

# **PUBLIC ACCOUNTS COMMITTEE (1968-69)**

(FOURTH LOK SABHA)

**SIXTY-SECOND REPORT**

[Action taken by Government on the recommendations of the Public Accounts Committee contained in their 23rd Report (Fourth Lok Sabha) on the Appropriation Accounts (Railways) 1965-66 and Audit Report (Railways) 1967.]



**LOK SABHA SECRETARIAT  
NEW DELHI**

April, 1969/Vaisakha, 1891 (Saka)

6.3951A  
KS Price : Rs. 0.95

**LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA  
SECRETARIAT PUBLICATIONS**

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
<b>ANDHRA PRADESH</b>					
1.	Andhra University General Cooperative Stores Ltd., Waltair (Visakhapatnam).	8	12.	Charles Lambert & Company, 101, Mahatma Gandhi Road, Opposite Clock Tower, Fort, Bombay.	30
2.	G.R. Lakshminpathy Chetty and Sons, General Merchants and News Agents, Newpet, Chandragiri, Chittoor District.	94	13.	The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-1.	60
<b>ASSAM</b>					
3.	Western Book Depot, Pan Bazar, Gauhati.	7	14.	Deccan Book Stall, Ferguson College Road, Poona-4.	65
<b>BIHAR</b>					
4.	Amar Kitab Ghar, Post Box 78, Diagonal Road, Janshedpur.	37	15.	M/s. Usha Book Depot, 585/A, Chira Bazar, Khan House, Girgaum Road, Bombay-2 BR.	5
<b>GUJARAT</b>					
5.	Vijay Stores, Station Road, Anand.	35	<b>MYSORE</b>		
6.	The New Order Book Company, Ellis Bridge, Ahmedabad-6.	63	16.	M/s. Peoples Book House Opp. Jaganmohan Palace, Mysore-1.	16
<b>HARYANA</b>					
7.	M/s. Prabhu Book Service, Nai Subzimandi, Gurgaon, (Haryana).	14	<b>RAJASTHAN</b>		
<b>MADHYA PRADESH</b>					
8.	Modern Book House, Shiv Vilas Palace, Indore City.	13	17.	Information Centre, Government of Rajasthan, Tripolia, Jaipur City.	38
<b>MAHARASHTRA</b>					
9.	M/s. Sunderdas Gianchand, 601, Girgaum Road, Near Princess Street, Bombay-2.	6	<b>UTTAR PRADESH</b>		
10.	The International Book House (Private) Limited, 9, Ash Lane, Mahatma Gandhi Road, Bombay-1.	22	18.	Swastik Industrial Works, 59, Holi Street, Meerut City.	2
11.	The International Book Service, Deccan Gymkhana, Poona-4.	26	19.	Law Book Company, Sardar Patel Marg, Allahabad-1	48
<b>WEST BENGAL</b>					
			20.	Granthaloka, 5/1, Ambica Mookherjee Road, Belgharia, 24 Pargana.	10
			21.	W. Newman & Company Ltd., 3, Old Court House Street, Calcutta.	44
			22.	Firma K. L. Mukhopadhyay, 6/1A, Banchharam Akrur Lane, Calcutta-12.	82
			23.	M/s. Mukherji Book House, 8B, Duff Lane, Calcutta-6.	

CORRIGENDA TO SIXTY-SECOND REPORT OF P.A.C. (1968-69)  
PRESENTED TO LOK SABHA ON 28TH APRIL, 1969.

---

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
(iii)	-	S.No.11	Rohtagi	Rohatgi
29	-	30	fiirders	girders

## CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (1968-69) .. .. .	(iii)
INTRODUCTION .. .. .	(v)
CHAPTER I. Report .. .. .	1
CHAPTER II. Recommendations/Observations that have been Accepted by Government. .. .. .	2
CHAPTER III. Recommendations/Observations which the Committee do not desire to pursue in view of the replies of Government. .. .. .	51
CHAPTER IV. Recommendations/Observations replies to which have not been accepted by the Committee and which require reiteration. .. .. .	57
CHAPTER V. Recommendations/Observations in respect of which Government have furnished interim replies. .. .. .	58
APPENDIX Summary of Main Conclusions/Recommendations .. .. .	63

**PARLIAMENT LIBRARY**  
 (Library & Reference Service)  
 Central Govt. Publications  
 Acc No R 315750  
 Date 31-7-69

336.3951A

**PUBLIC ACCOUNTS COMMITTEE**  
(1968-69)

**CHAIRMAN**

**1. Shri M. R. Masani**

**MEMBERS**

2. Shri Syed Ahmed Aga
3. Shri K. Anirudhan
4. Shri S. M. Banerjee
5. Shri C. K. Bhattacharyya
6. Shri K. G. Deshmukh
7. Shri V. Krishnamoorthi
8. Shri D. K. Kunte
9. Shri N. R. Laskar
10. Shri K. K. Nayar
11. Shrimati Sushila Rohtagi
12. Shri Narendra Kumar Salve
13. Shri Ram Awtar Sharma
14. Shrimati Tarkeshwari Sinha
15. Shri Tayappa Hari Sonavane
16. Shri A. P. Chatterjee
17. Shri K. Damodaran
18. Shri Shanti Kothari
19. Shri S. S. Mariswamy
- \*20. Shri G. H. V. Momin
21. Shri N. R. M. Swamy
22. Shri Tarkeshwar Pandey

**SECRETARIAT**

**Shri Avtar Singh Rikhy—*Joint Secretary.***  
**Shri K. Seshadri—*Under Secretary.***

---

\*Declared elected on 19th August, 1968 vice Shri M. M. Dharia, who resigned from the Committee.

## INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Sixty Second Report on the Action Taken by Government on the recommendations of the Public Accounts Committee contained in their 23rd Report (Fourth Lok Sabha) on Appropriation Accounts (Railways) 1965-66 and Audit Report (Railways) 1967.

2. On 12th June, 1968, an "Action Taken" Sub-Committee was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Reports. The Sub-Committee was constituted with following Members :

1. Shri D. K. Kunte—Convener.
2. Shri C. K. Bhattacharyya.
3. Shri K. K. Nayar.
4. Shri Narendra Kumar Salve.
5. Shrimati Tarkeshwari Sinha.
6. Shri N. R. M. Swamy.

3. The draft Report was considered and adopted by the Sub-Committee at their sitting held on 8th April 1969 and finally adopted by the Public Accounts Committee on 21st April 1969.

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

5. The Committee place on record their appreciation of the assistance rendered to them in this matter by the Comptroller and Auditor General of India.

NEW DELHI;  
April 28, 1969/Vaisaka 8, 1897(S)

M. R. MASANI,  
Chairman,  
Public Accounts Committee.

## CHAPTER I

### REPORT

1.1. This Report of the Committee deals with action taken by Government on the recommendations contained in their 23rd Report (Fourth Lok Sabha) on the Appropriation Accounts (Railways) 1965-66 and Audit Report (Railways) 1967 which was presented to the House on 30th April, 1968.

1.2. Action taken notes/statements have been received from the Ministry of Railways (Railway Board) in respect of all the 31 recommendations contained in the Report and from the Ministries of Works, Housing and Supply (Department of Works and Housing) and Defence in respect of the recommendations contained in S. Nos. 7 and 21 respectively which also concern them. The Committee, however regret that the Department of Supply have not furnished replies in respect of the recommendations contained in S. Nos. 15 and 16 in so far as they are concerned with these matters.

1.3. The action taken notes/statements on the recommendations of the Committee contained in the Report have been categorised under the following heads :—

*Recommendations/observations that have been accepted by Government :*

S. Nos. 1, 2, 5, 6, 7, 8, 9, 10, 11, 12 (Paragraph 2.36), 14, 15 (Paragraphs 2.89—2.90 and 2.95), 16, 17, 19, 21, 22, 23, 24, 25, 26, 28, 29, 30 & 31.

*Recommendations/observations which the Committee do not desire to pursue in view of the replies of Government :*

S. Nos. 3, 13 and 20.

*Recommendations/observations in respect of which Government have furnished interim replies :*

S. Nos. 4, 12 (Paragraph 2.37), 15 (Paragraphs 2.91—2.93), 18 and 27.

**1.4. The Committee are glad to observe that the recommendations contained in their 23rd Report (Fourth Lok Sabha) have been replied to by Government generally to the satisfaction of the Committee.**

**The Committee hope that replies to the outstanding recommendations and final replies in regard to those recommendations to which only interim replies have so far been furnished will be submitted to them expeditiously after getting them vetted by Audit.**

## **CHAPTER II**

### **RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT**

#### **Recommendation**

The Committee regret to note that there was marked variation between actuals and the budget estimates in respect of goods earnings.

The Committee need hardly emphasise that Budget estimates should be framed more realistically as the policy decisions of Government regarding variation in freight rates depend on these estimates. They desire that the Ministry of Railways should benefit by the experience gained in the previous years, analyse the reasons for such variations and try to reduce them to the minimum.

(S. No. 1 Appendix IX Para 1.12 & 1.13 of 23rd Report).

#### **Action taken**

The observations of the Committee are noted.

The Ministry of Railways would, however, submit that proposals for revision of freight levels are based on the total financial picture of the budget and not merely on the estimate of goods earnings. As the Committee are aware, the surplus was budgeted at 29.24 crores for 1965-66 but it actually turned out to be only 18.56 crores, or 10.68 crores less. The actual earnings were 17.57 crores more than the budget, but the expenditure increased by 28.25 crores, mainly because of the increase in dearness and house rent allowances announced after the budget was presented and passed and other post-budget factors like increase in the prices of coal and diesel oil and other materials. In the result, there was no over-estimation of the total requirements of the year.

[Ministry of Railways (Rly. Board) O.M. No. 68-B(C)-PAC/IV/23(0) dated 4th November, 1968]

#### **Recommendation**

The Committee are unhappy to note that there was an increase of Rs. 27.89 crores in Revenue expenditure over the budget estimates. They have already commented in the previous para upon the need for framing Budget estimates accurately. The Committee suggest that the Ministry of Railways (Railway Board) should keep a close watch over the increase in working expenses, particularly those on establishment and fuel. The Committee need hardly stress that, consistently with the needs of efficiency, the Railways should explore all avenues of effecting economies so as to keep the rise in working expenses under control.

(S.No. 2, Appendix IX Para 1.28 of 23rd Report)



### **Action taken**

Every efforts is being made to frame the Budget Estimates as accurately as possible with reference to trends and factors which can be anticipated. But it is impossible to anticipate and provide with any accuracy for post-budget developments like the enhancement of the rates of dearness allowance, increases in the price of steel, coal etc., and the effect of higher customs and excise levies. These can be provided for only after they occur, and were in fact covered by supplementary grants in the course of the year. Higher rates of dearness allowance were announced on 30.4.1965 with effect from 1st March, 1965 and again revised on 11-2-1966 with effect from 1st December, 1965. This accounted for 14.49 crores. The increase of house rent allowance with effect from 1-7-1965 was announced on 29-6-1965 and cost Rs. 1.70 crores extra. There were four revisions of coal prices on 11-5-1965, 1-6-1965, 24-12-1965 and 3-2-1966 and of diesel oil prices on 17-2-1965 and 20-8-1965 and these cost 2.74 crores. The other variations were also the result of post-budget fluctuations in prices and in the condition of stock coming to shops for repairs and variations in fuel consumption due to changes in volume and pattern of traffic etc.

The observations of the Committee in regard to the need for economy are noted. Every effort is already being made to keep down expenditure and increase productivity.

[Ministry of Railways (Rly. Board) O.M. No. 68-B(C)-PAC/IV/23(0) dated 4th November, 1968]

### **Recommendation**

The Committee feel that there is scope for improvement in the preparation of repair estimates, which should take into consideration not only the actual condition of the stock likely to be taken up for repairs, but also the likely increase in prices based on past experience. The Committee hope that the Railway Board will take suitable measures to prepare repair estimates more realistically so as to obviate such cases in future.

(S. No. 5, Appendix IX Para 1.59 of 23rd Report)

### **Action taken**

The Recommendation of the Committee has been noted. The budgetary effect of the increases in the prices of materials, upward revision of customs/excise duties etc. is taken note of and funds required included in the budget or Supplementary Demands but the condition of stock and the cost of repair work required varies with each unit and can only be known for each unit when it comes into the workshops for overhaul. Some fluctuation is inevitable from estimates based on general trends of repair expenditure.

[Ministry of Railways (Rly. Board) O.M. No. 68-B(C)-PAC/IV/23(0) dated 4th November, 1968]

### Recommendation

1.62. The Committee find that excess expenditure occurred under Grants Nos. 2, 5, 8, and 15 during 1965-66. The total excess expenditure during this year amounted to Rs. 164.49 lakhs after taking into account a sum of Rs. 0.35 lakh representing certain mis-classifications in the accounts. The Committee regret that excess expenditure has continued to occur during the last three years, viz., 1963-64, 1964-65 and 1965-66 on Grants Nos. 5, 8 and 15 despite the fact that large amounts were obtained by way of Supplementary Grants towards the close of the year. The Committee feel that had a proper assessment been made about the expenditure to be incurred on repairs to various assets and purchases of stores at the time of preparing estimates for supplementary grants, these excesses could have been avoided. The Railways should also keep upto-date their liability registers so that they are able to keep a watch over the liabilities to be met by them during the year. The Committee stress that all efforts should be made by the Ministry of Railways to keep the expenditure within the funds granted by Parliament.

1.63. The Committee recommend that, subject to these observations, the excess expenditure of Rs. 1,64,49,314 under voted Grants Nos. 2, 5, 8 and 15 incurred during 1965-66 be regularised by Parliament in the manner prescribed by Article 115 of the Constitution.

(S. No. 6 Appendix IX Para 1.62 & 1.63 of 23rd Reports)

### Action taken

The recommendation of the Committee has been noted. The excesses have since been regularised by Parliament in August 1968.

[Ministry of Railways (Rly Board) O.M. No. 68-B(C)PAC/IV/23(O) dated 21-9-1968]

### Recommendation

1.70. The Committee consider that unless work is actually commenced and expenditure incurred from the provisions made in this behalf by Parliament, it should not be treated as a work in progress.

1.71. The committee cannot but express unhappiness at the gross delay which has occurred in the execution of this operational scheme for provision of Tokenless Block working on Barauni Katihar Section' on the North Eastern Railway. They consider that if the work had been properly processed, there would have been no occasion to rush through the work at this late stage to cope with the increased traffic.

(S. No. 7, Appendix IX of 23rd report, 1967-68)

### Action taken

Para 1.70.

The Works, Machinery and Rolling Stock Programme for the ensuing financial year which is the budget document in which the works are shown as 'New Works' and the 'Works in Progress' is a voluminous document and

is usually finalised sometime in the month of December of the previous financial year so that it can be presented to the Parliament in the middle of February. The decision whether or not a work should be exhibited as a 'Work in Progress' at the beginning of the next financial year has, therefore, to be taken about three to four months before that financial year has begun, on the basis of the then expectations of whether some expenditure is likely to be incurred on it in the current financial year.

