

# **HUNDRED AND TENTH REPORT**

## **PUBLIC ACCOUNTS COMMITTEE (1981-82)**

**(SEVENTH LOK SABHA)**

**WESTERN RAILWAY—IMMOBILISATION OF RAILWAY  
COACHES CONSEQUENT ON FIRE DURING SHOOT-  
ING OF “THE BURNING TRAIN”**

**AND**

**EASTERN RAILWAY—DAMAGES TO AND DEFICIENCIES  
IN WAGONS DELIVERED TO A STEEL PLANT**

**[ MINISTRY OF RAILWAYS ]**



*Presented in Lok Sabha on 29 April, 1982  
Laid in Rajya Sabha on 29 April, 1982*

**LOK SABHA SECRETARIAT  
NEW DELHI**

*April, 1982/Vaisakha, 1904 (S)*

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## C O N T E N T S

	PAGE
<b>COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE 1981-82</b>	(iii)
<b>INTRODUCTION</b>	(v)
<b>(PART I)</b>	
<b>REPORT</b>	
<b>CHAPTER I—Western Railway—Immobilisation of Railway coaches consequent on fire during shooting of “The Burning Train”</b>	1
<b>CHAPTER II—Eastern Railway—Damages to and deficiencies in Wagons delivered to a steel plant</b>	17
<b>(PART II)</b>	
<b>Minutes of the sittings of the Public Accounts Committee held on         30-3-1982 (FN)         24-4-1982 (AN)</b>	
<b>APPENDICES</b>	
<b>I—Agreement incorporating the terms and conditions for shooting the film executed by M/s. B. R. Films with the Western Railway</b>	27
<b>II—Statement of conclusions and recommendations</b>	29

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**PUBLIC ACCOUNTS COMMITTEE  
(1981-82)**

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2. Shri D. C. Pande—*Chief Financial Committee Officer*
3. Shri K. K. Sharma—*Senior Financial Committee Officer*

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\*Ceased to be Members of the Committee consequent upon their appointment as Minister of State/Deputy Minister w.e.f. 15th January 1982.

\*\*Ceased to be Members of the Committee consequent upon their retirement from Rajya Sabha on 2nd April, 1982.

## INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this 110th Report of Public Accounts Committee (7th Lok Sabha) on Paragraphs 5 & 6 of the advance report of the Comptroller and Auditor General of India for the year 1979-80, Union Government (Railways).

2. The advance report of the Comptroller and Auditor General of India for the year 1979-80, Union Government (Railways) was laid on the Table of the House on 12-3-1981.

3. Chapter I of this Report deals with a case where a film company asked for shooting a film which, *inter-alia*, involved sequence of fire in a train. Without settling the detailed terms and conditions, especially against damage to coaches by fire etc. and without ensuring adequate safeguard, 8 coaches of a superfast train were made available to the company by the Western Railway Administration. Damage to the coaches caused during the course of the shooting was not surveyed, nor any assessment of the repairs required made immediately after the fire incident. Instead, the coaches were sent to the workshop for repairs/periodical overhaul and the claim for damage was preferred on the company over 2 years later in March, 1980. The Committee have opined that adequate security deposits for shooting/haulage charges and for likely repairs were not obtained from the film company in advance. The question of loss of earnings owing to immobilisation of the coaches was also not settled in advance with the company. As a result of these lapses, the Railways were able to realise only Rs. 1.14 lakhs against the dues of Rs. 12.08 lakhs comprising of Rs. 2.30 lakhs (revised remaining shooting/haulage charges), Rs. 1.95 lakhs (repair charges) and Rs. 7.83 lakhs (the loss of earnings due to immobilisation of the 3 passenger coaches). The Committee have recommended that a thorough enquiry into the whole case may be made with a view fixing responsibility for the failures/lapses at various stages.

4. In Chapter II, the Committee have pointed out that the procedure prescribed in January 1964 by Railway Board, for detecting damages and deficiencies to wagons while in the custody of steel plant authorities provides for a joint check of all wagons in the exchange yards by the staff of both the Railways and the steel plant concerned. This procedure is not being followed in the Durgapur Steel Plant where according to a procedure in force since February, 1962 only 6 of the 22 items of wagons fittings are being subjected to a joint check at random in 3 phases of 5 days each every 6 months. The Steel Plant authorities have not agreed to implement the procedure prescribed by Railway Board in 1964. Annual loss being suffered by Railways on this account is more than Rs. 29 lakhs. The Committee have recommended that the Ministry of Railways should conduct a check of all the items on a sample basis in Durgapur Steel Plant as is being done in other steel plants and take up the matter with the Durgapur Steel Plant authorities on the basis of the defects and deficiencies noticed as a result of such a check. The Committee have also desired that a machinery should be evolved to resolve

(vi)

such disputes between Railways and steel plants amicably and expeditiously.

5. The Public Accounts Committee considered and finalised this Report at their sittings on 30 March, 1982 and 24 April, 1982 based on the written information furnished by the Ministry of Railways. The Minutes of the sittings form Part II of the Report.

6. A statement containing conclusions and recommendations of the Committee is appended to this Report (Appendix II). For facility of reference these have been printed in thick type in the body of the Report.

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

8. The Committee would also like to express their thanks to the Ministry of Railways (Railways Board) for the cooperation extended by them in giving information to the Committee.

NEW DELHI;  
28th April, 1982  
Vaisakha 8, 1904 (S)

SATISH AGARWAL  
*Chairman*  
*Public Accounts Committee.*

## REPORT

### CHAPTER I

#### WESTERN RAILWAY—IMMOBILISATION OF RAILWAY COACHES CONSEQUENT ON FIRE DURING SHOOTING OF "THE BURNING TRAIN"

##### *Audit Paragraph*

1.1 On 22nd November 1977, a film company of Bombay approached the Ministry of Railways (Railway Board) for facilities to shoot a film. The Burning Train, involving scenes and sequences of fire on a superfast train. The proposal also envisaged providing the company with 8 coaches from the Rajdhani rake or coaches set aside for condemnation to be painted and refitted to look like the Rajdhani coaches.

1.2 On 24th November 1977, the Ministry of Railways (Railway Board) directed the Northern, Central and Western Railways to extend necessary facilities to the film company for shooting the film on payment of normal charges under the extent policy (in force since September 1973), which specifies a licence fee per shooting day per station and usual charges for rolling stock and other facilities made available at full tariff rates. Even though exposure of rolling stock to fire hazard etc. was involved, the question of prior settlement of the terms and conditions with the company was not specifically considered in the Ministry of Railways (Railway Board).

1.3 The Western Railway Administration allocated (December, 1977) 8 coaches running in superfast express trains, after getting them painted to the Rajdhani colour scheme, and handed them over (January, 1978) to the film company for use in connection with the film shooting.

1.4 Detailed terms and conditions for use of the coaches, particularly in view of the fire hazard, were not settled in advanced by the Administration also.

1.5 During the shooting of various sequences of the film between 6th March, 1978 and 15th March, 1978, five (3 passenger coaches and 2 dining cars) of the eight coaches got damaged but the damage was not surveyed immediately thereafter for assessment of the repairs required. Instead, all the eight coaches, including those damaged, were sent to the workshop for repairs/periodical overhaul on 20th March, 1978.

1.6 A joint enquiry was held in April/May 1978 to assess the damage and, meanwhile, the film company was requested to pay an amount of Rs. 2.50 lakhs provisionally to cover the cost of repairs. The company deposited Rs. 1 lakh in cash and furnished a guarantee bond for Rs. 1.50 lakh on 9th March, 1979, the validity of which was later got extended upto 27 February, 1981.

1.7 Three out of the eight coaches, which were not damaged were overhauled and sent out for passenger service after a period of 18 days to one month (i.e. in April, 1978). However, the five damaged coaches were kept awaiting repairs for a period of more than 9 months (reasons for which could not be stated by the Administration) and the repair/specification of

the damage took a further period of five to ten months; one coach was still in the workshop undergoing repairs (August, 1980). The loss of earning capacity of the three damaged passenger coaches, after excluding the period for which they were loaned to the film company for shooting and also after making allowance of a month for the POH period, works out to Rs. 7.68 lakhs.

1.8 While the initial estimate for the rectification work to be done on the coaches was Rs. 4.23 lakhs, this was later re-assessed at Rs. 1.95 lakhs as per the latest estimate of the Railway Administration in March, 1980. A claim for Rs. 5.25 lakhs towards repairs (Rs. 1.95 lakhs), revised additional shooting charges (Rs. 2.30 lakhs) and loss of earning from these coaches (Rs. 1 lakh for the extra time taken for POH of the damaged coaches) was preferred against the film company on 28th, March 1980. Against this, the Railway Administration held Rs. 1 lakh deposited by the company and the guarantee bond for Rs. 1.5 lakhs valid upto 27-2-1981.

1.9 The film company, on 31 March, 1980, repudiated the Railway's claim stating *inter alia* that :

- (i) The claim towards cost of damage to coaches had been preferred without necessary data to enable a cross check and ensure that the bills being raised against the company related only to the damage sustained to the coaches during the shooting of the film.
- (ii) The consequential loss of earning capacity due to damage to rolling stock was not to be borne by the company as this aspect had not been made known to the company earlier.

1.10 As the company sought arbitration for settlement of the Railway's claims, the Railway Administration referred the matter to a sole arbitrator in May, 1980. The arbitrator (Chief Workshop Engineer, Western Railway) has since (November, 1980) made an award for a total sum of Rs. 1.14 lakhs only against the Railway's claim of Rs. 5.25 lakhs.

1.11 The following comments arise in the case :

- (i) The facilities asked for by the film company for shooting a film, *inter alia*, involved sequences of fire in a train. This was not covered by the extent policy and rules on coaching tariff, but without settling the detailed terms and conditions, especially against damage to coaches by fire etc., and without ensuring adequate safeguards 8 coaches were made available to the company.
- (ii) While the company had asked for coaches either from the Rajdhani rake or set aside for condemnation subject to suitable modification, the Railway Administration, without considering the later alternative detached 8 coaches of superfast trains and made them available to the company. The question of loss of earnings owing to immobilisation of the coaches was also not settled in advance with the company.

- (iii) The damage to the coaches was not surveyed, nor any assessment of the repairs required made, immediately after the fire incident and intimated to the film company. Instead, the coaches were sent (March, 1978) to the workshop for repairs/periodical overhaul and the claim for damage was preferred on the company over 2 years later in March, 1980.
- (iv) There was also undue delay in rectification of the damage and periodical overhaul of the coaches and making them fit for regular passenger service; one of the coaches of superfast trains was still in the workshop (August, 1980).

