

**PUBLIC ACCOUNTS COMMITTEE
1962-63**

**FIRST REPORT
(THIRD LOK SABHA)**

**[Appropriation Accounts (Railways), 1950-61 and
Audit Report (Railways), 1962]**

VOL. I—REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

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**Other Appendices referred to in the body of the Report are being printed separately as Volume II.

**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(1962-63)**

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Shri Mahavir Tyagi

MEMBERS

2. Shri S. C. Balakrishnan
3. Shri Bhakt Darshan
4. Shri Gajraj Singh Rao
5. Shri Hem Raj
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20. Shri Lalji Pendse
21. Shri Rajeshwar Prasad Narain Sinha
22. Shri Jai Narain Vyas.

SECRETARIAT

Shri H. N. Trivedi—Deputy Secretary.

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee do present on their behalf, this First Report on the Appropriation Accounts (Railways), 1960-61 and Audit Report (Railways), 1962.

2. The Appropriation Accounts (Railways), 1960-61 together with the Audit Report thereon were laid on the Table of the House on the 20th March, 1962. The Committee examined them at their sittings held on the 13th, 16th, 17th and 18th July, 1962. A brief record of the proceedings of each sitting of the Committee has been maintained and forms part of the Report (Part II).

3. The Committee considered and finalised this Report at their sittings held on the 27th and 28th September, 1962.

4. A statement showing the summary of the principal conclusions/ recommendations of the Committee is appended to the Report (Appendix I). For facility of reference these have been printed in thick type in the body of the Report.

5. The Committee also considered the Statement showing action taken or proposed to be taken pursuant to the recommendations of the Committee made in their earlier Reports relating to Railway Accounts. The Statement as approved by the Committee has been appended to this Report (Appendix II—Vol. II).

6. The Committee are glad to note that this time the Ministry of Railways have promptly furnished notes showing 'action taken' or proposed to be taken on all the outstanding recommendations of the Committee. They have also furnished with equal promptitude notes on all other points on which the Committee desired to have information at their sittings held in July, 1962. While appreciating this welcome feature, the Committee hope that the example of the Railway Ministry will be emulated by other Ministries also.

7. The Committee place on record their appreciation of the assistance rendered to them in the examination of these Accounts by the Comptroller and Auditor General of India.

(iv)

They would also like to express their thanks to the Chairman and Members of the Railway Board for the co-operation in giving detailed information asked for by the Committee during the course of their evidence.

MAHAVIR TYAGI,

NEW DELHI;

September 30, 1962.

Asvina 8, 1884 (Saka).

Chairman,

Public Accounts Committee..

General Review of the Financial Working of Railways during 1960-61

Receipts.—The gross traffic receipts during the year amounted to Rs. 456.80 crores against the budget estimate of Rs. 464.50 crores. There was thus a decrease of Rs. 7.70 crores.

Working Expenses.—The working expenses including appropriation to Depreciation Reserve Fund and payments to worked lines amounted to Rs. 358.24 crores which involved a saving from the budget of Rs. 13.74 crores.

Depreciation Reserve Fund.—The appropriation to Depreciation Reserve Fund during the year, as in the previous year, was maintained at Rs. 45 crores.

Development Fund.—At the time of budget, a surplus of Rs. 18.43 crores was anticipated and as in the previous year it was proposed to be taken wholly as credit to the Development Fund. The actual surplus at the close of the year amounted to Rs. 32.01 crores and this amount was appropriated wholly to the Fund.

Operating Ratio.—The operating ratio, that is, the percentage of actual working expenses to gross earnings for the year 1960-61, was 78.75 against 79.54 for the previous year.

Budgeting and Control over Expenditure

Unnecessary Supplementary Grants/Appropriations—para 4 of Audit Report:

2. In the following cases funds obtained through Supplementary Grants/Appropriations proved to be unnecessary or largely in excess of requirements:—

No. and name of the grant/appropriation I	Original grant/ appropriation 2	Supplementary grant/ appropriation (amount and month in which obtained) 3	Amount surrendered in March, 1961 4	Final savings 5
(Amount in lakhs of rupees)				
A—Grants:				
(a) Entirely unnecessary (in 4 out of 9 cases)—				
7-Revenue-Miscellaneous Expenditure	1,87.48	.60 (December, 1960) 3.38 (March, 1961)	63	14.42
15-Construction of New Lines	54,76.09	30.00 (September, 1960)	8,86.50	10,30.08
18-Open Line Works-Development Fund	25,00.00	4,10.12 (March, 1961)	4,69.94	5,78.60
(b) Partially unnecessary (in 5 out of 9 cases)—				
7-Revenue-Working Expenses-Operation (Fuel)	68,07.78	4,26.41 (March, 1961)	27.93	18.01
8-Revenue-Working Expenses-Operation other than staff and fuel	23,70.78	79.68 (March, 1961)	3.19	51.96
13-Open Line Works-Revenue-Labour Welfare	1,64.18	46.05 (March, 1961)	8.41	30.74
16-Open Line Works-Additions	2,64,18.12	33,00.18 (March, 1961)	22,82.36	32,94.80
17-Open Line Works-Replacements	92,30.61	9,09.24 (March, 1961)	4,76.30	6,04.32

1	2	3	4	5
B. Charged Appropriations: <i>Partially unnecessary—</i>				
8. Revenue-Working Expenses-Operation other than staff and fuel	63.55	19.88 (March, 1961)	7.01	7.87

An unfortunate feature of the above statement is that the Supplementary Grants were mostly obtained in the very month (March, 1961) in which large surrenders were made from the same grants.

3. In evidence, it was admitted that there had been certain lapses on the part of Railway Administration, such as non-maintenance of Liability Registers, miscalculation of anticipated expenditure and wrong assessment of the overall position of the Grants which resulted in the supplementary funds proving unnecessary. The Committee have on more than one occasion impressed upon the Ministry the need for proper maintenance of Liability Registers to help them keep a watch over the progress of expenditure. While commenting on similar lapses, the Committee for the year 1959-60 had observed in para 4 of 21st Report that mere issue of instructions will have no meaning unless disregard thereof was dealt with suitably. The Committee regret to observe that despite their repeated recommendations, and despite the assurances given to them by the Railway Board the position regarding maintenance of Liability Registers still remains unsatisfactory. They trust that the Ministry will now take a serious note of these lapses and tighten up their accounting set-up.

4. The Committee also got a feeling that the cases cited in the Audit Paragraph indicated, besides individual lapses certain defects in the extant procedure for the revision of budget estimates. The Financial Commissioner, however, observed that special steps were being taken to train the officials at different levels in financial matters and it was hoped that it would improve the position. While proper training of personnel is of prime importance, the Committee nevertheless feel that the Ministry of Railways should, in consultation with the Ministry of Finance and their own Accounts Department, further examine whether any improvements could be effected in the extant procedure to obviate the recurrence of cases wherein Supplementary funds are asked for and surrenders made simultaneously within the same grants.

Savings in Grants and Appropriations—Para 6:

5. Savings occurred under 18 grants and 5 appropriations during the year as against 16 grants and 2 appropriations during 1959-60.

The amount of total savings during 1960-61 was Rs. 76.34 crores, as against Rs. 57.10 crores during the previous year.

The Ministry of Railways anticipated an aggregate probable saving of Rs. 25.05 crores under grants No. 15, 16, 17 and 18, and reduced the original grants to that extent. Actually, however, there were savings to the extent of Rs. 55.08 crores under these grants. The Committee hope that such large savings which are indicative of inadequate control over expenditure will be avoided in future.

6. In this connection, the Committee endorse the suggestion of the Comptroller and Auditor General, that on the basis of past experience, probable savings (unutilised amounts) should be assessed at a much larger figure, which would be more in conformity with actual performance.

7. The Committee would like to draw special attention to the persistent shortfalls against Grant No. 15-Construction of New Lines as indicated by the following table:

	(In thousands of rupees)				Percentage variation from	
	Budget Estimates	Final Appropriation	Final Appropriation less surrenders or withdrawals	Actual expenditure	Budget	Final Appropriation less surrenders or withdrawals
1958-59	25,39,39	25,40,97	19,53,57	19,33,98	-23.8	-1.0
1959-60	45,09,38	45,27,38	28,25,30	27,48,43	-30.5	-2.7
1960-61	54,76,09	55,09,23	46,22,73	44,80,85	-18.2	-3.1

This grant deals with expenditure on construction of new Lines and restoration of dismantled lines chargeable to Capital and Depreciation Reserve Fund. The savings that have occurred during the year 1960-61 have been attributed chiefly to non-receipt in requisite quantity, of certain types of materials such as imported steel, rails, sleepers, cement and T.C.M. aid materials, post-budget rephasing of works, changes in plans designs, delayed finalisation of contracts etc., debits for supply of materials not received to the extent expected, slower progress in the acquisition of land and aggregate of other minor variations. Be as it may, the persistent shortfall occurring under this grant year after year is indicative of the fact that the construction of new lines on the Railways is not proceeding according to the schedule. Since the construction of new lines is sanctioned only in special cases of urgent necessity because of high cost involved, delay in construction of new lines is bound to have adverse effect on the economic development of the country. The Committee

would, therefore, like to emphasise that the Railway Ministry should so gear up their machinery as to ensure that the construction of new lines does not fall behind the schedule.

8. The total savings under grants and appropriations in respect of expenditure met from revenue, also showed a substantial increase, as compared to the previous years, the savings during 1960-61 being Rs. 20.96 crores as against Rs. 9.78 crores during 1959-60.

9. In the course of evidence, the Financial Commissioner admitted that they had not been able to assess properly and make allowance for probable savings occurring under Grant Nos. 16 and 17 pertaining to open line works. He promised to furnish a note giving detailed break-up together with reasons for the savings aggregating to Rs. 55.08 crores with explanatory remarks. This note has been furnished. (Appendix III). The Committee hope that with the implementation of their suggestions made in the preceding paragraphs relating to Supplementary Grants the recurrence of heavy shortfalls in expenditure year after year will be checked. In this connection they further endorse the views of the Comptroller and Auditor-General that keeping in view the extent of savings occurring every year the Ministry of Railways should resort to the practice of obtaining "token Grants" for new schemes from Parliament on a larger scale.

Excess over voted Grants and charged Appropriations—Paras 7 & 8:

10. In the following cases there was excess expenditure over the Voted Grants and Charged Appropriations:—

	(Figures in units of rupees)			
	Grant/ Appropriation	Expenditure	Excess	Per- centage of excess
A. Grant—				
20-Revenue-Appropriation to Development Fund	18,42,98,000	32,01,43,160	13,58,90,160	73.75
B. Charged Appropriations—				
2-Revenue-Miscellaneous Expenditure—				
Original	3,00,000			
Supplementary	2,000	3,02,497		4.97
Final	3,02,000			0.16
15-Construction of New Lines—				
Original				
Supplementary	3,14,000	4,83,525	1,69,325	
18-Open Line Works-Development Fund	..	28,570	28,570	...

In addition, in the following cases Charged expenditure in satisfaction of court decrees was accounted for as Voted. Since no provision was made for Charged expenditure under these appropriations, the amounts required regularisation under Article 115 of the Constitution.

S. No.	Railway	Grant under which accounted for	Amount of charged expenditure
1	Western	5-Revenue-Working Expenses-Repairs and Maintenance	14,257
2	Western]	13-Open Line Works-Revenue -Labour Welfare	6,146
3	Western]	14-Open Line Works-Revenue-Other than Labour Welfare	1,388

11. The detailed reasons for the excesses under each Grant/Appropriation have been set forth in the notes (Appendix IV) submitted to the Committee by the Ministry of Railways (Railway Board). In the case of excess of Rs. 1,69,525 occurring under Charged Appropriation No. 15—Construction of new Lines—it has been stated that the excess was due to more debits passed on by the civil authorities on account of compensation due to land acquisition cases decreed by the Courts than originally advised by them. The State revenue authorities advised the Southern Railway of the additional requirements on 9th February, 1961 and the Railway Board was informed of this only on the 18th February, 1961 by which time the supplementary demand had already been presented to Parliament (on 15th February, 1961). The Committee feel that with a little more vigilance on the part of the Southern Railway Administration, the amount could have been included in the supplementary demand and the excess could have been avoided.

12. The Committee recommend that the excesses mentioned in para 10 be regularised by Parliament in the manner prescribed in Article 115 of the Constitution.

Investments in private Companies and State Corporations—Para 9:

13. (a) Loans aggregating Rs. 389.96 lakhs were granted by the Government of India to the Bombay State Road Transport Corporation during the period 1953 to 1957. The Railway's contribution towards the loan amounted to Rs. 129.99 lakhs. In 1958 the loans were converted, with retrospective effect, into fully paid redeemable preference shares bearing a dividend of 4½ per cent. Consequent on the reorganisation of the States part of the investment (Rs. 3.23 lakhs)

7

was transferred to the Rajasthan State Roadways. As pointed out by Audit the recovery of dividends on the investments was very much in arrears. A sum of Rs. 22.69 lakhs representing dividends from various dates on which the different loans were drawn or deemed to have been drawn upto March, 1961 was due from the Bombay State Road Transport Corporation, and a sum of Rs. 0.62 lakhs for the period January, 1957 to March, 1961 was due from the Rajasthan Roadways.

(b) The market value of the shares held by the Railways in some of the branch line Railway companies had been persistently going down. Shares of the face value of Rs. 13.73 lakhs in the five companies listed in the para in the Audit Report were worth only Rs. 4.29 lakhs in the market as on 31st March 1961, that is, less than 32 per cent of their face value.

14. In evidence, the Committee were informed that the recoveries of dividends referred to in para (a) above had remained outstanding due to the changes in the administrative set up resulting from the reorganisation and bifurcation of States. While the Maharashtra State Road Transport Corporation had paid its share of the dues, efforts were being made to recover the balance from the Rajasthan and Mysore State Transport Authorities. At the instance of the Committee, the latest position in this regard has been communicated by the Ministry of Railways. (Appendix V).

15. With regard to the depreciation in the face value of shares of branch line Railway companies which were running at loss year after year, the Committee inquired whether it would not be advisable to take them over completely instead of paying subsidies year after year. It was urged in evidence that it would not be economical to do so for the following reasons:

- (i) The Indian Railways will be required to pay a dividend to General Revenues in respect of the capital (about Rs. 5 crores) of these lines,
- (ii) The working expenses will increase as the staff employed on these Railways will be brought on to uniform scales of pay admissible to Government employees, and
- (iii) Government will lose income tax which it was collecting from the private companies.

The Committee are not quite convinced with this explanation. They recommend that the re'ative economics of the owning and working of these Railway lines and the payment of annual subsidies

should be examined. Besides purely commercial considerations, factors like efficient management and better public service should also be taken into account in reaching a final decision on this question. The Committee would like the Ministry to examine all the aspects of the question well in time before the agreements with these Railway companies come up for review.

Suspense balance—Para 10:

16. The position regarding heavy amounts lying under 'suspense' and awaiting clearance was dealt with by the Public Accounts Committee (1961-62) in paras 12-14 of their 40th Report. It was then reported to the Committee that an *ad hoc* adjustment was contemplated in respect of certain very old items amounting to Rs. 4.56 crores of credits and Rs. 3.00 crores of debits for the period upto 1952-53 under the Suspense heads 'Purchases' as no verification was possible due to non-availability of the connected vouchers and other records as well as incomplete or incorrect particulars recorded in the purchase registers. This adjustment had been made in the accounts for 1960-61. The para in the Audit Report cited further instances where *ad hoc* adjustments had been necessitated under similar circumstances.

17. It was urged in evidence before the Committee that the *ad hoc* adjustments had been necessitated owing to clerical lapses in posting the relevant registers and connecting the corresponding entries, regarding receipt of stores and payments made. It was added that certain test checks had been carried out which indicated that there was no loss involved in these transactions. The Committee view with disfavour such *ad hoc* adjustments which are against the basic principles of financial control. As the continuance of heavy amounts remaining under 'suspense' is fraught with the risk of losses occurring through overpayments to suppliers and losses of stores, the Committee urge that serious attention should be paid by the Railway Board to this problem.

18. The balances outstanding under suspense at the end of 1960-61 are given below in juxtaposition with those at the end of 1958-59 and 1959-60:

(In lakhs of Rupees)

	Balances outstanding on		
	31-3-59	31-3-60	31-3-61
1	2	3	4
.	.	.	.

Miscellaneous Advances-Revenue.

Credits	:	:	:	:	:	1.29	1.25	82
Debits	:	:	:	:	:	10.11	9.73	8.66

	1	2	3	4
Miscellaneous Advances-Capital				
Credits		1,46	1,80	3,88
Debits		15,29	19,26	13,49
Purchases				
Credits		42,41	40,81	36,84
Debits		52,11	45,14	40,75
Total				
Credits		45,16	43,86	41,54
Debits		77,51	74,13	62,90

The above figures no doubt indicate that there has been some improvement in the position as on 31st March 1961 as compared to the previous two years. All the same the balances outstanding under 'suspense' as on 31st March 1961 are Rs. 41.54 crores 'credit' and Rs. 62.90 crores 'debit'. Some of the items awaiting adjustment are for want of acceptance by parties concerned, for want of adequate particulars and correct allocation, for want of relevant vouchers etc. These may be regarded as items awaiting accounting adjustments. There are, however, certain items awaiting adjustment such as cost of missing coal wagons, advances for purchase of foodgrains, value of materials issued to contractors etc. These are the items which may lead to financial loss and therefore they need special attention. At the instance of the Committee, the Railway Ministry have furnished the break-down of the items in suspense balances mentioned in para 10 of Audit Report, which could lead to financial losses. This break-down is given in Appendix VI. In order to reduce the possibility of any financial loss special steps are necessary to reduce substantially the balances under suspense. The Committee were informed that with further training of the Accounts staff and intensification of supervision by senior officers, the position would improve. **The Committee are of the view that there is an urgent necessity of devising adequate machinery for firmly tackling this chronic problem and they feel that some serious rethinking is necessary on the subject in consultation with the experienced officers of the Stores and Accounts Departments.**

19. The Committee were given to understand by the Chairman of the P. & T. Board, that they were considering the appointment of a departmental committee to tackle the question of Suspense balances on their side. **The Railway Board may also consider whether appointment of a similar Departmental Committee would be of advantage in tackling this chronic problem.**

III

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

CONTRACTS AND AGREEMENTS

North-east Frontier Railway—Delay in fixing the rates for handling work—Para 12:

20. The work of unloading and reloading of wagons subjected to land customs check at Gitaldah was entrusted to the Station Master in July, 1955, at Rs. 2-4-0 per wagon. On receipt of a complaint that the wagons were rarely opened and the Customs authorities conducted only a visual examination, an *ad hoc* Committee was appointed in January, 1956, to investigate the matter. The Station Master was informed on the 13th February, 1956 that the rate of Rs. 2-4-0 per wagon was 'under scrutiny and may have to be revised if necessary, with retrospective effect'. The Committee observed that all wagons were not required to be fully unloaded for customs check and it recommended different rates for the handling of each type of goods. On the basis of this report, rates ranging from -/12/- to Rs. 1-4-0 per wagon, for different commodities, were fixed on the 27th April, 1957, with retrospective effect from 1955.

The Station Master who was required in January, 1959, to refund a sum of Rs. 42,313 over-paid during July, 1955 to December, 1956, refused to do so on the ground that the Administration's letter of the 13th February, 1956, did not stipulate that in the event of fixation of lower rates, he would have to refund the difference. Later, the amount recoverable from February, 1956 was assessed to be Rs. 26,138 but the Station Master refused to pay even this amount. The legal opinion was that no recovery could be made from the Station Master.

21. The Committee were informed in evidence that in the beginning for about two months (May to July, 1955) the work of unloading and reloading of wagons was got done through casual labour. Thereafter, the Deputy Chief Commercial Superintendent entrusted the work to the Station Master on *ad hoc* basis at a rate of Rs. 2/4/- per wagon which was admissible for checking seal-deficient wagons. It was admitted that no assessment was made of the quantum of work involved nor were any tenders called for. At the instance of

the Committee, the Ministry of Railways submitted a note (Appendix VII) showing the expenditure incurred on casual labour and the number of wagons handled during the period from 2nd May to 11th July, 1955. It appears from the note that the casual labour were paid at a rate of Rs. 1/10/- per head per day and the average per wagon worked out to Rs. 1.17nP. as against Rs. 2/4/- paid to the Station Master. Even allowing that the lower rate was paid to the casual labour for a short period, the Committee find no justification for fixing a rate for the Station Master which is almost double the rate paid in the same month (July) to casual labour. It is also surprising that no detailed records of the quantum of check actually exercised in respect of the several wagons checked by Customs are available. As regards the time (13 months) taken by the Administration in revising the rates it was stated in evidence that responsibility had been fixed and action was being taken against the delinquent officials. The Committee may be informed of the final action. Further, in the opinion of the Committee, the awarding of the work to the Station Master without proper assessment of its nature and at a rate which subsequently proved to be excessive was a serious lapse which should also be looked into and responsibility fixed therefor. The action of the Station Master in claiming payment in respect of wagons on which no labour was involved is also questionable.

22. Apart from the facts of this case, the Committee also questioned the principle of entrusting such works by the Administration to Railway Staff. It was explained in evidence that the practice of getting such works done by Station Masters on a contract basis dated back to the period when the Railways were owned by private companies. However, this practice of appointing Station Masters as contractors was being gradually given up. It was limited to small roadside stations where due to meagre traffic required to be handled, contractors were not forthcoming. It was, however, pleaded that—

“the entrusting of this work to station masters had an inherent advantage which is much more material and profitable to the railways in that the station masters were responsible for the quick release of wagons. If he was also responsible for loading and unloading it will help the railways to get a better turn round of the wagons.”

The Committee are not convinced of this argument. If it was the duty of the station master to ensure quick release of wagons he needed no incentives for that work. The Railway Administration could very well safeguard against the detention of wagons by incor-

porating suitable clauses in the agreements with the contractors requiring them to pay damages for avoidable delays. The Committee, therefore, suggest that the Railway Board should examine the question in the light of their above observations.

