

PUBLIC ACCOUNTS COMMITTEE
1954-55

THIRTEENTH REPORT

[Appropriation Accounts (Posts and Telegraphs) and
(Railways), 1951-52 and 1952-53]

Vol. II—Appendices



LOK SABHA SECRETARIAT
NEW DELHI
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CORRIGENDA

Thirteenth Report of the Public Accounts Committee on the Appropriation Accounts (Posts and Telegraphs) and (Railways), 1951-52 and 1952-53—Vol. II— Appendices

- Page (i)—**Contents**—Appendix IV, line 4: for 'liquidated' read 'liquidate'.
- Page 1—Appendix I, col. 5, line 3: for '—1,53,53,132' read '+1,53,53,132'.
- Page 7—Heading of col. 1: for 'Numbers of Grant or Appropriation' read 'Number and Name of Grant or Appropriation'.
- Page 9 col. 4, line 4: for '4,03,058' read '—4,03,058'.
- Page 14—Appendix III, para 1, line 7: for 'they had since left the Department's.....explanation' read 'they had since left the Department.....'s explanation'.
- Page 17, para 6, sub-para (c), line 2: for '(See Form)' read '(Sec Annexure)'.
- Page 18, line 6: for 'with the due caution' read 'with due caution'.
- Page 20, Annexure, col. 2, item 1(c), line 3: for 'mpregnation' read 'impregnation'.
- Page 27, line 5 from bottom: after (7), for 'Deputy Director-General, Posts and Telegraphs is the Chairman of the Board' read 'Deputy Director-General (Telegraphs, P. & T.). The Director-General, Posts and Telegraphs is the Chairman of the Board.'
- Page 32, para 3: Delete first two lines of the table under this para.
- Page 33, para 5, line 8: for 'Stores and Manufactures' read 'Stores and Manufacture'.
- Page 34, line 6 from bottom: for 'o ce Furniture' read 'Office Furniture'.
- Page 36, line 4 from bottom: for '5 43,94' read '5,43,945'.
- Page 37, para 2, penultimate line: for '177:17' read '177.17'; and in the last line: after 'supplementary' insert 'grant'.
- Page 38, para 1, line 4: for 'Rs.177:70 lakhs' read 'Rs. 177.70 lakhs' and in para 3, line 11: for 'prepared' read 'prepare'.
- Page 43, sub-para (f), line 2: for '105,08' read '105.08'; and in last line: for 'The 13th May, 1555' read 'The 13th May, 1955'.
- Page 60, last line of SUBJECT: for 'Outstading' read 'Outstanding'.
- Page 76, line 9 from bottom: for 'deterimental' read 'detrimental'.
- Page 80—Table I col. I, item (iv), line 3: for 'oos' read 'ooos' and delete footnote marked '* & †'s reference'.
- Page 83, item 5(a), line 3 from bottom: for '6' read '64'.
- Page 84, item 4 (iii), last col.: against 'Mail or Express' insert '24.6'; and against 4(iv): for '9,708' read '978'.
- Page 85—Table II (b), item 4(iv) last col.: for '9,79' read '9.79'.
- Page 86—Table II, item (3), last col.: against 'Goods traffic' delete '1983'.
- Page 99, para 2, line 6 of Extract: for 'P.A.S.' read 'P.A.C.'
- Page 100, line 4: for 'Outstanding' read 'Outstanding'.
- Page 102, line 5: for 'the Otustanding' read 'Outstanding'.
- Page 103, footnote marked*: after '(Vol. I—' insert 'Report)'. •
- Page 104, line 4: for 'raise' read 'rise'.
- Page 108, line 18: for 'less' read 'loss'. •

- Page 115, line 3: for 'forwording' read 'forwarding'; and in line 4: for 'would be seen by the Financial Com-' substitute 'for their observations on the work'.
- Page 117, para 3—Table, item 1, last col.: for '273.2' read '273.25'; and against item 2: for '194.315' read '194.31'.
Table, col. 4, against item No. 8: for '7.64' read '37.64'.
- Page 120, para 3, line 11: for 'item' read 'items'; and line 13: for 'these' read 'those'.
- Page 121, Table, col. I, item (b): for 'Excess over Eatimate' read 'Excess over Estimate'.
- Page 124, Annexure II, Heading: for 'Estim' read 'Estimate'.
- Page 125, Annexure III col. I, (S. No.): insert '5' between '4' and '6'
- Page 127, sub-para (a), line 8: for 'connected, vouchers', read 'connected vouchers'; and in sub-para (b), line 6: for 'Government' read 'Governments'.
- Page 128, Heading: for 'Statemnt' read 'Statement'.
- Page 130, Statement, item (11) last col.: for '1,9,17,989' read '1,49,17,989'.
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APPENDIX I

I. Statement comparing Expenditure with Grants for the year 1951-52

Number and Name of Grant or Appropriation	Original Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure compared with Original Grant or Appropriation More + Less —	Expenditure compared with Final Grant or Appropriation More + Less —
1	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	Rs.
POSTS & TELEGRAPHS DEPARTMENT					
A.—Expenditure met from Revenue—					
5—Indian Posts and Telegraphs Department					
Charged	1,27,37,000	1,31,07,000	1,29,47,911	+ 2,10,911	—1,59,089
Voted	32,85,40,000	34,68,40,000	34,38,93,132	—1,53,53,132	— 29,46,868
B.—Expenditure met from Capital					
93—Capital outlay on Indian P. & T. Department (Outside the Revenue Accounts)					
Voted	5,80,09,000	5,80,09,000	5,52,26,039	—27,82,961	—27,82,961
94—Indian Posts and Telegraphs—					
• Stores suspense (outside the Revenue Accounts) Voted	1,000	1,000	—37,56,239	—37,57,239	—37,57,239
Total Expenditure met from Capital.					
Voted	5,80,10,000	5,80,10,000	5,14,69,800	—65,40,200	—65,40,200
Total Posts and Telegraphs					
	39,92,87,000	41,79,57,000	40,83,10,843	+ 90,23,843	—96,46,157
Total					
} Charged	1,27,37,000	1,31,07,000	1,29,47,911	+ 2,10,911	—1,59,089
} Voted	38,65,50,000	40,48,50,000	39,53,62,932	+ 88,12,932	—94,87,068

	1	2	3	4	5	6
		Rs.	Rs.	Rs.	Rs.	Rs.
RAILWAYS						
A.—Expenditure met from Revenue—						
1—Revenue—Railway Board.						
Voted		30,90,000	30,90,000	30,26,020	—63,980	—63,980
2—Revenue—Audit						
Voted		30,84,000	31,42,000	29,90,734	—93,266	—1,51,266
3—Revenue—						
Miscellaneous Expenditure :						
Charged		—	—	52	+ 52	+ 52
Voted		77,84,000	77,84,000	39,73,575	—38,10,425	—38,10,425
4—Revenue Working Expenses:						
Administration—						
Voted		24,23,71,000	24,95,28,000	24,62,16,472	+ 38,45,472	—33,11,528
5—Revenue—						
Working Expenses—						
Repairs and Maintenance—						
Voted		59,73,49,000	62,57,69,000	62,56,78,658	+ 2,83,29,658	—90,342
6—Revenue—						
Working Expenses Operating staff						
Voted		38,36,16,000	39,81,72,000	38,93,39,318	+ 57,23,318	—88,32,682
7—Revenue—						
Working Expenses—						
Operation (Fuel):						
Voted		30,55,20,000	31,85,08,000	30,99,94,954	+ 44,74,954	—85,13,046
8—Revenue—Working Expenses—						
Operation other than Staff and Fuel						
Voted		12,67,04,000	14,23,15,000	14,40,28,954	+ 1,73,24,954	+ 17,18,954

N

9—Revenue—Miscellaneous Expenses— Voted	17,79,55,000	18,79,09,000	18,91,02,437	+ 1,11,47,437	+ 11,93,437
9A—Revenue Working Expenses—Labour Welfare Voted	3,39,95,000	3,71,84,000	3,60,12,703	+ 20,17,703	—11,71,297
10—Revenue— Payments to Indian States and Companies— Voted	29,98,000	29,98,000	39,37,703	+ 9,39,703	+ 9,39,703
11—Revenue—Working Expenses— Appropriation to Depreciations Reserve Fund—: Voted	30,00,00,000	30,00,00,000	30,00,00,000	..	..
12A—Open Line Works— Revenue—Labour Welfare Voted	2,28,04,000	2,28,04,000	1,41,22,789	—86,81,211	—86,81,211
12B—Open Line Works—Revenue— Other than Labour Welfare— Voted	3,83,31,000	3,83,31,000	2,56,94,744	—1,26,36,256	—1,26,36,256
13—Appropriation to Development Fund— Voted	10,00,00,000	10,00,00,000	10,00,00,000	..	..
14—Appropriation to Revenue Reserve Fund— Voted	11,84,83,000	11,84,83,000	18,34,06,795	+ 6,49,23,795	+ 6,49,23,795
20—Revenue—Dividend payable to General Re- venues— Voted	33,37,51,000	33,37,51,000	33,40,55,834	+ 3,04,834	+ 3,04,834
Total Expenditure met from Revenue	2,79,78,35,000	2,88,97,68,000	2,91,15,81,742	+ 11,37,46,742	+ 2,18,13,742
Total { Charged . . . . .	..	..	.52	+ 52	+ 52
Voted	2,79,78,35,000	2,88,97,68,000	2,91,15,81,690	+ 11,37,46,690	+ 2,18,13,690
B.—Expenditure met from Capital— 15—Construction of New Lines— Voted	2,56,11,000	2,56,11,000	1,87,24,277	—68,86,723	—68,86,723

	1	2	3	4	5	6
		Rs.	Rs.	Rs.	Rs.	Rs.
16—Open Line Works Additions—						
Voted		15,18,76,000	19,40,01,000	20,50,17,104	+ 5,31,41,104	- 1,10,16,104
17—Open Line Works— Replacements—						
Voted		1,86,99,000	1,86,99,000	83,75,743	- 1,03,23,257	- 1,03,23,257
19—Capital outlay on Vizagapatam port—						
Voted		16,30,000	16,30,000	9,05,725	- 7,24,275	- 7,24,275
Total Expenditure met from Capital Voted		19,78,16,000	23,99,41,000	23,30,22,849	+ 3,52,06,849	- 69,18,151
C.—Disbursement under P. Deposits and Advances—						
(i) Railway Revenue Reserve Fund—						
14—A—Withdrawal from Revenue Reserve Fund—						
Voted	- 18,16,807	- 18,16,807	- 18,16,807
(ii) Depreciations Reserve Fund—						
15—Construction of New Lines		5,22,000	5,22,000	79,455	- 4,42,545	- 4,42,545
17—Open Line Works— Replacements—						
Voted		38,37,94,000	41,30,82,000	35,86,28,941	- 2,51,65,059	- 5,44,53,059
Total Expenditure met from Depreciation Reserve Fund—						
Voted		38,43,16,000	41,36,04,000	35,87,08,396	- 2,56,77,604	- 5,48,95,604
(iii) Development Fund—						
18—Open Line Works— Development Fund		8,28,68,000	8,28,68,000	7,70,38,174	- 58,29,826	- 58,29,826
Grand Total Railways		3,46,28,35,000	3,62,61,81,000	3,57,85,34,354	+ 11,56,99,354	- 4,76,46,646
Total						
{ Charged	52	+ 52	+ 52
{ Voted		3,46,28,35,000	3,62,61,81,000	3,57,85,34,202	+ 11,56,99,302	- 4,76,46,698

II. Statement comparing Expenditure with Grants for the year 1952-53

Number and name of Grant or Appropriation	Original Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure compared with Original Grant or Appropriation More + Less —	Expenditure compared with Final Grant or Appropriation More + Less —	
1	2	3	4	5	6	
	Rs.	Rs.	Rs.	Rs.	Rs.	
POSTS & TELEGRAPHS DEPARTMENT						
A—Expenditure met from Revenue—						
6—Indian Posts and Telegraphs Department—						
Charged	1,41,98,000	1,50,58,000	1,52,88,075	+ 10,90,075	+ 2,30,075	
Voted	41,67,24,000	41,67,24,000	41,31,11,410	—36,12,590	—36,12,590	
B—Expenditure met from Capital—						
105—Capital outlay on Indian Posts and Telegraphs Department (outside the Revenue Accounts)						
Voted	8,10,23,000	9,10,23,000	9,72,61,333	+ 1,62,38,333	+ 62,38,333	
Total Posts and Telegraphs	51,19,45,000	52,28,05,000	52,56,60,818	+ 1,37,15,818	+ 28,55,818	
Total	} Charged	1,41,98,000	1,50,58,000	1,52,88,075	+ 10,90,075	+ 2,30,075
	} Voted	49,77,47,000	50,77,47,000	51,03,72,243	+ 1,26,25,743	+ 26,25,743

Details of Recoveries

Number and Name of Grant or Appropriation	Actuals Recoveries
	Rs.
A.—Expenditure met from Revenue	
6—Indian Posts and Telegraphs Department	
Charged	2,08,744
Voted	3,63,06,531
B.—Expenditure met from Capital	
105— Capital outlay on Indian Posts and Telegraphs Department (outside the Revenue Accounts)	
Voted	3,03,57,399
Total { Charged:	2,08,744
{ Voted	6,66,63,930

II. Statement comparing Expenditure with Grants for the year 1952-53—contd.

Numbers of Grant or Appropriation	Original Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure compared with Original Grant or Appropriation More— Less—	Expenditure compared with Final Grant or Appropriation More— Less—
1	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	Rs.
RAILWAYS					
A—Revenue Expenditure met from Consolidated Fund—					
1—Revenue—Railway Board					
Voted	32,97,000	32,97,000	31,81,770	—1,15,230	—1,15,230
2—Revenue—Audit—					
Voted	34,91,000	34,91,000	32,28,532	—2,62,468	—2,62,168
3—Revenue—Miscellaneous Expenditure—					
Charged	52	52	52	—	—
Voted	71,29,000	89,91,000	76,90,441	+ 5,61,441	—13,00,559
4—Revenue—Working Expenses—					
Administration—					
Voted	25,69,45,000	26,22,45,000	26,24,51,262	+ 55,06,262	+ 2,06,262
5—Revenue—Working Expenses—					
Repairs and Maintenance					
Voted	63,56,70,000	65,18,90,000	65,18,61,029	+ 1,61,91,029	—28,971
6—Revenue—Working Expenses Operating staff—					
Voted	41,07,09,000	41,07,09,000	41,17,98,189	+ 10,89,189	+ 10,89,189
7—Revenue—Working Expenses Operation (Fuel)—					
Voted	23,00,01,000	23,64,10,000	23,44,14,328	+ 44,13,328	—19,95,672
8—Revenue—Working Expenses—					
Operation other than Staff and Fuel—					
Voted	14,30,69,000	14,30,69,000	14,27,90,436	—2,78,564	—2,78,564
9—Revenue—Working Expenses—					
Miscellaneous Expenses—					
Voted	18,53,41,000	18,53,41,000	17,43,62,860	—1,09,78,140	—1,09,78,140

	1	2	3	4	5	6
		Rs.	Rs.	Rs.	Rs.	Rs.
9A—Revenue—Working Expenses—Labour Welfare— Voted		3,89,51,000	4,21,24,000	3,95,35,042	5,84,042	—25,88,958
10—Revenue—Payments to Indian States and Com- panies— Voted		37,60,000	37,60,000	39,46,934	—8,13,066	—8,13,066
11—Revenue—Working Expenses— Appropriation to Depreciation Fund— Voted		30,00,00,000	30,00,00,000	30,00,00,000	..	..
12A—Open Line Works— Revenue—Labour Welfare— Voted		1,44,98,000	1,44,98,000	1,18,33,128	—26,64,872	—26,64,872
12B—Open Line Works—Revenue— Other than Labour Welfare Voted		4,12,78,000	4,12,78,000	2,87,15,938	—1,25,62,062	—1,25,62,062
13—Appropriation to Development Fund— Voted		12,00,00,000	12,00,00,000	12,00,00,000	..	..
14—Appropriation to Revenue Reserve Fund— Voted		11,47,07,000	11,47,07,000	1,18,76,617	—10,28,30,383	—10,28,30,383
2C—Revenue—Dividend— Payable to General Revenues Voted		34,00,16,000	34,11,38,000	33,99,47,514	—68,486	—11,90,486
Total Revenue Expenditure met from Consolidated Fund		2,84,88,62,000	2,88,29,48,000	2,74,66,34,072	—10,22,27,928	—13,63,13,928
Total { Charged	52	52	52
{ Voted		2,84,88,62,000	2,88,29,48,000	2,74,66,34,020	—10,22,27,980	—13,63,13,980
B.—Capital expenditure met from Consolidated Fund—						
15—Construction of New Lines— Voted		48,97,000	73,97,000	32,74,869	—16,22,131	—41,22,131
16—Open Line Works— Additions— Voted		13,37,94,000	13,37,94,000	7,13,76,580	—6,24,17,420	—6,24,17,420

17—Open Line Works— Replacements—	Voted	1,65,09,000	1,65,09,000	—28,20,387	—1,93,29,387	—1,93,29,387
19—Capital Outlay on Vizagapatam Port—	Voted	18,05,000	18,05,000	8,57,872	—9,47,128	—9,47,128
Total Capital expenditure met from Consolidated Fund—	Voted	15,70,05,000	15,95,05,000	7,26,88,934	—8,43,16,066	—8,68,16,066
C.—Disbursements under P. Deposits and Advances—						
(i) Railway Revenue Reserve Fund—						
14-A—Withdrawal from Revenue Reserve Fund—	Voted . . . . .	..	..	4,03,058	—4,03,048	—4,03,048
ii) Depreciation Reserve Fund						
15—Construction of New Lines—	Voted . . . . .	..	..	12,451	12,451	+12,451
17—Open Line Works— Replacements—	Voted	49,30,41,000	49,30,41,000	43,76,21,341	—5,54,19,659	—5,54,19,659
Total Expenditure met from Depreciation Reserve Fund	Voted	49,30,41,000	49,30,41,000	43,76,33,792	—5,54,07,208	—5,54,07,208
(iii) Development Fund—						
18—Open Line Works— Development Fund—	Voted	10,71,29,000	10,71,29,000	8,10,57,374	—2,60,71,626	—2,60,71,626
Grand Total Railways—		3,60,60,37,000	3,64,26,23,000	3,33,76,11,124	—26,84,25,876	—30,50,11,876
Total	{ Charged . . . . .	..	..	52	+52	+52
	{ Voted	3,60,60,37,000	3,64,26,23,000	3,33,76,11,072	—26,84,25,928	—30,50,11,928

APPENDIX IA

I

**Statement showing the excesses over Voted Grants*

1951—52 RAILWAYS

Item No.	Name of Grant	Final Grant	Actual Expenditure	Excess
		Rs.	Rs.	Rs.
1	8—Revenue— Working Expenses— Operation other than staff	14,23,15,000	14,40,28,954	17,13,954
2	9—Revenue—Miscellaneous Ex- penses.	18,79,09,000	18,91,02,437	11,93,437
3	10—Revenue—Payment to In- dian States and Companies.	29,98,000	39,37,703	9,39,703
4	14—Appropriation to Revenue Reserve Fund	11,84,83,000	18,34,06,795	6,49,23,795
5	20—Revenue—Dividend pay- able to General Revenues.	33,37,51,000	33,40,55,334	3,08,834
6	16—Open Line Works— Additions	19,40,01,000	20,50,17,104	1,10,16,104

**Statement showing the excess over Charged Appropriation*

1951-52—RAILWAYS

Item No.	Name of Appropriation	Final Appropriation	Actual Expenditure	Excess
		Rs.	Rs.	Rs.
1	3—Revenue— Miscellaneous expenditure		52	52

*There were no excesses over voted grants or charged appropriation in the case of the P. & T. Department during the year 1951-52.

II

Statement showing the excess over Voted Grants

1952-53—POSTS AND TELEGRAPHS DEPARTMENT

Name of Grant	Final Grant	Actual Expenditure	Excess
	Rs.	Rs.	Rs.
B.—Expenditure met from Capital			
105—Capital outlay on Indian P.&T. Deptt (outside the Revenue Accounts).	9,10,23,000	9,72,61,333	62,38,333

II

Statement showing the excess over Charged Appropriations
1952-53—POSTS AND TELEGRAPHS DEPARTMENT

Name of Grant	Final Appropriation	Actual Expenditure	Excess
	Rs.	Rs.	Rs.
A.—Expenditure met from Revenue			
6.—Indian Posts and Telegraphs Department.	1,50,58,000	1,52,88,075	2,30,075

III

Statement showing the excess over Voted Grants
1952-53—RAILWAYS

Item No.	Name of Grant	Final Grant	Actual Expenditure	Excess
		Rs.	Rs.	Rs.
1	4—Revenue— Working Expenses— Administration	26,22,45,000	26,24,51,262	2,06,262
2	6—Revenue— Working Expenses— Operating Staff	41,07,00,000	41,17,08,180	10,50,180

Statement showing the excess over Charged Appropriation

1952-53—RAILWAYS

Item No.	Name of Appropriation	Final Appropriation	Actual Expenditure	Excess
		Rs.	Rs.	Rs.
1	3—Revenue— Miscellaneous Expenditure		52	52

APPENDIX II

MINISTRY OF WORKS, HOUSING & SUPPLY

Note on Para 31 of Audit Report (P. T.), 1954 re: Purchase through Supply Department

Points

Reply

(i) Who is the Officer in the DGS&D responsible for giving wrong information to the Audit that the officials at fault in this case 'had left Government service'? What action has been or is proposed to be taken against him for making this wrong statement of facts ?

It would appear from the notings on the file that there has been some confusion in this matter. The original report (by Shri....., Assistant Director and counter-signed by the Deputy Director Shri..... and Director of Supplies Shri.....) that "this Assistant Director has also since left the Department Sec. S. N. I, is not aware of the whereabouts of the Assistant....." was paraphrased in this succeeding note, by Shri..... Section Officer into "both the dealing Assistant and the dealing officer who are responsible for the misplacement of the relevant extract have since left the Department" and finally was turned by the Director of Administration and Co-ordination..... into "the persons responsible for the loss of the extract viz., Shri....., the Assistant and Shri..... Assistant Director of Supplies have both since left Government service." This appears to be a slip for which the explanation of the officer is being called. Further action will be taken on receipt of his reply. The Ministry very much regret that the error should have been repeated in their report to the audit also. Appropriate instructions are being issued to all concerned to ensure that such reports are carefully checked up and verified before replies are sent to Audit.

(ii) Where is the Assistant Director who dealt or was to deal with this case employed at present ?

The Assistant Director who was to deal with this case was Shri..... He proceeded on leave from 6th June, 1949 and resigned from Government service during leave for domestic reasons. As far as we are aware he is not in Government service. We do not know whether he is employed and if so where.

(iii) When he left the Directorate to whom did the above officer hand over charge ? While handing over charge did he include this outstanding indent for the supply of material to the P&T Department in the list of points handed over by him to his successor ?

Shri..... went on leave suddenly due to his wife's illness with effect from the 6th June in anticipation of Government sanction. He did not therefore hand over charge directly to any other officer. No successor was appointed in June, 1949. The Deputy Director, Shri..... was dealing with the work of this section direct in addition to his normal duties till the new Assistant Director, Shri..... took over at the end of July.

- (iv) When did it come to the notice of the Deputy Director or other higher authorities in the DGS & D that the delay in this case had resulted in extra expenditure to the Exchequer and did he take any immediate action against the officials at fault ?
- On 26-9-1949. No action was taken against any official at that time.
- (v) Was this item included in the outstanding list of indents at any stage, If so what action was taken to speed up its disposal ?
- The weekly control statement of pending indents merely gives the total number in regard to all outstanding indent items without indicating specific details of individual cases.

APPENDIX III

MINISTRY OF WORKS, HOUSING AND SUPPLY

Note in continuation of the one *forwarded with this Ministry's O. M. No. Budget-5(10)/53, dated the 9th February, 1955, as desired in Lok Sabha Secretariat O. M. No. 150(2)-FC/55, dated the 24th February, 1955, on the subject of taking action against officers responsible for giving wrong information to Audit.

SUBJECT:—Public Accounts Committee—Consideration of para. 31 of the Audit Report (Posts and Telegraphs), 1954.

As stated in the reply to point (i) of the questions raised by the Public Accounts Committee it appeared that the then Director of Administration and Co-ordination in the Directorate General of Supplies and Disposals had mentioned in the note to Audit that both the Assistant and the Assistant Director had 'since left *Government service*' although in the previous notes on the file it had been said that they had 'since left the Department's.....explanation was called and has since been received and considered.

2. The position is that as Director of Administration and Co-ordination in the Directorate General of Supplies and Disposals, had full time work and it was not his normal duty to deal with Audit objections relating to the various Directorates of Supply. As, however, there were complaints that Audit objections were not being properly and expeditiously dealt with, Shri....., the then Secretary of the Ministry, desired that one officer should be made responsible in each office to watch and expedite the disposal of outstanding objections and for the Directorate General of Supplies and Disposals was so nominated by the then Director General by office order dated the 30th September, 1952. This order made it clear that it was the responsibility of the Directorates of Supply to furnish correct facts and the Director of Administration and Co-ordination was only required to see that there was no delay and that cases were put up properly with all relevant material. For dealing with this work of Audit objections was utilising the services of Shri....., the then Section Officer of Litigation Section.

3. From the noting in the file it appears that the Assistant dealing with Audit objections put up a draft to Audit to Shri....., Section Officer who put up a typed note dated 20th April, 1953, to the Director (Administration and Co-ordination), the relevant portions of which are quoted below:—

“Both the dealing Assistant and the dealing officer, who were responsible for the misplacement of the relevant extract have since *left the Department* and it is not possible for us to initiate any action against them at this stage.

*See Appendix II

A detailed draft U.O. note is placed below for Director (A & C)'s signature. We have tried to persuade the Audit to withdraw the audit para. or, in any case, to considerably modify it, so as to represent the executive's point of view."

Shri..... Director (A & C) wanted Shri....., Section Officer to discuss the case with him and the subsequent noting is as follows:—

"Director (A & C) desired to see the Metal Market Review rates of 'Zinc' immediately prior to and after devaluation. The following issues of the periodical are placed below for his perusal:

		Rate (Bombay)
Before devaluation	(a) period ending 1-9-1949	Rs. 55 per cwt.
	(b) " " 16-9-1949	Rs. 56 "
After devaluation	(c) " " 1-10-1949	Rs. 63 "
	(d) " " 16-10-1949	Rs. 72 "

Director (A & C)

Sd.
12.5
Sd.
12-5-53 "

4. The original draft which had been put up by the Assistant to Shri....., Section Officer is not available on the file nor is it clear whether Shri..... had passed on the same draft to the Director (A & C) or whether he had revised the draft and put up a new draft altogether. On the file we have only got a carbon copy of the note sent to Audit. Shri....., Director (A & C) has drawn attention to the fact that the noting as quoted above clearly indicates that he had merely made some amendments relating to the price of the Zinc during the period in question and had not dictated the note to Audit himself. He could have had no reason to suspect the incorrectness of the statement in the draft relating to the Assistant Director and the Assistant leaving Government service and that therefore that sentence must have been in the draft as put up to him.

5. The position now is that the statement in the note of Shri...., Assistant Director, to the effect that "the Assistant Director had also since left the Department—Section SNI is not aware of the whereabouts of the Assistant Shri...." cannot be said to be incorrect. Shri....., Section Officer in his note had also said that both the dealing Assistant and the dealing Officer concerned had 'since left the Department' which is also not incorrect. It also appears unlikely that Shri....., Director (A & C) should, on his own, have amended this portion of the draft. The position can be clarified only by a reference to the original draft put up to Shri....., Director (A & C) which unfortunately is not forthcoming. However, a report is being called for from Shri....., Section Officer who is at present in the India Supply Mission, Washington. This note is not being delayed on that account as the Public Accounts Committee are pressing for it.