2. Where it is clear when finalising the Works Programme for the next financial year that there is no likelihood of a work being commenced and expenditure incurred before the close of the current financial year, it will not be shown as a 'Work in Progress' for the next financial year, but will be shown under a separate heading to indicate that the work was approved in the earlier years but no expenditure is expected to be incurred on it till the year to which the works programme pertains.

3. Necessary instructions have accordingly been issued to the Railway Administrations *vide* Railway Board's letter No. 68-B-4141-Main dated 10-9-1968 (copy enclosed).

*Para 1.71.*

Instructions have been issued to North Eastern Railway *vide* letter No. 68/W3(S)/SG/W/6/1 dated 14/15-8-1968 (copy enclosed) to take all necessary steps to avoid delays in the execution of works. A copy of the above mentioned letter has also been endorsed to all other Railways for information and guidance.

[Ministry of Railways (Rly Board) O.M. No. 68-B(C)PAC/IV/23(O) dated 20-9-1968]

(COPY)

GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(RAILWAY BOARD)

No. 68-B-4141-Main.

*New Delhi, Dt. 10-9-1968.*

To

The General Managers,  
Central, Eastern, Northern, North Eastern,  
Northeast Frontier, Southern, South Central,  
South Eastern and Western Railways.  
C.L.W., D.L.W. & I.C.F.

SUB. : *23rd Report of the Public Accounts Committee (4th Lok Sabha) on the Audit Report (Railways) 1967—Exhibition of Works in the Works Programme.*

The Public Accounts Committee, in recommendation No. 7 of their 23rd Report (4th Lok Sabha) on para 12 of the Audit Report (Railways) 1967,

have observed as under :—

**“The Committee consider that unless a work is actually commenced and expenditure incurred from the provisions made in this behalf by Parliament, it should not be treated as work in progress.”**

The above recommendation would mean that if in any financial year a work is not actually commenced and no expenditure incurred thereon, it should not be treated as a “work in progress” in the next financial year. For the strict compliance of this recommendation, therefore, it would be necessary to exhibit such works in the Budget distinctly thereby bringing it to the specific notice of the Parliament.

As the Railways are aware, the Works, Machinery and Rolling Stock Programme of the Railways—Pt. II, which contains the details of “Works in progress” as well as “New Works”, is finalised after discussion by the Board with the various Railways sometime in November every year so as to be ready for presentation to the Parliament in the middle of February next year. The Board, therefore, desire that while preparing the Final Works Programme in November, a thorough and very careful scrutiny should be made with a view to see whether there is any likelihood of the various works being commenced and expenditure incurred thereon before the close of that financial year. In cases, where the works are likely to be commenced and expenditure incurred thereon during the year under review, these should undoubtedly be included as “Works in Progress” in the next year, as hitherto. In cases, however, where there is no such likelihood, it has been decided in consultation with the Comptroller & Auditor General of India, that these works should be included in the Works Programme of the next year under a third heading under each Demand (13-15), distinct from the present two heading of “Works in Progress” and “new works”, viz. “*Works approved in the earlier years which have not been actually commenced and no expenditure incurred thereon till the previous year*”, as per proforma enclosed. The provision of funds for such works should, however, be included under “New Works” in all Annexures to the Works Programme.

These instructions should be given effect to commencing from the Final Works Programme for 1969-70.

Please acknowledge receipt.

Sd/-

Joint Director, Finance (Budget),  
Railway Board.

DA/One

## Railway

*OPEN LINE WORKS—Capital, Depreciation Reserve Fund & Development  
Fund Open Line Works (Revenue).*

(Figures in thousands)

Item No.	Authority	Particulars of works	Anticipated Cost	Outlay for 1969-70	Balance to complete
<i>D—Works approved in the earlier years which have not been actually commenced and no expenditure incurred thereon till the previous year.</i>					

GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(RAILWAY BOARD)

No. 68/WS(S)/SG/W/6/1. New Delhi, dated 14th/15th August, 1968.

The General Manager,  
N.E. Railway,  
Gorakhpur.

SUB. : 23rd Report of the Public Accounts Committee—Observations on para 12 of the Audit Report (Railways) 1967—Provision of tokenless block working on Barauni-Katihar section.

Regarding para 12 of the Audit Report (Railways) 1967, the PAC has observed as under :

“The Committee cannot but express unhappiness at the gross delay which has occurred in the execution of this operational scheme for provision of tokenless block working on ‘Barauni-Katihar Section’ on the N.E. Railway. They consider that if the work had been properly processed, there would have been no occasion to rush through the work at this late stage to cope with the increased traffic.”

2. Board desire that all necessary steps should be taken to ensure that such delays do not occur in future. To avoid undue delays in finalisation of tenders for special signalling/microwave contracts, a time schedule was drawn up in the CSTE's meeting held in the Board's office on 11th and

12th July, 1968. Minutes of CSTEs' meeting have been circulated to the Railways *vide* Board's letter No. 68/W3/SG/M/1 dated 31-7-1968.

D.A./Nil.

Sd/-

Director (S&T), Railway Board.  
New Delhi, dated 15-8-1968.

No. 68/W3(S)/SG/W/6/1.

Copy to the General Managers, All Indian Railways, (Except N.E. Railway), for information and guidance.

Sd/-

Director (S&T), Railway Board.

D.A./Nil.

### Recommendation

The Committee consider that unless work is actually commenced and expenditure incurred from the provisions made in this behalf by Parliament, it should not be treated as a work in progress.

[S. No. 7, (Para 1.70) of Appendix IX of 23rd Report, (1967-68) (4th Lok Sabha)]

### Action taken

The Schedules of "Works in Progress" for the ensuing financial year are prepared by the executive agencies sometime in the month of October of the current financial year. The Schedules also include all items of New Works expected to be taken up sometime during the Second half of the current year. The decision whether or not a Work should be exhibited as a "Work in Progress" at the beginning of the next financial year has to be taken about five to six months before the commencement of the next financial year on the basis of the then expectations of whether some expenditure is likely to be incurred on it in the current financial year.

2. Whether it is clear when finalising the Works Programme for the next financial year that there is no likelihood of a work being commenced and expenditure incurred before the close of the current financial year, it will not be shown as a 'Work in Progress' for the next financial year, but will be shown under a separate heading to indicate that the work was provided for in the earlier years but no expenditure is expected to be incurred on it till the year to which the works programme pertains.

3. Necessary instructions have accordingly been issued to all the Executing agencies *vide* Ministry of Works, Housing & Supply letter No. 68-B-4141-Main dated 10-12-1968, copy enclosed.

Dated : 11-12-1968.

[Ministry of Works, Housing & Supply (Deptt. of W.H.) O.M. No. 6/33/68BE dt. 11-12-1968]

GOVERNMENT OF INDIA  
 MINISTRY OF WORKS, HOUSING & SUPPLY  
 (DEPARTMENT OF W&H)

*New Delhi, dated 10-12-1968.*

To .

All Executing Agencies.  
 Engineer-in-Charge

SUBJECT :— *23rd Report of the Public Accounts Committee (4th Lok Sabha) on the Audit Report (Railways) 1967—Exhibition of Works in the Works Programme.*

The Public Accounts Committee, in recommendation No. 7 of their 23rd Report (4th Lok Sabha) on para 12 of the Audit Report (Railways) 1967, have observed as under :—

“The Committee consider that unless a work is commenced and expenditure incurred from the provisions made in this behalf by Parliament it should not be treated as work in progress”.

The above recommendation would mean that if in any financial year a work is not actually commenced and no expenditure incurred thereon, it should not be treated as a “Work in progress” in the next financial year. For the strict compliance of this recommendation, therefore, it would be necessary to exhibit such works in the Budget distinctly thereby bringing it to the specific notice of the Parliament.

It has, therefore, been decided in consultation with the Comptroller & Auditor General of India that these items of works should be included in the works programme of the next financial year under a distinct heading in Annexure attached to the Demand for Grants for Delhi Capital Outlay on Public Works as “Works provided for in the earlier years which have not been actually commenced and no expenditure incurred thereon till the previous year or which were commenced in the last quarter of the previous year” as per proforma enclosed. These instructions should be given effect to from the next financial year *i.e.* 1969-70.

Please acknowledge receipt.

Yours faithfully,

Sd/-

*Joint Secretary to the Government of India.*

**PROFORMA**

*"Statement of Works in Progress to be treated as new works."*

Item No.	Authority	Particulars of works	Anticipated Cost	Outlay 1969-70	Balance to complete.
----------	-----------	----------------------	------------------	----------------	----------------------

*D--Works provided for in the earlier years which have not been actually commenced no expenditure incurred thereon till the previous year or which were commenced in the last quarter of the previous year.*

**Recommendation**

1.79. The Committee are glad to note that out of an expenditure of Rs. 105.90 crores held under objection for want of estimates, excess over estimates and for miscellaneous items, the Railways have been able to regularise expenditure to the extent of Rs. 69.12 crores leaving an amount of Rs. 36.78 crores which is required to be regularised. The Committee stress that the drive for clearance of items held under objection should be sustained and all these items cleared at an early date. They also desire that suitable action should be taken to ensure that in future work is not undertaken without sanction to detailed estimates by the competent authority. Where work is started on an urgency certificate it should be ensured that the detailed estimates are sanctioned within a reasonable period.

1.80. As regards work involving excess over estimates, the Committee desire that the revised estimates should be prepared where necessary and the sanction of a competent authority obtained to settle these matters expeditiously.

(S. No. 8, Appendix IX, Paras 1.79 & 1.80 of 23rd Report)

**Action taken**

The observations of the Committee are noted. The need for expeditious regularisation of items of expenditure held under objection has again been stressed to various Railways/Units.

[Ministry of Railways (Railway Board) O.M. No. 68-B(C)-PAC/IV/23(O), dated 7-12-1968]



### Further Information

The progress in regularisation of the expenditure held under objection is given in the statement below :—

Particulars	Items held under Clearance made objection and not upto 30.9.68 regularised upto 15.10.1966 (Appropriation Accounts for 1965-66).			
	No. of items	Amount in crores of rupees.	No. of items.	Amount in crores of rupees.
Want of Estimates .. .. .	788	70.99	711	59.19
Excess over Estimates .. .. .	2,191	30.89	1,881	23.91
Miscellaneous Items .. .. .	24,575	4.02	11,328	2.16

### Recommendation

#### Para 1.85

The Committee are concerned to note that losses amounting to Rs. 184 lakhs were adjusted during 1965-66. They find that out of the total loss of Rs. 184 lakhs, the loss of Rs. 64 lakhs was due to accidents and Rs. 50 lakhs on account of thefts.

#### Para 1.86

The total loss attributed to thefts registered an increase of Rs. 19 lakhs or 61% over that of the previous year. The Committee stress that security measures on the Railways should be tightened so as to reduce to the minimum losses on account of theft.

#### Para 1.87

The Railways should also intensify their drive to educate the staff in safety precautions and modernise their signalling and other equipment to eliminate accidents.

(S. No. 9, Appendix IX Paras 1.85, 1.86 & 1.87 of 23rd Report)

### Action taken

The observations of the Committee are noted.

In regard to para 1.86, it is submitted that, as already explained in reply to question No. 10 of the advance information required by the Committee on para 8 of the Audit Report (Rlys.) 1968, crime intelligence branches on these Railways have been strengthened to keep watch over receivers of stolen property and organise raids in cooperation with the Police authorities. To deal effectively with the receivers of stolen property and other offenders indulging in thefts of railway fittings and equipment, the provisions of the Railway Property (Unlawful Possession) Act, 1966 are also being invoked.

In regard to para 1.87, the steps taken/ being taken by the Railways in this direction are indicated in the attached note.

[Ministry of Railways (Railway Board) O.M. No. 68-B(C)-PAC/IV/23(O) dated 12-12-1968]

(Enclosure to Action taken note on Recomm. No. 9 of 23rd report of P.A.C.—4th Lok Sabha)

#### NOTE

There are four categories of train accidents which can lead to loss of life, limb and property. These are collisions, derailments, trains running into road traffic at level crossings and fires in trains. These are called consequential train accidents. The Figures of these accidents for the years 1962-63 to 1967-68 are given below :—

S. No.	Category	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68
1.	Collisions ..	98	93	81	74	67	66
2.	Derailments ..	1,316	1,300	1,035	962	876	892
3.	Trains running into road traffic at level crossings	168	161	146	123	104	111
4.	Fires in trains ..	55	88	31	42	50	42
	<b>TOTAL :</b> ..	<b>1,637</b>	<b>1,635</b>	<b>1,293</b>	<b>1,201</b>	<b>1,092</b>	<b>1,111</b>

It will be seen from the above table that but for the marginal increase in the number of derailments and level crossing accidents during 1967-68 and the fluctuation trend in the incidence of fires in trains, the accidents on the Indian Government Railways have been showing a consistently declining trend—the number of accidents having come down from 1,637 during 1962-63 to 1,111 during 1967-68 thereby registering an improvement of over 32 per cent.

The Railway Accidents Committee 1962 headed by Dr. H. N. Kunzru had high-lighted that the largest single factor responsible for railway accidents was failure of railway staff. As recommended by the Kunzru Committee the safety drive on the railways was further intensified to educate the railway staff, in order that they fully understand the rules and the implication of not following them so that there is a greater appreciation among them of the imperative need to work according to the safety rules. The safety drive is primarily educative in content and consists of man-to-man contacts, and audio-visual safety propaganda through posters, pamphlets, leaflets cartoons, folders, films, radio-talks, tape recorded talks etc. In addition to the man-to-man contacts and mass safety propaganda group contacts are also carried

out in the shape of safety-meetings safety-seminars etc. with a view to disseminating safety-rules and inculcating safety consciousness among the railway staff, particularly those entrusted with train operations, such as Station Masters, Drivers, Guards, Cabinmen, Gatemen, etc. On an average about 45,000 staff are contacted every month by safety officers and safety counsellors.

### *Training*

Special emphasis is laid on the training of staff and in addition to the regular initial as well as periodical refresher training imparted through zonal training schools and technical training schools on each railway, safety camps have also been set up where the staff are encouraged to express their ideas in regard to interpretation of rules, their difficulties in following them and their suggestions for improving safety in train operations in a frank and fortnight manner and in an informal camp atmosphere.

### *Inspections and Spot Checks*

Along with the drive to educate and motivate the staff, inspections and spot checks are also carried out intensively, both by the Safety Directorate in the Railway Board's office and the Safety Organisations on the Railways, to see that no laxity or deficiency exists in connection with the various aspects regarding safety of train operations. The lacunae observed during such checks are pursued and plugged and corrective as well as punitive action is taken against those found working in an unsafe or improper manner.

### *The Small Proportion of Railway Staff causing Accidents*

There are over a million railwaymen working round the clock under varying conditions and with equipment of varying degree of complexity to keep the wheels moving over the gigantic net work of the Indian Railways. The Railway Accidents Committee 1962 had stated that the staff who were responsible for accidents constituted only 0.13% of the total number of staff on the Indian Railways. Railwaymen are deeply concerned with the question of accidents on railways and their gruesome consequences as well as the bad name that they bring to the railways. Yet it is the lapse of an insignificant percentage of the staff that causes maximum havoc on the railways. However, the programme of safety orientation and motivation of railway staff has brought about a substantial improvement in this direction.

