

**PUBLIC ACCOUNTS COMMITTEE**  
**1959—60**

**TWENTY-FIRST REPORT**

(SECOND LOK SABHA)

[Appropriation Accounts (Railways), 1957-58 and Audit  
Report (Railways), 1959]

VOL. II—APPENDICES



**LOK SABHA SECRETARIAT**  
**NEW DELHI**

December, 1959.

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## CONTENTS

	PAGE
Composition of the Public Accounts Committee. . . . .	(iii)
<b>APPENDICES—</b>	
•III. Explanatory Notes from the Ministry of Railways (Railway Board) regarding excesses over Voted Grants and Charged Appropriations during 1957-58 . . . . .	1
IV. Note from the Railway Board stating the procedure followed on the Railways in the matter of budget provision for maintenance of residential buildings . . . . .	37
V. Note from the Ministry of Works, Housing and Supply on para 15 of Audit Report, 1959—Avoidable expenditure on Sea freight. . . . .	40
VI. Note from the Railway Board containing further information on para 15 of Audit Report, 1959—Avoidable expenditure on Sea freight. . . . .	53
VII. Memorandum from the Railway Board on para 16 of Audit Report, 1959—Extra expenditure on the purchase of locomotive component parts and assemblies . . . . .	60
VIII. Note furnished by the Railway Board stating the progress achieved in the recovery of arrears of rents from the State Governments in respect of lands leased for Grow more food crops . . . . .	63
IX. Note furnished by the Railway Board giving detailed reasons for the losses being incurred by the Railways in departmental catering . . . . .	66
X. Memorandum from the Railway Board on para 12 of the 15th Report of P.A.C.—Excessive rates for handling work paid to a contractor at a Station . . . . .	71
XI. Memorandum from the Railway Board on para 24 of 15th Report of P.A.C.—South-Eastern Railway— Outstanding freight charges against a firm . . . . .	76
XII. Note from the Railway Board on para 29 of 15th Report of P.A.C.— Non-recovery of siding charges at revised rates . . . . .	78
XIII. O.M. from the Railway Board regarding para 62 of 15th Report of P.A.C.— Central Railway— Loss of permanent way materials . . . . .	81
XIV. Note from the Railway Board on para 74 of 15th Report of P.A.C.— Charges on account of haulage of oil at Budge Budge . . . . .	84
XV. Memorandum from the Railway Board on para 82 of 15th Report of P.A.C.— Avoidable expenditure on water charges . . . . .	86
XVI. Note from the Railway Board on para 91 of 15th Report of P.A.C.— Central Railway— Purchase of buffer outer cases . . . . .	102
XVII. Memorandum from the Railway Board on para 121 of 15th Report of P.A.C.— Wasteful expenditure due to excessive sanction of cleaners in the Loco running shed of a Division . . . . .	109
XVIII. Memorandum from the Railway Board on the working of Indian Railway Conference Association . . . . .	111
XIX. Note from the Railway Board containing further information relating to the working of I.R.C.A. . . . .	125

\*NOTE.—Appendices I and II are appended to Volume I.

(ii)

	<b>PAGE</b>
XX. } Notes from the Railway Board containing further information relating	
} to the case referred to in para 14 of Audit Report, 1959—Loss due	
XXI. } to short supply of C.I. Sleepers ordered on indigenous sleeper	134
} manufacturers against 1955-56 programme . . . . .	137
XXII. Memorandum from the Railway Board on para 81 of 17th Report	
(1st Lok Sabha)—Amendment of the Payment of Wages Act to	
ensure the recovery of debits from the Station staff . . . . .	138
XXIII. Memorandum from the Railway Board on paras 26-27 of 4th Report	
of P.A.C.—Construction of a colliery siding for a private company	
without settlement of terms . . . . .	142
XXIV. Memorandum from the Railway Board on para 17 of 15th Report	
of P.A.C.—S.E. Railway—Heavy arrears in the recovery of rent	
for Railway land leased to outsiders . . . . .	146
XXV. Memorandum from the Railway Board on para 133 of the 15th Report	
of P.A.C.—Manufacture of boilers and locomotives by TELCO .	150

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## PUBLIC ACCOUNTS COMMITTEE, 1959-60

### CHAIRMAN

Shri Upendranath Barman\*

### MEMBERS

2. Shri T. Manaen
3. Shri Maneklal Manganlal Gandhi
4. Pandit Jwala Prasad Jyotishi
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6. Shri Radha Raman
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19. Shri T. R. Deogirikar
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21. Shri Jaswant Singh
22. Shri S. Venkataraman.

### SECRETARIAT

Shri S. L. Shakhder—*Joint Secretary.*

Shri V. Subramanian—*Deputy Secretary.*

Shri Y. P. Passi—*Under Secretary.*

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\*Shri Upendranath Barman was elected to serve as a Member of the Public Accounts Committee on the 10th September 1959 [*vice* Dr. P. Subbarayan, who ceased to be a Member of the Committee on his appointment as a Minister] and was appointed as the Chairman of the Committee on the 12th September, 1959.



**APPENDIX III**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**

**Explanatory notes on excesses over certain voted grants and charged appropriations during 1957-58 as shown in paras 8 & 9 (pages 6 & 7) of Audit Report, Railways, 1959.**

**GENERAL**

Apart from the detailed explanations for the excesses under different individual grants/appropriations which follows, it is necessary to make certain general introductory observations. The excesses in Grant Nos. 7, 9, 12 and 15 are quite small, being below 1 per cent, while the excesses in Grant Nos. 4 and 16 also are only 1.47 per cent and 1.33 per cent respectively. The only significant excesses are in Grant Nos. 5, 8 and 17. The afore-said excesses and the observations in the succeeding paragraphs are with reference to figures as shown in Para 8 (Page 6)—Chapter I of Audit Report, Railways, 1959 but the excesses which require regularisation by the Parliament are shown in the attached Annexure I after including the mis-classification indicated in the detailed appropriation accounts—Annexure J.

2. An Explanatory Memorandum, giving detailed information in regard to certain excesses which had occurred in 1955-56 and 1956-57 and indicating also the remedial action taken in pursuance of PAC's 9th Report (Particularly paras 5—6 thereof), has been furnished to the Public Accounts Committee with reference to Lok Sabha Secretariat's O. M. No. 2 (IX) (2) PAC/58, dated 24-11-58. Railway Board's demi-official letters to General Managers of Railways dated 29th August, 1958 and 9th October 1958, copies of which were sent with the aforesaid Memorandum (copies enclosed again for ready reference) contain the directives issued for improving the machinery for estimating and for budgetary control of expenditure. These directives were issued immediately after it was known that excesses had occurred in 1957-58; they incidentally meet the points raised in paragraphs 267 to 269 of the P. A. C.'s 15th Report (2nd Lok Sabha), which are part of the proceedings of the 14th sitting of the Committee held on 25th July, 1958. The results of the remedial action taken, it is hoped, will be reflected in the accounts for 1958-59.

3. As regards the excess in Grant No. 5—Repairs & Maintenance—, Sub-para (10) of the enclosure to Railway Board's directive of 9th October, 1958 referred to in the preceding paragraph, conveyed remedial instructions in respect of this grant. The Ministry of Railways plead that, during a time of developing economy, when there has been a progressive and large increase in the volume of Railway assets, the assessment of the corresponding increase in the expenditure on repairs and maintenance has been somewhat difficult. This, amongst other things, explains the excesses under this grant in the last few years, to which the PAC drew attention at their 14th sitting on 25th July (para 269 of PAC's 15th Report, 1958-59, Second Lok Sabha). The capital-at-charge of Railways at the end of 1953-54 was Rs. 869.30 crores, which increased to Rs. 1,222.44 crores at the end of 1957-58; it will be seen that, even allowing for the factor of increase in prices, there has been a large and rapid increase in the quantum of railway assets. It is submitted that an excess of 3.87 per cent under Grant No. 5, as a result of repairs and maintenance expenditure in respect of different Railway assets having exceeded even revised anticipations in the year, arose in the aforesaid context of a developing economy, in spite of all reasonable efforts that were made. Only a small portion of the excess (less than one per cent) was due to items for which the estimation could have been better. Admittedly, the situation calls for fresh and improved methods of estimating and control of expenditure, and it is hoped that the remedial instructions already referred to which were issued with this end in view, will meet this requirement.

4. It is also necessary, in this introductory portion of the explanatory note, to make mention of the excesses in Grants 16 and 17 which relate to expenditure met from Capital & Depreciation Reserve Fund. In this connection, reference is invited to paragraphs 4 and 5 of the PAC's 15th Report 1958-59 (Second Lok Sabha) dealing with "Savings over Voted Grants and unnecessary Supplementary Grants". In 1955-56, there were savings with reference to both the final and original grants in the case of Grant No. 16 and savings with reference to the final grant in the case of Grant No. 17; while in 1956-57, there were savings over even the original grants in the case of both Grants 16 and 17. With a view to obviate such savings, and having regard to the requirements for the increased tempo of work with the approach of the peak period of the 2nd Five Year Plan, the arrangements for procurement of stores were geared up. As a result of such remedial action, the pendulum swung to the other side to an extent which could not be correctly anticipated. While the Ministry of Railways are fully alive to the need for avoiding both over-estimation and under-estimation in the budget

provisions, they would plead the practical difficulties arising from the very large magnitude of expenditure, particularly under Grants 16 and 17, and the fact that measures to counteract dilution of officers and staff, in spite of every effort, could not fully keep pace with the progressive increase in the tempo of work. A large proportion of the cost of works includes the value of materials, considering that Railways have to make purchases through various procurement agencies, viz., wings of W. H. & S. Ministry in India and abroad, contractors etc., estimating in regard to stores has to be made on the best available data. In such a situation, the non-receipt of debit or stores, or receipt of stores and debits to a greater or a smaller extent than anticipated, cannot be altogether avoided, and variations between even the final estimates and actuals thus occur. The Public Accounts Committee have appreciated this point; in Recommendation No. 4 (Appendix II) of their Fifteenth Report, 1958-59 (Second Lok Sabha), they have directed the Ministry of W. H. & S. to ask the purchasing organisations abroad to furnish reports to the indenting Ministries in regard to the availability of stores and shipments every fortnight from the end of January and weekly in the month of March. It is hoped that this procedure, which has since been introduced, will obviate appreciable variations. Another significant fact in respect of Grant No. 16 should also be mentioned. The Accountant General, Central Revenues, debited the Ministry of Railways with Rs. 6.16 crores in the accounts for 1957-58, on the basis of particulars supplied by the Iron & Steel Controller, in respect of supply of steel received up to 28-2-58 and supply expected to be received during March 1958 against TCM orders. On further examination, it has now been admitted by the Price & Accounts Officer of the Iron & Steel Controller that there was an excess debit against the Ministry of Railways to the extent of nearly 1.6 crores and that suitable reversal adjustment will be made. Out of the total excess of Rs. 5.09 crores in Grant No. 16, an amount of Rs. 3.19 crores represented the aforesaid debits for cost of steel supplied against TCM operational agreement; out of this amount of Rs. 3.19 crores, nearly Rs. 1.6 crores or about half was due to the anticipations of the Iron & Steel Controller proving to be in excess of actual arrivals. The difficulty of the Railways, who were less directly in touch with the position than the Iron & Steel Controller, will, therefore, be appreciated when considering the remaining portion of the excess for which the Railways are answerable. The lack of co-ordination with the Iron & Steel Controller, which partly accounted for the excess referred to, will be obviated in future as the supplies of steel against later TCM operation agreements, are being obtained by the Railways direct through the agency of India Supply Mission, Washington.



**Excess of Rs. 46,54,785 over Grant No. 4—Revenue—Working Expenses—Administration**

The excess is about 46½ lahs i.e. 1.5% of the final grant of 31,75 lakhs.

Apart from certain items of expenditure on account of office contingencies (6 lakhs) and engagement of additional staff (2½ lakhs), which could have been estimated closely towards the close of the year and provided for at the time of final modification and this has been taken up with the Railways concerned, the excess was due to (a) heavier contingent expenditure consequent upon engagement of additional staff found to be unavoidably necessary and adjustment of certain arrear contingent bills (21½ lakhs), (b) payment of more wages, travelling and other compensatory allowances and changes in personnel etc. towards the close of the year (18½ lakhs) and aggregate of other minor factors (1½ lakhs) which could not be assessed more precisely in the final estimates.

These excesses were partly offset by a saving due to expenditure relating to the year, but booked erroneously in the accounts for 1958-59 (3 lakhs).

**Excess of Rs. 3,89,92,255 over Grant No. 5—Revenue—Working Expenses—Repairs and Maintenances**

The excess of about 3,90 lakhs, is about 3.9% over the final grant of 1,00.67 crores. Of this an aggregate excess of 86½ lahs was in respect of certain items for which the estimation could have been better. The question of individual responsibility in this respect has been taken up with the railways concerned. Debits on account of stores and workshop repairs which cover a large proportion of this grant can be adjusted until March Accounts are finally closed by about July. There are therefore practical difficulties in making precise forecast of expenditure under this grant even at the time of final modifications. The balance of the excess was due to more expenditure on repairs and maintenance of rolling stock than anticipated (80½ lakhs) increase in expenditure due to more repairs to track, bridges, service and residential buildings, etc. (81 lakhs), more expenditure on maintenance of electrical, telecommunication and signalling services etc. owing mainly to adjustment of heavy debits towards the close of the year (52½ lakhs), adjustment of more freight charges on revenue stores (42 lakhs) and adjustment of more debits in respect of overcharges and undercharges on-cost and manufacture and repairs (23½ lakhs). Excess was also due to expenditure in respect of certain temporary works and freight charges

not transferred from this grant in the accounts for the year (10½ lakhs), erroneous adjustments in respect of certain other items individually of small magnitude (5½ lakhs) and aggregate of other minor items (7½ lakhs).

**Excess of Rs. 54,962 under 'charged' Appropriation No. 6—Revenue  
—Working Expenses—Operating Staff**

Certain payments decreed by courts during the year were provided for and initially booked by the Central Railway as 'voted' instead of 'charged'. This error came to notice after March 1958, when it was too late to make necessary provision under the 'Charged' appropriation. As, however the accounts for a year are closed some months after the month of March, there was time to rectify the accounting error before the final closing of the year's accounts and the necessary adjustment was carried out. Under the extant rules, correct classification has to be followed in accounts irrespective of whether the provision has been made under the correct unit or not.

**Excess of Rs. 49,22,538 over Grant No. 7—Revenue—Working Expenses—Operation (Fuel)**

The excess of about 49½ lakhs is less than 1% of the final grant of 53.86 crores. This included an excess of 15½ lakhs on account of provision in respect of expenditure on coal (11½ lakhs) and other fuel (4 lakhs) not having been made adequately. The balance of the excess occurred on account of (a) more freight charges owing to adjustments made towards the close of the year in respect of certain freight bills including those relating to previous years (42½ lakhs) and increase in the rate of consumption of coal and receipt of coal by longer routes (21 lakhs); (b) payment for supply of electric energy to a firm not received contrary to expectations (12½ lakhs); (c) increased 'cost of coal' due chiefly to increase in the average rate of consumption of coal (12½ lakhs); and (d) write-off of certain losses sanctioned in April 1958 accounted for during the year under report (3½ lakhs).

These excesses were partly offset by savings due to (a) adjustment of more credits in respect of supply of coal received from a State Government (25½ lakhs); (b) less receipt of debits in respect of fuel etc. (14½ lakhs) and sales tax, excise duty on coal etc. (8 lakhs); (c) fluctuations in adjustment through stock adjustment account (5 lakhs); (d) expenditure relating to this grant erroneously adjusted under other grants (5 lakhs); and (e) other minor variations (½ lakh).

**Excess of Rs. 1,33,53,349 over Grant No. 8—Revenue—Working Expenses—Operation other than Staff and Fuel**

The excess of about 1, 33½ lakhs is about 7·4% over the final voted grant of 18,04 lakhs. Besides under estimating in respect of certain items of expenditure aggregating 39½ lakhs, the excess was due to (a) more payments in respect of compensation claims for goods lost or damaged as a result of a special drive which was initiated during the closing months of the year for expeditious settlement of claims (52½ lakhs) in view of public complaints, in respect of which the requirement of funds could not be precisely gauged, (b) more expenditure on clothing, uniforms, consumable stores etc., owing to the increase in the cost of materials, engagement of additional staff unavoidably found necessary, etc. (32½ lakhs), (c) purchase of electric energy at higher cost and more consumption of coal in power houses towards the close of the year (9½ lakhs), (d) credits through Stock Adjustment Account being less than anticipated (4½ lakhs), (e) more debits adjusted towards the close of the year in respect of supply of stationery, forms etc. (4 lakhs), and (f) carriage of revenue stores (3 lakhs). These excesses were partly reduced by savings due to non-adjustment of certain bills in respect of printing charges originally kept under suspense (6½ lakhs), less expenditure under handling, collection and delivery of goods owing chiefly to delay in the receipt and passing of bills etc. (5½ lakhs), and aggregate of other minor items (½ lakh).

**Excess of Rs. 24,00,827 over Grant No. 9—Revenue—Working Expenses—Miscellaneous Expenses**

The excess is about 24 lakhs i.e. less than 1% of the final grant of 27,12 lakhs. A saving of about 9 lakhs was expected, and funds to that extent were surrendered at the time of final estimates but this did not materialise.

The above excess was made up of compensating excesses and savings the more important of which was an excess of 59½ lakhs under 'Suspense' and a saving of 26½ lakhs under other heads. The excess under 'Suspense' was due mainly to adjustment under this head of more debits awaiting adjustment to final heads for want of acceptance, full particulars, allocation etc. (49 lakhs), inadvertent under-estimation of provision for certain transactions (21 lakhs) which has been taken up with the Railways, certain expenditure relating to other grants erroneously adjusted under this head (4 lakhs), certain freight charges provisionally booked under this head not cleared during the year (3½ lakhs), and expenditure in respect

of certain compensation claims booked under this head against provision under charged (1 lakh). This excess was partly offset by adjustment of more revenue liabilities to final heads towards the close of the year (19 lakhs).

The excess under 'Suspense' was partly absorbed by savings under final heads due to adjustment of less contribution to Provident Fund than expected in respect of staff confirmed with retrospective effect (20½ lakhs), non-utilisation of provision in respect of certain freight bills not passed owing to delay in their verification, acceptance etc. (8½ lakhs), inadvertent omission to modify provision in respect of certain expenditure, on expansion of catering arrangement and payments of special contribution of Provident Fund (3½ lakhs), and aggregate of minor factors (3½ lakhs).

These savings were partly offset by excesses on account of more payment of gratuities and special contribution to Provident Fund than anticipated (5 lakhs) and more expenditure under catering owing to extension of catering services, increase in prices etc. (4½ lakhs).

**Excess of Rs. 15,74,370 over Grant No. 12—Revenue—Dividend Payable to General Revenues**

Dividend payable to General Revenues on the Loan Capital of Railway undertaking is computed on the basis of the capital expenditure to end of the previous year and half of that incurred during the year concerned subject to certain minor adjustments. Thus, the actual payment on account of dividend to General Revenues is dependent *inter alia* on the Capital outlay incurred during the year.

During the year under report, a supplementary grant of Rs. 45·46 lakhs was taken due partly to the increase in the Capital outlay during the year under report anticipated in the revised estimate and partly to the capital-at-charge on 1-4-1957 being higher than anticipated owing to the increase in the actual outlay during 1956-57 over the revised estimates of the year and revision of *ad hoc* balances as on 15-8-1947 (date of Partition). This, however, proved insufficient as the amount of dividend actually paid exceeded the final grant by 15·74 lakhs, owing to the capital outlay actually incurred during the year being more than adopted in the revised estimate (22·01 lakhs) partly offset by decrease on account of difference between the *ad hoc* and revised capital-at-charge as on 15-8-1947 being less than expected, resulting in less write-back of Dividend Payable to General Revenues, during the year (6·27 lakhs).

**Excess of 45,002 under 'Charged' Appropriation No. 15—Construction of New Lines**

As per enhanced compensation decreed by the court, additional payments amounting to Rs. 45,002 were made to the owners of land acquired for a project. This amount, along with payments to other land owners, were initially booked as 'voted'. As a result of review of expenditure made in July, 1958, it was observed that the aforesaid amount of Rs. 45,002 should have been treated as 'charged'. The amount was accordingly adjusted as 'charged' before the final closing of the year's accounts, but it was not possible at that stage to make necessary provision under the 'Charged' appropriation.

**Excess of Rs. 11,89,205 over grant No. 15—Construction of New Lines**

The excess of about 12 lakhs is only about  $\frac{1}{2}\%$  of the final grant of 20.34 crores.

At the time of final estimates, a saving of 69.95 lakhs was expected due chiefly to slow progress of works owing to less supply of materials etc; funds to that extent were surrendered. This saving, however, did not materialise, and actually the expenditure exceeded the final grant as a result of provision in respect of adjustment of debits for stores, and more payments to certain contractors on the basis of progress of their works, etc. not having been accurately assessed (83 lakhs), greater progress of certain works than expected towards the close of the year (30 $\frac{1}{2}$  lakhs) and aggregate of minor items (1 $\frac{1}{2}$  lakhs).

Besides the saving of 70 lakhs mentioned above, the excesses were partly reduced as a result of savings owing to debits for supply of materials and customs duty etc. thereon, received towards the close of the year being less than expected (31 $\frac{1}{2}$  lakhs), omission to carry out a certain write-back adjustment (1 $\frac{1}{2}$  lakhs) and certain expenditure adjusted as 'charged' after the close of the year ( $\frac{1}{2}$  lakh).

**Excess of Rs. 5,801 under 'charged' Appropriation No. 16—Open Line Works—Additions**

Excess was due to payments made under the 'Payment of Wages Act' in respect of certain cases finalised before 31-3-1958, contrary to expectations.

**Excess of Rs. 5,08,90,813 over Grant No. 16—Open Line Works—Additions**

The excess of about 5.09 lakhs is only about 1.3% of the final grant of 3,82.33 crores. It occurred under Stores Suspense (8,67 $\frac{1}{2}$  lakhs) and Manufacture Suspense (2,11 $\frac{1}{2}$  lakhs); these excesses were

partly offset by savings under rolling stock (3,91½ lakhs), Works (59½ lakhs), Miscellaneous Advances (1,18½ lakhs) and a small saving of one lakh under purchase of Kalighat Falta Railway. The question of fixing responsibility for failures in budgeting has been taken up with the Railways.

2. The bulk of the excess under 'Stores Suspense' was due to receipt of materials and debits for their cost towards the close of the year being more than expected (8,04½ lakhs) of which the more important items were (a) an excess of 3,18½ lakhs representing debits, for the cost of steel supplied against a T.C.M. operational agreement, raised by the civil Accountant General in accounts for March 1958 on the basis of the information furnished by the Iron & Steel Controller to the Ministry of Finance but full provision had not been made for this debit which was actually received in the month of May 1958 and adjusted in March '59. As it has turned out, however, the debits raised by the Accountant General, Central Revenue, in this connection, on the basis of Iron & Steel Controller's expectations of arrival of shipments upto 31-3-1958, are now reported to be substantially in excess (about Rs. 160 lakhs) of the value of the materials actually received by the Railways. The operation of T.C.A. aid for the year 1957 has been taken over by the Railway Board from the Iron & Steel Controller—I.S.M./Washington now functioning as Railway Ministry's agent for this purpose and such lapses are less likely to recur; (b) an excess of 1.23 lakhs on account of improvement in supply of materials towards the close of the year for which adequate provision was not made in the final estimates and (c) underestimation of provision in respect of certain debits for supply of materials (9½ lakhs).

Excess also occurred owing to certain works—stores having been erroneously passed through 'Stores Suspense' on a certain Railway (44 lakhs), more materials returned from works towards the close of the year (11½ lakhs) and aggregate of other minor factors (7½ lakhs).

3. Excess under 'Manufacture Suspense' occurred owing to adjustment of more debits for cost of stores drawn for manufacture etc. and customs duty etc. thereon (202½ lakhs), which included 33½ lakhs on account of underestimation or omission of provision, more payments on account of increase in rates of dearness allowance to staff drawing Rs. 300 or less sanctioned as interim relief (7½ lakhs), certain write-back adjustment taken erroneously under 'credits or recoveries' (3 lakhs) and aggregate of other minor factors (½ lakh); partly offset by erroneous adjustment of certain credits as minus debits (1½ lakhs).

4. The saving of 3,91½ lakhs under Rolling Stock was due to adjustment of less debits received for cost of stock, customs duty, freight etc. charges than indicated in the forecasts raised towards the close of the year mainly under 'Imported' items; this included non-adjustment of certain debits (10½ lakhs) and partly offset by certain expenditure booked erroneously under this grant instead of grant 17 (5½ lakhs).

5. The saving of 59½ lakhs under Works was due to credits for the cost of certain land received from the Defence Department towards the close of the year (57 lakhs), adjustment of less debits received for supply of materials, plant and machinery etc. (27½ lakhs) and aggregate of other minor factors (10 lakhs); partly offset by underestimation of provision for debits for cost of materials etc. (32½ lakhs) and aggregate of other minor variation (2½ lakhs).

6. The saving of 118½ lakhs under Miscellaneous Advances (capital) was due to less amounts placed under this head for want of allocation particulars etc. including overestimation of provision to the extent of 22 lakhs.

7. There is a minor saving of 1 lakh under 'Purchase of Kalighat Falta Railway'.

#### **Excess of Rs. 5,53,63,131 over grant No. 17—Open Line Works— Replacements**

The excess of 5,53½ lakhs was 7·1 per cent of the final grant of 78·58 crores and occurred under 'Rolling Stock' (44 lakhs) and 'Works' (5,09½ lakhs). The question of fixing responsibility for failures in budgeting has been taken up with the Railways.

The excess of 44 lakhs under 'Rolling Stock' was due to debits brought to account in respect of cost of stock, erection and freight charges, customs duty etc. having proved to be more than provided for in the final estimates, based on the forecasts received towards the close of the year (41½ lakhs), underestimation of provision (4½ lakhs) and aggregate of minor items (4½ lakhs) offset by expenditure relating to this grant booked inadvertently under grant 16 (5½ lakhs).

The excess of 5,09½ lakhs under 'Works' occurred as a result of greater progress of track renewals etc. works, consequent upon supply of materials towards the close of the year having improved to an extent not anticipated (369½ lakhs) and debits for materials received and adjusted in the accounts of the year being heavier than

expected (141½ lakhs) partly offset by aggregate of minor factors (1½ lakhs). While an excess of 1,41½ lakhs included in the aforesaid factors was due to underestimation of provision for certain items, it has to be stated that it was not possible to forecast with reasonable degree of accuracy the extent to which the materials would become available and the debits would be booked to track and other works, particularly in the background of the previous two years' experience of considerable shortfalls in the receipt of supply for materials and debits therefor. Actually on a certain Railway, excess (57 lakhs) occurred on account of improvement in supply of materials towards the close of the year for which adequate provision was not made in the final estimates.

Another Railway carried out, by taking special measures towards the close of the year, the adjustment of stores debits on the basis of the allocation on the Issue notes and provision for this could not be adequately made in the final modification (11½ lakhs).

This has been seen by Audit.

NEW DELHI;  
dated 16th July, 1959.

Director, Finance,  
Railway Board.



### Annexure I

*Summary statement of Excesses over voted Grants as shown in para 8 of the Audit Report, 1959 as well as of Excesses after taking into account Misclassifications*

(Figures in Units)

No. and Name of the grant	Original grant	Supplementary grant	Final grant	Expenditure	Excess	Real excess after taking into a/c misclassifications	Percentage of excess (Col. 6 to 4)	Percentage of real excess (Col. 7 and 4)
1	2	3	4	5	6	7	8	9
4.—Revenue—Working Expenses—Administration	30,71,16,000	1,03,91,000	31,75,07,000	32,21,61,785	46,54,785	44,66,228	1.47	1.41
5.—Revenue—Working Expenses—Repairs and Maintenance	93,91,98,000	6,75,28,000	1,00,67,26,000	1,04,57,18,255	3,89,92,255	3,67,54,149	3.87	3.65

7.—Revenue—Working Expenses—Operation (Fuel)	50,76,06,000	3,09,61,000	53,85,67,000	54,34,89,5384	'9,22,538	'56,04,858	0·91	1·04
8.—Revenue—Working Expenses—Operation Other than Staff and Fuel	16,84,36,000	1,19,82,000	18,04,18,000	19,37,71,349	1,33,53,349	1,43,29,288	7·40	7·94
9.—Revenue—Working Expenses—Miscellaneous Expenses	24,99,60,000	2,12,55,000	27,12,15,000	27,36,15,827	24,00,827	15,88,214	0·89	0·59
12.—Revenue—Dividend payable to General Revenues	43,78,73,000	45,46,000	44,24,19,000	44,39,93,370	15,74,370	15,74,370	0·36	0·36
15.—Construction of New Lines	18,13,23,000	2,20,43,000	20,33,66,000	20,45,55,205	11,89,205	15,55,279	0·58	0·76
16.—Open Line Works—Additions	3,71,72,16,000	10,60,37,000	3,82,32,53,00	03,87,41,43,813	5,08,90,813	5,09,15,374	1·33	1·33
17.—Open Line Works—Replacements	63,96,35,000	14,62,04,000	78,58,39,000	84,12,02,131	5,53,63,131	5,66,95,048	7·05	7·21

NOTE.—Detailed Statements showing how the figures of real excesses after taking into account the Misclassifications have been arrived at under various Grants, are on the pages following.