APPENDIX IV

No. B. 27-2/55

GOVERNMENT OF INDIA

MINISTRY OF COMMUNICATIONS

(POSTS AND TELEGRAPHS)

Dated at New Delhi, the 15th April, 1955.

SUBJECT:—*Para 26(a) of P. & T. Audit Report 1954—Unusual methods adopted by the Executive to liquidate saving under Capital.*

In para 26 of the Audit Report, 1954, A.G.P. & T. had pointed out that stores of the value of over Rs. 13 lakhs had been accounted for as issued to the Engineering Divisions although the same remained in the Store Depots without issue for quite sometime thereafter.

2. In reply to this para, which was shown to the Directorate at the draft stage, it was pointed out by the Department that there were several difficulties in getting stores physically despatched from the Store Depots, before 31st March of a year, such as delays in arranging for transport by railways, leading to a time-lag throughout the year between the preparation of the issue vouchers and the physical issue and despatch of stores. The actual time lag, it was stated, was of the order of about 4 weeks and efforts were being made to reduce this time lag to the minimum possible. It was further pointed out to the A.G. that no issue vouchers were being made out in the last days of March with the deliberate intention of avoiding lapses of funds or reducing the balances of stores in stock.

3. The A.G., however, did not accept this explanation and in support of his comment furnished a copy of the telephone message dated 30th March 1951, sent out by an Officer of the Directorate to an Officer in a Circle Office, in which the former was stated to have advised the latter to issue telegraphic indents for cables and cable wires for works relating to the approved programme of 1951-52 and get the items issued and debited to the accounts of 1950-51. A copy of the D.O. dated 5th April 1951 from the Officer of the Circle Office to the Officer in the D.G.P. & T.'s Office stating that he had at his end—in compliance with those telephonic instructions—issued instructions to D.Es.T. to do the needful and cause stores to be technically issued before 30th March 1951 was also furnished by the A.G.P. & T.

4. In view of the above, enquiries were instituted and the Officer in the Directorate who had given these telephonic instructions was asked to give his explanation. So far as he could remember at this distant date, the officer has stated that his instructions were to the effect that indents for 1950-51 should be complied with and those for 1951-52 released as early as possible in April, 1951. It thus appears that there had unfortunately been some misunderstanding of the telephonic talk and an error had crept in the exact meaning of the orders conveyed. By the time, this irregular procedure came to the notice of this office, it was too late to make any corrections.

The case, therefore, falls into two portions:—

- (i) Relating to the usual delay in the physical despatch of stores actually shown as issued from a Store Depot during all these years;
- (ii) The specific instance in 1950-51 wherein action was taken by the Circles (not conforming to the rules for submission of indents etc.) to show stores as technically issued as a result of the above misunderstanding.

5. The Department are taking measures to ensure that the position in respect of (i) above improves substantially and are devising ways and means in consultation with all concerned to remove this transport and other bottlenecks. Instructions to stop the practice of preparing Stores vouchers much in advance of actual despatch of Stores were issued in December, 1951 under Memorandum No. NA. 23-50/50 dated 7th December, 1951; but to ensure strict enforcement, supplementary instructions have now been issued again under D. O. No. TP. 6-2/55 dated 15th February, 1955 to the Chief Controller of Telegraph Stores, Calcutta.

6. The following are the answers to the specific questions put by the P.A.C.:—

(a) The Officer who issued the telephonic instructions in the Directorate was Shri....., Assistant Chief Engineer (Projects).

(b) As explained earlier in this note, the telephonic orders were misunderstood leading to this unfortunate irregularity. Thus, there was no necessity then for taking the prior approval of any competent authority. It is, however, realised that the officer should (i) have recorded his orders in writing and confirmed the same and (ii) at any rate on receipt of the D. O. letter from the Circle Officer, the error should have been noticed and then the case put up to the higher authorities for their information and orders. For not doing so, he is being given a warning.

(c) Suitable instructions were issued to all concerned, and supplementary instructions have now been issued (*See Form*) to ensure that this kind of irregularity does not occur in future. Steps have also been taken to ensure that the issue of stores in March is confined to what can reasonably be expected to be despatched before the end of that month.

7. This has been seen by the Accountant-General, P. & T. Simla.

B. N. JHA,
Secretary to the Government of India.

ANNEXURE

Copy of P. & T. Department Office Order No. 14 dated the 12th
April, 1954

An instance has recently been brought to notice in which a Sectional Officer of the Directorate issued certain telephonic instructions to an officer in a Circle Office but failed to confirm the same in writing. The omission left room for misunderstanding particularly as they related to a matter on which the officer concerned in the

Directorate was not competent to take a final decision or issue final orders. The result was that the instructions led to serious irregularities which were commented upon adversely in the Audit Report and formed the subject of criticism by the Public Accounts Committee later on. It is, therefore, hereby ordered that Sectional Officers of the Directorate should act with the due caution and ensure that telephone instructions, where these are necessary, are followed immediately by written confirmation and that written orders of the competent higher authority are invariably obtained in all cases where instructions which are not in conformity with the existing rules are issued to Circles.

APPENDIX V

GOVERNMENT OF INDIA

MINISTRY OF COMMUNICATIONS

(P. & T. DIRECTORATE)

Memorandum No. NA. 4-10/53

New Delhi, the 7th January, 1955

SUBJECT:—Public Accounts Committee—Consideration of Appropriation Accounts P. & T. 1949-50 and Audit Report thereon—Purchase of Underground Cables. (Item No. 1 of the *Statement of Outstanding Recommendations).

In para 32 of the Fifth Report of the Public Accounts Committee on the Appropriation Accounts P. & T. 1949-50 read with item 137 of the statement showing action taken or proposed to be taken on the recommendations of the Public Accounts Committee received under Parliament Secretariat Office Memorandum No. 46(8)-FC/53 dated 3rd November, 1953, the Public Accounts Committee have desired that a report should be furnished to them showing the findings of the Japanese Cable Investigation Committee, the action taken by the Government thereon and the steps taken by the Department to safeguard against losses due to shorter life of the cables.

The required information is furnished in the annexure. Copies of the Committee's report which has been accepted by the Government have already been placed in the Library of the Public Accounts Committee.

B. N. JHA,

Secretary to the Government of India.

7-1-55

ANNEXURE

Findings of the Japanese Cable Investigation Committee	Recommendations of the Japanese Cable Investigation Committee	Reference to para of the Report of the Japanese Cable Investigation Committee	Action taken on the recommendations of the Japanese Cable Investigation Committee
(1)	(2)	(3)	(4)
<p>The Committee came to the conclusion that the life expectancy of the cables will be reduced by about five years or so on the assumption that the average life expectancy of a cable is 40 years. At the time the order was placed, the life expectancy of a cable was taken as 36 years. Thus the life expectancy of the Japanese Cables as estimated by the Committee corresponds more or less with the life expectancy of the cables at the time of placing the order.</p> <p>The Committee have also made a number of recommendations which are indicated in column 2 and these have been accepted by Government and are being implemented as indicated in column 4.</p>	<p>1. (a) Some of the electrical tests prescribed should be more specific;</p> <p>(b) Alternative preservatives for outer jute servings to pentachlorophenol should be indicated;</p> <p>(c) The softening point of bituminous compound for proper impregnation of jute servings should be determined after actual laboratory tests.</p> <p>2. Specification H 28-B was not enough for purchase to be thrown open to the world market.</p> <p>3. Complete record should be maintained of particulars of Japanese Cables laid during the year 1950-53.</p>	<p>Para 75</p> <p>Para 81</p> <p>Para 86</p>	<p>1 & 2. The question of revision of the specification S/Wt/101/C in accordance with the recommendations in para 75 of the report is being examined. While revising the specification, observations of the Committee pertaining to electrical tests, use of preservatives other than pentachlorophenol and determination of softening point of bituminous compound are being examined in consultation with :—</p> <ol style="list-style-type: none"> 1. National Physical Laboratory. 2. Government Test House, Alipore. 3. National Chemical Laboratory, Poona. 4. Jute Research Institute, Calcutta. 5. Indian Standards Institution, Delhi. 6. Director General, Supplies & Disposals. <p>Hindustan Cables have just commenced manufacture of cables to conform to the above specifications. Advantage of the experience of the factory and any difficulties encountered by them in actual manufacture of the cables will be taken in revising the specifications.</p> <p>3. Instructions have been issued to all concerned for maintenance of proper records of the Japanese Cables laid in the ground.</p>

- | | | |
|---|----------------|--|
| <p>4. Japanese Cables should not be disturbed so far as possible and whenever such cables are dug up, they should invariably be given a protective coat of bituminous compound before reinstatement and a record of such treatment maintained.</p> | <p>Para 87</p> | <p>4. Instructions have been issued to Heads of Circles that the Japanese Cables once laid under ground should not normally be disturbed, and that should it be necessary to recover any cable in whole or part at any time, a coat of bituminous compound should be given before reinstatement. They have also been instructed that record of defects should be properly maintained.</p> |
| <p>5. The existing arrangement of storing cables in the open in the various storeyards is unsatisfactory and should be improved.</p> | <p>Para 88</p> | <p>5. Major quantities of cables required by the department will henceforth be consigned directly from Rupnarainpur, where Hindustan Cable factory is located. The question of providing covered accommodation within the factory premises has also been taken up with Hindustan Cables Ltd. The question of providing covered accommodation for storage of underground Cables, in the Stores Depots, to protect them from direct exposure to sun and rain is also being examined.</p> |
| <p>6. The question of laying unarmoured cables in ducts as against armoured Cables directly in the ground needs to be carefully examined.</p> | <p>Para 90</p> | <p>6. It has been decided to lay unarmoured Cables in ducts in Jabalpur as an experimental measure for field trial.</p> |
| <p>7. Messrs. Furukawas Electric Co. Ltd. have given the assurance regarding satisfactory working of their cables during the period of their normal life and have undertaken to take the necessary remedial measures at their cost including replacement, if necessary, should these cables develop any defects which can be traceable to the deterioration of the top protective hessian covering and consequential damages during their normal life. This assurance</p> | <p>Para 52</p> | <p>7. This is under examination with the Ministry of Works, Housing and Supply.</p> |

(1)

(2)

(3)

(4)

does not, however, imply admission of any legal responsibility on the part of the Company; the assurance has been given as a measure of good-will and because of the Company's firm conviction that the cables will give satisfactory service for their normal life and with the faith that the Government of India will continue to give the same consideration to the Company's offers as in the past.

APPENDIX VI

No. M. 3-9/52

MINISTRY OF COMMUNICATIONS

(POSTS AND TELEGRAPHS DEPARTMENT)

New Delhi-2, the 20th January, 1955

SUBJECT:—*Provision of a separate Press for the P. & T. Department for Printing its forms. (Item No. 12 of the "Statement of Outstanding Recommendations).*

In para. 70 of the First Report of 1951-52 the Public Accounts Committee recommended that in view of the grave shortage of postal forms, the P. & T. Department should either be provided with a separate press or that the control over the existing presses should be vested in that Department. This recommendation was reiterated in paragraph 37 of the Public Accounts Committee's fifth Report of 1952-53 and in para. 54 of their tenth Report of 1953-54, the Committee desired to be informed of the decision taken to improve the supply of forms.

2. Government had appointed an Expert Committee to examine the whole question of printing and this Expert Committee recommended that no separate press should be established by any Ministry on its own. But other recommendations made by the Expert Committee for the re-organisation and expansion of the Government of India Presses with a view to increasing their output and efficiency are being implemented. In the Aligarh Press 3 new Rotary machines have been installed. In addition to the main shift a partial second shift has also been introduced. This has raised the capacity of the press from about 9 crore impressions to nearly 13 crore impressions per annum. In the Calcutta press, in place of the partial double shift, a full double shift has been introduced and sanction for a 3rd shift has been issued recently. To reduce the work load on the Government Presses all the forms have been classified into 'ESSENTIAL' and 'NON-ESSENTIAL' and the latter category is now printed exclusively by Heads of Circles locally.

3. As the result of the Inter-Ministerial discussions the following further steps have been taken:—

- (1) Heads of Circles have been permitted to print forms locally whenever they are in short supply of forms of 'ESSENTIAL' category.
- (2) They have been provided with a reserve stock of paper for printing forms locally.
- (3) The conditions about accepting the lowest tender have been liberalised with a view to cutting down delays.

*See Appendix I (Vol. I—Report).

- (4) The work of distribution of forms both at Aligarh and Calcutta will be taken over by the P. & T. Department shortly with a view to having a direct and more effective control on the supplies.
 - (5) The question of providing a small 'JOB PRESS' to each Head of the Circle to facilitate printing of small items like, Due Mail and Sorting Lists, Circulars, Notices etc., is under examination.
 - (6) The Controller of Printing is also contemplating the appointment of a Liaison Officer to co-ordinate the work between his Department and the Posts and Telegraphs.
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APPENDIX VII

No. B. 27-23/53-Part I

GOVERNMENT OF INDIA

MINISTRY OF FINANCE (COMMUNICATIONS)

New Delhi, the 15th June, 1954

MEMORANDUM

SUBJECT:—Public Accounts Committee—Consideration of the Appropriation Accounts (P. & T.) 1950-51 and Audit Report thereon.

The Parliament Secretariat in their O. M. No. 57(7)-II-F.C./53 dated 11th November, 1953 desired the Ministry of Finance (Communications Division) to furnish to the Public Accounts Committee, information on certain points arising from para. 10 of the aforementioned accounts relating to 'Government Telephones Board Limited'. A Memorandum (marked Appendix A) containing the requisite information, is enclosed for submission to the Chairman and Members of the Public Accounts Committee.

2. The Memorandum has been shown to the Accountant-General, Posts and Telegraphs.

3. For facility of reference, a copy of a Memorandum regarding taking over the assets of the Bombay, Bengal and Madras Telephone companies to the Public Accounts Committee on the Accounts of 1944-45 is also enclosed as Appendix B. (It is printed as Appendix XXV to the Report of the P.A.C. on the Accounts of 1944-45).

**Appendix 'A' to Ministry of Finance (Communications) Office
Memorandum No. B.27-23/53-Part I, dated 15th June, 1954**

*Memorandum containing information relating to Government
Telephones Board, Limited.*

SUBJECT:—Government Telephones Board, Limited.

Before dealing with the questions stated in the Parliament Secretariat's Office Memorandum No. 57(7)-II-F.C/53 dated the 11th November, 1953, it is desired to indicate the background in which the Government Telephones Board was started and the valuations were made.

Issue of Original License.

2. In exercise of the powers conferred by Section 4 of the Indian Telegraph Act, 1835, the Governor-General of India in Council granted license to establish and maintain Telephones, Telephone Exchanges and open Telephones Offices for a term of 60 years from the 1st April, 1903, to the Telephone Companies at Bombay, Madras and Calcutta. It was also provided in the terms of the license that:—

Main Terms.

(a) The Governor-General in Council may, by not less than twelve months' previous notice in writing, terminating on the:—

- 31st day of March, 1923
- 31st day of March, 1928
- 31st day of March, 1933
- 31st day of March, 1943
- or the 31st day of March, 1953

signify to the Licensees his intention to purchase the undertaking in respect of which the license was granted.

(b) If any such notice was given, the Licensees should sell and convey to the Government the said undertaking, including all immovable property and all rights in, over or in respect of the same, and all plant, material, apparatus and appliances suitable to and used by them for the purposes of the said undertaking.

(c) The price to be paid by the Governor-General in Council to the Licensees for such purchase should be as follows:—

If the right of purchase be exercised at the end of the 40th year from the 1st day of April, 1903, or at the end of any subsequent

period of ten years during the continuance of the license, the price to be paid should be the then value of all lands, buildings, works, materials and plant of the Licensees suitable to and used by the Licensees for the purpose of the undertaking provided that the value of such lands, buildings, works, materials and plant should be deemed to be their fair marked value at the time of purchase, due regard being had to the nature and condition for the time being of such lands, buildings, works, materials and plant and to the state of repair thereof, and to the circumstance that they were in such a position as to be ready for immediate working, and to the suitability of the same for the purpose of the undertaking, but without any addition in respect of compulsory purchase or of goodwill or of any profits which might be or might have been made from the undertaking, or of any similar considerations. The price should be determined by two arbitrators—one to be appointed by the Governor-General in Council and one by the Licensees, and in case of a difference of opinion by an umpire, to be appointed by the arbitrators before they entered on the business of the reference.

Formation of Government Telephones Board.

3. From the above it would be observed that the Government of India were entitled to acquire these telephone Companies in 1943. On account of the War, the Government of India desired to ensure that the maintenance and development of these telephone systems in the most important cities of India were not neglected by the Companies due to their limited tenure and as such they tried to negotiate with the Companies with a view to acquiring the systems as early as possible. These negotiations were started in 1939. The legal opinion was however, against the direct acquisition of these systems by the Government of India before the date in 1943 on which Government were entitled to acquire them under the terms of the license. It was, therefore, decided that the Government of India should assume indirect control over the systems by the expedient of acquiring the entire share capitals of these Telephone Companies. The Solicitor to the Government of India advised that this could be done under Section 153 (b) of the Indian Companies Act through the agency of a private limited company floated by the Government. Accordingly, the Government of India promoted a company known as the Government Telephones Board in which the entire share capital was held by the Government of India with the exception of seven nominal shares of the value of Rs. 10 each which were given to certain highly placed officers in their official capacity, to conform to the provisions of the Indian Companies Act regarding the number of share holders necessary for an undertaking run as a private limited company. The officers holding these nominal shares are (1) Secretary, Ministry of Communications, (2) Director-General, Posts and Telegraphs, (3) Solicitor to the Government of India, Ministry of Law, (4) Chief Engineer, Posts and Telegraphs, (5) Joint Secretary, Ministry of Finance (Communications Division), (6) Senior Deputy Director-General and (7) Deputy Director-General, Posts and Telegraphs is the Chairman of the Board. The authorised share capital of the Company was put at Rs. 10 crores but the actual subscribed capital was Rs. 4.75 crores on the basis of the estimated cost of acquisition of the share capitals of all the three companies.

Valuation of Shares.

4. The purchase of the shares of the three telephone companies was made after a valuation of the assets of the three companies. To the total market value of the fixed assets as calculated was added the value of the liquid assets i.e. cash, bank balances and securities. An adjustment was made on account of the liabilities which Government would be taking over. As the Government were entitled to acquire the telephone systems only in 1943, it was decided to compensate the Telephone Companies for earlier purchase by paying them the estimated net profits which they would have earned between the date of purchase of the shares and the date in 1943 when Government could acquire the systems under the license. As the Companies were entitled to receive the purchase price only in 1943, but as the payment for shares was being made in 1941, the total value of the assets was discounted at 3-1/3 per cent. on the basis of payment two years in advance of the due date. The total amount thus arrived at was divided by the number of shares to give the value per share.

5. The payment made for the Bombay Telephone Company's share took into account the liability of Rs. 75 lakhs to the debenture holders, and the amount was deducted from the total amount payable to the share holders at the time of payment. It is, therefore, necessary for the Government of India after the acquisition of the shares of the companies to pay a further sum of Rs. 75 lakhs to the debenture holders of the Bombay Telephone Company in discharge of this liability.

6. As stated above, the acquisition of the Telephone Companies systems was made in 1941 from which date the Government of India became responsible for financing the further capital outlay to be incurred on these systems. That accounts for the further payment of Rs. 40 lakhs and odd in instalments to the Bombay Telephone Company to meet their current liabilities. These liabilities related mostly to capital expenditure after the acquisition and purchase of shares and also on account of certain liabilities for income-tax, super-tax, etc. which had been taken into account in the valuation of the shares as a deduction from the purchase price.

7. In the case of the Madras Telephone Company Government could not acquire the entire share capital and it was necessary for Government to have a fresh valuation, at the time of direct purchase in 1943, by two officers, one appointed by the Company and the other appointed by Government. An interim payment of Rs. 33 lakhs was made in connection with the purchase of the assets of this company, out of which about Rs. 27 lakhs came back as a return to Government on the shares which Government Telephones Board were holding.

8. There were certain other payments made to the Telephone Companies on account of current liabilities which Government had taken over and deducted from the purchase price paid for their shares, for example, the two payments of Rs. 1.5 lakhs and Rs. 45,000/- to the Bengal Telephone Corporation on account of certain current liabilities.

9. Current assets of the Telephone Companies like cash, bank balances and securities were also taken over by Government. The realisations from the sale proceeds of these securities were credited to Government. Similarly realisations on account of stores supplied by the Companies and dues from subscribers were also credited to Government. These account for the credits of 4.77 lakhs, 45.89 lakhs and 3.64 lakhs to Government in respect of the Bengal Telephone Corporation Limited. The liquid assets in the case of the other telephone companies were not substantial as their reserves were invested in the capital assets of these companies. In the case of the Bengal Telephone Corporation, the liquid assets were large because the company were trying to create a reserve for the conversion of their manual systems into an automatic system.

Replies to Specific Questions.

10. Replies to the questions asked in the Parliament Secretariat Office Memorandum No. 57(7)-II-FC/53, dated 11th November, 1953 will be found in the Annexure of this Memorandum.

ANNEXURE

Question I.—Were the shares of the Bombay Telephone Company and other Companies at Calcutta and Madras purchased at par or at market rates? Was any premium paid in respect of the shares of each of the three Companies?

Answer I.—In accordance with the terms of the License, the purchase price to be paid by the Governor-General-in-Council to the Licensees was to be related also to the fair market value of all the assets of the Company at the time of purchase. Accordingly, the purchase was made after a valuation of the assets of the three Companies. To the total market value of the fixed assets as calculated was added the value of the liquid assets i.e. cash, bank balances and securities. An adjustment was made on account of liabilities which the Government would be taking over. To the amount thus calculated was added the estimated profits of the Companies upto 1943 and the entire amount was then discounted at 3-1/3% as payment was being made two years in advance of the due date. This net amount was divided by the number of shares to arrive at the value of each share to be paid and the values thus paid are indicated below:—

Rs. 15/8/- For each ordinary share of Rs. 10/- of the Madras Telephone Company.

Rs. 12/4/- For each preference share of Rs. 10/- of the Bengal Telephone Corporation Limited.

Rs. 19/7/- For each ordinary share of Rs. 10/- of the Bengal Telephone Corporation Limited.

Rs. 89/15/- For each ordinary share of Rs. 50/- of the Bombay Telephone Company.

It may also be mentioned in this connection that in respect of the shares which could not be purchased in 1941 but were purchased later i.e. after distribution of dividends, necessary deductions were made from the purchase price shown above.

From what has been stated above it will be observed that no premium as such was paid in respect of the shares of the three Companies, as the amount that was actually paid was the fair market value of the assets of the Companies, existing at the time of purchase.

Question II.—Does the payment made to the Bombay Telephone Company to meet their current liabilities represent an advance to be adjusted at the time of final settlement?

Answer II.—The acquisition of the Telephone Companies systems was made in 1941 from which date the Government of India became responsible for financing further capital outlay to be incurred on these systems. This accounts for the further payment of Rs. 40·80 lakhs (in instalments) to the Bombay Telephone Company after it was taken over by the Government Telephones Board to meet their current liabilities. These payments were viewed as advances to be adjusted later against the final price of the assets transferred to Posts and Telegraphs.

Question III.—What is the justification for making payments in respect of each of the items referred to under note (ix) of para 10 when the payment for the assets taken over from the three telephone companies had been made to them?

Answer III. (a).—Rs. 475 lakhs comprise the following payments which were required to be made to the 3 Telephone Companies for the purchase of shares:—

Bombay Company.	. . . . .	Rs. 2,16,12,971/-
Bengal Company.	. . . . .	Rs. 2,11,99,753 .
Madras Company.	. . . . .	Rs. 46,50,000/-
		Rs. 4,74,62,724/-

(b) The acquisition of the Telephone Company's systems was made in 1941 from which date the Government of India became responsible for financing further capital outlay to be incurred on these systems. This accounts for the further payment of Rs. 40·80 lakhs to the Bombay Telephone Company to meet their current liabilities.

(c) As already stated above, the liability of Rs. 75 lakhs for payment on redemption of debentures stock of the Bombay Telephone Company was taken into account in fixing the purchase price of shares. That is to say, this amount was deducted from the total amount payable to the Company at the time of payment and had therefore, to be paid to the debenture holders at the time of redemption.

(d) The payment of Rs. 33 lakhs to the Madras Telephone Company was the result of a fresh valuation that had to be undertaken as the Government could not acquire the entire share capital of that company on the then existing terms.

(e) The two amounts of Rs. 1·5 lakhs and Rs. 45,000/- were paid to the Bengal Telephone Corporation to enable them to meet certain current liabilities which the Government had taken over and deducted from the calculated purchase price.

Question IV.—What were the terms of the license granted to these three Companies; when was it to be terminated and how Government were to acquire the assets of these Companies? .

Answer IV.—The main terms of the license have been mentioned in para 2 of the Memorandum.

**Appendix B to Ministry of Finance (Communications) Office
Memorandum No. B-27-2353—Part I, dated 15th June, 1954**

Memorandum regarding taking over of the assets of the Bombay, Bengal and Madras Telephone companies to the Public Accounts Committee on the accounts of 1944-45.

The Bengal Telephone Corporation Ltd., the Bombay Telephone Company Ltd., and the Madras Telephone Company Ltd., worked telephone system in certain towns in India under licenses granted by Government. Under the terms of these licenses Government had the option of acquiring the assets of these companies in 1943. These companies represented that although under the terms of the agreement Government were not bound to disclose their intention earlier than 1942 regarding the continuance of these licenses, it would be of considerable advantage to all concerned if they were not left in complete doubt as to the future intentions of Government. In uncertain circumstances the companies did not feel justified in incurring capital expenditure on extensions and improvements the benefits of which would accrue to the owners of the systems after 1943. It was, therefore, in the interests of every one concerned that the normal development of these undertakings continued regardless of any change in ownership.

2. The Government of India, therefore, with the approval of the Standing Finance Committee decided to purchase the systems by negotiation in 1941. In order to avoid certain legal and other complications the expedient of purchasing the shares of these Companies through a Company was adopted for the purpose. A company known as the Government Telephones Board Ltd., was formed in November, 1940 of which the shares are held by the Governor General in Council and certain Government officers in their Public capacity. (A reference is invited to para 9 of Director-General's Financial Review 1944-45 in P. & T. Appropriation Accounts, 1944-45).

3. The following advances were made by Government to the Board for the purpose:—

	Rs.
3. The following advances were made by Government to the Board for the purpose:—	
1940-41 Purchase price of shares discounted at 3½% and average estimated profits of the Companies upto 1943	4,75,00,000
1942-43 Payment to the Bombay Telephone Company as part payment for the value of assets taken over on 1-4-1941	20,00,000
1943-44 Payment to the Bombay Telephone Company to meet their current liabilities and for redemption of their Debenture Stock	95,80,000
Payment to the Madras Telephone Company as interim award to be adjusted against the purchase price of assets	33,00,000
Payment to the Calcutta Telephone Corporation to meet their current liabilities	1,50,000
TOTAL	6,25,30,000

The payments were debited to Capital.

4. The assets were acquired by Government on 1st April, 1943, in the case of Bombay, Calcutta and Madras Telephone System, and on 1st September, 1943 in the case of Karachi and Ahmedabad Systems. But the value of assets had not so long been incorporated in the Block accounts of the different categories of the assets of the Department as the proper value at which such assets should be included in the Block Accounts were under discussion with the Management of the acquired systems and the Audit Authorities. It has now been decided with the concurrence of the Auditor General of India that the assets should be included in the Block Capital Account at their depreciated value as on the dates of acquisition. The total amount at which the assets will be so brought on the Block accounts comes to Rs. 5,30,53,976 excluding Rs. 13,62,730 on account of interest on capital outlay during the period of construction, as detailed in the statements attached.

