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CENTRAL GOVERNMENT

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AUDIT REPORT RAILWAYS

1952

PART II



सत्यमेव जयते

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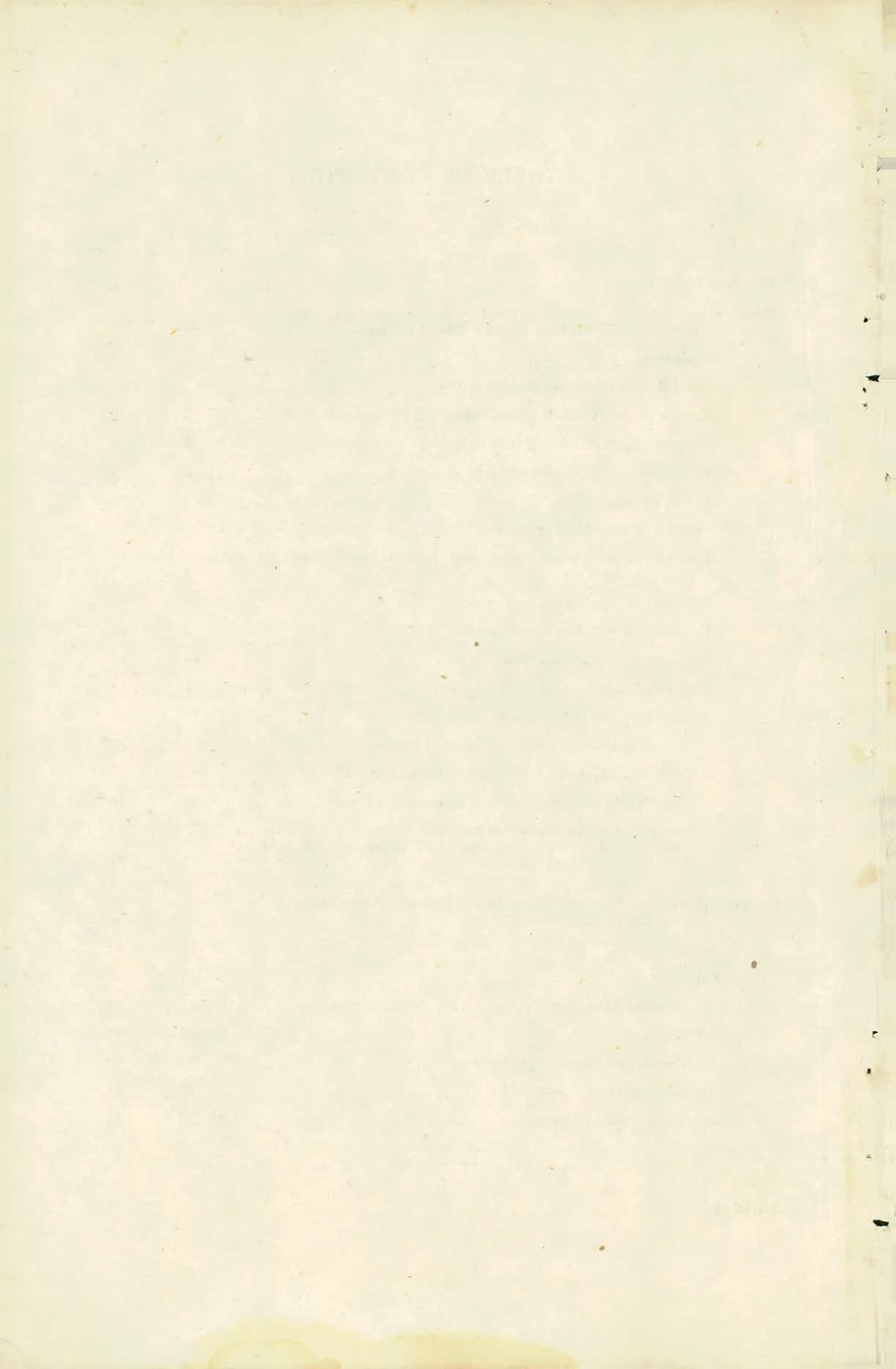
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PREFATORY REMARKS.

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

2. The Audit Report thus contains, apart from any comments of general interest, the following:—

- (a) A narration of cases involving financial irregularities, losses of public money due to fraud or negligence, wasteful or nugatory expenditure and criticisms or comments thereon, and
- (b) Comments and criticisms arising out of the Appropriation Accounts e.g. accuracy of budgeting, control of expenditure, excesses and savings etc.

3. Matters falling under (a) in para 2 above are separable from (b), but the preparation of the latter part usually takes a much longer time owing to the fact that it has to await the completion of Appropriation Accounts. During the last few years this delay has been unavoidably greater than in the past for various reasons. Both the Comptroller and Auditor General and the Public Accounts Committee have been feeling that cases involving serious financial irregularities, and losses of public money involving fraud, negligence or inefficiency ought to come under the review of the Public Accounts Committee and Parliament in the minimum time possible after their occurrence. At the suggestion of the Comptroller and Auditor General, therefore, the Public Accounts Committee agreed in July, 1952 that whenever any delay is anticipated in the completion of the Appropriation Accounts, the Comptroller and Auditor General, may at his discretion, present an advance Audit Report, (to be described as Audit Report Part I), dealing with matters falling under (a) of paragraph 2, and a supplementary Audit Report (to be described as Audit Report Part II) dealing with matters falling under (b) *ibid* together with audit comments on any new or outstanding cases of financial irregularities etc., as are ready for report.

4. Some matters falling under (a) of para 2 above have already appeared in the Audit Report, Railways, 1952, Part I. The Railway Board have now prepared the accounts for 1950-51 and the Audit Report deals with matters falling under (b) *ibid* together with some other cases of financial irregularities, etc. falling under (a).

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

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

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

8. In this Report, irregularities discovered alike by the internal check authorities viz. the Railway Accounts Department and by the Audit Department have been included without distinction, this being in accordance with the recommendations of the Public Accounts Committee for 1930-31.

9. Comments have been confined as far as possible to audit points of outstanding interest or importance. Cases of irregularities etc., included in the Audit Report relate ordinarily to the year 1950-51. The Report includes also cases relating to previous years which could not be dealt with in the earlier reports as well as some matters relating to a later year than 1950-51. Every effort has been made to obtain an agreement on the statements of facts from the Ministry of Railways to whom draft paragraphs are sent for the purpose.

CHAPTER I.

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

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

INTRODUCTORY.

In accordance with the arrangements which have now been in force for some years, the Appropriation Accounts and connected documents, with the Railway Board's Review thereof, are designed to present a complete picture of the financial transactions of the railways in India for the purpose of scrutiny by the Public Accounts Committee of Parliament. They are compiled from the material supplied by the different railways after check by the respective Accounts and Audit Offices, and include as far as may be necessary or practicable, the combined results of the check of the transactions by both the internal check and audit staffs. The remarks in this chapter are intended mainly to elucidate or supplement the details already included in these publications. References are given in the succeeding paragraphs, where necessary, to the relevant paragraphs of Railway Board's Review and the relevant pages of the Appropriation Accounts and connected documents.

2. The budget for the year 1950-51 was the first of a complete year under the provisions of the new Constitution of India. In the budget estimates, the gross traffic receipts were placed at Rs. 2,32.50 crores, while the working expenses including appropriation to Depreciation Reserve Fund, and payment to worked lines, were estimated at Rs. 1,81.92 crores. As against this, the gross traffic receipts came to Rs. 2,63.01 crores and the working expenses to Rs. 2,10.48 crores. After taking into account the dividend payable to General Revenues and net miscellaneous expenditure, there was a surplus of Rs. 15.05 crores, as against Rs. 14.01 crores anticipated in the budget estimates and Rs. 14.24 crores in the Revised Estimates. Out of the anticipated surplus of Rs. 14.01 crores, at the time of the original budget, it was proposed to appropriate Rs. 2.00 crores to Depreciation Reserve Fund, Rs. 10.00 crores to Development Fund and the balance of Rs. 2.01 crores to Revenue Reserve Fund. This decision was, however, changed in the Revised Estimates, wherein it was provided that out of the then anticipated surplus of Rs. 14.24 crores (arrived at after crediting Rs. 30.00 crores to Depreciation Reserve Fund), Rs. 10.00 crores should be credited to Development Fund as in the Original Budget and the balance of Rs. 4.24 crores to Revenue Reserve Fund. As the year actually closed with a surplus of Rs. 15.05 crores, the Development Fund was credited with Rs. 10.00 crores, and the balance of Rs. 5.05 crores was credited to the Revenue Reserve Fund. It will be seen that

both receipts and expenditure exceeded the anticipations. The rise in the traffic receipts was both under goods and passenger earnings. The increase under goods earnings was chiefly due to an improvement in the traffic between India and Pakistan (which at the time of the budget was practically at a stand still) and to the continuance of India's overseas trade at a high level throughout the year. Another contributory factor was that, following the increase in revenue duties of motor vehicles and spare parts, many of the lorries which compete only for the high rated traffic were laid up, resulting in the high rated traffic coming to the railways. The increase in passenger earnings was mostly due to earnings from the Kumbh Mela traffic being more than anticipated, and to a general increase in the number of passengers, owing to an increase in passenger train services and the provision of additional travel facilities. The increase in the working expenses was due largely to the appropriation of Rs. 30 crores to the Depreciation Reserve Fund against Rs. 15 crores (apart from Rs. 2 crores to be appropriated during the year from the anticipated surplus) as contemplated in the budget. Since the replacement cost had increased four-fold over the pre-war years and bore no relation whatsoever to the original costs, and as both the inflationary and improvement elements in the replacement costs had to be charged to the fund, instead of to Capital, from this year, it was considered that the contribution to the Fund should be in accord with the actual trend of withdrawals therefrom. Moreover, a large scale replacement and renovation of the assets belonging to the Indian (Ex-States) Railways taken over by the Centre with effect from 1st April, 1950, had to be undertaken to bring them up to the accepted standard on the Indian Railways. The working expenses registered a further increase due to more periodical overhauls of rolling stock, more repairs to machinery, special repairs to structural works owing to damages caused by cyclone, floods and earthquakes, additional payments of compensation for goods lost or damaged, increased consumption of stationery, forms and tickets, owing to an increase in traffic, increased coal consumption, routing of coal by costlier routes, more losses on the working of the collieries, more gratuities and special contribution, additional contribution to provident fund due to extension of the provident fund benefits, more compensation due to train accidents, and more freight on Railway materials.

GENERAL REVIEW OF THE RESULTS OF AUDIT.

3. *Review of total demand placed before the Parliament.*—Twenty-two demands for grants aggregating 2,78,64,64 were presented to the Parliament, which passed them without any cut. No appropriation was made for any charged expenditure on the Railways.

4. *Supplementary grants and appropriations during the year.*—During the year 26 supplementary demands for grants aggregating 46,42,48 were placed before the Parliament, which were also passed without any cut. The number and magnitude of the supplementary

grants and their proportion to the original grants during the year were as under :—

Year	No. of original demands	No. of supplementary demands	Amount of original grants	Amount of supplementary grants	Percentage of supplementary to original grants
1	2	3	4	5	6
1948-49	18	13	2,19,41,23	18,98,07	8.65
1949-50	20	7	2,48,06,24	24,16,52	9.74
1950-51	22	26	2,78,64,64	46,42,48	16.66

No supplementary charged appropriation was sanctioned during the year.

GENERAL RESULTS OF APPROPRIATION AUDIT.

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

Particulars	(Figures in Units)		
	Charged	Voted	Total
1	2	3	4
1. Original grants and appropriations—			
(a) Voted by the Parliament. ..	..	2,78,64,64,000	2,78,64,64,000
(b) Appropriation to meet charged expenditure of Railways.	..	..	..
2. Supplementary grants and appropriations—			
(a) Supplementary grants ..	..	46,42,48,000	46,42,48,000
(b) Supplementary appropriations to meet charged expenditure of Railways.	..	..	..
3. Net aggregate grant or appropriation.	..	3,25,07,12,000	3,25,07,12,000
4. Aggregate disbursements ..	227	3,20,67,14,461	3,20,67,14,688
5. Less (—) more (+) than granted ..	+227	—4,39,97,539	—4,39,97,312
6. Percentage of 5 to 3 .. ..	..	—1.35	—1.35

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

No. and name of the grant 1	(Figures in Units)					
	Original grant 2	Supplementary grant 3	Final grant 4	Expenditure 5	Savings 6	Percentage of saving 7
3. Revenue—Miscellaneous Expenditure.	61,52,000	16,04,000	77,56,000	61,98,465	15,57,535	20.08
4. Revenue—Administration.	22,76,77,000	73,55,000	23,50,32,000	23,36,04,671	14,27,329	0.61
5. Revenue—Repairs and Maintenance.	51,84,68,000	5,46,93,000	57,31,61,000	57,11,14,623	20,46,377	0.36
6. Revenue—Operating Staff.	35,52,81,000	62,01,000	36,14,82,000	35,40,39,375	74,42,625	2.06
10. Revenue—Payments to Indian States and Companies.	37,40,000	..	37,40,000	34,76,260	2,63,740	7.05
12A. Open Line Works—(Revenue)—Labour Welfare.	1,45,21,000	68,17,000	2,13,38,000	1,83,34,121	30,03,879	14.08
12B. Open Line Works—(Revenue)—Other than Labour Welfare.	2,29,76,000	40,02,000	2,69,78,000	2,09,18,563	60,59,437	22.46
14A. Withdrawals from Revenue Reserve Fund.	..	..	..	—1,25,061	1,25,061	100.00
15. Construction of New Lines.	2,66,31,000	1,01,31,000	3,67,62,000	3,54,14,686	13,47,314	3.66
17. Open Line Works—Replacements.	22,72,67,000	11,66,25,000	34,38,92,000	28,96,49,034	5,42,42,966	15.77
18. Open Line Works—Development Fund	6,00,00,000	..	6,00,00,000	5,34,77,639	65,22,361	10.87
19. Capital outlay on Vizagapatam Port.	10,60,000	..	10,60,000	9,999	10,50,901	99.14

(iii) *Excesses over voted grants.*—Four cases of excesses over voted grants, as against 5 cases in the previous year, are detailed in paragraph 54 of the Railway Board's Review. The more important ones are given below :—

No. and name of the grant 1	(Figures in Units)					
	Original grant 2	Supplementary grant 3	Final grant 4	Expenditure 5	Excess 6	Percentage of excess 7
14. Appropriation to Revenue Reserve Fund.	2,00,65,000	2,23,56,000	4,24,21,000	5,05,30,701	81,09,701	19.12
16. Open Line Works—Additions	14,33,52,000	2,82,44,000	17,15,96,000	19,52,95,864	2,36,99,864	13.81

There was an excess of Rs. 227 under charged expenditure under Grant No. 3—Miscellaneous.