1.12 As already stated, the loss of earning due to immobilisation of the three passenger coaches alone (excluding the period of loan to the company and normal POH period) works out to Rs. 7.68 lakhs. Against this, as also the shooting charges and the cost of repairs, the Railway may be able to realise only Rs. 1.14 lakhs.

[Para 6 of the Advance Report of C&AG of India for the year 1979-80, Union Government (Railways)]

1.13 On 22 November, 1977, a film Company (M/s. B. R. Films, Juhu Tara Road, Santacruz, Bombay) approached the Ministry of Railways (Railway Board) for facilities to shoot a film "The Burning Train" involving scenes and sequences of fire on a super fast train. The proposal also envisaged providing the company with 8 coaches from the Rajdhani rake or coaches set aside for condemnation to be painted and refitted to look like the Rajdhani coaches.

1.14 The letter dated 22 November, 1977 from Shri B. R. Chopra, M/s. B. R. Films, Juhu Tara Road, Santacruz, Bombay addressed to the Principal Secretary to the Government of India, Ministry of Railways, New Delhi contained, *inter-alia* the following :

"Apart from the routine permission for the shooting at various stations such as Delhi, Lucknow, Bombay Central, Darjeeling etc. on the various Zonal Railways, we would be requiring Railway's, assistance in the matter of providing us with 8 to 9 coaches either from the Rajdhani rake itself or similar to Rajdhani coaches on payment of such charges as may be decided upon duly keeping in view the circumstances mentioned above. The technique adopted by us for shooting the sequences relating to the fire comprises of pipe fire using LPG which is completely controlled by means of stop cocks and as such completely hazard free. For this purpose we have acquired the services of World famous Special effects team led by Mr. Paul Wurtzel who did the special effects "TOWERING INFERNAL" "POSIDON ADVENTURE" "EARTHQUAKE" "SILVER STREAK" and other big pictures. Under this case there should therefore be no question of any damage to the stock, etc. to the coaching stock required by us. As the spare Rajdhani stock may not be adequate for our requirements, we could make use of other stock which may be temporarily converted to look like the Rajdhani stock. We would have no objection in even making use of stock set aside for condemnation if these can be duly modified by the Railways to match the Rajdhani stock and made fit to run at restricted speed of

25 to 39 kmph. As we are based at Bombay, it would facilitate if this job could be entrusted to Western Railway Workshops at Lower Parel or the Central Railway Works at Matunga to the extent of short fall of spare Rajdhani Stock."

1.15 The Committee desired to know whether the Ministry of Railways (Railway Board) have laid down the policy/procedures to be followed in dealing with request for facilities to shoot films involving scenes of Railway stations, Railway operations, running of trains, Railway accidents, fire etc. In reply, the Ministry of Railways (Railway Board) have stated in a note :

"The Ministry of Railways (Railway Board) has laid down the policy and the broad guidelines to be followed in dealing with requests for facilities to shoot films on trains and in railway premises. Based on these general directives the Western Railway administration issued general guidelines to its Divisional Railway Offices as per their circular No. G/232/3 dated 24th September, 1977."

1.16 According to audit para the Western Railway Administration allocated (December 1977) 8 coaches running in superfast express trains, after getting them painted to the Rajdhani Colour Scheme and handed them over (January 1978) to the film company for use in connection with the film shooting.

1.17 When asked whether the policy/procedures laid down in this connection were followed in this case, the Ministry of Railways (Railway Board) have stated in a note :

"Yes, the Railway Board has examined the case and has found that Western Railway correctly followed the policy and procedures laid down by them locally and by the Railway Board. The decision to permit M/s. B. R. Films to shoot part of the film in Railway premises was taken at the Railway Board's level by the Chairman, Railway Board. Thereafter the sanction for granting permission for shooting of the film on Western Railway was given by the Chief Public Relations Officer, Western Railway and the decision for nominating the coaches for filming was taken at the Bombay Division's level by the Senior Divisional Mechanical Engineer (carriage and wagon)."

1.18 When asked whether the Film Company's proposal to use condemned coaches after suitably repainting them etc. was considered, the Ministry of Railways (Railway Board) have stated in a note :

"Yes, the proposal of M/s. B. R. Films for use of 8 or 9 coaches either from the Express rake or by suitably repainting and modifying the stock set aside for condemnation was considered both by the Railway Board and the Western Railway. As per the requirements of the Film Company the coaches, a Dining car and a Generator car were required to be made fit to run on open line sections of Western and Central Railways. They also required coaches of a uniform pattern conforming to the Rajdhani Express rake. Since adequate number of spare

coaches of Rajdhani Express were not available and considering that to make the condemned coaches available fit to run on the open main lines safely would have required extensive input in terms of effort, time, workshop capacity and labour it was decided to nominate the coaches and a dining car available in Bombay awaiting workshop repairs and thus not available for train services."

1.19 On being enquired as to why a generator car was required by the company and whether the decision to allot spare coaches and coaches awaiting repairs to the film company was taken in the interest of the Railways, the Ministry of Railways (Railway Board) have stated :

"The party had personally requested for the Generator Car for lighting the interior of the rake. This decision to allot spare coaches and coaches awaiting repairs was taken in the interest of the Railways and this was verbally advised to the party which they accepted."

1.20 It is learnt from Audit that eight coaches were taken off from passenger service on 24-12-77 and, after painting them to the Rajdhani colour scheme as desired by the company were made available for its use at Bombay Central (BCT), Dadar junction (DRJ), Diva, Panvel, Bandra Marshalling Yard and Baroda. When asked whether the entire period from this date attracted shooting charges etc. as per tariff rules, the Ministry of Railway (Railway Board) have stated in a note :

"The coaches given by the Western Railway to the Film Company for shooting were not taken off from the Passenger service, since they were either already due for periodical overhauling or were lying spare awaiting acceptance by the workshops. In the revised shooting charges advised to the party, and presented to the Arbitrator, the entire period for which the coaches were made available to the party for shooting has been considered for calculating the charges as per tariff rates."

1.21 It is observed from the details of the movement of these eight coaches furnished by the operating Department (for preferring bills for shooting charges) (details obtained from audit) that these coaches were intercepted for painting to the Rajdhani colour scheme, etc., from the rakes of superfast express trains in regular service. When asked to clarify the basis on which it has been stated above that these coaches, given to the film company were not taken off from the passenger service, the Ministry of Railways (Railway Board) have stated in written reply :

"For their shooting scheme the party required 8 coaches to be painted according to the Rajdhani colour scheme by mid-January 1978. As the Railway did not have adequate spares of Rajdhani coaches, these could not be given to the party. It was, therefore, decided to utilise the following coaches :

- (i) Two dining cars 2804(A) and 2806(A) lying idle at Bombay Central.
- (ii) 4 ICF type coaches with wide windows awaiting periodical over-haul.
- (iii) 2 ICF type power cars due for periodical over-haul.

The coaches mentioned above were either spare or they were awaiting periodical over-haul, which does not necessarily mean that there was delay in their being handed over for traffic since these coaches were either idle or had to await their turn for acceptance by the workshops for periodical over-haul. In view of the above, it is again clarified that the coaches mentioned therein given for shooting were not taken from rakes of Super Fast Express Trains which were already running in regular service, since they were either already due for POH or surplus."

1.22 The Committee desired to know as to how the coaches were moved from Bombay Central Station to Dadar junction, Diva, Bandra Marshalling Yard and Baroda and whether any haulage charges were recovered for these movements. In reply, the Ministry of Railways (Railway Board) have stated in a note :

"The nominated rolling stock required for shooting of the film was formed into a special train and hauled by a locomotive from Bombay Central Station to Dadar Junction, Diva, Bandra Marshalling Yard and Baroda.

The Film Company was billed for the haulage charges for movement of the coaches and locomotive, their detention charges, shunting charges, shooting charges etc. The amount billed on this account and the recoveries made are as follows :

On Western Railway :	Amount in Rupees
Special train charges on Bombay Division . . . . .	1,84,865 ·00
Special train charges on Baroda Division . . . . .	99,980 ·00
Hire charges for Generator Car . . . . .	13,163 ·00
<b>On Central Railway</b>	
Total charges billed by Central Railway . . . . .	<u>1,14,383 ·00</u>
Total Amount Due . . . . .	<u>4,12,391 ·00</u>
Amount recovered from B.R. Films . . . . .	1,82,307 ·00
Balance due from B.R. Films . . . . .	2,30,084 ·00

The balance amount of Rs. 2,30,084 ·00 due from the Film Company was claimed by the Railways but M/s. B. R. Films invoked the arbitration clause for this amount also."

1.23 The Committee desired to know why shooting charges covering all haulage charges as per the tariff rules could not be correctly assessed (i.e. Rs. 4,12,391 ·00) for recovery from the firm in the first instance. In reply the Ministry of Railways (Railway Board) have stated in a note :

"Most of the shooting and haulage charges as per the tariff were recovered from the party. The full amount as per directives could not be assessed and recovered in advance as the party was unable to correctly gauge the sequences for shooting in different locations. Meanwhile the unexpected fire to the coaches took place. As usual, whenever cases are presented before arbitrators or courts, both parties have tendency to present increased claims. For instance, the claim of Rs. 1,72,000.00 towards shooting and haulage charges on Western Railway was placed before the Arbit-

rator. This includes Rs. 1,48,000.00 as detention charges for coaches. These charges it is felt were incorrectly assessed as these coaches were withdrawn from idle stock or from overdue POH stock, and could not have been used by the Railway for any other revenue earning movement. The party too had asked for condemned coaches only as their idea was not to work this rake as a special passenger train. This, however, did not suit the Railways, as moving a train with condemned coaches would be a safety hazard on the double line sections on Baroda and Bombay Divisions. These charges total to a sum of Rs. 1,48,000.00.

From the arbitration award, it is noticed that these charges were disallowed and the Arbitrator allowed a sum of Rs. 23,000.00 which comprises the balance amount of haulage and other items."

1.24 In reply to a query whether the Railways follow the same procedure in respect of coaches hired to other private parties, the Ministry stated :

"The Railways do not follow the procedure for recovering piece-meal charges from other parties, as these parties have a firm programme by way of school excursions trips, pilgrimage parties, exhibition trains, and hence it is possible to recover correct charges from them."

1.25 During the shooting of various sequences of the film between 6 March 1978 and 15 March 1978, five (3 passenger coaches and 2 dining cars) of the eight coaches got damaged but the damage was not surveyed immediately thereafter for assessment of repairs.

