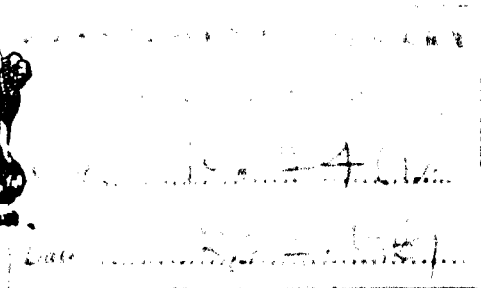


**PUBLIC ACCOUNTS COMMITTEE
1960-61**

**THIRTY-THIRD REPORT
(SECOND LOK SABHA)**

[Appropriation Accounts (Railways), 1958-59 and
Audit Report (Railways), 1960]

Vol. II—APPENDICES



**LOK SABHA SECRETARIAT
NEW DELHI**

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*Note :—Appendices I & II are appended to Volume I.

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
1960-61

CHAIRMAN

Shri Upendranath Barman

MEMBERS

2. Shri Rohan Lal Chaturvedi*
3. Shri Maneklal Maganlal Gandhi
4. Shri R. S. Kiledar
5. Shri Vinayak Rao K. Koratkar
6. Shri T. Manaen
7. Shri G. K. Manay
8. Shri S. A. Matin
9. Shri Baishnab Charan Mullick
10. Shri T. R. Neswi
11. Shri Shamrao Vishnu Parulekar
12. Shri Purushottamdas R. Patel
13. Shri Radha Raman
14. Dr. N. C. Samantsinhar
15. Pandit Dwarka Nath Tiwary
16. Shrimati Sharda Bhargava
17. Shri Jashaud Singh Bisht
18. Shri Surendra Mohan Ghose
19. Dr. Shrimati Seeta Parmanand
20. Shri V. C. Kesava Rao
21. Shri Mulka Govinda Reddy
22. Shri Jaswant Singh.

SECRETARIAT

Shri V. Subramanian—*Deputy Secretary.*

Shri Y. P. Passi—*Under Secretary.*

*Elected on the 25th November, 1960 *vice* Shri Feroze Gandhi died.

APPENDIX III
GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

Explanatory notes on Excesses over certain Voted Grants and Charged Appropriations during 1958-59 as shown in Paras 8-9 (pages 8 and 9) of the Audit Report, Railways, 1960

General:

The number of grants under which excesses of any magnitude have occurred in 1958-59 are the lowest during the five years including 1958-59 except for the year 1955-56, while the amount requiring regularisation is the lowest in the five years. Against 8·91 crores required to be regularised under 8 voted grants in 1954-55, 4·66 crores under two voted grants in 1955-56, 3·70 crores under 5 voted grants in 1956-57, 17·33 crores under 9 voted grants in 1957-58, the amount required to be regularised during 1958-59 under the voted grants in only 57·30 lakhs under three grants including the excesses under Grant No. 12—Dividend payable to General Revenue, and Grant No. 19—Miscellaneous Charges—Development Fund. Excess of an appreciable magnitude has occurred only under one demand *i.e.*, Demand No. 8. As regards the charged appropriation, the excesses have occurred only under three appropriations, and the amount involved is very small *viz.* about 30 thousand, this includes an excess of about 27 thousand under Appropriation No. 9—Revenue—Working Expenses—miscellaneous Expenses.

Detailed explanations are given in the following paragraphs separately for each Appropriation/Grant. While these explanations have been given with reference to figures shown in para 55 of Appropriation Accounts Part I—Review—and paras 8 and 9 of the Audit Report (Railways), 1960, the amount of the excess under Grant 8 which requires regularisation by the Parliament after taking into account the amounts of misclassification under this grant, comes to Rs. 21,95,125 as shown in the 'Annexure' to these notes.

I. Excess of Rs. 347 under 'Charged' Appropriation No. 5—Revenue—Working Expenses—Repairs and Maintenance and of Rs. 2,618 under 'Charged' Appropriation No. 6—Revenue—Working Expenses—Operating staff

Certain arrears to staff were paid during the year in compliance with courts' orders. In case of 'charged' Appropriation No. 5 as the

amount involved *viz.* Rs. 347 only was small, no specific provision was made therefor either under 'voted' or 'charged'. As regards excess of Rs. 2,618 under 'charged' Appropriation No. 6, necessary provision for these payments had been made as 'voted' and the expenditure was also booked accordingly. This misclassification came to notice at the time of final closing of the year's accounts and was set right accordingly in the accounts for March, 1959, as under the existing rules the correct classification has to be followed in accounts irrespective of whether the budget provision has been made under the correct unit or not. It was, however, too late at that stage to make the necessary provision under the 'charged' appropriation, and hence these small excesses.

2. In the light of P.A.C.'s recommendation contained in para 9 of their 21st Report (on the Appropriation Accounts for 1957-58) received after the close of the accounts for 1958-59, the imperative need for observance of the statutory provisions regarding 'voted' and 'charged' expenditure has been impressed upon all concerned in Board's letter No. 59-B(C)—PAC/II/XXI/7 dt. 12-2-1960 with a view to avoiding recurrence of such excesses.

II. Appropriation No. 9—Miscellaneous Expenses

According to the booked figures there was a saving of Rs. 1,17,534 under the 'charged' Appropriation. This saving resulted *inter alia* from certain 'charged' expenditure having been erroneously adjusted as 'voted'. But for this incorrect adjustment there should have been a small excess of Rs. 26,619 as shown in annexure under this appropriation requiring regularization.

III. Excess of Rs. 21,22,627 over Grant No. 8—Revenue—Working Expenses—Operation other than Staff and Fuel

The excess of about 21 lakhs which works to 1.06% only of the final grant of 19.96 crores is nominal. This was the result of small counterbalancing increases and decreases under various sub-heads of this Grant. The increases occurred under claims for compensation for goods lost or damaged owing to finalisation of more cases towards the close of the year (16 lakhs), on stationery, stores and clothing and uniforms on account of more supply and adjustment of debits in respect of clothing stores etc. towards the close of the year (10 lakhs) and under electric services owing to more consumption of electric energy than anticipated (7 lakhs), other miscellaneous items such as carriage

of revenue stores (4 lakhs) and aggregate of other minor items (6 lakhs). This was partly counterbalanced by savings resulting from adjustments of more credits through stock Adjustment Account (18 lakhs) and aggregate of other items in which estimating could have been better (4 lakhs).

IV. *Excess of Rs. 36,06,932 over Grant No. 12—Revenue—Dividend Payable to General Revenues*

The expenditure under this grant represents payment of Dividend to General Revenues on the Loan Capital of the Railway Undertaking which is computed on the basis of the capital expenditure to end of the previous year and half of the expenditure incurred during the year concerned subject to certain minor adjustments.

During the year under report, a supplementary grant of Rs. 44·36 lakhs was obtained from Parliament due to the capital-at-charge to end of 1957-58 being higher than anticipated in the original budget owing to increase in the actual outlay during that year over the revised estimates and also due to increase in the opening balance of the capital outlay for the year owing to cost of certain new lines, which prior to the 1954 Railway Convention Committee's recommendations had been charged to Development Fund, having been transferred to Capital as a result of their having been assessed as remunerative; partly offset by anticipated decrease of about 18 crores in the capital outlay during the year. The amount of dividend actually paid exceeded the final grant by Rs. 36·07 lakhs owing to the actual capital outlay being more than anticipated in the revised estimates (14·15 lakhs)—such small variations being unavoidable—and revision of the *ad hoc* capital-at-charge as on 15-8-1947 and ex-State Railway's capital-at-charge as on 1-4-1950 (21·92 lakhs).

V. *Excess of Rs. 412 over Grant No. 19—Miscellaneous Charges—Development Fund*

The expenditure under this grant represents payment of interest on temporary loan from the General Revenues to Railway Development Fund provision for which was, as usual, made in thousands of rupees *viz.* 18,93 thousands. The actual payment in units of rupees amounted to Rs. 18,93,412 and this led to the small excess of Rs. 412.

This has been seen by Audit.

NEW DELHI;

Dated 27-6-1960.

ANNEXURE

Grant 8—Revenue—Working Expenses—Operation other than Staff and Fuel

Serial No.	Particulars	Amount
		Rs.
1.	Excess shown in the App. Acs.	21,22,627
2.	Deduct :—	
	(a) Expenditure relating to other grants booked under this grant.	
	(i) Erroneous adjustment of certain credits under grant 5 instead of grant 8	4,60,000
	(ii) Booking of certain expenditure under 'voted' instead of 'charged'	66,788
	TOTAL	5,26,788
	(b) Add:—	
	(i) Erroneous booking of a credit twice	45,000
	(ii) Wrong adjustment of certain credit as reduction of expenditure instead of under credits or recoveries outside the scope of the grant	5,04,377
	(iii) Expenditure relating to Grant 8 booked erroneously under Grant 6	49,909
	TOTAL	5,99,286
	Real excess to be regularised by Parliament.	
	(I)—2(a) + 2(b)	21,95,125

Appropriation 9—Revenue—Working Expenses—Miscellaneous Expenses

Serial No.	Particulars	Amount (Rs.)
1.	Saving as shown in the Appropriation Accounts	1,17,534
2.	Add:—	
	Expenditure booked as 'voted' instead of 'charged' (a) 85,153 }	1,44,153
	(b) 59,000 }	
	Real Excess	26,619

APPENDIX IV

MINISTRY OF WORKS, HOUSING AND SUPPLY

Note for the P.A.C.

Action taken or proposed to be taken on paras 47, 48 and 49 of the 15th Report of the P.A.C. (Second Lok Sabha), as carried forward in their 21st Report (Second Lok Sabha) vide S. No. 26(i) to (iii) of Appex. I.

A statement showing action taken or proposed to be taken on the various recommendations of the P.A.C. contained in their 15th Report (2nd Lok Sabha) was forwarded to the Lok Sabha Sectt. with this Ministry's O.M. No. B-5(27)/59, dated 23-7-1959. Against Paras 47, 48 and 49 of the Summary of the main conclusions of the said Report (items 3, 4 and 5 of the aforesaid statement) it was stated that the disciplinary aspect, in each case, was under examination.

2. The disciplinary aspect of the case has since been examined in detail and as a result thereof, this Ministry have arrived at the following decisions in each case:—

Para 47:

In regard to the fixation of responsibility on the Purchase Officer concerned as to why he placed the second contract on the same firm which had failed only about 3 months ago to fulfil the first contract, it has been observed that no individual can be held responsible for the placement of the contract. During 1954-55 when the contract in question was placed there were no instructions that the past performance of the firm should be ascertained before concluding a contract with them. It was only in the beginning of 1956 that the Timber Directorate of DGS&D introduced two proformae wherein the tenderers are required to furnish along with their quotations an equipment statement in proforma A for each species of timber which they are tendering and a performance statement in proforma B giving details of supply made by them against previous contracts placed by DGS&D for the past one year. In these circumstances no responsibility can be fixed on the officer who concluded this contract, as he was not aware of the past performance of the firm, the previous contract having been placed by some other officer.

Instructions have since been issued that before concluding contracts with any firm, the past performance of the firm should be

ascertained and in case the past performance is not satisfactory their offer should be ignored. For this purpose performance cards are maintained in respect of each firm to facilitate ready reference.

Para 48:

In connection with the delay that occurred in this case the explanations of the then dealing Assistant and the Assistant Director of Supplies concerned were called for. It is admitted that the charge-sheets issued against them did not specifically bring out the lapses about their failure to take proper action on the report of the Sleeper Control Officer of 29-4-54 and 20-5-54. It is however, submitted that on receipt of the letter dated 29-4-54, DGS&D had enquired from Sleeper Control Officer in their letter dated the 29th May, 1954, why the Passing Officer had not inspected the stores at Najibabad and Jawalapur where some timber was lying according to the information received from the firm. The Sleeper Control Officer's letter dated 20-5-54 crossed DGS&D's letter dated 19-5-54 and no action was taken by the Purchase Officer, pending receipt of reply to their letter. It is conceded that there was no justification on the part of the dealing Assistant to have taken no action on the letter dated 20-5-54 for three months, as when no reply was forthcoming he should have put up the letter to the Purchase Officer after a fortnight or so. For this lapse a warning was issued to him to be more careful in future. So far as the Assistant Director of Supplies is concerned it was decided that he should not be held responsible for the delay and that the ends of justice would be met by the issue of a warning which was duly communicated to the Assistant.

para 49:

The legal position has always been that extensions should be granted only on receipt of specific requests from contractors for such extensions and this was implied in the instructions issued by DGS&D from time to time. The implication that unsolicited extension in delivery date has no value in the eye of law highlighted in 1956 in Office Order No. 119 dated 30-10-56 of the DGS&D, after the Ministry of Law had pointed out this fact.