### *Decline in the number of Accidents caused by Railway Staff*

As a result of the intensification of the safety drive on the lines suggested by the Kuzru Committee there has been a considerable improvement in the incidence of accidents due to failure of railway staff. The total number of collisions and derailments, the two main categories of accidents,

which are due to failure of railway staff, during the past few years is given below :—

Year	Number of collisions and derailments attributable to railway staff.
1958-59	1,076
1959-60	1,082
1960-61	1,035
1961-62	1,056
1962-63	1,016
1963-64	935
1964-65	713
1965-66	688
1966-67	679
1967-68	651

It will be seen from the above figures that the number of train collisions and derailments caused by the lapses of railway staff has been continuously declining, the number having come down from 1,076 from 1958-59 to 638 during 1967-68, showing a reduction of about 40.7%.

It has been said that the best safety device known is a careful railway man, because the human element can never be altogether eliminated. Even if complete automation were to be introduced, there would still be men behind the machines to keep them running and their lapses could still result in the most serious type of accidents, for while men can take steps to rectify their mistakes, machines cannot. In the last analysis it is just not possible to eliminate human element and, therefore, human lapses.

#### *Technological Approach*

While the main emphasis of the safety drive is to eliminate human failures which cause the largest number of accidents; having regard to human limitations, action is also being taken simultaneously, to provide technological aids ranging from the simple rudimentary interlocking to automatic train control depending upon the density and speed of traffic and availability of resources, to help the staff in the performance of their duties and to check against human failures. Locomotives have been provided with speedometers to help drivers to maintain control on speeds of trains and ultrasonic flaw detectors have been brought into use to check the axles of locomotives. Level crossings are being provided with lifting barriers. The latest safety devices proposed to be provided on the railways are track circulating, vigilance control units on locomotives to check the alertness of Drivers and Automatic Train Control system at approach signals of stations to prevent their disregard by drivers. Advanced modern signalling methods such as Route Relay Interlocking, Automatic Signalling and Centralised Traffic Con-

trol are being installed as circumstances warrant, subject to the availability of funds.

#### *Punishment to those held Responsible for Accidents*

While the main emphasis is on educating the staff who indulge in unsafe practices and incorrect methods of working, such of the staff who violate the principles of safety are given stringent punishments. Since the punitive action in order to have the desired deterrent effect must not only be adequate but also prompt, therefore, for finalising accident cases Railways have set a time limit of 90 days to inquire into and complete the punitive action against those held responsible for accident.

#### *Receipt measures taken to prevent Accidents*

As mentioned by the Kunzru Committee the four basic methods of accident prevention are, Education, Effective Supervision, Engineering Aids and Enforcement. It will be seen from what has been stated above that the accident prevention policy on the Indian Railways embraces all these four, what might be called, the pillars of safety. There are thus no lacunae in regard to the enforcement of safety on Indian Railways, either statutory, procedural or organisational.

#### **Recommendation**

The Committee are perturbed to note that the Integral Coach Factory went in for bulk use of Barmil in place of imported material for the underlay in the flooring of the EMU coaches without satisfying themselves fully about the suitability of the material. The result is that the underlay in the flooring of as many as 260 coaches had to be renewed. The renewal of 98 coaches has already cost the Railways as much as Rs. 5.26 lakhs. The Committee consider that the Railways should not have gone in for the extensive use of Barmil without first making sure that it fulfilled all essential requirements. The Committee also feel that the Research, Designs and Standards Organisation should not have recommended "large scale trials" without watching closely the results of an experiment carried out with this material in a limited number of coaches so as to reduce the chances of infructuous expenditure to the minimum. The Committee stress that the Railway Board should take adequate action in consultation with their manufacturing units and research organisation to ensure that such costly lapses in the name of substitution of an indigenous material do not take place.

[S. No. 10 Appendix IX Para 2.9 of 23rd Report]

#### **Action taken**

The observations of the Committee are noted and necessary instructions have been issued to the Railway Administrations etc., *vide* Railway Board's letter No. 68-B(C)-PAC/IV/23(10) dt. 26-8-1968 as amended by their letter of even number dated 10-9-1968 (copies enclosed).

DA/As above.

[Ministry of Railways (Railway Board) O.M. No. 68-B(C)-PAC/IV/23(10) dt. 20-9-1968]

(COPY)

GOVERNMENT OF INDIA  
 MINISTRY OF RAILWAYS  
 (RAILWAY BOARD)

No. 68-B(C)-PAC/IV/23(10). New Delhi, dated the 26th August 1968.

The General Managers,  
 All Indian Railways.

The General Managers,  
 CLW, DLW and ICF.

The Director General,  
 R.D.S.O.,  
 Lucknow-5.

SUB :—*Recommendation No. 10 of the 23rd Report of the PAC (Fourth Lok Sabha) on Para 18 of the Audit Report (Rlys.) 1967—Integral Coach Factory—Heavy expenditure on premature renewal due to extensive use of a new type of flooring material for coaches.*

In a case reported in the Railway Audit Report 1967 (Para 18), a Railway Production Unit decided to use a compressed jute insulation board known as 'Barmil' (an indigenous product) in place of the standard cork (an imported material) as underlay in the flooring of EMU coaches, though the RDSO did not recommend it in view of its high water absorption and other drawbacks. Subsequent detailed tests conducted by the RDSO revealed that, apart from high water absorption, 'Barmil' boards retained the water absorbed for long periods. In view of the foreign exchange difficulties, however, they recommended the use of 'Barmil' boards for "large scale trials" taking all precaution to minimise seepage of water. The Production Unit, however, incurred an expenditure of Rs. 11.84 lakhs on large scale purchase of these boards and 356 coaches were turned out with them. The boards did not stand up to actual service conditions and the flooring had to be renewed prematurely by the user Railway. A modified substitute of bitumenised 'Barmil' boards was also tried and found ultimately unsatisfactory. The use of 'Barmil' boards was, therefore, given up. While commenting on this case, the Public Accounts Committee have observed as under in their 23rd Report (Fourth Lok Sabha) :—

"The Committee consider that the Railways should not have gone in for the extensive use of Barmil without first making sure that it fulfilled all essential requirements. The Committee also feel that the Research, Designs & Standards Organisation should not have recommended "large scale trials" without watching closely the results of an experiment carried out with this material in a limited number of coaches so as to reduce the chances of infructuous expenditure to the

minimum. The Committee stress that the Railway Board should take adequate action in consultation with their manufacturing units and research organisation to ensure that such costly lapses in the name of substitution of an indigenous material do not take place".

2. Instructions on the points raised in the recommendations had been issued earlier by the Board, *vide* their letters quoted below (copies enclosed for ready reference) :—

- (i) The Board's letter No. 59/148/3RS(G) of the 29th May 1959 dealing with warranty clauses in contracts primarily for plant & machinery—the same clauses should, with suitable modifications be considered for incorporation in the initial contracts let out for purchase of new materials/stores for trial or as indigenous substitutes for materials/stores hitherto imported with special regard to duration of service life or other advantages claimed by manufacturers.
- (ii) The Board's letters No. 62/RS(D)/IMMI/11 of the 26th May 1962 and 1st March 1963 dealing with the procedure for the co-ordination of tests.

3. Whilst drawing the attention of the Railway Administrations to these earlier instructions, the Board would like to reiterate the need for :—

- (a) adequate tests/trials for proving the suitability of new products, materials, processes, designs, etc.; and
- (b) ensuring adequate protection of the Railways' interests by the incorporation of a suitable guarantee clause

before any significant expenditure is incurred in respect of a new product, material, process, design, etc.

4. As far as the conduct of trials is concerned, the Board desire that the Research, Designs & Standards Organisation should follow their prescribed procedure (detailed against para 4 of their letter No. MC/EMU/Flooring of the 29th June 1967) scrupulously in future.

5. The receipt of this letter may kindly be acknowledged.

Sd/-

Encls : As above.

Dy. Director Mech. Engg. (P) I  
Railway Board

No. 68-B(C)-PAC/IV/23(10) New Delhi, dated the 26th August 1968.

Copy (with forty spares) forwarded to the A.D.A.I. (Rlys.), New Delhi.

Sd/-

Dy. Director Mech. Engg. (P) I  
Railway Board

Encl : As above.

Copy to :—

F(S)I, M(C), RS(G) & Dev. Cell of Board's office.

**ANNEXURE****GUARANTEE CLAUSE**

The Contractor guarantees that the stores which he supplies will be built fully in accordance with specifications and will operate properly. In all cases, the contractor guarantees that his designs would strictly follow the "as-made" detailed drawings with such modifications as are notified in respect of each type. The Contractor further guarantees that the stores will be free from defects in material and workmanship provided that the contractor's liability in this respect shall be limited to the furnishing and installation of replacement parts free of any charge, or the repair of defective parts only to the extent that such replacements or repairs are attributable to or arise from faulty workmanship or material, or design in the manufacture of the stores. All replacement parts shall be shipped by the contractor c.i.f. Indian Port, from which point the Purchaser shall clear through customs and delivery at his expense to inland destination. If the Contractor so desires the replaced parts can be taken over by his representatives in India for disposal as he deems fit, within a period of 3 months from the date of receipt of replacement parts. At the expiry of this period no claim whatsoever shall lie on the purchaser.

It shall be a condition of the guarantee hereunder that any defects complained of shall be brought to the Contractor's attention within a reasonable time of their being first discovered. The guarantee herein contained shall not apply to any material which shall have been repaired or altered by the Purchaser, or on his behalf in any way so as to affect its strength performance or reliability, or to any defect to any part due to misuse, negligence or accident.

The guarantees herein contained shall expire in respect of each item of stores, on the expiration of 24 months from the date of its delivery in India or 18 months from the date of its placing in service whichever is earlier, except in respect of defects notified to the Contractor prior to expiration of such date.

All replacement and repairs that the purchaser shall call upon the contractor to deliver or perform under this guarantee shall be delivered and performed by the contractor promptly and satisfactorily.

Any approval or acceptance by the purchaser of the stores or of the materials incorporated therein shall not in any way limit the contractor's liability hereunder.

The decision of the Purchaser in regard to contractor's liability under this guarantee shall be final and conclusive.



*Copy of Railway Board's letter No. 59/148/3/RS(G) dated 29-5-1959 addressed to the General Managers, Central, Eastern, Northern, North Eastern, Northeast Frontier, Southern, South Eastern and Western Railways, C.L.W. and I.C.F.*

SUB :—*Warranty Clause in Contracts for Plant and Machinery.*

It has been brought to the notice of the Railway Board by the Additional Deputy Comptroller & Auditor General of India (Railways) that a warranty clause is not provided in the contracts for plant and machinery purchased by the Railway Administrations under their own powers of direct purchase.

The Board have considered the matter and decided that, although clause 10 and 13 of I.R.S. Conditions of Contract for contracts for Stores, Serial Nos. A2-54 of A3-51 provide adequate safeguard for correct supply of goods, a warranty clause should invariably be provided in the contracts for plant and machinery and such other items of stores where defects can come to light only after it has been put to actual use. A copy of the warranty clause as adopted by the Ministry of Works, Housing & Supply with regard to the purchase of Machinery and Plant is sent herewith for information. The Board desire that the same may be adopted by the Railways with suitable modification and provided in the relevant contracts as a special condition.

*Copy of letter No. 62/RS(D)/IMMI/11 of the 26th May 1962 from JDRS(D), Ministry of Railways (Railway Board) to the General Managers, All Indian Railways, BG/RDSO and the General Managers, Production Units etc.*

SUB :—*Procedure for Coordination of tests.*

The Railway Testing & Research Centre at Lucknow have developed facilities for carrying out and organising tests on material and components etc. It is, therefore, considered advantageous that the Railway Testing and Research Centre should coordinate the carrying out of tests as required and the Board, therefore, desire that instructions as below may be followed :—

(1) *Tests required by the Railway Board or the Design Directorates.*

Particulars of all tests required to be carried out by the Railway Board or the Design Directorates should be sent to the Research Directorate of Research, Designs and Standards Organisation, Research Directorate will examine each case to see if accelerated tests can be carried out to get the results in a shorter time than would be required if service tests were to be carried out. In cases where it is feasible to carry out accelerated tests,

these will be carried out by the Research Directorate, either by using their own equipment or by getting some of the work done in other laboratories. In cases where it is not feasible to carry out accelerated tests or where service tests are required to confirm the findings of accelerated laboratory tests, instructions for the tests to be carried out by Railways will be issued by the Research Directorate. Any special equipment (such as pyrometers, accelerometers etc.) which may be required by the Railways for the tests will be loaned by the Research Directorate and railway staff trained in using the equipment, if necessary. The tests will be planned by the Research Directorate in consultation with the Design Directorate concerned and Railways will be asked to send copies of the tests reports to the Railway Board and the Design Directorate concerned.

*2: Tests carried out by the Railways on their own initiative.*

Railways will be free to carry out any tests they wish to carry out to try new products, materials, processes, designs etc. They should, however, keep the Research Directorate informed of the tests being carried out by them and send them copies or periodical reports and tests results. The Research Directorate will render any help required by the Railways in planning or conduct of the tests whenever requested to do so by the Railways. The Research Directorate will also be responsible for coordinating the results of tests carried out by different Railways and for planning any further tests required in cases where tests carried out by the Railways lead to contradictory conclusions.

*3. Tests carried out at the instance of private Parties*

Proposals for tests and trials to be carried out at the instance of private parties should be routed through the Research Directorate who will coordinate. Where necessary, especially in the case of tests for determining if the component or product concerned comes up to the specification, the Railway Testing and Research Centre will make use of the facilities available in the firm manufacturing the product and arrange to carry out the tests at the firm's premises under supervision of their staff.

*4. Changes in existing designs and introduction of new designs*

In cases where tests or trials are necessary before effecting changes in existing designs or introducing new designs, action to change existing designs or to introduce new designs will be taken by the Design Directorate concerned after the tests or trials have been completed and the comments of the Research Directorate have been obtained. In all such cases, the Research Directorate will be informed of the final decision taken for their information and record.

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

No. 68-B(C)-PAC/IV/23(10)      *New Delhi-1, dated the 10th September 1968*

19 Bhadra 1890

The General Managers,  
All Indian Railways.

The General Managers,  
CLW,DLW & ICF, and

The Director General,  
R.D.S.O.,  
Lucknow-5.

*SUB : Recommendation No. 10 of the 23rd Report of the PAC Fourth Lok Sabha) on Para 18 of the Audit Report (Railways) 1967—Integral Coach Factory—Heavy expenditure on premature renewal due to extensive use of a new type of flooring material for coaches.*

*REF : The Board's letter of even number of the 26th August 1968.*

1. Kindly read para 2(i) of the Board's letter referred to above, as :—  
“(i) The Board's letter No. 59/148/3RS(G) of the 29th May 1959 as amended by their letter of even number of the 22nd May 1963, dealing with warranty clauses. ....”

instead of :—

“(i) The Board's letter No. 59148/3RS(G) of the 29th May 1959 dealing with warranty clauses. ....”

2. A copy of the Board's letter of the 22nd May 1963 referred to above is enclosed for ready reference.

3. The receipt of this letter may kindly be acknowledged.

*Encl : as above.*

Sd/-

*Dy. Director Mech. Engg. (P) I*

No. 68-B(C)-PAC/23(10).