**Annexure I—contd.**

*Statement of misclassifications of Rs. 25,000 and over which affect the excesses as shown in the Appropriation Accounts of Railways for 1957-58.*

**GRANT NO. 4.—REVENUE—WORKING EXPENSES—ADMINISTRATION (VOTED)**

Sl. No.	Particulars	Amount Rs.
1	Excess shown in Appropriation A/cs. Audit Report Railways, 1959—Para 8 (Page 6) . . . . .	46,54,785
2	<i>Deduct—</i> Expenditure relating to other grants booked under this grant	
	(i) Certain expenditure relating to Grant 16 adjusted erroneously under this Grant . . . . .	84,452
	(ii) Expenditure booked erroneously under Grant 4 instead of Grant 6 . . . . .	24,577
	(iii) Certain expenditure wrongly booked under Grant 4 instead of Grant 6 . . . . .	32,682
	(iv) Certain expenditure wrongly booked under Grant 4 instead of Grant 5 . . . . .	46,846
		<hr/> 1,88,557
3	Real excess required to be regularised by Parliament (1)—(2) . . . . .	44,66,228

**Annexure I—contd.**

**GRANT NO. 5—REVENUE—WORKING EXPENSES—REPAIRS & MAINTENANCE  
(VOTED)**

Sl. No.	Particulars	Amount Rs.
1	2	3
1	Excess shown in the Appropriation Accounts . . . . .	3,89,92,255
2	(a) <i>Deduct—</i> Expenditure relating to other Grants booked under this grant.	
	(i) Expenditure relating to Grant 7 booked wrongly under Grant 5 . . . . .	1,15,488
	(ii) Certain expenditure pertaining to Grant 17 wrongly booked under Grant 5 . . . . .	28,497
	(iii) Certain expenditure taken erroneously under Grant 5 instead of Grant 8 . . . . .	94,998
	(iv) Certain expenditure erroneously booked under Grant 5 instead of Grant 13 . . . . .	57,543
	(v) Cost of certain stores adjusted twice . . . . .	88,649
	(vi) Certain expenditure relating to Grant 14 booked erroneously under Grant 5 . . . . .	40,844
	(vii) Provision for & booking of expenditure pertaining to other grants erroneously under this Grant . . . . .	45,998
	(viii) Excess debit due to wrong valuation of certain material . . . . .	1,61,982
	(ix) Adjustment of certain expenditure twice through inadvertance . . . . .	71,000
	(x) Freight charges pertaining to works initially kept under this Grant not having been transferred during the year . . . . .	5,49,529
	(xi) Omission to carry out certain adjustment in respect of cost of temporary quarters subsequently decided to be treated as permanent . . . . .	4,74,554

1	2	3
		Rs.
	(xii) Omission to carry out adjustment of debits for transfer of materials etc., between works "Khandwa Hingoli construction" and "Mathura Delhi Doubling Phase III" from Grant 5 to Grants 13 & 18 . . . . .	98,317
	(xiii) Non-adjustment of certain expenditure relating to grant 8 during the year . . . . .	5,62,574
	TOTAL (a) . . . . .	23,89,973
	(b) Add—	
	Items of misclassifications which should have been debited to this Grant instead of other Grants.	
	(i) Certain recoveries from the State Govt. erroneously credited to Abstract 'A' instead of to earnings . . . . .	24,711
	(ii) Omission to carry out adjustments of debits for transfer of materials etc., between works "Khandwa Hingoli Construction" and "Mathura Delhi Doubling Phase III" from Grant 7 to Grant 5 . . . . .	18,444
	(iii) Certain charges adjusted erroneously under Grant 14 instead of Grant 5 . . . . .	33,338
	(iv) Booking of expenditure under Abstract C 3001 to 3040 (Grant No. 6) instead of under Abstract C 2111 (Grant No. 5) . . . . .	28,528
	(v) Certain expenditure wrongly booked under Grant 4 instead of Grant 5 . . . . .	46,846
		1,51,867
3	Real excess required to be regularised by Parliament (1)—2(a) + 2(b) . . . . .	3,67,54,149

**Annexure I—contd.**

**GRANT NO. 7—REVENUE—WORKING EXPENSES—OPERATION FUEL  
(VOTED)**

Sl. No.	Particulars	Amount Rs.
1.	Excess shown in App. A/cs. . . . .	49,22,538
2. (a)	<i>Deduct—</i>	
	<i>Expenditure relating to other Grants booked under this grant:</i>	
	(i) Cost of coal and old sleepers issued to engines adjusted twice in the A/cs. for March, '58 . . . . .	26,384
	(b) <i>Add—</i>	
	<i>Items of mis-classifications which should have been debited to this Grant instead to other Grants :—</i>	
	(i) Certain credits for materials released from works not chargeable to revenue and credits on account of electric energy were not excluded from the scope of the grant . . . . .	1,22,961
	(ii) Expenditure relating to Grant 7 booked wrongly under Grant 5 . . . . .	1,15,488
	(iii) Certain credits erroneously taken under the grant instead of credit or recoveries . . . . .	74,786
	(iv) Certain charges erroneously booked under Grant 9 (Suspense) instead of Grant 7 . . . . .	3,95,469
	<b>TOTAL</b>	7,08,704
3.	Real excess required to be regularised by Parliament (1) —2(a) + 2 (b) . . . . .	56,04,858

**Annexure I—contd.**

**GRANT NO. 8—REVENUE—WORKING EXPENSES—OPERATION OTHER THAN  
STAFF & FUEL (VOTED)**

Sl. No.	Particulars	Amount Rs.
1	Excess shown in the App. A/cs. . . . .	1,33,53,349
2	<i>Deduct—</i>	
	(a) <i>Expenditure relating to other Grants booked under this Grant:</i>	
	(i) Wrong booking of expdr. relating to charged under voted . . . . .	2,17,265
	(ii) Wrong booking of expdr. relating to charged under voted . . . . .	1,26,023
	TOTAL . . . . .	3,43,288
	(b) <i>Add—</i>	
	<i>Items of mis-classifications which should have been debited to this Grant instead of other Grants :—</i>	
	(i) Certain expdr. taken erroneously under Grant 5 instead of Grant 8 . . . . .	94,998
	(ii) Expdr. booked erroneously under Grant 6 instead of Grant 8 . . . . .	35,413
	(iii) Certain expdr. relating to Grant 8 adjusted erroneously under Grant 16 . . . . .	6,26,242
	(iv) Non-adjustment of certain expenditure relating to Grant 5 during the year . . . . .	5,62,574
	TOTAL . . . . .	13,19,227
	<b>Real excess required to be regularised by Parliament</b>	
	(1) — 2(a) + 2(b) . . . . .	1,43,29,288

**Annexure I—contd.**

**GRANT NO. 9—REVENUE—WORKING EXPENSES—MISCELLANEOUS EXPENSES  
(VOTED)**

Sl. No.	Particulars	Amount
1	2	3
		Rs.
1.	Excess shown in the Appropriation Account	24,00,827
2.	(a) <i>Deduct—</i>	
	<i>Expenditure relating to other grants booked under this grant:—</i>	
	(i) Wrong booking of certain freight charges under Grant 9 instead of Grant 16	3,24,653
	(ii) Certain charges erroneously booked under Grant 9 (Suspense) instead of Grant 7	3,95,469
	(iii) Certain expenditure booked erroneously under Grant 9 instead of Grant 10	60,706
	(iv) Certain charged expenditure erroneously treated as voted	65,077
	TOTAL	8,45,905
	(b) <i>Add—</i>	
	<i>Items of mis-classifications which should have been debited to this grant instead of other grants :—</i>	
	(i) Erroneous booking of certain credits under the grant instead of under credits or recoveries outside the grant	33,292
3.	Real excess required to be regularised by Parliament (1) —2(a) + 2(b)	15,88,214



**Annexure I—contd.**

**GRANT NO. 15—CAPITAL—CONSTRUCTION OF NEW LINES—(VOTED)**

Sl. No. 1	Particulars 2	Amount 3
		Rs.
1.	Excess shown in the Appropriation Accounts . . . . .	11,89,205
2.	<i>Add—</i>	
	<i>Items of mis-classifications which should have been debited to this grant instead of other grants :—</i>	
(i)	Expenditure relating to Grant 15 booked erroneously under Grant 16 . . . . .	41,030
(ii)	Certain charges not transferred from Grant 18 to Grant 15 . . . . .	3,25,044
	<b>TOTAL</b>	<b>3,66,074</b>
3.	Real excess required to be regularised by Parliament (1)+(2) . . . . .	<b>15,55,279</b>

**Annexure I—contd.**

**GRANT NO. 16—CAPITAL—OPEN LINE WORKS—ADDITIONS—(VOTED)**

Sl. No.	Particulars	Amount
1	2	3
		Rs.
	Excess shown in the Appropriation Account . . . . .	5,08,90,813
2	<i>(a) Deduct—</i>	
	<i>Expenditure relating to other grants booked under this grant :—</i>	
	(i) Certain expenditure erroneously booked under Grant 16 instead of Grant 17 . . . . .	1,02,073
	(ii) Certain expenditure booked erroneously under Grants 16 & 18 instead of Grant 17 . . . . .	3,98,896
	(iii) Certain expenditure relating to Grant 17 erroneously adjusted under Grant 16 . . . . .	5,92,478
	(iv) Expenditure relating to Grant 18 booked erroneously under Grant 16 . . . . .	81,881
	(v) Expenditure relating to Grant 15 booked erroneously under Grant 16 . . . . .	41,030
	(vi) Certain Expenditure relating to Grant 8 adjusted erroneously under Grant 16 . . . . .	6,26,242
	(vii) Certain expenditure pertaining to Grant 2 erroneously booked under Grant 16 . . . . .	68,416
	<b>TOTAL</b> . . . . .	<b>19,11,016</b>
2	<i>(b) Add—</i>	
	<i>Items of mis-classifications which should have been debited to this grant instead of other grants :—</i>	
	(i) Certain expenditure relating to Grant 16 "Manufacture Suspense Capital" adjusted erroneously under Grant 4 . . . . .	84,452
	(ii) Expenditure relating to Grant 16 booked erroneously under Grant 14 . . . . .	71,247
	(iii) Wrong booking of certain Expenditure under Grant 14 instead of Grant 16 . . . . .	26,664

1	2	3
		Rs.
(iii)	Certain expenditure erroneously booked under grant 16 instead of grant 17 . . . . .	1,02,073
(iv)	Certain expenditure pertaining to grant 17 wrongly booked under grant 5 . . . . .	28,497
(v)	Certain expenditure booked erroneously under grants 16 & 18 instead of grant 17 . . . . .	4,35,047
(vi)	Expenditure relating to grant 17 booked erroneously under Grant 14 . . . . .	31,914
(vii)	Certain expenditure relating to grant 17 erroneously adjusted under Grant 16 . . . . .	5,92,478
(viii)	Freight charges initially adjusted under Grant 5 not transferred to this Grant during the year . . . . .	3,68,364
	TOTAL . . . . .	17,81,879
3.	Real excess required to be regularised by Parliament (1—2a & 2b) . . . . .	5,66,95,048

## MEMORANDUM

### *Excess over Voted Grants—Appropriation Accounts 1955-56 and 1956-57 Part I (Review)—Audit Reports 1957 and 1958*

In the Lok Sabha Sectt. O.M. No. 2(II) (2)PAC/58 dated 24-11-58 it was desired that the PAC should be furnished with details of the types of faults or irregularities for which it was suggested that disciplinary action be taken against Officers in not exercising proper budgetary and financial control during the period under review. The matter has been further examined in detail as desired, and the required information is set out below:—

1. *Eastern Railway.*—(i) A provision for accommodation of debit of 3.12 thousand in respect of certain charges for some electrical works was made under grant 18, while provision for contra-adjustment of minus debit under grant No. 5 was not made under a misapprehension. The senior accountant incharge of the Office held responsible for the omission having retired, no disciplinary action could be taken against him.

(ii) A provision of 38.29 in respect of a certain work had been made under grant 16; but subsequently, on the basis of the allocation in the detailed estimate, the work was found to fall under grant 17, wherein necessary provision was duly made, without, however, surrendering the provision under grant 16. The examination of the case has revealed that the dealing clerk did not surrender the provision under grant 16 due to the verbal orders of the Chief Clerk. The latter retired on 11-7-1958 and was finally settled up immediately thereafter. In the circumstances, the dealing clerk could not be held directly responsible, but he has been warned, as he should have obtained instructions in writing in regard to such a large amount.

2. *North-Eastern Railway.*—Inadequate provision to the extent of 4.91 thousand under grant 5 comprised of two items viz. 2.20 and 2.71. The item of 2.20 related to expenditure on ghatshifts which had to be incurred to avoid dislocation of traffic etc. The requirements of funds were not estimated accurately for budgetary purposes. The Chief Clerk, Budget, has been held responsible for the defect in estimating in this case, but a warning was considered sufficient as it is difficult to budget for expenditure on ghatshifts with

any reasonable degree of precision. In the case of the other item of 2,71, the excess expenditure was due to unusually heavy repairs to workshop machinery on account of its intensive use, for which provision could not be made in the absence of a proper procedure for maintaining liability registers for revenue expenditure such as has since been instituted. Individual responsibility for the omission could not, therefore, be justifiably fixed.

(ii) The original provision of 25,00 in respect of the work '80 coaches body shells to be furnished and equipped' had been made under grant 17—Replacements, instead of grant 16—Additions, but was subsequently transferred to grant 16 and the expenditure correctly booked thereunder. The individuals responsible, both in the Mechanical Engineering and Accounts Offices, have been warned, and the warning noted in their personal records.

3. As regards the other items of the above Railways, as also those of the Northern and the Western Railways, the failure occurred generally due to unusual factors or expectations which did not materialize, and particularly due to the procedure having fallen into ineffective lines without the maintenance of liability registers, etc. Instructions have been issued for the upkeep of a systematic record of the liabilities incurred against grants in the form of a register and of other relevant events affecting the budget grant. It may not be out of place to add that, on the Western Railway, the introduction of the divisional system in the middle of the year, involving large scale administrative re-organisation, as a result of which transfers of staff took place, the work in the Budget and Expenditure sections of the divisional offices was affected during the transition period.

4. With regard to the excesses under 'charged' Appropriation Nos. 8 and 9 dealt with in the concluding sub-para of para 5 of the P.A.C.'s (1958-59) 9th Report, reference is invited to Ministry of Railways' O.M. No. 58-B(C)-2498/II/9th Report dated 6-11-1958, wherein the action taken in the matter was reported. As a result of further examination of the matter, it has been observed that this was not strictly a case of omission to make provision in the budget or revised estimates, but rather a case of provision having been made under the 'voted' portion of the grant instead of the 'charged' appropriation. The P.A.C.'s observations have been noted for guidance.

The great importance of budgetary control over expenditure was brought to the personal notice of General Managers at the General Managers' Meeting with the Railway Board in August, 1958. As a

result of this and of other measures taken and directives issued in the course of 1958-59 (*vide* list enclosed), the Railway Ministry trust that there will be substantial improvement in the accounts for 1958-59.

Director, Finance,  
Railway Board.

DA: As above.

*List of directives issued in connection with Budgetary Control over expenditure etc.*

1. D.F.'s D.O. letter No. 58—B—4109 dated 29-8-1958 to the General Managers.

2. F.C.'s D.O. letter No. 58—B—4109|Pt. dated 9-10-1958 to the General Managers.

3. F.C.'s D.O. letter No. 58—B—4257 dated 17-4-1959 to the General Managers..... (not enclosed).

*Copy*

C. T. VENUGOPAL,  
Director, Finance.

GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(Railway Board)

D.O. No. 58—B—4109.  
My dear

New Delhi, dated 29-8-1958.

*SUB:—Budgetary Control*

I enclose a note indicating the important points on which action is required as a result of the deliberations at Board's meeting with the F.A. & C.A.Os. on 14th and 15th August, 1958.

This connects with item 6(i) of the agenda discussed at the recent meeting of the Board with General Managers.

Yours sincerely,

Sd/- C. T. VENUGOPAL.

No. 58—B—4109.

New Delhi, dated 29-8-1958.

Copy with a copy of the note to Shri  
F.A. & C.A.O. Railway.

Sd/- C. T. VENUGOPAL,  
Director, Finance,  
Railway Board.

DA: One

## NOTE

Having worked well within the budget proportion upto February, 1959, there was such heavy expenditure in March Accounts that excesses have resulted both under the Working Expenses and under Works Grants. The Final Modification Estimates submitted by the Railway did not also give any inkling of such heavy excesses. Suitable and effective means have, therefore, to be ensured so as to eliminate in future to the maximum extent the lacunae hindering proper budgetary control. While the rush of expenditure adjustment in March accounts is not unusual, the steadily increasing importance of budgetary control requires that detailed estimates of March adjustments are prepared as reasonably correctly as possible, in advance, with a view to perfecting the machinery for budgetary control to the utmost extent.

The various details requiring special attention are summarised below. Many of these are covered by extent rules and orders and are being observed to a greater or lesser extent in practice. They are, however, set forth below, for the sake of completeness, to ensure that they are strictly observed in all respects:—

(a) Expenditure incurred is not always brought to account and booked promptly, due to delays in preparing and/or passing bills—caused also by delays in taking measurements in the case of contractors' bills for works—and due to delays in adjustments of stores etc. As a result, in such cases the expenditure booked in the accounts for a period is considerably below the expenditure actually incurred in that period. The estimates made with reference to the expenditure booked become largely surmises both on this account and because of the absence of adequate records of stores requisitions issued and other liabilities incurred. The net result is that reasonably correct assumptions at the time the Budget returns are prepared are vitiated.

(b) After the estimates are fixed, expenditure is not regulated strictly with reference to the funds allotted. There may be indiscriminate and uncontrolled issue of stores or there may be unregulated enthusiasm to show satisfactory statistics of performance in connection with say, claims payment drives or settlement drives etc., without appreciating that all these drives are subject to the overriding condition of availability of budgetary Grants. Any

more general assurance of executive officers that funds will be found by re-appropriation, should not be accepted without question by Accounts & Finance Officers, who should insist and verify that specific savings are available for re-appropriation.

For check over expenditure not covered by the grant, expenditure should be divided under the following two categories 'avoidable expenditure' and 'Unavoidable expenditure'. As for avoidable expenditure, the Accounts Officer should address the administrative officer concerned suggesting postponement of the expenditure. If still the administrative officer insists on incurring the expenditure, the Accounts Officer should request the Administrative Officer to address the G.M. or the Railway Board for additional funds before incurring the expenditure. In very important cases of this nature, the FA&CAO could advise F.C. also demi-officially. As for unavoidable expenditure the accounts officer should request the administrative officer concerned to apprise the G.M. or the Railway Board, as the case may be, of the position (*vide* paras 311—315 of the Indian Railway Code for the Accounts Code Part I—1957 issue.

(c) A great disturbing factor often is the adjustment for stores issues. The theoretically correct position is that requisitions from Departments should show the allocation; the Stores Department should refuse to supply stores unless this requirement is fulfilled. It transpires, however, that this requirement is often not observed. As a result, the monthly summaries issued by the Stores Accounts Offices are not accepted and allocated for months together by the Departments and these heavy adjustments are not reflected in the accounts and are postponed to the last month or months of the year. While it is appreciated that it may not be feasible in all cases to refuse to issue stores because of absence of allocations, it should be ensured, through regular periodical review by COS&FA&CAO in consultation with the departments concerned, that such cases are reduced to the minimum and gradually eliminated.

(d) Liability Registers should be maintained by each spending officer on the Division even in regard to working expenses.

(e) Copies of letters likely to result eventually in payments etc. and therefore, having financial implications, should be sent to the FA & CAO or the Accounts Officer concerned and not merely copies of actual sanctions to fresh expenditure. The FA&CAOs/DAOs on their part will review the daily summary of Railway Board's dak to see which letters *prima facie* have General Manager's financial implications, so that copies thereof can be obtained at once and kept in view at the time of framing the estimates. A suggestion whether the Railway Board, instead of sending 2 copies of financial

1430 (Ai) L.S.—3



sanction to General Managers (1 copy meant for FA&CAOs) cannot endorse the copy for FA&CAO direct to the FA&CAO instead of routing it through the General Manager, is being looked into.

(f) The provision for credits on account of freight on railway coal is made in the Railway Board's office. The present procedure should be looked into in order to effect improvements, if any.

(g) The directive to Railways that 'detailed' estimates should be prepared for each new work to be included in the Works Programme for 1950-60 (contained in the minutes of the recent FA&CAOs' Conference) be clarified, in order to ensure that this conforms with the extent orders of the Railway Board.

(h) The feasibility of maintaining allocation registers demand-wise should be looked into in the Board's Office, also whether demands 16 and 17 can be combined into a single demand.

(i) Shri Pothann (FA&CAO—W. Rly.) in collaboration with Shri Sunder Raj (Dy. C.A.O.—C. Rly.) will look into the question of improving the estimates of earnings by obviating to the utmost extent possible the difficulties of individual Railways in framing estimates of and/or share of foreign traffic earnings. The arrear adjustments of Earning from "through" traffic transactions also vitiate estimates of Earnings, and it is essential that those arrear adjustments should be assessed and indicated clearly by each Railway to all other Rlys. at the time of the revised estimates.

(j) A meeting of the Dy. FA&CAOs of the Rlys. may be convened shortly by Shri Ajit Singh. so that the procedure adopted on the N Rly. where budgeting seems to be more realistic than on other Rlys., may be discussed. N. Rly. would circulate a note in this connection, which would be the basis for the discussion.

(k) As regards financial control, in view of the deteriorating financial position, the utmost vigilance is necessary in insisting on full justification for the expenditure, whether on establishment, or on Stores etc.

**GOVERNMENT OF INDIA**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**

J. Dayal,  
 Financial Com-  
 missioner.

D.O. No. 58-B-4109/Pt.

*New Delhi, dated 9-10-1958.*

My dear

You will recollect that when we discussed the matter of 'Financial and Budgetary Control' in our meeting in August last, I indicated certain unsatisfactory trends on the basis of the preliminary actuals for 1957-58 available at the time. We have since received the 'Actual' figures for the year and the position revealed by these is quite disconcerting.

2. The surplus of about 31 crores as anticipated at the time of the Budget Estimate, and 22 crores at the time of the Revised Estimate, now stands at only 13.38 crores. As to the "Works" Grants the position has worsened, the net excess expenditure being 16.50 crores in spite of the fact that fairly large supplementary grants had been taken.

In this connection, I have to observe that, even at the time of the Final Modification estimates late in March this year, the Railway Administrations were not aware of the magnitude of the excesses either under the Ordinary Working Expenses or under the Works Grants.

3. I cannot, therefore, help feeling that one of the reasons for this is that the existing procedure fails to ensure that all types of charges particularly those pertaining to Stores, are not properly and timely taken note of to enable the estimates to be prepared with any reasonable degree of accuracy. All General Managers had agreed at the August meeting that the existing machinery for budgeting and exercising a watch over the progress of expenditure *vis-a-vis* budget provision required improvement, and they kindly undertook to look into the matter.

4. The question of how the budgetary control could be improved was recently the subject of discussion which the Additional Member, Finance, had with the Dy. Financial Advisers of the various Railways. A note, based on the conclusions arrived at the meeting and detailing the steps to be taken in this direction, is enclosed. I shall be grateful if you would kindly give urgent and careful consideration to the changes indicated in this note, and unless you have any remarks, I would like you to introduce them on your Railways as early as possible. I feel confident that with your help and interest in the matter we shall be able to present a more satisfactory picture in regard to the year 1958-59.

Yours sincerely,

Encl: One Note (4 sheets)

Sd. (J. Dayal)

**Note on the *ad hoc* and special measures for Budgeting procedure and control of expenditure *vis-a-vis* Budget, besides the Code Rules on the subject**

*Budgeting Procedure.*

1. There should be an officer under each Controlling authority and Head of Department for the proper compilation of budget estimates in the discharge of their responsibility in terms of Rule 508-G, both in the Headquarters and in the Divisions. The precise arrangements would be as per Annexure 'A' to the memorandum circulated recently by Dy. F.A., Northern Railway to Dy. F.As. of other Railways which will apply *mutatis mutandis* to Railways working on a District pattern.

2. Under the Officer referred to in (1) above, a machinery should be set up in the Divisions as well as in the Head Office, which should secure co-ordination between the working departments and the Budget Branches. The Budget Branch should keep a register where all developments and factors advised by the working branches, such as additional staff, additional trains, rising prices, increase in tender rates etc. which would lead to variations against the sanctioned grants, are available so that the necessary provision is watched in the relevant estimates.

3. There should be a machinery whereby all sanctioned and policy decisions from the Railway Board and other local authorities, having a bearing on the Budget, are advised to the Budget Branch at Headquarters and the Divisions.

Orders and instructions which might issue from the Board late in the financial year but which have budgetary repercussions should be followed up immediately. On a particular railway during 1957-58 provision was not made on the basis of an order which issued from the Railway Board in December of the year.

4. For proper appreciation of additional funds demanded through the various estimates, and the justification for such demand, an 11-column statement prescribed on the Northern Railway (Annexure 'D' to the Memorandum *ibid.*), should also be adopted by the other Railways.

5. For a check made on the adequacy of provisions made in the various Budget estimates with reference to the trends of expenditure in the past months and other periodical and special factors, a proforma prescribed on the Northern Railway (Annexure 'E' to the Memorandum *ibid.*), should also be introduced on other Railways.

The Dy. F.A. should call the Budget meetings at appropriate level where the various estimates, *viz.*, the budget, the August Review and the Revised Estimates and Final Modification may be discussed and finalised.

6. A register should be maintained by the Budget Branch under each controlling authority showing the sanctioned budget and progress of expenditure against each demand head from month to month to keep an eye on the trends of expenditure, *vis-a-vis* Budget grant, as also to serve as a guide for assessment of the monthly Budget proportion for future years. Specimen form of the register maintained on the Northern Railway is available with Dy. F.As. of other Railways.

7. A convention should be established that Stores Depots should not entertain indents or requisitions unless they bear allocation of the work or service concerned. These instructions should immediately issue through a Joint Administrative & Accounts Procedure Order.

8. Verification of receiving officials should be obtained on the Issue Vouchers accompanying daily summaries received from Stores Accounts Officer, without waiting for the monthly debit schedule. Where the debits have been accepted provisionally in absence of the detailed allocation, a register should be maintained by the Executive where such items would be entered in order to see that the amount is adjusted in Accounts against the detailed allocation without delay. Accounts Officer would review this register occasionally in order to ensure that it is maintained properly and serves the purpose behind it.

9. A Stores Liability-cum-Chasing Register should be maintained on each railway by the Stores Branch of the spending authority for the Revenue Working Expenses as well as for Works Grants, in the forms in which it is in vogue on the Northern Railway, specimen form whereof is available with Dy. F.As. of other Railways, with one more column showing the "Anticipated Delivery Date" added to it. The registers will be utilised to ascertain unliquidated liabilities and liabilities which are not expected to mature during the course of the financial year. Action to make necessary adjustment in Budget provision should be initiated right from Revised Estimates.

The feasibility and utility of maintaining similar Liability Registers for other than stores liabilities should be investigated by the Railway Administrations in consultation with their F.A. & C.A.O. and a report sent to the Railway Board under a D.O. cover by 10th November, 1958, to Additional Member (Finance).

10. In respect of Demand No. 5—Way and Works, the system on the Northern Railway making provisions separately for regular maintenance on the basis of the Units of assets and Unit costs should be

adopted by other Railways. Statement showing the technique is available with Dy. F.As. of other Railways.

Similarly, for the maintenance of Rolling Stock, the procedure of segregating the provision of regular maintenance and periodical overhauls should be adopted on other railways.

11. As regards budgeting under 'Stores Suspense' and other Suspense heads, the procedure indicated in Procedure Order No. 6, dated 26th April, 1955, copy at Annexure 'F' of the memorandum *ibid*, should be adopted by other Railways.

Works which are included in the Works Programme should be split up under Cash and Stores so that a proper assessment of the store requirements of a railway can be made. Detailed estimates for the works included in the Works Programme approved by the Board should be got out expeditiously.