APPENDIX V

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

MEMORANDUM

SUBJECT:—*Para 18 of the Railway Audit Report, 1958—Western Railway—Extra expenditure on the supply of blankets to Class IV staff*

The Public Accounts Committee in their 21st Report (2nd Lok Sabha) have observed as follows:

“It is surprising that the Railway Administration was not able to submit any explanation for the delay in the disposal of Kamblies.”

In reply the Railway Board have to state that the matter has since been investigated by the General Manager, Western Railway, and his conclusions are given below briefly:—

(a) (i) There was no initial delay in the issue of orders for the disposal of the kamblies. The kamblies were put up for auction at Mahalaxmi in February, 1952, when the price offered was Rs. 2·6/- per kamblie. This offer was rejected by the then Controller of Stores of the Railway Administration, which according to subsequent developments seem to be an error of judgment. These kamblies were again put up for auction in December, 1952 and February, 1953, when the bids received were even lower.

(ii) In April, 1953, 1055 kamblies were sent to Bhavnagar Stores Depot for meeting the outstanding demands for blankets of the ex-Gondal Region for the year 1952. On a report received from the Distt. Controller of Stores, Bhavnagar, in June, 1953 that some of the kamblies were absolutely worn out and the remaining though apparently in good condition were absolutely deteriorated and therefore if these were forced on staff, this would lead to innumerable complaints, it was finally decided in December, 1953, that these kamblies need not be issued to the staff. Here again the decision to transfer these kamblies to Bhavnagar taken by the Controller of Stores was incorrect, because with the experience of the issue of these kamblies to the staff at Bombay, it could hardly be expected that these would be acceptable to staff at Bhavnagar.

The Controller of Stores responsible for these lapses, however, retired in 1954—i.e. much before Audit's factual statement was received by the Railway.

(b) The delay in not issuing final orders in regard to the disposal of these kambliies from February, 1953 to December, 1954 can be attributed to the then Deputy Controller of Stores, who has since died. For one reason or the other definite orders were not issued by him to Deputy Controller of Stores until January, 1954 in the case of kambliies available at one Depot and December, 1954 in the case of kambliies lying in the other to put these kambliies up before the Survey Committee and then to have their values written down to scrap under sanction of the competent authority.

(c) From December, 1954 to July, 1956, the delay was due to the existence of a defective procedure in the office of the Controller of Stores in regard to the putting up of Survey Reports. The practice at the time was that, on receipt of the Survey Reports, the office of the Controller of Stores used to refer the matter to the other consuming departments of their Railway as well as to other Railway Administrations, in order to ascertain whether the item could be utilised, before obtaining General Manager's sanction to the recommendations of the Survey Committees. This led to an accumulation of Survey Reports; the Survey Report on these kambliies was also delayed upto July, 1956.

The General Manager, Western Railway, has stated that the defective procedure regarding the submission of the Survey Reports has since been rectified by the Administration.

(d) In July, 1956, when the Survey Reports, including one on these kambliies, was put up to the then Dy. Controller of Stores for obtaining the General Manager's sanction, he decided that all the items should be re-surveyed and that fresh Survey Sheets should be prepared and re-submitted by the Depots concerned. Accordingly the Survey Sheets, which included the Survey Sheets for kambliies also were returned to the Depots concerned. On receipt back of the Survey Sheets, the General Manager's sanction to the disposal of the kambliies by auction was obtained towards the end of 1957.

The decision to have the items re-surveyed was again not correct and led to a delay of about 18 months in the disposal of these kambliies.

2. From the above analysis it will be seen that besides the defective procedure, which has since been set right, there are 3 officers who may be held responsible for the delay in disposal of these kambliies. Of these, one retired in 1954 and the other expired

before receipt of the audit para in question. As regards the then Dy. Controller of Stores who ordered that all the items including kambliies should be re-surveyed, it is admitted that this was an error of judgment which may be viewed somewhat indulgently considering that the kambliies had by then been in stock for nearly 4 years and considering that the order for survey covered all items including the kambliies in question.

3. In all the circumstances, the Ministry of Railways request that this case may now be treated as closed.

This has been seen by Audit.

APPENDIX VI
MINISTRY OF RAILWAYS
(RAILWAY BOARD)
MEMORANDUM

Recommendation No. 16 App. II of the 21st Report of the Public Accounts Committee regarding avoidable expenditure on Railway Freight—Para 22 of the Audit Report, 1959

The Public Accounts Committee have observed as under:—

“The Committee deprecate the leisurely manner in which the case regarding shipment of steel plates was handled at the different stages by the Railway Board which had resulted in avoidable expenditure on railway freight. The matter should be investigated and suitable action taken against the officers at fault.”

2. The matter has accordingly been investigated further, specially with reference to the following detailed observations of the Public Accounts Committee in para 34 of their aforesaid report:—

“34. * * * * *

At the time of sending the cable on 30th September, 1957 for shipping the entire quantity to Calcutta the Railway Board were aware that 332 tons out of this consignment were to be supplied to a firm in Bombay. The extra expenditure of Rs. 29,571 could have been avoided had the Ministry of Railways acted with ordinary prudence.

* * * * *

...although the Iron & Steel Controller had agreed on the 8th October, 1957 to the diversion of the stores to Bombay yet the Railway Ministry issued revised instructions to the suppliers only after 20 days and that too by means of an ordinary letter....”

The three contracts for Mild Steel Plates were placed by the Indian Railways Steel Purchase Mission in the third week of August 1957. On return of the Mission from abroad, the Joint Director, Steel in the Railway Board's Office immediately informed

the Additional Iron and Steel Controller (i.e. on 31-8-1957) of the contracts having been placed by the Mission stating *inter alia* as follows:—

'The names of consignees are yet to be notified to the firms.

It is presumed that the distribution of the plates on arrival to the wagon-builders will be made by the Iron & Steel Controller'.

There was no reply to this reference and, therefore, the matter was discussed with the Iron & Steel Controller at Calcutta on 18-9-57 by the Joint Director, Steel. In this meeting the Iron and Steel Controller agreed to the Railway Board's suggestion to nominate him as the consignee for the three contracts and to arrange for the distribution of the plates on arrival to the various wagon-builders. This was confirmed to the Iron & Steel Controller in Railway Ministry's endorsement of 26-9-1957.

In sending the following cable on 30-9-57 to the Director General, India Store Department, London it was assumed with some justification that the Railway Ministry's responsibility would not extend to the detailed distribution thereof to ports of discharge etc.:

'Mild Steel Plates are to be consigned to Calcutta (.) Name of consignee will be intimated shortly (.) For details of ports of shipment and consignees for all other track materials refer Sundaresan's letter 57/746/15/RS(S) Twentyseventh to Balakrishnan'.

In the post copy of the aforesaid cable, it was stated that as the Mild Steel Plates were purchased on behalf of the Iron & Steel Controller, it had been proposed to nominate him or his assignee as the consignee.

3. In the meanwhile, in response to a telephone message, the Deputy Director of the Railway Board attached to the Iron & Steel Controller, wrote as under on 18-9-57:—

"SUBJECT:—Requirement of M.S. Plates for wagon construction programme 1957-58.

Ref:—Telephonic conversation on the subject.

As desired, I send herewith, a copy each of the lists—'A' & 'B' of M.S. Plates planned on Import for 1957-58. The Annexures 'A' & 'B' represent the total requirements of wagon plates. The items appearing in 'B' have subsequently been replanned on indigenous producers, which was please be noted."

The foregoing letter was received in the Railway Board's Office on 24th September, 1957, and was seen on 28th September, 1957 by the Assistant Director, Steel, who recorded thereon as under:—

'This should be filed carefully in the Wagon Plate Requisition file.'

This list indicated the total outstanding quantities planned for import by the Iron and Steel Controller, to be set off against the Railway Board's contracts or arranged by him and was considered as informative only. The fact that the list which was forwarded by the Iron & Steel Controller later, (i.e. on 8th October, 1957) considerably differed from this list in regard to quantities and names of firms together with the following particulars, lends support to this contention:—

	D.D.R.S' list	I & S Controller's list (as deduced)
(i) No. of items	175	133
(ii) Tonnage	21,803 tons	17,296 tons.
(iii) No. of items appearing in in DDRS' list but not in I&S Controller's list	21	
(iv) No. of items appearing in I&S Controller's list but not in DDRS' list	2	
(v) No. of items where there are variations in quantities	17	

Therefore, the Ministry of Railways consider that the issue of instructions for the despatch of certain quantity of plates indicated in the list as for M/s. Mckenzie's Ltd., to Bombay, on the basis of this list of September 1957 would not have been proper or correct.

4. The first direct information, in the way of consignee instructions, was thus received by the Railway Board in the distribution list of 8th October, 1957 from the Iron and Steel Controller. This distribution list contained 133 items, and had to be scrutinised carefully to compile and sort out items of different sizes and the tonnage allotted to the different wagon-builders by the Iron and Steel Controller with the quantity actually ordered under each size with each of the three firms. In the noting, on the basis of which the letter of 19th October, 1957 from the Railway Board's office was issued to the first of the three firms concerned, the Joint Director

(Steel) in the Railway Board's office, Delhi, recorded as under on 10th October, 1957 in a note addressed to his Deputy Director:—

“Similar action is to be taken against the other two contracts also, very quickly.”

It will be appreciated, therefore, that the importance of issuing prompt instructions was realised. It is unfortunate that these instructions in the other two cases did not issue till 28th October, 1957 and 30th October, 1957, as shown below:—

No. & date of contract	Total quantity ordered (in tons)	Quantity out of the total to be shipped to Bombay (in tons)
1. IRSPM/122 dt. 17-8-57	6,185	357 19-10-57
2. IRSPM/123 dt. 17-8-57	4,465	352 28-10-57
3. IRSPM/124 dt. 19-8-57	9,549	240 30-10-57

As already mentioned, the scrutiny of the list containing 133 items took time, and there was apparently a belief that there was still time for the issue of revised instructions in respect of a contract against which delivery was to be completed during fourth quarter of 1957. That this belief was not unwarranted is shown by the fact that the instructions issued to the third firm, on 30th October, 1957, had the desired effect; it was fortuitous that the despatch in the second case (of 332 tons) against contract No. 123 to Calcutta instead of Bombay was shipped from West Germany on 4th November, 1957, the very day Railway Board's letter dated 28th October, 1957, was received by the firm.

5. Considering the attention that was given to this matter at the different stages, the Ministry of Railways plead that there was an error of judgment, if at all, in not processing the case in a shorter time than 20 days and that there was no carelessness or lack of promptitude as such. The officers concerned—who incidentally have a uniformly good record of service—have been advised to be more careful in future.

This has been seen by Audit.

APPENDIX VII

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

MEMORANDUM

SUBJECT:—*Eastern Railway Deterioration of woollen cloth owing to defective store-keeping para 25 of Audit Report, 1959.*

REFERENCE:—*Recommendation No. 19 contained in Appendix II of the 21st Report of the Public Accounts Committee (2nd Lok Sabha).*

The report of the departmental Enquiry Committee appointed to enquire into this case was received on 29th April, 1957, as stated in para 39 of the Report of the Public Accounts Committee. Since this Enquiry Committee had recommended that a special Accounts Verification should be held to assess the loss in this case, it was decided by the Eastern Railway Administration to hold this verification before submitting their final report to the Board. Owing to the heavy stocks and lack of space, this verification was only completed by 11th December, 1957 and the final verification report was available on 27th December, 1957. After a close scrutiny of this report as also that of the Enquiry Committee, a draft report for submission to the Railway Board, was prepared by Controller of Stores on 28th April, 1958 and the same was sent to the General Manager through the Financial Adviser and Chief Accounts Officer (Stores). While the examination of these documents was in progress in the Accounts Department, a "Factual Statement" on the subject prepared with a view to inclusion of this case in the Railway Audit Report, was received from the Chief Auditor, Eastern Railway on 6th October, 1958 and about 2 months later a draft Audit para on the subject was also received by the Railway Administration from the Board's office, which had to be dealt with urgently. The Railway Administration furnished their remarks on the Draft Para on 2nd and 3rd January, 1959 and submitted their final report on this case on 7th January, 1959 informing the Board *inter-alia* that no individual responsibility could be fixed. Annexure 'A' gives in a chronological form action taken by the various departments of the Eastern Railway Administration on the report of the Departmental Enquiry Committee from the time

it was received on 29th April, 1957 till the final report was submitted to the Board on 7th January, 1959.

2. The Railway Board were not satisfied with the Railway Administration's conclusion that no individual responsibility could be fixed in this case and directed the General Manager, Eastern Railway on 3rd July, 1959 that necessary disciplinary action should be initiated against the staff for their negligence in this case.