*New Delhi-1, dated the 10th September 1968.*

Copy (with 40 spares forwarded to the A.D.A.I. (Rlys.), New Delhi.

*Encls : as above.*

Sd/-

*Dy. Director Mech. Engg. (P) I*

Copy to :

F(S) I, M(C), RS(G) & Dev. Cell of Board's Office.

*Copy of letter No. 59/148/3/RS(G) of the 22nd May 1963 from Ministry of Railways (Railway Board) to the General Managers, All Indian Railways, Production Units, DBK Railway Projects and the General Manager & Chief Engineer, Railway Electrification, Calcutta, etc. etc.*

**SUB :** *Warranty clause in contracts for plants and machinery etc.*

In supersession of the "Guarantee Clause" circulated with Board's letter of even number dated 29-5-1959 on the subject indicated above, it has been decided that the Warranty Clause as in Annexure to this letter should be incorporated in all future tenders/contracts as a special condition.

*Encl : One.*

### ANNEXURE

#### Warranty Clause

"Warranty :"  
Sellers/Contractor shall warrant that everything to be furnished hereunder shall be free from all defects and faults in material, workmanship and manufacture and shall be of the highest grade and consistent with the established and generally accepted standards for material of the type ordered and in full conformity with the contract specifications, drawings, or samples, if any and shall if operable, operate properly.

2. This warranty shall survive inspection of, payment for and acceptance of the goods, but shall expire \*24 months after their delivery at ultimate destination in India or \*18 months from the date of placing in service at ultimate destination in India, whichever shall be earlier except in respect of complaints, defects and/or claims notified to the Sellers/Contractor within 2/3 months of such date. Any approval or acceptance by the Buyer of the stores or of the materials incorporated herein shall not in any way limit the Seller's/Contractor's liability.

3. The Sellers/Contractor's liability in this respect of any complaints, defects and/or claims shall be limited to the furnishing and installation of replacement parts free of any charge, or the repair of defective parts only to the extent that such replacements or repairs are attributable to or arise from faulty workmanship or material or design in the manufacture of the stores provided defects are brought to the notice of Sellers/Contractor within \*\*2/3 months of their being first discovered during the guarantee period and \*\*2/3 months from the date of expiry of warranty period or at the option of the Buyer to the payment of the value, expenditure and damages as hereafter mentioned.

4. The Sellers/Contractor shall, if required, replace or repair the goods or such portion thereof as is rejected by the Buyer free of cost at the ulti-

---

\*To be modified according to nature of stores being purchased.

\*\*Specific period should be mentioned according to nature of stores purchased.

*mate destination* or at the option of the Buyer the Sellers/Contractor shall pay to the Buyer value thereof at the Contract price and such other expenditure and damages as may arise by reason of the breach of the condition herein, specified.

5. All replacements and repairs that the Buyers shall call upon the Sellers/Contractor to deliver or perform under this warranty shall be delivered and performed by the Sellers/Contractor within months (promptly and satisfactorily). If the Sellers/Contractor so desire/desires, the replaced parts can be taken over by them/him or their/his representative in India for disposal as they/he deem/deems fit within a period of three months from the date of replacement of goods/parts. At the expiry of this period, no claim, whatsoever, shall lie on the buyer.

6. The warranty herein contained shall not apply to any material which shall have been repaired or altered by the Buyer, or on his behalf in any way without the consent of the Sellers/Contractor so as to affect its strength, performance or reliability, or to any defect to any part due to misuse, negligence or accident.

7. The decision of the \*Buyer in regard to Sellers/Contractor's liability and the amount, if any, payable under this Warranty shall be final and conclusive.

#### **Recommendation**

While the Committee note the efforts made by the Railways to find substitutes for imported components, they consider that quality and price are equally important and should not be overlooked. The Committee would like the Railways to analyse in detail the reasons for the high percentage of rejections for Contact Wire Dropper Clip and Contact Wire Ending Clamp so as to learn a lesson for the future.

The Committee need hardly add that when a new item is taken up for manufacture, whether as an import substitute or otherwise, the manufacturing units should not only ensure its quality but also reduce the avoidable rejections through better workmanship and supervision.

(S. No. 11, Appendix IX, Paras 2.23 & 2.24 of 23rd Report)

#### **Action taken**

The observations of the Committee have been noted and have also been brought to the notice of the C.L.W. Administration, as also the other Railway Administrations for future guidance, *vide* enclosed copy of letter No. 68-B(C)-PAC/IV/23(11), dated 17th August, 1968. As will be seen from the letter, the C.L.W. Administration have been specifically asked to analyse in detail the reasons for the high percentage of rejection of Contact

---

\*Designation of competent officer to be shown.

Wire Dropper Clip and Contact Wire Ending Clamp, as directed by the Committee.

[Ministry of Railways (Rly. Bd.) O.M. 68-B(C)-PAC/IV/23(O),  
dated 20-9-1968.]

GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(RAILWAY BOARD)

No. 68-B(C)-PAC/IV/23 (11)

New Delhi, dated 17th Aug. 1968.

The General Manager,  
Chittaranjan Locomotive Works,  
Chittaranjan.

SUB. :—*Loss in the manufacture of Aluminium Bronze fittings at C.L.W.—  
Para 19 of the Railway Audit Report 1967.*

The Public Accounts Committee have made the following observations in connection with the above mentioned Audit Para :—

- “(i) While the Committee note the efforts made by the Railways to find substitutes for imported components, they consider that quality and price are equally important and should not be overlooked.
- (ii) The Committee would like the Railways to analyse in detail the reasons for the high percentage of rejections for Contact Wire Dropper Clip and Contact Wire Ending Clamp so as to learn a lesson for the future.
- (iii) The Committee need hardly add that when a new item is taken up for manufacture, whether as an import substitute or otherwise, the manufacturing units should not only ensure its quality but also reduce the avoidable rejections through better workmanship and supervision.”

2. The Board would like you to analyse in detail the reasons for high percentage of rejections of Contact Wire Dropper Clips and Contact Wire Ending Clamps. The examination that you would undertake should cover the various aspects of production of these items, the reasons for high rejections and the steps that C.L.W. Administration could have taken to bring about improvement in quality of fittings. As will be obvious from the observation of the P.A.C. mentioned in para 1(ii) above, the object of this analysis is to learn a lesson for the future.

3. The observations mentioned in para 1(i) and 1(iii) above of the P.A.C., stressing that the price, quality and rejection of items manufactured

in Railway Workshops be kept in view while undertaking such work, may also be noted for future guidance.

Sd/-

*Director, Mech. Engineering (P&D),  
Railway Board.*

DA : Nil.

No. : 68-B(C)-PAC/IV/23(11) *New Delhi, dated 27th Aug. 1968.*

Copy forwarded to General Managers, All Indian Railways, General Managers, I.C.F. & D.L.W. and Director General/R.D.S.O., Lucknow. The observations made by the Public Accounts Committee in paras 1(i) and 1(iii), stressing that quality and price are equally important and should not be over-looked and that manufacturing units should reduce the avoidable rejections through better workmanship and supervision, may please be kept in view while undertaking such work in future.

Sd./-

*Director, Mech. Engineering (P&D),  
Railway Board.*

DA : Nil.

No. : 68-B(C)-PAC/IV/23(11) *New Delhi, dated 27th Aug. 1968.*

Copy (with forty spares) forwarded to the A.D.A.I. (Rlys.), New Delhi.

Sd./-

*Deputy Director, Finance (BC),  
Railway Board.*

#### **Further Information**

In their recommendation No. 11 of the 23rd Report (Fourth Lok Sabha) dealing with para 19 of Railway Audit Report 1967 regarding "Loss in the manufacture of Aluminium Bronze fittings at Chittaranjan Locomotive Works", the Committee had recommended as under :—

"The Committee would like the Railways to analyse in detail the reasons for high percentage of rejections for Contact Wire Dropper Clip and Contact Wire Ending Clamp so as to learn a lesson for the future."

The high rate of rejection was experienced when these fittings were being manufactured for the first time and came down as the technique of manufacture was improved. Detailed investigations about the reasons of high rejections of these fittings were made in detail and the results of these investigations are given below :—

#### **A. CONTACT WIRE DROPPER CLIPS :**

High rejections of the Dropper Clips were due to the following defects :—

(a) Poor surface finish.

- (b) Other defects such as pin holes in the corners and tiny hair cracks on the surface of the castings.

Poor surface finish was due to the metal dies used for casting these fittings not having sufficiently good finish resulting in the Dropper Clips acquiring a similar finish. The other defects, such as pin holes in the corners and tiny hair cracks on the surface of the castings were due to over-heating of the dies and inadequate temperature of the molten metal used for making these fittings.

By giving a higher degree of polish on the surface of the metal dies, it was possible to improve the surface finish of the castings. Other defects were also controlled by providing a larger number of metal dies to enable these dies to cool between the various casting operations and by having a better temperature control over the molten metal.

#### B. CONTACT WIRE ENDING CLAMPS :

High rejections of the Ending Clamps were due to the following reasons :—

- (a) Poor surface finish.  
(b) Other defects, such as blow holes and minor cracks.

As in the case of Dropper Clips, the poor surface finish was found to be due to the metal dies used for casting these fittings not having sufficiently good finish. The other defects were due to top pouring of casting having been adopted to obtain a high yield which did not give satisfactory results.

The metal dies were given a higher degree of polish which improved the surface finish of the castings. Other defects were eliminated by modifying the design of the dies.

#### Recommendation

2.36. The Committee regret to note that the Ministry of Railways failed to amend the original delivery clause in March, 1958, when the order placed on the firm was modified, with the result that they had to incur an extra expenditure of Rs. 9.51 lakhs on account of payment of West Bengal Sales Tax instead of the concessional rate of Central Sales Tax applicable in inter-State sales. It is also strange to note that the normal procedure of documentation for the despatch of coaches was not followed at the time of taking delivery between September, 1960, and August, 1963. The Committee see no justification for this omission.

[Sl. No. 12 (Para 2.36) of 23rd Report (Fourth Lok Sabha)]

#### Action taken

1. The observations of the Committee are noted. Remedial action has already been taken in respect of the third and subsequent orders to modify the delivery clause suitably to ensure correct interpretation in regard to the incidence of Sales Tax. As instructed by the Railway, the firm has



since been following the correct procedure in preparing forwarding notes for the despatch of the coaches.

[Ministry of Railways O.M. No. 68-B(C)-PAC/IV/23(O), dated 31-10-1968].

#### **Recommendation**

2.64. The Committee note that the number of girders originally ordered from the firm for fabrication in 1961 was eighteen but was reduced to only eight in January, 1966. The Committee stress that the requirements of girders and other costly materials should be made on a realistic basis keeping in view the need for economy. The Committee also consider that, if closer liaison had been made with the Iron & Steel Controller and the firm, it should have been possible to ensure timely supply of all the matching steel sections required for the fabrication of girders so as to obviate delay. The Committee suggest that a periodical review should be made of all outstanding orders which involve 'on account' payment so as to ensure that funds in excess of the amount required for the materials are not advanced to a firm as has happened in this case.

2.65. The Committee would also like to be apprised of the final settlement with the firm in this case.

(Sl. No. 14, Appendix IX Paras 2.64 & 2.65 of 23rd Report)

#### **Action taken**

While noting the observations of the Committee, it is submitted that the Railway Board's instructions issued in December 1965 (*vide* their letter No. 65-WI/BR-2/13, dated 4th December, 1965, copy enclosed) clearly lay down the need for re-examining bridge re-girdering programme in view of the shortage of funds and materials. In terms of the contract entered into with the bridge fabricating firm, the firm had to indent for various sections directly on the Iron & Steel Controller. Liaison was maintained by an officer of the Railway Board at Calcutta for contacting the concerned firms in regard to the supply position of the steel and the progress of fabrication of girders etc. This officer also held periodical meetings with the Railways and the Bridge fabricating firms with a view to ensure progress of fabrication in accordance with the actual requirements of the Railways and making adjustments where necessary.

2. Normally cancellation of order for bridge girders of standard design is not resorted to on account of possible repercussions arising out of the contractual terms and the firm's unwillingness to accept such cancellation. Instances of this nature are therefore quite exceptional. The temporary excess payment in this case has arisen on account of the reduction in the number of bridge girders on order which was not visualised earlier and such cases do not occur normally. The advances paid to the contractors under such contracts are normally only against actual receipts of raw materials

at site and the advances get adjusted ordinarily on completion of the fabrication and supply. The normal machinery prescribed for review of suspense accounts, including advances paid to contractors is considered adequate in ordinary circumstances. However, to avoid the possibility of the recurrence of the kind of case referred to in the paragraph the Railways have been advised to ensure, while effecting reductions on orders already placed or contracts awarded, that advances if any made should be capable of being adjusted finally within the quantum of the final work/order. A copy of the instructions [letter No. 68-B(C)-PAC/IV/23(14), dated 13th November, 1968] is enclosed.

3. A further meeting was held by the Railway with the representatives of the firm on 25th July 1968 and it was agreed that the accounts would be finalised based on fabricated materials actually supplied and that 'on account' payments made to the firm by the Railway against raw materials not utilised for fabricated steel supplied to the Railway would be refunded to the Railway.

[Ministry of Railways (Rly. Bd.) O.M. No. 68-B(C)-PAC/IV/23(O), dated 12-12-1968].

GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(RAILWAY BOARD)

No. 65/WI/BR-2/13

New Delhi, dated 4-12-1965.

The General Managers,  
All India Railways.

SUB. :—*Programmes for regirdering of major bridges.*

There is a shortage of funds and materials at present due to the high priority given to Defence and Agriculture. In view of the present need to conserve resources and materials, particularly steel, and the overriding need to meet defence requirements, it would be increasingly difficult to obtain material and funds to meet at present all the Railways' requirements for bridge girder renewal.

2. To meet the situation, the Board desire that Railways' Bridge-regirdering Programmes should be critically examined as indicated below :—

- (a) The possibility of strengthening the bridge girders proposed for replacement should be considered (in consultation with the R.D.S.O. for longer spans) with a view to defer the regirdering work for a few years, even if a speed restriction may be necessary.
- (b) Before proposing immediate regirdering it should be ascertained from the Operating Branch whether a "permanent" speed restriction imposed on account of the condition of the bridge.

girders even after strengthening would reduce the line capacity below present and near future requirements.

- (c) Whether the division of the block section embracing the bridge would not be a better and cheaper short term alternative than to re-girder the bridge forthwith.

All cases, where re-girdering of the bridges has been examined but not yet started, may also be re-examined in light of the above and your remarks furnished early for information of the Board.

Sd/-

Dy. Director, Civil Engg.,  
Railway Board.

Copy to Director General, R.D.S.O., Lucknow for information.

GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(RAILWAY BOARD)

No. 68-B(C)-PAC/IV/23(14)      *New Delhi, dated 13th November, 1968*  
*22nd Kartika, 1890.*

The General Managers,  
All Indian Railways, C.L.W., D.L.W. & I.C.F.

