

90

ANDHRA PRADESH LEGISLATURE
(Twelfth Legislative Assembly)

FIFTH REPORT
OF
THE COMMITTEE ON PUBLIC UNDERTAKINGS
(2004 - 2005)

ON

THE AUDIT PARAGRAPHS CONTAINED IN THE REPORT
OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
FOR THE YEARS
1997-1998 & 1998-1999 (Paras)
(Commercial)

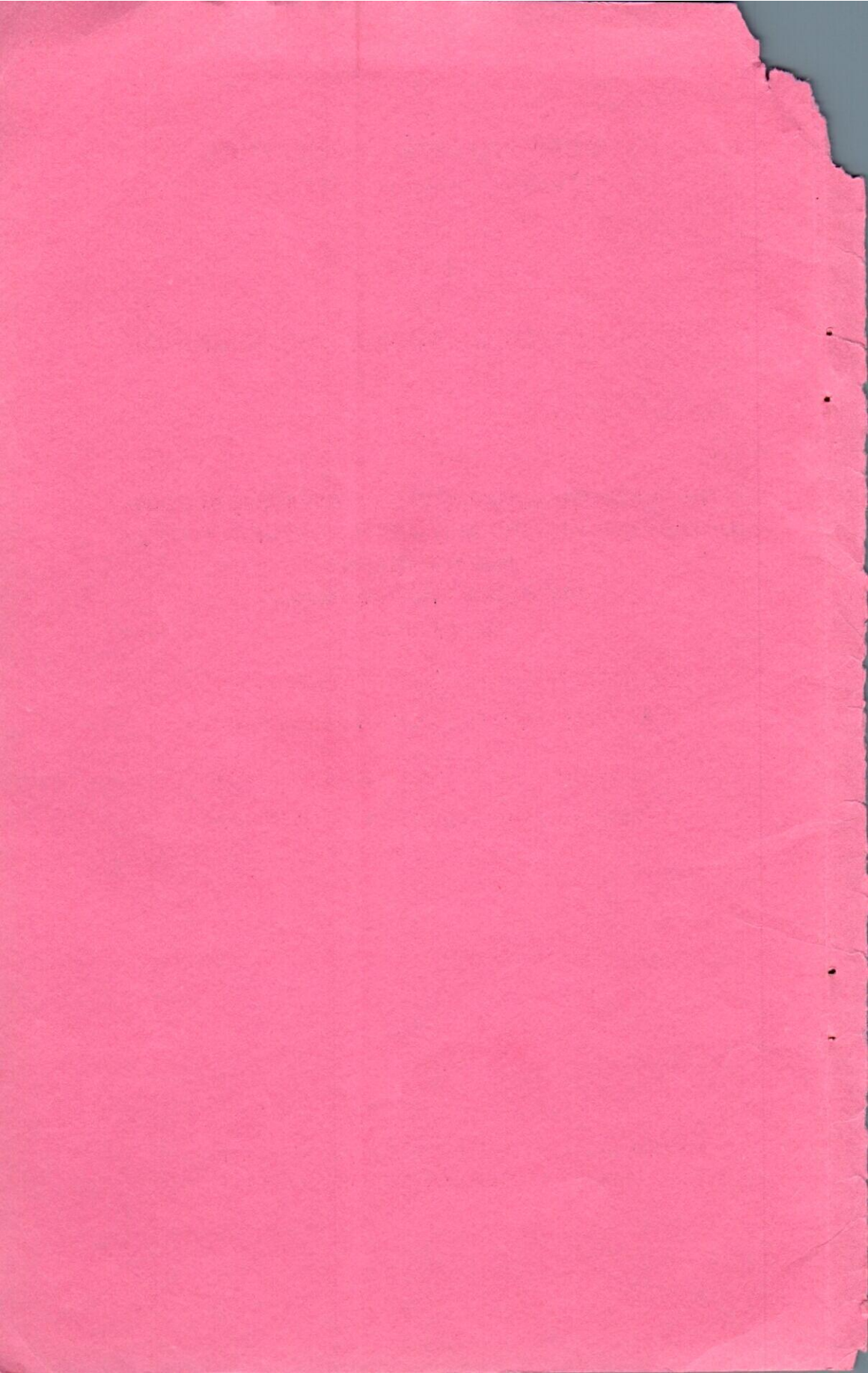
ON

A.P. STATE ROAD TRANSPORT CORPORATION

(Presented to the Legislature on 17-12-2004)

7/2003

ANDHRA PRADESH LEGISLATURE (P.U.C.) SECRETARIAT
PUBLIC GARDENS, HYDERABAD - 500 004.