5. In the departmental accounts the values will appear under the different categories of assets as follows:—

Lands and Buildings	46,01,815
Lines and Wires	2,68,85,314
Apparatus and Plant	1,50,20,780
Furniture and fittings	4,64,308
Loose Tools and Plant	4,36,258
Stores and Manufactures Suspense	56,45,501

Contd.....

The above classification has been adopted on the basis of the allocation rules in force in Telephone Companies. ...

Necessary adjustments to bring the assets on the Block Account will be carried out by the Accountant-General, Posts and Telegraphs, in the Finance and Revenue Accounts for 1945-46.

6. After adjustment of Rs. 5,30,53,976 in the Capital Account there will remain a balance of Rs. 94,76,024 out of the total payments of Rs. 6,25,30,000 made to the Board. This includes Rs. 13,62,730 on account of interest paid to the Telephone on capital outlay during the period of construction and average estimated profits of the Companies upto 1943, paid by Government as Compensation, amounting to about Rs. 74 lakhs for earlier purchase of the undertaking less a sum of about Rs. 28 lakhs on account of discount received at 3½ per cent. for payment two years in advance of the due date.

This balance of Rs. 94,76,024 will be set off against the receipts from the Companies on account of current assets (cash securities and other credit balances) acquired and the cash assets of the Government Telephones Board Ltd., which will be transferred to Government on liquidation of the Board and any balance remaining after that will be adjusted in consultation with the Accountant-General, Posts and Telegraphs. This balance is likely to be of the order of Rs. 30 lakhs.

NOTE: The value of Stores and Manufacture Suspense has been shown as Rs. 56,45,501 in para 5 above, but in the Finance and Revenue Accounts for 1943-44 the value has been shown as Rs. 55,91,284. The small discrepancy in the figures is being reconciled.

TELEPHONE COMPANIES

Summary of total depreciated value of assets on 31-3-43 for Bombay, Bengal and Madras Telephone Companies—

Name of Company	Depreciated value of assets on 31-3-43
Bombay Telephone Company Ltd. (Depreciated value of assets for Karachi and Ahmedabad has been worked upto 31-8-43)	Rs. 3,38,80,805
Bengal Telephone Corporation Ltd.	1,51,44,247
Madras Telephone Company Ltd.	40,28,924
	<u>5,30,53,976</u>

Interest on Capital during construction

	Rs.
Bombay Telephone Company Limited	9,12,799
Bengal Telephone Corporation Ltd.	3,63,532
Madras Telephone Company Limited	86,399
	<u>13,62,730</u>

MADRAS TELEPHONE COMPANY LIMITED

Statement showing the depreciated value of assets on 31-3-43.

Name of assets	Depreciated value on 31-3-1943
	Rs.
Lands and Buildings—	
Land (No depreciation deducted)	57,535
Buildings	2,15,394
Lines and Wires—	
Underground cables	15,73,159
Overhead construction	9,64,110
Apparatus and Plant—	
Exchange Equipment	6,43,192
Subscribers apparatus	3,79,135
Dehydrating Plant	26,877
Teams and Garage	21,703
Furniture and Fittings—	
Office Furniture	9,707
Electric Fittings	7,588
Loose Tools and Plant	3,500
Stores (No depreciation deducted)	1,28,024
	<u>40,28,924</u>
Interest on Capital during construction	86,399

BOMBAY TELEPHONE COMPANY LTD.

Statement showing depreciated value on 31-3-43 (in case of assets of Karachi and Ahmedabad Telephone systems upto 31-8-43)

Name of Assets	Depreciated value on 31-3-43
	Rs.
Lands and Buildings—	
Land freehold (No depreciation deducted)	56,257
Land held under Land Revenue Code (No depreciation deducted)	50,640
Leasehold Land (No depreciation deducted)	1,06,993
Buildings I Class	23,39,115
Buildings II Class	1,52,349
Lines and Wires—	
General Construction	50,96,429
Underground Cables	92,70,507
Submarine Cables	60,434
Apparatus and Plant—	
Subscriber apparatus	30,17,769
Auto. Exchange Equipment	69,01,352
P. B. X.	3,84,099
Manual Exchange Equipment including ARP	1,42,225
Air conditioning Plant	2,02,401
Machinery and Plant	4,24,670
Motor Vehicles	19,049
Furniture and Fittings	3,59,685
Loose Tools and Plant	4,33,758
Stores Balance—	
Stores at cost and under (No depreciation deducted)	36,46,734
Value of work in progress and stationery (No depreciation deducted)	14,18,462
	3,40,82,928
Deduct—	
Cost of obsolete instruments	1,76,542
10% of above for increase in prices	17,654
Amount recovered from Govt. of Bombay under Furniture and Fittings	7,927
	2,02,123
	3,38,80,805
Interest on Capital during construction	9,12,799

BENGAL TELEPHONE CORPORATION LIMITED
Statement showing the depreciated value of assets on 31-3-43.

Name of Assets	Depreciated value on 31-3-43
	Rs.
Lands and Buildings---	
Land (No depreciation deducted)	7,14,436
Buildings	9,09,096
Lines and Wires--	
Underground Cables	59,97,713
General construction	39,22,962
Apparatus and Plant--	
Subscribers apparatus	15,17,127
Exchange Equipment	13,38,294
Teams and Garage	2,887
Furniture and Fittings	95,255
Stores and Stationery (No depreciation deducted)	5,43,94
	1,02,532
Stores in Transit (No depreciation deducted)	1,51,44,247
Interest on Capital during construction	Rs. 3,63,532

APPENDIX VIII

No. B. 4-24/55

GOVERNMENT OF INDIA

MINISTRY OF COMMUNICATIONS

(POSTS AND TELEGRAPHS)

New Delhi, the 2nd February, 1955

MEMORANDUM

SUBJECT:—*Meeting of the Public Accounts Committee—Examination of the P. & T. Accounts.*

With reference to Lok Sabha Secretariat (Financial Committee Branch) u.o. No. 150(2)-FC/55 dated the 1st February, 1955 on the above subject, a note giving reasons for the excess of Rs. 62.64 lakhs in the Stores and Manufacture Suspense Account of the P. & T. Department during 1952-53 is enclosed (*See Annexure*) with reference to para 7 of the Audit Report 1954. In view of the fact that the Lok Sabha Secretariat have desired to have 40 copies of this note by today, this is being sent direct to them and a copy is being separately sent to A.G., P. & T. also.

2. The information on other points referred to in the u.o. note referred to above is being sent separately.

ANNEXURE

A note giving reasons for the excess of Rs. 62.64 lakhs in the "Stores and Manufacture Suspense Account" of the Posts & Telegraphs Department during 1952-53, detailed in para (7) (page 19) of the Audit Report—1954.

With effect from the year 1952-53, the two separate grants for "Capital Outlay on Indian Posts & Telegraphs" (outside the Revenue Account) and "Indian Posts & Telegraphs Stores Suspense" (outside the Revenue Account) were amalgamated under a single grant "Capital Outlay on Posts & Telegraphs" (not Met From Revenue) under Grant No. 105 in place of Grants Nos. 93 and 94 of the previous year. With effect from the same year, viz., 1952-53, the Vote of Parliament is obtained for the gross amounts, excluding the "Recoveries" which are taken in accounts as reduction in expenditure.

2. The original grant of Rs. 810.23 lakhs for the year 1952-53 under Grant No. 105 "Capital Outlay on Indian Posts & Telegraphs" included the provision of Rs. 177.17 lakhs under "Stores and Manufacture Suspense." During the course of the year no supplementary

was found necessary under this head. A saving of Rs. 53 lakhs which was anticipated under 69(C) Fair Price Shops, was reappropriated to this head and the finally modified grant was fixed at Rs. 177.70 lakhs. It was expected that the net effect of the debits and credits in the Suspense Accounts would be well within the finally modified estimate of Rs. 177.70 lakhs. Contrary to expectations, however, the actuals under "Indian Purchases" exceeded the finally modified grant by Rs. 61.17 lakhs which mainly accounts for the excess of Rs. 62.64 lakhs. The variations under other heads almost neutralised each other.

This excess of Rs. 61.17 lakhs under "Indian Purchases" was chiefly due to heavy unanticipated adjustments after the close of the year, on account of purchases from the Director-General, Supplies & Disposals. Very large debits, aggregating Rs. 144 lakhs were adjusted in 1952-53 after the close of the year, in March 1953. Final and Supplementary Accounts.

These debits could not be foreseen and provided for in full, as there was no system by which the Supply Department could give the Chief Controller of Telegraph Stores and the General Manager, Telegraph Workshops, prior intimation of the debits proposed to be raised by that Department against these officers, particularly during the closing months of the year. This lacuna in the procedure had been the subject of discussion for some time past between the Posts & Telegraphs Department on the one hand and the Ministry of Works, Housing & Supply on the other. It was proposed by the Posts & Telegraphs Department to that Ministry that the contractors of the Supply Department should be required to prepare an extra copy of the bill submitted by them which should be furnished by the Deputy Accountant-General, Industries & Supplies to the Posts & Telegraphs consignee as soon as the bill was paid with a view to enabling the latter to take into account and provide for debits which would be raised against him before the accounts of the year were closed. This proposal was not, however, found acceptable to the Ministry of Works, Housing & Supply. As a result of further discussions with that Ministry it was decided in June 1954 that weekly Statements of Payments made to suppliers by the Deputy Accountant-General, Industries & Supplies, for the period from January to March every year should be communicated by the latter to the Controlling Officers concerned of the Posts & Telegraphs Department. This arrangement has been put into effect from January 1955. Suitable instructions (see enclosure) have been issued to all Heads of P. & T. Administrative Units and it is hoped that this arrangement will result in better control over expenditure and avoid such large excesses in future.

*Enclosure***INDIAN POSTS AND TELEGRAPHS DEPARTMENT**
Office of the Director-General of Posts and Telegraphs

Copy of letter No. B. 27-1/52 dated 5th November, 1954 from the Office of the Director-General, Posts & Telegraph to All Heads of Circles and Administrative Units.

SUBJECT:—*Intimation to consignees of the debits raised against them by the Deputy Accountants-General (I. & S.) for supplies made to them.*

The question of devising a suitable machinery to ensure that as far as possible intimation in respect of payments made to contractors, suppliers, etc. by Deputy Accountants-General, (I. & S.) for supplies made to the P. & T. Department is made available to the various controlling authorities in this Department as soon as the payments are made, for purposes of proper budgetary control, has been under consideration for some time past.

It has since been decided in consultation with the Ministry of Works, Housing and Supply that the Deputy Accountants-General (I. & S.) should in future send weekly statements of expenditure incurred by them on behalf of the Posts and Telegraphs indenters from the beginning of January to end of March every year, indicating the total payments made during the week. These statements will be prepared according to administrative Circles viz. Postmaster-General wise and sent to the heads of Circles concerned. To enable the Deputy Accountant-General (I. & S.) to forward the statements correctly to the proper head of the Circle, it is requested that all Heads of Circles will ensure that the name of the administrative Circle concerned is correctly indicated on all the indents placed on the Central Purchase Organisation. The Director-General S. & D. will arrange to incorporate the name of the administrative Circle concerned in all the contracts issued by the Purchase Organisations.

The arrangement prescribed above will be subject to review in the light of the recommendations of the Stores Purchase Committee.

APPENDIX IX

No. B. 4-24/55/Pt.

GOVERNMENT OF INDIA

MINISTRY OF COMMUNICATIONS

(POSTS AND TELEGRAPHS)

New Delhi, the 13th May, 1955

SUBJECT:—A note giving detailed reasons for variation under each of the items mentioned in the analysis furnished at para (7) (Page 19) of the Audit Report 1954 which led to the excess of Rs. 62.64 lakhs in the grant for Stores & Manufacture Suspense Account.

With effect from the year 1952-53, the two separate grants for 'Capital Outlay on Indian Posts and Telegraphs (outside the Revenue Account)' and 'Indian Posts & Telegraphs Stores Suspense' (Outside Revenue Account) were amalgamated under a single grant 'Capital Outlay on Posts & Telegraphs' (Not met from Revenue) under Grant No. 105 in place of grants Nos. 93 and 94 of the previous year. With effect from the same year, viz., 1952-53, the Vote of Parliament is obtained for the gross amounts, excluding the 'Recoveries' which are taken in accounts as reduction in expenditure.

2. The original grant of Rs. 810.23 lakhs for the year 1952-53 under Grant No. 105 'Capital Outlay on Indian Posts & Telegraphs' included a provision of Rs. 177.17 lakhs under 'Stores and Manufacture Suspense'. During the course of the year, no supplementary grant was found necessary under this head. A saving of Rs. 0.53 lakhs which was anticipated under 69(C) Fair Price Shops, was reappropriated to this head and the finally modified grant was fixed at Rs. 177.70 lakhs. It was expected that the net effect of the debits and credits in the Suspense Accounts would be well within the finally modified estimate of Rs. 177.70 lakhs. Contrary to expectations however, the actuals under 'Indian Purchases' exceeded the finally modified grant by Rs. 61.17 lakhs which mainly accounts for the excess of Rs. 62.64 lakhs. The variations under other heads almost neutralised each other.

3. The analysis of the variations between the original grant and the actuals under each head is given in para 7 of the Audit Report.

1954 and the variations between the finally modified grant fixed in March, 1953 and the actuals are shown below:—

	(In thousands of Rupees)	
	Variations compared to the original Grant	Variations compared to the finally modified Grant
(i) Purchase of Stores in India	(+) 2,16,46	(-) 61,17
(ii) Manufactured articles received in the Stores Organisation from Workshops	(+) 52,97	(+) 2,36
(iii) Manufacture Suspense account of the Workshops	(-) 4,71	(-) 24
(iv) Stores purchased in England	(-) 30,80	(-) 2,42
(v) Materials returned to the Store Depots from works	(-) 18,75	(-) 22,54
(vi) Issues of Stores to Works	(-) 1,05,08	(-) 21,15
(vii) Issues of stores to workshops for manufacture	(-) 55,98	(-) 2,70
Rounding	(-) 1	(-) 1
NET	(+) 62,64	(-) 62,11

3. The above table will show that excepting in the case of 'Materials returned from works' the variations were foreseen to a very large extent and the finally modified grant fixed in March, 1953 was very near the actuals under most of the heads. The variations under each of the heads are explained below.

4. (a) *Purchase of Stores in India.*—The position under the detailed heads comprising this head is as under:—

	B. E. 1952-53	Final Estimate 1952-53	Actuals 1952-53	In thousands of Rupees.	
				Variations Compared	
				Budget Estimate	Final Estimate
(i) Through Supply Department	1,47,00	2,24,55	2,72,08	(+)1,32,08	(-)47,53
(ii) From other Govt. Departments etc.	9,75	4,88	4,53	(-)5,22	(-)35
(iii) Local Purchases.	42,00	1,17,61	1,31,60	(-)89,60	(+)12,99
Total Indian Purchases	1,91,75	3,47,04	4,08,21	(+)2,16,46	(+)61,17

The excess of Rs. 2,16.46 lakhs over the original grant was due to larger purchase of stores to feed the increased works programme.

The excess of Rs. 61.17 lakhs under 'Indian Purchases' was chiefly due to heavy unanticipated adjustments after the close of the year, on account of purchases from the Director General, Supplies & Disposals. Very large debits aggregating Rs. 144 lakhs were adjusted in 1952-53 after the close of the year, in March, 1953 Final and Supplementary Accounts. These debits could not be foreseen and provided for in full, as there was no system by which the Supply Department could give the Chief Controller of Telegraph Stores and the General Manager, Telegraph Workshops, prior intimation

of the debits proposed to be raised by that Department against these officers, particularly during the closing months of the year. This lacuna in the procedure had been the subject of discussion for some time past between the Posts & Telegraphs Department on the one hand and the Ministry of Works, Housing & Supply on the other. It was proposed by the Posts & Telegraphs Department to that Ministry that the contractors of the Supply Department should be required to prepare an extra copy of the bill submitted by them, which should be furnished by the Deputy Accountant-General, Industries & Supplies to the Posts and Telegraphs consignee as soon as the bill was paid with a view to enabling the latter to take into account and provide for debits which would be raised against him before the accounts of the year were closed. This proposal was not, however, acceptable to the Ministry of Works, Housing & Supply. As a result of further discussions with that Ministry it was decided in June 1954 that weekly Statements of Payments made to suppliers by the Deputy Accountant-General, Industries & Supplies, for the period from January to March every year should be communicated by the latter to the Controlling Officers concerned of the Posts & Telegraphs Department. This arrangement has been put into effect from January 1955. Suitable instructions (see Annexure) have been issued to all Heads of P. & T. Administrative Units and it is hoped that this arrangement will result in better control over expenditure and avoid such large excesses in future.

The excess of Rs. 13.99 lakhs under 'Local Purchases' was mainly due to unanticipated payment of certain I.T.I. bills at the end of March, 1953 when it was too late to make any additional provision in the final estimates. It is regretted that these payments could not be foreseen earlier and provided for. Suitable instructions for avoiding variations between the grants and expenditure have since been issued to all concerned.

(b) *Manufactured articles received in the Stores Organisation from Workshops.*—The original estimate of the value of 'Manufactured articles received in the Stores Depots from Workshops' was put at Rs. 188.50 lakhs. The actuals, however, amounted to Rs. 240.57 lakhs showing an excess receipt of Rs. 52.07 lakhs worth of Stores in the Depots. The excess was partly due to larger out-turn of the Workshops and partly to increase in the rate of raw materials particularly the rate list price of Zinc. Almost the entire excess was foreseen and the final modified grant, which was fixed at Rs. 238.21 lakhs, was less than the actuals by a small amount of Rs. 2.36 lakhs i.e. a variation of less than 1%.

(c) *Manufacture Suspense Account of the Workshops.*—The excess of Rs. 14.71 lakhs under the 'Manufacture Suspense Account' over the original grant was chiefly due to increased cost of raw materials and post-budget increase in the rate of 'on-cost' in respect of Bombay Telephone Workshop partly counterbalanced by increased out-turn. The whole of the excess was foreseen and the variations between the actuals and finally modified estimate was a negligible amount of Rs. 0.24 lakhs.

(d) *Stores purchased in England.*—The estimates under this head are based chiefly on the information regarding the cost of English Stores supplied by the High Commissioner for India,

London. The original Estimates under 'English Purchases' was put at Rs. 40.25 lakhs including Rs. 9.48 lakhs for 'Customs duty and other charges'. The saving was duly foreseen by the High Commissioner and he suggested a provision of Rs. 4.94 lakhs for cost of stores and Rs. 2.09 lakhs for 'Customs Duty and Other Charges' bringing the final estimate to Rs. 7.03 lakhs. Actuals, however, amounted to Rs. 9.45 lakhs. The excess of Rs. 2.42 lakhs was partly due to delivery of Stores earlier than expected by the High Commissioner as explained in the footnote on page 157 of Appropriation Accounts (P. & T.) 1952-53 and Audit Report 1954 and partly to unanticipated adjustment of debits of customs duty relating to previous years. The adjustments which were made after the close of the year related mainly to the years 1951 and 1952 and the vouchers in respect thereof had not been accepted by the C.C.T.S. It has since been arranged that the vouchers should first be sent by the customs authorities for acceptance by the C.T.S. before debits are raised through the audit officer.

(e) *Materials returned to Store Depots from Works.*—The estimates under this head are based on the provision for 'Recovered Stores' made in the Works Programme for reconstruction works etc. under 69-B-Works debitable to Renewals Reserve Fund. The original estimate of Rs. 43.49 lakhs was raised to Rs. 47.28 lakhs in the final estimates but the actuals turned out to be Rs. 24.74 lakhs only. Thus, the variation (saving) which amounted to Rs. 18.75 lakhs compared to the original grant increased to Rs. 22.54 lakhs in the final grant. This was due to 'less credit or no credit' afforded for returned stores due to some discrepancies, less recovery of stores owing to less dismantlement works being carried out than anticipated and postponement of replacement works due to non-issue of stores for want of correct sizes of stores etc.

(f) *Issues of Stores to Works.*—The estimates under this head follow the works Programme. The variation of Rs. 105.08 lakhs compared to the original grant was due to increase in and revision of the original works programme. A Supplementary Grant of Rs. 1 crore for Capital Expenditure was also obtained from Parliament during the year. The variation was foreseen and compared to the finally modified grant the actuals showed a variation (excess) of Rs. 21.15 lakhs due to smaller issue of stores to works than anticipated.

(g) *Issue of Stores to Workshops for Manufacture.*—For the reasons stated in para 4(b), the issues were more than the original estimate (by Rs. 55.98 lakhs) due to larger out-turn of the Workshops and increase in the cost of Zinc. This was foreseen almost entirely and the final variation (Saving) was a small amount of Rs. 2.70 lakhs.

The 13th May, 1955.

ANNEXURE

Copy of letter No. B.27-1/52 dated 5th November, 1954 from the Office of the Director-General, Posts and Telegraphs to All Heads of Circles and Administrative Units.

SUBJECT:—Intimation to consignees of the debits raised against them by the Deputy Accountants-General (I. & S.) for supplies made to them.

The question of devising a suitable machinery to ensure that as far as possible intimation in respect of payments made to contractors, suppliers, etc. by Deputy Accountants-General (I. & S.) for supplies made to the P. & T. Department is made available to the various controlling authorities in this Department as soon as the payments are made, for purposes of proper budgetary control, has been under consideration for sometime past.

It has since been decided in consultation with the Ministry of Works, Housing and Supply that the Deputy Accountants-General (I. & S.) should in future send weekly statements of expenditure incurred by them on behalf of the Posts and Telegraphs indentors from the beginning of January to end of March every year, indicating the total payments made during the week. These statements will be prepared according to administrative Circles *viz.* Postmaster-General wise and sent to the heads of Circles concerned. To enable the Deputy Accountant-General (I. & S.) to forward the statements correctly to the proper head of the Circle, it is requested that all Heads of Circles will ensure that the name of the administrative Circle concerned is correctly indicated on all the indents placed on the Central Purchase Organisation. The Director-General, S. & D. will arrange to incorporate the name of the administrative Circle concerned in all the contracts issued by the Purchase Organisations.

The arrangement prescribed above will be subject to review in the light of the recommendations of the Stores Purchase Committee.

APPENDIX X

No. B.4-24/55

GOVERNMENT OF INDIA

MINISTRY OF COMMUNICATIONS

(POSTS AND TELEGRAPHS)

New Delhi, the 2nd February, 1955

MEMORANDUM

SUBJECT:—*Meeting of the Public Accounts Committee—Examination of the P. & T. Accounts*

With reference to Lok Sabha Secretariat (Financial Committee Branch) U.O. No. 150 (2)-FC/55, dated the 1st February, 1955, on the above subject, a note detailing the procedure followed by the P. & T. Department in the matter of reporting cases of fraud, embezzlement etc. occurring in the Department to the Police authorities for investigation sent herewith. (See Annexure).

2. The information on other points referred to in the U.O. note referred to above is being sent separately

ANNEXURE

A note for submission to the Public Accounts Committee detailing the procedure followed by the P. & T. Department in the matter of reporting cases of fraud, embezzlement, etc. occurring in the Department to the Police authorities for investigation.

P. & T. Department in the sphere of its activity has to deal generally with the following types of cases:—

- (a) High-way robbery of mail.
- (b) Theft or loss or tampering with any postal article or bag.
- (c) Theft or misappropriation of Government money or criminal breach of trust, or frauds in connection with money orders, Savings Bank accounts or other postal transactions.

The procedure reported and followed by the P. & T. Directorate is stated hereafter.

2. All the above types of cases constitute cognizable offences.

High-way robbery of mail.—Cases of highway robbery of mail are immediately required to be reported to the police and the Departmental Officer concerned, by the postal official who first receives information of the robbery. A Departmental officer proceeds to the

scene of occurrence at once to start departmental investigations and also render all assistance to the Police in their enquiries. Besides the depositions of witnesses, departmental documents (such as mail list, Regd. and Parcel list), bags with their labels, cord and seals etc., if available, have to be secured and produced before the Police along with the details of contents of the mail looted. Thus the departmental enquiries go hand in hand with those of the police. The matter is left in the hands of the Police to launch the prosecution against any of the culprits. The question of meeting claims for compensation, if any, in respect of articles lost, is examined by the Department on the merits of each case after the enquiries are complete.

Theft, loss or tampering of postal articles.—In respect of cases of thefts or losses or tampering with any postal article or bag, in course of transmission by post, falling in category (b), referred to in para (1) above departmental enquiries are taken up immediately but the enquiring officer has to exercise discretion as to the precise stage at which he should report the case to the Police. If the officer feels that the offence has been committed and there is likelihood of the suspected offender absconding or evading the enquiries or if a house search has to be carried out, he may immediately report the case to the Police with a view to getting the official arrested or the house searched. In cases of loss or abstraction of contents of articles, full particulars regarding the contents and the value of the articles are ascertained during the course of the enquiry. An examination of the article as well as the bag in which it is received and the cord and the seal is carried out. Enquiries are instituted in the post offices and R.M.S. Sections through which the article may have passed.

Fraud and embezzlements.—As regards cases of frauds and misappropriations, such as temporary misappropriation of money received by officials in the course of their duties, deficiency in cash or stamp balances or misappropriation of the amounts of M. Os. or fraudulent withdrawals by means of forged applications for withdrawals from Savings Bank accounts, enquiries are required to be made by the Departmental investigating officers with the same promptitude as referred to previously. Some time-lag is, however, likely to occur for obtaining the required documents from the Audit or from P.O. where it may be lying, before the investigation can start. After the documents are secured, enquiries have to be made from the payee of the money order or a depositor of the P. O. Savings Bank account or the holder of the Cash Certificates as shown on the books of the post office to establish as to whether the payment charged is fraudulent. There may be attesting witnesses on these vouchers and their depositions have also to be recorded. After the investigating officer is satisfied that there is reasonable ground for suspecting that an offence has been committed and documentary or other evidence has been secured, a report to the Police is made. In cases, however, where the investigating officer thinks that the accused is likely to abscond, he may not wait till he completes all these enquiries.

3. No legal advice is normally obtained before handing over cognizable cases to the police.

4. The procedure is more or less the same in regard to non-cognizable cases also, e.g.

- (1) Making false entries in the register kept by persons employed to carry or deliver postal articles.
- (2) Opening, detaining or delaying postal articles.
- (3) Fraudulently putting wrong official marks.

Officers take up enquiries first but when police help is needed, the sanction of the Head of the Circle is necessary before the Magistrate is approached to order the police to hold the investigation.

APPENDIX XI

No. SEA-43-1/55.

GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS
(POSTS & TELEGRAPHS)

New Delhi, the 6th April, 1955

SUBJECT:—*Para 16 of the P. & T. Audit Report 1953—Reinstatement of Government servants after long periods of suspension. A note stating whether the P. & T. Department considered the facts of the cases (referred to in the sub-para containing the details of the cases) and took appropriate legal advice before taking decision to launch prosecution in the court.*

It appears necessary in this context to invite a reference to this Ministry's Memorandum No. *B.4-24/55 dated 2nd February, 1955 where the procedure generally followed in dealing with frauds in the P. & T. Department is described.

2. If the Government servant is charged with an offence of a nature which, if proved against him, would ordinarily result in his dismissal, he is placed under suspension. Suspension may also be resorted to, if during the course of an enquiry the retention of a Government servant in his appointment would hamper or frustrate enquiries. A Government servant who is in police custody is also placed under suspension. As soon as a Govt. servant is placed under suspension, the suspending authority is required to report to the next higher authority stating full justification for ordering suspension.

3. No legal advice is normally obtained; nor is it possible if prompt action is warranted, before handing over cases to the police.