1.26 Audit para points out that the detailed terms and conditions for use of the coaches were not settled in advance by the Administration. The Committee desired to know as to why the terms and conditions for shooting the film were not settled with the film company in advance prior to handing over rolling stock to it for the purpose of shooting especially when it involved fire hazards. In a note, furnished to the Committee in this regard the Ministry of Railways (Railway Board) have stated :

"An Agreement (Appendix I) incorporating the terms and conditions for shooting the film was executed on stamped paper of requisite value by the Film Company with the Western Railways prior to receiving the Rolling stock and commencing the shooting of the film.

In terms of Para 3 of the Agreement the Film Company was required to indemnify the Railways against and reimburse to the Railways all claims, demands, suits, losses, damages, costs, charges and expenses whatsoever which the Administration may suffer, sustain or become liable to pay in consequence of any injury to any person or property whatsoever resulting directly or indirectly from the shooting of the film. In view of this clause of Agreement the interests of the Railways were adequately protected and it was not considered necessary to obtain any further assurance from the Film Company.

**Decision to execute the Agreement and permit the shooting of the film on the Baroda Division was taken at the level of the Chief Public Relations Officer of Western Railway."**

1.27 The agreement referred to above is just a stamped indemnity Bond signed on 2 March 1978 covering the period of shooting certain sequences from 6 to 15 March 1978, while the movement of the special train for the shooting, sequences of the film via. Bombay Central, Dadar junction, Diva and Bandra was even prior to March 1978. In reply to a query the Ministry of Railways (Railway Board) have stated that the indemnity Bond was considered comprehensive and adequate to protect the Railway's interest even in the event of fire.

1.28 The Film company had assured while making the proposal vide para 5 of its letter dated 22 November 1977 from Shri B. R. Chaopra, M/s. B. R. Films, Juhu Tara Road, Santacruz, Bombay, addressed to the Principal Secretary to the Government of India, Ministry of Railways, New Delhi that the expertise acquired by it for shooting of scenes involving fire, would not result in damage to the coaches used. When asked whether this assurance was got verified for its likely effectiveness, the Ministry of Railways (Railway Board) have stated in a note that since the issue of compensating the Railways for any damages to the Railways Rolling stock had been adequately covered in para 3 of the Agreement no such action was contemplated.

1.29 When asked whether any Railway staff was posted for vigilance or other duty with the coaches after they were made available to the company, the Ministry of Railways (Railway Board) have stated in a note :

"Yes, the shooting was done under the supervision of the Railway staff accompanying the train, Station Master of the Station, Traffic inspector of the beat, as also of the specially deputed staff i.e. Divisional Commercial Inspector of Baroda Division. The usual complement of Railway Protection Force Staff for protection etc. were also deployed."

1.30 It is seen from audit paragraph that three out of the eight coaches which were not damaged, were overhauled and sent out for passenger service after a period of 18 days to one month (i.e. in April 1978). However, the five damaged coaches were kept awaiting repairs for a period of more than 9 months (reasons for which could not be stated by the Administration) and the repair/rectification of the damage took a further period of five to ten months; one coach was still in the workshop undergoing repairs (August 1980). The loss of earning capacity of the three damaged passenger coaches, after making allowance of a month for the POH period, works out to Rs. 7.83 lakhs.

1.31 When asked why the damage to the coaches were not surveyed immediately after the fire accident and why the notice of claim was not served on the film company immediately the Ministry of Railways (Railway Board) have stated in a note :

"The damaged coaches were received in the Parel Workshops of Western Railway on 20th March, 1978. A survey of the damages was immediately made by officials of the Parel Workshop and a rough assessment sent to the Western Railway Headquarters.

Considering the complex nature of the case the Headquarter office ordered the Baroda Division where the film was shot to conduct an inquiry into the cause of fire and damages to the Rolling stock. The enquiry was conducted on 22nd May 1978 and it established that the damages to the coaches were caused by fire lit up for shooting some sequences for the film.

To assess the extent of damages to the coaches and to work out the costs of repairs a Workshop Technical Committee comprising of the three senior officers of the Parel Workshops—Senior Electrical Engineer, Works Manager and Senior Accounts Officer was appointed on 3rd July 1978. A representative of the Film Company was also associated with the Committee to survey the damages. The Committee suggested that to avoid any delay repairs to the coaches be undertaken by asking the Film Company to deposit a sum of Rs. 2.5 lacs as an ad hoc deposit pending finalization of the actual cost of repair work carried out by the Workshops. The Film Company was accordingly asked to make the deposit on 9.1.79. The amount was deposited by the Film Company on 9th March, 1979."

1.32 When asked about the reasons for the abnormal time taken for repair of the damaged coaches (5 to over 10 months), the Ministry of Railways (Railway Board) have stated in a note :

"Repairs to the damaged coaches could only be started after survey and estimation of the damages had been assessed to the satisfaction of the administration. Once the assessment was completed and a lumpsum deposit for repairs made by Film Company on 9.3.79 repairs to the damaged coaches were undertaken. The repairs took time varying from 15 days to 45 days which is not considered abnormal. Coaches, however, had to take their normal sequential order (along with other coaches already in the workshops) for the purpose of receiving special repairs as was necessary on these coaches."

1.33 A joint enquiry was held in April/May 1978 to assess the damage and, meanwhile, the film company was requested to pay an amount of Rs. 2.50 lakhs provisionally to cover the cost of repairs. The company deposited Rs. 1 lakh in cash and furnished a guarantee bond for Rs. 1.50 lakhs on 9 March, 1979, the validity of which was later got extended upto 27 February 1981.

1.34 When asked to explain the reasons for the delay of nearly one year in getting a deposit of repair charges of Rs. one lakh only from the film company, the Ministry of Railways (Railway Board) have stated :

"The coaches were received in Parel Workshop on 20-3-78 and a preliminary report sent to the Western Railway Headquarters on 15.4.78 asking for guidance on account of the unusual nature of the case, specially since a non-railway party was involved. Subsequent to the enquiry into the fire by Baroda Division on 22.5.78, a workshop technical committee (consisting SEE/Parel, Works Manager/Parel, and SAO/Parel, was nominated on 4.7.78 to assess the damages. A representative

of the film company which used the coaches was also associated in this survey, though not with the financial aspects of the case. The survey was carried out on 18.7.78 and an estimate for the work was prepared and the firm (M/s. B. R. Films) asked on 9-1-79 to deposit an amount of Rs. 2.5 lakhs to prevent further delay in starting repair work. This deposit was made in the form of a cash deposit of Rs. 1 lakh and a bank guarantee of Rs. 1.5 lakhs on 9.3.79.

The above order indicates that the delay was on account of the procedures, formalities and in communicating at various stages on account of the unusual and complicated nature of the case."

1.35 When enquired whether the cost of staff deputed was recovered and why the adequate deposit was not taken in advance, the Ministry of Railways (Railway Board) have stated :

"The cost of staff deputed was recovered except for Rs. 3353/- which was referred to the Arbitrator, who has awarded the same in favour of the railways. Requisite amounts of deposit were taken in advance before coaches were handed over for shooting sequences at Baroda from 6.3.78. A sum of Rs. 50,000/- was collected as lumpsum deposit, which was considered adequate. It was only after the unexpected damage to the coaches by fire that the party was asked to deposit Rs. 2.5 lakhs. The film Company deposited Rs. 1 lakh on 9.3.79 in cash and furnished a Bank Guarantee for the balance Rs. 1.5 lakhs."

1.36 On being asked as to why the deposit was not adjusted against the shooting and repair charges due from the company, the Ministry of Railways (Railway Board) have stated :

"The deposit was adjusted vis-a-vis the shooting charges except Rs. 3,510/- which was referred to the Arbitrator and he allowed the same in favour of the Railway. The repair charges as a result of the fire were under dispute and therefore these could not be adjusted against the cash deposit of Rs. 1,00,000/- and Bank guarantee of Rs. 1.5 lakhs."

1.37 Audit para points out that while the initial estimate for the rectification work to be done on the coaches was Rs. 4.23 lakhs, this was later re-assessed at Rs. 1.95 lakhs as per the latest estimate of the Railway Administration in March 1980. The Committee desired to know the circumstances in which the charges or repairs were revised downwards in March 1980 and not earlier. In a note furnished to the Committee the Ministry of Railways (Railway Board) have explained the position thus :

"It is not correct that the charges for repairs were revised downwards in March 1980. The fact is that the Parel Workshop Officers Technical Committee comprising of the Senior Electrical Engineer, Works Manager and the Senior Accounts Officer had suggested that the Film Company be asked to make a lumpsum deposit of Rs. 2.5 lakhs to the Railways

pending calculation of the actual charges for repairs. The lumpsum amount asked for from the Film Company was naturally in excess of the anticipated costs of repairs. The same Technical Committee has estimated the repairs to cost Rs. 1,70,489/- while the actual expenditure incurred on the repair to the damaged coaches was Rs. 1.95 lakhs.

It would thus be seen that there was no downward revision of charges for repairs but it was only the difference in the amount of ad hoc lumpsum payment accepted from the Film Company for repairs to the coaches and the actual expenditure incurred by the Railways subsequently to repair the coaches."

1.38 According to audit para a claim for Rs. 5.25 lakhs towards repairs (Rs. 1.95 lakhs), revised additional shooting charges (Rs. 2.30 lakhs) and loss of earning from these coaches (Rs. 1 lakhs for the extra time taken for POH of the damaged coaches) was preferred against the film company on 28 March 1980. When enquired as to how the additional shooting charges recoverable from the film company were worked out at Rs. 2.30 lakhs in March 1980, the Ministry of Railways have stated :

"The shooting/haulage charges billed and recovered by the Western Railway from M/s B. R. Films were, earlier to February 1980, not based on details duly vetted by the Traffic Accounts Office, Ajmer. On receipt of the duly vetted charges due from the Film Company, the Western Railway billed BR Films for the revised additional amount of Rs. 1,68,701.00 for the Western Railway portion. Similar revised charges by Central Railway amounted to Rs. 61,383.00. A total of Rs. 2.30 lakhs was, therefore, claimed from the Film Company.

The revised charges were levied for the entire period from 24.12.77 when the nominated coaches were sent to Parel Shops for repainting, modifications etc. and included the haulage charges to various locations."