3. The Railway Administration has since reviewed the case and have reported that the loss, referred to in the Audit Para, took place sometime during the period of 9 years from 1947—56. During this long period there were naturally changes in the personnel of the Depot; as many as 8 Depot Store Keepers, 7 Assistant Store Keepers and 6 Ward keepers were in-charge of the Depot, all for relatively short periods. However, 2 Assistant Depot Store Keepers and 2 Ward Keepers who were directly incharge of the cloth, which was damaged, for a comparatively longer period within the total period during which the damage occurred, were charge-sheeted and the following action has been taken against 3 of them:—

Sl. No.	Designation	Period	Punishment awarded
1	2	3	4
1.	Assistant Depot Store Keeper	Aug. '50 to Feb. 1953	One increment withheld for one year without cumulative effect.
2.	Assistant Depot Store Keeper	March, 1953 to Dec. '55	Do.
3.	Ward Keeper	Jan. 1948 to Aug. 1954.	A censure has been recorded against him. He was not the Ward Keeper for the cloth which was damaged, but dealt with the same during the absence of the regular Ward Keeper for this cloth, whose case is explained in the following para.
4.	Ward Keeper	March, 1949 to Dec. 1955	His salary reduced from Rs. 168/- to Rs. 136/ for a period of one year with effect from 1-5-60. On restoration

1	2	3	4
			it will not operate to postpone his further increment. Also he will not be eligible for promotion to any higher grade during this period

4. Remedial instructions had already been issued by this Ministry, even on receipt of this Audit para, emphasising that the stocking and issuing arrangements of woollen cloth or any other similar stores, which are liable to damage if stored for a long time, should be reviewed and tightened where necessary.

This has been seen by Audit.

ANNEXURE 'A'

History in chronological order of the movement of case regarding woollen cloth damaged by moth from 29-4-57, the date of report of the Joint Enquiry Committee to 7-1-59, the date of report by General Manager, Eastern Railway to the Railway Board.

Date	Subject	Remarks
29-4-57	Joint Enquiry report received in the office of the Controller of Stores.	Enquiry Committee have said that 10202 yds. approximately have been found damaged and this figure would certainly increase after a special verification.
1-5-57	An advice from the member of the Committee (Divisional Accounts Office) regarding certain alteration to be carried out in the Joint report as there were certain typographical mistakes therein.	
11-12-57	Special Accounts verification completed.	
18-12-57	Remarks invited from the District Controller of Stores, Howrah by Controller of Stores.	On receipt of the statement showing the results of the Special Accounts verification comments of District Controller of Stores Howrah, were called for.
19-12-57	Board were kept advised by General Manager that the matter was under reference.	

Date	Subject	Remarks
27-12-57	District Controller of Stores, Howrah offered his remarks to Controller of Stores.	
28-4-58	Draft Report to the Board prepared by Controller of Stores sent to General Manager through Financial Adviser and Chief Accounts Officer(s).	Several of the remarks made by the Committee were not acceptable to Controller of Stores. These remarks were scrutinised and after ascertaining the actual position, by contacting the parties concerned, a note was submitted by Controller of Stores to General Manager showing to what extent the remarks of the enquiry committee could be accepted.
7-5-58	A modification advice was issued by Controller of Stores to General Manager through Financial Adviser and Chief Accounts Officer.	Modification advice altering to "District Controller of Stores(S)/Howrah" in place of District Controller of Stores(R)/Howrah as stipulated in Controller of Stores' letter dated 25-4-58.
21-5-58	Chief Accounts Officer(S) transmitted the above draft report for the Board to the Stores Accounts Officer, Howrah for vetting.	
9-6-58	Stores Accounts Officer, Howrah returned the above Draft Report with his remarks.	
9-6-58	Board was kept advised by General Manager that the matter was under reference.	
3-7-58	Chief Accounts Officer(S) transmitted the above draft report to Sr. Assistant Financial Adviser for his	

scrutiny with particular reference to the Purchase Policy obtaining at that time, and remarks.

- 31-7-58 Sr. Assistant Financial Adviser returned the draft report with his remarks.
 - 7-8-58 Board was kept advised by General Manager that the matter was under reference.
 - 8-9-58 Controller of Stores, Eastern Railway, Calcutta advised Chief Accounts Officer(S) that the net loss would be reduced on account of the damaged cloth being utilised in fabrication of garments.
 - 16-9-58 Chief Accounts Officer(S) asked Controller of Stores, Eastern Railway, Calcutta to make out a modification of paras 2 & 3 due to reduction of loss, simultaneously advising Senior Accounts Officer/Howrah to vet the net loss thus arrived at.
 - 6-10-58 Chief Auditor forwarded a factual statement on 3-10-58 which was sent to Controller of Stores by Dy. Financial Adviser on 6-10-58 for remarks.
 - 3-11-58 Controller of Stores submitted his remarks to Dy. Financial Adviser through Chief Accounts Officer(S).
 - 5-11-58 Factual statement transmitted to Dy. Financial Adviser by Chief Accounts Officer(S) with a copy to Controller of Stores, Eastern Railway, Calcutta.
 - 6-11-58 Controller of Stores was advised by Chief Accounts Officer(S) to prepare the draft report to the Board on the lines brought out in the factual statement.
-

Date	Subject	Remarks
26/27-11-58	Chief Accounts Officer(S) asked Controller of Stores to make out a revised draft to the Board keeping in view the fact contained in Chief Auditor's factual statement.	
24-12-58	Revised draft report to Board was sent by Controller of Stores to Chief Accounts Officer(S) under advice to General Manager.	
27-12-58	Railway Board submitted a copy of Draft para to General Manager who sent the same to Controller of Stores for remarks.	
30-12-58	Remarks of Controller of Stores to the above draft para sent to General Manager through Financial Adviser & Chief Accounts Officer.	
2/3-1-59	Chief Accounts Officer(S) transmitted the draft reply for the Board to General Manager duly vetted.	
7-1-59	General Manager sent his report to the Board.	

APPENDIX VIII
MINISTRY OF RAILWAYS
(RAILWAY BOARD)
MEMORANDUM

SUBJECT:—Eastern Railway—Extra expenditure on Unskilled Casual Labour—para 27 of Audit Report (Railways), 1959.

In para 46 of their 21st Report (Second Lok Sabha), the **Public Accounts Committee** have desired:—

- (a) that an enquiry should be instituted by the Railway Board in regard to the delay of about 4½ months in Railway Board's Office in endorsing the gazette notification dated 27th December, 1954, issued by the Ministry of Labour & Employment, to the General Manager, Eastern Railway;
- (b) to know the results of the investigation in the matter of fixing responsibility for the delay of nearly 7 months in circulating the notification to the lower formations, on the part of Eastern Railway Administration; and
- (c) that the Railway Board should devise a procedure by which orders of Government are examined and transmitted to the appropriate quarters expeditiously.

2. In regard to (a) it is stated that on 4th December, 1954, the Minimum Wage Fixation Committee (on which the Railway Ministry was also represented) had approved proposals for fixing minimum wage rates on the Eastern and South Eastern Railways which were published in Notification No. SRO 3658 dated 27th December, 1954, but action could not be taken to implement the proposals of the Committee in the absence of the Official Notification from Ministry of Labour. It is unfortunate that when the Ministry of Labour issued the notification on 27th December, 1954, an advance copy was not sent to the Ministry of Railways in which case action would have been taken to circulate it to Railways immediately. Actually the printed copy of the notification in question was formally circulated by the Ministry of Labour & Employment to State Governments, employing Ministries etc. (including the Ministry of Railways) only as late as 20th April, 1955. A copy of this notification was received in the Board's Office on 21st April, 1955, and was circulated to Railways on 12th May, 1955, i.e., within a reasonable time. The Ministry of Labour & Employment are, however, examining the matter with a view to ensuring that such delays do not occur in future. It would have been

creditable if the Railway Ministry's representative, who was on the Minimum Wages Committee, had reminded and taken follow-up action, when the relevant notification from the Ministry of Labour & Employment did not reach the Railway Board's Office before 31st December, 1954, the date on which the minimum wages were to be fixed and enforced. While it is unfortunate that he did not do this, it cannot be viewed as a case of slackness in the course of day to day work.

3. As regards (b), the General Manager, Eastern Railway, after investigation, has reported that on receipt of a copy of the notification, in question, under Board's letter dated 12th May, 1955, the first step taken by the Administration was to check the rates as shown in the notification with the recommendation submitted by the Railway, so that the discrepancies, if any, could be pointed out to the Board's Office. Before this could be undertaken a related communication on the subject dated 21st May, 1955 was received from the Board's Office, in which it had been pointed out that the minimum wages as then laid down for some categories of workers varied for the different Railway Districts within the same Civil District and that this aspect should be examined by the Railway Administration with a view to removing the disparities of wages in the same Civil District. It was considered best to complete this examination first and it entailed compilation of statements showing disparities in the rates of wages recommended by the Railway Administration in different civil districts served by different railway districts.

4. Before this work could be completed, orders for the bifurcation of ex-Eastern Railway into Eastern and South Eastern Railways were issued in June, 1955. The Officer on Special Duty appointed for bifurcation work, collected all important files (including the file on which this question was under consideration) of the old Eastern Railway for duplication and copy work, to build up separate files for the South Eastern Railway. On return of the file, a note was prepared on 13th August, 1955. As the bifurcation of the former Eastern Railway had just taken place, officers of the South Eastern Railway, their Inspectors and other staff used to frequently come for collection of various information, clarification and discussions, which, for obvious reasons, had to be attended to with priority, with the consequence that the normal functioning of the Personnel Branch of the Administration, which dealt with this file, was retarded. However, after a review of the implications involved, the Labour Ministry's notification was issued to all Divisions. But, meanwhile, the Puja Holidays intervened and cyclostyled copies of the notification of the Labour Ministry were circulated to all Divisions of the Railway Administration on 2nd December, 1955.

5. In the normal circumstances it would not have taken long to attend to Board's related letter dated 21st May, 1955, and to circulate to lower formations of the Railway the Labour Department's notification. But due to fortuitous circumstances intervening, as explained, there was unusual delay. The General Manager, Eastern Railway has accordingly, concluded that it would not be practicable to fix individual responsibility for the delay in circulation of the notification. The Board agree with the finding of the General Manager, and would request the Public Accounts Committee that, in all the circumstances, the case may now kindly be treated as closed.

6. There is already a procedure according to which adequate numbers of Government directives of a general nature are ordinarily sent by the Railway Ministry to Railways, so as to facilitate expeditious transmission of the instructions to lower formations of the Railways. It will be ensured that this procedure is observed carefully.

This has been seen by Audit.

APPENDIX IX
MINISTRY OF RAILWAYS
(RAILWAY BOARD)
MEMORANDUM

SUBJECT:—*Loss due to short supply of C.I. Sleepers ordered on indigenous sleeper manufacturers against 1955-56 programme.*

1. Recommendation No. 38 and 40 of the P.A.C.

The two specific recommendations are reproduced below:—

38. "The Committee are of the view that the forfeiture of the security deposit of Rs. 10,000/- of the contractor who, after receiving 735 tons of pig iron did not supply sleepers, would not adequately meet the needs of the case."
40. "The Committee see no reason why the Railway Board cannot proceed against the contractors who failed to supply C.I. Sleepers for breach of contracts and claim suitable damages".

The cases relate to M/s. Kashi Iron Foundry and M/s. Laxmi Engineering Works who did not supply any sleepers at all. The Public Accounts Committee have recommended that, apart from the forfeiture of security deposit and blacklisting, suitable damages should be claimed from them for breach of contract. It is not clear if this could be legally sustained; but necessary legal advice will be taken and further action will be taken on the basis of such advice.

2. Recommendation No. 39 of the Committee is reproduced below:—

"The Committee suggest that the Railway Board, in consultation with the Ministries of Steel, Mines & Fuel, Law, etc. should devise suitable measures to safeguard against such contingencies arising in future. Strict instructions should be issued to the Railway Administrations impressing upon them the importance of executing formal agreements with private firms before the commencement of the works and supply of the material to the contractors as stipulated in the contract. Even in cases where a

work is to be started on emergency basis, adequate precautions should be taken to ensure that any material supplied to the contractor is properly utilised by him towards the fulfilment of the contract”.

The above recommendation, as would be evident from paragraphs 182 and 183 of the Committee's Report, has arisen out of the absence of the requisite provision in the Iron and Steel Control Order and the agreement entered into with the supplier, for taking action against any Supplier who utilises the pig iron for a purpose different from that for which the quota is given. This is a question affecting not only pig iron but other controlled articles as well. Necessary action in this connection will be taken in consultation with the other Ministries concerned—viz. Ministries of Law, Steel, Mines & Fuel, etc.

