors revealed that out of about 6,000 equalising beams fitted on about 1500 passenger coaching vehicles, about 80 per cent *i.e.*, 4800 numbers were defective and would require replacement. It has been decided to undertake replacement of the defective equalising beams on a phased programme for which 195 new equalising beams had been procured from trade and other Railway Workshops at a cost of Rs. 2.82 lakhs. For programmed replacement of all defective equalising beams, the Railway had placed orders for 2036 beams (including 195 already procured) on trade and Railway Workshops. Meanwhile, about 2,000 defective beams have been repaired by welding. In view of this, the order on Chittaranjan Locomotive Works for equalising beams had been curtailed by 1032 numbers. The North Eastern Railway Administration will have to incur about Rs. 10.41 lakhs for procuring 1004 equalising beams (including Rs. 2.82 lakhs for 195 already procured) for replacement of defective equalising beams. The cost of welding the beams with minor defects could not be ascertained. The North Eastern Railway Administration is not in a position to identify the manufacturers of the defective equalising beams with a view to prefer claims with the suppliers, because the equalising beams, which did not bear the stamps or name of the manufacturers or the number of the coach and other relevant particulars, were pooled together when coaches came into the workshops for P.O.H. No claim has, therefore, been preferred with any of the manufacturers who supplied the coaches or underframes with the defective equalising beams.

On the Western Railway, 22 equalising beams were found defective and had been replaced. The cases of breakages had been reported to the manufacturers for replacement. The firm has not accepted the claim so far.

The Ministry of Railways (Railway Board) explained (January, 1970) that the heavy incidence of equalising beam failures on the North Eastern and Northeast Frontier Railways was due to excessive overcrowding on the coaches and that the drawing was altered in 1968 for strengthening the beam further to bear additional load. The Ministry further explained (January, 1970) that claims in respect of failures which occurred after the expiry of warranty period would not be in order.

PURCHASES AND STORES

(OTHER STORES)

13. Avoidable import of train lighting cells.

In November, 1967, the Ministry of Railways (Railway Board) placed an order on a West German firm for the import of 23,000 numbers of lead-acid train lighting cells of 312 A.H. capacity (substitute for 300 A.H. capacity cells) involving foreign exchange expenditure of about Rs. 38.47 lakhs. It may be mentioned that throughout the Third Plan period no imports of batteries required for coaches were made nor have such imports been made after the import of the 23,000 cells referred to above was arranged. While deciding upon the import, the Ministry assessed the requirement of train lighting cells for the period August, 1967 to July, 1968 at 1,83,000 as against the available indigenous capacity of 96,000 cells per annum. The above assessment of the requirement was made taking into account the current year's demands and the outstanding indents of the previous years which were not covered by the running contracts of the Director General, Supplies and Disposals and an anticipation that the indigenous manufacturers even with the additional capacity that was being created, would not be able to supply more than 1,22,000 cells by July, 1968 although the three leading indigenous manufacturers of train lighting cells had already been granted licences for importing capital goods worth Rs. 22.5 lakhs for augmenting their capacity from 96,000 cells to 1,68,000 cells per annum. The Ministry further justified the import on the basis that the yearly requirement of train lighting cells would be of the order of 1,50,000 in view of the increased holdings of the coaching stock and that in view of this, there would be a continuing gap between requirements and availability. Against the tender, one of the indigenous manufacturers offered to supply 2,000 cells per month over

and above the promised supply against the running contracts of the Director General, Supplies and Disposals. Still the Ministry considered that there would remain a large gap between the demand and indigenous supplies and persisted in their decision to import 23,000 Nos. of train lighting cells. The prescribed procedure of obtaining clearance from the Director General of Technical Development from the point of view of indigenous availability before arranging import was also not followed. The Ministry explained (January, 1970) that this was not considered necessary as the Joint Director (Development), Railway Board, who acted as an *ex officio* Industrial Adviser to the Director General of Technical Development was fully aware of the position of indigenous availability.

The cells ordered for import were received during the period from April to August, 1968. Out of 23,000, only 16,570 cells were used by the Railways upto March, 1969. Further as a result of stepping up of indigenous manufacture and replatal of old cells, the indigenous availability of train lighting cells increased to 1,11,501 during 1968 and 58,691 during the first five months of 1969. The stock of 300 A.H. cells (including 312 A.H.) with all the Railways after meeting their day-to-day requirements had increased from 5926 in January, 1968, to 11,024 in June, 1968, 19,889 in November, 1968, 31,004 in January, 1969 and 24,288 in May, 1969. Thus the plea of urgency, with which the train lighting cells were imported at a cost of Rs. 38.47 lakhs in foreign exchange, is not substantiated.

The Ministry of Railways (Railway Board) explained in December, 1969, that the import was justified by the large gap between the indents and indigenous availability, but the surplus was due to the delay in the commissioning of cells because of delayed supplies of other materials like electrolyte, connectors, acid etc., and the parallel action taken by the Railways for replatal and placing of orders for supply of cells with imported containers. It may be mentioned that it has been possible to make available 20,147 cells by replatal in one year and the indigenous supplies also had increased from 65,624 in 1967 to 91,354 in 1968. The import could have been avoided if the increasing indigenous capacity and the potentialities of replatal were taken into account.

14. Central Railway—Injudicious purchase of M.S. Hex Nuts resulting in overstock.

In order to curb the excessive incidence of thefts of brake blocks and screwing nuts, the 38th Carriage and Wagon standard Committee, 1959, recommended the adoption of the revised method of securing brake blocks to the brake beams of coaching and goods rolling stock by means of a split cotter, thereby eliminating the

use of M.S. Hex Nuts $1\frac{1}{2}$ ". This revised method of securing brake blocks, as approved by the Railway Board, was circulated by the Railway Administration in April, 1960 and again in November, 1961 to all concerned stating that the existing stock of brake blocks and brake beams with screwed ends should be worked off before adopting the modified device and that the I.R.S. brake beams with screwed ends should not thereafter be manufactured or purchased.

With the assumption of common carriers' liability in January, 1962, the Railway Administration asked the divisions in April, 1962 to revise the imprest of essential Carriage and Wagon items with a view to keep the stock in a very fit condition. The sanctioned imprest of M.S. Hex Nuts $1\frac{1}{2}$ " was thereupon raised from 56.9 tonnes in 1961 to 196 tonnes in April/May, 1962 and 206.5 tonnes in August/September, 1962, without keeping in view the modification in the design of the brake beam and brake blocks for fastening by cotters. Though the average annual consumption of the items, on the basis of consumption during three previous years, was 26.3 tonnes for 1961-62 and 37.1 tonnes for 1962-63, the indentors placed their demands for the nuts according to the revised imprests and did not cancel their pending demands nor did they reduce their imprests schedule with reference to the actual consumption, as provided in the rules. To cope with such heavy demands of nuts, the Railway Administration made arrangements for its purchase and manufacture in the workshop at Manmad, for the total quantity of 653 tonnes during 1962-63 and 1963-64. In April, 1964 when heavy stock was built up on account of non-withdrawal of the item by the indentors according to the revised imprests, the railway administration had to cancel pending orders for about 328 tonnes (including 146.909 tonnes where the firm did not agree to the cancellation of the order and the question of compensation on this account being under examination of the Railway Board), outstanding against purchase order/work orders during 1964-65.

The Railway Administration subsequently made efforts to work off the heavy stock of the $1\frac{1}{2}$ " nuts by offering to other railways and using them on B.G. buffer spindles and to wagon builders. As most of the Coaching and Wagon stock on the Central Railway have been provided with cotter type fastening for brake blocks, the consumption of these nuts is very small viz 4 tonnes per year, for truss bars, draw bars, shackle pins, buffer plungers, etc. The incorrect assessment of the requirements of this item leading to unnecessary enhancement of imprests without correlating it with past consumption and future curtailment has resulted in accumulation of 247.8 tonnes nuts valued at Rs. 4.66 lakhs (September, 1969) at Currey Road Stores Depot.

15. **Eastern Railway—Loss due to short receipt of cement from the Suppliers.**

Cement is obtained by the Eastern Railway against D.G.S. & D.'s rate contracts which provide, *inter alia* that:—

- (i) The Supplier's responsibility for loss/shortage or damage enroute or at destination ceases once the goods are handed over to the carriers under clear railway receipts;
- (ii) The suppliers may accept 'said to contain' railway receipts if the railway authorities at the station of despatch refuse to issue clear receipts owing to the nature of the stores;
- (iii) For loss/shortage/damage noticed in consignments booked under qualified railway receipts or at owner's risk, the Pay and Accounts Officer will make necessary recoveries from the suppliers on the basis of remarks incorporated by the consignees in the receipt certificate; and
- (iv) The permissible tolerance on the weight of cement supplied in bags shall be plus/minus 2½% per bag with an overall tolerance of ½% per wagon load of 20—25 tonnes.

For the supplies to the Eastern Railway, the cement consignments are booked from three factories on Eastern Railway and one on Central Railway. At these stations weighbridges have not been installed, but unqualified railway receipts were issued by the railway staff for the consignments accepted and booked without verifying the weights. Since July, 1965 a series of complaints were received from the various Engineering subordinates about heavy shortages in cement bags received in seal-in-tact wagons from the cement factories. The supplying factories, however, disowned their responsibility for the shortages as they had obtained clear railway receipts from the Railway staff on booking the consignments.