CONTROL OVER EXPENDITURE.

6. (a) *General Remarks.*—The figures below have been compiled in the form in which these are usually presented to the Public Accounts Committee. The accounts of the year show a net saving (over the total grant) of about Rs. 44 lakhs or 0.17 per cent under Revenue expenditure. Under Capital, Depreciation Reserve Fund and Development Fund, there was a saving of about Rs. 3.96 lakhs or 6.46 per cent. These compare with the results achieved in the preceding year as under:—

Year 1	Total grant and appropriation 2	(In lakhs of Rupees)	
		Saving(—) or Excess (+) 3	Percentage of column 3 to 2 4
<i>Expenditure charged to Revenue.</i>			
1949-50	2,32,88	+35	0.15
1950-51	2,63,74	—44	0.17
<i>Expenditure charged to Capital, Depreciation Reserve Fund and Development Fund.</i>			
1949-50	62,50	—16,42	26.27
1950-51	61,33	—3,96	6.46

(b) *Excessive supplementary grants or appropriations.*—The following are the more important cases where supplementary grants proved excessive:—

No. and name of the grant 1	Supplementary grant 2	Final savings 3
2. Audit	1,04	1,47
3. Revenue—Miscellaneous expenditure	16,04	15,58
4. Revenue—Working Expenses—Administration	73,55	14,27
6. Revenue—Working Expenses—Operating Staff	62,01	74,43
9A. Revenue—Working Expenses—Labour Welfare	15,15	9,14
12A. Open Line Works—(Revenue)—Labour Welfare	68,1	30,04
12B. Open Line Works—(Revenue)—Other than Labour Welfare.	40,02	60,56
17. Open Line Works—Replacements	11,66,25	5,42,43

(c) *Inadequate and injudicious surrenders.*—(i) In the following cases, surrenders made at the time of the final grant were inadequate :—

No. and name of the grant 1	Amount surrendered 2	Final savings 3
1. Railway Board	16	88
3. Revenue—Miscellaneous expenditure	4,67	15,58
6. Revenue—Working Expenses—Operating Staff	44,54	74,43
9A. Revenue—Working Expenses—Labour Welfare	1,49	9,14
10. Revenue—Payments to Indian States and Companies	1,73	2,64
12A. Open Line Works—(Revenue)—Labour Welfare	14,63	30,04
12B. Open Line Works—(Revenue)—Other than Labour Welfare.	24,40	60,59
17. Open Line Works—Replacements	1,69	5,42,43
18. Open Line Works—Development Fund	39,14	65,22

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

No. and name of the grant 1	Amount surrendered 2	Final excess 3
16. Open Line Works—Additions	62,81	2,37,00

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

Railway 1	No. and name of the grant 2	Amount obtained 3	Saving on final grant 4
Bikaner State ..	4. Revenue—Working Expenses—Administration.	4	1,30
Assam ..	5. Revenue—Working Expenses—Repairs and Maintenance.	31	14,78
Bombay, Baroda and Central India	Do. ..	4,44	17,15
Eastern Punjab ..	Do. ..	1,78	4,94
Scindia State ..	Do. ..	26	89

Chapter I]

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Railway 1	No. and name of the grant 2	Amount obtained 3	Saving on final grant 4
Bengal Nagpur ..	7—Revenue—Working Expenses— Operation (Fuel).	1,00	3,69
Great Indian Peninsula	Do.	9,68	13,34
South Indian ..	Do.	4,23	5,21
Jodhpur ..	Do.	37	1,24
South Indian ..	8—Revenue—Working Expenses— Operation other than Staff and Fuel.	1,83	4,27
Assam	12B—Open Line Works—(Revenue) other than Labour Welfare.	20	3,91
Eastern Punjab ..	Do.	4,47	4,54
Saurashtra ..	Do.	1,14	2,17
Rajasthan ..	15—Construction of New Lines ..	51	53
Mysore State ..	16—Open Line Works—Additions ..	53	2,61

COMMENTS ON INDIVIDUAL GRANTS.

The following are the instances of defective control under the various grants :—

7. *Instances of incorrect or unnecessary provision or omission to make provision.*

Serial No. 1	No. and name of the grant 2	Railway 3	Head affected 4	Amount 5
1	4 to 9—Revenue— Working Expen- ses.	All Railways	All heads under which leave and deputation sala- ries etc. paid in England are re- corded.	£ 3,168 (incorrect provision)

In the case of charges incurred in England, as in the two previous years, substantial additional provision was made by re-appropriation to cover expenditure for the most part on Leave and Deputation Salaries under Grants 4—9. The relevant figures are as follows :—

Year	Original Budget	Final Provision	Actual Expenditure	Excess
1948-49	£ 126,225	£ 169,650	£ 224,011	£ 54,361
1949-50	94,725	207,900	222,729	14,829
1950-51	67,800	157,575	160,743	3,168

The above data suggest that the method of estimating the Budget provision is defective. No allowance appears to be made for new cases likely to arise in the course of the year. The High Commissioner of India in the United Kingdom has agreed that estimates should in future be framed in the light of the past and current progressive actuals as amended by the latest information available, leave programmes, transfers, etc.

Serial No. 1	No. and name of the grant 2	Railway 3	Head affected 4	Amount 5
2	6-Revenue—Working Expenses—Operating Staff.	(i) Oudh Tirhut (ii) South Indian	Carriage & Wagon. Traffic. Dearness allowance. Carriage & Wagon. Traffic. Dearness allowance.	Rs. 4.58 lakhs (Unnecessary provision) Rs. 3.40 lakhs (Unnecessary provision)
3	Do.	Bengal Nagpur	Carriage & Wagon.	Rs. 1.79 lakhs (Incorrect provision)

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The provision in the original budget in respect of payments to the Calcutta Port Commissioners for single control and back loading at a Dock Junction, was based solely on the previous year's payments, without taking into account certain changes in rates and method of billing. The error necessitated an additional provision of Rs. 1.79 lakhs in the final estimates.

4	6-Revenue—Working Expenses—Operating Staff.	Saurashtra	Traffic.	Rs. 1.96 lakhs (Unnecessary provision)
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In assessing the final requirements, the Department concerned had actually informed the Administration that Rs. 3 lakhs were surplus to their needs but the latter surrendered funds to the extent of Rs. 1.05 lakhs only.

5	8-Revenue—Working Expenses—Operation other than Staff & Fuel.	Eastern Punjab	Payments to other Railways.	Rs. 5.06 lakhs (Incorrect provision)
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Credit provision was erroneously made by the Railway Administration in the final estimates for engines utilised in running the N.W. Railway (Pakistan) trains over a section of that Railway though disallowed by the Railway Board.

6	9-Revenue—Working Expenses—Miscellaneous Expenses.	Bombay, Baroda & Central India	Suspense.	Rs. 12.16 lakhs (Incorrect provision)
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An excess of Rs. 12.16 lakhs occurred due to larger clearances from the suspense head "Demands Payable" than anticipated in the final estimates. Administration assumed that the net credit thrown forward from the previous year would be nullified by a similar carry-forward to the next year's accounts. This anticipation did not prove correct.

1	2	3	4	5
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Additional provision amounting to Rs. 2.35 lakhs was made in the final grant on account of intermediate and special overhauls of Rolling Stock but funds to the extent of Rs. 1.60 lakhs proved to be unnecessary. The estimates prepared by the department were actually much closer to the actuals and a substantial part of the savings could have been avoided if the final provision had been fixed by Administration after a more careful examination of the requirements as intimated by the department.

11. *Uncovered excesses over the final grant.*

(i) The following instances indicate lack of co-ordination amongst the various Departments of the Railway, or between different Railways :—

Serial No.	No. and name of the grant	Railway	Head affected	Amount
1	2	3	4	5
1	5—Revenue-Working Expenses—Repairs and Maintenance.	Bombay, Baroda and Central India	Inflationary element in expenditure after 1942-43.	Rs. 5.93 lakhs

The excess was due mainly to non-realisation of the credit of Rs. 7.81 lakhs, provided in the final estimates, on account of overcharges in respect of certain imported wagons from the East Indian Railway, in spite of the fact that the accounts for March, 1951, were closed as late as in August, 1951.

2	Do.	East Indian	(i) Maintenance of Locomotives. (ii) Maintenance of Electrical Services. (iii) Other Expenses. (iv) Inflationary element in expenditure after 1942-43.	Rs. 29.23 lakhs
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The excess was due to inadequate provision for (i) certain arrear debits and (ii) increase in freight charges arising from the introduction of the public tariff rates for the carriage of Railway materials and Stores respectively. This points to the need for closer co-ordination between the various Departments of the Railway while framing the final estimates.

3	7—Revenue-Working Expenses—Operation (Fuel).	Assam	Cost of coal.	Rs. 7.58 lakhs
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1	2	3	4	5
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The excess was due mainly to (i) delay in the submission of debit sheets in respect of cost of coal consumed in the previous year on the Katihar Section which was taken over from Oudh Tirhut Railway in December, 1949 (Rs. 2.36 lakhs), and (ii) consumption of more coal than anticipated on various sections taken over by the Assam Railway (Rs. 3.60 lakhs). The excess could have been avoided by proper co-ordination between different Departments of the Railway.

4	8—Revenue-Working Expenses—Operation other than Staff and Fuel.	Assam	Compensation for goods lost or damaged.	Rs. 2.30 lakhs
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The excess was due to the issue of a larger number of pay orders to stations in the Katihar District by the Oudh Tirhut Railway in respect of claims relating to the period prior to 1st February, 1950, than was intimated earlier on an approximate basis to the Assam Railway. In making the final provision under the above head, the latter Railway did not make any provision for the claims on Katihar Section relating to the period prior to 1st February, 1950, in the belief that the payments for those claims would be borne by the Oudh Tirhut Railway, but the Oudh Tirhut Railway did not accept this position.

5	8—Revenue-Working Expenses—Operation other than Staff and Fuel.	Mysore State	Payments to other Railways.	Rs. 4.25 lakhs
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A credit provision of Rs. 5.05 lakhs was made in the final grant on account of certain bills sent to the Assam and the Bombay, Baroda and Central India Railways and was expected to be adjusted by them in the accounts of the year. The credits actually adjusted in the year's accounts amounted to Rs. 80 thousand only thus causing an excess of Rs. 4.25 lakhs over the final provision. In making the credit provision of Rs. 5.05 lakhs, the Administration failed to ascertain from the debtor Railways concerned the amount of the corresponding debits which would be adjusted by those Railways in their accounts for 1950-51.

6	15—Construction of New Lines.	Assam Rail Link Project		(i) Rs. 7.14 lakhs (ii) Rs. 5.76 „ (iii) Rs. 1.20 „
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The excesses were due to (i) Stores (ii) Ballast train charges and (iii) maintenance charges, the debits for which were not accepted by the Assam Railway even though the above project was working as a part of the Assam Railway Administration since May, 1951.

7	16—Open Line Works-Additions.	Great Indian Peninsula	Stores Suspense.	Rs. 37.38 lakhs
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1	2	3	4	5
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The excess was due to more materials having been returned from the relaying works. Administration explained that due to revival of works, sealed off or postponed during the previous year, the programme was changed from time to time, as additional funds were sanctioned during the year. The repercussions of these changes on the credits for released materials from such works could not be gauged correctly. The excess could have been avoided to an appreciable extent if closer liaison had been maintained between the Stores Department and the Engineering Department.

8	16—Open Line Works-Additions.	Oudh Tirhut	Stores Suspense.	Rs. 8 lakhs
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Provision amounting to Rs. 13.36 lakhs for a particular work under grant No. 17—Open Line Works—Replacements, was surrendered in the final estimates, as the work was not expected to be completed before the end of the year, but no steps were taken to provide for the consequential excess of Rs. 8 lakhs under this head in this grant due to non-issue of stores to that work.

9	Do.	Chittaranjan Locomotive Works	Other Structural Works.	Rs. 12.73 lakhs
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The excess was due to more debits from the East Indian Railway for outstanding freight charges.