Northern Railway—Loss due to incorrect evaluation of tenders for a goods handling contract—para 13:

23. A contract for the handling of goods at Lucknow transhipment station was awarded to a contractor on the 1st December, 1959. The rates quoted by him were adjudged to be the lowest despite the fact that for one item (where the quantum of work was omitted to be indicated in the schedule to the tender notice) he had quoted a rate of Rs. 75-0-0 per wagon as against the rate of Rs. 6-75 nP. and Rs. 8-0-0 quoted by the other two tenderers. The contractor who had knowledge of the work involved by virtue of his having held the contract in the past evidently took advantage of this lacuna and quoted an abnormally high rate. The matter was gone into, on receipt of an anonymous complaint in June, 1960, and the Railway Administration withdrew this item of work from the contractor. The work was entrusted to another contractor at Rs. 6-50 nP. per wagon. The contract was ultimately terminated in November, 1960.

An Enquiry Committee set up in July, 1960, to investigate the matter, reported in September, 1961, that the Chief Clerk (Commercial) and the Divisional Commercial Superintendent were responsible for the excess payment of Rs. 24,510 up to August, 1960, representing the difference between the rates paid and those quoted by the next higher tenderer.

24. In evidence, the Committee were informed of the action taken against the officials held responsible by the Enquiry Committee. The increments of the Chief clerk and the clerk concerned had been stopped with recurring effect and the displeasure of the Railway Board had been communicated to the Divisional Commercial Superintendent. The Ministry of Railways have furnished at the instance of the Committee a note regarding fixation of responsibility for failure to examine the tender documents properly and the action taken against various officials. (Appendix VIII). The Committee feel that the punishment awarded to the superior officer was not commensurate with his responsibility.

Apart from the initial mistake of omission of quantum of work in the schedule to the tender documents, the failure on the part of officials to detect the abnormally high rates before accepting the offer was a serious mistake, which deserves further examination. The Committee feel that responsibility should be fixed for this lapse also.

25. Another noticeable feature of the case was the time (15 months) taken by the Enquiry Committee to investigate the matter. The Committee desire that the reasons for this abnormal delay should be examined.

26. As regards the contractor, the Committee were informed in evidence that efforts were being made to recover the overpayment. The contractor was reported to be willing to refund the amount provided he was not considered to have adopted fraudulent means in quoting high rates. The Committee would like to be informed of the final outcome of this case.

Southern Railway—Contract for handling sea-borne coal at Cuddalore Port—Para 14:

27. A contract was entered into with a firm for handling coal received at Cuddalore Port during 1960-61. Under the agreement the contractor was required to land certain prescribed minimum quantities of coal each day, failing which the Railway was entitled to make alternative arrangements at the risk and expense of the contractor.

During the period from May, 1960 to August, 1960 though the contractor was repeatedly called upon to improve his outturn, there was no improvement. Complaints were received from shipping companies and the Director General, Shipping about the poor performance of the contractor which caused detention to ships.

As the contractor's performance continued to be unsatisfactory, the coal vessels were diverted to Madras, Tuticorin and Cochin from October, 1960 onwards. This diversion resulted in an extra expenditure of about Rs. 5 lakhs—as estimated by Audit—on port and freight charges on coal which had again to be carried by rail to areas nearby Cuddalore.

28. In extenuation it was urged before the Committee during evidence that hitherto, one firm had almost monopolised the handling work at the Port. As the firm continued to enhance the rates the Railway Administration was anxious to break its monopoly. The case cited in the Audit para was thus an attempt made by the Administration in that direction, but the contractor was not able to cope with the work on account of the influence wielded by the rival firm at the Port. While the Committee appreciate the intention behind the transaction they nevertheless feel that the action of the Railway Administration in awarding the contract to a party without proper investigation of its capacity to do the work lacked forethought and planning. It is regrettable that even after the inability of the firm to fulfil the contract became known the Railway Administration

did not make suitable alternative arrangements at the Port. The plea advanced by the Railway that the only alternative arrangement would have meant giving contract back to the firm whose monopoly they wanted to break is not convincing as in the subsequent years, the Committee learn, the work has been given to an associate of the same firm. Another interesting feature of the case is that there was no appreciable difference in the rates quoted by the new firm which failed, as compared to the rates of the old firm whose monopoly was sought to be broken. After the failure of this experiment, the contract had to be awarded to another firm which was an associate of the old firm at a rate higher than the original. It is also not understandable how the contractor's plea that he was not able to do the work owing to the influence of the rival firm at the Port was taken as sufficient justification for exonerating him from liabilities under the contract. The Committee desire that the failure on the part of the Railway Administration to proceed against the contractor should be further examined.

ENGINEERING WORKS

Southern Railway—Infructuous expenditure on the construction of catch sidings—Para 15:

29. In March, 1955, the Railway Administration decided to provide catch sidings at 63 stations in pursuance of the recommendation by the Government Inspector of Railways in 1952 that, at stations with long and steep gradients falling towards them in either direction, catch sidings should be provided. The necessity for the provision of such sidings was considered by a Committee in the Railway Board and, in July, 1958, comments of all Railway Administrations were called for on the note prepared by this Committee. Meanwhile, without waiting for a final decision of the Board, the Administration informed them in May, 1959 that catch sidings estimated to cost about Rs. 1 lakh each were proposed to be provided at 390 stations (including the 63 stations mentioned above). The Board were further informed in April, 1960, that work at 3 sidings was already in progress and that estimates for 30 others had been sanctioned during 1959-60.

It was not before October, 1960 that the Railway Board advised the Administration, during discussion, that the provision of catch sidings should be deferred till the necessity for them had been reviewed. The formal orders were issued only in March, 1961, that pending final decision the sidings should be provided only at stations where they were considered absolutely essential in the interests of safety.

As a result of the review carried out by the Railway Administration on the basis of these orders, the Administration put out of action 8 of the 9 sidings already completed. About Rs. 6 lakhs had been spent on the construction and dismantlement of these 8 sidings. The infructuous expenditure after setting off the value of released material in respect of these sidings was estimated at Rs. 94,000/- The infructuous expenditure on other sidings which had been taken up but were later abandoned while in progress had not been assessed.

30. In evidence the Committee were informed that as the question of safety *vis-a-vis* availability of funds was involved the Railway Board was hesitant to give a final decision in the matter. In addition to the financial considerations, there was another important factor, namely detention of trains at the catch sidings which had to be taken into account. It was only after the Railway Board gained experience of the working of the sidings constructed by the Southern Railway that they were able to issue instructions in the matter. Even these instructions, according to the Chairman, Railway Board, were not conclusive and contained so many 'provisos', 'if's' and 'but's'. Finally it had been left to the discretion and judgement of the Railway Administration to examine each case on its merits.

31. The Committee are not satisfied with this explanation. They feel concerned to note that the Railway Board, the highest authority on the Railways for taking policy decisions, had hesitated in taking a decision in this matter for nine years. The fact that the question of safety was involved, makes it all the more necessary that an early decision ought to have been taken. What struck the Committee in this case was the failure on the part of the Railway Board in guiding the Railway Administration properly when it had informed them in May, 1959, of the proposed construction of catch sidings at 390 stations. It was urged in evidence that the Ministry of Railways had no experience of the working of these sidings and it was only after they had seen the working of the nine catch sidings that they were able to come to a decision in the matter. The construction of the sidings, therefore, was on an experimental measure, which helped the officers concerned, Engineers and the Research and Design Organisation, to come to conclusions. The Committee can hardly accept this plea as they find from the Audit Report that in October, 1960, the Railway Board advised the Administration, during discussion, that the provision of catch sidings should be deferred till the necessity for them had been reviewed. Subsequently, in March, 1961, these orders were confirmed and the Administration was informed that pending final decision the sidings should be provided only at stations where they were considered absolutely essential in the interests of safety. There

appears to be no reason why these orders could not be issued by the Railway Board soon after the Railway Administration had informed in May, 1959, about its proposal to construct sidings at 390 stations. Obviously, there was a failure on the part of the Railway Board to take timely action in this case. The Committee feel that the responsibility for not taking timely action needs investigation. The Committee also feel that in future, in a matter of this kind, involving heavy expenditure on the one hand and the question of safety of passengers on the other, it may be advisable for the Railway Board to issue a clear directive indicating the line of action to be taken, after consulting the General Managers of Railways and its Technical advisers. The matter may, if necessary, be discussed with the parties concerned instead of being processed through correspondence. The Committee would, in this connection, like to draw the attention of the Railway Ministry to the recommendation of the Estimates Committee in para 1 of their 91st Report (Second Lok Sabha) and stress the importance of dealing with the recommendations of the Assistant Commissioner of Railway Safety (formerly Government Inspectors of Railways) much more expeditiously.

32. In the opinion of the Committee the Railway Administration was also not free from blame in this particular case. The fact that 8 of the 9 sidings were later dismantled indicates that due care was not exercised in selecting the stations for construction of catch sidings.

Central Railway—Irregular splitting up of work orders—Para 16:

33. Minor works of repairs and maintenance not expected to cost more than Rs. 50,000, are entrusted to zonal contractors without inviting open tenders on each occasion. The zonal contractors are so nominated for a period of one to two years after obtaining quotations from all contractors. The zonal contracts for the year 1959-60 in the Bombay area were at 2 per cent above the standard schedule.

On the Bombay Division it was noticed that certain large works were split up so as to bring each work order within the limit of Rs. 50,000. These work orders were placed on the zonal contractors on the same date or within short periods, thereby avoiding the invitation of open tenders.

The paragraph in the audit report mentioned 7 cases of splitting up of contracts. In one item, namely, re-roofing parts of a workshop, it was noticed that in August, 1959, when open tenders were invited the lowest rate obtained was 51 per cent below the standard schedule of rates.

34. The Committee were informed in evidence that in 5 of the 7 cases mentioned in the Audit Para the works had been awarded

to the zonal contractors in keeping with the spirit of the orders. It was explained that the works relating to items like painting, White-washing, annual repairs to buildings, etc., were to be carried out by the zonal contractors in the normal course. In the opinion of the Railway Board the fixation of a monetary ceiling of Rs. 50,000 for such works was not correct and instructions had since been issued to clarify the position. The Committee desired to be supplied with copies of the orders issued on the subject and a note on the practice obtaining on the different Railways. The note and copies of orders issued have been furnished. (Appendix IX).

35. As regards the two items in respect of which it was admitted that the works had been split up irregularly, the Committee enquired the action taken against the delinquent officials. The Financial Commissioner observed that there had been no loss to the Railway on those works and it had not been possible to establish *mala fide* of the officers in awarding contracts to the zonal contractors. **The Committee are not satisfied with this explanation.** Even granting that there had been no loss to the Railways, the non-observance of the codal rules was a serious irregularity, and in order to ensure that the officials followed the codal rules and instructions it is necessary that the defaulters are dealt with suitably. **The Committee hope that this aspect would be taken into consideration before deciding the question of disciplinary action in this case.**

Southern Railway—Conversion of a halt into a crossing Station—Para 17:

36. In January, 1956, the halt at Pasivedala was converted into a crossing station at an estimated cost of Rs. 3.97 lakhs. In November 1959, it was decided to reconvert the crossing station into a halt as this was expected to lead to a saving of about Rs. 22,000 per annum in maintenance and other expenses without causing any repercussion on traffic. Allowing credit for released materials and expenditure on works still in use, the net avoidable expenditure amounted to Rs. 79,000.

37. It was stated in evidence that the conversion of the halt into a crossing Station was initially considered necessary for dealing with traffic that was expected on the line by the end of the Second Plan period. Subsequently, however, in the interests of economy it was decided to close it down and reconvert it into a halt station. **In the opinion of the Committee, the work was taken up without proper investigation into its justification.** They learnt in evidence that there were crossing stations on either side of Pasivedala at a distance of only 3 miles and on an average only two crossings per day were actually found to have been made at this new station.

This indicated clearly that the conversion of the halt station into a crossing station was not absolutely essential.

38. The above paragraphs betray a tendency on the part of the Railway Administration to start engineering works involving heavy expenditure of capital nature without properly scrutinising the justification therefor. The Committee trust that the Railway Board will take note of this and obviate the recurrence of such infructuous expenditure.

South Eastern Railway—Infructuous expenditure on a scheme for augmenting water supply—para 18:

39. With a view to meeting shortage of water at Manendragarh station, it was decided to dig three wells at a distance of 10 miles. In July, 1958 the Geological Survey of India gave a conditional opinion about the availability of water in the locality provided the strata was underlain with Barakar stones and not shales*. Orders were issued in December, 1958 for taking up the work. As an existing well in the area was giving a good yield, trial borings were not made. According to Audit, the suggestion of the District Engineer to have trial borings was turned down on the ground that the Geological Department had already indicated that the work would be successful and that all the boring sets were engaged on other works. It was only in August, after about 6½ miles of pipeline had been laid, that the Administration decided to have trial borings. The trials carried out in January, 1960 indicated that the prospect of getting adequate supply of water at the site was remote. The existing well also showed signs of failure. The work had, therefore, to be suspended and it was decided to dismantle the pipeline already laid. This resulted in an infructuous expenditure of about Rs. 66,500.

40. In evidence, it was stated that experiments conducted on the basis of the report of the Geological Survey of India had established that the well existing on the site had adequate supply of water and it was not underlain with shales. Further trial borings were, therefore, not considered necessary. The Committee observe, however, from letter No. 35237 dated the 9th October, 1961, from the Chief Engineer, South Eastern Railway to the F.A. and C.A.O., S.E. Railway that only a yield test was conducted on the existing well during Ma, 1956, but no geological tests were applied. With regard to the suggestion of the District Engineer it was added that the

*The opinion of the Geological Survey of India was as follows:—

“It is presumed that Bijuri, where you are going to dig three open wells—30'—is underlain by the Barakar sandstones and not shales. If so' the proposal of augmenting water supply from the dug wells is feasible in this locality and ground water in adequate quantities may be expected.”

officer had suggested trial borings with a view to determining the most suitable site for location of the wells and not for establishing the availability of water. The Committee are constrained to note that this is another case where the Railway Administration launched a scheme involving heavy expenditure without proper investigations. The Committee are also not satisfied with the explanation offered for not implementing the suggestion of the District Engineer to have advance trial borings and they suggest that the matter should be investigated with a view to fixing the responsibility for the lapses which resulted in infructuous expenditure of Rs. 66,500, in this case.

Western Railway—Irregularities on a Construction Project—Para 19:

41. Certain cases of serious irregularities in construction works were reported to the Public Accounts Committees during the years 1960 and 1961 which they commented in paras 20 and 49 of their 33rd and 40th Reports respectively. Para 19 in the Audit Report, 1962 cited the following further cases of irregularities in earth work on a section of the Godhra-Ratlam Doubling Project:—

- (i) A sum of Rs. 48,515 was paid for removing old spoils beyond 30 feet from the cutting, whereas a clearance of only 10 feet was considered to be necessary.
- (ii) An extra sum of Rs. 46,000 was paid owing to the adoption of an incorrect basis for tendering by the contractors.
- (iii) A sum of Rs. 18,382 was paid for work not done due to incorrect measurements having been paid for in the running account bills.

A Fact Finding Committee, which had reported the cases, held the Assistant Engineer, the Executive Engineer and the Deputy Chief Engineer variously responsible for the irregularities. The last two were also responsible for other irregularities dealt with by the P.A.C. in their 40th Report.

42. The Committee were informed that the Deputy Chief Engineer who had proceeded on sick leave abroad (for more than a year) had since returned and the enquiry had been completed. **They would like to be informed of the final action taken in this case.**

STORES

Northeast Frontier Railway—Excess purchase of steel tyres—Para 21:

43. The annual consumption of carriage and wagon wheel tyres on the Northeast Frontier Railway was 1200, but the Railway

procured 12,218 tyres from abroad during 1958-59. The actual consumption was 1,177 in 1958-59 and 387 in 1959-60. The future requirements were assessed to be 2,400 per annum, and retaining 7,400 tyres anticipated to be used upto December, 1962, the Railway transferred the surplus stock to other Railways in March, 1961. About Rs. 1.06 lakhs were spent on freight and handling thereon.

44. In extenuation of the circumstances leading to the excess purchase of tyres it was urged that the NEF Railway had formulated schemes for (i) having wholly vacuum fitted wagons on the Metre Gauge and (ii) replacing the chilled wheels by separable tyre wheels. As these schemes were not fully implemented the tyres were rendered surplus which were later transferred to other Railways. The Committee feel that the initial assessment of the requirement of tyres by the Railway Administration was very unrealistic and far too high in relation to past consumption. They further regret to observe that adequate check was not exercised by the Ministry of Railways on the Railway's demand before placing orders for the import of tyres. Had the demand of the Railway been scrutinised in the light of their past consumption and workshop capacity the excess purchase and the consequential expenditure on freight could have been avoided.

Avoidable expenditure due to the rejection of lower rate of freight
—Para 22:

45. In response to global tenders invited for the procurement of steel, 13 quotations were received for the supply of 5,700 tons of thin steel sheets required by the Integral Coach Factory. The lowest technically acceptable quotation was \$167 per ton FOB and \$192 per ton CIF. The CIF price was based on a freight rate of \$25 per ton and exchange rate of Rs. 4.75 per dollar. Later on, the supplier offered a reduction of \$ 10 per ton in freight in respect of their CIF quotation. The Railway Board, however, did not consider the freight reduction offered by the firm and awarded the contract on FOB basis. The Ministry of Transport and Communications arranged shipment of the material at a rate of \$24 per ton approximately. This resulted in an expenditure of about Rs. 2.25 lakhs over and above the revised CIF offer by the firm.

46. In evidence, the Committee were informed that a policy directive was issued by the Government of India in 1960 that, as a rule, FOB tenders should be preferred to CIF rates as the former arrangement would save foreign exchange as well as encourage the Indian Shipping. Accordingly, the Ministry of Railways did not take the CIF rate into account and after settling the FOB price

they asked the Ministry of Transport and Communications to arrange the shipment of material. The Ministry of Transport and Communications, who were also examined by the Committee, however, held that the directive issued by them was not so rigid, and had the Ministry of Railways consulted them at the time of negotiations with the firm, the position could have been made clear to them. The Committee feel that the case indicates lack of co-ordination between the two Ministries. They were informed by the Ministry of Transport and Communications that the shipping organisation had not been fully developed at that time. The Committee trust that suitable measures will now be adopted to avoid recurrence of such cases in future.

Eastern Railway—Extra expenditure on purchase of rice—Para 23:

47. An order was placed on a firm in April, 1959 for the supply of 16,000 and 2,000 maunds of rice to Asansol and Howrah Grain Depots. There was no condition restricting the source of supply. After supplying 4,535 maunds of rice the firm expressed its inability to supply further quantities on the ground that the State Government had imposed restrictions on inter-district movements. No penalty was imposed on the firm for not completing the supply as per contract. Fresh tenders were invited and 11,000 maunds of rice were purchased from the same firm at rates which were higher by Rs. 7.24 per maund on an average compared to the earlier contract. This resulted in an additional expenditure of Rs. 50,550/-.

48. The Committee inquired whether the Railway Administration had approached the State Government for obtaining the necessary permit or license for the inter-district movement of rice intended for the Railway. They were informed that the State Government was willing to issue a permit only to the Railway and not to the contractor. The contractor on his part was also prepared to supply rice at the source of procurement viz. Kalyaganj in Dinapur District. But this arrangement was not considered suitable for the following reasons:

- (i) It would have been difficult for the Sampling Committee consisting of Railway Officers and staff representatives to move to Kalyaganj to have samples of the rice;
- (ii) There was no arrangement for the storage of material at the wayside station (Kalyaganj); and
- (iii) The movement of store from Kalyaganj to the Grain Shops involved transhipment at Maniharighat station.

49. On reply to further questions from the Committee it was admitted that the matter had been taken up only by a Railway

Officer of the rank of Inspector and that there was no written correspondence. The Committee are surprised to learn this. In their opinion the case was not properly handled by the Railway Administration. Had the question of obtaining the permit been taken up with the State Government at the appropriate level the difficulty could have been overcome. They are also not satisfied with the plea advanced by the Railway for not taking delivery of rice at the source of procurement. Under the circumstances a doubt arises whether the failure to supply rice against the first contract was not a move of the contractor to profiteer which has rendered possible due to the failure of the Railway Administration to take firm and timely action.

Southern Railway—loss due to purchase of defective paint—Para 24:

50. 540 Gallons of paint required urgently for painting the Godavari Bridge were purchased from a firm in November, 1958. Samples approved earlier by the Chemist and Metallurgist had been sent to the Permanent Way Inspector to enable him to check up the supply on receipt. The supplies were accepted to be in good condition and certified for payment without testing the supplies.

When the stock was opened up for use in June, 1959, the paint was found to be defective and not according to specification. The firm refused to replace it on the ground that the normal keeping properly was only 4 months. On the defective paint being tested in August, 1960, it was noticed that the lead content was only 20.6% as against the minimum specification of 93.15%. The firm, however, refused to accept this as conclusive because the test was carried out after a delay of nearly two years.

51. The Committee were informed that the paint had since been utilised after mixing oil to it at an additional cost of Rs. 1.100 -. As regards failure on the part of the Administration to inspect the paint on receipt, it was urged that as a rule, the Railways did not open sealed articles which were accepted in good faith. It was added that the annual purchases on the Railways amounted to about Rs. 230 crores and the inspection of branded articles would be an unnecessary and expensive proposition. It has been stated in the Audit Report that "the Chemist and Metallurgist as well as the Law Officer of the Railway have observed that the failure to test representative samples from the supplies made by the firm was a serious omission on account of which a positive stand could not be taken that the paint was not according to specification when the firm actually supplied it". If so the later plea advanced by the Ministry of Railways was not in keeping with their actual working.

In the context of several losses incurred by the Railways on account of defective stores supplied to them from time to time, the Railway Board would be well advised to introduce at least a test check, if it did not exist, in respect of such sealed articles.

52. The paint was originally declared to be defective and below specification. It is strange that the same paint could subsequently used with the addition of oil. It was admitted in evidence that the earlier analysis was incorrect. In view of this disclosure, the Committee desire that the procedure for inspection of stores should be thoroughly examined in the light of the facts disclosed in this case.