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(Twelfth Legislative Assembly)

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(2004 - 2005)

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OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
FOR THE YEARS
1997-1998 & 1998-1999 (Paras)
(Commercial)

ON

A.P. STATE ROAD TRANSPORT CORPORATION

(Presented to the Legislature on 17-12-2004)

AMERICAN TRANSPORTATION
TRADING COMPANY

FIFTH REPORT
OF
THE COMMITTEE ON PUBLIC UNDERTAKINGS
(1904-1905)
ON

THE AUDIT PARAGRAPHS CONTAINED IN THE REPORT
OF THE COMPTROLLER AND AUDITOR GENERAL OF FINANCE
FOR THE YEARS
1904 AND 1905 (PART
(Commercial)

OF
THE STATE ROAD TRANSPORT CORPORATION

(Presented to the Legislature on 11-17-05)

CONTENTS

	Page Nos.
1. Composition of the Committee	... v
2. Introduction	... vii
3. Report	... 1
4. Summary of Recommendations	... 11

CONTENTS

1. Composition of the Committee

2. Introduction

3. Report

4. Summary of Recommendations

ANDHRA PRADESH LEGISLATIVE ASSEMBLY
COMMITTEE ON PUBLIC UNDERTAKINGS (2004-2005)
(CONSTITUTED ON 28TH JULY, 2004)

CHAIRMAN :

1. Sri N. Uttam Kumar Reddy

MEMBERS :

2. Sri Anam Vivekananda Reddy
3. Sri D. Sridhar Babu
4. Sri Chanumolu Venkata Rao
5. Sri C. Damodar Rajanarasimha
6. Sri Gali Muddu Krishnama Naidu
7. Sri Katamareddy Vishnuvardhan Reddy
8. Smt. Konda Surekha
9. Sri M. Maheedhar Reddy
10. Sri Thota Gopalakrishna
11. Sri K. Lingaiah
12. Sri G. Syam Sunder Sivaji
13. Sri K. Harishwar Reddy
14. Sri P. Dora Babu
15. Sri Puli Veeranna

SPECIAL INVITEES :

16. Sri Yeerram Veenkateswar Reddy
17. Sri D. China Govinda Reddy
18. Sri N. Diwakar Rao
19. Sri Janga Krishna Murthy
20. Sri Gurunath Reddy
21. Smt. Padala Aruna
22. Sri P. Ranganayakulu
23. Sri Mumtaz Ahmad Khan
24. Dr. K. Nagesh

LEGISLATURE SECRETARIAT :

1. Sri K. Tuljanand Singh, Secretary
2. Smt. V. Jayakumari, Joint Secretary
3. Sri D. Siva Rao, Asst. Secretary
4. Sri K. Satyanarayana Rao, P.S. to Secretary

AMERICAN FARMERS FEDERATION

COMMITTEE ON PUBLIC AFFAIRS

(CONSTITUTED ON 21st JULY 1938)

CHAIRMAN

1. Mr. J. H. ...

MEMBERS

2. Mr. ...

3. Mr. ...

4. Mr. ...

5. Mr. ...

6. Mr. ...

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9. Mr. ...

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SECRETARIES

17. Mr. ...

18. Mr. ...

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32. Mr. ...

INTRODUCTION

I, the Chairman of the Committee on Public Undertakings (2004-2005) having been authorised by the Committee to present the Report on their behalf, present this **Fifth Report** on the **Andhra Pradesh State Road Transport Corporation**, on the audit paras contained in the Reports of the Comptroller and Auditor General of India (Commercial) for the years 1997-98 and 1998-99.

The Committee on Public Undertakings (2003-2004) have examined the Reports of the Comptroller and Auditor General of India for the years ended 31st March, 1997-98 & 1998-99 (Commercial), but could not present a report on the same due to the Dissolution of XI Legislative Assembly earlier than its original schedule.

The Committee (2004-2005) have considered and approved this Report at their sitting held on 13-12-2004.

A Statement showing the summary of principal recommendations/ observations of the Committee is appended to this Report.

A record of proceedings of the sitting of the Committee which has been maintained forms part of this Report.