SUB. :—*Recommendation No. 14 contained in the 23rd Report of the P.A.C. (Fourth Lok Sabha) on para 24 of Railway Audit Report 1967—Delay in adjustment of on-account payments made to a firm.*

In the case of a contract for fabrication and supply of girders placed on a certain firm by a Railway Administration, the Railway decided subsequently on a review to reduce the number of spans to be supplied. In the meantime 'on account' payments had been already made to the contractors for the raw steel received by them, as provided for in the contract conditions. The total 'on account' payment made to the firm was, however, found to be in excess of the amount that would be due to the firm for supply of the reduced number of girders, resulting in a temporary over-payment for the refund of which the Railway had to negotiate with the firm.

2. The Public Accounts Committee, while reviewing this case, have suggested that a periodical review should be made of all outstanding orders which involve 'on account' payment so as to ensure that funds in excess of the amount required for the materials to be finally supplied are not advanced to the contractor as has happened in this case. Although cases of this nature are rare and the case referred to is an exceptional one, Board desire that the Railway Administrations should ensure, while effecting reduction on orders already placed or contracts awarded, that advances,

if any, made to the contractor can be adjusted finally within the quantum of the final work/order and will not result in any over-payment.

Receipt of this letter may please be acknowledged.

D.A./Nil.

Sd./-

*Jt. Director, Works,  
Railway Board.*

No. 68-B(C)-PAC-IV/23(14). *New Delhi, dated 13th November 1968*  
*22nd Kartika, 1890.*

Copy, with forty spare copies, forwarded to the A.D.A.I. (Railways), New Delhi.

D.A./Nil.

Sd./-

*Jt. Director, Works,  
Railway Board.*

Copy to : W-I, W-II, W-III, W-IV, W-V, W-VI, F(S)-I, Track and F(X)II Branches of Board's Office.

#### **Recommendation**

2.89. The Committee find that the Railway Administration had to incur an expenditure of Rs. 2.47 lakhs on the purchase of bearing plates which were later found to be defective.

2.90. The Committee are distressed to find that the inspection by the Officer of the Directorate General of Supplies and Disposals was admittedly faulty and that the Railways too took delivery of the bearing plates without any critical examination. These defaults in examination are all the more surprising as the Department of Supply have themselves stated that most of the defects subsequently found "could have been detected by an experienced Inspector if proper care was exercised".

2.95. The Committee also suggest that the Ministry of Railways should examine whether or not, in cases where inspection of stores by DGS&D proves defective, any inspection fee should be paid. The Committee would like to be apprised of the result of such an examination.

(Sl. No. 15, Appendix IX, Paras 2.89, 2.90 and 2.95 of 23rd Report)

#### **Action taken**

##### *Paras 2.89 to 2.90*

The observations of the Committee are noted, so far as the Ministry of Railways are concerned.

##### *Para 2.95*

Instructions already exist, providing for refund of Inspection charges by the DGS&D in case of rejection of the stores by the consignee, *vide the*

enclosed copy of the DGS&D's letter No. IC-1/92(II)/65-III, dated 21st October, 1965 circulated under Railway Board's letter No. 57/385/I-RS (G)/Vol. II, dated 26th November, 1965.

[Ministry of Railways (Rly. Bd.) O.M. 68-B(C)-PAC/IV/23(O), dated 12-12-1968].

**IMMEDIATE**

GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(RAILWAY BOARD)

No. 57/385/1/RS(G)/Vol. II      *New Delhi, dated 26th Nov., 1965.*

The General Managers,  
All Indian Railways,  
Including C.L.W., D.L.W. and I.C.F.

The General Manager & Chief Engineer,  
Railway Electrification,  
Calcutta.

The C.A.O.R. & Chief Engineer,  
D.B.K. Rly. Projects,  
Waltair.

SUB. : *Inspection and Testing fee-recovery of against non-departmental order placed by Railways—revised procedure.*

A copy of the Director General of Supplies & Disposals, New Delhi's letter No. IC-1/92(II)/65-III, dated 21st October, 1965 addressed to all Inspection Circles on the subject indicated above is sent herewith in duplicate for information and necessary action. As stated therein the revised procedure for recovery of Inspection & Testing fee is effective from 1st November, 1965.

DA/As above.

Sd./-

*Dy. Director, Railway Stores,  
Railway Board.*

No. 57/385/1/RS(G)/Vol. II.      *New Delhi, dated 26-11-1965.*

Copy forwarded for information to the Director General of Supplies & Disposals, New Delhi in reference to his endorsement on letter No. IC-1/92(11)/65-III, dated 21st October, 1965.

DA/Nil.

Sd./-

*Dy. Director, Railway Stores,  
Railway Board.*

No. 57/385/1/RS(G)/Vol. II. *New Delhi, dated 26-11-1965.*

Copy alongwith its enclosures forwarded to Accounts II and F(PM) Branches of Board's office.

DA/As above.

Sd./-

*Dy. Director, Railway Stores,  
Railway Board.*

(COPY)

GOVERNMENT OF INDIA  
MINISTRY OF INDUSTRY & SUPPLY  
DEPARTMENT OF SUPPLY & TECH. DEVELOPMENT  
DIRECTORATE GENERAL OF SUPPLIES & DISPOSALS  
N. I. BUILDING, PARLIAMENT STREET.

No. IC-192(II)/65-III

*New Delhi, the 21st October 1965.*

To

1. The Director of Inspection, Bombay.
2. The Director of Inspection, Calcutta.
3. The Director of Inspection, Madras.
4. The Director of Inspection, N. I. Circle, New Delhi.
5. The Director of Inspection (Met), Tatanagar.
6. The Director of Inspection (Met), Burnpur.
7. The Dy. Director of Inspection, Kanpur.
8. The Director of Inspection, Japan.

*SUB. : Inspection and Testing fee-recovery of against non-departmental order placed by Railways—Revised procedure.*

The present procedure of preparation and recovery of inspection fee bills against non-departmental order has been found to be cumbersome and lengthy resulting in the accumulation of a large number of bills for settlement. The question of simplifying the procedure of recovery of inspection fee from Railways had been under consideration for some time past. It has now been agreed that D.G.S. & D. are entitled to payment of inspection fee for the services rendered by them irrespective of the fact that the firm had claimed payment or not and that the payment of inspection fee should not be linked either with the payment of the bill for 90% of the cost of the store or bill for the 10% of the cost of the store. It has, therefore, been decided in consultation with the Ministry of Railway (Rly. Board) that the following revised procedure should be followed in the preparation and recovery of inspection and testing fee bills against non-departmental orders of various Railway Administration with effect from 1-11-1965 :

- (a) After completion of the inspection by the DGS&D Inspectorate, Inspection certificate will be prepared and issued as usual. One

additional copy of the certificate should be prepared for sending along with the inspection fee bill.

- (b) Inspection Certificate forms (Form No. DGS&D-I-24) are numbered as under :—

Book No. \_\_\_\_\_ Set No. \_\_\_\_\_ No. of copies \_\_\_\_\_

- \_\_\_\_\_ Book No. is machine numbered and the other two numbers are given in hand. The Inspectorates will keep a proper account of these forms.
- (c) All the Inspection Certificates issued against the orders placed by Railway Administration will be entered in separate Registers railwaywise. If the Inspection Certificate is issued on the spot of inspection *i.e.*, outside the office, the Inspector on this return to office shall hand over the office copy together with the extra copy to the office for entering in the Register. If the Inspection Certificate is issued from office, the entry in the Register will be made before the despatch of Inspection Certificate. The Officers posted at outstation, who issue the Inspection Certificates from there, will pass on their office copies and one spare copy to their Regional headquarters where the entry will be made in the Register and Inspection fee bill will be prepared.
- (d) Three additional columns should be added in this Register (i) indicating the number and date of the inspection fee bill sent, (ii) the name of the Accounts Officer of the Railway concerned to whom the inspection fee bill has been sent, and (iii) No. and date of credit intimation.
- (e) The inspection fee bill will be prepared as usual. But it will be sent along with one copy of the Inspection Certificate to the Accounts Officer nominated in the contracts placed by the Railway Concerned; after making an entry against the relevant Inspection Certificate in the Register.
- (f) The Register will be reviewed by the Inspectorate concerned monthly so as to ensure that bills in respect of all certificates issued against non-departmental orders placed by Railways have been issued.
- (g) The Accounts Officer of the Railway concerned will afford credit to the P. & A. O., Calcutta as soon as the bill is received by them without referring it to the consignee for acceptance. He will also issue a monthly statement indicating the credits afforded. One copy of the statement will be furnished to the P. & A. O. (Supply), Calcutta and one copy to the Director of Inspection concerned.
- (h) The Inspectorate concerned will issue monthly statement railwaywise showing the Inspection Certificate number, bill number

and date and the amount involved to the P. & A.O., Calcutta so as to enable the latter to link the credits which have been afforded to him *vide* monthly statement from the Accounts Officers of the Railways concerned.

- (i) The P. & A.O. (Supply), Calcutta will link the statement of debit furnished by the Director of Inspection with the statements of credit furnished by the Railway Accounts Officers and ensure that credits have been received for each debit.
- (j) The Director of Inspection should also post the credit afforded by the Railway Accounts Officer from the copies of statement received by him, in the Register of Inspection fee and keep the register always up-to-date.
- (k) In case of rejection of the stores by the consignee, DGS&D will give a refund of inspection charges in accordance with the provisions of para 449 and 450 of the DGS&D Manual of Office procedure.

The revised procedure will apply to the recovery of inspection fee against the orders placed by Railway Administrations only. The question of applying it to other Indentors will be considered later. This procedure will apply in all cases *where Inspection Certificates are issued after 1-11-1965.*

Sd./-

Dy. Director General (Inspection).

#### **Recommendation**

The Committee are perturbed to find that the Locomotive Weighing Machine erected in February, 1963, has not been working since its installation and the firm which supplied the Machine has not so far rectified the defects.

When the trial weighments conducted in February, 1963, disclosed inaccuracies in weighments, the Director General, Supplies & Disposals, should have either got the defects rectified promptly or rejected the machine and recovered Rs. 1.04 lakhs advanced to the firm, representing 80% of the cost of the machine. The net result of the delay of five years is that due to the financial condition of the firm deteriorating during the period, recovery of the amount already paid has become problematic. The Committee desire that immediate steps should be taken to get the defect rectified. In case the firm is unable to rectify them, action should be initiated to get the money back from the firm.

As some cases have come to notice where the supplying firms did not despatch in full the goods as inspected, the Committee suggest that the D.G.S. & D. should explore a practicable and workable solution to ensure that whatever goods are inspected are in fact despatched to the consignees before payment representing 80% of the cost is made. The possibility of



taking a bond from the supplying firms or of taking prompt deterrent action like suspension of business and effecting recovery forthwith of the amount involved together with a penalty may also be examined.

(S. No. 16, Appendix IX, Para 2.108 to 2.110 of 23rd Report)

#### **Action taken**

The observations of the Committee are noted so far as the Ministry of Railways are concerned.

[Ministry of Railways (Rly. Bd.) O.M. No. 68-B(C)-PAC/IV/23(O), dated 4-11-1968].

#### **Recommendation**

2.120. The Committee are unhappy to note that two vertical type centrifugal casting machines imported at a cost of Rs. 1.47 lakhs in December, 1954, could not be put to use on account of lack of technical knowledge to operate them, and it is only recently that the small machine has been put into operation. They regret that for about fourteen years the Ministry of Railways went on experimenting with the machines and efforts were not made either to get a technician from the supplier or to send some one from the Railway workshops to get training at the works of the suppliers. The Committee hope that in future while going in for a new type of machinery, it will be ensured that the staff to operate are available or will be made available and be fully conversant with its working and use.

2.121. During evidence, the Committee were informed that most of the difficulties that were being experienced in respect of the second machine had been surmounted and that it was expected to be commissioned soon. They would like to be informed of the progress made in this direction.

(S. No. 17, Appendix IX, Paras 2.120 & 2.121 of 23rd Report)

#### **Action taken**

##### *Para 2.120*

The observations of the Committee have been noted and brought to the notice of the Railway Administrations also for future guidance.

##### *Para 2.121*

The second (*i.e.*, the bigger) centrifugal casting machine was put into productive use from January, 1968. The machine is being regularly used and items like piston rings, lip type piston rings and injector delivery cones, are manufactured with the use of this machine.

Even though initially the castings from the centrifugal casting machine had high skin hardness and there was difficulty in machining, the difficulties have since been overcome. Though no separate records are being maintained for the machining of castings turned out from the Centrifugal casting machine or those turned out by the normal floor casting methods,

It is possible to separate the two categories from among the castings waiting for machining on the basis of the physical appearance of the castings as the two categories present distinctly different appearance. On this basis a statement is attached showing the number of castings made by the two processes between 1-4-1968 and 16-1-1969. It will be seen from the statement that the initial difficulty in machining has been got over and the machine is in regular use.

This has been seen by Audit, who have, however, expressed their inability to verify the position stated against para 2.121 as no separate records were being maintained to show the position of machining of castings turned out from the centrifugal casting machine.

DA/One statement.

[Ministry of Railways (Rly. Bd.)'s O.M. No. 68-B(C)-PAC/IV/23(17), dated 16th April, 1969/26th Chaitra, 1891].

*Number of Castings Manufactured and Machined from 1-4-1968 to 16-1-1969*

	No. cast centrifugally.	No. cast by sand.	Total	Machined	No. waiting to be machined.	
					S.C.	C.C.
1. Piston valve rings (Barrel) IGR/XD (L/RC/SR/116).	37	822	859	836	$\frac{19+4}{23}$ *	
2. Piston valve rings 'M' class and stem brake piston rings (Barrel) (L/RC/SR/114).	42	—	42	42	—	
3. Injector Delivery Cone WP & WG (L/IR/601)	206	1110	1316	1022	$\frac{253+41}{294}$ *	

\*Subsequent to the 16th January, 1969, these have also been machined.

### Recommendation

#### Para 2.135

The Committee regret that, due to a mistake committed by the officials of the Central Railway in documentation, the Northern Railway could not for several months get the crank-shafts for the damaged locomotive which was airlifted from West Germany by paying airfreight of Rs. 5,000.

#### Para 2.136

The Committee expect the Ministry to take suitable action against the officials found at fault.

(S. No. 19, Appendix IX, Paras 2.135 & 2.136 of 23rd Report)

**Action taken****Paras 2.135 & 2.136**

The observations of the Committee are noted. The ward-keeper in the Stores Depot at Curry Road on the Central Railway who received the air-lifted consignment and did not forward it to the Northern Railway promptly, has been charge-sheeted for his failure to act with greater vigilance and arrange expeditious despatch and the enquiry in this connection is in progress. [Ministry of Railways (Rly. Bd.) O.M. No. 68-B(C)-PAC/IV/23(O), dated 3-12-1968].

**Recommendation**

2.158. The Committee note that the contract for earthwork which was awarded at higher rates on the ground of 'operational urgency' was delayed by four months as the Railways did not supply necessary drawings, concrete slabs and girders to the contractor on the plea that the construction of approach roads by the Defence was very much behind schedule.

2.159. The Committee regret to note that when the Ministry of Defence was pressing the Railway Board to give top priority to this work, they did not complete the construction of approach roads in time. The matter needs examination by Government.