12. The Controller of Stores of each Railway should maintain an indent-cum-chasing register for watching progress and compliance of the requisitions placed with the various sources of supply. The form of the register in vogue on the Northern Railway is available with Dy. F.As. of other Railways. Action to make necessary adjustment in Budget estimates should be initiated right from Revised Estimates.

*Control over expenditure vis-a-vis Budget Estimates.*

13. Where the sanctioned grants fall short of the estimates submitted by the Administration, the fact should be brought out prominently in the letter of allotments to the controlling authorities and they should be asked to take prompt measures to limit the expenditure within the sanctioned grant in terms of para. 423 GI.

14. The financial reviews should be compiled monthly from August onwards except for the month of November when the Revised Estimate is prepared and the month of March when the year closes. These should be prepared Department-wise in a form devised in consultation with the Heads of Departments concerned and should also indicate the position of the various grants affecting that Department. A summary for the Railway/Division as a whole should also be prepared in Headquarters office. A statement should be prepared by the Executive every month for discussion at the Principal Officers'/ Divisional Officers' meeting showing correlation of expenditure on works as shown in the Engineers Works Registers with their physical progress. This should be done in the case of works costing Rs. 50,000 and over.

The overall appraisal should be made in a covering note by the Dy. F.A. which should highlight the broad factors causing variations, bringing out permanent and temporary variations separately. The responsibility of the spending authority in the matter of non-existence of funds, over-spending and control over expenditure as per rules 427 to 430, 433 and 434 of the General Code should be mentioned in every financial review.

15. Budget proportion should be fixed, splitting up the fluctuating and non-fluctuating portion of expenditure relating to adjustments which are usually made in the last 2/3 months of the financial year, and even after March, till the closing of the final accounts, and a proportion of the Budget should be segregated and kept aside for these adjustments. Based on the estimates of adjustments, budget proportion should be worked out only for the residual allotment.

16. These reviews should be discussed in the Principal Officers' meeting with General Manager at the Headquarter level and in the Divisional Officers' meeting with the Divisional Superintendent at Divisional level.

The draft minutes of the meeting of the P.O.M. and D.O.M. referred to should be vetted by the F.A. & C.A.O./D.A.O.

17. It is suggested that both in the Divisions and at Headquarters, the graphs should be prepared showing:

- (a) progress of expenditure monthly demand-wise, *vis-a-vis* the sanctioned grant and budget proportion, for the Railway/Division as a whole. Progress of earnings monthly *vis-a-vis* the sanctioned estimate and the Budget proportion for the Railway as a whole should also be shown in a separate column.
- (b) Progress of expenditure monthly demand-wise and department-wise *vis-a-vis* the sanctioned Budget and budget proportion of that department.
- (c) For the last three years showing the budget estimate, revised estimate, final grant and the actuals for each demand to highlight the growth of expenditure.

A department-wise graph referred to at (b) above should be sent to the Heads of Departments every month for information and return.

In these graphs unliquidated liabilities as advised by the Executive should also be shown in pencil. This factor should also be prominently brought out in the financial reviews.

Demand-wise graphs as at (a) above for the whole Railway should be put up to the General Manager through S.D.G.M. every month from the beginning of December onwards with a note by Dy. F.A. bringing out where excesses and lapses or increase or shortfall in earnings are indicated from the trends.

18. The estimates of adjustments should be obtained from the Executive before the Budget proportion is worked out and these should be kept in view when making necessary adjustments in Budget provision at various stages.

19. The advisability of D.O. contact with F.A. & C.A.Os. of other Railways from December onwards inviting debits if there are any to be raised against the railway concerned should be considered.

20. Before making re-appropriations it is necessary that savings are located under specific works or services, the exact amount of savings is given and the reasons therefor and that the allotment under particular sub-head under which savings are anticipated is reduced accordingly before re-appropriation is made under any other sub-head.

21. It is reiterated that the highest respect should be given to the Budget orders issued by the Railway Board and allotments made therein and any apprehension of excess should be promptly brought to the notice of the Head of the Department and General Manager by the spending authorities for necessary action.

22. List of the various sources from which debits are expected by the various railways should be kept in a register with the quantum of anticipated debits shown therein. A reference should be made to such sources from December onwards at given intervals in order to find out what debits would eventually materialise from those quarters.

23. It is seen that the estimate for credits and recoveries under Works Grants particularly under Demand No. 16 is far from realistic. As the estimates for credits have a repercussion from the ways and means angle on the plan allotment of the railways as a whole, emphasis should be laid on making a realistic estimate of such credits. The progress of realisation of credits should receive the same attention in financial reviews etc. as expenditure.

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## APPENDIX IV

### MINISTRY OF RAILWAYS

(RAILWAY BOARD)

*A note stating the procedure followed in the Railways in the matter of budget provision for maintenance of residential buildings, viz. annual repairs etc. Has any ceiling, therefor or percentage of the total capital cost involved been laid down in this behalf?*

The procedure for budgeting for cost of repairs and main maintenance of residential buildings followed on most of the Railways is given below:—

The provision for a particular year is made on the basis of the actual expenditure figures for the previous three years, together with an assessment of what additional provision will be required in the ensuing year taking into account the following factors:—

- (i) Any additions to the total number of residential buildings that may have been made, as a result of constructing new staff quarters, taking into consideration the year when such residential buildings were completed, and assessing the amount of expenditure that will be involved in the maintenance of these additional assets.
- (ii) Any increase in wages and cost of materials.

According to another procedure a fixed rate per unit of 100 sq. ft. of plinth area of such buildings is taken as a criterion for working out the budget requirements for maintenance of the residential buildings in a particular year.

2. The question of introducing a uniform procedure for assessing the funds required for annual repairs and maintenance of residential buildings on railways, with reference to capital cost etc. on fixation of suitable ceiling in this respect on lines similar to the system existing in the CPWD (and the M.E.S.) is also under active consideration; recently Railways have been addressed to collect detailed data and submit the same with comments on related factors (e.g., heavy rainfall, vicious black cotton soil, nature of materials used in original construction).



3. A *prima facie* review of data readily available, which pertains to 1955-56 (kindly see statement attached), indicates that the annual cost of repairs and maintenance varies from about 2.4 per cent. of the capital cost on the Southern Railway to about 9 per cent. on the combined North-eastern Railway. (The latter Railway has since been bifurcated into the North-eastern and Northeast Frontier Railways). To understand the large variations in percentage in proper perspective, due allowance will have to be made for the fact that the bulk of the quarters were built in the old days when the cost of construction was low, thus relatively under-stating the capital cost in relation to repairs and maintenance expenditure incurred at present-day level of high prices and thus correspondingly over-stating the percentage of the latter to the former. Other important factors explaining the large variations are special climatic or soil conditions necessitating a higher building cost and other local conditions such as the type of construction adopted by some of the original Company Railways leading to higher maintenance costs (as for instance in certain jurisdictions of the combined North-eastern Railway). There is also the factor of a large number of temporary and semi-permanent quarters on certain railways, like those on the Assam Section of the former North-eastern Railway (present Northeast Frontier Railway) which include quarters built during and inherited from the war years and which involve relatively high maintenance costs

4. It will be appreciated that there are some 3,76,000 residential quarters distributed over practically every State in India and inherited from such widely varying conditions as referred to in the foregoing paragraph. The fixing of any uniform ceiling for repairs and maintenance, for the purpose of annual budget, either as a percentage of the total capital cost or otherwise, therefore requires careful consideration for which purpose detailed data have been called for from the Railways.

This has been seen by Audit who have observed that facts and figures contained in this note are under verification.

Encl. One statement.

Additional Member, Finance,  
Railway Board.

|

**Statement showing Railway-wise expenditure on repairs and maintenance of residential buildings in 1955-56 expressed as a percentage of the total capital cost of the buildings as on 31-3-1956**

(Figures in lakhs)

Railway	Total capital cost of residential buildings as on 31-3-56 (a)	Cost of repairs and maintenance 1955-56*	Rs.	Percentage
Western	708.60	42.59	42.59	(6%)
Central	558.11	31.76	31.76	(5.7%)
South-Eastern	750.14	66.28	66.28	(8.8%)
North-Eastern	760.87	68.51	68.51	(9%)
Eastern	807.39	58.84	58.84	(7.3%)
Southern	1,007.59	24.08	24.08	(2.4%)
Northern	683.51**	42.38	42.38	(6.2%)

(a) Taken from the Capital & Revenue accounts of residential buildings for 1955-56.

\* Taken from the Capital & Revenue Accounts (Financial Statements) of Railways 1955-56—Awaiting verification by Audit.

\*\* Approx. figures (Does not include class IV quarters).

## APPENDIX V

No. PII-11 (16)/57

GOVERNMENT OF INDIA

MINISTRY OF WORKS, HOUSING & SUPPLY

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*Note for the Public Accounts Committee—Para 15 of Audit Report (Railways). 1959—Avoidable expenditure on sea freight*

**Question:**

(i) The packing specifications which were received from the Czechoslovakian firm by the D.G.I.S.D., London, on 21st March, 1956 were referred to the Railway Adviser only on the 26th June, 1956. What were the reasons for the inordinate delay?

(ii) It was reported to the Committee that the file on the subject containing the quotations from the shipping concern was marked to the Railway Adviser on the 4th May, 1956 but actually reached him on 26th June, 1956. Have the reasons for this delay been investigated? If so, with what result?

**Remarks:**

(i) and (ii). In accordance with the procedure followed by the I.S.D., the shipping specifications submitted by the Czechoslovakian firm, received in the Department on the 21st March, 1956 were referred to the Conference Lines on the same day. The Conference Lines submitted their quotation for freight on the 20th April, 1956, which was received in the I.S.D., on the 21st April, 1956. Finally, the Conference Lines quotation for this particular contract was accepted by the Department, on the 29th May, 1956.

Meanwhile, the specifications were referred to the Railway Adviser on the 4th May, 1956. Although there is no record of the Railway Adviser having seen the file on that date or immediately thereafter, it appears from further minutes recorded on the file, that the same had been withdrawn for discussions with the Railway Adviser regarding specification submitted by another firm for certain other types of wagons. These discussions between the Railway Adviser and the Shipping Branch of the Department were recorded in a minute on the file on the 17th May, 1956. The minutes of the discussions were also

endorsed by the Railway Adviser on the 11th June, 1956. It is also seen from the file that further discussions with the Railway Adviser had taken place on the 26th June, 1956, and at the instance of the then Assistant Railway Adviser, a comparative statement was drawn up by the I.S.D., showing the different specifications and the relative freight payable. After examination of these details, the Railway Adviser gave his recommendations on the 5th July, 1956, to the effect that the first 750 wagons should be packed according to the specifications followed by Messrs Simmering-Graz-Pauker, in order to avoid assembly delays and cost in India.

It will thus be appreciated that it is not correct to say that the specifications received on the 21st March, 1956, were referred to the Railway Adviser only on the 26th June, 1956, and that the shipping specifications, though marked to the Railway Adviser on the 4th May, 1956, did not reach him till the 26th June, 1956. On the other hand, minutes of the various discussions recorded in the file (Annexure I) referred to above, will show that the shipping specifications had been under consideration by the Railway Adviser all the time.

*Question:*

(iii) What action was taken by the D.G.I.S.D., on the letter from the Mechanical Engineer, Visakhapatnam, dated the 18th July, 1956, in which he had suggested that the wagons might be packed according to the British specifications? Was this letter shown to the Railway Adviser also? If so, what was his reaction?

*Remarks:*

(iii) The letter, dated 18th July, 1956, from the Mechanical Engineer, Visakhapatnam, was addressed to the Railway Board, with a copy to the I.S.D., London. No action was taken by the Department on this letter as it was considered that this was only a recommendation to the Railway Board, and, therefore, a final decision from the Board had to be awaited. Furthermore, the Department felt that the Mechanical Engineer's recommendation was another view opposed to that of the Railway Adviser about the relative charges of the re-assembly of the wagons on arrival in India. This letter was, however, not shown to the Railway Adviser by the Department.

*Question:*

(iv) Has any responsibility been fixed in the D.G.I.S.D.'s Office for the loss of the Ministry of Railways (Railway Board) letter of 24th August, 1956, in which the D.G.I.S.D. was instructed to adopt the British Packing specification? A copy of the report furnished by the officer who investigated into this matter may also be furnished.

**Remarks:**

(iv) The matter relating to the loss of the letter, dated 24-8-1956 from the Railway Board has been thoroughly investigated, but it has not been possible to fix responsibility for the same. A copy each of the report, dated 23-4-1958 made by the then Deputy Director General, Director General's observations, dated the 13th May, 1958 thereon and the Ministry's decision, dated the 26th May, 1958 are submitted for perusal (Annexures II, III and IV).

2. It may be mentioned that an investigation on the possibility of effecting some saving on freight by modifying packing specifications was undertaken by the I.S.D., London on the 7th August, 1959, and recommendations were sent to this Ministry. It appears that whole matter in respect of shipping is so complex that it is not possible to adopt or lay down any standards for the method of packing for shipment of such stores. This Ministry and the Ministry of Railways have, therefore, tentatively decided that the I.S.D. should confine their attempts to making a comparative study of semi-dismantled items and the rates for fully erected items (*viz.*, heavy-lift items, such as locomotives, wagons, coaches, underframes etc.) wherever possible, and take advantage of saving in freight on the basis of their past experience.

3. Audit have, however, made the following comments in this connection:—

“There are no notings in the file of the Director General, I.S.D., London on the disposal of the letter of the 18th July, 1956 from the Mechanical Engineer incharge of the erection of the wagons at Visakhapatnam. It is also not correct to say that the views of the Mechanical Engineer were opposed to those held by the Railway Adviser inasmuch as the only doubt the Railway Adviser had was about the cost of re-assembly of the wagons in India and this doubt was resolved in the letter of the Mechanical Engineer wherein the latter had clearly stated that the cost of erection in India would remain the same irrespective of the degree of dis-assembly of the wagons for the purpose of shipping.”

**NEW DELHI;**  
The 28th November, 1959.

*Jt. Secy. to the Govt. of India.*

**Annexure I**

**EXTRACTS FROM FILE S.2187/55 (I.S.D., LONDON)**

**Min. 66A.**

Shipping specifications for "O" type wagons to be supplied by Strojexport, Prague (doc. 63) and for "CR" type wagons to be supplied by Metalexport, Warsaw (doc. 65) are in the file for your kind approval. It is understood from the firms that our Resident Inspectors agree with these specifications.

(Sd./-) P. SINGH,  
SHP-WAG.

The 19th June, 1956.

R.A.

**Min. 68.**

Regarding the supply of C.R. type wagons from Poland, a discussion was held between Mr. Banerjee (Frt. Section), Mr. Da Costa (R.A.) and Mr. Desai (Metalexport's Representative) and it was agreed that the system of packing followed by Messrs Pressed Steel Co. of the U.K., also supplying the similar type of wagons are more advantageous to this Department. A copy of Pressed Steel's specification was handed over to Mr. Desai and he was requested to follow Messrs. Pressed Steel's specification. Mr. Desai stated that few wagons have already been packed according to their specification at doc. 65 and it would be rather difficult for the supplier to unpack them and re-pack according to Messrs. Pressed Steel's specification. It has, therefore, been suggested by R.A. that those which are already packed may be shipped as it is, but Messrs. Pressed Steel's specification must be followed for all the later shipments.

As advised by R.A. a copy of Messrs Pressed Steel's specification has been forwarded to our Resident Inspector, Mr. Pant, and a copy of the same is at doc. 70.

1. SHP/WAG Ltd.
2. R.A.

(Sd./-) R. BANERJEE,  
SHP/FRT.

The 17th May, 1956.

(Sd./-) R. G. DA COSTA,  
The 11th June, 1956.

## Min. 73.

According to Strojexport Specification at doc. 71, the Freight for 50 wagons to Vizag @ new tariff rate less 15 per cent. will be £4,916-16-0 nett.

We are shipping similar types of wagons from U.K. to Vizag (Met. Cammell) for which we pay Frt. £3,099-1-10 nett. per unit of 50 at new tariff rate less 15 per cent.

(Sd./-) R. BANERJEE,  
SHP/FRT,

The 19th June, 1956.

\* \* \* \* \*

## Min. 74.

EXTRACT OF MIN. 95 OF S-1132/55 (I.S.D., LONDON)

"Advise Strojexport that shipping specification of Simmering Graz Pauker should be followed. Copy for R.I.B. Inspector in Vienna."

(Sd./-) \* \* \*

The 19th June, 1956.

\* \* \* \* \*

## Min. 76.

Asst. R.A., Mr. Puri, has advised me to draw a competitive statement showing freight calculated on the shipping specifications submitted by different Suppliers for 'O' type wagons. Accordingly, a statement is given below, the freight being based per unit of 50.

Metro Cammell (15-3-56 rate)	£3,099-1-10 Nett. Bom.
Simmering Graz Pauker	£4,814-0-0 Nett. Bom.
Strojexport	£4,916-14-0 Nett. Bom.

From the above statement, it will be observed that Messrs Metro Cammell's Specification is undoubtedly advantageous to this Department. Three extra photostatic copies of Metro Cammell's specifications are attached at doc. 75 for R.A. who might need them for any action which might be necessary.

(Sd./-) R. BANERJEE,  
SHP/FRT,

The 26th June, 1956.

1. SHP/WAG.

2. RA.

The question now is whether Strojexport should follow Min. 74 (i.e., S. G. Paukers' specification) or whether they should follow Metro-Cammell's specification. The latter cost less freight.

R.A. may kindly advise the Inspector of his decision and this Department will then inform Strojexport. Spare copies of both specifications are in the file.

(Sd./-) P. SINGH,  
SHP/WAG,

*The 26th June, 1956.*

The Inspector in Czechoslovakia has been asked to arrange for the first 750 wagons to be packed according to the Simmering Graz-Pauker Shipping Specifications so as to avoid assembly delays and costs in India.

Instructions regarding the balance of the wagons will issue on hearing from the Director, Railway Equipment.

Two copies each of the Metropolitan-Cammell Carriage and Wagon Specifications and of the Simmering Graz-Pauker Specifications have been detached from the Stores File S.2187 for despatch to the Director, R.E., and Mr. T. C. Pant.

(Sd./-) R. G. DA COSTA,  
R.A. to the H.C. for India.

*The 5th July, 1956.*



## Annexure II

*Report on an inquiry held in regard to the loss of Railway Board letter No. 55/649/14/RE, dated 24-8-56 addressed to the D.G.I.S.D., London*

1. As directed by D.G., I have, in conjunction with Mr. Guzdar, Director (Shipping), inquired into the circumstances leading to the loss of the above quoted letter with a view to determining who was responsible for the loss.

2. All incoming mail is first received in the Central Registry. The practice in this Department is to diarise only those communications emanating from Departments etc., in India. The missing letter is entered in the C.R. Diary for the 31st August, 1956, and there is a note against the entry that the letter was passed to Railway Inspection Branch on the same day, though actually it ought to have gone to the Railway Adviser as it referred to his letter No. RA/W/O/TATRA, dated 5-7-56. From the C.R. letters go to Sections and officers concerned by messenger. No record accompanies letters sent out and C.R. get no receipts for what they send. This was in accordance with the general practice in this Department. Going on the assumption that the letter was duly handed over to the R.I.B., the person in charge of the Branch at that time (Mr. Sharma) was questioned. He explained that no sectional record of any incoming communication was kept, and he had no knowledge of the missing letter. If the letter had been received by him, and since it quoted an R.A.'s reference number, he said he would have put it in his out-tray to the R.A. Again, from here a messenger would have taken the letter and placed it in the R.A.'s in-tray. My enquiries show that the then R.A. (Mr. Da Costa) himself dealt with communications such as the missing letter. He kept his own files and was assisted by a P.A. sitting in his room. Mr. Da Costa having gone back to India is not available for questioning. The P.A. at the time (Miss Herchenroder) has also been gone since December 1956. Such records as are available in R.A.'s office have been gone through but there is no trace of the missing letter.

3. My efforts to try and track down the letter from the time it was passed on by the C.R. having failed, I then went back to the original point of receipt (C.R.) to question the diarist who, according to the records, is the only person known to have handled the letter in

this Department. But here too, I struck a blank wall because I found that the person concerned (Miss Pathak) left the office in November, 1957.

4. It is clear from what has been stated above and while there is evidence that the letter was received in the Department and marked to a particular Branch, there is nothing to show that the Branch concerned received it, so no responsibility can be fixed on the Branch concerned or any one in it. It has to be assumed that if R.I.B. had received the letter they would have passed it on to R.A. and it would have found its way on to the appropriate file. The only logical conclusion is that the letter got lost in the C.R. itself after being diarised or by the messenger who carried it from the C.R. on the ground floor to R.I.B. on the second floor of our building. Miss Pathak having gone and it being impossible to establish which of the messengers carried the letter, it is not possible to fix responsibilities on any particular individual.

5. The enquiry reveals a weakness in the present system of handling and distributing incoming communications. True, it saves some time and labour, but when an important communication goes astray, it is not possible, under the present system, to trace it, not to fix responsibility. Even at the risk of adding a little to the work of the C.R. and our Branches and Sections, a system will have to be introduced to ensure first that C.R. get a receipt for communications, etc. handed over to Branches and Sections and second that the Branches and Sections have a record of what they receive. Given these two things, it becomes relatively easy to establish where responsibility lies if a letter goes astray or is not duly actioned by the Branch or Section concerned. The system proposed to be introduced is to instruct the C.R. to diarise all communications in triplicate (carbon copies) Section-wise. Each Section's dak will be accompanied by two carbon copies of the diary sheet. The Section in charge will check the entries with the dak handed over and sign and return as a sectional record in a loose leaf folder. The C.R. will maintain Section-wise the receipted diary sheets returned to them. It will be their responsibility to ensure that they get back properly receipted diary sheets for all dak sent out.

(Sd./-) J. BYRNE,  
Deputy Director General,  
The 23rd April, 1958.

### **Annexure III**

India Store Department, London.

Ref: S.2986|56|JDS|DG

13th May, 1958.

My dear Kumaramangalam,

Please refer to your endorsement on your letter No. PII-11(16)|57 dated the 6th February, 1958, addressed to the Director of Audit, Indian Accounts in the U.K., on the subject of Audit para on Wagons "O" type. As required by the Ministry I had a thorough and detailed enquiry instituted by J. Byrne, Deputy Director-General (Defence and Administration). He has gone into the matter very thoroughly and questioned all available officials concerned. I enclose a copy of his report dated 23rd April. You would see from this that there is a weak point in the registration of communications but it is not as if this has been due to any oversight or lack of study of the matters involved. Major Gill, Director of Purchase (Administration), whom I asked to examine the implications of giving effect to the recommendation of the D.D.G. made in para 5 of his enquiry report, has made the following comments:—

"As directed by D. G., I have made enquiries from DP(R) who was the officer in charge Administration prior to March 1957 and was advised that a system of registration of letters similar to the one now proposed by DDG (D&A) was in being in India Store Department upto March, 1953. It appears that the staff in Registry Branch in those days was unable to cope with the large number of daily receipts and despatches and consequently there was a considerable accumulation of letters in Registry Branch and as they could not find any solution to the problem without any increase in staff it was decided that the registration of Mails should be discontinued and after opening of letters they were passed immediately to the Branches concerned. The change-over from the old system to the present one resulted in approximately 10,000 letters being released from Registry at once.

The system proposed by DDG (DA) is practically foolproof and is desirable but it will mean an increase in the staff in Registry Branch and possibly some assistance to the Branches also if the normal work of the Department is

not to suffer. Even after the proposed system is introduced there is no guarantee that letters will not get lost but pin-pointing of responsibility will undoubtedly become much simpler.

DDG (DA) has suggested that the system of registration should apply to all incoming letters. If the system is to function properly it seems essential that outgoing communications from Branches should also be properly receipted. It may happen that some letter which should have reached the indenter in India or a firm is signed and issued but does not reach Registry Branch for onward despatch. In such cases it would be equally difficult to pin-point responsibility.

A rough assessment of the extra clerks required for this purpose is four in Registry and possibly one in I.W. and an additional clerk for HAL and V.P. Directorates. The Draft Orders for introducing the new registration system will be prepared if D.G. agrees in principle that we must introduce the system even if it means additional staff being asked for."

As you would see, up to 1953 we had a system something like that recommended by the D.D.G. now but it had to be abandoned for the over-all advantage of getting things done quickly. This is, as you know, the perennial problem in administration: whether we should make such complete arrangements to prevent particular defects arising that in the process of tying up everything we damage the main purpose, that is, of achieving things quickly; it is quite possible so to frame rules as to prevent as far as humanly possible loss of papers, yet the effect of such rules would be to hold up business or at least considerably slow down the progress of work. In such circumstances it is hardly satisfying that in order to create a safety wall for the officials in the Department we have given up the main objection, that is of very quick efficient functioning of the Department. On the other hand, it can be that in order to achieve things quickly and in a desire to increase the tempo of work, such lacuna in business may be left as may really create a situation something like the present. Therefore a balanced view has to be taken. If we have the system of registration as recommended by DDG both for the incoming and outgoing letters (for the principle will apply to both) six or seven extra clerks will be required. As you know there has been considerable retrenchment of late in the interest of economy and it was a job so to re-order business and re-allocate it as to get the maximum out of the reduced staff. If six or seven persons are now diverted and put on this work, which though theoretically justifiable and perhaps the

only answer to a situation as the present one, you would see that there would be a reduction of actual workers on actual work. Also, though this loss is most regrettable, it should not be imagined that these are frequent occurrences and it still remains arguable whether, because this loss has happened we should now go the whole hog and divert six or seven persons to achieve more rigidity on this side; and yet I feel that even on administrative principle it is objectionable that there should be a lacuna like this whether the loss of an important paper may occur and responsibility cannot be fixed. Perhaps in view of the present case arising there will be no choice but to give effect to the recommendations of the DDG and divert six or seven persons to registration work. However, before I do this I would like to know your reactions.

I write this to you not to present you with a problem but because of the very anxious thoughts I have been having on matters like these. There are many matters in a big Department where even though foolproof arrangements do not exist, business goes on very well and profitably for Government and yet if something goes wrong one can always place one's finger on some lacuna somewhere.

For example, here is a matter which both from a theoretical and practical angle seems to me of even greater importance than the point involved in the present case. This is about the issue of tender enquiries to firms. When I joined this Department I was struck at a very early stage by the limited responses which we got in some cases where limited tender enquiries issue. Of the firms addressed, some quote and some are good enough to write that they cannot quote but there are usually a number of firms who do not reply at all. Now there is nothing to ensure that the tender enquiry has reached these firms. It is quite possible to imagine that some firm who could quote did not get the enquiry at all, where the enquiry miscarried or was not posted through negligence or otherwise. I therefore suggested in a discussion with Heads of Branches that we might institute the system of sending registered acknowledgement-due enquiries. There was considerable opposition to this for it is obvious that for safeguarding a few occasional cases which might arise we shall be incurring a heavy running expenditure. I therefore abandoned my plan on the over-all consideration that as business was going on all right everything cannot be regulated by rules without blocking up progress, and also as some trust has to be the basis of all business. Now it is quite possible that in some case of limited tender enquiry a firm who could quote comes up later saying that the enquiry did not reach it. In such a case an Enquiry Officer would not find it difficult to put his finger on the obvious weakness which exists in the issue of tender enquiries at present. This example I only give you to suggest that everything is not regulated by rules even in a Government

Department, otherwise there would be further accumulation of what may mostly turn out to be infructuous activity. There is so much criticism about rules and regulations in Government Departments and yet when you investigate into the origin of a rule you always find that it was devised to meet some very remote and rare contingency; and yet when you multiply such rules the accumulative effect is rather to slow down business and make it cumbersome which result is not compensated for in practice by the prevention of defects which very rarely arise and for which these various rules were framed.

To take another case, which to my mind is of great importance. There is no recording of receipts or issues at the Central Registry at India House. A number of officers and branches sit at India House, including Financial Adviser, Legal Adviser, Deputy High Commissioner, etc. Our files are marked to these Officers and taken by the Despatch Rider from the Registry in India Store Department and then deposited at a central place at India House. Here the files are sorted out and sent out to respective officers where the respective officer's sections register the receipts. Now if a file is marked out from the India Store Department Registry but is not marked in, say at the Financial Adviser's Section, it will not be possible to trace where it was lost. There will be no entry in the Central Registry in India House neither of receipt from I. S. D., nor its issue to a particular officer. This serious matter I have discussed with the Establishment Officer who pleaded inability to set up a recording machinery because it would require a tremendous number of men and there was no staff available. The matter is still under discussion for it has security, financial and administrative aspects. (This Registry at India House registers only receipts of letters marked to "the High Commission". but not others). However, in principle it is necessary that if an office handles files and receipts from one Department to another it should have a record but here also, as I said, is the problem of man-power. In fact there have been several occasions when files could not be traced and it has given us an anxious time to locate the files; but fortunately so far there have been no losses and files have been traced.