10	17—Open Line Works—Replacements.	Assam	(i) Track Renewals. (ii) Credits for released materials. Net ..	Rs. 27.83 lakhs Rs.—3.73 „ Rs. 24.10 „
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The debits in connection with the relaying of Kissenganj-Siliguri Section were raised by the Assam Rail Link Project against the Assam Railway in the accounts for March, 1951, without prior intimation as to the provision that should have been made on this account on the Assam Railway, resulting in the excess of Rs. 24.10 lakhs on Assam Railway and corresponding saving under Assam Rail Link Project (Grant No. 15—Construction of New Lines).

11	17—Open Line Works-Replacements.	Assam	Machinery.	Rs. 1.01 lakhs
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The excess was caused due to the affording of anticipatory credits to the Industry and Supply Department for certain plant and machinery for which debits had already been received from that Department by the District Officers, resulting in the adjustment of double debits. The system of affording anticipatory credits has since been abolished.

12	17—Open Line Works-Replacements.	Bombay, Baroda and Central India	Locomotives.	Rs. 2.61 lakhs.
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The excess was due to receipt of debits on account of 2 Y.B. boilers for which no advice was received from the East Indian Railway.

13	17—Open Line Works—Replacements.	Oudh Tirhut	Track Renewals.	Rs. 2·26 lakhs
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The excess was due to more expeditious completion of work than anticipated, on the availability of sleepers and other materials towards the end of the year. This indicates lack of co-ordination between the Stores and Engineering Departments of the Railway.

14	18—Development Fund.	Bombay, Baroda and Central India	New Lines.	Rs. 4·65 lakhs
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The excess was explained as due to the adjustment of heavy debits for the cost of stores during the closing part of the year.

(ii) Instances in which excesses over the final grant could have been avoided completely or to a large extent by a careful review of the position at the time of final estimates or by the 20th March, 1951.

1	5—Revenue—Working Expenses—Repairs and Maintenance.	Assam	Maintenance of Locomotives.	Rs. 3·75 lakhs
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The provision of Rs. 34.94 lakhs in the final estimate fell short of the actual expenditure by a net amount of Rs. 3.17 lakhs. The main factor responsible for the excess was an amount of Rs. 3.75 lakhs on account of more expenditure on running repairs to locomotives in sheds to cope with increased rush of traffic. Administration was aware of this factor at the time of the submission of the final estimates.

2	9—Revenue—Working Expenses—Miscellaneous Expenses.	Assam	Other Expenses.	Rs. 6·73 lakhs
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The excess was due to increased freight charges etc. in respect of stores received against the old Bengal Assam Railway orders adjusted in the accounts for March, 1951.

3	12-A—Open Line Works—(Revenue)—Labour Welfare.	Oudh Tirhut	Amenities for staff (other than quarters).	Rs. 2·53 lakhs
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The final grant under the above detailed head was Rs. 2.93 lakhs but the actuals proved to be greater by Rs. 2.53 lakhs. The under-estimation in this case was due mainly to the progress in actual expenditure not having been given due consideration at the time of the latest estimates.

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4	16—Open Line Works—Additions.	Bengal Nagpur	Manufacture Sus- pense.	Rs. 4·04 lakhs

The excess occurred due to the adjustment of the cost of material received from the Stores Department during the closing month of the year for manufacture of component duplicate parts of new type of locomotives for use in 1951-52, which could not be foreseen at the time of final modification.

5	16—Open Line Works—Additions.	Eastern Punjab	Stores Suspense.	Rs. 19·15 lakhs
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The excess occurred due to the rates charged by the various Ordnance Factories and Government Workshops, on which the orders for fabrication of certain Stores were placed, being higher than estimated. In view of the acute shortage of components and their non-availability within a reasonable time, Administration was allowed by the Railway Board in December, 1947, to place orders on the Ordnance Factories without first ascertaining the costs, and it could not be visualised at that stage that Ordnance Factory costs would go so high. If the probable rates to be charged by the manufacturing concerns had been ascertained at the time of the final estimates, the excess in this case could have been avoided.

6	16—Open Line Works—Additions.	Nizam's State	Stores Suspense.	Rs. 7·62 lakhs
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The excess was due to less issue of stores to works towards the close of the year and slow progress of works.

7	Do.	Chittaranjan Loco- motive Works	Other Structural Works.	Rs. 2·62 lakhs
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The excess was due to more debits for plant for construction work than anticipated.

8	17—Open Line Works—Replaces- ments.	Oudh Tirhut	Track Renewals.	Rs. 4·03 lakhs
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The excess occurred due to the adjustment in March, 1951, of the debit for the cost of sleepers supplied during the previous year for which no provision was made in the final grant fixed towards the close of the year.

(iii) Instances in which excesses arose for want of prompt action on the part of Departmental officers in the verification and acceptance of debits.

1	9—Revenue—Working Expenses— Miscellaneous Expenses.	East Indian	Suspense.	Rs. 3·28 lakhs
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A credit provision of Rs. 3.28 lakhs was made in the final grant on account of recovery of charges for works done on behalf of various departments of the Railway. Although the relevant debits were raised by the Accounts Department against the departments concerned, sufficiently in advance of the closing of the accounts for March, 1951, the latter failed to take prompt action to accord their acceptance to these debits.

2	9—Revenue—Working Expenses— Miscellaneous Expenses.	Madras & Southern Maharatta	Suspense.	Rs. 16.30 lakhs
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Of the total excess of Rs. 23.94 lakhs under suspense a major portion, viz., Rs. 16.30 lakhs, consisted of debits for the cost of Y.P. locomotive spares raised by the Supply Department in February and March, 1951, which were adjusted under the suspense head "Miscellaneous Advances—Revenue", pending transfer to the East Indian Railway. Although the accounts for March, 1951, were closed in August, 1951, the above charges could not be transferred to that Railway. Administration explain that the vouchers sent in support of the debits did not furnish complete particulars, and had to be sent to the Controller of Stores for acceptance and allocation, and that by the time a final decision was reached after protracted correspondence, it was too late to pass on the debits to the East Indian Railway.

(iv) Other cases

1	7—Revenue—Working Expenses— Operation (Fuel).	Oudh Tirhut	Freight and handling charges on fuel.	Rs. 14.81 lakhs
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The excess was mainly due to bigger adjustment of arrear freight bills (Rs. 15.30 lakhs) and arrears of handling bills (Rs. 2 lakhs). Administration explain that the final provision could not be gauged accurately because of arrears in work.

2	9—Revenue—Working Expenses— Miscellaneous Expenses.	Oudh Tirhut	Other Expenses.	Rs. 5.40 lakhs
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The excess is attributed to certain arrear adjustments of freight, etc., which could not be provided for in the final estimates due to arrears in work.

3	15—Construction of New Lines.	East Indian	Barwadih-Chiri- miri (Bijuri) Construction.	Rs. 2.63 lakhs
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The excess was due to adjustment of more charges for land. Administration explained that adequate provision for land charges could not be made in the original or final estimates due to definite information regarding the transfer of charges not having been given

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by the State Government. Since Transfer Certificates amounting to Rs. 2.63 lakhs had already been received in the Accounts Office between August, 1950, and March, 1951, the non-provision of funds was not justified.

4	16—Open Line Works-Additions.	Assam	Purchase of Railway Lines.	Rs. 3.86 lakhs
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Administration failed to make provision in the final estimates for the adjustment of the outstanding liabilities of the Darjeeling Himalayan Railway, in spite of the fact that the orders of the Railway Board for the above adjustment were issued on 31st January, 1951.

5	Do.	Bengal Nagpur	Stores Suspense.	Rs. 23.96 lakhs
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A credit provision of Rs. 26.47 lakhs was made in the final estimates in connection with the transfer of rails and fittings to the Madras and Southern Mahratta Railway, as per Railway Board's orders dated 8th March, 1951, but this did not materialise to the extent anticipated resulting in an excess of Rs. 23.96 lakhs at the end of the year. Administration have explained that the provision was retained in the expectation that even if the supply of wagons was made towards the close of the year, the transfer of the material could possibly have been effected. At least a part surrender of the credit provision would have been a better course.

6	16—Open Line Works-Additions.	Great Indian Peninsula	Manufacture Suspense.	Rs. 43.16 lakhs
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The excess was due to non-receipt of full debits for customs and clearing charges on imported stores even though the provision in the final estimates was made in consultation with the Customs Authorities and with the information received from the Clearing Agents. The Railway Board is taking action in consultation with the Customs Authorities to improve the position.

7	17—Open Line Works—Replacements.	Bombay, Baroda & Central India	Track Renewals.	Rs. 7.30 lakhs
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The additional provision of Rs. 31.79 lakhs made in the final estimates for more rails and sleepers anticipated to be received for certain relaying work proved inadequate to the extent of Rs. 7.30 lakhs. Administration have explained that a correct estimate could

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not be made as the supply and receipt of track materials were dependent on Pool Authorities. A reference to the Pool Authorities was indicated.

8	17-Open Line Works-Replacements.	South Indian	Boilers.	Rs. 1.25 lakhs
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The excess occurred due to the adjustment of the cost of one locomotive boiler for which no provision was made in the final estimate, as this item was not included in the provision for rolling stock in the bulk order received from the Railway Board.

12 *Avoidable lapse of funds at the end of the year.*—(i) The following are the instances showing lack of co-ordination amongst the various Departments of the Railway, or between different Railways :—

Serial No.	No. and name of the grant	Railway	Head affected	Extent of amount unsundered
1	2	3	4	5
1	5-Revenue-Working Expenses-Repairs and Maintenance.	Assam	Maintenance of Electrical Services.	Rs. 6.76 lakhs

The East Indian Railway supplied to the Stores Department of Assam Railway certain Diesel Engine spares received from the United States of America in 1949-50. The spares were despatched direct to the Electrical Department of the Railway. Without making proper enquiry, the Railway made provision for the cost thereof in the revised estimates. The provision, however, proved entirely unnecessary, as on a reference made to the East Indian Railway after the close of the accounts for March, 1951, it transpired that the cost of these spares had already been adjusted finally on the books of that Railway.

2	7-Revenue-Working Expenses-Operation (Fuel).	Jodhpur	Freight and handling charges on fuel.	Rs. 1.09 lakhs
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The saving was due mainly to the non-receipt of certain freight bills from the Bombay, Baroda and Central India Railway.

3	12-B-Open Line Works-(Revenue)—Other than Labour Welfare.	Oudh Tirhut	Unremunerative operating Works costing not more than Rs. 3 lakhs each.	Rs. 10.18 lakhs
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Out of the final grant of Rs. 14.48 lakhs, funds lapsed to the extent of Rs. 10.18 lakhs. The major causes were (i) delay in the receipt of materials and late receipt of sanctions to works (Rs. 5.70 lakhs) and (ii) non-receipt of machinery and materials (Rs. 3 lakhs). The Administration retained the provision in the expectation that the materials ordered would be received and their cost adjusted in the year's accounts. A proper co-ordination between the Stores and other Departments in estimating the final provision was indicated.

4	15-Construction of New Lines.	Assam Rail Link Project		Rs. 6.50 lakhs
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The saving was due to non-adjustment of debits on account of junction arrangements at Alipurduars and Fakiragram with the Assam Railway even though the Assam Rail Link Project was working as a part of the Assam Railway Administration since May, 1951.

5	16-Open Line Works-Additions.	East Indian	Bridges.	Rs. 3.38 lakhs
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The saving was due to the non-receipt of debits for freight charges in respect of 4 lakhs cubic feet of boulders from the Eastern Punjab Railway, utilised against a certain bridge work.

6	17-Open Line Works-Replace-ments.	Bombay, Baroda and Central India	Carriages.	Rs. 18.63 lakhs
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The saving occurred due to non-receipt of debits from Madras and Southern Mahratta Railway for 8 out of 22 third class bogie carriages.

7	17-Open Line Works-Replace-ments.	Nizam's State	Track Renewals.	Rs. 6.54 lakhs
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Saving occurred due to non-receipt of debits for the Permanent Way Materials.

8	18-Development Fund.	East Indian	Passenger Ame-nities.	Rs. 4.80 lakhs
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The saving was stated to be due to the non-receipt of materials for urgent works. The estimates should have been framed in close liaison with the Stores Department.

9	18-Development Fund.	Oudh Tirhut	Labour Welfare.	Rs. 3.63 lakhs
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Savings occurred due to delay in obtaining the necessary materials which were to be carried in Ballast trains. If the Transportation Department had been consulted in regard to the availability of trains at the time of communicating the final modification, the need for surrendering the funds would have become apparent.

(ii) Instances in which saving over the final grant could have been avoided completely or to a large extent by a careful review of the position at the time of final estimates or by the 20th March, 1951.

1	5-Revenue-Working Expenses-Repairs and Maintenance.	Oudh Tirhut	Maintenance of Way and Works.	Rs. 3.40 lakhs
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The saving was attributed to late start of certain works.

2	9-Revenue-Working Expenses-Miscellaneous Expenses.	Mysore State	Loss on Grain-shops.	Rs. 8.50 lakhs
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A provision of Rs. 3.50 lakhs was made in the final estimates to cover expenditure on payment of certain "pooled rates" for foodgrains, as demanded by the State Government. The question of Railway liability for this payment was under reference with the Railway Board at the time and in the absence of any orders from the Board, even till the middle of March, 1951, the Administration retained the provision which ultimately lapsed. This could have been avoided had the Railway Board been consulted before the inclusion of the provision in the Final Estimates.

3	12-A-Open Line Works—(Revenue)—Labour Welfare.	Madras and Southern Mah-ratta	Quarters for staff.	Rs. 2.81 lakhs
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The saving is attributed by the Administration to the slow progress of works owing to the non-receipt of materials contrary to expectations at the beginning of March, 1951.