4. The facts of the cases, as detailed in the audit para., will show that all the offences were cognizable. In the first case, the officials were placed under suspension after the police were satisfied that they were involved in the fraud and wanted to arrest them. In the second case, the official was placed under suspension after departmental enquiries were made and a report was sent to the police thereafter. The police decided to launch prosecution but the accused was given the benefit of doubt by the court. In the third case, the official actually absconded after the case was reported to the police. In the fourth case, the official absconded even before

*See Appendix X.

the case could be reported to the police. No legal advice was obtained in these cases before launching prosecution.

5. After information has been given to the police, further action in the matter is controlled by them. The question whether the evidence is or is not sufficient to secure the conviction of the offender, is also determined by the police to have their own machinery to obtain legal advice, if needed. The Department does not control the prosecution but the departmental officers are expected to keep in close touch with the police enquiry and render them every possible assistance. It is only in those cases where the police are satisfied that the evidence is not sufficient to secure conviction that they recommend departmental action.

6. This note has been seen by the Accountant-General, Posts and Telegraphs.

APPENDIX XII

N.A. 42-129/53

GOVERNMENT OF INDIA

MINISTRY OF COMMUNICATIONS

(POSTS AND TELEGRAPHS)

New Delhi, the 31st May, 1955

SUBJECT.—*Para 23 of Audit Report 1954—regarding delay in disposal of Surplus Stores.*

A copy of the Circular letter issued under D.G. P. & T. No. N.A. 42-129/53, dated 26-2-1955, regarding the constitution and scope of functions, etc. of the Surplus Stores Committee, is enclosed herewith (See Annexure)

2. The Committee was originally asked to examine and list the quantity and value of stores held in excess of 6 months' stocks of locally available items or those manufactured in the Workshops, and one year's stock of those items which are imported. These orders were subsequently modified to 2 years' requirements in view of the larger requirements of stores in connection with the works-programme under the Five Year Plan.

3. The Surplus Stores Committee will also be examining and making their recommendations for disposal of surplus of Workshops stores of the order of Rs. 41 lakhs approximately.

4. This has been seen by the Accountant General, Posts and Telegraphs.

ANNEXURE

Copy of letter No. NA. 42-129/53 dated 26th Feb., 1955 from the D.G. P. & T., New Delhi addressed to Chief Controller of Telegraph Stores, 47, Ramesh Mitter Road, Bhowanipore, Calcutta-25 and copy to (i) General Manager, P. & T. W/shops, Calcutta-25 (ii) Chief Accounts Officer, Stores & W/shops, Calcutta. (iii) Sr. Electrical Engineer, P. & T. Storeyard, Calcutta (iv) Other Members of the S. S. Committee.

Subject:—Surplus Stores Committee—Reconstitution of.

Reference:—Your letter No. D-410/52, dated 5-3-1954.

The reconstitution of the Surplus Stores Committee with effect from 18-8-1953 consisting of the following Members at Calcutta is hereby approved:—

- (1) G.M. P.&T. Workshops, Calcutta—*Chairman*.
- (2) C.C.T.S., Calcutta—*Member*.
- (3) Sr. Electrical Engineer, Calcutta—*Member*.
- (4) Manager, Telegraph Workshops, Calcutta—*Member*.
- (5) C.A.O. S.&W., Calcutta—*Member*.
- (6) C.T.S., Calcutta—*Member*.
- (7) D.E.T. (Disposals), Office of the C.C.T.S., Calcutta—*Member-cum-Secretary*.

2. The above reconstituted Committee is functioning from 18-8-1953 when it had its first meeting. It took up on itself the duties and functions of the old Surplus Stores Committee as mentioned in I.A.C. Vol. II (P.I.) and Volume X., i.e. recommending the (i) scrapping of unserviceable stores, (ii) sanctioning the schedules of unserviceable stores and (iii) fixing the rates of issue for any items which are obsolete or have become unserviceable and for which there is demand in the department.

3. In addition to the above normal duties of the old Surplus Stores Committee, this newly constituted Surplus Stores Committee has taken over the following functions:—

- (1) Examination and listing of the quantity and value of stores held in excess of 2 years requirements.
- (2) Examination of the possibility of utilizing the items for Departmental use as substitutes, if necessary.
- (3) Examination of the possibility of these excess stores being given to other Government Departments.
- (4) Concrete proposals for the disposal of the surplus stores, if they cannot otherwise be utilised.
- (5) Examination of the stock list with a view to rationalising the types of stores and reducing the number of sizes consistent with technical efficiency.

APPENDIX XIII

No. N.A. 29-4/53

GOVERNMENT OF INDIA

MINISTRY OF COMMUNICATIONS

(POSTS AND TELEGRAPHS)

New Delhi, the 28th April, 1955

SUBJECT.—*Para 26(b)—Audit Report 1953 regarding dismantlement of alignments in an Engineering Division.*

The Public Accounts Committee have called for further particulars on the following points:—

- (i) Did the Divisional Engineer prepare the estimate of Rs. 3,760/- on the basis of the market prices then prevailing or on the residual book value of the stores?
- (ii) Why could not the scrap wire be disposed of through the D.G. S.&D.? Was any reference made to that authority?
- (iii) Whether in according sanction to Estimates, it was the gross amount that was sanctioned or the net amount?
- (iv) A note stating the method followed in the P.&T. Department in regard to the utilisation and accountal of unanticipated receipts of credits for surplus stores—both under Revenue and Capital heads.

2. The information is furnished below seriatim:—

Item (i).—The sum of Rs. 3,760/- represents the anticipated sale proceeds of unserviceable recovered material from the works and was based on the residual book value of the stores.

Item (ii).—The scrap wire was disposed of through the D.G. (S.&D.).

Item (iii).—The case relates to two works of Patna Engineering Division, one relating to the replacement of iron wire by copper wire between Patna and Mogulsarai and the second relating to replacement of iron wire by copper wire between Patna and Asansol.

The sanction for both the estimates was accorded by the Director-General on the net cost of the work according to the Departmental Rules. In this connection, it may be mentioned that in

respect of works involving recoveries of stores, in the sanctions which are communicated by means of special letters or memoranda or through the combined return of sanctions to estimates and allotments of funds, the gross expenditure and recoveries are separately shown. Thus, information as to the amount of anticipated recoveries is readily available to enable investigations being undertaken in cases in which the actual recoveries are considerably in excess or short of estimated amount of recoveries provided for in the estimates.

Item (iv).—The procedure relating to Recovered Stores is stated below.

In the case of Estimates involving recovered stores, the sanction of the competent authority is accorded to the cost of the work under cash and stores (gross) and allotment is made accordingly. Anticipated recoveries, if any, are accounted for separately and are covered by separate 'credit' allotments. The expenditure on such works is not allowed to exceed the debit allotments made, any unanticipated recoveries being separately accounted for. Such recoveries do not give any power to the subordinate authority to incur more expenditure than the debit allotments placed at their disposal. New stores issued to works and found surplus to requirements on works are accounted for as *minus* debits and the expenditure on the works is correspondingly reduced to the extent of such *minus* debits.

The note has been seen by the Accountant-General, Posts and Telegraphs.

APPENDIX XIV

No. STA-98-10/50-Pt/SEA.

GOVERNMENT OF INDIA

MINISTRY OF COMMUNICATIONS

(POSTS AND TELEGRAPHS)

New Delhi, the 20th April, 1955.

SUBJECT.—Para 42(a) of P.&T. Audit Report 1954—‘Alipore Telegraph Stores Case’—A note stating the circumstances, under which the delinquent official was allowed to receive the subsistence allowance even though he superannuated on 8-5-1945 and not retired from service with special reference to the legal advice obtained in the matter.

It has been the policy of Government not to allow a Government servant against whom serious charges of misconduct are pending to retire on his reaching the age of superannuation. F.R. 56(d) specifically provides that ‘a Government servant under suspension on a charge of misconduct shall not be required or permitted to retire on reaching the date of compulsory retirement, but shall be retained in service until the enquiry into the charge is concluded and a final order is passed thereon by competent authority’.

2. In January 1953, the Ministry of Finance have issued instructions, pursuant to the recommendations contained in para 20 of the First Report of 1951-52 of the Public Accounts Committee on the Appropriation Accounts (Civil) and Posts and Telegraphs for 1948-49, impressing upon all Departments that ‘steps should also be taken to ensure that a Government servant concerned in any loss or irregularity, which is subject to any inquiry is not inadvertently allowed to retire on pension, while the enquiry is in progress’.

3. Shri who was due for superannuation on the 8th May, 1945, had applied for six months’ leave preparatory to retirement with effect from the 8th November, 1944 which was refused in the interests of public service. Before the date of superannuation, he repeated this request for leave, which was granted on the 23rd April, 1945. Pending enquiries into certain irregularities in the Telegraph Stores during his tenure as officiating Controller of Telegraph Stores, he was placed under suspension with effect from the 3rd July, 1945. Originally, periodical sanctions were being issued for his retention in service beyond the age of superannuation, but later the Ministry of Home Affairs advised that an officer under suspension even after the age of superannuation, automatically continued to be in service till his case was decided.

4. The Special Police Establishment investigated the case and launched a prosecution. A Special Tribunal heard the case and convicted Shri and his co-accused on the 26th May, 1950. As Shri..... is a Class I Officer, his case was referred to the

U.P.S.C. for his dismissal on conviction by the Special Tribunal. The U.P.S.C. desired to know whether an appeal lay from the judgment of the Special Tribunal convicting Shri.....and, if so, whether he had filed an appeal. The Commission was informed that Shri.....had filed an appeal in the Calcutta High Court. In April, 1952, the High Court of Calcutta ordered a retrial of the criminal case on the ground that the Tribunal which convicted Shri.....was not a properly constituted court. The Union Public Service Commission, therefore, advised that there was no ground at that time for taking any disciplinary action against Shri

5. On his conviction by the Special Tribunal on the 26th May, 1950, the subsistence and other allowances which were being paid to Shri.....were withdrawn. In view of the order of the Calcutta High Court, the payment of these allowances from the 26th May, 1950, was authorised on 23rd June, 1952. The Ministry of Law who were consulted before resumption of payment advised as follows:—

“The result of the judgment quashing the conviction and ordering a retrial is that the conviction is wiped off from the record and ‘*status quo ante*’ is restored. That being so, pending the result of the retrial, subsistence allowance will have to be paid for the entire period commencing from the date of the last judgment till the date of the judgment in the retrial to be held.”

6. This has been seen by the Accountant-General, Posts and Telegraphs.

APPENDIX XV

Copy of Memo. No. TE.28-52/49/B dated the 15th April, 1954 from the Ministry of Communications (Posts & Telegraphs) Addressed to the Chairman and Members of the Public Accounts Committee.

Memorandum for the Public Accounts Committee relating to para 67 of their First Report 1951-52 regarding 'Free supply of tea to certain staff in Calcutta Telephone District'—(Item No. 2 of the Statement of Outstanding Recommendations)

In para 67 of their First Report on the accounts for 1948-49, the Public Accounts Committee observed in dealing with free supply of meals to certain operative staff of Calcutta Telephone District that:—

(i) only one Section of the telephone staff recruited between April, 1943 and December, 1947 are continuing to get free meal concession even after the introduction of the new scales of pay while it has been denied to other staff employed in the same building and for doing the same kind of work. The Committee did not approve of the principle of discrimination in the grant of concessions between particular sections of staff and suggested its discontinuance, and

(ii) at the time the staff of the *ex*-Bengal Telephone Corporation was brought on to the New Scales of pay the loss on account of stoppage of such amenities should have been evaluated in terms of money and the staff concerned compensated to that extent by fixing their pay in the appropriate stage in the new scales of pay.

2. The Committee further observed that the whole matter should be examined *de novo* in consultation with the Ministry of Finance and the Comptroller and Auditor-General in the light of the Committee's observations.

3. As desired by the Public Accounts Committee, the case has been thoroughly examined *de novo* in consultation with the Ministry of Finance and the Comptroller and Auditor-General as a result of which the following facts emerge:—

These are four scales of pay for the women telephone operators in Calcutta.

(i) Those taken over from the Company from 1-4-1943 and women telephone operators recruited between 1-4-1943 and 17-12-1947.

These were on the *ex*-company scale of pay of Rs. 70-10-140 (with free meals). On departmentalisation, they were given the *ad hoc* scale of Rs. 76-11-142-154 (with free meals) which replaced the *ex*-company scales of pay. On the introduction of the Pay Commission scale of pay Rs. 72-4-120—E.B.—5-170, the *ad hoc* scale of

Rs. 76/154 was replaced by the Pay Commission scale of pay and the staff were compulsorily brought on to the latter scale of Rs. 72-4-120—E.B.—5-170, with free meals.

(ii) Those recruited between 18-12-1947 and 28-12-1949 under P.&T. conditions of service were entitled to the scale of Rs. 72-4-120—E.B.—5-170, without the concession of free meals.

(iii) Those recruited between 29-12-1949 and 14-2-1951 were entitled to the scale of Rs. 60—170, without free meals.

(iv) Those recruited from 15-2-1951 onwards were entitled to a scale of pay of Rs. 70-10-140 under the revised *ex-company* terms and conditions offered from 15-2-1951 with a concession of free snacks worth -/8/- a day.

4. When the Bengal Telephone Corporation was purchased by the Government, the concessions enjoyed by the staff under the Company were protected by the Government. The supply of free meals, lunch and tea was one of the major concessions enjoyed by the staff under the *ex. B.T.C.*, and it was, therefore, continued after the Company was taken over by the Government on 1-4-1943. From 1-4-1943 till 17-12-1947, the question of departmentalisation of the staff was under consideration. Although orders were issued on 18-12-1947, the staff was brought on to the Departmental rules and regulations with effect from 1-4-1946. It would thus be seen that the staff taken over from the Company as well as women telephone operators recruited afterwards (from 1-4-1943 to 17-12-1947) were brought under the terms and conditions of the Company which enjoined among other things the supply of free meals, tea etc. Under the Company's terms, the staff were also entitled to a bonus equivalent to one month's pay or, in certain cases, half a month's pay. So far as the question of bonus was concerned, the amounts were adjusted in the emoluments allowed with effect from 1-4-1946 i.e. from the date of departmentalisation. It was not, however, considered advisable to abolish all concessions immediately after the staff was brought on to departmental rules and regulations and the concession in respect of free meals was continued.

5. The view of the Administration is that it would not have been correct to withdraw the concession of free meals etc. at the time of bringing the staff on the Pay Commission scales of pay. This is for the reason that the scales of pay were prescribed for all Government servants and there was no special concession with regard to the prescription of the scales of pay in respect of these operators. There also does not seem to be any question of linking the free tea etc. concession enjoyed by these staff with their monthly pay and allowances. If, however, the staff had been given the option of retaining the *ex-company* scale of pay of Rs. 70-10-140 with the concession of free meals etc. or to come on to the prescribed scale of Rs. 73-4-120-5-170 without the concession of free meals, the Administration feels that the staff would not have accepted the new scales of pay minus the concession of free meals. The new scales meant actually a reduction, as the annual increments were reduced from Rs. 10/- to Rs. 4/- or Rs. 5/-. The higher maximum of the Pay Commission scales of pay was no attraction for these operators for

the reason that women operating staff do not stay in service sufficiently long to benefit by comparatively high maximum of the pay scales which would compensate them for a low rate of increment. The higher rates of increments of the *ex-Company* Scale in addition to meals were, therefore, more attractive in spite of the lower maximum. Besides, those of the operative staff who stayed in service were promoted to higher grades before they could reach the maximum of the scale. Under these circumstances, it is felt that if an option had been given to the staff, they would not have elected the new Pay Commission scale of pay (72-170) without free meals. Consequently, the expenditure on free supply of meals would have had to be incurred as at present and in addition, the Department would have had to spend some more money on the higher rates of increments of the *ex-Company* scale of pay i.e. (Rs. 10 minus 4 or) Rs. 6 p.m. for each operator. The additional expenditure on 295 operators would, therefore, have been Rs. 21,240 per annum.

6. The Administration desires to emphasise that the concession of free meals etc. had been allowed to the staff as an incentive to them to devote more time and attention to their work and to reduce absenteeism. The effectiveness of this inducement was demonstrated when the staff recruited from 18-12-1947 on departmental rates of pay were not given this concession and it was found that this resulted in deterioration of efficiency and absenteeism. The attention of Government was focussed on this aspect of the matter and with a view to improve matters, it was decided to reintroduce the concession allowed by the *ex-Company* with certain modifications. According to these orders, the staff recruited with effect from 15-2-1951 on the scale of pay of Rs. 70-10-140, were entitled to free tea and snacks worth 8 annas a day and also bonus as an incentive to reduce absenteeism which was so frequent that it became practically impossible to run the services. Option to elect this new scale of pay plus snacks was given to the staff numbering 475 already recruited between 18-12-1947 and 14-2-1951 on the scale of Rs. 72-170 and at Rs. 60/170 without any concession of free meal or tea or bonus. One of the conditions attached to these concessions is that the General Manager is empowered to dismiss any operator in case of inefficiency without observing the usual departmental proceedings relating to disciplinary cases, e.g. Memorandum of charges etc. Only one woman operator opted out for the revised pay scale (Rs. 70-140) and other conditions of service offered with effect from 15-2-1951. The other operators did not elect the revised pay scale and the concessions, as they were not willing to accept the condition attached to such concessions, namely, the General Manager's power to terminate their service without observing the usual departmental proceedings. It is an indisputable fact that one is more interested in the security of service than in small increases in pay. If the service conditions offered had not included the condition of removal from service without observing the usual Departmental formalities, most of the operators might have opted for the reintroduced *ex-Company* scale of pay (Rs. 70-140) with tea and snacks, as the latter scale with higher increments, free tea and snacks, and bonus was obviously far more beneficial to the staff than the Pay Commission scale of pay without any concessions. It will thus be seen that the power vested in the General Manager for terminating the services of the staff, deterred

the staff recruited on the Pay Commission scale of pay (Rs. 72-170) without any concession, from electing the re-introduced *ex-Company* scale of pay which was manifestly a better one.

7. As regards the question of discrimination, it will be seen that far from withdrawing the concessions admissible to the *ex-Company* staff on departmentalisation, similar concessions with certain modifications had actually to be offered to other staff recruited afterwards in order to avoid discrimination and also to guard against inefficiency and deterioration of service. It would not be out of place to point out here that the work in Calcutta Telephone District Exchanges is of a more strenuous and exacting nature than in other exchanges and hence no such concessions had been allowed elsewhere.

8. The Public Accounts Committee have stated that the loss on account of stoppage of the amenities should have been evaluated in terms of money and the staff compensated to that extent by fixing their pay at a proper stage in the new scale. But the fact is that if this had been done, it would have amounted to giving a perpetual benefit to the staff. Once the monetary compensation is included in the pay, they would be entitled to proportionate benefits in their pensions besides the fact that by increasing the pay in some cases, the rate of Dearness Allowance will also increase causing further expenditure to the Government, whereas as the matter stands at present, when an operator leaves the service, no compensation is given in lieu of free meals supplied to her during the period of her service.

9. The question of replacing free meals, tea etc. by cash allowances had been considered, but it is felt that if cash allowances are granted, the purpose for which free meals and tea are supplied may not be achieved. The extra money is likely to be utilised by the staff for other purposes and absenteeism may increase. The Calcutta Telephone system is in the process of being converted to automatic system. When automatization has been completed, the strength and grades of staff will have to be reviewed. It is, therefore, highly inadvisable to effect any changes in the conditions of service of staff now when conversion is going on.

10. In view of the circumstances explained above, it is hoped that the Public Accounts Committee will agree that the existing concession of supply of free meals, tea and lunch etc. to the operating staff in the Calcutta Telephone District may be continued subject to review at an early date, but not later than 1957 by which time the Telephone system in Calcutta will have been converted to Automatic system.

11. This Memorandum has been seen by the Comptroller and Auditor-General.

APPENDIX XVI

No. B.27-14/54.

GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS
(POSTS & TELEGRAPHS)
OFFICE MEMORANDUM

New Delhi, the 1st February, 1955

SUBJECT:—*Note to the Public Accounts Committee on the constitution of the Telephone Development Fund in the Posts and Telegraphs Department. (Item No. 7 of the *Statement of the Outstanding Recommendations).*

In para 43 of the Tenth Report of 1953-54, the Public Accounts Committee felt that the Telephone Development Fund, which was merged in the general revenues, raised a fundamental principle of administration of a public utility concern. They were not quite sure whether the 'Own Your Own Telephone' Scheme was a sound financial arrangement, involving as it did, the appropriation of future revenue for current expenditure. The Committee, therefore, desired that the P.&T. Department should look into this matter in consultation with the Ministry of Finance (Communications) and Audit and submit to them a report in due course.

2. The matter has been examined as desired by the Committee and the position is explained below:—

In order to help telephone expansion, which would not have been ordinarily possible owing to financial stringency, and also to provide telephones to the businessmen in large cities, a scheme known as 'OWN YOUR TELEPHONE SCHEME' was introduced in December, 1949. Under this scheme advance rentals at the rate of Rs. 2,500 per connection in Bombay and Calcutta and Rs. 2,000 in other places were realised to cover the capital cost of the telephone connection. The advance rentals thus realised are credited to revenue receipts, while an equivalent amount is contributed from Working Expenses to the Telephone Development Fund created for the purpose of financing the capital expenditure incurred for the extension and development of telephone services. Like any other fund, the balance in the Telephone Development Fund is merged in the general revenues. The advance rental of Rs. 2,500/2,000 referred to above, is treated in the same way as the capitalised value of the annual revenue which in some States, *kisans* are permitted to pay in lump sum for which they are, afterwards, exempted from paying to Government any further annual land revenue. The lump sum so collected is taken either under the head 'VII—Land Revenue' or, if the State Government desire to keep the same separate, under the head 'LI—Extraordinary Receipts'. There is, thus, nothing wrong in Government crediting

*See Appendix I (Vol. I—Report).

the advance rental on account of telephones to Revenue. When once this is done, it is left to Government to decide as to how best the capital expenditure for installing new telephones should be financed viz., whether from borrowings or from the revenue collections. Instead of borrowing and having to pay interest thereon, Government have in this case preferred the latter course. The action taken by Government does not therefore, infringe the accepted principles of sound finance and both the Ministry of Finance and the Comptroller and Auditor-General have concurred in this view.

APPENDIX XVII

No. N.A. 29-18/53

GOVERNMENT OF INDIA

MINISTRY OF COMMUNICATIONS

(POSTS & TELEGRAPHS)

New Delhi, the 25th April, 1955

SUBJECT:—Para 49 (Item 10 of the *Statement of Outstanding Recommendations) of the 10th Report for 1953-54 of the Public Accounts Committee on the P. & T. Appropriation Accounts of 1950-51, regarding action taken in respect of the discrepancies in Stores Balances found during the overall physical verification of stores.

In their meeting held on 10th November, 1953, the Public Accounts Committee desired that a note be submitted to them on the action taken against persons responsible for shortage of stores as commented upon in para 21 of the P.&T. Appropriation Accounts 1950-51 and Audit Report, 1952 relating to the results of the Physical Verification of Stores Balances. Accordingly, a **note was submitted to the Public Accounts Committee under this office Memorandum of even number, dated the 25th May, 1954 in which it was indicated that the number of discrepant items was 56 involving a surplus of Rs. 2.28 lakhs and a deficit of Rs. 8.92 lakhs. It was also indicated therein that explanations in respect of 40 items had been admitted by Audit, while in respect of one item where the loss had occurred owing to floods, the officer responsible for excess stocking of material without making proper arrangements for storage was no longer in service having already been dismissed.

2. In para 49 of their Tenth Report for 1953-54, the Public Accounts Committee have desired that the action taken against the officials, found responsible in the remaining 16 items of discrepancies may be intimated to them. In their meeting held on 1st, 2nd and 3rd February, 1955, the Public Accounts Committee have reiterated that a further note stating the action taken in the matter may be submitted to them.

3. The further progress in this case is accordingly indicated below:—

The explanations in respect of 9 items of Alipore Store Depot and 1 item of Jabalpur Workshop have since been accepted by Audit as satisfactory and settled. There are still 6 items left involving a surplus of Rs. 7,201-11-0 and a deficit of Rs. 1,62,260-9-0 and these are still under investigation. Simultaneously, action has been initiated

* See Appendix I (Vol. I of Report).

** See Appendix LXIII to the tenth Report of the P.A.C.

ed to fix responsibility and to take suitable action against the officials responsible for these discrepancies. A further report in this regard will also be submitted to the Public Accounts Committee in due course.

3. This note has been seen by the Accountant-General, Posts and Telegraphs, Simla.

APPENDIX XVIII

GOVERNMENT OF INDIA

MINISTRY OF COMMUNICATIONS

(POSTS & TELEGRAPHS)

MEMORANDUM No. N.A. 29-21/54/B.

New Delhi, the 10th March, 1955

SUBJECT:—*Para 60 of P.A.C.'s 10th Report of 1953-54 regarding scrutiny of prices for supplies received from the A.T.E. and I.T.I. for Calcutta Auto Project. (Item No. 16 of the *Statement of Outstanding Recommendations).*

In para 60 of their Tenth Report of 1953-54 on the accounts of P.&T. Department for 1950-51, the Public Accounts Committee desired that an examination should be undertaken by the P.&T. Department to see whether the supplies received for the Calcutta Automatisation Project from the A.T.E. and I.T.I. under the terms of the contract were at fair and reasonable prices not more unfavourable than from other parties. The prices charged by the Company may not be deemed to be unfavourable or unreasonable for the reasons explained below.

2. In the Agreement between the Government of India and the Automatic Telephone and Electric Company Ltd., for the main purpose of the manufacture of telephone equipment in India in a factory or factories run by the Government, it was agreed, *vide* clause 9 of the Agreement, that until such time as the Government is in a position to manufacture telephone equipment completely in India, the requirements of telephone equipment will be met by purchase from the A.T. & E. Co. at prices based on the British Post Office home prices or where no British Post Office price existed for any piece of apparatus, then on the nearest British Post Office equivalent together with such reasonable additions as may be involved due to tropical finish, extra engineering, packing for export shipment, etc., and 'in any case shall not be higher than the most favourable prices for such equipment or apparatus quoted by A.T.E. to other similar customers or other manufacturing companies'.

3. The Prices paid are compared with those charged from the British Post Office on the basis of the Master Schedule prepared by the British Post Office. In this connection, it is necessary to indicate that the British Post Office is a commercial department just like the Indian P. & T. Department and it (the B.P.O.) adopts an elaborate method of cost accounting and inspection to prevent any wasteful methods of production and further fixes the prices for the supply of equipment by five competing contractors, (namely, Automatic Telephone & Electric Co., General Electric Co., Standard Telephones Co., Siemens and Ericssons). These manufacturers in competition

*Appendix I (Vol. I—Report).

with each other and under the vigilance of B.P.O. Cost Accounting Officers and Production Engineers, supply equipment to the B.P.O. at competitive rates. The B.P.O. price schedule is based on the prices determined by the B.P.O. and is applicable to the supplies made by the various contractors. The B.P.O. certification of the prices, therefore, constitutes a reasonable and sufficient safeguard.

4. The Master Schedule covers practically all items of equipment with the exception of power plant and is the same Master Schedule on which the British Post Office operates with regard to the prices to be paid for the various types of equipment manufactured by the Contractors.

With regard to power plant, Messrs Batra and Natarajan were informed by the B.P.O. that the A.T.E. & Co. did not manufacture the power plant themselves, but obtained it from other manufacturers at a price certified as reasonable by the B.P.O. The B.P.O. certification took into account the actual cost plus a reasonable profit.

5. The prices for most of the spare parts are also indicated in the **Master Schedule**.

6. With regard to comparison with the world prices, the Indian P. & T. have adopted British Post Office methods of working and have standardised their equipment like the British Post Office (namely, B.P.O. 2,000 type equipment). In other manufacturing countries of the world their own systems of working and of equipment have been adopted. Comparison can, therefore, be made only with regard to the prices charged from those countries which have adopted B.P.O. 2,000 type equipment. Nevertheless, in view of what has been stated above and the provisions of clause 9 of the Agreement reproduced in para 2 above, it would not be unreasonable to suppose that the prices are fair and not more unfavourable than charged to other customers. I.T.I. would, however, be asked to obtain a certificate from the A.T.E. & Co. that the prices charged are not higher than the most favourable prices for such equipment or apparatus supplied to other similar customers or other manufacturing companies.