However, in view of this case having arisen I shall be willing to give effect to the recommendations made by the DDG.

Sd/- J. D. SHUKLA.

Shri J. G. Kumaramangalam,  
Deputy Secretary to the Govt. of India,  
Ministry of Works, Housing and Supply,  
New Delhi.

**Annexure IV**

J. G. Kumaramangalam,  
Deputy Secretary.

By Dip. Air Bag  
Ministry of  
Works, Housing & Supply  
No. PII-11 (16) /57.  
New Delhi, the 24th May, 1958.  
26th

My dear Shukla,

Please refer to your d.o. letter No. S. 2986/56JDS/DG dated 13-5-58 on the subject of audit para on Wagons 'O' type *vis-a-vis* loss of papers in the ISD.

We appreciate the position as contained in your letter and agree that the ISD need not for the present introduce a fool-proof procedure for registration of letters, in accordance with the suggestions of Shri Byrne as this will only be possible if either staff is withdrawn from regular purchase work for this purpose or additional staff is sanctioned for the Mission. We would not like to prejudice your efficiency in day-to-day purchase work merely to introduce a procedure the expenditure on which may not be commensurate with the returns, considering the very infrequent occasions on which documents are missing. It is also not possible, in view of the financial stringency prevailing at present, to create additional posts for this purpose.

Yours sincerely,  
Sd/- J. G. KUMARAMANGALAM.

Shri J. D. Shukla, ICS.,  
DG, ISD.,  
London.

## APPENDIX VI

### MINISTRY OF RAILWAYS

#### (RAILWAY BOARD)

#### **Para 15 of Audit Report, Railways, 1959—Avoidable expenditure on sea freight**

1. (i) What action was taken in the Railway Board's Office on the Railway Adviser's letter of 14th December, 1955, seeking certain clarifications as to the economic method of packing of wagons? (The letter was addressed to the Inspecting Officer, Vienna and copy endorsed to the Railway Board).
- (ii) A copy each of the letter referred to above and the noting thereon in the relevant files in the Railway Board's office may also be furnished.

Dealing first with sub-item (ii), a copy is enclosed of Railway Adviser's letter No. RA/W/TCA dated 14th December, 1955 to the Railways Inspecting Officer at Vienna (Austria) the endorsement of which to the Railway Board reads as follows:—

“Copy for information to the Director, Railway Equipment, Railway Board, Ministry of Railways, New Delhi. It may be noted that the two suppliers of 'O' type wagons under TCA Scheme have adopted different degrees of assembly and that it is not quite clear which is the cheaper method to adopt. In one case there are savings in shipping costs—in the other savings of time and cost in erection. I am instructing both firms to continue their present methods and we await in due course the actual statement of costs for shipment and erection for guidance in future”.



2. The above letter dated 14th December, 1955 from the Railway Adviser, London, dealt with the packing specifications adopted by Messrs. Simmering-Graz-Pauker of Austria as compared to that of Messrs. Metro-Cammell of U.K. It made no reference to the packing specifications of Messrs. Strojexport of Czechoslovakia whose wagon supply contract is the one under reference in the Audit Para. In fact, there could have been no such reference, as the Strojexport's proposed packing specification was received, by the India Stores Department only on 21st March, 1956 and was referred to the Railway Adviser for technical acceptance on 4th May, 1956. It is admitted, however, that had the Railway Board issued any directive with reference to the Railway Adviser's endorsement of 14th December, 1955, this directive would have served as a guide when the packing specification by M/s. Strojexport was received in March, 1956.

3. The noting in the relevant files in the Railway Board's Office in connection with the CB of Railway Adviser's letter of 14-12-55 which he endorsed to the Railway Board is reproduced below:—

“We may perhaps await the actual statement of costs for shipment and erection as suggested by Railway Adviser. As no further action is called for, the P.U.C. may be filed. J.D.M.E. may also see.

Sd./- V. C. PARANJAPE,  
(Dy. Director, Rly. Equipment I)  
21/1

J.D.M.E. (W.)

D.D.R.E.(I) may please show this to O.S.D. (Wagon Erection) when he comes here on the 23rd or 24th January.

Sd./- L. T. MADNANI,  
(Jt. Director, Mech. Engg. W/shops).  
13/1

D.D.R.E.(I)

Put up when Mr. Mathur is here.

Sd./- V. C. PARANJAPE,  
13/1

File put up on 23rd January, 1956 as desired.

Shown to O.S.D. (Wagon Erection).”

4. It would be seen from the above notings that the copy of Railway Adviser's letter of 14th December, 1955 was given due and

prompt attention by responsible officers. It is admitted, however, that unfortunately it was not readily appreciated that the charges paid for the assembly of the wagons, under the contract executed in July, 1955 would be the same irrespective of the degree of knocked-down condition in which they were received. The omission to connect with the terms of the relevant wagon erection contract appears to be due to a bonafide belief that the actual statement of costs of shipment would be received in due course from the Railway Adviser, whose letter of 14th December, 1955 had only indicated shipment costs approximately and whose endorsement had expressly stated "I am instructing both firms to continue their present methods and we await in due course the actual statement of costs for shipment and erection for guidance in future". On the face of it, therefore, this endorsement did not call for any immediate action; the construction put by the Railway Adviser, in his letter No. RA/W/O/TATRA dated 5th July, 1956, that he had asked for some "guidance", in his earlier letter of 14th December, 1955, does not therefore, appear to be strictly correct. It was only in his aforesaid second letter of 5th July, 1956 that he furnished up-to-date shipping costs and indicated that it appeared to him that the Metro-Cammell packing specification would be cheaper in over-all picture. In the circumstances the Ministry of Railways submit with all due respect that there was no negligence or disregard of Government's interest, on the part of any of the officers who dealt with Railway Adviser's endorsement of 14th December, 1955. The Railway Adviser, while sending his subsequent letter of 5th July, 1956 to the Railway Board, endorsed a copy to the Officer-in-Charge of the Wagon Assembly Plant, who replied promptly—on 18th July, 1956—to the Railway Board, with a copy to I.S.D., London—recommending that the Metro-Cammell specification for packing should be adopted. This recommendation was considered by the Railway Board in consultation with their Internal Finance, and the decision of the Board to the adoption of Metro-Cammell packing specification, provided no extra expenditure was involved due to this change-over, was communicated to the I.S.D., London in Board's letter of 24th August, 1956. The interval between the date of receipt of the recommendation of the wagon assembly plant officer's letter dated 18th July, 1956 in the Railway Board's Office and 24th August, 1956, the date on which this recommendation was supported and endorsed in a letter from Railway Board to D.G.I.S.D., London, could probably have been curtailed somewhat, but time was taken in the necessary processes of Secretarial procedure involving consultation between the Stores, Mechanical, and Finance Directorates. The entire time taken after receipt of Railway Adviser's specific

reference dated 5th July, 1956 was thus quite reasonable. It is unfortunate that the Railway Adviser did not couch his earlier letter as a specific reference as he did later and did not also endorse a copy of his letter to the Officer-in-Charge, Wagon Assembly Plant.

This has been seen by Audit who have observed as under:—

“It is clear from the penultimate sentence of the Railway Adviser's letter of 14th December, 1955 to the Railway's Inspecting Officer at Vienna that the purpose of endorsing this letter to the Railway Board was to obtain the over-all costs of the wagons in India for guidance in future contracts. The Railway Adviser knew the costs of shipping and he had indicated the same in his letter. He was only not sure about the erection costs in India, and on this point the Railway Board were in a position to issue necessary instructions to the Railway Adviser in view of the fact that the contract for erection of these wagons at fixed rates was awarded by them on 28th July, 1955.”

DA: As above.

*Additional Member, Finance,  
Railway Board.*

New Delhi,

Dated 5th September, 1959.

[Case No. 57-B(C)-3062].

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*Copy of D.O. letter No. RA/W/TCA, dated 14th December, 1955 from Railway Adviser, D.G.I.S.D., London, addressed to K. S. Rajan, Esq., C/o Wiener Lokomotivfabrik, Brunner Str. 57, Vienna, Austria.*

RE: Shipment of “O” type wagons under American Aid.

---

I have to thank you for your letter of the 2nd December, with the packing list proposed and being followed by Simmering-Graz-Pauker for their knock-down “O” type wagons and have compared it with the Metro-Cammell list in consultation with the Shipping Department here.

It is noted that Simmering-Graz-Pauker are undertaking a larger degree of assembly which will make a substantial reduction in the assembly work in India, but on account of this unit their packa

occupy a larger volume. There are two considerations in the assessment of shipping costs—namely weight and volume whichever is higher. The present Metro-Cammell shipment costs £54. 11s. 4d. per wagon whereas the less compact packing from Simmering-Graz-Pauker will cost £82. 4s. 11d. It is different in cost for shipment per wagon of approximately 27½ pounds but it is likely that the speedier erection and reduced work in assembly in India will cost approximately the same and that the overall cost of the wagons will be similar as far as the Indian Railways are concerned.

Perhaps you could arrange for the scroll irons to be left un-assembled in order to reduce the volume of the underframe packs. If after this change you can keep the difference in shipping costs to below £ 24 per wagon I expect S.G.P. pack will not prove worse than the Metro-Cammell arrangement.

At this stage it is undesirable to make any other change as we have insufficient data on the total costs to determine precisely what is the most economical method. Such data would not be available from India till after all the wagons have been delivered and it is necessary therefore to make an urgent decision so as to avoid delays in shipment. For the present we are allowing Metro-Cammell also to continue to ship exactly as they have been doing. These are the first shipments of "O" type wagons and I will ask the Director-Railway Equipment to obtain the actual over-all costs in India and to pass them to this office for guidance in any future contract.

With kind regards.

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RGC/CH

Copy for information to the Director, Railway Equipment, Railway Board, Ministry of Railways, New Delhi. It may be noted that the two suppliers of "O" type wagons under T.C.A. Scheme have adopted different degrees of assembly and that it is not quite clear which is the cheaper method to adopt. In one case there are savings of shipping costs—in the other savings of time and cost in erection. I am instructing both firms to continue their present methods and we await in due course the actual statement of costs for shipment and erection for guidance in future.

---

**RAILWAY ADVISER TO THE HIGH COMMISSIONER FOR INDIA**

Government Building,  
Bromyard Avenue,  
Acton, London, W.3.  
5th July, 1956.

Ref: No. RA/W/O/TATRA.

The Director, Railway Equipment,  
Railway Board,  
Ministry of Railways,  
New Delhi.

Dear Sir,

*RE. Method of Packaging "O" type wagons for despatch in knocked-down condition*

Will you kindly refer to my letter RA/W/TCA of the 14th December, 1955, to our Inspector in Vienna and a copy to you in which I asked for some guidance regarding the best method of packaging 'O' type wagons so as to cut down transport costs or alternatively erection cost and time.

At that time we compared the costs for shipping according to the Metropolitan-Cammel Specification for shipment and according to the Simmering-Graz-Pauker arrangement. I attach one copy of each of these shipping specifications for your study and for passing on to the wagon assembly plant for further scrutiny. In December our Estimates of the difference in shipping costs was approximately £ 27½ per wagon in favour of the Metropolitan-Cammel arrangement but it will be noted that in this arrangement the body sides are not rivetted as complete sub-assemblies and the firm were despatching the panels, angle irons, stanchions and doors separately. This arrangement would result in extra assembly work in India with increased costs for erection and extra time in production.

We were not definite at this end which of the two arrangements would be cheaper and so did not compel Simmering-Graz-Pauker to fall into line with the Metropolitan-Cammel Shipping Specifications. Since December freight charges have risen and the latest figures given to us by the Shipping Section of the I.S.D. based on units of 50 knocked down wagons is:

Metropolitan-Cammel	.. £ 3099. 1s. 10d.
Simmering-Graz-Pauker	.. £ 4814. 0s. 0d.

This gives an average difference in shipping costs of £ 34 and it would appear to me now that it would be cheaper in overall picture to ask Strojexport who are now building 'O' type wagons for us, to pack these wagons according to the Metropolitan-Cammel Shipping Specifications. Initially Strojexport have been given the Simmering-Graz-Pauker Shipping Specification to follow and so

that they can proceed with their planning they will be asked to make these arrangements applicable for the first 750 wagons. We hope that in the meantime you would indicate whether the present arrangement should continue or whether it would be better for the firm to pack according to the Metropolitan-Cammel Shipping Specification. On the Stores File I am noting that the Simmering- Graz-Pauker Specification will be applicable for the first 750 wagons and that further instructions will issue for the balance.

Yours faithfully,

Sd./- R. G. da COSTA,

Railway Adviser to the High Commissioner for India.

Copy for information to:—

- (1) The Chief Mechanical Engineer,  
Indian Railway Wagon Assembly Plant,  
Vizagapatam.
- (2) T. C. Pant, Esq.,  
Senior Indian Railway Inspecting Officer,  
C/o Skoda Works. PLZEN, Czechoslovakia, with one copy  
each of the Metropolitan-Cammel & Simmering-Graz-  
Pauker Shipping Specifications. He may kindly examine  
with Tatra the possibility of arranging a cut-in point in  
the shipping arrangements in case the Board desires a  
change over to the Metropolitan Shipping Specification.
- (3) D.G.I.S.D. for Stores File No. S. 2187.

**APPENDIX VII**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**  
**MEMORANDUM**

**Para 16 of the Audit Report, 1959—Extra expenditure in the purchase of locomotive component parts and assemblies**

*The tenders received from the manufacturing firms were opened in the Railway Board's office on the 6th March, 1957. What were the reasons for the delay in making a reference to the Ministry of Finance for the release of foreign exchange on the 14th May, 1957, when it was clear from the tenders that the offers were open only upto 31st May, 1957. Has any responsibility been fixed in this case?*

After the tenders were opened on 6th March, 1957, detailed item-wise abstracts showing the Registration No. of tender, name of the firm, delivery particulars, particulars of items and remarks in regard to terms of payment etc. offered by each firm, had to be prepared and submitted for check by the Finance Branch of the Railway Board's office. Considering that these statements covered 52 items (some of the items covering more than one sub-item), in respect of tenders from 9 firms, the clerical work involved was considerable and took about 4 weeks; checking these in detail in the Finance Branch also involved a great deal of work and took a further week. Immediately after this work was completed, the lowest 55 quotations of the various firms were sent, on 12th April, 1957, to the Research, Design and Standardisation Organisation, Chittaranjan for their technical advice. As has been indicated in the Audit Para., the technical report in respect of the quotations was received from that Organisation on the 27th April, 1957.

2. The draft note to the Ministry of Finance, for obtaining foreign exchange sanction, had in the meantime been framed and put up by the Deputy Director of Stores (then Equipment) Directorate of the Railway Board's Office on 20th April, 1957; it was amended by the Joint Director, Finance concerned and returned on 26th April, 1957 for incorporating information as to how many locomotives were likely to be "helped". The intervening period between 20th and 26th April, 1957—which included Sunday 21st April, 1957—

incidentally also covered the time for the movement of the files from one building of the Railway Board's Office to another (*viz.* State Entry Road off Connaught Circus to North Block of Central Secretariat). On 4th May, 1957—again allowing time for transit of the files—the Deputy Director, Stores, asked for the advice of the Joint Director, Mechanical with reference to the information which the Joint Director, Finance, had suggested, on 26th April, 1957, for inclusion. A fresh draft note to the Ministry of Finance, framed by the Joint Director, Mechanical, on 6th May, 1957, was amended on 8th May, 1957, under the direction of Joint Director, Finance—7th May, 1957 being Sunday—to incorporate the class-wise holding of locomotives over 10 to 16 years old (as on 31st March, 1957). After the information was worked out and incorporated in the draft, the fair copy was signed by Joint Director, Finance on 11th May, 1957; but this actually was despatched to the Ministry of Finance on 14th May, 1957 after two intervening holidays (12th May, 1957, Sunday and 13th May, 1957 being Buddha Purnima). In the result, therefore, it took 24 days in three different Directorates of the Railway Board's Office for the note of the Ministry of Finance to be finalised and issued (*viz.* from 20th April, 1957 to 14th May, 1957), but it will be appreciated that advance action for preparing this draft had been taken on 20th April, 1957 pending receipt of the technical report which, as already mentioned, was received from the Research, Design & Standardisation Organisation (Loco Wing), Chittaranjan only on 27th April, 1957. It will also be appreciated that there was no undue delay in finalising the draft note to the Ministry of Finance (after 27th April, 1957 and upto 14th May, 1957), having regard to the attempts made in the different directorates of the Railway Board's Office to revise and enlarge the draft so as to cover all possible enquiries that the Ministry of Finance were likely to make in the then acute foreign exchange position.

3. As indicated in the foregoing paragraph, the note to the Ministry of Finance, though issued on 14th May, 1957, had actually been signed on 11th May, 1957, on which date it was not known that a letter from the local representative of the British firm was being issued on the same date expressing the inability of their principals to extend the validity of their offer beyond 31st May, 1957. The Railway Ministry's note to the Ministry of Finance was issued in the belief that the firms, when requested to keep their offers open upto 30th June, 1957, would comply with the request in accordance with what was known, and is still known, to be the position in regard to many of such requests. It was, therefore, legitimately assumed that there was sufficient time (*i.e.* before 30th



June, 1957 within which the Ministry of Finance could give the sanction. The firms including the British firm had been requested by 8th May, 1957 for extending the validity of their tenders.

4. The letter of 11th May, 1957 was received from the British Firm on 14th May, 1957. Another letter of 16th May, of the British Firm's local representative—enclosing copy of their earlier letter of 11th May, 1957 and agreeing to extend the availability period beyond 31st May, 1957 but subject to a price increase of 10 per cent. was received on 17th May, 1957 by the Dy. Director, Railway Stores. It unfortunately did not occur to this officer that this letter should be sent immediately on to the Finance Branch of the Railway Board's office for alerting the Ministry of Finance in regard to giving foreign exchange sanction in advance of 31st May, 1957. Necessary procedural improvement is being effected to ensure that all such letters from tenderers agreeing to extend the date of validity of the tenders subject to a price increase, are immediately brought to the notice of the Finance Branch of the Railway Board's Office and that the notings etc. in that connection also prominently stamped to indicate the fact.

5. Summarising, the Ministry of Railways submit that the time taken between 6th March, 1957 (the date of opening of the tenders) and 14th May, 1957 (the date on which the Ministry of Finance were addressed for release of foreign exchange) was occupied in making necessary and reasonable enquiries by the officers of the Stores, Mechanical and Finance branches of the Railway Board's Office. There could, perhaps, have been some curtailment in the time taken, after the technical report on the quotations had been received that is, after 27th April, 1957, but considering the large value of the tender, which ran into several lakhs of rupees, the Ministry of Railways plead that the time taken for the different processes and stages of work, in the course of Secretariat procedure, was not unreasonable and that there was no delay such as can be ascribed to inattention or neglect in any particular quarter.

This has been seen by Audit.

Additional Member, Finance,  
Railway Board.

[Case No. 59-B(C)-3116].

NEW DELHI,

Dated November, 1959.

**APPENDIX VIII**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**

**Arrears in the recovery of rent for land leased for growing food crops—para. 30 of the Audit Report, 1959**

*What progress has been achieved in the recovery of arrears of rents from the State Governments in respect of lands leased for Grow More Food crops?*

Railways are making special efforts to approach the Revenue Authorities in the State at appropriate levels to obtain the requisite information (regarding area which have been leased out each year, rents fixed therefor, amounts due to Railways, which has not been given by the State Governments in many cases) to enable the Railways to maintain a watch over recovery of amounts due.

In regard to the realisation of rents the remittances are made initially in the local Treasuries. The amounts due to the Railways are passed on through the Accountants General concerned; and in certain cases though the parties are said to have remitted the amounts, the credits have not been passed on to the Railways. In a number of cases it has also been found that full particulars of rents realised have not been made available, thus making it difficult to link the transactions. The Railway Board's instructions issued on 29th June, 1959 enjoin on the Railways to maintain registers to record the areas of land handed over and the amounts together with the period for which they are outstanding as also to tighten up the procedural machinery so as to link the payment with the dues. Vigorous efforts are being made by Railways to bring the recoveries up to date. The latest position obtaining on each of the Railways is as follows:—

**Central Railway**

On the information now available, against an amount of Rs. 8796.53 due to the Railway from 1951-52 upto the end of 1958-59, an amount of Rs. 2052.53 has been recovered.

**Eastern Railway**

An amount of Rs. 91,998.09 has so far been received from the different Accountants General for the period from 1953-54 upto

June, 1959. A further amount of Rs. 137,814·18 is reported to have been remitted, but they could not be linked up with credit advices. The Accountants General concerned have been requested to furnish particulars of bank advices through which credits have been afforded.

#### **Northern Railway**

Excepting Delhi Division, information in respect of which is not yet available, against the rent due Rs. 117,895·83 for the period between 1949 and 1959, the actual realisation of rent has been of the order of Rs. 89,003·08, while an amount of Rs. 1,702·70 is still to be credited to the Railway. The cultivators, however, are reported to have deposited the amount with the civil authorities. The civil authorities concerned are being reminded by the Railway to clarify the position and arrange credit to the Railway of all back dues.

#### **North-Eastern Railway**

An amount of Rs. 6,90,374 is due as rent from 1951-52 to 1957-58 on the basis of assessments so far known to the Railway. Of this, credits to the tune of Rs. 4,17,572 have been realised by the Railway, while an amount of Rs. 1,14,648, which is stated to have been remitted in the treasuries in Bihar State, has not so far been passed on by the Accountant General to the Railway.

#### **Northeast Frontier Railway**

The Railway has deputed staff to the concerned offices to collect full data. An amount of Rs. 35,157·21 has so far been deposited by the State Governments, but remittance particulars for a major portion of this have not been made available either by the treasuries or by the Accountants General. The matter is under reference with the State Governments.

#### **Southern Railway**

During the period from 1942-43 to 1958-59, the amount of rent due is approximately Rs. 5,28,526·67. The realisation of payments has been of the order of Rs. 1,42,897·98. In addition, the Railway has received credit to the extent of Rs. 76,973·16 in respect of which it has not been possible to link up details of fasli number, village, year etc.

#### **South Eastern Railway**

The credits realised from 1942-43 onwards upto 30th June, 1959 so far are in the region of Rs. 15,406·65, while remittances are of the

order of Rs. 18,057.15 have been intimated and the particulars regarding the credit of the latter amount are under verification.

### **Western Railway**

The assessment of rent recoverable from Bombay State is about Rs. 9,889.08 pertaining to the period of 1950-51 to 1959-60, of which credit of the order of Rs. 7,496.59 has been realised.

The question regarding levy of rent and the realisation thereof in respect of land leased out in Rajasthan State has been under protracted correspondence between the Railway and the State Government. In addition to requesting the Rajasthan Government to issue instructions to the Collectors to finalise the rate of rent, the Western Railway Administration proposes to depute a senior officer for a high level meeting with the senior officers concerned of the Rajasthan Government.

Summarising the position roughly is that so far known, arrears of rent of the order of Rs. 13.55 lakhs are due to the Railways (excluding the Eastern, South Eastern and Northeast Frontier Railways whose figures are yet to be advised by State Governments). The realisation of rent credited to the Railways so far is about Rs. 10.35 lakhs (including Rs. 2.98 lakhs for the three Railways). A further sum of Rs. 1.16 lakhs is stated to have been credited to Treasuries, though not passed on to the Railways yet.

As this Memorandum contains only tentative figures furnished by Railways which it may not be possible for Audit to verify readily, the Memorandum is sent direct without Audit verification.

Director, Finance,  
Railway Board.

NEW DELHI,

*Dated the 7th September, 1959.*

[Case No. 59-B(C)-3107].

**APPENDIX IX**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**

*A note giving the detailed reasons for the continued losses being incurred by the Railway Administrations on account of departmental catering and the specific measures adopted to improve the position.*

Departmental catering on the present scale was introduced on the Railways in pursuance of the recommendations of the High Powered Committee on Catering which was appointed in 1953 to go into all aspects of catering and to advise appropriate measures for alround improvement in catering arrangements on Indian Railways.

2. In the year 1955, the railways were accordingly directed to progressively introduce the departmental catering from 1-7-1955.

3. The object underlying the introduction of departmental catering on Railways on which it was not functioning previously was to set the standards for the supply of wholesome food at reasonable prices

It was aimed, at the same time to run the organisation on a "no profit no loss" basis; and the Railways were specifically asked to take the necessary measures to this end. The objective of 'no profit, no loss' in the long run was also made clear by the Railway Corruption Enquiry Committee in the following terms:—

"Refreshments and meals on trains should be provided at popular prices by the department and departmental catering should provide a wide range of food and snacks. Aim should be to run catering establishments on 'no profit, no loss' basis in the long run. To start with if the departmental catering suffers any loss, it may be considered as spent on advertisement and partly put to account of passenger amenities".

4. Some of the measures which were then suggested by the Railway Board to economise in expenditure were:—

(i) The departmental organisation should not be made too heavy and expenditure on staff etc., must be modest and

not disproportionate to the volume of business to be catered for.

- (ii) Different types of catering, such as Refreshment Cars, Restaurants, Refreshment Rooms, and vending, where necessary, may be combined to form an economic unit for departmental working.
- (iii) At a station chosen for departmental working, the entire catering and vending arrangements including the sale of other articles, such as Pan, Bidi, Cigarettes, aerated waters etc. should be departmentalised. But the sale of fruits should be excluded from the scope of departmental catering, both on account of difficulty in controlling the purchase price and the difficulty in making allowances for wastage due to deterioration.
- (iv) With a view to keeping down establishment costs, the vending of eatables should be done, so far as possible, through vendors appointed on commission basis.
- (v) Where any dining car service is taken up for departmental working the entire run should be serviced by one Railway.
- (vi) Supply of free food to the staff in the departmental establishments newly introduced should be avoided.
- (vii) Appointment of part-time workers, where wholetime staff are not justified, should be considered.
- (viii) Execution of certain works, e.g., washing of utensils and serving of meals, should be arranged on contract basis, as far as possible.

5. The main reasons for the losses which are still being incurred in the running of departmental catering on Railways are:—

- (i) *Staff Costs*: The staff costs are high owing to the application of the pay scales applicable to the other Central Government servants and their service conditions. The contractors were paying their staff much less. The Railways have not only to pay their staff at the comparatively higher prescribed scales of pay, but also bear the cost of leave, relief for complying with Hours of Employment Regulations etc.

The staff costs amounted to about Rs. 50,83,000 in the year 1957-58. At the wages paid by the contractors the staff costs would only have been about Rs. 25 lakhs in that year.

In other words, if the financial results of departmental catering establishments are judged on the basis of what the contractors were paying to their staff, there would be no loss but some profit, even without any allowance for the better quality of food served.

- (ii) *Improved service to the public and better quality of foodstuffs in departmental catering establishments.*

Apart from better service responsive to public opinion, the quality of ingredients used in the preparation of foodstuffs in the departmental catering establishments is generally accepted as being very much better and more wholesome than what was being used by the contractors. Making available provision of good quality has naturally added to the costs.

- (iii) *Rise in the prices of foodstuffs without increase in the sale prices.*

The cost of foodstuffs has gone up between 1955 and 1958.

The rise in the price of the important commodities has been as under:—

S. No.	Commodities	Wholesale price during	
		April, 1955	April, 1958
1.	Rice, medium quality (Calcutta)	Rs. 15.50 per md.	Rs. 22.50 per md.
2.	Wheat, medium quality (Hapur)	Rs. 12.25 per md.	Rs. 15.25 per md.
3.	Sugar (Kanpur)	Rs. 29.62 per md.	Rs. 34.87 per md.
4.	Coffee	Rs. 220.50 per cwt.	Rs. 235.00 per cwt.
5.	Edible oils } Groundnut oil	Rs. 193.00 per 500 lbs.	Rs. 303.50 per 500 lbs.
	Vanaspat:	Rs. 7.85 per 10 lbs.	Rs. 10.89 per 10 lbs.
6.	Fuel (Coke)	Rs. 15.75 per ton.	Rs. 20.62 per ton.

6. The departmental catering already existed from a long time back on the South Eastern and Southern Railways. It was introduced on a few units on the Eastern and Northern Railways in 1955-56 and similarly on the Central, Western and North-eastern Railways during 1956-57. Some more units were taken over in 1957-58.