Eastern Railway—Extra expenditure due to air lifting of Diesel Loco spare parts—Para 26:

53. During the period March to October, 1961, a large number of spare parts for diesel locos were obtained from U.S.A. by air to meet the emergency created by a spate of engine failures in the Gaya Section. A sum of Rs. 83,693 was spent on air freight whereas it would have cost only Rs. 1,071 by the sea route.

Even though the Mechanical Department had sent in their requisitions in the earlier part of 1960-61, orders for the spare parts were placed piecemeal on the Director General, Supplies and Disposals only from January, 1961 to September, 1961.

54. In evidence, it was admitted that there had been certain lack of planning and co-ordination in placing orders. It was, however, added that out of Rs. 83,693/- spent on air freight an expenditure of Rs. 57,000/- pertained to items which were not included in the indents sent by the Mechanical Department. These parts were urgently required and had to be imported on a priority basis. Earlier the Committee had occasion to deal with cases where emergent purchases had to be made by the Railways owing to their own inaction in processing the demands properly. In this case also they feel that the time taken by the authorities in placing orders on the D.G.S. & D. was rather excessive. They desire that the matter should be investigated and responsibility fixed for the delays which resulted in extra expenditure.

Extra expenditure due to delay in acceptance of tenders—Para 28:

55. The Audit Paragraph cited some instances where delays in the acceptance of tenders resulted in additional expenditure on the Central and Eastern Railways.

Central Railway: Limited tenders invited for 4 tons of Gum Arabic were twice delayed by the Railway Administration with the result that the supplier refused to comply with the orders. The tenders were issued for the third time in August, 1957 and supply arranged in October 1957 at a higher rate resulting in an additional expenditure of Rs. 7,925/-.

In another case of supply of certain types of switches, after quotations were received from the firm in February, 1958, the matter remained under correspondence between different departments regarding justification for purchase, requirement of foreign exchange, etc. As orders were not placed in time revised quotations were invited and order placed in May, 1959 resulting in an additional expenditure of Rs. 6,804/-.

Eastern Railway: In two cases for the supply of bricks in the Asansol and Dinapur Divisions work relating to processing of tenders was delayed in the offices of the Divisional Superintendent and the Chief Engineer with the result that purchases had to be made at higher rates involving additional expenditure of Rs. 9,200/- and Rs. 5,100/- respectively.

56. The Public Accounts Committee had in the past drawn attention to delays, procedural and otherwise, in the processing of contracts.

In para 5 (Introduction) of their Thirty-third Report (1960-61) they had suggested that the procedure should be streamlined. The Committee were informed in evidence that the cases related to the period 1957 to 1959. Instructions had since been issued to all the Railways impressing upon them the need for observing the date of validity of tenders. With the tightening of the procedure all round it was hoped that such case would be minimised. The Committee would watch the effects of the measures adopted by the Railway Board in this regard.

EARNINGS

South-Eastern Railway—Heavy arrears in the recovery of rent for railway land leased to outsiders—Para 29:

57. In paragraphs 15 to 17 of their Fifteenth Report, the Public Accounts Committee (1958-59) dealt with a case of heavy arrears in recovery of rent from the lessees on three stations of the South-Eastern Railway. The Committee were then informed that with the enactment of the Public Premises (Eviction of Unauthorised Occupants) Act, 1958, the position would improve and that it might be possible to secure readily the eviction of defaulting licensees to obviate accumulation of arrears of rent.

The above-mentioned paragraph in the Audit Report disclosed that the position in respect of two of the three stations had in fact deteriorated. The total outstandings on the South-Eastern Railway amounted to Rs. 7.99 lakhs at the end of December, 1960.

Under the extant orders issued by the Railway Board rents of railway land leased to outsiders had to be revised periodically on the basis of market price. A revision due in October, 1955 could not be done until November, 1959. The delay was attributed mainly to the difficulty in obtaining information regarding the market value of land from the revenue authorities.

58. In evidence, it was claimed that sufficient progress had been made in the settlement of cases and that efforts were being made to recover the arrears of rent from the lessees. As regards the delay in the revision of rents it was admitted that there had been certain lapses. Instructions had since been issued to the Railway Administration that they should contact the Revenue authorities well ahead of the time and revise the rents within the stipulated period. The Committee regret to observe that despite their comments in paras 15-17 of the 15th Report (1958-59) and the assurance given to them by the Ministry of Railways, the position regarding recovery of rent from private parties on the South-Eastern Railway continues to be unsatisfactory. They are also not satisfied with the explanation for the time taken by the Railway Administration in obtaining information regarding the market value of land from the Revenue Authorities. Such lapses on the part of a commercial organisation like Railways are unfortunate. The Committee desire to be informed of the action taken against the officials responsible for the delay which resulted in loss of revenue of about Rs. 5.24 lakhs to the Railway.

Eastern Railway—Incorrect recovery of freight charges from a private firm—Para 30:

59. In this case freight amounting to Rs. 3.40 lakhs was outstanding against a firm enjoying credit note facilities.

Although the special station to station rate of 0.3-11 pies per maund applicable to traffic of Silica stones between Bihar Sharif and Kumardubi siding was cancelled with effect from 1st September, 1953, the traffic continued to be charged at this special rate upto 21st May, 1959 against the tariff rate of 0.7-7 pies per maund upto September, 1958, and 64nP. from October, 1958 onwards. The mistake was initially detected in April, 1956; but it was only in July, 1957 that the Administration initiated investigation as to whether the cancellation of this special rate had been notified. The firm was informed only in June, 1961 that the special rate should be treated

as cancelled retrospectively from 1st September, 1953. The firm declined to pay the outstanding freight amounting to Rs. 27,993/- on the plea that no notification was issued withdrawing the special concessional rates. The balance of the amount was still awaiting adjustment.

60. The committee were informed during evidence that the matter had been fully investigated and that there were no records to show that the concessional rate had either been cancelled or revised. On the contrary, the fact that similar concessional rates on other stations were allowed to remain indicated that this special rate was also operative. The Committee find it difficult to subscribe to this view. It is regrettable that in the absence of relevant records it is not possible to ascertain the correct position at this stage. Had prompt action been taken to enquire into the matter, the loss of earnings could have been minimised. It was admitted that there had been delay in the office of the Chief Commercial Superintendent in initiating action to investigate the matter and that action was being taken to fix responsibility for the same. The Committee fail to understand why the Ministry should have taken more than five years to initiate enquiry into the disciplinary aspects of the case. They desired that the reason for this inordinate delay should also be enquired into and reported to them, along with the final outcome of this case.

Northeast Frontier Railway—Non-recovery of License fee and rent in Railway Bazars—Para 31:

61. A total sum of Rs. 3.46 lakhs was outstanding at the end of March, 1960 on account of license fee and rent for the period 1950-51 onwards in respect of land and stalls leased out in the Railway Bazars at Amingaon, Alipurduar, Pandu and Lumding. In addition, it was estimated in June, 1960 that a sum of Rs. 2.55 lakhs was recoverable from several unauthorised occupants.

Although the rents had been revised from time to time since 1950, the occupants did not pay the rent even at the original rates. In July, 1960, it was decided that the rents due at the original rates should be collected in instalments. For the future the rates were to be revised on the basis of 6 per cent of the capital cost of land together with charges for water and conservancy services. The tenants who refused to pay the revised charges were to be evicted. Under the arrangement, only a sum of Rs. 56,335 had been realised upto December, 1961 as against the arrears of Rs. 3.46 lakhs.

According to Audit, as the agreements were renewable from year to year, there was nothing to prevent the Railway from enforcing

the revised rates from time to time. The work of eviction of the unauthorised occupants as well as defaulters was stated to have been taken in hand but the Administration was handicapped for want of certified land plans or cadastral maps. Extra posts of technical staff had been sanctioned for making land plans and the work was intended to be taken up when the staff was available.

62. In evidence, the Committee were informed that with the help of the State Government, efforts were being made to recover the arrears of licence fee and rent from lessees. The work of preparation of land plans required for the purpose of initiating eviction proceedings had also been completed. **The Committee would like to be informed of the recoveries made and final settlement reached in this case.** Meanwhile, they also feel that whereas the Railways are not directly concerned with bazars, extra lands etc. which are not likely to be used for Railway purposes in the near future, they should consider the desirability of transferring such properties to the appropriate State Governments or Local authorities.

COMPENSATION CLAIMS

Northern Railway—Delivery of consignments against forged Railway Receipts—para 33:

63. The para in the Audit Report mentioned two cases of delivery of consignments to spurious parties against forged Railway Receipts.

(a) During the period October, 1956 to January, 1957, labels of nine wagons containing consignments of sugar were changed at Moghalsarai so as to show Lohta as the destination. The contents were delivered at Lohta against forged Railway Receipts, although this station was not open for wagon load consignments, and the particulars of the commodity recorded on the forged Receipts did not agree with the contents of the wagons. The rightful owners were paid a compensation of Rs. 1,56,667.

The fraud was investigated by the police, and six businessmen and three Railway employees were committed to Sessions in November, 1959. The Railway employees had been acquitted, but four businessmen were sentenced to various terms of imprisonment. Departmental enquiry against the employees had not been initiated so far because the relevant records had been taken over by the Police.

(b) A tank wagon containing mustard oil booked from Belanganj to Sasaram in December, 1956 was fraudulently diverted to Kanpur and the contents delivered against a forged Railway Receipt. The

rightful consignee was paid a compensation of Rs. 41,847. The fraud was suspected to have been committed with the connivance of some Railway staff. No departmental action had been taken against the of the Railway Administration were of the view, that such action Railway Staff at fault, as the Railway Police and the Law Officer would reduce the value of the evidence of the employees in the case which was *sub judice*.

64. The Committee feel concerned to note such cases of frauds and malpractices in the Railway Administration. They were informed in evidence that the court's judgement in the first case had been studied in the Railway Board and in consultation with the Law Officers action was being taken against the delinquent officials. The second case was still *sub-judice*.

65. On more than one occasion the Committee have recommended in the past that departmental action against the staff responsible for irregularities or frauds should be taken promptly without waiting for the completion of prosecution that may be launched in such cases. In para 30 of their 5th Report (First Lok Sabha) they had suggested that whenever original documents are required to be filed in a court their photostat copies should be retained in the Department so that Departmental action could be taken up simultaneously. It was urged in evidence before the Committee that in pursuance of the above recommendations and subsequent orders of the Home Ministry necessary instructions were issued to the Railway Administration but the records in the case under reference were impounded earlier. **The Committee are hardly satisfied with this explanation.** The Indian Government Railways General Code (Paras 1820—1823) provides in clear terms that in all cases of frauds, embezzlements or similar offences, departmental proceedings should be instituted at the earliest possible moment and that it is essential that every thing should be done to carry the departmental proceedings as far as possible before prosecution begins. **The Committee deprecate the laxity shown by the Administration in the observance of the codal rules and their failure to take prompt action in these cases.** The Committee would like to be informed of the action taken against delinquent officials, in both the cases, in due course.

Delay in fixation of staff responsibility in connection with compensation claims—para 34:

66. The Audit paragraph disclosed that the fixation of staff responsibility in connection with compensation claims was pending in a large number of cases on some of the Railways. A table included in

the para indicated the number of cases considered for disciplinary action *vis-a-vis* those not finalised during the period 1957-58 to 1960-61.

67. It was claimed in evidence that the position had since been improved and the percentage of pending cases had been reduced as shown below:

Railway	Percentage of pending cases as shown in the Audit Report	Position on 31-3-61
South-Eastern	83%	59%
Southern	81%	47%
Northern	53%	37%
Western	59%	22.8%

While appreciating the improvement in the percentage of pending cases, as indicated above, the Committee observed that with the additional responsibility assumed by the Railways as carriers, by the passing of recent legislation, the Railways would have to take special measures to avoid an abnormal increase in claims cases.

68. At the instance of the Committee the Ministry of Railways have submitted a note (Appendix X) indicating special measures adopted by the Railway to carry out the additional responsibility cast on them on assuming common carriers' liability. The Committee would watch the results of these measures through subsequent Audit Reports.

OTHER TOPICS OF INTEREST

Southern Railway—Delay in receipt and check of monthly Stores Returns and delay in regularisation of shortages—Para 35:

69. Engineering subordinates entrusted with the custody of stores are required to submit monthly returns showing receipts, issues, and balances of all items of stores for check by the Divisional Engineers. The following figures as on the 30th June, 1961, indicated the unsatisfactory state of affairs in regard to the submission and check of these returns:

Year	Returns due to be received	Returns received	Returns received but not scrutinised
1957-58	6774	5224	670
1958-59	8120	7004	1649
1959-60	12514	10608	3500
1960-61	14889	8601	3022

The Audit paragraph cited instances of delays in regularising the shortages revealed in handing over statements of engineering subordinates. In one case shortages disclosed in the handing over statements in respect of one P.W.I. during the years 1954, 1956 and 1957 amounting to Rs. 36,913 had not been regularised so far. The officer retired from service in November, 1957.

70. While admitting the unsatisfactory position in the matter of receipt and check of stores returns the Financial Commissioner Railways claimed that as a result of special efforts made by them there had been improvements as indicated below:

Year	Returns due to be received	Returns received but not scrutinised
1957-58	214	459
1958-59	148	472
1959-60	1008	3309
1960-61	3713	3516

71. The Committee attach great importance to timely submission and regular check of stores returns, otherwise it is difficult to fix responsibility for shortages and other irregularities disclosed subsequently. It should, therefore, be ensured that returns are received promptly, scrutinised expeditiously in the Divisional Office and irregularities taken up with the staff concerned.

72. The Committee were further informed in evidence that whenever the senior officers from the Ministry went on inspection tours they also checked the various stores registers. The Railway Administrations had been asked to maintain a list of pending cases of irregularities and keep watch over the departmental actions. The Committee suggest that the Railway Board may examine the feasibility of introducing a system whereby a senior officer in charge of a department may, while on tour, inspect the work connected with other departments also. This would provide an independent check over the working of different departments as well as introduce a sharing of responsibilities by senior officials.

Delay in recovery of amounts due from other Government Departments, State Governments, Public Bodies etc.—Para 37:

73. Certain instances of delays in the recovery of dues from Government Departments, Public Undertakings etc. were reported to the P.A.C. (1961-62) vide para 50 of Audit Report (Railways), 1961. The para in the Audit Report mentioned above indicated the latest position with regard to these cases and also cited further instances of delays which had come to notice.

(i) A sum of Rs. 1.71 lakhs for the period 5th March, 1945 to 21st June, 1952 was outstanding against the Defence Department and a sum of Rs. 2.58 lakhs for the period 22nd June, 1952 to 30th September, 1954 was outstanding against the Hindustan Machine Tools in respect of a siding at Jalahalli. The siding was dismantled in August, 1959.

(ii) The road decking over a railway bridge was completed and opened to traffic in 1948. The incidence of charges between the Railway and the Road Authorities was, however, decided only in 1960, more than 12 years after the opening of the bridge for traffic.

It was estimated that a sum of Rs. 8.46 lakhs was due to be recovered for the period May, 1948 to March, 1961.

74. In extenuation it was urged before the Committee that it was very difficult for the Railway Administration to recover the amounts from other Government Departments unless the latter adopted a more co-operative attitude. As an instance it was mentioned that in the first case relating to recoveries from the Defence Department, when the Ministry of Defence was reminded they were told that the matter was under consultation with Defence (Finance). When the Defence (Finance) was reminded, the matter was stated to be pending with the Defence Ministry. **The Committee feel that as a commercial concern the Railway Administrations should be prompt in realising their dues both from the Government Departments as well as private bodies.** As is evident from the instances cited above the Railway took more than eight years to claim their dues from the Ministry of Defence and in the second case it took twelve years to come to a settlement with the Ministry of Transport and Communications. **The Committee are also not happy with the evasive manner adopted by the paying departments in settling their accounts.** Government should look into this aspect and issue suitable directives to all the Departments.

Delay in the clearance of material at site accounts—Para 38:

75. Under the rules, all materials obtained specifically for a work are borne under an accounts head "Material at Site Account". As and when they are actually used up, their value is debited to the relevant final heads. The balance under this head thus represents materials obtained for specific works but not consumed. A table appended in the para indicated the position on various Railways as on 31st March, 1961. It showed that heavy balances were lying in the material at site accounts of different works, although the works had in some cases been completed as early as 1955-56 and 1957-58.

76. In evidence the Committee were informed that the latest assessment had revealed that much of the outstandings mentioned in the Audit para pertain to material which had already been transferred but not yet adjusted. The value of material transferred but not adjusted came to Rs. 66.46 lakhs, whereas the actual physical balance came to Rs. 12.75 lakhs. **The Committee trust that the Ministry of Railways will further tighten up the arrangements and ensure expeditious clearance of material at site accounts, since failure to take timely action is not only apt to result in avoidable locking up of capital and expenditure on Watch and Ward but also lead to losses due to shortage and deterioration.**

LOSS OF ASSETS

Losses due to fire and thefts—Para 39:

Northern Railway

77. A loss of Rs. 1.30 crores occurred in March, 1961, on account of fire in the Sleeper Depot at Dhillian. A Departmental Enquiry Committee which investigated the matter could not establish the cause of the fire but suspected it to be due to sabotage by some miscreants. The Committee, held a chowkidar guilty of gross negligence in the discharge of his duties and he was removed from service. The Superintendent of the Depot was also held responsible for slack supervision and his increment was withheld temporarily for one year.

The Departmental Committee was unable to come to any positive conclusion regarding the cause of this fire which led to a heavy loss of Rs. 1.30 crores. **In this connection the Committee suggest that in such cases involving heavy losses, the inquiry Committee should have some non-official, judicial or non-Railway official associated with it.**

(ii) South Eastern Railway

A loss of about Rs. 55,000 occurred in May, 1960 on account of fire in the godown of the Lost Property Office at Ramkristopur. None could be held responsible for the fire; but the Police Report indicated that the goods had not been stored in the godown in keeping with the rules and there was contributory negligence on the part of Railway authorities.

(iii) Eastern Railway

A siding in the Halishahar Yard was being used from 1947 for stabling condemned wagons under dispute with the Pakistan Govern-

ment. On the spot surveys conducted in 1953, and later in September, 1957, revealed that 3,930 feet of railway track with fittings valued at about Rs. 28,000 had been stolen. In addition, component parts of the wagons stabled on the siding, valued at Rs. 1.56 lakhs, were stolen between 1950 and 1957. The thefts were stated to have occurred despite the fact, that the matter was brought to the notice of the Police and departmental arrangements for watching the track had been intensified.

78. In evidence, the Committee were apprised of the circumstances leading to the accidents and consequential losses mentioned in the above cases. In their opinion such losses are caused by negligence or carelessness of the Railway employees at one stage or the other. They are surprised to find that it has not been possible to fix responsibility for the losses mentioned at (ii) and (iii) above. In the case relating to the Lost Property Office the Police Report had indicated that the goods were not stored in keeping with the Rules. It should, therefore, be possible to fix responsibility for the non-observance of Rules. As regards the third case, the Committee are concerned to note that thefts of railway track and wagons on such a large scale continued for such a long period and the Railway authorities were unable to check them. The Committee are of the view that such systematic thefts on a large scale over a long period could not have occurred without the active connivance of the Railway staff. They desire that the case should be further investigated, responsibility fixed and action taken against the officials who failed to take due precautions after the shortages came to notice in the first survey.

Central Railway—Shortages of type metal in a Printing Press—Para 40:

79. The stock verifications conducted in August, 1955 and September, 1958 revealed shortage of types and type metal valued Rs. 1,01,446. Even after allowing for an overall wastage of 4 per cent on account of melting, wear and tear etc., as decided by the Administration in December, 1961, a net shortage valued Rs. 55,000 remained to be accounted for.

80. In extenuation of the circumstances leading to the shortages it was urged that the theft and pilferages were rendered possible on account of lack of adequate security arrangements. Besides, the accounts were also not maintained properly. An enquiry committee was constituted by the Central Railway to enquire into these cases and its recommendations had been implemented by the Administration. As regards fixation of responsibility, the Committee were surprised to learn that the Officer-in-charge had retired before the

shortage was noticed. The Committee feel that besides the Officer-in-charge there should be other officials also who could be held responsible for the various lapses namely non-maintenance of accounts and laxity of security arrangements.

APPROPRIATION ACCOUNTS (RAILWAYS), 1960-61

Grainshops—Para 73 of Part I—Review:

81. In the year 1960-61, the loss in the working of Grainshops in Eastern, North Eastern, North Frontier and South Eastern Railway where only they existed, was Rs. 43 lakhs. The average cost of food grain concession per card holder per month was Rs. 40 against Rs. 50 during 1959-60.

82. In evidence it was explained that with the introduction of the revised scales of pay, option was given to the employees either to continue to get grainshop concession or come on to the revised scale. The number of employees who were still getting the benefit of grainshops had come down to 4,000 and odd from 6,686 during the year 1960-61. **While the Committee appreciate the difficulties pointed out to them they nevertheless feel that the continuance of a scheme for 4,000 and odd persons was not economical and the Ministry of Railways should make further efforts in persuading the employees to come to uniform scales of pay. The co-operation of the representatives of the Railway Employees' Unions may be sought in the matter.**

Railway Catering—pp. 74-75 of A/Acs—Part II:

83. The Profit and Loss Account disclosed a loss of about Rs. 4 lakhs in Railway Catering. This was in addition to the loss of revenue to the tune of Rs. 3.7 lakhs from the license fees from contractors. The representative of the Railway Board stated in extenuation that the loss had been progressively reduced. The loss had gone upto Rs. 21.98 lakhs in 1957-58 against sales of Rs. 179.19 lakhs and in 1960-61 it was brought down to Rs. 4.43 lakhs.

84. In para 55 of their Twenty-first Report the Public Accounts Committee (1959-60) had called upon the Railway Board to keep a close watch and effective supervision over the departmental catering centres so that the service may cover its cost. **The Committee trust that efforts will continue to be made all over the Railway Administration to achieve this objective. One fruitful way of doing this would be to reduce the overheads.**

The Committee were informed that the present policy of the Ministry was not to extend departmental catering, except in cases where there were repeated complaints and a demand for departmental-

sation; but to improve the existing departmental catering, both in quality and service. The Committee also feel that there is considerable scope for improving the standard of service given by departmental catering, and they would like the Railways to take special measures towards this end. They are of the view that the standard of departmental catering should be a model to catering by contractors.