The shortages reported periodically by the consignees after weighing of individual bags selected at random varied from 2% upwards and in some cases it was as high as 28%. Even if it is accepted that the short supply was to the extent of 2%, though it was generally reported by the consignees to be much higher, the loss suffered by the administration in respect of 63,360 tonnes of cement allotted to Eastern Railway during the calendar years 1967 and 1968 works out to about Rs. 2.12 lakhs. In the absence of complete details, it would not, however, be possible to assess the quantum of actual loss suffered by the administration since 1965. The possibility of similar shortages and consequential loss in respect of supplies prior to 1965 cannot be ruled out as the same working procedure both at the forwarding and receiving ends had been followed in earlier years also, at least since 1961 when the rate

contract in question was finalised by the D.G.S. & D. The Railway Board stated in January, 1970 that based upon shortages (199 tonnes) actually reported by Railway consignees in 1967 and 1968 the shortages were within tolerance limit (0.33 per cent) valued at Rs. 33,000/- only. They have stated that no shortages were reported by consignees prior to 1965 and the shortage reported in 1965 also amounted to 0.04%. The issue of clear Railway Receipts in the past has also been advanced as a commercially prudent step.

The Railway Administration decided in November, 1968, after the irregularities were pointed out in September, 1968, that only qualified railway receipts should be issued to the supplying firms and that the delivery of consignments should be taken by the Engineering department after weighment of individual bags in presence of commercial staff. This procedure is yet to be implemented in all the divisions.

16. Northern Railway—Acceptance of defective printing papers.

Procurement of paper for the Railway is made by the Controller of Stationery, Calcutta against the rate contract of D.G.S. & D. On receipt of the paper the Railway Administration is required to carry out a visual inspection and send a report to the Deputy Controller of Stationery (Inspection) for final inspection and acceptance. Complaints regarding defects are required to be sent to the suppliers by the Controller of Stationery within 45 days of receipt of paper. A period of 15 days from the date of complaint, for taking samples and an equal period for reporting on the samples are allowed to the suppliers and thereafter the consignee is free to utilise the consignment.

In July, 1964 three consignments of 4332 reams of paper valued at Rs. 1.04 lakhs were received in the Printing Press, Shakurbasti. On inspection, the Assistant Press Superintendent found that the paper was specky, weak and the pulp was not fully digested. This was reported to the Deputy Controller (Inspection) along with the samples on 5th August, 1964. Before the test reports were received, 440 reams of paper were consumed between 5th August, 1964 and 28th August, 1964 even though the Railway Administration held in stock 1886 reams of paper procured earlier. After laboratory test, the Deputy Controller (Inspection) informed the firm on 28th August, 1964 that the paper was sub-standard and the firm should inspect the lot if desired within 15 days. The Superintendent Printing and Stationery, Shakurbasti was simultaneously asked whether the paper would serve his purpose and the lot should be kept aside for 45 days. On 9th June, 1965 i.e. nearly after a period of one year, after

the receipt of the material, the Superintendent Printing and Stationery, Shakurbasti informed the Assistant Controller (Inspection) that the paper was not suitable.

In December, 1965, the D.G.S.&D. directed the firm to remove the balance quantity of 3892 reams of rejected paper and allow 5% rebate on the quantity consumed. No action was, however, taken to withhold the dues of the firm against other contracts to safeguard the Railway's interest. While the firm did not accept the rejection on the plea that the paper had been lying with the consignee for more than two years and a part supply had also been consumed, they agreed to a rebate of 5% on the total quantity. In July, 1966, when the D.G.S. & D. recommended acceptance of the entire quantity of paper at 5% reduction offered by the supplier, the Railway Administration stated after further examination of the stock, in October, 1966 (i.e. two years after receipt of supplies) that apart from the defects already intimated, the paper had holes of the size of pinpoint to a buttonhole and as such the rebate of 5% offered was inadequate. The Assistant Controller (Inspection) stated in September, 1968 that it would not be possible to make the firm agree to the fresh defects pointed out at such belated stage and there was no scope for getting the rebate of 5% offered, enhanced further.

The Administration decided in January, 1969 to accept the entire quantity at a rebate of 5% although the paper was found to be unsuitable for printing, being too soft to be fed in the machines and also had holes of the size of pinpoint to buttonhole. The administration stated (July, 1969) that the paper would be put to alternative use.

Delays in rejecting the consignments which were known to be sub-standard have compelled the Railway Administration to retain the paper on terms that do not provide for adequate compensation.

17. Loss due to excess supply of Railway Scrap to a sleeper manufacturer at the controlled rate.

A contract was placed on a firm in February, 1962 for manufacture and supply of 3,000 tonnes of C.I. Sleepers by 31st March, 1963, utilising (as raw material) 50 per cent pig iron and 50 per cent railway scrap to be made available at the controlled rate of Rs. 98 per tonne. The scrap was to be supplied by the Northern and Western Railways.

The firm supplied 926 tonnes of sleeper plates upto July, 1962 and did not make any further supply despite the Ministry of Railways (Railway Board) extending the delivery period upto 31st December, 1963. The non-supply of any sleeper plates was attributed to a ban imposed by the Iron & Steel Controller (October, 1963) on the supplies of pig iron, etc., to the firm.

In August, 1962, the Government of India removed the price and distribution control on melting scrap which resulted in a steep rise in the market rate for cast iron scrap (assumed at Rs. 236 per tonne in the tender proceedings in May and June, 1963). The Railway Administration instructed all Railways through its circular dated 14th November, 1962 that scrap may, however, continue to be supplied against earlier contracts at the lower pre-decontrolled rates specified in their respective contracts. The sale of scrap at the lower rates was covered by an undertaking from the firm that the scrap would be used in the manufacture of sleepers alone and would not be disposed of otherwise without the permission of Railways.

The Western Railway started supplying the first lot of 500 tonnes of C.I. scrap at the controlled rate of Rs. 98 per tonne from August, 1963. In all 1000 tonnes of C.I. scrap was supplied by Western and Northern Railways. As the firm did not supply any sleepers beyond 926 tonnes, only 463 tonnes of railway scrap (being 50 per cent) could be deemed to have been utilised in the manufacture. The delivery period of the contract was not extended beyond 31st December, 1963. No action was taken by the Ministry of Railways (Railway Board) immediately thereafter, to address the firm in pursuance of the undertaking given by them for returning the balance of 537 tonnes of railway scrap, lying with them or refunding the difference in value between the market rate and the controlled rate.

The above firm participated in the Railway Board's tender for supply of sleepers for 1965-66 in February, 1965. Although it was known that they had been lately covered by a ban on supply of raw materials etc., to them, the Ministry of Railways (Railway Board) placed an order in February, 1966 (in cancellation of the contract of February, 1962) for supply of 5,000 tonnes of C.I. sleepers on railway scrap basis, with a view to utilising the scrap lying with the firm since 1963. However, no supply materialised. On 7th June, 1966, the firm went into liquidation. In August, 1966, the Board finally addressed the firm to treat the contract placed in February, 1966, as cancelled and return the scrap or pay the difference in value thereof, between the market price and controlled rate *viz.*, Rs. 1.62 lakhs. A further amount of Rs. 1,138 was also due from the firm, as compensation charges under an earlier contract. As against the dues

of Rs. 1,63,138, the Ministry held only the firm's security money of Rs. 20,000. The Eastern Railway Administration was directed by the Ministry of Railways (Railway Board) in October, 1966 to file the Railway's claim with the official liquidator and watch recovery which is still pending.

The sale of railway scrap at controlled rate to a firm which did not make supplies against the contract for C.I. sleepers placed with them without adequate safeguards against the diversion of the scrap to non-railway uses and the delays in taking action to recover the same even after the expiry of the extended delivery date has resulted in the scrap or its real value remaining unrecovered from the firm on date even after the expiry of over 5 years after the sale.

MANUFACTURING OPERATIONS

18. Southern Railway—Extra expenditure due to defective manufacture of 'O' type wagons in Railway Workshops.

The Southern Railway manufactured 1500 numbers of 'O' type wagons during the period from October, 1961 to October, 1964 at the Golden Rock workshop. 500 of these were allotted to the Eastern Railway, 200 to the Northern Railway and 800 to the Southern Railway.

In February, 1966 the General Secretary of the Indian Railway Conference Association during his inspection of the sick lines at Kanpur observed that the head stocks and underframes were badly damaged in two of the above wagons and attributed this to wrong manufacturing process. Similar defects were also seen on the wagons inspected by the Southern Railway. In April, 1966 the Southern Railway Administration intimated the Research Designs and Standards Organisation that there had been certain variations from the prescribed drawings in the manufacture of these wagons. A standard repair procedure followed by the Southern Railway to rectify the defects was forwarded to Northern and Eastern Railways in October, 1966 requesting them to attend to the wagons manufactured by the Golden Rock workshop. Meanwhile, large scale damages to the head stock of this type of wagons resulted in stabling of 200 wagons on the Southern Railway.

The Research Designs and Standards Organisation, after detailed examination of 130 out of the 200 stabled wagons, reported to the Railway Board in March, 1968 that in addition to the manufacturing deviations, certain manufacturing defects were also noticed and attributed the large scale damages to poor construction. It was also suggested that major rectifications to the wagons have to be carried

out by the user Railways. Accordingly, instructions were issued by the Railway Board in May, 1968 to the Southern, Eastern and Northern Railways to effect repairs to the damaged wagons and to reinforce the other wagons, which were not damaged, to remove all manufacturing deviations and defects, in consultation with the Research Designs and Standards Organisation.

The repair and rectification work was taken up in the Golden Rock and Perambur workshops of the Southern Railway in 1968. For 510 wagons on which the repairs, rectifications and modifications were carried out upto the end of December, 1968, the Southern Railway Administration had incurred an expenditure of Rs. 7.11 lakhs, out of which Rs. 3.25 lakhs were spent only for repairing and renewal of damaged members and the balance for carrying out modifications and improving the design features. 24 more wagons were repaired after December, 1968 and the remaining 266 are yet to be rectified (December, 1969).

On the Northern Railway 63 wagons out of 200 were repaired upto December, 1968 at a cost of Rs. 13,900. This expenditure relates to the repairs and modifications carried out to the extent necessitated immediately by damages to components and does not include the cost of all the modifications suggested by the Research Designs and Standards Organisation which are proposed to be carried out in stages on all the wagons. Out of 500 wagons allotted to Eastern Railway, 184 have been given periodical overhaul of which 16 cases were reported to have major defects. The Eastern Railway Administration were not in a position to give the cost of repairs, rectification and modifications to these wagons, as separate records have not been kept.