7. In terms of absolute amounts the losses have risen with more units being brought under departmental working; but as the Railways gained experience and as a result of economy inherent in fairly large-scale operation as also as a result of specific steps taken, the losses:

have tended to show a decline in terms of percentage of turnover as detailed below:

Year	Sale turnover	Loss	Percentage of the loss to the turnover
	Rs.	Rs.	
1955-56	53,52,000	11,01,000	20.57
1956-57	1,08,25,000	17,52,000	16.11
1957-58	1,79,14,000	21,98,000	12.27
1958-59	2,06,04,000	18,16,000 (Revised Estimates)	8.81
1959-60	2,16,08,000	18,38,000 (Budget Estimates)	8.51

NOTE: The figures for 1955-56 are as furnished by the Railway Administrations along with their Budget Estimates for 1957-58, and those for the remaining years have been taken from Annexure 'C' to Demand No. 9 as it appears in the book of Demands for Grants for 1958-59 and 1959-60.

8. Active steps are being taken to reduce the losses in the working of departmental catering establishments.

9. An Officer on Special Duty was appointed in 1958 and asked to make recommendations, among other things, on the feasibility of reducing substantially, if not eliminating altogether, the losses being incurred on departmental catering. His recommendations have since been received and action is being taken on them.

10. Broadly, the measures that *inter alia* have been, and are being taken, to improve the financial results of departmental catering, are:—

- (i) Reviewing and tightening up of the arrangements for the purchase of provisions, so that the purchases may be made at the best possible prices;
- (ii) Adoption of the system of sales by vendors on commission basis as far as possible, both to maximise sales and to minimise expenditure on staff costs;
- (iii) Abolition of posts of cleaners by introducing the cleaning contract system at more stations;
- (iv) Tightening up of the schedule of ingredients for the preparation of meals, snacks and beverages;
- (v) Use of cheaper forms of fuel, with suitable types of ovens;
- (vi) Increasing the sales by various measures such as, offering of larger varieties of dishes, snacks etc; and



(vii) Arranging for the Profit and Loss accounts to be kept regularly on the basis of each departmental catering unit, so as to make the concerned staff economy conscious.

11. So far, no general increase in the prices of foodstuffs sold at the catering establishments has been made, as it has been considered that all avenues of economy should first be explored.

12. This has been seen by Audit who have observed that the computation that on the basis of wages paid by contractors, the staff cost would only have been about Rs. 25 lakhs in 1957-58, and the conclusion that on this basis departmental catering is not running at a loss and also the statement that costs have gone up owing to the use of better quality of ingredients in the foodstuff prepared by the departmental catering establishments than what was being used by the contractors, made in sub-paras (i) and (ii) of Para 5. are not susceptible of verification by Audit.

Additional Member, Finance,  
Railway Board.

NEW DELHI;  
Dated 6-9-1959.  
(Case No. 59-B-3130).

**APPENDIX X**  
**MINISTRY OF RAILWAYS**  
(RAILWAY BOARD)  
**MEMORANDUM**

**Para 7 of the Audit Report (Railways)—1957—Southern Railway—  
Excessive rates for handling work paid to a contractor at a station**

*Reference Serial Nos. 6 and 7 of the Recommendations in the 15th  
Report of the Public Accounts Committee (2nd Lok Sabha)  
1958-59.*

A clause providing for the termination of contracts by either party, on giving notice covering a stipulated period without assigning any reasons, is included, as a rule, in most contracts *viz.* Engineering contracts, Catering contracts, etc., executed by Railway Administrations. The Railway Ministry thus generally observe in substance the directions of the Public Accounts Committee as embodied in Para. 68 of their Tenth Report (1953-54). As regards including a provision invariably in all agreements strictly on the lines suggested by the Committee *viz.*, "providing for revision in the agreement, whenever considered necessary according to circumstances, by the contracting parties," it is understood that the Ministry of Communications to whom the Committee's recommendation was specifically addressed with reference to an agreement entered into by that Ministry with a private party, have sent a report to the Lok Sabha Secretariat setting forth certain difficulties in regard to adopting the recommendation literally.

2 The general form of handling contracts, on which the particular agreement under reference was based contained no provision for termination of the contract, except on the ground of unsatisfactory service. This was based on the view held at the time the Standard Form of Agreement for handling contracts was drafted, that provision of a termination clause without assigning any reason might adversely affect the interests of the Railway, since in times of scarcity of labour and rise in wages etc., it may give the contractors an opportunity to terminate their contracts before they run their full course. The position has since been changed by the inclusion of a clause in handling contracts, as in other railway contracts generally, for termination of agreements without assigning any reason on three months' notice by either party.

3. As regards the question of disciplinary action against the staff who were responsible for the incorporation of the liberal provision for two separate payments in the Agreement, the *ad-hoc* committee consisting of two Additional Members of the Railway Board and the General Manager came to the following conclusions:

I. The loss resulted from want of due care and thoroughness on the part of the Tender Committee consisting of three senior scale officers from the three departments (Engineering, Traffic and Accounts) in dealing with this matter, when the recommended acceptance of the rates in a tender, without relating it to the relevant clause of the Agreement.

II. We do not hold the Regional Traffic Superintendent who supported and forwarded the recommendations of the Tender Committee, or the Chief Operating Superintendent who accepted the recommendations, blameworthy. The officers in the Chief Operating Superintendent's Office who dealt with the Regional Traffic Superintendent's letter, cannot also be blamed.

III. We consider that the Chief Operating Superintendent erred when he lightly disposed of the offer from the same contractor a few days before the recommendation of the Tender Committee was received, to do the work in the tranship dump shed "under the agreement for the tranship shed." The implications of this offer should have been appreciated by the Chief Operating Superintendent and he should have recorded that this letter should be put up when the recommendations of the Tender Committee were received. We consider that this was somewhat an error of judgment on the part of the Chief Operating Superintendent and feel that the needs of the case would be met by the communication of the Railway Board's displeasure to him."

4. The Railway Board in generally accepting the conclusions of the Committee took note of the Enquiry Committee's elucidation that the adoption of the Standard Agreement in the present case of a tranship dump shed was in itself "not altogether inappropriate" and that the main fault was in the Tender Committee "not making due allowance for the particular clause when considering the tendered rates in relation to the difference between the working conditions at a dump shed on the one hand and at a goods shed or a tranship

shed on the other". It was further observed by the Enquiry Committee that "none of the officers at higher levels can be held blame-worthy for not having gone sufficiently into the details of the Agreement to have detected the error of the Tender Committee, though it would have been creditable if any of them had done so". The Enquiry Committee also stated that "the Regional Accounts Officer on the Tender Committee having offered his recommendations as part of the Committee, that Chief Operating Superintendent was justified in believing that the financial concurrence on behalf of the Financial Adviser and Chief Accounts Officer existed". In all the circumstances of the case and having regard to the consideration that the Tender Committee was dealing with a contract in respect of a Transshipment Dump Shed for the first time, it was decided by the Railway Board that the disciplinary aspect of the case would be met sufficiently by imposing the penalty of censure on each of the three Senior Scale Officers constituting the Tender Committee and this has since been done.

5. As regards the Chief Operating Superintendent, the Railway Board while agreeing with the Committee, that there was "some-what an error of judgement" on his part at one stage, have decided not to pursue the matter further, taking into consideration also the fact that the officer retired from railway service in September 1957.

6. General instructions have been issued to Railway Administrations (copy enclosed) emphasising the responsibility of the officers serving on the Tender Committee.

7. This has been seen by Audit.

**GOVERNMENT OF INDIA**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**

No. 57-B(C)-3024

*New Delhi the 28th May, 1959.*

To

The General Manager,  
All Indian Railways.

A case has come to the Board's notice, through an Audit Para, in which a clause in the Standard Form of Agreement for handling contracts applicable to a Goods Transhipment Shed was applied on a certain Railway to the case of Transhipment Dump Shed without an adequate appreciation of the somewhat different circumstances prevailing in a dump shed. Also, the Tender Committee, who considered the various offers, failed to bring out in their recommendations that due allowance would be necessary for the implications of the particular clause in the context of the conditions likely to operate in a Dump Shed.

The Board desire that Railway & Project Administrations should notify the Tender Committees, that in addition to their generally known responsibilities, they have a special responsibility to carefully scrutinise the rates tendered with reference to the scope of the various provisions in the Agreement governing the contracts. Such a scrutiny should be done with the object of ensuring that no unintended benefit accrues to the contractor on the basis of certain clauses in the Agreement, which may be appropriate for one kind of contract but may not be so for another category.

This may kindly be brought to the notice of all concerned.

Receipt of this letter may please be acknowledged.

For Director, Finance.  
Railway Board.

No. 57-B(C)-3024

*Dated the 28th May, 1959.*

Copy forwarded for information to:—

1. The General Manager, Chittaranjan Locomotive Works.
2. The Chief Mechanical Engineer, ICF, Perambur, Madras.

3. The General Manager, & Chief Engineer, Rly. Electrification, Calcutta.
4. The General Manager & Chief Engineer, GBP, Mokameh.
5. The Railway Liaison Officer, New Delhi.
6. The Chairman, Railway Service Commission, Bombay' Calcutta|Allahabad|Madras.
7. The Director Research, RT & RC, Lucknow.
8. The Director, Mechanical Engg. Standardisation, Chittaranjan.
9. The Director, Civil Engg. Standardisation, New Delhi.
10. The Director, Rail Movement, Calcutta.
11. The Principal, Railway Staff College, Baroda.
12. The Dy. Director, Rail Movement, Moghalsarai.
13. The Secretary, Railway Rates Tribunal, Madras.
14. The Engineer-in-Chief, Metre Gauge Coach Factory and Locomotive Component Works, Varanasi.
15. The General Secretary, Indian Railway Conference Association, New Delhi.
16. F(PP), F(X)I, F(X)II. RS., Mech., Works and Electrical Branches, Railway Board.

For Director, Finance,  
Railway Board.

No. 59-B(C)-3024

Dated the 28th May, 1959.

Copy to the A. D. A. I. (Railways) for information.

For Director, Finance,  
Railway Board.

**APPENDIX XI**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**  
**MEMORANDUM**

**Para 11 of the Railway Audit Report, 1957—Outstanding freight bills  
against a firm—S. E. Railway**

A copy of the Report of the Committee that had been appointed to hold an enquiry and to fix staff responsibility in this case has already been furnished to the Lok Sabha Secretariat under Ministry of Railways (Railway Board's) Office Memorandum No. 57-B(C)-3027 dated 10th September, 1958.

2. The Railway Board have accepted the finding of the Committee that in the absence of relevant records, it is not possible to fix specific responsibility on the booking staff for having given to the firm concerned the facility of booking under "weight only system" without proper authority.

3. So far as the responsibility of the Accounts staff is concerned, it has been possible to fix this only on one dealing clerk and a sub-head who had however, already demitted service and been settled up.

4. The question why staff liability was not followed up earlier has also been gone into by a Committee of Officers in March, 1959. The Committee have observed that though the question of irregular bookings by the forwarding stations was known during 1952, the question of staff liability was apparently lost sight of, while dealing with the more important and immediate issue of recovery of as much amount as was possible to mitigate the financial loss to the Railway. They have found that in view of the large number of officers who had dealt with the case at one time or the other, both in the Accounts and the Commercial Departments, it is not possible to fix responsibility on any individual officer for the staff liability not having been followed up then and there. Their conclusion has been accepted by the Railway Board.

5. As regards the question of obviating the recurrence of such irregularities, the Enquiry Committee came to the conclusion that

the irregularity arose due to non-observance of a procedure that had been laid down. Arrangements have since been made to enforce the procedure and further detailed instructions in that connection have been issued by the Railway Administration.

This has been seen by Audit who have reserved their comment.



**APPENDIX XII**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**

**NOTE**

**SUB:—Non-recovery of siding charges at revised rates on the Western Railway—Recommendation No. 12 contained in the 15th Report of the Public Accounts Committee (2nd Lok Sabha).**

Item (ii) of recommendation No. 12 of the Public Accounts Committee and Railway Board's interim remarks thereon are reproduced below in juxta-position:—

*Recommendation of the  
P. A. C.*

Even granting that some delay was inevitable the Railway Administration should have taken steps to caution the siding owners in time about the contemplated revision and communicate the actual amount payable after making necessary calculations as was done at the time of second revision. Such a course would have avoided the controversy over the date of effect of the revised rates and facilitated the recovery. The Committee desire that this suggestion be examined by the Railway Board and a procedure evolved to be followed by all the Railway Administrations in such cases of revision of siding charges in future.

*Railway Board's remarks*

While certain siding owners may not object to the revision of siding charges from a specified date, if they were cautioned sufficiently in advance but without specifying the revised rate of siding charges, it is possible that certain other siding owners may regard such a "cautioning" as inadequate compliance with the provisions of the Agreement with the railway, if the revised rate is not intimated to them six months before the proposed date of revision. The question whether in such cases, it would be possible for the railways legally to enforce the revised siding charges from the proposed date, has been referred to the Law Ministry and on receipt of their advice, the matter will be further considered and a suitable procedure evolved to be followed by all the Railway Administrations in such cases.

2. The agreements in force on the Western Railway in respect of the sidings in question could be grouped under four different categories, namely:—

- (i) those having both the termination clause as well as the clause for enhancement of the siding charges after giving six months notice in writing;

- (ii) those having no clause either of termination or of enhancement of siding charges;
- (iii) those having termination clause (requiring six months or one month's notice) without having any clause of enhancement of siding charges;
- (iv) those having only enhancement clause but no termination clause.

3. Ministry of Law were asked for their opinion on the following points:—

- (i) whether in the case of siding which came in the first and fourth groups referred to in the preceding paragraph, mere cautioning the siding owners in advance, of the railway's intention to enhance the siding charges without specifying the actual revised rates to be introduced, would have been an adequate compliance with the provisions of the agreements, or whether it was necessary that even at the time of cautioning the siding owners the revised rates to be introduced should have been specified; and
- (ii) in the case of sidings which come in the second and third groups referred to in the preceding paragraph—
  - (a) what procedure was necessary to follow to secure an enhancement in the rates of siding charges; and
  - (b) if any advance notice was necessary, whether mere cautioning the siding owners of the railway's intention to enhance the siding charges without specifying the actual revised rates to be introduced would have been an adequate compliance with the requirements of advance notice.

4. The Ministry of Law has expressed their opinion in the matter as under:—

"The right to revise siding charges will be available only where such right has been specifically reserved or provided for in the Agreement. Accordingly in the case of Agreements coming under Groups (ii) & (iii) referred to in para 2 *supra* the Railway cannot unilaterally raise the rates. The only means of securing any increase in the charges stipulated in the Agreement is by consent of the other party, i.e., by agreement between the Railway and the siding contractor. There is no question of

advance notice or caution in such cases. The actual amount of increase as well as the date from which such increase should take effect should be agreed to by the party concerned.

As regards the agreements containing a clause reserving the right to alter the rates, the clause provides for a specific period of notice of "such intent". A mere "caution" will not therefore, suffice. There should be a specific notice of six months of the intention to make the change. The further question whether the actual amount of increase should be specified in the notice is not, however, free from doubt. The 'intent' may be the mere intention to enhance the amount or it may mean the actual enhancement. The safer view to take would be to give in the advance notice the actual increase contemplated wherever possible. Where, however, it is not possible, it would be sufficient to give in the advance notice some approximate estimate of the contemplated increase with the proviso that the actual increase will be worked out in due course."

5. The advice as given by the Ministry of Law is being studied and appropriate instructions to Railways will issue after further consultations with the Law Ministry, which seem necessary to evolve a suitable course of action in the case of the sidings covered by agreements of types (ii) and (iii), paragraph 2 above.

6. Lok Sabha Secretariat also desired to know whether the agreements entered into with the siding owners mentioned the rates of siding charges. From the four agreements obtained from the Western Railway for reference, representing the four different types of agreements, it has been observed that rates of siding charges are specifically mentioned in each of those agreements.

This has been seen by Audit.

*Additional Member, Finance,*

*Dated the 20th November, 1959.*

*Railway Board.*

**APPENDIX XIII**  
GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(RAILWAY BOARD)

NEW DELHI;

No. 59-B(C) | PAC | 11 | 15th Report | 18      dated the 20th Oct., 1959.

**OFFICE MEMORANDUM**

**SUB:—Public Accounts Committee—Action taken or proposed to be taken by the Ministry of Railways (Railway Board) on para 62 of the 15th Report of the Public Accounts Committee.**

The undersigned is directed to refer to Lok Sabha Secretariat (Public Accounts Committee's) O.M. No. 2(IX) (2)-PAC 59 dated 14th August, 1959.

2. As desired by the Public Accounts Committee in para 62 of their 15th Report (Second Lok Sabha), the question why the Divisional Engineers in charge of the work viz., Doubling of Delhi-Agra Section etc. failed to exercise the necessary check over the Permanent Way materials has been investigated further by the General Manager of the Central Railway. As a result of this investigation, it transpires that the loss of materials occurred over the following four works:—

- (i) Mathura-Delhi Doubling—Stage I: April 1948 to December, 1950.
- (ii) Mathura-Delhi Doubling—Stage II: January, 1949 to December, 1951.
- (iii) Agra-Delhi Section Relaying—Stage I: May, 1949 to September, 1949.
- (iv) Agra-Delhi Section Relaying—Stage II: March, 1951 to July, 1951.

Further, during this period there were changes in the incumbents of the post of the Divisional Engineer no less than 9 times while 5 temporary Assistant Engineers and 3 Assistant Engineers (Cl. II) were in charge of the various works from time to time.

With the violent disturbances in the officer position in the years following Partition, this was largely unavoidable. It may be correct that neither the magnitude of the work nor the circumstances under which it was executed are sufficient reasons in themselves to condone the failure of the Divisional Engineers, or other officials for not enforcing the necessary check of the Material-at-site Accounts. The Railway Ministry would, however, plead that the difficult circumstances of the immediate post-partition period and the extreme urgency with which these Works had to be carried out, may be taken into consideration as mitigating factors. Though the Divisional Engineers and the Asstt. Engineers issued instructions to their subordinates regarding the maintenance of the material-at-site accounts, the frequent changes in the incumbents and the pre-occupation with the execution side of the works on hand unfortunately led to omission in the matter of seeing that these instructions were carried out and that nor was a detailed check made of the material-at-site Accounts. In fact, on the completion of the first stage of Delhi-Mathura Doubling the then Chief Commissioner, Railways, congratulated all these connected with the speedy execution of these works and this will show the over-riding importance of the quick completion of the works in the view of the Government at that time.

As regards the Permanent Way Inspectors, there were 8 Inspectors who were in charge of the section from time to time during this period. One of them is dead and another has since retired and has been settled up. As it is very difficult to pin-point specific responsibility for failure to maintain material-at-site Accounts correctly on these Inspectors at this distant date, it is considered that it would be sufficient if the displeasure of the General Manager is conveyed to the Inspectors still in service, and recorded in their Confidential Reports files. The Railway Ministry once again submit, for the consideration of the Public Accounts Committee, that as the work undertaken under abnormal conditions of the post-partition period, and was carried out under a tight time schedule, the Committee may kindly take a lenient view of the case and close it finally. Strict instructions will, however, be issued to Railways to ensure that regular checks are carried out by the Divisional Engineers and other officials in future, as required under the extant orders.

The A.D.A.I., (Railways), to whom the above memorandum has been shown, has offered the following comments:—

“Audit is of the opinion that the fact that there were changes in the incumbents of the posts and that the work was

carried out under a tight time schedule may not be sufficient justification for not taking action against the officers responsible."

*Additional Member, Finance,  
Railway Board.*

**To**

The Lok Sabha Secretariat,  
(P.A.C. Branch),  
New Delhi.

**APPENDIX XIV**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**

**NOTE**

**SUB:—Para 10 of Audit Report (Railways), 1958—Charges on account of haulage of oil products at Budge Budge.**

In paragraphs 71 to 74 and in Recommendation No. 21, reproduced below, of their 15th Report, the Public Accounts Committee raised the general question about the levy of siding charges where a siding is to the mutual benefit of both the Company and the Railways.

“In case where a siding is to the mutual benefit of both the Company and the Railways, the decision regarding levy of siding charges should be fair and not at the cost of the exchequer. The Committee desire that the matter should be reviewed by the Railway Board in the light of their observations.”

The self-contained note\* forwarded under Railway Board's Memorandum No. 59-B(C)/PAC/2/XV dated 22-8-59 therefore, merely dealt with the general question and it is presumed that the points made therein and the conclusions reached have been accepted by Audit.

2. It now remains to apply these conclusions to this particular case.

3. So far as the specific case of sidings in the West Yard at Budge Budge is concerned, no records are available to indicate whether initially the initiative to lay the lines in the particular location was taken by the Railway and the Oil Companies thereafter constructed their installations close to the railway lines at Budge Budge or whether the initiative for choosing the location was with the firms.

4. In the year 1930, the following principle was enunciated by the Agent, ex-Eastern Bengal Railway:—

“Speaking generally where the facilities are provided as a convenience for Railway working there is no charge but where the siding is more expensive than required

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\* Not printed.

for Railway working in order to provide facilities for the convenience of the consignee, charges should be levied."

In accordance with that principle it was then decided not to levy any siding charges for the sidings in the West Yard at Budge Budge.

The conclusion is, therefore, warranted that the position was specifically examined and the facilities in question were considered as having been provided for the convenience of Railway working.

5. As regards the point that there are 24 loading and unloading points, which are exclusively used by a few Oil Companies, and that the Railway could have laid 3 or 4 general loading points for different kinds of oil products leaving it to the Company to bring their products for transport from and to these points, due regard has to be had to the following facts:—

- (i) that the number of points to be provided depends on the volume and variety of traffic to be handled and the mere fact that 24 such points are provided does not by itself imply that the arrangements are for the convenience of the Companies;

An idea of the volume of P.O.L. traffic dealt with at Budge Budge can be obtained from the fact that the terminal earnings alone on P.O.L. traffic dealt with in the West Yard at Budge Budge during the year 1957 amounted to Rs. 5.59 lakhs approximately.

- (ii) that the traffic being in 'dangerous' liquids would call for the provision of a separate loading point for each variety of oil and for each Oil Co. separately as the loading will be by pipe lines.
- (iii) that the regulations on the subject in the Red Tariff have to be taken into account.

5. A sketch map of the Budge Budge Yard, indicating, *inter alia*, the demarcation line between the Railway Yard and the Calcutta Port Trust Land has been called for from Eastern Railway and will be sent shortly.

This has not been seen by Audit in view of the limited time allowed for the reply.

**NEW DELHI;**  
Dated, the 24th October, 1959.

Additional Member, Finance,  
Railway Board.



**APPENDIX XV**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**  
**MEMORANDUM**

**SUB:—Para 12 of Audit Report, Railways, 1958—Avoidable expenditure on water charges—Central Railway.**

*Recommendation No. 23 contained in Appendix II of the 15th Report of the Public Accounts Committee (Second Lok Sabha)—1958-59.*

The question of the time taken over this case at different stages has been further investigated as desired by the Public Accounts Committee, with a view to assess the failure to warn the Municipality in time that payments during the interval were provisional. A chronological statement of events as received from the Railway Administration is enclosed as Annexure 'B', and indicates the different stages of correspondence from the time the draft agreement was received in April 1952 by the Chief Engineer of the Railway from the Municipality. (i.e. some time before the expiry of the currency of the earlier agreement, which was for a duration of 10 years from 10th May, 1942) until the new agreement was finalised in 1956-57.

2. Admittedly, there was failure on the part of the Railway Administration to reach, at a sufficiently early stage, a firm understanding with the Municipality to the effect that, whatever agreement was reached in renewal of the one which had expired, would apply from the date of expiry of the old agreement, and that in the meantime any payments made should be regarded as provisional and as being subject to readjustment eventually in accordance with the renewed agreement. The position, however, has to be considered in the light of clause 15 of the earlier agreement which reads as follows:—

"This Agreement holds good for a period of 10 years from 10-5-1942 and therefore until the expiration of 6 months' notice which can be given by either party to the other desirous of terminating the Agreement."

The Railway Ministry respectfully submit that the Municipality are not likely to have agreed to any understanding of a provisional payment. Judging by the Municipality's later attitude as when, in their letter of 20th May, 1957 they refused to agree to

retrospective effect of the new agreement in the absence of 6 months' notice as prescribed in clause 15 of the old agreement, it is very likely that the Municipality would not have accepted anything less than a formal notice. Such notice would not have been altogether feasible, because, the Railway was entirely dependent for its water supply on the Municipality and there was no certainty that the new agreement would be finalised within those 6 months to the satisfaction of the Railway.

3. It will be seen from the statement appended as Annexure 'B' that the officers of the Railway, in fact, made every effort to seek to embody in the new agreement such beneficial clauses as existed in the former agreement, though, unfortunately these measures did not prove successful. The fact that the Municipality, in the new agreement, proposed to delete the provision of two separate rates, viz., (i) a lower rate for ordinary conditions and (ii) a higher 'famine' rate, for water supply to the Railways, and indicated only one rate approximating to the earlier 'famine' rate, made it necessary for a certificate to be obtained that water shortage would continue to be a permanent feature. It has to be admitted that, in the course of this correspondence, the Railway Administration was under a genuine belief that the new agreement, when finalised, would take effect from the date of the expiry of the earlier agreement; this belief was strengthened both by the Municipality's letter of April 1952 which implied that new rates would apply to water supplied after 9-5-1952 and by a further letter of 12th November, 1955 from the Municipality to the Chief Engineer of the Railway in which a reference was made to "renewal" of the agreement. Even after approval to the revised agreement was conveyed to the Municipality in May 1956, the Municipality signified their concurrence to the revised agreement only on 15th January, 1957, and as from 1-1-1957, as will be seen from the attached Annexure 'B'. It would appear therefore that the Municipality took full advantage of the Railway's dependence on them for water supply as an opportunity to continue the earlier agreement, which was more favourable to the Municipality, as long as possible.

4. There was admittedly protracted correspondence at different levels of the Railway, which could have more effectively covered a shorter period, in which case the additional expenditure to the Railway would have been reduced. Considering, however, that time was taken by different offices in making reasonable enquiries in the public interest before finalising the new agreement, the Railway Board plead that the case may not be treated as one of such delay or negligence as to call for further pursuing of the question of fixing responsibility. Remedial instructions have also been issued by the Railway Board to prevent the recurrence of such cases in future as far as possible.

This has been seen by Audit who have observed that they do not agree with the hypothetical opinion in the latter part of para 2 of the Memorandum.

(COPY)

No. CE|355.

MEMORANDUM

Under Registered Post Dt. 22-4-1952.

From

The City Engineer, Municipal Corporation, Jabalpur.

To

The Chief Engineer, Central Railway, Bombay V.T.

SUB:—*Water supply to Jabalpur, Central Railway.*

The present agreement of water supply for 10 years to the GIP Railway (Central), Jabalpur terminates on 9-5-1952. For the supply of water after the said date, it is necessary to draw a fresh agreement. In this behalf I herewith enclose a draft agreement for favour of your perusal and approval please. One approved copy may please be returned to the undersigned for taking necessary action in the matter.

Enc: Draft agreement in duplicate.

Sd/- City Engineer,  
Jabalpur Corporation, Jabalpur.

(COPY)

MEMORANDUM

Letter No. TS|3702.

Dated 8-10-1955.

From

The Secy., City of Jabalpur Corporation, Jabalpur.

To

The Chief Engineer, Central Railway, Bombay.

SUB:—*Demand for water meter charges and the executing of water supply agreement.*

Kindly arrange to execute the water supply agreement early for want of which the meter charge bills are pending for payment.

Sd|- Secy.,  
Jabalpur Corporation, Jabalpur.

Copy forwarded to the Divisional Engineer, Central Rly., Jabalpur. with reference to his No. Accs. J. 3|139 of 30-8-1955.

Sd|-B. P. Wadia,  
Secy., Jabalpur Corporation, Jabalpur.

(COPY)  
MEMORANDUM

Office of the City Engr., City of

Jabalpur, Jabalpur Corporation, Jabalpur (MP).

Dated the 12-11-1955.

No. C.E.W.W. 55

The Chief Engineer,  
Central Railway,  
Victoria Terminus, Bombay.

SUB:—*Jabalpur water supply agreement with Central Railway,  
Jabalpur.*

The renewal of the agreement of water supply between the Jabalpur Corporation, Jabalpur and the Central Railway, Jabalpur is pending since a very long time. In this connection, certain information asked for by the Divisional Engineer, Central Railway, Jabalpur have been furnished by this office but nothing has been done so far.

I shall be grateful if you kindly look into the matter and arrange to execute the required agreement immediately as the water supply to the Central Railway, Jabalpur without an agreement has been objected to by the Audit Department.

Thanks.

Sd/- City Engineer,  
Jabalpur Corporation, Jabalpur.

GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(RAILWAY BOARD)

No. 59-B(C) PAC 11/15th Report:23.      New Delhi, 29th June 1959.  
To

The General Managers, All Indian Railways.

General Manager, C.L.W., Chittaranjan.

General Manager & Chief Engineer, Railway Electrification,  
Calcutta.

Chief Administrative Officer, ICF, Perambur, Madras—27.