IV

Outstanding Recommendations

85. The Committee will now proceed to deal with some of the more important items outstanding from the previous Reports of the Committee—those of less importance are referred to in Appendix. II

Delay in the recovery of interest and maintenance charges in respect of assisted sidings—Para 6 (Intro) and Para 45 of 40th Report (1961-62):

86. The position in the matter of recovery of maintenance and interest charges in respect of assisted sidings by the Railway Administrations on the Eastern, North Eastern, Northeast Frontier and Northern Railways had been found to be unsatisfactory by the Committee of 1961-62. They had, therefore, recommended that there should be a uniform formula for such recoveries and the Ministry of Railways should consider the feasibility of appointing a special team to review the old agreements and bring them over to the new pattern and also to fix a target date for this purpose.

87. From a note (Appendix XIX) submitted to the Committee, they observe that a target date—31st March, 1963—has been fixed for liquidating the arrears of interest and maintenance charges. The Ministry of Railways have pleaded that it might not be necessary yet to appoint a special team to review the old agreements. While the Committee would like to watch the progress made in the recovery of interest and maintenance charges in respect of assisted sidings by the 31st March, 1963, they would reiterate that in the interest of the Railway Administrations themselves it is necessary to devise a uniform formula in this respect. Otherwise, the Committee apprehend, disputes arising out of old concessions given in the past are likely to continue and result in delay in the recovery of the charges.

Import of wooden sleepers—defective supplies—Imports from Australia—para 20—23 of the 40th Report, 1961-62.

88. The Committee of 1961-62 had commented upon the various aspects of the case relating to the supply of wooden sleepers by eight Australian firms against orders placed with them for a total quantity of 18.89 lakhs of sleepers.

89. The Committee note from a Memorandum submitted by the Ministry of Railways (Appendix XXIII) that the Ministry have themselves admitted that "Under this clause, the suppliers were let off from supplying 1/3rd of the quantity to be supplied under the contract if the three species in question were accepted. To that extent, if at all, there was a concession", as was contended by the Committee of 1961-62.

90. As regards the instructions given by the Member (Engineering), that the consignee Railway in India 'could work on the assumption that the two species will eventually be accepted', the Committee have perused the note (Appendix XXIII) submitted by the Ministry of Railways but they feel that the officer had not followed the correct procedure in giving these instructions.

91. The Committee are further of the opinion that inspite of the contention of the Ministry of Railways in support of the categorical statement made by the Chairman, Railway Board regarding acceptability of the timber technically (Appendix XXIII), there are no records to indicate that any fresh technical information was available between 11th March, 1960 when it was decided not to purchase these species and 23rd March, 1960 when it was decided to accept them. It is also unfortunate that the financial concurrence to the proposal was not obtained at the appropriate time.

92. Notes have also been submitted (Appendix XXIII) by the Ministry of Railways pursuant to the recommendations of the Committee of 1961-62 with regard to (i) the question whether undue concessions were shown to the firms in this deal and (ii) the fixation of the reduced price for the sleepers of the unapproved species and the life expectancy assumed for them. The Committee would have normally reiterated their earlier observations for an enquiry into this matter. However, keeping in view the three facts, namely, general shortage of sleepers on Indian Railways, the reduced price at which the sleepers in question were procured and the satisfactory service, given by these sleepers as indicated by the report received from the Senior Deputy General Manager and the Chief Engineer of the Eastern Railway, the Committee feel that no useful purpose will be served in pursuing the matter further.

Delay in the recovery of interest and maintenance charges in respect of assisted sidings—Eastern Railway—Para 40 of 40th Report, 61-62:

93. The Committee of 1961-62 had deplored the delay in implementing the special instructions issued by the General Manager of Eastern Railway in 1951 in regard to the systematic annual reviews

of earnings from the sidings. They had also urged the imperative need for an up-to-date list of sidings and timely review thereof so that recoveries from the parties concerned could be prompt.

94. The Committee were furnished with the latest figures of recoveries made in Sealdah and Asansol Divisions by Audit after verification of the note (Appendix XXVI) furnished by the Ministry of Railways in this connection. It appears that in Sealdah Division very old balances even from 1947-48 are still outstanding and in Asansol Division the outstanding establishment charges stood at Rs. 12,02,820. 38 nP. on 31st March, 1962, against Rs. 7.09 lakhs mentioned in the Audit Report. The Committee regret to note that no substantial improvement in the recoveries has been made. On the other hand, the position in Asansol Division has further deteriorated. They suggest therefore, that a careful watch be kept over the progress of recoveries. They would like to watch the position through future Audit Reports and hope that substantial improvements will be effected within a year.

V

General

95. In the course of the examination of Appriation Accounts (Railways) 1960-61 and Audit Report thereon, the Committee came across cases where the Railway Administration had launched engineering works and schemes* involving heavy expenditure without making a thorough investigation about their feasibility and the expenditure involved prior to the strating of these works. Since this involved the Railways in infructuous expenditure apart from frittering away of time and energy on such works as ultimately proved to be unnecessary, the Committee trust that the Railway Board would take suitable steps to ensure that important schemes involving heavy expenditure are not hustled through in future.

96. The Committee regret to find a certain lack of co-ordination amongst the various Ministries of the Government of India. They deplore the evasive manner adopted by some Ministries in paying the dues of other Ministries**. This results not only in a general decline in the efficiency of the Government as a whole, but also causes complications in the settlement of Accounts. They hope that Government would look into this matter, and issue suitable directive to all the departments.

97. The Committee have come across several instances where the delinquent officials retired, or were allowed to retire either before the irregularities were detected or before the responsibility could be fixed on them. The Committee have in the past repeatedly emphasised the need for prompt investigation and action against delinquent officials wherever any irregularity comes to notice. The Ministry of Home Affairs have also issued instructions for initiating departmental action simultaneously with the launching of proceedings in a court of law. Para 1821 of the Indian Railways General Code also enjoins that departmental enquiries should not be delayed pending the decision of criminal cases at a later stage. The Committee deprecate that in spite of these instructions there should be several instances where the officers responsible were allowed to retire from service before taking

*Reference is invited to paras 29—32 and 36—40 of the Report.

**Reference is invited to paras 73-74 of the Report.

disciplinary action against them.* To improve such a state of affairs, the Committee can do no better than reiterate the recommendation contained in para 25 of their First Report (1951-52) which is reproduced below:—

“....the Committee urge emphatically that in all cases of misuse of public money, reckless disregard of financial rules, extravagances and losses resulting from negligence of officials, responsibility should be fixed on the individual officers and the Ministry. The Administrative Ministry should not content itself merely with passing strictures against the Officers concerned but efforts should be made to take some positive action against them for the wastes in public funds caused through their wilful actions or contributory negligence. In cases where action should have been taken against the delinquent officials but was not taken in time, the officers responsible for omitting or delaying to take any action and treating the matter in a light-hearted manner should be suitably punished. The Committee feel that Officials found guilty of misappropriating public funds wilfully, spending them extravagantly or wasting them through their negligence deserve no mercy. In order, therefore, to tone up administrative integrity and efficiency it is absolutely essential that officials found guilty of such acts are dealt with promptly and severely.”

MAHAVIR TYAGI,
Chairman,
Public Accounts Committee.

NEW DELHI;
September 30, 1962.

Asvina, 8, 1884 (Saka).

(1) S. No. 2 (Paras 22-33 of 4th Report, 1957-58), Appendix II.
 (2) S. No. 45 (Para 36 of 40th Report, 1961-62), Appendix II.
 (3) S. No. 46 (Para 40 of 40th Report, 1961-62), Appendix II.
 (4) S. No. 57 (Paras 62-63 of 40th Report, 1961-62), Appendix II.

PART II

**Proceedings of the Sittings of the Public Accounts Committee held
on 13th, 16th, 17th and 18th July and 27th and 28th September, 1962**

**Proceedings of the 3rd Sitting of the Public Accounts Committee held
on Friday, the 13th July, 1962**

RAILWAY ACCOUNTS

98. The Committee sat from 10.00 to 12.30 hours.

PRESENT

Shri Mahavir Tyagi—Chairman.

MEMBERS

2. Shri Bhakt Darshan
3. Shri Gajraj Singh Rao
4. Shri Hem Raj
5. Shri Jaipal Singh
6. Sardar Kapur Singh
7. Shri R. K. Khadilkar
8. Shrimati Maimoona Sultan
9. Shri Mathura Prasad Mishra
10. Shri Mohan Swarup
11. Shri Ravi Narayan Reddi
12. Shri Prakash Vir Shastri
13. Shrimati K. Bharathi
14. Shri Nawab Singh Chauhan
15. Shri Dahyabhai V. Patel
16. Shri Sonusing Dhansing Patil
17. Shri Lalji Pendse
18. Shri Rajeshwar Prasad Narain Sinha
19. Shri Jai Narain Vyas.

Shri A. K. Roy—*Comptroller and Auditor General of India.*

Shri M. S. Bhatnagar—*Addl. Dy. Comptroller and Auditor General (Railways).*

SECRETARIAT

Shri H. N. Trivedi—*Deputy Secretary.*

Shri Y. P. Passi—*Under Secretary.*

WITNESSES

Ministry of Railways (Railway Board)

1. Shri Karnail Singh—*Chairman.*
2. Shri C. T. Venugopal—*Financial Commissioner.*
3. Shri E. W. Isaacs—*Member (Engineering).*
4. Shri D. C. Baijal—*Member (Staff).*
5. Shri Kripal Singh—*Member (Transportation).*

AUDIT REPORT (RAILWAYS), 1962

99. *Unnecessary Supplementary Grants; Appropriations—Para 4—*

Nine cases were reported in the above-mentioned para of the Audit Report where funds obtained through Supplementary Grants/ Appropriation proved to be unnecessary or largely in excess of requirement. The Supplementary Grants were mostly obtained in the very month (March, 1961) in which large surrenders were made from the same Grants.

Dealing with the Grants individually, the Financial Commissioner (Railways) explained that funds through Supplementary Grants were obtained under Grants Nos. 2 and 15 (Revenue—Misc. Expenditure and Construction of New Lines) to meet expenditure on new items of service which had not been included in the original budget and for which approval of Parliament was necessary. He, however, admitted that smaller amounts by way of 'token grants' could have served the purpose. Under Grant No. 18—Open Line Works—Development Fund, the Supplementary Grant was obtained under a mistaken belief that certain expenditure which had hitherto been debited to another Grant (Labour Welfare) would require financial adjustment on being transferred to this Grant. Later on it was decided to effect the transfer without making financial adjustment. The shortfall in expenditure under the Grant was mainly on 'operating improvements' resulting from non-receipt of certain types of material such as imported steel, rails and sleepers etc.

Under Grant No. 7—Revenue—Working Expenses—Operation (Fuel—the final saving which was stated to be very small in relation to the total Grant, had accrued as a result of economy measures

adopted by the Railways to reduce their working expenses. As regards Grant No. 8—Working Expenses—Operation other than staff and fuel, the Financial Commissioner admitted that there was a lapse on the part of Railway Administration in that Liability Registers were not maintained properly. The Committee enquired as to how, despite recommendations of the Committee from time to time, these lapses continued to recur in the Railway Administration. The Financial Commissioner stated that in pursuance of the recommendation of the Committee contained in their earlier reports necessary instructions were issued to all the Railways. He added that action was being taken against the officials who did not comply with these instructions.

While the reasons for saving under Grant No. 13—Open Line Works—Revenue—Labour Welfare were stated to be delays in the procurement of certain materials like bricks, cement etc., the Financial Commissioner admitted that the over all financial position of Grants Nos. 16 and 17 (Open Line Works—Additions and Replacements) was not properly assessed at the time of approaching Parliament for supplementary funds. The Committee enquired whether any changes in the existing procedure for preparation and revision of budget estimates were not called for to minimise such shortfalls in expenditure. The Financial Commissioner stated that the cases cited in the Audit para did not indicate any defects in the procedure but there were lapses on the part of certain officers such as non-maintenance of Liability Registers, miscalculations of anticipated expenditure, etc. which accounted for the savings. Special steps were being taken to train the officials at different levels in financial matters. The witness added that the suggestion of the P. A. C. for obtaining 'token Grants' was introduced in the expenditure on works commencing from the financial year 1960-61 and it was showing improvement in financial control. It was proposed to adopt this practice in the case of procurement of stores also.

The Chairman, Railway Board, apprised the Committee of the difficulties experienced in the execution of works projects and the acute foreign exchange position which handicapped their plans for purchases from abroad. He, however, assured the Committee that efforts would continue to be made to prepare the estimates as precisely as possible.

100. Inadequate or injudicious surrenders—Para 5:

The Audit para enumerated six cases where amounts surrendered by the Ministry of Railways in the month of March were inadequate thus resulting in large final savings. In another case (Grant No. 20—Revenue—Appropriation to Development Fund) a surrender of

Rs. 4.40 crores was made at the close of the year and there was ultimately an excess of Rs. 13.59 crores under the Grant.

In evidence, the Financial Commissioner stated that the surrenders had no special significance as they only indicated that the requirements for a short period were not assessed precisely. On being asked whether there were periodical controls or checks over expenditure he stated that a monthly review was prepared on each Railway which was examined by the General Manager and all the Heads of Departments regularly. As regards the injudicious surrender under Grant No. 20, the witness stated that appropriation to Development Fund represented the net surplus accruing to the Railways in the financial year. The progress of earnings in goods and passengers towards the close of the financial year grew up considerably which the administration could not assess properly.

101. Savings in Grants and Appropriations—Para 6:

Out of 20 Grants and 7 Appropriations obtained in the year 1960-61, savings occurred under 18 Grants and 5 Appropriations. In the previous year (1959-60) savings had occurred in 16 Grants and 2 Appropriations only. The amount of total savings during the year was Rs. 76.34 crores as against Rs. 57.10 crores in the previous year. The major portion of the saving occurred, as in the previous year, under grants relating to expenditure met from Capital, Depreciation Reserve Fund and Development Fund, largely as a result of delay at different stages in the planning and execution of works.

In extenuation, the Financial Commissioner stated that the bulk of the savings related to expenditure from Grants Nos. 16 and 17. Although an allowance had been made under Grant No. 16 for a probable saving of Rs. 10 crores this did not prove to be adequate. He admitted that this amount of probable savings should have been assessed on the basis of past experience at a higher figure. The Comptroller and Auditor General suggested that, keeping in view the extent of savings occurring every year, the Ministry of Railways should resort to the practice of obtaining 'token grants' from Parliament on a larger scale. The Financial Commissioner accepted the suggestion.

Dealing with the reasons for savings under Grants Nos. 16 and 17 the Financial Commissioner informed the Committee that an order had been placed with the D. G., I. S. D. for the purchase of 42 electric locomotives and a provision was made in the estimates for payment of 30% of the cost thereof. This expenditure, however, did not materialise owing to the failure on the part of the Supplier to

furnish the requisite guarantee and complete other formalities. As regards savings in respect of wagons the witness stated that there were difficulties in procuring certain material. He promised to furnish a note* giving detailed break up of savings occurring under the Grants.

102. Charged expenditure accounted for as Voted—Para 8:

The Audit para cited 6 cases in which charged expenditure in satisfaction of court decrees was accounted for as voted. Expenditure in three cases required regularisation under Article 115 of the Constitution since there was no provision for charged expenditure under the relevant Appropriations. In evidence, the Financial Commissioner admitted that these were mistakes in accounting which had occurred at different offices.

103. Investments in Private Companies and State Corporations—Para 9:

(a) Loans aggregating Rs. 389.96 lakhs were granted by the Government of India to the Bombay State Road Transport Corporation during the period 1953 to 1957. The Railway's contribution to this loan amounted to Rs. 129.99 lakhs. In 1958 the loans were converted with retrospective effect into fully paid redeemable preference shares. Consequent on the reorganisation of States a part of the Railway's investment in the Corporation was transferred to the Rajasthan State Roadways. According to Audit the recovery of dividends on the investments was very much in arrears. Upto March, 1961, amounts aggregating Rs. 22.69 lakhs and 0.62 lakhs were due from the Bombay State Road Transport Corporation and the Rajasthan State Roadways, respectively.

(b) The market value of shares held by the Railways in some of the branch line companies had been persistently going down. Shares of the face value of Rs. 13.73 lakhs in five companies mentioned in the Audit Report were worth Rs. 4.29 lakhs only.

The Committee inquired as to why heavy amounts of dividends were allowed to be accumulated against the State Corporations. The Financial Commissioner (Railways) explained that the Railway was asked to share the loans advanced by the Government only in 1958. Thereafter, the reorganisation and bifurcation of States created some difficulties. He added that the matter was being pursued by the Railways Administration. While the Maharashtra State Road Transport Corporation had paid its share of the dues a settlement was still to be reached with the Rajasthan and Mysore State Transport authorities. The Committee desired to be furnished with a note** indicat-

*Note received (Appendix III)

**Note received (Appendix V).

ing the latest position of the dues outstanding against the State Corporations etc. and the steps proposed to be taken by the Ministry to recover the amounts. With regard to the depreciation of the value of shares of the Branch line companies the Financial Commissioner explained that the Railways were running at loss and were being subsidised by Government annually. Two of the lines were worked by the Government Railways and the Ministry had to pay 50% of the gross earnings to the private companies, irrespective of the losses sustained in their working. On being asked whether it was not proposed to take over the Branch lines instead of paying annual subsidies, the witness stated that the matter had been examined and also discussed in Parliament earlier. It was considered that it would not be economical to nationalise the private narrow gauge lines for the following reasons:

- (i) The Indian Railways will be required to pay a dividend at 4½% of the capital (about Rs. 5 crores).
- (ii) The working expenses will increase as the staff employed on the Railways will be brought on to uniform scales of pay admissible to Government employees.
- (iii) Government will lose income tax which it was collecting from private companies.

104. *Suspense Balance—para 10:*

The position regarding heavy amounts lying under 'Suspense' and awaiting clearance was dealt with by the Public Accounts Committee (1961-62) in paras 12-14 of their 40th Report. It was then reported to the Committee that an *ad hoc* adjustment was contemplated in respect of certain very old items amounting to Rs. 4.56 crores of credits and Rs. 3.00 crores of debits for the period upto 1952-53 under the Suspense head 'Purchases' as no verification was possible due to non-availability of the connected vouchers and other records, as well as incomplete or incorrect particulars recorded in the purchase registers. This adjustment had been made in the accounts for 1960-61. The para in the Audit Report cited further instances where *ad hoc* adjustments had been necessitated under similar circumstances.

In evidence, the Financial Commissioner (Railways) explained the operation of Suspense heads and claimed that some progress had been made in the clearance of outstandings lying under suspense since the matter was examined by the earlier Committee. Further steps were being taken to improve the position. With regard to *ad-hoc* adjustments, he stated that these had been necessitated owing to clerical lapses in posting the relevant registers and reconciling

the entries regarding receipt of stores and payments made. The Committee inquired whether the Ministry of Railways was satisfied that there were no shortages of stores or overpayments involved in the cases where *ad hoc* adjustments were contemplated. The witness explained that in some cases test checks were carried out by the Accounts Officers and they were able to link up the relevant entries in the records. On being asked whether any changes in the extant procedure or the Accounts Organisation could be suggested to improve the working of Suspense Heads and obviating the *ad hoc* adjustments, the Financial Commissioner stated that with further training of Accounts staff and intensification of inspection by higher officers the position would improve.

The Committee then adjourned to meet at 09.30 hours on Monday, the 16th July, 1962.

**Proceedings of the 4th Sitting of the Public Accounts Committee
held on Monday, the 16th July, 1962**

106. The Committee sat from 10.00 to 12.45 hours.

PRESENT

Shri Mahavir Tyagi—*Chairman.*

MEMBERS

2. Shri S. C. Balakrishnan
3. Shri Bhakt Darshan
4. Shri Hem Raj
5. Sardar Kapur Singh
6. Shri R. K. Khadilkar
7. Shrimati Maimoona Sultan
8. Dr. G. S. Melkote
9. Shri Mathura Prasad Mishra
10. Shri Ravi Narayan Reddi
11. Shri Prakash Vir Shastri
12. Shrimati K. Bharathi
13. Shri Nawab Singh Chauhan
14. Shri Sonusing Dhansing Patil
15. Shri Rajeshwar Prasad Narain Sinha
16. Shri Jai Narayan Vyas.

Shri A. K. Roy—*Comptroller and Auditor General of India.*
Shri M. S. Bhatnagar—*Dy. Comptroller and Auditor General
(Railways).*

SECRETARIAT

Shri H. N. Trivedi—*Deputy Secretary.*
Shri Y. P. Passi—*Under Secretary.*

WITNESSES*Ministry of Railways (Railway Board)*

1. Shri Karnail Singh, *Chairman*.
2. Shri C. T. Venugopal, *Financial Commissioner*.
3. Shri E. W. Isaacs, *Member (Engineering)*.
4. Shri D. C. Baijal, *Member (Staff)*.
5. Shri Kripal Singh, *Member (Transportation)*.

The Committee discussed informally points arising out of Audit Report (Railways) from 9.30 to 10.00 hours.

107. *North-east Frontier Railway—Delay in fixing the rates for handling work—Para 12 of Audit Report—*

The work of unloading and reloading of wagons subjected to land customs check at Gitaldah on the East Pakistan border was entrusted to the Station Master in July, 1955, at Rs. 2-4-0 per wagon. On receipt of a complaint that the wagons were rarely opened and the customs authorities conducted only a visual examination, an *ad hoc* Committee was appointed to investigate the matter and the Station Master was informed in February 1956 that the rate was 'under scrutiny and may have to be revised if necessary with retrospective effect'. On the basis of the report submitted by the Committee on 23rd February, 1957, different rates ranging from 1/-12/- to Rs. 1/4/- per wagon were fixed with retrospective effect from 1955. The Station Master refused the overpayment of Rs. 42,313/- (alternatively Rs. 26,138 assessed from the date of notice) on the ground that the Administration's letter did not stipulate that in the event of fixation of lower rates, he would have to refund the difference. The legal opinion was that no recovery could be made from the Station Master.