As regards the comment of the Committee regarding delay in the execution of formal agreements it may be mentioned that the Railway Board has been alive to the importance of this agreement and had actually issued instructions to Railways in July 1958 laying down a period of three months from the date of placing the order, for executing the agreements. The attention of the Railways will once again be drawn to these instructions, pointing out particularly the P.A.C's comments on this case and stressing the need for executing agreements expeditiously.

3. *Recommendation No. 41 is reproduced below:—*

“The non-inclusion of the stipulation that the contractors should supply four tons of sleepers for every three tons of pig iron arranged by Government in the Contract agreements was a serious omission which requires further examination by the Ministry”.

Ordinarily, the Supplier was required to give the full quantity of the sleepers contracted for, and the Railways, on their part, were required to supply pig iron to the extent of 75% of the contracted quantity. If Government had been able to supply the full quantity of pig-iron stipulated, the Supplier would have been expected to give the full quantity of sleepers, which was $\frac{4}{3}$ of the pig iron; and there would have been no difficulty. Government was unable to supply the full quantity of pig iron on account of various factors which could not be foreseen, as the orders had been placed after an assurance had been obtained from the Iron and Steel Controller that the pig iron required for these contracts would be made available. Nor had such a situation occurred before; and therefore there was no occasion

for a provision to be made in the contract stipulating the quantity of sleepers that the Supplier should give, if a smaller quantity of pig iron were made available by Government than provided for in the contract. In fact, it was only after it became known that the Iron and Steel Controller's arrangements for the supply of pig iron could fail, that a clause to this effect was introduced in the next year's orders, viz., "If you receive 'A' tons of pig iron, you will supply '4/3A' tons of sleepers." The position regarding the shortage of pig iron had no doubt become known after some, but not all, of the agreements had been executed. The clause could not, however, be incorporated in the Agreements still to be executed, considering that there was no such stipulation in the acceptance of the tender.

4. *Recommendation No. 42 of the Committee is reproduced below:—*

"The fact that certain contractors had actually supplied the sleepers in full quantity and the defaulting ones had asked for extensions of the delivery periods from time to time lead the Committee to apprehend that stocks were kept back with a view to taking advantage of the increase in price of scrap. It is unfortunate that the Railway Board did not assess the situation correctly and further that they refused to grant extension of time applied for by the contractors in respect of old contracts."

The Committee appear to have concluded that the situation with regard to the supply of pig iron had not been correctly assessed by the Railway Board.

There is evidence on record that the position was examined at the very time when the full circumstances were currently known. The question seems to have been gone into at length by the then Chairman, Railway Board, and the then Member Engineering, Railway Board as well as the Secretary of the Department of Steel. The Railway Ministry can only plead at this stage that whatever assessment was possible of the supply position, was made at the very high level, referred to, both by the Railway Board and by the Department of Steel.

With regard to the market rates of pig iron and scrap, these could **not be sold at other than controlled rates**. Sales at higher prices—which were illegal—might have been made in a clandestine manner; but no authoritative information about these, for obvious reasons, could be available to the administration.

With regard to the grant of extension, all orders for the following year had already been placed, and all the pig iron that could be made available by Government was being fully utilised on the same. *Prima-facie*, therefore, there appeared to be no need for giving extensions.

This has been seen by Audit.

APPENDIX X
GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. 56-B(C)-2498/XVII/16

New Delhi, Dated 17-12-1960.

OFFICE MEMORANDUM

SUBJECT:—*Action taken or proposed to be taken on the recommendations contained in the 21st Report of the Public Accounts Committee (Second Lok Sabha) on Appropriation Accounts (Railways), 1957-58 and Audit Report (Railways), 1959.*

The undersigned is directed to invite a reference to this Ministry's Memorandum* regarding outstanding amount on account of interest and maintenance charges of sidings on Western (Ex. Saurashtra) Railway submitted with reference to item 8 contained in Appendix I of the above cited report, under this Ministry's O.M. No. 59-B(C)-PAC/II/XXI, dated 13th July, 1960. In para 6 of the Memorandum it was stated that in respect of five sidings no agreements exist with the Ex-State Rulers to indicate their liability to pay the interest and maintenance charges, nor are there any records to indicate that interest and maintenance charges in respect of these sidings were being levied prior to integration. Since the records available with the Railways and the Civil Authorities did not specifically indicate that the continuance of free maintenance of sidings was guaranteed to these rulers, the question whether the charges, which were really for the service rendered by the Railway, should not be recovered from the rulers, was referred to the Ministry of Home Affairs for advice.

In this context it would be relevant to explain that the merger agreements provided that the rulers would be entitled to all the personal privileges enjoyed by them immediately before the 15th of August, 1947.

At a conference with the Chief Secretaries of Part B States held on the 24th and 25th February, 1950, it was agreed that "undertakings given to Rulers regarding their privileges on Railways should conti-

See remarks of the Military against S. No. 7, Appendix I to this Report.

nue to be honoured by the Ministry of Railways". It was also decided that "each State should furnish as early as possible for the information of the Railway Ministry a list of all concessions to be allowed to Rulers" as covered by the undertakings given to them.

A Conference was called on the 14th December, 1950, in the Ministry of States in which the representatives from the Ministries of States, Finance and Railways, and Saurashtra Government were present, to discuss the privileges and concessions to be allowed to the ex-Rulers of Saurashtra in Railway matters. There is no indication in the Minutes of this meeting or in any other list prepared by the Ministry of Railways in consultation with the State Government that the ex-Rulers would be entitled to the privileges of free maintenance of the Saloon sidings by the Railway Administration.

The Ministry of Home Affairs to whom the matter was referred have explained that during the discussions preceding the execution of the merger agreements, it was urged on behalf of the Rulers that the privileges guaranteed to them should be more clearly defined, and some of the Rulers also subsequently drew up and transmitted to the Ministry of States lists of the privileges enjoyed by them. The Ministry of Home Affairs have stated that "none of the rulers of Saurashtra seem to have put forward a claim for the continuance of the free maintenance of the saloon sidings at the expense of the Railways", and that the rulers had communicated, in December, 1948, only the lists of the major privileges enjoyed by them at the time when the Saurashtra Railways were being administered by the Government of Saurashtra, and the Rulers might have thought that they were expected to enumerate only those privileges whose continuance depended upon action by the Government of India. It has, however, been urged by the Ministry of Home Affairs that the mere fact of their not asking for the continuance of this particular privilege cannot be regarded as a waiver of it. As an example, the Ministry have cited the case of saloons which the Rulers did not then ask to be treated as private property but which had been conceded to them subsequently. It has, therefore, been held that no specific agreement or assurance for the continuance of such privilege was required as the matter was already covered by the general provision in the merger agreements.

In this connection, it has been observed by Audit that the personal privileges have not all been automatically continued merely on the ground that these were once being enjoyed by the Rulers prior to the merger. For example, the actual strength of the police guards to be provided at the expense of the Government at the official residence of the rulers has been left to be determined in each case by the

local government concerned in accordance with the general principles laid down by the Government of India to govern the scale of the guards. Similarly, charges have been levied for maintenance of the saloons of the rulers, which were formerly being maintained at the expense of the State. The Ministry of Home Affairs have stated that the saloons are not being maintained free of cost because they were declared to be the private properties of the rulers, while the saloon sidings remain the properties of the Railways although at the disposal of the rulers, and hence become the responsibility of the Railways for purposes of maintenance.

For the reasons stated, the Ministry of Home Affairs is of the view that there can be no question of claiming reimbursement from the Rulers, of the cost of maintaining the saloon sidings till now, but that the question of terminating the commitment by notice to the Rulers from a future date can be considered, if **necessary**

This has been seen by Audit.

*for Additional Member, Finance,
Railway Board.*

The Lok Sabha Secretariat,
(P.A.C. Branch)
NEW DELHI.

APPENDIX XI

No. 9(8)SF|60

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF EXPENDITURE)

New Delhi, dated the 14th Nov. 1960

SUBJECT:—*Fifteenth Report of the Public Accounts Committee (1958-59)*

In para 88 (also see No. 24 of Appendix II) of the above report, the Public Accounts Committee have made the following remarks:—

“The Committee attach great importance to centralised purchasing, as it would be economical to Government in the long run and the mechanism should, therefore, be so geared as to meet all demands. If exceptions are provided for the most really urgent cases, such occasions should be rare. Otherwise it might lead to inter-ministerial competition, as it did in this case resulting in payment of inflated prices by Government for supplies. The Committee trust that the Ministry of Finance will address themselves to this aspect”.

The above conclusions are based on certain cases where the Railway Ministry made direct purchases instead of placing the demands on D.G. (S. & D) *vide paras 83—87* of the report.

2. There is already a Central Purchase Organization and it is incumbent on all Government Departments to procure the stores through the agency of D.G.(S & D) subject to the following conditions:—

- (i) D.G. (S & D) do not entertain indents upto the value of Rs. 2,000|- and the indentors have to make their own arrangements for the purchase etc., upto this limit;
- (ii) If rate contracts or running contracts exist, direct purchase can be made by indentors upto the limit of Rs. 100|- in each case and not exceeding Rs. 1,000|- in the aggregate in any one year, in emergency or when such stores can be more conveniently obtained locally or from a nearer station;

- (iii) It is obligatory for Railways to purchase through the agency of the D.G. (S & D), the items of railway stores enumerated in Appendix VI of the Stores Code of the Railway Department. But the Controllers of Stores, Indian Railways are specially empowered to make direct purchases upto Rs. 10,000/- (Rs. 25,000/- in respect of items the annual requirements of which do not normally exceed that limit). For items covered by rate/running contracts, they can make local purchases upto Rs. 400/- for each item and upto Rs. 4,000/- in a year where it is established that supplies cannot be arranged within the delivery period required against the rate/running contract.
- (iv) The Railways have also been delegated powers to purchase non-standard items irrespective of value;
- (v) To obviate delay in procurement of stores certain authorities have been made direct demanding officers who can place indents direct on the firms with which rate/running contracts have been concluded by D.G. (S & D);
- (vi) To cover really emergent requirements, the Indenting Officers can make direct purchases in consultation with their associated Finance, such purchases being limited to the quantity required to tide over the emergency. The responsibility for declaration of an emergency for the purpose of such purchases rests with the indenting department in consultation with its associated Finance.

3. The position, therefore, is that arrangements already exist whereby purchases through Central Purchase Agency in almost all cases have to be made and direct purchases are only permissible where value of the stores required is not substantial and also when demands are to be met in emergencies.

4. The existing instructions, therefore, provide all the safeguards and there does not appear any necessity to amend them further. In the two cases mentioned by the Public Accounts Committee, the Railway Administration made direct purchases because they felt that an emergency had arisen to meet the demands of the Railways which could not be postponed till the arrival of the supplies in the normal course. It is, unfortunate, however, that the Railway Administration did not bring this fact to the notice of the D.G. (S & D).

5. However, the question whether any further improvements can be effected in the existing arrangements has been examined in consultation with the Ministries of Railways and W.H.&S. The Central Purchase Organisation has recently been re-organized by the addition of Planning & Progress Wings. The former prepares production schedules and locates sources of supply and also creates capacity for stores in short supply. The latter follows up the compliance of the orders by the firms and helps the firms, wherever it is necessary, to expedite supplies by removing bottlenecks, wherever they exist. It is expected that if full co-operation is extended by the Indenting Departments, instances such as those referred to by the Committee will not recur in future. For this purpose, the Ministry of W.H.&S. have issued an urgent circular (copy attached) to all the Ministries and Indenting Departments drawing attention to the observations of the Committee in this matter and to the existing instructions on the subject emphasising the importance of full co-operation with the Central Purchase Organization by strictly observing the existing instructions on the subject. That Ministry propose to issue another circular reiterating that in cases where the urgency necessitating direct purchase has arisen from the failure of the normal source of supply (Director General of Supplies and Disposals' contractor or rate contract), the fact should *invariably* be brought to the notice of the Director General of Supplies and Disposals well before a decision is taken for direct purchase so as to enable the Director General of Supplies and Disposals to consider the feasibility of taking suitable penal measures such as risk purchase, preferring claim for liquidated damages etc. against defaulting supplier.

6. This note has been seen by Audit.

Joint Secretary to the Government of India.

GOVERNMENT OF INDIA

MINISTRY OF WORKS, HOUSING AND SUPPLY

No. 1(22)/60-PI. Dated New Delhi, the 2nd June, 1960

OFFICE MEMORANDUM

SUBJECT:—*Procurement of stores through the Agency of the Central Purchase Organisation—Need for cooperation of all indenting departments with the Central Purchase Organisation.*

The undersigned is directed to reproduce below the observations made by the Public Accounts Committee in para 88 of their 15th Report (58—59).