Director General, RDSO, New Delhi, with spare copies for  
Director, Railway Research, Lucknow etc.

Engineer-in-Chief, Loco Component Works, Varanasi.

Principal, Railway Staff College, Baroda.

**SUB:** Ensuring effective attention to the interests of the Government in connection with renewal of execution of agreements involving payments in Railway authorities to outside parties.

A case has come to the notice of the Public Accounts Committee, through an Audit paragraph, in which payments to an outside party, which were being made at a certain rate specified in an original agreement, continued to be made at that rate even after the expiry of the currency of the agreement, pending the execution of a fresh agreement for a further period. This was obligatory under the contractual provision stipulating that the earlier agreement would operate even after its expiry, unless the prescribed notice of termination was issued by either party to the other. In the particular case, the outside party had submitted to the Railway Administration, before the expiry of the earlier agreement, the draft of a fresh agreement on terms which *prima facie* were somewhat more favourable to the Railway Administration than those contained in the earlier agreement. While the Railway Administration continued to press for still more favourable terms, it was not appreciated that, in the meantime, payment at the less favourable terms applicable under the earlier agreement had to be made, as the mere submission of a fresh draft agreement by the outside

party to the Railway did not constitute the requisite notice under law. The Railway Administration, without checking up the contractual provisions of the earlier agreement, acted in the belief that the new agreement, when finalised after negotiations, would apply retrospectively from the date of expiry of the original agreement. The outside party eventually refuted this understanding; in the absence of requisite notice, such retrospective application could not be enforced, with the result that there was some avoidable additional expenditure over a certain period.

2. In view of the lapse in this case, the Railway Board desire that Railway, Project and other Administrations should review all agreements involving payments to outside agencies, with a view to see that whatever action is necessary, either to renew the agreement on terms more favourable to the Railway Administration than those operating earlier or to terminate it, is initiated sufficiently in advance and completed effectively and speedily keeping in view the date of expiry of the earlier agreement.

3. These instructions may be conveyed to all authorities subordinate to you.

Encl. Nil

(C. T. VENUGOPAL),

(C. T. VENUGOPAL)

Director, Finance, Railway Board.

### Annexure

*Chronological statement of events from the time the draft agreement was received in 1952 until the new agreement was finalised in 1956-57*

Serial No.	Date	Letter		Precis of correspondence
		From	To	
1	22-4-1952	Jabalpur Municipality	Chief Engineer	Draft agreement received for approval.
2	19-6-1952	Chief Engineer	Divisional Engineer, Jabalpur	The Divisional Engineer was asked to examine the implications of the draft agreement and have discussion with the Municipality and report.
3	22-6-1952	Divisional Engineer, Jabalpur	Jabalpur Corporation	The Divisional Engineer reminded the Corporation to return the Notes Discussed on the revised draft agreement.
4	23-6-1952	Chief Engineer	Do.	The Corporation was informed that the draft agreement will be discussed with them by the Railway representative.
5	8-9-1952	Divisional Engineer, Jabalpur	Chief Engineer, Bombay	The Notes taken during the discussion on 14-8-1952 with Municipality were sent to them for confirmation, by Divisional Engineer, Jabalpur confirmation was awaited.

6	17-11-1952	Divisional Engineer, Jabalpur	Chief Engineer, Bombay	The Divisional Engineer reported that the Municipality returned the Notes and the draft agreement on 11-11-1952, which he forwarded to C. E's Office on 17-11-1952 for further orders.
7	17-2-1953	Chief Engineer, Bombay	Financial Adviser and Chief Accounts Officer, Bombay	Concurrence of the Financial Adviser and Chief Accounts Officer to the enhanced rates (i.e., water and meter rates) provided in the New Agreement was sought.
8	24-2-1953	Chief Engineer, Bombay	Jabalpur Corporation	The Corporation was advised that the enhanced water and meter rates were under examination.
9	6-3-1953	Financial Adviser and Chief Accounts Officer	Chief Engineer	The Financial Adviser and Chief Accounts Officer asked the Chief Engineer to request the Municipality to agree to a cheaper rate for water supply in view of the large quantity of water taken by the Railway and put in Railway meter instead of paying hire charges for municipal meters.
10	13-3-1953	Chief Engineer, Bombay	Divisional Engineer, Jabalpur	Copy of Financial Adviser and Chief Accounts Officer's letter dated 6-3-1953 sent to the Divisional Engineer, Jabalpur for remarks.
11	19-3-1953	Divisional Engineer, Jabalpur	Chief Engineer, Bombay	The Divisional Engineer, Jabalpur replied on 19-3-1953 that the rate of Re. 1/- per 2,400 gallons was lower than



S. No.	Date	Letter		Precis of correspondence
		From	To	
				Re. -/8/- per 1,000 gallons charged by the railway to the outsiders for any kind of water but the Railway was losing heavily on the present rate.
12	14-4-1953	Chief Engineer, Bombay	The Financial Adviser and Chief Accounts Officer	The Financial Adviser and Chief Accounts Officer was advised on 14-4-1953 in terms of Divisional Engineer's letter referred to above.
13	1-5-1953	Financial Adviser and Chief Accounts Officer	Chief Engineer, Bombay	The Financial Adviser and Chief Accounts Officer again advised this office to take up with the Municipality for reconsideration of the revised rate and not to apply to the Railway the rate for supply of water to outsiders and also required the details of rates and quantities consumed by others in relation to Railway's consumption and rates for domestic and industrial purposes.
14	12-5-1953	Chief Engineer, Bombay	Divisional Engineer, Jabalpur	The Divisional Engineer's report on the Financial Adviser and Chief Accounts Officer's queries was asked for.
15	26-6-1953	Divisional Engineer, Jabalpur	Chief Engineer	Divisional Engineer's report received with a copy of the Municipality's letter dated

				24-6-1953, water supply details called for by Financial Adviser and Chief Accounts Officer.
16	3-7-1953	Chief Engineer	Financial Adviser and Chief Accounts Officer	The Financial Adviser and Chief Accounts Officer was advised of the details.
17	21-7-1953	Financial Adviser and Chief Accounts Officer	Chief Engineer, Bombay	The Financial Adviser and Chief Accounts Officer again stressed that efforts should be made to get lower rates as the Railway is consuming 1/3 of the total water supply. Since the Municipality was charging Re. 1 per 4000 gallons for domestic use and Re. 1 for 2400 gallons for non-domestic use, it was to Railway's advantage to segregate the requirements for domestic purposes and enquired how much was for domestic use.
18	23-7-1953	Chief Engineer Bombay	Divisional Engineer, Jabalpur	The Divisional Engineer was asked to comment on Financial Adviser and Chief Accounts Officer's letter.
19	27-10-1953	Divisional Engineer, Jabalpur	Chief Engineer, Bombay	As there was a change of officers in the Municipality a report was promised by them later.
20	26-11-1953	Chief Engineer, Bombay	Divisional Engineer, Jabalpur	The Divisional Engineer had been reminded in the matter.
21	30-11-1953	Divisional Engineer, Jabalpur	Chief Engineer, Bombay	The Divisional Engineer had informed that Corporation's reply was awaited.

S. No.	Date	Letter		Precis of correspondence
		From	To	
22	2-12-1953	Divisional Engineer, Jabalpur	Chief Engineer Bombay	As the Municipality did not reply, the Divisional Engineer fixed up a meeting for discussing the subject with the Municipality.
23	20-2-1954	Do.	Do.	The Divisional Engineer sent a report with a copy of the Municipality's letter No. CE/WW/10821, dated 1-2-54. The Municipality was not prepared to apply two rates for domestic and non-domestic uses as it would involve loss to the Municipality and other consumers would ask for similar treatment.
24	27-2-1954	Chief Engineer, Bombay	Financial Adviser and Chief Accounts Officer	The Financial Adviser and Chief Accounts Officer was advised in terms of above sending a copy of Municipality's letter and was also informed that there was not alternative but to accept the rate of 2400 gallons per rupee.
25	8-3-1954	Financial Adviser and Chief Accounts Officer	Chief Engineer, Bombay	The Financial Adviser and Chief Accounts Officer accepted justification to take water at 2400 gallons per rupee on obtaining General Manager's sanction.

26	12-3-1954	Chief Engineer, Bombay	Financial Adviser and Chief Accounts Officer	The Financial Adviser and Chief Accounts Officer was asked to convey his confirmation to the enhanced meter rates also.
27	23-3-1954	Financial Adviser and Chief Accounts Officer	Chief Engineer, Bombay	The Financial Adviser and Chief Accounts Officer's concurrence to the enhanced meter rates received on 23-3-1954.
28	7-4-1954	Divisional Engineer, Jabalpur	Chief Engineer, Bombay	Divisional Engineer asked the Chief Engineer whether a certificate from the Public Works Department in regard to famine conditions as required in the old agreement was required or not for passing current water bills.
29	1-7-1954	Chief Engineer, Bombay	Financial Adviser and Chief Accounts Officer	The Financial Adviser and Chief Accounts Officer's concurrence to the issue of the certificate from Public Works Department was sought.
30	7-7-1954	Chief Engineer	General Manager	General Manager's sanction for the enhanced rate of water and meter was requested so that the same could be incorporated in the fresh agreement.
31	15-7-1954	General Manager, Bombay	Chief Engineer	General Manager's sanction to the revised rates for water and meter was received on 15-7-1954.
32	20-7-1954	Chief Engineer, Bombay	Divisional Engineer, Jabalpur	The Divisional Engineer was informed of General Manager's sanction to the revised rates and further action to the execution

S No.	Date	Letter		Precis of correspondence
		From	To	
				of the agreement would be taken on receipt of a reply from Financial Adviser and Chief Accounts Officer to C.E.'s Office query made on 1-7-1954.
33	30-7-1954	Chief Engineer, Bombay Divisional Engineers, Jabalpur		The Chief Engineer was informed by the Financial Adviser and Chief Accounts Officer that a certificate by an independent party such as Public Works Department was required.
34	14-9-1954	Chief Engineer, Bombay	Divisional Engineer, Jabalpur	The Divisional Engineer, Jabalpur was advised of the above.
35	1-10-1954	Divisional Engineer, Jabalpur	Chief Engineer, Bombay	Chief Engineer's Office was advised by the Divisional Engineer, Jabalpur that the Municipality was requested to submit the certificates.
36	30-11-1954	Financial Adviser and Chief Accounts Officer	Chief Engineer, Bombay	The Financial Adviser and Chief Accounts Officer reminded C.E.'s office about the certificates so as to pass the water bills.
37	8-12-1954	Divisional Engineer, Jabalpur	Chief Engineer, Bombay	The Divisional Engineer, Jabalpur intimated that the Municipality has been reminded about the certificates.

38	4-2-1955	Financial Adviser and Chief Accounts Officer	Chief Engineer, Bombay	The Financial Adviser and Chief Accounts Officer again reminded for certificate to pass the bills.
39	14-2-1955	Chief Engineer, Bombay	Financial Adviser and Chief Accounts Officer	The Financial Adviser and Chief Accounts Officer was informed that certificates were awaited from Municipality.
40	5-3-1955	Divisional Engineer, Jabalpur	Chief Engineer and Financial Adviser and Chief Accounts Officer	The Divisional Engineer informed the Municipality to submit the necessary certificates regarding water shortage to expedite the execution of the proposed water supply agreement as the same was pending for a long time and urged them to expedite their reply.
41	1-9-1955	Divisional Engineer, Jabalpur	Chief Engineer and Financial Adviser and Chief Accounts Officer.	The Divisional Engineer informed Chief Engineer's Office that necessary certificates from Municipality were received regarding water shortage and therefore requested that arrangement be made for executing the water supply agreement with the Jabalpur Corporation.
42	10-11-1955	Chief Engineer, Bombay	Financial Adviser and Chief Accounts Officer	A copy of the revised agreement sent to Financial Adviser and Chief Accounts Officer for approval and to say whether General Manager's approval thereto should be obtained.
43	12-11-1955	Jabalpur Corporation	Chief Engineer, Bombay	The Corporation advised Chief Engineer that since the information as required by

S. No.	Date	Letter		Precis of correspondence
		From	To	
				the Divisional Engineer, Jabalpur was supplied, the agreement may be executed as their Audit had objected to the supply of water without an agreement.
44	24-11-1955	Chief Engineer, Bombay	Jabalpur Corporation	Chief Engineer informed the Corporation that the agreement was sent to Financial Adviser and Chief Accounts Officer and he will be advised further.
45	16-1-1956	Chief Engineer, Bombay	Financial Adviser and Chief Accounts Officer	Financial Adviser and Chief Accounts Officer reminded to return the agreement approved.
46	3-2-1956	Financial Adviser and Chief Accounts Officer	Chief Engineer, Bombay	Financial Adviser and Chief Accounts Officer replied that General Manager's approval to the revised agreement was necessary.
47	18/20-2-1956	Chief Engineer, Bombay	General Manager	General Manager's sanction to the revised agreement asked for.
48	8/9-3-1956	General Manager	Chief Engineer, Bombay	The General Manager conveyed his sanction to the revised draft agreement with certain amendments in Clauses 4, 9 and 13.

- 49 3-4-1956 Chief Engineer, Bombay Divisional Engineer, Jabalpur While intimating the G.M.'s sanction to the revised draft agreement with amendments the Divisional Engineer, Jabalpur was asked to have it typed on proper paper and get the same executed with the Municipality.
- 50 9-4-1956 Divisional Engineer, Jabalpur Chief Engineer, Bombay The Divisional Engineer asked Chief Engineer to say whether the Municipality's approval to the revised draft agreement should be obtained before final execution.
- 51 4-5-1956 Chief Engineer, Bombay Divisional Engineer, Jabalpur The Divisional Engineer was asked to obtain the approval of the draft agreement from the Municipality.
- 52 16-5-1956 Divisional Engineer, Jabalpur Jabalpur Corporation Revised draft agreement was sent to the Corporation.
- 53 16-5-1956 Divisional Engineer, Jabalpur Chief Engineer, Bombay Revised draft agreement was sent to the Municipality by Divisional Engineer and Chief Engineer intimated of the same.
- 54 31-1-1957 Divisional Engineer, Jabalpur Financial Adviser and Chief Accounts Officer, and Chief Engineer The Divisional Engineer sent a copy of Municipality's letter No. C.E.WW/57 of 15-1-1957 saying that the revised agreement was approved by them with effect from 1-1-1957



**APPENDIX XVI**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**  
**MEMORANDUM**

*Re: Para 15 of Audit Report, 1958—Central Railway—Purchase  
of Buffer Outer Cases*

Recommendation No. 25 of the Public Accounts Committee in this connection, as embodied in Annexure II to their 15th Report (2n Lok Sabha), 1958-59, focusses attention on the question how, when the action to submit the indent was initiated in October 1955, an emergency purchase nearly a year later was justified and whether the emergency was not the result of inactivity of the Railway Administration during this interval. A statement is enclosed as Annexure 'A'—based on details supplied by the Railway Administration—showing in chronological sequence the steps taken during the intervening period. While it is now clear that there was no slackness or inactivity as such, there was admittedly delay in the final assessment of the demand through inter-departmental correspondence. The time taken was unavoidable to some extent and arose from the need to decide the type of buffer cases for which indents should be placed, as the buffer cases then used (W-360) had become obsolete. In the meantime, as the trend of consumption had gone up and the item NA-18 had not been stocked during the preceding three years, the Works Manager assessed the requirements afresh and asked the local Assistant Controller of Stores to procure 1310 numbers of NA-18 outer buffer cases instead of W-360 type.

2. The period of 4 months which was taken after the direct purchase was sanctioned is not considered abnormal having regard to the normal time occupied in the issue of tender enquiries and placement of orders. It is noteworthy, however, that after the stocks of NA-18 buffer cases were exhausted in September 1953, the Railway Administration made commendable efforts for about two years to keep wagons requiring these outer buffer cases in service, by using available stocks of W-360 buffers, using NA-18 buffers removed from condemned wagons and by repairing damaged NA-18 and W-360 buffers to an extent not normally done.

3. As regards the wisdom of the purchase made at the higher rate, about which the Public Accounts Committee have expressed a doubt, it is explained that, after the order was placed on 7-1-1957 and the import licence secured on 23-4-1957, the first lot of 402 numbers was received in December, 1957, i.e., roughly within 7 months' period from the date of receipt of the import licence as stipulated in the purchase order and the order was completed by 26th February, 1958. Had the order been placed on the lowest offer, the material could not have been received till nearly 12 months after the period of receipt of the consignment against the higher offer. During the period from January to October 1958, i.e., immediately after receipt of the consignment of NA-18 buffer cases, as many as 2313 wagons requiring such buffers were dealt with in the Railway Workshops; but for the timely receipt of the buffers from December, 1957, wagons would have been put out of commission with possible loss of revenue, quite apart from the hold-up of traffic offering for movement. The procurement of the material through D.G. S. & D., allowing the normal period of 9 months taken by that authority to issue acceptance of tender, would have involved an additional period of about 2 months during which, even on the basis of 200 wagons put out of commission per month, there would have been considerable loss in earnings (average earning capacity of Rs. 33/- per wagon per day).

4. The Railway Board plead that, in the circumstances as they developed, purchase at a higher rate on emergency basis proved to be justifiable, but admit that the additional expenditure could have been avoided to some extent had the initial process of assessing the demand etc., been completed quickly through personal discussion. Considering, however, that the delay took place in a number of offices, the maximum delay being only 2½ months at one stage being in the office of the Assistant Controller of Stores, who had already retired and been settled up and was only on temporary re-employment till January, 1959, the Railway Board plead for the case being now closed. Remedial instructions have also since been issued (copy enclosed).

This has been seen by Audit who have observed that the facts and figures given in the memorandum are under verification by them.

### Annexure 'A'

*Statement showing in chronological sequence the steps taken from October 1955 to January 1957 for the Procurement of NA-18 Buffer Cases.*

- |  |          |
|--|----------|
| (1) Asstt. Controller of Stores, Jhansi, placed a recouplement memo on Controller of Stores, Bombay, for 375 Nos. W. 360 buffer cases . . .  | 31-10-55 |
| (2) This was returned to Asstt. Controller of Stores, Jhansi, by Controller of Stores, for resubmission along with relevant drawings after re-check of the description to the drawing . . .  | 28-11-55 |
| (3) After making further investigation and re-checking, Asstt. Controller of Stores, Jhansi, called for drawings W. 360 from the Chief Mechanical Draughtsman, Bombay . . .  | 14-2-56  |
| (4) Chief Mechanical Draughtsman, Bombay, advised the Asstt. Controller of Stores, Jhansi, that drawing W. 360 had been cancelled and was superseded by W. 392 . . .   | 18-2-56  |
| (5) Asstt. Controller of Stores, Jhansi, wrote to Works Manager, Jhansi, asking whether W. 392, which was a stock item, could be used instead of W. 360 . . .  | 25-2-56  |
| (6) Works Manager, Jhansi, referred this to Chief Mechanical Draughtsman, Bombay, and asked for check and confirmation that W. 392 could be used in place of W. 360 . . .  | 14-3-56  |
| (7) Chief Mechanical Draughtsman, Bombay, advised Works Manager, Jhansi, that N.A.-18 could be used in place of W. 360 which had been cancelled . . .  | 31-3-56  |
| (8) Works Manager, Jhansi, taking into account all factors at the time assessed the consumption and advised Asstt. Controller of Stores, Jhansi, to arrange procurement of 1310 Nos. of NA-18 instead of W. 360. This item was not stocked previously by the Stores Department during the last three years . . . | 1-5-56   |
| (9) ACOS JHS's letter forwarding to COS Purchase Application for 1310 Nos. NA-18 stating that this item was being recouped in lieu of W. 360 and asking for procurement against W. 360 <i>vide</i> item (1) to be stopped . . .  | 12-5-46  |
| (10) ACOS JHS's letter (item 9) received in the stock Control Section, COS's Office . . .  | 17-5-56  |

- (11) Check exercised for availability in surplus list of C. Rly. and all Rlys. list and passed to minor purchase section . . . . . 25-5-56
- (12) Minor purchase section collected drawings from CME and scrutinised the application and found it to cost more than Rs. 10,000/- . . . . . 7-7-56
- (NOTE.—Minor purchase section received during July 1956 on an average 352 applications and these are taken up on “first come, first served” basis for inviting tender. The average time taken for manufactured item requiring drags. and specns. is about 6 weeks).
- (13) Minor purchase section passed on papers to Major purchase section to treat as special power purchase with sanction to waive procurement through D.G.S.&D. . . . . 13-7-56
- (14) Action taken in the Major purchase section as indicated in the progress sheet maintained in that section copied below :
- P. A. received from DHQ/PI/PII/DCS/PIII in M.P.S. . . . . 13-7-56
- Referred to indenting officer for drgs. or clarification of demand . . . . . 20-7-56
- Orders issued about mode of purchase, i.e., Limited Tenders/Advertised Tenders . . . . . 26-7-56
- File sent to Accounts Office for concurrence . . . . . 26-7-56
- File received back after concurrence . . . . . 31-7-56
- File sent to G.M. for sanction of Emergency Purchase—  
File received back from G. M. after sanction . . . . . 24-8-56
- Draft tender documents approved . . . . . 24-8-56
- Draft tender sent to Typing section to cyclostyle the documents . . . . . 25-8-56
- Tender documents received back in MPS . . . . . 28-8-56
- LTs issued:(1) letter issued to Press for advertisement  
(2) to appear on 17 and 19-9-56 . . . . . 12-9-56
- Opening date . . . . . 22-10-56
- Summary of tenders prepared and sent to Accounts Office for pre-check . . . . . 24-10-56
- Summary of tenders received back from Accounts Office . . . . . 26-10-56
- Notes prepared for Tender Committee and circulated announcing date for the meeting of the Tender Committee . . . . . 8-11-56

Proceedings of Tender Committee prepared . . .	13-11-56
Proceedings signed . . . . .	4-12-56
File sent to GM's Office for acceptance . . . . .	15-12-56
File received back from GM's Office . . . . .	22-12-56
File sent to Accounts Office for pre-check of letter of acceptance . . . . .	31-12-56
File received back from Accounts Office duly che- cked . . . . .	5-1-57
Letter of acceptance signed . . . . .	5-1-57
Letter of acceptance despatched . . . . .	7-1-57

**GOVERNMENT OF INDIA**  
**MINISTRY OF RAILWAYS**  
(RAILWAY BOARD)

No. 59-B(C)|PAC|II|XV|25

New Delhi, dated 1-7-1959

To

General Managers, All Indian Railways including General Manager, Chittaranjan Locomotive Works.

General Manager & Chief Engineer, Railway Electrification, Calcutta G.B.P.

Chief Administrative Officer, I.C.F., Perambur.

Director General, R.D.S.O., New Delhi with spare copies for Director, Research, Lucknow etc.

Engineer-in-Chief, Loco Component Works, Varanasi.

Principal, Staff College, Baroda.

*Sub.: Ensuring effective attention to the financial interest of the Railways before resorting to direct purchase.*

While dealing with an Audit paragraph pertaining to a direct purchase by a Railway Administration on the ground of emergency, the Public Accounts Committee observed that, in their opinion, the emergency was the result of the inactivity of the Railway Administration for a prolonged period. On further examination of this case, it has come to notice, that, after the urgency of the requirement came to notice, there was delay in final assessment of the demands as a result of ineffective inter-departmental correspondence and the decision was not taken quickly through personal discussion as required in an emergency. As a result, the argument of emergency did not have quite the same force at the time the direct purchase eventually was made.

2. The Railway Board desire that Railway Administrations, before resorting to direct purchase under their special powers, should ensure not only that there is an urgent outstanding demand and no stocks, but should also see to what extent the situation has not arisen as a result of lack of effective action at an earlier stage. It is

also necessary to assess as precisely as possible, at the time of deciding on direct purchase, what net advantage would accrue to the Railway Administration on comparison with what would be the result if the purchase is made through the DGS&D at that stage. A careful assessment is also necessary if, in connection with such direct purchases, any offer higher than the lowest offer is accepted, to make certain that the purchase at the higher rate is not of doubtful advantage in the circumstances of delayed action such as might have developed.

3. These instructions may be conveyed to all authorities concerned subordinate to you.

(C. T. VENUGOPAL)

Director, Finance,

*Railway Board.*

DA:—Nil

**APPENDIX XVII**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**

**MEMORANDUM**

*Para 121 of the Fifteenth Report—Wasteful expenditure due to the excessive sanction of cleaners in the Loco Running Sheds of a Division.*

The Public Accounts Committee, in the course of the discussion on item 11 of Appendix I of their Fourth Report with Railway Board on 25-7-1958, expressed the view that they were not satisfied with the punishments awarded to the staff at fault in this Case. They felt that the higher officers had been dealt with too lightly.

2. The officers including non-gazetted staff against whom action was taken in this case, the nature of punishment awarded and the monetary equivalent of the punishment, where such assessment is feasible, are given below:—

Officials	Punishment awarded	Monetary equivalent	
1. Assistant Personnel Officer (since retired).	Withholding of 5% of the Special Contribution to P. F. otherwise payable to him.	Rs. 526.75 nP.	} <b>Gazetted Officers.</b>
2. Divisional Accounts Officer.	Censure	—	
3. Divisional Mechanical Engineer.	Communication of Board's displeasure.	—	
4. Accountant (since retired).	Withholding of 15% of the Special Contribution to P. F. otherwise payable to him.	Rs. 866.00	} <b>Non-gazetted.</b>
5. Sub-head (Time scale Rs. 160—10—250).	Withholding of the next increment for a period of two years without affecting the future increments.	Rs. 360.00	



3. As desired by the Public Accounts Committee, the Railway Board have reviewed the case with specific reference to the relative punishments awarded. They have come to the conclusion that the higher officers have not been dealt with lightly, and that the punishments awarded to them are equitable and in conformity with the lapses on the part of each individual. In the case of the Accountant however the punishment has been reduced to withholding of 7½% of his Special Contribution to Provident Fund amounting to Rs. 433/- instead of 15%.

4. In this connection, it may also be pointed out that the Assistant Personnel Officer concerned had preferred an appeal to the President against the Railway Board's order withholding 5% of his Special Contribution to Provident Fund. The U.P.S.C. to whom the appeal was forwarded considered that there were no grounds for interference with these orders and that the officer's appeal might be rejected. The advice of the Commission has been accepted by the Ministry of Railway.

5. This has been seen by Audit.

**APPENDIX XVIII**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**  
**MEMORANDUM**

**Indian Railway Conference Association**

- (i) *What were the main considerations for setting up of this organisation?*
- (ii) *When was it set up?*

The Indian Railway Conference Association came into existence in 1904-05. At that time the old N.W., E.B., O&R and R&K Railways were the only ones under Government management and the rest of the major railways in the country were managed by Companies incorporated in England. With such independent railway administrations it became essential to have a central organisation—

- (a) to frame rules for management of interchanged traffic;
- (b) to maintain wagon pools; and
- (c) to conduct neutral examination of wagons at interchanged points.

To begin with, these were the main functions of the Indian Railway Conference Association.

In course of time this central organisation became the forum for the railways to interchange views and discuss matters of mutual interest. In their capacity as experts, the Members of the Indian Railway Conference Association also advised Government on railway matters. It was, however, always understood that the I.R.C.A. would not interfere with the internal administration of any railway.

- (iii) (A) *What are the present functions of this Association?*

About the year 1923 the Railway Board, more or less in its present form, was created as a Department of the Government of India for managing railways, and about the same time, two major systems which had till then been Company managed, namely the E.I. and G.I.P. Railways were transferred to Government management. Later on, Government took over a number of Company managed systems and the position by the end of 1950 was that all Class I Railways in the country were Government managed.

These changes naturally resulted in substantial changes in the working of the I.R.C.A. Despite the Government of India increasing the extent of its direct control of railways, the Indian Railway Conference Association has been allowed to continue to handle its essential tasks regarding rules in respect of interchanged traffic, wagon pools and neutral control, because it is not only unnecessary to alter the established procedure and practice in these respects but also this arrangement is useful and convenient. Accordingly, it has also recently been decided to revive the various interchange committees.

From April, 1952, therefore, the functions of the I.R.C.A. had been limited to the following only:

(a) to frame rules for the management of traffic interchanged between Indian Railways;

(b) to maintain records of wagon interchanged—B.G. and M.G. separately—between Indian Railways as well as between Indian Railways and Railways in Pakistan, as directed by the Railway Board; and

(c) to conduct the neutral control of examination of Broad Gauge and Metre Gauge wagons at interchanged junctions and other points.

Details of the above functions are given in Annexure I.

(B) *How is it financed?*

The Indian Railway Conference Association consists of the following Branches:—

- (a) General Branch
- (b) Wagon Interchange Branch
- (c) Metre Gauge Wagon Pool Branch
- (d) Neutral Control Headquarters Branch
- (e) Neutral Control Junctions including Neutral Umpires.