In evidence, the representative of the Ministry of Railways informed the Committee that on the 2nd May, 1955, cross traffic through Pakistan started *via* Gitaldah Station and to facilitate checking of wagons by the Customs authorities arrangements were made for the unloading and reloading of wagons. In the beginning for about two months the work was done by engaging casual labour. Thereafter the Dy. Chief Commercial Superintendent of the Railway suggested that instead of engaging casual labour the work might be entrusted to the Station Master at the rate (Rs. 2/4/- per wagon) admissible for checking seal deficient wagons. He admitted that while fixing the above rate the Administration did not assess the quantum of work involved, nor were tenders called for. The Committee desired

to be furnished with a note* showing the expenditure incurred on casual labour and wagons handled at the Station from 2nd May to 12th July, 1955 and how it compared with the sanctioned rate of Rs. 2/4/- per wagon. The witness promised to furnish the information.

The Committee questioned the desirability of the practice that the Station Master was entrusted with such duties whereby he functioned as a contractor for the Railway. The representative of the Ministry stated that it was an old practice prevailing since the days when the Railways were managed by private Companies. It was since gradually dying down and attempts were made to award such contracts to private parties as far as possible. The Chairman, Railway Board, intervened to further support the existing practice. He stated that:

"the entrusting of this work to station masters had an inherent advantage which is much more material and profitable to the railways in that the station masters were responsible for the quick release of wagons. If he was also responsible for loading and unloading it will help the railways to get a better turn round of the wagons".

The Chairman (PAC) inquired whether instead of awarding a rate contract the Station Master could not be authorised to engage casual labour to carry out such works as and when required. The witness stated that the official (S.M.) would then have no interest in such a work and besides the preparation and maintenance of muster rolls etc. would involve additional work. On being asked what action if any was proposed to be taken against the Station Master for having obtained payments for wagons in respect of which no work was involved, the representative of the Ministry of Railways stated that payments had been made in terms of the agreement reached between the Station Master and the Railway Administration.

The Committee enquired about the reasons for the delay of more than one year on the part of the Railway Administration in revising the rates for handling work. The representative of the Ministry admitted that there had been a lapse on this account, that responsibility had been fixed in the matter, and the charge sheets were issued to the officials responsible for the abnormal delay.

108. Northern Railway—Loss due to incorrect evaluation of tenders for a good handling contract—para 13—

A contract for the handling of goods at Lucknow transhipment station was awarded to a contractor on 1st December, 1959.

*Note received (Appendix VII).

The rates quoted by him were adjudged to be the lowest despite the fact that for one item (the quantum of work in respect of which was omitted in the Schedule to the tender notice) he had quoted a rate of Rs. 75 per wagon as against the rate of Rs. 6.75 nP and Rs. 8/- quoted by other tenderers. The matter was gone into on receipt of an anonymous complaint in June 1960 and the Railway Administration withdrew this item of work from the contractor and entrusted it to another at Rs. 6.50 nP per wagon in August, 1960. The contract was ultimately terminated in November, 1960. The Enquiry Committee held the Chief clerk (commercial) and the Divisional Commercial Superintendent responsible for the excess payment of Rs. 24,510/- in this case. Another feature noticed in this case was that some M. G. Wagons were diverted to Lucknow for transhipment and about half the extra expenditure was caused by such diversions requiring transhipment at Lucknow. The justification of these diversions was stated to be under examination of the Railway Administration.

In evidence, the representative of the Ministry of Railways explained that prior to May 1959, the form for calling of tenders for transhipment of goods from Broad-gauge to Meter gauge wagons or vice versa indicated the quantum of work in terms of B.G. wagons only. This form was revised in May 1959 and instructions were issued to all the Divisions of the Railway that the rates for B.G., M.G. and N.G. wagons should be called for separately. In this case, although tenders had been invited on the revised form, the clerk concerned copied out the quantum of work required to be done on the basis of previous practice, thereby omitting reference to Meter gauge wagons separately. The evaluation of this tender was, therefore, done in terms of Broad gauge wagons only and the abnormal rate quoted by the contractor in respect of M.G. wagons was lost sight of. He added that no sooner this irregularity came to the notice of the Railway Administration than the steps were taken to withdraw this work from the contractor. As regards disciplinary action, the Committee were informed that the increments of the Chief Clerk and the Clerk concerned had been stopped with recurring effect. As regards the Divisional Commercial Superintendent, the displeasure of the Railway Board had been communicated to him which had been recorded in his confidential records. On being asked as to what action was taken against the contractor, the witness stated that efforts were being made to recover the overpayment. The contractor was willing to refund the overpayment provided he was not considered as having adopted fraudulent means in quoting higher rates. The matter was stated to be under examination of the Railway Administration. The witness, however, added that it was not

an unusual feature that contractors quoted abnormally high rates in regard to certain specific items in the tender. Instructions had since been issued to the Railway Administration that tender documents should be carefully scrutinised particularly in regard to the reasonableness of the rates quoted in respect of the items separately.

As regards the diversion of wagons, the Committee were informed that the matter had been further investigated and it had been found that there was no *malafide* in the diversion of wagons to Lucknow, which had been done for operational necessities, in order to avoid congestion at certain stations. On a question whether it would be desirable to hand over the case to the Police authorities for further investigation, the Chairman, Railway Board, replied that in his opinion, the case was not fit for being handed over to the Special Police Establishment.

109. *Southern Railway—Contract for handling sea borne coal at Cuddalore port—para 14—*

A contract was entered into with a firm for handling coal received at Cuddalore Port during 1960-61. During the period April to September, 1960, it was observed that the average quantities of coal unloaded by the contractor were far below the minimum quantities prescribed by the agreement. Complaints were received from shipping companies and the Director General (Shipping) about the poor performance of the contractor which caused detention of ships. As the contractor's performance continued to be unsatisfactory, the coal vessels were diverted to Madras, Tuticorin and Cochin from October 1960 onwards. These diversions resulted in an extra expenditure of about Rs. 5 lakhs as estimated by Audit on port and freight charges on coal which had again to be carried by rail to areas nearby Cuddalore.

The representative of the Railway Board explained the circumstances under which the contract was awarded to this firm and the reasons why it was not possible to recover any damages from it in terms of the agreement. At Cuddalore Port, in the absence of berthing facilities, steamers were berthed in midstream and from there, coal had to be unloaded from the steamer into lighters or boats through the agency of contractors who brought it to the coast. Hitherto there was only one firm who had almost monopolised the work. In the absence of competition, the firm was continuing to enhance the rates year after year. The Railway Administration was accordingly anxious to break the monopoly of this firm and this transaction mentioned in the Audit paragraph was an attempt in that direction. Earlier in the year 1958-59, the contract for this

work had been awarded to another firm at a lower rate than that quoted by the old firm. This contract also did not prove successful on account of the influence wielded by the rival firm. It was then reported that the established firm was not allowing its men to work with the new contractor. Subsequently, in 1959-60, the contract had to be awarded to the old firm. On being asked why it was not possible to impose any penalty on the contractor for his unsatisfactory performance, the representative of the Ministry stated that the contractor had put forth certain reasons explaining his inability to cope with the work which the Administration considered to be reasonable. He added that under the agreement, the Railway was entitled to make alternative arrangements at the risk and expense of the contractor but they could not do so except by awarding the contract to the old firm which they were trying to avoid. The C. & A.G. pointed out that there was not much difference in the rates quoted by the monopolist and the unsuccessful contractor. The Chairman, Railway Board, stated that it was an attempt on the part of the Railway Administration to break the monopoly but it was unfortunate that they were not successful.

110. *Infructuous expenditure on the construction of catch sidings—para 15—*

In March, 1955, the Railway Administration decided to provide catch sidings at 63 stations in pursuance of the recommendation by the Government Inspector of Railways in 1952 that at stations with long and steep gradients falling towards them in either direction, catch sidings should be provided. The necessity for the provision of such sidings was considered by a Committee in the Railway Board and in July 1958, comments of all Railway Administrations were called for. Meanwhile, without waiting for a final decision of the Board, the Administration informed them in May, 1959 that catch sidings estimated to cost about Rs. 1 lakh each were proposed to be provided at 390 stations. The Railway Board was further informed in April 1960 that work at three sidings was already in progress and that estimates for 30 others had been sanctioned during 1959-60. It was not before October, 1960 that the Railway Board advised the Administration during discussion that provision of catch sidings should be deferred until the necessity for them had been reviewed. The formal orders were issued only in March, 1961 that pending final decision, the sidings should be provided only at stations where they were considered absolutely essential in the interest of safety. As a result of the review carried out by the Railway Administration on the basis of these orders, the Administration put out of action eight of the nine sidings completed already. About

Rs. 6 lakhs had been spent on the construction and dismantlement of these sidings. The infructuous expenditure after setting off the value of the released material was estimated at Rs. 94,000.

In evidence, the Chairman, Railway Board, stated that as a question of safety *vis-a-vis* availability of funds was involved, the Board was hesitant to give a final decision in the matter. He added that in addition to the expenditure involved in the construction of catch sidings at a number of stations, there was another important factor of detention of trains which had to be taken into account. At each catch siding, every train must come to a halt at the outer signal. After the train had come to a halt, the points to the catch sidings were reversed and the train allowed to proceed over the catch sidings. He added that even the latest orders issued on the subject were not quite firm. The instructions were full of provisos, ifs and buts and it had been left to the discretion and judgment of the Railway Administration to examine each case on its merits. The Committee inquired whether in the absence of a final decision of the Railway Board, the Railway Administration was justified in proceeding with the construction of the catch sidings which had later to be dismantled. The Chairman, Railway Board stated that the sidings had been constructed as an experimental measure, which facilitated the Railway Board in the long run to come to a decision. The construction of the sidings helped the officers concerned in the Railway Board, the Engineers and the Research and Designs Organisation to come to certain conclusions which formed the basis of the instructions issued by the Railway Board. He further added that the recommendations and the report of the Government Inspector of Railways were addressed to the Railway Administration who were to implement the recommendations without waiting for any instructions from the Railway Board. On being asked the reasons for nine years' delay on the part of the Railway Board in coming to a decision, the Chairman, Railway Board, reiterated his stand that in a matter involving considerations of safety, the Board could not take any hasty decision and they had to examine the matter after collecting the necessary statistical data and watching the performance of the catch sidings constructed by the Southern Railway.

111. *Central Railway—Irregular splitting up of work orders—para 16—*

Minor works of repairs and maintenance not expected to cost more than Rs. 50,000 are entrusted to zonal contractors without inviting open tenders on each occasion. These zonal contracts for the years 1959-61 in the Bombay area were at 2% above the standard

schedule. It was noticed that certain large works were split up by the Railway Administration so as to bring each work order within the limit of Rs. 50,000. The work orders were placed on the zonal contractors on the same date or within short periods thereby avoiding invitation of open tenders. The para in the Audit Report mentioned seven such cases of splitting up of contracts. In one item viz., re-roofing of parts of a workshop, it was noticed that in August 1959 when open tenders were invited, the lowest rate obtained was 51% below the standard schedule of rates.

The Chairman, Railway Board, stated that out of seven cases cited in the Audit paragraph, in two cases, the Railway Administration had misunderstood the orders. In the case of other five works, however, he stated that the works related to items like painting, white washing, annual repairs etc. which were to be carried out by the zonal contractors in the normal course. In his opinion, the splitting up of the works was not against the spirit of the prevalent orders as it was intended that such works were to be done by the zonal contractors irrespective of any monetary limit. The position had since been clarified and further instructions issued to the Railways. He regretted that these instructions had not been sent to Audit which would be done now. In reply to a further question, the Chairman, Railway Board, stated that the placing of work orders in respect of items like white-washing, annual repairs etc. on zonal contractors was in keeping with the provisions of the Railway Engineering Code and that this practice had been followed in the earlier years as well. As regards items which had been split up irregularly, the Financial Commissioner stated that there had been no loss to the Railway on these works. He had compared the payments made to the zonal contractors with the current rates for similar works prevalent on the port trusts and adjoining railways and he was satisfied that there had been no overpayment involved. On the other hand, calling up of open tenders would have resulted in delays in execution of these works. He added, however, that the question of fixing responsibility for non-observance of rules was still under examination of the Railway Administration.

112. *Southern Railway—Conversion of a halt into a crossing station—para 17—*

In January, 1956, the halt at Pasivedala was converted into a crossing station at an estimated cost of Rs. 3:97 lakhs. In November, 1959, it was decided to re-convert this station into a halt as this was expected to lead to a saving of Rs. 22,000 per annum. Allowing credit for released materials, the net avoidable expenditure on this work amounted to Rs 79,000

In evidence, the representative of the Ministry of Railways stated that the conversion of the halt into a crossing station was initially considered necessary for dealing with traffic that was anticipated on the line by the end of the Second Plan. Subsequently, in view of the acute financial position, the Railway was asked to consider the possibilities of economising on works expenditure. Therefore, in the interest of economising to the extent of Rs. 22,000 per annum, it was decided in 1959 that the station should be closed and re-converted as a halt station. Since then for dealing with the increased traffic during the Third Plan, it had been decided to double the line on this section. In reply to a question, the witness stated that the next crossing stations from Pasivedala were about three kilo metres on either side. The Committee inquired whether a crossing station was considered necessary at such a short distance. The witness explained that keeping in view the pattern of traffic on the section, it was considered that if a crossing station was provided at Pasivedala, the detention of several trains would be avoided.

113. South-Eastern Railway—infructuous expenditure on a scheme for augmenting water supply—para 18—

With a view to meeting shortage of water at Manendragarh station, it was decided to dig three wells and a storage tank at Bijuri station situated at a distance of 10 miles. Water was to be carried by a pipe line. The estimate for the work was sanctioned in 1957. In July 1958, the Geological Survey of India gave a conditional opinion about availability of water provided the strata was underlain with Barakar stones and not shales. As an existing well in Bijuri was giving good yield, trial borings were not made. The suggestion of the District Engineer to have trial borings was also turned down. It was only in August, 1959 after about 6½ miles of pipe line had already been laid that it was decided to have trial borings. It was noticed that prospects of getting adequate supply of water were remote. Later on, the existing well also suddenly showed signs of failure. Allowing for the value of the released materials, the Railway was likely to incur a net loss of Rs. 66,500.

The Committee inquired as to why prospects of getting adequate supply of water were not properly investigated before laying the pipe-line. The representative of the Ministry explained that there was an existing well in the locality. Necessary tests were conducted on this well and it showed no signs of distress even after prolonged pumping. It was, therefore, assumed that water would be available. Referring to the suggestion of the District Engineer regarding trial borings, he stated that the officer had suggested trial borings with a view to determining the most suitable site for digging the wells, and

not for finding out whether water was available or not. He added that the technical opinion of the Geological Survey of India was quite clear in this regard. The only condition referred to in their opinion was regarding the nature of the sub-soil *viz.*, whether it was underlain with Barakar stone or shale. Experiments were conducted and it was found that the existing well did not contain shales. It was, therefore, taken for granted that plenty of water would be available in the area. It was, however, unfortunate that subsequently their expectation did not come true. Apparently, water in the well then existing was not due to any subterranean spring or regular flow but there was some kind of lake or pond which dried up after some time. On being asked why it was considered necessary to lay the pipe-line without first digging the well, the Chairman, Railway Board, stated that it would have been bad engineering to have created an asset of water without knowing where to use it.

114. *Western Railway—Irregularities on a construction bridge—para 19—*

Certain cases of serious irregularities in construction works were reported to the P.A.C. during the years 1960 and 1961 and were commented upon by them in paras 20 and 49 of their 33rd and 40th Reports respectively. The para in the Audit Report cited further cases of irregularities in earth work having been reported by a fact finding committee. The Committee had held the Asst. Engineer, Executive Engineer and Deputy Chief Engineer variously responsible for the irregularities. The last two had been held responsible for serious irregularities in connection with other works reported to the Public Accounts Committee earlier. Disciplinary proceedings against the officers could not be completed owing to prolonged absence of the Deputy Chief Engineer on medical grounds.

In evidence, the Chairman, Railway Board, admitted that these were cases of serious lapses on the part of certain officials. The Deputy Chief Engineer who had gone abroad for medical treatment had since returned. The enquiry had been completed and departmental action was being taken against the officers held responsible for the irregularities. The Chairman, Public Accounts Committee, observed that once a man had been found guilty or at least suspected of certain irregularities, a stricter watch should have been kept on his activities. The witness stated that the case mentioned in the Audit paragraph and those reported to the Committee in the earlier years had all happened at the same time.

The Committee then adjourned to meet again at 9-30 hours on Tuesday, the 17th July, 1962.

**Proceedings of the 5th Sitting of the Public Accounts Committee
held on Tuesday the 17th July, 1962**

115. The Committee sat from 9-30 to 12-30 hours.

PRESENT

Shri Mahavir Tyagi—*Chairman*

MEMBERS

2. Shri S. C. Balakrishnan
3. Shri Bhakt Darshan
4. Shri Gajraj Singh Rao
5. Shri Hem Raj
6. Sardar Kapur Singh
7. Shri R. K. Khadilkar
8. Dr. P. Mandal
9. Dr. G. S. Melkote
10. Shri Mathura Prasad Mishra
11. Shri Mohan Swarup
12. Shri Ravi Narayan Reddi
13. Shrimati K. Bharathi
14. Shri Dahyabhai V. Patel
15. Shri Sonusing Dhansing Patil
16. Shri Rajeshwar Prasad Narain Sinha
17. Shri Jai Narain Vyas.

Shri A. K. Roy—*Comptroller and Auditor General of India.*

Shri M. S. Bhatnagar—*Dy. Comptroller and Auditor General
(Railways)*

SECRETARIAT

Shri H. N. Trivedi—*Deputy Secretary.*

Shri Y. P. Passi—*Under Secretary.*

WITNESSES

Ministry of Railways (Railway Board)

1. Shri Karnail Singh, *Chairman.*
2. Shri C. T. Venugopal, *Financial Commissioner.*

3. Shri E. W. Isaacs, Member (Engineering).
4. Shri D. C. Baijal, Member (Staff).
5. Shri Kripal Singh, Member (Transportation).
6. Shri K. C. Lal, Additional Member (M).

Ministry of Transport and Communications (Dept. of Transport)

Shri E. Kolet, Chief Controller of Chartering.

The Committee discussed informally points arising out of Audit Report (Railways) from 9.30 to 10.00 hours.

Loss due to deterioration of steel scrap—Para 20 of Audit Report.

116. In March, 1957 and May 1959, the Railway Board issued instructions to the Railways to withhold steel scrap for being used in Railway Workshops. The Workshops were, however, not able to utilise the scrap to the full extent resulting in heavy accumulation of stock. Due to prolonged exposure and consequent deterioration some of the accumulated stock had to be reclassified in to a lower category thus involving a loss of over Rs. 8 lakhs on six Railways.

On the Central Railway, there was no system of annual reconciliation of the balances of ferrous scrap held by the various engineering subordinates with the balances in the accounts kept by the central scrap depots. A joint reconciliation undertaken in February, 1960 revealed a deficiency of 11,176 tons of scrap which could not be reconciled for want of records.

In evidence, the representative of the Ministry of Railways explained the basis for classification of steel scrap. All scraps arising from breakages, wear and tear etc. was collected in scrap depots on different Railways, where it was inspected and classified by Survey Committees according to the size, dimensions and the usability of the material. The witness stated that the reclassification of stock was undertaken as the earlier classification was not quite correct. On his attention being drawn to the allegation in the Audit para that the material had deteriorated due to prolonged exposure, the witness stated that it was not so. Had the scrap been rusted or deteriorated it would have lost some weight, which did not happen in this case. On his attention being further drawn to certain reports from the Railway administration regarding unsatisfactory storage conditions etc. he reiterated his stand that the downgrading in classification of scrap had not been effected because of any deterioration in its condition.

As regards Central Railway, the Financial Commissioner (Railways) stated that during the war and soon thereafter, owing to

transportation difficulties, scrap was being collected at different places on that Railway. The work of reconciliation of ground balances with account books was in hand and was expected to be over in three or four month's time.

Northeast Frontier Railway—Excess purchase of steel tyres—Para 21—

117. The annual consumption of carriage and wagon wheel tyres on the Northeast Frontier Railway was 1200, but the Railway procured 12,218 tyres from abroad during 1958-59. The actual consumption was 1,177 in 1958-59 and 387 in 1959-60. The future requirements were assessed to be 2,400 per annum and retaining 7,400 tyres to be used upto 1962, the Railway transferred the surplus stock to other Railways. About Rs. 1.06 lakhs were thus spent on freight and the handling thereon.

In evidence, the representative of the Ministry of Railways admitted that the requirement of types had been over-estimated by the Railway Administration. Initially the Railway had formulated schemes (i) to have wholly vacuum fitted wagons on the Meter Gauge, and (ii) to replace the chilled wheels (solid C.I. wheels without separable tyres) which had been obtained from U.S.A. during the War. As these schemes were not fully implemented, there was a surplus left with the Railway. In reply to a question the witness confirmed that all the tyres which had been imported had been fully utilised on different railways.

Avoidable expenditure due to the rejection of lower rate of freight—para 22—

118. In response to global tenders invited for the procurement of steel, 13 quotations were received for the supply of 5,700 tons of thin steel sheets required by the Integral Coach Factory. The lowest technically acceptable quotation was \$167 per ton FOB and \$192 per ton CIF. The CIF price was based on a freight rate of \$25 per ton and exchange rate of Rs. 4.75 per dollar. Later on, the supplier offered a reduction of \$10 per ton in freight in respect of their CIF quotation. The Railway Board, however, did not consider the freight reduction offered by the firm and awarded the contract on FOB basis. The Ministry of Transport and Communications arranged shipment of the material at a rate of \$24 per ton approximately. This resulted in an expenditure of about Rs. 2.25 lakhs over and above the revised CIF offer by the firm.

In extenuation, the Financial Commissioner, Railways, stated that a policy directive was issued by the Government of India in 1960 that, as a rule, FOB tenders should be preferred as it would

save foreign exchange as well as encourage the Indian shipping. Accordingly, the officers in the Railway Board, who examined the tender, did not take any notice of the CIF rate. It was also felt at that time that the firm intended to send the material by trampers owned by it, which was not considered to be a suitable arrangement. The representative of the Ministry of Transport and Communications explained that the policy directive had been issued to encourage the Indian shipping and that it had on the whole produced good results. In this case, however, he felt that there had been some misunderstanding on the part of the Ministry of Railways in interpreting the orders rigidly. On being asked whether the excess expenditure could be attributed to lack of co-ordination between the two Ministries, the witness stated that the shipping organisation had not fully developed at that time. He admitted, however, that had the Ministry of Railways consulted them before finalising the contract the position would have been made clear to them.