The Southern Railway Administration have stated that the damages to the wagons have been caused by the combined effect of the design features containing new techniques in which sufficient experience had not been gained and the minor deviations from the prescribed drawings which had to be adopted to suit the local manufacturing facilities. According to the Research Designs and Standards Organisation, however, the defects are entirely due to deviations from the standard specifications and poor quality of workmanship.

19. Manganese Steel Crossing Section of the Chittaranjan Steel Foundry.

The Chittaranjan Steel Foundry has been set up at an estimated cost of Rs. 6.63 crores with an installed capacity for 10,000 tonnes of steel castings per annum. Out of this, capacity for 1000 tonnes was

planned, developed and earmarked for the manufacture of manganese steel crossings for use in railway track. The provision for 1000 tonnes capacity for manganese steel crossings was made on an *ad-hoc* basis without any detail or break-up in terms of angles of crossings, section of rails or weight of castings as a minimum sustained requirement. In the initial stages of laying out the foundry, the Ministry of Railways (Railway Board) decided (June, 1960) that 1 in 16 and 1 in 20 size crossings should initially be manufactured at the Chittaranjan Steel Foundry and directed that the heat treatment furnaces should be designed to handle crossings of these bigger sizes. It was noticed in November, 1963, when all the Railways had furnished their requirements of manganese steel crossings, that the requirement of 1 in 16 and 1 in 20 crossings was very small (185 Nos. of 1 in 16 and 65 Nos. of 1 in 20). While permitting the Chittaranjan Locomotive Works Administration in December, 1963 to take up the manufacture of 1 in 12 size crossings, the Railway Board continued to emphasize the need for priority for the development of 1 in 16 and 1 in 20 crossings upto May, 1965. Accordingly, the Chittaranjan Locomotive Works Administration had developed the manufacture of these two types of crossings first and 1 in 12 and 1 in 8½ size crossings only later on. It was only in February, 1967 that the Ministry of Railways (Railway Board) examined in detail the possibility of large scale utilisation of bigger size crossings and came to the conclusion that 1 in 16 and 1 in 20 crossings could not be used freely without extensive remodelling of the yards, which would not be financially justified. The Zonal Railways, which had already procured 1 in 16 and 1 in 20 crossings from Chittaranjan Locomotive Works and from the trade, were finding it difficult to use them. The Railway Board, therefore, decided in May, 1967 that the use of manganese steel crossings should be restricted to only 1 in 8½ and 1 in 12 sizes on the broad gauge in locations where the built up crossings have short life. The manufacturing programme of the Chittaranjan Steel Foundry (Manganese Steel Crossing Section) has, therefore, been switched over almost wholly to 1 in 8½ and 1 in 12 sizes and a small number of 1 in 16 size crossings. Thus the Ministry of Railways had not properly assessed the requirements of the different sizes of manganese steel crossings with reference to the locations of the yards in which they are to be used and the technical and financial implications before deciding upon building up capacity for 1000 tonnes per annum.

A review undertaken by the Ministry of Railways in December, 1967 of the requirements of manganese steel crossings showed that the total demand would be of the order of 725 numbers per annum. On this basis the availability of load for the manganese steel crossing

section of the Steel Foundry was assessed at 350 tonnes per annum and the target production per annum has been scaled down from 1000 tonnes to 350 tonnes. The maximum load ever available for the manganese steel crossing section since its commencement of regular production in April, 1966 was 485 tonnes. With the Railway Board's decision of May, 1967 to restrict the use of manganese steel crossings to 1 in 8½ and 1 in 12 sizes, the load position of the manganese steel crossing section of the Chittaranjan Steel Foundry had steadily declined to 270 tonnes in April, 1968 and 138 tonnes in April, 1969. Thus, a major portion of the expenditure incurred in setting up capacity for 1000 tonnes of manganese steel crossings was avoidable. The expenditure booked upto March, 1969 for the Steel Foundry as a whole for 10,000 tonnes capacity is Rs. 5.92 crores (figures not available separately for the manganese steel crossing section).

The performance of the Steel Foundry in regard to the manufacture of manganese steel crossings has not been satisfactory. The total quantity of manganese steel crossings manufactured during 1967-68 and 1968-69 were 99 tonnes and 198 tonnes respectively as against the installed capacity of 1000 tonnes and the reduced target of 350 tonnes per annum. The quantity of crossings manufactured and quantities rejected during the period from 1966-67 to 1968-69 are as below:—

Year	No. of crossings manufactured.	No. of crossings rejected.	Percentages of rejection.
1966-67 . . .	205	129	65%
1967-68 . . .	184	92	50%
1968-69 . . .	400	131	33%

The value of the castings rejected outright during the three years from 1966-67 to 1968-69 is Rs. 8.41 lakhs.

The cost per unit of good casting has also gone up as indicated below:—

Size ^{of} crossings.	Estimated cost per crossing	Cost per unit of good crossing.
	Rs.	Rs.
1 in 20	3836.00	8333.80
1 in 16	3181.00	6889.30
1 in 12 (90R)	2283.00	3920.40
1 in 12 (52 Kgs.)	2263.00	4056.50
1 in 8½	2726.00	3131.80

The Ministry of Railways (Railway Board) stated (December, 1969) that there has been no special investment exclusively for manganese steel crossings except for heat treatment furnaces and moulding boxes valued at about Rs. 10 lakhs and that the moulding and other shops' capacity originally earmarked for manganese crossings is being utilised for the production of other medium and large steel castings. It may be mentioned that load available for the Chittaranjan Steel Foundry as a whole is much less than the installed capacity and the actual out-turn is consistently less than the target production of 850 tonnes per month. Utilisation of manganese steel crossing section for production of other castings has, therefore, to be viewed taking into account the fact that the capacity of other sections is also being underutilised. If the planning for the manganese steel crossing section had been done with adequate data regarding the sustained requirements, the overall capacity of the Steel Foundry could have been planned at a lower level than 10,000 tonnes per annum and the overall capital investment also could have been less to that extent.

Regarding the high percentage of rejection, the Ministry stated that the performance has to be viewed in the light of the experience and know-how already available in the country and that heavy rejections in the initial stages of development of highly specialized castings are inevitable. It may be mentioned that the foundry was established under collaboration with a foreign firm and the collaboration agreement provided for training of adequate number of personnel as well as deputation of collaborator's technicians to Chittaranjan Locomotive Works for imparting technical know-how. Even after four years of development, the rejection is not less than 25 per cent.

20. South Eastern Railway—Loss in manufacture of unsuitable mechanical stokers.

With a view to improving the haulage capacity of steam locomotives, the Railway Board imported two mechanical stokers in March, 1959 and these were fitted on two W. G. locomotives for conducting trials. Before the conclusive results of the trials were available, the Railway Board, placed orders in September, 1960 for manufacture of 20 mechanical stokers on the Kharagpur workshop of the South Eastern Railway at an estimated cost of Rs. 30 thousand per stoker. Against this order seven mechanical stokers were turned out and fitted to the locomotives during the period from May, 1966 to March, 1968. The performance of these stokers was not found satisfactory and instructions were issued in June, 1968 for utilisation of the locomotives fitted with the mechanical stokers in light services only. After incurring an expenditure of Rs. 8.43 lakhs to end of November,

1968 on manufacture of the seven stokers, manufacturing components for another three stokers, and procurement of stores for the remaining ten stokers, the scheme of manufacture of the mechanical stokers was suspended.

The Railway Administration stated (August, 1969) that manufacture of the mechanical stokers was suspended, as due to dieselisation and electrification their need for use in the steam locomotives receded and also because their performance was not found satisfactory. It may be stated that dieselisation and electrification were introduced on the Railway as early as 1958 and 1960 respectively and as such the administration was aware of the developing change in traction before the manufacture of the stokers was undertaken. Despite the receding trend of steam traction as many as 413 and 387 locomotives were in use on the railway during 1967-68 and 1968-69 respectively, which would indicate there was enough scope for using the mechanical stokers. The suspension of manufacture of stokers was thus primarily attributable to the unsatisfactory performance of the seven stokers. The scheme of departmental manufacture of twenty mechanical stokers undertaken before judging the results of trial with the imported ones has resulted in infructuous expenditure of Rs. 8.43 lakhs.

MAINTENANCE OF ASSETS

21. Corrosion in I.C.F. coaches.

The Schlieren type all steel integral light weight coaches manufactured at the Integral Coach Factory are to a specification jointly evolved by the Research Designs and Standards Organisation of the Indian Railways and a Swiss firm. Coaches of Schlieren design were imported and put into service in 1951. Coaches of similar design manufactured at Integral Coach Factory were put into service from October, 1955. The coaches of this design incorporated a number of pressed steel sections of thin sheets in the construction of the shell. The sheets are considerably stressed as the design of this type of coach is based on the principle of a "self supporting structure". The trough floor was designed to take 70 per cent of the buffing force and hence needed particular attention to safeguard against the initiation and spread of corrosion to places which were not easily accessible for inspection and attention. A panel of Senior Mechanical Engineers appointed to make a technical evaluation of the Schlieren design reported in November, 1951 that the Schlieren type coaches required a high standard of maintenance, and called for corrosion resisting steel for all components, a full and effective anti-corrosive treatment at the time of manufacture and periodical stripping, inspection, cleaning and anti-corrosive treatment of the interior parts at regular intervals so that each component of the coach would

retain practically its original strength throughout the entire life of the coach.