The expenditure incurred is allocated to the different member Railways as follows:—

*General Branch:*

The following railways pay a fixed sum per year as indicated below towards the expenditure of the General Branch and the balance

of the cost of this Branch is borne by the Indian Government Railways in equal proportion:—

Railway	Fixed amount to be contributed
	Rs.
Bukhariapur Bihar Light	} 1,500/- each.
Bombay Port Trust	
Calcutta Port Commissioners	
Dehri-Rohas Light	
Madras Port Trust	
M/s McLeod & Co.'s Light	
M/s Martin Burn Ltd.	3,000/-
Associate Members	1,500/-

The rate of contribution is to be reviewed every three years, on the basis of actual expenditure incurred during the previous three years.

*Wagon Interchanged Branch:*

*Broad Gauge.*—The cost is borne by all the Broad Gauge Railways (including Calcutta Port Commissioners Railway), in proportion to the total number of wagons interchanged between the Broad Gauge Railways.

*Metre Gauge.*—By all the metre gauge railways, parties to the metre gauge wagon pool, in proportion to the total number of wagons interchanged between those railways.

*Neutral Control Headquarters Branch.*—The cost is borne by the Railways having a junction or junctions under Neutral Control, in proportion to the total number of wagons interchanged at the respective Neutral Control Junctions.

*Neutral Control Junctions:*

- (i) At junctions of two railways the cost is borne equally between the two railways.
- (ii) At junctions of more than two railways, in proportion to the number of wagons interchanged to and from each railway, except that the cost of any work performed solely for the working railway (of the Neutral Control Junction concerned) shall be borne wholly by the working railway.

(iv) *What control (Administrative, Financial and other) is exercised on the affairs of this body by the Railway Board?*

A list of Railways party to the I.R.C.A. is enclosed as Annexure II.

Except for an associate member (Burma Railways) and for minor privately managed Railways such as Martin & Burn Ltd. Railways, the entire membership consists of Government Railways. Most of the work of I.R.C.A. is therefore connected with, and is of largest interest to, the Indian Government Railways. The Railway Board, being the controlling body for the Indian Government Railways, naturally condition the working. The extent of specific control exercised by them is as indicated below:

#### *Budget*

The Budget prepared by the General Secretary of Indian Railway Conference Association in conjunction with the Association's Accounts Officer and as approved by the Association is submitted to the Railway Board for their sanction.

*Financial Powers within the Budget sanction and powers in establishment matters:* Subject to the general condition that the expenditure is covered by Budget provision, the Indian Railway Conference Association exercises the same powers in establishment and cognate matters, as are exercised by the General Managers of Indian Government Railways, with certain limitations.

The Railway Board exercise the powers of sanction in those cases which are beyond the powers of the Association, as laid down in the Fundamental Rules and General Constitution etc. of the Indian Railway Conference Association.

#### *Service Conditions of employees*

The conditions of service of the employees of the I.R.C.A. are more or less the same as are applicable to the staff of Indian Government Railways. The provisions of the codes and rules applicable from time to time to Indian Railway Establishment in matters relating to pay, Provident Fund, pension, gratuity, etc., as well as free medical attendance, free passes and privilege ticket orders are applicable to the staff of the I.R.C.A.

The I.R.C.A. have their own Provident Fund known as I.R.C.A. Employees' Provident Fund which is generally invested in Government securities.

#### *Powers in respect of other matters*

The work of the I.R.C.A. is inter-related in many ways with the work in the Railway Board's office.

All interchange rules contained in the I.R.C.A. Publications, as well as the rules and conditions contained in the Tariffs issued by the I.R.C.A., are controlled by the Railway Board, and any alterations or additions therein are given effect to only with the approval of the Railway Board.

The records of wagon interchange are maintained in the I.R.C.A. Office as directed by the Transportation Directorate of the Railway Board.

Also, the particulars of Daily Interchange Wagon Balances and their summaries, Interchange Brakevan balances, balances of end-falling trucks, loading figures etc. are furnished by the Indian Railway Conference Association Office daily to the Transportation Directorate of the Railway Board for the purpose of day to day control and regulation of the wagons in the Board and the Metre Gauge Wagon Pools.

The expansion of the Neutral Control examination of wagons at various points has been and is being done at the instance of the Transportation and Mechanical Directorates of the Railway Board. Changes in the rules regarding the Neutral Control Wagon Examination are notified only after they are authorised by the Railway Board.

(v) *What are the types of cases which are normally referred to the Indian Railway Conference Association?*

The following types of cases are generally referred to the Indian Railway Conference Association:—

- (a) Regarding changes considered necessary in the existing rules contained in the I.R.C.A. Conference Rules and other publications relating to interchange of traffic, within the country as also with Pakistan.
- (b) Classification of new commodities for the purposes of freight charges.
- (c) Changes in the existing packing conditions of commodities or when new packing conditions are required to be laid down.
- (d) Enquiries for particulars of movements of wagons from one railway to another, for the purposes of tracing missing consignments and disposing of unconnected wagons.

- (e) Cases for settlement of inter-railway liability in regard to compensation claims paid by a railway on through booked consignments.
- (f) The introduction of wagon examination by 'Neutral Examiners' at junctions between Railways where it has not been previously done.
- (g) Examination of wagons repaired in major workshops by Neutral Examiners to ensure working to a proper standard of repair work.

It may also be stated that the future of the I.R.C.A. as an independent organisation was also reviewed by the Railway Board in 1957. The point for decision was as to which of three alternative courses should be adopted:—

- (i) to leave the I.R.C.A. as an independent organisation;
- (ii) to retain the organisation in its present form but as an Attached Office to the Railway Board;
- (iii) to disband the I.R.C.A. office and incorporate the work and organisation in the respective Directorates of the Board's office.

In addition to the Indian Government Railways, a number of Light Railways, Port Trust Railways and Burma Railways are at present parties to the I.R.C.A. It was felt that the unitary character of the Association should not be disturbed. The Board have, therefore, decided that the I.R.C.A. should continue functioning as an independent organisation, as at present, for the time being.

NEW DELHI;

Dated: 22-7-1959.

Case No. 59-B(C)-2498.

Director, Finance,

Railway Board.

## **Annexure I**

### *Functions*

#### *Indian Railway Conference Association*

The existing functions of the Indian Railway Conference Association are:—

- (1) to frame rules for the management of traffic interchange between railways;
- (2) to maintain records of wagon interchange Broad Gauge and Metre Gauge separately—between Indian Railways, as well as between Indian Railways and Railways in Pakistan, as directed by the Railway Board.
- (3) to conduct the Neutral Control of Examination of Broad and Metre Gauge wagons at interchange junctions and other points.

#### *Function (1)*

2. In regard to item (1) of the functions mentioned above, the I.R.C.A. publishes the following books and tariffs:—

- (i) Conference Rules, Part II, containing rules for the interchange of rolling stock and traffic between Indian Railways.
- (ii) Conference Rules, Part III, containing rules for train examiners and for the equipment and maintenance of rolling stock for the purpose of interchange between Indian Railways.
- (iii) Fundamental and Subsidiary Rules for the interchange of traffic between India and Pakistan.
- (iv) Railway Telegraph Routing Instructions, applicable over Indian Railways.
- (v) Railway Telegraph Code for use on Indian Railways.
- (vi) Alphabetical List of Railway Stations in India.
- (vii) Concessions on Railways of foreign countries to employees of Indian Railways.
- (viii) Safety First Manual.
- (ix) Goods Tariff containing General Classification of Goods and General Rules for acceptance, carriage and delivery of goods, applicable over Indian Railways.



- (x) Goods arranged according to classes, etc.
- (xi) Coaching Tariff containing General Rules for the conveyance of passengers and the rules, rates and conditions for the conveyance of trains carrying passengers or other traffic such as luggage, parcels, animals, etc., applicable over Indian Railways.
- (xii) Railway Travel Concessions allowed to students and others.
- (xiii) Military Tariff containing rules, rates and conditions for the conveyance by railway of traffic for the Army, Navy and Air Force, applicable over Indian Railways.
- (xiv) Red Tariff containing rules and rates for the conveyance by rail of explosives and other dangerous goods, applicable over Indian Railways.
- (xv) All-India Railway Time-Table (English edition).
- (xvi) All-India Railway Time-Table (Hindi edition).
- (xvii) Quarterly Directory of Principal Railway Officers, Deputies and Divisional Superintendents with their Headquarters.
- (xviii) Railway Map of India.
- (xix) Broad Gauge Map showing track restrictions.
- (xx) Metre Gauge Map showing track restrictions.
- (xxi) Statement containing data of generating stations, etc., on Railways.
- (xxii) Statement showing particulars regarding maintenance of train lighting equipment on Railways.

[Note.—The publications mentioned at items (vi), (ix), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xvii) and (xviii) are priced publications, the sale of which to the public is arranged by this office].

3. The functions of the Commercial Committee which consist of the Chief Commercial Superintendents of Railways, are as under:—

- (a) To consider and recommend alterations or additions to the General Classification of Goods.
- (b) To examine and make recommendations on proposals affecting rates and conditions and all matters tending towards uniformity and simplification of the tariffs.

- (c) To consider and recommend alterations or additions to the General Rules for Goods and coaching traffic, including Military traffic.

This Committee meets four times a year to dispose of the subjects referred to it. On an average more than fifty subjects are dealt with at each meeting. This Committee also functions as an Arbitration Committee for settlement of inter-railway liabilities in regard to compensation claims paid by a Railway on through consignments, when inter-railway liability cannot be determined under the normal rules.

Under the Commercial Committee there is a Sub-Committee consisting of the Rates Officers of the Railways represented on the Commercial Committee. This sub-Committee meets along with the Commercial Committee to examine and make recommendations to the Commercial Committee in regard to the classification of new commodities and their packing conditions as well as revision or alteration of the existing classifications.

4. In regard to item (2) of the functions, the records relating to the following are maintained in this office:—

*Function (2).*

- (i) Total number of wagons made over from one Railway to another at an interchange Junction. This information is received telegraphically every day from each interchange junction (including Pakistan)—both Broad and Metre Gauges.
- (ii) Total number of brake vans made over from one railway to another at an interchange junction. This information is received telegraphically every day from each interchange junction—both Broad and Metre Gauges.
- (iii) Movements of individual wagons passing an interchange junction including Indo-Pakistan interchange junctions—both Broad and Metre Gauges—and passing through certain specific points in India other than Interchange junctions and transshipment points. The particulars of individual numbers of wagons are submitted by each of these stations daily on an approved proforma. Registers are maintained in this office containing the individual wagon numbers of all Broad and Metre Gauge Railways in India and Pakistan in which the movements of wagons are posted.
- (iv) A 10-day statement is furnished to each Railway, including Pakistan Railways, showing the particulars of wagons interchanged each day during that period and the debit

and credit position of each Railway in the Wagon Pool. This is compiled from the returns received from interchange junctions.

- (v) Separate books are maintained containing the individual numbers of wagons owned by each Broad and Metre Gauge (including standard wagons of Pakistan Railways), their types, carrying capacities, etc. Each Railway (excluding Pakistan Railways) sends an advice to this office every month containing the particulars of the individual numbers of wagons added and deducted. Up-to-date records of ownership of wagons are thus kept in this office.
- (vi) Similar registers are maintained containing the individual numbers of brake-vans owned by each Broad and Metre Gauge Railway. Each Railways (excluding Pakistan Railways) sends an advice to this office every month containing the particulars of the individual numbers of brake-vans added and deducted. Up-to-date records of ownership of brake-vans are thus kept in this office.
- (vii) Particulars of loading of wagons on each railway each day are furnished to this office telegraphically and these are recorded in specific registers. Each Railway also furnishes to this office periodically a statement of loading of wagons. The month is divided into 3 periods—1st to 10th; 11th to 20th and 21st to the last day of the month. From these statements this office prepares a comprehensive statement for each 10-day period containing the loading particulars of each Railway and this statement is submitted to the Indian Railways and the Railway Board.
- (viii) A monthly statement is received from Railways containing the particulars of wagons temporarily out of service in the previous month. These particulars are also recorded in a register.
- (ix) A monthly statement is prepared and furnished by this office to Railways and the Railway Board indicating the wagon performance on each Indian Railway, i.e., ownership of wagons, wagons temporarily out of service, interchange wagon balances, loadings, turnround, etc.
- (x) To ascertain the actual number of Indian Railways' wagons on Pakistan Railways as well as their individual numbers, a statement is prepared each month and furnished to the Pakistan Railways for verification. A similar statement

of Pakistan Railways' wagons in India is also prepared for verification of the statement when submitted by Pakistan.

- (xi) To have a check and to decide the correct wagon balance of each Railway, a periodical wagon census is held on all Railways, including Pakistan Railways. The Railways furnish all particulars of the wagons enumerated on each Railway to this office, from which particulars the final census results are struck by this office and the details are furnished to Railways.
- (xii) When certain types of wagons (which are marked 'N.P' indicating non-pooled) belonging to one country, are detained beyond a specific period in another country, a penalty is leviable. This office keeps separate records of these wagons and raises penalty where due against Pakistan Railways as well as accepts or rejects on behalf of Indian Railways when similar claims for penalty are preferred by Pakistan Railways.
- (xiii) Hire charges are payable by debtor Railways to creditor Railways in the Wagon Pool. A monthly statement of the Hire charges to be debited and credited to the Railways, including Pakistan Railways is prepared by this office and sent to the Accounts Officer as well as to Pakistan Railways.
- (xiv) To trace missing consignments in regard to compensation claims preferred against Railways, each Railway makes enquiries from this office about movements of wagons concerned. This office furnishes full information about the movements of wagons passing different interchange junctions and other specific points, when asked for by Railways. The number of such enquiries during the period from January 1957 to June 1957 is 15,227, the average per day being 106.

*Function (3).*

5. In regard to item (3) of the functions, the I.R.C.A. conducts, as a Neutral authority, the mechanical examination of wagons at important interchange points between the various Railways, thus ensuring that no wagon passes from one Railway to another that is unsafe to run and that a mechanical standard of maintenance as high as circumstances permit is sustained. This examination is conducted as under:—

Trains on arrival from the Using Railway are given a preliminary examination by Neutral staff who indicate to the

Railway staff by chalk-marking all deficiencies, damages, loose fittings; wagons found unfit being rejected. On the expiry of the time allowed for repair, the Neutral Staff examine the trains, record damages and deficiencies and bill the same against the Using Railway. On receipt of the train ordering advice from the Transportation staff, trains for despatch to the Using Railway are given a preliminary examination by Neutral staff who indicate to Railway staff by chalk-marking all deficiencies, damages and loose fittings. On the expiry of the time allowed for repairs, the Neutral staff examine the trains, record damages and deficiencies and bill the same against the Working Railway, wagons found unfit being rejected. After completion of repairs by the Working Railway staff, the Neutral Staff obtain the Driver's signature on the vacuum brake memo. regarding efficiency of the vacuum brakes on wagons and then issue to Transportation staff a fit certificate for the trains.

Damage-labelling of rejected wagons and issue of fit and unfit certificates as also issuing of memos. for transhipment of contents of wagons rejected is done by Neutral staff.

**Note (1)**—The time-limit normally allowed for examination, repairs, etc., are—

for trains from Using Railway	..	2 hours.
for trains to Using Railway	..	2 hrs- 15 mts.

**Note (2)**—Although inter-Railway adjustment of expenditure has been discontinued, billing for damages, deficiencies and loose fittings continues to be carried out in accordance with the Schedules of charges laid down in rules for the purpose of comparative statistics.

This examination is conducted by trained technical outdoor staff appointed under the I.R.C.A.

As the usefulness of the Neutral examination of wagons has been fully recognised, trained staff under the I.R.C.A. are also posted at almost all the Workshops for examination of wagons turned out after repairs.

For similar reasons, Neutral Control staff are also posted at certain important Marshalling Yards.

From each point where Neutral Control staff are posted, the following statements are furnished by the Neutral Control staff to

**this office which are summarised and circulated to Railways bringing to their notice all salient points to enable Railways to take suitable action for a high standard of maintenance of wagons:—**

- (i) Monthly statement on prescribed forms of damages, deficiencies and loose fittings charged on interchanged goods stock at each junction.**
- (ii) Statement from junctions showing detentions to damage-labelled wagons at the various stages in the passage of the wagons through junctions and detention to through wagons.**
- (iii) Statements showing typical instances of heavy detentions to individual wagons at all stages in the passage of wagons through junctions.**
- (iv) Weekly statements from each junction showing number of wagons interchanged, rejected, amounts of charges for damages, deficiencies, etc.; chief items charged for, detentions to wagons, percentage of rejections, average debit per wagon.**
- (v) Statement showing shortage of material at each junction.**
- (vi) Statement showing wagons if any detained for over 10 days awaiting receipt of non-standard repair material.**
- (vii) Statement showing wagons examined in Workshops and noticed with damages, etc.**
- (viii) Statement showing wagons on sick-lines at Marshalling Yards, etc., examined and noticed with defects.**
- (ix) Statements showing wagons offered by Railways in interchange and rejected by Neutral staff under rules for reasons which could have been prevented by Railway staff.**

**Annexure II.**

*List of Railways party to the Indian Railway Conference Association.*

**Railways.**

Bukhtiarpur-Bihar Light.

Bombay Port Trust.

Calcutta Port Commissioner.

Central.

Dehri Rohtas Light.

Eastern.

Madras Port Trust.

Messrs. Martin Burn Ltd. Rlys. { Arrah Sararam, Futwah  
Islampur, Howrah Amta,  
Howrah Sheakhala and  
Shadara (Delhi) Saharan-  
pur Light Railways.

Messrs. McLeod & Co.'s Rlys. { Ahmadpur Katwa, Burdwan Katwa  
and Bankura  
Damodar-River Light Railway.

Northern.

North Eastern.

Southern.

South Eastern.

Western.

Burma (Associate member).

**APPENDIX XIX**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**

**Note containing further information relating to the working of  
the Indian Railway Conference Association.**

1. *The I.R.C.A. is publishing certain books and pamphlets such as Railways Telegraph Code, Alphabetical List of Railway Stations. All Indian Railway Time-Table (English and Hindi Editions) Railway Map of India, etc. Are these the legitimate duties for I.R.C.A.? Could not the publication of these be arranged more appropriately by the Railway Board's Office?*

The publications referred to such as the Telegraph Code, Alphabetical list of Railway Stations etc., contain information about, and are required for reference by, all stations/Railways in India, irrespective of whether they are Government Railways or Company Railways. Therefore, the I.R.C.A., which deals with all interchange matters and is a body made up of both Government and non-Government Railways, is the appropriate organisation to be entrusted with the publication of such books.

Quite apart from it being inappropriate for the Railway Board, which is the Central administrative authority for the Government Railways, to undertake the publication of these books covering all Railways, nothing would be gained by such a high level body undertaking the work of printing, which is a matter of detail calling for very little exercise of judgement.

The availability of the requisite machinery in the I.R.C.A. for printing of books such as the Goods and the Coaching Tariffs at regular intervals, provides further justification for entrusting the printing of books such as the Telegraph Code also to that body.

2. *What is the approximate cost of printing of the various publications brought out by the I.R.C.A. during the last three years (year-wise) and how the expenditure was met?*

The publications printed by the I.R.C.A. fall under two categories, namely, (i) those intended purely for departmental use and (ii) those which are available to the public also. In costing the former i.e. those intended for departmental use, in addition to the



direct cost of paper, printing etc. 50% thereof is added to cover overheads. As for the latter category, a further 25% is added as margin of profit. Recoveries made from the public or from the Railways, as the case may be with reference to actual supplies of publications made, are credited to the working expenses of the I.R.C.A. while the bills for printing charges etc., are debited thereto. The net expenditure which includes also the net effect of the above debits and credits during the year is divided among the parties to the I.R.C.A. as explained in para (iii) (B) of the memorandum sent with this Ministry's O.M. No. 59-B(C)-2498 dated 23rd July, 1959. The approximate expenditure in bringing out the various I.R.C.A. publications during the last three years and the income by sale whether to the Railways or to the public is given below:—

	Total cost of publications of I.R.C.A.	Income by Sale			Excess of income over expenditure
		Railways	Public	Total	
	1	2 (a)	2 (b)	2 (c)	3 2(c) - 1
1956-57	67000 -	121300 -	10000 -	131300 -	64300 -
1957-58	142400 -	186000 -	9200 -	195200 -	52800/-
1958-59	280000/-	312300 -	16400 -	328700 -	48700 -

NOTE.—(a) The cost of publications does not show all the liabilities incurred during the year. It represents only the bills actually paid during the year whether pertaining to that year or the previous year.

(b) Similarly, the amount realised by sale of publications to Rlys. shows the credits actually received during the year whether pertaining to that year or the previous years.

(c) The cost of stocks is not evaluated annually but is carried forward numerically. The evaluation of the stock has been done on cost basis as below:—

1956-57	Rs. 9,500
1957-58	Rs. 16,900
1958-59	Rs. 38,000

3. *The IRCA maintains statistics of movement and interchange of wagons and furnishes periodical returns to the various Railways. Could this work not be handled by the Transportation Directorate of the Railway Board's Office.*

The details of work done by the Wagon Interchange Branch have been given in the annexure appended to the Memorandum

furnished to the Public Accounts Committee under this Ministry's O.M. No. 59-B(C)-2498 dated 23rd July, 1959.

The statistics of movements and interchange of wagons are maintained in the I.R.C.A. Office on behalf of all Railways. Periodical returns and such other information as are required by Railways relating to movements of wagons are furnished to Railways by the I.R.C.A. These statistics are compiled from the daily returns furnished direct to the I.R.C.A. by the Interchange junctions and other stations concerned.

The work done consists of items such as posting of various periodical returns, preparation of daily interchange balances of wagons, compilation of periodical traffic reports and monthly wagon performance statements, preparation of hire accounts and checking of hire accounts submitted by Pakistan Railways, maintenance of records of railways' ownership of wagons etc. with periodical reconciliation, recording of movements of individual wagons passing through interchange junctions, undertaking census of wagons, tracing of missing wagons, etc. etc.

The work, thus, is mainly of a routine nature, involving compilation of data for which there has to be correspondence directly with lower formations like stations, divisional offices etc.

It would, firstly, be somewhat inappropriate for a central administrative authority like the Railway Board to deal directly with stations, divisional offices etc.

Secondly, as has been explained in the note dealing with Subject No. 4, entrusting the work to the Railway Board will not result in any economy. On the contrary, it will result, to a greater or less extent, in diversion of the attention of the Railway Board from the important functions of administration, making use of the statistical figures compiled and presented by the I.R.C.A., to the routine work of compilation itself.

4. *Is it considered necessary for the type of work handled by the I.R.C.A. in its present set up, a Neutral and independent Organisation as it was originally envisaged in 1905 should continue?*

The type of work now being done by the I.R.C.A. may be broadly classified as under:—

- (i) Framing and publishing the Rules and Regulations for the interchange of traffic;
- (ii) The giving of advice on commercial matters to the Railway Board by the Commercial Committee;

- (iii) Maintenance of statistics of movements etc. of interchanged wagons; and
- (iv) Neutral control i.e. neutral inspection of wagons at interchange points and workshops, to ensure that wagons are in a state of good repair and deficiencies etc. are appropriately made good.

2. (i) As regards the first item, namely, the Rules and Regulations for through booking of traffic, this is a matter concerning not only the Indian Government Railways but also the non-Government Light Railways and the Port Trust Railways which are not under the administrative control of the Ministry of Railways but have arrangements for through booking of traffic with the Main Line Railways. The Commercial Committee of the I.R.C.A. functions as a consultative and co-ordinating body for all the above Railways in matters dealing with interchange of traffic. This particular function could be effectively discharged only under an independent organisation like the I.R.C.A. in view of the differing interests involved (viz. Main Line Railways, Light Railways and Port Trust Railways). Historically, the I.R.C.A. was no doubt evolved when a substantial portion of the Railway system in India was Company-owned and or managed. Even though in the recent years all the major Railways have come under Government ownership and management (under the control of the Railway Board) the existence of the Light Railways etc. necessitates the continuance of the historically evolved common organisation, namely the I.R.C.A., for purposes connected with interchange of traffic.

(ii) Another important function of the Commercial Committee of the I.R.C.A. is to advise the Railway Board on matters referred to them by the Board. The independent character of the Commercial Committee enables it to arrive at decisions after free and frank expression of opinion by the Members at equal level. The same Committee functioning under the aegis of the Railway Board, instead of an independent organisation like the I.R.C.A., would not, it is considered, be equally effective, as the presence of the superior administrative authority (namely of a senior officer of the Railway Board) would in practice tend to limit the free exchange of views. The Committee, under the present system, is also in a position to discuss, with representatives of the Trade across the table and at a non-governmental level, subjects such as classification of commodities for freight charges. In view of these advantages known in actual practice to be derived from the independent character of the Commercial Committee functioning under the I.R.C.A., the Railway

Board have, in fact, recently decided, in principle, to revive certain other Committees and Technical Sections in the I.R.C.A. previously functioning, such as the Operating Committee and the Engineering Section.

(iii) As regards item (iii) paragraph 1, namely, statistics of movements and interchange of wagons, it has already been explained in the Memorandum under Subject 3, that the nature of the work is such that it would be somewhat inappropriate to have it done under the aegis of the Central administrative authority like the Railway Board.

(iv) As regards item (iv), namely, neutral control, the work is of a routine, executive nature, done in the field, at widely distributed points. This work is a very useful instrument in maintaining the condition of wagons to a better standard. The staff employed for this purpose are Train Examiners and Wheelmen whom it would not be quite appropriate to place directly under a central authority like the Railway Board. Further, the neutral control serves also the C.P.C. Railway, which is not under the administrative control of the Ministry of Railways.

3. The issue that arises really is, whether on grounds of economy or efficiency any change in the present arrangements should be effected.

4. The staff dealing with the items of work under consideration are almost entirely engaged in executive functions and would be required in the same numbers elsewhere if the work is transferred. The supervisory posts in the I.R.C.A. are also few, so that the scope for economy by relieving them of the work of supervision is practically NIL. Thus no economy will accrue by the transfer of these items of work from the I.R.C.A. to the Railway Board or some other organisation.

5. From the aspect of efficiency also, burdening the central administrative authority, namely, the Railway Board, with the work of collection of data and statistics from lower formations like stations etc., as well as with the executive work of wagon inspection, would hardly be desirable, and will, to some extent, tend to divert the attention of that high level body to routine executive matters.

6. It has been explained in para 2(i) above that need still exists for an independent organisation to deal with matters of common interest of the Main Line Railways and other units like the Light Railways and the Port Trust Railways. Once the need to have such an independent body like the I.R.C.A., to deal with problems of

interchange rules for through traffic, is recognised, in the light of what has been stated in paragraphs 2 (iii), 2 (iv), 3, 4 and 5 it would be a definite advantage to entrust to that body the other items of work now performed by the I.R.C.A. as well.

7. It is submitted, that in all the circumstances explained, it would be best if the unitary character of the I.R.C.A. is not disturbed and it is allowed to continue to function as an independent organisation, as at present.

- 
5. *At present the employees of the company-managed Railways are also entitled to a free travel concession on the Indian Government Railways. What is the financial implication of this concession?*

Government Railways at present interchange with the non-Government Railways privilege passes and PTOs on the usual scale applicable to similar staff of Government Railways. The financial implications of these concessions are not easily computable. The number, class, etc., of passes issued to the company Railway staff for journeys on Indian Government Railways is not readily available and it will be an enormous task to get full details thereof and then evaluate the same in money terms which quite apart from the considerable labour involved, may not also represent the correct picture inasmuch as the concessions are of a mutual nature. For a broad appreciation it may be stated that considering that the number of staff on company Railways is approximately only 111 gazetted and 5,741 non-gazetted as against 4,009 gazetted and 1,107,013 non-gazetted for Indian Government Railways, the effect of the concession should not be relatively very material.

- 
6. *What is the estimated cost of the I.R.C.A. publications which are supplied free to the non-government Railways and bodies (figures in respect of last three years under each non-government railway etc. may be given)?*

A statement is enclosed showing the estimated cost of the I.R.C.A. publications which were supplied free to the non-Government Railways. (Statement 'A').

The I.R.C.A. publications are not supplied free to any other non-Government bodies.

One copy of each publication is supplied free to the National Library and one copy of each of certain publications to the Director-General of Intelligence and Statistics. The cost of the publications

supplied to the National Library and to the Director-General of Intelligence and Statistics is shown in Statement 'B'.

Copies of the All-India Railway Time-Table are supplied free to Ministers, Deputy Ministers, Parliamentary Secretaries, Lok Sabha and Rajya Sabha Secretariats and the Members of the National Railway Users' Consultative Committee. The cost of free copies of the All-India Railway Time-Table supplied to Ministers, etc. is shown in statement 'C'.