APPENDIX XIX

Memorandum on Budgeting and Control over Expenditure (with Reference to Items Nos. 29 and 30 of the *Statement of Outstanding Recommendations)

In para 13 of their Tenth Report, the Public Accounts Committee have made the following observations relating to Budgeting and Control over Expenditure on Railways:

- (a) "The Public Accounts Committee of recent years have found occasions to comment on the financial administration of the Railways. They observe that although the Audit and Accounts were separated long ago, there is not the necessary co-ordination between the Railway Administrations and the Accounts Offices in the formulation of estimates etc. They also feel that the Railway Accounts Offices should be further strengthened and re-organised, if necessary."
- (b) "The Committee, therefore, desire that the Railway Board should once again draw the attention of the Railway Administration to the recommendations made by them in Para 7 of their Fifth Report and should also themselves exercise a rigid overall control at the time of consolidating the Budget Estimates submitted by the Railways. They feel that the overall budgetary standard and control over expenditure on the Railways need improvement and should, therefore, like to know the measures evolved by the Railway Board to set matters right in this direction."

2. (a) *Strengthening and re-organising Railway Accounts Offices.*

The Railway Board have been taking steps to tone up the efficiency of the Railway Accounts Offices from time to time. The system for imparting proper training to staff in the Railway Accounts Offices by conducting regular courses was introduced in 1951, which is still in vogue. The programme of training consists of lectures by the Training Accountants followed by intensive training in the practical working of the various branches of Railway accounting. Recently, a special conference of the Financial Advisers and Chief Accounts Officers of the Indian Railways was convened by the Railway Board with a view to finding out further directions in which improvement could be effected. The chief cause contributing to deterioration in efficiency in the Railway Accounts Offices *inter alia* was the poor quality of new recruits to the clerical grade and dilution resulting from the taking over of the *ex-States* Railway staff of low calibre.

* See Appendix I (Vol. I—Report).

After taking into consideration the views of the F.A. & C.A.Os. regarding toning up the efficiency of work, it has been decided:

- (i) to strengthen the cadre of clerk Class I by resorting to direct recruitment of Graduates preferably First and Second Division M.A., M.Sc., M. Com. and Honours Graduates to the extent of 20% of the annual permanent vacancies.
- (ii) to fill up vacancies even in higher posts wherever necessary, namely those of the Junior Accountants, Junior Inspectors of Station Accounts and Stock Verifiers by direct recruitment on Railways to meet the shortage of staff.
- (iii) to train new recruits to the Accounts Departments in regular training schools and test them before they are put on working posts.

Further, in order to keep a watch on efficiency of internal check in the Accounts Offices of the Railways, the Railway Board have strengthened the Inspection Organisation in the Board's Office under the Director, Finance (Accounts). This has been done with a view to conduct more intensive inspection of the various accounting units on Railways by devoting nearly two months in a year to examine the accounts of each Railway Administration. It is hoped that this step will go a long way in improving the efficiency of the Railway Accounts Offices.

(b) *Improvement in the overall budgetary standard and control over expenditure on the Railways.*

As directed by the Public Accounts Committee, the attention of the Railway Administrations has once again been drawn to the recommendations made by the Committee in para 7 of their Fifth Report *vide* copy of Board's letter of 16th October, 1954 to all Railway Administrations (See Annexure). It may be pointed out that consequent on Regrouping of Railways, a separate Finance Branch under a Deputy Financial Adviser working under the control of the F.A. & C.A.O. has been set up on each Railway. The Deputy F.A. is either closely associated with the compilation of the Budget Estimates or directly controls the same on behalf of the General Manager, functioning as a Co-ordinating Officer between the various Departments of the Railway.

As regards measures to improve budgeting, Railway Board would point out that elaborate instructions are already contained in State Railway Accounts and General Codes for the guidance of the Railway Administrations for the booking of expenditure immediately after it is incurred and for watching the progress of expenditure under each Grant and Sub-Head of Grant with reference to voted Grants. Monthly Reviews of expenditure and earnings are also prescribed and the Accounts Officer is required to see periodically that the expenditure booked is in accordance with the allotments made. Further the F.A. & C.A.Os. are required to keep a special watch on the progress of expenditure in the last quarter of the financial year and the attention of the Controlling Authority is drawn to the necessary appropriations, withdrawals or additional

funds, as the case may be. An overall control is exercised by the Railway Board through Reviews during the year—

- (i) in the month of August;
- (ii) the Revised Estimates in December; and
- (iii) Final Estimates in March.

It will thus be observed that the procedure on Railways in regard to control over expenditure is comprehensive. The Committee would, no doubt, appreciate that in such a vast organisation as Railway's with hundreds of Officers dealing in the preparation of Estimates and the numerous factors affecting the working of a Commercial undertaking, such as, increase in expenditure due to fluctuations in prices and traffic levels and other uncontrollable causes such as damages by floods, earthquakes etc., it is not possible to avoid small variations. The Railway Board would, however, constantly endeavour to maintain and improve the efficiency of the Railway Accounts Offices and the standard of budgeting and control over expenditure.

The Memorandum has been seen by the D.R.A.

NEW DELHI;

Dated 28th March, 1955.

ANNEXURE

Copy of Railway Board D.O. letter No. 54-B(c)-2498 (3 and 4) dated the 16th October, 1954, addressed to all the Railway Administrations.

Budgeting and Control over expenditure

I enclose herewith extracts of paras* 12 and 13 of the Tenth Report of the Public Accounts Committee on the Accounts, 1950-51. The Committee have expressed their view that the overall budgetary standard and control over expenditure on the Railways need improvement. In this connection, I would again draw your attention to the Committee's observations contained in para 7 of the Report for 1949-50, a copy of which also I am enclosing herewith. In view of the Committee's observations, I trust that further efforts will be made to tighten the budgetary machinery in the Railway Administration by enjoining on all those concerned to follow up the provisions contained in State Railway Accounts and General Codes in regard to booking of expenditure and watching of progress of expenditure under each Grant and sub-head

*Not Printed.

APPENDIX XX

MINISTRY OF RAILWAYS (RAILWAY BOARD)

Memorandum on the Manufacture of Locomotives and Boilers by The Tata Engineering & Locomotive Company, Limited

The Public Accounts Committee in their Fifth Report on the accounts of 1949-50 (Railways) considered in detail the working of the Agreement dated 20th August, 1947, entered into between the Government and Tata Locomotive & Engineering Co. Ltd., (TELCO), for the manufacture of locomotives and boilers, and made the following recommendations for the consideration of the Government:—

- (i) The provisional payments made to TELCO since the beginning of the Agreement should be finalised. If there are difficulties in reaching an agreement on costs, the matter must be referred to arbitration.
- (ii) As the TELCO manufacture also road-rollers, under-framers, etc., the need for efficient and accurate cost accounting and their check on behalf of Government is necessary so that the costs are properly allocated among the several products.
- (ii) In the case of an industry which caters entirely for Government purposes, such as the locomotive or the ammunition factory, there is obviously a strong case for the State-ownership and management of such an industry. Government should come to an early decision on the advisability of their taking over from TELCO the manufacture of boilers and locomotives and running it as a State-owned industry. If necessary, Government can invite participation of private capital in such State-owned concerns in the shape of debentures.

2. The observations of the Government of India on the recommendations of the Committee are given below.

3. Regarding the first recommendation, it may be stated that the delay in finalizing the provisional payments made to TELCO since the beginning of the Agreement was due to the delay in reaching an agreement on the allocation of common overheads to the production of boilers and locomotives at TELCO factory. The TELCO factory produced not only boilers and locomotives but other products like road-rollers and under-frames in an under-frame shop—as distinct from the locomotive and boiler manufacture shops—which is a part of the factory. Further, certain works relating to the manufacture of under-frames and road-rollers were carried out in the boiler and locomotive shops. Before, therefore, the cost of boilers and locomotives produced by TELCO during the developmental period could be finalised, it was necessary to arrive at an

agreement regarding the allocation of expenditure on the common services serving the whole factory. Besides, it was necessary to agree to a method of distribution of the overheads of the loco and boiler shops between the work done in these shops for under-frames and road-rollers, and boiler and locomotive work. It was the contention of the company that all developmental expenditure of the factory should be a proper charge on locomotive and boiler manufacture. The method by which they proposed to give effect to this principle resulted practically in all common overheads being charged to the loco and boiler production. The Agreement with the Company is highly complicated and while the principle of the Company's claim was not in doubt, the manner in which it should be given effect to was the cause of long drawn-out discussions. The only guidance provided in the Agreement with TELCO, (Section 1 of Annexure I to the First Schedule), was that if any expenses were incurred for other purposes also, then only the equitable share attributable to the performance of the Government work and worked out in accordance with an accepted method of allocating common expenses should be taken as forming part of the production costs. Negotiations had, therefore, to be conducted with TELCO for working out a method of allocation of overheads which would conform to accepted principles on the subject and, after protracted discussions, a formula regarding the distribution of common expenses as well as the capital-at-charge between the Loco Project and other works has been agreed upon. The accounts of the past years have now been revised on the basis of the formula agreed upon, and the revised accounts have been checked by the Government Auditors entrusted with the supervision of the accounts of TELCO. The provisional prices, so far paid to TELCO, are now being finalised. The finally agreed formula has resulted in TELCO withdrawing their proposal to debit a sum of about Rs. 80 lakhs to the Boiler and Loco production on the basis of a formula agreed to in December, 1951, as interpreted by TELCO. Government has further received a credit of Rs. 31 lakhs approximately towards the original debits to the Boiler and Locomotive account.

4. As regards the second recommendation, the system of cost accounting at TELCO has been established in consultation with Government who have also the right to inspect the Company's books, accounts, etc., by an authorised Government Officer to determine whether the costs of boilers, locomotives, etc., have been correctly arrived at according to the authorised system. An accounts Officer has been posted by Government at TELCO Works who exercises the necessary concurrent checks under the direction of the Deputy Financial Adviser & Chief Accounts Officer, Chittaranjan. This ensures adequate check on behalf of Government on allocation of costs among the several products manufactured at TELCO. There is no reason to doubt that costs have now been properly allocated to the several products in accordance with the agreed formula.

5. The third recommendation is for taking over TELCO and running it as a purely nationalised or Railway concern. It may first be pointed out that the agreement with TELCO subsists until 1st June, 1961, and Government is, until then, bound to purchase 50 locomotives and 50 boilers a year from the Company. To discontinue placing orders for locomotives and boilers on TELCO would

therefore, constitute a breach of this agreement. Further, the total demands for boilers and locomotives are and will continue to be much in excess of the production that can be secured in the factory which the Railway Ministry have set up at Chittaranjan for the manufacture of locomotives and boilers. It is, therefore, desirable to use the existing facilities at TELCO for the manufacture of locomotives and boilers.

6. The main idea behind the recommendation of the Public Accounts Committee, however, seems to be that inasmuch as TELCO factory caters entirely for Government purposes, it should be State-owned and managed by the State. If this recommendation is to be given effect to, the TELCO Works would have to be acquired either by agreement or compulsorily. There is hardly any possibility of TELCO agreeing voluntarily to sell the factory to Government. Legislation would, therefore, have to be enacted for the compulsory acquisition of the factory. The latest balance sheet of TELCO shows that the book value of the block is Rs. 7.25 crores as at 31st March 1954, whereas investment by the Government of India amounts to only 2 crores. It cannot be stated with certainty what compensation would have to be paid by Government should they decide to acquire the factory, but it is bound to amount to a large sum of money. A decision to acquire the TELCO Factory would, therefore, lead to Government incurring considerable expenditure on the acquisition of an existing production unit when that money could be spent more usefully in augmenting production in this or any other field. This can hardly be justified.

7. There is no doubt that the boilers and locomotives manufactured by TELCO are entirely for Government purposes. Even the road-rollers and the underframes which TELCO have manufactured, as a side business, were intended for the Government. The advisability of the Government acquiring the TELCO Works for the manufacture of boilers and locomotives and running it as a State-owned industry has, however, to be considered in the background of the history leading to the finalisation of the Agreement between Government and TELCO. The Agreement for the manufacture of boilers and locomotives was signed on 20th August, 1947, with retrospective effect from 1st June, 1945, and this would remain current for 16 years from 1st June, 1945. Acquisition of TELCO Works by legislation would be a breach of this agreement. Further, even at the commencement of the agreement, it was intended that TELCO will not be a purely locomotive manufacturing factory but one manufacturing other general heavy engineering products also. It was also contemplated that TELCO might even produce and export locomotives and boilers in excess of the number guaranteed for purchase by Government. It is in pursuance of this conception, that the Government of India have lately agreed to TELCO's undertaking the manufacture of diesel trucks in the factory. While, therefore, there is no reason to doubt that it would not have been possible for TELCO to come up to the present position, without consistent and continuous Government assistance, both financial and otherwise, it would be contrary to the original understanding under which TELCO was to function as a general engineering factory, if the Government were to decide to acquire it now and run it as a State-owned factory on the ground that it has been until now

catering entirely for Government purposes. It will also be impracticable to segregate such of the assets of TELCO which will constitute the unit for the manufacture of boilers and locomotives only and acquire the same. In any case, this will throw all their other possible production programmes out of gear.

8. The Public Accounts Committee, in their Report referred to in para. 1 above, have observed that TELCO have not been able to implement the various terms of the agreement, and presumably this is the chief reason for their recommendation to acquire the Works. It is true that the period 'A' which should have been for one year from June, 1945, with a production plan of 50 boilers had to be extended up to December, 1947, with a reduced production plan of 40 boilers, but the actual out-turn during the period was only 10 boilers. Period 'B' which should have been for one year from June, 1946, with a production plan of 100 boilers actually commenced in January, 1948, with a production plan of 81 boilers, but the actual out-turn was 44 boilers only. Period 'C' which was to commence in June, 1947, with a production plan of 100 boilers a year actually commenced from January, 1949, but as the production target of 100 boilers a year was not reached, the decision to deem January, 1949, as the commencement of period 'C' was cancelled and it was decided that period 'B' should continue until a date when it was possible for TELCO to produce 100 boilers a year. However, TELCO have now reported that they produced 8 boilers a month successively from February, 1954, onwards, and they have claimed that period 'C' should now be considered as having commenced with effect from that month. This is being examined by a Technical Team appointed by the Railway Board, but *prima facie* it would appear that the production target laid down in the Agreement for the period 'C' has been reached. TELCO have also claimed that period 'Y' for locomotive production of 50 locomotives a year would commence from July, 1954. This claim is also under examination by the same Team, and is likely to be accepted.

9. TELCO's inability to maintain the targets fixed in the Agreement is ascribable to various factors, the chief of them being:—

- (a) The facilities and capacity of the plant available in the Singhbhum Shops at the time of purchase were entirely inadequate to manufacture parts and components of boilers and locomotives in sufficient quantities to meet the full requirements. This handicap continued to hamper production until the new machine shop and the new forge and smithy were constructed and equipped.
- (b) The manufacture of locomotives and locomotive boilers was complicated and constituted a new industry in India, and no experience of planning such a factory was available in the country. No ancillary industry in the country was also available from which TELCO could have drawn raw materials or components to supplement its own products for the manufacture of the required number of boilers and locomotives.
- (c) Delays in receipt of machines, components and tools from outside sources due to shortage of materials in the world market for various causes, such as War, etc.

- (d) Partition of the country caused delay in the early stages of construction and manufacture.
- (e) Original shops taken over from the ex. E. I. Railway had to be fully re-laid due to higher targets agreed upon and this necessitated construction and manufacture going side by side, which necessarily resulted in delays to manufacture of boilers.
- (f) There was a lack of trained and experienced engineers which has now been remedied with the assistance of Messrs. Krauss Maffei with whom TELCO have entered into an agreement for the training of their staff and also to supply the technical 'know-how', etc.
- (g) There were strikes in the TELCO Shops which caused delay both in the construction of the Shops and the manufacture of boilers and locomotives.

In addition to the above causes, delays also occurred due to changes in specifications and drawings from time to time. Further, it was not possible for Government to place orders for one type of boilers or locomotives to be manufactured in TELCO. Except for the first order which was for 100 SGS boilers, subsequent orders for boilers were of various types and of comparatively small numbers.

10. It can now be stated that TELCO have weathered most of the difficulties attendant on the establishment of a new and complicated industry. There is no doubt that the delay in the commencement of periods 'C' and 'Y' has had the effect of TELCO being paid on the actual cost basis for boilers and locomotives for a much longer period than originally contemplated and that this has resulted in Government paying for locomotives and boilers produced in TELCO, much more than what would have been paid if the expectations at the time of the execution of the agreement had been fulfilled. This is unfortunate, but it is considered that this fact alone would not justify the acquisition of the factory, specially when as already stated, they have reached the target of production.

11. Having regard to all the circumstances, the Government have come to the conclusion that it would not be in the best interests of the country to acquire the Loco and Boiler manufacturing unit of TELCO.

New Delhi:

18th October, 1954.

APPENDIX XXI

MINISTRY OF RAILWAYS (RAILWAY BOARD)

Note on para 19 of the Tenth Report of the Public Accounts Committee—Irregular expenditure on the Cadet Division of the St. John Ambulance Brigade (Overseas) on the G.I.P. Railway—para 9 of Railway Audit Report Pt. I. 1952.—(Item 36 of the *Statement of Outstanding Recommendations.)

The Public Accounts Committee have observed in para 19 of their Tenth Report (in commenting on para 9 of the Audit Report 1952—Part I) that no justification has been given by the Board for not taking disciplinary action against the officers responsible in Board's office for the delay of 22 months caused in the disposal of this case, and desired that action should be taken against persons responsible for the delay in the Railway Board's office. It is regretted that the notes circulated earlier did not explain the circumstances causing the delay in greater detail. It has been stated in para 2 of the note contained in Appendix XXVIII of the Tenth Report that the delay of 22 months included the period required by the Railway to answer certain queries of the Railway Board, and that the actual delay in the Board's office in dealing with the case was about 8 months only. Perhaps the following chronological summary of the progress of the case would present a clearer picture.

24-10-1947.—Original reference was made by the Railway for according Railway Board's sanction to the Grant of certain allowances to the Cadet Division of St. John Ambulance Brigade.

19-11-1947.—After examining the matter in the Railway Board's office, it was decided to call for certain information, enquiring among other things, the duties of and reasons for instituting the Cadet Division.

6-4-1948.—Information called for was furnished by the Railway.

3-5-1948.—After further examination in the Railway Board's office some more information was called for from the Railway.

4-12-1948.—Full information called for by the Railway Board was received by the Branch dealing with the case.

5-8-1949.—Railway Board's final orders were issued.

Thus there was actually a delay of only eight months in Board's office after the case became ripe for decision by the Board. At about that time the work in the Branch of the Board's Office dealing with the case was very heavy—in fact a proposal for additional

*See Appendix I (Volume I—Report).

staff was under consideration to pull up the arrears. The staff, therefore, could not be blamed for any delays in disposal. In the circumstances, the Board considered that no blame could be laid on anybody in particular, for delay in the disposal of this case and they came to the conclusion that this was not a fit case for taking disciplinary action. It is hoped that the P.A.C. would, in the light of this explanation, accept the Railway Board's views.

The note has been seen by the D.R.A.

NEW DELHI;

Dated the 28th March, 1955.

APPENDIX XXII

MINISTRY OF RAILWAYS (RAILWAY BOARD)

Memorandum on Economy Effected by Re-grouping of Railways

(Item No. 45 of the *Statement of Outstanding Recommendations).

The regrouping of the railways was effected by reorganising 21 separate railways which existed in 1949-50, into six major territorial systems. The Southern Railway was formed on 14th April, 1951, and the Central and Western Railways were formed on the 5th November, 1951. The remaining three railways, namely, the Northern, North Eastern and Eastern, were formed on the 14th April, 1952. The most important feature of the regrouping scheme was that the existing railways were regrouped by entire units by absorption and amalgamation of contiguous railways so as to serve a compact or well-defined area. In the case of the East Indian Railway, three complete Divisions functioning as such were transferred. The existing internal organisation of the constituent units was assimilated to the administrative pattern of most important among them.

Certain economies were expected at the time of regrouping mainly under administrative costs and operating improvements. As regards administrative economies, it was stated at the outset that reduction in cost might be expected only in the case of consolidation of full-fledged headquarters organisations. It was recognised at the time of regrouping that the scope for economies in the administrative category in the case of the Western, Northern and North Eastern Railways was limited. As regards the Western Railway, the lines merged with the BB & CI were smaller systems with correspondingly lower scale of headquarters offices. None of the constituent units of the Northern and the North Eastern Railways had headquarter administrative organisations similar to the other Government Railways, and consequently there was need for strengthening the set up of these two new systems. Special attention of the Central Advisory Council for Railways was drawn to these factors at the time the regrouping proposals for these regrouped systems were formulated by the Board. To these should also be added the consideration that Government were anxious that no repercussions detrimental to the existing staff should ensue as a result of regrouping. Consequently, staff were given certain assurances regarding transfer and retrenchment. From these two policy consideration and decisions it should be clear that staff economies were left to accrue eventually and not immediately.

It is difficult to isolate and ascertain the financial effects of regrouping because of a number of developments which have occurred immediately prior to, during and after regrouping. The total

*See Appendix I (Vol. I—Report).

ordinary working expenses which include the staff costs, increased by Rs. 29.08 crores in 1954-55 over the pre-regrouping year 1950-51. The broad details of the increases are as follows:—

	(In crores)
	Rs.
(i) Staff charges	22.54
(a) Implementation of C.P.C. scales of pay on the ex-States Railways.	1.00
(b) Implementation of Adjudicator's Award.	2.00
(c) Increase under Provident Fund and Gratuities, mainly due to merger of part of dearness allowance with pay and liberalization of Provident Fund concessions to temporary staff.	3.01
(d) Increase under House Rent, Compensatory, Travelling and other allowances due to merger of dearness allowance.	0.93
(e) Increments to staff for four years subsequent to 1950-51.	4.00
(f) Implementation of J.A.C. recommendations.	2.00
(g) Other increases mainly under dearness allowance owing to increase in the rates, liberalization of leave rules, additional staff, etc.	9.60
(ii) Increase under Repairs & Maintenance (other than staff element).	4.33
(iii) Increase under Fuel expenditure.	3.21
(iv) Partly counterbalanced by other miscellaneous variations owing mainly to the freight charges on Railway Stores on Capital account, being taken in reduction of Working Expenses.	—1.00
	29.08

It will be noticed that the increase in the staff costs has been brought about by the implementation of the C.P.C. scales on the ex-State Railways, the implementation of the Adjudicator's Award, increase under Provident Fund and Gratuities as a result of the merger of a part of the Dearness Allowance with pay and the liberalization of Provident Fund concession to temporary staff, increase under House Rent and other allowances, increments to staff for four years subsequent to 1950-51, the implementation of J.A.C. recommendations and other increases resulting from the increase in the dearness allowance rates, liberalization of leave rules, additional staff, etc. Increase under Repairs and Maintenance other than staff element accounts for an increase of Rs. 4.33 crores, while expenditure under Fuel has gone up by Rs. 3.21 crores.

The period also has been one of great changes inaugurated under the Five Year Plan, such as, the intensified rehabilitation programme, 692 L.S.

large-scale developmental works, construction of new lines, etc. The rising tempo of rehabilitation works has led to the appointment of additional staff. There has been a progressive increase in the provision of staff welfare and passenger amenities. A considerable volume of research into development work has also proceeded. All these activities are spread over all departments and all phases of working. The effect of these developments is also partly reflected in the striking increase in the number of staff from 913,553 in 1950-51 to 959,423 in 1953-54 the bulk of which has been the result of the implementation of the Adjudicator's Award. No less remarkable has been the increase in the train services. The total train mileage operated discloses an increase over these four years to the extent of 12,406,000. Relief to overcrowding has had to be brought about by operating more trains and during the period covered here on the broad and metre gauge alone 8,329,000 additional train miles have been operated. Similarly, on the goods side 3,965,000 train miles have been operated on the broad and metre gauge sections. All this increased transportation naturally involved additional staff and other expenses required for the operation of the additional train services. In the midst of all these factors, it is difficult to segregate any financial effect that may have arisen out of regrouping.

Turning to the question of operating results the earlier memorandum gave the picture up to 1952-53. Statistics for 1953-54 are enclosed which are self-explanatory. There has, however, been a definite improving trend in 1954-55, but complete statistics for the year are not yet available.

A study made by the Efficiency Directorate of the Railway Board shows that the work load on the regrouped railways particularly at the top level is much more than what it was on the pre-regrouped railways. This aspect is under the active consideration of the Railway Board.

Dated 2nd May, 1955.

ANNEXURE

Table I—Statistics of all Government Railways

	B. G.			M. G.			Total (Incl. N. G.)		
	1951-52	1952-53	1953-54	1951-52	1952-53	1953-54	1951-52	1952-53	1953-54
(1) Route mileage	15,702	15,755	15,832	15,060	15,182	15,260	33,343	33,519	33,852
(2) Passenger traffic :									
(a) No. of passengers originating (in 000s)	801,566	800,658	826,795	373,581	357,917	338,113	1,203,730	1,185,659	1,193,579
(b) No. of passengers carried (in 000s)	828,674	832,911	858,847	388,813	372,310	349,176	1,247,314	1,233,553	1,238,098
(c) Passengers miles (in millions)	26,000	24,861	25,116	12,459	11,523	11,409	39,030	36,928	37,096
(3) Goods traffic :									
(a) No. of tons originating (in 000s)	75,223	74,504	75,029	19,547	20,649	20,900	96,660	97,133	98,136
(b) No. of tons carried (in 000s)	100,944	100,918	100,700	27,192	28,742	28,115	130,602	132,160	131,603
(c) Net ton miles (in millions)	24,971	24,514	24,914	3,862	4,268	4,380	28,966	28,906	29,436
(4) Transportation :									
(a) Passenger and Proportion etc.									
(i) No. of train miles (in 000s)	*4,530	*4,622	*5,432	*1,164	*1,174	*1,194	*5,694	*5,796	*6,626
(ii) No. of coaching vehicle miles (in 000s)	60,734	61,635	63,353	35,239	35,926	37,608	98,938	100,733	104,294
(iii) Speed of trains Mail and Express Passengers	998,651	1,009,498	1,047,173	573,419	585,194	606,732	1,572,070†	1,594,692†	1,653,905†

Gauge averages are not worked out.

Table I.—Contd.