The Standing Corrosion Committee set up by the Railway Board discussed the problem of corrosion of I.C.F. coaches in their first meeting held in September, 1956 and recommended that the Railways should make a thorough examination of the Schlieren coaches and report whether any corrosion was taking place. The recommendation was forwarded to the Railways in February, 1957. First reports of corrosion of I.C.F. coaches were received in early 1959. With a view to assess the incidence of corrosion, four of the Schlieren coaches (three built in Switzerland and one assembled at I.C.F.) were withdrawn from service and subjected to detailed examination at the Integral Coach Factory by a Special Committee in June, 1959. The Special Committee recommended certain remedial measures like modifications to the turn-under, providing for larger openings for the effective drainage of accumulated substances and water, improved painting schedules, and modifications to the body side doors. The Committee did not, however, recommend any modifications or improvements to the trough floor under the lavatory or regarding prevention of leakage of water from the floor which proved to be the most vulnerable spot for corrosion. The modifications to the turn-under and body side doors recommended by the Special Committee were incorporated in the coaches turned out from Integral Coach Factory from 1960 onwards; but the Zonal Railways were not advised to carry out the modifications on the coaches built before 1960. In May, 1961, the Carriage and Wagons Standards Committee recommended that the question of Railway Workshops carrying out the design modifications on the coaches in service should be examined. This recommendation was forwarded by the Railway Board to all the Railways in December, 1961, but no specific directives were issued to the Railways to carry out the modifications. On receipt of further reports of corrosion, the Integral Coach Factory Administration circulated in February, 1963 to all the Railways certain remedial measures which included provision of drain holes at the bottom of the door pillars, provision of thicker skirting plates for the side wall with enlarged openings, application of bituminous water sealing compound at all timber joints in the flooring construction, additional coat of paints for the trough floor, proper drain holes for wash basins, bent lavatory chutes and deeper throats for lavatory pans. In December, 1963 coach alteration instructions were issued to all the Railways to provide enlarged drain holes in the turn-under of the body side walls and to rectify the corroded portion of the body side doors of the coaches. The instructions issued from 1957 to 1963 were thus of only general nature.

In April, 1965 the R.D.S.O. issued (at the instance of the Integral Coach Factory) a consolidated set of instructions to all Railways detailing the measures to prevent the incidence of corrosion. Modifications to the trough floor under the lavatories was contemplated for the first time in these instructions.

In October, 1966 an I.C.F. coach, while being hauled as an empty rake near Raichur station split up into two parts as a result of severe corrosion of the trough floor over the full width of the coach under the lavatories. This coach had been given P.O.H. only six to eight months prior to the accident. It was observed on examination of this coach that the condition of the trough floor under the lavatory area was not periodically inspected, repaired, cleaned and painted, and that the corrosion of the trough floor and members below resulted from the seepage of water from the lavatory.

Coach alteration instruction for replacement of corroded trough floor below the lavatories was issued to the Railways by the Integral Coach Factory Administration in December, 1966. This was followed by a number of instructions from Integral Coach Factory, R.D.S.O. and the Railway Board to all the Railways in the months of March to July, 1967, calling for thorough examination of the trough floors during every P.O.H. and immediate action to carry out modifications under the lavatories with tubular structures and filling of trough floors with bituminised vermiculite. A seminar was also arranged in September, 1967 to stress the need for immediate action. In emphasising the need for urgent action to take steps to arrest corrosion, the Railway Board observed in April, 1967 that corrective steps laid down in the earlier instructions were not effectively implemented by the Railways. Corrosion and perforations on trough floor have been observed in the Integral Coach Factory coaches within 1½ years of service. Out of 5250 I.C.F. coaches put into service since 1955 upto April, 1968, 2442 coaches have been found to be severely affected by corrosion upto April, 1969.

The modifications and repairs to the corroded coaches are in progress on all the Railways. According to information so far available, 704 coaches have been repaired. For repairing 2442 coaches, the estimated expenditure is about Rs. 2.18 crores. The Ministry of Railways stated (December, 1969) that the cost of repairs is high because large number of coaches have to be repaired in a short period of time and in case the repairs had commenced earlier, the total cost would have gone down.

If detailed instructions for anti-corrosion maintenance and modifications to the trough floors and turn-under had been issued soon

after the Integral Coach Factory coaches were put into service, by keeping a special watch on the not easily accessible locations prone to corrosion and if the Zonal Railways had exercised adequate care in maintenance and P.O.H. repairs, the incidence of premature corrosion in I.C.F. coaches could have been detected and effectively dealt with at the early stages in which case the extent of corrosion and the cost of repairing would have been considerably less. The changes in design necessary to deal with this problem could also have been incorporated in new coaches that were being built much earlier.

Regarding delay in the issue of detailed instructions for anti-corrosion maintenance and modifications, the Ministry of Railways (Railway Board) stated (July, 1969) that the need for issuing such instructions did not arise until service experience over a period of seven to eight years warranted the issue of such instructions.

UTILISATION OF ASSETS

22. Western Railway—Avoidable expenditure in the treatment of water for steam locos.

Water fed into the steam locomotives, if hard, has to be softened to prevent scale formation in the boilers. On the Western Railway, the old practice was to soften water externally through softening plants before feeding it to the locomotives. From 1956 the cheaper alternative of internal water treatment by adding a measured quantity of chemicals to the untreated water fed into the engine tender either through the fitment of a mechanical device called 'dosing gear' or by manually dosing the chemicals was commenced. By October, 1964, 1401 locomotives had been brought under internal water treatment. 14 water softening plants were, however, continued to be operated upto 1967 and 1968. The cost of treatment by water softening plants was 0.79 paise per 1,000 gallons whereas the internal treatment cost was only 0.68 paise per 1,000 gallons. Treatment of water by costlier method of operating softening plants, when the cheaper method of internal treatment was possible, resulted in incurrance of extra expenditure of Rs. 1.59 lakhs.

23. South Eastern Railway—Avoidable expenditure on replacement of a weighbridge.

The Railway Administration decided to replace the then existing 40 ton weighbridge at Bhaga Station with a new 100 ton weighbridge on the consideration that more and more BOX wagons were being put on the line and the existing weighbridge was not adequate

to weigh BOX wagons. An order for supply of a 100 ton weighbridge was placed in April, 1963 and the estimate for the work amounting to Rs. 1.53 lakhs (including Rs. 1 lakh as cost of the new weigh-bridge) was sanctioned in May, 1963. The weighbridge costing Rs. 1.09 lakhs was received in August, 1965, was installed in March, 1967 and was brought into use in May, 1967. However, in March, 1968 the Railway Administration decided to close down the weigh-bridge and arranged for weighing of wagons arising in the region, at the adjacent station Bhojudih, which was already equipped with a 100 ton weigh-bridge.

The Administration stated (August, 1969) that a declining trend of traffic at Bhaga was noticed in April, 1968 and the weigh-bridge was closed down with a view to achieve an annual saving of Rs. 1.78 lakhs. It was stated that wagons from Bhaga had in any case to pass through Bhojudih yard and no extra time was required at Bhojudih for weighing as the wagons while being classified had to pass over the weighbridge line and got weighed in the process. It may be stated that the average number of wagons weighed daily at Bhaga after installation of the new weighbridge there was more than those weighed there before and continued to be so till March 1968 when it was decided to close it down. In fact, the Administration was aware as early as in January, 1965 that only a few collieries would despatch coal in BOX wagons from this region in future and it was better to weigh those wagons at Bhojudih. The installation of the new weighbridge at Bhaga in March, 1967 involving an outlay of Rs. 1.65 lakhs was, therefore, avoidable.

The Railway Administration have since decided in October, 1969 to reopen the weighbridge at Bhaga on the ground that traffic at Bhaga had increased. It has, however, been noticed that the total number of wagons that is being weighed at Bhojudih, including those diverted from Bhaga region, is not only well within the capacity of Bhojudih weighbridge but has in fact come down from 2,864 in August, 1969 to 2,162 in October, 1969.

24. Northeast Frontier Railway—Loss due to construction of un-economic temporary quarry siding at Behubar.

In the riverine quarry at Behubar, the Railway Administration had been providing temporary sidings every year on the river bed, for directly training out quarry products. As the entire quantity of quarry products collected at site could not be trained out, the Administration had been carting the balance quantities to the high ground, to avoid loss due to wash-out during monsoon. The quantity

of quarry products collected, trained out from the site and that trained out from the high ground during the years 1966 to 1968 was as under:—

Year	Quantity collected	Quantity trained out from site	Quantity trained out from high ground
1966 . . .	8,44,451 cft.	2,98,654 cft.	5,45,797 cft.
1967 . . .	8,79,114 cft.	2,00,028 cft.	6,79,086 cft.
1968 . . .	18,367.98 cum.	3,502.93 cum.	14,865.05 cum.

The reasons for training out the bulk of the quantity from the high ground instead of from the site itself were (i) non-availability of ballast trains and departmental traffic wagons and (ii) limitation of branch line operation on the movement of ballast trains. As the cost of carting the quarry products from the site to the high ground was much lower than the cost of providing siding, the Railway Administration incurred an extra expenditure of Rs. 1.92 lakhs during the years 1966 to 1968 in training out the quarry products by providing the siding.

The Railway Administration stated (November, 1969) that the existing stacking area of 13,300 sq. metres was insufficient for stacking the entire quantity collected and that the development of further space would have been a costlier proposition. It may, however, be stated that stacking on the high ground and training out therefrom being simultaneous operation, the entire quantity could have been carted to the high ground and trained out therefrom in view of the fact that the quantity trained out directly from the river bed was only a fraction of the quantity carted to the high ground.

WORKS EXPENDITURE

25. Eastern Railway—Abandonment of a work after incurring heavy expenditure.

In order to meet the anticipated increase in the down country coal loading estimated by the Coal Controller in November, 1962 as 1,280 wagons at the end of Third Five Year Plan and to facilitate cross movements of passenger and goods trains, the Railway Administration included the work of providing a 'fly over' in Naihati Yard in the Works Programme for 1964-65 at a cost of Rs. 42 lakhs. The Abstract Estimate amounting to Rs. 63 lakhs for the work was sanctioned by the Railway Board in February, 1966. In the meanwhile, coal traffic had indicated a downward trend, from 957 wagons in 1963-64 to 895 wagons in 1965-66, which was also far below the forecast of 1,280 wagons given by the Coal Controller in November, 1962. The work

was, however, progressed without making a fresh assessment of coal traffic in the light of this declining trend. Tenders for the work were called for in June, 1966 and contract awarded in February, 1967.