4	12-B-Open Line Works—(Revenue)—Other than Labour Welfare.	Bengal Nagpur	Unremunerative operating works costing not more than Rs. 3 lakhs each.	Rs. 5.69 lakhs
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The saving has been attributed to the non-receipt of materials. Administration were aware of the difficulties in regard to procurement of materials towards the close of the year, but retained the provision for utilisation on various petty works with the expected approval of the Railway Board.

5	12-B-Open Line Works—(Revenue)—Other than Labour Welfare.	East Indian	Unremunerative operating works costing not more than Rs. 3 lakhs each.	Rs. 3.26 lakhs
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The saving was due to non-receipt of materials.

6	16-Open Line Works—Additions.	Bengal Nagpur	Carriages.	Rs. 1.98 lakhs
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Additional provision amounting to Rs. 2.53 lakhs was made in the final estimates for expenditure on three works which proved unnecessary to the extent of Rs. 1.98 lakhs, as the works could not be completed due to the non-availability of materials. Administration explained that definite information was not available from the supplying Department as the receipt of material was uncertain. The lapse would have been avoided by a closer consultation with the supplying Department, keeping in view also the short time left for receipt of material and adjustment of its cost.

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7	Do.	Bombay, Baroda and Central India	Wagons.	Rs. 13.87 lakhs

An additional provision of Rs. 27.99 lakhs was made in the final estimates for expenditure on the erection of 200 cylindrical tank wagons on W.D. underframes, but a saving of Rs. 13.87 lakhs actually occurred due to difficulty in obtaining the W.D. underframes. It is stated that funds were not surrendered in the expectation that the entire material would be received and accounted for in the year. The large saving would have been avoided had the availability of the W.D. underframes been closely examined while making additional provision in the final estimates.

8	16-Open Line Works-Additions.	East Indian	Stores Suspense.	Rs. 43.41 lakhs
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A credit of Rs. 1,15.46 lakhs was provided in the final estimates due to more clearances from Suspense, but actually a further saving of Rs. 43.41 lakhs occurred at the end of the year. A careful review of the position at the time of final estimates would have enabled Administration to surrender a substantial part of these savings.

9	16-Open Line Works-Additions.	Great Indian Peninsula	Manufacture Suspense.	Rs. 26.93 lakhs
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The saving was due to the non-receipt of full debits for the cost of Loco spares. The provision was retained in the final estimates on the basis of the advice received from the Railway Board and the information furnished by the supplying Departments. It was also anticipated that debits if received later would be accounted for in the accounts for March, 1951, due to late closing of the accounts for that month.

10	16-Open Line Works-Additions.	Madras & Southern Mahratta	Stores Suspense.	Rs. 2.51 lakhs
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Due to reduction in the quantum of cereal rations from August, 1950, Administration surrendered an amount of Rs. 14.18 lakhs in the final estimates, but a further saving of Rs. 2.51 lakhs occurred. Administration explained that the cut in rations from 12 ounces to 9 ounces imposed from 28th January, 1951, having been revised by the State Government in the case of heavy manual workers, it was anticipated that the full ration of 12 ounces would be restored to all before March, 1951, and the provision was made in the final estimates accordingly. A careful review of the position at the time of the final estimates would have avoided the saving.

11	16-Open Line Works-Additions.	Saurashtra	Wagons.	Rs. 2 lakhs
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The above amount was provided in the original budget for fitting vacuum Brakes to 200 wagons. Due to the non-availability of the above fittings, it was proposed by the Administration to the Railway Board on 28th March, 1951, to utilise the provision for

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expenditure on a certain work, to which the Railway Board's sanction could not be received and the whole provision lapsed. The funds should have been surrendered when the fact regarding the non-availability of the fittings came to the notice of the Administration.

12	17-Open Line Works-Replace-ments.	Bombay, Baroda & Central India	Carriages.	Rs. 11.65 lakhs
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The saving was explained as due to less outlay on building works, as more urgent work had to be attended to and the additional provision made in the final estimates to meet possible labour and material charges on those works could not be utilised to the fullest extent.

13	17-Open Line Works-Replace-ments.	Bombay, Baroda & Central India	Carriages.	Rs. 3.19 lakhs
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The saving was due to less expenditure on certain third class bogie carriages due to lesser turn-over.

14	17-Open Line Works-Replace-ments.	Bombay, Baroda & Central India	Wagons.	Rs. 1.91 lakhs
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The saving was due to lesser expenditure than anticipated on certain wagons with aluminium bodies.

15	17-Open Line Works-Replace-ments.	Oudh Tirhut	Carriages.	Bs. 10.65 lakhs
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Additional provision of Rs. 10.65 lakhs was made in the final estimates as more works in relation to the rebuilding of Carriages were expected to be completed during the year, but this proved wholly unnecessary, as actually a saving of Rs. 14.03 lakhs occurred on the total grant due to delay in the receipt of materials as also to the non-commencement of certain works due to their not having been sanctioned. A large part of the saving could have been avoided by a closer review of the position with regard to the availability of materials in consultation with the Stores Department by 20th March, 1951.

16	17-Open Line Works-Replace-ments.	Oudh Tirhut	Bridges.	Rs. 1.91 lakhs
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The additional provision of Rs. 1.91 lakhs made in the final estimates by re-appropriation for meeting the increase in the cost of girders, proved wholly unnecessary; as actually a saving of Rs. 3.91 lakhs occurred over the final provision due to the non-receipt of girders. A considerable part of the saving could have been avoided if the position had been reviewed more closely with reference to the actual receipt of girders by 20th March, 1951.

17	17-Open Line Works-Replace-ments.	South Indian	Carriages.	Rs. 8.29 lakhs
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Against the additional provision of Rs. 14 lakhs made in the final estimates for the cost of certain stores in stock or expected to be received, the above saving occurred due to non-availability of certain materials and to slower progress of works. Administration have explained that the provision in the final estimates was based on the trend of actuals known at that time and the position with regard to the non-availability of stores and slow progress of works could not be determined with any degree of accuracy at the time of the review conducted on 20th March, 1951.

18	17-Open Line Works-Replace-ments.	Mysore State	Track Renewals.	Rs. 10.31 lakhs
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The saving was explained as due to sleepers not having been laid and their cost not having been adjusted in the accounts of the year to the extent anticipated.

19	18-Development Fund.	Bengal Nagpur	Passenger Ame- nities.	Rs. 1.10 lakhs
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The provision of Rs. 0.95 lakh in the original estimates for certain works was increased to Rs. 1.10 lakhs in the final estimates by re-appropriation of additional funds, but the entire provision lapsed due to non-receipt of materials. As no expenditure was incurred on the work upto the time of preparation of the final estimates, and sanction to the estimate had also not been accorded upto that time, even the funds provided in the original estimates should have been surrendered in the final estimates.

20	18-Development Fund.	Madras & Southern Mahratta	Passenger Ame- nities.	Rs. 4.14 lakhs
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The Administration explained that the savings related to a large number of works spread over the Railway under various spending officers.

21	18-Development Fund.	Oudh Tirhut	New Lines.	Rs. 1.33 lakhs
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The saving occurred due to late commencement of work on account of difficulties in training out materials to the site of the work. Administration explained that the position was reviewed by the Engineering Department towards the middle of March, 1951, but the above-mentioned difficulties could not be foreseen even at that late stage.

(iii) Instances in which the lapse of funds occurred for want of debits from the Director General, India Store Department, London, for items of Rolling Stock for which provision was made on the basis of the advices received from him.

1	16-Open Line Works-Addi- tions.	Bombay, Baroda & Central India	Carriages.	Rs. 99.88 lakhs
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The provision of Rs. 99.88 lakhs made in respect of "48 electric multiple unit suburban coaches" was retained in the final estimates in the expectation that payments for materials etc. purchased by the manufacturers would be made under the terms of the contract, even though the coaches were not likely to be received during 1950-51. No debits in connection with these payments were received from the Director General, India Store Department, London, and the funds lapsed.

2	17-Open Line Works-Replace-ments.	East Indian	Locomotives.	Rs. 52.72 lakhs
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Additional provision of Rs. 52.72 lakhs was made in the Revised Estimates for advance payments for bulk orders for Locomotives placed abroad by the Railway Board. The provision was retained in the final estimates on the basis of the information received from the Director General, India Store Department, London, in February, 1951, but no debits were actually received from him and the funds lapsed.

3	17-Open Line Works-Replace-ments.	East Indian	Carriages.	Rs. 35.09 lakhs
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The provision in the final estimates was based on the latest information available at that time from the Director General, India Store Department, London, but the saving occurred due to non-receipt of debits.

(iv) Savings which could have been avoided by timely contact with suppliers or Departments.

1	17-Open Line Works-Replace-ments.	Bombay, Baroda & Central India	Machinery.	Rs. 31.12 lakhs
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The saving was explained as due to non-receipt of machinery for which provision in the final estimates was made on the basis of delivery advices.

2	17-Open Line Works-Replace-ments.	East Indian	Machinery.	Rs. 9.77 lakhs
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Out of the saving of Rs. 10.23 lakhs over the final provision at the end of the year, a saving of Rs. 9.77 lakhs was explained as due to non-receipt of debits for the machines received.

3	17-Open Line Works-Replace-ments.	Great Indian Peninsula	Machinery.	Rs. 7.67 lakhs
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The saving was explained as due to non-receipt of certain machines, contrary to expectations.

4	17-Open Line Works-Replace-ments.	Oudh Tirhut	Wagons.	Rs. 15.10 lakhs
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The savings were due to the non-receipt of debits for the cost of wagons from the Defence Department.

5	17-Open Line Works-Replacements.	Oudh Tirhut	Wagons.	Rs. 6.64 lakhs
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In connection with the work of re-bodying of wagons which was not expected to be completed by a certain firm, an amount of Rs. 13.36 lakhs was surrendered by the Administration in the final estimates, but a further saving of Rs. 6.64 lakhs occurred as the firm could not complete the work to the extent previously intimated by them. The firm was not contacted after December, 1950, to ascertain the progress of work.

6	17-Open Line Works-Replacements.	Oudh Tirhut	Machinery.	Rs. 10.15 lakhs
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The saving resulted from the non-receipt of machines. It was explained by Administration that as the machines were to be received from abroad, it was not possible to ascertain the position by the middle of March, 1951, and the provision in the final estimates was retained on the basis of the probable date of their receipt.

7	17-Open Line Works-Replacements.	Oudh Tirhut	Ferries.	Rs. 20.25 lakhs.
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Additional provision amounting to Rs. 38.67 lakhs was made in the final estimates for the cost of three paddle steamers which were to be received from abroad, but a saving of Rs. 20.25 lakhs occurred which was explained as due to non-adjustment of full debits.

8	17-Open Line Works-Replacements.	Mysore State	Locomotives. Carriages.	Rs. 16.19 lakhs Rs. 4.15 lakhs
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The savings were due to non-arrival of locomotives and underframes of carriages, before the close of the year as expected.

(v) Saving arising out of accounting error.

9-A	Revenue-Working Expenses-Labour Welfare.	East Indian	Dearness allowance.	Rs. 6.22 lakhs
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Though the provision for dearness allowance under Grants 9 and 9-A had been made separately in the estimates, the corresponding expenditure could not be booked separately for want of suitable sub-detailed heads in the Revenue Abstract 'G' and was apportioned between the two grants on an *ad hoc* basis. This resulted in a saving of Rs. 6.22 lakhs. Had prompt action been taken during the year to record the expenditure separately, this saving could have been avoided.

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(vi) Instances where savings occurred due to non-adjustment of expenditure during the year.

1	5—Revenue—Working Expenses—Repairs & Maintenance.	Oudh Tirhut	Maintenance of Way and Works.	Rs. 2 lakhs
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The savings occurred due to non-adjustment of expenditure in the accounts of the year. Since the accounts for March, 1951, were closed in August, 1951, there was ample time within which the adjustment could have been carried out.

2	17—Open Line Works—Replacements.	Bengal Nagpur	Track Renewals & Bridges.	Rs. 4.42 lakhs
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Due to incorrect and incomplete preparation of adjustment vouchers by the District Engineers, certain adjustments amounting to Rs. 4.42 lakhs (gross) could not be accounted for.

(vii) Other cases.

	16—Open Line Works—Additions.	Great Indian Peninsula	Manufacture Suspense.	Rs. 8.87 lakhs
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The saving which occurred due to the revaluation of manufactured Stores, was not provided in the final estimates, due to the absence of adequate data with the Administration.

13. Grant No. 16—Open Line Works—Additions.

Grant No. 17—Open Line Works—Replacements.

The budgeting under the heads "Stores Suspense", "Rolling Stock", "Works", "Manufacture Suspense" and "Credits for Released Materials" continued to be unsatisfactory, like the previous year, as indicated below :—

(i) *Stores Suspense—Additions.* (Grant No. 16).

The budgeting was widely off the mark on almost all the railways.

Railway	Original Grant	Final Modified Grant	Actual expenditure	Excess over col. 3	Saving over col. 3
1	2	3	4	5	6
Assam	—1,84	8,23	2,49	..	—5,74
Bengal Nagpur	—6,58	—37,40	—5,04	32,36	..
Bombay, Baroda & Central India	11,00	—2,35	1,52,95	1,55,30	..
East Indian	—25,01	2,26,10	3,15,91	89,81	..
Eastern Punjab	15,43	10,34	1,37,20	1,26,86	..

(b) Works—Replacements. (Grant No. 17).