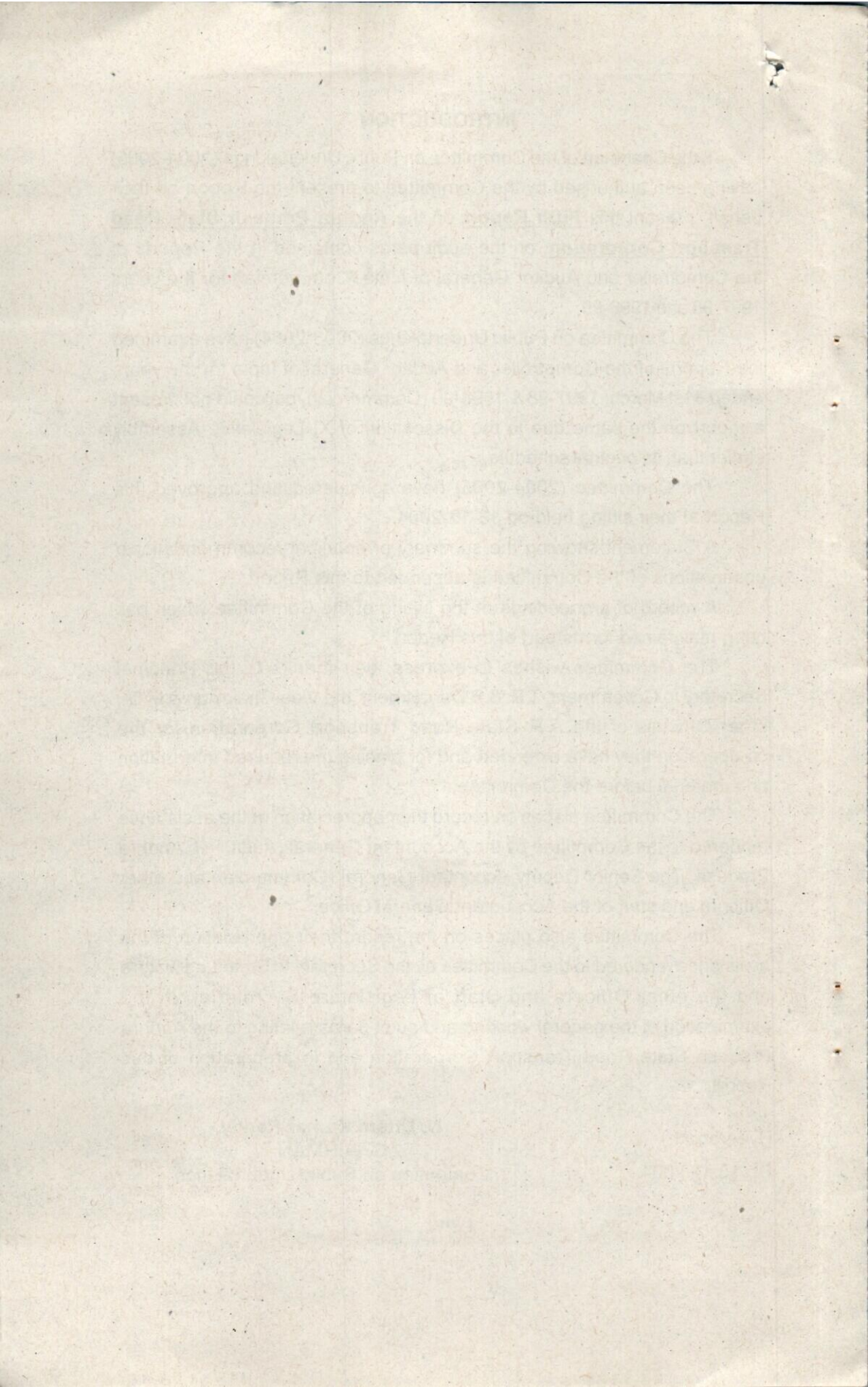
The Committee wishes to express their thanks to the Principal Secretary to Government, T.R. & B Department, the Vice-Chairman & M.D., other Officials of the A.P. State Road Transport Corporation for the co-operation they have extended and for placing the required information and material before the Committee.

The Committee places on record their appreciation of the assistance rendered to the Committee by the Accountant General (Audit) - II, Andhra Pradesh, The Senior Deputy Accountant General (Commercial) and other Officers and staff of the Accountant General Office.

The Committee also places on the record their appreciation of the assistance rendered to the Committee by the Secretary to State Legislature and the other Officers and Staff of Legislature Secretariat, in the examination of the general working and audit paras relating to the Andhra Pradesh State Road Transport Corporation and in preparation of this Report.