1.39 The Committee desired to know why the shooting/haulage charges duly vetted by Accounts Branch were not billed earlier even on provisional basis. The Ministry of Railways (Railway Board) have stated in reply :

"The last lumpsum deposit of Rs. 50,000/- for shooting and haulage on Baroda Division was recovered in advance on 4.5.78. The exact amount could not be recovered in advance since the requirements generally vary when the shooting is actually undertaken, compared to those advised in the requisition from the Film Company. However, advance deposit was at the initial stage considered to be adequate to cover the shooting charges and were recovered from the party."

1.40 When asked to explain the abnormal delay of over two years in preferring the revised shooting charges, the Ministry of Railways (Railway Board) have replied :

"Most of the shooting charges were recovered in advance as and when the event occurred. However, the residual amount of

Rs. 3510/- only arising as a result of Accounts vetting was recovered from the party through Arbitration."

1.41 The film company on 31 March, 1980 repudiated the Railway's claim. As the company sought arbitration for settlement of the Railway's claims, the Railway Administration referred the matter to a sole arbitrator in May, 1980. The arbitrator (Chief Workshop Engineer, Western Railway) has since (November 1980) made an award for a total sum of Rs. 1.14 lakhs only against the Railway's claim of Rs. 5.25 lakhs. When enquired whether the Railway Administration had examined why the Arbitrator did not accept even the claims preferred by the Railway and whether the administration has accepted the award for Rs. 1.14 lakhs and closed the case, the Ministry of Railways (Railway Board) have stated in a note :

"The arbitration resulted from the fact that the Film Company did not accept the claims preferred by the Railway Administration. By accepting the arbitration, the Railway Administration became a party to it. As all Arbitration awards are treated as Quasi Judicial, the manner of arriving at the award cannot be probed by the Administration. As the procedure was correctly followed the Railway Administration has accepted the Sole Arbitrator's Award of 29.11.1980. The Western Railway Administration has not found any lapse on the part of anyone and therefore no action is proposed against any staff."

1.42 Since the Indemnity Bond did not provide for any arbitration the Committee desired to know as to how the film company could invoke the arbitration clause and how it was accepted by the Railways. In reply, the Ministry of Railways (Railway Board) have stated in a note :

"It is true that there is no provision in the Indemnity Bond for arbitration. At one stage, the Procedures of the film did request for arbitration in view of the disputes arising about the amount to be billed by the Railway. Had a regular agreement been executed, it would have normally provided for a clause of arbitration. Since arbitration has been accepted as a mode of settling disputes between the parties to a contract and is being invoked in various contracts entered into by the railway, it was considered quite normal to provide for such a clause so that arbitration could be readily resorted to for settling the disputes. As the company did not agree to the assessment of the cost of damages worked out by the Railway they invoked the Arbitration clause."

1.43 Since as per the Indemnity Bond, the Licencee undertook to reimburse the Administration of all costs damages etc. from shooting of the film, the Committee enquired as to why the claims of the Railway as finally assessed were not enforced legally against the film company. The Ministry of Railways (Railway Board) have stated in reply :

"If the Railway were to legally enforce a suit in a Civil Court against the Film Company, the burden to prove the quantum of damages would be on the railway, and, therefore, railway would have to discharge this burden by examining experts. Experience has shown that Civil Suits take years to finalise,

and even then the aggrieved party goes to the next Appellate Authority. In view of the peculiar circumstances involved, which to the best knowledge of this Administration was the first one of its type in the country, it was decided as a measure of abundant caution, that it would be in the Railway's interest to associate the party with the assessment of the damages. In the circumstances, the Administration took recourse to Arbitration as a speedy means to finalise the dispute.

The Indemnity Bond format in force since 1959 is a document which is relied upon by the railway in a Suit or Arbitration proceedings against the party in respect of contingencies mentioned therein."

**1.44** On 22 November, 1977 a film company of Bombay (M/s. B.R. Films, Bombay) approached the Ministry of Railways (Railway Board) for facilities to shoot a film 'The Burning Train' involving scenes and sequences of fire on a superfast train. The proposal also envisaged providing the company with 8 coaches from the Rajdhani rake or coaches set aside for condemnation to be painted and refitted to look like the Rajdhani Coaches. On 24 November, 1977, the Ministry of Railways (Railway Board) directed the Northern, Central and Western Railways to extend necessary facilities to the film company for shooting the film on payment of normal charges under the extant policy in force since September 1973. Even though exposing of rolling stock of fire hazard etc. was involved the question of prior settlement of the terms and conditions with the Company was not specifically considered in the Ministry of Railways (Railways Board.)

**1.45** In December 1977 the Western Railway Administration allocated 8 coaches running superfast express trains, after getting them painted to Rajdhani colour scheme, and handed them over (January 1978) to the film company for use in connection with the film shooting. According to Railway Board, the proposal of M/s. B.R. Films for use of 8 or 9 coaches either from the Express rake or by suitably repainting and modifying the stock set aside for condemnation was considered both by the Railway Board and the Western Railway. Since adequate number of spare coaches of Rajdhani Express were not available and considering that to make the available condemned coaches fit to run on the open main lines safely would have required extensive input in terms of effort, time, workshop capacity and labour, it was decided to earmark two dining cars lying idle at Bombay Central, 4 ICF types coaches with wide windows awaiting periodical overhaul and 2 ICF type power cars due for periodical overhaul.

**1.46** The Committee regret to point out that detailed terms and conditions for use of the coaches particularly in view of the fire hazard, were not settled in advance by the Western Railway Administration. The reply of the Ministry of Railways that an agreement incorporating the terms and conditions for shooting the film was executed on stamped paper of requisite value by the film company with the Western Railway prior to receiving the Railway stock and commencing the shooting of the film and in terms of para 3 of the Agreement the film company was required to indemnify the Railways against and reimburse to, the Railways all claims, demands, suits, losses, damages, costs, charges and expenses whatsoever which the Administration may suffer, in consequences of any injury to any person or property whatsoever resulting directly or indirectly from the shooting of the film is not acceptable as is borne

out by the fact that ultimately the Railways could not recover these legitimate claims from the film company. The Committee, therefore, recommend that in future while entering into an agreement of this nature, the Railways should settle all terms and conditions in detail so that there may not be any scope for ambiguity subsequently.

1.47 The Committee are further informed that a sum of Rs. 50,000/- was collected as lump sum deposit in advance from the film company before coaches were handed over for shooting sequences. Although the shooting charges covering all haulage charges as per tariff rules on Western Railway and Central Railway totalled Rs. 4.12 lakhs, only Rs. 1.82 lakhs were recovered from the film company. The balance amount of Rs. 2.30 lakhs due from the film company was claimed by the Railways but M/s. B. R. Films disputed this amount and invoked the arbitration clause. According to Railway Board, the full amount as per directions could not be assessed and recovered in advance as the party was unable to correctly gauge the sequences for shooting in different locations. This plea of the Railway Board does not sound convincing as the film company must have chalked out the detailed programme of shooting before acquiring the coaches. The failure of the Railway Administration to ask for detailed programme in the first instance before handing over the coaches to the film company is regrettable. Moreover, the fact that Railways accepted only Rs. 50,000/- in lumpsum initially against the total amount of Rs. 4.12 lakhs billed by them later on clearly indicates a casual attitude and lack of anticipation on the part of Railways while dealing with such cases leading to financial loss to Railways.

1.48 During the shooting of various sequences of the film between 6 March, 1978 and 15 March, 1978, five (3 passenger coaches and 2 dining cars of the eight coaches got damaged. After the shooting was over on 15-3-78, the damage to the coaches was not surveyed immediately thereafter for assessment of the repairs required. Instead, all the eight coaches, including those damaged were sent to the workshop for repairs/periodical overhaul on 20 March, 1978. Three out of the eight coaches, which were not damaged, were overhauled and sent out for passenger service after a period of 18 days to one month (i.e. in April, 1978.)

1.49 The Western Railway Headquarter office asked the Baroda Division to conduct an inquiry into the cause of fire and damages to the rolling stock. The enquiry was conducted on 22 May, 1978 (after two months of the incident) and it established that the damages to the coaches were caused by fire lit up for shooting some sequences for the film. To assess the extent of damages to the coaches and to work out the costs of repairs a workshop Technical Committee comprising of three senior officers of the Parel Workshops — Senior Electrical Engineer, Works Manager and Senior Accounts Officer was appointed on 3 July, 1978. Though a representative of the Film Company was also associated with the Committee to survey the damages he was not associated with the financial aspects of the case. The Film company was asked on 9-1-79, on suggestion of this technical committee, to deposit a sum of Rs. 2.5 lakhs as an ad hoc deposit pending finalisation of the actual cost of repair work carried out by the workshops. The company deposited Rs. one lakh in cash and furnished a guarantee bond for Rs. 1.50 lakh on 9 March, 1979, the validity of which was later got extended upto 27-2-81. The repairs were undertaken only after the survey and estimation of the damages had been assessed and a lump-sum deposit for repairs made by the Film Company. Out of the 5 damaged

coaches 4 were periodically overhauled on 10-3-79, 28-5-79, 11-5-79 and 30-11-79. It is, however, clear that considerable time taken by Railway Administration to survey and estimate the damages etc. delayed the repairs to the coaches resulting in loss of earnings from these coaches. The Committee deplore this delay on the part of Railway Administration.

1.50 While the initial estimate for the rectification work to be done on the coaches was Rs. 4.23 lakhs, this was later re-assessed at Rs. 1.95 lakhs as per the latest estimate of the Railway Administration in March 1980. A claim for Rs. 5.25 lakhs comprising of cost for repairs (Rs. 1.95 lakhs, revised additional shooting charges (Rs. 2.30 lakhs and loss of earnings from these coaches (Rs. 1 lakh for the extra time taken for periodically overhauling of the damaged coaches was preferred against the film company on 28-3-1980. The Committee are surprised to find that only Rs. one lakh was claimed for the loss of earning capacity of the three damaged passenger coaches although it worked out to Rs. 7.83 lakhs after making allowance of a month for the periodical overhauling period. Claim for repairs to coaches and additional shooting charges was also delayed and preferred on the company only in March 1980 i.e. two years after the completion of shooting in March 1978. Against this claim of Rs. 5.25 lakhs, the Railway Administration had with them only Rs. 1 lakh deposited by the company and the guarantee bond for Rs. 1.5 lakhs valid upto 27-2-81.

1.51 The film company on 31 March, 1980 repudiated the Railway's claim of Rs. 5.25 lakhs and sought arbitration for settlement of this claim. The Railway Administration referred the matter to a sole arbitrator in May 1980. The arbitrator (Chief Workshop Engineer, Western Railway has since made an award for a total sum of Rs. 1.14 lakhs only against the Railway's claim of Rs. 5.25 lakhs.