The original provision of about Rs. 10.09 crores was increased to about Rs. 14.54 crores in the final grant. The actual expenditure was, however, about Rs. 15.27 crores, involving an excess of Rs. 73.69 lakhs. The high percentages of excess were on the following Railways :—

Railway	Final Modified Grant	Actual expenditure	Excess	Percentage of excess
1	2	3	4	5
Assam	61,58	81,73	20,15	32.7
Bengal Nagpur	1,53,66	1,85,61	31,95	20.8
East Indian	2,19,77	2,41,91	22,14	10.1
Great Indian Peninsula	2,69,72	3,37,12	67,40	24.9
Nizam's State	29,85	34,71	4,86	16.3
Saurashtra	17,18	22,14	4,96	28.9

(iv) Manufacture Suspense—Additions. (Grant No. 16).

There was a saving of 1,56,42 over the original grant of *minus* 3,11 and of 88,83 on the final provision of *minus* 70,70 amounting to about 5029% and 126% respectively. The high percentages of variations over the final provision, fixed towards the close of the year, were on the following Railways :—

Railway	Final Grant	Actual expenditure	Excess (+) Saving (—)	Percentage of excess or saving
1	2	3	4	5
Assam	—1,07	12,04	+13,11	1225.2
Bengal Nagpur	5,25	11,04	+5,79	110.3
Bombay, Baroda & Central India ..	3,80	12,14	+8,34	219.5
East Indian	—97,71	—1,59,80	—62,09	63.5
Eastern Punjab	6,54	—8,20	—14,74	225.4
Great Indian Peninsula	—8,54	—28,12	—19,58	229.3
Madras & Southern Mahratta ..	—1,41	—4,74	—3,33	236.2
Oudh Tirhut	—3,00	1,65	+4,65	155.0

Chapter I]

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1	2	3	4	5
South Indian	-2,22	2,04	+4,26	191.9
Bikaner State	-32	7,63	+7,95	2484.4
Jodhpur	23	-1,07	-1,30	565.2
Mysore State	-66	2,33	+2,99	453.0
Nizam's State	-19	-12,23	-12,04	6336.8
Rajasthan .. .. .	..	-4,67	-4,67	100.0
Saurashtra	-1,97	-6,90	-4,93	25.3 252.5
Chittaranjan Locomotive Works ..	30,59	17,63	-12,96	42.4

(v) Credits for Released Materials—Replacements. (Grant No. 17).

The budgeting, both in the original and the final estimates, was off the mark on the following Railways :—

Railway	Original Estimate	Final Estimate	Actuals	Excess(+) Saving (-)	Percentage of excess or saving
1	2	3	4	5	6
Assam	-22,20	-6,12	-4,79	+1,33	21.7
Bengal Nagpur	-49,80	-56,05	-46,03	+10,02	17.9
Great Indian Peninsula ..	-33,50	-45,49	-35,40	+10,09	22.2
Oudh Tirhut	-2,50	-14,37	-10,15	+4,22	29.4
Jodhpur	-11,80	-5,06	-7,34	-2,28	45.1
Nizam's State .. .. .	..	..	-3,67	-3,67	100.0
Saurashtra .. .. .	..	..	-1,80	-1,80	100.0

14. Grant No. 11—Appropriation to Depreciation Reserve Fund.—According to paragraphs 8 and 9 of the Convention Resolution of 1949, a minimum contribution of Rs. 15 crores per annum is required to be credited to the Railway Depreciation Reserve Fund by debit to the Working Expenses of the Railways, and any amount contributed in excess of the minimum contribution is required to be met from the Railway surplus. The latter sum, according to instructions on the subject, is to be debited to the major head "15-J-Appropriation to Railway Depreciation Reserve Fund from Surplus" opened for the purpose. These instructions were observed in the Railway Budget Estimates for 1950-51, wherein Rs. 15 crores were credited to the Depreciation Reserve Fund by debit to the Working Expenses of the

Railways, and Rs. 2 crores were shown as an additional credit to the Depreciation Reserve Fund out of the Surplus. In the Revised Estimates for that year, however, a departure was made from the convention and a contribution of Rs. 30 crores was provided as a credit to the Depreciation Reserve Fund and the whole of it treated as normal contribution chargeable to the Working Expenses. In the years 1951-52, 1952-53 and 1953-54 also, a similar departure has been made and contribution of Rs. 30 crores has been provided as a credit to the Depreciation Reserve Fund by charging the same to Working Expenses. The procedure adopted is contrary to paragraph 9 of the Convention Resolution of 1949.

15. *Annexure J of Appropriation Accounts of Railways in India for 1950-51—Part II. Statement of important misclassifications and other mistakes.*

The annexure contains a large number of cases of misclassifications and other mistakes detected in the accounts for 1950-51. In para 21 of their Report on the accounts of 1947-48 (Post Partition), the Public Accounts Committee took note of the same defect and suggested that proper training should be imparted to the accounts staff. Training classes have been started on various Railways. The effect of this step will be reported in the next Audit Report.

CHAPTER II.

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

(i) STORES.

16. *Great Indian Peninsula Railway—Loss due to purchase of unsuitable stores.*—Owing to a series of fires in 1945, which caused a considerable amount of damage to coaching stock, and also due to the scarcity of Masonite and similar approved materials for the ceiling and panelling of coaches, the Great Indian Peninsula Railway decided in February, 1946, to use Indocrete in the internal panelling of ten III class austerity bogies, then under construction, and in the ceilings of seven III class bogies. The Railway had already recommended in January, 1946, to the Carriage and Wagon Standards Committee that Indocrete be considered a suitable substitute for panelling and ceiling. From February, 1946, to June, 1946, orders were placed for this material of varying thickness, costing Rs. 24,285/-. In June, 1946, the experiment to try out Indocrete for internal panelling and ceilings was approved by the Central Standards Office.

Trial in respect of panelling was made on one coach and in respect of ceiling on five coaches, the cost of the material actually used being Rs. 2,884/-. It was noticed that at the time of fitting, the sheets broke in the course of handling. A report was submitted to the Railway Board in December, 1946, stating that Indocrete was extremely brittle and difficult to handle, but that it was the cheapest panelling available and had not been long enough in service to enable any definite conclusion to be reached.

The experiment was declared closed in May, 1947, the material having been found unsatisfactory. The Railway Administration in April, 1947, attempted to find out an alternative use for the Indocrete as a result of which it was arranged to transfer about half the balance to the Engineering Department at a reduced rate. Of this quantity, 80 per cent. reached that department in a broken condition. The remaining sheets lying in the Stores Depot were found in 1949 to have disintegrated very badly because of their innate defects, and became unserviceable. A sum of Rs. 20,068/- was written off as a loss on account of this purchase.

Audit Comment.

The loss would have been reduced if the experiment had been made on a smaller scale.

17. *East Indian Railway—Loss due to fire in a timber godown of a Carriage and Wagon Shop.*—A fire broke out in a timber godown, attached to a Carriage and Wagon Shop, on the night of March 18, 1950. Due to seasoned timber being stored in the godown, the fire

was very intense and the total damage caused to the Engineering structure, Sprinkler Installation and timber stock amounted to Rs. 37,371/-. The Departmental Enquiry Committee, set up to investigate the case was unable to come to any definite conclusions about the cause of the fire. The Police report, as subsequently received from the Special Branch of the Police Department, also failed to establish the real cause of the fire, although it indicated that certain employees of the Workshops were involved in the matter but no definite proof against them could be obtained. The fire was noticed only when it had become intense, and the whole godown was in flames. It appears from the report of the Enquiry Committee that the fire could have been detected earlier, if, in the arrangements introduced about a year previous in compliance with the Revised Factories Act to give each watchman half an hour's rest, the Timber Godown had not been left without a watchman for about an hour. The Watch and Ward Staff have since been exempted from the operation of the Factories Act by the State Government Inspector of Factories and they are now kept on duty in relays for all the 24 hours. There are four hydrants located inside the Timber Godown and a proper fire point has been established close to the Godown. Steps have also been taken to strengthen the Watch and Ward Staff for more efficient fire-watching and patrolling of the areas within the Workshop premises containing valuable material.

(ii) GRAINSHOPS.

18. *East Indian Railway—Loss due to deterioration of stock in a Railway Grainshop.*—During October, 1948, it was noticed, after the charge of a Reserve Grain Depot had been transferred from one Store Keeper to another, that about 12,462 maunds of wheat had become old, weevilled and consequently unfit for sale to the staff. These had, therefore, to be screened before sale to the staff involving a loss of Rs. 13,921/- to the Railway Administration, as detailed below :—

(i) Value of wheat lost after screening	...	...	Rs.
			13,713
(ii) Cost of screening	...	...	2,028
			<hr/>
		Gross Total	15,741
Forfeiture of security deposit of the Store-Keeper found guilty in the case	...	...	1,820
			<hr/>
		Net Loss	13,921

Normal losses in handling and storage, etc., incidental to the working of grainshops, as allowed under the current formulae for the purpose would amount to Rs. 8,100/- in this case. The balance of Rs. 5,821/- is thus accepted as a loss due to the negligence of the railway staff concerned.

An Enquiry Committee investigated the case and came to the conclusion that the deterioration took place due to long storage. It could have been avoided by following the rule of "first in, first out" in issuing the stock to staff. The store-keeper was held responsible for the deterioration as he did not observe the above principle. The Chief Inspector of Grains was held responsible for failure to inspect the condition of the stocks and for not taking remedial measures. The relieving store-keeper was also held responsible for making false statements and preparing wrong statements in respect of the loss suffered by the Administration.

The Reserve Store-Keeper has been removed from service with the forfeiture of his security deposit of Rs. 1,820/-. The Chief Inspector of Grains has been reverted to his parent department, and the relieving store-keeper reverted to his substantive post.

(iii) PAY AND ALLOWANCES.

19. *Bombay, Baroda and Central India Railway—Fixation of pay of a Military Pensioner on re-employment.*—An officer of the Army Special Unemployed list, appointed in 1937 by the Bombay, Baroda and Central India Railway Company, was allowed to draw from the date of his appointment full pay of the post held by him on that Railway in addition to his Army Special Unemployed pay of Rs. 583/5/- p.m. From the 1st January, 1942, the management of the Bombay, Baroda and Central India Railway was taken over by Government and Government rules became applicable. The question of reducing the officer's railway pay, either in full or in part, as a set off against the Army Special Unemployed pay, should then have been considered as required by the rules, but this was not done. It is stated by the Administration, that the terms and conditions of re-employment under the Government offered to and accepted by the officers of the Bombay, Baroda and Central India Railway, entitled them to pay and allowances "under the existing rules and conditions of the Bombay, Baroda and Central India Railway Company". The officer continued to draw the full Railway pay in addition to the Military unemployed pay of Rs. 583/5/- upto 8th January, 1948.

From 9th January, 1948, the Military unemployed pay was replaced by Military Pension of Rs. 661/- plus the temporary increase of Rs. 37/- p.m. The Accountant General, Bombay, while intimating in September, 1948, the payment of pension to the officer brought to the notice of the Railway Administration the provisions of the rule which required that in fixing the Civil pay of an officer, the pension drawn by him should be taken into consideration. At this stage, the whole question of the fixation of pay of the officer was reviewed and the matter was referred by the Administration in March, 1949, to the Railway Board, who after the lapse of 20 months from the date of the objection taken by Audit, decided in June, 1950, that the officer's railway pay with effect from 1st January, 1942, be reduced by an

amount equal to 50 per cent. of the Military re-employed pay or pension, and that the overpayment due for recovery amounting to Rs. 33,894/- be waived.

20. *South Indian Railway—Overpayment of running allowances to Loco staff.*—In April, 1948, the Railway Board issued instructions to the Railway Administrations that running allowances to staff appointed prior to 1st January, 1947, and between that date and 15th August, 1947, who had elected the prescribed scales of pay should be based on their "Present pay", which was defined as basic pay in the scales existing on 31st December, 1946, or 15th August, 1947, as the case may be. Due to an incorrect interpretation of the term 'present pay', the running allowances were, however, paid on the South Indian Railway on pay plus "Interim Relief". This irregularity was brought to the notice of the Administration by Audit in May, 1950. The overpayment from 1st November, 1947, to 31st December, 1948, after which the revised Running Allowance Rules came into force, amounted to Rs. 28,600/- and was waived, in April, 1952, under the sanction of competent authority.

21. *Saurashtra Railway—Irregular grant of special pay.*—The services of a Class III Officer of the Madras and Southern Mahratta Railway, drawing Rs. 320/- p.m., were loaned in July, 1948, to the Saurashtra Railway on foreign service terms, which entitled him to additional emoluments at 25 per cent. of his pay on the former Railway. The Saurashtra Government, however, granted him an additional special pay of Rs. 100/- p.m. from 19th July, 1948, on the ground of comparative expensiveness of Saurashtra. This was objected to by the Railway Chief Auditor of the Saurashtra Government in November, 1949, as exceeding the terms on which the Government of India had agreed to loan the services of the officer. On a reference by the Saurashtra Railway Administration in December, 1949, to the Railway Board, the latter upheld the Chief Auditor's view and decided in June, 1950, that the entire overpayment of Rs. 2,635/- which took place from 19th July, 1948, to 31st March, 1950, should be recovered. On a subsequent representation, however, the Railway Board decided in November, 1951, to waive the recovery on the grounds that the officer had done exceptionally good work during the Gujrat famine, had to maintain double establishment without the benefit of rent free quarters admissible while employed on the Madras and Southern Mahratta Railway, and that the amount for recovery was large in comparison with the officer's capacity to pay.

Audit Comment.