“The Committee attach great importance to centralised purchasing, as it would be economical to Government in the long run and the mechanism should, therefore, be so geared as to meet all demands. If exceptions are provided for the most really urgent cases, such occasion should be rare. Otherwise it might lead to inter-ministerial competitions, as it did in this case resulting in payment of inflated prices by Government for supplies. The Committee trust that the Ministry of Finance will address themselves to this aspect.”

2. The occasion for the P.A.C.'s above observations arose out of certain instances of direct purchases made by one Department of the Government of India, instead of placing the demands on D.G.S.&D., although D.G.S.&D. had Rate/Running contracts for the supply of the stores in question. In one case, orders had been placed at a higher rate with the firm holding the Rate/Running Contract merely to get an early delivery, on the plea of urgency but the P.A.C. did not accept this plea.

3. There is already a Central Purchase Organisation and it is incumbent on all Government Departments to procure the stores through the agency of D.G.S.&D. subject to the following conditions:—

- (i) D.G.S.&D. do not entertain indents upto the value of Rs. 2,000/- and the indentors have to make their own arrangements for the purchase etc. upto this limit.

- (ii) If rate contracts or running contracts exist, direct purchase can be made by indentors upto the limit of Rs. 100/- in each case and not exceeding Rs. 1000/- in the aggregate in any one year, in emergency or when such stores can be more conveniently obtained locally or from a nearer station.
- (iii) Railway, P. & T. and Defence Indentors are specially empowered to make direct purchases upto Rs. 10,000/- (Rs. 25,000/- in respect of items, the annual requirements of which do not normally exceed that limit). For item covered by rate/running contract, they can make local purchase upto Rs. 4,000/- in a year but not exceeding Rs. 400/- at a time where it is established that supplies cannot be arranged within the delivery period required against the rate/running contract.
- (iv) To obviate delay in procurement of stores certain authorities have been made direct demanding officers who can place indents direct on the firms with which running/rate contracts have been concluded by D.G.S.&D.
- (v) To cover really urgent requirements, the indenting officers can make direct purchases in consultation with their Associated Finance, such purchases being limited to quantity required to tide over any emergency. The responsibility for declaration of an emergency for the purpose of such purchases, would however rest with the Indenting Department in consultation with its associated Finance.

4. It will be thus seen that arrangements already exist whereby purchases through Central Purchase Agency in almost all cases have to be made and direct purchases are only permissible where value of the stores required is not substantial and also when demands are to be met urgently. The Central Purchase Organisation has recently been reorganised by the addition of Planning and Progress Wings. The former prepares production schedules and locates sources of supply and also creates capacity for stores in short supply. The latter follows up the compliance of the orders by the firms and helps the firms wherever it is necessary, to expedite supplies by removing bottlenecks, wherever they exist. If full cooperation is extended by the Indenting Departments, instances such as those referred to by the Public Accounts Committee will not recur in future. The Ministry of Railways etc. are, therefore, requested to kindly impress upon all the Departments under them emphasising the importance of full

cooperation with the Central Purchase Organisation by strictly observing the existing instructions on the subject.

Under Secretary to the Government of India.

To

All Ministries of the Government of India.

State Governments.

Copy to:—D.G.S.&D., New Delhi for Information with reference to their u.o. No. CSIA/49(52)/I, dated 11-7-59.

Guard file.

Under Secretary to the Government of India.

APPENDIX XII
GOVERNMENT OF INDIA

MINISTRY OF WORKS, HOUSING AND SUPPLY

New Delhi-2, the 2nd March, 1960.

SUBJECT:—*Public Accounts Committee—15th Report on the Appropriation Accounts (Railways), 1955-56 and 1956-57 and Audit Report, thereon—Para 136—Purchase of British Standard Locomotive Components and Fittings in Dollars (hard currency) instead of sterling.*

The Public Accounts Committee in para 136—S.No. 39 of Appendix II to their Fifteenth Report (Second Lok Sabha) Volume I, have recommended as follows:—

- (i) The Committee deprecate the action of the India Supply Mission and the Ministry of Works, Housing and Supply in being lenient in the matter of exaction of penalties from the American and Canadian firms who delayed the delivery of locomotives. Such an attitude will reduce the penalty clauses of contract to little more than empty form of words. If penalty clauses are not invoked in time and the claims are allowed to lapse by efflux of time there is a risk of contracting firms, parties etc. assuming that they can always disregard the limits of time in their contract with impunity.
- (ii) The Committee recommend that this is a fit and proper case in which responsibility for the failure to claim liquidated damages in time should be definitely fixed and appropriate action taken against the officials whose failure cost the Government Rs. 4·5 lakhs.

2. The attention of the Committee is invited to this Ministry's note dated the 20th December, 1958 and Office Memorandum No. B-5(15)/58, dated the 3rd of April, 1959 (See Appendix XIII to 15th Report of P.A.C.) wherein it was stated that though the contract contained liquidated damages clause the question of levy of liquidated damages was not specifically considered by the India Supply Mission, perhaps, because the delays in supplies of locomotives were not considerable and there were delays in receipt of sheets, castings and British Specialities by the manufacturers from the respective sup-

pliers of those stores. It was also then stated that the question of levy of liquidated damages had been examined *de novo* by the India Supply Mission and they had advised this Ministry that as these claims became time-barred in 1956 nothing, further, could now be done in the matter.

3. The question to be considered is that assuming the claims were not barred by limitation and the claims were alive today, could we under the terms of the contract recover liquidated damages. The files of the India Supply Mission were called for in this Ministry and their scrutiny shows that the contract with firm 'A' although it contained a liquidated damages clause, it also contained another clause preceding the liquidated damages clause for delayed completion of the contract. The operative portion of the delayed completion clause reads as under:—

“In the event delays are encountered in obtaining certain specialities from British firms in Great Britain, such delays shall be considered excusable within the meaning of this clause, provided you furnish evidence that every reasonable effort was made to expedite the supply of such specialities.”

In the case of contracts with firms 'B' & 'C' the clause is not similar but there is a general saving clause the operative part of which reads as follows:—

“Time is the essence of the contract, but completion within the period specified herein shall be subject to delays due to causes beyond your reasonable control, including, but not restricted to acts of God... agreed changes in specifications or design, and delays incurred by your immediate or remote sub-contractor or suppliers due to such causes.”

4. As these “Delayed completion clauses” were included in the three contracts, it is considered that it would be incorrect to read one of the clauses of the contract alone and calculate liquidated damages on that basis. No liquidated damages are, therefore, leviable in all these cases, as the particular cause of delayed supplies in these contracts was that the main manufacturers did not receive the various components and fittings, which had been ordered by them on the U.K. manufacturers and also that there were frequent changes in specifications or design. Such delay would be covered by the “delayed completion clause”. All along the execution of the contract, the firms had kept the India Supply Mission informed of the delay in the receipt of British specialities and reasonable efforts were made by them to obtain these specialities in time, but in spite of their best

efforts there was considerable delay in their receipt from the U.K. firms. The advice of the Ministry of Law was also obtained as to whether in view of the inclusion of the "delayed completion clause" any liquidated damages were legally recoverable from the manufacturers of locomotives. The Ministry of Law have confirmed that the Government would not be well advised to press their claim for liquidated damages even if the claim had not been barred by limitation. They have also stated that a dispute of this nature is referable to arbitration in New York (under the terms of the contract) and that the approach of the arbitrators in U.S.A. is not necessarily identical with that of a Court and the arbitrators generally prefer a broad and practical view of the whole question, in which event, the Government's claim would hardly be tenable.

5. The Ministry has considered carefully the question of any lapse on the part of the officers of the India Supply Mission, who negotiated the contracts and agreed to saving clauses which reduced the clause relating to levy of liquidated damages to nullity. It has also considered whether the officials were aware that they fully understood the implications of the "delayed completion clause". A perusal of the contracts recently finalised by the Railway Board confirms that in the case of contracts for supply of locomotives where a portion of the equipment has to be obtained by the manufacturers from sub-contractors, the clauses of the nature covered by the "delayed completion clause" cannot generally be excluded and in the recent contracts (such as Agreement with Alco Products Inc. New York for the supply of 100 B.G. Diesel Electric Locomotives and contract with M/s. Hitachi Ltd. Tokyo Japan for supply of 7 Electric Locomotives, etc.) such saving clauses were incorporated. The Ministry has, in all the circumstances of the case, come to the conclusion that there was no lapse on the part of the officers of the India Supply Mission who then dealt with these contracts.

The question of levy of liquidated damages in such cases was recently discussed by the Secretary of this Ministry with U.K. and U.S.A. Government authorities and an extract from his note is reproduced below:—

"I have no doubt that the recovery of liquidated damages in such cases, in our dealings with the commercial firms abroad, would be impossible in actual practice. Our procedures in such cases cannot be radically different from what are followed by the Governments there..... The so called "Saving Clauses" have to be added before the suppliers would accept the contract".

6. Against this background, this Ministry are of the considered view that the question of fixation of responsibility on the India Supply Mission Officers for their failure to claim liquidated damages does not arise, as it appears from the facts as now brought to light, that Government had practically no case to claim liquidated damages from the manufacturers.

Secretary to the Government of India.

APPENDIX XIII

NOTE

(MINISTRY OF WORKS, HOUSING AND SUPPLY)

REF.—*Para 12 of Twenty-first Report of PAC—Avoidable expenditure on Sea Freight.*

The responsibility of the ISD in this case relates to:—

- (1) Alleged delay of 4 months in instructing the firm to adopt the packing specifications of Austrian firm as a result of which saving of £9,200 was forgone on 400 wagons.
- (2) Loss of Railway Board's letter dated the 24th August, 1956; and
- (3) Failure to pursue with the Railway Board the letter of the Mechanical Engineer, Visakhapatnam dated the 18th July, 1956.

As regards (1) attention is invited to pages 1 to 3 of the note submitted to the Public Accounts Committee under this Ministry's O.M. No. B-5(34)/59, dated the 28th November, 1959. It will be seen that this period was taken by the Railway Adviser to examine with the help of his inspectors on the Continent, the implication of adopting a change in the packing specification. When the Railway Adviser informed the India Store Department that the first 750 wagons should be shipped to the packing specification of Austrian firm to avoid assembling delays and costs in India, 400 wagons had already been completed and packed to the firm's own original specification and were therefore shipped as such to avoid delay and congestion in the manufacturer's works. The extra expenditure on these 400 wagons was, therefore, unavoidable.

Regarding (2) and (3) the D.G.I.S.D., London was requested to examine this matter and take suitable steps to ensure that communications addressed to the I.S.D. are not misplaced in future. He was also requested to fix responsibility on the concerned officers for their failure to pursue the matter with the authorities, after receipt of the letter from the Mechanical Engineer, Visakhapatnam dated 18th July, 1956.

As regards the loss of Railway Board's letter, D.G.I.S.D. has explained that this particular case was a solitary one and every care is now taken at all levels, to ensure that papers are not lost in transit. However, as there were constant and frequent changes in the temporary clerical staff, due to resignations, it was extremely difficult for I.S.D. to ensure that no communications were misplaced. The only way to ensure a foolproof procedure would be the registration of all papers and files, in order to note their movement, which would require posting of at least 6 or 7 additional clerks to the Central Registry Section of the I.S.D., London. This matter was also considered in this Ministry and it was felt that it would not be worthwhile posting another 6 or 7 clerks in Central Registry of the I.S.D. to diarise each and every document, which passes from one officer to another, as that would mean a lot of extra expenditure on pay and allowances of the staff and would not be commensurate with the results achieved.

Regarding the failure on the part of the concerned officer to pursue the matter raised in the letter of the Mechanical Engineer, Visakhapatnam dated 18th July 1956 with the proper authority, it has been stated by the D.G.I.S.D., London that the executive officer who was handling this case showed lack of judgement and did not put up this letter to the higher officers. The officer proceeded on 5 months' leave to India and whilst in India he tendered his resignation which was accepted by the High Commission with effect from 20th May 1959 in normal way. No action can, therefore, be taken against him as he is no more in service. This, however, raises the point that though the Audit para was under consideration of India Store Department in March, 1959 why the resignation of this officer was accepted without fixing administrative responsibility for the loss. It may be stated in this context that there was no occasion earlier than June 1960 to determine to what extent any of the officers in the India Store Department, London could be held responsible for the loss.

The question whether any other officers were responsible for the loss has also been examined. As stated above, the Executive officer did not bring the letter from the Divisional Mechanical Engineer, Visakhapatnam to the notice of higher authorities in I.S.D. Consequently, no blame can be attached to the Branch Officer or any other senior officer as the letter in question was not shown to them.