1.52 The Committee regret to note that although the agreement incorporating the terms and conditions for shooting the film were executed by Western Railway with the film company on a stamped paper, and the party undertook to reimburse the Administration of all costs, damages etc. from shooting of the film, the claims of the Railways were not enforced legally against the film company. What has surprised the Committee more is the fact that the Railway Administration, by ignoring the above course of action, readily agreed as an alternative to the firm's proposal for arbitration by an officer of the Western Railway Administration as suggested by the firm. This sole arbitrator made an award of Rs. 1.14 lakhs only against the Railway's claim of Rs. 5.25 lakhs which included Rs. 2.30 lakhs as revised shooting and haulage charges due from the film company which was duly vetted by the traffic accounts office, Ajmer and Rs. 1.95 lakhs as repair charges. The Railway Administration stated that all arbitration awards are treated as quasi judicial and the manner of arriving at the award can not be probed by them. In the absence of any reasons for the disallowance of Railway's claims by arbitrator the Committee are unable to probe further whether the Railway had adequately presented their case before the sole arbitrator and if so how the award of Rs. 1.14 lakhs fell even short of shooting/haulage and repair charges. The Committee would therefore, suggest to the Ministry of Railways (Railway Board) to take necessary steps by amending the procedure to make it obligatory for the arbitrator to record in details the specific reasons for admission or non admission of Railway's claims item-wise so that lapses of Railway Officer's at various levels could be pinpointed. This procedure

should also be made applicable to all cases where arbitration proceedings have started but the arbitrators have yet to give their verdict.

1.53 From the preceding paragraphs the Committee are led to the conclusion that the entire case is a sad reflection on the style of working of the Western Railway. In the first instance, it is not clear why coaches in working conditions were given for shooting purposes when it was known that the shooting involved serious fire hazards. At a time when there is a chronic shortage of coaches with the Railways with the result that Railways are unable to meet the demand of the travelling public, the immobilisation of these coaches have not only resulted in loss to the earnings of the Railways, but have also deprived the travelling public of the facility for train journeys for a considerable period. Further these coaches were made available to the film company without settling all the terms and conditions, especially against damage to coaches by fire. After the coaches were damaged at Baroda between 6 and 15 March, 1978, the damage to the coaches was not surveyed nor any assessment of the repairs required made immediately after the fire incident and intimated to the film company. Instead, the coaches were sent (March 1978 to the workshop for repair periodical overhaul and the claim for damage was preferred on the company after a lapse of 2 years in March, 1980. Adequate security deposit for shooting/haulage charges and for likely repairs as the shooting *inter-alia* involved sequences of fire in a train were not obtained from the film company in advance before handing over the coaches to them. The question of loss of earnings owing to immobilisation of the coaches was also not settled in advance with the company. As a result of these factors, the Railways were able to realise only Rs. 1.14 lakhs against Rs. 12.08 lakhs comprising of 2.30 lakhs (revised remaining shooting/haulage charges, Rs. 1.95 lakhs (repair charges) and Rs. 7.83 lakhs (the loss of earnings due to immobilisation of the three passenger coaches above). The Committee recommend that a thorough enquiry into the whole case may be made with a view to fixing the responsibility for the failures/lapses at various stages. They would also like the Railway Board to issue suitable and comprehensive instructions to all Zonal Railways to obviate recurrence of such lapses in future.

## CHAPTER II

### EASTERN RAILWAY—DAMAGES TO AND DEFICIENCIES IN WAGONS DELIVERED TO A STEEL PLANT

#### *Audit Paragraph*

2.1 With a view to detecting damages and deficiencies caused to/in wagons while in the custody of steel plant authorities, the Ministry of Railways (Railway Board), in January, 1964, prescribed a joint check of all wagons in the exchange yard by the staff of both the Railways and the steel plant concerned. Based on this check, the cost of the damages and deficiencies is to be recovered from the steel plant authorities.

2.2 In the case of Durgapur Steel Plant (DSP), however, according to the procedure settled at the Administration level in July 1981, and in force since February, 1962, only six (which also were low valued) items out of the usual 22 items of wagon fittings were being subjected to a joint check at random in three phases of five days each every six months. The unit cost of damages and deficiencies per wagon so arrived at was applied to all the wagons interchanged during the period of the previous 6 months in order to work out the amount to be recovered from the DSP.

2.3 In response to a request (May 1967) from DSP for continuance of the random check system in relaxation of the prescribed procedure, the Ministry of Railways (Railway Board) informed the steel plant authorities (July 1968) that the correct method of assessing the damages to and deficiencies in wagons was the continuous joint check system prescribed in 1964. This was reiterated by the Railway Board in 1970. The matter was also discussed between the Administration and DSP authorities in May 1976 but the latter expressed inability to implement the continuous joint check system because of saturation of the steel plant exchange yard and the DSP yard, absence of line capacity and extra expenditure on deployment of additional staff required for such check. As a result, the status quo was maintained.

2.4 Later, during a random check exercised jointly from 1st March to 5th March 1976, while the Railway representatives extended the scope of the check from 6 items to all the 22 items, the DSP representatives did not agree to check additional items beyond the 6 items checked hitherto. The unit cost of damages and deficiencies per wagon on the basis of the check of 22 items, was assessed at Rs. 7.82 as against 49 paise assessed in the previous year based on 6 items of wagon fittings. The former rate was, however, not accepted by the plant authorities on the ground that the number of items checked had been unilaterally raised by the Railway from 6 to 22. Consequently, claims, based on 6 items of wagon fittings only, were raised by the Railway (January 1977) on DSP at 72 paise per wagon for the period 1st January 1976 to 30th June 1976 and at 56 paise per wagon for the period 1st July 1976 to 31st December, 1976.

2.5 Computed with reference to the unit cost of damages and deficiencies based on random check of all the 22 items during the period from January 1975 to December 1977, short recovery from the DSP would work out to Rs. 29.66 lakhs per annum on an average.

2.6 In this connection, it may be mentioned that the system of continuous joint check is in vogue in the steel plants at Bhilai and Rourkela, and the cost of all damages and deficiencies detected during such joint check is recovered from the steel plants concerned.

2.7 The Ministry of Railways (Railway Board) stated (June 1980) that the question of compensation for the damages and deficiencies detected had been in correspondence with the steel plant authorities who had repeatedly expressed their inability to introduce continuous joint check due to non-availability of the capacity and saturation of exchange yard at DSP, and even to carrying out random check in respect of all the 22 items instead of 6 items of wagon fittings.

2.8 In October 1980, the Administration stated as under :

- (i) The Ministry of Railways (Railway Board) had since decided (June 1980) that billing should be done for damages and deficiencies noticed during random joint check in respect of all the 22 items.
- (ii) The Ministry of Steel and Mines had been requested to issue suitable instructions to DSP on the same lines, but its reply was still awaited; meanwhile, the existing procedure was continuing.

2.9 Short recovery of damages and deficiencies to in wagons, last assessed in 1978 at Rs. 29.66 lakhs per annum, is consequently continuing (November 1980).

2.10 The Ministry of Railways (Railway Board) added (December 1980) that the matter would be pursued with the Ministry of Steel and Mines at the Secretary level.

[Para 5 of Advance Report of C&AG for the year 1979-80, Union Government (Railways)]

2.11 The Committee desired to know the basis and the authority under which the local Railway Administration decided in 1961 to restrict the random joint check to 6 low valued items only out of the usual 22 items of wagon fittings and whether the arrangement was reviewed immediately after issue of January 1964 instructions. In reply, the Ministry of Railways (Railway Board) have stated as follows :

“Prior to 1964 no system was laid down for examination of wagons interchanged with Steel Plants to assess the damages and deficiencies and bill the steel plants. In April 1961 it was represented by Hindustan Steel Ltd. that Railways were sending ‘sick’ wagons to Steel Plant at Bhilai. Eastern and South Eastern Railways were asked to discuss the matter with M/s. HSL, Bhilai as well as other steel plants. A meeting was held in July 1961 in which the procedure for joint examination at random was agreed upon. The Railway Board decided that this is a matter for individual Railway to determine taking into account the local conditions and in consultation with the associate finance of the concerned railway. This Eastern Railway was fully authorised to take a decision on the scope and extent of random joint checks.

During the course of 15 random checks conducted in 6 months on and from 1-2-1962 it was observed that damages and deficiencies were occurring on 6 items mostly and therefore inclusion of other items of wagons/fittings in the checks was not considered necessary.

Immediately after the decision to introduce joint continuous checks was taken in January 1964, Eastern Railway had approached Durgapur Steel Plant for introducing the joint continuous check system, but the Steel Plant did not agree to the same saying that all incoming and outgoing loads are dealt with in the only Exchange Yard at Durgapur and there was no separate Marshalling Yard inside the Steel Plant. If all wagons are to be continuously joint checked, this would have affected the movement of incoming and outstanding loads which would in turn affect the operation of the Plant itself. The major difficulty in introducing the joint continuous check was that, there was limitation in DSP for want of Marshalling yard. Besides the introduction of joint continuous check system at Durgapur would have also increased the wagon detention.”

2.12 The Committee enquired whether the January, 1964 instructions were enforced in other steel plants. The Ministry of Railways (Railway Board) have stated in a note :

“As other Steel Plants viz. Bhilai, and TISCO had also expressed reservations in regard to the joint continuous check system, a meeting was held with the representatives of Steel Plants and Railways on 4-1-1967. Subsequently the Steel Plants were again told that only joint continuous check system was accurate and acceptable. Eastern Railway also held a number of discussions with the DSP authorities in this regard. The matter was also taken up with the Ministry of Steel and Heavy Engineering in December 1970 asking them to persuade the Steel Plants to agree either to the introduction of joint continuous check system for all wagons interchanged with them or to the introduction of unilateral check by railway staff only if they wanted to save expenditure on staff. It may also be pointed out that Bhilai Steel Plant introduced this system only in 1971 after a lot of persuasion. However, Durgapur Steel Plant didn't agree to the system because of the constraints mentioned above. As many as 11 reminders were sent to the Ministry of Steel & Mines which failed to elicit any reply. After the matter was brought out by Audit in April '79, the Ministry of Steel & Mines was again referred to. The Ministry of Steel and Mines also reiterated the operational difficulties at Durgapur Steel Plant which made it impossible to introduce the joint continuous check system there. After consideration of the same the Ministry of Steel and Mines was again requested through a D.O. letter address to the Secretary, Department of Steel by the Member Mechanical, Railway Board, that it is the responsibility of the Steel Plant to provide necessary operational facilities at the Plant so that introduction of joint continuous check system is made possible.”