The Saurashtra Government should not have granted the additional special pay without the prior approval of the Government of India. At least for the period subsequent to the date of the audit objection, payment should have been made only provisionally, subject to recovery, if necessary.

(iv) EARNINGS.

22. *Bengal Nagpur Railway—Writing off debits against stations.*—As a result of internal check of station documents and returns rendered by stations, all debits arising from error in charging fare or freight, short remittances of cash, etc., are raised against the Stations by the Accounts Office through error sheets, showing full particulars of the transactions giving rise to the debits. These error sheets, on receipt at the station, are taken into the station accounts of the month in hand and the debits remain outstanding against the station till they are paid by the person or persons at fault, or withdrawn by the Accounts Office. In case, any of the debits raised by the Accounts Office are objected to by the station, the grounds of objection with other necessary details are, under the Code Rules, required to be communicated by the station concerned to the Accounts Office within a day of the receipt of error sheets. The objections of the stations are then examined in the Accounts Office, and if the debit is found to be incorrect, it is withdrawn under advice to the station.

On the Bengal Nagpur Railway, certain debits raised by the Accounts Office from August, 1947, to December, 1948 (i.e. for 17 months) against several stations of the Railway were objected to by the stations concerned, but the Accounts Office neither withdrew these debits nor enforced recovery of the amounts. The debits, therefore, remained outstanding. The connected records relating to these debits were destroyed after the usual period prescribed for their preservation, and it was, therefore, decided in April, 1951, to write off outstanding debits totalling Rs. 1,24,507/- relating to the above period.

The Railway Administration have now taken suitable steps to avoid recurrence of such cases in future.

23. *Bombay, Baroda and Central India Railway—Loss due to delay in the revision of rates.*—In March, 1949, the Railway Board asked the Railway Administration to review all the special local rates (that were then in force) for the carriage of Manganese Ore from certain stations to a particular station of the Railway, and to withdraw those that were below the lowest limit of the Railway Administration's powers of sanction, or to obtain the Railway Board's sanction to such of them as were necessary to be retained. The Railway Administration informed the Railway Board, on the 3rd December, 1949, that the then existing special rates in force on its railway for the carriage of this commodity had been lifted to the level of the minimum return per wagon previously prescribed by the Railway Board in February, 1947, and that the proposed rates were required to be given effect to from 1st January, 1950, for which a requisite notice to the interests concerned had been issued. On examination, the Railway Board were unable to appreciate the justification for quoting special rates which were beyond the rate reducing powers

of the Administration. Accordingly, they did not approve of these revised rates, but since they had already been notified to have effect from 1st January, 1950, they accorded their sanction in February, 1950, to the continuance of the same for a period of six months only from that date. They, however, desired that 'timely action' should be taken by the Administration to review these rates so as to conform to similar rates in force over other railways, and that the result of the review should be advised to them *sufficiently in advance* of the date upto which the Railway Board had agreed to their continuance as a special case. The position was again reviewed by the Railway Administration, who informed the Railway Board in July, 1950, that the existing rates had been increased to the level commensurate with the 'rate reducing powers' of the Administration. Since the result of the review was submitted by the Railway Administration only in July, 1950, the increased rates could not be given effect to from 1st July, 1950, and thus the existing rates had to be extended by the Railway Board for a period of another one month. The loss suffered by the Railway Administration during the seven months in which the lower rates were in operation was about Rs. 55,000/- and could have been avoided if prompt action had been taken by the Administration on the Railway Board's directive issued in March, 1949.

The Railway Administration has explained that the directive issued in March, 1949, did not call for an outright cancellation of the special rates from any specified date but merely asked for a review of these rates. This review, they have stated, was completed by them in December, 1949, as a result of which slightly enhanced rates were notified to take effect from 1st January, 1950. A higher increase in rates was not considered justifiable according to the information available with them, and if they had not notified the enhanced rates from 1st January, 1950, and waited for Railway Board's sanction, the introduction of the enhanced rates would have been considerably delayed, as advance notice of increase in rates had to be given to the trade. They have further explained that a final decision on rates, could not be taken at the appropriate level due to reports of devaluation; in fact the entire calculations would have been upset had Government not maintained pre-devaluation prices for the export of Manganese Ore. Further, they could not take timely action to make an upward revision in these rates after 1st January, 1950, as in view of the importance of Manganese Ore as a dollar earning traffic, they had to institute careful enquiries before taking a final decision to raise the rates.

In the opinion of Audit, the difficulties mentioned by the Railway Administration for the non-introduction of increased rates with effect from a date earlier than 1st August, 1950, were not exceptional. Another Railway Administration was able to quote enhanced rates earlier and the loss resulting from the introduction of enhanced rates at a later date in this case could have been avoided if action towards this enhancement had been taken more promptly.

24. *East Indian Railway—Loss due to non-revision of Passenger fares.*—A shuttle train service between Allahabad and Chheoki was introduced on the East Indian Railway in November, 1943, purely for the benefit of the labour staff of an Ordnance Depot at Chheoki and not open for passenger booking. The Commandant of the Depot was authorised to print and sell to his *bonafide* labour staff monthly season tickets at Rs. 3/5/- per ticket, calculated on the basis of the fare prevailing at the time. He was also required to render a monthly account of the tickets sold, so that necessary debit could be raised against his Department.

The passenger fares chargeable on Railways were enhanced with effect from 1st January, 1948, and for the above season ticket amounted to Rs. 4/8/-, but this fact was omitted to be intimated to the Commandant and the old fare of Rs. 3/5/- continued to be charged by him even after the revision. The omission was pointed out in audit in August, 1949, but the revised rate of Rs. 4/8/- came to be introduced by the Railway Administration only from 1st February, 1950. The total undercharge from 1st January, 1948, to 31st January, 1950, amounted to Rs. 49,183/- approximately. This undercharge could not be recovered as most of the workers had left service and it was not considered advisable by the Commandant to press for recoveries from the rest of the staff due to the prevailing labour situation. Investigation made by the Administration revealed that the reason for the failure to revise the rates was the non-despatch of the rate circular by the office of the Divisional Superintendent, Allahabad, to the Commandant by whom the tickets were printed. Administration also stated that this practice of having the tickets printed by the Commandant was defective and largely responsible for the loss, but that this arrangement had been terminated and tickets were now printed by the Railway for supply to the Commandant, Ordnance Depot. The Railway Administration approached the Railway Board for their approval to the original charge of Rs. 3/5/- being allowed to remain operative from 1st January, 1948, to 31st January, 1950, but the Railway Board not finding the explanation convincing decided not to regularise the loss. The extra amount due at the revised rates would thus be considered as irrecoverable earnings.

A sub-head and two other clerks of the Railway Commercial Section were considered by the Administration to be primarily responsible for lapse of duty. No action was, however, taken against the former since he had already retired from service. The latter also was not accorded any punishment in the absence of certain documents which were not traceable. One clerk and one sub-head of the Traffic Accounts Branch were, however, given a warning and adverse marks for assuming lower rates of monthly season tickets without ascertaining the position. The punishment was also recorded in the character rolls.

25. *Madras and Southern Mahratta Railway—Fraud in the luggage office of a station.*—Passenger luggage is booked on production of passenger tickets, free allowance being granted upto certain

specified maundage for each passenger ticket depending on the class of ticket held. The numbers and class of the passenger tickets on which free allowance is granted are quoted on the luggage ticket, and the passenger tickets are also marked 'LB' (luggage booked), to prevent their being used more than once for the purpose of obtaining free allowance.

In one of the periodical inspections of the accounts of a certain station carried out in February, 1950, certain frauds in the booking of luggage came to notice. Detailed investigation of the accounts of the station revealed that the irregular practices had been resorted to by the station staff over the period from January, 1949, to June, 1950. The total loss was estimated at Rs. 10,189/- which, in the opinion of the Administration, is likely to be reduced due to certain checks on the station returns which have not yet been completed. Out of Rs. 10,189/-, only a sum of Rs. 585/- could be recovered so far from the settlement dues of the employees concerned. The Railway Board intimated in January, 1953, that the question of recovering the loss from the Security Deposits of the individual employees was still under the consideration of the Administration. The *modus operandi* of the frauds was as follows :—

- (i) Free allowance was granted on time-expired and non-issued tickets.
- (ii) Free allowance was granted more than once on the same ticket.
- (iii) Free allowance was granted by quoting the numbers of passenger tickets which were issued after the issue of luggage tickets.
- (iv) Free allowance was granted either without quoting any passenger tickets or quoting fictitious class and number of tickets not traceable in station returns.

The existing rules do not provide adequate safeguards for the detection of irregularities of the nature mentioned in (ii) above, but the mal-practices under items (i), (iii) and (iv) could have been detected in internal check in the Accounts Office if the accounts staff concerned had carried out proper checks prescribed in the Code and local orders. While the question of amplifying the existing rules to prevent irregular practices of the nature mentioned in (ii) above is under the consideration of the Administration, adequate disciplinary action was taken against one sub-head and 9 clerks of the Accounts Office held responsible for the failure to exercise proper check on the station returns. The sub-head was reverted as Clerk, Class I, for a period of six months, and the increments of the 9 clerks were withheld for periods ranging from one year to six months.

Criminal proceedings were not launched against the station staff responsible for the frauds, as it was considered by the Administration

that it would be difficult to secure their conviction in a Court of Law. The following departmental action was taken against them.

- (i) Five clerks were dismissed from service and the Provident Fund bonus of two of them amounting to Rs. 585/- was withheld. (The others were not contributing to the Provident Fund).
- (ii) Three clerks were reduced in grade for a period of five years.
- (iii) The increments of three clerks were stopped for a period of five years.
- (iv) A warning was issued to one clerk.
- (v) The Chief Luggage Clerk was reduced in grade for a period of six months.
- (vi) The Station Superintendent was severely censured.

(v) FRAUDS AND MISAPPROPRIATION.

26. *East Indian Railway—Fraud in the Accounts Office.*—During the monthly reconciliation of certain registers maintained in the Stores Accounts Branch, it was noticed on the 3rd April, 1948, that entries in respect of a bill for Rs. 7,830/- (passed for payment on the 4th March, 1948) for the supply of stores had been scored out from the relevant registers. The connected purchase order (i.e. order placed on the firm for supply of stores) on the basis of which the Suppliers' bills are passed by the Accounts Office was missing in that Office. The paid bill was also not traceable in the Record Section. Investigation by a comparison with other copies of the Purchase Order, disclosed that the original purchase order was on a different firm and for a different consignee, and that the supplies for which the bill was passed for payment had not been received by the consignee. The payment had thus been fraudulently obtained by some party on a bogus bill. On a scrutiny of previous records, it came to light that similar frauds involving Rs. 50,610/- had been perpetrated from December, 1946, onwards. The Departmental Committee which investigated the case between April, 1948, and September, 1948, held that the fraud had been committed by certain staff of the Stores Accounts Branch in collusion with the staff of the Record Section, by changing the entries in the purchase orders, which had already been checked, or by replacing the genuine purchase orders by faked ones and submitting bogus bills supported by faked notes or with forged signatures of consignees, and thereafter removing, or tampering with, the relevant record.

All these cases were made over to the police on different dates from 12th April, 1948, as departmental investigation proceeded, and the staff suspected of complicity in the frauds were placed under suspension, on varying dates from 16th April, 1948, to 12th June, 1948. In the absence of the relevant records, no satisfactory evidence to secure conviction in a court of law was available, and, on the advice

of the Local Public Prosecutor and the Law Officer of the Railway, it was decided not to prosecute the staff concerned. The following disciplinary action was taken by the Administration against the staff involved in the fraud :—

- (i) The services of two clerks were dispensed with.
- (ii) One officiating sub-head was demoted to the rank of Clerk, Class I; and,
- (iii) The Record Clerk was transferred to another section where such responsible work is not required to be done.

As a safeguard against such frauds, the system of checks and counter-checks in the Accounts Office has been tightened and arrangements have been made for the proper custody of vouchers and relevant records. The loss of Rs. 58,440/- (out of which Rs. 35,790/- related to the pre-partition period) has been written off by competent authority.

Audit Comment.

Laxity in the custody of purchase orders and scrutiny of signatures on the bills before passing them for payment, and the absence of a proper investigation into the cause of the debit balances in the Purchase Register after reconciliation facilitated the fraud.

(vi) SUMMARY OF LOSSES MENTIONED BELOW THE APPROPRIATION ACCOUNTS OF THE GRANTS FOR 1950-51.

27.