As regards the shipment of the material at higher rate the representative of the Ministry of Transport and Communications stated that it was the best rate that could be obtained. He added that it would not be proper to compare freight rate with the offer of \$15 per ton made by the suppliers, as the later quotation was most unrealistic. In reply to another question he stated that the material was shipped through foreign ships as no Indian concern was operating on that route. He also admitted that the indentors (Ministry of Railways) were not consulted before arranging the shipment at \$24 per ton. The representative of the Ministry of Railways stated that after the contract had been awarded at the FOB rates the firm's offer of CIF rates was no longer open to them.

Eastern Railway—Extra expenditure on purchase of rice—para 23—

119. An order was placed on a firm in April 1959 for the supply of 16,000 and 2,000 maunds of rice to Asansol and Howrah Grain Depots. There was no condition restricting the source of supply. After supplying 4,535 maunds of rice the firm expressed its inability to supply further quantities on the ground that the State Government had imposed restrictions on inter-district movements. No penalty was imposed on the firm for not completing the supply as per contract. Fresh tenders were invited and 11,000 maunds of rice were purchased from the same firm at rates which were higher by Rs. 7.24 per maund on an average as compared to the earlier contract. This resulted in an additional expenditure of Rs. 50,550/-.

In evidence, the representative of the Ministry of Railways stated that when the order for supply of rice was placed with the firm there was no restriction in the State of West Bengal for the

movement of rice from one district to another. Subsequently, when the restriction was imposed the contractor expressed his inability to fulfil the contract. The question of imposing penalty on the contractor was considered by the Railway Administration, but it was felt that since the condition which was existing at the time when the contract was awarded had changed materially the contractor was not liable to be bound down by the contract. On being asked whether the matter of obtaining a permit from the West Bengal Government was considered by the Railway Administration, the witness stated that the State Government was willing to issue a permit only to the Railways and not to the contractor. The contractor on his part was also prepared to supply rice at the source of procurement, namely, Kalyaganj in Dinajpur district. But the Railway Administration, did not consider it proper to have delivery at Kalyaganj for the following reasons:—

- (i) It would not have been possible for the Sampling Committee, consisting of Railway Officers and staff representatives, to move to Kalyaganj to have samples of the rice;
- (ii) there was no arrangement for the storage of material at the wayside station (Kalyaganj), and
- (iii) the movement of store from Kalyaganj to the Grain Shops involved transhipment at Maniharighat station.

Taking all the factors into consideration the Railway Administration did not consider it proper to take responsibility for the movement of rice. It was, however, admitted that there was no written correspondence with the West Bengal Government on the subject.

As regards the awarding of the contract to the same firm the witness explained that in between the termination of the first contract and the awarding of the second, tenders were invited on two occasions. Since the quotations of the firm happened to be the lowest the order was placed on it.

Southern Railway—Loss due to purchase of defective paint—para 24—

120. 540 gallons of paint required urgently for painting the Godavari Bridge were purchased from a firm in November, 1958. When the stock was opened up for use in June, 1959, the paint was found to be defective and not according to specification. The firm refused to replace it on the ground that the normal keeping property was only 4 months. On the paint being tested in August, 1960 it

was noticed that the lead content was not according to specification. The firm refused to accept this as the test was carried out after a delay of nearly two years.

In evidence, the Committee were informed that the paint had since been utilised after mixing oil to it at an additional cost of Rs. 1,100/-. This showed that the earlier test report was not wholly correct. With regard to the failure on the part of Railway Administration to inspect the paint on receipt, the Chairman, Railway Board stated that Railways purchased annually stores worth about Rs. 230 crores and, as a rule, their practice was not to open sealed articles. Such stores were normally inspected by the representatives of the D.G.S. & D. at the source of supply. On being pointed out that the paint was not obtained through the D.G.S. & D. the witness stated that it was not the practice to check branded articles. On a suggestion from the Chairman, P.A.C. that such articles could at least be test checked, the representative of the Ministry stated that it would be an unnecessary and expensive proposition.

Avoidable expenditure due to everstocking of steel—para 25—

121. On 1st April, 1959, overstocks representing items in excess of the normal anticipated requirements of Railways upto 31st March 1961, included Rs. 3.27 crores worth of steel. The Railway Board decided to liquidate the overstocks and it was assessed in November, 1959 that about 53,000 tons of steel with the book value of Rs. 3.5 crores was available for disposal. The overstocks of steel were brought down to 13,000 tons as on 1st July 1961. Bulk of the quantity was transferred among the Railways. But about 4,000 tons were sold to the State Government, non-Government and semi-Government undertakings at controlled rates. Such sales resulted in a loss amounting to Rs. 1.42 lakhs due to the difference in the book value and the controlled rates at which they were sold. Besides an expenditure of about Rs. 2.58 lakhs was incurred on account of freight and incidental charges.

In extenuation, the Financial Commissioner, Railways, stated that in the last three months of 1957-58 and during 1958-59 there was substantial recession of traffic and earnings and it was considered that the stores requirement of Railways could be reduced. An overall drive was instituted for an allround reduction in store balances. He added that as against the loss on account of freight, incidental charges, etc. the saving of interest on capital which was hitherto locked up should be taken into account. The Chairman, Railway Board, added that the Railways used on an average one million tons

of steel annually and the excesses and shortages should be viewed in that context. As regards the difference between the book value and the controlled rates at which the steel was sold the Financial Commissioner stated that the Railway were getting benefit from the Equalisation Fund. The Chairman, Public Accounts Committee, observed that even considering the heavy annual consumption of steel and the fact that Railways were spread over the whole country, a little more attention should have been given to see that accurate estimates were made.

Eastern Railway—Extra expenditure due to air lifting of Diesel Loco spare parts—para 26—

122. During the period March to October, 1961, a large number of spare parts for Diesel Locos were obtained from U.S.A. by air to meet the emergency created by a spate of engine failures in the Gaya section. A sum of Rs. 83,693/- was spent on air freight whereas it would have cost only Rs. 1,071/- by the sea route. Even though the Mechanical Department had sent their requisitions in the earlier part of 1960-61, orders were placed on the D.G.S.&D. from January to September 1961.

The Financial Commissioner, Railways, admitted that there had been certain lack of planning and co-ordination in placing orders. He clarified, however, that out of Rs. 83,693/- spent on air freight, an expenditure of Rs. 57,000/pertained to items which were not included in the indents sent by the Mechanical Department. This related to certain *ad hoc* indents for stores which were required urgently. The Additional Member (Mechanical) explained that heavy Diesel Locomotives had been introduced on the Railways for the first time and the staff both for operating and maintenance, did not have the necessary experience. Besides, certain spare parts which were originally manufactured in India did not prove to be entirely satisfactory. Thus, when deterioration in the working of Locomotives was observed the spare parts etc. were imported on a priority basis. In reply to a question the witness confirmed that only such of the spare parts which were urgently required were obtained by air and that this was done after the warranty period was over. As regards the time lag between the receipt of indents from the Mechanical Department and the placing of orders on the D.G.S.&D. the representative of the Ministry stated that it was due to the efforts made by the Administration to procure the items indegenously.

Southern Railway—Infructuous expenditure on steel sleepers—para 27—

123. Although 44,000 pairs of steel sleepers were sufficient for replacing the wooden sleepers on the 20 miles stretch of the Mysore-Arsikere section, and the Administration had procured a total of 47,951 pairs, a further quantity of 73,740 imported sleepers were procured for the work during the year 1957-58. In October 1957, the Administration decided to stop the work after completing only 6½ miles as it was considered that the percentage of unserviceable sleepers was within the limit. 1,08,299 pairs of sleepers were thus rendered surplus. It was only after 2 years that 99,783 pairs of sleepers were transferred to another Railway at a cost of Rs. 1.32 lakhs on freight.

The Chairman, Railway Board, explained that the steel sleepers were procured in the first instance after visual inspection of the track with the intention of utilising the released wooden sleepers elsewhere for casual renewals. Later on, when the work was taken in hand a larger number of wooden sleepers was found to be defective than anticipated. When it was discovered after doing 6 miles that the number of sleepers retrieved from the old ones was not enough to justify resleepering, the resleepering was discontinued. The Committee enquired as to why orders for the import of sleepers were placed even after the Administration decided to stop the work in October 1957. The Chairman, Railway Board stated that the later orders placed in November, 1957 related to different works on the same section. On being asked why orders were not cancelled in time he stated that there was an overall shortage of sleepers on the Railways and they wanted to make use of their resources to the best advantage.

Extra expenditure due to delay in acceptance of tenders—para 28:

124. The Audit Paragraph cited some instances where delays in the acceptance of tenders resulted in additional expenditure on the Central and Eastern Railways.

Central Railway.—Limited tenders invited for 4 tons of Gum Arabic were twice delayed by the Railway Administration with the result that the supplier refused to comply with the orders. The tenders were issued for the third time in August 1957 and supply arranged in October 1957 at a higher rate resulting in an additional expenditure of Rs. 7,925.

In another case of supply of certain types of switches, after quotations were received from the firm in February 1958, the matter remained under correspondence between different departments re-

garding justification for purchase, requirement of foreign exchange, etc. As orders were not placed in time, revised quotation were invited and order placed in May 1959 resulting in an additional expenditure of Rs. 6,804.

Eastern Railway.—In two cases for the supply of bricks in the Asansol and Dinapur Divisions, work relating to processing of tenders were delayed in the offices of the Divisional Superintendent and the Chief Engineer with the result that purchases had to be made at higher rates involving additional expenditure of Rs. 9,200 and Rs. 5,100 respectively.

In evidence, the Financial Commissioner, Railways, admitted that there had been lapses at different stages in processing the cases mentioned in the Audit Paragraph. He added that the cases related to the period 1957-59. Instructions had since been issued to all the Railways impressing upon them the need for observing the date of validity of tenders. With the tightening of the procedure all round he hoped that such cases would be minimised. Dealing with the cases individually, the witness informed the Committee that limited tenders were invited for the purchase of Gum Arabic as it was a proprietary brand article. He, however, admitted that he had no defence for the delays and lapses involved in these cases.

As regards the purchase of bricks on the Eastern Railway, the Chairman, Railway Board, stated that the delays in processing the tenders were due to the intervention of Puja holidays.

South-Eastern Railway—Heavy arrears in the recovery of rent for Railway land leased to outsiders—para 29—

125. In paragraphs 15 to 17 of their Fifteenth Report, the Public Accounts Committee (1958-59) dealt with the case of heavy arrears in the recovery of rent from the lessees on three stations of the South-Eastern Railway. The Committee were then informed that with the enactment of Public Premises (Eviction of Unauthorised Occupants) Act, 1958, it was hoped that the position would improve and that it might be possible to secure readily the eviction of defaulting licensees to obviate accumulation of arrears of rent.

The above-mentioned paragraph in the Audit Report disclosed that the position in respect of two of the three stations had in fact deteriorated. The total outstanding on the South-Eastern Railway amounted to Rs. 7.99 lakhs at the end of December, 1960.

Under the extant orders issued by the Railway Board rents of railway land leased to outsiders had to be revised periodically on the

basis of market price. A revision due in October 1955 could not be done until November, 1959. The delay was attributed mainly to the difficulty in obtaining information regarding the market value of land from the revenue authorities.

In evidence, the Financial Commissioner, Railways, stated that after certain initial difficulties the new organisation had been established and that out of 176 cases referred to the Deputy General Manager, who was the officer nominated under the Public Premises Eviction Act, 107 cases had been disposed of. He assured the Committee that the Ministry was very much alive to this problem and efforts would continue to be made to recover the arrears from the lessees. He admitted that there had been certain delays in revising the rents, but instructions had since been issued to the Railway Administration that they should contact the revenue authorities well ahead of time and revise the rents within the stipulated period.

Eastern Railway—Incorrect recovery of freight charges from a private-firm—Para 30:

126. In this case freight amounting to Rs. 3.40 lakhs was outstanding against a firm enjoying credit not facilities.

Although the special station to station rate of 0-3-11 pies per maund applicable to traffic of Silica stones between Bihar Sharif and Kumardubi siding was cancelled with effect from 1st September, 1953, the traffic continued to be charged at this special rate upto 21st May, 1959 as against the tariff rate of 0-7-7 pies per maund upto September, 1958, and 64 np per maund from 1st October, 1958 onwards. The mistake was initially detected in April 1956; but it was only in July 1957 that the Administration initiated investigation as to whether the cancellation of this special rate had been notified. The firm was informed only in June 1961 that the special rate should be treated as cancelled retrospectively from 1st September, 1953. The firm which had started paying the freight at normal rates from May, 1959 declined to pay the outstanding freight amounting to Rs. 27,993 on the plea that no notification was issued withdrawing the special concessional rates. The balance of the amount was still awaiting adjustment.

The representative of the Ministry of Railways informed the Committee in evidence that in the goods tariff issued in September 1953 the special rate applicable to traffic of Silica stones between Bihar Sharif and Kumardubi was not included inadvertently. The matter had been fully investigated and there were no records to show that the rate had been cancelled or revised. The fact that the

special concessional rates prevalent on other stations were allowed to remain indicated that this special rate was also operative. He added that it had not been possible to fix responsibility for this omission. He, however, admitted that there was delay in the office of the Chief Commercial Superintendent in initiating action to investigate whether the special rate had been cancelled and if so why it had not been notified. Action was being taken to fix responsibility for this delay. The Chairman, Public Accounts Committee, observed that not only there was negligence on the part of the Administration, but also they had not taken action in time to fix responsibility for the lapses. The witness explained that action was initiated after the Audit Paragraph came to their notice. The Administrative Officer had submitted his report which was not accepted by the General Manager. The revised report had since been received and necessary action was being taken by the General Manager.

Northeast Frontier Railway—Non-recovery of License fee and rent in Railway Bazars—Para 31:

127. A total sum of Rs. 3.46 lakhs was outstanding at the end of March 1960 on account of licence fee and rent for the period 1951 onwards in respect of land and stalls leased out in the Railway Bazars at certain stations on the Railway. In addition it was estimated in June 1960 that a sum of Rs. 2.55 lakhs was recoverable from several unauthorised occupants.

The Financial Commissioner, Railways, stated that Displaced Persons had settled in these Bazars and with the help of the State Government efforts were being made to recover the arrears of rent. With the enactment of the Public Premises Eviction Act of 1958 it was hoped that the position would improve further. He added that certain land plans were necessary for starting eviction proceedings against the settlers. As these documents had been taken away by Pakistan authorities on the eve of partition they had to be prepared a fresh. The work had since been completed and it was hoped that certain amicable settlement would be reached with the licensees in the near future. The Chairman, Public Accounts Committee suggested that since the Railways were not directly concerned with these Bazars, extra lands, etc. they should consider the possibility of transferring them to the State authorities.

Northern Railway—Loss of revenue owing to errors in Distance Tables—Para 32:

128. Due to errors in the conversion of distance into kilometres on certain sections, the Northern Railway lost approximately Rs. 4.58 lakhs in its earnings from the 1st April, 1960. The correct distances

were notified between April to June 1961. The Railway Board had informed Audit that these were a few stray cases of errors and that the question of fixing responsibility was under consideration. In evidence the representatives of the Railway Board had no further comments to offer on subject.

The Committee then adjourned to meet again at 09.30 hours on Wednesday, the 18th July, 1962.

**Proceedings of the Sixth sitting of the Public Accounts Committee
held on Wednesday, the 18th July, 1962**

129. The Committee sat from 9.30 to 12.40 hours.

PRESENT

Shri Mahavir Tyagi—*Chairman.*

MEMBERS

2. Shri S. C. Balakrishnan
3. Shri Bhakt Darshan
4. Shri Gajraj Singh Rao
5. Shri Hem Raj
6. Sardar Kapur Singh
7. Shri R. K. Khadilkar
8. Dr. P. Mandal
9. Dr. G. S. Melkote
10. Shri Mathura Prasad Mishra
11. Shri Mohan Swarup
12. Shri Ravi Narayan Reddi
13. Shri Prakash Vir Shastri
14. Shrimati K. Bharathi
15. Shri Dahyabhai V. Patel
16. Shri Sonusing Dhansing Patil
17. Shri Lalji Pandse
18. Shri Rajeshwar Prasad Narain Sinha
19. Shri Jai Narain Vyas.

Shri A. K. Roy, *Comptroller & Auditor General of India.*
Shri M. S. Bhatnagar, *Deputy Comptroller & Auditor General.*

SECRETARIAT

Shri H. N. Trivedi—*Deputy Secretary.*

Shri Y. P. Passi—*Under Secretary.*

Ministry of Railways (Railway Board)

1. Shri Karnail Singh—Chairman, Railway Board.
2. Shri C. T. Venugopal—Financial Commissioner
3. Shri D. C. Baijal—Member, Staff.
4. Shri Kripal Singh—Member, Transportation.
5. Shri E. W. Isaacs—Member, Engineering.

The Committee sat informally from 9.30 to 10.00 hours to discuss points arising out of Appropriation Accounts (Railways), 1960-61 and Audit Report (Railways) 1962.

Northern Railway—Delivery of consignments against forged Railway Receipts—para 33—

130. (a) During the period October, 1956 to January, 1957 labels in nine wagons containing several consignments of sugar booked from the North-Eastern Railway to stations on South-Eastern, Western and Central Railways, were changed so as to show Lohita as the destination while the wagons were passing through Moghalsarai. The contents were delivered at Lohita against forged Railway Receipts, although this station was not open for wagonload consignments, and the particulars of the commodity recorded on the forged Receipts did not agree with the contents of the wagons. The rightful owners were paid a compensation of Rs. 1,56,667.

The fraud was investigated by the police, and six businessmen of Banaras and three Railway employees committed to Sessions in November, 1959. The Railway employees have been acquitted, and four businessmen have been sentenced in December, 1961 to various terms of imprisonment. Departmental enquiry against the employees had not been initiated so far because the relevant records had been taken over by the Police.

In reply to a question whether the enquiry against the employees had since been concluded, the representative of the Railway Board stated that although the staff were acquitted by the Court they were still under suspension. The Railway Board had decided after studying the judgement which was made available in April, 1962 and in consultation with their Law Officers to take disciplinary action. Instructions to that effect had been issued to the Divisional Superintendent, Lucknow, but it would take some time before the action would be completed because the records were still with the Court and the people convicted had filed an appeal.

It was pointed out that Public Accounts Committee (1952-53) had recommended in para 30 of their Fifth Report that photostat copies of papers to be filed in Court should be kept beforehand and according to orders issued by the Ministry of Home Affairs in 1955 when Government officials were prosecuted before a court of law, it was possible and advisable to take departmental action simultaneously and it was not necessary for the Department to wait for the court decision before departmental action was taken.

The representatives of the Railway Board urged in extenuation that going through the whole judgement (172 pages) and consulting the lawyers etc. had taken some time as they could not go against anything which the Court had already decided upon in the judgment itself. The Financial Commissioner (Railways) elucidating the points further stated that they had repeated the instructions issued by the Ministry of Home Affairs in 1955 again to the various Railways. But, in the present case, the records were impounded before that. He admitted, however, that they could still have made an effort to get the records back but it was not easy. In reply to a further question, it was stated that the officers of the Railway, involved in the case, had been under suspension ever since the case against them was started in the Court.

The Comptroller & Auditor General pointed out that the instructions given in para 1821 of the Indian Railways General Code were that where fraud or embezzlement of Government fund had occurred the question of criminal proceedings should not be regarded by the Officer responsible as absolving him from the unpleasant and often laborious task of conducting immediately a thorough departmental enquiry. The natural reluctance to hold an enquiry, enhanced by an apprehension that it might prejudice the result of trial in a court of law, had led sometimes to great delay in conducting the departmental proceedings and the results had been inconclusive. The code rules, therefore, enjoined that departmental enquiries should not be delayed pending the decision of criminal cases as at a later stage, the evidence might disappear and the departmental enquiry could not be brought to any conclusion at all.

As regards guarding against the issue of forged receipts it was stated by the representative of the Railway Board that this matter had been discussed at a meeting of the Chief Commercial Superintendents. Their recommendations which had been accepted by the Railway Board are:—

- (i) the name of the forwarding station should be printed on invoice book for as many stations as possible in each Railway;

- (ii) the month and year of printing of the invoice book should be invariably shown on each foil of each book;
- (iii) the existing rules regarding sending of invoices by post should be rigidly enforced;
- (iv) in the case of delivery of valuable consignments exceeding Rs. 1,000 in value to a person who is not known to railway staff, delivery should not be given until the railway receipt is compared with the through invoice;
- (v) the staff must maintain vigilance and care before granting delivery to unknown persons. If necessary, they should also ask the despatching station by wire whether goods had been sent by that station.

When the C. & A.G. pointed out that according to newspaper reports, the Judge had opined that the investigation of the case was done in a slipshod and unsatisfactory manner and that the entire investigation had thus been disgracefully superficial and inefficient with the result that only a very small portion of the conspiracy had been unearthed, the representative of the Railway Board stated that the Administration was not going to let off the delinquent Railway officials who were still under suspension. As regards the observations made in the judgment the investigation in this case was conducted by the Police and not by the Railway Authorities.

Para 33(b)

A tank wagon containing mustard oil booked from Belanganj to Sasaram in December, 1956 was fraudulently diverted to Kanpur and the contents delivered against a forged Railway Receipt. The rightful consignee was paid a compensation of Rs. 41,847. The forged Railway Receipt was prepared from a Central Railway Receipt Book lost by the Agra Cantonment station in December, 1956 although its loss was reported only in February, 1957.

The file on which the claim was dealt in the Chief Commercial Superintendent's office was stated to be not traceable.

In explaining the action taken in the matter, the representative of the Railway Board stated in evidence that one of the persons who endorsed the railway receipt had been apprehended by the police and a criminal case was going on against him. The recommendation of the Law Officers and the Railway Police was that as the railway staff concerned had to give evidence in this case, no departmental action should be taken against them until the criminal case was over; otherwise, their evidence would lose some of their value.