Suitable instructions have been issued to the I.S.D., London, that if economies in packing charges are possible and any relevant information or data become available to the Purchase Officer, the same should be passed on to the indenter for his consideration and the matter pursued effectively thereafter.

APPENDIX XIV
MINISTRY OF RAILWAYS
(RAILWAY BOARD)
MEMORANDUM

SUBJECT:—*Recommendation No. 9 (iv) & (v) contained in Appendix II of the 21st Report of the Public Accounts Committee (2nd Lok Sabha)—Para 15 of Railway Audit Report, 1959.*

The conclusion of the P.A.C. in regard to aspects of the case pertaining to the Ministry of Railways is as under:—

- (iv) “..... They desire that the Railway Board should investigate why the doubts raised by the Railway Adviser regarding cost of re-erection of wagons in India were not cleared immediately.”
- (v) Also the reminder from the Railway Adviser was not dealt with by the Railway Board expeditiously. The Committee regret to observe that the urgency of the matter and the consequence of delay entailing financial loss were not appreciated by those who dealt with the case in the Railway Board.”

Dealing first with sub-item (iv), the Ministry of Railways would respectfully draw attention to the endorsement to the Railway Board of Railway Adviser's letter of 14th December, 1955 to the Railway Inspecting Officer at Vienna (Austria), which was also read out at the sittings of the P.A.C.:—

“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.”

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-Cammel of U.K. It made no reference to the packing specifications of Messrs. Strojexport of Czechoslovakia whose wagon supply contract was 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 Store Department only on 21st March, 1956 and was referred to the Railway Adviser for technical acceptance on 4th May, 1956. The notings recorded in the files of the Railway Board on receipt of the copy of Railway Adviser's letter of 14th December, 1955 indicate that due and prompt attention was given by responsible officers. The omission was in not connecting with the terms of the relevant wagon erection contract and this was presumably due to an unfortunate belief that the matter could be considered further when the actual statement of costs of shipment was received, in due course, from the Railway Adviser. His letter of 14th December, 1955 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 to the Railway Board called for no immediate action. The Railway Adviser subsequently made a reference in his letter of 5th July 1956—that is about 7 months later, furnishing upto date shipping cost, and indicating that it appeared to him that the Metre Cammel Specification would be cheaper in the overall picture. The Railway Ministry submit that the construction put up by the Railway Adviser in his subsequent letter that he had asked for some "guidance" in his letter of 14th December, 1955 is not borne out by the wording of the earlier letter. It is considered that he should have followed up his letter of 14th December, 1955, seeking whatever guidance he considered was necessary instead of waiting for nearly 7 months as he did. If he had sought instructions or guidance earlier in clear terms, it is reasonable to presume that the same would have been furnished and the packing specifications would have been amended in time for the whole of the consignment to be despatched in the manner in which the balance consignments were sent.

In all the circumstances of the case, the Ministry of Railways plead that no specific doubts had been referred by the Railway Adviser which required clearing up immediately. It is admitted that the Railway Adviser may have been more precise in his reference and that he should have been more prompt in following it up; but as the incumbent concerned retired from Railway service and had been settled up before the question of his responsibility was raised and investi-

gated, the Ministry of Railways plead that no further action is called for at this stage and request that the case may now be closed.

In regard to sub-item (v), it is admitted that 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. ISD, London—could have been curtailed somewhat. The Board are, however, satisfied that in view of the necessity for consultations between the Stores, Mechanical and Finance Directorates of the Board, the time taken (about one month) for the disposal of the letter could not be considered as unduly long. The imperative need to speed up disposals to the maximum extent possible is constantly emphasised.

This has been seen by Audit.

APPENDIX XV
MINISTRY OF RAILWAYS
(RAILWAY BOARD)
MEMORANDUM

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

- (i) *The necessary information required for making a reference to the Ministry of Finance for the release of foreign exchange should have been collected by the Ministry of Railways much before calling for tenders for the stores.*

The tender for procurement of locomotive components was issued in November 1956. The information that is required for obtaining release of foreign exchange is in regard to the foreign exchange commitment that would be involved in importing the items which are established to be such as should be essentially imported after taking into account the available indigenous capacity for the manufacture of such stores. Such information had been collected in this case before inviting tenders. The list of components required by the Railways was received in February 1956 and was valued at about Rs. 54 lakhs. This list was scrutinised in the Railway Board's office and was brought down to about Rs. 36 lakhs. The fact that the available indigenous capacity had been gone into, even before inviting tenders, is supported by the following extract of noting of the Joint Director Finance (X), dated 16-6-1956 on the file. "Both from some of the correspondence available on the file and my discussion with D.M.E. (Director Mechanical Engineering), I understood that indigenous capacity to the extent available, for example, ordnance factories etc., have already been utilised for the purpose and with that these requirements have necessarily to be arranged for from abroad.....".

The offers against the tender were opened in March, 1957; and while submitting the technical report on 27-4-1957 on the offers, the Research, Design and Standards Organisation of the Ministry of Railways indicated that it might be possible to obtain certain components from the Chittaranjan Locomotive Works and M/s. Telco. A further investigation was, therefore, carried out, to reduce the imports to the barest minimum. In the meanwhile, on 23-5-1957, the Ministry of Finance was advised of the reduced foreign exchange requirements

of £3,43,000. The intention apparently was that the foreign exchange release by the Ministry of Finance would be utilised only to the extent necessary, when the list of items to be imported would be finalised as a result of the further investigations which were in progress at that time.

The Ministry of Railways submit accordingly that information was collected, based on the facts then known, even before inviting tenders; but further investigation was carried out in this case subsequent to the receipt of offers, in the interest of saving foreign exchange to the utmost extent possible in view of the developments by 1957 in regard to the deterioration of foreign exchange position.

The necessary information required for making a reference to the Ministry of Finance for the release of foreign exchange, as a rule, is collected much before calling for tenders as recommended by the P.A.C. This recommendation will strictly be observed. Action with reference to item (iii) of the recommendations (as explained below) will also obviate recurrence of such cases.

- (ii) *Failure on the part of the Railway Board to press the Ministry of Finance for the immediate release of foreign exchange required for at least the seven items for which an increased price had to be paid led to an extra expenditure of Rs. 1.76 lakhs. The responsibility for this failure to take appropriate action should be fixed.*

As explained in para 4 of the Ministry of Railways (Railway Board) Memorandum No. 59-B(C)-3116, dated 28-11-1959, the note to the Ministry of Finance asking for foreign exchange release was signed on 11-5-1957 and despatched to the Ministry of Finance on 14-5-1957. The letter from the firm dated 11-5-1957 extending the validity of their offer beyond 31-5-1957 subject to a price increase of 10 per cent. was received on 14-5-1957. It did not unfortunately occur to the Deputy Director Railway Stores that the letter should be sent immediately to the Finance Branch of the Railway Board's office for alerting the Ministry of Finance in regard to the necessity for release of foreign exchange before 31-5-1957. The oversight was unfortunate and was not due to any slackness on his part; having regard to his good record of service, the Ministry of Railways feel that the needs of the case will be met by advising the officer suitably and trust that the Public Accounts Committee will now kindly agree to close this case.

- (iii) *The Committee trust that both the Railway Board and the Ministry of Finance will examine the question of streamlining the procedure so as to obviate the kind of loss which has occurred in this case.*

The following steps have been taken to prevent recurrence of the type mentioned:—

- (i) The last date upto which tenders are valid is shown prominently on all the files, *vide* enclosed copy of Railway Board's circular No. 60/777/RS(G), dated 13-2-1960.
- (ii) When time is short, the files are taken personally to the Ministry of Finance and settled after discussion.
- (iii) When the period of validity of the tenders is considered insufficient, the Ministry of Finance is approached for foreign exchange release, as soon as the examination of tenders is completed, and the amount and likely countries of supply are known, *i.e.*, even before a final decision on the tenders is taken, as per normal procedure.
- (iv) The limit upto which foreign exchange can be sanctioned without reference to the Ministry of Finance, has been raised from Rs. 25,000 to Rs. 50,000 in any one case.
- (v) Instructions were issued in Board's letter No. F(EX)57/1, dated 23-3-1957 that the Railways must fully explore all sources of indigenous supply before sending their indents on the basis of which tenders for import are called. These have been reiterated in Board's letter No. F(EX)58/1, dated 3-7-1958.

Copies of Board's letters referred to are enclosed*.

This has been seen by Audit.

APPENDIX XVI
MINISTRY OF FINANCE

Ref. Para 17 of the 21st Report of P.A.C.—Extra expenditure in the purchase of locomotive component parts and assemblies

The specific case which forms the subject matter of the recommendation occurred in 1956 just when, on account of the foreign exchange crisis, stringent restrictions had to be suddenly imposed on foreign exchange payments. All foreign exchange powers of Ministries were accordingly withdrawn and the control centralised in the Ministry of Finance. The Ministries were advised that foreign exchange commitments could be entered into for approved projects and schemes only if the imports were certified to be essential and not available in the country itself. This meant that the indenting authorities had to make a detailed examination of the requirements and obtain clearance from other Departments like the Development Wing of the Commerce and Industry Ministry from the indigenous availability angle. In the early stages the Departments and Ministries were not thus fully equipped and geared to make a quick examination of all cases from all the various angles required before foreign exchange clearance could be given. Some bottlenecks were, therefore, unavoidable. Since then, however, the processing of such cases has been considerably streamlined. For example, Ministries have been delegated powers up to specified limits for entering into foreign exchange commitments without reference to Finance, provided the two main conditions of essentiality and non-availability of indigenous supplies are satisfied. Ministries are now in a position to undertake examination of all the points in a case even before the tender enquiries are issued. Where time is short, the officials of the Ministries are encouraged to discuss cases personally so that decisions are taken well in time.

Joint Secretary to the Govt. of India.

APPENDIX XVII
MINISTRY OF RAILWAYS
(RAILWAY BOARD)
MEMORANDUM

SUB:—Avoidable payment to a contractor through arbitration—North-east Frontier Railway.

It is true that the wording in the nomenclature was condensed in the contract for supply of pitching stones. This alteration was presumably made to bring the ex-Assam Railway contract based on ex-B.A. Railway wording into line with the ex-O.T. Railway wording so as to have a unified wording on the combined N.E. Railway. It was clearly mentioned in the specifications and special conditions of contract accompanying the tender that 'in all matters not expressly provided for or allowed for herein, the supply of materials, as specified in the Tender schedule, shall be in accordance with, and the contractor shall be bound by, the printed ex-Bengal Assam Railway General Conditions of contract and Standards Specifications 1946 edition, etc.' Para 378 of the Standards Specifications of the ex-Bengal Assam Railway, on which the schedule of rates was based, provided as under, making it clear what precisely was required from the contractor:—

"The schedule rate in all cases is inclusive of getting, collecting, breaking to specified size, stacking, etc., also all lead, lift, clearing of ground and all other charges incidental to the proper execution of the work; and the schedule rate will only be paid in full on the satisfactory completion of the contract."

2. In the circumstances, the change made in the nomenclature cannot be considered material, especially when the nature of the work required to be performed was the same as shown in the previous year's contract and had been shown in the Specifications which form part of the agreement. The Railway Administration could not reasonably apprehend any legal complications in the condensed wording of the contract in question which had apparently worked without difficulty on one of the Constituent Railways; nor was any special intimation to the contractor in the way of a clarification considered necessary in view of the clear indications in the Specifications and

special conditions of Contract accompanying the tender as explained in the foregoing paragraph. In the circumstances, it never occurred to the Railway Administration that the omission of the direct stipulation relating to leads, etc., and making it applicable in an indirect manner by a reference to the ex-B.A. Railway conditions of contract (1946 edition) would be a matter for obtaining legal advice. Incidentally, the same wording appeared in the agreements in respect of other quarries also during that period, but none of the other contractors claimed any extra amount on account of clearing, over-burdens, etc.

While defending the case before the arbitrator, the administration took their stand on the lines mentioned above. It is, however, not known what weightage was given by the arbitrator to this contention of the Railway Administration, because the award given by the arbitrator does not give any reasons therefor, nor is there anything to show that the arbitrators' award did include any amount on account of this item of the Contractors' claim, i.e., for over-burden, since the Contractor's claim under the other item of idle labour and establishment was itself Rs. 70,000 and the total award of the Arbitrator was only Rs. 52,000 (approximately).

As regards the Committee's doubts whether the Government case was properly placed before the arbitrator, the Ministry of Railways can only plead that the case was defended on behalf of the Railway by the Railway's Legal Adviser who was assisted by a senior Advocate. In the absence of any reasons leading to the award, it is difficult to conclude that the Railway Administration had not placed their case properly before the arbitrator. The Railway Ministry submit that the case was put before the arbitrator, as clearly as possible, but what weighed with the arbitrator to give an award in favour of the contractor, is difficult to assess at this stage.