2.160. The Committee are unable to accept the plea of the Railways that, even if they had given more time to the contractor, the rates would not have come down as time for completion of work is one of the main factors determining the rates of earthwork. Further, the Railways themselves had given a contract for earthwork at Rs. 124.90 per thousand cft. in May 1963 involving an average lead of 3 to 4 miles and lift 8' to 13'. Awarding of this contract in August, 1963 @ Rs. 227 per thousand cft. therefore, appears to be on the high side. The Committee are, therefore, inclined to agree with the views of the Tender Committee that the rates were 'unreasonably high' and fresh tenders should have been called for. These excessive rates resulted in an avoidable expenditure of Rs. 45,000.

(S. No. 21, Appendix IX, Paras 2.158 to 2.160 of 23rd Report)

**Action taken**

The observations of the Committee in paras 2.158 and 2.160 concerning the Railways are noted. The need for avoiding delays in the supply of drawings and material to the contractors has also been reiterated to the Railway Administrations, *vide* enclosed copy of Railway Board's letter No. 68-B(C)-PAC/IV/6(21), dated 1st November, 1968.

[Ministry of Railways (Rly. Bd.) O.M. No. 68-B(C)-PAC/IV/23(O), dated 16-11-1968.]

GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(RAILWAY BOARD)

No. 68-B(C)PAC/IV/23(21). *New Delhi, dated, 1st November, 1968*  
10th Kartika 1890.

The General Managers,  
All Indian Railways,  
C.L.W., D.L.W., & I.C.F.

**SUB :—***Para 34 of Audit Report (Rlys) 1967—Additional expenditure due to acceptance of higher rates—(Delay in supply of drawings and material to the contractor.*

A tender for earthwork in connection with the construction of a Defence Siding was accepted by the competent authority in view of operational urgency and also since the short period of completion offered in the tender suited the urgency of the work, even though the Tender Committee considered the rate as unreasonably high and recommended invitation of fresh tenders. After having awarded the contract on these considerations, the Railway Administration on their part did not supply in time to the contractor the relevant drawings, concrete slabs and girders with the result that the progress of the contractor's work was retarded.

2. The Board desire that steps should be taken to ensure that particularly in respect of contracts involving acceptance of higher rates for earlier completion of the works delays do not occur on the part of the Railway Administrations themselves in the supply of drawings, materials etc. to the contractors.

DA : Nil.

Sd./-  
Director, Civil Engg.,  
Railway Board.

No. 68-B(C)PAC/IV/23(21), *New Delhi, dated, 1st November, 1968*  
10th Kartika 1890

Copy with 40 spares forwarded to the A.D.A.I. (Rlys), New Delhi with reference to recommendation No. 21 of the 23rd Report of the P.A.C. (4th Lok Sabha).

DA : As above.

Sd./-  
Director, Civil Engg.,  
Railway Board.

**Recommendation**

The Committee regret to note that when the Ministry of Defence was pressing the Railway Board to give top-priority to this work, they did not

complete the construction of approach roads in time. The matter needs examination by Government.

Sl. No. 21 of Appendix IX-(Para 2.159)-of PAC's Twenty-Third Report (1967-68)-(Fourth Lok Sabha)

#### Action taken

The work was administratively approved by Government on 24-8-1963 and a copy of the approval was sent to Commander Works Engineer, Delhi, by Chief Engineer, Western Command, on 9-9-1963. The plans and draft technical sanction were submitted by Commander Works Engineer on 20-12-1963. It may be stated that considerable work was involved in surveying the area, taking the levels along the road alignment, plotting longitudinal and cross sections, preparation of drawings and estimates by the Garrison Engineer and their scrutiny at Commander work Engineer's level. Contract planning programme was drawn up by the Commander Works Engineer on 26-12-63. As per planning programme, the tenders were issued by Commander Works Engineer on 19-2-1964. The tenders were to be received on 6-3-1964 but the date of receipt of tenders was postponed firstly because the matter regarding stone setts was under consideration and, secondly because the allotment of the quarries for the stone had to be finalised with another agency. Tenders were then received on 7-5-1964. After scrutiny, the tenders were sent by the Commander Works Engineer to Chief Engineer on 22-5-1964. The tender was accepted by the Chief Engineer on 4-6-1964. The work was commenced on 19-6-1964.

2. There was, however, usually heavy rainfall in the months of July and August, 1964 and the site being in a low level area, the formation became wet and slushy and rolling of formation was not possible till the end of October, 1964. Even, till December 1964, at certain places, formation was wet and rolling was not possible. DHAULA KUAN quarry was also full of rain water and stone setts could not be obtained. Certain additional works of culverts, drains and earth work became necessary with a view to raising the road level and avoiding its getting submerged during the monsoon. Due to this and the delay on account of abnormal rains, extension of six months' time had to be granted. Although the due date of completion was 18-12-1964, there was some delay due to unprecedented rains and the work was actually completed on 18-6-1965.

3. The Chief Engineer has also intimated that if need had arisen, the railway siding could have been used without the pucca approach road by using a kutchha road nearly during the dry season.

4. To avoid recurrence of such cases, remedial instructions have been issued on 9th October, 1968. A copy thereof is attached.

M of D U.O. No. 2(1)/67/9486/D(W-II), dated 9-12-1968.

Copy of Army Headquarters, E-in-C's Branch letter No. 87557/E2A, dated 9th Oct. 1968, addressed to List A and B.

**Subject :—COORDINATION & PLANNING OF WORKS**

A case has come to light where railway siding for a defence installation was constructed by the railways and construction of the approach road was undertaken by MES. As the railways were asked to carry out but the work on operational priority, they had accepted high rates for doing the work in short time. Planning of approach road work was done by MES along with other works in hand at that time. The approach road was completed about one year after completion of railway works. This has been adversely commented upon by the Public Accounts Committee that when Defence Department was pressing the Railways to give top priority to the work, they did not complete construction of approach road in time.

It may please be impressed on all concerned that when another agency is carrying out a work, we should simultaneously plan and execute our portion connected with it in a coordinated manner. Proper liaison should be maintained with the department concerned and our work should not lag behind. In the planning programme, priority may be thus given to such works so as to ensure completion of work undertaken by MES to synchronise with the completion of work entrusted to other agency.

Sd./-

Col.

*for Engineer in Chief*

Copy to :—

DW(Army) etc. etc.

### **Recommendation**

The Committee regret that the survey of the Project was not conducted thoroughly, with the result that in area of 16 miles the requirement of bridges assessed at 17 at the time of final survey had to be increased to 33 at the execution stage and this resulted in extra expenditure of Rs. 1.05 lakhs.

The Committee stress that final location surveys should be carried out with the utmost care to obviate any chances of important works like bridges being left out.

The Committee note that the Guna Maksi Construction Project which was taken up in 1962 has already cost Government Rs. 6.50 crores out of a total estimated cost of Rs. 9.6 crores. The Project has, however, been relegated to a lower priority in view of the drop in the estimated level of traffic and its completion is now being synchronised with Jhund Kandla Broadgauge line. The Committee consider that if a thorough investigation of the traffic potential and economics of the project had been undertaken :

in the beginning, the construction could have been so phased as not unnecessarily to lock up capital for a long time.

[S. No. 22, Appendix IX, Para Nos. 2.172, 2.173 and 2.174  
of 23rd Report]

#### Action taken

The observations of the Committee are noted and suitable instructions have been issued to the Railway Administrations, *vide* enclosed copy of Railway Board's letter No. 68-B(C)-PAC/IV/23(22) dated 26-8-68 stressing the need to avoid recurrence of such lapses in future.

2. The Ministry of Railways would, however, like to clarify that an investigation of the traffic potential and the economics of the project was in fact carried out before the line was sanctioned. The Guna-Ujjain project was originally included in the Second Five Year Plan with the object of providing an alternative route for the movement of increased coal traffic from the Central India Coalfields to the Western Railway. A traffic survey report of the project was prepared and after the project had been examined in great detail by the Board, the Guna-Maksi alignment was finally sanctioned for construction in March 1962. The traffic survey report and further examination of the project indicated that it would not be financially remunerative, but the line was considered an operational necessity to relieve the Bina-Bhopal and Bhopal-Ujjain sections, and provide an alternative route for the movement of coal traffic from the Central Indian Coalfields to the Western parts of the country.

The line was also expected to open up large areas for development in Madhya Pradesh, particularly as these areas are among the most backward in the country.

3. As regards construction of the line being suitably phased to avoid unnecessary locking up of capital, it may be pointed out that the project had to be slowed down on account of a fall in the anticipated level of coal traffic as also because of stringency of funds. The recessionary conditions consequent on reduced agricultural production and slow growth rate of the industrial activity could not have been envisaged at the time of sanctioning the project. The completion of the line is now being progressed to synchronise with the development of traffic.

The Central and Western Railways have been asked to carry out a joint review to see if the line can also be used for the additional traffic expected to accrue on the broad gauge on completion of the Jhund-Khandla link, and to fix a revised target date for completion of the Guna-Maksi line.

Encl : One.

[Ministry of Railways (Rly. Bd.) O.M. No. 68-B(C)-PAG/IV/23(22),  
dt. 23-9-1968]

GOVERNMENT OF INDIA  
 MINISTRY OF RAILWAYS  
 (RAILWAY BOARD)

No. 68-B(C)-PAC/IV/23(22)

*New Delhi, dated 26-8-1968*

To

The General Managers,  
 All Indian Railways.

**SUB. :—***Need for undertaking Final Location Surveys for new lines in thorough detail.*

The Public Accounts Committee, in one of its recommendations in its 23rd Report, had occasion to observe that the Final Location Survey of one of the New Line Projects was not conducted in thorough detail and with sufficient care. As a result of this, the requirement of bridges in a length of 16 miles on this particular new line which was assessed at 17 at the final location survey stage and based on which tenders had been invited initially was found to be grossly inadequate at the time of execution of the Project and actually 33 bridges had to be provided. This resulted in an extra expenditure of about Rs. 1.05 lakhs due to the higher rates accepted for the additional bridges which were entrusted to another contractor. The Public Accounts Committee has emphasised that the final Location Surveys "should be carried out with the utmost care to obviate any chances of important works like bridges being left out." While reviewing the cases the Board could not help coming to the conclusion that "a little more care could have been taken in the final survey."

2. While there is no denying the fact that the necessity for minor modifications to suit site conditions may arise at the time of execution of a Project which could not always be foreseen at the Survey stage, the Board nevertheless would like to draw the attention of all the Railway Administrations to the above recommendations of the Public Accounts Committee and stress the need for avoiding recurrences of such lapses in future.

The receipt of this letter may be acknowledged.

DA : Nil.

Sd./-  
*Joint Director (Works),  
 Railway Board.*

No. 68-B(C)-PAC/IV/23(22)

*New Delhi, dated 26-8-1968*

Copy (with forty spares) forwarded to the A.D.A.I. (Rlys), New Delhi.

Sd./-  
*Deputy Director, Finance (BC).  
 Railway Board.*

Copy to all branches in the Works Directorate and F(X) II branch of the Railway Board's Office.

Copy to W-IV branch for file No. 61/W4/CNL/W/23.



### Recommendation

2.184. The Committee are constrained to note that, before inviting tenders and awarding a contract for the work, the Railways did not carry out essential investigations. It is all the more surprising that when it was known that the structures were being provided on a filled up tank, no soil tests were made and the work was taken up on the assumption that buildings on open foundations existed in the area.

2.185. The Committee suggest that the Railway Board should issue suitable instructions for soil exploration being carried out at sites which are located on filled-up tanks or hollow ground so as to avoid any changes in the design of foundations and structure at a later date.

[S. No. 23 Appendix IX, Paras 2.184 & 2.185 of 23rd Report]

### Action taken

The observations of the Committee are noted. Suitable instructions to the Railway Administrations have been issued, *vide* Railway Board's letter No. 68-B(C)-PAC/IV/23(23) dated 20th August, 1968 (copy enclosed). DA/One.

Ministry of Railways (Rly. Bd.) OM No. 68-B(C)-PAC/IV/23(22) dt. 20-9-68]

GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(RAILWAY BOARD)

No. 68-B(C)-PAC/IV/23(23). *New Delhi, dated 20th August, 1968/  
29 Sravana, 1890(S)*

The General Managers,  
All Indian Railways.

The General Managers,  
C L.W., D.L.W. & I.C.F.

The Director General,  
Research, Designs & Standards Organisation,  
Lucknow.

SUB :—*Recommendation No. 23 of the 23rd Report of the Public Accounts Committee (4th Lok Sabha) on Para 37 of Audit Report (Railways) 1967—Extra expenditure due to execution of work without soil exploration.*

In connection with re-modelling of a station a contract was awarded by a Railway Administration on the basis of specification for ordinary open foundations before carrying out soil exploration work, even though it was known to the Administration that the land on which the structures were to be provided was a filled-up tank. The soil investigations, which were carried

out shortly after the award of the contract, pointed to the necessity of pile foundations because of the soil being found unstable to a great depth. Due to the change in the design of the foundations after the award of the contract, the contractor expressed his unwillingness to proceed with the work except to a very limited extent. The remaining items of work had, therefore, to be got executed through fresh contracts at higher rates than those quoted in the original tender. It was explained to the Public Accounts Committee that the Railway Administration's original decision to have open foundation was based on the consideration that the tank which had been filled up about 30 to 40 years back must have settled down and consolidated and that there were already other buildings built on open foundation on that site. The Public Accounts Committee have, however, observed as under :—

The Committee are constrained to note that, before inviting tenders and awarding a contract for the work, the Railways did not carry out essential investigations. It is all the more surprising that when it was known that the structures were being provided on a filled up tank, no soil tests were made and the work was taken up on the assumption that buildings on open foundations existed in the area.

The Committee suggest that the Railway Board should issue suitable instructions for soil exploration being carried out at sites which are located on filled-up tanks or hollow ground so as to avoid any changes in the design of foundations and structure at a later date.

2. The Committee's recommendation may be noted for strict future compliance.
3. Please acknowledge receipt.

Sd./-

*Joint Director, Works,  
Railway Board.*

No. 68-B(C)-PAC/IV/23(23).

*New Delhi, dated 20 August, 68,  
29 Sravana, 1890(S)*

Copy with 40 spares forwarded to the A.D.A.I. (Rlys). This has reference to recommendation No. 23 contained in the 23rd Report of the Public Accounts Committee (4th Lok Sabha).

Sd./-

*Joint Director, Works,  
Railway Board.*

#### **Recommendation**

The Committee stress that greater care should be taken in compilation of data so that tenders are called correctly and awarded in the best interests of the State to avoid any extra expenditure being incurred due to revision in calculations.

(S. No. 24, Appendix IX, para 2.189 of 23rd Report)

### Action taken

The observations of the Committee have been noted for guidance.

The point made by the Committee has recently been brought home to the Railway Administrations in Railway Board's letter No. 67-B(C)-PAC. III/72(24) of 29-11-67, a copy of which was also submitted along with this Ministry's reply to recommendation No. 24 of the 72nd Report of the P.A.C. (1966-67).

[Ministry of Railways (Rly. Bd.) OM No. 68-B(C)-PAC/IV/23(O)  
dt. 9-8-1968]

### Recommendation

2.196 The Committee are unable to understand why the construction of an over bridge was not included in the tender when it had been provided for in the original estimate and the local authorities had also been pressing for it.

2.197. The Committee feel that, had the Railway approached the local authorities and arranged for early inspection of the site, extra expenditure of Rs. 69,000 incurred on account of the revision in the quantities of work to be executed in this project could have been avoided.