	Broad Gauge			Metre Gauge			Total (Incl. N. G.)		
	1951-52	1952-53	1953-54	1951-52	1952-53	1953-54	1951-52	1952-53	1953-54
(iv) Passenger train engine hours (in ccs)	2,966	3,011	3,124	2,196	2,220	2,286	5,162†	5,231†	5,410†
(v) Total passenger engine hours (in ccs)	4,647	4,695	4,881	3,209	3,226	3,309	7,856†	7,921†	8,190†
(b) Goods and Proportion									
(i) No. of train miles (in 000s)	50,945	51,761	51,329	20,053	20,499	19,978	73,082	74,690	73,706
(ii) No. of loaded wagon miles (in millions)	1,530	1,566	1,576	479	499	505	2,031	2,092	2,107
(iii) No. of total wagon miles (in millions)	2,204	2,266	2,274	629	656	646	2,867	2,963	2,961
(iv) Speed of Goods trains									
All goods	10·7	10·4	10·2	9·22	9·14	8·93	—Not available—		
Through trains	12·4	12·0	Not available	10·3	10·3	Not available	Ditto.		
(v) Goods train engine hours (in 000s)	4,715	4,920	4,989	2,090	2,163	2,152	6,805†	7,083†	7,141†
(vi) Total goods engine hours (in 000s)	11,239	11,586	11,892	4,264	4,378	4,427	15,503†	15,964†	16,319†
(vii) Wagon load during the run	16·2	15·6	15·7	7·83	8·36	8·50	—Not available—		

* & †'s reference

(viii) Wagon miles per wagon day	40·9	41·1	40·1	32·4	31·4	28·4	—Not available—		
(ix) Net ton miles per wagon day	463	444	440	198	204	193	Ditto.		
(c) Locomotive performance									
(i) Engine miles per engine day on line.	78	80	83	75	75	74	Ditto.		
(ii) Engine miles per engine day in use							Ditto.		
Passenger	158	163	166	129	129	132	Ditto.		
Goods	95	94	94	88	87	85	Ditto.		
(iii) Net ton miles per engine hour	2,055	1,962	1,930	767	827	850	Ditto.		
(iv) Net ton miles per goods locomotive day in use	28,501	27,518	27,896	11,332	12,066	11,831	Ditto.		
(v) Percentage of Train engine hours to total engine hours							Ditto.		
Passenger	63	63	63	67	68	68	Ditto.		
Goods	39	40	39	43	43	43	Ditto.		
(5) Stock									
(a) Average No. of Engines on line	5,299	5,274	5,234	2,649	2,697	2,770	8,255	8,328	8,369
in use	3,810	3,862	3,888	1,912	1,960	1,996	5,916	6,045	6,112
(b) Average No. of Coaching vehicles on line	16,406	17,133	17,656	12,534	12,999	13,292	30,736	32,263	33,076
(c) Average No. of wagons on line	146,339	150,180	154,249	*52,604	56,399	60,888	205,691	214,239	223,182

†Excluding N. g.
 *Relating to Electric Multiple Unit Trains.
 ‡Battery and Diesel locos excluded.

Table II.—Statistics of Individual Railways

(a) CENTRAL RAILWAY

	B. G.			M. G.		
	1951-52	1952-53	1953-54	1951-52	1952-53	1953-54
(1) Route mileage	4,091·14	4,091·14	4,093·08	772·49	772·49	772·49
(2) Passenger traffic—						
(a) No. of passengers originating (in 000s)	217,769	212,621	222,783	13,261	14,932	12,130
(b) No. of passengers carried (in 000s)	227,138	223,853	232,447	13,478	15,187	13,374
(c) Passenger miles (in 000s)	6,346,505	6,015,815	6,255,482	470,361	477,868	458,165
(3) Goods traffic—						
(a) No. of tons originating (in 000s)	11,726	10,942	10,044	579	684	573
(b) No. of tons carried (in 000s)	17,852	16,522	16,561	949	1,025	908
(c) Net ton miles (in 000s)	5,773,989	6,247,685	6,588,911	136,925	165,194	164,334
(4) Transportation—						
(a) Passenger and Proportion—						
(i) No. of train miles (in 000s)	14,008 *2,941	14,047 *3,022	14,232	1,554	1,597	1,622
(ii) No. of coaching vehicle miles (in 000s)	240,658	237,765	239,169	22,318	23,521	24,237
(iii) Speed of trains—						
Mail and Express	29·0	29·7	30·9	21·5	24·6	25·8
Passenger	24·5	23·4	19·9	18·0	19·1	19·0
(iv) Passenger train engine hours (in 000s)	634	633	638	88	88	90
(v) Total passenger engine hours (in 000s)	988	977	988	133	124	127
(b) Goods and Proportion—						
(i) No. of train miles (in 000s)	13,480	13,903	14,025	615	707	730

(ii) No. of loaded wagon miles (in 000s)	349,750	366,310	377,170	17,762	19,094	19,366
(iii) No. of total wagon miles (in 000s)	487,420	517,106	537,856	22,087	24,728	24,657
(iv) Speed of goods train—						
All goods	11.4	11.1	11.0	10.3	10.1	9.79
Through trains	13.0	12.7	12.5	12.9	11.9	12.3
(v) Goods train engine hours (in 000s)	1,140	1,206	1,218	58	68	69
(vi) Total goods engine hours (in 000s)	2,533	2,646	2,721	116	150	157
(vii) Wagon load during the run	16.5	16.9	17.5	7.66	8.65	8.49
(viii) Wagon miles per wagon day	47.7	50.0	49.8	43.8	43.9	39.1
(ix) Net ton miles per wagon day	567	603	613	271	296	263
(c) Locomotive performance—						
(i) Engine miles per engine day on line	100	99	99	100	99	99
(ii) Engine miles per engine day in use						
Passenger	204	205	202	168	180	175
Goods	118	119	118	102	120	117
(iii) Net ton miles per engine hour	2,085	2,166	2,233	953	992	919
(iv) Net ton miles per goods locomotive day in use	31,230	33,159	34,741	15,612	15,984	16,179
(v) Percentage of train engine hours to total engine hours—						
Passenger	63	64	64	65	70	70
Goods	41	42	41	41	41	39
(5) Stock—						
(a) Average No. of Engines—						
on line	1,013	1,021	1,034	76	80	85
in use	775	787	798	61	63	6
(b) Average No. of Coaching vehicles on line	3,050	3,091	3,212	341	346	346
(c) Average No. of wagons on line	27,773	28,206	29,440	1,373	1,532	1,715

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*Relating to Electric Multiple unit Trains.

Table II.—Statistics of individual Railways—Contd.
(b) EASTERN RAILWAY

	B. G.		
	1951-52	1952-53	1953-54
(1) Route mileage	Not available	4,732·93	4,746·45
(2) Passenger traffic—			
(a) No. of passengers originating (in 000s)	Do.	196,033	208,966
(b) No. of passengers carried (in 000s)	Do.	200,563	212,396
(c) Passenger miles (in 000s)	Do.	6,799,710	7,011,764
(3) Goods traffic—			
(a) No. of tons originating (in 000s)	Do.	45,555	45,724
(b) No. of tons carried (in 000s)	Do.	48,754	48,153
(c) Net ton miles (in 000s)	Do.	9,486,250	9,630,907
(4) Transportation—			
(a) Passenger and Proportion—			
(i) No. of train miles (in 000s)	18,831	19,328	19,755
(ii) No. of coaching vehicle miles (in 000s)	306,194	323,555	334,400
(iii) Speed of trains—			
Mail and Express	24·6	25·1	
Passenger	17·3	17·4	17·3
(iv) Passenger train engine hours (in 000s)	941	953	9,708
(v) Total passenger engine hours (in 000s)	1,539	1,539	1,567
(b) Goods and Proportion—			
(i) No. of train miles (in 000s)	18,476	18,900	18,334
(ii) No. of loaded wagon miles (in 000s)	378,140	590,611	571,967
(iii) No. of total wagon miles (in 000s)	865,456	893,552	871,266

Table II (b).—Contd.

(iv) Speed of Goods trains—			
All goods	10·3	9·94	9·79
Through trains	11·8	11·7	11·5
(v) Goods train engine hours (in 000s)	1,767	1,861	1,830
(vi) Total goods engine hours (in 000s)	4,914	5,032	5,220
(vii) Wagon load during the run	Not available	16·0	16·8
(viii) Wagon miles per wagon day	Do.	34·3	33·4
(ix) Net ton miles per wagon day	Do.	364	3,70
(c) Locomotive performance—			
(i) Engine miles per engine day on line	72	75	76
(ii) Engine miles per engine day in use—			
Passenger	141	144	148
Goods	83	82	83
(iii) Net ton miles per engine hour	Not available	1,759	1,796
(iv) Net ton miles per goods locomotive day in use	Do.	23,750	24,902
(v) Percentage of train engine hours to total engine hours—			
Passenger	60	60	61
Goods	34	35	34
(5) Stock—			
(a) Average No. of Engines—			
on line	2,102	2,089	2,074
in use	1,567	1,595	1,588
(b) Average No. of coaching vehicles on line	Not available	6,136	6,342
(c) Average No. of wagons on line	Do.	71,116	71,118

Table II.—*Statistics of individual Railways.—Contd.*
(c) NORTHERN RAILWAY

	B. G.			M. G.		
	1951-52	1952-53	1953-54	1951-52	1952-53	1953-54
(1) Route mileage	Not available	3,905·44	3,917·36	*1,678·67	2,006·35	2,006·35
(2) Passenger traffic—						
(a) No. of Passengers originating (in 000s)	Do.	134,783	140,078	*12,820	21,108	20,983
(b) No. of passengers carried (in 000s)	Do.	138,132	144,389	*14,132	22,336	22,539
(c) Passenger miles (in 000s)	Do.	5,606,286	5,854,469	*643,050	850,418	867,400
(3) Goods traffic—						1,983
(a) No. of tons originating (in 000s)	Do.	8,517	9,296	*1,396	1,893	1,983
(b) No. of tons carried (in 000s)	Do.	18,632	18,441	*2,110	2,931	3,136
(c) Net ton miles (in 000s)	Do.	4,383,996	4,221,752	*207,070	363,929	382,277
4) Transportation—						
(a) Passenger & Proportion :						
(i) No. of train miles (in 000s)	15,250	15,803	16,663	2,170	2,260	2,787
(ii) No. of coaching vehicle miles (in 000s)	237,135	237,857	257,980	44,419	43,473	44,653
(iii) Speed of trains—						
Mail and Express	23·3	26·4	25·6	19·7	19·5	20·6
Passenger	17·9	18·0	18·0	16·8	16·8	17·5
(iv) Passenger train engine hours (in 000s)	749	794	861	140	145	167
(v) Total passenger engine hours (in 000s)	1,151	1,209	1,341	233	239	268
(b) Goods and Proportion —						
(i) No. of train miles (in 000s)	9,100	9,073	9,188	1,464	1,766	1,712
(ii) No. of loaded wagon miles (in 000s)	289,127	289,653	293,649	31,377	38,065	38,318
(iii) No. of total wagon miles (in 000s)	448,506	442,156	446,670	41,868	51,560	50,887

(iv) Speed of Goods trains—						
All goods	9.55	9.16	8.61	8.79	9.42	8.94
Through trains	12.4	11.4	10.6	11.8	12.2	11.0
(v) Goods train engine hours (in 000s)	904	940	1,007	125	154	162
(vi) Total goods engine hours (in 000s)	1,887	1,973	2,142	282	341	372
(vii) Wagon load during the run	Not available	15.0	14.1	8.59	9.35	9.63
(viii) Wagon miles per wagon day	Do.	44.4	43.6	34.6	37.4	33.6
(ix) Net ton miles per wagon day	Do.	442	410	229	277	261

(c) Locomotive performance—

(i) Engine miles per engine day on line	72	77	84	70	76	81
(ii) Engine miles per engine day in use—						
Passenger	151	164	172	110	122	143
Goods	92	90	91	77	92	95
(iii) Net ton miles per engine hour	Not available	2,108	1,770	902	936	874
(iv) Net ton miles per goods locomotive day in use	Do.	28,528	26,359	12,108	13,202	13,809
(v) Percentage of Train engine hours to total engine hours—						
Passenger	64	65	63	60	60	62
Goods	45	46	43	40	40	38

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(5) Stock—

(a) Average No. of Engines—						
on line	1,174	1,131	1,105	185	195	205
in use	776	767	777	130	142	149
(b) Average No. of Coaching vehicles on line	Not available	3,924	4,007	648	1,022	1,047
(c) Average No. of wagons on line	Do.	26,862	27,694	2,412	3,525	3,880

*En—Bikaner and Jodhpur Railways only.

Table II.- *Statistics of individual Railways—Contd.*
(d) NORTH EASTERN RAILWAY

	M. G.		
	1951-52	1952-53	1953-54
(1) Route mileage	*4,447.89	4,726.59	4,743.57
(2) Passenger traffic—			
(a) No. of passengers originating (in 000s)	*114,157	118,615	107,472
(b) No. of passengers carried (in 000s)	*117,051	119,158	111,523
(c) Passenger miles (in 000s)	*4,063,380	4,056,905	4,044,279
(3) Goods traffic—			
(a) No. of tons originating (in 000s)	*7,442	8,551	8,585
(b) No. of tons carried (in 000s)	*9,870	11,567	10,612
(c) Net ton miles (in 000s)	*1,243,353	1,411,568	1,383,049
(4) Transportation—			
(a) Passenger & Proportion :			
(i) No. of train miles (in 000s)	11,337	11,651	12,465
(ii) No. of coaching vehicle miles (in 000s)	176,961	179,005	197,464
(iii) Speed of trains—			
Mail and Express	18.4	18.4	19.4
Passenger	15.0	15.1	15.4
(iv) Passenger train engine hours (in 000s)	747	759	796
(v) Total passenger engine hours (in 000s)	1,058	1,048	1,074
(b) Goods and Proportion—			
(i) No. of train miles (in 000s)	6,426	6,124	6,006
(ii) No. of loaded wagon miles (in 000s)	167,500	169,209	169,460
(iii) No. of total wagon miles (in 000s)	225,267	222,719	213,434

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(iv) Speed of Goods trains—

All goods	7·84	7·48	7·38
Through trains	9·53	9·45	8·86
(v) Goods train engine hours (in 000s)	757	745	741
(vi) Total goods engine hours (in 000s)	1,697	1,633	1,593
(vii) Wagon load during the run	8·00	7·96	7·83
(viii) Wagon miles per wagon day	27·8	25·8	23·0
(ix) Net ton miles per wagon day	168	156	145

(c) Locomotive performance—

(i) Engine miles per engine day on line	73	73	69
(ii) Engine miles per engine day in use—			
Passenger	119	116	116
Goods	77	72	68
(iii) Net ton miles per engine hour	659	668	707
(iv) Net ton miles per goods locomotive day in use	10,365	10,528	10,287
(v) Percentage of train engine hours to total engine hours—			
Passenger	69	70	72
Goods	38	38	39

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(5) Stock—

(a) Average No. of Engines—

on line	962	964	1,000
in use	712	722	743
(b) Average No. of Coaching vehicles on line	3,911	4,149	4,447
(c) Average No. of wagons on line	20,954	23,623	25,078

*Ex-Assam and O. T. Railways only.

Table II—Statistics of individual Railways—Contd.

(e) SOUTHERN RAILWAY

	B. G.			M. G.		
	1951-52	1952-53	1953-54	1951-52	1952-53	1953-54
(1) Route mileage	1,754·45	1,763·30	1,783·81	4,158·90	4,158·90	4,179·12
(2) Passenger traffic—						
(a) No. of passengers originating (in 000s)	74,608	72,375	68,532	150,211	142,861	135,773
(b) No. of passengers carried (in 000s)	78,547	77,859	74,144	157,390	152,584	138,170
(c) Passenger miles (in 000s)	2,157,501	3,006,887	2,615,339	4,151,985	3,735,458	3,597,730
(3) Goods traffic—						
(a) No. of tons originating (in 000s)	4,812	4,639	4,960	6,235	6,085	5,967
(b) No. of tons carried (in 000s)	8,333	8,129	8,310	8,024	7,683	7,550
(c) Net ton miles (in 000s)	1,920,584	1,949,616	2,038,420	1,283,672	1,370,990	1,341,752
(4) Transportation—						
(a) Passenger and Proportion—						
(i) No. of train miles (in 000s)	7,975	8,019	8,239	*1,164 13,765	*1,174 13,754	*1,194 13,859
(ii) No. of Coaching vehicle miles (in 000s)	123,582	120,431	120,370	213,149	216,727	212,232
(iii) Speed of trains—						
Mail and Express	22·8	22·4	22·3	20·8	20·7	20·1
Passenger	15·5	15·9	15·3	15·4	15·3	15·2
(iv) Passenger train engine hours (in 000s)	434	436	450	840	822	810
(v) Total passenger engine hours (in 000s)	671	674	686	1,163	1,151	1,158
(b) Goods and Proportion—						
(i) No. of train miles (in 000s)	4,729	4,713	4,597	6,744	6,719	6,524
(ii) No. of loaded wagon miles (in 000s)	141,402	138,511	146,524	150,650	153,175	150,253
(iii) No. of total wagon miles (in 000s)	186,100	185,763	187,502	196,560	197,614	194,531

<i>(iv) Speed of Goods trains—</i>						
All goods	10·4	10·4	10·3	9·40	9·36	9·31
Through trains	12·2	11·8	12·0	10·8	10·5	10·8
<i>(v) Goods train engine hours (in 000s)</i>	440	441	431	697	699	679
<i>(vi) Total goods engine hours (in 000s)</i>	946	956	963	1,264	1,273	1,283
<i>(vii) Wagon load during the run</i>	13·4	14·0	13·8	8·38	8·83	8·84
<i>(viii) Wagon miles per wagon day</i>	44·3	43·1	41·5	35·8	36·0	30·8
<i>(ix) Net ton miles per wagon day</i>	459	453	452	237	251	215
<i>(c) Locomotive performance—</i>						
<i>(i) Engine miles per engine day on line</i>	81	78	83	81	82	82
<i>(ii) Engine miles per engine day in use—</i>						
Passenger	155	154	151	142	146	150
Goods	111	108	115	96	97	99
<i>(iii) Net ton miles per engine hour</i>	2,070	1,820	1,864	879	957	940
<i>(iv) Net ton miles per goods locomotive day in use</i>	33,286	29,120	30,731	12,978	14,083	13,808
<i>(v) Percentage of train engine hours to total engine hours—</i>						
Passenger	63	63	64	72	71	70
Goods	42	42	40	55	55	53
5) Stock—						
<i>(a) Average No. of Engines—</i>						
On line	558	576	570	839	834	841
In use	375	385	391	591	588	584
<i>(b) Average No. of Coaching vehicles on line</i>	2,319	2,381	2,514	4,206	4,350	4,250
<i>(c) Average No. of wagons on line</i>	11,319	11,685	12,232	15,263	15,189	16,901

*Relating to Electric Multiple Unit Trains.

Table II—Statistics of Individual Railways—Contd.

(f) WESTERN RAILWAY

	B. G.			M. G.		
	1951-52	1952-53	1953-54	1951-52	1952-53	1953-54
(1) Route mileage	1,266.34	1,260.39	1,289.05	3,966.84	3,518.05	3,557.97
(2) Passenger traffic—						
(a) No. of Passengers originating (in 000s)	180,712	184,846	186,436	83,132	60,400	60,755
(b) No. of passengers carried (in 000s)	187,668	192,504	195,471	86,762	63,044	63,570
(c) Passenger miles (in 000s)	3,498,803	3,432,023	3,379,150	3,129,829	2,401,990	2,441,717
(3) Goods traffic—						
(a) No. of tons originating (in 000s)	4,771	4,851	5,005	3,895	3,436	3,792
(b) No. of tons carried (in 000s)	8,540	8,881	9,235	6,239	5,536	5,909
(c) Net ton miles (in 000s)	2,447,073	2,446,813	2,434,390	991,154	956,744	1,108,837
(4) Transportation—						
(a) Passenger and Proportion—						
(i) No. of train miles (in 000s)	*1,589	*1,600	*2,044	6,413	6,664	6,875
(ii) No. of coaching vehicle miles (in 000s)	4,670	4,438	4,464	116,572	122,468	128,146
(iii) Speed of trains—						
Mail and Express	28.8	29.3	30.0	18.6	19.3	19.7
Passenger	16.0	17.6	17.7	15.8	15.6	15.3
(iv) Passenger train engine hours (in 000s)	208	196	198	382	407	423
(v) Total passenger engine hours (in 000s)	308	295	299	621	665	681
(b) Goods & Proportion—						
(i) No. of train miles (in 000s)	5,160	5,172	5,185	4,804	5,183	5,008
(ii) No. of loaded wagon miles (in 000s)	171,865	181,309	186,295	111,796	119,687	127,548
(iii) No. of total wagon miles (in 000s)	216,208	227,178	231,045	143,231	159,715	162,402

	1	2	3	4	5	6	7
(iv) Speed of Goods trains—							
All goods	10·8	10·6	10·1	10·1	10·0	9·6	
Through trains	12·8	12·6	11·6	10·8	10·8	10·5	
(v) Goods train engine hours (in 000s)	464	473	501	454	499	500	
(vi) Total goods engine hours (in 000s)	960	980	1,046	905	982	1,023	
(vii) Wagon load during the run	14·2	13·4	13·0	7·52	7·96	8·64	
(viii) Wagon miles per wagon day	49·5	50·2	45·7	35·6	34·3	32·6	
(ix) Net ton miles per wagon day	562	542	483	212	208	227	
(c) Locomotive performance—							
(i) Engine miles per engine day on line	75	74	76	68	68	67	
(ii) Engine miles per engine day in use—							
Passenger	182	174	181	111	114	116	
Goods	94	91	90	95	91	86	
(iii) Net ton miles per engine hour	2,348	2,295	2,163	784	860	951	
(iv) Net ton miles per goods locomotive day in use	28,984	28,150	27,528	10,526	11,443	10,952	
(v) Percentage of train engine hours to total engine hours—							
Passenger	68	66	65	61	61	62	
Goods	48	48	45	44	45	43	
(s) Stock—							
(a) Average No. of engines—							
On line	452	457	451	587	623	638	
In use	317	328	334	418	445	456	
(b) Average No. of coaching vehicles on line	1,563	1,601	1,581	3,428	3,132	3,202	
(c) Average No. of wagons on line	11,864	12,311	13,765	12,602	12,530	13,314	

*Relating to Electric Multiple Unit Trains.

APPENDIX XXIII

MINISTRY OF RAILWAYS (RAILWAY BOARD)

MEMORANDUM

Recommendations of the Public Accounts Committee—Abandonment of Locomotive Building Works Project—Kanchrapara—Reference to Arbitration of cases where no claim certificates have been tendered by the contractors—(Item No. 49 of the *Statement of Outstanding Recommendations).

In para 35 of the Tenth Report, the Public Accounts Committee made the following comments with reference to the **Memorandum submitted by the Railway Board on the question of reference of claims to Arbitration in respect of which 'no claim certificate' had been tendered by the contractors.

"The Committee have considered this Memorandum at some length, especially the implications of the concluding sentence thereof which reads as below:—

'If the Committee approves, it is proposed to explore the possibility of putting a clause in the agreement to the effect that once a contractor gives a no claim certificate, he is debarred from invoking the arbitration clause of the agreement'.

The Committee feel that such a clause would not at all be required; nor would its absence force the Government to agree to arbitration. As 'No claim certificates' had been obtained in these two cases, there was hardly any justification for referring them to arbitration. The Committee should like to know whether any action has been taken by the Railway Board against the Officers responsible for coming to such a decision."

The question whether reference of cases to arbitration could be prevented when no claim certificates have been given, arose out of an Audit Para on the "abandoned Locomotive Building Works Project at Kanchrapara" where two claims relating to items in respect of which contractors had signed 'no claim' certificate previously, were referred to arbitration. In considering this particular case, the Public Accounts Committee observed in para 11 of their Fifth Report that the Railway Administration should have insisted on the exclusion of these cases from the claims before agreeing to arbitration. In pursuance of this recommendation of the Committee, instructions were issued to Railway Administrations on the 24th August, 1953 directing them to refuse to agree to arbitration unless those items were excluded from the Statement of Contractors' claims, instead of contesting them in the counter-statement filed with the Arbitrator. On receipt of these orders, some Railway Administrations

*See Appendix I (Vol. I—Report). **See Appendix XLIV to the Tenth Report of the P.A.C.

under the advice of their Solicitors represented to the Board that such a refusal by the Railway might jeopardise the interests of the Railway themselves, as the arbitration proceedings would be *ex parte*. At this stage, the advice of the Law Ministry of the Government of India was sought, who observed as below:—

“The plea of the Railway Administration that no claim receipt fully absolves them from any liability from payment would not go to suggest that no dispute had existed between the parties for which the arbitration clause could be invoked. This is so because the contractor does not admit the no claim receipt and is prepared to meet it. The Railway Administration has to appear before the Arbitrator to say that the receipt is genuine and prove that no claim is sustainable.”

The above opinion of the Law Ministry was brought to the notice of the Public Accounts Committee at the meeting on the 26th of December, 1953, by the Financial Commissioner. It was suggested at the meeting that the case should be examined further to see how far the contracts could be amplified so that the Railways will not be obliged to contend cases before an Arbitrator once a no claim certificate had been given. The Financial Commissioner promised to investigate the case further in consultation with the Law Ministry. This was done and a further Memorandum (under comment) was placed before the Public Accounts Committee incorporating the views of the Law Ministry. The suggestion contained in the Memorandum for inclusion of a clause to the effect that a contractor, who has given a no claim certificate, would be debarred from invoking the arbitration clause, has not been favoured by the Committee presumably because from the legal stand point, the contingency of Railways having to contend cases before an Arbitrator cannot be avoided even in such cases. The Committee have however, re-stated the view that there was hardly any justification for referring the particular case to Arbitration and desired to know the action taken by the Railway Board against the officers responsible for referring these two cases to arbitration.

The Railway Administration have explained the position as under:

- (i) Before agreeing to arbitration, the contractors' claims in respect of these two cases were repudiated in definite terms;
- (ii) Arbitration was insisted upon by contractors and the general and special conditions of the contract did not contain any clause debarring such items (where no claim certificates had been given) going to arbitration; if the Railways refused to nominate an Arbitrator, the contractor might have got an *ex parte* decision in his favour.
- (iii) The Railway Administration also thought that refusal to refer to arbitration might not be prudent in view of the possibility of the contractors taking the entire claim to a court of law.

- (iv) The Railway Administration, after having considered all possibilities, had no alternative but to agree to include the two cases for arbitration, but a counter-statement was filed by the Railway before the Arbitrator, which brought out in no uncertain terms that the contractors had no claim against the Railway.

The Ministry of Law have also advised that if a contractor chooses to prefer a claim after giving a no claim certificate and presses for the appointment of an Arbitrator, the Railway should appear but question the jurisdiction of the Arbitrator. If that is not done, the case of the Railway may go by default. The contractor can in any case file a civil suit in spite of a no claim certificate in which case the Railway will have to put in a defence and contest the case. It is, however, not possible to prevent a case from going at all either before an arbitrator or a court of law.

In the circumstances, the Railway Board are of the view that the decision taken by the officer was justified and does not merit any disciplinary action.

The Memorandum has been seen by the D.R.A.

NEW DELHI;

Dated the 28th March, 1955.

APPENDIX XXIV

Copy of Railway Board Letter No. 54-B(c)-2496/(2) dated the 27th December, 1954 to the General Managers all Indian Railways re item No. 28 of the *Statement of Outstanding Recommendations).

SUBJECT.—*Avoidance of excesses over voted grants.*

The Public Accounts Committee, while reviewing the Appropriation Accounts for the year 1950-51 came across cases of excesses over voted grants and have observed as follows:—

“The Committee recommend that these excesses be regularised by Parliament in the manner prescribed in Article 115 of the Constitution. They would, however, draw attention to Article 114(3) of the Constitution whereby no money shall be withdrawn from the Consolidated Fund of India except under appropriations made by law passed in accordance with the provisions of this Article. Such excesses are therefore, unauthorised and steps should be taken in future years to keep the expenditure well within the provision and to obtain funds in time so as to avoid such excesses.”

It will be observed from the above recommendation of the Committee that excesses over voted grants represent unauthorised expenditure and the Board trust that the Railways will exercise great care in assessing their requirement of funds and watching the progress of expenditure so as to avoid excesses over grants.

*See Appendix I (Vol. I —Report)..

APPENDIX XXV

MINISTRY OF RAILWAYS (RAILWAY BOARD)

Para 16 of the Tenth Report of the Public Accounts Committee—Non-recovery of cost of Bridge staff from toll contractors on O. & T. Railway—Para 2 of Railway Audit Report—1952—Part I.—(Item No. 33 of the *Statement of the Outstanding Recommendations).