The Railway Administration decided in November, 1967 to seal off the work on the ground of declining trend in coal loading for down country consumers. By this time an expenditure of Rs. 4.04 lakhs (out of which Rs. 2.67 lakhs represents the cost of staff, payment to contractors etc. and is irrecoverable) had been incurred on the work. The contractor has sought arbitration for settlement of his pending claims. This expenditure could have been avoided if the need for this work had been reviewed before calling for the tenders in June, 1966 or before awarding the contract in February, 1967 when it was apparent that coal traffic, which was showing a declining trend, was far below the forecast given by the Coal Controller more than four years earlier.

26. South Central Railway—Avoidable expenditure on a doubling work.

An abstract estimate for Wadi-Shahabad doubling project framed on the basis of a detailed preliminary-cum-final location Engineering Survey carried out by the Railway Administration and sanctioned by the Railway Board in January, 1964 provided for 16.5 lakhs cft. earth work in bank in bridge approaches and 301.1 lakhs cft. in main formation. In determining the latter figure, the Railway Administration did not take any cross section measurements as this was not considered necessary in view of the fact that the line was passing through plain country. For earthwork in bank in bridge approaches the Administration awarded a contract in April, 1964 for 16.5 lakhs cft. of earthwork from Railway's borrow pits. While calling for tenders for earthwork in main formation, a reduction of 10 per cent. in the quantities from the estimated figures was made and consequently a contract for 270 lakhs cft. of earthwork (215 lakhs cft. from Railway's borrow pits and 55 lakhs cft. from contractor's earth) was awarded in June, 1964.

During the actual execution of the work, however, only 4.5 lakhs cft. of earthwork could be done against 16.5 lakhs contracted for in April, 1964 as sufficient earth was not available in Railway's borrow pits. The quantities of earthwork in main formation also fell very much short of the requirement. A fresh contract was, therefore, awarded at higher rates in February, 1968 for executing additional earthwork of 96 lakhs cft. out of which an actual quantity of 85 lakhs cft. (43 lakhs cft. from contractor's earth and 42 lakhs cft. from Railway's borrow-pits) was actually executed. The extra expenditure in carrying out additional earthwork amounted to Rs. 9.5 lakhs.

The Railway Administration explained (November, 1969) that the variations occurred owing to the following reasons:—

- (i) finalisation of Master Plan for Wadi Yard in February, 1964 which resulted, firstly, in change in alignment of the line at some places and secondly, in having to raise the formation at one place in order to provide a road under-bridge in place of level crossing provided earlier; and
- (ii) variations between rough quantities of earthwork estimated earlier and the final quantities that had to be executed.

It may be mentioned that Wadi Yard Remodelling work had already been sanctioned in May, 1962 and the work was under execution in phases. The expenditure could have been avoided if the Railway Administration had taken into account the implications of the Wadi Yard remodelling and if correct estimation of the quantities of work, required to be executed, had been done during the preliminary-cum-final location Engineering Survey.

27. South Central Railway—Avoidable expenditure on earthwork.

In connection with the doubling of Duvvada-Gopalapatnam section, which formed part of Tuni-Gopalapatnam doubling work, the Railway Administration decided in January, 1963, to lay the up line with a flatter gradient of 1 in 250 on a diverted alignment instead of laying it along side the existing alignment which had a ruling gradient of 1 in 150. The easing of the gradient was considered essential in order to overcome the difficulties of the existing gradient of 1 in 150 which required banking and also to mitigate the frequent troubles due to breaches in the area. Due to urgency, however, the work was completed with a gradient of 1 in 200 in a stretch of about a mile and the line opened for goods traffic in May, 1966. In November, 1967, the Railway Administration sought the approval of the Railway Board for retaining the gradient of 1 in 200 on this stretch on the ground that steam locomotives did not require banking for 2,000 tonnes trains on this gradient and that dieselisation was progressively being introduced. The Railway Board in July, 1968 approved the adoption of the gradient as a permanent measure. Starting the construction of the formation with a view to building it up to a gradient of 1 in 250 and later limiting the height of the bank, when 1 in 200 grade was achieved, resulted in the provision of wider bank than necessary entailing superfluous earthwork costing Rs. 4.83 lakhs.

The Railway Administration explained in October, 1969, that it was necessary to provide a gradient of 1 in 250 for the entire doubling to enable the steam locomotives to haul 70 wagons in order to fully utilise the yards and loops which had been built to handle 70 wagons goods trains and the provision of the gradient of 1 in 200 for this short

section between Duvvada and Gopalapatnam would limit the overall capacity of the entire line resulting in the under-utilisation of the assets created on this line. However, the Administration themselves at one stage contemplated a steeper gradient of 1 in 150 in this section prior to January, 1963, when the alignment of the second line was different, on the ground that this was more economical. Further, their admission that after opening of the line in May, 1966 its performance showed that the requirements of traffic could be met even with a gradient of 1 in 200 for a short stretch of one mile and regrading of the portion to 1 in 250 gradient did not arise, also contradicts the plea that uniform gradient of 1 in 250 was necessary all along the line. The extra expenditure of Rs. 4.83 lakhs could have been avoided if the adequacy of 1 in 200 gradient at this stretch had been investigated and bank built accordingly.

28. Northern Railway—Loss due to delay in planning and execution of a work.

In 1957-58, Railway Administration decided to replace the system of Mechanical Operation of points and signals with Route Relay Interlocking at Delhi Main Station. The abstract estimate for the work costing Rs. 35.38 lakhs was sanctioned in September, 1961. The work was expected to effect a heavy reduction in expenditure on operating staff apart from increasing operational efficiency.

In August, 1959, the tenders calling for quotations for the two possible systems *viz.*, 'Two cabin power lever frame system' and 'Central cabin route relay interlocking system', were invited. The offer of an Indian firm for the latter was accepted in October, 1961 and a formal contract was placed in April, 1962, stipulating completion of the work by April, 1964. The contract provided for supply of materials by the contractor, provision of labour by the Railway, payment of erection-supervision at the rate of Rs. 9,635 p.m. during construction and maintenance-supervision charges at the rate of Rs. 4,415 p.m. after the completion of the work.

Though the contract was awarded in April, 1962 the contractor could not commence the work due to the non-finalisation of the plans by the Railway Administration. The firm was asked to commence work in August, 1964, but the plan was modified after two months and a final plan was given to the firm only in May, 1965. The additional requirements of the material, consequent on the revision of the plans, was determined in October, 1965 and the agreement executed in July, 1966. The work was, however, completed in January, 1968.

In the meanwhile, the devaluation of the rupee in June, 1966 led to an increase in the cost of the imported stores by about Rs. 12 lakhs

and the overall cost of the work, according to the Revised Abstract Estimate prepared in 1967, increased from Rs. 35.38 lakhs to Rs. 72.06 lakhs.

Due to the delay in the planning and designing of the work, after placing the contract, the Administration incurred additional expenditure of Rs. 1.65 lakhs on account of erection-supervision. Apart from the above, owing to delay in completion of the work, the Administration continued to incur an expenditure of Rs. 94 thousand per year towards the cost of staff which was expected to be reduced after the commissioning of the work.

29. Northeast Frontier Railway—Avoidable expenditure on the construction of a new goods shed and a yard remodelling work at Badarpur.

A contract for 6.5 lakhs cft. earthwork valued at Rs. 1.13 lakhs was awarded in December, 1964 in connection with the construction of goods shed, R.P.F. barrack and covered accommodation for goods shed. After the commencement of the work on 26th December, 1964, the Railway Administration decided in January, 1965 to remodel the yard which involved resiting of the goods shed. By this time, only some quantity of earthwork had been done but the Railway Administration instead of stopping the work or restricting it as much as possible went ahead with the work for the proposed yard remodelling work.

The Badarpur Yard Remodelling work, which envisaged provision of 8 sorting lines and ancillary facilities was sanctioned in December, 1966 and a contract costing Rs. 10.37 lakhs was awarded in March, 1967. In the meanwhile, another yard at Lumding had been commissioned in January, 1967 and the trains marshalled therein could by-pass Badarpur Yard. This reduced the burden at Badarpur. The scope of yard remodelling work was, therefore, reviewed in June, 1967 and provision of 4 sorting lines was considered adequate. Another review was made in March, 1969 and provision of two lines only was considered sufficient. The contract entered in March, 1967 was terminated after a portion of work valuing Rs. 79 thousand had been done.

In the meantime, the proposal to construct the goods shed was dropped in September, 1967 for want of traffic justification. The original justification for the goods shed was also sketchy inasmuch as it merely indicated that the new goods shed was required for providing facility of work as desired by Chief Traffic Superintendent.

The Railway Administration, thus incurred an avoidable expenditure of Rs. 1.27 lakhs on earthwork, Rs. 27 thousand on the abandoned work of goods shed and Rs. 2.99 lakhs (booked upto March, 1969) on the yard remodelling work for which the revised estimate has not yet been sanctioned. The contract for the yard remodelling work has been terminated (August, 1967) and the contractor has initiated action for claiming compensation on this account.

30. Central Railway—Avoidable expenditure on Sales Tax.

As per the standard conditions of contract and practice on the Central Railway, cement required for use on works executed through the agency of contractors is supplied by the Railway and the use of 'bazar' cement is prohibited. This procedure was not followed in respect of two contracts for casting of foundations for overhead equipment on Igatpuri-Bhusawal Electrification Project, where the contractors were asked to use cement procured by them from the bazar direct. For the cement procured by the Railway, sales tax is payable at 3% ad-valorem. The rates quoted by contractors for these two works were inclusive of sales tax on cement (the prevailing rate being 6% of the value thereof) with a rider for full reimbursement, if sales tax actually paid was more. The contractors paid sales tax at 10% of the value of cement (leviable to local dealers) and this was reimbursed by the Railway.