Hyderabad,
Dt. 13.12.2004

N. Uttam Kumar Reddy,
CHAIRMAN,
Committee on Public Undertakings.



**RECOMMENDATIONS ON THE PARAS APPEARED
IN THE REPORTS OF C & AG OF INDIA (COMMERCIAL),
GOVERNMENT OF ANDHRA PRADESH FOR THE YEAR
1997-98 (3 PARAS) AND SUB-PARA ON FOREIGN TRAVEL
AND 1998-99 (3 PARAS) PERTAINING TO A.P. STATE ROAD
TRANSPORT CORPORATION**

Audit Report 1997-98 :

Expenditure on foreign travel : (Para 4A.4.1)

In respect of foreign travel Government of India (GOI) clarified that for officers holding charge in a PSU in addition to their own regular charge in Government, foreign travel entitlement was as applicable to them from time to time. A test check revealed that the PSU has paid maximum foreign exchange of \$ 500 or \$ 350 as the case may be per day admissible under RBI guidelines towards DA to all those who went abroad irrespective of the Country visited. In as much as the exchange allowed under RBI guidelines cover room rent, phone bill, taxi charges, DA at MEA rates etc., payment of the same as DA was irregular. Their DA and other entitlements should have been regulated as per (Ministry of External Affairs) MEA rates. The GOI instructions provide for rendering account for the consolidate exchange received by the employees under RBI guidelines and for return of the unspent exchange if any. In this regard the State Government did not lay down any guidelines for regulating the foreign travel claims of the employees of the State PSUs. As regards DA, the total foreign exchange permitted under RBI guidelines was being paid.

The Corporation in its explanatory notes stated that during 1997-98 the Corporation has incurred an amount of Rs. 9.57 lakh towards DA on Foreign Travel by the then VC & MD Sri K.C. Misra, the then executive Director (E) Dr. Y. Satyanarayana and Sri V. Appa Rao, VC & MD. The amount of Foreign Exchange released is for meeting expenditure towards accommodation, transport, telephone and other miscellaneous expenditure and the daily allowance. The rate of \$ 500 per day is felt to be sufficient and therefore the maximum permissible amount as per RBI guidelines has been drawn and paid. The Officers who have drawn the foreign exchange have already submitted TA bills for their tours abroad soon after their return.

The VC & MD in his oral evidence stated that the Board approved all the tours. So it is not irregular. At that point of time the Government did not make any rule. These tours were performed within the competence of the

Board. He also informed that in respect of DA a G.O. was issued during 2001 and the guidelines issued in the G.O. are being followed.

To a query the VC & MD informed the Committee that the Corporation would obtain permission from Government.

(The Hon'ble Committee (2000-2001) (10th Report of XI Legislature) (Presented to AP State Legislature on 29-3-2001) has already directed the Government of Andhra Pradesh to regulate the DA etc. drawn by the employees of State PSU's by issuing separate guidelines in this regard):

Extract of the Recommendation :

In the absence of specific guidelines from the State Government on regularisation of DA rates on foreign travel for the Government officials / State PSU employees. It is observed that the employees of State PSU/ State Government officials are taking undue advantage, as evident in this instant case, of RBI guidelines, which is basically meant for Foreign exchange regulation and not DA rate of the employees of State PSUs/State government. Further, to observe economy and control over expenditure it would be appropriate on the part of the Government to follow the country wide DA rates followed by Government of India for its employees till State Government comes out with its own guidelines in this regard.

Recommendation :

The Committee opined that obtaining mere approval of the Board is not sufficient. Hence, the Committee recommends that permission from the Government shall be obtained for the tours conducted by the officials of the Corporation and Government to issue guidelines as was done by Government of India.

Supply of buses for state sponsored programmes (Para 4B.2.1) :

The Corporation supplies buses for special occasions like marriages, elections, social gatherings etc., on terms of special hire. On requisition from the State Government the Corporation on three occasions during the period between January 1997 and January 1998 supplied 20032 buses for the State sponsored programmes of Janmabhoomi (two times) and Karshak Sadassu (one time). In respect of first Janmabhoomi programme held from 1 January 1997 to 7 January, the Corporation initially did not claim hire charges amounting to Rs. 1.77 crore on the plea that the Government directed for providing free travel facility to the teachers and students who participated in the said programme. However, on pointing by Audit, the Corporation preferred a claim (May 1998) for the amount, which is awaiting settlement. Regarding the second Janmabhoomi and Karshak Sadassu programmes, the Corporation claimed (July 1997 & February 1998) from the State Government an amount of Rs. 4.35 crore. Of this an amount of

Rs. 2.29 crore was sanctioned (March 1998) and awaiting release of the same and the balance amount of Rs. 2.06 crore is still awaiting sanction and recovery.