2.13 To a query about the position in other Steel Plants, the Ministry has intimated as follows :

“The position at other Steel Plants is as under :

**1. IISCO, BURNPUR, ISSCO, HIRAPUR, MYSORE IRON & STEEL WORKS, IISCO**

Joint continuous check of all wagons interchanged is in force.

**2. BHILAI AND ROURKELA STEEL PLANTS**

Joint continuous check of all wagons interchanged is in force except in the case of following wagons :—

(i) BHILAI—With effect from February 1975 all iron ore trains having BOBS wagons from Dhalli-Rajhara are not subjected to joint continuous check. All other wagons interchanged are given joint continuous check.

(ii) ROURKELA—With effect from March 1974, all Iron ore and Lime stone trains in BOBS Wagons are not subjected to joint continuous check. All other wagons are given joint continuous checks.”

2.14 To a query from the Committee regarding the steps taken to improve the availability of line capacity and capacity of exchange yard at Durgapur steel Plant, the Ministry of Railways have stated in a note as follows.

“It is the responsibility of the Steel Plant to provide necessary operational facilities in the Plant area. This Point was made to the Ministry of Steel & Mines in Member Mechanical's d. o. letter dated 28 January, 1981 to the Secretary/Department of Steel. That Ministry's reply does not make any mention of this aspect. This is again being pointed out to them asking them to persuade DSP authorities to provide necessary facilities so that introduction of continuous joint check system is not further delayed.”

2.15 Regarding the final outcome of the correspondence of the Railway Board and the Ministry of Steel & Mines, the Committee have been informed by the Ministry of Railways as follows:

“In reply to the d.o. letter dated 28 January, 1981 to the Secretary/Department of Steel from the Member Mechanical/Railway Board, the Ministry of Steel & Mines have again intimated that it is not possible to introduce the joint continuous check system at Durgapur for operational reasons. They have also requested for a review of the joint continuous check System at other steel plants as well arguing that the results of such checks are not commensurate with the expenditure involved.”

**2.16 With a view to detecting damages and deficiencies to wagons while in the custody of Steel Plant authorities, the Railway Board had prescribed**

in January, 1964, a joint check of all wagons in the exchange yard by the staff of both the Railways and the Steel Plant concerned and based on this check the cost of the damages and deficiencies were to be recovered from the Steel Plant authorities. While the procedure is being followed in the case of Steel Plants like Indian Iron & Steel Company Ltd., Burnpur, Mysore Iron and Steel Works, TISCO, Bhilai and Rourkela Steel Plants etc., in the case of Durgapur Steel Plant, according to a procedure in force since February, 1962, only six of the 22 items of wagon fittings are being subjected to a joint check at random in three phases of five days each every six months. The unit cost of damages and deficiencies per wagon so arrived at is applied to all the wagons interchanged during the period of the previous six months in order to work out the amount to be recovered from the Durgapur Steel Plant.

2.17 The Committee note that although the Ministry of Railways had informed the Durgapur Steel Plant authorities in July 1968 that the correct method of assessing the damages and deficiencies in wagons was the continuous joint check system prescribed in 1964, the Durgapur Steel Plant authorities have not agreed to the same on the plea of saturation of Steel Plant exchange yard, absence of line capacity and extra expenditure on deployment of additional staff required for such check. The Committee also note that as a result of random check exercised by Railway authorities in respect of all the 22 items during the period from January, 1975 to December, 1977, it has been established that there was short recovery from the Steel Plant amounting to Rs. 29.66 lakhs per annum on an average.

2.18 The Committee are not convinced with the stand of the Durgapur Steel Plant authorities that due to limitation of space in Marshalling yard it is not possible to introduce the system of joint continuous check in respect of all wagons interchanged at the exchange yard. In view of the fact that it is the responsibility of Steel Plant to provide necessary operational facilities, it is for the Plant authorities to ensure the expansion of Exchange Yard and improve the capacity of Marshalling Yard and the Committee do not find any reason why the Railways should suffer annual loss of more than Rs. 29 lakhs on this account. Moreover, when the system of checking all the items is already in vogue in other Steel Plants, there is no reason why the same should not be introduced in Durgapur Steel Plant. The Committee are surprised that the Ministry of Railways have, for all these years not billed the Durgapur Steel Plant authorities on the basis of sample check conducted by them of all the 22 items. They feel that as a commercial undertaking, Railways cannot afford to forego recovery of damages to and deficiencies in wagons because of the failure of the user Department Undertakings to provide the requisite facilities. The Committee, therefore, recommend that the Ministry of Railways should conduct a check of all the items on a sample basis in Durgapur Steel Plant as is being done in other Steel Plants and bill the Durgapur Steel authorities on the basis of defects and deficiencies noticed as a result of such a check. Since Railway wagons are interchanged not only with Steel Plants but also with other major Railway users such as collieries, it is necessary that the above course of action is extended to all major Railway users who interchange Railway wagons with the Railways, with a view to ensuring observance of uniform procedure in regard to recovery of the cost of damages to and deficiencies in wagons.

2.19 This case is illustrative of typical bureaucratic approach in dealing with matters which affect both the Railways and Steel Plant. As many as eleven reminders are stated to have been sent by the Ministry of Railways

to the Ministry of Steel and Mines without eliciting any reply from the latter. The Committee feel that a machinery should be evolved to solve such disputes amicably and expeditiously. The Committee recommend that the Cabinet Secretariat should look into the matter and determine what such machinery should be.

NEW DELHI;  
*April 28, 1982*  
Vaisakha 8, 1904 (S)

SATISH AGARWAL  
*Chairman,*  
*Public Accounts Committee*

## PART II

### MINUTES OF THE SITTING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON 30 MARCH, 1982.

The Public Accounts Committee sat from 1500 to 1830 hours in Committee Room No. 50, First Floor, Parliament House, New Delhi.

#### PRESENT

1. Shri Satish Agarwal—	<i>Chairman</i>
2. Shri Mahavir Prasad	}
3. Shri Ashok Gehlot	
4. Shri Hari Krishna Shastri	
5. Shri K. P. Unnikrishnan	
6. Shri Patitpaban Pradhan	
7. Prof. Rasheeduddin Khan	

#### *Members*

#### REPRESENTATIVES OF THE OFFICE OF THE C & AG.

1. Shri R. C. Suri . . . . .	<i>Add. Dy. C. and AG.</i>
2. Shri N. Sivasubramaniam . . . . .	<i>Director of Receipt Audit II</i>
3. Shri G. N. Pathak . . . . .	<i>Director of Audit (Defence Services)</i>
4. Shri S. R. Mukherjee . . . . .	<i>Director of Audit, CW &amp; M</i>
5. Shri M. M. Mehta . . . . .	<i>Director of Audit, Central Revenues</i>
6. Shri R. S. Gupta . . . . .	<i>Joint Director (Defence Services)</i>
7. Shri N. C. Roy Choudhury . . . . .	<i>Joint Director (Receipt Audit)</i>
8. Shri G. R. Sood . . . . .	<i>Joint Director (Reports)</i>
9. Shri K. H. Chhaya . . . . .	<i>Joint Director (Railways)</i>

#### SECRETARIAT

1. Shri D. C. Pande . . . . .	<i>Chief Financial Committee Officer</i>
2. Shri K. C. Rastogi . . . . .	<i>Senior Financial Committee Officer</i>
3. Shri K. K. Sharma . . . . .	<i>Senior Financial Committee Officer</i>
4. Shri Ram Kishore . . . . .	<i>Senior Legislative Committee Officer</i>

2. The Committee took up for consideration and adopted the following Draft Reports subject to certain modifications/amendments as given in Annexures—IV,

\* \* \* \* \*

Draft Report on Para 5 (Railways)—Damages to and deficiencies in wagons delivered to a Steel Plant.

3. The Committee also agreed to incorporate certain typographical errors/verbal changes as suggested by Audit.

\* \* \* \* \*

*The Committee then adjourned.*

#### ANNEXURE IV

**Amendments/Modifications made by the Public Accounts Committee in the Draft Report on Para 5 of Advance Audit Report (Railways) for 1979-80 regarding "Eastern Railway—Damages to and deficiencies in wagons delivered to Steel Plant" at their sitting held on 30-3-1982.**

Page	Para	Line (s)	Amendments/Modifications
9	2.18	5	<i>For "of check of all the 22 items"</i> <i>substitute "of joint continuous check in respect of</i> <i>all the wagons inter-changed at the exchange</i> <i>yard".</i>
10	2.18	1 and 15	<i>Delete the figure "22"</i>
10	2.18	—	<i>Add the following at the end of the para 2.18</i> <i>"Since Railways wagons are interchanged not only</i> <i>with Steel Plants but also with other major Railway</i> <i>users such as collieries, it is necessary that the</i> <i>above course of action is extended to all major</i> <i>Railway users who interchanged Railway wagons</i> <i>with the Railways, with a view to ensuring observ-</i> <i>ance of uniform procedure in regard to recovery</i> <i>of the cost of damages to and deficiencies in</i> <i>wagons."</i>

**MINUTES OF THE 69TH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE  
HELD ON 24TH APRIL, 1982.**

The Public Accounts Committee sat from 1500 to 1800 hrs. in Committee Room No 50, First Floor, Parliament House, New Delhi.

## PRESENT

1. Shri Satish Agarwal . . . . .	Chairman
2. Shri Subhash Chandra Bose Alluri . . . . .	
3. Shri Mahavir Prasad . . . . .	
4. Shri M. V. Chandrashekara Murthy . . . . .	
5. Shri Ashok Gehlot . . . . .	Members
6. Shri Sunil Maitra . . . . .	
7. Shri Hari Krishna Shastri . . . . .	
8. Shri Indradeep Sinha . . . . .	
9. Shri N. K. P. Salve . . . . .	

REPRESENTATIVES OF THE OFFICE OF C & AG

1. Shri R. C. Suri . . . . .	<i>Addl. Dy. C&amp;AG.</i>
2. Shri N. Sivasubramaniam . . . . .	<i>Director of Receipt Audit.</i>
3. Shri M. M. Mehta . . . . .	<i>Director of Audit (Central Revenues)</i>
4. Shri R. S. Gupta . . . . .	<i>Director of Receipt Audit.</i>
5. Shri K. H. Chhaya . . . . .	<i>Joint Director ((Railways)</i>
6. Shri G. R. Sood . . . . .	<i>Joint Director</i>

## SECRETARIAT

1. Shri D. C. Pande . . . . Chief Financial Committee Officer  
 2. Shri K. C. Rastogi . . . . Senior Financial Committee Officer  
 3. Shri K. K. Sharma . . . . Senior Financial Committee Officer  
 4. Shri Ram Kishore . . . . Senior Legislative Committee Officer

3. The Committee then took up for consideration and adopted the following Reports subject to certain amendments/modifications as given in Annexure—III.