That is why the departmental action against the staff had not so far been initiated. As soon as the case was over, action would be taken against the people concerned. He stated further that one of the staff concerned in this case was alleged to have stolen the railway receipt from the custody of the Station Master. As regards the loss of the file, it was stated to have been lost in transit between Delhi and Varanasi where the Claims Office was situated and it had not been traced so far. The file was being sent from the Vigilance Officer of Anti-Corruption Section. He urged, however, that the loss of the file had no connection either with the perpetration of the fraud or the success of the prosecution of the staff concerned.

In reply to a question, the representative stated that the particular receipt relating to this case belonged to Agra Cantonment. The Station Master of Agra Cantonment was supposed to keep the railway receipts in safe custody. The loss was detected only after the fraud was found out. A notice was then issued but it was too late.

Delay in fixation of staff responsibility in connection with compensation claims—Para 34—

131. The Chairman observed that the percentage of cases not finalised, as given in para 34 of the Audit Report, was abnormally high.

The Financial Commissioner (Railways) stated in extenuation that they could not readily pinpoint responsibility in many cases because those pertained to inter-railway traffic and until the records of the passage through the different railways were traced, responsibility could not be pinpointed. This would normally take months. The Labour Federation had also asked for an assurance that the authorities would not proceed against the staff until they had gone through all the processes. The latest reports indicating the position on 31st March, 1962, however, showed a great deal of improvement as under:—

								Percentage of pending cases reduced
South-Eastern	.	.	.	.	.	.	64.92	83% 59%
Southern	.	.	.	.	.	.	6680	81% 47%
Northern	.	.	.	.	.	.	5589	53%
Western	.	.	.	.	.	.	8132	59% 22.8%

The Chairman observed that the latest figures did indicate a very good progress.

When asked whether the recent law passed by Parliament which cast on the Railway Board the additional responsibility to pay compensation, had added to the work of the Board, it was stated by the Financial Commissioner that there had been no increase in the staff so far but the repercussions of the new law on the claims position was under a careful watch.

As regards procedural changes to avoid delays, it was stated that packing conditions had been tightened up in consultation with the trade and industry and comprehensive instructions had been issued to the station staff to see that the packages were properly packed, marked and labelled. The procedure for preventing compensation claims had also been tightened.

In reply to a question as to why a large provision of Rs. 2.15 crores had been made for the budget year 1961-62 on account of payment of claims, it was stated that the Railways would now have to pay claims in respect of running train thefts of which there were a large number of cases and these were not the liability of the railways in the past. Therefore, this additional amount had been provided for on the basis of past experience. An educative campaign among the staff at various stages at the transhipment stations as well as the destination stations had been undertaken in addition to tightening up of procedure, for reducing the expenditure in this behalf.

As regards larger number of cases of compensation in respect of Western Railway as compared to other Railways, the representative of the Railway Board stated that in that Railway, the Claims Organisation was a little different from the other Claims Organisations. But recently it had been put on the same footing as on the other Railways where one Claims Officer was responsible for one Claims Division.

Southern Railway—Delay in receipt and check of monthly Stores Returns and delay in regularisation of shortages Para 35

132. The following figures, as on the 30th June, 1961 indicated the unsatisfactory state of affairs in regard to the submission and check of monthly returns showing receipts, issues and balances of all items of stores :

Year	Returns due to be received	Returns received	Returns received but not scrutinised
1957-58	6774	5224	670
1958-59	8120	7004	1649
1958-59	12514	10608	3500
1960-61	14389	8601	3022

While admitting that there had been a failure in the matter of receipt and check of monthly Stores Returns in the Southern Railway, the Financial Commissioner (Railways) pleaded in extenuation that re-grouping of Railways in 1951 and Divisionalisation in 1956 led to a greater setback in the Southern Railway than anywhere else. He reported, however, that as a result of special efforts made there had been an improvement in the matter as would be clear from the following latest figures:—

Year	Returns due to be received	Returns received but n scrutinised
1957-58	214	459
1958-59	148	472
1959-60	1008	3309
1960-61	3713	3516

Item (i)

The Financial Commissioner pleaded guilty to the delay in regularising the shortages revealed in handing over statements of Engineering Subordinates.

Item (ii)

A check on an Inspector's handing over statement of January 1957 disclosed shortages valued at Rs. 1,682 and after four years a further sum of Rs. 1,8559 was found to be recoverable from him.

The Chairman pointed out that the Inspector in this case had retired from service in July, 1957, and it would be difficult for the Railway Board to apprehend the guilty. While admitting the delay in these cases it was stated in reply that the authorities had kept back the retirement benefits in both the first and second cases. In the first case, the person had gone to the law court for getting the money back while in the second case the Railways were satisfied that most of the sum shown as recoverable was book-keeping errors and only a sum of Rs. 2,195 was recoverable from him. It was admitted, however, that in the first case the amount kept back was less than the amount of shortages. It was further admitted that there was a collusion in the first case between the Inspector and other Officers but it was not so in the second and third cases.

SOUTH-EASTERN RAILWAY

The handing over note of an Inspector regarding charge of a stores depot in October, 1957 revealed shortages of rails and permanent way materials valued at Rs. 50,000. These were reported from

District Engineer to Chief Engineer in November 1958. After detailed investigation in 1961, the shortages had been assessed at Rs. 26,458 and the Inspector held responsible for Rs. 420 only. The balance was being written off.

While pointing out the delay that had occurred in this case the Chairman observed that it was the responsibility of the railway authorities to see that action was taken quickly as far as possible and best human efforts were made to see that such things did not take place and the delinquents were not allowed to go scot-free. The Financial Commissioner, while admitting the delay stated that as a remedial measure all the instructions issued by the Railway Board from time to time had been reproduced in a circular and the personal attention of the General Managers drawn to them. Whenever a Member of the Railway Board went on inspection, the registers were checked. The Railway Administrations had also been asked to maintain a list of all pending cases of irregularities and to see that departmental action was finalised quickly. The General Managers went to the Divisions and those in charge of the Divisions went to the sub-divisional offices etc. for inspections. A Finance and Accounts Officer was associated with the investigations so that no charge of partiality could be levelled.

The Chairman suggested that the Railway Board might consider the feasibility of the sharing of responsibility by officers of different departments with regard to checking of stores etc. The Chairman, Railway Board, noted the suggestion of the Chairman for intensifying the instructions already given that the people should not act as departmental officers but as railwaymen in general.

In reply to a question of the C. & A. G. whether it was possible to organise a system of internal administrative Audit in the Railways, the Chairman, Railway Board, promised to go into this matter under the guidance of the C. & A. G.

The C. & A. G. also desired to know whether the Railway authorities could organise an office similar to the Chief Technical Examiner's Organisation under the Ministry of Works, Housing & Supply. The Chairman, Railway Board was of the view that this was not necessary as this would be duplication which would delay and probably hamper the progress of works. He, however, welcomed any suggestions made by the C. & A. G. and promised to pursue them in consultation with him at a convenient opportunity.

Posts operated without sanction—Para 36

133. A review of the position as on 1st October, 1961 indicated that on almost all the Railways, a large number of posts were operated without sanction for periods even exceeding one year.

It was admitted in evidence that operating the posts without sanction had been very irregular. It was stated in extenuation, however, by the representative of the Railway Board, that the increasing workload on the railways had been responsible for this. Proposals for posts were framed in time but sometimes in their anxiety to have full justification, there was cross-correspondence between the executive and the accounts sides and sometimes the matter got delayed. Positive steps had been taken in the matter and the number of cases had already come down considerably.

Delay in recovery of amounts due from other Government Departments, State Governments, Public Bodies, etc.—Para 37—

134. The position as on 31st March, 1961 with regard to delays in the recovery of dues from Government Departments, Public Undertakings etc. mentioned in para 50 of the Audit Report (Railways), 1961 did not show much progress.

The Chairman, Railway Board, stated that it was very difficult for them to get money from other Government Departments. As an instance, it was mentioned by the Financial Commissioner that although the amount was not being disputed by the Ministry of Defence, when that Ministry was reminded, the reply was that it was under consultation with the Defence (Finance) and when the Defence (Finance) was reminded they stated that the matter was pending with the Defence Ministry. He mentioned further that although there was no controversy, unless the Ministry of Defence accepted the amount, no debit could be raised nor the matter settled. As regards the delay of nine years in billing the Defence Ministry, it was stated that only when the Defence Ministry had given up the use of the siding and the final accounts were ready could the bills be prepared. The Chairman, Railway Board, suggested for the consideration of the Committee that in such cases where there was delay in realisation of dues from any department, a para should be included in the Audit Report relating to those departments showing that a particular amount was yet to be paid.

WESTERN RAILWAY

Freight charges amounting to Rs. 3·48 lakhs were outstanding against the ex-Saurashtra State Government since January, 1952. The Government of Maharashtra had stated that as the liability pertained to the ex-Bombay State, its allocation as between the successor Maharashtra and Gujarat States was under examination by their Law and Judiciary Departments.

In evidence, it was stated that by the time it was decided to pass the outstanding through adjustment accounts instead of settling in cash as was done previously, it was not specified that the pending transactions would also be settled on this new basis. The departmental officers of the State Governments had not yet sent back the vouchers duly accepted. The Railway Board did not apprehend losing the amount because both the new Governments of Bombay and Gujarat had been very helpful all along in this matter.

Delay in the clearance of materials at site account—Para 38—

135. Heavy balances were lying in the material at site account of difference works on various Railways as on 31st March 1961 although the works on which the materials were to be used had in some cases been completed as early as 1955-56.

The Financial Commissioner stated in evidence that the latest assessment had revealed that much of the outstandings was due to actual balances having been transferred but not adjusted. This came to Rs. 66.46 lakhs of materials transferred but not adjusted but the actual physical balance was only Rs. 12.75 lakhs.

Loss of Assets—Para 39

136. A loss of Rs. 1.30 crores occurred in March, 1961 on account of fire in the sleeper depot at Dhillian. The Departmental Enquiry Committee which investigated the matter could not establish the cause of the fire but suspected it to be due to sabotage by some miscreants. A chowkidar who did not detect the fire promptly had been removed from service. The increment of the Superintendent of the Depot who was held responsible for slack supervision had been withheld temporarily for one year. The loss was being written off in the account of 1961-62.

When it was pointed out to the Railway Board that there were conflicting views as to the cause of fire in this case—the Police said that it was a case of accident whereas the departmental enquiry stated that it was a case of sabotage—the Chairman, Railway Board stated that the Railway Board had no doubt that it was a clear case of well-planned sabotage done at a particular time when the shift duties were being changed. He also disclosed that the verification of the stores had been carried out only one month before the fire occurred and no serious shortages were noticed. Moreover, both the railway and road bridges nearby were guarded by the military and therefore, it could not be that this fire had occurred to prevent the finding out of theft of sleepers or other things. Preventive measures

had been taken and patrol and watching work had been intensified and the question of shifting the depot to the place of supply was also under consideration. The Chairman, Railway Board, in clarifying the position further stated that there had not been any case of misappropriation of stores as the sleepers were all supplied by the Forest Departments of the State of Jammu and Kashmir and Himachal Pradesh Administration and no contractor was involved. In reply to a question whether there were any fire fighting arrangements nearby, the Chairman, Railway Board, stated that this fire did not smoulder but suddenly erupted and became a big conflagration. The Military H.Q. nearby noticed it and rushed to the spot. Efforts were made to save the materials but only a small quantity could be saved. He promised to supply a copy of the Enquiry Committee's report to the Chairman of the Committee.

SOUTH-EASTERN RAILWAY

Loss of about Rs. 55,000 occurred in May, 1960 on account of fire in the godown of the Lost Property Office at Ramkristopur. The police report indicated that the goods had not been stored in the godown in keeping with the rules and there was contributory negligence on the part of the railway authorities. The Railway Administration stated that proper storing arrangements could not be made due to paucity of accommodation.

In explaining the circumstances of the case the representative of the Railway Board stated that the Magistrate's Report had stated that there was nothing wrong in storing the goods and no dangerous goods as such were stocked. According to the Inspector of Explosives to whom the whole matter was later entrusted, the fire occurred because some of these packages contained materials with phosphorus content and when the water covering of the phosphorus became dry they got ignited. There was lack of storage space and things were lying on top of one another. The Magistrate had pinpointed the need for adequate storing, which could not be done in the present case. Moreover, in the packages there were no markings to show that the store was dangerous.

As regards the unsatisfactory state of affairs in the Lost Property Office, the representative of the Railway Board stated that it was a fact that the space was inadequate. A few months before the fire took place, South-Eastern Railway had taken a decision to open two more Lost Property Offices—one at Cuttack and the other at Itwari near Nagpur. Since then a very big marine workshop had been found in the Shalimar area where Lost Property Office had been

shifted. Instructions had been issued since that no dangerous goods or inflammable goods should be sent to the Lost Property Office unless there was some separate storing arrangement for such goods.

EASTERN RAILWAY

A siding in Halishahar was being used from 1947 for stabling condemned wagons in dispute with Pakistan Government and the special surveys conducted in 1953—57 revealed that 3930 ft. of railway track with fittings valued at Rs. 28,000 had been stolen. In addition, component parts of the wagons stabled on the siding valued at Rs. 1.56 lakhs were stolen between 1950 and 1957.

The stock taking in 1957 of the condemned wagons which were stabled on the Ganges siding in 1950 pending their disposal by auction revealed that out of 117 wagons, 53 complete wagons and component parts of 50 other wagons had been removed by some miscreants. The connecting track had also been pilfered. The Enquiry Committee set up to investigate the losses could not fix responsibility on anyone.

It was stated by the representative of the Railway Board in evidence that the Ganges sidings at Kanchrapara were at some considerable distance away from the workshop. 400 out of 1,700 wagons awaiting disposal were by the river side. The police were kept informed when the wagons were placed on the siding but sufficient number of people to police this area was not available. Most of the wagons had been dismantled and some were cut up and removed in parts and about 1,200 yards of track had been removed. It was admitted by him that the theft which would have happened over a period of months was not noticed until some big gaps were noticeable in that place. The theft must have been committed by an organised gang. As regards the watch and ward arrangement, a very small number was available and they had to cover a very big area. The Chairman observed that it should have been possible for even one man to find out thefts of such a great extent. It was pleaded, however, that wagons used to be kept in yards for years on end before the period of war and nothing had happened and formerly these yards were never patrolled.

*Central Railway—Shortages of type metal in a printing press—
Para 40*

137. The stock verification conducted in August, 1955 and September, 1958, revealed shortages of types and type metal valued at

Rs. 1,01,446. The Administration attributed the shortages to undetected thefts and pilferages which were rendered possible on account of lack of adequate security arrangements.

Explaining the circumstances of the shortages, the representative of the Railway Board stated in evidence that the shortages took place over a period of four years 1955-59 and at the time when the shortages were noticed, there were some irregularities in procedure. He admitted that possibly right upto 1958 the account was not maintained properly. An Enquiry Committee was constituted by the Central Railway to look into this matter and it made certain recommendations. It was agreed by the Central Railway that there were some pilferages even after allowing for a 4 per cent. wastage finally agreed to. By now, practically, all the recommendations of the Enquiry Committee had been implemented to keep things in order from the issue of the metal to the casting of type and circulation till it went back to melt. Suitable security arrangements had also since been made. When it was mentioned that the Officer-in-Charge had retired before the theft was noticed, the Chairman observed that the Railway Board should do some re-thinking on those cases where officers involved in any irregularities became due for retirement before the findings of Committees were out.

North-East Frontier Railway—Shortage of coal—Para 41

138. The Expert Committee on Coal Consumption, 1958 estimated that about 1 per cent. of the coal despatched to Railways was lost by pilferage during transit from Collieries to sheds. In the accounts of the North East Frontier Railway the shortages of coal in transit worked out to 7.3 per cent. in 1957-58, 7.6 per cent. in 1958-59, 8.8 per cent. in 1959-60 and 10 per cent. in 1960-61. The unduly heavy incidence of shortages on this railway was stated to be due to the losses in transit of coal received by the Indo-Pakistan Route in open wagons.

The Chairman, Railway Board, stated in evidence that the figure of 1 per cent. was arrived at on the basis of the averages for all the railways but the circumstances in regard to the North-East Frontier Railway as regards the route etc. were quite different. The Financial Commissioner in explaining the position further stated that there were more transhipment points and riverine transhipment points as far as the North-East Frontier Railway was concerned, and in addition there was a special feature of crossing the Indo-Pakistan border in the case mentioned in the Audit Report. These were the special circumstances under which the shortages occurred. When the Expert Committee on coal consumption in 1958 examined this:

matter, they reported that at the Tinsukia shed where there was a very short lead from the nearby coalfield the shortage in transit was between 2.2 per cent. to about 4.89 per cent. In reply to a question whether provisions could not be made for sending coal in covered wagons instead of open ones, it was stated that some of the collieries wanted the coal in open wagons which was more convenient for their loading. They had now provided 60 Diesel Engines and these would result in avoiding wastage of coal. The Chairman, Railway Board, stated further that there was now a broad gauge link with Siliguri which was expected to cut off to a large extent the transhipment over rivers and through Pakistan.

The Committee then took up the following subjects for consideration.

Railway Catering—pp. 74-75 of Detailed Appropriation Accounts, 1960-61

139. The profit and Loss Account disclosed a loss of about Rs. 4 lakhs in Railway Catering. The representative of the Railway Board stated in extenuation that the loss had been progressively reduced. The loss had gone upto Rs. 21.98 lakhs in 1957-58 against sales of Rs. 179.19 lakhs and in 1960-61 it was brought down to Rs. 4.43 lakhs. The percentage of loss to sales had come down to 7.5 per cent. in 1960-61 from 20.5 per cent. in 1955-56. One of the reasons for the loss was that while the cost of the staff had gone up (as against contractors' rates) and the cost of ingredients had also gone up, there had been no corresponding increase in charges for foodstuff, except in some items. It was urged further that while normally catering was a new trade for the Railways, they had already taken steps to reduce the losses. They were centralising the purchase of important commodities, economising on fuel, trying to have more staff on commission basis, proposing to have comprehensive catering in place of only the refreshment rooms at stations which were not paying and tightening up supervision. As regards complaints about the service, action was being taken to improve it. He denied that the Administration had asked private vendors and caterers to raise their prices so that Railways could also raise their prices. He further stated that they did not propose to departmentalise the catering entirely but only where there were repeated complaints about a private caterer, they considered this question. In reply to a question from the Chairman, it was admitted that to the total loss in catering should be taken at about Rs. 8 lakhs taking into account the loss in the matter of licence fees amounting to Rs. 3.7 lakhs.

Grainshops—Para 73 of Appropriation Accounts, 1960-61, Part I.

140. In the year 1960-61, the loss in the working of Grainshops in Eastern, North Eastern, North Frontier and South Eastern Railways where only they existed, was Rs. 43 lakhs.

In explaining the system of Grainshops the representative of the Railway Board stated that with the introduction of the revised scales of pay, option was given to the staff either to continue to have the grainshop facilities or to come on to the revised scales of pay. The employees who opted for grainshops would not be given the new rates of dearness allowance. At present, there were only about 4,000 persons who were getting grainshop concessions. The amount of loss of Rs. 43 lakhs was not actually a loss but it was the value of the grainshop concession for the employees. The Committee observed that the expenditure of Rs. 43 lakhs on 4,000 and odd employees appeared to be rather disproportionate. In order to bring these scales on line with others certain cash payments were also offered, but it was not accepted. Since the grainshop concession was given (mostly to class III to IV staff) as a result of an agreement with organised labour, there was no alternative but to maintain the grainshops.

Expenditure on Ticket checking staff—Para 17 of Annual Report of the Railway Board, 1960-61

141. In reply to a question, it was disclosed by the Financial Commissioner that during 1961-62, the expenditure on Ticket checking staff was approximately Rs. 2.80 crores as against Rs. 2.24 crores realised from ticketless travellers. He promised to furnish to the Committee the break up of the amounts showing how much had been spent on normal ticket collectors and the special staff employed for the purpose, as also the amounts realised for each of the last three years.*

Running of North-Eastern and the North-East Frontier Railways at a loss—Annexure D, Appropriation Accounts, 1960-61, Part I

142. When asked to state what steps had been taken to run the two Railways economically as they were running at a loss for some years, the Financial Commissioner stated in evidence that in North-eastern Railway a large number of posts of marine staff had been surrendered, the number of staff for sugarcane traffic and ballast train had been reduced, 17 metre gauge locomotives had been released and the unit cost of repair on locomotives had been reduced. There was

*Note received. (Not printed).

reduction in coal consumption and in shunting of locomotives and the reduction in workshop and running repair cost of coaching vehicles was still in progress.

As regards the North-east Frontier Railway, which ran through a very difficult terrain consisting of many riverine transhipment points and which consisted of strategic sections, the Railway Convention Committee, 1960 had recognised the special features of this Railway.

Attempts were being made constantly to reduce the losses and in North-eastern Railway the operating ratio figure was steadily coming down.

Economy in Railways—Para 3 of 33rd Report of Public Accounts Committee, 1960-61

143. The Public Accounts Committee (1960-61) was informed that a directive was issued by the Railway Board to all the Railways to effect economy in Railway expenses.

Chairman desired to know what those instructions were and the results achieved as a consequence. The Financial Commissioner urged in this connection that economy in a developing stage of transport should be viewed from the point whether the amount was invested properly, whether the most economic alternative was followed, whether there was avoidance of wasteful expenditure and whether a project was undertaken with as much economy as possible. In doing this, the return on capital both in terms of percentage of money return and in terms of physical output of transport would be the deciding criteria. He promised to furnish a note* to the Committee describing the measures taken to effect economy in the Railways and a copy of the directive issued in this matter.

The Committee then adjourned till Thursday, the 19th July, 1962.

*Note received. (Appendix XXXIX)

Proceeding of the 26th sitting of the Public Accounts Committee held on Thursday, the 27th September, 1962.