(S. No. 25, Appendix IX, paras 2.198 & 2.197 of 23rd Report)

### Action Taken

The observations of the Committee are noted.

2. It is further submitted that arising out of a few cases of a similar nature reported in the Railway Audit Report, 1966, necessary instructions have been issued to the Railway Administrations recently (*vide* Railway Board's letter No. 67-B(C)-PAC.III/72(24) dated 29-11-67, copies of which were sent to the Committee along with this Ministry's action-taken report on recommendation No. 24 of the 72nd Report) emphasizing, *inter alia*, that planning for works should invariably be done with adequate care and in sufficient detail even in the initial stages and the final scope of the work should be fully determined before tenders are invited.

3. In this connection, this Ministry would also like to submit that a saving of about 4.79 lakhs has also resulted in this case, as explained below :—

According to the original alignment, the P.W.D. road was crossing the railway alignment at Ch : 49500 where the depth of cutting was 58'. The revision of the alignment at this place increased the depth of cutting at the road crossing to 65'. The road authorities were pressing for an over-bridge for this crossing and it would have cost approximately Rs. 5.79 lakhs. In order to avoid this heavy expenditure, the Railway Administration made use of the Arch Bridge at Ch : 47700 and diverted the road and took it through the Arch

Bridge by providing another 20' span to the Arch Bridge. The cost involved in providing the road diversion and an additional 20' arch opening to the Arch Bridge was only about Rs. 1 lakh. Since the diversion of the roadway through one of the spans of the Arch Bridge at a cost of about Rs. 1 lakh had dispensed with the necessity of providing a road overbridge at an estimated cost of Rs. 5.79 lakhs, a saving of about 4.79 lakhs has been achieved.

This has been vetted by Audit subject to the following remarks :—

“It would have helped us to appreciate the para in a proper perspective if these facts had been brought to the notice of the Chief Auditor when a factual statement on the case was sent to the Railway Administration on 2-6-1966 or the draft para was issued on 2-9-1966 or at least while giving oral evidence before the P.A.C. in February, 1968.

The Ministry of Railways are requested to incorporate the above Audit observations in their final action taken note.”

[Ministry of Railways (Rly. Bd.) OM No. 68-B(C)-PAC/IV/23(O)  
dt. 23-12-68]

#### **Recommendation**

2.202. The Committee are concerned to find that infructuous expenditure of Rs. 49,000/- was incurred on the erection of a diesel locomotive shed at Damanpur which was later on found to be superfluous. The Railways also incurred an expenditure of Rs. 22 lakhs on the development of the yard at Damanpur but its utilisation is not commensurate with the expenditure incurred.

2.203. The Committee would like in this connection to draw attention to the observations made in para 2.16 of their 22nd Report (Fourth Lok Sabha) in which they had strongly deprecated the tendency of the Railways to go in for works without critically examining their economics. The Committee stress that before incurring heavy expenditure on works, the Railways should make a realistic assessment of traffic requirements and potentialities so as to avoid infructuous expenditure being incurred as has happened in the present case.

(S. No. 26, Appendix IX, Para 2.202 & 2.203 of 23rd Report).

#### **Action taken**

The observations of the Committee are noted.

2. It is, however, submitted that most of the assets created for the erection of the diesel shed at Damanpur are being put to use by the Railway Administration.

3. Necessary instructions have also been reiterated to the Railway Administrations emphasizing the need for a realistic assessment of traffic requirements and potentialities so as to avoid infructuous expenditure, vide enclosed copy of Railway Board's letter No. 68-B(C)-PAC/23(26) dated 11-10-1968.

• [Ministry Railways (Rly. Bd.) OM No. 68-B(C)-PAC/IV/23(O)  
dt. 31-10-1968]

GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(RAILWAY BOARD)

No. 68-B(C)PAC/IV/23(26) *New Delhi; dated 11 October, 1968*  
19 Asvina, 1890.

The General Managers,  
All Indian Railways,  
C.L.W., D.L.W., & I.C.F.

SUB :—*Public Accounts Committee's recommendation regarding the need for realistic assessment of traffic requirements and potentialities so as to avoid infructuous expenditure.*

Recently, commenting on the performance of the Railways in the Third Five Year Plan and on a case (reported in para 42 of the Railway Audit Report 1967) of construction of a diesel shed which was later rendered unnecessary owing to a change in the pattern of traffic with the result that the assets were not put to the use for which they were created, the Public Accounts Committee have observed as under in para 2.16 of their 22nd Report (Fourth Lok Sabha) and in para 2.203 of their 23rd Report (Fourth Lok Sabha) :—

“The Committee strongly deprecate the tendency of the Railways to go in for works, including doubling of track, without critically examining their economics. The Committee would like the Railways to review the Works Programme, particularly for works to increase the capacity and doubling of track, in the light of experience gained during the Third Plan so as to minimise what would otherwise be infructuous expenditure.”

“The Committee stress that before incurring heavy expenditure on works, the Railways should make a realistic assessment of traffic requirements and potentialities so as to avoid infructuous expenditure being incurred as has happened in the present case.”

2. The above recommendations of the Committee should be carefully noted and borne in mind for the future. In this connection, attention is

also invited to Board's letter No. 65-B(C)-PAC/III/32(51) dated 19-4-65 (copy enclosed).

3. Please acknowledge receipt.

Sd./-

DA : One.

Jt. Director, Works  
(Railway Board)

No. 68-B(C)PAC/IV/23(26)

New Delhi, dated 11 October, 1968.

19 Asvina, 1890.

Copy (with 40 spares) to the A.D.A.I. (Railways), New Delhi.

Sd./-

DA : As above.

Jt. Director, Works,  
(Railway Board)

Copy of Railway Board, New Delhi's letter No. 65-B(C)-PAC/III/32(51) dated 19th April 1965 addressed to the General Managers, All Indian Railways etc. and copy to A.D.A.I. (Rlys), New Delhi.

**SUB :—***Non-utilisation of newly constructed service buildings.*

Attention is invited to paras 33 & 34 of the Audit Report (Rlys) 1964 and the following comments by the Public Accounts Committee on the case contained in para 53 of their 32rd Report (3rd Lok Sabha) :—

“This is another case where construction work was taken up without considering all the pros and cons. The Committee recommend that instructions may be issued to the Railway Administrations that proposals for construction work involving huge amounts should be properly scrutinised by the competent authority to avoid such losses as mentioned in this and the earlier para.”

2. In Board's letter No. 62-B(C)-PAC/III/1(23-24) dated 25-4-1963 the importance of careful scrutiny of the necessity and justification for 'Works' was stressed. The Board desire that it must be impressed on all officers concerned with the formulation, scrutiny and acceptance of the works programme that before proposing works, and again before actually undertaking them, they should satisfy themselves about the necessity of the work in the light of the latest known circumstances and facts and that all avoidable delays in putting them to use when they are completed should be eliminated.

### **Recommendation**

As cement was being loaded in open wagons with a view to giving relief to the cement factory in this case, the Committee feel that the Ministry of Railways should have made it clear to the factory in question that the losses in transit due to the cement getting wet would be borne by the factory. They are unable to understand why the Railways should have gone out of

the way to help the factory by loading cement in open wagons and later getting involved in the payment of compensation claims amounting to Rs. 1.40 lakhs. The Committee desire that the Ministry of Railways should examine further the legal position with a view to see whether in such cases in future they can be relieved from the liability of payment of compensation and whether the factory concerned can be asked to share the losses.

(S. No. 28, Appendix IX, para 2.219 of 23rd Report).

#### **Action taken**

In view of the observations made by the Public Accounts Committee, the Railway Board re-examined the matter and decided that cement should not be loaded in open wagons, except if a consignor asked for an open wagon, in which case the liability of the Railways would be governed by Section 75-A of the Indian Railway Act. Instructions to that effect were issued to the Railways in August last.

[Ministry of Railways (Rly. Bd.) O.M. No. 68-B(C)-PAC/IV/23(28), dated 19-11-1968]

#### **Recommendation**

The Committee regret to note that the Railways had to pay compensation of over one lakh of rupees in this case due to theft of the contents of a wagon. It was only when a similar theft was committed a second time that the culprits could be brought to book. They feel that the occurrence of such cases not only leads to a loss but also shakes the confidence of Railway users. The Committee expect the Railways to take deterrent action against all those found at fault to avoid the recurrence of such cases.

(S. No. 29, Appendix IX, Para 2.225 of 23rd Report).

#### **Action taken**

The observation of the Committee one noted are.

Eight employees have been punished by withholding of increments etc. Five more have been served with charge-sheets for removal from service and the departmental enquiries against them are in progress.

On the basis of further information collected by the Central Crime Bureau, Railway Board, a criminal case has been registered by the GRPS, Jullundur (Punjab) on F.I.R. No. 47, dated 11-3-68 under sections 379/468/409/420/120 IPC, and is still under their investigation.

[Ministry of Railways (Rly. Bd.) O.M. No. 68-B(C)-PAC/IV/23(O), dated 16-11-1968]

#### **Recommendation**

The Committee consider that if planning had been done in depth, there would not have been any occasion to drastically reduce the programme for the manufacture of four wheeled wagons in Amritsar workshop from 1,000

in 1961 to 500 in 1962 and only 127 in 1963. By proper planning, it should have been possible to obviate the infructuous expenditure of Rs. 1.41 lakhs incurred in taking on lease additional land from the Amritsar Municipal Committee and in providing roads, sidings and other structures thereon.

(S. No. 30, Appendix IX, Para 2.233 of 23rd Report).

#### **Action taken**

The observations of the Committee are noted. It is, however, submitted that in 1960-61 the demand for wagons was much higher than the then existing wagons building capacity in the private sector and it was considered necessary to make use of the available capacity in workshops to manufacture wagons. This was altogether a new line of work and in the initial stages certain adjustments between the workshops had to be made taking into consideration their relative capacity for undertaking this work efficiently and their other workload. With the gradual increase in the holding or rolling stock (carriage & wagons), the spare capacity in railway workshops, as it was available in 1960-61, is being used up to meet the higher incidence of P.O.H. repairs of rolling stock and therefore the wagons construction work in the Railway Workshops is a diminishing activity. Also the present wagon building capacity in the private sector is adequate to meet the current needs and it is not anticipated that such situation as occurred in 1961 is likely to arise again.

[Ministry of Railways (Rly. Bd.) O.M. No. 68-B(C)-PAC-IV/23(O), dated 8-11-1968]

#### **Recommendation**

The Committee have not made recommendations/observations in respect of some of the paragraphs of the Audit Report (Railways), 1967. They expect that the Railway Board will none-the-less take note of the discussions in the Committee and take such action as is found necessary.

(S. No. 31, Appendix IX, Para 3.1 of 23rd Report).

#### **Action taken**

The observations of the Committee are noted. The line of action required to be taken in each of these cases was discussed with Audit and in the light of the discussions, necessary action has been taken/is being processed.

[Ministry of Railways (Rly. Bd.) O.M. No. 68-B(C)-PAC-IV/23(O), dated 21st Oct. 1968]



### **CHAPTER III**

## **RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF GOVERNMENT**

### **Recommendation**

The Committee are surprised to find that there were savings under a number of Grants in spite of the procedure adopted by the Ministry of Railways that "the Supplementary Demands are being framed on the basis of information available right up to the middle of January and that if any reduction in requirements becomes evident by about the third week of February, *i.e.* subsequent to the presentation of the Supplementary Grants, the amount of Supplementary Demands already presented is reduced accordingly or the Supplementary Demand is even withdrawn if such a course is indicated."

The Committee feel that if the procedure outlined above is strictly enforced there should not be any occasion where the provision made in a Supplementary Grant proves unnecessary or greatly in excess of requirements.

(S. No. 3, Appendix IX, Para 1.42 of 23rd Report).

### **Action taken**

The amounts of supplementary grants for 1965-66 were in fact changed with reference to latest anticipations advised by the Railways. The Supplementary Demands for 1965-66 were originally assessed in February 1966 on the basis of Revised Estimates at a figure of Rs. 42.54 crores. Taking note of the further increases amounting to Rs. 6.86 crores as advised by the Railways, the final Supplementary Grants were increased to 49.40 crores. This was brought out in para 2 of the Introductory Remarks in the Book of Supplementary Demands for Grants for 1965-66.

In a vast organisation like the Railways where expenditure is incurred by a very large number of units and adjustments of expenditure have to be carried out long after the close of the financial year, even small variations occurring in diverse units sometimes aggregate to a substantial amount. All efforts are, however, made to avoid variations under each of the Railway Grant.

[Ministry of Railways (Rly. Bd.) O.M. No. 68-B(C)-PAC.IV/23(O), dated 4-11-1968]

### **Recommendation**

The Committee find from the Ministry's note that the firm furnished a Performance Guarantee Bond for the prescribed amount in the correct pro-

forma on 28th November, 1962, when it was required to be furnished by 8th October, 1962. The firm furnished a Performance Guarantee Bond for the first time on 8th November, 1962, i.e., one month after the date prescribed in the contract, and no adequate reasons have been given for this delay of one month. In these circumstances the Committee feel that an extension in the period of delivery should have been given by reserving the right to levy liquidated damages. The failure to do so resulted not only in foregoing the recovery of Rs. 21,410 being the extra expenditure incurred by the Railways, but also in payment of customs of Rs. 8.44 lakhs on the import of rails.

(S. No. 13, Appendix IX, Para 2.49 of 23rd Report).

#### **Action taken**

It is submitted that, even if, taking into account the fact that the firm had furnished the P. G. Bond for the first time on 8-11-62, i.e. one month after the date prescribed in the contract, and the extension had been granted for this one month reserving the right to levy liquidated damages, the firm could not have been ultimately held responsible as the delivery was also interlinked with the operation of Letter of Credit and arrangement for inspection. As already indicated in the note submitted to the P.A.C. with this Ministry's Office Memorandum No. 68-B(C)-Genl./3, dated 1-3-1968, there was delay in arranging the inspection in Canada. Until and unless the arrangement for inspection was made, the Letter of Credit could not have been made operative even if the firm had furnished the P. G. Bond in time, since in terms of the contract, the Letter of Credit could become payable on presentation of a sight draft accompanied, *inter alia*, by the Inspection Certificate issued by the Inspecting Agency nominated by the Purchaser. The reasons for the delay in arranging inspection of the rails in Canada were explained in detail to the Committee by this Ministry in the P.A.C. meetings held in February 1968.

In this context it is also stated that the Ministry of Law, who had been consulted in the matter of holding the firm responsible for the delay in submission of the P. G. Bond opined that since the extension in the delivery period had to be given on account of non-finalisation of inspection arrangement and consequent inability to make the Letter of Credit operative, the delay on the part of the firm would be condoned.

In the circumstances, it is respectfully submitted that even if the extension in delivery period for one month had been issued reserving the right to levy Liquidated Damages it would not have helped the Railways to recover any liquidated damages, as the delay was otherwise on the Government's part for the time taken in arranging inspection.

[Ministry of Railway (Rly. Bd.) O.M. No. 68-B(C)PAC-IV/23(O),  
dated 20-9-1968]

~~Rec-~~

2.146. The Committee regret to note that the Western Railway had to incur an extra expenditure of Rs. 1.86 lakhs in getting the work completed as the contractor who was entrusted with the work of supplying 26.2 lakhs cft. of ballast at a cost of Rs. 5.46 lakhs failed to supply it.