The Corporation in its explanatory notes stated that the matter is pending with Government and the matter was brought to the notice of the Chief Secretary to Government (7.5.1999).

The Joint Secretary to Government, TR & B, in his oral evidence stated that the issue is being pursued with the Finance Department, Government of Andhra Pradesh for early settlement.

Recommendation :

The Committee opined that the amounts due from the Government could be adjusted against the amount due to the Government from the Corporation. The Committee recommends that this aspect shall be explored by the Corporation for early settlement of the amounts.

Short Collection of fares (4B. 2.2.) :

The entire route length of a service is divided into different stages and the fare is fixed for each stage. During the audit, instances of short fixation of fares due to incorrect adoption of route length, adoption of different route length for the same route by different bus depots were observed:

The observations are as follows:

Sl. No.	Name of the Depot.	Name of the Service	Reasons for short collection	Amount of short collection (Rs. in lakh)
1.	Tirupathi	Chittoor-Hyderabad	Adoption of incorrect distance	1.49
2.	Ongole	Ongole-Srisailam	-do-	1.22
3.	Markapur	Markapur-Dornal	-do-	15.62
4.	Janagaon	Janagaon-Basara	Short fixation	2.21
5.	Madanapalle	Madanapalle-Chittoor	Adoption of ordinary instead of express fare	1.83
6.	Musheerabad	City routes	Fares fixed less for one stage	30.95
			Total :	53.32

The Corporation in its explanatory notes stated that :

1) In respect of Chittoor-Hyderabad the route length was taken as 209 KMs instead of 213 KMs. The Corporation explained that the revision in route length was not implemented due to non-receipt of instructions by the concerned depots at that time, However, the revision in route length has been implemented during May 1994 by the depot.

The VC & MD in his oral evidence stated that the information was sent to all depots. It appears that the local officers have not implemented it.

Recommendation :

Committee recommends to call for explanation from the officers concerned and the same shall be intimated to the Committee.

2. In respect of Ongole-Srisailam the Cuddapah depot was charging for 193 KMs, whereas Ongole depot was charging for 187 KMs resulting in short collection. The Corporation explained that after conducting a survey on the route, the route length has been determined as 187 KMs. (The route length as per the approved scheme is 194 KMs via Sunnipenta.) As the service is being operated without touching Sunnipenta charging of fare for 187 KMs is proper to avoid un-economic operation and non-preference of direct passengers to travel by these services.

The VC & MD in his oral evidence stated that the buses plying from Ongole do not touch Sunnipenta. Hence, the fares collected are regular.

Recommendation :

The Corporation should conduct frequent surveys of the route lengths and charge correct fare in order to see that Corporation is not put to any loss and travelling public are not penalised.

3) Regarding Markapur-Dornal service it was pointed out that the route length was taken as 32 KMs instead of 37 KMs. In this regard the corporation explained that as the route length was identified as 32 KMs the fare charged for 35 KMs (since stages for ordinary services are fixed at every 5 KMs distance). However, this would be examined and reported.

The E.D. (Operations) in his oral evidence stated that ordinary fare is to be collected at every 5 KM stage. Hence, even though the distance is 32.5 KMs, fare is collected for 35 KMs and though the distance is 37 KMs, fares are being charged for 35 KMs only.

Recommendation :

Action taken on the matter relating to charging of fares as per the circular of Regional Manager, Cuddapah may be furnished to the Committee after examination.

4) In respect of Madanapally-Chittoor - Limited Stop Services, ordinary fares are being collected instead of Express fares. The Corporation explained that the distance between Madanapally - Chittoor is only 97 KMs. The circular Dt. 7-11-93 applies (conversion of ordinary service into express service) when the route length is 120 KMs or more.

Recommendation :

The Committee recommends to examine the collection of fares on this service and submit a detailed note early.

5) In respect of Musheerabad depot the Corporation explained that due to introduction of one way traffic in some routes (in twin cities of Hyderabad and Secunderabad) there is scope for difference in upward and downward journeys. The fares were charged as per the actual distance only.