In all the circumstances, it is requested that the case may now be treated as closed.

3. The position as regards the procedure for referring cases to Arbitration as ascertained from the Works, Housing and Supply Ministry is as follows:—

Reference to arbitration prior to 1-9-1956 of disputes arising between the contractors and the Government, in relation to contracts entered into by D.G.S. & D., was made by virtue of clause 21 of the conditions of contract contained in W.S.B. 133.

Clause 21 of W.S.B. 133 was revised on 1-9-1956, and this revised clause, as it now stands, entitles a contractor to have disputes and differences, if any, arising between him and the Government, settled

by reference to sole arbitration of Director-General Supplies and Disposals or his nominee, unless the contractor expressly stipulates in his tender that he does not bind himself by this clause in the general conditions of contract. No further revision of this provision, is at present under consideration.

A revised arbitration clause has also been introduced in the Railway's General Conditions of Contracts, *vide* Board's letter No. 55W/25/8, dated 3-12-1956 (Copy enclosed).

This has been seen by Audit.

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS

(RAILWAY BOARD)

No. 55W/25/8.

New Delhi, dated 3rd December, 1956.

To

The General Managers

All Indian Railways and C.L.W.

C.A.O., I.C.F.,

General Manager and Chief Engineer, Ganga Bridge Project.

SUBJECT:—*Standard conditions of contract.*

REFERENCE:—*Para 3 of this office circular letter No. 5246-W (Pt.) dated 5th December, 1955.*

The attached revised arbitration clause may be substituted for the existing arbitration clause in the General Conditions of Contracts.

Sd./

DA: As above.

*Jt. Director, Civil Engineering,
Railway Board. 1.12.56.*

Copy to F(X)I. Branch.

64. (1) *Demand for Arbitration.*—If the Contractor be dissatisfied with the decision of the Railway, on any matter in question, dispute or difference, on any account or as to the with-holding by the Railway of any certificate to which the Contractor may claim to be entitled to or if the Railway fails to make a decision within a reasonable time, then and in any such case but except in any of the Excepted Matters referred to in clause 63 of these conditions the Contractor may within 10 days of the receipt of the communication of such decision or after the expiry of the reasonable time as the case may be, demand in writing that such matter in question, dispute or difference be referred to arbitration. Such demand for arbitration shall be delivered to the Railway by the Contractor and shall specify the matters which are in question, dispute or difference and only such dispute or difference of which the demand has been made and no other shall be referred to arbitration.

(2) *Obligations during pendency of arbitration.*—Work under the contract shall, unless otherwise directed by the Engineer, continue during the arbitration proceedings, and no payment due or payable by the Railway shall be withheld on account of such proceedings provided however, it shall be open for the arbitrator or arbitration to consider and decide whether or not such work should continue during arbitration proceedings.

(3) *Arbitration.*—(a) Matters in question, dispute or difference to be arbitrated upon shall be referred for decision to:

(i) A sole Arbitrator who shall be the General Manager or a person nominated by him in that behalf in cases where the claim in question is below Rs. 50,000 and in cases where the issues involved are not of a complicated nature. The General Manager, shall be the sole judge to decide whether or not the issues involved are of a complicated nature.

(ii) Two Arbitrators, who shall be Gazetted Rly. Officers of equal status to be appointed in the manner laid down in clause (3) (b) for all claims of Rs. 50,000 and above, and for all claims irrespective of the amount or value of such claims if the issues involved are of a complicated nature. The General Manager shall be the sole judge to decide whether the issues are of a complicated nature or not. In the event of the two Arbitrators being divided in their opinions the matter under dispute will be referred to an Umpire to be appointed in the manner laid down in clause (3) (b) for his decision.

(b) For the purpose of appointing 'two arbitrators' as referred to in sub-clause (a) (ii) above, the Railway will send a panel of more than three names of officers of the appropriate status of different departments of the Railway to the contractor, who will be asked to suggest a panel of three names out of the list so sent by the Railway. The General Manager will appoint one arbitrator out of this panel as the contractor's nominee, and then appoint a second arbitrator of equal status as the Railway's nominee either from the panel or from outside the panel, ensuring that one of the two arbitrators so nominated is invariably from the Accounts Department. Before entering into reference, the two Arbitrators shall nominate an Umpire to whom the case will be referred in the event of any difference between the two Arbitrators.

(c) The Arbitrator or Arbitrators or the Umpire shall have power to call for such evidence by way of affidavits or otherwise as the Arbitrator or Arbitrators or Umpire shall think proper, and it shall be the duty of the parties hereto to do or cause to be done all such things as may be necessary to enable the Arbitrator or Arbitrators or Umpire to make the award without any delay.

(d) It will be no objection that the person appointed as Arbitrator, Arbitrators, Umpire are Government servants, and that in the course of their duties as Government servants they have expressed views on all or any of the matters in dispute.

(e) Subject as aforesaid, Arbitration Act 1940 and the Rules thereunder and any statutory modification thereof shall apply to the Arbitration proceedings under this clause.

APPENDIX XVIII
MINISTRY OF RAILWAYS
(RAILWAY BOARD)
MEMORANDUM

SUBJECT:—*Para 20 of the Railway Audit Report, 1959 connected with Bhaili-Bhadran and Sojitra-Dholka Projects.*

REFERENCE:—*Recommendation No. 14 contained in App. II of the 21st Report of the Public Accounts Committee (2nd Lok Sabha).*

The Public Accounts Committee made the following comments in their report on para 20 of Railway Audit Report, 1959:—

- “(i) Construction of roads was not a function of the Railway Administration and there was no justification for its retaining possession of the land when the Railway Board had already decided as early as July, 1949, that the construction of the railway line was not to be undertaken.”
- “(ii) The Railway Administration took an unduly long period (four years) in completing the traffic survey which was ordered by the Railway Board in 1954, for which there was no justification. Such lapses on the part of commercial undertakings like Railways are deplorable. The Railway Board should investigate the reasons for the delay in completion of the traffic surveys.”

It was in November, 1948 that the then Prime Minister of Baroda State mooted the proposal for the construction of the two Railway lines Bhaili to Bhadran and Sojitra to Dholka ‘with a view to providing employment as a relief measure to a large number of persons in the State and adjoining areas in search of work on account of distress caused by famine conditions due to the failure of rains that year in Baroda State and adjacent territories.’ The Railway Board conveyed their approval on 10th January, 1949 to the construction of these projects, which were to be carried out by the Gaikwad’s Baroda State Railway at their own cost.

The above was before the Federal Financial Integration, which came in May, 1949 when the G.B.S. Rly. was merged with the

B.B.&C.I. Railway. In the meanwhile, land acquisition and earth work in formation had been started by the GBS Railway and had partly been done, when due to the financial position, the continued expenditure on the same came up for review. In that context the Railway Board made the suggestion on 14th September, 1949, which was accepted by the Minister of State for Railways on 16th September, 1949, that "further earth-work on these projects should be permitted only if it is accepted that roadways with ferries over major rivers-instead of bridges can be substituted for Railways." Though from the records, no indication is available as to whether the consideration urged by the Public Accounts Committee "that the construction of roads was not a function of the Railway Administration" was at all borne in mind, it appears from the context of the case, that the Board had obviously been influenced by the following two factors:—

- (a) The Minister of State for Railways replied on 26th July, 1949 to a certain representation received from the President, Kaira Municipality on the acquisition of lands for these two projects in the following words:—

"I wish to repeat my assurance that this line and the other alternatives will be considered on their merits. The acquisition of land has been permitted to proceed as otherwise there will be loss of public money over lands already acquired and the acquired land may be used for a connecting road if it is decided that the construction of Sojitra-Dholka railway is not necessary in public interest. The road system in Gujarat is so inadequate that no opportunity to strengthen it should be lost."

- "(b) Having regard to the background of the proposal that the project was intended as a famine relief measure and also the fact that the same was started by the Baroda State Government at its own cost, any unilateral decision by the Railway Board to relinquish the land without any regard to the possibility of utilization of the work for other purposes, would have evoked unfavourable reaction from the State Government."

Item (ii)

The Committee have reckoned the period of delay in completing the traffic survey as four years. To be precise, however, the time taken, between 3rd September, 1954 when the Railway Board in-

structed the Railway to submit an estimate to carry out an investigation of traffic prospects of these lines and 25th February, 1958, when the Survey Reports were finally submitted to the Board, is about 3½ years. Of this period of 3½ years, about one year and 2 months were taken up by the Railway Administration in completing the preliminaries such as the preparation of an estimate and obtaining Board's sanction, creation of posts, posting of personnel etc. This was only a procedural delay which was accentuated by lack of availability of officers in the panel so that the formation of a fresh panel had to be awaited.

The actual Surveys were carried out within 10 months of the posting of the officers on 3rd December, 1955. This also included a period of 3 months when the post remained vacant owing to the officer originally posted having proceeded on sick leave. This officer had completed the Survey work of Sojitra-Dholka and another officer had to be posted to undertake the Survey of Bhaili-Bhadran, which the latter completed on 2nd October, 1956.

The final stage of the delay of 1½ years in drawing up the Report for submission to the Board was taken up by the Commercial and Finance Branches in checking up the information collected and assessing the results.

To sum up, the overall delay of 3½ years in completing the traffic survey was due to a combination of delays occasioned, in the words of the Administration, "by the non-availability of selected officers on the panel, the officer entrusted with the survey having fallen ill and the Survey itself being complicated as the Report had to be drawn up by keeping in background the proposal of conversion of the intervening narrow gauge Section and the provision of a 3 rail track for a short length of 5½ miles."

Though in this particular case there were some extenuating circumstances to explain the long time taken in the submission of the Survey Reports, the Board agree with the observations of the Committee on the need for expeditious completion of such works and have, therefore, brought to the notice of all Railway Administrations the observations of the Public Accounts Committee and trust that there will be no occasion for such adverse comments by the Committee in future.

This has been seen by Audit.

APPENDIX XIX
MINISTRY OF RAILWAYS
(RAILWAY BOARD)
MEMORANDUM

SUB: *Central Railway—Non-recovery of siding and demurrage charges (Ex. Nizam State Railway)—para 29 of Railway Audit Report, 1959.*

REF: *Recommendation No. 23 contained in Appendix II of the 21st Report of the Public Accounts Committee (2nd Lok Sabha).*

In order to ensure early recovery of outstanding demurrage charges from the Collieries, the Central Railway had meetings with the Colliery authorities and the recoveries made by them so far are as under:—

Bhadrachallam Colliery Yard Bellampalli Colliery Yard.

The Central Railway have stated that as the Colliery authorities were not agreeable under any circumstances to the payment of demurrage charges where due except at Rs. 2/8/- per wagon per day with a free time of 24 hours, the recalculation of the demurrage charges in respect of the collieries mentioned above was arranged, basing those on the detention statements compiled from the records available with the Railway and Collieries. The amount as found on recalculation is as under:—

Bhadrachalam Colliery Yard.	Rs. 30,805.00	, 14-6-54 to March, 57 (except, April, 55).
Bellampalli Colliery Yard.	Rs. 28,437.50	Jan., 54, Feb., 54 and June, 54 to March, 57.

As a result of negotiation, the collieries have already paid Rs. 23,085 out of the total amount as worked out above.

Regarding the balance amount, as the Colliery authorities have disputed their ability in respect of certain detention in these cases, the position is being further examined by the Railway after which the matter would be negotiated with the Colliery management.

Mention has also been made in the Audit Para regarding computation of demurrage charges relating to periods indicated below:—

- (i) Bhadrachalam Road Colliery Yard. Jan., 53 to 13-6-54 and April, 1955.
- (ii) Bellampalli Road Colliery Yard. Jan., 53 to Dec. 53, March, 54 to May, 54.

The records for these periods are not available either with the Railway or Collieries.

The Railway have stated that the Collieries are agreeable to review the position in respect of these periods only after a final settlement is arrived at in respect of demurrage charges for the periods for which the records are available.

Every endeavour is being made by the Railway to conclude the negotiations with the colliery authorities, but owing to the change of Operative Director, the matter is not moving as fast as was expected. The Railway however, feel that these negotiations should be concluded before the end of June, 1960.

Strutt Pit Colliery Siding.

The Railway is taking action to prefer the bill for Rs. 7,004/- and they anticipate no difficulty in recovery the amount.

New 'B' Power House Siding.

A bill for Rs. 1,464·50 nP. for demurrage charges on wagons placed at this siding from 9-9-1953 to 30-4-1956 was preferred by the Railway on the Colliery authorities in September, 1959. The firm, however, have advised the Railway that payment of Rs. 1,060·50 nP. is being made by them.