(Figures in units of rupees)

Page of the Appropriation Accounts for 1950-51 (Part II—Detailed Appropriation Accounts) 1	Number and name of the grant 2	Total number of minor losses, irregularities, etc. under each grant 3	Total amount of minor losses, etc. under each grant 4	Brief Subject 5
7	1—Railway Board.	1	Rs. 2,074	Waiver of overpayments to certain staff of the old North Western Railway on deputation to the Railway Board.
		1	10		Loss on account of tools, blankets, wash-basins, etc.
	Total ..	2	2,084	
11	3—Miscellaneous Expenditure.	1	1,845	Cost of materials scrapped from Stock Miscellaneous losses.
		18	645	
	Total ..	19	2,490	

(vi) Summary of Losses mentioned below the Appropriation Accounts of the grants for 1950-51—*contd.*

1	2	3	4	5
17 & 18	4—Working Expenses —Administration.	7	27,536	Loss of cash through robbery, misappropriation or on account of spurious notes and base coins.
		31	7,955	Theft of typewriters, table-fan, uniform clothing and other articles.
		68	5,388	Waiver of overpayments of salary, allowances, etc., to staff and Evacuation advances written off.
		75	2,291	Value of articles and stores received short or damaged through various causes, written off.
		14	452	Miscellaneous losses.
	Total ..	195	43,622	
28 to 30	5—Working Expenses —Repairs & Maintenance.	4,319	66,09,616	Loss arising out of floods, accidents, fires, earthquakes, etc.
		230	75,239	Loss on account of stores damaged, scrapped or received short, and loss on account of stores the cost of which could not be recovered from various parties.
		30	38,227	Waiver of overpayments of salary, allowances, etc. to staff, and Evacuation advance written off.
		487	30,612	Loss on account of theft of stores, carriage fittings, etc.
		1	19,266	Loss of cash through robbery.
		18	2,539	Miscellaneous losses.
	Total ..	5,085	67,75,499	
35	6—Working Expenses —Operating Staff.	141	7,630	Waiver of overpayments of salary & allowance, amounts irregularly paid to staff, and amount of Evacuation advances written off.
	Total ..	141	7,630	
41	7—Working Expenses —Operation (Fuel).	53	3,55,950	Loss of fuel and other materials in transit or through theft at sheds.
		515	4,730	Overpayment of overtime allowance treated as irrecoverable.
	Total ..	568	3,60,680	

(vi) Summary of Losses mentioned below the Appropriation Accounts of the grants for 1950-51—*contd.*

1	2	3	4	5
50 to 52	8—Working Expenses —Operation other than Staff and Fuel.	458	28,212	Theft of tools and plant, uniforms and other materials and stores and theft of or damage to fittings.
		455	28,034	Loss on account of materials received short or lost in transit.
		10	13,196	Loss arising out of accidents, fires, etc.
		2	3,040	Loss of cash bag containing station earnings from travelling cash safe.
		8	223	Waiver of overpayments of wages etc. to staff, write off of Evacuation advance and cost of electric energy, uniforms, etc., not recoverable from certain staff.
		55	10,335	Miscellaneous losses.
		Total ..	988	83,040
59 & 60	9—Working Expenses —Miscellaneous Expenses.	1,307	1,01,338	Loss of foodgrains in transit and through theft, etc.
		9	38,882	Loss arising out of accidents, fires, floods, etc.
		25	5,872	Loss of cash through robbery or theft and on account of base coins and spurious notes.
		25	14,139	Waiver of overpayments to staff, write-off of Evacuation advance, etc.
	1	142	Miscellaneous losses.	
	Total ..	1,367	1,60,373	
65	9—A—Working Expenses—Labour Welfare.	13	2,255	Thefts of canteen articles, etc.
		4	1,945	Waiver of overpayments of wages and allowances to staff.
		14	3,605	Miscellaneous losses.
	Total ..	31	7,805	
79	12—B—Open Line Works—(Revenue)—Other than Labour Welfare.	1	60	Miscellaneous losses.
		Total ..	1	60

(vi) Summary of Losses mentioned below the Appropriation Accounts of the grants for 1950-51—concl'd.

1	2	3	4	5
88	15—Construction of New Lines.	81	8,126	Loss of stores on account of damage in transit and through other causes.
		1	1,434	Loss arising out of floods.
		11	743	Overpayments to staff written off.
	Total ..	93	10,308	
99	16—Open Line Works—Additions.	5	1,29,487	Waiver of irregular payments to apprentices, etc. and certain charges recoverable from staff.
		4	32,457	Loss arising out of accidents, fire, etc.
		1	3,558	Misappropriation by a colliery grainshop Clerk.
		26	1,910	Loss of stores and materials through damage in transit, etc.
		17	1,745	Loss due to theft of stores and other materials.
	Total ..	53	1,69,157	
108	17—Open Line Works—Replacements.	1,154	3,87,253	Loss arising out of earthquake, floods, accidents, fire, etc.
		17	3,006	Theft of stores, etc.
		10	376	Miscellaneous losses.
	Total ..	1,181	3,90,635	
112	18—Open Line Works—Development Fund.	2	45,796	Loss arising out of earthquake and fires.
		2	478	Theft of tools, plant, etc.
		2	70	Miscellaneous losses.
	Total ..	6	46,344	
	Grand Total ..	9,730	80,59,727	

(vii) OTHER TOPICS OF INTEREST.

28. Efficiency of Internal Check.

(i) In para 45 of the Railway Audit Report, 1951, mention was made of the general state of arrears and of certain other defects in internal check. The position in respect of more important arrears in the year under review, as it stood on 31st December, 1951, shows a slight deterioration, as indicated in the table below :—

Extent of arrears—Railways.

Nature of arrears 1	Assam 2	B. N. 3	BB&CI 4	E. I. 5	E. P. 6	G.I.P. 7	M.&S.M. 8	O. T. 9	R.C.A. 10	S. I. 11	C.L.W. 12
(i) Stock verification of stores in the custody of Depot & other Departmental Officers & Subordinates (in terms of man-days).	611	265	250	..	..	289	170	..	..	1,179 (A)	280
(ii) No. of stock verification sheets showing discrepancies in stock (noticed by stock verifiers) remaining undisposed of.	64	..	..	..	..	1,287	..	301	..	..	..
(iii) Inspection of initial accounts maintained at stations, offices, shops etc. etc.	205 Man-days & 6 offices	..	475	391 Man-days & 51 offices	..	420½ Man-days	..	..	..	152 Man-days	..
(iv) Posting of various suspense & subsidiary Registers and their reconciliation with General Books/Dep'tal Books.	..	2 to 16 months	4 to 12 months	2 to 15 months	..	..	..	9 months	..	2 to 3 months	..
(v) No. of missing returns of stations.	4,792	1,179	780	30,897	1,843	..	178	12,582	307	530	..
(vi) Check of fixation of pay in C.P.C. scales of pay (No. of cases).	3,194	..	..	..	..	..	..	..	..	..	..
(vii) Disposal of applications of retired staff for payment of special contribution to P. F. and Gratuity (No. of cases).	248	..	..	..	..	..	..	..	..	..	..

(A) These arrears have been written off by the General Manager. For the year 1951-52, the programme of stock verification was curtailed with the approval of the General Manager. No monthly report of actual progress against programme is available and it is not possible to state the extent of arrears on 31st December, 1951.

Apart from the above, there were considerable arrears in the post-audit of vouchers, etc., by the Accounts Offices of some of the Railways; viz., M. & S.M., S.I., Mysore and E.I. Railways. On the M. & S.M. and S.I. Railways, the number of vouchers awaiting post-audit in the Accounts Office on 31st December, 1951, were 4,500 and 5,729 respectively. On the Scindia State Railway, the paid vouchers were not post-audited at all.

(ii) Certain defects in internal check on some of the Railways were also noticed, the more important of which are detailed below :—

- (a) Arrangements for a regular and systematic test-check of the work of the staff by Gazetted Officers, and subordinate supervising staff, as required under the rules, continued to be unsatisfactory on the B.N., B.B. & C.I., G.I.P., and M. & S.M. Railways. The importance of this test-check can hardly be over emphasised.
- (b) The maintenance of scale check register, in suitable forms, has been prescribed for the purpose of exercising a check over the number of posts in the various time-scales and grades sanctioned from time to time. The arrangements for the proper check and maintenance of these registers on some of the Railways; viz., B.B. & C.I., E.I. and M. & S.M. Railways, and on some of the Ex-State Railways were found to be far from satisfactory. Although the B.B. & C.I. Railway promised to introduce the cadre check atleast of gazetted staff from January, 1951, and the Railway Board issued instructions to the M. & S.M. Railway to introduce the Code procedure with effect from February, 1951, the two Railways have not so far taken any positive steps in this direction.
- (c) Under the rules, all objections raised by the Railway Accounts Offices, are required to be entered in the objectionable items Register and watched through the same, till they are cleared. The objectionable items Registers were either not maintained or not maintained properly, as required under the Code Rules, on some of the Railways viz., E.I., E.P., B.B. & C.I., B.N., Jodhpur, Scindia, Jaipur, N.S. and Saurashtra State Railways. In certain Divisions of the E.I. Railway, the entries in the registers were not attested by a Gazetted Officer, nor were the registers reviewed monthly by him. On the E.P. Railway, the amount of outstanding objectionable expenditure under 'Miscellaneous items' had increased during the year 1951 by about Rs. 10.59 lakhs. Of the total outstanding, no less than Rs. 15.17 lakhs represented provisional payments to staff as a result of implementation of the recommendations of the Central Pay Commission since 1948, which have not as yet been finalised by the Administration.

- (d) In one of the Divisions of the E.P. Railway, the works registers have not been maintained for temporary residential quarters and other works chargeable to Revenue, nor any completion reports for such works prepared, although the expenditure incurred thereon runs annually into several lakhs.
- (e) The prescribed rules and orders were not observed either partially or completely, on some of the Railways :—

Assam Railway.

In one of the Workshops, the time-sheets showing the wages earned by each workman during the wage period, as distributed over the different work orders on which he had been engaged during that period, were not prepared as required under the rules, with the result that the monthly reconciliation of Muster Rolls and the time-sheets was not carried out to see that the total wages of each workman, as ascertained from the time-sheets, tallied with the wages he had drawn on the paysheets.

The check of running allowances with the initial documents in the executive offices was done triennially instead of annually.

Cutch State Railway.

No internal check was exercised on the accounts of the Cutch State Railway during the year under review by the accounts office, after the taking over of the line from 1st April, 1950.

E.I. Railway.

The reconciliation between Muster Rolls and Time-Sheets required under the rules was not carried out in respect of one of the shops. There was also no arrangement in the Workshop Accounts Office for an independent reconciliation of the initial records of the Time Office, with those of the shops as prescribed under the rules. The Railway Board's sanction to this deviation from the Code Rules, which is stated to have been applied for by the Administration, is awaited.

O.T. Railway.

The check of running allowances of drivers and guards with reference to the initial documents in the executive offices continued to be exercised biennially instead of annually.

S.I. Railway.

Materials-at-site accounts for works were not maintained.

E.P. Railway.

Reconciliation of time-sheets with Muster Rolls was not done cent per cent, as required under the Code Rules. The comparison of the workshop issue notes prepared by the Workshop Stores Depot with the priced copies thereof received from the Stores Accounts Office with the Daily Summaries of issues was not done, as required under the Code Rules.

Scindia State Railway.

The priced ledgers were not reconciled with the Depot ledgers. The check of running allowance bills of drivers and guards with reference to the initial records in the executive offices was not done. The check of rates for pay drawn in the Muster Rolls with the service records of the Railway employees was also not conducted.

Jodhpur Railway.

Separate sets of journals and ledgers for Revenue and Capital Accounts were not maintained. Works Registers were also not maintained by the Executive and the Accounts Office in the form prescribed in the Code, with the result that no comparison of the estimated figures, in respect of quantities and rates, with actual expenditure was possible. The Capital and Revenue accounts of residential buildings were not prepared. Estimates relating to repairs and reconditioning of works amounting to more than Rs. 20,000/- were not verified by the Accounts Office before their sanction by the competent authority.

Saurashtra Railway.

No recovery of interest and maintenance charges in respect of a number of private and assisted sidings was made during the year 1950-51, even though the agreements with the firms provided recovery at 10 per cent. of Capital cost.

(iii) Certain important registers were not maintained on some of the Railways, as indicated against each :—

Assam Railway.—Registers of Land charges.

B.B. & C.I. Railway.—Register of serious irregularities and Register of Stock Adjustment Accounts.

Saurashtra Railway.—Register of direct purchase of Stationery, Stores-in-Transit Register, London Invoice Register, Stock Adjustment Account.

Jaipur State Railway.—Over-time Register, Register of Foreign Service Contribution.

Bikaner State Railway.—Priced Ledgers for the items of Stationery, Contractor's Ledger.

Scindia State Railway.—Budget Register, Register of limited currency sanctions.

(iv) The condition of the accounts of Provident Fund was far from satisfactory on B.N., G.I.P., E.I., Assam, E.P. and Mysore Railways. The Registers of Foreign Service Contribution were also not satisfactorily maintained on O.T. and E.I. Railways.

(v) The figures in the table below would indicate that the position in respect of the clearance of outstandings in the Station and Accounts Office Balance Sheets is not satisfactory on some of the Railways.

Railway	Amount outstanding at the end of October, 1951	
	Station Balance Sheets	Accounts Office Balance Sheets
	Rs.	Rs.
O. T. Railway	78·21 lakhs	99·00 lakhs
Assam Railway	29·43 lakhs	..
G. I. P. Railway	22·00 lakhs	70·00 lakhs
B. B. & C. I. Railway	69·39 lakhs	30·97 lakhs (on 31-3-51)

(vi) In spite of the special instructions issued by the Railway Board in July, 1950, that the accounts office should without delay make available to audit documents required for test audit purposes, the position had not improved on some of the Railways viz., B.B. & C.I., E.P., M. & S.M. and O.T. Railways. On the B.B. & C.I. Railway, 364 vouchers relating to the years 1947-48 to 1950-51 were not made available to Audit upto 31st December, 1951.

29. *Improvements, economies in expenditure and increase in revenue etc., introduced at the instance of audit during 1950-51.*

Some of the important improvements, economies in expenditure, and increases in revenue, introduced by the Railway Administrations as a result of the suggestions made by Audit, are stated below :—

1. *Improvements* :—

(i) The Heads of Departments on a Railway were authorised to issue provision cards to their staff for the drawal of their requirements from Railway Grainshops. The Audit suggestion that complete particulars of such provision cards as also of subsequent changes, etc., therein should be simultaneously advised to the Grainshops concerned to avoid unauthorised drawals was accepted.