The ED (Operations) in his oral evidence stated that due to one way traffic, the actual distance is taken into consideration and charges are being collected accordingly.

Recommendation :

The route lengths printed out were based on MTD - 141 of the Depot. Why did the department maintain incorrect MID? The Committee observed that the distances of up and down journey, though difference in same routes, fall in the same number of stages. This may be examined.

Procurement of EPDM rubber glazing (4B. 2.3) :

The Corporation invited (August 95) limited tenders for supply of 100 tonnes of rubber glazing and in response, it received 22 offers. The Provisioning Committee (PC) recommended (March 1996) procurement of 180 tonnes of rubber glazing from those firms who have equipment of UHF system for curing. At the same time, the PC recommended placement of orders on three firms (A,B and C) but two of whom had no equipment of UHF system for curing. The selection of these two firms were justified on the ground that they would manufacture the product as per required standard. Accordingly the Corporation released (April 1996) two orders on firms 'A' - (45 tonnes), 'C' - (90 tonnes) @ Rs. 84.94 Kg and other order on 'B' - (45 tonnes) @ Rs. 73.52 Kg.

Audit noticed that the PC ignored the second lowest offer of Rubber Extrusions who quoted a rate of Rs. 73.62 per Kg on the grounds that i) it had no UHF system for curing ii) its offer was conditional for 50 tonnes and above and iii) it was not tried earlier. The reasons shown were not acceptable as all the three aspects are covered by the firm. Besides, the two firms A & B did not install UHF system at all. In view of this the Corporation would have procured at least 50 per cent of its requirements from Rubber

Extrusions to save an expenditure of Rs. 10.19 lakh (being the difference between Rs. 84.94 and 73.62 per Kg for 90 tonnes).

The Corporation in its explanatory notes stated that even though UHF curing system was not available with the two firms, they have got alternative curing systems which was very effective. Before 1995-96 the Corporation did not have adequate experience with M/s. Rubber Extrusions, Bangalore, hence it did not consider appropriate to place an order for fifty per cent of the requirements on the firm.

The ED (Engg.) of the Corporation in his oral evidence stated that decision makers at that time thought that it would be better to place major order on those who got UHF facility. Small orders were placed on the remaining firms.

Recommendation :

The Committee opined that even though there is rate contract with some firms, interest of the Corporation and cost of the items shall also be taken into consideration before placing any order. Even though there were three firms there was no need to place orders on all the three firms unless they fulfil the required conditions. The orders could have been placed on other firms also. Hence the Committee orders that the entire records shall be produced to the Committee for verification.

Audit Report 1998-99 :

Short collection of special hire charges (4B. 2.1) :

The Corporation provides buses on exclusive basis at special rates to public and private undertakings for transportation of their employees. The Corporation revised the special hire rates from Rs. 10 to Rs. 13.50 per KM with effect from 1st April 1995. Aggrieved over the revision of rates, the Undertakings which hire the buses approached (May 1995) the Corporation seeking reduction in the rates. The VC & MD of the Corporation after holding discussions with the representatives of the Undertakings agreed for collection of the revised special hire charges with effect from 6 August 1995. It was observed that the Visakhapatnam Steel Plant (VSP), one of the special hirers of buses was not informed of the revision of rates till July 1996. The VSP has not accepted the revision (Sept 96). The Corporation had, finally decided to implement the revised rates with effect from 1 April 1996. Thus due to delay in communicating the revised rates of hire charges, the Corporation suffered a loss of special hire revenue of Rs. 5.26 lakh for the period from 6 August 1995 to 31 March 1996.

The Corporation in its explanatory notes stated that :

Regarding hire specials to VSP, the buses taken on regular special hire basis is for transporting the school children who are mostly from Backward Communities. Considering the request of the VSP authorities, a decision was taken to implement the revised rate from 01-4-96 instead of from 6-8-95. The Corporation's Board vide its Resolution No. 115/99 Dt. 06-09-1999 had resolved to ratify the action taken.

The VC & MD in his oral evidence stated that due to the involvement of commercial interest the corporation has taken this decision.

Recommendation :

Committee recommends that explanation shall be called for from the officers concerned who were responsible for delayed implementation of the orders which caused loss to the Corporation. The records concerned shall be produced to the Committee.