For other works on the project, either carried out departmentally or through the contractors, the Railway Administration themselves had procured cement and had paid sales tax only at 3% of the value of cement. Cement required for the project was held in stock at a number of convenient places to facilitate issuing to the various works. With an Organisation already set up for procurement and distribution, it was possible for the Railway Administration to supply cement to these two contractors also.

The departure from the standard conditions of contract and practice regarding supply of cement in respect of these two contracts entailed an extra expenditure of Rs. 93,445/-.

31. South Eastern Railway—Non-recovery of extra expenditure on the execution of a work.

Earth work, construction of bridges, quarters etc. in connection with the doubling of the line between Durg and Kamptee was entrusted to a contractor in January, 1959, after inviting open tenders. The entire work valued at Rs. 6.89 lakhs approximately was to be completed by the end of March, 1960. Due to non-finalisation of bridge drawings, delay in supply of cement and non-finalisation

of yard plans etc. by the Railway Administration, the completion date was first extended to 30th June 1960 and again to 28th February 1961 due to delay in issuing work orders and non-finalisation of type of bridges to be constructed and yard plans. In October, 1960 the contractor applied for further extension of completion date upto 30th June, 1961 on the ground that monsoon was just over, but this was not agreed to by Railway Administration though they were agreeable to grant extensions upto 31st May, 1961. Ultimately, in May, 1961, the contract was terminated after giving due notice to the contractor and reserving Railway's right to get the remaining work done at contractor's risk and cost.

Before termination of the contract the contractor had done work valued at Rs. 2.22 lakhs (approx). The value of the work had been reduced to Rs. 3.48 lakhs and the residual works costing Rs. 1.26 lakhs were completed by the Railway Administration partly by the agency of a new contractor and partly departmentally during April, 1962 to June, 1963, at an extra expenditure of Rs. 1.09 lakhs, against which security deposit and outstanding dues of the contractor amounting to Rs. 63 thousand were available with the Railway.

The defaultant contractor sought arbitration in November, 1963. As the Railway Administration failed to appoint an arbitrator, the contractor initiated proceedings in the Court. Following the failure of the Administration to submit a panel of arbitrators on its behalf within the stipulated time of one month from the order of the Court i.e. by 17th February 1966, the Court appointed a Retired District Judge as the sole arbitrator in May, 1966. The Railway Administration pleaded for an award of Rs. 46 thousand representing the net amount due from the contractor. The arbitrator, however, gave an award in October, 1968 against the Railway for the payment of Rs. 65 thousand withheld by the Railway plus proportionate legal cost of Rs. 4,000 to the contractor on the ground that the Railway Administration delayed the issue of work orders and drawings, failed to grant reasonable extension asked for by the contractor; thereafter delayed the commencement of the left over work itself and were themselves responsible for the slow progress of the work. The Administration's failures at different stages resulted in incurrence of an extra expenditure of Rs. 1.13 lakhs.

TRAFFIC FACILITIES

32. Southern Railway—Avoidable expenditure on the facilities provided on B.G. line between Guntakal and Hospet.

In order to cope with the increase in iron ore traffic moving between Bellary-Hospet area and Madras Port which was anticipated to rise to 2 million tons by the end of 1964 and to arrange for this

traffic to run throughout without any need for transshipment or part transport by road, the Railway Administration decided to lay a B.G. line from Hospet to Guntakal in addition to the existing M.G. line. The Project Estimate for the work, amounting to Rs. 6.58 crores, was sent to the Railway Board in December, 1962 which was sanctioned in May, 1963. In September, 1963 the Railway Board observed that the opening of the B.G. line for passenger traffic was not justified and the new line would be used exclusively for export ore traffic to Madras plus a shunting goods for serving the stations upto Hospet.

Although it was known to the Railway Administration that loading of ore traffic would be confined to 5 stations only, stations on B.G. line were provided at all the 16 places where M.G. stations were existing. This involved replacement of 7 existing M.G. station buildings by new ones, improvement in 4 M.G. stations and provision of 3 new stations for B.G. line alone.

In June, 1967 the need for having all the B.G. stations at short intervals was examined and it was worked out that even after eliminating 6 stations, out of those provided, 12 Down and 11 Up paths would be available. The number of paths required, as worked out then, for clearing even 5 million tonnes of iron ore traffic, anticipated to be reached by 1972-73 was only 10 each way. The need at present is only for 3 trains each way on an average. In July, 1967 orders for closing 3 stations provided at a cost of Rs. 2.04 lakhs (excluding the cost of signalling equipments) were issued. In March, 1968 the Construction Branch recommended the closure of 3 more stations. Final decision has not, however, been taken for closure of all these six stations. The saving in recurring expenditure on staff alone was estimated at Rs. 50 thousand per annum for the six stations under consideration in June, 1967.

If the provision of the stations on the B.G. line had been guided by the needs of iron ore traffic for which it was constructed, the expenditure incurred on the construction of the superfluous stations could have been avoided.

33. Southern Railway—Provision of excessive facilities for handling traffic from Neyveli Lignite Project.

Consequent on the setting up of Neyveli Lignite Project at Neyveli, the Railway Administration in 1963 carried out a study of additional traffic anticipated from the Project and after discussion with the Neyveli Lignite Corporation assessed the total output of the Units of the Corporation at 205 wagons per day on an average. The Project was to reach the full rated production by March, 1966. Loading was, however, expected to commence from December, 1964

at the rate of 110 wagons per day. The Railway Administration planned to develop rail capacity for loading 240 wagons per day, taking into account the fluctuations in loading. The works planned by the Railway included a terminal marshalling yard at Neyveli and conversion of an existing siding, line capacity works in Neyveli-Vriddhachalam, and Vriddhachalam-Golden Rock sections and provision of additional yard facilities at Vriddhachalam.

The works costing Rs. 42.11 lakhs were finally approved by the Railway Board. Regarding the terminal marshalling yard at Neyveli and conversion of the siding, it was, however, decided that the cost be shared equally between the Railway and the Project Authorities and in case the traffic of 205 wagons per day did not materialise within 6 months of the opening of the yard, the entire cost would be paid by the Project. This was accepted by the Project Authorities in May, 1965.

All the works except Vriddhachalam Yard Facilities and a part of marshalling yard were completed during 1965 and 1966. In January, 1968 when a review was made by the Administration, it transpired that against the anticipated traffic of 205 wagons per day, the actual traffic moved was 25 to 30 wagons per day only. As the traffic continued to be more or less the same during the period April, 1968 to April, 1969 also, the Administration curtailed the scope of various works and decided to stop works estimated to cost Rs. 6.60 lakhs, and cancel a portion of the work of the Marshalling Yard at Neyveli.

The works regarding terminal Marshalling Yard at Neyveli and the conversion of the siding were completed at a cost of Rs. 11.89 lakhs and as the Project Authorities had agreed to pay the cost thereof, in case the traffic did not materialise, the Railway Administration after adjusting the amount of Rs. 7.50 lakhs deposited by them, have demanded the balance amount of Rs. 4.39 lakhs from them, which is yet to be paid by the Corporation.

The Railway Administration have also executed the line capacity works costing Rs. 12.93 lakhs at their own cost to meet the anticipated traffic from Neyveli. The number of trains run on the section has not, however, increased and the capacity available prior to the execution of these works was adequate to handle the traffic.

OPERATION

34. Northern Railway—Avoidable expenditure on running of a dining car.

The Officer on Special Duty Catering (Railway Board), who was appointed to review the working of Departmental Catering on the

Railway, recommended that on 1 Up and 2Dn Howrah-Kalka Mails, dining car service which was running between Delhi and Howrah could be curtailed to run between Delhi and Mughalsarai. This suggestion was made in view of the fact that the train was running on the Howrah-Mughalsarai Section during night time and the patronage being poor, curtailment of the service would effect economy in expenditure. The passengers were also not likely to be inconvenienced as the static units at Dhanbad, Asansol and Burdwan could meet their requirements. In July, 1960 the Ministry of Railways (Railway Board) decided to implement this suggestion and issued instructions to the Eastern and Northern Railways.

The proposal was, however, not implemented for the time being as the Operating Branches of the Northern and Eastern Railways were not able to agree to provide a halt of 40 minutes at Mughalsarai needed for detaching/attaching the dining cars. The dieselisation of this train from 1st April, 1966 reduced the total running time by 2 hours and the Northern Railway revived the proposal for curtailment of the service with the Eastern Railway in May, 1966. The Railway Board also directed the Eastern and Northern Railways in November, 1966 to consider the withdrawal of the dining car service between Mughalsarai and Howrah. However, in view of some difficulties pointed out by the Eastern Railway, the service was continued. In October, 1967 Railway Board pointed out that the financial advantage of detaching the dining car at Mughalsarai far outweighed the difficulties and the dining car service between Mughalsarai and Howrah was finally withdrawn only from 1st April, 1968 by making arrangements for attaching/detaching it at Mughalsarai by increasing the halt by 15 minutes. Failure of the Railway Administration to implement the proposal at least from 1st April, 1966 by taking advantage of the 2 hours margin in running time gained on dieselisation resulted in the incurrance of avoidable expenditure of Rs. 62,000 on cost of staff and stores. In addition, extra haulage of dining car was also involved over 2644 Kms. for 24 months at seven trips a month, the cost of which would be Rs. 3.73 lakhs on the basis of the dependent cost of haulage of a coaching vehicle *viz.* 84 paise per K.M. in 1966-67.