144. The Committee sat from 10.00 to 13.00 hours.

PRESENT

Shri Mahavir Tyagi—*Chairman.*

MEMBERS

2. Shri S. C. Balakrishnan
3. Shri Bhakt Darshan
4. Shri Gajraj Singh Rao
5. Shri Hem Raj
6. Sardar Kapur Singh
7. Shri R. K. Khadilkar
8. Shrimati Maimoona Sultan
9. Dr. P. Mandal
10. Shri Mathura Prasad Mishra
11. Shri Mohan Swarup
12. Shrimati K. Bharathi
13. Shri Nawab Singh Chauhan
14. Shri Dahyabhai V. Patel
15. Shri Lalji Pendse
16. Shri Rajeshwar Prasad Narain Sinha
17. Shri Jai Narain Vyas.

Shri M. S. Vatnagar—*Dy. Comptroller and Auditor General of India.*

Shri K. R. Baliga—*Dy. Director of Railway Audit.*

SECRETARIAT

Shri H. N. Trivedi—*Deputy Secretary.*

145. The Committee took up consideration of their draft First Report on Appropriation Accounts (Railways), 1960-61 and Audit Report, 1962.

The Committee decided that the form and pattern of the 'Introduction' to P.A.C. Reports should be changed. The general recommendations highlighted therein should be included in a separate Chapter—'General' at the end of the Report proper. It was accordingly decided that the existing paras 5—7 of the Introduction should be included in a separate Chapter at the end of the Report and the Introduction suitably modified. It was also decided to record the thanks of the Committee to the Officers of the Ministries concerned in the Introduction to P.A.C. Reports. The Committee directed that the Introduction to the draft Report on P. & T. Accounts should also be rearranged accordingly.

The Committee finalised paras 1 to 58 of the draft Report subject to minor changes here and there and deletion of the sentence "If in consultation with..... be examined" in para 15, pages 8-9.

The Committee then took up consideration of paras 88—92 (Chapter IV) and decided that no useful purpose would be served in pursuing the matter further. They, therefore, decided that in page 45, after the words "Eastern Railway" in line 8, the following be inserted:

"the Committee feel that no useful purpose will be served in pursuing the matter further."

The Committee then adjourned till 11.00 hours on Friday, the 26th September, 1962.

**Proceeding of the 27th sitting of the Public Accounts Committee held
on Friday, the 28th September, 1962**

146. The Committee sat from 11.00 to 13.00 hours.

PRESENT

Shri Mahavir Tyagi—Chairman.

MEMBERS

2. Shri S. C. Balakrishnan
3. Shri Bhakt Darshan
4. Shri Gajraj Singh Rao
5. Shri Hem Raj
6. Sardar Kapur Singh
7. Shri R. K. Khadilkar
8. Shrimati Maimoona Sultan
9. Dr. P. Mandal
10. Shri Mathura Prasad Mishra
11. Shri Mohan Swarup
12. Shri Prakash Vir Shastri
13. Shrimati K. Bharathi
14. Shri Nawab Singh Chauhan
15. Shri Dahyabhai V. Patel
16. Shri Lalji Pendse
17. Shri Rajeshwar Prasad Narain Sinha
18. Shri Jai Narain Vyas

Shri G. Swaminathan—*Addl. Dy. Comptroller and Auditor
General.*

SECRETARIAT

Shri H. N. Trivedi—*Deputy Secretary.*

147. The Committee resumed consideration of their draft First Report on Appropriation Accounts (Railways), 1960-61 and Audit Report (Railways), 1962. They finalised the remaining portion of

the draft Report subject to minor changes here and there and the following modifications:—

(1) *Page 33, lines 5—8*

For 'Meanwhile....authority.' the following be substituted—

“Meanwhile, they also feel that whereas the Railways are not directly concerned with bazars, extra lands, etc. which are not likely to be used for Railway purposes in the near future, they should consider the desirability of transferring such properties to the appropriate State Governments or Local authorities.”

(2) *Page 37, para 72*

The existing sub-para be deleted.

(3) *Page 38, para 74*

The last sentence be substituted by—

“Government should look into this aspect and issue suitable directives to all the Departments.”

(4) *Page 39, para 77*

The following be added as a new sub-para after the first sub-para—

“The Departmental Committee was unable to come to any positive conclusion regarding the cause of this fire which led to a heavy loss of Rs. 1·30 crores. In this connection, the Committee suggest that in such cases involving heavy losses, the inquiry Committee should have some non-official, judicial or non-Railway official associated with it.”

(5) *Page 42, para 84*

The following be added at the end of the first sub-para—

“One fruitful way of doing this would be to reduce the overheads.”

The Committee authorised the Chairman to sign the Report and present it to the Lok Sabha. They also authorised Shri Jai Narain Vyas/Shri Rajeshwar Prasad Narain Sinha to lay the Report on the Table of the Rajya Sabha. /

The Committee thereafter decided to meet again from 10th to 20th October, 1962. The Committee then adjourned.

APPENDIX I

Summary of main conclusions/recommendations of the 1st Report of the Public Accounts Committee on Appropriation Accounts (Railways) 1960-61 and Audit Report, 1962.

Sl. No.	Para No. of Report	Ministry concerned	Conclusions/Recommendations
1	6 (Intro.)	Railways All Ministries	<p>The Committee are glad to note that this time the Ministry of Railways have promptly furnished notes on their outstanding recommendations as well as on all other points on which they wanted information.</p> <p>They hope that this example will be emulated by other Ministries also.</p>
2	3	Railways	The Committee regret to observe that despite their repeated recommendations, and despite the assurances given to them by the Railway Board the position regarding maintenance of 'Liability Registers' still remains unsatisfactory. They trust that the Ministry will now take a serious note of these lapses and tighten up their accounting set-up.
3	4	Railways Finance	The Ministry of Railways should, in consultation with the Ministry of Finance and their own Accounts Department, further examine whether any improvements should be effected in the extant procedure to obviate the recurrence of cases wherein Supplementary funds are asked for and surrenders made simultaneously within the same grants.
4	5	Railways	The Committee hope that such large savings which are indicative of inadequate control over expenditure will be avoided in future.

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5	6	Railways	<p>■ The Committee endorse the suggestion of the C. & A.G. that on the basis of past experience, probable savings (unutilised amounts) should be assessed at a much larger figure, which would be more in conformity with actual performance.</p>
6	7	Do.	<p>The Railway Ministry should so gear up their machinery as to ensure that construction of new lines does not fall behind the schedule.</p>
7	8	Do.	<p>The Committee hope that with the implementation of their suggestions made in the paragraphs relating to Supplementary Grants the recurrence of heavy short-falls in expenditure year after year will be checked. In this connection they further endorse the views of the Comptroller and Auditor-General that keeping in view the extent of savings occurring every year the Ministry of Railways should resort to the practice of obtaining "Token Grants" for new schemes from Parliament on a larger scale.</p>
8	11	Do.	<p>The Committee feel that with a little more vigilance on the part of the Southern Railway Administration, the amount of compensation due to land acquisition could have been included in the supplementary demand (Appropriation No. 15) and the excess could have been avoided.</p>
9	12	Do.	<p>The Committee recommend that the excesses mentioned in para 10 of the Report be regularised by Parliament in the manner prescribed in Article 115 of the Constitution.</p>
10	15	Do.	<p>The Committee recommend that the relative economics of the owning and working of the Company managed Railway line and the payment of annual subsidies should be examined.</p>

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Besides purely commercial considerations, factors like efficient management and better public service should also be taken into account in reaching a final decision on this question. The Committee would like the Ministry to examine all the aspects of the question well in time before the agreements with the Railway companies come up for review.

11 17 Railways The Committee view with disfavour *ad hoc* adjustments which are against the basic principles of financial control. As the continuance of heavy amounts remaining under 'suspense' is fraught with the risk of losses occurring through overpayments to suppliers and losses of stores, the Committee urge that serious attention should be paid by the Railway Board to this problem.

12 18 Do. The Committee are of the view that there is an urgent necessity of devising adequate machinery for firmly tackling this chronic problem of suspense balances and they feel that some serious rethinking is necessary on the subject in consultation with the experienced officers of the Stores and Accounts Departments.

13 19 Do. The Railway Board may consider whether appointment of a Departmental Committee similar to the one proposed by the P.&T. Board would be of advantage in tackling the chronic problem of suspense balances.

14 21 Do. (i) The Committee find no justification for fixing a rate for the Station Master for handling wagons subjected to land customs check at Gitaldah, which was almost double the rate paid in the same month to casual labour. It also surprising that no detailed records of the quantum of check actually exercised in respect of the several wagons checked by customs are available.

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(ii) The Committee may be informed of the final action taken against delinquent officials connected with the delay in fixing rates for handling contract.

(iii) Further, in the opinion of the Committee, the awarding of the work to the Station Master without proper assessment of its nature and at a rate which subsequently proved to be excessive was a serious lapse which should also be looked into and responsibility fixed therefor. The action of the Station Master in claiming payment in respect of wagons on which no labour was involved is also questionable.

15 22 Railways . The Railway Board should examine the practice of awarding contracts to the Railway Staff in the light of their observations made in para 22 of the Report.

16 24 Do. . (i) The Committee feel that the punishment awarded to the superior officers connected with the case of loss due to incorrect evaluation of tenders of a goods handling contract was not commensurate with his responsibility.

(ii) The failure on the part of officials to detect the abnormally high rates before accepting the offer was a serious mistake, which deserves further examination. The Committee feel that responsibility should be fixed for this lapse also.

17 25 Do. . The Committee desire that the reasons for the abnormal delay on the part of the Enquiry Committee in investigating the case of loss due to in-

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correct evaluation of tenders should be examined.

18 26 Railway . The Committee would like to be informed of the final outcome (recovery of overpayment from the contractor), in the case referred to in para 13 of Audit Report.

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Do.

(i) The action of the Railway Administration in awarding the contract for handling sea-borne coal to a party without proper investigation of its capacity to do the work lacked forethought and planning. It is regrettable that even after the inability of the firm to fulfil the contract became known, the Railway Administration did not make suitable alternative arrangements at the Port.

(ii) The Committee desire that the failure on the part of the Railway Administration to proceed against the contractor who failed to do the work in terms of the contract should be further examined.

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Do.

(i) The Committee feel concerned to note that the Railway Board, the highest authority on the Railways, for taking policy decisions, had hesitated in taking a decision in the matter of construction of catch sidings for nine years. The fact that the question of safety was involved, makes it all the more necessary that an early decision ought to have been taken. Obviously there was a failure on the part of the Railway Board to take timely action in this case. The Committee feel that the responsibility for not taking timely action needs investigation.

(ii) The Committee also feel that in future, in a matter involving heavy

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expenditure on the one hand and the question of safety of passengers on the other, it may be advisable for the Railway Board to issue a clear directives indicating the line of action to be taken, after consulting the General Managers of Railways and its Technical Advisers. The matter may, if necessary, be discussed with the parties concerned instead of being processed through correspondence. They would, in this connection, like to draw the attention of the Railway Ministry to the recommendation of the Estimates Committee (para 1, 91st Report, 2nd Lok Sabha) and stress the importance of dealing with the recommendations of the Assistant Commissioner of Railway Safety much more expeditiously.

21 32 Railways . In the opinion of the Committee, the Railway Administration was also not free from blame in this particular case of construction of catch sidings. The fact that 8 of the 9 sidings were later dismantled indicates that due care was not exercised in selecting the stations for construction of catch sidings.

22 35 Do. . Even granting that there had been no loss to the Railways, the non-observance of the codal rules was a serious irregularity, and in order to ensure that the officials followed the codal rules and instructions it is necessary that the defaulters are dealt with suitably. The Committee hope that this aspect would be taken into consideration before deciding the question of disciplinary action in the case of irregular splitting of work order.

23 37 Do. . In the opinion of the Committee the work of conversion of the halt at Pasivedala into a crossing station was taken up without proper investigation into its justification.

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24	38	Railways	Paragraphs 29 and 36 of the Report betray a tendency on the part of the Railway Administration to start engineering works involving heavy expenditure of capital nature without properly scrutinising the justification therefor. The Committee trust that the Railway Board will take note of this and obviate the recurrence of such infructuous expenditure.
25	40	Do.	The Committee are constrained to note that this is another case where the Railway Administration launched a scheme involving heavy expenditure without proper investigations. The Committee are also not satisfied with the explanation offered for not implementing the suggestion of the District Engineer to have advance trial borings, and they suggest that the matter should be investigated with a view to fixing the responsibility for the lapses which resulted in infructuous expenditure of Rs. 66,500/-
26	42	Do.	The Committee would like to be informed of the final action taken on the irregularities in construction works on the Western Railway (Para 19 of Audit Report).
27	44	Do.	The Committee feel that the initial assessment of the requirement of tyres by the Railway Administration was very unrealistic and far too high in relation to past consumption. They further regret to observe that adequate check was not exercised by the Ministry of Railways on the Railway's demand before placing orders for the import of tyres. Had the demand of the Railway been scrutinised in the light of their past consumption and workshop capacity the excess purchase and the consequential expenditure on freight could have been avoided.

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28	46	Railways Transport & Communications Cabinet Sectt. Finance	The Committee feel that the case of avoidable expenditure on freight in shipment of thin steel sheets indicates lack of co-ordination between the two Ministries of Railways and Transport and Communications. They trust that suitable measures will now be adopted to avoid recurrence of such cases in future.
29	49	Railways	In the opinion of the Committee the case regarding purchase of rice was not properly handled by Railway Administration. Had the question of obtaining the permit been taken up with the State Government at the appropriate level the difficulty could have been overcome. They are also not satisfied with the plea advanced by the Railway for not taking delivery of rice at the source of procurement. Under the circumstances a doubt arises whether the failure to supply rice against the first contract was not a move of the contractor to profiteer which was rendered possible due to the failure of the Railway Administration to take firm and timely action.
30	51	Railways	In the context of several losses incurred by the Railways on account of defective stores supplied to them from time to time, the Railway Board would be well advised to introduce at least a test check, if it did not exist, in respect of such sealed articles.
31	52	Railways	The paint was originally declared to be defective and below specification. It is strange that the same paint could be subsequently used with the addition of oil.
			The Committee desire that the procedure for inspection of stores should be thoroughly examined in the light of the facts disclosed in this case.

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32	54	Railways	In the case of extra expenditure due to airlifting of Diesel Loco Spare parts the Committee feel that the time taken by the authorities in placing orders on the D.G.S. & D. was rather excessive. They desire that the matter should be investigated and responsibility fixed for the delays which resulted in extra expenditure.
33	56	Do.	The Committee would watch the effects of the measures adopted by the Railway Board regarding the avoidance of delays in the processing of contracts.
34	58	Do.	The Committee regret to observe that despite their comments in the 15th Report (1958-59) and the assurance given to them by the Ministry of Railways, the position regarding recovery of rent from private parties on the South-Eastern Railway continues to be unsatisfactory. They are also not satisfied with the explanation for the time taken by the Railway Administration in obtaining information regarding the market value of land from the Revenue Authorities. Such lapses on the part of a commercial organisation like Railways are unfortunate. The Committee desire to be informed of the action taken against the officials responsible for the delay which resulted in loss of revenue of about Rs. 5.24 lakhs to the Railways.
35	60	Do.	<p>(i) It is regrettable that in the absence of relevant records it is not possible to ascertain the correct position regarding revision of freight charges at this stage. Had prompt action been taken to enquire into the matter, the loss of earnings could have been minimised.</p> <p>(ii) The Committee fail to understand why the Ministry should have taken more than five years to initiate enquiry into the disciplinary aspects of the case.</p>

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They desire that the reason for this inordinate delay should also be enquired into and reported to them, along with the final outcome of this case.

36 62 Railways

(i) The Committee would like to be informed of the recoveries made and final settlement reached in the case of recovery of licence fee and rents for Railway Bazars. 1

(ii) The Committee also feel that whereas the Railways are not directly concerned with these bazars, extra lands etc. which are not likely to be used for Railway purposes in the near future they should consider the desirability of transferring such properties to the appropriate State Governments or local authorities.

37 64 Do.

The Committee feel concerned to note such cases of fraud and malpractices in Railway Administration as reported in para 63 of the Report.

38 65 Do.

The Committee deprecate the laxity shown by the Administration in the observance of the codal rules and their failure to take prompt action in the cases of delivery of consignments against forged Railway Receipts. They would like to be informed of the action taken against delinquent officials, in both the cases, in due course.

39 68 Do.

The Committee would watch the results of the measures adopted by the Railway to carry out the additional responsibility cast on them on assuming common carriers' liability through subsequent Audit Reports.

40 71 Do.

The Committee attach great importance to timely submission and regular check of stores returns, otherwise it is difficult to fix responsibility for shortages and other irregularities disclosed.

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subsequently. It should, therefore, be ensured that returns are received promptly, scrutinised expeditiously in the Divisional office and irregularities taken up with the staff concerned.

41	72	Railways	The Railway Board may examine the feasibility of introducing a system whereby a senior officer in charge of a department may while on tour inspect the work connected with other departments also. This would provide an independent check over the working of different departments as well as introduce a sharing of responsibilities by senior officials.
42	74	Do.	(i) The Committee feel that as a commercial concern the Railway Administrations should be prompt in realising their dues both from the Government Departments as well as private bodies.
		Cabinet Sectt.	(ii) The Committee are also not happy with the evasive manner adopted by the paying departments in settling their accounts. Government should look into this aspect and issue suitable directives to all the Departments.
43	76	Railways	The Committee trust that the Ministry of Railways will further tighten up the arrangements and ensure expeditious clearance of material at site accounts, since failure to take timely action is not only apt to result in avoidable locking up of capital and expenditure on Watch and Ward but also lead to losses due to shortage and deterioration.
44	77 (ii)	Do.	The Committee suggest that in such cases involving heavy losses the inquiry committee should have some non-official, Judicial or non-Railway official associated with it.

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45	78	Railways	<p>(i) In the opinion of the Committee such losses (mentioned in para 77) are caused by negligence or carelessness of the Railway employees at one stage or the other. They are surprised to find that it has not been possible to fix responsibility for the losses.</p> <p>(ii) The Committee are concerned to note that thefts of railway track and wagons on such a large scale continued for such a long period and the Railway authorities were unable to check them. The Committee are of the view that such systematic thefts on a large scale over a long period could not have occurred without the active connivance of the Railway staff. They desire that the case should be further investigated, responsibility fixed and action taken against the officials who failed to take due precautions after the shortages came to notice in the first survey.</p>
45	80	Do.	<p>As regards fixation of responsibility the Committee were surprised to learn that the officer-in-charge had retired before the shortage was noticed.</p> <p>They feel that besides the Officer-in-charge there should be other officials also who could be held responsible for the various lapses namely, non-maintenance of accounts and laxity of security arrangements at the Printing Press</p>
47	82	Do.	<p>The continuance of the scheme of Grainshop Concession for 4,000 and odd persons was not economical and the Ministry of Railways should make further efforts in persuading the employees to come to uniform scales of pay. The co-operation of the representatives of the Railways Employees' Unions may be sought in the matter.</p>

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48	83	Railways	<p>(i) The Committee trust that efforts will continue to be made all over the Railway Administration to achieve this objective, <i>viz.</i> enabling Departmental catering to cover its cost. One fruitful way of doing this would be to reduce the overheads.</p> <p>(ii) The Committee also feel that there is considerable scope for improving the standard of service given by departmental catering, and they would like the Railways to take special measures towards this end. They are of the view that the standard of departmental catering should be so high as to serve as a model to catering by contractors.</p>
49	87	Do.	While the Committee would like to watch the progress made in the recovery of interest and maintenance charges in respect of assisted sidings by the 31st March, 1963, they would reiterate that in the interest of the Railway Administrations themselves it is necessary to devise a uniform formula in this respect. Otherwise, the Committee apprehend, disputes arising out of old concessions given in the past are likely to continue and result in delay in the recovery of the charges.
50	90	Do.	The Committee feel that the officer (Member Engineering) had not followed the correct procedure in giving the instructions for acceptance of unapproved species of timber.
51	91	Do.	There are no records to indicate that any fresh technical information was available between 11th March, 1960 when it was decided not to purchase that species, and 23rd March, 1960 when it was decided to accept them. It is unfortunate that the financial concurrence to the proposal was not obtained at the appropriate time.

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52 92 Railways . Keeping in view the three facts, namely general shortage of sleepers on Indian Railways, the reduced price at which the sleepers in question were procured and the satisfactory service given by these sleepers as indicated by the report received from the Senior Deputy General Manager and the Chief Engineer of the Eastern Railway, the Committee feel that no useful purpose will be served by pursuing the matter further.

53 94 Do. . The Committee regret to note that no substantial improvement in the recoveries of interest and maintenance charges in respect of assisted sidings had been made. On the other hand, the position in Asansol Division has further deteriorated. They suggest, therefore, that a careful watch be kept over the progress of recoveries. They would like to watch the position through future Audit Reports and hope that substantial improvements will be effected within a year.

54 95 Do. . The Committee came across cases where the Railway Administration had launched engineering works and schemes involving heavy expenditure without making a thorough investigation about their feasibility and the expenditure involved prior to the starting of these works. Since this involved the Railways in infructuous expenditure apart from frittering away of time and energy on such works as ultimately proved to be unnecessary, the Committee trust that the Railway Board would take suitable steps to ensure that important schemes involving heavy expenditure are not hustled through in future.

55 96 Cabinet Sectt. . The Committee regret to find a certain lack of co-ordination amongst the various Ministries of the Government of India. They deplore the evasive

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manner adopted by some Ministries in paying the dues of other Ministries. This results not only in a general decline in the efficiency of the Government as a whole, but also causes complications in the settlement of Accounts. They hope that Government would look into this matter, and issue suitable directive to all the departments.

56 97 Railways

The Ministry of Home Affairs have issued instructions for initiating departmental action simultaneously with the launching of proceedings in a court of law. Para 1821 of the Indian Railways General Code also enjoins that departmental enquiries should not be delayed pending the decision of criminal cases at a later stage. The Committee deprecate that in spite of instructions issued by the Ministry of Home Affairs and the provisions of Indian Railways General Code there should be several instances where the officers responsible were allowed to retire from service before taking disciplinary action against them. To improve such a state of affairs, the Committee can do no better than reiterate the recommendation contained in para 25 of their First Report (1951-52).

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28. Goel Traders, 100C, New Mandi, Muzaffarnagar	84	43. Bahri Brothers, 188, Lajpat Rai Market, Delhi-6	27
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