\* \* \* \* \*

### 3. Draft Report on para 6 on Railways.

*The Committee then adjourned.*

### ANNEXURE III

**Amendments/Modifications made by the Public Accounts Committee in Draft Report on para 6 of Advance Audit Report on Railways for 1979-80 at their sitting held on 24-4-1982**

Page	Para	Line(s)	Amendment/modification
22	1.45	1	<i>For "the" substitute "In December 1977, the"</i>
22	1.45	2	<i>Delete "in December 1977"</i>
23	1.45	10—11	<i>For "labour, it was decided to nominate" substitute "labour, it was decided to earmark"</i>
23	1.46	14	<i>For "to the" substitute "to, the"</i>
26	1.49	2	<i>Delete "where the film was shot"</i>
28	1.50	6	<i>For "hold" substitute "had with them only".</i>
28—29	1.52	11	<i>Delete "what has.....repair charge"</i>
29	1.52		<i>Add the following at the end of para :</i>  <i>"What has surprised the Committee more is the fact that the Railway Administration, by ignoring the above course of action, readily agreed as an alternative to the firm's proposal for arbitration by an officer of the Western Railway Administration as suggested by the firm. This sole arbitrator made an award of Rs. 1.14 lakhs only against the Railway's claim of Rs. 5.25 lakhs which included Rs. 2.30 lakhs as revised shooting and haulage charges due from the film company which was duly vetted by the traffic accounts office, Ajmer and Rs. 1.95 lakhs as repair charges. The Railway Administration stated that all arbitration awards are treated as quasi judicial and the manner of arriving at the award can not be probed by them. In the absence of any reasons for the disallowance of Railway's claims by arbitrator the Committee are unable to probe further whether the Railway had adequately presented their case before the sole arbitrator and if so how the award of Rs. 1.14 lakhs fell even short of shooting/ haulage and repair charges.</i>
			<i>The Committee would therefore suggest to the Ministry of Railways (Railway Board) to take necessary steps by amending the procedure to make it obligatory for the arbitrator to record in detail the specific reasons for admission or non-admission of Railways's claims item-wise so that lapses of Railway Officer's at various levels could be pin pointed. This procedure should also be made applicable to all cases where arbitration proceedings have started but the arbitrators have yet to give their verdict."</i>
29	1.53	3—4	<i>For "efficiency" substitute "style of working".</i>
30	1.53	8	<i>For "above" substitute "about".</i>

## APPENDIX I

### AGREEMENT IN CORPORATING THE TERMS AND CONDITIONS FOR SHOOTING THE FILM EXECUTED BY M/S. B. R. FILMS WITH THE WESTERN RAILWAY

#### STAMP PAPER OF RUPEES TWENTY

This deed of Indemnity bond executed this 2nd day of March, 1978 by Messrs B.R. Films, Anand Villa, 15th Road, Santacruz, Bombay - 54, of the ONE PART (hereinafter called the licensees) in favour of the President of the Union of India as the Executive Authority of the Western Railway Administration (hereinafter referred to as the Administration) of the SECOND PART witnesseth as under.

WHEREAS the licencees have approached the Administration for a licence of permission to shoot certain sequences for their picture PROD. No. 14 tentatively titled THE BURNING TRAIN on the Baroda Godhra Section from 6th March, 1978 to 15th March, 1978 and the Administration has acceded to their request subject to the furnishing of an indemnity bond by the licensees in favour of the Administration.

That in consideration of the Administration granting licence or permission to for the picture PROD. No. 14 at the place and dates mentioned hereinabove—Mr. Kishore Malhotra—Production Manager—of M/s. B. R. Films, Anand Villa, 15th Road, Santacruz, Bombay—54, duly constituted authority of the Licensee shall at all time keep the Administration, their officers and servants indemnified against and shall reimburse to the Administration, their officers and servants or any of them all claims, demands suits, losses, damages, costs, charges and expenses, whatsoever which the Administration, their officers or servants may suffer, sustain or become liable to pay by reason or in consequence of any injury to any person or property whatsoever resulting directly or indirectly from the taking of the film of the above mentioned shots. The licensees shall also at all times hold the Administration harmless and indemnified from and against all claims, costs and charges for which the Administration may become liable under the workmen's Compensation Act 1923 or any amendments there of and all expenses to which the Administration may be

#### STAMP PAPER OF RUPEES TWO

put thereunder in respect of personal injuries (within the meaning of the said Act) resulting directly or indirectly from the taking of the above shots to the employees and servants of the Administration arising out of or occasioned during taking of the film of the above shots and the licensees hereby agree to relinquish any right of indemnity which they may have against the Administration under or by virtue of the provisions of Section 12 and 13 of the workmen's Compensation Act in respect of any claim arising out of any accident or injury with in the meaning of the said Act occurring in course of taking the above mentioned shots to any servant or

employee of the licensee, whether the said injury arises out of any negligence or not of the Railway Administration their employees and servants or of the said licensees their employees and servants whatsoever.

The licensee undertake to absolve the Administration of all costs, charges, expenses that may be suffered or incurred by the licensee in the event of the permission granted above being withdrawn by the Administration for any cause whatsoever, and the licensee will not be entitled to any compensation what sover in such event.

In witnesseth WHEREOF, I, Kishore Malhotra, have signed this deed of indemnity bond on the day and year first above written.

Duly Constituted authority and  
Attorney of B. R. FILMS.

Sd/-

(KISHORE MALHOTRA)

**APPENDIX II**  
**STATEMENT OF CONCLUSIONS AND RECOMMENDATIONS**

Sl. No.	Para No.	Ministry/Dept. No. of Concerned Report	Conclusion and Recommendation
(1)	(2)	(3)	(4)
1.	1.44	Railways	<p>On 22 November, 1977 a film company of Bombay (M/s. B. R. Films, Bombay) approached the Ministry of Railways (Railway Board) for facilities to shoot a film 'The Burning Train' involving scenes and sequences of fire on a superfast train. The proposal also envisaged providing the company with 8 coaches from the Rajdhani rake or coaches set aside for condemnation to be painted and refitted to look like the Rajdhani Coaches. On 24 November, 1977, the Ministry of Railways (Railway Board) directed the Northern, Central and Western Railways to extend necessary facilities to the film company for shooting the film on payment of normal charges under the extant policy in force since September 1973. Even though exposing of rolling stock to fire hazard etc. was involved, the question of prior settlement of the terms and conditions with the Company was not specifically considered in the Ministry of Railways (Railway Board).</p>
2.	1.45	Do.	<p>In December 1977 the Western Railway Administration allocated 8 coaches running in superfast express trains, after getting them painted to Rajdhani colour scheme, and handed them over (January 1978) to the film company for use in connection with the film shooting. According to Railway Board, the proposal of M/s. B. R. Films for use of 8 or 9 coaches either from the Express rake or by suitably repainting and modifying the stock set aside for condemnation was considered both by the Railway Board and the Western Railway. Since adequate number of spare coaches of Rajdhani Express were not available and considering that to make the available condemned coaches fit to run on the open main lines safely would have required extensive input in terms of effort, time, workshop capacity and labour, it was decided to earmark two dining cars lying idle at Bombay Central, 4 ICF types coaches with wide windows awaiting periodical overhaul and 2 ICF type power cars due for periodical overhaul.</p>
3.	1.46	Do.	<p>The Committee regret to point out that detailed terms and conditions for use of the coaches particularly in view of the fire hazard, were not settled in advance by the Western Railway Administration. The reply of the Ministry of Railways that an agreement incorporating the terms and conditions for shooting the film was executed on stamped paper of requisite value by the film company with the Western Railway prior to receiving the Railway stock and commencing the shooting of the film and</p>

(1)	(2)	(3)	(4)
<p>in terms of para 3 of the Agreement the film company was required to indemnify the Railways against and reimburse to, the Railways all claims, demands, suits, losses, damages, costs, charges and expenses whatsoever which the Administration may suffer, in consequence of any injury to any person or property whatsoever resulting directly or indirectly from the shooting of the film is not acceptable as is borne out by the fact that ultimately the Railways could not recover these legitimate claims from the film company. The Committee, therefore, recommend that in future while entering into an agreement of this nature, the Railways should settle all terms and conditions in detail so that there may not be any scope for ambiguity subsequently.</p>			
4. 1.47	Railways		<p>The Committee are further informed that a sum of Rs. 50,000/- was collected as lump sum deposit in advance from the film company before coaches were handed over for shooting sequences. Although the shooting charges covering all haulage charges as per tariff rules on Western Railway and Central Railway totalled Rs. 4.12 lakhs, only Rs. 1.82 lakhs were recovered from the film company. The balance amount of Rs. 2.30 lakhs due from the film company was claimed by the Railways but M/s. B. R. Films disputed this amount and invoked the arbitration clause. According to Railway Board, the full amount as per directions could not be assessed and recovered in advance as the party was unable to correctly gauge the sequences shooting for in different locations. This plea of the Railway Board does not sound convincing as the film company must have chalked out the detailed programme of shooting before acquiring the coaches. The failure of the Railway Administration to ask for detailed programme in the first instance before handing over the coaches to the film company is regrettable. Moreover, the fact that Railways accepted only Rs. 50,000/- in lump sum initially against the total amount of Rs. 4.12 lakhs billed by them later on clearly indicates a casual attitude and lack of anticipation on the part of Railways while dealing with such cases leading to financial loss to Railways.</p>
5. 1.48	Do.		<p>During the shooting of various sequences of the film between 6 March, 1978 and 15 March, 1978, five (3 passenger coaches and 2 dining cars) of the eight coaches got damaged. After the shooting was over on 15-3-78, the damage to the coaches was not surveyed immediately thereafter for assessment of the repairs required. Instead, all the eight coaches, including those damaged, were sent to the workshop for repairs/periodic overhaul on 20 March, 1978. Three out of the eight coaches, which were not damaged, were overhauled and sent out for passenger service after a period of 18 days to one month (i.e. in April, 1978).</p>
6. 1.49	Do.		<p>The Western Railway Headquarter office asked the Baroda Division to conduct an inquiry into the cause of fire and damages to the rolling stock. The</p>