Purchase of Stores (4B. 2.2) :

i) The Corporation has a centralized system of stores purchase monitored by the Provisioning Committee. As per the procedure in vogue stores are purchased after calling for open tenders and at rates contracted by the Association of State Road Transport Undertakings. A test check of purchase orders revealed the following:

The Corporation had deployed (March 95) 36 rear engine buses in Karimnagar Zone and prescribed the nature and quantity of spares (55 items) to be stocked for them. A review of 55 items of spares purchased during 1995-96 for these vehicles revealed that 20 items of spares valued at Rs. 18.57 lakh were purchased in excess of the norms prescribed. All these items were lying unutilised as of March 1999. These were also not useful as it was decided (April 98) by the Corporation to convert the rear engine chassis into front engine chassis.

The Corporation in its explanatory notes stated that steps have been taken to contact vehicle manufacturer ie., M/s. Ashok Leyland for transfer back of these items on mutually agreed terms and M/s. Ashok Leyland have accepted and taken back all the Rear Engine spares from Karimnagar stores and as on date the Karimnagar stores is not holding any Rear Engine spares. The ED (Operations) in his oral evidence stated that as on today, there are no rear engine buses and spares pertaining to them.

Recommendation :

The Committee recommends that the Corporation shall submit the number of rear engine buses procured in 1st Phase and 2nd Phase and amount spent for conversion of these rear engine buses into front engine

buses and operational loss sustained by the Corporation during the time of conversion of these buses. the Committee also desire to be informed the amount paid by M/s. Ashok Leyland for transfer back of the excess stores procured.

ii) On behalf of Vijayawada Zonal Stores, the Head Office placed (March 95 & July 96) 3 purchase orders on different firms for supply of piston rings. As these firms defaulted in supply of the material as per schedule, the Vijayawada Zonal Office resorted to local purchase of 575 piston rings from authorized dealers of Telco (145 at Rs.4528 and 430 at Rs.4758 each) and 423 piston rings from Indian Pistons Ltd. (IPL) (173 at Rs.2889 and 250 at Rs.3306) during the period from July 1996 to February 1998. It would be observed that the Telco pistons were costlier than that of IPL. In as much as IPL were the original equipment suppliers of Telco, the entire quantity of pistons should have been purchased from IPL to take advantage of price difference. Thus due to purchase of 575 piston rings from Telco instead of from IPL the Corporation incurred an extra expenditure of Rs.8.62 lakh.

The Corporation in its explanatory notes stated that in order to hasten up the top overhaul activity at the Depots, M/s Telco have agreed to stock the Piston Rings at their Vijayawada Warehouse to facilitate drawals as and when required. Based on the requirements, the Vijayawada stores has purchased 575 sets from M/s. Telco paying a higher price.

The ED (Engg) in his oral evidence stated that during the month of August/September 1996, the position of supply of the piston rings was reviewed and found that supplies are not forthcoming from the piston manufacturers viz., M/s. IPL, M/s. Sriram Pistons and M/s Escorts Limited though orders were pending on these companies. In order to hasten up the top overhaul activity at the depots, M/s. Telco have been contacted for supply of piston rings. As they have got warehouse facility at Vijayawada, these were procured from them.

Recommendation :

The Committee opined that while procuring any item in bulk normally any firm would offer some discount on the price. In the instant case, instead of offering any discount the Company asked for higher rates for supply of the agreed quantity even though there existed a concrete agreement between the Corporation and Company (M/s IPL). Hence, the Committee recommends that penal action shall be initiated against the Company for not supplying the material as per the agreed rates and the same shall be intimated to the Committee.

(iii) As per the provisions of the Sales Tax Act, the transportation and delivery charges will be taxed at the rates of material, unless they were exhibited and charged separately in the invoices. A check of HSD oil purchases for the year 1997-98 and 1998-99 revealed that delivery charges amounting to Rs.2.59 crore were included in the invoices on which sales tax at 19.33 per cent amounting to Rs.50.15 lakh was paid. Had the Corporation insisted on separate claims for delivery charges the payment of sales tax on delivery charges would have been avoided.

In the explanatory notes the Corporation stated that in respect of Sales Tax. M/s. Indian Oil Corporation Ltd. as well as the S.T. Consultant have opined that Sales Tax is applicable on delivery charges also. This opinion has been upheld in the AP Sales Tax Appellate Tribunal in Oil Country Tubular Limited Hyderabad Vs State of Andhra Pradesh.

The VC & MD in his oral evidence reiterated the reply mentioned in the explanatory notes.