2.147. They are sorry to know that, without verifying the credentials of the contractor and ascertaining his capacity, such a big contract was given to him. This contractor was neither on the approved list of contractors nor had he done any contract work for the Railways before this contract was awarded to him. It is elementary that the capacity to execute and the financial standing of a contractor should be verified before entrusting any work to him. The Committee would like to be informed of remedial measures taken to ensure that such instances do not recur.

2.148. In evidence, the Committee were informed that the Railway Administration had now come to know the whereabouts of this Contractor. The Committee would like to know the action taken against the contractor to realise the extra amount spent on the completion of the work.

(S. No. 20, Appendix IX, Paras 2.164-2. 148 of 23rd Report).

#### Action taken

##### *Paras 2.146 and 2.147*

The observations of the Committee are noted and suitable instructions have been issued to the Railway Administrations *vide* enclosed copy of Railway Board's letter No. 68-B(C)-PAC/IV/23(20), dated 25th October, 1968.

##### *Para 2.148.*

Enquiries were made by the Railway Administration to find out the assets of Shri A. V. Taunk at Jabalpur and it was ascertained that he was a man of ordinary status and was residing in a rented house and further that he did not possess any property of his own. Thereupon the Railway Administration consulted the Law Ministry who opined that in view of the material produced before them, Shri A. V. Taunk seemed to be a man of no substance and that no useful purpose would, therefore, be served by embarking on legal proceedings which might end in merely obtaining a paper decree; they, however, advised that before a final decision was taken in the matter the assets of the firm of M/s. Arjun Premji & Co. Hajapur be known so that if the firm, in which Shri A. V. Taunk was a partner, had made any profits or are likely to make profits in which he had a share, it might be possible to make some recoveries in case a decree was obtained.

On inquiry by the Railway Administration, the Income Tax Officer informed that the assessments of the firm M/s. Arjun Premji & Co. were still pending, that the firm had since dissolved at the end of the financial year

1963-64 and further that it would not be possible for him to furnish any such information to any person or authorities except a Court of Law.

The Railway Administration apprised the Ministry of Law again of the above position. The Ministry of Law have stated that since it has not been possible to come to the conclusion that even if a decree is obtained against Shri A. V. Taunk, it will be possible to execute it, no useful purpose would be served by taking legal steps against Shri Taunk for effecting recoveries. The Law Ministry have, however, advised that a close watch should be kept so that if any time Shri Taunk is possessed of properties it should be possible to chase the same.

[Ministry of Railwas (Rly. Bd.) O.M. No. 68-B(C)-PAC/IV/23(20), dated 27-11-1968]

GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(Railway Board)

No. 68-B(C)-PAC/IV/23(20)

New Delhi, the 25th October, 1968  
3, Kartika, 1890 (S).

The General Managers,  
All Indian Railways.

The General Managers,  
C.L.W., D.L.W. & I.C.F.

SUB. :—*Recommendation No. 20 of the 23rd Report (Fourth Lok Sabha) of the Public Accounts Committee on para 33 of Audit Report (Railways) 1967—Western Railway—Extra expenditure due to failure of a contractor.*

In a case reported in para 33 of the Audit Report (Railways) 1967, a Railway Administration awarded a contract for supply of blast at a cost of Rs. 5.46 lakhs to a contractor, who was not on the approved list, without formally verifying his credentials before accepting his offer. As a result of subsequent failure of the contractor, the Railway Administration had to make alternative arrangements, resulting in an extra expenditure of about Rs. 1.86 lakhs. The Public Accounts Committee in their comments on this para have criticised the award of such a big contract to a contractor whose credentials were not properly verified. Para 1104 of the Indian Railway Code for the Engineering Department as well as para 2 of the Standard Regulations for tenders and contracts require that no work or supply should be entrusted for execution to a contractor whose capabilities and financial status have not been investigated before-hand and found satisfactory. The instructions laid down are sufficiently elaborate and there should be no occasion for any lapse or failure to follow the prescribed procedure. The

attention of all concerned should be drawn to these standing orders in order to ensure that such instances do not occur in future.

D.A./Nil.

Sd./-  
Director, Civil Engineering,  
Railway Board.

Copy (with 40 spares) forwarded for information to the A.D.A.I. (Railways), New Delhi.

Sd./-  
Director, Civil Engineering,  
Railway Board.

#### Further Information

In this connection, the Ministry of Railways would like to submit the following facts for the Committee's kind consideration.

2. Where it is true that it is not on record that the credentials of Shri A. V. Taunk were verified by the Tender Committee while recommending acceptance of the lowest rates received from him, it appears in the circumstances that the Tender Committee had local knowledge that Shri A. V. Taunk was a close relation of an established contractor Shri Arjun Premji Parmar who had been entrusted with the following works on this Railway on Lakheri-Bayana section about the same time.

	Total Cost
	Rs.
1. Construction of bridges Nos. 356 (1x60'·0"), 362 (3x40'·0") 374 (1x60'·0"), 379 (1x60'·0") 381 (8x40'·0") in connection with LKE BXN (BG) Doubling Project.. .. .	12,78,291/-
2. Construction of bridges Nos. 448 (5x100'·0") and 475 (6x60'·0") in connection with LKE BXN (BG) Doubling. . . . .	8,67,592/-

(These works have since been completed satisfactorily)

Further it is seen in retrospect from the Income Tax Certificate furnished by Shri A. V. Taunk that he was in fact a partner in the firm of M/s. Arjun Premji & Co. This apart, it is respectfully submitted that the crux of the whole issue is whether this particular contractor failed because of his lack of capacity to complete the work which was essentially a labour contract or because of financial difficulties. The contractor failed on neither account

The tempo of work by the contractor picked up as the following statistics of labour employed by him would show :—

Month	Average number of labour employed daily.	Remarks
*October, 1963	17	*About 20 days no work was done as the labour did not turn up due to Diwali Festival.
November, 1963	67	
December, 1963	113	
January, 1964	121	
February, 1964	150	
March, 1964	132	
April, 1964	133	
May, 1964	52	**Contractor stopped the work after 14.7.64 as the monsoon had broken.
June, 1964	17	
**July, 1965 (upto 14.7.64)	18	

The contractor had requested for the termination of his contract purely on grounds of ill-health and, as would be appreciated, such a situation could happen with any other established contractor.

3. In the circumstances explained above, the Ministry of Railways trust that on a further consideration of the matter, the Public Accounts Committee will be pleased to accept that the failure was perhaps only in the matter of currently recording the considerations on which the tender of Shri A. V. Taunk was found acceptable and that it would perhaps not be equitable to state that the financial standing and antecedents of the contractor were not considered at all and that, herefore, further action against the officers concerned is not warranted.

**CHAPTER IV**

**RECOMMENDATIONS/OBSERVATIONS REPLIES TO WHICH HAVE  
NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH  
REQUIRE REITERATION**

**NIL**

## CHAPTER V

### RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

#### Recommendation

The Committee feel that, with a little more coordination with the Central Bureau of Investigation, the Railways could have got the details of debits likely to be raised against them during the year. The Committee hope that the Railways will maintain up to date their liability Registers so as to avoid a recurrence of such cases.

(S. No. 4, Appendix IX Para 1.57 of 23rd Report)

#### Action taken

The Recommendation of the Committee has been noted.

The Ministry of Railways would like to explain that the provision in Revised Estimates was made on the basis of the advices received from the Central Bureau of Investigation. In reply to this Ministry's reference for Final Estimates the Central Bureau of Investigation, however, indicated their inability to intimate the amount necessary as they said they were not able to make a closer estimate of either the expenditure or the proportion of the number of Railway cases to the total number of cases which forms the basis of the debit to the Ministry of Railways. The amount previously intimated in the Revised Estimates had, therefore, to be adopted as the Final Estimate.

In order to avoid a recurrence of this, a meeting was held with the representatives of the Central Bureau of Investigation to review the method of assessment of requirements and the procedure is under active consideration.

Incidentally, it may be mentioned that liability registers in the Ministry of Railways could not have helped in this case as the quantum of debit can be determined only by the Central Bureau of Investigation and not the Ministry of Railways. It may be added that a high level Committee is reviewing the utility and adequacy of liability registers for budgetary control.

[Ministry of Railways (Rly. Bd.) O.M. No. 68-B(C)-PAC/IV/23(O),  
dated 21-9-1968]



### **Further Information**

In order to review the method of assessment of expenditure to be borne by the Railways for the work done by the Central Bureau of Investigation and the procedure of raising the debits against the Ministry of Railways, a meeting was held with the representatives of the Central Bureau of Investigation on 22-11-1967. Subsequent to the meeting, the Central Bureau of Investigation after consultation with the Ministry of Home Affairs have suggested certain counter proposal. This is under active consideration of the Railway Board.

### **Further Information**

A detailed questionnaire was circulated to all the Zonal Railways/Production Units by the Review Committee in order to collect detailed information about the utility and adequacy of liability registers maintained. They have also reviewed the position on the Northern Railway. The problem is being examined further in the light of this review and the position elicited from the various Zonal Railways/Production Units.

### **Recommendation**

2.37. The Committee note that the question of levy of State Sales Tax in the Second case is at present pending before the Commissioner of Sales Tax, Calcutta. The Committee, therefore, do not desire to comment in detail on the procedure followed by Railways. The Committee would like to be apprised of the final decision in the case and the action taken by the Railways in pursuance thereof.

(S. No. 12, Appendix IX Para 2.37 of 23rd Report)

### **Action taken**

2. With reference to the observations made by the Committee in para 2.37, it is stated that the decision of the Commissioner of Commercial Taxes is not yet known. The Committee will be informed of the final decision of the Commissioner, or such higher authority to whom the case may be referred, with the action taken by the Railways in pursuance thereof.

[Ministry of Railways (Rly. Bd.) O.M. No. 68-B(C)-PAC/IV/23(O), dated 31-10-1968]

### **Recommendation**

2.91. The Committee are also surprised to find that while the representative of the DGS&D stressed in evidence that inspection at the destination overrules inspection at the despatch point, the representative of the Ministry of Railways opined that a second inspection for ordinary plates and things which were in common use was not practicable. Whereas the Committee agree that a second detailed inspection at the consignee's end might result in avoidable duplication, they cannot view with equanimity the practice that the consignees should accept stores without any inspection or after a perfunctory inspection.

2.92. They desire that this aspect may be examined further by Government with a view to evolve a suitable procedure to safeguard Governments interests at the time of delivery.

2.93. The Committee are also unhappy to note that due to unusual delay by the office of the DGS&D and the Ministry of Railways in investigating defects and taking up the matter with the firm within a reasonable time, the replacement of bearing plates has become difficult. They desire that the DGS&D and the Railways should make sure that the delay was not deliberate.

2.94. The Committee would like to be apprised of the result of the investigations made in the case by the Special Police Establishment and the action taken against the firm and the officers found at fault for neglect of duty.

S. No. 15 (Paras 2.91, 2.92, 2.93 & 2.94 of 23rd Report)

#### **Action taken**

##### *Paras 2.91 and 2.92*

The observations of the Committee are noted and instructions are being issued to the Railways to exercise quantitative and dimensional checks on some percentage of the materials received by them after pre-inspection by the DGS&D. The matter is also being examined in consultation with the Department of Supply, with a view to evolving a suitable procedure to safeguard Government's interest in such cases.

##### *Para 2.93*

The matter is under examination in consultation with the Western Railway.

##### *Para 2.94*

This concerns the Ministry of Works, Housing and Supply and no remarks are, therefore, being offered by this Ministry.

[Ministry of Railways (Rly. Bd.) O.M. No. 68-B(C)-PAC/IV/23(O), dated 12-12-1968]

#### **Recommendation**

##### *Para No. 2.130*

The Committee are concerned to note that seven Diesel Locomotives procured from a West German firm at a cost of Rs. 44 lakhs and commissioned during 1961-62 had to be put out of service between April and October, 1964, as their crank-shafts developed cracks and pittings due to the use of lubricating oil of inferior quality.

*Para 2.131*

They desire that the Ministry of Railways should benefit by the experience gained in this case and take adequate precautions to ensure that the lubricating oils used for locomotives conform to the prescribed specifications. The Ministry of Railways should make full use of their Research and Inspection Organisations to obviate recurrence of such cases.

*Para 2.132*

The Committee would like to be apprised of the action taken to recover the damages claimed from the supplier of lubricating oil in this case.

(S. No. 189—23rd Report of Fourth Lok Sabha)

**Action taken***Paras 2.130-2.131*

The observations of the Committee are noted. The question of testing the branded lubricating oils at the time of supply is at present under consideration of this Ministry in consultation with the Research, Designs & Standards Organisation and the National Test House, Alipore and instructions in this regard will be issued to the Railway Administration.

*Para 2.132*

The matter is under consideration of this Ministry and the Ministry of Law for taking action to claim damages from the firm caused by defective supplies of lubricating oil by invoking the arbitration clause in the contracts or seeking other remedies open to the Railway.

[Ministry of Railways (Rly. Bd.) O.M. No. 68-B(C)-PAC/IV/23(O), dated 3-12-1968]

**Recommendation**

The Committee are unhappy to find that the Northeast Frontier Railway and Southern Railway had to suffer a loss of revenue amounting to Rs. 2.66 lakhs due to delay in enforcing the orders of the Railway Board.

The Committee note that on the Northeast Frontier and Southern Railways action is being taken against all those responsible for the delay in the implementation of the orders of the Railway Board.

The Committee find from the note that, in the case of Northern Railway, though the Administration had taken suitable action on the Railway Board's orders, the staff at Shakurbasti and Hissar failed to comply with those orders. This resulted in undercharges and the net amount of undercharges due from oil companies is Rs. 21.703. The Committee note that efforts are being made by the Northern Railway to recover the amount. They would like to know the progress made in recovering the amount undercharged.

(No. 27, Appendix IX, Paras 2.206 to 208 of 23rd Report)

**Action taken**

Fixing of staff responsibility on Northeast Frontier Railway and Southern Railway has not yet been finalized.

2. As for Northern Railway, they are collecting necessary details, with the help of the Western Railway Accounts Office, for raising debits against the Oil Companies and the staff concerned.

[Ministry of Railways (Rly. Bd.) O.M. No. 68-B(C)-PAC/IV/23(O),  
dated 19-11-1968]

M. R. MASANI,  
*Chairman,*  
*Public Accounts Committee*

NEW DELHI;  
April 28, 1969  
*Vaisaka 8, 1891 (S)*

## APPENDIX

### *Summary of Main Conclusions/Recommendations*

Sr. No.	Para No. of the Report	Ministry/Depart- ment concerned	Recommendations
(1)	(2)	(3)	(4)
1.	1.4	Ministry of Railway	<p>The Committee are glad to observe that the recommendations contained in their 23rd Report (Fourth Lok Sabha) have been replied to by Government generally to the satisfaction of the Committee.</p> <p>The Committee hope that replies to the outstanding recommendations and final replies in regard to those recommendations to which only interim replies have so far been furnished will be submitted to them expeditiously after getting them vetted by Audit.</p>