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This has been seen by Audit who have observed that they make no comments on the opinions expressed in the note and that the figures given under questions No. 2 & 6 are not susceptible of verification by Audit.

NEW DELHI;

Dated the 30th September, 1959.

*Additional Member, Finance,  
Railway Board.*

### Statement 'A'

Statement showing the estimated cost of the I.R.C.A. publications (including All-India Railway Time-Table) which were supplied free to the Non-Government Railways, during 1956-57, 1957-58 and 1958-59.

S. No.	Non-Government Railways	1956-57	1957-58	1958-59
		Cost of publications	Cost of publications	Cost of publications
		Rs.	Rs.	Rs.
(1)	B.B.L. Railway	100	95	96
(2)	B.P.T. Railway	219	184	179
(3)	C.P.C. Railway	95	97	111
(4)	D.R.L. Railway	101	106	119
(5)	M.P.T. Railway	184	158	155
(6)	Martin & Co.	166	152	156
(7)	McLeod & Co.	163	142	151
(8)	*Burma Railway	15	15	21

### Statement 'B'

Cost of free copies of the I.R.C.A. publications supplied to the National Library :—

	Rs. nP.
1956-57	10.00
1957-58	11.00
1958-59	11.50

Cost of free copies of the I.R.C.A. publications supplied to the Director-General of Intelligence and Statistics :—

	Rs. nP.
1956-57	18.25
1957-58	15.00
1958-59	12.00

\*Through an oversight, certain publications during the last 3 years were not supplied to Burma Railways. The cost of free copies of these publications is as under :—

	Rs. nP.
1956-57	9.00
1957-58	32.28
1958-59	73.32

**Statement 'C'**

Cost of free copies of the All-India Railway Time-Table supplied to the Ministers, Deputy Ministers, Parliamentary Secretaries, the Lok Sabha and Rajya Sabha Secretariats, Members of the National Railway Users' Consultative Committee :—

	Rs.
1956-57 . . . . .	498
1957-58 . . . . .	528
1958-59 . . . . .	528

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## APPENDIX XX

### MINISTRY OF RAILWAYS

#### (RAILWAY BOARD)

**Note in regard to the points arising out of para 14 of the Audit Report (Railways) 1959.**

*“What were the dates on which the formal agreements were entered into with the contractors by the Railway Board. Was any date or time limit specified by the Railway Board to the Iron and Steel Controller for releasing the material ?”*

The Railway Board conveyed their decision to place orders on 9 firms on 27-5-55 on the basis of tenders submitted by the firms and the contractors' acceptance of the same virtually constituted the contract. Formal agreements were, however, executed later either with the individual railways or with the Railway Board according to the value of each agreement. The following are the details of the dates on which such agreements were executed :

Name of the firm	Rly. to which supplies were to be made	Quantity on Order (Tons)	Date of the agreement
1	2	3	4
(1) 'A'	N. Rly. NE. Rly	1000 BG 1000 MG	} No agreement was executed
(2) 'C'	N. Rly.	1000 MG	
(3) 'B'	N. Rly.	1500 BG	13-8-55
	NE. Rly.	1500 MG	No agreement was executed.
(4) 'P'	NE. Rly.	500 MG	18-10-55
(5) 'H'	N. Rly.	26000 BG	6-4-56
	..	1500 MG	
	W. Rly.	11500 MG	
(6) 'G'	E. Rly.	18000 BG	9-7-55.
	C. Rly.	6500 ..	27-5-59
	N. Rly.	1500 ..	17-8-55
	W. Rly.	12000 MG	Not executed*

\*Such delays have been taken up generally with the Rly. Administrations (Copy of Bd's letter of 18-7-58 enclosed).

1	2	3	4
(7) 'E'	W. Rly. S. Rly. C. Rly.	12000 BG 4000 MG 4000 MG	Not executed* 17-1-56 28-12-56
(8) 'D'	S. Rly. E. Rly. W. Rly.	17000 BG 8000 BG 10000 MG	8-10-55 6-7-55 Not executed*
(9) 'F'	N Rly. S. Rly.	4000 BG 4000 MG	18-6-56 6-12-55

No time limit as such was placed by the Railway Board on the Iron & Steel Controller for releasing the material. In Railway Board's letter No. 55/W/219/6 dated 27-5-55 addressed to the Ministry of Commerce & Industry and the Iron and Steel Controller, it was suggested that allotment of the quantities "may please be made and supplies arranged as soon as possible".

\*Such delays have been taken up generally with the Rly. Administrations (Copy of Bd's letter of 18-7-58 enclosed).

(COPY)  
GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(RAILWAY BOARD)

No. 57/W-6/MSCI/23

New Delhi, 18th July, 1958.

To

The General Managers,  
All Indian Railways.

REF: *Execution of agreements relating to the Manufacture and supply of Cast Iron Sleepers.*

It has come to notice that agreements in respect of the orders placed on the firm for manufacture and supply of Cast Iron Sleepers plates are executed long after the acceptance of tenders. The Board desire that in future such agreements should invariably be executed as expeditiously as possible and in any case within three months from the date of placing the order.

Please acknowledge receipt.

(Sd.) Deputy Director (Works),  
Railway Board.

**APPENDIX XXI**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**

**Note in regard to the points arising out of para 14 of the Audit Report  
(Railways) 1959 regarding purchase of Cast Iron sleepers.**

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*What were the reasons for the non-inclusion of the condition, viz. that contractors could supply 4 tons of Cast Iron sleepers for every 3 tons of pig iron supplied to them by Government in contract agreement?*

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A reference is invited to the letter issued by the Ministry of Railways to the Iron & Steel Controller on 27-5-1955, indicating 75 per cent. raw material against each of the orders placed—copy of which letter was also endorsed to the firms. It will be seen from this letter that the tonnage ordered in each of the contract agreements was computed on the basis of 4 tons of cast iron sleepers to be supplied by the contractor for every 3 tons of pig iron (raw material) arranged by the Ministry of Railways. It was evidently considered that the contract agreements in effect covered the position which had been notified in the instructions to the tenderers in the following terms:—

“Approximately 1,08,000 tons of Tata off-grade and IISCO low Manganese Grade III Pig Iron will be available for allotment to Firms upto 75 per cent. of the order placed on them. Tenderers must state, as provided for in the Tender Schedule form, particulars of the materials they expect to use to meet the balance of requirements of Raw materials and melting losses and the price taken into account when tendering. No such materials will ordinarily be supplied by Railways but should the Railways find any such scrap available, they will have the option to ask suppliers to take over the scrap with suitable adjustment in prices, if required.”

It may be observed in passing that if the supply of pig iron had been actually made as anticipated and indicated in the tender, the need for inclusion of a separate specific clause regarding supply of 4 tons of sleepers for every 3 tons of pig iron would not have arisen at all.

**APPENDIX XXII**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**  
**MEMORANDUM**

**SUB:—Para 40 of Railway Audit Report, 1951—Heavy Station out-standings.**

The Ministry of Labour & Employment have stated that various proposals for amendment of the payment of Wages Act are still under their active consideration and that it would take some time more before these are finalised. They have also asked the Ministry of Railways on 8-6-1959 to advise them of the specific amendments to the Act which would meet the Railway Ministry's requirements.

In regard to the outstanding traffic debits, there has unfortunately been some deterioration in the position as revealed by the latest figures ending November 1958. The table given below shows the amount of admitted debits outstanding for the last 4 years:—

Date	Balance of admitted debits (in lakhs)	Total station outstanding (in crores)	Railways' income (in crores)
30-11-55	25.90	4.53	316 in 1955-56
30-11-56	23.98	3.76	347 in 1956-57
30-11-57	19.47	6.00	379 in 1957-58
30-11-58	26.64	9.43	394 in 1958-59 (Revised Estimates)

A certain portion of increase in the magnitude of admitted debits outstanding can be attributed to the increase in the traffic earnings, while some increase is partly due to the bifurcation of the N.E. Railway and the teething troubles on N.F. Railway. General Managers of the various railways have been addressed demi-officially to tighten up measures to expedite recovery of the outstanding admitted debits in Board's D.O. No. 56-B(C)-2498/XVII/27 KW, dated 27-6-1959. Instructions were also recently issued vide Board's letter No. 56-ACII/OSD(A/cs)I/16, dated 29-1-1959 revising the procedure in order to expedite recovery of admitted debits.

As already stated in this Ministry's draft memorandum, dated 17-8-1957 [Appendix XXXI of Vol. II of 4th Report (Second Lok Sabha)], delay in amendment of the Payment of Wages Act in this regard in itself has not prevented the recovery of admitted debits from the station traffic staff to any significant extent.

This has been seen by Audit.

GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(RAILWAY BOARD)

C. T. Venugopal,  
Director, Finance.

D.O. No. 56-B(C)-2498/XVII/27/KW

New Delhi, the 27th June, 1959

My dear\*

The Half Yearly Arrear Report for the half year ending 31-12-1958 sent by your F.A. & C.A.O. indicates some deterioration in the magnitude of admitted debits outstanding. The enclosed statement shows the amount of admitted debits outstanding year-wise in each of the last 4 years. It will be seen from the statement that, on most of the railways, the outstandings have increased. The Public Accounts Committee in commenting on the need for speedy recovery of these outstandings have observed as under in this connection in their 15th Report (Second Lok Sabha) 1958-59:—

“The Ministry of Railways may state the improvement effected in the recovery of outstandings of traffic debits.”

It is appreciated that, with the increase in traffic earnings, there will be some tendency for increase in the amount of admitted debits. Added vigilance is, therefore, necessary. Instructions have already issued in Board's letter No. 56-ACII/OSD(Accounts)I 16, dated 19-1-1959 revising the procedure to ensure prompt recovery of admitted debits. The Board trust that necessary steps have been taken by the Railways to adopt the procedure laid down therein.

You will no doubt give special attention to bring out the progress in this matter suitably in the Half Yearly Arrear Report for the half year ending 30th June, 1959, which is shortly due for submission.

Yours sincerely,  
C. T. VENUGOPAL.

D.A.—As above.

\*GMs, All Indian Rlys. (by name).

*Statement showing the Total Admitted Debts for the periods ending 30-11-55, 30-11-56, 30-11-57 and 30-11-58*

Railways	Total admitted debits			
	30-11-55	30-11-56	30-11-57	30-11-58
Central	1,75,499	1,53,320	1,64,183	2,13,586
Eastern	2,13,631	2,51,586	2,54,671	2,44,627
Northern	2,71,000	2,71,459	1,83,896	6,33,680
North-Eastern	*15,45,361	*12,90,000	7,57,000	6,05,654
North-East Frontier	..	..	..	3,63,336
South-Eastern	1,35,622	1,93,276	2,71,597	2,93,903
Southern	82,294	68,018	81,273	1,26,205
Western	1,66,105	1,70,426	2,34,269	1,83,211
<b>TOTAL</b>	<b>25,89,512</b>	<b>23,98,085</b>	<b>19,46,889</b>	<b>26,64,202</b>

\*NE and NF Railways' combined figures.



**APPENDIX XXIII**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**  
**MEMORANDUM**

*Para 13 of Audit Report, Railways, 1956—Central Railway—Construction of a Colliery siding for a private company without settlement of terms.*

The Public Accounts Committee in column six of item 19 o. Appendix I of their 15th Report (2nd Lok Sabha) has observed as under:—

“The result of investigation in the matter of fixing responsibility for the omission to settle terms before construction of the siding might be communicated to the Committee.”

The aforesaid observations are apparently with reference to the following remarks in the Ministry of Railways' Memorandum which is reproduced as Appendix XVII of the Public Accounts Committee's 15th Report, Vol. II:—

“As regards the staff responsibility for the omission to settle the terms with the colliery before construction of the siding and for the inordinate delay in settlement, the matter is under investigation.”

The matter has been examined further with reference to the old notings and correspondence of 1945, 1946 and 1947. The basic decision to ask the G.I.P. Railway to go ahead immediately with the construction of the siding was taken at a meeting on 24th December, 1945 with the old Department of Supply, at which the then Member, Transportation, Railway Board, and the then Director, Finance, Railway Board, were present. (The former retired from service before Partition and the latter early in 1949.) On 29th March, 1946, the Railway Board indicated to the Railway Administration that, in view of the Railway Board having taken the ultimate financial responsibility for bearing the cost of the siding, the siding charges should be so fixed as to cover the interest, depreciation and maintenance charge of the entire siding and not merely of the movable assets. The Railway Administration, before it could enter into an agreement with the firm on these lines, considered it necessary to point out to the

Board the anomalous circumstances under which the siding was being constructed and stated that it would be a siding which:—

- (i) would be situated on land paid for, and therefore, the property of M/s. Amalgamated Coalfield Ltd.;
- (ii) would be solely for the use of one concern, viz., M/s. Amalgamated Coalfields Ltd; and
- (iii) would take off from the Amalgamated Coalfields Ltd. Datla Colliery Assisted Sidings, which in turn took off from the South Panara assisted siding of M/s. Budhoo Lal Jagan Nath.

Under the circumstances, the Railway Administration felt that the firm might claim some measure of control over the proposed siding as it would be constructed on their lands, and might also refuse to pay siding charges based on interest, maintenance and depreciation charges on the full cost of the siding. The Railway Administration, therefore, suggested that the most appropriate method for eliminating the various anomalies would be to purchase the surface rights of the land outright. The suggestion of the Railway Administration had to be considered in the Railway Board's Office, after securing the necessary legal advice, and it was eventually decided to acquire the land vested in the Company. There was thus no oversight or negligence on the part of the Ex-G.I.P. Railway Administration who, in fact, pointed out in a letter to the Railway Board on 25th September, 1947 that the new siding had been opened to traffic on 21st March, 1947 and that an urgent decision was necessary if there were to be no difficulties in making collections from the firm in respect of the past transactions. In the special circumstances of the case, an examination of the different aspects was unavoidable, and the fact that the Railway Administration did not notify the firm until early in 1949, the siding charges computed in the manner suggested in Railway Board's letter of March 1946, has not prejudiced or weakened the Railway's claim. A revised calculation of the dues resulted in reducing the amount from Rs. 1,46,630 to Rs. 94,000, as against the "compromise offer" made by the firm of Rs. 70,000; the reduction cannot be ascribed even indirectly to the delay in notifying the siding charges to the firm, but was on the consideration that the arrear charges for interest, maintenance and depreciation could with some justification be scaled down in proportion to the lower output of coal, taking 1953 as a normal year for which full charges at 6½ per cent. are deemed due. This was done having regard to the firm's contention that they would not have developed the collieries until about 1954 but for the express request of the Government who needed coal for national purposes in 1947. The enclosed statement of calculations will indicate that the amount

of Rs. 94,000 represents the amount that was finally considered as reasonably recoverable from the firm. As this amount has since been paid by the firm and as there was no deliberate neglect or oversight on the part of the Railway Administration as such, the Ministry of Railways submit with all due respect that it is not necessary to proceed further with the question of fixing responsibility.

This has been seen by Audit.

### Statement of Calculations

Arrear charges for interest, maintenance and depreciation scaled down in proportion to lower output of coal, taking 1955 as a normal year for which full charges @  $6\frac{1}{2}$  per cent. are deemed due:—

Normal year to be taken as 1953.

Normal production to be—1,91,000 tons.

Full payment per year—Rs. 20,235-12-0.

1947 21-3-47 to 31-12-47 =  $\frac{286}{365}$

Normal production would have been—1,50,000 tons.

Actual production for the period—21,000 tons.

Charges due—20,235-12-0 X  $\frac{150}{191}$  X  $\frac{14}{100}$  = 2,225/-.

1948 Proportionate charges due 34% —Rs. 6,881/-.

1949 Proportionate charges due 63% —Rs. 12,749/-.

1950 Proportionate charges due 73% —Rs. 14,773/-.

1951 Proportionate charges due 69% —Rs. 13,963/-.

1952 Proportionate charges due 66% —Rs. 13,356/-.

1953 Full payment — Rs. 20,235/12/-.

1954 1-1-54 to 5-7-54 =  $\frac{186}{365}$

Proportionate full production charges due—

$\frac{186}{365}$  X 20,235-12-0 Rs. 10,312

Total charges due Rs. 94,494-12

Less collected in excess Rs. 952

Net amount due Rs. 93,542-12

Rounded off to Rs. 94,000

**APPENDIX XXIV**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**  
**MEMORANDUM**

**RE:—Para 9 of Audit Report, Railways, 1957—Heavy arrears in the recovery of rent for Railway land leased to outsiders.**

The observations of the Committee in regard to prompt recovery in all such cases are noted for future guidance. Railway Administrations have also been addressed in the matter (*vide* attached copy of circular).

The Committee were informed, during the discussion of this Audit Para in July 1958, that the amount of old arrears outstanding on 1-5-1958 stood at about Rs. 1,32,000. Vigorous efforts have been, and continue to be, made for realisation of these arrear dues, as far as possible by negotiations in the first instance before resorting to legal proceedings. These efforts have met with some success in that these earlier arrears outstanding in respect of the 3 stations under reference amounted to Rs. 1,26,861 (approximately) on 1-5-1959, against Rs. 1,68,275 mentioned in the Audit Para (a still earlier figure of old outstandings mentioned in the Audit Para was Rs. 2,05,000 as on 31-12-1954/31-12-1955). The progress is slow due to the efforts of the licencees to evade or delay payment as much as possible. Action has been taken in some of the cases to file suits in the courts, and in other cases eviction proceedings or other legal action is proposed to be taken as the situation demands. It will be appreciated that when the licencees protested against the general enhancement of occupation fees in respect of railway land ordered from 1-10-1950, some time was taken over consultations with the State Governments concerned and with the Zonal Railway Users' Consultative Committee, and meantime the arrears mounted up.

3. On this particular Railway, the security deposits held by the Railway in such cases generally amount to 3 months' occupation fee, which has recently been enhanced to 12 months' occupation fee; the agreements also provide for payment of the occupation fee monthly in advance as well as for the imposition of penalty and serving of eviction notices in the event of non-payment of charges. Forfeiture of the security deposit, as suggested by the Public Accounts Committee, is even now open to the Railway Administration in 44 out of

cases excluding generally only the cases pertaining to land leased prior to 1932 when it was not the practice to obtain security deposits. Forfeiture of security deposits in most of the cases is thus possible and action in this respect will be taken when the final decisions to take the cases to Court or to evict the licencees are taken. The amount to be forfeited, in any case, will form only a small fraction of the arrear outstandings, as the licencees deliberately allowed payments to fall into arrears for many months together in view of their being aware of the fact that the Railway had no power for summary ejection under the Government Premises Eviction Act 1950, which was held by more than one High Court to be *ultra vires* of the Constitution. With the enactment of fresh legislation, viz., Public Premises (Eviction of Unauthorised Occupants) Act, 1958, it is hoped that the position will improve and that it may be readily possible in future to secure the eviction of defaulting licencees which will obviate accumulation of arrears of rent, while making efforts through legal or other action to recover the amounts due to the Railway.

This has been seen by Audit who have observed that the amount of outstanding as on 1-5-1959 mentioned in Para 2 above is under verification by Audit.

GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(RAILWAY BOARD)

No. 59-BC-PAC|11|15th Report|9. New Delhi, dated the 29th Jun.  
195.

The General Managers,  
All Indian Railways  
including  
G.M., C.L.W. and  
CAOR, I.C.F., Madras

*SUB: Prompt recovery and accountal of railway dues on account o  
rent or licence fee of land or other railway premises leased o  
licensed to outside parties.*

A case has come to the notice of the Public Accounts Committee through the Railway Audit Report in which, due to rent for Railway land leased to outsiders at a number of stations on a certain railway not having been paid for months together, the amount of outstandings recoverable mounted up steadily.

Railway plots or other premises, etc., in Railway settlements or at outstations are usually allotted to outsiders under temporary occupation licence agreements. The Board desire that these licence agreements where not already containing the necessary provisions should clearly provide for payment of occupation fees monthly in advance for security deposits equal to a reasonably adequate number of months' occupation fees (say 12 months' fees) which would be liable to forfeiture in the event of non-payment of fees say for 2 or 3 consecutive months, and for imposition of penalty or for serving ejection notice in the event of non-payment of charges promptly. If there is any argument or representation about the rate of recovery, it is necessary that such arguments should be resolved quickly by a reference to State Governments where it is necessary or desirable to obtain the market value of land from State Government authorities, or by a reference to the Zonal Railway Users' Consultative Council, etc. Only by these means can it be ensured that outside parties do not use the plea of absence of prompt reply to their representations in support of their continued default in payment.

The Board appreciate that there were certain limitations under Government Premises Eviction Act, 1950, but with the enactment of fresh legislation, the position has been tightened. The Board trust that Railway Administrations will not allow legitimate Government dues to fall into arrears on any account through lack of timely and effective action.

In this connection, Railway Administrations are also aware that, in the Audit Report, Railways, 1959 attention has been drawn to the arrears in the recovery of rent for land leased through State Governments in connection with "Grow More Food" Campaign. The procedural machinery in this connection should be tightened where necessary to see that payments made by the State Government through treasuries and accounted for through exchange accounts are promptly linked and shown in the relevant register to watch that payment is received promptly by the Railway Administration from month to month. It should be ensured that at any time there is a clear record to show readily the area of surplus land handed over in this connection as well as the period for which payments are outstanding. Vigorous efforts should continue to be made to complete the recoveries on this account.

C. T. VENUGOPAL,  
*Director, Finance, Railway Board.*

D.A.—Nil.



**APPENDIX XXV**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**  
**MEMORANDUM**

*Fixation of Price of Locomotives supplied by TELCO.*

In order to ensure that the prices for the locomotives to be delivered by Telco from 1st April, 1958 onwards are fixed sufficiently in advance the Railway Board called upon Telco to submit their quotation in February, 1957, which they did in October, 1957. Since then the matter has been under the active consideration by the Railway Board. In order to arrive at an early settlement a number of meetings were also held by the Railway Board's officials with the representatives of Telco and the price of Rs. 3,74,994 per loco was offered for deliveries during the period 1958—60. Telco, however, could not agree to this offer and demanded Rs. 3,92,861. As the matter could not be resolved by negotiations, the only alternative according to the agreement was to refer the dispute to arbitration.

According to the agreement, matters of dispute between the Railway Board and Telco, if any, have to be referred to two arbitrators and an Umpire. As this procedure was likely to delay the fixation of prices, it was mutually agreed by both the parties that this dispute of prices to be paid by the Railway Board for locos to be delivered during 1958—60 should be referred to the arbitration of one arbitrator. The matter has, accordingly, been referred to Shri J. N. Majumdar, a retired Judge of the Calcutta High Court. The arbitrator entered upon the terms of reference from 8th October, 1958 and the matter is now under his consideration.

With regard to the suggestion that the Railway Board should frame the issues for arbitration precisely to facilitate a decision quickly, it is submitted that the dispute as referred to the arbitrator is on the specific question of settling the price between the two figures mentioned above. Each of the specific items comprising the above figures have also been detailed so as to indicate what the disputed amounts are under each one of them. The issues, therefore, have been framed in a precise manner.

This has been seen by Audit.

**LIST OF AUTHORISED AGENTS FOR THE SALE OF PARLIAMENTARY PUBLICATIONS OF THE LOK SABHA SECRETARIAT, NEW DELHI-1**

Agency No.	Name and address of the Agent	Agency No.	Name and address of the Agent	Agency No.	Name and address of the Agent
1.	Jain Book Agency, Connaught Place, New Delhi.	26.	The International Book Service, Deccan Gymkhana, Poona-4.	50.	Chanderkant Chiman Lal Vora, Gandhi Road, Ahmedabad.
2.	Kitabistan, 17-A, Kamla Nehru Road, Allahabad.	27.	Bahri Brothers, 188, Lajpat Rai Market, Delhi-6.	51.	S. Krishnaswamy & Co., P. O. Teppakulam, Tiruchirappalli-1.
3.	British Book Depot, 84, Hazratganj, Lucknow.	28.	City Booksellers, Sohanganj Street, Delhi.	52.	Hyderabad Book Depot, Abid Road (Gun Foundry), Hyderabad.
4.	Imperial Book Depot, 268, Main Street, Poona Camp.	29.	The National Law House, Near Indore General Library, Indore.	53.	(R) M. Gulab Singh & Sons (P) Ltd., Press Area, Mathura Road, New Delhi.
5.	The Popular Book Depot (Regd.), Lamington Road, Bombay-7.	30.	Charles Lambert & Co., 101, Mahatma Gandhi Road, Opp. Clock Tower, Fort, Bombay.	54.	C. V. Verkitachala Iyer, Near Railway Station, Chalakudi.
6.	H. Venkataramiah & Sons, Vidyantidhi Book Depot, New Statue Circle, Mysore.	31.	A. H. Wheeler & Co. (P) Ltd., 15, Elgin Road, Allahabad.	55.	The Chidambaram Provision Stores, Chidambaram.
7.	International Book House, Main Road, Trivandrum.	32.	M. S. R. Murthy & Co., Visakhapatnam.	56.	K. M. Agarwal & Sons, Railway Book Stall, Udaipur (Rajasthan).
8.	The Presidency Book Supplies, 8-C, Pycroft's Road, Triplicane, Madras-5.	33.	The Loyal Book Depot, Chhipi Tank, Meerut.	57.	The Swadesamitran Ltd., Mount Road, Madras-2.
9.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	34.	The Goods Compansion, Baroda.	58.	The Imperial Publishing Co., 3, Faiz Bazar, Daryaganj, Delhi-6.
10.	Book Centre, Opp. Patna College, Patna.	35.	University Publishers, Railway Road, Jullundur City.	59.	Azeez-General Agency, 47, Triak Road, Tirupati.
11.	J.M. Jaina & Brothers, Mori Gate, Delhi-6.	36.	Students Stores, Raghunath Bazar, Jammu-Tawi.	60.	Current Book Stores, Maruti Lane, Raghunath Dadaji Street, Bombay-1.
12.	The Cuttack Law Times Office, Cuttack-2.	37.	Amar Kitab Ghar, Diagonal Road, Jamshedpur-1.	61.	A. P. Jambulingam, Trade Representative & Marketing Consultant, Prudential Bank Building, Rashtrapati Road, Secunderabad.
13.	The New Book Depot, Connaught Place, New Delhi.	38.	Allied Traders, Motia Park, Bhopal.	62.	K. G. Asservadam & Sons, Cloughpet, P.O. Ongoli, Guntur Dist. (Andhra).
14.	The New Book Depot, 79, The Mall, Simla.	39.	E. M. Gopalkrishna Kone, (Shri Gopal Mahal), North Chitrai Street, Madura.	63.	The New Order Book Co., Elliss Bridge, Ahmedabad.
15.	The Central News Agency, 23/90, Connaught Circus, New Delhi.	40.	Friends Book House, M.U., Aligarh.	64.	The Triveni Publishers, Masulipatanam.
16.	Lok Milap, District Court Road, Bhavnagar.	41.	Modern Book House, 286, Jawahar Ganj, Jabalpur.	65.	Deccan Book Stall, Ferguson College Road, Poona-4.
17.	Reeves & Co., 29, Park Street, Calcutta-16.	42.	M. C. Sarkar & Sons (P) Ltd., 14, Bankim Chatterji Street, Calcutta-12.	66.	Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi-5.
18.	The New Book Depot, Modi No. 3, Nagpur.	43.	People's Book House, B-2-829/1, Nizam Shahi Road, Hyderabad Dn.	67.	'Bookland', 663, Madar Gate, Ajmer (Rajasthan).
19.	The Kashmir Book Shop, Residency Road, Srinagar, Kashmir.	44.	W. Newman & Co., Ltd., 3, Old Court House Street, Calcutta.	68.	Oxford Book & Stationery Co., Scindia House, Connaught Place, New Delhi.
20.	The English Book Store, 7-L, Connaught Circus, New Delhi.	45.	Thacker Spink & Co. (1938) Private Ltd., 3, Esplanade East, Calcutta-1.	69.	Makkala Pustaka Press, Balamandira, Gandhinagar, Bangalore-9
21.	Rama Krishna & Sons, 16-B, Connaught Place, New Delhi.	46.	Hindustan Diary Publishers, Market Street, Secunderabad.	70.	Gandhi Samriti Trust, Bhavnagar.
22.	International Book House Private Ltd., 9, Ash Lane, Bombay.	47.	Laxmi Narain Agarwal, Hospital Road, Agra.		
23.	Lakshmi Book Store, 42, M. M. Queensway, New Delhi.	48.	Law Book Co., Sardar Patel Marg, Allahabad.		
24.	The Kalpana Publishers, Trichinopoly-3.	49.	D. B. Taraporevala & Sons Co. Private Ltd., 210, Dr. Nsoroji Road, Bombay-1.		
25.	S. K. Brothers, 15A/65, W.E.A., Karol Bagh, Delhi-5.				

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