(ii) A number of omissions to follow the Indian Government Railway procedure were set right on the Indian State Railways after integration.

2. *Economies* :—

- (a) Recurring Rs. 41,748/- per annum, and
- (b) Non-recurring Rs. 29,608/-.

Under (a) Recurring, Rs. 29,647/- were saved by reduction of staff, and Rs. 12,101/- on other small items below Rs. 5,000/- each.

Under (b) Non-recurring, Rs. 6,569/- were saved by reduction in the amount payable for a compensation claim, and Rs. 23,039/- on other small items below Rs. 5,000/- each.

3. *Increase in Revenue* :—

There was an increase in Railway revenues to the extent of Rs. 14,39,539/- per annum as under :—

	Rs.
(i) Cancellation of certain concessional rates for carriage of manganese ore traffic. (c.f. Para 11, Audit Report, Railways, 1952, Part I)	14,00,000
(ii) Revision of rent for Railway lands leased to certain bulk oil installations and for a bazar in a Railway colony ...	37,850
(iii) Small items below Rs. 5,000/- each ...	1,689

30. *Review of the state of accounts, and of the Audit and Accounts machinery, at the time of integration of the Railway Systems of the ex-Indian States with the Indian Government Railways, and the steps taken to improve the Audit and Accounts machinery* :—

The Railway systems of the undermentioned erstwhile Indian States or of States Unions were integrated with the Indian Government Railways, consequent on the constitutional changes and the federal financial integration of the states, with the Indian Union from 1st April, 1950.

Names of the Railways	Names of the Indian States/States Unions owning the Railways	Name of the Indian Government Railway with which now merged
1. Bikaner State Railway	Rajasthan ..	Northern Railway
2. Jodhpur State Railway	Do. ..	Northern Railway
3. Jaipur State Railway	Do. ..	Western Railway
4. Rajasthan State Railway	Do. ..	Do.
5. Saurashtra Railway	Saurashtra ..	Do.
6. Cutch State Railway	Cutch State ..	Do.
7. Nizam's State Railway	Hyderabad State ..	Central Railway
8. Dholpur State Railway	Rajasthan ..	Do.
9. Scindia State Railway	Madhya Bharat ..	Do.
10. Mysore State Railway	Mysore State ..	Southern Railway

2. Accounting and Audit Machinery—

The pre-integration machinery for Accounting and Audit varied on different Railways, as indicated below :—

- (a) As on the Indian Government Railways, accounting and audit functions were performed by separate organizations on the Nizam and Saurashtra Railways.
- (b) There was combined accounting and audit at Bikaner, Jodhpur, Jaipur, Rajasthan and Mysore Railways.
- (c) Accounting functions were performed by the Executive Officers of the Railways, and Audit functions, completely or partly, by independent authorities, on the Dholpur, Scindia and Cutch Railways.

3. System of Accounting—

Most of the Railways had adopted the main principles of Government accounting, though in detail they deviated considerably from those prescribed in the Indian Government Railway Codes (the checks prescribed in those Codes were, however, in very many cases, not in force). On the Scindia Railway, the accounts were maintained on the lines of a Civil Department of the State and not on commercial lines, and the correct financial position at a given date was not exhibited. On the Cutch Railway, the system of accounts was not on the lines of Indian Government Railways, due to its isolated position and small length (72 miles) (and certain records and suspense accounts were not maintained).

4. Appropriation Accounts and Audit Reports—

The Appropriation Accounts and the Audit Reports thereon, were not prepared on most of the Railways. On the Mysore Railway, however, both were prepared and reviewed by the Public Accounts Committee of the State. On the Nizam Railway the important results of audit were incorporated by the Controller-General of Audit and Accounts in his annual Audit Reports to the State Government.

5. State of Accounts—

(a) *Stores accounts.*—These were not properly maintained on Bikaner, Jaipur, Saurashtra, Scindia and Mysore Railways, nor were the stores priced ledgers reconciled, on any of these five Railways with the numerical ledgers or with the financial accounts or both. Stock verifications were not conducted on the Saurashtra and Scindia Railways. On the Mysore Railway, they were in arrears, while on the Bikaner Railway the reports of such verifications had not been disposed of for considerable periods. In the case of Saurashtra, Scindia and Jaipur Railways the irregular balances (minus balance, balance without quantity, quantity without balance etc.) had not been rectified. The pricing and revaluation of stores was either not done or was done incorrectly on the Scindia Railway, while on the Mysore Railway, no revaluation of Stores was done. Stores worth Rs. 1.80 lakhs on the Cutch Railway were not borne on Stores Suspense, as only numerical accounts thereof were maintained and their value could not be "proved".

(b) *Traffic accounts.*—The condition of these accounts was also not quite satisfactory, on the Saurashtra, and Scindia Railways. On the Scindia Railway the procedure for check was not intensive and complete. On the Jodhpur Railway, no machinery existed to watch and recover the station debits admitted by the staff. On the Saurashtra Railway, there were large differences between the financial accounts and the detailed books, in one case to the extent of Rs. 16.22 lakhs. On the Mysore and Saurashtra Railways balances were outstanding to the tune of Rs. 40.71 lakhs, and Rs. 26.46 lakhs respectively. No account of through Traffic with other Railways was maintained on the Cutch Railway. On the Mysore Railway, the check of handling and transshipment bills was in arrears for a number of years.

(c) *Debt, Deposit and Remittance Heads.*—There was a well devised classification of Debt, Deposit and Remittance heads on the Nizam, Dholpur and Mysore Railways. A review of all Suspense balances was also being carried out on Nizam and Dholpur Railways, while on the remaining Railways the position in respect of these matters was not satisfactory. On the Rajasthan Railway there were heavy outstandings under Suspense. On the Saurashtra Railway, debits and credits were not linked or were adjusted incorrectly, and the balances were not proved with the financial accounts. On the Saurashtra and Cutch Railways, records for certain suspense heads were either not maintained at all, or were not maintained properly.

(d) *General State of Accounts.*—The state of accounts on the whole was unsatisfactory, particularly on the Scindia Railway. Apart from the deficiencies relating to that Railway as already mentioned, the preparation of Capital and Revenue Accounts of expenditure and their submission had been withheld on this Railway for about three years prior to integration. Works Registers showing outlay on works were also not maintained. There was no regular or surprise check on the cash balance held by the Cashier, the cash book and remittances. The check of Establishment bills was also perfunctory.

6. Steps taken to improve the accounting and audit machinery—

(a) No serious difficulty was experienced in recasting the "initial" accounts and forms, and in the transliteration of records from the various Indian languages into English. The old forms in use on the Saurashtra Railway, however, were continued even after integration, but steps have already been taken to adopt the standard forms in use on the Indian Government Railways. On all the Railways, the accounts Offices maintained their records in English.

(b) *Accounts.*—The separated system of Audit and Accounts, followed on the Indian Government Railways, was adopted in all respects after integration except in the case of the Cutch and Dholpur Railways, where the pre-integration procedure was

continued even after integration. The accounts of the Scindia Railway, were placed on a more satisfactory footing during 1950-51, although the procedure for internal check, as on Indian Government Railways, could not be adopted fully within the short space of time. With the regrouping of Indian Railways, all these ex-State Railways were merged with one or the other of the regrouped Indian Government Railways and have since ceased to function as independent units, including their accounts and audit organizations.

(c) *Audit*.—Side by side with the re-organization of the Accounts offices, independent statutory Railway Audit offices were also organized on all these Railways, under the control of the Comptroller and Auditor-General of India, from 1st April, 1950, (from 1st July, 1950, in the case of Rajasthan, Jaipur, Jodhpur and Bikaner Railways) to audit the transactions on the same lines as are prescribed for the Indian Government Railways. As the bulk of the audit staff, taken over on integration, were inexperienced and unqualified men, steps were taken to the maximum extent possible to depute experienced and qualified Auditors from the other Indian Government Railway Audit Offices, to ensure better efficiency in audit work.

Test-audit of the transactions of these Railways was introduced on the lines of the Indian Railways, with the result that the various lapses and defects in the procedure of accounting and of internal check, including deviations from the procedure and standard forms prescribed in the State Railway Codes, have been clearly brought to notice and are being steadily removed.

31. *Refusal to accord ex-post-facto sanctions.*

In the following cases the Railway Board refused to accord *ex-post-facto* sanctions to regularise the transactions :—

(A) *G.I.P. Railway—Irregular drawal of station earnings :—*

The appropriation of departmental receipts to meet departmental expenditure is strictly limited to certain specified classes of expenditure, approved by the President. It was noticed in Audit that contrary to these orders, the Railway Administration was utilising the station earnings for the payment of law charges and other connected expenses. The irregular practice followed on that Railway was, accordingly, taken up with the Administration which was also asked in June, 1948, to place all such expenditure under objection pending regularisation by the competent authority. As a result of audit objection, the irregular practice was stopped from 1st June, 1950, and the Administration approached the Railway Board for a regularisation of the payments made prior to that date. The Railway Board were not satisfied with the justification given by the Administration in support of their action and in May, 1952, decided not to accord *ex-post-facto* sanction to the irregular utilisation of station earnings prior to 1st June, 1950. The question of disciplinary action against the officials responsible for the irregularity was

examined by the Administration, but in view of the fact that the practice of paying the law charges etc., from the station earnings was in vogue on the railway for over 30 years and that no records were available to show when exactly the practice originated, it has not been possible to fix responsibility on any individual for the irregularity.

(B) *G.I.P. Railway—Irregular payment of advances to staff not eligible under the rules :—*

It was noticed by the Accounts Department during the local inspection made in 1950 of an office of the District Controller of Stores that the officer had irregularly paid advances of travelling allowances to some of his temporary employees not eligible for the same. The advances were subsequently adjusted against the travelling allowance bills of the staff concerned. As these payments were not covered by the rules on the subject, the Railway Administration approached the Railway Board in August, 1951, to communicate *ex-post-facto* sanction of the President to regularise the payments already made. In December, 1951, the Railway Board refused to accord the necessary sanction but asked the Administration to fix responsibility for irregular payments and take suitable disciplinary action against the staff responsible. The Railway Administration have explained that this technical irregularity occurred through inadvertence from 1945 to October, 1950, and it has not been possible to fix responsibility on any individual at this distant date.

32. Points outstanding from previous Reports.

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

(A) *Railway Audit Report, 1950—*

(i) *Paragraph 28—East Indian and Bengal Nagpur Railways—Remission of outstanding demurrage charges.*

The application of the revised demurrage rules in regard to detention of wagons on sidings belonging to one of the concerns is still under investigation by the Administration.

(ii) *Paragraph 32—East Indian Railway—Hiring of a portion of the Esplanade Mansions, Calcutta, for the Public Relations and Publicity offices.*

The execution of the lease for the premises has not been finalised yet, although it is about 7 years since the premises were taken over by the Administration.

(iii) *Paragraph 33(A)—Petty frauds and misappropriations—Defalcation of cash in the Oudh Tirhut Railway cash office.*

Disciplinary action against the staff found guilty is not yet complete. The fraud was detected as early as 1948.

✓ Mr. James refused sanction
whenever opportunity

(B) *Railway Audit Report, 1951.*

(i) *Para 30—Controller of Coal Accounts—Shortage of stores in Colliery Stores Depot.*

The net loss of Rs. 12,340/- referred to in sub-para 2 of the above-mentioned para has not yet been written off.

(ii) *Para 42—Inadequacy of rent realised for railway quarters.*

Sub-para 2 of the above-mentioned paragraph of the Report stated :

“A review of these accounts—*proforma* Capital and Revenue accounts of residential buildings—for the years 1947-48 to 1949-50 has disclosed that, with a few exceptions, the return falls short of 4 per cent. for certain classes of quarters. The *proforma* accounts for the year 1949-50 have not yet been prepared on the E.P., B.B. & C.I. and G.I.P. Railways, though the financial accounts were closed long ago. The Assam Railway has not prepared the accounts since partition”.

The present position is that the accounts have since been compiled on all the above Railways except the Assam Railway where the *proforma* Capital and Revenue accounts of residential buildings for the years 1948-49 and thereafter have not yet been prepared by the Administration. The Railway Board had accorded their approval to the non-submission of these accounts for the year 1947-48.

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

SIMLA,

The 26th August, 1953.

R. C. KHANNA,
Director of Railway Audit.

Countersigned.

NEW DELHI,

The.....1953.

2 SEP 1953

V. NARAHARI RAO,
Comptroller and Auditor General of India.

The first part of the document discusses the general principles of the proposed system. It is intended to provide a clear and concise summary of the main points. The following sections will describe the various components and their functions in detail.

The second part of the document details the specific implementation of the system. This includes a description of the hardware and software requirements, as well as the procedures for installation and operation. It is important to note that the system is designed to be flexible and adaptable to a wide range of applications.

The third part of the document provides a comprehensive overview of the system's performance and reliability. This includes a discussion of the various tests that have been conducted and the results of those tests. It is clear that the system is capable of operating under a wide range of conditions and is highly reliable.

The fourth part of the document discusses the future plans for the system. This includes a description of the various improvements that are being planned and the timeline for their implementation. It is expected that the system will continue to evolve and improve over time.

In conclusion, the proposed system is a highly advanced and reliable solution for a wide range of applications. It is designed to be easy to use and maintain, and is capable of operating under a wide range of conditions. It is hoped that this document will provide a clear and concise summary of the main points of the system and its implementation.