35. Western Railway—Avoidable expenditure due to movement of coal by circuitous route.

In pursuance of Railway Board's directive issued in May, 1960 that early action should be taken to obtain the sanction of Additional Commissioner of Railway Safety for running BOX wagons on various sections, the Western Railway Administration obtained

such sanction for the Bina-Kota section in May, 1963. By the middle of 1965, coal traffic in BOX wagons started moving from Central India Coal Fields to the industries at Kota, Lakheri and Sawai Madhopur. Although the shortest route was via Bina-Kota, the coal traffic was moved by the longer route via Bhopal-Nagda, involving an excess lead of 299 kms. The freight was, however, charged by Bina-Kota route. It was only in February, 1967 that the routing of this traffic via Bina-Kota was commenced partly and the entire traffic was hauled by this route from January, 1968. From July, 1965 to December, 1967, 112 rakes for Kota, 36 for Lakheri and 11 for Sawai Madhopur were moved via longer route of Bhopal-Nagda at considerable additional cost.

It was also noticed that during the period July to September, 1965, 41 loaded BOX wagons received from Northern Railway were returned to them alongwith empty wagons, and had to be re-booked to Western Railway. This involved avoidable haulage costing Rs. 57 thousand.

The Administration explained (December, 1968) that the diversion of traffic was made, as double heading of WD engines on the Kota-Bina section was allowed only from March, 1967 but no reasons were given as to why this could not be resorted to from an earlier date.

In regard to the returning of the loaded wagons it was stated that with the gaining of experience in handling BOX wagons, such cases would not arise in future.

EARNINGS

36. North Eastern Railway—Loss of revenue in P.O.L. traffic.

The Ministry of Railways (Railway Board) informed the Zonal Railways in December, 1962 that a notification would be issued in the Gazette shortly, reducing the air space to be left while loading certain liquid P.O.L. and other products in tank wagons and that as the recalibration of tank wagons on the basis of the revised air space might take some time, suitable instructions should be issued in the meanwhile to the staff concerned so that they might be in a position to levy freight charges on the revised carrying capacity as soon as the revised air space was given effect to. The Gazette notification giving effect to the reduced air space from 1st April, 1963 was issued by the Central Government in February, 1963. The Railway Administration issued rate circulars in May, 1963 notifying the revised carrying capacities of the wagons for different fluids with effect from 1st April, 1963. It later transpired that the densities

of these fluids adopted by the North Eastern Railway Administration for fixing the capacities of wagons were different from those specified in the I.R.C.A. Conference Rules. The carrying capacities for different fluids were, therefore, re-fixed and notified in May, 1965, to be effective from 1st June, 1965. Freight charges were, however, not levied at three stations on the revised basis till September, 1967, resulting in under charges amounting to Rs. 3.01 lakhs. Out of this a sum of Rs. 44 thousand only has been recovered.

The loss, if any, due to undercharges during the period from April, 1963 to May, 1965 consequent on wrong fixation of carrying capacities has not yet been assessed by the Railway Administration.

**37. Western, Central, Eastern, Southern and South Central Railways
—Undercharges in respect of consignments booked in BFU type well wagons.**

In April, 1967 the Railway Board intimated all Railway Administrations that freight charges in respect of consignments carried in BFU type well wagons (designed to carry oversized consignments like machinery for hydro electric projects, plants, equipments, etc.), should be levied on actual weight, subject to minimum weight for charge on the marked carrying capacity whichever was higher. These instructions were notified in the Goods Tariff for enforcement with effect from 15th July, 1967. The ruling of the Railway Board was also circulated by Western Railway under its Local Booking Advice No. 8 of 11th July, 1967.

A number of stations on Western Railway, however, recovered freight for consignments booked in BFU type well wagons, on the basis of actual weight only, without applying the condition of minimum weight for charge on the marked carrying capacity. This resulted in undercharges amounting to Rs. 10.08 lakhs in respect of consignments relating to local and foreign traffic booked from July, 1967 onwards. The Railway Administration is now making efforts to recover these undercharges from the parties concerned. Till October, 1969 the Administration had been able to recover only Rs. 2.38 lakhs. In addition, bills for Rs. 2.48 lakhs are stated to have been preferred against other Government Departments etc., from whom undercharges were due. Out of the remaining amount of Rs. 5.22 lakhs, the Administration stated that debits for Rs. 4.48 lakhs had been raised against the stations.

A test check conducted on other Railways also revealed similar undercharges amounting to Rs. 1.21 lakhs on Central Railway, Rs. 1.32 lakhs on Eastern Railway, Rs. 1.73 lakhs on Southern Railway and Rs. 1.33 lakhs on South Central Railway.

38. North Eastern Railway—Loss of revenue due to delay in notification of the revised distance between Soron and Kasganj stations, consequent on realignment of line.

The realignment of line between Soron and Kasganj stations on North Eastern Railway resulted in an increase of 4.06 kilometres in the distance between these two stations. The newly constructed line was opened to traffic on 1st November, 1966. However, no action was taken by the Administration to notify revised distance for purposes of fares and freight, till 16th May, 1967. The printed copies of the Local Rate Advice and the Foreign Traffic Rate circular issued on that date, were actually supplied to stations still later, by the end of June, 1967. This resulted in short realisation of fares and freight to the extent of Rs. 51 thousand during the period November, 1966 to June, 1967.

39. Western Railway—Undercharges in recovery of freight.

A number of cases of undercharges in freight have been noticed on Western Railway, as indicated below:—

Dia Ammonium Phosphate:

According to Goods Tariff, chemical manures are classified into two groups, Division A and Division B, for purposes of freight charges, the former being charged at a higher rate. (The class of freight applicable to Division A is 40-A and that applicable to Division B is 35-A for wagon loads). This classification is based on a recommendation made by the Commercial Committee in the year 1949, that manures priced at Rs. 500 per ton and above should be classified under Division A and those priced less, under Division B. Dia ammonium phosphate which is used as a chemical fertilizer, is not specifically classified in the Tariff, though an entry with a similar nomenclature, 'Diammophos' does appear under Division A. However, the stations had been charging the lower rate (Class 35-A), without ascertaining the exact classification for this commodity. It was only in December, 1968 that the Administration decided to charge dia ammonium phosphate at class 40-A, applicable to Chemical Manures-Division A, after ascertaining that its price was about Rs. 1,000 per tonne. A test check conducted in respect of four stations over different periods between October, 1967 and October, 1968 revealed undercharges in freight to the extent of Rs. 2.13 lakhs.

Urea:

In October, 1958 Railway Board issued instructions that Urea intended for manurial purposes and consigned in wagon loads by

the Regional Directors of Food at ports or M/s Sindri Fertilizers and Chemicals should be charged at class 40-A, applicable to Chemical Manures-Division A. However, consignments of this commodity booked from Veraval Docks were being charged at Class 35-A, applicable to Chemical Manures Division B. The undercharges on this account work out to Rs. 1.25 lakhs for the period October, 1966 to April, 1968. It is stated that there is no traffic of this commodity from May, 1968 onwards.

Petroleum and other Hydro Carbon Oils:

It was seen from the records of Okha Station that prior to April, 1969, freight charges in respect of petroleum and other hydro carbon oils booked in tank wagons, were not being recovered on the basis of notified carrying capacity of tank wagons used, as required under the rules. The undercharges for the period November, 1965 to March, 1969 have been assessed at Rs. 93 thousand. The irregularity has been set right from April, 1969 onwards.

BCX & BRH Type Wagons:

The rules require that BCX and BRH types of wagons should be equated to 2½ times of a four wheeled wagon for the purpose of computing the minimum weight for charge. However, the records of five stations reviewed for different periods ranging between July, 1967 and December, 1968 showed that freight charges had not been computed correctly, resulting in undercharges to the extent of Rs. 38 thousand.

EXPENDITURE ON STAFF

40. South Eastern Railway—Infructuous expenditure on the engagement of Apprentice Assistant Inspectors of Works.

On the basis of an assessment made in November, 1963 of the future requirements of technical supervisory staff in the Engineering Department, the South Eastern Railway Administration created 251 posts of Apprentice Assistant Inspectors of Works in April, 1964. The last batch of 58 Apprentice A.I.O.Ws. recruited reported during the period August, 1964 to December, 1964 for the prescribed training for twelve months. 38 of these Apprentices successfully completed their training by November, 1965 and the remaining 20 failed. While the Apprentices recruited in the earlier batches could be accommodated against working posts on successful completion of their training, none of the successful Apprentices out of the last batch of 58 could be accommodated due to completion of various works by March, 1966, and they were all discharged in April, 1966 after the efforts made by the Administration to have them absorbed on the Central and Eastern Railways failed.

The expenditure of Rs. 1.85 lakhs on the training of these 58 Apprentices thus proved infructuous. This could have been avoided if the actual requirements had been reviewed and engagement of the Apprentices stopped in the light of curtailment of works, which was known to Railway Administration.

The Administration stated that the last batch of Apprentices were recruited in the later half of 1964 taking into account the probable requirements for works expected to be undertaken in the years 1965-66 and 1966-67 and that they could not be absorbed due to subsequent curtailment in the construction activities which could not be foreseen at the time of recruitment of the staff.

It may, however, be mentioned that the last batch of the Apprentices were recruited only from August, 1964 onwards, while the drastic curtailment in the Works Programme of 1965-66 was known to the Administration as early as May, 1964.

41. North Eastern Railway—Avoidable expenditure on the engagement of water treatment khalasis.

In February, 1961 the Railway Administration issued detailed instructions that water fed into the engine tenders at seven stations should be treated with a chemical compound to prevent caustic embrittlement in boilers. The chemical was to be issued to the drivers who were to add the required quantity thereof to the feed water at these watering stations. In April, 1964 the Railway Administration decided to carry out the chemical treatment on an extensive scale on account of serious damage to a large number of boilers by setting up a field organisation of water treatment khalasis. It was also decided to process quickly the fitment of automatic dosing gears to locomotives and to progressively withdraw the water treatment khalasis.