While discussing the Audit Para on the above subject the Public Accounts Committee were not satisfied with action taken against the Supervisory staff, especially the District Engineer concerned and F.C. undertook to have the position reviewed. Accordingly the Railway Board has had the whole question of the adequacy of punishment already imposed re-examined.

The fixation of responsibility in this case was gone into by a Committee consisting of the Deputy Chief Engineer and Deputy F.A. & C.A.O. of the North Eastern Railway and the punishment imposed on the District Engineer concerned (expression of displeasure) was on the basis of the recommendation of the Committee which was accepted by the then General Manager. The District Engineer concerned to whom the displeasure of the General Manager was conveyed was in charge of the Division from 23-4-1947 to 10-1-1948 and again from 28-11-1948 to 5-5-1949. The short recovery of costs of Bridge staff from the contractor did not specifically come to his notice when he was in charge of the Division for the first time, as the Accounts Inspection Report was received in his predecessor's time while the Audit Inspection Report was received in his successor's time. When the case came to his notice during the second period of his incumbency he dealt with the question, but unfortunately the amount could not be recovered from the contractors. It will, thus, be appreciated that a greater degree of failure in regard to this case rested on his predecessor and successor, who are now no longer in service, the first having retired and the other having gone over to Pakistan. In the circumstances the needs of the case seem to have been met by the censure communicated to this particular District Engineer.

The Note has been seen by the D.R.A.

NEW DELHI;

Dated the 28th March, 1955.

*See Appendix I (Vol. I—Report).

APPENDIX XXVI

Copy of Railway Board Memorandum No. 677-TG/Pt. H/54 dated 22-10-1954 to the General Managers, Southern and Eastern Railways (re: item No. 35 of the *Statement of Outstanding Recommendations).

SUBJECT.—*Report of the Public Accounts Committee, 1953-54.*

A copy of the undermentioned paper is forwarded for information to the General Managers, Southern and Eastern Railways.

Extract from para 18 of the Tenth Report of the Public Accounts Committee, 1953-54.

18. *Loss in the working of the Catering Departments on the B.N. and S.I. Railways—Para 6 of the Railway Audit Report—Part I.*—The Committee view with much concern the continued loss in the working of the catering Departments on the Railways as shown in Para 6 of the Audit Report, 1952—Part I. During 1950-51, the loss amounted to Rs. 2 lakhs.

From a statement showing the earnings, expenditure and loss incurred on Departmental Catering for the three years ending 1952-53 on the Eastern and Southern Railways, where Departmental Catering is undertaken, furnished to the Committee (Appendix XXVI to the Tenth Report of the P.A.S.), they note that there has been a steep rise in the amount of loss and in 1952-53 the percentage of the loss incurred in proportion to total expenditure went up to 19.9 per cent. during the previous year and 12.2 per cent. during the year under report.

In view, however, of the assurance given to them by the representatives of the Railway Board that they were doing their best to minimise the losses and were watching the progress continuously, the Committee do not desire to make any further comments at this stage and they look forward for a better picture of the working of the Catering Departments.

*See Appendix I (Vol. I — Report).

APPENDIX XXVII

Copy of Railway Board letter No. 54-B(c)—2498/(9) dated 24-12-1954 to all Indian Railways etc. (Item No. 36(1) of the *Statement of Outstanding Recommendations).

SUBJECT.—*Continuance of payments in respect of items held under objection by F.A. & C.A.Os.*

Recently the Public Accounts Committee had occasion to comment adversely in the following words, arising from an Audit Para, a copy of which is enclosed (See Annexure):—

“Payment (of salary & allowances) should not have been continued when the Financial Adviser & Chief Accounts Officer had pointed out that these payments were not covered by the existing orders.”

The Board trust that the Railway Administrations will in future adhere strictly to the provisions of para 1703-G, which regulates provisional payments.

ANNEXURE

Copy of Para 9 of the Railway Audit Report, 1952—Part I.

9. *Great Indian Peninsula Railway—Irregular expenditure on the Cadet Division of the St. John Ambulance Brigade (Overseas).*

The Railway Board authorised, sometime in January, 1946, the payment of Parade Allowance with effect from 1st April 1945, to all members of the St. John Ambulance Brigade (Overseas) including members of the Nursing Division. Recruitment to the St. John Ambulance Brigade (Overseas) was from Railway employees, and to the Nursing Division from their wives and daughters. The General Manager of a certain Railway, however, without consulting the Railway Board, sanctioned formation of a third Division called the Cadet Division with effect from 1st January, 1946, recruiting sons, brothers and nephews of Railway employees and permitted them to draw the same allowances as were sanctioned by the Railway Board for the St. John Ambulance Brigade and the Nursing Division. The matter was reported to the Railway Board on 24th October, 1947 and their sanction to the grant of allowances asked for with retrospective effect. The Railway Board turned down the proposal on 5th August, 1949, and ordered that the Cadet Organisation should not continue at the expense of Railway revenues and that any expenditure already incurred should be regularised with the Board's sanction. The Railway Board's communication issued on 5th August, 1949, i.e., about 22 months after the reference made by the General Manager. Despite these orders, the Cadet Division was actually wound up only on 31st December, 1949. The total approximate expenditure involved was Rs. 12,600/- of which Rs. 2,000/- represented the cost of uniforms, Rs. 6,700/- the amount of Parade Allowance paid upto 5th August, 1949 and Rs. 3,900/- Parade Allowance for the period 6th August, 1949, to 31st December, 1949. All this

* See Appendix I (Vol. I—Report).

expenditure as well as the issue of duty passes over the suburban section of the Railways on Thursdays and Sundays to enable the Cadets to attend Parades, drill, etc. was regularised by the *ex post facto* sanction of the Railway Board in May, 1951.

The Administration has explained that the delay in implementing Railway Board's decision of 5th August, 1949 was due to their efforts to justify the continuation of the Cadet Division.

In the opinion of Audit the entire expenditure was unauthorised, as the Railway Administration was not Competent to incur any expenditure outside the scope of Railway Board's original sanction without their prior concurrence. The delay on the part of the Railway Board in arriving at a decision requires special notice.

APPENDIX XXVIII

MINISTRY OF RAILWAYS (RAILWAY BOARD).

Copy of the Ministry of Railways (Railway Board) letter No. 54—B—2498 (Para 23) dated the 29th October, 1954 to all Railway Administrations—(Item 37 of the *Statement of the Outstanding Recommendations).

SUBJECT.—*Provisional payments.*

The Public Accounts Committee in their Report on the Railway Audit Report have observed that in certain cases codal rules regarding making of provisional payments were not followed by Railway Administrations.

Para 806 of the Indian Government Railway Code for the Accounts Department, Part I clearly lays down that if Audit objects to any payments of recurring nature and it is considered necessary to continue them pending settlement of objections, they may be made provisionally and subject to recovery, the payee receiving the payments being so informed. The Board desire that this rule should be strictly adhered to so as to avoid any further adverse remarks from the P.A.C. on this point in future.

*See Appendix I (Vol. I—Report).

APPENDIX XXIX

Copy of the Ministry of Railways (Railway Board) letter No. E.52PU2-4 dated the 14th December, 1954 to the General Managers, All Indian Railways [Item No. 38(i) of the *Statement of the Outstanding recommendations].

SUBJECT:—Report and recommendations of the Public Accounts Committee, on the accounts for the year 1949-50.

Attention is invited to the instructions contained in Board's letter No. E52PU2-4, dated the 3rd September 1952, wherein the Railways were asked to ensure that officials found guilty of misuse of public money, reckless disregard of financial rules, extravagances and losses resulting from negligence etc., are dealt with promptly and severely. In their report on the accounts for the year 1949-50, the Public Accounts Committee have made the following recommendation, viz:—

“The investigation of any loss must not be unduly protracted as any element of procrastination is likely to assist the delinquents to manipulate the facts, to tamper the records, to concoct evidence and thus to escape punishment. This matter should receive the unremitting attention of all the administrative departments of the Government of India.”

2. A number of cases have gone up before the Committee in which it was stated that action could not be taken against the delinquent official because of the delay in making necessary enquiries in the matter and by the time their guilt was established they had either retired, died or left the country. The Committee have, therefore, been extremely critical of the inadequacy of administrative action. In this connection reference is invited to the provisions in Chapter XVIII of the Indian Railway General Code, Vol. I, which clearly lays down the responsibility of the different officers for losses of Government money, fraud etc. and the procedure for the reporting of losses, the conduct of departmental enquiries and sanction of the prosecution of delinquent staff in such cases. The Board desire that these provisions should be brought to the notice of all the officers on your Railway who should be advised to scrupulously observe them.

3. It may also be pointed out that one of the penalties which may be imposed upon a railway officer under Rule 1728 (iv) / 1702 (6) of the Indian Railway Establishment Code, Volume I, is the recovery from pay of the whole or part of any pecuniary loss caused to Government by negligence or breach of orders.

4. As will be realised, suitable action against delinquent officials can only be taken if the matter is pursued promptly. The Board therefore, desire that you may kindly take suitable steps to ensure that action against the delinquent officials is taken promptly.

*See Appendix I (Vol. I—

5. Attention is also invited to the procedure laid down in Rule 1802-G for reporting of cases. This should be strictly complied with so that effective remedial action may be taken in rectifying the defect in procedure which may have given raise to the loss, fraud, etc., quite apart from any punitive action taken against those at fault.

6. The receipt of this letter may please be acknowledged.

APPENDIX XXX

MINISTRY OF RAILWAYS (RAILWAY BOARD)

Memorandum on the question of disciplinary action regarding Para 12 of Railway Audit Report 1952 Part-I—leakage of revenue at a Station on the East Indian Railway.—[Item No. 38(ii) of the *Statement of Outstanding Recommendations].

The Public Accounts Committee in Para 21 of their Tenth Report made the following recommendation with reference to Para 12 of Railway Audit Report 1952—Part I:—

“No action has been taken against the Station Master or the Supervisory Staff in the case referred to in this para. The Railway Board should examine this aspect of the matter and report to the Committee in due course.”

2. The Railway Board have reviewed the question of disciplinary action carefully and have to report as below:—

- (i) *Station Master*.—Since the Goods Clerk, Rishra Mill Sid-ing, was not under the control and supervision of the Station Master, Rishra, no disciplinary action against the latter is indicated.
- (ii) *Travelling Inspector of Accounts*.—During the period from March, 1947 to February, 1948 when the fraud took place the Station was inspected twice by the Inspector of Accounts, once on 13-6-47 and again on 28-10-1947. The irregularities did not fall within the prescribed scope of check of the Inspector of Accounts on the first occasion. After his second inspection, however, he touched on the irregularity in his report but did not mention any specific instances. He retired from active service on 4-11-1949. He was asked to explain his lapses for not taking effective measures to stop the irregular practice or to locate responsibility and the special contribution to his Provident Fund was withheld for a considerable period of time as his explanation was considered not very satisfactory. However, on reconsideration of the case and in view of his long record of good service apart from this case, it was decided about the end of November, 1950 to sanction the special contribution to his Provident Fund.
- (iii) *Transportation Inspector (Commercial)*.—The irregularity in question was detected in January, 1948 by a Transportation Inspector (Commercial) during his first periodical inspection after he took over charge in September, 1947. Disciplinary action against the Transportation Inspector who was in charge prior to Septem-

* See Appendix I (Vol. I — Report .

ber, 1947 has been initiated and a charge sheet has been served, on which suitable action will be taken after considering his reply.

3. These are the only Railway Servants whose negligence or dishonesty has led to this loss.

4. This Memorandum has been seen by the D.R.A.

NEW DELHI;

Dated the 4th May, 1955.

APPENDIX XXXI

MINISTRY OF RAILWAYS (RAILWAY BOARD)

Memorandum stating action taken on (Item No. 40 of the *Statement of Outstanding Recommendations).

The Public Accounts Committee have observed as below in Para 24 of their Tenth Report with reference to the disciplinary aspect of the case mentioned in Para 26 of the Railway Audit Report, 1952, Part II :

“At the instance of the Committee, the Railway Board asked the Railway Administration to review the adequacy of the action taken against the officials responsible (Appendix XXXVIII to the Tenth Report of the P.A.C.). The Railway Board have contended that, as the relevant bills and purchase orders which led to the fraudulent payment were missing, it was not possible to determine whether the bill passing officer could be held responsible for the non-detection of the fraud. Further, in view of the clever forgeries of the signatures of the consignees on the receipt notes and alterations in the purchase orders, it was hardly possible for the bill passing officer to decipher the manipulations under the system of check that was prevalent at the time. The Committee do not feel satisfied with the explanations offered by the Railway Board and are of the opinion that the punishment awarded to the subordinate staff has also been lenient.

2. The Railway Board have again reviewed this case in the light of the above remarks of the Committee and would submit for consideration the following detailed information explaining the various stages of the case which have a bearing on the adequacy of disciplinary aspect:—

(a) Subordinate Staff.

As already explained in a previous Memorandum the services of two of the four employees connected with this case, namely, Sarva-shri Clerk Class I and Clerk Class II, have been terminated. No further departmental action could be taken against them as they were only temporary employees. Nor could they be prosecuted because the Police did not consider that they had sufficient evidence for preferring a charge and legal opinion also was against such a course Shri the Subhead and Shri Record Keeper, were served charge sheets by the Financial Adviser & Chief Accounts Officer on the report of the Departmental Enquiry Committee and after obtaining

* See Appendix I (Vol. I—Report).

their explanations he passed orders removing them also from service with effect from 3rd March, 1949. They, however, appealed against this punishment on the ground that they were *ex-E.I. Company Railway Employees* and their removal from service could be ordered only by the General Manager. On the basis of this and some other technical points raised by them the General Manager admitted their appeal and ordered a fresh enquiry. Meanwhile, these two remained under suspension. A fresh Enquiry Committee was then constituted and on the basis of their report, the Administration decided in November, 1951, to award the following lesser punishment:—

Name	Committee's findings	Action taken
(i) Shri Subhead.	Found guilty of negligence and careless work, resulting in his passing the fraudulent bill for Rs. 7,830/- and for not comparing the signature of the Accepting Officer appearing on the bill with the specimen signature as recorded in the Stores Accounts Section.	He was reverted and put back to duty as Clerk Class I and he was not to be considered for promotion as a sub-head for another 2 years.
(ii) Shri Record-keeper	Responsibility for the loss of paid vouchers not proved.	Even though he was absolved of the charges by the Committee the F.A. & C.A.O. decided to transfer him to another Section where such responsible work was not required to be done.

3. It will be observed from the above that neither Shri nor Shri was held to have been party to the submission of the fraudulent bills or the perpetration of the fraud and one of the two, Shri was found not guilty on any of the charges. The latter has since retired finally from 16-3-1954.

4. The charge proved against Shri was that he was negligent and careless in working and did not compare the signatures on the bills with specimen signatures of the Officers purporting to have signed the bills. For these failures he was reduced to a lower post and further he has not since been promoted as Sub-head, though the decision in 1951 was to bar his promotion only for two years. He has so far put in 34½ years of service and is left with 1½ years more to serve. Since Shri was under suspension for more than 3 years from April, 1948 to November, 1951, during which he drew only half pay or less and was also subsequently reduced to a lower post and denied further promotion and since he was proved guilty, not of complicity in the fraud, but only of carelessness and negligence, the Railway Board consider that Shri has been adequately punished.

The Railway Board trust that from the facts now furnished, it will be appreciated that the punishment awarded to subordinate staff cannot be termed lenient.

(b) *Bill passing officer.*

5. The Public Accounts Committee have observed in the extract quoted in the beginning, that they did not feel satisfied with the explanations offered by the Railway Board in regard to the responsibility attaching to the Bill Passing Officer. The Railway Board would once again like to reiterate that the Bill Passing Officer was required to pass about 100 bills every day and it was obviously impossible to expect him, from a practical stand point, to check each particular of each bill so completely as to detect this fraud. Further, according to the Committee there was no evidence that the bills were passed without any of the checks normally exercised over such bills. The fraud had been perpetrated so as to fit in with the procedure. As already explained in the previous memorandum, the relevant bills and purchase orders connected with the fraudulent payments were missing, and without these it is difficult to fix responsibility in this case on any particular one of the three Officers who held the charge during the period of the fraud from December, 1946 to March, 1948. One of them has been transferred to Pakistan, another retired from 2-1-1948 and the third has proceeded on L.P.R. out of India.

The Memorandum has been seen by the D.R.A.

NEW DELHI;

Dated the 28th March, 1955.

APPENDIX XXXII

MINISTRY OF RAILWAYS (RAILWAY BOARD)

Note on para 26 of the Tenth Report of Public Accounts Committee —Writing off debits against stations on the Bengal Nagpur Railway. (Item No. 41 of the *Statement of Outstanding Recommendations).

In para 26 of the Tenth Report, the Public Accounts Committee made the following recommendations:—

- (a) "It is a very dangerous practice to destroy any documents which are the subject matter of correspondence and on which objection has been raised and which remains unsettled.
- (b) The question of taking disciplinary action against the staff responsible for destroying the records should be examined by the Railway Board and suitable punishment awarded to the persons at fault."

2. As regards (a), the Committee's observations have been communicated to the Railway Administrations asking them to avoid indiscriminate destruction of records. A copy of the instructions issued is attached. (See Annexure).

3. As regards the question of disciplinary action referred to in (b), the F.A. & C.A.O. at the time (1950-51), fixed the responsibility on a Senior Accountant for destruction of the relevant records. For his indiscretion, the Senior Accountant was given an unfavourable confidential report by the F.A. & C.A.O., to the effect that he would be reverted to his substantive post, if he did not improve. This happened in 1950-51.

4. This question has been examined by the Railway Board at the instance of the Public Accounts Committee and as a result of the investigation the following facts have emerged:—

- (a) The Senior Accountant concerned was not responsible for the loss of all the records relating to the objected debits referred to in the Audit para as records weighing more than 20 mds. had been stolen a few months earlier to the destruction of other records and it is very likely that many records relating to the objected debits were in that heap which were stolen.
- (b) Though the Senior Accountant concerned was undoubtedly responsible for not having made a proper scrutiny of the records before ordering their destruction, the extenuating factor was that the Head of the Department wanted quick action in weeding out old records

*See Appendix I (Vol. I—Report).

which had accumulated in considerable quantity and were cluttering up office space and impeding work. In carrying out his Superior's orders, the Senior Accountant failed to adopt the safeguard which he would have done under normal circumstances.

(c) He has already suffered as a result of the adverse confidential report in 1950-51 by not having been placed on the Assistant Accounts Officer's panel involving loss of promotion and consequent financial loss.

(d) He has since wiped out the adverse report for 1950-51 by three successive good reports.

In the light of the above facts, the Railway Board are satisfied that action already taken by the Railway Administration against the Accountant in withholding his promotion should be deemed to be an adequate punishment for his failure.

The Note has been seen by the D.R.A.

NEW DELHI;

Dated the 28th March, 1955.

ANNEXURE

Copy of Railway Board letter No. 54-B(C)-2498(14) dated the 15th October, 1954 to All Indian Railways etc.

SUBJECT:—*Destruction of documents which are subject matter of correspondence.*

In commenting on an Audit para appearing in the Railway Audit Report, 1952 on the destruction of records relating to certain objected debits which formed the subject matter of some correspondence between the Accounts Office and the Executive, the Public Accounts Committee have made the following remarks:—

“The Committee observe that it is a very dangerous practice to destroy any documents which are the subject matter of correspondence and on which objection has been raised and which remains unsettled.”

In the particular case in question, the destruction of records appears to have been carried out merely on the mechanical basis of the expiry of the period prescribed in the Accounts Code for preservation of those records without reference to the fact that they formed the subject matter of some correspondence and should therefore have been kept in tact until the matter was finalised. The Board would like to draw the attention of the Administrations to the remarks of the Public Accounts Committee and trust that they will not give any occasion for such adverse comment in future.

APPENDIX XXXIII

MINISTRY OF RAILWAYS (RAILWAY BOARD)

Memorandum stating action taken on Item No. 44 of the *Statement of Outstanding Recommendations.

Question of prescribing a comprehensive procedure to be followed in cases in which a strict adherence to normal code rules is impracticable.

In para 30 of the Tenth Report of Public Accounts Committee they have made the following observations:—

“Assam Rail Link Project.—As desired by the Committee in Para 12 of their Fifth Report, the Railway Board appointed in March, 1953, an Investigating Team to carry on further investigations on the lines indicated therein regarding the reasonableness of rates paid for works on the Assam Rail Link Project. The Railway Board have expressed their agreement with the unanimous conclusions reached by the team while forwarding this Report to the Committee.

The Committee had not the time to sift the mass of material contained in this Report and to pursue this important enquiry further. They have, therefore, to content themselves with a recommendation to the Government that the procedure followed generally for departing from the long established rules regarding the execution of works, contracts, and the preparation of various documents, such as measurement books, etc., and justification for rates paid in the case of negotiated contracts, work orders, etc. leaves much to be desired. An emergency is no justification for such wholesale failure to record contemporarily the reasons and justification for what has been done. The Comptroller and Auditor-General suggested that where an established procedure was not followed in regard to the tenders etc., it was vital that Department should ensure that there were adequate contemporary records and documents from which correctness of the action of the executive authority could either be established or disapproved; otherwise the risk of malpractices and losses to Government was obvious. There might equally be the risk of Officers getting into difficulties and blame even though there might have been no actual loss or malpractice. The Committee desire that Government should, therefore, take adequate steps to prescribe a comprehensive procedure which should be followed in cases in which strict adherence to the normal rules may not be wholly practicable.”

* See Appendix I (Vol. I—Report).

2. On the basis of the recommendations contained in the Investigation Team's Report referred to in sub-Para 1 of the P.A.C.'s observations above, which were considered by a Committee of Directors of the Board, comprehensive instructions were issued to the Railway Administrations. These covered *inter-alia* the following two points which have been specifically touched upon by the Committee:—

- (i) the necessity for recording in the files, full justification for accepting rates obtained by open tender or otherwise.
- (ii) the need for obtaining the previous sanction of the Railway Board in cases in which strict adherence to normal code rules may not be practicable.

3. The Railway Board have now considered in consultation with the Director of Railway Audit, whether any comprehensive procedure could be laid down, as suggested by the Public Accounts Committee, to cover cases where a strict adherence to code rules may not be practicable. The authority competent to authorise any major deviations from the code rules is the Railway Board itself. The extent of relaxation will naturally have to be decided on the merits of each case, depending on the degree of emergency considered *vis a-vis* the importance of the rules which will vary on the facts of each case and it is not possible for the Railway Board to envisage and provide in advance for a situation, where substantial or fundamental departures from the code rules would be necessary. In the circumstances, no further general instructions are proposed to be issued on the subject. The observations of the Public Accounts Committee will be borne in mind if and when relaxation is sanctioned in any particular case.

The Memorandum has been seen by the D.R.A

APPENDIX XXXIV

MINISTRY OF RAILWAYS (RAILWAY BOARD)

Memorandum on the question of separation of Financial and Accounts Functions on the Railways—(Item No. 46 of the *Statement of Outstanding Recommendations).

The Public Accounts Committee in para 32 of their Tenth Report made of the following recommendation:

“The Railway Board should discuss the question of separation of Financial and Accounts Functions on the Railways, especially the position of the Financial Adviser and Chief Accounts Officer in the integrated set up of Finance and Accounts with the Comptroller and Auditor-General of India and thereafter submit to the Committee a comprehensive Memorandum at the time they next take up the examination of the Railway Accounts.”

Then present status of the Financial Adviser and Chief Accounts Officer as one of the Principal Officers in the Railway Administration under the administrative control of the General Manager is in pursuance of the arrangement approved by the Public Accounts Committee in 1940. The position of the F.A. & C.A.O. in the set-up of each Railway Administration was discussed by the Chairman, the Financial Commission for Railways and other Members of the Railway Board, with the Comptroller and Auditor-General of India in August, 1954 and February, 1955. It was generally agreed that the Director, Finance (Budget) [now re-designated as Director, Finance (Accounts)] should be enabled to maintain an intimate liaison between the Railway Board and the F.A. & C.A.O. so that the professional efficiency of the latter can be closely watched by the Railway Board and the independent outlook of the F.A. & C.A.O. maintained. This objective has been sought to be achieved by—

- (i) enabling the Director, Finance (Budget) [re-designated as Director, Finance (Accounts)] to undertake regular and systematic inspection of Railway Accounts Offices and thus establish personal contacts with F.A. & C.A.Os. To assist him to carry out inspections intensively, he has been afforded substantial relief by the appointment of a Joint Director, Finance (Budget) and an Inspection Organisation has been set up in the Board's Office, which should be able to devote about two months in a year to inspecting the work of the Accounts Department of each Railway Administration. The inspection of Railway Accounts offices will, it is hoped go a long way to tone up their efficiency and ensure that Board's orders on various matters issued from time to time are properly implemented by the Railway Administrations.

*See Appendix I (Vol. I—Report).

- (ii) the Director, Finance (Accounts), initiating the confidential reports on the F.A. & C.A.Os. so far as they relate to their technical competency and forwarding them to the General Managers would be seen by the Financial Com- of the F.A.& C.A.Os. to the extent to which they are in a position to do so. The report recorded by the Director, Finance (Accounts) and the remarks of the General Managers would be seen by the Financial Com- missioner for Railways who would record his final opinion after which it will be seen by the whole Board.

This Memorandum has been seen by the Comptroller and Auditor-General.

NEW DELHI;

Dated the 27th April, 1955.

APPENDIX XXXV

MINISTRY OF RAILWAYS (RAILWAY BOARD)

Financial Results of the working of Indian Railways during 1953-54.

The accounts of the Railway Department for the year 1953-54 have been closed finally and submitted to the Comptroller and Auditor General of India, A.G.C.R. and Ministry of Finance.

The financial results of the Working of the Indian Railways for 1953-54 have been compiled and are compared with the Revised Estimates as under :—

	1953-54		(In Crores)
	Revised Estimates	Actuals	Variation
	Rs.	Rs.	
1. Gross traffic receipts	272·00	274·29	+ 2·29
2. Ordinary Working Expenses	197·63	201·47	+ 3·84
3. Appropriation to Depreciation Reserve Fund	30·00	30·00	..
4. Payment to Worked Lines	0·24	0·28	+ 0·04
5. Total working Expenses	227·87	231·75	+ 3·88
6. Net Traffic receipts	44·13	42·54	—1·59
7. Net Miscellaneous Expenditure	6·49	5·62	—0·87
8. Net Railway Revenues	37·64	36·92	—0·72
9. Dividend to General Revenues	34·46	34·36	—0·10
10. Surplus	3·18	2·56	—0·62
11. Capital Expenditure	17·78	11·85	—5·93
12. Depreciation Reserve Fund Expenditure	42·33	38·02	—4·31
13. Development Fund Expenditure	12·41	9·81	—2·60

NOTE.—The figures of expenditure shown above are net figures after taking into account the recoveries adjusted in the accounts in reduction of expenditure.

The actuals of gross receipts and ordinary working expenses are more than the Revised Estimates by Rs. 2·29 and 3·88 crores respectively. The increase under Gross Receipts is mainly under Suspense *viz.* Rs. 3·5 crores off-set by decrease under Passenger Earnings by Rs. 1·18 crores. The bulk increase under Working Expenses falls under Demand No. 5 (Repairs and Maintenance) No. 7 (Operation—Fuel) and Suspense. Two detailed statements showing earnings abstract-wise, and working expenses, Grant-wise are placed below for perusal.

The saving under Capital and Depreciation Reserve Fund is mainly on the Eastern and Southern Railways respectively where the expenditure during the year was 7 lakhs and 5·26 crores against the provision in the Revised Estimate of Rs. 4·50 and 7·56 crores respectively. The decrease under Capital expenditure is mainly attributable to curtailment of purchases, non-receipt of materials and greater clearance of Suspense and under D.R.F. expenditure, it is chiefly due to fall in production of Rolling Stock items, less expenditure on track renewals and works due to short supply of materials etc.