(1)	(2)	(3)	(4)
7. 1.50	Railways		<p>enquiry was conducted on 22 May, 1978 (after two months of the incident) and it established that the damages to the coaches were caused by fire lit up for shooting some sequences for the film. To assess the extent of damages to the coaches and to work out the costs of repairs a workshop Technical Committee comprising of three senior officers of the Parel Workshops—Senior Electrical Engineer, Works Manager and Senior Accounts Officer was appointed on 3 July, 1978. Though a representative of the Film Company was also associated with the Committee to survey the damages he was not associated with the financial aspects of the case. The Film company was asked on 9-1-79, on suggestion of this technical committee, to deposit a sum of Rs. 2.5 lakhs as an ad hoc deposit pending finalisation of the actual cost of repair work carried out by the workshops. The company deposited Rs. one lakh in cash and furnished a guarantee bond for Rs. 1.50 lakh on 9 March, 1979, the validity of which was later got extended upto 27-2-81. The repairs were undertaken only after the survey and estimation of the damages had been assessed and a lumpsum deposit for repairs made by the Film Company. Out of the 5 damaged coaches 4 were periodically overhauled on 10-3-79, 28-5-79, 11-5-79 and 30-11-79. It is, however, clear that considerably time taken by Railway Administration to survey and estimate the damages etc. delayed the repairs to the coaches resulting in loss of earnings from these coaches. The Committee deplore this delay on the part of Railway Administration.</p>
8. 1.51	Do.		<p>While the initial estimate for the rectification work to be done on the coaches was Rs. 4.23 lakhs, this was later re-assessed at Rs. 1.95 lakhs as per the latest estimate of the Railway Administration in March 1980. A claim for Rs. 5.25 lakhs comprising of cost for repairs (Rs. 1.95 lakhs), revised additional shooting charges (Rs. 2.30 lakhs) and loss of earnings from these coaches (Rs. 1 lakh for the extra time taken for periodically overhauling of the damaged coaches) was preferred against the film company on 28-3-1980. The Committee are surprised to find that only Rs. one lakh was claimed for the loss of earning capacity of the three damaged passenger coaches although it worked out to Rs. 7.83 lakhs after making allowance of a month for the periodical overhauling period. Claim for repairs to coaches and additional shooting charges was also delayed and preferred on the company only in March 1980 i.e. two years after the completion of shooting in March 1978. Against this claim of Rs. 5.25 lakhs, the Railway Administration had with them only Rs. 1 lakh deposited by the company and the guarantee bond for Rs. 1.5 lakhs valid upto 27-2-81.</p> <p>The film company on 31 March, 1980 repudiated the Railway's claim of Rs. 5.25 lakhs and sought arbitration for settlement of this claim. The Railway Administration referred the matter to a sole arbitrator in May 1980. The arbitrator (Chief Workshop Engineer, Western Railway) has since</p>

(1)	(2)	(3)	(4)
			made on award for a total sum of Rs. 1.14 lakhs only against the Railway's claim of Rs. 5.25 lakhs.
9. 1.52	Railways		<p>The Committee regret to note that although the agreement incorporating the terms and conditions for shooting the film were executed by Western Railway with the film company on a stamped paper, and the party undertook to reimburse the Administration of all costs, damages etc. from shooting of the film, the claims of the Railway were not enforced legally against the film company. What has surprised the Committee more is the fact that the Railway Administration, by ignoring the above course of action, readily agreed as an alternative to the firm's proposal for arbitration by an officer of the Western Railway Administration as suggested by the firm. This sole arbitrator made an award of Rs. 1.14 lakhs only against the Railway's claim of Rs. 5.25 lakhs which included Rs. 2.30 lakhs as revised shooting and haulage charges due from the film company which was duly vetted by the traffic accounts office, Ajmer and Rs. 1.95 lakhs as repair charges. The Railway Administration stated that all arbitration awards are treated as quasijudicial and the manner of arriving at the award can not be probed by them. In the absence of any reasons for the disallowance of Railways's claims by arbitrator the Committee are unable to probe further whether the Railway had adequately presented their case before the sole arbitrator and if so how the award of Rs. 1.14 lakhs fell even short of shooting/haulage and repair charges. The Committee would therefore, suggest to the Ministry of Railways (Railway Board) to take necessary steps by amending the procedure to make it obligatory for the arbitrator to record in details the specific reasons for admission or non-admission of Railway's claims item-wise so that lapses of Railway Officer's at various levels could be pinpointed. This procedure should also be made applicable to all cases where arbitration proceedings have started but the arbitrators have yet to give their verdict.</p>
10. 1.53	Do.		<p>From the preceding paragraphs the Committee are led to the conclusion that the entire case is a sad reflection on the style of working of the Western Railway. In the first instance, it is not clear why coaches in working conditions were given for shooting purposes when it was known that the shooting involved serious fire hazards. At a time when there is a chronic shortage of coaches with the Railways with the result that Railways are unable to meet the demand of the travelling public, the immobilisation of these coaches have not only resulted in loss to the earnings of the Railways, but have also deprived the travelling public of the facility for train journeys for a considerable period. Further these coaches were made available to the film company without settling all the terms and conditions, especially against damage to coaches by fire. After the coaches were damaged at Baroda between 6 and 15 March, 1978, the damage to the coaches was not surveyed</p>

(1)	(2)	(3)	(4)
			nor any assessment of the repairs required made immediately after the fire incident and intimated to the film company. Instead, the coaches were sent (March 1978) to the workshop for repair/periodical overhaul and the claim for damage was preferred on the company after a lapse of 2 years in March, 1980. Adequate security deposite for shooting/haulage charges and for likely repairs as the shooting <i>inter-alia</i> involved sequences of fire in a train were not obtained from the film company in advance before handing over the coaches to them. The question of loss of earnings owing to immobilisation of the coaches was also not settled in advance with the company. As a result of these factors, the Railways were able to realise only Rs. 1.14 lakhs against Rs. 12.08 lakhs comprising of 2.30 lakhs (revised remaining shooting/haulage charges), Rs. 1.95 lakhs (repair charges) and Rs. 7.83 lakhs (the loss of earnings due to immobilisation of the three passenger coaches above). The Committee recommend that a thorough enquiry into the whole case may be made with a view to fixing the responsibility for the failures/lapses at various stages. They would also like the Railway board to issue suitable and comprehensive instructions to all Zonal Railways to obviate recurrence of such lapses in future.
11. 2.16	Railways	Steel	With a view to detecting damages and deficiencies to wagons while in the custody of Steel Plant authorities, the Railway Board had prescribed in January, 1964, a joint check of all wagons in the exchange yard by the staff of both the Railways and the Steel Plant concerned and based on this check the cost of the damages and deficiencies were to be recovered from the Steel Plant authorities. While the procedure is being followed in the case of Steel Plants like Indian Iron & Steel Company Ltd., Burnpur, Mysore Iron & Steel Works, TISCO, Bhilai and Rourkela Steel Plants etc., in the case of Durgapur Steel Plant, according to a procedure in force since February, 1962, only six of the 22 items of wagon fittings are being subjected to a joint check at random in three phases of five days each every six months. The unit cost of damages and deficiencies per wagon so arrived at is applied to all the wagons interchanged during the period of the previous six months in order to work out the amount to be recovered from the Durgapur Steel Plant.
12. 2.17	Do.		The Committee note that although the Ministry of Railways had informed the Durgapur Steel Plant authorities in July 1968 that the correct method of assessing the damages and deficiencies in wagons was the continuous joint check system prescribed in 1964, the Durgapur Steel Plant authorities have not agreed to the same on the plea of saturation of Steel Plant exchange yard, absence of line capacity and extra expenditure on deployment of additional staff required for such check. The Committee also note that as a result of random check exercised by Railway authorities in respect of all the 22 items during the period from January, 1975 to December, 1977,

(1)	(2)	(3)	(4)
13. 2-18	Do.		it has been established that there was short recovery from the Steel Plant amounting to Rs. 29.66 lakhs per annum on an average.
.14 2-19	Railway Steel Cabinet Secretariat		The Committee are not convinced with the stand of the Durgapur Steel Plant authorities that due to limitation of space in Marshalling yard it is not possible to introduce the system of joint continuous check in respect of all the wagons inter-changed at the exchange yard. In view of the fact that it is the responsibility of Steel Plant to provide necessary operational facilities, it is for the Plant authorities to ensure the expansion of Exchange Yard and improve the capacity of Marshalling Yard and the Committee do not find any reason why the Railways should suffer annual loss of more than Rs. 29 lakhs on this account. Moreover, when the system of checking all the items is already in vogue in other Steel Plants, there is no reason why the same should not be introduced in Durgapur Steel Plant. The Committee are surprised that the Ministry of Railways have, for all these years not billed the Durgapur Steel Plant authorities on the basis of sample check conducted by them of all the 22 items. They feel that as a commercial undertaking, Railways cannot afford to forego recovery of damages to and deficiencies in wagons because of the failure of the user Department Undertakings to provide the requisite facilities. The Committee, therefore, recommend that the Ministry of Railways should conduct a check of all the items on a sample basis in Durgapur Steel Plant as is being done in other Steel Plants and bill the Durgapur Steel authorities on the basis of defects and deficiencies noticed as a result of such a check. Since Railway wagons are interchanged not only with Steel Plants but also with other major Railway users such as collieries, it is necessary that the above course of action is extended to all major Railway users who interchange Railway wagons with the Railways, with a view to ensuring observance of uniform procedure in regard to recovery of the cost of damages to and deficiencies in wagons.

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
<b>DELHI</b>					
24.	Jain Book Agency, Connaught Place, New Delhi.	11	33.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1.	68
25.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	3	34.	People's Publishing House, Rani Jhansi Road, New Delhi.	76
26.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	9	35.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88
27.	J. M. Jaina & Brothers, Mori Gate, Delhi.	11	36.	Hind Book House, 82, Janpath, New Delhi.	95
28.	The Central News Agency, 23/90, Connaught Place, New Delhi.	15	37.	Bookwell, 4, Sant Naran-kari Colony, Kingsway Camp, Delhi-9.	96
29.	The English Book Store, 7-L, Connaught Circus, New Delhi.	20	<b>MANIPUR</b>		
30.	Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi.	23	38.	Shri N. Chaoba Singh, News Agent, Ramlal Paul High School Annexe, Imphal.	77
31.	Bahree Brothers, 188 Lajpatrai Market, Delhi-6.	27	<b>AGENTS IN FOREIGN COUNTRIES</b>		
32.	Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi.	66	39.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON, W. C.—2.	59

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