Recommendation :

The Committee recommends that the issue shall be taken up with the oil corporations as to whether there is possibility to raise a separate bill for the delivery charges to avoid payment of tax on the transportation and delivery charges. The issue shall also be checked up with the other State Road Transport Corporations to ascertain the position in respect of those Corporations.

Short Collection of fares : (4B 2.3.)

Test check of depot offices disclosed instances of incorrect fixation of bus fares.

Sl. No.	Name of the Depot	Name of the service	Reasons for short fixation	Amount of short Collection (Rs. In lakh)
1.	Karimanagar-I	(a) Banswada to Varni & (b) Varni to Morsa	Incorrect adoption of route length	1.47

Karimnagar - I:

The Corporation in its explanatory notes stated that in respect of (a) Bhanswada to Varni and (b) Varni to Morsa, the fares were short collectd and the same have been rectified. Executive Director (operations) in his oral evidence stated that AG's point is correct and now the anomaly is rectified and fare is being collected correctly.

Recommendation :

The Committee recommends that such short collection of fares would put the Corporation in to losses and should be avoided. All the concerned may be warned in the matter and on those responsible for short collection, in future, responsibility must be fixed.

SUMMARY OF RECOMMENDATIONS

1. The Committee opined that obtaining mere approval of the Board is not sufficient. Hence, the Committee recommends that permission from the Government shall be obtained for the tours conducted by the officials of the Corporation and Government to issue guidelines as was done by Government of India.

(Para No. 4A.4.1.)

2. The Committee opined that the amounts due from the Government could be adjusted against the amount due to the Government from the Corporation. The Committee recommends that this aspect shall be explored by the Corporation for early settlement of the amounts.

(Para No. 4B.2.1.)

3. The Committee recommends to call for explanation from the officers concerned and the same shall be intimated to the Committee.

(Para No. 4B.2.2.i.)

4. The Corporation should conduct frequent surveys of the route lengths and charge correct fare in order to see that corporation is not put to any loss and travelling public are not penalised.

(Para No.4B.2.2.ii)

5. Action taken on the matter relating to charging of fares as per the circular of Regional Manager, Cuddapah may be furnished to the Committee after examination.

(Para No.4B.2.2.iii.)

6. The Committee recommends to examine the collection of fares on this service and submit a detailed note early.

(Para No.4B.2.2.iv)

7. The route lengths printed out were based on MTD-141 of the Depot. Why did the department maintain incorrect MTD? The Committee observed that the distances of up and down journey, though difference in same routes, fall in the same number of stages. This may be examined.

(Para No.4B.2.2.v)

8. The Committee opined that even though there is rate contract with some firms, interest of the Corporation and cost of the items shall also be taken into consideration before placing any order. Even though there were three firms there was no need to place orders on all the three firms unless they fulfil the required conditions. The orders could have been placed

on other firms also. Hence the Committee orders that the entire records shall be produced to the Committee for verification.

(Para No.4B.2.3)

9. The Committee recommends that explanation shall be called for from the officers concerned who were responsible for delayed implementation of the orders which caused loss to the Corporation. The records concerned shall be produced to the Committee.

(Para No.4B.2.1.)

10. The Committee recommends that the Corporation shall submit the number of rear engine buses procured in 1st phase and 2nd phase and amount spent for conversion of these rear engine buses into front engine buses and operational loss sustained by the Corporation during the time of conversion of these buses. The Committee also desire to be informed the amount paid by M/s. Ashok Leyland for transfer back of the excess stores procured.

(Para No.4B.2.2.i)

11. The Committee opined that while procuring any time item in bulk normally any firm would offer some discount on the price. In the instant case, instead of offering any discount the Company asked for higher rates for supply of the agreed quantity even though there existed a concrete agreement between the Corporation and Company (M/s. IPL). Hence, the Committee recommends that penal action shall be intimated against the Company for not supplying the material as per the agreed rates and the same shall be intimated to the Committee.

(Para No.4B.2.2.ii)

12. The Committee recommends that the issue shall be taken up with the oil corporations as to whether there is possibility to raise a separate bill for the delivery charges to avoid payment of tax on the transportation and delivery charges. The issue shall be checked up with the other State Road Transport Corporations to ascertain the position in respect of those Corporations.

(Para No.4B.2.2.iii)

13. The Committee recommends that such short collection of fares would put the Corporation in to losses and should be avoided. All the concerned may be warned in the matter and on those responsible for short collection, in future, responsibility must be fixed.

(Para No.4B.2.3.)