Regarding balance amount of Rs. 404 the Collieries have raised certain objections, in regard to the correctness of the calculations as made by the Railway which are being investigated jointly by the representatives of both the Railway and the Collieries and further action will be taken on receipt of the results of the joint investigation.

Regarding recovery of siding charges referred to in the Audit para, it may be mentioned that these have been billed for and collected.

This has been seen by Audit.

APPENDIX XX
MINISTRY OF RAILWAYS
(RAILWAY BOARD)
MEMORANDUM

SUBJECT:—*Central Railway—Loss of Permanent Way Materials—
Para 62 of 15th Report of P.A.C. and paras 65 and 66 of the
21st Report of the P.A.C. (2nd Lok Sabha).*

The conditions in which the work was carried out were abnormal. The work was being carried out on a very busy section of the line, which required to be doubled as soon as possible, in order to cope with the post-partition traffic problems. The time coincided with the height of the operations in Kashmir, and subsequently the reverse flow of traffic for the operations in Hyderabad. A very large labour force was engaged on the execution of this work under traffic, in order to work to a very exacting time schedule and yet permit urgent traffic to be carried over the section. It was necessary to unload wagons of permanent way material required for building the double line alongside the existing track direct on receipt in the majority of the cases. Even train-loads of permanent way material originally despatched for renewals and works on other Divisions were ordered by the Central Railway Head Office to be diverted en-route to the works on this section. Such train-loads of materials often arrived on this section without any forwarding documents, detailing quantities etc., which had been sent to the original destinations. The material could not be left standing in wagons occupying valuable line accommodation and had, therefore, to be unloaded on the new double-line bank without taking delivery of the wagons formally from the Commercial Department. That all this happened is within the personal knowledge of senior officers who had worked as DENs at the time and there is thus reasonable indication that the "losses", based on Transfer Vouchers debited as compared with actual issues were due largely to incorrect book accountal.

In many cases the adjustments to final heads of accounts were carried out, but as the works were rushed to completion on a top priority basis, investigations with regard to the discrepancies and their assessment could not be completed till after the completion of the work when the final discrepancy Rs. 1·12 lakhs in a work of total value Rs. 2·3 crores (which is the subject matter of the Audit para) was assessed. In all the circumstances of the case, the Ministry of

Railways, after further detailed examination, submit that, in their view, adequate action has been taken by the communication of displeasure of the administration to the Inspectors still in service and that the recording thereof in the Confidential Report files is sufficient action at this stage in respect of a work pertaining to 1948—52.

In regard to the 9 changes within 3 years in the post of DEN in charge of a Project (from January 1948 to August 1951), the Ministry of Railways would submit that this was the immediate post-partition and post-independence period, and the readjustments in the officer cadre during this abnormal period, following the departure of several officers from the country, were largely unavoidable.

Remedial procedural instructions for the future having also been issued (copy enclosed), the Ministry of Railways would request that the case may kindly be treated now as closed.

This has been seen by Audit.

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. 59-B(C)-PAC/II/XV/18

New Delhi, dated 24-11-1959

The General Managers,
All Indian Railways and C.L.W.

The Chief Mechanical Engineer,
Integral Coach Factory,
Perambur.

SUBJECT:—*Loss of Permanent Way Materials on the—Central Railway—Para 17 of Audit Report (Railways) 1957.*

The Public Accounts Committee while considering the above cited case, have made the following observations in their 15th Report (2nd Lok Sabha) Vol. I:—

- (i) While the Committee appreciate the difficult conditions under which the work regarding doubling of Delhi-Agra Section of the Central Railway was executed by the Railway Administration, they are disturbed to find that no attempt had been made to provide the necessary accounting personnel for the maintenance of Accounts of permanent way material. The Railway Board should ensure in future that all the different wings of the administrative apparatus are properly manned before undertaking even emergency works.
- (ii) Computation of loss of material in terms of percentages is apt to mislead, inasmuch as it overlooks the magnitude of the loss.
- (iii) It is obvious that no check was exercised by the Divisional Engineer over the consumption of permanent way materials in the course of doubling and re-laying of track on Delhi-Agra Section during 1948-51. In the opinion of the Committee, the Railway Board should pursue this matter seriously.

An extract of paragraphs 55—62 of the Report which gives the background of the case referred to above, is enclosed.

In bringing these observations of the Public Accounts Committee to the notice of all concerned, the Board desire that the Railway Administrations and partly construction and project wings of Railways should ensure that all the different wings of the administrative apparatus are properly manned before undertaking any works, including even emergency works, in future.

The Railway Administrations should also ensure that, in future, in the case of all open line works, the Divisional Engineer and other officials including Accounts officials at the appropriate level should carry out regular checks on the consumption and accountals of materials-at-site, as required under the extant rules. In this connection, attention is also invited to Board's circular No. 59-B(C)-PAC/II/XV/15 dated 10-6-1959. It is specially pointed out that merely circulating instructions is not sufficient and Gazetted officers should ensure that the instructions are regularly and effectively carried out.

These instructions may please be brought to the notice of all concerned for their information and strict compliance.

*Director, Civil Engineering,
Railway Board.*

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	20.	The English Book Stores, 7-L, Connaught Circus, New Delhi.	37.	Amar Kitab Ghar, Diagonal Road, Jamshedpur-1.
2.	Kitabistan, 17-A, Kamla Nehru Road, Allahabad.	21.	Rama Krishna & Sons, 16-B, Connaught Place, New Delhi.	38.	Allied Traders, Motia Park, Bhopal.
3.	British Book Depot 84, Hazratganj, Lucknow.	22.	International Book House Private Ltd., 9, Ash Lane, Bombay-1.	39.	E.M. Gopalkrishna Kona, (Shri Gopal Mahal), North Chitrai Street, Madura.
4.	Imperial Book Depot, 268, Main Street, Poona Camp.	23.	Lakshmi Book Store, 42, M. M. Queensway, New Delhi.	40.	Friends Book House, M.U., Aligarh.
5.	The Popular Book Depot (Regd.), Lamington Road, Bombay-7.	24.	The Kalpana Publishers, Trichinopoly-3.	41.	Modern Book House, 286, Jawahar Ganj, Jabalpur.
6.	H. Venkataramiah & Sons, Vidyanidhi Book Depot, New Statue Circle, Mysore.	25.	S. K. Brothers, 15A/65, WEA, Karol Bagh, New Delhi-5.	42.	M.C. Sarkar & Sons (P) Ltd., 14, Bankim Chatterji Street, Calcutta-12.
7.	International Book House, Main Road, Trivandrum.	26.	The International Book Service, Deccan Gymkhana, Poona-4.	43.	People's Book House, B-2-829/1, Nizam Shahi Road, Hyderabad Dn.
8.	The Presidency Book Supplies, 8-C Pycroft's Road, Triplicane, Madras-5.	27.	Bahri Brothers, 188, Lajpat Rai Market, Delhi-6.	44.	W. Newman & Co. Ltd., 3, Old Court House Street, Calcutta.
9.	Atma Ram & Sons Kashmir Gate, Delhi-6.	28.	City Book-sellers, Sohan-ganj Street, Delhi.	45.	Thacker Spink & Co. (1938) Private Ltd., 3, Esplanade East, Calcutta-1.
10.	Book Centre, Opp. Patna College, Patna.	29.	The National Law House, Near Indore General Library, Indore.	46.	Hindustan Diary Publishers, Market Street, Secunderabad.
11.	J. M. Jaina & Brothers Mori Gate, Delhi-6	30.	Charles Lambert & Co., 101, Mahatma Gandhi Road, Opp. Clock Tower, Fort, Bombay.	47.	Laxami Narain Aggarwal Hospital Road, Agra.
12.	The Cuttack Law Times Office, Cuttack-2.	31.	A.H. Wheeler & Co., (P) Ltd., 15, Elgin Road, Allahabad.	48.	Law Book Co., Sardar Patel Marg, Allahabad
13.	The New Book Depot, Connaught Place, New Delhi.	32.	M.S.R. Murthy & Co., Visakhapatnam.	49.	D.B. Taraporevala & Sons Co. Private Ltd., 210, Dr. Naoroji Road, Bombay-1.
14.	The New Book Depot 79, The Mall, Simla.	33.	The Loyal Book Depot, Chhipi Tank, Meerut.	50.	Chanderkant Chiman Lal Vora, Gandhi Road, Ahmedabad.
15.	The Central News Agency, 23/90, Connaught Circus, New Delhi.	34.	The Good Companion, Baroda.	51.	S. Krishnaswami & Co., P.O. Teppakulam, Tiruchirappalli-1.
16.	Lok Milap, District Court Road, Bhavnagar.	35.	University Publishers, Railway Road, Jullundur City.	52.	Hyderabad Book Depot, Abid Road, (Gun Foundry), Hyderabad.
17.	Reeves & Co. 29, Park Street, Calcutta-16.	36.	Students Stores, Raghunath Bazar, Jammu-Tawi.	53.	(R) M. Gulab Singh & Sons (P) Ltd., Press Area, Mathura Road, New Delhi.

Agency No.	Name and Address of the Agent	Agency No.	Name and Address of the Agent	Agency No.	Name and Address of the Agent
54.	C. V. Venkatachala Iyer, Near Railway Station, Chalakudi (S.I.)	68.	Oxford Book & Stationery Co., Scindia House, Connaught Place, New Delhi.	82.	Firma K.L. Mukhopadhyay, 6/1A, Banchharam Akkur Lane, Calcutta-12.
55.	The Chindambaram Provision Stores, Chindambaram.	69.	Makkala Pustaka Press, Balamandira, Gandhinagar, Bangalore-9.	83.	Freeland Publications (P) Ltd., 11-A/16, Lajpat Nagar, New Delhi-14.
56.	K. M. Agarwal & Sons, Railway Book Stall, Udaipur (Rajasthan).	70.	Gandhi Samriti Trust, Bhavnagar.	84.	Goel Traders, 100-C, New Mandi, Muzaffarnagar (U.P.)
57.	The Swadesamitran Ltd., Mount Road, Madras.	71.	People's Book House, Opp. Jaganmohan Palace, Mysore-1.	85.	Mehra Brothers, 50-G, Kalkaji, New Delhi-19.
58.	The Imperial Publishing Co., 3, Faiz Bazar, Daryaganj, Delhi-6.	72.	'JAGRITI', Bhagalpur-2 (Bihar.)	86.	The Krishna Book Depot, Publishers, Booksellers, Stationers & News Agents, Main Bazar, Pathankot, (E.P.).
59.	The High Commission of India Establishment Department Aldwych, London, W. C. 2.	73.	The New Book Company (P) Ltd., Kitab Mahal, 188-90, Dr. Dadabhai Naoroji Road, Bombay.	87.	Dhanwantra Medical & Law Book House, 1522, Lajpat Rai Market, Delhi-6.
50.	Current Book Stores, Maruti Lane, Raghunath Dadaji Street, Bombay-1	74.	The English Book Depot, 78, Jhoke Road, Ferozepore Cantt.	88.	The United Book Agency, 48, Amrit-Kaur Market, Paharganj, New Delhi.
61.	International Consultants Corporation, 48 C. Marredpally (East) Secunderabad (A.P.)	75.	Minerva Book Shop, 9, Jor Bagh Market, New Delhi-3.	89.	Pervaje's Book House, Book Sellers & News Agents, Koppikar Road, Hubli.
62.	K.G. Aseervandam and Sons, Cloughpet, P.O. Ongole, Guntur Distt. (Andhra.)	76.	People's Publishing House, Rani Jhansi Road, New Delhi-1.	90.	B. S. Jain & Co., 71 Abupura, Muzaffarnagar (U.P.).
63.	The New Order Book Co., Ellis Bridge, Ahmedabad.	77.	Shri N. Chaoba Singh, Newspaper Agent, Ramlal Paul High School Annexe, Imphal, Manipur.	91.	Swadeshi Vastu Bhandar Booksellers, Jamnagar.
64.	The Triveni Publishers, Masulipatnam.	78.	Minerva Book Shop, The Mall, Simla-1.	92.	Bhogilal L. Fanna, Book stall Contractor, Railway Junction, Rajkot.
65.	Deccan Book Stall, Ferguson College Road, Poona-4.	79.	Universal Book Company, 20, Mahatma Gandhi Marg, Allahabad.	93.	Sikh Publishing House (P) Ltd., 7-C, Connaught Place, New Delhi.
66.	Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi-5.	80.	Madhya Pradesh Book Centre, 41, Ahilya Pura, Indore City (M.P.)		
67.	Bookland, 663, Madar Gate, Ajmer (Rajasthan).	81.	Mittal & Co., 85-C, New Mandi, Muzaffarnagar (U.P.)		