100 posts of water treatment khalasis were created in March, 1965. This number was further augmented by 15 by 1st April, 1968. This field organisation was, however, wound up from April, 1969 on the basis of the decision taken in February, 1968 that the job of putting the chemical into the engine tenders at watering stations could be performed by the regular traffic staff and that it was a colossal waste to appoint men only to ensure that the chemical was put into the tender tanks at watering stations. The avoidable expenditure incurred on the engagement of these khalasis amounted to Rs. 4.34 lakhs.

The Railway Administration stated (September, 1969) that caustic embrittlement of boilers in 1964 was so widespread that the

problem had to be tackled on a war footing and with the large scale implementation of dosing at every watering station the position started improving, as the number of boilers affected by caustic embrittlement came down to one in 1968, from 17 in 1963. They further added that the khalasis were withdrawn after the position had 'stabilised', but the work had not been taken over by the local traffic staff completely and the chemical was not being added as regularly as required at most of the watering stations. Chemical treatment of water to obviate caustic embrittlement is a preventive measure which should be implemented round the year and hence the question of stabilisation does not arise.

Further, there was delay in the fitment of dosing gears. By June, 1969, out of 642 locomotives under water treatment, only 262 had been fitted with automatic dosing gears. The delay in the procurement of dosing gears has been attributed by the Railway Administration to a detailed and proper study of the type of gear needed for satisfactory performance based on actual tests. The number of locomotives fitted with dosing gears on other railways is, however, much higher. Moreover, chemical treatment of boiler feed water has been in vogue on all the railways but khalasis solely for putting chemicals into the engine tender were engaged on the North Eastern Railway only.

OTHER TOPICS OF INTEREST

42. Eastern Railway—Loss due to short recovery of brass borings.

Brass castings of rolling stock components manufactured in the workshops yield valuable borings during the process of machining. In the Kanchrapara workshop of the Eastern Railway, recovery of 90 per cent of the borings should have been possible by an efficient system of collection. 36,915 brass bearings and 176 axle boxes were machined during the periods April, 1966 to November, 1968 and April, 1967 to November, 1968 respectively which would have given rise to 196.5 M/Tons of borings (on the basis of the average weights of these components before and after machining) out of which 176.8 M/Tons should have been recovered. Actually, however, 30.1 M/Tons only was recovered. Short recovery of 146.7 M/Tons of borings resulted in a loss of Rs. 4.22 lakhs.

The loss on account of the short collections of borings was pointed out in July, 1968 whereupon the Railway Administration appointed a Fact Finding Committee to enquire into the matter. The Committee observed that the short recovery was due to the lack of an efficient organisation and system of collection and suggested remedial measures for the future, which have been accepted by the Railway.

As similar losses are likely to happen in the workshops of other Railways also, fixation of standards for the quantity of borings that should be recovered in the machine shops, is called for.

43. Central, Eastern, Northern, Southern and South Eastern Railways—Shortages and loss of cash from the Custody of Pay Clerks and at Stations.

During the period from February, 1967 to April, 1969 Cash entrusted to Pay Clerks for disbursement to Open Line staff was either lost or found short in four cases involving a total loss of Rs. 4.24 lakhs. Besides, an amount of Rs. 1.42 lakhs was also lost from the station master's room and travelling cash safes. The details of the cases are given below:—

(a) *Northern Railway.*—

(i) Cash of Rs. 1.09 lakhs lodged by a pay clerk in the sub-pay office at a Station on 17th February, 1967 was reported missing. It was reported that the outer lock of the sub-pay office was intact but the lock of the strong room and cash box had been tampered with. The theft occurred due to non-observance of rules by the pay clerk and failure to lodge the cash with the Station Master or to inform the R.P.F./G.R.P. who were available at the station about the placement of the cash in the sub-pay office. The police closed the case in August, 1968 as untraced. The Pay Clerk has been permanently reduced in rank after a departmental enquiry.

(ii) On 29th April, 1967 a pay clerk deposited his cash box containing Rs. 56,000 in the strong room of the Pay office which was under round the clock vigil of the R.P.F. staff. On the morning of 1st May, 1967 (30th April being Sunday) the pay clerk reported that the lock of the cash box was missing but the lock and seal of the iron cage was intact. The lock of the cash box was lying cut in one corner of the strong room and currency notes, coins and stamps worth Rs. 1,200 were also traced within the room.

The case was investigated by Government Railway Police and was closed with the remarks that the stolen property in this case being cash was unidentifiable. A departmental enquiry committee which investigated the case found a number of procedural lapses, in regard to the security of cash deposited in the Pay Clerk's strong room including certain defects in the construction of the strong room itself which had more than one access of entry for miscreants without the knowledge of the Railway Protection Force staff guarding it, and suggested various remedial measures for preventing recurrence of such incidents in future. The Administration stated in January,

1970 that the structural changes proposed by the Enquiry Committee have since been carried out. The Assistant Chief Pay Master and R.P.F. Rakshaks on duty have also been censured.

(b) *Eastern Railway:—*

(i) On 21st December, 1968 a junior Pay Clerk, proceeded on line with Rs. 1.90 lakhs escorted by two armed R.P.F. Rakshaks. On opening the cash box in the Pay Office at the destination station in the presence of two Pay Clerks and the armed escorts an amount of Rs. 1.66 lakhs was found missing from the Cash Box. The matter was reported to the Police who arrested the Pay Clerk alongwith another Pay Clerk and two cash peons. The result of Police investigation and the departmental enquiry committee constituted to investigate the loss are still (December, 1969) awaited. The Government Railway Police have submitted charge sheets against the Pay Clerk and a cash peon which are pending in the court.

(ii) A detailed examination of the records of the open line Pay Clerk of a Sub-Pay Office and the workshop cashier at one of the workshops, during August-September, 1968 revealed shortages of cash totalling Rs. 0.94 lakh. Both the Pay Clerk and the workshop cashier as well as the former's cash peon were immediately placed under suspension. The three were also arrested by the Police and later on released on bail. The case is being investigated by the Government Railway Police and the Special Police Establishment, the result of which is still awaited (December, 1969). The departmental enquiry committee which investigated the case had already submitted its report but the final consideration of the same is stated to be kept pending till the criminal case now proceeding in the court is disposed of.

(c) *The amount of Rs. 1.42 lakhs lost from the Station Masters rooms and travelling cash safe etc., comprised:—*

- (i) loss in transit of Rs. 0.79 lakh in four cases (one each on the Central, Southern, South Eastern and Northern Railways);
- (ii) loss of Rs. 0.53 lakh from the custody of the Station Masters, Goods Supervisors and Boiler-shop in five cases (one each on the Central, Eastern, Northern, Southern and South Eastern Railways); and
- (iii) cash of rupees ten thousand short received by a Pay Clerk from a branch of the State Bank.

All the ten cases are still under investigation by Police and final action to regularise the loss and fixation of staff responsibility has yet to be taken (December, 1969).

44. Losses.

Cases of losses adjusted in the Accounts for the year are mentioned in 'Annexure 'H' to the "Appropriation Accounts of Railways in India—Part II-Detailed Accounts". The total amount of losses adjusted during the year under report was Rs. 3·43 crores which was the highest during the last nine years as shown below:—

	No. of items (In thousands)	Amount (In lakhs of rupees)
1960-61	156	64·21
1961-62	111	96·04
1962-63	77	159·73
1963-64	104	158·65
1964-65	132	244·12
1965-66	140	184·26
1966-67	86	228·02
1967-68	121	158·78
1968-69	205	342·81

The details of losses adjusted during the last four years ended 1968-69 under broad categories are given below:—

Reasons for losses	Amount			
	(In lakhs of rupees)			
	1965-66	1966-67	1967-68	1968-69
1. Damages to Railway properties caused by accidents.	64	65	90	113
2. Thefts (including theft of fittings in Rolling Stock).	50	53	34	53
3. Losses caused by natural calamities such as floods, storms, etc. and fire.	18	17	18	117
4. Losses arising from civil disturbances	36	13	2	13
5. Inefficient balances under suspense heads and irrecoverable over-payments to staff, contractors, etc., written off.	3	8	3	7
6. Other losses.	13	72	12	40
TOTAL	184	228	159	343

Railways	1965-66	1966-67	1967-68	1968-69
1. Central.	11.2	9.8	1.7	27.5
2. Eastern.	14.1	11.9	13.0	11.7
3. Northern.	7.8	4.5	9.7	7.2
4. Southern.	13.8	17.1	1.0	1.5
5. South Central.	..	6.3	5.7	3.5
TOTAL.	46.9	49.6	31.1	51.4

The procedure for determination of the losses relating to theft of fittings of rolling stock and other deficiencies and their exhibition in "Annexure 'H' to the Appropriation Accounts" which was laid down in November, 1965 has not been implemented on the Central, North Eastern and the South Eastern Railways, while it has been only partly implemented on the Western and North-east Frontier Railways.

Out of the 21 major incidents of losses due to fire involving Rs. 13.68 lakhs included in Annexure 'H' for 1968-69 seven cases totalling Rs. 4.85 lakhs related to the Central Railway. In the previous year also the bulk of the losses due to fire occurred on the Central Railway (4 for Rs. 2.80 lakhs out of a total of 6 for Rs. 4.26 lakhs).

45. North Eastern Railway—Restoration of unremunerative lines.

The Ministry of Railways have sanctioned the restoration of two dismantled lines on the North Eastern Railway, between Supaul and Thurbhita (April, 1967) and Thurbhita and Bhattiahi (June, 1969)—a total stretch of 24.49 Kms. at a cost of Rs. 59.18 lakhs. These lines are expected to be unremunerative even after a period of eleven years from the date of their opening.



NEW DELHI;

Dated the ~~10th~~ February, 1970.

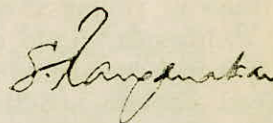
~~21st~~

Magha, 1891

(R. K. KHANNA),

Director of Railway Audit.

Countersigned



NEW DELHI;

Dated the ~~10th~~ February, 1970.

~~21st~~

Magha, 1891

(S. RANGANATHAN),

Comptroller and Auditor
General of India.