2. The surplus in Revenue has fallen short of the Revised Estimate figure by Rs. 0.62 crore. This is mainly due to :—

	(In crores)
Increase in Working Expenses and payment to Worked Lines	3.88
Counter-balanced by increase in Gross Receipts	2.29
Decrease in Miscellaneous Expenditure [expenditure on open line works (Revenue) is less by 0.75 crores] and	0.87
Decrease in Dividend to General Revenues	0.10
Net decrease	0.62

3. It is customary to furnish the financial results of the working of the Railways to the Public Accounts Committee at the time of their annual meeting.

In the meeting to be held this year the Committee will be discussing the Appropriation Accounts for Railways for 1951-52 and also examine the financial position of the Railways for that year as summarised in the Railway Board's Review for the Appropriation Accounts of Railways for 1951-52. The following comparative statement may, therefore, give the committee a better appreciation of the working of the Railways :—

(In Crores)

	<u>1952-53</u>		<u>1953-54</u>		<u>1954-55</u>
	Revised Estimate	Actuals	Revised Estimate	Actual	Budget Estimates
	Rs.	Rs.	Rs.	Rs.	Rs.
1. Gross traffic receipts	269.55	270.56	272.00	274.29	273.2
2. Ordinary Working Expenses	188.85	187.96	197.63	201.47	194.315
3. Appropriation to Depreciation Reserve Fund	30.00	30.00	30.00	30.00	30.00
4. Payments to Worked Lines	0.25	0.21	0.24	0.28	0.22
5. Total Working Expenses	219.10	218.17	227.87	231.75	224.53
6. Net traffic receipts	50.45	52.39	44.13	42.54	48.72
7. Net Misc. Expenditure	6.86	5.21	6.49	5.62	8.08
8. Net Revenue	43.59	47.18	7.64	36.92	40.64
9. Dividend to General Revenues	34.11	33.99	34.46	34.36	35.50
10. Surplus	9.48	13.19	3.18	2.56	5.14
11. Capital Expenditure	14.12	7.05	17.78	11.85	33.93
12. Depreciation Reserve Fund Expenditure	47.28	40.89	42.33	38.02	43.30
13. Development Fund Expenditure	9.60	8.10	12.41	9.81	10.59

NOTE:—The figures of expenditure shown above are net figures after taking into account the recoveries adjusted in the accounts of reduction of expenditure.

4. The position of the Fund Balances and the Capital-at-charge at the close of the three-years subsequent to 1951-52 is indicated below :—

	(In Crores)		
	Position at end of		
	1952-53	1953-54	1954-55
	Actuals	Actuals	Budget Estimate
Depreciation Reserve Fund	116.36	112.79	98.16
Railway Revenue Reserve Fund	36.05	37.18	38.36
Development Fund	27.14	20.62	13.66
Total	179.55	170.59	150.18
Capital-at-Charge	857.38	869.30	909.09

5. The figures contained in this note have been checked by D. R. A.

New Delhi:
Dated 28th March, 1955.

ANNEXURE

DEMAND-WISE DISTRIBUTION OF WORKING EXPENSES FOR THE
YEARS 1952-53, 1953-54 and 1954-55.

Demand	(Figures in Lakhs)				
	1952-53		1953-54		1954-55
	Actuals	Actuals	Revised Estimates	Variation	Budget Estimates
1. Demand No. 4—Adminis- tration	26.18	27.88	27.41	+ 47	28.20
2. Demand No. 5—Repairs & Maintenance	64.21	68.08	67.26	+ 82	66.73
3. Demand No. 6—Operating staff	41.16	43.40	42.93	+ 47	44.02
4. Demand No. 7—Operation (Fuel)	22.20	23.98	23.20	+ 78	22.17
5. Demand No. 8—Operation other than Staff & Fuel	13.48	13.96	13.76	+ 20	10.02
6. Demand No. 9—Misc. Expenses Excluding Suspense	17.12	18.64	18.97	—33	15.94
Suspense	—3	1.50	..	+ 1.50	—98
7. Demand No. 9—Labour Welfare	3.64	4.03	4.10	—7	4.21
8. Total Working Expenses	187.96	201.47	197.63	+ 3,84	194.31

**ABSTRACT-WISE DISTRIBUTION OF GROSS RECEIPTS
FOR THE YEARS 1952-53, 1953-54 and 1954-55**

(Figures in Lakhs)

	1952-53	1953-54		1954-55	
	Actuals	Actuals	Revised Estimates	Variation	Budget Estimates
1. Passenger Earnings	100,38	100,00	101,26	+ 1,26	101,51
2. Other Coaching Earnings	18,17	18,01	18,00	- 1	17,50
3. Goods Earnings	146,12	147,18	147,13	- 5	148,60
4. Sundry Earnings	5,12	5,17	5,03	- 14	5,07
5. Gross Earnings	269,79	270,36	271,42	- 1,06	272,68
6. Suspense	77	3,93	58	- 3,35	57
7. Gross Receipts	270,56	274,29	272,00	- 2,29	273,25

APPENDIX XXXVI

MINISTRY OF RAILWAYS (RAILWAY BOARD)

Memorandum for the Public Accounts Committee on the progress made in the clearance of expenditure held under objection as shown in Annexure 'A' to the Appropriation Accounts of Railways in India, 1951-52—Pt. II—Detailed Appropriation Accounts.

During the course of examination of the Appropriation Accounts for 1947-48 (15-8-1947 to 31-3-1948), the Public Accounts Committee had expressed their keen desire that the amount of expenditure held under objection on account of 'Want of Estimate', 'Excess over Estimate' etc., should be cleared as early as possible and the progress made in the matter, reported to them from time to time. Since then a Memorandum on this subject is being submitted to the Public Accounts Committee every year for consideration during the course of their examination of the Appropriation Accounts of Railways in India.

2. The Public Accounts Committee at the time of examining the Appropriation Accounts for 1950-51, stated that in future they would like to know the latest position not only with reference to the Appropriation Accounts of the year which were currently under their consideration but also the latest available position of the outstanding under the three categories

3. The outstanding as shown in annexure A—Statement of Unsanctioned expenditure to the Appropriation Accounts of Railways in India—Pt. II—Detailed Appropriation Accounts for 1950-51 and 1951-52 are given in the table below together with the outstanding that are being shown in the relevant Annexure for 1952-53 :—

Objectionable items as appearing in Annexure A to the Appropriation Accounts—Pt. II.

	No. of items in units	Amount in thousands of rupees.
1950-51	17091	29,01,56
1951-52	27087	32,74,88
1952-53	49138	49,37,25

Of the outstanding appearing in the Appropriation Accounts for 1951-52, 9134 item amounting to Rs. 13,01,89 thousands of rupees have been cleared upto 15-2-1954; the outstanding shown against the year 1952-53 are these not cleared upto 15-2-1954

4. The table below gives the analysis by items amounting to Rs. 25,000/-each or more, and those amounting to less than Rs. 25,000/- each, separately under 'Want of Estimate' 'Excess over Estimate' and 'Miscellaneous Irregularities'.

Particulars	Outstanding shown in the Appropriation Accounts for 1950-51		Outstanding shown in the Appropriation Accounts for 1951-52		Clearance made upto 15-2-1954		Outstanding shown in the Appropriation Accounts for 1952-53	
	No. of items	Amount in thousands	No. of items	Amount in thousands	No. of items	Amount in thousands	No. of items	Amount in thousands
(a) <i>Want of Estimate.</i>								
Items amounting to Rs. 25,000 each or more	339	22,15,16	450	23,31,11	208	10,94,70	498	37,24,70
Items below Rs. 25,000 each	909	36,68	1025	36,19	534	18,74	1015	33,81

Particulars	Outstanding shown in the Appropriation Accounts for 1950-51		Outstanding shown in the Appropriation Accounts for 1951-52		Clearance made upto 15-2-1954.		Outstanding shown in the Appropriation Accounts for 1952-53.	
	No. of items	Amount in thousands	No. of items	Amount in thousands	No. of items	Amount in thousands	No. of items	Amount in thousands
(b). <i>Excess over Estimate.</i>								
Items amounting to Rs. 25,000 each or more	284	4,94,18	409	7,22,72	96	1,40,10	500	8,59,98
Items below Rs. 25,000/- each	1275	50,05	1969	63,30	730	17,76	2514	99,51
(c) <i>Miscellaneous Irregularities.</i>								
Items amounting to Rs. 25,000/- each or more	23	9,30	32	18,37	7	3,30	88	55,52
Items below Rs. 25,000/- each	14261	96,19	23202	1,03,19	7559	27,29	44523	1,63,73
Total	17091	29,01,56	27087	32,74,88	9134	13,01,89	49138	49,37,25

5. The position on each of the Railways in respect of the outstanding for 1951-52 is indicated in the three Annexures, separately for the items held under objection on account of 'Want of Estimate' Excess over 'Estimate' and 'Miscellaneous Irregularities'.

6. The outstanding for 1952-53 as compared to that of 1951-52 has recorded an increase of the under-noted magnitude under the three categories :—

(i) Want of Estimate.	13.91 lakhs
(ii) Excess over estimate	1.73 "
(iii) Miscellaneous Irregularities	98 "

(a) The increase under 'Want of Estimate' occurred chiefly on the North Eastern Railway (9.80 lakhs) due to inclusion of un-sanctioned expenditure in respect of bulk order items of rolling stock in this Annexure for the first time, the Western Railway (5.72 lakhs) and the Eastern Railway (74 lakhs) owing to delay in the finalisation and sanction of estimates. This was partly off-set by decrease in the remaining three Zonal Railways.

(b) The increase under 'Excess over Estimate' was due to expenditure incurred on works over and above the amount of sanctioned estimates, awaiting regularisation through revised 'estimates or completion reports and occurred chiefly on the Western Railway (75 lakhs), the North Eastern Railway (29 lakhs), the Central Railway (26 lakhs) and the Southern Railway (23 lakhs).

(c) The increase under 'Miscellaneous Irregularities' was due chiefly to operation of posts without sanction on the Central Railway

(46 lakhs) and the Eastern Railway (9 lakhs), miscellaneous payments to staff and contractors held under objection on the North Eastern Railway (27 lakhs), and payment made provisionally for supply of electricity by the Damodar Valley Corporation held under objection on Chittarajan Locomotive Works (4 lakhs) pending execution of the detailed agreement. Besides, items amounting to 6 lakhs were omitted to be reported by the Central Railway in their Appropriation Accounts for 1951-52. [The figures in respect of the Eastern and the North Eastern Railways are provisional].

7. The attention of the various Railway Administrations has again been drawn to the aggravated position of the unsanctioned expenditure as also the balances outstanding under suspense and they have been directed that the machinery for the clearance of these outstandings should be further geared up and the drive already initiated in the matter intensified further so as to reduce the outstandings to the minimum.

NEW DELHI;

Dated 28th March, 1955.

ANNEXURE I

Statement showing by individual Railways, the Progress in the clearance of objectionable expenditure under 'Want of Estimate'

(Figures in thousands of rupees).

S. No	Name of Railway	Unsanctioned expenditure included in the Appropriation Accounts for 1951-52			Unsanctioned expenditure cleared upto 15th February 1954.			Balance outstanding											
		Items of objection amounting to Rs. 25,000 each or more	Items of objection amounting to less than Rs. 25,000 each	Total	Items of objection amounting to Rs. 25,000 each or more.	Items of objection amounting to less than Rs. 25,000 each	Total	Items of objection amounting to Rs. 25,000 each or more	Items of objection amounting to less than Rs. 25,000 each	Total									
		No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount		
1	Azam	24	2,33,76	31	1,97	55	2,35,73	2	76	23	1,40	25	2,16	22	2,33,00	8	57	30	2,33,57
2	B.N.	7	46,37	9	1,07	16	47,44	6	44,44	7	97	13	45,41	1	1,93	2	10	3	2,03
3	Bikaner	5	16,77	53	1,01	58	17,78	5	16,77	52	1,00	57	17,77	..	..	1	1	1	1
4	Central	51	4,63,46	70	2,81	121	4,66,27	26	3,28,76	37	1,48	63	3,30,24	25	1,34,70	33	1,33	58	1,36,03
5	E.I.	34	54,80	29	1,42	63	56,22	20	24,84	..	..	20	24,84	14	29,96	29	1,42	43	31,38
6	E.P.	14	31,43	80	2,27	94	33,70	11	29,93	70	1,62	81	31,55	3	1,50	10	65	13	2,15
7	O.T.	15	90,03	77	3,14	92	93,17	3	7,33	..	..	3	7,33	12	82,70	77	3,14	89	85,84
8	Southern	99	6,35,71	169	3,25	268	6,38,96	40	2,95,37	75	1,21	115	2,96,58	59	3,40,34	94	2,04	153	3,42,38
9	Western	201	7,58,78	504	19,18	705	7,77,96	95	3,46,50	270	11,06	365	3,57,56	106	4,12,28	234	8,12	340	4,20,40
10	C.C.A.	..	..	3	7	3	7	..	..	..	..	..	..	..	..	3	7	3	7
TOTAL		450	23,31,11	1025	36,19	1475	23,67,30	208	10,94,70	534	18,74	742	11,13,44	242	12,36,41	491	17,45	733	12,53,86

ANNEXURE II

Statement showing, by individual Railways the Progress in the clearance of objectionable expenditure under 'Excess over Estim

(Figures in thousands of rupees)

S. No.	Name of Railway	Unsanctioned expenditure included in the Appropriation Accounts for 1951-52.				Unsanctioned expenditure cleared upto 15th February 1954.				Balance outstanding									
		Items of objection amounting to Rs. 25,000 each or more		Items of objection amounting to less than Rs. 25,000 each		Items of objection amounting to Rs. 25,000 each or more		Items of objection amounting to less than Rs. 25,000 each		Items of objection amounting to Rs. 25,000 each or more		Items of objection amounting to less than Rs. 25,000 each							
		No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount						
1	Assam	2	1,51	2	1,51	..	..	..	..	..	2	1,51	..	..	2	151			
2	B.N.	19	79,17	62	2,23	81	81,40	8	19,46	30	89	38	20,35	11	59,71	32	1,34	43	61,05
3	Bikaner	..	..	4	25	4	25	..	..	4	25	4	25	..	..	..	..	..	..
4	Central	123	2,93,33	604	22,02	727	3,15,35	19	26,23	160	4,50	179	30,73	104	2,67,10	444	17,52	548	2,84,62
5	E. I.	51	1,33,06	148	5,92	199	1,39,00	26	55,50	107	3,55	133	59,05	25	77,58	41	2,37	66	79,95
6	E.P.	8	4,68	83	3,48	91	8,16	4	3,49	55	1,61	59	5,10	4	1,19	28	1,87	32	3,06
7	Jodhpur	..	..	15	4	15	4	..	..	15	4	15	4	..	..	..	..	..	..
8	O.T.	79	48,08	285	11,35	364	59,43	3	66	35	1,24	38	1,90	76	47,42	250	10,11	326	57,53
9	Southern	70	93,42	321	8,20	391	1,01,62	8	4,85	128	2,71	136	7,56	62	88,57	193	5,49	255	94,06
10	Western	54	62,96	443	9,35	497	72,33	26	29,65	194	2,88	220	32,53	28	33,33	249	6,47	277	39,80
11	C.C.A.	1	6,21	2	37	3	6,58	..	..	..	..	..	1	6,21	2	37	3	6,58	..
12	Vizagapatam	2	26	2	9	4	35	2	26	2	9	4	35	..	..	..	..	..	..
TOTAL		409	7,21,72	1969	63,30	2378	7,86,02	96	40,10	730	17,76	826	1,57,86	313	5,82,62	1239	45,54	1552	6,28,16

ANNEXURE III

Statement showing, by individual Railways, the Progress in the clearance of objectionable expenditure under "Miscellaneous Irregularities."
(Figures in thousands of rupees)

S. No.	Name of Railway	Unsanctioned expenditure included in the Appropriation Accounts for 1951-52			Unsanctioned expenditure cleared upto 15th February, 1954.			Balance outstanding											
		Items of objection amounting to Rs. 25,000 each or more	Items of objection amounting to less than Rs. 25,000 each.	Total	Items of objection amounting to Rs. 25,000 each or more	Items of objection amounting to less than Rs. 25,000 each.	Total	Items of objection amounting to Rs. 25,000 each or more	Items of objection amounting to less than Rs. 25,000 each.	Total									
		No. of items	Amount of items	No. of items	Amount of items	No. of items	Amount of items	No. of items	Amount of items	No. of items	Amount of items								
1	Assam including A.R.L.P.	1	51	205	1,38	207	1,89	..	..	20	39	20	39	1	51	186	99	187	1,50
2	B.N.	..	..	1340	12,88	1340	12,88	..	..	1146	12,64	1146	12,64	..	..	194	24	194	24
3	Bikaner	..	..	19	12	19	12	..	..	19	12	19	12	..	..	..	..	..	..
4	Central	..	..	11614	6,75	11614	6,75	..	..	4522	1,16	4522	1,16	..	..	7092	5,59	7092	5,59
5	E.I.	19	8,39	766	8,78	785	17,17	7	3,29	191	3,06	198	6,35	12	5,10	575	5,72	587	10,82
6	E.P.	..	..	8729	64,11	8729	64,11	..	..	1551	9,05	1551	9,05	..	..	7178	58,06	7178	55,06
7	Jodhpur	3	2,43	13	17	16	2,60	..	1	11	13	11	14	3	2,42	2	4	5	2,46
8	O.T.	..	..	207	4,73	207	4,73	..	..	..	..	..	..	..	..	207	4,73	207	4,73
9	Southern	..	..	118	15	118	15	..	..	31	5	31	5	..	..	87	10	87	10
10	Western	3	1,47	178	3,96	181	5,43	..	..	62	56	62	56	3	1,47	116	3,40	119	4,87
11	C.C.A.	3	1,67	2	7	5	1,74	..	..	1	5	1	5	3	1,67	1	2	4	1,69
12	C.L.W.	3	3,90	10	9	13	3,99	..	..	5	8	5	8	3	3,90	5	1	8	3,91
	TOTAL	32	18,37	23202	1,03,19	23234	1,21,56	7	3,30	7559	27,29	7566	30,59	25	15,07	15643	75,90	15668	90,97

APPENDIX XXXVII

MINISTRY OF RAILWAYS (RAILWAY BOARD)

Memorandum on the progress made in the clearance of the outstanding balances under suspense reported in the Appropriation Accounts of Railways in India 1951-52 Pt-II Detailed Appropriation Accounts.

The Public Accounts Committee, at the time of examining the Appropriation Accounts for 1947-48 (15-8-1947 to 31-3-1948), drew attention to the balances outstanding under 'Suspense' and desired that a report showing the progress made in the clearance of suspense balances should be submitted to them at the time of the examination of the Appropriation Accounts for the year 1948-49. Since then a Memo. on this subject is being submitted to the P.A.C. every year for consideration during the course of examining the Appropriation Accounts of Railways in India.

2. During the course of examination of the Appropriation Accounts for 1950-51, the P. A. C. stated that they would in future, be interested to know the latest position not only with reference to the Appropriation Accounts of the year which were currently under their consideration but also the latest available position of the outstanding under these heads.

3. The balances outstanding under Suspense as on 31st March, 1951, 31st March, 1952 and 31st March, 1953 are given below in juxtaposition along with the clearance made therefrom upto the close of the accounts for December, 1953.

	Balance out- standing on 31-3-51	Balance out- standing on 31-3-52	Balance out- standing on 31-3-53	Clearance made upto the close of December, 1953, Acco- unts out of Col. 3	Clearance made upto the close of December, 1953, Acco- unts out of Col. 4
1	2	3	4	5	6
<i>Misc. Advances.</i>					
<i>(Revenue).</i>					
Credit	1,18,98,450	1,96,81,942	2,99,07,806	1,03,23,343	1,38,58,503
Debit	7,90,37,950	7,34,59,573	8,53,80,774	4,17,35,772	3,47,76,085
<i>Misc. Advances</i>					
<i>(Capital).</i>					
Credit	1,55,99,511	1,96,43,051	2,32,25,577	77,03,650	36,55,676
Debit	9,87,08,370	9,84,77,541	10,59,98,369	4,78,04,121	3,15,05,725
<i>Purchases</i>					
Credit	39,66,36,743	31,98,82,138	31,89,04,937	15,63,80,452	8,92,93,567
Debit	31,00,51,052	26,56,09,175	25,40,37,079	14,31,09,792	8,05,17,226

The position of the balances for 1951-52 on the individual Railways is indicated in the Annexure 'A'. Railway-wise comparison of these balances with those for 1952-53 is not feasible owing to regrouping of a number of Railways into the present Zonal systems.

4. As a result of the concerted efforts made by the Railways, the balances under 'Purchases' outstanding on 31-3-53 as compared with those on 31-3-52 have recorded a decrease, both under debits and credits. The outstandings under the two other heads viz., Miscellaneous, Advances Revenue and Capital show the under noted increase.

- (i) Miscellaneous Advances—Revenue. 17 lakhs.
- (ii) Miscellaneous Advances—Capital. 39 lakhs.

(a) The increase under Miscellaneous Advances—Revenue was chiefly on the Southern Railway (34 lakhs) and the North Eastern Railway (20 lakhs). This was partly off-set by decrease on account of clearance of the outstandings made on the Eastern and the Western Railways. The increase had occurred owing chiefly to payments of compensation for goods lost or damaged awaiting final adjustment pending settlement of inter-railway liabilities (31 lakhs) Southern Railway (13 lakhs), Central Railway (10 lakhs) and the North Eastern Railway (8 lakhs), accommodation under this head of more items awaiting adjustments for want of allocation, particulars, connected, vouchers, acceptance by the parties concerned etc., on various Railways (13 lakhs) and payments of cyclone advances (10 lakhs) and advances to district pay clerks (4 lakhs) on the Southern Railway.

(b) The increase under 'Miscellaneous Advances-Capital' occurred mostly on the North Eastern Railway (556 lakhs) due chiefly to cost of stores supplied to the various departments awaiting acceptance and adjustment to final heads on the C. L. W. (53 lakhs) owing chiefly to the amount of 'revolving' credits to Telco written back to this head in 1952-53 (43 lakhs) and certain payments awaiting final adjustment for want of particulars (9 lakhs) and in the Colliery Accounts (32 lakhs) on account of advance payments to State Government etc., for purchase of cereals and debits awaiting adjustment for want of allocation, particular, acceptance by the parties concerned etc. These increases were partly offset by decrease on account of clearance of the outstanding on other Railways. [The figures in respect of the Northern Eastern Railway are provisional].

5. The Railway Board are conscious of the position of suspense balances on the various Railways and, as indicated in para 7 of the Memorandum on Unsanctioned Expenditure, they have further tightened up the machinery regarding the review of the outstanding with a view to reducing the same to the minimum through special efforts for their clearance.

New Delhi,

Dated 28th March, 1955.

Statement showing by individual Railways, the progress in the clearance of balances under "Miscellaneous advances—Revenue"

S. No	Name of Railway	Balance outstanding on 31-3-52		Clearance made upto the close of December, 1953 accounts		Balance now outstanding	
		Credit	Debit	Credit	Debit	Credit	Debit
1	Assam	8,62,683	37,71,925	3,58,006	17,78,101	5,04,677	19,93,124
2	B.N.	18,19,342	68,16,639	16,09,538	54,91,723	2,09,804	13,24,916
3	Central	5,17,782	87,52,582	3,17,109	48,48,355	2,00,763	39,04,227
4	E.I.	27,23,110	1,37,89,028	9,37,566	62,79,389	17,85,544	75,09,639
5	E.P.	7,96,095	29,69,972	3,78,085	21,91,426	4,18,010	7,78,546
6	O. T.	1,16,578	36,01,962	82,353	10,74,618	34,225	25,27,344
7	Southern	6,08,890	1,10,34,787	5,44,170	68,14,870	64,720	42,19,917
8	Western	1,18,71,782	2,13,47,106	57,41,796	1,20,73,392	61,29,986	92,73,714
9	Bikaner	70,013	5,66,254	60,908	4,25,657	9,105	1,40,597
10	Jodhpur	2,95,667	8,09,318	2,93,812	7,57,541	1,855	51,777
TOTAL.		1,96,81,952	7,34,59,573	1,03,23,343	4,17,35,772	93,58,599	3,17,23,801

Statement showing by individual Railways, the progress in the clearance of balances under "Miscellaneous Advances—Capital".

S. No.	Name of Railway	Balance outstanding on 31-3-52		Clearance made upto the close of December, 1953, accounts		Balance now outstanding	
		Credit	Debit	Credit	Debit	Credit	Debit
1	Assam	1,36,070	18,07,751	1,25,533	4,00,734	10,537	14,07,017
2	B.N.	39,306	36,34,169	38,779	32,85,481	527	3,48,688
3	Central	9,09,096	1,15,79,472	46,706	82,22,950	8,62,390	33,56,522
4	E.I.	47,57,240	2,24,68,400	12,43,533	1,54,31,945	35,13,707	70,36,455
5	E.P.	2,56,000	23,23,888	2,34,297	19,93,974	21,703	3,29,914
6	O.T.	7,11,536	31,31,386	7,04,984	17,94,975	6,552	13,36,411
7	Southern	2,09,463	26,43,007	1,80,979	13,87,537	28,484	12,55,470
8	Western	55,25,630	76,09,263	48,48,320	68,20,845	6,57,310	7,88,418
9	C.C.A.	69,32,962	4,06,90,034	1,00,097	64,39,256	68,32,865	3,42,50,778
10	C.L.W.	1,21,249	14,43,001	1,19,470	10,36,148	1,779	4,26,853
11	Bikaner	64,499	3,62,554	60,952	2,28,782	3,547	1,33,772
12	Jodhpur	..	2,49,014	..	2,25,892	..	23,122
13	Railway Board	..	5,35,602	..	5,35,602	..	..
TOTAL :		1,96,43,051	9,84,77,541	77,03,650	4,78,04,121	1,19,39,401	5,06,73,410

Statement showing by individual Railways, the progress in the clearance of balances under "Purchases".

S. No.	Name of Railway	Balance outstanding on 31-3-52		Clearance made upto the close of December, 1953, accounts		Balance now outstanding	
		Credit	Debit	Credit	Debit	Credit	Debit
1	Assam	1,61,40,859	90,28,499	77,45,567	44,47,348	83,95,292	45,81,151
2	B.N.	3,22,92,167	2,34,90,923	1,40,20,324	65,38,587	1,81,81,843	1,69,52,336
3	Central	4,25,49,041	3,03,72,630	2,74,02,865	1,95,52,059	1,51,46,176	1,08,20,571
4	E.I.	6,11,60,065	6,08,70,910	3,39,54,146	4,40,24,869	2,72,05,919	1,68,46,041
5	E.P.	92,91,208	48,30,210	47,02,448	22,32,334	45,88,760	25,97,876
6	O.T.	2,08,56,943	2,04,16,939	1,16,39,838	84,47,649	92,17,105	1,19,69,290
7	Southern	2,52,94,523	2,47,45,663	67,10,216	52,50,753	1,85,84,307	1,94,94,910
8	Western	5,96,38,900	5,55,13,919	3,88,69,604	4,27,48,429	2,07,69,296	1,27,65,490
9	Bikaner	25,55,971	1,39,392	14,70,902	7,369	10,85,069	1,32,023
10	Jodhpur	15,84,443	4,81,391	9,19,892	2,74,321	6,64,551	2,07,070
11	C.C.A.	3,40,60,571	1,52,71,751	31,47,299	3,53,762	3,09,13,272	1,9,17,989
12	C.L.W.	1,45,47,447	2,04,46,948	57,97,351	92,32,212	87,50,096	1,12,14,636
TOTAL		31,98,82,138	26,56,09,175	15,63,80,452	14,31,09,792	16,35,01,686	12,24,99,383

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